Oriental Aromatics

Operator: Ladies and gentlemen, good day and welcome to Oriental Aromatics Ltd. Q1 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star and zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you, and over to you, ma'am.

Operator: Thank you. Good afternoon, everyone, and a very warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the investor relations of Oriental Aromatics Ltd. On behalf of the company, I would like to thank you all for participating in the company's earnings conference call for the first quarter of financial year 2027.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ from those anticipated. Such statements are based on management's beliefs, as well as assumptions made by and information currently available to management. The audience is cautioned not to place any undue reliance on these forward-looking statements in making any investment decision.

The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial performance for the quarter under review. Now let me introduce you to the management participating with us in today's earnings call and hand it over to them for their opening remarks.

We have with us Mr. Dharmil Bodani, Chairman and Managing Director; Mr. Shyamal Bodani, Executive Director; Mr. Parag Satoskar, Chief Executive Officer; Mr. Girish Khandelwal, Chief Financial Officer; and Ms. Kiranpreet Gill, Company Secretary and Compliance Officer.

Without any further delay, I request Mr. Dharmil Bodani to start with his opening remarks. Thank you, and over to you, sir.

Management: Thank you, Purvangi. Good afternoon, everybody. It is a pleasure to welcome you all to the quarterly earnings call of Oriental Aromatics Ltd.

Quarter one represents a positive start to the financial year for the company. Our performance during the quarter reflects healthy year-on-year growth in revenue and volumes, improved operating efficiencies, and a sequential recovery in profitability. While the external environment continues to remain challenging and input costs remain elevated, the direction of our performance is encouraging.

Our diversified presence across flavors, fragrances, specialty aroma ingredients, and camphor and terpene chemicals continues to provide resilience across market cycles. Our Executive Director, Mr. Shyamal Bodani, will now take you through the operational performance and key developments during this quarter. Thereafter, our CFO, Mr. Girish Khandelwal, will brief you on the financial highlights. Over to you, Shyamal. Thank you.

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Management: Thank you, Dharmil. Good afternoon, everyone. Q1 FY27 has been an encouraging start to the financial year, with healthy year-on-year growth in revenue, production, and sales volume, accompanied by a sequential improvement in operating margins.

Our consolidated revenue from operations for the quarter stood at approximately 260 crores, compared with approximately 226 crores in the corresponding quarter last year, representing growth of around 15% year-on-year. More importantly, this growth was supported by a strong increase in physical volumes. Total sales volume increased by 22% year-on-year, while production volumes grew by 18% year-on-year, reflecting healthy manufacturing utilization, improved operational execution, and sustained demand across our key product categories.

On a sequential basis, product volumes remained broadly stable. This was primarily attributable to changes in product mix and the normal quarterly seasonal movement across our three businesses.

Our EBITDA margin for the quarter stood at 7.62%, representing an improvement of 71 basis points sequentially from 6.89% in Q4 FY26. This improvement was supported by a favorable product mix, improved sales realizations, and the benefit of operational efficiency programs undertaken across our manufacturing locations. While EBITDA margins were marginally lower than in the corresponding quarter last year, primarily due to higher raw material costs, we believe the sequential improvement reflects the direction in which the business is progressing.

Now let me take you through the performance of our three businesses.

The Fragrance and Flavors division continues to deliver a resilient performance during the quarter. Demand across our key customer categories remained healthy, and we continued to deepen our relationships with existing customers while progressing new business opportunities across both domestic and international markets.

Production and sales volume at Ambernath were marginally lower year-on-year during the quarter. The primary reason for this was the seasonal nature of the business, and this should not be viewed as a change in the underlying direction of the division. Our brief pipeline remains healthy, and we continue to focus on expanding customer relationships, increasing wallet share, and converting development projects into sustainable commercial businesses.

Our specialty aroma ingredients business delivered healthy year-on-year growth in both production and sales volume during the quarter. However, the broader global market for ingredients continues to remain highly competitive. Capacity additions, particularly across Asia, continue to exert pressure on selling prices for several products.

The industry remains a buyers' market across many ingredients categories, with customers continuing to expect competitive pricing together with high quality, innovation, and security of supply. At the same time, several natural and petrochemical-derived raw materials continue to remain elevated, creating an environment where input costs remain firm while finished product pricing continues to be competitive.

Our response continues to be disciplined and structural. We continue to focus on process re-engineering, yield improvement, energy optimization, internalization of intermediaries, and

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greater utilization of our multi-chemistry manufacturing platforms. These initiatives are intended to improve our cost position independent of any future recovery in the pricing cycle.

We also remain selective in the business that we pursue. Our objective continues to be protecting market share and customer relationships while maintaining an appropriate contribution margin. The strength of our business lies not merely in individual molecules, but in the breadth of our portfolio, our chemistry capabilities, our integrated quality and regulatory systems, and our long-standing relationships with leading global fragrance companies.

The Camphor and Terpene Chemicals division recorded strong year-on-year volume growth during this quarter. Q1 normally marks the beginning of inventory build-up ahead of the festive demand period in Q2 and Q3, and the volume performance during the quarter provides a constructive foundation as we enter the stronger seasonal period.

Nevertheless, the domestic camphor market continues to face structural overcapacity arising from significant manufacturing capacity additions over recent years. Our focus therefore remains on those areas where Oriental Aromatics possesses clear competitive advantages: consistent quality, regulatory compliance, pharmaceutical-grade camphor, strategic B2B relationships, and the continued strength of our Saraswati and Three Pine consumer brands.

The Mahad facility continues to progress through the commercialization and customer qualification phase. We have consistently explained in our previous investor interactions that specialty aroma ingredients follow a longer commercialization cycle involving technical validation, customer qualification, and commercial allocation before regular business commences.

Customer feedback continues to remain encouraging, commercial shipments are progressing, and the facility is now participating in several global sourcing programs and RFQs, which should support a gradual build-up in commercial volumes. At the same time, we continue to maintain a realistic perspective. Mahad has not yet achieved the utilization levels required to fully absorb its fixed operating costs and therefore continues to impact consolidated profitability. Our objective remains to progressively move the facility towards 75-80% utilization, where we believe Mahad will become EBITDA-positive and begin contributing meaningfully to consolidated profitability.

Mahad remains a strategic, long-term investment. The infrastructure has been created not only for the current product portfolio, but also for future expansions and additional molecules. We therefore continue to evaluate this investment from a long-term strategic perspective.

The broader operating environment continues to remain mixed. The long-term trends towards premiumization across personal care, home care, and fine fragrances continue to remain intact. We believe this structural trend, together with Oriental Aromatics' backward-integrated business model, presents a significant long-term opportunity for the company.

At the same time, customers continue to exercise discipline around inventories and working capital, while security of supply has become increasingly important in an environment characterized by geopolitical uncertainty and supply chain disruptions.

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Our integrated manufacturing platform, broad raw material sourcing capabilities, and backward integration into specialty aroma ingredients position us well to participate in these structural opportunities while delivering consistent quality, innovation, and reliability to our customers.

Raw material inflation nevertheless remains an area that requires continuous vigilance. Several natural, terpene-based, and petrochemical-derived inputs remain elevated. Wherever commercially feasible, we continue to work with customers to recover these increases while simultaneously improving our internal cost structure through operational efficiencies.

The improvement in profitability during quarter one is encouraging, but further work remains. Our immediate objective continues to be improving operating margins while preserving volume growth and strengthening customer relationships.

The company's net debt-to-equity ratio improved to 0.56 times as of June 30, 2026, reflecting our continued commitment to disciplined capital allocation and prudent financial management.

These significant investments made over the past several years have created meaningful manufacturing capacity and technical capabilities across our operations. Our immediate priority is therefore to maximize utilization and improve profitability from the existing assets before undertaking any major expansionary investments.

As we look ahead, quarter two and quarter three continue to be seasonally important quarters for several parts of our business, including camphor and consumer fragrances. The momentum established during quarter one, together with our active customer pipeline and improved operational efficiencies, provides a constructive foundation for the quarters ahead.

However, we remain mindful that raw material costs, foreign exchange movements, geopolitical developments, and competitive pricing continue to influence the operating environment. Our priorities therefore remain unchanged: sustain volume growth while strengthening market share across all three businesses; continue improving margins through product mix, process optimization, and disciplined cost management; accelerate customer approvals and commercial allocations for Mahad; maintain prudent capital allocation and maximize returns from our existing manufacturing assets; and continue investing selectively in R&D, fragrance creation, application, and new product development to strengthen our long-term competitive position.

To summarize, Q1 FY27 represents a positive start to the year. We have delivered healthy year-on-year growth in revenue, production, and sales volume; improved profitability sequentially; and strengthened our operational performance while remaining disciplined in navigating a challenging external environment.

The direction of travel is encouraging. Our focus now is to convert this operational momentum into sustained improvement in profitability and capital efficiency, as well as long-term shareholder value, through disciplined execution over the coming quarters. Thank you. I will now hand over to our CFO, Mr. Girish Khandelwal, for the financial highlights. Over to you, Girish.

Management: Thank you, Shyamal. Good afternoon, everyone. Let me begin by sharing our consolidated financial performance for Q1 FY27.

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During the quarter, the company reported operating revenue of {? 260 crore ?}, representing healthy 15% year-on-year growth and reflecting sustained demand across key product categories. On a sequential basis, revenue declined by 8%, primarily due to changes in product mix.

EBITDA for the quarter stood at 19.8 crore, compared with 19.46 crore in the previous quarter and 18.06 crore in the corresponding quarter of the previous year.

EBITDA margins improved to 7.62% from 6.89% in the previous quarter, supported by improved operating efficiencies. Compared with 8.01% in Q1 FY26, the margin was marginally lower, primarily due to higher raw material costs during the quarter.

Profit after tax stood at 2.51 crore, compared with 3.98 crore in the previous quarter and 0.5 crore in the corresponding quarter.

The company continued to maintain a prudent capital structure, with the net debt-to-equity ratio improving to 0.56x as of June 30, 2026, compared with 0.58x as of March 31, 2026.

Cash profit for the quarter stood at 10.2 crore, compared with 8.72 crore in the corresponding quarter of the previous year and 11.72 crore in the previous quarter.

With this, we can now open the floor for the question-and-answer session. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on the touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question.

Ladies and gentlemen, in order to ensure that management is able to address questions from all participants in the conference, please limit your questions to two per participant. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Rohit Sinha from Sunidhi Securities. Please go ahead.

Rohit Sinha – Sunidhi Securities: Thank you for taking my question, sir. My first question is regarding the utilization level and our peak potential on the revenue side. What is the current utilization right now for the overall business and for the Mahad plant? At the peak utilization level of all these plants, what sort of revenue number would we be looking at, and possibly by when should that be achievable?

Management: Primarily, for the Mahad plant, we are currently looking at capacity utilization of between 50% and 60%. If you look at the specialty aroma ingredients division and the camphor and terpene chemicals plant, except for the hydrogenation facility, most of the other plants are operating at between 85% and 90%.

For the fragrance compounding facility, we have substantial additional ability to increase production. In terms of capacity utilization, the Mahad facility is where we feel that, over the next few quarters, we will have better utilization.

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Rohit Sinha – Sunidhi Securities: With this full utilization, what sort of number would we be looking at? We achieved 1,000 crores last year. What further possibility of revenue addition is left with full capacity utilization?

Management: I can probably give you a near-term number. We are looking at a trajectory of anywhere between 10% and 15% growth in our sales in the next 1 year. That is our near-term goal.

In terms of our long-term strategic goal based on projections, you can reach out to Girish, and he can probably share the numbers with you.

Rohit Sinha – Sunidhi Securities: Sure, sir. Sure. Next—

Operator: Sorry to interrupt, Mr. Sinha. May we request you to return to the question queue for a follow-up question? Thank you.

The next question is from the line of Subhi from Trinetra Asset Management. Please go ahead.

Subhi – Trinetra Asset Management: Hi, sir. My first question is regarding the favorable product mix. Could you talk a little more about that, including how much the margins are and how they will look? That is my first question.

My second question is about raw material price pressure. How are we looking at the coming quarters in that regard?

Management: An answer to your margins question is, frankly speaking, like looking into a crystal ball, because the global geopolitical situation is having an impact on the availability and pricing of all our inputs.

Hence, we can probably only state that we are extremely mindful and watchful of the situation, and we are taking very calibrated steps to ensure that we strike a balance between raw material availability, so that all our sales are fully catered for, and ensuring that the raw materials are available at the lowest price.

To answer your question on margins, it is something that is very fluid currently. In terms of the impact of raw materials, from a trend perspective, we see that all the Alpha-Pinene-based raw materials will tend to be expensive because of the sustained increase in Alpha-Pinene pricing.

Petro, again, remains in a seesaw situation. Prices were very firm in the last few months, and then they came down for 1 month. To answer your questions, in terms of margins and the impact, it is an ongoing process, and we are watching the situation very, very closely on the raw material side, the utility side, and also on the sales side.

Subhi – Trinetra Asset Management: Sure, sir. Thank you. This was helpful.

Operator: Thank you. The next question is from the line of Rajesh Mishra from Liberty Securities. Please go ahead.

Rajesh Mishra – Liberty Securities: Hello, sir. This is Rajesh Mishra speaking. Congratulations on a great set of results.

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I had two questions. First, in the previous meeting, you said that discussions had begun with the central government regarding restrictions on camphor imports. Please update us on the current status of these discussions and also tell us whether any further progress or response has been received from the government.

My second question is regarding the camphor segment. I would like to know what percentage of our business is in the retail FMCG sector. Is it approximately 50-50, or are there any other figures?

Management: Mr. Mishra, in the previous call, we only said that we had a meeting with government representatives, where there was an open discussion about camphor, its imports, and their impact.

After that, there has been no further development on that subject during this quarter.

Regarding your second question, as a strategy, we do not provide a category-wise or division-wise breakup. I would like to answer by saying that the contribution of our three categories—fragrances, specialty aroma ingredients, and camphor and terpene chemicals—to our sales is roughly one-third, one-third, and one-third.

Rajesh Mishra – Liberty Securities: Okay, sir. Thank you.

Management: Thank you, Mr. Mishra.

Operator: Thank you. The next question is from the line of Maitri Shah from Sapphire Capital. Please go ahead.

Maitri Shah – Sapphire Capital: Hello. Good afternoon. Am I audible?

Management: Yes.

Maitri Shah – Sapphire Capital: This quarter, we had close to a 20% increase in sales volume, while revenues grew by 15%. So there was a dip in the realization of our products, and I think most of the pressure is coming from increased capacity.

With the 10-15% revenue growth that you are expecting, what sort of volume growth are we penciling in for that? How much do you see realizations going further down?

Management: As I mentioned, {? Maitreyi ?}, we find ourselves in a very interesting situation where some part of the volume growth that we saw in the quarter that just ended was from products that our customers had given us as an allocation in Q1. Therefore, they decided to take those products before the stipulated period in which they were going to buy them because of the geopolitical situation.

To answer your question, the gap is primarily driven by an increase in raw material prices. There was an acceleration in the customers' desire to receive the material early, and hence we see this gap.

Going forward, our focus is always going to be to strike a balance and ensure that we are targeting business where we see volume growth, and where we also see this volume growth at a decent contribution in terms of profit margins. That is our broad objective.

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I cannot share very specific numbers with you because these numbers across the three divisions keep changing month-on-month.

Maitri Shah – Sapphire Capital: So far in Q2, have you been able to have conversations with your customers regarding the pass-through of the price increase that we have taken on the input side, or are there still contracts where we are realizing lower prices while taking the hit on the margin from the input side?

Management: Wherever it has been possible to pass through the increase, we have been very, very successful. As we mentioned, in the specialty aroma ingredients space and particularly in the camphor space, there have been significant capacity additions in the Asian region, which creates a challenge in terms of achieving a pass-through.

Having said that, I think we have been in a position to mitigate these challenges by implementing a step-up pass-through process with our customers to at least cover the foreign exchange impact as well as the impact of any raw material price hike.

Maitri Shah – Sapphire Capital: Got it. Thanks, that was very clear. Lastly, on the tax side, what sort of effective tax rate are we penciling in for FY27 and then for FY28?

Management: Girish, do you want to answer this because it is related to tax?

Management: The tax rate for us is around 25% only, because there is a tax liability only in the parent, and there is no tax liability in the overseas subsidiary.

Maitri Shah – Sapphire Capital: So it is 25% for the full year; that is what we are expecting?

Management: Yes.

Maitri Shah – Sapphire Capital: Okay. Got it. Thank you so much.

Operator: Thank you. The next question is from the line of Anisha Dalal from Universal Capital. Please go ahead.

Anisha Dalal – Universal Capital: Hello?

Management: Hello.

Anisha Dalal – Universal Capital: Yes, sir. Am I audible?

Management: Yes, you are, ma'am.

Anisha Dalal – Universal Capital: First of all, congratulations on the performance.

Management: Thank you.

Anisha Dalal – Universal Capital: In the last interaction, you mentioned that the industry is currently facing a demand-supply mismatch, with significant new camphor manufacturing capacities having come up in India. This has understandably put pressure on pricing and profitability across the sector.

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As a shareholder, I would like to make a suggestion. Since all the camphor manufacturers are facing the same demand-supply imbalance, why do the manufacturers not come together and work toward a common cause for the entire industry so that prices can be corrected?

Management: Anisha, I would first like to thank you for giving the suggestion. The challenge is that, since there is a demand-supply gap because of excess capacity, it becomes very challenging for the existing players to come together and develop a common strategy, especially when the final product market has a very limited CAGR.

The expansion that has happened is not linked to the CAGR capacity of the finished product. Hence, it is going to be quite challenging for the industry to come together and create a program for overcoming this challenge.

Anisha Dalal – Universal Capital: I am specifically referring to manufacturers who are selling camphor at raw material prices.

Management: Yes, ma'am, but that is wishful thinking. I probably do not have an answer because I can speak for my company, where I can see that there is this demand-supply gap and everybody is probably trying to get a piece of a pie that is not growing.

I do not know how we will arrive at a strategy, but we have taken your view and will see whether something is possible.

Anisha Dalal – Universal Capital: Okay. Thank you.

Management: Thank you.

Operator: Thank you. The next question is from the line of Moksh Ranka from Orum H. Please go ahead.

Moksh Ranka – Orum H: Hello, sir. I wanted to understand, regarding our brands Saraswati and Three Pine, roughly speaking, how much would their contribution be to our camphor division?

Management: Moksh, as I mentioned in the previous interaction with one of our investor friends, we do not provide the breakup of individual subdivisions within our broad divisions. We broadly state the contribution of each of our three verticals.

Moksh Ranka – Orum H: Also, could you provide some color regarding camphor pricing compared with Q1 and perhaps last year? What is currently the difference in import pricing between China and India? Has it narrowed, or what is the current scenario?

Management: There has been a substantial double-digit increase in the price of camphor powder with regard to Indian camphor. We do not follow much of the camphor coming from China, so I will not be able to give you a very specific answer about that.

In terms of Indian camphor, there has been a very significant increase in the sales price.

Moksh Ranka – Orum H: Is there any underlying economic reason behind it, such as increased demand or higher input costs? Do you have any idea why there has been this sudden increase in

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prices?

Management: The very specific reason is that a large contributor to the cost is a material called Alpha-Pinene, and Alpha-Pinene prices over the past 5 months have gone up by almost 70% or 80%. They continue to remain at this high price point.

Moksh Ranka – Orum H: Okay.

And this is an imported raw material, right? So it would be in dollar terms?

Management: Yes, correct.

Moksh Ranka – Orum H: Is there any scenario in which we are seeing prices cool down, or are they still firm?

Management: We normally answer two questions, but I will probably answer this one. Right now, they continue to remain firm.

Moksh Ranka – Orum H: Okay, okay. I will get back in the queue.

Operator: Thank you. Before we take the next question, we would like to remind participants that you may press star and one to ask a question.

The next question is from the line of Rohit Sinha from Sunidhi Securities. Please go ahead.

Rohit Sinha – Sunidhi Securities: Thank you for the follow-up, sir. One question is on the export side. Normally, we have around 32-33% export contribution. What was the contribution in this quarter, and how are we expecting this figure to end for FY27?

Management: Girish, I think the figure is not 30%; I think it is more than 30%.

Management: Actually, for the quarter it was 35%, and in the previous financial year it was 33%.

Management: Great. We will probably remain in the same range in terms of our export contribution going forward as well. We do not see a substantial change in the proportion of exports versus local sales. I am sorry.

Rohit Sinha – Sunidhi Securities: Got it. Secondly, looking at the overall capex side, I think we have undertaken decent capex over the last 4-5 years, and we have probably completed the cycle.

If we look at the overall contribution or the peak potential from here, with 85-95% utilization for all the other plants and Mahad at roughly 50-60% utilization, another 60-70 crore would perhaps be added from Mahad, and the remaining plants would add another 10-12%. So we would still reach a maximum level of approximately 1,400 from here.

What is the plan going forward, and how should we look at this growth over the next 5 years?

Management: Rohit, I think you are missing a very important element in the Oriental universe, which is the fragrance division.

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The logic of the capex over the years has not been only to benefit the company by selling the ingredients that we make in these investment-driven plants. These products that are now being made have been extensively used by our fragrance division, and I think that is the growth that we expect in our fragrance division because of this.

Unless you capture that in the overall opportunity cost going forward, I think you will miss a very critical piece of the Oriental story.

Our investor friends keep looking at us only from the perspective of capex, only from the perspective of aroma ingredients, and only from the perspective of generic materials. However, I think the underlying story is how this will eventually help our fragrance division not only to have a backward integration component attached to it, but also to have depth in terms of competitive strategic positioning, which will be a key value driver.

There, you do not need capex; you need the ability to create and sell at the right price.

Rohit Sinha – Sunidhi Securities: So that means our mix, which is currently approximately one-third in each of the three segments, could change if we focus more on the fragrance and aroma business. Correct?

Management: Rohit, when that change happens, I promise you I will inform you on the investor call.

Rohit Sinha – Sunidhi Securities: Okay, sir. If I can squeeze in one more question, how much would our overall R&D spend be on an annual basis?

Management: I stand corrected on this one. The last time I checked, we were at anywhere between 3% and 4% of sales. Girish, am I correct?

Management: Currently, we are at around 2-2.5%.

Management: Great.

Management: We have controlled the expenses.

Management: Yes. Rohit, the mantra is optimization everywhere.

Rohit Sinha – Sunidhi Securities: Got it. That is it from my side, sir. Thank you.

Management: Thank you, Rohit.

Operator: Thank you. The next question is from the line of Saket Saurabh from Sagarika Capital. Please go ahead.

Saket Saurabh – Sagarika Capital: Hi. Am I audible?

Management: Yes, you are.

Saket Saurabh – Sagarika Capital: It was mentioned that Mahad is operating at 50-60% capacity. If I subtract the standalone figures from the consolidated figures, the top-line contribution was around 3 crores from Mahad. First of all, am I right? If yes, is it that we are producing and the output is

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being inventoried right now? I just needed clarity on that.

Second, there was a clarification that the environment is volatile and dynamic. Is there any scope for improvement in margins? We have talked about doing all the right things, and over the last couple of years, even for the current quarters, initially there were tariffs and so on, but the margin has remained stuck at around 7%.

Even year-on-year, there was a minor decline. If I look only at the standalone numbers, with Mahad removed, I have already removed it from the profitability numbers. Is there any scope for improvement, even in the immediate term, on the margin front?

Management: To give you a very clear picture, Saket, we are on both sides of the coin. We make fragrances, so we buy aroma ingredients, and on the other side, we sell aroma ingredients to global fragrance houses and businesses like ours.

We have found ourselves in a cycle over the last probably 12-16 quarters, where substantial capacity expansion has taken place in Asia, primarily in China. Hence, the availability and pricing opportunity that existed a few years ago has been challenged over the last few quarters.

That is the reality of the market, and that is the reality of the generic aroma ingredients market globally, without any exception. I can vouch for this because I also buy these materials for my fragrance business.

As these capacities get utilized and as the fragrance business globally grows, we will see opportunities arise. When these opportunities arise, we will be more than happy to capture them. That is point number one.

Point number two is that the basket of products that we currently offer to our customers globally and in India keeps expanding, and that basket gives us the ability to have an EBITDA at the basket level.

These two strategies put together, along with the very strong headwind of new capacities coming up and pressure on pricing, make us feel very confident that whenever opportunities arise in generics, we will be able to capitalize on them.

Having said that, the generics are already giving a lot of value to our fragrance division, from where we will see additional margin contribution. These are the three broad pillars on the basis of which we feel that, whenever margins arise going forward, we will be there to accept them.

Saket Saurabh – Sagarika Capital: Regarding Mahad and 50-60% utilization leading to a quarterly run rate of 3 crores, are we currently inventorying the production, or does that not tie in?

Management: Mahad has gone through a phase where, first, we produced; then we inventoried the output; then we went through a series of approvals, after which the material started moving.

Then we had the geopolitical situation, because of which access to one raw material became extremely challenging. When we got access to that raw material, we produced again and inventoried the output again.

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That is probably what happened. Girish could answer in terms of the numbers, but broadly, this is what happened on the ground.

Saket Saurabh – Sagarika Capital: I was just saying that the top line is only 3 crores. My question is whether there is currently an inventory build-up, or whether everything that has been produced so far is—

Management: To answer your question, there is an inventory build-up that has been initiated because of the challenged access to one raw material, which is petrochemical-driven. We are very, very confident that we will be able to sell that inventory in the near future. That is point number one.

Point number two is that, from a communication perspective, the Mahad investment is not only for this one product. It is a very large site where we have completed only phase one. As Shyamal mentioned in his speech, it is a long-term strategic investment for a large number of products that will be installed there when we are ready.

Saket Saurabh – Sagarika Capital: What kind of top line are we seeing, say, at least in Q3, or when is meaningful scaling-up envisaged for Mahad? Because, if you recall, almost—

Management: I can promise you that when and as it happens, we will inform the investor community. We are trying our best. We always say that new products—and we have been in this cycle for the past 20 years—take anywhere between 500 days and 1,000 days to see the light of day.

We are very confident, and we are seeing those early signs of progress, where we have received approvals from a wide range of global customers.

Saket Saurabh – Sagarika Capital: Got it. Is there any remote possibility of—

Management: I am sorry, but we have already answered three questions. We will give an opportunity to some others.

Saket Saurabh – Sagarika Capital: Sure.

Operator: Thank you. Participants who wish to ask questions may press star and one at this time.

The next question is from the line of Vinayak, an individual investor. Please go ahead.

Vinayak – Individual Investor: Hello, sir.

Management: Hello.

Vinayak – Individual Investor: Hi, sir. I had one question: how did you manage the significant volatility in raw material prices due to the West Asia crisis?

Operator: Sorry to interrupt. Mr. Vinayak, may we request you to use a microphone while asking your question? You are not very audible.

Vinayak – Individual Investor: Hello, hello, sir. Am I audible?

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Management: Yes, you are.

Vinayak – Individual Investor: I have one question. How did you manage the significant volatility in raw material prices due to the West Asia crisis?

Management: It has been a combination of extremely vigilant communication with our existing suppliers and leveraging the long-term relationships that we have built over the past many years. This ensured that whatever volatility occurred, it probably affected us last and affected us to the lowest possible extent.

It has been a combination of these two or three things. We have a dedicated team that is looking at all our raw material portfolios in the fragrance business as well as the other two divisions and taking strategic decisions about what to buy long and what to buy short.

Vinayak – Individual Investor: That is it from my side, sir. Thank you.

Management: Thank you.

Operator: Thank you. Ladies and gentlemen, that was the last question of the day. I would now like to hand over the conference to Mr. Dharmil Bodani from Oriental Aromatics Ltd. for his closing comments.

Management: Thank you. Thank you all for participating in the earnings conference call. I hope we have been able to answer your questions satisfactorily. If you have any further questions or would like to know more about the company, please reach out to our IR managers at Valorem Advisors. Thank you.

Operator: Thank you. On behalf of Oriental Aromatics Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect the line.

Management: Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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