



Speb Adhesives Limited

Formerly Known as Speb Adhesives Pvt.Ltd.

Manufacturers : Synthetic Rubber Adhesive

Plot No. J-33, M.I.D.C., Taloja - 410 208 Dist-Raigad

Mob No. +91-7738532223

Email: kirti@speb7.com • Web: www.speb7.com

CIN : U99999MH1990PLC058873

Date: 22nd May, 2026

To,
The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E), Mumbai — 400051 India

NSE Symbol: **SPEB**

Subject: Submission of Transcript of Earning Conference Call Held on Tuesday, May 19, 2026

Dear Sir/Madam,

Pursuant to the provision of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed herewith a transcript of the Earning Conference Call held on Tuesday, May 19, 2026 at 04:30 P.M. IST to discuss the Audited Financial Results (Standalone) / financial performance of the Company for the half year and financial year ended on March 31, 2026

The transcript is also available on the company's website <https://www.speb7.com/investor-relations/>

This is for your information and record.

Thanking you,
Yours sincerely,
For **SPEB Adhesives Limited**
(Formerly known as SPEB Adhesives Private Limited)

Gaurav Kirti Vithlani

DIN: 00838641

Managing Director

Address: Plot No. J 33, MIDC, Taloja,
Raigad, Panvel, Maharashtra — 410208.



SPEB ADHESIVES LTD

H2 and FY'26 Earnings Conference Call

May 19, 2026



MANAGEMENT: MR. GAURAV VITHLANI– MANAGING DIRECTOR

MODERATOR: MS. KHUSI PAREKH- ARIHANT CAPITAL

**MR. AYUSH DIVECHA- INVESTOR RELATIONS-
MERLIN CAPITAL ADVISORS**

Khushi Parekh: Welcome to all of you to the SPEB Adhesive Limited H2 & FY26 Earning Con Call. On behalf of Arihant Capital Limited, I would like to thank the management of SPEB Adhesive Limited for giving us this opportunity to host this call. Joining us today on the call is Mr. Gaurav Vithlani, Managing Director of the company. I just want to hand over the call to Krishna. Thank you. You can start.

Krishna Modi: Before we begin with the opening remarks, a quick announcement for the attendees. So as a part of Safe Harbor, I would like to inform you that this call may contain certain forward-looking statements and should view in conjunction with the risk and all the uncertainties of the company's matters. Also, as a part of compliance, please note this call will now be recorded. I will now hand over to Mr. Gaurav for the opening remarks. Over to you sir.

Gaurav Vithlani: Thank you so much for the introduction. Hi all, I'm Gaurav Vithlani, Managing Director of SPEB Adhesives Limited. A very warm welcome to all of you for our first ever earning call. So we just got listed in December and this is our first earning call ever for the company. So before we start with the results highlight, I would like to briefly introduce our company to everybody. We are SPEB Adhesives Limited. We've been engaged in manufacturing of solvent-based adhesives for over the past four decades, catering to various industries like furniture, furnishing, flooring, foam, insulation, upholstery, etc. Many more. Alongside our core solvent-based adhesive profile, we are also expanding our base and water-based adhesives for a couple of applications where we see a trend shift of environmental-friendly products. Over the years, we've built a long-standing relationship with our customers through consistent product quality, customized formulation, and just-in-time supply. Currently, we operate with an installed capacity of 3,600 tons per year in our Talaja manufacturing facility with a healthy utilization levels. To support our next phase of growth, we are setting up a new manufacturing plant in Khalapur. That's an additional capacity of 4950 tonnes, totaling both the capacities to 8550 tonnes per year. Now coming to financials, SPEB has delivered 12.7 % revenue growth driven by strong volumes and product mix. Volume sold for the year in tonnage is 2866 tonnes of adhesive, that is 79.60 % of capacity utilisation. EBITDA margin stands at 17.87 % supporting higher profitability. PAT rose from 13.40 % to 13.58 % in the current financial year. Going forward, our focus will be on expanding geographical penetration. We have a strong presence in western part of India. and through our increased dealer distribution channel and manpower, we are planning to expand the foothold phase-wise, first in North and South and then gradually pan India basis. We also have a great export penetration. We've been exporting our products to Middle East since past 15-16 odd years. And now we have a dedicated team of one person right now and one more person is joining. They both are higher level persons and with a great experience and adhesive field for, you know, deeper penetration. So one takes care of the retail marketing side of it. And the second person who's joining, he takes care of OEM sector. So this is about the company. And with that, we can now begin the Q &A and you can start any questions with respect to financial performance. Thank you.

Moderator: Dear participants, we will now be starting the Q and A section of this call. If you wish to ask a question, please use the raise hand feature available. We will announce your name on the call,

and then you can proceed to ask your question. We'll wait for a minute while the question queue assembles.

We will take the first question from Mr. Vineet. Can you introduce your name and the firm you represent before asking the question, Thank you.

Vineet: Good afternoon, sir. I am Vineet from Toro Wealth Managers, a SEBI registered category 3 AIF firm based out of Pune. Sir, my question is with respect to the revenue growth that you have done in this year. I mean, I want to understand if it was primarily volume driven or was it a reflection of the price hike past, due to the input cost movements?

Gaurav Vithlani: Hi, Vineet. It's a great question. So it was purely driven on volume base because the price hike whatever has happened has happened in this financial year, starting from April. Because for us the price implementation, the price hike started in late February or March. And we being in more of a retail space, we have to have few stocks and we have to support our clients. We have a good industrial base also. So there I cannot overnight increase the price. So whatever price implication we will see, you will see in the coming financial year. So last financial year was volume driven.

Vineet: And the volume growth would continue this year as well?

Gaurav Vithlani: Ofcourse it would because we've increased our sales team and so you will see a lot of volume growth coming from your geographies and current also the market is growing at 7-8 but we grew at around 11-12 in average wherever, we don't even put a perch to sell. still the market is going at 11 to 12%. And generally what happens during you know such times many of the smaller players eliminate from the market. And that portion of business comes to the organized sector, which are the top three, top four, depending you know, in the market.

Vineet: Understood. So what is the percentage of the price hike that has been done?

Gaurav Vithlani: The percentage of the price I mean, from product to product ranging from 12 % to 24%.

Vineet: Okay, And if we compare it with our current blended mix of all the product mix that we do?

Gaurav Vithlani: Average if you see it should be around 13 to 14%.

Vineet: 13 to 14%. Got it sir. And the second question is with respect to the decision that you take while selecting any new greenfield project, what are the ROCE thresholds and the payback period that you generally target sir?

Gaurav Vithlani: Sorry, can you come again?

Vineet: I'm asking what are the general ROCE thresholds and the payback periods that you target while selecting for any new greenfield projects or any new expansion.

Gaurav Vithlani: Generally what happens is that newer plant which we are putting, it's a four acre plant and we'll be doing it phase wise. So any new growth what we see or any new CAPEX what we do, we

generally see to it that within three to four years, we have that know, ROI in place. And you know to answer your previous question also with respect to the volume growth, last year we did uh 2,487 tons, this year we did 2,865 tons.

Vineet: Understood, sir. That is really good. And sir, my last question is with respect to your current expenditures, I mean, the current nature of expenditures, which is if you can mention how much do you spend annually on marketing, branding and channel partner incentives? And is there any intent to sign a big brand ambassador as well?

Gaurav Vithlani: Great, So you know, to be very frank, we are right now at the stage where my major part of the growth will come from the people. So whatever spending we are doing is only on hiring right now. Marketing we spend very little, comparative to any other uh brands in the market, which are in the top three, top four league. Because our main focus is top line bottom line growth and geographical penetration. So there our major part of expenses come from the people, where we are hiring people and that's where the expenses are going towards and with respect to brand ambassador I guess we are too early to do that, because you know unless I have a different reach, I don't think there is any point of spending on brand ambassador, so yes we will be doing that but I guess this is not the correct time probably 3 years 4 years down the line were we have the proper penetration and reach that time it will be viable for us to do it.

Vineet: Okay sir got it. Thank you sir for answering my questions

Gaurav Vithlani: Most welcome

Moderator: Thank You, We will now take next question from Mr. Dhaval Pandya.

Dhaval: Hello, sir. Good evening. Myself, Dhaval Pandya from Ariza Strategies. I have a few questions. Given that solvent-based adhesive currently generates 99 % of your revenue, what is the projected breakdown of your product portfolio over the next few years, like three to five years?

Gaurav Vithlani: Sorry, I didn't get your question right?

Dhaval: So given that solvent-based adhesives, Currently, it generates 99 % of revenue. What is the projected breakdown of the product portfolio over three to five years?

Gaurav Vithlani: See, solvent-based adhesive is our core business. right now, wherever geographical presence also will make, so main focus would be that. The water-based adhesive, what we talk about are more of furniture adhesive, which is white adhesive. And there, we have a good dominance, or we've started geography-wise. for that product is exports and not domestic. So domestic, we are looking for the right team. And right now we do some business from the domestic market, but that is from my current channel of dealer distribution network. So we need to have a dedicated team for white adhesive and water-based adhesives. So down the line, you may see a product needs of 70, 30 in next three years and probably it's a bigger market. So In the next 7 to 8 years, you might see 50-50%.

Dhaval: Okay. And one more. So what are your top three raw material inputs and how have they behaved over the past few quarters?

Gaurav Vithlani: See, our top raw material is synthetic rubber. There are two grades, is polychloropane and SBS, what we use. And other than that are resins and solvents... we've seen a very disruptive pricing since past, very volatile after the war situation but the scenario is not only for us, right? It is for everybody who's present in this industry, big, small, whoever players they are. So yes, there has been a cost impact and those cost eventually is bad by the client. And the price, you know, implication with respect to us and competition, few competitors have stock, few don't. So, you know, It's just a 15-day gap because solvent, what happens is solvent, everybody in the industry, depending on their manufacturing capacity, they have a limited storage capacity of solvents. So no one can store solvents for more than 10 to 15 odd days. That is also on a higher side. So generally it's a weak cycle. But being a bit conservative, we see that if someone has a larger storage capacity, it's maximum 10 to 15 days. So yes, the pricing have gone up, but ultimately those all pricing have to be passed on to the client and they have to bear it.

Dhaval: Okay, understood. And one last question. The water based adhesive represents minus share in your current revenue. Are you currently experiencing any tangible shift in consumer preferences towards these eco-friendly options?

Gaurav Vithlani: No, we are not. See, there's one. application which is flooring where we see and you know where we expertise and we have a channel and we have network. So in that uh particular vertical, we are seeing a trend shift on a minor scale and we are ready with the product, second scale transition from a solvent to a water based is mattress industry and that is also not to a larger extend, the industry size for shifted water based plant is very little but we are working on getting the product ready, in that vertical as well, so that whenever there is a trend shift we don't lose out to that business. So water based adhesives with respect to trend shift, we work on a trend shift basis. So when we see a trend from a solvent based or one polymer to another so we have to be ready in the same category or the same channel what we do, so there we have to be ready with the counter product so that our market share is not gone.

Dhaval: Okay Understood. That's it from my side. Thank You.

Gaurav Vithlani: Thanks Dhaval.

Moderator: Thank You. We will now take next question from Mr. Aditya.

Aditya: Good afternoon sir and congratulations on a great set of numbers.

Gaurav Vithlani: Thanks Aditya, thank you so much.

Aditya: Yeah, so I just wanted to understand that you know, I can see that our geographical presence is mostly in Maharashtra, almost 64%. Right. So do we see any signs of slowdown in the state

economy that can affect us? overall and do we have any plans to expand on the east side and north side of the country?

Gaurav Vithlani:

So I guess you missed the earlier conversation. So our main focus right now is to remove the geographical dependency what we have on Maharashtra. I will not call it dependency. We are very, very, we have a very strong foothold when it comes to brand recall in Maharashtra. So Maharashtra, you go to any foam outlet, any hardware, you will see our product there on shelf ready. So we have a great penetration here and most of the business is a brand recall business. So it is very difficult and Maharashtra we have earlier, you know, when I entered business, we had a hundred percent dependency on Maharashtra, not, you know, not 64. We had a hundred percent dependency on Maharashtra and four or five clients. we, you know, today we have a 455 plus active clients on board. And yes, our main focus is to penetrate and be a global player, not just a pan-India player. So we are working on both the sides, where we are working on strengthening our base in different geographies. you said, so first two phases, what we are doing is north and south both. So we have a sales team also in place and we are also recruiting new guys, wherever, however required. And we are doing a small pilot when it comes to our main vision of going D2R. So we are planning to set up a warehouse in Rajasthan where we'll be catering to each and every client from the company itself. So we'll have our own warehouse and own a different GST number under the same name. And we are trying that pilot model so that we have a deep penetration there. So yes, our main focus is now to increase our geographical base Pan India.

Aditya:

Okay, so just to follow up on that question, I saw one of the exchange filing of yours that you had attended or some of your team member had attended an event in Middle East. uh is there so what are the plans in the Middle East like, you know, with the current disruption with the current war, the economic slowdown. So how are we looking at that? you can share? And sir, really appreciate that you are keeping us updated with the latest filings.

Gaurav Vithlani:

No, no. Great. But we see this as an opportunity. See, whenever these kind of situation comes, right, people generally get scared. Yes, you know, what will happen is today we have a dedicated person there. In fact, we did a new hiring in GCC. And that person is supposed to join in June, June 3rd week. He also comes from a very well experienced background. He has a, you know, adhesive selling experience, techno commercial experience of 15 plus years in that region itself. So, we've onboarded him for our OEM sales of the white adhesive, where, you know, our new focus is. And we see this as an opportunity. See, it's a temporary slowdown. Whenever you see these kind of situations, we feel nothing is permanent. And, you know, we've always seen GCC coming up 10 times stronger whenever there are crisis. So, you look at 2008 or you look at any crisis which have come earlier, they have fought back very, very beautifully. And they've come back with 10 times the speed what they were earlier. So, we are, you know, very positive on that front. And yes, you know, there will be a temporary a quarter or two, you would see that, you know, sales are slow. But down the line, we are looking at next 10 year picture. And next 10 year, we see it is very rosy there.

Aditya:

Okay, so that's, that's great. So just to follow up on that, and then I'll join back the queue. Is the person that we have hired or the team that we had hired had already had experience in this

segment, particularly the adhesive sides. And like, what are the qualifications? If you can share just

Gaurav Vithlani: See, he has not yet joined. So, I would not be able to disclose because he's given us a formal approval. And he's resigned from the company. So, once he's on board, I'll give you a clear picture on that.

Aditya: Sure, sir. I'll wait for the exchange. I'll join back the queue for you.

Moderator: Thank you. We will now take next question from Mr. Darshan.

Darshan: Hello?, Good evening, sir.

Gaurav Vithlani: Hello Darshan

Darshan: Thank you for taking my question. Firstly, congratulations on a good set of results, sir. So, just wanted to know that we've given, I think, a guidance of 25 to 30% growth. But the last two years, we've not been able to reach that level, right? So, what gives us the confidence in terms of achieving this guidance, sir?

Gaurav Vithlani: See, as I, you know, as I spoke earlier, we've seen that the growth comes from people, right? So, till last two years, we were a family business. We still are a family managed business. But, you know, looking to convert into corporate in the next one decade. And we were the only family members who were managing everything. Right from sales to, you know, to A to Z without a team member. So, we started hiring since past one year. And in this one year, we've analysed that, you know, getting right people on board would multifold your presence, your brand and the top line as well. So, you know, why am I confident? Because now we are on, we are very clear that we have a concrete roadmap for the next 10 years with respect to products, with respect to the industry, what we are targeting. So, just to elaborate on that, we are looking at being an adhesive manufacturer, where whatever, wherever, with respect to our home and interior adhesives are concerned, every adhesive should be under our kitty or in the basket. So, if you are refurbishing your home, right from flooring, furniture, wall cladding, wallpaper, all the adhesives should be there in our kitty. That is our main focus, except tile adhesives, because tile adhesives fall into construction chemical division, which we don't look to, you know, venture into for the next one decade.

Darshan: Oh, okay. Fair enough, sir. So, sir, when you say this is mostly going to be people, so we are majorly a B2B company, right? So, our plan is going to be increased distribution or marketing spend or something. What are the strategies that we are looking at, sir?

Gaurav Vithlani: I would like to differ see, B2B and B2C is a very thin line when it comes to industrial products. If you look at it as a B2B, I look at it as a B2C, because, you know, we do it via dealer distribution channel. We have four verticals of business. One is dealer distribution channel when it comes to retail hardware stores. One is retail channel when it comes to foam and allied applications. One retail channel is flooring and allied applications. And same replicates to industry, where we have

distributors who distribute the same category of products to smaller OEMs. So, broader prospect, we look at it as a B2C, B2B brand, both. So, that is the reason we call it D2C and D2R approach, which is direct to consumer and direct to retail. So, it is slash. So, D2C slash D2R. So, it's a combination of both and it's more of a, you know, we want to venture into a space where we are called, you know, a product is sold by a brand. Like, you know, whenever you think that, you know, you have to do a flooring at your house of vinyl or a carpet, you should call for floor bond and not for anything else, which is a dedicated category of adhesive in our, which is a sub-brand of SPEB 7. Where this floor bond is for flooring. So, that's how we are targeting our clients and trying to, you know, brand the entire company around it.

Darshan: Okay. Fair enough, sir. Also, I just wanted to understand, like, you know, we are going to be more than double our capacity. Right now, also, I think we are at around 80% utilization.

Gaurav Vithlani: Yeah, 80%.

Darshan: Yeah, I think, yeah, 75-80%. So, I just wanted to know that new capacity, how quickly can we ramp it up? Like, what would be that phase and how much have we spent to, you know, increase this capacity, sir?

Gaurav Vithlani: See, right now, we are increasing, the additional capacity is 4950 tons. Out of that, 1500 tons would be water-based adhesive, which is the white adhesive, what we are talking about for furniture industry. And balances are traditional solvent-based adhesives. Now, why more of a solvent-based and less of a water-based is, right now, water-based adhesive, we are outsourcing it. We are not manufacturing by ourselves. So, here, there are two key things when it comes to, you know, manufacturing or doing a backward integration. One is the quality check, where, you know, there is no variation in quality. Right now, also, we are not facing any such problem. But still, we as a manufacturer are comfortable that, you know, products are made in-house rather than outsourced. And second is the margin, where we save on 8% to 9% or probably around 8% to 12% of the cost if we manufacture ourselves rather than getting it outsourced.

Darshan: Yeah, Okay. Okay. Fair enough, sir. So, just one. So, then, the ramp-up of capacity is going to happen by then, sir? So, that will do it

Gaurav Vithlani: See, first capacity is only this. We have a 4-acre plant. We will be utilizing only, you know, around 20-30,000 square feet out of 1,60,000 square feet. So, whatever newer development with respect to the categories what we are planning to venture like epoxy and XYZ. So, that would be an additional, that would be a phase-wise development and phase-wise growth.

Darshan: Okay. Okay. The only reason I was asking is that because I am assuming we are nearly at the current capacity or at our optimum levels, right?

Gaurav Vithlani: Right. Right.

Darshan: So, the additional growth is going to come from the newer capacity. So, this full year, we will have the new capacity, right? So, that our, you know, target can be..

Gaurav Vithlani: So, our new capacity would be ready by year-end because the land is still under acquisition. Acquisition should be completed by next month because of the licensing issues with government. So, there is no back delay from our end. It is a government licensing problem. It's a 15-acre land. We bought a 4-acre parcel out of the 15-acre land. So, you know, the separation of the land takes a lot of time. There are two government bodies involved. And that is what took time but everything is through now. And we should see that, you know, by next month-end, we should be ready with, you know, the complete acquisition and start with the work there. And talking about the constraint with respect to capacity, as I told you, we are working on single shift right now. So, if solvent-based, I want to increase the capacity, we can do it in house year. The only problem what we face here is the space constraint with respect to finished goods. So, for that, we are doing a warehousing, as I told you, you know, we are putting up a warehouse in Rajasthan. And so, that is the model which will cater to where stocks will be shifted to warehouses. So, there is no stock constraint also or space constraint as well.

Darshan: Okay. Fair enough, sir. And sir, just a small suggestion, if we could, you know, give quarterly updates and quarterly calls, that would be really helpful. Because, you know, it is a very volatile time.

Gaurav Vithlani: I am absolutely comfortable with that.

Darshan: Yeah. So, that would be really helpful, sir

Gaurav Vithlani: No, no. See, for us, compliance per say, we are six-monthly. But in house, we do quarterly only. So, my CAs also, we have instructed them that I need quarterly data. I need quarterly working on the accounts. So, that we are also, you know, well synced with our vision and goal that yes, we are achieving the targets what has to be achieved. We are maintaining the top line. We are maintaining the bottom line. If I don't do it quarterly, I will not be able to push myself. So, in fact, internally, we do monthly and with respect to top line and bottom line both. But if you need quarterly updates, I can give you quarterly updates. Not a problem.

Darshan: That would be really helpful to the investor.

Gaurav Vithlani: Yes, yes. Of course, of course. I understand.

Darshan: So, just last question. Sorry for my end up taking a lot of time. But yeah. So, the Q1, like due to the war, how would we look at it, like in the H1, Q1?

Gaurav Vithlani: We are also still wondering that. We are still about, you know, last month also. See, because we are so tied up with respect to just, you know, managing and organizing everything. We had our first, you know, yearly results also. So, we are yet to evaluate on that front. But we are also looking that how this quarter is going. Right now, the demand for the first month was a bit slow. This month is probably good. We, you know, on a good note, we exported one container of non-hash. So, hazardous items are not been allowed to export. But the white additive category, which is a non-hash category, are allowed to export. So, we just exported one container. And except Dubai, Oman, that is Sohar port is open. So, we have a hash container going to Sohar 1. So,

things, we are, you know, we are also taking things as they are coming. So, this quarter we will also evaluate now that how this quarter is going to go. So, we will have a clear picture by month end.

Darshan: Okay. It can be similar to what our previous year would have gone, right? Because we had some price hike, some volume loss. So, can it be similar?

Gaurav Vithlani: See, because of the price hike, whatever top line will grow, that will grow, see that is not a question. But ultimately, we don't look at a price hike as a top-line growth, right? We need actual tonnage growth when it comes to actual growth.

Darshan: Fair enough, sir. That's it from my side. All the best Sir. Thank you.

Gaurav Vithlani: Right, right. Thank you.

Moderator: Thank you. We will now take next question from Mr. Arpit.

Arpit: Hi, hi, hi. I am Arpit from Walford Financial Services. Hi. I had a couple of questions. so my question was, I mean, these solvent products that you use are tied to crude oil derivatives. So what is the time lag that company usually takes to pass on the inflated prices to the end user?

Gaurav Vithlani: See, generally what happens, is that any manufacturer, at least we follow that principle that whenever there is a price hike, we have that 3-5% of buffer. Where, you know, because there is not one solvent which goes into this. So there is a couple of solvent mixtures which goes and not all the solvents have the similar price implications. And if you see the price hike in the solvents earlier, few solvents rose by 40%, few rose by 200%. So it's a combination of the solvent which goes into manufacturing. So there we also, and every product for us has a different combination of solvents. Right. So we have that, you know, we take an average price and keep a buffer of a couple of percentage. So that, you know, sometimes I would go 2% below, sometimes I would go 2% up in that particular month. But we have that buffer margin. So whenever we try to increase the price, we see to it that the price increases longitudinally. Because, you know, for a dealer distributor or an end user or bigger OEMs, it is difficult to take a price approval again and again. So we have that buffer generally and we work with that margin. In case of emergency, we have a 15 day window.

Arpit: This seems fair, but my question is, even with the buffers, so usually you would be expecting a buffer within a range, right? A range of two numbers.

Gaurav Vithlani: About that range, if there is something, it takes around 10 to 15 days for a price implication.

Arpit: Okay. Okay. And I had one more question.

Gaurav Vithlani: Yes, Please.

Arpit: In spite of the raw materials price rising, we have seen a growth in EBITDA margin.

- Gaurav Vithlani:** Yeah, EBITDA margins would have been better if, you know, last month, that is March, wouldn't have gone haywire. So this EBITDA is considering the March price increase where we didn't pass on any prices to the client. So in fact for us, the EBITDA margin is lower side. You know, first six months EBITDA margin was 15.5%. So if you see, if you compare that EBITDA has gone down. Not EBITDA, the PAT, sorry. The PAT has gone down because of, you know, the last month being a bit.
- Arpit:** Okay, okay. Thank you. That's all from my side.
- Moderator:** Thank you. We will now take next question from Miss Ayesha.
- Ayesha:** Hello? Am I audible?
- Gaurav Vithlani:** Yes, you are.
- Ayesha:** So could you break down how much of the FY29 revenue?
- Moderator:** We will move on to the next question since she is not audible.

We will take next question from Mr. Akhilesh.
- Akhilesh:** Yeah. Hi, can you hear me?
- Gaurav Vithlani:** Hi, how are you?
- Akhilesh:** Yeah, I'm good. I'm good. Gaurav sir. Yeah. Thanks for this opportunity. And sorry, like I joined just a little bit late. I have a couple of questions. Yeah. Just in case you already answered, you can ignore them. So the first question. Yeah. Is with respect to the. So what I would rather call as retail versus institutional as a breakup of the end consumer, not customer, but consumer. So how much percentage of our revenue would be.
- Gaurav Vithlani:** 76.23% to be precise is from retail dealer distribution channel and 16.7% is from the industry that is direct customer.
- Akhilesh:** Okay, excellent. And what will be our future focus? It will be the branded business you're saying?
- Gaurav Vithlani:** See, future focus. I'll tell you a few industries, you know, there's an industry shift in few products where the smaller retailers are, you know, deteriorating with respect to because that consumer shift is happening in couple of buying process. What we see is suppose, you know, people like you and me now don't go to a regular foam store to make a sofa or make a mattress. We would probably buy a ready-made mattress or a ready sofa. So that shift is happening in the industry. So there our shift will also change with respect to positioning or, you know, having a sales vertical there. Like I'll have more of OEM distributors rather than retail distributors in that front. So there that retail shift will come. Otherwise, if you go to see our, you know, we are on the side, we are planning to launch couple of products which are core retail, hardware retail. So the

basket overall, if you see my retail dominance would be there because that is our first and foremost priority to be a retail brand. So there will always have an, you know, over edge with respect to the retail distribution and industry if you go to see.

Akhilesh: Okay. So on similar lines in terms of penetration towards the branded business. So how much are we also relying doing like on the ground things like influencer marketing in the sense that I would say like promoting it to carpenters.

Gaurav Vithlani: That's a good question. That's a good question. We started there. Now, my entire sales team, what we have the OEM distribution generally happens in that fashion where, you know, they have to go to the actual end user, get the product approved and get it done. So that is one part of it. Second part is influencer marketing, which will be starting very soon because first I need my sales team to be in place entirely. Once that is in place, then step by step, we start doing that. So yes, our key focus is that and we'll be doing that in coming down the line.

Akhilesh: Okay. Then, sir, the other question is on competition. Do we like who are our major competitors you would consider like is MYK, LATICRETE a competitor, Jyoti Resins?

Gaurav Vithlani: No, LATICRETE won't be my competitor. Jyoti Resins would be there in my wide. See, the best part is Jyoti Resins is only into white adhesive, which is woodworking. Right. And they are not in the other segments where we are present. So in that particular vertical, yes, they are my competitors. In other vertical, Astral and Nerofix and Polygrip, they are my, that is Atul Industries. So they have a polymer division as well. So they are my competitors. Few verticals, Pidilite is our competitors with few products. So there's a range of competition. But if you talk about top four, these are the top four.

Akhilesh: So Astral Adhesives is also solvent based, you mean to say?

Gaurav Vithlani: Yeah, yeah. They have the entire range. In fact, you know, they are like us, they have the entire range of products. They have a dedicated polymer division where they have white adhesive, solvent based adhesive, woodworking adhesive, epoxy, everything.

Akhilesh: So is it not, is this not a saturated space for us to like get a market share like significantly?

Gaurav Vithlani: In fact, you see the India population and there are only four players we are talking about. So there's no saturation. There's enough room for everyone to have business. One more fact I'll tell you. If you see the top line difference between player number one versus all the rest, that is me, Atul, Astral or XYZ, whatever, Pidilite is still the market leader dominating 75% of the market share in entire category of adhesives. So there's a lot of room for everybody to grow. So there's nothing where we cannot grow.

Akhilesh: Okay, okay, fine. And while we are saying that we are doing water-based by purchasing from outside, not doing the manufacturing, but I believe our water-based share is low, right? Like 1-2% or something of that.

- Gaurav Vithlani:** Yeah, yeah Because we just started that a couple of years ago, a year or two back.
- Akhilesh:** So it would have its own gestation period. Is it correct in terms of adoption in the market for the water-based brands?
- Gaurav Vithlani:** See, any new product, see, even if I take my current line of products where we have, you know, I have my master product, which is my SPEB, the green color tin, we have a 64% sales from Maharashtra. We have around 30-35% market share. There also, if that same product, if I take it to a different geography, people will have a different mindset. So there also the acceptance would be not that fast, right? So every new product, whatever we do, there will, see, ultimately the product is going to speak. We just have to be there in that space, keep on hammering the clients, and eventually some part of business does transform. If our product is right, if the pricing is right, if the strategy is right. So it takes time, obviously, as you said, it is not going to happen overnight, but if we are consistent, yes, things turn out to be good. If the product is right. So base is the product.
- Akhilesh:** Okay, okay. And just last two more questions.
- Gaurav Vithlani:** Please, please
- Akhilesh:** So interesting would be to know the case, like what if prices fall off the solvents, let's say across the board. So does the market also price end products lower?
- Gaurav Vithlani:** Of course they do. See, these kinds of price disruptions happen once in a decade or 15 years. It is not every time. So in general case, crude prices keep on going up and down, but not at this level where you see solvent price going 100% up or 200% up. So these are difficult situations where if there is a price decrease also, yes, we pass on. But there again, you know, sometimes market absorbs an extra percent or two. That is how we've been improving our PAT and EBITDA margins where whenever there is this kind of difficult situation and there is a price downfall, we keep that extra one or two percent margin and that every manufacturer does. So there the bottom line becomes more healthy.
- Akhilesh:** Okay, okay. Then regarding the export business, why UAE? And specific reason?
- Gaurav Vithlani:** See there is not only UAE, we are doing GCC. There is a difference between UAE and GCC. We do GCC as a whole. So we do Saudi also. We supplied one container. We just started Saudi, appointed one distributor. We are talking to one more there. So we do Saudi, we do Oman, we do Bahrain. Bahrain, we did a very, very small portion of business. But Bahrain today is very destructive. So, you know, the demand is not that great. But going forward, if you see Oman, Saudi, they are also great market with UAE. So we have presence in UAE also, Oman also, and Saudi also. So it is entire GCC what we are focusing on. We have other geographies also where we try to focus. And we are working on those fronts as well.
- Akhilesh:** Okay, okay. Yeah. And last question. So if I look at Pidilite, while it might not be very comparable, so Pidilite has higher gross margins. When I say gross margins, it's like based on

the raw material differential with the price of the product, like slightly higher, 50% of the sales is raw material cost in Pidilite, whereas ours is like 60%. So what would you, 68% is the raw material cost. So what would you attribute the difference?

Gaurav Vithlani: If you can give me an apple to apple bifurcation with respect to product category, then I would be in a better position to tell you that answer. But so entire adhesive business of Pidilite has two verticals, adhesive and construction chemical. So, and that entire business is, and epoxy as well. So entire business comes under Pidilite. Right? So they have epoxy, they have waterproofing, they have white adhesive, they have solvent based adhesive. So they have different, they have the craft adhesives, what they have. So they have a wide range of adhesives. Few adhesives they have margin of 1000% when it comes to smaller SKUs, like you see Fevikwik, they have great margins there. Few products they have lower margins. So if you average that out, so that is how they derive on these margins.

Akhilesh: I mean to say, if we compare with Astrul Adhesives etc also, I mean, it is private, but like are we priced slightly lower as a value alternative, something like that, I just wanted to ask.

Gaurav Vithlani: So we would always be lower because of too many reasons. Right now, we don't have that fleet of people. And whatever and, you know, with the vision, what we have will be selective, you know, my people would be expensive, but will be very, very selective and hiring people where one person can, you know, has that command to generate more business than having a fleet of people generating the same amount of business. So coming back to cost. Yes, we are on an advantage because we don't have the fleet size of people. Point number one. Second, my purchase is very strong because we do immediate payment purchase to all our vendors where we save a couple of percentages on my purchase part of it.

Akhilesh: Okay. Fine, sir. Yeah. Thanks for your time.

Gaurav Vithlani: Thank you.

Moderator: Thank you. We will now take next follow up question from Mr. Aditya.

Aditya: Good afternoon, sir. Again, thank you. Thank you for giving me the opportunity to ask again. So these are quarterly, quarterly and these issues will come and go. But, sir, I wanted to understand that, you know, how our vision is. How do we see the company growing from here in about five to 10 years? How are we looking at that?

Gaurav Vithlani: That is what the question was. What you know, I was expecting. So as I told you, we are focused on, you know, interior applications. So our entire vision and focus for the next 10 years is we want to have every product in the basket, which goes into your home office interiors, right? Flooring, adhesives, mattresses, sofas, furniture, cladding, I mean, you know, marble cladding, stone cladding. There you need epoxy. So that is one product, you know, eventually will be targeting. Wallpaper adhesives. It's a big market, unexplored. And not many organized players are there. And, you know, it's still that economical side of the products would work on. But globally, there are many products who work very beautifully on the wallpaper side. So that is

one key, you know, which in this financial year and by your end, you should say we should be ready with a beautiful. We already have a product, but we are still working on, you know, glorifying that. With respect to application. So next 10 years, we have a vision that, you know, each and every adhesive which goes into your home interior applications should we should have those. And every channel of sales, wherever we can push this product, every we should have every channel of sales present. With respect to that. So next 10 years, our entire focus would be setting up our own warehousing pan India. And, you know, the distribution we we would like to take the control ourselves because every distributor has their own limitation. With respect to Capex, every distributor has a couple of brands in their kitty. Some geographies, we are a bit late. So a or b level of distributors are already taken. So, you know, to minus all those, we would prefer to do a D2R or a D2C kind of a model. Pilot we are starting from coming month in Rajasthan, as I told you. And if that pilot is successful in next two quarters, we will start implementing that pan India with people.

Aditya: So that's that's really great to hear. And I hope you achieve whatever the ambitions of the company.

Gaurav Vithlani: Thank you so much Aditya.

Aditya: Sir, also just a follow up and my last question for the day, sir. What is the pricing difference between us and the top player that we are into the segments? Is there any certain price pricing difference? Because I've seen a lot of product being used of SPEB in Bombay when I come there. So that's how this company came on radar. Sorry, just shed some light on this and thank you so much for answering all my questions.

Gaurav Vithlani: So I'll answer this question. So Aditya Maharashtra, we are the trendsetters with respect to pricing. Right. So unless and until I increase the price or, you know, some competitors follow our price. When it comes to the rest of the geographies, we follow whoever is the market leader. So if in one category, the market leader is Pidilite, so we have to be cheaper than them. If other sector, the market leader is Astral. So we cannot be cheaper than them, but we have to be at par or a bit cheaper. So it depends penetration wise, product category wise. But except of Pidilite, we don't, you know, none of the A-line players have a huge price difference. It would be a 2% or a 5% max. Pidilite and us always have 20 to 25% price gap because they work on different margins. Their penetration is different and vis-a-vis all the clients. So all the A-line, me, Astral, Neurofix, which is a Neurolag. So these all have a price, similar price range category, pan India. Except Pidilite, everyone is under the same price range, approx. Only the organized people I'm talking about, not the unorganized sector.

Aditya: Okay, so that's really great to hear and all the best. I hope that you organize the call in the next quarter. Hope to see you all.

Gaurav Vithlani el: Thank you so much.

Moderator: Thank you. Dear participants, due to time constraints, this was the last question. I will now hand over the call to Mr. Gaurav for his closing remarks.

Gaurav Vithlani: Guys, thank you so much for taking time and joining our earning call. For the continued support and trust showed in SPEB, I'm sure after this meeting you have a great insight of what we actually do. Since it was our first interaction, now I'm sure you know what exactly we do, what are our visions coming down the line in the next 10 years. And I hope we have these conversations going through and through always. So we believe that this is only the beginning and the story is great. We have a strong growth journey. We are working, we are very focused with respect to what we are doing. And we also hope, as you are hoping, we also hope that everything falls in the right place. We are not going overboard with respect to any of the expenses or any of, you know, when it comes to hiring. Also, we are very, very calculating being a family business. Now, we always have that a bit of a conservative mindset that, you know, we also first look into what is the ROI and what the penetration should be and what the expense with respect to that should be. So but simultaneously, yes, we want to grow in a very, very systematic fashion. So I would like to thank you all again, once again. Thank you so much for taking time out. Hoping to see you guys soon.

Moderator: Thank you. And with that, we conclude the call.

Gaurav Vithlani: Yes. Thank you so much.

Disclaimer- This Transcript may have been slightly edited in few places for better clarity and accuracy of the conversation and may contain transcription and translation errors. The Company, host or the moderator of the call takes no responsibility for such errors and must be viewed in conjunction with disclaimers provided at the start of this Earnings Call. Although, an effort has been made to ensure highest level of accuracy. Audio recording file of this call is available on the company's website and listed exchange and must be referred to for utmost quality and accuracy.