



Gulf Oil Lubricants India Limited

May 24, 2023

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Scrip symbol: GULFOILLUB

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Dear Sir/ Madam,

Sub.: Transcript for Earnings Conference Call for fourth quarter and financial year ended March 31, 2023 (Q4 & FY'23)

Ref.: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

We enclose herewith the transcript of the Q4 & FY '23 Earnings Conference Call' conducted on May 19, 2023.

This information will also be hosted on the Company's website, at the web link:
<https://www.gulfoilindia.com/investors/financials/transcription-of-conference-call/>.

For Gulf Oil Lubricants India Limited

Shweta Gupta
Company Secretary & Compliance Officer

Encl.: as above

Gulf Oil Lubricants India Limited

Registered & Corporate Office:

IN Center, 49/50,
12th Road, M.I.D.C.,
Andheri (E)

Mumbai - 400 093, India

CIN: L23203MH2008PLC267060

Tel: +91 22 6648 7777

Fax: +91 22 2824 8232

Email: info@gulfoil.co.in

www.gulfoilindia.com



HINDUJA GROUP



**“Gulf Oil Lubricants India Limited Q4 & FY23
Earnings Conference Call”**

May 19, 2023



**MANAGEMENT: MR. RAVI CHAWLA – MD & CEO, GULF OIL
LUBRICANTS INDIA LIMITED
MR. MANISH GANGWAL – CFO, GULF OIL
LUBRICANTS INDIA LIMITED**

**MODERATOR: MR. NITIN TIWARI – YES SECURITIES (INDIA)
LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to the Gulf Oil Lubricants India Limited Q4 & FY23 Earnings Conference Call hosted by YES Securities India Limited.

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 the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nitin Tiwari from YES Securities (India) Limited. Thank you and over to you.

Nitin Tiwari: Thanks Ryan. Good day ladies and gentlemen. On behalf of YES Securities, I welcome everyone to Gulf Oil Lubricants India Limited's Q4 & FY23 Earnings Call.

We have the pleasure of having with us today, the MD & CEO of Gulf Oil Lubricants – Mr. Ravi Chawla and CFO – Mr. Manish Gangwal.

I will now hand over the call to Mr. Chawla for his opening remarks which shall be followed by a question-and-answer session. Over to you sir.

Ravi Chawla: Thank you Nitin. Good day to everybody and welcome to the Q4 call for Gulf Oil Lubricants. Happy to share with all of you that in Quarter 4 we have continued to gain our market share strongly across segments. That was a big positive in terms of our volume sales, our growth in each of the segments. We are happy to share that our volumes compared to last year quarter was 9% growth in terms of overall volumes for core lubricants which shows that we've been gaining market share. Another good thing that has happened is, we are seeing that the personal mobility segment has taken off very well in terms of the Quarter 4 for us across the motorcycle and PCMO. Motorcycle was a bit of a worry as you may recall in the previous quarters but we have bounced back. There has been a lot of work happening in terms of the business and the brand. We have seen our distribution touch points again going crossing 15% growth to cross 80,000 outlets. There has been excellent addition of our bike stops and car stops which have gone to 9,000.

Coming back to the business:

We are seeing that all the segments in Quarter 4 continued to gain market share. Certainly, we have also done a lot on the brand in Quarter 4 we have invested in fact, significant enhanced funds into our brand promotions both above the line, below the line. With the coming IPL season and our brand assets, our brand ambassadors Mahendra Singh Dhoni, Hardik Pandya, Smriti Mandhana and Chennai Super Kings, we have invested more in Quarter 4 to plan for the promotions in which we have used our concept called Gulf Fan Academy and very happy to



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share that this promotion through gamification we have taken it to consumers, retailers, mechanics and launched a massive consumer promotion which has actually garnered over 3 billion impressions across MyJio and JioCinema where we ran our adverts. This is a good input that has gone besides the below the line.

We have also seen stable cost of raw materials in this quarter. If you look at quarter-on-quarter though our margins are reported the similar level having invested nearly more than 1% more in the advertising, there has been some increase in the margin overall and with the mix also in terms of the last quarter of the year and we are happy to share that we are now gaining market share much ahead because of our performance ahead of industry.

Coming to the annual performance:

Our volume growth is 15% and the industry has grown 3% to 4% so again, we have grown more than 3X to industry and gained market share. As I mentioned in the opening lines, we are definitely promoting products which are going to add value, like we have launched a tractor oil which is 1000 hours drain interval. We have added to our EV fluids where we have got two more OEMs who are doing EV products, Omega Seiki to name one and another mobility company. We now have seven companies with whom we are tied up for EV fluids. We are also working on other areas as we mentioned in the mobility area.

All in all, a very good quarter, very satisfying to see that we have been able to do all this. It shows that we have been doing the team here and all with everybody's support a strong performance and we have had an industry leading 20% growth in EBITDA. Manish will cover some of the other financials which are also good news to report and we continue to grow across, continue to invest in our brand and certainly we would like to share more details.

I'll now hand over to Manish to take us through some of the other details. Thank you so much.

Manish Gangwal:

Thanks Ravi. Good afternoon, everyone. As Ravi mentioned the quarter has been a very robust quarter once again. Overall, on the financial side you have seen now that the finance cost has improved over December quarter or even earlier quarters because this quarter the rupee was stable and we had no FOREX losses which has been helped in the PBT and PAT level. Rupee and base oil has been stable. You'll see that there is an improvement in the gross margin level from December quarter sequentially. Some of the other key inputs like additives etc. still continue to remain very high in terms of cost so that continues to weigh on some of the cost side.

Overall, on the full year basis as Ravi mentioned we have touched Rs. 3,000 crore of top line nearly and Rs. 343 crore of EBITDA which is 20% growth, Rs. 232 crore of profit after tax which is 10% growth. At EPS level you will see the improvement by 13% because we had done a buyback last year during the financial year, so nearly 3% equity was bought back. On the cash



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flow side, you will notice from the cash flow statement that we have generated Rs. 273 crore for the year from cash from operations and that's a healthy sign and clearly shows the robustness of the business where working capital was in control.

We have been able to improve on our working capital days and based on the healthy cash flow generated and the cash we carry nearly Rs. 650 crore on the balance sheet, the board has been very happy to recommend a Rs. 25 dividend per share which is 1250% on the face value of Rs. 2 subject to approval of shareholders in the AGM. And if you translate that to the payout it nearly translates to roughly 53% payout from the profits of the year.

With that we will hand over the stage to Q&A and over to you Nitin. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. Our first question comes from Keshav Garg with Counter Cyclical PMS.

Keshav Garg: I wanted to understand that in the previous call you mentioned that we had plans to venture into the battery segment and that is a big apprehension for the shareholders that initially there might be big losses. So, any clarity on that how much does the company intend to invest in the battery foray and what losses are expected from the same?

Ravi Chawla: So, Mr. Keshav, we are already into the lead acid (VRLA) batteries since a number of years in the two-wheeler segment. I think we were referring to that. We are not entering into any other battery segment related to EV. This is a segment that we have been catering to for last 7-8 years because we have a brand called Gulf Pride, our motorcycle oil. We extended that to make two-wheeler batteries which we are now in the top four position. This is about Rs. 87 crore revenue this year. We have been successful by distributing this product across 12,000 outlets. We have a dealer network. This is basically a VRLA two-wheeler battery for the current motorcycles. This is a current business which we are referring.

Keshav Garg: That's reassuring to know. Is this segment already profitable?

Ravi Chawla: Yes.

Manish Gangwal: We have been EBITDA neutral as of now as the volumes picked up and we are putting some efforts on how to localize the production of these batteries because currently it was an import model. With that also we believe that the profitability will further improve.

Keshav Garg: Basically, we are trading in battery. We are not manufacturing, neither do we have any plans to manufacture the same.

Ravi Chawla: We are localizing. We are doing a toll manufacturing. We are getting a very good quality battery from overseas, from Asian countries. We did make profits earlier. But now we are breaking



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even. There has been an increase in the cost of as you know imports, now the localization efforts are on. We will localize it and then this business should be able to give us about 10% margin.

Manish Gangwal: We have been investing in this business because we have created a pan India distribution we have more than 200 distributors and 12,000 retailers across India who are currently selling batteries two-wheeler batteries for Gulf brand,

Ravi Chawla: And these outfits could serve in the future to look at how we can also further look at opportunities that are developing in the battery area.

Keshav Garg: We had around Rs. 1,800 crore as our enterprise value if we take out the cash from the balance sheet net cash and on top of that we are making EBITDA of around Rs. 350 crore and operating cash flow of around Rs. 270 crore. The point I'm trying to make is that the share is so undervalued. Why aren't we doing a share buyback which is more tax efficient also?

Manish Gangwal: You see we have done a share buyback last year already to the tune of Rs. 85 crore. This year we have declared a very hefty dividend. I would say Rs. 25 and 53% payout already. We are also looking at the evolving EV space and how Gulf can participate in this EV space. We are looking at a lot of investments going into that to be future ready as well. It's a mix of investment in our current business by doing some CAPEX in the current plant to the extent of Rs. 20-25 crore, Rs. 30 crore annually considering our growth in the current business. At the same time, we are looking at the EV space and we have increased the payouts also during the last 2 years.

Moderator: Our next question comes from Sabri Hazarika with Emkay Global.

Sabri Hazarika: Just one question. We are moving into this 50% payout zone in terms of dividend?

Manish Gangwal: We have not declared the policy. Earlier we used to have around 35%-40% payout. Last year with the buyback we have gone with the payout of roughly 62%. This year it is already more than 50%, around 53%. The trajectory is towards returning cash to shareholders wherever there is an opportunity considering our growth plans and the investment in the sectors which we just discussed.

Sabri Hazarika: So irrespective of the CAPEX plans you'd be comfortable enough to maintain a good dividend payout. That's right.

Manish Gangwal: Yes, because it is a high cash generating business as we have seen over the years and the current business is also very robust and growing. We do not see any reason why the company should not be in a position to maintain or increase the payout.

Sabri Hazarika: So just one bookkeeping question. For the full year FY23 what would be the rough-cut realization of AdBlue and rough-cut EBITDA per liter of AdBlue if you could give that?



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Manish Gangwal: No, we do not share the separate details. Of course, we have been sharing the volume but it will be difficult to share the breakup.

Moderator: Our next question comes from Aditi with Arihant Capital.

Aditi: My question is first of all if you can just help with 4Q volumes for core lubes and AdBlue. Secondly you mentioned tie ups with certain OEMs. If you can throw some light on the major OEMs we are collaborating with.

Ravi Chawla: So, lube volumes for Quarter 4 are 36,000 KL, AdBlue is around 28,000, so that's a total of 64,000. In terms of OEMs what we'd like to explain to you is we have an extensive tie up with OEMs which has been part of our strategy across the automotive industrial sectors and we have more than 30 OEMs to whom we supply lubricants in different parts of their business both at factory fill and the workshop. So just to name a few, we have Bajaj, Ashok Leyland, Mahindra, Schwing Stetter. We have a number of OEMs we supply and we also have recently spoken about EV fluids. We have started supplying to close to about seven OEMs now we have, Switch Mobility, Piaggio, we have recently added Omega Seiki, we have got Altigreen which is making three-wheelers and a few other OEMs who we have started supplying EV fluids. So, we have got seven of them and we are looking at more prospects there. But EV fluids is going to be a low volume at the current. Our main focus is on the core lubricants which is growing quite well. The industry is growing at least 2% to 3% and we have been growing at least 2x to 3x the industry. All the automotive OEMs also do have a very good effect because once we have with them the product technology, the adoption of the product even after warranty helps us in the Bazaar market. It's a constructive strategy with all companies are using. I think from the Gulf point of view very proud to have a lot of leading OEMs and we are also exporting some of their products to over 25 countries from India.

Moderator: Our next question comes from Aman Vishwakarma with Robo Capital.

Aman Vishwakarma: My question would be what is your revenue and margin outlook for FY24?

Manish Gangwal: As Ravi just now mentioned, the industry is growing at 3% to 4%. We have been growing in terms of volume and in terms of revenue usually it is a percentage higher. This year has been an exception where a lot of price increases happened. While we have grown our core lubricant volumes by 15% and the revenue has gone up by nearly 37% for the year. As a future we always say that we will grow 3x to 4x, 2x to 3x, 3x to 4x the industry growth which we have been able to deliver over the last 10-12 years. Our CAGR volume growth also is in double digit. We continue to aim that, of course as a margin we highlighted in our opening remarks that base oil and rupee has been stable. There has been some softening in the base oil during Q4 which is reflected in improvement in the gross margin. But as a percentage the EBITDA and gross margin looks lower because you pass on the price increase or cost increases in terms of per liter and then



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the ratio becomes slightly skewed to or looks lower. But while per liter we have been able to recover the input cost increases. As a trajectory we aim to have 12% to 14%, move towards 12% to 14% EBITDA and double-digit volume growth in the coming years.

Aman Vishwakarma: My next question would be on the AdBlue business. How do you see that AdBlue business shaping up in next 3 to 4 years in revenue terms?

Ravi Chawla: AdBlue, I would say it's complementary to the diesel engine oils and of course in the BS-VI vehicles and some BS-IV. We are definitely well placed because we have our presence there in that segment and we have distribution. We have also geared up our manufacturing and supply over there. The margin is quite narrow. It's not what the lubes gives us. We are focusing on basically getting a quality product and having growth where we are present along with OEMs and distribution touch points. The consumption of AdBlue is going to be significantly growing because it is required for all BS-VI vehicles for sure and it will be about 3% to 4% of the diesel. We expect the market to grow well and be part of the growth because we are well placed, we believe in the top players today and we will definitely have a double-digit growth in that and will grow this business. We obviously want to focus on our core lubricants but this has a complementary product which is required and helps the environment because the use of AdBlue reduces the NOx. It's an environmental-friendly product and we continue to strengthen our supply chain and also look at how we can give the best quality product to the market.

Aman Vishwakarma: So, you're expecting to maintain this volume trajectory in AdBlue, right?

Ravi Chawla: Yes, it will go up. The market consumption is going up. But it is also we must understand that this is a very price sensitive product also.

Aman Vishwakarma: One last question would be, what is your market share in AdBlue lubricant and EV fluid like if you could give me a broad number?

Ravi Chawla: The EV is too nascent at the stage and we are at about 6% to 7% in the Bazaar market. In some segments we have close to double digit share 8% to 9% in motorcycle and DEO. We are amongst the top three players in AdBlue today. We have again more than a double-digit share in that. We definitely have a lot of scope to grow in the passenger car segment, in the industrial segment which is an opportunity for us and of course increase our distribution touch points in every segment we are present. So, this is roughly the breakup. There is no industry organized data. Some of these figures I'm giving you is based on internal estimates.

Moderator: Our next question is from Hemal, an investor.

Hemal: So just some bookkeeping question, this time the other expenses were quarter-on-quarter very high. What was the reason for that?



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Manish Gangwal: So, there are two reasons basically. One is as Ravi highlighted; we have increased our A&P spends during the quarter on the back of this IPL campaign which is happening. The second reason is that the volumes have gone up significantly. If you see all the quarter-on-quarter basis 71% including AdBlue, so the freight component goes up, whether it is an AdBlue or a lubricant sale the freight component goes up. So basically, these are the two reasons.

Hemal: If you were to take the volume growth and then for the realization price decline because you might have got as you rightly said in the comment earlier that the cost is passed on to the consumers, cost benefit, how much price decline is already seen quarter-on-quarter like 5%,-8%-10%?

Manish Gangwal: It is very difficult to predict because it is segment to segment. There have been some inputs which have gone on to increase. Yes, we can really say that there was at least 3% to 4% pass on which has happened. It is again depending on segment-to-segment basis. Our OEM business is formula driven. Whenever the base oil goes down, we have to pass on the cost benefit to them. In the retail segment there have been some increase in the schemes and other inputs to the market.

Hemal: You don't see because of competition pressure that you have to pass on the prices very fast because we have been hearing from other players also that the prices are being passed on.

Ravi Chawla: Hemal, as an industry when the prices come down you have to pass on. It is following the industry norm and every brand has its positioning in the market. Based on that there is either an increase or decrease if the cost go up or come down. It is done across industry with the players.

Hemal: So, we should see this in upcoming this quarter and the next quarter the same fashion of the oil prices stays where they are because they're better off than what they were last quarter also, prices have come down. So, this journey will continue this quarter and next quarter.

Manish Gangwal: While it is depending on many factors, one of course is the rupee and another is the other input cost in addition to crude and base oil which directly impact as I mentioned earlier, additives and many other costs still remain at a very elevated level. We do not see any major price drops in the market happening for sure but there may be always a recalibration happening on certain schemes and inputs to the market.

Hemal: Actually, final question. For the whole year the FOREX loss was how much? If you could quantify it, I would appreciate it.

Manish Gangwal: Yes, for the full year the FOREX loss is around Rs. 20 crore versus last year, year before it was Rs. 4 crore.

Moderator: Our next question comes from Chirag Fialoke with RatnaTraya Capital.



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- Chirag Fialoke:** Just a clarification question for the quarter what was the battery sales?
- Ravi Chawla:** Battery, you are asking of battery sales?
- Chirag Fialoke:** Yes.
- Manish Gangwal:** For the quarter the revenue is Rs. 25 crore.
- Chirag Fialoke:** Is it possible for you to guide us on what the A&P spend was for the quarter and the year that has gone by?
- Manish Gangwal:** We always talk about percentages and as Ravi mentioned, it was nearly a percentage higher than December quarter so close to 4%.
- Chirag Fialoke:** For the quarter that went by was 4%.
- Manish Gangwal:** Yes.
- Moderator:** Our next question comes from Amit Mehendale with Robo Capital.
- Amit Mehendale:** I have a couple of questions. First on the lubricant business, we are growing twice or thrice the industry size. What are the key growth drivers there, what is helping us to gain market share there?
- Ravi Chawla:** We have been explaining that right through. I think for us the strategy of going to a segment wise approach, investing in our brand and our brand has grown, in addition to that obviously OEMs and leveraging our technology. I think in each segment there is a different play we have for example the channel segment is about distribution. I would say brand, technology, segment wise approach where we can win and definitely looking at the technology part where we have long drain lubricants. If you take even in each of the segments, we have outlined B2C which is the channel business, we have got a B2B industrial, and we have got infrastructure then again, the OEM. It's this segment wise strategy and where we have created a strong business model and of course, our brand is in the top 3 brands on the metrics that we have internally tracked amongst the industry. These are the strengths with which we continue to build our business.
- Amit Mehendale:** I have another question on AdBlue business. There I think the volumes have been growing fairly well. So, do we expect this 20% type of growth for the next 2-3 years? What is the long-term view in this business, if you have to take a slightly longer view?
- Ravi Chawla:** AdBlue has just started. It's being used in the BS-VI products. It is used where the diesel engines, the emissions that come out it treats it and it reduces the NOx so, it is a consumable item. Wherever you are going to use diesel in the vehicle, you're going to have AdBlue used. If you're



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using 100 liters of diesel roughly about 3 liters-4 liters of AdBlue will be used. The growth is going to continue because all vehicles which are BS-VI which have started few years back will have to use this as compulsory. So, it is a growth trajectory. It will certainly grow 25% every year.

Amit Mehendale: Here the sales push or I mean is this a consumer demand or is this is like a channel push, how is the end?

Ravi Chawla: It's a mix of everything. There's distribution, you have to tie up with OEMs, you have to distribute it in all parts of the consumption, you have to put it in outlets which are convenient for people to use and buy in. So, it's a distribution cum it is I would say for us we are positioning it as a quality because important to give the right quality. So different players will do differently but it's all about the right product and also the distribution and the channels which can reach the consumers.

Amit Mehendale: My question here was that suppose there is a consumer that bought BS-VI vehicle. Is the consumer aware that he needs to mix AdBlue or when he goes to a petrol pump someone is advising him at that stage?

Ravi Chawla: No, it's compulsory you have to use it.

Manish Gangwal: It is not being mixed with the fuel. There is a separate chamber in the vehicle which has to be filled with AdBlue so there is no choice for him not to fill that. It's not mixed with the fuel.

Ravi Chawla: It has nothing to do with fuel. When the emission is made, it comes out. It is a separate tank which emits this, sprays this and controls the emission level.

Moderator: Our next question is from Aditi with Arihant Capital.

Aditi: You mentioned about the working capital days improvement. Can you throw some light on where we are in terms of the working capital days?

Manish Gangwal: Our net working capital is around 56-60 days. Gross working capital is around 100 days.

Aditi: Another question is in some of the previous calls you have mentioned how we are investing in the EV value chain. Are there any other kind of investments in maybe adjacencies that we are looking at?

Ravi Chawla: So currently we have shared quite regularly that we have invested with our parent company Gulf Oil International, in a company called Indra which makes car charges out of UK. We have tested some of those in India here. We are working on how we can take that aspect here in the Indian market, we have invested in a software as a service company on EV called ElectreeFi which is



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now providing a lot of the software which is involved in the charging space, in the battery charging and the other charging area. We are also looking at some more investments which we will get back to you once we are internally clear about it and the board has approved. So definitely watch this space we are looking at.

Moderator: Our next question comes from Nitin Tiwari with YES Securities India Limited.

Nitin Tiwari: Actually, I had a question around AdBlue sales. While our AdBlue sales are rising so I just wanted to understand that given that this is a low margin product would there be a point where because the contribution from this product would be very limited, the logistics cost of handling that sales would become prohibitive for you to basically raise the sales any further beyond what I hope you get the drift because my sense is that in this quarter also our EBITDA per unit actually would have been better if the AdBlue sales were actually in line with what the previous quarter sales were and lubricant sales would have been higher. Would that inflection point come where the logistics cost and distribution cost would become prohibitive for you to sell any more AdBlue?

Manish Gangwal: The way we look at it is that it is an incremental business to us. There is a lot of synergy in terms of distribution. The same end consumer and customers are using who are using our lubes. There is a lot of synergy in terms of distribution and while we do not make percentage or per liter margin same as lubricant but whatever is the margin it is a positive EBITDA contribution business and adding to the overall kitty. That's the way we are looking at it. It's a great opportunity in terms of volume also and as Ravi mentioned the 25% volume growth is going to continue for next 2-3 years at least. We are looking at it more as an addition to the kitty than in terms of percentage or other metrics.

Ravi Chawla: And we are selling it with margin. As we mentioned to you the margin is single digit. It's not that there is no margin. Obviously, we would not want to sell it if it is not making any margin.

Manish Gangwal: And margin is of course after the freight cost and all which you are talking about.

Moderator: Our next question is from Nirav Savai with Abakkus AMC.

Nirav Savai: My question is regarding the B2B contribution this quarter, the industrial part of it. What exactly were the shares and volumes?

Manish Gangwal: Industrial volume for the quarter has been actually the ratio has been more or less similar as earlier quarters where our industrial business was roughly 14% in the December quarter. It is now around 12%-13% in this quarter as personal mobility has gone up by a percentage. Other mix remains more or less similar.



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Nirav Savai: So, about 14% to 15% is contribution on the industrial side. How do we see that growing in the next 2 to 3 years?

Manish Gangwal: Yes, in terms of industrial business actually there is a lot of focus and we will talk about it.

Ravi Chawla: We have different segments as I mentioned earlier on the segment by strategy. Our industrial B2B business is catering to industries. Medium industries come directly to industries we sell larger plants and also, we sell to our distributors industrial. This business is what Manish is referring to as 14%. That is growing very well. We have got a good brand, good technology. We have got of course a very good sales team and distributor set. We are growing very well in this segment. As you know the last 2-3 years for India in terms of the manufacturing impetus has been really very good. A lot of exports also happening. Right across steel, cement, textile, plastics, these are the industries which we are there and obviously a few more. There has been an excellent response to us. We are doing very well. There are other competitors who have larger share but we are working our way. We have very low market share there, I would say 3% to 4% and again we see a good scope of increasing at least 0.5%-1% market share here going forward with our strategies. We also have one more segment we cater to which is in this is the infrastructure segment where we have a dedicated segment wise approach and that itself is about 7% - 8% of our volume. Combined both as you know infrastructure also is growing very well in India. All these tunnel boring machines, equipment that are moving materials around, road construction, these are all segments where we have a very good list of customers and we have developed so this also as you know the investments and this is multifold by the government. This is again a double-digit plus business for us. Both these businesses auger well for our growth in both these segments.

Nirav Savai: Any number which you can provide in terms of our market share in this infra segment?

Ravi Chawla: Yes, so both these segments we choose our markets to play with. We also have a presence in some ports and mining so we would say that industrial business is about 3% to 4% and the infrastructure business also would be similar in terms of the segments we are in.

Nirav Savai: There also we feel there is a room for improvement in market share?

Ravi Chawla: Yes.

Moderator: Our next question is from Hemal, an investor.

Hemal: What is the net cash position you said, I didn't hear it so?

Manish Gangwal: You are talking of net cash?

Hemal: Yes.



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Manish Gangwal: As of 31st March, we have a gross cash of around Rs. 650 crore and net cash of around Rs. 325 crore.

Moderator: Our next question is from Nisha Mulchandani, an investor.

Nisha Mulchandani: There are increase in investments which we can see in the balance sheet and in corresponding increase in the other assets as well approximately of Rs. 30-35 crore. Can you help us with some details around those?

Manish Gangwal: On the investments you see we have invested in a company called Indra Technologies in UK which is an EV charger manufacturing company. That was the investment which was done sometimes in the year '21-22 and also partly in '22-23 beginning first half. They had a second round of fundraise, next round of fundraise and their valuation went up and accordingly we had declared in our December quarter results around Rs. 35 crore increase in the other comprehensive income. That is the reflection in the investments increase of around Rs. 35 crore in investment.

Nisha Mulchandani: On the volume piece, I believe you mentioned that the goal has been 36 million liters so can you help us with a phase wise breakup around that? Like motorcycles you mentioned have seen a growth, industrials have seen a growth. How are the other segments doing?

Ravi Chawla: No, we would not like to share this because of competitive reasons.

Nisha Mulchandani: Because of the better economic conditions that we have seen in the overall country, has there been any improvement in the exports or they remain at the same as, last quarter or so?

Manish Gangwal: You are talking of exports?

Nisha Mulchandani: Yes.

Manish Gangwal: Yes, we have increased our exports in the year as well. Exports have also grown double digit on our Gulf products as well as some of the OEM tie-ups which we have for exports where we are exporting the genuine oils in more than 20 countries for them as well. So, both have increased.

Moderator: Our next question is from Harsh Maru with Emkay Global.

Harsh Maru: My first question is regarding like if you can throw some color on our strategy to move towards higher margin or premium products? Any efforts that you all are doing around that if you can throw some light?

Ravi Chawla: Yes Mr. Maru we are definitely looking at how we can increase, that's part of every I think every company's endeavor and definitely if you see synthetic, semi synthetic products are shared with



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the PCMO segment so these are some of the things and this is across all our segments we look at how we can get into the higher margin products so, this is a continuous endeavor. We obviously have a very balanced business with both the channel business and the OEM business and certainly we want to look at a good share in the synthetic segment and try to take that up substantially in the coming years.

Harsh Maru: Regarding now that the base oil costs are coming down, so how do we see our pricing strategy going forward in the next about two to three quarters?

Ravi Chawla: I think we have mentioned it that we have a certain positioning in the market. We'll maintain that right across segments and whatever is required in the market there is obviously a market will give different pricing levels and we would continue to maintain our strengths. We have indicated that we want to take the margin to 12% to 14% back going forward overall for the company because we have different segments, there are OEMs, and there are channels. You have to obviously look at various pricing levels across segments.

Manish Gangwal: Our strategy to gain market share and maintaining a decent margin continues.

Moderator: Our next question is from Nemish Shah with Emkay Investment Managers Limited.

Nemish Shah: So, I just wanted some clarification. So, you mentioned double digit volume growth and 12% to 14% EBITDA margin that would look to target over the coming few years. So, this double-digit volume growth does it include AdBlue sales or its core lubricants?

Ravi Chawla: Core lubes.

Nemish Shah: 12% to 14% EBITDA margin is including both or its?

Ravi Chawla: 12% to 14% is for the company.

Moderator: Our next question is from Aman Vishwakarma with Robo Capital.

Aman Vishwakarma: I have a question on the EV lube business. I think in the last quarter you guided we'll be looking at 100 kilo liters of EV fluid sale. So, have we been able to achieve that?

Ravi Chawla: That was for the year.

Aman Vishwakarma: For the year?

Ravi Chawla: So, we are on track. It will get used during the year. It will be used, the OEs buy throughout the year so that is still the target.



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- Aman Vishwakarma:** What were our volumes for Q4 in EV fluid?
- Ravi Chawla:** It is just started. We are looking at more the 100 KL was more kind of annual perspective based on what it is going to happen. It's a new very nascent area.
- Aman Vishwakarma:** Which is fine. What I'm trying to understand here is how do you see these 100 kilo liters going forward?
- Ravi Chawla:** See as you know the penetration of EV vehicles is happening. We will have to calibrate and see how it's going. We have got about seven OEMs, four or five of them are directly making vehicles, the others are component makers. We will have to track the segment Mr. Vishwakarma. It's not easy to predict.
- Manish Gangwal:** As of now there is no demand which has come through retail level, this is mostly OEMs as of now.
- Ravi Chawla:** This is mainly factory fill when the vehicle is leaving.
- Aman Vishwakarma:** So here the oil change time is, is it different than what you would have in a normal engine or how does that work?
- Ravi Chawla:** So, there is no engine oil. These are all other fluids, transmission fluids, brake fluids and also it is filled and it is replaced but at the moment the demand is very-low.
- Aman Vishwakarma:** Could you guide me as to what sort of blended realization you are seeing going forward?
- Ravi Chawla:** They are good. Comparable to lubes, slightly more.
- Aman Vishwakarma:** No what I'm asking is like blended realizations. How do you see that shaping up in the future? Do you expect it to decrease because of AdBlue sales going up or do you expect it to stay constant?
- Ravi Chawla:** I didn't get your question, when you say blended? AdBlue is different and lubricant is different.
- Manish Gangwal:** You see, as you have mentioned AdBlue sale is going to grow at least 20%-25% and the lube sales will be in terms of volume will be double digit but it will not be certainly high double digit or 20% - 25%. On the blended level the realization will look different but in terms of absolute separate realizations both we are targeting that obviously lubes Ravi mentioned about increasing how we can increase our mix and move towards even higher category products, synthetic products and all. AdBlue is a commodity so the pricing will depend really on the market. It's a very different from pricing and other perspective, it's a very different category whereas on blended level of course the realization may look slightly different.



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Moderator: Ladies and gentlemen in the interest of time that was the last question for the day. I would now like to hand the conference over to the management for closing comments.

Ravi Chawla: Thank you. I think overall we've got a number of questions. I hope we have able to answer all of you. I would first of all like to thank all of you for your good wishes and support. We have definitely seen the year end on a good positive note for Gulf Oil in India and definitely we're looking forward as Manish mentioned to balance the margin delivery and the increase in market share. We continue to strengthen our brand, our distribution which is key B2C markets. We definitely see that we would like to increase our distribution. Our brand strength is there and continue innovating and competing well in the market and definitely there are a number of global initiatives that we are looking at right across in mobility, in many other areas on technology, in terms of the brand and there are lots of platforms we have created globally with Williams and Formula 1 racing. In India we have developed a lot of strength with cricket. I would say all these assets come to play as we grow our brand even more, strengthen our distribution and as one of you mentioned definitely focus on better margin enhancement through better products. And we are looking at definitely profitable growth going forward. We look forward to all of that and working closely with a lot of our global team, we want to look at how we can grow this business even further. Thank you so much for all your support and hope to catch up with all of you soon. Thank you.

Moderator: Thank you. On behalf of YES Securities (India) Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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