Kotak Petroleum LLP

September 08, 2025

Ratings

Instrument / Facility	**Amount (Rs. crore)**	**Current Ratings**	**Previous Ratings**	**Rating Action**	**Complexity Indicator**
Long Term Bank Facilities	61.78	IVR BBB+/Stable [IVR Triple B Plus with Stable Outlook]	IVR BBB+/Stable [IVR Triple B Plus with Stable Outlook]	Rating reaffirmed	**Simple**
Short Term Bank Facilities	60.00	IVR A2 [IVR A Two]	IVR A2 [IVR A Two]	Rating reaffirmed	**Simple**
Total	**121.78**	**[Rupees One hundred twenty-one crore and seventy-eight lakh only]**			

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 Ratings has reaffirmed its rating assigned to the bank facilities for the long-term facilities to IVR BBB+ with stable outlook and short-term facilities to IVR A2 of Kotak Petroleum LLP.

The rating reaffirmation is on account of experienced promoters' group and continuous growing scale of operations. The ratings continue to draw comfort from comfortable financial risk profile. However, these rating strengths are partially offset by working capital intensive nature of operations, susceptible to regulatory changes both in India and overseas along with forex risk volatility along with inherent risk associated with partnership concern.

The 'Stable' outlook reflects Infomerics Ratings expectation of increase in scale of operations and profitability. Infomerics believes the firm will continue to benefit from its operational track record in the business resulting in increased scale of operations.

Infomerics Ratings has principally relied on the standalone provisional financial results of the firm up to March 31, 2025 (refers to period April 1st, 2024, to March 31st, 2025) and projected financials for FY2026 (refers to period April 1st, 2025, to 2 March 31st, 2026) - FY2028 (refers to period April 1st, 2027, to March 31st, 2028), and publicly available information/ clarifications provided by the firm's management.

Key Rating Sensitivities:

Upward Factors

- Significant and sustained growth in revenue along with improvement in profitability

- Sustained improvement in debt protection metrics specific matrix being total debt to GCA below 2x.

Downward Factors

- Any significant decline in revenue and profitability leading to deterioration in debt protection metrics.
- Any significant withdrawal of capital leading to deterioration in capital structure.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters group**

The firm was established by Mr. K.M Kotak who has over 60 years of experience in trading operations of petroleum and petrochemical products. Long-standing presence of the partners in the industry has helped the company to establish healthy relationships with its customers and suppliers and attain repetitive orders from its customers.

- **Growing scale of operations albeit thin profitability**

The total operating income of the company grew marginally by 7.66% and stood at Rs. 1198.84 crore as per FY25 (provisional) compared to Rs. 1113.53 crore during FY24 on account of increase in trading of bitumen. The EBIDTA margin improved marginally by 37 bps and stood at 2.38% in FY25 (Prov.) compared to 2.01% in FY23 on account of higher margin earned on traded goods and decline in employee cost. With improvement in EBITDA margin, the PAT margin of the firm has also improved marginally by 8 bps and stood thin at 1.22% in FY25 (Prov.) compared to 1.14% during FY24. Gross Cash accruals have also improved to Rs. 16.92 crore in FY25 provisional compared to Rs. 14.65 crore in FY24.

- **Comfortable financial risk profile**

The capital structure of the firm stood comfortable marked by overall gearing at 1.00x as on March 31, 2025, although deteriorated from 0.86x as on March 31, 2024, on account of increase in debt. Further, total indebtedness of the firm as reflected by TOL/TNW also deteriorated and stood moderate at 1.25x as on March 31, 2025, provisional compared to 1.00x as on March 31, 2024, on account of increase in creditors. The debt protection metrics of the company stood healthy marked by comfortable Interest coverage ratio at 3.13 times in FY25 (Prov.) compared to 4.17 times in FY24 on account of increase in interest and finance cost. The DSCR of the firm has also stood comfortable at 1.87x in FY25 (Prov.) compared to 2.06x in FY24 on account of increase in debt repayment obligation.

B. Key Rating Weaknesses

- **Working capital intensive nature of operations**

The operation of the company is working capital intensive due to its elongated collection period. The Working Capital Cycle of the firm stood at 48 days in FY25 compared to 44 days in FY24 on account of increase in collection period.

- **Susceptible to regulatory changes both in India and overseas along with forex risk**

Crude oil is an important commodity traded in the international market, and trading in petroleum products is highly influenced by several Government policies and regulations, which changes from time to time. The prices of bitumen are linked to prices of crude oil which is prone to volatility thus exerting pressure on the margins in case of unfavourable trends in raw material prices along with forex fluctuation risk. Moreover, the firm does not have any long-term contracts with raw material suppliers to hedge against the volatility in raw material prices.

- **Exposed to risk of capital withdrawals**

Kotak Petroleum LLP is a limited liability partnership firm and any significant withdrawals from the capital account by partners could impact its net worth and hence, the capital structure.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Trading Companies.
Financial Ratios & Interpretation (Non-Financial Sector).
Criteria for assigning Rating outlook.

[Policy on Default Recognition]

[Complexity Level of Rated Instruments/Facilities]

Liquidity – Adequate

The liquidity position of the firm is adequate, marked by its sufficient cash accruals as against its repayment obligations. The Firm's average fund based working capital limit utilization stood moderate at 72.51% for the last 12 months ended June 2025 indicate adequate buffer in its working capital limits. Further, the firm had free cash and cash equivalents to the tune of Rs. 8.03 crore as on March 31, 2025, which is expected to support the liquidity profile of the firm in the near to medium term. The current ratio of the firm stood healthy at 2.04x as on March 31, 2025 (Prov.). Further, the firm expects sufficient cushion in cash accruals against its debt repayments. The firm is expecting GCA in the range of Rs. 17.02 Cr. - Rs. 28.43 Cr. during FY26-28 against debt repayment of Rs. 7.24 Cr.- 5.00 Cr. in FY26-28. The Working Capital Cycle of the firm stood at 48 days in FY25 (Prov.).

About the Firm

Kotak Petroleum LLP was established in 2016 by the members of the Kotak family as a limited liability partnership firm. The main objective of the LLP was to engage in trading of petroleum products. The LLP belongs to the Kotak family. The flagship company of the group is Kotak Petro Chem Pvt Ltd., which is into the same line of activity and was incorporated in 1999 with its corporate office in Jamnagar. Kotak Petroleum LLP is engaged into trading of petroleum products. The firm majorly deals in Furnace Oil, Bitumen, Sulphur and PET coke with various quantity, quality and counts. The firm has also started import & export of Bitumen from FY18.

Financials (Standalone): **(Rs. crore)**

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	1113.53	1198.84
EBITDA	22.35	28.55
PAT	12.77	14.69
Total Debt	87.27	128.06
Tangible Net Worth	101.66	127.55
EBITDA Margin (%)	2.01	2.38
PAT Margin (%)	1.14	1.22
Overall Gearing Ratio (x)	0.86	1.00
Interest Coverage (x)	4.17	3.13

** Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: Vide press release dated March 28, 2025, Brickwork Ratings India Private Limited have kept the ratings under non-cooperation category on account of non-submission of relevant information.

Any other information: Not applicable

Rating History for last three years:

Sr. No.	**Name of Security/Facilities**	**Current Ratings (Year 2025-2026)**			**Rating History for the past 3 years**		
		Type (Long Term/Short Term)	**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 in 2022-23**
					June 11, 2024	**April 17, 2023**	**-**
1.	Fund Based Limits	Long Term	61.78*	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable	-
2.	Non-Fund Based	Short Term	60.00	IVR A2	IVR A2	IVR A2	-

**Reduced from Rs. 64.70 crore on account of schedule repayment of term liabilities*

Analytical Contacts:

Name: Vipin Jindal

Tel: (011) 45579024

Email: vipin.jindal@infomerics.com

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.

Press Release

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

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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
Long Term Facility – Term Loan	-	-	-	Feb, 2026	1.78	IVR BBB+/Stable
Long Term Facility – Cash Credit	-	-	-	-	60.00	IVR BBB+/Stable
Short Term Facility – Bank Guarantee	-	-	-	-	5.00	IVR A2
Short Term Facility – Letter of credit	-	-	-	-	15.00	IVR A2
Short Term Facility – IBP	-	-	-	-	40.00	IVR A2

Annexure 2: Facility wise lender details
https://www.infomerics.com/admin/prfiles/len-KotakPetro-sep25.pdf

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

Annexure 4: List of companies considered for consolidated/Combined 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.