

May 28, 2026

Kothari Petrochemicals Limited: Rating continues to be on 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+; rating continues to be on watch with negative implications
Short term non fund based facilities	25.00	25.00	[ICRA]A1+; rating continues to be on watch with negative implications
Total	47.50	47.50	

*Instrument details are provided in Annexure II

Rationale

Kothari Petrochemicals Limited (KPL) has announced to exchange on May 19, 2026, that its Board of Directors have approved a Scheme of Amalgamation of Kothari Sugars and Chemicals Limited (KSCL) with Kothari Petrochemicals Limited. This is subject to the approval of National Stock Exchange, the Securities and Exchange Board of India, the respective shareholders and creditors, the jurisdictional National Company Law Tribunal and such other approvals as may be required. ICRA takes note of the development and will continue to monitor the impact.

ICRA continues to retain the ratings on watch with negative implications considering the ongoing volatility of feedstock supply impacting KPL's production volumes, revenues and profitability. ICRA will continue to monitor the impact.

ICRA notes that KPL'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. 10.27 crore, unencumbered liquid investments of Rs. 22.38 crore as on March 31, 2026, and sufficient undrawn working capital limits, which will help the company withstand any near-term adverse impact of the ongoing situation.

The capital structure of KSCL is also healthy with a net debt negative position, however ICRA notes the operating losses in FY2026 in the company.

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

KPL (Standalone)	FY2025	FY2026*
Operating income	577.3	591.4
PAT	65.8	72.5
OPBDIT/OI	13.90%	16.43%
PAT/OI	11.40%	12.26%
Total outside liabilities/Tangible net worth (times)	0.2	0.2
Total debt/OPBDIT (times)	0.04	0.02
Interest coverage (times)	72.7	131.3

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; *results

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 (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	May 28, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based - Cash credit	Long term	22.50	[ICRA]A+; rating watch with negative implications	Mar 20, 2026	[ICRA]A+; rating watch with negative implications	Sep 02, 2024	[ICRA]A+ (Stable)	Aug 04, 2023	[ICRA]A (Stable)
			-	Oct 09, 2025	[ICRA]A+ (Stable)	Mar 27, 2025	[ICRA]A+ (Stable)	-	-
Non-fund based - Others	Short term	25.00	[ICRA]A1+; rating watch with negative implications	Mar 20, 2026	[ICRA]A1+; rating watch with negative implications	Sep 02, 2024	[ICRA]A1+	Aug 04, 2023	[ICRA]A1
			-	Oct 09, 2025	[ICRA]A1+	Mar 27, 2025	[ICRA]A1+	-	-
Fund based - Term loan	Long term	-	-	-	-	-	-	Aug 04, 2023	[ICRA]A (Stable)
Unallocated	Short term	-	-	-	-	Sep 02, 2024	[ICRA]A1+	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments that fall under the regulatory purview of various Financial Sector Regulators (FSR) are as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA that fall under the regulatory purview of various Financial Sector Regulators (FSR) are as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

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 II: 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 negative implications

Source: Company

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

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

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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