Choice Institutional Equities

Gulf Oil Lubricants: Strategic Execution Drives Volume Growth

BUY

Aug 05, 2026 | CMP: INR 1,160 | Target Price: INR 1,525

Expected Share Price Return: 31.4% I Dividend Yield: 4.4% I Potential Upside: 35.8%

Sector View: Positive

Q1FY27 Result Update

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 57.5/ $0.60
Shares o/s (Mn)	49.4
3M Avg. Daily Volume	103,046

Change in CIE Estimates

	FY27E			FY28E		
INR Bn	**New**	**Old**	**Dev. (%)**	**New**	**Old**	**Dev. (%)**
Revenue	46.3	46.3	0.0	51.4	51.4	0.0
EBITDA	6.1	6.3	(3.3)	7.2	7.2	0.0
EBITDAM%	13.2%	13.6%	(46 bps)	14.0%	14.0%	(1 bps)
PAT	4.9	5.1	(3.1)	6.0	5.9	1.1
EPS	98.7	101.9	(3.1)	119.1	117.8	1.1

Actual vs CIE Estimate

INR Mn	Q1FY27A	CIE Estimate	Dev.%
Revenue	13,204	11,013	20
EBITDA	1,704	1,399	22
EBITDAM %	12.9	12.7	20bps
PAT	1,275	984	30

Key Financials

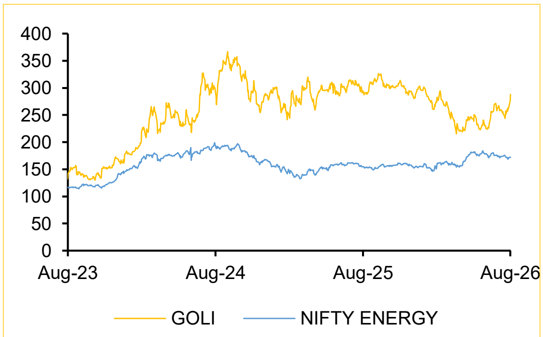
INR Mn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	36,312	40,560	46,310	51,417	57,075
YoY (%)	10.0%	11.7%	14.2%	11.0%	11.0%
EBITDA	4,723	5,139	6,090	7,198	8,276
EBITDAM %	13.0%	12.67%	13.2%	14.0%	14.5%
Adj PAT	3,574	3,448	4,941	5,967	6,966
EPS (INR)	72.1	69.7	99.4	120.1	140.2
ROE %	24.4%	23.0%	29.8%	30.9%	30.9%
ROCE %	26.1%	26.5%	29.7%	30.6%	30.6%
PE(x)	15.8	12.7	11.6	9.6	8.2
EV/EBITDA	10.7	7.3	7.9	6.3	5.2

Shareholding Pattern (%)

	Sept-25	Dec-25	Mar-26
Promoters	67. 1	67.0	66.9
FIIs	9.2	8.9	7.8
DIIs	8.1	8.2	8.7
Public	15.4	15.6	16.3

Relative Performance (%)

YTD	3Y	2Y	1Y
NIFTY ENERGY	47.9	-9.0	11.2
GOLI	103.8	1.7	-1.2



[Link to Initiation Report]

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Margin Strength Sustained through Timely Price Increases: GOLI's pricing power and disciplined pass-through mechanisms strengthened earnings resilience, enabling the company to preserve 12.9% EBITDA margin and protect per-litre profitability through periods of input cost inflation. Meanwhile, revenue growth was primarily driven by 17% YoY volume growth, supported by the company's proactive approach to ensuring uninterrupted demand and supply security for customers during the crisis. The company is expanding aggressively across 12 of its 15 operating segments, resulting in consistent market share gains. This is reflected in GOLI's growth of nearly 2–3x the industry's 3–4% average growth rate, indicating an increasing presence in the overall lubricants market.

The investment case remains underpinned by sustained market share gains, brand-led distribution expansion and industry-leading B2C growth. **Sticky retail pricing and disciplined execution is estimated to support resilient margin**, enabling the company to consistently outperform the lubricants industry average over the medium term.

FX volatility remains a near-term headwind; however, GOLI actively manages currency exposure through disciplined treasury practices, while a supportive pricing environment enables timely pass-throughs so as to preserve margin.

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. **Approximately one out of three EV buses in India is operating on a Tirex fast charger.** 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% over the next few years.

View and Valuation: We have maintained our target price of INR 1,525 and revised our FY27 EPS estimate downwards by 2.4%. We value the company using the DCF framework and derive a TP of INR 1,525/sh, implying PE multiple of 12.6x/10.8x at FY28E /FY29E EPS. We retain our '**BUY**' rating on the stock.

Q1FY27 Review: Revenue, EBITDA and PAT beat CIE estimate

- Revenue was up by 32.5% YoY and 26.9% QoQ at INR 13,204 Mn (vs CIE estimate of INR 11,013 Mn)
- EBIDTA was up by 34.6% YoY and 26.1% QoQ at INR 1,704 Mn (vs CIE estimate of INR 1,399 Mn). EBITDA margin stood at 12.9%, expanded by 20 bps YoY (vs CIE estimate of 12.7%)
- PAT was up by 31.9% YoY and 41.7% QoQ at INR 1,275 Mn (vs CIE estimate of INR 984 Mn). PAT margin contracted by 4 bps YoY, reaching 9.7% (vs CIE estimate of 8.9%)

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)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Net Sales	13,204	9,964	32.5%	10,402	26.9%
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	1,704	1,266	34.6%	1,351	26.1%
Depreciation	169	135	24.7%	163	3.7%
EBIT	1,535	1,130	35.8%	1,188	29.2%
Interest Cost	77	55	39.0%	227	-66.1%
PBT	1,724	1,297	32.9%	1,209	42.6%
RPAT	1,275	967	31.9%	900	41.7%
APAT	1,275	967	31.9%	900	41.7%

GOLI	Q1FY27	Q1FY26	YoY(bps)	Q4FY26	QoQ (bps)
Emp exp. % of Sales	4.3%	4.7%	(45)	4.9%	(57)
Other Op. Exp % of Sales	23.9%	25.3%	(147)	23.6%	28
EBITDA Margin (%)	12.9%	12.7%	20	13.0%	(8)
APAT Margin (%)	9.7%	9.7%	(4)	8.7%	100

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

- The management informed that Tirex will remain a Charge Point Manufacturer (CPM), avoiding the cash-intensive Charge Point Operator (CPO) business due to long payback periods and low charger utilisation.
- Tirex currently holds an 8% to 10% market share in the DC charger business in India
- The firm supplies DC chargers to Mahindra (and its dealer network) and construction equipment OEMs, while supplying AC chargers to MG and VinFast

Input Costs

- West Asia geopolitical crisis and supply disruption spiked base oil cost, forcing Gulf Oil to implement unprecedented, sequential price hike to protect its margin

Volume

- Channel stocking by dealers and OEMs led to supply security concerns, resulting in a higher demand, which in turn supported 17% yoy growth in volumes

Pricing

- Multiple retail price hike and formula-driven B2B revisions mitigated raw material inflation, helped sustain EBITDA margins at ~13%, with continued focus on protecting per-litre profitability

Plant expansion

- GOLI is executing a 70% a total capacity increase so as to support the 2x–3x industry growth target,
- Chennai plant is targeted for commissioned by December 2026

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 the ambition to reach 14% to 16% in the medium term

M&A

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

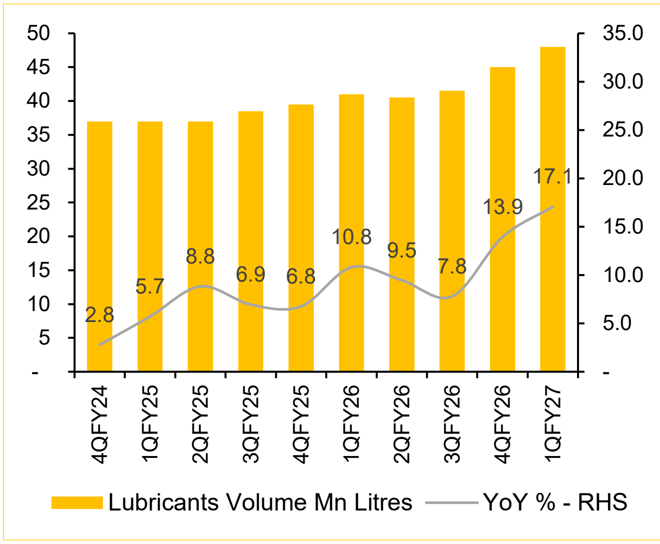
Macroeconomic tailwinds

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

Product Development

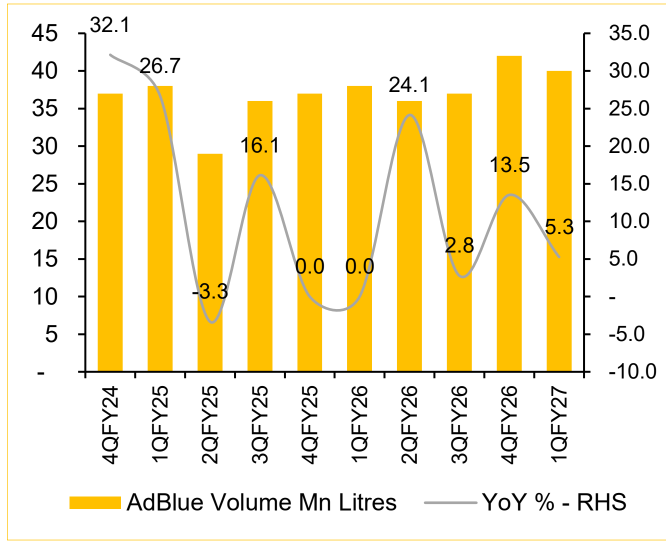
- The company has formulated two liquid cooling solutions for data centres in collaboration with its global team

Lubricants volume was up 17.1% on a YoY basis



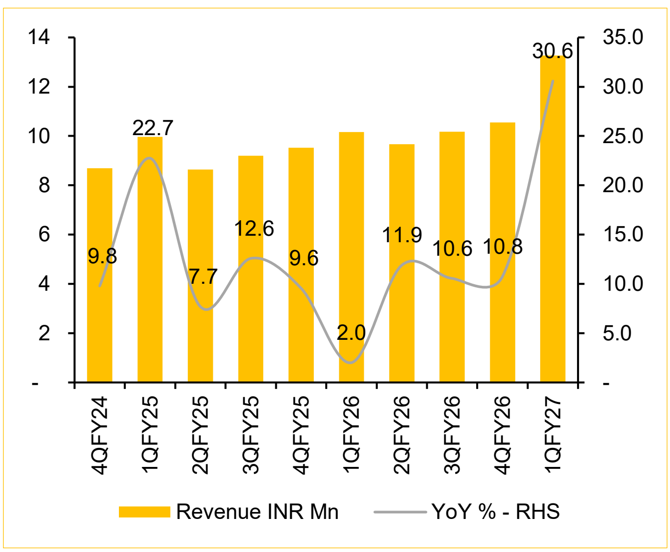
Source: GOLI, Choice Institutional Equities

AdBlue Volume was up 5.3% on a YoY basis



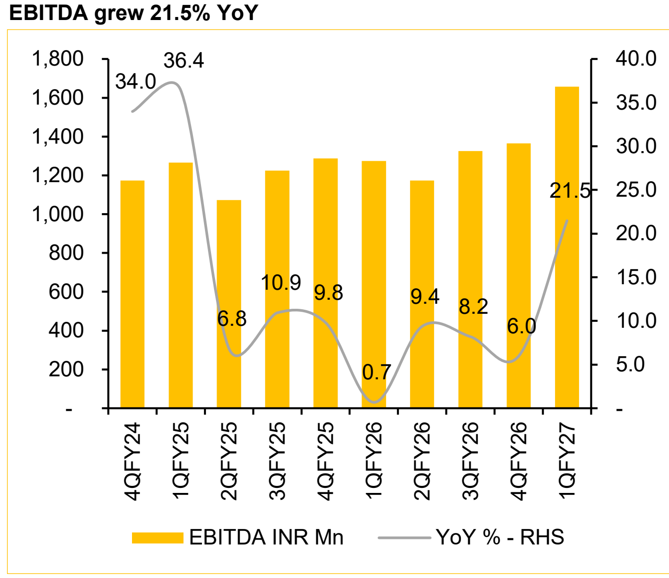
Source: GOLI, Choice Institutional Equities

Revenue was up 30.6% on a YoY basis



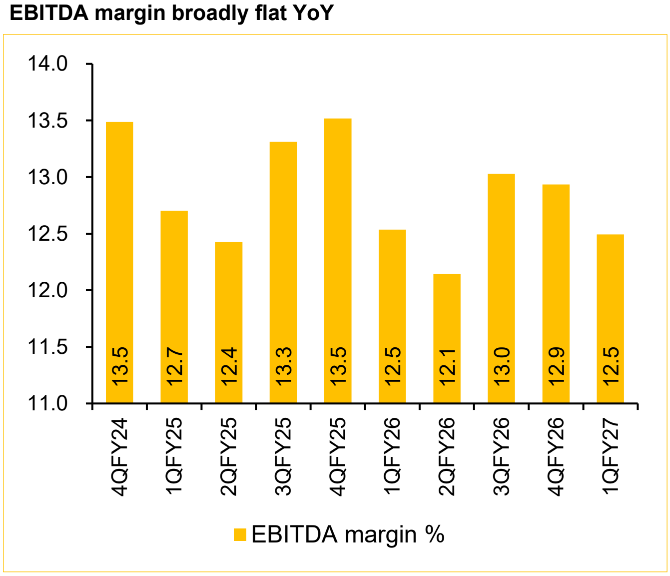
Source: GOLI, Choice Institutional Equities

EBITDA grew 21.5% YoY



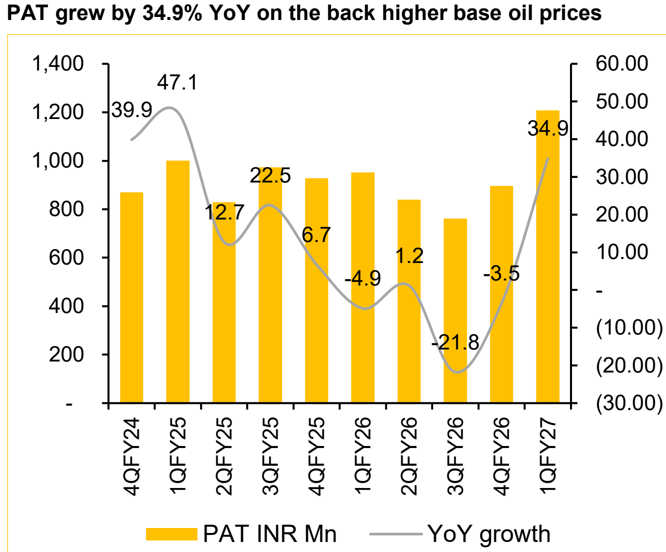
Source: GOLI, Choice Institutional Equities

EBITDA margin broadly flat YoY



Source: GOLI, Choice Institutional Equities

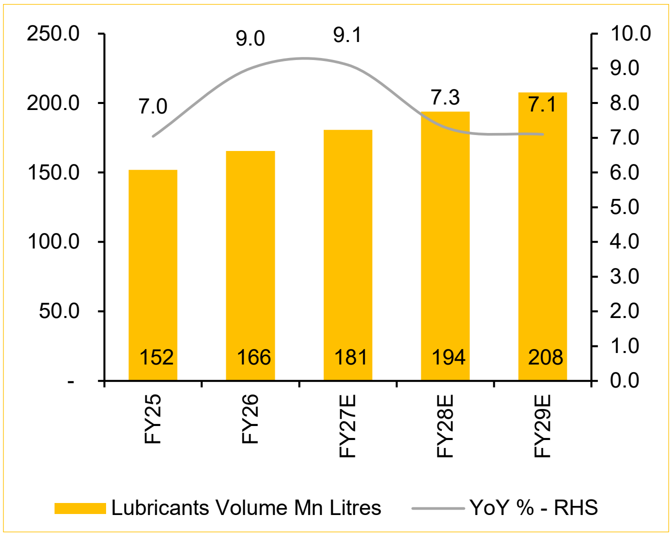
PAT grew by 34.9% YoY on the back higher base oil prices



Source: GOLI, Choice Institutional Equities

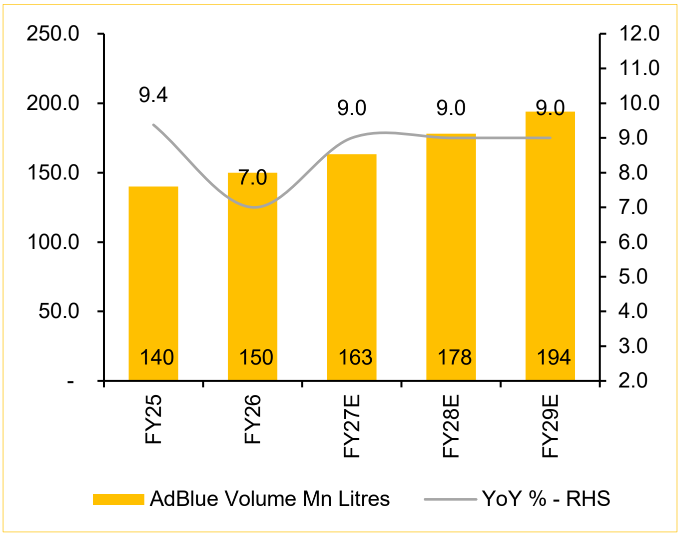
Note: Above charts are based on Consolidated figures

Lubricants Volumes expected to expand at 7.8% CAGR



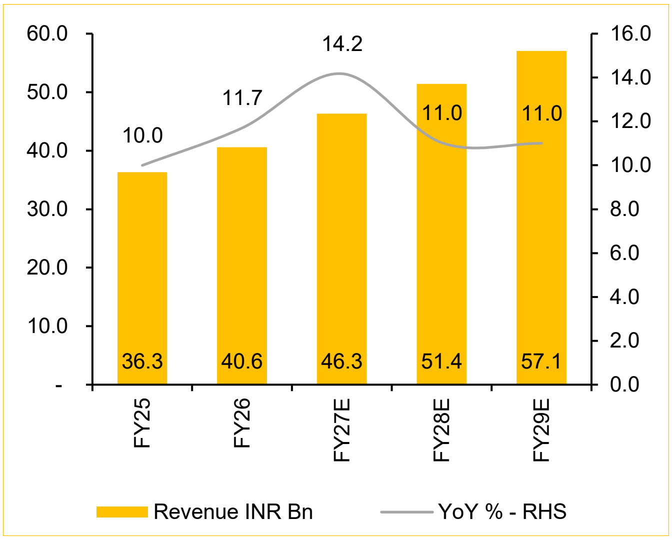
Source: GOLI, Choice Institutional Equities

AdBlue Volume estimated to expand at 9.0% CAGR



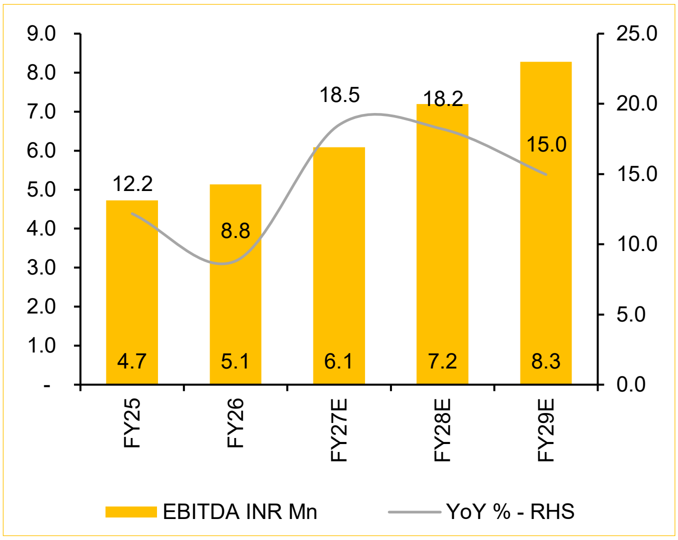
Source: GOLI, Choice Institutional Equities

Revenues forecast to increase at 12.1% CAGR



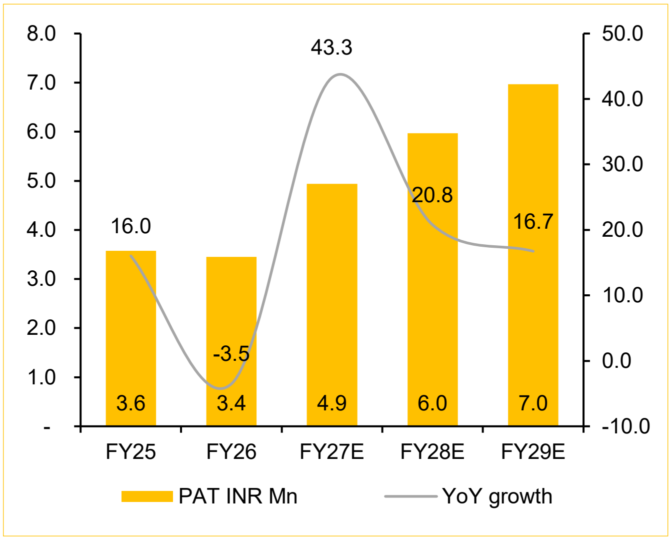
Source: GOLI, Choice Institutional Equities

EBITDA anticipated to expand at 17.2% CAGR



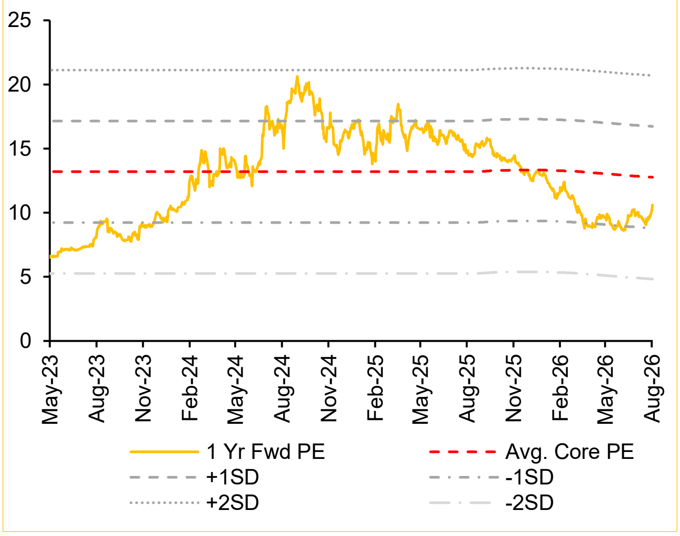
Source: GOLI, Choice Institutional Equities

PAT projected to increase at 26.4% 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	19,566	22,161	24,827
EBITDA	4,723	5,139	6,090	7,198	8,276
Depreciation	558	692	358	380	404
EBIT	4,165	4,447	5,731	6,818	7,872
Other income	987	976	1,297	1,588	1,877
Interest expense	359	564	392	392	392
PAT	3,574	3,448	4,941	5,967	6,966
EPS	73.1	69.7	98.7	119.1	140.2

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%	18.5%	18.2%	15.0%
PAT	16.0%	-3.5%	43.3%	20.8%	16.7%
Margins (%)					
EBITDA	13.0%	12.7%	13.2%	14.0%	14.5%
PAT	9.8%	8.5%	10.7%	11.6%	12.2%
Profitability (%)					
ROE	25.9%	23.0%	29.8%	30.9%	30.9%
ROIC	17.0%	16.4%	19.4%	20.6%	21.0%
ROCE	26.1%	26.5%	29.7%	30.6%	30.6%
Working Capital					
Inventory Days	88	81	81	81	81
Debtor Days	50	42	42	42	42
Payable Days	97	90	90	90	90
Cash Conversion Cycle	41	33	33	33	33
Valuation metrics					
PE(x)	15.8	12.7	11.6	9.6	8.2
EV/EBITDA (x)	10.7	7.3	7.9	6.3	5.2
Price to BV (x)	3.7	2.8	3.1	2.7	2.3
EV/OCF (x)	127.7	107.0	109.7	98.8	80.5

Source: GOLI, Choice Institutional Equities

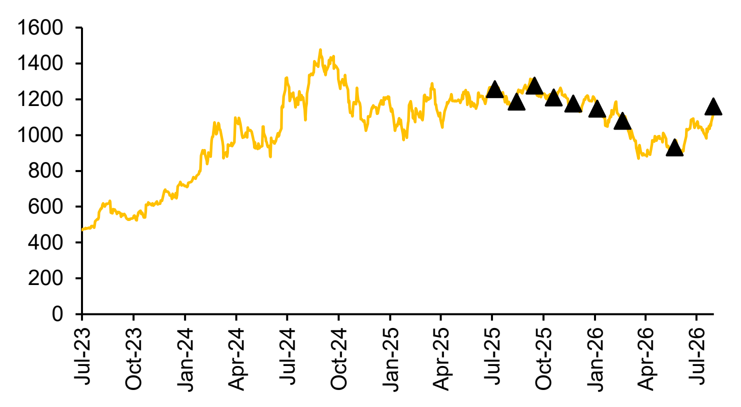
Balance Sheet (INR Mn)

Particular	FY25	FY26	FY27E	FY28E	FY29E
Net Worth	15,312	15,836	18,307	21,290	24,773
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**	**32,620**	**36,222**	**40,441**
Tangible Fixed Assets	2,842	3,151	3,071	2,999	2,938
CWIP	19	75	75	75	75
Investments	743	365	365	365	365
Cash & Cash Equivalents	10,261	11,359	13,910	16,435	19,397
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**	**32,620**	**36,222**	**40,441**

Cash Flows (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	3,953	3,497	4,394	4,620	5,303
Cash Flows from Investing	773	114	1,019	1,280	1,534
Cash Flows from Financing	-1,498	-2,513	-2,862	-3,375	-3,875

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	115.8	117.5	118.9
EBIT Margin (%)	11.5	11.0	12.4	13.3	13.8
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%	29.8%	30.9%	30.9%

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
August 05, 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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