Oriental Aromatics

Ref: OAL/BSE/NSE/34/2025-26

14th August, 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 06th August, 2025, intimating about the conference call with the Institutional Investors/Analysts on Monday, 11th August, 2025 at 01.00 p.m. to discuss the Financial Performance of the Company for the quarter ended 30th June, 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 Anil Bodani
Digitally signed by Dharmil Anil Bodani
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Date: 2025.08.14 15:33:34 +05'30'

Dharmil A. Bodani
Chairman & Managing Director
DIN: 00618333

Orient Aromatics Limited
Q1 FY'26 Earnings Conference Call
August 11, 2025

Moderator: Ladies and gentlemen, good day, and welcome to Oriental Aromatics Limited Q1 FY '26 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 this conference, please signal an operator by pressing "*" then "0" on your touch-tone phone. Please note that this conference is being recorded.

Nupur Jainkunia: My name is Nupur Jainkunia 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 earnings conference call for the first quarter of financial year 2026.

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, Nupur. Good afternoon, everyone, and welcome to our earnings con-call to discuss the performance of the first quarter of the financial year 2026. Our Executive Director, Shyamal Bodani, shall be briefing you all on the operational highlights for the first quarter. After which, our CFO, Mr. Girish Khandelwal, will brief you on the financial highlights. Over to you, Shyamal.

Shyamal Bodani: Thank you, Dharmil. Good afternoon, ladies and gentlemen. It is my privilege to address you at the close of a quarter that underscores the resilience and adaptability of Oriental Aromatics Limited. In Q1 FY 2025-26, we achieved a 10% year-on-year increase in production volume even as we undertook a planned maintenance shutdown at our Bareilly site to safeguard long-term asset health.

Group sales volume rose 4% year-on-year, driven primarily by the enhanced output of our hydrogenation plant, improved market acceptance and the initial sales contribution from our Mahad facility. This growth supported by the trust of our customers is particularly noteworthy given that Q1 is seasonally softer across all our business segments in India. Our EBITDA margin improved sequentially to 8.03%. While margins could have been higher, they reflect the initial yet promising ramp-up phase of our Mahad facility, an impact we expect will continue for a few quarters ahead.

Delivering this performance in a traditionally slow quarter for camphor and select aroma chemicals reinforces the strength of our diversified portfolio and our unwavering customer focus. Stable raw material prices provide cost visibility, while disciplined sourcing allows us to manage Forex-driven pressures effectively. With festive demand ahead, robust capacity and the right product mix, we are optimistic and expecting a stronger Quarter 2.

The Indian market operates with a distinct seasonality, with Q2 and Q3 benefiting from the festive and winter months that drive higher consumer spending and product usage. This period is particularly favorable for our camphor, fragrances and aroma chemicals businesses as demand accelerates across region, household, personal care and home care segment. In camphor and terpenes, we have secured adequate feedstock well ahead of the festive production cycle to ensure uninterrupted supply. By maintaining value-based pricing in our premium religious and household formulated camphor as well as powdered camphor and terpene chemicals, we aim to capture peak seasonal demand, delivering sequential volume growth.

In the fragrance division, our teams are locking in briefs from national and regional brands ahead of key festive season market windows. We are delivering winning fragrances optimized for the theme of premiumization and performance by combining strong creative execution with exceptional service reliability. We will safeguard our large accounts and deepen client trust during this high-demand period.

International demand from our global customers for fragrances also remains strong. Stronger demand in the fragrance division naturally translates into increased demand for our specialty aroma ingredients division. Here, we continue our efforts to position ourselves as a global sustainable supplier to the international fragrance and flavor industry. Incremental output from our hydrogenation facility and growth acceptance of Evermoss by the global customer community are encouraging signs that we are on the right path. At the same time, we must acknowledge potential headwinds.

Recent developments regarding a 50% tariff on certain categories of Indian exports could create near-term uncertainty in select overseas fragrance and aroma chemical shipments. While our strong domestic presence and diversified product mix provides a natural cushion, we are closely monitoring these measures. We have already begun evaluating alternate market channels, making supply chain adjustments and engaging in customer site negotiations to mitigate any potential impact.

Our brief remains firm. Challenges are inevitable in global business, but it is how we anticipate, adapt and act that defines our trajectory. Oriental Aromatics has navigated demand cycles, currency fluctuations and input cost spikes and each time we have emerged stronger.

Now, let me request our CFO – Mr. Girish Khandelwal, to give the financial highlights. Thank you and over to you, Girish.

Girish Khandelwal: Thank you very much, Shyamal. Good afternoon, everyone. Let me begin by sharing our consolidated performance for the Q1 FY '26. Our operating revenue stood at INR 226 crores, reflecting a 4.5% year-on-year growth and the 10.9% decrease quarter-on-quarter. EBITDA was reported at INR 18 crores compared to INR 19 crores in the previous quarter and INR 22 crore in the corresponding quarter. EBITDA margin stood at 8.03% as compared to 7.62% in the previous quarter and 10.29% in the corresponding quarter. Net profit after-tax stood at INR 0.5

crores as it is impacted by higher depreciation and finance cost from recent capacity expansions. Cash profit stood at INR 8 crores as compared to INR 9 crores in the previous quarter.

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

Moderator: Thank you sir. We will not begin the question and answer session. The first question is from the line of Moksh Ranka from Aurum Capital.

Moksh Ranka: I just wanted to know the camphor pricing and what has been the trend last quarter and this quarter?

Parag Satoskar: So, we are seeing a gradual hardening of camphor pricing across the past few months. The raw material prices stay at the elevated level. However, we also will probably have to factor in the impact of FOREX. Hence, to answer your question, we are seeing firming of pricing over the last few months.

Moksh Ranka: Okay. And what are the current per kg prices in the market? And we sell some premium camphor as you said. So do we sell at a much higher price than market?

Parag Satoskar: So Moksh, it will be difficult for you to give me a per kg price because that will depend on various factors. However, we can say that we have a relatively good amount of cost leadership when it comes to powdered camphor as well as our formulated camphor.

Moksh Ranka: Okay. Is it possible to give some broad range as what camphor prices for normal camphor or even just normal camphor if that is possible? Just a broad range.

Parag Satoskar: I mean just to give you a perspective, it could be between INR 450 to INR 550, which is a very broad range, if that helps.

Moksh Ranka: And I think this is the price which has been stable also. Are we seeing a stable price for the last 1, 1.5 years? There is not much policy behind it.

Parag Satoskar: So, that's what I'm saying. I mean, pricing is something which is very customer-centric, which is driven by volumes, which is driven by multiple factors. So it's something this is not an ideal platform to really discuss about micro pricing of camphor.

Moderator: Thank you. The next question is from the line of Mr. Saumil Shah from Paras Investments. Please go ahead.

Saumil Shah: Sir, I would like to know what is our current capacity utilization?

Parag Satoskar: So except Mahad, where we are seeing volumes kind of grow in terms of monthly production and monthly sales, we can very safely say that all the rest of the plants across all our sites are running at optimal capacity of anywhere between 75% to 80% of their total peak capacity. And the Ambernath fragrance compounding facility runs on one shift. So, there we have the ability to expand capacity by one more shift.

Saumil Shah: Okay. Because I'm new to this company. So, I think we had a big CAPEX in FY '24?

Parag Satoskar: So, we had a big CAPEX, which was spread over the past 1.5 to 2 years because we had a brownfield project where one of the chemistries, which is the hydrogenation chemistry, we built a facility in our Baroda site. And we also did a greenfield expansion in Mahad, where we acquired a new site, which we first developed and then we have done Phase 1 of a single product plant.

Saumil Shah: Okay. So I mean, the new capacity, which we did, even that is running at 75%, 80% utilization?

Parag Satoskar: No, that is the only facility, which currently is kind of post commissioning. We are ramping up our production. And we have a window of, say, 5 to 6 months where we go through the process of sampling, getting approvals and then starting commercial shipments. So, that facility is currently running at between 20% to 30%.

Saumil Shah: Okay. And that we do expect by end of the year, it would be running at a similar capacity?

Parag Satoskar: That is our objective.

Saumil Shah: Okay. Okay. And sir, out of our 45% international business, how much is it to the U.S.?

Parag Satoskar: So, I wouldn't get into numbers, but it's something which is not very substantial to really have a large impact on an immediate basis.

Saumil Shah: Okay. So, we are not seeing much impact due to the tariff on the U.S. business?

Parag Satoskar: We probably are in a wait-and-watch approach where I think in the perfumery side of the business, especially for aroma chemicals to really have a new vendor in takes time. So, we are kind of watching how the geopolitical situation emerges. And based on that, we will take a decision. Having said that, even in a very broad sense, even if you have to kind of move out from that supply chain entirely, we have the possibilities of earmarking those materials in other markets.

Saumil Shah: Okay. Okay. And sir, can you share any revenue and EBITDA guidance for the current financial year and for FY '27?

Parag Satoskar: So we normally, Girish, correct me if I'm wrong, but our EBITDA guidance is between 8% to 10%. Am I correct?

Girish Khandelwal: Yes, sir. Yes, Parag.

Parag Satoskar: Yes. So, we stick to that guidance. We would like to kind of cross that guidance, deliver and then come back to the investor community. Currently, the EBITDA also gets kind of restricted a bit because of the impact of the Mahad post-commissioning activity that's going on.

Saumil Shah: Okay. And in terms of revenue?

Parag Satoskar: In terms of revenue, if I am not completely off target, we have done an investment of around INR 200-odd crores. And so we always say in a very conservative basis that the incremental sales would be 1.7x in a period of 2 to 3 years.

Moderator: Thank you. The next question is from the line of Mr. Saket from Sagari Capital. Please go ahead.

Saket: Yes. So my first question would be Girish bhai, if you can help me within the stand-alone numbers. I think there is also this trading business. So if you exclude the trading business, what remains is our core pre-Mahad business. So, what is the EBITDA margin of that core business, excluding the trading P&L?

Girish Khandelwal: So, see, trading business also, we are getting that same type of margin of 8% to 10%.

Saket: So, my question is excluding trading, our core business right now is at 8% to 10% margin, EBITDA, is it?

Girish Khandelwal: Correct. Yes. In terms of the percentage, it remains in the same range, 1% plus or minus.

Saket: Okay. Okay. Fair point. So then the question to Dharmil bhai is our broader normalized margin used to be in the 14% to 17% range, right? Now if I look at some of our peers, even Mangalam or Privi, most of them have crossed these normalized margins that we used to report. And again, it could vary from company to company, but broadly, they are in the upper band or they have crossed them. On top of that, in the last 2 to 3 years, we have taken multiple initiatives like backward integration, forward integration, even say, these brownfield CAPEX-es, which are typically margin accretive in nature. But despite all these initiatives and fairly, I think a stable business environment in the last couple of quarters, if I look at your, say, annual report as well as commentary, but our margin is way below the normalized range.

So, my question is, what is the reason for that? Is it like we lost any major account, which was profitable, maybe that account went under the bus post-COVID or any profitable products? So in that case, what is the now new normal? Is it like it will remain at 8% to 10%? Or is it maybe at best you can do 10% to 11% for the core business? I'm not talking about the Mahad and the trading.

Dharmil Bodani: So, Parag, I will take the first part and then you can take the second part. I won't comment on the other companies. As far as Oriental Aromatics is concerned, our core business will stay in the revised guidance margins, which we've given, which are not off the top of my head, but you can look at the transcripts and unless Parag, you have those numbers. So, I will answer the margin and Parag, you can take the other half of it.

Parag Satoskar: So primarily, just to answer your question, I think like Dharmil rightly said, we are unable to understand and we are not ready to comment on our peers as to, first of all, how they are able to achieve the sustainable EBITDA margins because those margins actually are not even sustainable by the end industry, which is the fragrance and flavor industry. Having said that, I think if you look at pure camphor manufacturers, I think the name that you mentioned, probably their profitability has come only in the current quarter. So, we need to kind of look at what is the exact reason. Otherwise, pure stand-alone camphor manufacturers are also having this massive problem of extremely high level of capacity in the market and very low demand. So, I mean, for us, companies which have brand-new plants where we have fully depreciated plants and are able to deliver margins which are much higher than your end industry margins. It's something, which we don't understand and we don't want to comment upon. What we can tell you is that our customer base remains loyal with us. All the product categories that we operate out of continue to show growth. I mean, the last few quarters, there were a lot of instability in terms of global instability, in terms of delays, in terms of overstocking. So, all these factors, like we've just started saying since the last 2 investor calls that we are seeing normalization and naturalization of demand coming into the picture. And hopefully, as days go by, we should be in a position to improve our performance.

Saket: Okay. Fair point.

Moderator: We will move on to the next question. That's from the line of Mr. Yash Nayak from Kamakhya Wealth Management Private Limited.

Yash Nayak: So, first question is the FMCG seems to be the steady growth for our business. So, could you outline your strategy to deepen the penetration in the FMCG space, both with large established player and emerging regional brands?

Parag Satoskar: So to answer this question, I will have to divide it into 2 compartments. I mean, when you look at our engagement with the FMCG business, I mean, on the fragrance side, we have a very active line of communication going on with all the national and the regional brands who are active in the FMCG space in India and also our customers in Asia. And we continue to grow in our existing business with them, and we continue to acquire more and more brands, which are fragrance by us. And that is something, which is achieved because of our combination of our creativity done by the creative team and our backward integration pace. So, that's on the part of our FMCG strategy when it comes to the fragrance division.

Yash Nayak: And sir, what is your current internal utilization of camphor?

Parag Satoskar: Girish, correct me if I'm wrong, but we are at around between 60% to 65% internally consumed.

Girish Khandelwal: Right. Right, Parag.

Moderator: Thank you. The next question is from the line of Mr. Arun Arora from NB Investments. Please go ahead.

Arun Arora: Sir, since I am new to the company, I am just asking one basic question. Like if you see our past revenue, let's say, take revenue of FY '21, the revenue was INR 709 crores and PAT was INR 102 crores. Now fast forward to FY '24, it was INR 836 crores and INR 9 crores was the profit. So, my first question was, we know that there was a sudden reduction in the price of camphor and then more players came out with the additional capacity. So during this period, the camphor, we had a tough time. Now other than camphor, we also deal with aromatic ingredients as well as fragrance and flavor. So, does these 2 divisions also had a tough time during this period? Then second question in the same one is now FY '25, the revenues have gone to INR 924 crores, but the PAT is INR 34 crores. So, there is a sudden jump in the profit. So, just wanted to know now also you said camphor vertical is still undergoing a lot of challenges. Which other 2 verticals? Is it that both the verticals have improved their revenue and the profitability? Or is it only one of them? If you could share some details about that.

Parag Satoskar: So Arun, to answer your question, if you actually look at what happened, say, in 2021 and then kind of look at 2024, probably we can compare it to what we internally call as a perfect storm because we had an R&D pipeline and we had an investment program for our specialty ingredients division, which was kicked off in 2019 and continued till around 2023. We continue to invest. We continue to make new products. And all these new products were at various levels of approvals with our customers. So, we had ended up doing the investment cycle and we had still not got economies of scale when it came to sales of these products. And on the top of that, we had this situation of camphor, which suddenly came within a period of 1 year. And these 2 situations combined together led to a situation where we had a substantial reduction in profit margin. Over the past 1.5 to 2 years, we have kind of done a lot of things on the camphor side to create and to enforce our competitive moat so that we become strong there. All the products that were kind of launched on the specialty aroma ingredients side between 2019 to 2022 are now being accepted by the customers. And hence, we are seeing capacity utilization of those plants coming at optimum levels. And because these materials are also used internally by our fragrance division to add value to the fragrance. The fragrance division also has kind of benefited from the whole piece. And so a combination of these 3 positive factors is what you are seeing in terms of the improvement of the PAT. And the reduction was primarily because of 2 or 3 completely negative factors coming together at the same time. I hope I have answered your question.

Arun Arora: Small clarification, the recovery in FY '25 PAT, was it due to recovery in only 2 segments, 2 verticals? Or is it only because of all ingredients which you had started the production, new products that have reached a stable level and they have started contributing more is that I wanted to know?

Parag Satoskar: So like I said, Arun, it is a bit of all the 3 divisions turning positive in terms of their contribution to the overall business. The camphor by us taking some internal steps in terms of formulation, in terms of pharma camphor contributing more than what it was doing. In the fragrance division, because of the backward integration, we have started winning more business and the profitability is better there. And the third part is now that all our aroma ingredient launches, except Evermoss, have crossed that critical path of 500 days to 600 days, which is what is needed for us to go through the cycle of product approval, product stabilization and eventual commercial orders. All 3 divisions have now started contributing to an extent. And hence, we are seeing the improvement.

Arun Arora: That is very helpful, sir. Sir, regarding the debt, see, when we had started this CAPEX cycle, I think sometime during '22 or '23, the CFO had predicted the peak debt of around INR 360 crores, but we have done INR 170 crores, if you see a year back when we completed most of the CAPEX. So, one of the reason was that we had postponed few CAPEX, particularly the multi-purpose plant at Mahad. Other than that, is there any other CAPEX were postponed? Or did we do cost control and could able to complete whatever the CAPEX plan other than the multi-purpose plant at a lesser debt?

Parag Satoskar: So primarily, your second observation is correct. I mean, when we realized the challenges in terms of output pricing, we went into a massive optimization mode at our Baroda facility and hence, we could actually shave off certain CAPEX, which was scheduled to be done, but we found optimized ways of doing it in our current facility and current site in a very safe and sustainable. So, that's why we kind of have not really invested in that CAPEX and optimized it.

Arun Arora: So, that means only the multi-purpose plant at Mahad was only postponed, correct?

Parag Satoskar: So Mahad, there were multiple ideas. One of them has been implemented. The other is not postponed. It is still being evaluated. But we also did a lot of optimization in our Baroda investments.

Moderator: Thank you. The next question is from the line of Mr. Yatharth from IGE India.

Yatharth: Just wanted to ask regarding the Mahad plant. The revenue contribution in Quarter 3 FY '25, it was said that it was around negative INR 3.5 crores or INR 3.5 crore loss. What is the current update regarding that? How much revenue is it contributing?

Parag Satoskar: Girish, do you have answer to this? I mean, A or we could probably get back to you, but you said Q3 '25.

Girish Khandelwal: It was around INR 38 lakhs in the current quarter. We expect more to come in the next 38 lakhs in the current quarter.

Yatharth: INR 38 lakhs. Okay. And another thing you mentioned in today's conference about the revenue growth about being 1.7x in 2 to 3 years and EBITDA margin of around 8% to 10%. Just wanted to ask the reason behind the 1.7x. What are you seeing in the future for the next 2, 3 years? How do you get the 1.7?

Parag Satoskar: So that's the normal Girish, am I correct, that's the normal asset turnover that we expect whenever we do an investment?

Girish Khandelwal: Yes, sir. For Mahad, it is (1.25x because of the Greenfield capacity.

Parag Satoskar: Yes. And I think as they've explained to you, I think the Mahad plant is in process. We've had scaling up going on, sample approvals. So, I think we'll just have to be patient for a quarter or a quarter more after this. And I think the Mahad numbers will start showing in the positive.

Moderator: Thank you. The next question is from the line of Mr. Saket from Sagari Capital. Please go ahead.

Saket: So, Girish bhai, I looked at the stocking trade part, right? So, so far we have spent around INR 25 crores from stocking trade. But in the annual report, there was an inventory of INR 16 crores. So, can you help us what is the revenue for the last 3 quarters when this trading business has started? What has been the cumulative revenue for the last 3 quarters? And what has been the revenue for Q1 from trading business?

Girish Khandelwal: Regarding the trading revenue, I will give you separately.

Saket: Okay. Sure, sure. Now coming to this Mahad one. So again, Mahad one currently is at, again, operational level, it is still making losses like INR 5 crores and all. So what's the ramp-up that we are expecting? Like it was INR 38 lakhs in Q1 and INR 30-odd lakhs in Q4. So what's the ramp-up Parag bhai we are looking at, say, Q2 onwards, like is it EBITDA positive? And Dharmil bhai said in a couple of quarters, maybe it can be positive. So, are we talking about PAT positive or EBITDA positive for Mahad in a couple of quarters? And I think there was some 200 days also stabilization part, right, something that you had mentioned in the earlier calls.

Parag Satoskar: Yes. So Saket, generally, I think every product is like a new baby, I mean. And I would say that we are pretty encouraged by what is the feedback that we are getting from the samples and the commercial shipments that are being sent to customers and that are also being used internally by our fragrance division. So whether it's 200 days or whether it's 250 days is something, which is of academic interest.

I think what we all must be kind of aware of is that the product is now being made in a sustainable way. The plant is running at not full capacity, but at a good capacity and we are in the process of ramping it up. And hopefully, in the coming quarters, as we have more information to share about its contribution, about its performance in our continuous engagement with the investor community, we'll keep giving you updates on the same.

Saket: Sure. Now coming to the branding at Saraswati and Pine 3, something that you had talked about in the annual report in last quarter as well. So right now in India, is there any B2B business within camphor or entire we have shifted to, I think, our branded because some 60% was being talked about in the annual report that is now being diverted towards, say, Saraswati and Pine 3. So it's like 40% export and 60% all is now B2C. And what's the stage on that? That should enhance our profitability, right? Because even the company that we talked about, their B2C business is what has turned around as you rightly said that the core B2B business still is struggling.

Parag Satoskar: So Saket, it is a combination of B2C plus B2B, plus exports plus pharma, which kind of contributes to our camphor and terpene chemical business. I wouldn't really be able to give you a complete breakup of how much is each contributing. Like Girish has mentioned and in our annual report, that 60% of that remains in the formulated space. The remaining can be divided into these 2, 3 verticals.

Saket: Okay. And how has been the ramp-up so far? Because I am seeing very few listings right now on Amazon. Is it like we are focusing more on the brick-and-mortar one or online is still slightly less present?

Parag Satoskar: So, we are looking at all options. We are looking at GT primarily because that is something, which we have been active historically. We are also looking at modern trade. We are also looking at private labels, everything.

Saket: Okay. And just for the 8% to 10% EBITDA guidance that you...

Moderator: Sir, please rejoin the queue for any follow-up questions, please. We do have other participants. The next question is from the line of Mr. Arun Arora from NB Investments. Please go ahead.

Arun Arora: Sir, my question was regarding the Ambernath facility. Now if you see the capacity utilization must be going up and hence, the cost of running should be fully leveraged out. So, plus many of the ingredients we are making in-house, so we must be making better margins in fragrance and flavor compared to earlier years. So, my question was, is if you see last year or 2, we have been getting good contracts in this segment or in this vertical. So question was, are we getting this business by forgoing some of these increased margins? Or is it for any other reason?

Parag Satoskar: So, I think if you look at the economics of the Ambernath plant, I mean, compounding has an input/output ratio of 1:1, unlike the chemical business. Hence, there's not an extremely high level of contribution in terms of overhead costs. Having said that, all the business that we acquire is based on our expectation of profitability and is not acquired by either reducing the margin or giving an extended credit, et cetera, to the customer. The ability to be a low-cost, sustainable manufacturer with the advantage of backward integration, which is unavailable with most of the other fragrance companies that are in the market.

Arun Arora: Okay. That's helpful, sir. My next question is about camphor, where we have taken over our earlier distributors' sales where we are making it directly to the consumer. My question was a year or 2 back when our competitors came out with the new capacity, there was a situation where the camphor price at which we were giving it to the dealer distributors had to be reduced, while the dealer distributors did not reduce the price and they were selling at the higher price, making good margin in the process. Now, my question to you is, during that time, Oriental did not take advantage of that. So now that we are selling 60% of our production directly to the consumers, in future, if such situation comes up, we would be getting that benefit?

Parag Satoskar: So like Shyamal mentioned in the opening remarks that this business for us is something which is a value added, A, whatever opportunities we get in terms of realization, in terms of creating a credible business case so that we stay a very strong brand will be undertaken to ensure that the brand stays strong and the profitability improves. Having said that, broadly, we can say that between powdered camphor and formulated camphor, you will have a little better margin in the formulation.

Arun Arora: Just wanted to know if management is inclined for any tie-up with any F&O, big MNCs for something like a CDMO or CMO type of business?

Parag Satoskar: So, I think being active in all the areas of the F&F business, which is compounding, which is ingredients, any opportunity that comes to us as an opportunity of co-working gets into a make or a buy situation. And to be very honest, whenever we have evaluated a make or a buy, for us, it has always been that let's make it. It might take a little while longer, but it will be more sustainable. So for us, any kind of such activities, if and when they are presented, will be evaluated. But as of now, we have no intention of getting into such a relationship.

Dharmil Bodani: And we are a company that believes a lot in freedom to operate, especially because we are in the generic space. So, it is going to stay that way.

Moderator: Thank you. The next question is from the line of Mr. Dhavan Shah from AlfAccurate Advisors. Please go ahead.

Dhavan Shah: Sir, my question is on the Mahad side. I think I missed your part. You mentioned some revenues from Mahad during the quarter. So, can you share the numbers? What was the revenue contribution from Mahad last quarter and the Q4? And how much is the EBITDA loss?

Parag Satoskar: So we can Dhavan, if you can reach out to Valorem and send your question, we could probably share it with you. Normally, we look at all the revenue contribution commentary and EBITDA commentary based on the total group or based on the divisions. We do not go micro about offering site-wise information. But if there is something that we can offer, you can share it with Valorem and we will revert back to you.

Dhavan Shah: Understood. But on the margin-wise, if we want to reach to around 13%, 14% EBITDA margin from the Mahad plant so, I mean, is that achievable I mean, can it be breakeven 30%, 40% capacity utilization? Or can you share some cost dynamics over there if it is possible?

Parag Satoskar: So, our intention is never to run the plant at 30% to 40%. Our intention is as we go and kind of reach this initial time frame of 500 to 600 days, gain more acceptance globally. We are completely aware of the competitive landscape that is there in this product. It's a matter of time when we will be in a position to get stabilized returns and stabilized profit margins. Whether it will be 14% or 12% or 10%, it will be decided by the market forces because this is a generic material. But we are very confident of achieving first the numbers of optimum utilization of the plant. And then by a combination of internal process reengineering and being offering a globally stable product to achieve our eventual margin goals in terms of quarters, Dhavan.

Dhavan Shah: And in terms of product approvals, have we received majority of the approvals? Or how is it so from Mahad side?

Parag Satoskar: I have the most severest of my customer, which is my internal fragrance division. I mean, if they approve a product, then we are very confident that as we reach out to our global customers, we should not have a problem. Having said that, point number two is every single significant consumer of aroma ingredients in the world today, and I can very proudly say that, is buying, if not multiples of 10, but at least 1 product from us.

So, I think we are known as a sustainable supplier of aroma ingredients to customers worldwide. So when a new product gets added, it's a good thing for them because it kind of gets added to the basket that Oriental is offering to them. And hence, they don't have to look for just one supplier for one material. And it's a win-win situation for us because it kind of gives us the ability to do basket pricing. And if you put these points together, we are looking at a very high level of confidence that we will be able to achieve our numbers.

Dhavan Shah: Understood, sir. And I think you mentioned that Mahad CAPEX, we did roughly INR 200-odd crores and asset turn is roughly 1.7x. So, I think peak revenues could be INR 350-odd crores from that facility. So, out of that 50% is easily achievable by the end of the next year, I mean, INR 170 crores, INR 180 crores of top line?

Parag Satoskar: I will probably Girish, correct me if I am wrong, because the Mahad CAPEX has 2 elements to it. One element was the plot development cost, which has been done where the recovery of that cost will be achieved when we do Phase 1, Phase 2, Phase 3. The investment that has been done in the Evermoss plant, there we are looking at an asset turnaround of Girish had corrected with the previous speaker for Mahad, he is looking at 1.25. So it will be a little longer gestation period.

Having said that, I think we have shown time and again, I mean, we have launched more than 40 products in the last 5 years and all of them today are globally accepted. And all of them in our plants are running at 70% to 80% capacity. So, we are pretty confident that without getting into numbers, without getting into exact time lines because that's something which is very is very difficult to predict. Once you lose a window of 6-month RFQ, then you can reach out to that customer only after 6 months. So all these things taken into consideration, we are pretty positive.

Moderator: Thank you. The next question is from the line of Mr. Arun Arora from NB Investments. Please go ahead.

Arun Arora: Sir, I just wanted to know, you have been giving the asset turnover for the new CAPEX that are coming up. Just want to know if I have to put all the facilities that we have in the 3 verticals together, based on the current prices, how much turnover you can expect?

Parag Satoskar: Arun bhai, it is a very complicated question. I also would like to take the opportunity to invite you to come and have a cup of coffee with me and Girish. You have asked too many questions. So, we can have a one-on-one meeting and we can have a discussion. Why don't you just drop an e-mail to Valorem, and we will probably look into the question and revert back to you, sir.

Arun Arora: Sure, sir. Okay. Lastly, any CAPEX plan for this year?

Parag Satoskar: So, we are going to go slow. We are going to probably take a pause. We are going to evaluate what's happening with all the CAPEX that we have done and take it to its logical conclusion. Having said that, nothing is on the table, and nothing is off the table. If there are any opportunities that come by based on the ideas identified by our own creative team or any interactions that we might have with our customers globally, we are completely open to the idea. And the balance sheet and the P&L has the leverage to kind of and we also have the land and the EC to go ahead and do the investments. As of now, we are going to pause and we are going to probably review and ensure that what we have started walking upon, we take it to the conclusion.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the session. I now hand the conference over to the management from Oriental Aromatics Limited for the closing comments. Please go ahead, sir.

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