September 22, 2023

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 conference call to introduce new promoters and to discuss the business performance of the Company held on September 18, 2023.**

In continuation of our disclosure dated September 13, 2023 and September 18, 2023 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 conference call held on September 18, 2023 to introduce new promoters and to discuss the business performance of the Company is enclosed herewith and is also available on the Company's website at https://www.camlinfs.com/investorcallrecording.

The Management was represented by Mr. Ashish Dandekar, Chairman & Managing Director, Mr. Nirmal Momaya, Managing Director and Mr. Santosh Parab, Chief Financial Officer. The new promoters were represented by Mr. John Eric Bertrand, Co-CEO, AvH and Mr. Harsha Raghavan, Managing Partner, Convergent Finance LLP.

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 No unpublished price sensitive information (UPSI) was discussed during the interactions.

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

Thanking You,
For Camlin Fine Sciences Limited

RAHUL SAWALE

Digitally signed by RAHUL SAWALE
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Company Secretary
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"Camlin Fine Sciences Limited
Business Update Conference Call"
September 18, 2023

Disclaimer: This document is subject to errors and may or may not contain words which have been included / omitted due to human error while transcribing the conference call. Any and all information should be verified with the Company by the reader.

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
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MR. JOHN ERIC – AVH GROUP
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Moderator: Ladies and gentlemen, good day and welcome to Camlin Fine Sciences Limited Business Update 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 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to the management of Camlin Fine Sciences Limited. Thank you, and over to you, sir.

Ashish Dandekar: Thank you very much. Good morning, ladies and gentlemen. I'm Ashish Dandekar, Chairman, Managing Director of the company, and a warm welcome to you for the investor call, which is being organized after a fairly long time. You would have already received and read our investor presentation posted on our website as well as on the stock exchanges. As you are aware, an open offer was triggered in April of 2023 by me, along with Infinity and the Belgium-based AvH Group. The open offer was successful and the co-promoters were able to acquire about 9.9% in the open offer. With this acquisition, the entire promoter stake now stands at 48.03%.

I'm very pleased to introduce to you both the new promoters, Infinity and AvH, who are represented and are here with us today by Harsha Raghavan, who is the Managing Director of Convergent for Infinity. He doesn't really need any introduction as he has been my colleague on the board since 2020. And AvH is represented today by John-Eric Bertrand, Co-CEO of AvH. I am delighted and excited that we will now be supported by 2 superbly capable and experienced co-promoters.

Harsha, Convergent and Infinity have always displayed their deep commitment and have played a pivotal role in shaping critical decisions at CFS. AvH with their acumen and experience in fostering business enterprises will certainly add tremendous and immense value to our business. The confidence reposed by my new co-promoters fosters well for the company's vision and strategy.

I would invite Harsha and John-Eric to introduce themselves and brief us on their rationale to be part of CFS. I would first request John-Eric to share his views. Please.

John-Eric: Good afternoon, and thank you very much, Ashish. It's a pleasure to be with all of you this afternoon. We are a family controlled, diversified group, which is listed on the Euronext Stock

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Exchange, part of the BEL-20 Index, but also the BEL ESG Index. We have a consolidated equity of around EUR4.8 billion. And we were founded almost 150 years ago as a dredging company. We remained a dredging company for almost 100 years, but we diversified together with families and other management teams into other markets and activities. And this probably explains to a significant extent our success.

The dredging activity has, in the meantime, become a global also diversified company with a leading position and information of offshore wind farms. It makes up about 1/3 of our consolidated equity position. Back in the beginning of the '90s, we also stepped into the private banking sector and helped the families there, bring the assets under management from EUR500 million to EUR62.4 billion today.

Now we have also a number of partnerships within our real estate, energy and resources and development capital activities amongst other partnerships in India, and we're very much looking forward to joining forces with Convergent with Ashish Dandekar and the management team to support the company in its further development. We position ourselves as long-term partners, our families and management teams to help them build out performing market leaders and contribute to a more sustainable world.

And we believe the company is high by vertical integration. Its relentless customer focus, diversification of its product portfolio and also continued expansion of that portfolio with amongst others natural antioxidants creates a very robust position. We're very much impressed by this company's management team, passion and innovative drive. So we look very much forward to continue helping together with the promoter group and the management team, building out this company. We believe in very sound financial basics.

We think this explains amongst others, how we have been able to continue for 150 years. And we look into finding -- helping companies develop sustainable business models, and we think this is very much the case of Camlin, and they are part of the solution also by providing antioxidants of qualitative and decaying of food and will hence be part of the solution to feed global population of more than 8 billion. Thank you.

Ashish Dandekar: Thank you, John-Eric. Harsha, I request you to share your views.

Harsha Raghavan: I would be delighted too, Ashish. Thank you so much. It's honor and pleasure to be here on this platform along with my team colleagues and co-promoters. John-Eric from AvH, I think you just heard from him and Ashish Dandekar, who's been already our partner for the last several years. My name is Harsha Raghavan, and I'm the Managing Partner of Convergent Finance, which is an investment and advisory partnership that manages funds on behalf of Infinity Holdings.

Infinity Holdings invested and purchased 21.6% of Camlin in 2020. It has therefore been my privilege to be a part of the journey alongside Ashish on the Board of Camlin for the last 3 years. By virtue of this cooperation agreement and open offer, we have now increased our stake

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together to 48% and formalized the partnership with AvH and with Ashish. Plus, this is the final moment since the partnership that we have already built with Camlin over 3 years is now going to be extended for many, many more years to come, which aligns very well with our philosophy around being a long-term shareholder and a long-term custodian of truly excellent companies.

In line with that, one of the things that we have found to be a real delight is the alignment of objectives between what Camlin represents, what AvH represents and Convergent on guiding principles. Just very quickly, those are mainly the following: In terms of objectives, our purpose is to create win-win outcomes for clients, employees, stakeholders and the broader community. In terms of risk reward, our goal is to take calculated risks that generate alpha. Our core values that underpin how we achieve these objectives are six things.

The first is integrity and our ethics are something we will never compromise on. The second is communication, speed of transparency, honesty and prompt in communication that we tied ourselves on. The third is the entrepreneurial culture, is working nimbly and also clearly alongside the companies that we work with; the fourth is teamwork and that collaborative approach we've seen at Camlin and with our corporation agreement here.

The fifth is excellence and that quest for continuous excellence in anything we do, which, again, we have seen with Camlin time and time again. And then the last, which is related which John-Eric explained about their rankings on the ESG score, its social impact to make sure that we improve the world around us. With that, I will hand it back to Ashish. And I would once again like to express my appreciation that we are now co-promoter alongside two great partners.

Ashish Dandekar: Thank you. Thank you, Harsha. We are looking forward to a very long and fruitful association between us. Before I open the quorum for questions, I have a few requests. Please direct the first set of questions towards topics -- towards the new co-promoters and on the subject of the open offer. After that, we would like to take questions on the business. I would request the participants to address the questions related to quarter ended June 30, '23 for obvious reasons. The questions will be responded to by my colleague Nirmal Momaya, MD and Santosh Parab, our CFO. I now open the forum for questions.

Moderator: Thank you very much. We now begin the question-and-answer session. The first question is from the line of Parin Gala from SageOne Investments.

Parin Gala: Have you been on the Board only for three years. And I'm not aware if you have been on the board of some other companies in India or global. So can you dropout parallel with this three years of your experience in Camlin and your earlier investment with other companies that you've dealt in the three years to change Camlin into an institution which it can become in the future.

Harsha Raghavan: Great. Parin, thank you so much. I assume the question is to me, but I wanted to make sure. And if I understand your question correctly, it is -- have I been on the board of other companies for three years or more and what changes have been achieved in that period. And Parin, the answer for that is yes, I have been -- I have 27 years of investing experience, almost entire region in

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India. And as in my former roles particularly as the former head of Fairfax in India, I was on a number of public listed company boards for much longer than three years.

One example I can share with you is Thomas Cook. I've joined the Board in 2010 and served on that board for almost 10 years. In that period, Thomas Cook went from being initially a subsidiary of U.S. parent. When we bought it, we were able to liberate them from the U.S. parent and allow them to truly spread their wings. Over the eight years from 2010 to '18, Thomas Cook India acquired 24 other businesses under our supervision and we were able to really transform Thomas Cook into a multinational corporation.

There are many other examples of listed companies in India that I can share with you in a private setting. But in the case of Camlin, I can also point out that the company is already a multinational, already has operations in a number of geographies. With our involvement on M&A, capital allocation and the objectives I mentioned around prudent risk-taking and with the experience from our partners at AVH. I'd say the company now has access to truly the best global expertise and networks to continue on its journey.

Parin Gala: Sure. Thanks.

Moderator: Thank you. Next question is from the line of Hussain Bharuchwala from Carnelian Capital. Please go ahead.

Hussain Bharuchwala: So just two questions. One was on your -- if you could give on the chemistry side. So, when I look at peers returns in the MEHQ space. So, they are chemistry or they are -- what is it? Their value chain is slightly different from what -- how Camlin may fit as a result of which I think pricing power that they get in terms of their cost of production is much lower. So how are we shaping it across when I look at between Clean Science and Camlin. So, I just wanted to understand your chemistry abilities as to how Vanillin can actually help you guys. So now I am recently started tracking this company. So, I wanted to understand on that front.

Nirmal Momaya: So what I suggest is we will answer that question a little later. First, let's finish the questions addressed to the promoters.

Hussain Bharuchwala: Okay. So, coming to the buyback and promoter, I have one more question on that front. So I think recently, we had a shutdown in a plant just two days prior to our IPO -- sorry, just two days prior to our buyback that we had -- the open offer that we had. So why was it -- any specific timeline that had happened and it just happened just prior to the open offer? Any reason to that, if you can explain that?

Nirmal Momaya: No. There are no specific reasons. It was -- the temporary shutdown was due to economic reasons. The market prices in Europe and conditions in Europe were not favourable to produce for the time being. And that's how it has been suspended for a period of time till the economic conditions change or improve.

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Hussain Bharuchwala: So how do you -- just to add to that, how do you see things shaping up going forward for the overall Vanillin and overall MEHQ that we produce?

Nirmal Momaya: We'll answer these questions afterwards.

Hussain Bharuchwala: We'll get back to that. Yes. Thank you.

Moderator: Next question is from the line of Dhruv from Vasuki India Fund.

Dhruv Joglekar: So on the open offer, the initial open offer that came out was for acquisition of 25 odd percent stake from the public. And what has been tendered actually is somewhere about 10%, right? So the remaining 15%, do you expect to continue ramping up the stake? I mean, I'm assuming that 25% was a strategic kind of a number to go above 50% as a promoter holding. So, what can we expect going forward? I mean not from a timeline perspective but more from a direction perspective.

Nirmal Momaya: Harsha, would you like to answer?

Harsha Raghavan: Yes, certainly. I can answer on behalf of at least one of us.

Nirmal Momaya: Yes.

Harsha Raghavan: if not more. But -- we -- at Convergent, we had a 21% stake that we acquired in 2020. By virtue of open offer, now we have increased that stake and the total promoter shareholding is 48%. We do believe that 48% is a very successful outcome. You're right that's being somewhere in the 50% range is -- was our objective. That has been broadly achieved since we have the framework for a good partnership among the promoters 48%. In the future, if the company needs further capital, we'd certainly always be there and available to support the company with its capital raising needs. Of course, each situation will have to be evaluated at the time. And if in those capital raising needs, there were to be an implication that our stake was up then we would be possibly agreeable to that.

Dhruv Joglekar: That answers my question.

Harsha Raghavan: Great. And John-Eric or Ashish, may have something further to add.

John-Eric: Well, thank you, Harsha. For my part, I can only confirm that we are happy to be amongst the strong promoter group. And indeed, as Harsha mentioned, we will look into supporting the company further if there are growth opportunities, which we cannot predict today.

Ashish Dandekar: Yes. I agree, Harsha, I think you've been quite comprehensive in voicing the situation on our objectives. So, I have nothing more to add.

Moderator: So do you have any follow-up questions?

Dhruv Joglekar: No, that's it. Thanks.

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Moderator: Thank you. Next question is from line of Ravi Mehta from Deep Financial. Please go ahead.

Ravi Mehta: Yes. Thank for this call. My question to the co-promoters, basically just going through the slide, CFS 3.0, where a lot of focus where the promoters want to focus over the next three, four years been mentioned. So just wanted to understand like, when you are getting into this company again with a longer horizon. So where do you see the road map? What are the gaps which you think, you can plug in with your expertise and networks and where you can collectively take this company with three years, five years down the line, some road maps, some colors, some strategy around what gaps you feel like plugging and that would be appreciated?

Nirmal Momaya: I'm sorry, is this a question for AvH? For Harsha, AvH? For Harsha.

Ravi Mehta: Yes, collectively, yes.

Ashish Dandekar: Okay, so John, would you like to take off this?

John Eric: Sure. Well, happy to start off. We see a company, which is expanding broadly, globally, which is taking on market leadership positions in its markets. We have, as I mentioned, we have a global network, a global presence, and we believe we can help Camlin further where we are present to our networks expand. This is how we work within our group. We try to also introduce our partners to other partners within the group and to our own networks.

We also have a fairly broad experience as an industrial group. You will have heard that we have market leadership positions in the dredging and offshore sectors, but we've also been active in the industry, chemical industry sector. We were reference shareholders of Oleum, which is a leading producer of Oleochemicals, and we're also present in a number of Camlin key end markets, such as food and beverage, to co-control parts of the patient and CPF, which is a leading producer of sustainable palm oil.

And we're very much looking forward to helping the management to expand its geographical footprint and also sharing experience in terms of industrial strategies to be deployed and indeed helping with capital allocation and corporate governance if the management should seek our advice.

Ashish Dandekar: Thank you, John Eric.

Harsha Raghavan: Yes, thank you, John Eric. Ravi, I think your question is great. In fact, it gives me the chance also to reflect over the last three years since we've made our initial investment. At that time, Camlin had an almost completed diphenol plant. That is now completed and has been operating successfully for several years. We have also started construction and fully built a vanillin plant, which is now also ramping up operation quite admirably.

We've also fully consolidated the Mexico division, which earlier was not fully owned by Camlin. And lastly, we have acquired a business called AlgalR, which is developing some fermentation

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based technologies. All of this is just in the last three years. And I can honestly state, objectively state, that the Camlin's today looks nothing much like the Camlin from three years ago.

So I think a lot has been accomplished. Similarly, if we move the clock forward by the next three years, we would clearly expect that many of the initiatives underway already would have matured and would be yielding results. We would expect some of these are all announced projects, but we would expect to see vanillin ramp up to full capacity over time. We would expect to see some of the R&D projects that have been disclosed in the public domain. Not all, but some of them will start yielding outputs in the marketplace.

And we will continue to look selectively and carefully at any further acquisition opportunities in the world around us. So I'd say that the vision for Camlin right now, what it's achieved already just in three years and what it can achieve over the next three and longer periods of time, I'd say is why we have increased our stake at the stage.

Ravi Mehta: Sure. And there is a specific pension of identifying synergistic bolt-on acquisitions. So anything probably the promoters have in mind and probably, it can pan out in near future?

Harsha Raghavan: For the statements and speculative statements of that nature, I don't think would be appropriate. However, you're right that this is an area that we will always continue to constantly evaluate. And once as and when these are justified, they will be announced.

Ravi Mehta: Sure. Wish you all the best. Thank you.

Moderator: Thank you. Next question is from Rohit Sinha from Sunidhi Securities and Finance. Please go ahead.

Rohit Sinha: Yes, thank you for taking the question. So this question is for John. Just wanted to understand, please correct me if I'm wrong. In looking at the PPT, the portfolio where you had been invested in past. So just wanted to understand, this investment in the chemical company, how has been it has performed in the last few years from your side? And is this the first time you are into this chemical company investment side? Or we have already in the chemical or in the kind of investment done earlier also?

And secondly, when we are picturing our company in terms of global scale, just wanted to understand, how we should be seeing this company compared to... Obviously, it is not very much comparable to Solvay or the exact company. But yes, how we should see this company growing forward in terms of global scale and in terms of complex chemistry, which we are currently operating into?

John-Eric: Yes, so maybe I can take your first question. If I understand well, you were wondering if we had similar or experience in similar industries. We have been involved in a whole series of sectors with many companies operating in industrial platform, just like them. And so we have experiences, promoters, reference shareholders in both private and listed companies in India.

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We also have a long standing relationship with a listed Indian company in our partnership with the Reddy family as shareholders of Sagar cement. And this is a group, which we supported the family in bringing from an installed capacity of around 600,000 tons more than 15 years ago to 10.25 million tons installed capacity.

And which has become one of the important middle-sized players throughout India. As I mentioned, we also have experience in the chemical industry to our reference share ownership of a company called Oleo, which was one of the leading producers of Oleo chemicals. Maybe coming back to the second part of the question, we are very much impressed by the company's high degree of vertical integration by its R&D capabilities, by a very strong management team.

And this is a company, which is growing globally in a number of niches, and we believe, which is coming closer in a number of niches to its customers among others through its blending business. So we see a management team which will continue building out the company in a number of markets going forward and very much looking forward to supporting them in this.

Rohit Sinha: Thank you. Okay. One question on the, again, the future's perfect side. Just to say that the major requirement of capital need which company was having five or seven years back, they have quite conveniently completed their projects. Although some delays were there, but still they have managed to execute some of the big projects and now in a position that almost all the projects which we are under discussion are almost at the verge of completion or operational.

So, with all this capital requirement coming into capital flows, which will become from the co-promoters side, the capital requirement is not a concern going forward for us. So, are we targeting some bigger project as well now, because all our existing projects are completed, and if at all that would be case, just to understand, what kind of project we should be targeting or how we should scale up our business in the next three to five years?

Nirmal Momaya: Rohit, I'll answer that question. We are always looking for projects and in our chemistry or in our markets, what we can do to scale up. So, that's something that we continuously evaluate and we'll keep evaluating for future growths.

Rohit Sinha: Okay. I will come back queue for the quarterly update questions. Thank you.

Moderator: Thank you. Next question is from the line of Surya from PhillipCapital. Please go ahead.

Surya Patra: Yes, thanks for the opportunity and thanks for the opportunity to be able to interact with the co-promoters also. My first question is on the business model, the way it can.

Nirmal Momaya: Surya, we can't hear you.

Moderator: Surya, can you hear us? Due to no response, we move on to the next participant. Next question is from the line of Sudarshan Padmanabhan from JM financial. Please go ahead.

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Sudarshan P.: Thank you for taking my question. Sir, my question is to understand, one, the company is already backward integrated with a fair amount of footprint in international markets, Italy, Mexico, etcetera. Can you talk a little bit more on the cost structure because when we talk about the entry barriers, the backward integration capability and the management debt, somewhere down the line, it is not respecting in the kind of margins and the return ratios that the company is currently doing.

So, from a strategy side, what is it from the cost side that you can bring to the table? I'm the source saying from, that it's a fact and also, taking forward from the previous participant. I would believe that, the capability is built today is for a different set of case, which currently is not operating yet. So, how are we planning to improve the scale and bring in more relationships into the fold of Camlin? Thank you.

Nirmal Momaya: Yes, so I'll answer that question. Essentially, our business starts from, we buy phenol and convert that into hydroquinone and catechol, which is called the diphenol business, which is our starting point. To understand our business, hydroquinone is, we get about 40%- 45% of hydroquinone and the joint product catechol is about 55%. Now, catechol is in an oversupply situation globally. The selling price of catechol is much lower than the cost of production.

And it's a hydroquinone chain, which is the profitable chain that has to absorb the losses that we make in the catechol chain. The one thing that changes for us now is that having vanillin, one of the biggest outlets for catechol is vanillin. And being an integrated player for vanillin, after having set up our vanillin facility, the situation changes for us on the catechol front. And what we expect in the next few years to come as we scale up our vanillin business is our cost structure, which looks a little warped purely because of lower market realization of catechol and improved realization of vanillin will change the numbers as you see them today.

Sudarshan P.: And on the scale side, given that, are we seeing a good inquiry in terms of demand? How do we see the scale of specifically happening on the vanillin side?

Nirmal Momaya: The demand of vanillin is quite stable. Vanillin is growing at about 3%-4% a year. Of course, it's a competitive market. And since we are a new entrant, it takes a little bit of time to establish yourself purely because you need to quality your product.

Into the final product where vanillin is used and which is in progress, we've been qualified by several large buyers and we are up for bidding for those contracts for the next year. So I think they are well positioned now on the vanillin front to try and gain market share in the next few years.

Also, we have an ethyl vanillin. So we have a plant which does both vanillin and ethyl vanillin and we are in fact right now producing ethyl vanillin. We've made the switchover.

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The switchover typically takes four to six weeks. We've done that and ethyl vanillin is in the process of getting qualified with all these buyers because they typically need both vanillin and ethyl vanillin. So I think we are well positioned to scale it up in the next few years.

Sudarshan P.: One final question before I join back with you. You talked about M&A, specifically the M&A that you've done in your earlier investment in Thomas Cook, etcetera. But as a hurdle there, what is the kind of minimum return ratio that you would be looking at for the investment that you incur? If you can throw some color on your investment?

Harsha Raghavan: I suspect that question is for me. Harsha

Sudarshan P.: Yes.

Harsha Raghavan: So before we get to return ratios, I think I should make the very fundamental point that when you're running and building a business, you need to think strategically. And when you think strategically, I think you need to think for the long term. And hence, there will be periods of time in all companies where investments must be made and the return ratios will be only fully understood and discovered after some period of time.

So I think that's part and parcel about doing business. So when we make investments in this company or in any other company, there could be periods of time when the investments are being made and before the return ratios are visible.

More than long term, I think what is clear is that the company's cost of capital should be admirably exceeded and the equity return for all of us shareholders should be significantly in excess of what the broader market is providing. And that is the philosophy we undertake.

We do not come with a prescriptive set of ratios and numbers, but rather we think strategically and in the long term to build the business.

Sudarshan P.: Thanks a lot.

Moderator: Thank you. Next question is from the line of Darshan Shah from Multi-Act. Please go ahead.

Rahul Picha: Thanks for the opportunity. This is Rahul Picha from Multi-Act. So my first question is on the vanillin ramp up. So just wanted to understand how long are the approval cycles for vanillin and once you have received approvals like you said you have received with a few buyers, how are the contracts like in which period are the contracts for the next year signed?

So how long is the commercial supply lag that happens from the approval period? So just wanted to understand a bit on the timelines for Vanillin ramping?

Nirmal Momaya: So typically the contracts in the western markets are annual contracts or two year contracts and therefore a period starting from calendar year, so January to December. And typically these are negotiated in the last quarter, that is the quarter ending December before the supply starts in

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January. So as far as approvals are concerned, I mentioned earlier that we've been approved by several large flavor and fragrance houses, which their contracts will come up for negotiation. And so the ramp up as we see it will start very quickly once we have those markets covered.

Rahul Picha: Okay. And earlier we were supplying vanillin from the Chinese joint venture. So right now the customers that we are targeting are in the same geographies that we were earlier supplying or there is a change in strategy or different kind of geographies that we are targeting right now?

Nirmal Momaya: So it's more or less the same geographies, but of course we have a much larger capacity now. So we need to be a little more focused in some markets where there are bigger opportunities. So in terms of our capacity in China was roughly about two thirds of what we have in India. So the strategy is slightly different, but yes, I mean it's similar markets, consumers are the same.

Rahul Picha: Okay. And coming to Catechol now, so how do you see the Catechol loss situation currently and specifically you have shut down the European plants. So I assume there is some cut in the supply for Catechol that would have happened as a consequence of that. So given that, how do you see the Catechol loss situation currently?

Nirmal Momaya: So Catechol, I think I don't see too much of an improvement in Catechol prices. Any which ways currently there is this talking and there is this global demand slowdown which we've seen in the last few months. And I think very early days to say anything what is going to happen.

We wait and watch, I mean it's the question of a few quarters till the demand comes back. But as far as Catechol is concerned, it's always a challenge. So the idea is that at some point you don't sell any Catechol in the market and you sell only the value added products.

We have other value added products like TBC, we have Guaiacol, we have Guethol, we have ODB. So those are all value accretive businesses, but of course the end use markets are much smaller than Vanillin. Vanillin being the largest market. And for us we also have a project with Lockheed Martin where our Catechol would be deployed in the long term. So I think we are positioning ourselves to not be really active in the Catechol market in the next few years and only be in the value added markets.

Rahul Picha: And strategically how are you looking at the European plant like right now it's been shut for some time. So on a long term basis do you expect to continue with that plant or there is some strategy to bring the machinery back here in India and then do the manufacturing here at the same location? Like long term how are you thinking about it?

Nirmal Momaya: So it's early days right now. What we are seeing is a correction of prices in the market which has been significant in the last few months which led to of course us suspending the operations there. But we will evaluate the situation as we go along.

So there is no real clear cut the position or strategy that we have. So we will keep reviewing it and see for how long this market conditions remain where we are and then take a decision.

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Rahul Picha: Okay. And right now while this plant is shut I assume there would be certain fixed cost that you would be incurring there. So what could be the monthly kind of cost that you are incurring there which would be a loss for the European operations until it is shut?

Nirmal Momaya: We can't answer that question right now because really we are speaking about the quarter which was, we can't speak about current quarter. So it's really, since you see the last quarter the results, we were okay in Italy.

Rahul Picha: Okay. And wanted to understand one more thing like over the next two, three years as you direct more of your Catechol to your vanillin production. There would be less and less of Catechol sales that you would be making in the market and I presume what you have been selling is ultimately being consumed by some company to manufacture vanillin. So does that also kind of indirectly lead to the vanillin supply side in the market also becoming more favorable as you stop supplying your Catechol? Like is that directly related or there is enough Catechol available for others to kind of source it from somewhere else?

Nirmal Momaya: Good question. Yes and no. I would say that there are a couple of players who are not integrated and that could possibly impact the supply of Catechol to them. But at this point of time I think there is adequate Catechol available with our competitors for them to be able to supply to vanillin producers who don't make their own Catechol.

Moderator: Thank you. Darshan I request you to come back in the queue for a follow-up question. Next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Good afternoon sir. Thank you for the opportunity. Sir what will be our outlook for FY '24 in terms of top line and bottom line seeing all these headwinds that we are seeing currently? And what kind of growth are you expecting for the next two-three years as our new capacity of vanillin ramps up and the margin that we can see expect going forward? Thank you.

Nirmal Momaya: Unfortunately, we can't make any forward-looking statements because we are in a period where the quarter is ending. But our growth as we have guided in the past will continue. We will continue to grow at 15%-20% for the next 2 years. And even as far as margins are concerned, the margin improvement will continue.

Madhur Rathi: So what kind of margins will we see shift as we reduce our Catechol and increase our vanillin going forward?

Nirmal Momaya: Again I can't give you forward-looking statements on numbers. But there will be an improvement because Catechol we lose money. In vanillin we don't lose money, we make a margin on top of that.

Moderator: Thank you. Next question is from the line of Jay Shah from Capital PMS, please go ahead.

Jay Shah: Hi, this question is maybe for Ashish and Harsha. I just want to know that given now that you have a tripartite promoter scene where you have geographical presence, apart from India you

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have plants in Europe, Mexico and even China. So what would be the strategy of the management going forward? Would you want to place yourself more as a chemistry player?

Because right now honestly, Camlin being more of a product player, especially in the hydroquinone and diphenol space. But now since you guys have so many other plants across geographies doing different chemistry, is the plan to make Camilin a name to replicate when it comes to different chemistry that you can work on or you would want to be probably a global product leader in the top 5-7 products in Camilin portfolio?

Ashish Dandekar: Harsha, if I may.

Harsha Raghavan: Yes, Ashish please go ahead.

Ashish Dandekar: We have a consolidated strategy that we have been implementing for the last few years. It's not a situation that is current. And if you've heard the explanation that Nirmal has been giving on the way forward, the idea is to be an integrated player with the advantage and the strength of being backward integrated, totally.

Essentially that is the strategy. It is not one location which is going to add value or not. It's really the consolidated plan that is going to keep adding value.

Jay Shah: Okay, my question is because see some of your products are going to flavor fragrance or vanillin basically or even other products. Beyond the point because they do not form more than 3%-4% of the end product that you are supplying to. Volume growth becomes difficult in some of those beyond the point. But whereas when you are a chemistry leader, you can always work on downstream or sideways derivatives and keep getting into newer verticals?

Ashish Dandekar: I'm not sure I understand your question totally but if I would like to answer it, essentially if you are asking whether vanillin is a new component, it's not. It was always an integral part of the plan to value add on diphenol. And we are further along on that strategy. May be Nirmal, would you like to explain for us?

Nirmal Momaya: No, so your question is around what you are asking is whether we will focus only on what we are doing or whether there will be new chemistry that we will add. Am I right? Is that your question?

Jay Shah: That's right because what happens is in a lot of chemicals when you go into speciality, beyond the point to scale it also becomes a problem because the end market needs to have that much volume. I mean that end market also needs to grow from certain CAGR provided to which we can get the trickery down effect. But that doesn't happen in a lot of speciality, super speciality in fact. So that's why the question.

Nirmal Momaya: Yes, so we continuously, if you see what we are doing is we are continuously looking at chemistries. Of course, right now it is focused on hydroquinone and Catechol and their down streams which in itself, I think for the next three to four years or five years, there's a lot of work

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that needs to be done addressing those markets, including what we said was with a project with Lockheed. So essentially, for the next few years, we are focused on one side on hydroquinone and catechol downstream chemistries.

On the other end, which is our blend is where -- what you are seeing is more -- that's playing out a little more for us is that beyond a point, certain product categories, you reach a saturation and then you look at different product categories. And that's a continuous process that we're adding new categories for our blends business, which necessarily is not chemistry-driven. It is more driven by the end-use applications. It's more application-driven, a little less chemistry-driven.

Moderator: Thank you. Next follow-up question is from the line of Surya from PhillipCapital. Please go ahead.

Surya: Yes. Thanks for the opportunity. So my first question was about the possible business model going ahead with the strong promoter base now, it looks like that, okay, the investability has gone up quite significantly. So now if we see the business model for Camlin, then we have fully integrated in both the likes of the diphenol, whether it is hydroquinone to the level of antioxidants and the blends. And here in the catechol side to the level of vanillin, which is fully end-to-end integrated and if anything happens on the Lockheed Martin front. So then that is an extension obviously. But having seen the full end-to-end integration in both of your diphenol rates, so what is a way forward for expanding your business that you are looking at?

Nirmal Momaya: So the first is, of course, we need to scale up the vanillin business, right, which is a couple of years' process purely from a market perspective, not from a production side, but it's more market-driven. So of course, our focus would necessarily be on that business. As well as there are certain downstream. Since we have capacities for ramping-up our hydroquinone and catechol and that certain downstream products of hydroquinone which chemistry, which we are working on, and we have kind of started introducing new products in the market in the last one year. And those products will get scaled up in the next two years to three years.

So the idea is, first, focus on this, parallelly, like I mentioned earlier, that in the blend, we are focusing on new categories, and we have several new categories of products that we are now taking on a global level. So we had very good position, say, in Mexico or in Brazil or in Latin America or Central America, which now those product categories that we've got expertise on, we are bringing it to the other markets, and we are trying to scale it up on a global level. So those opportunities are significant potential. And so you will see growth coming on that side, and you will see growth coming from the downstream -- scaling up of the downstream.

Surya: Okay. But led by this co-promoters, its agreement, whether this is adding anything to this to verticals, why because this is -- that is known.

Nirmal Momaya: Right. So of course, what adds with the co-promoter is that their network on a global level, which is significant and gives us access to some of these networks, which otherwise is not so easily available. I think that's where the big value-added comes.

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The second big value-add for management of the business is long-term thinking and long-term strategy on creating value and which today with a robust promoter holding, it gives us the stability for the long term, where the co-promoters are committed to investing further if required or if it's not required to help and sustain the business as we kind of worked out the model.

Surya: Okay. My next question is on the related question on the blends. So blend seems the fastest-growing segment at this moment for Camlin. And the potential wise, it is quite significant, that is well known. But that is also a kind of a global business with having greater business potential in US as well as Europe. And I think we have seen some success in the Latin America as well as US but Europe still is a kind of at the early stage of business penetration that we are there. So can we have any direct benefit coming from the AvH for this vertical?

Nirmal Momaya: Yes, absolutely. And that's something that we are looking forward to because we are very well placed in Belgium. And Belgium is really for these kind of businesses, Belgium is -- I would say, the center of excellence is in Belgium. There are lots of consumers. I mean, our customers as well as competitors in the blends business who are located there. So I think there's a lot that we can work together with AvH to scale up our European blends business.

Surya: Okay. And the extended question again here, sir, linking to your health and wellness business. So ultimately, the biggest market even for the EPA and DHA kind of product vertical. So Europe is the biggest market. And we have obviously acquired capability by acquiring AlgalR for some time back, but whether this is coming to the forefront with strong promoter base now that we are having. And can this be a kind of a dominant driving piece for us going ahead?

Nirmal Momaya: So Surya, it's a very difficult question to answer in that sense because the products are actually sold across the world but Europe is a significant market, no doubt about that. US and Europe would be two significant markets for these products.

The question is, one is scalability. So we are working on that side from a production side, how do we scale, how do we build a bigger capacity and look at them saying that which markets are potentially for us easier, so to say, to enter into. Of course, the most difficult market would be Europe and US because there are established competitors who are from that region for the last 10 years, 15 years, they've been in this business.

So for us, what we are looking at in the first phase is to see where we have the low-hanging fruit, which is where in some geographies where we think we have a good potential market, and we are focusing on those. Of course, at the same time, parallelly, it's not that we are not looking at US or Europe. That continues then, of course, with the help of the co-promoters and their network with distributors and other networks that they have. I think there is an opportunity there.

Surya: Okay. And just last one here, do you really find the scope of inorganic growth for your business? Because see, the last two acquisitions, what we have done, those were of strategic nature and to complete your end-to-end integration in your existing operations. But having achieved the end-

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to-end integration there, do you really see scope of inorganic growth in your existing business or a kind of an allied business that you can think about?

Nirmal Momaya: See, it's this way. Yes. What we've done is we are probably basic in the sense that our own blending units and manufacturing and sales and labs, we are in about five locations globally, right? And those are for those specific markets and countries. So those opportunities, if we get, as we go along for different geographies is, of course, something that we look at because when you start from scratch, we've seen whether it was Brazil or the US, greenfield always takes a long, long time to reach a certain size and scale.

So we'll keep evaluating and seeing if there is an opportunity, if we can get to size and scale very quickly in our geography. That's something that we look at. But I mean, acquisitions for -- just for the sake of gaining market share, not necessarily. So it's more to get a platform and to be ready, ready platform which can help you scale up with. That's the kind of acquisitions we look at.

And of course, if there's a new product category, which is aligned to what we are doing and very close to what we are doing and there's some technology or something which gives us an opportunity, we'll keep looking at that.

Moderator: Thank you. Next question is from the line of Jatin from Burman Capital. Please go ahead.

Jatin: Thanks for taking my question. I have two questions. One is on Heliotropin. So we had plans to convert our plant in China to manufacture Heliotropin, but we were waiting for certain approvals. So I wanted to know the update where is the process and how soon can we expect the operations in China to start?

My second question is Lockheed Martin. We keep mentioning about our opportunity with Lockheed Martin. So I wanted to understand how big this opportunity can be?

Nirmal Momaya: So on the first question, Heliotropin, we are in the process of getting the approvals in China. There was some change of policy that had happened in China, which had delayed the approval process, but now it's kind of clarified and we're back on going through the approval. In terms of time lines, I think three quarters, four quarters is what we expect this finally to get all of this going. That's the first part.

Second part on Lockheed. Lockheed Martin, as it's in public domain, they're installing in the next few months, their first commercial scale battery. And thereafter, of course, the size of the market is quite large, and the opportunity is -- can be significant based on, of course, based on the success of their technology and their battery. But the expectation is that in the next three years to five years, we should be able to get a sizeable growth on this product along with the Lockheed.

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Moderator: Thank you. Next question is from the line of Rahil Jasani from Accelpru. Please go ahead. Line for the participant dropped. We move on to the next participant. The next question is from the line of Abbas from InCred Capital. Please go ahead.

Abbas: So on export front, how is this scaling up for this year? Or can you provide any guidelines for the second half year relative to?

Nirmal Momaya: Sorry. I mentioned earlier that we can't make any forward-looking statements because we are in that period. So unfortunately, we can't give any guidance. But broadly, we have said that we'll grow as we have mentioned earlier.

Moderator: Thank you. Next follow-up question is from the line of Ravi Mehta from Deep Financial. Please go ahead.

Ravi Mehta: Just a follow-up on the blends business. So I've seen the growth being very consistent. And it's the second time we are seeing a step jump in the blends quarterly run rate of sales. And in Q1, it was growth across all geographies, Mexico, Brazil and US. So probably partly you answered in one of the earlier question that you are introducing new products. I just wanted to get some sense on how the strategy is panning out? And whether was there any one-off or pent-up or this is kind of a new normal, a new step jump then which will sustain for a few more quarters, and then we can keep seeing these kind of jumps in cohorts of four quarters, five quarters?

Nirmal Momaya: Yes. So essentially, what we are seeing is in all these geographies, the growth that has happened seems to be sustainable. It doesn't seem like it would be a one-off or for a few quarters. We expect that some of the businesses that we've got will open some further opportunities for us in the market. And we are hoping and working towards seeing that we can even grow further from where we are very quickly in the next couple of quarters.

Ravi Mehta: Okay. Sure. And a very remarkable jump in the US in the Q1, like the sales were almost INR60 crores, not seen before. So these are the new probably entries that you are getting into these markets. So just wanted to understand from a strategy point of view, whether there is an entry -- entering strategy of keeping the margins low to get into an account and then probably work on margins? Or these are quite remunerative market by itself? Or maybe some color on growth versus margin thought process.

Nirmal Momaya: So I mean the US is a very competitive market, of course. It's very large and very competitive. So our strategy in the US is not necessarily cost driven. It's also service-driven and also driven by our new ways of addressing all problems for our customers. So I would say that broadly, the growth on top line will also -- I mean, the bottom line also will grow along with that. It's not necessarily that we are selling very cheap or we are trying to cut price in the market. So to really answer your question, yes, in the US, I mean we've got entry to a few big customers. I think the momentum is good and that you should be able to try and get some new businesses as well.

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Moderator: Thank you. Next follow-question is from the line of Rohit Sinha from Sunidhi Securities and Finance. Please go ahead.

Rohit Sinha: Some of my questions are already answered. Just one thing on this extended plant shutdown we have taken in the Europe, right? Just to understand how the market has reacted in terms of say, price and demand in the earlier announcement and obviously, we have accelerated. So is there any kind of change in the prices or how demand has been?

Nirmal Momaya: The prices have not really significantly changed even after we've announced this. And I think the demand remains where it was. We had some stock. We have built up stock also for hydroquinone and some stock of catechol which, of course, will get litigated in this quarter and in the next quarter. So in terms of -- to answer your question in terms of pricing, I don't see there's an immediate impact as of now. But again, it depends on what happens in China, how things pan out there and the market pans out there. I think it's too early to even hazard a guess on what kind of pricing impact this would have. So we'll have to wait and watch.

Moderator: Thank you very much. So the line for the participant dropped. Ladies and gentlemen, due to time constraints, that will be the last question. I now hand the conference over to the management for closing comments.

Ashish Dandekar: Ladies and gentlemen, thank you for being with us on this conference call. Thank you very much, Harsha and John-Eric for taking the time out and be with us. We appreciate it. And I look forward to meeting and talking to all of you on the next call for the next quarter. Thank you.

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

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