

# *Oriental Aromatics*

Ref: OAL/BSE/NSE/68/2023-24

17<sup>th</sup> August, 2023

To  
The Manager  
Department of Corporate Services,  
**BSE Limited**,  
Phiroz Jeejeebhoy Towers  
Dalal Street, Mumbai- 400 001  
**Scrip ID** : OAL  
**Scrip Code**: 500078

To  
The Manager  
Listing Department,  
**National Stock Exchange of India Limited**  
Exchange Plaza, Bandra Kurla Complex  
Bandra (East), Mumbai - 400 051  
**Symbol**: OAL  
**Series** : EQ

## **Sub: Transcript of conference call with the Institutional Investors/Analysts**

With reference to our letter dated 08.08.2023, intimating about the conference call with the Institutional Investors/Analysts on Friday, 11<sup>th</sup> August, 2023 at 01.00 p.m. to discuss the Financial Performance of the Company for the quarter ended 30<sup>th</sup> June, 2023, please find attached herewith transcript of the aforesaid conference call.

Further, the copy of the same is also uploaded on Company's website i.e. [www.orientalaromatics.com](http://www.orientalaromatics.com)

Kindly take the information on your record.

Thanking you,  
Yours Faithfully  
**For Oriental Aromatics Limited**

**Kiranpreet Gill**  
**Company Secretary & Compliance Officer**

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**Oriental Aromatics Limited**  
**Q1 FY24 Earnings Conference Call**  
**August 11, 2023**

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**Moderator:** Ladies and gentlemen, good day and welcome to the Oriental Aromatics Limited's Q1 FY24 Earnings Conference Call. As a reminder, all participant lines will be in the listen- only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing star and then zero on your touchtone phone. I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you sir.

**Anuj Sonpal:** Thank you. Good afternoon, everyone and a very 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'd like to thank you all for participating in the company's earnings call for the first quarter of financial year 2024. Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings 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 and making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial 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 opening remarks. We have with us, Mr. Dharmil Bodani -- Chairman and Managing Director, Mr. Shyamal Bodani, Executive Director, Mr. Girish Khandelwal -- Chief Financial Officer; Mr. Parag Satoskar -- Chief Executive Officer and Ms. Kiranpreet Gill -- Company Secretary.

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

**Dharmil Bodani:** Thank you, Anuj. Good afternoon, everybody. It is a pleasure to welcome you to the Q1 earnings conference Call of Oriental Aromatics Limited. The quarter that has gone by has come with its own shares of opportunities and challenges.

Let me first start by highlighting the positives. The Fragrance division continue to grow in this quarter and this quarter and this growth was achieved mainly due to the new wins across all geographies that we operate in.

We are glad to inform you that we have achieved multiple fragrance wins with one of the largest FMCG companies in India in this quarter. These wins will ensure very healthy growth in the fragrance and flavor division going forward.

The camphor and the terpene chemicals division continue to be under tremendous price and demand pressure.

Alpha Pinene prices are at the lowest that we have seen for more than a decade. This division has been responsible for the reduced top line and the reduced margins for the entire group in this quarter.

The camphor and terpene chemicals business in India continues to be in a deflationary mode. This performance of the camphor division and the profitability outlook for the overall business going forward has made us have a relook at our CAPEX plans for the whole group and we will elaborate further on our CAPEX plans in our future investor calls.

The specialty aroma ingredients division again had its fair shares of wins and challenges. We entered FY24 on a challenging note while navigating through several external global macroeconomic challenges and a lower-than-expected increase in consumption, which has led to a subdued performance of the whole flavor and fragrance industry globally. The main challenges faced by the specialty and bulk aroma ingredients industry globally is due to the aggressive stance on pricing taken by Chinese manufacturers opening up after COVID and the destocking happening in the industry across the globe. Nevertheless, we are committed to strengthening our market position in this space and our product development plan for 2023-24 continues to stay on track.

We are extremely satisfied with the global product approvals that we have received for our new products and product allocations for H2 2023 in the RFQ program recently concluded are satisfactory.

I would like to conclude my speech today by saying that, we at Oriental Aromatics Limited are mindful of both the opportunities that we have and the challenges that we face and we are taking positive steps to maximize our opportunities and mitigate the challenges.

Now, I request Mr. Girish Khandelwal, our CFO, to give you the financial highlights. Over to you, Girish.

**Girish Khandelwal:** Thank you very much, Dharmil. I would like to welcome you all for the conference call. I would like to focus on the operating performance. Let me take you through our consolidated performance for the quarter: The operating revenue for the quarter was Rs.195.7 crore, which was an increase by 0.20% on a quarter-on-quarter basis and decreased by 16.2% on a year-on-year basis. Operating EBITDA reported was Rs. 0.90 crores decreased as compared to Rs.9.3 crores in the previous quarter and Rs.16.5 crores in the corresponding quarter. Operating EBITDA margin stood at 0.46% as compared to 4.76% in the previous quarter. Net loss after tax reported was Rs.6.1 crores as compared to profit of Rs.1.2 crores in the previous quarter and Rs.8.4 crores in the corresponding quarter.

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

**Moderator:** We will now begin the question-and-answer session. The first question is from the line of Gunit Singh from CCIPL. Please go ahead.

**Gunit Singh:** Sir, what is the outlook for FY24 in terms of top line and bottom line? And do we feel that the margins have bottomed out or do we see any scope of improvement in margins for the year, and what are your expectations for margins like for '24 and I mean what should be the steady state margins going forward?

**Parag Satoskar:** According to our estimations, I think we still are in an extremely fluid stage in our business. As highlighted by Dharmil in his opening remarks, we see a very strong growth in our fragrance and flavor division, assisted by reduction in the input costs; however, we see extreme challenges in terms of demand as well as pricing in our camphor and terpene chemicals division. I think as of now we are kind of monitoring the situation as closely as we can and taking all these steps to ensure that we maximize on the opportunities. So, we are continuing with our guidance of at least reaching last year numbers in terms of the top line. I think bottom line is something which we will probably have a little more clarity as a few quarters go by, because we have entered the season time in camphor. So, there are multiple wheels that are in motion in terms of the bottom line?

**Moderator:** The next question is from the line of Ketan Athavale from RoboCapital. Please go ahead.

**Ketan Athavale:** I just wanted to know how are camphor prices looking especially in the last one to two-months?

**Dharmil Bodani:** There's an extremely deflationary trend in the camphor business, primarily driven by very low prices of the raw material, but I wouldn't say lesser demand, but the customers trying to probably extract the best value because of the excess capacity that has come into play and hence hoping for getting extremely lower prices. So, if you me what has been the price trend in the last quarter vis-à-vis the quarter before that, we are seeing a reduction of as much as between 12% to 15% in the technical weight transfer that is sold in India.

**Ketan Athavale:** What were the prices of camphor in say last year and say 2021?

**Dharmil Bodani:** So, I think Parag, instead of jogging your memory, maybe we can request the gentleman to maybe contact Anuj offline for the numbers. I don't think you would remember these unless you have some ballpark idea.

**Ketan Athavale:** Yes, just a ballpark idea, in the sense they're trending down, since when -?

**Dharmil Bodani:** So, I think post-pandemic, I think we've started seeing a trend going downwards and that trend continues to go downwards.

**Moderator:** The next question is from the line of Nikhil from Perpetual Investment Advisors. Please go ahead.

**Nikhil** While destocking may be affecting the uptick from ingredient suppliers like Oriental, how does the end demand look like at the blender level or maybe the consumer level?

**Dharmil Bodani:** So, look, we have mentioned that our flavor and fragrance division continue to see growth and these growths are coming from specific geographies and specific product categories. But on an overall industry level, we are seeing maybe a constant and a reduction in growth and we do not believe that the growth that our fragrance division is showing is necessary a reflection of what is really the trend in the industry currently. So, that will affect even demand of ingredients.

**Parag Satoskar:** A very significant add to what Dharmil said is due to the increase in the cost of borrowing more so in the markets, especially in the West where historically the cost of borrowing has been very low. There's also a lot of pressure on building up inventories. So, although destocking, at the same time extreme controls on inventory is creating a kind of a double-whammy on demand in the aromatics space.

**Nikhil** Last three years, out of those... maybe apart from the last one year, more or less, some country was in the lockdown or travel was restricted, so this must have affected maybe consumer and fine fragrances both in different ways, and the industry must have observed some habitual changes in consumers usage. How does that look like now -- has it normalized to pre-COVID level or what's happening on that front?

**Parag Satoskar:** So, I think if you look at the FMCG consumption patterns not only in India, but globally, we are of the opinion and I think that is also supported by the chat that we have with our customers that there is no significant change in terms of either consumption pattern or even be in terms of the consumption volumes. I think what's probably changed is because of the deflationary trends or the inflationary trends in the west, I think the consumer preferences have moved from luxury to probably just kind of getting the things done. That's probably where the

preferences are changing a bit. Having said that, both the categories need aroma ingredients. So, I don't think that has a significant challenge in terms of the demand for the aromatics.

**Nikhil** So, you're sort of saying that demand has moved from discretionary to essential and maybe once the deflationary trend has sort of normalized and we start seeing reduction in the interest rate cycle or shift in interest rate cycle is when things should start normalizing again?

**Parag Satoskar:** In terms of consumer pref.

**Nikhil** Anything on these Chinese manufacturers front like till when do you see these aggressive pricing scenarios going on?

**Parag Satoskar:** It will probably be very futile to really give a timeline for it, because if you look at the Chinese economy per se, that's getting into a deflationary trend, so there will be a lot of impetus to kind of boost up demand internally as well as exports. So, we need to wait and watch. I mean, I'm sure that the Chinese have come back with the vengeance in terms of their capacities, in terms of their pricing. I mean, I have a very interesting people who say that there's 235 million tons of chemical production capacity that's going to come on line in China in '23 and '24. So, if that's true... I mean, we have still not seen the end of the whole picture. So, we need to wait and watch.

**Nikhil** You're probably telling us that this is just the start of the picture then?

**Parag Satoskar:** Yes.

**Nikhil** And one last point on this is what's the whole reason behind lower prices, is it the Chinese economy slowing down, so manufacturers want to dump their inventory abroad or they want to just get rid of existing inventory and things are normalized, like what is your take on this?

**Dharmil Bodani:** This is just a view that since 30% of the Chinese economy is driven by construction or real estate, that is a challenge. There's a lot of demand dropped that has happened internally. So that kind of impacting the whole pricing situation from China and the lower input cost.

**Moderator:** The next question is from the line of Anupam Agarwal from Lucky Investment Managers. Please go ahead.

**Anupam Agarwal:** Sir, is it possible if you can call out your volume and price growth or price decline in each of your business segments, which is fragrance and flavor and your camphor and terpene?

**Dharmil Bodani:** Parag, I'll talk on the fragrance flavor and then you can take it on. So, on the fragrance flavor, we are seeing no decline, we are seeing a steady state and the growth.

**Anupam Agarwal:** Is it possible to have a growth percentage or rates YoY?

**Dharmil Bodani:** So, the fragrance division this quarter has shown I'd say about a 14% to 16% growth for us.

**Anupam Agarwal:** And this is all led by volumes or -

**Dharmil Bodani:** By new wins.

**Parag Satoskar:** On the camphor and the terpene chemical side, you've seen degrowth in terms of volumes QoQ primarily driven by a shutdown that we had in the quarter in terms of production. And in terms of sales, we have seen reduction in the volumes driven primarily because of a) offseason and b) because the customer kind of delaying their purchases or looking for better value in terms of pricing because of the competitive landscape. I think if you look at the specialty aroma ingredients space QoQ, the volumes have been pretty stable across a wide range of products. We see some challenges in volumes in terms of sales for some bulk specialty aroma ingredients, but we are kind of seeing a smoothening of the curve in in those aroma spaces. So, I think for us the biggest challenge is volume and price degrowth in the camphor and the terpene chemicals.

**Anupam Agarwal:** And what about the percentages, just numbers if you can throw ballpark, what has been the deflation in price in camphor and terpene?

**Parag Satoskar:** So, in camphor QoQ it's around 15% and we see a similar kind of a drop even in the rest of the terpene chemicals.

**Anupam Agarwal:** You mentioned in your opening remarks that alpha pinene prices have been lowest in the last decade. How much has it been on a per Kg basis or a fall if you can call out?

**Parag Satoskar:** Anupam, difficult to really give you kind of a percentage number because the drop has been gradual over the last three to four months, and if we have to look at that window, we are probably seeing the prices correcting by almost 30%.

**Anupam Agarwal:** So, is it that we didn't build inventory of alpha pinene before, what is the reason for this fall of 30% over the last 3-4 months?

**Parag Satoskar:** No, it's not for us, I mean, alpha pinene, the reduction in the price has been global and it is primarily driven by demand and supply and the main driver for the reduction this time has been the subdued demand for alpha pinene in the aroma ingredients which also like camphor and terpene chemicals is a large consumer of alpha pinene.

**Anupam Agarwal:** So, with this season, camphor season coming on, how do you see the second half of the year panning out for it?

**Parag Satoskar:** So, I think the camphor season is a welcome sign, but we also have to see the competitive landscape where there is substantial capacity addition that has happened, which is not in line

with the demand growth in the market. And that mismatch we want to still continue to create a situation where the ability to kind of get a better pricing or a constant pricing will be challenged.

**Anupam Agarwal:** This competition has come from local market or export market?

**Dharmil Bodani:** Local.

**Anupam Agarwal:** Lastly, sir, if you can call out what has been the debt position for us in Q1, then working capital as well?

**Girish Khandelwal:** So, our total borrowing is around Rs.225 crores as on 30th June.

**Anupam Agarwal:** And term borrowing and working capital, how much -?

**Girish Khandelwal:** So Rs.225 crores include Rs.41 crores of term borrowing.

**Anupam Agarwal:** Just on the gross margin front, so you mentioned that prices have bottomed out, you're seeing some sort of uptick in prices, what is the time lag in terms of us taking price increase vis-à-vis the raw material price that we see?

**Parag Satoskar:** So, Anupam, let me correct that. I mean we do not see the pricing prices bottoming out, I mean we are still in an extremely fluid situation where we're seeing a substantial pressure on pricing primarily in the camphor and terpene chemicals, but having said that, across all our ingredients portfolio.

**Anupam Agarwal:** But generally, the price lag is a one quarter or is it set off within the quarter?

**Parag Satoskar:** So, right now, the price lag is driven not by inventories or it's not driven by certain raw materials which came down and which are going to go up. Right now, because of a systemic problem that is completely external in nature. So, we are in no shape or form to kind of give you this number whether it's going to come with a lag of one quarter.

**Anupam Agarwal:** If you can just break your sales mix of the 200 crores in this quarter between the business segments?

**Dharmil Bodani:** So, then we've always maintained that it's equally divided across the verticals.

**Anupam Agarwal:** That holds even in Q1?

**Dharmil Bodani:** A little bit up and down, I mean, we're seeing the fragrance and flavor division numbers slightly a percentage plus. Yes, otherwise it's more or less in line.

**Anupam Agarwal:** 40-30-30?

**Dharmil Bodani:** Yes, something like that.

**Moderator:** The next question is from the line of Pujan Shah from Congruence Advisors. Please go ahead.

**Pujan Shah:** Can you just give an update about the hydrogenation plant, where are we currently and it has started contributing to revenue or anything from that side?

**Parag Satoskar:** So, like Dharmil has mentioned in his opening remarks, I mean, regarding a quick update on the CAPEX, I mean the Mahad phase-I expansion for the single product plant continues in full swing. We are having a kind of relook at all our other projects in terms of its long-term viability and also if we want to kind of recalibrate them to make them more future-ready. So, the hydrogenation facility is currently being constructed as we speak. Which elements of that we will be recalibrating, we will be kind of coming back to the investors in our future earning calls.

**Moderator:** The next question is from the line of Zohar Nasser, an individual investor. Please go ahead.

**Zohar Nasser:** I would just like to understand a little on the industry landscape in this segment in India, I mean, what sort of the pie are you looking at in the whole scheme of things?

**Parag Satoskar:** So, I think it will be probably a pretty elaborate answer because we actually operate out of three or four different distinct verticals. And so, is it okay if you can reach out to Anuj from our investor relationship and we can send you a small note on what our mission is in terms of the whole industry landscape.

**Zohar Nasser:** Sure. Maybe a little on the fragrance and flavor segment, if you could elaborate?

**Parag Satoskar:** I think we continue to stay active, I mean we've been a very key player in the fragrance and flavor compounding business in functional consumer since 1955 and we stay committed and we are extremely active in a wide range of applications in India, as well as multiple geographies located in Southeast Asia as well as the Middle East and Africa. Some key applications that we have a very strong position is in the area of fine fragrances in the area of home care, in the area of hair care. And I mean just in the last quarter we had some significant things in certain applications with one of the largest FMCG companies in India. So, we stay very focused. I think we see a substantial possibility of growth with the whole India story panning out. And our backward integration piece of the aroma ingredients being made in-house gives us the ability to deliver value to our customers.

**Zohar Nasser:** Just a small follow up, how do you place yourself against the other players in India and who do you see as a major competition in this business?

**Parag Satoskar:** So, I think if you look at the Indian fragrance and flavor industry, it is an extremely competitive mix of certain large multinationals who have their own manufacturing sites in India along with significant Indian fragrance and flavor houses who have been operating in this business for a long time, and then we have a lot of smaller fragrances family-owned businesses. So, I think we are positioning ourselves in a very comfortable spot where we are able to a) bid for business from all the available markets, which is not core listing, and we also are able to at the same time compete with the family-owned businesses and look at the FMCG companies which are regional or local feature and try to get their business. So, we are in the broad whole spectrum of the industry.

**Zohar Nasser:** Would you have to split for organized versus unorganized in this sector?

**Parag Satoskar:** So, to really give you kind of a consistent split would be a challenge because this split keeps on changing depending on the new business that we acquire or seasonal, so it's difficult to give you kind of a number.

**Zohar Nasser:** So maybe just a ballpark if you could?

**Parag Satoskar:** 50 in terms of the organized FMCG space and 50 in terms of the relatively smaller FMCG companies that we cater to.

**Dharmil Bodani:** At this point, it's guesswork.

**Zohar Nasser:** No, I'm focusing more on the industry split, I mean, how much would come from the larger MNCs versus the Indian businesses?

**Dharmil Bodani:** It would even go product category- specific. It's such a general question.

**Zohar Nasser:** I mean if you have flavors and fragrances.

**Parag Satoskar:** Again there, like Dharmil said, depending on each application like home, care, personal care, it would probably...

**Dharmil Bodani:** So, we don't break the applications and then figure out who we feel is organized, unorganized, and who in the industry. So, it's very complex metrics to put together and any number right now would be guesswork.

**Moderator:** The next question is from the line of Anupam Agarwal from Lucky Investment Managers. Please go ahead.

**Anupam Agarwal:** So, two questions again. Firstly, on the significant order win that you're talking about that we had in the last quarter. Is it possible to call out some sort of order book or order size that we've received?

**Dharmil Bodani:** No, we are contractually bound. We won't be able to share that information.

**Anupam Agarwal:** Is it a long-term contract or is it a one-time supplier?

**Dharmil Bodani:** It will be a long-term contract.

**Anupam Agarwal:** Which application is this -?

**Dharmil Bodani:** I won't be able to talk about that either.

**Anupam Agarwal:** Secondly, if you can just call out the capacity utilization for each of our plants?

**Dharmil Bodani:** I think the fragrance and flavor, we run one shift there right now, and I think it's at almost 85%, 90% of the capacity, and if we need to add another shift, it will not be an issue.

**Parag Satoskar:** So, if you look at all the other plants as well, Anupam, all of them are running currently at max capacity. However, I mean we have a bit of higher inventory levels than what our comfort level is and we continuously work on kind of looking at how can we put them to in the customer care.

**Moderator:** The next question is from the line of Saket Saurab, an individual investor. Please go ahead.

**Saket Saurab:** So, this is again pertaining to the CAPEX recalibration. So, what I could make out is that Mahad- I is still on track as is, but we might be recalibrating some other ones. First question is how much investment has already been done and how much is pending? Again, I'm talking about non-Mahad. Second is, I think some of them were a single product CAPEX. So, can they be say recalibrated to some other products where demand is much more stable?

**Parag Satoskar:** So, to answer your question in terms of recalibration, I think the single product plant is coming up at Mahad, so we are not looking at recalibration of that investment. I think in terms of the investment that has been done in Baroda, we have done an investment of around... please correct me if I'm wrong around Rs.45 crores in the hydrogenation facility and we still have an investment due of around between Rs.90 and Rs.100 crores which we are seeing how we can optimize it and kind of use combination of strategy to achieve our maximum productivity with least amount of investments.

**Saket Saurab:** And there is some CAPEX which are almost on the verge of going live where we were going to send samples to the customer. Are we delaying those also or maybe not sending these samples because there is not enough demand or clients are not really interested in sampling at this stage, so any update on those CAPEX?

**Parag Satoskar:** So, I think the products where we had in our earlier call mentioned that we are ready to send samples, etc., those we found home for those products in our current plants itself and I think

thanks to the engineering team internally and the projects, those samples are very much on the way and they've been well accepted by our customers globally. However, like I said that the demand is a bit subdued, and the pricing is a bit challenging. So, I think on those fronts, what is being kind of we thought is primarily the hydrogenation-based product, which was going to be a phase implementation, one plant coming up in October or November and the second by the end of this year. So, we kind of relooking at that part of the CAPEX plan.

**Saket Saurab:** Just for my clarity, so you know, I think IFS which might potentially one of your clients, so in their report, scent as one of the categories. So, is it an analog to fragrances or Oriental Aromatics term, is it safe to assume that?

**Dharmil Bodani:** I think yes, it is safe to assume that, but their scent division may have also the ingredients, so we really are not sure.

**Saket Saurab:** Only point was that amongst all the segments, this was one segment which was doing well and which I see some bit of reflection in your results as well. So, I just was trying to see some correlation there.

**Dharmil Bodani:** Correct. So, scent is yes, fragrances, yes.

**Moderator:** The next question is from the line of Rajat Sethia from iThought PMS. Please go ahead.

**Rajat Sethia:** For the Mahad CAPEX, how much we have already spent and how much is left?

**Girish Khandelwal:** We have spent already 30, 32 crores and left amount is around say Rs.85 crores.

**Rajat Sethia:** We expect CAPEX to complete this year itself?

**Girish Khandelwal:** Yes.

**Rajat Sethia:** In done. of the stabilization of the new plant, how much time does it usually take once the commissioning is done?

**Parag Satoskar:** So normally we always consider a period of between three to six months is when we need to stabilize the plant externally which is getting the approvals and getting the regulatory things sorted out with our customers and getting a plant validated internally. Then you need to get the leads and the batch time cycles, right. So, the objective is to probably be ready for our H2 2024 RFQ cycle for the bigger customers and to be active in the spot as soon as we go live in this financial year.

**Rajat Sethia:** One more question on Mahad. So, which products is it going to make, I mean is it for both camphor as well as aroma or any one of them just -?

**Parag Satoskar:** So, it is going to be a single product plant which is a specialty which is part of our specialty aroma.

**Dharmil Bodani:** Specifics would be after launch.

**Rajat Sethia:** I assume the CAPEX that we have spent so far in both the plants is yet to be capitalized, right?

**Parag Satoskar:** Yes.

**Moderator:** As there are no further questions, I would now like to hand the conference over to Mr. Dharmil Bodani from Oriental Aromatics Limited for closing comments. Over to you, sir

**Dharmil Bodani:** Thank you, all for participating in this earnings conference call. I hope we've been able to answer your questions satisfactorily. If you have any further questions or would like to know more about the company, we would be happy to address the same. We are very thankful to all our investors who continue to stand by us and also have shown confidence in the company's future growth plans. And with this, I wish everyone a great evening.

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