



21st November, 2025

To,
National Stock Exchange of India Ltd,
Exchange Plaza, C-1, Block-G
Bandra – Kurla Complex,
Mumbai – 400051
NSE Code – JGCHEM

To,
BSE Ltd.,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400001
BSE Code – 544138

Dear Sir(s)/Madam,

Sub: Transcript of Earnings Conference Call for Financial Performance for the 2nd Quarter and half year ended September 30, 2025 held on Monday, November 17, 2025

Further to our letters dated November 17, 2025 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions of the SEBI Listing Regulations, we are enclosing the transcript of the earnings conference call for the Financial Performance of the 2nd Quarter and half year ended September 30, 2025 held on November 17, 2025 at 04:00 p.m. (IST)

This information will also be available on the Company's website at www.jgchem.com.

This is for your information and records.

Thanking you,

Yours faithfully,

For **J.G.Chemicals Limited**

Swati Poddar
Company Secretary and Compliance Officer



“JG Chemicals Limited Q2 & H1 FY '26 Earnings Conference Call”

November 17, 2025



MANAGEMENT: **MR. ANIRUDH JHUNJHUNWALA – MANAGING
DIRECTOR & CHIEF EXECUTIVE OFFICER, JG
CHEMICALS LIMITED**
**MR. ANUJ JHUNJHUNWALA – WHOLE-TIME DIRECTOR
& CHIEF FINANCIAL OFFICER, JG CHEMICALS
LIMITED**
**MR. AMIT AGARWAL – GENERAL MANAGER
(ACCOUNTS & FINANCE), JG CHEMICALS LIMITED**

MODERATOR: **MS. PRACHI BADADE – PHILLIPCAPITAL (INDIA)
PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the JG Chemicals Limited Q2 and H1 FY '26 Earnings Conference Call.

As a reminder, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone.

I now hand the conference over to Ms. Prachi from PhillipCapital. Thank you. And over to you, ma'am.

Prachi Badade: Good evening, everyone. On behalf of PhillipCapital Private Grand Group, I welcome all of you to Q2 and H1 FY '26 Earning Conference Call of JG Chemicals Limited.

Before we begin, I would like to mention a short cautionary statement:

Some of the statements made in today's Earning Con Call may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on Management's beliefs as well as assumptions and information currently available to Management, are cautioned not to place any undue reliance on these forward-looking statements in making any investment decision.

The purpose of today's earnings conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review. Today from management team, we have Mr. Anirudh Jhunjhunwala – Managing Director and CEO; Mr. Anuj Jhunjhunwala – Whole-Time Director and CFO; and Mr. Amit Agarwal – General Manager (Accounts and Finance).

I now hand over the conference to Mr. Anirudh for his opening remark. And then we will open the floor for questions and answers. Over to you, sir.

Anirudh Jhunjhunwala: Thank you. So, good afternoon, everybody, and a very warm welcome to JG Chemical Limited 2nd Quarter FY '26 Earnings Call. I would like to thank each one of you for joining us today.

For those who may not be aware about our company too much and may be new to the numbers, let me begin with a brief overview of the company followed by our performance for the quarter and the half year and some key operational highlights.

To begin with, JG Chemicals Limited is India's largest zinc oxide manufacturer and the country's leading zinc recycling company. Our product caters to a wide range of industries including rubber and tyre, pharmaceuticals, ceramics, agriculture, paints and coatings, electronics, batteries and also specialty chemicals.

We are well diversified geographically with approximately more than 200 domestic customers and also we service approximately 50 international clients, exporting to more than 10 countries worldwide. We cater to top 9 of the 10 global tyre manufacturers and also to the top 11 leading tyre companies in India. In a recently conducted internal survey, the company noticed that it has more than 95% repeat order percentage, which is very encouraging for us and speaks about our deep-rooted relationship with customers and the confidence that they place on us.

Our manufacturing infrastructure includes plants located in the state of West Bengal and Andhra Pradesh with a combined capacity of nearly 70,000 metric tons of zinc chemicals. We offer roughly 80 specialized grades of zinc oxide to cater to highly customized application needs. In the zinc oxide business, one size fits all, one grade fits all does not work.

Our Naidupeta facility is the only IATF-certified zinc oxide plant globally. It is also WHO GMP approved and holds IP, BP, USP and the European Pharma certification enabling us to serve regulated industries such as pharmaceuticals and cosmetics with the highest quality standards.

Sustainability and recycling continue to be an integral part of our operations. As India's largest zinc recycling company, our processes enable significant reduction in energy consumption, carbon footprint and water usage. We continue to evaluate opportunities in advanced recycling and energy efficient technologies all the time.

Alongside this, we are also currently working on developing specialized and customized products, tailor-made to the specific requirements of key customers. This enhances the attractiveness of partnering with JG, and in the long term, strengthens our position as a preferred supplier for high-performance applications.

We are also seeing encouraging developments in the domestic market, particularly with the growing presence of homegrown brands, especially in the healthcare, cosmetics, and the personal care segment. These emerging brands are increasingly looking for high quality zinc oxide in the market, and this trend is opening up meaningful and new opportunities for us in the non-tyre and the non-rubber applications.

In parallel, the company is also working currently on developing a new recycled rubber product to increase the content per tyre supplied to our customers. We have already spoken about this before. This project is moving very well and trials are expected to begin soon in the coming Q4. We are also expanding proactively into non-rubber applications and aim to increase the non-rubber share from the current 15% to over 30% in the next four to five years.

Having said this, after a flat Q2, with GST rate implementation, the new GST rate pushed purchases, the current Q3 is seeing good demand. The tyre industry in general is expected to grow well in the coming year. And the company is very well positioned to capture this growth also.

As many of you would recall, we had announced the Dahej greenfield expansion in the previous quarter. I would like to briefly touch upon the progress during the current period because this project remains a very important part of our long-term growth strategy. This 40,000 metric tons per annum zinc chemical facility at Dahej is progressing as planned. Phase-1 of the facility is expected to be commissioned in H1 of FY '27. And once stabilized, the plant has the potential to generate revenues over 900 crores. Dahej will significantly strengthen our presence in Western India and deepen our reach in the ceramic, specialty chemical, agro and also the tyre business.

Our current capacity utilization in our existing plant is around 70% of the achievable capacity. And we can easily take that up to about 85% without much constraints. Hence, our spare capacity at Naidupeta currently remains adequate to service anticipated customer demand for the upcoming fiscal and ensuring continuity with our customers until the Gujarat and the Dahej facility become operational.

I am also happy to mention here that the company recently paid a dividend of Rs. 1 per share for the FY '24-25. We expect to continue the dividend payout in future years.

Having said this, I would now like to hand over the call to our CFO, Mr. Anuj, who will take you through the financial performance for the quarter and the half year, along with some operational updates. Over to you, Anuj.

Anuj Jhunjunwala:

Thank you. Good afternoon, and once again, welcome everyone on the call.

I will now take you through our financial performance for the 2nd Quarter and First Half of the Financial Year, followed by some operational and business updates.

For Q2 FY '26, our consolidated revenue from operations stood at approximately Rs. 220 crores, representing a year-on-year growth of around 4%. EBITDA for the quarter was at Rs. 21.9 crores with an EBITDA margin of 9.94%. Profit after tax stood at Rs. 15 crores, resulting in a profit after tax margin of 6.81%.

The very marginal 0.7% decline in EBITDA margin during the quarter was primarily due to the consumption of higher cost inventory arising from shipping delays in the previous period. This was a temporary factor, and we are already seeing normalization. With logistics stabilizing and zinc prices showing improvement, we expect margins to be much better in the coming quarters.

For the first half of FY '26, consolidated revenue from operations stood at Rs. 438 crores, a growth of 6% year-on-year. And EBITDA for the first half was Rs. 45 crores with a margin of 10.29%. Profit after tax for H1 stood at Rs. 31 crores, translating into a PAT margin of 7.16%.

The GST reductions in September supported a pickup in the automobile activity, which we witnessed in the last few weeks. This will help the tyre segment immensely.

We continue to see steady traction across non-rubber applications as well, such as pharmaceuticals, cosmetics, ceramics, specialty chemicals, and certain other special applications. Input cost conditions and logistics have begun to stabilize, which provides better visibility on the cost environment going ahead.

With this, we can open the floor now for the question-and-answer session.

Moderator: Thank you very much. We will now begin with the question-and-answer session. Anyone who wishes to ask the question may press * and “1” on their touchtone telephone. If you want to remove yourself from the question queue you may press * and 2. Participants are requested to use handset while asking a questions. Ladies and gentlemen we will wait for a moment while the questions queue attended.

The first question is from the line of Ashmita from Electrum Capital. Please go ahead.

Ashmita: Just two questions from my side. Is the company evaluating any opportunities for inorganic expansion in the near to medium term?

Anirudh Jhunjunwala: And what is your second question?

Ashmita: So, over the past few quarters, we have seen that the EBITDA margins are around the 8% to 9% range. So, when can we anticipate it returning to the 10% to 11%? That would be from my side.

Anuj Jhunjunwala: So, I will address both your points. The first thing was on the inorganic expansion. As we mentioned before, the company continues to evaluate different opportunities which come its way. We are working on the opportunities which are there today. And as and when the timing is right, we will announce it to the markets as per the regulatory requirements.

Now, on the EBITDA margin, we have always maintained that the steady-state EBITDA margins in our core manufacturing business of Zinc oxide is 10% to 11% range. And we expect the margins to inch up to about 13% to 14% on a consolidated level as the share of non-rubber applications increase in the overall revenue stream.

Ashmita: And what would be the guidance for EBITDA margins for the year?

Anuj Jhunjunwala: As I mentioned, the EBITDA margins are currently in the 10%-11% range, and we expect these to inch up to the 13%-14% range in the next 2 to 3 years when the share of non-rubber applications increases from where it is to where we intend to take it to about 30%.

Anirudh Jhunjunwala: The current EBITDA margin for the H1 is 10.28% and not 8% to 9%, if you may just have a look at the numbers.

Ashmita: No, I was talking about the Q2 and Q1.

- Anirudh Jhunjunwala:** And even the Q2 numbers would be at approximately 9.94%, the EBITDA.
- Moderator:** The next question is from the line of Aman Singh, an individual investor. Please go ahead.
- Aman Singh:** So, my question is, what is the outlook that you are expecting in the tyre industry going forward?
- Anirudh Jhunjunwala:** So, with the tyre industry, as we mentioned even in the last quarter, the tyre industry is expected to grow between 7% and 8% in the next couple of years. That is what the projections from the certain independent bodies. And that time we were not aware of the GST cuts which were going to happen.
- Now, with the current GST cuts, etc., the tyre demand seems to be quite good. And we are witnessing a good quarter demand. And hopefully this will translate to a certain slightly higher number than what we had envisaged of 7% and 8%.
- So, we expect a healthy growth in tyre business. A lot of our large tyre companies have announced Capex also. They are increasing capacity. I think overall in India, if the economy does well, tyre is one of the biggest beneficiaries because everything in the economy that moves, moves through the tyre. So, we are expecting a robust growth in the tyre business in the next couple of years.
- Aman Singh:** And my next question is, what are the key challenges in handling the zinc scrap? Is your technology in-house or purchased? And how does it compare with other countries?
- Anirudh Jhunjunwala:** As far as the technology for processing scrap is concerned, this is 100% an internally developed technology. It is an IP that is internally owned. And this has been done over the last two decades of trials, errors, learning, and continuous R&D.
- Now, as you would be aware, just to give you an idea, Zinc scrap comes in different forms, sizes, impurity profile, purity profile. So, it is not very easy for a newcomer or a plant which has not handled this scale of scrap to suddenly switch to scrap and produce the same quality over and over again.
- So, this is a technology which has been developed 100% by us through a lot of years of R&D and trial and also closely working with our customers. So, this is very different from where there are producers who would blend virgin zinc with scrap to arrive at a particular quality. That usage is not so difficult. But if you try to manufacture those grades from 100% scrap, it is not an easy business to do.
- Aman Singh:** And my last question is, like, currently we are seeing an uptrend in the price of all the commodities, like zinc, copper, etc. How does this have an impact on the company's business?

- Anirudh Jhunjunwala:** So, you know, as we have always mentioned in the past that the company carries a core inventory of zinc in its portfolio. And any increase in the prices of zinc obviously helps in the overall margin profile going ahead.
- Moderator:** The next question is from the line of Jay from Elios Financial Services. Please go ahead.
- Jay:** So, thank you so much for the presentation and guidance. I wanted to understand more about the raw materials. So, as I understand, 90% of the raw materials is secondary zinc. So, I wanted to understand how much in percentage is imported and is sourced domestically.
- Anirudh Jhunjunwala:** So, as you rightly mentioned, most of the material that zinc scrap is called secondary zinc. Currently, our domestic to import procurement would be roughly 50-50.
- Jay:** 50-50. Okay. And is there any change in strategy going ahead regarding the import or export?
- Anirudh Jhunjunwala:** So, the company is flexible on this. As the opportunity is there in the market, if there is a price arbitrage available in the market, the company has the right to switch from domestic to international or vice versa. So, we take advantage of any price arbitrage available in the market and use the same to the advantage of the company.
- Jay:** I had one more question regarding, as you had mentioned, there are not more than 50 domestic producers of Zinc oxide in the country. So, I wanted to understand how does having a pricing advantage in terms of your recycling technology and usage of scrap materials, how does that help you gain a competitive advantage over your peers, like, if I could get a number of, say, a percentage or price reduction you provide to your customers compared to your peers?
- Anirudh Jhunjunwala:** Can you repeat the last part of your question, the last couple of lines what you said?
- Jay:** I asked like, if I could get a rough pricing estimate like the reduction in price you provide to your customers since you have this recycling technology that others don't.
- Anirudh Jhunjunwala:** Fair enough. So, coming to your point, number one, as you mentioned, there are a number of Zinc oxide producers. Bulk of them happen to be very small producers who are maybe in the range of about less than 5,000 tons per annum. So, those kind of producers actually do not qualify to supply to some of our customer profile, which includes leaders in the fields of whether it is tyre, whether it is pharmaceuticals, whether it is cosmetics, whether it is ceramics. So, you need to have a certain scale and standard to be approved by these vendors.
- You know, vendor approvals in our business, especially in the tyre business, often ranges from about five to seven years for a vendor to be approved. And they do not like to approve vendors who are below a certain size and scale because those sizes and scales cannot give you complete control over quality and productivity and consistency for that matter.

So, when you move up the value chain and when you are servicing clients who are blue-chip investing, there is no reason for the company to actually give a discount to the smaller people. Rather, it is an IP which the company has developed. The company maintains very strict control and adherence to quality standards, to consistency. So, there is no reason for a discount in the market.

I mean, we would like to believe that today dealing with JG or dealing with the producer of our size, capacity and controls is an advantage for our customers and they would not be looking for a discount over the competitor on this.

Jay: And are there any steps being taken to protect this IP as you said from getting distributed?

Anirudh Jhunjunwala: So, this is a process of continuous evolvement. As I said, this is an effort of two decades of work, which the company has put in. Now, today, for this technology, for somebody else to do this, number one, he has to have the scale to do this, because he is dealing with scraps, and scraps are not homogeneous. So, if you are looking to manufacture grades from only scraps, you have to have that much quantity and that much variety of scrap in your plant. And you can only have that if you have a size.

So, in some sense, our IP is also internally protected by the size that we have. And this size is continuing to grow year-on-year. So, that is one of the key factors which does not allow anybody else new in the market to come and have a technology to blend various scraps to produce the finer grades of Zinc oxide.

Jay: Thank you for being patient with my questions.

Moderator: The next question is from the line of Dhruvin from SKP Securities. Please go ahead.

Dhruvin: So, I just wanted to understand from a basic angle that the zinc prices, which have increased significantly, I believe, from the lows of April compared to now. So, zinc oxide also being a derivative of same must have increased in prices. So, having said that, then why are our H1 margins under pressure like it, despite the zinc prices rising?

Anirudh Jhunjunwala: So, zinc price, as we have always maintained, that the company is basically agnostic to zinc prices. Higher or lower zinc prices does not make a difference. The difference it makes is only on the core inventory that the company carries. And this core inventory obviously gets affected if the zinc prices falls or rises.

Now, as you have rightly pointed out, the zinc prices have rallied quite a bit. But this rally has basically been only in the last one month. So, from April to mostly July and August, the rally was not that much. In fact, in the 1st Quarter, zinc prices had actually dropped. But we were able to protect EBITDA because one of the reasons which Mr. Anuj also mentioned was that they were certain shipping delays. So, high-cost material of the previous quarter actually landed up

in Q2. That is why you would see a relatively flattish to slightly muted EBITDA levels in the first two quarters.

But as you have rightly pointed out, zinc prices have recovered very sharply in the last three to four weeks. So, this obviously augurs well for the company in terms of oxide pricing and also from the core inventory that the company carries. So, the benefits of this will obviously accrue going forward.

Dhruvin: And any updates with finding any, I don't know if we can call it like a manufacturing base or something that we were looking at abroad to, like, compete with respect to exports or something?

Anirudh Jhunjhunwala: So, a couple of things. One is as far as exports are concerned, the company is consistently pushing for more and newer export markets. Our clients who have been with us for a long time in India have also operations abroad. So, those are our immediate targets. And work is going on well over there. And the company is continuously being able to get greater penetration in the export market.

As far as global opportunities for expansion is concerned, as Mr. Anuj mentioned, we are working on some opportunities. As and when the time is right for the announcement, we would do that.

Dhruvin: That will be all from my side.

Moderator: The next question is from the line of Nitin Gandhi from Inoquest Advisors. Please go ahead.

Nitin Gandhi: Can you just more elaborate on Phase-2 of the expansion when we let go commission and how much amount we have spent for Phase-1 and Phase-2 likely to be? And when do you see Phase-2 capacity to start revenue contribution and how much will it be?

Anuj Jhunjhunwala: So, as we mentioned in our presentation, the Dahej project was approved by the Board in August 2025. And we have started construction for the same. And the total project outlay would be Rs. 100 crores.

The Phase-1 would be starting in H1 FY '27. We expect the second phase to start probably in a couple of years post the commissioning of Phase-1, because as a prudent allocator of capital, we like to slowly deploy our capital as and when we see the utilization levels reaching a level, which is where it makes it necessary for us to press the pedal and expand further.

So, I would say the approximate timeline would be H1 FY '27 for Phase-1 and about 2 to 2.5 years thereon for Phase-2. And the total revenue potential from this investment would be in the range of about Rs. 900 crores for both the phases put together.

Just to point out one more thing that even after the two phases are commissioned, there will be sufficient land available in the Dahej facility for exploring newer areas of growth which the company is currently working on. As Mr. Anirudh mentioned that we are working on recycled rubber products. As and when the project gets commissioned in South India and if we need to expand our presence for the same in Western India as well, which could be the case because of proximity to the tyre industry in Western India as well, that project would also get expanded in Dahej.

- Nitin Gandhi:** So, both phases will be equal contribution, right? Rs. 450 crores, Rs. 450 crores each, right?
- Anuj Jhunjunwala:** Roughly, I mean, give or take 10% because the product mix is such that it is slightly different. So, more or less, yes.
- Nitin Gandhi:** And amount spent will be how much when you capitalize Phase-1?
- Anuj Jhunjunwala:** So, you see the amount spent already for the land, etc. is about Rs. 25 crores- Rs. 26 crores. So, the balance would be more or less, on the incremental spend, more or less it will be 50-50, more or less. Maybe in the first phase there could be a little more because of certain utilities, etc., which would be front-ended, which will be used for the entering phases as well.
- Nitin Gandhi:** So, maybe 60-40 generally can take.
- Anuj Jhunjunwala:** Yes, maybe.
- Nitin Gandhi:** And any probability of increasing margin, you said 11% to 13% will happen with Phase-1. So, with Phase-2, are there likely to be some scenario indication if you can share what is in your mind?
- Anirudh Jhunjunwala:** So, as we mentioned before also, as the economy grows, as we are getting new and new consumption centers, in the sense that apart from the rubber, tyre, ceramics, there are new applications coming as we mentioned about healthcare, personal care, then the battery segment, then other specialty chemicals and also some other electronic industries, so these industries obviously consume a much higher quality of Zinc oxide where the competition is less and the ability to manufacture is also limited to a few producers.
- So, as and when the market for this expands, which we said, we are trying to grow our non-rubber participation from approximately 15% to 30%, these kinds of supplies obviously have a much higher EBITDA margin. And the blended EBITDA with these kinds of margins growing would obviously be higher. And that is why we said that we expect the 11% growth, north of 11%.
- Nitin Gandhi:** This 15% to 30% will take approximately three years or four years, right?

Anirudh Jhunjunwala: Yes, 3 to 4 years.

Moderator: The next question is from the line of Dhiral Shah from PhillipCapital. Please go ahead.

Dhiral Shah: Sir, my question is on the Zinc Sulphate side. So, in Q2, what was our performance on a Y-o-Y basis and also what is the outlook on the Zinc Sulphate going ahead?

Anuj Jhunjunwala: So, on a Y-on-Y basis, the Zinc Sulphate revenues have recorded an increase. And we expect that Zinc Sulphate would also continue to grow and help our de-risking strategy of increasing the contribution of the agri-segment also going forward. The demand for Zinc Sulphate is gradually increasing across several areas, whether it is animal feed applications, micronutrients, fertilizer applications.

So, this is a business which is a good business for us because we have certain strengths in terms of raw material sourcing capabilities and integration and alignment with our core business of Zinc oxide. So, I think this is a good area where the company is invested in. And we see that this segment will continue to grow going forward.

Dhiral Shah: If you can quantify in terms of numbers, so what kind of growth we have seen in the Zinc sulphate particularly? Because Q2 being an agri kind of a demand that we see because of monsoon, so what kind of growth do we have registered in the Zinc Sulphate business particularly?

Anuj Jhunjunwala: So, Zinc Sulphate, so, you see, in South India where we are located, the monsoon comes in different states at different periods. So, the main demand comes actually in Q3 prima facie, because this is the time of the year when most states require the Zinc Sulphate. So, on a year-on-year basis, on a half-year basis, the company has recorded more than 20% growth in revenues in the Zinc sulphate segment.

Dhiral Shah: And sir, in terms of Zinc oxide side, what was the overall growth that we have seen in the volume side?

Anuj Jhunjunwala: You are asking me on the Zinc oxide segment, volume growth?

Dhiral Shah: Yes, sir, as you mentioned that we were running at 70% utilization. So, for the quarter, what was the volume growth that we have registered?

Anuj Jhunjunwala: So, the volume growth on the Zinc oxide segment was close to about 6% to 7% in the first half of the year.

Dhiral Shah: And in the Q2, sir?

- Anuj Jhunjunwala:** I don't have the number of Q2 Y-on-Y right with me, but we can connect offline, and I can share that with you.
- Dhiral Shah:** And so on the recycling part, as you mentioned in the presentation, particularly rubber recycling, and this project is going to commence from Q4, so my question is, what kind of revenues and the margins we are expecting in the initial, let's say, one to two years and where we will source our raw material from?
- Anirudh Jhunjunwala:** Would you mind repeating your question once again, please?
- Dhiral Shah:** So, on the rubber recycling side, as you mentioned that we will start the trial project from Q4 FY '26. So, my question is where we will source the raw material from, first? And second is what kind of revenue and margins we are expecting from this segment? And what is the investment that we have done?
- Anirudh Jhunjunwala:** So, coming to your first question, the raw material sourcing. The raw material sourcing will be a mix of domestic tyre scraps and also international imports. So, it will be a mix of both depending on how the availability is and at what price point it is available.
- As far as the trials are concerned, yes, the trials will start from Q4. Currently, we have set up a pilot line for the same and we will be working very closely with some of our established customers to develop grades for this recycled rubber which tailor makes their requirement. So, once these trials are established, then the commercial scale production would be undertaken and that will, at due course, we will disclose to the market what is the exact project details for that. Currently the pilot line is there and the pilot line trials will begin in Q4.
- Dhiral Shah:** Currently, at what percentage industry is using the recycled tyres?
- Anirudh Jhunjunwala:** Sorry.
- Dhiral Shah:** Currently, in the tyre industry, what is the percentage usage of recycled tyres?
- Anirudh Jhunjunwala:** So, currently, the industry mostly uses a product which is called reclaimed rubber. And this is different from what we are doing. Reclaimed rubber is a standard product which has been available in the market for the last maybe more than two to three decades. This, I believe that the tyre industry is able to use roughly 3%-4% at max. Whereas the rubber that we are talking about, the recycled rubber that we are talking about, we are targeting a usage of close to about 15%.
- Dhiral Shah:** And sir, last year on the export part, what was the contribution of export in the current quarter?
- Anirudh Jhunjunwala:** It is between about 12%.

- Dhiral Shah:** This is for the H1 or Q2, sir?
- Anirudh Jhunjunwala:** H1. We are talking about H1.
- Dhiral Shah:** And sir, in terms of margins, when you mention that our margins for the current quarter was 10.3%, but this is including the other income, right, sir?
- Anirudh Jhunjunwala:** The margin profile for the current quarter that I mentioned was 9.94, the EBITDA margin profile.
- Dhiral Shah:** But this is including the other income. So, when you mentioned 10% to 11%, this is including the other income.
- Anuj Jhunjunwala:** Yes, it includes the other income because in our other income, there is also a good element of other operating income as well, which is clubbed as the other income. So, yes, it is including other income. You are right.
- Dhiral Shah:** But sir, going forward, as you said that our raw material prices have started moving up and this will be an advantage to us. So, you feel that our margins will also start improving quarter after quarter, sir, as prices have started moving up on the commodity side.
- Anirudh Jhunjunwala:** This is something, you know, the market can decipher for itself. I mean, we have always mentioned that obviously any movement in Zinc prices affects the core inventory, which is a large part. So, I mean, the market is intelligent to understand that how this will affect us. We would not like to comment much on this.
- Dhiral Shah:** So, that's it from my side.
- Moderator:** The next question is from the line of Divya Dave, an individual investor. Please go ahead.
- Divya Dave:** So, I just wanted to ask a few questions with respect to our global scrap sourcing. So, I just wanted to understand how are these contracts arranged in terms of the tenure and arrangements of these contracts.
- Anirudh Jhunjunwala:** Yes, and any other questions so I can pick it up all together?
- Divya Dave:** And also, with respect to this shift towards higher performance tyre and the adoption of EV, I just wanted to understand how is this impacting the demand for the Zinc oxide from our end?
- Anirudh Jhunjunwala:** So, as far as your first question is concerned, which is regarding international sourcing of scrap, these scraps are sourced from all over the world. There are different countries from which our material comes. These contracts are usually with scrap yards all over the world and some from galvanizing plants which are also directly selling to us.

Mostly, this is on a relationship basis. And these relationships have been formed over the last 1-1.5 decades. Because you must appreciate that people who sell scraps out of Europe, out of U.S., the transit times are long. They are very high-value products. And it is also subject to the change in prices of Zinc.

So, it is not only the price which matters for them to sell scrap all the way to India. It is very important that they have a lot of trust and confidence on the company buying. And since JG has been buying scraps from them now over more than 15, 20 years, and we have seen a lot of events in the world like the financial crisis, the COVID thing and everything else where prices have crashed, where facilities have been closed. But JG has always honored its commitment.

So, these scrap sales happen not merely on the pricing level, but it also happens a lot on the relationship and the credibility that the company has been able to build over a period of time. So, we are very happy and very fortunate that our relationship with these suppliers are now more than, some of them even more than a couple of decades old. And we continue to do more business with them as their sourcing capacity increases.

And secondly, coming to your point of the high performance tyres. So, as far as zinc oxide is concerned, there is relatively no change whether you are manufacturing tyres for EV, etc. I am aware that certain other products have changed a little bit when going into EV tyre production compared to the general truck bus radial of the regular type. But as far as Zinc oxide is concerned, it remains the same. And because our product is ESG compliant and we are making mostly out of scrap. Hence, the tyre company's agenda for using more recycled product also gets fulfilled with higher usage of zinc oxide.

Divya Dave: That's all from my end.

Moderator: The next question is from the line of Deep Gandhi from ithought PMS. Please go ahead.

Deep Gandhi: Sir, my first question is on the recycling project. So, if you can even explain more. Is it a new product which you are trying for the first time in India or is it already being used by the rubber industry? So, if you can help us understand that.

Anirudh Jhunjunwala: So, without disclosing much about this product at the current state, I can only mention that this product is a relatively new product for the Indian market. But it is not that it has not been used because this product is being made internationally and is being currently used by some of the large international tyre companies. So, let's keep it here for now.

Deep Gandhi: So, I mean, are the Indian tyre companies also using it or is it only the international companies and you are trying to build a market in India for it now?

Anirudh Jhunjunwala: So, the Indian tyre companies today are second to none. So, they all are there with the latest technology, with the latest raw materials that are there for the offering. So, yes, these companies

have also had initial studies of this material. In fact, we have also got certain samples developed from our machinery suppliers, etc. and they have been tried by these companies and the results are very encouraging for us.

Deep Gandhi: And sir, as you had explained that reclaim rubber is already being used, so is this product like a competition to reclaim rubber or it is like used in a way along with the reclaim rubber by the international players?

Anirudh Jhunjunwala: I would not say it is a direct competition to reclaim rubber because at the end of the day the properties are very different and the properties which the tyre companies want to achieve by increasing the recycling content of rubber cannot be matched by reclaim. To a certain extent, yes, it may substitute reclaim, but I think the products are two different products and the benefits that this product that we are going to make give is far, far superior to the general reclaim which is available in the market today.

Deep Gandhi: And pricing-wise, is it like competitive to reclaim rubber or is it slightly expensive? Any sense on that?

Anirudh Jhunjunwala: Well, on a usage basis, the tyre company would ultimately benefit by using it. I can say that for now.

Deep Gandhi: And sir, can you share some timelines? I mean, the trials are going to start in Q4, as you mentioned. But how long usually do the tyre companies take to approve the product? Is it like 6 months, 12 months, or is it even more? How does that process work?

Anuj Jhunjunwala: Well, you see, the product that we are working on is something which is a win-win for both the tyre company and us. Usually, as we mentioned, that the approvals in tyre companies are very, very long. It takes four to five years' sometimes for approvals. But for this particular project that we are working on alongside some tyre companies, we think that the approvals should be fairly short, probably six to nine months or so.

Anirudh Jhunjunwala: And in some of the cases, it is more like a joint development. So, it is not that it is a product that we are trying to offer to them. It is a product which we are working together. So, that makes a lot of difference whether you are just as a supplier or you are more as a collaborator with them.

Deep Gandhi: And sir, value-wise, I mean, can you give some sense? Is this product like, can it contribute significantly to our revenue, say 15%-20% of revenue two years down the line? Or is it like an ancillary product and you keep adding many such products which will, in a way, a few years down the line start contributing significantly to the revenue? Any sense from that?

Anirudh Jhunjunwala: This is a new age product. This is a product which the tyre industry is looking for. Every day there is a pressure on the tyre industry to increase their recyclable content. Wherever there is an opportunity to do that, the tyre industry is more than willing to try it, do that, and expand on that.

Green tyres are going to be something of the future. And something like a green tyre will even require a higher dosage of recyclable products. Even if you leave aside green tyre, even the current tyre, there are mandates which force them to use more and more recyclable content.

So, yes, the vision for this product is not like just another ancillary product for us. We think going forward in years to come, this product will also be a significant business for JG and will contribute handsomely to the revenues, etc. It is a product which is growing in demand in the future. And with more and more trust on ESG, recycling, etc., the future for this product is strong.

Deep Gandhi:

And sir, last question on this topic and then I have one more question. So, as you mentioned that some of the global tyre companies are already using this product. So, I mean, there will be global suppliers. So, what is our, I mean, what we are trying to do different? Is it the cost that we are offering to the tyre companies lower compared to the other suppliers? Or how will we compete with the existing suppliers of this product?

Anirudh Jhunjunwala:

So, let me take you back to a little bit about tyre manufacturing. Tyre manufacturing is not the same for every company worldwide and the same not for every company in India. Each one has a specialized recipe and that is why we mentioned that it is not all about just supplying a product. It is about joint collaboration, joint development. So, that is enough hint for you to understand that this is not a commodity product where you make a grade and everybody will use it.

This will have typical customizations, which the foreign supplier, although there are not many of those anywhere in the world, but they would not be able to do that with the Indian tyre companies on a case-to-case basis. There, our relationship, our long-standing relationship with them, our reach, our partnership with them will help us to develop this for them individually.

Deep Gandhi:

That was quite helpful. And sir, the next question is, if I look at the Zinc prices, in FY '23, Zinc prices had corrected significantly. But yet we were able to hold on to our margins. And then in FY '24, when the zinc prices were comparatively stable, our margins had slightly corrected. So, if you can explain what had happened during these two years.

Anirudh Jhunjunwala:

So, I would like to take you back. The quarter is, FY '24, June quarter '23 and September quarter '23, which is FY 2023-24, there was a very, very sharp drop in zinc prices of more than, I think, \$700 in the span of probably two months or so. And we have always mentioned that if there is a very, very sharp swing in prices of zinc, upward or downward, there could be an impact on our margins. But if the movement in zinc prices of the same quantum is over a longer period, that will not have much impact on our margins.

So, this is something which we have explained earlier also in our presentations which have been submitted to the stock exchanges and also in our previous con call, that if the zinc prices were to behave normally, we have a set margin. If the zinc prices were to move abnormally up or down, it would have a short-term impact in our margin. But if the zinc prices were to be relatively

low in a broader range over a longer period, that will not have much impact on our margins. So, this is the basis of this comment. If you see the numbers, it speaks for itself for the last financial year as well as this financial year.

Deep Gandhi: And sir, just one last question. So, you mentioned that usually you keep a core inventory, which also has an impact on the margin. So, can you tell us in terms of say inventory days, how many days of raw material do we usually keep in our books?

Anirudh Jhunjunwala: So, our total working capital cycle, including finished goods and raw materials, is roughly about close to 90 days, 60 to 90 days, depending on how the situation is. So, that is a broad idea for you.

Deep Gandhi: So, most of it would be the zinc inventory in this.

Anirudh Jhunjunwala: Sorry?

Deep Gandhi: I am trying to understand how many days of zinc inventory do you usually have in the books. So, if I was seeing your inventory days...

Anirudh Jhunjunwala: So, whether it is finished goods or raw materials, both have a zinc content. So, it doesn't matter whether it is in the form of finished goods or raw materials. It is both considered as a joint zinc inventory only. Roughly two months.

Moderator: The next question is from the line of Nitin Gandhi from Inoquest Advisors. Please go ahead.

Nitin Gandhi: You said right now we are operating at 70 and next year target is somewhere around 85. And that is the peak operative maximum revenue potential from existing. Am I right?

Anuj Jhunjunwala: So, yes, what you are saying is that once we reach 85%, from the existing capacity, yes, that is ideally the peak that we should do. But obviously, in the past, we have gone up to about 90%-92%. If the need arises, we can definitely increase it to 92%. But I don't think there will be need because by the time we reach that utilization phase, our Gujarat plant will definitely get started.

And as we have mentioned earlier, we are also evaluating some brownfield opportunities and debottlenecking in our Naidupeta plant. As and when we feel that the capacities are getting fully sold out, it is a good problem to have. And we will do some debottlenecking to increase capacities in Naidupeta as well.

Nitin Gandhi: And this Phase-1, when you start in H1 '27, let's say by September '26, how does it revenue contribution starts happening in H2 '27 or years thereafter?

Anuj Jhunjunwala: So, you are asking about the revenue coming from the new project?

- Nitin Gandhi:** Yes, new project.
- Anirudh Jhunjunwala:** As we mentioned that the new project will cater to not only tyre, but the bulk of the market will be ceramic and also other specialty chemicals etc. In these segments the approval process is not so long, and it is fairly short. So, we expect revenue to kick in much earlier than had it been only reserved for the tyre business, much quicker than that.
- Nitin Gandhi:** So, H2 '27 could be operating at 40%-50% of capacity or a little more?
- Anirudh Jhunjunwala:** I mean, it is difficult to say, but H2 will definitely see revenue coming in. Whether it will be 40%-50% or 30%, that time will stay. And it also depends on market conditions. But having said that, please keep in mind that the thrust of that plant will be to ceramics, pharma and also specialty chemicals. Especially in specialty chemicals, in ceramics, the approval times, lead times are not very high.
- Nitin Gandhi:** And how much time does it take to reach a peak capacity potential?
- Anirudh Jhunjunwala:** I mean, that should not be an issue for us because as far as the technology is concerned, it is a technology that we have already been running. So, to get to peak capacity on the production side and on the sourcing side should not be an issue. It is mainly dependent on the market. As the market receives the product and needs more of it, we will be able to scale up. That should not be a challenge for us.
- Nitin Gandhi:** So, 28 is also possible in that case, right?
- Anirudh Jhunjunwala:** Sorry?
- Nitin Gandhi:** It's possible, quite possible in 28 as well, correct? It can happen.
- Anirudh Jhunjunwala:** What can happen in 28?
- Nitin Gandhi:** Operating peak capacity of the new 40,000...
- Anirudh Jhunjunwala:** Yes, if the need arises, we can get to peak capacity in very short time.
- Moderator:** The next question is from the line of Mohit from Subh Labh Research. Please go ahead.
- Mohit:** Sir, my first question is based on ceramics. Sir, the estimated demand for Zinc oxide in ceramics market is around 25,000 to 30,000 tons per annum. If you can throw some light on what percentage market share are we covering now and what are we targeting after the commercialization of Dahej plant?

Anuj Jhunjhunwala: So, as we mentioned in the past, our share of business in the ceramic market is very, very low, less than 1% today because of lack of presence in the region. One of the reasons for choosing the location was to be close to the ceramic market, plus also close to the specialty chemical and the tyre market, which is fairly big in Gujarat.

Overall, the market share in India is over 30% on a consolidated basis. We expect that once we enter the ceramic market in a couple of years' time, we should be looking at at least 15% to 20% market share in that segment. And I think if we are able to get that, we will be satisfied because we want to cater to the good niche and organized players in the ceramic market for now.

Mohit: And my second question is based on pharma business. So, how is demand from pharma business? Like, if we estimate it is around 6,000 tons per annum. So, is it good or we are facing some issues there?

Anuj Jhunjhunwala: So the pharma business and the high-end grids, personal care, performance chemicals, this is a segment which is gradually increasing every year. Because you see, as the economy in India gets stronger and bigger and the purchasing power of each individual increases, the demand for higher-end products increases. So, new markets and the total addressable markets in this segment, it is getting higher and higher every year. And some of it has nothing to do with any seasonality of the product or anything.

So, this is an area which will continue to grow. Yes, whether it will grow 30%, 20%, or 25%, I don't have a number on, you know, which I can give you a guidance on. But we are very confident that this segment will continue to grow because newer applications are coming up in India, which did not exist earlier, but they definitely existed in the West. So, as those products are getting consumed in India, as those products are getting produced in India, the demand for those products to get manufactured in India is also getting more and more wherein we come in as a supplier of high-grade Zinc oxide today.

Mohit: Very comforting. And sir, I know it is very early stage to ask this question, but the new venture that we are looking into recycling rubber, what kind of margin can we expect from that? Will it be a similar range of 13% to 14% or would it be higher?

Anuj Jhunjhunwala: I think it is too early to comment on that right now because we are still working on certain finer details of the project, and we would not like to share more details at this stage. Once we are ready with the project and ready to make a formal announcement, we will definitely give you a rough estimate of the margin profile that we expect from that venture going ahead.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments. Thank you.

Anirudh Jhunjhunwala: So, thank you to PhillipCapital for organizing this. Thank you all the participants in this earnings conference call today. I sincerely thank you for joining this evening. And I hope we have been

able to answer most of your questions satisfactorily and at the same time, offer you some insights into our business. If you do have any other questions or you would like to know more about our company, please do reach out to our Investor Relations Manager at Valorem Advisors. And we would be more than happy to share the details with you. Thank you once again for joining. Thank you. All the best.

Moderator:

On behalf of PhillipCapital, PCG Desk, that concludes this conference. Thank you for joining us. And you may now disconnect your lines. Thank you.