November 11, 2024

To,

Listing Compliance Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400001
BSE Scrip Code: 544029

Listing & Compliance Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No. C/1, "G" Block
Bandra-Kurla Complex
Bandra (E), Mumbai – 400 051
Symbol: GANDHAR

<u>Subject: Transcript of earnings call</u>

Dear Sir(s)/Madam(s),

In furtherance to our letter dated November 08, 2024 regarding the audio recording of the investor's earnings call for the quarter and half year ended September 30, 2024 (Q2&6M FY2025), please find enclosed herewith the transcript of the said call.

The said transcript is also available on the Company's website i.e. www.gandharoil.com

This is for your information and records.

Thanking you.

Yours faithfully,

For **Gandhar Oil Refinery (India) Ltd**

JAYSHREE DEEPAK SONI
Digitally signed by JAYSHREE DEEPAK SONI
Date: 2024.11.11 17:56:39 +05'30'

Jayshree Soni
Company Secretary & Compliance officer
Mem. No.: FCS 6528

Encl: as above

“Gandhar Oil Refinery India Limited

Q2 and H1 FY'25 Earnings Conference Call”

November 07, 2024

MANAGEMENT:	**MR. ASLESH PAREKH – JOINT MANAGING DIRECTOR - GANDHAR OIL REFINERY INDIA LIMITED** **MR. INDRAJIT BHATTACHARYYA – CHIEF FINANCIAL OFFICER – GANDHAR OIL REFINERY INDIA LIMITED**
MODERATOR:	**MR. SIDDHESH DHARMADHIKARI – ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the Q2 and H1 FY '25 Earnings Conference Call of Gandhar Oil Refinery India Limited. 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 star then zero on your touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Siddhesh Dharmadhikari from Orient Capital. Thank you and over to you, Mr. Siddhesh.

Siddhesh Dharmadhikari: Thank you. Good afternoon, ladies and gentlemen. I welcome you to the Q2 and H1 FY '25 Earnings Conference Call of Gandhar Oil Refinery India Limited.

To discuss the Q2 and H1 FY '25 business performance, we have from the management, Mr. Aslesh Parekh, Joint Managing Director, and Mr. Indrajit Bhattacharyya, CFO. Before we proceed with this call, I would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve risk and uncertainty. For more details, kindly refer to the investor presentation and other filings that can be found on the company's website at stock exchanges.

Without further ado, I would like to hand over the call to the management for the opening comments and then we will open the floor for Q&A. Thank you and over to you, sir.

Aslesh Parekh: Thank you, Siddhesh. Good afternoon, everyone who is present on this conference call. I am Aslesh Parekh, Joint Managing Director of Gandhar Oil Refinery India Limited. I am joined by my CFO, Mr. Indrajit Bhattacharyya. We appreciate your time and interest as we review our financial performance for the second quarter and second half year of FY'25. Today, I will provide an overview of our business performance amidst a dynamic economic landscape.

During the second quarter of FY'25, Gandhar recorded a revenue of INR9,351 million in this quarter. For the half-year ending FY'25, our revenue reached INR19,229 million, demonstrating a steady performance despite broader economic challenges. Our international markets have shown strong and consistent demand, with overseas sales accounting for around 40% of the total sales in Q2 FY'25 and half-year ended FY'25. Our strong presence in international sales and international markets highlights our expanding global footprint and ongoing efforts in market diversification.

At Gandhar Oil, we remain committed to expanding our presence in the White Oil sector, especially within the Personal Care, Healthcare and Performance Oil segments. Our long-term strategy includes diversifying our product portfolio, expanding new markets and enhancing our customer engagement with collectively positioning us for sustainable growth. Although we have encountered short-term challenges such as shipment delays impacting our margins, we view this obstacle as very temporary and expect a gradual improvement in the quarters to come.

While manufacturing volume at a consolidated basis remained stable compared to the previous quarter, our standalone manufacturing volume had increased to 99,172 KL. Our top line – the prime reduction of our top line was due to a reduction in our average selling pricing. The key drivers of this trend include a decrease in crude oil pricing, softer demand in FMCG and pharma businesses over the past two quarters, and also an increase in freight rates because of the issues in the Red Sea and the Israel war.

Our working capital days remained fairly stable this quarter, a slight increase in debtors and inventory days were offset by a rise in creditor day. Additionally, our current ratio remains very healthy and our debt-to-equity ratio is negligible, reflecting minimal debt at a standalone level. We maintain a strong fixed asset turnover ratio of 13 times, which demonstrates our efficient utilization of resources.

In closing, Gandhar oil remains committed to delivering value to our shareholders, customers and stakeholders. We are very confident that our focus on innovation, diversification and operational excellence will continue to drive our growth in the years to come. Thank you for your continued trust and support in Gandhar Oil Refinery.

With that, I hand over my call to Mr. Inderjit Bhattacharya, who is the CFO, who will take you through the financials in detail. Thank you once again. Over to you Mr.Indrajit.

Indrajit Bhattacharyya: Thank you Aslesh bhai and everyone who has joined us on this call. I shall now take you through the financial performance of Gandhar Oil Refinery for the second quarter and the half-year of FY2024-25. In Q2, FY'25, our consolidated revenue stood at INR9,351 million compared to INR9,948 million in the previous quarter. For the half-year ending on FY'25, consolidated revenues were INR19,299 million compared with INR20,714 million in H1 FY2024. Our overseas sales, as mentioned by Aslesh Bhai, is around Rs.INR7,742 million, which comprises around 40% of total sales, reflecting our continued international presence.

On a consolidated basis, EBITDA for Q2 FY'25 stood at INR402 million compared with INR603 million in the prior quarter. For the half-year ended, EBITDA totalled at INR105 million. Consolidated profit after tax for Q2 was INR181 million compared with INR326 million in the previous quarter, with a half-year profit after tax of INR508 million.

Turning to key operational matrices, net working capital, they remain the same. There is a slight change within the net working capital days and our current ratio remains healthy with a negligible debt-to-equity ratio as there is virtually no debt at the standalone level. There is a slight reduction in the ROCE due to decline in EBITDA, which was affected by lower gross margins on both quarterly and yearly basis. Return on equity also decreased, reflecting a reduction in net income.

Nonetheless, we maintained a healthy fixed asset turnover ratio of 13 times. Thank you for all your attention. This concludes my summary and with that, we will open the floor for any questions that you may have.

Moderator: The first question is from the line of Narendra from RoboCapital. Please go ahead.

Narendra: Thanks for the opportunity. So, first question is regarding your gross margins per kilolitre, so what caused the drop in the margins from about 10,000-11,000 leverage to the current rate is 8,500 and when do we expect these to improve to the real levels?

Aslesh Parekh: You want to ask a couple of questions, right? So, if you can give all your questions together so we can.

Narendra: Yes, So, my next question is regarding our UAE plant right Texol? So, what is the utilization level? I believe we were aiming to bring it to 70-80 kind of a range this year or maybe next year. So, that is my question. Where are we at? And also, on the same level, why has it been the way it is? We have started that plant in 2019. So, what has caused the delay in ramping up of the production despite Gandhar being a 10% kind of a share player in the international market?

Indrajit Bhattacharyya: So, your first question is on the gross margin. Yes, the gross margins have reduced because of the effect of a few headwinds. First of all is the price of crude which has dropped substantially during this quarter. Second is even the FMCG sector which consumes more or less 50% of for 47%-48% of our total turnover was not performing too well. So, there has been a reduction in the pricing on that account.

Third, on the export front, we have taken a bit of hit because of the increase in the freight rates caused by the Red Sea issue. Freight rates have gone up substantially. This has also impacted freight rates on the import front also. So, these are the main reasons why the gross margin has decreased.

On the Texol capacity utilization, currently the Indian plants are practically close to 100%. The Texol plant is currently doing around 70%-75% capacity utilization. And like we said in the earlier listing, by this year-end, it is expected to reach about 80%-85%.And by next year, we should be around 100%.

Narendra: So sir just a follow-up. So do we see the gross margins going up anytime soon? And also on the Texol plant, so if we aim to reach 100% kind of a utilization, can we expect 500,000 or 550,000 kind of volumes by year-end?

Aslesh Parekh: See, first of all, coming back to your question on the gross margin, we anticipate gross margin will definitely be recovering. We had faced headwind as informed by the CFO in terms of increased freight costs, increased Red Sea issues, and overall large demand in FMCG businesses, which is our core sector. So, we are anticipating a good recovery from the coming quarter onwards. So, we anticipate gross margins to be at the levels which were in the previous phase, to be coming soon for the company.

Coming to your second question on capacity utilization for Texol, although we have been 70% utilized as of this year, we anticipate the volume -- current volume is approximately around --

so, the total installed capacity is around 235,000 kiloliters in UAE. And annualized, if we do it, we anticipate around 87,000 kiloliters for this year.

Indrajit Bhattacharyya: So, what Aslesh Bhai meant is we expect around 2,05,000 kiloliters this year, and the rest of the amount will be picked up by next year.

Narendra: Correct. So, I was asking you on the console level, I believe we could easily do 500,000 to 550,000 kiloliters.

Indrajit Bhattacharyya: So, on year-end, we expect to do around 4,90,000 to 500,000 kiloliters.

Narendra: This year. Okay. And next year onwards, we should be utilizing the whole capacity.

Aslesh Parekh: Access of 5,000. Yes. Yes.

Narendra: Okay. Thank you and all the best.

Aslesh Parekh: Thank you so much.

Moderator: The next question is from the line of Dakshay from PwC. Please go ahead.

Dakshay: Thank you for the opportunity. I have a couple of questions. The first one will be related to the US FDA observation found in the Taloja plant. So, I believe there were two observations found in form 483, right? I just want to know what is the status of it and how critical are those observations on the day-to-day operation of the business? This will be my first question.

The second one, I want to understand. So, I think I've gone to the PPT and we are already holding 26% market share in India and around 9% globally. I just want to know what is the market size over here we are talking about.

So, I'm more interested in are we a small fish in a big pond or are we already a large fish in a small pond? So, I just want to know the overall market scenario, the overall market size in which we are playing. So, this will be my couple of questions.

Aslesh Parekh: Fair enough. Coming to your first question regarding the US FDA, yes, we received two observations which were minor in nature and there is no monetary impact on this observation to answer your question.

Second thing, you know the form 483, we have to reply within three weeks. The reply to the US FDA authorities has already been filed and we are awaiting further feedback from the authorities there. So, there is no substantial impact and the sales to the US are still continuing as the way it was. I hope that answers your first question.

And coming back to your second question regarding the capacity, the market, I'll just share you the details. I'll just come back to you if you can, come back. Can we just take this question after the other questions, please? We'll just open the market share slide and get back to you.

Dakshay: Okay. And also, I just want to follow on, what is the status of Silvassa capex going on? So, I can see a WIP standing in the balance sheet right now. So, I think 18,000, you know.

Indrajit Bhattacharyya: No, Taloja capex has been completely done with, okay. We have enhanced capacity by 1 lakh KL and that is done. The other WIP that you see in the balance sheet is minor maintenance and regular WIP, capex to that extent. So, Taloja capex is complete.

Dakshay: So, currently, the max capacity will be around 5,97,000, right? So, no more than that. So, this will be a max capacity as of now.

Indrajit Bhattacharyya: Right.

Dakshay: Okay. So, that is it so much. I could just appreciate if you could come back on the market size.

Indrajit Bhattacharyya: Yes, Yes. We'll get back on the market size.

Dakshay: Thank you.

Moderator: The next question is from the line of Anoushka Roy from Trade Brains. Please go ahead.

Anoushka Roy: Hello, sir. Thank you for the opportunity. So, I would just want to follow up on the opening remarks. You had mentioned that you would want to diversify your products and expand into various markets. So, I think at the beginning of the quarter two, the Texol, a subsidiary of yours got an order from Abu Dhabi National Oil Company. So, are we expecting any such kind of expansion going forward, let's say in H2 of FY'25 or FY'26?

Aslesh Parekh: See, obviously, the orders from existing customers are very much on ongoing basis. Yes, we do get, some certain exclusive orders, like the one we got in ADNOClast year. Similarly, we got a similar order from other customers also throughout this year.

As the financial markets worldwide get closer in December, so, maybe new orders, whatever will be expected only, will be in quarter one. We are almost in the end of financial year, for the majority of our overseas customers. So, maybe, we may have some feedback on such substantial orders only by early next year.

Anoushka Roy: All right. Okay. Thank you. That will be all for my side.

Moderator: The next question is from the line of Bhavesh Patel from Patel Investments. Please go ahead.

Bhavesh Patel: Thanks for the opportunity. And my question is regarding the US FDA observations. I heard that it's under the filing and we are going to close it. But will that open a new market as well as our ability to sell new products?

And the second question is about the utilization of IPO funds for the capex and when would we expect that contribution to top line as well as bottom line?

Aslesh Parekh: Yes, it's a very good question, especially the first one. Yes, with US FDA audit and the approval almost in place now, we anticipate, our share of exports for this specific products to the US will definitely be going up in the coming year. We are quite optimistic and very hopeful about it. So, we will definitely see, improvement to the exports to the US going up in the coming few years. Coming back to your second question on IPO utilization of Mr. Indrajit will give feedback.

Indrajit Bhattacharyya: So, the IPO utilization of funds is practically complete except for the capex being done at Silvassa. There is about INR10-INR12 crores of funds still lying over there because this project is expected to get completed by next year. So, that is the thing. Otherwise, all and a bit of GCP and a bit of those IPO expenses are yet to be reimbursed. That's it.

Bhavesh Patel: Okay, that's great to know. And I'm hoping that the H2 will be much better than H1. And in fact, you will be able to increase the dividend also steadily.

Aslesh Parekh: Yes, Mr. Patel, thank you for your...

Indrajit Bhattacharyya: We are also hoping on the same line, sir.

Bhavesh Patel: Absolutely. So, thank you, Ashlesh bhai as well as Indrajit. Best wishes.

Indrajit Bhattacharyya: The gentleman from PwC, can we just answer your question right now on the market size?

Moderator: Sure, sir. We have them on the call.

Indrajit Bhattacharyya: The global speciality oil market is US dollars 125 billion. The Indian speciality oil market is US dollars 7 billion. And out of this, the white oil, global white oil market is 3.3 billion. And Indian white oil market is US dollars 0.43 billion.

Aslesh Parekh: And also coming back to your question, whether we are a small fish in a big pond or a big fish in a small pond. See, the idea is this is more of an oligopolistic market. It's like a big boy's club. The big gets bigger. So, if you see our revenue also, it has increased substantially over the past four to five financial years. So, that is how the business has been. With bigger volumes comes bigger volume discounts from our suppliers, we have better bargaining power from our suppliers as well.

Moderator: Mr. Dakshay, your line has been unmuted.

Dakshay: Thank you so much for the response. Can I fairly assume that the price that my realization and my margins will be directly depending on the prices of the crude oil? So, if the crude oil goes up, my margins will go up and vice versa?

Aslesh Parekh: No, no, I don't think it is an absolute 100% correlation. What Mr. Indrajit, intend to tell you was because of the shipment delays, because of the Red Sea movements, because of this Israel-Iran ongoing tussle going on, there were some delays, some shipment which got delayed because of this. And the product arrived a little bit later than expected.

That is why there was a little bit reduction in the margins specifically in this quarter. So, there is a time lag from moment of crude oil price to finished product pricing. And we do have some contracts with some of our customers where the pricing is on a price pass-through basis contract as well. So, it is not a safe assumption to be direct correlation of crude oil pricing.

Indrajit Bhattacharyya: Yes, there is no one-to-one correspondence.

Dakshay: Okay. And also, I understand that in the last concall, you had mentioned that we have entered into a pass-on contract with the customer. So, any increase in the freight cost and delay and everything would be passed on to the customer.

Aslesh Parekh: Yes, it is a price pass-through contract. So, the freight price, the raw material pricing are being passed on to the customers as and when the situation arises.

Dakshay: But still, our margins were impacted in this quarter.

Aslesh Parekh: Yes. So, with the price pass, see, there are, as I informed earlier during the presentation, I think around 25% to 30% of our business is on price pass-through contract. And balance, you know, these are spot contracts which are priced every 15 days.

Now, as I informed to you, because of the delayed shipment some shipments arrived little bit later than expected, so that specific sales we could not materialize the sale at that selling price. We have to work as for the market. So, that is why the realization had reduced.

Dakshay: I understand. Thank you so much for your answers. Wish you good luck.

Indrajit Bhattacharyya: Thank you.

Moderator: The next question is from the line of Mohammad Farooq from Pearl Capital. Please go ahead.

Mohammad Farooq: Good evening. Thank you for the opportunity. In your previous forecast, you mentioned an annual sales growth to be 10% to 15%, and the goal to increase capacity and utilization both in Sharjah and the Taloja plants.

Could you please, provide an update on where we currently stand in relation to these targets and share any guidance for the remainder of India?

Aslesh Parekh: So, capacity utilization, I tell Mr. Bhattacharyya to give you a brief rundown on the capacity utilization once again.

Indrajit Bhattacharyya: So, the capacity utilization of the Indian plants are practically at the 90%-95% levels. The capacity utilization of the Sharjah plant is at 70%. We expect it to reach 80%-85% by this year-end and next year we expect it to reach close to 90%-95%. So, this is the capacity utilization part of it.

Mohammad Farooq: Okay. So, what about the growth targets, 10% to 15% annually?

Indrajit Bhattacharyya: So, we are looking at volume growth between 10% to 12% definitely and we've been achieving that also till now. So, we are confident of achieving a 10% to 12% volume growth.

Mohammad Farooq: So, this year you are not going to achieve that from this year, current year, full year?

Aslesh Parekh: We are on course of achieving our volume growth with the volume has increased and normally historically if you see our second half is always better than the first half. So, we are quite hopeful that we will be in a position to cover up the momentum which has been impended because of the global situation.

Mohammad Farooq: Okay. So, now you have given a couple of reasons for the drop in the operating profit margin for this quarter Q2, like ship line delay or drop in oil prices, Yes. So, do you think that these drop in margin will be offset in the Q3, that you will get benefited in Q3 because the delay in shipment or prices drop in oil price, those things will be reversed in Q3?

Aslesh Parekh: It will be difficult for me to give you a forward-looking number or a forward-looking statement in terms of whether the margins will increase or decrease. But yes, with the things in better control, we anticipate and we are very hopeful that we will be in a position to achieve better than what we have achieved in Q2.

Mohammad Farooq: So, finally, what would be your projected EPS for Q3, please?

Indrajit Bhattacharyya: Projected what?

Aslesh Parekh:: EPS?

Mohammad Farooq: Yes.

Aslesh Parekh:: For Q3?

Mohammad Farooq: Yes, projected?

Indrajit Bhattacharyya: No, so, it will be better than the present quarter, okay. So, you are talking about projected net profit, and I couldn't hear your question.

Mohammad Farooq: No, earning per share. Now, you are …

Aslesh Parekh: Earning per share.

Indrajit Bhattacharyya: Yes, it's a bit too narrower question to answer as to what will be the EPS. So, it will be better than definitely what it is this quarter.

Mohammad Farooq: Okay, okay. But full year, compared to like the last year, it is 16.7 EPS. Last year, full year was INR16 rupees 27 paisa. What would be your full year EPS?

Aslesh Parekh: Speak up a bit louder.

Mohammad Farooq: Yes, last year, full year EPS was 16.27. So, what would be your projected EPS for current year?

Aslesh Parekh: It's difficult for us to predict the future forecasting. But we are at company, we are trying our level best to improve our margins, to improve our profitability and thereby improve our EPS, and give valued benefit to our shareholders and stakeholders.

Mohammad Farooq: No, I don't need the exact number. I just want to say whether it would be same as last year, at least, or more better than last year EPS.

Aslesh Parekh: Sir, normally, we don't give such guidance. But definitely, as I informed you earlier, it will be, we are definitely working harder to achieve, to have a better quarter for the coming two quarters. And as informed earlier, our second half is always better than the first half. So, we anticipate things will be in a better position for the coming quarters.

Mohammad Farooq: Okay, thank you.

Aslesh Parekh: Thank you so much. Bye.

Moderator: The next question is from the line of Sahil Vora from M&S Associates. Please go ahead.

Sahil Vora: Hi, good afternoon. I just had one question. So, given the impact of the Red Sea crisis and challenges in the FMCG sector on our margins, along with the measures that we have already taken, such as adjusting contracts to cover rising input costs, and shifting freight costs to FOB, what are the key risk areas should we consider? And how are these adjustments currently affecting our overall revenue and margin?

Indrajit Bhattacharyya: So, see, things are looking up. I mean, just off the record, yesterday, I read somewhere that with the, with the victory of Mr. Trump as the President of USA, the Red Sea issue should come to a standstill very shortly. It should not be there.

I mean, these things are for the future to tell. But there is very high hope that the Red Sea issue should get settled very shortly. So, in that case, our exports are expected to pick up and come back to the previous year's levels. And the margins will also improve on that account. On the FMCG, things are looking up. We've had a good, good monsoon. Rural demand is picking up. We expect margins to also come back. The gross margins and EBITDA per KL also to improve on that account.

Sahil Vora: Understood. Thank you, sir, for the detailed response. I'll join back with you if I have further questions. Thank you.

Moderator: The next question is from the line of Darshil Shah from TBC Capital. Please go ahead.

Darshil Shah: My first question would be, could you share the blended volume growth and the PHPO volume growth for this quarter?

Indrajit Bhattacharyya: Yes. You can ask your next question till then.

Darshil Shah: I'm sorry?

Indrajit Bhattacharyya: You can ask your next question while we dig out this figure.

Darshil Shah: Okay, sure. My next question is, while I understand the revenue has seen only a marginal decrease, could you also help to clarify the factors that contributed to the significant drop in profit after tax on quarter-on-quarter basis?

Indrajit Bhattacharyya: Yes. So, the main reason for that is the decrease in the gross margins. See, when my gross margin decreases, it has an impact on EBITDA and PAT both. See, your fixed costs remain fixed to a certain extent. Beyond that, you can't reduce your fixed costs. Although there's hardly any borrowing in the company, the interest cost is reduced, but the administrative costs, the fixed costs will carry on at the same level. So, a decrease in the gross margins will lead to a decrease in EBITDA and the PAT.

Aslesh Parekh: Yes. Coming back to your first question, you know, the PHPO volume has been 57,651 kilolitres in Q1 of 2024-2025, and in Q2, it has been 58,464 kiloliters.

Darshil Shah: Okay. Thank you so much.

Moderator: The next question is from the line of Yash Dantewadia from Dante Equity. Please go ahead.

Yash Dantewadia: Yes. I just want to understand a couple of things. Why is our interest cost so high? We have a debt of borrowings of, I think, INR225 crores, but we are paying an interest out of INR11 crores per quarter approximately, right? And it was even more higher prior to this. It was at INR14-INR15 crores. So, I really don't understand why the interest rate is that high for us.

Indrajit Bhattacharyya: Okay. So, there is hardly any debt on the standalone level, okay? But there is substantial debt on the subsidiary level at Texol level for which we are financing, for which we are incurring the interest cost. In terms of whatever we pay in terms of finance cost our interest cost for the standalone business, we incur some SOFR plus lending, interest cost on the supplier's credit and LC discounting. So, that is there Otherwise, there is no debt in our balance sheet on the standalone level.

Yash Dantewadia: But don't you think for a... See, the consolidated debt figure that it's showing on my screen right now is INR225 crores. And we have an interest outgo of almost INR50-INR60 crores on INR225 crores. So, I am not able to understand why the cost of interest is that high. Is the INR225 crores wrong then?

Indrajit Bhattacharyya: Is the INR225 crores, sorry?

Yash Dantewadia: Borrowing number that I have, INR225 crores, consolidated number, is that wrong?

Indrajit Bhattacharyya: Let me dig it out. So, INR130 plus 27.Yes. So, the debt amount that you are talking about is that only. So, we are not able to understand what is exactly your question. So, the rate of interest you mean to say is high?

Yash Dantewadia: So, my question is, we have a consolidated debt of close to INR225 crores. But our interest outgo per quarter, on an average over the last four quarters, has been INR50 crores. That comes to an interest rate of 25%. My question is, why is the interest rate on INR225 crores, interest outgo that high?

Indrajit Bhattacharyya: My finance cost is not INR25 crores per month, per quarter.

Yash Dantewadia: It is not INR25 crores per month. I said INR15 crores per quarter, which translates to approximately INR40 to INR50 crores per year.

Indrajit Bhattacharyya: It is INR11 crores in the previous quarter. In this currently consolidated quarter, it is INR12 crores in the previous quarter.

Yash Dantewadia: Yes. So, for me, the figure that is showing, Yes, INR11 crores for the previous quarter, before that it was INR13 crores, before that it was INR14 crores, and before that it was INR16 crores. That gives me an average of INR13 crores per quarter.INR13 into INR4 gives me INR52 crores, right, for the last four quarters. While the substantial debt amount has remained approximately that INR225 crores figure. So, on a INR225 crores or INR250 crores debt, why are we paying INR50 crores of interest outgo? That is what I am trying to understand from you, per year.

Indrajit Bhattacharyya: I will have to get back to you on this. I am not commenting right now. Let me go through this. I will get back to you on this.

Yash Dantewadia: Yes, Yes. So, this is my first question. Coming to my second question. Can I also understand your operating leverage in your Sharjah plant, right? You said in your previous call that you are expecting the capacity utilization to go up to 100% in your Sharjah plant by FY'26.

My question to you is what kind of operating leverage will kick in and what is the capacity utilization and are we expecting a margin expansion because of the operating leverage? Because, like you said to the previous caller, that you have fixed costs, right? So, obviously, if the capacity utilization goes to 100%, a lot of operating leverage should kick in which should increase your operating margins. So, could you throw some light on that?

Aslesh Parekh: See, the operating, Texol as we informed earlier, the capacity obviously, the 100% utilization level will be, we expect to reach 100% utilization by end of FY'25 or early FY'26. Once that kicks in the economies of scale operates in terms of fixed costs, in terms of in terms of my tank capacities and so on. So, it will be difficult for me whether what will be the amount, exact quantum of margin expansion that will happen, but definitely yes.

Once the utilization is above 100%, then definitely the fixed cost will come down and there will be a margin expansion. Over and above that there is a loan which has, which also will be repaid, you know, from our…

Yash Dantewadia: Can you quantify the margin expansion, sir, please? And what is the present capacity utilization?

Aslesh Parekh: The present capacity utilization is around 70%.

Indrajit Bhattacharyya: Okay, and see, the volume discounts will increase. The volume discounts, as we increase the volumes, the size of the discount also increases. It currently is around $10-$12 dollars KL, which will also is expected to increase as our volume off take increases.

Yash Dantewadia: Right, right. So, basically, is the margin expansion measurable, sizable, anything on that front? You said the discounts are going to increase, but can be…Is it possible to get a 100-150 BPS sort of margin expansion?

Indrajit Bhattacharyya:: We also hope that it works out.

Yash Dantewadia: Right, Okay, I have more questions, but I will come back in the queue. Thank you.

Moderator: The next question is from the line of Manda Agarwal from AB Associates. Please go ahead. Manda Agarwal. Your line has been unmuted. Please proceed.

Manda Agarwal: Hi, thank you for the opportunity. So, my question is, could you provide some guidance on volume growth for the current year? Specifically, what growth are we targeting for FY'25? And additionally, can we expect any improvement in per litre margin? And regarding our subsidiaries, what level of utilisation are we aiming for this year?

Aslesh Parekh: See, as informed earlier, the utilisation as of now is around 70% for our Dubai plant. We anticipate to be around 80% by end of this year for our UAE plant. Now, as far as our growth forecast for FY'25 or second half, obviously, historically our second half has been a better performing half compared to our first half. So, we anticipate the volume growth will be better than the first half growth.

Manda Agarwal: Thank you.

Moderator: We will take that as the last question. I would now like to hand the conference over to Mr. Siddhesh Dharmadhikari for closing comments. Please go ahead, sir.

Indrajit Bhattacharyya: Ma'am, the gentleman whose question we couldn't answer, can we have his number, please?

Moderator: Sure, sir. We will get back to you with him.

Indrajit Bhattacharyya: Okay.

Siddhesh Dharmadhikari: Thank you And I would like to thank the management for taking this time out for this conference call today. And thanks to all the participants. If you have any queries, please feel free to contact us. We are Orient Capital, Investor Relations Advisor to Gandhar Oil Refinery India Limited. Thank you so much.

Moderator: Thank you so much, sir. On behalf of Gandhar Oil Refinery India Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.