



21st May, 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 4th Quarter and Year ended March 31, 2026 held on Friday, May 15, 2026.

Further to our letters dated May 15, 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 4th Quarter and Year ended March 31, 2026 held on May 15, 2026 at 15.30 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,

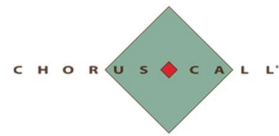
Yours faithfully,

For **J.G.Chemicals Limited**

Swati Poddar
Company Secretary and Compliance Officer



JG Chemicals Limited
Q4 & FY26 Earnings Conference Call
May 15, 2026



MANAGEMENT: MR. ANIRUDH JHUNJHUNWALA

- **MD & CEO – JG CHEMICALS LTD**

MR. ANUJ JHUNJHUNWALA

- **WHOLE-TIME DIRECTOR & CFO – JG CHEMICALS LTD**

MR. AMIT AGARWAL

- **GM, ACCOUNTS & FINANCE – JG CHEMICALS LTD**

MODERATOR: MR. NAVIN AGARWAL

HEAD, INSTITUTIONAL EQUITIES, SKP SECURITIES LTD

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Moderator: Ladies and gentlemen, good day and welcome to JG Chemicals Limited Q4 FY26 and FY26 Earnings Conference Call. As a reminder, all participant 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Navin Agarwal, Head of Institutional Equities at SKP Securities Limited. Thank you and over to you, Mr. Agarwal.

Navin Agarwal: Good afternoon, ladies and gentlemen. It's my pleasure to welcome you 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'll have the opening remarks by Mr. Anirudh Jhunjhunwala followed by the Q&A session. Thank you and over to you, Mr. Jhunjhunwala.

Anirudh Jhunjhunwala: Thank you so much. A very good afternoon to everyone and a warm welcome to JG Chemicals' earnings call for the fourth quarter and the full financial year ended March 2026. We sincerely appreciate the time all of you have set aside to join us today. Let me start with a quick recap of the company, after which I will walk you through the key operational and strategic developments of the quarter and also the year gone by.

By way of a brief introduction, JG Chemicals Limited is the largest zinc oxide manufacturer in India and also the country's largest zinc recycler. Globally, we count ourselves amongst the top five zinc oxide producers. Our product today finds application across a wide spectrum of industries including rubber, tires, ceramics, paints, coatings, pharmaceuticals, cosmetics, agriculture, electronics, EVs, and also a range of specialty chemical applications.

Today, our customer franchise now extends to more than 200 domestic customers and also perhaps 50 plus international accounts. And we are proud today to supply to every major Indian tire manufacturer and also to nine out of the world's top 10 companies. Our manufacturing is anchored at our facilities in West Bengal and Andhra Pradesh, which together command an installed capacity of close to 70,000 metric tons per annum.

With the Gujarat project being commissioned during the current financial year, and once both phases at the Dahej plant are on stream by 2029, our combined zinc chemical capacity will exceed 115,000 metric tons per annum, a scale which is perhaps matched today globally by only a few players.

Tailor-made product development is the cornerstone of our business model. As we close FY26, we are now offering more than 90 specialized grades of zinc oxide to our

customers, up from the 80 plus grades we had at the end of FY25. Since no two customers have identical specifications, this depth of customization covering a very broad range of chemical and physical properties is something only we feel JG delivers with consistency. Our R&D team is working on developing some other varieties of zinc oxide also, which will further aid our customers' compounding process. These products would be introduced in the current financial year.

Our Naidupeta facility continues to be a structural differentiator for us. It remains the only IATF certified zinc oxide facility anywhere in the world, and it also carries the WHO GMP accreditation along with several pharmacopeia certifications. Today, like always, sustainability and circularity are deeply embedded in how we operate.

By maximizing the use of recycled zinc as a feedstock, we lower our cost base, lower our energy intensity, cut down on our carbon emissions, and also minimize our overall carbon footprint. This circular economy approach is not only good for resource efficiency, it also strongly reinforces our long-term ESG positioning and our growth roadmap. With the strong focus of the tire sector on green chemicals, our zinc oxide ranks right up there on the list of products considered beneficial to reach these ESG targets for our customers.

In keeping with this sustainability agenda, I am pleased to inform you that we have commissioned Phase 1 of our solar power generation project at Naidupeta in FY26, which has progressively been ramping up our share of renewable energy. Further phases of renewable investments are planned, and we will continue to pursue other sustainability initiatives in parallel also. The company is fully committed to delivering on its sustainability objectives. We are also exploring other areas of sustainability initiatives which will not just help us reducing our cost, but also will greatly improve our ESG score.

Friends, before I move on to our capacity projects, I want to spend a moment on what I believe is one of the most exciting new initiatives in the JG pipeline today: our recycled rubber project. Since we last spoke, we have made very meaningful and substantive progress on this front.

The pilot trials have just not continued, the feedback we have received from our customers has been extremely positive and validating. On the back of this strong customer endorsement, we are now actively working on a detailed commercial scale project for this product, as well as on a few adjacent related products which will also go to the same customer segment.

We are very gung-ho about the prospects here, and we will share more granular details like capex, capacity, timelines, revenue potential at an appropriate time. This is a product line that we believe will materially increase the content per tire coming out of the house of JG. Given our strong and deep-rooted relationship with the tire customers already, our ability to scale this business and make it a leader in its product category is something which we feel is possible in times to come.

Let me now take your focus on the capacity expansion initiatives. The greenfield project at Dahej continues to advance in line with our planned timelines. This state-of-the-art facility will significantly strengthen our footprint in Western India and put us in very close proximity to several of our key customers in that geography.

It will also open doors to new user industries where currently our presence is next to negligible, for example, the ceramic industry, which is also one of the large consumers of zinc oxide. Civil construction at the Dahej site is now in advanced stages, and equipment, plant and machinery installation has also commenced during the quarter as we speak.

We continue to target the commissioning of Phase 1 of the zinc oxide production as per plan. Once operational and stabilized, the Dahej facility will become a pivotal contributor to our overall capacity build-up and also to our growth plans.

Alongside Dahej, we have also undertaken certain brownfield debottlenecking expansions at Naidupeta to support the future demand. Our existing capacity is more than adequate for near-term requirements, and these incremental additions will further enhance our ability to serve our customer base as the demand scales up.

Let me now share our perspective on the industry environment, which I must say is amongst the most encouraging we have seen in a long time. Tire and rubber remains the largest demand pillar for our business. Demand momentum across tire industry was extremely robust right through the fourth quarter and the same momentum has continued in the current quarter as well as we speak.

The tire industry continues to benefit meaningfully from the GST-led reforms. The GST rate reductions from September 2025 have visibly improved affordability and customer sentiments across both the OEM and the replacement segment. To put the strength of the underlying demand into perspective, the Indian automobile industry has closed FY26 by what is by any measure an exceptional performance.

As per SIAM, demand across almost all categories of vehicle has grown and hit a fresh all-time high in the last quarter. The robust automotive cycle is being mirrored in the tire industry also. Leading tire majors have reported double-digit revenue growth for Q4 FY26, with several of them reporting their best ever quarter.

We feel it also in our demand, and the industry has now announced cumulative capex plan of over INR20,000 crores over the next three years, materially higher than what was on the table just a couple of quarters ago. When the tire industry invests, JG Chemicals is a direct immediate beneficiary. Our customers today are operating at very healthy utilization levels, and we have strong visibility on a multi-year growth runway from here.

The Union Budget 26 - 27 has further reinforced India's manufacturing-led growth story. The continued focus on capital expenditure with infrastructure allocation of more than

INR12.2 lakh crores will definitely improve logistic efficiency and sustain demand momentum across the auto sector and other industries.

ATMA, the apex body of the Indian Tire Industry, has itself welcomed the budget as a significant positive for the long-term tire demand growth. The recently concluded trade agreements with European Union and the US have also opened up significant export opportunities for many of our customers in the segments where exports had been somewhat subdued over the last few months. We are seeing green shoots of these demands already.

Outside the rubber and the tire, we continue to see very encouraging traction across the non-rubber portfolio, namely the pharmaceuticals, ceramics, specialty chemicals, electronics, agriculture, to name a few. Our focus on product customization and customer-specific solution is helping us deepen these partnerships and steadily increase our share in each of these segments.

Over the long term, we remain committed to growing the contribution of non-rubber application both to drive margin expansion and also to diversify our overall portfolio. Taken as a whole, we are extremely confident and bullish on the long-term prospect of the zinc chemicals business driven by deep customer relationship, continuous product innovation, and our sustainability-led approach together with the capacity expansion roadmap which I just mentioned above. JG, I feel, is extremely well-positioned to capture a disproportionate share of the growth ahead.

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

Anuj Jhunjhunwala:

Thank you. Good afternoon once again everyone, and I will now walk you through the financial performance for the fourth quarter and the full year ended March '26. I am pleased to report that JG closed FY26 on a strong note, with the company delivering its highest ever annual revenue, EBITDA, and PAT. For FY26, the revenue stood at INR972.9 crores, EBITDA stood at INR97.9 crores, and the PAT stood at INR68.6 crores.

For the fourth quarter, we saw continued momentum across all our key customer segments, with revenue for Q4 at INR286.2 crores, up 27.6% year-on-year, EBITDA at INR26.8 crores, and PAT at INR18.9 crores.

The company was able to achieve double-digit volume growth in its key segments on a full year basis, and this is despite the slowdown witnessed in the first two quarters of the fiscal. The second half of the year saw strong pull back, which the company was able to capitalize on.

We expect this momentum as we see strong demand from our end customer segments.

Our current utilization rates are in the late 70s, and we can easily take this up to the 86% to 87% range as required. Within this calendar year, we would be adding the Gujarat capacity as well as the brownfield expansion in our Naidupeta plant, and hence we are well-entrenched to cater to the increased demand.

The Company has surplus land available in its Naidupeta plant for further expansion of the zinc chemicals capacity as required and shall review further capacity addition strategy in line with the market demand by next fiscal.

As mentioned by our Managing Director, the GST reductions from September have driven a clear and sustained improvement in demand across all segments of the automotive industry. This momentum has continued into the current quarter as well, supported by improving customer sentiment and rising industry activity.

At this point, I would like to address a question that I know is on the minds of many investors, which is the impact of the ongoing geopolitical conflict and the broader disruption it has caused to the global supply chains.

There is no denying the fact that the war has impacted virtually every industrial supply chain across the world, and zinc dross, our primary raw material, has been no exception. However, this is precisely the kind of environment in which JGC strength comes to the fore.

Our scale, our financial strength, our balance sheet, our two-decade plus track record of honouring every commitment to our suppliers, and our unmatched relationships with the dross suppliers across India and different parts of the world have made us the preferred customer for majority of the dross suppliers globally.

As a result, we have been able to fully secure our raw material requirements and ensure uninterrupted supply to every one of our customers, even when smaller players in the market have struggled. Crises like these only reinforce our conviction that JG's franchise gets stronger, not weaker, when the operating environment becomes more challenging.

As you can see, we have achieved robust revenue growth year-on-year and also a strong quarter, even though the first half of the year was slightly slow because of macro factors. Now, we've also mentioned time and again that you may witness a lag of one quarter when it comes to directly mapping revenue and EBITDA.

From February end and whole of March, we have seen the world being impacted due to the geopolitical conflicts, and this war, which was not expected, obviously has had an impact on our raw material pricing as well. During the month of March, there was a complete freeze in imports from the Middle East and also there were huge delays in shipments from Europe.

Hence, raw materials during the month of March had to be procured from the domestic

market at a much higher LME which was prevailing at that point. This LME on the sell side would only get affected in April 2026. Moreover, March was also characterized by a sudden spike in energy prices.

In line with our long-standing pricing philosophy, all of these incremental costs, including higher freight, energy, and other ancillary costs, have been transparently passed on to all our customers with effect from 1st April 2026 itself. Our customers, with whom we share deep multi-decade relationships, have understood and accepted these revisions.

Benefits of these will accrue starting 1st April. Our business therefore remains strong, resilient, and well-insulated from these pressures going into financial year 2027. We remain positive that the demand scenario will sustain into the coming fiscal, providing very strong visibility for the tire industry and the broader industries we serve.

We are also hearing and expecting renewed economic thrust in our home state of West Bengal. As the general economic activity increases in our region, we could see more investments across our end customer categories. This bodes well for JG, and it is well-poised to tap into the growing demand going forward.

As required, we shall also evaluate further capacity additions in the eastern regions in the future. In addition to the tire industry investments, several auto and auto ancillary companies have also announced fresh capex plans for the year ahead. All of this points to a very robust demand environment in India, and I genuinely feel the country is geared up to attract a new wave of investment both from Indian as well as foreign companies.

To meet this rising demand, JG is itself in active capacity expansion mode to ensure that we have the capacity in place well before the demand wave arrives. Thank you, ladies and gentlemen, and we would now like to open the floor to the Q&A session.

Moderator: Thank you very much. We will now begin with the question-and-answer session. Any one who wishes to ask a question may press * and 1 on their touchtone telephone if you wish to remove yourself from the question queue you may press * and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants you may press * and 1 to ask the question. The first question is from the line of Tanuj from SKP Securities. Please go ahead.

Tanuj: Good afternoon, everyone. So, can you give a brief about what is the capacity utilization for both the zinc sulphate and the zinc oxide?

Moderator: Tanuj your audio is feeble. Can you speak a little louder please?

Tanuj: Yes, am I audible.

Anirudh Jhunjunwala: Yes please.

- Tanuj:** So, what is the capacity utilization for Zinc sulphate and Zinc Oxide?
- Anirudh Jhunjhunwala:** So, amongst the two segments, for zinc oxide, as Anuj just mentioned, the capacity utilization currently is about 77%. We can easily take this up to 86% to 87%, so we still have about 10% of the spare capacity. The zinc sulphate business, which has gradually been growing, is today running at approximately 60% of the installed capacity.
- Tanuj:** Okay, thank you. My next question would be what is the personal contribution of exports to sales?
- Anirudh Jhunjhunwala:** As we've mentioned, yes, so the export to sales is roughly between 10% and 15%.
- Tanuj:** Okay, 10% and 15%. And what is your last question, so what is your execution status of the debottlenecking plant in Naidupeta?
- Anirudh Jhunjhunwala:** We are actively working on that, and gradually small steps for debottlenecking are being taken which is freeing up certain capacity additions. So, this is a gradual process which is going on, and we expect that by December 2026, we'll have completely debottlenecked this facility.
- Tanuj:** Okay, thank you so much. That's all from my side.
- Moderator:** Thank you. Participants you may press * and 1 to ask the question. Next question is from the line of Niraj from Kalki Ventures. Please go ahead.
- Niraj:** Hi. I wanted to know, this has been mentioned that, yours is the only plant which has an IATF approval and a WHO certification. So, I wanted to understand how tough it is to get these certifications for any competitors and if there is any large organized competitor who might be eligible for the same.
- Anirudh Jhunjhunwala:** Well, the certification is awarded on a particular day, but the process to get the certification when you ready yourself is a multi-year process. So, it's not only about just paying a fee and getting a certificate, it's about upgrading your system, maintaining consistency, maintaining credibility, and adapting to the needs of the tire industry.
- So, we feel that our continued focus on the tire business and in turn on the automobile business, so that has helped us take this certification because over the years, we've developed our systems in line with the needs of the automotive industry, which has been passed on to us by our good tire customers. So, this requires significant investment, this requires a culture which has to set inside the company.
- And so, we feel that, I mean, today there is nothing which anybody else cannot do theoretically, but for somebody to do it practically, I don't think it's a very easy task. And the reason why I say this, that if it was simple, we would have a few more zinc oxide players with this certification.

The fact that globally you're not seeing people with this certification itself is a proof that it is not a very easy task. But yes, why not, somebody can do it if the company puts that effort, but the question is how does one do it.

Niraj: Okay. And, the zinc chemicals that you are going to be producing in Dahej, will that have like a higher margin or will that also be in the range of 8% to 10% of EBITDA margins that you currently operate in?

Anuj Jhunjunwala: So, you see our current EBITDA margins are usually in the 10% to 11% range, and as we've mentioned before, higher value-added products would help increase the blended margins to the 13% to 14% range.

The production at Gujarat would be a combination of the existing product portfolio and certain grades of higher product and higher performance chemicals, which would help in increasing the overall margin profile for the company going forward.

Niraj: Okay. That's about from my side. Thanks.

Moderator: Thank you. Participants you may press * and 1 to ask the question. Next question is from the line of Ashmita from Electrum PMS. Please go ahead.

Ashmita: Yes, hi. Thank you so much for the opportunity, sir. I just wanted to know if it's possible for you to give us the volume growth for the quarter and full year.

Anuj Jhunjunwala: So, we are confident of achieving double-digit volume growth, this is what we had outlined earlier as well. And even in this fiscal, our volume growth have been in the double-digit range, and even for the current quarter, we've been in the mid-teens.

Ashmita: What would be the volumes for the zinc oxide for this quarter and full year, if possible?

Anuj Jhunjunwala: As a company policy, we do not disclose volume numbers and we've mentioned this before as well.

Ashmita: And would it be possible for you to give us the utilizations for zinc oxide and zinc sulphate and corresponding realization?

Anuj Jhunjunwala: We have already mentioned the utilization rates for the zinc oxide in the late 70s and the zinc sulphate in the 60s. Already mentioned that.

Ashmita: And sir, with the upcoming plant at Naidupeta, would it be possible for you to bifurcate it into zinc sulphate and zinc oxide, like how much volume, how much capacity is coming up into zinc sulphate and zinc oxide?

Anuj Jhunjunwala: The Naidupeta plant is already operational, I don't know why you're saying upcoming plant.

- Ashmita:** No, no, the new brownfield expansion that is going to take place?
- Anuj Jhunjunwala:** So, the brownfield expansion is taking place for both the zinc oxide and the zinc sulphate units. So, there are different products being developed for both the units, for both the products.
- Ashmita:** Okay, sure. Thank you so much, sir.
- Moderator:** Thank you. Participants you may press * and 1 to ask the question. Next question is from the line of Mr. Dhiral Shah of PhillipCapital. Please go ahead.
- Dhiral Shah:** Yes, good afternoon, sir. Congratulations for the good set of numbers. So, my question is, as you mentioned that in the month of March there was a rise in the zinc cross prices and maybe from the month of April we have seen the rise in the zinc oxide prices. So, how much price rise we have seen in our raw material, correspondingly how much increase we have seen in our end product pricing?
- Anirudh Jhunjunwala:** So, to answer this question, the idea in difficult times, in the time when there is a crisis around the world, the idea is not to make any undue advantage or undue profit. So, we have transparently passed on whatever cost implications has come on us, whether it is on account of energy, whether it is on account of raw material, so that has been passed on.
- So, practically speaking, we should be at our regular EBITDA levels, margin levels, where we are supposed to operate. Now, obviously in this period, there has also been some rise in the zinc prices, which always as a matter of fact accrues in the following quarter due to a time lag, that's it.
- Dhiral Shah:** Okay, so maybe whatever margin impact that we have seen in Q3 and even in Q4, okay, you are of the view that maybe starting Q1, this quarter itself, we will again get back to 10% to 11% margin range.
- Anirudh Jhunjunwala:** So, we are even at the end of the year, if you take a year figure, we are still in the region of 10 plus EBITDA levels. So, going forward, this could be even better.
- Dhiral Shah:** Okay, and sir, current whatever we have seen in the past that the rising commodity price scenario, you know, first we get the benefit and then we pass it on to the end customers. So, that will also act to better margins in the coming quarter, sir.
- Anirudh Jhunjunwala:** Yes, your understanding to a certain level is correct, that rising commodity prices leads to inventory gains which obviously accrue in the following quarter. So, this will happen. But the inventory gains are not, I mean, the gains are not passed to the customer because the inventory gain is retained by the company.
- Because there would also be times going forward and we've seen in the past where there have been drop-downs in zinc prices also, which also temporarily affect the inventory. So,

any negatives that have come because of that have also been absorbed by the company in the past. So, going forward, any gains on account of zinc price movement and on the inventory will be retained by the company and not passed on.

Dhiral Shah: Okay, sure. And second thing on the zinc sulphate side, if I look at your performance of zinc sulphate, particularly in FY26, largely it has remained flat if I compare it with the FY25. So, what was the reason behind, zinc flat performance of zinc sulphate as you mentioned that ultimately we want to increase our non-rubber revenue, but however in FY26 the performance was relatively on the softer side?

Anirudh Jhunjunwala: So, increasing the non-rubber revenue, zinc sulphate is not a very large part of that. When we say increasing non-rubber revenue in the zinc oxide business, we mean is focusing on segments which are outside the tire and rubber. So, like one of the biggest segment is ceramics, which constitutes to almost a very, very large percentage, the next largest percentage of consumption in India.

Today our share over there is negligible. So, the Dahej plant, the moment it comes up because the center of ceramic production is in Gujarat, the Morbi region, the Dahej plant would be equipped to cater to that.

Then there are a lot of specialty chemical manufacturers around that region where also today sending material from either the Eastern India plant of Calcutta or the Southern plant of Naidupeta is not such an easy job. Customers like suppliers to be closer to them. So, those are the effects by which the share of non-rubber tire will increase. Now coming to the sulphate side, I would request Anuj to take it up.

Anuj Jhunjunwala: So, sulphate, what has happened is that sulphate is used primarily by the farmers. And last entire fiscal, we were in a scenario where the prices of zinc sulphate kept rising every month. It was due to mainly due to input cost pressures, whether it's the prices of zinc ash or the prices of sulphuric acid.

In a scenario where the prices keep on rising every month, the farmer tends to defer the purchase and the usage of zinc sulphate, which is mainly a micronutrient in his own farm. So, that was the reason why the sales were a little muted in the last fiscal. However, in the last couple of months, the farmers have also actually accepted and realized that this is the new normal price for the zinc sulphate.

So, you can only defer the consumption of a particular micronutrient for a certain period. And once the pricing has got, reset at a particular level, it's got reset at that level for all the farmers and the farmer will have no choice but to use it.

So, we are seeing slight demand, green shoots coming off in the last couple of months, and we expect that with the new pricing range which is being set now, this will become the new standard normal and demand would come back to its old older days.

- Dhiral Shah:** Okay, and sir, just last one question from my end. So, Gujarat plant is going to commission in H1 FY27. So, what kind of utilization we are expecting in the current year, let's say in H2 and maybe for the FY28?
- Anuj Jhunjhunwala:** For the Gujarat plant?
- Dhiral Shah:** Yes, sir.
- Anuj Jhunjhunwala:** So, obviously if it's operating for six months in a year only, so let's talk about utilization for those six months only. I think we should get to about 35% to 40% range for that period. And for the full year which is the next financial year which is FY28, we should get to about 65% to 70% utilization for that plant.
- Dhiral Shah:** Okay, okay. Thank you so much, sir. That's all from my side.
- Moderator:** Thank you. Next follow-up question is from the line of Niraj from Kalki Ventures. Please go ahead.
- Niraj:** Sir, your presentation said that Dahej facility you will be investing INR100 crores from internal accruals and it will earn you around INR900 crores of sales. This is of course at full capacity. So, this is also in line with the previous question that so can we expect that by say FY29 we will be able to see an addition of say INR900 crores of sales on your revenue?
- Anirudh Jhunjhunwala:** Yes, more or less what you've said is correct.
- Niraj:** Okay. And you are expecting to reach 100% capacity because obviously there will be other products than zinc sulphate and zinc oxide, is my understanding okay?
- Anirudh Jhunjhunwala:** So, 100% capacity of the achievable capacity. There is a nameplate capacity, there is an achievable capacity. So, 100% of the achievable capacity.
- Niraj:** Okay, okay. And so, sir, like the, like this is a very basic question, I wanted to understand that as a percentage of a production of a tire, what is the amount of zinc oxide that is required if you can throw some light on that? Because obviously your customers are increasing their, increasing their capacities and you are saying that as the capacity goes up, your sales will also go up. So, what I'm trying to understand is that how important is -- as a percentage of the total cost, how important is zinc oxide for their supplies?
- Anirudh Jhunjhunwala:** So, there are two parts to this question. One is your quantity. On the quantitative terms, roughly 3.5% to 5% of the compound is zinc oxide. And in terms of cost, how much zinc oxide contributes to a tire, it's roughly about 1% to 1.5% of the tire cost.
- Niraj:** Okay, okay, okay. Thank you, sir. Thank you so much.
- Anirudh Jhunjhunwala:** Thank you.

- Moderator:** Thank you. Next question is from the line of Aditya from SIMPL. Please go ahead.
- Aditya:** Yeah, hi sir. Thanks for the opportunity. I had a basic question. Now, so zinc prices have been increasing I think for the last two quarters now and generally in the past what we have seen is we generally get the benefit of inventory gains during such a period. But if I look at the numbers in Q3 and Q4, there doesn't seem to be any benefit which has flown through the company. So, if you can just help us understand why is that?
- Anirudh Jhunjunwala:** So, if you were to take the zinc prices in the December quarter and zinc prices in the March quarter, I mean, there has not been much increase, honestly speaking, there is hardly an increase of about 2%. So, it's not a great increase. I maybe perhaps you might just want to look at the figures between the quarter, the third quarter and the fourth quarter, zinc prices have gone up by hardly 2%.
- Now, as we speak in the last 30 days to 60 days, zinc prices have gone up, so that benefit you would see in the current quarter. But between December to March, there's hardly been a rise of about 2%.
- Aditya:** Understood. No, I was talking about from June and September quarter. Because in September, from September onwards I think zinc prices are increasing. So in the last call also I think you had mentioned that we might be getting some benefit in Q4.
- Anuj Jhunjunwala:** So, if you see the first half numbers, the first half our total, you know, just one second, I'll just share with you the number, the total EBITDA was much lower vis-a-vis the second half. So, obviously there has been an increase in the absolute quantum of EBITDA also as and if you see the margins also in the first half, it was slightly low and started to inch up towards Q3.
- Q4 as we mentioned, the month of March got impacted because of very high energy prices and also because of higher raw material price which had to be procured on spot basis in the month of March when the LME shot up and the supply chain got disrupted. So, that partly impacted the margin in March which correspondingly had an impact on the entire quarter.
- Aditya:** Just trying to understand, how much of our sales is on contractual basis and how much of it is in spot? And on contractual basis as well, how frequently is the reset happening with the customers?
- Anirudh Jhunjunwala:** So, bulk of our sales is on contractual basis. And as far as the price movement is concerned, as we've explained before, our sales price is directly linked to the LME on which even our cost of raw materials is linked. So, we have a very direct pass-on model.
- Any increase in raw material prices has automatically gets passed on to the customers. Now, if there are any unprecedented situations like the one which happened in March, those kind of resets happen like we said, it happened from 1st of April. Because the impact

of that came in March, so obviously you watch the impact, you have a dialogue with the customer, there is a process, and from 1st April that was passed on.

Aditya: Understood sir. And now sir, for this Gujarat plant, should one assume that bulk of our sales would be driven by the ceramic sector or would tire be also a big component for the sales to pick up in Gujarat?

Anirudh Jhunjunwala: So, Gujarat will have a combination of this, about say 30% to 35% of the sales would come from ceramics. There would also be an equal percentage from the tire business because there is a lot of tire industry which is also there in the Gujarat region. Some of our large customers also have plants in that region where we are currently not serving them at all.

Our wallet share with them in those plants is almost zero. So, those benefits will also accrue. So, it will be a very healthy mix of an equal mix of tire, ceramics, and non-rubber also, excluding ceramics also.

Aditya: Understood sir. And now sir, just to understand the competitive landscape in the western part of India. So, there would already be suppliers supplying to the ceramic and the tire companies. So, if you can just help us understand what kind of competition is present in that part of India and what would help us gain market share in ceramics and tires?

Anirudh Jhunjunwala: So, basically in the Gujarat side, we have some players who are fairly small and there is a couple of other players who are mid-sized. So, nobody quite matches the capacity and scale of JG today. So, today say for example a large customer of ours is in the tire segment. They have plants there.

Now they are looking to leverage our presence, our product even in those plants. But today because our plants are only situated in South and Eastern India, as I mentioned our wallet share with them is zero. By virtue of JG having a presence there, it is very natural for them to also include us in their scheme of things for those plants.

So, irrespective of the fact that those plants are being today served perhaps by smaller competitors, but the fact that you have a large player in the space there in three to four months' time would definitely want the tire companies to also include us. Because today our share with them is higher in all the other plants, there is a reason for that.

We have the requisite capability to, you know, deliver product tailor-made to their needs and also innovate them with them. So, as Anuj had mentioned earlier also, we're also developing certain customized products for our customers. This is also outside the rubber industry also. So, today the ceramic industry is using a plain vanilla zinc oxide.

I am not trying to say that we will do a complete change in the product chemistry, but we are also looking to introduce certain newer products for those markets and which will be beneficial to the customer. So, we expect that we should be able to gain market share and

since the scale and the size of those competition in that region is still quite nascent, it's quite small.

Aditya: Understood. So, our capacity would be the largest, the 40,000 capacity in the western part of India, that would be fair?

Anirudh Jhunjunwala: Yes, it would be fair to assume.

Aditya: Understood. And now sir, on the ceramics part, now JG's strong in the tires part, so there is one advantage is that the approval process in tires is pretty long. But once you go into a ceramics industry now, how the approval timelines over there and I believe the customer base would also be pretty fragmented.

So, just wanted to help us understand how do you think the penetration for us would happen in the ceramic industry? Would it be gradual or you think you could quickly gain market share in that?

Anirudh Jhunjunwala: So, let me take you back maybe a decade back when even the tire industry was a fragmented space. The tire industry evolved over time when their OEMs like the Marutis of the world or the Hyundais of the world started putting pressure on the tire industries for more stability, for more systems, for more, you know, I mean, a lesser supplier base so that consistently can be maintained.

So, then the tire industry started to evaluate scale and size and started to choose suppliers based on scale size. That's how JG started to penetrate more and more. Today the ceramic market is slightly not as organized as today's tire market, but we feel that the ceramic industry is also coming of age.

In the sense that today we have foreign ceramic companies setting up shops in the Gujarat region. We have some of our own facilities who are supplying to international brands. So, the ceramic industry also gradually is, you know, developing and finding the need to have suppliers who have a better scale, size, systems, etcetera.

So, we feel JG gets that on the table. So, penetrating into them would not be such a difficult task. And as you rightly as one thing important to say is definitely the approval processes in ceramic is nowhere compared to the tire sector, which is far quicker.

And which, you know, already bodes well for us and we've also already started to seed the market. So, it's not that the ceramic sector customers are not aware of JG. We may not be big suppliers today to them, but we already are in dialogue with them. So, we've started to do the groundwork for that in the last one year.

Aditya: Understood sir. And now sir, in our type of industry, generally at what kind of utilization levels would our facility break even?

- Anirudh Jhunjunwala:** Our facilities would break even above 60%, 60% to 65%, but ideally, we like to operate our capacities above 75%. And the moment we reach 80%, 85%, 80 plus we start looking at more expansions.
- Aditya:** Understood. So, there might be some losses in FY27 pertaining to the Gujarat facility.
- Anuj Jhunjunwala:** I mean, you see the period for which we will be operating will be very small. And for any new plant when you start the plant, yes, there could be some small startup costs associated with that. But I think the overall growth in the volumes would more than enough compensate for any small cost increase pertaining to that plant.
- Aditya:** Understood. Thank you so much.
- Moderator:** Thank you. Next question is from the line of Deep Gandhi from ithubought PMS. Please go ahead.
- Deep Gandhi:** Yes, hi sir. First question is again, I mean, on the zinc prices. So, if I now broadly see between Q3 to Q1, there has been almost 20% increase in zinc prices. And last quarter, I mean, you were trying to highlight that we might see some kind of inventory gains in Q4. So, just wanted to check, I mean, have we seen any inventory gains in Q4 and if you can share that number?
- Anirudh Jhunjunwala:** Between Q3 and Q4, as I just mentioned, the actual increase has only been about 2%.
- Deep Gandhi:** Yes, I understand that sir.
- Anirudh Jhunjunwala:** So, there has not been any significant inventory gains, but at the same time March as we said there was a lot of cost pressure. So, even without a significant inventory gain and a cost pressure, the company was able to deliver its numbers. So, that would be an indication for you to comprehend the numbers better.
- Deep Gandhi:** Actually, what I was trying to indicate and based on our conversation which we had in the last quarter, so the inventory gains for Q3 quarter between Q3 to Q1 was going to come with a lag in Q4. So, I understand in Q4 there wasn't any increase in zinc prices, but I think the understanding was that for the zinc prices between Q3 to Q1, we might have seen some inventory gain in Q4 with a lag?
- Anuj Jhunjunwala:** Definitely, that has happened. Between if you compare with Q1, yes, it did happen.
- Deep Gandhi:** Sure, so can you share that number, what was the number of quantum of inventory gain?
- Anuj Jhunjunwala:** So, you see ours is a rolling inventory and we keep buying every month and we keep selling every month. So, per se, we don't operate in the manner in which some other commodities, companies will be operating as in they quantify their inventory and they set aside inventory gains.

Ours is a rolling way of inventory valuation and a FIFO basis of consumption. So, every quarter on quarter the inventories keep coming in and the sale price gets established every month on month. So, yes, there should have been a slight improvement in the margins in Q4.

However, the margins in Q4 were in the 10.26% range, EBITDA margin as a percentage of revenue from operation, it did not increase much because of the significant increase in costs in the month of March. So, that kind of affected it.

Deep Gandhi:

Okay. So, maybe other way to understand this is can you, I mean, help us understand what would have been our margins, if it would have been a normal quarter, no cost increase? So, I mean, what would have been our estimated margins if you can share that number just to understand.

Anuj Jhunjunwala:

I mean, although it would just be a projection, but what you can yourself also understand there was a very significant energy price uptake, and also you would see that materials which were perhaps contracted in January or December, which were scheduled to arrive in March, did not arrive.

So, those were at much lower LMEs when you talk of the third quarter, even if it was a \$100 gap, it matters. Now, those inventories did not arrive in March, so obviously we had to buy at the current market prices in the domestic market to offset any supply shortages which could have occurred.

So, energy you've seen March almost prices of energy have doubled. So, that has had a significant impact. If I were to broadly classify it, it should be about a 1.5%, about 150 basis points or so.

Deep Gandhi:

Sure, that is helpful. Sir, coming on to my next question, I mean, if I look at the share of non-rubber, even say you've already explained the reason for why the zinc sulphate business has been slow, but even if I look at the pharma and the other segments which we have within non-rubber.

So, it was almost same percentage as last year in terms of revenue contribution. So, I mean, if you can help us understand why the percentage share did not increase this year and any specific reasons if you can call out.

Anirudh Jhunjunwala:

So, as we mentioned, this renew this focus on non-rubber share increase, Gujarat plant, Dahej plant will be the biggest catalyst to that. Because that is where the majority of the non-rubber consumption is there. The majority of the non-rubber consumption is not unfortunately in Southern India or Eastern India.

It is in the Gujarat belt, whether you take talk about ceramics, which is the second largest consumption center, whether you talk about specialty chemical manufacturers, whether you talk about pharma, even the pharma the largest demands come from the Western

India.

So, these segments would actually you would see material differences in the share only when the Dahej plant starts. Today there is incremental gains that we are making, there is no large footsteps that are being created today. That will only accrue once the Dahej plant starts.

Deep Gandhi: Sure. And sir, I mean, just on the demand outlook now?

Anirudh Jhunjunwala: And just to clarify, even if you take between FY24 and FY25, there has been about 3% to 4% shift in the non-rubber thing. So, it's not that it has not moved, but as I mentioned, these are small gains, the larger gains will only come once the Dahej plant starts.

Moderator: Thank you. Deep Gandhi, I'll request you to come back for a follow-up questions. We have participants waiting in the queue. Next question is from the line of Suruchi Parmar from NX Wealth Management. Please go ahead.

Suruchi Parmar: Good afternoon Sir. Just wanted to ask coming up about your Gujarat plant as it will be operational by the first half and you are already in talks with the customer. So, any customer on board for ceramic side you see right now?

Anirudh Jhunjunwala: So, we have a few ceramic customers already on board. As we said, we had started to seed the market in the last six to eight months. When I say seed the markets, it's not only verbally, but also in terms of certain supplies. So, for example, if a ceramic customer is using say 200 tons a month, we would probably right now be with them with a 10-ton, 9-ton load just to start our presence.

So, it is not that all of these approvals are going to be fresh. So, people are aware of JG and people are looking forward to JG coming to the Western India side.

Suruchi Parmar: Okay. And is there a difference of margin in zinc oxide you are providing for the tires and for the ceramic?

Anirudh Jhunjunwala: It's more or less similar to the tire and the ceramic. But to the specialty chemical sector and to other sectors like pharma etcetera, the margin profile is much higher.

Suruchi Parmar: Okay, but you are not going to that side, correct, right now?

Anirudh Jhunjunwala: No, we will. As I mentioned, the Dahej facility, there will be three segments which will be catered to, rubber and tire, ceramics, and everything apart from that which includes specialty chemicals, pharma, electronics, etcetera.

Suruchi Parmar: Okay, okay. And regarding this solar initiative in Naidupeta, so how much difference you see in the consumption of your power because of this solar initiative? You can give in a percentage way the saving in expenses?

Anuj Jhunjunwala: So, basically when we are talking about renewable energy investment, we are looking at it from two aspects, one to increase and improve our ESG scorecard and also from the point of view of the return on investment that capex offers. So, let's say that we have spent a we've spent roughly about INR2 crores or so in the solar power project and the payback period for the project is about three to three and a half years.

So, the return on the capital employed is fairly high and it also leads to significant reductions in the energy cost. And we want to increase the quantum of solar energy that we generate going forward both in our Naidupeta plant and in our Dahej facility.

Suruchi Parmar: Okay, that's it from my side. Thank you so much.

Moderator: Thank you. Next follow-up question is from the line of Aditya from SIMPL. Please go ahead.

Aditya: Yes, sir. Thanks for the follow-up again. I just had one question. So, who would be the top two-three players apart from us in the zinc oxide space in India and is the supply in this industry, consolidated or it is pretty much fragmented? So, do the top four-five players make up 70% to 80% of the supply or it's pretty fragmented?

Anirudh Jhunjunwala: So, partly, you've got your question answered yourself. Yes, the top three-four people would be controlling about 60% to 67% share in the market, but there in there is a long tail of smaller-smaller zinc oxide players prevalent in most regions, maybe 30-40 of them.

So, what will eventually benefit the larger players is as the smaller guys are not able to ramp up because the customer requirements are getting very stringent, customers want to deal with larger organized factories, that definitely is going to bode well for the larger producers.

Now, as a matter of company policy, we would not like to comment on any specific competitor, but I'm very happy to state that the difference in size in terms of capacity and volumes etcetera, between us and the nearest competitor would be significant today. So, we are by far the largest player in India.

Aditya: Understood sir. Thanks for answering my questions.

Moderator: Thank you. Next follow-up question is from the line of Deep Gandhi from ithought PMS. Please go ahead.

Deep Gandhi: Okay. Just one question on the demand outlook now. So, if we understand, I mean, the tire companies are facing lot of issues because of the rising crude prices and hence the rubber prices and similarly on ground we hear that even in Morbi there are lot of plant shutdowns due to gas shortage and all.

So, what kind of conversation you are having with the client in terms of demand for next

one-one and a half year because the Gujarat plant -- for Gujarat plant the ceramic is going to be a significant contributor to start scaling up. So, just some understanding on that?

Anirudh Jhunjhunwala: So, two parts to this, one is the ceramic sector in Morbi. Yes, we also hear that some plants are closed because of non-availability or reduced availability of gas. So, some ceramic plants are closed. But however, this is a temporary thing, this will be there till the geopolitical tension continues or the war continues.

By the time our Gujarat facility comes on stream, we still have about five to six months, five months almost for it to come up. So, we cannot really predict what the scenario will be there, but yes, there is a demand for the ceramic products which has not come down. Production is less, so we expect as and when production normalizes, there will be a huge pent-up demand for those customers of ours in their final product.

So, I mean, whether it'll come back in two months, three months, five months, we don't know, but hopefully it should not be more than five-six months, this situation continues. As far as the tire demand is concerned, yes, tire industry is facing a huge input cost pressure in all their items.

Currently how they are passing on to the market, we are not fully aware of that, whether the tire prices entire thing has been passed on or not. However, what we can say that even as we speak the months of May, June, we have a very, very healthy order book and a very healthy demand projection.

So, currently we are not witnessing any slowdown from the tire industry and what we hear that the demand for tires is quite strong in the market and even our projections what they have given for the month of June are almost at par with what was there in April and May. So, this much information we can give you as of now.

Deep Gandhi: Sure, sir. And the clients are not asking for any kind of maybe price discounts because they are facing the input cost inflation, no such conversations with client on that, right?

Anirudh Jhunjhunwala: No. In fact, the cost pressure that we are facing, we are being able to pass on to the customers because the customers appreciate that as an intermediary supplier, we need to pass it on and because of our long-standing relationship, we are able to pass on those increases to our customers.

Deep Gandhi: Sure, sir. That's it. Thank you.

Moderator: Thank you very much. As there are no further questions, now I'd like to hand the conference over to Mr. Anirudh Jhunjhunwala for closing comments.

Anirudh Jhunjhunwala: So, ladies and gentlemen, friends, once again, thank you all for joining this call today. If you have any other follow-up questions etcetera, you can always reach out to SKP Securities or to us. We will be more than happy to answer them. Thank you once again

everybody for joining. Wish you a very good day. Thank you.

Moderator:

Thank you very much. On behalf of SKP Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.