GP Petroleums
passion for growth!

May 07, 2025

To **Corporate Relationship Department** **BSE Limited** Department of Corporate Services, P. J. Towers, Dalal Street, Fort, Mumbai – 400 001 **Scrip Code: 532543**	To **Listing Department** **National Stock Exchange of India Ltd.** Exchange Plaza, 5th Floor, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400 051 **Scrip Symbol: GULFPETRO**

Dear Sir/Ma'am,

Sub.: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Credit Rating

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform you that India Ratings and Research (Ind-Ra) has affirmed GP Petroleums Limited (GPPL) a Long-Term/Short Term Issuer Rating of 'IND BBB-'. The Outlook is Stable. The instrument-wise rating is given below:

Instrument type	Size of Issue (million)	Rating/Outlook	Rating Action
Fund Based/Non-Fund Based working capital limit	INR 1000 (Reduced from INR 1500)	IND BBB-/Stable /IND A3	Affirmed

Kindly take this on your record and disseminate the same on your website.

Thanking you,

Yours' Sincerely,
For GP Petroleums Limited

GP PETROLEUMS LTD. MUMBAI

Kanika Sehgal Sadana
Company Secretary and Compliance Officer

India Ratings Affirms GP Petroleums's Bank Facilities at 'IND BBB-'/Stable

May 07, 2025 | Lubricants

India Ratings and Research (Ind-Ra) has affirmed GP Petroleums Limited's (GPPL) bank facilities as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned along with Outlook/Watch	Rating Action
Fund/non-fund based working capital limit	-	-	-	INR1,000 (reduced from INR1,500)	IND BBB-/Stable/IND A3	Affirmed

Analytical Approach

Ind-Ra continues to assess GPPL's standalone credit profile, as the agency has received a management undertaking stating that the reorganisation and restructuring of the business operations and financial resources of the promoters, GP Global APAC Pte Ltd (GPGAPL; 39.7% shareholding) and Nivaya Resources Pvt. Ltd (NRPL; 2.5%), or any GP group company, will not negatively affect GPPL's financial and business activities.

Detailed Rationale of the Rating Action

The affirmation reflects GPPL's moderate scale of operations with majority contribution from the manufacturing segment, particularly from the industrial lubricants sub-segment. Also, there has been an improvement in the company's credit metrics on account of a reduction in interest costs due to lower reliance on working capital limits. Furthermore, GPPL has been able to accumulate cash due to absence of any long-term debt repayment, major capex or dividend payouts, and turned into net cash positive in FY24 and 9MFY25.

However, the ratings factor in the stake sale by the majority promoter GPGAPL who so far has sold an aggregate stake of 13.89% in GPPL to a Singapore-based investor, Incubit Energy Singapore Pte Ltd (IESPL). Whereas, the other promoter NRPL has off-loaded its stake in GPPL in the market through stock exchanges. Ind-Ra expects that GPGAPL will continue to offload its stake in GPPL.

However, Ind-Ra draws comfort from GPPL's stable financial and operating performance and delinked cashflows from the parent group which together are expected to safeguard the company from the stress at the GP group level.

Ind-Ra will track the stake sale, prospective change in the management and the overall strategic and operational linkages of the company with its new parent. The agency has factored this into its assessment and will continue to monitor the same.

List of Key Rating Drivers

Strengths
- GPPL remains unaffected by ongoing stress in group companies:
- Improvement in credit metrics
- Moderate scale of operations

Weaknesses
- Margins likely to remain range-bound
- Forex risks

Detailed Description of Key Rating Drivers

GPPL Remains Unaffected by Ongoing Stress in Group Companies: GPPL is a part of the Gulf Petrochem FZC (GPF) group of companies, promoted by the Goel family. The parent company, GPGAPL, held 39.7% shareholding in GPPL as of March 2025. United Arab Emirates-based GPF, the ultimate parent company, holds 100% in GPGAPL and is an oil trader and ship fuel supplier.

The group has been reorganising and restructuring the business including GPGAPL. The management has provided an undertaking that the ongoing reorganisation and restructuring of the business operations and financial resources of GPGAPL, NRPL or any other group company will not have any negative impact on GPPL's operations and activities. As per the management, GPPL's operations will continue on a going-concern basis, without any risk of consolidated restructuring/bankruptcy filing. This is because there are no loans/guarantees outstanding between GPPL and other group companies, including the parent companies. Moreover, there is no cross charge on any assets of GPPL in any other group companies. Also, the only financial interest of GPPL's promoters in the company is in the form of their respective shareholding, and the management stated that there will not be any cash outflows, or any support extended to any of these companies as part of the restructuring exercise. The related-party transactions between GPPL and the group companies remained low at just 0.4% of the revenues in FY24. During FY24, GPPL engaged in trading activities with its group companies, which had a low impact on the financial performance. The company has three independent members on the board out of the total six members and it has a professional management team.

While Ind-Ra expects GPGAPL to continue selling its stake, it draws comfort from the company's stable financial performance and credit metrics.

Improvement in Credit Metrics: GPPL had working capital cycle-dependent short-term working capital limits on its books as on 31 December 2024. Its gross debt (including lease liability) stood at INR158 million at end-9MFY25 (FY24: INR176 million; FYE23: INR310 million). GPPL's credit metrics remained comfortable in FY24, driven by a reduction in the short-term debt. The company's gross interest coverage (EBITDA/gross interest expense (excluding forex movement)) improved to 19.9x in 9MFY25 (FY24: 17.7x; FY23: 10.7x) and it remained net cash positive at INR131 million (INR101 million; negative INR308 million). Ind-Ra expects the company's credit metrics to remain comfortable over the medium term; however, any higher short-term debt or lower-than-expected EBITDA generation could impact the credit metrics.

Moderate Scale of Operations: During 9MFY25, GPPL recorded revenue of INR4,269 million (FY24: INR6,552 million; FY23: INR7,904 million), with major contribution from the manufacturing segment at 88% (80%; 65%) and the balance from trading activities. GPPL's overall revenue fell on account of a muted market demand and lower reliance on the trading of base oils due to price volatility. However, the company continues to trade in Bitumen as and when the market is viable. In 9MFY25, the combined manufacturing volume recorded was 39,127kl (FY24: 56,877kl; FY23: 52,709kl), with major contribution from industrial lubricants and rubber process oils. As per the management, GPPL will continue to focus largely on the manufacturing segment, while trading in bitumen would be undertaken only if it is highly viable. The management looks to curtail its trading volumes, which would result in a lower revenue generation in the medium term. Ind-Ra expects the EBITDA margins to remain stable in the medium term with the company's higher reliance on the manufacturing segment.

Margins Likely to Remain Range-bound: Over FY16-FY24, GPPL's EBITDA margins remained rangebound at 5.5%-6.5%, driven by the mix of manufacturing and trading segment operations. During 9MFY25, the margins improved to 6.2% in 9MFY25 (FY24: 6.1%; FY23: 4.6%) due to the lower contribution from trading segment and steady operations in the manufacturing segment. The prices of bitumen remained volatile during FY24, due to crude oil price fluctuations, and any increase in the prices had been passed on to its customers with a lag of a few months and vice versa, thus resulting in losses in the trading segment. Furthermore, the company is looking at geographical expansion of the higher margin REPSOL automotive lubricants during FY26, which would lead to an improvement in the product mix. The company has been taking measures to reduce the overheads and improve the product mix gradually. Ind-Ra expects the margins to remain steady over the medium term.

Forex Risks: GPPL is exposed to forex risks, given its import-based purchases. The company hedges its import foreign exchange exposure partly through exports and depending upon the market situations, partly through forward foreign currency covers. The company reported a forex gain of INR3 million in 9MFY25 (FY24: INR19 million; FY23: INR41 million). However, since the company has a dynamic hedging strategy as against a fixed hedging policy, it leaves GPPL open to forex fluctuations.

Liquidity

Adequate: GPPL had sufficient cash and liquid investments including mutual funds of INR265 million in 9MFY25 (FY24: INR277 million; FY23: INR1.37 million); the cash buildup is on account of cash generated through operations. GPPL's cash flow from operations improved to INR550 million in FY24 (FY23: INR97.5 million; FY22: INR572 million) due to a reduction in the advances paid to suppliers. GPPL had inventory holding of 52 days in FY24 (FY23: 44 days; FY22: 60 days), with receivable days of 75 (60; 54) and payable days of 15 (10; 11). The company's monthly maximum utilisation of the fund-based and non-fund-based working capital limits was low 32% over the 12 months ended March 2025, with sanctioned limits of INR278.8 million, as the company relied majorly on the domestic market for base oil procurement. The company does not have any long-term debt repayments and the fund-based limits are being used to meet advance payments for procurements from domestic refineries. Ind-Ra believes that the available fund-based limits offer sufficient flexibility for domestic procurements. The company has been purchasing base oils from the domestic market as well as from international refineries on advance payments.

Rating Sensitivities

Positive: A significant improvement in the scale of operations and EBITDA levels, leading to the interest coverage remaining above 4x, on a sustained basis, along with the maintenance of sufficient liquidity could be positive for the ratings.

Negative: The following factors could individually or collectively lead to a negative rating action:

- a decline in EBITDA generation; higher short-term debt, leading to a decline in the gross interest coverage below 1.5x, on a sustained basis
- any cash outflows to support the group level restructuring
- a significant change in management strategy, in case the parent's share is sold to another party

About the Company

Incorporated in 1983, GPPL is a listed company. It primarily manufactures lubricants and greases in India. The company also trades in base oils, coal and bunker fuel oil whenever the market provides an opportunity. It specialises in the formulation, manufacturing and marketing of automotive and industrial lubricants, process oils, transformer oils, greases and other specialty products under the brand name IPOL in India. GPPL has exclusive rights to manufacture and sell REPSOL automotive lubricants, a brand of Spanish oil major Repsol S.A, in India.

Key Financial Indicators

Particulars (INR million)	FY24	FY23
Revenue	6,552	7,904
EBITDA	402	364
EBITDA margins (%)	6.1	4.61
Net leverage (x)	Negative	0.85
Interest coverage (x)	102	NM

Source: GPPL, Ind-Ra
NM: Not meaningful

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Ratings	Historical Rating/Outlook		
				8 February 2024	20 October 2023	9 November 2022
Issuer Rating	Long Term	-	-	-	WD	IND BBB-/Stable
Fund-based/non-fund-based working capital limits	Long-term/Short-term	INR1,000	IND BBB-/Stable/IND A3	IND BBB-/Stable/IND A3	-	IND BBB-/Stable/IND A3

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Fund/Non-Fund Based Working Capital Limit	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Short-Term Ratings Criteria for Non-Financial Corporates

Corporate Rating Methodology

The Rating Process