

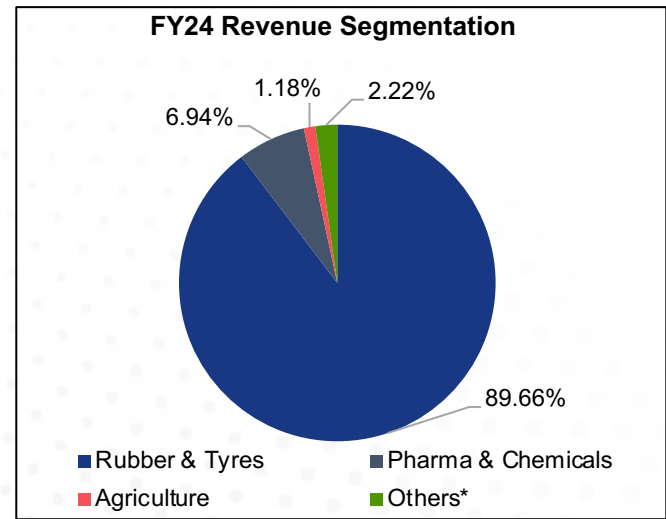
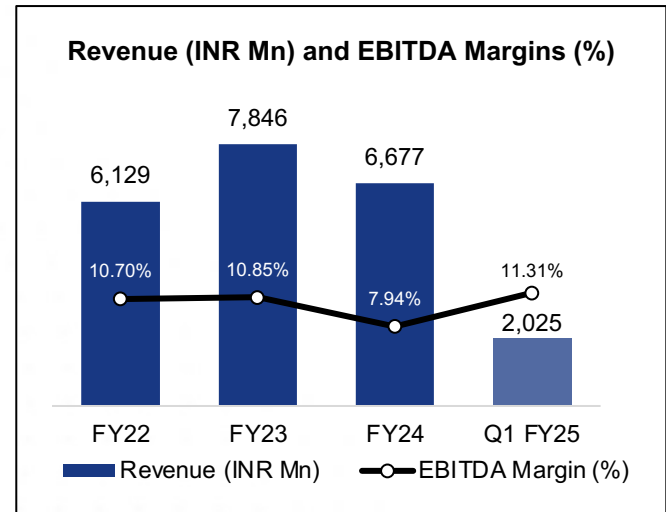


# *Earnings Presentation*

Q1 FY25

# 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 amongst the top 5 manufacturers globally and the largest in Asia\*, with a capacity of 70,000 MTPA of Zinc chemicals.
- From an initial customer base of about 10, today JGCL serves the requirements of over 200 domestic customers and over 50 global customers in more than 10 countries.
- Catering to a wide spectrum of industrial applications with a high degree of customization, including Rubber and Tyre, Ceramics, Paints & Coatings, Pharmaceuticals & Cosmetics, Electronics & Batteries, Agrochemicals & Fertilizers, Specialty chemicals, Lubricants, Oil & Gas and also Animal feeds.
- It is one of the largest suppliers to the top tyre companies 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 IP/BP/USP/ Ph.Eu Standards.



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



**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



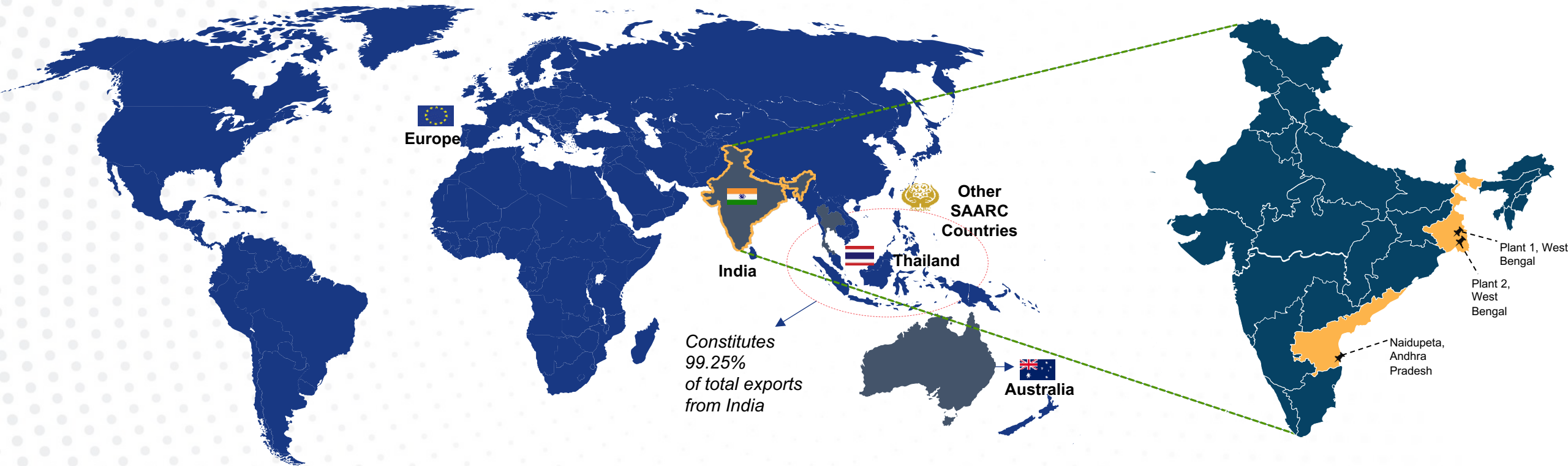
**50+**  
Global Customers



**~90%+**  
Repeat Customers

\* Excluding China

# Geographical Presence



**200+**

Domestic customers

**90%+**

Repeat customers

**50+**

Global customers from more than 10 countries

- *Tyre industry, which accounts for 70% of the rubber industry, contributes to nearly 80% of sales.*
- *Catering to the top 10 global & all of the top 11 Indian Tyre manufacturers.*

- **Direct customer relations** – Over 95% of sales are directly to end customers, helps build strong relations.
- **Long term associations** – Strong and built over several decades.
- **Leading Market position** - Fueled by consistent product delivery, established infrastructure and strategic location of manufacturing facility.
- **Competitive Advantage** - Product pricing, economies of scale, ability to process scrap material and preferred buyer status.
- **Preferred Supplier** – Due to focus on building long term relationships.



# Marquee Clients



**APOLLO**  
TYRES LTD

**CEAT**

**JKTYRE**  
TOTAL CONTROL

**BRIDGESTONE**



**GOODYEAR**



**Lubrizol**

**asianpaints**



**Coromandel**

**Chevron**



**Continental**

**Bata**



**BASF**

**TVS TYRES**

**SPIC**  
Nourishing growth

**RELAXO**



**COLOROBBIA**

**ZUARI**  
AGRO CHEMICALS



**West Bengal**

**Plant 1: Jangalpur**

**Capacity:**

14,400 MTPA for Zinc Oxide

5,040 MTPA for Zinc Ingots

**Plant 2: Belur**

**Capacity:**

1,800 MTPA for Zinc Oxide



**Naidupeta,  
Andhra Pradesh**

The only IATF approved ZnO facility globally and also has WHO GMP certification (amongst the very few plants globally to have this).

**Capacity:**

43,704 MTPA for Zinc Oxide

2,016 MTPA for Zinc Ingots

10,080 MTPA for Zinc Sulphate and other allied chemicals

# Environmentally Friendly Manufacturing Process

## Environmentally Friendly Manufacturing Process



### Using recycled metal instead of finite virgin ores

JGCL is the largest zinc recycling company in India. Our business exemplifies circular economy success by efficiently utilizing scrap materials through recycling. This reduces CO2 emissions, air pollution (by 80%), water pollution (by 76%), and water use (by 40%) for every unit of ZnO produced, by opting for recycled metal over finite virgin ores.



### Focus on 'Green Manufacturing'

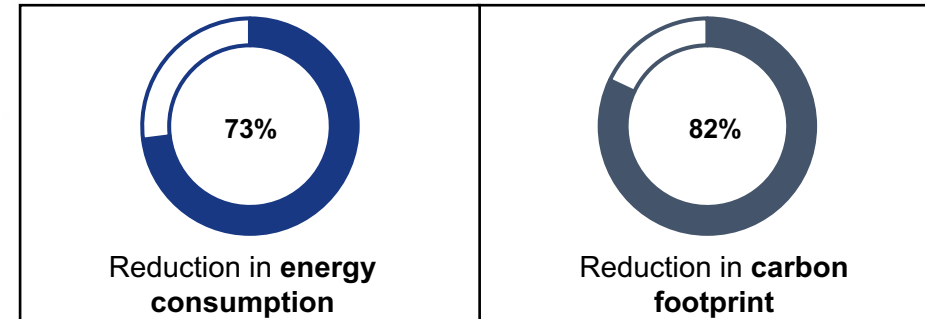
- Using the maximum amount of Zinc Scrap across all our manufacturing processes.
- ZnO produced from Zinc Dross, Ash & Scrap reduces the consumption of raw material inputs (Zinc metal) to manufacturing by returning recycled Zinc to the value chain.
- New EPR regulations bode well for JGCL since it is already using recycled RM; hence possibly no risk of reduction of zinc oxide in end user applications.



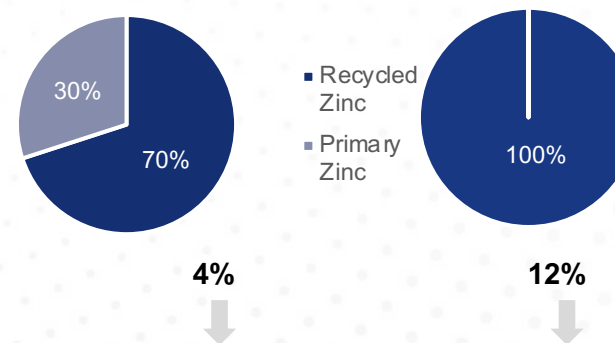
### Certifications:

ISO 9001: 2015, ISO 14001: 2015, ISO 45001: 2018, IATF 16949: 2016, Ecovadis ESG assessment Silver Rating, World Health Organization GMP certification, IP / USP / BP / European Pharmacopoeia licenses, Sustainable ZED Silver Certification.

## Use of recycled/ secondary zinc instead of primary Zinc



### Impact of 'Zinc mix' in manufacturing of ZnO:

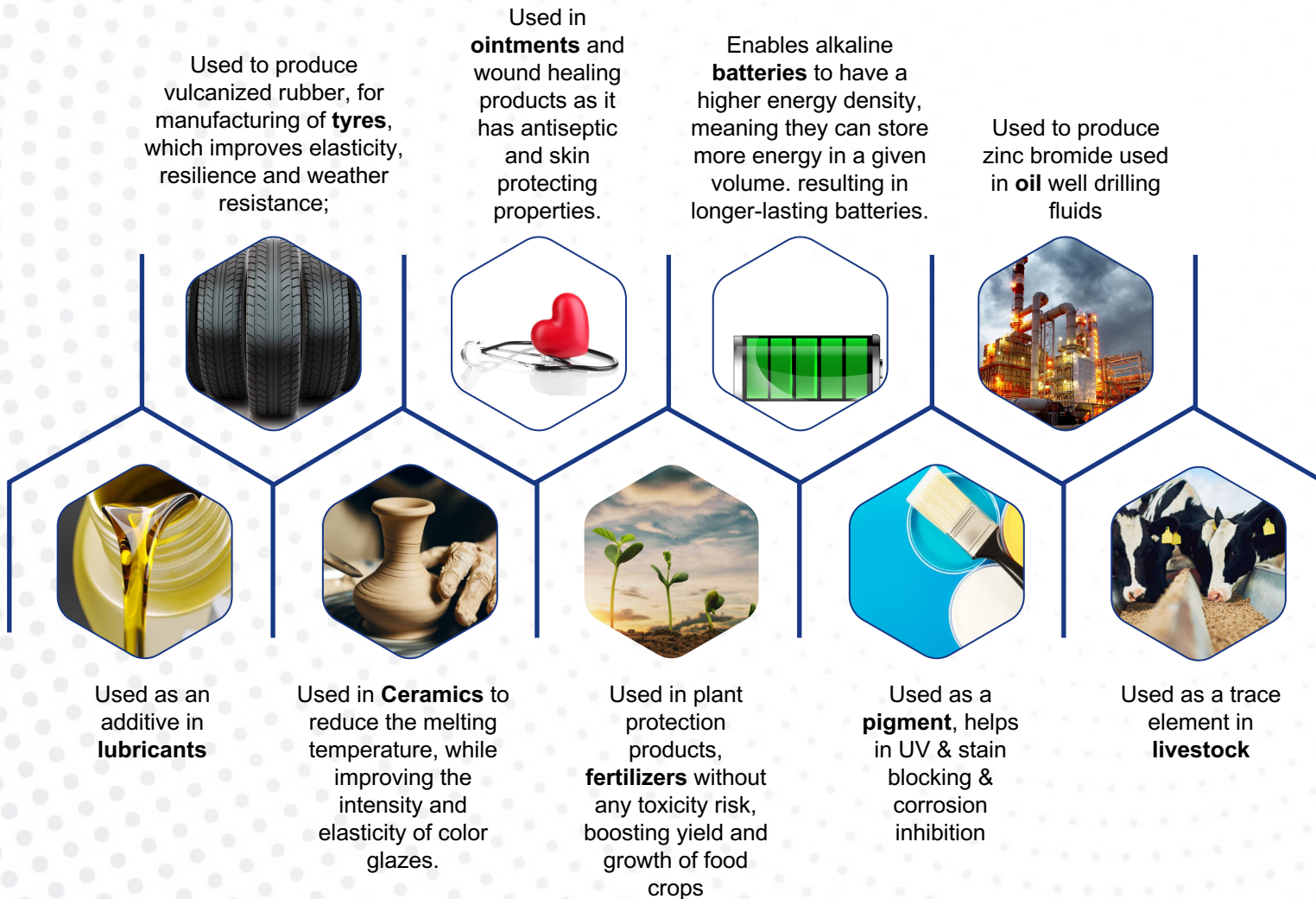


### Reduction in energy consumption & CO2 footprint



# Leading Market Position With Diversified Customer Base

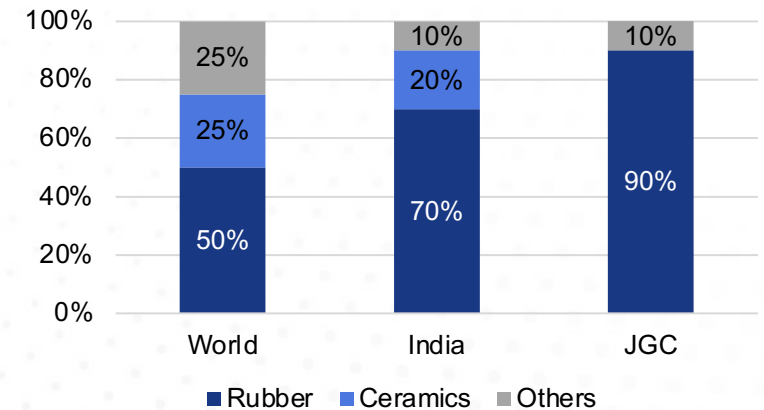
ZnO is a highly versatile chemical, it is used in various industries with 80+ grades sold for a wide spectrum of industrial applications requiring high customization to manufacture from zinc scrap making it a complex manufacturing process having high entry barriers



- 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.
- Within each user segment, each customer has different specifications and hence a customized product.

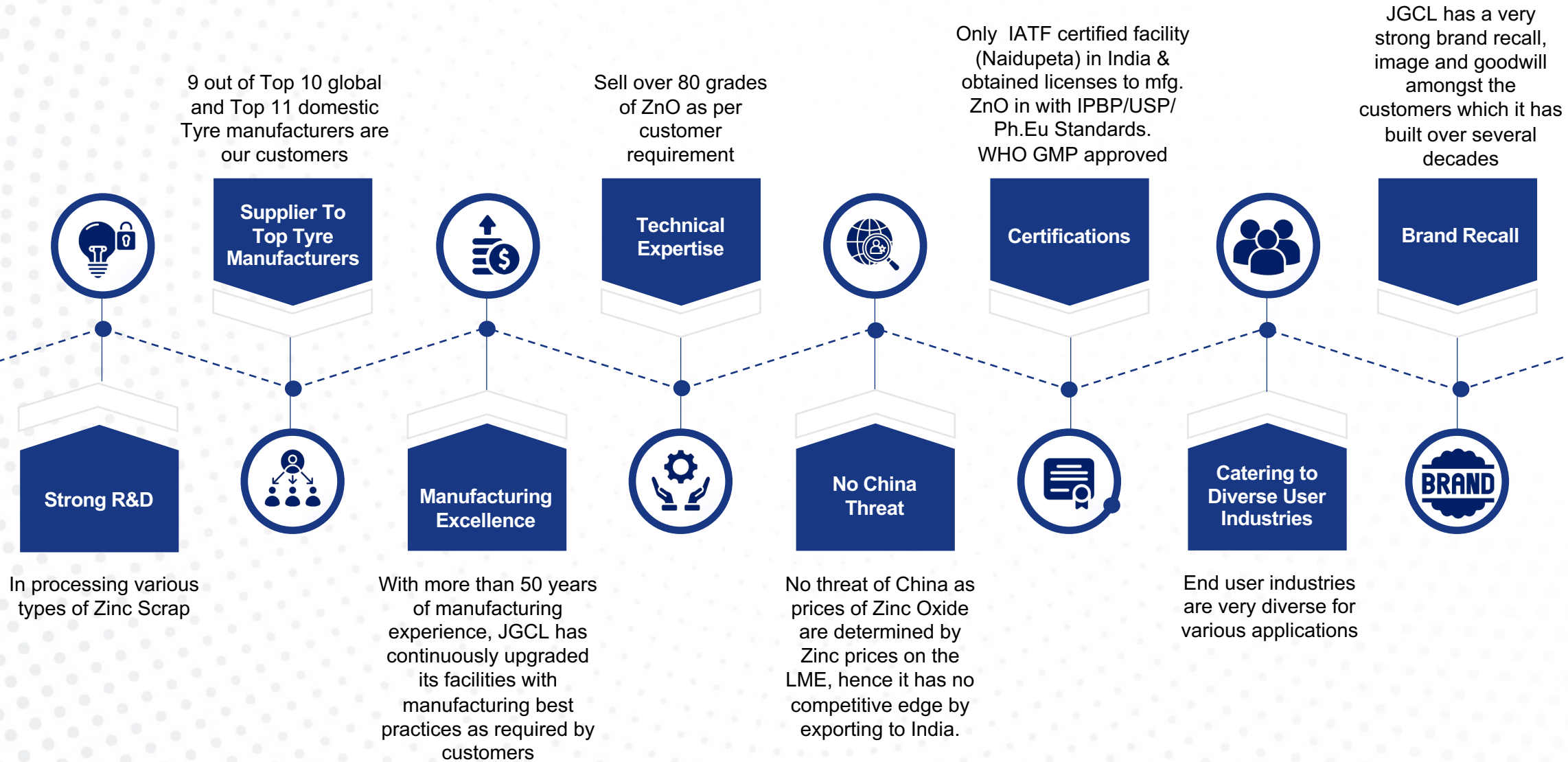
Strong focus on the rubber industry for JGCL has enabled it to gather scale and large institutional customers which offer very strong visibility in volumes and earnings; focus on increasing non rubber customers going ahead.

Revenue Segmentation of Zinc Oxide Industry



JGCL has a lot of scope to gain market share in non-rubber applications by substituting imports for pharmaceutical industry and also catering to the premiumization of the Indian market with newer applications across several end user industries.

# Key Strengths





# High Entry Barriers in the Industry



## Long drawn process for Customer Approvals

On an average it takes about 4 to 5 years minimum to get approval with large Tyre accounts primarily because they are looking for established vendors with large size, production facilities and consistent quality systems. They prefer sourcing from the same vendors rather than adding new vendors. Tire manufacturers are under OEM scrutiny and resist new suppliers to establish consistent quality. Hence, for a new entrant, it virtually becomes impossible to set up a large scale facility with systems and wait for five years approximately for approvals.



## Sourcing of Raw Materials

The procurement of zinc scrap is particularly challenging due to the limited availability from major steel companies domestically. Material needs to be sourced from across the globe as no single supplier / country can meet the entire demand. To establish this network of suppliers throughout the globe which is a time taking process and involves decades of establishing business, confidence and personal relationships, which is a very difficult task for a new entrant.



## Stringent Regulatory Approvals

Various licenses like IATF, WHO GMP and others like the US Pharma, British Pharma , European Pharma & Indian Pharmacopeia are very difficult to secure as they require stringent manufacturing systems and also capital expenditure to ensure the plant meets the necessary norms. Some of these are necessary to cater to various customers in the pharmaceutical, cosmetics, nutraceuticals and specialty chemical segments.

Expand Product Portfolio



Deeper Penetration in Domestic Markets

Ramp-up of Zinc Sulphate Business

Expansion to New Geographies

Diversify Customer Applications in End-user Industries



# Q1-FY25 Financial Performance



## Q1-FY25 FINANCIAL HIGHLIGHTS

<b>Revenue From Operations</b> INR 2,025 Mn	<b>EBITDA</b> INR 229 Mn	<b>EBITDA Margin</b> 11.31 %
<b>Net Profit</b> INR 159 Mn	<b>PAT Margin</b> 7.85 %	<b>Basic/Diluted EPS</b> INR 3.88/share

# Q1-FY25 Operational Highlights

- Healthy growth in topline was driven by good demand across all user segments in Zinc Oxide.
- The Tyre segment which represents the largest customer base for the company, is in a very strong position and is expected to grow in double digits in terms of volume.
- Zinc Sulphate segment recorded significant growth on the back of strong monsoons and is expected to continue in the on-going fiscal.
- The company is aggressively deep-mining customers across new industries and application.
- The proposed capex plans for the new manufacturing plant in Gujarat are progressing satisfactorily.
- The company is also working towards optimising cost and increasing efficiency across its manufacturing units which will help increase margins going forward.

# Quarterly Financial Performance

Particulars (INR Mn)	Q1-FY25	Q1-FY24	Y-o-Y	Q4-FY24	Q-o-Q
<b>Revenue from Operations</b>	<b>2,025</b>	<b>1,723</b>	<b>17.5%</b>	<b>1,814</b>	<b>11.6%</b>
Other Income	5	22	(77.3)%	30	(83.3)%
<b>Total Income</b>	<b>2,030</b>	<b>1,745</b>	<b>16.3%</b>	<b>1,844</b>	<b>10.1%</b>
Total Expenses	1,801	1,669	7.9%	1,644	9.5%
<b>EBITDA*</b>	<b>229</b>	<b>76</b>	<b>201.3%</b>	<b>200</b>	<b>14.5%</b>
<b>EBITDA Margins (%)</b>	<b>11.31%</b>	<b>4.41%</b>	<b>690 Bps</b>	<b>11.03%</b>	<b>28 Bps</b>
Depreciation and Amortization expenses	13	10	30.0%	13	-
Finance costs	4	15	(73.3)%	6	(33.3)%
<b>PBT</b>	<b>212</b>	<b>51</b>	<b>315.7%</b>	<b>181</b>	<b>17.1%</b>
Tax	53	12	341.7%	45	17.8%
<b>PAT</b>	<b>159</b>	<b>39</b>	<b>307.7%</b>	<b>136</b>	<b>16.9%</b>
<b>PAT Margins (%)</b>	<b>7.85%</b>	<b>2.26%</b>	<b>559 Bps</b>	<b>7.50%</b>	<b>35 Bps</b>
Other Comprehensive Income	-	-	NA	40	NA
<b>Total Comprehensive Income</b>	<b>159</b>	<b>39</b>	<b>307.7%</b>	<b>176</b>	<b>(9.7)%</b>
Diluted EPS (INR)	<b>3.88</b>	<b>1.20</b>	<b>223.3%</b>	<b>4.00</b>	<b>(3.0)%</b>



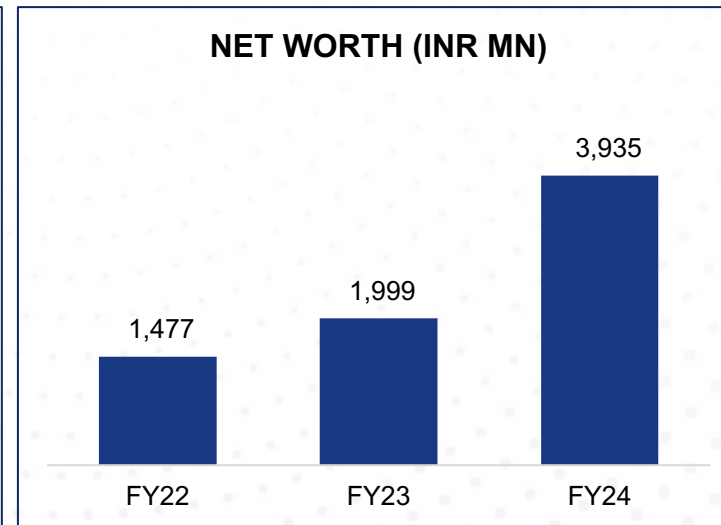
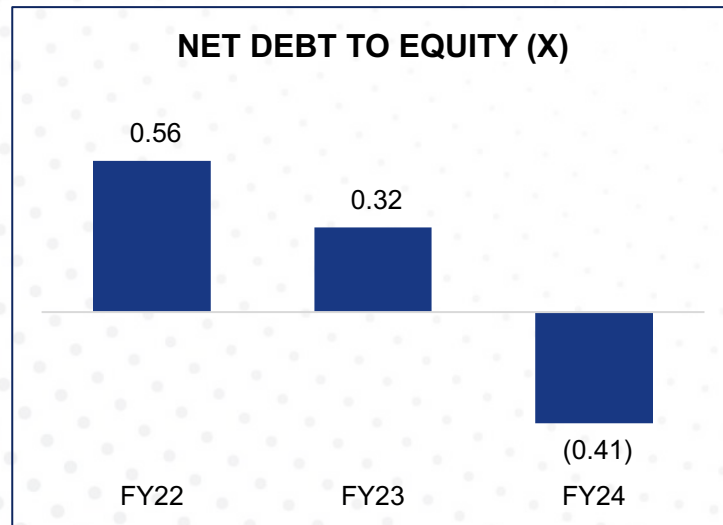
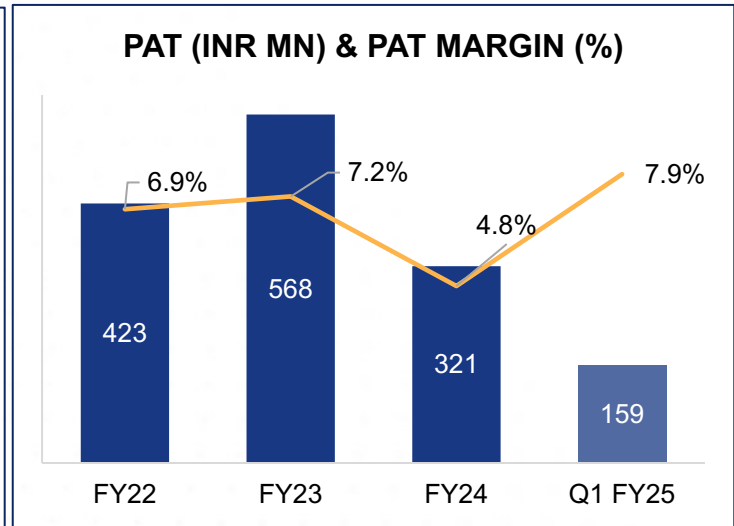
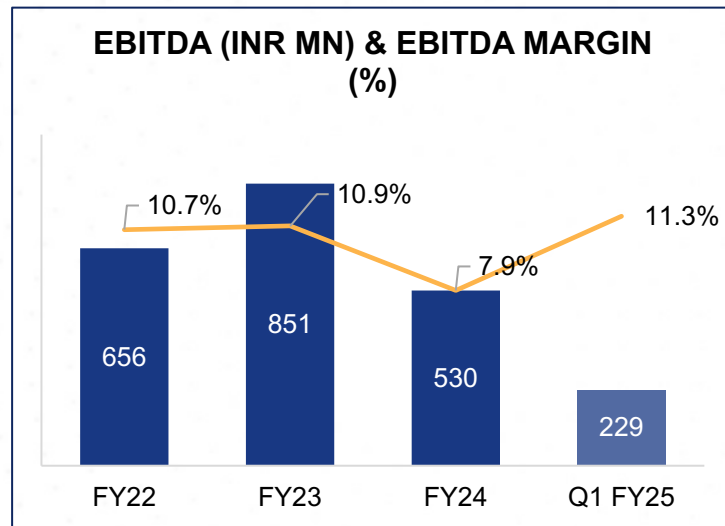
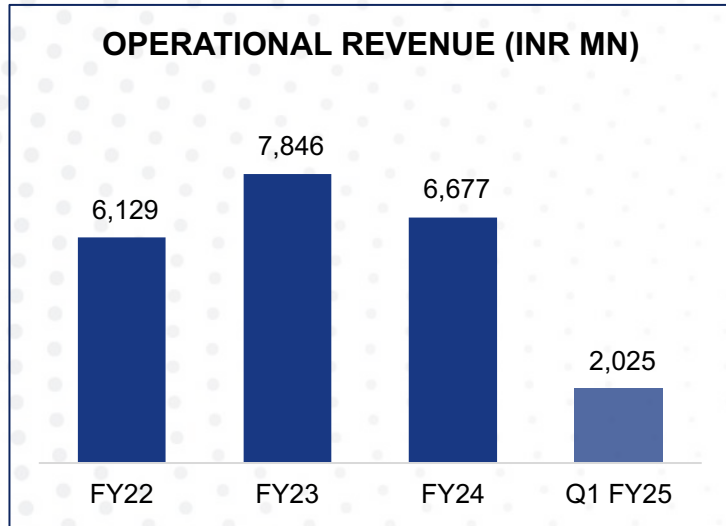
# Historical Income Statement

Particulars (INR Mn)	FY22	FY23	FY24	Q1-FY25
<b>Revenue from Operations</b>	<b>6,129</b>	<b>7,846</b>	<b>6,677</b>	<b>2,025</b>
Other Income	102	96	77	5
<b>Total Income</b>	<b>6,231</b>	<b>7,942</b>	<b>6,754</b>	<b>2,030</b>
Total Expenses	5,575	7,091	6,224	<b>1,801</b>
<b>EBITDA</b>	<b>656</b>	<b>851</b>	<b>530</b>	<b>229</b>
<b>EBITDA Margins (%)</b>	<b>10.70%</b>	<b>10.85%</b>	<b>7.94%</b>	<b>11.31%</b>
Depreciation and amortization expenses	27	34	45	13
Finance costs	63	50	36	4
<b>Profit before Tax and Exceptional Item</b>	<b>566</b>	<b>767</b>	<b>449</b>	<b>212</b>
Exceptional Item	-	-	18	-
<b>PBT</b>	<b>566</b>	<b>767</b>	<b>431</b>	<b>212</b>
Tax	143	199	110	<b>53</b>
<b>PAT</b>	<b>423</b>	<b>568</b>	<b>321</b>	<b>159</b>
<b>PAT Margins (%)</b>	<b>6.90%</b>	<b>7.24%</b>	<b>4.81%</b>	<b>7.85%</b>

# Historical Balance Sheet

Particulars (INR Mn)	FY23	FY24	Particulars (INR Mn)	FY23	FY24
<b>EQUITY</b>	<b>2,135</b>	<b>4,055</b>	<b>NON-CURRENT ASSETS</b>	<b>415</b>	<b>551</b>
Share Capital	317	392	(a) Property, plant & equipment	353	417
Other Equity	1,759	3,592	(b) Capital Work-in-progress	9	-
Non Controlling Interest	59	71	(c) Intangible Assets	0	0
<b>LIABILITIES</b>			(d) Financial assets		
<b>NON-CURRENT LIABILITIES</b>	<b>76</b>	<b>40</b>	I) Investments	30	112
(a) Financial Liabilities			II) Other financial assets	12	10
I) Borrowings	67	36	(e) Non-current tax assets	0	-
(b) Provisions	3	4	(f) Deferred tax assets (net)	-	7
(c) Deferred Tax Liabilities (Net)	6	-	(g) Other non-current assets	11	5
<b>CURRENT LIABILITIES</b>	<b>767</b>	<b>395</b>	<b>CURRENT ASSETS</b>	<b>2,563</b>	<b>3,939</b>
(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	-
<b>TOTAL LIABILITIES</b>	<b>843</b>	<b>435</b>	VI) Other financial assets	212	180
<b>GRAND TOTAL - EQUITY AND LIABILITIES</b>	<b>2,978</b>	<b>4,490</b>	(c) Other current assets	91	247
			<b>GRAND TOTAL - ASSETS</b>	<b>2,978</b>	<b>4,490</b>

# Financial Highlights



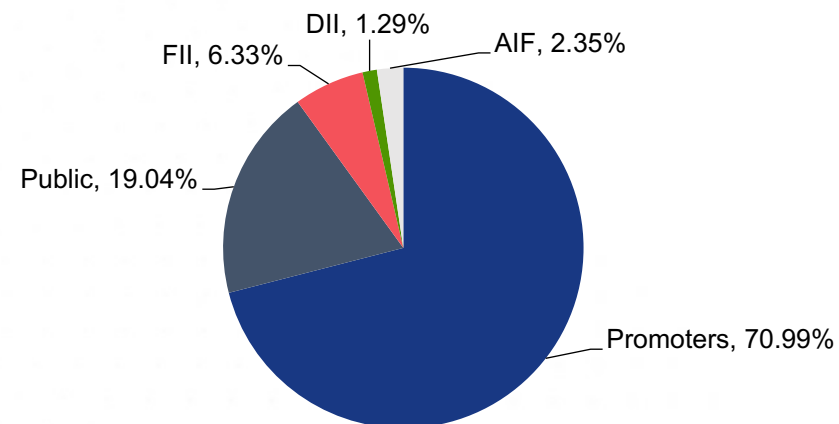


# Capital Market Information

## Market Data (INR) (As on 30<sup>th</sup> June, 2024)

Face Value	10.00
CMP	236.90
52 Week H/L	274.40/171.00
Market Cap (INR Mn)	9,283.18
Shares O/S (Mn)	39.19

## Shareholding Pattern (As On 30<sup>th</sup> June, 2024)



## Marquee Shareholders

MASSACHUSETTS INSTITUTE OF TECHNOLOGY	4.62%
CARNELIAN STRUCTURAL SHIFT FUND	1.77%
SBI GENERAL INSURANCE COMPANY LIMITED	1.29%
PINEBRIDGE GLOBAL FUNDS - PINEBRIDGE INDIA EQUITY	1.23%

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**Thank You**