Oriental Aromatics Limited
Earnings Conference Call
July 29, 2021

Moderator: Ladies and gentlemen, Good Day and welcome to the Oriental Aromatics Limited Q1 FY22 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 "*" then "0" on your touchtone phone. I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you, Mr. Sonpal.

Anuj Sonpal: Thank you. Good afternoon everyone and a warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors. We represent the investor relations of Oriental Aromatics Limited. 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 2022.

Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's earnings conference call maybe forward looking in nature. Such forward looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's belief as well as assumptions made by and information currently available to management. Audiences are cautioned not to place any undue reliance on these forward looking statements in making any investment decisions. The purpose of today's earnings conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

I would now like to introduce you to the management participating with us in today's earnings conference call and give it over to them for 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. Now without any further delay I request Mr. Shyamal Bodani to give his opening remarks. Thank you and over to you, Shyamal.

Shyamal Bodani: Thank you Anuj. Good afternoon everyone. It is our pleasure to welcome you to the Quarter 1 Earnings Conference Call of Oriental Aromatics Limited. I hope everyone is safe and healthy during these difficult times. With regards to our performance during the quarter the company witnessed a steady demand across all product categories. Aroma chemicals, fragrances, flavors and camphor despite a challenging domestic macro environment mainly owing to the lockdown and restrictions. Sale volume for the quarter was flattish on a quarter-to-quarter basis, sales realization across all major products categories except camphor improved during the quarter on quarter-to-quarter basis. With regards to the plant CAPEX capital investment program in Baroda, Bareilly and Mahad are all on track. However, they are facing some minor delays due to the current COVID situation. I now request Mr. Girish Khandelwal our CFO to give the financial and operational highlights.

Girish Khandelwal: Thank you Shyamal. Good afternoon everyone. Here on a consolidated basis in Quarter 1 FY22 the operating revenue for the quarter was Rs. 229.7 crores which was an increase of approximately 103% on a year-on-year basis and 4% on a quarter-on-quarter. Operating EBITDA reported was 34.5 crore which was an increase of about 88% on a year-on-year basis and 4% on a quarter-on-quarter. Operating EBITDA margins stood at 15.02% which was a decrease of 122 basis points on a year-on-year basis and decrease of 2 basis points on a quarter-on-quarter basis. Net profit after tax reported was Rs. 22.7 crore which was an increase of about 129% on a year-on-year basis and increase of 1.3% on a quarter-on-quarter basis. While profit after tax margins were 9.88% which was an increase of 114 basis points on a year-on-year basis and decrease of 24 basis points on a quarter-on-quarter basis. Thank you. Over to you, Anuj.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Rahul Jain from Credence Wealth. Please go ahead.

Rahul Jain: Sir just to understand with regards to the margin part you did mention that except for camphor the other product prices has gone up typically in couple of quarters back we had reported gross margins of roughly around 50% which in the last two quarters has come down to around 35%-40%, so what is the steady state gross margins going ahead and also with regards to the CAPEX being done, do we see an improvement in our gross margins post the expansion gets completed considering that we are adding certain value added products?

Management: As we always keep saying that as a company we look at our performance over a longer period of time and not quarter-to-quarter, and we continue to give a yearly guidance of between 15% to 17% of EBITDA margins which we feel are more sustainable going forward and we have continuously reiterated in our past calls as well that the enhanced margins that we saw in few quarters were primarily an aberration, but we would settle down at a more sustainable margin which is between 15% to 17% of EBITDA margins. So that is something which we continue to give a guidance on and going forward your question about CAPEX definitely I mean the CAPEX that would come in would help us make our current product line more efficient in terms of better optimization of our plants and hence give us better margins, and also capacity enhancement in our existing products will give us the ability to buy the raw materials more efficiency which will help us achieve better margins. In terms of newer products I think rather than when you build brand new plants for the newer products after validating them in the pilot as well as our multi product plants to check the validity of the process and the quality definitely all these CAPEX because of these three factors would help us attain margins, but we also have to keep a watch on what is going to be more sustainable.

Rahul Jain: Secondly we have been hearing from lot many companies in last three, four months with regards to logistics issues both in terms of timely availability of materials and also on the export side plus the cost of logistics, have we been facing some similar kind of issues any kind of shortages or any kind of delays with regards to both exporting our products as well as receiving our raw material whereby in some cases probably our logistic cost could have gone up or will go up further?

Management: So Rahul if you look at logistic as a subject we have to divide it into two aspects. What is happening internally in India where I think the whole pressure of managing COVID has been put on fuel cost if you put it purely that is going to have an impact on logistics on either side on my raw material, on my packaging goods and on my finished product as well. So that is pertaining to the cost, but when it comes to international logistics, we are still seeing challenging times in terms of availability of containers or probably you know the shipping line at their efficient like they were in the good old days, but I think are they having a tremendous material impact on the business. They are having an impact because of the cost, but I think these are things which eventually will settle down and will probably get factored out as they settle down except the fuel cost which needs to come down substantially for India logistic players to pass on that benefit to us.

Moderator: Thank you so much. The next question is from the line of Manish Poddar from Nippon India. Please go ahead.

Manish Poddar: So just two questions first is let us say can you probably help me understand so this margins which you have clogged gross margins in this quarter, will it be fair to understand that this is at raw material at the ongoing market prices so we have liquidated whatever inventory we had earlier on our books is that a fair understanding?

Management: So you know currently if you look at the raw materials that we consumed for making our Q1 production. These raw materials were actually bought at a much higher price points on the camphor surfing chemical side as well as certain bunch of raw materials where we are seeing a demand supply gap due to various reasons. So we have the high cost inventory and the high cost inventory has been consumed in this particular quarter.

Manish Poddar: And would you have taken any pricing increase let us say in this quarter?

Management: Manish as we have reiterated in the past that in certain products the longest period of fixed pricing contract that we have with all our customers is ranging between 4 to 6 months we do not go beyond that and a large part of the business is also open business there we do not have any pricing contracts. So wherever we have had no restrictions in terms of timing for the contract we have gone ahead and tried to pass over the price increase to our customers, but wherever we have had the restrictions of the contracts when we revisited those contracts or we are revisiting those contracts in June and July for the next and we are factoring those price increases.

Manish Poddar: So I am just trying to understand is there a number to that pricing increase blended number which you would have taken during this quarter?

Management: Manish since we have a very wide range of products where at a group level where your frequency flavors on one side which have relatively higher level of price stability to aroma ingredients where we have 3 to 6 months contract, with the lot of our bigger customers two camphor which is more of an open market. It is very difficult to really give you one price number, but I think as a company as a group wherever we are in a position to either pass on the price increase to our customers as we have done historically we do that wherever the new businesses are recorded on the fragrance and flavor side. The new pricing of the raw material are factored in and wherever we have to give price stability to retain the business so that in the future when we have the opportunity we can correct we do that.

Manish Poddar: Based on book keeping what would be our capacity utilization let us say if you can give me probably for June 2021 that would be helpful?

Management: So I think the good news is that all our plants be it camphor, be it terpene chemicals, and be it aroma ingredients all are running at more or less they are max capacity. So that is the good thing you might have an aberration in terms of the pricing, but most of the plant are running at our full capacity and that gives us a lot of confidence that as the situation improves we will be in a position to really get back to the cohort.

Manish Poddar: Just to interrupt let us say at best utilizations our blended margins are let us say 15%, 16% EBITDA margins so incrementally any margin expansion we are function of mix change in the existing business, is that a fair understanding?

Management: So Manish you are probably not going to get that from my mouth, we always say that let us say in this brand of 15% to 17% which are sustainable over a longer period of time with efforts to increase them as and when we get and we have demonstrated in the past that when we have got the opportunities we have gone for those higher levels, but 15 to 17 are more sustainable.

Moderator: Thank you. The next question is from the line of Viraj Mehta from Equirus Securities. Please go ahead.

Viraj Mehta: More or less the questions have been answered just two questions one the CAPEX that plan that we have is everything on track and due to the rains is there any disruptions anywhere in any of our operating plants or in the CAPEX or anything in general for our business?

Management: I think a very pertinent question I think the CAPEX plans are completely on track we had a minor aberration in terms of our timelines from some of the vendors in Q1 when there was oxygen shortage because a lot of the oxygen that was needed in the equipment industry was kind of diverted wherever possible to COVID care. So we had some minor delays which we were able to overcome by working very closely with the vendors, but apart from that I mean the Greenfield project that we plan to for the single product and Baroda seems to be on track in the second week of October. The hydrogenation plans also are on track I mean when it comes to Mahad I think although it has been a big tragedy and it has been a challenge, but I think for us in terms of the land, the land had just a little bit of water logging, but there was no flooding in the land. So it has come out to be a good test for the land inspite of the rains there was no flooding in the land where we are going to propose the future expansion. In terms of the environmental clearance applications, they are all in placed so we are keeping our fingers crossed that by October we should have the environmental clearance so that we can start the construction of the plant in Mahad.

Viraj Mehta: Just one question is we have always maintained the post this expansion we should be able to do 2x the revenue that we were doing and if I look at our gross margins that range between 35% and 50% on an average over last I would say 12 quarter and structurally do you see an improvement in gross margins in the business mix post that expansion or more or less it should remain the same?

Management: So first a small correction we always have kept our top line growth as 1.7 x of the proposed investment just to be on a very conservative side. I think this investment is probably going to come out with a very wide basket of products and these products are definitely some of them are bulk commodities in terms of the generic products and which will be added to the basket and many of them are also specialty products. So our hope and our aspiration will definitely be to maximize the profits with the customers which are there in the available market and try to increase it beyond our current margins, but I am sure like I keep saying that 15 to 17 is something which is sustainable across our investment plan as a base.

Moderator: Thank you. The next question is from the line of from Suraj Deora from Palladium Capital**.** Please go ahead.

Suraj Deora: I want you to help me understand the camphor side of the business a little bit better the second one is it would be really helpful to understand what the industry capacity installed currently is and what percentage market share do we have and subsequently how you think that might change because we have been hearing that Kanchi has expanded, Mangalam is expanding, Sapthagiri is expanding, Privi is entering this market, so with all these expansion in place do you believe that there is enough room for the market to absorb all those capacities and how that might impact prices and availability of raw materials so a few different questions all into one I am sorry but it is all related to camphor?

Management: So Suraj when it comes to camphor I think it is a very complex question so we are not very excited by number or market share I think we are the oldest player camphor business in India and we continue to enjoy a substantial market share in the existing market pace. I think when we look at we do not like to talk a lot about our competitors, but when we look at Oriental Aromatics in camphor for us camphor is just one of a very key products in our whole product mix and we are very bullish on the growth of camphor and that is why we are putting up extra capacity in Mahad. I think it is going to be very interesting when that capacity comes up because it will give us geographical de-risking, it will also give us probably the advantage of having multi locational benefit which will help us access to market, and which will also give a kind of a sense of a comfort to our international customers. So if you put all these factors together our camphor strategy should be looked at in a slightly different manner than the peers that we have in the industry. We are very bullish about the growth of camphor because as we always say that people used camphor in good times, but they use it more in bad times. So we feel in India will expand we are looking at global markets where Oriental is not been there and the pain relieving segment as the whole world becomes more health conscious is bound to grow in the future so I mean all these factors put together seem to give us that confidence. We have a market and also if you look at the process development capabilities because we handled 28 different chemistries in Oriental. We have that ability to do something little different which will give us the advantage. All these factors put together give us the confidence that in spite of having a player entering the camphor business in India we should continue to enjoy the leadership position.

Suraj Deora: Can you help me understand what is the capacity in India today as a whole and what is that going to be in 12 months and after everybody expand?

Management: So I can tell you about my capacity the other capacities are all here say because I do not have any control on that capacity. So our capacity of camphor is currently at 3,600 metric tons and we are in the process of expanding that to 4,000 metric tons.

Moderator: Thank you. The next question is from the line of Rohit Nagaraj from Emkay Global. Please go ahead.

Rohit Nagaraj: Sir the first question, if Dharmil sir can just elaborate little bit on the industry dynamics how it has transpired over the last few months, and have we come back in terms of the pre COVID levels in domestic markets and the exports market that would be helpful?

Parag Satoskar: I probably would divide that question into two parts what we are doing on the fragrance and flavor side because most of the side we end up talking about lot about the ingredients division and when that gets kind of camouflage, on the fragrance and flavor front Q1 was a little slow I think because of the lockdowns because of restrictions in terms of various states having different kind of restrictions with these times you know the offtake was relatively lower in Q1 and also because of the additional impact of the being an offseason historically Q1 is where you do not have the festival and then the momentum build ups in June and July and so as the country is slowly opening in some cases very drastically in Maharashtra little slowly, but we appreciate that. We are seeing demand coming back strongly there is no question in term, but we need to see I mean we are watching over what is happening on a day to day basis in terms of requirements, in terms of the quality of the customers if there are deterioration in terms of their ability to pay etc. So that is on the fragrance and flavor side when it comes to ingredients, I think we see a very strong demand globally especially with the new product launches that we did at the beginning of the year the acceptability of those new specialty products has been phenomenal and that encourages us to really look at bigger volumes for those products going into the future. When it comes to camphor and terpene chemicals again as we are going in the season and the country is opening up we see a healthy demand for camphor as well as the other terpene chemicals in India we will have to just see the impact of the rains that might have on the immediate demand because it all said and done the Mahad region or the Konkan region or Sangli Satara region are key pockets of consumption in Maharashtra so if there is a delay in terms of the offtake there we need to wait and watch.

Rohit Nagaraj: So the second question is in terms of expansions, so given that we have faced the COVID related challenges, will the expansions be delayed by probably three months or so or will it have some more delay attached to it?

Parag Satoskar: I can probably tell you the situation as it stands today. I think all the fillers that we have from my projects team, my vendors whom we have placed the orders for the CAPEX. I think all of them borrowing some minor delays are good to go. So we do not feel any substantial delays like you said probably a month or two max we are even trying to cut that short by me personally getting involved in to ensure that we tried to stick to the timeline. So as things stand today we are okay in terms of the timelines borrowing a little bit of delay here and there. Having said that the last two years have taught us that the only thing that is constant in this world is change so we need to kind of evaluate the changing situation if it becomes better good if there is a challenge then we might have to revisit the line.

Moderator: Thank you. The next question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: So two questions sir the first one is with respect to the commercialization of new products and product launches, so if you can give some sense is to how many products we commercialize in FY21 and what is the plan for FY22 and if you can also give some color as to out of those how many were ingredients, how many were F&F blends and also can you talk a bit more about the size of the product in terms of the addressable market, are there 20, 30 crore product or 80, 100 crore kind of a product I mean what is the kind of market potential we see when we launch and I understand you have a basked so there will be an entire range, but still some sense on that would be hopeful?

Management: Parag the first part of the question I think has been answered in the past so if you do not recall those exact numbers, you can maybe just give a ballpark of a number of products and on the second part you can take it.

Parag Satoskar: So Dhwanil I think like Dharmil rightly suggested that in our earlier call and if we do not have that information probably Anuj can help you out in getting that information. We have defined our R&D pipeline or our R&D to commercialization strategy for the next one or two years and I can only say that I think we are absolutely green in terms of our ability to implement all those projects so that information probably Anuj can share with you and you can reach out to him who is our Investor Relationship guys, pertaining to the second question it is like I said that it is going to be a very interesting combination of specialty chemicals which are mid volume and high value and some which are high volume and less value. It will be really difficult for us for me to really give you a product wise differentiation, what I can always say that when we invest in a particular plan and we give you the numbers the impact of that particular investment translate multiplied by 1.7 x is going to be the eventual impact of the top line when that products get fully commercial. I hope I have kind of answered because it is very difficult when you are making a multi-product hydrogenation plant you start with a particular starting point as you evolve you kind of tweak a little bit because we have few new products that have come in, but what we can safely say that if we have invested x amount you are going to get 1.7x when that particular plans gets fully commercialize and exploited for sales to customers.

Dhwanil Desai: And second question is on the F&F blends side so largely I understand it is a domestic driven market and our growth in the past also we have said we will mirror mostly the FMCG growth, but we still have lot of room to gain market share, so what are we doing to increase our market share if you can talk about that?

Parag Satoskar: So when it comes to fragrances and flavors you do not have a definite number to how many products you are going to launch because it is a library and I think the process of creation with Dharmil and his full creative team is an ongoing process where they are creating new ideas every day. Having said that you know I completely agree with you that sky is the limit and although we are on the fragrance and flavor sides a substantial amount of our business is from domestic sales, but I think we are definitely looking at newer geographies, we are putting resources not only on the creation side, but also on market exploitation, consumer interaction and we are just waiting for all these lockdowns to open up and free movement of people to start and we will be ready to really geographically expand our business beyond India which we already are doing we are pretty strong in Indonesia, a lot of South East Asian countries and we are exploring multiple markets in Africa in Middle East and we will in the near future should see businesses coming from these new emerging markets.

Moderator: Thank you. The next question is from the line of Rohit Ohri from Progressive Shares**.** Please go ahead.

Rohit Ohri: Sir few questions these are related to the annual reports the annual report teach quite a lot about green chemistry and green engineering, so can you take us through how will this benefit us?

Management: So if you look at green chemistry and green engineering I think as a world we have moved beyond just kind of having them as part of literature to actual things happening on the ground. We have now boiler systems which you work on rise us for instance instead of coal. So these are engineering tools which are more sustainable and which are less harming to the environment. We have moved from a scenario 20 years back where cutting trees was considered to be very bad to a situation where alpha-pinene which is obtained from a pine tree is considered as a more sustainable raw material then probably a raw material which has been taken off from a petrosteam because a petrosteam is considered as a non-renewable source whereas the pine tree when replanted in markets like Brazil or New Zealand are considered as more renewable than something which is coming from a petro. As we move on as we evolve as a species, I think green chemistry and green engineering are going to be key elements. There is going to be a fine balance between the cost and the benefit which over the years if when that gets tilted on the benefit side people will move on. So as a company if you are not keeping an eye on what is happening there and when you are doing a CAPEX or when you are doing an OPEX or when you are finalizing a process if you do not keep these things in mind you might find yourself completely irrelevant going in the future having zero liquid discharge schemes for all the plants or like I said having these new boiler systems. I think it is a need of the hour Rohit you cannot just, and they will get benefits in terms of better customer acceptability, customer ready to in fact pay you a premium if you are making something using green chemistry or green engineering to a phase where it becomes a way of life and it kind of becomes a new norm.

Rohit Ohri: So currently it appears to be as in ESG a part of the ESG initiative going forward where you can get a benefit in term of premiumization of the product it is fair to assume that?

Management: So can you tell me what ESG is? I am not very sure about that.

Rohit Ohri: So you are looking at the environment aspects and the social aspects and government aspect so will you speak about the green chemistry you are looking at the environment aspect of the ESG, is it fair to assume in that fashion?

Management: Absolutely and a lot of the drivers for this movement towards green chemistry is driven by our customers.

Rohit Ohri: Second question it is quite a small query but in terms of the contingent liability we see that debt around 6 crores would you get some disputed income tax matters and some 4.5 crores which is related to this sales tax matters, so what do you think that these are probable possible or a contingency?

Girish Khandelwal: We are very much sure to win the cases because these demand are not tenable as per the law. We are in the appeals and we will win the case, we are very much confident.

Moderator: Thank you. The next question is from the line of Rishabh, an Individual Investor. Please go ahead.

Rishabh: I would just like to know more about the CAPEX plans and the numbers on that please the plant capacity?

Management: Can I request you I can share with you in a very broad way, but in terms of the numbers if you can reach out to my investor relations team led by Anuj because in our earlier calls we have already spoken about, how much we are going to spend and what are the timelines, but broadly we are currently looking at doing one Greenfield expansion for a single product in Baroda which will be commissioned in October and we are also going to commission a Greenfield multiple for hydrogenation facility which will come in Baroda and then we have the Mahad expansion where we are looking at building a camphor plant and plus a few other plants for products which will be coming out of our R&D in the near future and in our Bareilly side we are doing two projects of process reengineering as part of our CPR program where we are increasing the capacity of some of our terpene chemicals by tweaking our current infrastructure and we are going to put some extra boiler system along with cogeneration which will help us reduced cost and which will be more environmentally friendly. So broadly speaking these are the CAPEX plans that we have. Micro details I would request you to reach out to Anuj and he will probably be giving you all the details.

Anuj Sonpal: Sir may I just know which quarters concall should be referred to?

Parag Satoskar: Anuj can you help us, I think it was the last call or the call before.

Anuj Sonpal: Parag I think it is on almost every quarter, bits or pieces ever quarter.

Moderator: Thank you. The next question is from the line of Manish Poddar from Nippon India. Please go ahead.

Manish Poddar: So just one question I believe one of your suppliers is forward integrating to manufacture camphor, so do you think this will probably impact any on the front let us say on the supply front?

Parag Satoskar: So you know the most critical cost imparting raw material for camphor is alpha-pinene and you do not have a single manufacturer of alpha-pinene in India and to the best of my knowledge there is a completely different mindset which is needed for manufacturing alpha-pinene vis-a-vis the camphor because alpha-pinene is a natural derived product and camphor is a pretty complicated sophisticated multistep chemical reaction process. So, I mean we hear a lot of these things like I said that the more the players are there in the market as long as we are sure about our quality and our strategy going forward it would be more interesting. We have already de-risked our alpha-pinene buying capabilities way back in 2017 and we continuously try to improve there. So we are not relying on one country or one source and that helps us to kind of keep our raw material purchase prices in control. So that probably is a benefit that we have that is what we would like to say on this.

Manish Poddar: So let us say when I look at your balance sheet, let us say in Q4 , we have inventory which we had in the books was primarily for raw material that was not for finished goods, is that a fair understanding?

Management: So the raw material inventory has increased, some because of the quantity as well as the rate impact was also there As the raw material prices were going up in the March quarter.

Moderator: Thank you. The next question is from the line of Alisha Mahawla from Envision Capital. Please go ahead.

Alisha Mahawla: I just wanted some clarification sir at the start of the call you mentioned that the sales volume for the quarter were flat and to an earlier participant you mentioned that a capacity currently is that peak utilization and the large part of our CAPEX which is the multipurpose hydrogenation plant will come towards the end of the year, so the question is that in that case since we do not have any big capacity coming at least for till the end of the year the current run rate or revenue rate of about 200 crores, 220 crores is that the kind that we should be looking to maintain till the end of the year till new capacity comes in or is there scope for this revenue to go up even during the year because of better realization sir, is there scope for any other kind of growth coming in?

Parag Satoskar: So I think Alisha good question, first we also have one Greenfield project which will be commissioned in October and assuming that two months of validation it should start contributing to the top line in Q4 of this year point number one. Point number two we also are having a lot of CPR projects which are going in the Bareilly side which would give us incremental increases in some of our terpene chemicals as well as camphor capacities. So once they come online we will probably be having tweaking in the top line because of that and like I said that we have just finished 6 months back a Brownfield project where we increase our capacity for in the multi product plant that we had commissioned in 2018 for a few products and those products we have still not been in a position to kind of get them their full potential in terms of the ability to sell. All these factors put together should help us give us much better numbers having said that we always try to believe, and we feel that we should be very conservative so we stick to these numbers and we see as we go on, but we have lot of additional tweaking in terms of capacities which are going to come up between now and the hydrogenation plant commission.

Alisha Mahawla: And just if you could mention what is going to be the CAPEX plan for the year while I know what projects are going in, what is the amount that you are looking to spend during the year if you could quantify that sir?

Parag Satoskar: Like I said this has been mentioned in our earlier call, but just to give you a rough ballpark number for this year if you are looking at this single product standalone plant investment of around between 120 crores to 150 crores depending on, because we are still in the process of finalizing capacities for a few products for the hydrogenations.

Moderator: Thank you. The next question is from the line of Rohit Nagaraj from Emkay Global. Please go ahead.

Rohit Nagaraj: Just one clarification on the outlook, so last year we had EBITDA margins which was supported by extraneous factors, but in the initial remarks you mentioned that we still continue to maintain 15% to 17% guidance so this year effectively our growth in EBITDA or operating profit and bottom line will be driven by top line growth and do relatively lower support from the extraneous factor such as price increase or reduction in RM cost in that right understanding?

Parag Satoskar: I think it is a fair understanding that what happened in the last year where we had some inventories of low-cost raw materials all those factors would not be there now.

Moderator: Thank you. The next question is from the line of Bobbie from Falcon**.** Please go ahead.

Bobbie: So are there any aroma chemicals which contributed to the proportion of the revenues where you have global leadership?

Parag Satoskar: Since we operate in the space of generic specialty aroma chemicals, the model is where we would like to have a nice combination where say some products like some musk that we manufacture or some sandal smelling chemicals that we manufacture. We have a sizeable amount of the global market share to a strategy where we make certain specialty and we kind of cater to a substantial amount of the available market for them. We do not have a specific uniform strategy around all our products, but it depends on product to product and when we build capacities for newer launches, for example this new product single product expansion that we are doing in Baroda the product that we are going to make there we would probably be one of the largest producers of that particular product logo.

Bobbie: Who do you consider your major competitors in aroma chemical domestic?

Parag Satoskar: I think like I always say that we are not very keen to kind of keep exploring what our competitors are doing. We just have our strategy, and we motor on and we just keep working on our strategy, but I think with the kind of basket of products that we offer right from bulk commodity terpene chemicals to extremely high values specialty chemicals. I think the basket makes it very exciting for us and I am sure the peers in the business probably would not have the kind of basket that we have.

Management: And just to add to that we have very few overlapping products with the competition of aroma chemicals that there is in India today and I think each company has its own approach to what position they would like to take in these materials, considering the fact that we offer a vast range of products as Parag has mentioned. I would be very comfortable to say that in the majority of products that we build or get to capacity we would at least have 33% or more of market share. So our goal is not to become 100% of a market we would like to stay around with the competition.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Shyamal Bodani from Oriental Aromatics Limited for closing comments.

Shyamal Bodani: Thank you all for participating in this earnings concall. I hope we have been able to answer your question satisfactorily if you have any further questions or would like to know more about the company who would be happy to assist. We are very thankful to our investors who stood by us and have the confidence in the company’s growth plan and focus and with this I wish everyone a great day. Thank you.

Moderator: Thank you. On behalf of Oriental Aromatics Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.