6th November, 2026

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, 2026 held on Wednesday, November 4, 2026.

Further to our letters dated 29th October, 2026 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, 2026 held on November 4, 2026 at 16.00 Hrs (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

Digitally signed by SWATI PODDAR
Date: 2026.11.06 14:39:02 +05'30'

Swati Poddar
Company Secretary and Compliance Officer

“JG Chemicals Limited

Q2 FY27 Earnings Conference Call”

November 04, 2026

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

MODERATOR: **MR. ANANTH JAYARAM – SKP SECURITIES LIMITED**

Moderator: Good afternoon, ladies and gentlemen. Welcome to JG Chemicals Limited Q2 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the management's opening remarks. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ananth Jayaram at SKP Securities Limited. Thank you, and over to you.

Ananth Jayaram: Good afternoon, ladies and gentlemen. It's my pleasure to welcome you all on behalf of JG Chemicals Limited and SKP Securities to this financial results conference call. We have with us Mr. Anirudh Jhunjhunwala, MD and CEO; Mr. Anuj Jhunjhunwala, Whole-Time Director and CFO; and Mr. Amit Agarwal, General Manager, Accounts and Finance.

We will have the opening remarks from the management, followed by the Q&A session. Thank you, and over to you, Anirudh.

Anirudh Jhunjhunwala: Thank you. A very good afternoon to everyone, and a very warm welcome to JG Chemicals' earnings call for the second quarter and half year of the financial year 2027. We sincerely appreciate the time all of you have set aside today to join us. I am pleased to share that JG delivered its best ever quarterly performance in the current Q2 FY27, surpassing the previous record achieved in the Q1.

Revenue, EBITDA and PAT each scaled new quarterly highs, driven by healthy demand across end-user industries, a favorable product mix and focused execution from our side. During the period, we continued to strengthen our core operations, expand our manufacturing capabilities, diversify our product portfolio and also deepen our presence across our key end user segments.

Beyond our financial performance, I would also like to highlight JGC's distinct positioning in the zinc industry today. JGC is India's largest zinc recycling company and a leading manufacturer of zinc oxide, a value-added green chemical, today manufactured using recycled zinc.

This combination of leadership in the zinc recycling business and manufacturing of value-added grades gives us a very differentiated position in the eyes of our customers. In the current environment, where sustainability, responsible sourcing and ESG commitments are becoming increasingly important for tire manufacturers, the use of green chemicals like zinc oxide and recycled materials is gaining greater relevance.

Zinc oxide is a critical input in tire manufacturing and plays an important role in the performance and functional properties of the tire. The growing emphasis on sustainability across the tire value chain strengthens our relevance of our recycled zinc-based

manufacturing model and position JGC very favorably.

We also believe that the zinc oxide industry in India is currently undergoing a gradual shift from the fragmented regional suppliers towards the smaller number of organized players capable of delivering consistent quality, customized grades and reliable large-scale supply chain.

As India's largest player in the industry with an installed capacity of almost 77,000 metric tons per annum, JGC is very well positioned to benefit from this consolidation trend going forward. Our established customer relationships, manufacturing scale and technical capabilities provide us with a strong foundation to capitalize on these opportunities and further strengthen our leadership position in the industry.

Now let me take you through the key developments during the quarter. Coming to our capacity expansion program, the Dahej greenfield project in Gujarat is an important milestone in the growth journey of your company. Phase 1, comprising approximately 15,000 metric tons per annum of zinc oxide capacity within the planned 40,000-plus metric tons facility, is nearing completion now with trial runs scheduled for next month.

The focus thereafter will be on customer qualification and production ramp-up. At Naidupeta, our brownfield expansion remains on track for commissioning in the Q4 of '27. The project is expected to add approximately 5,000 metric tons to our existing manufacturing capacity.

Together with Dahej and Naidupeta expansions are expected to increase our total zinc oxide capacity to approximately 79,900 tons per annum, providing capacity to support anticipated demand through FY28 and '29. Further growth will be supported by the planned Phase 2 expansion at Dahej.

Further strengthening our long-term expansion plan, JG, through its material subsidiary, BDJ Oxides Private Limited, acquired approximately 16.74 acres of freehold land at Naidupeta in Tirupati District, Andhra during 2026. This land will provide additional flexibility to support future capacity expansion and accommodate our growth plans over the long term.

Now moving to product development and R&D. Our focus continues to be on strengthening our specialized product portfolio and developing solutions for customer-specific requirements. We currently offer over 90 specialized grades of zinc oxide.

The new R&D center at Naidupeta, which was inaugurated recently, has capabilities in new products and new grade development. Our approach remains centered on moving up the value chain through product customization and high-purity applications.

During the H1 of FY27, we launched LabPure, our analytical grade zinc oxide on the e-commerce platform and also introduced a new product, namely JDZRA for non-tire rubber

applications. We have also applied for the patent of the rubber curing activator. Another important area of development is our JG TUR initiative, which is the Tire Upscaled Rubber.

This represents our entry into the recycled rubber segment where we intend to convert the end-of-life tires into usable rubber material for the tire and rubber industry. This initiative is again aligned with the industry's increasing focus on incorporating recycled content and developing more sustainable raw material alternatives.

The pilot trials for this particular project are already commissioned with key customers and has been successful. Our focus is now progressing towards the initiative towards commercialization through further product development and customer engagement. The proposed investment capacity and commercial implementation time line will be shared at an appropriate time.

We believe this initiative provides an opportunity to leverage our existing customer relationships and also establish an additional business vertical alongside our zinc oxide operations. Let me now share our perspective on the industry and the demand environment going forward.

The tire and rubber industry continues to be our principal market for the product. Our long-standing relationship with leading tire manufacturers, both in India and globally, provide us with a very strong customer franchise. The automotive industry maintained very strong momentum in Q2 FY27, supported also by the festive demand.

According to ATMA and SIAM estimates, passenger vehicle volumes grew almost 30% year-on-year, 2-wheelers grew about 15%, commercial vehicles close to 29% and 3-wheelers approximately 23%. Despite all the West Asia disruptions, Indian tire majors are progressing with their approximately INR25,000 crores announced capex to meet growing OEM and replacement demand and also export demand.

As the largest zinc oxide supplier to the tire industry, JG Chemicals is well positioned to benefit from this capacity expansion. At the same time, we are also making very steady progress in diversifying our business beyond the traditional tire and rubber segment.

Our revenue mix has been gradually shifting with the contributions from pharma, chemicals, agriculture and other industrial applications increasing. Non-rubber applications today account for over 18% of our sales in the first half of 2027, supported by expansion across ceramic, specialty chemicals, agriculture and pharmaceutical verticals.

Shorter customer approval cycles in the ceramics, typically, they range between 1 to 3 months, enable faster market penetration and also help us broaden our customer base and reduce our dependence on individual end-user industries.

The Dahej facility, which is going to be commissioned in the next month, will further support this strategy by improving our access to the Western India market where a

significant portion of the non-rubber demand is concentrated. As premium grades form a larger share and as our recycled model continues to turn low-cost scrap into high-value products, we also expect our margin profiles to move north going forward.

On our zinc sulphate business, we see an opportunity to further leverage our existing manufacturing capabilities and the developed customer network. The product has application primarily in agriculture as a micronutrient with additional opportunities also in the pharmaceutical applications.

We have installed a capacity of 10,000 metric tons for zinc sulphate. Our focus remains in expanding our market reach currently and utilizing the capacity to its fullest extent in the markets of Southern India.

Coming to our raw material procurement and supply chain management, we are happy to state that our sourcing network of over 100 global suppliers remain a key strength of the business despite the continued disruption in global supply chains because of the West Asia crisis and other crises like the Ukraine-Russia war.

Our goodwill, our long-standing relationship with our suppliers and also our scale and financial strength have enabled us to ensure uninterrupted availability of raw materials to our plants. This has supported sales growth and reinforced customer confidence in this turbulent time. We continue to focus on diversifying our sourcing network and strengthening our raw material security to ensure consistent supply and operational continuity.

To further strengthen our international presence, we are -- as announced, we are incorporating BDJ Materials and Metals Trading FZCO in Dubai as a step-down wholly owned subsidiary. This will provide us with a dedicated international base to diversify zinc raw material sourcing and also support our global sales ambition of our finished products, further enhancing our supply chain capabilities and international reach globally.

On the sustainability front, our business model is inherently aligned with the principles of resource recovery, circularity and with recycled zinc being used for the manufacture of majority of our products, we continue to focus on maximizing the use of scraps, improve our resource utilization and reduce the environmental carbon footprint.

Sustainability is not just an add-on for us. It is our business model. Every ton we make from recycled zinc saves energy, lowers emission and spares virgin resources. Phase 1 of our Naidupeta solar project is also operational, and our plants run today on ISO 45001 safety systems with a goal of safety foremost.

We continue to invest in CSR across education, health care, animal welfare and environment along with rural development. We are working towards a broader objective of meeting approximately 50% of our energy requirements through renewable sources.

Looking ahead, our priorities remain focused on the execution and ramp-up of our expansion projects and increasing the contribution of specialized and non-rubber products, developing new business opportunities like JG TUR and also to strengthen our international presence. We will continue to build on our established customer relationships, manufacturing facilities and technical expertise to drive sustainable growth and enhance shareholder value.

With these opening remarks, I would now request our CFO, Mr. Anuj Jhunjhunwala, to take you through the financial highlights for the quarter and half year. Over to you now, Anuj.

Anuj Jhunjhunwala: Thank you. A very good afternoon to everyone. I will now take you through the company's financial performance for Q2 and H1 FY27. On the operational front, the company continued to deliver double-digit volume growth during Q2 with zinc oxide capacity utilization exceeding 80%. Non-rubber applications accounted for over 18% of sales during the half year ended FY27.

The performance was supported by demand across all end-use applications and expanding product portfolio and progress in various capacity addition projects, which are being pursued. For Q2 FY27, our consolidated revenue from operations stood at INR361.01 crores, registering a year-on-year growth of 64% and a sequential growth of 14%. EBITDA for the quarter stood at INR38.65 crores, up 77% year-on-year and 7% sequentially with an EBITDA margin of 10.71%.

Profit after tax stood at INR27.95 crores, registering a year-on-year growth of 86% and a sequential growth of 7%. The PAT margin for the quarter was 7.74%. For H1, our consolidated revenue from operations stood at INR676.66 crores, registering a year-on-year growth of 54%. EBITDA was at INR74.9 crores, up 66% year-on-year with an EBITDA margin of 11.07%.

Profit after tax stood at INR54.07 crores, registering a year-on-year growth of 72%. The PAT margin for the half year ended was 7.99%. Even currently in Q3, we are witnessing strong demand across all our customer end-user applications, and we are confident of surpassing the numbers achieved till now.

In fact, in October, our production was the highest ever till date. Our financial position remains strong, providing us with the flexibility to fund our planned growth initiatives. We have a net cash surplus of INR63.3 crores as per 30th September 2026. We will continue to focus on disciplined capital allocation, efficient utilization of our capital and maintaining a healthy balance sheet as we progress with the expansion at Dahej and Naidupeta.

Looking ahead, our priorities remain focused on commissioning the upcoming capacity expansions at both locations, strengthening our presence across the non-tire application, advancing new product development and expanding our domestic and international market.

We will continue to focus on operational efficiencies, sustainable manufacturing practices and building our position as a leading manufacturer of value-added zinc oxide and green chemicals.

In fact, post the completion of the phase expansions at Dahej and Naidupeta, our installed capacity would be over 115,000 tons of zinc chemicals, making us amongst the top 3 players in zinc chemicals globally. Thank you, ladies and gentlemen, for your time and attention.

With this, we would now like to open the floor for Q&A. Thank you. Over to you, moderator.

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take our first question from the line of Shreyans Jain from 3A Capital Services.

Shreyans Jain: Congratulations to the team for delivering a good set of numbers. A couple of questions from my end. First, sir, could you please provide the volume growth for this quarter?

Anuj Jhunjhunwala: And what's the second question?

Shreyans Jain: Second, if you see sequentially, the gross margins have reduced by around 130 bps. What could be the potential reason for it? And do we see that margins reaching Q1 levels going forward?

Anuj Jhunjhunwala: Okay. So the volume growth has been in mid-teens for the current quarter. And as far as the gross margins go, sometimes there is a lead and lag effect of inventories, etcetera, coming in. So we are always more focused on the margin at an EBITDA level because on the gross margin level, there are some fluctuations depending on quarter-to-quarter.

And more or less, in a scenario like today when there are a lot of cost pressures, inflationary pressures, I mean, sometimes we are also tending towards focusing on a per ton margin rather than only a percentage margin.

So I think on a blended basis, we are confident that in the next 3 years or so, we should be closer to the 14% to 15% EBITDA margin with the share of value-added products increasing.

Shreyans Jain: Fair enough, sir. And in our presentation, we have mentioned that about specialized zinc derivatives. Could you please throw some more light on that?

Anuj Jhunjhunwala: Okay. So you see, along with the conventional zinc oxide that we make, we are also in the process of developing certain other zinc-based chemicals, which are used in various industries like electroplating, catalysts, electronics, oil and gas, etcetera. These are certain specialized and higher grades of zinc oxide, which we will develop in our plant in Dahej to cater to these industries.

Shreyans Jain: Okay. Great to hear that, sir. And one last question from my end is on cash flow front, in H1 '27, the cash flow from operations were negative. Do you see that improving going forward?

Anuj Jhunjhunwala: Yes, of course. You see our turnover, if you see on a half yearly basis, has increased significantly. And ours is a working capital-intensive business with about 90 to 100 days of working capital days. And even if we expect the run rate to continue where we are today for the next 2 quarters, our cash position would definitely improve. And as a company, we feel that any company which is in a high-growth phase, the cash flow from operations after working capital changes could be negative.

And in a business like ours, which is working capital intensive, but we are able to achieve high sales, high growth with a net cash positive balance sheet. This is a very important deterrent for new entrants as well because a lot of working capital is required to get into a business like ours.

Moderator: Next question is from the line of Dhruvin Kadakia from Monarch Networth Capital.

Dhruvin Kadakia: First of all, congratulations. It's a really rocking set of numbers and expecting much better numbers in Q3 also. My first question is, sir, first of all, we've noticed that in H1, we've seen a significant improvement in our employee costs and other expenses when we take it as a percentage of revenues, something which has also helped push our EBITDA margins. I just wanted to understand like how did we achieve that kind of operating leverage? And how sustainable is that in the coming years, in the coming quarters for that matter?

Anirudh Jhunjhunwala: So a good question. So we always believe in building our team before time because without people, you can't grow the business. So the growth that you're seeing on our top line, whether it's in terms of value and quantity, the team for that, the people for that were already in place before.

So now the results are getting delivered, and that's why you see the operating leverage. And going forward also, as we continue to grow our sales, we don't feel that it will be directly proportional to the number of employees which will be added. So obviously, these leverages are going to come in quarters going forward as the sale and the volume increases.

Dhruvin Kadakia: Noted, sir. One more question I had was with respect to our Naidupeta time line. So I guess, based on our earlier calls, Naidupeta's 5,000 was supposed to come in Q3, but now we read it's coming in Q4. So I just wanted to understand, is there any other shift with respect to our capex? Like I just wanted to confirm the time lines with respect to all our capacities which are coming for the next 2 years?

Anuj Jhunjhunwala: So the Dahej facility is planned for next month, as we've mentioned. The Naidupeta facility, you're right, it's planned for Q3, but I think it will spill over to about mid- to end Jan. So I think mid-January target. So within January, we will commission that. So apart from that,

one important note is that we have built up a lot of capacity or rather in the process of building up capacity in the next 2 months, which will get commissioned. So these 2 capacities which are getting commissioned is enough to meet the demand for the next 2 years. So the capacity is ready to cater to the demand.

Dhruvin Kadakia: Understood, sir. And any new capacity coming up in FY28, like the next year?

Anuj Jhunjhunwala: So in FY28, see, we are always working on certain debottlenecking initiatives and product development initiatives across our product portfolio. So in zinc sulphate also, we are working on certain new products as well. So I think some of it should come on stream in FY28, but we'll share final details related to that maybe sometime in early 2027.

Dhruvin Kadakia: Sure, sir. And the Phase 2 will begin somewhere in FY '30, if I'm not wrong.

Anuj Jhunjhunwala: Company's commitment -- so Phase 2 of the Dahej would start sometime in 2028 calendar year. I would say sometime towards mid to -- middle of 2028 calendar year, sometime around that time or maybe towards October, November 2028 is the time when we'll start that. That's the plan.

Dhruvin Kadakia: Okay. So operations will commence from mid-2028. That's what you're saying?

Anuj Jhunjhunwala: Yes.

Dhruvin Kadakia: Noted, sir. Last question, I wanted to understand, when we mentioned our capacity utilization is exceeding 80%, I have read in our annual report that it's 80% of achievable capacity. Is that correct?

Anuj Jhunjhunwala: Yes, partly, you're right. But given the number of different grades that we manufacture, and plants are fungible across different grades, sometimes we can take the 80% up to about 85% to 90% as well, depending on the requirement. But ideally, we would like to operate at the 80%, 85% range only. So right now, just to answer your question, we have surplus capacity available to cater to our customers' demand for the next 6 to 9 months. There is no issue.

And much before that the Dahej and the Naidupeta expansions will get commissioned.

Dhruvin Kadakia: Understood. I just wanted to confirm on the achievable capacity when we mentioned, which we normally say that it's 10% to 15% below our nameplate capacity. So when we say that it's 80% of achievable capacity, like 80% of 90%, right? Is that how I can understand it, if I want to find like percentage...

Anirudh Jhunjhunwala: Yes, your understanding is absolutely correct.

Dhruvin Kadakia: All right, sir. Just one last...

Moderator: Dhruvin, I request you to rejoin the queue please as a new participant. Next question is from the line of Akshit Shetty from Family Office.

Akshit Shetty: Congratulations on the strong performance. My first question is on raw material. I see that the EBITDA margin declined from 11.50% in first quarter of '27 to 10.72% in second quarter, although it's improved from 9.94% from second quarter of FY26.

And in your presentation LME linked the procurement and selling price with a 30 to 45 days inventory time exposure. So has the procurement discount on zinc dross and ash changed between second quarter FY26 and FY27? Also has the West Asia disruption and shift towards the domestic sourcing affected procurement cost or conversion margin?

Anirudh Jhunjhunwala: So to answer your question, as we have maintained and explained a lot of times, you see there is -- sometimes there is a lag in the pricing. For example, right now with the West Asia conflict, etcetera, lead times have increased. So sometimes the lower cost material, which was booked in lower LMEs, has not arrived or is arriving late.

And the higher cost material, which is perhaps being procured domestically in the rising scenario is hitting the plants before. So if you see quarter-on-quarter, you will see a slight dip in the EBITDA margins. But as we have always maintained that zinc oxide is not a business where you should be looking at Q-on-Q every time because this 0.5%, 1% dip or higher is always possible.

I think at the end of the year, it averages out. So this is mainly because of the time lag. And as far as West Asia conflict is concerned and whether it has increased the procurement cost, this happened in the first quarter. And as we had explained at that time that these rising costs, especially in terms of raw materials, were passed on to our customers.

And our customers, because of our long-standing relationship with them, they understood this pressure and they absorbed it because this was a direct link, and we could have all the evidence for the same. So this happened in the first quarter, and which has already been passed on.

Akshit Shetty: Okay. My second question is on cash conversion and funding. So during first quarter of FY27 revenue grew 54.4% to INR677 crores and PAT to INR54 crores. However, between March and September '26, inventory increased from INR92 crores to INR154 crores and receivable from INR177 crores to INR207 crores. So what was the operating cash flow during first half of '27?

And how much of this increase in working capital is temporary versus structural? Also after the Dahej expenditure, will internal accrual be sufficient to fund the expansion in working capital? Or should we expect additional borrowing in '27 and '28?

Anuj Jhunjhunwala: So thanks for bringing certain things into light. Now number one, I would like to first highlight the situation in March. As you know, in early March, the West Asia crisis started and that threw a lot of shipping lines, transit lines into a total tailspin. So there were a lot of shipment delays and vessel delays in March. So the inventory position in March was

actually lower than what we usually operate at or what we would like to operate at.

So March is actually not the right comparable as far as comparing it to this level. We've always maintained that having sufficient inventory, having a good pipeline is a very, very important aspect in our business, and it also gives the customer a lot of confidence in knowing that JG will be able to meet its needs regardless of logistical challenges and raw material shortages, etcetera, which may happen because of wars, etcetera.

So we are at a comfortable position in terms of the raw material and the finished goods inventory that we are holding today. And going forward, if we look at the current fiscal, even if we were to double our revenue from where we are in H1, I don't think we would be needing any borrowing.

In fact, the cash position which we are at today would be significantly higher on 31st March, even if we were to double our turnover because a lot of money which you see has gone into inventory was because the inventory levels in March was lower. And obviously, between March and now, there has been a price increase as well.

So, a combination of both these has led to a certain amount of capital being used up in working capital. And on debtors, obviously, the quantum of sales has increased, the value of sales has increased. So that's why the absolute number looks higher. As far as we are concerned, what we monitor closely is the debtor days. That is more or less in line with our historical numbers, and that's not changed.

Akshit Shetty: Okay. Okay. Got it. Got it. I have one last question, one on Dahej and margin expansion. So Dahej Phase 1 will add around 15,000 MTPA of zinc oxide capacity with trial run scheduled for December '26. As you target increasing non-rubber revenue contribution from 15% to 30%, so which product and application will drive this diversification? And how much could they contribute to EBITDA margin expansion by 2029? This is my last question.

Anirudh Jhunjhunwala: So, with the Dahej facility coming on stream, the industries which will come more in focus are specialty chemical users, pharmaceuticals, cosmetics and also the ceramic business. The ceramic business does not really lead to a very high EBITDA margin than what is being enjoyed currently.

However, the other grades, which are the specialty grades for specialty chemicals for pharmaceuticals and cosmetics, those would raise the EBITDA level. So on a blended basis, as our CFO mentioned some time back, we expect the current EBITDA level to move towards the 14% range going forward.

Moderator: Next question is from the line of Harsh Motika from SKP Securities.

Harsh Motika: Congratulations on a great set of numbers. Sir, I have 2 questions. The first one being that, sir, H1 has witnessed a significant growth in demand Y-o-Y when you look at it, both from

the auto and the tire sector. But going forward, sir, the same is expected to moderate slightly considering that the base will now be higher for H2 of FY26. So how do you view the volume demand shaping up for the remaining of this year and for FY28?

Anirudh Jhunjhunwala: So currently, the projections that we have from our customers is that the tire demand -- if we speak of the tire business, the tire demand is strong. And in fact, there was a lull expected sometime in July, August, which did not happen. And currently, as you would have seen even the auto numbers, October sales, I think, were the highest for most auto companies. So we are seeing very, very strong traction from our tire customers. They are, in fact, seeing that from the OEMs.

The replacement market is also strong. And I think with the economy growing at between 7% and 8%, I personally feel that the demand -- I do not see any aberration in demand going forward, and that should be good. And with -- now coming to the point of our Dahej facility, with the starting of the Dahej facility, there are certain industries like, for example, ceramic, etcetera, which are the second most consuming industry in India, where we have already mentioned that our base is extremely low.

So rather than having a high base, we have a very low base going into the next quarter as far as ceramic, etcetera, is concerned. So with the operation of Dahej facility over the next 6 to 9 months, we should expect significant growth coming from those segments where our presence currently is low. So overall, on a blended basis, I think demand should be strong going forward.

Harsh Motika: And sir, my second question would be that, sir, in your opening remarks, you had mentioned that the industry is moving away from fragmentation and is now consolidating. So can you please provide some color on the same?

Anirudh Jhunjhunwala: Sorry, come again, please?

Harsh Motika: Sir, in the opening remarks, you mentioned that the industry is now moving away from fragmentation that is we are witnessing some sort of industry consolidation. So if you could please elaborate on the same?

Anirudh Jhunjhunwala: You see what is happening is now India has a number of zinc oxide producers. I mean, 70%, 80% of them being extremely small players. Now our user industry, whether you say tire, whether you say other rubber products, whether you say ceramics, pharma, etcetera, these industries are growing. They are going global now. Their scale, their value proposition has gone up over the last few years and continues to go.

So now what is happening is these industries are not wanting to buy from the smaller players. I'm not saying that the smaller players are going to shut down, but I think their ability to serve some of the larger customers is going down because of customer requirements. So this is resulting in the demand from those customers getting more

consolidated with the larger zinc oxide producing companies, one of which happens to be us. So this is what we mean that going forward, this consolidation is happening. We've seen this happen in the tire sector over the last 5 years.

And we're seeing this now even beyond the tire sector, this trend is catching up. And we feel that over the next 5 to 7 years, there should be some portion of the business getting allocated to us simply because of industry consolidation even if the demand were to remain the same.

Moderator: Next question is from the line of CA Vikas, Serene Alpha.

Vikas: So, congratulations for the good set of numbers, sir. I'm new to this company, and I would like to hear from you about the end industry you serve. So what tailwinds do you see in zinc recycling, whether from regulation side, demand or raw material availability? And what growth do you expect for your business in FY27 and '28? That was my question.

Anuj Jhunjhunwala: So I'll address your last question first. In terms of growth, our internal target has always been to double our revenues every 3 years. And if you see our FY24 numbers, our top line was, I think, closer to INR600 crores. And I'm very confident that this fiscal, which is FY27, we will be much higher than INR1,200 crores. So that's the kind of growth we look at, and that's the kind of growth we've been able to achieve in the past.

And we are confident that going forward also, we should be able to achieve this growth and in fact, grow higher because of newer markets and newer products. As far as the recycling industry is concerned, it is a very critical time in the world economy as far as recycling is concerned because globally, there is a scarcity of virgin resources and natural resources.

We have seen with various crises that the governments across the world are focusing on recycling. We are the largest zinc recycler in the country, and this puts us in a very sweet spot as far as the recycling of zinc products is concerned. In the auto industry, which happens to be our largest customer base, the focus on ESG and environmental-friendly products is very, very critical.

And in fact, some of our customers have made it mandatory that they want more recycled products in their tires. And those companies which are not able to meet the standards and specifications of the customers with recycled zinc scrap are not in a position to supply to them.

We, as a company, have mastered this technology, mastered this art over the last so many years. So we stand in a very sweet spot because in certain cases, our competition is not able to meet the demand of some of our customers, which we can meet using virgin -- using scrap instead of virgin. So overall, we are confident that the company will grow because of these tailwinds.

And in terms of all the other end-user industries that we cater to, whether it's ceramic,

specialty chemicals, agriculture, cosmetics, coatings, paints, medicines, pharma, etcetera, all these industries are growing at good levels today with the Indian economy growing at 7%, 8%.

You see the numbers of FMCG companies, they are reporting 8% to 10% volume growth. So we are confident that we are lucky to be in a country like India where there's structural growth, and we are a beneficiary of the kind of growth which India is enjoying today. So we will also grow going forward.

Vikas: Okay. Okay, sir. And what about the raw material availability, sir?

Anuj Jhunjhunwala: So raw material availability in a business where you're sourcing scrap is not something which is very easy. And this is something that we have developed over the last 20, 25 years of deep relationships, a lot of travel, a lot of visiting suppliers in different parts of the world and also with a lot of strong financial performance and goodwill, no matter what the situation was in the world, whether it's COVID, whether it's financial crisis or any other global crisis, we have made sure that we've been able to stand by our suppliers.

The same way our customers have stood with us during tough times, we have also stood with our suppliers. So this has given them a lot of confidence. And in a business which is where the raw material costs are the majority -- the largest percentage of your cost, it's very important to have deep relationships.

So we are confident that even with the kind of growth we are looking at, we will be able to achieve our raw material sourcing through our existing and new sourcing partners that we are in the process of developing.

Moderator: We'll take our next question from the line of Preet Shah from Blue Star Capital.

Preet Shah: Congratulations for a good set of numbers. Sir, my question was, are the margins sustainable, the current margin?

Anuj Jhunjhunwala: Yes. I think as far as we are concerned, the company is looking at a consolidated EBITDA margin of closer to 14% to 15% in 3 years' time. So we're very confident that the level of margins we are operating at currently is sustainable. And in fact, with operating leverage, with new plants coming in, with new products coming in and higher share of value-added products, we should be looking at a higher margin going ahead.

Preet Shah: Got it, sir. And sir, I was attending all the con-calls of auto ancillary companies and all they are saying is that there is a very strong demand. And as the -- as you also mentioned that you are witnessing a very good demand. So should we expect Q3 and Q4, what we can say, better than Q1 and Q2 as the demand is very strong for the -- all the auto ancillary and auto companies?

Anirudh Jhunjhunwala: This is precisely what has been conveyed to us by our customers also. So we are prepared

for the stronger demand and our capacities and our infrastructure is geared up for that, and we hope for the best. Hopefully, it should be better.

Moderator: Next question is from the line of Param Shah from Carnelian Capital.

Param Shah: Congratulations for the good set of numbers. So I just had a question on the Dahej plant expansion. So we were guiding for a full potential revenue of around INR900 crores. So by when do we see to achieve that number? And secondly, once we have the second phase ramp-up in Dahej plant, how do we see the capacity utilizations coming up for them?

Anuj Jhunjhunwala: I think the INR900 crores that you're talking about should be closer to FY29 to FY '30, that's the period in which we should be able to achieve this number. And the capacities that we are building up should be, in fact, be able to achieve a higher number than INR900 crores than what we -- based on today's value.

So I think the peak revenue potential is higher than the INR900 crores that has been guided. But as far as your question is concerned, by when do we think we'll be able to reach INR900 crores, I think FY29 to FY '30 is a period in which we should be able to add that kind of numbers on our top line easily.

Moderator: Next question is from the line of Virag Shah from Elios Financial Services.

Virag Shah: So I just wanted to ask that if the zinc prices come down from here, then how do you see the sales panning out? Because the growth has been really, really great, but I think the volume has grown mid-teens. So it's kind of sceptical as to how the growth could pan out in the future if zinc prices fall from here. That would be my first question. Yes.

Anuj Jhunjhunwala: So you see, as we mentioned in the past, we are agnostic to zinc prices. And if you see in our presentation also, there's a slide which explains how the business works in terms of pricing. So every month we are buying, say, in the month of October, we bought x quantity of zinc based on the prevailing prices. The price of zinc oxide that we sell in November is based on the LME average of zinc in October. So as such, we are agnostic to the price of zinc.

Yes, as far as the per ton price is concerned, that could go down a little if the zinc price comes down. But I don't think we are worried about that because we are able to achieve the volume growth, which is the key cornerstone of our growth. So I don't think that should be a problem.

Virag Shah: Okay. Sure. And what could be the utilization for Dahej plant in Q4 and for full year FY28? And in that plant, how much do you target tire versus non-tire products, the share of the same? Because the ceramic side actually is not looking good at the industry when I try to settle, but -- so also wanted to hear a note on the same, if you could. Yes.

Anuj Jhunjhunwala: So FY28, we should be closer to about 65% to 70% -- I think 60%, 65%, we should be at

that level FY28. And you see, ceramic is a very large market. And there are different pockets in the ceramic industry, which is doing well. Obviously, because of the West Asia crisis, gas issues, etcetera, the ceramic industry was impacted. But now things are much better from the dialogues that we have with our customers.

That's what they tell us. And we are not looking at capturing a very, very large share of the ceramic market in terms of our projections and the kind of numbers that we have projected and what we want to achieve. We are looking at capturing maybe 10% to 15% only of the ceramic market. Overall, our share in India is over 30%. So if we're looking at a 10%, 15% share, I think that should be possible.

And with our brand and with our goodwill and all the ceramic customers also mostly know us. So I think that should be possible. And in Gujarat, there are a lot of other end-use application industries like specialty chemicals, agriculture, pharma, etcetera, as well. We'll be closer to them. So we are confident that we should be able to achieve.

And also the tire industry is very large in Gujarat also. In fact, 2 very large tire plants are located at a distance of maybe 5 kilometers from our Dahej facility.

Virag Shah: Understood. Okay. And lastly, what do you think about the recycled rubber? Any trials? And are the customers happy and how the capacity or the capex looks over there? Sorry, the revenue potential? Last question.

Anirudh Jhunjhunwala: As far as the recycled rubber business is concerned, as we mentioned, we are already doing some -- we have done already some initial trial, pilot trials with some of our customers. The results have been very encouraging. Now we are engaging into more deeper trials with them, wherein they would be using these products for their trial productions, etcetera, and doing the test runs. Post that, we would come up with a full-scale industrial venture. That is already on the drawing board, and we've started to plan for that and look at the necessary infrastructure.

The land for that is already there in place. And going forward, we are very upbeat about this because it's a sector where the customer needs this product because of ESG criteria, because of environmental norms, etcetera. So there is a lot of push from our customer side also towards us to develop this. So it is not only us chasing them, it is also their need. So we are very hopeful and buoyant about this business going forward.

Moderator: Next question is from the line of Manish Reddy, an Individual Investor.

Manish Reddy: Congratulations on a good set of numbers. I have a couple of questions. My first question is, Naidupeta has 10,080 MTPA zinc sulphate capacity. Currently, this contributes less than 3% of revenue according to the presentation. What utilization level have you achieved? And what revenue contribution do you expect by FY28?

Anuj Jhunjhunwala: So as far as the sulphate business is concerned, the current capacity utilization would be

closer to 50% for the Naidupeta plant for the zinc sulphate division. And we expect this to ramp up because we are also getting into manufacturing certain higher and specialized grades of zinc sulphate to cater to certain export customers and cater to certain new segments.

So with that coming on stream in the next 2, 3 months with the R&D that the team has done, and we've been able to get the chemistry right. So with that coming on stream, we expect this to ramp up. But as far as -- in terms of the share of revenue, I think it should range in the 5% to 7% mark because the core business of zinc oxide is also growing quite well.

Manish Reddy: And my second question is regarding the battery grade zinc oxide. So you mentioned supplying customized battery-grade zinc oxide to select battery manufacturers. Is it still at the qualification stage or the commercial orders already started? What revenue potential do you see from battery applications over the next 3 years?

Anirudh Jhunjhunwala: As far as the battery is concerned, this is a zinc battery initiative, which is an international initiative. We are the only Indian producer to be benchmarked and approved there. So we are already part of the zinc battery initiative. Now a lot of our customers, we have already qualified with them. This is an industry which is going to grow going forward.

So our customers themselves are in a phase where they are trying to scale up. So this business is not a very volume-centric business, but it's a high-margin business. We expect volumes to come from customers in the next 2 to 3 years as zinc batteries become more and more popular.

As far as traditional batteries are concerned, whatever requirement is there in that and certain electronics, that is already going. But as far as specific zinc battery, I think our customers themselves are in the phase where they are scaling up their operations. So as their operation scales, demand will follow to us.

Manish Reddy: My last question regarding the Dubai subsidiary incorporating BDJ Materials and Metals Trading in Dubai. Will this entity primarily improve raw material sourcing economics? Or will it also act as an international distribution platform for finished products? What measurable cost or margin benefits do you expect?

Anirudh Jhunjhunwala: So our intention of the Dubai unit was not only to source the raw material, definitely, it will help in local sourcing and also international sourcing. But at the same time, we would also look at -- we plan to take our zinc oxide also more global. So this entity would also help in distribution of products globally to our customers. So -- and we expect by doing this, I don't -- we are not really projecting any great margin benefit or cost reduction. The idea is to increase the volume, both in sourcing and in selling.

Moderator: We'll take our next question from the line of Vinit Thakur from Plus 91 AMC.

Vinit Thakur: I just wanted to ask, the company has recently commissioned Phase 1 of its solar plant. So

what percent of overall power requirement is currently being met through solar energy? And what are expected savings in power and energy costs once the solar project is fully operational?

Anuj Jhunjhunwala: So in Naidupeta, we are able to achieve about 25% to 30% of the energy requirement. We are evaluating certain increases in the solar capacity based on the government regulations. There are certain new regulations, which I think the Indian government is going to bring with effect from 1st January.

So we are waiting for the new regulations to come on stream, and then we will evaluate and increase the capacity. But as far as the investment which has already been made in Naidupeta, I would say the payback is about 4 years for that investment. So it's a fairly lucrative proposition.

Vinit Thakur: All right. Could the management also provide an update on the company's overall debt position as of September '26 with the upcoming capacity expansion? So what is the debt trajectory and how does the company intend to maintain its low leverage position?

Anuj Jhunjhunwala: Yes. So definitely, at the end of FY27, we should be closer to a number of more than INR100 crores in terms of cash, net cash. I think this quarter, we ended at about INR63 crores. So, I think we should be over INR100 crores as of FY27 end. So no requirement in terms of borrowing as such.

Vinit Thakur: All right. And my last question is with the non-rubber applications contributing over 18% of sales, how is the company progressing towards its stated objective of increasing the contribution of non-rubber revenues to 30% over the next few years? So what are the segments which are expected to contribute more significantly to its growth?

Anuj Jhunjhunwala: See, you see FY24, we were close to 10% and FY26, '27, we are close to 18%. So I think this is a number which will increase gradually. This is not something from 18% to 30%. It will not happen in 1 year. But I think in the next 2 to 3 years, every year, we are growing our core business of rubber and tire as well.

So this is also growing, although the pace of growth in this will be higher because of a lower base and newer markets which are being penetrated into. So I think in the next 2 to 3 years, we should be at a level close to 30% and on the margin front, this will definitely act as a contributor in pushing up the EBITDA margins to the 14% to 15% range that we have targeted.

Vinit Thakur: All right. Can you also please throw some light on green chemicals concept and what is the rationale behind that?

Anuj Jhunjhunwala: So we are -- in fact, when you see -- if you see the tire industry and the various inputs which go into the tire industry, a lot of these tire inputs are either oil-based or petrochemical based. We are -- and obviously, because of these reasons, there is a risk of reduction in dosage of

those products because the tire industry and the global environment want recycled products in the finished product that they're using.

We are able to manufacture the zinc oxide grade, which the tire industry wants using recycled materials, which globally and in India, many of our competitors use a blend of virgin and scrap. So this is a very important aspect as far as we are concerned. We are a zinc recycling company and a green chemical company and a company where the product profitability, the product selling prices regardless of how China behaves.

Many chemical companies are dependent on antidumping duties from the government or depending on how the Chinese operators are managing their business. But our business model and not just for us, I would say, for the Indian zinc oxide industry as a whole, we are agnostic to China. We are a green chemical company. We are a recycling company. So I think these 3 aspects of our business and our company is very, very unique.

Vinit Thakur: Congrats on a great quarter.

Moderator: Next question is from the line of Dhruvin Kadakia from Monarch Networth Capital.

Dhruvin Kadakia: Sir, my questions are answered. Actually, the previous participant asked the question that I wanted to. So thank you so much. Nothing else from my side.

Moderator: Thank you very much. That was the last question in the queue. As there are no further questions, I would now like to hand the conference over to Mr. Anirudh Jhunjhunwala for closing remarks. Over to you, sir.

Anirudh Jhunjhunwala: Thank you. I must thank everybody for participating in this call today and for your continued interest in our company, JG Chemicals. Wishing -- I take this opportunity also to wish you and your loved ones a very happy and prosperous enduring festive season. We trust that we've been able to address most of your queries during this session.

Should you have any further questions, please feel free to reach out to our Investor Relations team at Go India Advisors. Once again, ladies and gentlemen, thank you so much for your time and for your participation. Have a great evening. Thank you.

Moderator: Thank you very much. On behalf of SKP Securities Limited, that concludes the conference. Thank you all for joining us, ladies and gentlemen. You may now disconnect your lines.