Oriental Aromatics

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14th November, 2022

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 07.11.2022, intimating about the conference call with the Institutional Investors/Analysts on Thursday, November 10, 2022 at 01.30 p.m. to discuss the Financial Performance of the Company for the quarter and half-year ended September 30, 2022, 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

KIRANPREET KAUR GILL
Digitally signed by KIRANPREET KAUR GILL
Date: 2022.11.14 17:36:52 +05'30'

Kiranpreet Gill
Company Secretary & Compliance Officer

Oriental Aromatics Limited
Q2 FY23 Earnings Conference Call
10 November 2022

Moderator: Good day and welcome to the Oriental Aromatics Limited Q2 FY23 Earnings Conference Call. As a reminder, all participant lines will be in 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. I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you, Mr. Sonpal.

Anuj Sonpal: Thank you. Good afternoon, everyone. A very warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors. We represent the investor relations of Oriental Aromatics Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings call for the second quarter of financial year 2023.

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 an information currently available to management. Audiences are cautioned not to place any undue reliance on forward looking statements and making any investment decisions.

The purpose of today's earnings con 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 on today's earnings call and hand it over to them for opening remarks.

We firstly 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. Without any further delay, I request Mr. Dharmil Bodani to give his opening remarks. Thank you and over to you, sir.

Dharmil Bodani: Thank you. Good afternoon, everybody. It is a pleasure to welcome you all to the Earnings Conference Call to discuss the results of the quarter and half year ended 30th September 2022. Thank you for joining us today.

During the quarter that has gone by we have seen the first signs of easing in input costs and this is welcome news. The sustainability of this trend in context of the current global geopolitical situation needs to be closely watched.

During the quarter the company has witnessed a healthy demand in fragrance, flavors and the camphor business. Specialty aroma ingredients and terpene chemicals have seen a bit of softening of demand due to overstocking of the materials in the supply chain. However, the forecasting for H1 calendar year 2023, for both these divisions stay strong and in line with the demand in 2022.

Production in the fragrance division grew by 9% quarter on a quarter basis, and the sales volume also increased by 8% on quarter-on-quarter basis. Production volume in camphor and terpene chemicals divisions reduced by 4% on quarter-on-quarter basis, primarily due to the preventive shutdown at the Bareilly Plant in July 2022. Production volume in the specialty aroma ingredients stood at the same level as compared to the previous quarter, but the sales volume dipped by 13% due to the delay in delivery of shipments based on the request of some of our global customers. This has resulted in a pileup of inventory of finished goods at the manufacturing plants. However, we are glad to inform you that these delayed shipments have now begun, and the customers have given a commitment to pick up all the contracted material by the end of 2022.

The weakening of the Indian rupee against the US dollar has impacted the input costs of imported raw materials, thereby further impacting the profitability of the local sales, especially in camphor and in the F&F division. The camphor pricing has been under pressure due to the change in the competitive landscape. However, we at Oriental Aromatics are holding our prices in the local market to ensure profitability. In the fragrance division, the increased input costs have already been factored in for the new projects, and for the old projects we have created a pass through plan, where we will be gradually passing the increase in prices to our customers over the next three quarters.

We further wish to inform you that we have received requests for quotations from all our global customers for H1 calendar year 2023, and there is no significant drop in volumes in those RFQs vis-à-vis H1 calendar year 2022 volumes.

This is against the global narrative talked about in business circles of an impending recession and contraction in demand in 2023. There is however, tremendous pressure on pricing as the Chinese manufacturers have become competitive due to their currency devaluation and local feedstock availability in China.

Regarding the performance of our plants, we are glad to inform you that except for the shutdown of six days at our Bareilly plant for routine and preventive maintenance in July 2022, all plants have been running at optimal capacity. There is a marginal dip inhibitor for this quarter which is at 6.61% as compared to 7.06% in the previous quarter. The primary reason for this marginal correction can be attributed to the consumption of high cost inventory of alpha pinene, which was consumed in this quarter.

Inability to pass through price increase to customers in the fragrance division and delayed shipments to customers in the specialty aroma ingredients division has resulted in inventory pileup.

We continue to invest heavily in new projects. Free cash flow for the first half of the year was minus INR 28.40 crores. The primary reason for the back cash flow number is the higher working capital requirements in H1 22-23, and additional investments in ongoing projects compared to financial year 2021 22.

In the current quarter, our gross margins were 28.9% as compared to 32.4% in the last quarter. We stay committed to work on our gross margins and improve it going forward. However, the competitive landscape in some of our key products like camphor might make it difficult to achieve that immediately. The specialty ingredients division and the F&F division will be the main drivers for taking up the gross margins in the coming quarters.

The CAPEX plans for all our expansion projects in the group are going ahead in full swing. We are glad that we post our CAPEX plans briefly in Q1 22-23, due to unreasonable increase in input costs, then. Due to this decisions of ours, we have saved in some cases almost 7% to 8% in projects cost. Now that we see the prices have stabilized, although at higher levels in some cases, we are focusing on execution and timelines for commissioning of the projects at the earliest.

Regarding commissioning dates on the ongoing projects. Kindly note that these timelines are mentioned in calendar year format. The hydrogenation plant at Baroda will be commissioned by the end of H1 2023. We will focus on the validation and spot sales in H2 2023, and we will bid for global contracts in H1 2024.

The block development activities at Mahad site will start in the next 15 days as the monsoon is over, and the land is ready for block development. The basic and detailed engineering for the first phase of plant for Mahad is ready, and we will shortly begin procurement for the long wait items. We are hoping for Q3 commissioning of the utility systems and the first plant at Mahad site. The nominal delay of three months over earlier guidance is due to certain utility systems that we need for this plant, which has items having long lead times.

The Bareilly expansion which has been completed is giving us an increased volume of certain terpene chemicals which are now being promoted to existing and new customers, and the response has been very welcoming. Currently the sales plan is still in progress, but the production has been validated, which has resulted in high levels of inventory of these materials at our Bareilly site. This will stay at these elevated levels till we get new customer approvals globally.

We are going ahead with our debt mobilization program as explained in our earlier calls. Current net debt along with working capital is INR 166 crores and this will peak at around INR 300 crores in the next 12 months. In spite of minor delays, which in fact have worked in our favor for cost reduction in CAPEX, we are confident of achieving our ROI on all new investments are 12% to 15% and hence recovering our investments in five to six years.

We stay committed to our strategy on developing a sustainable and efficient process for refining CST. We look at our CST strategy as a de-risking tool for our current GTO procurement strategy. We will stick to our understanding that having a CST refinery at best gives us some level of de-risking and a marginal cost advantage. We are also actively looking at bulk commodity ingredients which can be made from Alpha pinene that we will get from our refinery. These include materials like dihydromyrcenol and materials similar to Iso E Super.

Now I would like to request Mr. Girish Khandelwal, our CFO to give the financial highlights. Thank you very much**.**

Girish Khandelwal: Thank you very much Dharmil. I would like to welcome you all to the conference call. As always Dharmil has taken you through the business performance of the company and as well as all the market and business developments. I would like to focus on the operating performance.

On a consolidated basis in Q2 FY23. The opening operating income for the quarter was Rs. 220.8 crores, which was a decrease of approximately 4.2% on a year-on-year basis and 5.5% on a quarter on quarter basis. Operating EBITA reported was 14.6 crores, which decreased as compared to Rs. 16.5 crores in the previous quarter and Rs. 19.8 crores in the corresponding quarter. Operating EBITDA margins stood at 6.61% as compared to 7.06% in the previous quarter.

Net Profit After Tax reported was Rs. 6.3 crores, which decreased as compared to Rs. 8.4 crores in the previous quarter and Rs. 12.1 crores in that corresponding quarter. While PAT margins were 2.85%, which was a decrease of 75 bps on a quarter-on-quarter basis.

On a consolidated basis in H1-FY 23. The operating income for the half year was Rs. 454.3 crores, which was a decrease of approximately 1.3% on a year-on-year basis. Operating EBITDA reported was Rs. 31 crores, which was decreased as compared to Rs. 54.2 crores in the corresponding half year. Operating EBITDA margin stood at 6.82%. Net Profit After Tax reported was Rs. 14.8 crores decreased as compared to Rs. 34.9 crores in the corresponding half year while PAT margins were 3.26% which was a decrease of 433 bps on a year-on-year basis.

During the quarter our manufacturing and operating cost has gone up by Rs. 1.6 crores, which is mainly due to the increase in the power cost by Rs. 1 crore. On other expenses level, we maintained tight cost control on operating expenses, which resulted in the lowering of other expenses by Rs. 3.73 crores as compared to the previous quarter, and on the cash flow performance, the Net Operating cash flow was minus Rs. 10.4 crores as compared to minus Rs. 0.81 crores into FY 22.

The decrease in operating cash flow is mainly driven by the higher cash investment in the working capital due to the higher trading data received by Rs. 16.7 crores and higher inventory levels by 19.2 crores as compared to the FY 2022 and also due to the investment in the project. Net Debt/Equity ratio stood at 0.26 from 0.21 as compared to FY 2022. ROC for the first half of FY 23 to date 3.29% as compared to 12.51 % in FY 22.

Thank you all. With this we can now open the floor for the questions and answer session.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Praful Siddhartha from Chavez Capital. Please go ahead

Praful Siddhartha: Hi Sir, I just want to understand out of the total INR 300 to 350 crores CAPEX, how much of it is dedicated to the camphor segment?

Dharmil Bodani: Parag?

Parag Satoskar: Yeah. Primarily Praful the CAPEX revolves around the multiproduct hydrogenation facility that we are going to put in Baroda, and also the new Greenfield project that we are going to put in Mahad, the camphor part of the expense, our CAPEX is very limited, which is only related to certain process reengineering projects that we are doing in Bareilly and probably installing zero liquid discharge system for environmental stage.

Praful Siddhartha: Got it, sir. So, my next question is, we understand that aroma chemicals currently contributes around 1/3 to the topping of a company. So, I just wanted to understand So, what is the mix between the bulk aroma chemicals and specialty aroma chemicals and what is the margin profile differ between these two?

Parag Satoskar: So, I think we probably look at the bulk and the specialty aroma ingredients together and we look at the margin profile as a group and not one individual or splitting them into specialty. as well as

Praful Siddhartha: Okay sir, so, total RM cost, how much percentage of it is alpha pinene and petrochemical derivatives, any outlook on or any idea on that?

Parag Satoskar: Again, Praful it would kind of differ from product to product, for example, in the terpene, chemicals division, the contribution of alpha pinene will be substantial, but the moment you get into these specialty aroma ingredients, you would have kind of a completely differential basis of contribution of naphtha, non-naphtha or alpha pinene basis. So, it's not uniform across the whole chemical division, but it kind of depends on the product.

Praful Siddhartha: Sure. Okay sir, got it. That's it from my end. Thank you.

Moderator: Thank you. Participants if we wish to ask questions, please enter "*" and "1" to ask a question right now. Ladies and gentlemen, if you wish to ask any questions, please enter "*" and "1".

The next question is from the line of Ankit Gupta from Bamboo Capital, please go ahead.

Ankit Gupta: Thanks for the opportunity, given the volume raw material prices that we have, we are seeing currently, when do you think we can get back to our targeted margins of around 15% to 16%?

Parag Satoskar: Ankit, we have already you know for the few quarters coming by we have kind of revised guidance in terms of margins from 8% to 10%, point number one. Point number two, I think as Dharmil as mentioned in his speech, although we are seeing the first signs of green shoot were the input prices have started coming down, but I think too, at the same time, we are also seeing a very aggressive pricing regime coming from the Chinese manufacturers of these products, and so, the customer expectations for a price reduction has increased many fold. So, I think, we are taking one quarter at a time and we are ensuring that we kind of manage the shift as efficiently as possible and try to get as close to the guidance in terms of margins.

Ankit Gupta: Sure, given the kind of pressure we are seeing from our competitor you know, especially the Chinese, how do you think the growth will pan out for us for FY 24? What kind of growth are we expecting for FY 24?

Parag Satoskar: So I think we are seeing what we are observing is that there is no shrinkage in demand based on the quantitative numbers that we have received in the RFQS for calendar year H1 2023. So if that needs to be kind of taken into consideration we Feel that I will bet the pricing pressure, but there will be sufficient demand to ensure that all the plans that we have are running at optimal capacity.

Moderator: Thank you. Ladies and gentlemen, please limit your questions to two per participant. Should you have any further questions you may join the queue.

The next question on the line go ahead.

Neha : Hi, good afternoon. Thank you for taking my question. My first question is regarding sales. So if you can first of all help explain, you know, by when will the hydrogenation facility give a full year of sales, and what is the amount that we are looking at, and the same from Mahad as well? What will be peak sale expected from the two, you know, the CAPEX that we are doing at these two facilities?

Parag Satoskar: I have understood the first question; can you repeat the second question please?

Neha : Once the CAPEX is done and it's fully utilized, are we still projecting the same revenue that we were historically that is the question.

Parag Satoskar: On the sales front Dharmil in his opening speech has already mentioned that we are planning for commissioning the hydrogenation facility by end of H1 2023 calendar and we will use the second half of 2023 calendar for doing spot sales and the spot sales and getting customer approvals. So, to answer your question, the first full year of sales from the hydrogenation facility will be calendar year 2024 or financial year 2024-2025.

Neha : Okay, and what kind of sales are we looking at?

Parag Satoskar: So, when we always have given a guidance that when we are doing an investment of between 250 to 300 crores, we are looking at a multiplication factor of 1.7 to the sales. So, we are looking at we are looking at close to 550 to 600 crores in a very, very conservative way at the top line addition because of these products.

Neha : How will this be from Mahad?

Parag Satoskar: From Mahad we are envisaging that we will commission the first phase of plant in Mahad along with the utility block by end of Q3 calendar 2023, and we probably should consider a period of like I said between 300 to 500 days for getting the plant validated for production and getting the product validated from the customer. So, again, I think if you put it very broadly, you should be looking at 24-25 calendar for even the Mahad sales to really get incorporated in the top line.

Neha : Understood, and, just to kind of understand that Baroda… the hydrogenation facilities with peak sales of 550 to 600 crores, how many years will it take to ramp up to that?

Parag Satoskar: Like I said that, since we are in the business of generic products, you know, I think the end, we have an extremely strong project and an R&D team. I think we always work on a principle of probably the first 1000 days to really get to optimum capacity in terms of operations of every plant that we built.

Neha : Understood, and just one more question on the margins, which you revised downwards to 8% to 10% or the thought was always at 15% to 16% of structural long-term margins. So, is there like a structural decline in the long-term margins that you are guiding for now? Or just a near term because it's a quite a bit…

Parag Satoskar: Neha, I think it's better to kind of under commit, because what we are seeing is we are seeing complete disruption of a steady state situation which we always talk about and the envisaged margins of between 15% to 16% were in that steady state which was pretty constant from 2015 till around 2019. So, I think, till we see that some level of steady state in terms of availability of raw materials, stability of the currency, because we are pretty confident about the demand forecast, but the remaining factors are the ones which are continuously changing even quarter to quarter over the past two or three years. So, once we see that stabilizing over a few quarters, I think we probably will be in a position to then look at the guidance that we have given of 8% to 10% and see if we can revise afterwards.

Moderator: Thank you. Participants if you wish to ask any question please enter "*" then "1".

The next question is from the line of Dipen Shankar from Trustline PMS, please go ahead.

Dipen Shankar: Good afternoon, everyone, and thanks a lot for the opportunity. So, firstly wanted to understand the demand for these specialty aroma chemicals. So, as Dharmil has eluded in opening remarks, so, are we foreseeing demand structurally going down in this recession environment? So, are we foreseeing that kind of thing over the next one to two years, because most of our products are exported, so we wanted some clarity**.**

Parag Satoskar: Dipen, just to answer your question, since most of our specialty aroma ingredients are used in functional perfumes, which are primarily used for making fragrances for functional products or FMCG products like soaps and detergents which are day to day commodities and which are not items of discretionary procurement. You probably might see perhaps changes in preferences globally, where a customer might go from top brand to private layman just to reduce his household expense down, but I think the use of detergents, the use of things like soaps or shampoos will continue to stay strong and that is the reason why Dharmil has likely put that the quantities that we have got for H1 2023 calendar from our global customers are in line with what was there in H1 2022. So, I think we are pretty confident about the demand. We don't see as of now, any signs of recessionary trends in the products that we sell; however, we see that tremendous pressure on pricing,

Dipen Shankar: Okay. So, even clarity on that demand in line with the previous year, so that means are we expecting some growth from next year onwards?

Parag Satoskar Absolutely, you know, because, like I said that if we are going to… the ingredients that we make, which are get used in functional perfumery follow the trends of the CAGR growth of the FMCG products. So, if the detergent business has a CAGR growth, if the shampoo business has a CAGR growth globally, I think we are pretty confident that the use of the aroma ingredients also will probably in one way or the other follow that growth and continue to grow.

Dipen Shankar: So are we confident of getting back to historical growth rates of 15% to 20% over even in terms of medium term, three to five years kind of this thing? So are we confident of that kind of growth rate?

Parag Satoskar So, I mean, I think it's more like looking in a crystal ball, like I keep saying that, we need to have some level of stability in terms of a lot of factors, which once they are achieved, I am sure we will be in a position to achieve the growth that we forecast for our business. The challenge is that there is no stability in a lot of these other factors which are beyond our control. That kind of keeps us keeps us not to promise anything, but to deliver our best in the in the current circumstances.

Dipen Shankar: Okay, okay. So lastly under margin front, so are we seeing these pressure of passing on the inflation effects on raw materials only in terms of bulk, aroma chemicals or even in this specialty set of aroma chemicals, we are facing the kind of pressure?

Parag Satoskar So I think we have extremely efficient world-class sustainable manufacturing facility so I think on that front we are very very confident in terms of material consumption, but wherever we have competition coming from countries where the devaluation of that country currency is substantial, and they have the advance of having lot of local feedstock. I think we are facing challenges because you have countries like China where they have lots of local feedstock and their currency are corrected to the extend of 12% to 14%. So there is this 12% to 14% straight advantage for them in terms of price, betterment, opportunity which they can offer to the customer, so that's put pressure on the margins but we are countering that in our way as well, in terms of better procurement and also better combinations…

Moderator: Thank you. Participants if you wish to ask any question please enter "*" then "1". Ladies and gentlemen, if you have any further question you may enter "*" then "1".

The next question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: Hi, Dharmil and Parag. Good afternoon. The first question I have is… so I think as you mentioned the incremental CAPEX, very less CAPEX will go towards camphor and it's mainly for process improvement. So currently, our mix one third each, fragrances, aroma chemicals, and camphor. So once the CAPEX comes on stream and the peak revenue we will realize the proportion of camphor will go down significantly, so is that the right understanding?

Parag Satoskar: So I wouldn't probably mention significantly, I think we have done our calculation, but what we are trying to do is we are also trying to juice up and find out how much more capacity can we take out of our Bareilly plant by process engineering? So, with minimal investment, we would try to focus on doing incremental increase in our capacities of camphor, and other terpene chemicals, and so yes, there will be an objective probably to have a little more contribution by the specialty aroma ingredients and the hydrogenation products going forward, but there would not be a significant drop in terms of the contribution by camphor and terpene chemicals.

Dhwanil Desai: Okay. Second question is to Dharmil, I think you mentioned that we expect, 12% to 15%, return on invested capital, for the new CAPEX that we are doing, so is this with underlying margin of

15% to 17%, that we were thinking about or it is with much lower margin that will still be able to get 12% to 15%?

Dharmil Bodani: I mean, our target goals are 15% to 17% as we have said in our previous guidances. With the current uncertainty, including the new product expansion that we are doing we are going to look and stay within the same guidance of 8 to 10, and in terms of the exact calculation, and based on what we see in terms of recovery on our CAPEX there could be a contribution in that range of 12% to 15% and these are guidances…

Dhwanil Desai: Not an issue. The only question is that if that 15% to 17% goes to let's say, structure leads to 12 to 13%, will the new CAPEX still make sense?

Dharmil Bodani: Girish or Parag go ahead.

Parag Satoskar: Yeah, so primarily, Dhwanil, to answer your question, I think we have done multiple scenario calculation of reduction in profitability, and the ability to maintain the ROI of 12% to 15 % resulting in five to six years return on the investment that we are doing and in multiple scenarios, it will be a dream scenario, to really get to those 15% to 16% margin, but at extremely conservative levels of margins we will be in a position to justify the investment and recover the investment within five to six years…

Dhwanil Desai: Right. So basically if we go back to 15% to 17% , out ROI may be much better than what we have to say…

Parag Satoskar: Exactly.

Dhwanil Desai: Okay, the last question is that we have been tracking our company for a long time, one thing that always stood out that was the product diversification, we did not have any product concentration and despite in the tough environment our margins have taken a sharp decline. Generally I can understand that in a company where the product concentration or customer concentration is pretty high, but is the pricing pressure across all products or is the camphor pricing is the only contributing factor, we are still trying figure it out, so if you can help us understand that part?

Parag Satoskar: I think to answer to question Dhwanil on a price pressures honestly speaking are across industries, so although I think we are much better off because we probably have a very interesting diversity of products where in some products like Dharmil has mentioned in his opening remarks, where we have seen increase in sales, increase in production in the fragrance and flavors side of the business. So, I think it gives us a tremendous amount of ability to hedge some products where the competitive landscape is becoming a little complicated and we need to be a little aggressive there. So, I think the margin pressures are not limited only to the camphor side or to the aroma ingredients side or to the fragrance and flavor side but the margin pressures if you look at the numbers today of all the companies, they are across the board, because all of us started this quarter with a higher level of inventory, we consumed that high level of inventory then there was a softness in demand because there was over stocking of inventories all across the world, all across the products. So I think a lot of situations are kind of getting having declogged , having said that we need to be mindful that there are new situations which are arising because in Q1, nobody was talking about price reduction everybody was still talking about material. Now people suddenly in one quarter started only talking about price, the whole concept of China Plus One etc etc. now is actually put in the drawer by the buyer because he is getting some fancy pricing from Chinese. So I think the diverseness of the product portfolio gives us a much better opportunity. So it's a big advantage rather than a disadvantage and we are trying are best to kind of recover from it, if we were just concentrated on camphor, the impact would have been much easy.

Moderator: Next question is from the line of Rajat Setiya from ithought PMS. Please go ahead.

Rajat Setiya Hi, thanks for the opportunity. Sir, I wanted to check one thing about the hydrogenation plant, does this enhance our production capabilities in a way that we know we can win new clients and overall our capabilities are much higher than what we used to and we can make more complex products or higher margin products or it is just another capacity expansion program, wherein we will be making more of new products or the same products?

Parag Satoskar: So hydrogenation as a chemistry… is a completely new chemistry that although we handle 28 different chemistries that never had global capacities for this particular chemistry so it is kind of surge in a completely different bucket or compartment, point number one. Point number two, definitely it gives us the ability to increase the basket of products that we can offer internally to our fragrance and flavor division, which then can create even more valuable fragrances and also to our global concern, so I think to answer your question the hydrogenation facility definitely ticks on all the boxes which are needed for our future also.

Rajat Setiya So in terms of our competitors, how many players would be having such kind of capabilities or is it like… if you can just help me understand the corporate?

Parag Satoskar: So hydrogenation as a chemistry you will have a lot of players who would probably be having the capabilities to handle that chemistry, but the basket of products that we envisage to make at that plant along with the existing basket of products is something which probably very few companies in the world will be in a position to offer on a long term sustainable way, so that's our game.

Rajat Setiya Sure, understood. Sir what will be the top three clients contribution to our revenues today and how was that, let us say three to four years back?

Parag Satoskar: I don't have the exact numbers with me, I will probably… if you can reach out to our IR team or Girish he can probably give you that information, but broadly, I think from a philosophical standpoint, we ensure that none of our single customer is contributing more than 10% to our company.

Rajat Setiya So this will hold true even today that none of the customer is above 10%, right?

Parag Satoskar: No, yes.

Rajat Setiya Understood and just one clarification with regards to Baroda plant, I think you mentioned sales will begin from FY 2025? Hydrogenation plant?

Parag Satoskar: No. The spot sales will begin from H2 2023, and the global sales should start from H1 2024 calendar, but somebody wanted financial year, so I said 24-25, financial year is when we will have one full year of sales.

Rajat Setiya Understood, and in terms of when you say spot sale, so that would be domestic probably do they differ a lot in terms of margins, spot and global sales.

Parag Satoskar: No, they don't, and when I say spot, I say spot local as well as global because there is a lot of midsize fragrance companies who have relatively shorter cycles of approvals, and there they are more keen to start buying immediately , so when I say spot, probably we are looking at combination of local as well as global, and I think in terms of margins, in terms of pricing, it seems that different blocks have different pricing strategy, the US market has a different pricing strategy, The LATAM has a different pricing strategy, India has differentiated kind. It kind of not a uniform pricing strategy which could be… or margin expectations which could be lead out for the whole world.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to management for closing comments. Over to you, sir.

Dharmil Bodani: Thank all for participating in this earnings con call. I hope we have been able to answer your questions satisfactorily. If you have any further questions or would like to know more about the company, we would be happy to be of assistance. We are thankful to all our investors who have continued to stand by us and also have the confidence in the company's growth plan and focus, and with this, I wish everyone a good evening. 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 lines.