



Investor Presentation - Nov 2023





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Q2 & H1 FY24 Performance Highlights

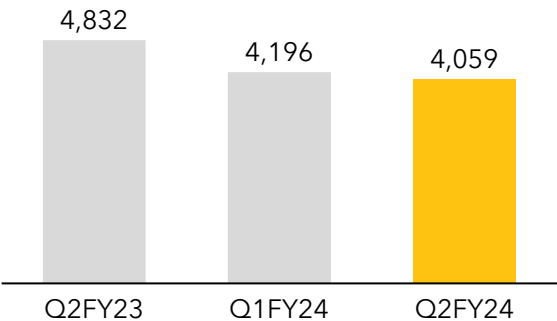




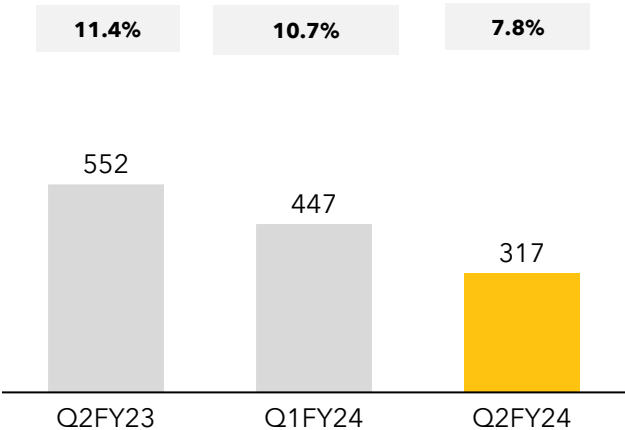
Q2 & H1FY24 Operational Highlights



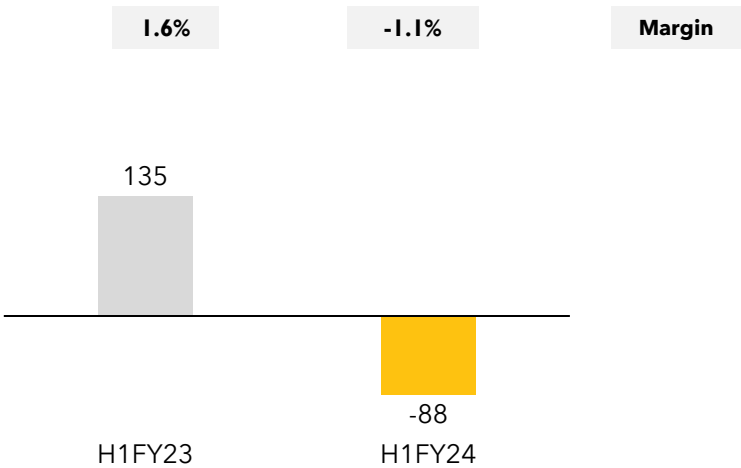
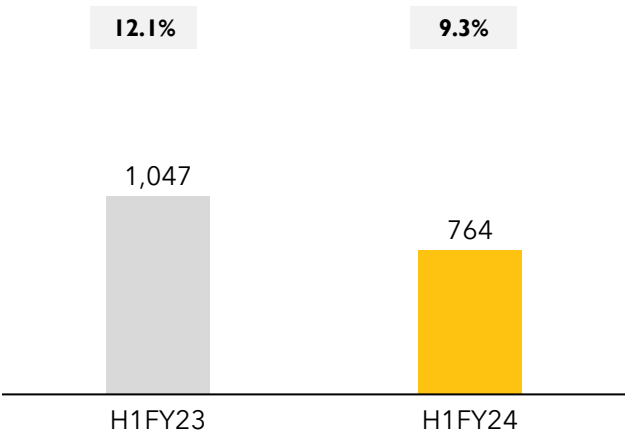
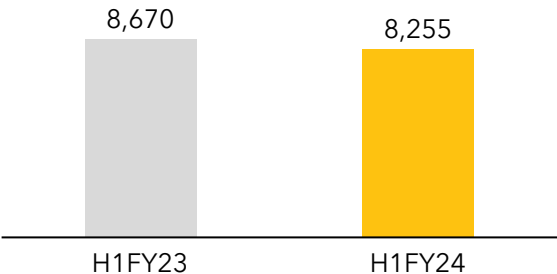
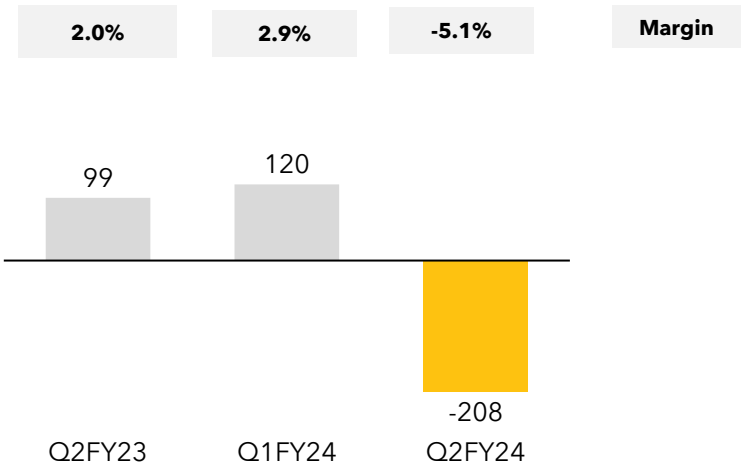
Revenue (Rs. In Mn)



EBITDA* (Rs. In Mn)



PAT (Rs. In Mn)





Q2 & H1 FY24 Operational Highlights

Key Highlights

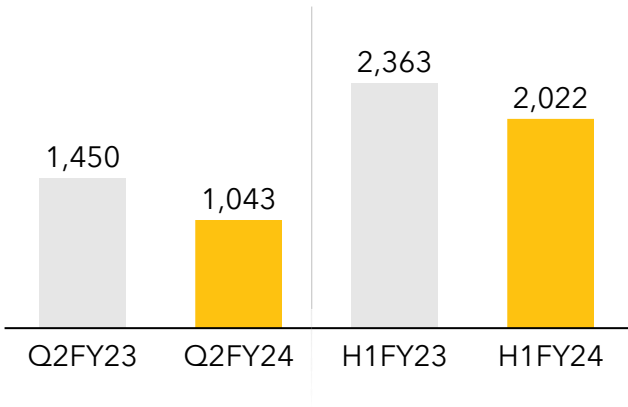
- › Despite difficult business environment, Company was able to achieve stable turnover of INR 4,059 Mn in the current quarter as compared to INR 4,196 Mn Q1 FY 24 & INR 4,832 Mn in Q2 FY 23.
- › Blends business has gained traction and now it has increased by INR 390 Mn & INR 700 Mn as compared to Q1 FY 24 and Q2 FY 23 respectively.
- › Businesses in CFS NA & CFS Brazil have become EBITDA positive and will continue to grow further.
- › Due to temporary closure of the Diphenol Plant, CFS Europe's turnover reduced to INR 422 Mn, precipitating in loss for the quarter of INR 264 Mn. In Q1 FY 24, turnover was INR 1,123 Mn and loss of INR 32 mn, while in Q2 FY 23, turnover was INR 1,552 Mn and profit of INR 296 mn. During the quarter before temporary shutdown, the Diphenol plant produced HQ 193 MT & CAT 268 MT, as compared to Q1 FY 24 of HQ 1,165 MT & CAT 1,518 MT & corresponding Q2 FY 23 production was HQ 1,157 MT & CAT 1,296 MT.
- › Vanillin scale up expected to improve in the coming half year with successful progress in customers approvals.
- › Company has commenced production of Ethyl Vanillin by campaign at our Composite Vanillin Plant at Dahej.
- › Gross margins were impacted due to softening of prices , 367 bps as compared to Q1 FY 24 and 575 bps as compared to Q2 FY 23
- › Net debt was at INR 5,645 Mn as on September 30, 2023 as compared to INR 6,804 Mn as on March 31, 2023, especially due to conversion of FCCB into equity



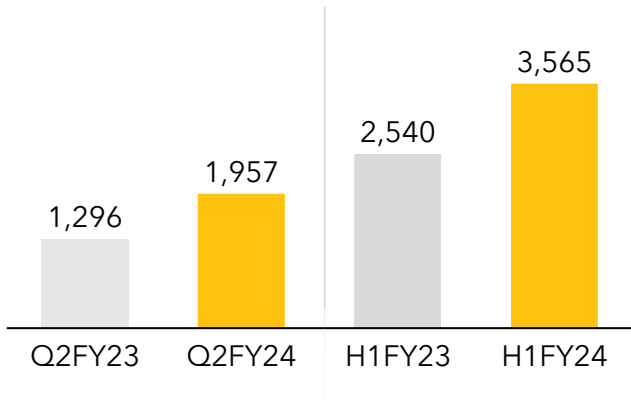
Operational Revenue Break-up



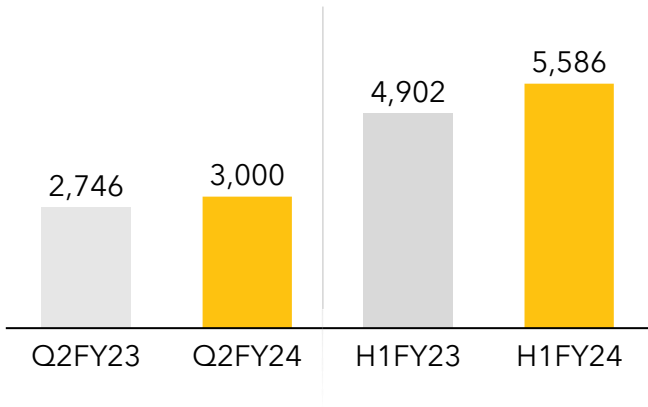
Shelf-Life Extension (Rs. In Mn)



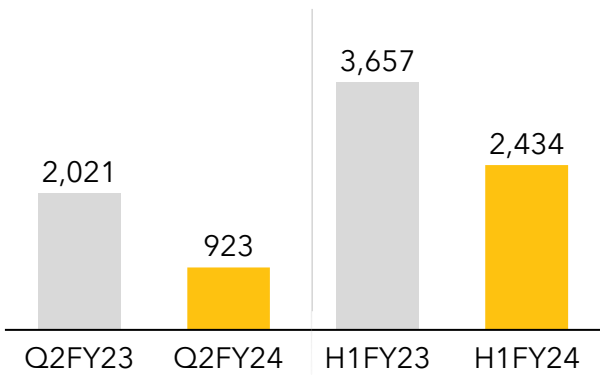
Blends (Rs. In Mn)



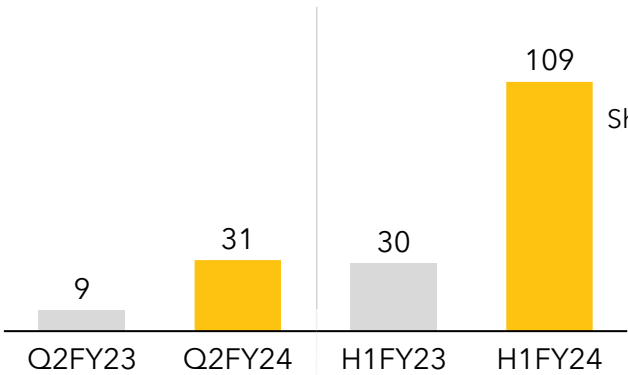
Total Shelf-Life Solution (Rs. In Mn)



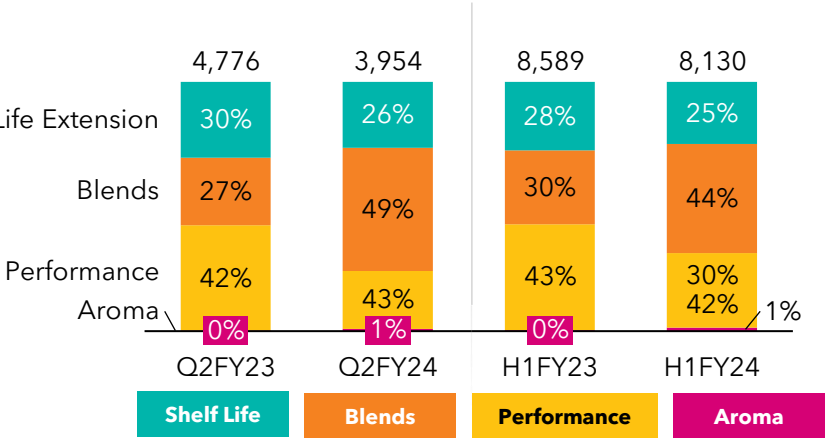
Performance Chemicals (Rs. In Mn)



Aroma Chemicals (Rs. In Mn)



Total Revenue Breakup (%)*



On Consolidated Basis

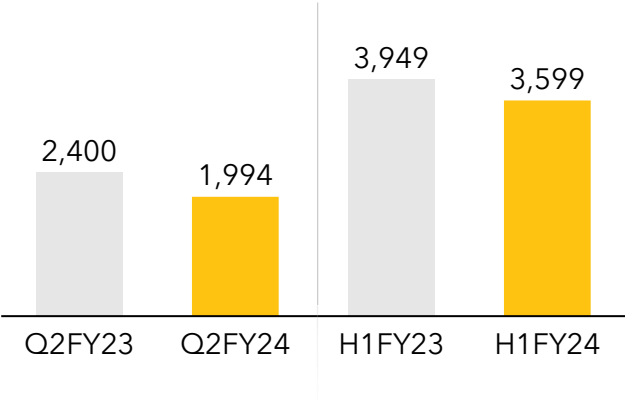
*Excluding Other Products



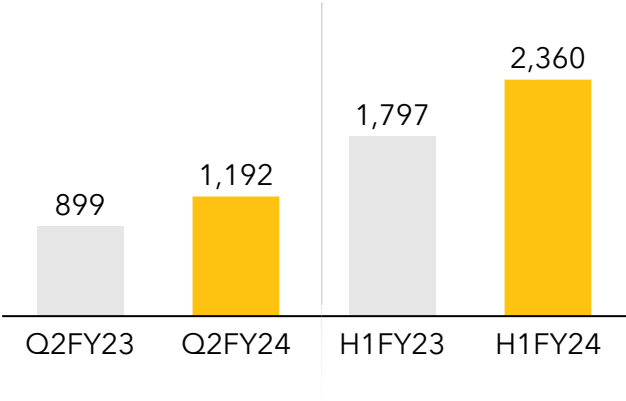
Regional Highlights



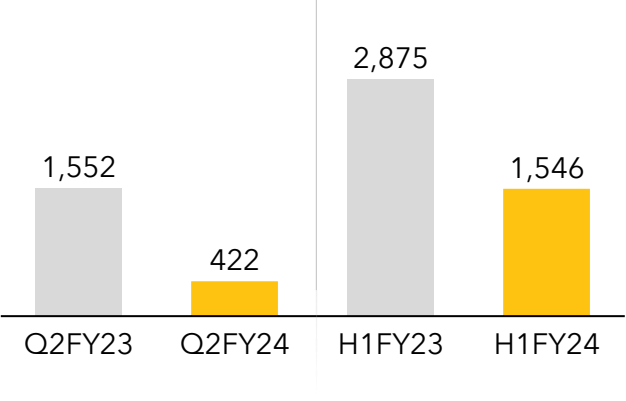
CFS India (Rs. In Mn)



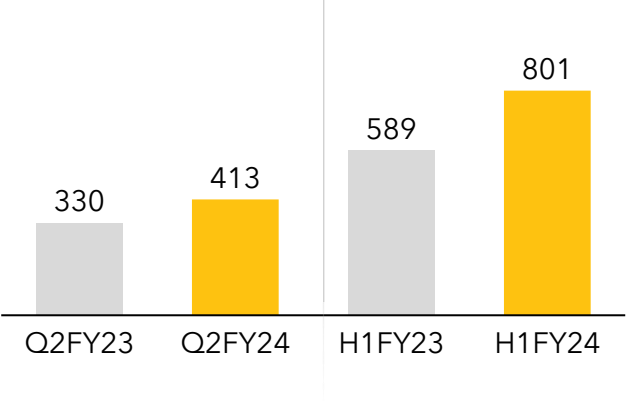
CFS Mexico (Rs. In Mn)



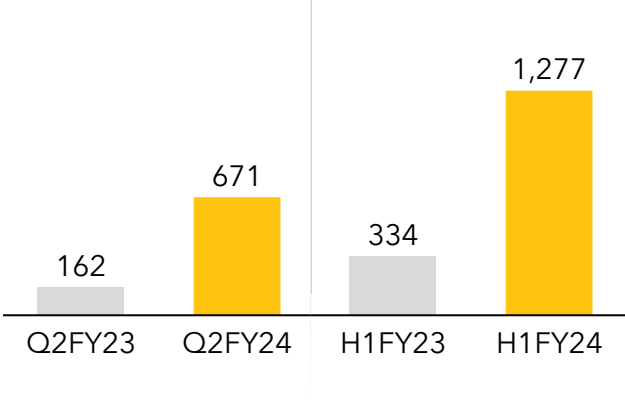
CFS Europe (Rs. In Mn)



CFS Brazil (Rs. In Mn)



CFS North America (Rs. In Mn)





Consolidated Profit & Loss Statement



Particulars (Rs. In Mn)	Q2 FY24	Q2 FY23	YoY	Q1 FY24	QoQ	H1 FY24	H1 FY23
Revenue from Operation	4,058.8	4,832.5	-16.0%	4,196.0	-3.3%	8,254.8	8,670.2
Raw material consumption	2,236.1	2,384.6		2,157.8		4,393.9	4,166.0
Employee Cost	432.4	389.6		438.5		870.9	800.8
Other expenses	1,139.0	1,506.2		1,212.6		2,351.6	2,660.8
EBITDA	251.3	552.1	-54.5%	387.1	-35.1%	638.4	1,042.7
EBITDA Margins (%)	6.2%	11.4%		9.2%		7.7%	12.0%
Adjusted EBITDA*	316.7	552.1	-42.6%	446.9	-29.1%	763.7	1,047.5
Adjusted EBITDA Margins (%)	7.8%	11.4%		10.7%		9.3%	12.1%
Other Income	17.6	28.8		63.7		81.3	14.7
Depreciation	192.0	140.2		187.8		379.8	284.0
Finance cost	197.8	184.5		102.2		300.0	371.8
Exceptional Item	-	-		-		-	-
PBT	-120.9	256.1	nm	160.8	nm	39.9	401.6
Tax	87.4	157.4		40.6		128.0	266.9
PAT	-208.3	98.7	nm	120.2	nm	-88.1	134.7
PAT Margins (%)	-5.1%	2.0%		2.9%		-1.1%	1.6%
Diluted EPS (in Rs.)	-1.16	0.93		0.94		-0.2	1.27

*EBITDA is adjusted for FX gain / loss



Standalone Profit & Loss Statement



Particulars (Rs. In Mn)	Q2 FY24	Q2 FY23	YoY	Q1 FY24	QoQ	H1 FY24	H1 FY23
Revenue from Operation	2,062.1	2,431.5	-15.2%	1,611.1	28.0%	3,673.3	3,985.9
Raw material consumption	1,078.2	1,185.1		632.2		1,710.4	1,968.1
Employee Cost	177.0	129.5		154.8		331.8	269.6
Other expenses	593.4	694.8		573.2		1,162.2	1,169.8
EBITDA	213.5	422.1	-49.4%	250.9	-14.9%	468.9	578.4
EBITDA Margins (%)	10.4%	17.4%		15.58%		12.8%	14.5%
Adjusted EBITDA*	213.5	422.1	-49.4%	255.4	-16.4%	468.9	578.4
Adjusted EBITDA Margins (%)	10.4%	17.4%		15.8%		12.8%	14.5%
Other Income	56.3	121.0		60.1		112.0	244.8
Depreciation	124.1	72.9		118.0		242.1	145.7
Finance cost	151.0	163.3		120.5		271.5	319.1
PBT	-5.2	306.9		72.6		67.4	358.5
Tax	9.3	120.1		14.8		24.1	118.9
PAT	-14.6	186.8	nm	57.8	nm	43.2	239.6
PAT Margins (%)	-0.7%	7.7%		3.6%		1.2%	6.0%
Diluted EPS (in Rs.)	-0.1	1.3		0.3		0.3	1.6

*EBITDA is adjusted for FX gain / loss

Consolidated Balance Sheet



Particulars (Rs. In Mn)	Sep - 23	Mar - 23
Equity		
Equity Share Capital	167.5	157.1
Other Equity	9,262.8	8,036.6
Minority interest	-7.6	47.1
Total Equity	9,422.7	8,240.8
Non-Current Liabilities		
Financial Liabilities		
Borrowings	3,512.2	4,081.0
Lease Liabilities	178.5	143.3
Other Liabilities	3.7	3.0
Provisions	47.7	48.1
Deferred Tax Liabilities (Net)	156.3	151.0
Other non-current liabilities	3.7	3.9
Total Non-Current Liabilities	3,902.0	4,430.3
Current Liabilities		
Financial Liabilities		
Borrowings	3,149.8	3,714.9
Lease Liabilities	85.9	66.3
Trade Payables	2,403.7	2,883.5
Other Financial Liabilities	644.1	639.2
Other Current Liabilities	365.1	378.6
Provisions	94.5	104.9
Current tax liabilities (Net)	69.1	142.5
Total Current Liabilities	6,812.2	7,929.9
Total Equity and Liabilities	20,136.9	20,601.0

Particulars (Rs. In Mn)	Sep - 23	Mar - 23
Non-Current assets		
Property, Plant and Equipment	7,338.6	7,525.2
Capital Work-In-Progress	497.0	408.4
Right use of assets	457.3	410.8
Goodwill	527.9	527.9
Other Intangible Assets	104.5	112.2
Intangible assets under development	32.8	21.9
Financial Assets		
Investments	78.8	79.6
Other Financial Assets	145.7	166.2
Deferred tax assets	288.4	299.8
Income Tax Assets	151.8	125.8
Other Non-Current Assets	24.6	45.1
Total Non-Current Assets	9,646.5	9,722.8
Current Assets		
Inventories	5,906.9	5,681.4
Financial Assets		
Trade Receivables	2,405.8	3,045.9
Cash and Cash Equivalents	924.2	937.4
Bank Balances	88.7	54.9
Loans	100.8	101.4
Other Financial Assets	57.6	41.4
Other Current Assets	985.6	995.1
Assets held for sale	20.7	20.7
Total Current Assets	10,469.7	10,857.5
Total Assets	20,136.9	20,601.0



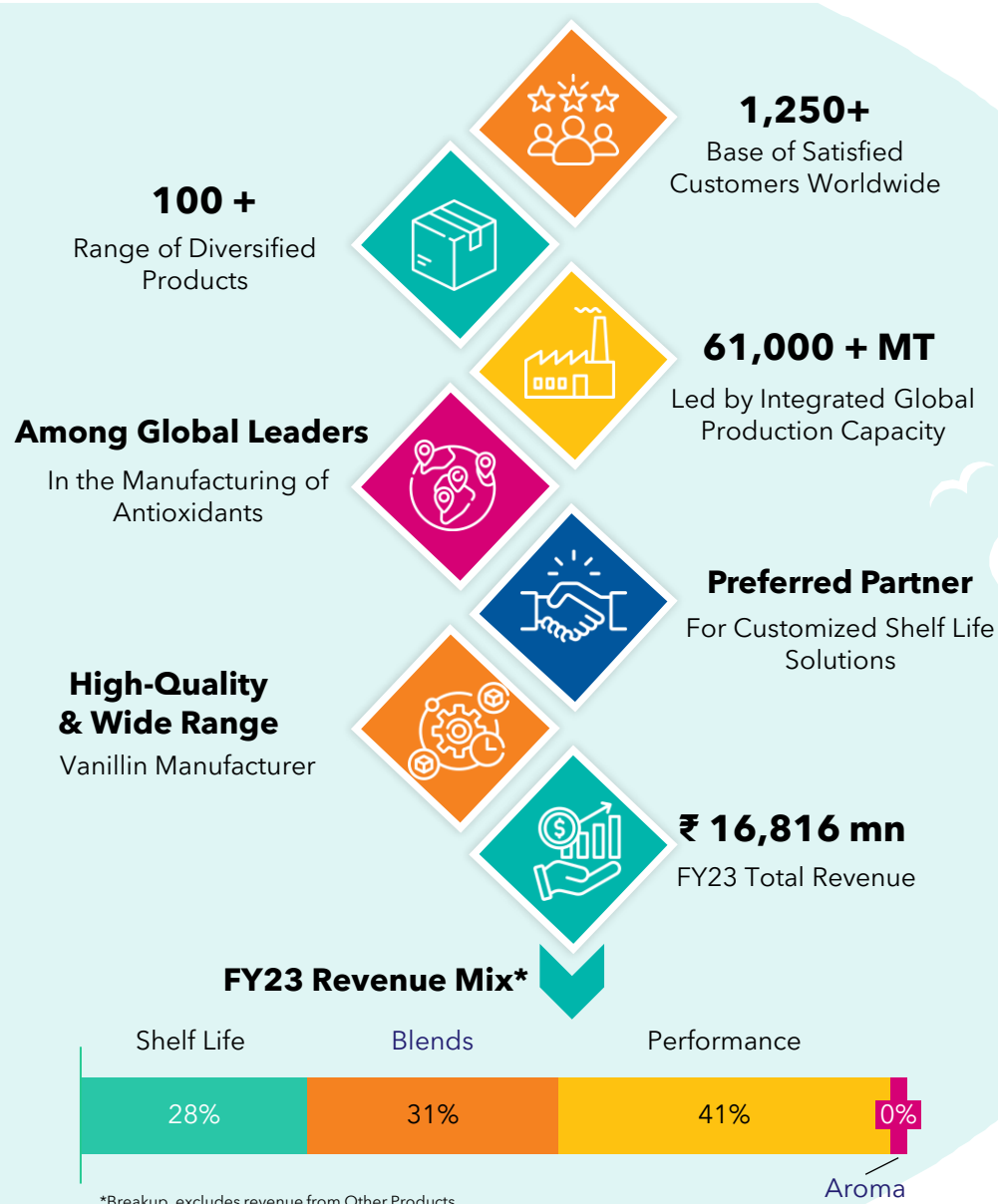
Consolidated Cash Flow Statement



Particulars (Rs. In mn)	Sep - 23	Sep - 22
Net Profit Before Tax	39.9	401.6
Adjustments for: Non-Cash Items / Other Investment or Financial Items	742.9	607.8
Operating profit before working capital changes	782.8	1,009.4
Changes in working capital	-128.2	-739.2
Cash generated from Operations	654.6	270.2
Direct taxes paid (net of refund)	-217.5	-109.1
Net Cash from Operating Activities	437.1	161.0
Net Cash from Investing Activities	-290.8	-1,010.9
Net Cash from Financing Activities	-159.5	634.1
Net Decrease in Cash and Cash equivalents	-13.2	-215.8
Add: Cash & Cash equivalents at the beginning of the period	937.4	1,078.1
Cash & Cash equivalents at the end of the period	924.2	862.4



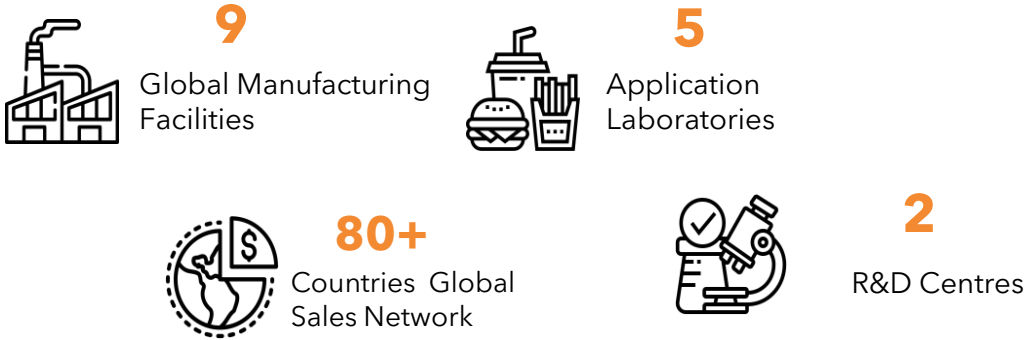
Company Overview



Catering Diverse Industries



Global Footprint

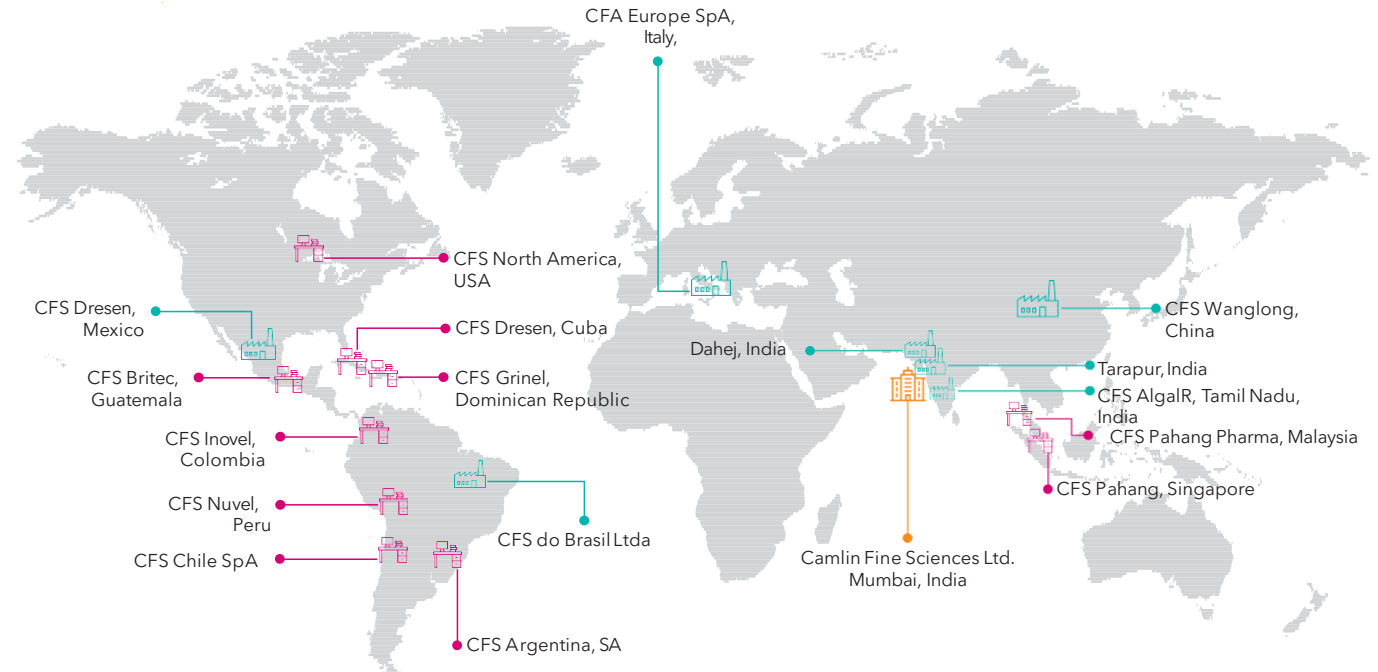


CFS has multiple operational facilities, R&D centers and application laboratories located across multiple continents to cater to the needs of customers.

Manufacturing Strength

- Leveraging the power of vertical integration, CFS possesses state-of-the-art facilities that enable large-scale production while upholding rigorous quality benchmarks
- Existing facilities across four continents have a total capacity of 61,000+ MT
- The backbone of vertically integrated production coupled with R&D and Application Laboratory efforts has been the key driver to reach out to diverse industries and numerous markets

Capacity (in MT)



Product Highlights



FY23 Sales Mix%

Key Products

End User Industries

Key Brands

Straights

28%

Shelf-Life Solutions

Blends

31%

- › TBHQ
- › BHA
- › Ascorbyl palmitate (ASP)

- › 200+ custom formulations, encompassing both traditional and natural solutions (forward-integrated antioxidant blends)

- › Pet Food
- › Livestock Nutrition
- › Food & Beverages
- › Fish Meal
- › Animal Feed Mills
- › Biodiesel
- › Aquaculture
- › Rendering

- › These formulations are specifically tailored to meet the diverse needs of the industry
- › Aim to increase focus on high-value blends and additives

NaSure
Extending Shelf Life Naturally

Xtendra
shelf life solutions

Performance Chemicals

41%

- › HQ derivatives products like Chloranil, MEHQ, HQEE, TBHQ, PDMB, CME,
- › CT derivative products like 4 TBC, Guethol, Veratrole, Guaiacol, 1, 2MDB

- › Petrochemicals
- › Dyes & Pigments
- › Agrochemicals
- › Polymers
- › Pharmaceuticals
- › Acrylates
- › Electroplating
- › Printing Inks

Dinamic
Performance Chemicals

Aroma Ingredients

0%

- › Vanillin, Ethyl Vanillin and Vanillin ex-clove (adorr™)

- › Food & Beverages
- › Chocolate & Confectionary
- › Pharmaceutical
- › Perfume & Incense
- › Flavors & Fragrance
- › Bakery
- › Personal Care
- › Animal Feed

adorr
sensory sciences

INTENSE GREEN
DIMETHYL HYDROQUINONE (DMHQ)

Health & Wellness

0%

- › Omega-3 fatty acids from micro-algae

- › Pharmaceutical & Nutraceuticals
- › Dietary Supplement
- › Functional Foods
- › Pet Food
- › Food and Beverages
- › Animal Feed

BIOSUS™
OMEGA 20
20% DHA from algal biomass

BIOSUS
DHA
Clean DHA from algal source

Vertical Integration | Green Chemistry | R&D | Innovative Solutions

Vertical Integration



Backward Integrated through Italy & Dahej Facilities for captive consumption and for Downstream Progression

From Source, to Quality Solutions

- Efforts in both organic and inorganic expansions, showcases company's commitment to fortifying position in the market
- Strategic focus on captive consumption ensures utilization of raw materials for downstream products
- Strategic forward integration into Blends and Vanillin swings company's business model to high-value additives / solutions

Green Chemistry



Green chemistry goals at CFS

- Promoting use of energy-efficient processes
- Minimizing the generation of waste during chemical
- Synthesis Supporting end consumers clean-label demands

The integration of green chemistry encompasses the following

- Finding ways to adopt new ecosystems to include new materials, processes, and alternatives to nature's finite resources like briquette instead of coal as an energy source
- Solvent, one of the largest waste components in the manufacturing process is recovered, purified and repurposed for manufacturing process
- Through fermentation technology, company work on developing products like nutritional lipids in a sustainable form for the food and beverage, pet food, and animal nutrition industries

R&D



2 | R&D centres

India | Italy | Mexico



5 | Application laboratories

India | Italy | Brazil | USA | Mexico



Exploring new horizons

- Add value to existing products
- Integrate customized, enhanced applications
- Develop derivatives for Hydroquinone and Catechol
- Improve current process for efficient manufacturing and better products
- Develop new products for a more comprehensive and robust portfolio

Innovative Solution



Expanding Innovative Solutions

Building a purposeful portfolio

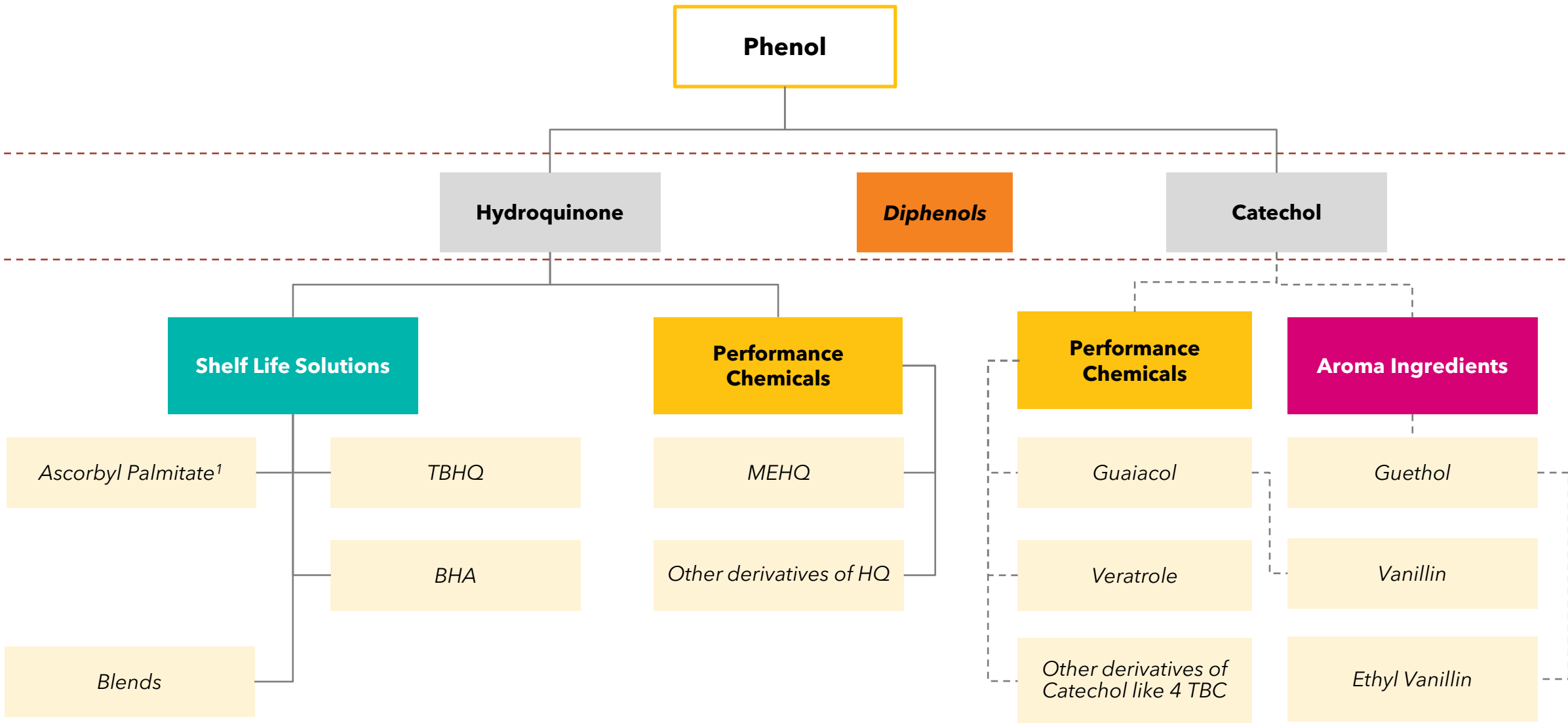
- Establishing CFS as a strong player across food and feed protection, safety solutions, sensory sciences, functional excellence, performance chemicals, health and nutrition
- Vertically integrated across the value chain, giving customers complete control
- An extensive global footprint enabling us to make a localized impact through enhanced accessibility, customer convenience, and a wide array of sustainable solutions



Integration Chain



Manufactured In-house



¹ Ascorbyl Palmitate is not a part of HQ / Catechol value-chain and is manufactured from ascorbic acid

As a responsible corporate, CFS understand the importance of Environmental, Social and Governance (ESG) practices in conducting business ethically. Company's commitment to ESG extends beyond compliance with regulations and laws. Company aims to minimize environmental impact, promote social responsibility and ensure good governance.

Environment



- Dedicated to sustainability and done few initiatives from reducing food waste to sourcing clean energy
- Constantly seeking new ways to promote eco-friendliness
- **Main goal by 2030 is to switch to renewable electricity for all manufacturing facilities.** Currently, company is exploring different options to achieve this goal
- Specifically target food segments that require improved shelf life
- Offer solutions for improving nutrition, health, and hygiene in livestock, resulting in enhanced Food Conversion Ratio (FCR) and overall animal performance



Social



- Supported Akhil Bharatiya Vanavasi Kalyan Ashram, Vanvasi Kalyan Ashram, Vivekananda Rock Memorial & Kendra, Aai Day Care Sanstha, and Sangopita to improve quality of life and sustain humanity
- Employee Wellness Initiatives to provides nutritionist consulting, diet planning, gym access, and frequent health monitoring to boost employee wellness



Governance



- Have a Governance Board that comprises highly skilled and visionary leaders from diverse backgrounds, bringing a wealth of technical and business expertise to the table
- Actively participate in brainstorming sessions with the aim of formulating comprehensive strategies and policies



Board of Directors



Name	Profile
Ashish Dandekar Chairman & Managing Director	<ul style="list-style-type: none"> Over three decades of experience in pharmaceuticals and specialty chemical products including business planning, information systems, research & development, product development, and marketing Holds a BA in Economics and Management studies from Temple University, USA
Nirmal Momaya Managing Director	<ul style="list-style-type: none"> Qualified Chartered Accountant with over three decades of experience in finance, taxation, audit, and management consultancy Founder at Pagoda Advisors Pvt. Ltd, with a focus on consulting for various businesses as well as advising CFS on important business and strategic matters since 2009
Arjun Dukane Executive Director - Technical	<ul style="list-style-type: none"> Chemical Engineer with over three decades of experience in the chemical industry Has been associated with CFS for more than 14 years
Harsha Raghavan Non-Executive Non-Independent Director	<ul style="list-style-type: none"> Managing Partner of Convergent Finance LLP and ex-founding MD & CEO of Fairbridge Capital (a Fairfax Company) Holds an MBA & MSc in industrial engineering from Stanford University and a B.A from University of California, Berkeley
Anagha Dandekar Non-Executive Non-Independent Director	<ul style="list-style-type: none"> President & co-founder of Hardware Renaissance, a manufacturer of handcrafted door hardware and accessories Holds an MBA in Finance from the University of South Carolina, USA
Amol Shah Independent Director	<ul style="list-style-type: none"> Managing Director of the MJ Group with over three decades of experience in the industry covering human healthcare, flavors/fragrances compounds, plant protection, and water treatment chemicals Holds an MBA from the University of Southern California and a Bachelor's in Engineering from the University of Kent
Joseph Conrad D'souza Independent Director	<ul style="list-style-type: none"> Erstwhile Member of Executive Management and Chief Investor Relations Officer of HDFC Ltd Board member of various HDFC group companies, Chalet Hotels, Nations Trust Bank, and Asianet Satellite Communications Ltd Holds an M.com from Mumbai University and an MBA from South Gujarat University
Pradip Kanakia Independent Director	<ul style="list-style-type: none"> Qualified Chartered Accountant (both England, Wales and India) with over three decades of experience Held leadership position in PWC & KPMG, and currently Board member of Torrent Gas and Fable Fintech
Sutapa Banerjee Independent Director	<ul style="list-style-type: none"> Gold medalist in economics from XLRI India, and an Economics honors graduate from Presidency College Kolkata Over two decades of experience in the financial services industry and currently serves as an Independent Director on the boards of several companies
Mahabaleshwar Palekar Independent Director	<ul style="list-style-type: none"> Over two decades of experience with corporates in India (Polychem & Atul) and MNCs (Unilever India and Rhodia India) Chemical engineer with a degree from the Institute of Chemical Technology (ICT) in Mumbai, India



Promoter
directors



Independent directors

Senior Management Team

Name	Profile
Ashish Dandekar Chairman & Managing Director	<ul style="list-style-type: none"> › Over three decades of experience in pharmaceuticals and specialty chemical products including business planning, information systems, research & development, product development, and marketing › Holds a BA in Economics and Management studies from Temple University, USA
Nirmal Momaya Managing Director	<ul style="list-style-type: none"> › Qualified Chartered Accountant with over three decades of experience in finance, taxation, audit, and management consultancy › Founder at Pagoda Advisors Pvt. Ltd, with a focus on consulting for various businesses as well as advising CFS on important business and strategic matters since 2009
Arjun Dukane Executive Director- Technical	<ul style="list-style-type: none"> › Chemical Engineer with over three decades of experience in the chemical industry › Has been associated with CFS for more than 14 years
Santosh Parab Chief Financial Officer	<ul style="list-style-type: none"> › Over three decades of experience working across various accounting firms › Previously worked at B.K. Khare & Co, an Indian accounting firm › Qualified Chartered Accountant with a Bachelor's degree in commerce
Eric Santos Vice President	<ul style="list-style-type: none"> › Over two decades of industry experience, previously worked as a commercial director at Solvay S.A. › Holds a Bachelor's degree in chemistry
Massimo Cupello Head - Italy operations	<ul style="list-style-type: none"> › Over three decades of experience in varied industries including food chocolate and private equity › Previously worked at Ferrero Chocolate, Unopiu (Sinergo & CCP) in Europe › Holds an MBA in International Business and a Bachelor's degree in Science
Jose Arturo Paulin Head - Mexico operations	<ul style="list-style-type: none"> › Over two decades of experience in the feed market (premix, feed additives, pet food, and rendering) › Previously worked at Trouw Nutrition and Kemin Inc in Mexico › Qualified agriculture engineer
Jennifer Igou Head - USA operations	<ul style="list-style-type: none"> › Over two decades of experience in food and pet-food space particularly in anti-oxidants & Hydrocolloids › Previously worked at Kemin Inc. USA & FMC › Holds a Bachelor's degree in Chemistry and Biology with an emphasis in Biomedicine



Shelf-Life Solutions

- Maintaining market leadership for Antioxidants
- Increasing focus on high margin blends and additives. These formulations are specifically tailored to meet the diverse needs of the industry
- Widen portfolio to provide a comprehensive solution for the food, pet food, biodiesel, livestock and aquaculture industries



Performance Chemicals

- Aim to expand Diphenol chain, specifically focusing on expanding downstream products
- Introduction of new products like CME, Chloranil, Napthol etc.
- Increasing manufacturing capacity of existing products through debottlenecking (MEHQ)
- Aim to give a major impetus to the 'Make in India' initiative by launching exciting products



Aroma Ingredients

- Introduce specialized and customized products within the vanillin range, catering to diverse application needs
- Actively pursuing an expansion in the aroma industry
- The production of Ethyl Vanillin and vanillin ex-clove (natural vanillin) completes comprehensive range of Vanillin offerings for the market
- Poised to achieve optimum capacity utilization in coming years



Health and Wellness

- Improving process stability, laying the framework for expanding into new markets, and investigating potential applications in existing ones are currently top priorities for Biosus™ DHA
- Aim is to establish a formidable presence in prominent markets such as Europe and the United States.





Historical Financial Highlights

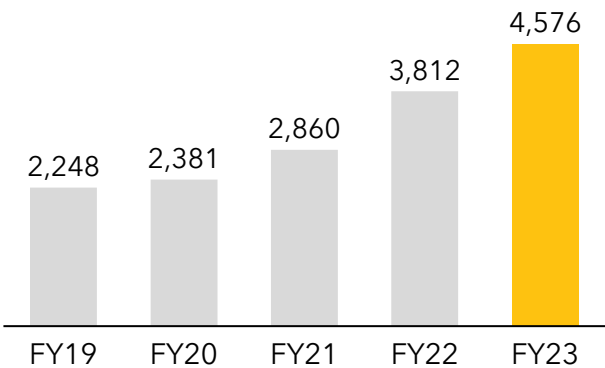




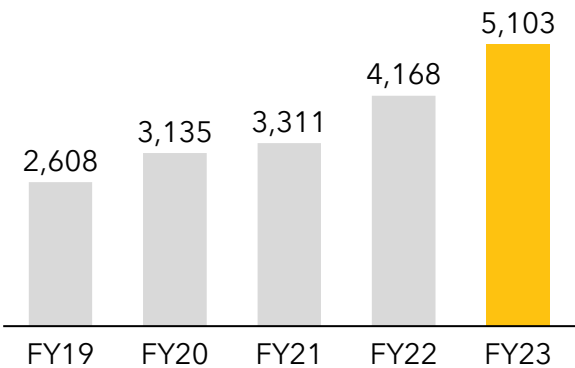
Operational Revenue Break-Up



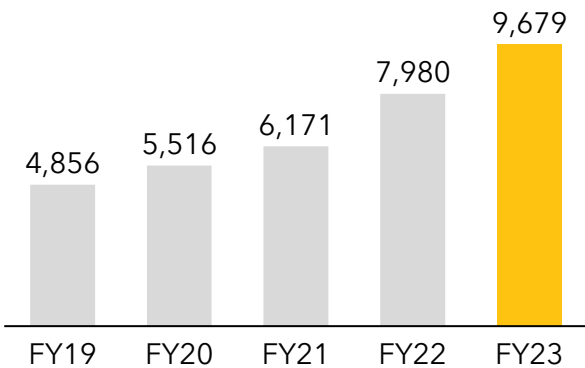
Shelf-Life Extension (Rs. In Mn)



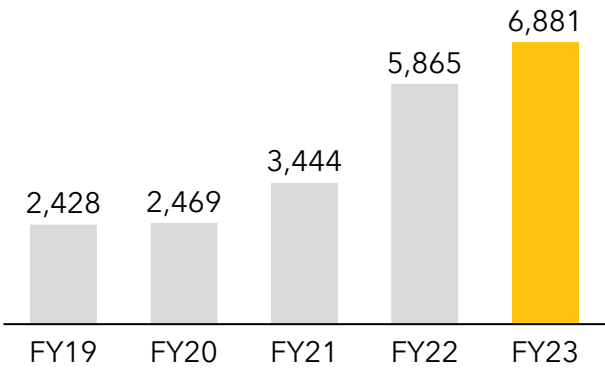
Blends (Rs. In Mn)



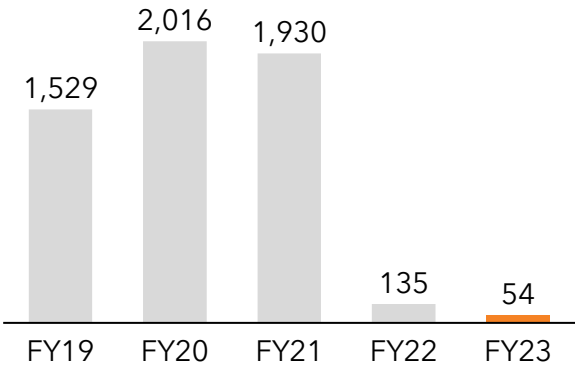
Total Shelf-Life Solution (Rs. In Mn)



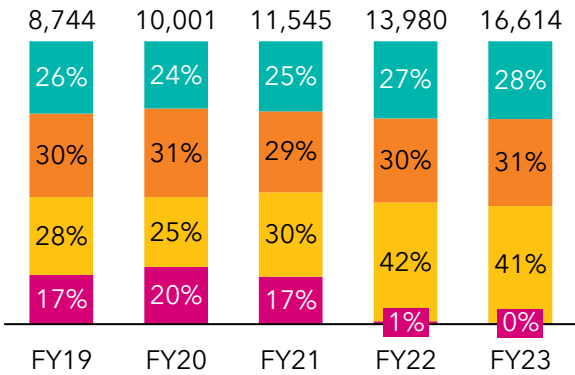
Performance Chemicals (Rs. In Mn)



Aroma Chemicals (Rs. In Mn)



Total Revenue Breakup (%)*



On Consolidated Basis

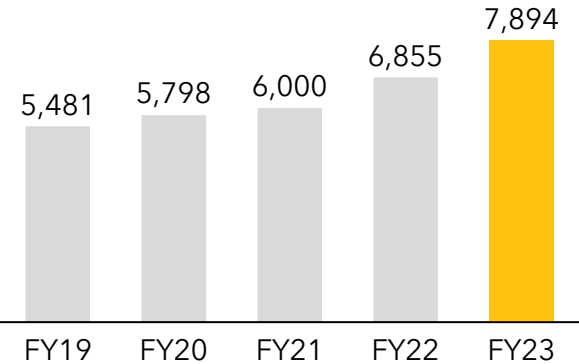
*Excluding Other Products



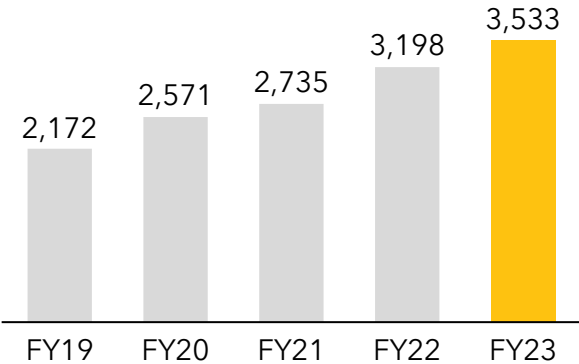
Regional Highlights



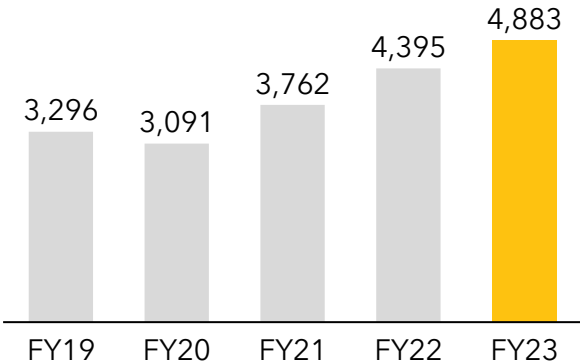
CFS India (Rs. In Mn)



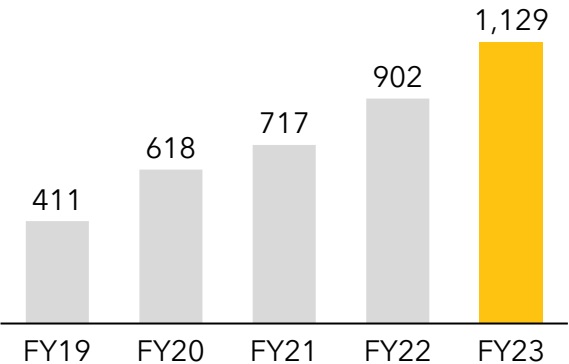
CFS Mexico (Rs. In Mn)



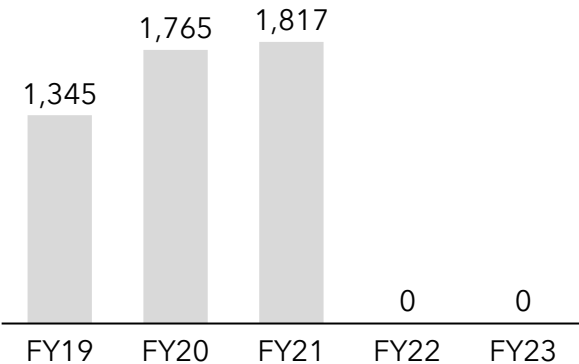
CFS Europe (Rs. In Mn)



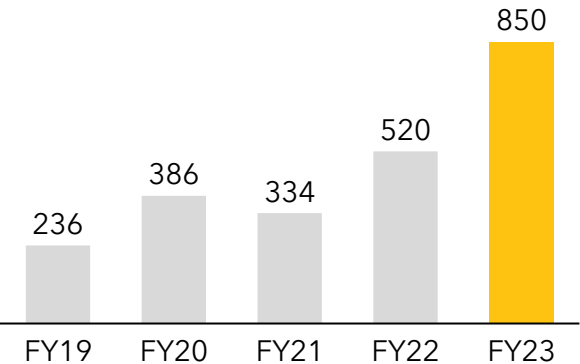
CFS Brazil (Rs. In Mn)



CFS Wanglong (Rs. In Mn)



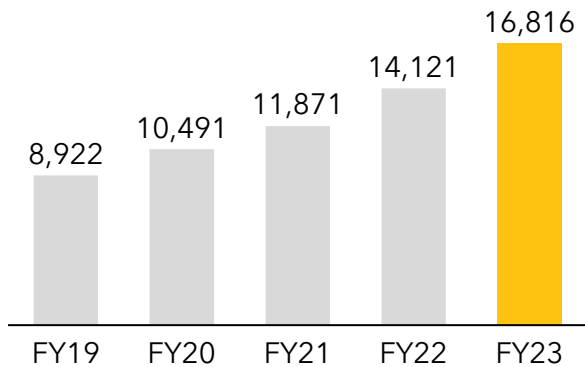
CFS North America (Rs. In Mn)



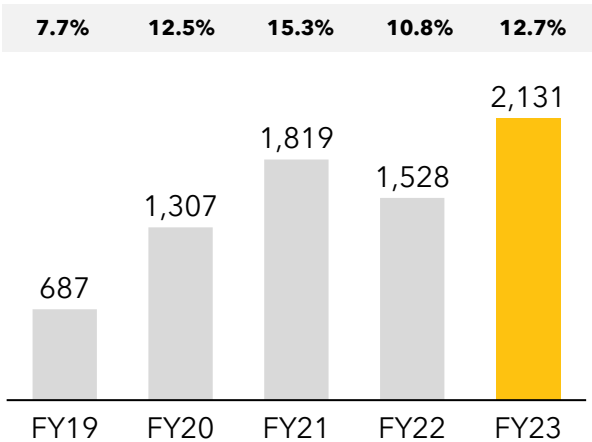


Historical Financial Highlights

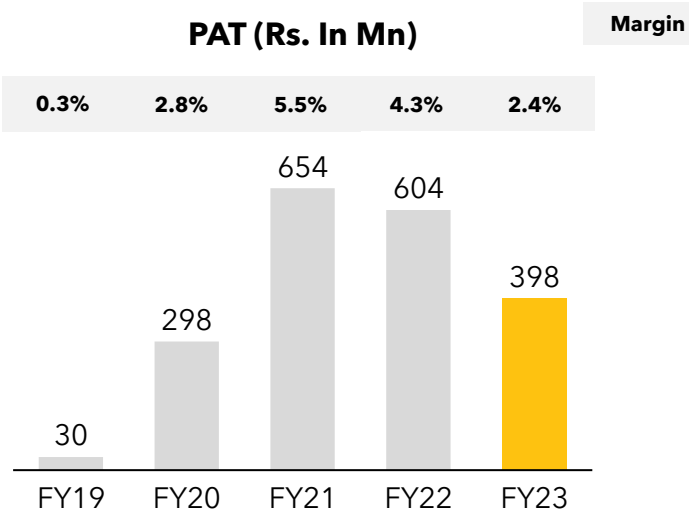
Revenue (Rs. In Mn)



EBITDA (Rs. In Mn)



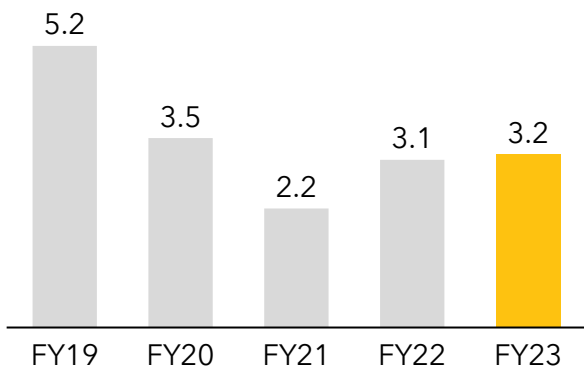
PAT (Rs. In Mn)



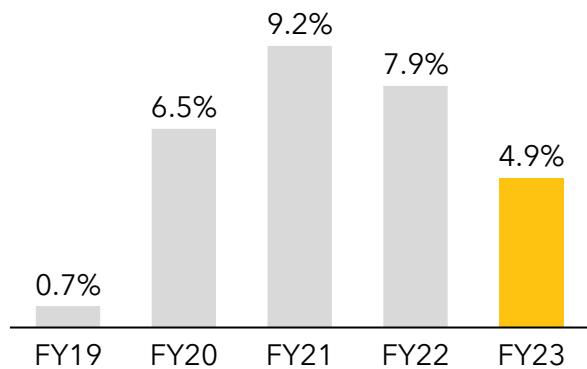
Net Debt to Equity (x)



Net Debt to EBITDA (x)



ROE* (%)





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