Gulf Oil Lubricants India Ltd (GOLI)

2QFY27 Result Update | Oil & Gas

Growth sustained with capacity expansion

DALAL & BROACHA STOCK BROKING PVT. LTD.

Equity Research Desk

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Gulf Oil Lubricants India Ltd reported a strong Q2FY27 performance, with consolidated revenue growing 46% YoY to ₹1,410 cr, operating EBITDA increasing 39% to ₹163 cr and PAT rising 36% to ₹115 cr. Core lubricant volumes grew 16% YoY to 47,000 KL, significantly ahead of the estimated industry growth of 3-4%, reflecting continued market-share gains and strong execution across distribution channels.

Growth remained broad-based across B2C, OEM workshops and B2B industrial customers. Nearly one-third of incremental B2B growth came from new customers, while the company continued to benefit from strong OEM relationships and distribution expansion. However, EBITDA margin declined by around 55 bps to 11.5%, as elevated crude and base-oil costs continued to pressure percentage margins despite calibrated price increases.

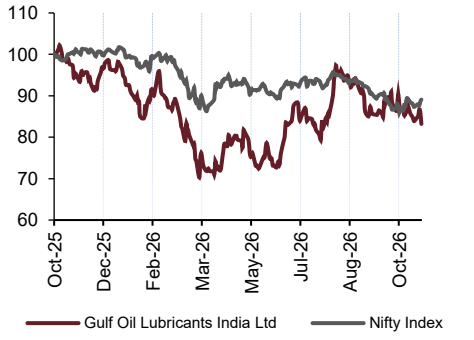
Management expects lubricant volumes to grow at 2-3x industry growth in H2FY27, potentially translating into near double-digit growth. It reiterated its medium-term EBITDA margin aspiration of 14-16%, supported by premiumisation and operating leverage, while clarifying that the recovery will take time. Tirex, the EV charging subsidiary, reported 78% YoY revenue growth to over ₹33 cr, while capacity expansion at Chennai and Silvassa remains underway. H1 operating cash flow was positive at ₹624 cr, although working-capital requirements and further input-cost inflation remain key monitorables.

Rating	TP (Rs)	Up/Dn (%)
BUY	**1,375**	**33**

Market Data		
Current price	**Rs**	**1,030**
Market Cap (Rs.Bn)	(Rs Bn)	51
Market Cap (US$ Mn)	(US$ Mn)	536
Face Value	Rs	2
52 Weeks High/Low	Rs	1290/865
Average Daily Volume	('000)	96
BSE Code		538567
Bloomberg		GOLI.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Sep-26	Jun-26
Promoters	67.00	67.00
Public	33.00	33.00
Total	**100.00**	**100.00**

Source: Bloomberg

Financial Summary

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
Net Sales	33,012	36,312	40,560	50,151	52,806
EBITDA	4,210	4,723	5,139	6,118	6,865
Margin (%)	13%	13%	13%	12%	13%
PAT	**3,082**	**3,572**	**3,676**	**4,354**	**4,865**
Growth (%)	33%	16%	3%	18%	12%
EPS	62.7	72.5	74.4	87.9	98.2
P/E (x)	16.4	14.2	13.8	11.7	10.5
EV/EBITDA (x)	11.2	9.6	8.8	7.3	6.4
ROE (%)	23%	23%	23%	25%	25%
ROCE (%)	22%	22%	21%	21%	22%

Source: Dalal & Broacha Research, Company

Concall Highlights

Operational Performance

- **Core lubricant volumes grew 16% YoY to 47,000 KL, against estimated industry growth of 3-4%**.
- Growth was broad-based across B2C, OEM workshops and B2B industrial businesses, supported by strong supply-chain execution, market-share gains and new customer additions.
- *Management expects to grow lubricant volumes at 2-3x industry growth in H2FY27*, with agricultural demand remaining a monitorable.

Segmental Highlights

B2C

- Continued market-share gains, supported by distribution expansion and strong customer relationships.
- Management expects B2C growth to remain at least 2x industry growth.

B2B/Industrial

- Industrial lubricants continued to deliver strong double-digit growth.
- Nearly one-third of incremental B2B growth came from new customers, indicating traction in customer acquisition.

OEM & Workshop Segment

- OEM factory-fill business recorded double-digit growth, while OEM franchisee workshops delivered high double-digit growth.
- Continued expansion of OEM relationships remains a key driver of lubricant volume growth.

AdBlue

- *Q2FY27 volumes stood at around 33,000 KL*, with monsoon conditions and lower truck movement affecting demand.

- **Management continues to target 10-15% volume growth**, supported by the growing BS-VI vehicle population.
- The margins remain in the mid-single digits; the business improves operating leverage due to common customers and distribution infrastructure.

EV Mobility / Tirex

- Management maintained its medium-term **revenue target of ₹3-4 bn over the next 3-4 years**.
- **Tirex revenue grew 78% YoY to over ₹330 mn in Q2FY27**.
- New manufacturing facility remains on track (expected by Q3FY27) and will support future growth. *This capacity is expected to expand to 3,000 chargers*, with growth opportunities across OEMs, charge-point operators, fleets, buses and construction/mining equipment.
- Integration with the EV software business is expected to support the broader charging-solutions offering.
- Growth is expected to improve in H2FY27.

Margin Commentary

- *Consolidated operating EBITDA margin declined by around 55 bps to 11.5%*, despite 39% YoY operating EBITDA growth.
- Management highlighted that **per-litre profitability remains the key metric during the current inflationary cycle**, as higher selling prices also increase reported revenue and can make percentage margins appear lower.
- **The medium-term EBITDA margin aspiration remains 14-16%, supported by premiumisation**, synthetic products and operating leverage; however, this is not a one-to-two-quarter target.

Pricing & Raw Material

- Crude and base-oil prices remain key challenges, with changes in crude prices taking around 40-60 days to flow through to base-oil costs.

- The company has implemented calibrated price increases to protect per-litre profitability and remains open to further price hikes if input costs rise.
- Supply availability, pricing actions and the ability to pass on cost inflation remain key monitorables.

Capex

- Chennai: Capacity expansion is expected by the end of the current quarter.
- Silvassa: Expansion is progressing, with completion expected around Q1FY28.
- The expansions will increase blending capacity and support future volume growth

Valuation & Outlook

Gulf Oil continues to outperform the lubricant industry, delivering 16% YoY volume growth in Q2FY27, significantly ahead of the estimated industry growth of ~3-4%. The outperformance reflects sustained market-share gains, strong supply-chain execution and customer additions across B2C, OEM workshops and B2B industrial segments. Management expects volume growth of 2-3x industry growth in H2FY27, supported by distribution expansion, increasing OEM penetration and premiumisation.

Elevated crude and base-oil prices have weighed on reported EBITDA margins, which declined by ~55 bps YoY to 11.5% in Q2FY27, despite strong EBITDA growth. Management continues to focus on protecting per-litre profitability through calibrated price hikes, while aspiring to achieve medium-term EBITDA margins of 14-16%. Capacity expansions at Chennai and Silvassa, alongside the scaling up of Tirex, provide additional growth levers. H1FY27 operating cash flow of ₹624 cr also reflects healthy cash generation, although further input-cost inflation and working-capital requirements remain key monitorables.

We maintain a positive view on Gulf Oil, underpinned by its consistent market-share gains, diversified customer base, pricing discipline and strong cash generation. While near-term margins remain exposed to raw-material volatility and the pace of price pass-through, sustained volume growth and gradual margin recovery could support earnings growth over the medium term.

We maintain our BUY rating with a target price of ₹1,375, based on 14x FY28e EPS of ₹98.

Quarterly Result Analysis

Particulars (Rs. mn)	2QFY27	2QFY26	YoY (%)	1QFY27	QoQ (%)
Revenue from Operations	**14,087**	**9,668**	**46%**	**13,272**	**6%**
Total RM Cost	9,020	5,551	62%	7,800	16%
Gross Profit	**5,067**	**4,117**	**23%**	**5,473**	**-7%**
Employee Benefits Expense	597	539	11%	599	0%
Other Expenses	2,834	2,404	18%	3,215	-12%
Total Expenses	12,451	8,494	47%	11,614	7%
EBITDA (excluding Other Income)	**1,635**	**1,174**	**39%**	**1,658**	**-1%**
Depreciation	213	163	31%	195	9%
EBIT	**1,422**	**1,011**	**41%**	**1,463**	**-3%**
Other Income	273	255	7%	269	1%
Finance Costs	155	135	15%	85	83%
Exceptional Items	-	-		-	
PBT	**1,540**	**1,131**	**36%**	**1,647**	**-7%**
Tax Expense	394	293	35%	439	-10%
Share of Profit from Associates/JV	(1)	1		(0)	
Net Profit after Tax	**1,145**	**840**	**36%**	**1,208**	**-5%**
Earning Per Share	23.57	17.35	36%	24.87	-5%
Margins (%)			**(in bps)**		**(in bps)**
Gross Margin	36.0%	42.6%	-661	41.2%	-527
EBITDA Margin (Excl. Other Income)	11.6%	12.1%	-54	12.5%	-88
PAT Margin	8.0%	8.5%	-49	8.9%	-95
Tax Rate	25.6%	25.9%	-30	26.6%	-104
As a % to sales					
RM as a % to sales	64.0%	57.4%		58.8%	
EE Cost as a % to sales	4.2%	5.6%		4.5%	
Other exps as a % to sales	20.1%	24.9%		24.2%	

Source: Dalal & Broacha Research, Company

Financials

Income Statement (Rs. mn)	FY24	FY25	FY26	FY27e	FY28e
Revenue	33,012	36,312	40,560	50,151	52,806
Operating Expenses	19,461	21,018	23,304	30,341	30,364
Gross Profit	**13,551**	**15,293**	**17,256**	**19,810**	**22,443**
Employee Cost	1,507	1,834	2,126	2,407	2,640
Other Expenses	7,833	8,736	9,991	11,284	12,938
EBITDA	**4,210**	**4,723**	**5,139**	**6,118**	**6,865**
Depreciation	507	558	692	805	947
EBIT	3,703	4,165	4,447	5,313	5,918
Margin (%)	*11%*	*11%*	*11%*	*11%*	*11%*
Other Income	681	987	976	1,074	1,181
Interest	259	359	564	542	612
PBT	4,125	4,793	4,860	5,845	6,487
Tax Expense	1,043	1,221	1,183	1,490	1,622
Adjusted PAT	**3,082**	**3,572**	**3,676**	**4,354**	**4,865**
Reported PAT	**3,080**	**3,574**	**3,448**	**4,354**	**4,865**

Balance Sheet (Rs. mn)	FY24	FY25	FY26	FY27e	FY28e
Equity Capital	98	99	99	99	99
Other Equity	13,567	15,213	15,738	17,371	19,015
Total Equity	**13,665**	**15,312**	**15,836**	**17,470**	**19,114**
Long-term Borrowings	-	-	245	264	264
Long-term Lease Liabilities	156	255	299	492	587
Other Non-current Liabilities	443	391	429	429	429
Non-current Liabilities	**599**	**646**	**972**	**1,185**	**1,280**
Short-term Borrowings	3,331	4,216	4,899	6,858	6,858
Short-term Lease Liabilities	165	194	224	356	438
Trade Payables	4,970	5,592	6,582	8,107	8,246
Other Current Liabilities	1,356	1,617	1,636	2,314	2,314
Current Liabilities	**9,823**	**11,619**	**13,341**	**17,634**	**17,856**
TOTAL EQUITY & LIABILITIES	**24,086**	**27,577**	**30,150**	**36,289**	**38,251**
PPE (incl. CWIP)	2,349	2,436	2,484	2,554	2,632
ROU & Intangibles	1,197	1,375	1,726	1,972	2,265
Goodwill	277	277	277	277	277
Non-current Investments	907	887	509	509	509
Other Non-current Assets	268	279	425	438	438
Non-current Assets	**4,999**	**5,255**	**5,421**	**5,751**	**6,122**
Inventories	4,943	5,075	5,947	7,282	7,668
Trade Receivables	5,018	4,943	5,348	6,733	7,089
Cash and Bank Balances	7,573	10,505	11,573	14,351	15,199
Other Current Assets	1,554	1,800	1,861	2,173	2,173
Current Assets	**19,087**	**22,323**	**24,728**	**30,539**	**32,129**
TOTAL ASSETS	**24,086**	**27,577**	**30,150**	**36,289**	**38,251**

Cashflow (Rs. mn)	FY24	FY25	FY26	FY27e	FY28e
PBT	4,125	4,793	4,860	5,845	6,487
Depreciation	507	558	692	805	947
Other Income	-681	-987	-976	-1,074	-1,181
Others	215	329	643	542	612
Net Chg in WC	272	518	-438	-843	-602
Taxes	-1,024	-1,257	-1,284	-1,490	-1,622
CF from Operating Activities	**3,414**	**3,953**	**3,497**	**3,785**	**4,641**
Capex	-268	-403	-509	-543	-715
Net Investments	-476	337	75	-86	-
Others	238	839	549	1,074	1,181
CF from Investing Activities	**-506**	**773**	**114**	**445**	**466**
Change in Share capital	53	52	33	0	-
Change in Debt	7	905	732	1,979	-
Lease Liabilities Paid	-159	-174	-494	-254	-425
Dividend Paid	-2,014	-1,961	-2,415	-2,721	-3,221
Interest Paid	-259	-359	-564	-542	-612
Others	-8	41	195	-	-
CF from Financing Activities	**-2,380**	**-1,498**	**-2,513**	**-1,538**	**-4,259**
Net cash increase/ (decrease)	**529**	**3,228**	**1,098**	**2,692**	**848**
Cash Opening Balance	**6,504**	**7,032**	**10,261**	**11,359**	**14,051**
Cash Closing Balance	**7,032**	**10,261**	**11,359**	**14,051**	**14,899**

Ratios	FY24	FY25	FY26	FY27e	FY28e
Margin (%)					
GM	41%	42%	43%	40%	43%
OPM	13%	13%	13%	12%	13%
NPM	9%	10%	9%	9%	9%
Tax rate	25%	25%	24%	26%	25%
Growth Ratios (%)					
Net Sales	10%	10%	12%	24%	5%
Operating Profit	23%	12%	9%	19%	12%
EBIT	22%	12%	7%	19%	11%
PAT	33%	16%	3%	18%	12%
Per Share (Rs.)					
Net Earnings (EPS)	62.7	72.5	74.4	87.9	98.2
Adjusted Earnings (Adj. EPS)	62.6	72.5	69.8	87.9	98.2
Book Value Per Share (BVPS)	277.9	310.6	320.6	352.5	385.7
Dividend Per Share (DPS)	36.0	48.0	51.0	60.0	70.0
Valuation Ratios					
P/E (x)	16.4	14.2	13.8	11.7	10.5
P/B (x)	3.7	3.3	3.2	2.9	2.7
EV/EBIDTA (x)	11.2	9.6	8.8	7.3	6.4
Div. Yield (%)	3%	5%	5%	6%	7%
Return Ratios (%)					
ROE	23%	23%	23%	25%	25%
ROCE	22%	22%	21%	21%	22%
RoIC	31%	35%	36%	37%	38%

Source: Dalal & Broacha Research, Company

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