

November 17, 2015

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

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	93.50 (enhanced from 81.71)	CARE BBB [Triple B]	Reaffirmed
Long-term/Short-term Bank Facilities	621.50 (reduced from 633.29)	CARE BBB [Triple B]/ CARE A3 [A Three]	Reaffirmed
Total Facilities	715 (Rupees Seven Hundred and Fifteen crore only)		

Rating Rationale

The ratings of Gandhar Oil Refinery India Limited (GORL) continue to favourably factor in wide experience of the promoters and established position in specialty oil, diverse product portfolio catering to a wide range of end-user segments, strong customer base, consistent and healthy growth in total operating income and improvement in overall gearing in FY15 (refers to the period April 1 to March 31), on the back of equity infusion. However, the rating strengths are partially offset by working capital intensive nature of operations marked by high overall gearing ratio, exposure to currency fluctuations, pricing pressures due to intense competition and decline in PBILDT margins in FY15.

Ability of the company to improve capital structure, improve profitability margins amidst volatile input prices and forex fluctuations, while maintaining scale of operations; 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.) with 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 & petroleum products. The company is also been recognized as an Export House by the Government of India (GOI) and GORL's laboratory is designated as an R&D Centre. Furthermore, on December 01, 2014, GORL has been awarded "Niryat Shree" Gold trophy for the 14th set of awards in the chemicals, drugs, pharma and allied sector-MSME Category.

GORL reported PAT of Rs.18.99 crore on a total operating income of Rs.2207.66 crore in FY15 as against a PAT of Rs.30.65 crore on a total operating income of Rs.1569.03 crore in FY14.

Analyst Contact

Name: Ms Jumana Badshah

Tel: +91022 6754 3556

Email: Jumana.badshah@careratings.com

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

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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.

CONTACT**Head Office Mumbai****Mr. Sanjay Kumar Agarwal**

Mobile: + 91 8108007676

E-mail: sanjay.agarwal@careratings.com

Mr. Amod Khanorkar

Mobile: + 91 9819084000

E-mail: amod.khanorkar@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD**Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

BENGALURU**Mr. Dinesh Sharma**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-99000 41975

Tel: +91-80-4115 0445, 4165 4529

E-mail: dinesh.sharma@careratings.com

CHANDIGARH**Mr. Sajan Goyal**2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com

CHENNAI**Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

COIMBATORE**Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com

HYDERABAD**Mr. Saikat Roy**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 9820998779

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com

JAIPUR**Mr. Rakesh Jayaraman**304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 - 76655 96136

Tel: +91-141-402 0213 / 14

E-mail: rakesh.jayaraman@careratings.com

KOLKATA**Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

NEW DELHI**Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

PUNE**Mr. Rahul Patni**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

CIN - L67190MH1993PLC071691