August 17, 2026

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BSE Limited, 25, P. J. Towers, Dalal Street, Mumbai – 400 001 **Ref:** Company Scrip Code: 532834	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 ended June 30, 2026 held on August 11, 2026.

In continuation of our disclosures dated August 4, 2026 and August 11, 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, August 11, 2026 on the Un-audited Financial Results (Consolidated and Standalone) for the quarter ended June 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. Ashish Dandekar, Chairman & Managing Director, Mr. Nirmal Momaya, Managing Director and Mr. Santosh Parab, Chief Financial Officer.

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 No unpublished price sensitive information (UPSI) was discussed during the interactions.

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

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

RAHUL SAWALE
Digitally signed by RAHUL SAWALE
Date: 2026.08.17 18:38:35 +05'30'

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"Camlin Fine Sciences Limited

Q1 FY27 Earnings Conference Call"

August 11, 2026

MANAGEMENT: **MR. ASHISH DANDEKAR – CHAIRMAN AND MANAGING DIRECTOR – CAMLIN FINE SCIENCES LIMITED**
MR. NIRMAL MOMAYA – MANAGING DIRECTOR – CAMLIN FINE SCIENCES LIMITED
MR. SANTOSH PARAB – CHIEF FINANCIAL OFFICER – CAMLIN FINE SCIENCES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Camlin Fine Sciences Limited Q1 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 touchtone 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.

Ashish Dandekar: Ladies and gentlemen, welcome to the Earnings Conference Call. I'm Ashish Dandekar, Chairman and Managing Director; and with me are Nirmal Momaya, Managing Director; and Santosh Parab, our CFO. Since I know all of you are very busy, we will not waste time and get right into it.

I hand over to Santosh for a brief on the earnings and the performance, following which we will take questions.

Santosh Parab: Thank you, Ashish, and good evening to all the participants, and thank you for joining us. I'll quickly jump into the real business matter of today. Firstly, I'll just make a few announcements that you would have seen that we have changed our disclosures from the traditional lakhs and crores to million to match with the international standard.

From this year, we have also started disclosing the segmental information. There is internal restructuring will happen and the management has started looking at the business in a more structured manner. And I think the investor community will be happy because this was always a request that it would be better understanding if we have segmental results.

Coming down to overall revenues, our revenues were INR5,199 million. That's around 28% more as compared to the last year's quarter, and it's almost INR1,000 million more as compared to the last quarter. Obviously, we have done extremely well on the revenues, but the margins are not in line with the expectations, but there were certain reasons for that.

The main reasons has been the raw material side where, as you know, the entire situation of raw material and the prices, the availability as well as the freight cost and other things have increased a lot. You would have seen the details of our financial statements and you would have seen that our margins, which were plus 45% last quarter, has come down to 4%, and that's what has percolated down to our EBITDA for the quarter.

Coming down to the segments, as you could see, we have now segregated our business into 3 main verticals. The traditional, what we used to call straights and blends, which is now called as

Specialty Ingredients. This is a -- I say a nonchemical business. It's more of a knowledge business, which we sell blends to the end consumers.

We have Aroma, the vanillin flavour fragrance business, that is manufacture of vanillin. And obviously, there is a third segment, which is Performance Chemicals, predominantly down-streams of our diphenol, which go to the product basket of straights and aroma. These are the other chemicals.

All chemicals plants are in Performance Chemicals division, which transfer certain materials to the other 2 divisions for forward integration. And you would have seen the segmental results as an intersegment knockout in performance. These are nothing but the straights which are sold by Performance Chemicals as a chemical manufacturer to the Specialty Ingredients section; and raw material for Aroma, which is predominantly guaiacol, which is sold by Performance to Aroma at market prices or at the normal commercial terms based on arm's length principle.

Specialty chemicals ingredient business sells straights as well as blends, as we used to show it in the earlier period. Coming down to the verticals, you would have seen that the straights business has been always growing and has better margins, and that has been also reflected in the numbers which we have disclosed.

Straight sales has been around INR927 million, while Specialty Ingredient, that's the value-added blends, has been more than INR3,000 million, which is -- if you see on an overall basis, the Specialty Ingredient business has done more than INR4,000 million revenue. The EBITDA is 6.35% here. Predominantly, it has come down basically because of raw material prices being high.

Coming down to Aroma, we have sold around 560 tons of vanillin in this quarter, which is primarily ethyl vanillin, which we took a campaign last year in the last quarter. We have sold around 200 metric tons of methyl vanillin, which were there in our channel stocks and internal channel stock. We have sold around 350 metric tons of ethyl vanillin in this quarter.

Naturally, the capacity utilization was not optimal because we are taking such a large campaign of ethyl vanillin for the first time. We were cautious and the ramp-up was very cautiously done to get the qualities, to have the capacity utilization on the right track, understanding the dynamics of the new campaign.

We are happy to announce that we have almost -- 95% of our customers have approved our ethyl vanillin. In this quarter, we have already sold 350. If you remember in last quarter, we have said that we are taking the campaign of 750-odd metric tons of ethyl vanillin. Half of that is done. We have produced almost more than 300 metric tons. We'll be taking a shutdown after the 750 ton ethyl vanillin campaigns over in mid of August, and then we switch to methyl vanillin. Naturally, we will be doing around 500 to 600 metric tons in the next quarter of ethyl vanillin and methyl vanillin.

On the prices, U.S. and European prices are remaining same on the sales side as we have discussed in the earlier period, and it will remain in $13 to $14. As we ramp up our capacity and capacity utilizations are better, the sale happens at 13 million and 14 million, we will be getting into a positive EBITDA zone on ethyl vanillin, aroma business also, and we feel that in this quarter, the second quarter itself, we will have a positive EBITDA in Aroma.

As far as performance is concerned, there has been -- again, as you know, diphenol plant has been shut down, and it remains shut down primarily for the economic reasons and the high prices. See the phenol prices are still very high. Other raw material prices are very high. It's not very commercially economical and viable to manufacture diphenol at this current stage as we took a shutdown. We have been procuring the intermediates from Chinese market because the prices are very comparable and competitive as compared to our prices, and we are relying on that.

Though diphenol business is shut down, we have ample catechol to service our aroma needs. Naturally, the closure of diphenol plant is weighing down on Performance Chemicals, and that's why we have seen a 2.5% EBITDA there.

But with shutdown having switching it to other things, better resource planning, I think this Performance Chemicals EBITDA also will be positive in the next quarter because we also are manufacturing the straights chemicals in Performance Chemicals, which are sold to at arm's length to the Specialty Ingredients section, a business segment. Hence Performance Chemicals will also move to a positive zone.

As far as coming back to Specialty Ingredients, blends has been the hallmark of our business. We are going -- we have been saying that we should grow at least 20% as a minimum this year. And in the budgets, we are talking about 25% to 30% of the growth this year. Last year, we had done around INR10,000 million of sale in blends.

We have already done INR3,000 million. We have that run rate of 20% growth already in place, and this will be much more than that. All the companies in America are doing extremely well on this. The only issue here is the prices at this, the conflict has forced to increase the prices.

As you know, we have that one quarter lag of transferring the increase in material prices and the other prices to the customers. That lag has played in this quarter. And there has been difficulty also to pass on the entire increase in prices to our customers, and that's weighing down on the margins, the gross margins and effectively, those gross margins are also impacting our downstream. Obvious question is that what will happen for the whole year.

We had been guiding that we will be doing INR2,000 crores to INR2,400 crores of revenue this year with EBITDA of INR250 crores to INR280 crores. That's what we are saying. But looking at the prolonging nature of this conflict and prices being high, logistical issues and other things, we feel that we may end up with the same turnover because it doesn't look -- sales side, it seems very, very secure. Business lines are in place, all the things are ready, we are very confident of delivering the top line. The whole issue is on the margins.

Looking at the scenario, I think we will be able to just revisit these margins, and we feel that now the margin should be in the range of 10% to 12% this year. Obviously, the prolonging war situation can have two different things. But if the prices stabilize at what they are, we should be looking at an EBITDA in the range of 10% to 12% going forward.

As far as diphenol is concerned, as I said, the plant-- it is shut down, but we are looking at alternatives. We had talked about some other products, phenolic compounds there, but we are holding on to it because the raw material prices of those compounds have also increased. But we are looking at various options.

By third quarter, we will take a decision to either have an alternate use for that or maybe if the situation is right, we may shift back to the diphenol production. But at present, the Chinese prices of the raw material intermediate is very, very competitive, and we have secured hydroquinone from China for next two quarters.

Coming down to -- though we don't give the details of debt and other things, but it remains under control. We have been almost in line with what we had disclosed in -- on 31st of March, there will be a slight increase because of the utilization and the utilization of working capital.

Working capital remains a bit of a concern because of the elongated working capital cycles. As you know, with the Hormuz Strait and the Red Sea issues, we have to now ship it across the South Africa, and that has increased the working capital needs. The -- because of the global slowdown also the recovery from the customers have also elongated by a few days and that's weighing down on the working capital cycle. But we are agile, and we will work through this issue.

You would have also seen exceptional item in our financial statements on account of the fire which occurred in February in Brazil. We had taken some kind of write-off there on the losses. We have now tried to settle the insurance claim because cash is the requirement, now it's around INR400 million insurance claim.

We said that let's not haggle with the insurance people taken a 20% haircut and we have settled. But obviously, we had an accounting impact, and we have shown it under exceptional item. As far as CFS Europe is concerned, it has been already gone into liquidation, no more cash burn. Of course, there is a small cash burn because this is a liquidation we require legal help until the entire process is over.

So, there is a small cash burn which has happened. China is in the process of liquidation. We have been telling it that this will happen this year, and we will have around INR10 million to INR20 million of expenditure, which we'll be incurring during this quarter.

With this, I think I will open the forum for questions. Thank you.

Moderator: Thank you very much we will now begin the question-and-answer session The first question is from the line of Avnish Tiwari from Vaikarya.

Avnish Tiwari: Yes. When you look at your next 3 quarters implied guidance, if you're looking at INR250 crores EBITDA and you have done almost INR9 crores in this quarter, that number seems to be, you think, deliverable given that it implies like significantly good margin levels. And are you out of that -- problems you had on raw material costing side and everything? Or do you think there is some degree of uncertainty and probably we'll have a better colour at end of Q2?

Nirmal Momaya: So basically, what we are guiding is INR2,200 crores to INR2,300 crores top line and EBITDA margin in the range of 10% to 11%. So, it will be in that range between INR220 crores, INR230 crores kind of EBITDA. And given our -- the cost structure as we have it today, it seems within reach for us.

Avnish Tiwari: But this number works out to arounds 13% margin. So, I was trying to think through that the pressure you saw on gross margin in the first quarter, is it now completely behind us, because 13% looks like a normal decent margin level. Or is it some degree of pressure is still continuing in Q2? So maybe end of Q2, when we get a better visibility on that? Just wondering, if you could touch up a little bit...

Nirmal Momaya: So Q2, of course, also with the war situation continuing, there is a pressure on raw material prices, but we are in a position to pass on some of it to the customers. So, I think going forward, to get to that 10% EBITDA in the next 9 months seems to be on target.

Avnish Tiwari: And once we are behind this raw material challenge, what's the normalized level of margin you think you can have given that your businesses are now coming back up on top line. So, based upon whatever visibility you have, what kind of margin levels we can look at maybe in second half or fiscal '28?

Nirmal Momaya: In fiscal '28, I think it's in the region of 12% to 14% is what we can look at.

Avnish Tiwari: Okay. Last question I have this on the debt side. So, what's the level of debt you have? And is there any other plan other than organic way of reducing to internal cash flow, which you can take to strengthen your balance sheet?

Santosh Parab: So, on debt side, at present, we are almost on the same level which we had. We were around INR670 crores of debt on 31st of March, the gross debt, which is now INR640 crores. This is on mainly the reduction is on account of prepayments which happened for my long-term loans on IFC and EXIM for the vanillin plant.

So the debt, no increase in debt during this last 3 months. We will -- because we are talking about INR2,400 crores of revenue, INR1,700 crores increasing to INR2,400 crores, which will certainly entail working capital support. We will try to use the internal cash, but it looks like as the year progresses, we may have to go and go and take credit lines from the market in the range of INR100 crores to INR200 crores plus.

Avnish Tiwari: And what did you -- how do you manage this good achievement of flat net debt given the pressure you had on several fronts and a very low EBITDA levels? Anything other than -- any specific thing that you could extract cash from?

Santosh Parab: So, one thing is that I had revenue in the cycle was moving, the working capital cycle was moving. It was not the case that I have no revenue. Revenue has been high. I also have a 40% margin. So, there is a generation of cash which is happening. Obviously, the question is right that from where this increase in working -- requirement of working capital for increased sale has come from?

Naturally, there is one more stakeholder is that we have been using supplier finances, dealer finances to tide over this situation. So, we are using some dealer financing for -- on the sales side as well as using dealer for buying raw materials.

Now that also -- as I said, that has also played on the margins because if you try to get dealer finance on the purchase side, then obviously, the cost increases and the margins get impacted the gross margins. In other words, the interest which I paid by borrowing, I'm paying it to the cost of raw material. So that 1%, 1.5% has impacted me because of this bit of a working capital need has impacted my gross margin.

Avnish Tiwari: Right. And any plans to infuse capital or ways to get some cash balance sheet deleveraging other than internal growth?

Santosh Parab: See, as I said cash is required. So, we will see we will be working on it. It's not the time now that I'm standing on the edge of the hill and I have to jump. There is time still. As it goes, we will -- we are looking at -- you may have heard it from the market also. But at the appropriate time, what is better, there will be a lot of consideration, the market price and all those things, what is the rate of interest, my rating and other things. So, we will -- we have been closely working on it. So as soon as a final decision is taken, we'll come and we have to any way inform the thing.

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

Rehan: I just had a couple of questions primarily on vanillin and the outlook going forward. We were always under the impression that vanillin, the EBITDA realization per kg or per ton were to be profitable because the fixed cost of the business was very minimal.

So, considering that, I mean, we always were under the impression that the cost to make per kg was about \$9 to \$10, depending on either the crude volatility. And the realizations post tariff had improved to about \$13, \$14 between Europe and U.S. And the fixed costs primarily were, I think, only your sales team. So can you just explain this loss at an EBITDA level for the Aroma business because this INR3 crores, INR4 crores loss for this quarter on EBITDA is new to some shareholders.

Santosh Parab: So good question. See, as you rightly said or indirectly said that the whole game is about the capacity utilization. As I said, we were cautiously increasing the ramp-up of ethyl vanillin. And you would have seen that we would have produced how many -- 400 tons only in this quarter, with a capacity of 1,500. So naturally, there was cost of the plant, fixed cost, which cannot be absorbed entirely on the 400. On a yearly basis, if you see, as I increase my capacities in the other, these will get absorbed. But on a quarterly basis, we are in a fix because we cannot increase the cost more than the price. So that's why this INR4 crores -- INR4 crores to INR4.5 crores of negative burn has come and hit us.

As the capacity utilization crosses 70%, 80% in the subsequent quarters, we will absorb almost all the fixed costs. And on a yearly basis, it's come down to that. This is a cutoff in a quarter where the expenditures are for the full capacity, but the utilization is hardly 25%. So that's how this is panning out. As we go ahead, we'll get that EBITDA.

Rehan: So, Santosh-ji, so basically at 70% means you're talking about at a quarterly run rate of production at about 1,000 tons?

Santosh Parab: Capacity is 6,000 tons. Achievable is 5,000 tons.

Rehan: So, if you divide it by 4, that's about 1,200, right?

Santosh Parab: So, on a yearly basis, we are saying 3,000 tons is what we are estimating this year. That's around 60%, 70% of my capacity utilization.

Rehan: So, at that, how much are you expecting to make at an EBITDA level?

Santosh Parab: We will be making around 7% of EBITDA on the total, if the prices are at $13.

Rehan: Okay. So, 7% EBITDA on that? Okay. And coming to blends, we had held that blends being the holy grail of the business at 40% gross. Trickles down to depending on each geography, where some geographies are more saturated, we see higher EBITDA because the fixed cost, again, is only sales. But again, this has hit us further.

So, can you explain the outlook going forward? And how do we see that come back to about where we were sometime back before even the ADD kicked in. If you remember, we were at 14%, 15% kind of EBITDA margins about 6-odd quarters back.

So, I'm just trying to understand where is it not coming up? If you look at the March '25 quarter, we were at 14% EBITDA -- and that is without the ADD and without vanillin even coming in. So just trying to understand where were we there and where are we today? Because we have the ADD, we have the utilization. So, can you help us understand the same?

Santosh Parab: So, on blends, there is no ADD. It's only on vanillin. If you see the segment results, we have shown what was the EBITDA last quarter also, right? So last quarter, we had done around INR264 million in the March quarter. On a INR3,400 million revenue, we had done INR263 million of EBITDA.

Rehan: Yes. And today, we are at INR255 million. And on a year-on-year basis, we are at INR255 million versus INR300 million.

Santosh Parab: So let's talk first about quarter-to-quarter. We told you that the gross margins have come down. So that 4% to 5% population is hitting me down on the EBITDA.

Rehan: Okay. And so, I think then this year also, we may not end up with so -- for Q2, sorry, in the opening remarks, I missed your expected tonnage for Q2. Your voice wasn't very clear. Could you repeat the same, if you don't mind?

Santosh Parab: So, on blends, we don't give tonnage.

Rehan: No, no. Vanillin, sorry.

Santosh Parab: 500 to 600 metric tons.

Rehan: So similar as quarter run rate?

Santosh Parab: Yes. So, as I said, Ethyl Vanillin here we had a 700 metric ton campaign which we are completing in August. That will be 350 tons of ethyl vanillin. We have started -- we'll start the campaign. We'll lose around 2 weeks there. So, we produce and see, we'll be ramping up entirely methyl vanillin. But looking at the period and the September within 15 days of the start of the campaign, we are saying that we'll sell 500 metric tons.

Rehan: Okay. So, it will be similar this quarter run rate about INR700 crores, INR800-odd crores revenue -- sorry, -- INR70 crores, INR80 crores revenue.

Santosh Parab: So, it will be around 800 million.

Nirmal Momaya: So, to answer your question on the blends first. In Q2, the blends margin will be better than they were in Q1. Specifically, so we got hit in Brazil because of the fire. We had no stock, and we had to bring in stock by air freighting it at high prices, which now in the Q2, we had also simultaneously shipped material on sea, which, of course, has now landed and now that's the one that is being consumed in this quarter.

So, there was a negative of about INR8 crores in Brazil, which will get corrected in Q2. Then there are certain businesses where the raw material prices have gone up, and we've been able to pass on some of the price increases. So, your Q2 numbers will look different from what they were in Q1 for the blends business.

For vanillin, it will be slightly better than Q1, where Q3 is our main -- where we will have 1,000 tons plus of sale -- production and sale in Q3. As far as the Performance Chemicals goes, we were negative EBITDA in Q1. In Q2, it will be positive. So, all in all, versus Q1, all 3 of the verticals will be significantly better than they were in Q1.

Rehan: So actually, my concern was that over the last 2, 3 quarters, you have been -- it's because of geopolitical reasons, etcetera. Beyond the point, a lot of companies tend to have inventory gains, tend to have renegotiated prices. But in our case, over time, even though we've had a couple of tailwinds for us, like the antidumping duty coming in our favor, it's been almost 14-odd months. And we're still seeing soften prices.

And as of now, like a lot of people thought that even on your Q4 con call, when we were -- when shareholders and investors and analysts came to ask you on certain things segmentally, we were expecting a simple math that was about at $13, even if you did 500 tons, we were under the impression that your EBITDA per kg is directly trickling to your EBITDA. There was no other fixed cost other than the sales team.

Nirmal Momaya: I think it was very clear that what we are saying is our raw material cost for vanillin is between $7 to $8 for methyl vanillin and conversion cost, this is a fixed cost is INR7 crores per month. So, the math is, if I produce 200 tons, my cost goes to $11. If I produce 400 tons, my cost goes to $9, $9.5, which gives me a straight margin of $4. So that's the math.

Rehan: Yes. But Nirmal sir, you're already producing 400, 500 for the last 3, 4 quarters.

Nirmal Momaya: I'm talking about a month, this is a quarter.

Rehan: Okay. So even at $11, okay, let's assume $11. At $11, you're still selling at $13, $14, $13.5, let's say, $13, even in this quarter, it was $13, right? Because the tariffs came off -- Q4 tariffs came off half the quarter.

Nirmal Momaya: We have trade financing. So, our net realization is lower because we are using trade finance. That's what Santosh mentioned that what has impacted our margin is on the raw material side, we are using financing. And on the selling side, we're using trade channels for financing. So that's the -- and this quarter is not methyl vanillin, it is ethyl vanillin where the cost of ethyl vanillin is higher than cost of methyl vanillin. And even the selling price is higher, but these costs of ethyl vanillin, we have reached a breakeven point.

Now when the methyl vanillin starts, you will see that the margins will be significantly better, the gross margin. Similarly, EBITDA margin will be. And in ethyl vanillin in the next run, the margins will be significantly better because of the scale-up effect that ethyl vanillin will have.

Rehan: So primarily, basically, you're stuck on fixed cost on one side and margin on the other, thanks to the war and third being your financing, which is impacting your margins overall? Is that fair?

Nirmal Momaya: That is fair, yes.

Rehan: So the solution is only capital or the solution is capital plus normalized geopolitical time.

Nirmal Momaya: No, I think first is capacity utilization, okay? That's the first thing which is in our hands that we can start increasing the capacity utilization. Of course, there is the question of financing for that, which we are using trade finance now. So it may impact the margin slightly, but at least the capacity utilization goes up and the cost comes down. That's the first thing.

Second is geopolitical situation improving and improvement in costs, which in the methyl vanillin run, we already have raw materials that we've acquired at very competitive prices. So our margins will be significantly better. The third is, of course, capital, which we are looking at different various options to be able to raise that capital.

Rehan: So, when would be a fair estimate to gauge that you'd swing back to double-digit kind of EBITDA margins at a company level, like Q3, Q4?

Nirmal Momaya: Q3, Q3 could be there.

Rehan: Q2?

Nirmal Momaya: Q3.

Rehan: So Q3 would swing back to double-digit?

Nirmal Momaya: Yes.

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

Surya Narayan Patra: My first question is on the growth number. So, the quarterly -- or if I see the quarterly growth trend for the segment, so the growth number looks really strong, which is higher than the kind of a blended performance on the overall revenue growth for the company. So why so -- is it because of the restatement of the numbers or it is something else?

If I see the Slide Number7, wherein the segmental revenue growth is more or less on an average, it is beyond 30%, so this growth number looks higher compared to the kind of overall growth number?

Santosh Parab: Surya Narayan, unfortunately, I've not got the clear question. So, I'm on 7th slide.

Surya Narayan Patra: So the segmental growth for all the segments, it is like on an average more than 30% on a blended basis, if you look, then kind of a near 30% kind of a growth that we are seeing here, whereas I think the blended growth for the company as a whole for the quarter looks like 22%, 23% kind of growth, whether any difference that I'm finding here? What is that?

Santosh Parab: So yes, now I think I got a handle on what you are asking. First thing, that we are comparing the corresponding last year's quarter with this...

Surya Narayan Patra: Yes, okay.

Santosh Parab: Now last year quarter, especially if you see at straights, we would have been almost same on the volumes on quarter-on-quarter. We have been saying that straights, for example, straight business is not -- it will saturate. The biggest thing of difference in the price side, right? We are selling a bit more straights and the average realization is during this growth, right, from last quarter to this quarter.

Blends has been increasing. There's no question of blends. Blends has been at 20% CAGR, it is growing at 20% CAGR. Performance is a different scenario because if I have catechol, I sell catechol. If I don't have catechol, I'll not sell catechol. No enough hydroquinone, no enough derivative. So that's a different set. It's like a residual business. If straights do well, there will be lesser hydroquinone to sell. When it does well, there will be lesser catechol to sell. So performance will always be based on straights and aroma.

Aroma has been increasing. We have got better price realization because that was a tariff -- the antidumping duty has just come down. Our quantity was also less. So that's the reason when you compare quarter-on-quarter, we have to see the price side also, the volume side also and our capacity utilization.

Surya Narayan Patra: Okay. Sir, my second question is on the margin profile of the, let's say, Specialty Ingredient business, where both the blends as well as the straights. So those are the kind of a branded product area for us. It is this quarter, let's say, 6% because of quarter-specific challenges, if I believe. So what should be the kind of like-to-like margin that we should have seen for this Specialty Ingredient business in the previous year, sir?

Santosh Parab: So let us talk about this quarter first. So what we have lost on a normalized gross margin is around 4% to 5% -- 3% to 4% because of the geopolitical, and 1% to 2% because of our liquidity situation. If I had done this 4%, my normalized EBITDA at this moment of time and with all the pressures of putting the material to American markets and other things, I would have done 4% at least more on gross margin, which would have straight flown down to my EBITDA.

In other words, EBITDA would have been more than 10%. As Boss was telling, you have to also see what is -- because this trade business is not one company, there is across the geographies. There are certain like Brazil had its own thing because of lower margin, it was hardly 20%, 22% margin there because of typical situation where you had to push material by airfreight it or buy it from competitors at higher rate raw material and make the blends.

Then there is other geography like Vinpai, which is just growing now, just started now. EBITDA is a bit of a negative. As it grows, we provide working capital to it, it grows, it will come down to 10%. While the businesses we are already settled like Mexico and U.S., they're already doing a very -- they should have done 17%. They have done 14% because they have lost gross margin.

So those are doing well, and that's why the growth part will be there, the laggards or -- like Vinpai and Brazil, if they do well, the margins will increase. There is a great growth path we are looking -- we have done here on a quarter-on-quarter basis also, we have sold almost INR300 million more sales this year. So, there is a growth path. There is -- we know which products to push and other things and it will happen.

So, on sales side, it's not a problem at all. The whole issue is on the purchase side. If this is settled and we have more things, the EBITDA will grow because the fixed cost is not going to move. Even if you see our other expenses overall, they are not an increase. So the capacities are there. The fixed cost is in place, people are in place. It's only now, I think number has to come from the top line and the margins -- gross margin.

Surya Narayan Patra: Okay. So then, sir, if we believe that, let's say, hypothetically, second half of the current financial year will look normalized environment -- business environment, then which business out of the 3 segments is likely to deliver better margin profile? Or if you can give some sense that, okay, in a normalized business environment, what should be the likely margin profile of Specialty Ingredients and Aroma?

Nirmal Momaya: So basically, Surya, right now, Aroma is negative. In Q2, it will be positive. In Q3, which is where we see much more normalized because we'll have a run of methyl vanillin with all the raw materials in place. So that will be significantly better than Q2.

So Q3 is where you would probably see closest to normalized margins. And that's in Aroma. In blends, of course, 4%, 5% is the raw material hit that we have taken, which some of them already in Q2 have been corrected.

So again, Q3 would be the right quarter for more normalized margin. But Q2 also, there is an improvement over Q1. And Performance Chemicals, the residue business, which, of course, it was negative because of the diphenol closure and some costs which were being incurred. We are selling catechol at a loss, which we've now stopped selling catechol because we are using all of it for our internal consumption. So that also will be positive. So all the 3 verticals or segments will be positive.

Surya Narayan Patra: Okay. But better or the best margin vertical would be Specialty Ingredients. Is that understanding right, sir?

Nirmal Momaya: Yes. Specialty Ingredients and Aroma...

Surya Narayan Patra: Depending upon the scalability.

Nirmal Momaya: This also will be -- probably be as good as specialty.

Surya Narayan Patra: Okay. Just last one point about the diphenol plant shutdown scenario, sir. So, you mentioned that, okay, you are also exploring about having that used for some other products. So that is one. If you can talk something more on that?

The second point here is that, if this plant shutdown situation continues for, let's say, for whatever reason, either for the competition reason or the new time that would be required for manufacturing the new product. So, during that period, what really can happen for our other operations, whether the Performance Chemicals revenue, what we are seeing for this quarter like INR175 crores, what impact it can see and what overall margin impact it can put for other segment because this is like integrated.

Nirmal Momaya: So first of all, INR175 crores is a total, but it's netted off. So, a large part of the INR175 crores, almost INR100-odd crores goes into straights business, straights and blends, okay? It is sold to straights and blends. And then Aroma was almost INR30 crores. So, net-net in Performance Chemicals, I think that was your first question that the total was enough. INR130 crores is internal transfer and that sale of Performance Chemicals is only INR40 crores. Yes, you got that?

Surya Narayan Patra: Yes.

Nirmal Momaya: So basically, when you look at that that number is not going to significantly change the net sales to outsiders because that is -- it will reduce a bit because catechol sale will come down. But then there is an increase in sale of some other products like HQEE. We have some HQ sale also and PVC sale, which has increased. So, I mean that number will be in that region. So, the numbers which I can follow on are more shelf-life and...

Surya Narayan Patra: Specialty Ingredients and Aroma.

Nirmal Momaya: And Aroma and in the Performance, you just look at the margin because a lot of the straights margin will be captured there. So as the diphenol expenses go away and the negative goes away, you will see that the margin will improve considerably because a lot of the straights margin is captured under Performance Chemicals. The margin is captured there. Transfer price is -- the sales is captured in straights.

Surya Narayan Patra: Okay. And the potential of introducing new product in that plant, that scenario, how do you...

Nirmal Momaya: Yes. So we are working on alternatives, which we should be finalizing in the next few months on which way to go. We have options on how to utilize it. We are seeing which is the best possible way to sweat that asset, where will we get the best margins and the best returns, and we'll follow that. We'll, of course, intimate the investors once we are ready.

Moderator: The next question is from the line of Archit Singhal from Bajaj Alternatives.

Archit Singhal: Sir, a few questions. Firstly, a clarification. So, our last call fourth quarter could have happened in May end. At that moment, did we guide for weakness in first quarter?

Santosh Parab: Yes, we had said that the margins will get impacted because of the geopolitical situation. We were always confident about the top line. The whole issue was on the raw material, and that's why we had even closed our diphenol plant. So revenue side was never an issue. This was entirely because of the margin, the raw material prices.

Archit Singhal: Okay. And now that we are in mid-August and half the quarter is gone, so the commentary which you are providing that 2Q will be much better than 1Q, that you are pretty confident about, right?

Nirmal Momaya: Yes.

Archit Singhal: Okay. Sir, last thing on mathematically, if I was to do numbers, so your previous question, you mentioned that you will hit double-digit margin in third quarter. And you're guiding for full year margin of 10% to 11%. So mathematically, given 1Q was weak, Q2 will be slightly better. Is it fair that the second half margin can be to the tune of 13% to 15%?

Santosh Parab: Yes. Looking at the fixed costs are not going to increase a lot. The whole thing is that revenue is going to come, the growth in blends and also in aroma, and the margins thereon gives us a higher rate of EBITDA in the second half.

Moderator: The next question is from the line of Lovish from Burman Capital Investment Management.

Lovish: Sir, actually, I was just hearing your comments, we mentioned that our volumes in Aroma business will be similar to what we have done in Q1, whereas we are guiding for EBITDA to be positive in Q2. So I just wanted to understand what will be the drivers that will help us to get this positive EBITDA given that volumes will still be similar to Q1 levels?

Santosh Parab: So as we said, we are going to go for methyl vanillin now, which is a lower cost product, but a higher margin as compared to ethyl vanillin. So we are switching over we are ending the campaign of 700 tons because these are the orders in hand that have forced us to manufacture ethyl vanillin. We are moving back to methyl vanillin where we also have orders on hand and that will give us a higher margin. The thing is the difference between the EBITDA is only INR4 crores. We get that methyl vanillin, we are confident that we will come into a positive EBITDA for even Aroma.

Lovish: And sir, I think if I remember correctly, in our last call, we had guided for almost 4,000 tons of vanillin in FY27, whereas this time we are saying that we'll do 3,000 tons in FY27. So what has changed in the last 3 months, which is resulting in this lower guidance?

Nirmal Momaya: So basically, we had guided for 3,600 to 4,000 and now we are saying 3,000 -- around 3,000. The change is basically in our ethyl vanillin run. The ramp-up we took was slower than what we had anticipated purely because we wanted to get the quality standards to be absolutely undoubtable. And that's what we've done. We've got 95% customer approval in the first shot, which is excellent for a product like ethyl vanillin. So which meant that now we will be doing another campaign. So every time we switch a campaign, we lose about a month of production. And we are going to -- in this year, we are going to do 4 campaigns. So we'll be losing 4 months of production. So that's how we are looking at around 3,000 tons of production.

Lovish: And sir, any particular reason why we shift campaigns given that you are saying that methyl vanillin is a lower cost and better margin. So why aren’t we sticking to methyl for the full year?

Nirmal Momaya: So the customers require both. And ethyl vanillin in the next run, our margins will be similar to methyl vanillin. Because in this run, we had high-cost material that we had to buy. And production also of some of the intermediates was high cost, which in the next run, those costs will be rationalized, and the margin profile will be similar to methyl vanillin.

Lovish: And sir, I think you also mentioned that raw material costs were higher, which we were not able to pass on in this quarter. So quarter 2, we are confident that we'll be able to pass on. And how much of that would be passed on? Will we be fully able to pass on those costs?

Nirmal Momaya: No, not fully. But in the blends, some of it upwards, we will be able to pass on. I'm not saying that we'll be able to pass on entirely the cost, but maybe half of the cost we'll be able to pass on.

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

Meet Gada: I had a couple of questions here. I wanted to understand the current demand scenario for vanillin and what is the situation on channel inventory with your customers? And what sort of interactions you are having with your customers for pickup in volumes and for the utilizations to improve sequentially? That would be my first question.

Nirmal Momaya: Yes. So, vanillin right now, as we understand, the channel stocks are getting cleared out. So that issue which was there is now out of the way. And we are absolutely on track to -- with all the customers that we discussed in the past, so F&F companies and the others for their quarterly and half yearly and yearly contracts, we are in negotiations, and that's progressing well.

So, in terms of demand pickup, 3,000 to 4,000 tons is what we are estimating for this year, but we may not be able to produce that much because of the campaign that we are doing. But it's fair to say that the demand is picking up.

Meet Gada: So, sir, is it normal to have 4 campaigns in a year or so, or what kind of vanillin volumes do we expect for FY28 next?

Nirmal Momaya: So, for FY28, see, I'll tell you again, this ethyl vanillin campaign was a campaign like I mentioned, we took to scale up, we took a lot of time. So normally, even if I take 1 month break, I can do a turnover -- I can produce 400, 500 tons of whether it's methyl vanillin or ethyl vanillin per month. That's my capacity. So, in 8 months, even if I run it for 8 months, ideally should be producing 4,000. But this time, it is 3,000 because we took time on -- we took 4 months for ethyl vanillin to scale up.

Meet Gada: So, it is fair to assume that 4,000 tons should be our peak utilization for vanillin plant?

Nirmal Momaya: No, no, no. It's not so because we'll not be doing 4 campaigns. Ideally, we don't want to do more than 3 campaigns. And at that, we should be able to scale it up to 5,000 tons.

Meet Gada: And my last question is, what kind of working capital requirement is there for the business currently? And what kind of number of days you are expecting? And when do you expect the credit funding of INR100 crores, INR200-odd crores to close?

Santosh Parab: So, our general working capital cycle on a consolidated basis is 100 days. At present, even in March, you would have seen that it was looking better than that. That was because of -- there were creditors. We had extended line -- due dates with our creditors.

With INR100 crores, it is what we generally require. For each INR1 crores, I will require one third of that as a working capital support. This INR100 crores, INR150 crores, we are working, I think we should be able to have the line in place in next 1-1.5 months or at least we know where, how we are going to fund it.

Moderator: The next question is from the line of Satish Kumar from InCred Equities.

Satish Kumar: Sir, just one question. If I suppose everything were normal, then what would have been our EBITDA this quarter?

Nirmal Momaya: At least 6% more.

Santosh Parab: See, we have lost only on the margins.

Nirmal Momaya: Gross margins.

Santosh Parab: Now what 5% gross margin. 5% we have directly travelled to our bottom line.

Nirmal Momaya: So that is one -- the second what is impacted, that 6% would have given. And the second is, of course, the vanillin, which where the gross margin was even more impacted than because of ethyl vanillin. So...

Satish Kumar: You mean to say that around...

Santosh Parab: So, all in all 4% to 5% margin would have...

Satish Kumar: Better. So, we can say that everything went normal, the EBITDA would have been in the range of INR37 crores to INR40 crores, right, sir?

Nirmal Momaya: Yes, correct. Correct.

Satish Kumar: And sir, for the coming quarters, we are guiding for an average run rate of around INR70 crores, right, sir, EBITDA. I mean, obviously, Q2 will be less and Q3, Q4 can be higher. But average we are guiding for is INR70 crores.

Nirmal Momaya: Correct.

Satish Kumar: And sir, the other thing is that do you think that raw material cost pressures have been behind us or it will remain so in this quarter as well?

Nirmal Momaya: In Q2, it will remain with us because I don't see so much of a difference in raw material prices because with the war situation and the conflict, it keeps moving in directions which we don't understand sometimes. But till this is resolved, you will always see elevated raw material prices.

Satish Kumar: And so, sir, our guidance actually factors in that that elevated raw material prices?

Nirmal Momaya: Yes. At least, I mean, elevated for 3 months, and it's not factoring 6 months and 9 months.

Satish Kumar: Okay. So, but sir, as you said in the beginning that some of the cost has been passed through, particularly in blends, right?

Nirmal Momaya: Yes.

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

Niraj: Can you elaborate on the inventory situation in the U.S. and the global situation of vanillin, how you think will evolve in demand-supply equation?

Santosh Parab: Niraj, you are asking for inventory situation internally of vanillin?

Niraj: I'm asking, can you comment on the inventory of the pre-antidumping duty which had collected, how is that inventory of vanillin in the U.S., and -- yes.

Santosh Parab: So, I think you're asking for the channel stocks which are there at the start of the...

Niraj: Yes, yes.

Santosh Parab: Those are dried out. There is no overhang of any channel stock, either Chinese or pre antidumping duty on now. So, there is no channel stocks in any of the country.

Niraj: Okay. And sir, what is your estimate of the U.S. demand? And where -- what is your estimate of the residual demand that will come from India to supply to the U.S.?

Nirmal Momaya: So basically, the demand is U.S. and Europe where the antidumping duties are. So our focus on these 2 markets. And there seems to be a gap of about 5,000 to 6,000 tons of material, which will have to be imported because the local production capacities are fully occupied at that level. So we see that opportunity for us to participate in that supply.

Niraj: Okay. Sir, but the question here arises that, if you are not producing and China is not -- and China is having import duty on its head, so why are the prices not rising in the U.S. and Europe?

Nirmal Momaya: Good question. We are asking this to the market leader, which is Syensqo, who are producing in U.S. and Europe, why are they not increasing prices.

Santosh Parab: But there is a bit also, if Solvay increases prices, the Chinese price also increases. So Chinese will again come back.

Nirmal Momaya: They will come with their...

Santosh Parab: So at present, if they sell at $18, the Chinese price is $15.

Nirmal Momaya: More than that, the customer. They are selling to the same customer. They are a multinational, selling to customers in -- across the world. So, a fragrance and flavour company, if it's buying material at $8 in India and you charge them $25 in the U.S., the same company doing it, it doesn't go down well with the customer.

So, they have to protect their global business also. So, they will always keep it reasonable. They will not take it to levels to equate it to the antidumping duty because some of these customers, they are servicing on a global level.

Niraj: Okay, sir. But if I just do the antidumping duty math, they will not be able to supply above or below a particular price. So just -- and by that math, the price needs to go up actually. That's why I'm asking you.

Santosh Parab: So, it's not a reverse working from my sale price plus 20% duty, 250% duty. See, the antidumping is to protect Solvay. Solvay is indirectly deciding the price, right? If they sell at $18, the Chinese has to bear 250% duty, which comes to $7, $8. And that is how they have kept Chinese out. If they make the sale price to $21, the Chinese price becomes 8%, 8.5%, -- 5%. So, despite 250%, they will start competing. That's one thing.

Secondly, as Boss was saying, Solvay is not only selling in U.S. They have contracts leaving with IFF and Givaudan for entire world as a whole. So, they are balancing. They cannot take exorbitantly high if they increase prices in U.S., then Chinese do enter. They will sell at $8. They are happy with that. $8, 250% duty, if they get $20, if Solvay is $20, Chinese will enter.

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

Ashish Dandekar: Thank you. Thank you for your time, ladies and gentlemen. We look forward to interacting with you again at the next quarterly Earnings Conference Call. Until then, good evening.

Santosh Parab: Thank you.

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