Oriental Aromatics

Ref: OAL/BSE/NSE/53/2025-26

14th November, 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 04th November, 2025, intimating about the conference call with the Institutional Investors/Analysts on Tuesday, 11th November, 2025 at 01.00 p.m. to discuss the Financial Performance of the Company for the quarter and half year ended 30th September, 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
Date: 2025.11.14 16:52:54 +05'30'

Dharmil A. Bodani
Chairman & Managing Director
DIN: 00618333

Oriental Aromatics Limited
Q2 and H1 FY'26 Earnings Conference Call
November 11, 2025

Moderator: Ladies and gentlemen, good day and welcome to the Oriental Aromatics Limited Q2 and H1 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 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 Conference Call for the 2nd Quarter and first half of the 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 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 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. Shyamal Bodani – Executive Director, Mr. Girish Khandelwal – Chief Financial Officer, Mr. Parag Satoskar – Chief Executive Officer, and Ms. Kiranpreet Gill – Company Secretary.

Without any delay, I request Mr. Shyamal Bodani to start with his opening remarks. Thank you and over to you, sir.

Shyamal Bodani: Thank you, Purvangi. Good afternoon, everyone, and welcome to our earnings conference call to discuss the performance of the 2nd Quarter of the Financial Year 2026. Following a solid first quarter, Q2 FY'2025-26 has been a historic quarter for Oriental Aromatics, defined by growth in production, sales, and market share across every business division.

At a group level, we achieved our highest ever quarterly sales. Production grew 26% sequentially and 10% year-on-year, whereas sales volume rose 30% quarter-on-quarter and 21% year-on-year. That translates into a 20% growth in sales value over Q1 and 15% over the same period last year.

Our fragrance division at Ambernath delivered an outstanding quarter. Festive demand and the tailwind of GST 2.0 reforms boosted sales, while our focus on premiumization and performance fragrances helped us gain market share with key international and national customers. In our aroma ingredients divisions, volumes at Vadodara and Mahad grew strongly, driven primarily by increase in output from our hydrogenation plant and the ramping up of our Mahad facility. However, the market stays a buyer's market, with Chinese suppliers dumping into non-tariff markets like India, Southeast Asia, and the EU, keeping pricing under pressure. We are countering this through process re-engineering and yield optimization. Pinene prices remain firmed up, and the rupee depreciation adds to the temporary cost pressure.

Our Mahad Greenfield plant, which is still in the ramp-up phase, is currently causing a 1.5% to 2% point drag on Group EBITDA. This impact is expected to normalize over the next few quarters. At Bareilly, our Camphor and Terpene Chemicals division maintained its strong performance, supported by festive demand and adequate feedstock supply, which contributed positively to both revenue and profitability.

On a consolidated basis, turnover increased by 20% to Rs. 271 crores, while EBITDA stood at Rs. 17 crores, representing a margin of 6.34% both on a quarter-to-quarter basis. Yes, margins are lower, but that is a conscious choice. We have focused on penetration and volume leadership in a soft price environment. Our net debt-to-equity of 0.6x reflects a healthy and conservative balance sheet. Looking ahead, demand visibility across all areas of operations stay encouraging. We are already active in the RFQ cycles for H1 2026 volumes, which are looking strong even though pricing stays tight. Our priorities are clear, drive growth through volume, tighten costs through process engineering and restore margins to our target range of 8% to 10%.

To sum this up, the quarter of record sales, broad-based growth and market share gain, and we see clear tailwinds from margin improvements as Mahad stabilizes and our efficiency program matures.

Thank you. I will now hand over to our CFO – Mr. Girish Khandelwal, for further financial highlights.

Girish Khandelwal: Thank you very much, Shyamal. I would like to welcome you all to the conference call, where we will be sharing our consolidated performance for the quarter.

The operating revenue for the quarter stood at Rs. 271 crore, reflecting a growth of approximately 15% year-on-year. EBITDA for the quarter reported at Rs. 17 crore compared to Rs. 29 crore in the corresponding quarter. The EBITDA margin stood at 6.34%. Net profit for the quarter was Rs. 0.74 crore as against Rs. 14.78 crore in the same period last year. The PAT margin for the quarter stood at 0.26%.

Moving on to the first half of FY'2026, on a consolidated basis, the operating revenue for H1 FY'2026 was Rs. 497 crore, representing a 10% year-on-year increase. EBITDA for the period stood at Rs. 35 crore compared to Rs. 51 crore in the corresponding half year. The EBITDA margin was 7.11% as against 11.20% in the corresponding period. The net profit for H1FY2026 was Rs. 1.24 crore compared to Rs. 25.75 crore in H1FY2025, with PAT margins stood at 0.24%. As of 30 September 2025, the net debt equity ratio stood at 0.60 and the cash profit for the H1 FY'2026 was Rs. 16.7 crore.

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

Moderator: Thank you very much. We will now begin the question and answer session. The first question comes from the line of Anisha Dalal from Universal Trading Corporation. Please go ahead.

Anisha Dalal: First of all I would like to congratulate the company on great set of results. I have one query regarding the camphor market. Given the substantial volume of camphor being imported into India, has the company considered approaching the authorities for imposition of anti-dumping duty on camphor imports? Actually, such a measure could potentially strengthen our pricing power and enhance the profitability. So, I want to know about this.

Parag Satoskar: So, the straight answer to your question is we are currently not pursuing any such activities of approaching the government and asking them for any of these tariffs. We are still watching the situation. I think the amount of camphor that used to be historically imported from China has reduced substantially. However, there is sufficient quantity coming from China. We will evaluate the situation and if the need arises, we will take the necessary steps.

Anisha Dalal: Okay. My compliments to the management for the excellent performance for this quarter. Thank you so much.

Parag Satoskar: Thank you, Anisha.

Moderator: Thank you. The next question comes from the line of Rajesh Mishra from Liberty Share Trading Company. Please go ahead.

Rajesh Mishra: Hello.

Parag Satoskar: Hi, Rajesh.

Rajesh Mishra: Yes, sir. Good afternoon.

Parag Satoskar: Good afternoon.

Rajesh Mishra: Sir, just I want to know what is the percentage of the retail and what is percentage of your camphor powder business in terms of totality like 50:50 or 80:20 or something?

Parag Satoskar: So, Rajesh, normally as a practice, we only give the breakup of the three primary divisions that we operate out of, which is the fragrance, the aroma ingredients, and the camphor and terpene chemicals. We do not give individual breakup of the division. So, we will like to stick to that policy. Having said that, we have substantial amount of exposure both in the formulated as well as the camphor powders.

Rajesh Mishra: Now, I have seen in retail market, your Saraswati brand is almost everywhere.

Parag Satoskar: Correct.

Rajesh Mishra: In all India basis. So, now I think you are fully involved in retail business or B2B also in the terms of camphor?

Parag Satoskar: Sir, we have sizable exposure because we have substantial capacities of camphor in our Bareilly plant. So, we are in a position to take care of our Saraswati camphor business as well as camphor business. Plus, we have extra capacity where for our strategic customers in markets where we are not active, we keep supplying them powder so that we are active in both the areas of business.

Rajesh Mishra: Okay. Sir, our next question is regarding, because I have seen last one year, one to two years, around 500 metric tons per month camphor imported, 400 metric tons to 500 metric tons from China. Because of that, all camphor companies are not making so much profit as I see as an investor. So, any chance to impose anti-dumping duties, so at least some quantity will reduce. Because earlier it was hardly 10 tons to 15 tons or sometimes 50 tons. But continuously I have seen 500 metric tons, 400 metric tons per month imported.

Parag Satoskar: So, Mishraji, to answer your question, primarily a lot of the camphor that is now imported from China is natural camphor. And what is produced by the manufacturers in India is synthetic camphor. And so, you know, it is actually not an apple to apple comparison if you really go and do a micro study. And I think the bigger hit is not the imports coming from China because that particular quality of camphor is very difficult to use in the puja space unless you do some processing to it. I think the bigger challenge to profitability is the substantial capacity for camphor that has been built in India by multiple players. And the camphor market per se has not expanded to the same level. So, we are having a classic situation where there is a lot of supply and relatively less demand.

Rajesh Mishra: But any chance to increase the price?

Moderator: I am sorry to interrupt you, Mr. Rajesh, but please rejoin the queue for further questions.

Rajesh Mishra: Okay, thanks.

Parag Satoskar: Thank you.

Moderator: Thank you. The next question comes from the line of Damodar from DB Investments. Please go ahead.

Damodar: Good afternoon. Sir, in the initial introduction speech, it was mentioned that Mahad plant is pulling down the EBITDA by 1.5% to 2%. So, does it mean that are we running the Mahad plant with EBITDA positive?

Parag Satoskar: Hello.

Damodar: Can you hear me?

Parag Satoskar: Yes, I can. I got disconnected.

Damodar: Okay, fair enough. So, in the initial commentary, it was mentioned that Mahad plant is pulling down the EBITDA margin by 1.5% to 2%.

Parag Satoskar: Correct.

Damodar: So, can we make an assumption that Mahad plant is positive at the EBITDA level?

Parag Satoskar: Mahad plant at the current level is positive at the EBITDA level, but it is pulling down because it has not reached the full capacity from a sales perspective.

Damodar: So, is it possible to share the capacity utilization, sir?

Parag Satoskar: So, we have stated that our capacity of the Mahad plant in phase one is 250 metric tons annually. Right now and we have also stated that it takes anywhere between five to six months for us to complete one cycle of sampling approvals and commercial shipments. And so, we missed out the RFQ season of H2 2025. So, we are looking at a capacity utilization of around 20%, 21% in the last one or two quarters. And we see rapid adoption happening in the coming quarters.

Damodar: Okay. So, with this 21% capacity utilization also, we are already EBITDA positive. That is right?

Parag Satoskar: Yes. EBITDA positive or not, probably Girish can answer. I am saying at a profitability perspective per kg, we are positive. Girish, if you want to take this question from an EBITDA perspective.

Girish Khandelwal: Yes. So, I want to answer, Damodar ji. As of now, in this quarter, the Mahad plant is EBITDA negative. That is why our consolidated EBITDA has come down as compared to standalone EBITDA. And Parag is answering that, however, we have achieved the substantial capacity in the production side. Now, we are expecting the sales to grow. So, in the coming couple of quarters, they will be EBITDA positive.

Damodar: Agreed, sir. So, based on the current pricing, what should be the minimum capacity utilization that we need to achieve to be positive at EBITDA?

Girish Khandelwal: Parag, do you want to answer?

Parag Satoskar: I do not have the exact number, Damodar ji. Girish, if you have the number, you can share it. Otherwise, we will come back to you on the exact number.

Girish Khandelwal: Yes, we will come back to you.

Damodar: Sir, my second question is, Mahad plant, we are to achieve all this better utilization and also EBITDA positive. What about the hydrogenation plant, which was also commissioned sometime back at Baroda?

Parag Satoskar: So, the Mahad plant and the hydrogenation plant are completely different stories. Because if you look at the Mahad facility, the Mahad facility is a greenfield project. And it is a very large project where we have incurred costs to really develop the land, etc. Whereas, in the hydrogenation plant, which was commissioned at Baroda, that is a brownfield project. And it is well integrated with the Baroda set of plants. So, as we ramp up, as we get product acceptability in our hydrogenation facility, we are seeing extremely positive response from the customers for the hydrogenation products. And there the utilization is much higher than the Mahad facility as it stands today.

Damodar: So, are we EBITDA positive there?

Parag Satoskar: Girish, can you answer that question?

Girish Khandelwal: Actually, Parag, I can say yes, because the intermediate product is used for the final production

Damodar: So, to make things simpler, is it possible to say what is the capacity utilization vertical-wise, leaving aside the Mahad plant?

Parag Satoskar: Great. So, if you look at the Baroda facility, the Baroda facility except the hydrogenation plant, runs at anywhere between 90% to 95%. The hydrogenation plant is currently running at around 65% to 70%. In terms of the products that we have taken in, we still have certain capacity which we have to expand, which we have not even started the automation work on those reactors when it comes to Baroda. Bareilly runs at between 85% to 90% capacity. And in Ambernath, we run the plant for the fragrance division in one shift, where we run it at 100%, but we can take it to 3x.

Damodar: So, that means it is basically the Mahad plant which is pulling down the entire profitability of the company. Is that understanding correct?

Parag Satoskar: Mahad plus the pressure that we have on the selling price of a lot of the products. Because currently, we are seeing the ingredients side of the business to be a buyer's market globally. And that commentary is consistent with all the companies that are major manufacturers of fragrances and flavors globally, where it is a buyer's market. So, we have a pressure on the selling price on all our existing products, including camphor. And Mahad being a brand new facility is an add-on.

Damodar: Okay. So, my next question is, you have mentioned in the presentation that there is 20% growth in volume.

Parag Satoskar: Correct.

Damodar: Value-wise, if we see for the quarter, it is around 14%. So, that means there is a reduction in the prices of our products to the extent of 6%. Is that understanding right?

Parag Satoskar: That understanding broadly from a numbers perspective is right. But because we have such a large range of products that we offer to the customer, there are some products where that price reduction on the selling price is substantial. In some products, it is not so serious. So, it is a mixed bag, but broadly, you can say that. Yes.

Damodar: Yes. So, this dumping by Chinese, is it due to anti-dumping duties imposed by US and China or it is for some other reason that Chinese companies are dumping these products in India?

Parag Satoskar: So, I think one primary reason is the geopolitical situation that kind of is existing between America and China. And Chinese companies have expanded capacity substantially, say, till 2024. And so, they have these capacities. They have certain advantages in terms of costs, which I will not like to elaborate on this forum. But that puts them in a very strong position to kind of offer their products at better pricing in markets where they do not have the complications of tariff. And that is why I would not say dumping, but they are very effectively selling those materials in the non-tariff markets like Southeast Asia, India, which is a large consumer of aroma ingredients and EU.

Damodar: So, will it come down if the US removes the anti-dumping duty or is this situation is going to persist?

Parag Satoskar: So, this situation is not persisting because of just the US anti-dumping duty. This situation is a combination of multiple factors, which is related to demand and supply, which is related to certain benefits that certain geographies or China has internally. And as these materials get used up by the industry, because the FMCG industry is growing, so the consumption of fragrances is growing. However, the profitability on the fragrance side is becoming a challenge in some cases in functional perfumery. So, as these materials get consumed and as these capacities get used up, we will see a gradual situation where the demand supply will ease down. And plus, companies which are able to look internally, do process re-engineering and kind of get more benefits out of their current processes will be in a position to deliver value.

Damodar: So, you mean to say that demand has to increase?

Parag Satoskar: I mean, let us leave some questions to the others. Otherwise, you and me will end up eating up the time.

Damodar: No problem. Thank you very much and wish you all the best.

Parag Satoskar: Thank you.

Moderator: Thank you. The next question comes from the line of Saket from Sapphire Capital. Please go ahead.

Saket: Hey, am I audible?

Parag Satoskar: Yes, Saket.

Saket: Yes. So, thanks for the opportunity. So, see, one question has been, had talked about our trading business, right? Wherein the stocking trade has been around, say, Rs. 60 odd crores in the last four quarters. So, how much revenue has the trading business Parag bhai generated? I think we launched it almost four quarters ago, right? I think Q2 FY'25. So, how has been the performance of, say, trading business for the last four quarters and as well as, say, in this quarter? So, any color on that?

Parag Satoskar: So, we are not giving the split as of now in terms of we are including those numbers in our ingredients division. But I can very safely say that the business continues to grow pretty well. We have increased the number of product offerings that we are giving to the customers in India. And that gives us an additional benefit of having quantity leverage when we are buying for our fragrance division. So, these are the two advantages that we have. And we are very happy with the performance of the trading division.

Saket: Okay, fair enough. Now, another issue or challenge has been this cash flow thing, right? And then there is a lot of receivable that is piling up. So, is it like we are having issues, you know, getting our payments from our clients or customers because this quarter specifically or this H1 has been really poor on that and coupled with poor margins. So, anything on that front, Girish bhai or Parag bhai, you know, what is the issue on that front?

Parag Satoskar: So, I do not think we have a challenge with receivables at all. I mean, we have an extremely good set of customers who pay us in time. And we are an extremely good buyer who pays our suppliers on time. Primarily, I think the cash flow has been because of certain strategic decisions that we have taken which have resulted in inventory at our end. And the cash flow primarily is driven by inventory. But this inventory is definitely useful inventory and will get used up in the due course of time and is going to be used up in a positive way rather than a negative way. So, I think the cash flow situation is not because of any debtors. It is because purely driven by inventory. Girish, am I correct?

Girish Khandelwal: Yes, Parag. And the receivables has increased because of the last period sale. So, all are good. There is no problem.

Parag Satoskar: Yes.

Saket: Okay. So, just to my understanding, Parag bhai, the inventory is because of the camphor forward integration that we underwent. Is that a fair assessment?

Parag Satoskar: So, we have picked up certain strategic raw materials where we feel that having relatively longer positions is good for business. So, that is what I said. I mean, it is related to camphor. It is related to trading. We also have taken some strategic decisions on the fragrance raw materials where we feel that the prices are at their lowest and would only go up from here. So, these are strategic decisions which I will not like to go micro, but it is across the whole group.

Saket: Got it. Just one request, given that we are now focusing a lot on the B2C part of camphor through 3pine and Saraswati. So, if the management in the presentation can talk about new launches, because these are consumer products, right? New launches that you might have, new product types or say any good feedback on how you are listing them on Amazon. Because I have seen minimal listing of 3pine on some of these e-commerce websites compared to some of our competitors. So, it would be great, Parag bhai, if you can share much more on not the numbers part, but just some of the new launches. Like in camphor also, there are a lot of, not just the flakes, but other products that are also getting launched, like a room freshener or even in that spray or aerosol form. So, if you can share something on that, it just helps us, you know, as an investor, get a better understanding of what a company is doing. Well, I know the numbers right now have been, at least on the profitability front, has been challenged for, I think, now multiple years now. But I am sure, you know, we will come across better numbers in the future. But something, you know, for us to get a better hand on would be really appreciated. Just a simple recommendation, if you can.

Parag Satoskar: I think it is an extremely fair observation. And we will definitely take this internally. And we will try to incorporate a few more elements in terms of what is our strategy or what is our plan in the FMCG space. We will try to include that in our presentation. Thank you, Saket.

Saket: Thanks for the opportunity.

Moderator: Thank you. The next question comes from the line of Damodar Baliga from DB Investments. Please go ahead.

Damodar Baliga: Thanks for the opportunity again. Sir, I have only two more questions. I will not bother you much. The first one was, what I was trying to figure out was the prices of our products would move up if the demand increases in the coming months. Is that understanding correct?

Parag Satoskar: Correct.

Damodar Baliga: Okay, fine. The second is our EBITDA margin compared to last quarter has come down.

Parag Satoskar: Correct.

Damodar Baliga: Is it that, any reasons why the margins have come down EBITDA margin? Because earlier in Q1, it used to be 8%. Now it is 6.4%. Is it purely on the pricing pressure or any other?

Parag Satoskar: So we have mentioned it in, Shyamal mentioned it in his speech, that, you know, we have a contribution. I mean, we have a bit of the contribution to the EBITDA because of the impact of Mahad. We also have some contribution that is coming because of the reduction in the sale price. And the reduction, I would not say reduction in the sale price, but aligning our sale prices with the market. And the intention of doing that was to ensure that we continue with our business relationships that we have with the customers. Because as we continue with those relationships and safeguard our volumes, we have a team which is working as part of our CPR program internally to try and reduce costs by improving processes, improving batch time cycles. So once those benefits come into play, we will be in a position to, even at these price levels, compete and get better margins. So, it was a conscious decision to hold for, ensure that our market share in every business that we currently have stays. We also have grabbed a lot of business for the new products and Mahad products. And as the internal programs eventually give, see the light of the day in the coming quarters, we should see improved margins because of this, if the external environment continues to stay challenging.

Damodar Baliga: Okay. Thank you very much.

Parag Satoskar: Thank you. Thank you Damodar ji.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to the management for closing comments.

Shyamal 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 reach out to our IR managers at Valorem advisors. Thank you.

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