



November 19, 2025

To,
The Manager
Department of Corporate Services (DCS-Listing)
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai- 400001
Script Code: 531717

To,
The Manger
Listing Compliance
National Stock Exchange India Limited,
Exchange Plaza, Plot No. C/1, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai- 400051
Trading Symbol: VIDHIING

Dear Sir/Madam,

Subject: Transcript of the Q2 & H1 F.Y' 26 Earning Conference Call held on November 13, 2025.

Further to our letter dated November 13, 2025, whereby the Company had submitted the link of audio recording of the Q2 & H1 FY26 Earning Conference Call on the Financial Results for the Second Quarter and Half Year ended September 30, 2025 and pursuant to Regulation 30(6) read with Part A of Schedule III of the Listing Regulations, please find attached transcript of the aforesaid Earning Conference Call for your information and records.

This intimation is also being made available on the website of the Company at www.vidhifoodcolors.com.

Thanking you,
Yours faithfully,
For Vidhi Specialty Food Ingredients Limited

Anupam J Vyas
Company Secretary and Compliance Officer
A60464

Encl: As above

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COLOURS You Can Trust For Your Food.



“Vidhi Specialty Food Ingredients Limited
Q2 & H1 FY '26 Earning Conference Call”

November 13, 2025



MANAGEMENT: **MR. BIPIN MANEK – CHAIRMAN AND MANAGING DIRECTOR – VIDHI SPECIALTY FOOD INGREDIENTS LIMITED**
MR. MIHIR MANEK – JOINT MANAGING DIRECTOR – VIDHI SPECIALTY FOOD INGREDIENTS LIMITED
MR. MITESH MANEK – CHIEF FINANCIAL OFFICER – VIDHI SPECIALTY FOOD INGREDIENTS LIMITED

MODERATOR: **MR. PARTH PATEL – MUFG INTIME IR**



Moderator: Ladies and gentlemen, good day and welcome to Vidhi Specialty Food Ingredients Limited Q2 and H1 FY '26 Earning Conference Call. As a reminder, all participants' 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 this 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 Mr. Parth Patel from MUFG Intime IR. Thank you and over to you Mr. Patel.

Parth Patel: Thank you, Heena. On behalf of MUFG Intime IR, I welcome you all to Vidhi Specialty Food Ingredients Limited. Q2 and H1 FY '26 Earnings Conference Call. From the management side, we have Mr. Bipin Manek, Chairman and Managing Director; Mr. Mihir Manek, Joint Managing Director; Mr. Mitesh Manek, Chief Financial Officer.

I hope everybody had an opportunity to go through our investor deck that we have uploaded on exchanges and the company's website. A short disclaimer I would like to say before we begin the call. This call will contain some of the forward-looking statements, which are completely based upon our beliefs, opinions, and expectations as of today. The statements are not a guarantee of our future performance and involve unforeseen risks and uncertainties.

I also would like to highlight all questions should be answered by Mr. Mihir Manek and Mr. Mitesh Manek.

With this, now I hand over the call to Mr. Mihir Manek. Over to you, sir.

Mihir Manek: Thanks, Parth. Good afternoon, everyone. I extend a warm welcome to all of you on our earnings conference call. First and foremost, I want to express my gratitude to each one of you for joining this call and for your continued support throughout our journey.

The outlook for the global food color industry remains positive, underpinned by growing demand across beverage, bakery, confectionery, and processed food segments. The increased popularity of flavored drinks, nutritional beverages, and ready-to-eat products continues to drive market expansion.

While synthetic food colors remain highly in demand due to their cost effectiveness, high stability under light and heat, and resistance to microbial contamination, there is some parallel shift towards natural colorants, particularly in developed markets.

Natural colors, however, face challenges in cost, formulation complexity and regulatory approvals. Synthetic food colors, on the other hand, are finding new avenues of usage in several industrial applications, in several regulated markets, wherein previously carcinogenic industrial dyes and pigments were used.



Global trade dynamics continue to shift. Ongoing trade tensions among major economies, such as China, the US and Western Europe, have impacted global supply chains, resulting in a realignment of sourcing and manufacturing strategies.

For Vidhi, this macroeconomic environment offers a strategic advantage. The company is well positioned to leverage its capacity expansion and enhance product mix to strengthen profitability.

As most of the participants know, Vidhi is a globally recognized and leading manufacturer in the food color industry, with a robust presence over 80 countries, spanning all the six continents, operating within a critical segment of the Indian chemical and food processing industry.

The company specializes in the production of superior synthetic food grade colorants, including synthetic water-soluble colors, its aluminum lakes, FD&C colors, D&C colors, blends, co-blended lakes, and granules. These colorants are essential ingredients used across a wide range of sectors, including food and beverage, pharmaceuticals, confectionery, dairy, pet food, cosmetics, and healthcare.

The company has established world-class manufacturing infrastructure with two primary facilities. One is in Dhatav village of Raigad district situated in Maharashtra and other at its recently commissioned greenfield site in Dahej of Bharuch district of Gujarat state of India. These facilities span over 2.8 lakh square feet combined and are equipped with modern technologies to ensure efficiency, compliance, and scalability.

The Dahej plant, which began commercial operations in December 2023, following a successful trial phase, has significantly increased the company's total production capacity from an earlier 325 metric tons per month to 675 metric tons per month.

I repeat from 325 metric tons per month to 675 metric tons per month. Vidhi is now the third-largest manufacturer of synthetic food-grade dyes globally and the second-largest in Asia, with an installed capacity exceeding 7,200 metric tons per annum.

Additionally, Vidhi's forward-looking investments in R&D are in the form of two R&D units, working on developing several value-added forward-integrated product lines and infrastructure such as the upcoming Roha Phase-II facility.

Also a new plot in Dahej GIDC measuring 16,834 square meters was allotted to our company on 3rd April 2025 and it is expected to bolster our portfolio. The company's focus on operational efficiencies, expanding customer base, deeper geographic penetration and increasing its wallet share from its existing customers aligns with its growth-oriented strategy.

As part of our forward integration strategy, Vidhi is targeting industries higher up on the value chain, i.e. sectors that demand specialized value-added ingredients with greater application depth and stronger profitability potential.



The strategic move will not only strengthen our presence across diversified end-use segments, but also position Vidhi as a comprehensive solutions provider rather than just a color manufacturer. Through these initiatives, we aim to capture a larger share of the value chain while maintaining our focus on quality, innovation and sustainability.

Now I would like to hand over this call to Mr. Mitesh who is our CFO, so he can discuss an outlay of financial highlights. I request you to take over Mitesh please.

Mitesh Manek:

Thank you, Mr. Mihir for that. First of all, I would like to extend a very warm welcome to everyone present on this call. Allow me to discuss the Q2 and H1 FY '26 financial performance of the company.

The consolidated revenues for the quarter stood at INR75 crores versus INR91.3 crores in Q2 of FY '25, thus registering a degrowth of 17.8% on a year-on-year basis on account of gradually exiting low-margin trading business, as well as branch transfer in form of raw materials to our baggage unit.

The EBITDA stood at INR17.7 crores as compared to INR15.2 crores for the corresponding quarter last year, thus registering a growth of 16.3% year-on-year. Our EBITDA margin for Q2 FY '26 was at 23.6% as compared to 16.6% in Q2 FY '25. The PAT of the company stood at INR10.6 crores versus INR10.3 crores registering a growth of 2.3% year-on-year and our PAT margin for the quarter was 14.1% as compared to 11.3% in Q2 FY '25.

Now moving to the half-year annual performance. The consolidated revenues for H1 FY '26 stood at INR162.9 crores versus INR174.3 crores in H1 FY '25. EBITDA in H1 FY '26 stood at INR38.2 crores versus INR29.3 crores in H1 FY '25. Our EBITDA margin for H1 FY '26 was at 23.5% as compared to 16.8% in H1 FY '25.

And the PAT stood at INR23.3 crores in H1 FY '26 versus INR18.8 crores in H1 FY '25, hence registering a strong growth of 24.1%. Now despite the moderation in the overall revenue, primarily due to reduction in trading income as indicated by the company in the past interactions, the company has managed to achieve a notable improvement in profitability.

This improvement stems from a conscious shift in our product portfolio towards higher-margin value-added products. The enhanced portfolio mix supported by operational efficiency and disciplined cost management has resulted in a healthy expansion in EBITDA and profit after tax during the period. Accordingly, the company has also declared a second interim dividend of INR1.50 per share i.e. 150% per equity share having a face value of INR1 each for the financial year 2025-'26.

Now, our Joint Managing Director Mr. Mihir Manek has explained you in detail about the functioning of the company, the growth potential of the company in form of equity and EBITDA margins, but as a part of my duty, I am pleased to further elaborate for you on this.



Speaking on natural colors, I have two observations. Scenario 1. The huge propaganda by MAHA to use natural colors replacing synthetic food grade colors and several other such ingredients without any support of scientific evidence or data at a state level.

As we are all aware, food colors and several other food ingredients are being regulated by a federal authority, namely the US FDA, to change a federal regulation one needs approval from the Congress. MAHA knew that was impossible to achieve and therefore, quietly put forward to pursue this replacement on a voluntary basis by the food and beverage industry and not as a compulsion by regulation.

However, even this voluntary movement started by MAHA faced a very, very strong backlash from the food and beverage industry in the USA. It is very easy for certain bureaucrats to direct the industry to replace not only synthetic colors, but other ingredients also with their natural substitutes without knowing the impact of cost. Just for your explanation and understanding, natural colors are expected to increase the coloring budget of any company by at least 20 times.

Also, they would face reformulation woes, stability crisis because natural colors are not heat stable, they are not light stable, they are not compatible to all types of packaging. Availability is a big issue, crop failure, weather patterns, short shelf life....

Mihir Manek:

Limited shelf also please.

Mitesh Manek:

Short self life like I said, also affects logistics, ingredient compatibility, etc., are all pain points as far as natural colors are concerned and it is a whole different ball game to put this in practice.

As I said, this has made the food and beverage industry revolt in the USA. There was one article which was recently published in one of the newspapers in the U.S. saying that after months of shaking hands with the health secretary Mr. Robert F. Kennedy Jr. and pledging to take artificial colors out of candy and drinks, the food company executives are now done playing nice because this is simply an impossible task.

Speaking on the actual impact in form of present global meltdown in clear terms, while most of the exports to the U.S. market from India has had a massive impact, Vidhi of course has suffered a total of 20% beating on the top line for the last quarter on sales and revenue.

Overall, the revenue generated by the company from the U.S. market was affected roughly by around 10% in the September quarter and the remaining can be attributed to other markets. However, in the current quarter, the sales to the U.S. market is expected to have almost nil to a very negligible impact.

Based on our past experience, we expect to see revival globally and first and foremost amongst all will be our industry as our products are used by the food, beverage, pharma, cosmetics, healthcare, personal care, etc industries and people do not and cannot stop eating, drinking or falling sick or using personal care products, cosmetics, etc. These are a part of our daily life.



Additionally, in case of our products, there are only two countries manufacturing food colours, that is India and USA.

While we in India suffered a tariff impact on our products, food colour manufacturers in the USA also suffered the same tariff impact on their raw material imports as all their raw materials are being imported from India barring one. Also, the American manufacturers bear the burden of incompetitive manufacturing costs and overheads. So, they too were victims of this tariff.

This is the reason we see no impact in the current quarter to our sales in the USA. Of course, in the first quarter also the logic was the same, but it did not work amidst all the tariff chaos which was created in that quarter. We at Vidhi are optimistic based on the reasons well explained to you by our joint MD Mr. Mihir Manek on the future performance of the company.

There is another scenario which has quietly developed also. Personal care, health care, sanitation, hygiene industries, fertilizer industries, ink industries and several other such industries worldwide are now, and especially in Europe, are now in the process of restricting the use of certain industrial carcinogenic dyes which they were using in all their products and are replacing the same with food grade colours, synthetic food grade colours I might add.

So, we are talking about opening up of a whole new sector which till now is lesser known to most. Such a replacement is extremely easy to make as there is no cost disadvantage and there are no challenges on reformulation front as well for all these industries. But of course, as we all know, good news tends to flow a little slower than the bad news.

So, I wanted to make this known to one and all during this call. I have another good news which has come to our attention only today. I will explain that to you. I am sure one and all would have read in today morning's Times of India that the government of India has come out with an export promotion mission wherein they have proposed two integrated sub-schemes. One of the schemes is known as Niryat Protsahan.

According to this scheme, they will be reintroducing the interest subvention for pre and post shipment credit to provide affordable finances to the MSME exporters. For your information, Delhi is also an MSME exporter.

This means once it comes into effect, this will reduce the interest cost on the company and the scheme may be introduced retrospectively as it has happened in the past. If that is the case, it will have an impact on the actual outflow of interest from the company for the first and the second quarter also.

Currently, we are not sure as to how much subvention will be given. But I would like to inform you the last time the subvention existed, it was at 3%. I would also like to give everyone present here, some overview on the industry, especially the chemical, dyestuff, dyestuff intermediate and pigment sectors.



The chemical and dyestuff industries are currently facing a prolonged phase of subdued demand and margin pressure, both in the domestic and the export markets. This slowdown has significantly impacted overall production levels across the value chain, including dyestuffs, intermediates for dyestuffs and pigment.

At present, a lot of the units in these segments in several MIDCs in Maharashtra, to name a few from Raigad, like our Roha MIDC, Mahad, Lote, Taloja, Patalganga, etc. are operating at production reduction by around 30%. Some of the units are running at approximately 35% of capacity utilization, that too in one shift only. A lot of them are sitting on extremely high inventory. This low operating rate reflects a combination of several factors.

One of them is weak demand from key downstream sectors, particularly from textiles, coatings, plastics, printing inks, etc. Another one is excess inventory and price competition in both domestic and international markets. The third one is reduced export volumes, especially to the USA due to the tariffs, and also to Europe and parts of Asia due to sluggish global consumption and currency fluctuations.

The dyestuff intermediate segment is also suffering as it is a critical link between basic chemicals and finished dyes. They have witnessed a lot of demand pressure from both ends as there is no demand from dyestuff producers and whatever demand there is remains highly inconsistent.

Similarly, the pigment industry has seen reduced uptake from paint and plastic sectors, leading to lower plant load factors and cautious production planning. Many producers are currently focusing on maintaining cash flow, managing working capital and limiting fresh raw material procurement until the market shows clear signs of recovery.

As you all know, we are witnessing a turbulent phase in the global environment, marked by heightened geopolitical tensions, regional conflicts and economic uncertainties. Supply chain disruptions and fluctuating demand patterns have created challenges across industries.

Despite these headwinds, I am proud to say that Vidhi has remained resilient. Focusing on operational efficiency, prudent financial management and strategic agility, our diversified market presence and strong customer relationships have enabled us to navigate this volatility while continuing to deliver sustainable growth.

And as explained by our Joint Managing Director Mr. Mihir, the new products which Vidhi is foraying into will ensure that the company grows at a very good sustainable pace in the years to come.

With this, now I would like to open the floor for any questions that our participants may have. Mr. Parth, please take it over now.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Gokul Maheshwari from Awriga Capital. Please go ahead.



- Gokul Maheshwari:** Yes, hi. Thank you for the opportunity. First of all, really appreciate you keeping the call. My first question is that what is the current capacity utilization of the Dahej plant and when do you expect full utilization for the plant to come through?
- Mitesh Manek:** Thank you for the question. Let me inform you that the current capacity utilization at the Dahej plant is about 65% to 70%, and we expect full capacity utilization by the end of this year and Roha is currently being utilized at 100% utilization.
- Gokul Maheshwari:** Great. My second question is that in the first half, as per the balance sheet and the cash flows, you have improved your working capital, so commendable on that, but there is a jump in the inventories while the sales have remained sort of flattish. What is the reason for the increase in the inventory?
- Mitesh Manek:** I will explain you. As I said, the Roha facility is running at 100% capacity utilization. Dahej facility, which is a new facility opened up in the end of December 23, has now been running at almost 70% capacity utilization. So the higher inventory comes from operations running at two plants, so we are inviting raw materials, in-process stocks, and finished products.
- Now, in the last quarter, we have seen some sluggish demand as a company also. Like I explained, several other companies in the dyestuff and the chemical industry have chosen to cut down their production. Some of them are working at 50%, some at 35%. Vidhi, as a company, is absolutely confident that the revival in demand will be first in our industry. We have not curtailed any production activities whatsoever.
- We would like to build some stocks. So eventually, when the demand is at full potential, earlier on we had certain lead times which we were offering to our customers, which they were not liking. We would like to improve our service to our customers in the form of immediate deliveries.
- And like we have also informed you in our speech, we are already seeing improvement in demand in this quarter. So all these inventories that we have built during the last quarter will come to good use in the current quarter and the next quarter.
- Gokul Maheshwari:** Great. Thank you. And lastly, can you just comment on the volumes from manufactured units in Q1 and Q2 of this year and last year's numbers? This is just a data question?
- Mitesh Manek:** So, last year, the total volume produced and sold was 4,977 tons. Quarter one was 1,343 tons. And quarter two was 1,233 tons.
- Gokul Maheshwari:** Can you tell the last year's number also? You are talking last year's H1 was 4,977?
- Mitesh Manek:** No, no, no. The whole last year, 2024-2025, was 4,977 tons.
- Gokul Maheshwari:** So what was last year's H1 number?



- Mitesh Manek:** April to June '25, which is the first quarter, was 1,343 tons. And July to September, which was the second quarter, was 1,233 tons. Am I clear now?
- Gokul Maheshwari:** Yes. But Mitesh Bhai I was wanting even last year's number so that we can compare the base number as well. H1 of last year.
- Mitesh Manek:** H1 of last year. Hang on one second. I don't have it in my hand right now.
- Mihir Manek:** One moment. You said 1300 and 1200 is Q1 and Q2 of last year or this year?
- Mitesh Manek:** This year.
- Mihir Manek:** Okay.
- Mitesh Manek:** Current year. So can I provide it to you separately?
- Gokul Maheshwari:** Sure. Thank you so much and all the best.
- Mitesh Manek:** Thank you so much.
- Moderator:** Thank you. The next question comes from the line of Jinal Sheth from Awriga Capital. Please go ahead.
- Jinal Sheth:** Good afternoon. You did mention about the demand environment and you gave a good update about the global industry. Did you understand the revenue impact, the growth impact that we saw in this quarter? Does that have a tariff-related impact as well?
- Mitesh Manek:** Like I said, our sales to USA were only affected by 10% in the first quarter. So you can call it a small tariff impact. But otherwise, Jinal Bhai, the entire chaos in the world, like I explained, has meant that there has been sluggish demand from the world over because people are choosing to be cautious.
- Mihir Manek:** See, I would like to add to this statement. See, a lot of the Southeast Asian countries, the other African countries, which are our countries to which we export our colors and where they are manufacturing their products, they are also exporting their products to the -- see, ultimate consumers are the developed markets, number one being the US market.
- So when there is this whole tariff chaos going on by the USA, all these customers, these producing companies, food producing companies, personal healthcare, hygiene producing companies, cosmetic companies, who are using our colors and then exporting their finished products to these markets like USA, etc., were also nervous and telling us that, look, we don't know what will be the tariff on our products tomorrow.
- So we are being very cautious and we are scaling down our inventories because until and until this kind of uncertainty subsides, we don't want to be very heavy on our inventories. So that is



the reason why a lot of the other markets were showing a slowdown as a result of this tariff chaos which was created by the Trump administration.

Jinal Seth:

Thanks for that. Which brings me to my next question, that let's, I mean, market might expect that, okay, we could bring this tariff negotiation, but let's assume that this tariff negotiation we don't know when this ends, but your product is such that the consumer requires it on a day-to-day basis. So how long are they going to prolong this and they are running out of inventory? So any thoughts on this?

Mihir Manek:

See it is not only about tariffs. As you know, since the last 42 days, the US government has been in a shutdown. I think more than 7.5 lakh federal employees have not been receiving their pay, etc. And even when this whole tariff thing happened, a lot of the companies had to let off a lot of employees. I mean, I have heard the top four or so have let go of 100,000 jobs just in the last two months in the US. So see, there is a lot happening.

When there is so much uncertainty, people will want to cut back on spending, you know. So all these factors, there are a lot of factors at play here. However, as things start settling down, there is more, you know, I have heard of some quantitative easing also, which the US wants to now start.

Why? Because they want to increase the spending in the economy. So all these things that are going to be happening are going to, you know, again create more liquidity in the hands of people and spending will increase there.

There was also a survey very recently that 26 out of the 50 states are already in a recession in the US. And California and the state of New York, which were so far not in recession, were also, I think this was a survey by the -- there was a report by the Moody's, you know. So then this came out only about last month.

So there has been, you know, there has been a lot of chaos. However, we see that the feedback that we have been getting from our people on the ground there, our distributors there, is that sales is looking good going ahead. And these are the ground reports that we have, based on which we are getting our confidence that, going ahead, we are seeing better times for us.

Jinal Seth:

Okay. And lastly, since you mentioned that your, the hedge will get fully utilized by year end, any thoughts about capacity expansion with the other plant and any thoughts on that?

Mihir Manek:

See that is why we have already covered that, I believe, in our, in my speech, wherein I have spoken about a new piece of land measuring 16,894 square meters, which is about four and a half acres that we have acquired in April of 2025, which, you know, speaks volumes about our intent going ahead.



We are in due process of acquiring the required, you know, approval, public permissions from various government authorities like GIDC, GPCB, etc. And once we have them in place, we will immediately be starting our capex activity on that piece of land also.

There is another piece of land in Roha, Raigad, which is about 4.5 acres, where too we are starting a capex program very soon, wherein we have already received permission from the Maharashtra Pollution Control Board also. So, there are no regulatory approvals that need to come through for that capex plan. So we are only currently ongoing -- the engineering work is ongoing for that.

So, all the plans, construction plans, etc., are being prepared for that site too. And within the next 2.5 months to three months, we will start construction. Preliminary construction also has been done on that site. So, the remaining part of the job will be undertaken on that site at Roha. And we expect in about 10 months or so, we will complete that, but that will be a smaller capex activity. The bigger one will come at the hedge.

Jinal Sheth: Great. Thank you so much, and good luck.

Mihir Manek: Yes. Thank you.

Moderator: Thank you. The next question comes from the line of Richa Shah from SRP & Associates.

Richa Shah: Hello, sir. My question is, like, despite the decline in total revenue due to lower trading sales, Vidhi has reported strong EBITDA and PAT performance. So, could you please elaborate on how the shift in product mix and operational efficiency contributed to margin expansion, and whether this margin profile is sustainable going forward?

Mihir Manek: Mr. Mitesh, I request you to take this, because you are the person who is an expert on numbers.

Mitesh Manek: Absolutely. So, ma'am, as I have already covered it in my speech, we are constantly in the process of introducing new products and increasing sale of some of the new products, which we have already introduced in the last few quarters. This means the company is looking at improving the product portfolio mix of colors being manufactured and being sent to our customers.

We are relying more and more on high-value, high-margin products and with the increased sale on that, which we are experiencing quarter-on-quarter basis, I assure you that the EBITDA performance, which the company has achieved in the second quarter, we are confident of improving on that in the next few quarters to come. And we have several such products in the pipeline as has been explained by Mr. Mihir in his speech.

Richa Shah: Okay. And what would be the average selling price of these newer products?

Mitesh Manek: The newer products are of an expensive nature around more than US\$25 per kilo upwards.



- Richa Shah:** Okay. And has the company undertaken any pricing action in key export markets, if currency fluctuation is there or input cost changes?
- Mitesh Manek:** See, the currency fluctuation is only on the depreciating side of the rupee. And since 95% of the company's revenue is generated by the form of exports, a depreciating rupee would make us more comfortable and is good news for us here.
- Mihir Manek:** No, but naturally she is asking that whether we – see that we don't typically get into long-term contracts. The orders are negotiated with the customers on each order basis. So naturally, every time they ask for a quote, we do tend to pass them certain benefits if there is some appreciable depreciation in the currency, because you have to also remain competitive vis-à-vis your competitors in the Indian market.
- Richa Shah:** Got it, got it. And my last question would be, what is the current share of high margin value products in your revenue mix? And how do you see this evolving over the next 12 months to 18 months with the phase coming and ramping up?
- Mitesh Manek:** So, the high value, high margin products currently constitute of around 15%. And we would like to increase that to around 50% in the next few quarters. So, 50% high value products and 50% standard products.
- Richa Shah:** Okay, okay. Thank you, sir. Thank you.
- Mitesh Manek:** My pleasure.
- Moderator:** Thank you. The next question comes from the line of Priti Agarwal from S.K.Associates. Please go ahead.
- Priti Agarwal:** Yes, thank you so much for the opportunity. I wanted to know, given that over 95% of our revenue is export driven, could you discuss demand trends across key geographies like U.S., Europe and Australia? And like are you witnessing any shift in customer preferences or regulatory changes impacting demand?
- Mitesh Manek:** See, the only shift or change in customer preferences that we are experiencing currently is the change by the industrial applications, which I have explained. By that, I mean certain fertilizer industries and ink industries and sanitation industries and personal care and health care shifting towards synthetic food colors and dropping the carcinogenic industrial dyes from their products.
- Now as far as Vidhi is concerned, we have a very evenly distributed sales geography-wise. So we are present very -- we are in the North American continent, South American continent, European continent, Southeast Asia, etc., Australasia, this is where we find our demand from.



We do not depend on any one particular continent or country for our demand. However, we are very strong in the European and the American market. In the U.S. market. Both North and South America and Europe is where our company's strong holdings.

Priti Agarwal: Right. Understood. And with regards to capital management, how do you plan to allocate capital going forward between capacity expansion and R&D? Like what would be your debt levels going forward? And do we plan to add any debt going forward?

Mitesh Manek: Yes. See, the ongoing expansions, etc., would be a mix of our internal accruals as well as some debt. And as far as R&D activities are concerned, the company presses forward with the same, and we are not worrying about investing any capital on the R&D front because it is an investment which has already contributed to a certain new products, which the company has already introduced and is selling worldwide. And there are certain other new products in the pipeline, which are very exciting for the company also.

Priti Agarwal: Understood, sir. All right. Thank you so much, sir, and all the best.

Mitesh Manek: Thank you.

Moderator: Thank you, sir. The next question comes from the line of Riya Jain from SDA Finance. Please go ahead.

Riya Jain: Hi, thank you for the opportunity. So I had a couple of questions from my end. So sir, with long-standing relationships with global FMCG and pharma majors, what initiatives are being taken to deepen wallet share with, say, existing clients or cross-sell new products to them?

Mitesh Manek: Look, the point is that the company enjoys a very vast customer base world over and a net of distributors world over. We have excellent relations with all the top MNCs, etc. So whenever we introduce any new products, the first and obvious customer base for us would be to target our own distributors who are present in all those industries, which we wish to target. So for Vidhi as a company, it is rather easier to introduce such new products to our existing distributors.

And also, we have a very strong marketing campaign, which means that we are present in most of the top exhibitions world over industry-wise, where we exhibit and showcase our products. We are exhibiting in a different country almost on a monthly basis and making our product popular amongst all those geographies and target clients and winning new business at the same time. And also winning new distributors for new products and trying to promote the products through our existing distributor chain also, which is very strong and robust worldwide.

Riya Jain: Got it, sir. Just a follow-up to this. Are there efforts to enter newer customer categories or end-use segments?

Mitesh Manek: Of course. As our newer lines of products come out which cater to a slightly different industry than what we are catering right now, we would look to enter into different areas of end-use also.

Mihir Manek:

I would like to add to this. Since I am very closely working with the R&D team in our company, we are continuously developing forward integrated products which find a wider application in certain higher category of industries which require products which are having slightly more complicated manufacturing and formulation processes.

And so, due to which as we go, continue to go ahead, we will see these products being commercialized over the next six to eight quarters and you will see a higher quarter-wise you will see sales from participation of these products increasing in terms of sales realization coming in from these products. So, that way we are increasing, we are diversifying our product portfolio with respect to the target industries of use.

And therein migrating only from food and personal health care and hygiene to increasing focus on industries like Pharma, etc., which require products with much higher quality and, you know, complicated regulatory mechanisms. So, that is why we are confident of, getting better margins, etc. I hope that gives you some idea, in which direction we are heading.

Riya Jain:

Yes, sir actually, it was quite helpful. So, my second question was on the productivity improvements say, are there further productivity improvements planned, which could involve capex for de-bottlenecking or, you know, replacing some older machineries of our older plants?

Mihir Manek:

No, there are no capex programs being undertaken to carry out any de-bottlenecking exercise or anything, but we have already spoken about two sizable capex programs that we are undertaking very shortly, that we are starting within this next few months, next three to four months execution of both these capex plans, one at Dahej, one at Roha.

Riya Jain:

Right, right. And also, my last question here, can you help us explain the competitive landscape and do we foresee any major capex coming live from any of our competitors?

Mihir Manek:

Not from any of our competitors, no, at this moment. In fact, a lot of the industry players are being very judicious with their capital because of the uncertain geopolitical environment very few people, very few companies have the confidence of carrying out and executing capex plans at this point of time, which fortunately our company is in a position to do at this point of time.

Riya Jain:

That's true, sir. That was very helpful. Thank you, and all the best to you for the future.

Mihir Manek:

Thank you so much, ma'am.

Moderator:

Thank you. The next question comes from the line of Lala Ram from LRS Capital. Please go ahead.

Lala Ram:

Good evening, sir. I have a few questions on the non-food business. You mentioned about new opportunities opening in non-food applications. So, I want to understand, number one, right now, what percentage of our revenue comes from non-food applications?



And number two, what is the trigger for the non-food industrial customers to shift? Is there a regulatory trigger? Is there something else which is causing them to consider your solution versus existing solutions?

Mitesh Manek:

See, currently, the revenue which the company generates from non-food applications is around 2.5% to 5%. Now, there has been a voluntary shift by these companies who are in non-food businesses to shift from Carcinogenic Dyes to using food colors in several products, the fertilizer industry, the ink industry, the sanitary industry, some of the personal care products, some of the healthcare products.

And certain other such industries have now started withdrawing from using carcinogenic dyes and are increasing the use of food colors. And, of course, the consumption and the demand patterns from these companies are huge. So, we expect a very sharp and good rise in our non-food business. And we expect a double-digit growth from the non-food business in the quarters to come.

Mihir Manek:

So, just let me cut in for a moment and explain this with an illustration so that the wider audience can get a better understanding of what you're trying to say. For example, you mentioned fertilizers. So, see, when you replace the industrial dyes with these synthetic food-grade colors that we make, we are supplying these colors wherein there are set regulatory limits of all heavy metals, for example, like lead, arsenic, mercury. All these lead is having a limit of 2 ppm in our colors.

So, you know, as you may have read various articles also from a lot of the journals wherein people have been finding higher levels of lead, arsenic, etc., in the food grains and crops that are being grown globally.

So, if your feed, fertilizer, etc., is having higher levels of lead, arsenic, which is going to poison the soil, so that is why people are shifting towards these kinds of colors which are being used in fertilizer applications, in ink applications, especially like stationary applications where children are using them.

So, they have to be non-toxic because they tend to put these stationary items in their mouth also, and a lot of the time the ink and all goes into the mouth. So, these are some very specific examples which I have given you which will help all of you all understand as to why this shift is happening in a voluntary matter because people want to make their products safer for their targeted consumers.

Mitesh Manek:

Health and safety have become a major concern worldwide and that does not only apply to anything you consume, but it also applies to things and items which we use all and which exist all around us. So, the industry is taking a more holistic approach to what can and cannot be used in their products. You see, this is why this whole shift is happening.



- Lala Ram:** Noted. So, is it fair to assume that right now all the shift is driven by organic change in the end-consumer behavior expectation and not driven by any regulatory push? Is that correct?
- Mihir Manek:** Part of it is also driven by regulatory wherein, crops, etc., are being tested for such presence of such lead, arsenic contamination. So, in order to comply with those requirements, they have to -- they are taking these steps. Though they are not mandated to use synthetic colors instead of industrial dyes in their fertilizers, but they have -- it is self-learning.
- Lala Ram:** Noted. One more question is over the long-term, will this segment be bigger than the food segment over the next 5, 10 years?
- Mihir Manek:** Very difficult to make such kind of sweeping statements, I would be cautious to do that because the size of the industry is very big and to make such sweeping statements is to create, you know, very high expectations in the minds of people. I would rather let the performance speak for itself, but like we have told you, we are abundantly optimistic of the demand rising appreciably in the coming future. So, I think that should suffice for now.
- Lala Ram:** Yes. One more question is what would be our current market share in food color -- synthetic food color globally?
- Mihir Manek:** Mitesh bhai, would you like to take this?
- Mitesh Manek:** Yes. So, the global synthetic food color market is approximately 40,000 to 45,000 tons and your company is 7,700 tons out of it. So, that would roughly come to 7%.
- Lala Ram:** Got it, got it. And one last question, may I understand what makes...
- Mitesh Manek:** It's close to 12%, I am sorry.
- Lala Ram:** 12%?
- Mitesh Manek:** Yes.
- Lala Ram:** Okay. So, one final question is that given this is an attractive industry business, right, in terms of economics, what prevents new people to enter and take market share from you?
- Mitesh Manek:** I am sorry, I could not hear the question very well. Can you repeat that please?
- Lala Ram:** I am saying given that your business is very attractive with respect to the kind of return it generates on invested capital and also margins are very, very attractive. So, what is the reason that prevents new people to come and enter and take market share?
- Mitesh Manek:** Right. See, what happens is eventually our colors are being used by massive multinationals in food and beverages, etc. So, there needs to be a legacy, a trust, a presence across sectors, approvals, etc., which takes years and years to develop.



Any big multinational or for that matter, any big company which owns multi-billion dollar brands and single brand is, worth more than \$5 billion, sometimes \$10 billion, etc., would not like to shift from their regular suppliers of any such small ingredients, especially the cost of shifting from one supplier to another is large and the impact it can have in case they do not evaluate the shifting properly can be devastating.

So, unless and until a company like Vidhi, who has a record of 30 years being present in the industry, wherein we started with a small capacity of 30 tons and slowly, slowly kept winning approvals and kept getting into new territories, etc., and by that experience, we could go to some of the bigger multinationals saying that look, we are supplying to 50 countries, 60 countries, world over, Tier 1, Tier 2, Tier 3, Tier 4 companies are already using our products for some for 15 years, some for 20 years, some for 25 years, why don't you try to, evaluate us and, approve and accept our products as well.

So, the time and effort it takes for a company to establish itself is the runs in decades, which is the reason this is one of the biggest entry barriers for anybody coming up new and saying that, hey, I'm here, I've started production six months ago, why don't everybody start buying from me? It doesn't work that way.

A lot of the multinationals, the approval period to gain their approval runs at like four years, five years, six years, supplying hundreds of kilos of free samples to them for proving your consistency year on year, because they, all these products and the end products undergo stability testing for the entire shelf life of the products, etc. So, it is not that straightforward. It's a tough nut to crack.

Lala Ram:

Sure. Just two more questions related to this topic. One, because of this high fitting cost, does it give us any pricing power? Are we able to increase prices every year or across multiple years? Or does competition lead to purely volume growth?

Mitesh Manek:

Look, the, you know, the company takes a very prudent approach whereby we are at our will to increase prices also if required. But at the same time, we would like our distributors to be competitive. Just for your information, the whole tariff which was put on India at 50%, we have not reduced a penny on our pricing to the US market.

That is the kind of bargaining power that we have. Sorry, not bargaining power, pricing power. But any company would like to be prudent as far as their sales strategy is concerned. So, we don't want to overcharge anyone. Neither do we want to, you know, take a hit or impact on our profit margin. So, we are dealing with this prudently, region to region basis.

Lala Ram:

Yes, got it. Can I put in one last question, please?

Moderator:

The line for Mr. Lala Ram has been disconnected for some reason. We will promote the next. The next question comes from the line of Surbhi, an Individual Investor. Please go ahead.



- Surbhi:** Hi. So, my question is on the value-added product side. If you could just elaborate the margin differential between your regular products and the high-value products. And with the mix shifting from 15 to 50 over the next three to five years, how do you expect your margin trajectory to move?
- Mihir Manek:** Mitesh, do you want to take this?
- Mitesh Manek:** You can go ahead if you want, Mihir bhai.
- Mihir Manek:** See, can you just give some idea about the current margins from the existing synthetic food grade colors that we are making?
- Mitesh Manek:** See, currently our gross profit margins were at 13.1%. Our EBITDA margins were at 17.7% for the last quarter, which was 15.2% in quarter two of financial year 2025. So, at the current portfolio mix, the EBITDA we are generating is 17.7%.
- Mihir Manek:** Now, just to add to this and reply to the second part of the question...
- Mitesh Manek:** It is 23.6 %. I am sorry, Mr. Mihir, I would like to interrupt you there. The EBITDA in terms of crores was INR17.7 crores and the EBITDA margin which we are generating is 23.6%. Sorry for my mistake.
- Mihir Manek:** All right. Now, just to give a broader understanding to everybody listening in, the products which are under R&D development, some of which have already been developed and are being commercialized now as we speak, have all got a gross margin of higher than 50%. So, these are the kinds of products that we are targeting to commercialize as we go ahead.
- Some of them have even got higher than 50%-60%, but a minimum of 50% gross margin is a benchmark for targeting these R&D products that we are looking to commercialize over the coming years and increase revenue participation of these products in our product portfolio in the coming years. So, I think that gives a fair idea to you, ma'am.
- Surbhi:** Sure. So, on an EBITDA margin perspective, can one expect your 23-24 to go at least by 200-300 basis points in the next three-four years? Will that -- is that how it will flow?
- Mihir Manek:** Yes, yes. Certainly.
- Mitesh Manek:** Yes, certainly. Definitely.
- Surbhi:** Understood.
- Mihir Manek:** I think over a longer period -- I think over a period of five years, we would be doing more than that.



- Surbhi:** Fair. Got it. And also, I wanted to understand what is the total capex outlay at Dahej and Roha combined, the new Dahej plant and the one that I just mentioned?
- Mihir Manek:** See, you know, this question is, right now, our anticipated capex flow is the region of INR100 crores, but as you know, everybody would know that when you start a project and when you finish it, there are always certain cost escalations in each project, you know. So, currently, we are anticipating a total expense of INR100 crores for both these capex plants because certain amount of capex we have already done at both these sites.
- For example, we have already spent INR18 crores at Dahej to acquire the land and we have already spent around INR14 - INR15 crores, correct me if I am wrong, Mr. Mitesh, at Roha also. In addition to this, we are looking to spend another INR100 crores.
- Mitesh Manek:** Correct. The capex at Roha new facility is close to INR15 crores as of now, already invested by the company.
- Surbhi:** Understood. And since you explained very well that these will be very complex products, going ahead, what kind of revenue potential do you see from these products over a say 3-5 year period?
- Mihir Manek:** Well, I wouldn't find it prudent to speculate on numbers at this very point of time, but rest assured as we near the completion of the capex program at these facilities, we will certainly be coming out with more and more information for all our investors and analysts so that they have a clear and transparent view of what lies ahead for the company.
- Surbhi:** Understood. And just one last number question. If you could just share the trading and the manufacturing revenue. So, out of the INR75 crores reported revenue, how much was trading and how much was manufacturing?
- Mihir Manek:** Mr. Mitesh will take this.
- Mitesh Manek:** Yes. There was an inter-company sales and transfer of INR8 crores which can be termed as a trading revenue and the remaining all was manufacturing revenue.
- Surbhi:** All right. Got it. Thank you so much. Thank you for taking my question.
- Moderator:** Thank you. In the interest of time, that was our last question for today. I would now like to hand the conference over to management for closing comments.
- Mihir Manek:** Thank you. So, I would like to thank everybody for joining us. I hope I have been able to answer. In fact, we have been able to answer all the questions. In case you require any further details, you may please contact MUFG Intime, Investor Relations, our Investor Relations partners.
- Thank you so much for being a part of the Vidhi Specialty Food Ingredients Limited earnings con call, and I wish you all well. Thank you. Thanks again.



Vidhi Specialty Food Ingredients Limited
November 13, 2025

Moderator: Thank you.

Mitesh Manek: Thank you all for joining today's call. Please go ahead. Sorry. Please go ahead.

Moderator: Thank you. On behalf of Vidhi Specialty Food Ingredients Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.