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Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051
NSE Symbol: VISHNU
Through: NEAPS

Subject: Transcript of the Earnings Call held on 08th August, 2025 on Q1FY26 Financial Results

Dear Sir/ Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed please find transcript of the Earnings Call held on Friday, 08th August, 2025 to discuss Financials Results for Q1 FY26.

This information will also be available on the website of the Company www.vishnuchemicals.com.

This is for your information and record.

Thanking You.

Yours faithfully,

For Vishnu Chemicals Limited

Vibha Shinde
Company Secretary & Compliance Officer



“Vishnu Chemicals Limited Q1 FY '26 Earnings Conference Call”

August 08, 2025



MANAGEMENT: **MR. SIDDARTHA CHERUKURI – JOINT MANAGING
DIRECTOR, VISHNU CHEMICALS LIMITED
MR. HANUMANT BHANSALI – VICE PRESIDENT
(FINANCE & STRATEGY), VISHNU CHEMICALS
LIMITED**

MODERATOR: **MR. MEET VORA – EMKAY GLOBAL FINANCIAL
SERVICES**

Moderator: Ladies and gentlemen, good day, and welcome to the Vishnu Chemicals Earnings Conference Call, hosted by Emkay Global Financial Services Limited.

As a reminder, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Meet Vora from Emkay Global Financial Services Limited. Thank you, and over to you, sir.

Meet Vora: Thank you. Good afternoon, everyone. Welcome to the Earnings Conference Call of Vishnu Chemicals Limited for Q1 FY '26. I would like to welcome the management and thank them for giving us this opportunity to host them.

We have with us today, Mr. Siddartha Cherukuri – Joint Managing Director; and Mr. Hanumant Bhansali, Vice President, Finance.

Before we begin this call, I would like to point out that the discussion during this call may contain forward-looking statements reflecting the Company's current view of future events and their potential effect on Vishnu Chemicals' operating and financial performance. These statements involve uncertainties and risks, which could cause actual results to differ. The Company is under no obligation to provide subsequent updates to these forward-looking statements.

I shall now hand over the call to the management for their opening remarks. Thank you, and over to you, Siddartha.

Siddartha Cherukuri: Thank you Meet. Good morning everyone, and thank you for joining us today.

Let me start today by providing a brief overview of the quarter gone by and how we navigated the external challenges during this period:

Quarter 1, while our year-on-year performance remained resilient, we witnessed a moderation in sequential performance, largely due to demand deferment arising from ongoing tariff uncertainties. The impact was more visible in export markets where customers took a cautious approach, particularly in terms of inventory stocking for their key raw materials. This caution coupled with subdued global manufacturing activity, I would say, temporarily affected our order book and our order flow.

Despite these headwinds, we continue to focus on margins and customer-first approach. Consolidated Domestic:Export sales mix stood at 55:45 during the quarter. Our balance presents across domestic and export markets gives us the flexibility that is valued in times like these.

Ocean freight rates also surged between May and early June driven by tariff-related developments and especially the peak season surcharge has been applied. While freight costs have begun to ease since mid-June, we did experience an increase of 88 basis points in our shipping and forwarding costs sequentially.

We are pleased to report our consolidated gross margin improved by 81 basis points year-on-year basis to close to 46%. And consolidated EBITDA margin remained stable at 16.1%. This is a direct result of operating discipline and flexibility we built into our business model over the years.

Manufacturing remains our core focus, and we are continuously working to strengthen it moving forward to maintain our cost-competitive position. In the quarter gone by, our consolidated manufacturing expense as a % of revenue declined by 100 basis points, year-on-year to 6.2% in Q1, driven by ongoing process improvement.

We remain encouraged by the business development opportunities we are generating and expect to continue to capitalize on our pipeline to drive sustainable above market growth. Though it is hard to predict, we are hopeful that pent-up demand will flow through the rest of the year as our portfolio of chemicals cannot be substituted. We believe that once there is a clarity on the tariff front, market stability is likely to return.

To throw some light on the CAPEX front:

We are going to focus on completing the existing projects in hand, including the foray into Strontium chemistry and strategize our future investment in Chromium and Barium vertical once the clarity emerges post-tariff stabilization.

Thank you. Now, I hand it over to Mr. Hanumant to walk you through the financial highlights. Over to you, Hanumant.

Hanumant Bhansali:

Thank you Mr. Siddhartha and good morning, everyone.

Let me now share the financial highlights of the quarter Q1 FY '26:

On a consolidated basis, the Company delivered operating revenues of Rs. 346.9 crores in Q1 FY '26 compared to Rs. 338.9 crores in Q1 FY '25, an increase of 2.4% on a year-on-year basis. The gross margins were resilient at 45.6% in Q1 FY '26, compared to 44.8% in Q1-FY '25.

The absolute EBITDA in Q1 FY '26 was Rs. 55.7 crore, an increase of 0.2% on a year-on-year basis. Q1 FY '26 EBITDA margin was 16.1% compared to 16.4% in Q1 FY '25.

The Company achieved a PAT of Rs. 32.2 crores in Q1 FY '26 compared to Rs. 30.5 crores in Q1 FY '25, an increase of 5.8% on a Y-o-Y basis. The PAT margin stood at 9.3% in Q1 FY '26 compared to 9% in Q1 FY '25.

Some of the key highlights on the standalone front:

The Company witnessed improvement in gross margins and EBITDA margins during the quarter. As stated earlier, the focus on margins and customer-first approach helped the Company achieve desired improvement of 470 basis points in gross margins in standalone business and 185 basis points improvement in EBITDA margins on a sequential basis.

The Company has a continuous track record of paying dividends. The Board of Vishnu has recommended a dividend of 15% on the face value of Rs. 2 per share, which is subject to shareholder approval at the upcoming AGM.

Even when the macroeconomic conditions remain challenged, the team is executing well, highlighted by the positive inflection in our year-on-year metrics. We will continue to improve our competitiveness and efficiently deploy capital in value-accretive ROCE projects.

On the South Africa acquisition:

The statutory approvals and clearances are still in progress. And we will update you once we have clarity on the same.

With this, I conclude my remarks. We can now commence the Q&A session. Thank you.

Moderator:

Thank you very much, sir. We will now begin the question-and-answer session. We have our first question from the line of Rohit Sinha from Sunidhi Securities. Please go ahead.

Rohit Sinha:

So, first of all, on the standalone side, just wanted to know what is the update on the pricing side from the Chromium's business. And obviously, I think everyone would be looking at the angle at how much we are exposed to the U.S. side. So, how much revenue we are getting from the standalone business as well as on the subsidiary Barium side also, if you can highlight? And the current scenario where the Chromium products' pricing are shaped up in context of the Chrome ore prices?

Siddhartha Cherukuri:

Good afternoon, Mr. Rohit. I will start off with your first question is, how is the pricing environment? Pricing environment still remains quite resilient. We are not seeing the pressure on the pricing across Barium and Chromium value chain. Whereas you are talking about what is our exposure to U.S. market. On a consolidated basis, our exposure is close to 12%. In that, 7% to 8% is about Chrome and about 3%, 4% is Barium.

So, just to give you an update, for our Barium chemicals, there are no tariffs. It is totally exempted based on Annexure 2, which is a very positive. So, we continue to grow our volumes in this particular value chain, which is Barium chemicals.

Chrome, there is a tariff applied. Right now, it is close to 25% plus 3.5%, 28%. We are in constant touch with customers. So, right now, things are still quite fluid at the moment. So, I

won't be able to comment. But we see the customers are still keen to look at our products and continue to import. But it is still unclear at the moment.

Rohit Sinha: And good to know that Barium is not there on the tariff side. And although we have only 3%, 4% as of now, so in order to, you can say, capitalize on this opportunity, how would be our approach and how big this would be going forward? As I think we already have decent demand for Barium in the other markets and we are doing good there. So, our capacities, how our capacities are shaped up and how the utilization there and how if at all we are looking to expand our presence in the U.S. on the variant side, would that be with the current capacity itself?

Hanumant Bhansali: Just to correct a small thing over here, sales of Vishnu chemicals on a consolidated basis from USA is about 7%. 5% of Chromium sales come from USA. And on the Barium side, we have 12% contribution coming from USA. Over to Mr. Siddhartha to answer the remaining part of the question.

Siddhartha Cherukuri: So, for the Barium, I think, we are in constant touch with the customers. I think, we are trying to add more accounts as we move forward for both Barium Carbonate and Barium Sulphate. We definitely are going to see a good volume and value growth on that front.

Again, in terms of our operating levels, we are currently operating at close to 80%, both the products, and we target to get to 90% in this particular quarter as well.

Rohit Sinha: And just one thing on the balance sheet side. I mean, how much would be the CAPEX and debt number for us would be there for FY '26 and '27?

Hanumant Bhansali: Hi, Mr. Rohit. On an immediate basis, the Company is working to complete its CAPEX in Vishnu Strontium Private Limited. Of this, Rs. 46 crores have been spent till 30th June 2025. And on the debt side, the Company's net debt is about Rs. 250 crores as of 30th June 2025, which is close to about 0.25x net debt to equity.

Rohit Sinha: And this would be more or less in a similar range for next year also?

Hanumant Bhansali: For the next year, it would be subject to the CAPEX plan that the Company would take, for which there would be more clarity and more details available once the tariff issue subsides and there is more stability in the market.

Rohit Sinha: That is it from my side. I will come back in queue.

Moderator: We have our next question from the line of Ashish Khurana from ANK Capital. Please go ahead.

Ashish Khurana: Sir, so on this Barium side, basis what you confirmed, so there is no U.S. tariff impact. But if sequentially I see both revenue and the gross margin, so there is a, I would say, a reasonable drop. So, if you could elaborate, if it is because of Barium Carbonate or the Sulphate product

or domestic market, export market? Because before you commented on it, I thought it was primarily because of our U.S. supplies to Barium. But if that is not the case, so what is causing this impact?

Hanumant Bhansali: Good morning. Thank you for your question. So, on the Barium side, first of all, let me highlight on the pricing front, the realization of nearly all the products in Barium chemicals remained the same on a sequential basis as we did not increase any prices during the quarter, because there were already a lot of uncertainties around the macro factors.

On the volume front, there was a decline of nearly about 10% in the production of PBS compared to previous quarter due to improvements and maintenance work carried out by the Company. However, Barium Carbonate yields are on the rise, and we saw an increase of nearly 2% increase on our sales.

Ashish Khurana: So, the opportunity that opened up for us probably because I think some Georgia-based producers shut down. So, that still continues, and we have those relationships and business with our U.S. clients on Barium Carbonate, right?

Siddhartha Cherukuri: That is right.

Ashish Khurana: And on PBS, so what kind of market share have we reached domestically? I think we were targeting around 70%, 80% market share. So, where are we now on that?

Siddhartha Cherukuri: We are pretty close to that. Generally speaking, since the focus is on paint industry, normally in the monsoons, it is relatively slow on that front. But it is not impacting our exports. We are trying to balance now.

Generally, in the monsoons, the demand for either it could be a powder coating or a solvent paints is relatively low. So, there is some slowdown in the market on the paint side. However, this is kind of balanced by increasing our exports to the international market, the PBS at the moment.

Ashish Khurana: Just a couple of more questions. So, on Barium gross margins, all the benefit that could have come from our Ramadas Minerals' acquisition, so is that showing already or there are a few basis points still to go in that?

Siddhartha Cherukuri: You see, the EBITDA margins still remain robust. I mean, we are looking at close to 30%. Even last quarter, it was 29.1%. And that is going to continue to remain. There has been a volume impact because of maintenance, because of monsoon, slowdown in the paint industry, especially on account of monsoons. But we still remain quite positive overall. It could be domestic market or also exports as we continue.

Ashish Khurana: No, sir, I was asking about the backward integration benefit in gross margin. We acquired Ramadas Minerals. So, that is now already fully...

Siddhartha Cherukuri: That is already factored in. That is what I am saying. It is already factored in and our EBITDA margins are still at a level of close to 30% on a consolidated basis when we combine Ramadas and Barium subsidiary.

Ashish Khurana: And lastly, sir, on Chromium, especially global demand. So, our Turkish Company, peer Company, in their commentary, highlighted a significant drop in volumes and also said that since the leather production is down, so there is a lot of Chromium-based supply, Chromium derivative supply in the market. But I think we probably are not that deep into leather and we have like a diversified end-use case. So, how would the global demand for us, for our Chromium derivatives, pan out in the near future?

Siddhartha Cherukuri: That is a very good observation. I think this is something we have kind of forecasted a few years ago that the direction we want to take moving forward is to focus more on value-added products other than leather, which is Chrome Sulfate. And we are moving in that direction.

It could be focusing on metal plating, wood preservative, and pigments and dyes, as well as Chromium metal. So, that is what we are going to focus on. It doesn't mean that we are going to do away with the leather business because that is something, we have those long-term relationships. I think it is a moment that this industry is going through a lower business cycle. And it will definitely come back.

But given the flexible product mix, I think our exposure to that industry right now in terms of Sodium dichromate volumes to this derivative is only 15% to 20% at the moment. Our volumes in Chrome in the first quarter, in fact, and I cannot talk on a sequential basis, but on a year-on-year basis, there has been a volume growth as well as the value growth, if you can see. And even if you look at the sequential basis, it remains subdued in terms of volumes for Chrome.

Ashish Khurana: And on a sequential basis, there was a 500 bps GM improvement, gross margin improvement. So, that probably was because from the data I have, there was some softening in Chrome ore prices. Is that correct?

Siddhartha Cherukuri: To some extent. To some extent. And also, better operating levels of the plant has given better economies of scale. Our volumes have increased.

Moderator: We have our next question from the line of Apar Bansal from Planify Capital. Please go ahead.

Apar Bansal: So, I have a question regarding the growth top line that in the earlier call you have guided for like 15% to 20%. So, in the related uncertainties with the tariff, so when we can expect this growth in the year? And also my second question is regarding the Strontium carbonate CAPEX. So, please can you guide me on this?

Hanumant Bhansali: So, we are also looking at the markets right now and our current performance is a true reflection of where we could extend our capabilities to give a better performance on a year-on-year metrics.

Talking about the guidance on a 10% to 15% level, we had given guidance on increase of volumes but looking at the market uncertainty, it is very academic right now to talk about the increase in top line at this juncture. Like everyone, even we are studying the market and talking to our export customers who are more conscious and resorting to tighter inventory cycles.

But the good part is that this cannot remain like this forever because the chemicals in which we operate are hard to substitute. So, there is an expectation. I would not say we are completely relying on it, but there is an expectation that there will be a pent-up demand coming in, in the rest of the year, which is going to more or less cover up for whatever sequential decline we have seen in the first quarter.

On the Barium side, we don't see any challenges as such. Both on the pricing front as well as the volume front, we are seeing very good momentum. And that is likely to continue.

On the Strontium front, the CAPEX is underway. And we expect the production to start sometime in the second quarter or early third quarter. It is a very exciting product. It is a new product. And we are going to be the only manufacturers of that in India.

On the Strontium side, I would just like to add that it is very, very cost-effective alternative to rare earths. Strontium carbonate provides very strong magnetic properties in comparison to other materials which are used to manufacture flexible and permanent magnets, which are in great demand right now.

The prices of that have also increased substantially over the last one year due to the shortage of supply in the global markets. So, introduction of that product will also potentially add to our top line in the remaining part of the year.

Apar Bansal: Sir, just to add to on this, please confirm that as per the expectations, like for the next two years, the key growth drivers could be this Strontium carbonate project. Or if not, then given the market uncertainties right now, what could be the key growth drivers you see?

Siddhartha Cherukuri: We are working on another interesting backward integration project. Right now, we are not able to share that information since it is an R&D phase, but that definitely will be another growth lever for Vishnu Chemicals. And also, Strontium carbonate, we are seeing a good demand, especially coming out of Asia and being the only producer.

And in Mexico, one of the facilities which was manufacturing Strontium carbonate had a fire accident. So, close to 24,000 tons of product is out of the market. So, there is definitely a gap which we can fill. So, the launch is going to happen at the right time.

- Moderator:** We have our next question from the line of Jay Bharat Trivedi from InCred AMC. Please go ahead.
- Jay Bharat Trivedi:** Sir, my first question is, could you quantify what is the capacity utilization for Q1? Or alternatively, you can also say, what was the revenue loss due to deferment in Chrome ore? And 10% is what you have said for PBS due to maintenance. So, yes, can you say something on that?
- Hanumant Bhansali:** Good morning. On the capacity side, I would like to highlight, as mentioned previously in the call, capacity utilization is still very good, both on the Chromium side as well as the Barium side. Last year, our capacity utilization in chromium chemicals was in excess of 80%. And we continue to surpass this target this year itself. You know, even despite the tariff uncertainty, we are very confident of increasing or delivering a 10% growth in volumes. Due to substantial improvements that we have done in our plants, it is yielding very good yields at lower consumption of raw material.
- And on the Barium front, I would like to add that compared to mid-60s capacity utilization that we achieved in FY '24, our current utilization gives us the momentum to achieve at least 80% to 80%, 82% by the end of this year. So, we are going to see an increase in volume growth as well as value growth in the Barium vertical through the year.
- Jay Bharat Trivedi:** And my second question is on the R&D front. I know you explained, but the new products that we are working on are all the engineering processes that we are trying to optimize. How do we account for them? Are they expensed off or are they capitalized?
- Hanumant Bhansali:** They are fully expensed. All our R&D expenditure is expensed on a monthly basis in our P&L account, and there is no capitalization of the same.
- Jay Bharat Trivedi:** Sir, so when I read your annual report, categorically, there is no mention of any R&D expense. So, what will be the expense as a percentage of sale, if you could tell me?
- Hanumant Bhansali:** Categorically, there is no line item on R&D expenditure because it is outsourced to an external entity. It is outsourced to a third party. That is why it is not an in-house R&D facility. And that is the reason why it is expensed in the current heads of the P&L. And it is close to about 0.5% of our total sales, consolidated sales of the Company.
- Jay Bharat Trivedi:** Those were my questions.
- Moderator:** We have our next question from the line of Dhruv Shah from Ambika Fincap. Please go ahead.
- Dhruv Shah:** Hi, Siddhartha and Hanumant. I have two questions. One is on your Strontium chemicals commissioning. It has been pushed by almost now two quarters, right? Because it was supposed to start in start of Q1. Now you guys are saying that it will start in Q3. Why is that a delay of almost two quarters there?

- Siddhartha Cherukuri:** Yes, hi, Dhruv. This is Siddhartha with you. So, the trial runs are going on at the moment as we speak. We are getting close to actually start our commercial sales probably towards the end of this quarter itself. So, we are in August. So, I mean, the trial runs are going on as we speak. So, September is when actually the commercial sale will happen, and we will see some consistent volume from October. That is the reason we are saying it is going to be Quarter 3.
- Dhruv Shah:** Siddharth, we are putting up how big is our plant?
- Siddhartha Cherukuri:** I think we already conveyed before, close to 12,000 tons of Strontium carbonate per annum.
- Dhruv Shah:** And Siddhartha, next question is on your mine. Is there any update which you can share with us? Because we are already in August. I guess you had given guidance of by September, you should see some light out there. So, can you just give us some color on the mine acquisition?
- Hanumant Bhansali:** On the mine side, the update remains same as last quarter. There is no new development on that front. We are still awaiting the statutory approvals, which will lead to the handover of the mine and closure of the acquisition. So, this is the only update that we have right now on the mine front.
- As per our assessment, we had anticipated one year from the time of signing of the agreements last year in November 2024. So, we are expecting the approvals to come on or before November 2025. That is 12 months from the date of signing the definitive agreement.
- Moderator:** We have our next question from the line of Bharat Shah from ASK Investment Managers. Please go ahead.
- Bharat Shah:** Tough times, but I couldn't properly get the details about how much is the U.S. exposure. So, on Barium side, what I understood was there is no duty, and it is fully exempt. On Chrome side, there is 25% plus 3%, 28% duty applied. So, how much of total turnover has been to America on Barium and on Chrome?
- Hanumant Bhansali:** Good morning, Mr. Bharat. I would like to answer the first part of your question. 5% of our sales in Chromium chemicals comes from USA. And 12% of our Barium chemical sales comes from USA. That totals to about 7% on the consolidated basis, sales comes from USA. I now request Mr. Siddhartha to answer the second part of the question.
- Bharat Shah:** Just one second. One second. You say 12% of total Barium sales out of U.S. and 5% of Chrome out of U.S. And that is 10% of total turnover last year.
- Hanumant Bhansali:** That's right. 10% to 12%.
- Bharat Shah:** So, last year we did about Rs. 1,450 crores. So, roughly Rs. 150-odd crore has been exports to U.S.

- Hanumant Bhansali:** Last year, we did Rs. 1,446 crores, of which nearly Rs. 60 crores turnover came from USA, which was 3.5% of standalone sales. And on the Barium front, nearly Rs. 44 crores came from USA, which is about 12% of our Barium sales.
- Bharat Shah:** Sorry, Hanumant, I am still confused. Last year, our consolidated turnover was Rs. 1,450 crores. Right?
- Hanumant Bhansali:** Rs. 1,446 crores.
- Bharat Shah:** Yes, sure. Rs. 1,446 crores.
- Hanumant Bhansali:** Yes.
- Bharat Shah:** So, exactly how much has been Barium exports to America out of that? And how much is exactly chrome exports to America?
- Hanumant Bhansali:** Last year, Rs. 60 crores were chrome exports to America and Rs. 44 crores were Barium exports to America.
- Bharat Shah:** 44 and 60. So, 104. So, of the turnover, consolidated turnover, that is more like 7%, 7.5%, not 10%.
- Hanumant Bhansali:** No, it is not 10%. It is 7%.
- Bharat Shah:** But I thought I heard you saying 10% of consolidated turnover came from America.
- Hanumant Bhansali:** No, no. I will repeat. On a consolidated basis, we have exposure to America 7%. On chromium front, it is 3.5% last year. On an average, it has been about 3.5% to 5%. Last year, it was 3.5%, which is Rs. 60 crores of turnover came from America. And on Barium front, 12% of our Barium sales came from America, which was about Rs. 44 crores last year.
- Bharat Shah:** So, on a consol basis, about 7% of the turnover came from America. Of which, Barium sales is not a problem, as it is duty exempt. What is in trouble is the Chrome exports where duty is applied.
- Hanumant Bhansali:** It is very early to say right now whether because Chromium on the other side, it is not a very big market for us in USA, and we were not anticipating any larger market share in the near term. So, we have to see from a holistic point of view why USA is not the only market that will be impacted due to this tariffs. I think it will also have a ripple effect to other markets.
- So, for instance, USA has imposed tariffs on China. China also purchases from South America, and we also sell to South America. So, there is always a correlation between the tariffs and other countries apart from USA.

But from a standalone USA point of view, Chromium has been a small market for us because there is a dominant player over there, active player over there, which is just like Vishnu has a market share of nearly 60% in domestic markets in India. They have a market share of nearly 60% to 70% in USA.

Bharat Shah: And so far on the Chromium exports to America, the duty of the 28%, who is bearing? Are we bearing a part of it and the other part, the importer is bearing? How is it working?

Hanumant Bhansali: On the duty front, it is a very good question. It is very early to say anything right now.

Siddhartha Cherukuri: Hanumant, let me take it. As of now, for the shipments which have arrived or which are arriving, there is a 10% duty. So, so far, I mean, the customer is bearing all that duty. But moving forward, people are talking about 25% and maybe 50% now. So, things are very fluid at the moment. So, we are still kind of in discussions and to see how things will pan out in this month.

But as of now, the customers are bearing that additional, before in the past, it was about 3.6%, and there is an additional 10%, which was a baseline tariff for the material which has been shipped or which has been arriving. So, that pretty much the customer is bearing. The situation now is a little different than a few weeks ago, so we are still in discussions.

Bharat Shah: Naturally. I mean, given the kind of confusion, the men sitting in White House has greased head. That is an understandable one. And in the first quarter, how much have we actually exported Chrome to America? And how much of Barium?

Siddhartha Cherukuri: Sorry, please repeat your question.

Bharat Shah: First quarter of current year, how much has been exports to U.S. on Chrome and Barium?

Siddhartha Cherukuri: I mean, I am not sure if you are talking on the volumes and value. I mean, I don't have those numbers.

Bharat Shah: No, value is what I am taking of.

Siddhartha Cherukuri: I have to see maybe \$2 million or \$3 million, close to, but I need to take a look at it. I don't have those exact numbers.

Bharat Shah: So, given the fact that America exposure still is rather low, I mean, it is not insignificant, but it is somewhat low. Where is this, even in presentation, Israel is on the call right now. The swirling worry is about tariff uncertainty.

Siddhartha Cherukuri: So, directly or indirectly, we may not be, like you rightly observed, we are not like that. I mean, it is not insignificant and not too significant. It is 5% of our Chrome business and close to 4% of our Barium business. But the thing is that, like, we are exporting to over 65 countries.

So, you know, there is something called ripple effect where ideally the consumer remains America, right?

So, how are the other end user industry, how are clients in Vietnam or how are clients in Europe or Africa or South Korea, Japan? And because ideally, there is a good share of their final product going into America. So, how are they impacted? So, that is also impacting us.

Bharat Shah: No, obviously. Second level effects are always, they appear hidden, but they are real. And it is not just the primary effects. I appreciate and understand what you are saying. So, what exactly you are trying to convey is that it is the ripple effect of the others eventually selling to America where there is confusion and there is a level of uncertainty which is prevalent.

Siddartha Cherukuri: Sorry?

Bharat Shah: Basically, what you are trying to say is...

Siddartha Cherukuri: That's right.

Bharat Shah: That the exposure to America is not as much concern. But the ripple effect through the other buyers in other countries who eventually may be selling to America, they are going through their own challenges and that is reflected in the environment of uncertainty and diffidence which is prevailing.

Siddartha Cherukuri: So, so far, yes, you are right. So, far, the domestic market remains resilient in spite of this tariff effect. So, we hope that would continue because the domestic demand and generally the consumer sentiment still remain positive in India. I hope that would continue. And we will be focusing more on the domestic market in general moving forward. Perhaps the share would be 60-40, but still there will be some portion of exports on a whole from Vishnu then.

Bharat Shah: But on that domestic part, actually, many industries are significant exporters to America, leather being one, your ceramics, etc., also being another one. So, many of these industries, through the second-level effect, again will be impacted, no? Because some of them are exporting to America.

Siddartha Cherukuri: I think, not really, because for example, Sodium dichromate mainly going into pharma for us, like a painkiller. So, these are, you know, there is no, pharma as of now, it is exempted. There is no duty on pharmaceuticals.

Bharat Shah: But tannery, ceramics?

Siddartha Cherukuri: Leather predominantly is going to China because we are not doing the final product here. It could be automotive leather, or it could be upholstery, it is furniture or shoes. I think it is primarily going to China, Asian countries, partly to U.S., but yes, majorly to the Asian countries. And India also has slowly become a consumer.

And like I updated to another gentleman saying that our exposure to leather is coming down year-on-year basis. So, it is more towards pharma, pigments, electroplating and pigments and dyes.

Bharat Shah: Just one last thing. Therefore, what is essentially the message of the dialog so far is that global uncertainty is what it is and there is precious little we can do about it. But we are tightening whatever we need to do and improving our own in-house so that we are in a good shape, whether on the cost side, on product mix side, innovation and whatever. But we deal with the situation internally. Externally is something beyond our control. And overall, we should still be able to prevail, especially once the acquisition of the mine is completed. I think it will give a significant leg up.

Siddartha Cherukuri: Like I said, I mean, you are right, and we still remain positive. I think there is a lot of work happening. And especially on the backward integration side, with the Chrome ore is going to come by early next year. I think that is going to further improve our cost position in terms of the Chrome metal plan what we have also will play a significant role with the kind of product mix, what we are going to look at. So, yes. But on the Barium side, as you know, things remain quite positive. We still have maintained close to 30% EBITDA, and that's going to continue, perhaps even improve. That's how I thought.

Bharat Shah: And mining acquisition is only a timing issue. Happening is not an issue, right?

Siddartha Cherukuri: Hanumant, you would like to comment?

Hanumant Bhansali: That is correct. Yes, that is correct, Mr. Bharat. The application is pending with the government for regulatory approvals and clearances. The acquisition will be completed as soon as we get the government approval. And it is only a matter of time. We are anticipating it could happen anywhere in the third quarter of the financial year, probably on or before November 2025.

Bharat Shah: But happening of that is certain. Timing is only what we are discussing.

Siddartha Cherukuri: That is correct. That is correct.

Moderator: We have our next question from the line of Miten Shah, an individual investor. Please go ahead.

Miten Shah: So, I would just like to know, historically, what has been the demand for Chromium and Barium compounds? In other words, I would like to say, in what way it is growing in terms of CAGR every year? I mean, what is the demand increase or pent-up that you are showing in terms of CAGR both domestic as well as globally?

Hanumant Bhansali: Good afternoon, Mr. Miten. Thank you for your question. Chromium chemicals has witnessed an upsurge in demand starting 2017, 2018. And we have seen an increase in the consumption of Chromium chemicals across the sectors, including electroplating, pharmaceuticals, wood

preservatives, automobile industry, leather industry on the furniture side, upholstery side as well as the automotive side, as well as we are seeing new derivatives of Chromium chemicals being implemented in areas such as coating surfaces, pigments and dyes, dyes that do not fade, pigments that can last the test of time. And all these new innovations have led to an upsurge in the consumption of Chromium chemicals globally.

It is also imperative to note that Chromium has been very hard to substitute. And by nature, it does not rust. And with its ability to be resistant to corrosion, it finds its application in various defense as well as aerospace applications.

Whereby, I would just like to share an example, say, an Airbus engine. It contains close to about 250 Kgs of pure Chrome metal in it, which is close to about 4x the amount of Chrome Oxide that we manufacture and sell at our products. These are some of the applications which have picked up over the last 8 to 9 years. And we have seen that the CAGR is only bound to improve with the diversity the Chrome chemicals offers to the application.

Miten Shah: So, what I was essentially asking is, how much is it growing every year? I mean, since, say, like you said, from 2017-18, the application has been increasing substantially. So, what is the demand that you are seeing in terms of CAGR? Suppose, say 2017-18, it grew by about 7% as compared to previous year. The next year, it grew by about 5% or 6%. What is it that you are saying in terms of CAGR, the growth year-on-year based on history?

Hanumant Bhansali: In the range of 4.5% to 5.5%.

Miten Shah: That is for the Chromium or for both the Chromium and Barium?

Hanumant Bhansali: Only the Chromium part of the business.

Miten Shah: And how about Barium? How is that going in terms of...

Hanumant Bhansali: On the Barium front, we are seeing a CAGR growth of close to about 5.5% to 6.5%.

Miten Shah: This you are talking locally or globally?

Hanumant Bhansali: Globally.

Miten Shah: Globally. Okay. By any chance, do we have an approximate indicative TAM of this market? Now say for Chromium, what would be a TAM? And for Barium, what would be a TAM? Indicative?

Hanumant Bhansali: We can share it probably. We can connect offline, and we can share more data on the market and the industry side of both the verticals that we operate in.

Miten Shah: Fair enough. The only next question would be like, what is the marginal difference between our local consumption and our exports, I mean, the marginal difference in terms of margins?

- Hanumant Bhansali:** In terms of margin, it is very flexible. Of course, export realizations are slightly better compared to domestic realizations. But there are pros in both the areas. Domestic gives us a better edge in collections and having a low receivable. And in domestic market, we have a payment term of one month or less than one month. And in some cases, it is even on a cash and carry basis, which is advance payment, and then the material is supplied to the customer. But in the export market, where the margins are slightly better, like I said, about 1% to 1.5% and in certain categories even better, but there the receivable days extend beyond 45 days extending about 50 to 65 days.
- Miten Shah:** And what would be the, as on date, cash on books?
- Hanumant Bhansali:** As on date, cash on books, we cannot report it because the balance sheet is not shared. But it is in line with 31st March 2025 that we have reported.
- Miten Shah:** Is it roughly around Rs. 900-odd crores? Sorry. Is it roughly around Rs. 900-odd crores? I think that is what was indicated.
- Hanumant Bhansali:** No, not 900. As of 31st March, we had reported a cash on books of Rs. 81.7 crores. So, it is nearly in line of that.
- Miten Shah:** Rs. 81.7 crores.
- Hanumant Bhansali:** That is right. That was cash reported on our books as of 31st March.
- Miten Shah:** And final question, sorry.
- Moderator:** Sorry to interrupt you, Mr. Miten. May we please request you to rejoin the queue? We have our next question from the line of Parth Modi from Equirus Wealth. Please go ahead.
- Parth Modi:** So, my question is regarding the Chromium business. How much do we sell a standalone SDC, like the primary chemical? How much of volume we sell of it? And how much of SDC is collectively consumed for manufacturing the derivative products?
- Hanumant Bhansali:** Thank you very much. Thank you for your question. We have a capacity of nearly 80,000 tons of Sodium dichromate, of which nearly 30% to 33% is sold as Sodium dichromate in the market. Balanced 67% of Sodium dichromate is converted into derivatives as per the demand requirements.
- Parth Modi:** And how much will be in value terms, like for FY '25, how much revenue was contributed from derivative?
- Hanumant Bhansali:** From the derivatives, the revenue contribution was close to about 70-odd percent.
- Parth Modi:** Of the Chromium business?

- Hanumant Bhansali:** Of the Chromium business.
- Parth Modi:** And do we have any margin differential? Like what margins do we make in derivative and what in primary?
- Hanumant Bhansali:** Thank you again for this good question because it is not that the derivatives add more margins to the business and vice versa. It gives us the flexibility to deliver the product in the market where there is demand. So, if we find a demand of only Sodium dichromate, we can produce Sodium dichromate and sell as it is in the market. But that is only a best case scenario.
- In the realistic case, the demand shifts from one application to another application, one customer segment to another customer segment. And the range of derivatives gives us the flexibility to manufacture the product as per the requirement of the customer.
- Parth Modi:** That will be all.
- Moderator:** Thank you. Ladies and gentlemen, that would be the last question for today. And I now hand the conference over to the management for closing comments.
- Hanumant Bhansali:** Thank you, everyone, for your valuable time. With this, we conclude our Q1 FY '26 Conference Call. I would like to add that our results, earnings release, and the investor presentation have been uploaded on the stock exchanges and the Company's website. If you have any further questions, feel free to reach out to us on investors@vishnuchemicals.com. Thank you for your valuable time. That is all from us now.
- Moderator:** Thank you very much, sir. On behalf of Emkay Global Financial Services, that concludes this conference. Thank you for joining us and you may now disconnect your lines.