

CCAL

CHEMFAB ALKALIS LIMITED

REF: CHEMFAB/SEC/2026-2027

08th October 2026

BSE Limited

Corporate Relationship Department
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001.

BSE – Scrip Code: 541269

National Stock Exchange of India Limited

The Manager, Listing Department
“Exchange Plaza”
Bandra - Kurla Complex, Bandra (E)
Mumbai - 400 051

NSE Symbol: CHEMFAB

Sub: Intimation of Credit Rating under Regulation 30 of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015.

Pursuant to Regulation 30 of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015, we wish to inform you that “India Ratings and Research” has affirmed the following rating in respect of the Company’s bank loan facilities’.

Instrument Type	Regulator of Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (INR million)	Rating Assigned with Outlook/Watch	Rating Action
Bank loan facilities	RBI	-	-	-	1700	IND BBB+/Negative/IND A2	Affirmed

We are also enclosing the credit rating letter issued by India Ratings and Research (Ind-Ra).

Request you to kindly take the above information on record.

Thanking You,
Yours Faithfully,

For CHEMFAB ALKALIS LIMITED

BHARATRAJ PANCHAL
Digitally signed by BHARATRAJ PANCHAL
Date: 2026.10.08 14:52:55 +05'30'

Bharatraj Panchal
Company Secretary
F9828



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India Ratings Affirms Chemfab Alkalies' Bank Loan facilities at 'IND BBB+'/Negative

Oct 07, 2026 | CHEMFAB ALKALIS LIMITED | Commodity Chemicals

India Ratings and Research (Ind-Ra) has affirmed Chemfab Alkalies Limited's (CAL) bank loan facilities' rating as follows:

Details of Instruments

Instrument Type	Regulator of Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (INR million)	Rating Assigned with Outlook/Watch	Rating Action
Bank loan facilities	RBI	-	-	-	1700	IND BBB+/Negative/IND A2	Affirmed

Analytical Approach

Ind-Ra continues to take a fully consolidated view of CAL and its two wholly owned subsidiaries, Chemfab Karaiikal Limited (CKL), and Chemfab Hiitech Piping Limited (CHPL), to arrive at the ratings in view of the strong operational and strategic linkages between them. CHPL was incorporated in October 2025 and is yet to commence operations.

Detailed Rationale of the Rating Action

The Negative Outlook reflects slower-than-expected recovery in CAL's consolidated operating performance in FY26 and 1QFY27, owing to prolonged weakness in the oriented polyvinyl chloride (OPVC) pipe business. While the entity has made significant investments towards capacity expansion over FY24-FY27, lower-than-expected demand related to the Jal Jeevan Mission (JJM) has resulted in continued underutilisation of capacities, resulting in a fall in the revenue and EBITDA. However, the affirmation reflects Ind-Ra's expectation of a meaningful recovery in operating performance over the next few months and the availability of some liquidity buffer in the form of undrawn bank lines for this period. With a yoy increase in fund allocations and release towards JJM in 1HFY27, CAL's pipes order book has witnessed early signs of recovery. The company had an order book of around INR170 million at end-September 2026 (a large part of which is likely to be executed in October 2026), representing a significant improvement from revenue levels of INR57.5 million in 1QFY27, translating into a monthly average of around INR20 million. Ind-Ra also understands from the management that the potential project pipeline has improved significantly, backed by some traction in JJM as well as non-JJM government projects. Accordingly, Ind-Ra expects a meaningful recovery in the pipes segment 2HFY27 onwards. The agency will continue to monitor the progress of order booking and execution closely over the next few months, as any further delay in recovery, leading to lower-than-expected EBITDA generation, would be negative for the ratings, given its criticality in deleveraging and cash flow generation.

Furthermore, Ind-Ra draws some comfort from the sanction of incremental capex reimbursement borrowings of INR555 million in 1HFY27 at competitive rates, indicating the company's reasonable financial flexibility despite the weakness in performance. Of the sanctioned term loan, CAL has drawn INR400 million in 1HFY27, with the balance to be drawn over 2HFY27, providing some liquidity cushion. This, coupled with unused fund-based working capital lines of INR120 million-130 million at end-September 2026 provides sufficient liquidity for near-term debt servicing obligations. CAL has additional on-tap liquidity in the form of an unsecured credit line of INR200 million approved by the board of directors of its associate entity, Team Hiitec Eqpt Private Limited (THEPL). THEPL had extended inter-corporate deposits (ICDs) of INR110 million to CAL in 4QFY26, which was repaid in 1HFY27 after the external loans were availed. Ind-Ra understands from the management that THEPL has adequate liquidity buffers to extend the approved loan to CAL as and when required. However, Ind-Ra will continue to monitor CAL's liquidity position closely, as any reduction in liquidity buffers could be negative for the ratings.

The chlor-alkali segment witnessed a meaningful improvement in 1QFY27, aided by a rise in prices and the commissioning of the membrane electrolyser and power-efficiency initiatives, whose benefits started yielding from 1QFY27. This helped to partially mitigate the weak performance of other segments. While caustic soda prices have corrected materially in 2QFY27, Ind-Ra believes that the cost efficiency measures are likely to result in continued yoy improvement in the segment's profitability.

List of Key Rating Drivers

Strengths

- Diversified product mix
- Cost reduction initiatives in chemicals to support EBITDA and cash flow generation

Weaknesses

- Low order inflow in OPVC pipe business delaying EBITDA recovery
- Credit metrics weakened in FY26; recovery remains contingent on earnings improvement

Detailed Description of Key Rating Drivers

Diversified Product Mix: CAL operates in the chlor-alkali chemicals and OPVC pipes segments, thereby benefiting from diversification across products and end-markets. While chemicals had accounted for 74%-88% of the revenue during FY20-FY23, the revenue mix became more balanced in the subsequent period due to the expansion of the pipe business. Pipes contributed 38%-39% to the revenue during FY24-FY25. In FY26, CAL's revenue decreased to INR3,110 million (FY25: INR3,344 million); chemicals contributed INR2,176 million to the total revenue in FY26 (70%) and OPVC pipes contributed INR935 million (30%). The revenue share of pipes in FY26 fell due to weak JJM-linked demand, which accounted for majority of the company's pipe business. The trend further intensified in 1QFY27, with chemicals contributing INR674 million (92%) to the revenue due to an improvement in prices, while the pipe segment contributed only INR57 million (8%), with minimal order inflows. The benefit of the diversification also helped the company's overall profitability, as the recovery in the chemical segment mitigated the impact of the EBIT losses in the pipe segment.

Despite the likely near-term slowdown, the pipe business remains a key growth driver. Given some traction in JJM orders, and the management's focus on non-JJM government and private-sector projects, the pipe segment's revenue share is likely to recover over the medium term.

Cost Reduction Initiatives in Chemicals to Support EBITDA and Cash Flow Generation: CAL completed the replacement of one of its two electrolyzers during FY26, replacing a 1994-vintage unit with a modern membrane electrolyser. Electrolyzers are a critical component in caustic soda production, serving as the core unit, wherein electricity drives the decomposition of purified brine into caustic soda, chlorine and hydrogen. The ageing electrolyser had been a key reason for CAL's operational inefficiencies, higher power consumption and periodic plant disruptions over the past few years, constraining profitability and capacity utilisation.

The benefits of CAL's modernisation programme began to accrue in 1QFY27, with improved plant reliability, higher operating rates and lower production costs. In addition, CAL commissioned its hybrid power project in the last week of May 2026, which is likely to deliver annual cost savings of around INR150 million through lower power costs. This, along with lower operating costs and favourable caustic soda realisations led to the chlor-alkali segment reporting a sharp improvement in profitability during 1QFY27. The caustic soda segment witnessed an improvement in FY26, with EBITDA increasing to INR105 million (FY25: INR60 million), as operational performance stabilised. Profitability improved materially in 1QFY27, supported by a rise in caustic soda prices and recent efficiency initiatives.

Furthermore, CAL has undertaken additional capex to stabilise and optimise the performance of the new electrolyser, with completion targeted by end-October 2026. The project is likely to generate incremental annual cost savings of INR50 million-60 million through further reductions in power consumption and operating inefficiencies. Accordingly, Ind-Ra expects CAL's cost structure to improve materially from FY27, supported by lower energy costs, improved plant reliability and enhanced operating efficiency. These initiatives are likely to strengthen EBITDA generation and partially mitigate the impact of cyclicalities in caustic soda prices over the medium term. While structurally lower operating costs should support earnings, any recovery in caustic soda prices remains subject to global demand-supply dynamics and could be gradual amid

continued oversupply concerns and increasing Chinese exports.

Low Order Inflow in OPVC Pipe Business Delaying EBITDA Recovery: CAL has made significant investments in its OPVC pipe business during FY24-FY27 to diversify earnings and increase the contribution from the higher-margin pipe segment. The company has undertaken capex to expand its OPVC pipe capacity to about 23KTPA by 2HFY27 from 6KTPA at end-FY24 (10KTPA in FY25). However, despite higher installed capacity, the capacity utilisation declined to about 34% in FY26 (FY25: 60%) due to prolonged weakness in JJM-linked demand, resulting from lower fund disbursements, delays in project awards and slower order conversions. Consequently, the segment's revenue fell to INR935 million in FY26 (FY25: INR1,315 million), while EBITDA declined to INR259 million (INR473 million). The performance remained subdued in 1QFY27, with production of only about 0.2 kt and utilisation of about 3%, reflecting continued weak order inflows.

Although the chlor-alkali business witnessed a meaningful recovery in 1QFY27, consolidated earnings remained constrained by the weak performance of the OPVC pipe segment. CAL's EBITDA continued to fall in FY26, declining to INR272 million (FY25: INR437 million; FY24: INR539 million), reflecting the revenue-led sharp deterioration in the pipe segment, though the segment's margins were comfortable. Despite a sharp recovery in the chemical segment (caustic soda + aluminium chloride) (EBITDA: Q1FY27: INR77 million, FY26: INR13 million, FY25: loss of INR43 million), the consolidated EBITDA recovered only marginally to INR101 million in 1QFY27 (4QFY26: INR85 million, 3QFY26: INR19 million) because of minimal absolute contribution from the pipe business. Furthermore, CAL's subsidiary, CKL, continues to weigh on consolidated profitability, although its EBITDA losses have been reducing (1QFY27: INR24 million, FY26: INR91 million, FY25: INR102 million), primarily led by higher realisations.

The management has been pursuing diversification through non-JJM government projects and private-sector opportunities; however, the recovery timeline has extended beyond earlier expectations. At end-September 2026, CAL had an outstanding order book position of around INR170 million. Given the pipe segment's historically superior EBITDA margins relative to the chlor-alkali business, a successful order book building and ramp-up could materially strengthen CAL's earnings profile and cash flow generation.

Credit Metrics to remain under Pressure; Recovery Remains Contingent on Earnings Improvement: CAL's increased capex intensity over FY23-FY27 without a commensurate improvement in revenue and profitability has resulted in a significant weakening in its credit metrics. CAL's net leverage (net debt/EBITDA) increased sharply to 4.0x at FYE26 (FYE25: 1.4x; FYE24: 0.2x), against its net cash position at end-FY23. CAL incurred capex of around INR3.5 billion over FY23-FY26 towards the expansion of its chlor-alkali operations, replacement of the ageing electrolyser, and expansion of its OPVC pipe business. Furthermore, CAL incurred capex of around INR200 million in 1QFY27, primarily towards renewable energy investments and ongoing efficiency-improvement initiatives. The company expects to incur further capex of around INR280 million over the remainder of FY27 towards the completion of the ongoing OPVC capacity expansion to 23KTPA and implementation of projects aimed at improving operational efficiency.

The gross interest cover deteriorated to 3.5x in FY26 (FY25: 8.9x; FY24: 57.2x; FY23: 460.3x) because of the decline in EBITDA and an increase in interest expenses, resulting from partially debt-funded capex and increased utilisation of working capital borrowings. CAL's gross interest expense increased to INR77 million in FY26 (FY25: INR49 million; FY24: INR9 million) and is likely to remain elevated over the near term because of the higher debt levels and additional capex reimbursement borrowings. While the operating performance improved in 1QFY27, supported by stronger profitability in the chlor-alkali segment, the leverage remained elevated, with net debt/EBITDA at 4.8x (trailing 12 months), and gross interest cover at 4.6x. The company has also drawn capex reimbursement debt of around INR400 million during 1HFY27, and in addition, it has a drawable sanctioned term loan of around 155 million, which is likely to support liquidity, though it would keep debt levels elevated in the near term. Ind-Ra expects CAL's credit metrics to remain under pressure in FY27 due to subdued earnings, continued losses at Chemfab Karaiikal Limited and the higher debt burden. A sustained recovery in operating profitability remains critical for a meaningful strengthening of CAL's credit profile.

Liquidity

Stretched: CAL's unencumbered cash and liquid investments declined to INR136 million at FYE26 (FYE25: INR210 million; FYE24: INR77 million) and fell further to around INR10 million at 1QFYE27. Over the 12 months ended August 2026, reliance on working capital facilities remained moderate to high, with average utilisation of fund-based, non-fund-

based and total sanctioned facilities at around 70%, 48% and 55%, respectively. CAL had availed an ICD of around INR110 million from promoter group entity, Team Hiitec Eqpt Private Limited (THEPL), in FY26, which was repaid in July 2026, utilising a capex reimbursement term loan of INR300 million from HDFC Bank. However, an unsecured credit line of INR200 million, which has been approved by the board of directors of both THEPL and CAL, still remains available, as informed by the management. The company received another capex re-imbursement term loan of INR255 million from Axis Bank in the month of September 2026 at competitive rate of interest, and had made drawdown of around INR100 million at end-September 2026.

The cash flow from operations remained positive but declined to INR308 million in FY26 (FY25: INR368 million; FY24: INR339 million) due to lower EBITDA. CAL has external repayment obligations of around INR105 million over 3QFY27-4QFY27 and INR285 million in FY28. Internal accruals, coupled with available funding lines, should be sufficient to meet these obligations, provided EBITDA improves in line with expectations. Planned monetisation of non-core assets could provide additional liquidity support in case of fruition. Ind-Ra will closely monitor the liquidity position of the entity; any reduction in liquidity buffers could be negative for the ratings.

Rating Sensitivities

Positive: A recovery in operating profits led by a pick-up in the pipes business and a healthy performance in chemicals, leading to an improvement in the liquidity position and credit metrics, with the net leverage reducing to below 3x, all on a sustained basis, could lead to the outlook been revised to Stable.

Negative: Further delay in recovery in the pipes business, and / or weakness in the chemical business leading to lower-than-expected EBITDA generation and/ or continued stretched liquidity position and/or the net leverage sustaining above 3x, all on a sustained basis, can lead to a negative rating action.

Any Other Information

Standalone Profile: CAL reported a revenue of INR2,886 million in FY26 (FY25: INR3,221 million; FY24: INR3,273 million), and EBITDA of INR 344 million (INR533 million; INR576 million). The gross interest coverage was 4.6x in FY26 (FY25: 10.8x; FY24: 62.0x).

About the Company

Incorporated in 1983 and amalgamated vide NCLT order in 2017, CAL manufactures caustic soda and allied products (chlorine, hydrogen, sodium hypo chlorite, and hydrochloric acid), and OPVC pipes. At end-Q1FY27, the company had an installed capacity of 65.7KTPA of caustic soda in Puducherry and a 20-KTPA OPVC pipes plant in Sricity (Andhra Pradesh).

Incorporated in December 2019, CKL is a wholly owned subsidiary of CAL and is engaged in the manufacturing of chemicals. Its aluminium chloride plant with an installed capacity of 10KTPA was set up and commissioned in February 2024. Furthermore, CAL incorporated a wholly owned subsidiary, CHPL, in October 2025. CHPL is yet to commence business and will operate in the manufacturing, trading, import, and export of high-quality OPVC pipes and related fittings for agricultural, engineering, electrical, mechanical, and allied industries. The management does not envisage any operations in this entity in the near term.

Key Financial Indicators

Particulars (INR Million; Consolidated)	FY26	FY25
Revenue	3,110	3,344
EBITDA	272	437
EBITDA %	9	13
Interest Coverage (x)	3.5	8.9

Particulars (INR Million; Consolidated)	FY26	FY25
Net Leverage (x,)	4.0	1.4
Source: CAL, Ind-Ra		

Status of Non-Cooperation with Previous Rating Agency

Not Applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook	
	Rating Type	Rated Limits (million)	Current Rating	13 March 2026	30 January 2025
Bank loan facilities	Long-term/Short-term	INR1,700.00	IND BBB+/Negative/IND A2	IND BBB+/Negative/IND A2	IND A-/Stable/IND A2+

Disclosure on instruments / activities and names of regulators:

A list of products/activities or ratings of instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by Ind-Ra on its website. A link to the same has been provided below for ready reference:

Rating Activities

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Bank wise Facilities Details

The details are as reported by the issuer as on (07 Oct 2026)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	Axis Bank Limited	Fund Based Working Capital Limit	100	IND BBB+/Negative / IND A2
2	HDFC Bank Limited	Fund Based Working Capital Limit	100	IND BBB+/Negative / IND A2
3	Shinhan Bank	Fund Based Working Capital Limit	100	IND BBB+/Negative / IND A2
4	Axis Bank Limited	Non-Fund Based Working Capital Limit	350	IND A2
5	HDFC Bank Limited	Non-Fund Based Working Capital Limit	150	IND A2
6	Axis Bank Limited	Term loan	253.3	IND BBB+/Negative

7	HDFC Bank Limited	Term loan	308.7	IND BBB+/Negative
8	HDFC Bank Limited	Term loan	133.2	IND BBB+/Negative
9	HDFC Bank Limited	Term loan	204.8	IND BBB+/Negative

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

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APPLICABLE CRITERIA AND POLICIES

Corporate Rating Methodology

Parent and Subsidiary Rating Linkage

Short-Term Ratings Criteria for Non-Financial Corporates

The Rating Process

Evaluating Corporate Governance

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