



Gulf Oil Lubricants India Limited

November 12, 2025

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 for the second quarter and half year ended September 30, 2025

Ref.: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is in continuation to our letter dated October 28, 2025 intimating the schedule of Earnings Conference Call which was held on Thursday, November 6, 2025 with Analysts/Institutional Investors on the Unaudited Financial Results (Standalone and Consolidated) of the Company for the second quarter and half year ended September 30, 2025. 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

Company Secretary and Compliance Officer

Encl.: as above





**“Gulf Oil Lubricants India Limited
Q2 & H1 FY26 Earnings Conference Call”**

November 06, 2025



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

MODERATOR: MR. PROBAL SEN – ICICI SECURITIES



Moderator:

Ladies and gentlemen, good day, and welcome to the Gulf Oil Lubricants India Limited Q2 & H1 FY '26 Earnings Conference Call. As a reminder, all participants 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 the 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, everyone, for making the time to attend this post second quarter FY '26 earnings call of Gulf Oil Lubricants India Limited. We have with us members of the senior management represented by Mr. Ravi Chawla, Managing Director and CEO of the Company; as well as Mr. Manish Gangwal, the Chief Financial Officer of the Company.

The format will be like calls earlier as well. We will invite the management to make their opening briefing on the results and then get into an interactive Q&A session. So over to you, sir, for the opening briefing.

Ravi Chawla:

Thank you, Mr. Sen. Good day, and welcome all of you to Q2 & H1 FY26 Earnings Concall of Gulf Oil Lubricants India Limited. I am happy to share that as we had performed well in Q1, which is a very good quarter, as well as in the second quarter, which is usually a monsoon quarter and has a little bit uneven monsoons having an impact and demand is lower.

We have continued our growth trajectory of growing our volumes by 2 to 3x times the market and have a better sale of Lubricants of 40,500 KL, which gives us a 9.5% growth. This obviously, with the first quarter being also a double-digit growth, we are ending H1 at a double-digit growth in volume, which is a good sign.

I think all the initiatives that we have taken, and we are seeing the normal 3% growth in the market. It's been a resilient performance. Of course, monsoons in April and May, a little bit uneven, but September, we saw good demand picking up, and we've continued to do that. B2C segment for us, which is a very important segment, showed a strong momentum, healthy double-digit growth in Personal Mobility.

Rural markets, of course, we saw a very good response in the agri sector, which really had a lot of encouraging traction during this quarter. We expect this momentum to continue in the agri sector when the season is there. Similarly, our focus in the B2B segments, we have seen a broad-based growth in industrial, infrastructure, mining.

Also, happy to share that, our OEM where Gulf has a very strong position through franchisee workshops with more than 20 automotive OEMs and more than 45 OEMs in various other segments has recorded the highest ever quarterly volume in spite of the quarter, which is a monsoon quarter. We also had some new acquisitions there. The quarterly volume for the OEM segment besides the OEM factory fill has seen a very good confident growth. Of course, other segments which have been really good for us also helped and the agri segment too had double-digit growth. AdBlue volume in this quarter grew well at 36,000 KL, which is around 24% growth. We have seen that if you take this in H1 terms, we have seen AdBlue at about a 10%



growth and lubes too at 10% growth. Revenue, again, for us has been a very good. Manish will cover it later, but overall an excellent growth this quarter with mix improving in terms of revenue. We've had 12.6% revenue growth compared to last year for H1. Our EBITDA also grew this quarter by 10.56% and this helped in double-digit growth for the H1. Overall, I think a very good quarter.

As we are progress with our Unlock 2.0, which is to accelerate across segments, premium products, transform. We've also seen that really helping us to execute and energize. We had a couple of important programs like we had the mechanic program, which is called M-Power. From July onwards, we have built our brand advocacy, our conversions by launching this program across India. These M-Power Rangers are now initiating strong one-on-one relationships, driving demand amongst mechanics.

We've also done work on our Gulf Dura Max, which is a CVO brand to continue to engage fleet owners through regional events. We are also happy to announce that we have launched new variants of our Gulf Syntac, a range of fully synthetic, high-performance engine oils for high-end motorcycles, again, focusing on our innovation and premiumization. This is, of course, powered with Ester technology and latest API SP specifications, which will help us to further premiumize our portfolio here.

I am very happy to share that our EV charger subsidiary, Tirex, closed in H1 at Rs. 42 Cr against Rs. 24 Cr last year, which is 75% growth. The second half will be even better for this segment as more of the deployment of chargers happen.

We are now in DC chargers where we have had nearly every third bus is now with our Tirex charger and the share has been even higher in the quarter gone by. We have also introduced AC chargers for MG Motors and VinFast. So, these are the new ranges coming up with Tirex's portfolio, building confidence with customers through our product technology, service and quality.

These are the main highlights I would like to share. But one of the major things we wanted to also share with you, it's not a financial reward, but Deloitte has a reward for the India's best managed companies, which they do in India for the last 4 years and have done it in 150 countries over many years.

This was a 2-month process for us for them to look at our strategy, our governance, our culture, our sustenance in terms of our business models all aspects of business, ESG, how the team works which was analyzed with more than 200 companies. Finally, they selected 6 companies. And Gulf is very proud to be part of this, where we won the India's Best Managed Company 2025 by Deloitte India. So, this was, I think, a good end to the quarter. That's it from my side. I'll ask Manish to fill you in on other details. Manish.

Manish Gangwal:

Thanks, Ravi. As Ravi mentioned, operationally, a very strong quarter with a robust volume growth, 2 to 3x and double-digit revenue growth. The slight impact which we are seeing in the profitability is also because the rupee depreciated sharply during the quarter. As we all know, a 3.5% movement in rupee during one quarter is not a very usual thing. It's a very unusual



movement that resulted in the landed cost of our imported products going up from Rs. 85.76 towards June and the rupee closed at 88.79 and nearly 88.8 at the end of September. That had impact on our gross margins, but we are happy to share that we have still been able to manage our gross margins almost in the same range and took selective pricing calls. Overall segment mix, product mix helped us to deliver a gross margin, which was similar to earlier quarters. What we are also seeing is that, on our open positions of forex, we had a mark-to-market loss because the rupee depreciated sharply towards the end of September as well.

We had a Rs.6 Cr mark-to-market forex loss in our finance cost sitting in this quarter, and that resulted in a PAT of slightly lower growth at 3%-3.5%. But overall, we see that operationally, very strong quarter, and we believe that rupee, if it stabilizes at the current levels and if crude remains at the levels of \$ 65-70, which it has been hovering for the last many months, then the trajectory going forward should be better.

We are also happy to share that the Board has approved additional 14% stake to be increased in Tirex, our DC charger subsidiary, which Ravi spoke about, which shows that our overall strategy, our Board's direction of having Tirex as a growth potential and strategic value going forward is very clear and we will invest Rs. 38 Cr when the transaction concludes. Our holding will go up from 51% to 65% in Tirex Transmission. Overall, a very strong quarter on operational side with a little headwind of rupee. We would like now to take some questions from investors, please. Thank you.

Moderator: Thank you very much. The first question is from the line of Varun from Equitree Capital. Please go ahead.

Varun: A couple of questions from my side. Firstly, what would be the overall EBITDA margin target for the full year? This year due to forex and all, our EBITDA margin for first half has been around 12.3%. So, do you still guide that it can inch up to 13% by the end of the year? Secondly, on the cash flows, the cash flow generation from operation has been poor this half. What has majorly led to the same as compared to Rs. 131 Cr, we have only done Rs. 24 Cr of cash from operations. I see the trade payable days also going down. Has that impacted? Or if you can give a brief explanation on the same?

Manish Gangwal: Yes. Margin-wise, we always keep guiding that our EBITDA margin will be in a band of 12% to 14%. In good quarters, obviously, we are towards the higher trajectory of this band. In slightly subdued quarters where we have some headwinds, we tend to be towards the lower end. But the band remains still intact. As I mentioned in opening remarks, that if rupee stabilizes at the current levels, and we are seeing some downward trend in base oil already happening as we speak, so going forward, margin should improve only from here on. But at this stage, it also depends on crude movement and the forex volatility.

We keep guiding that our margin band of 12% to 14% is still intact. It will depend on these external factors, how they pan out. Our premiumization efforts are continuing, which Ravi also spoke about that we have launched Syntrac in motorcycle and high-end motor oil.



That also are a long-term to medium-term strategy of improving the margins. Coming to the cash flow generation, I think the second point. This is a seasonally impacted quarter in terms of collections because vehicular movement is low, construction activities are slower. Obviously, the collection cycle is slightly elongated in this quarter -- in the second quarter usually.

We are confident that our cash flow generation as we have been doing in the earlier years on a full year basis, that should continue. Slight increase in working capital because on the receivable side mainly, but all actions are in place that we'll continue to generate good cash on a full year basis.

Varun: On the operating level, were there any additional expenses because I see the other expense going up a bit year-on-year. Was there any additional Ad spend or your Ad spend remain in line with the 4% target which you have given?

Manish Gangwal: Ad spends are in the range of 3% to 4%. That's always our thing. But it depends on the segment mix. If the OEM sales are slightly higher, which in this quarter was very robust and we have done highest ever OEM sales. So, the OEM royalties go up in those quarters. That's reflected in other expenses also.

Varun: Okay. What would be the volume growth for the first half?

Manish Gangwal: I think we have already declared that the quarter volumes are 40,500 KL for lubricants, core lubes and AdBlue 36,000 KL.

Ravi Chawla: That is for the quarter. For the H1, it is 10.1% in lubes growth and 10.4% in AdBlue.

Moderator: The next question is from the line of Achal Shah from AMBIT Capital.

Achal Shah: Sir, pardon me for asking this very basic question. On the consumer side, when we go to a mechanic for servicing our vehicle, and we have many choices and the mechanic pushes for a specific brand or a product versus competitor brand. How are we like pushing the product in that sense, is it the sole choice of mechanic? Or is it something else? Like what is the strategy that side?

Ravi Chawla: No. Lubricants is very mid involvement to low involvement, sometimes high involvement product. So based on the category, if you take, say, motorcycle and car, there is obviously the consumer will have some say. In some cases, consumers also decide, but the mechanic plays a role as an influencer. Sometimes he's like a quasi consumer. It just depends on the various consumers. What we obviously have to make sure is that the consumer is seeing us in the awareness set. He understands our product, whatever communication, our quality. We have various other attributes like long drain and other things. We keep advertising, we keep promoting those.

Our quality of our product is obviously seen and experienced. OEMs play a role. And then finally, of course, the way the consumer -- if he goes with the recommendation of the mechanic, he will then further decide on a set of brands, which he has seen as brands. And also, brands --



consumers also try to keep the same brand and usage if they're happy with it. There's a lot of decision-making that happens.

Each one has a role to play. You could say that mechanics and consumers, together, they would influence the conversion and usage of the brand. We have to obviously look at these segment-wise, and we have programs addressed to all these aspects, including the trade, the trade when they stock and they push a particular product. It's a 3-way process and mechanic is an influencer. OEMs also because they use our products, in a way, they start influencing the purchase once they are used in the showrooms, the franchisee workshops.

Achal Shah:

Got it, sir. Would it be fair to say that when mechanics are incentivized, like one brand is incentivizing the mechanic more on a specific like 2-wheeler or 4-wheeler set. So, he'll dedicatedly push that product versus the other brands?

Ravi Chawla:

No. The mechanics are incentivized by a lot of the companies, including us in some way in part of the products, not all of the products. Even he's also like a consumer. He also has to make a choice. He would like to push certain brands, which have given him a good response because after all, he is also promoting his service as a quality service.

It's a combination. It's not like if they get the highest incentive, they'll go. Otherwise, it will be very easy for other people to just increase the mechanic incentives. These are complete marketing mix, which makes a play. Product, the brand, perception, the brand awareness, the consumer, his own way of looking at a particular attribute and of course, the mechanic playing a role and the trade.

Moderator:

The next question is from the line of Nitin Tiwari from PhillipCapital.

Nitin Tiwari:

I hope I'm audible. Sir, actually, my question was related to our sales in this quarter. Can you please provide us the breakup of sales and growth in respective segments? That would be the first part. Secondly, we had some GST reforms which rolled in particularly, like, it was also rolled in for like vehicles as such, I mean, where GST was reduced.

Do you expect, like in medium to long-term, this would lead to improved sales in vehicles and therefore, like improved sales in lubricants as well? Or are you seeing any early green shoots of OEM demand picking up for our lubricants from OEM manufacturers because of expected higher demand?

Ravi Chawla:

Yes. Nitin, I have covered this. Our overall volumes grew by 9.5% this quarter. I am very happy to share that most of our key segments like passenger car motor oils, motorcycle oils, if you take even OEM segment with franchisee workshop, agriculture and some of the B2B segments, which are part of our growth, all these segments have grown double digit. So, they are above double digits, so healthy growth.

In fact, AdBlue also grew 24% in this quarter. These are the segments we have done. The others are single-digit, which are not mentioned. That's the way the growth has happened. As you saw in the GST, it has been a very positive input. If you see the data that is available with us, and we know, while we saw that September and October, there are a lot of good sales in cars, we are



seeing that happen, right? The decrease in the GST rate really is good for the automotive sector. Of course, lubricants has been same. But if you look at the decrease in for commercial vehicles, it has come down from 28% to 18%.

Similarly, all the others, which are petrol hybrid, 3-wheeler vehicles, motorcycles below 350cc, all have got a 10% reduction from 28% to 18%, plus tractors are down from 12% to 5%. All these are obviously going to help in terms of stimulating some demand, and that is visibly happening in the market.

Nitin Tiwari:

Great. Sir, that's really helpful. If I may push in one more question, please. So, I also wanted to have your thoughts on the possibility of data center-related demand in the country. If you can give us some sense around what could be a possible size of demand that we can see from that segment?

Ravi Chawla:

Yes. We had earlier put an estimate that out of the total -- if all the new data centers turn into liquid cooling, which is for the air cooling, you will find it's an extremely difficult sort of thing that will happen because it requires a complete change in terms of the technology for cooling.

If you look at the global market, obviously, it is showing that it can be a really big market. We're talking about, I think, 10 billion data center cooling market if everything gets converted. But in India, if everything were to get converted, which is very, very small now, this is going to be less than 1% of the total volume, if you take entire automotive industrial, if you take out process oils and transformer oil.

It's a very small market in India. But what we have done over the last 6 months is that we have developed 2 products. Now these products have been made in India now with the help of our global technical team. One is a PO-based, one is mineral based. And of course, we are going to test these products for what we call critical material compatibility parameters to be used in data centers.

We are ready with the product. We are going to do some testing. And then we will look to collaborate with liquid cooling service providers and data center companies. Yes, this product is by a global range, so it can also be made available across the world and this will be a niche segment.

I think if the conversion happens in a very fast pace, which can only happen when all the data centers really go in for high-speed computing, high-speed which requires this data cooling, then that's going to be when the conversion will happen. We are getting ready for it, but we are also very clear that it's going to be a niche market in India.

Nitin Tiwari:

This product basically would be a coolant, which would be different from lubricants as such, right? Can we have a sense around what percentage of coolant market can this product be? I mean, as you mentioned, probably less than percent for the overall lubricant and oils market.

Ravi Chawla:

Yes, if every data center converts to this, it will be less than 1% of the volume of the total industry today of automotive and industrial lubricant in India, -- it's going to be a journey to see that happen.



- Nitin Tiwari:** Right, sir. But any sense around like as a percentage of coolant market, what it could be? I mean, what percentage of?
- Ravi Chawla:** No, we have not done the analysis, but obviously, we'll have to size that, yes.
- Moderator:** The next question is from the line of Sabri from Emkay Global Financial Service.
- Sabri:** Congratulations on a good set of operating numbers. I've got 3 questions. Firstly, you mentioned, I think, a couple of quarters back that OEM was the segment where there was a slowdown due to which your volumes were also like getting affected. Since the last 2 quarters, you've been growing at like close to 10% sort of run rate. Are we like done with the OEM slowdown or it is still the same?
- Ravi Chawla:** No. OEM factory fill was down, which we had mentioned.
- Sabri:** Yes, factory fill. I meant, factory fill. Yes.
- Ravi Chawla:** To factory fill, which is the first fill happening, we do for commercial vehicles and some other OEMs. That was a bit slow last year, you're right. Now even that is okay, it's picking up because we mentioned on also GST cuts, commercial vehicle and all that. What we spoke about this quarter was the OEM franchisee business, which actually was doing well, but I think now we are seeing double-digit growth there, which is also by the agri OEMs, we do business with agri OEMs, we do with car, we do with commercial vehicle, with 2-wheeler.
- We are seeing good growth in franchisee workshop for our set of OEMs, which we are doing. I think that is going very well and that was also growing last year by the way, FWS, what we call. But factory fill was under strain some quarters ago, but now they are at least growing some single-digit.
- Sabri:** Right. Second question is on your base oil pricing. I think the broader consensus is that it is not falling to the extent it should, how crude prices have fallen. So anything specific, it's because of Russian oil still continuing to affect base oil markets? Or do you think that we are seeing some sort of like a correction in prices?
- Also if crude stays like this, generally 3- 4 months is the lag, which should basically play in terms of base oil pricing. We are like almost there now. So do you see a sharp reduction in base oil prices in the next 3- 4 months and gross profit margin seeing some uptick from that?
- Manish Gangwal:** You're right. In the past, as we have been always talking about that if you plot a long-term chart of crude and base oil, there is a lot of symmetry. But in the short-term, the demand supply of each grade of base oil also plays a role. You are right that so far, we have not been seeing any major impact on base oil of this crude, which was below sub-70\$ for now nearly 2-3 months. But eventually, it has to happen, and that as we speak in the month of October, we have seen some reduction.
- It's not a very sharp reduction we are expecting because there are still global demands supply challenges in base oil. Many of the global major refiners, if they go on shutdown, suddenly,



there is a supply constraint, which happens. But as a trajectory, yes, there is some softness in base oil as we speak.

Sabri: The Indian PSU refiners are also like adding base oil capacity. I think that will come probably in the next 1-2 years. Are you like talking to them in terms of like going for some sort of like term contract or anything of that sort? Because I think, compared to the imports, it could be cheaper, right?

Manish Gangwal: We are already buying from the local companies, whenever there is an availability with them for base oil. We buy 20%-30% of our base oil locally anyway. And if the availability is more from their side, definitely, we'll be happy to look at all the options and pricing-wise, obviously, they look at both international pricing and the forex and rupee dollar rate and all, and they decide their local pricing.

But definitely, if the supplies are available more, our inventory situation can be better because then the lead time will come down. So some of the improvement in inventory is definitely possible, but availability will let it happen first.

Sabri: Okay. On your forex losses in this finance cost, so you are not hedging, right?

Manish Gangwal: At any point in time, we keep minimum 50% hedged as a Board policy. At any given point in time, cover minimum 50% and next 2 months as forwards, completely. Since there was a sharp sudden rupee depreciation in one quarter, 3.5%, the impact was seen. Most of these losses, which we have accounted are mark-to-market.

These are not crystallized losses as of now. If rupee improves from here on, we may see some reversal happening there as well. But as we speak, rupee is in the same range of 88.6- 88.7.

Sabri: Okay. We'll not have that loss, but adjusted for that, how much would be the finance charge, around Rs. 5 Cr or something of that sort?

Manish Gangwal: For the quarter, the impact was Rs. 6.2 Cr in the finance cost on account of mark-to-market forex loss.

Sabri: Okay. Rs. 6.2 Cr. Yes. So that means Rs. 7 Cr would be the normalized finance charge for the quarter?

Manish Gangwal: Yes, normal finance charges, including LC charges and all those.

Sabri: Okay. Just one last question, if I may. This is related to Tirex. I think your acquisition is probably at a 30%-40% sort of premium to what you have paid when you first acquired the 51%. How do you see Tirex in the last 1- 1.5 years?

Has there been any change in the outlook of Tirex for the next 2-3 years? Can you give us some broad revenue guidance currently versus maybe 3- 4 years down the line? And also, if anything on profitability and size of the market etc.?



Manish Gangwal:

Yes. Tirex is a strategic investment for us, as you all know. And EV charging is an area where we have clear focus on, and we want to play a strategic role in EV charging space going forward as well. Tirex has also, as Ravi was highlighting, has started manufacturing both AC and DC chargers. DC chargers, they were always there, but now they have also developed capabilities of producing quality AC chargers.

Valuation-wise, we don't want to comment. But obviously, in the last 2-2.5 years of our acquisition, there has been a good progress in Tirex overall. When we acquired the last reported turnover was Rs. 12 Cr for the year. Last year, they have delivered Rs. 80 Cr of top line. And this year for H1, they have already done Rs. 42 Cr.

There is a good trajectory, we see as we have been talking about it, that we see this business as a Rs. 300- 400 Cr top line at least in 3-4 years' time. That is the trajectory we are looking at.

Moderator:

The next question is from the line of Saurabh Sharma, an individual investor.

Saurabh Sharma:

My first question is about the competitive landscape, sir. Our biggest private sector competitor, they came out with the results as well. And from the sense that, I got was they're looking to grow again, in terms of volume, in terms of market share?

What I also saw was technology-wise, they came up with the latest API SQ upgrade for their lubricants, their flagship lubricants. So, API SQ is already on the market, I think, with them. So, update on the competitive landscape with respect to the No. 1 and technology-wise, is it something API SQ, is it something that we can differentiate with?

Ravi Chawla:

Most of the specifications are available. Obviously, we all have availability to that through the additive company. We have also launched our motorcycle oil at API SP. That is also available for us to launch. We have a global portfolio.

Yes, I think that way, we have been doing it for the last 15-20 years to increase our market share, and we differentiate on many parameters, brand, product, our go-to-market strategies, our other things. I think it is a competitive market. Definitely, this is what we are also focused on and we have been growing, as you know, for the last 17-18 years at 2-3x the market growth rate. We're happy to see growth happening in the industry, and that's good for all the industry.

Saurabh Sharma:

I understand that, but what I was asking was about the passenger cars, API SQ,

Ravi Chawla:

Yes. Those all are available through us also. At the timely point, we will also be looking at those products.

Saurabh Sharma:

All right. Okay. The second question, sir, is about the balance sheet and in the cash flow, there is a loan given out, and that is a periodical item that appears in the balance sheet. There's a loan given and a loan repaid. For this half year, I think it is around Rs. 1,000 crores. I wanted some clarity about this. What are these loans?

Manish Gangwal:

These are treasury loans given and to non-related parties. We received it back at the half year end.



- Saurabh Sharma:** All right. That's an investment, right?
- Manish Gangwal:** Yes. These are deployment of surplus funds. As you know, we carry Rs 1,100 Cr of cash on the balance sheet. These are temporary deployments.
- Saurabh Sharma:** All right. The forex loss that we were talking about, which is included in the finance cost, I'm assuming this is coming from foreign currency-denominated loans, right?
- Manish Gangwal:** Yes. The buyer credit for our imported working capital loans on imported products. Close to 70% of our products are imported. And we take buyer credit, supplier credit on that, and this is the exposure which we have there, where 50% is hedged and usually 50% is kept open.
- Saurabh Sharma:** Right. What would be the thinking behind having cash on the books in rupees and having loans in dollar-denominated? If you could sort of enlighten a little bit on that?
- Manish Gangwal:** No, this is a treasury management, which we have been doing for many years. This has also resulted in a good other income also. The forex losses are a part of this. But if you see our trajectory, we have been doing this treasury for the last many years.
- We have been keeping a surplus is always as a sort of strategy to have war chest where we are looking at EVs in as a global foray and more looking at opportunities in EV space, particularly of acquisitions. Also, in our industrial lubricants and in our core portfolio of lubricants, we keep evaluating companies for acquisition, M&A opportunities. We are keeping that war chest.**
- Moderator:** The next question is from the line of Dhaval Popat from Choice International Limited.
- Dhaval Popat:** My first question is I understand 50% is the norm, but will hedging higher percentage against the FX exposure help the company with the EBITDA margins? That's number A. Basically, going forward, do you plan to hedge more?
- The second question is regarding some news over Bloomberg, wherein Hinduja Group particularly is interacting with Andhra Pradesh government in terms of renewable energy as well as electric mobility. Given Gulf has improved or increased its stake in Tires, is Gulf Oil going to benefit out of this or if you can shed some light on this? These are 2 questions I have.**
- Manish Gangwal:** First one, on the forex hedging, we have a well-defined Board-approved policy, and we take guidance of not only our bankers, we have 2 experts, forex experts, advisers in our panel who keep guiding us on the percentage of hedging. We have been hedging more than that. In fact, depending on the advice, we keep hedging anywhere between 50%-75%.
- At some point, we have done even 90%. That would depend on the advisers and the way these experts advise us how they feel the rupee will track.. We follow that guidance. On the second question, we are not clear exactly what you're trying to say. Can you repeat your question?**
- Dhaval Popat:** There was a development in the market wherein Hinduja Group particularly is interacting with Andhra Pradesh government in terms of renewable energy and electric mobility. This was news over Bloomberg based on market reports. Is Gulf Oil going to benefit out of electric mobility or if you can provide any color as of now?



- Ravi Chawla:** No. As you know, we have got Tirex, which is making DC chargers. We are actively involved in wherever the opportunities are available for charging. There are various segments like bus OEMs, other segments like the charge point operators. And of course, each of the governments is looking to electrify the charging network. So those initiatives are definitely being talked about to many governments, and that's regular sort of business development for us.
- Moderator:** The next question is from the line of Nikita Mehta, an individual investor. Due to no response from the current participant, we move on to the next. Next question is from the line of Parin Jhaveri from JNJ Holdings.
- Parin Jhaveri:** Sir, if you can just throw some light on the question asked by the earlier participant. In terms of we have cash and bank balance to the tune of over Rs 1,100 Cr, investment somewhere closer to Rs 100 Cr on one hand. On the other side, we have a borrowing in foreign exchange about Rs. 470 Cr?
- I didn't understand the point that you are giving this loan and this loan comes back as on 30th September and as on 31st March on that balance sheet date and that's in the current account. Can you just throw some light on this loan giving thing, the interest earning and what is the rate of interest that you get? And that is why our ROE will be suppressed also. That would be very helpful.
- Manish Gangwal:** I think we have already replied to this query earlier. We just want to repeat that there is a war chest which is being developed. That war chest is for looking at company's future. We at the same time, while looking at the cash flow generation of the company, the Board has increased the dividend payout significantly in the last 3 years from nearly 35% payout, the last year's payout was, I think, around 60%.
- While returning cash to shareholders, some cash is being kept at the war chest to keep looking at the opportunities. The buyer credit is more of a treasury management because we do a lot of imports on the buyer credit and that typically the interest rates are very low. We have that treasury opportunity. I hope that answers your question.
- Parin Jhaveri:** I think that these loans are given to whom and at what rate of interest, sir?
- Manish Gangwal:** These are on the market rate of interest to non-related parties, as I mentioned earlier also.
- Moderator:** The next question is from the line of Heena from Finvest.
- Heena:** I have a couple of questions. You mentioned 9% volume growth this quarter, right? What is your outlook for FY '26 in terms of volume as well as profitability both? Do you see this figure improving and entering early teens as we move into H2? Also, what's the kind of indication coming from the OEM partner in Q3?
- Ravi Chawla:** Yes. I think that is a sort of a regular practice which we have with OEMs. We'll come to that later. But as we've been advising the growth, of course, in quarter 2 has been 9.5% and H1 has been 10%, which is a very good growth because industry is growing at 3%. We maintain that whatever is the industry growth today, it would be at about 3% to 4%.



We will continue growing 2 to 3x. In some segments, obviously, we have low market share, we try to grow, and that's how the overall growth comes to 2 to 3x. And that is the continued outlook for us that the minimum slab would be to grow at 2x and 3x and upwards for certain segments. We continue with the outlook and the industry looks like the second half is going to be good. As you know, there is a strong push in terms of there has been the festive season, then there is the GST cut.

As we see agriculture output, rural, even OEMs are pushing a lot of their network in all areas, wherever we also have tie-ups. Good consumption is happening because OEM franchisee workshops also do a lot of maintenance in terms of extended warranty contracts, annual maintenance. I think what we have is a good second half expectation, and we'll continue to grow 2 to 3x the market.

Heena: Understood. Then in your opening remarks, you mentioned about like strong rural growth. I guess this largely comes from following good monsoons. How are we placed to sustain it? And any specific campaigns or initiatives?

Ravi Chawla: Yes. We have a number of initiatives, which are ongoing. We have a rural stockist model, which goes into the parts of the rural India, and we have various programs, including programs with the tractor segment like oil change camps. We have a continuous program in terms of various geographies where rural growth is happening. And that is part of the way we have actually gained market share across these segments.

We have tie-ups with the leading tractor OEMs. That also helps us to get our product out there when the consumption is happening. Usually, consumption happens before the season where people would take the tractors and go for servicing so that it can be used in the fleet. And rural markets are also now buying cars. They keep buying cars.

As you know, they're buying 2-wheelers and they themselves are consuming place where the rural incomes are going up. Clearly, you see India is not just the tier -- top tier or Tier 2, Tier 1, it's even the other hinterland. That is where the growth is happening. And people are buying personal vehicles, roads are getting better.

I think it's an all-round good area where Gulf is present and growing. I think we would just like to probably take a summary, if you don't mind. as we are running short of time.

Moderator: The current participant is not in the queue. Shall I move on to the next?

Ravi Chawla: We would request if we just could make the closing remarks, if possible.

Moderator: Sure, sir. I now hand the conference over to Mr. Probal Sen for his closing remarks.

Probal Sen: Yes. Thank you. Thank you, everyone, for your time. Thank you to the management for taking the time to answer all the questions in detail. We have some prior engagements, so we are having to close the call right now. Thank you, everyone. You may disconnect. Thanks.

Ravi Chawla: No, we'd like to just summarize the outlook so that we can end with that.



Probal Sen:

My apologies, sir. Over to you.

Ravi Chawla:

Yes. I think with the last question, we ourselves spoke to you about the outlook. We're really seen good growth coming in H2. Monsoon quarter was slightly subdued as it normally is. The Indian automotive industry in the second half is certainly looking at things with renewed share, supported by the strong festive season, the marriage season coming up, stable in macroeconomic conditions.

Of course, the GST reform that has come in is really going to help to improve overall affordability, and consumer sentiment and therefore, demand for us. The agriculture output, which is coming due to the monsoons and the rural sentiment is also very stable and is likely to support the rural consumption. And definitely, we see all this which will help us to the demand to be generated. Gulf is always well poised in the focus segments and our programs have been delivering. We are looking at that.

The outlook remains encouraging for that. Our EV business also as we look at the second half is always a stronger part of the business where a lot of the chargers get installed. And of course, we action that part of it. Growing business, again, we're seeing penetration of EV vehicles in 4 or 5 segments really picking up. And charging is a big requirement to make that a success.

We are happy to be well placed there. Tires also going in ElectreeFi. And that's where the second half is going to be promising, and we continue to hope to deliver our 12% to 14% band of margin and grow 2x to 3x the industry. Thank you so much, and we hope we are able to answer all your questions. Look forward to catching up soon. Thank you.

Moderator:

Thank you. On behalf of Gulf Oil Lubricants, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. *(This document has been edited for readability purposes.)*