

March 20, 2026

Kothari Petrochemicals Limited: Placed on rating watch with negative implications

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+; put on rating watch with negative implications
Short term non fund based facilities	25.00	25.00	[[ICRA]A1+; put on rating watch with negative implications
Total	47.50	47.50	

*Instrument details are provided in Annexure I

Rationale

Kothari Petrochemicals Limited (KPL) has announced to exchange on March 11, 2026, about the restriction in gas supply arising due to the recent ongoing geopolitical situation in the Middle East. The company has further communicated that the Ministry of Petroleum and Natural Gas, Government of India, has issued Order directing the Refineries to prioritise and divert supplies for domestic LPG requirements and suspend feedstock supplies to downstream industries, which resulted in the constrained availability of raw materials for the Company.

ICRA has placed the ratings on watch with negative implications considering the restrictions on feedstock supply impacting KPL's production volumes, revenues and profitability. ICRA takes note of the development and will continue to monitor the impact of the supply disruptions on KPL's operations.

ICRA notes the company's capital structure is comfortable and it has a strong liquidity position. It has nil/minimal debt on the books, unencumbered cash and cash equivalents of ~Rs. 13.72 crore, unencumbered liquid investments of Rs. 40.43 crore as on March 31, 2025, and undrawn working capital limits of Rs. 20 crore, which will help the company withstand any near-term adverse impact of the ongoing situation.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, liquidity position, rating sensitivities: [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 from 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 March 31, 2025. 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)

KPL	FY2024	FY2025	9MFY2026
Operating income	595.9	577.3	438.5
PAT	63.8	65.8	54.7
OPBDIT/OI	16.12%	13.90%	16.72%
PAT/OI	10.70%	11.40%	12.47%
Total outside liabilities/Tangible net worth (times)	0.3	0.2	-
Total debt/OPBDIT (times)	-	0.04	-
Interest coverage (times)	80.7	72.7	125.0

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	March 20, 2026	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based - Cash credit	Long term	22.50	[ICRA]A+; rating watch with negative implications	Oct 09, 2025	[ICRA]A+ (Stable)	Sep 02, 2024	[ICRA]A+ (Stable)	Aug 04, 2023	[ICRA]A (Stable)	Jul 12, 2022	[ICRA]A (Stable)
			-	-	-	Mar 27, 2025	[ICRA]A+ (Stable)	-	-	-	-
Non-fund based - Others	Short term	25.00	[ICRA]A1+; rating watch with negative implications	Oct 09, 2025	[ICRA]A1+	Sep 02, 2024	[ICRA]A1+	Aug 04, 2023	[ICRA]A1	Jul 12, 2022	[ICRA]A1
			-	-	-	Mar 27, 2025	[ICRA]A1+	-	-	-	-
Fund based - Term loan	Long term	-	-	-	-	-	-	Aug 04, 2023	[ICRA]A (Stable)	Jul 12, 2022	[ICRA]A (Stable)
Unallocated -Unallocated	Short term	-	-	-	-	Sep 02, 2024	[ICRA]A1+	-	-	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long term fund based limits – Cash credit	Simple
Short term non-fund based facilities	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 No	Instrument name	Date of issuance/Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term fund based – Cash credit	NA	NA	NA	22.50	[ICRA]A+; rating watch with negative implications
NA	Short term non-fund based facilities	NA	NA	NA	25.00	[ICRA]A1+; rating watch with developing implications

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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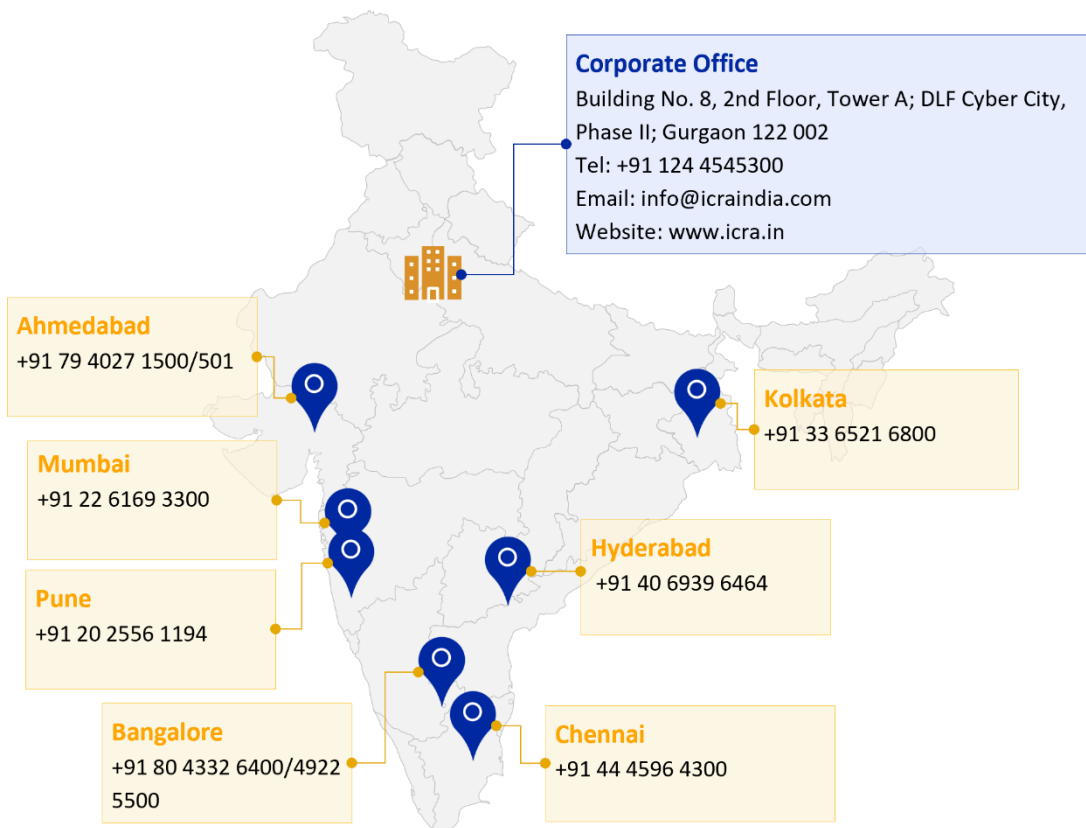
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