

Quebec Petroleum Resources Limited

December 31, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	35.66 (Reduced from 36.12)	CARE BBB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in the rating assigned to bank facilities of Quebec Petroleum Resources Limited (QPRL) continues to derive strength from an experienced promoter group and a diversified product profile having wide applications across multiple end-user industries. The rating also derives strength from exclusive rights for manufacturing and distribution of lubricants under the brand name of 'Motorol' in India, a wide distribution network and a comfortable capital structure.

However, the rating remains constrained by moderate scale of operations, thin profit margins, and susceptibility to volatility in crude oil prices. The rating is also constrained by moderate debt coverage indicators, working capital intensive operations, and intense competition from large established players in the lubrication industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant growth in revenue marked by total operating income (TOI) of over ₹350 crore and profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of exceeding 3% on a sustained basis.
- Improvement in the capital structure marked by overall gearing reaching below 0.50x on a sustained basis.
- Improvement in the debt coverage indicators marked by interest coverage exceeding 3.5x on a sustained basis.

Negative factors

- Significant decrease in scale of operations marked by TOI falling below ₹170 crore with deterioration in PBILDT margin below 2.00% on a sustained basis.
- Deterioration in the debt coverage indicators marked by interest coverage to remain below 1.70x on a sustained basis.
- Deterioration in QPRL's capital structure marked by overall gearing of 1.25x on a sustained basis.
- Significant amount of debtor write-offs.

Analytical approach: Standalone

Outlook: Stable

The continuation of "Stable" outlook reflects CARE Ratings Limited (CareEdge Ratings') expectation of continuance of benefit from its experienced promoter group, exclusive rights for manufacturing and distribution of lubricants under the brand name of 'Motorol' in India, which would enable company to sustain its moderate financial risk profile in the near-to-medium term.

Detailed description of key rating drivers:

Key strengths

Experienced promoters in petroleum products

Deepak Sadarangani and Dinesh Sadarangani have nearly two decades of experience in petroleum products industry. QPRL's top management is assisted by a team of qualified and experienced professionals across functions, including operations, marketing, and finance among others.

Diversified product profile and widespread distribution network

QPRL has an established track record of nearly two decades of operations as a manufacturer and trader of petroleum-based products. QPRL is engaged in manufacturing industrial, automotive, and specialty lubricants and provides its product portfolio to companies across varied industries, including power, glass, paper, automotive, steel, chemical, and pharmaceuticals, among others. It supplies products (lubricants for automotive and industrial segment) through distributors with depots at Karnataka, Haryana, Kerala, UP, and Mumbai, apart from its factory in Gujarat. The depot at Karnataka caters to the southern market in Tamil Nadu, Andhra Pradesh, and Karnataka, while the depot at Haryana caters to the northern market in Punjab and Haryana,

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

widening customer reach. The depot at Mumbai caters to bulk orders for industrial fuels. It also has warehouse facility at its factory premises. Over a period, QPRL established long-standing relations with its clients and its client portfolio remained well-diversified deriving ~23% of its total sales from top 10 customers in FY25.

Exclusive rights for use of 'Motorol' brand name

QPRL has the license from Oil Zone (UAE-based entity) to manufacture and market oils and lubricants under the brand name of 'Motorol' and has established technology to produce over 120 grades of lubricants in automotive, industrial, and specialty segments. Its production line is equipped with the laboratory and blending units, which are managed by team of professionals to ensure quality standards prescribed by Oil Zone. The owner of Oil Zone is a brother-in-law of Deepak Sadarangani.

Comfortable capital structure and moderate debt coverage indicators

QPRL's capital structure remained comfortable marked by overall gearing of 0.75x as on March 31, 2025, compared to 0.83x as on March 31, 2024. The slight improvement was mainly due to decrease in debt level and higher accretion of profits. The total outside liabilities to net worth stood low at 0.97x as on March 31, 2025 (1.01x as on March 31, 2024).

The debt coverage indicators slightly improved marked by PBILDT interest coverage at 2.06x in FY25 compared to 1.73x in FY24. Total debt to PBILDT improved from 6.64x in FY24 to 5.81x in FY25. The improvement is due to an increase in absolute PBLIDT in FY25 compared to FY24. Hence, the company's ability to efficiently manage its working limits and improve its debt coverage indicators remains key monitorable.

Key weaknesses

Moderate scale of operations with thin profitability margins

QPRL's TOI declined to ₹184.73 crore in FY25 compared to ₹246.59 crore in FY24. The reduction in sales was due to decline in sales volume in trading division as sales from suppliers except Indian Oil Corporation Limited (IOCL) were gradually transferred to its group company, Asai Petroleum. Contribution of trading division reduced to 19% of total sales in FY25 compared to 24% of total sales in FY24. Revenue from manufacturing business also declined due to volatile prices and company's shift towards high margin products. In H1FY26, QPRL achieved TOI of ₹93.12 crore. The company's revenue is expected to decline slightly in the near term considering expected reduction in trading revenues with similar performance in the manufacturing division.

QPRL's operating profitability exhibited a stable trend with a PBILDT margin within the range of 2-3% in the past three years ended FY25. It improved and remained moderate at 2.60% in FY25 compared to 1.79% in FY24 owing to raw material price fluctuations. Accordingly, profit after taxes (PAT) margin also improved to 0.95% in FY25 from 0.53% in FY24, in line with the operating margin. Profit margins are expected to remain at similar levels in the near-to-medium term.

Working capital intensive operations

The company's operating cycle is moderate; however, it elongated due to a decline in scale of operations, standing at 101 days in FY25 against 68 days in FY24. This deterioration was primarily due to an increase in the collection period from 46 days in FY24 to 70 days in FY25 as the company shifted its focus to high margin business primarily with wholesalers, which entails higher credit period from the company. The average inventory period rose from 30 days in FY24 to 42 days in FY25 due to reduction in the trading income. However, the average creditor period increased slightly to 10 days in FY25 compared to seven days in FY24.

Susceptibility of profit margins to crude oil price movement

Base oil, the key raw material used in manufacturing QPRL's products, is a derivative of crude oil. Crude oil price is influenced by factors such as global demand, global production, geo-political factors and government regulations, and hence, tends to be highly volatile. However, price change due to raw material are passed on to customers (despite a marginal delay of 2-3 months). Thus, the company's ability to improve its profitability margins amidst volatile input prices and forex fluctuations will remain critical from credit perspective.

Competition from large-sized established players in the lubrication industry

Lubrication industry is highly competitive with presence of large-sized established players in India. Automotive lubricant is the predominant segment in this industry. The industry comprises over 35 established players and other unorganised players. Established players enjoy premium in realisation compared to unorganised players because of better brand visibility.

Liquidity: Adequate

The liquidity position remained adequate with sufficient cash accruals for repayment of ₹1.29 crore and ₹0.94 crore in FY25 and FY26. Its working capital requirements are primarily funded by a cash credit facility. The average utilisation over the last 12 months ended September 2025 was 62%, while maximum utilisation stood at ~72%. Free cash and bank balance stood at ₹0.11

crore as on March 31, 2025, compared to ₹0.08 crore as on March 31, 2024. Cash flow from operations stood at ₹3.54 crore in FY25 (compared to negative ₹3.43 crore in FY24) due to negative working capital changes. The current ratio and quick ratio stood at a comfortable level of 1.82x and 1.27x, respectively, as on March 31, 2025 (compared to 1.78x and 1.15x, respectively, as on March 31, 2024).

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Energy	Oil, gas and consumable fuels	Petroleum products	Lubricants

Incorporated in 2005, QPRL is a Gujarat-based company promoted by Deepak Sadarangani and his family and later converted into a closely held limited company. The company manufactures ~120 grades of automotive, industrial, and specialty lubricants under license and technology from Oil Zone, marketed under the 'Motorol' brand. Its manufacturing facility is in Vadodara, Gujarat, with an installed capacity of 2,500 KLPM and utilisation of ~57%. QPRL is also engaged in trading light diesel oil and furnace oil, primarily as a del-credere agent of IOCL in select regions. Non-IOCL trading activities are being gradually transferred to its group company, Asai Petroleum.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	September 30, 2025 (UA)
Total operating income	246.59	184.73	94.20
PBILDT*	4.42	4.81	2.81
Profit after tax (PAT)	1.30	1.76	0.37
Overall gearing (x)	0.83	0.75	NA
Interest coverage (x)	1.73	2.06	NA

A: Audited; UA: Unaudited; NA: Not available; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation, and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	35.00	CARE BBB-; Stable
Fund-based - LT-Term Loan		-	-	28-02-2027	0.66	CARE BBB-; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	35.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (06-Jan-25)	1)CARE BBB-; Stable (05-Jan-24)	1)CARE BBB-; Stable (28-Dec-22)
2	Fund-based - LT-Term Loan	LT	0.66	CARE BBB-; Stable	-	1)CARE BBB-; Stable (06-Jan-25)	1)CARE BBB-; Stable (05-Jan-24)	1)CARE BBB-; Stable (28-Dec-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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