TGV SRAAC Limited

January 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	77.47 (Reduced from 111.96)	CARE A; Stable	Reaffirmed
Long-term / Short-term bank facilities	528.55 (Enhanced from 382.18)	CARE A; Stable / CARE A1	Reaffirmed
Short-term bank facilities	15.95 (Enhanced from 5.21)	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings of TGV SRAAC Limited (TGV SRAAC) continue to derive strength from its experienced promoters, integrated manufacturing operations with a proven track record in the chlor-alkali industry, captive power generation to meet part of its energy requirement providing better control over power costs. Ratings also factor in the company's well-established relationships with key customers and suppliers, diversified end-user industries, synergies with group companies and healthy financial risk profile.

However, these strengths are partially offset by inherent cyclicality in the chlor-alkali industry and volatility in the electrochemical unit (ECU) realisations, susceptibility to raw material price volatility, and fluctuations in power prices impacting power purchase costs considering energy-intensive nature of operations, risk related to large size capex, and exposure to stringent pollution control and fire safety norms.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations marked by total operating income (TOI) of over ₹2500 crore and sustained healthy profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin.
- Net debt/ PBILDT remaining less than 1x on a sustained basis.

Negative factors

- Significant decline in scale of operations and PBILDT margin on a sustained basis.
- Net debt/ PBILDT remaining above 2x on a sustained basis.
- Any tightening of prevailing pollution control/ environmental norms and/or regulatory ban on production & sales of certain major products, significantly impacting its business and profitability.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes TGV SRAAC will continue to benefit from promoters' extensive experience, integrated operations, diversified end-user base, while financial profile, despite large debt-funded capex, is expected to remain comfortable over the medium term.

Detailed description of key rating drivers:

Key strengths

Experienced promoters; Established business presence and integrated operations

TGV SRAAC is the flagship entity of the TGV group. The company is promoted by TG Venkatesh, with over 40 years of industrial experience and a notable political background. Under his leadership, the group has diversified beyond industrial chemicals into healthcare products, aquaculture, real estate, pharmaceuticals, and hospitality.

TGV SRAAC has an established business presence in chloro alkali industry and is among the notable player in the Southern India. The company operates caustic soda facility with an installed capacity of 3,32,150 MTPA, caustic potash (49,500 MTPA) and chloromethane products (1,39,914 MTPA), among others. The company is also engaged in manufacturing oil & fats products

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

including castor oil derivatives, fatty acids, and consumer products, including toilet soaps. The company's operations are highly integrated with by-products from one process are used as raw materials for another, which helps optimise production capacity and enhance operating efficiency. This structure partially offsets the impact of cyclicality in demand for individual products to an extent due to its diversified product basket. Chloro-alkali products remain a major business segment for the company with 97% contribution to the total revenue in FY25, while oils & fats contributed 3% to the total revenue.

Established relationships with key clients and benefits of diversified end-user industry application

TGV SRAAC has an established track record of ~40 years in chemical production. Over the years, TGV SRAAC has built long-term relationships with over 200 clients, ensuring revenue stability. The company's products are used across diverse industries such as textiles, pulp and paper, alumina, soaps and detergents, petroleum, fertilisers, pharmaceuticals, agrochemicals, and water treatment. Diversified end-user industry applications of caustic soda and its products mitigate risk of downturn in a specific industry. The company benefits from synergies with group companies by sourcing part of its raw materials and selling part of its finished products within the group.

Power requirement met through diversified sources

Caustic soda industry is highly power intensive, with power costs accounting for ~50% of total production cost. TGV SRAAC has access to a diversified pool to meet its total power requirement. The company had captive power generation capacity of 120.50 MW as on September 30, 2025, including 55.40 MW of solar power plants. The company has expanded its installed solar power capacity from 22.75 MW as on March 31, 2024, to 55.40 MW as on September 30, 2025, and has plans to further expand the installed capacity to 100 MW by end-FY27. This apart, availability of captive power plant, the company has also tied up with state discoms for supply of power to an extent of 90 MW and also sources power through open access mode. Availability of diversified sources of power enables the company to meet its power requirement in a cost-efficient manner and optimise its power cost. Average cost of power declined to ₹6.63 per kilowatt hour (kWh) in FY25 (FY24: ₹6.69 per kWh), and further to ₹5.83 per kWh in H1FY26. Reduction in power cost has been primarily supported by higher sourcing of cheaper power through open access and increasing share of solar power. In H1FY26, the company sourced 60% of its power requirement through open access and 26% through discom against 23% and 62% respectively in FY24, while contribution of solar power marginally increased and stood at 6% in H1FY26 against 5% in FY24. Balance power has been met primarily through captive power plant. Envisaged expansion in solar power capacity is expected to optimise power cost going forward.

Operating performance to witness improvement in FY26

TGV SRAAC's operating performance in FY25 (FY refers to April 01 to March 31) improved, marked by increase in scale of operations and improvement in PBILDT margin. In FY25, TOI grew 13% year-on-year (y-o-y) to ₹1,749 crore (FY24: ₹1,456 crore), on the back of healthy growth in volume sales; caustic soda (+10% y-o-y), potassium hydroxide (+12% y-o-y), and chloromethane (+11% y-o-y), supported by increase in product installed capacity, and improvement in electro chemical unit (ECU) realisations by ~5% y-o-y aided by gradual demand recovery in downstream industries, better chlorine off-take, and improved supply-demand dynamics. PBILDT margin improved to 13.13% in FY25 from 8.69% in FY24 supported by increase in realisations and decline in power cost and raw material costs.

In H1FY26, TOI witnessed a healthy growth of 23% supported by growth in volumes and continued improvement in realisation. ECU realisation stood higher by 12% y-o-y in H1FY26. PBILDT margin further improved to 18.92% in H1FY26 (H1FY25: 13.70%). While ECU realisation declined in recent months, TGV SRAAC's overall operating performance for FY26 is expected to remain healthy with TOI expected to grow by ~10% y-o-y, while PBILDT margin is expected remain healthy at ~18-19% in line with H1FY26 profit margin.

Comfortable capital structure and debt coverage indicators

TGV SRAAC's financial risk profile is marked by strong net worth base and relatively low debt level as on September 30, 2025. Healthy accretion to reserves over the years has resulted in a strong net worth base of ₹1,255 crore as on September 30, 2025, while overall debt stood at ₹305 crore. In FY25, the company completed its capex towards caustic soda capacity expansion and the expansion of chloromethane capacity. The company had incurred ₹63 crore towards the expansion of caustic soda capacity and ₹172 crore towards expansion of chloromethane capacity. The company completed its expansion of chloromethane capacity by January 2025.

Despite large capex in the last few years, capital structure of the company remains comfortable. Overall gearing stood comfortable at 0.24x as on September 30, 2025 (0.30x as on March 31, 2025; 0.29x as on March 31, 2024). Total outside liabilities to tangible net worth (TOL/TNW) stood at 0.61x as on March 31, 2025 (March 31, 2025: 0.58x). Debt coverage indicators remained comfortable and witnessed an improvement. PBILDT interest coverage improved to 14.33x in H1FY26 (FY25: 7.64x; FY24: 5.31x) while Net Debt/PBILDT improved to 0.81x in H1FY26 (annualised) (FY25: 1.13x, FY24: 2.06x) supported by improvement in operating performance and stable debt levels. The company has planned large capex of over ₹1000 crore over FY26-FY27 which shall be largely debt funded. Large part of the capex and debt is expected to be availed in FY27, which is expected to result in moderation in the credit profile in FY27. Despite the large capex and proposed availment of debt, capital structure and debt protection metrics is expected to remain comfortable in FY27, while witness an improvement on commencement of commercial operations in FY28. Sustained healthy operating performance of existing capacity and adequate returns from the capex shall remain key rating monitorable going forward.

Liquidity: Adequate

TGV SRAAC's liquidity position remains adequate, supported by healthy net cash accruals against scheduled repayment obligations. Expected net cash accruals of ₹280-290 crore in FY26 is expected to remain sufficient to meet scheduled repayment obligations of ₹101.69 crore in FY26. Average utilisation of fund-based limits remained comfortable at ~44% for 12 months ended November 2025, while non-fund-based limit utilisation stood high at ~88% in the same period. Capex for the project shall be funded with the mix of term loan, capex LC and internal accruals. The company has tied up for the capex LC and is in the process to tie up for the term loan. Proposed term loan is expected to have a moratorium of one year with scheduled repayment expected to commence from Q4FY28, while capex LC shall have a three years usance period and will be backed by progressive built-up of lien marked margin money over the tenure of LC, matching with the usance period of each LC. Capital structure despite the large capex is expected to remain comfortable, providing sufficient headroom to raise need-based debt.

Key weaknesses

Exposure to raw material price volatility; volatility in ECU realisation

TGV SRAAC's main raw materials, such as industrial salt, potassium chloride, palm fatty acids, related oils, and castor oil, make up 35–45% of total cost and are prone to price fluctuations, affecting profitability. This apart, operating performance remains susceptible to the sourcing cost of power, which accounts for ~50% of the total cost and remains other major cost driver in caustic soda operations. Additionally, operating performance remains susceptible to ECU realisation, which exhibits considerable volatility. Cyclical downturns or adverse variability in the demand-supply balance may reduce ECU realisations. For instance, substantial decline in ECU realisations in FY24, following higher supply and subdued demand from end-use industries, led to decline in PBILDT margin for the company against historical margin levels. Furthermore, the company's operating performance remains susceptible to volatility in forex rates. In FY25, the company imported raw materials and capital goods worth ₹99.59 crore (FY24: ₹247.31 crore). Adverse movement in input prices owing to the forex fluctuations without corresponding increase in the prices can impact operating performance. The risk though is partially offset by presence of exports, which provides natural hedging. In FY25, the company exported goods worth ₹92.68 crore (FY24: ₹72.90 crore).

Risk associated with large size capex plans

TGV SRAAC has undertaken a capex of ~₹1,044 crore over FY26-FY27, towards expansion of its caustic soda capacity by 450 TPD and solar power capacity by 70 MW including 50 MW battery energy storage system. Proposed capex is expected to be funded through a mix of term loans (49%), capex letters of credit (26%) and through internal accruals (25%). The company till November 2025 has incurred capex of ~₹260 crore towards these projects, funded through capex LC of ~₹151 crore and internal accruals of ~₹110 crore. The company has tied up for the capex LC and is in the process of tie up for term loans. The company has plans to commence commercial operations of the caustic soda capacity by January 2027. While of the proposed capacity expansion of 70MW in solar power, the company has already commissioned 25 MW and balance 45 MW is expected to be commissioned by March 2027. Given the large scale of the proposed capex, the company remains exposed to project implementation risks. Delay in commissioning or ramp-up of operations could impact return indicators and overall financial risk profile.

Stringent pollution control and fire safety norms

TGV SRAAC's operations are subject to environment related regulatory compliances, which needs to be adhered to in a stringent manner. Pollution related norms are continuously evolving. Continuous adherence to defined pollution control norms is mandatory for seamless operations. The company has been complying with the required pollution control norms and there have not been adverse observations in the last many years. The company's operations are subject to continuous monitoring and compliance obligations, and tightening regulatory norms could lead to increased operational costs and potential disruptions. To reduce its carbon footprint, the company is gradually expanding its renewable energy portfolio.

Environment, social, and governance (ESG) risks

Risk Factors	Actions taken by the Company
Environmental	• The manufacturing plant of the company is in compliance with the defined pollution control norms and has all requisite approvals in place. • The company was awarded the ISO 9002, 14001 certification by the renowned institution, Det Norske Veritas (DNV). It implies that the company is adhering to standard procedures to ensure pollution control, balance, and the implementation of safety-related aspects. • To reduce its carbon footprint, the company is gradually expanding its renewable energy portfolio by increasing its solar power capacity.
Social	• The company's industrial relations continue to be harmonious and cordial. The company ensures coverage of 100% of its permanent employees with health and accident insurance. • 97 training programmes on occupational health, safety, and skill development were organised for all categories of employees.
Governance	• The company is managed by a professional board of directors who have extensive experience in industry. The board comprises of eight directors. There is 50% representation of women on board. Independent directors comprise 50% of the total number of directors. • The audit committee, nomination and remuneration committee, stakeholders' relationship committee, and risk management committee are in place.

Applicable criteria

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

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals and petrochemicals	Commodity chemicals

Incorporated on July 24, 1981, TGV SRAAC is a part of the TGV Group of Industries, promoted by TG Venkatesh. The company is engaged in manufacturing chemicals such as caustic soda (3,32,150 MTPA), caustic potash (49,500 MTPA), and chloromethane products (1,39,914 MTPA), among others. Additionally, TGV SRAAC produces castor oil derivatives, fatty acids, and consumer products, including toilet soaps. The company is also involved in power generation with captive power generation capacity of 120.50 MW.

Brief Financials (₹ Crore) – Standalone	FY24 (A)	FY25 (A)	H1FY26 (UA)
Total operating income	1,545.96	1,749.04	990.88
PBILDT	134.39	229.58	187.50
PAT	62.03	92.36	75.88
Overall gearing (times)	0.29	0.30	0.24
Interest coverage (times)	5.31	7.64	14.33

A: Audited; UA: Unaudited; Note: these are latest available financial results
Financials are reclassified as per CareEdge Ratings' standards.

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

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	50.16	CARE A; Stable
Fund-based - LT-Term Loan		-	-	31/03/2027	27.31	CARE A; Stable
Fund-based - ST-Bill Discounting/ Bills Purchasing		-	-	-	6.91	CARE A1
Fund-based - ST-FBN / FBP		-	-	-	9.04	CARE A1
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	14.05	CARE A; Stable / CARE A1
Non-fund-based - LT/ ST-Letter of credit		-	-	-	514.50	CARE A; Stable / 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	LT	27.31	CARE A; Stable	-	1)CARE A; Stable (06-Jan-25)	1)CARE A; Stable (18-Dec-23) 2)CARE A; Stable (03-Oct-23)	1)CARE A; Positive (06-Oct-22)
2	Fund-based - LT-Working Capital Demand loan	LT	-	-	-	-	1)Withdrawn (03-Oct-23)	1)CARE A; Positive (06-Oct-22)
3	Fund-based - LT-Cash Credit	LT	50.16	CARE A; Stable	-	1)CARE A; Stable (06-Jan-25)	1)CARE A; Stable (18-Dec-23) 2)CARE A; Stable (03-Oct-23)	1)CARE A; Positive (06-Oct-22)
4	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	6.91	CARE A1	-	1)CARE A1 (06-Jan-25)	1)CARE A1 (18-Dec-23) 2)CARE A1 (03-Oct-23)	1)CARE A1 (06-Oct-22)
5	Fund-based - ST-FBN / FBP	ST	9.04	CARE A1	-	1)CARE A1 (06-Jan-25)	1)CARE A1 (18-Dec-23) 2)CARE A1 (03-Oct-23)	1)CARE A1 (06-Oct-22)
6	Non-fund-based - LT/ ST-Letter of credit	LT/ST	514.50	CARE A; Stable / CARE A1	-	1)CARE A; Stable / CARE A1 (06-Jan-25)	1)CARE A; Stable / CARE A1 (18-Dec-23) 2)CARE A; Stable / CARE A1 (03-Oct-23)	1)CARE A; Positive / CARE A1 (06-Oct-22)
7	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	14.05	CARE A; Stable / CARE A1	-	1)CARE A; Stable / CARE A1 (06-Jan-25)	1)CARE A; Stable / CARE A1 (18-Dec-23) 2)CARE A; Stable / CARE A1 (03-Oct-23)	1)CARE A; Positive / CARE A1 (06-Oct-22)

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	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-Bill Discounting/ Bills Purchasing	Simple
4	Fund-based - ST-FBN / FBP	Simple
5	Non-fund-based - LT/ ST-Bank Guarantee	Simple
6	Non-fund-based - LT/ ST-Letter of credit	Simple

Annexure-5: Lender details

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

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:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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