BUY Gulf Oil Lubricants

Strong volume growth and resilient margins drive earnings beat

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CMP (Rs): 1,160 | TP (Rs): 1,900

GOLI's 1QFY27 EBITDA/APAT of Rs1.7/1.3bn came in at a 29%/28% beat, driven by stronger core volumes and higher unit margins. Lube volume grew 17% yoy to 48.0mn ltr (Emkay: 45.9mn ltr), while AdBlue volume was up 5%. EBITDA/ltr rose to Rs19.4 (near pre-AdBlue levels) as margins were resilient despite elevated input costs, aided by staggered but sharp price hikes (benefits expected to flow through in subsequent quarters as well). The management reiterated its volume growth guidance of 2-3x industry growth and EBITDA margin guidance of 12-14%, with premiumization and operating leverage expected to support a gradual move toward 14-16% in the long term. Premium products currently contribute ~10% to volumes, with the company targeting a 1-1.5% annual increase in contribution. Tirex saw a relatively subdued 1Q, but growth is expected to accelerate from 2Q; the company targets revenue of Rs3-4bn over the next 3-4 years. We raise FY27E/FY28E/FY29E EBITDA by 13%/9%/9%, on higher volume growth and better margins. We roll forward to Jun-28E, but cut our target PER to 18.0x (from 20.0x) amid macro volatility. We retain BUY with an unchanged TP of Rs1,900.

Results highlights

GOLI's 1QFY27 SA EBITDA/PAT was up 35%/32% yoy and 26%/42% qoq. Core lube volume rose 17% yoy to 48.0mn ltr (up 7% qoq; 5% beat), while AdBlue volume rose 5% yoy to 40.0mn ltr (flat qoq; 2% miss). Net realization was up 23% qoq to Rs150.0/ltr, largely supported by staggered price hikes, while unit COGS rose 23% qoq to Rs88.4/ltr. Hence, unit gross margin rose 22% qoq to Rs61.6/ltr (21% beat). Unit opex was up 11% yoy/21% qoq to Rs42.3/ltr (18% above estimate), while absolute opex was up 24% yoy/ 26% qoq to Rs3.7bn (20% above estimate). EBITDA/ltr was up 22% qoq to Rs19.4 (up 21% yoy; 27% beat). D/A was up 4% qoq to Rs169mn (up 25% yoy), while finance cost declined 66% qoq to Rs77mn, likely on lower forex impact. Other income at Rs266mn was a 7% beat (20% yoy/7% qoq), while ETR was steady at 26%. Consolidated less SA (Tirex, etc) net income stood at negative Rs67mn vs negative Rs4mn in 4QFY26.

Management KTAs

GOLI posted record core lube sales in 1Q (>3x industry growth), with double-digit gains across segments, partly aided by stocking, while supply remained uninterrupted. RM inflation remained a key margin challenge, with base oil prices yet to correct in line with softer crude; some grades have seen further increases. B2C price hikes have historically not been fully rolled back when input costs softened, offering scope for margin accretion. AdBlue margins are expected to remain in mid-single digits. Battery revenue stood at ~Rs200mn in 1Q vs ~Rs800mn in FY26. Sales mix was ~55% B2C/45% B2B. GOLI maintained inventory of 30-45 days of base oil. Capacity expansion is on track.

Valuation

We value GOLI at Jun-28E PER-based TP of Rs1,900 (assign 18.0x target PER). Key risks: adverse base-oil prices/currency fluctuation, competition, technology-based changes.

Target Price – 12M	Jun-27
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	63.8

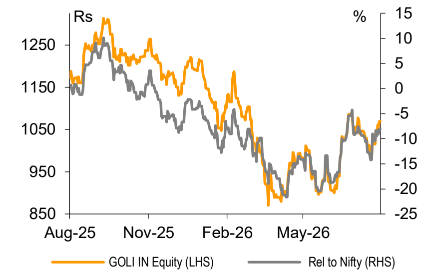
Stock Data	**GOLI IN**
52-week High (Rs)	1,331
52-week Low (Rs)	865
Shares outstanding (mn)	49.6
Market-cap (Rs bn)	57
Market-cap (USD mn)	603
Net-debt, FY27E (Rs mn)	(7,579.9)
ADTV-3M (mn shares)	0.1
ADTV-3M (Rs mn)	90.0
ADTV-3M (USD mn)	0.9
Free float (%)	27.0
Nifty-50	24,614.9
INR/USD	95.4

Shareholding,Jun-26	
Promoters (%)	66.8
FPIs/MFs (%)	7.8/8.7

Price Performance

(%)	1M	3M	12M
Absolute	9.9	18.6	(2.3)
Rel. to Nifty	8.4	16.3	(1.9)

1-Year share price trend (Rs)



Gulf Oil Lubricants: Financial Snapshot (Standalone)

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	35,544	39,913	46,141	50,121	54,912
EBITDA	4,701	5,104	6,138	6,609	7,587
Adj. PAT	3,533	3,678	4,645	5,018	5,801
Adj. EPS (Rs)	71.7	74.4	94.0	101.6	117.4
EBITDA margin (%)	13.2	12.8	13.3	13.2	13.8
EBITDA growth (%)	12.1	8.6	20.3	7.7	14.8
Adj. EPS growth (%)	14.4	3.9	26.3	8.0	15.6
RoE (%)	26.3	23.2	27.9	27.2	28.5
RoIC (%)	44.5	50.2	56.4	56.5	63.0
P/E (x)	16.2	15.6	12.3	11.4	9.9
EV/EBITDA (x)	9.8	8.4	6.2	5.1	3.6
P/B (x)	3.9	3.7	3.3	3.0	2.7
FCFF yield (%)	7.6	6.3	6.4	7.9	9.7

Source: Company, Emkay Research

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Exhibit 1: Actual vs estimates (1QFY27)

(Rs mn)	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	13,204	10,865	*10,855*	22%	22%	Higher-than-expected realizations and volumes
EBITDA	1,704	1,323	*1,369*	29%	24%	
EBITDA Margin	*12.9%*	*12.2%*	*12.6%*	*73bps*	29bps	
Adjusted Net Profit	1,275	995	*979*	28%	30%	Higher D/A partly offset by higher other income

Source: Company, Emkay Research

Exhibit 2: Quarterly summary – Standalone

(Rs mn)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	yoy	qoq	FY25	FY26	yoy
Total sales volume (mn ltr)	**79.0**	**76.5**	**78.5**	**85.0**	**88.0**	**11%**	**4%**	**292.0**	**319.0**	**9%**
Core lubes	41.0	40.5	41.5	45.0	48.0	17%	7%	152.0	168.0	11%
Adblue	38.0	36.0	37.0	40.0	40.0	5%	0%	140.0	151.0	8%
Net sales	9,964	9,568	9,979	10,402	13,204	33%	27%	35,544	39,913	12%
Net realization (Rs/ltr)	126.1	125.1	127.1	122.4	150.0	19%	23%	121.7	125.1	3%
Decrease in stocks	116	-33	127	-50	-1,088			(48)	159	
Raw material cost	5,128	4,939	5,025	5,493	8,189	60%	49%	18,651	20,586	10%
Purchases	457	579	509	649	681	49%	5%	1,877	2,195	17%
COGS	5,701	5,486	5,661	6,092	7,782	36%	28%	20,480	22,940	12%
COGS/ltr (Rs)	72.2	71.7	72.1	71.7	88.4	23%	23%	70.1	71.9	3%
Gross profit	4,263	4,082	4,319	4,310	5,422	27%	26%	15,063	16,973	13%
Gross margin (Rs/ltr)	54.0	53.4	55.0	50.7	61.6	14%	22%	51.6	53.2	3%
Employee cost	473	509	511	506	567	20%	12%	1,750	1,999	14%
Other expenses	2,524	2,388	2,505	2,454	3,152	25%	28%	8,613	9,871	15%
OPEX	2,997	2,897	3,016	2,960	3,718	24%	26%	10,363	11,870	15%
OPEX/ltr (Rs)	37.9	37.9	38.4	34.8	42.3	11%	21%	35.5	37.2	5%
Total expenditure	8,698	8,383	8,677	9,052	11,500	32%	27%	30,843	34,809	13%
EBITDA	**1,266**	**1,185**	**1,303**	**1,351**	**1,704**	**35%**	**26%**	**4,701**	**5,104**	**9%**
EBITDA/ltr (Rs)	16.0	15.5	16.6	15.9	19.4	21%	22%	16.1	16.0	-1%
Depreciation	135	137	152	163	169	25%	4%	459	587	28%
EBIT	1,130	1,048	1,151	1,188	1,535	36%	29%	4,242	4,517	6%
Interest	55	130	128	227	77	39%	-66%	346	540	56%
Other income	222	252	240	248	266	20%	7%	842	963	14%
PBT	1,297	1,170	1,264	1,209	1,724	33%	43%	4,738	4,940	4%
Exceptional items	-	-	-226	-	-			120	-226	
PBT after exceptionals	1,297	1,170	1,037	1,209	1,724	33%	43%	4,857	4,714	-3%
Tax expense	331	299	266	309	449	36%	45%	1,235	1,204	-2%
Reported PAT	967	871	771	900	1,275	32%	42%	3,622	3,509	-3%
Adjusted PAT	**967**	**871**	**939**	**900**	**1,275**	**32%**	**42%**	**3,533**	**3,677**	**4%**
Reported EPS (Rs)	19.6	17.7	15.6	18.2	25.8	31%	41%	73.5	71.0	-3%
Adjusted EPS (Rs)	**19.6**	**17.7**	**19.0**	**18.2**	**25.8**	**31%**	**41%**	**71.7**	**74.5**	**4%**
No of shares O/S (mn) – FV 5	49.3	49.3	49.3	49.4	49.5	0%	0%	49.3	49.4	0%
EBITDA margin	13%	12%	13%	13%	13%			13%	13%	
Adjusted NPM	10%	9%	9%	9%	10%			10%	9%	
Effective tax rate	25%	26%	21%	26%	26%			26%	24%	
Reported net debt (ex CM)	**-**	**(6,162)**	**-**	**(6,295)**	**-**			**(5,728)**	**(6,295)**	NM
Inventories	-	5,093	-	5,533	-			4,772	5,533	16%
Sundry debtors	-	5,366	-	5,127	-			4,647	5,127	10%
Creditors	-	5,059	-	6,480	-			5,464	6,480	19%

Source: Company, Emkay Research; Note: Adjusted PAT may not fully match the annual tables due to a different adjustment method in the Emkay detailed annual model

Concall highlights

- Gulf Oil Lubricants India (GOLI) delivered a record 1QFY27 performance across key parameters, with core lubricant volumes at 48.0mn ltr, up 17% yoy and ~3x industry growth. The strong performance was achieved despite significant macro volatility, elevated crude prices, and supply-chain disruptions arising from the West Asia crisis.
- Volume growth was broad-based across segments, with B2C, OEM, OEM franchisee workshops, and B2B all delivering double-digit growth. B2C growth was led by PCMO (low base), with healthy traction also in agriculture, CVs, and MCO. Within OEMs, agriculture and MCO segments witnessed stronger growth. B2B growth was also seen across industries, infrastructure, and mining, aided by new customer additions and higher share with existing customers. Sales mix was broadly stable at ~55% B2C and ~45% B2B.
- Supply security emerged as a key differentiator during the quarter, as the West Asia crisis disrupted raw material availability and heightened customer concerns around supply continuity. GOLI maintained uninterrupted supplies through a combination of long-term sourcing arrangements, active spot-market procurement, close inventory monitoring, and proactive engagement with customers. This enabled the company to meet requirements of OEMs, distributors, retailers, and franchise workshops, while also winning new customers and increasing share with existing customers. Supply resilience is likely to remain important as the situation at the Strait of Hormuz continues to evolve.
- Some of the strong volume growth was supported by customers securing supplies amid supply-chain uncertainty, although underlying sell-through also remained healthy. There may have been some stocking/pre-buying during the quarter, ahead of further price increases and potential supply disruptions.
- Industry lubricant demand is estimated to have grown 3-4% during the quarter, with GOLI continuing to target 2-3x industry growth, implying sustained double-digit core lubricant volume growth over the medium term. While 1Q benefited from supply-security-related stocking, the company remains confident of continuing to gain market share through stronger execution, supply resilience, and broad-based segment growth.
- 2Q is seasonally softer due to the monsoon, particularly for B2C, although OEM demand remains steady and agriculture demand typically improves. Jul-26 trends have been normal. The company remains focused on maintaining 2-3x industry growth despite the seasonal moderation, and expects the quarter to deliver positive growth.
- AdBlue remains an important synergy product, with GOLI now among the top three suppliers in India. Volumes have stabilized at 38-40mn ltr per quarter, with 1QFY27 volumes at 40mn ltr. While AdBlue is a low-realization product with mid-single-digit margins, it requires similar processes and has the same customer and supply-chain ecosystem as lubricants, thereby improving operating leverage and overall efficiency. The company expects AdBlue margins to remain in the mid-single-digit range.
- Raw material inflation remained a key margin challenge, with base oil and other input costs increasing sharply over the past 3-4 months on the rise in crude oil prices. While crude oil prices have subsequently softened, base oil prices have not corrected in line with the decline in crude oil prices. Base oil prices remain highly differentiated across grades. Some grades have started to soften, while prices of certain high-end and Group III grades continue to rise amid tight availability. Hence, the trajectory of base oil costs cannot be assessed solely through crude oil movements and remains dependent on grade-specific demand-supply conditions.
- Pricing actions have been taken in multiple stages to offset the sharp increase in input costs. In B2C, prices were increased through a series of hikes starting from Mar-26-end. The full impact of the price hikes taken during 1Q was not reflected in the quarter, particularly in B2C, given the 1-2-month lag in channel pass-through. The benefit of these hikes should, therefore, flow through in 2Q/3Q, although the extent of subsequent margin improvement will depend on base oil prices, competitive intensity, and the quantum of any price rollbacks. B2B pricing is largely formula-driven and has been

adjusted through periodic negotiations across customers. Further price increases may be required depending on base oil prices and supply-demand conditions.

- In the past, B2C price hikes have not always been fully rolled back when input costs subsequently softened, resulting in some margin accretion in the segment. However, going forward, the extent of price rollbacks will depend on competitive intensity and the prevailing cost environment.
- GOLI continues to prioritize maintaining per-liter margins rather than percentage margins in an inflationary environment. Sharp increases in realizations can mechanically dilute percentage EBITDA margins even when per-liter margins are maintained. EBITDA margin stood at ~13% in 1QFY27, within the guided 12-14% range, despite the challenging cost environment. The company continues to target 12-14% EBITDA margin over the medium term, with premiumization and operating leverage expected to support a gradual move toward the 14-16% band.
- Gross margin (in percentage) remained under pressure due to the lag in passing through higher input costs, although overall EBITDA margin was protected through operating leverage and fixed-cost optimization. The company continues to maintain gross margin within a targeted range by closely monitoring incoming material costs and calibrating pricing. Around 3% of revenue continues to be spent on A&P, and the same continued in 1Q.
- The increase in inventory during the quarter largely reflects the higher value of raw materials and finished goods amid elevated input costs, with the impact expected to be recovered through pricing actions already taken and reflecting in revenues over subsequent quarters.
- The margin trajectory remains dependent on the evolution of base oil prices and subsequent pricing actions. If input costs soften, some rollback of B2C price increases is likely, given the competitive nature of the industry, although some portion could potentially be retained. B2B pricing is more directly formula-linked and, therefore, tends to pass through both increases and decreases.
- The extent of price increases seen in B2C is unprecedented and may eventually lead to some demand elasticity or downtrading. Retail prices have increased sharply across the industry, and while the impact on demand remains difficult to quantify and varies by product, segment, and geography, sustained high price increases could encourage consumers to shift toward cheaper alternatives. However, all the players in the industry have implemented price hikes.
- GOLI is maintaining 30-45 days of base oil inventory cover. The company has long-term tie-ups with refiners and remains active in spot procurement, allowing it to manage supplies effectively so far. However, further supply tightening or normalization will depend heavily on the duration of the West Asia crisis and reopening of the Strait of Hormuz.
- GOLI remains in close touch with OMCs producing base oil and already sources some volumes domestically. The company would be willing to increase domestic sourcing as incremental capacities become available, subject to competitive pricing and required quality specifications.
- Premiumization remains a key pillar of the Unlock 2.0 strategy, with the industry expected to witness lubricant volume growth of 3-4% pa over the next decade but value growth at roughly twice the volume growth. Higher-end products such as semi-synthetics, synthetics, and products with higher specifications are expected to drive this value growth. GOLI's premium and value-added portfolio, including synthetics and environmentally friendly products, currently contributes <10% to volumes and is growing yoy. The company aims to increase this contribution by 1-1.5% annually, with premium products expected to grow faster than the overall portfolio.
- New premium products are being added across categories. The focus remains on increasing the mix of synthetics, premium/value-added products, and environmentally friendly offerings. While these products offer better realizations and potentially higher margins, they also require investments in product development and brand building.

- Brand building and distribution expansion remain central to the B2C strategy. GOLI continues to invest in A&P, while expanding its outlet and garage reach and strengthening customer trust. The company aims to leverage its strong brand positioning, currently among the top 2-3 brands in the industry.
- OEM remains a key building block of the business, with the company having expanded its OEM relationships from two in CY07-CY08 to ~50 currently. The OEM business has continued to grow at double-digit rates. The company continues to deepen its relationships across OEMs and franchise workshops, providing a platform for sustained market-share gains.
- Tirex witnessed a relatively subdued 1QFY27, as deployment of EV buses at government depots was slower during the quarter. Growth is expected to accelerate from 2Q, with 3Q also expected to witness healthy growth. The company continues to target revenue of Rs3-4bn over the next 3-4 years, with the recently acquired new plant forming part of this growth plan and providing additional capacity to service OEM demand. The new facility is being developed as an upgraded manufacturing site to cater to increasing OEM requirements and expand charger capacity.
- Tirex has 8-10% share in the DC charger market and remains particularly strong in the electric bus segment, where its chargers are deployed across major bus OEMs. The company supplies chargers to bus OEMs including Olectra and Switch, while also supplying DC chargers to Mahindra and AC chargers to MG and VinFast. It is expanding relationships with construction equipment OEMs, charge point operators, institutions, societies, and other customer segments.
- Tirex remains focused on charger manufacturing rather than entering the CPO business in the near term. Public charging utilization in India remains low, making the CPO model capital intensive with a long gestation period and significant cash burn. The near-term focus remains on developing technically advanced and reliable AC/DC charging products and expanding customer relationships, while the CPO opportunity could be evaluated if utilization improves sufficiently to support an attractive business case.
- The battery business delivered a stronger quarter, with revenue of ~Rs200mn in 1QFY27 vs ~Rs800mn for FY26, supported by continued expansion of its outlet network. The company is targeting 10-15% growth in the battery business going forward.
- Overall exports were stable at 9-10% of revenue, while marine continues to develop as an additional growth segment, including some exports from India. The company continues to look for opportunities to increase its presence across segments where it can leverage its brand, distribution, and supply capabilities.
- Capacity expansion at Chennai and Silvassa is on track. Chennai is progressing as planned, with augmented production expected around Dec-26, while Silvassa is expected to see phased commissioning and augmented production by FY27-end. Intermediary commissioning of equipment and storage facilities is underway as part of the expansion.
- The Silvassa facility continues to operate smoothly despite recent flooding concerns, with no material impact on production or capacity utilization during the quarter. The plant remains fully operational.
- The company remains focused on sustaining profitable growth through a combination of volume growth, market-share gains, premiumization, and operating efficiency. The medium-to-long term strategy remains to grow 2-3x the industry, expand distribution and brand reach, improve product mix, and gradually move EBITDA margins toward 14-16%. Continued focus on e-mobility, adjacent businesses, and new investment opportunities remains an important part of the broader growth strategy.

Exhibit 3: Change in assumptions

	FY27E			FY28E			FY29E		
	Previous	**Revised**	**Variance**	**Previous**	**Revised**	**Variance**	**Previous**	**Revised**	**Variance**
EBITDA/ltr (Rs)	15.5	17.5	13%	16.0	17.3	8%	17.1	18.3	7%
Growth	*-3.3%*	*9.6%*	*NM*	*3.3%*	*-1.6%*	*NM*	*7.1%*	*6.1%*	*-97bps*
Sales volume (mn ltr)	351.1	349.9	0%	379.0	383.0	1%	408.1	414.4	2%
Growth	*10.1%*	*9.7%*	*-40bps*	*7.9%*	*9.5%*	*153bps*	*7.7%*	*8.2%*	*53bps*

Source: Company, Emkay Research

Exhibit 4: Change in estimates

(Rs mn)	FY27E			FY28E			FY29E		
	Previous	**Revised**	**Variance**	**Previous**	**Revised**	**Variance**	**Previous**	**Revised**	**Variance**
Revenue	45,155	46,141	2%	48,346	50,121	4%	52,424	54,912	5%
EBITDA	5,432	6,138	13%	6,058	6,609	9%	6,983	7,587	9%
EBITDA Margin	*12.0%*	*13.3%*	*127bps*	*12.5%*	*13.2%*	*66bps*	*13.3%*	*13.8%*	*50bps*
APAT	4,172	4,645	11%	4,696	5,018	7%	5,395	5,801	8%
Adjusted EPS (Rs)	84.5	94.0	11%	95.1	101.6	7%	109.2	117.4	8%

Source: Company, Emkay Research

Exhibit 5: GOLI's PER-based valuation (Jun-28E)

	FY24	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
SA adjusted EPS (Rs)	62.7	73.5	71.0	94.0	101.6	117.4
Target PER (x)					**18.0**	
TP (Rs)					**1,900**	

Source: Company, Emkay Research

Gulf Oil Lubricants: Standalone Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**35,544**	**39,913**	**46,141**	**50,121**	**54,912**
Revenue growth (%)	8.2	12.3	15.6	8.6	9.6
EBITDA	**4,701**	**5,104**	**6,138**	**6,609**	**7,587**
EBITDA growth (%)	12.1	8.6	20.3	7.7	14.8
Depreciation & Amortization	459	587	701	778	840
EBIT	**4,242**	**4,517**	**5,436**	**5,832**	**6,747**
EBIT growth (%)	13.8	6.5	20.4	7.3	15.7
Other operating income	82	84	88	92	97
Other income	842	963	1,215	1,285	1,389
Financial expense	346	540	442	408	381
PBT	**4,738**	**4,940**	**6,210**	**6,709**	**7,755**
Extraordinary items	120	(226)	0	0	0
Taxes	1,235	1,204	1,565	1,691	1,954
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**3,622**	**3,509**	**4,645**	**5,018**	**5,801**
PAT growth (%)	17.6	(3.1)	32.4	8.0	15.6
Adjusted PAT	**3,533**	**3,678**	**4,645**	**5,018**	**5,801**
Diluted EPS (Rs)	**71.7**	**74.4**	**94.0**	**101.6**	**117.4**
Diluted EPS growth (%)	14.4	3.9	26.3	8.0	15.6
DPS (Rs)	**48.0**	**51.0**	**65.8**	**71.1**	**82.2**
Dividend payout (%)	**65.3**	**71.7**	**70.0**	**70.0**	**70.0**
EBITDA margin (%)	13.2	12.8	13.3	13.2	13.8
EBIT margin (%)	11.9	11.3	11.8	11.6	12.3
Effective tax rate (%)	26.1	24.4	25.2	25.2	25.2
NOPLAT (pre-IndAS)	**3,136**	**3,416**	**4,066**	**4,362**	**5,047**
Shares outstanding (mn)	49	49	49	49	49

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	99	99	99	99	99
Reserves & Surplus	14,544	15,508	17,532	19,185	21,348
Net worth	**14,642**	**15,607**	**17,631**	**19,284**	**21,447**
Minority interests	-	-	-	-	-
Non-current liab. & prov.	119	0	0	0	0
Total debt	**4,547**	**5,111**	**4,711**	**4,361**	**4,111**
Total liabilities & equity	**19,322**	**20,737**	**22,362**	**23,666**	**25,580**
Net tangible fixed assets	2,726	2,861	2,842	2,806	2,465
Net intangible assets	24	0	0	0	0
Net ROU assets	-	-	-	-	-
Capital WIP	135	163	130	39	40
Goodwill	-	-	-	-	-
Investments [JV/Associates]	1,923	1,922	1,960	2,000	2,040
Cash & equivalents	**10,274**	**11,406**	**12,291**	**13,257**	**14,860**
Current assets (ex-cash)	11,088	12,314	14,235	15,463	16,941
Current Liab. & Prov.	7,106	8,305	9,532	10,372	11,284
NWC (ex-cash)	**3,982**	**4,009**	**4,703**	**5,092**	**5,657**
Total assets	**19,322**	**20,737**	**22,362**	**23,666**	**25,580**
Net debt	(5,728)	(6,295)	(7,580)	(8,896)	(10,749)
Capital employed	19,322	20,737	22,362	23,666	25,580
Invested capital	**6,732**	**6,870**	**7,545**	**7,897**	**8,122**
BVPS (Rs)	297.0	315.9	356.9	390.4	434.1
Net Debt/Equity (x)	(0.4)	(0.4)	(0.4)	(0.5)	(0.5)
Net Debt/EBITDA (x)	(1.2)	(1.2)	(1.2)	(1.3)	(1.4)
Interest coverage (x)	14.7	10.2	15.1	17.4	21.3
RoCE (%)	**28.5**	**27.5**	**30.9**	**31.0**	**33.1**

Source: Company, Emkay Research

Cash flows

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	3,896	3,977	4,994	5,423	6,366
Others (non-cash items)	942	875	0	0	0
Taxes paid	(1,250)	(1,281)	(1,565)	(1,691)	(1,954)
Change in NWC	691	(163)	(753)	(426)	(611)
Operating cash flow	**4,233**	**3,625**	**3,820**	**4,492**	**5,022**
Capital expenditure	(339)	(398)	(650)	(650)	(500)
Acquisition of business	30	(337)	(38)	(39)	(40)
Interest & dividend income	810	916	1,215	1,285	1,389
Investing cash flow	**494**	**178**	**527**	**596**	**849**
Equity raised/(repaid)	52	33	0	0	0
Debt raised/(repaid)	689	51	(399)	(349)	(249)
Payment of lease liabilities	-	-	-	-	-
Interest paid	(305)	(345)	(442)	(408)	(381)
Dividend paid (incl tax)	(1,961)	(2,415)	(2,621)	(3,365)	(3,638)
Others	10	4	0	0	0
Financing cash flow	**(1,515)**	**(2,672)**	**(3,462)**	**(4,122)**	**(4,268)**
Net chg in Cash	3,211	1,131	885	966	1,603
OCF	4,233	3,625	3,820	4,492	5,022
Adj. OCF (w/o NWC chg.)	3,541	3,788	4,573	4,919	5,633
FCFF	3,894	3,227	3,170	3,842	4,522
FCFE	4,358	3,604	3,943	4,719	5,530
OCF/EBITDA (%)	90.0	71.0	62.2	68.0	66.2
FCFE/PAT (%)	120.3	102.7	84.9	94.0	95.3
FCFF/NOPLAT (%)	**124.2**	**94.5**	**78.0**	**88.1**	**89.6**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	15.8	16.3	12.3	11.4	9.9
P/CE(x)	14.0	14.0	10.7	9.9	8.6
P/B (x)	3.9	3.7	3.3	3.0	2.7
EV/Sales (x)	1.5	1.3	1.1	1.0	0.8
EV/EBITDA (x)	11.0	10.0	8.1	7.3	6.1
EV/EBIT(x)	12.1	11.3	9.1	8.3	6.9
EV/IC (x)	7.6	7.4	6.6	6.1	5.7
FCFF yield (%)	7.6	6.3	6.4	7.9	9.7
FCFE yield (%)	7.6	6.3	6.9	8.2	9.6
Dividend yield (%)	4.1	4.4	5.7	6.1	7.1
DuPont-RoE split					
Net profit margin (%)	10.2	8.8	10.1	10.0	10.6
Total asset turnover (x)	2.0	2.0	2.1	2.2	2.2
Assets/Equity (x)	1.3	1.3	1.3	1.2	1.2
RoE (%)	**26.3**	**23.2**	**27.9**	**27.2**	**28.5**
DuPont-RoIC					
NOPLAT margin (%)	8.8	8.6	8.8	8.7	9.2
IC turnover (x)	5.0	5.9	6.4	6.5	6.9
RoIC (%)	**44.5**	**50.2**	**56.4**	**56.5**	**63.0**
Operating metrics					
Core NWC days	40.9	36.7	37.2	37.1	37.6
Total NWC days	**40.9**	**36.7**	**37.2**	**37.1**	**37.6**
Fixed asset turnover	8.2	8.1	8.2	7.9	7.9
Opex-to-revenue (%)	29.2	29.7	28.6	28.9	28.9

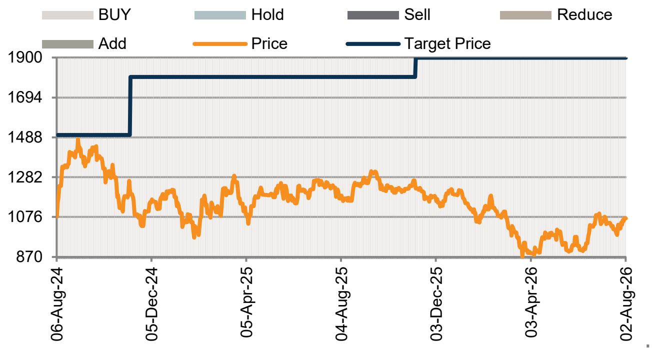
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
29-May-26	973	1,900	Buy	Sabri Hazarika
16-Feb-26	1,114	1,900	Buy	Sabri Hazarika
07-Nov-25	1,224	1,900	Buy	Sabri Hazarika
04-Jun-25	1,167	1,800	Buy	Sabri Hazarika
23-May-25	1,237	1,800	Buy	Sabri Hazarika
08-Feb-25	1,165	1,800	Buy	Sabri Hazarika
26-Nov-24	1,107	1,800	Buy	Sabri Hazarika
08-Nov-24	1,193	1,800	Buy	Sabri Hazarika
07-Aug-24	1,152	1,500	Buy	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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