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To,
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra East,
Mumbai-400051

Trading Symbol: ARABIAN

SUB: Submission of Transcript of the Investor / Analyst Meet – Valueportal Event.

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose the transcript of the virtual meet held on January 22, 2026, regarding Investor interaction titled “Valueportal Event”, organized by Finportal Investments Private Limited.

The above information will also be made available on company's website i.e. <https://arabianpetroleum.co>.

Kindly take the above information on record and disseminate.

Thanking you.

Yours faithfully,

For Arabian Petroleum Limited

Manan Hemant Mehta
Wholetime Director
DIN: 05124747

VALUEPORTAL

INVESTOR-COMPANY CONNECT

TRANSCRIPT

ARABIAN PETROLEUM LTD



22nd January 2026



03:00 to 04:00 PM

SPEAKERS:

Mr. Manan Mehta

Whole Time Director

Mr. Tejas Furia

General Manager
(Accounts & Finance)

Mr. Kishan Sata

COO & Vice President



LET'S CONNECT ➤

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Finportal: We'll wait for participants to join.

Mr. Manan Mehta: Sure.

Finportal: We are starting with the call. Good day, ladies and gentlemen. On behalf of Finportal, I extend a warm welcome to you all for our first-ever Investor-Company Connect virtual event, VALUEPORTAL, where capital meets businesses.

We're pleased to begin today's session with Arabian Petroleum Ltd from Ambarnath, Maharashtra. India's leading lubricants manufacturer, established in 2006 and headquartered in Mumbai. Under Arzol and APL brands, it produces engine oils, gear and transmission, tractor, hydraulic oils, and specialized industrial lubricants that boost performance, cut wear, prevent breakdowns, and save energy. Arabian targets global leadership in eco-friendly, standards-compliant innovation and superior customer value.

Before we proceed, please note that this call is being recorded. Some of the statements made during this call may be forward-looking and are based on current assumptions, which involve risks and uncertainties. Actual results may differ. The company assumes no obligation to update these statements unless required by law. We encourage all participants to consider these factors and avoid placing undue reliance on forward-looking information.

From the company's side, joining us on the call today is Mr. Manan Mehta - Whole Time Director, along with other key speaker: Mr. Tejas Furia - General Manager (Accounts & Finance), Mr. Kishan Sata – COO and Vice President. I will now hand over the floor to the management team for their opening remarks. After the presentation, we will move on to the Q&A session. Participants who wish to ask a question may type them in the chat box from now onwards. Thank you, and over to you Manan sir.

Mr. Manan Mehta: Thank you so much, Finportal team, and good afternoon to one and all present here. So, I am Manan Mehta, and I am the second generation in the business, representing the company Arabian petroleum Limited. This company was started in 2006, and I would just take you through a small, brief snapshot and an introduction about the company.

Mr. Manan Mehta: Let me just share my screen and are you able to see the screen? Is it visible?

Finportal: Yes sir, it's visible.

Mr. Manan Mehta: Yeah.Okay,

Finportal: Sorry to interrupt, if you could just, do it in the full-screen mode, top right corner, if you can see.

Mr. Manan Mehta: So, Arabian Petroleum limited, basically, is into manufacturing of lubricants. Now, these lubricants are of wide variety and different types, which, I would say they are applicationally, they are spread across different sectors, and which I'll take you through in the... in brief here about the presentation. Our company, brand is Arzol, and, I mean, in the retail space, we are more famous by the name of Arzol, and the industrial space, most of the people know us by the name of Arabian Petroleum Limited. Along with me, also, I have, Mr. Kishan Sata and Mr. Tejas Furia on the call. So, just to give a brief snapshot about the company, yes, we are divided majorly into two segments. One is industrial and one is automotive.

So, automotive, as the name suggests, the application is more into the automotive field, which is into all kinds of lubricants which are required for two-wheeler, four-wheeler, heavy commercial vehicles, off-highway, on-highway equipments, and any kind of, you know, movement which is required on the roads.

In industrial, we are also present in a wide variety of segments. I would say encompassing most of the applicational possibilities in terms of lubricants. And I will take you through different, you know, product segments also subsequently in the presentation. Just a brief snapshot of what we are. We are a 250-plus, strength, you know, employee, in, in... at APL. We have 300-plus distributors worldwide. We are present in about 30-plus countries, and about 22-plus states in India. We have also our in-house R&D and QC facility. Again, this is an NABL-accredited lab, ISO 17025 certified, with about 30 different, sophisticated testing equipment, and apart from that, various other test facilities. Our infrastructure encompasses of 2,000 KL of in-house storage capacity, about another 2,000 KL of, I would say, leased storage capacity, which is at the ports and elsewhere. About 1,000 KL of finished storage capacity, which is in-house. Apart from that, we have a lot of warehouses across India.

And we have about 500 different products which we cater to. So, the total capacity that we are currently, having in our own plants is about 48,000 KL per annum. Some snapshots about our revenues from operations and the numbers in general so, this year, our revenue grew by about, this half year, I would say, it grew by about 24%. EBITDA grew at about 16-odd percent. Our PAT grew by about 33%, and that reflects, you know, the sales increase was about 24%, but the PAT absolute increase was about 33%. That reflects on the strong earnings that we are projecting in the years to come. The part margin also grew by about 8%, and the EPS grew by about 30%. Now, there are certain, I would say, incentives and, you know, team motivation factors that we normally do and there are different initiatives that we take in the market. So, talking about a few of them, yes, we do have our, you know, trips, anti-cognition trips. We sponsored about 15 distributors.

For... and then their performance in this, coming, in this last HY. And, we also have, rewarded them for, you know, consistent performance. About the organization's strengthening, yes, we invested about 1 crore in R&D in this half year, and this is to drive innovation and product development in the coming years to come. We appointed some few distributors in different key regions of Kanpur, Rajkot, Karnataka, Madurai, for the automotive. In the industrial, we expanded our reach in the south as well as in the east region as well. And in terms of the geographies which are abroad, we added 4 new countries across Middle East and Central America.

So, gradually, we are putting our strong hold in the different industries, in the different segments, and in the different areas, geographies elsewhere also. We have launched agricultural sector product lines in the last HY, and we are also in, you know, working with the industry and the academia to develop specialized products for extreme temperature applications. At the same time, we did, you know, a transfer of technology from DRDO to us. We are focusing on the Indian defense supplies also a lot, and we are happy to share that we got recently an award from the Indian Army for certain supplies of lubricants, which is worth about 90 lakhs or so and, this is, I would say, focusing on the development that we're doing for the defense segment and, as I told you, we... the TOTs that we took for about different product lines, which are used in the Indian Army and the Navy also. These were for URFs, which is Universal Recoil Fluids, then these are also for low temperature coolants. And, these, these are going to be developed and supplied to the Indian Army and the Navy.

In terms of the, you know, what kind of initiatives that we have taken on the operational side, yes, we did. Production and supply chain efficiency improved our first-in and first-out process. From 7 to 10 days to about

3 to 5 days, again, getting in that efficiency. We introduced our Bhiwandi mother warehouse for our improved supply chain for automotive lubricants, and gradually we'll also add industrial lubricants to this warehouse.

We are also working very tightly on inventory management controls, and Mr. Kishan, is, taking care of this particular, you know, improvements, on his... on his... keenly on his, particular level. There are certain cost reductions and automation initiatives that we have taken in the last HY, and some of them also include, you know, in-house weighing scale, which is reduced dependence on third party, so we do our in-house weighing for all the timecards, incoming raw materials that we are receiving at our end.

In terms of governance, yes, we are very stringent when it comes to compliance and government norms, and our team, led by Mr. Tejas Furia, is regularly reviewing these mechanisms and increasing the accountability to all of our investors and different government stakeholders. We also implemented a lot of credit control dashboards that reduced the debtor days from 62 to 48 as of October 2025. This is in brief about the timeline of Arabian Petrol Limited.

Back in 2006, as I mentioned, the company was formed, but I would say the operations actually began 2009 onwards. And 2011, we actually established the first plant at Taloja. Subsequently, we transitioned into a public limited company, although the public... the listing did not happen at that point of time. And then we moved to Ambarnath, in terms of our manufacturing. We established 3 factories here in Ambarnath, 3 buildings, both... all 3 are adjacent to each other. In terms of private labeling, yes, we are doing a private labeling for our different, you know, key customers, as well as, Tier 1 type of automotive measures also. And, yes, we were, you know, on the... we earned Star Export Recognition House in 2021 and, in 2025, we established our own wholly owned subsidiary in UAE, which is Arzol Petroleum Trading, FZE, which is headquartered in, Jebel Ali, Jebel Ali Free Zone in Dubai.

And in the first of HY26, we also incorporated Lavisa Technologies Private Limited, which I'll talk about in a bit detail in the coming... at the last part of the presentation. So, in terms of the product range, yes, as I already told to you, we have different segments, and we also... I would say, just to give you a flavor of what is the Indian lubricant potential. So, it's approximately at 3.3 million metric tons, and it is slated to grow at about 4% CAGR. This is an old number, and the new projections by 2030 are going to be about 6 million metric tons. So, we can see there is a lot of room for people like us to really grow, where the market size is huge, and APL probably contributes to just 24 -25 KT to this market, which is not even 0.5% of the total market size. So, yes, this is split up into different segments, like industrial, consumer, which is retail, and commercial, which is the commercial of highway equipment, which is required.

We, at our own research and development lab, we undertake, you know, different product developments, which includes water-based chemistries, oil-based chemistries. A few of the notable developments includes the peelable type rust preventives that are used on metal surfaces to avoid rusting. We are making products for submersible pumps, as rust protectors. This is, again, a water-based fluid, water-based fluid. Arboform series are our water-washable neat oils, or they are used for forming applications in the industry. Now, one key aspect that we are focusing on in the... since the last couple of years is, you know, backward integration. So, we are focusing on development of our own fatty acid amides, and production for the same has started just in December. So, we are producing our own fatty acid amides, which are used for our own self-consumption, as well as they are used in our formulations, and we can also sell them to the market.

We also develop additives which are required for the, you know, both for soluble neat cutting oil, which are required for the other lubricant industries. So, this is also a part of our backward integration projects that we are doing. And we are also manufacturing extremely low moisture refrigeration compressor oils, which are the need of the hour for the refrigeration industry, for the new refrigerants that are going to come as the

climate change and the different, you know, refrigerants are being introduced in the market. Yeah, so a few of the products also, like synthetic channels, which are used in centers, and some synthetic engine oils some anti-corrosion coatings, PX-2, PX-6, which is against a different defense-grade coatings, which are used to apply on the arms and ammunitions that our army or any kind of, you know, navy, they would be possessing to avoid them getting rusted. In the industrial space, this is our product line, so we produce gear oils, hydraulic fluids, cutting oils, vacuum oils, and refrigeration oils. As the name suggests, you know, they have different applications for different product lines. Textile lubricants, rust preventives, so they have varied applications all across different industries.

In the automotive segment, we produce all the lubricants which are required for any kind of automotive usage, be it motorcycles, be it passenger cars, be it any commercial vehicles, three-wheelers, four-wheelers, heavy vehicles, the transmission fluids, coolants, brake fluids, and nanotechnology-based products.

So, we have a tie-up with a Ukrainian company called as Xado, where we are licensed to use the additives in our formulations, and these are nanotechnology-based products which give a lot of fuel saving to our customers. So we market a separate range of products under the Xado and Arzol co-branding product lines in the nanotechnology molecules. We do private labeling also, for companies like Shell, Varroc, Endurance, Mahindra First Choice now it has been acquired by the TVS Group. Then, Greaves Cotton, VST Tractors & Tillers, Topland, Hella, these are a few of the notable private label customers. I would be happy to state that we are one of the, you know, partners for Shell, exclusive partners for Shell when it comes to they have relaunched their metalworking fluids in the Indian market, where they had sold off this business about 12 years ago globally. So India is the first country where they have relaunched this metalworking fluid segment, and we are the exclusive partner for Shell for producing this metalworking lubricants. And notably, all the IP or the formulation that Shell supplies to the market belongs to us.

We do a lot of government-based business also, with our foothold strongly in the defense industry, like Army, Navy, Air Force. Then ISRO, Railways, ONGC, BASF. At BHEL, we hold a 2-year rate contract from BHEL. Recently, we were awarded a rate contract from Moil as well and BML also. So, these are a few of our notable government clients. We just very... just day before yesterday, we secured an order from Border Road Organization in Bhutan, which is for the Project Dantak. This is our second order from Project Dantak, and these are used for all the developments of border roads, or the organization that develops, you know, borders, and the roads which are required in the... in the hilly terrains. We export to a lot of South Asia, Africa, Latin America, Central America, Australia, and the Gulf countries. Yeah, these are about a few of our clientele which are spread across different verticals, different geographies, and different sectors. Like, for example, you may be seeing steel, like JSW, automotive, like Ashok Leyland, Mahindra, BML, then, consumer appliances like Godrej, you know, core industrial, like Kirloskar, Linde, Gabriel India then, you know, food and pharma, and, like, ITC, Aarti, these kind of customers. So, just to highlight upon that we are spread across in different domains and different verticals across.

Yeah, so these are the different variety of applications that we cater to in terms of Crane, lifts, chemicals, engineering, plastic, mining, textile, pharma, pulp paper, and almost, I would say, all the verticals that are normally requiring any kind of lubricants. So the markets served include a lot of, Indian markets, where we are present almost everywhere, apart from the Northeast's Seven Sisters in general, excluding Assam. We also have recently opened our new warehouse in Bangalore, so that also marks our entry into the south, in terms of, you know, having our own setup and, you know, logically facilitating our customers to get better service in terms of product availability. We export to more than 25, to about 30 countries now, at the moment, about 30 countries spanning across different continents. We don't have any exports to the US or the Mexico as of now, so that really protects us from any kind of trade wars that are currently happening in the geopolitical scenarios.

A few of the approvals that are being posted here are... we have approvals from Volvo, from API, which is the American Petroleum Institute, from Daimler Trucks, which is Mercedes-Benz. Then as I told you about the technology TOTs from DRDO, the quality control certifications from IF, from NABL for our labs, and different ISOs. We do have a lot of testing instruments that are used for wide variety, and we do give these services to also our, you know, customers and competitors. If they want to test any particular product at our lab, we facilitate the same. This is our team, in terms of the top management. My father, my mother, they are also active members of the organization. My two brothers, Dharman and Vandana, who Dharman takes care of the export markets, and he's the whole-term director and CFO and Vandana takes care of the operations with... he's having a background in B-tech in chemical engineering and technology management. So, he oversees all the domestic sales operations, additive procurements, and new product developments as well. These are a few of the numbers that we have just extracted from our financials, which we have already published in the public domain, and you might be able to access them on different websites and on the NSA portal also. So yes, already has informed to you, we are posting strong growth, and the momentum continues in the coming years. A small idea about our balance sheet items also, and the total balance sheet side stands at about 121 crores.

So, before I thank everybody on the call, also I would like to highlight a few developments that were done in the recent past, which are probably not covered as a part of the presentation. This recent past includes just the developments in the last couple of months. So, as I already mentioned on the call, Lavisa Technologies is a firm where we have started operations. This is, again, majority shareholding of Arabian Petroleum Limited, and here we are focusing on only value-added products and specialty products in the metalworking side. So, here we have, partnered with Mr. Abhijit Bhosale, who has about 25 years of experience. He was, earlier part of the team at Emulsichem Lubricants Private Limited, and we have taken the business transfer agreement from Emulsichem Lubricants to Lavisa Technologies, which is our new entity, and all the key customers' business has been transferred from this company to Lavisa Technologies. We are... these customers, I would say, include customers like Tata Motors, Kirloskar, Greaves Cotton, and a lot of, you know, top-tier OEMs with Arabian Petroleum did not have a stronghold in. So, this is a strategic tie-up that we have done. The product range also encompasses certain products which Arabian Petroleum is not manufacturing as of now, and so this will help us to expand our portfolio in terms of metalworking lubricants, and also help us in developing and achieving our goal of going backward integration... doing backward integration, and making our own ester products which are required for our own packages so that's about Lavisa Technologies.

The other developments also include, as I mentioned to you, about Bangalore. We developed the warehouses in Bangalore. Also, just yesterday, we received our formal approval from NSF which is US FDA for our food-grade range of product lines. So, which is encompassing all different white mineral oils, Mineral oils, LLP, HLPs...light liquid paraffins, as well as gear oils, hydraulic oils, and the food grade industry. So here, by having these kind of lubricants, or the food grade products, we will be able to enter the pharma space also, where they use these kind of lubricants for the maintenance, as well as raw material applications. So, yes, we are constantly participating in different exhibitions elsewhere. We recently did one in Dubai in Automechanika last month, and definitely we are seeing good traction when it comes to participation in these kind of, you know, exhibitions. So, that is it from my side, and I would be happy to take some questions, along with my team. So, yes, I would leave the floor open for any kind of question answers. Thank you so much. FinPortal team, are you there?

Mr. Ra... Siddharth Oberoi asked some question, if you could just allow him to...

FinPortal: Hello, Hi sir, we have started getting some questions. I'll read them one by one, and Hello, am I audible?

Mr. Manan Mehta: Sure, sure, you are.

Finportal: Yes, okay. So, we have just a moment. With strong focus on eco-friendly lubricants and additives, how does the company plan to maintain and increase its leadership in this area?

Mr. Manan Mehta: Yeah. So, yes, globally there is a big thrust on development and usage of eco-friendly lubricants, which are also probably known as biodegradable lubricants. Our team in R&D has already, you know, developed such eco-friendly lubricants or biodegradable lubricants.

Yes, in India, primarily, we are more a cost-sensitive country, and we cannot deny that fact, that, yes, there is still a market requirement for these kind of lubricants, but in India, they are still at a very nascent stage. So, I would like to answer this in such a way that, yes, we are ready whenever there is a, you know, strong pull from the market which are required for this kind of, biodegradable lubricants. Their product range is available in terms of, you know, different... see, as I told you, metalworking, they require a lot of biodegradable lubricants, like, for example, biodegradable cutting oils, semi-synthetics then there are a lot of other biodegradable lubricants which are required for gear applications. So, the formulation and all has already been set, and we are just waiting for the market, really, to demand this kind of products.

It's prevalent more in the European and the Western regions, but in India, the stage is still to arrive.

Finportal: Okay. I would request participants to type the questions in the chat box, and I'll take it from there. Next question is, can you provide more insights into your long-term goals for Arzol and APL brands, and how you plan to drive their growth both in automotive and industrial segments?

Mr. Manan Mehta: Yeah. So, when it comes to industrial, automotive, government, we have 3 different, business sets for each department. So, these business heads primarily are responsible for driving growth, and in terms of both, top line and bottom line for this, for all our segments.

The export markets is being directly handled by my brother, Dharman, and the private labeling is taken care of by our team, which is a back-end team, which does not require, I would say, customer interaction, quite often. So, when I talk about, you know, long-term goals and objectives, yes, as a company, we are slated to grow at about 20-25% CAGR. That's how we've been planning to grow in terms of top line. At the same time, we also intend to also, focus on develop... focus on improving on our margins also in the coming future.

So the top-line growth definitely will be bettered by the bottom-line growth in the coming future and in terms of, you know, how the development happens, is, One, obviously, is the infrastructure that we require in terms of manpower, or the availability of the products which we are constantly building on. And I gave you some examples of it already. Secondly is also having that kind of product lines, which we are not doing as of now. So, as I mentioned to you, the Lavisa product line, which we have not been doing for now, this is being added to our basket. So this will also help us to drive, you know, sales in the industrial part of the vertical. When it comes to automotive, automotive, yes, it's a very big market in general, and we are really concentrated on mostly in the west and the north part of India. And primarily the... I would say the next leg of growth will definitely come from markets which we have not so far penetrated in, which are in south, in east of India and also, it will also come from the export, segments.

Finportal: Okay. While H1 FY26, this question has 3 parts, I'll read part by part. While H1 FY26 revenue grew significantly, the net profit margin remains low. With the new high-value product launches, like the agriculture line and extreme temperature fluids, what is the management's execution plans to expand margins to 5-6% range, seen in larger peers?

Mr. Manan Mehta: Yeah, so, as correctly pointed out, that, yes, we are... we have significantly grown in the first HY 2026. Yes, at the same time, you know, we have bettered our margin in terms of absolute number also by about 33%. The addition of these kind of new value-added products, and, would definitely see... just to give you an example, where we operate somewhere about 20-25% gross margins in the industrial space,

20% on an average. The products in the specialties operate at about 50% gross margin levels. So these kind of specialties will definitely drive the margins in the coming future, and that's where we would be, probably landing up in a couple of years' time, as compared to industry peers.

Yes, with the, with the expansion, which is, poised in, Ambarnath, we definitely see, you know, the utilization, currently we are about 70% utilization, but the bottleneck, as always, have reiterated on different calls. In terms of filling of the different SKUs in the small pack.

So, we are working out on deporting that capacities and, expanding them in the different Unit 3, which is in Ambarnath and now operational. And we definitely see, the improvements in terms of operational efficiencies, the addition of different product lines, which we'll be able to do in-house and there will be definitely a big size batch... batches which will be taken, which will definitely improve on our, you know, operating margins. So that's the idea with which we have exp... we have did this expansion in the Ambarnath facility.

Finportal: Continuing to our expansion facility, at what utilization level do we expect operating leverage to kick in?

Mr. Manan Mehta: Yeah, as I already mentioned to you, we are close to about 70% utilization, to now... as of now, and with the additional expansion, I think we'll be able to de-bottleneck it, and we will be coming to about 60% odd levels, and that will give us enough room for us to further grow. So, that's the answer to that question.

Finportal: Okay, we recently received approvals for 3 products for Indian Army deployment. Is it a tender-based business or a recurring supplier arrangement?

Mr. Manan Mehta: No, these are approvals which are, for... for certain years. So, these approvals that we have received are for about 5 years for now, which can be renewed up to 10 years subsequently. And these are not for one-time, supplies to the Indian Army. This will be on a recurring basis, which will be required, by the Army. Yes, again, as I... as already you guys know that these are all tender-based. So that approval does not necessarily accord as the supplies, but definitely it enables us to... enables us or makes us, you know, eligible for us to participate, and these product lines primarily have very low competition, and that is why we are focusing on such kind of product lines.

Finportal: Okay. Through this new subsidiary, what will be the impact on top line and bottom line? Even the ballpark numbers would help. You could just give numbers on that.

Mr. Manan Mehta: Yeah, so, just to give you an understanding, when this company, with its own technology, was operating at its peak, it was doing somewhere about 30 crores of revenue, and they saw a good, you know, gross margin levels of about 40%. So, this is, I would say, to give you an understanding of about when the company was operating at its peak. Now, with Arabian joining hands with this particular company and taking over the business transfer, I think we definitely will be able to bring in a lot of synergies in terms of, you know, products which are required for them to produce. Like, we hold a large amount of basal inventory, which will help them to further, improve on the cost structure. At the same time, our expertise to handle these different products in production will also help to significantly lower down the cost of production. And, our network, globally, as well as in India, will help, this, this company to really, take these numbers, you know, to the next level. And I believe in the coming few years to come, doing, you know, business, maybe, double the size of what they were doing, earlier, should not be a problem.

Finportal: Okay. Are there any plans for further warehouse expansion in other regions to support your growing distribution needs?

Mr. Manan Mehta: I would like probably a Kishan, sir, to, answer take this question.

Mr. Kishan Sata: Sorry, can you just repeat it.

Finportal: Are there any plans for further warehouse expansion in other regions to support your growing distribution needs?

Mr. Kishan Sata: Okay, so, as Manan informed, that we have recently, made our Bangalore, warehouse operational. We have a critical and big plan of consolidation of North Warehouse. Currently, we are operating with 3 warehouses in north, right. We have 4 in West and we have one in south now. East is on the list, it will take some time as our volume grows, right. But the next move on warehouse front will be the consolidation of North, where we will consolidate Ludhiana, Bhiwadi, and Gurgaon. So we'll bring all this under one roof, which will be a cost-effective and more service-oriented kind of a setup.

Finportal: Okay. Who are our top competitors in each segment, and what is our competitive edge against each of these competitors?

Mr. Manan Mehta: Yeah, I think, probably I can talk on this for about, 15-odd minutes, but to just answer this in a quick few minutes, because it's very varied in different kinds of product lines, in different kinds of product segments. So, the easy ones first, in terms of automotive, yes, I would say we are, the top levels are all Castrol, Mobil and Shell. Then it comes to Tier 2, which are most of the PSUs, like Hindustan Petroleum, Bharat Petroleum, or Mak lubricants, or, Servo, then Bamal, or Avdal, these kind of product lines. And we are more in the... operating in the third, line of space, of competition, which is like Savita, Savsol, or, Gandhar, Divyol, then IPol, which is GP Petroleum, Apar, Power Oil. So these are a few of the competitions that we normally, you know, face in terms of the pricing structure that we have in the market. No doubt, we are having the product lines which are close to Castrol also, when we sell nanotechnology products, they are benchmarked against Castrol, and probably sell higher than Castrol also certain cases, we sell close to PSUs also, some segment of products.

And, yes, we need to keep a fighter range to really counter the cost-sensitive market that India is. So this is talking about the automotive. When you talk about the industrial, it's a very different ballgame altogether. There is different competition for different product segments when it comes to industrial. For example, the hydraulic walls, primarily are more, you know, competition is with the PSUs because, you know, they have the basal power. When it comes to metalworking, it's more of specialities, companies that are, you know, doing this kind of product line. So, these are... this is a very fragmented industry in terms of metalworking. So I would say not the biggies are there in this, but the small players who are having regional, you know, strengths are more dominating in this industry. When it comes to, I would say, general conventional product lines, companies like Apar, Savita, again, Gandhar, and GP Petroleums are our competition when it comes to these kind of product lines. Yes, there are certain increases, the product segment, like Balmerol, Balmer Lawrie is more of the competition there. So, it's a very, very different and fragmented industry when it comes to industrial lubricants and everywhere, the competition is a little bit different, product-wise.

Finportal: Okay, can you explain more about Lavisa Technologies? How are the products different from the existing ones?

Mr. Manan Mehta: Yeah, sure. So, these products are primarily classified under metalworking domain only. Now, the product chemistries, are made in such a way, or they have been doing this business for last more

than 50-odd years. And the product chemistries are made in such a way that they are the most cost-competitive products available in the industry. And still, when we are selling these products at, I would say, levels which are close to, you know, competition, still there's a good, I would say, gross margins, which are, you know, available in these, product lines. The core...The essence of the product is the chemistry that has been, you know, tailor-made in such a way, since past so many years, and now they have been, you know, so used to making that product in the most cost-competitive way possible, suiting the applicational demand that is required from the customer. So, there are a lot of components which are going... which goes in the metalworking fluid lines, and most of these components are imported. In the industry, and the industry typically uses these kind of components.

But when it comes to Lavisa, we are happy to state that, you know, most of these components are indigenously made by taking those chemical reactions and keeping the cost low, and at the same time, provide the same customer experience that a Castrol product may be giving to the market. So, typically, you know, the product lines also compete against the likes of Castrol Blaser Swiss Lube, which is, again, a Swiss-based company, which is into speciality metalworking fluids. They also compete... I mean, one of their product lines, which is for tapping applications. This is like a... more or so like a monopoly-based product, where this kind of product is not available with competition. So, people really queue up and, you know, demand these kind of products, which are required for... for these kind of applications which is, right at the cost .And best suited for the application. So, these more are required in the automotive, engineering, steel, and metal industry, and the target market for Lavisa was always, or earlier for MLC Chem, was always on, on the OEM side. So, OEMs as in OEMs of, Big, automotive, majors and where Arabian petroleum did not have that significant presence, barring a few of the OEMs. So that synergy will definitely help us to, you know, enter OEMs. Once we enter OEMs with the speciality products, Arabian Petroleum will also have a chance to sell their range of, you know, different product lines, like hydraulic oils, gear oils, and other ranges to the same OEMs, where Lavisa sells the speciality ones.

Finportal: What is the traction in the UAE business? When will it turn profitable?

Mr. Manan Mehta: So, we are definitely, going to break even in this financial year, that's what I would put it as. And, profitability will definitely come in the coming... in the next year and, UAE market has been, I would say, very, very good for us in terms of, you know, both finished lubricants, as well as getting the raw materials from UAE to India, different kind of raw materials are available there. So, having that foot in that market, which is, I would say, you know, the macca of the oil market. So, that really helps us, and I think it would not be too much of time for us to really break even.

Finportal: Okay. What amount of raw materials are imported, and from which countries?

Mr. Manan Mehta: What amount of?

Finportal: Raw materials are imported, and from which countries? Percentage?

Mr. Manan Mehta: So, percentage typically is about 30% of our home meters are imported. This includes imports from Middle East, imports from US, imports from, you know, Turkmenistan, Turkey, Southeast Asia, South Korea. I mean, it's varied across geography for different product lines.

Finportal: Okay, how much pricing here do you expect due to INR USD depreciation, and do you still see similar 5-6% margins going ahead?

Mr. Manan Mehta: So, largely, I would say we are about 50-60% naturally hedged, and in terms of, you know, our positions, in terms of dollars, I think Mr. Tejas will be better able to answer, that question. So, normally, we have a policy to hedge certain portion of our, outward, you know, remittances and, at the same time, as I told you that since we are 60-70% naturally hedge, it does not really, you know, matter in terms of the profitability when it comes to increase in the dollar prices. Yes, definitely there's an impact on the import pricing, but the import pricing, again, whatever the pricing comes to, if the dollar turns 92, 93 moving forward, the subsequent price, changes happens also at our customer end. So, just to give you an example, in terms of the pricing mechanism, we have an every-month price rollout for all of our distributor product lines, for our distributor-based business. So every month, whatever the price increment decrement is, that is passed on to our distributors. Certain times, yes, we absorb, certain times we pass on, and it's a strategic call always. Secondly, with large customers, we have a quarterly price variation mechanism based on certain price indexation.

So, whatever the price index session is, it is normally averaged out in the entire year. So, we don't see any hits or losses when it comes to, you know, dollar being impacted, or the prices going up and down, because again, these are dollar-term pricing benchmark with the RBI exchange rate, and that's how the prices are derived at. So, more or less, I would say about 60-70% of our sales is moves in that particular fashion. And when it comes to user-based business, where we supply directly quite a few of them is, as I've told you, on quarterly pricing, and quite a few of them is on spot pricing. So, when it comes to spot pricing, whatever the price will be prevailing at that point of time, we will be quoting accordingly. And if Mr. Tejas wants to further add to the hedging part, he may be able to do that. Tejas Bhai?

Mr. Kishan Sata: So in, case of an, this hedging part, as sir has already informed, or, stated, we have around in, 30-40%, natural hedging for, terms of our export remittance, and balance we do as in hedging, as in when it's required from our bankers. Like, in forwards and so...So, yeah, the cost-effectiveness or, cost of this are getting hedged. That's 100%, with a natural light of 50%.

Finportal: Okay. What is the current data situation, and are we seeing any pressure on cash flows despite the top-line growth? Would you... would our current, internal accruals be able to cater to our expansion plans?

Mr. Manan Mehta: So as already integrated on the numbers, yes, we're improving on the data cycle. A certain part of the, you know, Capex will be taken care of by the internal approvals. When it comes to large-scape access, of a nature of setting up a whole new dedicated infrastructure, which may be to the tune of maybe 20, 25 odd accruals, definitely internal accruals will not be, you know, sufficient enough for us to finance that kind of transaction. So we may be looking at alternative options which are available to us. Having said that, currently, our debt position is also not that highly leveraged. So, we are having that comfort from bank in case if we require additional funding to be made available. They are quite supportive, and they have assured us that they will be available, you know, for any kind of new Capex or term loan to be granted to us.

Finportal: Okay. Can you elaborate on the universal recoil fluid technology absorbed recently? Does this open up a monopoly market in specific defense or heavy artillery applications?

Mr. Manan Mehta: So, this URF technology is mainly universal liquor shoot, is for guns, for the recoiling mechanism. So, once the shoot happens, it has to come back to its original position, so that's where the fluid is, used. These are, you know, not oil-based fluids, these are different chemistries in general, which obviously I cannot disclose because of the transfer of technology norms. But, you know, these TOTs are being held only by one or two other players. So, the competition in general is very low in terms of, you know, having, you know, these kind of technology being made available to us. Yes, we have already started catering to the market, when it comes to URF in different segments. We are participating in tenders, we have won tenders

also very recently. The bigger tenders, which definitely, which will come in the month of August, July, August or so, we are expecting to participate in them and take some orders in those bigger tenders also, where the quantum is too substantial. And, yes, these kind of technology are always available from the DRDO to be leased. It is how we are able to absorb this technology, the operational requirements of the technology which can be made at our plant, and how strong are you in terms of the defense positioning, and your inroads in different, different segments. So, we, we do business in even ordnance factories, Munitions India Limited, yantra India Limited, Machine Tool Prototype Factory very, very different segments and diverse, customer bases across in the government space also. So, we did a development very recently for Ordnance Factory in Warangal. We did a development for even for ISRO very, very recently, where we give them a water-soluble forming fluid. So these kind of projects keep ongoing, they come to us, and we love to, you know, participate in this kind of, mechanism, where we are able to contribute to these kind of, you know, initiators which the government wants us to do, or the government users wants us to do.

Finportal: Okay, Arigol brand is in promoter's name. Any plans to transfer IP to the company?

Mr. Manan Mehta: Yeah, this has, already been, thought about, and moving forward, I think this will definitely be transferred to the company, maybe in the coming financial year.

Finportal: Okay. Have you calculated total hit from new labor codes, if any, and by how much?

Mr. Manan Mehta: I think, question, Kishan sir, if you... for the labor codes, I... as of now, I don't think so that's, too much, I would say, having any hit on us, because in terms of our total cost of...Manpower, it's, it's very low as compared to our total, turnover. It's, it's hardly about, say, about not even 1.5%, 2%, but, if you would like to add something on the labor codes.

Mr. Kishan Sata: So the only large... large impact in terms of percentage would be on the, the split that government has guided, that 50% of the salary should be the basic, right? And we are already... we are already offering 40%, the basic. So the cost hit would be very minimal in terms of statutory compliance contribution, especially liabilities. It may not even count at 1% of the total, output.

Finportal: Okay. What constitutes as the TAM of our company? Is it dominantly the lubricant market, or does it involve any other chemical sectors as well? And how do we see this TAM growing, because lubricant's projected market growth is 3-4%?

Mr. Manan Mehta: Yeah. So, yes, definitely, it is lubricant stamp, which is about 6 million metric ton, which I mentioned to be poised to grow at about 3-4% CAGR by 2030. But apart from that, as rightly pointed out, yes, it's a certain bit of a chemical market also, because as I mentioned previously, we do a lot of water-based products, water-based chemistry, which are not primarily lubricants. These are more of corrosion inhibitors, rust protectors, different other chemistries. Lastly, you know, they are present as in the lubricant space also, but then, you know, companies like Henkel, companies like Growel, these kind of companies, they have these kind of you know, rust protectors, rust inhibitors which they are marketing. So, that would also be a part of our, you know, you know, total addressable market size, when it comes to the, the, product, which can be purchased in the chemical space. Secondly, when I talk... when I spoke about, backward integration. Now, backward integration, we've started producing certain esters. Since we have started producing esters, the total addressable market size for us, in terms of esterification and the products which are required for us as esters also, completely opens up. So, this is, I would say not a specific lubricant area. And that's where, in the coming few years, we want to really, you know, expand in the ester-based product lines, both in terms of lubricants and selling the esters in general also.

Just to give you an example, in the refrigeration compressor oils. The very high-end specialty products are all esters. Now, these are lubricants, but not made from mineral oil. These are primarily esters. So that also really opens up, and that's more of classified in the chemical space, which Lubrizol or these kind of companies really cater to. So, yes, the TAM, apart from the lubricants, will also definitely open up when it comes to the chemicals space.

Finportal: Okay. Quarter 1, when can you confirm again what was the revenue of EmulsiChem lubricants, and is it profitable?

Mr. Manan Mehta: Quarter 1, as I told you, this, we just started off with the BTA, and the signing up happened only on 3rd of December. So, too early to really speak about the numbers. Already businesses started in Lavisa Technologies and it's going quite well. We are having vendor codes being transferred, opened up, and different, kind of companies. So, already vendor code of MLC Chem, has been transferred to Lavisa in, BHEL Bharat Electrical Limited, and we are going to supply it to a very, PAC, I would say monopoly-based product lines in BHEL for these kind of semi-synthetic cutting fluids also. Yes, there are different ongoing procedures for different customers, because every customer will take its own sweet time to generate the vendor codes, or transfer the vendor codes from the other company to this company. But everything is ongoing, and definitely we are seeing good traction when it comes to regaining the market share, which EmulsiChem had. And, we believe that, this year also, I mean, this coming, financial year, not even coming financial year, in the next first, last quarter of this financial year also, we would definitely break even.

Finportal: Okay, that was the last question. Due to timing constraints, we won't be able to take further questions. If any questions are left unanswered, you can type us them in our, in our email ID mentioned in the chat box. You can reach out to us then, us at that ID, and we'll reach out to management and get back to you with the answers. And thank you so much, Manan, sir. Thank you so much Kishan, sir, Tejas, sir, for, giving us time and answering all the questions in a detailed way. And thank you for participants, for joining in. Thank you, you may now disconnect your lines.

Mr. Kishan Sata: Thank you, everyone. Thank you.