

June 03, 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

Subject: Transcript of earnings call

Dear Sir(s)/Madam(s),

In furtherance to our letter dated May 30, 2024 regarding the audio recording of the investor’s earnings call for the quarter and year ended March 31, 2024 (Q4&12M FY2024), 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 Soni
Company Secretary & Compliance officer
Mem. No.: FCS 6528

Encl: as above



“Gandhar Oil Refinery India Limited Q4 & FY24
Earnings Conference Call”

May 30, 2024



**MANAGEMENT: MR. ASLESH R PAREKH – JOINT MANAGING
DIRECTOR, GANDHAR OIL REFINERY INDIA LIMITED
MR. INDRAJIT BHATTACHARYYA - CFO, GANDHAR
OIL REFINERY INDIA LIMITED**

MODERATORS: MR. SIDDHESH DHARMADHIKARI – ORIENT CAPITAL

Moderator: Ladies and gentlemen, good day and welcome to the Q4 & FY24 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 question 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. Siddhesh Dharmadhikari from the Orient Capital. Thank you and over to you, sir.

Siddhesh Dharmadhikari: Thank you. Good morning, ladies and gentlemen. I welcome you to the Q4 & FY24 Earnings Conference Call of Gandhar Oil Refinery India Limited. To discuss this quarter and full year business performance, we have from the management, Mr. Aslesh Parekh, Joint Managing Director and Mr. Indrajit Bhattacharyya, Chief Financial Officer. 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. Without further ado, I would like to hand over the call to management for the opening comments and then we will open the floor for Q&A. Thank you and over to you sir.

Aslesh Parekh: Thanks, Siddhesh. Good morning, everyone, one and all, our shareholders and the new participants in this conference call. I am Aslesh Parekh – Joint Managing Director of Gandhar Oil Refinery India Limited. I would like to welcome you all for the earnings call of the company to discuss the Quarter 4 and Financial Year ‘24 Financial Performance. I would like to extend my gratitude to everybody who has taken time to attend this call. I, along with me, Mr. Indrajit Bhattacharyya, who is the CFO of the company.

I am pleased to provide an overview of Gandhar Oil business performance despite challenges. I would like to draw attention to the strength demonstrated by our company amidst the dynamic economic landscape. In Q4 2024, our revenue was standing at Rs. 9,392 million compared to Rs. 9,867 million in Q4 FY23. Similarly for the full fiscal FY24, our revenue was Rs. 41,132 million reflecting an increase from Rs. 40,790 million in FY23.

Our international markets, particularly Asia Pacific and the Americas, continue to exhibit a very strong and robust demand for our products. Our overseas sale accounted to 46.3% of the total sales in Q4 FY24 and 58.5% for the full year FY24 showcasing our global presence and market diversification efforts.

In Gandhar Oil, we maintain our commitment to expanding our footprints in the white oil space particularly in the PHPO segment, which is the personal care, healthcare, and the performance oil segment. Our strategic initiatives including diversifying our product portfolio, exploring new

geographies and enhancing customer engagement position us for sustainable growth in the long term. While facing challenges such as delayed in import shipments impacting the Q4 margins a bit, we view this as a very temporary obstacle and anticipate a gradual recovery in the upcoming quarters. Despite these challenges, we are also pleased to report a notable 12% increase in the manufacturing volumes, reflecting our operational resilience and agility. With the completion of the CAPEX at our Talaja facility and the ongoing expansion in our Silvassa plant, coupled with increasing capacity utilization in our Sharjah facility, we are poised to capitalize on emerging opportunities and meet the evolving needs of our customers both domestically and internationally.

In conclusion, Gandhar Oil Refinery remains committed to delivering values to our shareholders, customers and stakeholders. We are very confident that our focus on innovation, diversification and operational excellence will drive our growth to trajectory in the years ahead. Thank you for the unwavering support and trust in Gandhar Oil Refinery India Limited. With this, I hand over this call to Mr. Indrajit, who is our CFO to take you through the financials. Thank you once again.

Indrajit Bhattacharyya: Hello everybody. Thank you, Aslesh bhai. Thank you for joining this call everybody. I will be taking you through the financial performance of the company for the year ended on 31st March 2024. In the fourth quarter of FY24, our consolidated revenue from operations stood at Rs. 9,392 million as compared to Rs. 9,867 million in Q4 FY23. For FY24, our consolidated revenues stood at Rs. 41,132 million as compared to Rs. 40,790 million in FY23. Notably, our overseas sales for FY24 stood at Rs. 24,028 million comprising roughly 59% of the overall sales as compared to total overseas sales of Rs. 21,734 million in the previous year.

Our consolidated EBITDA for Q4 FY24 stood at Rs. 336 million as compared to Rs. 466 million in Q3 FY24. For FY24, our EBITDA stood at Rs. 2,787 million. Our consolidated profit after tax for the quarter stood at Rs. 121 million as compared to Rs. 284 million in the previous quarter. For FY24, our profit after tax stood at Rs. 1,653 million. Thank you all. That is all from my side and now we can open the floor for further questions and answers.

Moderator: Thank you very much. We will now begin the question and answer session. First question is from the line of Sahil Vora from MNS Associates. Please go ahead.

Sahil Vora: I wanted to ask what is the blended volume growth and PHPO volume growth for this quarter?

Indrajit Bhattacharyya: So the total manufacturing blended growth is at 12%. It has grown from 4,33,000 KL to 4,85,000 KL from 23 to 24 that's a 12% uptake.

Aslesh R Parekh: Coming to the PHPO volume growth, we have grown from 136,683 KL in FY23 to 151,833 KL in FY24.

- Sahil Vora:** Secondly, my next question was about the margin profile, are the PHPO margins better than others and how exactly are we planning to improve our margins and what is long-term sustainable margins that we are looking up in general?
- Indrajit Bhattacharyya :** Yes. So generally we basically talk in terms of gross margin. The margin profile of PHPO is generally higher than the others by about Rs. 1000- Rs. 1500. We are in the range of about Rs. 10,000 per KL right now for the entire blended production and as the share of PHPO increases, the gross margins will also increase.
- Sahil Vora:** And lastly, any future outlook for the next 5 years?
- Aslesh R Parekh:** It will be difficult for me to give you a forward-looking statement in the next five years, but anyways we have internally project forecasted the growth areas that we want to focus on in the future and the growth areas will definitely be increasing our wallet share with the PHPO customers, addition of new customers and growing with the existing customers, not only domestically, but even globally.
- Indrajit Bhattacharyya:** Just to take off from there, so historically we have even grown in volume terms more than 20% to 25% per annum, but now that the base is higher, we are setting our goals around 15% volume growth minimum every year.
- Moderator:** Thank you. Next question is from the line of Sunidhi Joshi, who is an individual investor. Please go ahead.
- Sunidhi Joshi:** Can you help us understand the key risks in your business except being the crude oil volatility or crude oil pricing, any risks that you would like to define?
- Aslesh R Parekh:** As a company, obviously, we are also open to couple of risk, but we have risk mitigation strategy in place to take care of the risk. Typically if you see, the risks apart from the crude oil or the commodity price risk, we are open to FOREX risk and credit risk. Now foreign exchange risk is there because in scenario where the Dollar is getting stronger against the Rupee, we are subject to foreign exchange risk, but to mitigate the risk we do regular hedging of our foreign currency and over and above that, we do have natural hedge because of the substantial exports that we do across the globe. Coming back to the credit risk, we have more than 4200 customers across the value stream and our revenues to top 5 or 10 customers is not more than 13% or 20% of the total consolidated revenue. In this case even in case of a customer being a default or there is some sales loss even then the company is in a position to de-risk itself because of the base of the customers.
- Sunidhi Joshi:** Okay, got it and do you see any recovery in the FMCG sector as our business is much more dependent on the same?

Aslesh R Parekh: Yes, absolutely. If you see FMCG as a sector, past two quarters has not been performing well, but I was just reading some newspaper and after even some discussions with some of the FMCG biggies, they are expecting a good recovery especially from the rural space in quarter 2 this year. So this is where we anticipate our volumes as well and profitability to increase in the coming quarters.

Moderator: Thank you. Next question is from the line of Rohan Gupta from Nuvama. Please go ahead.

Rohan Gupta: First question is on this current quarter, we have seen though you mentioned some weakness which you have seen in the market, but still trying to understand a slightly deeper that even the margin per ton and the overall revenue growth has been muted though probably some seasonal weakness is there, but still I think operating leverage has been quite negative for the company, which has impacted the profitability in the current quarter. So just wanted to understand a little bit more deeper that it's just only one-off event which has happened in the quarter with the spillover coming in the next quarter or how it is going to pan out?

Aslesh R Parekh: Yes. Thanks, Rohan for the question. Yes, it is a good question. See what has happened specifically, if you see the Red Sea issue started planning out from December onwards. So obviously because of this Red Sea issue, lots of import shipment, the raw material shipment which were of little bit on the high price started coming a little bit late. So that is why specifically this quarter has been impacted because of the high cost of raw materials, it is there in one of our station as well. This led to reduction in our margins and profitability for this specific quarter. Over and above that because of the Red Sea issue even the export freight had also gone up substantially high. Obviously, there were some orders which were already there, which had to be ordered, but over and above that going forward the freight rate has been increased specifically even for our customers and we anticipate all these things were one-off for this specific quarter and we don't anticipate this to be carried forward for the next quarter onwards.

Rohan Gupta: If we see, there is a logistics challenge still continues to remain there what we are hearing that the container availability and the Red Sea crisis is nowhere closer to nearing and it was only likely to escalate only from here. What we are further hearing that the condition in Singapore port and all is also causing this vessel availability. So how we are geared up in terms of this rising freight cost scenario and in terms of the passing on to the rising cost to the end customers, how we are placed in both raw material as well as in the end product pricing?

Aslesh R Parekh: See, now as far as the raw material is concerned, cushioned because **(Audio Disconnect) 14:24** aspects for the raw materials are primarily on CFR and **(Audio Disconnect) 14.33**, so we don't foresee such hiccup. The only issue we faced last time as I discussed with you was increasing transit time. For example, if a vessel used to take say 20 days to know come from Saudi Arabia, now it is taking around 40 to 42 days. That is why we could see this impact in the Q4 of reduction in the margin. Coming back to the sales part of it, a few of our contracts earlier in the Q4 were on CFR, which had to be honored because of the commitments, but going forward we are trying

to do more of our shipments on FOB basis and if it is a CFR shipment for export business, then we are clearly specifically mentioning clause in the contract, if there is any change in the freight at the time of the shipment, the same shall be applicable and will be passed on to the customer. Over and above that, we have renegotiated our finished good pricing with our export customers with the basis of revised rate that has taken place.

Rohan Gupta: Okay, so most of the contracts now you are saying that are covered with the rising input cost and freight cost at either we have moved to FOB or wherever we are still on CFR, the pricing has been increased to cover the cost, right?

Aslesh R Parekh: Yes, sir.

Rohan Gupta: Okay, another question is on this volume front, if you can give some growth guidance for the current year, what kind of volume growth you are looking for FY25 and in terms of per litre margins, if we can expect some kind of improvement and also on our subsidiary, what kind of utilization level you are expecting for the current year because the margin profile in our earlier meeting with investors, mentioned that the subsidiary margins per litre basis could improve because now the raw material from there will be available at a discounted price or we will be eligible for the volume discount. So how we are expecting that margins to improve at the subsidiary level and volume growth guidance for the current year?

Aslesh R Parekh: We have been traditionally growing at an average of say 15% over the past three years. Even last year, we clocked volume growth of 12% despite such challenges in the economy, non-availability of Dollars, rising interest rate scenarios in the last year. So obviously going forward with the economy being robust, we are expecting a recovery from the rural FMCG business. We anticipate the growth to be in the range of 12% to 15%, specifically in the volume terms. On the revenue front, specifically for Texol, obviously we had earlier issues in terms of capacity utilization and contracts, which were not there, but now since both have been fixed and the utilization of Texol has increased up to 65% to 67% compared to what it was previously. Having said that, obviously with the accounts of scale being operational and the contracts in place, we are very sure that the Texol margins also would catch up with the margin that we have for the standalone subsidiary companies of Gandhar Oil.

Rohan Gupta: Okay, so whether within this year itself, we will be aligning in the Texol margin in line with the Gandhar or it may take another one to two years more to reach those margin?

Aslesh R Parekh: No, I think, we anticipate by end of this year, we anticipate the margins would be in line with Gandhar's margin.

Rohan Gupta: Sir, the new products which we have launched last year with the Unilever, if you can give some sense on that on the new product volume pick up for the current year and maybe next year, how we are seeing that and also in terms of most of the FMCG companies in India are expecting a

strong rural recovery and I have come up with a very solid growth guidance, so do we see that the domestic consumption catering to these FMCG companies, you are also getting a good indication from them in terms of the near term or at least first half looking good or strong in volume growth?

Aslesh R Parekh: See ideally if you see, the rural recovery is expected to take place from quarter to this year that's the discussion even we had with the major FMCG players in the country. We anticipate the demand would specifically have a good recovery from quarter to this year that is what we have been informed even by the customers and the forecasting also for the volume that they are going to buy this year has been scheduled accordingly.

Rohan Gupta: Okay, just one more thing in terms of other expenses, this quarter have gone up quite significantly and also there has been significant increase in employee costs on quarter-on-quarter in standalone has gone to roughly Rs. 20 crores from Rs. 6 crores average quarterly run rate. Any particular reason for that or is it normal or any bonuses and all have been paid out in the current quarter that is actually kind of extraordinary increase?

Indrajit Bhattacharyya: So Rohan, if you see it on year-on-year basis, it is practically the same as the previous year, standalone or consolidated taking together, it is practically the same. So there are certain payments, which are made across the board to all employees of the company, which happens in Q4 that has been booked in Q4, otherwise on year-on-year basis, employee cost is the same as the previous year.

Rohan Gupta: Okay, so actually because of bonuses and incentives paid in the fourth quarter, that will always be abnormally high.

Indrajit Bhattacharyya: It will be a phenomenon always, okay and second is as far as the other expenses is the combination of a whole bunch of expenses, there are some which has gone up, some which has come down. I can give examples of storage cost has come down because we have enhanced our storage, our exchange fluctuation cost is positive this year that means we're in the blue and the increase otherwise is on account of the increase in the whole scale of operations with a 12% increase in the manufacturing volumes, there will be proportionate variable cost increase in the variable expenses.

Rohan Gupta: Coming back on employee cost because there is a very significant increase on quarter-on-quarter from almost Rs. 6 crores every quarterly we go to on a standalone to Rs. 20 crores that is almost 3x increase..

Indrajit Bhattacharyya: Over the years it evens out.

Rohan Gupta: No, sir, I understand, but I have not seen this kind of volatility in any other company in fourth quarter versus other three quarters, so do we have a better provisioning every quarter by quarter, so it spreads out?

- Aslesh R Parekh:** Rohan, for the coming year we have already discussed, because of this uneven employee cost, obviously it is showing not a good trajectory, but obviously we have discussed this internally even with our auditors and they have decided that they'll be doing such provisioning from this quarter onwards. We will not see such irrational movement, although year-on-year, there is no increase as such.
- Rohan Gupta:** Yes, that is fair enough, but everything is loaded in the fourth quarter that looks like our gross margin or EBITDA margin goes down significantly. So that's it from my side. Thank you and all the best.
- Moderator:** Thank you. Next question is from the line of Anupam Roy, an individual investor. Please go ahead.
- Anupam Roy:** I wanted to know something in the specialty oil domain, there was a lot of focus in your previous presentation and as I understand that Gandhar as a company is trying to position itself as a brand behind the major FMCG brands. So as we see more and more customers these days are looking for natural products, so if I look at your specialty oil offerings, so you have around 3 offerings, right now. So going ahead now, because you have gone for a capacity expansion in the personal care segment, so what type of NPD stress is on natural products or Ayurvedic products because coming ahead I think more and more customers are migrating towards those kind of products?
- Aslesh R Parekh:** That's a very relevant question. I really understand in terms of customer, primarily consumers are moving to natural base or Ayurvedic base, but to mitigate that what we are doing internally our R&D team is constantly working to manufacture green products, which are all natural based. We have in fact developed couple of products, which are replacement to petroleum Jelly or a mineral oil, which is a pure natural base. The stability testing is ongoing for all these products in the plant. Once the stability testing is completed, we will be giving out samples to a few of our FMCG customers to try out the products to give their response on the same. Obviously it's a time taking exercise, but we are definitely working on it and we are sure we will be catch up or we will be ahead of the industry as and when there is an absolutely change over from the traditional hydrocarbon based products to natural products.
- Anupam Roy:** So you are trying to expand your scope in the specialty oil segment, is that your prime focus, your growing focus is like, I think in the previous presentation, I had seen a lot of data regarding the specialty oil where you want to grow for a 2-year kind of story. Is it the prime focus right now or is it like okay we will do it if and when the situation arises?
- Aslesh R Parekh:** The company will be focusing on the PHPO business, so there is no change in the focus or future growth plans of the company.
- Moderator:** Thank you. Next question is from the line of Yogesh Patil from Dolat Capital. Please go ahead.

- Yogesh Patil:** Sir, I have two questions. As you are guiding the 15% volume growth, but our concern is related to FMCG segment still not showing a great sign of recovery. So how much of your volume growth **(Audio Distortion) 25:24** segment, if you could throw some light on that side, that is one. Secondly, capital expenditure guidance for next two years, it would be really helpful.
- Aslesh R Parekh:** So as informed earlier, we are anticipating a volume growth of 12% to 15%. Obviously, it's all volume driven growth. See, I understand FMCG businesses have shown a muted growth over the past 2 to 3 quarters, but as our FMCG customers, the biggies are anticipating a good recovery especially from the rural segment, so we are also anticipating such kind of robust growth from our customers. Based on their forecasting, they have even forecast for our products that we sell to these customers. So we are also quite hopeful in terms of the growth that will place in terms of the rural economy. We are also expecting a good strong monsoon for this year, so obviously there will be a good demand for these specific products. Over and above that, even our exports are increasing year-on-year, so we are very hopeful in terms of a blend of domestic business and export business, which can take care of the volume growth that we have forecasted in the future year. For the capacity, I think Mr. Indrajit will give some more information.
- Indrajit Bhattacharyya:** On the capital expenditure for the near term, one of the objects of our IPO was Rs. 28 crores approximately capital expenditure at Silvassa that is very much on stream and we expect that to come up by the end of 25, that should be completed. As regard to other plants, there will be about Rs. 10 crores to Rs. 12 crores of capital expenditure. So a total of around Rs. 40 odd crores of total expenditure during the coming year.
- Yogesh Patil:** Sir, just wanted to understand historically proposed good monsoons and how it has correlated with your volume growth. So as you are you are more guiding on the rural economy by one on the FMCG side, which will reflect the better volume in the FMCG and ultimately it will drive your volume growth also. So can you a little bit correlate on the historical basis, good monsoon and is really reflected positive on your volume growth, any time indicator historically?
- Indrajit Bhattacharyya:** What Asleshbhai meant to say in this was, a good monsoon results in a good spending power of the rural economy and every time the spending power of have gone up, our products have taken off better. So a good monsoon this year also will reflect in Q3-Q4 about the purchasing power of the rural economy and our ability to match their demand.
- Moderator:** Thank you. Next question is from the line of Viraj Parekh from JMP Capital. Please proceed.
- Viraj Parekh:** Sir, I just wanted to know what is our capacity utilization for our Sharjah facility for Q4 as well as for full year FY24?
- Indrajit Bhattacharyya:** So the total capacity of our Sharjah plant is 2,35,000 KL and the current capacity utilization is closer to 70% odd. So it has picked up from the 60% to 65% last year to closer to 70% this year. We expect by next year, about 85% to 90% capacity will be achieved by next year.

- Viraj Parekh:** Okay, so this is by just to be of the same page by the end of FY25 or by end of FY26.
- Indrajit Bhattacharyya:** By FY26, we will be 100% capacity utilization.
- Viraj Parekh:** Alright sir and I think in course of FY25, should we expect like an 80% to 85% odd capacity utilization for Sharjah unit?
- Aslesh R Parekh:** The endeavor is to target 80% to 82% of the capacity utilization.
- Viraj Parekh:** Okay, sir and just to have some clarity, so with regards to our Sharjah facility, again the products that we majorly focus on are eventually catering to PHPO or they are more on the lube oil and the PIO side?
- Indrajit Bhattacharyya:** Sharjah also is basically concentrating on the PHPO. I'll just give you a break up of their division wise. So Texol in 23-24 did 66% in the PHPO space, did 33% in the lubricant space, and did about 1% in the PIO space.
- Viraj Parekh:** Correct, sir, got it. So basically what I'm trying to understand as Aslesh bhai also mentioned that if the endeavor is to improve scale from the Sharjah capacity and as I understand as per your commentary is the Sharjah unit is heavy on the PHPO side, what I'm trying to understand is will this eventually help in improving gross and further EBITDA level margins?
- Indrajit Bhattacharyya:** Yes, as the percentage of PHPO grows in our total percentage of sales, there will be an improvement in the gross margins and EBITDA.
- Viraj Parekh:** Sure, sir and typically if we are at the blended level, just to diverge a bit more on our absolute EBITDA for KL, so if we are say at approximation Rs. 10,000 per KL, what I mean is the gross margin, so typically, sir, how are the absolute gross margins for KL in the PHPO segment?
- Indrajit Bhattacharyya:** About Rs. 1000 to Rs. 1500 more than the blended gross margins.
- Viraj Parekh:** Okay, got it, sir and typically on the recent, I think commissioning of the incremental Taloja facility also, so how we see the ramping up happening of this incremental 75,000 KL?
- Indrajit Bhattacharyya:** Nothing less than three years. So what we mean to say basically it will take at least three years to take to the brim capacity for the enhanced capacities that we have planned in Taloja.
- Viraj Parekh:** Correct, sir. So out of the total 5,97,000, which we are at currently that's the total capacity, but Taloja where we are at currently at 2,18,000 KL, so FY25 and FY26 what should ideally be the capacity utilization on this total capacity for Taloja?
- Indrajit Bhattacharyya:** By 26, we should be around 80% of the enhanced capacity.

- Moderator:** Thank you. Next question is from the line of Devang Mehra from SKV Capital. Please go ahead.
- Devang Mehra:** Sir, my question is I just want to know the break-up for the export business like which countries contribute the most?
- Indrajit Bhattacharyya:** So that's more than 100 odd countries, so it is difficult to list out 100 odd countries, but breakdown of overseas sales is 4% Europe, 11% Africa, 17% America, and around 68% APAC.
- Devang Mehra:** Okay, got it and sir my next question is like company has multiple products, couple of this, do we have plan to introduce the new products segment or offer any customized solution to our customers and what has been your R&D department working on lately to offer this?
- Aslesh R Parekh:** Absolutely, we have been currently manufacturing more than 350 odd products across the value chain. The endeavor is to formulate new and new products for the ever changing requirement of our customers. As discussed earlier in the presentation, we are manufacturing natural products as well. The R&D team is focusing on developing sustainable alternatives for a few of the products that we manufacture. Over and above that, we are also formulating Ester based transformer oil, which is a replacement of synthetic current hydrocarbon based transformer oil for the power industry. Similarly, the team is also working on enhancing new product offerings for our lubricant business as well. So obviously as a whole if you see, there are new products which are anticipated over the next few years to be launched by the company.
- Moderator:** Thank you. Next question is from the line of Tanvi Shah, an individual investor. Please go ahead.
- Tanvi Shah:** Sir, my first question is how do we differentiate from our competitors in terms of quality, pricing and innovation?
- Indrajit Bhattacharyya:** There is no apple-to-apple comparison between our peers and us. One of our peers is the biggest player in transformer oil and of course they have cables and conductors business with them. The other one is a very big name in automobile lubes because they had a tie up with overseas automobile lube manufacturing company. We are in the space of PHPO, white oils, that is our forte. So to that extent we distinguish ourselves from our peers. They have their own spaces, we have our own spaces. Our strong points are different from theirs. Quality wise, there is no compromise on our products and ultimately, the raw materials are the same for all these. I mean, there is no quality wise distinction between us and them, but yes, they have their strengths, we have our strength.
- Aslesh R Parekh:** Just to add on this, obviously the focus is on marquee FMCG names, which I discussed earlier in the presentation in terms of the quality of customers that we have, the quality of services we give to these customers and the way we have been expanded with these existing customers, not only in domestic business, but even in overseas business as well. So this is what differentiates Gandhar vis-à-vis the peers.

- Tanvi Shah:** And sir, my next question is, are we making any investments in digitalization to stay competitive in the market?
- Aslesh R Parekh:** So can you be more specific on this question?
- Tanvi Shah:** I'm asking, are we making kind of any investments in the digitalization to stay a little more competitive in the market?
- Aslesh R Parekh:** So what we are doing, we are absolutely doing technological upgradation in our facilities. We are implementing SCADA. We have implemented some jet machine technologies for faster turnaround of the batches and more efficient deliveries to our customers. This way we are obviously ensuring wastages are reduced because of implementation of SCADA as well and more technology is being added in terms of improving the overall experience to our customers.
- Tanvi Shah:** And sir my last question is how are we leveraging the technology and digital tools to enhance the manufacturing process for quality control or customer engagement?
- Aslesh R Parekh:** Yes, absolutely as I informed the foremost important thing is the SCADA installation. The batches that are being produced for our customers are more pure automatic based without human intervention that is the first point. Second point, obviously we have made significant investments in our laboratories. We have all high-end state of our equipment to ensure the quality of the products, whatever are being supplied to our customers are as per the requirement and specification laid down. This is only possible if we are averse and we are in line with the updates in the technology front so that we can give timely responses to our customer.
- Moderator:** Thank you. Ladies and gentlemen, that would be the last question for the day. I would now like to hand the conference over to Mr. Siddhesh Dharmadhikari for the closing comments.
- Siddhesh Dharmadhikari:** Thank you. 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 Relation Advisors to Gandhar Oil Refinery India Limited. Thank you so much.
- Moderator:** Thank you. On behalf of Gandhar oil Refinery India Limited that concludes this conference. Thank you all for joining us and you may now disconnect your lines.