July 13, 2026

Kothari Petrochemicals Limited: Rating continues to be on watch, suffix revised to watch with developing implications from watch with negative implications

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long term fund based – Cash credit	22.50	22.50	[ICRA]A+; Rating Watch with Developing Implications; Continues to be on watch and suffix revised to watch with developing implication from watch with negative implication	RBI
Short term non fund based facilities	25.00	25.00	[ICRA]A1+; Rating Watch with Developing Implications; Continues to be on watch and suffix revised to watch with developing implication from watch with negative implication	RBI
Total	**47.50**	**47.50**		

**Instrument details are provided in Annexure I*

#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.

Rationale

ICRA had earlier placed the ratings of Kothari Petrochemicals Limited (KPL) on watch with negative implications following restrictions on feedstock supply due to West Asia crisis, as disclosed in the company's exchange filing dated March 11, 2026.

Subsequently, on July 2, 2026, the company informed the exchange that, pursuant to Government directives easing supply restrictions to refineries, the temporary constraints on raw material availability have been eased and supply has returned to normal levels. Accordingly, the company's operations are expected to stabilise and continue without disruption.

Separately, on May 19, 2026, KPL announced that its Board of Directors approved a Scheme of Amalgamation with Kothari Sugars and Chemicals Limited (KSCL). The proposed merger remains subject to requisite approvals from the National Stock Exchange, the Securities and Exchange Board of India, shareholders and creditors of both entities, the jurisdictional National Company Law Tribunal, and other regulatory authorities, as applicable.

In view of the normalisation in raw material supply, ICRA has revised the rating watch status from Negative Implications. However, ratings to continue to remain in watch in light of proposed amalgamation and clarity on the strategy, capex plans and synergy post the amalgamation.

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.

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

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
OPBDITA/OI	13.90%	16.43%
PAT/OI	11.40%	12.26%
Total outside liabilities/Tangible net worth (times)	0.2	0.2
Total debt/OPBDITA (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; OPBDITA: 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					
					FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	July 13, 2026	May 28, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based - Cash credit	Long term	22.50	[ICRA]A+; rating watch with developing implications	[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 developing implications	[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+	-	-

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	Instrument name	Date of issuance/Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook	Financial Sector Regulator#
NA	**Long term fund based – Cash credit**	NA	NA	NA	22.50	[ICRA]A+; rating watch with developing implications	RBI
NA	**Short term non-fund based facilities**	NA	NA	NA	25.00	[ICRA]A1+; rating watch with developing implications	RBI

Source: Company

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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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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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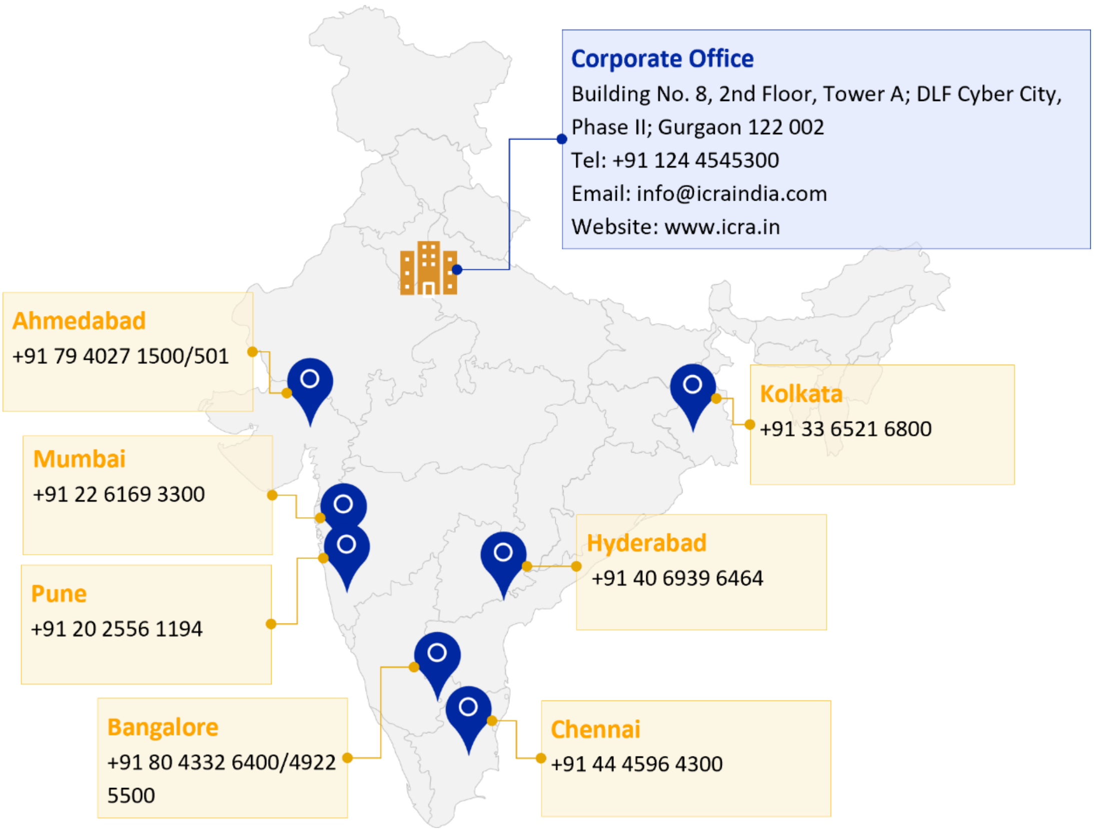

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