Oriental Aromatics

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04th August, 2026

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 27th July, 2026, intimating about the conference call with the Institutional Investors/Analysts on Friday, 31st July, 2026 at 02:30 p.m. to discuss the financial performance of the Company for the quarter ended 30th June, 2026, 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
Date: 2026.08.04 12:32:38 +05'30'

Dharmil A. Bodani
Chairman & Managing Director
DIN: 00618333

Oriental Aromatics Limited
Q1 FY'27 Earnings Conference Call
July 31, 2026

Moderator: Ladies and gentlemen, good day and welcome to Oriental Aromatics Limited Q1FY27 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 "*" and 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: Thank you. 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 conference call for the 1st Quarter of the Financial Year 2027. 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 belief 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 decision. 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. Parag Satoskar – Chief Executive Officer, Mr. Girish Khandelwal – Chief Financial Officer, and Ms. Kiranpreet Gill– Company Secretary and Compliance Officer.

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, everybody. It is a pleasure to welcome you all to the Quarterly Earnings Call of Oriental Aromatics Limited.

Quarter 1 represents a positive start to the financial year for the company. Our performance during the quarter reflects healthy year-on-year growth in revenue and volumes, improved operating efficiencies and a sequential recovery in profitability. While the external environment continues to remain challenging and input costs remain elevated, the direction of our performance is encouraging.

Our diversified presence across Flavors, Fragrances, Specialty Aroma Ingredients and Camphor and Terpene Chemicals continues to provide resilience across market cycles.

Our Executive Director – Mr. Shyamal Bodani will now take you through the Operational Performance and Key Developments during this quarter. Thereafter, our CFO – Mr. Girish Khandelwal will brief you on the Financial Highlights.

Over to you, Shyamal. Thank you.

Shyamal Bodani: Thank you, Dharmil. Good afternoon, everyone.

Q1 FY27 has been an encouraging start to the financial year with healthy year-on-year growth in revenue, productions and sales volume accompanied by sequential improvement in operating margins.

Our consolidated revenue from operations for the quarter stood at approximately Rs. 260 crores, compared with approximately Rs. 226 crores in the corresponding quarter last year, representing growth of around 15% year-on-year.

More importantly, this growth was supported by a strong increase in physical volumes, total sales volume increased by 22% year-on-year, while production volumes grew by 18% year-on-year, reflecting healthy manufacturing utilization, improved operational execution and sustained demand across our key products categories.

On a sequential basis, product volumes remained broadly stable. This was primarily attributed to the changes in product mix and the normal quarterly seasonal movement across our three businesses.

Our EBITDA margins for the quarter stood at 7.62%, representing an improvement of 71 basis points, sequentially from 6.89% in Q4 FY26. This improvement was supported by a favorable product mix, improved sales realizations, and the benefit of operational efficiency programs undertaken across our manufacturing locations. While EBITDA margins were marginally lower than the corresponding quarter last year, primarily due to higher raw material costs, we believe the sequential improvement reflects the direction in which the business is progressing.

Now let me take you through the performances of our three businesses:

Fragrance and Flavors Division continues to deliver a resilient performance during the quarter. Demand across our key customer categories remained healthy and we continued to deepen our relationships with existing customers while progressing new business opportunities across both domestic and international markets.

Production and sales volumes at Ambarnath were marginally lower year-on-year during the quarter. The primary reason for this was the seasonal nature of business and should not be viewed as a change in the underlying direction of the division. Our brief pipeline remains healthy and we continue to focus on expanding customer relationships, increasing wallet share and converting development projects into sustainable commercial businesses.

Our Speciality Aroma Ingredients business delivered healthy year-on-year growth in both productions and sales volume during the quarter. However, the broader global market for ingredients continues to remain highly competitive. Capacity additions, particularly across Asia, continue to exert pressure on selling prices for several products.

The industry remains a buyer's market across many ingredients categories with customers continuing to expect competitive pricing together with high quality, innovation and security of supply. At the same time, several natural and petrochemical-derived raw materials continue to remain elevated, creating an environment where input costs remain firm while finished product pricing continues to be competitive.

Our response continues to be disciplined and structural. We continue to focus on process re-engineering, yield improvement, energy optimization, internalization of intermediaries, and greater utilization of our multi-chemistry manufacturing platforms. These initiatives are intended to improve our cost position independent of any future recovery in the pricing cycle.

We also remain selective in the business that we pursue. Our objective continues to be protecting market share and customer relationships while maintaining an appropriate contribution margin. The strength of our business lies not merely in individual molecules but in the breadth of our portfolio, our chemistry capabilities, our integrated quality and regulatory systems, and our longstanding relationships with leading global fragrance companies.

The Camphor and Terpene Chemicals division recorded strong year-on-year volume growth during this quarter. Q1 normally marks the beginning of inventory build-up ahead of the festive demand period in Q2 and Q3, and the volume performance during the quarter provides a constructive foundation as we enter the stronger seasonal period. Nevertheless, the domestic Camphor market continues to face structural overcapacity arising from significant manufacturing capacity additions over recent years. Our focus, therefore, remains on those areas where Oriental Aromatics possesses clear competitive advantages, consistent quality, regulatory compliances, pharmaceutical-grade Camphor, strategic B2B relationships, and the continued strength of our Saraswati and 3 Pine consumer brands.

Mahad facility:

The Mahad facility continues to progress through the commercialization and customer qualification phase. We have consistently explained in our previous investor interactions Specialty Aroma Ingredients follow a longer commercialization cycle involving technical validation, customer qualification and commercial allocation before regular business commences.

Customer feedback continues to remain encouraging, commercial shipments are progressing, and the facility is now participating in several global sourcing programs and RFQs, which should support a gradual build-up in commercial volumes. At the same time, we continue to maintain a realistic perspective. Mahad has not yet achieved the utilization levels required to fully absorb its fixed operating cost and, therefore, continue to impact consolidated profitability.

Our objective remains to progressively move the facility towards 75% to 80% utilization, where we believe Mahad will become EBITDA positive and begin contributing meaningfully to consolidated profitability. Mahad remains a strategic long-term investment. The infrastructure has been created not only for current product portfolio, but also for future expansions and additional molecules.

We, therefore, continue to evaluate this investment from a long-term strategic perspective.

Operating environment:

The broader operating environment continues to remain mixed. The long-term trends towards premiumization across Personal Care, Home Care, and Fine Fragrances continue to remain intact. We believe this structural trend, when compared with Oriental Aromatics' backward integrated business model, presents a significant long-term opportunity for the company.

At the same time, customers continue to exercise discipline around inventories and working capital, while security of supply has become increasingly important in an environment characterized by geopolitical uncertainty and supply chain disruptions.

Our integrated manufacturing platform, broad raw material sourcing capabilities, and backward integration into Specialty Aroma Ingredients positions us well to participate in these structural opportunities while delivering consistent quality, innovation, and reliability to our customers. Raw material inflation nevertheless remains an area that requires continuous vigilance. Several natural, Terpene-based, and petrochemical-derived inputs remain elevated.

Wherever commercially feasible, we continue to work with customers to recover these increases while simultaneously improving our internal cost structure through operational efficiencies.

Financial discipline:

The improvement in the profitability during Quarter 1 is encouraging, but further work remains. Our immediate objective continues to be improving operating margins while preserving volume growth and strengthening customer relationships. The company's net debt-to-equity ratio improves to 0.56x as of 30 June 2026, reflecting our continued commitment towards disciplined capital allocation and prudent financial management. This significant investment made over the past several years has created meaningful manufacturing capacity and technical capabilities across our operations.

Our immediate priority is therefore to maximize utilization and improve profitability from the existing assets before undertaking any major expansionary investments.

As we look ahead, Quarter 2 and Quarter 3 continue to be seasonally important quarters for several parts of our business, including Camphor and consumer Fragrances. The momentum established during Quarter 1, together with our active customer pipeline and improving operational efficiencies, provides a constructive foundation for the quarters ahead.

However, we remain mindful that the raw material costs, foreign exchange movement, geopolitical developments, and competitive pricing continue to influence the operating environment.

Our priorities, therefore, remain unchanged:

- Sustain volume growth while strengthening market share across all three businesses.
- Continue improving margins through product mix, process optimization, and disciplined cost management.
- Accelerate customer approvals and commercial allocations for Mahad.
- Maintain prudent capital allocation and maximize return from our existing manufacturing assets.
- Continue investing selectively in R&D, fragrance creation, application and new product development to strengthen our long-term competitive position.

To summarize:

Q1 FY27 represents a positive start to the year. We have delivered healthy year-on-year growth in revenue, production, and sales volume, improved profitability sequentially, and strengthened our operational performance while remaining disciplined in navigating a challenging external environment.

The direction of travel is encouraging. Our focus now is to convert this operational momentum into sustained improvements in profitability, capital efficiency and long-term shareholder value through disciplined execution over the coming quarters. Thank you.

I will now hand over to our CFO – Mr. Girish Khandelwal for the Financial Highlights. Over to you, Girish.

Girish Khandelwal: Thank you, Shyamal. Good afternoon, everyone.

Let me begin by sharing our consolidated financial performance for Q1 FY27:

During the quarter, the company reported operating revenue of Rs. 260 crores, representing a healthy 15% year-on-year growth, reflecting sustained demand across key product categories.

On a sequential basis, revenue declined by 8% primarily due to changes in product mix. EBITDA for the quarter stood at Rs. 19.8 crore compared with Rs. 19.46 crores in the previous quarter and Rs. 18.06 crore in the corresponding quarter of previous year. EBITDA margins improved to 7.62% from 6.89% in the previous quarter, supported by improved operating efficiencies compared with 8.01% in Q1 FY26. The margin was marginally lower, primarily due to higher raw material costs during the quarter.

Profit after tax stood at Rs. 2.51 crore compared with previous quarter Rs. 3.98 crore and Rs. 0.5 crore in the corresponding quarter.

The company continued to maintain a prudent capital structure with the net debt-to-equity ratio improving to 0.56x as of June 30, 2026 compared with 0.58x as of March 31, 2026. Cash profit for the quarter stood at Rs. 10.2 crore compared with Rs. 8.72 crore in the corresponding quarter of the previous year and Rs. 11.72 crore in the previous quarter.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, in order to ensure that the management is able to address questions from all participants in the conference, please limit the questions to two per participant. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Rohit Sinha from Sunidhi Securities. Please go ahead.

Rohit Sinha: Thank you for taking my question, sir. My first question is in terms of the utilization level and our peak potential regarding the revenue side. So, what is the current utilization right now for the overall business and for the Mahad plant? And with the peak utilization level of all these plants, what sort of revenue number we will be looking at and possibly by when that should be achievable?

Parag Satoskar: So, primarily, I think the Mahad plant currently, we are looking at a capacity utilization of between 50% to 60%. If you look at the Specialty Aroma Ingredients division and the Camphor and the Terpene Chemicals plant, except the hydrogenation facility, most of the other plants are at between 85% to 90%. And the fragrance compounding facility, we have substantial additional ability to increase production. So, in terms of capacity utilization, the Mahad facility is something where we feel that in the next few quarters, we will have better utilization of the Mahad facility.

Rohit Sinha: And with this full utilization, what sort of number we will be looking? Because Rs. 1000 crore is something which we have done last year. And what kind of further possibility of revenue addition is there left with this full capacity utilization?

Parag Satoskar: So, I probably can give you a near-term number. I mean, we are looking at a trajectory of anywhere between 10% to 15% growth in our sales in the next one year. So, that's our near-term goal. And I think in terms of our long-term strategic goal based on projection, you can reach out to Girish and he probably can share the numbers.

Rohit Sinha: Sure, sir.

Moderator: Sorry to interrupt, Mr. Sinha. May we request you to return to the question queue for a follow-up question? Thank you. The next question is from the line of Shubi from Trinetra Asset Managers. Please go ahead.

Shubi: Hi, sir. So, my question is that we are looking at some favorable product mix. If you could just talk a little more about that. How much are the margins and how will that look like? That is my first question. And my second question is about the raw material price pressure. How are we looking at the coming quarters regarding that?

Parag Satoskar: So, I think an answer to your margins question is, frankly speaking, looking at the crystal ball because the global geopolitical situation is having an impact on the availability and the pricing of all your inputs. And hence we probably can only state that we are extremely mindful and we are very watchful of the situation. And we are taking very calibrated steps to ensure that we strike a balance between raw material availability so that all our sales are fully catered for and the raw materials are available at the lowest price. So, I think to answer your question on margins, it's something which is very fluid currently. In terms of the impact of raw materials, I think from a trend perspective, we see that all the Alpha-Pinene based raw materials will tend to be expensive because of the sustained increased pricing in Alpha-Pinene. The petro again remains in a seesaw situation where the prices have been very firm in the last few months, and they came down for a month. So, to answer your question, I think in terms of margin, in terms of the impact, it's something which is an ongoing process. And we are watching the situation very, very closely on the raw material side, on the utility side, and also on our sales side.

Shubi: Thank you. This was helpful.

Moderator: Thank you. The next question is from the line of Rajesh Mishra from Liberty Security. Please go ahead.

Rajesh Mishra: Namaskar, sir. Rajesh Mishra speaking. Congratulations on great set of results. I have two questions. First is, in the last meeting, sir, you said that there has been a discussion with the central government regarding the ban on Camphor imports. Please tell us about the current situation of these discussions and also tell us if there has been any progress or response from the government. The second question is, I want to know that in the Camphor segment, there is a lot of discussion on the issue. How much is the percentage of the retail sector? Say 50-50% or any other figure?

Parag Satoskar: So, Mr. Mishra, in the first call, we told you that we had a meeting with government representatives where there was an open discussion about Camphor and its imports and its impact. So, after that, there has been no further development on that subject in this quarter. And regarding your second question, as a strategy, we don't give break-ups category-wise or division-wise. So, I would like to give you the answer that our three categories, Fragrances, Specialty Aroma Ingredients, and Camphor and Terpene Chemicals, their contribution in our sales is roughly one-third, one-third, one-third.

Rajesh Mishra: Okay, sir. Thank you.

Parag Satoskar: Thank you, Mr. Mishra. Okay.

Moderator: Thank you. The next question is from the line of Maitri Shah from Sapphire Capital. Please go ahead.

Maitri Shah: Yes, hello. So, this quarter, we had close to 22% sales volume increase, while the revenues have been 15%. So, there was a dip in the realization of our products. And I think most of the pressure is coming from increased capacity. So, with this 10%-15% revenue growth that you are expecting, what sort of volume growth are we penciling in for that, and how much do you see the realization going further down?

Parag Satoskar: So, like I said that Maitri, we find ourselves in a very interesting situation where some part of the volume growth that we saw in the quarter that just went by was the product that our customers had given us as allocation in Q1. And therefore, they kind of decided to take them before the stipulated period in which they were going to buy it because of the geopolitical situations. So, to answer your question, the gap primarily is driven because there was an increase in the raw material price, there was a hastening in terms of the customers wanting the material early, and hence we see this gap. Going forward, our focus is always going to be to strike a balance and to ensure that we are targeting business where we see volume growth, where we see also this volume growth at a decent contribution in terms of profit margins. So, that's our broad objective. I cannot share with you very specific numbers because these numbers across the three divisions keep changing month-on-month.

Maitri Shah: Got it. So, so far in Q2, have you been able to have conversations with your customers on the pass-through of the price increase that we have taken in on the input side or still there are contracts we are taking in on a lower realization while taking the hit on the margins from the input side?

Parag Satoskar: Wherever it's been possible to do a pass-through, I mean, we have been very, very successful. And like we mentioned that in the Specialty Aroma ingredient space and in the Camphor space particularly there have been significant capacity additions in the Asian region which kind of puts a bit of a challenge in terms of achieving a pass-through. Having said that, I think we have been in a position to kind of mitigate these challenges by giving a step-up pass-through process to our customers to at least cover the foreign exchange impact as well as any raw material hike impact.

Maitri Shah: Got it. And that was very clear. And I will ask you on the tax side, what sort of effective tax are we penciling in FY27 and then FY28?

Parag Satoskar: Girish, do you want to answer this because it's related to tax?

Girish Khandelwal: For us it's around 25%. Because in the parent only, there is no tax liability. On the OS end there is no tax liability.

Maitri Shah: So, it's 25% for the full year, that's what we are expecting?

Girish Khandelwal: Yes.

Maitri Shah: Okay, got it. Thank you so much.

Moderator: Thank you. The next question is from the line of Anisha Dalal from Universal Capital. Please go ahead.

Anisha Dalal: Okay. First of all, congratulations on the performance.

Parag Satoskar: Thank you.

Anisha Dalal: In our last interaction, you mentioned that the industry is currently facing a demand-supply mismatch with significant new Camphor manufacturing capacities that have come up in India. This has understandably put pressure on pricing and profitability across the sector. As a shareholder, I would like to give a suggestion that since all the Camphor manufacturers are facing the same demand-supply imbalance, why don't the manufacturers come together to work towards as a common cause to the entire industry so that the prices can be corrected?

Parag Satoskar: So, Anisha, I would first like to thank you for giving the suggestion. I think the challenge being that since there is a demand-supply gap because of excess capacity, it becomes very challenging for the existing players to come together and develop a common strategy, especially when the final product market has a very limited CAGR. So, the expansion that has happened is not linked to the CAGR capacity of the finished product. And hence, it's going to be pretty challenging for the industry to come together and create a program for coming out of this challenge.

Anisha Dalal: Actually, I am asking for specifically the manufacturers who are selling the Camphor in raw material prices.

Parag Satoskar: Yes, ma'am, but it's wishful thinking. I do not have an answer because I can speak for my company where I can see that there is this demand-supply gap and everybody is trying to probably get a piece of pie which is not growing. So, I don't know how we will come at a strategy. But we have taken your view, and we will see if there's something possible.

Anisha Dalal: Okay, thank you.

Parag Satoskar: Thank you.

Moderator: Thank you. The next question is from the line of Moksha Ranka from Oramh. Please go ahead.

Moksha Ranka: Hello, sir. I wanted to understand regarding our brand Saraswati and 3 Pines. So, roughly speaking, how much their contribution would be to our Camphor division?

Parag Satoskar: So, Moksha, like I mentioned in the previous interaction with one of our investor friends, we don't give the breakup of individual sub-divisions in our broad divisions. We broadly state the contribution of each of our three verticals.

Moksha Ranka: Also, could you provide some color regarding the Camphor pricing as compared to Q1 and maybe last year? And currently, what's the import pricing difference between China? Has it narrowed down or what's the scenario there?

Parag Satoskar: So, there is substantial double-digit increase in the price of Camphor powder regarding Indian Camphor. We do not follow a lot of Camphor that is coming from China. So, I will not be able to give you a very specific answer about that. In terms of Indian Camphor, there is a very significant increase in the price of the sale price.

Moksha Ranka: And any underlying economic reason behind it, like because of increased demand or maybe the input costs have become cheap? So, any reason why the sudden increase?

Parag Satoskar: There is a very specific reason that a large contributor to the cost is a material called Alpha-Pinene. And the Alpha-Pinene prices over the past five months have gone up by almost 70% or 80%. And they continue to stay at this high price point.

Moksha Ranka: And this is an imported raw material, right? So, it would be in dollar terms?

Parag Satoskar: Yes, correct.

Moksha Ranka: And is there any scenario where we are seeing the prices cooling down or are they firm still?

Parag Satoskar: Normally, we answer two questions, but I will just probably answer this one. Right now, they continue to stay firm.

Moksha Ranka: Okay, I will get back in the queue.

Moderator: Thank you. The next question is from the line of Rohit Sinha from Sunidhi Securities. Please go ahead.

Rohit Sinha: Thank you for the follow-up, sir. One is on the export side. So, normally we have around 32%-33% kind of export contribution. So, what was the contribution in this quarter and how we are looking this figure to end for FY27?

Parag Satoskar: I mean, Girish, I think the figure is not 30%. I think it is more than 30%.

Girish Khandelwal: For the quarter, it is 35% and previous financial year it was 33%, actually.

Parag Satoskar: Okay, great. So, we will probably stay in the same range in terms of our export contribution going forward as well. We do not see a substantial change in the proportion of exports versus local sales.

Rohit Sinha: Got it. And, sir, again looking at the overall CAPEX side, I think we have done decent CAPEX in last 4-5 years and probably I think we have completed the cycle. But, if we look at the overall contribution or the peak potential where we go from here on, I think with 85%-90% kind of utilization for all other plants and Mahad around 50%-60%, another maybe 60 crores to 70 crores would be added from Mahad and rest would be adding some 10%-12% further. So, we still reach up to I think 1400 kind of max level from here on. So, what is the plan going forward or how we should look at this growth for the next maybe 5 years?

Parag Satoskar: So, Rohit, I think you missed a very important element in the Oriental universe which is the Fragrance division. So, the logic of the CAPEX over the years has not been to only benefit the company by selling the ingredients that we make in these investment driven plants. These products which are now being made have been extensively used by our Fragrance division. And I think that the growth that we expect because of that in our Fragrance division, unless you do not capture that in the overall opportunity cost going forward, I think you will miss a very critical piece of the Oriental story. So, what has happened is our investor friends keep on looking at us only from CAPEX, only from Aroma Ingredients, only from generic materials. But I think the underlying story is how is that eventually going to help our Fragrance division to not only have a backward integration piece attached to it, but actually having a depth in terms of competitive strategic positioning which will be a key value driver. And there you don't need CAPEX, there you need the ability to create and sell at the right price.

Rohit Sinha: So that means maybe probably our mix which is around 33, equally among the three segments, that mix would basically going to change if we are more focusing on that Fragrance or Aroma business.

Parag Satoskar: When that change happens, I promise you, I will inform you and the investors.

Rohit Sinha: Okay, sir. Okay. And one more question I can squeeze in. Our overall R&D spent on annual basis would be how much?

Parag Satoskar: I stand corrected on this one. The last time I checked, we were at anywhere between 3% to 4% of the sale. Girish, am I correct?

Girish Khandelwal: Yes, because currently we are at around 2%-2.5%. Because we have control over it.

Parag Satoskar: Yes. Rohit, the mantra is optimization everywhere.

Rohit Sinha: Yes. Got it. That is from my side, sir. Thank you.

Parag Satoskar: Thank you, Rohit.

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

Saket Sourav: Yes. So, I think just it was mentioned that Mahad is operating at 50%-60% capacity. And if I subtract the standalone from consol, it seems the top line contribution was around Rs. 3 crores from Mahad. So, first of all, am I right? And if yes, then is it like we are producing and it is getting inventorized right now? So, just I needed one clarity on that. And second, while I think there was clarification on the right, it is a volatile environment, it is dynamic and all. But any color on, is there a scope for improvement on margins? Because we have talked about doing all the right things. And for last couple of years, even for current quarters, initially it was tariff and all. But that margin has kind of stuck around 7%-odd. In fact, even on YoY, there was a minor dip. Even if I just took a standalone number, Mahad, I have already removed that from the profitability number. So, any scope for even improvement, say even the immediate term on the margin front?

Parag Satoskar: So, to give you a very clear picture, I mean, since we are on both sides of the coin, Saket, where we also make Fragrances, so we buy Aroma Ingredients. And on the other side, we sell Aroma Ingredients to global fragrance houses like ours. We found ourselves in a cycle in the last probably 12 to 16 quarters, where there has been substantial capacity expansion that has happened in Asia, primarily in China.

And hence, the availability and the pricing opportunity that existed a few years back has been challenged over the last few quarters. That's the reality of the market. And that's the reality of the Generic Aroma Ingredients market globally, without any exception.

I mean, I can vouch for this because I also buy these materials on my Fragrance side. As these capacities get utilized, as the Fragrance business globally grows, we will see that there will be opportunities that will come up. And when these come up, we will be more than happy to grab them, point number one.

Point number two, I think the basket of products that we currently offer to our customers globally and in India, that basket keeps on expanding, and that basket gives us the ability to have an EBITDA at a basket level. So, these two strategies put together, along with a very strong headwind in terms of capacities coming and pressure on pricing, we feel very confident that going forward, whenever there are opportunities in generics, we will be able to capitalize them. Having said that, the generics are already giving a lot of value to our Fragrance division, from where we will see additional margin contribution.

So, these are the three broad pillars based on which we feel that margins going forward, whenever they come, we will be there to accept them.

Saket Sourav: And Mahad had 50%-60% utilization, leading to Rs. 3 crores of quarterly run rate. So, are we inventorizing the production right now, or that doesn't tie in?

Parag Satoskar: So, Mahad has gone through a phase where first we produced, then we inventorized, then we went through a slew of approvals, so the material started moving, then we had the geopolitical situation because of which one raw material became extremely challenging, and so when we got access to that raw material, we have again produced and we have inventorized. So, that's why probably, and Girish could answer in terms of the numbers, but broadly what's happened on the ground is what I can tell you.

Saket Sourav: So, I am just saying that the top line is Rs. 3 crores only. So, my question is, is it like inventory buildup is there?

Parag Satoskar: Yes, to answer your question, there is an inventory buildup which has been initiated because of probably a challenged access to one raw material which is petrol-driven, and that inventory we are very, very confident that we will be able to sell it in the near future, point number one. Point number two, also I feel from a communication perspective, the Mahad investment is not only for this one product, it's a very large site where we have just done Phase-1. And as Shyamal mentioned in his speech, it's a long-term strategic investment done for a large number of products when we are ready to be installed over there.

Saket Saurav: Okay. So what kind of top line are we seeing, say at least Q3, or when is the meaningful scaling up even envisage for Mahad because if you recall it is almost--

Parag Satoskar: Sir, I promise you that as and when it happens, we will be informing the investor community. We are trying our best. We are always saying that new products, and we have been in that cycle for the past 20 years, it takes anywhere between 500 days to 1,000 days to see the light of the day.

So, we are very confident and we are seeing those early shoots of greenness happening where we have got approvals from a wide range of global customers. We already have three questions that I have answered. So we give an opportunity to some others.

Saket Saurav: And any color on remote possibility of…

Parag Satoskar: We already have three questions that I have answered. So, you know, we give an opportunity to some others.

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

Vinayak: Hello. Sir. Am I audible?

Parag Satoskar: Yes, you are.

Vinayak: I just have one question. How did you manage the significant volatility in raw material prices due to the West Asia crisis?

Parag Satoskar: So, I think it has been a combination of extremely vigilant communication with our existing suppliers and leveraging the long-term relationships that we have built over the past many years to ensure that whatever volatility happens, it has hit us probably the last and it has hit us to the lowest possible extent. So, a combination of these two, three things, where I think we have a dedicated team which is looking at all our raw material portfolios in the Fragrance as well as the other two divisions and taking strategic decisions of what to long buy and what to short buy.

Vinayak: That's it from my side, sir. Thank you.

Parag Satoskar: Thank you.

Moderator: Ladies and gentlemen, that was the last question of the day and now I would like to hand over the conference to Mr. Dharmil Bodani from Oriental Aromatics Limited for closing comments.

Dharmil Bodani: Thank you. 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, please 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.