Cochin Minerals and Rutile Limited

September 04, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term bank facilities	RBI	1.50	CARE BBB; Stable	Reaffirmed
Short-term bank facilities	RBI	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 its long and established track record in the synthetic rutile industry, comfortable capital structure, healthy debt protection metrics. Ratings also factor in the improvement in operating performance witnessed in Q1FY27 following a moderate operational performance in FY26.

However, ratings are constrained by customer and geographical concentration, margins susceptible to titanium feed price volatility and its exposure to foreign exchange fluctuations.

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 its comfortable capital structure.

Detailed description of key rating drivers

Key strengths

Long track record of operations

CMRL has established a strong presence in the synthetic rutile industry since commencing commercial operations in 1993 and is one of the few synthetic rutile manufacturers in India. The company initially commenced operations with an installed capacity of 10,000 MTPA, which has subsequently been expanded to 50,000 MTPA. Founded by Dr SN Sasidharan Kartha and currently led by the second-generation promoter, Saran S Kartha. The company operates a 100% export-oriented manufacturing facility in Kochi using indigenous technology for production of synthetic rutile and related by-products. CMRL has developed long-standing relationships with several reputed global players in the titanium feedstock sector, with certain customer relationships spanning over three decades.

Comfortable capital structure and debt protection metrics

The company's capital structure remains comfortable with overall gearing of 0.31x as on March 31, 2026, against 0.33x as on March 31, 2025. Although debt coverage metrics moderated in FY26 due to lower profitability, it continued to remain healthy, with PBILDT interest coverage of 121.70x (PY: 45.43x) and total debt to gross cash accruals (TD/GCA) of 3.97x (PY: 2.21x).

[1]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.

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

Capital structure is expected to remain comfortable, supported by limited reliance on fund-based working capital borrowings, absence of significant debt-funded capital expenditure plans in the near term.

Key weaknesses

Moderation in FY26 operational performance

CMRL's operational performance moderated in FY26, with total operating income (TOI) declining by 11.2% y-o-y to ₹287.19 crore from ₹323.33 crore in FY25, primarily due to a 14% decline in synthetic rutile sales volumes amid subdued demand from the global titanium dioxide pigment and titanium metal industries. Capacity utilisation moderated to ~50% in FY26 from 59% in FY25, resulting in lower absorption of fixed overheads and impact on profitability. PBILDT margin declined to 7.96% in FY26 from 11.00% in FY25. Profitability in the year was further impacted by certain one-time expenses, including a gratuity payout of ~₹5.5 crore to the erstwhile Chairman and other senior officials in FY26, and a write-off of ~₹5.05 crore relating to long-pending research and development (R&D) expenditure associated with a project that was subsequently deemed commercially unviable in FY26.
However, the company witnessed an improvement in performance in Q1FY27, supported by recovery in demand and improved order inflows with TOI increasing to ₹131.26 crore in Q1FY27 from ₹76.20 crore in Q1FY26, while PBILDT margin improved to 11.67% from 5.35% in the corresponding period. The company had an order book of ~₹418.68 crore as on March 31, 2026, providing revenue visibility for FY27.

Susceptibility of margins to volatile raw material prices and forex risk

CMRL's profitability remains exposed to volatility in global titanium feedstock prices, given the cyclical nature of the synthetic rutile industry. While a portion of the key raw material ilmenite is sourced from Indian Rare Earths Limited (IREL), a significant share is imported, exposing the company to global commodity price movements. Risk is partly mitigated by CMRL's long-term tripartite tolling arrangement with Mitsui and end-user customers, effective July 2025, under which finished product prices are linked to raw material costs through a pre-defined formula. This is expected to provide greater earnings visibility and margin stability. However, margins remain exposed to raw material price movements for business outside the arrangement.
The company also remains exposed to foreign exchange fluctuations due to its export-oriented operations and reliance on imported raw materials. This risk is partly mitigated by the natural hedge arising from its import and export transactions.

Client concentration risk

CMRL remains exposed to high customer concentration, with synthetic rutile contributing ~90% of revenues and a significant portion of sales derived from a limited number of overseas customers. Top three customers have accounted for ~70%-80% of total sales in recent years. The company also has significant exposure to Japan, resulting in geographical concentration of its export base. Risk is partly mitigated by CMRL's long-standing relationships with reputed global customers, including Mitsui & Co. with these relationships spanning over three decades. These established relationships support recurring orders and stable business volumes. The recently executed multi-year supply arrangements with key customers are expected to provide greater demand visibility and support business prospects in the near term.

Ongoing litigations against the company

CMRL is involved in certain ongoing legal proceedings arising primarily from investigations initiated by the Serious Fraud Investigation Office (SFIO) and the Enforcement Directorate (ED), pursuant to observations made in the Income Tax settlement proceedings. The company has challenged the SFIO investigation before the Delhi High Court and subsequent prosecution proceedings before the Kerala High Court. The Delhi High Court has allowed the SFIO investigation to continue while directing that no coercive action be taken against the Company without prior approval of the Court. Further, the Delhi High Court directed the SFIO not to proceed with the investigation report or complaint until the petition challenging the SFIO's jurisdiction is disposed of. Additionally, interim protection has been granted by the Kerala High Court in the proceedings relating to the SFIO prosecution. The matters remain sub judice before the respective courts, with no adverse action against the Company to date.
The company's challenge to ED proceedings was dismissed by the Kerala High Court in May - June 2026. The ED investigation continues; however, no prosecution proceedings have been initiated against the company to date. CMRL continues to operate normally, with no material disruption to its business or operations. Adverse developments or outcomes from the ongoing investigations and related proceedings, particularly their impact on the company's operations and financial profile, will remain a key rating monitorable.
Separately, CMRL received a GST Show Cause Notice dated August 04, 2026, relating to classification of synthetic rutile for FY20-21 to FY23-24, involving a proposed GST demand of ~₹120.26 crore. The vompany intends to respond to show cause notice in the near term.

Industry outlook

The titanium dioxide (TiO_2) industry is showing early signs of recovery after a prolonged period of weakness due to Chinese overcapacity, aggressive exports, and subdued demand from key end-user industries. Recent capacity rationalization, lower operating rates, and trade protection measures across key markets have supported a gradual improvement in supply-demand balance. The long-term outlook remains supported by steady demand from paints and coatings, plastics, construction, packaging, and infrastructure sectors, particularly in Asia-Pacific.

The outlook for titanium feedstocks, including rutile and ilmenite, remains stable in the medium-to-long term, supported by their critical role in TiO_2 pigment production and titanium metal applications. High-grade rutile supply remains structurally constrained due to limited availability of quality deposits and long project development timelines. Ilmenite demand is expected to improve gradually with recovery in TiO_2 production, although near-term pricing remains sensitive to global demand conditions and Chinese export trends.

Liquidity: Adequate

The company's liquidity profile remained adequate, supported by adequate cash accruals and nil term debt. Operating cycle remained elevated in the last two years and stood at 133 days in FY26 against 135 days in FY25, primarily due to high inventory levels owing to the timing of import and export shipments. Average fund-based working capital utilisation was low at ~4% for 12 months ending June 2026, while non-fund-based utilisation averaged ~59%. As on March 31, 2026, cash and bank balances stood at ~₹43.73 crore including lien marked deposits of ~₹5 crore.

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

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 MTPA. The by-products are ferric chloride, ferrous chloride, recovered TiO_2, 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, 2025 (A)	March 31, 2026 (A)	Q1FY27(UA)
Total operating income	323.33	294.91	131.26
PBILDT*	35.58	23.48	15.32
Profit after tax (PAT)	23.56	12.15	12.38
Overall gearing (x)	0.33	0.31	NA
Interest coverage (x)	45.43	121.70	306.4

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

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

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

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-		-	-	1.50	CARE BBB; Stable
Fund-based - ST-EPC/PSC	RBI	Simple	-		-	-	48.00	CARE A3+
Non-fund-based - ST-Bank Guarantee	RBI	Simple	-		-	-	4.00	CARE A3+
Non-fund-based - ST-Letter of credit	RBI	Simple	-		-	-	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 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-Cash Credit	LT	1.50	CARE BBB; Stable	-	1)CARE BBB; Stable (11-Aug-25)	1)CARE BBB; Stable (27-Nov-24)	1)CARE BBB; Stable (01-Dec-23) 2)CARE BBB; Positive (03-Apr-23)
2	Fund-based - ST-EPC/PSC	ST	48.00	CARE A3+	-	1)CARE A3+ (11-Aug-25)	1)CARE A3+ (27-Nov-24)	1)CARE A3+ (01-Dec-23) 2)CARE A3+ (03-Apr-23)

3	Non-fund-based - ST-Bank Guarantee	ST	4.00	CARE A3+	-	1)CARE A3+ (11-Aug-25)	1)CARE A3+ (27-Nov-24)	1)CARE A3+ (01-Dec-23) 2)CARE A3+ (03-Apr-23)
4	Non-fund-based - ST-Letter of credit	ST	80.00	CARE A3+	-	1)CARE A3+ (11-Aug-25)	1)CARE A3+ (27-Nov-24)	1)CARE A3+ (01-Dec-23) 2)CARE A3+ (03-Apr-23)
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)

LT: Long term; ST: Short term;

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

Annexure-4: 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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