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CM RATING 44 / 100

Jain Resource Recycling

Recycled non ferrous metal manufacturer

Generates over 60% of its revenue from exports

Jain Resource Recycling is primarily focused on manufacturing of non-ferrous metal products by way of recycling of non-ferrous metal scrap. Its product portfolio comprises lead and lead alloy ingots, copper and copper ingots and aluminium and aluminium alloys. The company's lead ingot is registered as a brand by the London Metal Exchange, which provides the company a distinct advantage of access to a broader customer base. The company is also engaged in trading of non-ferrous metals and other commodities, which constituted 2.03%, 1.98% and 4.50% of its revenue from operations for fiscal 2025, fiscal 2024 and fiscal 2023, respectively.

The company operate through its three recycling facilities located at SIPCOT Industrial Estate, Gummidipoondi, Chennai, engaged in recycling copper scrap birch and copper scrap druid (Facility 1); lead scrap including lead scrap radio, lead scrap relay, lead scrap rains, lead scrap rinks and copper scrap including copper scrap birch, copper scrap druid, (Facility 2); and aluminium scrap including aluminium scrap tread, aluminium scarp talon and aluminium scrap tense (Facility 3).

The company operates facility 1 and facility 2 through its company and facility 3 through its subsidiary JGTPL(Jain Green Technologies Private Limited). JGTPL also operates the Hosur facility (Krishnagiri District, Tamil Nadu) under a sublease from a customer. This facility segregates and cleans contaminated aluminium chips from a nearby customer plant by removing oil and iron impurities using magnetic separation.

It also partnered with Ikon Square UAE (ISL) by way of acquiring 70% in Jain Ikon Global Ventures (FZC), a free zone company registered in Sharjah, UAE (JIGV), resulting JIGV in becoming its subsidiary. The acquisition was undertaken for setting up its gold refining facility at Sharjah, UAE, that commenced refining of gold and its by-product silver in August 2024. However, the refining operations of precious metals of JIGV were discontinued from April 17, 2025, due to low margins, high operational overheads, working capital constraints and continued volatility in the gold refining sector.

As on July 31, 2025, the installed production capacity of Jain Resource Recycling stood at: 45,360 MTPA of copper products and 9,744 MTPA of aluminium products. It also produces billets or copper ingots, with a combined installed capacity of 17,282 MTPA (comprising 2,587 MTPA, 3,119 MTPA, 4,826 MTPA, and 6,750 MTPA, respectively). In addition, the company manufactures aluminium ingots, with a capacity of 2,250 MTPA, and plastic granules, with a capacity of 9,600 MTPA. The by-products include 2,900 MTPA of plastic peels and 2,800 MTPA of plastic grinds.

As on July 31, 2025, the recycling facilities were operating with a combined actual production of 64,619 MTPA and the Hosur facility's actual production was 88 MTPA.

Key raw materials include lead scrap rains, lead scrap rinks, lead scrap relay and lead scrap radio for lead products; copper scrap druid, copper scrap berry and copper scrap birch for copper products; aluminium scrap tread, aluminium scarp talon and aluminium scrap tense for aluminium products.

The company caters to customers in various industries including lead acid battery, electrical and electronics, pigments, and automotive. Its clientele includes Vedanta-Sterlite Copper, Luminous Power Technologies and Yash Resources Recycling and global customers such as Mitsubishi Corporation RtM Japan and Nissan Trading Co. It caters to both international and domestic markets. The company has an extensive global footprint across major overseas geographies including Singapore, China, Japan, Taiwan and South Korea.

Revenue from by exports constituted 60.39%, 54.11 % and 51.63 % of its total revenue from operations for fiscals 2025, 2024 and 2023, respectively.

Kamlesh Jain is the promoter of the company

The Offer and the Objects

The offer comprises fresh issue of up to 21551724 equity shares at the upper price band of Rs 232 and 22727273 equity shares at the lower price band of Rs 220, aggregating Rs 500 crore, and an offer for sale up to 32327586 equity shares at the upper brand of Rs 232 and 34090909 equity shares at the upper brand of Rs 220, aggregating Rs 750 crore.

The company proposes to utilize the net proceeds from the issue towards pre-payment or scheduled re-payment of a portion of certain outstanding borrowings availed by the company amounting Rs 375 crore and the balance towards general corporate purposes.

As of July 31, 2025, the total outstanding borrowings of the company were Rs 1040.716 crore.

Promoter Kamlesh Jain's post offer shareholding will decrease to 65.87% from pre offer shareholding of 79.78%.

Strengths

The company's recycling operations are vertically integrated with end-to-end recycling processes wherein raw materials are procured both domestically and internationally. Over the last three fiscals, the Jain Metal Group has sourced raw materials from more than 120 countries.

The company has a laboratory accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL) for testing of lead, copper and aluminium in accordance with ISO/IEC 17025:2017. Its recycling facilities have accreditations such as ISO 9001:2015 for quality management system, ISO 14001:2015 for environment management system, ISO 45001:2018 for occupational health and safety management system and license for use of standard BIS mark for cast aluminium and its alloys (ingots and castings for general corporate purposes).

The company operates in an industry with high regulatory barriers to entry such as high cost, complex regulatory approvals, building customer confidence and relationships, which can be achieved over a period, creating a huge entry barrier for any new entrant to enter the business.

The strategic location of recycling facilities of the company offers it the benefit of utilizing various by-product of one facility as raw materials for another facility in addition to the ability to utilize common capabilities including laboratory infrastructure, and technical know-how.

The company's diversified product portfolio enables it to address different business cycles across industries consuming its products.

The share of secondary copper is expected to grow to around 55% by 2030 from 39% in FY24, clocking 13-14% CAGR to reach 1,350-1,410 kT by 2030. Recycled copper delivers significant environmental, energy, and economic benefits. It generates fewer carbon emissions and less air pollution, supports jobs in the recycling sector, and consumes up to 85% less energy than virgin copper, making it a far more sustainable choice.

The share of secondary aluminium in the overall aluminium market is increasing, rising from 35% in fiscal 2020 to 40% in fiscal 2024. This trend is expected to continue, with secondary aluminium's share projected to grow to 45% by fiscal 2030. The advantages of recycled aluminium are low capital intensity, lower cost of production compared to primary aluminium, perpetual recyclability, abundant scrap availability and environment-friendly option.

Weaknesses

The company's products are manufactured based on detailed technical specifications. Any failure to meet these requirements, or non-compliance, with applicable quality standards, may result in rejection of the goods supplied, cancellation of current and future orders, and customer claims, all of which could adversely affect its revenue and profitability.

The company is exposed to risks associated with foreign exchange rate fluctuations

The company has a significant share of export revenue from China. Consequently, any civil unrest, regional conflicts, political instability within China, or hostilities involving China, could adversely impact the company's business operations, financial condition, cash flows, and overall results of operations.

The company's business may be adversely affected by changes in international laws, sanctions, or trade restrictions, including limitations on market access, supply chain disruptions, and increased compliance costs.

The company is subject to stringent labour laws or other industry standards and any strike, labour unrest, work stoppage or increased wage demand by its employees or any other kind of disputes with its employees could adversely affect its business, financial condition, results of operations and cash flows

The company's operations involve activities and materials that are inherently hazardous and could result in accidents, injuries, or fatalities, which may disrupt operations and adversely affect its business, results of operations, financial condition, and ability to meet customer demands.

The company's operations are subject to extensive government regulation, and it is required to obtain many statutory and regulatory permits and approvals under central and state government rules in the geographies in which it operates.

The company profitability is significantly dependent on the market prices of lead, copper, and aluminium, which are beyond its control and subject to significant volatility.

The suspension of refining operations at the UAE facility (effective April 17, 2025) reduces diversification and revenue streams.

The Hosur facility operates on subleased premises, which may limit long-term security and operational control.

Valuation

For FY2025, sales were up by 61% to Rs 7125.77 crore. The OPM rose 10 bps to 5.2% which led to 62% increase in operating profit to Rs 368.83 crore. Other income fell 36% to Rs 36.39 crore and interest cost increased 59% to Rs 84.71 crore, while depreciation remained flat at Rs 15.67 crore. PBT increased 42% to Rs 304.83 crore. Tax expenses were 60% higher at Rs 81.31 crore. Net profit increased 36% to Rs 223.29 crore.

FY2025 EPS on post-issue equity works out to Rs 6.5. At the upper price band of Rs 232, P/E works out to be 36

Total outstanding borrowings amounted to Rs 1040.72 crore as at July 31, 2025. As much as 36% of the debt will be repaid from the issue proceeds, bringing down interest costs substantially and boosting profit. The EPS works out to Rs 7.4 if 36% of its interest cost is removed, keeping all other items, including tax rate, same. The re-worked P/E at the upper price band moderates to 32.

As of 22 September 2025, its listed peers Gravita India traded at FY2025 P/E of 39 and Pondy Oxides and Chemicals traded at FY2025 PE of 69.

For FY2025, Jain Resource Recycling Ebitda margin and ROE stood at 5.2% and 40.8% compared to 8.4% and 22.2% for Gravita India and 5.1% and 12.2% for Pondy Oxides and Chemicals, respectively.

Jain Resource Recycling: Issue Highlights	
Fresh issue (in Rs crore)	500

For Fresh Issue Offer size (in number of shares)	
- in Upper price band	21551724
- in Lower price band	22727273
Offer for sale (in Rs crore)	750
Offer for sale (in number of shares)	
- in Upper price band	32327586
- in Lower price band	34090909
Price Band (Rs)	220-232
Pre issued capital (Rs crore)	64.71
Post issue capital (Rs crore)	69.02
Pre issue promoter shareholding (%)	88.01
Post issue Promoter shareholding	73.15
Bid Size (in No. of shares)	64
Issue open date	24-09-2025
Issue closed date	26-09-2025
Listing	BSE,NSE
Rating	44/100

Jain Resource Recycling: Consolidated Financials			
Particulars	2303 (12)	2403 (12)	2503 (12)
Total Income	3064.07	4428.42	7125.77
OPM	4.1	5.1	5.2
Operating Profits	124.18	227.22	368.83
Other Income	43.46	56.42	36.39
PBIDT	167.63	283.64	405.21
Interest	30.48	53.35	84.71
PBDT	137.15	230.29	320.50
Depreciation	13.53	15.69	15.67
PBT	123.62	214.60	304.83
Share of Profit/loss of JV	0.00	0.00	-0.24
PBT Before EO	123.62	214.60	304.59
EO	0.00	0.00	0.00
PBT after EO	123.62	214.60	304.59
Provision for Tax	31.81	50.78	81.31
Profit after Tax	91.81	163.83	223.29
PPA	0.00	0.00	0.00
Net profit after PPA	91.81	163.83	223.29
MI	0.00	0.00	0.00
Net profit after MI	91.81	163.83	223.29
EPS (Rs)*	2.7	4.7	6.5
*EPS annualized on post issue equity capital of Rs 69.02 crore of face value of Rs 2 .each			
# Not annualised due to seasonality of business			
Figures in Rs crore			
Source: Capitaline Corporate Database			