

Energy – Lubricants
Q2FY26 Result Preview



Energy – Lubricants

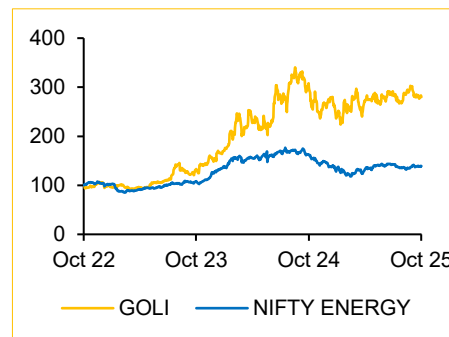
Q2FY26 Quarterly Results Preview

Sector View: Positive

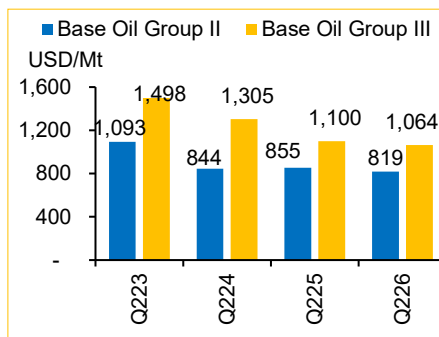
Margin to improve selectively in the backdrop of lower oil prices & currency depreciation

Automotive and Industrial segments, both, are expected to drive lubricants' volume. Although decrease in Brent prices (by 13% y/y) ideally results in increase in margin for lubricant players, the devil lies in the detail. Base oil price, which accounts for 80% of RM cost for lubricants, was down just ~4% y/y in Q2FY26. However, as over 60% of base oil is imported, companies with less export exposure tend to benefit less due to 4% y/y depreciation in INR in Q2FY26. It's a matter of time before base oil price corrects, leading to margin expansion for lubricant players.

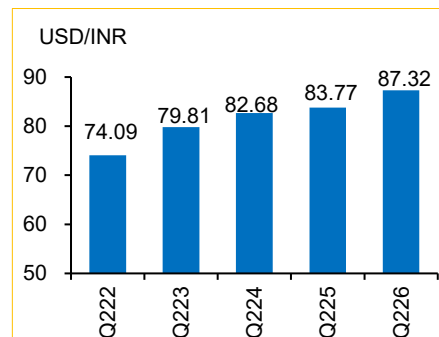
Relative Performance



Base oil prices down 4% compared to 13% decline in Brent



INRUSD has depreciated by 4%y/y compared to Q2FY25



Source: Facset, Choice Institutional Research

Source: Lubes and Greases, Choice Institutional Research

Source: Facset, Choice Institutional Research

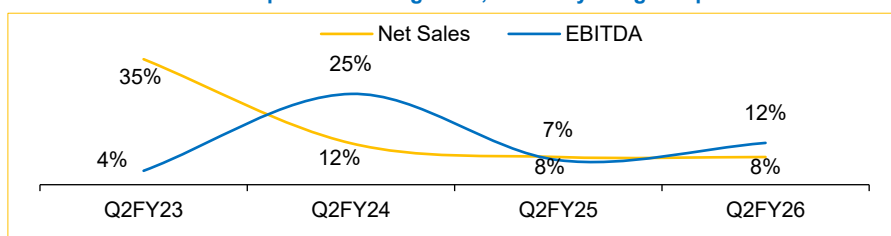
Industrial lubricants: Over the medium term, the demand for Industrial lubricants is expected to outpace the consumption of automotive lubricants. Therefore, there is a possibility of average realised price to drop, leading to decrease in EBITDA margin. However, **GOLI has continued to focus on high-growth niches within the Industrial segment, by emphasising on premium products.** This is done through its participation in industry events and sequentially acquiring new marquee customers. As a result, we continue to expect the company to exceptionally increase both, its margin as well as volumes.

White oil and Transformer oil market: On the back of GST rationalization, white oil market is expected to pick up provided there is revival in demand. Thus, companies with exposure to FMCG segment (petroleum jelly and wax) may see certain benefit during this quarter. Separately, integration of renewable energy sources and expansion of power grid continues to drive the demand for transformer oil. However, based on our interactions with the managements, the domestic demand for ester-based transformer oil is still picking up but it sees strong demand from the developed economies.

GOLI's EBITDA set to outpace revenue growth, driven by margin expansion

Recommendation			
Company (Ticker)	CMP (INR)*	TP (INR)	Rating
Gulf Oil Lubricants India Ltd (GOLI: IN EQUITY)	1220	1600	BUY

*CMP as on October 28, 2025



Source: Company, Choice Institutional Research

Sector View: We maintain our Positive View on Lubricants segment in downstream Oil & Gas space. For investors keen on playing the theme of exponential increase in India's energy consumption, while avoiding regulatory headwinds, the Lubricant segment offers a worthwhile opportunity. We have a 'BUY' rating on GOLI underpinned by its ability to deliver **margin expansion alongside healthy volume growth** in what is often viewed as a **commoditised business**. We believe this positions GOLI to **compound earnings faster than both, its historical trajectory and broad industry standards**.

GOLI						Comments
INR Mn	Q2FY26E	Q2FY25	YoY %	Q1FY26	QoQ %	
Volume Lubricants (kilo litres)	39,220	37,000	6.00%	41,000	-4.34%	We expect modest growth of 6% for lubricants and Ad-blue volume each.
Volume Adblue (kilo litres)	30,740	29,000	6.00%	38,000	-19.11%	
Revenue	9,304	8,640	7.69%	10,165	-8.47%	We expect margin expansion of 45bps YoY basis, due to lower base oil prices and depreciation in currency.
EBITDA	1,198	1,073	11.61%	1,274	-5.98%	
EBITDAM	12.88%	12.42%	45 bps	12.53%	35 bps	
PAT	978	830	17.86%	952	2.74%	

Source: Company on consolidated basis, Choice Institutional Research Note: Standalone estimates available on request.

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Initiation Report Click Here

[Gulf Oil Lubricants India Ltd - Driving Growth Through Strategy, Stability and Brand](#)

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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 statis 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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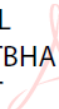
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