“Camlin Fine Sciences Limited Q3FY25 Results Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Q3FY25 results conference call of Camlin Fine Sciences Limited.

This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on the touchtone phone. Please note that this conference is being recorded.

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

Ashish Dandekar: Ladies and gentlemen, welcome to this Earnings Call. I know you have a busy day ahead, so without much pause, we will get into the actual workings of the call. Our CFO – Santosh Parab will give you a brief of the highlights, following which he and our MD - Nirmal Momaya will answer all your questions. Over to you, Santosh.

Santosh Parab: Thanks, Ashish and good evening to everybody. You would have seen our investor presentation uploaded on our website and also the results.

The current economic situation is slowly improving over the years, but the Chinese impact on pricing and supply still remains. But still, we have done far better performance in this quarter. Our turnover has increased from Rs. 422.97 crores to Rs. 433.49 crores, which is 2% increase. But in the current circumstances, it's not a bad performance. Gross margins have also increased from 48% to 50%. Operational EBITDA has also increased from 10% to 12%. So the business is stabilizing. Of course, we have profits, but it's an improving trend. We had some other income on foreign exchange gain last quarter, which is not there because the foreign currency has been very volatile and we had taken some hits on foreign currency in this quarter. So we have loss, but overall, the situation is improving despite the difficult conditions at present.

Briefly on the verticals, our Vanillin vertical has, with the sale prices increasing owing to the likely anti-dumping action on the Chinese manufacturing in the US, the prices have been improving almost every day I can say. We have also increased our output from last quarter to this year, we had a realization of around 600 metric tons as compared to around 500 metric tons last year. The average price has also gone up. We are slowly ramping up our production at our Dahej plant of Vanillin. We will be reaching around 70% of capacity utilization by the year end. And based on the market scenario and the pricing, we will slowly ramp it up to 100% capacity utilization.

The other vertical which has performed very well is Blends. We have done extremely good performance in American continent. Even in India, we are improving. So it has been a 20% growth vertical for now, almost 2 to 3 years and it is performing. All other verticals are also

performing. As you know, we just completed the right issue. You know that we had an overwhelming response to that issue. We just last week completed the issue and monies were received. We have, if you know, in December we had taken some NCD for easing out the liquidity. That NCD we have repaid yesterday itself along with interest. So the debt almost remains to the same level as it was in September.

So, the things are good. I think we will keep on improving as the economies overall in the world stabilize and the Indian situation also improves. Thank you very much. You can ask the questions now.

Moderator: Thank you, sir. We will now begin with the question-and-answer session. Anyone who wishes to ask a question may press '*' and '1' on their touchstone telephone. If you wish to remove yourself from the question queue, you may press '*' and '2'. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question comes from the line of Tushar Raghatate from Kamayakya Wealth Management. Please go ahead.

Tushar Raghatate: Good afternoon, sir. Thank you for the opportunity. Sir just wanted to know the Vanillin you have guided 75% utilization for FY26. Firstly, do you hold that guidance and second sir in terms of realization how do you see that the increased margin to adding the company level margin going forward?

Santosh Parab: I didn't really understand the question, but I think that you are saying that capacity utilization of 35% will go to higher percent by this quarter end. Was that the question?

Tushar Raghatate: Sir, like in the last call, you guided for 75% utilization of your Vanillin plant for FY26.

Nirmal Momaya: FY26, yes. That's right. That guidance remains.

Tushar Raghatate: Got it, sir. Sir, so like in terms of improving the realization for FY26, I am asking, do you see the margin to improve now sequentially and YOY going forward?

Nirmal Momaya: There would be some improvement. Very difficult to predict where the prices would ultimately go to, but we are seeing some improvement as compared to last few months, there has been some improvement in pricing.

Tushar Raghatate: Got it, sir. And sir, considering the current capacity, what sort of peak revenue potential do we hold?

Nirmal Momaya: For FY26?

Tushar Raghatate: I am not asking the FY26, just the current capacity which we have, so the peak revenue potential of that capacity?

Nirmal Momaya: So the revenue for Vanillin is 6,000 tons. So between $60 million to $70 million so that's Rs. 600 crores.

Tushar Raghatate: Sir, I am asking for company level actually.

Nirmal Momaya: Company level, with the current capacities that we have it's between depending on pricing between Rs. 2,500 crores to Rs. 2,800 crores. And of course our Blends business can be expanded even further without much capacity constraints.

Tushar Raghatate: Got it, sir. And so, recently you have been doing very well in the Blend business sir. Going forward, how do you see the future of the Blend in terms of percentage contribution of your sales?

Nirmal Momaya: Yes, the Blends business will continue to grow. I think we've been growing the business in excess of 15% to 20%. And that will continue to grow at that level, at least for the next few years.

Tushar Raghatate: Got it, sir. I will get back in the queue. Thank you.

Moderator: Thank you. The next question comes from the line of Satish Kumar from InCred Research. Please go ahead.

Satish Kumar: Good evening sir, I just wanted to know what has been our fixed cost in European operations this quarter?

Nirmal Momaya: So our cost has been roughly about Rs. 16 crores.

Satish Kumar: And sir, as you guided last time around, that from Q1 this cost will not be there, from Q1FY26?

Nirmal Momaya: From Q1FY26 it will reduce considerably. We have some material lying there in the tanks, intermediate materials which we have to evacuate, once that is done the cost will get rationalized. So yes, it will get rationalized considerably.

Satish Kumar: And sir, Mr. CFO is saying that prices are recovering on day-to-day basis. What is the current prices of Vanillin right now?

Nirmal Momaya: Different markets it is different kind of pricing, because some markets like US, there is an anti-dumping duty which has been levied. In Europe, there's a proposed anti-dumping duty. So the prices are improving in those markets. The other markets, the prices are also slightly improving, but it's market specific, the pricing.

Satish Kumar: Yes, I was asking about US.

Nirmal Momaya: The US is, of course, not our entire business is not in the US. It's only a part of our business is to the US. And the Vanillin prices are in around $12-$13 range.

Satish Kumar: Okay. Thank you, sir.

Moderator: Thank you. The next question comes from the line of Shubham Jain from NV Alpha Funds. Please go ahead.

Shubham Jain: Thank you for taking my question. My first question was on Vanillin. What is the total loss that we are still making in the Catechol plus Vanillin sort of combined entity at a quarter level?

Nirmal Momaya: We don't make that calculation.

Shubham Jain: Okay, and so at what level of utilization will the Vanillin plus Catechol sort of breakeven? Just for us to understand?

Nirmal Momaya: I think at about 70% of Vanillin utilization, Catechol and Vanillin lines should breakeven.

Shubham Jain: So by next year, we should see a break even over there happening, assuming we get to the 75% utilization in FY26.

Nirmal Momaya: Right, that's right.

Shubham Jain: Understood. My second question was on the Blends business. I just wanted to understand a little more on what are the raw materials that are used in this business? Are they largely captives we consume from the HQ part of our chemistry, or do we take raw materials from other sort of companies as well?

Nirmal Momaya: There are several raw materials which we buy also from outside. Our own would probably be about 30% of purchases would be our own raw material. 70% would be from third parties.

Shubham Jain: Good and this 70% is what kind of product? Is it the same BHA, BHT kind of product?

Nirmal Momaya: No. No, BHA, BHT and TBHQ is produced by us. The other products which we don't produce are the ones which we buy. So there are some antioxidants, there are many, many organic acids. There are like more than 30 different items that come under that.

Shubham Jain: And what is leading to this growth in the Blends business for us? What geographies are sort of helping us build this business? And have we cracked new customers? Is that why we are seeing this 20% kind of growth, and we believe that this can go up to 15%-20% for us?

Nirmal Momaya: Yes, so it's basically customer acquisition in all the regions. We are growing all regions at about 15%-20% with new customer acquisitions. So it's quite uniform in the sense all markets are growing at that level.

Shubham Jain: My last question was on the interest cost. It's gone up quarter-on-quarter as well. So what's led to this interest cost increase?

Santosh Parab: So we had borrowed Rs. 100 crores, that is one thing. Almost all of our long-term borrowings are in foreign currency dollars. And as you know the dollar is going up, so we have disclosed that in our UFR also that finance cost includes foreign exchange on the long-term debt. So across almost in all geographies, the dollar has appreciated. The local currencies are depreciated by several percentile points. And that's what is weighing down on our balance sheet. Largely this is unrealized. So any improvement in the appreciation in rupee or the local currency, this will come back. As far as average rate of interest is concerned, it has been in the range of 9.5% -10% for the consolidated balance sheet.

Shubham Jain: If you could just quantify the impact of the currency translation and the interest cost increase in this quarter?

Santosh Parab: You can see it in our UFR there is a note where we have separately shown what is the foreign exchange included in the finance cost.

Shubham Jain : That we will take a look. Thank you.

Santosh Parab: Thanks so much.

Moderator: Thank you. A reminder to all participants you may press '*' and '1' to ask a question. The next question comes from the line of Ravi Mehta from Deep Financials. Please go ahead.

Ravi Mehta: Thanks for this call. My question was on Vanillin. So I heard in the opening remark that probably we sold 600 tons of Vanillin and when I look at the topline, so that gives me an average, $11 realization that we made in Q3. So wanted to understand how it has moved from October to December gradually and where is it now?

Nirmal Momaya: I don't think the price has moved to $11 in this quarter. The average is lower than that. The prices have actually started going up since December when the anti-dumping duty was expected. But really speaking in January it was levied in the US. So we saw the pricing started to improve from there on.

Ravi Mehta: Okay. And even in Europe also the prices are tracking closer to the US market prices or is it?

Nirmal Momaya: Not the same as US market because the anti-dumping duty is proposed, it's not yet levied but it is the pricing there is of course a little higher than what it is in other markets.

Ravi Mehta: Okay and how much of business when we talk of 70% utilization, what kind of market splits, region splits we are trying to build as a business plan in terms of US, Europe and other markets?

Nirmal Momaya: I think a third, one third US, one third Europe and one third rest of the world.

Ravi Mehta: Okay. And with this anti-dumping, are you seeing dumping in other markets like Asian markets and all, because that usually happens that China would try and divert the material elsewhere.

Nirmal Momaya: I think in the other markets they generally have almost 90% of market shares. So there can't be further dumping by them because they already have large market shares.

Ravi Mehta: Okay, sure.

Nirmal Momaya: So we don't see them dumping any further. I mean, the prices are constant in those markets.

Ravi Mehta: Okay, and Q4 is basically will have a better pricing compared to the Q3 what we are seeing here?

Nirmal Momaya: Yes, there will be some improvement, yes.

Ravi Mehta: Okay, and just one clarification, I think you probably answered it to an earlier participant that at 70% utilization it will kind of breakeven, and I think that was meant for the Catechol losses, not for...

Nirmal Momaya: Yes, Catechol losses, the whole Catechol chain will be above.

Ravi Mehta: But Vanillin itself will be profitable maybe at much lower utilization?

Nirmal Momaya: Yes, correct. That's right.

Ravi Mehta: Like any ballpark, like 25% or something?

Nirmal Momaya: No, Vanillin breakeven on a full cost basis would probably be at about 40% utilization.

Ravi Mehta: Thanks, I will come back. Thank you.

Moderator: Thank you. The next question comes from the line of a Raman KV from Sequent Investments. Please go ahead.

Raman KV: I just want to know what is the current capacity utilization with respect to Catechol and Vanillin?

Santosh Parab: So Diphenol plant is working at around 75% of the capacity. In the last quarter, we will be working at around 85% to 90%.

Raman KV: Sir, can you come again, which plant?

Santosh Parab: Diphenol plant, hydroquinone. And regarding Vanillin plant, I said that we will be gradually going up to 75% by the end of the year.

Raman KV: Okay, basically we will, the Catechol plant will break even by Q4?

Santosh Parab: Catechol plant is a joint product, so it is breaking even on its own at this moment of time.

Raman KV: Okay and with respect to Catechol itself what is the capacity utilization only to produce Vanillin?

Santosh Parab: Of Vanillin plant or Catechol plant?

Raman KV: Of Vanillin plant.

Santosh Parab: As I said, we are working at around 50%-55% and we will be moving to 75% by this year.

Raman KV: Okay. And sir, can you give us the average price of Vanillin and how the price has moved over opposed the imposition of this anti-dumping?

Santosh Parab: I think Nirmal just answered that question.

Nirmal Momaya: Anti-dumping is only in the US which is a part of the business. It's not the only business.

Raman KV: Can you give the average price of Vanillin as of now?

Nirmal Momaya: I mean it's improving, it's about 10% better than it was in the last quarter.

Raman KV: Okay. Also sir, with respect to the Blends segment, the specialty in ingredient value added blend, you said you are expecting 20% growth because of customer acquisition. Apart from that, do you see any growth triggers?

Nirmal Momaya: So basically new customer acquisition and some of course growth of business within the existing customers. It's both. It's a combination of both things.

Raman KV: Okay. Thank you, sir.

Moderator: Thank you. The next question comes from the line of Jatin Sangwan from Burman Capital. Please go ahead.

Jatin Sangwan: Thanks for taking my question. So my first question is around the EBITDA. We have reported an EBITDA of Rs. 48.8 crores and if we add back the forex loss of Rs. 4.4 crores, it becomes Rs. 53 crores. So of course it includes the loss from Europe, China and some maybe other exceptional items. So my question is what will be the EBITDA from the continuing operations? Excluding the losses from Europe, China and exceptional items?

Nirmal Momaya: It will be about Rs. 70 odd crores.

Jatin Sangwan: Rs. 70 odd crores?

Nirmal Momaya: Yes.

Jatin Sangwan: And my second question is around Vanillin. So you mentioned that at 70% capacity, we would be breaking even Vanillin and Catechol combined. So what kind of EBITDA swing would be there in absolute amount?

Nirmal Momaya: I think you can expect, an absolute amount difficult to say because prices are, both on the raw material side as well as selling prices are dynamic, but there can be an improvement of EBITDA margin by a couple of percent.

Jatin Sangwan: Okay. And just following up on our Vanillin part, earlier you used to say that your cost of producing Vanillin used to be around $8 to $9, so is it the same or has it also increased?

Nirmal Momaya: No. Right now it has remained the same because the raw material prices are generally stable in the last quarter.

Jatin Sangwan: Okay and our next thing around this anti-dumping duty, so US has determined the preliminary anti-dumping duty of 187% in the mid of January. So what kind of price increase have you seen and what kind of talks with clients are you having at this point?

Nirmal Momaya: The price increase would typically be in the US would be about 20% or so higher than it was in the last quarter. And of course, everybody now wants to look at longer-term contracts because there could be some shortages in the market. Because ultimately, we are not only going to be selling in those markets. We need to have a balanced approach to the business. So overall, the Vanillin business, we are not focused only US-focused, so overall the Vanillin business should see an improvement of about 10% at least, 10% to 15% on pricing.

Jatin Sangwan: Okay, got it. Thank you.

Moderator: Thank you. The next question comes from the line of Surya Patra from PhillipCapital. Please go ahead.

Surya Patra: Thanks for the opportunity, sir. The first question is on the volume ramp up in the Vanillin. This is I believe is the contracting period for the next year. And we are anyway been vocal about the kind of 70% kind of utilization for the full year FY26. So have you seen any kind of ready contract that is giving a kind of visibility for next year? And what portion of the business that we can have from the spot market so far as Vanillin is concerned?

Nirmal Momaya: So now, in fact, with the prices being a little dynamic with all these different anti-dumping duty actions in different countries, we have not actually signed any long-term or early contract. And it also happened that some of the companies were also looking for quarterly contracts because this anti-dumping duty was expected. So everything was very uncertain, which is a good thing

for us that we have some contracts, but those kind of run out in this quarter in Q4. From Q1 of FY26, there's hardly any contracted, very small quantities contracted. And we are in conversations now to see because now there is certainty in some markets of the anti-dumping like US. You can enter into some contracts in the US. But Europe, we are not yet there with the anti-dumping duty. We don't know the quantum that will be there. The timing will come around June to start contracting.

Surya Patra: So that means the final order, which is due in July, post that things the optimal pricing situation also will be seen, and that is when the volume visibility will also be 100%?

Nirmal Momaya: Correct. What is final in Europe is expected in June, the first one. US, more or less, preliminarily and final, generally, there's not much difference that is expected. But yeah, certainty is only when it is final.

Surya Patra: Second question is on the Vitafor acquisition, the progress on the integration front and how is that going to benefit us in terms in our Blends business. So anything on that front if I can get some sense what is your experience so far and what progress in the Blends business of Europe that you are now witnessing

Nirmal Momaya: With Vitafor, after the acquisition, we have made many applications for registrations in several countries, and a few of them have started now. We started getting those registrations, so we are rolling out our launches in Mexico, in Colombia, Peru, India. US also will get launched. Brazil will get launched. So in FY26 we see that there could be substantial growth in the business at Vitafor. It has opened up a new market for us in terms of the kind of product profile that they have, it's more a farm product which of course is something which we didn't have in our portfolio. So all-in-all I think in a FY26 We will see some good movement in Vitafor.

Surya Patra: Is it already broken even at the bottom line level?

Nirmal Momaya: No, at bottom line level it is not break even but on EBITDA level it is break even.

Surya Patra: Okay, from the loss making situation prior to the acquisition?

Nirmal Momaya: Yes, correct. So we are now at break even on EBITDA and I think next year we should get into above break even.

Surya Patra: Okay. If once the turnaround of this Vitafor that we will see, and the integration happening properly. So can we expect a elevated growth for the Blends? Overall guidance what we have been giving around 25% or it will be part of that story?

Nirmal Momaya: It will be part of that story.

Surya Patra: Okay. Just last one question from my side is that, having caused all these loss making operations in China and Europe, so the remaining operation, what I find is it is an integrated fully end-to-

end integrated shelf life business, end-to-end integrated Vanillin business, and a kind of established global operation on the Blends front, where we would be just scratching the surface, where the scope of opportunity is quite significant. So given these three verticals that is there as a growth trigger for us, so what is the way forward that we would be having here on for Camlin sir, whether we will be focusing more on these three verticals and try to optimize our profitability or we will think for some incremental business opportunity going forward.

Nirmal Momaya: Going forward, I mean our focus area will remain in the three verticals. Clearly, Blends is something which is a high focus area. Aroma is also, Vanillin, there are many types of Vanillin and we want to get into, ultimately get into all the different types of Vanillin which are being offered in the market, so that we are a complete solution provider in the Vanillin business and we can service our customers with the entire portfolio. So the idea is to focus on other value added HQ and Catechol products other than what we are in today. So we've started, we've launched a few new products and now we are trying to scale those up. So focus will be in where we are in these kind of businesses.

Surya Patra: Okay. Sir, do you find any challenge flowing from this tariff related talks, which is currently, which is not clear as of yet, but still?

Nirmal Momaya: I mean, that is very difficult to predict. It's there today, tomorrow, there's no tariff. I don't know. It's very difficult.

Surya Patra: What is the final gross debt level that is now we are having, sir, having added the 100, repaying that, and now having the equity through this route?

Nirmal Momaya: Yes. The gross debt now is, after repayment of Rs.100 crores, is around Rs 600 crores.

Surya Patra: Okay. So that has been kind of a constant over the last two years.

Santosh Parab: It has come back to the normal. Subject to only last year, we had the Vitafor acquisition in which there was some loan. Otherwise, the debt is at the same level.

Surya Patra: Okay, thank you.

Moderator: Thank you. The next question comes from the line of Saurav from Multi Act. Please go ahead.

Rahul Picha: This is Rahul Picha from Multi Act. So continuing on the debt part, so what is the debt repayment plan for FY26?

Santosh Parab: So we generally repay around Rs. 45 crores to Rs. 50 crores per annum. So we will be repaying that. And if you can see, we have arranged for the repayments also. So we have reserved, some of the right issue money for repaying the debt. Obviously, we will not be accelerating the debt, but we have kept them in reserve.

Rahul Picha: So by the end of next year, we expect to be around Rs. 550 crores from Rs. 600 crores right now?

Santosh Parab: Yes.

Rahul Picha: Okay. And what is the CAPEX plan for FY26?

Nirmal Momaya: The CAPEX plan is about, roughly about Rs. 30 crores to Rs. 35 crores.

Rahul Picha: So this will largely be maintenance CAPEX in the next year?

Nirmal Momaya: Yes.

Rahul Picha: Okay. And then on the Europe plant losses, so this quarter we had around 16 crores of loss and you mentioned that next year that loss is going to reduce. So how much reduction do we expect?

Nirmal Momaya: I think once the total wind down happens of the diphenol activity, including evacuating all the materials, we should be able to annually bring it down to an annual cost of between Rs. 20 crores to Rs. 25 crores.

Rahul Picha: And so far in the first nine months, how much loss have we had in Europe this year so far? I think this year we had a loss of about Rs. 45 crores in the first nine months.

Santosh Parab: PBT was Rs. 45 crores.

Rahul Picha: So from an annualized run rate of around Rs. 60 crores, next year it's expected to be around Rs. 25 crores.

Nirmal Momaya: Yes, it was about Rs. 55 crores, the loss. It will come down to...

Rahul Picha: Okay. And in China, how much loss are we making right now?

Santosh Parab: China is not bleeding like Vanillin, though there is a loss. We are getting around Rs. 3 to 4 crores per quarter.

Nirmal Momaya: Which also we should be able to reduce by in the next year.

Rahul Picha: Okay. Thank you.

Moderator: Thank you. The next question comes from the line of Nisarg Vakharia from NV Alpha Fund Management. Please go ahead.

Nisarg Vakharia: Sir what are the gross margins in your Blends business?

Nirmal Momaya: Typically they are in the region of 30% to 35%, more towards 35% than 30%.

Nisarg Vakharia: And EBITDA margins are close to 20%, right?

Nirmal Momaya: Depending on geography, once the threshold is reached they typically end up at about 20%. But till that minimum number is reached, it can be anything up to 20%.

Nisarg Vakharia: And secondly, sir, how much working capital do you need for a Blends business with an approximate annual run rate of Rs. 900 odd crores?

Nirmal Momaya: So there, I think roughly our working capital requirements in the Blends is about 100 to 110 days.

Nisarg Vakharia: 100 to 110 days of working capital requirement in Blends?

Nirmal Momaya: Yes.

Nisarg Vakharia: And that is generally inventory or receivables?

Nirmal Momaya: Both, inventories and receivables.

Nisarg Vakharia: Inventory and receivables?

Nirmal Momaya: Yes.

Nisarg Vakharia: And sir, just to clarify, you said that the EBITDA from continuing operations today is Rs. 70 crores.

Nirmal Momaya: Right.

Nisarg Vakharia: And that Rs. 70 crore run rate will be visible to us from quarter 4 or quarter 1 of next year.

Nirmal Momaya: No, this is the quarter three right now. What we get, Rs. 53 crores and Rs. 17 crores loss from discontinued businesses. That's 70 crores.

Nisarg Vakharia: Okay. But, sir, reported is Rs 53 crores. So, Rs. 70 crores EBITDA will be visible from quarter three?

Nirmal Momaya: No, Rs. 53 crores is EBITDA where Rs. 17 crores is a loss from discontinued business. So, if you add that back, it becomes Rs. 70 crores from operating businesses. That's all.

Nisarg Vakharia: So operating cash flow today is Rs. 70 crores?

Nirmal Momaya: No, from operating business we are saying. The discontinued business is where we are losing Rs. 17 crores.

Nisarg Vakharia: That's right. So that discontinuing business of Rs. 17 crores loss will become negligible by which quarter?

Nirmal Momaya: By Q2 of FY26, it will become much much smaller.

Nisarg Vakharia: Q2 of FY26?

Nirmal Momaya: Yes.

Nisarg Vakharia: And why will it take two more quarters to sort of reduce it, sir, significantly? Why it cannot be reduced overnight?

Nirmal Momaya: Because there are several employees and those employees have to be maintained right now because we have some intermediate materials in those plants which have to be evacuated as per law. So that should get done in the Q1. By Q1, those materials will get evacuated and then we can rationalize the cost.

Nisarg Vakharia: I understand. Okay. Great. Thank you. Sorry, last question if you may. Sir, any reason why you are not giving the Catechol loss separately?

Nirmal Momaya: No, it's a combined operation. It's a joint product.

Santosh Parab: We don't sell. If we sell catechol in the open market, there is a loss. If we are producing Vanillin, we will not be selling Catechol in the market. So in this quarter, we hardly sold any Catechol. So the question, and hydroquinone and catechol is a joint. If I stop at that level, the hydroquinone chain is making enough profit to justify the carrying of Catechol.

Nisarg Vakharia: Yes, cool. Thank you so much.

Moderator: Thank you. A reminder to all participants, please press '*' and '1' to ask a question. The next question comes from the line of Tushar Raghatate from Kamayakya Wealth Management. Please go ahead.

Tushar Raghatate: Thanks for the follow up, sir. I just wanted to understand like post H2FY26 what type of incremental margin are you seeing like all the losses will be taken out and also the benefits will start adding the margins?

Nirmal Momaya: What kind of growth after FY26?

Tushar Raghatate: I am asking for H2 FY26, what sort of margins are you seeing? Like YOY H2, I am asking.

Nirmal Momaya: Difficult to predict at this point of time because prices are, I mean it's not that we've reached any stable stage of come to a conclusion on what that margin will be. So right now it's positive, it's

looking good, but let's see where it settles down. I mean, it's too early in the day to give you really what that margin will look like.

Tushar Raghatate: Got it. Then sir, your North America business is doing great. I just wanted to know the incremental growth will come from which country exactly and what sort of growth are you seeing for FY26?

Nirmal Momaya: We are seeing about 20% growth across all the geographies. So all the geographies will grow at 20% or so.

Tushar Raghatate: Got it, sir. That was really helpful. Thank you.

Moderator: Thank you. The next question comes from the line of Jatin Sangwan from Burman Capital. Please go ahead.

Jatin Sangwan: Sir, in earlier calls, you have guided that cost of producing Vanillin will go down as you ramp up your production. So I just wanted to ask that, let's say, 75% kind of utilization, what will be your cost of producing Vanillin, and what will the cost at 100% utilization?

Nirmal Momaya: 100% utilization, the cost from where we are today should come down by about 10% or so.

Jatin Sangwan: Okay, and what's the cost today? Is it $9 or $8?

Nirmal Momaya: It's about between $8.50 and $9.00.

Jatin Sangwan: Okay, so then the cost would be like around less than $8.00?

Nirmal Momaya: Yes, in that region, yes.

Jatin Sangwan: So at a price of $11, you will be getting an EBITDA of $3 per Kg.

Nirmal Momaya: Yes, correct.

Jatin Sangwan: And then $1 positive swing would come from Catechol. Is my understanding right?

Nirmal Momaya: Sorry.

Jatin Sangwan: $1 positive swing from Catechol?

Nirmal Momaya: Not $1. It would probably be more like, yes, it's actually $1, will come from Catechol. Yes.

Jatin Sangwan: Thank you.

Moderator: Thank you. The next question comes from the line of Prashant Kothari from Stock Market Read. Please go ahead.

Prashant Kothari: Good evening, everyone. Two small questions. First, you acquired Vitafor Invest NV to strengthen the animal feed market. Has the integration progressed? How has the integration progressed? And what revenue growth are we expecting from there? Second question, there is a lot of scrutiny on the Mexican imports into the US. Has there been any impact on Camlin's Mexico operations?

Nirmal Momaya: So on the first one, Vitafor, the integration is complete. And now the focus will be in FY26 to grow that business by at least 20% to 25%. And thereafter, to keep growing it at least 20% a year. On the Mexico, the tariff on Mexico, we do supply some material into the US from Mexico. So in the event the tariff is applied, we will have to look at alternative market, to produce it in alternate countries and then supply. But at this point of time, we don't see that a tariff is likely, because it's been suspended for a month, but seems like it's being negotiated. So it should settle down.

Prashant Kothari: Okay, thank you.

Moderator: Thank you. The next question comes from the line of Raman KV from Sequent Investments. Please go ahead.

Raman KV: Hello sir, thank you for the follow up. Sir, we raised Rs. 224 crores via rights. Can you tell where we will use this fund?

Santosh Parab: We have given the details in our object to the right issue but Rs. 100 crores we have used for repaying the LCD which we borrowed in the last quarter. We are reserving around Rs. 68 crores for debt repayment and for the general corporate purpose Rs. 56 crores.

Raman KV: And sir, with respect to the additional Rs. 17 crores loss from discontinued operations, they will sell the European facility or I am not understanding that particular part. Can you just?

Santosh Parab: So we have impaired the asset European factory in the last quarter. That factory was shut down because of economic reasons for last two years. We may not sell it; we may keep it mothball We are evacuating all the material which is lying in the system and that's why the cash burn is there because by Italian law if any hazardous chemical or any kind of chemical is in the factory, you have to maintain that factory, the security, people, utilities, maintenance and everything. So we have to do, and it's not an easy process to pull out the raw material in the plants. So it's taking time. We have to also get clearance from the local authority because the material is lying for two years. So we have to see what kind of chemical composition is there and then. So that's why it will take time. But we are expecting it to sell it off or take the necessary action by end of FY26, Q1FY26, next year.

Raman KV: Okay, thank you, sir.

Moderator: Thank you. The next question comes from the line of Parthiv Shah from TS Builders Private Ltd. Please go ahead.

Parthiv Shah: Thank you very much for taking my question. I just wanted to understand the trend for the Blends business. So in the Blends business, there are various types of Blends like polymer blends, dairy blends, blended fibers, biofuel blends. Just want to get a sense of which particular segment we are targeting, because I am hearing that the dairy blend will have some of the highest growths because of the health consciousness nature of the customers. So where are we targeting as a company?

Nirmal Momaya: So our focus area is of course human food. It's one of our main target areas. Then there is feed, animal feed, which goes into whether it's poultry, dairy, or swine, or aqua feed. So it's with all species, including dog, cat, dog food, cat food. So we make ingredients that the blends go into these kind of feed products.

Parthiv Shah: And sir, what I see is that generally the global strength for the various blends growth is anywhere between like 4% to 5% on a compounded basis right up to 2030-2032 is the projected market. And for the next few years, we are talking of growth of almost 20%. What brings us this confidence and what are we doing to improve the price mix and the product mix in our blends business versus a lot of global peers like say somebody like Super blend or Fuel One Protein or JW Nutritional etc.?

Nirmal Momaya: So, I mean, of course, it's a very technical business. Blends is a business which requires a lot of technical service, technical understanding and teams which understand the function of all the ingredients that we supply into that market. And the product mix, of course, is always the question of competitiveness versus competition in different geographies, different markets require different products and competitiveness. So essentially, we've been growing this business for the last 3-4-5 years at that rate and we have enough visibility from our people who are in the market that to grow at 20% in the next year is very likely.

Parthiv Shah: If I understand the rated capacity for our Vanillin at Dahej is 6,000 tons per annum, right?

Nirmal Momaya: Yes.

Parthiv Shah: What we can do to de-bottleneck that capacity and what is the maximum we can go to?

Nirmal Momaya: The maximum we can go to is about 7,000 tons or so from that capacity, which will require de-bottlenecking, but yes, at some point of time we will see.

Parthiv Shah: But next year you're targeting not more than 75% capacity utilization only in FY27 you're talking of say 100%?

Nirmal Momaya: Yes.

Parthiv Shah: Okay and sir just want to understand the additional EBITDA per kg in terms of ethyl vanillin or methyl vanillin and if I am not wrong just wanted to recheck that in the past we did face some

sort of contamination issue all of that is now solved and what sort of products we are targeting more downstream in Vanillin?

Nirmal Momaya: In Vanillin, no. We are looking at no downstream products from Vanillin. Basically, we are producers of Vanillin, ethyl Vanillin, that's methyl-ethyl, and we will get into the natural Vanillin also over a period of time to complete the basket of products in the Vanillin portfolio

Parthiv Shah: What is the additional benefit you get by selling products like Ethyl and Methyl Vanillin versus normal Vanillin?

Nirmal Momaya: No, the synthetic Vanillin is called Methyl and Ethyl and the natural Vanillins are of course much more expensive.

Santosh Parab: What generally you call Vanillin is Methyl Vanillin.

Parthiv Shah: The last question is regarding China antidumping. So along with the CBD, probably sometime in June or July, we are expecting the ADD to come from US, right? And over and above that, if I am not wrong, whatever the tariffs that the new President has put, that will be over and above all these ADD related duties?

Nirmal Momaya: Yes, that's right.

Parthiv Shah: So would it be safe to pencil in, you know, if at all China despite its cost disruption were to dump again these rates, it will be not less than $14-$15? Or will it be more?

Nirmal Momaya: Yes, it will be probably be little more than that.

Parthiv Shah: So that should eventually help us to increase our share of business in US and Europe.

Nirmal Momaya: Yes.

Parthiv Shah: Okay, thank you very much, sir,

Moderator: Thank you. Ladies and gentlemen, that brings us to the end of the question-and-answer session. I would now like to hand the conference over to the management for the closing comments.

Ashish Dandekar: Thank you. Ladies and gentlemen, thank you for your time and interest. Until the next time that we interact, good evening. Thank you.

Moderator: Thank you, sir. On behalf of Camlin Fine Sciences Limited, that concludes this conference. You may now disconnect your lines.