

June 08, 2026

## The Travancore Cochin Chemicals Limited: Ratings reaffirmed; rated amount enhanced

### Summary of rating action

Instrument <sup>^</sup>	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); reaffirmed
Short term – Non-fund based limits	20.00	20.00	[ICRA]A4+; reaffirmed
Long term/Short term – Fund-based/ Non-fund based limits	25.00	25.00	[ICRA]BB+ (Stable)/[ICRA]A4+; reaffirmed
Long term – Fund-based – Term loans	0.00	8.00	[ICRA]BB+ (Stable); assigned
<b>Total</b>	<b>75.00</b>	<b>83.00</b>	

<sup>^</sup>Instrument details are provided in Annexure II

### Rationale

The ratings reaffirmation on the bank lines of The Travancore Cochin Chemicals Limited (TCCL) reflects the enhanced profit margins in FY2026 (provisional) amid geopolitical disruptions, supported by the improved caustic soda price and rationalisation of employee expenses over the years. While the company's revenues remain stable at around Rs. 306 crore with 1.5% moderate increase in FY2026 on a year-over-year (YoY) basis, the rise in selling price and reduction in employee costs led to an increase in operating profit margin (OPM) to 6.6% in FY2026, compared to 2.1% in FY2025. Going forward, the margins are expected to moderate from FY2026 levels with reduction in price realisation from May 2026. Further, 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 (PSU). The company's comfortable capital structure and healthy coverage indicators, supported by relatively low reliance on external debt, also underpin the ratings.

The ratings are, however, constrained by volatile profitability and net losses incurred in FY2024 and FY2025, which have caused an erosion of net worth. Profitability is also expected to remain subdued due to high power expenses and elevated employee costs. The company's earnings continue to be 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. Its moderate scale of operations relative to larger industry peers also limits 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. Further, the outlook underlines ICRA's anticipation that the entity's incremental capital expenditure (capex), if any, will be funded in a manner that allows it to durably maintain its debt protection metrics.

### 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 relations with its customers and suppliers. The sale of caustic soda contributed to a major portion (80-90%) of its revenues, followed by hydrochloric acid and chlorine.

**Comfortable financial profile** – TCCL’s financial profile remains comfortable, characterised by a conservative capital structure, supported by its net worth, and moderate dependence on external debt as well as key metrics, including TOL/TNW of 0.4 times as on March 31, 2026. The capital structure is expected to continue to be robust as the company has no major debt-funded capex plans over the medium term.

### Credit challenges

**Moderate profitability amid higher power expense and employee cost**– Despite improvement in the operating margins in FY2025 and FY2026 compared to FY2024, they remained lower compared to FY2022 and FY2023 as employee cost was elevated and due to the higher power expenses, which are largely fixed. Power expenses are elevated across the sector as caustic soda production is a power-intensive process. However, for TCCL, its employee costs are also greater compared to the other industry players, impacting its cost structure further. 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.

**Vulnerability of profitability to fluctuations in caustic soda and chlorine prices** – 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. Caustic soda realisations have been volatile in the past and had surged during September 2021 to January 2022. After remaining elevated 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 increased employee costs as the company is a PSU.

### Liquidity position: Adequate

TCCL’s liquidity profile is expected to remain Adequate, supported by improved earnings and adequate buffer in working capital limits. Its average working capital utilisation stood at 9.4% of the available drawing power over the 12-month period ending in April 2026. While the company has unutilised working capital limits of Rs. 37.9 crore as on April 30, 2026, the average cushion stood at Rs. 34.6 crore during the past 12 months, ending in April 2026. It is projected to generate cash accruals in the range of Rs. 9–13 crore in FY2027 against repayment obligations of Rs. 3.3 crore in FY2027. ICRA also notes that the company does not have any major debt-funded capex plans in the near term.

### Rating sensitivities

**Positive factors** – ICRA may upgrade the ratings if there is an 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 of more than 2.2 times on a sustained basis.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Chemicals</a>
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 PSU 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, Government of Travancore Cochin acquired TMCC, and it was renamed as Travancore Cochin Chemicals Limited.

## Key financial indicators (Audited)

TCCL (Standalone)	FY2025	FY2026*
Operating income (OI)	301.4	306.0
PAT	(8.7)	7.4
OPBDIT/OI	2.1%	6.6%
PAT/OI	-2.9%	2.4%
Total outside liabilities/Tangible net worth (times)	0.5	0.4
Total debt/OPBDIT (times)	0.3	0.2
Interest coverage (times)	4.7	17.3

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 financials

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

Instrument	Current year (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jun 08, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term	30.00	[ICRA]BB+ (Stable)	Nov 10, 2025	[ICRA]BB+ (Stable)	Nov 06, 2024	[ICRA]BB (Stable)	Mar 05, 2024	[ICRA]BB+ (Negative)
Non-fund based limits	Short term	20.00	[ICRA]A4+	Nov 10, 2025	[ICRA]A4+	Nov 06, 2024	[ICRA]A4+	Mar 05, 2024	[ICRA]A4+
Term loans	Long term	8.00	[ICRA]BB+ (Stable)	-	-	-	-	-	-
Fund-based/ Non-fund based	Long term/ Short term	25.00	[ICRA]BB+ (Stable)/ [ICRA]A4+	Nov 10, 2025	[ICRA]BB+ (Stable)/ [ICRA]A4+	Nov 06, 2024	[ICRA]BB (Stable)/ [ICRA]A4+	Mar 05, 2024	[ICRA]BB+ (Negative)/ [ICRA]A4+

### Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA-rated instruments fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$) )	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under the regulatory purview of various FSRs, as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI

Sr. No.	Activity Name	FSR
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** 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 FSRs other than SEBI.

### Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund-based – Cash credit	Simple
Short term – Non-fund based	Simple
Long term – Fund-based – Term loans	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 II: 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	Term loans	FY2026	NA	FY2032	8.00	[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 III: List of entities considered for consolidated analysis – Not applicable

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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.

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