

June 09, 2026

Thirumalai Chemicals Limited: Update on Material Event

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating outstanding
Long term - Fund based - Term loan	437.05	451.00	[ICRA]BBB+ (Negative)
Long term - Fund based - Working capital facilities	480.50	330.50	[ICRA]BBB+ (Negative)
Short term – Non-fund based facilities	(680.00)	(680.00)	[ICRA]A2
Long term/Short term - Unallocated limits	200.00	336.05	[ICRA]BBB+ (Negative)/[ICRA]A2
Short term – Non-fund based facilities	100.00	100.00	[ICRA]A2
Non-convertible debentures	100.00	100.00	[ICRA]BBB+ (Negative)
Total	1,317.55	1,317.55	

*Instrument details are provided in Annexure II

Rationale

Material Event

Thirumalai Chemicals Limited (TCL) announced its Q4FY2026/FY2026 results on May 30, 2026. ICRA notes the improvement in consolidated profitability in Q4FY2026, with profit increasing to Rs. 6.2 crore compared to the preceding three quarters owing to improvement in PAN-OX¹ spreads. However, the coverage indicators remain under pressure and sustained improvement in profitability remains a key monitorable going forward. ICRA takes note of the various refinancing options under consideration by the company to reduce the pressure on coverage metrics and improve liquidity. The overall liquidity profile is expected to be supported by refinancing initiatives, monetisation of non-core assets, other divestments, and operational cash flows.

Additionally, the full commissioning and subsequent ramp-up of the US project (TCL Specialties LLC) will remain a key monitorable over the near to medium term. Upon stabilisation, the project is expected to support a more favourable product mix and enhanced geographical diversification, thereby contributing to improved operating margins.

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.

Please refer to the following link for the previous detailed rationale, which covers the key rating drivers and their descriptions, liquidity position, and rating sensitivities. Click [here](#).

¹ PAN - Phthalic anhydride, OX - Ortho-xylene

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company. The details of the consolidation are provided in Annexure III

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 has also commenced its US project in December 2025, which is a facility for manufacturing MAN and food acids and full operations are expected to commence in the next couple of months.

Key financial indicators

TCL Consolidated	FY2025	FY2026*
Operating income	2,051.4	1735.5
PAT	-46.1	-167.9
OPBDIT/OI	2.7%	-2.0%
PAT/OI	-2.2%	-9.7%
Total outside liabilities/Tangible net worth (times)	2.3	2.0
Total debt/OPBDIT (times)	32.1	-61.9
Interest coverage (times)	1.1	-0.4

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	
			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	451.00	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Negative)	[ICRA]A- (Negative)	[ICRA]A- (Negative)	[ICRA]A (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Stable)	
2 Working capital facilities	Long term	330.50	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Negative)	[ICRA]A- (Negative)	[ICRA]A- (Negative)	[ICRA]A (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Stable)	
3 Non-fund based facilities	Short term	100.00	[ICRA]A2	[ICRA]A2	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+	-	-	-	-	
4 Unallocated	Long term/ Short term	336.05	[ICRA]BBB+ (Negative) / [ICRA]A2	[ICRA]BBB+ (Negative) / [ICRA]A2	[ICRA]A- (Negative) / [ICRA]A2+	[ICRA]A- (Negative) / [ICRA]A2+	[ICRA]A (Negative) / [ICRA]A2+	[ICRA]A+ (Negative) / [ICRA]A1	[ICRA]A+ (Negative) / [ICRA]A1	-	-	
5 Non-fund based facilities (sub limit)	Short term	(680.0)	[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-convertible debentures	Long term	100.00	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Negative)	[ICRA]A- (Negative)	-	-	-	-	-	-	

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
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 – Term loan	Simple
Long term - Fund based - Working capital facilities	Simple
Short term – Non-fund based facilities	Simple
Short term– non-fund based limits (sub-limit)	Simple
Long term – Non-convertible debentures	Simple
Long term/Short term - 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 II: Instrument details

ISIN	Instrument name	Date of issuance	Cou- pon rate	Maturity	Amount rated (Rs. crore)	Current rating and out- look
-	Term loan I	06-07-2019	NA	31-07-2026	6.00	[ICRA]BBB+(Negative)
-	Term loan II	18-12-2023	NA	03-09-2031	200.00	[ICRA]BBB+(Negative)
-	Term loan III	24-10-2024	NA	30-11-2031	200.00	[ICRA]BBB+(Negative)
-	Term loan IV	01-11-2024	NA	31-12-2031	25.00	[ICRA]BBB+(Negative)
-	Term loan V	15-04-2026	NA	15-04-2029	20.00	[ICRA]BBB+(Negative)
-	Fund based limits	NA	NA	NA	330.50	[ICRA]BBB+(Negative)
-	Non-fund based facil- ities (sublimit)	NA	NA	NA	(680.00)	[ICRA]A2
-	Unallocated limits	NA	NA	NA	336.05	[ICRA]BBB+(Negative)/ [ICRA]A2
-	Non-fund based facil- ities	NA	NA	NA	100.00	[ICRA]A2
INE338A07021	Non-convertible de- bentures	09-06-2025	11.25%	04-06-2027	33.00	[ICRA]BBB+(Negative)
INE338A07013	Non-convertible de- bentures	09-06-2025	11.75%	04-06-2028	33.00	[ICRA]BBB+(Negative)
INE338A07039	Non-convertible de- bentures	09-06-2025	12.25%	04-06-2029	34.00	[ICRA]BBB+(Negative)

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure III: 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

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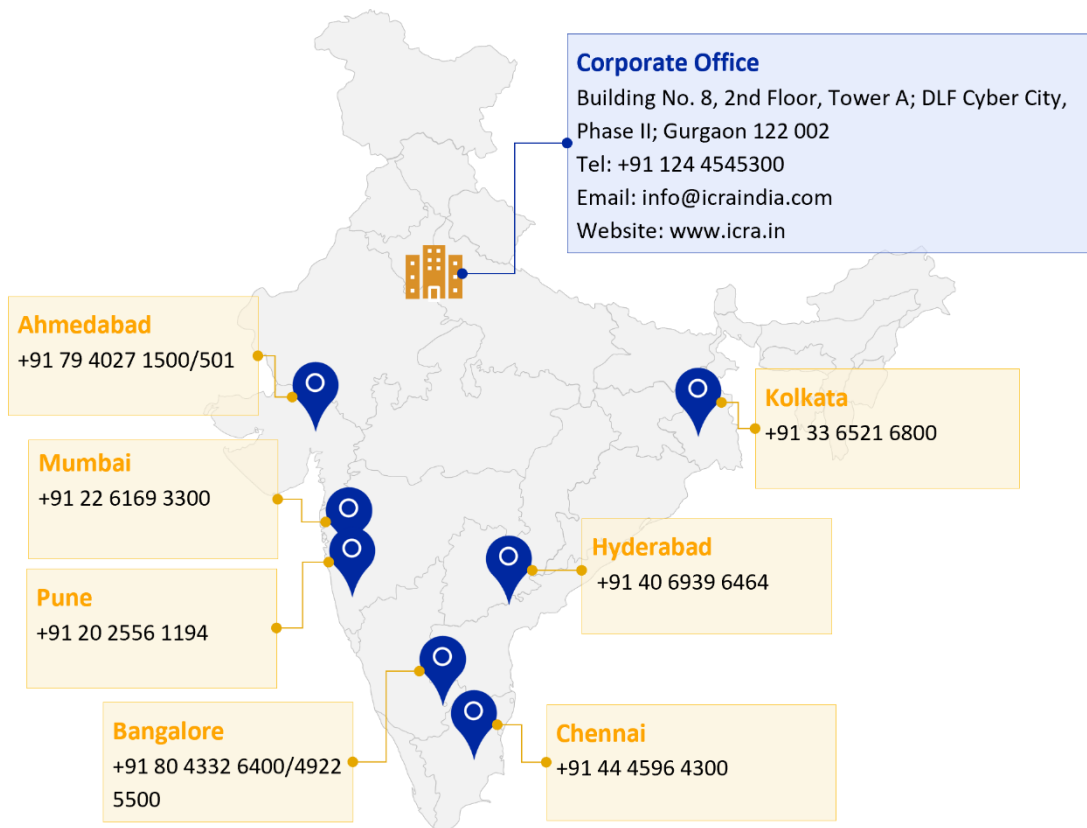
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