Tata Chemicals Limited

October 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	1,300.00	CARE AA+; Stable	Reaffirmed
Short-term bank facilities	2,000.00	CARE A1+	Reaffirmed
Non-convertible debentures	1,700.00	CARE AA+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities and non-convertible debentures (NCD) issue of Tata Chemicals Limited (TCL) continue to derive significant strength from its robust business profile, highlighted by TCL's position as the third-largest producer of soda ash globally (excluding China) and the fifth-largest producer of sodium bicarbonate worldwide. The company benefits from strong geographical diversification across India, North America, Europe, and Africa, and a well-diversified product portfolio spanning basic chemistry and specialty products. Its substantial natural soda ash capacity in the US and Kenya supports cost-efficient production. Ratings also reflect TCL's strong financial flexibility and refinancing capability, underpinned by the Tata Group's parentage, comfortable financial risk profile, and healthy liquidity.

These strengths are partly offset by a moderation in total operating income (TOI) and profitability in FY25, driven by global soda ash oversupply, subdued pricing across the industry, and margin pressures across key regions. UK operations posted losses over recent quarters due to high costs, but the closure of its soda ash unit in Q4 FY25 is expected to support recovery. Additionally, ratings consider the inherent risks of the soda ash business, including sensitivity to end-user demand cycles linked to economic growth, price volatility, foreign exchange fluctuations, and competition from imports.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustainability of revenue growth and improvement in profit before interest, lease rentals, depreciation and taxation (PBILDT) margin to 22% on a sustained basis.
- Consolidated net debt/PBILDT below 1.50x on a sustained basis.

Negative factors

- Large debt-funded capex/ acquisition, if any, undertaken by the company, deteriorating the consolidated net debt /PBILDT beyond 3.0x on a sustained basis.
- Substantial decline in profitability or substantial increase in debt leading to deterioration in interest cover below 5.0x on a sustained basis.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has adopted a consolidated approach, considering operational linkages between the parent company and its subsidiaries/associates/joint ventures (JVs). List of entities consolidated with TCL is mentioned as Annexure-6.

Outlook: Stable

The stable outlook reflects the company's ability to maintain a comfortable operating and financial risk profile despite moderation in demand and profitability in FY25, supported by its leadership position in the global soda ash industry and absence of significant debt-funded capital expenditure or acquisition plans in the near-to-medium term.

Detailed description of key rating drivers:

Key strengths

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Experienced promoters and well-established presence in global soda ash industry
TCL is a part of the Tata Group and is promoted by Tata Sons Private Limited, which holds a 31.90% stake in the company, while other Tata Group entities hold an additional 6.08% stake. Being a part of the Tata Group provides TCL with significant financial flexibility and strategic support. TCL is the world's third-largest producer of soda ash, with an annual soda ash production capacity of 3.98 million metric tonne (MMT), around two-thirds of which is derived from natural soda ash operations, supporting lower operating costs and efficient production. The company's soda ash operations are diversified across natural soda ash plants in North America and Kenya, and synthetic soda ash production at Mithapur, Gujarat. Its manufacturing footprint spans four continents—Asia, Europe, Africa, and North America—providing geographic diversification and a strong global presence. TCL is investing in capacity enhancement through debottlenecking, salt improvement projects, and other operational optimisations.

Geographically diversified operations with presence in both basic and specialty chemicals
TCL operates a global distribution network supported by 15 manufacturing sites across five countries, with a strong presence in the US, Europe, East Africa, and Asia. Its portfolio is diversified across basic chemistry products—soda ash, sodium bicarbonate, and salt—and specialty products, including agrochemicals, seeds, silica, and prebiotics. In FY25, 81% of TCL's revenue was derived from basic chemistry, led by soda ash (56%), salt (16%), and bicarbonate (5%), while specialty products contributed 19%, with crop protection at 13%, seeds at 3%, and other specialty products at 3%. Basic chemistry remains the primary revenue driver, while specialty products provide a steady and smaller contribution. TCL's products serve diversified industries such as glass, detergents, fast-moving consumer goods (FMCG) and automobiles, mitigating business risk.

Stable operational performance despite moderation in FY25
In FY25, TCL's TOI declined by 3.4% year-on-year and PBILDT margin contracted, primarily due to global soda ash oversupply and resultant price pressure across industry. TCL's UK operations have reported operating losses in the last few quarters due to a weak cost structure. TCL has discontinued soda ash unit in UK in Q4FY25. Despite these moderations, the company maintained stable operational performance across regions and product lines. Strong demand in key markets such as India and China supported volumes, while efficiency initiatives, high-capacity utilisation, and a diversified product and geographic portfolio helped mitigate the impact of weaker pricing.

In Q1FY26, although TOI moderated by 1.85% year-on-year, PBILDT margin improved by 334 basis points, driven by lower coal prices and ongoing cost rationalisation. Regionally, India benefited from higher throughput and operational efficiencies, the US saw temporary margin support from a favourable domestic sales mix, and the UK operations stabilised post-closure of certain units. Overall, the performance reflects resilience in core operations despite global market headwinds.

Comfortable financial risk profile
Being one of the strategically important and larger companies within the Tata Group, TCL benefits from strong financial flexibility and refinancing ability. TCL's total borrowings increased to ₹7,343 crore in FY25 (FY refers to April 01 to March 31) compared to ₹5,859 crore in the previous year (PY). In FY25, the company issued non-convertible debentures (NCDs) amounting to ₹1,700 crore through private placement to refinance part of its foreign currency debt. This effectively replaced foreign currency borrowings with Indian currency debt, reducing exposure to rupee depreciation risk. As a result of the higher borrowings, overall gearing moderated to 0.39x in FY25. TCL paid a dividend of ₹382 crore in FY25, accounting for 98.71% of its profit after tax (PAT). The company also completed its peak capital expenditure (capex) cycle in FY25, largely driven by expansion projects in India. With these projects concluded, capex requirement in FY26 is expected to reduce significantly and remain limited to routine operational and maintenance expenditure across geographies, estimated at ~₹1,000 crore.

Liquidity: Strong

TCL has a strong liquidity position, underpinned by cash and bank balances and liquid investments of ~₹1,407 crore. Average fund-based and non-fund-based utilisation for the trailing 12 months ended August 2025 remained comfortable at 35% and 34%, respectively, offering sufficient financial flexibility. TCL further derives strength from its association with the Tata Group, which enhances its refinancing ability. With scheduled debt repayments of ~₹352 crore falling due in the next four quarters, TCL is expected to comfortably meet its debt obligations through a combination of internal accruals and existing cash balances. TCL also has investment in affiliates of ₹1,327 crore and non-current investments of ₹7,031 crore providing significant financial flexibility.

Key weakness

Inherent risks associated with soda ash business
The soda ash business is inherently exposed to cyclicality arising from global demand-supply imbalances, capacity additions, and regional trade flows. Sectoral demand risks persist, as soda ash heavily depends on end-use industries such as glass, detergents and lithium for electric vehicle (EV) batteries. Weakness in container and flat glass in Europe, slower ramp-up in solar glass capacity in India and demand moderation in lithium carbonate globally contributed to subdued off-take. On the supply side,

incremental global capacities, especially from Inner Mongolia, and higher exports from Turkey created oversupply in Asian markets, adding to price pressures. Additionally, soda ash operations are energy-intensive, exposing the producers to volatility in coal, natural gas, and freight costs, which directly impact margins. Regional demand variations and policy-linked disruptions, combined with TCL's significant exposure to the soda ash business (~56% of FY25 revenues), amplify the inherent risks of the segment, and make its performance sensitive to global commodity cycles.

Environment, social, and governance (ESG) risks

Particulars	Risk Factors
Environmental	• TCL is committed to reduce carbon footprint per the science-based target initiatives (SBTi) guidelines by 30% by 2030. • It is investing in green chemistry to ensure circularity of feedstock, low energy intensity and zero solid waste to landfill. • Waste management practices involve 100% recycling of plastic waste per the extended producer responsibility for plastic waste management (EPR PWM), use of 100% fly ash and safe disposal of waste across locations.
Social	• In FY25, TCL expended ₹22.54 crore on corporate social responsibility (CSR) initiatives to improve socio-economic standards, which includes creating livelihood opportunities, targeting health and wellbeing, and encouraging education. • The company executed Jal Dhan projects, including check dams, farm ponds and groundwater recharge systems, constructing 217 new structures in FY25, totalling 1,365 to date. • The company provided skill training to 670 youth at Mithapur under Tata STRIVE, including trades such as electrical work, welding, solar PV installation and wellness.
Governance	• Governance structure is characterised by 57% of its board comprising independent directors (four out of seven directors), dedicated investor grievance redressal system and extensive disclosures.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macro-economic Indicator	Sector	Industry	Basic Industry
Commodities	Chemicals	Chemicals and petrochemicals	Commodity chemicals

Established in 1939, TCL is a part of the Tata Group and is promoted by Tata Sons Private Limited, which holds a 31.90% stake in the company, while other group entities hold an additional 6.08% stake. The company operates through two divisions: basic chemistry, which includes products such as soda ash, sodium bicarbonate, salt, and other inorganic chemicals, and specialty products, which include agrochemicals and seeds, silica, and prebiotics. TCL is the third-largest producer of soda ash globally (excluding China) and the fifth-largest producer of sodium bicarbonate globally. Its products are supplied to industries such as glass, soaps and detergents, chemicals, food and beverages, animal feed, pharmaceuticals, automotive tyres, and agriculture. TCL has manufacturing operations in India, US, UK, and Kenya, with 15 manufacturing sites across five countries, including 10 plants in India and five outside India. It also has an established market presence in the Agri-science and crop protection business through its subsidiary, Rallis India Limited.

Brief Consolidated Financials (₹ crore)	FY24 (A)	FY25 (A)	Q1FY26 (UA)
Total operating income	15,421.00	14,892.00	3,719.00
PBILDT	2,859.00	1,996.00	745.00

PAT	435.00	387.00	316.00
Overall gearing (times)	0.28	0.36	NA
Interest coverage (times)	5.39	3.55	5.07

A: Audited UA: Unaudited NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

List of entities consolidated: Annexure-6

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non-convertible debentures	INE092A08071	20-Aug-2024	7.81%	20-Aug-2027	1700.00	CARE AA+; Stable
Fund-based - LT-Term loan / Working Capital Facility		-	-	-	1300.00	CARE AA+; Stable
Non-fund-based - ST-BG/LC		-	-	-	2000.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term loan / Working Capital Facility	LT	1300.00	CARE AA+; Stable	-	1)CARE AA+; Stable (07-Oct-24) 2)CARE AA+; Stable (25-Jun-24)	1)CARE AA+; Stable (09-Oct-23)	1)CARE AA+; Stable (19-Jul-22)
2	Non-fund-based - ST-BG/LC	ST	2000.00	CARE A1+	-	1)CARE A1+ (07-Oct-24) 2)CARE A1+ (25-Jun-24)	1)CARE A1+ (09-Oct-23)	1)CARE A1+ (19-Jul-22)

3	Debentures-Non-convertible debentures	LT	1700.00	CARE AA+; Stable	-	1)CARE AA+; Stable (07-Oct-24) 2)CARE AA+; Stable (25-Jun-24)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non-convertible debentures	Simple
2	Fund-based - LT-Term loan / Working Capital Facility	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr. No.	Name of the subsidiary	Extent of Consolidation	Rationale for consolidation
1	Rallis India Limited	Full	Subsidiary
2	Ncourage Social Enterprise Foundation	Full	Wholly owned subsidiary
3	Tata Chemicals International Pte. Limited (TCIPL)	Full	Wholly owned subsidiary
4	Tata Chemicals North America Inc.	Full	Wholly owned subsidiary
5	Tata Chemicals Soda Ash Partners LLC	Full	Wholly owned subsidiary
6	TCE Group Limited	Full	Wholly owned subsidiary
7	Homefield Pvt UK Limited	Full	Wholly owned subsidiary
8	Tata Chemicals Europe Limited	Full	Wholly owned subsidiary
9	Natrium Holdings Limited	Full	Wholly owned subsidiary
10	Winnington CHP Limited	Full	Wholly owned subsidiary
11	Brunner Mond Group Limited	Full	Wholly owned subsidiary
12	Northwich Resource Management Limited	Full	Wholly owned subsidiary
13	Gusiute Holdings (UK) Limited	Full	Wholly owned subsidiary
14	British Salt Limited	Full	Wholly owned subsidiary
15	Cheshire Salt Holdings Limited	Full	Wholly owned subsidiary
16	Cheshire Salt Limited	Full	Wholly owned subsidiary
17	New Cheshire Salt Works Limited	Full	Wholly owned subsidiary
18	Tata Chemicals Magadi Limited	Full	Wholly owned subsidiary
19	Magadi Railway Company Limited	Full	Wholly owned subsidiary
20	Tata Chemicals (South Africa) Proprietary Limited	Full	Wholly owned subsidiary
21	TC Africa Holdings Limited	Full	Wholly owned subsidiary
22	Alcad	Full	Subsidiary
23	Indo Maroc Phosphore S.A.	Proportionate	Joint Venture
24	Tata Industries Ltd.	Proportionate	Joint Venture
25	The Block Salt Company Limited	Proportionate	Joint Venture
26	JOil (S) Pte. Ltd	Proportionate	Associate

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:
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