Oriental Aromatics Limited: Q1-FY27 Earnings Concall Highlights

Oriental Aromatics Limited (Consolidated)					
INR In Mn	Q1-FY27	Q1-FY26	Y-o-Y	Q4-FY26	Q-o-Q
Operational Income	2,598	2,255	15.2%	2,824	-8.0%
EBITDA	198	181	9.6%	195	1.8%
EBITDA M (%)	7.62%	8.01%	-39 bps	6.89%	73 bps
PAT	25	5	NA	40	-36.9%
PAT M (%)	0.97%	0.22%	75 bps	1.41%	-44 bps
Diluted EPS	0.75	0.15	NA	1.18	-36.4%

Operational Highlights

- We delivered a 22% year-on-year increase in total sales volume, while production volumes grew by 18% year-on-year, reflecting healthy manufacturing utilization and improved operational execution.
- On a sequential basis, our product volumes remained broadly stable, with minor movement attributed to changes in product mix and normal seasonal patterns across our three businesses.
- Our Fragrance and Flavors division at Ambarnath saw production and sales volumes marginally lower year-on-year, which we attributed to seasonality rather than any underlying change in business direction.
- Our Specialty Aroma Ingredients business delivered healthy year-on-year growth in both production and sales volumes, though the global market remains highly competitive due to capacity additions across Asia pressuring selling prices.
- The industry for Aroma Ingredients continues to operate as a buyer's market, with customers expecting competitive pricing alongside high quality, innovation, and security of supply.
- Our response to pricing pressure has focused on process re-engineering, yield improvement, energy optimization, internalization of intermediates, and greater utilization of our multi-chemistry manufacturing platforms.
- We remain selective about the business we pursue, prioritizing market share protection and customer relationships while maintaining an appropriate contribution margin.
- Our Camphor and Terpene Chemicals division recorded strong year-on-year volume growth, supported by seasonal inventory build-up ahead of the festive demand period in Q2 and Q3.
- The domestic Camphor market continues to face structural overcapacity due to significant manufacturing capacity additions across the industry in recent years.
- Our competitive focus in Camphor remains on consistent quality, regulatory compliance, pharmaceutical-grade Camphor, strategic B2B relationships, and our Saraswati and 3 Pine consumer brands.
- Our Mahad facility continues to progress through its commercialization and customer qualification phase, with customer feedback described as encouraging and commercial shipments progressing.

Key Questions & Answers

Q **What is the current capacity utilization for the overall business and the Mahad plant, and what is your revenue growth goal?**

A The Mahad plant is at 50% to 60% utilization, while other facilities, except for the hydrogenation unit, are operating at 85% to 90%. We have significant room to increase production in our fragrance compounding facility. Our near-term goal is 10% to 15% sales growth over the next year.

Q **How are you managing raw material price pressure and the pass-through process with your customers?**

A We are very watchful as the situation remains fluid due to geopolitical impacts on availability and pricing. Where possible, we have successfully passed through cost increases. In ingredients and Camphor, we utilize a step-up pass-through process to mitigate raw material hikes and foreign exchange impacts.

Q **Is there any update regarding the potential ban on Camphor imports?**

A There have been no further developments or progress on that subject during this quarter.

Q **How do you split your business segments in terms of revenue contribution?**

A Our three categories—Fragrances, Specialty Aroma Ingredients, and Camphor and Terpene Chemicalseach contribute roughly one-third to our total sales.

Q **What is the reason behind the significant increase in Indian Camphor prices?**

A There has been a substantial double-digit increase in the sale price of Indian Camphor. The primary driver is the cost of Alpha-Pinene, which has risen by 70% to 80% over the last five months and remains at high price points.

Q **Why has the Mahad facility only contributed approximately Rs. 3 crores to the top line?**

A Mahad is in a long-term commercialization cycle involving producing, inventorizing, and seeking approvals. We also faced a challenge in accessing a specific petroleum-derived raw material, leading to an inventory build-up that we are confident we will sell in the near future.

Q **Can Camphor manufacturers form a common strategy to address the current demand-supply imbalance?**

A That is wishful thinking. The current capacity expansion is not linked to the finished product CAGR, and it is very challenging for players to align on a common strategy when everyone is competing for a market that is not growing.

Q **How should we think about your growth over the next five years given your recent CAPEX cycle?**

A Our Fragrance division benefits significantly from our backward integration. Our Aroma Ingredients investments provide depth and competitive strategic positioning. We do not need further major CAPEX to drive this; we need the ability to create and sell at the right price.

Q **What is the expected effective tax rate for FY27 and FY28?**

A We are expecting an effective tax rate of around 25% for the full year.

Q **How did you manage the volatility in raw material prices resulting from the West Asia crisis?**

A We relied on a combination of vigilant communication with our suppliers and leveraging our long-term relationships. Our dedicated team tracks raw material portfolios across all divisions to take strategic decisions on when to buy long or short to minimize the impact of volatility.

Key Participants

- *Rohit Sinha - Sunidhi Securities*
- *Anisha Dalal - Universal Capital*
- *Maitri Shah - Sapphire Capital*
- *Moksh Ranka - Aurum Capital*

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