



# IPO NOTE

## JG CHEMICALS LIMITED

Rating:

**Subscribe**

long term and listing gains



### ISSUE OFFER

Issue Opens on	MAR 05, 2024
Issue Close on	MAR 07, 2024
Total IPO size (cr)	₹251.19
Fresh issue (cr)	₹165.00
Offer For Sale (cr)	86.19
Price Band (INR)	210-221
Market Lot	67
Face Value (INR)	10
Retail Allocation	35%
Listing On	NSE, BSE

### ISSUE BREAK-UP (%)

QIB Portion	<div><div></div></div>	50%
NII Portion	<div><div></div></div>	15%
Retail Portion	<div><div></div></div>	35%

### SHAREHOLDING (No. of Shares)

Pre Issue

31,720,000

Post Issue

39,186,063

### INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	11-03-2024
Refunds/Unblocking ASBA Fund	12-03-2024
Credit of equity shares to DP A/c	12-03-2024
Trading commences	13-03-2024

JG Chemicals Limited produces zinc oxide utilizing the French method. Over 80 different grades of zinc oxide are produced by the company. Utilized in a wide range of industrial applications, this substance finds employment in lubricants, specialized chemicals, agrochemicals and fertilizers, electronics and batteries, paints and coatings, medicines and cosmetics, and animal feed.

### OBJECTS OF THE ISSUE

- Setting up of a research and development center situated in Naidupeta.
- Funding working capital requirements
- General corporate purposes.

### OUTLOOK & VALUATION

In terms of production, JG Chemicals Ltd. (JGCL) is the biggest producer of zinc oxide in India. The company has developed into a significant, diversified zinc oxide player by growing its business and operational scope.

The company has Long-term relationships with customers and suppliers. The market share of the Company is around 30% and the company has a track record of financial performance. However, some key risks like the industry is competitive, and heavily dependent on the rubber and tyre industry.

The IPO valuation of 12.75x P/E appears fairly priced on a current basis. While the company's future growth potential and the positive industry outlook are encouraging thus we recommend Subscribe rating for this IPO.



## KEY MANAGERIAL PERSONNEL

01

### Suresh Jhunjhunwala

Executive Chairman and Wholetime Director of the Company. He has been associated with the Company since its incorporation and has over 35 years of experience in chemical and speciality chemical industry.

02

### Anirudh Jhunjhunwala

Managing Director and CEO of the Company. He has been associated with the Company since its incorporation and has over 20 years of experience in chemical and speciality chemical industry.

03

### Anuj Jhunjhunwala

Whole-time Director and CFO of the Company. He has over 14 years of experience. In the past, he was associated with Greater Pacific Capital India Private Limited from October 2007 to June 2009 and is currently associated with Material Subsidiary, BDJ Oxides Private Limited since November 2010.

04

### Ashok Bhandari

Independent Director of the Company. He is a chartered accountant by profession and holds a certificate of membership from the Institute of Chartered Accountants of India.

05

### Swati Poddar

Company Secretary & Compliance Officer of the Company. Prior to joining the Company, she was associated with Finecrete Eco-Blocks Private Limited, Hind Syntex Limited and Celica Developers Private Limited.



## COMPANY PROFILE

- The company operates three manufacturing facilities in Jangalpur and Belur, both in Kolkata, West Bengal, and Naidupeta in Nellore District, Andhra Pradesh. Naidupeta is the largest facility, owned and operated by the Material subsidiary.
- The company has served the needs of more than 200 local and 50 international customers in more than 10 countries.
- The market share of the Company is around 30% as of March 2022.
- The company has expanded the business and scale of operations and has grown into a large, diversified zinc oxide player with a global footprint.
- Owing to the legacy of over four decades in manufacturing businesses, the company benefits from the experience in catering to a wide array of customers and has built a long-standing relationship with customers.

## COMPETITIVE STRENGTHS

- Leading market position with a diversified customer base.
- High entry barriers in key end-use industries.
- Strong and consistent financial performance.
- Long-term relationships with customers and suppliers.
- Experienced and dedicated management team.
- Focus on long-term sustainability.

## KEY STRATEGIES

- Expand the production capacities and broaden the footprint of manufacturing operations.
- Further, diversify the product offerings and enter new verticals.
- Continued focus to expand customer base.
- Increasing focus on R&D

## KEY CONCERNS

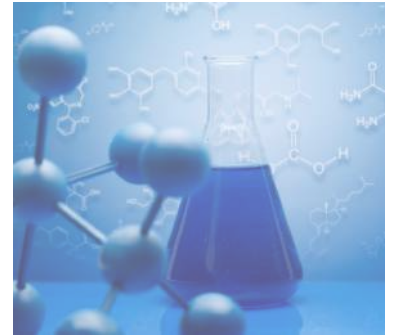
- The company's business is almost completely dependent on the sale of one principal product i.e. zinc oxide.
- The company is significantly dependent on the business operations of the material subsidiary i.e. BDJ Oxides Private Limited.
- The company derives a significant part of its revenue from select customers.
- The company operates in a competitive industry.
- The company's operations are heavily dependent on the rubber and tyre industry.

## COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)

Name of the Company	EPS (Basic)	NAV	P/E	Total Income (Mn)	RoNW (%)
J.G.Chemicals Limited	17.32	63.02	-	7,941.88	27.49%
Peer Group					
Rajratan Global Wire Limited	19.72	86.54	33.43	8,986.80	22.79%
NOCIL Limited	8.92	93.14	30.97	16,228.10	9.61%
Yasho Industries Limited	59.54	208.75	30.03	6,825.95	28.52%

## FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLIONS)	FY 2023	FY 2022	FY 2021
Equity Share Capital	317.20	12.20	12.20
Other Equity	1,759.35	1,513.98	1,072.57
Net Worth	2,135.28	1,566.38	1,190.04
Total Borrowings	67.15	55.95	54.79
Revenue from Operations	7,845.76	6,128.30	4,352.98
EBITDA	851.17	663.78	486.07
Profit/loss before Tax	766.94	574.46	411.99
Net profit of the year	567.93	431.26	287.99



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