Cochin Minerals and Rutile Limited

August 11, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	1.50	CARE BBB; Stable	Reaffirmed
Short-term bank facilities	132.00	CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Cochin Minerals and Rutile Limited (CMRL) continue to derive strength from the long track record of operations, experience of promoters, comfortable capital structure, and debt coverage indicators of the company. However, ratings are constrained by the foreign exchange risk considering majority sales from exports, profit margins susceptible to raw material and end product price volatility, and client concentration risk.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Consistent growth in the scale of operations above the range of ₹500 crore.
- Sustainable improvement in profitability levels with profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 10-12%.

Negative factors

- Debt-funded capital expenditure deteriorating the capital structure leading to gearing levels over 0.5x.
- Continued client concentration risk leading to order losses.
- Major adverse outcome of ongoing investigations against the company/promoters affecting the company's operations.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes the company shall continue to benefit from the long-established relationship with its export customers and maintain its financial risk profile considering a comfortable capital structure.

Detailed description of key rating drivers

Key strengths

Long track record of operations

CMRL has built a strong presence in the rutile sector since commencing commercial production in 1993 as one of the few Indian synthetic rutile manufacturers. CMRL initially started production with a capacity of 10,000 MTA, which was scaled up further to 50,000 MTA under the leadership of the founder, Dr S N Sasidharan Kartha. The company is now under the leadership of the second-generation promoter, Saran S Kartha. The company uses indigenous technology to produce synthetic rutile and its by-products.

Comfortable capital structure and debt protection metrics

The company's capital structure remained comfortable with an overall gearing of 0.33x as on March 31, 2025 (PY: 0.33x). Debt coverage indicators also remained healthy marked by interest coverage ratio of 45.43x (PY: 24.55x) and total debt/PBILDT of 1.55x (PY: 1.25x) and total debt to gross cash accrual (TD/GCA) of 2.21x (PY: 5.26x) for FY25. The company's minimal reliance on fund-based working capital limits and lack of debt-funded capex plans are expected to support a healthy capital structure over the medium term.

Stable operational performance aided by improved volume amid dropping realisation

The company reported a 6% year-over-year (y-o-y) growth in FY25, with total operating income (TOI) rising to ₹323.33 crore (PY: ₹303.26 crore). This was driven by higher sales volumes following a low base in FY24, despite a decline in average synthetic

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

rutile realisations due to global supply-demand imbalances and intense competition in the titanium feedstock sector. The company witnessed 17% growth in synthetic rutile volume offsetting 7-8% drop in realisation.

Key weaknesses

Susceptibility of margins to volatile raw material price and forex risk

Synthetic rutile is one of the purest forms of titanium, which experiences cyclical demand, and is similar to titanium. The company's performance depends on the demand and pricing of synthetic rutile, which is influenced by global titanium market trends. Raw material costs, particularly for ilmenite, are highly volatile due to limited deposits concentrated in a few countries and subject to global supply-demand dynamics. ~25-30% of the company's ilmenite requirement is sourced domestically from Indian Rare Earth Limited (IREL), near the manufacturing plant in Kerala, helping reduce sourcing costs. Majority raw material requirements are met through import, which is arranged by its primary customer Mitsui. PBILDT margins declined to 11.00% in FY25 from 13.17% in FY24, primarily due to weakening global synthetic rutile prices. This decline in prices has continued to impact margins in Q1 FY26. Going forward, the company aims to sustain margins and mitigate volatility in international rutile prices through formula driven pricing arrangements with key customers. The company's predominantly export-driven sales model offers a natural hedge since raw materials are largely imported, balancing currency exposures to some extent. However, margins remain susceptible to fluctuations in foreign exchange rates.

Client concentration risk

Synthetic rutile accounted for ~90% of the company's total sales in FY25. Sales of this key product are highly concentrated among a few major customers, with the top 10 clients contributing ~93-94% of total sales over the last two years. Prominent Japanese firms, including Mitsui & Co. Ltd. (part of the Mitsui group) and Sumitomo Corporation, are key customers, with ~70% exports directed to Japan. This concentration risk is partly offset by long-standing relationships with few lasting over 33 years, marked by consistent and repeat business.

Ongoing litigations against the company

Following search operations by the Income Tax (IT) Department in January 2019, the income tax assessments for FY2011-12 to FY2018-19 were reopened, disallowing certain expenses claimed in the profit and loss account. The matter was subsequently settled with the IT Department at the Interim Board of Settlement. While the tax dispute was settled, the Serious Fraud Investigation Office (SFIO) and the Enforcement Directorate (ED) has initiated investigation against the company and its management on certain allegations in connection with the findings of IT department. The company challenged the legal validity of these investigations in Delhi and Kerala High Courts. The Delhi High Court allowed the SFIO investigation but barred coercive actions without prior approval, while the Kerala High Court granted interim stays on SFIO proceedings. Any adverse outcome from the ongoing investigation and litigation affecting the company's operations will be a key rating monitorable.

Industry outlook

The titanium dioxide (TiO_2) and rutile markets have experienced significant volatility in the last few years through mid-2025, driven by a complex interplay of supply disruptions, geopolitical tensions, and shifting demand patterns. Slowing economic growth in Europe and the US, rising energy costs, and weak housing demand led to a moderation in pigment consumption and a gradual decline in rutile prices in the last two years. The industry also faces challenges from tightening environmental regulations and rising production costs, prompting shifts toward more sustainable processes.

Despite near-term softness and tariff-driven trade uncertainties, demand drivers such as aerospace titanium sponge growth, stimulus measures in China, and anti-dumping policies in Europe provide cautious optimism. With a strong presence in the market of manufacturing synthetic rutile and being one of the few players, CMRL is expected to post a stable performance for the ensuing period as well.

Liquidity: Adequate

The company's liquidity remained adequate, supported by healthy cash accruals and nil term debt repayment obligations for FY26. As on March 31, 2025, free cash and bank balances stood at ~₹22.06 crore. The operating cycle increased to 136 days in FY25 from 96 days the previous year, mainly due to a rise in the inventory period from 119 to 199 days. Average fund-based working capital utilisation was low at ~5% over the 12 months ending June 2025, while non-fund-based utilisation averaged ~45%.

Applicable criteria

[Definition of Default]
[Liquidity Analysis of Non-financial sector entities]

Rating Outlook and Rating Watch
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Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals and petrochemicals	Commodity chemicals

CMRL was incorporated in 1989 and started commercial production in 1993. It is a 100% export-oriented unit (EoU) engaged in manufacturing synthetic rutile (SR), using ilmenite with an installed capacity of 50,000 MTA. The by-products are ferric chloride, ferrous chloride, recovered titanium dioxide, recovered upgraded ilmenite, and cemox. The factory is inside the industrial area in Edayar, Kochi. The company is a zero-waste producing entity as most byproducts of synthetic rutile, such as ferric chloride and ferrous chloride, are sold by the company. CMRL has a treatment effluent plant for water recycling and solid waste treatment and has also been approved by the Kerala State Pollution Control Board.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1 FY26 (UA)
Total operating income	301.46	323.33	75.14
PBILDT	39.69	35.58	3.02
PAT	8.59	23.56	3.28
Overall gearing (times)	0.33	0.33	NA
Interest coverage (times)	24.55	45.43	43.14

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

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		-	-	-	1.50	CARE BBB; Stable
Fund-based - ST-EPC/PSC		-	-	-	48.00	CARE A3+
Non-fund-based - ST-Bank Guarantee		-	-	-	4.00	CARE A3+
Non-fund-based - ST-Letter of credit		-	-	-	80.00	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 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 - LT-Cash Credit	LT	1.50	CARE BBB; Stable	-	1)CARE BBB; Stable (27-Nov-24)	1)CARE BBB; Stable (01-Dec-23) 2)CARE BBB; Positive (03-Apr-23)	1)CARE BBB; Stable (19-Aug-22)
2	Fund-based - ST-EPC/PSC	ST	48.00	CARE A3+	-	1)CARE A3+ (27-Nov-24)	1)CARE A3+ (01-Dec-23) 2)CARE A3+ (03-Apr-23)	1)CARE A3 (19-Aug-22)
3	Non-fund-based - ST-Bank Guarantee	ST	4.00	CARE A3+	-	1)CARE A3+ (27-Nov-24)	1)CARE A3+ (01-Dec-23) 2)CARE A3+ (03-Apr-23)	1)CARE A3 (19-Aug-22)
4	Non-fund-based - ST-Letter of credit	ST	80.00	CARE A3+	-	1)CARE A3+ (27-Nov-24)	1)CARE A3+ (01-Dec-23) 2)CARE A3+ (03-Apr-23)	1)CARE A3 (19-Aug-22)
5	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (27-Nov-24)	1)CARE BBB; Stable (01-Dec-23) 2)CARE BBB; Positive (03-Apr-23)	1)CARE BBB; Stable (19-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	Fund-based - ST-EPC/PSC	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple
4	Non-fund-based - ST-Letter of credit	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.

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About us:
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