

FEBRUARY 10, 2015

CARE REAFFIRMS RATINGS ASSIGNED TO BANK FACILITIES OF GANDHAR OIL REFINERY INDIA LIMITED LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	81.71	CARE BBB [Triple B]	Reaffirmed
Long Term/Short term Bank Facilities	633.29	CARE BBB [Triple B]/ CARE A3 [A Three]	Reaffirmed
Total Facilities	715.00		

Rating Rationale

The ratings of Gandhar Oil Refinery India Limited (GORL) favourably factors wide experience of promoters and established position in specialty oil and coal trading segment, diverse product portfolio catering to a wide range of end-user segments, strong customer base and modest profitability margins with ability of GORL to transfer raw material price fluctuation.

However, the rating strengths are partially offset by working capital intensive operations marked by high overall gearing ratio, exposure to currency fluctuations and pricing pressures due to intense competition.

Ability of the company to improve capital structure, sustain profitability margins amidst volatile input prices and forex fluctuations and prudent working capital management are the key rating sensitivities.

Background

Gandhar Oil Refinery India Limited (GORL), incorporated in 1992 by Mr. Ramesh B Parekh, Chairman & Managing Director of the company is engaged in manufacturing of petroleum products and trading of coal. GORL manufactures variety of petroleum products such as Industrial/Automotive Lubricants, Mineral Oils, Transformer Oils, Petroleum Jelly & variety of Specialty Lubricants which is ultimately catered to both domestic and export markets. GORL's manufacturing units are strategically located at MIDC Taloja, Maharashtra & Silvassa(U.T.). and have a capacity of 1.37 Lakh MT (two shift basis). The company is ISO 14001:2004 certified, OHASAS 18001:2007 certified and FDA approved for manufacturing Pharmaceutical Grade Mineral Oils & Petrolatum's. The company is also been recognized as an Export House by the GOI and GORL's laboratory is designated as an R&D Centre by Government of India.

On a total operating income of Rs.1569.03 crore, the company posted PAT of Rs.30.65 crore in FY14 (refers to April 1 to March 31). For H1FY15, the company reported operating income of Rs.957.18 crore and PAT of Rs.20.59 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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