Thirumalai Chemicals Ltd

Registered Office:
"THIRUMALAI HOUSE",
Plot No. 101-102, Road No. 29,
Sion (East), Mumbai – 400 022, India
PHONE: +91 – 22– 43686200
FAX +91 – 22 – 24011699
E- MAIL: thirumalai@thirumalaichemicals.com
Website: www.thirumalaichemicals.com

(AN ISO 9001, 14001, 50001/ HACCP & FSSC 22000 CERTIFIED COMPANY)
CIN: L24100MH1972PLC016149

TCL/SE034/2026-27
August 13, 2026

To,

The National Stock Exchange of India Ltd.
Listing Department
Exchange Plaza, Bandra Kurla Complex
Bandra (East)
Mumbai 400 051
Scrip code: TIRUMALCHM

BSE Limited
Department of Corporate Services
Floor 25, Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001
Scrip code: 500412

Dear Sir/ Madam,

Sub.: Sub: Intimation under Regulations 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Credit Rating

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations"), we inform you of the rating action, based on the intimation received from ICRA Limited dated August 13, 2026, as summarized below:

Instrument	Amount (Rs. In cr.)	Rating Action	Reason / Rationale
Long term - Fund based - Term loan	445.00	[ICRA]BBB (Negative); Downgraded from [ICRA]BBB+ (Negative)	Downgraded – Letter Attached
Long term Fund based - Working capital facilities	334.50	[ICRA]BBB (Negative); downgraded from [ICRA]BBB+ (Negative) and assigned for enhanced amount	
Short term –Non-fund-based Facilities	(684.00)	[ICRA]A3+; downgraded from [ICRA]A2 and assigned for enhanced amount	
Long term/Short term - Unallocated limits	350.00	[ICRA]BBB (Negative) /[ICRA]A3+; Downgraded from [ICRA]BBB+ (Negative)/[ICRA]A2 and	

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Instrument	Amount (Rs. In cr.)	Rating Action	Reason / Rationale
		assigned for enhanced amount	
Short term –Non-fund-based Facilities	175.00	[ICRA]A3+; downgraded from [ICRA]A2 and assigned for enhanced amount	
Non-convertible debentures	100.00	[ICRA]BBB (Negative); Downgraded from [ICRA]BBB+ (Negative)	

Kindly take the above information in your records.

Thanking you,

Yours faithfully,

For Thirumalai Chemicals Limited

Aditya Sharma Digitally signed by Aditya Sharma
Date: 2026.08.13 23:19:06 +05'30'

Aditya Sharma
Company Secretary & Compliance officer

Encl: As above

August 13, 2026

Thirumalai Chemicals Limited: Ratings downgraded to [ICRA]BBB(Negative)/[ICRA]A3+; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long term - Fund based - Term loan	451.00	445.00	[ICRA]BBB(Negative); downgraded from [ICRA]BBB+(Negative)	RBI
Long term - Fund based - Working capital facilities	330.50	334.50	[ICRA]BBB(Negative); downgraded from [ICRA]BBB+(Negative) and assigned for enhanced amount	RBI
Short term – Non-fund based facilities	(680.00)	(684.00)	[ICRA]A3+; downgraded from [ICRA]A2 and assigned for enhanced amount	RBI
Long term/Short term - Unallocated limits	336.05	350.00	[ICRA]BBB(Negative)/[ICRA]A3+; downgraded from [ICRA]BBB+(Negative)/[ICRA]A2 and assigned for enhanced amount	RBI
Short term – Non-fund based facilities	100.00	175.00	[ICRA]A3+; downgraded from [ICRA]A2 and assigned for enhanced amount	RBI
Non-convertible debentures	100.00	100.00	[ICRA]BBB(Negative); downgraded from [ICRA]BBB+(Negative)	MCA
Total	**1,317.55**	**1,404.50**		

**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 which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The downgrade in the ratings of Thirumalai Chemicals Limited (TCL) factors in the significant increase in US project cost to USD 340 million (including working capital and cash buffer expected for the company) from USD 255 million and the extension in the project timeline for full commencement of operations of the project to December 2026 from earlier expected June/July 2026. The revised investment requirement for the US project factors in the elevated construction costs in the US due to higher execution intensity and higher skilled-labour requirements, particularly in the mechanical, electrical and instrumentation segments. The overall project cost has further increased on account of higher interest during construction, employee expenses, security costs, project management expenses and debt-raising costs. The resultant funding gap is proposed to be met through additional debt, thereby increasing leverage and exerting pressure on the company's liquidity profile amid scheduled debt repayments commencing from FY2027. A timely completion of the US project without further cost revision or extension in timeline will continue to be a key monitorable. Once completed and stabilised, the projects are expected to offer a favourable product portfolio and geographical diversification, resulting in improved operating margins. The ratings also remain constrained by the exposure of the profitability margins to fluctuations in raw material prices and TCL's presence in commodity chemicals, which limits its pricing flexibility.

ICRA notes the improvement in operating profits in Q1FY2027, with operating profit increasing to Rs. 32.6 crore from Rs. 6.2 crore in Q4FY2026 and loss of Rs. 26.7 crore in Q1FY2026, despite working capital constraints affecting raw material procurement. This is due to the improvement in PAN-OX spread (phthalic anhydride and its key raw material, orthoxylene) with an improvement in prices of both raw material and end product in the downstream industry. ICRA also notes the Directorate

General of Trade Remedies' (DGTR) recommendation in August 2026 to extend the anti-dumping duty on imports from China and South Korea for a further five-year period, which is expected to provide continued support to domestic PAN manufacturers. ICRA also notes the various successful fund raises by the company over the recent quarters and the proposed fund raise upto Rs. 750 crore in domestic business in addition to the incremental debt proposed for funding the completion, commissioning and start-up expenses of the US project, various refinancing efforts and the efforts by the company to sell non-core assets to improve its liquidity.

The ratings also factor in the established track record and strong market position of TCL in the phthalic anhydride (PAN) segment in India, as well as the diversification benefits arising from the sale of downstream derivative products such as esters and food acids in India. The company will also benefit from the diversification derived from the sale of maleic anhydride (MAN), malic acid and fumaric acid from its greenfield project in West Virginia, USA, in a phased manner post its full commencement in December 2026, which are expected to generate higher operating margins. ICRA also notes that Cheminvest Pte Ltd. Singapore (a wholly-owned subsidiary of TCL), which is a majority shareholder in OOSB (the Malaysian entity manufacturing MAN), is exploring suitable options to divest the entity, which is expected to improve the consolidated operating profitability.

The capex cost revision in the US to USD 340 million arises from an increase in the U.S. construction costs due to higher execution intensity thereby resulting in increased manhours, mainly in the mechanical, electrical and instrumentation area, along with increase in interest during construction period (IDCP), increased salaries, security charges, project management expenses, debt raising expenses, etc. This cost revision is expected to be funded from external sources in the medium term.

The various fund raises are expected to increase debt and stretch the liquidity position amid increasing repayments from FY2027 onwards. However, the performance may improve in the medium term with the commencement of the US facility in a phased manner, bringing to production higher margin products, though there is expected to be a ramp up period which includes client approvals, etc. for the food ingredients.

ICRA notes that the company's debt-funded capex plans have led to additional debt requirements and exerted pressure on its capital structure and coverage indicators. The company remains susceptible to the timely completion and ramp-up risks due to its large capex plans in the US. A timely completion of the US project without further cost or time revisions will continue to be a key monitorable. Once completed and stabilised, the projects are expected to offer a favourable product portfolio and geographical diversification, resulting in improved operating margins. The ratings also remain constrained by the exposure of the profitability margins to fluctuations in raw material prices and TCL's presence in commodity chemicals, which limits its pricing flexibility.

Further, ICRA takes note of the breach against financial covenants stipulated by few of the lenders in FY2026. While the company has received a waiver from the lenders in this regard, it could face pressure if it is unable to meet these covenants, going forward, or obtain the requisite waivers.

The Negative outlook reflects ICRA's expectation that TCL's debt coverage indicators will remain constrained in the near term owing to earnings volatility driven by PAN-OX spreads and the high leverage levels.

Key rating drivers and their description

Credit strengths

Extensive experience and market position in PAN – TCL is the second-largest player in India with a significant market share in the domestic PAN industry. The company's experience of five decades has led to established relationships with clients in key end-user industries such as plasticisers, copper phthalocyanine (CPC), paints and unsaturated polyresins (UPR). TCL also has a long-standing relationship with Reliance Industries Limited, the supplier of the raw material, OX, and operates on an assured offtake model.

Diversification into related chemicals – The company produces phthalate esters and fumaric acid, which are downstream derivatives. The contribution of these products has grown over the years. TCL is also setting up a greenfield integrated food ingredients production facility in the US. Such initiatives would provide diversification benefits to the consolidated entity in the medium term.

Credit challenges

Margins remain susceptible to volatility in spreads – TCL's realisations are influenced by the overall demand-supply dynamics in a region, given the limited product differentiation, and the volatility in feedstock OX prices. The price of OX has been volatile and is based on crude oil prices and demand trends for other products in the xylene stream. Demand for the company's product and its working capital intensity are impacted during periods of high OX prices. The company's profit margin, thus, remains susceptible to the volatility in PAN-OX spreads, which has been impacted by global volatility, including tariff changes, and it also depends on the demand-supply dynamics of PAN in the region.

The operating margins were impacted in FY2024, FY2025 and FY2026 owing to reduced PAN-OX spreads and pressure on realisations from MAN, though the impact of MAN realisations has been minimised in FY2026 with minimal production. ICRA notes the company's exchange filing on the same, indicating proposed divestment initiatives, which are expected to improve the situation.

ICRA notes that the improvement in performance in Q1FY2027 with improvement in PAN-OX spreads, however, the company was unable to fully utilise its capacities due to inability to procure high prices raw material with the crunch in working capital.

Presence in commodity chemical industry and competition from imports limit pricing flexibility – The company operates in the commodity chemical space with the key end-user industries of the products being plasticisers, paints and unsaturated polyester resins, which are mainly used in the infrastructure, construction and automobile sectors. Hence, the demand is based on the broader economic conditions. With regard to supply, the market dynamics change significantly based on production and consumption in key markets such as China, Korea, and Southeast Asia. Though TCL has medium to long-term contracts with many customers, the product realisations remain volatile.

Further, large capacities of the major players in the PAN industry in India have commenced operations, resulting in increased supply in the market. Most of the end users of phthalic anhydride are in the infrastructure sector, and the Government's thrust on infrastructure is likely to improve the growth prospects for phthalic anhydride in India. The company's performance also remains susceptible to changes in Government policies and regulations regarding international trade and trade protection metrics. Government of India has extended the Anti-Dumping Duty (ADD) on imports of Phthalic Anhydride from China and Korea for another five years from August 06, 2026.

Large debt-funded capex plans with cost revisions weakening debt metrics; timely completion and ramp-up of the entire US project remains key – TCL is undertaking a large capex under a subsidiary in the US to manufacture maleic anhydride and food acids, which is predominantly debt funded. The project has witnessed delays owing to the pandemic and various global tensions, which have delayed the shipments to the project site. The project has also witnessed multiple cost revisions over the years due to change in scope and other geopolitical factors. The US project commenced commissioning in December 2025 and is expected to be completed in a phased manner. However, the full commissioning has been delayed to December 2026, and cost has significantly increased from earlier estimated levels of USD 255 million to USD 340 million. This is due to an increase in the U.S. construction costs due to higher execution intensity thereby resulting in increased manhours, mainly in the mechanical, electrical and instrumentation area, along with increase in interest during construction period (IDCP), increased salaries, security charges, project management expenses, debt raising expenses, etc. This cost revision is expected to be funded by external sources in the medium term.

The ongoing capex for the US project exposes the consolidated entity to project completion and ramp-up risks and exerts pressure on the consolidated capital structure and coverage indicators over the near term. The US project's cost and timeline has faced multiple revisions over the years due to various reasons including change in scope, geopolitical scenarios, etc.

Environmental and Social Risks

Safety and environmental health-related concerns associated with chemicals expose the industry to the risk of tightening regulatory norms for the production, handling, disposal and transportation of chemical products. Further, in the event of accidents, the litigation risks and liabilities for clean-up could be high. TCL has been a zero-liquid discharge company for the past several years and has also invested in the latest technology at its water treatment facility. While TCL has a demonstrated track record of running its operations safely, the nature of the risk (being low frequency-high impact) weighs on the ratings. TCL has a robust process safety management in place.

Further, operating responsibly is an imperative and instances of non-compliance with environmental, health and safety norms could have an adverse impact on the local community which could manifest in the form of protests, constraining the ability to operate or expand the capacity. TCL has not experienced/reported any incident suggestive of safety lapses in its manufacturing facilities over the past several years and its ability to maintain the manufacturing controls would be a monitorable.

Liquidity position: Stretched

The company's capex costs towards the US project faced another cost revision, as per an exchange filing in August 2026, to USD 340 million from USD 255 million anticipated earlier, after multiple cost revisions and extension in timelines over the years due to various reasons, including change in scope and the uncertain geopolitical scenario. Moreover, the cash flow from operations has been low in FY2026 because of weak operating margins at the standalone level as well as at OOSB and TCL Intermediates Private Limited (TCLIPL), given the volatility in global PAN-OX and MAN realisation, the delayed start-up and the initial hiccups at TCLIPL. All these factors have kept TCL's liquidity profile stretched. ICRA notes the turnaround in the operating profits in Q1FY2027 to Rs. 32.6 crore, however, the significant increase in capex costs and extension in timelines are expected to strain the liquidity and increase debt significantly.

The company had unencumbered cash and cash equivalents of ~Rs. 63.99 crore at the consolidated level as on March 31, 2026. It has principal repayment obligations of ~Rs. 169.92 crore in FY2027 and ~Rs. 217.79 crore in FY2028, and a planned increase in capex during FY2027, which is expected to be funded majorly through additional debt, partially through existing cash reserves and operational cash flows.

Rating sensitivities

Positive factors - A rating upgrade is unlikely in the near term owing to the Negative outlook. However, the outlook could be revised to Stable if the company demonstrates a sustained improvement in its margins and debt protection metrics.

Negative factors - Pressure on the ratings could arise if there is inability to improve profitability and coverage metrics. Further, sustenance of stretched working capital cycle, time or cost revisions in the capex and inability to improve liquidity position will also impact the ratings.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals
Parent/Group support	Not applicable

Analytical Approach	Comments
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company. The details of the consolidation are provided in Annexure II

About the company

TCL started its operations in 1976 at Ranipet in Tamil Nadu as a single product petrochemical company, manufacturing phthalic anhydride (PAN), with a production capacity of 6,000 TPA. Over the years, TCL has expanded its total PAN manufacturing capacity to ~1,72,000 TPA, including Dahej phase 1, and has added other products to its portfolio, which includes food additives such as Malic acid and Fumaric acid, and PAN derivatives such as Di-ethyl phthalate (DEP) and Phthalimide (PID).

In FY2025, the Dahej phase II project was commissioned which added ~96,000-TPA capacity of PAN and ~10,000 TPA of fumaric acid. TCL caters to customers in the construction, auto, paint, food, personal care and pharmaceutical industries. It also has a maleic anhydride (MAN) manufacturing facility in Malaysia under its step-down subsidiary, Optimistic Organic Sdn. Bhd, which is largely non-operational. (OOSB). The company is also expected to fully commence its US project in December 2026, which is a facility for manufacturing MAN and food acids.

Key financial indicators

TCL Consolidated	FY2025	FY2026	Q1FY2027*
Operating income	2,051.4	1735.5	546.7
PAT	-46.1	-167.9	-43.7
OPBDIT/OI	2.7%	-1.4%	6.0%
PAT/OI	-2.2%	-9.7%	-8.0%
Total outside liabilities/Tangible net worth (times)	2.3	2.0	-
Total debt/OPBDIT (times)	32.1	-91.3	-
Interest coverage (times)	1.1	-0.3	0.6

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Type	Amount rated (Rs. crore)	Current rating (FY2027)			Chronology of rating history for the past 3 years						
				Date & rating in FY2027			Date & rating in FY2026			Date & rating in FY2025		Date & rating in FY2024	
				August 13, 2026	June 09, 2026	Jan 12, 2026	Nov 25, 2025	Aug 26, 2025	May 27, 2025	Dec 03, 2024	May 24, 2024	Feb 14, 2024	Aug 04, 2023
1	Term loans	Long term	445.00	[ICRA]BBB (Negative)	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Negative)	[ICRA]A- (Nega-tive)	[ICRA]A- (Nega-tive)	[ICRA]A (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Nega-tive)	[ICRA]A+ (Stable)
2	Fund based limits	Long term	334.50	[ICRA]BBB (Negative)	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Negative)	[ICRA]A- (Nega-tive)	[ICRA]A- (Nega-tive)	[ICRA]A (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Nega-tive)	[ICRA]A+ (Stable)
3	Non-fund based facilities	Short term	175.00	[ICRA]A3+	[ICRA]A2	[ICRA]A2	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+	-	-	-	-
4	Unallocated	Long term/ Short term	350.00	[ICRA]BBB (Negative)/ [ICRA]A3+	[ICRA]BBB+ (Negative) / [ICRA]A2	[ICRA]BBB+ (Negative) / [ICRA]A2	[ICRA]A- (Nega-tive) / [ICRA]A2+	[ICRA]A- (Nega-tive) / [ICRA]A2+	[ICRA]A(Neg-ative)/ [ICRA]A2+	[ICRA]A+(Neg-ative)/ [ICRA]A1	[ICRA]A+(Neg-ative)/ [ICRA]A1	-	-
5	Non-fund based facilities (sub limit)	Short term	(684.00)	[ICRA]A3+	[ICRA]A2	[ICRA]A2	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+	[ICRA]A1	[ICRA]A1	[ICRA]A1+	[ICRA]A1+
6	Short-term term loans	Short term	-	-	-	-	-	-	-	-	-	-	[ICRA]A1+
7	Non-converti-ble debentures	Long term	100.00	[ICRA]BBB (Negative)	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Negative)	[ICRA]A- (Negative)		-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term fund based – Term loan	Simple
Long term– Fund-based limits	Simple
Short term non-fund based limits	Simple
Short term non-fund based limits (sub-limit)	Simple
Long term – Non-convertible debentures	Simple
Unallocated limits	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	Financial Sector Regulator#
-	Term loan I	18-12-2023	NA	03-09-2031	200.00	[ICRA]BBB(Negative)	RBI
-	Term loan II	24-10-2024	NA	30-11-2031	200.00	[ICRA]BBB(Negative)	RBI
-	Term loan III	01-11-2024	NA	31-12-2031	25.00	[ICRA]BBB(Negative)	RBI
-	Term loan IV	15-04-2026	NA	15-04-2029	20.00	[ICRA]BBB(Negative)	RBI
-	Fund based limits	NA	NA	NA	334.50	[ICRA]BBB(Negative)	RBI
-	Non-fund based facilities (sub-limit)	NA	NA	NA	(684.00)	[ICRA]A3+	RBI
-	Unallocated limits	NA	NA	NA	350.00	[ICRA]BBB(Negative)/ [ICRA]A3+	RBI
-	Non-fund based facilities	NA	NA	NA	175.00	[ICRA]A3+	RBI
INE338A07021	Non-convertible debentures	09-06-2025	11.25%	04-06-2027	33.00	[ICRA]BBB(Negative)	MCA
INE338A07013	Non-convertible debentures	09-06-2025	11.75%	04-06-2028	33.00	[ICRA]BBB(Negative)	MCA
INE338A07039	Non-convertible debentures	09-06-2025	12.25%	04-06-2029	34.00	[ICRA]BBB(Negative)	MCA

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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	TCL ownership	Consolidation approach
Cheminvest Pte. Ltd.	100.00%	Full consolidation
Optimistic Organic Sdn Bhd.	100.00%	Full consolidation
Lapiz Europe Ltd	100.00%	Full consolidation
TCL Global B V	100.00%	Full consolidation
TCL INC	100.00%	Full consolidation
TCL SPECIALTIES LLC	100.00%	Full consolidation
TCL Intermediates Pvt Ltd	100.00%	Full consolidation

Source: Company