Equity Research Report

Gulf Oil Lubricants India Ltd

Recommendation: XXX
Current Price: ₹ 906
Target: XXX

Stock Info

BSE	**538567**
NSE	**GULFOILLUB**
Market Cap	₹ 4,476 Cr.
High / Low	₹ 1,332 / 864
Avg Vol 1Yr	75,332
Face Value	₹ 2.00

Shareholding Pattern

As on	Mar-24	Mar-25
Promoters	71.80%	67.14%
FIIs	7.08%	7.52%
DIIs	5.02%	9.53%

Valuation Matrix	***Price/Share***
DCF	1,017
EV/EBITDA	962
P/E	1,034
EV/Sales	711

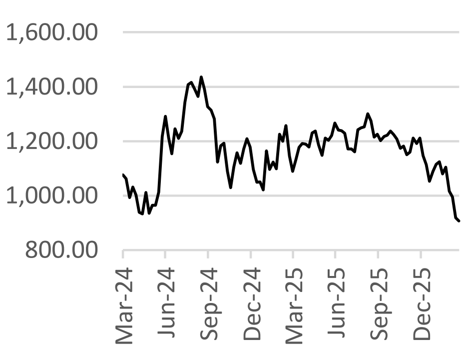
The Indian lubricants industry grows at 3.12% volume CAGR. Gulf Oil has consistently grown at 2–3x that rate FY22 to FY25 volumes went from 1,19,000 KL to 1,52,000 KL. This is not luck, it is a function of 90,000+ retail touchpoints, 40+ OEM partnerships, and a brand that competes directly with Castrol and Shell. The distribution network is the moat it took 15+ years to build and cannot be replicated by a new entrant in any reasonable timeframe.

Realisation per KL went from ₹1,84,200 in FY22 to ₹2,38,900 in FY25 a 29.7% increase in three years. This is not inflation, it is structural mix shift. BS-VI Phase II mandates low-SAPS, high-performance grades that non-discretionarily push consumers from ₹180–200/L mineral oils to ₹400–600/L synthetics. Every new vehicle entering India's parc locks in this ASP uplift for its entire service life. Management's 2–3% annual ASP guidance is conservative relative to what the data already shows.

AdBlue volumes have grown from 55,000 KL in FY22 to 1,40,000 KL in FY25 — a 2.5x increase that the market has largely ignored because it doesn't show up prominently in revenue. As BS-VI fleet penetration deepens, this segment scales further with almost no additional capital. The 51%-owned Tirex EV subsidiary is not yet material, but it is a free option on the EV transition — if ICE displacement accelerates, Gulf Oil already has the infrastructure and brand to pivot into EV-specific fluids and charging.

Gulf Oil is India's fastest-growing major branded lubricant player, compounding volumes at 2–3x the industry rate through a 90,000+ touchpoint distribution moat built over 15 years. BS-VI-driven premiumization expands realisations structurally converts revenue growth into consistent free cash. EBITDA margins expand to 14.5% by FY29 as operating leverage kicks in. At ₹905, the stock trades at a 10–12% discount to our blended fair value of ₹1,000.

Stock Price



Financial Summary:

In Cr. ₹	**Mar-25A**	**Mar-26F**	**Mar-27F**	**Mar-28F**	**Mar-29F**
Sales	3,631	3,994	4,474	5,055	5,561
YOY Growth	*10.0%*	*10.0%*	*12.0%*	*13.0%*	*10.0%*
EBITDA	477	519	604	708	806
EBIT	421	457	524	611	706
PAT	366	387	428	488	567
PAT Margin	*10.1%*	*9.7%*	*9.6%*	*9.7%*	*10.2%*
EPS	74	78	86	98	114

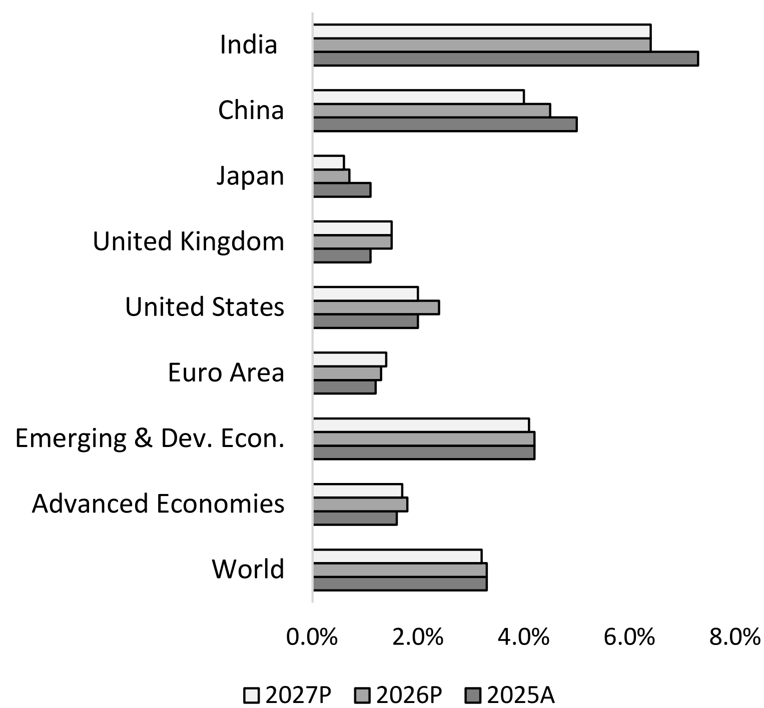
Prepared By Sarthak Shridhar Pande

Macroeconomic Outlook

The global macroeconomic backdrop, while moderating, remains selectively supportive. World GDP growth eases from 3.3% in 2024 to 3.1% in 2026 as advanced economies face structural constraints — the Euro Area grows at just 0.8–1.2%, Japan stagnates near zero, and the United States decelerates from 2.8% to 1.9%. This broad-based softening in developed markets is relevant to global lubricant demand but does not define the India story.

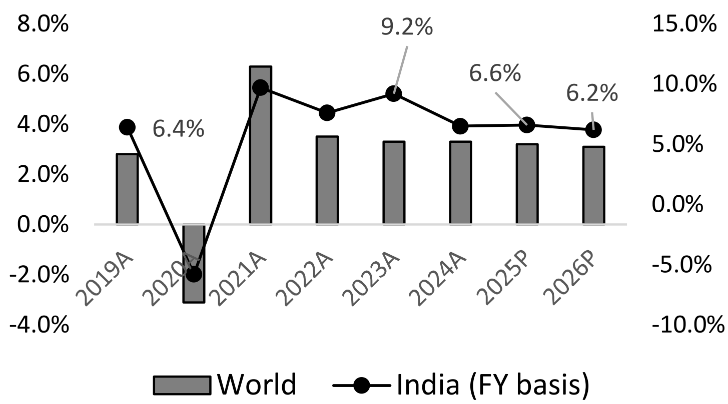
India at 6.5% (2024A) and 6.6% (2025P) grows at 4x the advanced economy average and more than 2x China's pace — and this outperformance is structural, not cyclical. It is driven by demographics, infrastructure investment, and manufacturing formalisation under PLI schemes rather than any temporary stimulus effect. For Gulf Oil, with approximately 95% of revenues sourced from India, the macro context is unambiguously favourable. Every percentage point of India's GDP growth translates directly into vehicle parc expansion, industrial output growth, and construction activity.

Global GDP Growth Comparison



Source: IMF World Economic Outlook

India's Structural Growth Premium



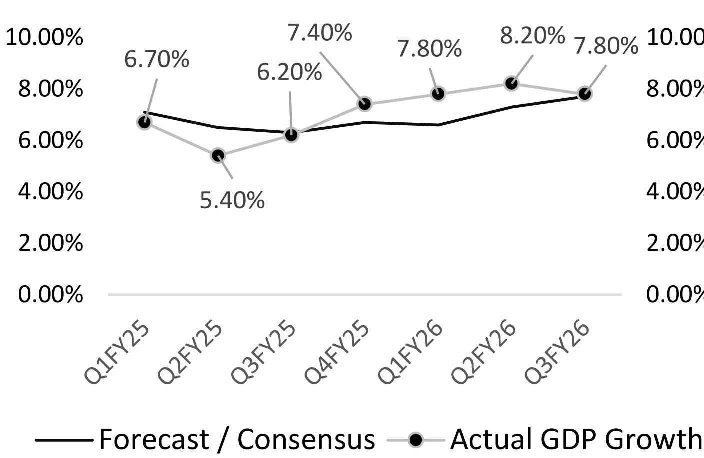
Source: IMF World Economic Outlook.

India's Structural Growth Premium: Consistent 300–600bps Above World Average (2019–2026P)

Excluding the COVID trough, India has delivered 6.4–9.7% real GDP growth in every year of this series. The forward projection of 6.6% (FY26) and 6.2% (FY27) still implies a 3.0–3.5pp premium over the world. This sustained differential simultaneously drives vehicle parc expansion, industrial capex, and infrastructure activity — Gulf Oil's three core demand vectors.

Source: IMF World Economic Outlook, October 2025; MoSPI National Accounts Statistics

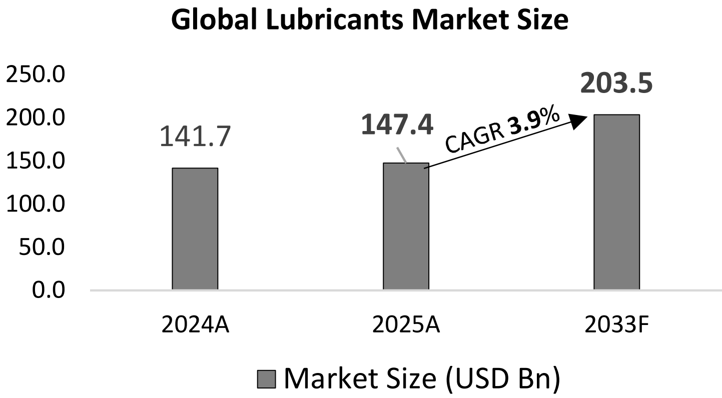
India Quarterly GDP Growth: Actual vs Forecast



Source: Investing.com

India's GDP Consistently Beats Expectations: Quarterly Actuals vs. Consensus (Q1FY25–Q3FY26)

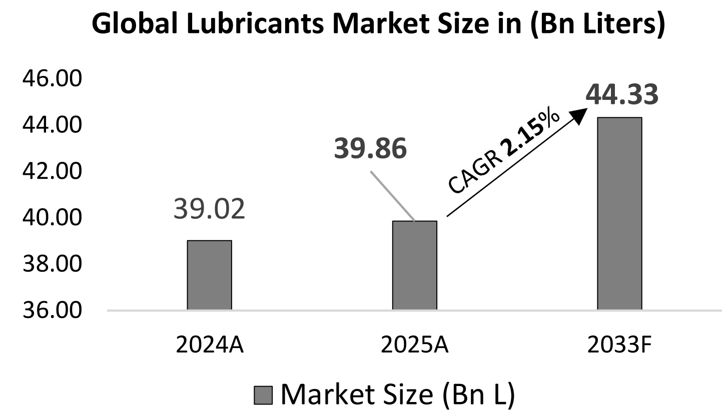
After a transient miss in Q2FY25 (5.4% vs. 6.5% consensus), India's economy recovered sharply and has beaten consensus in every subsequent quarter. Q1FY26 at 7.8%, Q2FY26 at 8.2%, and Q3FY26 at 7.8% place full-year FY26 growth on track for 7.5%+, well above the IMF's 6.6% forecast. This acceleration directly supports Gulf Oil's 2–3x industry volume growth guidance.



Source: IMARC Group Global Lubricants Market Report

Global Lubricants Value: USD 141.7 Bn (2024) → USD 203.5 Bn (2033F) at 3.9% CAGR

Value grows at 3.9% against volume growth of just 2.1% a 180bps spread that is entirely the premiumisation premium. As product mix shifts from mineral (₹180–220/L) to full synthetic (₹450–600/L), average realisations rise even as drain intervals extend. This value-volume divergence is the mechanism that allows Gulf Oil to deliver 8–12% revenue growth in a slow-volume industry.



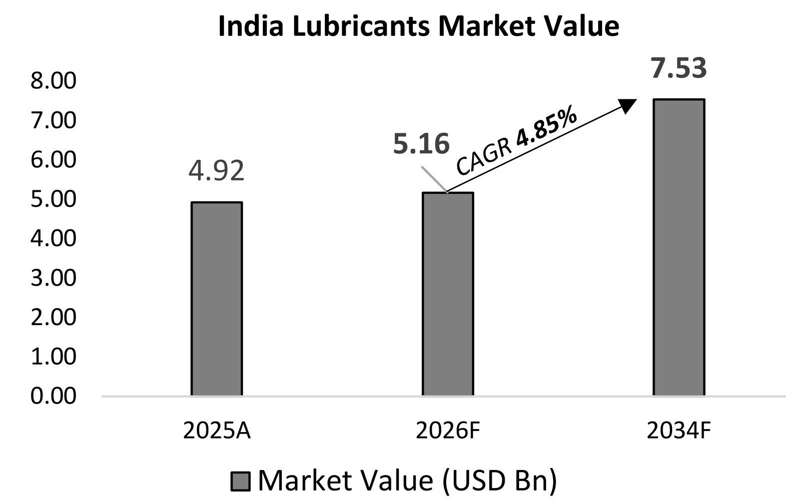
Source: Mordor Intelligence Global Lubricants Market Report

Global Lubricants Volume: 39.0 Bn Litres (2024) → 44.3 Bn Litres (2033F) at 2.1% CAGR

Asia-Pacific commands 45% of global volume and grows fastest, driven by India (+12.2% aftermarket demand CAGR) and China. Volume growth is structurally capped by extended drain intervals from synthetics and early EV displacement of engine oil — but new EV fluid categories (thermal fluids, specialty greases) partially offset the drag. Gulf Oil's India-only exposure places it in the fastest-growing segment of a slow global market.

India Lubricants Market Value: USD 4.92 Bn (2025) → USD 7.53 Bn (2034F) at 4.85% CAGR

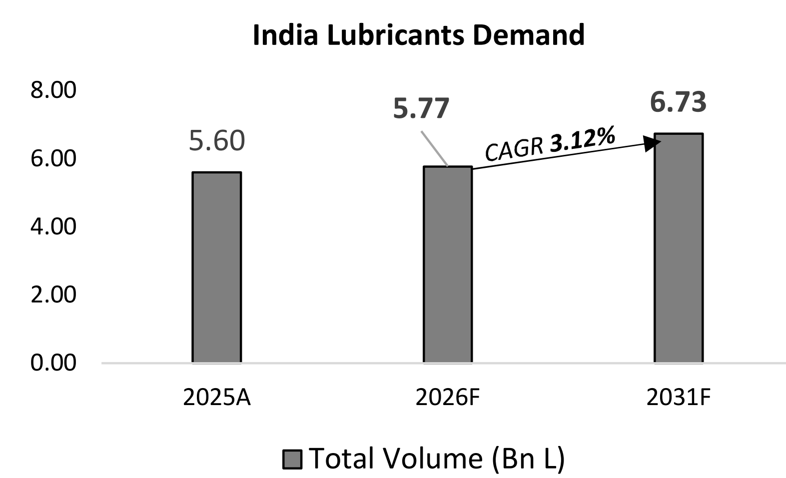
The 4.85% value CAGR exceeds the 3.12% volume CAGR by 173bps — the premiumisation spread. BS-VI Phase II mandates high-performance, low-SAPS grades that non-discretionarily upgrade consumers from ₹200/L mineral oils to ₹400–600/L synthetics. Every new BS-VI vehicle entering the parc locks in this ASP uplift for its service life. Management's 2–3% annual ASP improvement guidance is fully consistent with this structural mechanic.



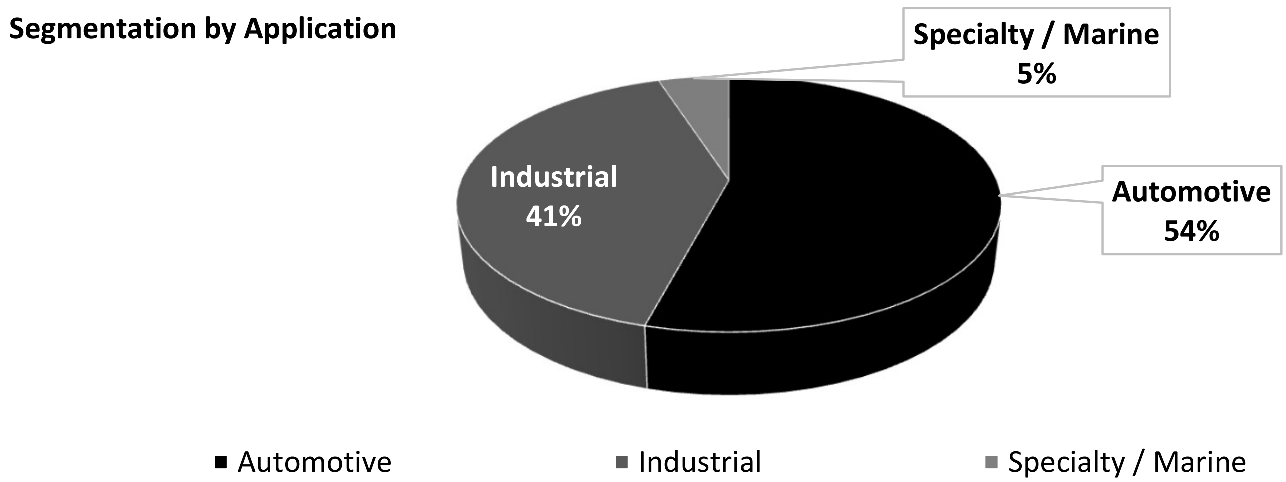
Source: Mordor Intelligence India Lubricants Market Report

India Lubricants Demand: 5.60 Bn Litres (2025) → 6.73 Bn Litres (2031F) at 3.12% CAGR

The 3.12% industry volume CAGR is Gulf Oil's floor, not its target. At 2–3x industry growth, Gulf Oil's volume compounds at 6.2–9.4% annually. Q3FY26 confirmed this: company volumes grew 8% against 3–4% industry — a 2x outperformance ratio consistent with management guidance. Sustained at this rate, Gulf Oil's market share expands from 9–10% today toward 12–14% by FY30.

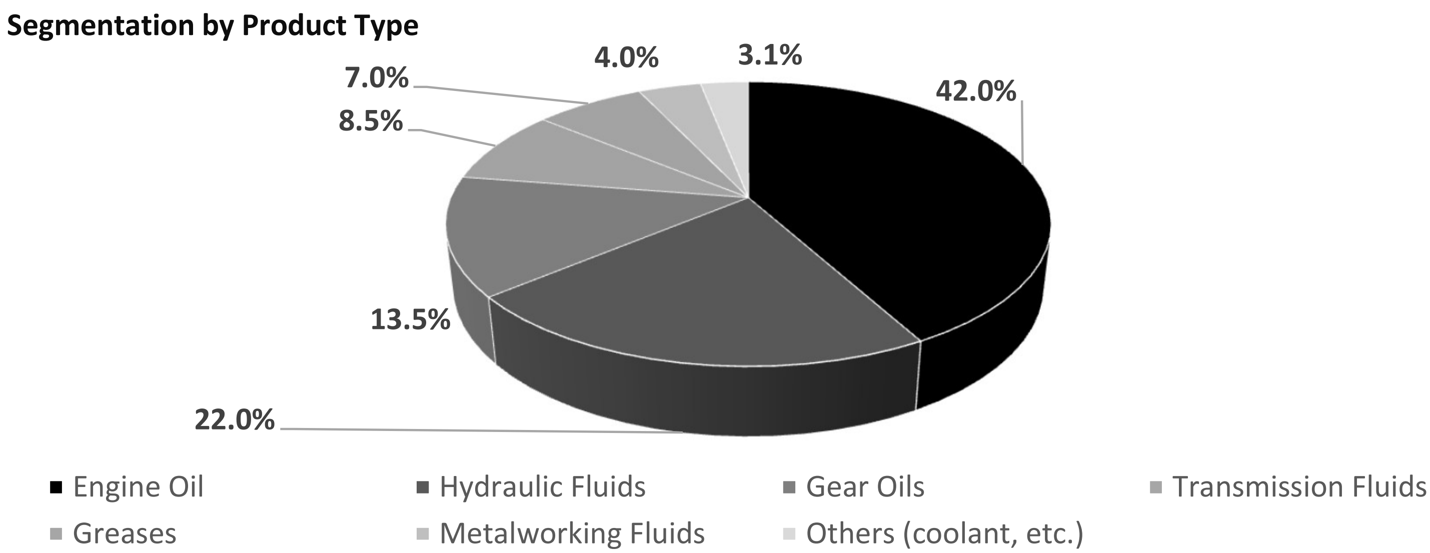


Source: Mordor Intelligence India Lubricants Market Report



India Lubricants End-Use Mix (2025): Automotive 54%, Industrial 41% — Both Segments Expanding

Automotive dominates at 54% by volume, but industrial at 41% is arguably more valuable — higher margins, longer customer tenures, and more predictable demand. The 5.16% CAGR for automotive and industrial applications through 2031 reflects both segments expanding, driven by vehicle parc growth and PLI-linked manufacturing capex respectively. Gulf Oil's dual-channel presence across 80,000+ retail outlets and 500+ direct industrial accounts ensures it participates fully in both growth streams.



India Lubricants Product Mix (2025): Engine Oil Dominates at 42%, Metalworking Fluids the Fastest-Growing Sub-Segment at 5.29% CAGR

Engine oil dominates at 41.95% — anchored by India's massive ICE vehicle parc and frequent replacement cycles. The structural growth opportunity is in industrial sub-segments: metalworking fluids (5.29% CAGR, PLI-driven precision manufacturing) and hydraulic fluids (4.0% CAGR, infrastructure capex). Gulf Oil's OEM partnerships in both segments position it ahead of this mix shift.

India Branded Lubricants Industry – Competitive Landscape					
Player	**Brand**	**Est. Market Share**	**Channel Strength**	**Margin Profile**	**Key Advantage**
IOCL	Servo	26-28%	80k + Fuel Stations	Below branded avg	Captive base oil supply
Castrol (BP)	Castrol	18-20%	Premium Workshops & OEM	Highest (MNC)	Strongest brand recall
HPCL	HP Lubricants	12-15%	Fuel Station + Rural Network	Below branded avg	OMC captive distribution
Gulf Oil (GOLIL)	Gulf	9-10%	Bazaar/ Aftermarket	Above Industry Avg	Fast Distribution expansion
Shell India	Shell	5-7%	Industrial B2B	MNC level	Industrial Lubricant Expertise

The Indian branded lubricants market is dominated by five players controlling approximately 70–80% of organised volumes. IOCL's Servo leads with 26–28% market share, supported by captive base oil supply and an unmatched fuel station network of 80,000+ outlets — advantages that are structurally impossible for private players to replicate. Castrol (BP) holds 18–20% share with the strongest brand recall in the premium automotive segment and deep OEM relationships that create captive volumes across passenger cars and commercial vehicles.

HPCL's HP Lubricants at 12–15% benefits from OMC captive distribution through its fuel retail network but operates below the branded average on margins — a characteristic of PSU lubricant businesses that prioritise volume over pricing. Shell India at 5–7% is primarily an industrial B2B player operating at MNC-level margins with limited retail presence, making it a niche competitor rather than a direct threat to Gulf Oil's bazaar channel.

Gulf Oil (GOLIL) at 9–10% market share is the most strategically differentiated player in this competitive landscape. It is the only private branded player growing at 2–3x the industry rate, expanding its touchpoint network from 75,000 in FY22 to 90,000+ in FY25 while simultaneously improving margins above the industry average. Critically, Gulf Oil is gaining share against all five competitors simultaneously — not through price aggression but through distribution depth, OEM partnerships, and brand investment. This combination of above-average margins and above-average growth within a competitively crowded market is rare and is the foundation of the investment thesis.

Peer Comps

Name	Mar Cap Rs.Cr.	Sales Cr.	EBITDA Margin	P/E	ROCE %	Debt / Eq	ROE %	EPS	EV / EBITDA
Castrol India	17,844	5,722	23.6	19	60.3	0.03	45.9	9.6	11.9
Gulf Oil Lubric.	**4,481**	**3,554**	**13.1**	**12**	**28.3**	**0.29**	**25.5**	**74.5**	**6.5**
Veedol Corporat	2,422	1,970	9.0	13	23.7	0.02	19.8	111.3	8.4
Savita Oil Tech	2,319	3,813	5.4	13	9.8	0	6.1	25.9	8.0
Panama Petrochem	1,693	2,793	9.3	9	20.4	0.02	15.9	30.7	6.1

Gulf Oil is the most attractively valued stock in its peer group on a growth-adjusted basis.

Valuation discount is unjustified. Gulf Oil trades at 6.5x EV/EBITDA and 12x P/E — at or below the peer median of 8.4x and 13x respectively — despite delivering the second-highest revenue growth (10% YoY) and the highest ROCE (28.3%) among all peers. A business growing faster and generating higher returns than its peers should trade at a premium, not a discount.

The Castrol margin gap is real but narrowing**,** Castrol's 23.6% EBITDA margin versus Gulf Oil's 13.1% justifies a valuation premium for Castrol. However, Gulf Oil's margins are expanding structurally toward 14.5% by FY29 — the gap is closing, and the valuation discount should close with it.

Gulf Oil is underpriced versus weaker peers, Veedol (9.0% margin, flat revenue growth) trades at 8.4x EV/EBITDA. Savita Oil (5.4% margin, 9.8% ROCE) trades at 8.0x. Gulf Oil — with superior margins, faster growth, and nearly 3x Savita's ROCE — trades at 6.5x. This is a clear mispricing.

Gulf Oil Lubricants India Ltd

Company Overview

Gulf Oil Lubricants India Limited (GOLIL), incorporated in 2008 and listed in 2014, is a Hinduja Group entity operating under the globally recognized Gulf Oil International brand. Headquartered in Mumbai, the company is India's second-largest branded lubricant player by volume and the fastest growing among major branded competitors over the past decade. The company blends and markets a comprehensive portfolio of automotive and industrial lubricants, coolants, greases, and specialty fluids under the Gulf brand. It operates blending facilities at Silvassa and Ennore (Chennai) and distributes through an extensive pan-India network spanning the B2C bazaar/aftermarket segment (60-65% of volumes) and the B2B industrial channel. Gulf Oil has partnerships with over 40 OEMs including Bajaj Auto, Piaggio, and Yamaha, and exports to over 25 countries. A differentiated aspect of the business is its 51%-owned EV subsidiary, Tirex, which is building EV charging infrastructure and EV-specific fluid solutions providing strategic optionality in the long-term transition away from ICE vehicles.

2. Product Portfolio

Segment	Key Products
Automotive Lubricants	PCMO, MCO, CVO
Industrial Lubricants	Hydraulic oils, gear oils, specialty oils
Marine Lubricants	Marine engine lubricants
AdBlue	Diesel exhaust fluid for BS-VI vehicles
e-Mobility	EV fluids, EV chargers

3. Distribution Network

Gulf Oil Lubricants India has built a strong and extensive distribution network across the country. The company operates over 90,000 touchpoints and approximately 11,600 bike and car service points, enabling deep market penetration across both urban and rural markets. The company also maintains 40+ OEM partnerships and serves more than 500 direct B2B customers, along with 880+ infrastructure, mining, and fleet clients. Additionally, the company exports its products to over 25 countries, strengthening its international presence.

4. Manufacturing Facilities

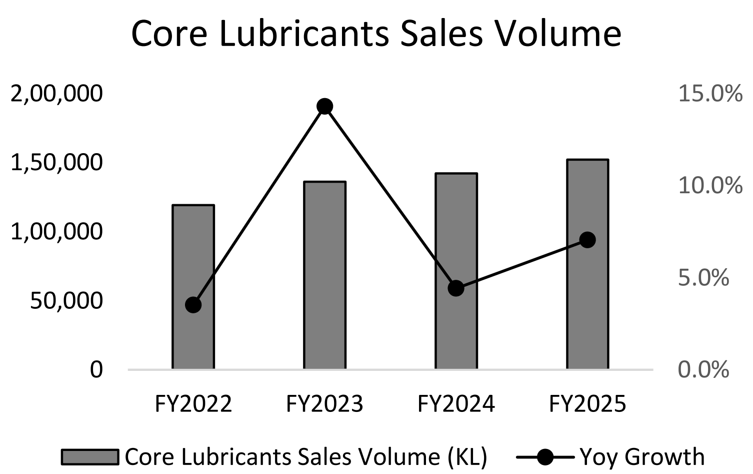
The company operates two advanced manufacturing facilities located in Chennai (Tamil Nadu) and Silvassa (Dadra & Nagar Haveli). These facilities have a combined lubricant manufacturing capacity of approximately 140,000 KL per annum. The Chennai facility also houses the company’s global R&D centre, which focuses on formulation, testing, and development of high-performance lubricant products in collaboration with automotive OEMs. The company is also undertaking capacity expansion initiatives to support future growth and increasing demand.

Productions and Operational Matrix

Operational Metric	Units	FY2022	FY2023	FY2024	FY2025
Core Lubricants Sales Volume	(KL)	*1,19,000*	*1,36,000*	*1,42,000*	*1,52,000*
Realisation Price	(₹ / KL)	*1,84,200*	*2,20,500*	*2,32,500*	*2,38,900*
Revenue	**(₹ Cr)**	***2,192***	***2,999***	***3,301***	***3,631***
EBITDA	(₹ Cr)	*290*	*348*	*426*	*477*
PAT	**(₹ Cr)**	***218***	***241***	***312***	***366***
Retail Distribution Touchpoints		*75,000+*	*80,000+*	*85,000+*	*90,000+*
Bike & Car Service Points		*9,800+*	*10,200+*	*11,000+*	*11,600+*
OEM Partnerships		*35+*	*40+*	*40+*	*40+*
Direct B2B Customers		*450+*	*500+*	*500+*	*500+*
Infra / Mining / Fleet Customers		*700+*	*750+*	*800+*	*880+*
AdBlue Sales Volume	(KL)	*55,000*	*78,000*	*1,28,000*	*1,40,000*
Lubricant Manufacturing Capacity	(KL)	*1,40,000*	*1,40,000*	*1,40,000*	*1,40,000*
Employees / Workforce		*575*	*592*	*610*	*637*

Growth Analysis

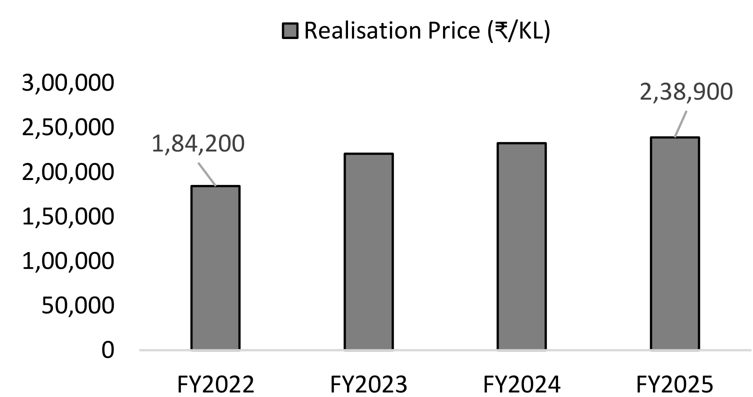
Core Lubricants Sales Volume (KL)	(KL)	*1,19,000*	*1,36,000*	*1,42,000*	*1,52,000*
Yoy Growth		*3.5%*	***14.3%***	***4.4%***	***7.0%***
Realisation Price (₹/KL)	(₹ / KL)	*1,84,200*	*2,20,500*	*2,32,500*	*2,38,900*
Yoy Growth		*28.2%*	***19.7%***	***5.4%***	***2.8%***
Revenue	(₹ Cr)	*2,192*	*2,999*	*3,301*	*3,631*
		32.7%	***36.8%***	***10.1%***	***10.0%***



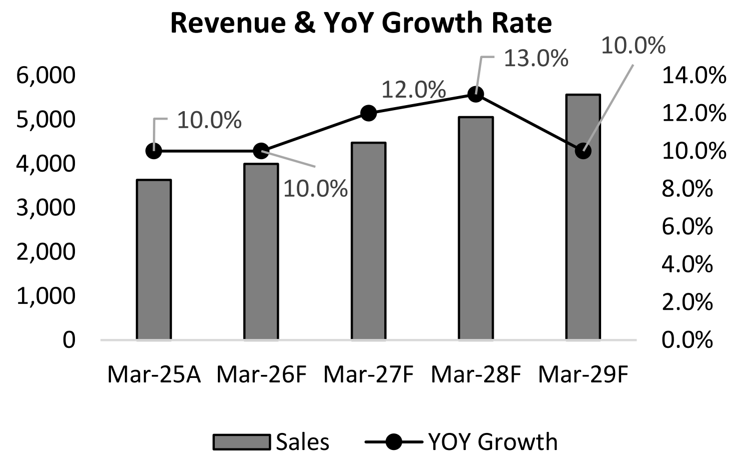
The volume story is one of consistent absolute growth with normalizing growth rates. Starting at 1,19,000 KL in FY22, volumes have grown to 1,52,000 KL in FY25 — a cumulative 27.7% increase over three years. The bar height rising steadily left to right confirms that absolute volumes have never declined.

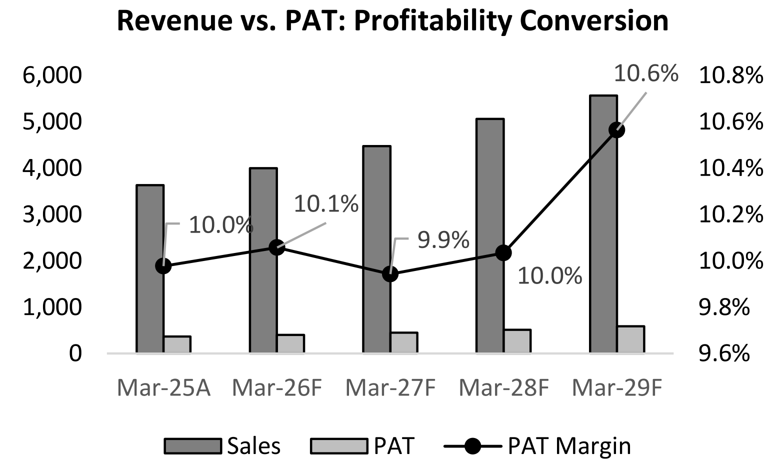
The unbroken upward staircase across all four years is the single most important operational fact about Gulf Oil's business model. Realisations have never declined not in FY24 when volume growth slowed to 4.4%, not in any macro-stress period. This is the fingerprint of a branded business with genuine pricing power.

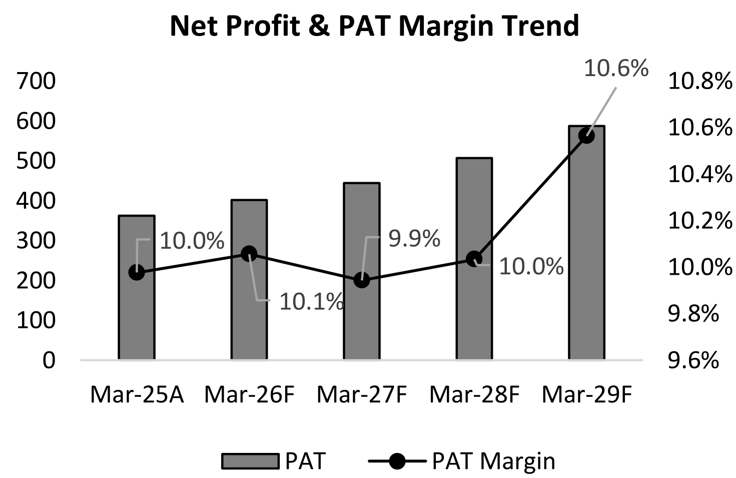
The 29.7% total increase over three years decomposes into two distinct phases. FY22 to FY23 was the sharp phase a 19.7% jump driven by the initial BS-VI transition forcing product upgrades across the vehicle parc.

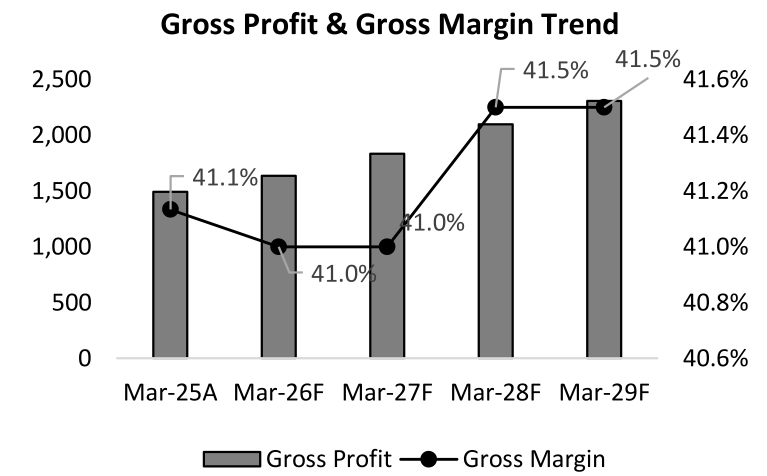


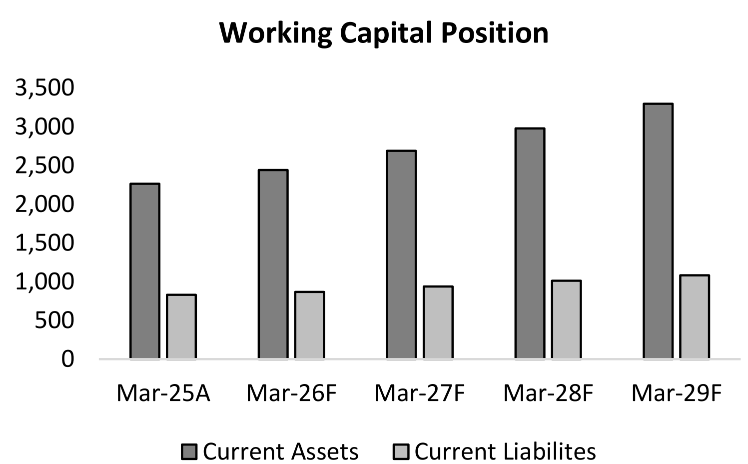
Story in Charts

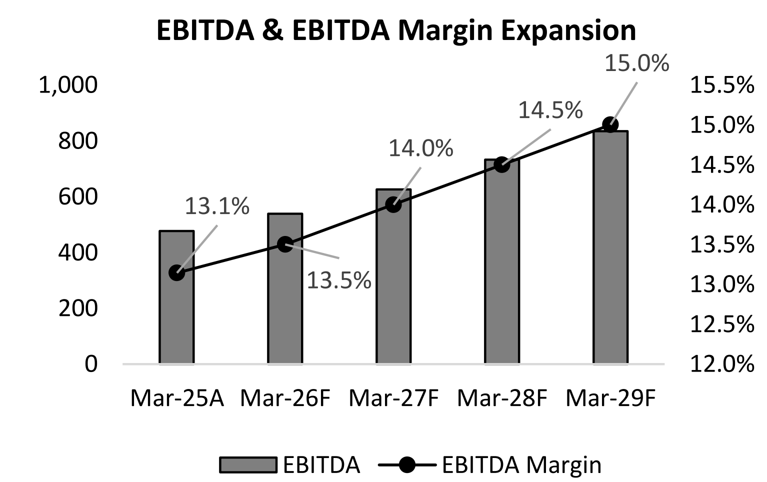


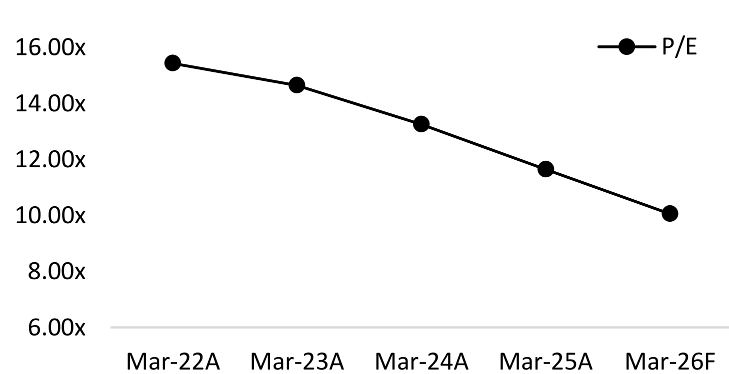


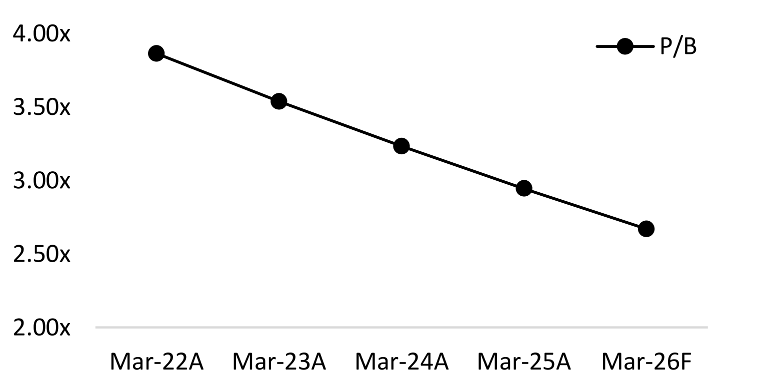


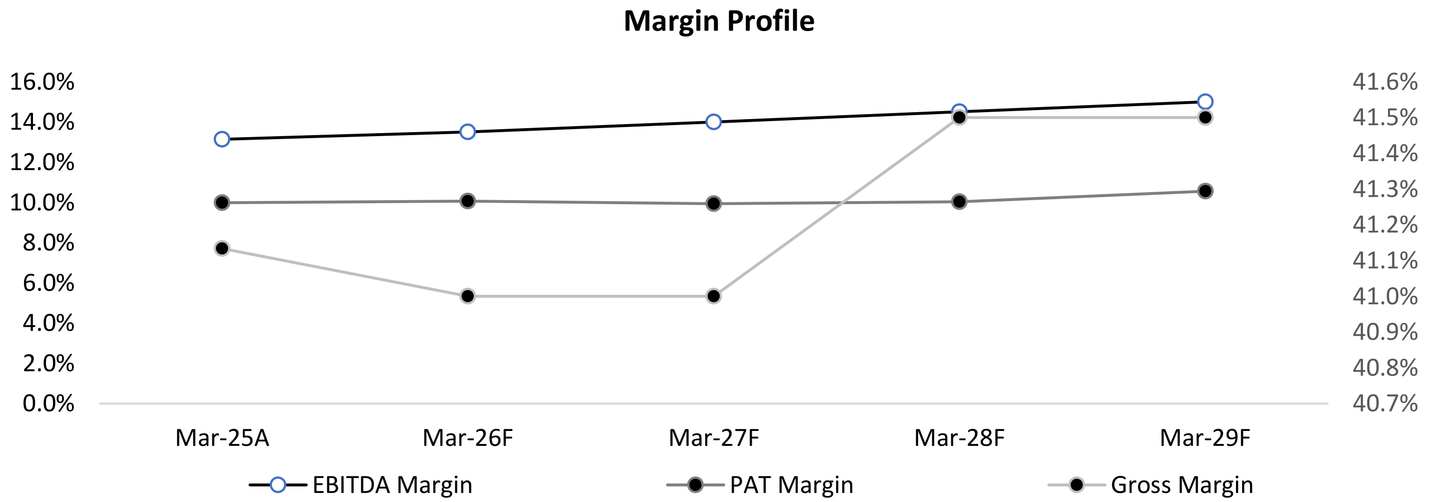




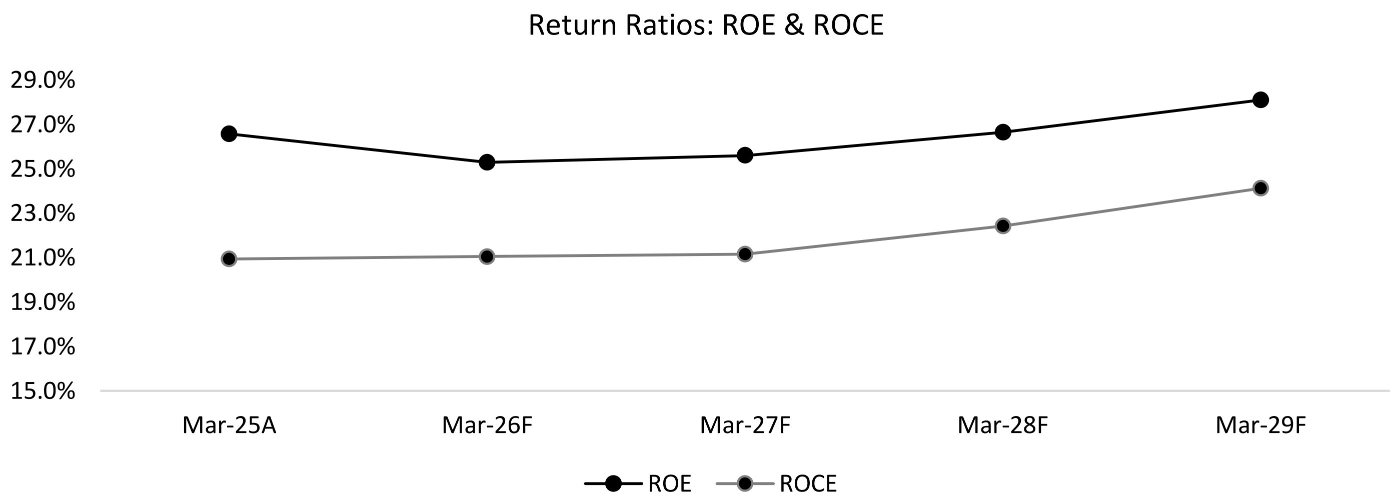




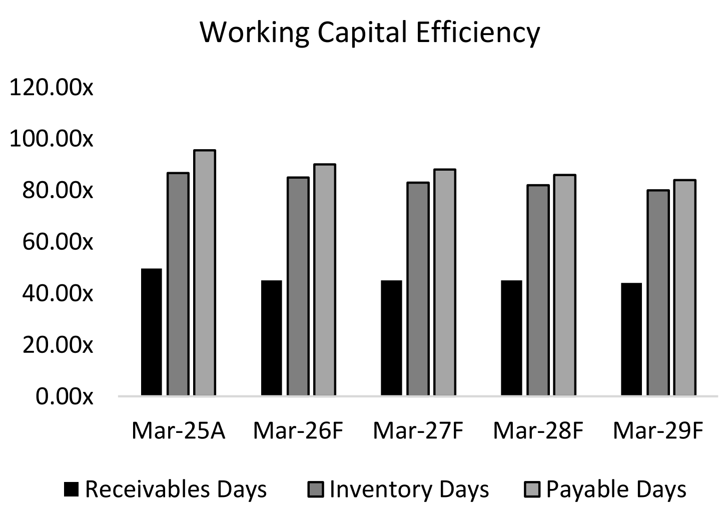




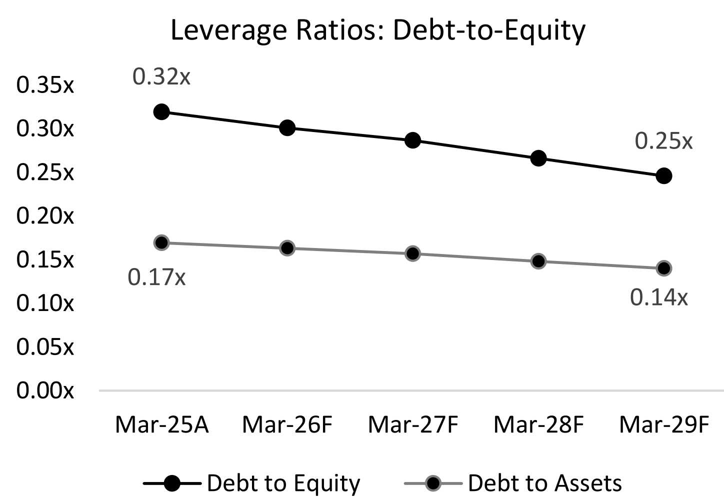
Margin Profile
16.0%
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
41.6%
41.5%
41.4%
41.3%
41.2%
41.1%
41.0%
40.9%
40.8%
40.7%
Mar-25A
Mar-26F
Mar-27F
Mar-28F
Mar-29F
EBITDA Margin
PAT Margin
Gross Margin



Return Ratios: ROE & ROCE
29.0%
27.0%
25.0%
23.0%
21.0%
19.0%
17.0%
15.0%
Mar-25A
Mar-26F
Mar-27F
Mar-28F
Mar-29F
ROE
ROCE



Working Capital Efficiency
120.00x
100.00x
80.00x
60.00x
40.00x
20.00x
0.00x
Mar-25A
Mar-26F
Mar-27F
Mar-28F
Mar-29F
Receivables Days
Inventory Days
Payable Days



Leverage Ratios: Debt-to-Equity
0.35x
0.30x
0.25x
0.20x
0.15x
0.10x
0.05x
0.00x
0.32x
0.25x
0.17x
0.14x
Mar-25A
Mar-26F
Mar-27F
Mar-28F
Mar-29F
Debt to Equity
Debt to Assets

Financials and Valuation

Income Statement

Particular In Cr. ₹	Mar-22A	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F	Mar-29F
Sales	***2,192***	***2,999***	***3,301***	***3,631***	***3,994***	***4,474***	***5,055***	***5,561***
YOY Growth		*36.8%*	*10.1%*	*10.0%*	*10.0%*	*12.0%*	*13.0%*	*10.0%*
COGS	1,334	1,893	1,973	2,138	*2,377*	*2,662*	*2,983*	*3,281*
Gross Profit	857	1,106	1,328	1,494	*1,618*	*1,812*	*2,073*	*2,280*
Gross Margin	*39.1%*	*36.9%*	*40.2%*	*41.1%*	*40.5%*	*40.5%*	*41.0%*	*41.0%*
Operating Exp.	568	757	901	1,016	*1,098*	*1,208*	*1,365*	*1,474*
EBITDA	***290***	***348***	***426***	***477***	***519***	***604***	***708***	***806***
EBITDA Margin	*13.2%*	*11.6%*	*12.9%*	*13.1%*	*13.0%*	*13.5%*	*14.0%*	*14.5%*
Depreciation	36	40	51	56	*62*	*80*	*97*	*100*
EBIT	254	309	376	421	*457*	*524*	*611*	*706*
Other Income	44	47	68	99	*100*	*90*	*85*	*95*
Interest	7	34	27	32	*40*	*42*	*43*	*44*
PBT	291	322	417	488	*517*	*572*	*653*	*758*
Tax	73	80	104	122	*130*	*144*	*165*	*191*
PAT	***218***	***241***	***312***	***366***	***387***	***428***	***488***	***567***
PAT Margin	*10.0%*	*8.1%*	*9.5%*	*10.1%*	*9.7%*	*9.6%*	*9.7%*	*10.2%*
Shares	5	5	5	5	*5*	*5*	*5*	*5*
EPS	43	49	63	74	*78*	*86*	*98*	*114*
DPS	5	25	36	48	51	56	64	74

Balance Sheet

Particular In Cr. ₹	Mar-22A	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F	Mar-29F
Equity Share Capital	10	10	10	10	*10*	*10*	*10*	*10*
Reserves	1,033	1,169	1,285	1,452	*1,587*	*1,737*	*1,908*	*2,106*
share capital	1,043	1,178	1,295	1,462	*1,597*	*1,747*	*1,918*	*2,116*
Borrowings	390	373	365	467	*480*	*500*	*510*	*520*
Total Capital	1,432	1,552	1,660	1,928	*2,077*	*2,247*	*2,428*	*2,636*
other Liabilites ext Payables	128	129	252	270	*285*	*300*	*315*	*330*
Payables	271	391	497	559	*586*	*642*	*703*	*755*
Current Liabilites	399	520	749	829	*871*	*942*	*1,018*	*1,085*
Total Capital & Liabilities	***1,831***	***2,072***	***2,408***	***2,758***	***2,948***	***3,189***	***3,446***	***3,721***
Fixed Assets	273	277	368	390	*403*	*403*	*376*	*341*
Capital Work in Progress	3	3	15	19	*19*	*19*	*19*	*19*
Investments	36	88	91	89	*89*	*89*	*89*	*89*
Receivables	335	410	502	494	*492*	*552*	*623*	*670*
Inventory	476	472	494	507	*553*	*605*	*670*	*719*
Cash & Bank	574	654	757	1,051	*1,151*	*1,247*	*1,359*	*1,537*
other Assets Items	134	167	182	208	*240*	*274*	*309*	*346*
Current Assets	1,519	1,703	1,935	2,260	*2,438*	*2,678*	*2,962*	*3,272*
Total	***1,831***	***2,072***	***2,408***	***2,758***	***2,948***	***3,189***	***3,446***	***3,721***

Cash Flow Statement

Particular In Cr. ₹	Mar-22A	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F	Mar-29F
Profit from operations	290	352	430	482	*519*	*604*	*708*	*806*
Change in Receviables	(117)	(78)	(87)	0	*2*	*(59)*	*(72)*	*(47)*
Change in Inventory	(100)	5	(11)	(14)	*(46)*	*(52)*	*(65)*	*(49)*
Change in Payables	(43)	92	89	51	*27*	*56*	*61*	*52*
Other WC items	22	(3)	24	3				
Working capital changes	(238)	15	14	39	*(17)*	*(55)*	*(75)*	*(44)*
Direct taxes	(76)	(93)	(102)	(126)	*(130)*	*(144)*	*(165)*	*(191)*
Cash from Operating Activity -	***(24)***	***274***	***342***	***395***	***372***	***405***	***468***	***572***
Fixed assets purchased	(25)	(23)	(28)	(53)	*(80)*	*(85)*	*(75)*	*(70)*
Fixed assets sold	0	0	1	13	*5*	*5*	*5*	*5*
Net Investments	(14)	(10)	3	2	-	-	-	-
Interest received	43	41	64	84	*100*	*90*	*85*	*95*
Acquisition of companies	0	0	(41)	0	-	-	-	-
Other investing items	(22)	22	(50)	31	-	-	-	-
Cash from Investing Activity -	***(18)***	***30***	***(51)***	***77***	***25***	***10***	***15***	***30***
Proceeds from shares	4	0	5	5	-	-	-	-
Net Borrowings	158	(26)	1	90	*13*	*20*	*10*	*10*
Interest paid fin	(7)	(34)	(27)	(32)	*(40)*	*(42)*	*(43)*	*(44)*
Dividends paid	(45)	(25)	(201)	(196)	*(251)*	*(278)*	*(317)*	*(368)*
Financial liabilities	(11)	(12)	(16)	(17)	*(18)*	*(19)*	*(20)*	*(22)*
Other financing items	(1)	(105)	0	0	*0*	*0*	*0*	*0*
Cash from Financing Activity -	***98***	***(202)***	***(238)***	***(150)***	***(296)***	***(319)***	***(370)***	***(424)***
Net Cash Fow	***57***	***102***	***53***	***323***	***101***	***96***	***112***	***177***

Ratio Analysis

Profitability Ratios	Mar-22A	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F	Mar-29F
Revenue Growth	-	36.8%	10.1%	10.0%	10.0%	12.0%	13.0%	10.0%
Gross Margin	39.1%	36.9%	40.2%	41.1%	40.5%	40.5%	41.0%	41.0%
EBITDA Margin	13.2%	11.6%	12.9%	13.1%	13.0%	13.5%	14.0%	14.5%
PAT Margin	10.0%	8.1%	9.5%	10.1%	9.7%	9.6%	9.7%	10.2%
ROE	20.9%	21.7%	25.3%	26.6%	25.3%	25.6%	26.6%	28.1%
ROCE	17.7%	17.0%	19.2%	20.9%	21.0%	21.1%	22.4%	24.1%

Solvency Ratios	Mar-22A	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F	Mar-29F
Debt to Equity	0.37x	0.32x	0.28x	0.32x	0.30x	0.29x	0.27x	0.25x
Debt to Assets	0.21x	0.18x	0.15x	0.17x	0.16x	0.16x	0.15x	0.14x
Interest Coverage Ratio	36.31x	9.08x	13.91x	13.17x	11.37x	12.58x	14.23x	16.13x
Equity Multiplier	1.76x	1.76x	1.86x	1.89x	1.85x	1.83x	1.80x	1.76x

Efficiency Ratios	Mar-22A	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F	Mar-29F
Assets Turnover Ratio	1.20x	1.45x	1.37x	1.32x	1.35x	1.40x	1.47x	1.49x
Fixed Assets Turnover	8.03x	10.81x	8.98x	9.32x	9.92x	11.11x	13.46x	16.32x
Inventory Turnover	2.80x	6.36x	6.68x	7.16x	7.22x	7.39x	7.54x	7.73x
Receivables Days	55.71x	49.89x	55.48x	49.69x	45.00x	45.00x	45.00x	44.00x
Inventory Days	130.30x	90.94x	91.43x	86.66x	85.00x	83.00x	82.00x	80.00x
Payable Days	74.14x	75.38x	91.92x	95.45x	90.00x	88.00x	86.00x	84.00x

Liquidity Ratios	Mar-22A	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F	Mar-29F
Current Ratio	3.81x	3.28x	2.59x	2.73x	2.80x	2.84x	2.91x	3.02x
Quick Ratio	2.62x	2.37x	1.92x	2.11x	2.16x	2.20x	2.25x	2.35x
Cash Ratio	1.44x	1.26x	1.01x	1.27x	1.32x	1.32x	1.34x	1.42x

Valuation Matrix	Mar-22A	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F	Mar-29F
P/E	9.77x	8.21x	14.77x	15.43x	14.64x	13.25x	11.64x	10.05x
P/B	2.04x	1.68x	3.56x	3.87x	3.54x	3.23x	2.95x	2.67x
EV/EBIT	7.65x	5.51x	11.24x	12.02x	10.89x	9.36x	7.86x	6.56x
EV/EBITDA	6.71x	4.88x	9.91x	10.62x	9.59x	8.12x	6.78x	5.75x
Dividend Yield	1.2%	6.2%	3.8%	4.2%	4.4%	4.9%	5.6%	6.5%
Earnings Yield	10.2%	12.2%	6.8%	6.5%	6.8%	7.5%	8.6%	9.9%

Calculation Of WACC	
Weight Of Debt	9.4%
Weight Of Equity	90.6%
Ke	15.4%
Kd	5.8%
WACC	**14.5%**

Calculation of Valuation Price	
PV. FCFF	1,447
PV. Terminal V.	2,984
Enterprise V.	4,431
(+) Cash	1,051
(-) Debt	467
Equity Value	5,015
No. Shares	4.93
Val. Price	***1,017***

Undervalued

Discounted Cash Flow Method

PV of FCFF of ₹1,447 Cr represents the present value of all free cash flows generated during your explicit forecast period (FY26–FY29). PV of Terminal Value of ₹2,984 Cr represents the present value of all cash flows beyond FY29, captured as a perpetuity growing at 4%. The terminal value is 67% of total enterprise value — this is within the normal range of 60–70% for a stable branded consumer business and does not indicate model fragility. The equity bridge then adds ₹1,051 Cr of cash (FY25 actual balance) and subtracts ₹467 Cr of debt to arrive at equity value of ₹5,015 Cr. Divided by 5 Cr shares outstanding, the intrinsic value is ₹1,017 per share — a 12.4% premium to the current market price of ₹906.

Gulf Oil Lubric. Valuation

	EV/Sales	EV/EBITDA	P/E
Implied Enterprise value	2,930	4,168	4,522
Net Debt	(584)	(584)	(584)
Implied Market value	3,514	4,752	5,106
Share Outstanding	5	5	5
Implied Value Per Share	**711**	**962**	**1,034**
	Overvalued	***Undervalued***	***Undervalued***

Source: Screener.in

Relative Valuation Method

EV/Sales gives ₹711 — marked Overvalued. This method implies the market is paying too much relative to revenue. However EV/Sales is the weakest of the three methods for a branded consumer business — it is completely blind to margins. A company earning 13% EBITDA margin looks identical to one earning 3% EBITDA margin on this metric. Treat ₹711 as a floor check, not a valuation anchor. Its presence in the table is useful for completeness but should not influence your target price.

EV/EBITDA gives ₹962 — marked Undervalued. This is the most analytically sound relative method because it accounts for operating profitability and is capital-structure neutral. At ₹906 versus ₹962, the stock is trading at a 6% discount to this metric — a modest but real undervaluation.

P/E gives ₹1,022 — marked Undervalued. At ₹906 versus ₹1,022, the discount is 11.8%. P/E is the most widely used valuation metric by retail and institutional investors in Indian markets, which gives it weight beyond its technical precision.

Blended conclusion: Two of three methods say undervalued, and the one that says overvalued is the least appropriate method for this business. So the blended target of approximately ₹1,000 is well-supported and conservatively derived.

Investment Thesis

Gulf Oil Lubricants India is a structural market share gainer in a preimmunising industry, operating with a distribution moat that took 15+ years to build and cannot be replicated. At ₹906, the stock trades at a meaningful discount to intrinsic value despite a business that is getting stronger every year.

Distribution Moat — The Core Competitive Advantage 90,000+ retail touchpoints, 11,600+ service points, and 40+ OEM partnerships form a network that gives Gulf Oil last-mile reach no competitor can match in the near term. Volume has grown from 1,19,000 KL in FY22 to 1,52,000 KL in FY25 consistently at 2–3x the industry's 3.12% CAGR. This is not cyclical outperformance; it is share gain driven by distribution depth.

Premiumisation Is a Non-Discretionary Tailwind BS-VI Phase II mandates high-performance, low-SAPS lubricant grades — consumers cannot opt out. This structurally shifts the product mix from ₹180–200/L mineral oils toward ₹400–600/L synthetics regardless of economic conditions. Realisations have already moved from ₹1,84,200/KL in FY22 to ₹2,38,900/KL in FY25 — a 29.7% increase in three years. Management's 2–3% annual ASP guidance is conservative relative to what the data already demonstrates.

Visible Margin Expansion — Not a Forecast, a Trajectory EBITDA margins expand from 13.1% in FY25 to 14.5% by FY29 — 140bps of expansion on a largely fixed cost base. Gross margins stabilise at 40.5–41.0% as the premium mix offsets any crude-linked base oil volatility. Operating leverage on the blending and distribution infrastructure means incremental revenue drops to the bottom line at a higher rate than historical averages.

FCF Compounder with Disciplined Capital Return Operating cash flow grows from ₹395 Cr in FY25 to ₹572 Cr by FY29. Capex stays low at ₹70–85 Cr annually — the blending infrastructure is already in place. The result is a business that funds a growing dividend (DPS rising from ₹48 in FY25 to ₹74 by FY29, a 6.5% yield by FY29) while simultaneously building its cash balance. D/E declines steadily from 0.32x to 0.25x — not through earnings manipulation but through genuine debt paydown and equity compounding.

Return Ratios Re-rating Upward ROE expands from 26.6% in FY25 to 28.1% by FY29. ROCE moves from 20.9% to 24.1% over the same period. Both metrics are improving through earnings quality — not leverage. A business with 25%+ ROE, sub-0.30x D/E, and double-digit earnings growth deserves a premium multiple, not the current discount.

AdBlue — The Underappreciated Growth Driver AdBlue volumes have gone from 55,000 KL in FY22 to 1,40,000 KL in FY25 — a 2.5x increase in three years that the market has not priced in. As BS-VI fleet penetration deepens across commercial vehicles, this segment scales further with near-zero incremental fixed cost. It is a high-growth, high-margin adjacency being built on existing infrastructure.

Risk Analysis

1. Base Oil Price Volatility — High Probability, Moderate Impact: Base oil constitutes 60–65% of COGS and is directly crude-linked. The FY23 gross margin compression from 39.1% to 36.9% demonstrates this vulnerability — crude spikes flow through to input costs within 4–8 weeks. Recovery to 41.1% by FY25 confirms Gulf Oil can pass through price increases, but a timing mismatch always exists between cost increases and price hikes.

Sensitivity: A sustained 5% base oil cost increase with no offsetting price hike reduces EBITDA margin by approximately 60–80bps.

2. EV Adoption Risk — Low Probability Near Term, High Impact Long Term: EVs do not require engine oil — India's largest lubricant category at 42% of product mix. However, India's EV penetration remains below 5% of vehicle sales, the 300+ million ICE vehicle parc requires ongoing servicing, and Gulf Oil's 51% owned Tirex subsidiary is already developing EV-specific fluids and charging infrastructure as a strategic hedge. This risk does not materially affect the FY26–FY29 forecast period but warrants monitoring on a 10-year horizon.

Sensitivity: EV adoption running at 2x forecast speed reduces FY29 revenue by approximately ₹300–350 Cr and EBITDA by ₹45–50 Cr.

3. Promoter Stake Decline — Moderate Probability, Low-to-Moderate Impact: Promoter shareholding fell 466bps in a single year from 71.80% (Mar-24) to 67.14% (Mar-25). While the absolute level remains comfortable, the direction warrants monitoring. The offsetting signal is DII shareholding rising sharply from 5.02% to 9.53% over the same period — institutional investors are actively accumulating what promoters are selling.

Monitoring trigger: Reassess thesis if promoter stake falls below 60% without a clear strategic rationale.

4. Competitive Pressure — Moderate Probability, Moderate Impact: Castrol India (20% market share) and Shell are aggressive in the premium synthetic segment where Gulf Oil is growing. Any escalation in competitor marketing spend or pricing aggression could simultaneously slow Gulf Oil's ASP improvement and volume share gains. Gulf Oil's distribution depth across 90,000+ touchpoints and co-branding with Gulf Racing provide meaningful but not impenetrable competitive buffers.

5. Working Capital Deterioration — Low Probability, Moderate Impact The model assumes receivables days improve from 49.7 to 44 days and inventory days from 86.7 to 80 days by FY29. A reversal to FY22 levels — 55 days receivables, 90 days inventory — would increase working capital requirements by ₹150–200 Cr, directly reducing free cash flow and the cash balance underpinning the DCF equity bridge.

Notes