



## Press Release

### GOCL Corporation Limited

**May 13, 2025**

#### **Ratings**

| <b>Instrument / Facility</b> | <b>Amount (Rs. crore)</b> | <b>Current Ratings</b>                                                | <b>Previous Ratings</b>                         | <b>Rating Action</b>                                | <b><u>Complexity Indicator</u></b> |
|------------------------------|---------------------------|-----------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------|------------------------------------|
| Long Term Bank Facilities    | 15.00                     | IVR A/ RWDI (IVR Single A/ Rating Watch with Developing Implications) | IVR A/Stable (IVR Single A with Stable Outlook) | Rating placed on watch with developing implications | <u>Simple</u>                      |
| Short Term Bank Facilities   | 1445.00*                  | IVR A1/ RWDI (IVR A One/ Rating Watch with Developing Implications)   | IVR A1 (IVR A One)                              | Rating placed on watch with developing implications | <u>Simple</u>                      |
| <b>Total</b>                 | <b>1460.00</b>            | <b>(Rupees One Thousand four hundred and sixty crore only)</b>        |                                                 |                                                     |                                    |

*\*Includes SBLC of USD value 168.75 million*

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### **Detailed Rationale**

Infomerics Valuation and Rating Limited (IVR) has placed the ratings under 'Rating Watch with Developing Implications (RWDI)' for the bank loan facilities of GOCL Corporation Limited (GOCL).

The ratings has been placed under RWDI on account of proposed disinvestment of its wholly owned subsidiary, IDL Explosives Limited (IDL), to Apollo Defence Industries Private Limited for a sale consideration of Rs.107.00 crore. The transaction is currently pending shareholder approval, with completion anticipated by June 2025. IVR will continue to monitor the developments in this regard and will resolve the watch once the transaction is completed.

The rating reaffirmation takes into consideration improvement in financial performance by virtue of reduction in losses facilitated by better price mechanism with end users supported by stabilisation of raw material prices. The ratings continue to draw comfort from long track record of operations, experienced management coupled with demonstrated support from Hinduja Group. The ratings further derive comfort from moderate capital structure and Memorandum of Understanding (MOU) signed for land monetization amounting to Rs. 3418.00 crore for which Rs. 255.23 crore has been received till December 31, 2024. However, these rating strengths are partially offset by low profitability, weak debt coverage indicators along with high



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exposure to other entities coupled with vulnerability of profitability to fluctuations in raw material price.

Infomerics Ratings has principally relied on the consolidated audited financial results of GOCL, IDL Explosives Limited and HGHL Holdings Limited up to 31 March 2024 (refers to period April 1st, 2023, to March 31st, 2024) and 9MFY25 (refers to period April 1<sup>st</sup>, 2024 to December 31<sup>st</sup>, 2024), and projected financials for FY2025 (refers to period April 1st, 2024, to 2 March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027), and publicly available information/ clarifications provided by the company's management.

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Substantial & sustained improvement in the revenue & EBITDA margin while improving the debt protection metrics.

#### **Downward Factors**

- Any further decline in revenue and/or EBITDA margin leading to a decline in debt protection metrics.
- Sizeable increase in direct and indirect exposure to group companies, large acquisitions, or capex.
- Any uncertainties in the performance of the company post sale of IDL

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

- **Long track record of operations**

GOCL was incorporated in 1961 for manufacturing industrial explosives, reflecting a track record of more than six decades. In the past, the company had forayed into various segments like lubricants, mining, real estate, wind energy, food chemicals, pharmaceuticals, etc. through various joint ventures/ subsidiaries. Currently, it has its presence mainly in energetic & explosives with realty segments constituting a small proportion of revenue at present.

- **Strong promoter group and experienced management**



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The company is a part of the Hinduja Group which came into existence in 1918. It is one of the largest diversified groups having presence in around 30 countries in sectors encompassing automotive, oil &, banking & finance, power, information technology & business process outsourcing, media and healthcare. The company has experienced top management and are well assisted by a team of experienced management professionals whose experience in running various businesses is a key strength for GOCL.

- **Demonstrated support from Hinduja Group**

The operating businesses of the Company mainly comprise of Energetic and Explosives business, Realty business & Investments. The company has also ventured into the realty segment, wherein it is in the process developing a special economic zone (SEZ) at Bengaluru. The Board is also looking at the opportunities for investments that will be value enhancing for the Company in the international market.

- **Moderate capital structure**

The capital structure of the group stood comfortable marked by the overall gearing ratio at 0.80x as on March 31, 2024, improved from 1.16x as on March 31, 2023, on account of accretion of profits to general reserve along with schedule repayment of bank borrowings along with lower utilization of working capital bank borrowings as on balance-sheet date. However, adjusted tangible net worth remained negative due to significant exposure to group companies and subsidiary.

### **Key Rating Weaknesses**

- **Thin profitability**

The EBITDA margin remained thin and at 0.64% in FY24 (FY23: -0.23%). The PAT margin declined by 989 bps on y-o-y basis to 5.08% in FY24 due to a decline in other income from Rs. 472.50 crore in FY23 to Rs. 219.01 crore in FY24. Gross Cash Accrual stood at Rs. 53.70 crore in FY24 declined from Rs. 222.14 crore in FY23 due to lower profitability.

- **Weak debt coverage indicators**

The debt protection metrics of the group marked by the interest coverage ratio stood below unity at 0.03x in FY24 against negative of -0.02x in FY23. The DSCR of the



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group stood below unity at 0.31x in FY24 compared to 2.83x in FY23. The Total Debt to GCA of the group stood high at 22.08 years in FY24 compared to 7.92 years in FY23 on account of decline in GCA during FY24.

- **High exposure to group/related entities:** The company's exposure to group/related entities at a consolidated level stood high at Rs. 2,130.03 crore as on March 31, 2024, as against Rs. 2,564.85 crore as on March 31, 2023. It mainly includes loans extended to 57 Whitehall Investments SARL Luxemburg by its subsidiary, HGHL Holdings Ltd., which also holds 10% stake in this company, which in-turn has invested in the downstream joint venture project which is engaged in the development of a residential and hospitality project in the UK.
- **Vulnerability to profitability to fluctuations in raw material price**  
The basic raw materials required by the company are coating materials, chemicals, metals, etc. the prices of which are volatile in nature. Hence, the profitability of GOCL is exposed to variations in raw material prices. Also, globally the tensions over trade issues, Russia Ukraine war and Middle East issues are hitting up crude oil prices to a higher level. This is expected to pose problems in the Indian economy unless some de-escalation takes place.

**Analytical Approach:** Consolidated.

For arriving at the ratings, Infomerics has consolidated view of GOCL Corporation Limited and its subsidiary i.e. HGHL Holdings Limited (100%) and IDL Explosives Limited (100%), based on common promoters/ management, cash flow fungibility and strong financial linkages between the entities. Infomerics has analysed the consolidated financial statement to arrive at the ratings.

(Extent of Consolidation: Full)

List of companies considered for consolidation analysis is given at Annexure 4

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)



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[Criteria for assigning Rating outlook.](#)

[Criteria of consolidation of companies](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Criteria on Rating Watch](#)

### **Liquidity – Adequate**

The liquidity position of the company is adequate, marked by expected sufficient cash accruals as against its repayment obligations. The Company's average fund based working capital limit utilization stood moderate at 16.38% for the last 12 months ended May 2024 indicate adequate buffer in its working capital limits. Further, the company had free cash and cash equivalents to the tune of Rs.44.12 crore as on June 30, 2024, which is expected to support the liquidity profile of the company in the near to medium term. The current ratio of the company stood moderate at 4.23x as on March 31, 2024. Further, the company expects sufficient cushion in cash accruals against its debt repayments. The Working Capital Cycle of the company stood at 73 days in FY24 days against 43 days in FY23.

### **About the Company**

GOCL Corporation Limited (GOCL), formerly Gulf Oil Corporation Limited, was incorporated in 1961 as Indian Detonators Ltd. (IDL), in Hyderabad. The company is a part of the "Hinduja Group" which is one of the largest diversified groups in the country spanning various sectors of the economy. The Company's equity shares are listed on the Bombay Stock Exchange (BSE) since 1963 and on the National Stock Exchange (NSE) since 2007. GOCL is a multi-division, multi-location Company, a leader in businesses in energetics and realty. It has 2 wholly owned subsidiaries – IDL Explosives Limited and HGHL Holdings Limited in UK. GOCL is a Star House exporter of energetic and commercial explosive products to over 20 countries.

### **Financials (Consolidated):**

**(Rs. crore)**

| For the year ended/ As on* | 31-03-2023     | 31-03-2024     |
|----------------------------|----------------|----------------|
|                            | <b>Audited</b> | <b>Audited</b> |
| Total Operating Income     | 937.21         | 730.02         |
| EBITDA                     | -2.15          | 4.71           |
| PAT                        | 211.15         | 48.25          |
| Total Debt                 | 1759.90        | 1185.92        |
| Tangible Net Worth         | 1398.82        | 1404.24        |





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|                           |       |      |
|---------------------------|-------|------|
| EBITDA Margin (%)         | -0.23 | 0.64 |
| PAT Margin (%)            | 14.98 | 5.08 |
| Overall Gearing Ratio (x) | 1.26  | 0.84 |
| Interest Coverage (x)     | -0.02 | 0.03 |

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** None

**Any other information:** Not applicable

**Rating History for last three years:**

| Sr. No. | Name of Security/Facilities | Current Ratings (Year 2025-2026) |                                |             | Rating History for the past 3 years     |                                         |                                         |
|---------|-----------------------------|----------------------------------|--------------------------------|-------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
|         |                             | Type (Long Term/Short Term)      | Amount outstanding (Rs. Crore) | Rating      | Date(s) & Rating(s) assigned in 2024-25 | Date(s) & Rating(s) assigned in 2023-24 | Date(s) & Rating(s) assigned in 2022-23 |
|         |                             |                                  |                                |             | August 21, 2024                         | May 24, 2023                            | -                                       |
| 1.      | Fund Based Limits           | Long Term                        | 15.00                          | IVR A/ RWDI | IVR A/ Stable                           | IVR A-/ Stable                          | -                                       |
| 2.      | Non-Fund Based              | Short Term                       | 1445.00*                       | IVR A1/RWDI | IVR A1                                  | IVR A2+                                 | -                                       |

\*Includes SBLC of USD value 168.75 million

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### About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit



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ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are 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 us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs 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/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Instrument/Facility Details

| Name of Facility/<br>/Security            | ISIN | Date of<br>Issuance | Coupon<br>Rate/ IRR | Maturity<br>Date | Size of<br>Facility<br>(Rs. Crore) | Rating<br>Assigned/<br>Outlook |
|-------------------------------------------|------|---------------------|---------------------|------------------|------------------------------------|--------------------------------|
| Long Term Facility<br>– Cash Credit       | -    | -                   | -                   | -                | 15.00                              | IVR A/RWDI                     |
| Short Term Facility<br>– Bank Guarantee   | -    | -                   | -                   | -                | 15.00                              | IVR A1/RWDI                    |
| Short Term Facility<br>– Letter of Credit | -    | -                   | -                   | -                | 20.00                              | IVR A1/RWDI                    |
| Short Term Facility<br>– SBLC             | -    | -                   | -                   | -                | 1409.00*                           | IVR A1/RWDI                    |
| Short Term Facility<br>– Forward Contract | -    | -                   | -                   | -                | 1.00                               | IVR A1/RWDI                    |

\*USD value 168.75 million

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-goclc-may25.pdf>



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**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated analysis:**

| Name of the company      | Consolidation Approach |
|--------------------------|------------------------|
| GOCL Corporation Limited | 100%                   |
| IDL Explosives Limited   | 100%                   |
| HGHL Holdings Limited    | 100%                   |

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).

