Oriental Aromatics

Ref: OAL/BSE/NSE/26/2024-25

31st May, 2024

To
The Manager
Department of Corporate Services,
BSE Limited,
Phiroz Jeejeebhoy Towers
Dalal Street, Mumbai- 400 001
Scrip ID : OAL
Scrip Code: 500078

To
The Manager
Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (East), Mumbai - 400 051
Symbol: OAL
Series : EQ

Sub: Transcript of conference call with the Institutional Investors/Analysts

With reference to our letter dated 23rd May, 2024, intimating about the conference call with the Institutional Investors/Analysts on Tuesday, 28th May, 2024 at 01.00 p.m. to discuss the Financial Performance of the Company for the quarter & year ended 31st March, 2024, 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: 2024.05.31 11:50:00 +05'30'

Kiranpreet Gill
Company Secretary & Compliance Officer

Oriental Aromatics Limited
Earnings Conference Call
May 28, 2024

Moderator: Ladies and gentlemen, good day and welcome to the Oriental Aromatics Limited Q4 FY '24 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 Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you, sir.

Anuj Sonpal: Thank you. Good afternoon, everyone, and 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 Conference Call for the fourth quarter and financial year ended 2024.

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 risk and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to 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 opening remarks. We have with us Mr. Dharmil Bodani – Chairman and Managing Director, Mr. Shyamal Bodani – Executive Director, Mr. Girish Khandelwal – Chief Financial Officer, Mr. Parag Satoskar – Chief Executive Officer and Ms. Kiranpreet Gill – Company Secretary.

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

Dharmil Bodani: Thank you, Anuj. Good afternoon, everybody. It is a pleasure to welcome you all to the quarterly and annual earnings call of Oriental Aromatics Limited.

Let me begin by giving a brief annual snapshot on each of the three divisions of OAL.

The Camphor and Terpene Chemical Division. In this, the competitive landscape in the Camphor powder and Terpene chemical space in India continues to be very challenging. Currently, our supply far outstrips the demand. This excess capacity has led to tremendous pressure on pricing for products like camphor powder and other terpene chemicals.

The situation was further complicated in H1 '23-'24 when the pinene prices suddenly dropped to their all-time low due to global headwinds. This impacted the profitability further as higher cost inventory had to be sold at lower prices. We feel that this challenge in camphor powder and terpene chemicals will continue in the coming quarters. We at OAL are going to focus on profitable growth and prune our product portfolio to achieve our stated objective.

Specialty Chemicals Division. The specialty chemicals division also has seen substantial price erosion in most of the products that we sell. The severe impact of demand drops and price erosion was seen in H1 of '23-'24.

However, I am glad to inform you with cautious optimism, we have seen that demand is coming back in a regularized way and price realizations for the specialty chemicals is improving by every passing day. Reduction in basic raw materials, better demand and better price realization has ensured a healthy EBITDA restoration in quarter 3 and especially in quarter 4 for the specialty chemicals division.

Our Fragrance and Flavor Division has been the beneficiary of these price reductions across the board which includes both synthetic chemicals and naturals alike. We have seen healthy and profitable growth in terms of increased sales and improved profitability for this division in the year '23-'24. This growth has been led by way of new customer acquisitions across all geographies that we operate in globally and improved profitability. We are confident that we will continue with the same momentum in the coming quarters for this division.

I would like to therefore summarize the year that has gone by as a year where global and local headwinds created pockets of challenges and opportunities. On one hand, there were double-digit drop in sales price of our products in our Specialty Ingredients Division and Camphor Powder and Terpene Chemical Division.

And on the other end, a diversified and derisked product portfolio has enabled us to achieve group-wise annual sales which are almost identical to the previous year with a marginal drop in the annual EBITDA. We are heartened by the EBITDA revival seen in the quarter 4 numbers.

Hence, we are cautiously optimistic of the coming quarters and of achieving our target guidance EBITDA of 10% to 12%.

The internal business process re-engineering program, which is continuous for us, has started yielding the desired result. The most significant achievement of our program has been the generation of operating cash flow to the tune of 142 crores in the financial year '23-'24, which was achieved by reducing working capital, which in turn was enabled by reduced inventories and better and faster realization on sales.

We are on track with our investments in Mahad and Baroda, which are at advanced stages of commercial production.

I would now like to request Mr. Girish Khandelwal to give the financial highlights. Thank you very much. Girish, over to you.

Girish Khandelwal: Thank you very much, Dharmil. I would like to welcome you all to the conference call.

Let me first take you through our consolidated performance for the quarter. The operating revenue for the quarter was INR 217 crores, which increased by approximately 11% on a year-on-year basis.

EBITDA reported was INR 21 crores, which increased by over 100% year-on-year and around 48% quarter-on-quarter. The EBITDA margins stood at 9.65% as compared to around 4.76% in the corresponding period of the previous year.

Net profit reported was Rs. 10 crores, representing a significant increase year-on-year and quarter-on-quarter. PAT margins were reported at 4.67%.

Coming to the FY '24 performance on a consolidated basis, the operating revenue was Rs. 836 crores, which declined marginally by 1.5% on a year-on-year basis. EBITDA reported was INR 47 crores, which decreased by 13% year-on-year, with EBITDA margins at around 5.62%. And net profit was reported of Rs. 9 crores, which declined by 54% year-on-year.

During the year, finance costs increased by Rs. 7.33 crores due to the higher utilization of working capital borrowings and Rs. 2.51 crores being interest charged pertaining to the GST demand for financial year '17-'18 and '18-'19.

Finance costs include Forex loss of Rs. 0.75 crores as against Rs. 2.09 crores in the previous year.

Net debt-to-equity ratio improved as on 31 March 2024 is 0.30x, as compared to 0.34x in the previous year. This has improved despite our investment in the CAPEX.

Now, come on to the cash flow performance. During the year, cash profit stood at Rs. 28.89 crores as compared to Rs. 39.17 crores in the previous year. The net operating cash flow was Rs. 142 crores as compared to minus 22 crores in the FY '23.

Thank you. With this, we can now open the floor to 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 Ankit Gupta from Bamboo Capital. Please go ahead.

Ankit Gupta: Thanks for the opportunity and congratulations for the revival in the business we have seen in this quarter. So, my first question was on the Aroma chemicals front. Dharmil just talked about the revival that we are seeing in the Aroma chemicals segment of ours. So, how do you see FY '25 panning out for us in terms of growth in the Aroma chemicals segment given there is some improvement in outlook?

Dharmil Bodani: So, Parag, maybe you can answer this including the additional molecules which are coming with new capacities.

Parag Satoskar: So, Ankit, you know, like Dharmil said in his opening remarks that we are cautiously optimistic about the steady increase or revival of demand that we are seeing, I think that also is backed by the reduced input raw material prices. So, assuming that we have a steady state of such demand coming into future, we are pretty confident that our existing products, we should be in a position to kind of sell them to our capacity of the plants.

And we also have a lot of additional products that are getting added because of the hydrogenation products coming online and the Mahad project coming online. So, we have already started communications with our customers and getting feedback from them about pricing and samples.

So, we are pretty confident that assuming the steady state in terms of demand and supply stays in the aroma chemical space, we should be able to kind of attain capacities for all our existing products and also for the newer products and get capacity to sell.

Ankit Gupta: And how do you see the flavors and fragrance, you know, that has done well for quite some time now. How do you see the outlook for this segment?

Dharmil Bodani: So, I think the fragrance and flavor business, if you look at the Indian context, seems to be pretty robust. As we move on and as we see that, you know, there is a revival of demand, which has to happen, which is based on premiumization, which is based on better penetration and which is based on certain business environment becoming better and better going forward, we are pretty confident about the FMCG pickup happening and so the fragrance business would probably pick up back on that growth and we see good healthy growth, not only in India, but also in the other geographies because globally, there has been a very interesting increase in consumption and demand for fine fragrances in the last few quarters. So, we see that also as a growth strategy in our global fragrance business model.

Moderator: Thank you. The next question is from the line of Parth Mehta from Vallum Capital. Please go ahead.

Parth Mehta: Just wanted to get a sense of this, that our contribution from exports in the last two years has increased from 30% to 44% for this year. So, just wanted to know what is leading to this increase in the export contribution?

Parag Satoskar: So, I think the two major contributors for the increase in the export contribution is the Specialty Ingredients Division as well as the Fragrance and Flavor Division. Primarily, these are the two areas where we are seeing very healthy growth in our export business.

Parth Mehta: And just wanted to know what would be our capacity utilization across all the segments?

Parag Satoskar: So, currently, if you look at our specialty aroma ingredients base, I think most of the capacities are fully utilized. It will be our endeavor to also kind of get to at least base capacity utilization for the new projects when they start commercial production fully. Right now there is trial production and we also see that on the fragrance and flavor business, we have healthy capacity utilization.

On the Camphor Powder and Terpene Chemicals Division capacity, we are, as Dharmil mentioned in his opening remarks, we are looking at our complete product portfolio and we are going to focus on profitable growth as the strategy in that division.

Parth Mehta: So, camphor would be what percentage right now? Oh, I'm sorry, flavor and fragrance.

Parag Satoskar: Sorry?

Parth Mehta: Flavor and fragrance?

Parag Satoskar: So, flavor and fragrance depends. I mean, we have a lot of…

Dharmil Bodani: Parag, I think we have answered this in the past where we continue to maintain that the capacity since the utilization is at maximum, it still is equally divided across our business. So, camphor is not just camphor, it's camphor and other terpene chemicals. So, it's almost an equal 33% across the three verticals.

Moderator: Thank you. The next question is from the line of Pradeep Rawat from Yogya Capital. Please go ahead.

Pradeep Rawat: I have a couple of questions. First, I just wanted to know about the fixed price contracts that we have. So, do we have any fixed price contracts and what is the tenure of these contracts?

Parag Satoskar: So, ideally, in our Specialty Ingredients Division, we have certain contracts which are the global RFQs which normally have a period of around six months, after which they are renegotiated. We have relatively longer price stability that is offered in the fragrance and flavor business per se. And if you look at the camphor business, the powder camphor and the terpene chemical business, especially in India, is more based on spot selling.

Pradeep Rawat: So, what could be the revenue contribution from these fixed price contracts?

Girish Khandelwal: So, I wouldn't be able to give you the exact numbers because, you know, they just keep going up and down. But, I mean, a sizable part of the business comes from fixed contracts and we also have an equal amount of business which is done on spot with our global distributors.

Pradeep Rawat: So, my next question is regarding the new capacity that we are commissioning. So, what could be the asset turnover ratio on our CAPEX of 100 to 120 crore in the Aroma chemical plant that the new plant we have commissioned just now?

Parag Satoskar: Girish, you want to answer this question?

Girish Khandelwal: Yes, asset turnover ratio for actually Mahad is a Greenfield. So, if I compare the cost of the plant with the top line of that plant, it would be around 1.2. And from the other side of business, we are expecting around 1.5.

Pradeep Rawat: So, further Brownfield expansion would have an asset turnover of 1.5?

Girish Khandelwal: Yeah.

Moderator: Thank you. The next question is from the line of Gunit Singh from Counter PMS. Please go ahead.

Gunit Singh: When will the commercial production from these two, the new CAPEX start? And what kind of additional revenues from these are we looking at in FY '25?

Dharmil Bodani: So, we have already answered these questions in the past. I mean, currently we have trial production which is going on.

In both these facilities, right now there is trial production that's going on and so that production is being validated and tested. And we have between six to nine months where we will be completing the process of sample submissions, getting approvals, etc. So, the effective contribution of the hydrogenation facility as well as the Mahad facility would start kicking in from Q3 of financial year '24-'25. Or you can safely say that from Q1 of '25-'26 is when we will have the real contribution of these two plants in our top line.

Gunit Singh: Sir, you mentioned in your opening remarks that the fragrance and this category is doing well whereas the camphor and the specialty chemicals, they are still seeing some friction. So, looking at the current scenario, I mean, what kind of outlook do you see for FY '25 in terms of top line and bottom line? What kind of operating margins are we targeting in FY '25? And are we looking at any kind of growth over the FY '24 numbers?

Parag Satoskar: So, like we have mentioned in our opening remarks, we definitely are going to target growth based on the current existing products which we have in our Specialty Ingredients Division as well as the Fragrance Division. We will also start getting contribution in terms of the newer products as and when they are approved by our customers during this financial year itself.

So, we are pretty confident of having at least a very conservative estimate. I mean, definitely a growth in terms of the top line and as we have mentioned in our opening remarks that as the situation becomes a little more stable, in a stabilized business environment, we would love to target, we would wish to target our guidance of 10% to 12% EBITDA.

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

Kaustav Bubna: So, thank you for giving an outlay into FY '25, but I wanted to understand more about this quarter's results. You know, you see the bump up of operating margins going above 9%, and so I wanted to really understand what has led to this quarter's growth? Was it a rebound in camphor yields? Was it the specialty business? What led to this quarter's growth in operating margins? And how sustainable are these 9% EBITDA margins going into quarter 1, quarter 2 and the whole of FY '25?

Parag Satoskar: So, I think, Dharmil in opening remarks has mentioned a very interesting term which is a complete business process reengineering. So, I think also to really answer your question, there are multiple elements which have been in works over the last few quarters which have resulted in the numbers that we see in Q4. He has mentioned that we have this business process reengineering program where there were a lot of internal things that were kind of streamlined which helped us to kind of remove bottlenecks.

He mentioned that there has been a steady increase in demand. And we have seen growth in our fragrance business. So, I think all these trends in -- we are pretty confident that they would continue going forward, and it will be our endeavor to say with a cautious optimism that the numbers that we have achieved in Q4 are sustainable.

Dharmil Bodani: And just to add to what Parag said, there is not a single product that we could point this out to you, I mean, for you. It is across the three verticals. Even when we say that our camphor and terpene chemicals, the pricing is under stress, we continue to focus on growth only with profitable growth in mind. So, I would say that across all our verticals, we are seeing products contributing in a profitable manner to the growth of the business.

Kaustav Bubna: So, you know, last Con Call, you had mentioned we had this discussion about camphor yields and about how camphor yields are at historic, close to historic lows, if not at historic lows. So, wanted to understand if you are doing 9% to 10% margins, operating margins while camphor yields are historic lows, is it fair to assume that, like, how are you doing 10% to 12%, 10% EBITDA margins when camphor yields are at historic lows? And then if camphor yields do recover, firstly wanted to understand when do you think these will recover? And if they do recover, what type of margins can we see?

Dharmil Bodani: So, I have no answer to the first part because the supply currently clearly exceeds demand. And secondly, I think it is the contribution from our specialty bulk and from our fragrance and flavor division that with such a diversified product makes us confident that as long as the camphor, the terpene business stays in the cruise control mode it is today, the other divisions will continue to see this performance.

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

Dhwanil Desai: So, my first question is in our current product mix of one-third each from all three segments, since now you are looking at your product basket, I think, in Camphor and Terpene side plus the new CAPEX is coming in, so how should we look at it, that product mix, you know, given the way competitive intensity has increased in the Camphor and Terpene side in next two or three years? Are you recalibrating your plans in terms of new CAPEX? If you can talk a bit about that?

Parag Satoskar: So, I think, Dhwanil, we will continue to be one-third, one-third, one-third, minor sub-aberrations happening in a few quarters, depending on one of the division having a little bit more or a little bit less, but we are pretty confident that in the few quarters from now, we should stay in the same configuration. And like Dharmil said that although it's challenging in terms of the camphor powder or the terpene chemicals business, but it continues to contribute and it continues to grow.

So, I mean, just to give you a perspective, our production as well as our sales for camphor powder and terpene chemicals compared to say pre-COVID, they have all grown substantially. So, you know, all the products continue to grow. All the products continue to contract.

Dhwanil Desai: So, even in this oversupply situation, you think that in a few quarters we will be able to reach margin levels which are in line with our expectation at company and our overall business level? Is that what you are saying?

Parag Satoskar: At a group level, yes. We feel that in the camphor powder and the terpene chemical space, it will still be challenging from a margin perspective for quarters to come because of the evident supply and demand gap.

Dhwanil Desai: And also, if I look at our margin improvement, I think on a gross margin level, actually we are almost similar or slightly better than historically what we have been doing around 34%, 35% kind of a margin. So, in terms of gross margin, we have recovered to, let's say, pre-COVID numbers. But at the EBITDA level, I think we are still 400-500 basis points below that. So, can you help us understand why is this difference and whether over time will it get bridged or not?

Parag Satoskar: So, I think the gross margin achievement was primarily driven by a lot of business process re-engineering and so the material consumption etc are all kind of adding up to that contribution. I think when it comes to the EBITDA performance, I think you also have some external factors which includes the global and the local headwinds and that is where I think we are cautiously optimistic going forward and as we see demand revival, as we see some stabilization in our sales price, we think that we will also have EBITDA revival.

Moderator: Thank you. The next question is from the line of Abhishek Gedam from Alpha Invesco. Please go ahead.

Abhishek Gedam: My question was, basically we are seeing that the pine-based raw materials, the prices, there has been supply shortage and spot prices have been going down from China and Latin America. So, how do we see that playing out into our division?

Parag Satoskar: Abhishek, can you just repeat the question if you don't mind?

Dharmil Bodani: I think also we need to know that pine is not only used by us for the...

Parag Satoskar: Correct, that's why I just wanted to, I mean whether the reference is to only pine or whether the reference is pine and camphor.

Abhishek Gedam: Even for camphor, what can be the implications?

Parag Satoskar: So, I think the pinene prices, I mean, just if I have understood your question correctly Abhishek, I think the pinene prices went to a very strong trough of historical lows in the middle of last calendar driven by global headwinds. I think the pinene prices have already started recovering and they have already started increasing.

And like Dharmil said that the pinene's contribution in the finished good arena is, yes, significantly linked to camphor and other terpene chemicals, but it is used for a lot of other purposes as well. So, we are seeing that the pinene prices have already started going up and because of the demand-supply gap, I think the camphor prices are unable to kind of follow that increasing trend. That's the challenge.

Abhishek Gedam: So, there might be some margin compression because of this for next few quarters?

Parag Satoskar: Yes, driven by demand-supply and the raw material prices.

Abhishek Gedam: So, markets are not taking the price as such because of the supply of the goods?

Parag Satoskar: Yes.

Abhishek Gedam: So, we are not having any issues for sourcing the raw materials because of Red Sea crisis or nothing like that?

Parag Satoskar: Not something which is significantly impacting or would have impact at margins or EBITDA levels. We definitely are facing some issues. I mean, everybody is facing those issues, but I think as a company, we have recalibrated our supply chain strategy and we are putting some buffer in terms of additional storages at our sites or in the supply chain to come over the Red Sea problem.

Abhishek Gedam: So, earlier like what I recollect, earlier we relied on global supply chain and on China for sourcing this raw materials, but I think we have started to source significance from domestic also, right? So, should not affect us a lot.

Parag Satoskar: I think if you are talking specifically of pinene, I think that's still globally sourced. And in fact, specifically in this case, I think the Red Sea problem is definitely not impacting shipments from China except the shortage of containers, but the Chinese material is still finding its way into the South East Asian markets. I think the challenging part is to get European and American and Latin American material into it.

Moderator: Thank you. The next question is from the line of Pradeep Rawat from Yogya Capital. Please go ahead.

Pradeep Rawat: I have a follow-up question on asset turns. So, what is our asset turn on our existing capacity of Aroma chemical?

Girish Khandelwal: Asset turn on the existing capacity, because see it will, the answer will not be justifiable because we have the old plant also actually.

Pradeep Rawat: Yeah, on the gross block.

Girish Khandelwal: Yeah, so the new capacity in the last five year which we did, we are getting asset turn of around 1.5.

Pradeep Rawat: On gross block?

Girish Khandelwal: On gross block, yeah.

Pradeep Rawat: Is the Aroma Chemical and Camphor plants are interoperable? Like, can we produce Camphor from Aroma Chemical plant or Aroma Chemical from Camphor plant?

Parag Satoskar: So, I think, not exactly in the easy way that you just spoke, but I think most of the chemical plants, after certain modifications, are capable of doing multiple products but can't be said so specifically about camphor interchangeability with other products.

Moderator: Thank you. The next question is from the line of Saket Saurav, an individual investor. Please go ahead.

Saket Saurav: So, just to be clear that, you know, our two CAPEX have been commissioned, but I think they are likely to have a low utilization. So, what is the volume growth that we are anticipating for upcoming financial year?

Parag Satoskar: So, the two plants that are going to be commissioned, I am sure they would not be running at extremely low capacity. Based on the feedback that we have received from our customers, we are pretty buoyant about capacity utilization hitting anywhere between 60% to 80% in the first year of operations. Having said that, it also depends on a lot of external factors, but I think we are seeing a pretty healthy growth in demand for our current products as well, where we have certain scope for growth.

Saket Saurav: So, Parag, if I got the numbers, I think based on the asset turns that was shared with some, I believe, based on these two CAPEX, we could look at around 200 crores of top line, right? And on top of that, if you are looking at, say, 60 odd percent utilization of these plants for FY '25, so are we expecting, say, 100, 120 crores kind of top line from these newly commissioned units for next financial year, or this financial year, rather, '25?

Dharmil Bodani: Parag, if I can take that. So, the mathematics definitely suggests that, and we will stay cautiously optimistic to achieve this.

Saket Saurav: I appreciate that. Now, another question would be that, so, camphor, we are EBITDA positive, or how is it right now standing out?

Dharmil Bodani: Yes, it is EBITDA positive.

Moderator: Thank you. The next question is from the line of Ankur Kumar from Alpha Capital. Please go ahead.

Ankur Kumar: Sir, while you have talked about EBITDA, I wanted to understand the interest and depreciation. We see last couple of quarters, interest costs have been varying a little bit. Can you comment on the next year, what kind of interest and depreciation we can expect?

Girish Khandelwal: So, interest cost for the next financial year, we are expecting around 17 to 18 crore, and depreciation, we can assume around, for the current side, means for the standalone side, will be around 21 crore, 22 crores, and for the consolidated side, it will go up with the new CAPEX, say 4 to 5 crore more.

Ankur Kumar: And sir, on this new capacity, will it be like breakeven in the next year itself, or like it will take FY '26 for us to breakeven on that side?

Dharmil Bodani: So, Ankur, with what has gone in the past few quarters, like I said, we are definitely cautiously optimistic, I think, in terms of the numbers and we would like to first perform and then give you some concrete idea about the breakeven points.

Ankur Kumar: And sir, last question on the, as in you said gross margins have recovered while EBITDA is still to recover. So, can we expect like we go back to our 15% EBITDA margins, if not in FY '25, then in FY '26 at least?

Parag Satoskar: So, in his opening remarks Dharmil has given a guidance of between 10 to 12, which is what we would like to first strike first, and we will probably take it from there. Fingers crossed.

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

Kaustav Bubna: Just if you could speak a little bit more about, I know we spoke about it last time, but just to update us what's the overcapacity situation on the camphor side of the business, how much capacities are coming up, and when do you think this problem, this overcapacity situation will be resolved?

Parag Satoskar: So, I think to answer your question, A, the capacity has already come, and we have addressed this in the last call. B, I have also clearly mentioned that the camphor we sell is EBITDA positive for Oriental Aromatics. We won't comment on the exact numbers because we don't know and whatever we know, we have already mentioned in the last call.

Kaustav Bubna: So, you are saying most of the capacities have already come online and you don't expect major new CAPEX, I mean, alarming new CAPEX. Is that what you are saying?

Dharmil Bodani: We hope not. But there is already a supply-demand gap.

Parag Satoskar: I think just to add to what Dharmil just said, you also have a third element where there is a lot of camphor that's produced in China which also will have a tendency to kind of find its home in India. So, there are multiple capacity additions that have happened in India as well as globally.

Kaustav Bubna: Is a weak China demand environment also impacting prices more because they are dumping into other parts of the world? Is that also a correct assumption?

Dharmil Bodani: Yes.

Moderator: Thank you. Ladies and gentlemen, as that was the last question for today, I now hand the conference over to Mr. Dharmil Bodani from Oriental Aromatics Limited for closing remarks. Over to you, sir.

Dharmil Bodani: Thank you 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, we would be happy to address the same. We are very thankful to all our investors who continue to stand by us and also have shown confidence in the company's future growth plans. And with this, I wish everyone a great 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. Thank you.