



Kothari Petrochemicals Ltd

(NSE: KOTHARIPET)

Sector: Chemicals | Industry: Petrochemicals

In-Depth Business & Financial Analysis – FY25

Report Date: 17th July, 2025

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Executive Summary

- Kothari Petrochemicals Ltd., a part of the HC Kothari Group, is India's largest manufacturer of high-quality, low-to-mid molecular weight Polyisobutylene (PIB), a speciality polymer used in lubricants, adhesives, sealants, and more. Established in 1990, the company operates in cities like Chennai, Manali & Mumbai.
- They are the market leader of various grades of Polyisobutylene in India and are present in segments such as Lubricant & Dispersant, Fuel Additive, Grease, Adhesive, Sealant, Rubber Manufacturing, Personal Care, Masterbatch Compounding PVC Pipe & Fitting.
- The company's manufacturing plant with capacity of 36000TPA (Tonnes Per Annum), is situated in Manali, Chennai on the East Coast of India well connected with two seaports and an airport.
- With a capability to handle C4 hydrocarbons with utmost safety and efficiency, the plant operations are backed by a full spectrum of utilities including a 2MW (Megawatts) captive power generation plant, feed enrichment facility, sophisticated quality control laboratory, pilot plant, R&D laboratory, automatic drum filling facility and an environment friendly

Company Overview

History & Incorporation

Company Name: Kothari Petrochemicals Limited

Corporate Identification Number (CIN): L11101TN1989PLC017347

Date of Incorporation: April 28, 1989

Registered Office Address: Kothari Building, No-115 Nungambakkam High Road, Madras, Tamil Nadu 600034

Company Type: Public Company, Company limited by shares, Indian Non-Government company

Stock Exchange Listing: The company's shares are listed on recognized Stock Exchange(s), specifically the National Stock Exchange.

Business Model and Product Portfolio

Principal Business Activity: Manufacturing

Product Focus: The primary business activity (99.38% of turnover) involves "Chemical and

Revenue Segmentation

Product-wise: 99.38% of the company's turnover is generated from the manufacturing of chemical and chemical products, pharmaceuticals, and medicinal chemicals.

Geography-wise: Information regarding geographical revenue segmentation is not available in this document.

Turnover

For the financial year April 1, 2023, to March 31, 2024, the company's turnover was 6,031,372,302 Indian Rupees.

Management & Governance

Disclosure of Shareholding of Promoters:

Equity Shares held at the end of the year	As at 31 st March 2024		
Promoter Name	No. of shares	% of the total shares	% Change during the year
(i) BHK Trading LLP	3,55,03,812	60.33%	-
(ii) Nina B Kothari	62,57,500	10.63%	-
(iii) Arjun B Kothari	9,593	0.02%	-
(iv) Kothari Sugars & Chemicals Ltd	1,000	0.00%	-
(v) Nayanthara B Kothari	100	0.00%	-
(vi) Anandita Kothari	-	-	-

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(vi) Anandita Kothari	-	-	-

source: Kothari Petrochemicals Annual Report FY 23-24

Composition of the Board of Directors:

Composition of the Board and Directorship held as on 31 st March 2024							
Name of the Directors	Director Category	No. of Board Meetings Attended	Attendance of previous AGM held on Aug 09, 2023	Number of Directorships in other companies	No. of Committee Memberships in other companies		No. of shares held by the Director
					Chairman	Member	
Mrs. Nina B. Kothari	Promoter & Non - Executive Chairperson	4	Yes	13	-	-	62,57,500
Mr. Arjun B. Kothari	Promoter & Managing Director	4	Yes	11	-	1	9,593
Mr. M. Rajavel	Whole Time Director	4	Yes	-	-	-	Nil
Mr. S. Sundarraman	Independent	4	Yes	01	-	-	4,000
Mr. V. V. SuryaRau	Independent	4	Yes	-	-	-	Nil
Mr. Brij Mohan Bansal	Independent	4	LOA	2	-	1	4,000
Mr. Gautam Roy	Independent	4	Yes	-	-	-	Nil

source: Kothari Petrochemicals Annual Report FY 23-24

Board of Directors:Mrs. Nina B. Kothari - Chairperson

She is holding directorship in H C Kothari Group of Companies. She held various positions in prestigious institutions such as Treasurer of Crafts Council of India, World Crafts Council and Chairman of National Crafts & Heritage Committee of ASSOCHAM and During 2006-07 she was the President of International Womens' Association (IWA). She has contributed more in the areas for the upliftment of women in India.

Mr. Arjun B. Kothari – Managing Director

Mr.Arjun B Kothari is holding directorship in H C Kothari Group of Companies. He also worked in General Electric Corporation, USA as a Senior Specialist in the Management Development Rotation Programme. His work involved analyzing future interests of the company, developing strategic plans to achieve goals and collaborating and implementing steps to improve retention rate for expatriate workers.

Mr. M. Rajavel – Whole Time Director

He started his career in M/s. Aruna Sugars Limited. He then worked as the Marketing Officer in M/s.Chemfab Alkalis Ltd from 1987 to 1997. Since 1997, he is associated with Kothari Petrochemicals Limited and was responsible for marketing the Chlor Alkali Product and he was handling all group expansion projects. From the year 2011 he is heading the product marketing and commercial functions of the Company. He is also a member of Technical Committee constituted by the Board of Directors of the Company.

Mr. S. Sundarraman – Independent Director

He is a Fellow Member of the Institute of Chartered Accountants of India with over twenty five years of experience in the auditing and taxation with litigation experience. He has been consistently recognized for his ability to design and implement proactive, cost-saving solutions for businesses. He was the Chairman of Sothern India Region of the International Fiscal Association, an organization involved completely in the study of International/cross border taxation for the years 2010 & 2011.

Mr. V. V. SuryaRau – Independent Director

His career of three decades was in the petrochemical Company, NOCIL Limited (a Joint Venture of SHELL and Arvind Mafatlal group), from 1967 as the first management trainee finally culminating as the works Director on the Board of the Company. He had two innings in SHELL at the Pernis Refinery 1973-75 and again in Shell HQ at The Hague in the HSEF and operational Excellence division. He joined Reliance Industries Limited (RIL) in 1997 as the President of the Patalganga manufacturing complex and subsequently was a part of the establishment of the world's largest grass roots refinery at Jamnagar as president non fuels.

Mr. Brij Mohan Bansal – Independent Director

He has around 46 years of experience in Oil and Gas sector. Mr. Bansal joined Indian Oil Corporation Ltd in 1974 and rose to the position of Chairman of IOCL. He was actively involved in cross- border deals, Merger and Acquisitions, scouting for strategic partners across the globe and formation of JVs, Refinery management, and overall management of the companies as chairman / CEO, leading high level delegations for G to G.

Mr. Gautam Rao – Independent Director

He possesses more than 40 years of experience in the Oil Refining Industry. Mr. Gautam Roy joined Gujarat Refinery of Indian Oil Corporation Ltd in 1980. He has worked in the Gujarat Refinery, Barauni Refinery, Mathura Refinery and Refinery Head Quarters of IOCL, Delhi in various capacities. He served as the Managing Director of Chennai Petroleum Corporation Ltd. from Oct 2014 to Jan 2018.

Industry Analysis

Overview of the Petrochemicals Sector in India & Globally

The petrochemicals sector is a cornerstone of the modern economy, supplying essential building blocks for a vast array of products, including plastics, synthetic rubber, fertilizers, solvents, textiles, and pharmaceuticals.

India: The Indian petrochemical industry is one of the fastest-growing sectors globally, crucial for various downstream industries like automotive, pharmaceuticals, construction, and agriculture. With a current market size of approximately USD 220 billion, it is projected to reach USD 300 billion by 2025 and an ambitious USD 1 trillion by 2040, growing at a CAGR of 9.3%. Despite robust growth, India remains a net importer of petrochemical products.

Globally: The global petrochemicals market was estimated at USD 641.01 billion in 2024 and is projected to reach USD 973.10 billion by 2030, exhibiting a CAGR of 7.3%. Asia Pacific holds the largest market share (46.9% in 2024) due to its expanding industrial base and high demand from end-use sectors, with China and India being major manufacturing hubs.

Demand-Supply Trends & Market Size

- India's petrochemical demand is driven by its growing population, expanding middle class, rapid urbanization, and industrial growth. Per capita consumption of petrochemical products in India (around 12 kg for petrochemicals, 4 kg for polymers) is significantly lower than the global average, indicating substantial potential for growth. India's petrochemical demand is likely to grow by 7-8% in FY 2024-25.
- **Demand-Supply Gap:** India continues to be a net importer, with demand for polymers, in particular, outpacing domestic capacity. The country has a high dependency on imports for around 45% of petrochemical intermediates and a chemical trade deficit of USD 31 billion in 2023. Bridging this gap through local production is a key priority.
- **Capacity Expansion:** India's petrochemical capacity is projected to increase from approximately 29.62 million tonnes to 46 million tonnes by 2030. Significant investments, including nearly USD 45 billion in petrochemical projects, are underway, with an additional

Key Raw Materials & Pricing Trends

Petrochemicals are primarily derived from crude oil and natural gas. The refining process yields feedstocks such as naphtha, ethane, propane, and butane, which are then processed into primary petrochemicals like olefins (ethylene, propylene, butenes, butadiene) and aromatics (benzene, toluene, xylenes). Methanol and ammonia are also crucial.

Pricing Trends: The petrochemical industry globally, and in India, is significantly influenced by the volatile prices of crude oil and natural gas, which directly impact feedstock costs and profit margins. Domestic producers in India face margin pressures due to suppressed prices of key bulk chemicals, often driven by ample supplies and new capacities globally, as well as cheaper imports from countries like China.

Government Policies & Regulations Impacting the Industry

The Indian government has implemented several policies and initiatives to support and enhance the petrochemical sector:

- **Production Linked Incentive (PLI) Scheme:** Designed to encourage local manufacturing and attract investments into specialty chemicals and petrochemical refining.
- **Make in India & Atmanirbhar Bharat:** Initiatives emphasizing self-reliance, aiming to reduce import dependency and boost domestic petrochemical production.
- **Petroleum, Chemicals, and Petrochemical Investment Regions (PCPIRs):** Special economic zones designed to facilitate petroleum and petrochemical production through shared infrastructure and services. The new PCPIR Policy 2020-35 targets investments of approximately ₹10 lakh crore (USD 142 billion) by 2025.
- **Plastic Parks Scheme:** Supports the establishment of need-based plastic parks with state-of-the-art infrastructure to consolidate the capacities of the domestic downstream plastic processing industry.
- **Chemical Management and Safety Rules (2021):** Introduced by the Ministry of Environment, Forest, and Climate Change (MoEFCC), these rules mandate centralized inventory management, safety data sheets (SDS), and stricter labeling regulations.
- **Bureau of Indian Standards (BIS) Certification:** Implementation of mandatory BIS certification for imports of polymers like polyethylene (PE) and polypropylene (PP) aims to regulate imports and promote local production.
- **Other Initiatives:** Development of world-class chemical hubs, enhancement of port infrastructure, Opex subsidy schemes for chemicals, and focus on R&D for self-sufficiency and innovation. The government also aims to fast-track environmental clearances and

Competitive Landscape & Industry Positioning

Competitive Landscape in India: The Indian petrochemical industry is highly concentrated and oligopolistic. Major players include Reliance Industries Limited (RIL), Indian Oil Corporation (IOC), Bharat Petroleum Corporation Limited (BPCL), Haldia Petrochemicals Ltd. (HPL), and the Adani Group (which has recently announced its entry into coal-to-PVC manufacturing). RIL, particularly after its amalgamation with IPCL, holds a significant share of the country's total petrochemical capacity.

Challenges: Despite growth, the sector faces challenges such as high import dependence for key products, a significant regulatory and compliance burden (over 635 regulatory requirements), high operational costs (logistics, raw materials, energy), global competition, and gaps in infrastructure and R&D facilities. Environmental concerns and the need for sustainable production methods (e.g., bioplastics, chemical recycling) are also pressing issues.

Industry Positioning: India currently holds a 3.5% share in global chemical value chains and aims to increase this to 5-6% by 2030, eventually targeting USD 1 trillion in chemical output by 2040. This involves efforts to reduce the trade deficit, attract foreign direct investment, and establish itself as a global chemical manufacturing powerhouse, particularly in high-value specialty chemicals and green chemistry. India ranks 4th globally in refining capacity.

This comprehensive analysis provides an insight into the petrochemicals sector's dynamics, opportunities, and challenges in India and globally.

Peer Comparison

COMPANY	P/E (TTM)	P/B	Mkt. Cap. (INR Cr.)	ROE	PAT Margin
Kothari Petrochemicals	16.07	3.46	1057.00	21.50%	10.57%
Savita Oil Technologies	27.13	1.85	3070.82	6.81%	5.37%
Panama Petrochem	11.44	1.71	2140.26	14.90%	8.28%
Agarwal Industrial Corporation	12.37	2.28	1430.64	18.45%	5.14%
Manali Petrochemicals	42.78	1.14	1250.95	2.68%	2.28%
Tamilnadu Petroproducts	16.19	1.04	945.13	4.89%	3.42%
Goa Carbon	-20.21	2.05	445.06	-10.12%	8.09%
Neptune Petrochemicals	12.84	2.30	322.36	37.54%	3.12%

data source: Groww

Financial Analysis

Kothari Petrochemicals Limited's financial performance from 2019-20 to 2023-24 shows significant growth in key areas, alongside strategic balance sheet and cash flow movements.

Key Financial Statements Summary (5 Years)

Profitability Items(in lakhs)

Particulars	2023-24	2022-23	2021-22	2020-21	2019-20
Gross Income (Revenue)	61,136.38	48,858.02	38,606.84	23,071.62	27,603.60
Profit (PBDIT) (EBITDA)	10,389.80	6,437.39	5,222.30	3,787.23	3,048.50
Profit After Tax (PAT)	6,378.41	3,917.69	3,288.51	2,254.36	1,832.91

Balance Sheet Highlights (in Lakhs):

Particulars	2023-24	2022-23	2021-22	2020-21	2019-20
Net Fixed Assets	13,151.10	12,408.87	11,017.06	9,728.69	9,721.63
Investments	7,351.65	4,123.77	3,334.95	1,530.32	400
Total Capital Employed	26,445.20	22,090.28	17,435.31	13,471.87	11,107.50
Shareholders Funds (Net Worth)	24,654.41	19,207.00	15,582.58	12,312.63	10,021.49

Debt

As at March 31, 2024:

- Non-Current Liabilities - Borrowings: Nil
- Current Liabilities - Borrowings: Nil

As at March 31, 2023:

- Non-Current Liabilities - Borrowings: 1,547.81 Lakhs
- Current Liabilities - Borrowings: 693.80 Lakhs

Cash Flow Trends (in Lakhs)

Particulars	Year ended 31st March 2024	Year ended 31st March 2023
Net Cash from Operating Activities (A)	7,291.73	5,499.47
Net Cash from Investing Activities (B)	-4,024.80	-3,558.76
Net Cash from Financing Activities (C)	-3,463.14	-1,036.91
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	-196.21	890.31
Cash and Cash Equivalents at the beginning of the year	1,176.61	286.3
Cash and Cash Equivalents at the end of the year	980.4	1,176.61

Historical Trends & Commentary

Revenue Growth: After a dip in 2020-21, Revenue (Gross Income) has shown a strong recovery and consistent upward trend, growing from 23,071.62 Lakhs in 2020-21 to 61,136.38 Lakhs in 2023-24. This indicates robust sales performance and market expansion in recent years.

EBITDA and PAT Growth: Both EBITDA (Profit before Depreciation, Interest, and Tax) and PAT (Profit After Tax) have demonstrated continuous and significant growth over the five-year period. EBITDA increased from 3,048.50 Lakhs in 2019-20 to 10,389.80 Lakhs in 2023-24, and PAT grew from 1,832.91 Lakhs to 6,378.41 Lakhs over the same period. This highlights improved operational efficiency and profitability.

Balance Sheet Strength:

- The company's net worth has consistently increased, more than doubling from 10,021.49 Lakhs in 2019-20 to 24,654.41 Lakhs in 2023-24. This indicates strong financial health and increasing shareholder value.
- A notable highlight is the complete elimination of both non-current and current borrowings by March 31, 2024, from significant amounts in the previous year. This reflects a strong focus on debt reduction and improved financial leverage.
- The substantial increase in Investments and Total Capital Employed suggests strategic expansion and asset acquisition.

Cash Flow Trends:

- **Operating Activities:** Net cash from operating activities has significantly increased from 2022-23 to 2023-24, indicating healthy cash generation from core business operations.
- **Investing Activities:** The negative trend in investing activities signifies substantial capital deployment, primarily due to increased purchases of investments.
- **Financing Activities:** A higher negative cash flow from financing activities in 2023-24, compared to 2022-23, is attributed to significant repayment of borrowings and dividend payments.
- **Overall Cash Position:** While the company saw an increase in cash and cash equivalents in 2022-23, there was a slight decrease in 2023-24, primarily due to the outflows from investing and financing activities outweighing the strong operating cash flow.

Overall, Kothari Petrochemicals Limited has demonstrated robust financial growth and strategic deleveraging over the last five years, with strong operational cash flow generation supporting investments and debt reduction.

Kothari Petrochemicals Limited has a clear strategy for capacity expansion and growth, supported by specific capital expenditure plans and a commitment to sustainability.

Capacity Expansion & Growth Strategy

Kothari Petrochemicals Limited is undertaking a significant expansion project to increase its manufacturing capacity of Polyisobutene (PIB).

- The current capacity of 12,000 TPA (Tonnes Per Annum) will be expanded by an additional 10,000 TPA, bringing the total capacity to 22,000 TPA.
- The estimated cost for this expansion project is ₹75 Crores.
- The project is entirely funded through internal accruals, indicating the company's strong financial position and self-sufficiency for this initiative.
- The project is anticipated to be completed by the second quarter of the financial year 2025-26.

Sustainability or Green Initiatives

Kothari Petrochemicals Limited demonstrates a strong commitment to environmental protection and sustainability, detailed within its Business Responsibility and Sustainability Report (BRSR). Key initiatives include:

- The company actively plants trees within and around its factory premises to contribute to environmental restoration.
- Measures such as rainwater harvesting have been implemented to conserve water resources.
- Initiatives are in place to optimize energy consumption in manufacturing processes and to utilize energy-efficient equipment.
- A comprehensive waste management system is implemented to minimize waste generation and promote recycling.

Diversification into New Products/Markets

The provided annual report primarily focuses on the expansion of the existing Polyisobutene (PIB) production capacity. While the report discusses the demand for PIB in various sectors and the overall economic outlook, there is no explicit mention of immediate diversification into entirely new product lines or markets beyond the existing core business of manufacturing Polyisobutene. The growth strategy appears to be concentrated on strengthening its position in the current market by increasing capacity.

Management's Commentary & Vision

The management's commentary, particularly from the Directors' Report and Management Discussion and Analysis, reflects a positive outlook and a clear vision for growth, primarily driven by the ongoing capacity expansion.

- The significant investment in expanding PIB capacity underscores the management's confidence in the future demand for Polyisobutene and its commitment to strengthening its market position.
- The decision to fund the expansion entirely through internal accruals highlights a prudent and self-reliant financial strategy.
- The management is also focused on mitigating various financial, operational, and strategic risks, ensuring sustainable growth.

The overall vision is to capitalize on growing demand, enhance production

SWOT Analysis

Strengths

- Integrated Operations & Infrastructure:

Kothari Petrochemicals has a well-integrated manufacturing facility in Manali, Chennai, equipped with a captive 2MW power plant, feed enrichment, R&D labs, automatic filling systems, and effluent treatment. This integration allows for better cost control, efficiency, and operational reliability.

- Market Leadership in PIB Production:

As India's largest manufacturer of Polyisobutylene (PIB), the company enjoys a dominant market position, which offers advantages in pricing power, customer trust, and scale economies.

- Diversified Industry Presence:

The company's PIB products serve multiple sectors such as lubricants, fuel additives, adhesives, sealants, rubber, and personal care. This diversification across end-user industries reduces sector-specific risks.

- Strategic Location:

Its plant's proximity to seaports and an airport facilitates efficient logistics and export potential, reducing transportation costs and improving turnaround time.

Weaknesses

- Dependence on Specific Raw Materials (C4 Hydrocarbons):

The company's core operations rely heavily on the availability and price stability of C4 hydrocarbons. Any disruption in supply or price hikes can adversely affect production and profitability.

- Limited Product Portfolio:

While Kothari dominates the PIB segment, its focus remains narrow. Lack of diversification into other petrochemicals or polymers limits its ability to hedge against downturns in PIB demand.

- Geographical Concentration of Manufacturing:

The manufacturing facility is concentrated in one location (Manali, Chennai), posing risks related to regional disruptions like natural disasters or local regulatory issues.

Opportunities

- Rising Domestic Demand for PIB:

With growing industrialization and demand in automotive, personal care, and packaging sectors, the domestic need for PIB and related applications is set to rise, opening new market avenues.

- Export Market Expansion:

As a quality manufacturer with strong infrastructure and proximity to ports, Kothari can tap into global markets, especially in regions lacking PIB manufacturing capabilities.

- Product and Capacity Expansion:

By expanding its production capacity and investing in adjacent petrochemical products, the company can diversify revenue streams and cater to a broader customer base.

- Growing Demand for Specialty Polymers:

PIB is increasingly being used in modern applications such as high-performance lubricants and sealants. This trend provides an opportunity for the company to move up the value chain by developing advanced PIB variants.

Threats

- Raw Material Price Volatility:

As a petrochemical company, Kothari is highly sensitive to fluctuations in crude oil and derivative product prices, particularly C4 hydrocarbons, which can squeeze margins.

- Regulatory and Environmental Risks:

With increasing focus on environmental compliance, pollution control, and sustainability, the company may face stricter regulations that require higher compliance costs or process changes.

- Competition from Global and Domestic Players:

The specialty polymer segment is attracting new entrants and global competition, which could lead to price wars, customer attrition, or pressure on innovation.

- Technological Disruption:

Rapid advancements in material science could lead to the development of alternative materials that may replace or reduce the usage of PIB in certain applications.

Recent Developments

Financial Performance

- March 2025 Quarter: Revenue stood at ₹154.61 crore, and net profit was ₹17.28 crore.
- December 2024 Quarter: Net profit was ₹12.85 crore.
- September 2024 Quarter: Net profit was ₹16.33 crore.
- June 2024 Quarter: Net profit was ₹19.36 crore.

Dividends: The company declared a dividend of ₹1.00 for the quarter ending March 2024, with the declaration date on May 16, 2024.

Board Meetings: Various board meetings were scheduled to approve and announce quarterly results, with recent notices including May 28, 2025, February 10, 2025, November 4, 2024, August 1, 2024, and May 16, 2024.

Strategic Tie-ups, Product Launches, or M&A

Strategic Shift and Expansion: Kothari Petrochemicals Limited has announced a "Strategic Shift" and plans for future expansion. The company's Board approved a ₹74 crore investment to acquire land in Andhra Pradesh. This move is intended to expand capabilities, strengthen the supply chain, and reinforce its position in the Polyisobutylene (PIB) market by reaching new markets.

Product Launches & M&A: No specific new product launches or mergers & acquisitions were identified in the recent developments. The company continues to focus on its core business of producing various grades of PIB.

ESG Initiatives or Certifications

Corporate Social Responsibility (CSR) Policy: Kothari Petrochemicals Limited's CSR Policy became effective on August 1, 2024. The policy emphasizes value creation in society and the community through services, conduct, and initiatives for sustained growth.

The company's CSR plan for FY 2024-25 includes:

- One-time educational scholarships for meritorious college students from economically and socially disadvantaged backgrounds (₹35.00 lakhs allocated).
- Annual expenses for educating and maintaining orphan and poor children in residential high schools (₹25.00 lakhs allocated).
- Support for Chennai International Centre to promote art and culture through restoration of buildings, setting up intellectual hubs, and fostering intellectual and cultural vibrancy (₹50.00 lakhs allocated).
- Renovation of buildings and infrastructure facilities at HC Kothari Balavihar Mat. School, Kattur (₹10.00 lakhs allocated).
- Quality, Health, Safety, and Environmental (QHSE): The company is committed to maintaining high standards of QHSE in all operations, including continuous development of a safety culture and significant investments in research & development and quality control.

Financial Performance

Revenue

Over the past three years, Kothari Petrochemicals has achieved an impressive ~25% CAGR in revenue, largely driven by timely capacity expansion and strong feedstock management capabilities. The company's competitive advantage lies in its ability to stock and manage feedstock efficiently, particularly naphtha, a crude oil derivative critical for producing polyisobutylene (PIB), giving it a strong moat and allowing it to capture nearly 90% of the Indian PIB market. Currently, around 70% of Kothari's revenue comes from domestic sales, while 30% is generated through exports; the company aims to increase export contribution to 40% over the next 2–3 years to strengthen its topline and reduce dependence on domestic cyclicity. While the bulk of its revenue presently comes from lubricant and 2-stroke engine oil applications, these segments are facing headwinds due to the growing penetration of electric vehicles (EVs). In response, Kothari is actively investing in R&D to develop new PIB-based products suitable for EVs and expanding into higher-growth sectors like pharmaceuticals and rubber. However, the previous fiscal year was challenging due to global uncertainties and crude oil price volatility, which pushed up input costs and compressed margins. Additionally, weak performance in the automotive and construction sectors, both major PIB end-use industries, contributed to subdued demand. Going forward, product diversification, export growth, and operational efficiency are expected to be the key drivers of sustained revenue growth.

The company is now strategically shifting its focus toward export markets, aiming to benefit from better pricing and stronger global demand. By expanding its product portfolio to include applications across diverse industries such as tires, adhesives, pharmaceuticals, and more, Kothari Petrochemicals is positioning itself for broader market reach and reduced dependence on traditional lubricant segments. This diversification is expected to contribute meaningfully to the topline, enhancing revenue stability and growth potential. Given these initiatives, along with continued investments in R&D and capacity utilization, the company is projected to deliver a healthy CAGR of around 20–25% over the next 2–3 years.

EBITDA

Until 2020, Kothari Petrochemicals operated with a limited production capacity of 36,000 TPA and reported an EBITDA margin of around 9%. However, following a capacity expansion to 48,000 TPA over the last 2–3 years, the company has begun leveraging economies of scale and improving both capital and operational efficiency. As a result, EBITDA margins have improved significantly, reaching the range of 15–16%. A key contributor to this improvement is Kothari's strong feedstock procurement strategy, its core competitive moat, which involves tight monitoring, reduced wastage, and cost-effective sourcing of raw materials like naphtha. Looking ahead, with additional CAPEX planned for FY 2026 and FY 2027, margins may initially remain flat due to higher capital expenditure and ramp-up costs. However, as the new capacity stabilizes, the company is expected to benefit from enhanced operating leverage, potentially achieving

P&L Assumptions		2022A	2023A	2024A	2025A
Revenue Growth	%		26%	25%	-4%
COGS	%	65%	66%	63%	65%
Gross Margin	%	35%	34%	37%	35%
Employee Costs	%	5%	4%	5%	5%
Other Expenses	INR Crs	5.54	87.33	96.68	95.77
EBITDA	%	29%	12%	16%	14%
Depreciation (Dep / Op. FA Bal)	%		7%	7%	7%
Finance Costs (FC / Op. Loan Bal)	%		31%	8%	0%
Taxes	%	14%	30%	33%	20%
P&I		2022A	2023A	2024A	2025A
Revenue	INR Crs	381.5254	482	603	577
Less : COGS	INR Crs	246.8089	318	383	372
Gross Profit	INR Crs	134.7165	165	220	205
Less : Expenses					
Employee Costs	INR Crs	18.2855	20	28	29
Other Expenses	INR Crs	5.5368	87	97	96
Total Expenses	INR Crs	23.8223	108	124	125
EBITDA	INR Crs	110.8942	57	96	80
Other Income	INR Crs	4.543	6	8	11
Depreciation	INR Crs	0.6162	7	8	8
Finance Costs	INR Crs	18.2855	3	1	1
Profit Before Taxes	INR Crs	96.5355	54	95	82
Less : Tax Expenses	INR Crs	13.1849	16	31	16
Profit After Taxes	INR Crs	83.3506	38	64	66

2026E	2027E	2028E	2029E	2030E
20%	20%	20%	20%	20%
64%	64%	63%	63%	62%
36%	36%	37%	37%	38%
6%	6%	6%	6%	6%
Balance Net Off EBITDA				
18%	18%	18%	18%	18%
• 7%	7%	7%	7%	7%
5%	5%	5%	5%	5%
25.17%	25.17%	25.17%	25.17%	25.17%
2026E	2027E	2028E	2029E	2030E
693	831	998	1,197	1,437
444	528	629	748	891
249	303	369	449	546
42	50	60	72	86
83	103	128	158	196
125	153	188	230	282
125	150	181	219	264
11	11	11	11	11
16	16	16	16	16
2	2	2	2	2
-				
118	144	175	212	257
30	36	44	53	65
88	108	131	159	192

VALUATION -DCF

Present INR Crs	206
Terminal Value (Part II)	
<i>Perpetual Growth /</i> 6.00%	
Terminal Value	1,653
Present Value of Terminal value (Part II)	769
Equity Value (Part I + Part II)	975
Number of Shares	5.86
Value Per share	166
Price as on Valuation Date	182
Premium / Discount	9%

Ratio Analysis of - KOTHARI PETROCHEMICALS LTD				
Years	Mar-16	Mar-17	Mar-18	Mar-19
SalesGrowth		3.76%	-11.31%	54.03%
EBITDA Growth		-20.92%	48.50%	19.00%
EBIT Growth		-35.04%	73.37%	6.35%
Net Profit Growth		-48.56%	144.10%	24.68%
Dividend Growth		-0.5	0.5	-0.333333333
Gross Margin	13.87%	12.20%	15.36%	13.36%
EBITDA Margin	7.16%	5.46%	9.14%	7.06%
EBIT Margin	5.87%	4.05%	7.28%	5.55%
EBT Margin	5.36%	3.35%	6.56%	4.53%
Net Profit Margin	0.029596709	0.014671709	0.04038017	0.032686278
SalesExpenses%Sales	6.71%	6.74%	6.22%	6.30%
Depreciation%Sales	1.30%	1.41%	1.85%	1.51%
OperatingIncome%Sales	0.058673349	0.040461111	0.072848703	0.055499967
Return on Capital Employed	14.66%	8.46%	12.64%	14.73%
Retained Earnings%	5.43%	8.07%	43.51%	69.80%
Return on Equity%	9.39%	4.55%	10.00%	11.46%
Self Sustained Growth Rate	0.01	0.00	0.04	0.08
Interest Coverage Ratio	11.49074074	5.842105263	9.985915493	5.42019544
Debtor Turnover Ratio	1292.06%	1113.50%	900.32%	1346.90%
Creditor Turnover Ratio	825.57%	789.46%	620.30%	811.86%
Inventory Turnover	2252.50%	2068.52%	1792.36%	2956.80%
Fixed Asset Turnover	402.11%	350.14%	204.46%	301.63%
Capital Turnover Ratio	317.11%	309.81%	247.55%	350.71%

Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25 MEAN	
-8.90%	-16.95%	68.19%	26.37%	0.235943171	-3.12%	15.08%
30.37%	23.15%	46.48%	14.32%	0.687983134	-16.50%	23.69%
47.53%	37.81%	58.14%	9.47%	0.827261307	-18.96%	29.04%
42.96%	33.12%	63.27%	4.20%	0.763945793	-2.93%	37.47%
-1	0	0	0.00%	0.4	-1	-0.214814815
19.11%	23.92%	17.43%	17.06%	0.216962293	19.67%	17.37%
10.10%	14.98%	13.05%	11.81%	0.161232401	13.90%	10.88%
8.08%	12.56%	11.60%	10.44%	0.148445235	12.44%	9.27%
7.33%	12.16%	11.44%	9.91%	0.146448289	12.25%	8.75%
0.0512905	0.08221654	7.98%	6.58%	0.093923579	0.094103994	0.058448911
9.01%	8.93%	4.38%	5.25%	0.055729892	5.77%	6.49%
2.03%	2.43%	1.45%	1.37%	0.012787166	1.46%	1.61%
0.080761486	0.125551049	11.60%	10.44%	0.148445235	0.124398102	0.092698526
						0.00%
20.44%	22.42%	26.36%	23.41%	0.35879132	23.23%	20.22%
100.00%	100.00%	100.00%	76.68%	0.81490084	100.00%	68.50%
13.98%	15.15%	19.54%	16.52%	0.227012776	17.75%	14.10%
0.14	0.15	19.54%	12.67%	0.184992902	0.18	0.11
10.81372549	32	71.37096774	19.65625	74.33613445	65.29090909	30.62069437
1303.82%	1205.95%	1316.53%	1026.72%	10.15697972	1110.06%	1163.16%
719.95%	519.56%	691.80%	869.84%	8.229664411	832.74%	750.40%
2478.68%	1285.21%	1476.51%	1440.97%	19.24773902	1408.83%	1908.52%
275.91%	235.95%	411.53%	397.13%	4.578991855	274.15%	331.09%
272.55%	184.23%	244.84%	251.03%	2.416994524	188.57%	260.81%

THANK YOU!

We appreciate your time in exploring our comprehensive analysis of Kothari Petrochemicals Ltd. Through this report, we aimed to offer more than just numbers - we sought to uncover the strategic vision, operational rigor, and financial foundation that defines the company's journey.

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