



18th August, 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 1st Quarter ended June 30, 2025 held on Tuesday, August 12, 2025

Further to our letters dated August 12, 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 1st Quarter ended June 30, 2025 held on August 12, 2025 at 11:30 a.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 Q1 FY26 EARNINGS CONFERENCE CALL”

AUGUST 12, 2025

MANAGEMENT: **MR. ANIRUDH JHUNJHUNWALA – MANAGING DIRECTOR & CEO,
JG CHEMICALS LIMITED**
**MR. ANUJ JHUNJHUNWALA – WHOLE-TIME DIRECTOR & CFO,
JG CHEMICALS LIMITED**
**MR. AMIT AGARWAL – GM ACCOUNTS & FINANCE,
JG CHEMICALS LIMITED**

MODERATOR: **MR. DHIRAL SHAH – PHILLIP CAPITAL (INDIA) PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY '26 Earnings Conference Call of JG Chemicals Limited hosted by PhillipCapital Private Client Group.

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 this conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Dhiral Shah from PhillipCapital PCG desk. Thank you. And over to you, sir.

Dhiral Shah: Thanks, Huda. Good morning, all. On behalf of PhillipCapital Private Client Group, I will welcome you all to the maiden Q1 FY '26 Earning Conference Call of JG Chemical Limited.

Today from the Management, we have Mr. Anirudh Jhunjunwala – Managing Director and CEO of the Company; Mr. Anuj Jhunjunwala – the Whole-Time Director and CFO of the Company; and Mr. Amit Agarwal – the GM Accounts and Finance.

I thank to the Management of JG Chemicals to allow us for hosting this call. And now without further ado, I hand over the conference to Mr. Anirudh Jhunjunwala. Thank you so much. And over to you, sir.

Anirudh Jhunjunwala: Good morning. Thank you. Good morning, everybody, and a very warm welcome to JG Chemicals First Earnings Call today. This is for Q1 FY '26. I would like to thank all of you today for joining us.

For those who may not be aware about the Company much and may be new to our Company, let me begin with giving you a brief overview of the Company's activities followed by our performance for the quarter and then some key operational highlights. And then the floor would be open for questions.

JG Chemicals today is India's largest manufacturer of Zinc Oxide and amongst the top five globally, and also the country's leading Zinc recycling Company. We primarily serve industries such as rubber, tyres, pharmaceuticals, chemicals, ceramics, paints, lubricants, animal feeds and nutrition, amongst a wide variety of other industries.

Geographically, we are very well diversified with customer base across India and also exports to over 10 countries, including the regions in Southeast Asia, Europe, and Middle East. We cater to over 200 domestic customers and more than 50 international clients. This includes 9 of the 10 top global tire companies and also all the 10 Indian leading tyre companies.

Our manufacturing infrastructure includes three advanced plants across West Bengal and Andhra Pradesh today with a combined capacity of about 70,000 metric tons per annum of Zinc chemicals.

We just announced yesterday a fourth facility in Dahej, Gujarat, as you may be aware. More details on the same would be given by our CFO, Anuj, in due course.

Unlike many other chemicals in which there is a standard globally accepted grade, in Zinc oxide, there is no one-size-fits-all formula. Each customer has a different specification for the product, and it has to be tailor-made completely for their requirements. Currently, the Company is producing over 80 specialized grades of Zinc oxide.

Our Naidupeta facility, which is our largest facility today, is globally recognized as the only IATF-certified zinc oxide plant, and we are also WHO GMP approved. This enables us to cater to regulated and very quality-conscious industries like pharmaceuticals and cosmetics.

In the pharmaceutical and healthcare space, we are catering to few very large global names who are working solely with us as their global supply partners. Due to a NDA being in place, we are unable to share more details and names for the same.

Now coming to sustainability and recycling. These two aspects remain key pillars of our growth strategy today. We are actively evaluating several exciting opportunities in the recycling space that align with our core strengths. These initiatives will not only support long-term business expansion but also reinforce our commitment to ESG.

Additionally, we are also investing in the development of new products tailor-made for our existing tyre customers and industry. R&D efforts are already underway and these initiatives perfectly align with our objective of increasing the content per tyre. This further deepens our value proposition in this critical segment.

We intend to expand our presence very aggressively into the non-rubber market also and expect to increase the share of non-rubber products from the current 15%

to over 30% over the next four to five years. The Company is planning to undertake Greenfield and Brownfield expansions for the same.

However, we would like to once again reiterate that the Company feels there is ample and enough opportunity for growth in the tyre segment due to the shift from unorganized and smaller vendors of Zinc oxide to large producers like JG today. JG has continued to grow and gain market share in the tyre segment, and we expect this momentum to continue in the future also.

Now speaking a little bit about our main segment, which is the global tyre segment. The global tyre industry is today undergoing an important structural shift with manufacturing gradually moving towards cost-efficient regions like India. Driven by the need to optimize cost and enhance supply chain stability and visibility, it may not be out of place to mention that today India's Tyre export is almost Rs. 25,000 crores in FY '25 vis-a-vis only Rs. 14,000 crores in FY '21.

Automotive industry, as we all know, is amongst the key pillars of India's manufacturing and economic growth, contributing significantly to India's GDP. India is today the third-largest automobile market in the world. We are, at JG, very confident of our long-term growth strategy, supported by strong demand visibility, high entry barriers, and our leadership in sustainable Zinc recycling technology.

With this brief overview, I would now request our CFO, Mr. Anuj Jhunjunwala, to share with you financial highlights of the quarter and also more details on our capital expenditure plans going forward. Over to you, Anuj.

Anuj Jhunjunwala: Thank you. Good morning, everyone, and thank you for taking the time to join this call this morning.

I will begin by giving you a brief overview of our CAPEX plans, our financial performance, and some other operational highlights.

I am pleased to share with you that yesterday our Board has approved the Greenfield capital expenditure of approximately INR 100 crores fully funded through internal accruals for a 40,000 metric ton per annum Zinc chemicals facility at Dahej, Gujarat. This facility has the potential to generate INR 900 crores in revenue.

We have successfully acquired 11.43 acres of land at Dahej for this Greenfield expansion. This strategically located site will serve as a state-of-the-art manufacturing hub helping us expand our footprint in Western India. Even after the phased expansion of the Zinc chemicals portfolio, the land parcel will offer

sufficient surplus area for future products and new product lines which the Company will evaluate in due course.

Additionally, we have acquired a 2.96 acres land parcel adjacent to our existing Zinc oxide and Zinc sulphate facility in Naidupeta for future Brownfield expansion plans into advanced recycling products. Importantly, our current capacity at Naidupeta plant is sufficient to meet all anticipated demand for the coming year till the Gujarat plant gets commissioned.

JGC is confident of growth in overall sales volume and over the next few years driven by expansion into new geographies, strategic investments in product mix diversification, moving up the value chain and launch of new specialty grades, which is focused on solving the needs of our customers.

This customer-centric approach will help JG in the long term. As the Company scales into higher margin, higher growth segments, it continues to demonstrate discipline in capital allocation and agility in responding to evolving market conditions.

Now, coming to the numbers for this current quarter:

Our consolidated total revenues for the current quarter stood at INR 221.4 crores and the EBITDA was INR 23.2 crores and the profit after tax was INR 16.35 crores.

On the operational front during the quarter, the Company continued to witness good demand across all end-user industries. With a favorable monsoon seasonal outlook, we expect demand to remain strong in the upcoming quarters. Our continued focus on adding new customers across different applications has helped expand our overall customer base and drive our sales momentum.

With this, we can now open the floor for the Q&A session.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Rajvi Shah, who is an individual investor. Please go ahead.

Rajvi Shah: Sir, my question was, what are the complexities which are faced in handling the scrap? And from where do you source technology? And how is it compared to your Chinese and American players?

Anirudh Jhunjunwala: Thank you for the question. So, as the name suggests, it is a scrap. So, whenever you are dealing with the scrap, it is not homogenous, it is not uniform, and it is not

similar from each plant. The name scrap itself means that it is different kinds. There are various shapes, sizes, purity, impurity levels, etc. in these scraps.

Now, to handle scrap, to manufacture grades, which are highly pure and also with low levels of impurity, you need a technology which is Intellectual Property to the Company which it has developed over the last two decades. The right chemistry and the recipe has been built by us over the years depending on various R&Ds and sustainability initiatives that we have done over the last two years.

The trick is ensuring that we are able to produce these 80 plus grades by using wide variety of scraps which is available at our plant. Hence, this now has become one of the biggest entry barriers for other people. So, grades which average manufacturer would have to blend virgin, today JG is in a position to make them using only scrap.

We feel that over the last so many years, we have perfected this technology almost. And today we feel our technology in recycling of scrap is actually second to none. And I would say it is best in the class technology whether you compared to any European, Asian, or African competitors.

Rajvi Shah: And there was another question that I had. What is the impact of tariffs on our business?

Anirudh Jhunjunwala: So, generally speaking, we do not have any direct impact of tariffs because our sales to the U.S. is next to negligible, almost zero. And the duty structure, the tariffs have not impacted the duty structure on the scraps that we import from U.S. So, speaking generally, there is no impact of duty of these tariffs on our industry.

However, due to these global tariff wars, etc., there is a lot of volatility, be it in equity, be it in currency, be it commodities, etc. Such wild swings in prices sometimes do have a short-term impact on the business, but over the long term and medium term, these average out.

And in fact, now coming to our customer base, most of our customers also do not have a wide exposure to U.S. exports, whether it is tyres, ceramics, etc. Having said this, hence our business because of the tariffs is not really impacted.

Moderator: The next question is from the line of Vishal, who is an individual investor. Please go ahead.

Vishal: My first question is, what is the growth that you are expecting from the tyre industry going forward?

Anirudh Jhunjunwala: And what is your second question?

Vishal: Second is, sir, how large is the ceramic market in Gujarat? Like, in terms of zinc oxide consumption, what is the size and what is the growth that we can expect from that?

Anirudh Jhunjunwala: So, these two segments are completely different segments. So, coming first to your first question, which is regarding the tyre business. You know, the tyre industry today is fairly robust and all our customers have an extremely strong balance sheet. All tyre companies are aggressively chasing growth and are announcing CAPEX plans.

If you would have read a recent report which was released by the ATMA, which is the Apex body regulating the tire business, and also I think PwC mentioned it, the tyre industry is actually expecting a double-digit growth over the next few years.

Further, as I mentioned in my introduction, that today exports from India in the tyre segment is also growing rapidly. So, this also augurs well for the growth of the tyre business. So, we are very confident of achieving higher volume growth from the tyre business due to our very strong and long-standing presence with the tyre business.

Now, coming to your second question, which is regarding the ceramics market. The ceramics market, according to our estimates, is approximately about 25,000 to 30,000 metric tons per annum. Again, India is turning out to be a large ceramic hub. This industry, we expect, should grow well in double digits in India over the next few years due to a sharp rise in housing market and exports of ceramic products from India.

Currently, the Company's share in this segment, as we have mentioned earlier also, is very low. With our Gujarat CAPEX coming into stream and the plant becoming operational sometime next year, we hope to capture at least 15% to 20% of the market share in this segment. Currently our Company JG enjoys an overall 30% market share in India. So, we are confident of at least making 15% to 20% inroads in the ceramic business also.

Vishal: I had one more question, sir, that what is the pricing model that we have for Zinc oxide and also across our RMs, like, what is the pricing strategy?

Anirudh Jhunjunwala: I will let Anuj take this question, please.

Anuj Jhunjhunwala: Sure. So, the price of Zinc scrap and Zinc oxide is directly linked to the price of Zinc on the London Metal Exchange. Change in the price of Zinc metal directly has a corresponding impact on the price of both Zinc scrap and Zinc oxide.

So, our customers' formulas are based with the LME average of the month or a specific period, as the case may be. And every month, we are purchasing a raw material on monthly averages contracts, or on spot basis. So, we basically end up with a RM cost, which is the average of the month.

Now, so for example, in the month of July, if we have bought, say, 100 tons of Zinc scrap, basis the LME average of July, the price at which we sell the Zinc oxide in August is also basis the LME average of July. Hence, our buying and selling is basis the same mother index.

And fortunately for us, the price of Hindustan Zinc, which is the apex producer of Zinc in India, their prices are LME into exchange rate plus the custom duty. So, the exchange rate is also automatically taken care of and it is a natural hedge. I hope I have been able to explain this point clearly.

Vishal: Yes, sir. That makes sense.

Moderator: The next question is from the line of Akshada Deo from Niveshaay. Please go ahead.

Akshada Deo: Sir, I am a little new to the Company. So, pardon the rudimentary question. But, sir, with INR 100 crores of CAPEX, we will be able to do incrementally roughly INR 900 crores of revenue. That is like 9x turnover, asset turnover. Is that right?

Anuj Jhunjhunwala: Absolutely.

Akshada Deo: So, sir, is that the case with all of our products? So, would this be better than what you have already been doing?

Anuj Jhunjhunwala: No, so if you see historically, asset turnover ratios, the fixed asset turnover ratios have always been in the 10 to 14 range. And we expect this momentum to continue going forward.

Akshada Deo: So, I understand that this is not bulk commodity at all because it has to be specialized. Otherwise, these are not the type of numbers that you would see.

Anuj Jhunjhunwala: Absolutely.

Akshada Deo: So, what type of margins are you expecting from this?

Anuj Jhunjunwala: So, as we have always indicated, our core business has an EBITDA margin of between 10% to 11%. We expect that similar margin for the old products and with newer value-added products in the revenue stream, the overall margin profile of the Company should increase going forward.

Akshada Deo: Sir, any range would you be willing to share?

Akshada Deo: So, sir, you mentioned 10% to 11% core margins that have been done. So, going ahead, even after the CAPEX and value-added products, what would be the range that you are expecting?

Anuj Jhunjunwala: We expect that the EBITDA margin should increase by 200 to 300 basis points over the next few years.

Akshada Deo: So, sir, this would be other than like, I mean, this would be due to what? Going and getting more into ceramics should get you better margins. Is that right?

Anirudh Jhunjunwala: So, the Gujarat project is a very holistic project in the sense that we have traditional Zinc oxide. We have Zinc oxide for ceramics. We have specialized grades for the specialty chemicals business. We would also have Zinc sulphate for the agriculture market. In addition to that, we would also be making some high-performance Zinc oxide for some critical and specialized applications. So, what Anuj was just mentioning is that the blended EBITDA is expected to improve by 200 to 300 points. This is because, obviously, some other grades, which may be slightly low in volumes, but the EBITDA accreditation in those grades would be much higher.

Akshada Deo: So, incrementally, what type of margins are you expecting on this CAPEX?

Anirudh Jhunjunwala: So, that is what we just mentioned, that the blended EBITDA from this CAPEX...

Akshada Deo: No, no, no. So, that was blended. I just wanted to know on the INR 100 crore capacity, the new one.

Anirudh Jhunjunwala: So, the INR 100 crore capacity, INR 100 crore project spend is to cover all these grades. So, when we talk of a INR 100 crore spend, we have to also speak of the blended EBITDA. It doesn't make sense talking about one single EBITDA because ultimately this INR 100 crore is going towards manufacturing of all these grades. Hope I have been able to explain that.

- Akshada Deo:** Sir, what about your payback time? What are you expecting?
- Anuj Jhunjunwala:** So, see, internally we have always targeted a payback of about four years, and we expect that we should be able to achieve that for this project also. Give or take a couple of quarters.
- Moderator:** The next question is from the line of Romil from Electrum PMS. Please go ahead.
- Romil:** Sir, my first question is, what are the volumes in this quarter? I mean, what kind of volume growth we saw and the utilization at which we are right now with the 70,000 ton capacity?
- Anirudh Jhunjunwala:** So, coming to volumes, as a Company policy, we don't give clear number or guidance on volumes due to competitive reasons. However, having said that, last year you would see that our revenues grew substantially from about INR 650 crore to about INR 850 crore. This was due to deeper penetration and push in various new segments and customer bases.
- In the current quarter also, revenues have grown year-on-year. However, we would treat this quarter as more of a consolidation phase after a very robust last year. And we expect that in the coming quarter, the growth momentum should be similar and we should be able to achieve similar figures to last year growth.
- Romil:** And utilization, sir?
- Anirudh Jhunjunwala:** Utilization levels, approximately, we operate at 70% of achievable capacity. Historically, also, we like to do that. You must appreciate that our plant deals with scrap and we make more than 80 grades of Zinc oxide. So, the installed capacity is one side of the picture. What is more important is what is the achievable capacity to run the plant efficiently and economically.
- Romil:** And second question is on the non-rubber and non-tyre industry. So, when do we start seeing some meaningful pickup there? Can the existing plant help us in ramping up that part of the business or we would need Dahej plant to cover for that?
- Anuj Jhunjunwala:** So, as we have been mentioning for the last year or so that the share of non-rubber would gradually increase from what it was a year ago, about 10% to about 30%. If you see our latest numbers, the share of non-rubber revenue has almost reached 15%. So, our Naidupeta plant, our Calcutta plant, is well equipped to cater to the non-rubber industries.

In fact, you are aware that the Naidupeta plant has a specific pharmaceutical line which is WHO GMP approved, which is catering to the pharmaceutical and healthcare industries. Obviously with penetration in Gujarat, the focus and the volume share to the ceramic industry would increase. So, that also will add to the share of non-rubber revenue. But holistically, as a Company, our existing plants are also very well equipped to cater to the non-rubber industries.

Moderator: The next question is from the line of Radha from B&K Securities. Please go ahead.

Radha: Sir, currently the saleable capacity for Zinc oxide is about 50,000 tons and Zinc sulphate is 8.5K metric tons. So, with this new plant in Gujarat, what will be the final product-wise saleable capacity and if commissioning is by 1H FY '27, then the entire INR 100 crores will be spent in the first half of FY '27. Is that the right understanding, sir?

Anirudh Jhunjunwala: Thanks for your question. So, coming first to the CAPEX that has been announced. You see, as a Company policy and as per our capital allocation strategy, the entire investment of INR 100 crores would not be done in the next one year. The CAPEX would be done phase-wise, and the capacity addition would be there for each product in each phase. So, we expect that this entire CAPEX of INR 100 crores should be done in the next three to four years. And the entire capacity should come on stream by then, depending on market conditions.

So, after the entire capital expenditure program is completed, we expect that the installed capacity of both the existing units and the Gujarat plant, basis the plans that we have today, would be about 1,10,000 metric tons of Zinc chemicals.

Radha: Sir, what would be the phase-wise capacity expansion plan, if you can give in terms of phases, how much in this year, next year, and also product-wise between Zinc oxide and Zinc sulphate?

Anirudh Jhunjunwala: So, it would be over two phases and more or less we expect that half-half would be there for both the Zinc oxide and the non-Zinc oxide. The exact numbers we will share with the market in due course.

Radha: Sir, what was the volume growth for the Company for FY '25? And how much volume growth are you targeting for the next two years? And what could be the roadmap to achieve this target?

Anirudh Jhunjunwala: So, we have already answered this question a short while ago. But just to give you a perspective, as a Company, we have always maintained our objective to have double-digit volume growth on a consolidated level, which is what we have

been able to achieve in the last fiscal, and which is what we aspire to achieve in the current fiscal as well.

Radha: Double digit, can we assume 20% volume growth for last year?

Anirudh Jhunjunwala: I would not like to give any specific number, but I would just like to leave it at that.

Radha: And sir, your PPT mentions increasing focus on the non-tyre products. So, with respect to that, are the production lines fungible to produce tyre-grade as well as the non-tyre-grade products?

Anirudh Jhunjunwala: Again, this question we partly answered only a few minutes back. Our current facilities have production lines which are able to produce this. By those production lines, we have already started to deep seed the market. We have started to invest in those markets.

Gujarat will be an added fill to this because that will be closer to the customers in these specialty segments. So, once the Gujarat facility comes up, the pace of growth in these segments for JG would be much higher.

But as of today, our facilities are also competent to produce these grades. And we have already started to do it. And we are already entering customer accounts through this grade. So, the work on these markets have already begun.

Radha: I understand the current facilities are capable to produce both the products. But what I understand is, what I wanted to ask you is, can a single line produce the grades that is required for either of the user industry?

Anirudh Jhunjunwala: No, ma'am. There are special controls, there are special chemistry, there is special technology. So, each line is not fungible to produce all grades.

Moderator: The next question is from the line of Urmish Shah from Moneywisers.

Urmish Shah: Most of my questions have been answered. Just a couple of points on your export revenue. Could you give a export contribution for this quarter?

Anuj Jhunjunwala: Our export revenues have historically been in the 10% to 15% range. And even for this quarter, it was more or less in the same range. And we expect it to remain in this range itself going forward as well.

Urmish Shah: Sorry. Geography-wise, can you just give a bifurcation of your export revenue, the countries you serve?

Anuj Jhunjunwala: No, so due to confidentiality reasons, we cannot disclose geography-wise revenue contribution.

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

Dhruvin Kadakia: I just wanted to understand how do we arrive at this raw material cost because for this Q1, we see that despite our revenues increasing on a consol basis, the margins from an EBITDA level took a bit hit and that was mostly because of the RM cost increasing? So, I wanted to understand how did that happen and do we see markets to stabilize in the future?

Anuj Jhunjunwala: So, coming to the EBITDA margins, etc., if you see, our overall EBITDA for the current quarter is about INR 23 crores versus about INR 23.01 crores, sorry, INR 22.8 crores year-on-year. So, the EBITDA on an absolute level has increased.

Yes, on a consolidated level, if you see the RM cost as a percentage of revenues has gone up a little bit. So, this is something which is dynamic and it keeps going up and down slightly depending on market conditions as we are also importing a certain percentage of our materials. So, there could be a lead and lag effect due to that.

So, overall, you know, these kind of slight variations could be there quarter-on-quarter, but on a consolidated level, we expect that in the long term, our EBITDA margins from our core manufacturing activity would be in the 10% to 11% range, and which is what it has been even in this quarter.

Dhruvin Kadakia: And with regards to the CAPEX, I want to understand the INR 100 crore investment that we are doing, does that include the land cost as well, or is it just for the facility setup?

Anuj Jhunjunwala: The INR 100 crores include the land as well.

Dhruvin Kadakia: All right. And I think you answered this question, just asking it once again, I think I must have missed out. But phase-wise, if we are looking at, so if we take it from FY '27, '28, '29, how do we expect this capacity breakup? Like how is 40,000 MTPA split up into these three years?

Anuj Jhunjunwala: So, I would say it will be 50-50. It will be in two phases. That is what we have planned as of now. So, the first phase would start, the construction of the first phase would start now. Once that is completed, once that is utilized to a level which is commensurate with what we like, the construction of the second phase would

start. And we expect that the entire CAPEX would be done in three to four years' time.

Dhruvin Kadakia: All right, sir. Lastly, you mentioned about the development of the new rubber chemical, which is currently in the R&D stream. So, would you like to give a comment as to when it will start contributing to our revenue stream?

Anuj Jhunjunwala: So, at the moment, you see we are working on that and we would not like to share more information because it is slightly confidential what we are doing and we are working together with some of our customers on that. So, as and when we are ready with more information on that, we will share with the market participants.

Anirudh Jhunjunwala: But however, having said that, it may be safe to assume that from next year it should start contributing to the revenues of the Company.

Dhruvin Kadakia: So, numbers, you won't disclose it right now. Will it be comfortable? Or we should wait and watch?

Anirudh Jhunjunwala: You should wait and watch.

Dhruvin Kadakia: In terms of how much contribution to revenue, will it be like 10%, 5% broad figure?

Anirudh Jhunjunwala: Yes, roughly about 10%.

Moderator: The next question is from the line of Naman Golchha from Nirmal Bang Securities. Please go ahead.

Naman Golchha: So, I have two questions. My first question is, if it is possible to tell me about the content per tyre as a percentage our product has. And the second question will be the guidance that we are giving of having a 30% mix of non-rubber revenue. So, what are the major drivers, what are the major businesses that will drive this growth in the future?

Anirudh Jhunjunwala: So, content per tyre as far as zinc oxide is concerned in terms of value, it is about 1%. And in terms of weight, it would be close to 3% to 4%. And as far as your second question is concerned, which relates to the non-tyre segment which was last year at about 10%, currently at about 15%, and we hope to grow it to 30%, this segment will comprise mainly of ceramics, specialty chemicals, pharmaceuticals and cosmetics and agriculture.

So, these would be the four cornerstones. And apart from that, there are also certain initiatives which we have taken for Zinc oxide in the batteries and also in

the electronic segment. So, these four to five segments would be the cornerstone of this non-tyre segment, non-rubber segment.

Naman Golchha: And secondly, sir, you just mentioned that we are going to increase our product sharing in the tyre itself that will increase our content per tyre. So, what can we expect as a CPT going forward for a tyre, including all the new products that we are going to launch?

Anirudh Jhunjunwala: What we mentioned to you was increasing content per tyre. So, this does not necessarily mean that it will only be in the Zinc oxide segment. It could also be in related segments in which our R&D is going. The product could be slightly different from Zinc oxide, but ultimately used by the tyre business. And as we have mentioned, due to certain confidentiality reasons, we would not like to disclose more on that. But as and when we are ready for the same, the market would hear about it.

Moderator: The next question is from the line of Saurabh Manchanda from Aria International. Please go ahead.

Saurabh Manchanda: Most of the questions were answered. But I have a small question regarding the IPO proceeds. Were all the proceeds from the IPO fully utilized as of now?

Anuj Jhunjunwala: No, the entire proceeds is not utilized. About INR 45 crores is still left to be utilized, which we should be doing as per the utilization program which was shared during the prospectus.

Saurabh Manchanda: And does the Company plan to do any QIP, the right issue, any fundraising in the near future?

Anuj Jhunjunwala: At the moment, we have no such plans. The Company is fairly cash-rich at the moment. Should there be a need, we will definitely explore. But at the moment, we don't have any such plans.

Moderator: The next question is from the line of Mohit Chugh from Subh Labh Research. Please go ahead.

Mohit Chugh: Sir, just a couple of questions. If you can share some detail on total demand of Zinc oxide in India and a split between how much is imported and how much is domestically fulfilled.

Anirudh Jhunjunwala: Today, the estimated consumption of Zinc oxide in India would be about 1,40,000 tons on an annual basis. And as far as imports are concerned, it is absolutely

negligible. Hardly about 5,000 tons would be imported, even less than that as on today.

Mohit Chugh: And sir, a follow-up on this is, a large part of revenue comes from tyre manufacturers. And a small or negligible is come from ceramics. So, if you can share some details like who are the players that are fulfilling the demand from ceramics?

Anirudh Jhunjunwala: So, as far as the tire business is concerned, we are the largest player in the tyre segment. Today, in ceramics, we are not the largest because of locational disadvantage. Our Dahej facility would cater to that in a bigger way.

Today, there are a couple of next-level Zinc oxide players after us who are servicing the ceramic business, but we do not comment on competition and competition business, so we would refrain from that.

But there are smaller Zinc oxide producers, who may be less than half our size also, who are dealing with most of the ceramic business in that region. And that is primarily because of our lack of presence in that region and a manufacturing facility, which the Dahej facility would take care of.

Mohit Chugh: And sir if you can provide us figure of volume from pharma business?

Anuj Jhunjunwala: So, as we have mentioned before, we punch the non-rubber revenue together, which is about 15%. So, we will not be able to disclose specific numbers on the volumes for the pharmaceutical segment due to certain confidentiality reasons as well as our NDAs with our customers.

Moderator: The next question is from the line of Gaurav Gupta, who is an individual investor. Please go ahead.

Gaurav Gupta: I have a couple of questions and maybe repeating some of what people asked earlier. So, one, I was trying to better understand the fixed asset ratio. So, if I understand last year, we did about close to INR 850 crores of sales with INR 40 crores of fixed assets, which means about 20x fixed asset turnover ratio. It seems very high and healthy. Is it comparable with other companies in similar domains? Because from a manufacturing Company setup, that seems very high.

Anuj Jhunjunwala: So, if you see our gross block was about INR 57 crores last year, on which we did a revenue of about INR 850 crores, so roughly about 15x. You will appreciate that some of the capacities which are there currently were made 20 years ago, 10 years ago, 15 years ago. The cost of making new plants and capacities has obviously

increased. And we have always maintained that a 10 to 12 fixed asset turnover ratio is something that we feel is achievable and which is something that we can do going forward.

But another important aspect of our business which is critical to understand is that it is a working capital heavy business and the working capital cycle is about three months. So, for any new entrant, this is a very big barrier to entry because almost three months of working capital financing is also needed.

So, the right way to look at it would be not just on a fixed asset turnover ratio but also including the working capital requirement which is there.

Gaurav Gupta: And I think you had tried to explain the deep tech around having 80 grades of Zinc oxide. Can you give a little bit more color on what is the key IP behind this? Like, is it what proportion of ingredients go into it? So, I know you can't share everything, but just to give a sense of hint on what is the key secret sauce here?

Anuj Jhunjunwala: You see, any recycling business is about how do you process the worst qualities of scrap to make the best qualities of the finished product. In Zinc oxide, if you see the specification of any customer, there will be a lot of parameters which are critical, whether it is the purity, whether it is the impurity of various heavy metals, whether it is the sieves, the particle sizes, the surface areas, etc.

So, these are various parameters which need to be tweaked depending on the end goal that we have, which is the customer for which we are manufacturing. And as we mentioned, the scrap that we buy, and you must have seen in our investor presentations also, it comes in different shapes, sizes, qualities, purity, and impurity levels.

So, a lot of R&D and a lot of effort has gone in identifying recipes, identifying certain operating parameters, etc., which need to be maintained depending on the kind of scrap that we are processing, depending on the kind of finished goods that we are trying to make. So, this is something which is internal, and which has been developed over the last two, three decades, and which is integral to our Company's success today.

Anirudh Jhunjunwala: And today, in this technology, size also plays a vital part because it is very simple that for a smaller producer, it would not be possible for the plant to have various scraps of various qualities at one point of time. Because if your capacity is, say, only 500 tons a month, and you stock for one month, and this being scrap, it is not that when you want, it will be available. You may not have the entire variety of the scrap profile to particularly manufacture a particular grade.

So, here, you know, at our end, because we are one of the largest Zinc scrap buyers in the world today, the sheer size and the availability of scraps at our manufacturing facilities also give us a lot of leeway to blend different materials to produce grades. So, here size also starts playing a big role and this becomes a big entry barrier for others who are unable to process the scrap to make the same grades which we tried to make out of scraps.

Gaurav Gupta: And my second question was around variability with zinc prices. So, if I go back and look at our top line, say, around June, September quarters 2023 when the Zinc prices were very soft and came down to around 2,400 or so, our margins shrunk to 3% to 5%. And I think since then, there was a spike in prices and things recovered.

Last quarter, we saw that again, the prices came down. Did that have any impact, or would there be a lag impact going forward? What is the right price range that you account for in your day-to-day working here, please?

Gaurav Gupta: So, I was trying to correlate the zinc prices to the margins that our Company delivers, right? So, if I look at first half of 2023, the prices crashed to 2,400 or so. And I think you had mentioned in earlier investor presentation that that was the cause for the margins dipping from, say, 10% or so to 3% to 5% in those couple of quarters. I think as the prices recovered, the margins also came back.

Last quarter, again, I see there was a small dip in prices. And I think the prices seem to be getting back to normal now. So, was there any impact of decreased price in the last quarter on the margins?

Anirudh Jhunjunwala: So, let me rewind slightly. Let's go back to FY '24, where you have pointed out that the margins dip because of the fall in Zinc prices, which is absolutely correct. But before we tackle that, let's understand how business works.

You know, our business, as Anuj had just explained a while back, is almost a natural hedge as far as Zinc prices are concerned. So, we are buying on the same benchmark index and we are selling on the same benchmark index. So, there is an alignment of quantities on the buying side and the sales side. So, technically, it is a natural hedge.

But you would appreciate that any business carries an inventory, which is almost a perpetual inventory. So, if there is sharp movements in Zinc prices, that inventory takes a knock and you could see the effect of that on the quarter's performance.

Having said that, the last quarter numbers we didn't really have much of an impact due to Zinc prices. And as you have mentioned, the Zinc prices did come down and are slightly back on track now.

Now, having said this also, it is not only that the Zinc prices, a fall, or a rise in Zinc prices impacts the EBITDA. We also have to see what has been the pace of the fall, what has been the time period of the fall, what has been the recovery period, what are the lead times at that particular times for raw materials, especially transit times for imports, etc. So, not always you can find a direct correlation between rise or fall in Zinc prices. There is sometimes a lag also on the positive or on the negative side.

However, we are very confident that over a long term, medium-to-long term period, these kind of unevenness gets averaged out, which you exactly saw in 2024 and 2025. So, when you say that '25 Zinc prices were strong, but if you really see the graph of the LME, in '25, we have also had spikes, we have also had lows.

Again, the pace of fall and the pace of drop wasn't very significant. But if you take the trajectory, it will be there. So, if the pace is not very strong, then it really doesn't affect the EBITDA performance quarter-on-quarter. But in our industry, it is always wise to see the performance over a slightly medium-to-longer term rather than be on a quarter-on-quarter analysis.

Gaurav Gupta:

That is very clear.

Moderator:

The next question is from the line of Ratish Patel, who is an individual investor. Please go ahead.

Ratish Patel:

I have, I think, maybe one or two questions on this very recently announced Greenfield CAPEX at Dahej. So, my first question is, I think, considering the size of the CAPEX, I understand, I think, Company incorporated, let us say, 50 years back.

So with that, I think the Company has a gross block of some INR 55 crore to INR 60 crore till now. And with this INR 100 crore of CAPEX, it is very, very large size of CAPEX. So, what kind of management bandwidth I think we have and what kind of senior management recruitment I think we are planning to make this newly announced CAPEX successful?

Anirudh Jhunjunwala: So, good question. So, as far as the CAPEX is concerned, you would see bulk of the CAPEX is on lines which the Company has already been operating. It is not that we are trying to create a completely new segment or completely new product.

A large part of the CAPEX goes into Zinc oxide where today the Company is a leader in this field and has been the leader over the last decade now almost. We are amongst the top five globally.

So, the Company has enough and more bandwidth as far as the management of the Zinc oxide and the Zinc chemicals facilities are concerned. We believe in nurturing talent in-house and obviously, when a CAPEX comes into play, there is also recruitment from outside the Company, which the HR is duly taking care of. And we are very confident that as far as these projects are concerned, manpower should not be a challenge going forward for this.

Ratish Patel:

And one more, I think, linked question is, I understand, I think, the major focus with this new CAPEX at Dahej will be the ceramic industries. But I understand, I think, ceramic market is crowded with the captive production of Zinc oxide-related chemicals. So, what do you see? How I think our Company will make space for ourselves, for the growth?

Anirudh Jhunjunwala: So, firstly, as far as the CAPEX is concerned, yes, one of the bigger segments that we plan to cater to is ceramics. But I would say today, as far as ceramics is concerned, the CAPEX, roughly about 20% or 25% of the investment of that CAPEX would be towards ceramics. Rest there is also a large presence of tyres in Gujarat. There is a presence of specialty chemicals. There is pharmaceuticals, cosmetics, etc. So, although ceramics is a territory where we plan to gain more market share because of our almost next to negligible presence today in that, not all investment goes into ceramic segment. There is investments for other grades also. Plus, there is also Zinc sulphate, which goes into agriculture, which is again a completely different segment. There is also high-performance Zinc chemicals, which again will go into very specialized industry.

Now, coming to the second part of your question, wherein some ceramic manufacturers have in-house processing of Zinc oxide, that is not a major concern for us because there is only a couple of them who have that. And as per our reports, one of them have already kind of disassociated with the internal manufacturing. Now there is another one or two which is left, maybe.

Going forward, this will not be possible because of the sheer scale and size. And if you are trying to manufacture it at JG, we are trying to do all those grades from scrap. And those existing producers are trying to blend, then at the end of the day, you know, whether you may have your internal plant or whatever, the need of the business would be to source which is more competitive.

Now, if I do have my own in-house backward integration, but from the market, if I can get a better quality at a cheaper price, I mean, this manufacturing of Zinc oxide is not very critical to them. So, today or tomorrow, it may go out of the picture also. And that is anyways a very small component of the business.

Moderator: The next question is from the line of Siddharth from S. N. Dagha. Please go ahead.

Siddharth: So, my question is on the margin expansion, the management has guided that they want to target an increased margin of 2% to 3% over the few years. Now this comes in line with the contribution of non-rubber segment increasing to 30%. So, is it fair assumption to consider that the specialty or the Zinc sulphate products are to the north of 20% of margins, if I do the math?

Siddharth: So, the management is guiding to increase the margin by 2% to 3% over the period of a few years. And similarly, the management has guided for increasing the share of the non-rubber segment from 15% to 30%. Yes, so is it a fair assumption that the new products or the specialty chemical or the agri-products such as Zinc sulphate commands an EBITDA margin of upwards of 20%?

Anuj Jhunjunwala: Yes, so some of the newer products which will contribute to increasing the revenue from 15% to 30% definitely has an EBITDA margin which is closer to the number you mentioned.

Siddharth: So, that was my only question. Thank you so much for answering.

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

Dhruvin Kadakia: Sir, just a couple of questions related to numbers. First of all, the Brownfield expansion that we are planning to undertake for expanding our Zinc sulphate. Would you like to give any number or how much tons capacity are we looking at?

Anuj Jhunjunwala: So, right now, that is on the drawing board. We are working on it. And we will share more information on that once we are fully ready with all the details.

Dhruvin Kadakia: All right. And lastly, would you be comfortable sharing as to what we assume our capacity utilization will be for Zinc oxide and Zinc sulphate?

Anuj Jhunjunwala: We have already shared the utilization numbers earlier in the call. And if you want any specific details, you can reach out to Valorem and they will be more than happy to answer your query.

Moderator: The next question is from the line of Radha from B&K Securities. Please go ahead.

Radha: Sir, what is your target profitability from the FY '25 base levels in the next two to three years? And where do you see the Company in terms of return profile in the same period, two to three years?

Anuj Jhunjunwala: So, you see, we have always mentioned that our target is to double our revenues every three years to four years. That is what our internal targets are. And we mentioned that we have a certain amount of spare capacity available in Naidupeta, which will augment our sales. With the new CAPEX coming up, that will also add to the revenues. And I think overall, we should be targeting, doubling our revenues and along with the revenues, other metrics like profitability, etc., in the next three to four years' time with the current initiatives that have already been outlined.

Radha: Sir, secondly, is the companies working towards these rubber chemical grades? So, are you referring to accelerators and antioxidants in these products? And if yes, then this is a heavily competitive market. Then what is the purpose behind entering this business?

Anirudh Jhunjunwala: So, let me clarify. We are not at all looking at any antioxidants, etc., which are already very crowded space. When we say content per tyre, I think rubber chemicals, we have been slightly misunderstood. What we actually mean is, for example, even if you consider Zinc oxide, we are taking certain specialized grades of Zinc oxide, certain tweaking in the chemistry of our product to offer a better grade or a different grade wherein the tyre business can absorb that.

At the same time, we are also looking at some other products which are not necessarily chemical in nature but is absolutely related to the recycling technology. Now we would not like to mention anything more on this right now. But that will be more a recycled product, not at all chemical. It would be something else where the content per tyre will go up.

So, let us not confuse that when we say rubber chemicals, it does not mean, this question was pointed out by somebody in terms of rubber chemical and it is our fault that we didn't clarify, right? So, this is not related to any of the standard rubber chemicals that the market already is aware of. We have no plans to enter the rubber chemical space.

Radha: That was helpful. Sir, in terms of what is the China capacity for Zinc oxide? And unlike other chemicals, why is there no dumping happening from China to India in these products?

Anuj Jhunjunwala: It is very difficult to get an exact number on China capacities because it is not publicly available. And in terms of their cost competitiveness, it is a very important question, and I am glad that you brought it up. See, the competitiveness of any country or any geography to dump a product depends on their ability to source their raw materials or for them having a manufacturing edge in terms of cost or in terms of technology.

As we have already mentioned, the prices of our raw material and our finished goods are directly related to or governed rather by the prices of Zinc on LME. So, for example, in India, we have the MCX and the Hindustan Zinc, which govern the prices which is a correlation from the LME. In China, there is the Shanghai Futures Exchange which determines the price of Zinc and Zinc scrap.

So, given that the mother index is the LME for both India as well as China and all other geographies, so there is no competitive edge which China has vis-à-vis any Indian producer or any other producer from any other country. So, that is why, if you see, this product, even our exports are hardly 10% to 15%. And we have always guided that we don't expect this to increase to a much higher or a very substantial number going forward.

Anirudh Jhunjunwala: So, you would see that even in other Asian economies, there is no dumping of Zinc oxide from China. So, it is not only India, even if you were to pick up an economy like, say, Thailand or any other economies, there would be no dumping from China even there.

Moderator: Thank you. Due to time constraints, we will take this as our last question for today. I now hand the conference over to Mr. Anirudh Jhunjunwala for closing comments.

Anirudh Jhunjunwala: So, at the outset, I would like to thank everybody for joining in on this maiden con call for JG Chemicals. I hope we were able to answer most of your questions satisfactorily and at the same time give you a fair insight into our business and our plans.

However, if you have any further questions or you would like to know more about us, you may please reach out to our Investor Relations managers at Valorem Advisors. And once again, I thank you all for sparing your time and joining us today. Thank you and have a good day.

Moderator: Thank you. On behalf of PhillipCapital Private Client Group, that conclude this conference, thank you for joining us, and you may now disconnect your lines.