May 29, 2026 (Revised)

Nirma Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial paper	1,500.00	1,500.00	[ICRA]A1+; reaffirmed
Total	**1,500.00**	**1,500.00**	

**Instrument details are provided in Annexure I*

Rationale

The reaffirmation of the [ICRA]A1+ (pronounced ICRA A one plus) rating assigned to the commercial paper of Nirma Limited (Nirma/the company) continues to factor in the company's strong and established market position in the domestic soda ash and soaps and detergents (S&D) segments, supported by its high degree of backward integration across key raw materials such as soda ash and linear alkyl benzene. The rating also reflects the diversified revenue and EBITDA profile of Nirma's standalone operations, with contributions from soda ash, caustic soda, linear alkyl benzene, soaps and detergents, and other industrial products. This diversification has historically supported relatively stable cash generation at the standalone level, notwithstanding the volatility in individual product cycles. Additionally, the acquisition of Alivus Lifesciences Limited (ALL) has further diversified Nirma's revenues and profits on consolidated level.

The rating, however, is constrained by the vulnerability of its profitability to commodity price cycles, foreign exchange fluctuations, import duty levels and elevated competition in the S&D business, besides the sizeable contingent liabilities. The rating is also constrained by the modest capitalisation and coverage indicators owing to the sizeable acquisitions in the recent past, the ownership of the which has been passed on to the promoters of Nirma Limited.

The company's board recently approved a demerger scheme for the operating businesses of the company into another legal entity, Ocular Enterprises Private Limited (OEPL), and thereafter OEPL will be renamed Nirma Limited. As the operating business will be moved from Nirma Limited to OEPL, the investments in Karnavati Holdings Inc (KHI) and Alivus Lifesciences Limited (ALL) will remain in Nirma Limited and subsequently the entity holding the investments (i.e. Nirma Limited) will be renamed OEPL. The demerger scheme has been filed with the NCLT bench of Ahmedabad for approval as well. The transaction is subject to approvals from shareholders, the stock exchange, the National Company Law Tribunal, lenders, or any other appropriate authority. As currently the financial structure of both the entities is not yet clear, ICRA will continue to monitor the developments on the demerger front and its impact on the entities formed under the demerger scheme. The scheme is subject to the approval of the requisite regulatory authorities and is likely to take 6-9 months. Further, considering the other uncertainties related to the final financial structure of each of the entities, ICRA will re-evaluate the rating approach depending on the residual businesses and the investments being held by Nirma Limited. However, ICRA believes despite the implementation of the demerger scheme, the liquidity profile is expected to remain comfortable and in line with the current rating levels.

Key rating drivers and their description

Credit strengths

Integrated operations in soda ash and S&D segments; strong control over cost structure - Backward integration, a key strategic strength for Nirma, has protected it from the steadily increasing raw material prices in the last few years. Additionally,

it ensures timely and adequate raw material supply. Nirma manufactures soda ash and LAB, which are the key raw materials to manufacture detergents. Further, its operations are backward integrated to manufacture n-paraffins and other chemicals. The company has large salt pans in Gujarat, which provide a steady supply of salt for soda ash production. It has set up a larger capacity of soda ash than its captive requirements, strengthening its market position in the soda ash business. Thus, there is considerable control over the cost structure, which continues to result in competitive advantage.

Diversified revenue and EBIDTA sources, further strengthened by the acquisition of pharmaceutical business – On a standalone basis, the company's cash generation has remained range-bound because of the diversified revenue and EBITDA stream as it has integrated operations. The standalone operations include manufacturing of soda ash, caustic soda and LAB, which are the key inputs for soaps and detergents. Thus, the cash generation from the overall operations has been range-bound. At a consolidated level, the acquisition of ALL has rendered stability to the overall cash generation. This is because ALL's operating margins have been stable and much higher than Nirma's legacy businesses as the former manufactures active pharmaceutical ingredients (APIs) in the cardiovascular (CVS) and central nervous system (CNS) segments and provides contract development and manufacturing operations (CDMO).

Credit challenges

Competition in soaps and detergents - Nirma is a significant player in the detergent market after Hindustan Unilever Limited (HUL), Rohit Surfactant (brand: Ghari) and P&G. While HUL is present across multiple categories, Nirma tends to focus on value-for-money offerings. As the company mostly caters to the price-sensitive economy segment, it faces high competition from unorganised players. However, the competitive pressure is mitigated by Nirma's strong brand, wide distribution network and a diversified business model.

Vulnerability of profitability to commodity cycles - Soda ash, caustic soda and LAB drive 60-65% of Nirma's revenues on a standalone basis. The commoditised nature of the chemicals exposes the company's margins to global prices, domestic demand-supply fluctuations, forex rates and import duty levels, despite the strong control over costs on account of backward integration. The performance of Searles Valley Minerals Inc has remained subdued over the last several years due to muted soda ash prices. The extent of improvement in the performance will remain a monitorable.

Modest capitalisation and coverage metrics along with sizeable contingent liabilities - The company's capitalisation and coverage metrics have moderated owing to the sizeable debt availed for the acquisition of Alivus Lifesciences Limited in March 2024 and the negative impact on its networth on account of write-down on the investments in Niyogi Enterprises Private Limited (NEPL) in FY2025. The coverage metrics remain modest with the standalone total debt/OPBDITA at 2.9x in FY2025, which is expected to improve to 2.4x in FY2026 and 1.5x in FY2027 with the schedule amortisation of the debt in FY2027. The interest coverage ratio is expected to remain in the range of 5x to 7x over FY2027 and FY2028.

ICRA also notes that Nirma has sizeable contingent liabilities in the form of direct tax related disputes in the last few years. The disputes have been contested by the management and the developments on this front will be monitored.

Liquidity position: Adequate

Nirma's liquidity position is expected to remain adequate, supported by cash flow from operations in the range of Rs. 1,200-1,440 crore per annum over FY2027 and FY2028 at a consolidated level, unencumbered cash balances of around Rs. 1,376 crore (provisional) at a standalone level as on March 31, 2026, and a cushion of ~Rs. 398 crore in working capital limits for Nirma standalone as on April 30, 2026 (on the basis of drawing power). The repayment obligations in FY2027 are expected to be around Rs. 1,687 crore (including Rs. 1,200 crore of NCD repayment) which ICRA expects the company to meet comfortably, supported by the sizeable cash balances, healthy cash flow from operations and sufficient liquidity in the working capital limits. The capex plans under Nirma are limited to maintenance capex, while ALL is investing around Rs. 540 crore in capex in FY2027 which is expected to be funded through internal accruals.

Rating sensitivities

Positive factors – NA

Negative factors – Pressure on the rating may arise if there is a material deterioration in the company's revenue and profitability and/or its working capital cycle that would weaken the leverage and coverage metrics and significantly moderate the liquidity profile.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies 9 Bold	Corporate Credit Rating Methodology Chemicals
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Nirma, including its five subsidiaries that are listed in Annexure II

About the company

Nirma Limited (Nirma), set up by Dr Karsanbhai K Patel in 1980, is one of the leading manufacturers of detergents, soaps and chemicals in India. The company has steadily expanded its operations over the years and has manufacturing plants at Mehsana, Ahmedabad, Vadodara, Bhavnagar and Porbandar in Gujarat. The company has backward integrated its manufacturing processes, and produces a variety of chemicals used as inputs to make soaps and detergents.

The company is the one of the largest soda ash manufacturers in India and also makes other products like caustic soda, bromine, etc. The company runs soda ash operations in the Searles Valley in the US through its wholly-owned subsidiary, Karnavati Holdings Inc., for the extraction of natural soda ash. In March 2024, the company also acquired a 75% ownership in Glenmark Life Sciences Limited, resulting in a significant diversification in the lifesciences business.

Key financial indicators (audited)

Nirma Ltd (consolidated)	FY2024	FY2025	9M FY2026*#
Operating income	10,403	12,207	5,172
PAT	297	-2310	491
OPBDIT/OI	11.4%	15.4%	19.6%
PAT/OI	2.85%	-18.92%	9.5%
Total outside liabilities/Tangible net worth (times)	1.0	1.1	
Total debt/OPBDIT (times)	5.6	2.9	
Interest coverage (times)	4.1	3.5	3.4

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current (FY2027) Amount rated (Rs. crore)	May 29 , 2026	Chronology of rating history for the past 3 years FY2026 Date	FY2026 Rating	FY2025 Date	FY2025 Rating	FY2024 Date	FY2024 Rating
Term loans	Long term	-	-	-	-	May 06, 2024	[ICRA]AA (Stable); withdrawn	Oct 03, 2023	[ICRA]AA; Rating Watch with Developing Implications
								Aug 11, 2023	[ICRA]AA (Positive)
Commercial paper	Short term	1500.00	[ICRA]A1+	May 29 2025	[ICRA]A1+	May 06, 2024	[ICRA]A1+	Oct 03, 2023	[ICRA]A1+
								Aug 11, 2023	[ICRA]A1+

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 regulatory purview of various Financial Sector Regulators (FSR) 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 regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutal 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 Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper	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
INE091A14EV2	**Commercial paper**	13-Apr-26	6.20%	12-Jun-26	125.00	[ICRA]A1+
NA*	**Commercial paper**	NA	NA	NA	1,375.00	[ICRA]A1+

*Source: Company; *Unplaced*

Annexure III: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Karnavati Holdings Inc (USA)	100.00%	Full consolidation
Searles Valley Minerals Inc	100.00%	Full consolidation

Company name	Ownership	Consolidation approach
Trona Railway Company LLC	100.00%	Full consolidation
Searles Domestic Water Company LLC	100.00%	Full consolidation
Searles Valley Minerals Europe	100.00%	Full consolidation
Alivus Lifesciences Limited	75.00%	Full consolidation

Corrigendum

Rationale dated May 29, 2026, has been corrected for a typographical error in the Key Financial Indicators

ANALYST CONTACTS

Girishkumar Kadam
+91 22 6114 3441
girishkumar@icraindia.com

Prashant Vasisht
+91 124 4545 322
Prashant.vasisht@icraindia.com

Varun Gogia
+91 124 4545 319
varun.gogia1@icraindia.com

Aryan Jaiswal
+91 22 6169 3359
aryan.jaiswal@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

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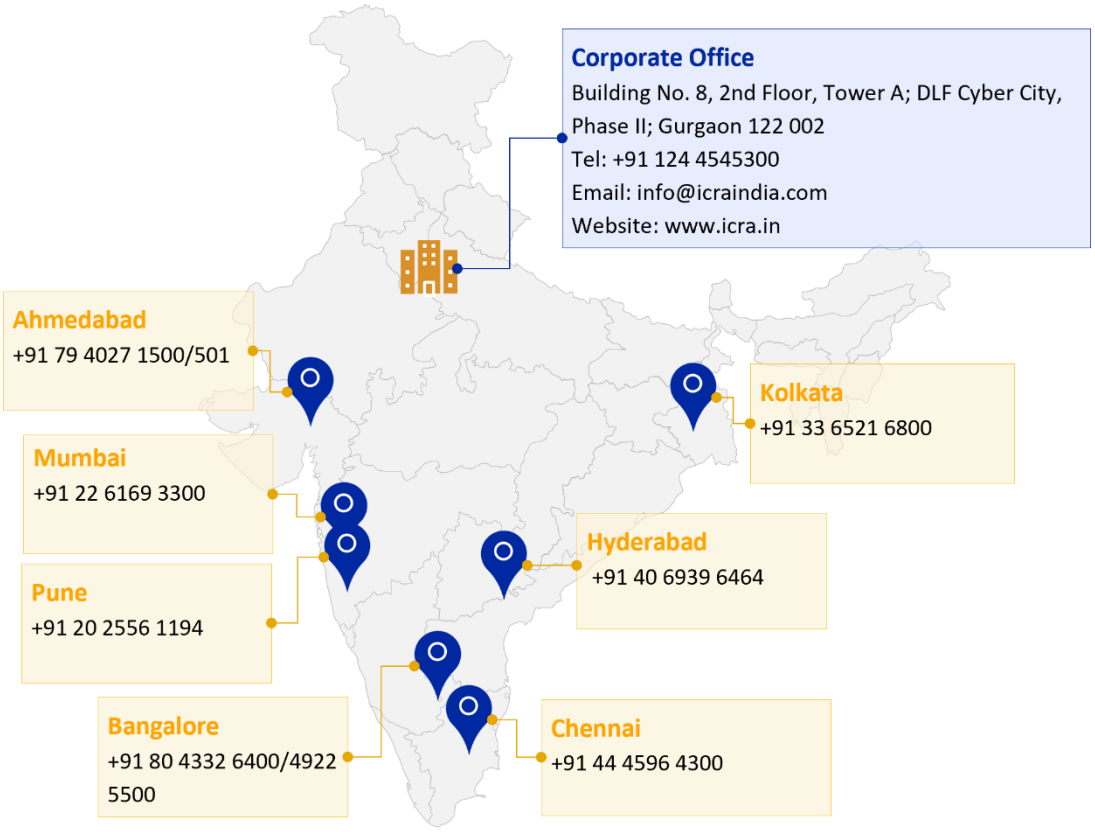

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