

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs203	24.5	Hold	Rs250	23%

*as on 17th Feb, 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 6.9% to Rs4,159mn as compared to Rs4,467mn in the same quarter last year
- The Ebitda margins for the quarter under review stood at (3.6%) as compared to (4.5%) in the comparative quarter last year
- The company reported net loss of Rs466mn as compared to a loss of Rs420mn in the same quarter last year
- The EPS for the quarter stood at Rs(3.92) as compared to Rs(4.10) in the corresponding period of last year
- For 9MFY26, the revenues came in at Rs13,113mn as compared to Rs15,265mn; drop of 14.1% while the net loss stood at Rs1399mn as against a loss of Rs320mn. The EPS came in at Rs(12.72) as against Rs(3.13) in 9MFY25

Financials:

Performance (Q3FY26)									
Q3FY26 Result (Rs mn)	Dec-25	Dec-24	y-o-y	Sept-25	q-o-q	9MFY26	9MFY25	y-o-y	FY26E
Total Revenue	4159	4467	(6.9%)	4454	(6.6%)	13113	15265	(14.1%)	17321
EBITDA	(151)	(202)	-	(37)	-	(413)	340	-	(242)
Other Income	40	2	-	84	(52.7%)	104	128	(18.8%)	182
Interest	215	144	49.8%	257	(16.4%)	654	339	93.0%	811
Depreciation	227	155	45.8%	228	(0.6%)	671	428	56.9%	852
Exceptional Items	0	0	-	0	-	0	0	-	0
Tax	(87)	(79)	-	(104)	(16.4%)	(235)	22	-	(310)
Net Profit	(466)	(420)	-	(334)	-	(1399)	(320)	-	(1413)

Outlook and Recommendations:

The company has reported subdued results for the quarter under review with an overall drop of ~6.9% on the topline when compared on a y-o-y basis and ~14.1% y-o-y for 9MFY26. This has dampened the gross as well as Ebitda margins for the quarter which stood at 18.6% (lower both on a y-o-y basis as well as on sequential basis) and ~(3.6%) respectively. At the industry level, lower PAN-OX spreads and lower MAN prices has invariably impacted the Ebitda margins as well as the realisations. In addition to this, certain end-user industries such as unsaturated polyester resin (UPR) also faced headwinds on account of geopolitical uncertainties. The overall industry sentiments seem to have impacted the domestic players with TCL being no exception. The company continued to report losses which stood at Rs466mn in Q3FY26 and Rs1399mn for 9MFY26.

Outlook and Recommendations (contd.):

In Dec'25, the Board of the step-down subsidiary Optimistic Organic Sdn Bhd (OOSB) had informed that the Maleic Anhydride (MAN) unit outage is anticipated to prolong more than anticipated which is on account of machinery failure. The actual reduction in revenue was ~Rs1,180mn in H1FY26 and the Management expects the revenue to reduce by ~Rs2,350mn on an annualised basis. The derivative plant of this step-down subsidiary however continued to operate. The Board of OOSB is evaluating all the necessary steps which is inclusive of expert consultations as well to arrive at a suitable course of action. 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. The parts of the plant had gradually commissioned since FY24, with first full year of capacity utilization expected in FY26E and steady state revenue to be achieved from FY27E. 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). In the recent update of Jan'26, TCLS USA (WoS) commenced the first phase of commercial operations at its US facility with the first sale of MAN. The phased commissioning process is expected to be completed and stabilized progressively during H1CY26. 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 there would be some pressure on the operating margins and the same is expected to improve over the medium term. On 23rd Dec'25, the company received an in-principle approval for its earlier fund raise (by issue of equity shares) of upto 18,96,614 at a price of Rs296 per share not exceeding Rs561.4mn by way of preferential issue on a private placement basis to promoter/promoter group. 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 revised target of Rs250.

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