

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs182	22.0	Hold	Rs250	37%

*as on 03rd June, 2026

About the Company:

Thirumalai Chemicals Ltd (TCL) was incorporated in 1976 at Ranipet, Tamil Nadu. The company is a part of the Thirumalai Group, which has business interests in chemicals, surfactants, pigments and education. TCL started its operations as a single-product petrochemical company, manufacturing PAN with a capacity of ~5,000 tonnes. TCL has emerged as a renowned and a reliable player in the chemical manufacturing industry. The industry suited portfolio enables the company to deliver essential chemicals, including PAN, fumaric acid and maleic acid, along with a diverse array of fine chemical derivatives. These offerings serve a wide gamut of industries which includes, plastics, paints, food, cosmetics and pharmaceuticals. TCL is the 2nd largest producer of PAN in India. TCL is a FSSC 22000 (equivalent to GFSI), HACCP, Halal & Kosher Certified, ISO 9001, ISO 9004, ISO 14001 & ISO 50001 compliant, SMETA (Sedex Members Ethical Trade Audit) and a responsible care company. Aarti Industries, Asian Paints, Global Calcium, ITC, Berger Paints, Nocil, Nerolac, Parle, Reliance Industries, Symrise are few of the clients that the company serves. Mr. R. Parthasarathy is the Chairman and Managing Director of the company.

Results: Quick Glance:

- The net sales for the quarter reported a drop of 18.9% to Rs4243mn as compared to Rs5231mn in Q4FY25
- The Ebitda margins for the quarter under review stood at 1.5% as compared to 2.8% in Q4FY25
- The company reported net loss of Rs280mn as compared to a loss of Rs141mn in the same quarter last year
- The EPS for the quarter stood at Rs(2.3) as compared to Rs(1.3) in the corresponding period of last year
- For FY26, the revenues came in at Rs17,355mn as compared to Rs20,495mn; drop of 15.3% while the net loss stood at Rs1679mn as against a loss of Rs461mn. The EPS came in at Rs(14.9) as against Rs(4.5) in FY25

Financials:

Performance (Q4&FY26)									
Q4&FY26 Result (Rs mn)	Mar-26	Mar-25	y-o-y	Dec-25	q-o-q	FY26	FY25	y-o-y	FY27E
Total Revenue	4243	5231	(18.9%)	4159	2.0%	17355	20495	(15.3%)	18001
EBITDA	62	148	(58.4%)	(151)	-	(352)	488	-	252
Other Income	83	78	6.7%	40	-	187	206	(9.2%)	196
Interest	236	153	54.6%	215	9.8%	890	492	81.1%	994
Depreciation	213	184	16.0%	227	(6.0%)	884	611	44.6%	984
Exceptional Items	80	0	-	0	-	80	0	-	0
Tax	(104)	31	-	(87)	-	(339)	53	-	(283)
Net Profit	(280)	(141)	-	(466)	-	(1679)	(461)	-	(1246)

Outlook and Recommendations:

The company continues to report subdued results for the quarter as well as the full year with sales reporting an overall drop of ~18.9% in Q4FY26 and ~15.3% in FY26. Despite a drop in the topline for the quarter under review, the gross margins have shown a sequential improvement and stood at ~24.2% in Q4FY26. Improved gross margins coupled with a sharp decline in the other expenses by ~19% on a y-o-y basis translated into a positive absolute Ebitda as well as Ebitda margins which came in at 1.4% as against negative Ebitda margins of 3.6% in Q3FY26. During the year ended 31st Mar'26, the group had carried out an impairment assessment of certain plants which were non-operational for a substantial part of the year. Based on such assessment, an impairment loss of ~Rs79.8mn (in totality) has been recognised in the consolidated financial results which also includes an impairment loss of ~Rs35.4mn pertaining to the plant of its subsidiary located in Malaysia and ~Rs44.4mn related to the company's plant located in India (recorded under standalone statements). Excluding these one-offs, the losses would have further narrowed (when compared sequentially) down to ~Rs200mn for the quarter under review.

Outlook and Recommendations (contd.):

At the industry level, the PAN-OX spreads have increased as compared to the Q3FY26 levels and the domestic demand for PAN is expected to be at ~5.5 lakh tonnes and is anticipated to grow at ~5-6% over the coming years. As per industry estimates, the PAN realisations are anticipated to be better towards its usage in the end-user industry with major contribution from plasticisers followed by UPR and paints; all these are expected to benefit players such as TCL as well from a long-term perspective. Towards Apr'26 end, the company had entered into a loan agreement with Ultramarine & Pigments Ltd (UPL) to avail an inter-corporate loan amounting to Rs650mn bearing an interest of ~10% p.a. for a tenure of 3 years (TCL holds ~14.38% in the equity of UPL). For the **Dahej** plant (via TCL Intermediates), the PAN and fumaric acid (FAc) capacity stands at ~90KTPA and ~24KTPA respectively, the ramp-up costs associated to this plant are expected to see gradual reduction. For the **US project**, (via the US subsidiary TCL Specialties LLC) the focus is skewed towards food ingredients (malic acid and fumaric acid) and intermediate chemical viz; MAN (maleic anhydride). TCLS USA (WoS) had commenced the first phase of commercial operations at its US facility (in Jan'26) with the first sale of MAN. The phased commissioning process is expected to be completed and stabilized progressively during H1CY26. The progress of these projects can be gauged in the balance sheet with a slight increase in the CWIP for March 2026. TCLS is expected to cater to the requirements of MAN customers in the North-eastern, Mid-West US and other regional markets which are currently underserved. Once the new projects ramp-up and start contributing to the overall performance; they are expected to start generating better ROI, until then the company remains susceptible to the timely completion and thereby putting some pressure on the operating margins as well which are expected to improve over the medium term once these projects stabilise. TCL continues to be the 2nd largest player in India with a significant market share of ~37% in the domestic PAN industry. The ramp-up of projects will facilitate revenue addition and thereby the profitability over a medium term. After the scale-up of Dahej and the US project, the Management expects the product mix to shift and be at 77% PAN and balance from MAN and downstream products. Going forward, considering that the project ramp-up will be a slow and gradual process than anticipated, we continue to maintain a hold on the stock for a target of Rs250.

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