Camlin Fine Sciences

November 18, 2022

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

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

In continuation of our letter dated November 7, 2022, November 12, 2022 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 Investor/Analyst conference call held on November 12, 2022 on the Un-audited Financial Results (Consolidated and Standalone) of the Company for the half year and quarter ended September 30, 2022 is available on the Company's website at https://www.camlinfs.com/investorcallrecording

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 No unpublished price sensitive information (UPSI) was discussed during the interactions.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,
For Camlin Fine Sciences Limited

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Rahul Sawale
Company Secretary
& VP Legal

"Camlin Fine Sciences Limited
Q2 FY '23 Earnings Conference Call"
November 12, 2022

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

MODERATOR: **MR. ROHIT SINHA – SUNIDHI SECURITIES & FINANCE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Camlin Fine Sciences Limited Q2 and H1 FY '23 Earnings Conference Call hosted by Sunidhi Securities & Finance Limited. As a reminder, all participant line 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 touchtone phone. Please note that this conference is being recorded. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rohit Sinha from Sunidhi Securities & Finance Limited. Thank you, and over to you, sir.

Rohit Sinha: Thank you. Good evening, everyone. Thank you for joining us for the Q2 FY '23 earnings call of Camlin Fine Sciences Limited. I would like to thank the management for giving us this opportunity to host the call and congratulate them for a robust set of numbers amidst this challenging environment. From Camlin Fine Sciences Management, today, we have with us Mr. Ashish Dandekar, Chairman and Managing Director; Mr. Nirmal Momaya, Executive Director and Managing Director; and Mr. Santosh Parab, CFO of Camlin Fine Sciences. I now hand over the call to the management for their opening remarks. Thank you, and over to you, sir.

Ashish Dandekar: Welcome, ladies and gentlemen, to our quarterly earnings call. As is our usual practice, I'll be handing over to Santosh Parab, our CFO, who will give you the highlights of the quarter. And after that, our Managing Director, Nirmal Momaya, will be available to answer your questions. So on to you Santosh.

Santosh Parab: Thanks, Ashish. Good evening. Thanks, everyone, for attending our investor call for quarter and half year ended September 30, 2022, that too on a weekend. We truly appreciate your time and attendance. You would have read our financial results as well as investor presentation for the quarter and half year ended 30th September, which we have already published and have also hosted on our website. Now let me dive directly into the financials of our company. Our company has posted the highest ever consolidated operating revenue, both quarterly as well as half yearly.

The consolidated operating revenue for the quarter stood at INR 483 crores, which is higher by 25.9% quarter-on-quarter and 55.3% as compared to corresponding quarter of last year. Gross margins were at 50.7% as compared to 53.6% and 45.1% for last quarter and corresponding last year quarter. You would agree that looking at the volatile currency situation, global economic circumstances, inflationary trends, company has been able to control its gross margin. The Russia-Ukraine crisis continues and has impacted our operations financially during this quarter also.

The energy cost increased by around INR 22 crores as compared to last quarter in our European subsidiary, which produces diphenols in Italy. This has impacted the overall margins, albeit with some relief from Italian government, which gave a subsidy on this high cost of around INR 7 crores in this quarter, and transfer of some of these finance costs by increasing the sale price. Despite all these issues, US -- CFS Europe recorded a turnover of INR 155 crores and is still making reasonable EBITDA margin. We are closely watching the situation more so with winter around the corner. Our Mexican subsidiary continued its growth trajectory by posting turnover of INR 90 crores in the current year. Turnover of CFS Brazil increased to INR 33 crores in the current quarter, while CFS North America recorded turnover of INR 17 crores. CFS Brazil has been breakeven, however, the volatility in currency markets have been impacting these results.

CFS North America is expected to steadily improve over the year. Shutdown at our Chinese subsidiary continued owing to the Supreme Court order. Management is pursuing avenues for alternative use of the plant for an aromatic product, which is a catechol derivative. As you are aware, the trial runs have successfully carried out at our Vanillin plant under which is under construction at Dahej. We would be commencing commercial production in a very near future as we are awaiting certain statutory authorizations.

We expect them to be received very soon and would be starting the commercial production. Coming to the balance sheet items now. Consolidated net debt as of September 30, 2022 is at INR 637 crores. The increase from last quarter was primarily on the long-term borrowing to fund the vanillin project as well as increasing utilization of revolving credit owing to increase in operations. Rising interest rates remain a concern in short-term future. Now about the future, destocking by customers, volatile currency, European war and subdued global economic trends would be the challenges in the coming quarters. Yet we are confident of facing these challenges and come out winners. Thank you. I will now open the floor for questions.

Moderator: The first question is from the line of A.M. Lodha from Sanmati Consultants.

A.M. Lodha: My question is about this new plant of this vanillin plant, which is under trial of 6,000 metric tons. How much will be the total cost of this plant, sir? Amount incurred for this plant, what is the amount of that capex?

Nirmal Momaya: Amount of capex is about INR 250 crores.

A.M. Lodha: How much turnover at present prices this plant can generate on full capacity?

Nirmal Momaya: On full capacity, it should generate about INR 700 crores.

A.M. Lodha: My second question is the debt to equity ratio. Your debt to equity ratio has gone up from below 1% to 1.2%. So how much is the money company will be borrowing more in second half?

Nirmal Momaya: No. In the second half, there is no plan to borrow further.

A.M. Lodha: Sir, my last question is work in progress, the cost of the new plant is INR 250 crores that we have had in the presentation. The capital work in progress is INR 300-plus crores,. So can you give us a brief idea of where you are incurring capex other than this plant, which is under trial?

Nirmal Momaya: Yes. We have several other maintenance capex, which we are doing in all our facilities. So this includes all the capexes that are in progress in all our plants.

Moderator: The next question is from the line of Surya Patra from PhillipCapital.

Surya Patra: Congratulations on a great set of numbers. First question is on the stand-alone business performance. So the sequential revenue, we have seen there is a positive surprise, obviously, because of expanded capacity possibly. So here, is it fair to believe sir, even the expanded portion of the capacity is being utilized to the, let's say, around 30%, 40% or something around that? And are we selling more hydroquinone now given the expanded capacity of Dahej? And also if you can give some clarity whether we have started selling some of the derivatives of the HQ, which is bringing in this business?

Nirmal Momaya: Yes. So we at this point, we're not selling much of hydroquinone in the market. What we are doing is we are selling value-added products. We've also introduced MEHQ now in the market. So we have started sales of other downstream products. So you will see going forward, in the next quarters, there will be a substantial focus on these downstream products, and we try and scale them up.

Surya Patra**:** Sure. And about utilization, we would be at what level of utilization, sir, generally considering 1,500-tons capacity?

Nirmal Momaya: Yes. So we are running at roughly about 1,100, 1,200 tons per month.

Surya Patra**:** Okay. Second question is on the energy subsidy, sir. So this INR 7 crores subsidy what we have received, is it relating to the quarter specific or it is relating to the first hand? Or so far, what is -- this is the subsidy that they have decided and given? Or is there any outlook for that subsidy that till the time the energy cost is remaining elevated, we could be getting similar amount like that going ahead? And also on the energy prices outlook also, if you can give something.

Nirmal Momaya: You asked for a question which nobody has an answer to. But yes, so as far as the subsidy goes, it is what has accrued up to date. And going forward, depending on what the prices of gas will be, the Italian authorities will probably give some subsidies. But based on how these market prices move, of course, there's a lot of volatility. So very difficult to predict where it will go and where will it kind of stabilize, because we've seen prices go from EUR 300 to EUR 50, back to EUR 100, back to EUR 200, and again down again. So it's very difficult to predict which way that will go.

Surya Patra**:** Sir, on vanillin plant, is there any -- see, you tried to mention something on the opening remarks. But I think is there any technical challenge to commission the plant, sir? Or let's say, considering the suppliability, considering the global market situation and all that, whether that is a kind of hindrance for commissioning vanillin plant?

Nirmal Momaya: No. So the commissioning of the plant is no issue, that has been done. The question is scaling up and starting commercial production. So we're just waiting for the last approval, which should come. And then once we have that, we can start production on a full scale.

Surya Patra**:** And just one thing, sir, of the consolidated earnings if you can see, then large part of that has come from the, obviously, the stand-alone operation. Obviously, that is because of the kind of a value-added operation for us. But given the kind of economical slowdown kind of signs, there are challenges that is visible, trade-related also, cost related and all that. So if you can give some clarity and outlook for your subsidiaries and your global supply abilities in the subsequent quarters.

Nirmal Momaya: So the next two quarters are challenging because there's demand slow down, there is price corrections. And of course, we also see some raw material prices coming off. So we are trying to see and balance based on what the market conditions are, we are trying to balance on the product portfolio, rearrange, realign some of the products and focus on those more than other ones where demand could be a challenge. But all in all, of course, like everybody else, the next couple of quarters are uncertain, but we are taking all the measures that we can take to try and maximize what we can do out of our Dahej facility as well.

And as far as other geographies are concerned, in the Blends business, there is no significant slowdown or demand shrinkage that we are facing. That's more or less kind of stable. Italy, of course, is very volatile in terms of the availability of hydroquinone and catechol in the European market, as well as the energy prices. So Italy is also a bit uncertain as to how it will pan out. But we are trying to take whatever best advantage we can of the situation and try and maximize what we can get.

Surya Patra**:** Just last question, sir, from my side. On the, let's say, the gross margin front. So sequentially, we have seen some softening in terms of gross margin quarter-on-quarter basis. So whether that would be led by the softening of the product prices or it is really led by the input cost size?

Nirmal Momaya: So it's more also to do with increase of the production of catechol and prices of catechol under pressure. So once the vanillin comes in, it kind of will balance out, because there the margins are significantly better than when we sell catechol. As we increase the production of diphenol, we get more catechol, as you know, in percentage terms as compared to hydroquinone. So that is one of the reasons why the margin has been impacted.

Surya Patra**:** Santosh, sir, can you share the EBITDA numbers for key subsidiaries, sir, for the quarter?

Nirmal Momaya: One moment. Key subsidiary EBITDA numbers?

Santosh Parab: Key subsidiary EBITDA number, I can tell you the turnovers of these subsidiaries. So Brazil was INR 33 crores. North America was INR 16 crores. Europe was INR 155 crores. Mexico, INR 90 crores. In India, you know, INR 243 crores. and the difference will be the elimination.

Surya Patra**:** Okay. So then if I just lastly, I can ask from the Mexico side, sir. So in fact, we have consistently been doing around 18%, 19% kind of growth Y-o-Y. And now we have consolidated our stake there. So any kind of incremental growth momentum that should we see going ahead or the global outlook is not so great, so we still can maintain, possibly this is our run rate?

Santosh Parab: So if you see sequentially, corresponding last year quarter of -- Mexico was INR 76 crores. It has gone to INR 90 crores. There's certainly growth. If you take even the subsidiaries like Brazil, it was INR 20 crores, it has become INR 33 crores. Small like North America, too, has become

INR 60 crores. The difference will be INR 4 crores, but the percentage increase in currency. So Europe also INR 110 crores, INR 150 crores. But let's not talk about Europe. About the Blends business, so the attraction is there,

And we are not seeing any shrinkage in the demand on the Blends business. But the destocking and the volatility in the currency markets, a lot of developing countries who consume Blends are under stress. So we don't feel that we will be de-growing in Blends. But the growth part may, over the years also some of the few quarters, we will not see the growth. But season quarters are were very good. So on a yearly basis, we have been consistently clocking growth on Blends.

Moderator: The next question is from the line of Pallavi Deshpande from Sameeksha Capital.

Pallavi Deshpande: Yes. So just wanted to understand right now the industry dynamics, I understand Clean Science has increased their capacity for MEHQ, and they don't use any solid that's passing starting process. So they seem to be the lowest cost producer currently. It is always backing down and this is, you know, it's interesting the capital house prices also globally because of shared capacity.

Moderator: Again, the audio is not clear from your line.

Pallavi Deshpande: Yes. I just wanted to understand the industry dynamics, Clean Science basically will increase their MEHQ capacity. So just given their starting material was anisole, are they currently the lowest cost producer? And how does this play out for the market as a whole?

Nirmal Momaya: Basically, if you understand the chemistry, the chemistry is very similar. Cutting raw material listing all for all of us. We make hydroquinone, catechol, and from hydroquinone we make MEHQ. Clean Science starts from phenol makes anisole and then makes MEHQ from that. So really speaking, it's only the catechol that we get in a higher percentage, which is where we are not competitive. But now with the vanillin facility coming in, that catechol, which was a loss-making business, has returned into a profit-making business, which will mean that our cost structures will be very similar to our competitors.

Pallavi Deshpande: And just to understand chemistry again. Are they use vapour-phase technology, I understand for MEHQ, are we using is it on the same, am I on the same page?

Nirmal Momaya: So we are not using vapour-phase for making MEHQ. They're using another route. So in terms of cost, doesn't make much difference.

Pallavi Deshpande: And they have been gaining market share, is that for MEHQ?

Nirmal Momaya: No, MEHQ, we were not selling MEHQ for the last one year. So now we have started?

Pallavi Deshpande: What about vanillin prices currently?

Nirmal Momaya: Vanillin prices currently are about, depends on market to market, anything between $15 to $20, depending on the market that you're selling in.

Moderator: Ma'am, I would request you to rejoin the question queue. The next question is from the line of Satish Kumar from InCred Capital.

Satish Kumar: So my question is regarding vanillin. How much production we can do, I mean, in our rough estimate, sir, this year?

Nirmal Momaya: That depends on when we start the production. But the plant has to run at a minimum of 50% capacity, so at 6,000 tons it's 500 tons or INR 200 tons a month is the minimum that we have to produce.

Moderator: The next question is from the line of Ravi Mehta from Deep Financial.

Ravi Mehta: Great set of numbers, congratulations. Just had a question on the Italian subsidiary. So you said it made a reasonable EBITDA. If you can just give some color, like will it be like 5%, 6% EBITDA on these costs?

Nirmal Momaya: Yes, the EBITDA is roughly about 8% on this increased gas prices.

Ravi Mehta: Okay. And you've been highlighting it in the notes regarding the delta in the cost of energy. Despite that, probably, if you are hitting this kind of EBITDA. So I believe there is still some under-recovery, meaning everything is not possible to pass on. So the numbers what we see are still suppressed in a way,

Nirmal Momaya: Yes, that's right. We can't pass on the whole thing.

Ravi Mehta: Okay. So if things probably normalize, there is further upside maybe to the European margins?

Nirmal Momaya: Yes. But I mean it's very difficult to say with this volatility right now. Extremely difficult to say what will happen to gas prices.

Ravi Mehta: Yes. And one question to Santosh, bookkeeping one. So the tax provisioning has been very high, both in standalone and in consol.

Santosh Parab: So on a consolidated basis, we get hit because we have losses in some of the subsidiaries. As during my opening remarks, I said that though we are breaking away in Brazil, there's an issue of foreign currency volatility in almost all of these developing countries. However, I end up getting a net loss before tax, and then this cannot be adjusted against the tax paid in other countries or the profits made in other countries. That's why that's the issue. If you see the profit-making companies, only we are in the range of 30% to 35%.

And we move down, if we include the loss-making, then the rate superficially increased. As far as India is concerned, it's again a very bookkeeping issue of this high tax. What's happened is that tax, as you know, is calculated on a yearly basis. We had a relatively lower estimate of annual profit, but the current quarter and looking at the future, we did increase the taxable annual profit at the year end, which ended up a larger pie in this year on an arithmetic basis. But overall basis, India is under math. And if you see, we are getting hit on the deferred tax assets because we have this huge capitalization of diphenol last year, and another vanillin capitalization coming in this year is creating a deferred tax everywhere.

As far as cash out and tax rate is concerned, it is within math. Because we have a tax already on diphenol plant. So this will stabilize once we reach all the subsidiaries all over the world start making profit then the situation will improve. At India level, once vanillin starts generating profit, even the deferred tax will even now. But as far as cash is concerned, we see that at least for the next two years, India will be in the math.

Ravi Mehta: And probably, I missed if you shared the utilization levels of Dahej diphenol in this quarter.

Santosh Parab: No, but we were in the range of 80% to 85%, Nirmal said that around 1,100 to 1,200 metric tons per month is what is your capacity utilization.

Moderator: The next question is from the line of Dhruv Shah from Ambika Fincap.

Dhruv Shah: Congratulations on a good set of numbers. Nirmal, my first question is on the downstream product you said. So is the INR 70 crores of capital working profit apart from aniline as for those products?

Nirmal Momaya: Not necessarily. Also, for some debottlenecking projects we have, we have some optimization of energy projects, we have some water recycling projects in the pipeline. So these are several small projects for zero liquid discharge in Tarapur. So there are many projects like those which are in the pipeline.

Dhruv Shah: Right, right. And another question related to the same thing because 2 quarters back, our spread on HQ was pretty good. So we were emphasizing more on selling HQ. So has the spread on HQ reduced that we are emphasizing more on downstream products, sir?

Nirmal Momaya: No. So we continue to sell HQ from Italy. From India, from Dahej we've not really sold much of HQ because that's all for downstream products.

Dhruv Shah: Right. And what would be the realization on HQ right now?

Nirmal Momaya: HQ realization is currently would be about $10 or so.

Dhruv Shah: And my next question is on Lockheed Martin, where are we on that part, if can just share something on that?

Nirmal Momaya: Lockheed Martin, like we shared in the last call that we are in the process of producing material for them for their first commercial battery, which we need to supply to them in mid of next year. So that's going on target. And some other business also from them is under discussion. So once we have more clarity, of course, we'll come back and inform you.

Dhruv Shah: Right. And sir, just last bit. How sustainable is this EBITDA number going forward? I understand that you said that there's too much volatility, but sustainability of this EBITDA, considering that we right now are emphasizing more on downstream and the new capacity. So is this EBITDA, in absolute term, sustainable going forward?

Nirmal Momaya: Very difficult to say. Like I said, because of raw material prices, final prices of products that we produce, gas prices, all these are question marks. So very difficult to give you a guidance on which way it will go. Of course, with the vanillin coming onstream soon, that should support the EBITDA.

Moderator: The next question is from the line of Rohit Sinha from Sunidhi Securities & Finance.

Rohit Sinha: Now with the first half already completed, and as we normally say, H1 is normally close to 40% of our annual business. So just wanted to understand is there any revision in the guidance for the full year of '23? Just wanted to know how we see the second half, particularly for FY '23?

Nirmal Momaya: The second half should be on similar lines. There should not be too much of a variation. Also, of course, depends on vanillin. So that also is something that can add to what we are doing. But yes, generally, it will be on similar lines as the first half. Some prices are coming off. So that could also impact the top line going forward. But at this point of time, I mean, we are saying it should be around the same.

Rohit Sinha: And as you were saying earlier that for vanillin plant, we would be operating at a minimum 50%. So just wanted to understand if at all, somehow we are not operating at 50%, would that mean there would be some, you can say, operating losses at our level?

Nirmal Momaya: No, not operating losses. This is the plant design is such that we have to minimum, operate at 50%. That's a design constraint.

Rohit Sinha: So once this vanillin plant would be operational, what kind of incremental EBITDA we would be expecting?

Nirmal Momaya: It's difficult to give that number because it's all until we are in the market and we are selling, I mean, right now, the prices are between $15 to $20. So based on what the market is then, the EBITDA will kind of evolve from there.

Rohit Sinha: And I just wanted to understand that how has been the HQ prices post our capacity addition at Dahej at the global level?

Nirmal Momaya: So it had gone up. From the time we started production, it has gone up 50%. But now we are seeing that the prices are stabilizing and at one point, it has gone almost to $11.5, $12, and now it's come down to $10. But effectively after we started Dahej diphenol which was a couple of years ago, the prices have gone up by more than 50%.

Moderator: The next question is from the line of A.M. Lodha from Sanmati Consultants.

A.M. Lodha: In addition to this capex of INR 350 crores, including this 6,000 vanillin plant and maintenance capex, are company planning for further capex in FY '24?

Nirmal Momaya: No. At this point of time, there is no further plan.

A.M. Lodha: And my second question is, sir, now there is no capex and except maintenance capex regularly, project capex is not there. So how the company is planning to reduce the debt in coming years, say, 2024 and '25?

Nirmal Momaya: Yes. So the accruals that will happen cash accruals that will happen, will go to reduce the debt.

Moderator: The next question is from the line of Pallavi Deshpande from Sameeksha Capital.

Pallavi Deshpande: I just wanted to understand better what is hurting the catechol prices globally currently? Is it only the shutdown of our China facility, vanillin facility or any other factors that play?

Nirmal Momaya: No. It's always been in oversupply situation for many years. So it's not really because of the China vanillin plant not being there. Basically, global capacities are much larger than global demand.

Pallavi Deshpande: Right, sir. And sir, what are the prices currently for catechol?

Nirmal Momaya: Catechol, price will be $1.5, $2, in that range.

Pallavi Deshpande: And secondly, just coming back to the previous question on Clean Science, the margins they enjoy. Operating margins are around 40% and just wondering, and they are 70% of their revenue in the MEHQ, DHA segment. So just wondering how is it so different than you?

Nirmal Momaya: I don't know that. I don't analyze their P&L. I mean our gross margins are 50% and which will improve as vanillin comes. So I can only comment on that.

Pallavi Deshpande: And our cost of production for MEHQ that will be available?

Nirmal Momaya: That's what I told you earlier, I answered that already.

Moderator: The next question is from the line of Rohit Sinha from Sunidhi Securities & Finance.

Rohit Sinha: So on the debt side, what kind of reduction plan we have for FY '23 and '24?

Santosh Parab: So Rohit, Santosh here. So as you know, we have a FCCB of around $15 million of FCCB in that around INR 120 crores, where the option price is 105. So if the IFC convert that is without any cash outflow, my debt will reduce by INR 100 crores. That is one. And on an average basis, long-term debt, we are repaying long-term debt every year in the range of INR 30 crores to INR 32 crores.

So naturally, and the other ECB loan, which we took for vanillin of $15 million, which is a long loan, 9-year loan, very low interest rate, it's like very cheap loan. Exim also, which we took INR 95 crores loan for the balance managing capex is also a 7-year loan. So long-term debt, barring these 2 ECB and excessively ECB from -- IFC and ECB from Exim are going to stay for five, six years. Revolving credit is also there, The cash debt is also there. It's increasing turnover. The internal accruals will be help, mean not too increase the debt. But everybody likes zero debt, right, But next two to three years, at least we will be repaying the long-term debt. Revolving debt will remain.

Rohit Sinha: And also with this given higher interest rate environment, is there any loans standing at a subsidiary level for us? And do we see any kind of increase in interest rate or interest cost for the coming quarters?

Santosh Parab: Fortunately, for us outside of India we have some working capital loans in Italy, which are even at higher rates, it's 3.5%. And in Mexico, the that acquisition loan, the last year acquisition of 33% of Dresen Quimica. And that's linked to the LIBOR now with 4% spread. So it's 4% spread, how the interest rate goes up or down, my interest rates come up and down. As far as India is concerned, FCCB are fixed loan, 5% cash out. ECB is also in the range of, taking the spread, it is in the range of 6% to 7%. Exim is also 6% to 7%. We don't know, it looks like for short term, the interest rates will be high. But they will come down at some period of time. So the basic average borrowing rate at present on a global basis is around 8%.

Rohit Sinha: And one last thing. I mean with our vanillin plant about to commission and we have already completed debottlenecking of Dahej also, so I think by FY '24 end we will have all our capexes running to operation. So post that, I wanted to understand what kind of margin level and EBITDA contribution we would be expecting, if at all it is able to share?

Santosh Parab: If you go a bit past, Rohit, we're always saying that at a full scale, all balanced, all the businesses balancing out, we'll be very close to the high teens. So we are always eyeing for that. Of course, this will be decided by the economic considerations, foreign exchange rates, raw material availability, this war situation and everything. But this business has a potential to be high teens or even 20s.

Moderator: Ladies and gentlemen, that was the last question. I now hand the conference over to the management for closing comments.

Ashish Dandekar: Thank you, ladies and gentlemen, for participating in this call. We know that you have less time. So we value your time given to us. Thank you very much, till the next time.

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