

May 26, 2025

To, <b>BSE Limited,</b> 25, P. J. Towers, Dalal Street, Mumbai – 400 001 <b>Ref:</b> Company Scrip Code: 532834	To, Listing Department, <b>National Stock Exchange of India Ltd.,</b> Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai- 400051 <b>Ref:</b> Symbol: CAMLINFINE     Series: EQ
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**Sub: Transcript of the conference call on the Audited Financial Results (Standalone and Consolidated) for the quarter and year ended March 31, 2025 held on May 23, 2025.**

In continuation of our disclosures dated May 15, 2025 and May 23, 2025 and pursuant to Regulation 30(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR**”), the transcript of the conference call held on Friday, May 23, 2025 on the Audited Financial Results (Consolidated and Standalone) for the quarter and year ended March 31, 2025 is enclosed herewith and is also available on the Company’s website at [https://www.camlinfs.com/investor-relations/home/investor\\_call\\_recording](https://www.camlinfs.com/investor-relations/home/investor_call_recording).

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

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 No unpublished price sensitive information (UPSI) was discussed during the interactions.

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

Encl. a/a.

Thanking You,

**For Camlin Fine Sciences Limited**

**Rahul Sawale**  
**Company Secretary**  
**& VP Legal**



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“Camlin Fine Sciences Limited  
Q4 FY '25 Earnings Conference Call”  
May 23, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 23rd May 2025 will prevail.



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

**Moderator:** Ladies and gentlemen, good day, and welcome to Q4 and FY '25 Earnings Conference Call of Camlin Fine Sciences Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the briefing concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectation of the company as on date of this call. These statements are not the guarantees of future performance and involves risks and uncertainties that are difficult to predict.

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

**Ashish Dandekar:** Thank you. Ladies and gentlemen, welcome to our quarterly call. We are sorry, and we apologize for the delay in the call. It was due to technical issues with uploading the results and I'm sure you'll appreciate that we would like to give you more time to study them.

Doing always, Santosh Parab, our CFO, will give you a brief of the quarter and the performance and issues, after which Nirmal Momaya, Managing Director, will be answering your questions along with Santosh.

**Santosh Parab:** Thanks, Ashish. Good evening, everybody. Thanks for attending our earnings call. As you are aware, the times are quite difficult. General global situation on tariffs and war and all these things has been a very difficult time. Still, we have been able to give fairly good results. I'll just straight dive down to the consolidated results.

As you would have seen from our disclosures, as you know, we had two units which were not - the business was closed or the manufacturing was stopped in our Diphenol unit in Europe and our erstwhile Vanillin manufacturing unit in China. These both have had stopped 2 years back, and the Board has decided to discontinue or abandon this business, and hence, as per the Indian Accounting guidelines, we have segregated our results into 2; one, of a core business or what we call technically as a continuing operations and a discontinued operations.

So the discontinued operations, which have been presented in the results pertain to those of 2 abandoned or closed down units where we feel that the production is economic and unviable and there is remote chance of reviving those two projects.

As you are aware, the adequate provision on both these assets was done in September, and we had impaired the entire value of both the plants in September quarter. So, as per the accounting guidelines, these results has been segregated into continued and discontinued and all the impact also of the earlier quarters has been regrouped and disclosed as per the accounting guidelines.

Now coming to the operating part of the business, we have -- in the current quarter, we have total turnover of INR437 crores as against INR431 crores in the last quarter. And on an annualized basis, we had INR1,453 crores, which has now been squeezed to INR1,666 crores. This has been largely -- though the prices of all the products have been southbound, but we have been able to hold on to our volumes, in fact, grow in some of the sectors like our Blends business, we have grown. And of course, the vanillin business is what has started growing. It has been steadily ramped up. And as compared to the last year, we had much, much better results on vanillin business.

So, the total growth what we have seen in revenues on an annual basis are continuing or the core business has grown by almost 15% year-on-year. We also had an improved EBITDA of core business of around 12.5%. That's around INR208 crores in '25 as compared to INR184 crores of the comparable business in the last year.

So, we have been able to maintain our margin on the core business despite the main products prices have been a bit southbound. We have healthy growth in Blends, especially in the North American market as well as exciting growth in India. And of course, our stabilized business in Mexico have been increasing at a very high pace.

Overall, the Blends business has grown by around 17% to 18% year-on-year. So we have reached around INR878 crores as compared to INR747 crores in the last year. Of course, Blends business also increased -- includes CFS Vitafor, the new blend business, which we bought in Europe, Belgium, in our first quarter of this year. It's 9 months thing, but it also clicked around INR85 crores in this year, and we feel that it will have higher momentum as we go ahead.

The main feather in the cap has been Aroma. We have continued our momentum of growth in this quarter. The total contribution of revenue from Aroma has been around INR176 crores in FY '25. And we -- this ramp-up will go -- will come or increase in the subsequent quarters with anti-dumping duty action in U.S. and you would be aware now that even European Union has levied a preliminary duty of 131% and it will be finalized in next few months. And that augurs well for us because obviously, the prices will go up.

There has been -- of course, the question is that what will be the cash burn on the discontinued business. We are confident that these cash burns will be reducing because we have abandoned the plant and since we are not going to restart it in a foreseeable future, we are -- we'll be reducing substantially this cost. We would be also looking at how to reduce this cost further, and we feel that this cash burn will reduce substantially.

Something on the balance sheet. You know that our equity has increased because we had a successful rights issue in Jan '25. We have been able to control the overall debt position. The net debt position has improved from INR564 crores to INR492 crores. If things all go well for us, we feel that the growth momentum will continue in the future with stabilization of business, the tariff war and the difficult times, more clarity coming, we can have a better understanding of the future. Thanks so much.

**Moderator:**

Yes Sir. Should we begin the Q&A session?

**Santosh Parab:** Yes. You can.

**Moderator:** The first question is from the line of Rohan Mehta from Ficom Family office.

**Rohan Mehta:** So, firstly, could you share the volume of vanillin exports to the U.S., specifically for the month of March and April? And secondly, what is your understanding of the recent ADD and CVD duties imposed on Chinese producers? Will these be applicable for a fixed period of 5 years or is it structured as 3 years with an option to extend by 2 years?

**Santosh Parab:** Sharing of specific data to U.S. is not possible because it's a very competitive -- sensitive data. But overall growth has been there. We have been -- you can see from the volumes, the revenue -- amount of revenues which we have disclosed in our investor call. And April, certainly not, it's clearly a forward-looking statement. We cannot share that -- this year numbers. Maybe you can add on the ADD.

**Nirmal Momaya:** The ADD for -- typically is for 5 years.

**Rohan Mehta:** Okay. Okay. Perfect. And also on the prices for Europe and USA for vanillin, what is the current difference

**Nirmal Momaya:** Sorry, what is the current...?

**Rohan Mehta:** What is the difference in vanillin price?

**Nirmal Momaya:** Yes, the vanillin price, the difference will be about 20% or so, 20% to 25% because the ADDs are different between what is in Europe and what is in the U.S.

**Rohan Mehta:** So U.S. is higher, I presume?

**Nirmal Momaya:** That's right.

**Rohan Mehta:** And what is the number for U.S. currently, as on date?

**Nirmal Momaya:** No, I mean, I can't give you specific numbers. The range I can tell you is in the range of \$15.

**Rohan Mehta:** In the range of \$15. Got it. Got it. And in terms of your utilization for the vanillin plant, where do you see the capacity utilization, let's say, in the next 2 years?

**Nirmal Momaya:** In the next 2 years, we want to take it up to 100% as the market development gets better. The idea is to take it, go 100% in the next 2 years.

**Rohan Mehta:** Right. And what is it today, sir, as on date?

**Nirmal Momaya:** As on date, we'll be at about 45% to 50%.

**Rohan Mehta:** 45% to 50%. Got it. Got it. And lastly, sir, what is the outlook on the blends business going forward? Do you see -- at what run rate, on an EBITDA basis, do you see this business at?

- Nirmal Momaya:** Essentially, we should grow that blends business by about 20% going forward in the next 2 to 3 years. And the EBITDA margins will improve in some of the geographies because there is a certain threshold. So it will be in the high teens, the EBITDA margin.
- Rohan Mehta:** Okay. Okay. And what is it currently as a percentage of revenue? Like what will it be in the next 2 years, the Blend business, given the vanillin capacity utilization, let's say, is at 100%?
- Santosh Parab:** So, as we said, we don't know what would be the future prices. You know that our capacity is 6,000 tonnes, and you can calculate that number. As far as the blends is concerned, we are at INR878 crores currently. So, we're 20% CAGR for next 2 years. That also is -- numbers can be calculated. And as Nirmal said, these are high-teen business and as they mature, they move towards 20%.
- Rohan Mehta:** 20%? Got it. Lastly, sir, any pricing pressure are you facing on any products at the moment?
- Nirmal Momaya:** Yes, there's pricing pressure on all products.
- Santosh Parab:** Except vanillin.
- Nirmal Momaya:** Except vanillin right now because -- in 2 markets. But otherwise, there's a lot of pricing pressure coming from competition from China.
- Rohan Mehta:** Okay. Okay. So in terms of vanillin, any inventory destocking issues you are facing?
- Santosh Parab:** We didn't get the question. Can you repeat it?
- Rohan Mehta:** So in the vanillin business, when it comes to the inventory, any destocking issues are you facing, any pricing pressure or any inventory pressure over there? Since earlier customers, they had built up inventory, I presume?
- Nirmal Momaya:** Yes, yes. So that will take a few months for the destocking to happen. So that's part of the reason why we said it'll take more than a year to ramp up to 100%.
- Moderator:** The next question is from the line of Jatin Sangwan from Burman Capital.
- Jatin Sangwan:** One thing I've observed is vanillin sales have not picked up Q-o-Q. Is there any reason for that?
- Santosh Parab:** As you know, we have been selling in U.S. So, there is a stock on sea. It's one thing. We also control the sales because we are looking that the prices will increase. So, it doesn't matter to wait for a couple of quarters to get a \$15 realization than a \$12 current realization.
- Jatin Sangwan:** Sure. Got it. And you mentioned that vanillin price in U.S. is in the range of \$15, so Europe would be around \$12. So when will this price reflect in our realization? So what I wanted to understand is, how long is our order cycle?
- Nirmal Momaya:** We'll start reflecting in the next few months.
- Jatin Sangwan:** Next few months? And what was the average realization in the -- in Q4 FY '25 for vanillin?

**Santosh Parab:** The average utilization -- capacity utilization, you're asking?

**Jatin Sangwan:** No, no, average realization in Q4 FY '25 for vanillin. So you reported sales of around INR60 crores for vanillin. So what was the average sell price for vanillin in Q4 FY '25?

**Santosh Parab:** Price has been increasing. It's in the range -- so, it should be in the range of \$12 to \$13.

**Jatin Sangwan:** Okay, \$12 to \$13. And also, you mentioned that capacity utilization of vanillin is 45% to 50%. So was that for Q4 FY '25 or Q1 FY '26?

**Santosh Parab:** Q4 FY '25.

**Jatin Sangwan:** And how has been your Q1 doing?

**Santosh Parab:** I'll tell you; this is a -- really a forward-looking statement, but I think we -- as I said that we will be growing.

**Jatin Sangwan:** Okay, sure. Yeah. So also, if I look at your Europe losses and China losses, they have also increased Q-on-Q. And I wanted to understand if you're reporting INR22 crores, INR23 crores of discontinued losses, what will be the breakup of those losses? How much are related to employees and how much are other fixed expenses? And when will we actually start seeing the reduction in these losses?

**Santosh Parab:** So as we said, because the decision of abandoning was taken, we had to really clean up the plants and other things. So, there are some one-time losses -- expenses which we incurred in this quarter. These are not regular, around INR14 crores of that is non-routine. But we will be reducing the employee cost. The employee cost is a major portion in this. Annual employee cost for Europe was INR16 crores, which is going to reduce in the next financial year by at least 90%.

**Jatin Sangwan:** Got it. And if I got you right, you are saying that you will only see INR8 crores of discontinued losses in Q1 FY '26?

**Santosh Parab:** Yes. Cash burn should not be more than INR8 crores. Going forward on employee cost, there could be some fixed cost to be incurred because it's a -- plant is abandoned, but we are mothballing it. So there could be some janitorial costs and security cost, side cost.

**Jatin Sangwan:** Okay. Got it. And also, I mean, we have been discussing this for the last few calls. Your cost of production of vanillin is still \$9 or has it moved in either direction?

**Santosh Parab:** As we told you that because this average utilization is at 45%, that's the reason why it is high. When we -- as we go beyond 70%, 75% of breakeven, this should come down to sub \$9.

**Jatin Sangwan:** Okay. Got it. And also, if I look at your, let's say, year-on-year expenses, employee expenses have jumped by around 25%. So what has led to this?

**Santosh Parab:** One thing is that we added Vitafor in this year, so which was not there in the last corresponding year -- corresponding quarter also. That's one thing. Generally, our -- a lot of business is in Americas, Europe, where the annual salary cycle is calendar year. So, generally, the costs go up

on salary of normal salary rise. And of course, we are also bracing up for additional people on sales side as we are anticipating growth. We are anticipating growth in almost all sectors. So, we are also bracing there to have sales and technical people on board.

**Jatin Sangwan:** Got it. And if I look at your depreciation expense, it has jumped up sharply Q-o-Q, but you have not done any capex or anything. So what is driving this?

**Santosh Parab:** These are the regrouping which happened and Vitafor also came, which was not there year-on-year is the main reason, the Vitafor kicking in this year. We also had couple of lease assets. This is an accounting thing. Once you get the full annual balance sheet, you will see that there are certain leased assets. So to save on cash, we rather than going for purchase of assets, we have gone for lease of assets. And as you know, the disclosure is in finance cost and depreciation on this and that has increased. It will be more clear when we publish our annual accounts.

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

**Surya Patra:** Sir, my first question is on the possible implication of the tariffs, although that is not very clear, but if you can send something or you would be having communication with your clients. And since you are having also the global operation, so what possible implication that it can throw?

**Nirmal Momaya:** So, it's very difficult to answer that question, Surya, because everything keeps moving every day. So, who knows what tariff will come on which product in which country. So, it's very, very difficult really to project what will happen. But all we know is that, hopefully at least for India, we should not be worse off than our main competitors, competing countries like China. So in that sense, either it will be on equal grounds or we may have some advantage.

**Surya Patra:** Okay. And generally, also, there is a large list of products which are exempted from the tariff and all by U.S. And many of the kind of food-oriented chemicals, which would be like, for us, the Straight and all that, the blends also, possibly. So that is free from tariffs, and hence, there would be no impact, so that is the right way to think? Or how is it, sir?

**Nirmal Momaya:** Yes. So, some of the straight, yes, that is right. But we don't sell much Straights into the U.S. on our antioxidants from India. So really speaking, it doesn't make much of a difference or any significant material difference. Most of our business is supplied from other places. So that's how those tariffs -- even though there are no tariffs, it's not going to really give us any impact.

**Surya Patra:** Okay. Second question about the blends business. This quarter, generally, say Q-o-Q, if I see then there is a kind of declining trend that we are witnessing. See, generally, the perception was that the fourth quarter being the best quarter in terms of the revenue at least for the company, that is in the trend. Is it not the trend for the blends business? Or if there is specific things that has resulted in a quarterly this thing, a decline?

**Nirmal Momaya:** So the blends business essentially is -- also the Q4 is always slightly muted, purely because in some parts of the world where we have substantial business, mostly in LatAm and Central America, it's a holiday -- extended holiday season. The business has come back to work post mid-January. So, you're essentially restricted to 2 months kind of scenario.



Then there are some seasonal things also which impact like fishing season in some parts of the world where we have business, which got delayed. So instead of -- you're seeing business in Feb and March, you'll see it in April, May because the fishing season got delayed. So there are some climatic conditions, which lead to some cyclical, based on not necessarily the time, but on climatic conditions.

**Surya Patra:**

Okay. And, generally, we have been talking about slightly higher growth, 25% plus for this. Now, obviously, we have seen a very strong base also. hence, possibly moderated a bit our guidance of 20%. But on the top of that, if you can give some clarity about how integrated benefit that you are likely to see on the blends business led by your -- the Vitafor acquisition and the potential acquisition of Vinpai and all those contributing, how would that be contributing to this going ahead, if you can give some sense for the next year?

**Nirmal Momaya:**

Yes. So, we've not actually considered in the 20% growth, Vinpai. If we get -- once that is completed, I mean, so we probably will end up with a 25% number that we've guided in the past. It's, of course, subject to when the Vinpai closes. But there is very good interest in products from both Vitafor and Vinpai across the geographies where we have our own selling and distribution setup.

Of course, the other parts of the world, we have distributors, which we are expanding relationships with distributors on a global level. So, you will see a lot of movement coming from not only the areas that we ourselves are present in, but also other parts of the world. So, I think both the lines that we've got, Vinpai more -- that's more in the food segment and Vitafor in the Animal Nutrition segment. Both are, I think, very well positioned for growth here.

**Surya Patra:**

Okay. Sir, what is the update in terms of the timeline for the Vinpai acquisition and also whether Vinpai would be more influential to growth compared to Vitafor?

**Nirmal Momaya:**

So, I think the regulatory procedures, I think corporate actions and all that required to be done should be completed in the next 2 months, and that should be done by July end. In terms of growth potential, yes, Vinpai does have a fantastic growth potential because of the categories of products that they are in are substantial categories and with some differentiated technology, it's well positioned to get some market share.

**Surya Patra:**

Sure, sir. And just on the gross margin front, although in the second half of FY '25, we have seen -- we at least crossed 50% mark almost like after 2 years of a gap. So, is it purely led by the incremental revenue coming from the aroma and no benefit of, let's say, corrected input prices and the initial sign of rising prices. And happens, then where that we can target with the ramp - up also that is likely to happen on the vanillin front, what the gross margin scenario that we should really anticipate?

**Nirmal Momaya:**

So it's -- when you look at it, we lose money on Catechol. As soon as we convert it to vanillin, there is a swing in gross margin. So, that swing in gross margin will continue to happen on one side. On the other side, there are several products where we are seeing a lot of price pressure and a lot of competition, very aggressive competition. So when you balance it, you kind of say that

it will be in the region of 45% to 55% in that zone. You end up at based on product mix, based on how the market is behaving. But that's the region where we are, essentially playing on.

**Surya Patra:** Okay. Okay. One more point, just with your permission. See, on the vanillin side, see, obviously, the finalization of the ADD is likely to happen by July. But by now, you would be having in some sense in terms of the placement, order booking and all that. And is it practically 2 players apart -- mean apart from Solvay, it is you that is actively pursuing this contract negotiations and all that with the U.S. parties? Or what is the scene and feel about the volume visibility for the subsequent period, if you can provide something on the vanillin side?

**Nirmal Momaya:** Yes. So, essentially, in the vanillin business in the U.S. and in Europe now also the anti-dumping duty has been levied or the 131% has been proposed, which will get confirmed in the next month or 2. Essentially, that kind of gives Solvay and us some advantage. And I suppose we'll get majority of the share of the market between Solvay being the market leader and us being a second player, we will see volumes growing from these 2 markets in the next 3 to 4 quarters, you'll see the growth coming in.

**Surya Patra:** Any other third player that is likely, sir, in your sense?

**Nirmal Momaya:** At the moment, there is nobody, but we don't know, I mean, if somebody is in the anvil, but not that we've heard of.

**Surya Patra:** Okay. Just last point, sir. If you can share some of your investment and capex plan, if any, for next year?

**Nirmal Momaya:** So, right now, we are not looking at any significant capex because we need to first also sweat our vanillin plant. So, no significant capex, it's just maintenance and some odd debottlenecking and that kind of...

**Moderator:** The next question is from the line of Ajit Sanjay from Nirzar Enterprises.

**Ajit Sanjay:** And most of my questions have been answered, but one clarification I wanted, sir, about Lockheed Martin business. Do we have any orders or any updates on that, sir?

**Nirmal Momaya:** No, nothing on update about Lockheed right now. It's on -- they've installed the first battery. They're waiting for some feedback. So, no orders at this point of time.

**Ajit Sanjay:** Any timeline for that or anything sort of that?

**Nirmal Momaya:** No, very difficult to say. It's not really in our hands. That's in the hands of Lockheed.

**Moderator:** The next question is from the line of Niraj from White Pine Investment.

**Niraj:** Yes. On the tariff side, can you give some thought process how you see the evolution happening? Do you see the margin compression happening? And how are our products placed on competitiveness? And do you see the margins compressing in non-U.S. areas? Sir, some thoughts on yours would be useful.

**Santosh Parab:** This is -- the question is with respect to vanillin?

**Niraj:** No, across non-vanillin sir, because vanillin we are clear that the U.S. and Europe will benefit because of the anti-dumping and others -- other side, the prices may go down. But can you talk about your blend side business, the margins? And how much impact -- do you see any impact because of this tariff and on the competitive pressure in the -- have you seen because of the tariff side, anything?

**Nirmal Momaya:** No. So, tariffs, essentially, I mentioned earlier that very difficult to predict what will happen. At this point of time, we don't see it as a disadvantage or an advantage. The way our view is that the tariffs over a period of time will kind of balance out. And I don't think any country will have significant advantage or disadvantage. So, from that perspective, it seems like we should be okay on our margins as far as the blends business is concerned.

**Niraj:** Okay. And second question is, is the inventory in the U.S. so high that it will take a year for you to scale up the production?

**Nirmal Momaya:** Regarding what? Sorry, I didn't follow you.

**Niraj:** Sir, the vanillin inventory, you're saying there is inventory in the U.S. because of the pre buying before the anti-dumping. So, is the inventory quite large in the U.S. that you will take a year for scaling up your production of vanillin?

**Nirmal Momaya:** It's very difficult to say how much stock -- how much stocking has been done. But I mean, we are seeing that it's -- what we are seeing is that...

**Santosh Parab:** See, we can't really estimate what kind of vanillin stocking has happened in U.S. and how much anybody is carrying. But you could certainly -- we could certainly see that there is some release of stock, and hence, our sales in U.S. are growing. That's why we are saying that it's just ramping up the production to 100% in the first year itself may be detrimental even to the prices. So we feel that with respect to our capacity, we will be reaching 100% over a period of next 2 years.

**Niraj:** Okay. And what is the price of booking vanillin right now? Not in the Q4 numbers, what is the price of booking vanillin right now?

**Santosh Parab:** For making -- for manufacturing vanillin, right?

**Niraj:** No, no, I'm asking something different. What I'm asking is what is the price that you are doing an agreement to sell that finally so that the...

**Nirmal Momaya:** It depends on market to market and customer to customer on volumes...

**Niraj:** No, on an average -- an average number.

**Santosh Parab:** We told you that...

**Nirmal Momaya:** No we can't give you -- we've given you a range but we can't give you figures for this quarter again.

- Santosh Parab:** \$13 to \$15 is the range. As we said also that we are around a range of \$12 to \$13 in the Q4. At present, the range is \$13 to \$15. It's based on the volume, country, how much quantity you want. So, it's very specific. So 10 kgs can be sold at \$25.
- Niraj:** No, I understand. And the last question, what is your estimate of your 6,000 tonnes, if you reach 100% utilization say in 2-3 quarters from now, what is the estimate of that? How much will you be able to sell in the U.S. and the European market?
- Nirmal Momaya:** They're almost the same size.
- Santosh Parab:** Both are same size...
- Nirmal Momaya:** Same size market.
- Niraj:** No, no, I'm asking what -- of the total, say, 6,000 tonnes you produce and sell, say, a year from now, when you reach 100% utilization, how much do you estimate that combined U.S. and Europe, you will be able to sell to them? So what I'm trying to gauge is how much percentage of your sale volumes will come from anti-dumping markets, anti-dumping duty markets.
- Nirmal Momaya:** Our estimate is about 70% should go into those markets. 30% is in other markets.
- Moderator:** The next question is from the line of Rohit Nagraj from B&K Securities.
- Rohit Nagraj:** First question is on blends. So, we have grown by almost 18%, 20% during this year, and we still have confidence that we'll be able to grow beyond 15%. So what is the driving factor for this growth? And from a composition perspective, how the blends are supplied to different geographies and which geographies are finding this strong growth momentum coming in?
- Nirmal Momaya:** I think we are essentially seeing growth in all the geographies that we are present in, whether it is North America, Central America or South America as well as India and Europe. We've also opened some markets for our blends business in the Middle East and Africa and some of the Asian markets. So, the growth is coming from all across.
- Santosh Parab:** If you can also refer to the presentation where Mexican, Brazilian and North American and Vitafor Belgium are predominantly blends market.
- Rohit Nagraj:** Right. But there, is it that we are displacing some of the local players? Or is it that the industry itself is growing by 15%? I just wanted to have a view on that.
- Nirmal Momaya:** It's a combination of both. Some of it is taking market share and some of it is growth.
- Rohit Nagraj:** Sure. That's helpful. Second question, in the opening remarks and subsequently, you told that for the operations which will be abandoned, we'll be incurring about INR8 crores per quarter. How long we'll have to incur it and whether on a year-on-year basis, that INR8 crores per quarter can come down materially over the next 2, 3 years?
- Nirmal Momaya:** Yes. So, the idea is that this INR8 crores a quarter is for the next couple of quarters at max, because after the closing procedure is completed in a way which complies with all regulations

and safety laws, we will -- in those -- in that locality or in that plant, we will have no employees there really, workers there apart from a couple which are required statutorily. So, the cash burn over a period of time on an annualized basis should not be more than INR4 crores to INR5 crores.

**Rohit Nagraj:** So, effectively, in FY '27, it could be about INR4 crores, INR5 crores, nothing beyond that, right?

**Nirmal Momaya:** Yes, that's right. Even this year, I mean, it will be substantially lower than what we've incurred till now.

**Rohit Nagraj:** Correct. And for the assets there, I mean, is there any value for those assets when we are probably dismantling and selling it?

**Nirmal Momaya:** No, no dismantling. We are not dismantling it. We are just mothballing it for the time being, till we find some alternative use if we do.

**Moderator:** The next question is from the line of Ajay Surya from Niveshaay.

**Ajay Surya:** Sir, congratulations on the performance. Sir, my question is, if you can highlight which Indian manufacturers do we actively compete with in the flavors blend segment and the vanillin part? That's my only question.

**Nirmal Momaya:** No, in the vanillin part, we don't compete versus anyone in India. It's only the Chinese and Solvay.

**Ajay Surya:** And on the flavor blend segment.

**Nirmal Momaya:** Flavor blend? No, we don't have flavor blend in our portfolio.

**Ajay Surya:** Just blend I meant, just the blend.

**Nirmal Momaya:** For blends, there are many competition. In India, there are different competitors. In every market, there are different competitors. There are local competitors, there are some MNC competitors. So it's a -- we have several lines in the blends and there are different competitors in different blends. So there will be a large number.

**Ajay Surya:** And any idea on what market share do we hold over there? Can you put a number to that or it's difficult?

**Nirmal Momaya:** It's very difficult to understand. Yes, very difficult to understand the market share because it's very fragmented.

**Moderator:** The next question is from the line of Rohan Advant from Prad Capital.

**Rohan Advant:** Sir, on the gross margin range that you said of 45% to 55%, which is a large range. But given the vanillin pickup and the pricing that we are obtaining right now and the benefit it has in terms

of reducing catechol losses etcetera, from a near-term perspective, shouldn't this margin move more towards 55% than the 45% range?

**Nirmal Momaya:** That's what we are hoping, but let us see how it unfolds.

**Rohan Advant:** Yes. Sir, because you said there are some headwinds, but this tailwind of vanillin should overwhelm those headwinds? Or am I not understanding it right?

**Santosh Parab:** No, as we said -- that's why Nirmal said that 55% is the outbound range.

**Nirmal Momaya:** Yes. That certain range is between 45% to 55%, depending on at what level...

**Santosh Parab:** He also mentioned about the product mix. He was hinting towards that more vanillin, higher margin.

**Rohan Advant:** Got it. And sir, the current vanillin price of \$13 to \$15 that you mentioned, it is without the duty in Europe being confirmed as yet. So, once that is confirmed, shouldn't this price further go up? Because today, there would be some Chinese vanillin finding its way into Europe and that would be putting pressure on Europe. But once that is out, then there should be more tailwind to the price?

**Nirmal Momaya:** Yes, that is, of course, like Santosh said, but -- yes. No, it would -- so it would essentially -- what we understand is, there's a 131% duty and which kind of says that there is room for at least 10%, 15% of prices to go up in Europe from where they are currently.

**Rohan Advant:** Okay. Sir, so from a strategy perspective, are you thinking that let's not book too much capacities right now because prices could further go up and we could get locked into a lower rate and that's why it might take some time for volumes to pick up?

**Nirmal Momaya:** Yes. There are two things to this. You're right. One is you don't want to sign very large volume commitments. Second is, also some of these buyers have already bought lower-priced material and have stock. So they're also -- they will also wait it out and negotiate hard till such time as their stock positions become critical. So, it's a waiting game, and you're absolutely right with your question.

**Rohan Advant:** Sir, just lastly, this confirmation of the European duty, is it just a matter of time or is there more process that may or may not go in favor of the duty being confirmed?

**Nirmal Momaya:** Well, very difficult to answer that. But what we understand, at least from the market that the big players are all approaching us for volumes of product and commitments for volume. So, which obviously is giving a sign that for sure and the company which has the biggest injury and is applied for the anti-dumping duty, they seem to be very sure that it's always that these duties will be levied.

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

**Surya Patra:** Yes. Just one more thing. On the branded product that I am seeing, DHA and Omega, the YSS products that is visible on your listing. So, is there any visible progress that we have witnessed

in FY '25? And whether it is part of the aroma business or blend business where it has been considered?

**Nirmal Momaya:** It's in the others. It's not put right now in any of the categories. But yes, we have some very good conversations going on. Of course FY '25, you won't see a massive jump, but there are some projects in the pipeline and some contracts that are being negotiated. If they come to fruition, which we should know in the next 3 to 4 months, then in FY '26, you could see a big jump in that.

**Surya Patra:** Okay. And whether the product approval from the advanced market or anything, if any major market that has been already approved or something like that or it is not required to get any regulatory approval, it is just supply based on the customer approval.

**Nirmal Momaya:** No, regulatory approval is not required. It is more from buyers.

**Surya Patra:** Although it is a DHA and health care-related products, still it is...

**Nirmal Momaya:** Yes, it is permitted. So, all you have to do is, most countries permit DHA in food and baby foods and for human consumption as well as for animal consumption. So, regulatory is not such a big issue.

**Surya Patra:** Okay. And just one more point. So post the cancellation of the operation there in the Italy, so ultimately, going ahead, whether what run rate that we are quarterly seeing in terms of revenue, so that is a sustainable number? Or how should one think or it is likely to -- because there is blends activities that is also there within that premise?

**Santosh Parab:** Yes. So at present, blends for the annual blends is in the -- in terms of INR50 crores to INR60 crores. And we have moved our focus more to the ingredient business in Europe. This will certainly grow. The growth which Nirmal said in blend, some 20%, some portion of that will also come from Italy.

**Surya Patra:** Okay. So, that means the quarterly run rate is definitely going to sustain with some growth?

**Santosh Parab:** Yes.

**Moderator:** The next question is from the line of Rohit Nagraj from B&K Securities.

**Rohit Nagraj:** Apologies if you have shared this data probably earlier. But in terms of the 4 segments that we are operating in, what could be a broader range of EBITDA margins for each of the segments?

**Santosh Parab:** It's a competitive information. You can see the overall margins in blends. We have been saying a 20% margin, we have share. So it's very difficult. Other businesses, Straights and Performance Chemicals have varied EBITDA margins, it will be very difficult to exactly give that.

**Nirmal Momaya:** We don't account for that.

**Rohit Nagraj:** Right, right. But just in terms of maybe subjective assessment of the same, what could be the chronology in terms of high margin to low margin?

**Santosh Parab:** We saw 10% that could be said to be a low margin on a composite business. High margins, predominantly blends has always been a very high-teen business. Vanillin is an opportunity there. It can even have a very high business margin. Generally, we should be near high-teens.

**Moderator:** The next question is from the line of Rohan Mehta from Ficom Family office.

**Rohan Mehta:** So I wanted to understand what is the gross margin for vanillin currently?

**Santosh Parab:** We shared the prices. We said that we are producing at \$9.50-\$10 and average price were in the range of \$12 to \$13.

**Nirmal Momaya:** But it's total cost. It's gross margin, but total cost.

**Rohan Mehta:** But these will be the spreads, right? But the cost of production, which you have mentioned, that includes the other operating cost as well, right?

**Santosh Parab:** Yes.

**Rohan Mehta:** Yes, yes. So I'm asking only on the gross margins, not on the spread.

**Santosh Parab:** So at the current phenol prices and crude prices, the raw material cost ranges between \$7.5 to \$8.

**Rohan Mehta:** Okay. And what percentage of ortho-vanillin once you are at full capacity utilization, will it be, as a percentage or what will be the percentage of ortho-vanillin at full capacity?

**Santosh Parab:** Scientific formula says that we should get 5% of ortho-vanillin on methyl vanillin.

**Nirmal Momaya:** Only on methyl vanillin, not on ethyl vanillin.

**Rohan Mehta:** Okay. And in terms of the cost of production for Solvay, would it be somewhere around \$17 to \$20 or is it much lower?

**Nirmal Momaya:** Solvay's cost of production will be lower than \$17 to \$20. It will be much lower. It will be in the \$10 range.

**Rohan Mehta:** Okay. So, this is both for the Europe and U.S. facilities.

**Nirmal Momaya:** Yes.

**Rohan Mehta:** All right. And would it be like sort of ridiculous or impossible to say that vanillin prices can move up to \$20?

**Nirmal Momaya:** Who knows? Difficult to say about where it goes.

**Nirmal Momaya:** But yes, it's difficult to say.

**Rohan Mehta:** Right. And in terms of blend -- yes, sorry?



- Nirmal Momaya:** It is difficult to really say where it will go and settle.
- Rohan Mehta:** Right. In terms of the blend business, any 2 to 3 prominent players maybe you can name.
- Nirmal Momaya:** There is Kemin, there is Alltech. There is -- in animal feed, there are like 20 of them. In antioxidants, there is Kemin. Alltech is in some other products. Then you have Trouw Nutrition, you have GSM in some of these businesses. So there are -- I mean there would be at least 20, 30 companies there. EW Nutrition.
- Rohan Mehta:** Right. And while I'm not asking for a specific market per se, but what was the amount of vanillin sold in the last quarter as a whole? Could you give that detail?
- Santosh Parab:** You have -- you know the vanillin -- we told you the vanillin sale price. We have given the vanillin, aroma ingredients value. You can calculate it.
- Moderator:** As there are no further questions from the participants, I now hand the conference over to the management for their closing comments.
- Ashish Dandekar:** Thank you. Ladies and gentlemen. Thank you very much for being with us. We hope we've managed to answer most of your questions, and we look forward to catching up with you again at the next investor call. Until then, have a good evening. Thank you.
- Moderator:** Thank you. On behalf of Camlin Fine Sciences Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.