

Oriental Aromatics



TRANSCRIPT

OF

**48TH ANNUAL GENERAL
MEETING**

**HELD ON 15TH SEPTEMBER, 2020 AT 11:00 AM
THROUGH VIDEO CONFERENCING (VC)/
OTHER AUDIO VISUAL MEANS (OAVM)**

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WELCOME ADDRESS & INTRODUCTION OF BOARD MEMBERS

Company: Good Morning, Ladies & Gentlemen,
Secretary

I Kiranpreet Gill, Company Secretary & Compliance Officer, on behalf of the Board of Directors and entire team of Oriental Aromatics welcome you all to the 48th Annual General Meeting of the Company. This meeting is being held through Video Conferencing in compliance with the provisions of the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 and the circulars issued by the Ministry of Corporate Affairs. I have joined this meeting from Mumbai.

I would now like to take this opportunity to introduce our Chairman & Managing Director, **Mr. Dharmil Bodani**.

Our Chairman, Mr. Dharmil Bodani has vast experience of more than 3 decades in fragrance, flavours and chemical industry. He received specialized training on perfumery in Grasse, France. This training and experience in business gives him an in depth understanding on how various aromas can be used for commercial success.

He has been instrumental in the formation and implementation of the overall strategy and vision of the group. He plays a very important role in product selection on the chemicals side and also heads creativity on the fragrance and flavour side of the business. Under his dynamic leadership the Company has grown from strength to strength.

Now I would like to request our Chairman, Mr. Dharmil Bodani to welcome everyone to the 48th Annual General Meeting of the Company.

Chairman: Good Morning, Ladies & Gentlemen,

I Dharmil Bodani, attending the meeting from Mumbai, welcome you all to the 48th Annual General Meeting of your Company. I thank all the members, colleagues on the Board and auditors for joining this meeting, which is being conducted virtually. It is a pleasure to connect with all of you again today. I hope that you are keeping safe and healthy during these unprecedented times.

Now I would request **Mr. Shyamal Bodani**, to introduce himself.

Shyamal Bodani: Good Morning, Everyone.

I am Shyamal Bodani, the Executive Director of the Company and have joined this meeting from Mumbai.

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Company Secretary: Thank you Shyamal.

Mr. Shyamal started his career in the year 2003. He oversees local as well as international marketing, sales and export promotion and is actively involved in financial activities of the Company. He plays a key role in the formation and implementation of strategy of the chemical division.

He is responsible for ensuring that any project; be it a new plant, expansion of an existing plant, a new quality system or any other project, is completed well before time and at lesser costs than budgeted at the start. He is the head of execution for the whole group and has contributed tremendously towards the robust growth of the Company. He is also serving as the Chairman of Corporate Social Responsibility Committee of the Company.

Now I would request **Mr. Ranjit Puranik**, to introduce himself.

Ranjit Puranik: Good Morning
This is Ranjit Puranik and I am joining this meeting from Mumbai. It's a pleasure to be here this morning, thank you.

Company Secretary: Mr. Ranjit is serving as the Managing Director of Shree Dhootapapeshwar Ltd., a family led enterprise of 5 generations involved in manufacturing of Ayurveda healthcare formulations for over 140 years. He also serves as President of Ayurveda Prasarak Mandal and is Advisor to the Herbal and AYUSH Panel.

He has represented the AYUSH Industry cause for the past 17 years in many forums related with Ayurveda, medicinal plants and regulatory reform. As Trustee of All India Ayurveda Congress and World Ayurveda Foundation, he is involved with active advocacy for all matters within the realm of Ayurveda.

Now I would request **Mr. Harshvardhan Piramal**, to introduce himself.

Harshvardhan Piramal: Good Morning, Everyone
I am Harshvardhan Piramal, am I am joining this meeting from Mumbai.

Company Secretary: He is the Executive Vice-Chairman of Morarjee Textiles Limited and the Vice-Chairman of Piramal Renewable Energy which is also a part of Ashok Piramal Group. He is also serving as the Chairman of Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee of the Company.

He began his career as an analyst at venture capital firm, Indocean Chase Capital Partners. After completing his MBA, in May 2000, he founded an IT Company, Thundercloud Technologies (India) Private Limited. In August 2001, he was appointed

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as COO - Allied Pharma Businesses at Nicholas Piramal India Limited, where he was responsible for the turnaround and robust growth of all divisions under his leadership.

He is a keen football player and co-founded Pune Football Club in 2007. He is also passionately involved in tiger conservation and is a trustee of Conservation Wildlands Trust.

Now I would request **Mr. Bhadreshkumar Pandiya**, to introduce himself

**Bhadresh kumar:
Pandiya** Good Morning, Everyone
I am Bhadresh kumar Pandiya, Executive Director-Operations of the Company joining from Vadodara.

Company Secretary: Mr. Bhadresh Pandiya was appointed as an additional director of the Company by the Board till the conclusion of this Annual General Meeting. The Board recommends his appointment as Whole Time Director to the shareholders.

He is serving as an Occupier of the factory situated at Vadodara. He has 24 years of rich experience in Chemical Manufacturing industry, Speciality Chemicals, Aromatic, Petrochemical, Hydrogenation, Agro- intermediate and Biochemical industry.

Now I would request **Mr. Satish Ray**, to introduce himself.

Satish Ray: Good Morning, Everyone.
I am Satish Ray, joining this meeting from Bareilly.

Company Secretary: Mr. Satish Ray is also serving as the Occupier of the factory situated at Bareilly. He has over 23 years of diversified experience in Factory operations, Human resource management and other fields like Policy Formulation, Planning, Commercial, Supply Chain, Taxation, Insurance and claim management.

Now I would request **Mr. Parag Satoskar**, to introduce himself.

Parag Satoskar: Good morning Ladies & Gentleman.
I am Parag Satoskar and I am joining this meeting from Mumbai. Thank you.

Company Secretary: Mr. Parag Satoskar is serving as the Chief Executive Officer of the Company. He has a rich experience of more than 25 years in chemical fragrance and flavor industry. His techno commercial background enables him to play a key role in executing strategies (short term & long term) at Oriental Aromatics. He is responsible for overall management of the functioning of all divisions. Sustainability and implementing the right processes are the two key areas in his scope to ensure that OA keeps achieving its growth targets.

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Now I would request **Mr. Girish Khandelwal** to introduce himself.

Girish Khandelwal: I am Girish Khandelwal, Chief Financial Officer of the Company and have joined this meeting from Mumbai.

Company Secretary: Mr. Girish Khandelwal has been associated with the Company since 2010 and is having experience of more than 14 years. He has been instrumental in managing the company's finances prudently, including financial planning, taxation, management of financial risks and financial reporting.

Apart from the management team, our Secretarial Auditor, CS Shreyans Jain and Mr. Hemant representing our Statutory Auditor, Bagaria & Co LLP have also joined this meeting.

Now I would request them to introduce themselves.

Shreyans Jain: Good Morning Everyone, I am Shreyans Jain, the Secretarial Auditor of the Company and have joined this meeting from my office in Mumbai.

Hemant Mantri: I am Hemant Mantri, representative of Statutory Auditor, ,Bagaria & Co LLP, and have joined this meeting from Mumbai.

Company Secretary: Thank you Shreyans and Hemant for joining this meeting today.

As the requisite quorum is present I request our Chairman to call the meeting to Order.



CHAIRMAN'S DECLARATION CALLING MEETING TO ORDER

Chairman: Thank you Kiran. Participation of members through video conference is being reckoned for the purpose of quorum as per the circulars issued by MCA and Section 103 of the Companies Act, 2013. The requisite quorum for the meeting being present, I call the meeting to order.

Now I would request our Company Secretary, Kiran to highlight certain points with respect to today's proceedings. Thank you.

Company Secretary: Thank you, Dharmil.

The joining to this meeting opened 15 minutes before the scheduled time of the commencement of the meeting, which is 11:00 am and it will remain open for another 15 minutes after the end of the meeting.

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Further, as mentioned in the notice, the facility of participation at the AGM through video conferencing or other audio/visual means has been made available for 1000 members on first come first serve basis, except for large shareholders, promoters, institutional investors, directors, key managerial personnel, the chairperson of the audit committee, nomination and remuneration committee, and stakeholders relationship committee as well as the auditors who are allowed to attend the AGM without any restrictions on account of first come first serve basis.

To transact the business as mentioned in the notice, the members were provided an opportunity to inspect all documents/Registers referred to in the notice and the explanatory statement by writing to the company at its email ID, i.e cs@orientalaromatics.com till the date of AGM. The said documents/registers are also available to Members in electronic mode for inspection throughout the meeting, and the same is available on website of the Company www.orientalaromatics.com under the head Investor Relations-Inspection documents.

The registered office of the company at 133, Jehangir Building, 2nd Floor, M.G. Road, Fort, Mumbai, shall be deemed to be the venue for this meeting and proceedings of the meeting shall be deemed to be made here at.

The Company has received, 4 authorization letters, authorizing representatives to attend the AGM on their behalf representing 0.47 % of the voting Capital. As physical attendance of Members has been dispensed with, the facility for appointment of proxies by the Members is not available for this meeting.

We have received requests from seven members for registration as a speaker shareholder in the AGM. All those shareholders have been provided specific links to login to the meeting by NSDL and we shall be inviting them to speak one by one. We request speakers to confine their questions to the financial statements, Board's report and Agenda of the Annual General Meeting.

Further, your Company is also providing the facility of e-voting during the AGM. Members who had not exercised their right to vote through remote e-voting are entitled to vote during the meeting. Therefore, only those of you who have not already cast your votes through remote e-voting are entitled to vote at this Meeting by using the electronic voting system, which is now available on the screen. This electronic voting facility will close 15 minutes after the conclusion of the AGM.

Members are requested to refer to the instructions provided in the notice for seamless participation through video conference. In case members face any difficulty, they may reach out on the helpline numbers.

With this, I now hand over the proceedings to the Chairman and request him to deliver his formal address.

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CHAIRMAN'S MESSAGE

Chairman: Thank you so much Kiran.

To start with I would like to express my gratitude to every shareholder who has been with us in our journey together. It gives me immense pleasure and pride in announcing that your company had a strong performance in the financial year 2019-20 despite the obvious macroeconomic headwinds faced not only in India but also globally.

During the year, the company focused on maximizing profitability and achieving higher synergies from integration, apart from business continuity, sustainability, and de-risking strategies, which is why when Covid-19 hit the country and hit the world we went into a shutdown, we were impacted comparatively lesser than many other companies and were also able to bounce back much faster. Flavours and Fragrances is an integral part of our lives, we have been successful in reviving operations from May onwards despite the Covid induced slowdown. I am happy to inform you that currently we are running at over 90 percent utilization level.

Talking about the financial performance, in the financial year 2019-20 on a consolidated basis, your Company reported revenues of INR 760 Cr which grew marginally, while EBITDA was INR 126 Cr which increased by 10% and Net profit was reported at INR 86 Cr, which increased by 51% against the previous financial year. I'm happy to announce that we mindfully lightened our balance sheet by successfully reducing a significant portion of the debt through a healthy cash flow generation. The net debt to equity ratio was 0.11 times as on 31st March 2020, which we have reduced further to 0.03 times as on 30th June 2020. During the year, the Board of Directors also recommended an interim dividend of INR 2.5 per equity share which is 50%.

Flavours and fragrances being an integral and unavoidable part of our lives, the industry continues to grow and provide great opportunities to players like Oriental Aromatics. The FMCG growth continues to be the driver for the F&F industry. With focus on enhancing operational efficiencies through process improvements, the Company will continue to increase profitability and thus contribute to the shareholder wealth. The Asia Pacific market for flavours and fragrances continue to be one of the fastest growing markets in the world. China being a major market for the aroma chemicals industry and the rest of the world working to diversify and reduce its reliance on that country for materials, the Indian Speciality Aroma chemicals industry stands at an extremely advantageous position.

With decades of experience that your company holds in the F&F industry, I'm proud to say that the company today stands on much stronger footing as we have a very good understanding of the taste of the consumers in the domestic as well as the international

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markets which translates in the manufacturing of extremely creative quality flavours and fragrances suitable to the consumer taste. We also manufacture a variety of niche specialty generic aroma chemicals that form the building blocks for these flavours and fragrances. This is an area where the company continues to expand and strategically puts more focus on. The company is also one of the largest and oldest manufacturers of camphor in the country. All our business verticals have immense growth potential as they form one of the key raw materials for the rapidly growing FMCG industry. Along with this, we have been successful in establishing a sustainable sourcing policy for our raw materials with focus on geographical diversification. Your company has a robust distribution network in place which helps deliver quality products across various business verticals. The Company places immense focus on innovation through research and development which has been a critical and integral catalyst as part of our growth.

The Company has a well thought out expansion plan in place for the next 3 years, which will be directed towards expanding our specialty generic aroma chemical base to further enhance our integration benefits and at the same time take advantage of the high demand for these chemicals to fuel the future growth of the company.

On behalf of the entire Oriental Aromatics Team I express my sincere thanks to all our stakeholders for their whole-hearted support in our journey to achieving business excellence. I am confident that with the strength of our core capabilities and an extremely dynamic team of professionals, your company is well-positioned for a great journey ahead. Now I would request Shyamal to address the members. Thank you.



EXECUTIVE DIRECTOR'S MESSAGE

Shyamal:

A very warm welcome to all and thank you for joining the 48th AGM, which is being conducted virtually. I hope you and your families are safe and healthy during these uncertain times. The challenges we face today are different in scope and character from those we have faced before.

In such unprecedented times, our priority was to maintain and secure our business operations, while we also ensure safety and well-being of our employees and stakeholders. In line with government directives the Company had suspended operations in all its offices and manufacturing locations in India with effect from 23rd March, 2020. In view of the same initially the operations faced disruptions in its manufacturing facilities, however the Company was able to resume operations soon in a phased manner with permission from the local administration. It put in place comprehensive protocols on social distancing in all its plants ensuring the safety, health and well-being of its employees.

The Company has also set up infrastructure and systems for smooth operations for personnel working from home. I am happy to announce that we did not cut or reduce

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salaries of any employees and there were also no layoffs. Your Company remains committed to the fight against the pandemic and continues to take all necessary steps in protecting the interests of its customers, suppliers and most importantly its entire team that is working tirelessly to make sure that the businesses stay operational during these difficult times.

As mentioned by Dharmil, the company has emerged stronger and we have been able to deliver a robust performance despite a challenging macro environment. I believe that this has been possible due to our continuous efforts over the years towards building a sustainable business.

We have been progressively moving towards the path of integration with a major focus on innovation to achieve our vision of becoming a major player in the global fragrance, flavours and aroma chemical industry. Across everything that the company does, it applies creativity, passion & innovation to create unique and differentiated solutions for our customers.

As announced, we are one of the very few companies to plan a major capex in recent times despite the uncertainties that prevail. We are confident of our company's future growth potential and this is a step in the right direction to enhance the company's position and capabilities in the generic speciality aroma chemical arena. This expansion will help us achieve higher synergies, which should lead to increased profitability over the years.

The Company's focus on value maximization, supported by optimal use of its manufacturing facilities, its expansion plans and an efficient team would help in navigating any challenges in the current environment and aftermath of COVID-19 pandemic. We believe that Company's efforts towards being better every day will drive lasting value for all our stakeholders, and usher in a brighter tomorrow for everyone

Your company believes in giving back to the community through 'The Keshavlal V. Bodani Education Foundation' which runs Gateway School of Mumbai. We continue catering to the needs of our students and educate and empower children who find themselves challenged by mainstream educational practices. Further considering the hardships faced by millions of people during these tough times, the Company also made contribution towards PM CARES Fund as a measure to contain COVID-19 pandemic. Our continuous commitment towards CSR is evident from our CSR Spends, which is more than the specified amount of 2% of Net Profit.

With strong principles towards ethics, sustainability and innovation that are deeply rooted in the fundamentals of our company, we are confident to continue to deliver shareholder value for years to come. Our world is going through a period that will define the lives of future generations. At Oriental Aromatics, we are laying foundation

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of our journey into the future. We seek your support and best wishes for our journey ahead and upcoming milestones.

Thank you.

PROCEEDINGS OF THE MEETING

Chairman:

Thank You Shyamal.

I now proceed with the formal business of the meeting.

The Annual Report for the Financial Year 2019-20, containing the Notice convening the Meeting together with the audited annual financial statements as on 31st March, 2020 as well as the reports of the Board of Directors and Auditors thereon had already been circulated electronically to the Members of the Company. I hope that most present here have got an opportunity to go through the Annual Report.

With your permission, I take the Notice as read.

As the Statutory Auditor's Report and the Secretarial Auditor's Report do not contain any adverse qualifications, observations or comments on financial transactions or other matters, it is not necessary to read them as per the provisions of the Companies Act, 2013.

I would like to inform that CS Shreyans Jain, Practicing Company Secretary, has been appointed as Scrutinizer to scrutinize the remote e-voting and voting at the AGM in a fair and transparent manner as stipulated under the Companies (Management & Administration) Rules, 2014.

We now take up the resolutions as set forth in the Notice. In short, the resolutions are as under:

1. To consider and adopt the Annual Standalone and Consolidated Financial Statements and Reports thereon. (Ordinary Resolution)
2. To confirm the payment of interim Dividend on Equity shares. (Ordinary Resolution)
3. To appoint Mr. Shyamal A. Bodani (DIN: 00617950) who retires by rotation and being eligible, offers himself for re-appointment. (Ordinary Resolution)
4. To ratify the remuneration to be paid to M/s V. J. Talati & Co. (Firm Registration No.R00213), Cost Accountants, for the conduct of the audit of the cost accounting records of the Company.
(Ordinary Resolution)

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5. To appoint Mr. Bhadreshkumar A. Pandiya (DIN: 08809906), as a Whole-time Director designated as the 'Executive Director-Operations' of the Company. (Ordinary Resolution).

As all the Resolutions mentioned in the Notice of the AGM have already been put to vote through e-voting, the resolutions are not to be proposed or seconded by Members at the meeting. As the objective and implications of the Resolutions have been explained in detail in the Explanatory Statement accompanying the Notice, the same is not being repeated.

Now I would request our Company Secretary, Ms. Kiranpreet Gill to explain the Voting Process.



VOTING

Company Secretary: Thank you Dharmil. All the eligible Members as on the cut-off date i.e. 08th September, 2020 are entitled to cast their vote electronically through the e-voting services provided by NSDL on all resolutions mentioned in the Notice of the AGM in compliance with the provisions of Companies Act, 2013 and rules made thereunder and SEBI (Listing and Obligations Disclosures Requirement) Regulations, 2015.

Accordingly, your Company had provided the facility for electronic voting which began at 9 a.m. on 11th September, 2020 and ended at 5 p.m. on 14th September, 2020 and has now been disabled for voting.

As informed earlier, members who have not already cast their votes through remote e-voting are requested to vote at this Meeting by using the electronic voting system, which is already available on the screen. Members are requested to Vote on the resolutions. This electronic voting facility will close 15 minutes after the conclusion of the AGM.

The outcome of the meeting will be a cumulative count of the valid votes cast through remote e-voting and voting at the AGM.

The Consolidated Voting Results and the Report of the Scrutinizer will be displayed on the website of the Company i.e. www.orientalaromatics.com, and NSDL Website i.e. www.evoting.nsdl.com and will also be intimated to the Stock Exchanges within stipulated time.

Now I would like to invite the registered speakers one by one, to express their views or ask questions.

Speakers are requested to keep their questions, if any, brief and specific and avoid repeating the questions that have already been asked by earlier speakers. Further I

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would like to inform that when I take your name, your mike will be opened by the moderator of this meeting. You will also have to unmute mike from your end and enable your web-cam, if you wish to appear on the video and thereafter you may share your views/opinions and comments.

So now I would like to invite Mrs. Celestine Mascarenhas to express her views.

Moderator: Mrs. Celestine Mascarenhas has not joined the meeting. We will move on to the 2nd speaker shareholder.

Company Secretary: Okay. The next speaker shareholder is Mr. Aloysius Mascarenhas.

Moderator: Mr. Aloysius Mascarenhas you are now unmuted and being placed in the meeting. You can now start your video and ask your questions.

Mr. Aloysius

Mascarenhas: Hello, Respected Chairman Sir, varied distinguished members of the Board and my fellow shareholders. Good Morning to you all. My name is Aloysius Mascarenhas, at the outset I would like to thank the management, our Company Secretary and team for sending me a visual Balance Sheet which I received on time. It is simple, informative, transparent and above all adhering to all the parameters required for good corporate governance. Our results are good by declaring a 50% dividend in spite of Covid which is pandemic and which has not only ruined India but the world. In spite of that you have declared a handsome dividend of 50%. Sir I have come to know that many outstanding dividends are pending and which if not claimed in 7 Years will go into the Investor Education Protection Fund. I would request the Management and Company Secretary to send reminder letters to shareholders whose dividend are pending.

Sir I would like to know who are our competitors and what is our market share both in the local and international market? And going forward what is our capex programme, and our future roadmap. Also sir, I would like to know any new launches which our Company is going to take and most importantly since we are in the Covid stage many companies have introduced sanitizers, so sanitizer in a perfume form, so are we there in this segment or are we looking forward in this sanitizer launch. With this I have asked many questions, now I would like my wife Mrs. Mascarenhas to come, she was the first speaker, she will speak now.

Mrs. Celestine

Mascarenhas: Hello, I am Mrs. Mascarenhas speaking. Hello

Company Secretary: Yes, Good morning Ma'am.

Mrs. Celestine

Mascarenhas: Good Morning. Now I'll just start. Respected Mr. Dharmil A. Bodani, E.D Mr. Shyamal A. Bodani, other honourable directors including new director. Greetings to all,

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also greetings to OAL Team. Here I will definitely thank our petite and soft spoken Company Secretary Madam Kiranpreet Gill and her team specially Madam Jinal Shah for reminding me today for the meeting. Thanks to her also. Now coming to the Annual Report, it is a beautiful document and very much self-explanatory adhering to all the requirements of the corporate governance. Now I come to the working Sir, our revenue is up, even in spite of difficult conditions in domestic and international our PBT, PAT is also up, EPS has also gone up from ₹17.28 last year to this year's ₹25.78 and a dividend of ₹ 2.5 per share of ₹ 5 that works out to 50% but I feel we could get some more due to Covid's hardships. Our split has increased the liquidity of the share but not that much of the market capitalization. Sir this is the 48th year AGM and in two years we will definitely come to our golden jubilee. I hope and pray our market capitalization not only doubles but doubles by 5 times so that we the shareholders will be very very grateful to you. Now I take this opportunity to congratulate to all our team for awards and applauses received, also I appreciate the good CSR work done by our group, because "Jo dawa se nahi hota, woh dua se hota he hai" .

Now my queries sir,

1. Our company has wide array of products including synthetic camphor, turpineol, pineoils, astromusk uses, etc. Out of these, where is our cutting edge, and what is the future post Covid?
2. Our R&D facility is in Ambernath, what is the scope of R&D Facility.
3. Our exports are to the whole world including China. Which product we export to China, can you give the name and what % of our total sales is it? Do we have any imports from China? If so, what alternatives are sought keeping in mind our PM's Dream "Vocal for Local".
4. We are pioneer in manufacture of synthetic camphor. Which plant is it manufactured in, and who are the competitors, local and international? And can we think, like we see in the advertisements, Asian Paint Sanitizer and Century Ply, so do we have some camphor or be innovative and have camphor that when we light in the puja that covid viruses will be destroyed. Sir any acquisition in the pipe line or any demerger for unlocking shareholder value?
5. Sir our Chairman and M.D, that is you is a dynamic person with three decades of experience in fragrance, flavours and chemical industry. According to your expertise and exposure where you feel our growth will be, whether double digit or more as there is a long term value creation, not only monetary value but also value in the senses.
6. Our total permanent employees as per the Annual Report is 653 including 84 women and temporary about 490 in plants and various three places. Did our employees suffer from Covid? How many? Any faculties? Any care and prevention? Any Covid fund for the employees? How many of our staff are working from home?
7. Quite important, Promoter holding is 74.16 %. No holding is by Mutual Fund/ FII's or high net investors. Do we have an online investor/ analyst meet, whereby our big investors with deep pockets will make an entry?

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8. Our two subsidiaries, PT Oriental Aromatics and Oriental Aromatics & Sons Limited are not making any profit. Please speak what is being done for contributing to our Company?

Last but not the least, I support all the resolutions. I wish our Company All the Best as Flavours and Fragrances, Camphor effect our emotion, memories and even influence the perception of time. Flavours and Fragrances together have power to delight, to mesmerize, to allure as well as elevate everybody's experience. Thank you for giving me a patient hearing.

Company secretary: Thank you ma'am, Thank you so much.
Now I would request our Chairman Mr Dharmil A. Bodani to answer ma'am's queries.

Chairman: Thank you Mr and Mrs Mascarenhas for all your questions and thank you for your continued support. In terms of the competition, its across our four verticals which is the flavours, fragrance, camphor and the speciality aroma chemicals. You know we have all the usual competitors in India and internationally, those names are available on the public forum. The market share again, this is a very micro question Mr and Mrs Mascarenhas because the product categories are very different and they are four of them and its flavour and fragrances we run into many more so it would be very difficult for me to go into the micro at this point.

In terms of Capex, we have already mentioned in our investor/earning calls that we are looking at a ₹ 250cr Capex over the next 1000 days.

In terms of new launches, the flavor and fragrance business continues to be robust like you mentioned there are so many sanitizers being launched, so many floor cleaner's being launched and I assure you that your company is very very active in creating fragrances for those products and we continue to succeed and win a lot of these sanitizers, the ads which most of you see on television.

Yes, you are absolutely right, I mean the covid hardship is tremendous on the country, the world, on every company and we have always looked at it as a challengingly organization. I don't know if you had a chance to see but we haven't reduced any of our employee's salaries till date. We haven't fired anybody. We continue with the same strength that we had inspite of the challenges that we face.

We have various products which are cutting edge which we continue to create in the flavor and fragrance site. We have lots of speciality Generic aroma chemicals which are very high value, low volume materials which we have added to our arsenal and repertoire materials and we continue to launch them as we speak we are launching 3 years molecules in the month of September.

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Our R&D spend, I don't recall the exact number but it has been mentioned in one of our calls. Girish can you help me out with that. I think we have mentioned that.

Girish Khandelwal: Yes, our R and D expenditures are around 4-5%.

Chairman: Yes correct, in terms of China's export that you have asked, a lot of our customers that we sell our aroma chemicals to, they have already got manufacturing facilities in China. They have many multinational companies. So the business that we are doing with China is part of the global contracts that we have with the flavor and fragrance multinationals. So we don't sell to local Chinese companies. We are selling to the multinationals from Europe and America and other parts of the world that have manufacturing plants in China. In terms of our imports as you have also asked from what tree the camphor comes. Its primarily from the pine tree and also dependency on the pinning business from China is now less than 6% so we have delist china raw materials buying and we continue to delist as we speak. There are a lot of new markets in the geography that produce gum turpentine oil and give us alpha pining. I am not sure what the science behind camphor and relation to covid is but I will ask my R & D team to look at it and see if there is some product or something that can be used in terms of what camphor can work in that area. In terms of growth and creating value we truly believe that our expansion in these specialty Generic aroma chemical space will drive your company. It will, as we add new products, as we complete new expansions, as we built more capacity, as we continue to focus on the 28 chemistries that your company is currently active in, I am sure that there will be new growth that you will see in it in the coming 3 years. In terms of covid in relation to our employees we have had a couple of stray cases of Asymptomatic infections. I think there will be one or two of them, fortunately they did recover and everybody currently working at our 3 plants is 100% safe through the best of our knowledge we have had no infections no deaths nothing that is alarming and the care that we are taking is as per all the protocol by WHO and all the protocols by the Government of India that have to be put into place are being followed very strictly at our plants.

Yes we do have investor meets, we do have earning calls, even as a company that we have seen in the last 3 months. In terms of PTOA which is our subsidiary in Indonesia which is probably the sales and marketing office. It has no manufacturing. The OA & Sons which you referred to is the subsidiary which we formed for our new expansion coming up. So I hope that I have covered most of your questions. If I have missed anything, I will come back to you

Company Secretary: Thank you Mrs Celestine Mascarenhas & Mr Aloysius Mascarenha for participating in our annual general meeting. Now I would like to invite the next speaker Mr Aspi Bhesania.

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Moderator Mr Aspi Bhesania you are now unmuted and being placed in the meeting. You can now start your video and ask your questions.

Mr Aspi Bhesania Chairman sir firstly I would like to congratulate the management as you achieved good results last year and I hope you continue the trend. In the first quarter, The income and net profit is half quarter and quarter what is the reason for that and I hope the full year is good for the Company. Sir what is our capacity utilization in all the four segments cause we are having a capex programme of 250 crores and how do you procure the finance for 250 crores. You already have interest of 75 Lakhs in first quarter and in second quarter our interest was 355 lakhs. So it has reduced substantially, but how will you finance 250 crores? Sir what is the road map of 250 crores? Which segment do you see the growth coming from out of the four segments? Sir, Thankyou and All the Best for the future.

Chairman: ASPI, Thank you for your kind words on 19-20. Yes we did have a good year. In terms of the first half of 19-20, the first quarter, yes you are absolutely right we probably lost forty-five days of production hence there was a reduction in revenue and in profitability. In terms of capacity utilization as I have mentioned to you, even in these days we are close to 90%, pre-covid we were at almost 100%. Yes we have reduced debt therefore interest cost is lower and in our 250 crores 20%- 25% of that (Girish correct me if I am wrong) would be from internal accruals and rest will be through debt. The road map for the next 2 years is not what I would like to share. I would like to share the road map for the next 1000 days. Like I said we would like to continue to focus on all our four verticals which is flavour, fragrances, bulk & specialty generic aroma chemicals and camphor. So the expansion that you will see is across these four categories and we are very confident that we will continue to add the compounded growth and EBIDTA margins that we have already given guidance on. Thank you Aspi.

Company Secretary: Thank you Mr. Aspi for participating. Now I would request Mr Yusuf Rangwala to please express your views

Moderator: Mr Yusuf Rangwala you are now unmuted and being placed in the meeting.

Mr. Yusuf Rangwala: Our respected chairman, Good morning to all the Board of Directors and my fellow shareholders and I would like to thank Mrs. Jinal Shah who has taken a trouble to give me a link in this time also and she is a very kind person and I thank her for giving the direct link for the meeting so that I can talk to you. As you mentioned we are having a four factory so I would like to know that which factory is having a good profit share. We are having around 490 people working in factory so is anyone infected with Covid-19 at any factory. Sir what is the China effect on our products and I would like to know that we have never visited any plants. After this Diwali during Jan- Feb my humble request to check that

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how everything is going on at plants.

So if possible I am interested to visit any plants near Mumbai whichever is possible for you and my speech praying god for our company good luck and good future sir. Thank you so much everyone. Jai hind, Jai Maharashtra. Bye Sir

Chairman:

Thank you so much Yusuf bhai. Like I mentioned we had one or two asymptomatic cases which we have been able to contain. Nothing dramatic after that, everything is working just fine. No further cases. We are taking all the necessary care that is as per Government and WHO guidelines. In terms of china effect, I think this is going to benefit your company because the world today is looking for China plus one two or three along with other countries in the Asia and other pacific region, India is definitely in that one, two or three number. So we are hopeful as the larger corporations derisk there geographical risk on materials, you will continue to see benefit for your company. In terms of plant visit, I remember last annual general meeting when it was brought out, we will do our best, we were hoping to do it in this on. We will have a detailed audio visual video of our facilities including new one that we are in the process of building. I hope to present it to you all next annual general meeting and god willing if everything is well then why not we will consider in it and start with certain plant visits which are within Maharashtra. As like you said correctly Jai hind, Jai Maharashtra. Thank you very much Yusuf bhai.

Company Secretary:

Thank you Mr Yusuf for your participation. Now I would request Mr Rajat Setiya to kindly express your views.

Moderator:

Mr Rajat Setiya you are unmuted and being placed in the meeting. You can now start your video and ask your questions

Mr. Rajat Setiya:

Hi, So just wanted to understand the revenue expansion the Capex has been held up. My question is on the revenue growth for last 2-3 years

Chairman:

Can you repeat your last question. I understood your first question. Please can you repeat your second question Rajat bhai

Mr Rajat Setiya:

The volatility in the revenue growth over the last 2-3 years, one year we have grown a lot and other year we are broadly flat. Just would like to understand the underlying reasons behind the same. The other question I have is we want to invest 250 crores over the next 3 years, but kind of asset turns do you expect from this Capex and do you want expect the margin profile of the business to remain same or will it change because of the new products coming online, the margin profile will deteriorate or remain the same. What is the current capacity utilization levels across our plants like at the Company level if you could mention. Also another question is for the raw materials side. Whenever there is any volatility, upward or downward in the prices of raw materials are we able to

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pass on those prices, if yes how much time does it, what is the lapse period it takes to pass on to the clients. Finally on the inventory and receivable we have around 150 crores each from the documents on the sales levels of 750 crores. So wanted to understand in terms of percentage. Right now you see it is 20%. Do you think 20% of the sales in inventory and receivables are sustainable levels or do you think it can come down or it can go up. Thank you so much sir

Chairman:

Thank you so much. Girish on the inventory receivables I would let you speak as we conclude. On the raw material question yes. In terms of when there is an increase in most of our verticals we are able to pass it on if there is a decrease we have to reduce it. In terms of capacity utilisation pre covid we were close to almost 100%. During covid we are at about 90%. In terms of margin yes we have given guidance at 15 to 17 or 16% EBIDTA. The value-added speciality products we are hoping intrude start. In terms of the expansion that we are doing I was not very really clear on that part did anyone get that question on the 250 crore expansion. I wasn't very clear so will come back to you on that. In terms of why do you see some year growth, some years flat, this is related to couple of reasons one is ofcourse the prices if there is a fluctuation or flat in terms of raw materials and selling prices with our capacity is being utilised completely you may see these peaks and rise. But if you look at it over all over the past five years you will see a consistent growth. In terms of the new plant coming up in this expansion of 250 crore, what will the revenue mix be. I think it is very early for us to say that but a large portion of this expansion is in the aroma chemical space. The growth will be in the aroma chemical space. I hope I have covered everything and Girish address the last part which is the inventory and receivable I couldn't even hear that too well.

Girish Khandelwal:

Even I wasn't clear about the question too well

Chairman:

So if that question and the question on 250 crores can be repeated please

Moderator:

Mr Rajat Setia I have moved you to the panelist. Please ask the question again

Mr Rajat Setia:

Alright, just wanted to check on this capex of 250 crores what is the expectations from the revenues that's from. In terms of our inventory and receivables we are currently at 20% of sales like on a sales of 750 crores our inventory and receivables have only been 150 crores each. Just wanted to understand going forward do you expect this ratio to change and if yes then what direction

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Chairman:

Girish I will answer 250 crore question.

Rajat Bhai I think, look it's a little too early for us to tell you that what the exact or what the guidance for this expansion, its expected revenue would be because as we are in the process of finalizing the product-mix and then by the time the plant comes in future we don't know what the selling price would be but yes it will be in all the terms of expansion that we have done.

Parag and Girish correct me if I'm wrong on this. Again it is just guidance but at least 1.7 to 1.9 times the investment. Am I right Parag and Girish?

Girish Khandelwal:

Yes Dharmil you are right. Yes so the inventory and receivable ratio we are keeping the same ratio which was as on 31st March, 2020 so it will be going in the same ratios as of now and in the next year if possible

Chairman:

Can you move to the next question please.

Company Secretary:

Thank you Mr Rajat for your participation. Now I would request Mr Sunil kothari to express his views

Moderator:

Mr Sunil kothari is not present in the meeting we shall move to the next speaker shareholder

Company Secretary:

Mr. Sunil kothari had raised 2 queries. So I would just read those queries on his behalf. The first query was what is the scope of continuous improvement in profitability by focus on operational efficiencies through process improvement. And the second question was opportunity due to world diversifying and reducing reliance on China for aroma chemical business and our preparedness to capture that opportunity.

Chairman:

Parag can you answer this for me please.

Parag Satoskar:

So I think I will take the second question first which is about the overall diversification. I think in the last three to four years we have been seeing multiple opportunities which are coming out because of certain situations happening in China. The first being the blue sky policy which started three years back and there was a lot of environmental restrictions which have been put on a lot of companies in China and in the last two years and overall sentiment which was kind of getting created and globally which we should look at China plus one or China plus two. I think as that sentiment kind of become more and more stronger. Companies in countries like India, Malaysia, Vietnam, Indonesia will definitely have a chance when it comes to speciality chemicals I think countries like India historically have had the infrastructure have had the R &D capability

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which really put us in the forefront for grabbing these opportunities. So that's trying to answer question 2. Kiran can you repeat question 1 again.

Company secretary

Sure. So the question number 1 is what is the scope of continuous improvement in profitability by focus on operational efficiencies through process improvement

Parag Satoskar:

Sure, I think for us continuous process reengineering is what we call for a current product is part of our life. It is something which is regularly taken by our operations team running through our R & D team. So I think that is one major building block for current product and for our new products I think we have a differentiation strategy where right from the kilo batches from our R & D team you know environmental engineering sustainability effluent enactment all this situations are already kind out studied and factored when the product is gradually moved from R & D to pilot to commercial. So I think continuous process reengineering, trying to follow sustainable practices in R & D are the key elements which will ensure that we will stay relevant and continue to produce. Thanks Kiran

Company secretary:

Thank you. The next speaker is Ms Vasudha Vikas Dakwe. Now I request her to please ask her queries

Moderator:

Ms Vasudha Vikas Dakwe you are now unmuted and being placed in the meeting. You can now start your video and ask your queries

**Ms Vasudha:
Vikas Dakwe**

Hello, very good afternoon to Respected Chairman Sir and Board of Directors and my Fellow Shareholders, myself Vasudha from Thane. I would like to congratulate the company secretary for sending me the soft copy of the report well in advance which is clear and transparent. I would like to ask that who are our main competitors. I would like to ask that what is your policy regarding our employees who are working from home as well as who are not working from home. With this I support all the resolutions. Thank you very much and wish all the very best for coming years

Chairman:

Thank you Vasudha ma'am for your questions. I hope you are safe and well. Our main competitors are the top flavour and fragrance companies and the leading regional flavour and fragrance companies and aroma chemical and camphor manufacturers. In terms of how is the, I am not clear in terms of what you asked me but I assure you that everyone at Oriental aromatics are so far and so good safe and all of them were working from home. I am sure none of them are not working from home. If they aren't I request Parag and Girish to look into it. So it seems that we have gotten used to this way of life for now and hoping that this changes very very soon. Thank you ma'am. Thank you for your questions.

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Company Secretary:

Thank you Mrs Vasudha Vikas Dakwe for your participation



CHAIRMAN TO ADDRESS QUERIES OF SPEAKERS ONE BY ONE

**Company
Secretary**

We hope most of the queries raised by the members have been dealt with. Should there be any further queries, then we request the members to address the same to us at the email id: cs@orientalaromatics.com and we would be happy to furnish our response. Now I would request our Chairman to offer vote of thanks.



VOTE OF THANKS

Chairman

On behalf of the Board of Directors, I thank the Members for attending and participating in this Annual General Meeting and also for your co-operation in the conduct of the meeting. Wishing you all good health and happiness.

I now announce the meeting closed. Thankyou.