Gulf Oil Lubricants India Limited

August 10, 2026

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001
Scrip Code: 538567

Through: BSE Listing Centre

National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (East), Mumbai - 400 051
Scrip symbol: GULFOILLUB

Through: NEAPS

Dear Sir/ Madam,

Sub.: Transcript of Earnings Conference Call with Analysts/Institutional Investors in connection with the Unaudited Financial Results (Standalone and Consolidated) for the first quarter ended June 30, 2026
Ref.: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is in continuation to our letter dated July 28, 2026 intimating about the schedule of Earnings Conference Call which was held on Tuesday, August 4, 2026 with Analysts/Institutional Investors in connection with the Unaudited Financial Results (Standalone and Consolidated) for the first quarter ended June 30, 2026. We enclose herewith the Transcript of the said Earnings Conference Call.

The said Transcript is also uploaded on the website of the Company and can be accessed at https://india.gulfoilltd.com/investors/financials/transcript-conference-calls .

Request you to kindly take the same on record.

Thanking you.

For Gulf Oil Lubricants India Limited

Ashish Pandey

Digitally signed by Ashish Pandey
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Encl.: as above

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“Gulf Oil Lubricants India Limited

Q1 FY27 Earnings Conference Call”

August 04, 2026

MANAGEMENT: **MR. RAVI CHAWLA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – GULF OIL LUBRICANTS INDIA LIMITED**

MR. MANISH GANGWAL – WHOLE-TIME DIRECTOR AND CHIEF FINANCIAL OFFICER – GULF OIL LUBRICANTS INDIA LIMITED

MODERATOR: **MR. PROBAL SEN – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Gulf Oil's Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Probal Sen from ICICI Securities. Thank you, and over to you, sir.

Probal Sen: Thank you, operator. Welcome, everyone, to this post Q1 FY27 call to discuss Gulf Oil's Q1 results. With us we have senior members of the management, including Mr. Ravi Chawla, the Managing Director and CEO; and Mr. Manish Gangwal, Whole-Time Director and the CFO of the company.

As usual, we'll first start off with a briefing on the results from the management and then go into an interactive Q&A session. So without further ado, I'll hand over to the management. Over to you, sir.

Ravi Chawla: Thank you. Good day, good afternoon, good evening, everyone. It is a pleasure to invite you to this quarter 1 performance investor call. Very happy to inform you that this quarter has really seen us performing in terms of all-time highs on all fronts.

Last quarter, you may remember, we crossed the revenue of INR 1,000 crores. Very happy to share that this quarter with all the execution, agility and certainly managing the situation to the best in terms of focused attention, we have been able to cross our revenues and reach INR 1,300+ crores.

If you look at all the other parameters, including EBITDA and profits, significantly ahead of the last quarter, which was also a record for us. So, I think overall, starting FY27 on a strong momentum with record performance is certainly satisfying for us.

We saw the West Asia crisis and quite a volatile macro environment, cost environment. But with the focus on really executing well with agility, we have seen a very strong volume-led profitable growth in this quarter.

The volumes have grown 17% year-on-year. You may recall that last year, we ended at 11% and quarter 4 of last financial year was at 14%. Clearly, for us, this quarter, we have been seeing that the way the entire business has been managed across all categories which have grown, have really seen a very good result for us; effective real market execution, supply chain solidity that has helped us and proactive customer engagement.

As mentioned, across all segments, B2C, OEM and B2B, we have delivered good double-digit growth, which has given us these results. For us, really, if you look at the main things that were obviously challenging were the supply security, both from the customer point of view and the availability of raw materials, which were disrupted a bit because of the Hormuz crisis.

We've seen that we've been able to manage this as a top priority, and we've ensured uninterrupted availability throughout this period, which has helped us, not only the customers who are obviously buying from us, the OEMs, the channel partners, the retailers.

The proactive approach that the team has used and of course, backed by great supply efficiency, supply solidity in terms of sourcing all the materials, we have been able to make this sort of crisis situation into an opportunity for all of us and really optimized on the opportunities. Not only have we been able to ensure supply security with our current OEMs, distributors, customers, we've been able to also win new customers and really optimized on all this.

There was a lot of heightened apprehension from customers. I think we have been able to reinforce our position as a reliable partner and really supporting the customers, including new customers have got added on in many segments like infra. We have increased our share with customers and also in terms of retail, in terms of our customers, OEM franchisee workshops, we have increased our share. The growth was broad-based. As I mentioned, we have seen growth across segments.

In OEMs, we've continued to grow and strengthen our position, double-digit growth in OEM. Franchisee workshop was led by agriculture segment, where we have Mahindra and Swaraj, PCMO and motorcycle where we have Bajaj in OEM workshops. In our B2C, there has been a very good double-digit growth with PCMO, passenger car leading it and also gains in agriculture, commercial vehicles and motorcycles.

In B2B, where we do business with industries, infrastructure and mining, we have again been seeing growth across our customer base, also driven by new customer acquisitions as the traction improved. Of course, this is an important segment for us. So, I think, overall, the key numbers, lubes volume was at 48,000, again, a record for us, previous high being 45,000 in the last quarter, so followed by that 48,000. We have seen this high-double digit growth of 17%, which is over 3x the industry growth rate.

Revenue, as I mentioned, up 33% at INR 1,320 crores. EBITDA was up 35% at INR 170 crores. Last quarter, we did again a highest of EBITDA, which was INR 135 crores. We have exceeded that and I think with quite a sizable increase.and the margin also, which Manish will talk about later, we've been able to show a lot of operational resilience.

There have been huge cost increases month-on-month for the last 3 to 4 months. We have managed to obviously proactively communicate that, explain that across all our different customer bases, we've been able to manage that, plus I think our stock solidity, which was there. We've been able to keep the margin at 13%, which is within the guided range.

I think we have seen that momentum has been there for us in terms of all segments. Definitely, the quarter has been a very good fulfilling quarter for all of us in the team. We've been able to take it to a significantly high record level, which I think is also in line with the situation, which was supposed to be sort of a semi-crisis being converted to good opportunity for the organization.

Over to Manish to take us through a few numbers on the finance and other aspects. Manish, over to you.

Manish Gangwal: Thanks, Ravi. Good afternoon, everyone. So as Ravi highlighted, the quarter volumes for core lubricants were 48,000 KL and AdBlue was at 40,000 KL. With revenue growth of 32%, revenue crossed INR 1,300 crores at INR 1,320 crores and EBITDA at INR 170 crores. The PAT was also highest ever at INR 127.5 crores, resulting in an EPS of INR 25+. So, all around excellent robust performance. I think this is one of the best performance in the recent years by the company.

We would like to also highlight that in the quarter, which was a very tough quarter from all perspective, especially the supply chain perspective, given the kind of crisis going on in the Middle East and the crude volatility, which impacted the quarter very, very severely from input cost perspective and availability, the crude at one point even touched $120 per barrel, we have been able to manage our inventories well and also proactively engage with our customers, as Ravi highlighted on pricing discussions and price increases.

I think in this period of crisis, even our OEMs, partners, customers were also looking for more from a supply security perspective and have been very cooperative. Hence, we have been able to manage our margins in a similar band of around 13%, 12.9%, which in a tough quarter is very, very heartening.

Although you can see that at gross margin level, there is some dip still because it takes time to pass on the cost increases to the end customers, and there is a time lag between the same. But eventually, we have been able to manage some of our cost and deliver an excellent quarter. So, we would term it as a volume-led profitable growth for the quarter is what we have been able to achieve with a lot of emphasis on the supply security.

With that briefing overall, we would like to take a few questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Disha Chamriya from Trinetra Asset Managers.

Disha Chamriya: My first question was how is the mix between OEM and aftersales evolved during quarter 1 And as OEM relationship deepen, how do you balance the volume growth with profitability given that the difference in the margin profile of these both channels

Manish Gangwal: So as Mr. Ravi highlighted in his opening remarks, all our segments have grown. Even B2C, OEM, B2B, marine segment, every segment has delivered double-digit growth. That is the reason that our overall mix in terms of our sales mix, customer mix more or less remains the same because B2C and all the segments have delivered an excellent double-digit growth. So for the quarter also, we have been in the similar range of around 45% B2B and 55% B2C sales.

Disha Chamriya: Got it, sir. The next question was, could you please update on the scale and profitability of the AdBlue business And do you see adjacent business such as EV solutions becoming meaningful contribution to earnings over the medium term

Manish Gangwal: So, AdBlue also has been a very strong pillar for us now. We are clearly in the top 3 suppliers of AdBlue in India, and the volumes are now stable at around 38,000 to 40,000 KL a quarter, which we have been consistently now in a position to achieve. This quarter also, we have been able to achieve 40,000 KL of AdBlue. We all know that AdBlue is a product, which is a low realization product with a single-digit margin, but it adds up to the overall volume and gives us that operating leverage and efficiency.

At the same time, the entire supply chain process is the same and end consumer is the same. So it perfectly fits in the synergy product category. Hence, our focus on AdBlue continues. But this product will always be able to deliver only a mid-single-digit margin. So, this is about AdBlue.

Coming to EV, of course, we have been saying that it is a very nascent business for us and for the industry also. But we are seeing the traction happening in EVs in certain segments, particularly in e-buses, there are a lot of government initiatives now and new tenders have come for e-buses.

And I think in the next 1 to 2 years, all those tenders will be materialized, based on which we will be able to definitely take the EV business as per our earlier guidance in the range of around INR300 crores to INR400 crores in 3 to 4 years.

Disha Chamriya: Got it, sir. And my next question was that given this industry is highly competitive, have you observed any changes on the pricing discipline or promotional intensity during quarter 1 that has affected your market strategy

Ravi Chawla: No. So, I think the market, obviously, the pricing levels will differ based on the brand strength in the B2C business. I think we are seeing a huge cost increase. So, price increases are happening. And I would say the OEMs, obviously, there's a different structure on pricing and B2B is also competitive led. So, we don't see any change as such.

But yes, the price increase, which has happened is quite significant in the industry, quite unprecedented. So, there have been a series of price increases. I think now we are maintaining our position. In fact, we are in a strong position in terms of our brand. So, we are able to also take a little bit of lead on the price increases in certain segments.

Disha Chamriya: Just a follow-up on that question only, sir. As you said that premium products and premiumization would be a key strategic focus right now. So, could you just quantify like how much of share from the premium lubricants has worked over the last few years And how much of the future earnings growth do you expect to come from the premiumization rather than the volume expansion

Ravi Chawla: See, the volume expansion of the industry is predicted to be around 3% to 4% for the next decade or so. The value increase in the industry is expected to be double of that. So if you see, the value is coming from the higher-end products. Now, higher-end products are synthetics and other advanced products, which are coming, which are semi-synthetic, synthetics and higher specifications.

Now as a company, we have got ample room to grow in that. As a percentage, we are obviously not getting into details because each segment has a certain level of premiumization. Our endeavour is to premiumize our range because it is also adding value to the industry and us. So, we generally have in each of the segments, you have products and you have certain percentages.

It's quite complicated to explain. But overall, we are trying to increase our synthetics, our premium and value-added ranges, also environment-friendly products like biodegradable hydraulic oils, etc. So as a percentage, this is still, I would say, below 10% overall for us, and we want to take this to a higher level.

Moderator: The next question is from the line of Nitin Tiwari from PhillipCapital India Limited.

Nitin Tiwari: Congratulations on very strong set of numbers. Sir, my question actually was with respect to the growth in volume that we have seen in this quarter. So if you can just put it in some perspective, how has the industry growth been in this quarter and also, what is our growth. And also what led to this strong growth? I mean, was there any element ofan anticipatory sort of buying because price increase was anticipated or something like that How do we see this number unfolding over the rest of the year?

Ravi Chawla: Yes. So, Nitin, thank you very much. I think industry growth as a benchmark, we said 3% to 4%. As you know, the information is not fully known on the industry growth because you have so many players. But if you were to look at it today, 3% to 4%, there, obviously, the quarter was a supplier security, as we mentioned, was a very important thing. So, there was definitely, people wanted to secure some supplies.

I would say that is an important thing for the industry because a lot of the industries, OEMs are very highly dependent on having these supplies in the pipeline. Otherwise, they would lose their customers. So, that is a very important element and people have definitely looked at how the industry can supply.

I think in that, Gulf has done very well. We've been able to get whatever we gauge. We have not only been able to meet the needs of our customers, even our channel distributors require stocks. So, we have a close monitoring system, which shows that we've been able to supply to meet a lot of the expectations, and we have been able to do better than others.

So, I would say that some of the growth we have got is definitely due to this efficiency model, which we had in place. We continue to grow at least 2x to 3x. In fact, 3x is clearly what we feel.

Maybe there's a percentage to growth, which has come due to better supplies or maybe more. But the question is also the way that we have been able to go about all our segments growing effectively. That is another key which has happened for us, and I think that augurs well for us.

We will definitely continue to look at this 2x to 3x growth going forward. Of course, as we know that the industry also is going to grow. So, that's a positive thing. I think some of the growth, this quarter has been due to more supply security, but definitely agility, which we have shown and a lot of our segments doing very well.

Nitin Tiwari: Got it. Understood. So, , what I was trying to understand it going to somewhat normalise in second, third quarter and do you expect the pace to continue as such

Ravi Chawla: No, no. See, the July, August, September quarter is a monsoon quarter. Generally, the demand is slightly less. Demand like agri and all goes up. OEMs are continuing to buy. B2C gets slightly less because of monsoon. But I think overall, we will continue with our focus. If the opportunity is there, we are ready for it. But we hope the quarter will be also a positive and a good growth quarter for us.

Nitin Tiwari: So, I was saying that in the quarter, there would have been an increase in raw material cost. So, I'm sure there was a price adjustment undertaken to pass on the same. So, I was just trying to understand that was this evenly paced across the quarter Or was it more bunched towards the beginning or end of the quarter, something like that

Ravi Chawla: See, it varies. In the B2C market, we have seen close to 3 increases, which has happened starting March end, April beginning, which is practically every month or so. And then B2B, you have formulas and negotiations with all the customers. So it is in a staggered amount, but obviously, it has happened because of the increase in costs. It has happened in stages, so 2 to 3 stages across all customers and markets.

Nitin Tiwari: So, B2C was mostly in March and April beginning

Ravi Chawla: No, no. Regular period. As I said, it was literally like a monthly sort of increase.

Nitin Tiwari: Okay. Got it, sir. And lastly, So what's the roadmap for Tirex, if you can elaborate in terms of revenue and profitability and how did it stand in this quarter

Ravi Chawla: Yes. So, this quarter was slightly subdued because a lot of the EV buses, they come up in the depots and all in the government depots. So, that has gone slow this quarter. But as we have mentioned earlier in our television interviews, the first half, we are expecting the revenue will be positive for us. First quarter has been slightly slow for us, and we are both in AC/DC chargers. So, I think we are looking at obviously growth coming in. But I think most of the growth will come in, in the second quarter now and hopefully, quarter 3. Quarter 3 also will be good growth for us.

Moderator: The next question is from the line of Sabri Hazarika from Emkay Global Financial Services.

Sabri Hazarika: Congratulations on good set of numbers. So, two questions from my side. Firstly, your sales volume growth has been uniform across different levels, right, whether it's primary, secondary or tertiary sales

Ravi Chawla: No. So if you look at the sales across segments, it has been double digit and definitely, some are, as you said, 17% overall. Secondary, tertiary is more for the retail part and of course, selling in through the distributors. So, I would say, yes, there has been a good uptake across the various primary, secondary and tertiary.

Sabri Hazarika: Right. So sir, have we seen some sort of like a natural increase in the demand for lubricants overall for the company also or for the sector also as a whole

Ravi Chawla: Sector, we are looking at the market. Obviously, there has been some, when there were supply security issues, there have been stocking up, but there's also been a sell-through. For us, at least we can say that sell-through has been positive as per our primary sales and our sales to the markets.

So for the industry, we still have to gauge. But overall, market has grown, we said 3% to 4%. We really don't have the figure now, but in our market surveys. We will come to know if the market has been slightly better.

Sabri Hazarika: Right. And second question is on your margins. So, I think the EBITDA margin has remained sort of within the range, but the EBITDA per liter has gone up significantly because of the price hikes. So right now, do you maintain this guidance of like 12% to 14% range or given that the EBITDA per liter has gone up almost like 30%, 40%, there is a relook at the margin guidance

Manish Gangwal: See, in the price rising scenario, the top line goes up. While our endeavour is to pass on the per liter cost impact to the customer and maintain our per liter margin. The percentage margins are slightly dilutive in these kinds of inflationary environment where prices are really like going up very high.

Percentage perhaps for the medium term is not an ideal way to look at it because there is a mismatch between the top line and the per liter EBITDA you can make. But on a long-term sustainable basis, yes, our 12% to 14% guided band is still intact. With that, completely, all efforts on premiumization and all, which will enable us to move to the next band as we have been highlighting for 14% to 16%.

But for the time being, I think per liter, managing the margin per liter and trying to improve slightly at that point is our primary task from the margin management perspective. But we still hope that because the operating leverage will also come in, in the coming quarters, 12% to 14% should also be manageable.

Sabri Hazarika: Right. And also, was there any inventory gain impact in the margins

Manish Gangwal: No. So, we don't play on inventories. Like an FMCG, if there is a cost increase, we pass on. If there is a cost decrease, we have to pass on. So, we don't play on inventory. There are no inventory gains related accounting.

Sabri Hazarika: Right. And also just a follow-up. So now if we see, there is a sharp increase in base oil prices in the last 3, 4 months. So our raw material right now, I mean, to what extent the transmission has happened already in our raw material cost or are we seeing more increase in, say, in these months like July, August

Manish Gangwal: As we speak, I think we have taken another price increase in retail effective 1st of July, but the B2C pricing takes nearly 1 to 2 months to get fully implemented because there is a pipeline inventory in the channel. But since the input costs have not come down significantly, although the crude is reflecting back. It is from touching high up. Above $100, it has come down to below $85 now.

But the base oil pricing so far is not reflecting such decrease anywhere close to that. And rather in some of the grades, the upward movement continues like some of the high-end base oils because of the demand-supply position.

So it is very, very difficult to right now predict until and unless the supply side improvement happens, because the crude pricing is one parameter for base oil to move. But equally important is, in these times, the supply-side improvement in the supply of base oils. And that is still very, very difficult. We would say Strait of Hormuz is still like almost shut. So it's very difficult to say how the things will move.

Further price increases may need to be taken if required, depending on how base oil moves and how demand supply moves, how long it will take to reopen Hormuz now again. So, there are many factors right now. We have to pay it by the month maybe.

Moderator: The next question is from the line of Ankit from Devi Ventures Family Office.

Ankit: Your volume growth of 17%, it's pretty high, but obviously there is price increases, so maybe for FY27, if you were to look at it, what kind of volume growth would be sustainable, what kind of growth in revenue would be sustainable and what kind of margin should we kind of enroll?

Manish Gangwal: Our volume growth for core lubricant is 17% for the quarter. Revenue growth is 32%. As Ravi just highlighted in the previous question that while there may be some sort of pre-buying or one-offs in this volume, but we have been, anyway, our entire strategy is to keep growing 2 to 3x the market, which means anywhere close to double digit is what we have been growing. Last year also full-year basis, we have grown 11%. So overall, our guidance remains the same that we will continue to grow 2 to 3x the market with the EBITDA band, which we will try to maintain in the range of 12% to 14%.

Of course, I have caveated that in the previous question also that in these times, percentage margin may not be a right parameter. Maybe the per liter margin will be a better optics. But having said that, our medium to long-term strategy continues to be ahead of the market growth, keep gaining the market share and keep growing EBITDA on the back of a good volume growth with improved premiumization and eventually moving to the 14% to 16% band.

Ankit: Okay. With all the issues that you were kind of talking about with raw material pricing and also in terms of raw material availability uncertainty, I mean, should we be building in a short-term kind of issue for margins ahead Or do you see any kind of supply constraints even ahead Or as of now in July, the situation is quite comfortable both in terms of growth and raw materials

Manish Gangwal: So, so far, we have been able to manage our supplies very effectively. We have long-term tie-ups with some of the refiners. And on the spot market also, we have been very actively pursuing sourcing. It all depends on how long the situation of Middle East crisis remains. And that will determine whether the supply will further get constrained or get eased out.

So it is, at this moment, very difficult to predict. But I think we are geared up. We carry inventory also for at least 30 to 45 days on base oil side. So, this quarter, at least we are not seeing any major disruption, but we have to really see how the prices unfold. And when the Strait of Hormuz normalizes, the things will rapidly improve as well.

Moderator: The next question is from the line of Dhaval from Choice International Limited.

Dhaval: So last quarter, on the balance sheet, there was a debt that has been raised for the expansion of Tirex plant on the consolidated level that I was able to see. So, now the INR 300 crores to INR 400 crores revenue guidance that is there, is that including expansion of the plant, Or is it basically the expansion is baked in Or do we think of it as a higher number

And second question I have is on the demand situation right now. Already a month has gone by. So, do you see still some ad-hoc demand coming through the market Or is it broadly settled I also have a third question if that is okay.

Manish Gangwal: Yes, yes go ahead.

Dhaval: Yes. And the third question - so the flood-like situation in Silvassa that one of the other lubricant tier experienced. So is there anything to do with the utilization levels that could be there for the current quarter, provided there was some sort of flood situation in Silvassa

Ravi Chawla: Tirex, as we have explained is that we have got a new plant. We are going to shift to that in terms of increasing the capacity. And obviously, because we cater to a lot of OEMs and all, it will be a very upgraded facility. So, that is what the capex was. And the INR 300 - 400 crores revenues anyway, this is part of that. That when we are expanding, this will help to meet the need because we have 8% to 10% market share in the DC charger business.

So, this enhanced capacity that we are creating is for the future. So it will take care of our needs. Obviously, if that grows more, we have to look at it. But this will take care of our growth going forward in terms of the INR 300 -400 crores. The other is, you asked a question on

Manish Gangwal: Current July.

Ravi Chawla: Yes. Current July. See, July, August, September, the industry is generally a monsoon quarter. And as we see it, it is obviously going to have a normal trajectory. At the current juncture, while we'll wait for the quarter to get over, it's a month-on-month thing. And we are happy to say that we continue to look at our 2 to 3x growth. Industry at the moment, yes, July, we are seeing, obviously, normal July, normal August, depends a lot on the agri season. So, that seems to be going positively.

Manish Gangwal: I think the third question I will take, which is on the Silvassa side. So, our plant has been operating smoothly, and we have not been impacted on the production side. So, our capacity is in full stream, no problem.

Moderator: The next question is from the line of Prashant, an Individual Investor.

Prashant: Congrats on good set of numbers. Sir, my question is regarding what is the status of our ongoing expansion in Silvassa and Chennai plant

Ravi Chawla: Yes. So, I think Silvassa and Chennai, as we announced 70% increase in capacity. We had announced quarter 3, quarter 4, where there will be phased increase of production. We are happy to share that, yes, Chennai is on track. Silvassa, we are also expecting that some of the augmented production will start and that also should be there by financial year end. So it's on line with what we had planned.

Prashant: So the Chennai plant would be by December and Silvassa would be by end of March commissioning

Ravi Chawla: Yes. So, there's a lot of commissioning of intermediary equipment, storage and all which happens. So, I think, more or less, that's where the plan is.

Prashant: So, all the civil work and machinery order, everything is set and installation is ongoing

Ravi Chawla: That's part of the capex expansion, as you are aware.

Moderator: The next question is from the line of Arya Patel from Emkay Global.

Arya Patel Congrats on a really good set of numbers. So, my question is regarding domestic supply of base oils. So, we know that OMCs are coming up with enhanced capacity. So, how do we expect the domestic supply to go up And by when are we looking at this

Manish Gangwal: We are in touch with all the NOCs in India who are producing base oils. And in fact, we keep buying from them as well. So, we are in close touch with them. And whenever they are ready with the additional capacities, we would be happy to connect and get additional sourcing from them subject to, of course, the pricing and quality, which is our norm. So, we are well connected with them.

Moderator: The next question is from the line of Mukund Agarwal, an Individual Investor.

Mukund Agarwal: Sir, congratulations on great set of numbers.

Mukund Agarwal: Sir, all my questions have been answered. I just didn't know how to disconnect from the queue line.

Moderator: The next question is from the line of Rushabh Vikmani from Vinamra Capital.

Rushabh Vikmani: So, sir, my first question relates to the Gulf 2.0 plan. So we were looking at value-added products increasing in the overall mix. Sir, now that we are roughly about 2 years out since the initial plan was announced, could you quantify as to how the business mix has changed in terms of value-added products and how it has translated into margin

Ravi Chawla: Yes. So, some of the products that we have brought in, obviously, the synthetic range, we are talking about the range, which is obviously going to be at a higher sort of formulation levels. So, I think for us, getting these products out in terms of needs of our automotive consumers, in terms of our B2B partners.

So, I think it's an all-round initiative, which adds to the value. As I mentioned earlier that some of the synthetics and other products we have are still below 10%. So, we really want to see. That has already started to go up year-on-year. We are expecting that this will obviously add to the future pipelines that have been created.

So as you rightly said, this journey has now started of Unlock 2.0. Some of these products already are selling like we have a range of synthetic motorcycle oil called Syntrac. We have launched 5, 6 new variants in that. So currently, they are single digit in terms of our volumes, but we expect it to go up by at least 1 or 1.5 percentage every year.

Rushabh Vikmani: Right. So if you were to look at the blended portfolio, we are talking about, say, a value added of about 10%, 20% roughly ballpark in that range

Ravi Chawla: Yes, it is difficult to keep slicing dicing that way. But generally, these products form part of the range, and they keep taking it up. And obviously, the value addition is both in terms of creation of value for the customer and in terms of the pricing.

And of course, some of these products would have a better margin, but we have to invest in them equally to be able to get them. So it is a sort of a balanced equation one should look. But yes, the idea to premiumize is to create more value.

Rushabh Vikmani: So essentially, the annual target would be to target like each category and do at least about like 150 - 200 bps kind of improvement, right

Ravi Chawla: A 2 to 3x market growth gives us a percentage market share. If we are looking at these products, they should give us at least higher than that delta.

Rushabh Vikmani: Right, sir. And secondly, in terms of Tirex, I think there's some revenue numbers that we have been looking at some INR 300- 400 crores numbers. But from an operational standpoint in terms of market, could you like throw some light on what the competitive landscape is right now

What are the kind of essentially traction in terms of the charger infrastructure, which is there. So, anything around the industry of Tirex, if you could throw some light

Ravi Chawla: So, Tirex is catering to the fast chargers, which are called DC chargers. It varies from, what, 30 kilowatts to 240 to 360 also. And these are used for fast charging for cars, but mainly, it is today in the EV buses. The buses are requiring a lot of the charging. And now you see even construction equipment, you see SUVs requiring fast charging. So, they are present in the fast charging area,. Especially EV buses, we have always said that we are 1 out of 3 EV buses on a Tirex charger. They have about installed these over the last 3, 4, 5 years.

Now as we look at this market, it is now where the captive use is very high. It is also going into, for example, SUVs require fast charging. We also have the AC chargers, which are into cars. So as this market develops, we are definitely looking at being part of the DC charger market and looking at evolving with the networks. There are bus OEMs who are buying. There are charge point operators who are buying. There are institutions who are buying. In fact, there are now societies that are buying. So, these are the segments which are evolving.

And as we look at it, Tirex obviously has products, which can meet the needs of these customers, and we will evolve. India is still, I would say, picking up a lot on the public bus network is becoming strong as we look at it, but obviously, at a pace, which is, we know is at a certain level.

And we are looking at a lot of the charge point operators coming in. In fact, now highway charging, destination charging, even home charging definitely, a lot of potential to have more chargers in the system and also where the chargers are going to be used more. So, we would like to be also there where the chargers are being used effectively.

Rushabh Vikmani: Right, sir. And just one small question. In terms of our OEM business, if you could broadly give a ballpark number as to what was the OEM business 2 years back and where are we right now in terms of the proportion

Ravi Chawla: So, OEM business for us is a key building block as we keep telling people that 2007-'08, we had 2 OEMs. Now, we have 50. So it is a large part of our business. And if you say 2 years back, we have been growing double digit across all our segments, including OEM.

Rushabh Vikmani: I was actually trying to get the percentage to revenue, if you could give a ballpark.

Ravi Chawla: Yes. So, we normally would not like to give that detail because it's a large part of us is related to contracts and all.

Moderator: The next question is from the line of Kirtan from Baroda BNP Paribas Mutual Fund.

Kirtan: Two questions. One on the growth side and second, probably on the pricing side. On the growth side, is it possible to sort of give a color beyond double digit in terms of what has been our growth for B2B and B2C segment And within B2B, can we sort of give some indications on OEM as well as workshop segment Just trying to understand where we have got this 17% from.

And primarily from a perspective that when we compare the 17% versus the 11% growth that has happened last year, does this give us a comfort that at least this year growth could be 1% or 2% higher than the last year, while it's remaining within the range And are there any historical precedents around where we can compare a similar parallel situation to see how the demand movement has been post disruption. I'll probably say the question on the pricing later.

Ravi Chawla: So Kirtan, see, as we mentioned to you very clearly that all our segments have been growing double digit. Within the OEM segment, I think I mentioned it briefly, is that we have seen a very good uptick with the agriculture part of the OEMs. And in the case of them, also the motorcycle where we supply OEMs.

So, these 2 segments have been higher growth for us. In the B2C, which is our channel business, we have again seen agriculture being a strong and of course, passenger car for us, the base is lower, but we have grown well. So, I think these 2 segments, passenger car and agri have been very good for us in B2C.

In the OEM franchisee workshop, it has been the motorcycle and the agriculture. So, these are the segments in this quarter if we have to look at. But obviously, as we look at the industry in a holistic manner, we have explained that there has been a lot of supply security and important supply chain agility, which has also helped us to look at this entire quarter which has gone by. And we also have been selling marine, which is a key segment.

Now, we look at Gulf globally. But in India also, we have seen marine, some exports have been done from here. So overall, this quarter has been a good quarter. And if we take the rest of the year, we'll have to see the situation because as normal growth happens, we are happy. If the opportunity presents that we are able to get more market share, we are in a good position to look at it.

So, we'll have to wait and see how the rest of the year goes. But definitely, as you can see, quarter 4 of last year was 14%. This quarter 1 was 17%, which is much higher than what we normally achieve. So it's a good end to last year and a good beginning to this year. So, we'll have to wait and watch the rest of the year.

Kirtan: Sure, sir. On the pricing side, the way you explained B2B pricing can reverse with the formula with probably 1- to 2-month lag. But is generally the B2C pricing stickier Will the sort of the pricing will hold longer than typically the underlying cost of supply And in that sense, do we typically see margin expansion once this supply disruption starts easing Are there any historical precedents to it

Manish Gangwal: Yes. So, I think we have, in the past, seen on a few occasions that when these kind of unprecedented price increase happens, especially in B2C, where you have to take a series of price increases one after another. And when the MRP is increased significantly in line with those, the retail pack, which is mostly in the B2C are sold on MRP in India. And when the prices start softening on the input cost side, you don't roll back usually all the MRP increases which have happened. That has been the past trend.

We don't know because there is a competition. It's a very competitive industry. But in the past, we have seen that there has been typically some margin retention in B2C although in B2B, it is formula driven and it is passed on. But B2C, there is an opportunity to retain some price depending on how the input cost behaves in the coming quarters or over a period of maybe next 1 year.

Kirtan: Sure. Just one small follow-up to this. At what level of price increase you start seeing some sort of demand destruction happening in retail segment from your historical experiences?

Manish Gangwal: Very difficult to predict because segment-to-segment, a motorcycle buyer may be more, it may be pinching more to his or her pocket versus a car buyer. But depends on the segment and the category and the geography also. So, very difficult to predict.

But yes, at a certain point, when such kind of price increase happen, unprecedented price increases happen, people may tend towards down-trading or going to some other cheaper options available, although there are hardly, everybody has taken price increases in these scenarios, very difficult. But typically, yes, you are right, there is a possibility that at a certain point, then the demand elasticity will play its role.

Moderator: Moving to the next question. he next question is from the line of Amit, an Individual Investor.

Amit: So, first of all, congratulations on the good quarter. My 2 questions are, so assuming on today's base oil cost and today's price list, expected gross margin for the company And second, in terms of the, so we've seen about 190 bps fall in operating expenses in this quarter as a share of revenue. So, just wanted to understand what are the key items driving this. Is there some deferment in advertising and promotion spend, which we've done

Manish Gangwal: So, we don't calculate gross margins on a daily basis.

Amit: Sir, just looking at your directionality because last quarter would have -- since we carry 30 to 45 days of inventory, we would have some base oil, which was bought in Q4 and consumed in Q1.

Manish Gangwal: So, Amit, you have to see, we follow weighted average. Every week or every next day when we receive a further parcel, our cost gets weighted averaged. So it is not that we are consuming on FIFO basis the last month and the system does not behave like that as per the accounting standard also.

So, we are in a very dynamic environment. We can only tell you that it is a very weekly evolving situation and price management is the topmost priority at this stage where we have to continuously monitor the input cost, the incoming material versus the stock and calibrate our pricing accordingly because it's not easy to approach 2,000-plus customers we are having in B2B and in our overall infrastructure, B2B, OEMs put together.

It is not easy to approach them and negotiate every week or every month a price increase. It's a very, very difficult situation right now. And we are trying to calibrate on an overall basis that we maintain our gross margins in the range plus/minus 1%, 2% here and there, and pass on the thing to the customers in the event it goes beyond that.

Of course, the percentages also, I keep highlighting this that these are slightly becoming sometimes irrelevant in these scenarios because then the top line goes up very fast. And overall, deliver still the 12% to 14% margin by looking at our other costs very closely, which brings me to your second question, where operating cost, you have seen some improvement. That is partly because of the operating leverage also because certain fixed costs you keep absorbing.

We have spent still around 3% on our A&P. So, we have not largely cut the A&P in this quarter. We have continued to maintain our share of voice in the market, but there have been many other fixed costs, which we have been able to optimize and deliver the margin.

Amit: Okay. And in terms of absolute rupees, Q1 FY27 is comparable to Q1 FY26 A&P cost? Ballpark is also fine.

Manish Gangwal: We always talk about percentage, sir.

Moderator: The next question is from the line of Vignesh Iyer from Sequent Investments.

Vignesh Iyer: Congratulations on great set of numbers. Sir, I was hearing you earlier when you said that we, don't make inventory gains because the system is different for us. But also I heard you saying that the percentage margin tends to go down, which I understand because the numerator increases.

So that's why percentage margin goes down. But despite all this, you are actively, if I have to compare you with the same quarter last year, you have more or less done the same percentage margin as well, whereas you have actually managed to do a better EBITDA for later as well.

So just from the understanding point of view, would it be fair to say when the situation normalizes from here on, the EBITDA percentage margin is only going to go up from here? I mean, I don't see in such a volatile environment if you have managed to keep it stable at 12.51% versus 12.54%, which was last year same quarter. So am I reading it right, if you could share your thought on this

Manish Gangwal: Yes. So it depends on how much price rollbacks happen, or further price needs to be taken up if the situation worsens in the Middle East from here and the availability goes further scarce. So, the calibration on percentage will accordingly change because we must reiterate that not the full impact of all price increases has been reflective in the quarter. We have taken price increases, which have been periodical.

Every month, there have been some pricing action in different segments. So the full price increase reflection will actually come in Q2 or Q3, probably when the situation starts normalizing. And from there on, how the market and competition behave and what pricing actions are taken will determine whether the percentages now start improving or not. So, I hope you will understand the current situation, which is very, very dynamic.

Vignesh Iyer: Understood. I mean, considering my question was more towards because our B2C is 55%. And usually, as you said earlier that the B2C, there is some component where you have the power that you may not roll back the hikes. So, considering that is a material percentage of our total revenue, so I was thinking it is more or less possible that the percentage margin only goes up from here.

Manish Gangwal: No, no. Just to give again a reflection to all the audiences here, the kind of price increase which has happened in the last 3 months, 4 months in B2C is in terms of almost touching to 3 digits. Now, in any consumer industry, those kind of price increases are not fully sustainable. Given an opportunity whenever it happens, some rollbacks will happen in B2C as well. It is not that the prices once taken up are not going to be reversed in B2C also, provided the cost situation improves. And I think when that will happen, the quantum will be determined based on the market situation and competition. And yes, Ravi, you want to add something on this

Ravi Chawla: Yes. So contextually, see, any price increase that happens, if there is a rollback, if the cost goes up x and you increase the prices x, when you roll back, you will roll back when all the prices go up or down, similar, you roll up. So similarly, when the prices come down, you'll have to have some rollback, but it could be possible that you retain something because you don't.

But as Manish correctly explained, this situation is quite unprecedented and we'll have to wait and see how the market situation measures. As a general, if the prices go up, there is some retention of margin, but there is a rollback. That is also to be understood. You can't retain the whole price increase. That doesn't happen in the industry.

Vignesh Iyer: Right. I was talking in the sense of only a partial or a very small part of that.

Ravi Chawla: You see the situation is very fluid now. With the base oil supplies and the costs, it is very fluid. It's very dynamic. Unless the Strait of Hormuz, because a lot of the refineries are taking feedstock from this part of the world, and they have to travel and go across that area to supply the refineries. And there's a lot of movement and a lot of things happening, which is refineries are starting or shutting. So, there's a whole complex thing. It's related to crude, but it's also on the base oil and the other movements.

Vignesh Iyer: Right. Just one final question from my side. I wanted to understand as of today on month-on-month basis, are you seeing a sort of plateau form for the base oil prices? Or are you still seeing that the price is increasing on month-on-month basis?

Manish Gangwal: So as I mentioned in one of the previous questions, there are 7-8 grades of base oil from light neutrals to heavy neutrals to synthetic or very advanced Group III base oils. In some categories, the prices are still moving up as we speak. In some categories, there has been some softening in the pricing in the last 1 month.

So depending on that, which group of base oils we are talking about also and the demand supply in that particular group. Suddenly, Group III base oils have become very, very scarce. The prices continue to rise. So depending on grade to grade, the situation is different.

Moderator: The next question is from the line of Ankit, an Individual Investor.

Ankit: Congratulations for a good set of numbers. Sir, I have 2 questions. I just wanted to understand what is the exports contribution for this quarter? And the second question is on the battery revenue for this quarter and how is the battery business growing?

Ravi Chawla: So battery, we have seen a good quarter in terms of sales. We are obviously expanding our outlets. So, we, I think, last year did about INR80 crores, right, close to INR80 crores.

Ravi Chawla: Yes. And this quarter has seen a much better performance compared to the quarter performance.

Manish Gangwal: INR20 crores total turnover in the quarter

Ravi Chawla: Yes. So, we have seen good growth in the quarter. But obviously, we want to take it up. Normally, we look at 10%, 15% growth. That's how we are planning.

Ankit: Okay. And sir, if on the exports, you can mention some percentage contribution I mean, I remember that it was around 7%, 8% in the past quarters. Has it increased Or is it around the same range?

Manish Gangwal: So overall, our exports in this quarter also has been in the range of around 9% to 10% only.

Moderator: The next question is from the line of Devang Patel from Sameeksha Capital.

Devang Patel: I heard you mentioned earlier, we are able to take lead in pricing in a few segments. So, just around that, if you can explain, were you referring to the 3 price increases for each of the months

Or are you generally talking about trend, let's say, over the past 2 years? And which are these segments and what percentage of revenue do they form?

Ravi Chawla: So Devang, it is in the B2C. There are certain pricing, which comes into the market and then the prices are made effective. So, what we can say is that there are many competitors that take prices up. We also put our prices out and effective prices is where we feel that there are some segments where sometimes you see certain players taking a step forward.

And we have seen that in some of the areas in the last maybe 6 months, 1 year, there are some leads, which some players are taking. Some leads we are also taking. So it's a mix of that. So, that is what I was just referring to.

There is no specificity that we have taken this segment and we are leading it. But if I take the last 1 year, there are some segments where we have gone and made a move in some products, not necessarily as a category, but in some products. It's also related to your brand positioning. We believe, as a brand, we are in the top 2 and top 3, if you take overall industry. So based on our position in our segment, we do take certain moves where we would, say, reduce a particular promotion or a scheme, try to improve the pricing. So, I think that's what I was referring to.

Devang Patel: Right. Secondly, you mentioned we do not play on inventory. Yet when I look at the numbers, our inventory has gone up by INR108 crores this quarter at the end of the quarter. So, was that transient Has that liquidity inventory already been liquidated

Manish Gangwal: So this is more FG, which is now produced at a higher rate. It has nothing to do with the weighted average.

Moderator: The next question is from the line of Dhaval from Choice International Limited.

Dhaval: Yes. So just to understand, last week, so Mahindra and of course, MGM, there are about, I understand, 12 OEMs to which there is an approval for Tirex as per your annual report. So is there further, can you provide some color on, are there more partners or there are more players in the market that you have started to cater given there is a higher penetration of EVs into the market in this current situation

Ravi Chawla: No. So, we have been supplying to most of the bus OEMs, whether it is, we have Olectra, we have other players like Switch and OHM, and we have also looked at that. Then there are OEMs like Mahindra, where we have supplied DC chargers and also part of their dealers also have been buying.

In the last quarter, we have also got some construction OEMs who have started buying us and a few more charge point operators. And we continue to work with all the OEMs. And I think for Tirex business, we are quite strong on the bus OEMs, as we have mentioned quite often.

We also supply AC chargers to MG and VinFast. So, these are 2 of the other brands. And we are looking at further expanding getting into other OEMs, looking at expanding our, we have also got Tirex chargers in some of the petrol stations. And we're looking at a lot of those other areas. But for us, it is mainly to go where the growth is and where the usage and reliability are important.

Dhaval: And just a follow-up on this, as far as the chargers are concerned, so is it that Tirex itself has a charging station and more to do with, let's say, it's a tie-up the discount Or is there a business opportunity there wherein Tirex itself will have its own charger and you plan to set up across India? Any sort of this thing that is there or it's only that DC chargers and AC chargers would be supplied. That's it? There's not going to be any charging station of Tirex itself. Is there an opportunity for Tirex on that front?

Manish Gangwal: So, I think, Dhaval, what you're talking about is the CPO business.

Manish Gangwal: Tirex is so far not into a CPO business. We are manufacturing chargers for CPM, charge point manufacturers. And CPO as a business is a cash-juggling business, as we understand in the beginning. There's a long gestation period and a lot of cash burn before it becomes profitable because utilization levels in India are still very low, especially for the public chargers. And unless the utilization level significantly improves, which again depends on the number of vehicle park, which will be built over the years.

India is very early in this stage of journey of EV. And if in future, there is a business case to invest some money in creating a charging infra, the company will look at it. But as of now, we want to first make chargers and sell it and build our chargers in a very robust platform. And we are doing a lot of technically advanced features in the chargers.

So with our also global company Indra, AC chargers are also very advanced chargers. So, we want to go from that route of building the, solid technically one of the best products. And CPO opportunity, we evaluate at appropriate time, not in the near future.

Moderator: The next question is from the line of Kirtan from Baroda BNP Paribas Mutual Fund.

Kirtan: One more follow-up question. How much portion of the INR109 crores relates to the change in value for the finished goods inventory?

Manish Gangwal: Which one you are saying

Kirtan: We have INR109 crores of sort of change in inventory numbers reported into the P&L. How much of that is related to the finished good inventory and particularly due to the change in value of the finished good inventory?

Manish Gangwal: See, basically, this value is derived as the difference between the value of closing inventory as of 30 June and as of between the 31 March. So it's a combined value of the change in inventory because the value of the inventory has gone up tremendously we all know that during this period. That's why this INR109 crores figure is coming.

Whether it is coming from FG or RM is not relevant because overall, the impact of this inventory will be taken care of in the price increases, which have already been taken in the last quarter and will accordingly be reflected in the coming quarters revenue.

Moderator: Ladies and gentlemen, that was the last question. I would now like to hand the conference over to the management for closing comments.

Ravi Chawla: Yes. Thank you, everybody, for patient hearing. I hope we've been able to answer all your questions to the best of our ability. Looking at what has been the quarter, which is a record-breaking quarter. Obviously, we've tried to explain how it has worked for us, very happy with it. And of course, as we look at the future, we want to look at a sustained growth momentum, both in terms of volume and value, which has been our sort of mantra. So, our focus will be to remain on the industry-leading performance across segments. And obviously, 2 to 3x market growth is what we look at, double-digit value growth.

In terms of our execution and supply resilience, I think what we saw in quarter 1, we obviously want to carry it forward and gauge the situation going forward. We have definitely seen pricing pressure, as we also have tried to explain in a competitive environment.

And while this quarter will be a seasonally impacted quarter, we'll continue to focus on the demand fulfillment, sales execution, healthy customer engagement and, of course, manage our margins with our product mix, our operational efficiency. And really for us, that is the endeavor to continue doing that.

Gulf is a strong brand and the distribution is also growing. So as a brand-led distribution B2C business, we are really doing, focusing on that in terms of increasing our reach, both in terms of outlets, in terms of garages right across and of course, building customer trust. Brand investments are on, as we also explained that we have continued that even in quarter 1. And really, that's where we want to bring the category brands alive. So overall, I think that's been the outlook.

Of course, we hope that the situation with the Strait of Hormuz improves. But currently, as we look at it, we do see that it is continuing to the extent that we are not seeing significant changes in what we saw in recent months. So overall, I think that's the outlook, and we'll continue focusing on e-mobility, looking at opportunities, adjacencies and new ventures where we can invest. And definitely, profitable growth is also the mantra to bring in products that will help us.

So overall, we are hopeful that with this very good start to the year, we obviously look at a year which will be continued success overall. Thank you so much.

Moderator: Thank you. On behalf of ICICI Securities and Gulf Oil, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.