May 27, 2025

To
The Manager
The Department of Corporate Services
BSE Limited
Floor 25, P. J. Towers,
Dalal Street, Mumbai – 400 001

Scrip Code: 539450

To
The Manager
The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051

Scrip Symbol: SHK

Dear Sir/ Madam,

Sub: Transcript of Conference Call for Investor and Analysts

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of the conference call for investors and analysts on the Q4 & FY25 results held virtually by the Company on Thursday, May 22, 2025 at 02:30 P.M. IST.

The transcript is also available on the website of the Company at https://keva.co.in/investor-updates/#92-236-q4-1742908584.

Please note that no unpublished price sensitive information was shared by the Company during the said conference call.

This intimation is also being uploaded on the Company's website at www.keva.co.in.

You are requested to take the same on record.

Thanking you,

Yours faithfully,

For S H Kelkar and Company Limited

DEEPTI SWANAND CHANDRATRE
Digitally signed by DEEPTI SWANAND CHANDRATRE
Date: 2025.05.27 13:57:22 +05'30'

Deepti Chandratre
Global Legal Counsel and Company Secretary

Encl: As above

S H Kelkar and Company Limited

Q4 & FY25 Earnings Conference Call Transcript

May 22, 2025

Moderator: Ladies and gentlemen, good day and welcome to S. H. Kelkar & Company Limited's Earnings 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 the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone.

I now hand the conference over to Mr. Anoop Poojari from CDR India. Thank you and over to you, Mr. Poojari.

Anoop Poojari: Thank you. Good afternoon, everyone and thank you for joining us on S. H. Kelkar & Company Limited's Q4 and FY '25 Earnings Conference Call.

We have with us Mr. Kedar Vaze – Whole-Time Director and Group CEO and Mr. Rohit Saraogi – EVP and Group CFO of the Company.

We will begin the call with opening remarks from the Management, following which we will have the forum open for a question-and-answer session.

Before we start, I would like to point out that some statements made in today's call may be forward looking in nature and a disclaimer to this effect has been included in the earnings presentation shared with you earlier.

I would now like to invite Kedar to make his opening remarks.

Kedar Vaze: Hi. Good afternoon everyone, and thank you for joining our FY 2025 Earnings Call. We appreciate your interest and trust that you have had a chance to review the results documents.

We are pleased to report a strong 15% revenue growth for the fiscal year. This performance was driven by sustained demand across all our segments and especially healthy traction in the domestic market.

Our Fragrance division grew by 19%, while the Flavour division recorded a robust 43% growth on a subdued base in the previous year. While large FMCG companies faced constraints in expanding volumes, our growth was supported by increased engagement from small and mid-clients, resulting in improved wallet share and deeper account penetration. Additionally, contributions from global MNC account further supported the overall results. Our European operations also delivered strong growth during the year.

As previously communicated, gross margins were impacted in the second half of the year by supply side constraints. However, we are now seeing signs of improving raw material availability. To mitigate the impact of elevated input cost, we have already implemented price increase measures and the benefits of which are expected to gradually reflect in our margins in the coming quarters.

Notably, the incremental cost associated with our strategic growth initiatives has stabilized, positioning us favourably for margin recovery and operating leverage the Second Half of '26 and onwards.

Our Ingredient segment continued to make steady progress during the year. At this point, we are seeing good emerging opportunities driven by the tariff and China plus One shift, as well as rising demand traction in the European markets. These trends coupled with a favourable global export environment, are expected to hit the segment's growth outlook going forward.

Coming to our ongoing projects, the re-establishment of the Vashivali Fragrance facility is progressing well and is expected to be commissioned within the current financial year. This facility was fully insured, and the rebuilding is supported under terms of the insurance coverage. Separately, we have received an interim payment of Rs. 95 crore from our insurer as part of the fire related claims settlement, while the balance claim continues to be processed. Our upcoming Greenfield facility at Vanavate is also advancing as planned and is slated for commissioning later this calendar year. Given the proximity of both these sites, we are building operational synergies and systems as part of our broader BCP framework. This will also enable better inventory management and support our objective of reducing inventory days of sales going forward.

In addition, while the year began with operational challenges on the ground, we have since stabilized our business and pleased to share that in line with the dividend policy and continued commitment to shareholder value creation, the Board has recommended a final dividend of Rs. 1 per equity share of face value Rs. 10 each.

Looking ahead, we remain focused on leveraging multiple growth drivers. In addition to ramping up our CDC in Germany and UK, we are advancing strategic partnership, driving product innovation across segments, capitalizing on favourable global market dynamics. As the macroeconomic pressures ease, we are confident in our ability to sustain, capture emerging opportunities across both domestic and international markets, and deliver sustainable growth for all stakeholders.

With that, I now invite the moderator to open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Madhav from Fidelity. Please go ahead.

Madhav: Hi, good afternoon. Thank you so much for your time. Sir, you spoke about having good multiple growth drivers lined up, and you also mentioned something about favourable market dynamics. Could you give some more colour in terms of these comments and also if you could maybe give us some sort of guidance for FY '26 sales growth, that would be really helpful. That's my first question.

Kedar Vaze: So, as you know, we have invested in our CDC in Germany. We have upcoming investments in Manchester plus New Jersey. So, all these are new geography investments. So, they will result in more business in newer geographies for future sustainable growth.

In addition, we also see favourable market dynamics vis-a-vis Global Ingredients business, which has turned around in the last two years. We see good tailwinds from China. I think China plus One strategy or alternate to China strategy. Especially in the chemical and ingredient business, India has a very strong position vis-a-vis other countries in the world. So, that should benefit the industry as a whole, and for us it's a good opportunity for future growth on the Global Ingredients business.

To give a colour on the revenue, whilst their opportunities are quite high and different, these are more mid-term opportunities as we are just entering these markets. Our current existing markets in Europe and domestic market in Southeast Asia, we continue to see healthy traction. I continue to, I would say, forecast or predict 12% plus CAGR growth here on. As we have always alluded on the midterm, I think there is no reason to believe there will be any slowdown in this coming year. So, we are still guiding 12% plus CAGR year-on-year, despite a strong growth year last year.

Given that our factory production facility is basically getting on stream later part of this year, we will look at also margin improvement. So, we had very strong growth this year. We may look at more moderate growth and focus on margin management to improve our margins from the 43% average we had for this year to slightly better for next year. So, I am very confident that we have good leverage to both grow at 12% plus and maintain or improve our gross margins.

Madhav: And sir, anything on the EBITDA margin as well? I think we finished at about 15%, right, for this year? We know there was some pressure on gross margin and some fixed costs which we spent ahead of time. But anything on the EBITDA margin recovery for this year?

Kedar Vaze: So, we had some additional costs this year. Revenues will ramp up, so those costs in relative terms will come down. I am just mindful that our loss of profit policy will get over this year. We have some additional operating costs to the tune of maybe Rs. 15 crore to Rs. 20 crore annualized basis.

These are costs which we will incur for, I think, two to three quarters of this year as the new factory gets ramped up, so maybe for the full year. So, I do not see much leverage in this year for a big jump on the EBITDA margin. There will continue to be one year of additional cost till the new factory operations resumes end of the year.

So, this will again be a transient hit. We expect it to be at least two quarters, maybe three quarters of subdued margin. So, 15% remains, and it may get a little bit better as we grow. But the real jump will come in the next financial year when the new factory setup or the revised factory setup comes back into operations.

Madhav: So, this, sorry just to understand Rs. 15 crore to Rs. 20 crore of additional cost will be spent in Fiscal Year '26 for the new factory commissioning. Is that right? And then that it will be for the next three to four years?

Kedar Vaze: Not for the new factory commissioning. We are incurring this cost this year as well for our operations. So, this is the additional cost because the factory is not operational today. We are using different locations, and costs like rent, transport, and various miscellaneous cost are all adding up to roughly Rs. 20 crore in total. This Rs. 20 crore for FY25 is covered under loss of profit insurance policy. Next year we will not have that coverage. And as soon as the new factory is ready and we move back into our own operations, these rental costs and miscellaneous costs related to BCP operations will go down or reduce substantially in the year after.

Madhav: Maybe I will just clarify it offline again. But you are saying, sir, this year you are saying the EBITDA margins could stay in the 15% range only and then next year it should start recovering. That's the way we should see.

Kedar Vaze: Yes, 15% it will start to improve, but it will not be in line with the long-term EBITDA expectation. That will happen in the year after because our own factory will come on stream.

Madhav: Which is the 18% to 20% range, right? The longer term range which we have given.

Kedar Vaze: Correct. So, I think 15% will start to improve in this year and we may not reach the 18% to 20% owing to additional operational costs, and then the year after we should hit that target.

Moderator: Our next question comes from the line of Mahesh from LIC Mutual Fund. Please go ahead.

Mahesh: Hi, sir. Just on the margin front, I think this year we reported EBITDA margin of 14%. So, is it that next year, this year could be 15% and maybe FY '27 will be the year when margins could be 17%? Am I right understanding, sir?

Kedar Vaze: So, we have around 15%. I mean, somewhere I do not know you are saying 14%. Maybe it is somewhere around 14 point something. So, I see it as 15% this year. We will improve from that in the coming financial and on the longer term, the year after and thereafter, we are looking to be between 18% to 20% EBITDA as a business.

Mahesh: So, FY '27 could be like 18% to 20%, right?

Kedar Vaze: That's right.

Mahesh: And sir, any CAPEX plan for the next two years?

Kedar Vaze: Yes, we have almost Rs. 200 crore in this year itself. Some of it, obviously, financially, will spill over in terms of actual cash flows for next year financial as well. So, in the next two years, we are looking at something like Rs. 200 crore of CAPEX.

Mahesh: And sir, what will be the closing debt probably this year, next year, I mean, given the CAPEX plan?

Rohit Saraogi: Yes, so our net debt today is at Rs. 658 crore with the Rs. 200 crore of CAPEX planned for the next two years and the insurance money funding for part of it plus the cash flow. FY ‘26 we believe would be somewhere in the range of Rs. 550 odd crore, plus-minus Rs. 20 crore depending on how much we receive from insurance. And from FY '27, there will be a substantial reduction.

Moderator: The next question comes from the line of Abhijit Akella with Kotak Securities. Please go ahead.

Abhijit Akella: First of all, on the price increases that we have been trying to institute in India, could you help us understand what the status on that is and how much of a contribution to revenue growth that might make in Fiscal '26, just the price increase component?

Kedar Vaze: I think the price increase in average is roughly 3% to 3.5% in term of the overall business. So, that is the expected price increase effect.

Abhijit Akella: So, this is across the consolidated Company, right, including India as well as Europe, all put together?

Kedar Vaze: Yes.

Abhijit Akella: Understood. And from the new three new centres that we have set up overseas, the ones you alluded to, any visibility we have regarding any traction in business that we are starting to see in the upcoming financial year?

Kedar Vaze: So, the first centre in Germany, we just completed one year from the first, let's say the first nuts and bolts starting the working in the centre. It's taken us six to seven months to hire, put all the people and teams and get fully ready. We just completed one year from the actual first date of starting our work in the centre. So, we are now fully ready. It is operational. We have already projects and project wins which have started from Germany, and which is going to various companies. So, it's now in a full swing operation that will help us to generate good traction on business.

Manchester and New Jersey are just starting, so it will take at least another year before New Jersey is fully up and running and maybe Manchester centre takes even 18 months from now before it's starting to deliver in terms of project and business in that sense. We have enough projects, enough visibility for these centres to come up and so that continued growth momentum is sustained.

Abhijit Akella: Maybe just to understand, upon peak utilization from all of these centres, which I presume would take maybe three to four years, what might be the revenue potential that one could target given we are spending Rs. 50-60 crore per year on there? So, what could it be potentially?

Kedar Vaze: So, the Rs. 50-60 crore will give us Rs. 50-60 crore of new business every year. And so it is cumulative. And we are also looking for, let's say, Rs. 60 to 80 crore of single businesses with the global account. So, that may not happen every year, maybe happen every alternate year. It could happen every year.

So, the potential is there. But the Rs. 60 to 70 crore of new business in addition to our standard Rs. 30-40 crore. I see that the growth momentum as an absolute number will almost double. But the denominator also, as we have grown substantially, we see that denominator also will grow. So, to sustain 12% growth year-on-year on a bigger denominator, we need more new wins and more new business per year. So, that's what will happen.

I think next year we will start Germany coming on stream, the year after USA and then UK. So, in three years, we will keep building momentum of new wins and growth. I think at its peak, probably Rs. 100 crore of new business we will generate from these three centres per year.

Abhijit Akella: Sir, just to clarify, over the next three to four years, these three centres could potentially be contributing somewhere in the range of Rs. 250-300 crore of revenue for us, right?

Kedar Vaze: Next three years, yes, I would take that number.

Abhijit Akella: Thank you so much. And just on the 12% guidance that we are offering for the upcoming year, is there an order book visibility we already have like in terms of maybe certain amount already tied up that gives us confidence that this is very much uh doable?

Kedar Vaze: So, we do not have many long-term contracts, but we have very good data from how the client behaviour and business has been growing in the last year. So, we are very confident of this number. We will need to do 7% to 8% of new business wins, which I believe we have consistently done in the last few years. So, I am not concerned with the 12% number for this year. The momentum is already there. A new win pipeline is there. Things are in place. I think the challenge will start after a couple of years when we have a bigger denominator, so we need to do the 12% in absolute terms, a bigger and bigger number. That's how we see it.

Abhijit Akella: I get the picture. One last thing before I get back in the queue, if you do not mind. Just on the global ingredients business where you mentioned that this China plus one tailwinds are creating new opportunities, I was just sort of hoping to understand we have always been a Fragrance Company rather than a Chemical Company. So, how do you see Kelkar's right to win in that market given that there are already quite a few Chemical producers in India as well? So, how do we position ourselves to benefit from these opportunities?

Kedar Vaze: So, our position vis-a-vis other producers in India is very nice. We do not largely compete with them. We have a lot of niche, I mean our capability in terms of chemistry and what we can do is much broader than almost all the other players in the country. So, we have niches where there are no or very few or very small competitors within India. What we have not been aggressively pursuing it to compete with the largely the Chinese Chemical companies, and it ends up being a low margin business and lot of CAPEX.

So, we have not been competing with them excepting one or two large ingredients, but given the current geopolitical and the tariff scenario, there is demand from the client side to have alternate vendors. So, when you have getting business by competing on price is different from getting business of 20%-30% market share because they want alternate suppliers. So, that business we are keen to enter into which is not margin diluting. The business where there are five producers and we will be the sixth is not something which we want to get into.

Abhijit Akella: And are we planning to make this in-house or we rely on toll manufacturers for this?

Kedar Vaze: I think it is very early because we are also still not wanting to put any CAPEX till there is clarity on the tariffs and sort of global order of how supply chains will work. So, we are not proposing to do any substantial CAPEX at this point. So, most of it will be toll manufactured with one or two steps internally done and the rest done from outside. There is more than adequate chemical production capacities in the country. So, we can use our IP and knowhow and get it produced from others.

Moderator: Our next question comes from the line of Bharat Gupta from Fair Value Capital. Please go ahead.

Bharat Gupta: Hi, Kedar. Couple of questions from my side. So, first, when we look at the European Fragrance market, so that remain on a flattish mode in Quarter 4. Any particular reason for it? And how do you see the growth momentum out there for FY '26?

Kedar Vaze: So, I think in the European context on the capacity, we are reaching a level where we are now starting to see our growth being affected by our capacity. We are putting a new facility in this year as well in Europe. So, that problem will get solved by mid-year, maybe the last quarter of this calendar.

So, to kind of look at the growth, we have enough growth opportunities. We have not capitalized on everything in Europe in the last quarter. And we will see some level of, I would say, flattish growth. If we are doing double digit growth, we probably do a little 2% lesser than that but with better margins. So, our focus will be on margin improvement to optimize our capacity in Europe at the moment till the new capacities come on board at the end of the year.

Bharat Gupta: And what will be the CAPEX amount towards it?

Kedar Vaze: It would be €6 million to €7 million or about Rs. 60 to 70 crore.

Bharat Gupta: Second question, in terms of the RFQs, so what would have been the contribution during FY '25 and how do you see FY '26 panning out for us? And any further update in terms of further award wins or the talks are there in place with respect to different products out there from the same as well as for other MNCs as well?

Kedar Vaze: Yes, so we have been pitching. There are some small wins and small indications where things have gone from development to commercial discussions. Nothing is concrete yet, but it is the global MNC consumer fragrance business is quite robust. We have done roughly 10 million last year and we see there is a good traction across the board.

It's a new business for us, the global MNC, relatively only we have been operating last two, three years. So, it's difficult to judge how fast it will ramp up, but we are going slow and steady. And I appreciate the team and the way we are headed is in a very steady growth pattern.

Bharat Gupta: So, currently we are working along with the same MNC. And with respect to the further, like, are we in discussions with other MNCs as well?

Kedar Vaze: Yes, we are in discussions with other MNCs, US-based MNCs, European-based MNCs, other regional large players. So, it has opened doors for other engagements, and we are continuing to do that.

Bharat Gupta: And on it, like, in terms of creating subsidies across the Middle East and the U.S., so is that has to do any relation with the RFQs only or like any contract manufacturing opportunity?

Kedar Vaze: No, we already have business in the Middle East. We are setting up our own office to better, closer contact with our client and further develop that business. So, business in Middle East already exists by supply from both Europe and India. So, it will be largely a sales and marketing office where we increase our customer penetration.

Bharat Gupta: And this is our last question. In terms of any signs of domestic recovery from the Tier 1 clients, like with respect to the tax relaxation which has been brought in the budget. So, any colours like which you can provide with respect to increase in the order inquiries from the Tier 1 clients as well?

Kedar Vaze: No, we are not seeing substantial either increase, but we also did not see substantial decrease in the last year. We have seen steady growth 5%-6%. It has been quite a normal year for our set of products last year. We are not seeing any signs of any kind of de-growth or substantial up-growth or faster growth in this quarter either. So, it is steady state for us. It has not de-grown last year as what was mostly reported by all at least the listed entities and what we know in the market.

So, the industry as a whole, the larger corporates have not grown as fast as the previous years. But we have not seen that in the portfolio of products they have been buying from us. And we have neither seen any fast growth subsequently. So, it is very steady state. It is quite different from the overall business industry view that they have.

Bharat Gupta: So, for the FY ’26, we are expecting a higher double digit coming out from the domestic space because I think in the European context we will be confined to a single-digit growth.

Kedar Vaze:	That's correct.
Moderator:	Our next question comes from the line of Shiwani from Monarch Network Capital. Please go ahead.
Shiwani:	Hi, good afternoon. Congratulations on good revenue numbers for this quarter. I have a couple of questions. One, I wanted to know the revenue mix between small, medium and large customers, if you can give me that split?
Kedar Vaze:	I do not have that split. I will come back to you on that. I just want to say that the small and medium have been growing double digit plus. And the large have been growing at roughly somewhere between 7% and 8% for the year.
Shiwani:	Sure, that was helpful. Secondly, on raw material, although I understand that, you know, you guys have re-strategized it and trying to improve the supply chain, but could you suggest like what is the mix between local procurement versus what we are sourcing from international market?
Kedar Vaze:	So, I do not again have an exact number, but it is about 60% to 65% is local procurement now.
Shiwani:	Next on the Flavour segment, we saw soft Q4. Any specific reason for that? And also, are we in talks with any large account, especially from the MNC side for the Flavour segment?
Kedar Vaze:	So, we are in dialog with a lot of large and small companies, both global MNC brands and large food brands in India as well. So that dialog and continuing project discussions are on. To your question on softer Quarter 4, it's actually in relation to quite a strong Quarter 4 last year, which we had a bit of back loading in the year. The first couple of quarters, the demand was slow, and then it picked up in the second half last year. This year we have seen more even demand. So, when you see the 4th Quarter versus 4th Quarter comparison, you see subdued growth. But quarter-on-quarter we are growing. We continue to see that growth, and we are expecting a strong robust 15% plus growth in the flavour segment as well as we move along.
Shiwani:	That was very helpful. Just one last question, if I may. I wanted to understand more on Global Ingredient business. So, today, it's around Rs. 70 crore in FY '25. So, how to expect global ingredient business in the coming years more from the growth perspective and margin perspective?

Kedar Vaze: So, we are looking at growing this business. It is not going to be growing at 10% kind of business. We either look to invest and grow it by a kind of magnitude that we add another Rs. 70 crore or Rs. 100 crore business in next couple of years or we just keep the same. But like I mentioned, there are large opportunities which are coming this way, and we will be selective. We will do our strategy in the next couple of months and then put out to the shareholders and to the strategy what is the net outcome.

All I would say is that there are good opportunities in the global ingredient space. And we will not want to get into crowded spaces where there are five or six competitors, but there are good niche businesses which we can build on top of the Rs. 75 crore to further increase our Global Ingredient business.

Moderator: Our next question comes from the line of Prakash Kapadia from Spark PMS. Please go ahead.

Prakash Kapadia: Thanks for the opportunity. Two or three questions from my end. You know, if you could help us understand the balance sheet improvement given that we were operating with multiple plants because of the fire incident. So, any impact on the inventories and at the balance sheet level, would it be possible in FY ‘26 or no? That's the first question.

Secondly, in our operating sales, we have Rs. 70 crore contract manufacturing income. So, is that for a specific client? Is it multiple clients? Is there a scalability in that side of the business? And on the global MNC, any further insights you could share from a scale or a cross-sell perspective? I think we were looking at $10 million sales for this year. Has that been achieved? So, those are my questions.

Kedar Vaze: So, in terms of the working capital inventory, obviously operating in four or five locations, as we are doing today, the levels are higher than the average where we should be. So, surely there will be a balance sheet benefit in the kind of capital deployed as we move back to one location and it is much more efficient from a stock and inventory point of view.

The second question was on contract manufacturing. Yes, we have a strong contract manufacturing tie-up with another global MNC in Europe. We continue to do that business. That's about €7-8 million business. So, it is a continuing business. It is not our strong focus area for growth. Let us say, it was very important in the past when we had this base volume for our operations. Now we have enough growth in our operations to kind of keep it at steady-state, and we are not looking to grow this contract manufacturing part of the business. So, we grow the business where we have better gross margin and net margin. There was a third question.

Prakash Kapadia: Yes, the global MNC scale or cross-sell number.

Kedar Vaze: Yes, so that as I have already answered, we have reached around $10 million, and we have good traction with that Company and with other companies in sort of other global MNC FMCG companies.

Prakash Kapadia: And Kedar, any quantification for the balance sheet improvement in terms of number of days or an absolute amount if you could quantify which would be possible at the balance sheet level?

Kedar Vaze: So, as Rohit had said earlier, we would be broadly at Rs. 650 crore debt. End of the year, we expect next year '26 to be around Rs. 550 crore of debt. And then after, I think there will be substantial improvement in the balance sheet in total basically as the CAPEX cycle is over.

Moderator: Our next question comes from the line of Rohit Nagraj from B&K Securities. Please go ahead.

Rohit Nagraj: So, first question again on the balance sheet front. So, we have currently debt about Rs. 660 crore. And this is as at March end, and after we have received about Rs. 95 crore. So, is it safe to assume that we will be repaying the short-term debt that we take from CAPEX as well as inventories? Effectively, our debt will be closer to maybe Rs. 565-570 crore.

And just allied question, so in the next two years, we are targeting about Rs. 200 crore of CAPEX, which probably would be funded through internal accruals given the healthy cash generation that we are looking and growth that we are looking.

So, I am just trying to reconcile why the FY '26 year-end debt still will be at Rs. 550 crore given that there will be additional settlement given from the insurance to the tune of maybe Rs. 50, 60, 70 crore. So, just trying to reconcile these numbers. I think somewhere the math is not right.

Kedar Vaze: Yes, the insurance bit we are taking quite a conservative number because we do not know how much they will pay out within the year. Of course, we have got the first tranche, so there is no question of admissibility or anything. They will pay. We have taken, let's say, a very conservative plan of cash flow from the insurance. So, if the insurance does pay up everything before the end of March, the Rs. 550 crore number could be lower. But this is the number which we want to put out and go after based on conservative insurance payout.

Rohit Nagraj: Second bit again on the CAPEX front. So, I think a couple of years back we were saying that for the next maybe three to five years, we do not need any material CAPEX. And again, now we are saying that for the next couple of years, couple of Rs. 100 crore CAPEX. I understand partly it would be for the Vashivali reconstruction. And just allied question to that, in terms of the reconstruction, are we looking at expanding the capacity from whatever it was earlier and to what extent?

Kedar Vaze: So, in general, when the CAPEX discussion because of the incident and the fact that we need to rebuild the factory, we have undertaken to rebuild and build the future CAPEX in sort of a little bit earlier because the CAPEX, running the CAPEX in simultaneously helps us from managing the CAPEX point of view.

In normal course, we would have not needed to do this CAPEX for another two, three years, but given the magnitude of the incident and the overall CAPEX plan, we have decided to put additional factory in parallel with the rebuilding of the Vashivali factory. And we will look at sort of closing down the Mulund operations in a faster than originally planned way. And some part of the OPEX cost that we incur there will reduce and offset this CAPEX.

Rohit Nagraj: And just one clarification. So, effectively after this capacity expansion, what is the kind of incremental CAPEX that will be running? Is it only to the extent of maintenance CAPEX for the next 3-4 years once this facility is upgraded?

Kedar Vaze: From the India perspective, we have no growth CAPEX planned for creation and development. That is sort of fully laid out. We have with these two new factories in the Fragrance, largely we will not require any CAPEX. On the Flavours, it depends on the growth rate. So, if we do higher than 15% growth for three to four years, we may need some incremental investment in Flavour capacity. But as a general basis, I think our Fragrance requirement for CAPEX will be these two plants and then we do not need much CAPEX for the next 10 years.

Moderator: Our next question comes from the line of Yash Sinha from MIPL - Office. Please go ahead.

Yash Sinha: Hi, most of my questions are already answered, but I had a couple more. First, from a bookkeeping perspective, I noticed that you guys collected about Rs. 90 crore out of the insurance payment this quarter. The total claim, from my understanding, is around Rs. 160 crore, right? What's the timeline to kind of recoup the balance amount?

Kedar Vaze: It is not clear. Technically, we have made the claim. So, anytime it can come in, but practically I think we need only six to nine months of further follow-up to look at the balance amount to come in. It will happen in, so the total insured amount, let us say, it's ballpark Rs. 300 crore with all loss of profit and so on so forth. So, it will happen roughly Rs. 100 crore a year. Firstly is the inventory. Second is the CAPEX replacement. And the third is loss of profit. So, this is our expectation in how the insurance monies will come in. This year we got Rs. 95 crore.

Yash Sinha: Will it be a 2-to-3-year process?

Kedar Vaze: Yes, so, Rs. 95 crore which is inventory, we will get some additional monies on inventory this year for the CAPEX probably early next year financial. Loss of profit we will push, but these are kind of long processes. So, I think two years is a fair time to receive all the balance insurance monies.

Yash Sinha: My last question is, from my understanding, we were making inroads with fairly large FMCG player in India for your Flavours division. Are we expecting any material increases in the Flavours business in India this year or is that something that will take slightly longer to really materialize?

Kedar Vaze: Yes, so the typical plant audit on the Flavours are more strict because of the final food and infant and pharma sort of applications. So, plant audits, etc., have been completed. We are sort of approved vendors. We are submitting different Flavour ideas. So, it's a process. Now, part of it is already in the 15% CAGR growth that we indicate. If there is something specific, large contract over and above this, then we will communicate to the street.

Yash Sinha: And that ties into my third question, which is this 15% guidance that you have given for FY '26. That includes any expected revenues from existing clientele only or also you have also factored in any additional client wins for the year.

Kedar Vaze: Yes, so existing and new clients, new geographies of Flavours as well. We are expanding to the Middle East, Southeast Asia, some of the markets. So, yes, it is an ongoing process, the creation, development and market development is an ongoing process.

Yash Sinha: So, the thing I was trying to arrive was that in a base case scenario, this 15% includes some growth expected from your European and Middle Eastern markets. But if you were to assume only growth from your existing clientele, what number would that be exactly?

Kedar Vaze: So, on the Flavours, we have very small market share in India. So, this 15% is basically our current clients in India and Middle East, Southeast Asia, where we already have connections and businesses growing. We are also talking to other clients in different newer geographies. That's an add-on. We are not considering that in the 15%. So, 15% is the base case with existing clients and existing geographies.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the day. I now hand the conference over to the management for closing comments.

Kedar Vaze: Thank you. I hope we have been able to answer all your questions satisfactorily. Should you feel any further clarification or would like to know more about the Company, please feel free to contact our team or CDR India. Thank you once again for taking the time to join us on this call.

Moderator: Thank you. On behalf of S.H. Kelkar and Company Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

-End-

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