

GULF OIL LUBRICANTS [GOLI]

4QFY25 Result Update | Oil & Gas

Record FY25 Performance with Highest-Ever Revenue, EBITDA, and PAT; strong cash flows support future growth ambitions



DALAL & BROACHA
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Equity Research Desk

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Gulf Oil Lubricants (GOLI) reported a robust performance in Q4FY25 and for the full year FY25, with core lubricant volumes growing 7% year-on-year in the fourth quarter—double the industry growth rate. While AdBlue volume growth was flat year-on-year (up 3% quarter-on-quarter) and missed estimates by 8%, the company maintained a strong EBITDA margin of 13.6% in Q4, at the upper end of its guided 12–14% range. However, EBITDA per litre was slightly lower quarter-on-quarter due to persistent base oil prices and a weaker rupee. Financially, Q4FY25 EBITDA stood at Rs1.24 billion, 8% below estimates, and PAT was Rs916 million, 15% lower than expected, impacted by higher depreciation/amortization and lower other income. Despite these quarterly challenges, FY25 marked record highs for GOLI in revenue (over Rs3,500 crore), EBITDA, and PAT, with full-year EBITDA and PAT growing 12% and 17.5% respectively. Strong cash generation of Rs423 crore in FY25 led to a record cash balance of Rs1,027 crore, enabling a generous Rs48 per share dividend (65% payout), resulting in a yield exceeding 4%.

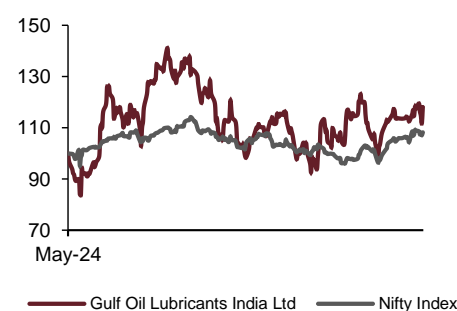
Strategically, management is maintaining its volume growth guidance at 2–3 times the industry rate, focusing on premiumization, brand building, and market share gains. The company is actively evaluating capital expenditure and M&A opportunities in both core and adjacent sectors, including industrial, EV, and data centre cooling segments, with an expansion of the Silvassa plant under consideration due to near-full capacity utilization. On the innovation front, two products for data centre liquid cooling applications (one POA-based synthetic and one mineral) developed in India are ready for proof-of-concept testing. The EV charger subsidiary, Tirex, delivered a remarkable 300% year-on-year topline growth in FY25, achieving positive EBITDA and revenue of Rs790 million, while AdBlue volumes are projected to grow 10–15% annually.

Rating	TP (Rs)	Up/Dn (%)
BUY	1,440	16

Market Data

Current price	Rs	1,237
Market Cap (Rs.Bn)	(Rs Bn)	61
Market Cap (US\$ Mn)	(US\$ Mn)	709
Face Value	Rs	2
52 Weeks High/Low	Rs	513.55 / 849.15
Average Daily Volume	('000)	224
BSE Code		538567
Bloomberg		GOLI.IN
Source: Bloomberg		

One Year Performance



Source: Bloomberg

% Shareholding	Mar-25	Dec-24
Promoters	67.14	67.22
Public	32.86	31.78
Total	100.00	100.00

Source: Bloomberg

Financial Summary

Y/E Mar Rs Mn	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	21,916	29,991	33,012	36,312	42,545	47,503
EBITDA	2,858	3,428	4,210	4,723	5,201	5,568
PAT	2,114	2,323	3,082	3,572	4,091	4,438
EPS	41.95	47.30	62.81	72.81	83.38	90.45
P/E	28	25	19	16	14	13
ROE(%)	20%	20%	24%	24%	24%	23%
ROCE(%)	21%	23%	27%	27%	27%	27%

Source: Dalal & Broacha Research

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Valuation & Outlook

Valuation: Multiples are at appealing levels; maintain BUY rating

Over the past year, GOLI has seen an impressive performance in its stock price compared to its peers, as the market has recognized its above-industry volume growth, superior margin profile, and strong brand loyalty from customers. The company has made significant strides in growing its brand presence and OEM relationships, ensuring that both its B2B and B2C segments continue to grow steadily over the next decade.

GOLI is well-positioned to strengthen its market presence, with its core and AdBlue market shares in India at 6%-8% and 20%, respectively. Its diversification into the EV and DC cooling fluid spaces further justifies the re-rating, its strategic expansion into EV infrastructure enhances its long-term growth prospects, aligning with the evolving automotive landscape.

The company is also set to drive sustained profitability, with EBITDA and PAT expected to grow at CAGRs of 13% and 13%, respectively, during FY24-27E. Core lubricants and AdBlue volumes are forecasted to grow at CAGRs of 7% and 10%, respectively, during the same period. The stock is attractively priced at a PER of 14x/13x for FY26E/FY27E, with an ROE/ROCE of 25%+ and a dividend yield of nearly 4%.

We maintain a BUY rating with a target price of Rs 1,440, based on a PER of 16x. With its well-diversified portfolio, including its presence in EV infrastructure, GOLI is well-hedged against any future industry shifts, ensuring long-term resilience and growth.

Conference Call KTAs

Financial Highlights

- **Q4 FY25:** Highest-ever quarterly volume (39,500 KL), revenue (915 crores), and EBITDA (124.47 crores) with a 13.6% margin. Full-year revenue surpassed 3,500 crores (8.2% YoY), EBITDA grew 12%, and PAT rose 17.5% to 362.25 crores.
- **Cash Reserves:** Crossed 1,000 crores, enabling a 65% dividend payout (48/share total for FY25).

Market Expansion & Segmentation

- **Volume Growth:** 7% annual growth, doubling the industry rate (3%) Market share rose ~0.5% across segments.
- **Segment Mix:** Personal mobility rose to 24% (double-digit motorcycle oil growth), while diesel engine oil stabilized at 36%. Industrial segment recovered in Q4 after a full-year decline.

Product Innovations

- **AdBlue:** Volumes surged to 140,000 KL annually (35–37k KL/quarter), targeting 10–15% annual growth. Premium pricing (₹45–50/liter) and anti-counterfeit packaging emphasized.
- **Data Center Cooling:** Launched two India-made products (synthetic and mineral) for liquid cooling, now in proof-of-concept trials.

EV & Charging Infrastructure

- **Tirex Subsidiary:** Revenue tripled to ₹78–79 crores (300% YoY), achieving positive EBITDA. Targets ₹400–500 crores in 3–4 years.
- **Strategic Investments:** 51% stake in Tirex, with options to expand. Additional stakes in Electri and Indra bolster EV ecosystem capabilities.

Marketing & Branding

- **Launched 360-degree campaigns:** Unstoppables (Dec 2024) and Gulf Pride motorcycle oil (10,000 km drain interval, API SP-grade). A&P expenses maintained at 3–4% of revenue.

Strategic Outlook

- **Unlock 2.0 Strategy:** Focuses on accelerating growth, premiumization, and digital transformation. Targets 2x industry volume growth and margin band of 12–14%.
- **Expansion:** Silvassa plant capacity augmentation (₹50 crore annual Capex) and M&A opportunities in core lubricants/EV sectors.

Quarterly Financials



(Rs.Mn)	Q4FY25	Q4FY24	YoY Growth (%)	Q3FY25	QoQ Growth (%)
Revenue	9,527	8,696	10%	9,204	4%
Other Income	228	195	16%	340	-33%
Total Revenue	9,755	8,892	10%	9,544	2%
Total RM Cost	5,473	5,125	7%	5,275	4%
Gross Profit	4,055	3,571	14%	3,928	3%
Employee Expense	479	381	26%	467	3%
Other Expenses	2,288	2,017	13%	2,236	2%
Total Expenses	8,239	7,523	10%	7,979	3%
EBITDA (Excluding OI)	1,288	1,173	10%	1,225	5%
Depreciation	162	161	0%	133	22%
EBIT / PBIT	1,354	1,207	12%	1,433	-6%
Finance Costs	101	58	75%	146	-31%
EBT/ PBT	1,253	1,149	9%	1,291	-3%
Tax Expense	324	281	16%	317	2%
Net Profit after Tax	929	869	7%	973	-5%
Adj Earning Per Share	18.70	17.69	6%	19.89	-6%
Margins (%)			(In bps)		(In bps)
Gross Margins	42.6%	41.1%	149	42.7%	-13
EBITDA Margins (Excl OI)	13.5%	13.5%	3	13.3%	21
PAT Margins	9.7%	10.0%	-24	10.6%	-83
As a % to sales					
RM as a % to sales	57.4%	58.9%		57.3%	
EE Cost as a % to sales	5.0%	4.4%		5.1%	
Other exps as a % to sales	24.0%	23.2%		24.3%	

Source: Dalal & Broacha Research

Financials

P&L (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	16,521	21,916	29,991	33,012	36,312	42,545	47,503
Total Operating Expenses	8,890	13,121	18,677	19,461	21,018	25,644	28,160
Employee Cost	1,165	1,168	1,352	1,507	1,834	2,127	2,850
Other Expenses	3,816	4,770	6,534	7,833	8,736	9,573	10,926
Operating Profit	2,651	2,858	3,428	4,210	4,723	5,201	5,568
Depreciation	339	357	396	507	558	371	403
PBIT	2,312	2,501	3,032	3,703	4,165	4,830	5,164
Other income	521	442	471	681	987	920	1,048
Interest	146	96	376	259	359	295	295
PBT (Before exceptional)	2,686	2,847	3,127	4,125	4,793	5,455	5,917
PBT (post exceptional)	2,686	2,847	3,127	4,125	4,793	5,455	5,917
Provision for tax	687	733	804	1,043	1,221	1,364	1,479
Reported PAT	2,000	2,114	2,323	3,082	3,572	4,091	4,438

Balance Sheet (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity capital	101	101	98	98	98	98	98
Reserves	8,594	10,327	11,684	12,846	14,519	16,677	18,896
Net worth	8,695	10,428	11,782	12,944	14,617	16,776	18,995
Non Current Liabilites	247	385	479	599	646	698	698
Current Liabilites	5,448	7,112	8,455	9,825	11,619	12,641	13,454
TOTAL LIABILITIES	14,390	17,925	20,717	23,368	27,582	30,114	33,146
Non Current Assets	3,167	3,307	3,881	4,802	5,255	5,027	5,091
Tangible + Intangible Assets	2,463	2,456	2,418	3,205	3,530	3,303	3,367
Goodwill	-	-	-	277	277	277	277
Non Current Investments	203	214	738	764	743	743	743
Deferred Tax Asset	-	-	-	2	7	7	7
Other Financial Assets	315	255	247	174	219	219	219
Other Non Current Assets	186	383	477	380	478	478	478
Current Assets	11,222	14,618	16,837	18,566	22,328	25,086	28,056
Current investments	-	-	-	-	-	-	-
Inventories	3,765	4,763	4,717	4,943	5,075	5,946	6,639
Trade Receivables	1,890	2,959	4,100	5,018	4,943	5,792	6,467
Cash and Bank Balances	4,956	5,744	6,543	7,573	10,505	11,618	13,218
Short Term Loans and Advanc	2	2	3	4	4	4	4
Other Current Assets	610	1,150	1,474	1,027	1,800	1,726	1,727
TOTAL ASSETS	14,390	17,925	20,718	23,368	27,582	30,114	33,146

Cashflow (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
PBT	2,686	2,847	3,127	4,125	4,793	5,455	5,917
Depreciation	339	357	396	507	558	371	403
Net Chg in WC	-234	-2,388	148	140	395	-427	-605
Taxes	-551	-762	-934	-1,024	-1,257	-1,364	-1,479
Others	-305	-291	-32	-372	-500	-625	-753
CFO	1,935	-237	2,733	3,376	3,989	3,410	3,483
Capex	-86	-246	-232	-277	-534	-500	-500
Net Investments made	-137	-361	101	-898	438	-	-
Others	527	434	435	669	-10,666	920	-1,037
CFI	304	-173	304	-506	-10,762	420	-1,537
Change in Share capital	71	40	2	53	52	-	-
Change in Debts	-1,522	1,583	-260	7	905	-	-
Others	-1,321	-642	-1,764	-2,440	-2,424	-2,341	-2,514
CFF	-2,772	982	-2,021	-2,379	-1,467	-2,341	-2,514
Total Cash Generated	-534	572	1,016	491	-8,240	1,489	-568
Cash Opening Balance	5,456	4,916	5,488	6,510	7,001	10,260	10,260
Cash Closing Balance(a)	4,916	5,488	6,503	7,001	10,261	11,618	13,218
Other Bank Balances (b)	40	257	41	571	-	-	-
Total(a+b)	4,956	5,744	6,543	7,572	10,261	11,618	13,218

Ratios	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OPM	16%	13%	11%	13%	13%	12%	12%
NPM	12%	10%	8%	9%	10%	10%	9%
Tax rate	26%	26%	26%	25%	25%	25%	25%
Growth Ratios (%)							
Net Sales		33%	37%	10%	10%	17%	12%
Operating Profit		8%	20%	23%	12%	10%	7%
PBIT		8%	21%	22%	12%	16%	7%
PAT		6%	10%	33%	16%	15%	8%
Per Share (Rs.)							
Net Earnings (EPS)	39.84	41.95	47.30	62.81	72.81	83.38	90.45
Dividend Per Share (DPS)	16.00	2.00	25.00	36.00	36.40	41.69	45.22
Valuation Ratios							
P/E(x)	30	28	25	19	16	14	13
P/B(x)	6.828	5.706	4.909	4.482	3.969	3.459	3.054
EV/EBIDTA(x)	21	20	16	13	11	10	9
Div. Yield(%)	1.36%	0.17%	2.12%	3.05%	3.08%	3.53%	3.83%
Return Ratios (%)							
ROE	23%	20%	20%	24%	24%	24%	23%
ROCE	27%	21%	23%	27%	27%	27%	27%
RoIC	37%	26%	30%	38%	46%	45%	46%

Source: Dalal & Broacha Research

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