

Growth sustained with capacity expansion.

Gulf Oil Lubricants India delivered another steady quarter in Q2FY26 with volume growth of 9.5% YoY in lubricants and 24% in AdBlue, taking H1 growth to around 10% each — nearly 2–3x the industry rate. Revenue rose 12.6% YoY in H1, supported by healthy double-digit growth in B2C (personal mobility, rural, and agri) and B2B (industrial, infrastructure, mining) segments. The OEM franchisee workshop business registered its highest-ever quarterly volume, while factory-fill demand also revived. Despite sharp rupee depreciation impacting input costs, the company maintained EBITDA margins within its 12–14% band, aided by pricing actions and improved mix.

The company's premiumization strategy under "Unlock 2.0" continued to gain traction with the launch of fully synthetic Gulf Syntrac motorcycle oils (API SP grade) and strong mechanic outreach through the M-Power program. Gulf also strengthened its EV charger subsidiary Tirex, which reported Rs.42 crore revenue in H1 (+75% YoY) and is projected to reach Rs.3-4bn in 3–4 years. The company will raise its stake in Tirex from 51% to 65%, reinforcing its EV ecosystem focus.

Management remains confident of sustaining growth momentum in H2FY26, supported by festive demand, GST rate cuts across auto segments, and improving rural consumption. Margins are expected to improve with softening base oil prices and a stable currency. With strong cash reserves (~Rs11bn), disciplined treasury operations, and focus on high-margin segments, Gulf Oil remains well-positioned to deliver profitable growth and continue outperforming industry trends.

Financial Summary

Y/E Mar Rs Mn	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	21,917	29,991	33,011	36,312	42,322	50,597
EBITDA	2,859	3,428	4,209	4,723	5,169	5,971
PAT	2,115	2,323	3,081	3,573	4,072	4,759
EPS	41.98	47.30	62.80	72.81	82.99	97.00
P/E	30	26	20	17	15	13
ROE(%)	20%	20%	24%	24%	24%	25%
ROCE(%)	21%	23%	27%	27%	27%	29%

Source: Dalal & Broacha Research, Company



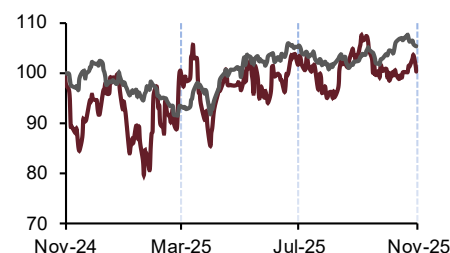
Rating	TP (Rs)	Up/Dn (%)
BUY	1,552	27

Market Data

Current price	Rs	1,224
Market Cap (Rs.Bn)	(Rs Bn)	60
Market Cap (US\$ Mn)	(US\$ Mn)	681
Face Value	Rs	2
52 Weeks High/Low	Rs	1331.9 / 911
Average Daily Volume	('000)	121
BSE Code		506945
Bloomberg		GOLI.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Sep-25	Jun-25
Promoters	53.96	53.96
Public	46.04	46.04
Total	100.00	100.00

Source: Bloomberg

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Concall Highlights

Segmental Highlights

B2C:

- Strong double-digit growth in personal mobility, rural, and agri sectors
- Supported by good monsoon and rising rural vehicle ownership

B2B:

- Broad-based growth across industrial, infrastructure, and mining segments

OEMs:

- Highest-ever quarterly volumes in franchisee workshops
- Factory-fill volumes recovered as CV and tractor demand improved post-GST cut

AdBlue: 24% growth in Q2, 10% in H1

Market share: Continues to grow across segments; company outpacing market 2–3x

EV Charger Subsidiary – Tirex

Performance: Rs.42 cr revenue in H1FY26 vs Rs.24 cr YoY (+75%)

Ownership: Stake increased from 51% to 65% via Rs.38 cr investment

Product portfolio:

- Expanded from DC chargers to AC chargers (for MG Motors, VinFast)
- ~1 in 3 buses now equipped with Tirex DC chargers

Guidance: Targeting Rs.3-4bn topline in next 3–4 years

Positioning: Strategic EV ecosystem play; strong pipeline expected in H2

Operational & Financial Performance

Volume growth:

- **Lubricants:** +9.5% YoY (40,500 KL)
- **AdBlue:** +24% YoY (36,000 KL)
- **H1FY26 growth:** ~10% each in lubes and AdBlue — 2–3× the industry rate (~3–4%)

Revenue: up Rs.12.6 bn in H1FY26 vs Rs.11.2 bn YoY (+12.6%)

EBITDA: up Rs.1.32 bn in Q2 (+10.6% YoY); margins maintained in the 12–13% range

PAT: Rs.0.96 bn (+3–3.5% YoY) impacted by Rs.0.06 bn (Rs.6 cr) mark-to-market forex loss

Forex exposure: 50–75% hedged as per policy; rupee depreciation of ~3.5% QoQ

Base oil: Mild softness visible; further easing likely if crude stays at \$65–70/bbl

Valuation & Outlook

Gulf Oil is a leading player in the Indian lubricant market with a strong distribution network and established OEM partnerships. It operates robust manufacturing facilities at Silvassa and Chennai. While still at a nascent stage, the EV business presents significant promise and growth opportunities for the company's future.

The company delivered its highest-ever volumes, revenues, and EBITDA in the quarter. The announced capex for lubricant capacity expansion reflects management's confidence in future demand. Gulf continues to aspire to grow at 3x the industry while maintaining margins in the 12–14% range. The EV business shows strong growth and the management remains positive about its future while it still does not have any significant contribution to the business.

We maintain a positive view on the stock, supported by strong growth drivers and a healthy demand outlook in both the near and long term. With the EV business gaining traction, a sizeable capex plan underway, and a focus on improving low-share segments alongside expanding its distribution network, the company is well-positioned for sustained growth. **We recommend a 'BUY' rating, valuing the company at FY27e EPS of Rs.97 with an assigned multiple of 16x, arriving at a target price of Rs.1,552.**

Quarterly Result Analysis

(Rs.Mn)	2QFY26	2QFY25	YoY Growth (%)	1QFY26	QoQ Growth (%)
Revenue from Operations	9,668	8,640	12%	10,165	-5%
Other Income	255	238	7%	225	13%
Total Revenue	9,923	8,877	12%	10,390	-4%
Total RM Cost	5,551	4,992	11%	5,850	-5%
Gross Profit	4,117	3,648	13%	4,315	-5%
Employee Expense	539	468	15%	501	8%
Other Expenses	2,403	2,107	14%	2,539	-5%
Total Expenses	8,494	7,566	12%	8,890	-4%
EBITDA (Excluding OI)	1,174	1,073	9%	1,274	-8%
Depreciation	163	131	24%	161	1%
EBIT / PBIT	1,266	1,180	7%	1,338	-5%
Finance Costs	135	66	105%	60	124%
EBT/ PBT	1,131	1,114	2%	1,278	-12%
Tax Expense	293	285	3%	326	-10%
PAT	840	830	1%	952	-12%
Earning Per Share	17.4	17.0	2%	19.5	-11%
Margins (%)			(In bps)		(In bps)
Gross Margins	42.6%	42.2%	36	42.4%	13
EBITDA Margins (Excl OI)	12.1%	12.4%	-28	12.5%	-39
PAT Margins	8.7%	9.6%	-92	9.4%	-68
As a % to sales					
RM as a % to sales	57.4%	57.8%		57.6%	
EE Cost as a % to sales	5.6%	5.4%		4.9%	
Other exps as a % to sales	24.9%	24.4%		25.0%	

Source: Dalal & Broacha Research, Company

Financials

P&L (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	16,521	21,917	29,991	33,011	36,312	42,322	50,597
Total Operating Expenses	8,890	13,121	18,677	19,461	21,018	25,514	29,953
Employee Cost	1,165	1,168	1,352	1,507	1,834	2,116	3,036
Other Expenses	3,816	4,770	6,534	7,833	8,736	9,523	11,637
Operating Profit	2,651	2,859	3,428	4,209	4,723	5,169	5,971
Depreciation	339	357	396	507	558	368	386
PBIT	2,312	2,502	3,032	3,702	4,166	4,802	5,585
Other income	521	442	471	681	987	922	1,045
Interest	146	96	376	259	359	295	285
PBT (Before exceptional)	2,686	2,848	3,127	4,124	4,793	5,429	6,346
PBT (post exceptional)	2,686	2,848	3,127	4,124	4,793	5,429	6,346
Provision for tax	687	733	804	1,043	1,221	1,357	1,586
Reported PAT	2,000	2,115	2,323	3,081	3,573	4,072	4,759
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	16,668	19,048
Net worth	8,695	10,428	11,782	12,944	14,617	16,766	19,146
Non Current Liabilites	247	385	479	599	646	698	698
Current Liabilites	5,448	7,112	8,455	9,825	11,619	12,604	13,738
TOTAL LIABILITIES	14,390	17,925	20,717	23,368	27,582	30,068	33,582
Non Current Assets	3,167	3,307	3,881	4,802	5,255	5,161	4,891
Tangible + Intangible Assets	2,463	2,456	2,418	3,205	3,530	3,437	3,167
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	25,058	28,877
Current investments	-	-	-	-	-	-	-
Inventories	3,765	4,763	4,717	4,943	5,075	5,915	7,071
Trade Receivables	1,890	2,959	4,100	5,018	4,943	5,761	6,888
Cash and Bank Balances	4,956	5,744	6,543	7,573	10,505	11,651	13,186
Short Term Loans and Advances	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	30,219	33,768

Cashflow (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
PBT	2,686	2,848	3,127	4,124	4,793	5,429	6,346
Depreciation	339	357	396	507	558	368	386
Net Chg in WC	-234	-2,388	148	140	395	-402	-976
Taxes	-551	-762	-934	-1,024	-1,257	-1,357	-1,586
Others	-305	-291	-32	-372	-500	-627	-761
CFO	1,935	-236	2,733	3,376	3,989	3,410	3,408
Capex	-86	-246	-232	-277	-534	-450	-300
Net Investments made	-137	-361	101	-898	438	-	-
Others	527	434	435	669	-10,666	922	-1,040
CFI	304	-173	304	-506	-10,762	472	-1,340
Change in Share capital	71	40	2	53	52	-	-
Change in Debts	-1,522	1,583	-260	7	905	-	-150
Others	-1,321	-642	-1,764	-2,440	-2,424	-2,331	-2,664
CFF	-2,772	982	-2,021	-2,379	-1,467	-2,331	-2,814
Total Cash Generated	-534	573	1,016	490	-8,240	1,551	-745
Cash Opening Balance	5,456	4,916	5,489	6,511	7,001	10,261	10,261
Cash Closing Balance(a)	4,916	5,489	6,503	7,001	10,261	11,680	13,041
Other Bank Balances (b)	40	257	41	571	-	-	-
Total(a+b)	4,956	5,745	6,544	7,572	10,261	11,680	13,041

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%	20%
Operating Profit	8%	20%	23%	12%	9%	16%
PBIT	8%	21%	22%	13%	15%	16%
PAT	6%	10%	33%	16%	14%	17%

Per Share (Rs.)

Net Earnings (EPS)	39.84	41.98	47.30	62.80	72.81	82.99	97.00
Dividend Per Share (DPS)	16.00	2.00	25.00	36.00	36.41	41.49	48.50

Valuation Ratios

P/E(x)	31	30	26	20	17	15	13
P/B(x)	6.828	5.706	4.909	4.482	3.969	3.460	3.030
EV/EBIDTA(x)	21	20	16	13	11	10	8
Div. Yield(%)	1.28%	0.16%	2.00%	2.88%	2.91%	3.32%	3.88%

Return Ratios (%)

ROE	23%	20%	20%	24%	24%	24%	25%
ROCE	27%	21%	23%	27%	27%	27%	29%
RoIC	37%	26%	30%	38%	46%	45%	49%

Source: Dalal & Broacha Research, Company

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