

February 24, 2026

EFTEC (India) Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/ Short-term – Fund-based/ Non-fund Based Working Capital Facilities	14.00	14.00	[ICRA]BBB+(Stable)/[ICRA]A2; reaffirmed
Total	14.00	14.00	

*Instrument details are provided in Annexure-I

Rationale

The ratings reaffirmation for EFTEC (India) Private Limited (EFTEC) continues to derive comfort from its established position in the domestic automotive industry, where it supplies bonding, coating, sealing and damping adhesives to reputed original equipment manufacturers (OEMs). The company maintains a robust financial profile, characterised by nil debt, low leverage and strong return indicators due to a healthy market share in the product category where it operates. EFTEC has gradually augmented its installed capacity to cater to increasing demand from domestic OEMs, however, the overall volume growth has remained muted, in line with the domestic automobile industry. The ratings also factor in the strong track record of financial, operational and managerial support from its parent, Switzerland-based EMS Group, and expectation that the support would continue. The EMS Group is a leading global player in the high-performance polymers and speciality chemicals space, and EFTEC has benefited from the parent's technical expertise and industry experience over the years.

The ratings are, however, remain constrained by EFTEC's moderate and stagnant scale and its complete dependence on the domestic automotive sector, which exposes the company to the inherent cyclical nature of the industry. EFTEC's revenue remained in the range of Rs. 245-255 crore from FY2023 to FY2025. Further, the company's profitability remains susceptible to volatility in raw material prices, which are linked to global crude oil prices. Any sharp fluctuation in input costs could adversely impact its profitability metrics. The profit margins are also exposed to foreign exchange rate volatility, given the sizeable proportion of imported raw materials. In the absence of an active hedging mechanism, adverse forex movements could have a material impact on the margins. This risk is partially mitigated by imports from Group entities, which provide some comfort in terms of pricing flexibility and payment terms. ICRA also notes the sizeable dividend payouts by EFTEC over the past few years. However, strong parent profile, supported by healthy cash flow generation and low debt at the ultimate parent level, mitigate this risk. Nevertheless, the extent of dividend payouts and their impact on EFTEC's net worth will remain a key rating monitorable, going forward.

The Stable outlook reflects ICRA's expectation that EFTEC will continue to benefit from its strong parentage and maintain adequate revenue visibility over the medium term, supported by repeat orders from customers and growth in line with the overall passenger vehicle industry. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, will be funded in a manner that it is able to durably maintain its debt protection metrics.

Key rating drivers and their description

Credit strengths

Wholly-owned subsidiary of Swiss EMS Group; strong financial, technical and marketing support from parent – The EMS Group, which reported sales of CHF 2,071 million in CY2024, operates globally in the high-performance polymers and speciality chemicals space, with 25 manufacturing facilities spread across 20 countries. In April 2012, the Group acquired the entire stake

of the Shroff Group, following which EFTEC became its wholly-owned subsidiary. The parent provides extensive technical, financial and marketing support to EFTEC, including product-related research and development assistance.

Established market position in bonding, coating, sealing and damping adhesives for the domestic automobile industry – The EMS Group is a leading global provider of bonding, coating, sealing and damping adhesive solutions for the automotive industry. EFTEC enjoys an established position in the domestic market, supported by the parent’s long-standing relationships with international OEMs operating in India. This has translated into a strong and stable customer base comprising reputed automotive OEMs. The company supplies its products to multiple manufacturing locations of these OEMs, primarily catering to the passenger vehicle (PV) and utility vehicle (UV) segments, while maintaining a healthy share of business with them.

Healthy financial profile – EFTEC continues to exhibit a comfortable financial profile, supported by its debt-free position, barring utilisation of non-fund-based facilities such as letters of credit for raw material procurement, along with robust credit metrics and healthy liquidity. The financial profile is expected to remain comfortable over the near-to-medium term, in the absence of any large, debt-funded capital expenditure plans.

Credit challenges

Moderate scale of operations; exposed to inherent cyclicality in the automotive industry – EFTEC’s scale of operations remains moderate, with an operating income in the range of Rs. 245-255 crore during FY2023 to FY2025. While the company reported healthy volume growth of about 13% on a YoY basis in FY2024, the same declined marginally by 1% in FY2025, in line with industry demand. Softening input costs led to moderation in realisation levels, resulting in a 5% YoY decline in revenues in FY2024. Realisations largely remained stable in FY2025, barring a marginal improvement in the Elastomers and Wax segment, which contributes around 15% to the total revenues. Consequently, EFTEC’s revenue is expected to remain range-bound over the medium term, given its niche segment of operations. The moderate scale of operations also constrains the company’s ability to absorb fixed overheads and derive benefits from the economies of scale.

Profitability susceptible to fluctuation in raw material prices and currency movement – EFTEC’s profitability remains exposed to volatility in raw material prices, which account for around 65-70% of its overall cost structure. In addition, its margins are susceptible to foreign exchange rate fluctuations as the company imports a sizeable portion of its raw material requirements (around 40–50%). Accordingly, any sharp movement in input prices or adverse forex fluctuations could impact EFTEC’s profitability metrics. However, this risk is partially mitigated by a significant portion of imports from Group entities, which provides comfort in terms of pricing flexibility and favourable payment terms.

High geographical concentration risk – EFTEC continues to face geographical concentration risk, with most of its revenues derived from South and West India. Further, absence of export operations results in complete dependence on the domestic passenger vehicle industry, thereby exposing the company to the cyclicality inherent in the segment.

Recurring dividend payout leading to cash outflow – EFTEC has reported sizeable dividend payouts in the past, barring the pandemic period, amounting to Rs. 22 crore and Rs. 38 crore in FY2023 and FY2024, respectively, and Rs. 8.5 crore in FY2025. Further, the company withdrew Rs. 23.2 crore till January 2026, although no additional withdrawals are planned during the remainder of the year. While significant dividend payouts have resulted in sizeable cash outflows over the years, EFTEC’s stable liquidity position and debt-free status provide adequate comfort. ICRA also notes that the parent entity, the EMS Group, has generated strong operating cash flow over the longer term, supported by a low-debt balance sheet. Going forward, ICRA expects EFTEC to conserve internal cash accruals to meet any expansion-related requirements.

Liquidity position: Adequate

EFTEC’s liquidity is Adequate, as evident from its cash and liquid investments of around Rs. 32.3 crore and undrawn fund-based working capital facilities of Rs. 11.0 crore as on January 31, 2026. The capex requirements are minimal at Rs. 3-4 crore annually and are expected to be comfortably met through internal accruals and existing sources of liquidity. The company continued to remain self-reliant for funding purposes, highlighting its limited dependence on external borrowings to meet its funding requirements. Dividend payouts are likely to remain sizeable in the near-to-medium term, supported by strong cash flow generation and no scheduled long-term debt repayments.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if there is substantial growth in the scale of operations while maintaining healthy return indicators and low leverage.

Negative factors – Deterioration in the liquidity position of the company or any weakening in support to EFTEC from its parent entity could lead to a rating downgrade. Deterioration in coverage indicators, such that TD/OPBDITA is above 2.5 times on a sustained basis, could also exert downgrade rating pressure.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Auto Components Corporate Credit Rating Methodology
Parent/group Support	Parent/Group Company: EMS Group The ratings are based on the implicit support from the EMS Group, as both EFTEC and the Group operate in the same business of bonding/sealing solutions. There are significant business linkages between EFTEC and its parent/Group entities in terms of financial assistance and operational support (assistance in the R&D of new products, as well as common supplier base).
Consolidation/standalone	The ratings are based on the standalone financial statements of EFTEC (India) Private Limited.

About the company

EFTEC [erstwhile EFTEC Shroff (India) Limited] was incorporated in 2000 as a joint venture (51:49) between the Shroff Group (promoters of Punjab Chemicals and Crop Protection Ltd.) and EFTEC Asia PTE Ltd. In April 2012, the EMS Group acquired a complete stake from the Shroff Group, and EFTEC became a 100% subsidiary of the EMS Group, Switzerland. It operates in the niche segment of manufacturing and supplying bonding, coating, sealing and damping adhesives to the automobile industry. The company has a manufacturing unit at MIDC, Ranjangaon, in the Pune district of Maharashtra

Key financial indicators (audited)

EFTEC	FY2024	FY2025
Operating income	241.8	245.0
PAT	32.3	34.4
OPBDITA/OI	19.1%	19.8%
PAT/OI	13.3%	14.1%
Total outside liabilities/Tangible net worth (times)	0.8	0.4
Total debt/OPBDITA (times)	0.0	0.0
Interest coverage (times)	46.9	6922.1

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Source: EFTEC, ICRA Research

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

Instrument	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs crore)	Feb 24, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based/Non-fund based-Others	Long Term/Short Term	14.00	[ICRA]BBB+ (Stable)/ [ICRA]A2	Jan 10, 2025	[ICRA]BBB+ (Stable)/ [ICRA]A2	Jan 12, 2024	[ICRA]BBB+ (Stable)/ [ICRA]A2	Nov 22, 2022	[ICRA]BBB+ (Stable)/ [ICRA]A2

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/ Short -term – Fund Based / Non Fund Based Working Capital Facilities	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 / sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Working Capital Facilities	NA	NA	NA	14.0	[ICRA]BBB+(Stable)/ [ICRA]A2

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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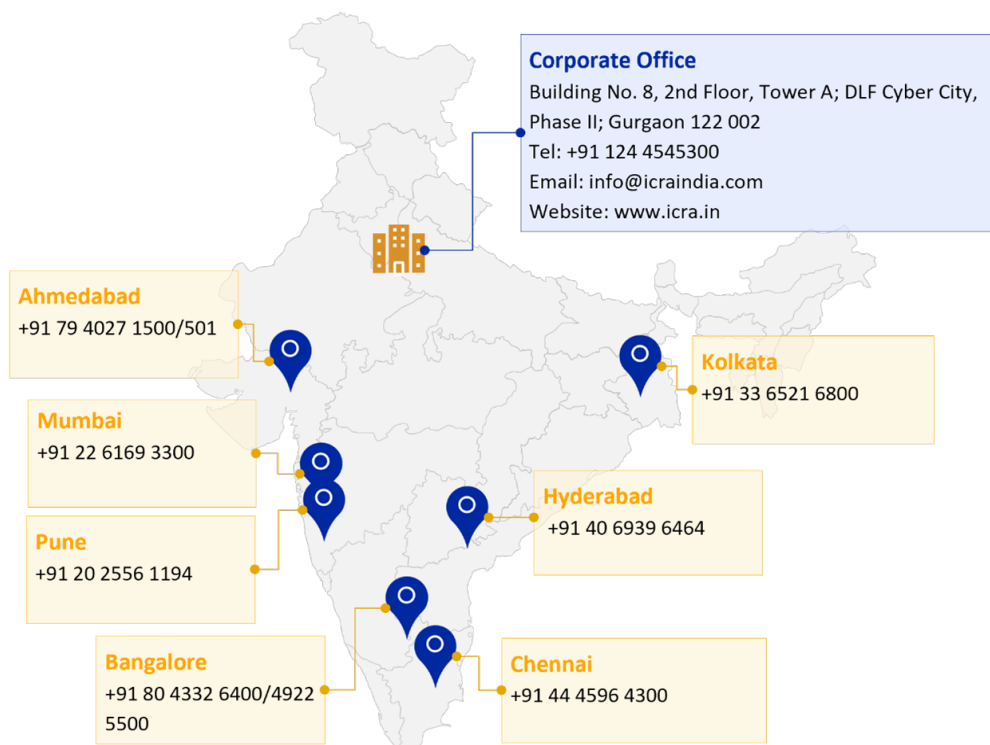


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