



**ARABIAN
PETROLEUM LTD.**



AN ISO 9001:2015 / 14001:2015 / 45001:2018 CERTIFIED COMPANY

Manufacturer & Exporter of: 'SPL' & 'ARZOL' BRAND OF LUBRICANTS

Address: Plot 14-B, Morivali MIDC, Opp. Positive Packaging, Ambarnath (W), Dist.- Thane, Pin - 421505, Maharashtra, INDIA.

Date: 19/06/2025

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 earnings conference call pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

We wish to inform you that the Company had conducted an Analyst Meet with Investors/Analysts on Tuesday, 17th June 2025, with respect to the financial results of the Company for the half year and Financial Year Ended 31st March, 2025.

The transcript of the aforesaid Analyst Meet with Investors/Analysts is enclosed here.

Kindly take the above information on record and disseminate.

Thanking you.

Yours faithfully,

For Arabian Petroleum Limited

MANAN
HEMANT
MEHTA

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Manan Hemant Mehta
Wholtime Director
DIN: 05124747

EARNINGS CALL ARABIAN PETROLEUM LIMITED

FOR THE YEAR ENDED 31ST MARCH, 2025



DATE: 17TH JUNE, 2025



TIME: 4:30 PM

ATTENDEES FROM THE MANAGEMENT:



MANAN MEHTA
WHOLE TIME DIRECTOR

DHARMAN MEHTA
WHOLE TIME DIRECTOR

HEMANT MEHTA
DIRECTOR

VANDAN MEHTA
DIRECTOR

Call coordinator:



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Finportal: Ladies and gentlemen, good day, and welcome to the Earnings Call of Arabian Petroleum Limited for the financial year, ended 31st March 2025. The floor will be open for questions. Once the management presentation concludes. Please note, today's call is being recorded and may include forward-looking statements based on current expectations. These involve risk and uncertainties that could cause actual results to differ materially. The company is not obligated to update such statements except as required by law. Listeners are advised not to place undue reliance on them. Representing Arabian Today we have Mr. Manan Mehta, whole time director, Mr. Dharman Mehta, whole time director, Mr. Hemant Mehta, director, Mr. Vandan Mehta, Director. Without further delay, I now invite Mr. Manan Mehta to share a brief overview of the company's performance, and provide insights into our operations. Thank you, and over to you, sir.

Manan Mehta: Thanks. So good evening one and all, Welcome to the Earnings Call of Arabian Petroleum Limited. I will have a brief presentation to make on the overall achievements of Arabian Petroleum in the last financial year, and then maybe we can take on a few questions if you may have. So let me start with the presentation. So, for the new, I would say, investors who are there on the call, let me give a brief overview about the company as well. So Arabian Petroleum basically is into 2 major sectors in terms of lubricants. One is the automotive, and other one is the industrial sector. So, we operate our brand ourselves under both the segments. In automotive, we have a whole comprehensive portfolio of different product lines, which includes motorcycle oils, passenger car oils, Diesel engine oils, and many other products per se. In the industrial, we have our mainstream products; we have the metalworking products, we have greases and many other products which are required for varied industries that are present across India as well as across the world. Some key facts and figures. Yes, we are a 250 plus employee strength, 300 plus distributor strength overall, and export in 25 plus countries .

We are present in almost 22 states across India, and expanding further. We have our own laboratory, which is a NABL accredited lab which very few in the industry have. It's also called, as ISO 17025 accredited lab. Yes, we have a whole lot of testing equipment within this lab in which we undertake our research and development projects also. We have 2000 kl of in-house storage. Further, the company is also procured on lease storage for raw materials, which is outside the company premises on different terminals, which is near the port, so we have about 2000 kl plus of additional storage that has been acquired over the last year, which is on lease terms. Additionally, we have about 1000 plus kl of finished storage capacity within the premises, and more than about 1000 kl plus across warehouses in India which is about 10 places or so.

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We have about 500 plus different product range which we are producing. The total production capacity is about 48,000 kilo liters per annum. So, coming to the financial analysis, what the company performed last year vis-à-vis in the FY2024. So, the overall revenues grew by about 8.93% from 262 odd crores to 285 crores. At the same time the volumetric growth was more than 10%. The EBITDA grew about 16.5%. Our PAT margins grew to about 33.5%. So, we went from 6.8 crores to about 9.08 crores in terms of PAT margins. EBITDA margin also, as well as grew by 7%. Yes, we see the PAT margin growth by 22.5% in terms of percentage; and the reserves and surplus, they grew by about 23.79%. So, thing to observe as well as to notice is that the non- current liabilities including debt fell down by 17.94%. The overall cash flow went from (-) 9 crores to about (+) 12 crores, and this was one of the concerns, or I would say that pointed out by some of our marquee investors, and we are happy to state that the company has gone operationally cash flow positive in this year, and we intend to do so in the coming years as well.

Some operational highlights of the year. Yes, the leadership has been constantly kept on sending. We have recruits across board. And Mr. Kishan Sata, he joined in as a key appointment, bringing in a lot of valuable expertise from different domains across industries at the same time. Yes, we are seeing leadership strengthening also coming in this year; And many appointments and joining to be happen very soon. There are a few major milestones which we achieved in international projects also. Like we received the BRO orders for the construction work in Bhutan, and that was our key orders that we received in the last year in the government space. In the private labeling space. Yes, we started manufacturing for a very well reputed brand, called as endurance. Again, a listed company giant in its nature, holding more than 8000 crores of revenue. So, we did start some private labeling work from them. And this year also, we are expecting good orders from endurance. Vendor registration was also done for a lot of government companies, for instance, Western railways and many other companies where we were able to do our vendor registration. Even the Air India transport services as well as the Mumbai Municipal Corporation, the Thane Municipal Corporation. So, We did Vendor registration at many places. Yes, there are a few OEM business breakthroughs that we achieved in the last year. One of them was Putzmeister, concrete pump manufacturing company, who is sourcing oils from us. We also got the Daimler trucks approval, we are 1st Indian company to get a Daimler truck approval, Indian Origin company. I would say, to get a Daimler trucks approval for 2 products, 10W40 and 15W40 as well. This has been also shared on the updates that the company is also expanding into the transformer business in India. In India we have a lot of, you know, transformer. All manufacturers as well as the consumption of transformer is huge both in India as well as abroad. So, we are also focusing on development and capacity

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expansion in a transformer and all business. Apart from that, there were many distributors who were appointed like the 5 distributors which were appointed in the industrial sector in different regions. We also have more than 13 plus distributor appointments in the automotive space. We added a distributor in Dubai for APL products and additives. Basically, we produce, as we had mentioned in the calls before, we are in the process of backward integration also and we were successful in appointing a distributor for selling of products.

On additives which are produced by APL. Now these are not lubricants, but these are additives which are required for producing those lubricants.

There were many clients which were on boarded in the last year I mean in the industrial side also, as well as on the export front as well. The government and institutional supplies. Like we are in process to supply lubricants, not only to air India transport services in the Mumbai for the Maharashtra region which we are able to do last year. Now this is being expanded to across India, across geographies. Wherever air India has their own transportation services fleet available on the ground. We also did a lot of supplies to Air Force Station in West Bengal. Even we have Indian Air force approvals for certain products and trials for certain products is also under place, although it's a time taking process. But this is happening simultaneously as well. There are a lot of tenders that we have own in the last year. The key ones being probably the Mumbai airport, the Solapur Municipal Corporation, Thane Municipal Corporation, as well as Navi Mumbai Municipal transport also.

We participated in a lot of events which I'll take you further in the presentation. Apart from that, we secure the trade license for Dubai as well. We are listed with BPCL also, as their customer for the solvents that we may procure from them. As I mentioned to you, the certificate of formation and the trading license was received last year for the Dubai Company, which is a wholly owned subsidiary. Arzol Petroleum Trading FZE ("Arzol") is the name of the company, and we have started operations in Arzol, and this year we will be expecting good growth from that market as well. A new warehouse facility was also launched in Pune, being one of the top city. You know geographies, where we are selling a lot of industrial and automotive lubricants we had for customer service support. We launched a new warehouse facility, which was again leased, and a 3rd party operated. There are a lot of participations in the exhibitions that we did last year, right from Dubai to apex in U.S.A. To some domestic exhibitions, like the MachAuto Expo 2025 in Ludhiana, the IMTEX ("International Machine Tool and Manufacturing Technology Exhibition") in Bangalore, as well as the ChemExpo in Mumbai. So, overall, the exposure that the company got in these exhibitions was phenomenal that was overwhelming response in terms of you know, people who want to get associated with Arabian petroleum and Arzol as a

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brand. Looking forward to capturing some of those leads and translating into business in the near future, and some of the leads have already been translated to business. Coming from UAE as well as from MachAuto in Ludhiana. So, just to recap on the journey; we started in 2011 then we moved to Ambarnath from Taloja in 2015, and then gradually, you know, setting up the automotive manufacturing in place, starting private labeling to expansion in different geographies. You know. Now we have about 10 plus warehouses across India. And I obviously the South India warehouse also is going to be live in the coming 2 months. That will be also operational.

So, what's the kind of the markets that we talk about in India. Yes, the industrial is about 54.8%. The commercial is about 28%, and the consumer is about 17.4%. Out of this, which is about 3000 kilotons of total market. April still contributes to 24.5 kilotons. Now, that's a long way to go for us for expansion, and as I've been reiterating in of my previous presentations, also a lot of scope for us to further grow in, not only in the Indian market, but in the global lubricant market as well. So, some active projects and product enhancements that I would like to speak about is the development which happened in the last year, thrust protector for submersible pumps that we developed in the last year.

Now some of you may feel that lubricant is just oils. But I would say that lubricant is not just oils. There are a lot of water-based chemistries which we produce, and we sell that also are classified under the big umbrella of lubricants. So rust protector for submersible worm is one such product. You know, there are oil type also, but there are water-based also. So, when we talk about water-based rust protectors, these have 0% of mineral oils. So, these, ideally, are not lubricants, but yes, they are classified as lubricants. Water-based chemistries also have a very big market in the Indian space, as well as markets outside. We also are looking to produce certain esters for refrigeration; compressor oil. Some of these are being outsourced for now, and some we intend to produce in house along with the Ester production that we are planning. We also intend to produce fatty acid amides products like sorbet and monolith, which ourselves we have in house consumption as well as this can be sold in the market outside also. So, this is with keeping in mind the cost reduction that we intend to do by backward integration, and there are few products which were identified last year.

Few projects which are identified for this year also, where the company will focus on backward integration. Drawing fluid industry is also one big industry which we are focusing on. So along with aluminum. Now, I am happy to share that the copper wire drawing products are also in place, and we intend to sell them also in the coming few months. Some new products that I talk would be able to talk, about is the synthetic chain oil which is used in certain centers in the

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textile industries. It is also used, having, I mean in chains wherever there is a high temperature application. Yes, the Arzol, 10W40 was also launched at the same time. We have also formulated gas engine lubricants, which are now being very popular because of the government enforcement and thrust on usage of CNGs, PNGs in different sectors altogether. So, we are seeing good growth in the gas engines segment also.

These are few of our product lines which I have earlier spoken about. When it comes to private label, you may probably see on the on the list what kind of customers we are producing for and most of these customers are with us for the long term. The sales also are constantly expanding, and the exports is also, you know, growing very well for us last year, although the export growth, I would say we have grown over the last 2 last year, but this year we were expecting a good jump in the export segment, because last year, because of key issues that were in the supply chain. There was a lot of delay which was happening, and that probably impacted the timelines or the tats that we normally have for exports. So yes, this is, in brief, about our clientele. What kind of companies we are working with. As you can see, these companies are across verticals, across sectors. We are not very sector specific. We service all the lubricants requirement that arise in any kind of sector. Now, Linda is one of the customers which was recently on boarded, and you might be possibly able to see that on our slides as well.. So, the industry that I was talking about that we serve are very, very diverse in nature, and no customer for us is new now, we don't follow the 80-20 principal parameters normally in terms of their sales volume, and we are very diversely spread across different customer bases, and that reduces the risk also for us. If one customer, if we are probably losing out on a customer does not use risk to us the geographical footprint which I earlier also spoke about. And on the exports side, as I told you, about 25 countries we have, we have been doing so. We already added some exports to Peru, chile last year, I mean, these were certain countries which were not doing previously, even for that matter, Suriname. We appointed a distributor in Fiji also. So, this has been some of the highlights in terms of exports. Last year we were privileged to be honored, as you know, one of the top 10 lubricant manufacturers specifically metalworking fluids, manufacturers by industry outlook magazine, and, as you can see, our name was right on the top. So yes, there have been a lot of approvals which we have taken, and you might be able to see a few of them last year, also a few of them on the slide. Also, last year, as I mentioned to you we also took the Daimler track approval, which is also there on the screen. So, manufacturing capabilities, as I mentioned to you, more than 40,000 kilo liters of oil that we can produce. We have a lot of in-house testing equipment and you know which as a part of expansion, the R & D facility is now ready at our same premises and we intend to procure more and more laboratory equipment to further

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strengthen our R&D, and further, bring customer value addition by giving them the best quality products at the best possible pricing.

Okay, management profile I'm sure that most of you might know, possibly the directors. Yes, my father, along with my mother, Hemant Mehta and Mrs. Darshana Mehta are very active in the business, and they are also the founding members of Arabian Petroleum Limited. Along with my brothers Dharman and Vandan, I take care of the operations as well.

Mr. Kishan Sata is a VP operation, and he is been instrumental in streamlining a lot of processes and bringing in a lot of efficiencies within the organization. So, I'm sure most of you might have possibly gone through the P&L and the balance sheet. But still, if there are any questions on the P&L and the balance sheet, we would be happy to take a few of them as time permits. So as I mentioned to you, the EBITDA is at about, you know 864 for 1st half year and for second half year it was about 770 so the profit after tax. So for this year was about all, both halves put together was about 9.08 crores.

So the total balance sheet grew from 99 crores last year to about 106 crores this year, and, as I mentioned to you before. Your company has been, you know, looking at reducing debt, and you know the cash flow. Positive impact that the company has had in the last year is helping them, helping the company to drive growth further. So that is it from my side. Thank you. All the people those have joined here for the earnings call, and happy to take questions. If any.

Finportal: Thank you, sir. We will now begin the question-and-answer session. Participants who wish to ask a question may kindly raise their hand alternatively. You can also type your question in the Q&A tab below.

Manan Mehta: Thank you.

Finportal: We'll take the 1st question from Varun Agarwal.

CA Varun Agarwal: Hi! Am I audible?

Manan Mehta: Yes, yes.

CA Varun Agarwal: Thanks for the opportunity and great presentation. So, I understand that our production capacity now is about 48,000 kl per year. So, I want.

Manan Mehta: So what?

CA Varun Agarwal: What was the volume that we have done in FY24 and 25 in terms of kl.

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Manan Mehta: So, in terms of kl, we did about 20,000 kl per annum in terms of last year. As I have previously mentioned, on some other calls, also that sometimes the bottleneck is not the production, the bottleneck is filling, which happens which is having a certain cycle time. So, if we are able to produce 14,000 kilo liters of product, which we may still be able to do within the same facility. The bottleneck still remains the filling part of it. So, there are ways and means to take care of it, as we have identified before, also that, you know, there are certain co-packers which we have identified which are currently working with also, who can probably help in the resolving bottlenecking the filling part where we can produce more quantity, and we can get the filling part outsource from a co-packer.

CA Varun Agarwal: So, what is our filling capacity, then.

Manan Mehta: So filling capacity, I would say, currently, we are at about 75% of our filling capacity when it comes to small packs in general. So, when it comes to like the pack sizes from half a liter to about 20 liters.

CA Varun Agarwal: And in terms of realization per kl last year. And this year. How was the realization.

Manan Mehta: So, the realization per kl, if I may talk about the volume growth, as I told you, was about 10%. But the PAT growth was about 33 odd percent. So, realization you can probably understand the pro-rated realization which increased over last year. So about 23% more profits were generated, probably from the same volume.

CA Varun Agarwal: Okay? And what is the impact of this oil prices increase which is happening due to the geopolitical issues on our business.

Manan Mehta: I would say that you know this has become the new normal now. And I mean definitely, it has an impact on the oil prices 1st is speculative, because, you know, you don't really understand what is going to happen in the near future. A war may happen. War may stop so speculative price increases what happens normally when such a situation happens. So, we see a very short increase in the prices when it comes to speculation that people feel this. This may happen. People feel Iran could be bombed severely. So there, there could be a number of speculations which may arise. So, we try to, you know, secure you know. So, what happens is that it all depends on what country we are specifically talking about. Now when you talk about Iran, for example. So, there is a lot of products which is channelized through Middle East. But it comes ultimately. The origin is Iran, but it channelized through Middle East which comes to India. Now specifically, these products are group one barrel products. Now, that supply chain may be impacted in the near future and the company. That's why is aiming to stock as much as

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possible in terms of the group. One Barrel which is available in the market as of now. So yes, the immediate, I would say, the reaction to such a kind of an easier reaction to such a kind of issue that the situation is certain securement of certain cargoes that is available in the market. So, we normally tend to stock somewhere about 11 and a half months of inventory, so that we are not left. We are not left drive with any kind of products that may not come in the near future by the time you know, things normally stabilize either reward deescalates or I would say, you know the speculative aspects cool down, and it comes to the new normal. It may be higher, it may be lower, but it comes to a new normal where we don't see too much of a spike every day happening. So, then you're able to guess the market. And what should be the way forward? So that's what normally we do in such a situation arises. Obviously, every situation is quite different. Every situation commands a different thought process altogether, a different strategy altogether. But we have to actively, you know. Talk to our suppliers, talk to our customers, and guess what would be the best strategy at that point of time.

CA Varun Agarwal: Okay, thank you. I'll come back in the queue. Thank you.

Finportal: We'll take the next question from Sahil.

Manan Mehta: Sahil. If you are speaking, we are not probably able to hear you.

Finportal: So. No, and then we have some.

Manan Mehta: Probably we are not having Sahil, we can. Yeah, next question.

Finportal: Okay, we'll take the next question from Mr. Smith.

Sahil R: Am I audible now? One question I had that in the automobile segment. Which type of oil offers better margins. Is there any segregation for that.

Manan Mehta: So. It is not that which type of oil I mean, obviously the synthetic oil. If I have to answer you. You know the best way, then the synthetic oil category will offer the best margins. Now, the synthetic oil category is not just, I would say, restricted to the motorcycle oils is not restricted to the passenger car also or not, it is restricted to any other segment. So synthetic. Being a premium oil definitely, we can command better margins on it. So that would be the best possible answer to your question. But it is not very sector specific, or it is not very, you know, specific to the application.

Sahil R: All right, and any details on this Bhutan order that we have recently won. What is that? Can you explain that.

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Manan Mehta: So, I will not be able to tell you the value. But yes, it was for border roads organization. The BRO is basically setting up. You know, I mean, so Indian Army basically does some work for Bhutan government when it comes to building of infrastructure in Bhutan. So, because the terrain is such that you know, require very skilled people out there. So, in that particular project which is called as Project Dantak earlier, only 3 branch that are the State-owned branch, HPCL and IOCL were listed as the possible suppliers, so we were able to crack that, and with our credentials with our quality, with our assurance, and obviously with our connects with them, we were able to list ourself also as one of the suppliers for lubricants. So that's when we got the order. Also, for those lubricant which are required for project.

Sahil R: And this opens an opportunity for us in other projects, as well for the BRO, if possible.

Manan Mehta: Absolutely so. BRO Has been our customer at different places. BRO All across the border, I mean right from northeast to from Punjab to certain parts of Uttarakhand, and also, we have service BRO before the quantum has not been that significant when it comes to as compared to Project Dantak. But yes, BRO Has been our customer.

Sahil R: One thing, sir. Recently I saw that 2 credit ratings have given us issue, that we are not co-operative, cooperating guidelines. So, what is the issue. Are they deliberate on us, or it's something on our end.

Manan Mehta: Yeah, so basically, so we yeah, yeah, Dharman probably can pitch in.

Dharman Mehta: Yeah. So basically, the agencies were not asked by our bankers to take any outside credit rating agencies. So that's why they have been mentioned that you know. The, we are not cooperating. But yes, we will be revising this, and soon we'll be getting an Updated one.

Sahil R: All right, sir. Good to know one question from Manan, sir. Finally, what sort of outlook are we looking for FY26 and 27 on the top line exactly.

Manan Mehta: Yeah. So, as you are aware that definitely in terms of numbers, I can't really project any numbers. But then. Yes, we are seeing robust top line growth this year. With regards to, I mean, last year the demand had been subdued because of the politics, political scenarios, elections in India, and so overall as you know, that this parallel economy which runs in India normally it takes time for the payment cycle to really flow into the market. So, the demand was subdued. But this year we are expecting a robust, you know. Increase in the top line also with you know, in line with our expectations, and the same would continue for our profitability as well.

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Sahil R: Okay, sir. And have there been any internal discussions to release some quarterly updates going into FY26. Is that a possibility.

Manan Mehta: So, we would be giving every monthly update on certain platforms. This update would not be financial update. This would be more operational updates and not mentioning numbers. But then it would be possibly wherever we can give some financial update. Also, we'll be trying to give them. So, this monthly update, maybe our IR team of in Portal can probably help you to subscribe to. And we would be having these kinds of updates coming in regularly for our investors to have vision on the company, what the company has been doing and what it plans to do in the coming future.

Sahil R: Alright, sir! Great to know. Thank you.

Finportal: We'll take the next question from Mr. Smit.

Smit Jain: Yes. Hi! Can you hear me?

Manan Mehta: Yes, I can.

Smit Jain: Yeah. Hi, Mananji, how are you?

Manan Mehta: Hi! Good! Good! How are you, Smit.

Smit Jain: All well, all well, all well. So, you know again, just to understand the numbers a bit better, and to play the devil's advocate right, like margins year on year have probably increased, but like, if I compare it to the half month on a net level, the margins have decreased, I think, due to an exceptional loss and some spike in other expenses and employee costs. So, one I wanted to understand, like at steady state, what should we take in as margins going forward in this financial year and the subsequent ones? And if, suppose we can provide any indicator of it, if suppose we are projecting an increase in margins going forward. Why do we feel that we'll be able to achieve those? I mean, I don't want exact figures. But what direction. Are we going to head towards from a margin perspective.

Manan Mehta: Yes, so if you might have heard, probably me on the previous calls. Also, one is obviously the margin growth has been you know, attributed to a lot of things one of them primarily being the I would say base oil, sourcing part where that is our major cause. So, with the working capital money that was infused by the proceeds of the IPO, we were able to really bet on a lot of good refineries, a lot of good products, and based on our expertise in terms of, you know, formulating products with the best possible pricing and the specs. So, we were able to drive margin growth from them at the same time. When you stabilize with the customer,

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typically, the customer does not really bother about the pricing. When the customer knows that you have been, you know, constantly servicing them up to the right level. The quality of your product is good, and they do not really stress too much about the pricing, because they want a consistent supplier with a consistent product quality. So, for instance, for exports for that matter, you know. We were able to drive margins better because we stabilize in few of the markets. We knew that this customer with us, you know, is regularly buying somewhere about 100-150 kl a month. So, the prices were kept in parity. Stability was given to the customer; I mean the whole year. Probably the prices may have not been moved by one or 2, odd percent. But then, obviously, when the prices went down, we tried to stock more. When the prices were higher, we did not pass it on to the customer that much. So overall the profitability improved also, because, you know, some of the markets really mature for us, some of the customer also really mature for us. So, they just see, you know what? What is the custom? What is the value that we are giving to the to you know their applications. So that really resulted. So, for example, if I talk about a customer called as endurance not in the private label segment in the I would say in the industrial segment where they use oils for them for their own factories we were able to extract, you know. Possible, you know, prices which were better than their peers. This was primarily because of the warehousing that came in Pune. A majority of the plants were in Pune they wanted just send and deliveries so obviously that comes at a little bit of cost. But then, when the customer is very happy with the, with the service level that you're providing the customer does not really speak about the costs that are involved here. So that is what really helped us to, you know. Drive the margins in terms of you know. You know, sales. And I also mentioned you. Purchase also played a very significant role. Yes, this year also there has been a constant drive to backward Integrate few of the products, and if we're able to successfully achieve that, I'm sure we will be able to keep the margins intact and the margins growth intact. I would say so we have. We have been growing. If we if I would say if I analyze last 5 years the margin growth has been about 20-25% and on absolute terms.

We will be able to retain that over a period of next 2 to 3 years. That's what we feel. Because, you know, these kinds of projects, this kind of sourcing, this kind of customers are now maturing where it is in place somewhere, we are able to command premium also. At the same time. we are also focusing on. We have gotten a policy for you know the fighter premium and specialty segment. We have incentivized our distributor to sell those premium and specialty products. So, that is also one of the key factors that will also help us in driving the specialist product range. At the same time, it is a forward-looking statement, but I would also like to say that you know there is a special project which is which is ongoing. And hopefully it goes through. We would be also, you know, coming up with a very different kind of a technology. You know. You know with

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somebody under the umbrella of APL for the metalworking formulations and metalworking fluids. So hopefully you should hear from us, you know, in a couple of months on that as well.

Smit Jain: Perfect. Thank you. So basically, what we're saying is backward integration, which will allow us to become more efficient. And as we mature and probably offer customers a custom solution instead of providing commoditized items, the margins could probably go up going forward as well from within the same customers and segments right.

Manan Mehta: Absolutely, absolutely.

Smit Jain: See again the reason I'm asking you this. And again, this is to probably address the elephant in the room, right, like most of investors would probably want to know, how are we going to unlock value, or how are we? How is the business going to get the right valuation multiple? And I see only 2 things which could probably allow us to get that right. One is either a solid top line expansion, which signifies that the time is growing fast and is. The market is huge and the second is bottom line strengthening right? Which signifies that our margin is solid right? So, I'd like to understand from you within, from like in this perspective, that how are we placed? And if there are any limitations owing to the nature of the industry, which is not either allowing us to grow on the top line bit faster, or strengthening our bottom line to like a double-digit figure, which is where most investors probably give, like a solid valuation to any company.

Manan Mehta: No, that's true, and I think the answer to this is not just. I would say either. I mean, there's no 2 thoughts whether I should be choosing the top line growth, or I should be choosing the return percent. The answer is like, yes, both are. Both are important for us. There are certain product segments which definitely gives us a top line growth. And as I mentioned to you in the presentation, also, the transfer knowledge, once a segment which is, you know, a big in its nature, and it can. It probably can give us a good top line growth also. Not just that. Yes, there are a lot of you know, customers team that we have tried to build in the last couple of years and that will also help us translate. You know, on the top line growth sales also exports. Also, we feel that, you know, last year was probably not the best out of the years that we have been working on in terms of growth. But this year yes, I mean, obviously, geopolitical situation is this is going to be the now normal. But if you know, if at least our current markets are, you know they are maturing, they are they are keeping. They are going to order consistently. Then I feel that export is going to give us a good robust growth this year also. So, there is no 2 thoughts that whether we'll be focusing just on the top line growth or just on the bottom-line growth, the focus will also always remain on both. So, there are certain government tenders which probably would not. You know, command that kind of margins. But then yes, it's necessary for us to be there in that space, be there within the customer to probably have some product where

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we can add value to the customer, and extract some margins from them. So, it's like, you know. Probably you can choose one of the one of the 2 for our industry. We have to consistently try and strive for both top line as well as bottom line.

Smit Jain: Fair enough one question on the geopolitical thing that we're talking about, and I think you would explain this in the last call as well that we are more dependent on base oil pricing, and we are more dependent on base oil, which is not as volatile as crude. But given the current geography which is, you know, prevailing in times today. And because I think we have, like a 2,000-kl storage capacity. Now we've increased it to 4000, do you think? With the current situation, we would have to increase it more? Or how do you see this progressing? Or are we working on other technologies which don't require the kind of base oils and minerals oils which are, you know, majorly crude, dependent, like you spoke about the water technology as well. So how are you seeing this? And how are we placed in terms of procuring raw materials which does not disrupt our entire production, thing.

Manan Mehta: Yes. So, if I talk, probably at the start of the year 2024, we were probably at about 2300- 400 kl of capacity, which at the end of March, probably we were, you know, somewhere about 4,000 but today, if I talk about sitting here in in the mid of June, probably I'm at 4,400 kl. So constantly we are trying to expand capacities in terms of raw material storage and what we've seen is that the more we stock the more the benefit we are getting in such kind of geopolitical uncertainties. Yes, at times the tanks have been empty also. But when we analyze overall what it, what the overall year has been, we definitely see that even though we've incurred the cost for storage but it has given us value for than, for the time that it has been with us the product. I'm talking about the raw material. So yes, moving forward, we definitely foresee that you know, both in terms of raw material as well as in terms of finished, because the entire supply chain holds close to about. I mean, if I talk about raw material, our own factory as well as you know, the finished goods storage. The total capacity that we store is not less than somewhere about 6500 kl approximately so overall put together for even for finished good. And vis-à-vis a sale of somewhere about 2,500 odd kl, so that's like, you know, a big supply chain buffer that we have when it comes to times like this. Yes, sometimes we have to be lean when we foresee that the prices may fall because of certain other factors. So, we tend down to get lean on the raw material stock also because you can't really evade the finished goods stocks that is kept for the customers. But yes, we tend to get lean on the raw material, and the second point which you spoke about is the is, you know, moving or shifting, probably from oil-based chemistries to some something else. So that is what I was talking about. Probably you will hear from us in a couple of months. That water-based chemistries, or, you know, something on the chemical front is something that we as a team we are working on. If you know these, these

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kinds of technologies are probably replacements to certain oil-based products which are there in the industry. So, we are working on those projects and hopefully they should go through. And I mean, those kinds of products will help us to offset the impact that you know these kinds of geopolitical tensions that may arise. But having said that still I would say 80 to 85% of our business still remains on the oil front, which we need to really, you know, foresee and envision. What could be the best strategy to have in place in such situations?

Smit Jain: Fair enough. Just one last question that I had. You know, one theme that I'm seeing play out, and you also spoke about is electrification in the country, and one obvious byproduct beneficiary byproduct is transformers. Right? So, I think we won a 40-lakh order last year. So how are you seeing this segment perform for us going forward into this year like, are you? Seeing that the traction could be much higher because 40 lakhs is out of like 300 crore kind of a number that we've done, not even 1%. Right? So are you seeing this segment play out this year, because I think the entire scheme entire theme in India is electrification. Right? So, what is your take on that? And second, is the 48,000 KI production capacity that we have, and we're doing close to 20,000. So, this 48,000 gives us a runway for how many years like, at what point do you think we'll have to expand? And you know, probably add up the production capacity.

Manan Mehta: Yeah. So, answer to the question one, yes. That's why this conscious call of getting into transferable business, although it's a volumetric business, but then still, you know, and in some cases, it gives us good margins also. When you are probably one of the 2 or 3 supplies that are there at the customer end. So yes, the transformer business has is stabilizing for us. We are thinking of capacity expansion already. For that. There is some capex which we will be needing. We are evaluating the Capex. You know expenses. We have obtained the quotations for the same, and the companies evaluating the same how to move ahead in that. At the same time, we see a stabilized business of not less than maybe somewhere about 50-60 odd lakhs rupees a month. So, translating to about 60 odd crores on top line, on a annual basis, which is again, probably point to note. So, this I'm talking about the current monthly run rate that we are probably doing, and this will obviously grow in the coming near future. So yes, this could probably add up to about in the next couple of years to about 25-30 odd crores of revenues that would come from this segment at the same time. Yes, we have to also be conscious on the margins that this business is giving us and play on. You know the certain approvals, the quality of the product as well as you know, targeting certain export market for exports. Also, it's a very huge business in terms of transformer all. So, for instance, we did 2 shipments in, if I correctly remember, correct me if I'm wrong. It was in Latin America that we did shipment for transformer also what we it can, you know. Get it from. Get for us probably if you could. Just Repeat the second question that you asked. Then I will answer that.

Smit Jain: About the 40,000-48,000 KI production capacity that we have. And currently, we're doing close to 20 - 23,000 kl. In production? So, at what point?

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Manan Mehta: Yeah. So, the production capacity. I told to Varun as well that you know one is the production capacity, and one is your filling capacity. So, production 48,000 kilolitres per annum can be. In the same premises we can add 2 more reactors. We have a provision to add 6 more reactors, by the way. But if I add 2 more reactors, the production capacity can become from 48,000, it can become 56,000. So, for us, producing in bulk is not a very big concern. The concern still remains, you know, filling it into pack sizes which could be smaller in nature. So, for that, as I told you, we are about 75% full in terms of capacity. Now we probably are assessing whether to start our night shift or not. So that in the situation that we are in currently and you know, with that probably night shift also operational in a year or so we may be exhausting our filling capacity for certain product lines. So that's the reason why the company has also identified packers who can help us in packing those products which we are producing in house at the same time. Yes, the time is also probably ripe for us to scout for certain opportunity, or for certain lines which can be acquired from now, and see a Capex, maybe in one and a half 2 years so it is not just capex that we plan to do. If we are also open to certain lease facilities that may be available for a long term, like, for example, a 10-year horizon, or a 55 or 75 plus years basically horizon, where we able to offload some of our production that, we are doing currently and move I mean, reboot online, our existing capacity.

Smit Jain: Fair enough, and you know you can choose to answer in terms of figures or not. Just to, you know, like, would it be right to say that this year we would be growing on the top line bit as well and on the bottom line instead of just the bottom line, probably, as it was in the case of financial year 24-25. Would it be correct to say that.

Manan Mehta: Yes, of course. Yes.

Smit Jain: Okay, perfect. Take care I'll get back in. Thank you so much.

Manan Mehta: Oh!

Finportal: We'll take the next question from Mr. Rajesh.

Rajesh Parikh: Yeah. Good evening. Sir.

Manan Mehta: Good evening.

Rajesh Parikh: Yeah, I'm audible, perfectly.

Manan Mehta: Absolutely.

Rajesh Parikh: Yeah, yeah, Mr. Mehta, the thing is that you just informed us that you are doing in airport services and the business over there for the aviation in all of the Maharashtra. Right?

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Yeah. So can I know what is the approximate percentage that business we are doing with the aviation as of now.

Manan Mehta: The aviation one is the private aviation, and one is the public aviation. Now, when I talk about Indian Air Force, particularly the business quantum there is different than the private aviation. Now, when I talk about private aviation, this is more for the ground services that they have for the aircraft. Basically, when you talk about, say, when you see those baggage carriers, when you see those forklifts, when you see those, you know ground fleet what they have on the floor. So, it is more supplies to that kind of, you know, ground fleet which they have. So, for instance, there was a tender from AI services in Maharashtra, which was somewhere close to about 25-30 lakhs. So, this may be the case elsewhere also in in other geographies. I'm exactly probably don't know the number that may be there in the other geographies. But then, yes, Delhi, maybe more. Kolkata may be more; the other relatively smaller airports may be less. So This is the kind of you know requirement, that is probably for 3 months which I'm talking about. So, this is the kind of market size that can be studied with a single carrier for which is Air India now that that can be translated to other carriers also. For example, not just air India. But even there, you know, I would say, food partners like. And all it's basically something that also requires those lubricants. So, we are also working on those kinds of customers as well, secondly, when it comes to the Indian Air Force. In general, the quantum may be very less as compared to our total turnover. Say, for example, not more than 1% but then, you know, when we're doing this project with the Indian Air Force, these are these are very, very long term. These require approvals from multiple authorities. So, for instance, one product, after laboratory testing it may require ground testing on the fleet practical trial on the fleet on the ground. Once that is passed it goes to, I mean, airborne testing. Once that is passed, then they will issue us a letter and capacity verification will be done, then they will be issuing us a letter to supply. So, the entire gestation period is not less than 2 to 3 years. But we are working on 8 to 9 different products for Air Force, which, you know, the currently Air Force probably has a single source for these kinds of products. The gestation period is long, but the fruits are also better. Because the part the entry to barrier is very high margins are better at the same time. you know, the competition is very, very less. So that's how we are working on. And once, probably we'll see the results in the couple of years. What this translates to.

Rajesh Parikh: Yeah, the thing is that say, you said that it's regarding the competition. You're having less competitions, right? But obviously you would be going through gem portals, ordering.

Manan Mehta: Is it.

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Rajesh Parikh: Is it the way we get the OEM?

Rajesh Parikh: OEM or the gem portals?

Manan Mehta: So, there are 2 things now when it comes to gem. Gem has an open tender gem, and has a limited tender also, when it comes to open tender, it is open for all to participants, and order is the lowest possible price. Of course, the lowest possible price, tender when it is a limited tender, only specific makes are approved. Today also, the single source supplies are being supplied through gem portals only but it is restricted to that one particular source. There is no other option for the buyer to take any quotation from somewhere else, although the procurement happens through gem. But it is a very limited tender. So that is what I intend to say when it comes to, you know, having less competition, so it will be a limited tender.

Rajesh Parikh: Okay. Finally, and one more thing that once we get approved for the AI airport services. Are we eligible also for the other aviation as well.

Manan Mehta: No, we are already approved for AI. That's what I would say, and that does not really mean that I can go and supply to Indigo. Also, AI is only for AI, but yeah. So, HP, BP, IOC, and are the 4 only 4 brands that have been approved by Air India for the supplies of lubrications for the ground transport services. And now the same exercise needs to be probably done with Indigo or the other airline majors, and that needs to be translated into business.

Rajesh Parikh: Okay, so can't we get a direct approval for them? Once we are approved with one of the aviation and ground support. Can't we get approval from the other airlines as well, and start the work immediately.

Manan Mehta: It becomes easy. The 1st approval takes a lot of time.

Rajesh Parikh: Thanks a lot.

Manan Mehta: Life becomes easy, but it is not that easy. It's like a you know, of discretionary approval that you know.

Rajesh Parikh: Okay.

Manan Mehta: Spend.

Rajesh Parikh: You could do 5.

Manan Mehta: Or whosoever please you can you mute yourself.

Rajesh Parikh: Pardon.

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Manan Mehta: It can't be a discretionary approval that you know, once it is approved for Air India, it is approved for other companies also. So, I mean, obviously, when we take this credential and go to other supply other customers, it becomes easier for us.

Rajesh Parikh: Okay, that would be fine enough. So, can we have the annual contracts with the aviation like Airport services or Air Force like this? Or you're just for the limited tendering, right? So just you told, for the limited tenders.

Manan Mehta: Yeah.

Rajesh Parikh: Can't we? Can't we tell them to go for the annual contracts and try it out there.

Manan Mehta: We? It's difficult to dictate terms there because of their obviously inherent policies, that they may have.

Rajesh Parikh: It's government companies. And we can. It is all government companies.

Manan Mehta: No, no, I completely understand that. But having said that yes, we do try to have certain, if not one year, 6 months, 3 months, some kind of a contract where we try to, you know. Arrive at, I would say that you know certain quantity for a certain stipulated time and then hold on to that quantity for a long time also. So it happens, I understand it's government business off the record. Things happen very differently there. But then it's really difficult to state. Say that. You know, this company will probably do it for me. This company would probably not do it for me. So, there are a lot of variables when it comes to certain. You know, the government companies and needs to be taken care of.

Rajesh Parikh: Okay, anyways, Mr. Mehta, thank you. I am aviation supplier. So, I was very much interested in that. I will connect you for that. And I am having the order value as well of yours what it has been supplied previously to Bombay Airport. And yeah, so I'm aware of it. So, and anyways, I'll be in touch with you if it is, for a while for the other aviation, as well.

Manan Mehta: Okay, all the way. Okay, thank you. Thank you. Good point. Okay.

Finportal: Also, we have few questions in the Q&A tab. If you can take one by one.

Manan Mehta: Yeah, sure so I can see questions from Arjun saying that I wanted to know if our company is developing any product with respect to the data center, cooling environment, if not yet, is that something that we will, and going forward?

Yes, that is on the cards. In fact, yesterday only we had an appointment with our company customer that for data center cooling only immersion cooling systems, as we call it. And the

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product is available with us. It is a question of going to the customer and marketing it, and that has already been started.

Second is just wanted some more color and understanding on your volume mix so that what was the volume number in this quarter also? Can you provide some more color in terms of breakup between automotive and industrial.

So, the volume in this quarter probably is yet to be arrived at. I may not be able to tell you a number for now. But yes, the breakup between automotive industrial still largely remains about 40 to 60, 40 being automotive, 60% being industrial so that hope that answers your question.

And next is Mr. Prashant Somani. Our profit has grown by 33%. But EPS grew by 10%. Have we issued new shares in this year, and to whom?

So no, there have been no new share issuance in this year. And I, it's the weighted average number of shares. So, I don't know if probably you might aware, I would have to analyze that, and probably we can get back to you on the exact details on it. But yes, to reiterate there is no new shares have been issued in this year.

Second the issue, non-cooperating is already, I think, been addressed by Dharman and the 3rd one states that what kind of backward integration. Are we planning to do?

Probably I had mentioned it on the slides, also that, you know, there are certain projects in terms of that are being planned for this year, and that will be definitely there as a part of backward integration projects.

Next is by Rahil; any growth and margin guidance for FY26.

I think I've already answered that. When it comes to a few questions that were asked by Smith, I hope you're able to get something on that.

next is by Varun; split off revenue between automotive and industrial.

Again, I answered this, which was there previously.

Varun also asked that what is the business that we're planning to do in the Dubai subsidiary? How much revenue contribution we are expecting?

It's a very initial stage. But what we intend to do is both imports and exports. Obviously, there are a lot of raw materials which comes in via Middle East, so we intend to buy good raw materials.

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We have a member already in place in Dubai, and obviously keeps on scouting for good refineries. Good products which are available in UAE and exporting it to India for our self-consumption. At the same time, we also intend to export to UAE and yeah, you know. We have. Recently, the Dharman concluded his visit to UAE just last week, and we are happy to share that. You know we have. We were in talks with a distributor, and is almost on the verge of conversion for our industrial range of products in UAE, so that that will be also there on the cards.

Secondly, yes. In UAE we are also intending to sell some finished goods through Lubrizol, from which we are partnered with so that will also be there which will be a part of the subsidiary.

Next, I think, is, how much is our trading turnover out of 285 crores. So, I don't think that trading turnover is more than about 10-12% of the total turnover that we've had last year. Hope that answers your question.

Arjun also asked that as EV penetration is expected to increase from 4 to 5 to about 23% over the next 5 odd years. Could you give some color? How this is going to impact Arabian.

So as mentioned to you before also, out of the total market size in India about 3,000 kilotons. We are probably at somewhere about 25 to 26 kilotons. So, market size for us is to huge to really be impacted in terms of the EV penetration. If I was Castro today, yes, I would have answered it differently. But when it comes to Arabian as a company, we have enough room to grow. This is not just India. But if I talk about globally yes, that also is a very big market when it comes to electric vehicle penetration. Now, electric vehicle concentration is high in terms of 2 wheelers, 3 wheelers, the commercial vehicles, the heavy engines, I mean the I would say the excavators, elevators, the mining equipment, all still largely remain diesel powered, or fuel powered vehicles, so which consume major quantity of lubricants that are there in India, so that probably would still remain, and that would take a long time to get electrified also. And as I've answered these questions multiple times before. The penetration of vehicles primarily in India is a lot more level than what is there in China, or what is in the US. So, more and more vehicles are today also being sold. And by the time probably we reach to 20-23% of EV penetration, I think the total market size of the you know, IC engines-based population of vehicles or the petrol-powered population of vehicles. So, these kind of, or the hybrid vehicles would probably be much much more than what it is today. So, we don't foresee a slowdown in the next 10 years from now in terms of the total market size for lubricants.

Secondly, yes, as I told you, automotive could be impacted for it. But there are certain water-based products, water-based chemistry, industrial products which will never get impacted. Even

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if there is electric vehicle penetration so that probably will also counter a lot of threat that we may have. We may have from EV.

Finportal: We have one question from Mr. Smit.

Smit Jain: Yeah, so just one question and one request. So, the first, the question being we were talking about that deep. The bottling plant is one constraint which is not, or which would not allow us to, you know, utilize our capacity fully. So, are we also looking at doing some Capex there, and you know, increasing our bottling capacity in ours, or we don't want to do that, because that's not our core business, and you would want to stick to outsourcing? That's the question, and once you answer, probably I'll make the request as well.

Manan Mehta: So strategically, we don't want to invest. There is, primarily, because it's better to outsource the non-core business operations that we have where you don't really need to have too much of strategy in place or not too much of thoughts in place. It's more of a you know. I would say, a very monotonous activity which keeps on happening. So, there are a lot of capacity which are available in India which are still underutilized, unutilized. And I mean, on and off we keep on getting proposals from a lot of people. So, we don't really foresee that we would be doing any big capex expansion in it in the current. You know perfectly when it comes to bottling. Yes, if you plan to do some Capex, which, along with the manufacturing it, may require certain bottling also at the at the new facility. Probably so there may be a small, probably Capex on the bottling side of it, but nothing primarily here. In in the current premises.

Smit Jain: Okay that. But the new factory, or whatever the plans, are still like 12, 18, 24 months away from now. Okay. So, The request that I had was, you know you spoke about maybe coming up with monthly updates. So, I request, I suppose, that can be like actually be considered if we can be more proactive there, because you know, what happens is, since we announced quarterly or half yearly results. And by the time we do these Con calls it is like 7-8 months gap, which is there in between 2 calls. So, the information transparency, somehow, you know, gets lost. So, if suppose we can actually, you know, consider coming up with monthly updates on a proactive basis, it'll, you know, avoid giving investors any negative or positive surprises, right? Like, it's better to know things as it is happening instead of you know, knowing it in the hindsight. So that's the only request that I have.

Manan Mehta: Absolutely. I think we are aligned to that. And I mean our I team along with our back-end team will definitely work on giving productive updates every month. So, it will be channelized through our team only. But yes, point taken. That we will be proactively doing that in the, in the coming future.



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Smit Jain: Perfect. Thank you so much. All the best thanks.

Manan Mehta: Thank you.

Finportal: Thank you. Do we have any other question from any investor? If you want to ask, please raise your hand. As there are no further questions. I would now like to invite the management to share their closing remarks.

Manan Mehta: Yeah, thank you. Everyone who's joined here and took the time out to hear us about what are completed and what we envision for the coming near future, and thank you, Finportal team for also organizing this very, very effectively. And; We had a good interaction and hope to stay connected. I mean, obviously, we are all partners in business. So, if there is anything that we can do together feel free to reach out through our team to us, and we may. We are always in for business. So please feel free and looking forward to seeing you all guys again. Thank you.

Finportal: On behalf of Arabian Petroleum Limited. We sincerely thank you for your time and continued interest. We appreciate your participation on today's call. You may now disconnect. Thank you, and have a great day ahead.

Manan Mehta: Thank you.