

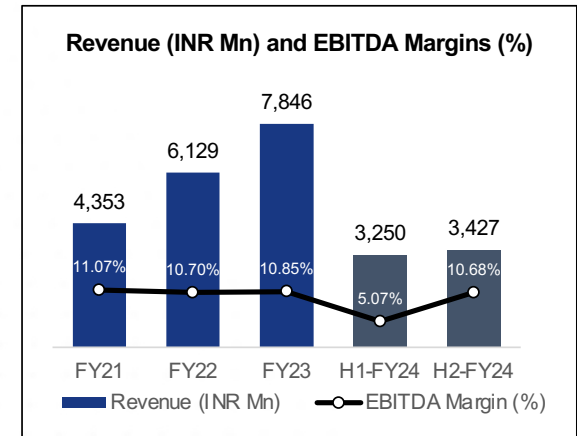


Earnings Presentation

Q4-FY24 / FY24

Company Overview

- JG Chemicals Limited (JGCL), incorporated in 1975, is the largest manufacturer of Zinc Oxide in India.
- The company started off with a small plant in Kolkata in 1975 with a capacity of about 600 MTPA and has today scaled up to become the top 10 manufacturers globally with a capacity of 70,000 MTPA.
- From an initial customer base of about 10, today they are catering to the requirements of over 200 domestic customers and over 50 global customers in more than 10 countries.
- Their product caters to a wide spectrum of industrial applications, including Rubber and Tyre, Ceramics, Paints & Coatings, Pharmaceuticals & Cosmetics, Electronics & Batteries, Agrochemicals & Fertilizers, Speciality chemicals, Lubricants, Oil & Gas and also Animal feed.
- It is one of the largest suppliers to the top tyre companies globally and other blue-chip companies in various industries.
- JGCL's subsidiary, BDJ Oxides' Naidupeta plant is the only IATF approved ZnO facility globally and also has WHO GMP certification (amongst the very few plants globally to have this); further it has also the licenses to manufacture ZnO in with IPBP/USP/ Ph.Eu Standards.



Largest
Zinc Oxide (ZnO)
Manufacturer in
India*

~30%
Market share
(as on March 30,
2022)

Top 10
Global manufacturer
of Zinc Oxide

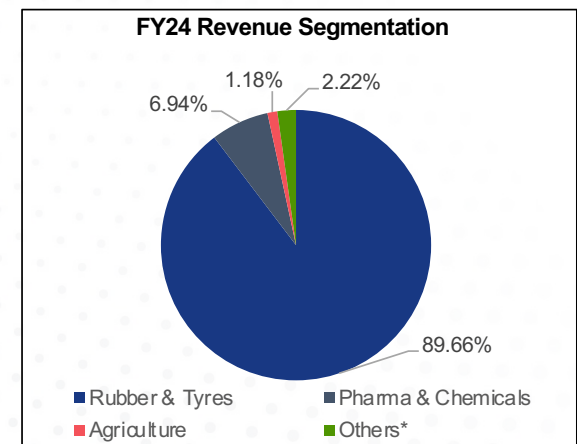
9/10
Global tyre
manufacturers
served

Top 11
Indian tyre
manufacturers
served

200+
Domestic
Customers

50+
Global Customers

~90%+
Repeat Customers



*Others includes ceramics, paints & coatings, electronics & batteries, lubricants, oil & gas and animal feed end-user industries

Leading Market Position With Diversified Customer Base

ZnO is a highly versatile chemical, it is used in various industries with 80+ grades sold for a wide spectrum of industrial applications requiring high customization to manufacture from zinc scrap making it a complex manufacturing process having high entry barriers

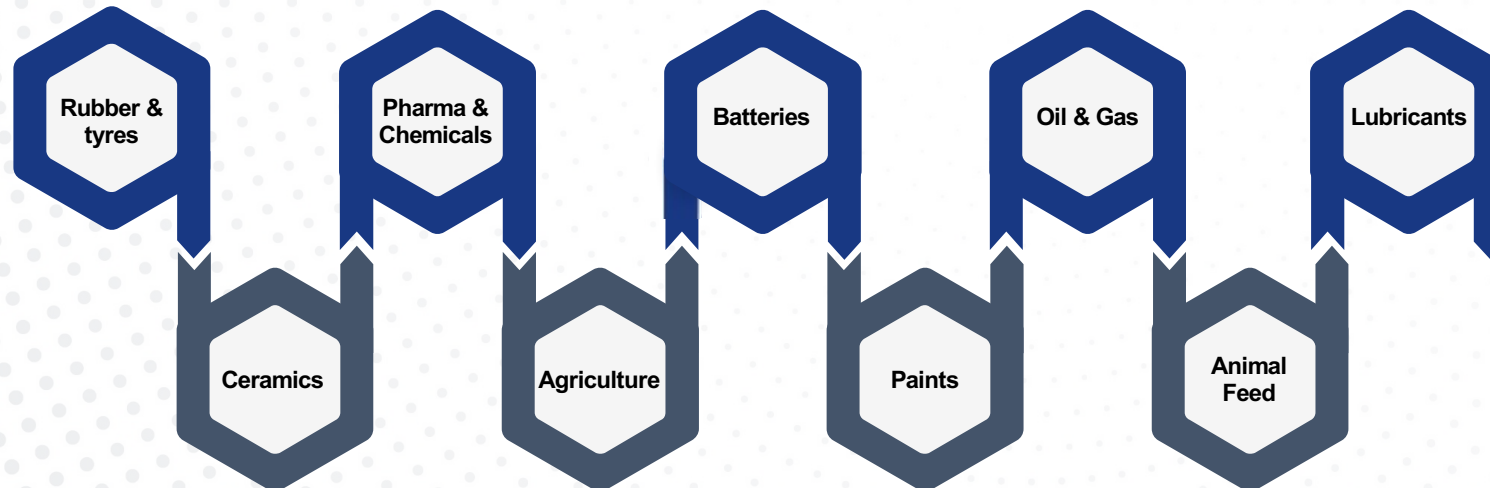
Used to produce vulcanized rubber (manufacturing of tyres), which improves elasticity, resilience and weather resistance;
Non-tyre applications – air bags, footwear, conveyor belts, rubber mats, seals and hoses; EV or non-EV, zinc stearate (mold release agent), zinc diacrylate (golf ball centers), zinc borate (smoke suppressant)

Critical chemical used in skin care products & cosmetics; also finds application in produce zinc-based chemicals

Used in zinc carbon dry cells, as a fuel element in fuel cells and acts as a photo catalyst in solar energy cells

Used to produce zinc bromide used in oil well drilling fluids

Used as an additive in lubricants



High thermal conductivity and temperature stability of ZnO are used to aid varnishes and glazes used in ceramics

Used in plant protection products, fertilizers without any toxicity risk, boosting yield and growth of food crops

Used as a pigment, helps in UV & stain blocking & corrosion inhibition

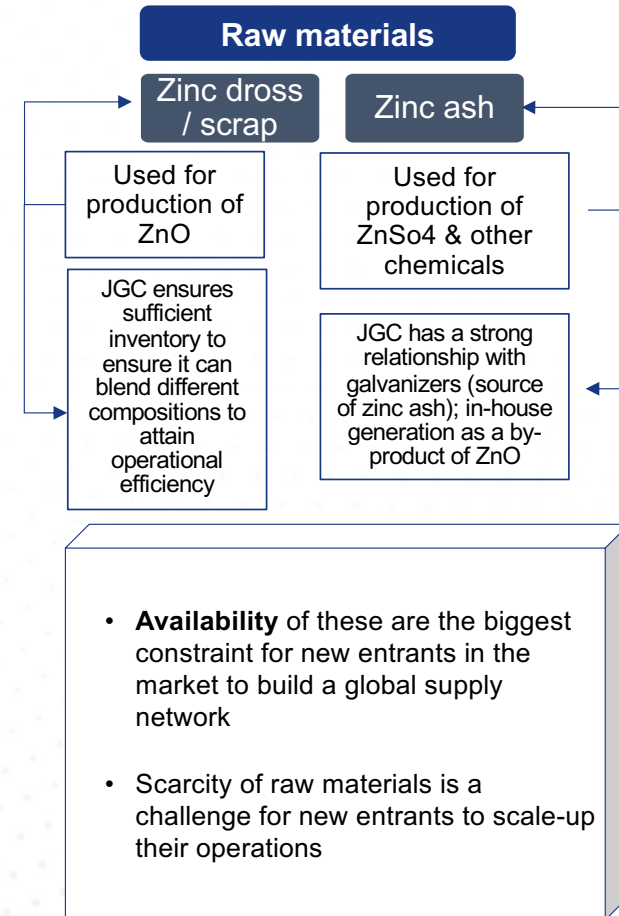
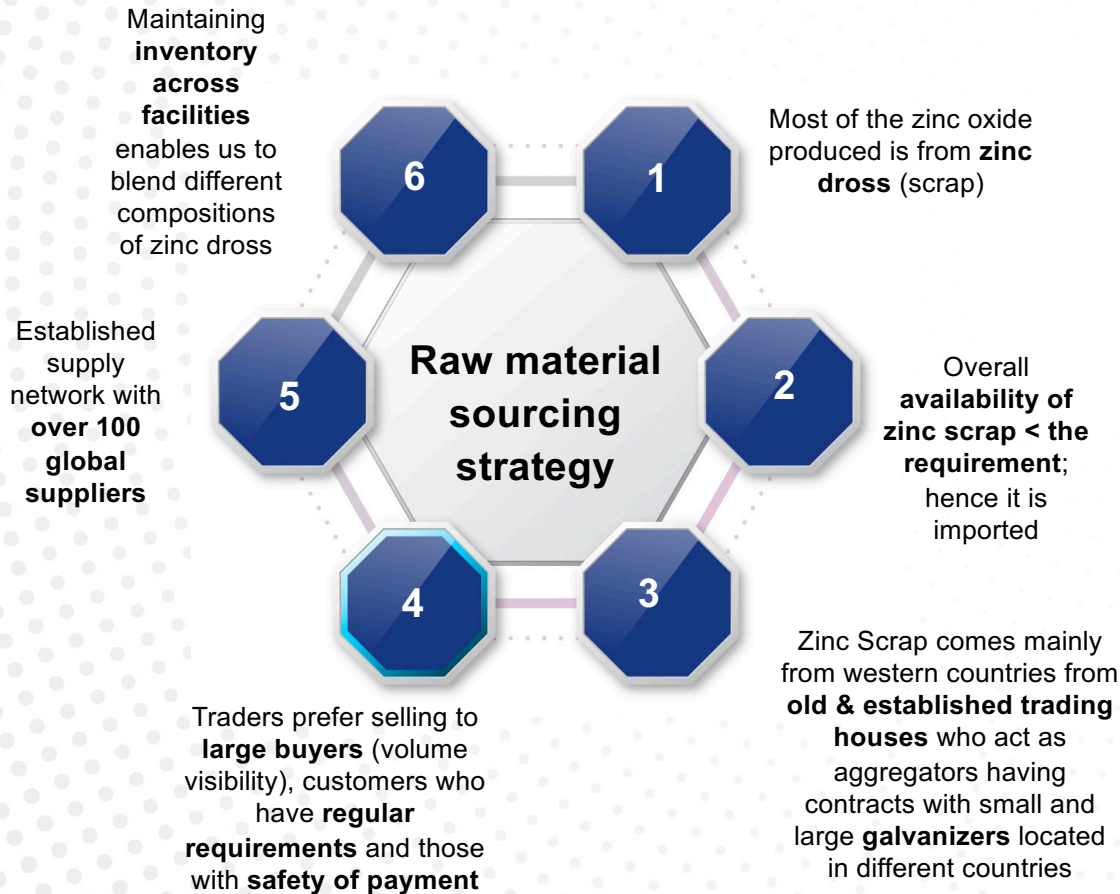
Used as a trace element in livestock

- **Zinc Oxide** is an inorganic compound having use in various end-use industries
- Zinc Oxide is not a plain vanilla product where one size fits all. Each customer even within the same industry has their own specific requirement and specification
- *Within each user segment, each customer has different specifications and hence a customized product*

- Globally, over 50% of ZnO is used in non rubber applications; In India, only 30% is used in the non-rubber industry
- JGC's revenue in non rubber is about 10% and hence has a strong run-way to grow to capture market share in this segment where existing market share is less than 10% versus overall market share of about 30%
- Scope for increase in consumption by non-rubber sectors going ahead
- Sustainable demand for ZnO due to importance of use in all applications

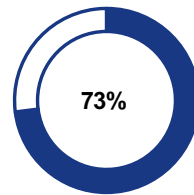
Robust Global Supply Chain

Sourcing of Raw Material is a High Entry Barrier

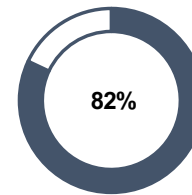


Environmentally Friendly Manufacturing Process

Use of recycled/ secondary zinc instead of primary Zinc



Reduction in **energy consumption**



Reduction in **carbon footprint**



Using recycled metal instead of finite virgin ores

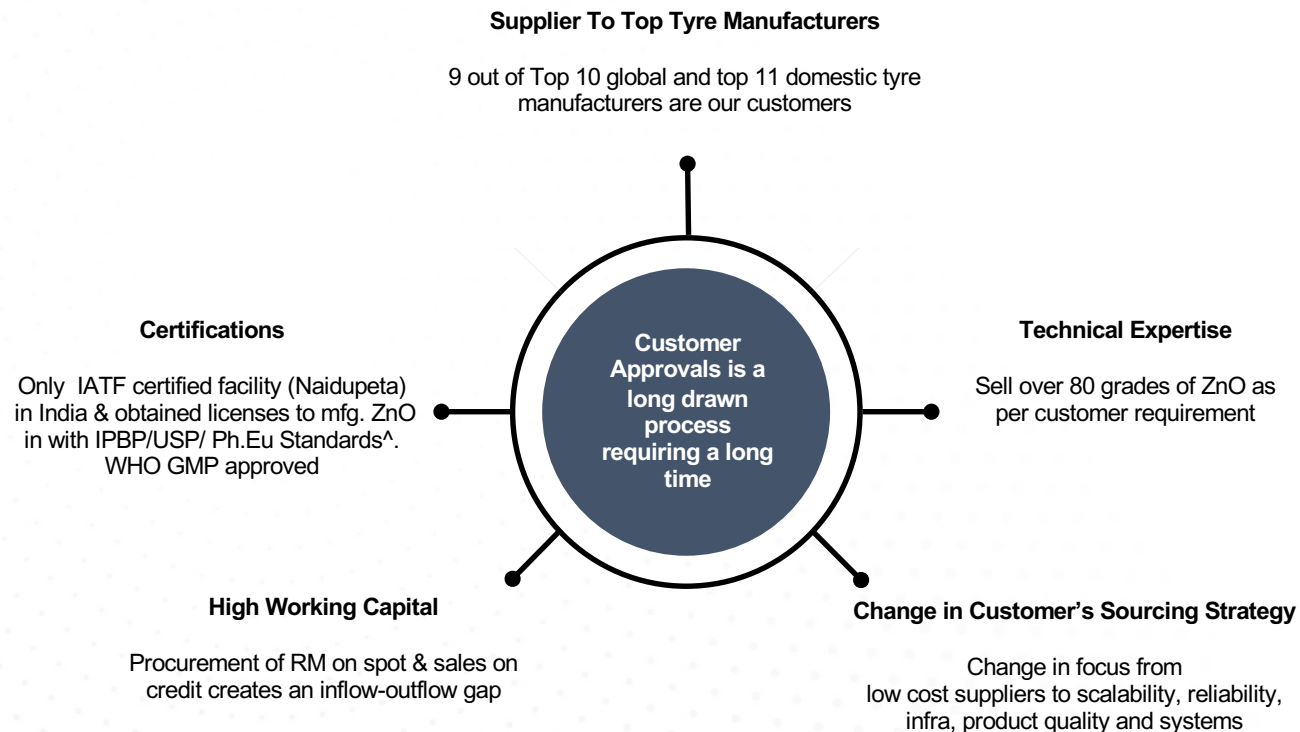
JGCL business is a prime example of success of circular economy model which involves utilizing existing scrap materials and products efficiently through recycling and reusing. Using recycled metal instead of finite virgin ores contributes to reduction in CO₂ emission, air pollution (by 80%), water pollution (by 76%) & reduces water use (by 40%) for every unit of ZnO produced



Focus on 'Green Manufacturing'

- Using the maximum amount of zinc scrap across all our manufacturing processes
- ZnO produced from zinc dross, ash & scrap reduces the consumption of raw material inputs (zinc metal) to manufacturing by returning recycled zinc to the value chain
- The company is also working on adding high end waste heat recovery systems to further reduce energy cost

High Entry Barriers In Key-end Use Industries



[^](Indian Pharmacopoeia/ British Pharmacopoeia/ United States Pharmacopoeia/ European Pharmacopoeia)

*Zinc sulphate

Zinc Sulphate: Diversifying Product Pool by Leveraging Inherent Strengths in Sourcing and Sales

- Zinc sulphate is an inorganic compound which is used in the agriculture industry, as medication and as a nutritional supplement
- JGCL has a 10,080 MTPA capacity for manufacturing zinc sulphate & allied chemicals, making it the largest Zinc Sulphate plant in Southern India. South India has high deficiency of zinc in soil
- The company has completed state registration processes across various targeted states
- Good revenue contribution expected from FY25 onwards from these products due to strong demand seen from key customers; Company is expecting significant ramp-up in utilization in this segment and also exploring export opportunities now
- Key raw material to make this product is zinc ash which it sources from its existing sourcing base of galvanizers and majority of the zinc ash is in-house generation. Zinc ash is a by-product generated from the zinc oxide manufacturing process

Key Products

Zinc Sulphate Heptahydrate

Zinc Sulphate Monohydrate

Application areas

Agriculture

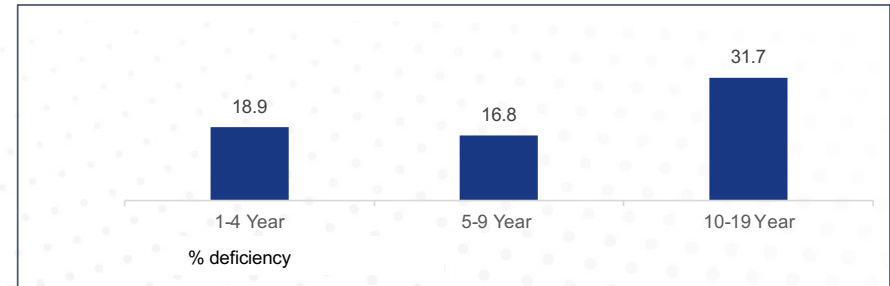
- For meeting deficiency in micro nutrients in the soil, leading to better crop productivity and quality especially in southern states where the soil is zinc deficient

Pharma

- Zinc being a strong immunity builder – rise in consumption due to COVID-19
- Used to treat acne & has anti inflammatory and wound healing properties
- Finds use in cosmetic products due to anti bacterial and anti microbial properties

Growth drivers of Zinc sulphate

- Zinc sulphate added to soil to meet the deficiency
- Increasing share of agriculture in GVA:
- Government support aimed at reviving rural areas and increasing farmer income
- Growing food demand with increase in population
- Deficiency of zinc in Indian adolescents



Diversifying Product Offerings & Entering New Verticals

Ramp-up of Zinc Sulphate Business

JGC intends to ramp-up the offering in the zinc sulphate business and intend to also develop our own brand for deeper penetration into markets. Leveraging existing customer base will help cross-sell our products



Increasing Content Per Tyre

JGC has very strong relationships with the tyre sector and is evaluating certain opportunities which will help JGC to offer more products to the tyre sector, thereby leveraging its existing relationship

Ramp-up of Pharmaceutical grade Zinc Oxide

Our facility now has the WHO GMP license coupled with IP/BP/EP/USP licenses and hence we are now looking at increasing the market share in this application in India and overseas

Increasing Product Range for the Micronutrient Market

We are evaluating certain products which will help increase our offering to the zinc based micronutrient market; will help cross sell more to the same customer

Add New Value Added Zinc Chemicals in Product Portfolio

JGC is working on developing new value-added zinc chemicals in the product portfolio for existing customer base and also newer applications. Some new applications areas are electronics, petroleum and environmental protection industries



Financial Overview

Q4-FY24 / FY24

Financial Highlights

Q4-FY24 Financial Highlights

INR 1,814 Mn Operating Income	INR 200 Mn Operating EBITDA*	11.03% Operating EBITDA Margins
INR 136 Mn Net Profit	7.49% PAT Margins	INR 4.00 Diluted EPS

FY24 Financial Highlights

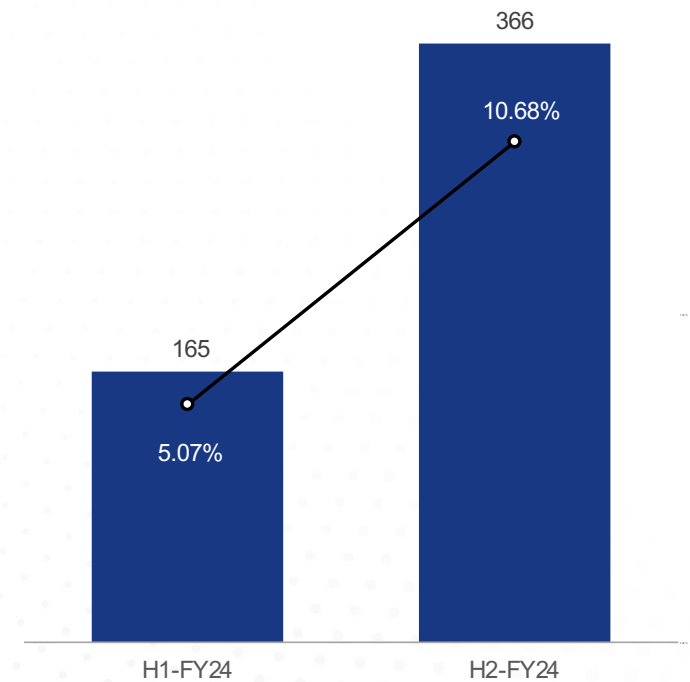
INR 6,677 Mn Operating Income	INR 530 Mn Operating EBITDA*	7.94% Operating EBITDA Margins
INR 321 Mn Net Profit	4.81% PAT Margins	INR 9.60 Diluted EPS

* EBITDA includes Other Income

Strong Recovery Witnessed in H2 Which Underpins the Strength of the Business

- JGC has recorded an impressive performance in Q4-FY24 backed by strong demand from customers and overall stability in the prices of zinc. This has resulted in H2 margin profile reverting to mean as per the earlier fiscals.
- During H1, there was a sharp fall in the zinc prices coupled with certain anomalies in the zinc scrap market which resulted in a sharp fall in the overall margin. JGC's business model is essentially a pass through pricing model where-in the buying and selling is done basis the base index of LME Zinc. However, to ensure its competitive strengths and ability to cater to large scale institutional buyers, JGC tries to maintains an inventory of 40-50 days. During H1, there was a significant fall in the zinc prices which led to a sharp fall in inventory valuation thereby impacting the margins.
- During H2, zinc prices have largely been stable and this has helped JGC to return to its normalized margin trajectory. Further, cost reduction initiatives and increasing blend of some specialty grades also helped improve the margins.
- JGC expects to increase its growth in the coming financial year backed by various initiatives across its product basket. The pharmaceutical and specialty grades of zinc oxide, which command higher margins, are expected to scale up coupled with the agriculture segment.

EBITDA* (INR Mn) & EBITDA Margins (%)



Quarterly Financial Performance



Particulars (INR Mn)	Q4-FY24	Q4-FY23	Y-o-Y	Q3-FY24	Q-o-Q
Revenue from Operations	1,814	1,943	(6.6)%	1,613	12.5%
Other Income	29	32	(9.4)%	17	70.6%
Total Income	1,843	1,975	(6.7)%	1,630	13.1%
Total Expenses	1,643	1,787	(8.1)%	1,465	12.2%
EBITDA*	200	188	6.4%	165	21.2%
EBITDA Margins (%)	11.03%	9.68%	135 Bps	10.23%	80 Bps
Depreciation and Amortization expenses	13	11	18.2%	12	8.3%
Finance costs	6	16	(62.5)%	6	NA
PBT	181	161	12.4%	147	23.1%
Tax	45	43	4.7%	41	9.8%
PAT	136	118	15.3%	106	28.3%
PAT Margins (%)	7.49%	6.07%	142 bps	6.57%	93 bps
Other Comprehensive Income	40	1	NA	7	NA
Total Comprehensive Income	176	118	49.2%	113	55.8%
Diluted EPS (INR)	4.00	3.57	12.0%	3.22	24.2%

* EBITDA includes Other Income

Historical Income Statement



Particulars (INR Mn)	FY21	FY22	FY23	H1-FY24	H2-FY24	FY24
Revenue from Operations	4,353	6,129	7,846	3,250	3,427	6,677
Other Income	51	102	96	31	47	77
Total Income	4,404	6,231	7,942	3,281	3,473	6,754
Total Expenses	3,922	5,575	7,091	3,116	3,108	6,224
EBITDA	482	656	851	165	366	530
EBITDA Margins (%)	11.07%	10.70%	10.85%	5.07%	10.68%	7.94%
Depreciation and amortization expenses	23	27	34	20	25	45
Finance costs	51	63	50	24	12	36
Profit before Tax and Exceptional Item	408	566	767	121	328	449
Exceptional Item	-	-	-	18	-	18
PBT	408	566	767	103	328	431
Tax	124	143	199	24	86	110
PAT	284	423	568	79	242	321
PAT Margins (%)	6.52%	6.90%	7.24%	2.42%	7.07%	4.81%

* EBITDA Margins are calculated on Total Income

Historical Balance Sheet



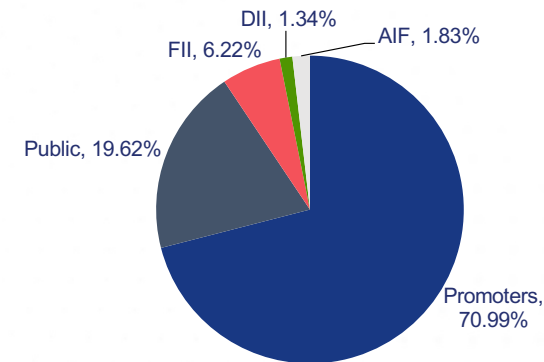
Particulars (INR Mn)	FY23	FY24	Particulars (INR Mn)	FY23	FY24
EQUITY	2,135	4055	NON-CURRENT ASSETS	415	551
Share Capital	317	392	(a) Property, plant & equipment	353	417
Other Equity	1,759	3592	(b) Capital Work-in-progress	9	-
Non Controlling Interest	59	71	(c) Intangible Assets	-	0
LIABILITIES			(d) Financial assets		
NON-CURRENT LIABILITIES	76	40	I) Investments	30	112
(a) Financial Liabilities			II) Other financial assets	12	10
I) Borrowings	67	36	(e) Non-current tax assets	-	-
(b) Provisions	3	4	(f) Deferred tax assets (net)	-	7
(c) Deferred Tax Liabilities (Net)	6	-	(g) Other non-current assets	11	5
CURRENT LIABILITIES	767	395	CURRENT ASSETS	2,563	3,939
(a) Financial Liabilities			(a) Inventories	1,038	557
I) Borrowings	636	102	(b) Financial assets		
II) Trade Payables	84	82	I) Investments	-	321
III) Other Financial Liabilities	23	170	II) Trade Receivable	1,156	1,167
(b) Other Current Liabilities	5	20	III) Cash and cash equivalents	35	467
(c) Provisions	13	15	IV) Bank balances other than (iii) above	13	1,000
(d) Current Tax Liabilities (net)	6	6	V) Loans	18	-
TOTAL LIABILITIES	843	435	VI) Other financial assets	212	180
GRAND TOTAL - EQUITY AND LIABILITIES	2,978	4,490	(c) Other current assets	91	247
			GRAND TOTAL - ASSETS	2,978	4,490

Capital Market Information

Market Data (INR) (As on 30th April, 2024)

Face Value	10.00
CMP	266.00
52 Week H/L	274.40/171.00
Market Cap (INR Mn)	10,423.49
Shares O/S (Mn)	39.19
Avg. Vol. ('000)	1,141.49

Shareholding Pattern (As On 31st March, 2024)



Marquee Shareholders

MASSACHUSETTS INSTITUTE OF TECHNOLOGY	4.62%
CARNELIAN STRUCTURAL SHIFT FUND	1.77%
SBI GENERAL INSURANCE COMPANY LIMITED	1.34%
PINEBRIDGE GLOBAL FUNDS - PINEBRIDGE INDIA EQUITY	1.23%

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JG Chemicals Limited

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