November 6, 2026

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

Sub: **Transcript of the conference call on the Un-audited Financial Results (Standalone and Consolidated) for the quarter and half year ended September 30, 2026 held on November 3, 2026.**

In continuation of our disclosures dated October 29, 2026 and November 3, 2026 and pursuant to Regulation 30(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**"), the transcript of the conference call held on Tuesday, November 3, 2026 on the Un-audited Financial Results (Consolidated and Standalone) for the quarter and half year ended September 30, 2026 is enclosed herewith and is also available on the Company's website at https://www.camlinfs.com/investor-relations/home/investor_call_recording.

The Management was represented by Mr. Nirmal Momaya, Managing Director, Mr. Santosh Parab, President - Strategy & Global CFO and Mr. Pankaj Pandey, Chief Financial Officer.

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 No unpublished price sensitive information (UPSI) was discussed during the interactions.

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

Encl. a/a.
Thanking You,
For Camlin Fine Sciences Limited

RAHUL SAWALE
Digitally signed by RAHUL SAWALE
Date: 2026.11.06 14:56:27 +05'30'

Rahul Sawale
Company Secretary
& VP Legal

“Camlin Fine Sciences Limited

Q2 & H1 FY27 Earnings Conference Call”

November 03, 2026

“E&OE - This transcript is edited for factual errors and readability. In case of discrepancy, the audio recordings uploaded on the stock exchange on 03rd November 2026 will prevail.”

MANAGEMENT: MR. NIRMAL MOMAYA – MANAGING DIRECTOR – CAMLIN FINE SCIENCES LIMITED
MR. SANTOSH PARAB – PRESIDENT - STRATEGY AND GLOBAL CFO – CAMLIN FINE SCIENCES LIMITED
MR. PANKAJ PANDEY – CHIEF FINANCIAL OFFICER – CAMLIN FINE SCIENCES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Camlin Fine Sciences Limited Q2 and H1 FY27 Earnings Conference Call. 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 touch-tone phone. Please note that this call is being recorded.

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

I now hand the conference over to the management for the opening remarks. Thank you, and over to you, sir.

Nirmal Momaya: Good evening, ladies and gentlemen, and welcome to the Q2 FY27 earnings call. I'm Nirmal Momaya, the Managing Director of Camlin Fine Sciences, and welcome again. I will hand over the call to Santosh Parab, President, Strategy and Global CFO for updating you on all the decisions taken in the Board meeting as well as on the earnings for this quarter, Q2 of financial year '27. Santosh, over to you.

Santosh Parab: Thanks, Nirmal. Good evening, everybody. We also have our CFO, Pankaj Pandey with us. He just joined and he will be also accompanying us in this call.

I'll straight drive down to the two main decisions which were taken. One, of course, was the financial statement, but the other decision was that our Board today approved a rights issue of around INR250 crores. So, we'll be filing our draft letter of offer to stock exchanges by tomorrow and wait for their approvals, and very soon, we'll launch the issue. This issue has been backed by our promoters to the extent of their share individually and inter-se.

As you know, we have been talking about the liquidity issues. We have also seen that we had negative carries in our earlier quarters, quite a few, three, four quarters and even this quarter, I will discuss about it, it’s not very encouraging on the EBITDA numbers and the cash flows.

And also the economic conditions, the price changes, our inability to increase -- transfer the increase of prices to our customers, local competition and which has been impacting the liquidity issues, liquidity issues impacting our margins because we had overdue creditors, we had channel financing.

So, it was imperative and this liquidity issue was also impending our growth, though some of the verticals have immense potential, but we are not able to push despite having excellent opportunities in market. So, we thought that then the promoters and the managers thought that it's the right time to infuse equity -- infusion of equity, which will help to bring the growth engine back on track, and it will help. Of course, this liquidity due to the procedure will take some time, and we expect that we should be in money by the end of this calendar year or early part of the next year.

Obviously, you know the process that after the letter offer is approved by the Stock Exchanges, we'll immediately approach the Board, decide the procedure, the pricing, the cutoff and issue size. Obviously, this purpose of the issue is for augmenting working capital, there are no project finances or other things.

We are trying to stabilize the working capital. So obviously, this infusion also is to bring back and come back on the growth prospects of the company. Coming down to the financial result, of course, the financial results doesn't seem to be encouraging at all.

But as I said, the issues of higher prices, inability to transfer those prices, local competition in some of the products, we had to -- we had changed over from methyl vanillin to almost one month before this quarter end, and that has also impacted the sale of Aroma, the production of Aroma.

Underutilization of the plant has also impacted our margins and the EBITDA margins of Aroma. Almost our revenue in Aroma reduced from INR774 million to INR472 million, and this is entirely almost ethyl vanillin sale. Blends and the straights, the specialty ingredient business has been always the hallmark, and it has always done well. We have been able to hold our market in the blends business or the ingredient business we were INR3,086 million last quarter.

This quarter, we are around INR2,970 million. Of course, we would have grown much, much faster, but for the liquidity issues, we have been not pushing the growth because this would have created working capital issues.

On Straights also, we have been talking for last two quarters that our volumes have decreased a bit, but we have come back and we have taken back the volumes. We have moved from INR927 million to INR1,109 million.

And this is despite the local competition, which is trying to reduce the prices and try to take market share. But we have been able to keep our market share, and we feel that we will be able to keep this trajectory on. Consequently, the EBITDA -- the total turnover of this specialty ingredient was a bit higher from INR4,013 million, we moved to INR4,089 million.

Obviously, these -- both these sectors, we would have pushed more, but for the liquidity. EBITDA obviously improved from 6.35% to 8.04%. This has this -- with adequate liquidity support, this should very first go to the double digit.

Performance, the residual thing here, we have the diphenol plant, which has been closed since May of '26. We closed it because of the exorbitant input prices and the rapid changes in the prices, the basic raw material phenol which is almost doubled -- more than doubled in the last six months, and it is economically untenable to make diphenol.

So, it is much, much cheaper to buy vanillin -- sorry, hydroquinone from China, which is much cheaper at this level. And we feel that the Chinese will be reducing the prices further because we have learned that there will be additional capacities coming on both the diphenol, hydroquinone as well as catechol.

We have been largely able to control our cost despite the revenues of some times. We have been able to hold on to our cost of other expenses, this is despite -- we had freight cost, which has almost doubled in this quarter because of the war situation and other things. But still, largely the operating expenditure has been controlled.

As far as gross margins are concerned, we have lost around almost 2% of the gross margin. This is mainly because of high prices, dollar going up. And the main culprit here is the liquidity issues. However, payables had increased, but to support more and to have more working capital, we had used channel financing, both on the purchase side as well as sales side. Obviously, channel financing costs us because any channel financer will take interest.

And because this is on the cost and sales side, this has -- the impact has moved to the gross margins. And on an overall basis, our gross margin has reduced from INR2,142 million to INR1,958 million in this quarter. And this has percolated down and eaten up our EBITDA, which anyway was 3.4% has almost come down to 2.5% in this quarter.

Obviously, the question will be that how this rights issue is going to help us to come out of the trouble and how it will help us to grow back obviously, the first and the foremost thing which is going to come is to the margin improvement. Because at present, since I'm using the channel financing and the -- even the long outstanding accounts payable, which I have, obviously, people have been charging us higher rates to cover their interest cost because of long outstanding.

That itself is around 4% of the overall cost that comes to around INR190 million to INR200 million in a quarter. So if we are able to release this long outstanding trade accounts payable as well as we are able to unwind the channel financing, which we have. This could be a direct margin improvement.

This is the so-called interest saving, which is coming because of funding from the rights issue. In addition to that, as I said earlier also, we had good prospects in Europe. We didn't push our business in blends, obviously, because of liquidity issues. So there are a lot of low-hanging fruits and almost 500 -- over and above what we did the turnover, which we did of INR300 million, we can add another INR50 crores to that. So which can be easily added.

So the INR3,000-odd million revenue for the quarter can be increased further by INR500 million by providing working capital. And this is a 35% margin business. With fixed cost, this can add another INR175-odd million of margin.

The third and the most thing, we have been always saying that our super profits or the blockbuster thing is the vanillin, product vanillin, but it has for various controllable and uncontrollable reasons, economic things, the economic viability, distributor challenges, we were not able to scale up. But now a lot of green shoots, and we will discuss that much -- obviously, there will be questions on this, and we can explain why we are saying this.

We are looking at that we can be able to with an effective distributor management and identifying strong distributors, we can push at least 1,000 metric tons per quarter at a reasonable price of $12-odd. We are not looking at $14 or $15, $12 because distributor will take their margins. But we see that we can do around 1,000 metric tons at $12, which means that we can

have an incremental revenue of around INR650 million to INR700 million in the coming quarters as compared to this quarter, and that brings additional gross margin of around INR230 million.

So, if I say that what would have been my adjusted EBITDA, if I would have had enough liquidity cushion, my EBITDA should have been somewhere in the range of INR575 million to INR630 million. And obviously, the revenue would have also been at INR6,000 million plus if I would add the liquidity, which would have meant at least double-digit minimum margin. So these are the low-hanging fruits, which we see, obviously, will this come in the subsequent quarter, Q3.

To be frank with you, because the whole rights issue procedure, as I said, will be completed by end of this calendar year. So it looks like we have to be -- we have to fight for this third quarter to stay afloat and at least give a similar result, we would have liked a much better EBITDA.

But to be frank with, I think we will have some improvement than what we did or rather, I will say that we cannot go below what we have done in Q2. So we will be a tad better on the margin, not very big improvement, but tad better than the margin in Q3. But Q4, I think we can -- with the liquidity support, we can cross INR6,000 million turnover and EBITDA at 10%-odd.

Coming down to the balance sheet, as I said, because of liquidity crisis, we have used channel financing, and that meant that we don't have -- our loan book has not increased a lot. We have been able to keep that loan book -- net debt under control.

It was around INR5,260 million, which has gone up to INR5,380 million and a large portion of that is because of the foreign exchange updation. Our interest cost without forex was around INR163 million, which was INR169 million. That's because of not much.

We have also repaid some loans despite the crisis, we have been able to repay the loans. With respect to the banking system, we are performing because our business is there and we have cash flows to pay the interest repayments.

With this, I'll open the floor for discussion and questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is on the line of Pratyush Kamal from InCred Equities.

Pratyush Kamal: So a couple of questions from my end. First, regarding the channel financing, basically the rights issue and all. So I just wanted to have your outlook on had we been able to do this rights issue prior, what would have been the incremental gross margin as such due to that, first? Second, what would have been the kind of revenues -- incremental revenues over and above whatever we posted in the Q2. So that's regarding the rights issue part.

And second, regarding the vanillin realization. So just wanted to understand the nominal blended vanillin realization and what's the vanillin realization net basically factoring the discounts and credits, which you would be giving to your customers?

Nirmal Momaya: I think Santosh answered your first part of the question in his opening statement. But again, to elaborate, the margin improvement and top line improvement leading to the sales -- the sales would have been higher if we had done the rights issue a quarter earlier, the sales would have been higher by about INR100 crores, and the EBITDA margin would have been better by about INR60 crores or so. As far as your second question on the vanillin realization, it's about $12. And blended $13.7 with ethyl vanillin and methyl vanillin blended is $13.7.

Pratyush Kamal: Okay. Got it. And next question is regarding the rights -- upcoming rights issue. So I just wanted to understand are all the promoter group also putting their money into the rights issue? And what's the kind of dilution you are looking forward to in the upcoming rights issue?

Nirmal Momaya: Yes. So the promoters will be putting in their share of the rights issue, which is at INR250 crores, you can see we have not yet decided on the pricing, we will take a decision in the next few weeks. So the dilution really will depend on what is the final pricing that we come with.

Santosh Parab: Just to add, this is a simplified process and the promoters have to put their 48%. So there is unlikely that they will get diluted. They have more than the likely to dilute the equity…

Nirmal Momaya: So the total equity dilution, we will know only when the pricing is done.

Moderator: Next question is from the line of Rehan from Coheron Wealth.

Rehan: Just a couple of questions. If you look at last year versus this year, we started also when we started selling vanillin, we gave it to distributors. We followed the B2B model. And with the B2B model, you have to keep -- you have to give them credit cycles as well. Don't you think that spiral will continue because we move from B2B to trying to do more of B2C work.

And this, again, going back to B2B, giving a credit cycle of whatever, 45 days, 60 days, whatever is due in the vanillin side of the business may again impact our cash flow. So that's my first question on vanillin.

And second question on vanillin is that considering the ADD with the tariff now at about 15% and the rupee depreciation should also benefit you guys. how is the pricing moved for you guys at cost? And why is the realization still at about net of $12, $12.5. So just first two questions on this, please.

Nirmal Momaya: So the first one, I didn't follow, B2C or B2B. Can you explain that.

Rehan: So first Sure. So last year, when we started selling vanillin, we were trying to do the distributor route where we gave certain distributors stock to sell on behalf of the company to push the vanillin in the market, which worked for us for a brief period, but then because of the credit cycle, you were stressing on working capital on both sides.

One is inventory which you're holding for vanillin and second, you have to give them credit. So it proved to be double value for you guys. Then you're trying to sell more to direct to customer to receive that cash, to normalize that cash.

But by the time that happened, you still could not ramp up production that much. Now when things are better or looking better post the tariff, why are we going back to the B2B model where we have to give a credit when you're already struggling for cash flow?

Nirmal Momaya: So, Rehan, to answer your question, if you go to direct customers, the credit period is generally much longer. The large F&F companies typically ask for minimum 90 to 120 days. So -- which is actually the reason why we are introducing channel partners is basically to improve that liquidity and improve that sales cycle because typically, large distributors are now looking at terms of not more than 30 days.

So, you save 90 days of working capital. So that's -- it's not the intention of not going to the customers directly, but routing it through distributors gives you that money or liquidity that you don't need to wait for 120 days for payment from large actual users customers.

That is the first part of the question. Second part is that what we've seen is specifically some Chinese material is flowing through Asia, through Thailand, Malaysia into U.S. and Europe, which, of course, our -- the principal mover of the antidumping duty is Syensqo, who has been acting to stop and block that entry of illegal imports coming into U.S. and Europe. And that is the reason why the realizations are at this point, slightly muted.

But as we go along, I think our sense is in the next three, four quarters, all that rerouting, which was going on will discontinue and the realization should improve from the levels that we are at $12, $12.5 net realization, net of tariffs and net of distribution costs.

Rehan: Thank you for the explanation. I'll just start with what I asked in the beginning only that earlier you had started with B2B and they were also taking 60 days credit cycle is what you had guided earlier. And you had said at that time the brands are paying faster because it's a cash and carry business. Now you're seeing that the cycle has reversed because earlier, this was vice versa, not this way.

Nirmal Momaya: We have never said that it's a brand will give you cash and carry. It's always -- there is always -- in any food ingredient business, if you're dealing with companies like Mars and IFF and Givaudan, the minimum, minimum, these guys -- I mean, in our antioxidant business, we know that the minimum credit we have to give to the likes of Cargills and ADMs and these guys is minimum 120 days, yes.

Rehan: Okay. And second is that this -- so on $12, $12.5 net, which is after everything. So this technically will become your EBITDA spread. I'm just clarifying this. So $12 minus whatever is your cost.

Nirmal Momaya: So only freight and some selling costs that we have of our people, which is not much, which is not significant.

Rehan: So, what would be at the current realization and current costing, what would be your EBITDA per kg per ton.

Nirmal Momaya: So, our EBITDA per kg per ton as for our run that we are doing now is estimated to be roughly about $2.

Rehan: $2, right? So, because Q-o-Q, you had guided that all three verticals would turn EBITDA positive. We have spiralled down further. So, if you can share some light on that because we -- Santosh sir rightly said that.

Nirmal Momaya: I think we mentioned, Santosh did mention about the liquidity issues and that we've not been able to scale our vanillin business purely because of...

Rehan: So what was the tonnage we sold of vanillin in Q2?

Santosh Parab: So we did ethyl vanillin of 332, 334 metric tons in Q2. So last quarter, we had sold methyl and ethyl of around 580 metric tons. This quarter, we only sold around 358 metric tons.

Rehan: Okay. And what will be the stock we are carrying any stock like inventory on our books of vanillin?

Nirmal Momaya: Very small, about maybe 175 to 200 tons, not more than that.

Rehan: So what is the cost today now to make vanillin with the current geopolitical tension, crude, etcetera, etcetera. Would it still be at around $10 at 60% utilization?

Nirmal Momaya: Yes. At 70% utilization, it is $10. And we have visibility for that now for utilizing it at 70%.

Rehan: Sir, even in Q1, you had tapered down your guidance because of the liquidity issue, the geopolitical headwind and various external factors. But now that we are -- Q2 is also over and Q3 also, we don't have that much liquidity to grow the business at the rate of change that we would prefer.

So then do you think FY27, you won't reach that INR200 crores EBITDA figure, which you had given at 10%? You had said that it would be about INR2,000 crores top line with a 10% EBITDA that means that if I just take H1 as INR10 crores at a round off figure, that's INR190 crores over Q3 and Q4. And with Santosh's opening remarks, Q3 also seems just slightly better than Q2. So that means FY27, you wouldn't be able to do that kind of run rate?

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

Rehan: Okay. So what kind of Q4 number would you expect that the company closes off in a better quarter -- because Q4 is usually a strong quarter.

Nirmal Momaya: Q4 will be the first quarter with the liquidity with us. The turnaround will happen in Q4. The turnaround, we expect the top line to be INR600 crores and the EBITDA to be INR60 crores plus in Q4. And then going forward, it will keep improving.

Rehan: Okay. Because if you go back to March '25, before the vanillin ADD came in and things were good, you were doing a INR60 crores EBITDA with a INR400 crores top line, INR400 crores, INR430-odd top line. And now that time, there was no vanillin that the business was significantly

generating. This INR60 crores, I'm assuming would have at least 300, 500 tons of vanillin or even more, if not less. So where is that disparity in numbers? Because if you could do back in the day without your biggest profit...

Nirmal Momaya: It's very proper, very simple, very quickly, I'll tell you. It's basically the raw material prices. If you see from February onwards, raw materials of -- most raw materials have doubled and the selling prices, we've not been able to pass on. So that's really where the difference is. And this what we are assuming for Q4 is assuming today's raw material prices. If there is worsening, it can worsen. If it is better, if the war situation improves, that much more better margin we make.

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

Niraj: Can you tell me -- you just said that we have an EBITDA of $2 per ton, but your presentation shows an EBITDA margin of minus 23% in Aroma. So can you explain that?

Santosh Parab: So, we said that $2 at 70% capacity utilization.

Niraj: What is the EBITDA per ton at the current selling price today, whatever volumes we did in the last quarter, what was the EBITDA per ton or around?

Santosh Parab: Zero.

Niraj: No, but then you are showing a minus 23% EBITDA margin in the Aroma.

Santosh Parab: Unabsorbed fixed overheads to that extent.

Niraj: No, when you are talking about EBITDA, we talk EBITDA after fixed overheads actually.

Santosh Parab: So the question is that how much I absorbed. So I had my cost, if I load all my costs, including selling prices and other selling costs and other things, we lost around INR11 crores on 300 metric tons.

Niraj: Okay. Sir, can you just -- sorry for this, but I think I'm not able to get it. So when you said you have an EBITDA of $2 per ton on a 70% capacity utilization, you meant EBITDA before fixed overheads. Is it right?

Santosh Parab: We said including all the -- my raw material cost is only $8. Now the question is, if at 70%, my absorption is $2. If my capacity utilization is 80%, it is $1.8. If my capacity utilization is 30%, the incremental from $8 of the fixed overheads will go to $3.5 to $11.5, my cost becomes $11. When the capacity utilization is there, largely with the fixed overheads, we have a fixed cost of around INR20 crores per quarter.

Niraj: Okay. INR20 crores per quarter. So basically, when you say $2 EBITDA at 70% capacity utilization, you mean before the fixed cost of INR20 crores a quarter, right?

Santosh Parab: Absorbing INR20 crores.

Niraj: Got it. And sir, can you tell also something about your blends, how the margins have been there for the quarter? And what is the situation right now?

Santosh Parab: Blends has always hold on to its margin. It ranges on the basis of product mix, which is between 35% to 40%. So this -- I'm talking about the gross margin. And it's an increase in business. We are recovering all our fixed costs because we have a positive large EBITDA margin.

And that's why if I talk only about blends as a subvertical, I'm having an EBITDA margin of around 11% to 12% and 11% to 12% because we have two main subsidiaries we are growing in Europe, that is Vitafor and Vinpai, the most recent purchases. And if we are able to provide working capital to that, these margins will move to 13% to 14%. So -- talking about only ingredients, we are in the range of 11% to 12% at this activity of INR3,000 million sales.

Niraj: You're talking -- that was the same performance in the last quarter, right, of INR300 crores of revenues that you did.

Santosh Parab: Yes.

Moderator: The next question is from the line of Surya Narayan Patra from Phillip Capital.

Surya Narayan Patra: Sir, my first question is on the vanillin business. If you can provide any visibility that you are finding for the ramp-up of the vanillin in the second half or let's say, for next year, what visibility and where from that you are getting?

Nirmal Momaya: From the U.S., we have visibility of about 2,500 to 2,700 tons for the next calendar year. And Europe is about 1,500 -- 1,300 to 1,500. So that's why we are saying that probably in Q4, that is the Q1 of next calendar year, we should be at about 1,000 tons. And going forward, that should be at least that much and slight improvement as we go forward.

Surya Narayan Patra: Okay. So in terms of the demand from the U.S. market, there is no problem, right? Because in the recent period, we have not seen much ramp-up because of whatever reason, but...

Nirmal Momaya: No, I'll explain the reason to you. There were certain large distributors, which have a big market share in the U.S. market, were buying Chinese material, which we believe is, of course of Chinese origin, but routed through Thailand and Malaysia, as I explained earlier. And they, of course, have now discontinued buying that material because of the legal risk and have reached out to us and now we are in the process of starting -- we've already started some supplies and we continue and we'll grow that from Q1 of next calendar year, which is Q4 of our FY27.

Surya Narayan Patra: Okay. Sure. So that is helpful, sir. And my second question is, in the opening remarks, I think you mentioned about large diphenol capacity getting added in China. Is it that? And if that is the kind of a case, so is there any future for our diphenol unit going ahead?

Nirmal Momaya: Very good question. The way the Chinese capacity scale and size is and the raw material positions are so much better than in India. It's very -- I don't know. It's very difficult to say whether a time will come where we would restart that plant. So at this point, there is no visibility because just the kind of pricing that they're coming at is way, way, way below our cost.

Surya Narayan Patra: So then in that case, is it fair to believe that the entire chain of this diphenols is likely to face that kind of its own fate in terms of the pricing and all that, the competitive scenario that is likely to mount further only.

Nirmal Momaya: Yes. I mean it's only thing is what protection we can get for some businesses in some markets is probably the way to view it because otherwise, it's -- the Chinese production is on a rampage, which is far excess of what the global markets can absorb.

Surya Narayan Patra: Correct. Okay. My second question is about the blends business, sir. See, generally, this was considered to be a kind of a branded business means catering any kind of food additives to a kind of a brand is as good as like a branded business only. And see, in this current scenario when the pricing elevated cost and elevated pricing trend that is visible in various areas wherever the pricing power is there.

So in such a scenario, it looks like that our blends growth is a kind of a normalized growth what we have been delivering in the last few quarters. So is it fair to believe that when there is a kind of a cost push realization rise the industry witnesses, blends do not enjoy that kind of pricing advantage or something like that?

Nirmal Momaya: No. I think when we -- see pricing has increased for petrochemical and downstream of that. In natural products, there is no real increase in pricing. So we also have a large portion of our blends business portfolio, which is natural, okay? And the pass-through of some of these petrochemical downstream, the pass-through takes a bit of a while.

If the Chinese are very aggressive in those -- some of these products in the downstream, you probably get some raw materials at favorable pricing and you can maintain your margins. So I would say that the margin of 35% to 40%, it remains -- the gross margin remains in that region.

Surya Narayan Patra: Okay. Okay. So then slightly one additional point here, sir. See, when we say that the specialty ingredient, which is a kind of a mix of both blends as well as the straights -- so obviously, straights would be seeing -- being the kind of a value chain of the diphenol would be seeing a kind of a larger squeeze in terms of margin. And that is why possibly the entire specialty ingredient margin is getting or looking smaller in terms of number.

But if you can just ballpark indication, if you can give that the blends would be kind of meaningfully better than the kind of reported integrated margin profile for the specialty ingredients.

Nirmal Momaya: Yes, you're right. Santosh did mention that the blends business was at about 11% to 12% and the specialty Ingredients, the straight was at much lower, averaging coming to 8% EBITDA margin. So, which is a very right observation because raw material prices are elevated, selling prices have not gone up to absorb that elevated raw material prices.

So till such time as these raw material prices are elevated, we will have some pressure on that margin. But as soon as the raw material prices start easing off, that also kind of then normalizes to 10%, 11%. Our blend business will grow from 12% to 14% to 15% as we go along in the next few quarters.

Surya Narayan Patra: Okay. And if that would be complemented by Aroma, then that is additional, while the straight steel can face some challenge in terms of the margin profile?

Nirmal Momaya: Correct. That is right. Absolutely right.

Moderator: The next question is from the line of Meet Gada from Sanghavi Family Office.

Meet Gada: I had a couple of questions here. Firstly, how much incremental capital will be required after this rights infusion of INR250 crores? And if there is some requirement, how do you plan to raise those funds? And what would be the time line? That would be my first question.

Santosh Parab: Meet, I think we will be providing enough -- this INR250 crores will help in two ways. One is that stabilizing the current working capital mismatch, we have seen in the balance sheet my working capital days are looking at 60 days, which is impossible. So our general working capital cycle is 200 days, and that's looking lower because we have INR130-odd crores of credit.

So, we're using that INR130 crores for stabilizing the current capital. And obviously, the balance we will be using for the growth, which we are talking for the next calendar year. So if everything goes as we have been planning and if there are no lags in that, we don't think we'll be requiring any additional support either through borrowings or other things.

Meet Gada: Got it. So also in the opening remarks, you alluded to the fact that you were not able to pass the cost pressures to the customers, even the previous participant asked that. How much improvement should be built on -- in case you are able to pass on these inflationary pressures? And what stopped us from passing these pressures to the customer?

Santosh Parab: So, one thing is that we have -- in our sales business, we have tremendous competition from the local customers, our local competitors. And the prices have been falling. We have been able -- we also had to carry that train. So, it was a funny thing in states where my raw material costs had gone up because the underlying phenol has gone up, while realizations were coming down, almost all the raw materials required for manufacture of TBHQ and BHA, which are all my products have increased at least by 15% to 20%.

So, this we are not because it was purely for local manufacturing. As far as blends, natural blends are there, we didn't have that much issue, but the prices have been stable. The other part of business, Performance Chemicals is a small business, but the whole goal of not able to transfer the increase in cost was in states.

And obviously, because in Aroma, again, because it was subscale one and due to the typical nature of Aroma with antidumping and those things, the pricing -- the way the pricing is happening is not elastic with the increase in the cost. So there, we are not able to pass. So only some portion of natural blends where we were able to pass, but the competition, especially on INR100 crores of our business, we were not able to pass.

Meet Gada: Understood. So, let's say, for example, 4% you are able to save on the vendor financing, some additional 2%, 3% margin then you are able to pass on the cost pressures. And how much savings

do we expect from the operating expenses like freight, repairs and maintenance, power cost? If you can highlight on the softer aspects of the business as well.

Santosh Parab: So, the numbers which we have been sharing has been totally with relation to the liquidity infusion. Liquidity infusion, because apart from the normal increase in cost because of the geopolitical issues and the volatility in the crude prices, apart from that, we are still buying higher as we told you, we are using channel financing and long outstanding accounts payable, anybody who is giving me credit beyond 90 days is going to increase the price.

So, this itself is around 3% to 4%. And if I calculate that saving because I bring the long outstanding accounts payable as well as channel financing, it can bring at least INR180 crores to INR190 crores just because of liquidity.

So here, we are not talking at all, at all about the savings which can come because of the price decrease, as Nirmal said answer for some question some time ago. He said that we have -- we are benchmarking this numbers for Q4 FY27 based on current prices. We are not looking at any kind of reduction in those prices. We don't know. And we are assuming that the pricing -- sale prices as well as the cost will remain the same.

We are only talking about the systemic issues which are the structural issues and we are releasing that. And this is going to come because we didn't have -- we had visible business, but we didn't go for that because I didn't have working capital. So that's that we are talking about a blend increase of at least INR500 million in the quarter 4. Sales side, we said that we'll be able to push 100 metric tons. We are saying at $12, $12.5.

So, we are not including any advantage on other operating expenses. We are just talking about what is relatable to the funding, which is going to come with this INR250 crores. And of course, if something reduces, yes, we'll get that benefit. Of course, if something goes up, that's an uncontrollable factor in today's world with the war situation and other things, it's really impossible to predict it.

Meet Gada: Understood. Also, this INR5 crores, which you have spent on this maintenance of diphenol plant, is it recurring in nature every quarter?

Santosh Parab: Yes. So, I'll tell you because in the last quarter when we made this question was there and we said that it's almost INR8 crores to INR9 crores. We have been able to reduce it to INR5 crores in this quarter. And our aim is to bring -- it cannot be zero because it's a plant which we have to maintain. It's like a mothball plant. There will be some cost on keeping some things moving and working in that. So we feel that by the end of Q4 FY27, this cash burn could be reduced to INR25 million.

Meet Gada: On annualized basis?

Santosh Parab: No, quarterly INR25 million. It cannot be annualized it's impossible in the size of plant which we have 18,000 metric ton plant cannot be maintained with INR25 million annum. it's per quarter.

Meet Gada: Understood. How much incremental revenue addition do we expect from the new product launches in the functional ingredients, which you mentioned as a key focus area.

Nirmal Momaya: The revenue would be annualized for the blends business you're saying, right?

Meet Gada: Yes. The functional ingredients is a part of blends only?

Nirmal Momaya: Yes, yes, it's a part of the blends. So that's part of the growth that we are saying. So 20% growth in which more than 50% would be functional ingredients.

Meet Gada: Understood. And just one last question over here. Are there any excess inventories built in the U.S. vanillin market due to this Thailand circumvention? If you can throw some light over it.

Santosh Parab: That is getting emptied out. We understand, as I said, we are already getting orders. So I think that would be cleaned out.

Meet Gada: Understood. Nothing in terms of like a monthly basis or one month, two months, three months kind of thing.

Nirmal Momaya: No, I think they'll be dried out by the year-end for sure.

Moderator: Due to time constraints, that was the last question. I would now like to hand the conference over to the management for the closing comments. Over to you, sir.

Nirmal Momaya: Okay. So, thank you, everyone, for joining the Q2 FY27 call. We wish everyone a Happy Diwali and the New Year, and we shall connect again at the end of next quarter. Thank you.

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