



June 02, 2026

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

Subject: Transcript of earnings call

Ref: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”)

Dear Sir(s)/Madam(s),

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), in furtherance to our letter dated May 27, 2026 regarding the audio recording of the Analysts/ Investor’s Earnings Call for the quarter and financial year ended March 31, 2026 (Q4 FY 2025-26), please find enclosed herewith the transcript of the said call.

The said transcript is also available on the Company’s website i.e. <https://gandharoil.com/investor-relations/con-call-transcript-recordings/>

This is for your information and records.

Thanking you.

Yours faithfully,

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

Binal Khosla
Company Secretary & Compliance officer
Mem. No.: A29802

Encl: as above



“Gandhar Oil Refinery India Limited
Q4 FY26 Earnings Conference Call”
May 27, 2026



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

MODERATOR: **MS. NIDHI VIJAYWARGIA – MUFG INTIME**

Moderator: Good day, and welcome to the Gandhar Oil Refinery India Limited Q4 FY26 Earnings Conference Call hosted by MUFG Intime. 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I will now hand the conference over to Ms. Nidhi Vijaywargia from MUFG Intime for opening remarks. Thank you, and over to you.

Nidhi Vijaywargia: Thank you. Good morning, everyone. I welcome you all to the Q4 and FY26 Earnings Conference Call of Gandhar Oil Refinery India Limited. To discuss this quarter's business and financial performance, we have from the management, Mr. Aslesh Parekh, Joint Managing Director; and Mr. Indrajit Bhattacharyya, CFO.

Before we proceed with the 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 risks and uncertainties. For more details, kindly refer to the investor presentation and other filings that can be found on the company's website and on the stock exchange.

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

Aslesh Parekh: Thank you, Nidhi. Good morning, everyone, and thank you all for joining us today. Let me begin by sharing our perspective on the operating environment and how our business has performed against an increasingly complex global backdrop. Over the past quarter, the macroeconomic environment has remained dynamic. The geopolitical developments have been a key area of focus.

Escalating tensions involving Iran, along with the periodic concern around potential disruptions in the Strait of Hormuz have added uncertainty to the global energy market as one of the world's most critical oil transit choke points and any disruptions in this region has a direct bearing on crude oil availability, pricing and freight cost.

During the period, this resulted in intermittent volatility in the base oil pricing. Some tightness in supply chain and elevated shipping and insurance costs, particularly for routes linked to the Middle East. The Strait has remained largely disrupted for an extended period with significantly reduced vessel movement and elevated risk premiums.

Stepping back, the segment we operate in, particularly white oil and the PHPO category products continue to demonstrate resilience given the critical applications in the health care, personal care and the industrial processes. The global white oil market continues to demonstrate steady structural growth.

Industry estimates suggest that market valued at approximately USD1.93 billion in 2026 is expected to reach close to \$2.75 billion by 2033, implying a CAGR of almost 5.5%. The growth

is driven by increasing regulatory requirements, rising health care awareness and expanding demand for high-purity specialty products.

From a geographic perspective, Asia Pacific continues to lead the demand growth supported by industrial expansion, increasing health care consumption and rising personal care usage. At the same time, developed markets are witnessing sustained demand for high-grade compliant products. These trends align closely with our focus on high-quality application-driven specialty products.

Turning to our performance. During the Q4 FY26, we have reported consolidated revenue of INR1,093 crores, reflecting a healthy year-on-year growth of 14%. For the full year of FY26, the revenue stood at approximately INR4,241 crores, representing almost a 10% growth over the previous year.

The performance has been delivered despite input cost volatility and logistical challenges, reflecting the resilience of demand and the discipline of our execution. We have also seen a significant improvement in our cash flow generation.

Our cash flow from the operations stood at a positive INR127.77 crores as of 31st March 2026 compared to INR14.71 crores in the previous year, reflecting a stronger operating efficiency and working capital management. Our international business continues to be a key pillar of growth, contributing approximately 42.8% of consolidated revenues, supported by a strong export network and diversified customer base.

Looking ahead, while near-term uncertainties remain, we see several emerging tailwinds, potential progress towards more favorable trade arrangements with the key markets such as the U.S., along with ongoing discussions around freight agreement with the U.K. and the European Union and the recent depreciation of Indian rupee are also supportive of our export-oriented businesses like ours.

At the same time, domestic demand remains stable, robust, particularly in health care and personal care categories. While we remain watchful of geopolitical developments, particularly any escalation that could impact the crude flows through the key routes such as the Strait of Hormuz, we believe our diversified operating model and global footprint position us to navigate such disruptions.

We remain focused on enhancing our product mix, strengthening our global presence and maintaining operational discipline. With that, I'll now hand over the call to Mr. Indrajit Bhattacharyya to take you through the financial performance in greater detail. Thank you once again.

Indrajit Bhattacharyya:

Thank you, Aslesh Bhai, and good morning to everyone on this call. On a consolidated basis, revenue for Q4 stood at INR1,093 crores, reflecting a strong 14% year-on-year increase. For the full year FY26, consolidated revenue came in at INR4,241 crores, representing a growth of 9% over FY25, supported by stable volumes and steady demand across key markets.

EBITDA for Q4 FY26 stood at INR64 crores, reflecting an improvement over the preceding quarter as well as on a year-on-year basis despite input cost movements for the full year '26, EBITDA stood at INR234 crores, underscoring the resilience of our operations. Profit after tax for Q4 FY26 stood at INR37 crores compared to INR12 crores in Q4 FY25.

For the full year FY26, PAT stood at INR137 crores, reflecting a strong improvement over the previous year. In line with this performance, key return metrics also improved during the year with EPS at INR13.8 compared to INR8.18 in FY25.

ROE at 10.21% versus 6.65% and ROCE at 13.5% compared to 10.8% in the previous year. Our segmental mix remains well diversified with PHPO contributing approximately 50%, lubricants 27% and PIO 10.19%.

During the quarter, gross margin spread stood at INR9,351 per kL. Manufacturing volumes for FY26 stood at 5,54,212 kL, reflecting a year-on-year growth of 8%, indicating strong operational execution. We also saw a significant improvement in operating cash flows during the year, supported by better working capital management, as mentioned by Aslesh Bhai.

Also pertinent to point out that on a consolidated basis, our finance cost has come down from INR48.40 crores in FY25 to INR37.59 crores in FY26. This exhibits an improvement of 28%, gross margins have improved from 10.96% to 11.48% on a consolidated basis. For Q4 '26, it was 12.49%.

We remain focused on prudent working capital management, improving operating efficiencies and maintaining a disciplined approach to capital allocation. Thank you. We will now be happy to take your questions.

Moderator: Thank you. We take the first question from the line of Meet Mehta from Prasun Exponentials.

Meet Mehta: So I wanted to get a sense on the transformer oil price that have increased in the past couple of quarters. So just a sense of that.

Indrajit Bhattacharya: So on a consolidated basis of all the products taken together, we have closed this year at INR76,526 per kL. This includes all the products on the specific movement of transformer oil prices quarter-to-quarter, we'll get back to you.

Meet Mehta: Okay, sure. And I just wanted to understand how often the transformer oil needs to be replaced in a transformer. Just an approximation?

Aslesh Parekh: See, the refill period is dependent on the application of the product across various categories of transformers that are used. So in some places, the replacement period could be 18 months in some categories, it could be a little more as well. So the drain intervals are different across the various categories and also working conditions.

So the oil is regularly being tested by the transformer companies, all the electric generating companies. So if the parameters of the oil are so critical and if they see a deviation in the parameters, they need to take a changeover.

- Moderator:** We take the next question from the line of Sunidhi Joshi from NM Capital.
- Sunidhi Joshi:** So considering the ongoing geopolitical tensions globally, including the Red Sea disruptions and volatility in crude-linked supply chain, I just wanted to understand how has the customer sourcing behavior changed over the last 1, 1.5 years?
- Aslesh Parekh:** If you see the geopolitical situation of the Iran, Middle East issue has escalated from 2nd of March to be precise. So the supply chain has been disrupted. They are trying to work around and do the shipping movement via the Red Sea rather than going through the port of Hormuz.
- There has been a little bit of increase in transit time, but because of the contracts that we are having with our valued suppliers, we have not had so much hiccups in terms of sourcing our oil from our key raw material suppliers.
- And coming back to customers, if you look at our overall revenue metrics, around 45% of the total revenue generated is from our export business, balance 54% is coming from our domestic customers. So for our export customers, the products are shipped across the globe, including the U.S., Europe, Africa and the Middle East.
- So the other routes have still not been impacted, except the Middle East route. So the African sales, the U.S. sales, the Europe sales have not been impacted because the Strait of Hormuz the vessel doesn't go across the Strait of Hormuz if it's going to the U.S. or the African market.
- Sunidhi Joshi:** Got it. And are multinational customers increasingly looking at India as an alternative sourcing base, specifically under the China Plus One strategy? And is Gandhar seeing tangible benefits from that shift?
- Aslesh Parekh:** Yes. our focus has always been focusing on PHPO, that is personal care, health care performance oil categories, where we have other multinational customers. They have been focusing on India as a special supply source, and we at Gandhar also have been focused on increasing our revenues with all the multinational customers. And this is aligned with their strategy of increasing sourcing from India.
- Sunidhi Joshi:** Okay. And given your overseas presence and exports to around 100-plus countries, which geographies currently offer the strongest long-term growth opportunities? And which geographies are becoming structurally challenging?
- Aslesh Parekh:** See, the Asia Pacific and the African region and the South Americas are the growth strategy for us. With the recent tariffs in the U.S., the U.S. has been a little bit of a concern. But currently, our exposure to the U.S. market is very minimal.
- But we are working towards enhancing our product and supply chain to our customers in the U.S. and increasing our product range as well. So as of now, we are comfortably placed in distributing our revenues across the regions.
- Sunidhi Joshi:** Understood. And one last question. Have recent geopolitical events changed the company's overall approach towards inventory management, supplier diversification or freight planning?

- Aslesh Parekh:** Yes, it's a good question. See, the company is adapting to the geopolitical situation. And these events have been repeating frequently. Having said that, with such situation, with such elevated pricing, obviously, we at Gandhar are working on keeping the inventory levels on a very optimum basis, so we are able to service our customers' requirement on time, which is very critical for us.
- Moderator:** We take the next question from the line of Tejas Mehta from Delta Investments.
- Tejas Mehta:** I wish to know about the UAE plant that you have as we all know the current global tensions are going on. So what are the measures you are taking over there?
- Aslesh Parekh:** Our Texol plant, in the Middle East is, in the Hamriyah Free Zone in Sharjah. So obviously, with the Middle East problems, the Texol plant was impacted a bit, because the port was virtually closed because there was no vessel coming into the port, neither the vessels are able to go out of the port.
- But having said that, since last 15 days, the situation has normalized a little bit. Secondly, we have been sourcing domestically a few of our base oil. Earlier, we used to import into UAE. But currently, we are buying domestically from other refineries based out of the Middle East, which we are able to supply to our valued customers. So that is how the metric has changed from full import driven to domestic buying as well.
- Tejas Mehta:** If you are sourcing from other countries, then I think that your cost will go because UAE has its own benefits of SEZ and all?
- Aslesh Parekh:** Right. So no, there is no impact on the cost because our pricing with our suppliers is all formula-based pricing. So there is no impact on cost, except the elevated pricing which are index linked.
- Tejas Mehta:** Okay. And how much in percentage terms you have been spending on R&D and whether rates increased or decreased, can you just put some light on that?
- Indrajit Bhattacharya:** So R&D expenditure is generally about 4.5% to 5% of my total other expenses. And that has been the trend over the years.
- Aslesh Parekh:** But, I mean, just to add what since while he is giving you the exact number, I mean, the research and development is an ongoing process. I mean, obviously, we are in close interaction with our customers for developing new products across various categories.
- I mean only with the help of new product formulation, we've been able to achieve the top line growth, the profitability growth year-on-year. As what Mr. Indrajit was informing on the R&D spend, obviously, the R&D spend is in the range of 4% to 5%, but we can get back to you exactly as to what was the exact R&D spend.
- Tejas Mehta:** Okay. And the subsidiary which you have announced in Africa, whether it's a manufacturing unit or like what can you share that?
- Aslesh Parekh:** We have just set up a company in South Africa. We are contemplating and discussing and there are various business opportunities, but it will be a little bit too early for me to comment on

whether we'll set up a facility or would be just a office, but we'll get back to you as soon as the time ticks as soon as the right time to give you a clear and precise information.

Moderator: We take the next question from the line of Bhavesh Patel from Patel Investments.

Bhavesh Patel: All right. Thanks for the opportunity and congratulations on great set of numbers in a difficult situation. I can really appreciate that and have been a long-term investor. So I do have a couple of strategic questions for Aslesh bhai. First is, what is the long-term plan for 5-acre land bought at Taloja from a time line and high-level capex perspective.

And while the FY26 results show a significant improvement in profitability, our operating cash flow has been inconsistent. With the new land acquisition in Panvel as well as INR50 crores South African investments, how do you expect our capital expenditure cycle to impact free cash flow over the next couple of years?

And are there any plans to streamline working capital to ensure better cash conversion? And again, there are a couple of questions, but first, we'll go one question at a time, Aslesh bhai, if that works for you.

Aslesh Parekh: See, the piece of land that has been purchased in Taloja, obviously, will be for plant expansion in Taloja plant. I mean, currently, we are operating at close to 100% of our capacity in our facility, obviously. So the land will be required for further expansion. So having a plan in advance is easy because the adjoining plot of land is closer to our existing facility. So our other fixed cost virtually comes down because of shared resources.

Having said that, we are working on a detailed plan in terms of what is the capacity expansion plan for the next 2 years. Maybe in the subsequent quarters, there will be more clarity that will be emerged in terms of the capex budget plan in the Taloja facility.

Coming back to our the plan for opening and set up in South Africa, we are still contemplating of whether the plant, it will be an office or a plant, but we'll get back to you. As of now, there is no investment, which has been planned.

We have just taken a broad approval from the Board for investment of the amount that we discussed. And we will soon get back to you with the detailed action plan in terms of our South Africa business.

Bhavesh Patel: Sure. So basically, then the free cash flow may or may not work out based on the investment plans that we have?

Aslesh Parekh: See, as of now, if you are aware, the company has been debt-free. I mean there has been no long-term debt in the company like capital debt. So the company has the reserves in the company has been in an excess of more than, I think in excess of INR1,500 crores. So we have enough cash surplus as well in the balance sheet...

Bhavesh Patel: You mean INR150 crores and not INR1,500 crores, right?

Indrajit Bhattacharya: He is talking about reserves and surplus, which is around INR1,200 crores, the net worth equity.

- Bhavesh Patel:** Right, r Reserves and surplus and not cash on book. okay. Got it.
- Aslesh Parekh:** Positive cash flow, as I informed you in my statement earlier, is more than INR127 crores. So even if we contemplate an expansion of, say, INR100 crores for the facility, still there will be enough positive cash flow generation within the system to take care of the expansion as well.
- Bhavesh Patel:** Got it. That gives confidence, thank you, Aslesh bhai. The next question is, we saw a good margin in Q4, close to 6%. And prior few quarters back, we had done 8% in FY23 also. Now this improvement, I just want to know whether it's structural driven by a shift from higher margin that we did this quarter and this year? Or is it driven by favorable base oil price spreads? Basically, are we looking at a 6% plus as new normal or this can still vary?
- Aslesh Parekh:** So see, the company has been purely focusing on the PHPO business, expanding with our customers and growing business with existing customers. So the company has been striving hard in terms of having cost efficiencies.
- I mean, as Mr. Indrajit informed, we have worked hard to reduce our finance costs even while reducing our finance cost, our top line has gone up, our revenues have gone up. Our profitability has gone up. So we have been working hard to increase the profitability year-on-year, and we anticipate margins to remain healthy in the quarters to come.
- Bhavesh Patel:** I appreciate that, Aslesh bhai. And again, a special vote of thanks because you yourself have increased the promoters holding, and that's a lot of confidence. The last question I have is more in terms of base oil price volatility that you talked about.
- As we look towards FY27 and beyond and especially this quarter, probably we'll highlight more, what specific hedging or supply chain optimization strategies you have implemented to protect margins from sudden swing in raw material cost, either upside or downside?
- Aslesh Parekh:** See, the company has been selective in terms of the raw material sourcing, which is a key part of our business metrics. We have been buying consistently on indexing buying. There have been back-to-back orders also which have been executed on our export front as well.
- So we have not taken any additional risk in such volatile situation, which could have a negative impact on the company. So the company is purely focused on its customers and demand from its customers based on which we have been maintaining an optimum inventory level of around –40-45 days, looking at the current geopolitical situation.
- Bhavesh Patel:** Sure. I appreciate. And once again, thank you very much for everything that you are doing. I remain personally committed as well as invested. All the very best to all of us. Thank you.
- Moderator:** We take the next question from the line of Vinit Thakur from Plus91 AMC.
- Vinit Thakur:** Sir, could you help me understand how would we achieve our goal for next 2 to 3 years? And could you also explain the other income breakup as well because could you just explain the other income breakup?

- Indrajit Bhattacharya:** We couldn't hear the second part of your question. First part was goals for the next 2 to 3 years. What are you asking the second part?
- Vinit Thakur:** So the other income and the interest charge.
- Aslesh Parekh:** Other income and interest charge.
- Indrajit Bhattacharya:** Okay. Let me explain that. Other income is basically represented by interest on our fixed deposits, which we parked with our banks. There is also a dividend received in other income during the course of this year of INR5.5 crores. Interest charge that you see, there is hardly any working capital borrowing on a stand-alone level.
- There is hardly any cash credit or packing credit interest. Most of the interest is towards discounting of imports by way of SBLC Buyer's Credit. On a consol level, yes, there is borrowings by the Texol unit, which is at SOFR plus borrowing rate. So that is the interest charge.
- Aslesh Parekh:** And coming back to your first question on the goal for next 2 to 3 years, see, the company has been focusing on expanding its global footprint. As you've seen, out of total revenue, 45% to 48% of the total revenue is still contributed from our overseas sales and we are exporting the product to 100-plus countries.
- So the company will continue to expand in the regions. The company will continue to find new customers, grow the business with the existing customers as well and still focus on the PHPO category, which is our forte and on the personal care, health care and performance oil segment.
- Vinit Thakur:** And sir, what would be a sustainable EBITDA margin if you could comment on that as well?
- Indrajit Bhattacharya:** So we are confident of maintaining the current EBITDA levels.
- Aslesh Parekh:** So the current EBITDA on the consolidated basis. Yes, it's around 6%, which we endeavor to maintain in the quarters to come.
- Vinit Thakur:** And so, can we reach the 8% what we reached in FY23 or FY22 of 7%?
- Aslesh Parekh:** So it would be a forward-looking statement, the company, as informed in the previous Q&A as well, the company is focusing on reducing costs, expanding its customer base, formulating new products. So obviously, the target is to reach a higher EBITDA levels. But obviously, we hopefully are on track to reach a healthy EBITDA level.
- Vinit Thakur:** And sir, what will be your peak debt-equity ratio that you're targeting?
- Indrajit Bhattacharya:** As of now, the debt to equity on a stand-alone basis is practically nil. And on a consol level, it's also very favorable to us. And we expect to maintain the same except for any borrowing – for any expansion in South Africa.
- Vinit Thakur:** And sir, are we looking at any inorganic growth opportunities going forward

- Indrajit Bhattacharya:** Yes, we're open to inorganic growth opportunities. If something works out, we are open to it.
- Vinit Thakur:** And sir, could you give us the utilization of each plant
- Indrajit Bhattacharya:** Yes, I'll give you the utilization of each plant. So both the Indian plants taken together have an installed capacity of 3,62,100. We have done 4,58, 853. The installed capacity is on a 2-shift basis. And some parts of the year, we have worked on 3-shift basis because of which we have achieved 4,58, 853, which is practically 125% capacity utilization.
- All 3 plants taken together, we are working at 93% capacity utilization, which is basically 5,97,403 KL is the capacity installed against which we have achieved 5,54,212 KL which is about 93%.
- Vinit Thakur:** And sir, what is the realization for PHPO, lubricants and PIO and to a tiny part, if you could give us?
- Indrajit Bhattacharya:** It's in the range of INR78,000 per kL PHPO. Average for the year, we have closed at INR76,526 for all categories of products.
- Vinit Thakur:** Okay. And sir, what would be the EBITDA margin on all of these products?
- Indrajit Bhattacharya:** The EBITDA margin for the year ended is at 5.53% on consol level. For the quarter, it is 5.81%. In rupee terms, it is for the year INR8,696 per kL. And for the quarter ended Q4, it was INR9,351 per kL.
- Moderator:** We take the next question from the line of Saumya Raghuvanshi from Nirva Securities.
- Saumya Raghuvanshi:** Sir, my question was like as you know during war situation, the Strait of Hormuz is impacting freight and base oil supply. How exactly are you mitigating this risk?
- Aslesh Parekh:** So as informed earlier, I mean, the company has assured suppliers in the name of Aramco, in the name of ADNOC and other Korean companies as well. So the company have received uninterrupted supply of its base oil even through the Strait of Hormuz closure. The suppliers have worked out alternate routes and have been shipping our products well on time. That is why we'll be able to supply our end users, our customers on a real-time basis.
- Saumya Raghuvanshi:** Okay, sir. Understood. Sir, my next question was like what proportion of raw material is dependent on Middle East sourcing? And what diversification steps are underway?
- Aslesh Parekh:** So currently, around 20%, 22% of the total raw material is primarily coming from the Middle East suppliers. And obviously, we have tweaked our strategy. We've been focusing on buying more raw material from our Korean suppliers.
- From certain domestic suppliers also, we have increased our base from domestical suppliers like the BPCL and the Indian Oil as well. So that's how the sourcing strategy has been tweaked to ensure uninterrupted availability of our raw materials.

Saumya Raghuvanshi: Okay, sir. My last question is, like has elevated shipping and insurance costs stabilized? Or like do they remain a margin headwind?

Aslesh Parekh: To be frank, on the sourcing side of it, if you see our pricing are index-linked pricing. So obviously, there has not been an impact on a freight hike in terms of any increase in the premium because primarily the products are coming in from non-Middle East region.

So there has not been such a huge freight hike. In terms of our outward sales, I mean, primarily, most of our business has been on FOB and freight, where ever is the shipments have been affected on a CFR term, when the freight is included, the freight calculated is based on a real time and on a current freight level basis. So there has not been a margin headwind in terms of any escalation on the freight, which has been subsequently passed on to the customers.

Moderator: We take the next question from the line of Rajiv Jain from Arcane Investments.

Rajiv Jain: So I just have a couple of questions. Firstly, our total sales manufacturing volume crossed 5.4 lakh kL in FY26. What is your capacity utilization across Taloja, Silvassa and Sharjah? And what is the headroom before you need incremental capex, if you could throw some light on that?

Indrajit Bhattacharya: So we just explained the capacity utilization part of it to the earlier gentlemen. So I have 5,97,000 kL capacity installed capacity among all the units taken together out of which 3,62,109 is in India. As against this 3,62,000 in India, we have achieved a utilization of 4,58,853, which works out to 126% capacity utilization.

Please note that the installed capacity is on a 2-shift basis and the utilization has sometimes been on a 3-shift basis in some months depending upon the demand for the product. So on a totality, we have 5,97,403 kL, by totality, I mean the Sharjah plant also, 5,97,403 kL as against which we have achieved 5,54,212 kL, which is about a 93% capacity utilizations.

Rajiv Jain: Understood, sir. Understood. And sir, secondly, our EBITDA margins improved to 5.5% in FY26. And in FY25, it was 4.5%, but this remains well below our FY23 peak of 7.8%. So what structural levers can close this gap?

Do you think could it be mix or pricing power or opex efficiency? Could you throw some light on that? And perhaps how sustainable are the current levels of margin looking at the volatility in input costs logistics...

Aslesh Parekh: See, the company has been focusing on improving its EBITDA margins, improving its profitability by optimizing cost by efficient sourcing. So we anticipate the margins to be healthy even in the quarters to come.

With the cost optimization measures the company has done in terms of reducing the finance cost, increasing its customer base, re-tweaking the product mix, the company is on a growth path of having healthy EBITDA margins in the quarters to come.

Moderator: We take the next question from the line of Bhavesh Patel from Patel Investments.

Bhavesh Patel: Aslesh bhai, the last question from my side is, can you give an update on the Sharjah operations? I know it's part of the region under focus right now. Is there any risk you see? And again, I just saw breaking news, and I don't know whether how true, but we are almost at the close of the troubling times. But if at all, you can give update on that Sharjah operations and anything that in particularly, we need to be careful about?

Aslesh Parekh: See, as informed earlier, obviously, the Hamriyah plant was strategically been set up. since 2019, the company has seen an increase in revenue. Since the Hormuz closure, yes, the company had a bit of headwinds in terms of sourcing the raw material because most of the imports have been impacted and there was no raw material available.

But the company was in a position to buy some product domestically and service customers. So there was some impact in the March revenue. But going forward, we anticipate that the issue would be settling very soon. And obviously, the normal times would hopefully be coming very soon. And obviously, with our changes in the sourcing metrics, we'll be able to navigate this situation.

Bhavesh Patel: Sure. Because I think that's the plant where we are looking at increasing operational efficiency to drive the top line higher, right? Because currently, it's not at the most optimal level.

Aslesh Parekh: Yes.

Moderator: We take the next question from the line of Tejas Mehta from Delta Investments.

Tejas Mehta: I wish to know whether we are able to pass on the increased cost of raw material logistics to the customer or not? And second question is in which segments we are global leaders and by what percentage these segments are growing?

Indrajit Bhattacharya: Yes. The results show that the very fact that the gross margin has improved over the previous quarters and for the year also shows that we are able to pass on the price rise to the customers. And we have passed through contracts with about 35%, 40% of our customers. And for the rest also, we have been revising our prices to pass on all these price rises. As regards to the growth, the growth has been maximum.

We concentrate on the PHPO part of our business, where the growth is around 4% CAGR for the next 4, 5 years, and that remains our forte, and we expect to stay in that. Although we'll also be part of the industrial oils, the transformer oils and the other products in our business, but PHPO remains our forte.

Tejas Mehta: Okay. Can you please break down the margins of different businesses like transformer oil business margin and various other segments we are catering to?

Indrajit Bhattacharya: Sir, this is going to be a very long answer. So let's avoid that. Let's settle at the total consolidated unless you want to share your e-mail ID with me, then I can give you the detailed reply to your question.

Moderator: We take the next question from the line of Vinit Thakur from Plus91 AMC.

Vinit Thakur: Sir, could you explain the economics of the utilization? Because we are running more than the name capacity and if you are doing around 93% utilization, we should be achieving a production value of 5,55,000 approximately. So could you just explain the economics of this, sir? Am I audible sir? Hello.

Moderator: Yes, you are audible Vinit. Just give time for the management to speak.

Aslesh Parekh: Sorry, if you can be more specific in terms of your question, I mean, we just talk on the capacity you were concerned. You had some question on the capacity...

Vinit Thakur: So I want to understand the nameplate utilization economics. So we say we are running around 129% utilization. And would you be doing the same in Sharjah as well if you want to reach a peak utilization? And if so, by how many quarters or how many years would it to reach our utilization?

Indrajit Bhattacharya: So, if I can begin with that, in India, we are practically close to full capacity utilization. And like Aslesh bhai explained to some of the gentlemen earlier, we will shortly be drawing up our capex plans in the next 2 to 3 quarters, and we shall let you all know about that. As there is spare capacity at Sharjah and once things improve over there, the geopolitical situation improves over there, we expect the capacity utilization to improve over there also.

Vinit Thakur: But sir, my question would be I want to understand the utilization economics. So we are doing 120...

Indrajit Bhattacharya: What is the utilization economic?

Vinit Thakur: Yes, sir. Like how are we doing over the above limit capacity and if so, then what would be the peak utilization for any plant going forward?

Aslesh Parekh: See, as informed by Mr. Indrajit, see, the working has been done on a 2-shift basis, but there are certain seasonal impacts where the plant works on a 3-shift basis to take care of the demand from the customers. So having said that, the utilization has peaked 100%.

So if you see even with the peak utilization, our economies of scale still comes into the picture with the increasing production and increasing the volumes, my fixed cost is coming down. Only with there is a marginal increase in our variable cost in terms of labor and power. So apart from that, we don't have any additional cost which we have to bear for operating the third shift.

Vinit Thakur: And sir, what would be our capex for next 2 to 3 years, disregarding the non-announced capex, the announced capex, what would be your capex for going forward?

Aslesh Parekh: See, since the company got listed, the company has been actively invested in terms of capex expansion. As informed earlier, the company has also taken the piece of land in Taloja for its capacity expansion.

We are working on what will be the capex budget for the next 2 years and maybe we'll have some more clarity in the quarters to come in terms of the capex budget that is sanctioned and the utilization as well.

- Vinit Thakur:** Okay. So sir, it would be safe to assume that utilization would be 125% for Sharjah plant as well as going forward and about 100% utilization going forward for Sharjah plant as well?
- Aslesh Parekh:** The idea is to ensure optimum utilization of the resources. Obviously, Texol plant as of now, because of the disruption is a little underutilized. But obviously, with the hope that the war would reside soon, we anticipate the capacity utilization in Texol also would ramp up quickly.
- Vinit Thakur:** And sir, what will be the impact of our pricing due to this Middle East crisis, West Asia crisis going forward, would it be higher realization going forward? And would it increase our top line growth?
- Aslesh Parekh:** See, obviously, there is an impact the company has been focusing on its PHPO products. The revenue of the company, if you see, has gone up substantially. And obviously, the profitability has also increased substantially from previous years. So the company is focusing on having a healthy EBITDA margin, having a healthy product mix to sustain its revenue growth and the company is on the growth trajectory of increasing the profitability.
- Indrajit Bhattacharya:** Volume-wise also, we have historically had volume growth in the range of 10% also every year. So we expect the volume growth also to be there.
- Vinit Thakur:** Sir, I would like to understand what would be the crude oil pricing increase would be able to stretch more pricing for white oil and PHPO and lubricants. But would it be a similar delta as increase of crude oil? Or would it be higher or lower than the percentage of crude oil?
- Aslesh Parekh:** If you look at the situation over the past 1 month, obviously, the chart looks a little bit disrupted. I mean, although the crude oil prices must have increased, say, by, say, 10%, but the base oil prices have increased by, say, 20%, 25%. There has been some unscrewed metrics in the past 1 month.
- But having said that, we have efficiency in terms of our buying because our buying is primarily based on index-linked. Even our sales to a few of our select customers is on index-linked pricing. So there is a price pass-through mechanism in terms of such a rapid movement of base oil pricing.
- Vinit Thakur:** So do we enjoy pass-through for all of our contracts or only some contracts?
- Aslesh Parekh:** No. So a few contracts, it is pass-through. And then for other customers, it's all spot pricing. So the pricing is given to our sales team every fortnight, wherein whatever increase in the raw material pricing whatever increase in the dollar rupee movement is passed on to the customers.
- Vinit Thakur:** And sir, what would be our going forward guidance for top line, if you could give us our volume growth guidance for next 3 years?
- Aslesh Parekh:** So obviously, it will be a forward-looking statement, which we would like to avoid, but the company is focusing on increasing its revenue, increasing its volume. The company has historically also grown on almost close to double-digit volume growth. So if you look at the past

historical records of the movement of the increase in the revenue growth, we anticipate the same to be carried in the future as well.

Moderator: We take the next question from the line of Suhani Singh from MSP Capital.

Suhani Singh: Sir, I had 2 questions. One would be the company has spoken about expanding into ingredients manufacturing globally. So could this eventually involve local manufacturing JVs in the market like Indonesia, Europe or the U.S.?

Aslesh Parekh: So can you just repeat your question? I mean I just heard a part of it in terms of ingredient manufacturing. So if you can just be a little bit precise on what you're expecting, please?

Suhani Singh: Sure, sir. I will repeat again. So the company has basically spoken about expanding into ingredients manufacturing globally. So could this or could it not eventually involve local manufacturing JVs in the markets like Indonesia, Europe or the U.S.?

Aslesh Parekh: Obviously, the company has been actively expanding its product range. Having said that, see, the company has set up a plant in Dubai. The company is also working on expanding its footprint globally in the other regions. But it would -- I mean, there are discussions.

There are talks ongoing, but it's a little too early for me to give you a precise information, whether it be setting up a plant or there will be a JV in the U.S. or the other regions. But as soon as the time deems fit, obviously, the necessary information will be given to the stock exchanges.

Suhani Singh: Sure, sir. Understood. Lastly, the presentation mentioned that customer accreditation can take 4 to 5 years. So, once approved, how sticky are these relationships in practice, especially with local large global FMCG and health care company?

Aslesh Parekh: Obviously, the product, I mean, is used in various brands. So obviously, the time frame of approval ranges anywhere between 4 years to in some category, more than 7 to 8 years. Now having said that, there is lots of movement that goes behind the scene in terms of raw material approval, the plant visit, the plant audits, the stability metrics, the consumer testing and so on.

So once there is an official agreement with the customer in terms of sale purchases, then in terms of service, in terms of quality, if this are streamlined, then the customers are all long-term customers.

Having said that, we have been working with our multinational customers now for a few customers over a decade. There are a few customers which we had onboarded 4 to 5 years, and the relationship is strong, and we are increasing our revenue growth with these customers as well.

Moderator: Thank you. Participants, with that, we conclude the question-and-answer session. I now hand the conference over to Ms. Nidhi Vijaywargia from MUFG Intime for closing comments. Please go ahead.

Nidhi Vijaywargia: Thank you. Thank you, Ryan. I would like to thank the management for taking their time out for this conference call today. And I would also like to thank all the participants. If you have any



queries, feel free to contact us via MUFG Intime, Investor Relations Advisors to Gandhar Oil Refinery India Limited. Thank you so much.

Aslesh Parekh: Thank you.

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