

JG Chemicals

10 August 2026

Operator: Good morning, ladies and gentlemen. Welcome to the JG Chemicals Limited Q1 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 opening remarks. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I will now hand the conference over to Mr. Naveen Agarwal, Head Institutional Equities at SKP Securities Limited. Thank you and over to you, Mr. Agarwal.

Naveen Agarwal – SKP Securities Limited: Good morning, ladies and gentlemen. My apologies for the delayed start due to some technical grounds. It is my pleasure to welcome you on behalf of JG Chemicals and SKP Securities to this financial results conference call. We have with us Mr. Anirudh Jhunjunwala, MD and CEO, Mr. Anuj Jhunjunwala, Whole-time Director and CFO, Mr. Amit Agarwal, General Manager, Accounts and Finance. We'll have the opening remarks by Mr. Anirudh Jhunjunwala followed by a Q&A session. Thank you and over to you Mr. Jhunjunwala.

Anirudh Jhunjunwala – MD & CEO: Thank you so much. A very good morning to everyone and a warm welcome to JG Chemicals earnings call for the first quarter of the financial year 2027. We sincerely appreciate the time all of you have set aside to join us today. However, before I begin, I would like to take a moment to express our deepest condolences on the sad and very untimely demise of Shri Ashok Bhandari ji, independent director of our company, who passed away on August 3, 2026. Mr. Bhandari was an integral part of the company's leadership and made valuable contributions through his wisdom, experience, and guidance. His passing is an irreparable loss to the company. On behalf of the board and the management, I extend our heartfelt condolences and deepest sympathies to the bereaved family.

As we begin the new financial year, I am pleased to share that the company has started on a very strong note. JGC delivered its best ever quarterly performance in Q1 FY27, continuing the strong momentum established in FY26. We witnessed strong demand across our end-user applications with revenue, EBITDA, and PAT each reaching all-time new highs quarterly. This performance reflects disciplined execution and favorable demand conditions, and we are also seeing this momentum continue into the current quarter as we sail through that. Let me take you through the key operational and strategic developments.

By way of a brief introduction of our company, 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 5 zinc oxide producers. Our products today find application across a wide spectrum of industries including rubber, tyre, ceramics, paint, coatings, pharmaceuticals, cosmetics, agriculture, electronics, EVs, and also a wide range of specialty chemical applications. Today, our customer franchise extends to more than 200 domestic customers and over 50 international customers. And we are proud today to supply to every Indian major tyre manufacturer and also to 9 out of the top 10 global tyre companies.

Our manufacturing is anchored at our facilities in West Bengal and Andhra Pradesh, which together today command an installed capacity of close to 70,000 metric tons per annum. With the addition of Gujarat project targeted for commissioning in Q3 FY27, and once both phases of the Dahej plant

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JG Chemicals

are on stream, our combined zinc chemicals capacity will exceed 1,15,000 metric tons per annum, a scale that would position us amongst the top 3 zinc chemical producers globally.

Let me now take you through some other strategic developments of the quarter. As far as product development and R&D is concerned, tailor-made product development remains a cornerstone of our business, with over 90 specialty grades of zinc oxide developed to meet diverse customer requirements. During this quarter, we introduced a new grade which is called the Lab Pure zinc oxide, a high purity grade for analytical reagent application. We also introduced JG ZRA, a zinc oxide rubber activator designed for specific non-tyre customer requirements with strong demand and export potential. We are also at an advanced stage of acquiring a patent for another chemical jointly developed with the premier research institute in India, offering improved processability, superior cure characteristic, and also easy handling. Further strengthening our innovation capabilities, recently the R&D center at our Naidupeta plant was inaugurated, supporting new product development, polymer testing, and enhanced product quality across the rubber, cosmetic, agriculture, and other end-user industries.

Coming to sustainability, our Naidupeta facility continues to be a structural differentiator, being the only IATF certified zinc oxide facility and also holding WHO-GMP accreditation along with several pharmacopoeia certifications. Sustainability and circularity remain deeply embedded in our operations with our recycled zinc-led model well-positioned as the tyre industry sharpens its focus on green chemicals. Phase one of our Naidupeta solar power project is operational, with further ESG initiatives under evaluation. The brownfield expansion at our Naidupeta facility is also progressing well in parallel, and we expect to commission that also in Q3 of the current financial year.

Coming to recycled rubber project, the recycled rubber project has now been branded as JG-PUR, which means tyre upscale rubber. The pilot trials have received a very good response from our key customers, and we are working with them to further enhance product development and optimization. In parallel, the company is also working on a detailed commercial plan for the project with capex, capacity, timelines, and revenue potential, which shall be shared at an appropriate time.

Coming to the Dahej greenfield capacity expansion in Gujarat, the company is progressing well with its 40,000 plus MTPA zinc greenfield chemical facility in Dahej. The civil work is in advanced stages and equipment installation is already underway. With an investment of about 100 crores, the estimated revenue potential will be 900 crores. Phase one of the zinc oxide production is targeted for commissioning, as I mentioned, in Q3 FY27. Once operational and stabilized, the facility will strengthen JGC's presence in Western India, enable deeper penetration into high-growth non-rubber segments such as ceramics, specialty chemicals, pharmaceuticals, and agriculture. This will support further margin expansion to higher value-added products and improve product mix. Recently, the company has also...

Management: We propose to incorporate DDG Materials and Metals Trading FZCO in Dubai, UAE, which upon incorporation will become a wholly-owned subsidiary of BDJ Oxides Private Limited, a material subsidiary of JG Chemicals, and consequently a step-down wholly-owned subsidiary of JG Chemicals Limited. The entity will focus on sourcing raw materials for the principals and also help in sale and distribution of finished goods in the global market, further strengthening the company's global reach and distribution capabilities for both selling and sourcing.

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Let me now share our perspectives on the industry that we operate in. As far as demand is concerned, our customers, the tyre and the rubber, remain the largest pillar of our business, and demand momentum across the tyre industry remains robust through the previous quarter and Q4 ending FY26 and this has continued into the current quarter also. As per ATMA, Q1 FY27 saw volume growth across major vehicle categories, passenger vehicles growing up to 26.6%, two-wheelers 16.5%, commercial vehicles 16.48% and three-wheelers more than 11% year-on-year. Strong demand from OEMs coupled with healthy replacement demand is expected to support future growth. We are also seeing a trend of several large OEMs expanding their production capacity in India to serve both the domestic and the export market. As far as the tyre industry capex is concerned, Indian tyre majors are expanding their capacities to cater to this demand with approximately 25,000 crores of capex already announced by leading tyre manufacturers and up to this, roughly today 25% of the tyres produced in India are being exported. When the tyre industry invests, JG Chemicals is a direct beneficiary and our customers today continue to operate at high capacity utilization, which is very encouraging.

As far as raw material security is concerned, despite the ongoing global supply chain disruption, which has been quite severe over the last quarter because of the war etc., JGC's scale, financial strength and the long-standing supplier relationships have ensured that your company has had uninterrupted supply of raw materials, enabling us to maintain a continuous supply to our extremely wide customer base. As far as the non-rubber applications are concerned, outside the rubber and tyre, we continue to see encouraging traction in the non-rubber segments such as pharmaceuticals, ceramics, specialty chemicals and agro. Our focus on product customization and customer-specific solutions continues to strengthen these partnerships. However, a more meaningful step-up of our non-rubber share will come once the Dahej facility is commissioned, given that a significant portion of non-rubber consumption is concentrated in Western India, particularly the Gujarat belt.

Taken as a whole, we remain extremely confident about the long-term prospects of the zinc chemical business supported by our deep customer relationships, continuous product innovation and sustainability-led approach. Going forward, our focus will remain on expanding our product portfolio, deepening our presence in domestic and global markets, diversifying customer applications across end-user industries, and also ramping up our zinc sulfate business and expanding into new geographies. Together with our capacity expansion roadmap, these initiatives position JGC strongly to drive sustainable growth, enhance value creation and capture a significant share of the opportunity that lies ahead. With these opening remarks, I would now request our CFO, Mr. Anuj Jhunjunwala, to take you through the financial highlights of the quarter. Over to you Anuj.

Anuj Jhunjunwala – CFO: Thank you. Good morning once again everyone. And I will now walk you through our financial performance for the first quarter of the current financial year. I am pleased to share that in this current quarter, your company witnessed its highest ever quarterly sales, EBITDA and PAT. For Q1 FY27, our consolidated revenue from operations stood at {? 315.7 crores ?}, registering a year-on-year growth of 44.8% and increasing 10.3% sequentially over Q4 FY26. This strong performance during the quarter was driven by favorable demand conditions across our end-user applications and supported by disciplined execution. We are continuing to witness strong demand in the current quarter as well and expect higher sales in the current quarter. These factors collectively enhanced operating leverage and supported the movement in EBITDA margins as well.

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JG Chemicals

10 August 2026

The EBITDA for the current quarter was 36.3 crores with a margin of 11.5% as compared to {? 10.64% ?} in the corresponding quarter last year. The PAT for the quarter was 26.1 crores with a PAT margin of 8.27% as compared to {? 7.52% ?} in Q1 FY26.

As we had mentioned earlier, the ongoing geopolitical conflict had impacted global supply chains, causing drops which is our primary raw material, but the company's strong supply chain relationships have ensured continuous supply of its key raw material and fulfilling all its customer requirements. We remain optimistic that the demand momentum will sustain throughout the year and with the new greenfield Gujarat plant and the Naidupeta brownfield capacities getting commissioned in Q3, JGC remains well-entrenched to cater to the increased demand going forward. Thank you ladies and gentlemen and we would like to now open the floor for the Q&A session.

Operator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. Each participant is requested to limit himself or herself to a maximum of 2 questions. Time permitting, we shall revert for any further questions that you may have that remain unanswered. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use their handsets while asking a question. One moment please while we poll for questions. We take the first question from the line of Harsh Motika from SKP Securities Limited. Please go ahead.

Harsh Motika – SKP Securities Limited: Good morning sir. Congratulations on a record quarter. Sir, while we do see that the revenue has grown by 44-odd % year-on-year, can you please point out how the utilization stood during the quarter and what sort of volume growth it has witnessed across our product categories?

Anuj Jhunjunwala – CFO: So, the utilization levels are in early 80s right now as we speak and the volume growth was in double digits for the current quarter.

Harsh Motika – SKP Securities Limited: Sir when you say double digits, is it across categories or is it largely for zinc oxide?

Anuj Jhunjunwala – CFO: Across categories. When we say this, it's generally across categories.

Harsh Motika – SKP Securities Limited: Okay. And sir when we come to the EBITDA margins, we again had a record EBITDA this quarter and a great margin at 10.6%, but how much of this can be attributed to the inventory gains that the management had been pointing out for the past quarters and how much of this is reversible?

Anuj Jhunjunwala – CFO: So, you see, we've always maintained that in our industry the EBITDA margins would be in the range of 10 to 12% and going forward, we will have higher margins because of higher value-added products. And even in the current quarter as we speak, the share of specialized applications and the higher-priced customer orders had increased. So, it is a function of operating leverage, it is a function of higher price and higher margin orders, and plus a small amount of inventory gains which accrued during the current quarter. I would say structurally our EBITDA should be in this range going forward and as we've just highlighted a short while back, with

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JG Chemicals

the launch of newer products and more customized applications, the margins should inch up going forward.

Harsh Motika – SKP Securities Limited: Okay. Thank you sir. And sir on the capex side, the Dahej plant that was supposed to come up in Q3 of this year as per the presentation. So sir could we expect this to come up early in Q3 or would it be more towards the end of the calendar year?

Anuj Jhunjunwala – CFO: I would say it would be sometime in November would be a good estimate.

Harsh Motika – SKP Securities Limited: Okay. Thank you sir and joining the queue again for questions.

Operator: Thank you. We take the next question from the line of Dinesh Thakur from Plus 91 Asset Management. Please go ahead.

Dinesh Thakur – Plus 91 Asset Management: Hello, good morning sir, and congratulations for getting a good set of numbers. I have few set of questions. Have we started seeding the ceramic market ahead of Dahej commission?

Management: Yes, so as we've mentioned earlier also, the company has been seeding the ceramic market for the last year or so, or maybe slightly more, and we have already established good customer relationships. Now it is only dependent on the facility there, once the facility starts, we expect that the ramp up of production to the ceramic business should go up quite quickly. So we've already started to seed the market and we are seeing encouraging results because customers there are also looking for us to set up a facility there and service them more closely.

Dinesh Thakur – Plus 91 Asset Management: Okay. And how long does customer approval typically take in ceramic industries? And how is the ceramic approval process compared with the tyre industry?

Management: So as mentioned earlier also, we've already started to seed the market so customers are aware of us, relationships have already been established. And as far as the specific question which relates to the difference in the approval process between say a tyre and a ceramic, the ceramic approval process is fairly quicker, it should be roughly in the range of 1 to 3 months. It should be possible, more so because we've already established customer contacts from before.

Dinesh Thakur – Plus 91 Asset Management: Okay. And approval process compared to the tyre industry?

Management: Tyre industry remains to approximately {? 5 years ?} approval processes in the tyre industry.

Dinesh Thakur – Plus 91 Asset Management: Okay, yeah. Thank you, I'll join the queue again.

Operator: Thank you. We take the next question from the line of D. Shah from Sapphire Capital. Please go ahead.

D. Shah – Sapphire Capital: Hello, am I audible sir?

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JG Chemicals

10 August 2026

Management: Yes, please.

D. Shah – Sapphire Capital: Yes, thank you so much for this opportunity. So sir you mentioned the volume growth this quarter has been double digits. So sir we've seen a firm increase in our realizations. So do we expect these realizations to sustain and when do we expect this normalization to begin?

Anuj Jhunjunwala – CFO: I think this is the new normal in terms of realizations because the prices of all commodities have increased. Zinc has also gone up in Q1, and I don't see any reason why commodity prices would go down in the near future. I would say this would be the new normal going ahead.

D. Shah – Sapphire Capital: And sir will it be possible for you to quantify the inventory gains that you had this quarter?

Anuj Jhunjunwala – CFO: No, it's difficult for us to quantify this number, but I would say it's not been that significant. I mean, the margin improvement is a function of a lot of other factors which I outlined earlier.

D. Shah – Sapphire Capital: Because of the higher price orders and the increase in the specialized application, I think these were the reasons.

Anuj Jhunjunwala – CFO: And the current quarter is also seeing the same traction.

D. Shah – Sapphire Capital: Okay, okay. That is very good to hear sir. So for the Dahej plant which you are expecting to come up in November, just wanted to understand a bit more on the ramp up. What sort of utilization are we targeting for this year and for the next year?

Anuj Jhunjunwala – CFO: So this year, if we assume about 3–4 months of utilization, obviously the utilization numbers will not be very high vis-a-vis the capacity. But I would say when we talk about next financial year, which is the first full year of operations, we should be looking at minimum 50 to 60%.

D. Shah – Sapphire Capital: And the FY29 we'd expect to reach the peak.

Anuj Jhunjunwala – CFO: Yeah, I mean, ideally yes. And then we would start phase two, by then we would start the phase two expansion.

D. Shah – Sapphire Capital: Okay, okay. Sir, any sort of color if you could provide as to how much capacity we are adding or is it purely cold based at this time?

Management: We've already indicated that the total capacity that is being added is about 40,000 tons and in short phase it would be in the range of 15,000 to 17,000 tons.

D. Shah – Sapphire Capital: Okay, okay. And sir with this the margin expansion that you said because of the higher value add products, we expect margins to go up to 13 to 14%. Can we expect to hit this mark by FY29?

Anuj Jhunjunwala – CFO: Yes, I think so.

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JG Chemicals

10 August 2026

D. Shah – Sapphire Capital: Okay, okay. That is it from my side. I'll get back in the queue. Thank you.

Operator: Thank you. We take the next question from the line of Bimal Panchal from Bimal Panchal and Associates. Please go ahead.

Bimal Panchal – Bimal Panchal & Associates: Hello.

Operator: Bimal please go ahead.

Bimal Panchal – Bimal Panchal & Associates: Good morning sir. Congratulations for the good set of numbers. One of the prominent shareholder is Massachusetts Institute of Technology. Can you tell us how they have acquired shares of our company?

Anuj Jhunjunwala – CFO: Can you repeat your question again?

Bimal Panchal – Bimal Panchal & Associates: One of the prominent shareholders in FII categories is Massachusetts Institute of Technology. So can you just tell us how they've acquired, what is the story behind how they are acquiring?

Anuj Jhunjunwala – CFO: They've acquired in the open market, Bimal.

Management: ...the anchor investors in the IPO. So they've been invested in the company since day one.

Bimal Panchal – Bimal Panchal & Associates: Correct. Investor before the IPO. Okay. Now what would be the payback period for the Dahej project and what is the expected ROI?

Management: Usually in our company we always look at a payback period of 3 to 4 years and I think in the past we've always been able to achieve that, so going forward our target for the Dahej plant as well as other capex plans that are currently being contemplated is in the range of 3 to 4 years mostly.

Bimal Panchal – Bimal Panchal & Associates: And what is the expected ROI from that?

Management: So the ROCE would be in the mid-20s. So basically if you want a payback in 4 years, you have to generate 25% per year, only then in 4 years you get the payback.

Bimal Panchal – Bimal Panchal & Associates: Okay. And what is the company's volume growth outlook for the current year?

Management: So as we've indicated, the volume growth has been in mid-teens for the current quarter.

Bimal Panchal – Bimal Panchal & Associates: Okay. Right. Right. These are my questions. I will come again. Thank you.

Operator: Thank you. We take the next question from the line of Dipesh Jain from Batlivala & Karani. Please go ahead.

Dipesh Jain – Batlivala & Karani: Hi. Am I audible?

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JG Chemicals

Management: Yes please go ahead.

Dipesh Jain – Batlivala & Karani: Yeah. Okay. How much additional capacity will be unlocked through the Dahej project debottlenecking and what is the capex being done for the same? And how much is left to be done?

Management: So the total capacity being added is about 5,000 tons. On the exact capex figure I'll need to check because a lot of utilities etc. have been already been created beforehand and over the last few years we've been building certain capabilities every year. So exactly the number I'll need to check and come back to you.

Dipesh Jain – Batlivala & Karani: Okay. And what is the utilization that's expected at Dahej in FY28 and how quickly can Dahej ramp up to its fully achievable capacity?

Management: So as I just mentioned in the previous question that in FY28 we expect a utilization of 50% to 60% minimum. And the following year we expect to be in the 70s range and by then we could start the expansion of phase 2. So every year we'll keep on adding capacity depending on the market situation.

Dipesh Jain – Batlivala & Karani: Right. And with these higher prices of zinc specifically, does it affect our EBITDA margin or what is the effect of this volatility?

Management: So we are neutral to zinc prices if you ask me honestly. So whether zinc is at 3,000 or 3,500 or 3,600 it really doesn't matter to us.

Dipesh Jain – Batlivala & Karani: Right. And how do you plan to leverage the certificates to expand into Pharma and Specialty Chemicals?

Management: So over the years we've acquired these certificates and once our foray happens into Gujarat as with the Dahej facility also we would have these certifications. So basically these certificates create a differentiation factor. So when the customer in India does not have option to deal with zinc oxide producers with these certifications, so obviously the level of confidence increases. More so these certifications also come in use for global exports because those companies are surely looking at these and these are the minimum benchmarks they create to approve a supplier.

Dipesh Jain – Batlivala & Karani: Right. And what is the percentage of exports of your total sales?

Management: Today it would be between 10% and 15%.

Dipesh Jain – Batlivala & Karani: And going ahead maybe FY28, 29 once the capacities amply come in?

Management: It would be in the similar about 15% and try to inch up.

Dipesh Jain – Batlivala & Karani: Right. Thank you so much.

Operator: Thank you. We take the next question from the line of Jayam Bhirawat from Yes Securities. Please go ahead.

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JG Chemicals

10 August 2026

Jayam Bhirawat – Yes Securities: Hi. Thank you so much for the opportunity. Couple of questions from my end. Firstly how much capacity is expected to come in the phase I of the Dahej project and what will be its contribution to the margins once it's operational?

Management: Phase I as I just mentioned in the previous question would be in the range of 15,000 to 17,000 tons per annum and revenue potential would be in the range of 300 to 400 crores and the EBITDA margins that we expect to generate from that project would be in the 11 to 12% range.

Jayam Bhirawat – Yes Securities: Okay, okay. And can you please help me with how the capex number for the Q1 and how much capex will be done in the remaining nine months of FY27?

Management: I'll come back to you offline on the number. I don't have the number readily available with me on the exact capex which has been done in this current quarter.

Jayam Bhirawat – Yes Securities: Okay. Okay. And for the nine months of 27 remaining?

Management: I'll come back to you offline on both these numbers.

Jayam Bhirawat – Yes Securities: Okay. Okay. No worries. Secondly I wanted to understand like what EBITDA margins can the company achieve as the share of value-added products increases going forward?

Management: So as you know going forward our target would be to get to an EBITDA margin level of about 14 to 15% with the higher share of value-added products that we are foray-ing into now.

Jayam Bhirawat – Yes Securities: Okay, okay. And a last question from my end, what's the company's long-term strategy for increasing the contribution from the non-rubber applications segment?

Management: So as we've always maintained that rubber and tyre continues to be our main stay and this is a good segment to operate in. So the company would be taking all efforts to increase and keep harnessing the potential of this sector. But at the same time the Indian market is witnessing and also throwing open a lot of other sectors which are more value accretive and the company is with this Gujarat facility very well positioned to capture that demand. So moving forward with the starting of the Gujarat facility this segment will go and grow probably at a much faster pace than the rubber and the tyre and hence the overall contribution of non-rubber segment will be higher than what it is today. Plus the company is also foray-ing into new products like we just mentioned which is about G-1 rubber etc. So these would obviously be in the tyre and the rubber segment but it would be a completely different line of the business. So it will be very different from zinc oxide. So as I mentioned rubber and tyre will grow, but because other segments are also growing very well in India, our overall share of that segment will increase going forward.

Jayam Bhirawat – Yes Securities: Okay, okay. Thank you so much.

Operator: Thank you. We take the next question from the line of Vineet Thakur from Plus 91 Asset Management. Please go ahead.

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JG Chemicals

Vineet Thakur – Plus 91 Asset Management: Yeah. So what are the key operational challenges in scaling a ceramic business? And at what utilization levels did JG consider further capacity expansion?

Management: So there are no real challenges for the ceramic applications because as I mentioned we're already seeding the market and it's a grade which is not difficult considering our expertise in the zinc oxide manufacturing. We've been doing this for decades and the product portfolio that we currently have, we are making much much higher grades than the ceramic grade. So this will not be a challenge. And as we've always maintained that once we hit the late 70s and early 80s is the time when we start looking at further capex.

Vineet Thakur – Plus 91 Asset Management: Okay. And what is the expected customer mix at Dahej facility?

Management: Sorry?

Vineet Thakur – Plus 91 Asset Management: What is the expected customer mix?

Management: So we will continue to cater to the tyre industry, the ceramic industry, the agriculture, the specialty chemicals. It'll be a mix of everything because Gujarat has very large customers in all segments. But tyre would be about 60% of it and 40% would be others. Just to give an indication, two of the largest tyre companies in India are located at a distance of less than 10 to 15 kilometers from our plant. So obviously tyre would continue to be an important contributor.

Vineet Thakur – Plus 91 Asset Management: Okay. Thank you.

Operator: Thank you. We take the next question from the line of Deep Gandhi from IThought PMS. Please go ahead.

Deep Gandhi – IThought PMS: Yeah. Hi sir. Congratulations on a great numbers. So first is, I mean as you mentioned that the reason for margin improvement was higher share of non-rubber this year. So I mean if you can quantify what was the percentage share of non-rubber in this quarter and the same number for last quarter and last year same quarter? So just to understand the EBITDA.

Management: This quarter the share of non-rubber would be close to 18% or so. I don't have the exact number available for the previous quarter but as we've guided earlier, gradually this number is inching up. Every quarter year-on-year we see the non-rubber share increasing because the markets are getting created in India, the demand from those segments is coming fresh. So we are seeing that increasing going ahead. One thing which we'd like to mention which probably we haven't touched base here is that every crisis throws over an opportunity. The last quarter was definitely a difficult quarter in terms of the geopolitical situation, the cost push that happened in terms of energy, raw material etc. So these are the times when the tough get going and I think as a company we've taken very strong initiatives over the last 3 months in order to cut costs, in order to more cost optimization. So those efforts have also yielded results and the inch up in the margins that you see in the current quarter, a good part of that is also due to the cost initiatives that the company has taken. And the good part about these initiatives are that once it's on board these are more sustainable in nature and these last through and they are not dependent on any short-term

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JG Chemicals

gains. So these accrue over a longer period of time and continue to do so.

Deep Gandhi – IThought PMS: Sure. But sir, in this quarter there was almost 6–7% increase in zinc prices on a quarter-on-quarter basis. And if I look at the zinc prices they've further increased from June to August. I mean the increase almost 6–7%, further 6–7% increase. So can we expect higher inventory gains in Q2 compared to the number which we saw in Q1? Q1 you mentioned it was very minuscule. But in Q2 can we expect higher inventory gains?

Management: As we said that the numbers are a mix of various things and without saying too much about it I would like to say that the current quarter is also experiencing similar margin profile and the numbers that should come out.

Deep Gandhi – IThought PMS: Okay. And sir, third is on the rubber recycling project. So if you can give us some more clarity, I mean if you can share some tentative numbers around the capex, what potential you are seeing and what are the timelines? because we've been very positive about it for last two, three, four quarters now. So if you can give us some more clarity here.

Management: As we've mentioned to you before that any product development or if you were even trying to introduce a new producer to the tyre and rubber sector, it is usually not a very short-term project. This takes time but because we already have very established relationships with our customers our process is moving fast. Customers have tried our material from the pilot scale, they've been happy, they've suggested, we're working very closely with them in order to formulate the product which is as per the requirement. So hopefully these things are now done and now we would be looking at working parallelly for setting up the commercial scale. And we hope that in the next 12 months we should be able to commercially start this project and then the ramp up should be good because there is an eminent need for the tyre business and the tyre industry in general to look for recycling alternatives. So this product that we're doing currently is a very very good option in terms of the tyre industry to increase the recyclable content. Zinc oxide what we do is anyways recycled so they are very happy that whatever zinc oxide they use we are now targeting 100% recyclable content. This rubber that we are developing is also from 100% recycled rubber. So this will also be a great initiative for the tyre industry in terms of their ESG commitments and their commitment to increase the recyclable content. So we expect faster traction in this product because it's simple when the customer needs something the things move faster than when you need the customer.

Deep Gandhi – IThought PMS: Sure. Sir, last question on the two guidances. So till last quarter we had guided that in FY28 the utilization of Dahej plant will be 65 to 70% but we've slightly reduced it to 50–60% now. So clarity on that. And secondly on the margins our guidance was 13–14% EBITDA but we've slightly inched that up to 14–15%. So if you can help us understand what is driving the change in both these guidances.

Management: Guidance as far as the next financial year is concerned, we are still maintaining close to 50 to 60%. Obviously we had earlier envisaged the project to start in the first half of the current financial year. Now it's starting in the third quarter. So accordingly we like to give a conservative approach. So we would still be targeting close to 60% but for conservatism let us put it at between 50 and 60%.

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JG Chemicals

10 August 2026

Deep Gandhi – IThought PMS: And sir on the margins?

Management: Margins as our CFO just mentioned it would be approximately close to 14% EBITDA because stronger products are being developed and over the last quarter we've also invested in...

Management: ...be said and come out with one or two new products and another product is also on the anvil, in which we are expecting the patent to come very soon. So, these products would obviously lead to higher realization and hence the small increase in the EBITDA percentage that we are targeting.

Ashish Soni – Family Office: Okay. Thank you. All the best.

Management: Thank you.

Operator: Thank you. We take the next question from the line of Ashish Soni from Family Office. Please go ahead.

Ashish Soni – Family Office: This higher EBITDA, you said it will be contributing from the new Dahej plant for which particular sectors will it be applicable and any customer profile if you can share?

Management: See, the EBITDA would be on a consolidated company level. And due to operating leverage and various other factors that we've guided. It's not that the Dahej plant is the only plant where the EBITDA margins would be {? 14, 15% ?}. Overall, the margin mix on a consolidated basis would inch up to that number.

Ashish Soni – Family Office: That's fine, but which sectors will be contributing more to that? Or the products in for which sectors is what I'm interested in.

Management: This would be pharma, specialty chemicals, cosmetics, certain electronic applications. These would be the sectors which could lead to higher margin profile.

Ashish Soni – Family Office: And Dahej facility, full capacity utilization by FY29 is the realistic assumption?

Management: I mean, we would inch up to close to 80% and that is where we would go in for the next phase of expansion.

Ashish Soni – Family Office: Okay. And again, it will be on more higher value added products. Is that understanding correct?

Management: Yes, our expansion, our product mix is always a mix of all the three. It is not that the entire product will be only on higher margin. It'll be a mix of all products.

Ashish Soni – Family Office: Okay. And your Naidupeta plant is {? IATF ?} approved. So what does it help you and which particular, because it's one of the only global what I read from your PPT. So where does it help you exactly in what sort of end user customer industry?

Management: So, this is mainly helpful in the tyre business. So, it is a requirement for the tyre companies to be IATF and Tier 1 suppliers to be automotive companies. For the Tier 2 suppliers, it is

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currently not mandatory. But however, any tyre company when it's evaluating its vendor base, they appreciate a supplier of theirs being IATF. So this gives them more confidence and I think this is one of the reasons why we are able to place larger share of business on us because they see us being an IATF is not an easy thing. Because ultimately, they themselves are IATF and they understand the rigors behind it. So they appreciate us being there.

Ashish Soni – Family Office: Okay, thanks and all the best for the future.

Management: Thank you so much.

Operator: Thank you. We take the next question from the line of Sarvagya Goyal from Serene Alpha. Please go ahead.

Sarvagya Goyal – Serene Alpha: Hi. Am I audible?

Management: Yes, please go ahead.

Sarvagya Goyal – Serene Alpha: Hi. Good morning and thanks for the opportunity. I had two questions. One is to understand particularly on the new capex that we are expecting to be commercialized in Q3, right? I just wanted to understand how fast can we ramp up on that facility?

Management: So, Q3 the project would get commissioned and we expect to reach a utilization level of 50 to 60% in FY28 and FY29 we expect to reach up to about 70 to 80%. And by then we would have started the phase two construction as well for the project.

Sarvagya Goyal – Serene Alpha: Okay. And you mentioned the current growth momentum is likely to be there in the current quarter. I just wanted to understand about its sustainability in the coming quarters, maybe in Q3 and Q4. How do you look at it?

Management: So, structurally, India is doing well. The automobile business is doing well and hence the tyre and rubber is doing well. Apart from that, even whether you take the ceramic business, you take the pharma business or you take any other business, today as an economy, India is doing well in terms of manufacturing. And the demand in terms of even the consumer products is very good. So we are very hopeful that this demand scenario should continue in the next part of the year also. I mean, after the GST reforms etc., I think as a country we have structurally moved ahead and I think the demand scenario is quite good and very favorable currently.

Sarvagya Goyal – Serene Alpha: Means, just one more clarification. Maybe I missed earlier. The current quarter margins, which are at 11%, do you see them to sustain?

Management: As we have mentioned, that the momentum which has come in the last quarter should continue in the current quarters also.

Sarvagya Goyal – Serene Alpha: So, I'm asking from the perspective of normalization the way we are going, right? The kind of product mix we do have. Looking at that, are these margins structurally going to be there maybe for this year or next year? That's what I'm trying to understand.

Management: The current year, we expect the margins to remain this. And going forward in the following years, as we mentioned, we expect margins to inch up further because by then Gujarat

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would be in its full year of operation and on a standalone basis, the Gujarat plant would be higher margin business. So blended EBITDA should also go up.

Sarvagya Goyal – Serene Alpha: Got it. Got it. Thank you. Thank you, sir, and all the best for the future.

Management: Thank you very much.

Operator: Thank you. We take the next question from the line of Shreyas Shah from 3A Capital Services. Please go ahead.

Shreyas Shah – 3A Capital Services: Hello. Am I audible, sir?

Management: Yes.

Shreyas Shah – 3A Capital Services: Shreyas, I'm sorry to interrupt you, but your audio is not too loud. Could you please use your handset?

Shreyas Shah – 3A Capital Services: Is it better now?

Management: Slightly better.

Shreyas Shah – 3A Capital Services: Yeah. So has the current geopolitical scenario where sourcing has become difficult helped market leader like us? And have we observed shift from unorganized to organized markets?

Management: So, you've very rightly pointed out. I mean, every crisis also throws an opportunity and you've rightly hit the nail on the head that for an established player like us who has muscle power in terms of finances and also the supplier reach, this situation has helped customers place more confidence on us vis-a-vis maybe the, I would not say unorganized, but slightly less organized. And to a certain extent, also the unorganized segment because this current quarter was characterized by a lot of supply side constraints. So obviously the customer, and our customers were working very well. Their plants were running at almost full capacity. So obviously, their confidence in dealing with a vendor like JG goes up quite a bit because they know our reach in the global market.

Shreyas Shah – 3A Capital Services: Great to hear that, sir. So my next question is, are we looking to sell our product directly to ceramic, pharma, specialty chemicals players as we did in tyre or we'll sell our product via distributors?

Management: No, our aim is always to be direct to the customer and we will continue to do that and I would expect close to 90% of the new sales also to be driven directly from us directly to the customer.

Shreyas Shah – 3A Capital Services: Okay. And could you please provide a capacity-wise breakup of the 15,000 to 18,000 that we are expanding between zinc oxide and zinc sulfate and other allied chemicals?

JG Chemicals

10 August 2026

Management: So, currently the 15,000 to 18,000 which Anuj just mentioned some time back is purely zinc oxide that we are talking of.

Shreyas Shah – 3A Capital Services: Okay. And just one last question. Could you please provide revenue breakup between zinc oxide and zinc sulfate in FY24?

Management: So, the revenue for zinc sulfate is less than 5%. I don't have the exact number with me but it's less than about 5 to 6% of the overall sales.

Shreyas Shah – 3A Capital Services: Okay, this was helpful for me. Thank you so much and all the best for the future, sir.

Management: Thank you so much.

Operator: Thank you. We take the next question from the line of Deep Gandhi from Ithought PMS. Please go ahead.

Deep Gandhi – Ithought PMS: Thanks for the opportunity again. So, sir, as you were mentioning that we are already at 80% utilization and the new plant is only going to come in November. So, I mean, in Q2 and part of Q3, are you confident of seeing double-digit volume growth or the growth will be slightly more driven by value?

Management: So, when we say 80% we mean 80% of the achievable capacity. So we still have room to increase our capacity from the 80s to the 100% level. So, we are not talking about the installed capacity, talking about the achievable capacity. So I think we should be easily able to ramp up our capacities and ramp up our production as and when required from the customers and through debottlenecking and through improved efficiency, the productivity per line has also been increased in the last few years.

Deep Gandhi – Ithought PMS: Sure, sure. And sir, just last question. I mean, we've talked about quite a few new products in this quarter's presentation like {? Lapyore, Zarais ?}. If you can give us some sense about the market size of these products, what is the export potential and what kind of margins do we make in such kind of niche products?

Management: So, these products would be mainly targeted to the non-tyre customer and for exports also to the non-tyre rubber applications as far as {? Zarais ?} is concerned. These products are slightly higher margin accretive because there are not many people making this and this is fulfilling certain needs of the customer, I would let's put it this way, this is fulfilling certain issues which the customer faces in his operational process and we would try to solve their, identify and solve their problem. So when you're solving somebody's problem, it is always a happy scenario for both the seller and the buyer. So in that sense, these products should be, again, they are niche products. They will take time to ramp up, but we expect that once it enter a customer's home, then it remains sticky in nature and the customer will be kind of compelled to use this going forward.

Deep Gandhi – Ithought PMS: Okay, okay. Thank you.

Operator: Thank you. Ladies and gentlemen, we take the last question from the line of Lakshmikant, an individual investor. Please go ahead.

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Lakshmikant – Individual Investor: Hello. Am I audible?

Operator: Yes, please go ahead.

Lakshmikant – Individual Investor: Thank you very much for this opportunity. I have a couple of questions like what will be the strategy for development of products such as the sodium sulfate, zinc sulfate? What will be the future growth plan with regarding such specialized products which are, which you think will be driving the growth of the company?

Management: So, zinc sulfate is one of those products that you're speaking about. As far as zinc sulfate in particular is concerned, the Southern India market continues to be attractive. There are no large players in that market and so we will continue to grow that business in South India. At the same time, as you may be aware, that one of the raw materials for the zinc sulfate, which is the major raw material, is a byproduct of our zinc oxide business. So also in Western India, so going forward, we will also try to capture the market in the Western India because of easy availability of raw material through our own process of zinc oxide in the Dahej plant. So this business will continue to grow along with the zinc oxide business. And this gives us complete circularity. So in terms of whatever waste our zinc oxide business generates gets consumed internally for our zinc sulfate business. So inherently, the raw material advantage in our zinc sulfate business from day one starts because it's a waste from our previous process.

Lakshmikant – Individual Investor: Okay. So what role will R&D and customized products play in getting market share you see?

Management: See, I mean, I will be honest that products like the {? Zarais ?}, products that we are working on and in which we are expecting the patent very soon and also {? DUR ?} etc., these are all results of our R&D efforts. And going forward, we are strengthening our R&D team further. So as and when you create differentiated products which are more higher technical technology in nature, then those are definitely going to be more sticky with the customer. So our total focus, I would say in the last one to two years has increased on more R&D capabilities and hence we will continue to focus on this.

Lakshmikant – Individual Investor: So you mean to say the specialized and high-performance products will continue to drive growth, future growth of the company, right?

Management: Absolutely. That is what the aim is today.

Lakshmikant – Individual Investor: Okay. Okay. Thank you very much for taking my question and all the best. Thank you.

Management: Thank you very much.

Operator: Thank you. Ladies and gentlemen, with that we conclude the question and answer session. I would now like to hand the conference over to Mr. Anirudh Jhunjunwala for the closing remarks.

Anirudh Jhunjunwala – MD & CEO: Ladies and gentlemen, thank you once again for joining us today and for your continued interest in the company. I would like to thank our Board of Directors

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JG Chemicals

10 August 2026

for their guidance, our employees for their dedication, our customers for their continued trust and our investors for their unwavering confidence in the company. If you should have any further questions, please feel free to reach out to our investor relations team at Go India Advisors. We appreciate your participation and your continued support. Thank you.

Management: Thank you and have a very great day.

Operator: Thank you, sir. On behalf of SKP Securities Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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