

Oriental Aromatics

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2nd June, 2025

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 23rd May, 2025, intimating about the conference call with the Institutional Investors/Analysts on Thursday, 29th May, 2025 at 01.00 p.m. to discuss the financial performance of the Company for the quarter and year ended 31st March, 2025, 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.

Kindly take the information on your record.

Thanking you,
Yours Faithfully
For Oriental Aromatics Limited

Dharmil A. Bodani
Chairman & Managing Director
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Oriental Aromatics Limited
Q4 FY'25 Earnings Conference Call
May 29, 2025

Moderator: Ladies and gentlemen, good day and welcome to Oriental Aromatics Limited Q4 & FY'25 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. Please note that this conference is being recorded.

I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you, and over to you, ma'am

Purvangi Jain: Good afternoon everyone, and a very warm welcome to you all. My name is Purvangi Jain from Valorem Advisors, we represent the Investor Relations of Oriental Aromatics Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings call for the 4th Quarter and the Financial Year ended 2025.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to the 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 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 their 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 Purvangi. Good afternoon, ladies and gentlemen. I am Dharmil Bodani – Chairman and Managing Director of Oriental Aromatics Limited. It is my pleasure to welcome all of you to our FY'25 and Q4 FY'25 Earnings Call. I extend my gratitude to our valued shareholders, analysts and partners, for joining us today. We have much to discuss, from the global industry landscape to our company's performance over the past year, and I would also specially like to touch upon the broader context in which we are now operating.

I would like to begin my speech today talking about two legacy FMCG brands that have been part of the Oriental Aromatics portfolio for multiple decades. The names of the brands are Saraswati camphor and 3 Pine camphor and Bhimseni. Originally registered in 1967 and 1994 these heritage brands have remained synonymous with purity, tradition and trust for over five decades. Making them among the oldest continuously operating names in India's puja FMCG segment. For several years, the manufacturing, sales and promotional responsibilities of these brands were franchised. In FY'23-24 OAL strategically internalized both brands into its direct product portfolio. As of FY'24-25 the complete management from production to market execution is now handled exclusively by dedicated OAL teams. With the induction process now successfully completed. We are excited to represent these two powerful brand assets to our investor community.

Key highlights of the two brands pan India presence - established footprint with strong market leadership across multiple regions, trusted product portfolio - both brands offer high quality camphor products catering to everyday spiritual and household use. Premium variant offering - 3 Pine brand includes Bhimseni, known for its superior purity and deep spiritual relevance. Manufacturing backbone - together Saraswati and 3 Pine account for over 60% of OALs total powder camphor production, reinforcing their scale and relevance. Strategic moat- the synergy between our domestic brand strength and our global leadership in pharmaceutical grade camphor creates a robust competitive moat, offering insulation from broader industry volatility. Growth platform - these legacy brands served as a national launch pad for deeper expansion into India's fast growing and culturally significant puja segment, unlocking new FMCG growth avenues. As a trusted name in millions of Indian households, Saraswati and 3 Pine camphor not only reinforce our heritage, but also represent a strategic lever for future innovation and portfolio growth in the spiritual and traditional product segment. With that, I now invite Shyamal Bodani, our Executive Director to take over and continue the speech. Thank you, over to you Shyamal.

Shyamal Bodani:

Thank you Dharmil. Good afternoon everyone. Thank you for joining us for Quarter 4, Financial Year 2024-25 earning call. I would like to now give you a comprehensive global overview of all industry segments that we operate in. After which I will try to highlight as Oriental Aromatics Limited where we stand today and where we are headed as the company in the future.

Globally, the fragrance and flavor industry demonstrates resilience in FY'25 despite facing multiple headwinds. Industry reports indicate that the traditional F&F market comprising of compounded flavors and fragrance blends grew modestly. Encouragingly fragrance application provided proved particularly robust worldwide. Fine fragrance perfumes continue to enjoy healthy demand as consumers return to social lives post pandemic and consumer product fragrances used in soaps, detergent and personal care maintain their essential status. In fact, the fragrance division of major global players outperform the other divisions in their portfolio. This trend underscores that even amid an uncertain global economy consumers value the experience and comfort of fragrance products provide.

The theme for the FMCG industry in India seems to be premiumization. The other significant trend seems to be the emergence of rural India as a major consumer of FMCG products. Both these trends have created unique opportunities for F&F companies based out of India. Earlier in the year, many large FMCG customers globally and in India engaged in destocking, reducing their fragrance inventories which had been built up during prior supply chain disruptions. This caused a short term dip in orders to fragrance and flavor houses, especially in H1. However, by the end of the year, order patterns have been normalized as clients inventories reached equilibrium. Overall the fragrance and flavor industry demonstrated agility using innovation and pricing discipline to navigate cost inflation and volatility.

Moving to the aroma chemical ingredient segment, this is the backbone of fragrances and flavor creation, comprising specialty aroma chemicals, essential oils and cosmetic ingredients. Globally, the market for aroma molecules and related ingredients also experience modest growth in FY'25. However, the aroma ingredient space in 24-25 was not without its challenges. Inflationary pressures on some raw materials like petrochemicals, natural oils and solvents earlier in the year squeezed margins for ingredient manufacturers. There were also pockets of oversupply in certain aroma chemicals, as new production capacities came online globally leading to competitive pricing. Despite these hurdles, the leading aroma ingredients producers maintained a focus on innovation, developing novel captive molecules and green chemistry processes and on backward integration to control costs. The result was that overall supply and demand stayed fairly balanced by year end. This bodes well for ingredient makers, as stable input costs combined with steady volumes can help restore reasonable profitability. In summary, the aroma ingredients industry delivered stable, if not spectacular growth over the year, focusing on productivity and value added products to sustain its momentum.

Now let me address the camphor and terpene based chemical segments, which is an important niche, both globally and for our company. Camphor along with its related terpene derivatives such as terpineol, pine oils and other pine tree derived chemicals had a year of mixed fortunes internationally. On one hand, demand remained fundamentally healthy. Camphor is used in a diverse end market, from pharmaceuticals, topical balms to incense and religious devotional use. And these applications ensured baseline consumption stayed firm.

Additionally, the broad pinning chemicals market, which includes products from pine resin to turpentine, continues on a growth trajectory.

On the other hand, price realization in FY'25 was a concern in this segment. FY'24-25 has been a unique year for the terpene based products industry. The critical raw material here is alpha and beta pinene. Companies operating in this space are used to cyclical pricing of alpha and beta pinene. However, this year, when the prices of alpha pinene globally dropped substantially at the start of the year, this drop was surprising as the prices corrected by multiple percentage points within a few weeks. This coupled with over capacity in most products and subdued demand of the finished products impacted top line as well as profitability for the first 2 Quarters, things have finally stabilized in terms of price and demand in the last 2 Quarters. As a result, increased competition and supply put downward pressure on market prices for products like synthetic camphor and terpene alcohols. Many producers including us, had to contend with compressed margins as selling price for bulk camphor and allied chemicals eased even while raw material costs remain relatively elevated.

In short, the terpene chemical space is facing headwinds on pricing, making profitability growth more challenging. Despite these pressures, it is worth noting that our industry peers in this niche still fared reasonably well by focusing on value added grades in efficiency, companies with strong brands or specialized offerings in camphor, for example, high purity pharma grade camphor or branded consumer formulated camphor products managed to defend their market share.

Overall, the global backdrop for our sector in FY'25 can be summarized as follows. Resilient demand with selective growth areas, especially in fragrances. Industry wide emphasis on managing inflation and the normalization of supply chains, leading to some price adjustments. The larger players in fragrance and flavor continue to grow and invest confidently, which sets a positive tone. At the time, all industry members have had to stay agile amid geopolitical and economic uncertainties. With that global context in mind now let me turn to Oriental Aromatics performance and highlights for the year.

I am pleased to report that despite the challenging macro environment, Oriental Aromatics delivered a credible performance in FY'25 with a particularly strong positive push in the 3rd and 4th Quarter. We pursued a strategy of quality growth, prioritizing profitability and long term value over short term volume pushes, and this has reflected in our results. I will now review each of our divisions in detail, fragrances, camphor and terpene chemicals and specialty aroma ingredients, as well as provide an update on our new Mahad facility.

Our fragrance division had a very good year, emerging as a key growth driver for the company. This performance is especially noteworthy given the context of an Indian FMCG sector slowdown in H2, especially urban demand. How did we accomplish this, firstly our team succeeded in winning new business, both internationally and domestically. We

expanded our footprint with global clients, securing new fragrance wins from overseas market while also adding new Indian customers in categories like personal care, home care and air care. These new customer acquisitions contributed significantly to our growth. Secondly, we deepened our engagement with existing clients, many of whom are marking names in the FMCG sector, resulting in increased share of wallet and higher order volumes for Oriental Aromatics fragrances. Even as some large FMCG companies saw slower growth, they continue to innovate and new product launches, and we are proud to partner with them by supplying creative fragrance solutions for those launches. Our ability to grow with our clients by servicing their new product needs and expanding into more of their product lines has been a hallmark of this year.

Another crucial factor has been the broad basing of our customer mix. Not only did top tier, national and global clients contribute, but notably smaller and regional customers also added significant volumes. This underscores the resilience of India's consumption story, demand from regional players and emerging brands in India remained strong and we tapped into that by providing tailored fragrance compounds for their unique needs, such as local incense makers, boutique personal care brands, by catering to a wide spectrum of customers we reduce dependency on any single client and open new avenues of growth. I want to emphasize the strategic advantage conferred by our backward integration in this tech segment.

Oriental Aromatics is among the privileged few fragrance houses that also manufactures their own aroma ingredients. This means a generous portion of the aroma chemicals that go into our fragrance compound are produced internally at our facilities. In FY'25 this vertical integration proved invaluable. It ensured supply, security and cost control at a time when global supply chains were unpredictable. While other fragrance manufacturers might have faced shortage or inflated prices for certain key ingredients, we could rely on our in-house production or captive sourcing to meet our formulation needs. This not only protected our margins, but also gave us flexibility to price our fragrances competitively without compromising on quality. In essence, our fragrance creation team work hand-in-hand with our chemicals. R&D and manufacturing teams, allowing us to offer clients a compelling value proposition creative scents backed by reliable, cost effective supply of the ingredients that make up those sense.

Turning now to our camphor and terpene chemical division, which includes our range of camphor products and a variety of terpene based chemicals. FY'25 was a year of consolidation for this business. We consciously adopted a strategy to preserve value in an environment of pricing pressure, as I noted earlier, the market prices for many terpene based products were under pressure industry wide and Oriental Aromatics was not immune to this trend. Rather than chasing unsustainable volumes at low margins, we took a calibrated approach, in some cases even reducing production volumes to focus on higher margin sales.

This deliberate strategy meant our sales volumes for camphor, terpene products were flat year-on-year, and overall revenue from this division was subdued.

However, it also meant that we avoided flooding the market and worsening the price decline, and we protected the business from operating at uneconomical price levels. By the second half of the year, this approach began to pay off, as market conditions stabilized and we were able to realize better pricing on our sales. That said, there were also positive highlights in the camphor division that I want to share. Camphor powder and formulated camphor sales for end consumer use remain steady, reflecting our strong brands and distribution. Throughout FY'25 we sustained our leadership in the Indian camphor market by leveraging good will associated with Saraswati and 3 Pine on the industrial and chemical side of this division, terpene chemicals like terpineol camphene derivatives, etc, will face the brunt of price erosion. However, even here there were bright spots, in Q4 and towards year end we saw an uptick in order inquiries of certain terpene specialties. We also had some success in export markets for terpene chemicals, capitalizing on India's reputation as a stable supplier when other sources were volatile.

Our Bareli plant, which produces camphor and terpene chemicals, achieved improved operational efficiencies, energy conservation and yield improvements which helped partially offsetting the lower selling prices. This process continues as a part of our CPR program. As a result, this divisions profitability began to recover in the last 2 Quarters. In fact, I am happy to share that Q3 and Q4 FY'25 was one of the better quarters in recent times for camphor and terpene divisions in terms of realization, setting a hopeful tone for the new fiscal year.

In summary, the camphor divisions weathered a tough year by holding firm on price discipline and leaning on our brand strength. We consciously traded off some top line growth in exchange for healthier margin and a stronger foundation. This prudence aligns with our long term view for the business, and we anticipated that as the cycle turns, Oriental Aromatics will be well positioned to capture the upside in camphene and terpene chemicals.

Next, let's discuss our specialty aroma ingredients division, which encompasses a wide variety of aroma chemicals and specialty molecules we manufacture for use in fragrance flavors and other application. This division exemplifies our legacy of chemical manufacturing expertise, and includes products ranging from terpenoids to musk and sandalwood derivatives. In FY'25 the specialty aroma ingredients division, saw healthy demand and volume growth, reflecting its critical role in the supply chain of fragrances and flavors. We showed good growth in production, sales, volume of aroma chemicals throughout the year.

Our customers, which include both internal captive consumption by our fragrance division, and external sales to other fragrance and flavor houses, needed steady supply, and we ramped up the output to meet their needs. I am proud to say that our manufacturing teams rose to the occasion running plants efficiently and increasing production without

compromising on quality or safety. However, much like the global trend, our aroma ingredients business faced pressure on profitable price realization. In plainer terms, while we sold more volumes, we had to do so at prices that were often lower than the previous year for certain products. This was due to stiff competition and an oversupplied market for commodity aroma chemicals. We responded by emphasizing our specialty portfolio, focusing on niche and high value aroma chemicals, where we have efficient processes or quality advantages. This helped, to some extent, in protecting our profitability.

Additionally, our backward integration again, the synergy between making our own raw materials and using them in our own fragrances allowed us to internally consume a sizable portion of our aroma chemical output at transfer prices, effectively securing an assured margin on those. Despite margin pressures it's important to note that this division remains the cornerstone of our ingredient model and the key to our future growth. The capabilities we have, like hydrogenation, ability to commercially manage a wide range of chemistries, our CPR program are world class, and we continue to invent and invest in them during FY'25.

We commissioned new process improvements and R&D initiatives aimed at cost reduction. By the year end there were early signs that raw materials cost inflation was easing, which should improve the situation going forward. In summary, the specialty aroma ingredient division had a year of excellent operational performance. Volumes up new products introduced, but financial performance that was tempered by industry wide pricing challenges. We view this as a timing issue. Demand is real and growing, and once the supply demand balance normalizes, the profitability will follow.

Now for an update on our Mahad plant commissioning, I am delighted to share with you an important milestone achieved during the year, the commissioning of our new greenfield manufacturing facility in Mahad, Maharashtra. This state of art plant is dedicated to the production of a specialized aroma ingredient, one of our newest products, branded Evermoss. We often speak about process efficiency and moving up the value chain. Evermoss is a prime example of that philosophy in action. Construction and commercial trials at the Mahad site progressed through FY'25 and I am proud to announce that as of November 12, 2024 full commercial production commenced at this facility. Those initial shipments marked in the beginning of revenue generation from this investment. Only customer feedback for Evermoss has been encouraging, our global distributors and key clients, some of whom received pre-launched samples had expressed keen interest. The Mahad plants commissioning is a significant driver for our company's future growth. It's it adds substantial capacity and technological capabilities. It also reinforces our mission to deliver complex, high quality aroma chemicals at scale. From a financial perspective, we have begun seeing the capitalization of this asset, and while the full top line contribution will reflect in FY'26 and beyond, we wanted our investors to recognize that a major growth CAPEX has now translated into an operational asset.

We remain focused on ramping up Mahad to optimal capacity over the next few quarters. Alongside Mahad, I should also mention that our other expansion projects, such as the new hydrogenation unit at Vadodara, commissioned in July 2024 are on track and already contributing by enabling new products and efficiency gains. All these investments underpin our confidence in the long term demand for our products, and they equip us to capture a larger share of the global market.

Geopolitical environment in India's strategic position. As we assess our performance and plan ahead, we must also maintain vigilant about the broader geopolitical and economic environment. FY'25 and the start of FY'26 have been characterized by a considerable global uncertainty. Geopolitical tensions from the conflict in Eastern Europe to changing trade relations in Asia continue to pose both risks and opportunities. One pertinent issue in the landscape of international tariffs and trade policies, India itself has taken a more assertive stance in ensuring fair trade terms, as seen in recent WTO filings and bilateral talks. For our industry, which relies on cross border movement of raw materials and finished goods, such tariff uncertainties requires careful navigation.

We saw certain ingredients globally and also export our products to many regions, so we are actively monitoring and hedging against trade policies, shifts that could impact duties or market access. We remain cognizant of near term uncertainties. Geopolitics can be unpredictable, situations can evolve rapidly, and we must be ready to adapt. We have business continuity plans and a diversified sourcing strategy to mitigate risks such as import, export bottlenecks or sudden regulatory changes.

Overall, we are optimistic that the macro environment, while complex will offer more tailwinds than headwinds for Indian industry in the medium term, given India's strength standing. Looking ahead, we remain confident about Oriental Aromatics growth trajectory. The order by pipeline for our fragrance division is healthy. Both domestic FCG clients and international buyers have provided encouraging forecasts, and our creative teams are now working with a number of new fragrance briefs, which we expect to translate into business. In aroma ingredients, the new capacities our Vadodara hydrogenation, Mahad Evermoss plant are coming on stream at the right time to serve increasing demand, and we anticipate improvement in margins as the product mix shifts towards more value added ingredients, and as pricing gradually normalizes.

For camphor and terpene products, early signs of price stabilization and volume uptick suggest that the worst is behind us. We are poised to benefit from any rebound in this segment with our lean operations and strong brands. From a financial perspective, I would like to reiterate our commitment to profitable growth. We are maintaining our guidance on operating performance. In fact, I want to clearly state that our EBITDA guidance remains unchanged from the previous year's level.

In closing, I would like to say that FY'25 was the year that tested many companies and Oriental Aromatics emerged stronger and wiser. We navigated a tough environment by staying true to our core strengths, innovation, integration and prudent management. We have built a solid foundation for growth with new capacities coming online and new markets opening up. As we move into FY'26 we do so with humility about challenges and confidence in our team's ability to deliver. I thank all our employees for their dedication and hard work, they are the force behind every achievement I discussed today, I would also like to thank our Board for their guidance and our shareholders for your unwavering trust. Finally, I extend my gratitude to the customers and partners globally for continuing to collaborate with Oriental Aromatics in creating fragrances, flavors and ingredients that delight millions of end consumers. We are excited about the road ahead and look forward to sharing our progress in the coming quarters. Thank you for your attention. I will now hand it over to Mr. Girish Khandelwal, our CFO to brief you on the financial highlights. Over to you, Girish.

Girish Khandelwal:

Thank you very much Shyamal. Good afternoon everyone. Let me begin by sharing our consolidated performance for the Q4 FY'25. The operating revenue is stood at Rs.253 crore, reflecting a 17% year-on-year growth and a 13.7% increase on quarter-on-quarter. EBITDA was reported at Rs.19 crore compared to Rs.22 crore in the previous quarter, and Rs.20.9 crore in the corresponding quarter last year. EBITDA margins stood at 7.62% as compared to 10.15% in the previous quarter. Net profit after tax to date Rs.1.4 crore

Now coming to FY'25 performance on a consolidated basis, the operating revenue was Rs.928 crore, making an 11% year-on-year growth. EBITDA stood at Rs.93.4 crore nearly doubling from Rs.47 crore in FY'24, with EBITDA margins stood at 10.06% up from 5.62% in FY'24. Net profit after tax stood at Rs.34.3 crore, significantly up from Rs.9.1 crore in FY'24, while PAT margins improved to 3.69% reflecting at 260 basis points year-on-year increase.

During the year, cash profit stood at Rs.58 crore, a significant increase compared to Rs.28.9 crore in the previous year. Return on capital employed for FY'25 improved to 9.33% compared to 3.90% in FY'24.

Now let me speak about our wholly owned subsidiary Oriental Aromatics and Son's Limited, the Mahad greenfield project, which has been recently commissioned and is under a sales growth and sales stabilization phase is an asset under this subsidiary. There is a net loss due to the stabilization phase of the asset in our subsidy to the extent of Rs.5.9 crore in Q4 and Rs.11.74 crore in FY'25. This loss is primary reason for a reduction of 1.35% in EBITDA in the net profit at a consolidated level. Investor friends are requested to make a note of the same. Thank you, with this we can now open the floor to the questions-and-answer session. Over to you Purvangi.

Moderator:

Thank you, sir. We will now begin with the question-and-answer session. The first question comes from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

Ankit Gupta: So on the camphor side, you did talk about that the prices are seem to be bottoming out and things are improving. So can we expect that, FY'26 we should see some improvement in the margins there or how is the FY'26 looking like for camphor?

Management: So primarily, we would like to be cautiously optimistic about the camphor division, we are seeing an uptick in terms of pricing, but the competitive landscape still remains in a situation where there is oversupply and the demand is growing, but is growing very steadily. So unless you do not have certain strategic levers, the ability to have sustainable profit margins is always going to be challenging,

Ankit Gupta: Okay. But perhaps on the two new forward integrations that we have done, or the company that will be selling camphor and will be supplying 60% of our overall camphor sales to them. So is this a new development which has happened in the end of this financial year or it has been earlier also?

Management: So, Parag you need to bring in some clarity on the first part of the speech.

Parag Satoskar: Sure. So Ankit, as Dharmil mentioned that these two brands that he has just represented today have been part of our portfolio for almost the past 50 years. So the sales and the contribution have always been included in our numbers all throughout, what we have done In today's investor call is just representing these brands because they have now been internalized. And because they have now been internalized, they will be managed in a more efficient way. And, regarding the 60% consumption, that is a very strategic moat that is being created because, since a 60% of the formulated of the camphor powder that we manufacture is used internally for these two strong brands, it kind of insulates us from the market situation where the camphor powder pricing is very challenging. So just to clarify that these brands have always been part of our portfolio. They have been in a franchise model, and the contribution of powdered camphor was going in the franchising model. Today, we are just reintroducing them to the investor community, as these brands have now been internalized.

Ankit Gupta: Sure, sir. But the fluctuation in the camphor pricing does impact there, as well is what you are trying to indicate, since this brands we were part of our sales for the past many years now?

Parag Satoskar: It does impact, but it also being an FMCG product and a B2C customer gives you a little stronger strategic position than being in a B2B space where you are actually supplying powdered camphor to other formulated camphor's.

Ankit Gupta: Sure, okay got it. And my second question was on the subsidiary part the Mahad expansion that we have taken. So now since last quarter we were for all the phase of stabilization. So where are we in terms of stabilization and ramp up and how do you see this financial year for the subsidy, because last quarter and for full year we have incurred losses there. So do we expect to break even there and how do you see the ramp up in this subsidiary for FY'26?

Management: So it's a large greenfield project, unlike a lot of our investments in the past which have been brownfield project. Because of the greenfield nature of the project, we have ended up doing CAPEX which is divided into two parts. There is a general CAPEX which was involved in development of the whole site for our future expansion as well. And then there was a dedicated CAPEX which was done for this plant. And after commercialization, the samples have now reached all our customers. They have also reached the internal customer, which is our fragrance division. And we are getting very encouraging results. As we ramp up volumes, this product gets added into our basket of products which are already supplied globally by us to our global customers. And we are very confident that the current, that initial phase of production capacity that we have set out for which is 250 metric tons of this material, would be sold out in the coming quarters, and we will be able to break in.

Ankit Gupta: Okay. So we should expect the given, if not in Q1 at least in Q2, Q3 is what we can expect?

Management: We will inform you about the development that we are seeing in terms of sales growth and sales stabilization. But, I wouldn't really be very keen on giving you absolute numbers in terms of which quarter, we have to understand that this is a extremely large investment which has been done on a green field project.

Moderator: Thank you. The next question comes from the line of Manish Periwal from Fiducia Capital Advisors. Please go ahead.

Manish Periwal: It would help if you could, in quantitative terms share the relevance of each of the three divisions. So like, you have a revenue of about Rs.928 crores that you have done. So if you could share with us as, how much each business contributes or the division contributes, that will give us a better perspective.

Management: So Manish from a broad perspective, we have always been mentioning that the three divisions, which is the camphor and the terpene chemicals division, the specialty aroma ingredients division and the fragrance and flavor division individually contribute one third of the total sales revenue that we achieve. We have a plus or minus few percentage points every quarter, depending upon demand or depending upon seasonality, but broadly speaking, the contribution of each towards the sales is one third.

Manish Periwal: Thank you. So since we are looking at the consolidated performance so this Mahad expansion and Mahad feasibility that would fall under which of the three division, assuming it should be aroma compounds?

Parag Satoskar: Yes, it would be currently with the first phase of product launch that has happened from Mahad it would be in our specialty aroma ingredients.

Management: Yes, specialty ingredients Parag.

Manish Periwal: Yes. So would that shift the needle from one third, one third to maybe a different number?

Management: So the broad objective is to continue growing each division. And so what we have seen is over the years whenever, because we have had substantial product launches in our specialty aroma ingredients division, but we have also had growth in the fragrance division. We have also had growth in our camphor and terpene chemicals division in the past few years. So more or less stays in the same zone plus or minus few percentage points.

Manish Periwal: Fair point. In fact, I have been a user of the Saraswati camphor, and it's heartening to know that now the control and the whole operating mechanics of this particular component is with the company itself. So my compliments and all the best wishes.

Management: So glad to know that Manish. If you can just drop me your phone number offline to the investor, we would send you a nice box of Saraswati camphor.

Moderator: Thank you. The next question comes from the line of Kaustubh Bubna from BMSPL Capital. Please go ahead.

Kaustubh Bubna: So, I have two questions. The first one is more on your debt and finance cost. They have risen quite a bit in FY'25 versus FY'24 so could you give some guidance over here for going into FY'26, how would you look at your balance sheet, debt levels, and what's the rate you are paying on the total borrowings you have? And that's the first question and the second question is just, I am trying to understand more on the camphor market, given the geopolitical risks, I understand it's unpredictable, very unpredictable. But let's say there's a scenario where a basket of products from China is tariff to a level where India is at an advantage. Do you see that improving our camphor business in FY'26?

Parag Satoskar: Sure. So, Kaustubh on debt, I would like to probably highlight that and Girish correct me if I am wrong, that the long term debt that we have is primarily to finance the brownfield project, which has come up in Baroda and our greenfield project and which as I said is in the growth, sales growth and sales stabilization phase. The working capital debt is primarily against inventories and receivables, which are with marquee customers and keeping a relatively higher level of inventories across all our divisions has been a strategic decision that we took this year. Because, when it came to the fragrance division we were seeing certain aroma chemicals and essential oils which were at their lowest levels ever. So, it was a strategic decision to probably maintain a bit of higher inventories there. When the same translated into our specialty aroma ingredients division, where we have seen certain raw material feed stocks, which are available at their lowest price levels for a long, long time. And the only probably way from the current level is they would start going up. So these are strategic decisions that we have taken at the inventory level, which has resulted in a bit of additional working capital, which has resulted in higher finance costs. But it's something which we are completely under check, review, and is strategic in nature. So that about the

debt question. When you look at specifically camphor, the geopolitical risks about tariffs would probably not impact camphor, per se as a product because if you look at the global use of camphor, a large part of it in India is used for the puja space, but globally it's relatively a niche market used in pain management as well as in flu management, which is the wicks and the tiger balms of the world. So, centers where these products are manufactured are relatively stable in terms of the geopolitical risks. Having said that, the terpene chemical space and the specialty aroma ingredient space, if India turns out to be at a strategic advantage over China, would be very, very interesting to see in the coming quarter to come.

Management: Yes, and also just to add to what Parag is saying, you have to understand that our camphor business is not primarily now related to the powdered business, we are using 60% of the camphor we produce internally for our own brands. The realization between powdered camphor and branded camphor under our two brands is at an advantage to us selling the branded camphor. Therefore, 60% is internally used, the rest is either in the pain management pharma space, because we have a GMP plant and we have a very little amount of powder that we today offer to select geographies in India and to select customers that don't compete with our own brands.

Kaustubh Bubna: Understood. So just to end this question, how much percentage of your, so you are saying most of your powder camphor's used internally, right?

Management: Correct. That was in my opening speech where, it's a moat for us, because 60% we consume internally for our two brands. So even with the expanded capacity in the country, we currently stay relatively insulated from it.

Kaustubh Bubna: Understood. How much percentage of your total camphor sales is to the US?

Management: I wouldn't know the exact numbers.

Management: It's very limited, extremely limited.

Kaustubh Bubna: Okay.

Management: Primarily only in the pharma space. And because we are US FDA approved, we again have a competitive strategic advantage over there.

Management: Correct. And if you look at the calls in the last 3, 4 Quarters that we have had where investors have been asking us about our camphor strategy in the new expanded capacities in India scenario. So, we are just making a clarification to you all that these brands have been with us. We have internalized them largely because of the new competitive landscape, and therefore insulated us from the warfare which is there on the pricing on the powder.

Moderator: Thank you. The next question comes from the line of Richa from Equi Master. Please go ahead.

Richa: My question is based on, as of this month if you analyze what kind of capacity utilization is there in Mahad?

Management: So currently, we probably like I said that we commissioned the plant in November, and we are still in the process of sampling, getting approvals. And if you have heard a few investor calls in the past, we have anywhere between a 100 to 150 day cycle where the samples are taken by the customers. They are evaluated all effectively and also evaluated in applications. So we are currently in the process where we are building up stocks, and once we have these global approvals in, we should have a more substantial and more regularized business. Currently, a lot of the sales that are happening are internally to our fragrance division and are also happening to spot buyers in the world. So, I don't have the exact number, but it's relatively less. It will get ramped up once we have the global approvals coming in and some allocations happening to us in the global RMs.

Richa: Okay. And sir post these expansions the brownfield and the greenfield, assuming the pricing scenario across different segments remains similar, what kind of turnover do we expect on this?

Management: So, we normally stick to a number of 1.7x in terms of the investments that we have done. In the Mahad situation, since it's a big green field project and we have done investments for the preparation of the site, and certain specific investments that we have done only for the plant. We are going to probably stick to a turnover ratio of a very conservative ratio of between 1.4 to 1.5.

Richa: Okay. And sir like you said that this is just a start going forward how much expansion is possible at this Mahad facility, and what would be the CAPEX plan for FY'26 and 27?

Management: So currently looking at the competitive landscape for a wide range of products that we have introduced or we are currently manufacturing, and the overall capacity utilization of all the global plants, we have taken a strategic decision that we are going to probably get into a moat where we are going to focus on stabilization, focus on capacity utilization and capacity selling of all our plants, focus on profitable growth and as and when we have very specific targeted opportunities, we are going to do CAPEX. In terms of just the land bank available, the Mahad facility can probably take three more plants, the size of the Evermoss plant that we have constructed. So we have sizable amount of land bank available for taking care of future expansions, if and when they come along with the environmental clearance. But currently we are going to focus more on stabilization, capacity utilization and sales.

Moderator: Thank you. The next question comes from the line of Anisha from Geo Ads. Please go ahead.

Anisha: Sir, I just had a question since there is some pressure on price, which is mainly due to the sales supply and import from China. Have we considered joining hands with other manufacturers to actually push maybe anti-dumping duties or safety duty?

Management: So to answer your question Anisha, right now we do not have any such conversations going on and if there is any update on such conversations happening, we will revert back to you.

Moderator: Thank you. The next question comes from the line of Saket an Individual Investor. Please go ahead.

Saket: So, first question is what could be the say, margin of the legacy OAL business, excluding Mahad and trading, and of course last time Parag, you had told that you have also got into say trading of certain essential commodities, and I see that almost Rs.20 crores of stock in trade now reflects in our P&L. So what has been the revenue from the trading business and the working capital has worsened quite a bit both on receivables as well as inventory front. So, is the worsening largely because of the trading business, or it is because of the legacy OAL part?

Management: Sure. So to answer your question Saket, in terms of we are giving you a number on the margins because of the wide range of buckets or the products that we operate, it would be really difficult to give you a kind of a margin number, point number one. Point number two, in terms of the operations of the trading division, we are getting extremely good response from customers this is a operation which is pretty much India centric, and it kind of acts as a hedge for us, because of the increased volumes that we get because of this trading division, my overall cost of buying certain imported raw material comes down, which helps my fragrance division, for materials which we do not produce and they are buying from outside. So that is the strategic reason why we have the trading division. Regarding the worsening of the working capital, I had already mentioned in an earlier statement that it's a very strategic decision to ramp up inventories, because we feel that the inventories at their current valuation are going to be assets for us in the coming quarters, with the raw material prices going up for a wide range of materials for which we have the inventories and certain marquee customers of ours have extended their payments beyond their stipulated period, which has kind of put a bit of the pressure on the receivable side. But I am also glad to inform you that they are already in the process of course correcting and that situation will improve. So, to answer your question, the working capital situation is strategic, intentional, and we feel is going to deliver value. On the receivable side, the customers have already been informed, and they are taking corrective steps. And the trading division seems to have taken off pretty well and the customers that we have, including the internal customer which is fragrance division, is very, very happy.

Saket: Got it. So we used to have say two EBITDA guidance, one was 10% to 12% during the volatile phase, and it's 14% to 17% for the stable state. Now, we were told that the EBITDA margin

guidance stays the same. So which one should be referred to 10 to 12 or 14 to 17. And if I look at our peers, they have now reverted back to their normalized margins. So, what is the EBITDA guidance now going forward and, if not then when do we intend to say, revert back to the normalized 14% to 17% which used to be the guidance say in the normal scheme of things?

Parag Satoskar: So, I can only say for ourselves and we like to always say that we are cautiously optimistic, and we would like to stick to our guidance of 10% to 11% and if we have the opportunity of improving our EBITDA margins.

Management: Parag you said 11, 10 to 12.

Parag Satoskar: Sorry, 10 to 12 and if we have the opportunity of improving them in any which way or form because of things that we are doing internally or externally, we will come back to the investor community.

Saket: Is trading business also diluting it, because trading is usually less, carries lesser margin than manufacturing operations in the normal scheme of things. So is that also the reason why it remains 10 to 12 despite all the divisions now reverting back, and excluding Mahad will take its time. But is that also one of the reasons why the margin remains 10% to 12% despite the normalized operation now in most of the segments and even we now forward integrating into becoming now B2C players in camphor?

Management: So Saket, if you look at the current size of the trading division compared to the size of the overall consolidated group, the size of the trading division currently stays extremely tiny #A, #B, like I said, that the trading division has a dual role, and hence we are not going to look at the trading division just by the ability to generate margins when they do individual transactions. So to answer your question, I don't think it's a trading division, it's our approach and our philosophy that we want to be cautiously optimistic and keep it in the 10 to 12 range and try to get it better and under commit and over deliver.

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

Dhwanil Desai: So the first question, is that we talked about this internalization of these two brands on the camphor side, which is B2C. So just wanted to understand whether that changes and you said already it was reflected in numbers as such, just that instead of franchisee now it's an internalized thing. So in terms of numbers, will it change anything because of this, at least in terms of margin or ability to price and a related question to that is that, even though it's a B2C thing. At the end of the day, it's a competitive market, so our ability to price or pass on price may be limited or, so given that the margin pressure is it going to reduce because of

this, is that how you are looking at it it's more like internal consumption, and we are not at the wins and fancies of the market?

Management:

So primarily, it is a bit of everything, #A consuming large percentage of your output internally gives you definite margins at least for that percentage point, so it kind of insulates you from the market forces point number one. Point number two, the brands that we are mentioning today are brands that have been in the market for a large period of time, so have a sizable amount of reputation, and hence demand a certain level of premium, which is not available when you actually go and try to sell the best powdered camphor that is produced by any plant in India. So, if you just add up all these dots, we should and currently we have just finished the process of induction. So the whole play in terms of now offering produce having a better product offering to the market, because it was earlier franchise. So having better controls, having better product offerings, I am sure all these added together would eventually have a put us in a situation where we will have stability in margins and the ability to have better margins, vis-à-vis just selling the powder. And those will be factored into the coming quarters. Like I said, that Q3 and Q4 have been for us at the camphor and the terpene chemicals division, in spite of very challenging competitive landscape, have been better quarters compared to the last many quarters.

Management:

And, to add to that, if you take the 60% of internal consumption we have started with a very truthful number. So what would be interesting to see is in the years ahead, if we are able to take that 60% to 75% and what impact would that have on our margin. So, 60% is a good starting point for our investors to track our continuous growth of this brand.

Dhwanil Desai:

Just one clarification, so it is safe to assume that till this brands were internalized and on the franchisee model, our supply to them was significantly lesser, and now it will ramp up right, he camphor.

Management:

Yes, absolutely.

Dhwanil Desai:

Got it. And second question is, on volume growth Parag, if you can develop it on the volume growth side, so from whatever capacities that we have put out including Mahad which was coming on stream aroma chemical should do very good in terms of volume growth. F&F also, the commentary is very strong. So, I am assuming that double digit volume growth is what we are targeting. So, this two probably we are looking at a decent volume growth and camphor a slightly more subdued, single digit growth or a steady, stable number is that how we should look at the overall picture?

Management:

Dhwanil, you have summed it up. Well, we also, the whole investor community also has to be mindful that if you look at the trajectory of Oriental Aromatics in the last four to five years. Every quarter when we have come and had a chat with you, we have had a plant which was just commissioned. So it had a number of products, which were in that first 100 days phase of

getting approvals, et cetera, et cetera. So that whole cycle which started with the multi-product plant in 2019 has now kind of seen its first phase of culmination, where the first basket of products that we wanted to go to the world market are already except Mahad, most of the plants are now, out of the 100 day cycle. So now and assuming that growth in aroma ingredients has come back to a stable level, we should only see the volume going up North. So to say the aroma ingredients is going to function like this, the fragrance division, as you rightly said that the commentary seems to be very strong and the base seems to be very low for us to really continue to grow. And the camphor and the terpene chemical space is something where, the puja segment surprises me every time and it shows a very strong CAGR growth. So, I wouldn't kind of discount it at all and like Dharmil said, that because it has now been internalized, and all the Oriental efficiencies will come into play, we wouldn't be surprised that we are then internally using more powder, and hence getting more share of the market.

Moderator: Thank you. The next question comes from the line of Richa from Equity Master. Please go ahead.

Richa: My question is on a sequential gross margin that seem to have compressed from 40% to 38%, so if you could elaborate on what were the factors which segments did you see this condition coming from. And what would be the guidance for gross margins going forward, considering that we are looking at value added products?

Girish Khandelwal: Gross margin will stay in the 39%, 40% level.

Richa: But for this quarter there was a compression seen like 38% from 40% in December quarter and December quarter, was already subdued for you. So if you could just elaborate on what was the reason?

Management: Girish, I will take this and correct me, if my understanding is incorrect. Richa, if you are looking at just the quarter numbers, for this particular quarter we had some onetime expenses which we had incurred for sales promotion activities where we had participated in certain global exhibitions as well as certain national exhibitions to promote our fragrances and aroma ingredients. So if you are looking at a quarter level, the quarter level numbers in terms of profitability are impacted because of this onetime expenses.

Richa: But would this come in gross margin because I am assuming that was growing perhaps other expenses?

Management: Okay, so Girish if you can give.

Girish Khandelwal: Raw material because of that, major reason was that some raw material prices has shown increased trend.

Richa: Okay and sir, of the 46% export that you are getting, how much exposure is there to the US market overall?

Management: So, I wouldn't have the exact numbers with me Richa, but you can reach out to the investor relationship team with your question, and we will revert back to you with an answer.

Richa: Okay, thank you. And last, if I may, what is the extent of backward integration and going forward, given all those fluctuations and raw materials, finished prices. Do you have any strategy to increase it further?

Management: Madam, our investments in the specialty aroma ingredients division is a proof that we wish to kind of leverage the whole backward integration piece to help our fragrance division and also our internalizing of the brands shows our commitment towards forward integration.

Richa: Is there a way to quantify as such?

Management: Madam, it's a dynamic situation where every new product launch kind of then initiates an activity in our creative division to use it more. So it's very difficult to really quantify. It's an ongoing process but the commitment is there.

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

Devanshu: Just one question, can you give a sense of what is the three divisions profitability, EBITDA margins, and how they have behaved in the last three to four years what's the trend, can you just give a sense of that?

Management: So Devanshu we normally do not give division level profit numbers. We always give it at the consolidated level.

Devanshu: Would it be possible to give for us to get a sense of the breakup like how we mentioned for the sales one third each. Can you give a sense of that, how much that would be in FY'25?

Management: You can probably reach out to our investor relationship cell, and they will then speak with the finance and if possible, we can share it with you.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions. I would now like to hand the conference over to Mr. Dharmil Bodani from Oriental Aromatics Limited for the closing remarks.

Dharmil Bodani: Thank you all for participating in the Earnings Conference Call. I hope we have been able to answer your questions satisfactorily. If you have any further questions or would like to know more about the company, 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 afternoon. Thank you.

Moderator:

Thank you, sir. Ladies and gentlemen on behalf of Oriental Aromatics Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.