KPL International Limited

September 19, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	80.00	CARE A-; Stable	Reaffirmed
Short-term bank facilities	130.00	CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of KPL International Limited (KPL) continues to reflect the company's steady operational performance despite global geopolitical challenges, supported by healthy cash accruals and stable revenue from its renewable energy assets. Ratings further derive strength from the company's experienced promoter group (Kanoria Group), its diversified product portfolio in the chemical trading segment, and long-standing relationships with reputed global suppliers. Ratings also factor in KPL's comfortable financial risk profile, marked by the absence of long-term debt repayment obligations, low overall gearing, and adequate liquidity. However, ratings continue to remain constrained by the company's exposure to the credit risk profile of its customers, increased investments in subsidiary and associate entities, foreign exchange fluctuation risk, and the profitability susceptible to volatility in traded commodity prices, given its stock-and-sale model and intense competition in the industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in scale of operations above ₹1200 crore with profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 12% on a sustained basis.
- Improvement in return on capital employed (ROCE) above 25% on a sustained basis.

Negative factors

- Elongation in operating cycle and weakening of liquidity position.
- Increase in investment in group companies leading to increase in adjusted overall gearing above 0.75x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) expects the company to have stable operational performance. CARE Ratings also believes that KPL shall sustain its comfortable financial risk profile over the medium term.

Detailed description of key rating drivers:

Key strengths

Diverse revenue stream

Though KPL is a marketing arm of principals which are global giants and deals in products such as chemicals, polymers and speciality chemicals (which comprise ~95% of the total operating income [TOI] in FY25 [refers to April 01 to March 31]), the company also has diversified businesses such as commission-based indenting business of specific products (~3% of the TOI in FY25), and generation and sale of renewable power (~2% of the TOI in FY25). However, in terms of profitability, ~77% of the total PBILDT reported by the company in FY25 was contributed by distribution of chemicals on behalf of its global principals in India and manufacturing industrial gases, ~10% from indenting business, and remaining ~13% from generation and sale of power. The company deals in trading over 1000 chemicals/chemical products and engineering products having applications across different industries such as tyre manufacturing (rubber) industry, paint industry, plastic industry, dyes and intermediaries, glass industry, pharmaceutical industry, paper industry, agro, cement and others.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Experienced promoters
KPL belongs to the Kanoria Group and its promoters have interest in chemicals, electronic automotive and textiles. Mr. R.V. Kanoria (son of Late Shri S. S. Kanoria) (Chairman), Mr. Surinder Kumar Kak (Managing Director), Mr. Rohit Chopra (Whole-Time Director) and Mr. Rahul Ambardar (Whole-Time Director), manage the company's day-to-day affairs. Mr. R.V. Kanoria is an MBA from IMD, Switzerland, and a Diploma holder in Advanced Management Programme from Wharton, USA and has over three decades of business experience. The promoters are supported by experienced team of professionals who manage the day-to-day operations of the company. Another group entity, Kanoria Chemicals and Industries Limited is also engaged in chemical manufacturing.

Diverse and reputed supplier base
KPL procures most of its goods from foreign market and top five suppliers of the company accounted for ~65% of total purchases in FY25. Some reputed suppliers associated with KPL include BASF, Sasol, Budenheium, and Solvay among others. Further, KPL has a broad customer base with top five customers contributing ~20% of the company's total sales from trading business in FY25 (PY: ~15%).

Stable operational performance amid external headwinds
In FY25, KPL reported a year-on-year (y-o-y) moderation of ~10% in TOI, primarily due to global geopolitical disruptions such as the Russia-Ukraine conflict and the Red Sea crisis, which impacted supply chain and trade flows. Despite the dip in revenue, the company's PBILDT margin improved by 78 basis points to 10.11% (previous year: 9.33%), supported by better margins in commission-based income, consistent earnings from its renewable energy assets and the ability to pass on increased freight costs, arising from the Red Sea crisis without impacting profitability. However, the company's profit after tax (PAT) margin declined significantly to 0.60% (PY: 6.14%) due to an exceptional loss of ₹35.30 crore arising from the impairment of investments in APAG Holding AG. This adjustment was based on the management's prudent judgment, considering the losses incurred by APAG Holding AG in recent years. Since the impairment is a non-cash accounting adjustment, this had no impact on gross cash accruals (GCA).

Stable source of revenue generation from renewable power
KPL continues to derive a stable revenue from its wind power projects with an aggregate capacity of 15.35 MW, backed by long-term power purchase agreements (PPAs) with Gujarat Urja Vikas Nigam Limited (GUVNL, rated CARE AA+: Stable / CARE A1+) and Maharashtra State Electricity Distribution Company Limited (MSEDCL). Out of the total capacity, 14.10 MW is in Gujarat, with fixed tariffs under the PPA limiting off-take risk. KPL also has a 1.25 MW power plant in Sangli, Maharashtra with PPA signed with MSEDCL (Maharashtra State Electricity Distribution Company Limited) in June 2022 for a tenor of 12 years. In FY25, KPL generated total revenue of ₹11.42 crore (PY: ₹13.55 crore) from wind power plants and has fully repaid the debt associated with these renewable assets and currently has no outstanding term loan obligations. Further, in the current year, the company witnessed a temporary disruption in operations at its 1.5 MW Vejalpar plant in Gujarat due to a technical fault, which impacted generation and revenue from the renewable segment to some extent. Despite this, the overall financial exposure remains limited given the small contribution of wind power to total revenue.

Comfortable financial risk profile
KPL's capital structure continues to remain comfortable, as reflected by an overall gearing of 0.39x as on March 31, 2025 (PY: 0.25x). The marginal moderation is primarily due to increased utilisation of working capital limits, as internal accruals were deployed towards investments in its subsidiary, Cosyst Holding AG, and associate company, Fytomax Nutrition Private Limited (FNPL). The company raised ₹49.50 crore through the issuance of 6% redeemable preference shares, utilised for investments in group entities. Given their long tenure (redeemable in 20 years) and the same issued to promoter entity, these instruments have been treated as quasi equity. Despite this, debt coverage indicators remained comfortable, with an interest coverage ratio (PBILDT/interest) of 9.96x (PY: 9.79x) and total outside liabilities to tangible net worth (TOL/TNW) at 0.44x as on March 31, 2025 (PY: 0.41x).

Key weaknesses
Increase in investments in subsidiary and affiliate company
The company invested in Switzerland based company, APAG Holding AG (APAG) in FY23, which is engaged in developing and selling electronic and mechatronic modules and control devices for automotive, consumer goods, power tool electronics and building automation Industries. The current value of the investment stood at ₹83.63 crore as on March 31, 2025. The company has set up special purpose vehicle (SPV), Cosyst Holding AG, a 100% subsidiary of KPL and made an investment in the shares of APAG through the route of this SPV. Currently KPL holds 21% stake with 14% shareholding is of Kanoria Chemicals and Industries Limited and 63% is with Anand Group- ANEVOLVE and Asia Investments UK. A formal agreement is in place for KPL's full exit from this investment by FY29–30.
The company has also made investment of ₹15.36 crore in Fytomax Nutrition Private Limited, which further increased to ₹44.53 crore for 44.53% stake in FY25. FNPL intends to start manufacturing Soy Protein Isolate and commercialisation is expected in FY27. The company's financial risk profile moderated after adjusting for these investments from tangible-net-worth and decline in PAT during the year. The adjusted overall gearing moderated to 0.73x as on March 31, 2025 (PY: 0.35x).

Exposure of KPL to credit risk profile of its customers
Due to the absence of fixed contract and allowing credit period of 45-60 days to its customers, KPL is also exposed to credit risk profile of its customers. Any change in the risk profile of its customers may adversely impact the company's collections/operational

cash flow. The company has reported bad debts of ₹0.33 crore in FY25 (PY: ₹0.15 crore). The company's trade receivables stood at ₹104.83 crore as on March 31, 2025, of which ₹17.98 crore were from related parties.

Susceptibility to volatility in goods prices (stock holding risk)
KPL imports majority chemicals and maintains inventory based on past demand of its clients. The company stocks goods for the expected order of ~2 months in advance and sells goods as per the demand from its customers. The market price of the chemicals distributed by the company remains volatile and fluctuates in accordance with the crude oil prices for majority products traded by the company. Thus, the company is exposed to volatility in prices of the traded goods and adverse movement in the price of traded goods by the company may have a negative impact on the company's profitability margins. However, the company has been able to pass on increase in the cost of traded goods to its customers for most of the sales. The company deals in the high sea sales (order backed procurement and selling) and the commissioning of goods which mitigates the price volatility risk of traded products to some extent.

Exposure to foreign currency fluctuation risk
The company is exposed to foreign currency fluctuation risk as it procures majority goods from foreign markets (~90%) and sells majority goods in domestic market (over 85%). So, adverse movement in the foreign currency considering the rupee can impact the the company's profitability. However, the company covers the foreign currency fluctuation risk by entering forwards/futures contracts against the entire imports of traded goods. KPL booked a forex gain of ₹0.74 crore in FY25 against net forex loss of ₹0.65 crore in FY24.

Volatile and Competitive nature of Industry
The prices of chemicals and polymers traded by the company are volatile and are linked to production in domestic market and global demand-supply situation. The prices of chemicals traded are linked with the prices of crude oil in international market which remains volatile and are also affected by the changes in government regulations. Presence of different players in the chemicals trading business (organised and unorganised) intensifies competition in the industry.

Liquidity: Adequate
Liquidity position of the company is adequate as reflected by projected GCA of over ₹50.00 crore in FY26 against nil repayments. Average utilisation of working capital borrowings stood comfortable at ~50% for the trailing 12 months ended June 2025. The company has free cash and bank balance of ₹21.50 crore as on March 31, 2025. No capex is envisaged to incur in the near future.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Wholesale Trading

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

KPL is majorly in distributing and marketing products such as chemicals, polymers, paper and paper chemicals, and industrial gases (refrigerant gas) in India sourced globally. Over the years, KPL has expanded its services to cover engineering products such as brazing alloys that have high end application in automotive and aerospace industries for supply to companies across India. However, the company's major revenue comes from trading speciality chemical and chemical related products (~95% of TOI in FY25). As a part of diversification plans, the company also forayed in renewable energy sector with generation capacity of 15.35 MW wind turbine electrical power.

(Rs. In crore)

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	674.88	607.67	151.04
PBILDT	62.94	61.44	16.53
PAT	41.41	3.67	9.95
Overall gearing (times)	0.25	0.39	NA

Interest coverage (times)	9.79	9.96	11.79

A: Audited UA: Unaudited NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	80.00	CARE A-; Stable
Non-fund-based - ST-BG/LC		-	-	-	110.00	CARE A2+
Non-fund-based - ST-BG/LC		-	-	-	20.00	CARE A2+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Term Loan-Long Term	LT	-	-	-	1)Withdrawn (04-Sep-24)	1)CARE A-; Stable (04-Sep-23)	1)CARE A-; Stable (18-Aug-22)
2	Fund-based - LT-Cash Credit	LT	80.00	CARE A-; Stable	-	1)CARE A-; Stable (04-Sep-24)	1)CARE A-; Stable (04-Sep-23)	1)CARE A-; Stable (18-Aug-22)
3	Non-fund-based - ST-BG/LC	ST	110.00	CARE A2+	-	1)CARE A2+ (04-Sep-24)	1)CARE A2+ (04-Sep-23)	1)CARE A2+ (18-Aug-22)
4	Non-fund-based - ST-BG/LC	ST	20.00	CARE A2+	-	1)CARE A2+ (04-Sep-24)	1)CARE A2+ (04-Sep-23)	1)CARE A2+ (18-Aug-22)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:
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