

Chembond Chemicals Limited
47th AGM TRANSCRIPT

Suchita Singh: Hi moderator, as you have confirmed the number of members present in the meeting meets the required quorum, the requisite quorum being present we call the meeting.

Good afternoon, greetings to the Board of Directors, Members, Auditors and my colleagues, I am Suchita Singh – Company Secretary and I welcome you all at the 47th Annual General Meeting of your Company which is being held through audio video conferencing in accordance with the circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India.

The Registered Office of the Company at Mahape, Navi Mumbai is the deemed venue of this Annual General Meeting.

Mr. Sameer Shah, Chairman & Managing Director of the Company shall act as a Chairman of the meeting.

All the members of the Board are present except Mr. Sushil Lakhani to whom leave of absence is being granted.

We also have with us Mrs. Rashmi Gavli, Chief Financial Officer, and Business Heads from various segments.

Mr. Mahendra Ghelani, Chairman of the Audit Committee, Nomination and Remuneration and Stakeholders Relationship Committee is also present.

All the Registers, other certificates/ documents as required by law are open for inspection at the website of the Company.

I hereby request the Chairman to call the meeting to order and address the members.

Chairman sir.

Sameer Shah: Good afternoon and warm welcome to the members, Directors and Auditors of Chembond Chemicals Limited to the 47th Annual General Meeting of your Company. I am Sameer Shah - Chairman and Managing Director of the Company, I am attending this meeting, this AGM from our Santacruz office.

As informed by the Company Secretary we have sufficient quorum of members participating through video conferencing. Accordingly, the meeting is properly constituted, and I call this meeting to order.

Since there is no physical attendance of the members the requirement of appointing proxies is not applicable.

I now request my colleagues on the Board to kindly introduce themselves. Nirmal Shah

Nirmal Shah - I am Nirmal Shah, I am Vice Chairman and Managing Director of Chembond Chemicals Limited. I am also member on the CSR Committee and I am attending this meeting via video conference from our Santacruz office. Happy to be here.

Sameer Shah: Thank you, Nirmal

Sameer Shah: Mr. Mahendra Ghelani

Mahendra Ghelani: Hello all, I am Mahendra Ghelani, a Director of Company and also chairman and member of various committees as listed by Suchita just now. I am attending this meeting from my office at fort via video conferencing. I have received all the papers, agenda etc and I am happy to be part of this meeting. Thank you all.

Sameer Shah: Thank you Mahendra bhai

Sameer Shah: Mrs. Saraswati Sankar
Can't hear you. You are on mute madam

Saraswati Sankar: I'm Saraswati Sankar, I am an Independent Director in Chembond Chemicals. I am attending this AGM meeting from my residence.

Sameer Shah: Thank you Mrs. Shankar

Sameer Shah: Dr. Prakash Trivedi, please

Nirmal Shah: He is on mute

Dr. Prakash Trivedi: Hello

Sameer Shah: Yes, we can hear you now Sir

Dr. Prakash Trivedi: Prakash Trivedi here, I am Independent Director of Chembond. I am attending this Annual General Meeting from my home. I have received all the papers. Thank you very much.

Sameer Shah: Thank you

Sameer Shah: Mr. Ashwin R. Nagarwadia

Ashwin R. Nagarwadia: I am Ashwin Nagarwadia, Director on Chembond Chemicals, I have received all the papers and I am attending this meeting from my home. Thank you.

Sameer Shah: Thank you everyone

I thank all the members of the Company for joining the meeting and I hope all of you are safe and in good health.

I now ask Suchita Singh, our Company Secretary to give the instructions for AGM.

Suchita Singh: Thanks Sir

Due to the continuing Covid-19 pandemic and pursuant to the circular issued by the Ministry of Corporate Affairs and SEBI, we are conducting this Annual General Meeting of the Company through Video Conferencing.

Facility to join the AGM through video conferencing ("VC")/ Other Audio-Visual Means ("OAVM") is made available for the members on first come first basis.

All members who join the meeting are placed on mute by default by the host to avoid any disturbance arising from background noise and to ensure a smooth and seamless conduct of the meeting.

Once the question and answer session starts we will announce the name of the members who have registered themselves as speakers one by one.

The speaker shareholder will thereafter be unmuted by the moderator. Shareholders are requested to click 'start video' button. If the shareholder is unable to join through video for any reason, the shareholder can speak through audio mode.

We request the speaker to use headphones so that you are clearly audible and minimize any noise in the background, please ensure that the WiFi is not connected to any other device and no other background applications are running and there is proper lighting to ensure good video experience. If there is any connectivity problem at the speaker's end, we would ask next speaker to join. Once the connectivity improves the speaker shall be called back again to speak when all other shareholder registered as speakers complete their turn.

We would request the speaker to kindly limit their speech to two-three mins. During the meeting if a member faces any technical issue, the member may contact the helpdesk number given in the notice of the AGM.

In accordance with the circulars the Annual Report for the FY 2021-22 along with the notice of AGM, were sent only through electronic mode to those shareholders whose email addresses were registered with the Depository Participants or Company. The

Annual Report is also available on the website of the Company and also on the website of BSE and NSE.

Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management & Administration) Rules, 2014 as amended and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company extended e-voting facility to Members of the Company in proportion to their shareholding as on the cut-off date of 29th July, 2022 in respect of all businesses to be transacted at the 47th Annual General Meeting. The Remote e-voting commenced at 9:00 AM on Tuesday, 2nd August, 2022 and ended at 5:00 PM on Thursday, 4th August, 2022. Mr. Virendra Bhatt, Practicing Company Secretary is appointed as the Scrutinizer by the Board for scrutinizing the remote e-voting and e-voting of the AGM is also present.

The members who have not voted earlier through remote e-voting can cast their vote in the course of the meeting through the e-voting process as mentioned in the notice. Members who have casted their vote through the remote e-voting facility shall not be entitled to vote again.

In terms of circular of MCA inspection of Registers as required are available in electronic mode.

Since the notice of the meeting and Auditor's report is already circulated to all members, the Notice convening the meeting is taken as read.

Since there are no Audit qualifications, observations or comments on financial transactions or matters, which have any adverse effect on the functioning of the company as per Section 145 of the Companies Act, 2013 the same need not be read.

Since e-voting is mandatory and Company has already made the said facility available to the Members for all the resolutions being transacted in this AGM, there is no requirement for the Members for proposing or seconding each resolution. After the conclusion of voting at the AGM, the Scrutinizer shall unblock the votes cast through remote e-voting and voting at the AGM in the presence of at least two witnesses, not in the employment of the Company, and make a consolidated Scrutinizer's report of the total votes cast in favor or against, if any, not later than three days of conclusion of the Meeting. Immediately after submission of the Scrutinizer's report, the results on all resolutions, shall be declared which will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes, in favor of resolution.

The result of the voting will be declared and intimated to the Stock Exchanges and also uploaded on the website of the Company and National Securities Depositories Limited.

We now take up the resolutions set forth in the notice. The business as specified in the notice of the AGM are:

Item number 1:

Adoption of the Audited Financial Statements of the Company for the Financial Year ended March 31st, 2022, and the reports of the Board of Directors and Auditors thereon and the Audited Consolidated Financial Statements of Company for the Financial Year ended March 31st, 2022, together with the report of the Auditors thereon.

Item number 2:

To declare final dividend on Equity Shares for FY ended 31st March 2022

Item number 3:

To appoint a Director in place of Mr. Nirmal Shah (DIN: 00083853), who retires by rotation and being eligible offers himself for re-appointment

Item number 4:

To approve re-appointment of Mr. Sameer Shah (DIN: 00105721), as the Chairman and Managing Director

Item number 5:

To approve re-appointment of Mr. Nirmal Shah (DIN: 00083853) as the Vice-Chairman and Managing Director

Item number 6:

To approve the remuneration to Cost Auditors

We now invite the speaker shareholder who have registered themselves to ask their question one by one. We have received a few questions from Shareholders in advance, which will also be replied to by Mr. Sameer Shah and Mr. Nirmal Shah after we have noted all the questions from speakers.

1st Mr. Himanshu Upadhyay. Moderator

Himanshu Upadhyay: Hello good afternoon. Hello, am I audible?

Moderator: Yes Sir, you are audible please proceed with the question.

Himanshu Upadhyay: I have sent the list of questions, I hope you can reply them one by one it would be better and explain more on the inflationary pressure which you are facing and which business it has the maximum impact and there are various other questions also, on page 3 there 2 questions which I had written them. So if you can explain on the business side and on growth in some of the segments and just one thing I would like to add on here is, see we are doing a good practice of giving quarterly presentation, but the thing is it comes very late so even Q1 results are out

but the presentation is not yet out and generally the presentation helps us in understanding what are the challenges though there are 5-6 points so it does help us, it would be helpful that in few days if we can upload the presentation quarterly so that we don't need to get so much bothered, start searching for our own people to what is happening? what happened? Why the margins have gone down? Whatever challenges the Quarter we have faced. It would be just helpful if we can have the presentation uploaded in just 2-3 days at least and yes, I have sent the question, it would be highly helpful if you can take the question one by one. Thank you. Thank you from my side.

Suchita Singh: Thank you Mr. Upadhyay

Mr. Hardik Jain

Hardik Jain: Thanks for the opportunity, Can you hear me, Hello?

Moderator: Yes Sir we can hear you, kindly proceed with the Question

Hardik Jain: I have four questions, firstly if you can give a segment wise sale and margins in the different segments we operate like water, material tech, construction chemicals etc., biotech, and also is any of the segment have order book? If, you can mention about the order books of each segment.

My second question is about the how much cash on the book we have now.

My third question is which business we record the revenue in the standalone PBT and which are the businesses comes under the subsidiaries and my last question is Sir we are doing various products in very different segment but we were not able to achieve you know any significant scale in any of the businesses. Among all the segments, which segment do you think it can achieve a good scale of let's say 300-400 crore top line over next 3 to 5 years? Those are my questions. Thank you

Suchita Singh: Thank you Mr. Jain. Next one Mr. Dinesh Kotecha

Moderator: Hello, Mr. Dinesh Kotecha has not joined the meeting. I request you to proceed with the next speaker.

Suchita Singh: Okay, next Ms. Swechcha Jain

Moderator: Swechcha Jain madam has also not joined the meeting. I request you to proceed with the next speaker

Suchita Singh: okay, next Mr. Rajat Setiya

Rajat Setiya: Hello, yes mam, am I audible?

Suchita Singh: Yes, yes Sir you are

Rajat Setiya: So, yes I had already mailed the questions, so if you want I can read them out again but other than that there are no questions from my side or no remarks from my side. Just answer the questions that I have mailed you.

Suchita Singh: Sir we have received the questions and they will be answered by our Chairman and Vice-Chairman.

Rajat Setiya: Yes Mam, thank you. That's all from my side

Suchita Singh: Thank you Mr. Rajat

Mr. Kanwar Sahni

Kanwar Sahni: Can you hear me, Mam?

Suchita Singh: Yes Sir, you are audible.

Kanwar Sahni: Mam I would like to know, I have invested in your Company from like 2016, I was so happy to be investing in your company in this sense that you people are into so many chemicals you are into material chemicals and so many things but I am if you can allow me to speak in hindi but cycle chala gaya, chemical cycle aaya chemical cycle gaya and you people didn't perform ever. In five years I have been investing in you and you people never perform altogether. I am not able to understand what you people did? Where did the Company go wrong shareholder never gained from you, you people are very nice you people are giving dividend and other things but what happened to whole process of the investing in your Company. 40 – 40 k shares 4-4000 k ho gaye, apka share Rs. 500 se Rs.150 reh gaya, to aap sochiye ki aapne kya galti kari ki pura wo cycle hoke chala gaya, Chemical cycle, we are into a cyclic business. I am unable to, I am totally buffered, you have such a good management, such a good people, where do you people went wrong? What exactly went wrong? I don't understand, itne sare sare, itne badiya badiya chemicals me hain aap or margin hamara har sal gir rha hain, Kyun gir rha hain? Matlab jab duniya bhar ke chemicals kama rahe the ham hi ek the jo nhi kama rhe the. Kya kr di hmne galti this is what I wanna ask you, very humbly I am asking. Please, don't get me anywhere wrong I have invested in your Company and I wish to be investing in your company but please give me some guidance how to do it.

Suchita Singh: Thank you sir, next is Mr. Anuj Sharma

Anuj Sharma: Am I audible?

Suchita Singh: Can you be little bit louder sir

Anuj Sharma: Yes Mam, Is it better?

Suchita Singh: Yes, it is better now

Anuj Sharma: So, I have also sent list of questions. I would just appreciate if the management answer these questions one by one. That's it from my side.

Suchita Singh: Yes sir, we have your questions with us and we will respond to them.

Thank you, Mr. Sharma. Mr. Naitik Savla

Moderator: Naitik Savla sir has not joined the meeting madam. Kindly proceed with the next speaker

Suchita Singh: okay, Mr. Mukesh Mohan Chandiramani

Moderator: Mukesh sir has also not joined the meeting. Can we proceed with the next speaker

Suchita Singh: Mr. Vinay Vishnu Bhide

Vinay Bhide: Hello

Suchita Singh: Hello

Vinay Bhide: Can you hear me?

Suchita Singh: Yes Sir You are audible now

I have started my video so hopefully that also will come online but I don't know where it is stuck yes here it is. Chairman and MD Mr. Sameer Shah, MD Mr. Nirmal Shah, other Directors present at today's AGM, Company executives, other Shareholders Good evening to all of you. I have noted from the annual report, we are into the following business water treatment, construction chemicals, animal health, material technology and industrial hygiene. So, my questions here are centred around understanding this businesses.

So, I'll start right away with my first question, in the construction chemicals portion wherein you have dealt in the annual report under Management discussion analysis you have mentioned that raw material unavailability and material cost increases were some of the issues that we have faced. You also mentioned that the raw materials are imported, you have mentioned that there is material issue, now I failed to understand that I also know some of the sentiments in the earliest papers that the construction industry particularly in India has been doing well for quite sometime, if not few year at least for a year and half or so, what is the reason you know that held us back for what you know if there is raw material unavailability, cost increases, is it a locally procured you know import or is it imported input. Please throw some light on that. Why was demand muted in this year, next year (in the current financial year) we are hopeful that the demand will come up. We don't done this year it was

low in demand it could be due to competition or other inflationary prices. Please let us have some feel on that.

Secondly page no. 50 you have mentioned that 21st of April this year, there was fire in the Tarapur unit and you know as per that report we have lost about 250 crores in that particular fire incident and you have made alternative arrangements for supplies from that particular plant. So, I would like to know from where you have made these alternative arrangements from some other manufacturing plant that we have that is what I would like to understand, staying of the subject of the manufacturing units, I find from the report that we have 6 or 7 plants in spread about in different locations. From the reading of the annual report, you can correct me if I am wrong, from the reading of the annual report, the first reading I failed to understand which plant is catering to which business segment or chemicals if that is not there why don't in addition to other things, you give clarity to these aspects also. How well shareholders will understand what is being done where, please throw some light on this one.

One more thing I heard from the earlier questions segment information by both business vertical, as well as the geography is something that I am not being able to locate in annual report so CFO, other directors present please help me in this particular point.

From the reading of the annual report, I also find some of our products are branded. Can you please tell me out of total revenue what percentage of revenue come from the branded segments. These were some of the few questions and I have been trying to call up company and source of information I find that we are somehow very coilingly organise, I could be wrong, but you give us some comfort. Somewhere in early July I have called on 62643000, a number of times every time you know somebody would not pick up, if somebody picked up and I asked connect me to the Company Secretary, they would ask me why you want to speak to them I told them I am a shareholder I want to seek some information please connect me to the Company Secretary for let us say a shareholder does he have to do so much of answering? Does he have to call so many times to get the information? You have to set some of the process right sir, I am extremely you know, You are using a Tata number, in case you need some advice on this particular matter I would be glad to help you I am an authorised channel partner of Tata for some of the IT Telecom products. If you know conducting this meeting can't be done smoothly, we can't have proper bandwidth we have got an IT department in place, they can't advice you know our secretarial department to do all the things smoothly or vendors those who are hosting this session they can't do a smooth session what part are we going to do smoothly and I am very sorry it's not my habit to speak this way, I don't want to consume more time but please give me some comfort and please resolve some of the issues that I asked for.

Suchita Singh: Thank you Mr. Bhide Since there are no more speaker shareholders, I now request Mr. Sameer Shah and Mr. Nirmal Shah to please respond to the shareholders queries.

Nirmal Shah: Yes, Good Evening everyone Thank you for the very constructive, thought-provoking, eye-opening questions put up by couple of our shareholder / members. We appreciate the effort you have taken in reviewing the annual report and trying to decipher what we do. Over the course of the next few minutes both Sameer and I will try our best to you know address most of the queries the most recent one's on the construction chemicals the way we are structured between Sameer and Myself, I am Nirmal Shah, we manage few of the business to give overall directions. There are professional managers who run, the day to-day operations of each of these business units. Amongst the various plants that we have, few of them are specialized only for couple of product lines whereas the other plants are multi product blending units and formulation plants. There was a question from Mr. Bhide on the construction chemicals, I will take that first because that is on the top of the mind that I recall, these products are historical. we have been through various cycles and currently also we experience that there are tremendous pricing pressures this is very competitive space, highly crowded and to obtain sustainable margins we need to be either of phenomenal scale or we need to be very selective about what kind of customers we want to cater to, we choose to be the second one because to reach and achieve a phenomenal scale we does need a lot of investment and appetite to bear losses over a long period of time so we have chosen to be little more cautious and be profitable business no matter how small or large it is. In terms of last year there have been sustained tax on profitability due to lot of cost increases from raw materials across the globe in chemicals we have seen every single item right from basic chemical to speciality ingredients shooting up on price, to complex the matter further it has also been challenging in terms of supply chains because of various geo-political issues globally and natural calamities that have occurred in various parts of the world. So, to give you an example epoxies, polyurethane, acrylic so many of the specialty raw materials have become either unavailable or its scarcity and thereby driving up the prices of all these raw materials. Hence our margins in these businesses have been impacted. So Mr. Bhide, I have tried to cover up the point on construction chemicals and which plant makes which products and about the receptionist not answering calls we will definitely look into it. We are sorry for the inconvenience caused to you. In terms of bandwidth issues, I think we are pretty well taken care of but nevertheless thank you for offering your services to us. Thank you. Yes, Sameer

Sameer Shah: Hi good afternoon again to everyone, we received fairly detailed type of questions from number of shareholders, who spoke a few minutes ago and Nirmal and I will try to answer. Some of those questions were common so we will combine them and we will try to answer most of your questions.

So first again there was a little bit of surprise felt by the shareholders in results of the first quarter and so there are a couple of things which have happened in the first

quarter which have resulted in those numbers being lower than everyone's expectations. One was that we had unfortunate fire at the Tarapur plant in April and to keep our operations going we had to outsource some of the manufacturing to third parties. Some of the load was taken care of by our other facilities but even that resulted in higher logistic cost for example. So, impact of this event could be around 65-70 lakhs on the consolidated basis, the other bigger factor is the continued, infact last year, end of the year we felt price fluctuations and price increases were behind us but then in the beginning of the Financial year we got couple more surprises and so that has resulted in drop impact of our margins. If I give you some specific numbers let's say for just material technologies for the fiscal year 2020-21 we had an average margin of 36% which in 2021-22 fell to 33% and then again at the end of the first quarter it was 31%. If I talk about some other businesses Water Technologies used to be in the 50s, 50-53% was pretty common, that went to 46% and now at 42%. Animal nutrition similarly from 35-36% has gone down to 30% so these are some continued surprises which are there and we are going to the customers for price increases, however there is a lag from the time we initiate a price revision discussion with our customers because these are long term valued partners it takes little bit of time to get it. The other impact in Q1 was purely an accounting entry there was fair value loss in Q1 of 1.73 crores and compared to Q1 of prior year there was a gain of 1.77 crores. So, this is a swing of about 3.5 Crores. Now I will just a little bit briefly go into material technologies and animal nutrition and then Nirmal would continue from there. So, Material Technologies common question is that the growth is good but profitability is not there and gross margins are falling. So typically, in this business gross margin is of about 30% and we are at about 3 or 5% of that right now. Growth has been good last year infact that's a commonality across all our businesses. Growth has been very good and which continued in Q1 as well. We are continuing with consolidation so sealant's business is almost fully consolidated into Chembond Material Technologies now and so with this Phiroze Sethna will become just manufacturing plant and a holding company for Gramos. There is some integration on the people that will also happen now so apparently those employees who are on the payroll of Phiroze Sethna will eventually be shifted over to Chembond Material Technologies. This growth is good and the good thing is that it also seems to be sustainable so we have a positive outlook for this business and our decision to re-enter metal treatment chemicals and to enter the sealant and adhesive business has been re-affirmed we are happy to say that. And the reason we say that this business is sustainable is because we expect sales of automobile appliances, auto components and consumption of steel to continue to grow in the country but however running I had a caveat here had gone through the shocks in the last couple of years we will have to be watchful in the short term.

There was a question about how many new customers have been added. So, we have added in the last 2 years in Material Technologies about 115 new customers and in Animal Nutrition about 80 new customers. So there is another question about the maximum area where we face challenge of raw material inflation so I think looking at the margin numbers I just sighted I don't think there is any area where there is minimum impact, everything is maximum and we would analysis our temporary phenomena so I want to highlight that and we have seen this in the past also when

there is high inflation years we do face pressure on the margin but then in few quarters we overcome them and the most recent example is last year, in every quarterly investor presentation. In last year's AGM we were talking about giving all these examples and in sealants as you can see with sustained effort we could get those pass on to the customers and our margins are now back apt in that business however in metal treatment chemicals with the shock that we face this first quarter that is now work in process for us. So eventually we do expect to get to the margins which would be like 35% in material technologies and high thirties for animal nutrition. There is a question about EBITDA margins So we have been pursuing growth in the last five years. If you recall when we divested from our Hantle Chembond Joint Venture our consolidated sales were about 270 crores and with the tolling it had gone upto 330 crores. So this strategy which we have of pursuing growth has worked, I am happy to say that and this year we closed at almost 350 crores at a console level and so that gives us, what I am trying to say that this growth has happened and efficiency and growth are kind of inversely proportional, So we have pursued growth and we knew that there would be high expenses and higher manpower cost and it was a very conscious strategic decision we took and so the EBITDA margins would increase atleast for Material Technologies and Animal nutrition would start to increase now.

There was a question about what are the growth driver markets and growth driver brands in animal nutrition. So, the growth driver markets are the eastern part of the country and our dairy products and our brands which are doing well and driving growth are in the areas of probiotics, enzymes, bio-security and acidifiers. The dairy business has now become much more stable, we are continuously adding new customers, distributors and our team is also very stable now. We have a project ongoing, its still on the pilot stages, in Gujarat with a company called BRG that works with the rural small farmers. So, this is an opportunity for us to tap that market. Farmers who typically would not be using any nutritional supplement for their cows and buffaloes and we are trying to demonstrate that it pays for itself more than it pays for us. So, there is a very good ROI for the farmer and its successful, the results are there. However, its very fragmented market, these are very remote villages and so its going to take time so we will be reviewing these models over the next couple of quarters. There is a question on first the outlook for animal health, So the outlook is good, very good because protein consumption in India is growing. However there are some short term disruptions in this industry, see the pandemic or the bird flu, seed prices You know last year Maize and soya prices were hitting highs and now you must be reading in the paper about these lumpy skin disease in cattle, however, like as I said protein consumption is increasing and so the outlook is good and we expect to be growing to about 50% higher numbers in 2 year's time.

There was a question about export, no we are not looking for exports for animal nutrition products we would like to be first of better size in the Indian Market. I think, that's what a can see are for these two businesses, I will ask Nirmal to talk about little more about water treatment and the overall other business aspects.

Nirmal Shah: Thank you, Sameer

Yes, I will take the opportunity to just talk a little bit on our water business, So for those who might be new shareholders and those who don't know we are in the industrial water treatment space we provide speciality chemical solutions to fight scaling corrosion and biological attack. We also provide preculents and polyelectrolytes to treat intake water as well as wastewater and effluent water. We also have product line to treat water that enters RO plants and multi effective apparatus, so its a entire gamete of speciality chemicals that we make for treating water. In addition to these we also make some dosing systems and small water treatment equipment that compliments any water treatment or an existing customer needs small in addition to his set up so we offer those solutions to and recently we have seen a trend evolving where large customers want to offload operations and basic maintenance of their cooling systems and effluent treatment plants. So, we have also been catering to those requirements increasingly in the last 2 or 3 years. So, this gives you a little bit of an overview, we are primarily focused on the India market, we catered to heavy industrial supplements like fertilizers, metal, petrochemical, refining, power, chemical processing plants and industrial applications in those segments. We have a footprint across the country and a product line that is very well recognised, our key differentiators are on fulfilling all performance commitments to customers and are very prompt and effective technical support that's something that sets us apart from some of our almost all global competitors and at the same time many host of home bred competitors, last year we closed at 117 crores in this business which was a 21% growth over the prior year of course the benefit of first quarter COVID can be factored in this but over the last several years we have been growing about a 10% cager, the industry is growing about 6-7% on an annualised basis. Most of this growth comes in from the entire chemical space for the water treatment applications it does not only come from these segments that we had raised that growth rate would be a little lower. In terms of new accounts that we have been consistently adding to the revenue line through volume growth and new customer acquisition so added roughly about 90 customers over last year and in terms of product margin that's the biggest challenge we face right now in last 3 years we have seen erosion from 53% product margin down to 141-142% this year in this first quarter. Every time we feel little optimistic hopeful, there is another round of challenges that's been coming up and last 4 quarters we have been battling this consistently always hoping that you know this situation will ease up. So, there are several issues of course some raw materials have started coming down but the biggest challenge is that in the major A class items that we buy which are still not slowing down in fact they are increasing. So, these are some immediate term challenges, pricing is not totally elastic nor totally inelastic, we are somewhere in between. We have significant chunk of business coming in from public sector units and as you may know these are all fixed price contracts where for the term that we are awarded the business we can not increase our pricing, So in a down cycle price trending downwards it's a disadvantage for the customer that we don't need to pass on any benefits to them but in situations like this, there is unprecedented massive increase in raw material cost, freight cost, labour cost. So we

are being attacked on all fronts, it will take a while till these contracts renew and during renewal will factor in revised cost and bid higher. So, the good sign on this is that none of our customers are also low bowling on these kind of accounts. So it's a universal phenomenon and we are all in it in the same boat. Hopefully this will reverse. So our rate of addition on new business is you know we are focusing little more on that because that can help ped up the erosion in margins. There were few more questions that came up we just thought I'll just bunch them up and give you, so yes we are seeing a lot of activity in the project in the investments made by private sector as well as the public sector so the governments investments in expanding refining capacity add on capacity of petrochemicals and chemicals coming from the crude chain, they have really accelerated, the government is actively driving early commissioning of all these projects so we see on time or before time commissioning of the green field investments. Private sector investments have also started rolling, we have started getting expansion so people are holding capacity all of those will come so next 3 to 5 years will continue to be an exciting time for water growth. I have already covered our gross margins, so in addition to availability challenges, pricing challenges, freight costs had gone up considerably and since there is a big component for us we were squeezed our freight bill was up by almost two crores over the year compared to prior, services that we provide to customers as well as one time contract that we undertake where we have to deploy a significant team size, our labour cost on those have increased, our margins on sales also started getting squeeze. To give you an overview one of the question was what's the market size in water well the water piece by itself 1200 crores, but we primarily cater only to speciality chemical segment, that segment is growing at about anywhere between 6 to 8% and we have a 15 to 18% market share currently. We are dominant and continue to maintain our dominance in the fertilizers space, about 75% of market share is with us, all the large fertilizer manufacturer are customers for our company. Refining and petrochemicals means about 40% of our revenue comes from that segment, metals about 10%, so these are market shares of the total peace of business that we have. There is a question on whether we can, we are still of 200 crore scale and we can double in 3 to 4 years? Doubling I think to be honest would be very steep expectation from where we are today, but with the new projects and the O & M opportunities, yes, we would continue to see a healthy growth above the cager that we have been operating at. We are entertaining opportunities for faster top line expansion but might knew will come at depression on the bottom line so we are maintaining balance fast growth and steady growth where we would surely want to maintain our margins. So, we will look at various options driving efficiency scaling without adding too much on the cost. So the steady state margins there is the question on that has been in the past that about 10% and O & M and commodity type of chemical which are supply only type of products is in the range of anywhere between 5 to 8% and whether it's on the overseas market, yes we had started doing that post our acquisition of shares from solenis and as becoming 100% Indian Company, we have started expanding overseas, it's a limited footprint right now but it has grown from almost nothing to about 5 to 6 percent of our revenues coming from exports and international subsidiaries today. About 12 to 15% is our revenue from services in these water segments, rest coming from sales of chemicals and

equipment, related business but run independently because its a joint venture partnership of German Company is Chembond Calvatis. Now there is a question that this business is still small and how soon do we think we can make it at about 25 crores? Well, I don't have a clear answer how soon we can take it 25 crores but the market potential exists and it is becoming more driven to you know speciality and performance chemicals. People are moving away from commodities like caustic soda, nitric acid they used just by itself into a value added formulations and we have seen that trend happening earlier dairies never used any of these chemicals they only used basic chemicals caustic, nitric, hydrogen para-oxide but now they are coming into formulations, so, we are addressing these segments and till last year we were focusing major part of focus was on brewing, the breweries. So after having significant inroads there we have now added dairies, food and beverage and most recent introduction in the last quarter was on the institutional range of products. So now we have brought in Calvatis's true range of products institutional segments that will cater to the laundry applications, large kitchen applications and other institutional products. So by enlarge we feel that this business though its small its able to carry its own weight and we are getting into several corporate accounts we had approved in some of the largest global companies so that kind of building up on references and qualifications has been fruitful and it will result into numbers in next couple of years, our distributors, you know it's a whole package if you are known, if you do things distributors are more inclined to work with your company so we are now at that stage we are some proven and reputed, distributors have been approaching us and we are able to start and making inroads into other markets. Ya I think I have covered most of the questions that were addressed in you know the various speakers that came up and what we received upfront. Thank you

Suchita Singh: Thank you, sir, we have with us Mr. Naitik Savla who is shareholder and he has registered himself as a speaker. So, I would request Mr. Savla to please raise questions.

Naitik Savla: Thanks for the opportunity, am I audible?

Moderator: Yes Sir you are audible please proceed with the question.

Naitik Savla: Sir I have no questions but some thoughts of introspection to team at Chembond. My comments are not only to Mr. Sameer Sir or Nirmal Sir who represent the promoter family also for other Board members as they are also representing minority shareholders like me on the Board. So, I would start with an incident when Bill Gates first met Warren Buffet, they are host at dinner, Gate's mother asked everyone around the table to identify what they believe was the single most important factor in their success through life. Gate's and Buffet gave the same one word answer that is focus. So, my point is that we have too complex and too many sub scale businesses right? Our core business is water treatment, we are rebuilding the metal treatment business plant post sale to Hankle along with this we have business segments like construction chemicals, animal nutrition, hygiene. Often Companies organically strain to very different businesses pretending they are

adjacent. All these businesses have seen no growth since last few years and have remained sub scale, so do we have a right to win here or are this distraction for the management. Isn't it better to focus on the two core business where we have had a good track record and clean up rest of the businesses.

My second point is on the excess cash, So I am happy to see that we have reduced our equity investments, however there is excessive cash on the balance sheet of the Company. The most fundamental curse of a wonderful business is the idle cash which can be devil's workshop, if there is no optimum use of this then why not return it to shareholders and my last point is on the acquisition and is relating to the previous point. We have acquired Phiroze Sethna's business in 2018. My estimate suggests that sales of this business have remained stagnant and its hardly contributing to profits. I ask the CFO would there be an impairment of goodwill as I am pretty sure that acquisition has not gone as per plan and re-emphasizes my point on the excess cash and focus. We have two wonderful business where we have an edge that is water treatment and material technologies. I would urge the both to work the management that it is better to focus on the core strengths rather than spread to think and create value for stakeholders which include the promoters too. Thanks again.

Sameer Shah: Thank you Mr. Savla, I will answer your questions and also couple that I left out earlier so since yours were the latest, I will say that the sealant business has performed exceedingly well last year. It grew from 16 crores to 25 crores in one year and even in the first quarter It has exceeded our expectations. So, it's really a commendable job done by team that handle these products and so I don't see any case here for goodwill adjustments. Both of these businesses are on track to be double of what it was when we acquired them in 2018. Your other question about focus so I would say that we have a focus on water treatment, metal, material technologies, biotech and construction and hygiene chemicals. So, I think you have to go back to where we were about 10 years ago, when we realise that the water treatment market size is, water treatment market size and also metal treatment chemical market size these are relatively smaller markets, if a Company like us wants who has a ambition to grow, we would have to diversify and enter allied markets and we are seeing that happen we are in technologies now because we have expanded that product range. We have expanded overseas added equipment solutions and in metal treatment we have added coatings and sealants and adhesives. There was another question we hot in writing about capacity utilisation in material technologies. So, these are manufacturing capacity are very elastic since lot of this is formulating. So, we don't really have any short fall of capacity. There was a question about the fire that happened in 21st of April, so the loss of inventory and equipment had total 7 and half crores. We have received interim compensation of about 1.36 crores of now and we are extremely confident that we will receive the entire loss at a replacement value and receivables, there was a question about receivables. So, our receivables are pretty standard, we benchmark again many companies in this industry and it ranges from 50-60 days to about 120 days depending on the business that we operate in. There was a question about

investments, we have about 18-19% in equity and 80% in debt. I think that covers all the remaining questions. Suchita

Suchita Singh: Thank you Sir

You can conclude the meeting with the last paragraph.

Sameer Shah: Ok, got it

The members those who have not voted are requested to cast their votes through the e-voting facility which is open during this meeting and shall remain open for 15 minutes after the conclusion.

The Company Secretary is authorised to take necessary actions with respect to declaration of results on the voting process. The result of the voting will be declared and be intimated to the Stock Exchanges and also uploaded on the website of the Company and National Securities Depository Limited.

I declare the conclusion of this Annual General Meeting and thank you all for joining this meeting through video conferencing, for your co-operation in conducting this meeting and request everyone to take care and stay safe.

I also thank all the Directors of the Company for joining this meeting and I thank all our employees at all the locations and our partners for your support. Thank you.