

## Nandan Petrochem Limited

October 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	47.11	CARE A-; Stable	Assigned
Long Term / Short Term Bank Facilities	171.00 (Enhanced from 30.00)	CARE A-; Stable / CARE A2+	Reaffirmed
Short Term Bank Facilities	59.89 (Enhanced from 20.00)	CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

For arriving at ratings of Nandan Petrochem Limited (NPL), CARE Ratings Limited (CareEdge Ratings) has taken a combined view of (NPL-standalone), NPL Bluesky Automotive Private Limited (NBS-consolidated) and Norton Chemicals and Speciality Private Limited (Norton-standalone) together referred to as the Nandan group.

Ratings assigned to bank facilities of NPL derives strength from extensive experience of the Nandan group's promoters and long track record of operations, its established relationship with reputed original equipment manufacturer (OEM) clientele, and growing scale of operations. Ratings also factor in the group's comfortable capital structure on a strong net worth base and healthy debt coverage indicators, although profitability has remained fluctuating.

However, ratings remain constrained by the group's presence in the highly competitive lubricants industry and exposure of group's profitability to raw material price volatility (notably base oil and urea) and exchange rate fluctuations.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Volume backed growth in scale of operations over ₹2000 crore, while maintaining profit before interest, lease rentals, depreciation and taxation (PBILDT) margin over 12% on a sustained basis.
- Improvement in capital structure marked by overall gearing below 0.20x and improvement in debt coverage indicators.

#### Negative factors

- Significant decline in scale of operations with total operating income (TOI) below ₹1500 crore and/or decline in PBILDT margin below 7% on sustained basis.
- Deterioration in total debt to PBILDT (TD/ PBILDT) ratio to over 1.75x and/or interest coverage ratio below 6x on a sustained basis.
- Elongation in operating cycle or major capex significantly impacting the group's liquidity.

### Analytical approach: Combined

CareEdge Ratings has adopted a combined approach of NPL (standalone), NBS (consolidated) and Norton (Standalone) while arriving at ratings of NPL and NBS.

Consolidated financials of NBS includes NPL Manufacturing Private Limited (a wholly owned subsidiary of NBS) and Varun Lubricants Speciality Private Limited (65% owned by NBS).

NPL, NBS and Norton are group entities with common ownership and management by the Agarwal family, and they demonstrate cash flow fungibility. While NPL is engaged in manufacturing lubricating oils, NBS and Norton focus on the production of AdBlue. All entities serve the automotive industry and their products are marketed under the common brand name 'VELVEX'. Entities combined are listed under Annexure 6.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Outlook: Stable**

The 'Stable' outlook reflects CareEdge Ratings opinion that the Nandan group shall continue to benefit from its experienced management and established track record of operations and reputed clientele base in the lubricating oil and AdBlue industry.

**Detailed description of key rating drivers:****Key strengths****Established track record of operations and new brand for retail market**

The Nandan group commenced operations in 1992 with the incorporation of NPL, initially engaged in contract blending and filling for public sector undertakings. In the last three decades, the group has diversified in manufacturing greases, lubricating oils and AdBlue for diesel engines using SCR technology, establishing a long operating track record and industry presence.

In recent years, the group has undertaken brand-building initiatives in the retail segment through its 'VELVEX' brand, recognising higher margin potential of the B2C business. While the retail lubricant segment remains competitive and brand-driven, the group's entry into this space is expected to gradually diversify revenues and improve margins in the medium term.

The group's presence in the AdBlue segment, supported by mandatory BS-VI emission norms, provides a niche revenue stream with regulatory backing. However, given the risk of commoditisation, its ability to sustain leadership in AdBlue while scaling the VELVEX brand to a pan-India retail market will remain a key rating monitorable.

**Strong position in AdBlue segment and established relationships with reputed OEMs**

Through its subsidiary NBS, the group has emerged as one of the leading players in the AdBlue segment. A critical input for BS-VI compliant diesel engines using SCR technology, AdBlue is a specialised niche with limited organised players, where NBS has established a strong presence. The company is an authorised supplier to marquee commercial vehicle OEMs, including Tata Motors Limited, Mahindra & Mahindra Limited, and Daimler India Commercial Vehicles Limited. Sales to Tata Motors contribute ~55%–60% of NBS's total revenues, highlighting the depth of this relationship.

**Growth in scale of operations and fluctuating profitability**

The Nandan group registered healthy revenue growth, with a 4-year compound annual growth rate (CAGR) of ~25%, aided by its established presence in the lubricants and AdBlue segments and growing traction in the retail market under the 'VELVEX' brand. In FY25, the group's TOI stood at ₹1828.55 crore against ₹1733.78 crore in FY24. Despite TOI growth, growth momentum has moderated in FY24 and FY25, attributed to intensified competition in the lubricants space and stabilisation of AdBlue demand post BS-VI implementation. Going forward, scaling-up in B2C retail segment and deeper OEM penetration are expected to be the key drivers of incremental growth.

However, profitability remains susceptible to input cost volatility and pricing pressures. The PBILDT margin stood at 11.60% in FY25 (FY24: 11.02%), with fluctuations primarily driven by raw material price movements (base oil and urea), higher marketing/employee spends, and discounts extended to large OEM clients such as Tata Motors. CareEdge Ratings notes that sustaining profitability in a highly competitive environment remains a monitorable.

On a standalone basis, NPL's profitability remained volatile, primarily due to volatile base oil prices. In FY25, PBILDT margin improved, yet remained modest at 4.76% against 3.50% in FY24 primarily due to stable input prices.

**Comfortable capital structure and debt coverage indicators**

The group's capital structure remains comfortable, with an overall gearing of 0.32x as on March 31, 2025 (FY24: 0.56x), supported by a sizeable net worth base of ₹751.45 crore. Debt primarily comprises fund-based working capital borrowings and LC-backed creditors, with no outstanding term loans, reflecting a conservative debt profile.

Debt coverage indicators also remain strong, marked by PBILDT interest coverage of 9.47x, TD/GCA of 1.57x, and TD/PBILDT of 1.12x in FY25. Going forward, the capital structure and coverage metrics are expected to sustain, aided by stable accruals and the absence of large debt-funded capex plans.

**Key weaknesses****Highly competitive lubricating oil industry**

The Indian lubricants market is highly competitive, with well-established players such as Gulf Oil India Limited, British Petroleum, Hindustan Petroleum Corporation Limited, and Indian Oil Corporation Limited holding significant market share. While NPL operates

in this competitive space. The company’s strength lies in its niche positioning with OEM tie-ups (Escorts, Kirloskar, Amara Raja, Lucas), but sustaining growth in such an intensely competitive market remains a challenge.

**Fluctuations in the raw material prices and foreign exchange rates**

The group remains exposed to volatility in prices of key inputs—base oil (constituting ~65–70% of raw material cost for lubricants) and urea (primary raw material for AdBlue, accounting for ~65–70% of AdBlue cost structure). Base oil is largely imported, exposing the company to foreign exchange fluctuation risks.

**Liquidity: Adequate**

The Nandan group’s liquidity remains adequate, marked by nil schedule debt repayment against free cash and bank balance of ~₹50 crore and other non-current investments including debt and equity investments of ~₹170 crore as on March 31, 2025. cash flow from operations stood positive at ₹249.34 crore in FY25. Utilisation of working capital limits remains moderate at 53% for 12 months ending June 2025. The current ratio remains moderate at 1.89x at FY25 end. The group’s operating cycle remains moderate at 83 days, which deteriorated from FY22-FY23 levels of 60-65 days primarily due to higher receivables. Sustenance of the group’s liquidity profile remains a key rating monitorable.

**Applicable criteria**

[Consolidation](#)

[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](#)

**About the company and industry**

**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Energy	Oil, Gas & Consumable Fuels	Petroleum Products	Lubricants

**Nandan group:**

The Nandan Group operates in the petrochemical space, with a diversified product profile across lubricants, greases, transformer and white oils, specialty fluids, and emission control products. The group caters to institutional and retail customers, under the common VELVEX brand. Operations are spread across NPL and NBS.

**Nandan Petrochem Limited:**

Established in 1992, NPL is the Nandan Group’s flagship company. It began operations as a contract blender for oil public sector undertakings (PSUs) and gradually diversified into branded lubricants, greases, transformer oils, white oils, rubber processing oils, and specialty fluids. NPL has a technical tie-up with Meguin GmbH (Germany), enabling access to European formulation technology. Its products are marketed under the VELVEX brand, with a presence in B2B and B2C segments across India and abroad. As on March 31, 2025, NPL has an installed capacity of manufacturing 10.20 crore litres of lubricating oil.

**NPL Bluesky Automotive Private Limited:**

Incorporated in 2011, NBS is primarily engaged in manufacturing and selling AdBlue, a diesel exhaust fluid used in BS-VI compliant diesel engines. The product is supplied to major OEMs for first-fill and to the aftermarket through a retail network, again under the VELVEX brand. As on March 31, 2025, NBS has an installed capacity of manufacturing 36.60 crore litre AdBlue.

**Norton Chemicals and Speciality Private Limited:**

Incorporated in 2019, Norton is engaged in manufacturing AdBlue and it operates as a captive unit of NBS. As on March 31, 2025, NBS has an installed capacity of manufacturing 13.80 crore litre AdBlue.

Particular	Nandan Petrochem Limited		Nandan group	
	March 31, 2024 (A)	March 31, 2025 (P)	March 31, 2024 (UA)	March 31, 2025 (P)
Total operating income	711.75	688.82	1733.78	1828.55
PBILDT	24.91	32.78	191.10	212.20
PAT	18.58	17.27	134.52	138.11
Overall gearing (times)	1.25	0.66	0.56	0.32
Interest coverage (times)	1.93	3.13	11.63	9.47

A: Audited UA: Unaudited P: Provisional; 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-Long Term		-	-	-	47.11	CARE A-; Stable
Fund-based/Non-fund-based-LT/ST		-	-	-	171.00	CARE A-; Stable / CARE A2+
Non-fund-based - ST-Letter of credit		-	-	-	59.89	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	Fund-based/Non-fund-based-LT/ST	LT/ST	171.00	CARE A-; Stable / CARE A2+	1)CARE A-; Stable / CARE A2+ (19-Aug-25)	-	-	-
2	Non-fund-based - ST-Letter of credit	ST	59.89	CARE A2+	1)CARE A2+ (19-Aug-25)	-	-	-
3	Fund-based-Long Term	LT	47.11	CARE A-; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/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-Long Term	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple
3	Non-fund-based - ST-Letter of credit	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Annexure-6: List of entities consolidated**

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Nandan Petrochem Limited	Full	Operational and Financial Linkages
2	NPL Bluesky Automotive Private Limited	Full	Operational and Financial Linkages
3	NPL Manufacturing Private Limited	Full	Subsidiary of NBS
4	Varun Lubricants Speciality Private Limited	Full	Subsidiary of NBS
5	Norton Chemicals and Speciality Private Limited	Full	Operational and Financial Linkages

**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](mailto:care@careedge.in) for clarifications.

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