

March 27, 2025

Kothari Petrochemicals Limited: Change in limits

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund-based – Cash credit	22.50	22.50	[ICRA]A+ (Stable); Outstanding
Short-term non-fund based	20.00	25.00	[ICRA]A1+; Outstanding
Short-term – Unallocated Limits	5.00	0.00	-
Total	47.50	47.50	

*Instrument details are provided in Annexure-I

Rationale

This rationale is being released to convey the change in the rated limits, based on the latest information received from the company.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, the liquidity position, rating sensitivities and environmental and social risks: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of the issuer

About the company

Kothari Petrochemicals Limited (KPL) is the largest manufacturer of poly iso-butylene (PIB) in the country with a nameplate capacity of 48,000 MTPA, up from 36,000 MTPA in 2023 post the approval of the Pollution Control Board. KPL is a part of the Chennai-based HC Kothari Group. The promoter group held 70.99% in KPL as on Dec 31, 2024. KPL has a plant in Manali, Chennai, located near Chennai Petroleum Corporation Ltd's (CPCL) refinery. It uses raw material from CPCL and other sources like Reliance Industries Ltd (RIL) and manufactures PIB of varying grades that have specific applications in lube oil, and the plastic, paint and rubber industries.

KPL was started in 1989 with a unit for manufacturing caustic soda. This unit was set up as backward integration into the nitro chloro benzene (NCB) business of Kothari Sugars and Chemicals Limited (KSCL). The promoters eventually sold the chlor-alkali unit at Karaikkal, Puducherry, to Chemplast Sanmar Ltd. Since then, KPL has remained as a shell company without any significant business interests, except marginal trading operations. With effect from April 1, 2006, KPL was merged with Primetra Technologies Private Limited (PTPL), a group company that manufactured PIB. With the merger, PIB became the major business line of KPL.

Key financial indicators (audited)

	FY2023	FY2024	9MFY2025*
Operating income	482.1	603.1	424.4
PAT	39.2	63.8	48.5
OPBDIT/OI	11.81%	15.93%	13.42%
PAT/OI	8.13%	10.58%	11.44%
Total outside liabilities/Tangible net worth (times)	0.4	0.3	-
Total debt/OPBDIT (times)	0.4	0.0	-
Interest coverage (times)	22.2	80.8	78.0

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; *provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	FY2025			FY2024		FY2023		FY2022	
			Mar 27 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loan	Long Term	-		Sep 02, 2024	-	Aug 04, 2023	[ICRA]A (Stable)	Jul 12, 2022	[ICRA]A (Stable)	Apr 21, 2021	[ICRA]A (Stable)
Cash credit	Long Term	22.50	[ICRA]A+ (Stable)	Sep 02, 2024	[ICRA]A+ (Stable)	Aug 04, 2023	[ICRA]A (Stable)	Jul 12, 2022	[ICRA]A (Stable)	Apr 21, 2021	[ICRA]A (Stable)
Non-fund based	Short Term	25.00	[ICRA]A1+	Sep 02, 2024	[ICRA]A1+	Aug 04, 2023	[ICRA]A1	Jul 12, 2022	[ICRA]A1	Apr 21, 2021	[ICRA]A1
Unallocated limits	Short Term	0.00	-	Sep 02, 2024	[ICRA]A1+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Cash credit	Simple
Short-term non-fund based	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term fund-based – Cash credit	NA	NA	NA	22.50	[ICRA]A+ (Stable)
NA	Short-term non-fund based	NA	NA	NA	25.00	[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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