Camlin Fine Sciences

November 14, 2024

To, **BSE Limited**, 25, P. J. Towers, Dalal Street, Mumbai – 400 001 **Ref:** Company Scrip Code: 532834	To, Listing Department, **National Stock Exchange of India Ltd.**, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai- 400051 **Ref:** Symbol: CAMLINFINE || Series: EQ

Sub: Transcript of the conference call on the Un-audited Financial Results (Consolidated and Standalone) for the quarter and half year ended September 30, 2024 held on November 11, 2024.

In continuation of our disclosures dated November 4, 2024 and November 11, 2024 and pursuant to Regulation 30(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), the transcript of the conference call held on Monday, November 11, 2024 on the Un-audited Financial Results (Consolidated and Standalone) for the quarter and half year ended September 30, 2024 is enclosed herewith and is also available on the Company's website at https://www.camlinfs.com/investor-relations/home/investor_call_recording.

The Management was represented by Mr. Ashish Dandekar, Chairman & Managing Director, Mr. Nirmal Momaya, Managing Director and Mr. Santosh Parab, Chief Financial Officer.

Discussions were based on publicly available information. No unpublished price sensitive information (UPSI) was discussed during the interactions.

We request you to take the above on record and the same be treated as compliance under the applicable Regulations of SEBI LODR.

Encl. a/a.
Thanking You,
For Camlin Fine Sciences Limited

Rahul Sawale
Digitally signed by Rahul Sawale
Date: 2024.11.14 15:02:14 +05'30'

Rahul Sawale
Company Secretary
& VP Legal

"Camlin Fine Sciences Limited

Q2 and H1 FY '25 Earnings Conference Call"

November 11, 2024

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 11th November 2024 will prevail.

MANAGEMENT: **MR. ASHISH DANDEKAR – CHAIRMAN AND MANAGING DIRECTOR – CAMLIN FINE SCIENCES LIMITED**
MR. NIRMAL MOMAYA – MANAGING DIRECTOR – CAMLIN FINE SCIENCES LIMITED
MR. SANTOSH PARAB – CHIEF FINANCIAL OFFICER – CAMLIN FINE SCIENCES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Camlin Fine Sciences Limited Q2 and H1 FY '25 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectation of the company as on the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder all participant 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ashish Dandekar, Chairman and Managing Director. Thank you, and over to you, sir.

Ashish Dandekar: Thank you. Good evening, ladies and gentlemen, and welcome to our earnings call. I know your time is precious, so let us get on with the proceedings. With me is Santosh Parab, CFO; and Nirmal Momaya, Managing Director. Santosh will take you through the quarter's performance and issues, and then Nirmal Momaya will be there to answer all your questions. So without wasting any more time, I'll hand this over to Santosh.

Santosh Parab: Thanks, Ashish. Good afternoon. Let me directly dive into the company's performance. Company has increased its revenue to INR422 crores, which is 6.9% higher than that of last quarter. The growth is largely fuelled by the increase in Aroma products and our sustained growth in Blends. Gross margins have improved to 48.2%, mainly on better performance of Aroma, which unwinds us from catechol issues.

Margins in Blends have been resolute with sustained growth. This has obviously reflected in our operational EBITDA, which has now crossed double digit and is at 10.2%, up by around 305 basis points quarter-on-quarter and 242 basis points with corresponding quarter. As you know, crude prices, supply chain costs, coupled with this volatile foreign exchange movements, will have some impact, and we are watching it very cautiously.

Revenue from Performance Chemicals have been muted and will remain muted due to the pricing headwinds. And I said earlier, Catechol unwinding is the most important priority to us, and we are looking at other Catechol downstream as well. Aroma products have clocked a revenue of around INR45 crores as compared to only INR13 crores in last quarter. And the antidumping action on Chinese manufacturer, war by US and Europe would augur well as Aroma business once it is levied.

As you are aware, our diphenol facility in CFS Europe was temporarily shutdown since August 2023. The current economic situation does not neither seem to be ideal for repurposing the facility for the proposed MEHQ, Guaiacol nor for restart of diphenol manufacturing. The management of CFS Europe has decided to prolong the shutdown of diphenol facility and concentrate on blending and other business in Europe. Hence, the company has decided to impair the cash-generating unit of diphenol facility located at CFS Europe.

The total net impact there of was of INR116 crores on the consolidated results for this quarter. Similarly, the economic conditions are extremely challenging in China, whereby it seems that the repurposing of our facility in China for manufacturing Heliotropin would also take much more time than what was expected earlier. Even the current sentiment with respect to Chinese manufactured product is not very exciting globally.

Company has, hence, after the review of the current situation during the quarter, has impaired the entire business of CFS Wanglong. And we have recognized around INR30 crores of impairment. Of course, both these things have a telling impact on stand-alone financial results also, though consolidated results are on the group level.

There were intercompany outstandings have been impaired in the stand-alone as well. Along with other some exceptional write-off and recognition, the total impact on the financial results of these exceptional items was around INR151 crores. Profit before exceptional items was positive INR8.73 crores as compared to a loss of INR23.48 crores in the last quarter. In the given circumstances, it is indeed remarkable improvement.

Liquidity situation of the company remains a challenge and working capital management is very high up on our agenda. As you are aware, the management is working on launching a rights issue in a near -- very near future to address these issues. We would again reiterate our commitment to stabilize the performance revenue and consequently, margin. The economic queues are promising, but they seem to be skewed towards the last part of this financial year.

I'll now hand back the proceedings to the conductor to open the floor for question-and-answer session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Kaustav Bubna from BMSPL Capital.

Kaustav Bubna: I had a couple. So the first one is, Trump has stated in his previous interviews that China is dumping products into the US from Mexico. He has stated that he is going to increase scrutiny and maybe tariffs for goods coming into US from Mexico. What could be the possible impact of this action on Camlin Fine Sciences as the company has a manufacturing facility in Mexico? What chemicals are sold out of the Mexican plant in North America? And how much sales does North America contribute to the Mexico plant?

Nirmal Momaya: So basically, Mexico antidumping duty is for -- what Trump has said is essentially -- in fact, the administration -- it's not the presidents who are saying it, it's the administration saying, if there is any bypassing of regulations under the NAFTA agreement, they will levy antidumping duties. So as long as there is value addition, which is genuine and which is made not out of Japanese investment -- I'm sorry, Chinese investment or Chinese-origin products, I think we should be okay.

Our first half business, to answer your second part of your question, from Mexico to U.S., that's just blending, which can always be done in US itself, if there is any action taken on Mexico, is about INR63 crores.

Kaustav Bubna: Okay. Great. And my second question was on your debt levels. Could you -- I mean this kind of -- these debt levels are slightly discomforting. So could you give a strategy on debt reduction or at least the way you perceive your current debt levels? That's my last question.

Santosh Parab: So first of all, the debt level on gross level has been high. There's no question about this. We have a debt level of around INR750 crores. On a gross level, it's pretty high, you know that. Obviously, we don't have any immediate plans to reduce this debt level because once we have to stabilize the business, put all the business in line, and then we'll think about it.

We are looking at it that we should not add the debt level further. Our net debt level is around INR650 crores and gross is INR741 crores across the company. And our short-term borrowing related to working capital is around INR300-odd crores and INR440-odd crores is long-term debt. We have financed our acquisitions in Mexico as well as 2 big plants of diphenol and vanillin in India.

Obviously, we have been repaying -- these loans will be repaid to the extent of around INR35 crores annually. We don't foresee any -- at this moment of time, we don't foresee any increase in the loans. But the loans are high. But as the business grows, we don't think we'll increase it. But at this moment of time, there is no constructive plan to reduce it immediately

Moderator: Next question is from the line of Jatin Sangwan from Burman Capital.

Jatin Sangwan: Sir, you mentioned that you have taken the complete impairment for China. I wanted to ask question to Europe. You have, of course, taken an impairment of INR116 crores. So is this the complete impairment that you have taken for Europe? And is the understanding that there will be no further losses from Europe in the coming quarters?

Santosh Parab: So as far as Europe is concerned, we had two CGVs. One was a diphenol facility, which has closed. We also have a blending plant. Of course, it's a very small plant of around INR10 crores, EUR1 million, which is working, and we are churning revenues from them. diphenol plant is completely closed.

We have taken the entire impairment of that CGV. So all the assets related to that CGV have been impaired on what we have done. So we don't think any further impairment on that will be there because there is no CGV asset left in the financial statements with respect to diphenol facility.

Jatin Sangwan: And sir, what is the running cash cost after this impairment for Europe?

Santosh Parab: So we do have a loan there to the extent of around INR80 crores. But we have -- we would be going to the bank for restructuring those loans. And we are very confident that the revenues which are generated from Blends, we will be increasing our focus on Blends, which will take care of this outstanding in Europe.

At present in this year also without -- this quarter also without diphenol business, we had an INR18 crores of turnover in Europe. And on a yearly basis, we have been doing a blending turnover of near to INR100 crores in Europe. So this -- once we concentrate more on that and increase that footprint, we are quite confident that we'll be able to service those loans.

Of course, some kind of restructuring annually will be required with the banks, and we approach the banks for that.

Jatin Sangwan: And sir, you mentioned that blending -- revenue from Blends is INR18 crores, and we have a loan of INR80 crores. So what kind of EBITDA margin do we make on this blend so that we could pay this loan of INR80 crores?

Santosh Parab: At present, on a stand-alone basis, the Blends business is doing a 14% to 15% EBITDA margin. But diphenol business had -- because we were thinking about continuing the operations by repurposing the plant, we had hold on to the people and personnel working on that. Now since we have planned to mothball or say, have a prolonged shutdown of this plant, we would be retrenching these guys.

And trying to reduce the bleed on account of diphenol to around INR1 crore per quarter. And that will improve our EBITDA because, at present, the EBITDA, which is churned by Blends, is taken -- eaten up by the cost of diphenol maintenance.

Jatin Sangwan: And sir, if I just got it right, earlier, loss in Europe used to be around INR15 crores per quarter. You are mentioning that that will reduce to like INR1 crores per quarter?

Santosh Parab: So the cost, which we are incurring of around INR15 crores to INR16 crores on diphenol maintenance and people and other costs will reduce it to INR1 crore per quarter.

Jatin Sangwan: Got it. Sir, my second question is around vanillin. So of course, I mean, ADD investigation is going on in Chinese suppliers, both from European and US authorities, so what type of demand and client requests have you seen? And what kind of utilization targets are you guiding for FY '25?

Nirmal Momaya: Basically, we are seeing very good traction from both US and Europe. Of course, the capacity utilization, currently, we are at about 40%, which, by end of FY '25, we should be hitting closer to -- on a run rate basis, closer to 55% or so. The idea is, by FY '26, we should be at least 75% capacity utilization, and following years, to take it up to 100%.

Jatin Sangwan: Got it. And sir, has there been any improvement in the pricing for vanillin?

Nirmal Momaya: Yes, there has been a slight improvement. Yes.

Jatin Sangwan: How much, if you could quantify?

Santosh Parab: We didn't get your question.

Jatin Sangwan: Yes, sir, how much improvement has been there? And what kind of EBITDA margin are we currently making on vanillin?

Nirmal Momaya: So we've improved the pricing by about $1 or so per kilo.

Jatin Sangwan: Okay. And what kind of EBITDA margin we are currently at?

Nirmal Momaya: No, we have not worked out the EBITDA margin separately because it's all comes under one roof. We don't do it segmentally.

Santosh Parab: But selling vanillin also covers us from the bleed that is from catechol. So once we value add a catechol, we incur INR100 more on catechol when we value add to vanillin.

Jatin Sangwan: And sir, if you could just help understand, how much is the per kilo swing because you are also selling catechol? You're not selling catechol and you're selling vanillin, so how much is the per kilo swing due to this?

Santosh Parab: Per kilo swing on revenues? So catechol is $1 sales-wise.

Jatin Sangwan: No, no, as the EBITDA-wise? Earlier, you used to mention that catechol used to incur loads of $1 to $2 per EBITDA?

Santosh Parab: So at the capacity level of 35% to 40%, once we scale up the plant to 100%, we will be having a 15% to 20% EBITDA on the sale price.

Jatin Sangwan: And sir, can I ask another question, or should I come back in the queue?

Santosh Parab: Whatever. You can ask.

Jatin Sangwan: Okay, sure. Sir, I was observing that we are growing Blends at a very fast pace as compared to other businesses, especially in North America. That is growing very fast. It has close to become from INR16 crores 2 years back to like INR80 crores. So what is driving the strong growth in North America? And of course, on the bolder part of the Blends business, but kind of revenue are we are targeting for Blends?

Nirmal Momaya: We are looking at growing the Blends business by about 20% this year over last year. And I think we are on track for that. And the business in North America is the focus areas are, and our Animal Nutrition business, which includes pet food.

Moderator: Next question is from the line of Ajit Darda from Nirzar Securities.

Ajit Darda: Sir, my first question is regarding Lockheed Martin. Sir, any update on that order, sir?

Nirmal Momaya: No. Like we mentioned in the last call, that we supplied them for the first commercial lot that battery of theirs will get commercialized by end of the year -- commissioned by end of the year, early next year. And thereafter, the next steps will be looked at.

Ajit Darda: Okay. And sir, second question is on China. I just wanted to have some clarification. Previously, we used to say that we will -- we are trying to make heliotropin there. So are we going to do it or the plant is completely shut going forward? I mean it won't be reused?

Nirmal Momaya: So the heliotropin, what we have done is we had a relook at the heliotropin project out of China because of all these antidumping actions being taken by US and Europe. So at the appropriate time, we will be setting up the capacity in India for heliotropin because that is a much safer route for us, keeping in mind all these actions that are going on.

Ajit Darda: Okay. So we won't be doing any business in China's manufacturing business, right?

Nirmal Momaya: Yes. At this point, no, nothing.

Ajit Darda: Okay. And sir, one question is on other income, sir. Can you break down other income of this quarter, which is INR12 crores? And what will be run rate for the other income going forward? Is it one time or what?

Santosh Parab: Other income cannot be really estimated. In this quarter, we had other income of...

Ajit Darda: Consolidated level.

Santosh Parab: We have like INR12 crores.

Ajit Darda: Yes.

Santosh Parab: So the breakup of that was some foreign exchange gain, which we had during the year -- during the quarter.

Ajit Darda: Run rate would be INR1 crore only, right?

Santosh Parab: Yes. So generally, the estimated other income is around INR1-1.5 crores on a quarterly basis or annually.

Ajit Darda: Okay. And sir, my last question, if you allow, is on this business -- I mean Italy business, just wanted to know how much loss going forward? I mean at EBITDA level, from that business will come to our business? Just wanted to confirm that one.

Santosh Parab: I explained that we have a bleed because we have been maintaining the plant and running the plant. We are carrying people around INR15 crores. We are planning to bring down to INR1 crores within 2 quarters by laying off the people and other things. So we'll be reducing the bleed from INR15 crores on diphenol to INR1 crore.

Ajit Darda: Okay. So the cost will be reduced by INR14 crores, right?

Santosh Parab: Yes, but it will take 2 quarters.

Moderator: Next question is from the line of Abbas from InCred.

Abbas: Sir, what would be EBITDA gain if we write off the assets?

Santosh Parab: What would be EBITDA? We didn't get the question.

Abbas: EBITDA gain.

Santosh Parab: EBITDA?

Abbas: EBITDA gain if we write off the assets?

Santosh Parab: I don't think -- because these are all mitigated shutdown plants. So there was a bleed from that. There was no revenue coming in last 3 years for China, and almost an year -- more than an year for Europe. So the -- in fact, there was a negative bleed on the blend on EBITDA. So write-off has not impacted the EBITDA this quarter.

Moderator: Next question is from the line of Rehan Laljee from Equitree Capital.

Rehan Laljee: I had a couple of questions. I wanted to understand what would be the rights issue primarily towards? Has the management decided that?

Santosh Parab: Rights issue what?

Rehan Laljee: I wanted to understand what would be the right issues towards? Like what will be fundraising for? Like what are we -- is there -- has the management planned out what the rights issue would be for?

Santosh Parab: Yes, we have planned out. In fact, the rights issue has been for the -- we have done losses, we are trying to recoup and have a support for working capital.

Rehan Laljee: Okay. And what would be further write-offs that -- or any impairments that the management foresees in the coming quarters?

Santosh Parab: So whatever is latency in the businesses, 2 big businesses, we have taken care of that, almost done and dusted with the impairment of 2 large assets, which are not earning any income.

Rehan Laljee: Right. So do we foresee any further such impairments? Because I think out of the 3 units, 1 is done. Do we foresee anything on -- so diphenol, you mentioned -- I think some previous participants also asked you that -- so the INR116 crores for the CGU at diphenol is the whole amount, right? Or are we expecting any further write-offs going forward?

Santosh Parab: To repeat again, we have taken care of entire CGU assets. The other unit is the blend business, and you know that blend business is very good, sustained growth business.

Rehan Laljee: Right. Okay. So no other write-off are we expecting in the next 2 quarters at such a macro level?

Santosh Parab: At this moment of time, what the stage of business is there, obviously, no because whatever the impairment to be done has been done. One cannot see -- one doesn't know how the businesses go. We feel that there will be no write-offs in the near future.

Rehan Laljee: Okay. And I think in Q1, you had given some guidance whether we would hit double-digit EBITDA margins at a sustainable level for the year. Are you revising your guidance? Or are you going to stick with it?

Santosh Parab: We have already hit double-digit EBITDA margin in this quarter. And we feel that this should remain and...

Rehan Laljee: Do you feel these margins are sustainable?

Santosh Parab: Yes.

Moderator: Next question is from the line of Surya Narayan Patra from PhillipCapital India Pvt. Ltd.

Surya Patra: Sir, my first question is about, let's say, the near-term outlook. Since the external environment is not really very conducive or, let's say, it is unpredictable at this juncture, and we have operations also in Mexico and the potential -- the tax implications or the tariff implications that may or may not come, that is also not very certain.

So in such a situation, it is better if you can give some clarity about your verticals. So what is the kind of outlook that you are having for all your verticals, whether it is Performance Chemicals or the Specialty Ingredients or Aroma?

Nirmal Momaya: So basically, the Blends business will continue to grow. Our estimate is we should be able to grow it at 20% per year for the next couple of years. On the Aroma business, we've already spoken about that, that in the next 2 years, we should be able to take it up to 75% to 80% of capacity. And Performance Chemicals, also some value-added products on hydroquinone and catechol are in the pipeline, which should also give us about a 15-20% growth in the next financial year.

Surya Patra: This is on a like-to-like basis, excluding the European business contribution?

Nirmal Momaya: Yes, yes, excluding that. It's on the like-to-like. So Performance Chemicals, for example, right now is at about 13% of our business, which could -- the value could grow from whatever, INR50 crores a quarter to about INR60-62 crores a quarter.

Surya Patra: Okay. Sir, regards, let's say, Aroma business, anything -- any incremental colour that you can offer like -- see, we have been trying for adding more sustained and contractual customers and all that in the Western world. So any contracts that we have signed and that is giving a better and sustained visibility for the business?

Nirmal Momaya: No, we're not signing any long-term contracts because of the uncertainty on the antidumping as to what the quantum will be. So typically, we are quoting per quarter or maximum for half a year. So that's the kind of contract that we're doing. It's either quarterly or half yearly. We've have not done a long-term contract as yet.

Surya Patra: Okay. Whether those will be the scope of opportunity because, again, I think the contract period or the contracting cycle that is likely to come off, I think, in this current quarter. So from that angle also, any visibility for a long-term contract signing further?

Nirmal Momaya: I think both sides, whether it's us or the buyers, are waiting for the antidumping duty to get crystallized, right? So if it is at 50%, pricing will be different. If it's at 100%, the pricing will be different. So no, I don't think either party wants to take a stand today until that is played out.

So that's why we are saying that right now, we are getting into the quarter or half yearly supply agreements for only that period. And because both sides are unclear, what is all.

Surya Patra: So is it fair to believe, sir, since the timeline are not given by both Europe and U.S., and it is not happening very quickly also, the final imposition of the tariff and the rates of the kind of tariff, that is not going to be decided on very quickly. So then -- so till the time, it would be a kind of a quarterly story that we will play. And post that, is there any sense that, okay, the pricing situation that's likely to be hold that?

Nirmal Momaya: No, it will also largely be defined by what the antidumping duty is. So again, you can't go below that price because then you can get exposed to antidumping if you're pricing yourself too below that. So it's a matter we have to see. It will only play out once this is decided. First round is end of November in the U.S., and by April -- by May of next year, US will finalize completely. Right now, they will have interim, and then the final order is by May.

Surya Patra: Okay. And regards to the Blends business, see, generally, that we have seen kind of steady progression despite the market conditions there in the Blends operations. So could you give some sense about the volume value progress in there, sir?

Nirmal Momaya: So in terms of value progression from -- I think we are growing at about -- like I said, we should be able to grow between 15% to 20% for this -- for FY '25 versus FY '24. So FY '24 was around INR700-odd crores, INR750 crores. And this -- we should probably close around -- closer to INR1,000 crores.

Surya Patra: So is it fair to believe that Blends have not seen any pricing pressure then?

Nirmal Momaya: No, there is pricing pressure. In the sense, if all raw material prices have come down, it has come down. Volume, we've been able to grow. So clearly, with the correction in many, many chemicals, the prices have come down, which we also, of course, buy a lot of raw materials. So we need to pass that on to the customers. So surely, on the volume side, we've grown much more than that.

Surya Patra: Okay. And with regards to European business now, so since the diphenol operation is no longer there, so it is only the kind of a blends operation from there. And see, we have acquired Vitafor also, which is having a kind of a greater and larger presence in the Europe. So what is the kind of integration scope there? And what is the likely benefit that we -- if possible, that we can derive out of that integration?

Nirmal Momaya: Yes. So Vitafor has a different set of products compared to -- I mean mainly their portfolio is more farm products. So -- whereas we are more focused on the feed side. So it gives us an opportunity to address the farm market with the product portfolio that we have in Vitafor, which is proprietary. And we have some good technologies there for those products, which typically are consumed in farm.

So our idea is to obviously take those products to all the markets where we have our own platforms, for selling whether our own salespeople or to our distributors. So that process is on now. We are onboarding it and taking registrations in many countries, where we believe the markets would be conducive for us to be in.

Surya Patra: Okay. Sir, in this presentation that you have mentioned that while scrapping this European unit also, there's just some -- you're targeting that negotiated settlement with lenders. What is that we are targeting there, sir?

Nirmal Momaya: So it's just basically, we are targeting that the outstanding that we have get stretched over a period of -- a number of years as opposed to the amount due in the next couple of years...

Surya Patra: Okay. Just last one, sir. Because we are scrapping the entire operation of the diphenol, so the -- any severance package or anything that -- which can further hit our financials going ahead? Any scope of that?

Santosh Parab: So we have given a furlough. So we have taken care of that earlier. So we don't expect any retrenchment. There are enough provision, we will take care of that in the books. And we don't foresee any payment for layover or something to be paid to the employees. That has been taken care, we knew. And so we were -- went for a furlough with the government, and we have given enough notice to them. So by the end of this financial year, we can retrench them.

Moderator: Next question is from the line of Rohit Sinha from Sunidhi Securities.

Rohit Sinha: Sorry, my line got dropped earlier. So maybe my question would be repetitive. So one question on the vanillin side. I mean after commissioning our product, what kind of utilization level right now we have reached? And I hope a good contribution would be there in this quarter from vanillin as well.

So what kind of outlook we have for vanillin in terms of pricing scenario also as prices have quite corrected significantly in last 1 year? And is there any further scope or chances where we would be looking to expand our vanillin capacity?

Santosh Parab: At present, we did answer this. But to summarize, we are running at 40%. We are planning to scale up to -- for an yearly volume of 50%. In the next 1 year, we will be trying to reach 100% capacity of 6,000. The prices have improved. They are now nearing $10. At present, we will first utilize what the capacity we had of 6,000. We will optimize that and then later on -- at this moment of time, we don't have any plans to enhance the vanillin capacity.

Rohit Sinha: Okay. Okay. And earlier, I think 1.5 years back when we were talking about this vanillin product, that time, the prices were quite high at around $18, $20, which is now trading at around $10. What kind of -- I would say, what kind of demand improvement we are anticipating? Or what kind of outlook we have to see prices going further for vanillin to at least in the range of next $13-14 kind of range? Or it would remain -- do you feel it would remain in this similar $10-11 range?

Santosh Parab: We did answer this question, but again briefly. As you know, there is an antidumping duty actions which have been initiated by US and European authorities primarily to curtail the Chinese dumping and predatory pricing. Chinese are the guys who had reduced this price.

They're out of the market. The prices should come back. One cannot say how much. It will be certainly higher than what they are at this stage.

Rohit Sinha: Okay, okay, okay. And on the diphenol side, as we have completely closed on that facility, at our Dahej facility, what utilization level we are operating? And there, is there further scope for expanding?

Nirmal Momaya: So basically, we are operating Dahej capacity at 80% because that's the requirement that we have for hydroquinone and catechol in our business. As our vanillin business progresses as well as our other downstream diphenol products increase, we will keep pushing up the capacity utilization.

Moderator: Next question is from the line of Sani Vishe from Axis Securities.

Sani Vishe: So what I'm trying to understand is, we said we have a spending revenue of around INR18 crores to INR19 crores in Europe. And I think for the whole of H1, it was somewhere around INR49 crores. So do we expect that the revenues will be -- I mean this will be the run rate in Europe because now that we don't expect anything from the impaired business?

Santosh Parab: This is at least revenue. These are blends revenue. These are the minimum we'll be focusing more. And as Nirmal was saying, that we'll be focusing on other products in Blends other than in Vitafor, and we expect that this will grow -- growing at a very faster rate than what it is now.

Moderator: Next question is from the line of Nitin Gandhi from Inoquest Advisors Private Limited.

Nitin Gandhi I just take whatever we discussed. So we are expecting Blends to move from roughly INR220 crores to INR300 crores over 4 or 5 quarters? Aroma to be increased from somewhere around capacity utilization of INR25 crores to INR80 crores, effectively from INR40 crores, INR45 crores to INR100 crores? Hydroquinone PC through 15% to 20% growth, maybe to INR65 crores, INR70 crores.

So same way, just confirm this understanding. And same way, if you can share something for the states. What's your plan? And if all this materializes, I think EBITDA can comfortably shoot to at least 15-16%. Is my understanding correct?

Santosh Parab: Yes, the prices support...

Nirmal Momaya: Depending on how the market plays. But yes, your top line numbers, revenues are right. The margin is really dependent on what the pricing will remain in the market. So yes.

Nitin Gandhi And for states, can you share what's the expected movement, which is...

Nirmal Momaya: So in states, we are, more or less -- I think we are at [Inaudible 39:29] market share. So unless some new applications come, it will remain there.

Nitin Gandhi Okay. And there isn't any new application under plan? Or are there plans...

Nirmal Momaya: We are working -- we keep working on many new applications. So if that happens, of course, there would be some extra sales that can come.

Moderator: Next question is from the line of Rohan Advant from Prad Capital.

Rohan Advant: Sir, we have now reached an EBITDA margin of 10.2% in this quarter. And from the comments that you made regarding the Europe facility and the savings that will accrue to us, we should save about INR14-15 crores in a couple of quarters more. So that would add another 4% kind of EBITDA. So even on a current price basis, if they stay as is, once we save these costs that are due to the European operations right now, shouldn't we add 14-15% EBITDA margins by Q4?

Santosh Parab: So Rohan, your calculation is correct. But as I said, the savings will happen only after 2 quarters because we have to retrain people and do a lot of things. So at least in this year, this bleed will remain for some period of time, for this 2 quarters. And obviously, this kicks in, in the next financial year.

Rohan Advant: Got it. So one, there could be some onetime costs that could come our way in the next 2 quarters. But once they are behind us, we should be even at current prices at 14-15% margin, right? At current prices...

Santosh Parab: At current prices, yes.

Nirmal Momaya: Yes.

Rohan Advant: And sir, secondly, regarding the anti-dumping duty, what are the timelines? And what are the steps here on for it to see the light of day? And the current US political situation, does that help us, hurt us in any way in terms of ADD being imposed?

Nirmal Momaya: Very difficult to say whether it will help or hurt. That's really beyond our understanding. But in terms of the timeline, as the government had earlier spelled out the timeline, by November end, early December, there will be the interim order and the final order is expected middle of next year, May, June of next year.

Moderator: We have our next follow-up question from the line of Jatin Sangwan from Burman Capital.

Jatin Sangwan: Sir, based on the current visibility we have, so what kind of revenue we can do in H2 of FY '25? And what kind of EBITDA margin can we do?

Nirmal Momaya: Revenue will probably grow from where we are on this quarter, with some addition to it on our Blends and vanillin business. And EBITDA margin should probably remain where we are right now. Maybe a slight improvement if things improve.

Jatin Sangwan: Got it. And what's the picture looking like...

Santosh Parab: Generally, Jatin, if you see, traditionally, our first quarter -- and it's around INR45-55 crores -- INR40-60 crores. So looking at the current scenario, I think we will lock in around 10% more than what we are doing at this current -- current prices. And as Nirmal said, that -- and I also said that there is some bleed from Europe happening. We will have at least almost the same EBITDA for the next 2 quarters.

Jatin Sangwan: Got it. And sir, how will the picture look like for FY '26? Can we do revenue of like INR2,300 crores, INR2,400 crores? Or we will be below that?

Nirmal Momaya: We should be in that region.

Jatin Sangwan: And what kind of EBITDA margin are we looking because the bleed from Europe will go away?

Nirmal Momaya: Difficult to say, but it should remain in the teens.

Jatin Sangwan: Mid-teens. Can we reach mid-teens?

Nirmal Momaya: Mid-teens, difficult to say, again, what pricing and no. Very, very difficult to predict.

Moderator: As there are no further questions from the participants, I would now like to hand the conference over to the management for the closing comments.

Ashish Dandekar: Ladies and gentlemen, thank you very much for spending your precious time and understanding our operations and situation. We look forward to interacting with you at the end of this quarter. Until then, we wish you well for the New Year. Thank you.

Moderator: Thank you. On behalf of Camlin Fine Sciences Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.