Choice Institutional Equities

BUY

Gulf Oil Lubricants: Pricing Leverage Supports Earnings Visibility

May 29, 2026 | CMP: INR 930 | Target Price: INR 1,525

Expected Share Price Return: 63.9% I Dividend Yield: 5.4% I Potential Upside: 69.3%

Sector View: Positive

Change in Estimates	✓
Change in Target Price	✓
Change in Recommendation	✗

Company Info	
BB Code	GOLI: IN EQUITY
Face Value (INR)	2.0
52-w - High/Low (INR)	1,313/870
Mkt Cap (Bn)	INR 46.1/ $0.48
Shares o/s (Mn)	49.4
3M Avg. Daily Volume	41,199

Change in CIE Estimates

	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	46.3	44.9	3.0	51.4	49.0	4.9
EBITDA	6.3	6.1	3.0	7.2	6.9	4.9
EBITDAM%	13.5%	13.5%	00bps	14.0%	14.0%	00 Bps
PAT	5.1	5.1	-1.3	5.9	5.9	-0.2
EPS	101.9	103.0	-1.3	117.8	118.1	-0.2

Key Financials

INR Mn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	36,312	40,560	46,310	51,417	57,075
YoY (%)	10.0	11.7	14.2	11.0	11.0
EBITDA	4,723	5,139	6,252	7,198	8,276
EBITDAM %	13.0%	12. 7%	13.5%	14.0%	14.5%
Adj PAT	3,574	3,448	5,052	5,854	6,812
EPS (INR)	73.1	69.7	101.7	117.8	137.1
ROE %	25.9%	23.0%	30.4%	30.2%	30.2%
ROCE %	26.1%	26.5%	30.4%	30.5%	30.5%
PE(x)	15.8	12.7	9.1	7.8	6.7
EV/EBITDA	10.7	7.3	6.1	5.0	4.0

Actual vs CIE Estimate

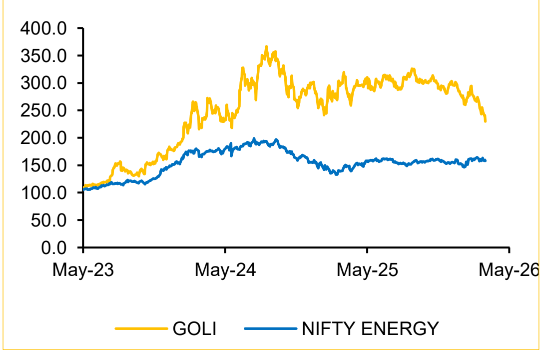
INR Mn	Q4FY26A	CIE Estimate	Dev.%
Revenue	10,402	9,246	13
EBITDA	1,351	1,208	12
EBITDAM %	12.99	13.06	7bps
PAT	900	1,151	-14

Shareholding Pattern (%)

	Sep-25	Dec-25	Mar-26
Promoters	67.11	67.11	67.01
FIIs	9.53	9.22	8.91
DIIs	7.45	8.13	8.17
Public	15.61	15.25	15.57

Relative Performance (%)

YTD	3Y	2Y	1Y
NIFTY ENERGY	66.3	(1.2)	13.8
GOLI	88.4	(5.3)	(20.9)



Link to Initiation Report

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Margin Strength Sustained Through Timely Price Increases: GOLI is strategically shifting its product portfolio towards high-margin premium segments to **drive volume growth and protect profitability simultaneously**. Through aggressive expansion across 12 of its 15 operating segments, the company continues to gain market share. We derive this from the fact that GOLI is expanding at nearly 2–3x the average industry rate of 3--4%, thereby increasing its share in the overall lubricants market.

As acknowledged by the management, there is going to be **more of B2C business going forward**. In our opinion this will **support margin expansion** in two ways (a) GOLI will be able to **leverage on the brand** it has built over the last decade as **higher B2C business magnifies branding impact of A&P expenses** as compared to B2B business, (b) it will be able to exercise pricing leverage, wherein average realised price can be increased through product mix, hikes and schemes even during the period of declining base oil prices as demonstrated by the firm previously.

FX volatility has remained a headwind for GOLI; however, the company is proactively managing currency risk through expert supervision, while a favourable industry pricing environment allows timely price hikes to safeguard margins.

Overhang of EV penetration: GOLI has reinforced its strategic entry into the EV supply chain by increasing its stake from 51% to 65% during last fiscal year by investing INR 380 Mn. **Tirex gained 35% to 40% share of the new DC chargers' market in the electric bus segment during FY26.** We estimate this optionality could scale up to INR 3–4 Bn revenue, adding ~10% to the topline, with an EBITDA margin of 12–14%, in the next few years.

View and Valuation: We have revised our target price to INR 1,525 as we now assume higher risk-free rate of 6.7%, lowered perpetual growth rate of 1% and revised our FY27 EPS estimate downwards by 1.1%. We value the company using the DCF framework and derive a TP of INR 1,525/sh, implying PE multiple of 12.9x/11.0x at FY28E /FY29E EPS. We reaffirm our BUY rating on the stock.

Q4FY26 Review: Revenue and EBITDA beat to CIE estimates while PAT trails

- Revenue was up by 13.7% YoY & up by 4.2% QoQ at INR 10,402 Mn (vs CIE estimate of INR 9,246 Mn)
- EBIDTA was up by 8.5% YoY & up by 3.7% QoQ at INR 1,351 Mn (vs CIE estimate of INR 1,208 Mn). EBITDA margin stood at 13.0%, contracted by 62 bps YoY (vs CIE estimate of 13.1%)
- PAT was down by 1.7% YoY & down by 9.8% QoQ at INR 900 Mn (vs CIE estimate of INR 1,151 Mn). PAT margin contracted by 136 bps YoY, reaching 8.7% (vs CIE estimate of 12.4%)

Capacity Ramp-up to Support Volume Growth: GOLI aims to increase its capacity, from 140,000 to 240,000 KL, by FY27. **The additional capacity in Chennai is expected to come online by Q3FY27, while Silvassa facility will ramp up by Q4FY27.**

GOLI (INR Mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)
Net Sales	10,402	9,151	13.7%	9,979	4%
Material Expenses	6,092	5,221	16.7%	5,661	8%
Employee Expenses	506	452	11.8%	511	-1%
Other Opex Expenses	2,454	2,232	9.9%	2,505	-2%
EBITDA	1,351	1,245	8.5%	1,303	4%
Depreciation	163	136	19.8%	152	7%
EBIT	1,188	1,109	7.1%	1,151	3%
Interest Cost	227	97	134.2%	128	78%
PBT	1,209	1,234	-2.0%	1,037	17%
RPAT	900	916	-1.7%	771	17%
APAT	900	916	-1.7%	997	-10%

GOLI	Q4FY26	Q4FY25	YoY(bps)	Q3FY26	QoQ (bps)
Emp exp. % of Sales	4.9%	4.9%	(8)	5.1%	(26)
Other Op. Exp % of Sales	23.6%	24.4%	(81)	25.1%	(1514
EBITDA Margin (%)	13.0%	13.6%	(62)	13.1%	13
APAT Margin (%)	8.7%	10.0%	(136)	10.0%	(135)

Source: GOLI, Choice Institutional Equities

Management Call – Highlights

GOLI continues to gain market share it grows at 2-3x the market rate

Firm has surplus cash of INR1000 crore-plus and increased its dividend payout to 72% while actively looking for M&A opportunities

Tirex

- Tirex crossed INR 1 Bn in revenue in FY26 and aims to reach INR 3-4 Bn in the next three-fours years
- Rapid market-share gains in DC chargers suggest early scale advantages in a segment likely to benefit from rising EV infrastructure investments
- On the strength of growing demand, Tirex is investing in new manufacturing plant. It will be funded through a combination of equity and borrowings

Input Costs

- The firm noted that the typical lag effect between crude price increases and input cost escalation has narrowed down significantly from three months to just one-two weeks

Volume

- Channel stocking by dealers and OEMs indicates supply security concerns and reflects confidence in underlying demand visibility

Pricing

- Incremental investments in R&D and branding indicate a strategic push toward premiumisation and stronger pricing discipline

Plant expansion

- The additional capacity in Chennai is expected to come online by Q3FY27, while the Silvassa facility will ramp up by Q4FY27.

Margin

- Management commentary suggests margin protection remains central amid volatile raw-material conditions, with operating leverage expected to support profitability
- It reiterated its guidance of 12% to 14% EBITDA margin, with an ambition to reach 14% to 16% in the medium term
- Scale-led operating leverage is expected to drive gradual margin convergence with the market leader

Competition

- Management highlighted that its unique, segment-specific approach and disciplined execution have consistently allowed it to grow faster than competition

M&A

- The firm is actively assessing potential acquisition as the company continues to generate strong cash and maintains a healthy balance sheet

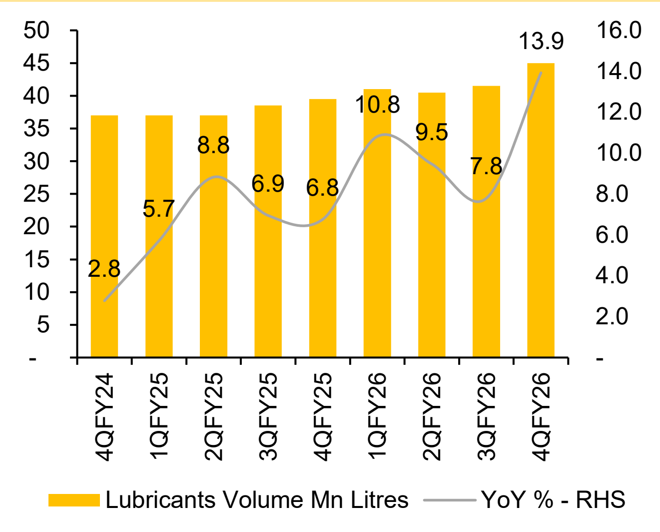
Macroeconomic tailwinds

- The lubricant industry is projected to expand at a 3–4% CAGR in the next decade, wherein industrial segments likely to growing modestly, supported by deepening vehicle penetration, economic expansion and policy-led manufacturing growth

Product Development

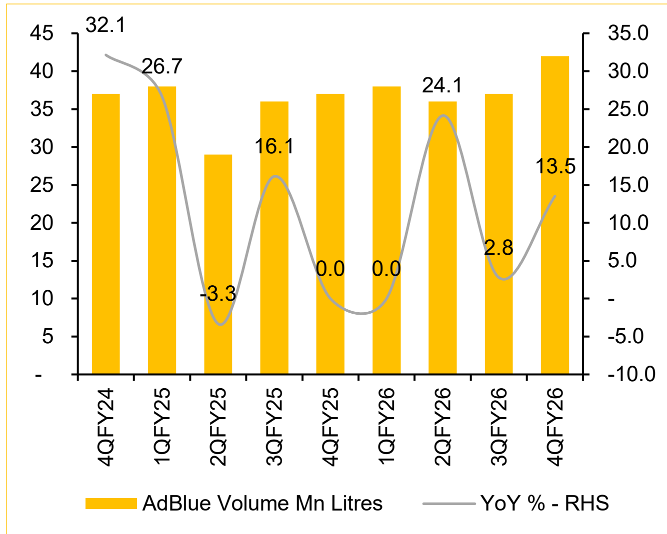
- The company has formulated two liquid cooling solutions for data centres in collaboration with its global team

Lubricants volume was up 13.9% on a YoY basis



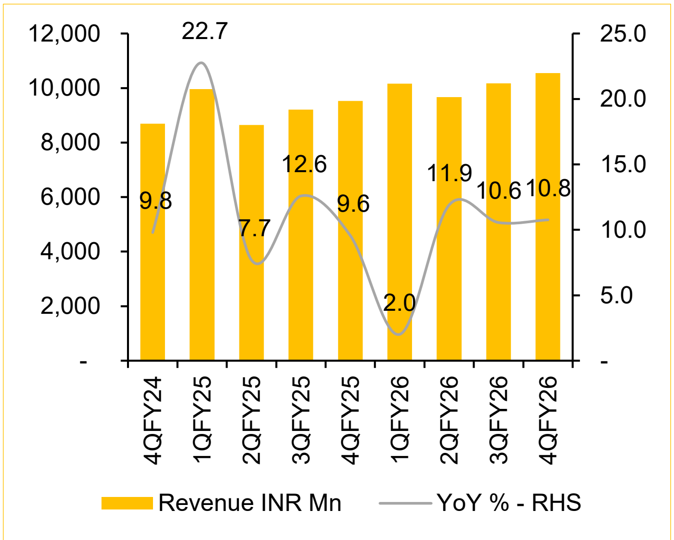
Source: GOLI, Choice Institutional Equities

AdBlue Volume was up 13.5% on a YoY basis



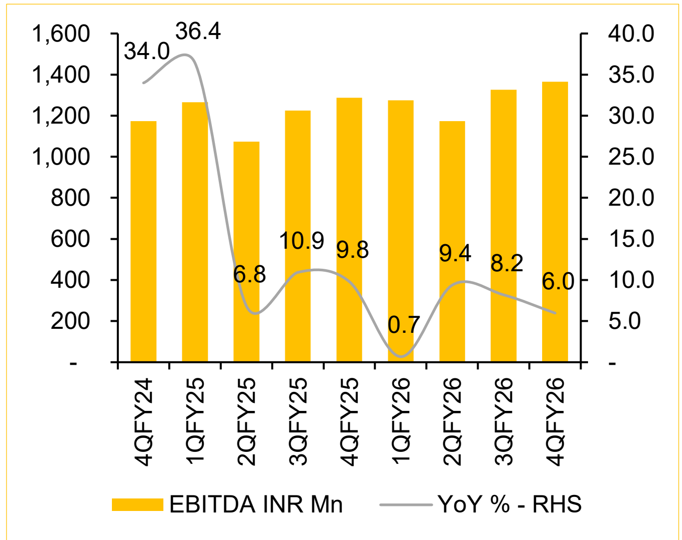
Source: GOLI, Choice Institutional Equities

Revenue was up 10.6% on a YoY basis



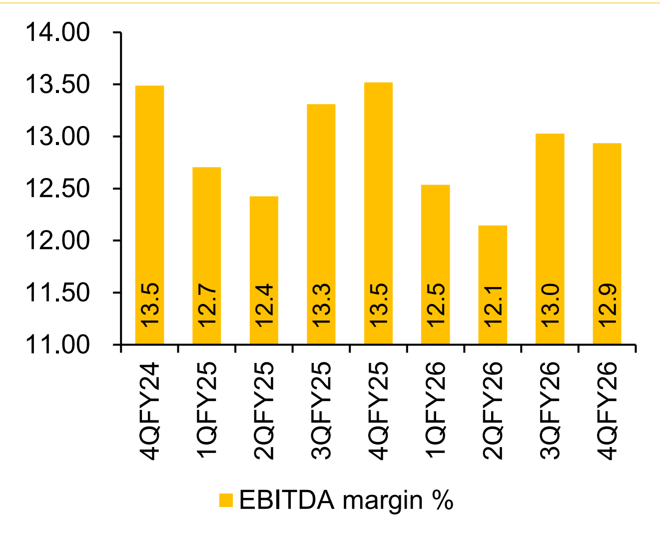
Source: GOLI, Choice Institutional Equities

EBITDA grew 6.0% YoY



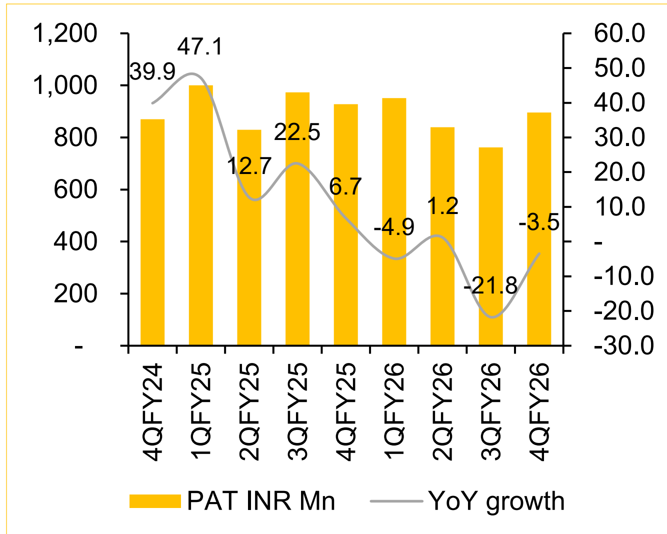
Source: GOLI, Choice Institutional Equities

EBITDA margin decreased by 58 bps YoY due to higher costs



Source: GOLI, Choice Institutional Equities

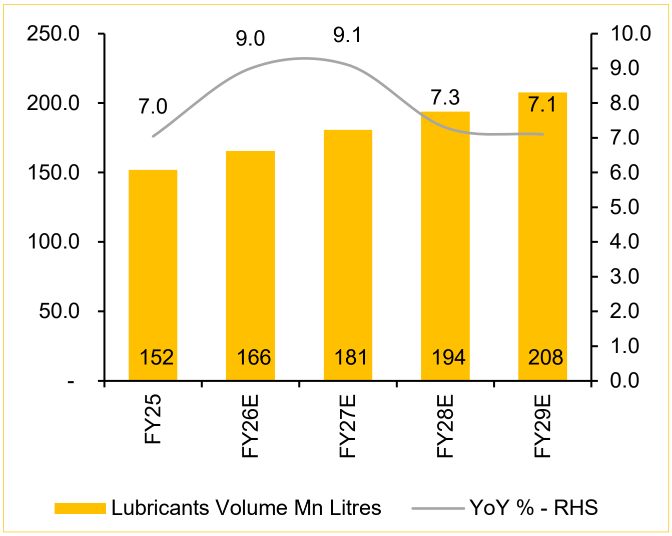
PAT degrew by 3.5% YoY on the back higher base oil prices



Source: GOLI, Choice Institutional Equities

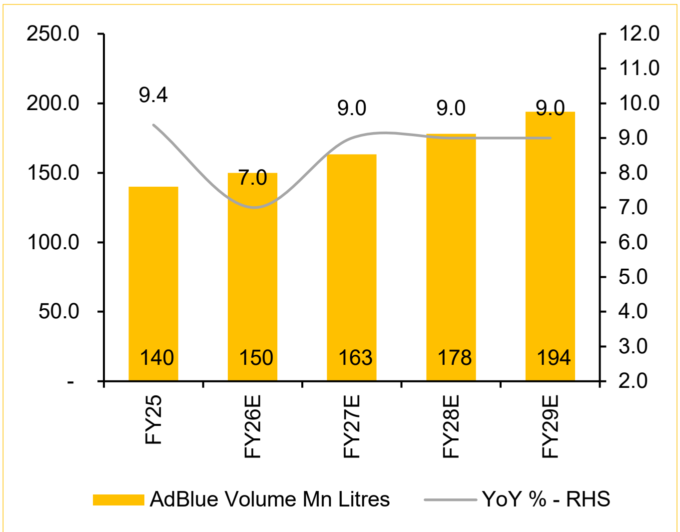
Note: Above charts are based on Consolidated figures

Lubricants Volumes expected to expand at 10.1% CAGR



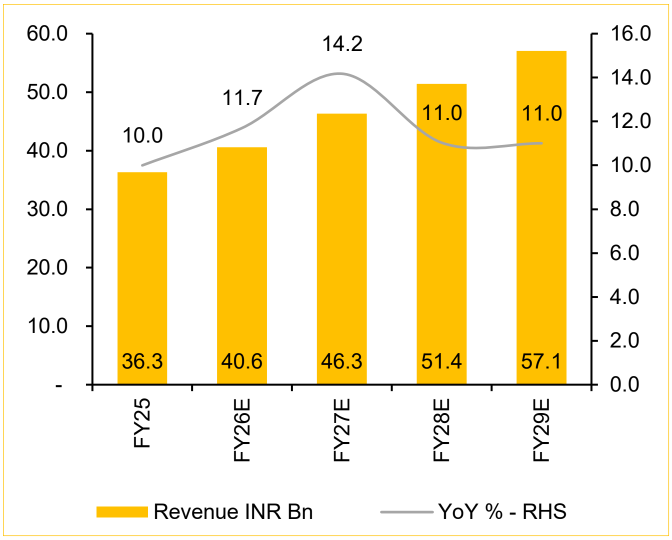
Source: GOLI, Choice Institutional Equities

AdBlue Volume estimated to expand at 8.0% CAGR



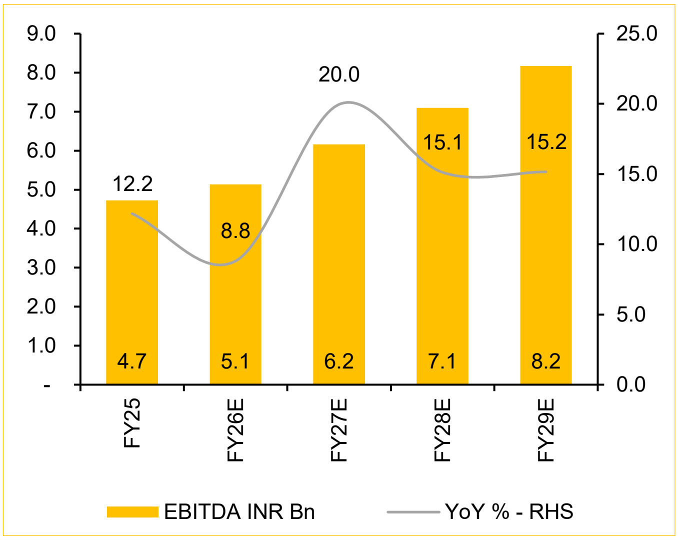
Source: GOLI, Choice Institutional Equities

Revenues forecast to increase at 12.1% CAGR



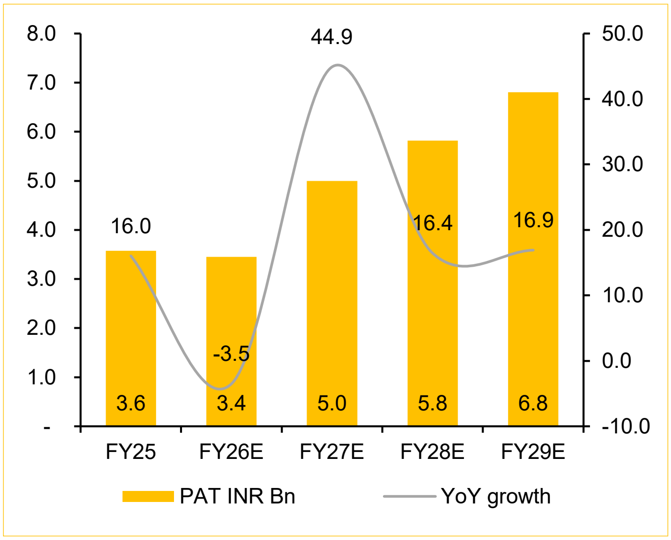
Source: GOLI, Choice Institutional Equities

EBITDA anticipated to expand at 17.2% CAGR



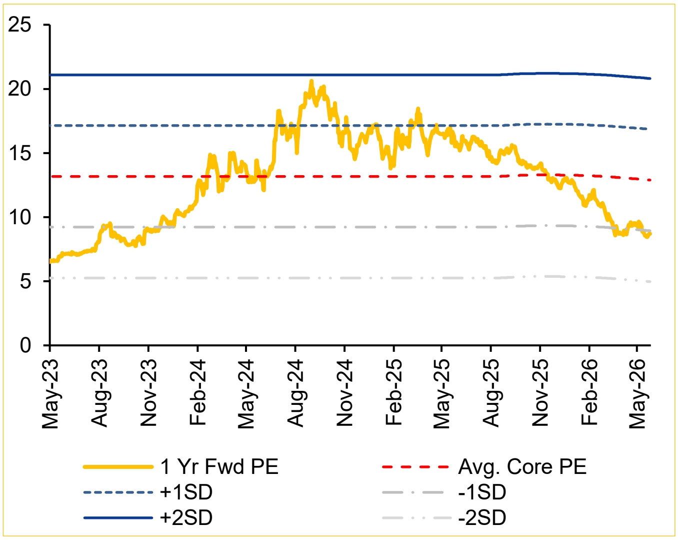
Source: GOLI, Choice Institutional Equities

PAT projected to increase at 25.9% CAGR



Source: GOLI, Choice Institutional Equities

1-year forward PE band



Source: GOLI, Choice Institutional Equities

Note: Above charts are based on Consolidated figures

Income Statement (INR Mn)

Particular	FY25	FY26	FY27E	FY28E	FY29E
Revenue	36,312	40,560	46,310	51,417	57,075
Gross profit	15,293	17,256	19,728	22,161	24,827
EBITDA	4,723	5,139	6,252	7,198	8,276
Depreciation	558	692	371	407	447
EBIT	4,165	4,447	5,880	6,791	7,828
Other income	987	976	1,297	1,464	1,713
Interest expense	359	564	392	392	392
PAT	3,574	3,448	5,052	5,854	6,812
EPS	73.1	69.7	101.7	117.8	137.1

Balance Sheet (INR Mn)

Particular	FY25	FY26	FY27E	FY28E	FY29E
Net Worth	15,312	15,836	18,362	21,289	24,695
Minority Interest	695	473	473	473	473
Deferred Tax	-	-	-	-	-
Total Debt	4,216	5,143	5,143	5,143	5,143
Other Liabilities & Provisions	1,125	1,139	1,139	1,139	1,139
Total Net Worth & Liabilities	**27,577**	**30,150**	**33,158**	**36,796**	**40,996**
Tangible Fixed Assets	2,842	3,151	3,243	3,350	3,473
CWIP	19	75	75	75	75
Investments	743	365	365	365	365
Cash & Cash Equivalents	10,261	11,359	12,817	15,003	17,894
Other Non-current Assets	219	262	262	262	262
Other Current Assets	1,714	1,737	1,737	1,737	1,737
Total Assets	**27,577**	**30,150**	**33,158**	**36,796**	**40,996**

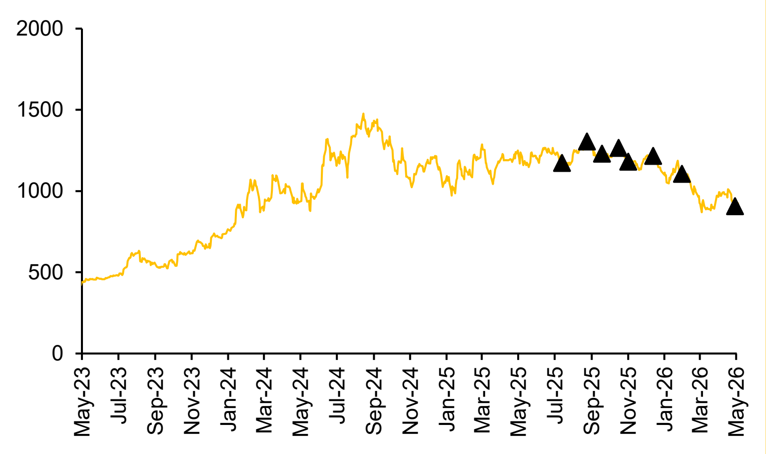
Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenue	10.0%	11.7%	14.2%	11.0%	11.0%
EBITDA	12.2%	8.8%	21.7%	15.1%	15.0%
PAT	16.0%	-3.5%	46.5%	15.9%	16.4%
Margins (%)					
EBITDA	13.0%	12.7%	13.5%	14.0%	14.5%
PAT	9.8%	8.5%	10.9%	11.4%	11.9%
Profitability (%)					
ROE	25.9%	23.0%	30.4%	30.2%	30.2%
ROIC	17.0%	16.4%	19.9%	20.4%	20.9%
ROCE	26.1%	26.5%	30.4%	30.5%	30.5%
Working Capital					
Inventory Days	88	88	88	88	85
Debtor Days	50	50	50	50	50
Payable Days	97	97	97	97	97
Cash Conversion Cycle	41	41	41	41	38
Valuation metrics					
PE(x)	15.8	12.7	9.1	7.8	6.7
EV/EBITDA (x)	10.7	7.3	6.1	5.0	4.0
Price to BV (x)	3.7	2.8	2.5	2.2	1.9
EV/OCF (x)	127.7	107.0	107.1	78.5	59.2

Cash Flows (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	3,953	3,497	3,542	4,556	5,546
Cash Flows from Investing	773	114	834	949	1,143
Cash Flows from Financing	-1,498	-2,513	-2,918	-3,319	-3,798

DuPont Analysis	FY25	FY26	FY27E	FY28E	FY29E
Tax Burden (%)	74.5	74.4	74.4	74.4	74.4
Interest Burden (%)	115.1	104.2	115.4	115.8	116.9
EBIT Margin (%)	11.5	11.0	12.7	13.2	13.7
Asset Turnover (%)	1.4	1.4	1.5	1.5	1.5
Equity Multiplier(x)	1.9	1.9	1.9	1.8	1.7
ROE (%)	25.9%	23.0%	30.4%	30.2%	30.2%

Source: GOLI, Choice Institutional Equities

Historical Price Chart: GOLI



Date	Rating	Target Price
August 25, 2025	BUY	1,600
October 1, 2025	BUY	1,600
October 16, 2025	BUY	1,600
October 29, 2025	BUY	1,600
November 07, 2025	BUY	1,600
January 11, 2026	BUY	1,600
February 15, 2026	BUY	1,600
May 29, 2026	BUY	1,525

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CHOICE RATING DISTRIBUTION & METHODOLOGY	
Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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