18th August, 2022

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

Dear Sirs,

Sub: Transcript of the Investor/Analyst call on the Un-audited Financial Results (Consolidated and Standalone) for the quarter ended June 30, 2022.

In continuation of our letter dated August 8, 2022 and pursuant to Regulation 30(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), attached is the transcript of the Investor/Analyst conference call held on August 12, 2022 on the Un-audited Financial Results (Consolidated and Standalone) of the Company for the quarter ended June 30, 2022. The transcript is also available on the Company's website at https://www.camlinfs.com/Announcements.

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 No unpublished price sensitive information (UPSI) was discussed during the interactions.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.

Thanking you,

Yours faithfully,
For Camlin Fine Sciences Limited

CAMLIN FINE SCIENCES LTD. MUMBAI

Rahul Sawale
Company Secretary
& VP Legal

"Camlin Fine Sciences Limited

Q1 FY 23 Earnings Conference Call"

August 12, 2022

MANAGEMENT: **MR. ASHISH DANDEKAR - CHAIRMAN AND MANAGING DIRECTOR, CAMLIN FINE SCIENCES LIMITED**
MR. SANTOSH PARAB - CFO, CAMLIN FINE SCIENCES LIMITED
MR. NIRMAL MOMAYA - EXECUTIVE DIRECTOR AND MANAGING DIRECTOR, CAMLIN FINE SCIENCES LIMITED

Moderator: Good day, ladies and gentlemen, and welcome to the Q1 FY'23 Earnings Conference Call of Camlin Fine Sciences Limited., hosted by Sunidhi Securities & Finance Limited. 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 '*' then '0' on your touchtone 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. Ladies and gentlemen, welcome to the quarterly earnings con call of our company. As we have always done, our CFO, Mr. Santosh Parab, will first give you a brief of the quarter's performance and details, after which we will be answering your questions with Mr. Nirmal Momaya, our Executive Director and Managing Director.

So without further ado, over to you, Santosh.

Santosh Parab: Thanks, Ashish. Once again, welcome, and thank you for joining us for the earnings call for our financial results for the quarter ended 30 June, '23. We appreciate your presence, especially at the cusp of a long weekend.

Just as a reminder, today's discussion might include certain forward-looking statements, which must be viewed in conjunction with the various risks involved in our businesses. As usual for ease of understanding at our outlook at consolidated financial results, despite the challenges in global markets amenity from the inflationary trends which further aggravated by significant volatility in the currency across the world. CFS has been able to start the fiscal with an encouraging note, which can be seen from the result.

This performance in the quarter is more than heartening, especially in the backdrop of shut down for maintenance and upgradation of more than 4 weeks of our diphenol plant at Dahej. The consolidated revenue remains quite stable at INR 384 crore as compared to quarter 4, where it was at INR 389 crore. The operating EBITDA for the quarter has improved to 13% and stood at INR 48 crore, as against INR 6 crore and INR 24 crore in the last quarter.

The exemplary increase in power cost in Europe due to Russia-Ukraine crisis, is started last quarter remained at the similar levels. But with favorable currency movement and increase in selling prices did help us to recoup some of these higher costs.

Apart from the impact on the diphenol production due to shut down and upgradation during this quarter, all other product lines are fired on all cylinders. Since foreign exchange gain in standalone operations was negated by action losses in the subsidiaries, the other income on consolidated level stood at around INR 1 crore. Consolidated profit before tax stood at around INR 15 crore, as compared to last quarter of INR 20 crore. The tax provision was high, as they in turn sovereign set up of tax losses are not large. In the last quarter, if you remember, we had informed you that the debottlenecking and upgradation of diphenol plant was completed in mid-May '22, whereby the capacity was enhanced to 15,000 metric ton per annum from the existing 10,000 metric ton per annum.

We expect to gradually ramp this up to have the production and do an optimal capacity in the next 2 quarters. We are looking at this year for sustainable growth, based on emphasis on integration and innovation. As you know, we are forward integrating our diphenol catechol line by manufacturing vanillin. As a part of that effort, we are confident of commercializing vanillin production and this newly constructed plant at Dahej very soon. With aroma products back and with enhanced capacity of diphenols, this augurs well to achieve a sustainable growth.

Coming down to brief on the business of the subsidiaries, CFS Europe recorded a turnover of INR 132 crore in the current quarter. CFS Europe, has incurred higher energy cost due to the increase in gas prices in Europe. It was able to recover some of these escalated energy costs by increasing the selling prices in this quarter. As I said earlier, there has been no respite on the increased energy costs, however, there was some relief as the prices have increased at much lower pace than in earlier quarters of the gas prices.

CFS Mexico has again broke its record of highest turnover in this quarter by posting a total revenue of around INR 90 crore, the clocked turnover of INR 77 crore in last quarter. CFS Mexico is expected to continue its stellar performance. CFS Brazil and CFS North America with turnover of INR 27 crore and INR 17 crore, respectively, in the current quarter, are expected to keep improving their performance in the subsequent quarter.

Our Chinese subsidiary, which used to manufacture vanillin remains closed awaiting the order from Chinese Supreme Court. With that time lines, yet cannot be determined, we are envisaging the receipt of order sometime in this financial year. The Chinese plant will remain close till then.

Coming to our CRAMS project, which is with Lockheed Martin. The discussions with them are still in progress of supplying a proprietary chemical, for battery storage system. We are generally looking at achieving commercial product supply to them in sometime February '24. We'll be sharing more information on it in the coming quarters.

With this, I'll request to open the floor to Mr. Nirmal Momaya, our MD, Ashish Dandekar, CMD and myself are there to answer the questions. Thank you.

Moderator: The first question is from the line of Surya Narayan Patra from PhillipCapital. Please go ahead.

Surya Patra: Congrats with a great set of numbers in the difficult time, sir. The first question is on the impact of a plant shutdown. So since we have not been importing any hydroquinone from European operations. So during this 1-month kind of a shutdown of Dahej facility, whether the tariff would also got impacted? And could you please quantify what business that we would have lost in the standalone operation for the quarter?

Nirmal Momaya: So in the standalone, we did import some hydroquinone from Italy, which was consumed in this quarter. So it's not that there was no import, but it was a very limited quantity. We do see that in terms of volumes for the downstream products, on a standalone basis, so there is an impact, of course, on the upstream on hydroquinone and catechol, where the production was half of what it should have been on capacity. And in the downstream products, I would say that they were impacted by about 20% or so in terms of volume. Though in value because prices have gone up, it kind of got a bit of a catch-up. But yes, if you were to look at it overall, diphenol was at 50% and the other downstream were about 20% lower than previous quarter.

Surya Patra: For the standalone business, that is how we should look at it?

Nirmal Momaya: Yes.

Surya Patra: Okay. Sir, with regards to the European operation, so could you share what is the EBIT for this quarter and versus last quarter, what is the kind of change even Y-o-Y changes?

Nirmal Momaya: Yes. So this quarter, the EBITDA was INR 17 crore, and last quarter was INR 7 crore.

Surya Patra: For Europe, sir?

Nirmal Momaya: For Europe, yes.

Surya Patra: Okay. So sequentially, although there is a INR 5 crore kind of an incremental energy costs that we have witnessed, still, there is a kind of improvement of INR 10 crore?

Nirmal Momaya: Yes. Due to pass on the price increases on hydroquinone in the European market.

Surya Patra: Okay. So is it fair to believe that the EBITDA swing also what we are witnessing for the consolidated operation? So it is reflecting that only. It means savings in the SG&A cost. So around INR 10 crore kind of SG&A cost saving that we are witnessing despite of a INR 5 crore kind of an incremental rise in the energy cost, it is just that reflects that. Is that correct, sir?

Nirmal Momaya: Yes. It is partly. I mean is one of the things that has improved the margin. It's not the only thing.

Surya Patra: Then what is the saving that we are witnessing? Sir, sequentially the SG&A cost for the quarter, if you see from the INR 125 crore to INR 115 crore it has become, while there is an increase in the INR 5 crore of energy cost. So that means almost like INR 15 crore kind of saving is the other expenses.

Santosh Parab: Just to correct you on that. The last year's cost, the incremental INR 4 crore is on the base of quarter 4 costs. So one thing is that we have recovered some part of that INR 27 crore and some part of this INR 4 crore.

Surya Patra: Okay. I was comparing exactly the sequential basis. In the previous quarter, consolidated EBIT other expenditure was INR 124 crore. In this quarter, it is INR 115 crore. So kind of a INR 10 crore saving, despite a INR 4 crore kind of incremental energy cost?

Santosh Parab: So yes. So once saying is that, apart from that, what has happened in India, the operations were lesser, right? So the operating cost includes power cost in India. Other operating cost includes labor charges in India. So the throughout in India is lesser. Now our output as Nirmal said, we were lesser about 15% on the diphenol line and 20% on other products. So output in India was lesser. So comparatively because of those lower volumes, our operating cost in India are lesser. And that's why there is a reduction in operating costs on an overall basis, even though INR 4 crore of power costs increased outside India.

Surya Patra: Okay. So then I think this is a strong margin scenario that we are witnessing for this quarter, sir. So given that as we are saying our vanillin plant is on track for commissioning in this quarter fully. So then from the base of this near about 13% kind of margin scenario in this quarter, we generally see is believed to be a lean quarter and that to impacted with the shutdown. So are you giving an indication of a very strong improvement in the margin profile with vanillin coming up in the second quarter?

Nirmal Momaya: Yes. I mean the margin profile should improve as compared to Q1. Also, the rest of the year, we don't know what the pricing situation and raw material prices as well as selling price situation will be. So difficult to predict beyond Q2, Q3, Q4, looking strong, but I mean there's so much volatility going on everywhere that it's very difficult to give a clear-cut guidance.

Surya Patra: Okay. Sure. Sir, if you can talk something more on the vanillin plant. When are you thinking that, okay, it is commissioning? And how staggered manner that your utilization be progressing pricing scenario, means the way that you're trying to play out this opportunity?

Nirmal Momaya: Yes. So we are expecting the commercial production to start by end of this quarter. So which means from Q3 we will start producing, initially, the production will be at about 40% to 50% of capacity, which will get ramped up after starting up in the next 3 to 4 months based on the market. The market scenario yet remains short. Value is short, prices are yet over $20. So in that sense, the pricing scenario seems to be holding.

Surya Patra: Okay. And even the elevated cost scenario, which is visible, possibly will be helping the prices to remain elevated only for vanillin, is that right, sir?

Nirmal Momaya: It seems to be. But of course, since demand-supply both also play a role. It's not only cost. But I mean what indications you are getting is that it should in the short term, it will be short.

Surya Patra: Okay. Just last question. On the blends side, sir, it seems that there is a kind of a strong recovery in that, I'd say, a strong performance based of a profit sense, right, on the blends side. So whether what we have been anticipating ramp-up in the blends and which could not happen during the COVID during the last 3 quarters. So are you seeing kind of a real ramp-up now starting from the first quarter itself? And this is a kind of a progressive run rate that we should see from here on?

Nirmal Momaya: Yes. So in the Q4 '22, it was about INR 110 crore. And in this Q1, it's about INR 125 crore. So yes, there has been an improvement in this quarter. And I think the trend is showing that there will be further improvement.

Surya Patra: Sure. Any specific thing that is driving this, sir?

Nirmal Momaya: No, I think it's just that customers have opened up, the interactions, which were restricted during COVID. I think all of that has now kind of, in the last 3, 4 months, has eased up. So I think it's just the interaction and approaches are now much easier.

Moderator: The next question is from the line of Amit Shah from East Securities. Please go ahead.

Amit Shah: Sir, I have a couple of questions. Sir, firstly, I would like to understand a bit more on our businesses in Brazil and Mexico. Which are the key products which we manufacture in Brazil and Mexico? And how is this region performing for us? What kind of opportunities are we seeing in Latin America?

Nirmal Momaya: Basically, our focus area is on Shelf Life Solutions. And the products that we make there are essentially for, I would say, 60% of the businesses for extending Shelf Life of food, animal feed, biodiesel, pet food and some of the other nutritional products for the animal feed market, some bactericides, some mold inhibitors. So it's a whole basket of products that we have there. The market opportunity is significant. And our performance in Mexico has been very strong. Brazil is picking up, post-COVID. Now, we are again back to believing customers and starting to make approaches in the market.

Amit Shah: Okay. Sir, how is the competition over there?

Nirmal Momaya: Competition is very strong.

Amit Shah: Okay. Sir, and a follow-up question. Sir, how do we source our raw materials for Latin America facility? Are we facing any challenges in sourcing them?

Nirmal Momaya: Yes. I mean, there are challenges. But I think we've kind of mitigated the risk by making interventions to see to it that we don't get stocked out. So I mean, I would say, generally, we are okay on the sourcing.

Moderator: The next question is from the line of Nirali Gopani from Unique Asset Management LLP. Please go ahead.

Nirali Gopani: Sir, on just seeing a significant improvement in our gross margin, it's a higher than we have seen in the last 5 quarters. So is it largely because of your passed on the fuel price hike through the pricing inventory, are you seeing this hike and to the short-term number that we are seeing?

Nirmal Momaya: Yes. We've been able to pass on the cost increases. Of course, there's a lag between the time we can pass on the price increases. Generally it's a quarter's lag. And I think, in the last quarter, raw material prices were quite stable. So therefore, we did the catch-up and, the margins have come back to where they were.

Nirali Gopani: Okay. So sir, normally, the guidance on a gross margin of roughly about 47% to 50%. So is this number sustainable or we go back to 50%?

Nirmal Momaya: No, doesn't seem to be. I mean, I think we should be able to sustain it at least for 1 quarter. The next quarter, again, will depend on what the raw material prices are like.

Nirali Gopani: Okay. And sir now the vanillin plant it was supposed to commence in June, right? So is there a reason for this delay?

Nirmal Momaya: No, no real reason for the delay. The mechanical completion is done. Now we are doing the trial production, and we should be hopefully now coming to commercialization soon.

Nirali Gopani: Okay. Can you just mention that currently, the vanillin price is about roughly $20? And in Q4, you mentioned it was roughly about $30 and even after we come in the prices estimate at about $20. So any change in that view?

Nirmal Momaya: No. No change in the view, it's the same.

Nirali Gopani: Okay. So do you see that even after we come into the market, the prices should sustain at about $20?

Nirmal Momaya: $20, that's what our expectation is at least for the initial phase.

Nirali Gopani: Okay. And so the Dahej plant, the shutdown is complete and everything also. Can you see a Q-on-Q improvement in our top line because vanillin is also coming onstream from Q3? So what kind of top line can you see in this full year of FY'23?

Nirmal Momaya: So top line on the consolidated basis, yes, what we are projecting is around between INR 1,800 crore to INR 2,000 crore. So we continue to look at that kind of number.

Nirali Gopani: Okay. And can we achieve an EBITDA margin of roughly about 15% on a consolidated basis for the full year?

Nirmal Momaya: Difficult to say. This margin, based on this raw material prices, the way they are fluctuating and also sales price realization, you don't know. But I mean it should improve from where we are because of our capacity enhancement and vanillin plant coming in, it should improve from where we are.

Nirali Gopani: And Mr. Santosh, just set up on the tax rate, so can you just elaborate a bit on that part?

Santosh Parab: So as we have been said in the past, also because of some subsidiaries have losses, we cannot set up the internal country losses, a couple of subsidies because of the partnership volatility at certain losses. So those kind of losses cannot be adjusted with the profits of the other country tax profit. So like Europe, Mexico and to some extent India has done taxable profit, but subsidiaries like Brazil and U.S. as well as Wanglong where we have some maintenance costs are making losses. So the losses there cannot be set up with the profits of the other countries. So that's why this taxes rates are higher. But as the year goes, we are looking at an overall tax rate after adjusting all the losses in the range of 30%, 31%.

Nirali Gopani: For FY'23?

Santosh Parab: For FY'23.

Moderator: The next question is from the line of Aniket Inamdar, an individual investor. Please go ahead.

Aniket Inamdar: My question is on the $20 price of ethyl vanillin you mentioned. Considering that we are using our own low-cost materialize that in the presentation, wouldn't the gross margins for what have been produced during this year is much higher than our current gross margins overall?

Nirmal Momaya: It will be slightly higher, of course, because catechol, when we sell catechol, we sell it at a loss, , there will be an improvement in the gross margin for that piece of the business in the sense for that much amount of catechol that is consumed in vanillin.

Aniket Inamdar: Okay. And basically considering this starting from the second half, we will be looking at what, 2,000 tons this year?

Nirmal Momaya: Yes. I mean, yes, that's right in that region.

Moderator: The next question is from the line of Anurag Patil from Roha Asset Managers. Please go ahead.

Anurag Patil: Sir, in Europe, how are you seeing the demand environment currently?

Nirmal Momaya: So from Europe into Europe, we sell hydroquinone, which is the demand is yet strong. From India, we do sell some products into Europe, which continue to remain on the same levels as they were last year.

Anurag Patil: Okay. But going in the next couple of quarters, do we see that sales from India to sustain or there is a possibility that it can be impacted?

Nirmal Momaya: The European market?

Anurag Patil: Yes.

Nirmal Momaya: I think most of our business is in the food and food chain, which doesn't really get very badly impacted. There are no big swings in that. So in terms of volume, we don't expect to be impacted in the next few months.

Anurag Patil: Okay. And sir, from a medium term perspective, 2, 3 years down the line, which of our segments like Shelf Life, Performance Chemicals, which segment do you see growing at a fastest rate?

Nirmal Momaya: So aroma would be the fastest rate right now in the first couple of years because it's a brand new facility and the capacity is 6,000 tons, so which will add in terms of percentage, it'll add the highest number.

Anurag Patil: And sir, for Shelf Life and Performance Chemicals, what kind of a growth rate we can expect any ballpark idea will be fine?

Nirmal Momaya: Shelf Life Solutions, our blends business is growing at about 30% a year. Our TBHQ, BHA business will grow at about 15% to 20% a year. So about 20%, 25% a year. And in Performance Chemicals, with the added capacity, I think in the next few years, we should be able to grow by about 20% a year on a volume basis. I'm talking everything on volume basis.

Moderator: The next question is from the line of Harsh Jhanwar from Centrum PMS. Please go ahead.

Harsh Jhanwar: Sir, my question was regarding vanillin prices. So vanillin prices have come off from $30 to $20. Sir, as I understand, currently, there is a demand-supply gap and supply is lesser than demand. So if you could help us understand why, any reason for this significant decline in prices, even though we are not commissioned our plant yet? And how do you see this pricing going ahead?

Nirmal Momaya: The pricing is even today in excess of $25. What we are saying is once we come into the market, we expect the price to come down to about $20.

Moderator: The next question is from the line of Rohit Sinha from Sunidhi Securities. Please go ahead.

Rohit Sinha: Just one question on this capacity expansion at Dahej facility. So post this commissioning and surplus capacity of hydroquinone, just wanted to know our further expansion or scope in the TBHQ, BHA and MEHQ segment and near-term outlook in the MEHQ segment?

Nirmal Momaya: So TBHQ, BHA, I think we've done some debottlenecking in those capacities, and we expect to push volumes on both those products in the next few quarters. As far as MEHQ is concerned, we are in the process of finalizing our plan on what kind of volumes of hydroquinone do we want to divert to MEHQ. So that plan has yet been built.

Rohit Sinha: Okay. I mean what kind of just overall market that is there for us in the MEHQ?

Nirmal Momaya: MEHQ overall market size is about 5,000 metric tons. So maybe 5,000 and 5,500. So yes, we have an opportunity to play in that market. But we've not yet decided as to how much of the hydroquinone will be used for MEHQ. Based on what we do for TBHQ, BHA, we will take a decision on how much will go into MEHQ.

Rohit Sinha: And the pricing difference between TBHQ and MEHQ would be significant?

Nirmal Momaya: Yes, yes. Significant. TBHQ is much higher than MEHQ.

Moderator: The next question is from the line of Pankaj from Affluent Assets. Please go ahead.

Pankaj Bobade: Well, sir, just wanted to understand, you mentioned that the vanillin prices are currently trading at $25. And after commissioning of our plant, you expect it to come down to $20. So would our supply this so high that it will disrupt the whole demand-supply mismatch?

Nirmal Momaya: No, I mean this is just an estimation, we don't know what prices it will settle at, it may remain at $25, it maybe at $23. But I'm just saying that our capacity is almost 20% of the global capacity. So once that's comes in, it will have some impact.

Santosh Parob: The $25 is because of there is demand-supply mismatch at this point at present.

Pankaj Bobade : So how much that would be corrected by our supply?

Nirmal Momaya: As I said, 20% of the capacity is what we will be producing. So there are no numbers available in the market to give you exactly what it is.

Pankaj Bobade: And are any other competitors of ours also coming up with the new capacity in this near future?

Nirmal Momaya: In vanillin?

Pankaj Bobade: Yes.

Nirmal Momaya: No. in vanillin nothing in the pipeline, not that we've heard of anything.

Pankaj Bobade: Okay. Sir, second thing, you mentioned about our top line to be around INR 1,400 crore to INR 1,500 crore for this year.

Nirmal Momaya: INR 1,800 crore to INR 2,000 crore.

Pankaj Bobade: INR 1,800 crore to INR 2,000 crore. My mistake. And how would be the margin scenario? How do we expect the margin scenario?

Nirmal Momaya: It's difficult to give an estimate of the margin because of the volatility in raw material prices, economic situations across the world. So it's difficult to give a margin projection.

Pankaj Bobade: Sir, at least, would it be better than what it was last year?

Nirmal Momaya: It should be yes.

Moderator: The next question is from the line of Surya Narayan Patra from PhillipCapital. Please go ahead.

Surya Patra: Yes. And sir, can you just give some sense since we have passed on the price or passed on the elevated cost in the prices of hydroquinone in Europe. And we have seen the energy cost has really gone up 5x kind of a much significantly when compared to the previous quarter. So current pricing would be how different from the price that you will be realizing here in India for hydroquinone?

Nirmal Momaya: Price is basically across the world are generally more or less the same.

Surya Patra: Okay. It is not a different relation for Europe.

Nirmal Momaya: No, I mean, there will be a little bit of a difference. I would say about 10% or so.

Surya Patra: Okay. So if that is the case, then even the downstream also accordingly proportionately would have gone up for TBHQ, BHA, let's say?

Nirmal Momaya: Yes of course yes.

Surya Patra: Okay. My second question is on, let's say, any progress on that heliotropin kind of project, sir?

Nirmal Momaya: Yes. We made those applications in China. So we are waiting for the progress to happen there.

Surya Patra: Okay. I mean so there is no investment as such as we would have started it, right?

Nirmal Momaya: No.

Surya Patra: Okay. And so I think we are kind of closing our heavy CapEx with the vanillin plant. So hereon, is there any kind of a project in mind? Or what is the kind of CapEx plans that we can be thinking about, either it could be relating to AlgalR or whichever? So if you can give some sense on the CapEx?

Nirmal Momaya: We do not yet actually finalized anything. So right now we are yet saying that the maintenance CapEx of between INR 60 crore to INR 80 crore is what is envisaged.

Surya Patra: Okay. For this year and the similar that is the kind of a number for the current year. And if not anything on the Lockheed Martin front, I think similar kind of trend that one should think even for next year?

Nirmal Momaya: Yes, that’s right.

Surya Patra: Okay. In fact, because of the elevated prices, did you face any kind of a rise in the working capital funding requirement sequentially? And whether any change in the debt level leverage because of this pricing scenario and hence, more working capital conditions? Anything on that side, sir?

Santosh Parab: Surya, we had shared at the last meeting also, since we are looking at sequential increase mainly because of the aroma business and in the range of around INR 150 crore to INR 200 crore. Looking at the costing and the shorter operating cycle, manufacturing margin in India, see we are looking at a range of around INR 30 crore to INR 40 crore, which will be required by the end of the year on our working capital.

And we achieved INR 200 crore-odd turnover or actually optimal capacity. So we will try to use our internal accruals of that. So push comes to shove, there will be an INR 30 crore to INR 40 crore of working capital increase by the year. And on an average basis, we have also been repaying loans of around INR 30 crore, INR 35 crore. And as you know, HCCB of INR 100 crore is a convertible instrument. If they convert, I can reduce my loan portfolio of INR 100 crore overnight.

Surya Patra: Okay. And one just last clarification. This minority interest gain, so what is that? And how to think about it?

Santosh Parab: Yes, good question. So as you know, if you see the group profile now, there are only 2 companies which have a minority interest. One is Mexico, but that minority is miniscule around 1.5%. And as for the contract, we don't have to share any profits from that minority interest. The other bigger minority interest is a 49% what we have in China. In China, we have no revenue, but we have to maintain the plant, there are some legal costs which are incurred because as there's a case going on, and we are also co-defendant than in that case. So these are these costs for maintaining minimal employees, maintaining the plant and some legal cost, costs some things cost. The share of that, naturally, we shared 51% and 49%. So the gain in owners profit from the PAT is mainly on account to minority interest loss, which has been shared by the Chinese partner.

Surya Patra: Okay. So that means till the time we are seeing any progress on the any drop in front, at least, that is a kind of a cushion to our overall number?

Santosh Parab: I don’t know, it is a cushion or not, but yes, my operating profit, my PAT, my owners profit will be more than my PAT.

Moderator: Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to the management for closing comments.

Ashish Dandekar: Ladies and gentlemen, thank you very much for participating in this con call. We look forward to interacting with you again for the next one. Until then, have a good day. Thank you.

Moderator: Thank you. On behalf of Sunidhi Securities & Finance Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.