ACHIEVING NEW HEIGHTS

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Date: 27/08/2025

To, **The General Manager,** **Department of Corporate Services,** **BSE Limited,** **Phiroze Jeejeebhoy Towers,** **Dalal Street, Mumbai – 400 001**	**To,** **Listing Department,** **National Stock Exchange of India Limited,** **Exchange plaza,** **Bandra-Kurla Complex, Bandra (E),** **Mumbai – 400051**
Scrip Code: 500284	**Scrip Code: LORDSCHLO**

Sub: Intimation of Revision in Credit Rating by ICRA Limited

Dear Sir / Madam,

Pursuant to Regulations 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find below the details of the revision in credit rating issued by ICRA Limited on 26-08-2025.

Facilities	Amount (Rs. In Crore)	Previous Rating	Revised Rating
Long Term- Fund based- Working Capital	30.00	(ICRA)BBB+(Negative)	(ICRA)BBB+(Stable)
Long Term- Fund based- Term Loan	90.00	(ICRA)BBB+(Negative)	(ICRA)BBB+(Stable)
Long Term- unallocated	6.90	(ICRA)BBB+(Negative)	(ICRA)BBB+(Stable)

Please refer to the enclosed letter received from ICRA Limited for details.

This is for information of the Exchange and the Members.

Thanking You.

Yours faithfully,

For Lords Chloro Alkali Limited

PANKAJ MISHRA
Digitally signed by PANKAJ MISHRA
Date: 2025.08.27 18:09:13 +05'30'

Pankaj Mishra
Company Secretary

August 26, 2025

Lords Chloro Alkali Limited: Rating reaffirmed; outlook revised to Stable from Negative

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term – Fund based – Working capital	30.00	30.00	[ICRA]BBB+(Stable); reaffirmed and outlook revised to Stable from Negative
Long term – Fund based – Term loan	90.00	90.00	[ICRA]BBB+(Stable); reaffirmed and outlook revised to Stable from Negative
Long term – Unallocated	6.90	6.90	[ICRA]BBB+(Stable); reaffirmed and outlook revised to Stable from Negative
Total	**126.90**	**126.90**	

**Instrument details are provided in Annexure-I*

Rationale

The revision in outlook to Stable from Negative for the long-term rating of Lords Chloro Alkali Limited (LCAL) reflects expectation of improvement in profit generation, primarily driven by better caustic soda realisations and cost efficiencies following solar power implementation. Prices have remained stable over the past two quarters and are expected to sustain in the near term, which coupled with improvement in the cost structure is expected to result in improved profit generation. LCAL's financial performance has shown signs of recovery since Q1 FY2025, supported by increased sales volumes and realisations of caustic soda, along with expanded capacity for chlorinated paraffin wax (CPW), however major impact was witnessed in Q1FY2026 when the full impact of solar power savings and improved realisations came into effect. The company reported a net profit of Rs 6.18 crore in FY2025 and Rs 10.45 crore in Q1 FY2026 alone. With stable product realisations and improved cost structure, LCAL's financial risk profile is expected to improve steadily.

The rating continues to factor in the extensive experience of LCAL's management in the chlor-alkali industry. Further, the rating takes into account LCAL's locational advantage owing to its proximity to the end-user industry and its long-standing relationship with reputed customers.

The company has made attempts to improve the cost structure by working on power costs, which account for 60–70% of the total input expenses in caustic soda production. While the grid power cost has remained largely stable for Lords Chloro Alkali Limited (LCAL), as its power supplier—Jaipur Vidyut Vitaran Nigam Limited (JVVNL)—has not revised tariffs for a considerable period. However, to reduce power expenses, LCAL has invested in a 16 MW solar power capacity alongside expanding its caustic soda production, in addition to entering into an arrangement with Continuum Green Energy for 10 MW hybrid renewable power under the group captive mode. The company also plans to scale up both solar and caustic soda capacities, which will involve significant debt-funded capital expenditure. This may temporarily impact leverage and coverage metrics in the near term, however the long term benefits in terms of cost structure are expected to outweigh the near term impact on debt metrics. These developments will help cushion the company against volatility in caustic soda prices. ICRA will continue to monitor progress on these fronts.

LCAL's profitability remains exposed to fluctuations in caustic soda prices due to the commoditised nature of the product and the inherent cyclicality of the chlor-alkali industry, as seen in FY2024. Profitability is further susceptible to adverse power tariff revisions. The rating is also constrained by the company's small scale of operations vis-à-vis other major industry players. Disposal of chlorine, a by-product in the production of caustic soda, remains an issue for industry players. For this, the company has undertaken downstream integration into manufacturing CPW and hydrochloric acid.

Rating Outlook

The revision in the outlook to Stable reflects ICRA's expectation that savings in power costs from solar energy usage and capacity expansion, is expected to support improved profitability going forward. As a result, the company's credit profile is likely to remain comfortable

Key rating drivers and their description

Credit strengths

Experienced and professional management - LCAL benefits from the extensive experience of its promoters in chloro-alkali chemicals. The key promoter - Mr. Madhav Dhir - and his team have a long track record in the industry. This apart, the company is managed by Mr. Ajay Virmani, who is experienced in chloro-alkali chemicals. The management has well-established relationships with customers and suppliers.

Demand recovery for caustic soda - Caustic soda prices in India have been volatile. After peaking in FY2023, they dropped to FY2024, impacting margins. FY2025 saw moderate recovery with average prices at $492.61/MT, rising to $536.30/MT in Q1FY2026. According to management, prices have remained stable over the past two quarters, which has been beneficial for LCAL. In Gujarat, some producers have recently implemented price hikes, which are expected to extend to other regions.

Locational advantage of plants for disposal of chlorine; availability of raw material and key inputs - Chlorine remains one of the major by-products of the caustic manufacturing process and is a hazardous chemical. At times, it is sold at negative realisations, meaning LCAL has to bear freight costs along with offering discounts. To mitigate this, the company has set up downstream facilities to consume a portion of the chlorine in-house—currently, around 63% is utilised internally for products like sodium hypochlorite, chlorinated paraffin wax (CPW), and bleaching powder. While chlorine realisations remain negative, LCAL benefits from its locational advantage, enabling sales to nearby manufacturing units. Moreover, chlorine prices have improved recently, moving from approximately -Rs 7,000/MT to around -Rs 4,000/MT.

Credit challenges

Vulnerability of profitability to fluctuations in caustic soda and chlorine prices along with power cost - The profitability of caustic soda manufacturers is closely linked to ECU realisations, which are vulnerable to cyclical downturns and fluctuations in the demand-supply dynamics. Power remains a major cost component for the chlor-alkali industry, accounting for 60–70% of total production costs. Companies with captive power sources generally enjoy a cost advantage. However, LCAL's operations are dependent on power supply from JVVNL, making it susceptible to any upward revision in tariffs. To address this, LCAL is actively working to reduce its power cost to Rs 5.5–6/unit, aiming to enhance profitability and position itself as a low-cost producer. The company's existing 16 MW solar plant meets 11% of peak demand, while a 5.5 MW round-the-clock solar unit adds another 15%. A planned 20 MW solar project is expected to contribute an additional 14%, taking the total captive solar contribution to 40%. These initiatives are expected to yield long-term savings and help insulate the company from price volatility, while also supporting its transition towards becoming a green caustic manufacturer.

Sizeable debt-funded capex to impact leverage metrics, however the same improves cost structure and thus coverage metrics to remain comfortable – The company is undertaking a debt-funded capex, which is anticipated to moderate its debt protection metrics in the near to medium term. Long-term debt rose from Rs 34.5 crore to Rs 97.18 crore in FY2025 due to Rs 150 crore capex for caustic expansion and a 16 MW solar project. A Rs 89.5 crore term loan was secured at 8.05% interest, with the rest funded via internal accruals and cash. The company plans an additional Rs 200 crore capex for solar, CPW, and caustic expansion. While this may impact leverage metrics, the solar investment is EBITDA-accretive, helping maintain financial stability. While the capex is sizeable and bunched up over 2-2.5 years, the cost benefits arising from the solar plant are substantial and have the potential to insulate the company from the volatility in caustic soda prices to some extent.

Small scale of operations vis-à-vis industry players - Lords Chloro Alkali Ltd. has enhanced its production capacity, with its caustic soda facility now operating at an installed capacity of 300 tonnes per day (TPD). Additionally, the company is in the process of doubling its Chlorinated Paraffin Wax (CPW) capacity from 50 TPD to 100 TPD by FY2026. Despite these expansions, Lords Chloro remains a relatively small player compared to larger industry incumbents, which limits its resilience during cyclical downturns and affects its competitive positioning.

Environmental and Social Risks

Chlorine is a by-product in the caustic soda manufacturing process, and its disposal remains a key concern for the industry. LCAL, being present in the chemical industry, is exposed to the risk of tightening regulations on environment and safety, which can have a potential bearing on the cost structure or lead to a moderate capital outlay for mitigation and treatment. As per the disclosure made by LCAL in its annual report for FY2024, it has been compliant with the environmental regulations. Further, the company is making efforts to consume chlorine by venturing into downstream products like chlorinated paraffin wax, bleaching powder, etc.

Liquidity position: Adequate

The liquidity position of the company is expected to remain comfortable with healthy cash generation from operations post the implementation of the power cost saving measures and the availability of cash and investments of around Rs. 10.13 crore as on March 31, 2025. ICRA also notes that the utilisation of the company's fund-based limits has remained low with an average utilisation of ~17% in the last 12 months, providing buffer to its liquidity. While the capex is expected to remain high over the next two to three years, the healthy cash balance and buffer in working capital limits are likely to keep the liquidity adequate.

Rating sensitivities

Positive factors – The ratings may be upgraded in case of a sustained uptick in revenue and profit generation, leading to an improvement in the debt coverage metrics and liquidity position.

Negative factors – The rating may be downgraded if the company is unable to improve its profitability and debt coverage metrics, resulting in a deterioration of the liquidity position.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals
Parent/Group support	Not Applicable
Consolidation/Standalone	To arrive at the ratings, ICRA has considered the standalone financials of LCAL

About the company

Lords Chloro Alkali Limited (LCAL), established in 1979 and headquartered in Alwar, Rajasthan, is a prominent player in the Indian chemical industry, specializing in the production of chloro-alkali products. Lords Chloro has an installed caustic soda capacity of 300 TPD and is expanding its CPW capacity from 50 TPD to 100 TPD. Alongside these, the facility also produces hydrochloric acid, liquid chlorine, hydrogen gas, sodium hypochlorite, and stable bleaching powder, serving diverse sectors such as paper, soap, dyes, plastics, and vegetable oils. The company has adopted advanced technologies like zero-gap electrolysers and green energy sources to enhance efficiency and sustainability in its manufacturing processes.

Key financial indicators (audited)

LCAL	FY2024	FY2025
Operating income	221.11	270.22
PAT	-4.8	6.2
OPBDIT/OI	0.4%	8.9%
PAT/OI	-2.2%	-2.3%
Total outside liabilities/Tangible net worth (times)	0.59	1.07
Total debt/OPBDIT (times)	51.49	5.47
Interest coverage (times)	0.40	4.20

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA:

CRA	Status	Date of Release
Brickwork	BWR B (Stable)/ BWR A4; continues to be in ISSUER NOT COOPERATING category; long-term rating downgraded from BWR B+ (Stable) and short-term rating reaffirmed	May 16, 2025

Any other information: None

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount rated (Rs. crore)**	**Aug 26, 2025**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Fund-based – Working capital	Long term	30.00	[ICRA]BBB+ (Stable)	Nov 19, 2025	[ICRA]BBB+ (Negative)	Mar 01, 2024	[ICRA]BBB+ (Negative)	Oct 18, 2022	[ICRA]BBB+ (Positive)
						Jul 11, 2023	[ICRA]BBB+ (Stable)		
Fund-based – Term loan	Long term	90.00	[ICRA]BBB+ (Stable)	Nov 19, 2025	[ICRA]BBB+ (Negative)	Mar 01, 2024	[ICRA]BBB+ (Negative)	Oct 18, 2022	[ICRA]BBB+ (Positive)
						Jul 11, 2023	[ICRA]BBB+ (Stable)		
Unallocated	Long term	6.90	[ICRA]BBB+ (Stable)	Nov 19, 2025	[ICRA]BBB+ (Negative)	Mar 01, 2024	[ICRA]BBB+ (Negative)	Oct 18, 2022	[ICRA]BBB+ (Positive)
						Jul 11, 2023	[ICRA]BBB+ (Stable)		

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Working capital	Simple
Long-term fund-based – Term loans	Simple
Long-term- Unallocated	Not Applicable

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	**Working capital**	NA	NA	NA	30.00	[ICRA]BBB+(Stable)
NA	**Fund-based term loans**	Aug 2023	NA	FY2032	90.00	[ICRA]BBB+(Stable)
NA	**Unallocated**	NA	NA	NA	6.90	[ICRA]BBB+(Stable)

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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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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.

For more information, visit www.icra.in

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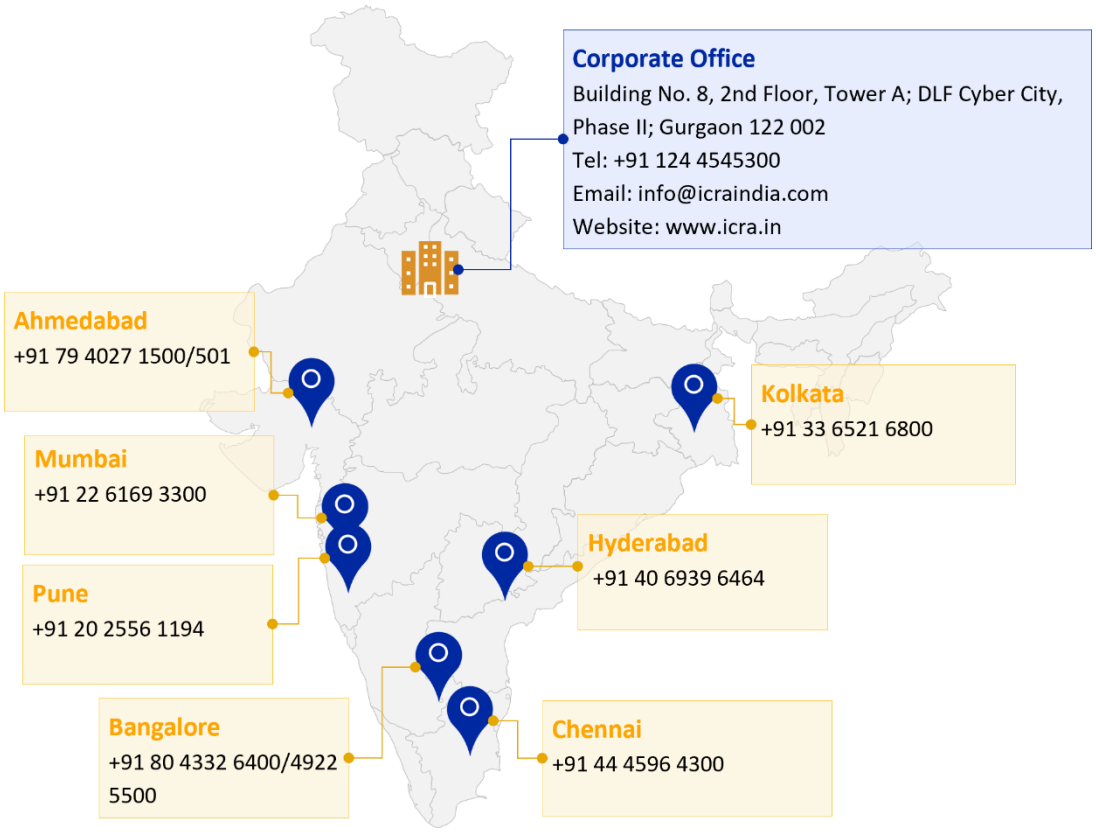

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