

January 30, 2026

Gulf Oil Lubricants India Limited: Ratings reaffirmed and assigned for enhanced amount

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Fund based - Cash credit	92.00	192.00	[ICRA]AA+(Stable); reaffirmed and assigned for enhanced amount
Short term - Fund based/Non-fund based - Others	50.00	50.00	[ICRA]A1+; reaffirmed
Short term – Non-fund based - Others	490.00	490.00	[ICRA]A1+; reaffirmed
Total	632.00	732.00	

*Instrument details are provided in Annexure I

Rationale

The reaffirmation of the ratings factors in the position of Gulf Oil Lubricants India Limited (GOLIL) as one of the leading players in the lubricant industry, backed by its strong brand presence, a well-entrenched distribution network and a wide product portfolio. The ratings also factor in the company's comfortable financial profile, characterised by a strong capital structure, the healthy debt protection metrics and return indicators and an adequate liquidity position. The marketing initiatives and stable demand prospects for lubricants in India in the near to medium term are likely to keep the volume growth steady, going forward.

In FY2025, the company witnessed steady revenue growth, driven by a mix of growth in sales volume and realisations. The operating profit also increased in FY2025, backed by growth in volumes and higher realisations. The trend has continued in H1 FY2026 with the company witnessing healthy growth in volumes and operating profits. The ratings continue to consider the company's ability to maintain healthy profitability on the back of timely price revisions to partly mitigate the impact of the base oil price movements. The company also benefits from the operational and strategic advantages of being a part of the Hinduja Group.

The ratings are, however, constrained by the exposure of the company's profitability to the movements in base oil prices. Its profitability is also exposed to forex movements (to the extent of the unhedged exposure). The company's operations will continue to be exposed to the demand indicators from the automotive sector. The ratings also consider the high level of competitive intensity in the domestic market, which is largely dominated by Government-owned oil marketing companies (OMCs), apart from other established players in the private sector.

The increased penetration of electric vehicles (EV) can result in some moderation in demand for lubricants in the long term. However, the EV industry in India is still at a nascent stage. The impact of electrification on the commercial vehicle and tractor industries, where Gulf Oil has an established presence, is likely to be limited. Nevertheless, the company remains focused on enhancing the revenue contribution from other sectors to diversify its revenue mix. ICRA has also taken note of the continued sizeable dividend payouts by the company which moderate the net cash accruals, though this is partly offset by the absence of major capex or other growth plans.

The Stable outlook on GOLIL's long-term rating reflects ICRA's expectation that the credit profile will continue to be healthy, supported by the company's leadership position in the lubricant industry, and its strong brand and distribution network.

Key rating drivers and their description

Credit strengths

Strong parentage and well-recognised brand value - GOLIL is a part of the transnational conglomerate, the Hinduja Group, which is one of the largest diversified business groups. Further, the key promoter for the company, Gulf Oil International, is one of the fastest growing lubricant companies in the world and currently operates across more than 100 countries. GOLIL sells its lubricant products under the Gulf brand, which is a well-recognised brand in the domestic market, strengthened by a growing distributor network and strong marketing campaigns.

Robust financial profile - The company's strong financial profile is characterised by healthy profitability levels. The company witnessed a YoY revenue increase of ~8.2% in FY2025, driven by a mix of volumes and realisations. The operating margin improved to 13.0% in FY2025 from 12.8% in FY2024 on account higher realisations followed by the price revisions undertaken by the company. The company reported ~11% YoY growth in its revenues in H1 FY2026. The working capital intensity remained moderate in FY2025, with NWC/OI of 11%, and the debt coverage metrics also stayed healthy. The return indicators are robust, supported by the stable profitability of the business.

Strong distribution network - GOLIL's lubricants sales are broadly bifurcated between the automotive segment and the industrial segment, of which majority are to the automotive segment. Within the automotive segment, the company's sales are distributed among diesel engine oils (used in trucks and tractors), motorcycle oils and passenger car oils. GOLIL has an extensive distribution network, comprising more than 320 distributors and 90,000 retail outlets, more than 8,300 bike stops and 3,300 car stops, over 70 industrial distributors and 880 direct industries.

Credit challenges

Exposed to demand indicators in automotive sector – The growth in the lubricants industry remains highly linked to the demand outlook for the automotive sector, which is the key end-user industry. While the long-term outlook for the auto sector remains strong, GOLIL's growth will continue to be linked to any intermittent demand fluctuations from the automotive segment.

Profitability exposed to movement in base oil prices and forex rates – Base oil is a crude oil product and, thus, its prices are volatile in nature. Hence, the profitability of the company is contingent upon its ability to pass on any fluctuations in input prices to its end-users. The company meets 65-70% of its base oil requirement through imports. Moreover, owing to limited exports, it lacks any natural hedge against forex fluctuations. However, it follows a hedging policy as advised by forex consultants whereby it always keeps its exposures hedged by 70-75%.

High competitive intensity – The company remains exposed to a high level of competitive intensity in the domestic market, which is largely dominated by Government-owned OMCs, apart from other established players in the private sector.

Liquidity position: Strong

GOLIL's liquidity position is strong, with sizeable, unencumbered cash balances and liquid investments of ~Rs. 1,026 crore as on March 31, 2025. The liquidity position is expected to remain strong owing to the healthy cash flow from operations, cushion in unutilised fund-based limits, limited capex and no long-term debt repayments.

Rating sensitivities

Positive factors – The ratings could be upgraded if there is a significant growth in GOLIL's scale along with increased product diversification to the non-automotive segment and expansion in market share. The ratings may also be revised upwards if the company is able to maintain healthy profitability amid a comfortable capital structure and liquidity on a sustained basis.

Negative factors – Factors such as a significant weakening in profitability, and/or a growth decline in sales volumes due to a slowdown in the automotive sector, or a volatility in crude oil prices, or high competition in the industry may put pressure on the ratings. Any stretch in the working capital cycle, and/or sizeable investments/material support to GOLIL’s subsidiaries/associates, or any large debt-funded capex/acquisition weakening the liquidity profile could also weigh on the ratings. A specific credit metric for downgrade includes the ROCE dropping below 23% on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Gulf Oil Lubricants India Limited

About the company

Gulf Oil Lubricants India Limited (GOLIL) is a part of the transnational conglomerate, the Hinduja Group. GOLIL was formed by the demerger of the lubricants business of Gulf Oil Corporation Limited (GOCL) w.e.f. April 1, 2014. GOLIL sells its lubricants products under the Gulf brand with sales largely to the automotive sector along with industrial users. It has a manufacturing facility in Silvassa with an installed capacity of 90,000 KLPA (kilo litres per annum), which was augmented from 75,000 KLPA in FY2016. The company also commissioned a greenfield project in Chennai in December 2017 with a manufacturing capacity of 50,000 KLPA. The Board of GOLIL has approved capex of Rs. 55 Crores for expansion of production capacity at Chennai and Silvassa facilities. This investment, spread over the two years, aims to boost the Company's installed capacity by 70% to the total of 2,40,000 KLPA from existing 1,40,000 KLPA. It has AdBlue manufacturing capacities of 39,000 KL at its Chennai plant and 36,000 KL at its Silvassa plant, aggregating to a total capacity of 75,000 KL.

Key financial indicators (audited)

Consolidated	FY2024	FY2025	H1FY2026
Operating income	3,301.2	3,631.2	1,983.2
PAT	308.2	357.2	179.1
OPBDIT/OI	12.8%	13.0%	12.3%
PAT/OI	9.3%	9.8%	9.0%
Total outside liabilities/Tangible net worth (times)	0.8	0.8	0.7
Total debt/OPBDIT (times)	0.9	1.0	1.0
Interest coverage (times)	16.3	13.1	12.6

Source: Company, ICRA Research; All ratios as per ICRA’s calculations; Amount in Rs. crore
 PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jan 30, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Short term – Others – Non-fund based	Short term	490.00	[ICRA]A1+	Nov 18, 2024	[ICRA]A1+	08-SEP-2023	[ICRA]A1+	10-OCT-2022	[ICRA]A1+
Long term - Cash credit - Fund based	Long term	192.00	[ICRA]AA+ (Stable)	Nov 18, 2024	[ICRA]AA+ (Stable)	08-SEP-2023	[ICRA]AA (Stable)	10-OCT-2022	[ICRA]AA (Stable)
Short term – Others - Fund based/Non-fund based	Short term	50.00	[ICRA]A1+	Nov 18, 2024	[ICRA]A1+	08-SEP-2023	[ICRA]A1+	10-OCT-2022	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Fund based - Cash credit	Simple
Short term - Fund based/Non-fund based - Others	Simple
Short term – Non-fund based - Others	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term - Fund based - Cash credit	NA	NA	NA	192.00	[ICRA]AA+ (Stable)
NA	Short term - Fund based/Non-fund based - Others	NA	NA	NA	50.00	[ICRA]A1+
NA	Short Term-Non Fund Based-Others	NA	NA	NA	490.00	[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Tirex Transmission Private Limited	51.00%	Full consolidation

Source: Annual Report of FY2025

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