

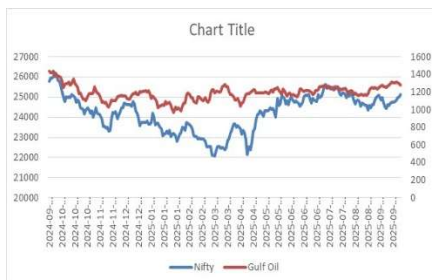
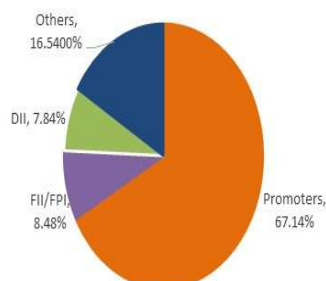
**Gulf Oil Lubricants India Ltd.****Analyst Recommendation: BUY**

BSE Code: 538567

NSE: GULFOILLUB

CMP: Rs 1,242
3 Year Target - Rs 1,600

Face Value	2.00
Market Cap (Rs Cr)	6289
Stock PE	15.8
Dividend Yield	3.76%
Shares O/S (Cr)	4.93
Book Value per Share (Rs)	297
Sensex	81,481
Nifty	24,850

1 yr. Price Chart of Stock and Nifty**Shareholding pattern as on 30th June 2025****Investor's Rationale****Volume Outperformance via Integrated Approach:**

GOLI's strategic alignment across operations, sales and strategy has created a competitive advantage. The firm has delivered 7–8% CAGR as compared to industry average growth rate of 3.8%. Moreover, it has the ability to anticipate demand across 15 segments, such as Passenger Cars and Industrials. Therefore, it has invested appropriately in plant's agility to grow market share in the B2C segment, which accounts for 53% of the business. Having secured partnerships with 40+ OEMs in order to expand in the B2B market, we believe GOLI is well-positioned to increase volumes.

From Pricing Leverage to Profit Stability – GOLI's Game Plan

GOLI has raised its average realized price by ~21% over the past 7 years, driven by product mix, price hikes and schemes. By comparing the average realized price with Brent crude and Asian Base Oils, we conclude GOLI is now focusing on maintaining or increasing margins coupled with volume growth. As we expect Brent prices to decline over the next year, in line with US EIA and IEA; we expect GOLI's EBITDA margin to rise by 100bps above its current guidance band of 12–14% in FY27E–FY28E.

Investment View

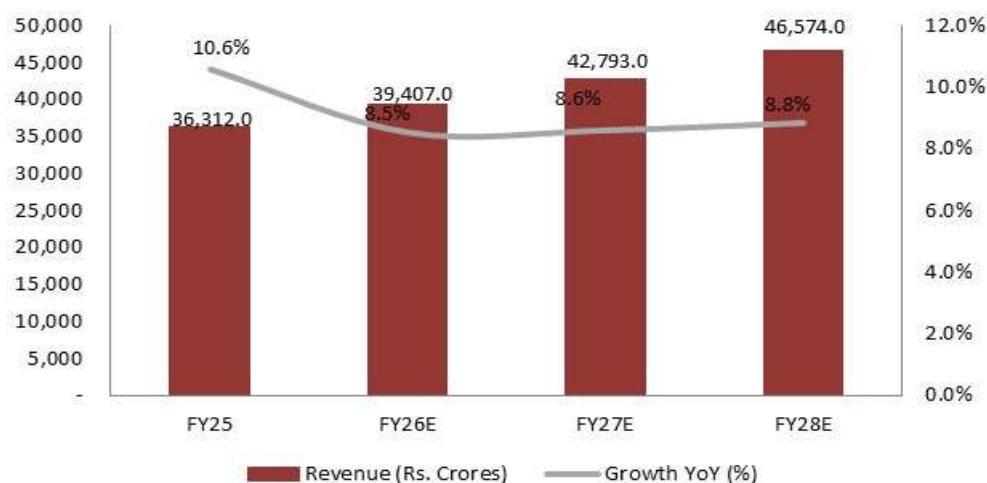
We expect GOLI's Revenue/EBITDA/PAT CAGR of 9%/14%/18% from FY25–28E. Thus, we initiate GOLI with a 'BUY' recommendation and target price of INR 1,600/share with an upside of ~29%. We primarily value the company using DCF model, implying a PE multiple of 15.2x/13.6x at FY27E EPS/FY28E EPS. GOLI trades at PEG ratio of 0.9 as compared to industry leader which trades at ~3.0, implying strong upside for GOLI. Moreover, we compare GOLI against its competition with respect to four levers of competitive advantage: (a) Pricing Leverage (b) Branding (c) Cost of suppliers and (d) Upcoming Regulations.

Particulars (Rs in INR Million)	FY25	FY26E	FY27E	FY28E
Revenue	36312	39407	42793	46574
EBITDA	4723	5497	6397	6962
PAT	3574	4384	5187	5799
EPS	72.1	88.5	104.7	117.1
PE	15.8	14	11.8	10.6
Return On Equity (ROE)	25.9	27.9	28.6	27.8
Return On Invested Capital	17	18.1	19.1	18.6

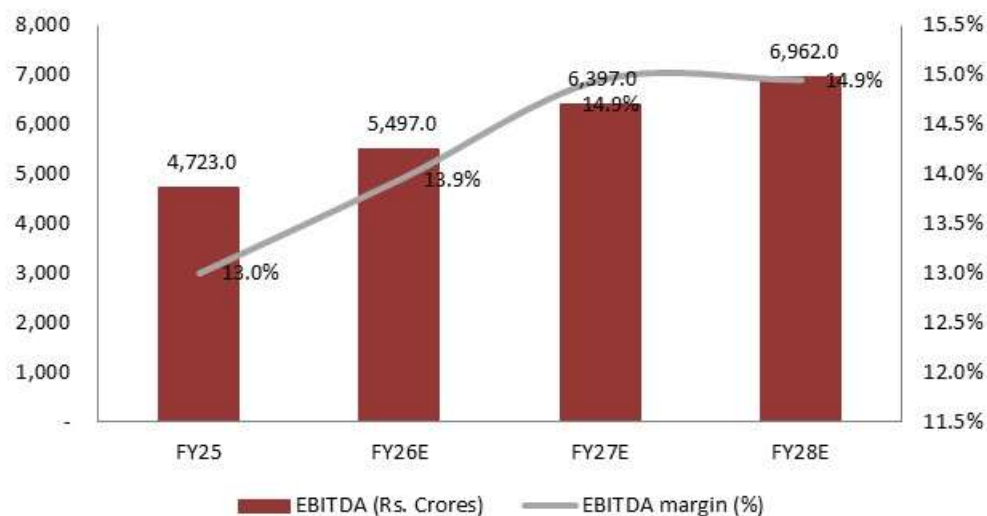
Investor Rationale

- In our opinion, GOLI has strategically shifted its growth focus over time to align with India's fastest-growing automotive segments. Historically, prior to 2010, GOLI successfully tapped into demand for lubricants of commercial vehicles and then into demand for motorcycles. Provided, company's share is less than 5% in passenger vehicles, it may focus its efforts to grow the market share in this segment of automotive lubricants.
 - Strong OEM partnerships help deepen market penetration- The CEO has played a particularly important role in shaping this trajectory. He also secured key OEM partnerships, including the landmark global contract with Bajaj and another with Ashok Leyland, thereby capitalising on rising demand for lubricants in commercial vehicles and motorcycles. As of 2025, the company has 40+ OEMs across Automotive, Industrial, Construction, AdBlue and EV Fluids.
 - Agile plants and retail scale create competitive edge: The Silvassa facility is designed for flexible blending and packaging, enabling GOLI to respond quickly to shift in consumption trends. This agility allows it to seize growth opportunities across the Automotive, Industrial and Construction sectors, without new capital expenditure. As a result, GOLI gains a competitive edge in manufacturing among producers of lubricants.
 - Price Gains & Cost Tailwinds to Lift Margins Above Guidance- We expect the company's average realized price to rise by about 2% per annum, resulting in the EBITDA margin to reach the upper end of the guidance range (12–14%) for FY26. Previously, GOLI's average realized price rose by approximately 1% per annum over the past ten years. In the next fiscal year, we expect the decline in base oil prices to more than offset the depreciation of currency, resulting in EBITDA margin to be greater than 14%. We estimate EBITDA margin of 15% for FY27 and FY28.
 - GOLI has made sustained and disciplined brand investment over the past two decades, propelling loyalty, margin-backed volume growth and competitive advantage. Consistent advertising investment has built customer loyalty and brand equity, driving profitability and sustained competitive advantage. The company sharpened its consumer focus by bringing in FMCG experts (Abhijit Kulkarni – COO and Aarth Shridhar – CMO) to strengthen its brand-led growth. Meanwhile, global motorsport ties with McLaren and Williams remain untapped opportunities to penetrate the luxury and performance vehicle segment.
 - GOLI can reinforce its luxury positioning through a bespoke, India-tailored campaign inspired by "Drive to Survive" series by Netflix, centered on Mercedes – Williams' long-standing power unit partner – celebrating Mercedes-AMG HPP's engineering finesse and heritage of elite performance. Such storytelling, steeped in precision and craftsmanship, will strike a chord with discerning owners of premium vehicles. GOLI can underscore how Mercedes engines lead in energy recovery, hybrid systems and performance reliability, reflecting the sophistication GOLI brings to its premium lubricant offering. Aligning with Mercedes' prestige and engineering leadership allows GOLI to project a sophisticated and aspirational brand image that deeply resonates with premium vehicle owners in India, without relying on driver personalities.
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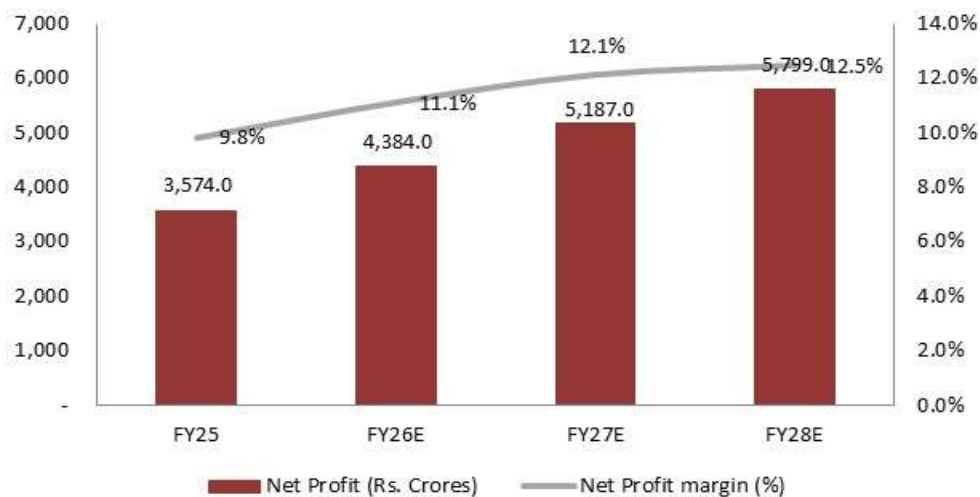
Revenue growth to be steady



EBITDA to grow going ahead



Net profit to surge going ahead





Outlook and Valuation

We expect GOLI's Revenue/EBITDA/PAT CAGR of 9%/14%/18% from FY25–28E. Thus, we initiate GOLI with a 'BUY' recommendation and target price of INR 1,600/share with an upside of ~29%. We primarily value the company using DCF model, implying a PE multiple of 15.2x/13.6x at FY27E EPS/FY28E EPS. GOLI trades at PEG ratio of 0.9 as compared to industry leader which trades at ~3.0, implying strong upside for GOLI.

Gulf Oil - Company Overview

Gulf Oil Lubricants Ltd is engaged in the business of manufacturing, marketing and trading of automotive and non-automotive lubricants. It is among the top three lubricant companies in India among private players.

Product Portfolio

The Co's product portfolio comprises Automotive Lubricants, Industrial Lubricants and Specialty Oils, Marine Lubricants, EV Fluids, and AdBlue. It caters to the automotive, industrial, and marine sectors.

Product Mix FY24

Diesel Engine Oils: 39%

Personal Mobility: 20%

Industrial: 20%

Others (Gear oil, Geysers, etc): 21%

B2C and B2B businesses contribute 60% and 40% to the overall sales mix respectively



Balance sheet (Consolidated)

Particulars (Rs in INR Million)	FY25	FY26E	FY27E	FY28E
Tangible fixed assets	2842	2596	2303	2002
CWIP	19	19	19	19
Investments	743	743	743	743
Cash & Cash equivalents	10261	12312	14775	17513
Other non-current assets	219	219	219	219
Other current assets	1714	1714	1714	1714
Total assets	27577	30153	33146	36609
Shareholder's funds	14617	16809	19403	22302
Minority Interest	695	695	695	695
Borrowings	-	-	-	-
Other current liabilities	1125	1125	1125	1125
Total equity & liabilities	27577	30153	33146	36609

Profit & Loss Account (Consolidated)

Particulars (Rs in INR Million)	FY25	FY26E	FY27E	FY28E
Revenue	36312	39407	42793	46574
Gross profit	15293	16945	18829	20492
EBITDA	4723	5497	6397	6962
Depreciation	558	522	550	581
EBIT	4165	4975	5847	6382
Other income	987	1172	1406	1687
Interest expense	359	302	337	337
PAT	3574	4384	5187	5799
EPS	72.1	88.5	104.7	117.1



Cash Flow (Consolidated)

Cash Flows (INR Mn)	FY25	FY26E	FY27E	FY28E
Cash Flows From Operations	3953	3650	4244	4567
Cash Flows From Investing	773	896	1149	1408
Cash Flows From Financing	-1498	-2494	-2931	-3237

Key Ratios & Valuations (Consolidated)

Particulars	FY25	FY26E	FY27E	FY28E
Return On Equity (ROE)	25.9	27.9	28.6	27.8
Return On Invested Capital	17	18.1	19.1	18.6
Return On Capital Employed	22.8	24.1	25.4	24.8
PE	15.8	14	11.8	10.6
EV/EBITDA	10.7	9.7	7.9	6.9
EPS (INR)	72.1	88.5	104.7	117.1



Equity Research

Large Cap.	Return	Mid/Small Cap.	Return
Buy	More than equal to 10%	Buy	More than equal to 15%
Hold	Between 10% & -5%	Accumulate*	Upside between 10% & 15%
Reduce	Less than -5%	Hold	Between 0% & 10%
		Reduce/sell	Less than 0%

** To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.*



Member: BSE, NSE, MCX, MCX-SX, CDSL

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