



Chembond Chemicals Limited
formerly Chembond Chemical Specialties Ltd

May 27, 2026

SE/CS/2026-27/11

Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort, Mumbai – 400 001
Scrip Code-**544450**

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Plot no. C/1, G Block
Bandra-Kurla Complex, Bandra (W), Mumbai – 400 051
Scrip Code-**CHEMBONDCH**

Ref: ISIN: INE0TGX01019

Sub: Transcript of the Analyst/ Investors meet (Virtual - Mode) held on May 16, 2026

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, we enclosed the transcript of the “Analyst/ Investor Meet - Audited Financial Results for the Second quarter and year ended March 31, 2026”, held on Friday, May 16, 2026.

This transcript is also being uploaded on the Company’s website at www.chembondindia.com.

The video recording of the said Analyst/Investor Meet has already been uploaded on the website of the Company and the same was intimated to the Stock Exchanges on May 16, 2026. Kindly refer to the following link: <https://www.chembondindia.com/presentations/>.

Kindly take the same on record.

Thanking You.

Kiran Mukadam
Company Secretary
Chembond Chemicals Limited
formerly Chembond Chemical Specialties Limited

Encl: a/a



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CHEMBOND CHEMICALS LIMITED
TRANSCRIPT OF 2nd ANALYST / INVESTOR CONFERENCE CALL
Q2 & HALF YEAR RESULTS ENDED ON MARCH 31, 2026

Speakers:

- Mr. Nirmal V. Shah – Chairman and Managing Director
- Mrs. Prachi Mahadik - Chief Financial Officer

Moderator:

- Mr. Kiran Mukadam, Company Secretary & Compliance Officer

Kiran Mukadam Good afternoon, everyone. Nirmal Sir, can we start?

Nirmal Shah Yes, we can

Kiran Mukadam OK. Thank you. Good afternoon, everyone on behalf of Company, I would like to welcome you all Chembond Chemicals first Investor/ Analyst meet for quarter four and H2 F26.

Today on this meet we have with us from the management, Mr Nirmal Vinod Shah, Chairman and Managing Director and Prachi Mahadik, Chief Financial Officer of the company, and myself, Kiran Mukadam, Company Secretary and Compliance Officer of the company.

We will begin with the meeting with the brief opening remark, followed by the presentation of the financial result. After the presentation, we will proceed to a question and answer session.

Participant who wish to ask question can click on the question answer icon on the bottom of your screen and post your question here.

We request you to participate to keep their microphone muted during the opening remark and the presentation to ensure smooth and uninterpreted session.

Please note that certain statement made during the meet may be forward-looking in nature. Such forward-looking statement are subject to certain risks and uncertainties that could cause the actual result or projection to differ material from those statement. Chembond Chemicals will not be in any way responsible for any action taken on such statement and undertakes no obligation to publicly update this forward-looking statement.

I would like to now hand over the meet to Mr Nirmal Shah for his opening remark. Thank you. Over to you Sir.

Nirmal Shah

Hello, everyone. It's A Saturday afternoon, so whether it's a good siesta time or should I say wake up everybody, time will tell us. So welcome to this second investor meet and presentation that we are having. We just concluded our board meeting a few minutes ago and We have a set of numbers that have been uploaded on the website. Our aim today is to for the new members joining this call, quickly walk you through the company's businesses and its activities. It won't take too long. Provide some updates on the financials. hopefully pre-empting any of your questions on those fronts. And then we'll, you know, have an open house with some questions and we'll try to put some context. I'm sure many of you might have some questions, queries, or comments, some concerns. So please do feel free to express them at the appropriate time.

Kiran, can you please put up the presentation, the company presentation?



Chembond Chemicals Limited
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Kiran Mukadam
Nirmal Shah

Okay, Sir.

Ms. Mahadik is along with me here, and so she'll also step in at the appropriate time.

Yes. Yeah, can you please move on? Next slide. Yeah. So a quick roundup. We are an old company, 50 years old, 51 years actually now. We have a 950 team size. These 290 crores is for the previous financial year. We intend to update this presentation. Couldn't do it earlier because the announcements to the stock exchange just happened a few minutes ago. We operate 3 manufacturing locations. As you know, we underwent A demerger in the financial year under review. And we are now the new entity, Chembond Chemicals Limited. which was Chembond Chemical Specialties Limited, is also listed on the NSE and BSE.

Our board of directors is a mix of experience, young and very knowledgeable people. Professor Anuradha Pandit is the Vice Chancellor of ICT and professor of repute and standing. Mrs. Paraskar, she's the independent woman director on board of marketing and HR professional. Mr. Ghelani is a solicitor of long standing and Sushil Lakhani is chartered accountant and also on various panels of international taxation. Mr. Sameer Shah and Nirmal Shah, both of us are promoter directors and post this demerger, I have resume at a chair and Sameer continues to be the director.

Next slide, please.

So I just take a moment to orient you. This is the bottom, the base on which we've built Chembond over the years. It's not just something of a statement that we provide. We believe that the customer is a priority for us and that not just by saying that, but we want to deliver a lot of value. and do it in a very committed way. So we understand that every customer is investing his money and we owe it to ourselves to deliver, you know, a good... service to them. So that's what we do. A supplier of choice is, again, we don't want to impose ourselves on customers, but we aim to be adopted by them and choose us as they are suppliers of choice. We remain committed to growing continuously by learning and being aware of our surroundings at all times, power of innovation is another aspect that's always been there, whether it's in processes, in products, in technologies, is something that we want to harness to stay relevant at all times. We want to keep improving, get better at what we do, and thus the setting higher standards is you know, core value and everything we understand is not done on our own. It's all about collaboration and working towards the customers and partners common objectives. Usually those are getting better value, good quality and working towards increasingly now more important is also delivering A friendlier environment.

So these are the six foundational and principles of Chembond, right, since the early days and we stand committed to always keeping these in our sights.

Yeah, next slide, please.



Chembond Chemicals Limited
formerly Chembond Chemical Specialties Ltd

These are our businesses. We operate across 4 segments. Water technologies is by far the largest. Construction chemicals and distributions are the other two larger businesses and the cleaning and hygiene is a smaller business that is a JV with a German company called Calvatis. And we are still you know, working hard to get some more traction in this business. Yes, next slide, please. We'll talk a little more on the water technologies in the following three - four slides. Yes. So what we do is we provide chemicals, specialty products. These are formulated to solve certain problems that a customer faces. These problems are identified by our team by doing a lot of work in the field, analysing the water quality at the customer's location and coming up with a recommendation that can solve pretty much like a doctor who would, you know, give a prescription on the basis of some blood tests. So it's something similar. We also do equipment solutions, more complementary rather than being our primary focus. So if it's about improving the cycles of concentration or better feed control of products or better water quality in the recirculation circuit. So those are solutions that we work with and then a newer business, not really new, but something that's having tremendous potential right now is the wastewater remediation using microbial cultures and enzyme systems. So that's something that complements, and it's a triad of solutions. And all of these are backed by a very dedicated technical team and capabilities like remote monitoring, online feed, and data logging capabilities. Yes, next slide, please.

So we treat cooling towers, we treat boilers, we treat, you know, intake water, that's whether it's borewell, it's a lake or it's municipal water, we work with clarification of that water. Effluent treatment is the last leg of any industrial process where the wastewater is treated and either for recovery or for final discharge. Within these, we also then encounter situations of foaming. So we have foam control solutions. We have RO membrane treatments that prevent fouling on membranes and elongate their life. AHU fin cleaning and drinking water disinfection are additional businesses that we are growing. We are seeing some pickup in this segment, especially driven by a lot of data centers and commercial buildings having significantly large AHUs. in place.

Next slide, please.

This is a cross-section of industries that we serve. Every segment that you can see that will use water will need our products. So our customers come from all of these segments and a few more which we would have left out. Next slide, please.

Talking about our water BU, this second half, so first H1, we did our review earlier in the year. So our revenues in this year are higher by 34% approximately. So we

clocked 162 lakhs of sales in this last six months and we also hit our highest revenue ever in single month in March of about 32 crores. So Prachi, please feel free to step in.

Hi, good afternoon all. So yes, revenue as compared half year, first half year to second half year. So Rs. 162 crores in second half year and volume growth from 9905 in terms of metric tons, it has grown to 4813 metric tons. So 50% increase in terms of volume for our water business and most of this is carrying forward. So we are starting this financial year with a strong order book for our chemicals business also. Equipment systems are of course on the order book we have, but even the chemicals we have contracts running till late in this financial year before they come up for renewal.

Yeah, next slide, please.

In the construction chemicals business, we do add mixtures for concrete modification, sealants, waterproofing. So it's the entire gamut of solutions for the construction industry. Our focus has been on infrastructure, predominantly a lot of, so some achievements of the year were that our products are certified for use in all MSIDC projects. So, and we already had about four or five contracts post that approval. Sealants, we are seeing a significant growth and we intend to consolidate our presence in that segment through our polysulfide and PU sealants. That's a strong growing area for us. Waterproofing and repair mortars, waterproofing is a little crowded space and some large names already dominate the retail space. So it's something that we do as we get projects with a comprehensive solution as a, you know, a service provider. Repair mortars, yeah, they are powder products. So distance from manufacturing is a hurdle so outsourced manufacturing is what we are doing currently and we'll continue to expand that network to reach further away, next slide. So these are the segments. Everywhere you see construction is a potential site. So every building, every bridge, every dams, every airport or a road would be a potential customer for construction chemicals. Next slide. Coming to numbers on construction chemicals, so first half year was Rs. 11 crores and second half we were at Rs. 13 crores. So this is a 20% increase over first half year. In first half year, our quarter two was slow on account of monsoon, but yes, quarter three and quarter four picked up. In terms of volume, first half we were at 1988 metric ton of volume. It increased by 30%. So in second half we were at 2590 metric tons of volume. We are maintaining a tight credit policy and our day sales outstanding for construction chemicals is around 88 days as on 31st of March 2026. Customer bases are

increasing, especially in Maharashtra and Gujarat region. So we have dealers, distributors, which have grown in these two regions and also few projects wherein we have taken up. We have got approvals from major key agencies, so wherein we are approved vendors and so getting orders have become automatic. Yeah, I'll just add that in this segment, we are operating at a PBT of about 20 odd percent which is the, I mean, I've not known any of our peers in the industry operating at those levels. Of course, it's at a small base, sales base, but it gives you an idea as to where making up with the bottom line, even if sales are not a very large part of the overall consolidated sales that we have. Next slide, please. Yes.

So in our cleaning and hygiene business, it's a JV between Chembond and Calvatis. We do various treatments like a clean in place, we do disinfection, we do fryer cleaning, we do milk tank, vertical storage tank, wall cleaning. So we have products that are used in all these applications, in bottle washing in lubricant for large conveyor lines for any bottling or packaging plant. In the institutional segment, we have the professional series of products that are in smaller packs and more attuned to for use in kitchens, laundry, and housekeeping departments for hotels, hospitals, restaurants, malls etc. Next slide, please.

So it's all of these, what we consume is a typical way to explain where cleaning and hygiene products have application. So whether it's food, beverage, milk, anything of that sort, or what we wear and where we live, so housekeeping and laundry.

Yes. Next slide, please.

In the distribution business, we import and trade a lot of specialty chemicals. So we have 4 product lines, various additives for water treatment, various additives for construction chemicals, typically dry mortar industry. We stock and sell additives for paints and inks, and then we have some polymers and sealants, which we don't manufacture, but then we import and sell. Next Slides,

Coming to numbers on Chembond distribution, so in half year, first half year, we were at Rs. 9 crores. In second half year, we were at Rs. 12.5 crores. So Chembond distribution contributed to Rs. 21 crores in terms of revenue. In terms of volume for first half year, we were 594 metric ton and the volume nearly doubled to 1049 metric tons in second half. So Q3 and Q4 growth was highest in terms of quarterly revenue performance for distribution. So here also we are maintaining a tight credit policy with days sales outstanding at 80 days, roughly as on 31st of March 2026 and here the customer base is increasing, especially it

increased in quarter three and quarter four of the year.
Next slide.

Yeah, we'll quickly walk you through the financials for the year. Yeah,
next slide, please.

The second half of this year, our consolidated revenue was at Rs. 188 crores. It's up 35% over H1. H1 was a little slow, which we had mentioned last time. Various segments were subpar performance, but we had the confidence that we'd be able to ramp up and our team has delivered a spectacular performance in second half. Water technologies grew 36%, construction 18%, distribution 40%, and cleaning and hygiene 15%. So you see a complete stream of green on this page because the second half was in general also for the industry and specifically in these segments that we've seen grow. Some changes that we made structurally in the distribution business, we realigned our teams, introduced several new products and that has led to an addition. So some of the products that we used to were slowing down. So we've brought in new products to the basket. Cleaning and hygiene is now better aligned with our channel partners and segments that are being that are selling to these industrial segments. So it's a synergy with our water business that we are now exploiting more efficiently. Our EBITDA for second year, second half at Rs.29 crores is a 31% improvement over the first half. And the consolidated PBT, that's post interest and tax and depreciation at Rs. 26 crores is a 33% improvement over last year's same period, first half of this year. Most of the margin improvements are, of course, on lower costs. Unfortunately, this story has changed post this war, having started this financial year. And many new product technologies have led to our improved margins. Revenue outlook continues to remain positive. However, on the earnings, profitability is a little bit of a challenge right now. We'll talk about it a little later. Next slide, please.

Prachi Mahadik -

Revenue track for consolidated business of chemicals and this is quarter wise comparison for last nine quarters starting for quarter four of financial year 24 to quarter four of financial year 26. So quarter four financial year 26, the revenue is highest Rs. 101.4 crores. and if we compare quarter to quarter, so quarter four financial year 26, quarter four financial year 25 and last quarter four. So again, it's the highest in terms of all quarters. So the track remains positive and on the positive growth for all quarters.

Next slide.

Nirmal V. Shah –

Changes within this financial year, Kiran, can you just go back one slide one moment?

Yeah, so this financial year, every quarter is an improvement over the previous. And every quarter this year has been an improvement over the same quarter in the previous year, except Q2, which was a small aberration that we would have. Yeah, next slide.

Profitability track, so this is EBITDA and profit before tax, again quarter wise for last nine quarters. So quarter four financial year 26, EBITDA is Rs. 15.7 crores and PBT is Rs.14 crores. So highest in this financial year, if we compare from quarter one to quarter four. And also, yes, I highest to the last nine quarters what we have. Next slide, Kiran.

Executive summary for financial year year only. So this is the year on year comparison. Consolidated revenue for financial year 2026 at Rs. 326.15 crores. It is higher by 12% of last financial year. So this is a significant improvement and most of this is led by the water business. As you'll see, the first half of both the construction and the distribution businesses were low and we mentioned last time that the 15% decrease that you see here is primarily the first half, the pro longed monsoon. It started in May and ended around October that took out 2 & 2.5 full months of sales for a lot of projects most of the construction activity was impacted. Distribution, we had mentioned earlier, was a change in their team as well as the product mix. However, both these businesses have started tracking back and second half, as you saw, have already been a larger segment. EBITDA for the full financial year is at Rs.51 crores, up 7% over prior. Consolidated PBT is at Rs. 45 crores, 7% improvement over prior. All of these businesses are having strong sales pipelines and we see that the sales growth outlook looks positive across all these business units.

Next slide, please.

Water continues to be our largest segment 87 comprising 87% of the pie. We intend to bring the portion of the total pie a little lower, but in the financial year, this is the fastest growing business. Construction is a 7% of Total distribution 6% and the cleaning and hygiene is a small 1%. And all of these by and large are tracking to the previous year. This 3% differential has been taken away from the construction chemicals and the distribution businesses. Next slide, please.

This is a year on year comparison of revenue operating EBITDA and profit after tax. So strong revenue growth in financial year 2026 as compared to earlier two years, revenue at Rs.326 crores, operating EBITDA at Rs.46.3 crores. and profit after tax at Rs. 34 crores, so higher than earlier two years. And in terms of percentage margin to sales, EBITDA is 14% of sales and profit after tax is 10% of sales. Next slide, please.

So to conclude this presentation and open up the floor for questions, Water BU, we are entering this, as I mentioned earlier, with a strong order book for chemicals as well as for the equipment. We have things lined up on the bioremediation space. We should be able to start seeing a larger contribution from that wastewater treatment small subsection. Construction chemicals were impacted, but we've taken action this year to try to recoup and surpass the sales that we've had in past several years. We're also ramping up our team and presence.

Material costs started increasing from March, end of Feb, March. A lot of volatility in metals before that. So some key materials that we use are based on metals, so zinc and molybdenum and stuff like that. All of them had been tracking up. And post-war declaration, it was a very challenging period. We had limited inventories of surplus inventories but had to ration them across customers. We kicked in our force majeure very quickly and proactively tried to manage the situation. About 30 percent of our total business in the water business comes from public sector units, and none of them had accepted a force majeure until the government just declared it two weeks ago. And hence, we had a challenging time delivering good customer service and maintaining product flow to other customers as well as them. But we were able to balance those expectations with consistent deliveries of a lower volume. So volumes could have been higher, but we constricted our supplies. And we are seeing a little more impact in this financial year and we'll closely monitor. We are prepared with certain contingent actions in case this situation prolongs beyond another month. So on this note, I think we come to an end to the formal presentation part of this meeting. And we'd like to take some questions and try our best to answer them. hopefully satisfactorily.

Uhh.

Kiran, how does this go? You're going to be...unmuting and allowing the questions or okay.

Kiran Mukadam

Yeah, Yes Sir

Hello, Nasser Investment. Please ask your question.

**Nasser
Investments**

Yes, good afternoon, Nirmal Ji, and congratulations on crossing the Rs. 100 crore mark in the quarter. So, I have a few quick questions in terms of number one is would you see the current quarter Trend continue into the next year, sir, in terms of at least the next four quarters being 100 crore plus.

Nirmal Shah

Simple answer, yes, it's possible, but some seasonality comes into this business. Quarter one is not as fast as quarter four, but on a quarter to quarter, yes, if you compare those, yes, we see it to be an improvement over the prior year. Throughout the day.

**Nasser
Investments**

And sir, in terms of other income, I think we have a small negative. Is that an accounting adjustment or what is it? Because we have certain balances on the books and we account for interest. So how come it is negative this quarter, sir?

Prachi Mahadik

It's an accounting adjustment, so that is on account of net gain and net loss differential. So net gain last 31st December was lower, whereas net loss on fair value of investment is higher. So that has resulted in net effect. Yeah.

**Nasser
Investments
Nirmal Shah**

Actually, it is a fair value adjustment.
Okay, okay.
Yes, it's a fair value adjustment.

**Nasser
Investments**

Okay, and sir, our EBITDA margins have been from 15, 15, 15.5, 16%. You mentioned that you see a slight pressure because of input cost. How many percentage point would that be, sir? And I believe in the past week, 10 days, Chemical prices have returned to more saner levels, sir.

Nirmal Shah

So would it be possible for us or maybe if things improve in another week or so that our EBITDA margins be maintained at maybe the last year levels overall?
Excellent question. I was hoping someone would ask that. It gives me a chance to give a little more perspective. So historically, I mean, this is not the first time we've seen some cost pressures. The magnitude is more intense this time. But what happens is that when costs increase, It takes us about a couple quarters to pass them on fully. And there are multiple factors in play. Some of our contracts that come up for renewal in the financial year in April. So most of them we have bid at higher value considering the higher baseline cost.

So, and those plants cannot run without product, so they have to take a decision. So if they lock in, if we lock those in at a higher value, then the margins will start improving. The total impact is, I mean, I don't know whether I can give you up to the day updates. But in the immediate month, we saw about a 3% impact on our margins due to these haywire costs. Your third part of the question was where you've seen some chemical prices return to normal. Unfortunately, we are not seeing them coming to a much lower level. Yes, they've softened because some import cargo has arrived or some plants that were under shutdown have restarted, but they are still tracking the 100 and some materials are at 140% and 100 and. I mean, we have a list of 15 A group items which are all above 120%. So yeah, so this is going to impact us, but the beauty is that we've always had this situation. And when we lock in contracts at

current prices, costs, the day they start softening, the margin instantly starts upticking.

**Nasser
Investments**

Sir. And if I can add one more question, sir. Sir, water is a large percentage of our business, 85, 86 percent. Do you see that continuing? And if you could throw a bit of light on your hygiene business, like you said, water of the milk tank cleaning. So do you supply the hardware for this also or you just supply the consumables for this business and how does that work, that model work, sir?

Nirmal Shah

Mm.

So yes, yes, yes. So as of now, we've been doing only the chemicals and some small supporting equipment. But we've won some significant, I mean, I wouldn't call it significant, but we've won quite a lot of business in the dairy segment, milk processing plants, especially in southern part of India.

and our product supplies, you know, would start coming up in the dairy segment. Most of these have pretty elaborate cleaning in place systems. So if at all they need, we would need to supply some foam cleaning machines, etc. But Nothing beyond that. So that's a segment that we have now closely integrated with our water treatment middle market segment. A lot of our channel partners are taking up these products for sales, and we are seeing synergies play out now. And about the water, you expect water to remain.

**Nasser
Investments
Nirmal Shah**

Okay, so yeah, yeah, we of course we don't want anything to decrease. We want the other businesses to grow faster. So I'd be very happy if water comes down to 80 and then 70% of the total pie with the pie expanding more rapidly with the other businesses.

Yes. But all opportunities in all businesses are, I mean, they exist.

**Nasser
Investments**

Sir, which other players, see, you are one of the largest in this niche, the water niche, you and Vasu Chemical. So which other players are there which have a large buy, I would say more than 10% kind of stuff, sir?

Nirmal Shah

Sir, all the companies that you can think of operate in this business, the international companies like Ecolab, Nalco, Solenis, there's Suez that is now a part of Veolia. So there are three global companies operate here. There's Ion Exchange, there's Thermax, they're all very active. They have good teams, good business networks, and are doing well.

**Nasser
Investments
Nirmal Shah
Jinal Sheth**

Thank you, sir. I'll come back in the queue.

Yeah, thank you very much..... Jinal Sheth, Yes

Yes, sorry, I was on mute. Good afternoon, Nirmal and team. Firstly, I'd like to commend this, the way you guys have, you know, summarized the results and the commentary. And it's a great start for you guys. Just want to touch upon, firstly,

that when we demerged from Chembond, Chembond Material and Chembond Chemicals or demerger, obviously the bigger objective being each of the brothers could get focused to their businesses. So in that light, along with, as you know, you gave your commentary on water, but are there any new products?

Nirmal Shah

that you guys have introduced and over the next, say, two to three years, would we see a, you know, decent contribution coming from that is my first question. Yes, Jinal. So what, this is a little tricky for me to answer because there are some incremental technological changes that we keep making in the products. And our expertise lies in solving problems. So if a customer expresses that he has an issue, we can dive in and start working on providing a solution. So when the next such big opportunity will come, our teams keep scouting for it. But yeah, so one is that is customer-led innovation and development of a solution. The other one is something that we work on, develop, and go to the market and try to launch. So currently we are working on the first option. So 3 new applications that we picked up in the last year have been all proof of concept trials have been completed. We've been approved. in the largest of these customers and they are on the full commercialization pipeline and we expect those. So there's a little bit of uncharted territory for us as well as for the customer because they've never had. They've never seen this kind of an improvement. So they are also going a little guarded. But that confidence and trust will build up in this year and we will see some larger upticks from those three new solutions that we have developed.

Jinal Sheth

Okay, thanks. And I noticed that the CAPEX this year has shot up to almost 20, 21 crores or so. Now, is that for the existing capacity ramp up or anything, any observations there?

Nirmal Shah

I think what primarily is the full year of impact of the demerger. So some of the assets that were on the common books and could not have been very critically identified or tagged, they have started coming in. And of course, the office building, the improvements that we've done and the The entire renovation of the office building to house our teams, so that has taken up, but twenty-one crores, whole demerger, yeah, P.P.E. which has come into our books, so this is the demerger effect.

Jinal Sheth

Okay, great. And just lastly, as you already have answered this, Nirmal, but just touching upon it, that looking at the environment currently, do you still believe that in this, if this environment were to persist for a bit more, and do we believe that the outlook that you're given that is basically from new business wins or incremental wallet share increase. So is that where the confidence is coming from for the growth for the coming year?

Nirmal Shah

So yeah, of course, when I say this, it's all things being equal. So current situation, the scenario, if the industry continues to grow, I don't see any hiccup in the growth momentum. At the most, there would be a temporary impact on our margins. Again, that is not something that we...overly get worried about because over time, over a couple of quarters, those start reflecting back. And then we again have a tailwind effect where we continue to get, you know, those higher

margins for a few more months until another desperate competitor starts dropping prices. So I think from that perspective, the growth story continues and we are, the government, after seeing them for so many years, they're not going to slow down on CapEx because that's a better way to pump the economy rather than just giving some freebies.

So we believe that Sense will continue to drive businesses for us.
Thank you so much and good luck to the team, Nirmal.
Thank you, Jinal. Yes, there's a question from Himanshu.
Hello, am I audible?
Yes, Himanshu. Yes, you are.

Himanshu Upadhyay: Yeah, so my first question was on the water business. Now when force Majeure has been declared, in the period agreements what we have with our clients, okay, can we raise the prices for the raw material or the fixed price contract remains, how does it now move ahead or what is the situation?

Nirmal Shah: So private sector, private sector, we've been quite successful and we've approached this that this is a temporary phenomenon. So we need at least a temporary price increase. So several customers on the private sector have already given us increments for three months and which would continue if the situation doesn't normalize.
And in case it worsens, then we have to go back to them and seek higher increases. Public sector is a different story. They are refusing to amend the terms. And for that, then our only hope is that the situation starts getting better. But several public sector units operate on an April to March calendar for their annual contracts. And where we don't have multi-year contracts, then those have already come up for tendering and we've already been submitting bids at a higher price.

Himanshu Upadhyay: And one more thing, Nirmal, generally retention of client in the one year or two year period contract is difficult more in inflationary periods or on the when the markets are much more sanguine or the prices are not moving too much. How has been the historical situation be and your experience anything on that?

Nirmal Shah: I am sorry, I actually didn't fully understand your question.

Himanshu Upadhyay: No, so I was saying that how difficult or easy is to maintain the client relationship in terms of the period contracts or long-term contracts with fixed prices in inflationary periods, okay? Do we tend to see more loss of time?

Nirmal Shah: Mhm.
Yeah, yeah, so see.
Yeah.
customers in inflationary periods or in a more stable price period.

Himanshu Upadhyay: No, no, no, no, no, no. So this is a business where customer stickiness is important. If you don't mess up with your performance, then the customer is ready to keep working with you. Private sector looks at how honestly you're doing your job and how much money you're saving them.
And then giving 5%, 8%, 12% extra for a temporary period is not a challenge for them. In public sector, unfortunately, they have a vigilance team that's always

monitoring and the, you know, the law, their general terms and conditions state that you cannot favor any single party.

So unless you don't rebuild, then there is no other alternative. So in those cases, either we have to just lay low, keep doing our work, and watch very carefully how we are performing. And other way is then to talk to the management and say, we just can't sustain at this.

cost and price and then come with a rebate. So there it might be driven by us not being able to supply. And because a force majeure has been declared by us and also by the government, there is no risk purchase fear where they will buy from anyone at our cost. So that fear is now out of the equation.

Himanshu Upadhyay Okay, and one small question. FY26, the water chemicals, which has done pretty well, okay. Can you elaborate on what were the two, three things which helped us do pretty well? Means, is it more client addition which helped or new products or something on that?

Nirmal Shah It will be helpful to understand the situation.

Yes, yes. So new client addition is the primary driver and hence you see the increase in volumes. So definitely that. And we have those contracts lasting till the mid of this year. So that volume and sales trend is already provided for in this financial year in our budget, sales budget for the team. So yeah, it is driven by new customer acquisition and volume growth. Price growth did not play a factor in this incremental growth in the growth for the financial year.

This year, hopefully, though there will be a negative pressure on the margin, some price increases that have kicked in would contribute to negating the margin loss to some extent.

Himanshu Upadhyay Okay, okay, I'll join back in the queue for further queries.

Nirmal Shah Thank you very much.

Nasser Investments Am I audible?

Nirmal Shah Yes

Nasser Investments Yes, we have around sixty-five crores on books. Any any plan for that? Any any apart from the current year CapEx, any further deployment or any additional plant? Setting up is planned.

Nirmal Shah No, no, no, nothing to that extent. But currently we are preparing for the worst eventualities. The situation is unfortunately not very readable to most of us on this call also. So we are staying ready for everything. We intend to deploy some of it in network growth and geographical expansion.

Nasser Investments And, sir, what percentage of our top line would be contributed by top three to four customers? I mean, does any customer command more than 10% of our sales?

Nirmal Shah No, currently that is, we have overcome all those challenges. I would call it a challenge because I don't want to be too heavily dependent on a few. So it's a very good distribution that we have. And the 80-20 rule could apply, but there's a lot of customers in that 20%. It's not one. So no one customer of ours would contribute more than 5% to 6% of total revenue.

Nasser Investments Nirmal Shah I think, I think that's a very healthy mixer.

Nasser Investments Nirmal Shah Yes, Yes.

Nasser Investments Nirmal Shah Thanks a lot, sir. Sir, and best of luck and hoping to see all four quarters cross 100 crores, sir. Thank you.

Nasser Investments Kiran Mukadam Yes, yes, thank you very much. If you come across any prospects needing water treatment, please refer them on to us. Yeah.

Nasser Investments Kiran Mukadam Will do, sir. Definitely, definitely. Thank you

Nirmal Shah Vivek Nirmal Shah Vivek Hello, Vivek.
Hello!

Nirmal Shah Vivek Nirmal Shah Vivek Mr. Vivek, you have a question. Please unmute yourself and ask your question.
Can you hear me?
Yes, I can.

Nirmal Shah Yeah, hi, just had a couple of questions. I was just seeing the presentation and in both the construction chemicals as well as the distribution business, the realization seems to have gone down in H2 over H1. So any specific reason for that? In construction chemicals, you are at about 55,584 per metric ton in the first half and then it fell down to 51,274 per metric ton and in distribution you had 1,50,842 in the first half and 1,19,000 odd in the second half. So any specific reason for that?

Nirmal Shah No, it's usually the product mix and a lot of these would be seasonal. So if admixtures is selling more, then you'd have a lower price realization in the construction chemicals. And if sealants sell more, then you have a higher price realization.

Nirmal Shah And likewise in the distribution business too, if it's depending on the customer demand, this is a purely distribution trading business. So yes, it would be the product mix driven.

Nirmal Shah Vivek Mr. Shah.

Nirmal Shah Vivek And then, sorry, I missed the water chemicals part, so is there also you've seen a fall in the realizations?

Nirmal Shah Vivek Not really, no.

Nirmal Shah Vivek So, there is broadly stable, and can you just confirm how much is the realization broadly in water chemicals for the metric ton? I think you had shown that.

Nirmal Shah Vivek I'm sorry, I don't have the number off hand in the presentation.

Nirmal Shah Vivek I think it was there in presentation, yeah.

Nirmal Shah Vivek if it was total value and divide by volume. So yeah.

Nirmal Shah Vivek Right, so if you could share the presentation as well, that will be helpful.

Nirmal Shah Vivek We'll put it up on the website, of course, yes, yes, it'll come up.

Nirmal Shah Vivek Yeah, yeah. And the second question I had was you were saying that it's a little difficult to get price hikes for the material price increase in the public sector. So how much of our business is public sector and how much is private sector?

Nirmal Shah Vivek So in the water business, roughly about 28 to 30% is public sector driven.

Nirmal Shah Vivek OK, and these are what generally these are municipal contracts or state government contracts.

Nirmal Shah No, no, we no, no, we are not at all into municipal segment. Primarily, these would be power plants and refineries.

Vivek OK.
Okay, so these are all PSUs.

Nirmal Shah So yeah, the Indian oils, yeah, Indian oil, the HPCL, BPCL in the refining space, and NTPC and NPC in the power segment.

Vivek Sure. And one last question from my side is how much volume growth are you seeing basically, especially in the water chemicals business? I mean, I know pricing depends on what you finally get in terms of raw material pricing and everything. But generally, how much volume growth are you seeing on the construction chemical side?

Nirmal Shah So in all the businesses, I think we are, most of the delta in the sales is coming from volumes. Last so many years, I don't remember price increases contributing to any enhanced revenues to that extent.
One or, you know, hardly a small percentage of, you know, fraction actually is driven by price increases. So, almost all of it is volume driven. Yeah, Prachi, the first half year to second, next half year it was 30% volume growth, but this high increase was mainly because Q2 was lower, but... Coming to quarter one of this year, we foresee around 15 to 20% of volume growth in construction chemicals.

Vivek And then, what the chemicals, ma'am?

Nirmal Shah Water chemicals, it would be roughly around 10%.

Vivek And you would have, I mean, budgeted how much volume growth for the full year? Is that possible to be shared?

Nirmal Shah Yeah.
I think we'll have to refer. Actually, that's not something we were really very prepared for. We're more prepared to discuss this past financial year. Yeah, so the budgets, we'll get to that.

Vivek Sure, OK. Thanks A lot.

Nirmal Shah Yeah, thank you, Vivek.

Kiran Mukadam Hello, Narang, please ask your question.

Nirmal Shah You are on mute, sir.

Lala Hello, good evening, and the team

Nirmal Shah I'm sorry, sir, your voice is very feeble. Can you please speak up a little bit

Lala Hello, is it better now?

Nirmal Shah Ah, much better. Thank you very much.

Lala Great. Good evening, Nirmal and the team. I have a few questions. Number one is, in the previous call, you had said that you aspire to test 1000 quotes as a company within four years specifically.

Nirmal Shah Yeah.
Yes, yes.

Lala I would like to understand how we are looking to achieve that number broadly, broad direction, given that our current sales is 330, 340 crores. So it's almost a tripling of sales and going by the historical growth of the company, which has been around 10, 12%,
It will be good to understand what, what, what will change, uh, #2.

Nirmal Shah Sure, sure. So, yes, okay, go ahead.

Lala Can I ask all the questions or you want to answer one by one?
Nirmal Shah Yeah, yeah, go ahead, go ahead. No, no, go ahead, please.
Lala Second question is...
Chembond chemicals as a group, the DNA has been profitability and good receivables management, etc. So when I look at, say, a water chemical business, if I compare with almost all the competitors, I see we have the lowest margin.
Ohh.
Something that, you know, I would want to understand because when you said that construction chemical makes 20% PBT margin, which is generally a commodity business, right? I would like to believe that why can't we make similar margins in the water business, which looks much more value added? in nature and more critical. So that's the second question. Can we test 20% PBT margin in the water business? If no, what's the reason? And if yes, you know, why are we not able to do that right now, today? What is leading to the, you know, lower margins?
Nirmal Shah Yeah.
Lala Yeah, sure. I got your point. Yes.
Also, alluded that, you know, one of the competitors, Vasu Chemicals, which I think got acquired by a European company, I believe. So their numbers say that they make 30% EBITDA margins, and which looks very high, and we are almost in the similar business.
Nirmal Shah Right, so would love to know about the margin structure and...
Right, because there's a little constraint on time, I'll just quickly answer these three questions that you already posed. So 1000 crore is, yes, it is an aspiratory number. We are trying to ensure that we have plans in place to get to that number. It's not something that we are saying we will get to.
Lala Yeah
Nirmal Shah to, but yes, various strategies are in place. As I mentioned, the geographical expansion, some markets that are responding favorably, we are activating more aggressively. Secondly, on a larger base with more reach, organic growth itself will also start contributing.
The construction chemicals business is compared to the market potential, a very small business. So that's the top priority that will contribute a larger pie of our larger slice to the pie. And the cleaning and hygiene has been operating at a subpar level for the past seven years. So that's something that with this integration with our water treatment technologies team, we are seeing some early signs of traction and we hope to be able to amplify those. So that's on the 1000 crores. On the profitability, I don't know where you're getting these numbers from.
But when we compare to all our peers in this industry, we are almost at par, maybe half a percent point up or down. And most of them are driven by, you know, the mix of the business that we get. In some years, if we get more successful with some tenders, there would be a small depression. But in general, this business is a people business and a solutions business. So a lot of our cost, if you look at about almost 18% of our top line is into employee cost as opposed to, you know, 14% or something like that in the other businesses.

- So that's one reason that causes this. You mentioned about Vasu. Yes, it's been taken over by an Indian company called Dorf Kettle. And if I look back historically at their margins, they were at about 6.5 to 8% at best. And it's only in the past two years that we've seen some sudden magic that's happened and it's started lifting up to 25 and now 30%. So I really don't have access to their financials. So maybe being from this faculty and field, if you can analyze what changed for them in the past two years, it would, and share that with us, we'd really appreciate that help from you. Yeah, I think there's time just for the last question. Mr. Anuj Sharma, if you can please ask your question.
- Anuj Sharma** Yeah, thank you so much, Nirmal. Just on the water segment first, see, there are a couple of players in this, international players, domestic players, large. What is our positioning here and how is that evolved over the past three, five years? That's question number one.
- Nirmal Shah** Yeah.
- Anuj Sharma** Okay.
- Nirmal Shah** No, I'll ask one by one if you can answer this.
- Nirmal Shah** Okay, so our position is that the customers trust Chembond for its product performance and the service that we deliver. They prefer Chembond over any multinational and any other Indian manufacturer and supplier of these products. So this is something I can say with confidence because there are some public sector units that, you know, are so scared of shifting because their productivity, certain lines in their plants are profitable only because, you know, their water treatment is doing a good job.
- Anuj Sharma** Yeah
- Nirmal Shah** And the day that trips, then, so typically in the fertilizer space, you know, most of the money is made from the chemicals rather than the fertilizers, which is a subsidized business. So when it comes to real solutions and consistent performance, people will always prefer Chembond. So that's our positioning. We don't, and that's also what I mentioned about our core values. I think that's something that's within the DNA of every technical service and salesperson in our organization, right since the day the company was founded in 1975.
- Anuj Sharma** Yeah.
- Anuj Sharma** Alright, that yeah, that's helpful. And second question is on the construction chemical, as you rightly said, it's a huge market. And we do want to get big over there, but what is the area or what is the strategy there which can help us increase our positioning or our market share?
- Nirmal Shah** Yeah, so with, yes, yes. So with revived attention to this business, we've started getting approvals from large government agencies and consultants. So that's an enabler for our sales team. We've been able to have a cost competitive product development and production.
- Anuj Sharma** some light into that.

- Nirmal Shah with de-bottlenecking some of our production lines. So that's a segment that'll grow for us, the sealants business, the curing compounds and surface treatment products. Admixtures, I don't see it scaling up too much because there are, again, it's a bulk product and freight is a big cost. So we, unless we... you know, have remote manufacturing or toll manufacturing, we don't see ourselves scaling up in that and we don't want to get into that toll manufacturing for liquid products yet. But the sealants is another thing and all the approvals that we have started obtaining is going to help us. And we have not ramped up our team in a long time. We're very focused on improving margins and profitability. And now that we've done that, it's time for us to get back. So last seven, six, seven years, we've been saying that we are very, very credit conscious on that business consolidation has happened and maturity has also crept in. So, and we've also sensed how to gauge the, you know, credit worthiness of a customer. So that's, these are the factors that makes me a little more bullish about that business. Now, again.
- Anuj Sharma Excellent. Many congratulations. Just one hygiene factor, hygiene number. What is the difference between what is the breakup between private and non-private in water segment? Water treatment chemical?
- Nirmal Shah Yeah.
Private business is roughly about 70% of our total revenue. 28 to 30% is public sector.
- Anuj Sharma Excellent. Okay. Thank you so much and wish you all the time.
- Nirmal Shah Thank you very much, Anuj ji.
All right, I think we've reached the end. Himanshu, you have one last quick question, then please go ahead, otherwise...
- Himanshu Upadhyay Yeah, hi. My question was, see, historically, when we also tried our expand our business outside India, OK, through inorganic and putting some businesses on, what is your thought process currently? Means outside India, do you want to go or not go?
Inorganic versus organic, any broad parts if you can give
- Nirmal Shah First is, yeah, first is we had a JV in Malaysia, which didn't really work out well. So we acquired that piece and it's 100% business. It's continuing to maintain it at that level. In Thailand, we've been able to add new accounts, new customers. So that's a segment where we also are growing our team. We have about I think six or seven employees there. And the customer base and the volume is increasing. So that's a focus that we'll continue to maintain. Nigeria was another pocket where we were doing significant export business for the water treatment product. We discontinued that because the customer did not want to operate with LC terms and wanted open credit. At that time, we weren't, you know, the Nigerian economy wasn't really firing on all cylinders and the payables from their side and receivables at our end would have been a challenge. And we didn't want



Chembond Chemicals Limited
formerly Chembond Chemical Specialties Ltd

to get into all those RBI issues on not collecting the funds. So we went away from that business. We walked away, in fact. And just as an update to you, our competitor who walked in and through the ex-employee of ours who joined a competitor, he got them that business. And they are having more than 15 to 18 months of receivables. And are being arm twisted. If they don't supply, they don't get paid. So I think we turned out pretty well on that one. So it will be driven by those kinds of things. So we're looking at some partnerships in different geographies, those who bring in some value in either through market access or through a customer base and selectively we'll keep picking them up. We are not in any rush to get into any rash decisions. We'll keep doing things slowly but steadily.

Himanshu
Upadhyay Thank you, thank you, Nirmal.

Nirmal Shah Yeah, yeah. Thank you. Thank you very much. Thank you.

Kiran Mukadam No, thank you all.

Nirmal Shah So I call this meeting to a close. Thank you very much for joining us and for going your afternoon nap on a Saturday. Take care and have a nice weekend.... Bye-bye

Kiran Mukadam Yeah, thank you all.