



“Gulf Oil Lubricants India Limited Q1FY18 Results Conference Call”

July 25, 2017



Management of
Gulf Oil Lubricants India Limited



Mr. Ravi Chawla – Managing Director
Mr. Manish Kumar Gangwal – CFO
Mr. Vinayak Joshi – Company Secretary

Moderator:

Mr. Prashant Tarwadi – Axis Capital



*Gulf Oil Lubricants India Limited
July 25, 2017*

Moderator: Ladies and gentlemen, good day and welcome to the Gulf Oil Lubricants India Limited Q1 FY18 Results Conference Call hosted by Axis Capital 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 the operator by pressing * then 0 on your touchtone phone. I now hand the conference over to Mr. Prashant Tarwadi from Axis Capital. Thank you and over to you, sir.

Prashant Tarwadi: Good afternoon to all. On behalf of Axis Capital, I welcome all participants on the con-call of Gulf Oil Lubricants India Limited. Today, we have with us Mr. Ravi Chawla – Managing Director, Mr. Manish Kumar Gangwal – CFO and Mr. Vinayak Joshi – Company Secretary.

They will start with the overview of the company performance for the current quarter and then we can switch to question-and-answer session. Thanks to the gentlemen and over to you, Chawla sir.

Ravi Chawla: Thanks, Prashant. Good evening to everybody on this quarter call. Well, I would like to start by sharing with you that this quarter has been a challenge in terms of GST, but we are happy to share that in spite of that slight, I would say, speed breaker, we have recorded a 11% growth in revenue and volume growth of 7% in our core business. For some of you who have been on this call, we had institutional orders last year in quarter 1. This year, of course we did not, so core business has grown at 7%. Obviously, the GST related uncertainties in the retail channel were felt by us also in June. If you take April-May, we were tracking quite well in a double digit volume growth, but due to June month, where you saw some destocking and inventory reduction by both the distribution partners and the retailers, we have seen some impact & the growth has come to 7%, but still I would say from whatever feedback we have on the market, it is an excellent growth. And some of the competition, as we have heard, has gone as low as 20% below. So it is a positive quarter for us.

This has been helped by a double-digit growth in our motorcycle engine oils that has seen a good growth. We have also seen high growth in infrastructure, our industrial distributor segments and the positive growth momentum came also from OEM dealerships across categories which we have and of course the newly added two-wheeler tie-up with Bajaj and new tractor OEM tie-ups coming with both Mahindra and Swaraj. All this has helped us to get the momentum, but our core business is also growing very well and this has been a positive move for us this quarter.

The product mix last year in Q1 was actually 58 : 42 because we had large institutional order, so this has also moved positively 63 : 37. Considering what cost increases were happening, we had taken timely price increases, as informed last time, plus we took one in May and that has helped us for realization and as you will see that for us the EBITDA margins also have touched 18.5 % which is high for us. And happy to share that PBT has crossed Rs 50 crores for the first



*Gulf Oil Lubricants India Limited
July 25, 2017*

time for us in the quarter and RS 52.24 crores is the actual figure which is an improvement for us. So that is going well.

On the Company front, the other initiatives, happy to share, is the continued association with IPL, the Pune team which we sponsored reached the finals, so we were very happy that we got good mileage on that, but what is more heartening is that we had a 360-degree campaign around this IPL association and that really gave us a big growth in markets like Pune and other IPL centres. If any of you have time, please visit our website. It was a complete 360-degree campaign, very innovative with many engaging conversations right in the digital medium engaging our trade, our consumers, also the players came in at the end of every match and gave content for digital and we had a Gulf branded fan bus, radio channel and other such initiatives. So, that was a positive for us.

We also had a below-the-line campaign which was called “**Gulf On Toh Tension Gone**” where we had the trucking community involved in terms of the trade, the mechanics and the truckers. This was held in May and June. It covered 29 cities, more than 40 trucking centers across India for over 60 days and really the campaign has helped us and as a result of that, we are seeing some higher growth coming in the diesel engine oil segment and that is continuing. Also, some of these truckers would get involved in buying from dealerships, so this is a positive campaign which we had and created buzz in the transport hubs, nearly 10,000 mechanics were covered.

We had very interesting event on April 3rd, some of you may have heard in the social media where Mr. M. S. Dhoni, who is our brand ambassador became CEO for a day, where he addressed, interacted and motivated the employees, management team, shared his thoughts on leadership, how we should aim for higher growth. He also addressed an internal Town-Hall which was webcast across India for all our employees, also engaged with 3 or 4 top OEM customers, our own other stakeholders and this event was very successful and obviously got a lot of attention internally and also over social media.

I would also like to share with you the update on the Chennai Greenfield project. We are very happy to share that it is progressing well. All major civil and fabrication works are in advanced stage of completion as per schedule and as planned, the company is targeting that we will start commercial production in quarter 3 of the financial year and we are set for that. So that is in terms of the business and definitely, we have seen an impact in June on retail sales and as mentioned again, our understanding is that we have really held on to the growth and just to explain to some of you who may not know that GST tax rate for our products actually came down to 18%, it was earlier at around 28% including excise and state VAT. And we have decided and started passing on the benefits which happened immediately after GST came in. So, there is a reduction in terms of the price to the consumers MRP and therefore, some destocking did happen in the channel which was expected, but we did do a lot of internal changes to kind of correct it and also happy to share that the B2B business which we have with



*Gulf Oil Lubricants India Limited
July 25, 2017*

OEMs, industrial distributors and IMF which is infrastructure customers did very well. So that is really the quarter for us. I will ask Manish to highlight the few things on the financials.

Manish Kumar Gangwal: Thank you, Ravi. Good afternoon, everybody. You might have noticed this is the first quarter for us as per new Ind-AS and due to this, there have been some regrouping in the sales revenue side wherein some of the discounts like cash discount etc. and some consumer promotion related expenses which were being booked in other expense under selling and marketing have now been regrouped and netted off sales and hence although the quarter of June 2016 also has been regrouped accordingly, so we can see that there is a growth which is on like-to-like basis. As Ravi mentioned, 7% on our core business in the volume growth and 11% in terms of revenue. And the volume for the quarter was around 20,800 KL and the profit before tax as Ravi mentioned has come at Rs 52.24 crores. The EBITDA is as per our calculation is Rs 51.76 crores in Q1.

The company continues to be in the net cash surplus position . After spending nearly 90 crores now on the Chennai CAPEX which was till last quarter 75 crores, we still continue to be close to 140 crores of net cash surplus as of 30th June and Ravi has explained the impact of GST which was towards the end of the quarter, but the pricing corrections have all been taken and we have effectively moved to the GST regime and started our new billing and GST billings from the first week of July.

With this, we open to question-answers, please.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We will take the first question from the line of Vishal Rampuria from HDFC Securities. Please go ahead.

Vishal Rampuria: Sir, just as you mentioned about the GST has an impact in lower taxes, so what kind of bump up in volumes you expect for the industry and for us?

Ravi Chawla: So, we are seeing, when we talk about the GST, the consumer end pricing has come down. Definitely that is good for a number of customers But as you know oil is used for oil change. So that frequency of oil change is going to obviously remain and all the players have actually come to this price. So market growth would definitely be, people would not change more oil because of the prices coming down. But certainly for customers who are like fleets etc., they would have to, obviously it will be more beneficial for them. And unorganized sectors also we believe which has some percentage that market share could come to the organized sector.

Vishal Rampuria: So how much would be the share of the unorganized market in this case first for the lubricant business?



*Gulf Oil Lubricants India Limited
July 25, 2017*

- Ravi Chawla:** Depends how you look at unorganized, we would say unorganized sector is max about 7% to 10%.
- Vishal Rampuria:** Okay. And sir one more thing to ask you, how much was the volume growth for this quarter, so put together everything both core and noncore?
- Ravi Chawla:** Institutional sales as you know last year was for us, we had 2,500 KL. So we would not like to get into that. If you look at our core sales, it was 19,500 in Q1 last year which has gone to 20,800 in current year Q1.
- Manish Kumar Gangwal:** Roughly 7% growth in the core volumes.
- Vishal Rampuria:** So noncore you won't be able to share?
- Manish Kumar Gangwal:** That was one time last year, right? This is not recurring.
- Ravi Chawla:** It is not recurring. It is an order from government. But that sort of an institutional business we track separately.
- Moderator:** Thank you. The next question is from the line of Nitin Tiwari from Antique Limited. Please go ahead.
- Nitin Tiwari:** Sir, my question was again related to GST. So, I believe that GST also involved reworking of logistics models as well because it doesn't require having warehouses in all the states as was the case earlier for the benefit of taxes. So does it involve like reworking on logistics on our part as well and does it also impact the cost of logistics and the warehousing in some way, if you can like shed some?
- Ravi Chawla:** Nitin, you are right. We are having a complete study now which is going to help us to decide which warehouses to keep because as the law gets clearer, at the moment we have continued our base because we also are servicing our B2B customers, we don't want service levels to be affected but certainly the size of depots will come down there where we need. So complete study is being done and as Chennai is coming up and Silvassa is there, we are optimizing that also. So I think once the study is done internally we will start executing and there should be some positive impact of that on cost.
- Nitin Tiwari:** So sir what is the tentative timeline when we can expect that this cost impact would actually start flowing in?
- Ravi Chawla:** So cost is because Chennai comes up in the last quarter of this financial year, we would say the benefit of it would come in the last quarter of the financial year.



*Gulf Oil Lubricants India Limited
July 25, 2017*

Nitin Tiwari: Sir and my second question is related to the change in fuel standards. So as we are moving towards BS-IV and then subsequently to BS-VI. So does that involve a change in base oil group requirement for the lubricants that we are manufacturing and what that change would be if we can like...?

Ravi Chawla: When BS-VI comes, which is still some time away, we are already ready with all the products, the lubricants. So some of them will require slightly higher content of group III base oils which we anyway buy. Also we are already making some of these products globally in other plants in Gulf International and we are ready with that range. So we do not see any issue. Of course when the BS-VI comes the proportion of base oil, the higher group level would be required completely in India and we think that has got no problem in terms of availability.

Nitin Tiwari: Right sir. But does that impact our raw material cost in some way or like all the pricing for the 3 groups are more or less...?

Ravi Chawla: No. So group II/III will be more expensive. So it will have to move up in terms of pricing, whatever is there, but not majorly.

Nitin Tiwari: Right. And sir lastly sir, your ad expense and if you can give us the breakup of your volume in terms of percentage of each segment?

Manish Kumar Gangwal: So this quarter due to GST uncertainties and the things towards the June when it slightly came down, some of the A&P activities and cost was pushed back and for the quarter we would be still in that range of 5%-6%. In terms of our ad spend, we have not spent majorly. But there has been some marginal tweaking. And volume wise, as Ravi mentioned, motor cycle had double digit growth and DEO also ended up positively towards middle, roughly 5%-6% growth and industrial also grew well in terms of double digit. With some of the infrastructure segment growth, all these basically gave us good volume. Industrial distributor business came off good. So some of these sectors actually helped up.

Ravi Chawla: And the mix is the same. So our automotive and industrial product range is still 80-20, if you take the mix of personal mobility is still around 22%-24%. So that mix has not changed for us in this, it remains the same.

Nitin Tiwari: That hasn't changed materially, alright. And I believe like because some of the expenses have been regrouped as Manish had mentioned in the beginning, that is why like we are seeing the other expenses as percentage of sales has come down from the previous quarters.

Manish Kumar Gangwal: Absolutely right, Nitin.

Moderator: Thank you. The next question is from the line of Giriraj Daga from K M Visaria Family Trust. Please go ahead.



*Gulf Oil Lubricants India Limited
July 25, 2017*

- Giriraj Daga:** Couple of questions. Post this 1st of July, post GST, are you seeing the restocking also at the same pace or still the channel inventory is not filled with the inventory which we had earlier?
- Ravi Chawla:** So our observation as of now is, it will take some time in this quarter to get back to normal. We have not seen any real pick up in July. But August-September, we think it will normalize by then.
- Giriraj Daga:** And all the competitors have completely passed on GST benefit?
- Ravi Chawla:** Yes.
- Giriraj Daga:** Okay. In terms of our volume, can I get the last full year institutional volume and core volume?
- Manish Kumar Gangwal:** So last year financial year, full year we had roughly 2,500 KL of volume which was in quarter one only. So quarter two onwards of last year there was no institution and going forward also there is no institutional volume.
- Giriraj Daga:** And what was the total core volume last year?
- Manish Kumar Gangwal:** Core volume was roughly 81,000 KL last year.
- Moderator:** Thank you. We will take the next question from the line of Sabri Hazarika from PhillipCapital. Please go ahead.
- Sabri Hazarika:** I have actually two questions. The first is on this base oil pricing, so despite oil prices going down, some of the benchmark base oil like SN 500 etc. remained quite elevated even during Q1. But still then you were able to report lower cost of goods on a unit basis. So anything specific for that?
- Manish Kumar Gangwal:** See, what happens is as I keep explaining in every call that there are various rates of Base Oil and the demand supply condition for each category varies. So, actually there are few Base Oils which we can replace with one another and sometimes in the last year November - December onwards some of the lower cost grades which are good in quality could not be made available also. There was no import possible and which started again from April onwards because the refiners were not producing those grades. So, partly the impact of that is visible because some of these grades we started again importing, based on their availability. As we speak now the Base Oil is more or less stable to slightly now in a downward trajectory that is starting to come up a bit from the peak.
- Sabri Hazarika:** And what about Bright Stocks I mean, they are also currently resilient or there is this more correction in Bright Stocks?



*Gulf Oil Lubricants India Limited
July 25, 2017*

- Manish Kumar Gangwal:** Bright Stock is just one category which we use only 10% of our volume but that has been anyway steady for quite some time.
- Sabri Hazarika:** Okay, sir. Thanks a lot. And second question is on this GST impact only. You are expecting something like a recovery by the month of September?
- Ravi Chawla:** We will start seeing some recovery in August itself as the stock levels have come down. Even July we are hoping that something picks up in the second-half. It is last week I guess to get that but whatever we are seeing, it will take August - September to recover.
- Sabri Hazarika:** So, possibly by Q3 of this financial year you would be back to normal operations?
- Ravi Chawla:** Yes, that is what definitely that is what we are hoping for.
- Sabri Hazarika:** Okay. And just one bookkeeping question. What has been your volume growth for like the individual categories like PCMO and MCO, what has been the volume growth? MCO, it is double-digit. What about PCMO?
- Manish Kumar Gangwal:** PCMO was marginally negative this quarter, very small low single-digit negative because this is a high-value item. And obviously, towards the end of June consumers knew that the rate has come down from 28% to 18% there was some postponement of purchases may be.
- Sabri Hazarika:** Okay. So, there was postponement seen in both primary as well as secondary sales?
- Ravi Chawla:** The PCMO has been impacted. Also, PCMO we had some good schemes in earlier month. So, sales were higher. So, June did get impacted in PCMO.
- Sabri Hazarika:** Okay. And the price hike you took was on the month of May then you did a price cut based on GST. So, overall, the net realization post-excise and tax has remained elevated since May, right?
- Manish Kumar Gangwal:** See, the price increase of May was based on the input cost increases which has happened. And post-GST whatever was the GST benefit has been passed on. There is actually no connection between the price increase and the GST.
- Sabri Hazarika:** Right. So, as far as net realizations are concerned, they have remained stable since the last two - three months since May, right?
- Manish Kumar Gangwal:** Yes, because we continue to follow a good margin management and strategy. And based on the input cost we track, we take the corrective price increase.
- Moderator:** Thank you. We will take the next question from the line of Vinod Bansal from Franklin Templeton. Please go ahead.



*Gulf Oil Lubricants India Limited
July 25, 2017*

- Vinod Bansal:** Sorry, I miss the earlier part of the call. Did you give the volume number was 20.8 million liters this quarter?
- Manish Kumar Gangwal:** Yes, Vinod, it was 20,800 KL.
- Vinod Bansal:** Okay, agreed. If I look at the operating cost per liter that has come down quite sharply Q-on-Q, any specific reasons for that?
- Manish Kumar Gangwal:** As you said you have missed the earlier part, I explained that, this is the first quarter for IndAS and some of the items of discounts/consumer promotion items which were earlier featuring in sales and marketing expenses as a part of other expenses is now netted-off in the revenue. And also the corresponding quarter has been regrouped.
- Vinod Bansal:** But your EBITDA number would remain the same both for the March quarter under IndAS as well as in the old standards.
- Manish Kumar Gangwal:** That is right. EBITDA as a number will remain the same. As a percentage, there will be some improvement.
- Vinod Bansal:** I still see that EBITDA per liter is still high Q-on-Q what would drive that?
- Manish Kumar Gangwal:** That is because of the gross margin expansion which has happened.
- Vinod Bansal:** There is no otherwise change in the costs structure as such which was taking it lower?
- Manish Kumar Gangwal:** No, there is no major change in the cost structure. Only regrouping have happened and, as I was explaining to other questions, there is some postponement of A&P. A&P which came to roughly 5.5% in this quarter, which usually is around 6%-6.5%, so may be 0.5%-0.75% from there.
- Ravi Chawla:** So, Vinod, there is some A&P activities which we have deferred, we have promotions and all because obviously the market was going to be challenging with GST. So, some of the campaigns which we invest in the brand which we will not stop doing in the next quarters. But we have postponed it and defer it, so that is about 0.75% which has got postponed due to that.
- Moderator:** Thank you. The next question is from the line of Vishal Rampuria from HDFC Securities. Please go ahead.
- Vishal Rampuria:** Sir, my follow-up to ask you. Sir, you mentioned that last year this one-time order was around 2,500 KL but even in the fourth quarter we had this one-off order, right. Because you mentioned in the fourth quarter also that there is a 10% volume growth but I think, overall the growth was only 3% - 4% because these are the base impact?



*Gulf Oil Lubricants India Limited
July 25, 2017*

Manish Kumar Gangwal: No. Last year March quarter 2017 there was no institutional order for us either in March 2016. Commentary you are seeing is for the full year we have mentioned last year that between 2015 - 2016 and 2017 - 2017 there is an impact of institutional order.

Moderator: Thank you. The next question is from the line of Giriraj Daga from K M Visaria Family Trust. Please go ahead.

Giriraj Daga: Can you throw on the Chennai CAPEX like where we are? How much we have spent? How much we have spent in the first quarter and overall so far? And what are remaining for this year?

Manish Kumar Gangwal: The current CAPEX which is going on in Chennai plant is roughly to the tune of Rs. 175 crores - Rs. 180 crores. And as I explained, we have already incurred close to Rs. 90 crores now as we speak as of 30th June out of internal accruals. And another additional Rs. 90 crores odd would be spent between now and December and we already carry close to Rs. 140 crores of net cash surplus on the balance sheet as of 30th June. So, virtually entire further CAPEX also will be funded largely from internal accruals only.

Giriraj Daga: Okay, understood. And you expect the plan to be up and running from the fourth quarter?

Manish Kumar Gangwal: Yes, from the middle of the third quarter of this financial year fully stabilizing from fourth quarter.

Giriraj Daga: Fourth quarter of this year, current year itself, right?

Manish Kumar Gangwal: Yes, current financial year, yes.

Moderator: Thank you. The next question is from the line of Shraddha Sheth from Edelweiss. Please go ahead.

Shraddha Sheth: Two questions from my side. Just wanted to understand this PCMO segment which we see as a major growth driver, where we did see the impact of the postponement of sales because of GST. As we are seeing the GST implementation, are we seeing things normalizing again? And are we seeing similar kind of growth traction for us in this segment for the full year?

Ravi Chawla: Yes, so, Shradha, I think, in terms of our strategy PCMO's are big growth area for us. We see no change in achieving that objective. June there has been per se destocking in retail trade to the extent to be mentioned and it is much less than what competition is having we know that in terms of us. So, there is no change to the PCMO strategy. Of course, we have seen PCMO has been impacted in this destocking. So, I think we are going to be back starting August and back to our growth. Also internally, as we have shared our strategy, we are focusing a lot on PCMO growth and you will see the initiatives and the impact of that as we go into end of this quarter



*Gulf Oil Lubricants India Limited
July 25, 2017*

and next few quarters. So, we do not see any problem on that. It has dropped a bit in this quarter. We had a lot of good sales in the previous months. So, probably there has been some stock in the pipeline.

- Shraddha Sheth:** So, you would also say it is more like an industry-wide phenomena?
- Ravi Chawla:** Industry wise what we have understood with whatever little data we have is rest of industry has faced a much-much stiffer fall in June. And we do not have the figures as of now but significantly higher than what we have felt also because each one would have had their own strength and weakness. So, industry sales have been highly impacted, we are hearing that some of the competition would be effected as much as (-10%) and (-20%) in June.
- Shraddha Sheth:** Understood. Sir, as we start the Chennai plant production from next year, if you could talk about the kind of savings we will see in terms of cost for us?
- Manish Kumar Gangwal:** So, we have explained Shradha in earlier calls that there will be close to 30% of our market is South India and there will be obviously a freight saving which will come because currently the products are going from Silvassa. So, when we start Chennai there will be a freight savings which will happen. But at the same time there will be some additional fixed cost of running a new plant. You cannot replace 100% of the man power from Silvassa to bring it to Chennai and all. So, there will be some increase in the fixed cost. But net-net we will be let us say at best at par which means that we are getting 40,000 KL of additional capacity without virtually any extra fixed cost or extra major hit on P&L.
- Shraddha Sheth:** Understood. So, sir, on a steady state basis say over the next two - three years, we would definitely start seeing some benefits as well because of the freight cost savings.
- Manish Kumar Gangwal:** That will largely also come because of the economies of scale because when we grow volumes obviously there will be economies of scale which will fall in place and that is why the operating leverage will come in.
- Moderator:** Thank you. The next question is from the line of Vishal Rampuria from HDFC Securities. Please go ahead.
- Vishal Rampuria:** Sir, how much was FOREX saving? Any saving we had in this quarter from FOREX given the rupee was strong?
- Manish Kumar Gangwal:** Rupee was stable actually and we had a positive impact of close to Rs. 2 crores on the P&L because of FOREX. And I think you asked the question, you were right Vishal, I mean the March quarter also had a base effect of March 2016 in terms of institutional volumes and there was 11% growth without institutional in March quarter. In Last two years, we had three quarters where we had institutional order. Some volume in December quarter of 2015 - 2016



*Gulf Oil Lubricants India Limited
July 25, 2017*

and then March quarter of 2015 - 2016 and first quarter of 2016 - 2017, these three quarters we had institutional. And this is the last quarter now of the current year June quarter of 2017 which is having the base effect. Next quarter onwards there will no base effect.

Ravi Chawla: So, you know the institutional order is supplied in parts, so they have schedule. So, you were right. You had mentioned something I think we are just clarifying that to you.

Moderator: Thank you. The next question is from the line of Sabri Hazarika from PhillipCapital. Please go ahead.

Sabri Hazarika: Sir, first of all, certain again book keeping questions, what is the automotive versus non-automotive share, it was around 62% and 38% earlier. So, currently you have the shares changed or it has remained the same?

Ravi Chawla: No, so that is the route to market and as I mentioned to you, our product split should divide the products, it is 80% automotive, 20% industrial. Industrial is all your hydraulics and specialized products. And this quarter, we have continued our 63 : 37 ratio that is route to market through channel and B2B.

Sabri Hazarika: Okay. Because this factory fill we are considering it.

Ravi Chawla: That goes B2B.

Sabri Hazarika: That is B2B.

Ravi Chawla: Yes. So, B2B is 37%, you can say 35% to 37% and B2C is everything sold through distributors, you may also sell some industrial products.

Sabri Hazarika: Okay, got it. And second thing is on this, has there been any kind of like the sales break-up between MCO, PCMO, and CVO, that has also remained largely same at 65%, right I mean it is 18% 5%, 42%, or there has been any change

Ravi Chawla: No, so MCO is close to about 19% to 20% and PCMO is normally 3% to 4% which we are planning high growth and DEO you are right, DEO is again close to around 40% - 45%, it varies based on mix.

Sabri Hazarika: Okay, sir. And just one last question is on this Chennai plant. Is there any GST related benefit from this plant because of stock transfer something of that sir?

Manish Kumar Gangwal: No. See, we are having warehouses across India anyways before GST also. So, that was a stock transfer which was happening from Silvassa plant, now it will happen from two plants. So, there is no particularly GST related impact on Chennai plant.



*Gulf Oil Lubricants India Limited
July 25, 2017*

Ravi Chawla: Yes, because GST is not geographic no. if you have a plant Chennai or you plan there is nothing which will be benefit. Earlier...

Manish Kumar Gangwal: It is like a unified India now. So, one India and we can supply from anywhere to anywhere virtually.

Ravi Chawla: There are no exemptions based on locations.

Sabri Hazarika: So, there are CST exemption or something of that sort that was no there in the previous time also I mean, right before GST also it was not there?

Manish Kumar Gangwal: So, whatever supplies are going from Silvassa plant to some of the customers under CST. Obviously, that is now going under GST, either from Silvassa, and tomorrow from Chennai also. To that extent customer is benefited because CST was a cost to him and to that extent customer is benefited, of course.

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

Ravi Chawla: Yes, so I just wanted to recap some of the points we made is, yes, the quarter did have some impact on GST. But I think we have come out positively with good results. We understand that these results are again ahead of industry both in terms of growth. Whatever figures we have got even the June impact for us has been I would say less than half or what competition is having.

As we go forward, we are expecting that July will also have some challenges but August - September, we expect to help us to take us normalcy and help us to continue our growth momentum. And again, for us the positive thing is that we continue to invest in our brand. The segments are responding positively across whatever businesses we have and we are hoping that growth momentum will take you forward. And certainly, we are looking at the Chennai operations and margins are looking as stable as we see the costs scenario around and certainly passing on the benefits to the consumers will help overall in terms of lowering their cost and also hopefully the unorganized sector, volumes can start moving towards the organized sector which will augur well for the industry. So, all-in-all we are quite positive and charged-up looking forward to the next few months. Thank you so much.

Manish Kumar Gangwal: Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of Axis Capital that concludes this conference. Thank you all for joining us and you may now disconnect your lines. Thank you.



Gulf Oil Lubricants India Limited
July 25, 2017

All forward-looking statements are subject to risks, uncertainties and assumptions that may cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that may cause actual results to differ materially from our expectations include, among others General economic and business conditions in India and other countries, Our ability to successfully implement our strategy, our growth and expansion plans and technological changes, Changes in the value of the Rupee and other currency changes, Changes in Indian or international interest rates, Changes in laws and regulations in India, Changes in political conditions in India, Changes in the foreign exchange control regulations in India and the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally. We do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not materialize.
