

November 26, 2025

Chloride Metals Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term-Fund Based-Cash Credit	25.00	25.00	[ICRA]AA (Stable); reaffirmed
Long Term-Fund Based-Term Loan	94.40	61.79	[ICRA]AA (Stable); reaffirmed
Short Term-Non-Fund Based- Others	1,430.00	1,475.00	[ICRA]A1+; reaffirmed
Long-term/Short-term- Unallocated	104.60	-	-
Total	1,654.00	1,561.79	

*Instrument details are provided in Annexure I

Rationale

The reaffirmation of the ratings for the bank facilities of Chloride Metals Limited (CML) reflects ICRA's expectation that the company's credit profile will remain stable, supported by its strategic importance to Exide Industries Limited (EIL; rated [ICRA]AAA (Stable)/[ICRA]A1+). EIL's battery manufacturing operations require lead alloys, a significant portion of which is sourced from CML. Consequently, CML derives its entire revenue from EIL, indicating strong business linkages. The presence of common management and directors further underscores the strategic alignment between the two entities. ICRA expects EIL to continue extending timely and adequate financial support to CML, as and when required, given the criticality of CML's operations to EIL's supply chain. The ratings also derive comfort from CML's revenue growth trajectory, with a CAGR of around 25% during FY2021-FY2025 and a healthy YoY growth of 15.7% to Rs. 5,764.6 crore in FY2025. With sustained demand for batteries manufactured by EIL, the demand outlook for lead alloys supplied by CML remains favourable.

The ratings remain constrained by CML's moderate coverage indicators and low accruals, given its thin operating margins on account of limited scope for value addition. Consequently, the company's operating profit margin (OPM) has historically remained low at below 1.5%. CML is undertaking various cost-optimisation initiatives to bring in procurement and energy efficiencies among others. Additionally, improvement in capacity utilisation at the Supa plant and better operating leverage are expected to support margin expansion. These measures, along with incentives received as a part of the Industrial Promotion Subsidy (IPS), supported an improvement in OPM to 2.1% in H1 FY2026, which is expected to largely sustain, going forward. The company's debt metrics remain moderate owing to debt-funded capacity enhancements undertaken since FY2022 and the inherently low-margin nature of the business. However, these metrics are expected to improve over the medium term, supported by scheduled repayment of term debt, scale-up in operations and earnings, and absence of significant debt-funded capex plans.

ICRA also notes that like other industry participants, CML remains exposed to stringent pollution control norms for handling lead. Any non-compliance could result in reputational risks and penalties. However, historical absence of pollution-related issues provides comfort to a large extent.

The Stable outlook on the long-term rating reflects ICRA's expectation that the company's credit profile will remain supported by its strategic importance to EIL, healthy revenue growth prospects and effort to improve margins and accruals, amid no significant debt-funded capex plans over the medium term.

Key rating drivers and their description

Credit strengths

Strong parentage – CML is a strategically important subsidiary of EIL and benefits from strong operational, managerial, and financial support from its parent. EIL's battery manufacturing process requires lead alloys, a significant portion of which is procured from CML. Sourcing alloys from its wholly-owned subsidiary enables EIL to maintain control over the quality of critical raw materials and retain technical superiority to an extent. Stabilisation of the new Supa plant, which has been operational since August 2023, is expected to further increase CML's share of business with EIL, thereby strengthening operational linkages. In addition, both entities have common management and directors. ICRA notes that EIL has extended financial support to CML in the past, both through equity infusion as well as unsecured loans. ICRA expects EIL to continue providing timely and adequate financial support to CML, as and when required, going forward.

Healthy revenue growth prospects with entire supplies made to EIL – CML sells its entire lead alloy output to EIL, which significantly mitigates demand risk. At present, CML supplies 50-55% of EIL's overall lead alloy requirement, the share of which is expected to increase, going forward. With healthy demand for batteries manufactured by EIL, the demand outlook for lead alloys supplied by CML remains favourable.

Credit challenges

Thin margins and moderate debt metrics – The lead alloy manufacturing business offers limited scope for value addition, resulting in inherently low margins. Consequently, CML's operating profit margin (OPM) has remained modest at less than 1.5% during FY2020-FY2025. The company is implementing various cost-optimisation initiatives to bring in procurement and energy efficiencies. Further, improvement in capacity utilisation at the Supa plant and better operating leverage are expected to support margin expansion, going forward. CML's debt metrics remain moderate, owing to debt-funded capacity enhancements undertaken since FY2022 and the low-margin nature of the business. However, these metrics are expected to improve over the medium term, supported by scheduled repayment of term debt, scale-up in operations and earnings, and absence of significant debt-funded capex plans.

Exposed to regulatory risks and fluctuations in commodity prices – Like other industry participants, CML is subject to stringent pollution control norms for handling lead. Any non-compliance could result in reputational risks and penalties. However, historical absence of pollution-related issues provides comfort to a large extent. The company's margins remain susceptible to fluctuations in lead prices. Nevertheless, presence of a pass-through mechanism has historically limited the impact of raw material price volatility on margins. Additionally, CML is expected to benefit from improved operating leverage and ongoing cost-optimisation initiatives.

Liquidity position: Adequate

CML's liquidity position is adequate with expectation of improvement in cash flows in FY2026 to Rs. 40-45 crore, and undrawn working capital limits. The company had cash and bank balances of Rs. 3.3 crore as of March 31, 2025. Against these sources of cash, it has targeted capex of Rs. 25 crore in FY2026 towards enhancing capacities and maintenance capex, and debt repayment obligation of Rs. 25.4 crore in FY2026 on its existing bank loans.

Rating sensitivities

Positive factors – A substantial improvement in profitability, supported by higher value addition, along with strengthening of debt metrics and liquidity position could result in a long-term rating upgrade.

Negative factors – A significant and sustained weakening of earnings and liquidity position could be a negative trigger. Also, any deterioration in the credit profile of EIL and/or weakening of operational/managerial/financial linkages with EIL could exert pressure on the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Parent Company: Exide Industries Limited The ratings assigned to CML factors in the high likelihood of its parent, EIL (rated [ICRA]AAA(Stable)/[ICRA]A1+), extending financial support to it, given its strategic importance to the parent. There also exists a consistent track record of EIL having extended timely financial support to CML in the past, whenever a need has arisen
Consolidation/Standalone	Standalone

About the company

Chloride Metals Limited (CML), a wholly-owned subsidiary of Exide Industries Limited (EIL, rated [ICRA]AAA (Stable)/[ICRA]A1+), manufactures lead alloys. Its entire sales are derived from EIL, and CML caters to 50-55% of EIL's lead alloy requirements for manufacturing batteries. It has three plants at Malur (Karnataka), Haldia (West Bengal) and Supa (Maharashtra), with Supa being the latest plant that was commercialised in August 2023. CML and EIL have common management and directors.

Key financial indicators (audited)

Standalone	FY2024	FY2025
Operating income	4,983.1	5,764.6
PAT	-49.3	-73.6
OPBDITA/OI (%)	0.3%	1.1%
PAT/OI (%)	-1.0%	-1.3%
Total outside liabilities/Tangible net worth (times)	3.4	5.7
Total debt/OPBDITA (times)	36.0	11.0
Interest coverage (times)	0.3	0.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Nov 26, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Term Loans	Long term	61.79	[ICRA]AA (Stable)	Sep 30, 2024	[ICRA]AA (Stable)	Aug 18, 2023	[ICRA]AA (Stable)	May 17, 2022	[ICRA]AA (Stable)
						Jul 31, 2023	[ICRA]AA (Stable)		
Fund based – Cash Credit	Long term	25.00	[ICRA]AA (Stable)	Sep 30, 2024	[ICRA]AA (Stable)	Aug 18, 2023	[ICRA]AA (Stable)	May 17, 2022	[ICRA]AA (Stable)
						Jul 31, 2023	[ICRA]AA (Stable)		
Non-Fund Based-Others	Short term	1,475.00	[ICRA]A1+	Sep 30, 2024	[ICRA]A1+	Aug 18, 2023	[ICRA]A1+	May 17, 2022	[ICRA]A1+
						Jul 31, 2023	[ICRA]A1+		
Unallocated Limits	Long term/Short term	-	-	Sep 30, 2024	[ICRA]AA (Stable)/[ICRA]A1+	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – Cash Credit	Simple
Long-term fund-based – Term Loan	Simple
Short Term-Non-Fund Based-Others	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long Term – Fund Based – Cash Credit	-	-	-	25.00	[ICRA]AA(Stable)
NA	Long Term – Fund Based – Term Loans	FY2021-2024	8.6%	FY2029	61.79	[ICRA]AA(Stable)
NA	Short term- Non fund based - Others	-	-	-	1,475.00	[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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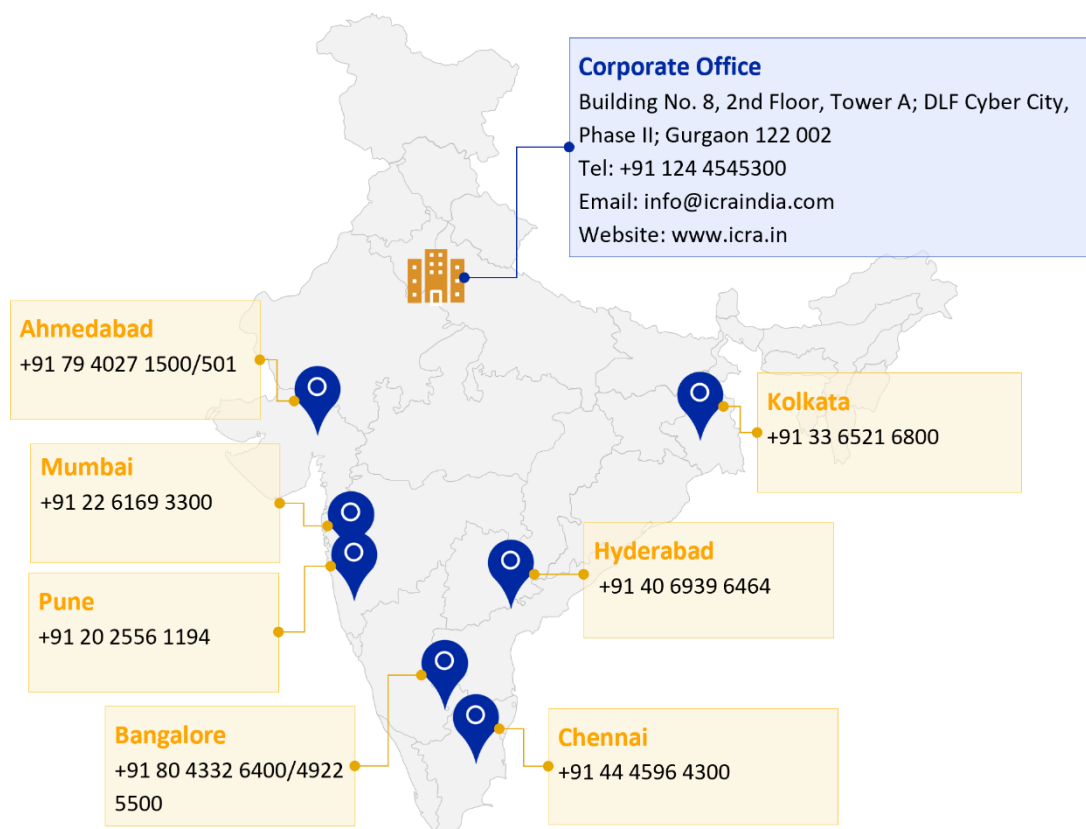
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