Kesar Petroproducts Limited

November 23, 2026

Rating Action

Total Bank Loan Facilities Rated	**Rs. 73.57 Crore (Reduced from Rs 84.00 Crore)**	**Regulator^**
Long Term Rating	**IVR BBB/Stable (Rating upgraded, removed from ISSUER NOT COOPERATING category, Outlook revised to Stable from Negative)**	**RBI**
Short Term Rating	**IVR A3+ (Rating upgraded, removed from ISSUER NOT COOPERATING category)**	**RBI**
^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: *None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.*

Rationale

Infomerics has upgraded the rating of the bank facilities of Kesar Petroproducts Limited (KPL) to IVR BBB/Stable & IVR A3+ from IVR BB+/Negative (ISSUER NOT COOPERATING) & IVR A4+ ((ISSUER NOT COOPERATING), post the receipt of detailed information from the company basis which the agency has been able to carry out surveillance of the rating.

The rating takes into account KPL's established presence in the copper phthalocyanine pigment industry, supported by an experienced promoter group with over three decades of experience and established customer relationships. The rating also factors in the improvement in operating profitability during FY26, with EBITDA margin increasing to 11.16% from 8.63% in FY25, supported by improved manufacturing spreads and favourable raw material price movements. Further, the commercialisation of Mono Ammonium Phosphate (MAP), utilising residual material generated during CPC Blue Crude manufacturing, is expected to support revenue growth and profitability. The rating also derives comfort from the company's comfortable financial risk profile, characterised

by overall gearing of 0.48x and TOL/TNW of 0.64x as on March 31, 2026, along with adequate liquidity position.

Outlook: Stable

Stable outlook reflects the strong growth expected over FY27-FY29 period with EBITDA margins likely to be maintained over 11%. Healthy accretions to net worth are expected to result in overall gearing sustained below 0.50x over this period. The revenue growth is likely to be supported by the ramp-up of the MAP product following commencement of commercial operations, improvement in capacity utilisation, and increasing contribution from the company's existing product portfolio. Further, the proposed expansion into Pigment Yellow 110 is expected to support business diversification and contribute to improved cash flows over the medium term.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	Not applicable

Key Rating Drivers with Detailed Description

Strengths

- **Experienced promoters and established customer relationships**

  KPL has an established presence in the manufacturing of copper phthalocyanine-based pigments and intermediates, including CPC Crude Blue, Alpha Blue, Beta Blue and Pigment Green 7. The company's experience in the pigment industry and established customer relationships support business continuity and repeat orders. The promoters have relevant and vast experience of over 32 years in chemical industry. The longstanding track record of KPL with experience of the management has also resulted in established relationship with customers resulting in repeat orders. Its existing product portfolio provides a base for product diversification and the development of value-added products. The company's established manufacturing operations and product range support its

presence in the domestic market, while its initiatives towards expanding direct exports are expected to provide opportunities for business growth.

- **Operating profitability likely to be sustained at over 10% levels, lower margin volatility expected going forward**

  KPL reported an improvement in EBITDA to Rs. 20.90 crore in FY26 from Rs. 15.98 crore in FY25, with EBITDA margin improving to 11.16% from 8.63%, supported by lower raw material costs amid correction in crude oil prices, relatively stable realisations of finished products and improved manufacturing spreads. This is despite the company reporting an EBITDA loss in Q4FY26 due to a sharp increase in crude oil and derivative prices following geopolitical tensions in the Middle East. Further, EBITDA margins moderated to 8.27% in Q1FY27 and 9.44% in Q2FY27, reflecting continued pressure from elevated raw material prices. Going forward, the expected contribution from MAP, which utilises residual material generated during CPC Blue Crude manufacturing, and the proposed Pigment Yellow 110 facility are expected to support profitability. Nevertheless, margins remain susceptible to raw material price volatility and the company's ability to pass on cost increases.

- **Comfortable financial risk profile**

  KPL's financial risk profile remained comfortable, as reflected in its overall gearing and TOL/TNW ratios of 0.48x and 0.64x, respectively, as on March 31, 2026, compared with 0.51x and 0.66x as on March 31, 2025. The improvement was supported by accretion of profits to reserves and a marginal reduction in total debt. The company's tangible net worth increased to Rs. 149.45 crore as on March 31, 2026, from Rs. 143.88 crore a year earlier. Although the interest coverage ratio moderated to 5.35x in FY26 from 11.50x in FY25 due to higher finance costs associated with term loan of Rs.15cr availed for capex related to the Mono Ammonium Phosphate (MAP) product, the company continues to maintain a comfortable capital structure. Infomerics expects the financial risk profile to remain comfortable, supported by the anticipated improvement in operating performance, accretion to net worth and scheduled repayment of term loans.

Weaknesses

- **Working-capital requirements to remain high**

  KPL's working-capital intensity remained moderate to high, with the operating cycle increasing to 95 days in FY26 from 85 days in FY25. The increase was primarily attributable to higher inventory holding (particularly finished goods inventory), with inventory days increase to 92 days from 71 days, due to the execution of export orders and the time required for customer approval and shipment. Although collection days improved to 38 days from 51 days in this period, the higher inventory requirement continued to exert pressure on working-capital requirements. With the company targeting an increase in exports in future, finished goods inventory levels are expected to remain at elevated levels, which is likely to result in the net operating cycle being maintained above 90 days during FY27-FY29.

- **Exposure to volatile raw-material prices and product realisations**

  The company's profitability remains exposed to fluctuations in the prices of key raw materials, including Phthalimide, urea and solvents, which are linked to crude oil prices. Management indicated that geopolitical disruptions have resulted in a sharp increase in the prices of certain raw materials and finished products. While KPL generally passes on input-cost increases through higher product realisations, the timing and extent of such pass-through may affect margins. Further, the projected revenue growth is partly dependent on higher realisations on MAP as well as value added pigments such as Yellow 110, making the achievement of projected operating performance sensitive to changes in raw-material prices and selling prices.

- **Competition from domestic players**

  KPL faces competition from established and unorganised domestic players due to the standardised nature of certain products in the pigment industry. Presently there are around 7 players in the organised segment in India (Mazda Colours Ltd, Riverside Industries Ltd, Deep Chem, A-One Chemicals, Ramdev Chemical Industries, Narayan Dye Stuff Pvt Ltd, Kesar Petroproducts Ltd). Product quality, colour accuracy, consistency and reliability of supply remain important factors influencing customer retention. The presence of multiple manufacturers may

constrain pricing flexibility, particularly for standardised products. Any inability to maintain competitive pricing, consistent product quality and timely delivery could affect customer retention and operating profitability.

Liquidity –Adequate

KPL's liquidity is assessed as adequate, supported by a comfortable capital structure, expected cash accruals and available liquidity. The company reported gross cash accruals (GCA) of Rs. 17.96 crore and cash flow from operations of Rs. 30.48 crore in FY26, indicating cash generation after funding working capital. Further, free cash and marketable securities at end FY26 stood at Rs. 6.33cr, providing an additional liquidity cushion. The current ratio stood at 1.39x, indicating adequate liquidity coverage. The overall gearing remained comfortable at 0.48x as on March 31, 2026, indicating adequate headroom in the capital structure, while the average combined fund-based working capital limit utilisation during the 12 months ended August 2026 stood at 83.20%. However, the operating cycle elongated to 95 days in FY26, primarily due to higher inventory holding, resulting in increased working capital requirements. Over FY27-FY29, the company's annual repayments are between Rs.2cr-Rs.3.5cr, whereas accruals are expected to exceed Rs.12cr each year.

Going forward, liquidity will remain dependent on the timely realisation of receivables, liquidation of inventory and efficient working capital management, along with the achieving the projected volumes and realisations on the new products.

Rating Sensitivities

Upward Factors

- Substantial growth in Total Operating Income, along with EBITDA margin remaining above 12% on a sustained basis.
- Improvement in debt protection metrics, with interest coverage ratio (ICR) above 8.00x and total debt/GCA below 1.00x on a sustained basis.
- Improvement in the operating cycle to below 85 days, supported by better inventory management and timely realisation of receivables, along with sustained improvement in liquidity.

Downward Factors

- Material decline in total operating income and/or declined in EBITDA margins.
- Elongation of the operating cycle, resulting in significantly higher working capital borrowings and pressure on liquidity.
- Significant debt-funded capital expenditure or lower-than-expected cash accruals leading to overall gearing exceeding 1.00x on a sustained basis.

About the Company

Kesar Petroproducts Limited (KPL) is a public limited company and was incorporated on 01 January 1990. The company's product profile includes Copper Pthalocyanine Crude (CPC) Crude Blue, CPC Crude Blue Activated, Alpha Blue 15.0, Alpha Blue 15.1, Beta Blue 15.3 and Pigment Green 7 and the newly commercialized Mono Ammonium Phosphate (MAP) product. The company operates through a manufacturing complex consisting of multiple processing units undertaking various stages of pigment production and value addition. The CPC Blue Crude produced by KPL is also sold to other manufacturers of these pigments. KPL is among the established players in the domestic phthalocyanine pigment segment, catering to both domestic and export-oriented customers. KPL is led by Dinesh Sharma and is focused on expanding exports, improving value addition and diversifying into higher-margin specialty chemical products.

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2025	31-03-2026	H1FY2027
	Audited	Audited	Unaudited
Total Operating Income	185.17	187.22	100.82
EBITDA	15.98	20.90	8.94
PAT	9.97	9.68	1.71
Total Debt	72.94	72.26	-
Tangible Net Worth (TNW)	143.88	149.45	-
EBITDA Margin (%)	8.63	11.16	8.87
PAT Margin (%)	5.31	5.13	1.70
Overall Gearing (times)	0.51	0.48	-
Interest Coverage (times)	11.50	5.35	2.55

**Classification as per Infomerics' standards*

Applicable Criteria

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-Financial Sector).

Criteria for assigning Rating outlook.

Policy on Default Recognition

Complexity Level of Rated Instruments/Facilities

Policy on Issuer Not Cooperating

Status of non-cooperation with previous CRA: Nil

Any other information: None

Rating History for last three years

Sr. No.	Instruments/ Facilities	Current Ratings (Year 2026-27)				Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating		Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in in 2023-24
					Aug 06, 2026	June 30, 2025	May 03, 2024	
1.	Fund based facilities	LT	58.57	IVR BBB/ Stable	IVR BB+/ Negative; ISSUER NOT COOPERATING*	IVR BBB/ Stable	IVR BBB-/ Stable	-
2.	Non-fund based facilities	ST	15.00	IVR A3+	IVR A4+; ISSUER NOT COOPERATING*	IVR A3+	IVR A3	-

* Issuer did not cooperate; Based on best available information

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook	Listing Status	Regulator^	Complexity Indicator
Term Loan	NA	NA	NA	Dec 2030	19.13	IVR BBB/ Stable	NA	RBI	Simple
Term Loan	NA	NA	NA	March 2036	9.20	IVR BBB/ Stable	NA	RBI	Simple
UGECL	NA	NA	NA	Nov 2026	0.24	IVR BBB/ Stable	NA	RBI	Simple

Cash Credit	NA	NA	NA	NA	20.00	IVR BBB/ Stable	NA	RBI	Simple
Cash Credit	NA	NA	NA	NA	10.00	IVR BBB/ Stable	NA	RBI	Simple
Letter of Credit	NA	NA	NA	NA	15.00	IVR A3+	NA	RBI	Simple
LAP Loan	NA	NA	NA	NA	0.00 (Reduced from Rs. 8.75 crore)	Withdrawn#	NA	RBI	Simple
LAP Loan	NA	NA	NA	NA	0.00 (Reduced from Rs. 11.50 crore)	Withdrawn#	NA	RBI	Simple

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

#Rating is withdrawn based on No Due Certificate received from *Deutsche Bank* & *HDFC Bank*. The process of withdrawal of ratings is in line with Infomerics' Policy on withdrawal of rating.

Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/len_kesarpetro_nov26_8f78b4c943.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: NA

Annexure 4: List of companies considered for Consolidated/Combined analysis: NA

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* $	RBI
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 and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11a	Fixed Deposits raised by NBFCs, HFCs, FIs	RBI
11b	Fixed Deposits raised by Banks	+
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts $	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	+
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side Regulator such as IRDAI, PFRDA @

Footnotes:

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

~ 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 may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s),

Infomerics Valuation and Rating Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

 # There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

+ To be finalized following a discussion with the regulatory authorities.

Note: *For activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.*

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