Camlin Fine Sciences

February 15, 2024

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

Sub: **Transcript of the earnings call on the Un-audited Financial Results (Consolidated and Standalone) for the quarter and nine-months ended December 31, 2023 of the Company held on February 9, 2024.**

In continuation of our disclosure dated January 29, 2024 and February 9, 2024 respectively 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 earnings call held on February 9, 2024 on the Un-audited Financial Results (Consolidated and Standalone) for the quarter and nine-months ended December 31, 2023 is attached herewith and available at the Company's website at 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 No unpublished price sensitive information (UPSI) was discussed during the interactions.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

Digitally signed by Rahul Sawale
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Rahul Sawale
Company Secretary
& VP Legal

"Camlin Fine Sciences Limited Q3 FY24 Earnings Conference Call"

February 09, 2024

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MANAGEMENT: **MR. ASHISH DANDEKAR – CHAIRMAN &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 Camlin Fine Sciences Limited Q3 and 9 months FY24 Earnings Conference Call.

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 the date of this call. These statements are not the 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 your touchtone telephone. Please note that this conference is being recorded.

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

Ashish Dandekar: Thank you. Welcome, ladies and gentlemen to our quarterly earnings call. As is our usual procedure, our CFO – Santosh Parab will give you a brief of the Quarter following which we will be open to answering your questions.

So, I hand over now to Santosh.

Santosh Parab: Thanks, Ashish. Good afternoon and thank you for joining us today.

As you are aware, today's call is being recorded and it will be accessible for replay on our website in due course. Diving down to the Results and the scenario in this quarter, as you are aware, the global economic condition has been taking more than expected period to come back to normalcy and overall growth rates across the economies have increased, but those rates remain quite tepid.

Generally, the macroeconomic conditions remain uncertain and hence extremely challenging. We are witnessing weak demand across most markets. The situation is further accentuated by weak Chinese economy and its weaker local consumption. The Chinese action of predatory pricing in our markets continues and it puts pressure on pricing and consequently the margins. Despite all these difficulties, where most of these factors were not within our control, we were able to post a stable operating revenue of Rs. 385 crores, which is 4.9% lower than the sequential quarter and only 0.5% lower than the corresponding quarter.

There was a significant decline in volumes of performance chemicals primarily due to the temporary shutdown of our Diphenol manufacturing capacity in CFS Europe. This dip was largely offset by robust growth in products in Shelf-Life Solutions, including Blends. Revenue from Blends remained at almost same level as sequential quarter, which is quite commendable considering the festival holidays in American and European continents in the second fortnight of December. CFS North America and CFS Brazil, which predominantly sell Blends have been able to carry the momentum with an operating revenue of Rs. 65.6 crores and Rs. 33.7 crores respectively during this quarter.

Coming down to our Aroma business:

We had just completed the campaign of manufacturing ethyl vanillin at our Dahej plant and are in the process of shifting to methyl vanillin now. This shift generally takes 3-4 weeks. The revenue from Aroma during the quarter was Rs. 6.34 crores, which will grow in the subsequent quarter with the liquidation of inventory which we are carrying. We are breezing for the annual contracts with large flavor companies as well as fragrance companies which are delayed this year due to cautionary wait and watch strategy via all these large consumers. Customer seems to be desisting from entering long contracts owing to the large volatility and uncertainty in the market. However, we strive to provide products of optimum quality to these customers and that endeavor continues with approvals from almost all prospective customers. As mentioned in our earlier call, we are exploring avenues at our facility situated in CFS Europe for an alternative use by manufacturing another HQ downstream product by a different chemical chemistry. We will be finalizing the course of action before the end of March 2024. Obviously, we will keep you apprised on this development.

The diphenol plant in Dahej continued at an optimum capacity utilization and has been supporting the downstream products and its sale. Gross margins remain stable despite sale price headwinds. Operating expenses remain under control despite onetime cost like reversal of power subsidiary of INR 6.36 crore in CFS Europe as well as devaluation of Argentina Peso in our Argentina subsidiary for Rs. 11.85 crores. Of course, these two items have an adverse impact on the profit after tax for the quarter. A comforting aspect has been the resultant EBITDA margin which stood at 8.4% vis-a-vis 7.8% in sequential quarter. In the given circumstances, this is quite a good thing.

I will come to the Chinese subsidiary which remains closed:

We are working on the procedure for change of use of the plant to a new aromatic product, Heliotropin, which is a catechol downstream. However, we are closely watching the current scenario in China and timethe transition based on it. However, at present we contemplate restart of this plant in the second-half of the next financial year.

Just giving you some understanding on the future scenario as we look at the business, wewould reiterate that the business fundamentals remain solid, and our resilience is also more straightforward. We would like to focus on the levers which are within our control by striving to protect the margins, recalibrate our fixed cost and optimize the product mix. We are hopeful that the macroeconomic indicators will ease out in the very near future, and it is pertinent to remain relevant and be ready for growth thereafter. I will now turn it back to the moderator to open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Mr. Ajit from Nirzar Enterprises. Please go ahead.

Ajit: Sir, my first question is on Lockheed Martin, so could you please give some clarity on Lockheed Martin, what is the current order book and what is the status in all?

Nirmal Momaya: I said our first order that we have to fulfill will be fulfilled by end of March '24 which is for their first battery that they have set up.

Ajit: And what is the current order book other than this I mean and if you can quantify all the amount of this particular?

Nirmal Momaya: No, so right now this is the order book for Lockheed. We expect further after the supply of this material, the next step would be then to look at a higher capacity to be built. So, that is the conversation which is ongoing. I think we will have more clarity on that in the next quarter.

Ajit: And sir, could you please talk about vanillin production scale up?

Nirmal Momaya: So, the production scale up, we have been able to achieve, the only thing is right now the market conditions are yet not very conducive because the Chinese producers are continuing to dump material across the world and as Santosh mentioned, we have done our Ethyl vanillin run and now we are going back to Methyl vanillin we start producing, but we are calibrating the production based on market offtake.

Ajit: And for this conversion from ethyl to methyl, like how many days the plant will be closed and how much that will impact maybe on our topline?

Nirmal Momaya: So, the topline may not get impacted because like I said, the market conditions are not so conducive to really push for very large production, but the turnaround time is about 4 to 6 weeks.

Ajit: And just last question, sir, how much inventory is holding off the vanillin currently and what will be revenue from vanillin in FY25 and in this coming quarter?

Nirmal Momaya: Coming quarter, difficult to give you a number right off the bat, but we are holding a total, quantities are roughly in value, it is about Rs. 70 crores.

Ajit: And can we expect vanillin production to go up and scale up to optimum level in FY25 and what percentage of utilization are you expecting, sir?

Nirmal Momaya: So, in FY25, our expectation is about 40 to 50%. We should be able to fill that much up from a market perspective, but again, it depends on the market conditions. We are seeing that the destocking is almost complete, so if the market conditions improve, we can certainly scale it up further.

Moderator: Thank you, sir. We have our next question from the line of Rehan from Equitree Capital. Please go ahead.

Rehan: Regarding the CFS Europe plant, as per the last concall you had mentioned that we would try to do the Anisole process for MEHQ from the CFS Europe, in an unforeseen situation where we are not able to do the same or any other reason that we cannot proceed with Anisole over there, what would be the future course of action for the plant?

Nirmal Momaya: The future course of action, of course, if, for some reason we cannot do this would be to keep the plant on hold till such time as market conditions improve for hydroquinone and catechol and then take a decision going forward on what really we can do with that facility.

Rehan: Second would be, if you could share the data or the volume for hydroquinone for this quarter and catechol for the quarter?

Nirmal Momaya: No, sharing that details is a bit difficult because of competitive reasons, but we have worked our Indian Dahej facility at almost 90% of capacity.

Rehan: And how much of catechol are we sitting on inventory like on our books?

Nirmal Momaya: We are sitting on, I would say under 3000 tons.

Rehan: And lastly, would the management be looking at any further open offer considering the price we have seen relatively say some pressure, so do you think the management would consider another open offer or something similar of the sort?

Nirmal Momaya: I don't think so. I am not that I am aware of, but no.

Moderator: Thank you, sir. We have our next question from the line of Jatin Sangwan from Burman Capital. Please go ahead.

Jatin Sangwan: My first question is on vanillin, so now in the previous call we mentioned that we have orders from our clients that we will start dispatching in Q4, so have we started dispatching those orders or let us say if they are delayed and what are the reasons for the delay and by when are we expecting to start dispatching those orders?

Nirmal Momaya: We have already started selling in this quarter and our expectation is that as we go forward the momentum of sales will improve, but we have already started selling substantial quantities.

Jatin Sangwan: We mentioned that we will be selling around 130 to 150 tons per month, so is it around the same number or say the number has reduced for the March?

Nirmal Momaya: It will be in that range starting from February.

Jatin Sangwan: So, not from January, it will be from February?

Nirmal Momaya: Yes, then you will be a little less, I think from February March we already are in that range.

Jatin Sangwan: So, we will be selling around 100 tons of vanillin at the price of $10?

Nirmal Momaya: Yes, roughly. I mean give or take average.

Jatin Sangwan: And are there any plans to sell vanillin in India because India is also 2000 tons annual market of vanillin, so are we also looking at Indian market or we are just only looking at exports?

Nirmal Momaya: No, we are also selling in the Indian market. It is not that we are not selling, but right now the price pressure is immense from the Chinese producer. So, that is why we are not really pushing hard in the Indian market. But as prices improve and things turn, of course India will be a focus market for us.

Jatin Sangwan: My second question is around Europe, the Europe in quarters had loss of Rs. 28 crores, let us say if I exclude that Rs. 6 crores from power subsidy, the loss comes out to be Rs. 22 crores are there any steps to minimize the loss before the class starts or before we take any action on Europe or is it like going forward number of Rs. 22 crores that will go for let us say one quarter, two quarters before we decide anything on Europe?

Nirmal Momaya: So, there are some actions that we are taking to reduce the fixed cost that specifically with the employees we put them on furlough, which kind of reduces our labor cost and some other interventions also. So, I think we are looking at least a Rs. 7 to Rs. 8 crores per quarter reduction in cost.

Jatin Sangwan: And also if I look at from, let us say PBT was Rs. 28 crores or let us say Rs. 22 crores, but if I look at revenue was Rs. 30 crores, now this revenue may start coming up after let us say Q4 FY24, so is it revenue for Europe from Q1 FY25, so what are the total cost let us say if I exclude the revenue because we would be having some variable profit due to the sale of Rs. 30 crores that we had in this quarter?

Santosh Parab: We didn't exactly get your question, but you are saying how much margin came from the Rs. 31 crore revenue, is that the question?

Jatin Sangwan: So, I was asking Europe get Rs. 30 crores of revenue and Rs. 22 crores from US, so there will be, let us say fixed cost and variable costs, so I want to ask what is the fixed cost, if the revenue goes to 0, so what will the fixed cost that will remain?

Santosh Parab: Fixed cost is entirely fixed cost because we had not produced anything during this quarter and what we are selling is the inventory which we had produced before shutting down the plant. These are the orders which we had on an annual basis, which we had produced, and we are satisfying those orders.

Jatin Sangwan: Yes, but there would be some gross margin you would have earned on this Rs. 31 crores?

Santosh Parab: So, the gross margin we would have earned around 10% odd on those sales because this is where our costs were high then this was produced, the selling price has gone down. So, we would have done around 10% margin on this.

Jatin Sangwan: Sir, if I do the math right, the fixed cost is around Rs. 25 crores and you are planning to reduce it by Rs. 5, Rs. 7 crores every quarter?

Santosh Parab: Rs. 7 to Rs. 8 crores, yes.

Jatin Sangwan: My last question is around the subsidiary part is basically on the Blends. Now, if I look at, let us say the overall number, Europe did PBT loss of Rs. 28 crores, India was at a loss of Rs. 18 crores and if I exclude also the Rs. 12 crores loss that were due to currency depreciation. So, the number comes out at the subsidies in our Brazil, Mexico and North America. They are making it PBT profit of Rs. 45 crores and the revenue in this quarter was Rs. 223 crores, so what has actually driven this margin? Because last year if I check FY23, North America and Brazil was not making any money at PBT level, Mexico was at like 10-15% margin at PBT level. So, what is driving this margin with all this subsidiaries combined are now making a PBT margin of around 20%?

Nirmal Momaya: Yes. So, basically in North America and Brazil, if you compare what were the sales last year compared to this year, there has been a growth which is significant in both these markets and growth in North America has also been, I think exponential as compared to last year, therefore the margin profile has changed from where it was with a low base of sales, but fixed costs being high. The fixed costs haven't really gone up much, but the gross margins have improved as well as the numbers on topline have increased considerably. So, if you look at it in North America, we were doing Rs. 25 crores, we are doing Rs. 65 crores now in the quarter as compared to last year's corresponding quarter. So, that is really what is driving the margins up. Similarly in Brazil as well, we have grown and the gross margins have improved from 25% to almost 31% and even the revenue has grown by almost 15%. So, that is what is driving the margin. Even in Mexico, the product mix and our focus on costs has helped us improve our gross margins by almost 4% to 5%.

Jatin Sangwan: As you mentioned that we have grown significantly in North America, are there any one-off in this growth or is it sustainable growth that we will be looking forward?

Nirmal Momaya: At this point it is, at least for the next few quarters, it is sustainable. We are also looking at some new businesses throwing in as well. So, I think this is kind of sustainable at this point of time.

Jatin Sangwan: And what kind of growth are we looking for in North America and Brazil for FY25 and FY26 or is it too early to comment on that?

Nirmal Momaya: So, the growth I think in FY25 should be at least 25% or so.

Jatin Sangwan: For North America and Brazil?

Nirmal Momaya: Yes.

Moderator: Thank you, sir. We have our next question from the line of Ankur Periwal from Axis Capital. Please go ahead.

Ankur Periwal: Just looking at the standalone numbers here, which is largely India operation, right? If you can help us understand the sharp decline in the operating profits, even if I look at the adjusted numbers on a sequential basis?

Nirmal Momaya: The gross margin has come down by about 5%, which is driven by reduction in the sales price in this quarter for most of the products that we are selling including hydroquinone, catechol and all the downstreams that has kind of led to the erosion of gross margin by about 5%. The price pressure continues to remain in this quarter as well, but we are expecting in the next 2-3 quarters, this price pressure should start easing off.

Ankur Periwal: You mentioned in the next couple of quarters we should see some pricing uptake?

Nirmal Momaya: Yes that is because of China. I mean, what we hear and what we understand is that some interventions will be taken by the Chinese Government to kick start their economy, which is expected in the next 2-3 quarters and if that happens then the dumping that the Chinese producers are doing because of their local markets not really being lucrative, I think that pressure will ease off, and that is what is the expectation of the industry at this point of time.

Ankur Periwal: So, largely we are expecting the Chinese demand to pick up, not any cuts at the supply side?

Nirmal Momaya: Yes.

Ankur Periwal: And not only for the quarter, but if I look at, let us say, the sequential performance and I am comparing the consol minus standalone, there is a sequential uptake in terms of profits from the subsidiaries there, what is driving the growth here, given that the China subsidiary and Europe, we are still facing some pressure?

Nirmal Momaya: So, basically, it is our blend business which I mentioned earlier in North America, Mexico and Brazil, which is growing and growing well with decent gross margins. So, I think that is what is sequentially driving the business there.

Ankur Periwal: And we do expect that part of the business to sustain the profitability going ahead?

Nirmal Momaya: Yes.

Ankur Periwal: From a cost of production perspective, you did mention India facility is operating at around 90% odd utilization, was that right?

Nirmal Momaya: Yes.

Ankur Periwal: So, at Rs. 480 odd crores revenues in India, how much more is there a scope for us to grow and is it the incremental growth largely here will be pricing or there are certain other revenues that we should?

Nirmal Momaya: No, so if you see in this quarter, our vanillin sales was insignificant and that is where the real growth will come from is the scale up of vanillin in the market and potentially it is substantial market for us to play in and that is where the real big push and growth will come from. And also of course our blends business, which is really capacity is not such an issue is something that we are pushing and growing in the Indian market.

Ankur Periwal: This blend we will be increasing capacity here?

Nirmal Momaya: I mean the capacity, blending is we have enough capacity. The 90% I said was for hydroquinone and catechol, for blend it is the capacities available.

Ankur Periwal: And sorry, going back to the first part, the pricing pressure or the margin pressure that we have seen in standalone operation, which is India is because of the pricing at the vanillin side, HQ prices is still okay or there is pressure?

Nirmal Momaya: Both, so vanillin actually is not sold much. The pricing pressure is on all fronts, HQ and its all downstream because HQ prices are down, downstream prices come down. So, it beenbeen across the board.

Ankur Periwal: And sir, just last question, from India standpoint, the cost of production, let us say for HQ for us versus our peers or maybe more global competition, how big the gap will be? I am just trying to understand if China is dumping, maybe they are selling at cost or they have an advantage in terms of their cost of production as well?

Nirmal Momaya: No, I don't think they have much of an advantage on cost of production because costs are slightly higher in China than they are in India. So, as far as the Chinese competition is concerned, I think they are probably selling at a loss at this point of time when you look at both combined hydroquinone and catechol. We know in Italy what our costs are it is not viable. So, the producers in Europe for sure are not making money. Producers in the US also at these kind of prices would probably be losing money. So, I think it is across the board, people are losing money. So, I think it is a matter of time till this turns around there.

Moderator: Thank you. We have our next question from the line of Surya Narayan Patra from Phillip Capital India Private Limited. Please go ahead.

Surya Narayan Patra: My first question is on the subdued performance obviously on the topline as well as on the margins, sir, currently whatever performance operating that we are seeing, is it because of pricing pressure or it is a weak demand, so because why I am asking this means HQ that we would be supplying or we would be one of the leading global supplier, so whether it is the demand for HQ is low, hence prices are low and accordingly whether demand even for the downstreams are low or it is the pricing for dumping of the Chinese of the downstream product that is driving down our things?

Nirmal Momaya: No, I think on the HQ level, the pricing has come down, demand is not such an issue for us, at least we have grown our downstream volumes in this quarter as compared to last quarter, whether it is TBHQ, BHA, MEHQ, all of them. So, I don't see that as so much of a problem. But it is more pricing than demand. Of course, pricing is also due to the fact that some new capacity also came up in China for HQ in the last year. So, therefore obviously there is a bit of oversupply situation which has led to this price erosion, but my sense is that the demand in specifically HQ and some of the other downstream, non-food downstream in China has slowed down and that is causing the big problem in HQ pricing which as soon as the demand picks up in China, I think we will see a turnaround there.

Surya Narayan Patra: Sir, just an extended one to this, so in fact, the integrated nature of the new plants, what we have created the way both the Diphenol as well as the vanillin plant, so obviously it is well known that it is integrated one of the significant low cost manufacturing base compared to the global peers and all that, but the benefit of that has not flown in because of either it is the pricing pressure and this situation is likely to continue possibly for couple more quarter or so. So, if that is the scenario, is there any corrective action from our side that is possible, or it is we have to be awaiting for the market to really correct?

Nirmal Momaya: No, so see, our focus is on several fronts, right. One, of course, is aggressively growing the Blends business, which we are seeing that the margin profile is reasonable, and it can be scaled and that is one focus area for us in the short term to try and grow that as quickly as possible. So, that is one end. Second end is in the downstream, what we are seeing is it has kind of reached the bottom, the price. We haven't seen the price erode in the last 45 days and I think there is a bit of a hydroquinone prices have also started moving up, what they have come down at one point to even $4.5 and now we see that competition is coming at about $5-$5.2 and more. So, there is a bit of a turnaround in the last 45 days in terms of pricing of hydroquinone, which in the downstream will get reflected in the next quarter.

Surya Narayan Patra: And sir, regards to the vanillin contract, the long-term supply contracts or the annual contract, so whether the tendering period or that has been over or how is it so in fact generally it is believed that?

Nirmal Momaya: So, all of them generally have now converted from annual, they have actually gone down to quarterly because of the uncertainty in the market right now, they also understand that it is a dumping situation and there is a risk for them also to tie up long-term contracts and then they are not honored and it is an unnatural situation, right? I mean, they understand that Chinese are selling under cost. They have made a lot of money in the past 2 years and now they are just doing predatory pricing, which of course the buyer understands is predatory pricing. So, they are being very careful on wanting to sign annual contracts. I think most of them have kind of gone for quarterly contracts. Some of them have gone for half yearly and they are opening up those half yearly as well. So, for example, one large FNF company, we bid, but we didn't go down to the Chinese prices, but they have come back to us and wanting a supply at slightly better price than the Chinese, which of course we did not get that bid. So, we are seeing that kind of thing. So, they are also very uncertain because of the uncertainty of the market. They are also being careful not to make long-term commitments, knowing very well that they may not get supplied at all if they make those kind of commitments.

Surya Narayan Patra: Sir, generally the perceptions in COVID now that has been created among the western world that any food element or food related import manufactured out of China may not be reliable, and that is how what we have been seeing in case of pharma industry and all that. So, is it not that playing out here in vanillin?

Nirmal Momaya: So, see, it is difficult because what happens is they may give you preference, but the pricing benchmark is then kept at that, right, so that is a bigger challenge and some of these applications because its fragrance where they don't care where the material is coming from. So, that kind of becomes the benchmark pricing. For us that is the challenge and that is what we are trying to do. We are not trying to enter into a price war and try and play at the lower end. You play at the higher end where a customer is willing to pay more for better stability and quality.

Surya Narayan Patra: Just last one from my side, sir, in fact you talked about the refurbishing of this Chinese plant as well as the Italy plant, so if you can throw some light about your plans in terms of executing those strategies and the kind of money that you would be requiring to whatever modification that you would require for that?

Nirmal Momaya: For the Italy plant, we have the basic engineering is in process. Environmental clearance is in process. So, by March end we have a clear-cut idea of what timeline and what is the cost required to convert it to, but it is not going to be very significant because the process is very similar as what we have today. So, it is unlikely that there will be a very substantial investment. Similarly in China as well environmental clearance because of the region that we were in went through two or three regulatory changes and now it is getting clearer. So, our team is actually going to be there soon and figure out how long it will take to get that environment scale. Once we have that idea, we know that the investment is not substantial to convert that plant for Heliotropin, but it will depend on the environmental clearance.

Surya Narayan Patra: And for this new plant, Italy plant it is a derivative of HQ that you are talking about, so then if it is that, then the existing plant will remain as it is or you are talking completely replacing with some other product?

Nirmal Momaya: No. So, we are looking at what we are exploring is to make MEHQ and Guaiacol from Anisole, so it is very similar process as our current hydroquinone and catechol. And apart from here you are using Anisole as raw material. In hydroquinone and catechol you are using phenol as raw material, but the process is almost identical.

Surya Narayan Patra: And the target market for that operation would be China since that is the largest target market or it is even in Europe and the other advanced market you have?

Nirmal Momaya: So, for MEHQ, the target market will be US, Europe, Southeast Asia, China, all because it is a large market, it is almost 5000, 5500 tons market. So, there we will focus on the global markets. As far as Guaiacol is concerned because it is a joint product with MEHQ, all likelihood we will bring it to India to convert to vanillin.

Moderator: Thank you, sir. We have our next question from the line of Jainam Ghelani from Svan Investments. Please go ahead.

Jainam Ghelani: Sir, I have a few questions. So, initially, sir, we were planning to launch new products in quarter 4, mainly in downstream products of blends, so what is the update for that?

Nirmal Momaya: That is a continuous process that we have several new products that we have now introduced in the market, the scale up and the rollout will happen aggressively in the next financial year. But yes, we have already put placed all the new products that we have developed in different markets, in Central America, South America, India, parts of Asia. So, yes, that is progressing well.

Jainam Ghelani: And what was the contribution of new products in the current quarter and what do we expect it to be in the upcoming quarters?

Nirmal Momaya: In Q4, these products will start showing. We expect going forward next year about at least 10% of our business should come from the new products.

Jainam Ghelani: So, what would be the fixed cost for our Europe plant and Chinese plant for each quarter?

Nirmal Momaya: I think that has already been answered and Chinese is about Rs.2 crores per quarter.

Jainam Ghelani: And sir, we were also planning to get vanillin orders from this quarter, so any update on it and what could be the pricing for the same if you could tell us, please?

Nirmal Momaya: I think we just answered all these questions.

Moderator: Thank you, sir. We have our next question from the line of Tushar from Kamayakya Wealth Management. Please go ahead.

Tushar: Just wanted to understand the vanillin situation, how do you see that in terms of utilization for FY25 and FY26?

Nirmal Momaya: I think we have answered that question earlier.

Tushar: Sir, in terms of your plant utilization?

Nirmal Momaya: Yes, we answered that question for FY25 that we are looking at about 40% to 50%, we are on the market condition that we will see the market conditions.

Tushar: So, like you mentioned in the past that would be reaching Rs. 600 to Rs. 700 crores from that plant, do you maintain that revenue or do you see a dip in that?

Nirmal Momaya: No, it again depends on the pricing that we see in the market capacity of 6000 tons. So, potentially if it is a $10 market, it is $60 million at this point of time, that is what it is looking like.

Tushar: And sir, how are you seeing the Q4 current quarter in terms of margins and growth?

Nirmal Momaya: Difficult to say at this point of time.

Moderator: Thank you, sir. We have we have our next question from the line of Jatin Sangwan from Burman Capital. Please go ahead.

Jatin Sangwan: I had just two follow-up questions on vanillin, the first one is around the inventory that we are carrying. So, is my understanding correct that we are carrying this inventory at very high cost, now we know that our cost of vanillin has dropped to $8-$8.5, but this inventory that will be liquidating would be at a substantially higher cost, is my understanding right?

Nirmal Momaya: Yes, so there is the inventory that they are carrying is at a slightly higher price, but I think the impact will not be very substantial, but yes.

Santosh Parab: The sale prices we expect to be the same as the cost at which we are.

Jatin Sangwan: So, it is around $10?

Santosh Parab: Yes. Less than $10, but we are expecting that average realization will be sub-$10 so we don't expect making huge margins on that.

Jatin Sangwan: And second question is around the vanillin utilization now, of course we have given our guidance of 40 to 50% utilization for FY25 for vanillin, but what kind of visibility do we have of now? Of course, the market will be evolving, but what kind of visibility do we have now to the contracts or from the dealer to distributors, we are in talks with?

Nirmal Momaya: It is based on that visibility; we are saying we should be at this level.

Jatin Sangwan: So, it is the minimum kind of utilization that you will do and if the situation improves, it should be higher than?

Nirmal Momaya: That is right.

Moderator: Thank you, sir. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Ashish Dandekar: Ladies and gentlemen, thank you very much for giving us your time. We look forward to interacting with you again when we have our next call after the quarter. Thank you very much. Have a good day.

Moderator: Thank you. On behalf of Camlin Fine Science Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.