



## Press Release

**Kesar Petroproducts Limited**

**June 30<sup>th</sup>, 2025**

### Ratings

Facilities	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long term Bank Facilities	63.64 (Enhanced from Rs.49.45 crore)	IVR BBB/ Stable [IVR Triple B with Stable Outlook]	IVR BBB-/ Stable [IVR Triple B Minus with Stable Outlook]	Rating Upgraded	<a href="#">Simple</a>
Short term Bank Facilities	15.00 (Enhanced from Rs.14.00 crore)	IVR A3+ [IVR A Three Plus]	IVR A3 [IVR A Three]	Rating Upgraded	<a href="#">Simple</a>
Long term Bank Facilities – Proposed	5.36 (Reduced from Rs.11.55 crore)	IVR BBB/ Stable [IVR Triple B with Stable Outlook]	IVR BBB-/ Stable [IVR Triple B Minus with Stable Outlook]	Rating Upgraded	<a href="#">Simple</a>
<b>Total</b>	<b>Rs.84.00 crore (Rupees Eighty four crore Only)</b>				

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

### Detailed Rationale

Infomerics has upgraded the rating assigned to the bank facilities of Kesar Petroproducts Limited (KPL) reflects sustained improvement in its scale of operation along with profitability during FY24-25 and expected to maintain same in the future with the benefits from capex. Further rating upgrade also reflects comfortable capitalization and strong debt protection metrics and experienced promoters with established track record in the business. The rating strengths are, however, constrained by as moderate working capital cycle and competition from domestic players.

The Stable Outlook reflects stable growth in revenue and profitability with expectations of comfortable capital structure and debt protection metrics over FY26-FY28.



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### **Key Rating Sensitivities:**

#### **Upward Factors**

- Sustained improvement in working capital cycle along with expected revenue growth while maintaining current profitability while maintaining current capital structure.

#### **Downward Factors**

- Sustained declined in total operating income and/or declined in EBITDA margins.
- Any further deterioration in working capital cycle and/or any unplanned debt led capex leading to deterioration in credit profile.

### **List of Key Rating Drivers with Detailed Description**

#### **A. Key Rating Strengths**

##### **Improved operating performance**

KPL's revenue has increased from Rs.154.19 crore in FY24 to Rs.185.17 crore in FY25 (A) (period refers from April 01<sup>st</sup>, 2024 to March 31<sup>st</sup>, 2025). This growth is primarily attributed to a favorable product mix, increased sales volumes, and improved realizations, as the company has introduced new products that is having more demand and command higher prices. Additionally, KPL has expanded its customer base and pursued new geographies. Infomerics expects this growth remain improving in the future due to recently company has enhanced its capacities which leads increase the actual production. Further KPL's EBITDA margins have improved to 8.63% in FY25 (FY24: 4.94%) due to higher portion from higher margin products with better operating leverage. PAT margin improved to 5.31% in FY25 (FY24: 3.18%) due to improved gross profitability.

##### **Comfortable financial risk profile**

KPL's financial risk profile remains comfortable, as reflected in its overall gearing and TOL/TNW has stood at 0.51x and 0.66x in FY25 (FY24: 0.50x and 0.33x) due to continuous addition of funds in the company with stable accretion of profits to reserve with no significant increase in total debt. Additionally, FIPL has strong debt protection metrics marked by interest coverage and DSCR of 11.50x and 3.73x respectively at the end of FY25 (FY24: 5.48x and 7.19x respectively).



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### **Experienced promoters with established track record in the business**

The promoters have relevant and vast experience respectively in chemical industry. The longstanding track record of the KPL with experience of the management has also resulted in established relationship with customers resulting in repeat orders.

### **B. Key Rating Weaknesses.**

#### **Moderate working capital cycle**

KPL's operating cycle stood moderate at 85 days in FY25 (FY24: 77 days) due to increase in inventory days which has increased to 71 days in FY25 as compared to 60 in FY24. Inventory days has increased as the KPL needs to maintain inventory to meet the needs of its diverse customer base, which includes dealers and wholesalers. Further receivables days has remained stable in FY24-25. Creditor days stood at 37 days in FY25. Overall net operating cycle stood moderate.

#### **Competition from domestic players**

KPL faces competition from both established and unorganised players due to the standardized nature of the products, where reliability and quality control, especially in aspects like colour accuracy, play a crucial role. Lack of precise colour matching and other quality assurance measures, along with dependable supply, can lead to customers switching to alternative suppliers.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Criteria of assigning Rating Outlook](#)

[Rating Methodology for Manufacturing companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)



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### Liquidity: Adequate

KPL's liquidity is expected to remain adequate given the expected cash accruals in the range of Rs.14 crore to Rs.55 crore in the period of FY25 to FY28 as against the repayments of Rs.3 to Rs.5 crore. The free cash and cash equivalents balance stood at Rs.13.84 crore as on March 31, 2025, while average working capital utilisation for the 12 months ended March 2025 remained moderate at ~54.50%. Current ratio stood at 1.87x as on March 31, 2025.

### About the company

KPL is a Public limited company and was incorporated on 01 January 1990. KPL product profile includes CPC Crude Blue, CPC Crude Blue Activated, Alpha Blue 15.0, Alpha Blue 15.1, Beta Blue 15.3 and Pigment Green 7. KPL is the manufacturers of Phthalocyanine Blue Crude and its downstream products in India. KPL is managed by Mr Dinesh Sharma and his family.

### Financials (Standalone):

(Rs. crore)

For the year ended / As On*	31-03-2024 (Audited)	31-03-2025 (Audited)
Total Operating Income	154.19	185.17
EBITDA	7.62	15.98
PAT	4.98	9.97
Total Debt	62.80	72.94
Tangible Net Worth	124.42	143.88
EBITDA Margin (%)	4.94	8.63
PAT Margin (%)	3.18	5.31
Overall Gearing Ratio (x)	0.50	0.51
Interest Coverage (x)	5.48	11.50

\*Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** None.

**Any other information:** Nil



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### Rating History for last three years:

Sr. No	Name of Instrument/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Long term Bank Facilities	Long term	63.64	IVR BBB/ Stable	(May 03 <sup>rd</sup> , 2024) IVR BBB-/ Stable	--	--
3.	Short term Bank Facilities	Short term	15.00	IVR A3+	(May 03 <sup>rd</sup> , 2024) IVR A3	--	--
4.	Long term Bank Facilities – Proposed	Long term	5.36	IVR BBB/ Stable	(May 03 <sup>rd</sup> , 2024) IVR BBB-/ Stable	--	--

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### About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd ] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.



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For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Term Loan - I	--	--	March 27, 2028	22.00	IVR BBB/ Stable
Long Term Bank Facilities – Term Loan - II	--	--	December 2026	1.90	IVR BBB/ Stable
Long Term Bank Facilities – Term Loan - III	--	--	October 2028	8.24	IVR BBB/ Stable
Long Term Bank Facilities – Term Loan - IV	--	--	March 2028	11.50	IVR BBB/ Stable
Long Term Bank Facilities – Cash Credit	--	--	Revolving	20.00	IVR BBB/ Stable
Short Term Bank Facilities – Letter of Credit	--	--	--	15.00	IVR A3+
Long Term Bank Facilities – Proposed	--	--	--	5.36	IVR BBB/ Stable

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-Kesar-Petroproducts-30june25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable

**Annexure 4: List of companies considered for consolidated analysis:** Not Applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).