KG Petrochem Limited

June 30, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	4.74 (Reduced from 13.02)	CARE BBB-; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	67.00 (Reduced from 91.00)	CARE BBB-; Stable / CARE A3	Reaffirmed
Short Term Bank Facilities	15.75	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6

Rationale and key rating drivers

The ratings assigned to KG Petrochem Limited continues to derive strength from the vast experience of the promoters in terry towel business, company's established track record of operations with repeat orders from a reputed clientele, its moderate scale of operations and profitability and adequate liquidity despite an elongated operating cycle. The ratings further derive strength from improvement in capital structure and debt coverage indicators alongwith adequate networth base. The ratings, however, continue to remain constrained on account of concentrated customer as well as geographical revenue profile. The ratings are further constrained on account of inherent cyclicality associated with textile industry and vulnerability of profitability to the fluctuation in raw material prices as well as foreign currency exchange rate, though with presence of a prudent hedging mechanism.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Maintenance of Total Operating Income (TOI) above Rs.300 crore alongwith improvement in operating profitability and ROCE above 10%
- Sustenance of capital structure marked by adjusted overall gearing to below unity.

Negative factors

- Decline in TOI below Rs.200 crore and decline in PBILDT margin below 7% on a sustained basis
- Moderation in adjusted overall gearing above 1.20x along with moderation in debt coverage indicators
- Elongation of working capital cycle beyond 180 days on sustained basis.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectations that the company will continue to benefit from vast experience of the promoters in textile industry and sustain its moderate financial risk profile in near to medium term.

Detailed description of key rating drivers:

Key strengths

Experienced promoters in the textile industry

KGPL is promoted by Mr. G. S. Kandoi, a Mechanical Engineer from BITS Pilani having vast business experience of more than five decades. His son and Managing Director, Mr. Manish Singhal, is an IIT graduate and has an industry experience of more than two decades. Apart from the executive directors, the Board of Directors also consist of four independent directors as well as experienced professionals at various levels.

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

Established track record of operations

KGPL operates in two segments, i.e., manufacturing of terry towels/made ups & artificial leather and as a consignment stockist of GAIL (India) Limited for polymers for Rajasthan region. It has established operations of more than two decades in the terry towels & made ups segment, which contributed more than ~75% of its TOI over the past three years ended FY26.

Moderate scale of operations and operating profitability

KGPL operates on a moderate scale with TOI of Rs.319.86 crore in FY26 (P.Y. Rs.378.16 cr.) The scale moderated by 15.42% y-o-y primarily attributable to lower sales volumes in the textile division, particularly terry towels, owing to subdued export demand from the U.S. market following the imposition of reciprocal tariffs during FY26. Effective August 27, 2025, the U.S. imposed a 50% reciprocal tariff on import from India (25% base levy plus 25% penalty), which adversely impacted KGPL's export volumes. Although certain tariff-related measures were eased from February 2026 onwards, the revised tariff framework remains effective until July 24, 2026, and the tariff structure thereafter remains uncertain. Given that U.S continues to remains KGPL largest export market, the prevailing uncertainty alongwith continued inflationary pressures has kept the demand muted. Additionally, geopolitical tensions arising from the Iran conflict, associated shipping disruptions have further dampened export demand.
As a significant portion of exports are undertaken on an FOB basis, higher landed costs for overseas customers continued to impact order placements. Consequently, with demand expected to remain subdued and tariff-related uncertainty continuing, the company's scale of operations is expected to remain at levels similar to FY26 over the near term.

Despite the decline in scale, the company's profitability remained relatively stable. Operating margins improved marginally, with PBILDT margin increasing to 7.63% in FY26 from 7.43% in FY25, supported moderation in raw material costs and improvement in operating profitability in artificial leather segment. Going forward, operating margins are expected to remain around 7.5%-8.0%, aided by stabilization in raw material prices, and with operating margins registered in artificial business segment as compared to losses in previous years.

Moderate capital structure and moderate debt coverage indicators

The capital structure of KGPL improved and remained moderate with overall gearing of 0.60x as on March 31, 2026 (P.Y. 0.89x) with reduced reliance on external debt supported by better operating cashflows. Overall gearing is expected to remain below unity in FY27 with no plans of major debt funded capex. Also, the company has adequate net worth of Rs.141.97 cr. in FY26.
KGPL has extended corporate guarantee to Suave casa Ideas Private Limited of Rs.20 cr. (Rs.19 cr. term debt and Rs.1 cr. CC limit). With this the adjusted overall stands at 0.73x in FY26. The Total Outside Liabilities/Net worth ratio continued to remain moderate at 1.03x in FY26 (1.39x in FY25).
Debt coverage indicators improved and remained moderate with interest coverage remains of 3.70x in FY26 (3.22x in FY25) and total debt to GCA of 4.91x in FY25 (6.60x in FY25)

Key weaknesses

Concentrated customer and geographical revenue profile though reputed clientele base

KGPL's terry towel and made-ups business is almost entirely dependent on the export market i.e., primarily to U.S and partially to Chile, South America. During FY26, KGPL generated ~66% of TOI from exports (76% of TOI in FY25). In addition, the customer profile of KGPL is highly concentrated with top -10 customers forming ~57% of TOI (69% of TOI in FY25) in FY26. Customer profile of KGPL includes reputed retail chains such as Walmart Inc., Jay Franco & Sons etc. which reduces the counterparty credit risk to an extent. Also, company has an established relationship with these clients which enables repeat business from them, while it has also commenced sales to other regions to improve customer diversification. Nevertheless, any change in customer preference and/or political instability or economic slowdown in the major export markets could impact the operations of KGPL.

Susceptibility of profitability to volatile raw material prices and forex fluctuation though the latter is largely mitigated through prudent hedging mechanism

The prices of raw cotton are volatile in nature and depend upon factors like area under production, yield for the year, international demand supply scenario, export quota decided by the government and inventory carry forward from the previous year. Also, the production of cotton in India is dependent upon the vagaries of the monsoon. Accordingly, any sharp adverse fluctuations in cotton prices may affect the profitability of KGPL. Further, KGPL earns large part of its revenue from exports, which exposes its profitability to volatility in forex rates. However, majority of forex risk is mitigated as KGPL hedges entire forex exposure through forward contracts.

Inherent cyclicality associated with textile industry, albeit stable demand prospects

Textile industry is a cyclical industry and closely follows the macroeconomic business cycles. Furthermore, the industry is highly competitive and fragmented in nature with presence of large established players as well as numerous small players. During FY26, global home textile demand remained subdued, particularly in the U.S. market, due to elevated inflationary pressures, cautious consumer spending, inventory rationalization by large retailers, and uncertainty arising from the imposition of higher U.S. tariffs on imports from India. These factors adversely impacted export volumes and order flows for Indian home textile manufacturers. Over the long term, the demand outlook for the home textile industry is expected to remain favourable, supported by increasing urbanization, rising disposable incomes, growth in housing and hospitality sectors, evolving consumer lifestyles, and growing preference for premium and sustainable home furnishing products. Nevertheless, the industry remains exposed to risks arising from changes in global trade policies, geopolitical developments, raw material price volatility, and fluctuations in consumer demand across key export markets.

Liquidity: Adequate

The company has an adequate liquidity, marked by positive cash flow from operations of Rs.49.42 crore registered in FY26 (Rs. 18.90 cr. in FY25) and sufficient cushion in GCA vs repayments. Utilization of fund-based working capital limits however remained moderate at 65.51% for past 12 months ended April 2026.

The business operations of KGPL are working capital intensive in nature marked by elongated operating cycle of 155 days in FY26 (140 days in FY25). KGPL needs to maintain sufficient inventory to meet demand resulting in inventory period of 80 to 110 days. Furthermore, KGPL offers credit period of ~60-100 days to its customers. While KGPL's customer profile includes reputed players from large retail chains which reduces the risk of delayed collection to an extent.

The annual scheduled repayments are relatively lower in the range of Rs.1-3 cr. which are expected to be met from its envisaged cash accruals.

Applicable criteria

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

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Textiles	Textiles & Apparels	Other Textile Products

Incorporated in 1980, Jaipur-based KGPL is promoted by Mr. G. S. Kandoi. KGPL is engaged in the manufacturing of terry towel and made up as well as artificial leather. KGPL also works as a consignment stockist of GAIL (India) Ltd. for polymers for Rajasthan under its agency division. Terry towel segment is the major revenue earner for the company, contributing ~79% of its TOI in FY25. The manufacturing facility of KGPL is located at Tehsil Kotputli, near Jaipur, Rajasthan with an aggregate installed capacity of 6,200 Metric Tonne Per Annum (MTPA) for terry towel division and 100 lakh meters for Synthetic PU/PVC leather as on March 31, 2026, while agency division is operated from unit located at Vishwakarma Industrial (VKI) Area, Jaipur. The company's stitching unit is also located in VKI area, Jaipur

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	334.35	378.16	319.86
PBILDT*	21.67	28.10	24.40
Profit after tax (PAT)	0.93	5.51	4.42
Overall gearing (x)	0.93	0.89	0.60
Interest coverage (x)	2.73	3.22	3.70

A: Audited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: None

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		-	-	-	1.00	CARE BBB-; Stable
Fund-based - LT-Term Loan		-	-	December 2027	3.74	CARE BBB-; Stable
Fund-based - ST-EPC/PSC		-	-	-	10.75	CARE A3
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	12.00	CARE BBB-; Stable / CARE A3
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	55.00	CARE BBB-; Stable / CARE A3
Non-fund-based - ST-Bank Guarantee		-	-	-	5.00	CARE A3

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 2026-2027	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
1	Fund-based - LT-Term Loan	LT	3.74	CARE BBB-; Stable	-	1)CARE BBB-; Stable (09-Jul-25)	1)CARE BBB-; Stable (04-Jun-24)	1)CARE BBB; Stable (19-Jul-23)

						2)CARE BBB-; Stable (04-Apr-25)		
2	Fund-based - LT-Cash Credit	LT	1.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (09-Jul-25) 2)CARE BBB-; Stable (04-Apr-25)	1)CARE BBB-; Stable (04-Jun-24)	1)CARE BBB; Stable (19-Jul-23)
3	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	12.00	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (09-Jul-25) 2)CARE BBB-; Stable / CARE A3 (04-Apr-25)	1)CARE BBB-; Stable / CARE A3 (04-Jun-24)	1)CARE BBB; Stable / CARE A3+ (19-Jul-23)
4	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	55.00	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (09-Jul-25) 2)CARE BBB-; Stable / CARE A3 (04-Apr-25)	1)CARE BBB-; Stable / CARE A3 (04-Jun-24)	1)CARE BBB; Stable / CARE A3+ (19-Jul-23)
5	Non-fund-based - ST-Bank Guarantee	ST	5.00	CARE A3	-	1)CARE A3 (09-Jul-25) 2)CARE A3 (04-Apr-25)	1)CARE A3 (04-Jun-24)	1)CARE A3+ (19-Jul-23)
6	Fund-based - ST-EPC/PSC	ST	10.75	CARE A3	-	1)CARE A3 (09-Jul-25)	1)CARE A3 (04-Jun-24)	1)CARE A3+ (19-Jul-23)

						2)CARE A3 (04-Apr-25)		

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 - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-EPC/PSC	Simple
4	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple
5	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

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

Annexure-6: List of Facilities/Instruments and FSRs

As required by SEBI Circular dated February 10, 2026 to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI

[2]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026 and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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.

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About us:

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