Gulf Oil Lubricants India Ltd (GOLI)

1QFY27 Result Update | Oil & Gas

Growth sustained with capacity expansion

DALAL & BROACHA
STOCK BROKING PVT. LTD.

Equity Research Desk

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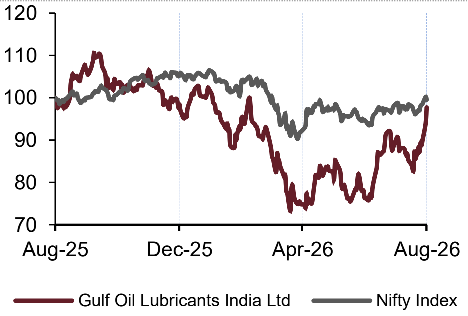
Rating	TP (Rs)	Up/Dn (%)
BUY	**1,280**	**10**

Market Data		
Current price	**Rs**	**1,160**
Market Cap (Rs.Bn)	(Rs Bn)	57
Market Cap (US$ Mn)	(US$ Mn)	603
Face Value	Rs	2
52 Weeks High/Low	Rs	1331.2 / 864.5
Average Daily Volume	('000)	149
BSE Code		538567
Bloomberg		GOLI.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	**Jun-26**	**Mar-26**
Promoters	67.01	67.11
Public	32.99	32.89
Total	**100.00**	**100.00**

Source: BSE

Gulf Oil Lubricants India Ltd reported a record Q1FY27 performance, with highest-ever lubricant volumes of 48,000 KL (+17% YoY; >3x industry growth) and record EBITDA of ₹1,658 mn (+30% YoY), driven by strong volume growth, calibrated pricing actions and superior supply chain execution amid the Middle East-led supply disruption. Revenue increased 31% YoY to ₹13,272 mn, while PAT grew 27% YoY to ₹1,208 mn. Management highlighted that growth was volume-led, supported by market share gains rather than pricing alone.

Growth remained broad-based across B2C, OEM and B2B businesses, with double-digit growth in passenger car motor oils (PCMO), agriculture, commercial vehicles, industrial lubricants and OEM workshops. Strong supply chain execution during the disruption enabled Gulf to gain market share, deepen OEM relationships and add new customers across industrial and infrastructure segments. Despite sharp crude and base oil inflation, the company maintained EBITDA margins at 12.5%, within its guided 12-14% range, supported by timely price hikes, disciplined cost management and supply chain agility.

Management retained its positive outlook, reiterating its strategy of growing at 2-3x industry growth through continued market share gains, premiumization and OEM expansion. Capacity expansion at Chennai (Q3FY27) and Silvassa (Q4FY27) remains on track, while Tirex's medium-term revenue target of ₹3-4 bn remains unchanged despite a seasonally softer Q1. Management cautioned that crude oil and base oil availability remain key near-term monitorables, although Gulf's strong sourcing network and pricing discipline should support profitability going forward.

Financial Summary

Y/E Mar Rs Mn	FY23	FY24	FY25	FY26	FY27E
Net Sales	29,991	33,011	36,312	40,560	45,428
EBITDA	3,428	4,209	4,723	5,139	5,948
PAT	2,323	3,081	3,573	3,448	4,179
EPS	47.30	62.63	73.00	70.38	85.29
P/E	20	15	13	14	11
ROE(%)	20%	24%	24%	22%	25%
ROCE(%)	23%	27%	27%	26%	27%

Source: Dalal & Broacha Research, Company

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Concall Highlights

Operational Performance

- Delivered **record lubricant volumes of 48,000 KL** (+17% YoY), with growth remaining broad-based across B2C, OEM and B2B businesses.
- Management attributed the strong performance to **superior supply chain execution during the Middle East disruption**, enabling uninterrupted supplies, **market share gains** and new customer additions.
- Lubricant industry growth is estimated at 3-4%, with Gulf continuing to target 2-3x industry growth through market share gains and distribution expansion.

Segmental Highlights

B2C

- Double-digit growth across PCMO, agriculture, commercial vehicle and motorcycle lubricant segments.
- Passenger Car Motor Oils (PCMO) remained one of the fastest-growing categories due to low existing market share and continued market share gains.

B2B/Industrial

- Industrial, mining and infrastructure lubricants all delivered healthy double-digit growth, supported by both existing customers and new account wins.

OEM & Workshop Segment

- Double-digit growth in OEM workshop business.
- Agriculture OEMs (Mahindra Swaraj) and motorcycle OEMs (Bajaj) were key growth drivers.
- Gulf continued expanding relationships across its 50+ OEM network.

AdBlue

- Q1FY27 AdBlue volumes remained stable at 40,000 KL (+5% YoY).
- Management reiterated that AdBlue remains a strategic product despite lower margins.
- While 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**.
- Q1 remained seasonally weak due to slower government e-bus deployments, with stronger execution expected from Q2 onwards.
- New manufacturing facility remains on track (expected by Q3FY27) and will support future growth.
- No immediate plans to enter the charging station (CPO) business; focus remains on manufacturing technologically advanced AC and DC chargers.
- Growth is expected to improve in H2FY27.

Premiumization

- Premium products (synthetics, semi-synthetics and specialty lubricants) currently account for less than 10% of the portfolio.
- Management **expects the premium product mix to improve steadily over the coming years**, supporting value growth ahead of industry volume growth.

Margin Commentary

- EBITDA margin remained at 12.5%, within the guided 12-14% range despite unprecedented raw material inflation.
- Management indicated that EBITDA per litre, rather than percentage margins, is currently the key performance metric during the inflationary cycle.
- **Long-term aspiration of 14-16% EBITDA margins remains unchanged**, supported by premiumization and operating leverage.

Pricing & Raw Material

- **Crude and base oil inflation** remained the biggest operating challenge during the quarter.
- Multiple price hikes implemented across B2C, while B2B pricing was revised through customer-specific negotiations.
- Management indicated further pricing actions may be required if base oil inflation persists.
- Despite some correction in crude prices, base oil prices remain elevated due to supply tightness, particularly for higher-grade base oils.

Capex

- Chennai expansion expected by Q3FY27
- Silvassa expansion expected by Q4FY27
- Management continues to target approximately 70% increase in installed blending capacity.

Valuation & Outlook

Gulf Oil continues to outperform the lubricant industry, delivering 17% YoY volume growth in Q1FY27, significantly ahead of the estimated industry growth of ~3-4%. Management attributed this outperformance to sustained market share gains, superior supply chain execution and strong customer relationships, which enabled the company to capitalize on supply disruptions arising from the Middle East crisis. The company's diversified presence across B2C, OEM and B2B segments, along with continued expansion in passenger car motor oils (PCMO), industrial lubricants and OEM workshops, provides confidence in its ability to sustain above-industry growth over the medium term.

Despite elevated crude oil and base oil prices, Gulf maintained EBITDA margins within its guided 12-14% range through calibrated pricing actions, disciplined cost management and effective inventory planning. While management expects Q2 to be seasonally softer due to the monsoon, it reiterated its strategy of growing 2-3x industry growth, supported by premiumization, distribution expansion and increasing OEM penetration. The ongoing capacity expansions at Chennai and Silvassa, together with the gradual scaling up of the Tirex EV charging business, provide additional long-term growth levers.

We maintain a positive view on the company, supported by its consistent market share gains, strong execution capabilities, healthy cash generation and disciplined capital allocation. While crude oil volatility and base oil availability remain the key near-term monitorables, we believe Gulf's strong sourcing network, pricing discipline and focus on premiumization position are well to sustain profitable growth.

We maintain our 'BUY' rating on the stock with a target price of ₹1,280, based on 15x FY27E EPS of ₹85.

Quarterly Result Analysis

Particulars (Rs.Mn)	1QFY27	1QFY26	YoY (%)	4QFY26	QoQ (%)
Revenue from Operations	**13,272**	**10,165**	**31%**	**10,553**	**26%**
Other Income	269	226	19%	252	7%
Total Revenue	**13,541**	**10,390**	**30%**	**10,805**	**25%**
Total RM Cost	7,800	5,850	33%	6,133	27%
Gross Profit	**5,473**	**4,315**	**27%**	**4,419**	**24%**
Employee Expense	599	501	20%	539	11%
Other Expenses	3,215	2,539	27%	2,516	28%
Total Expenses	11,614	8,890	31%	9,188	26%
EBITDA (Excluding OI)	**1,658**	**1,274**	**30%**	**1,365**	**21%**
Depreciation	195	161	21%	189	3%
EBIT / PBIT	**1,732**	**1,338**	**29%**	**1,428**	**21%**
Finance Costs	85	60	41%	228	-63%
EBT/ PBT	**1,647**	**1,278**	**29%**	**1,201**	**37%**
Tax Expense	439	326	34%	305	44%
PAT	**1,208**	**952**	**27%**	**896**	**35%**
Earning Per Share	24.6	19.4	27%	18.2	35%
Adjusted PAT	**1,209**	**952**	27%	**896**	35%
Adj Earning Per Share	24.6	19.3	27%	18.2	35%
Margins (%)			**(In bps)**		**(In bps)**
Gross Margins	41.2%	42.4%	-121	41.9%	-65
EBITDA Margins (Excl OI)	12.5%	12.5%	-4	12.9%	-44
PAT Margins	9.1%	9.4%	-26	8.5%	61
Tax Rate	26.6%	25.5%		25.4%	
As a % to sales					
RM as a % to sales	58.8%	57.6%	121	58.1%	65
EE Cost as a % to sales	4.5%	4.9%	-41	5.1%	-59
Other exps as a % to sales	24.2%	25.0%	-76	23.8%	39

Source: Dalal & Broacha Research, Company

Financials

P&L (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E
Net Sales	16,521	21,917	29,991	33,011	36,312	40,560	45,428
Total Operating Expenses	8,890	13,121	18,677	19,461	21,018	23,304	26,218
Employee Cost	1,165	1,168	1,352	1,507	1,834	2,126	2,359
Other Expenses	3,816	4,770	6,534	7,833	8,736	9,991	10,903
Operating Profit	2,651	2,859	3,428	4,209	4,723	5,139	5,948
Depreciation	339	357	396	507	558	692	761
PBIT	2,312	2,502	3,032	3,702	4,166	4,447	5,187
Other income	521	442	471	681	987	976	976
Interest	146	96	376	259	359	564	591
PBT	2,686	2,848	3,127	4,124	4,793	4,632	5,572
Provision for tax	687	733	804	1,043	1,221	1,183	1,393
Reported PAT	2,000	2,115	2,323	3,081	3,573	3,448	4,179

Balance Sheet (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E
Equity capital	101	101	98	98	99	99	99
Reserves	8,594	10,327	11,684	12,846	14,519	15,264	16,929
Net worth	**8,695**	**10,428**	**11,782**	**12,944**	**14,617**	**15,363**	**17,028**
Non controlling interests	-	-	-	719	695	473	473
Total Equity	**8,695**	**10,428**	**11,782**	**13,663**	**15,312**	**15,836**	**17,501**
Non Current Liabilites	247	385	479	599	646	972	972
Current Liabilites	5,448	7,112	8,455	9,825	11,619	13,341	15,005
TOTAL EQUITY & LIABILITIES	**14,390**	**17,925**	**20,717**	**24,086**	**27,577**	**30,150**	**33,479**
Non Current Assets	**3,167**	**3,452**	**4,026**	**4,999**	**5,255**	**5,421**	**5,666**
Tangible + Intangible Assets	2,463	2,456	2,418	3,205	3,530	3,963	4,208
Goodwill	-	-	-	277	277	277	277
Non Current Investments	203	214	738	764	743	365	365
Deferred Tax Asset	-	-	-	2	7	72	72
Other Financial Assets	315	255	247	174	219	262	262
Other Non Current Assets	186	528	622	577	478	482	482
Current Assets	**11,221**	**14,472**	**16,691**	**19,088**	**22,323**	**24,729**	**27,812**
Current investments	-	-	-	-	-	-	-
Inventories	3,765	4,763	4,717	4,943	5,075	5,947	6,981
Trade Receivables	1,890	2,959	4,100	5,018	4,943	5,348	5,817
Cash and Bank Balances	4,956	5,744	6,543	7,573	10,505	11,694	13,271
Short Term Loans and Advanc	2	2	3	4	4	5	5
Other Current Assets	609	1,004	1,328	1,549	1,795	1,735	1,738
TOTAL ASSETS	**14,389**	**17,924**	**20,717**	**24,086**	**27,577**	**30,150**	**33,479**

Cashflow (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E
PBT	2,686	2,848	3,127	4,124	4,793	4,632	5,572
Depreciation	339	357	396	507	558	692	761
Net Chg in WC	-234	-2,388	148	140	395	-320	-329
Taxes	-551	-762	-934	-1,024	-1,257	-1,284	-1,393
Others	-305	-291	-32	-372	-500	-222	-385
CFO	**1,935**	**-236**	**2,733**	**3,376**	**3,989**	**3,497**	**4,226**
Capex	-86	-246	-232	-277	-534	-512	-1,006
Net Investments made	-137	-363	101	-898	438	31	-
Others	527	434	437	669	-10,666	-10,251	976
CFI	**304**	**-175**	**306**	**-506**	**-10,762**	**-10,732**	**-30**
Change in Share capital	71	40	2	53	52	33	-
Change in Debts	-1,522	1,583	-260	7	905	683	490
Others	-1,321	-642	-1,764	-2,440	-2,424	-3,480	-3,106
CFF	**-2,772**	**982**	**-2,021**	**-2,379**	**-1,467**	**-2,763**	**-2,616**
Total Cash Generated	**-534**	**571**	**1,018**	**527**	**3,228**	**1,098**	**1,580**
Cash Opening Balance	**5,450**	**4,916**	**5,487**	**6,505**	**7,032**	**10,261**	**11,359**
Cash Closing Balance	**4,916**	**5,487**	**6,505**	**7,032**	**10,261**	**11,359**	**12,939**

Ratios	FY21	FY22	FY23	FY24	FY25	FY26	FY27E
OPM	16%	13%	11%	13%	13%	13%	13%
NPM	12%	10%	8%	9%	10%	9%	9%
Tax rate	26%	26%	26%	25%	25%	25%	25%
Growth Ratios (%)							
Net Sales		33%	37%	10%	10%	12%	12%
Operating Profit		8%	20%	23%	12%	9%	16%
PBIT		8%	21%	22%	13%	7%	17%
PAT		6%	10%	33%	16%	-3%	21%
Per Share (Rs.)							
Net Earnings (EPS)	39.84	41.98	47.30	62.63	73.00	70.38	85.29
Dividend Per Share (DPS)	15.9	5.0	25.1	35.7	48.2	50.7	59.7
Valuation Ratios							
P/E(x)	24	23	20	15	13	14	11
P/B(x)	5.5	4.6	4.0	3.6	3.2	3.1	2.8
EV/EBIDTA(x)	17	16	13	10	9	8	7
Div. Yield(%)	1.67%	0.53%	2.62%	3.73%	5.03%	5.30%	6.24%
Return Ratios (%)							
ROE	23%	20%	20%	24%	24%	22%	25%
ROCE	27%	21%	23%	27%	27%	26%	27%
RoIC	37%	26%	30%	38%	46%	46%	49%

Source: Dalal & Broacha Research, Company

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