September 01, 2026

Chembond Material Technologies Limited: [ICRA]BBB(Stable) /[ICRA]A3+; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long term – Fund based - Cash credit	2.20	[ICRA]BBB(Stable); assigned	RBI
Long term/Short term - Non-fund based - Others	2.53	[ICRA]BBB(Stable) /[ICRA]A3+; assigned	RBI
Long term/Short term - Unallocated limits	60.27	[ICRA]BBB(Stable) /[ICRA]A3+; assigned	RBI
Total	**65.00**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of financial sector regulators other than SEBI.

Rationale

The assigned ratings factor in Chembond Material Technologies Limited's (CMTL) established operating track record of over five decades in the chemical industry, its diversified product portfolio and the promoters' extensive experience in the industry. The ratings draw comfort from CMTL's healthy capital structure, strong coverage indicators, sizeable liquid investments and limited reliance on external borrowings. The ratings further draw comfort from CMTL's diversified portfolio with application-specific products, supported by its established manufacturing facilities and in-house research and development (R&D) capabilities. The company also has a diversified customer and supplier base, with longstanding relationships across diverse industrial sectors.

The ratings, however, remain constrained by CMTL's moderate scale of operations and operating profitability. The operating margin moderated to 4.1% in Q1 FY2027 from 7.6% in FY2026, primarily due to higher raw material prices and lag in passing on the input cost rise. The company's profitability remains exposed to fluctuations in raw material prices and the timing of the pass-through to customers. The ratings also consider the competitive intensity in the specialty chemicals industry and the limited geographic diversification, with domestic sales accounting for majority of the revenues.

ICRA takes note of CMTL's planned integrated manufacturing facility, which is to be executed in a phased manner and funded through debt and internal accruals. The project exposes the company to inherent implementation risks, including delays in completion and cost overruns.

The Stable outlook reflects ICRA's expectations that the company is likely to sustain its operating metrics. Further, the outlook underlines ICRA's expectation that the entity's incremental capex will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

Extensive promoter experience and established relationships with customers and suppliers – CMTL benefits from the promoters' extensive experience of over four decades in the specialty chemicals industry and the company's established operating track record. This has supported the development of a diversified product portfolio and established relationships with reputed customers and suppliers. The company's in-house R&D capabilities, technical support and ability to customise products according to customer requirements have aided product approvals and repeat business across the automotive, steel, aluminium, appliances and allied manufacturing sectors.

Healthy capital structure and coverage metrics – CMTL's capital structure remains healthy, supported by comfortable net worth and low dependence on external borrowings. The total debt stood at Rs. 4.2 crore against a tangible net worth of Rs. 166.9 crore as on March 31, 2026, while the total debt/OPBDITA and interest coverage stood at 0.2 times and 51.7 times, respectively, in FY2026. The capital structure and coverage metrics are expected to remain comfortable, supported by healthy internal accruals and sizeable liquid investments of Rs. 20.6 crore as on March 31,2026.

Credit challenges

Moderate scale of operations and margins amid intense competition – CMTL's scale of operations remains moderate, notwithstanding the healthy revenue growth in recent years, with an operating income of Rs. 250.1 crore in FY2026. The company faces competition from established domestic and multinational specialty chemical manufacturers, which constrains its pricing flexibility. Further, automotive sealants and metal treatment chemicals accounted for around 64% of the FY2026 revenues, exposing the company to demand conditions in the automotive, steel and allied manufacturing sectors. The operating margin remains moderate because of continued investments in R&D and technical manpower.

Profitability exposed to raw material price volatility and delays in cost pass-through - CMTL's profitability remains exposed to fluctuations in the prices of key raw materials, including resins, phosphoric acid and other chemical intermediates. While the company generally secures price revisions, few segments has longer customer approval cycles, resulting in a lag of more than six months in the cost pass-through. This moderated the operating margin to 4.1% in Q1 FY2027 from 7.6% in FY2026. The company's ability to secure timely price revisions and improve the profitability will remain a key monitorable.

Liquidity position: Adequate

CMTL's liquidity position is adequate, supported by sizeable free cash and liquid investments of Rs. 30.04 crore as on March 31,2026, healthy cash accruals and negligible utilisation of working capital limits. The company has no scheduled debt repayment obligations at present. However, it plans to incur capex for the integrated manufacturing facility, proposed to be funded through a mix of term debt, internal accruals and available liquid investments. Despite the expected increase in debt and capex outflows, the company's liquidity is expected to remain adequate.

Rating sensitivities

Positive factors – The ratings could be upgraded if CMTL records a sustained increase in its scale and profitability while maintaining comfortable debt protection metrics and liquidity position.

Negative factors – Pressure on the ratings could arise if a sustained decline in revenues or margins, a stretch in the working capital cycle, or a large debt-funded capex weakens the company's debt protection metrics or liquidity position.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company. The details of the subsidiaries are enlisted in Annexure II

About the company

Chembond Material Technologies Limited (CMTL) was established in 1975 by Dr. Vinod D. Shah. It manufactures specialty chemicals for diverse industrial applications. Its product portfolio includes metal treatment chemicals, industrial coating, automotive sealants and engineering adhesives. The company operates two major manufacturing facilities at Tarapur and Alandi along with two smaller facilities at Navi Mumbai, all in Maharashtra. It is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). Its wholly-owned subsidiary, Chembond Biosciences Limited, offers nutritional supplements and animal health solutions for the poultry, dairy and aquaculture segments.

Pursuant to a composite scheme of arrangement, which became effective on May 3, 2025, with April 1, 2024, as the appointed date, the Group's construction chemicals and water technologies businesses were transferred to Chembond Chemical Specialties Limited, which was subsequently renamed Chembond Chemicals Limited. Further, Chembond Material Technologies Private Limited, Phiroze Sethna Private Limited and Gramos Chemicals (India) Private Limited were amalgamated with CMTL. Following the restructuring, CMTL emerged as the Group's entity for the material technologies and biosciences businesses.

Key financial indicators (audited)

CHEMBOND MATERIAL TECHNOLOGIES LIMITED (Consolidated)	FY2025	FY2026	Q1 FY2027*
Operating income	201.3	250.1	72.4
PAT	17.6	12.9	5.7
OPBDITA/OI	6.8%	7.6%	4.1%
PAT/OI	8.7%	5.2%	7.9%
Total outside liabilities/Tangible net worth (times)	0.3	0.3	-
Total debt/OPBDITA (times)	0.2	0.2	-
Interest coverage (times)	21.6	51.7	48.4

*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; *Results*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

			Current (FY2027)	Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Sep 01, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based - Cash credit	Long term	2.20	[ICRA]BBB (Stable)	-	-	-	-	-	-
Non-fund based - Others	Long term/ Short term	2.53	[ICRA]BBB (Stable) /[ICRA]A3+	-	-	-	-	-	-
Unallocated limits	Long term/ Short term	60.27	[ICRA]BBB (Stable) /[ICRA]A3+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term - Non-fund based - Others	Simple
Long term/Short term - Unallocated limits	Not Applicable
Long term - Fund based - Cash credit	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	Financial sector regulator#
NA	**Fund-based-Cash credit**	NA	NA	NA	2.20	[ICRA]BBB (Stable)	RBI
NA	**Non-fund based-Others**	NA	NA	NA	2.53	[ICRA]BBB (Stable)/ [ICRA]A3+	RBI
NA	**Unallocated limits**	NA	NA	NA	60.27	[ICRA]BBB (Stable)/ [ICRA]A3+	RBI

Source: Company

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Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	ownership	Consolidation approach
Chembond Material Technologies Limited	Rated entity	Full consolidation
Chembond Biosciences Limited	100%	Full consolidation

Source: Company

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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