

November 10, 2025

The Travancore Cochin Chemicals Limited: Long term rating upgraded; short term rating reaffirmed and rated amount enhanced

Summary of rating action

Instrument [^]	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund based – Cash credit	30.00	30.00	[ICRA]BB+ (Stable); upgraded from [ICRA]BB (Stable)
Short-term – Non-fund based limits	15.00	20.00	[ICRA]A4+; reaffirmed/assigned for enhanced amount
Long-term/short-term – Fund based/ Non-fund based limits	25.00	25.00	[ICRA]BB+ (Stable)/[ICRA]A4+; long term rating upgraded from [ICRA]BB (Stable), short-term rating reaffirmed
Total	70.00	75.00	

[^]Instrument details are provided in Annexure I

Rationale

The rating action on the bank line facilities of The Travancore Cochin Chemicals Limited (TCCL) reflects the improved profit margin in FY2025, supported by the rationalisation of employee expenses and improved caustic soda price and expectations of further improvement in soda prices over the medium term. The company's revenues grew by about 8% in FY2025 and about 5% in H1 FY2026 on a Year-on-Year (YoY) basis, driven by the favourable pricing trends of caustic soda. The economies of scale led by increase in selling price and reduction in employee costs led to an improvement in operating profit margin (OPM) to 2.1% in FY2025 and 2.9% in H1 FY2026, compared to operating losses reported in FY2024. The ratings continue to factor in TCCL's established track record in the chloro-alkali industry, its position as one of the largest caustic soda manufacturers in Kerala, a reputed clientele, and its status as a state-level public sector undertaking. The company's comfortable capital structure and healthy coverage indicators, supported by relatively low reliance on external debt, also underpin the ratings.

However, the ratings remain constrained by continued net losses in FY2024 and FY2025, which have led to an erosion of net worth. While profitability is expected to improve, it is likely to remain subdued due to high power expenses and elevated employee costs. The company's earnings remain vulnerable to volatility in caustic soda prices, given the commoditised nature of the product and the cyclicity of the chloro-alkali industry. Additionally, the absence of a captive power plant exposes TCCL to power tariff revisions, further impacting margins. The high employee cost continues to exert pressure on the profitability. ICRA notes the company's efforts to rationalise these costs, though the timely and effective implementation of these measures remains a key monitorable. The company's moderate scale of operations relative to larger industry peers also limits its competitive flexibility.

The Stable outlook reflects ICRA's expectation that TCCL will continue to benefit from its extensive experience in the chloro-alkali industry, supported by the established customer base and improving operational performance.

Key rating drivers and their description

Credit strengths

Established track record in chloro-alkali business – TCCL, incorporated in 1949, is one of the largest manufacturers of caustic soda in Kerala and has established healthy relations with its customers and suppliers. The sale of caustic soda contributed to a major portion (80-90%) of the revenues, followed by hydrochloric acid and chlorine.

Robust capital structure – TCCL’s financial profile remains comfortable, characterised by a conservative capital structure, supported by its net worth, and moderate dependence on external debt. The key metrics, including TOL/TNW of 0.5 times as on March 31, 2025 remain healthy . The capital structure is expected to remain comfortable as there are no major debt-funded capex plans by TCCL over the medium term.

Credit challenges

Lower profitability amid higher fixed costs; however, profitability improved in FY2025 – Despite improvement in the operating margins in FY2025 compared to FY2024, the same remained lower compared to FY2022 and FY2023 as employee cost remained elevated and to the high power, which are largely fixed. The power costs are high across the sector as caustic soda production is a power-intensive process. However, for TCCL, its employee costs are also high compared to the other industry players, impacting its cost structure further. The power costs have been in the range of 35-50% of operating income (OI), while employee costs have accounted for 25-30% of the OI. ICRA notes the company’s efforts to rationalise these costs, though the timely and effective implementation of these measures remains a key monitorable factor.

Vulnerability of profitability to fluctuations in caustic soda and chlorine prices along with power cost – TCCL’s earnings remain exposed to volatility in caustic soda and other key product price realisations as it has relatively limited pricing flexibility in a fragmented industry with intense competition from many organised and unorganised players. The caustic soda realisations have been volatile in the past and had surged during September 2021 to January 2022. After remaining high till January 2023, there has been a steep decline in the realisations in FY2024 and H1 FY2025. The volatility in end-product realisation has had an adverse impact on TCCL due to the high fixed component of the expenses, marked by high employee costs of TCCL as the company is a public sector undertaking (PSU).

Liquidity position: Adequate

TCCL liquidity profile is expected to remain adequate, supported by likely improvement in earnings and adequate buffer in working capital limits. Its average working capital utilisation stood at around 28% on the available drawing power over the 12-month period ending September 2025. While the company has unutilised working capital limits of Rs. 13.8 crore as on September 30, 2025, the average cushion stood at Rs. 12.7 crore during the past 12 months, ending in September 2025. The company is projected to generate cash accruals in the range of Rs. 7–10 crore in FY2026 against the repayment obligations of Rs. 0.5 crore in FY2026 and Rs. 1.6 crore in FY2027. ICRA also notes that the company does not have any major debt-funded capital expenditure plans in the near term.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings if there is increase in revenues and significant improvement in earnings, while maintaining the comfortable liquidity position and healthy capital structure on a sustained basis.

Negative factors – Pressure on TCCL’s ratings could arise if there is any significant decline in revenues or earnings impacting debt protection metrics or liquidity position. A specific credit metric for downgrade includes TOL/TNW more than 2.2 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of TCCL.

About the company

TCCL is a state-level public sector undertaking owned by the Government of Kerala (GoKL) and its entities, situated at Udyogamandal, Cochin. The company was originally started as Travancore & Mettur Chemical Co. (TMCC) in 1949 as a partnership between Fertilisers and Chemicals Travancore Limited (FACT) and Mettur Chemical & Industrial Corporation Limited by Seshasayee Brothers with caustic soda production capacity of 20 metric tonne per annum (MTPA). In 1960, the Government of Travancore, Cochin, acquired TMCC, and it was renamed as Travancore Cochin Chemicals Limited.

Key financial indicators (Audited)

	FY2024	FY2025	H1 FY2026*
Operating income	278.0	301.4	144.6
PAT	(27.8)	(8.7)	0.2
OPBDIT/OI	-6.2%	2.1%	2.9%
PAT/OI	-10.0%	-2.9%	0.2%
Total outside liabilities/Tangible net worth (times)	0.6	0.5	0.5
Total debt/OPBDIT (times)	-0.8	0.3	1.1
Interest coverage (times)	-25.7	4.7	5.7

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 *Provisional numbers shared by management

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current year (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Nov 10, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long term	30.00	[ICRA]BB+ (Stable)	Nov 06, 2024	[ICRA]BB (Stable)	Mar 05, 2024	[ICRA]BB+ (Negative)	Feb 03, 2024	[ICRA]BB+ (Stable)
								Jun 16, 2022	[ICRA]BB+ (Stable)
Non fund based limits	Short term	20.00	[ICRA]A4+	Nov 06, 2024	[ICRA]A4+	Mar 05, 2024	[ICRA]A4+	Feb 03, 2024	[ICRA]A4+
								Jun 16, 2022	[ICRA]A4+
Term loans	Long term	-	-	-	-	-	-	Jun 16, 2022	[ICRA]BB+ (Stable)
Fund based/ Non fund based	Long term /Short term	25.00	[ICRA]BB+ (Stable)/ [ICRA]A4+	Nov 06, 2024	[ICRA]BB (Stable)/ [ICRA]A4+	Mar 05, 2024	[ICRA]BB+ (Negative)/ [ICRA]A4+	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based – Cash credit	Simple
Short term – Non fund based	Very Simple
Long term/Short term – Fund based/ Non fund based	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
NA	Cash Credit	NA	NA	NA	30.00	[ICRA]BB+ (Stable)
NA	Non fund based	NA	NA	NA	20.00	[ICRA]A4+
NA	Fund based/ Non fund based	NA	NA	NA	25.00	[ICRA]BB+ (Stable)/[ICRA]A4+

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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