



“Tata Chemicals Limited Q1FY26 Earnings Conference Call”

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TATA CHEMICALS LIMITED
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Moderator: Good evening, ladies and gentlemen, and welcome to the Q1FY26 Earnings Conference Call of Tata Chemicals Limited.

Please note that this conference is being recorded. As a reminder, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing '**' and then '0' on your touchtone phone.

We have with us today are R. Mukundan – Managing Director and CEO; and Nandakumar Tirumalai, Chief Financial Officer of Tata Chemicals Limited.

Before we begin, I would like to mention that some of the statements made in today's discussion may be forward-looking in nature and may involve risks and uncertainties.

I now invite Mukundan to begin proceedings of the call.

R. Mukundan: Thank you, good evening and welcome everyone to our Quarter 1 FY26 Earnings Call. I will start the discussion with a brief overview of industry then our operational highlights across business and geographies.

The market conditions remain fluid and balanced. Overall, global demand is estimated to be flat in the near term due to uncertainties associated with some of the trading issues. The market condition remains steady in view of the demand being stable in India, China and some parts of other regions, including Americas, excluding U.S.A.

Though demand-supply balance continues to be balanced, there are uncertainties in tariffs as it is a consuming industry, which will continue to weigh in on market in the immediate term and as this uncertainty disappears, we could begin to see some more balanced approach to market growing.

All soda ash markets continue to be oversupplied with high inventory levels in most regions. China inventory remains high at \$1.8 billion, a slight increase over prior quarter. This is going to keep the market pricing range bound.

In India, the soda ash list prices remain unchanged. On average import prices remained range bound between \$230 to \$235. Although MIP has been extended, it has not had much impact on prices.

In U.S. the export pricing to Asia continued to be under pressure and now has reached a balanced number. Overall, we expect pricing to remain in the similar levels at least for the next 6 to 9 months.

In terms of Company's operational performance:

Company reported Quarter1 FY26 on consolidated basis revenue from operations of INR 3,719 crores, EBITDA of INR 649 crores and a PAT of INR 316 crores. For Quarter1, the standalone revenue of INR 1,169 crores, an EBITDA of INR 270 crores and a PAT from continuing operations of INR 307 crores.

In India, the performance is higher compared to previous year, mainly due to higher volumes, operational efficiencies, partly offset by a minor drop in realizations of soda ash and bicarb. Quarterly sales volume of all products increased, including FOS which was 869 metric tons as compared to 614 metric ton in Quarter1.

U.S. overall, both export sales and prices were marginally lower. The export sales impacted by a spillover of the shipment to next quarter. In U.K., the cessation of Lostock operation led to a lower volume, and the other parts of the business, which are continuing had better financial operations.

Kenya saw a slightly lower volume; prices were maintained as that of Q1FY25.

Rallis saw an overall growth of 22%, a volume growth of 9% and price growth of 13%, driven by growth in Crop Care and Seeds business, and EBITDA margin stood at 16% and a PAT growth of 100% in Q1.

In conclusion, we remain focused on ensuring that we focus on customer delight and serving our clients well. We continue to focus on ensuring that we deliver on our outcomes in terms of volumes, costs and working capital efficiency.

With this, I close my opening comments and hand back to the moderator to open for Q&A.

Moderator:

Thank you very much. Our first question comes from the line of Nitesh Dhoot from Anand Rathi Institutional Equities. Please go ahead.

Nitesh Dhoot:

Good evening and thank you so much for this opportunity. So, my first question is on, you mentioned in your opening remarks and the presentation that prices continued to weaken during Q1 and the overall global demand is also estimated to be flat in the near term. So, if you could give some color on the extent of the price decline that we have seen in Q1 and Q2 so far? And what would that mean for Company profitability going forward, region-wise, if possible, given that India has some benefit of MIP till December, but for the other regions, how is it likely to play out?

- R. Mukundan:** So, firstly, MIP has had no impact. The changes in the pricing has been fairly range bound, it's been between \$3 to \$5 at best, in some pockets, it may be \$10, but that's the kind of reduction we have seen in most domestic markets. What we have seen is, and if you take a trailing quarter basis, this will be very marginal shift in terms of \$3 to \$4 between last quarter to this quarter. We believe that prices have more or less bottomed out, it's going to remain in this broad range.
- Nitesh Dhoot:** Sure. And sir, sequentially, the India business and even the U.S. business witnessed a decline in volumes. So, what exactly drove the improvement in profitability for both these markets? If you could just give some color. And I understand, prices you mentioned in the opening remarks.
- R. Mukundan:** Yes. The U.S. sequentially, I said is a spillover, so that 40,000/ 50,000 tons would catch up in the next quarter. It is just a shipment timing issue. And India too, we see no major issues. We should be clipping around the numbers we have had in the previous few quarters.
- Nitesh Dhoot:** Right. So, just one last thing. So, you had planned a structural EBITDA improvement of about INR 600 crores, INR 650 crores through shutdown of loss-making U.K. assets and volume ramp-up in India, Kenya, and the cost efficiency initiatives that you have mentioned about. So, do you hold on to your outlook for FY26, considering some softening further on the soda ash pricing there?
- R. Mukundan:** Yes. So, let me clarify. I think while prices have softened, also the input variable costs have come down by almost the same number. That is why the numbers are holding. So, I did not speak about the cost side. But having said that, I think our number, which is broadly what I had indicated was INR 600 crores, split equally between reduction in the, let's say, unviable operations in U.K., INR 200-odd crores in terms of additional bottom line contribution from new projects getting commissioned and another INR 200 crores in terms of cost improvement, still holds fine for the full year.
- Nitesh Dhoot:** Great sir. Thanks a lot, and wish you all the best.
- Moderator:** Thank you. Our next question comes from the line of Vivek Rajamani from Morgan Stanley. Please go ahead.
- Vivek Rajamani:** Thank you so much for the opportunity and congratulations on good set of numbers. Just wanted to dig in a little bit deeper on the previous participant's question. If you could just give a bit more color on what's driving the sequential improvement in both India and U.S., given that the volumes are lower, but the profitability seems to be a lot stronger. Any specific reason for that? And that's the first question. Thank you.
- R. Mukundan:** See as far as U.S. is concerned, the main driver of the shift, is the volume mix. I think there is a greater share of domestic sales versus export sale in this quarter, but that will correct itself as it

goes into the future quarter, because the shipment which got delayed was mainly because of the issue on export consignment, so the net realization and net margins have been higher because there's a higher proportion of domestic, so, it's a mix issue in U.S. In addition to that, they have had a lower fixed cost, so that has led to the overall improvement in the EBITDA.

India is purely a volume-led change. The fixed costs are more or less in line, as there is a marginal increase, but that was expected because new capacities are coming on stream.

Vivek Rajamani: Sure sir. Thank you so much for that. So, just a clarification, given your opening remarks where you said that there has not been any significant changes in pricing, would it be fair to say that the Q4 EBITDA numbers for both India and U.S. may be the more normalized numbers going forward? Or the 1Q numbers should be more of a normalized benchmark, assuming no significant changes in pricing?

R. Mukundan: So, broadly, in U.S., as I mentioned, the mix will normalize in Quarter 2, as it will have higher share of exports. You would see that getting into a zone, which is slightly lower than this quarter.

In addition to that, there will be some additional costs in terms of fixed costs. So, U.S. should tend to drop a bit because of the two drivers, which are basically export domestic mix and the maintenance and fixed cost. So, that's really the driver there.

As far as India is concerned, we do believe that it is going to remain range bound, more or less what we are clocking. We may not see any major shift. If at all, there's any big shutdown, which is coming, it is in Kenya, but we have enough stocks to serve the market in the Quarter 2.

Vivek Rajamani: Great, sir. Very clear. And just the last one from me, given the recent news flows that the Chinese government is looking at the excess capacity that's there across the petrochemicals and the chemicals landscape. I just wanted to hear your thoughts if you think that could drive any kind of benefit from a soda ash perspective? Thank you very much.

R. Mukundan: So, all we are saying is there have been efforts by several governments. Chinese Government is trying to do its piece; Indian Government has put MIP. But in terms of market behavior and market condition, if we see an early sign, I will report that next quarter.

Vivek Rajamani: Thank you, sir. Very clear. Thank you very much, and all the very best.

Moderator: Thank you. Our next question comes from the line of Saurabh Jain from HSBC. Please go ahead.

Saurabh Jain: Thank you for the opportunity. My question is on the U.K. business, we saw that the margins have kind of improved sequentially, obviously, because of the product mix that has become favorable for now. But wanted to know your sense whether the current run rate is what something

you expect to continue for the rest of the year? Or there is more room for improvement in terms of profitability and EBITDA that you deliver?

R. Mukundan: U.K. has two big drivers of shift, which will happen. Q1, they have had to buy CO₂ from market. So, the announced CO₂ production should start this quarter. Secondly, the pharmaceutical grade salt plant has been commissioned. But right now, they are going through a process of qualification with customers that should begin maybe in the second half of the year. So, there will be two further drivers to move.

We do expect to run the year towards exit, towards the 3rd and 4th Quarter with at least balanced or zero losses at the PAT level in U.K. The two drivers of that are fundamentally the shift towards own CO₂, which is obviously lower cost & sales and approval of pharmaceutical grade salt from the customers in the second half.

Saurabh Jain: Okay. Any numbers that you can share how much of savings are you targeting from this in-house Q2 captive plant.

R. Mukundan: We can't give specific details, but I already sort of highlighted that we do expect that the negative, which you see should disappear.

Saurabh Jain: Okay. And what happened to the Kenya margins in this quarter? It saw a big decline sequentially. So, any light on that?

R. Mukundan: I think fundamentally, the proportion, the mix of sale in the local African market had reduced. That should be back up as we move through the year again. So, whenever they export more towards Southeast Asia versus domestically in Africa, I think the margins tend to shift. I think that would be back to normal.

Saurabh Jain: Okay. Understood. Separately, there is a comment in the presentation that the PAT includes INR 75 crore on account of income tax refund. Where is it reflecting? And is it in the India business?

Nandakumar Tirumalai: It's India business there, both in the other income line interest and the tax lines.

Saurabh Jain: Okay. But what is it relating to?

Nandakumar Tirumalai: We got income tax refund order in the month of May towards the old case we had, that was in our favor. So, we got a tax order for refund for both interest and tax. Actually, we had also informed the stock exchange in the month of May. If you look at the notice released by the Company, the details are there on the stock exchange.

Saurabh Jain: Sure. Thank you. And one last question. What is the progress on the Kenya capacity expansion? What is the update there?

- R. Mukundan:** Yes. I think that's what I said. We have commissioned the 50-kiloton calciner and it is going through the trial runs as we speak. So, sometime during the second quarter, it should be delivering products towards the market. But we will clarify that specifically with more color in Quarter 2.
- Saurabh Jain:** Okay. Understood. Thank you so much.
- Moderator:** Our next question comes from the line of Abhijit Akella from Kotak Securities. Please go ahead.
- Abhijit Akella:** The sharp decline in power and fuel cost this quarter on a quarter-on-quarter basis sequentially, is that primarily led by lower coal costs? Or is it the U.K. closure? If you could please help us understand?
- R. Mukundan:** Yes, it is a combination of the two. It is also led by lower gas, lower coal and cessation of the Lostock operations.
- Abhijit Akella:** Okay. So, this is a sustainable number going forward, right?
- R. Mukundan:** Yes, this is a sustainable number. And there could be savings because some of the optimization work is yet underway. So, that's where we are, but it should be sustainable.
- Abhijit Akella:** Thank you. And just on the U.K. turnaround. There was this sodium bicarbonate project that we had planned. So, is that still on track? And if so, by when could we expect it?
- R. Mukundan:** So, we are going through it right now, the design work is continuing. And as we speak, we are continuing to progress on that. But our first effort during the current year, in terms of the needle is to make sure that at least we end the year at a breakeven at the PAT level. That's what we are working towards. But we have to ensure that all the projects commissioned, and all the existing capacity of bicarb is back on stream in a balanced way, because they had to reconfigure the unit, because it no longer has a soda ash unit attached to it. They are also going through qualification on the pharmaceutical side.
- Abhijit Akella:** Sure. Thank you. Just one suggestion from my side. I believe previously, you used to offer the geographical split of the U.S. volumes. I am not sure I see it anymore in the presentation, but it will be helpful if you could start getting that once again.
- Nandakumar Tirumalai:** Thanks for the suggestion. Noted.
- Moderator:** Thank you. Our next question comes from the line of Sumant Kumar from Motilal Oswal. Please go ahead.

Sumant Kumar: So, my question is for India, and we have seen an EBITDA improvement. So, is there any kind of revision of the contract for soda ash, which is helping us the margin improvement or benefit of any input cost, our salt business has better margin in this quarter.

R Mukundan: So, all in all, I think the variable costs are down per ton basis, because it has been highlighted by several speakers, several analysts, the coal prices have come down. So, that is certainly helping us.

Okay. So, as I was mentioning, the variable costs are certainly lower on account of coal and other input costs. Also, the higher volumes.

In terms of pricing, as I mentioned, it is range bound in some pockets, it's dropped a little, but it's thereabouts. So, the real driver of this number is higher throughput and making sure that our fixed costs are more or less even and in line with what we had budgeted. So, it's basically variable cost and volume.

Sumant Kumar: Okay. And can you talk about the CAPEX for this year and capitalization also?

Nandakumar Tirumalai: See, last year, we had a peak CAPEX cycle on account of the expansion in India that's now over. What's going to be this year is only the operational CAPEX for all geographies and roughly around INR 1,000 crores we incur every year on the operational CAPEX. Not much growth CAPEX left to pay, everything is done last year.

Sumant Kumar: CAPEX this year?

Nandakumar Tirumalai: Yes.

Sumant Kumar: So, what is the maintenance CAPEX?

Nandakumar Tirumalai: Around INR 1,000 crores, you can say for the full year, across the globe.

Sumant Kumar: Maintenance CAPEX?

Nandakumar Tirumalai: Yes.

Sumant Kumar: Okay. Okay. And anything about U.S. soda ash expansion and bicarbonate we were discussing earlier.

R. Mukundan: As of now, we are continuing to push ahead with the expansion and growth in Kenya. We will certainly be looking at opportunities for growth in India also. The next phase of growth in Mithapur is being worked out. We will come back with specific numbers towards the 3rd Quarter of this year.

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While the design work in U.S. is continuing, we will press the pedal on that only when the market conditions seem to be clearer to us. As of now, we put it on a pause, but it will be a pause for a couple of quarters or maybe a year. But the moment market conditions are clear, we would resume it.

So, the work is continuing. The approval from the environment authorities, public hearing approval has been obtained. So, it is pretty close to getting all the necessary approvals, but internally we are awaiting the right time to press the green signal.

Sumant Kumar:

Okay. Last on soda ash side, the demand supply scenario and balance. And going forward, do you think in the next 2 to 3 quarters, we can have some balance soda ash demand supply. And any sense on that, any timeline when we can see some tightness in the demand-supply in soda ash.

R. Mukundan:

The current situation we are facing, there's not a demand problem. Demand is actually very fine. The demand is growing as per our projection. There is no issue at all with the market on the demand side. Our issue is more from the excess supply and the continuing operation of unviable units.

If you look at the ceasing of operations, only two players have announced the announcement. One is us. And, the second largest player in Europe has also announced ceasing of one of its operations. We have just heard some news of a Chinese unit going into long maintenance shutdown, whether it is ceasing operation, or this unit is Shandong Haihua, which is considering idling capacity. But we will have to see as these announcements come.

So, the big issue in terms of the major moving will be on the basis of either plants idling capacity or taking a pause for a certain period of time until the production demand catches up, right? Right now, it's not a demand issue. It is fundamentally a supply issue by some units which are unviable.

Sumant Kumar:

Okay. Thank you.

Moderator:

Thank you. Our next question comes from the line of S. Ramesh from Nirmal Bang Equities. Please go ahead.

S. Ramesh:

Good evening and thank you very much. So, if you look at the China prices, so there is about \$160. So, to what extent is the market in Asia already discounting the entire excess supply from the Inner Mongolia expansion? Or is there still some more increase in production from Mongolia, which can put further pressure on Asia prices?

- R. Mukundan:** So, really Mongolia expansion has come on stream, which we knew. But the real issue is that at least from price point, many of the units in China are not viable. So, I think that there will be some movement which needs to happen there. So, really, the Mongolian unit is fairly competitive. It's a natural soda ash. It is really the synthetic soda ash units, which have to take the call. We will have to watch the news release.
- S. Ramesh:** Is the entire Mongolia capacity in operation now, that 5 million tons?
- R. Mukundan:** Yes, more or less.
- S. Ramesh:** Okay. So, in terms of the P&L now, can you give us some sense in terms of the sustainable run rate for depreciation, interest expense and tax rate, particularly with reference to U.K. because there you have taken out one asset for the Lostock facility. So, if you can put these things in perspective for U.K. as well as the Company, it would be useful.
- R. Mukundan:** Yes, if you take the current quarter number, more or less, it will be somewhere in the range of INR 5 crores - INR 10 crores in terms of depreciation and amortization, and finance costs, depending on how quickly we can start to pay down debt, which we will make some effort during the year. It will start to also go down. But the run rate mentioned in the current quarter should be what one should expect during the year.
- S. Ramesh:** And what about the tax rate?
- Nandakumar Tirumalai:** The current quarter has all those tax refunds, Ramesh. Therefore, we can't generalize that. So, it will be depending upon the full year's profit numbers what comes in current year. So, we can't take the Q1 tax for the full year. It's got a number of one-offs.
- S. Ramesh:** Okay. And so if you were to dwell on the U.K. business, the EBITDA margins have improved. So, in terms of the run rate, say, over the next 3 quarters this year and then FY27, would we go back to the British Salt gross margins and EBITDA margins? And when you ramp up the Pharma business, do you think that entire volume can be placed next year?
- R. Mukundan:** That is what we expect will happen. So, effectively, you will see a quarter-on-quarter improvement in the trend in terms of U.K. By the time you come to the 4th Quarter, you would know exactly what the sustainable number will be or thereabouts as far as U.K. is concerned. So, every quarter will be better than the previous quarter, because as we start to stabilize bicarb unit with the new power configuration and having in-house CO₂ that structure will improve.
- As the pharma salt starts to get into the market it has a higher margin. So, it will start to impact or at least show that in the result. We expect every quarter it should sequentially continue to improve.

- S. Ramesh:** One last thought on the India expansion, you have seen about 32,000 increases in soda ash on a Y-o-Y, and another about 12,000 in bicarb. So, would we see the entire capacity from the expansion being placed in the second half for soda ash and bicarb or will it take some more time?
- R. Mukundan:** The only one which is ramping up every quarter, every month is the bicarb, because as you know, bicarb, we have to work with our customers in developing application. So, the utilization will continue to trend up. Broadly, I would say about 5,000 tons per month approximately is an amount which we can make up as we move towards the end of the year. In terms of soda ash, there is no issue in terms of placement of the product or market issue.
- S. Ramesh:** Inspite of the slowdown in auto and the container glass, you don't see a challenge in the Indian markets?
- R. Mukundan:** Overall demand in India will continue to grow, as per our assessment of the market, at least for the first 2 quarters of the calendar year. There's a slight dip in Chinese market by about 1%, and then we anticipate for the full calendar year, market other than North America, which is in South America will also show growth. So, China is a slight dip, India is the growth and U.S. is flat.
- S. Ramesh:** Thank you very much and wish you all the best.
- Moderator:** Thank you. Our next question comes from the line of Rohit Nagraj from B&K Securities. Please go ahead.
- Rohit Nagraj:** Thanks for the opportunity. It might be slightly repetitive question, but I am just referring to our Q3 presentation where we have given the expansion project pipeline. Soda ash India, 3.2 lakh tons, silica 0.6, soda ash U.S. 4, soda ash Kenya 3.5 and bicarb U.K. 1.8. So, given the current circumstances, are there any deliberate delays on these projects? And what are the timelines that we are seeing for all the 5 projects, and the overall CAPEX as of now, which is envisaged for the same? Thank you.
- R. Mukundan:** In terms of, as I mentioned, the design work and the public hearing approval for the U.S. soda ash has been obtained. And so, it needs just one more modification to get full clearance. The work is updated, but that is the one which is on pause as we speak.
- As far as India soda ash is concerned, out of the 320,000 broadly, we are looking at doing it in 2 steps of 150,000 and 170,000 tons. We will come back to you by the 2nd and 3rd Quarter in terms of the operationalization of that as soon as the details are clear, but it is going to be more like a debottlenecking at a low cost rather than full expansion, as we had thought of before, because we do believe headroom is available in balancing capacities to do it at a much lower cost.

In terms of U.K. bicarb, yes, this year, we will be spending time on making sure our current existing 80,000-ton unit is fully run in a proper manner before pressing the pedal. There, again, design work is on its way. And in terms of the silica, we are going to do this in 2 phases. The first phase would be half of the number there, which is already undergoing. I think the execution is just about to begin.

Rohit Nagraj: Sure. That's all from my side. Thank you, and all the best.

Moderator: Thank you. The next question is from the line of Ankur from Axis. Please go ahead.

Ankur Periwal: Thanks for the opportunity. Just a clarification on our U.S. EBITDA for this quarter. So, if I look at Q-on-Q, given that large part of the business is contractual, wherein we enter into contract for the full calendar year. I am just trying to better understand the Q-on-Q variation here. You did explain on the volume bit. Because of the delayed shipment, volumes were lower. But it is purely because of lower export that there is a sharp jump, almost INR 100 crores odd jump on EBITDA. Is that a fair understanding?

Nandakumar Tirumalai: I mentioned two factors. One is mix is correct. The second one is the lower fixed cost. The fixed cost may normalize next quarter. And broadly, the range we are looking at is about \$2.5 million - \$3 million on that. That's what we think of the fixed cost will move. Fundamentally, that is the second driver, which is in addition to the mix.

Ankur Periwal: Sure. So, from a steady run rate perspective, what should that number be, let's say, INR 150 crores odd on a steady-state basis, give and take on a quarterly run rate?

Nandakumar Tirumalai: We can't comment on that as of now. It's a forward-looking thing. As I mentioned about the fixed cost, so the fixed costs will go up quarter-on-quarter next quarter, because we have some savings included that will come up in Q2. Apart from that, the mix will change in Q2, because of the export being more than the domestic. So, we cannot comment on the exact numbers what will be the run rate going forward.

Ankur Periwal: Sure, Nandu. No problem. Just the share of exports in U.S. was around 60% last quarter. What was that number in this quarter?

Nandakumar Tirumalai: We will come back on that.

R. Mukundan: The export consignment, which got delayed to next quarter was about 45,000 tons, that's the indicator I have already given. If you wait for the second quarter result, the H1 will be fully indicative of what the normalized number is likely to be.

- Ankur Periwal:** Sure. It should be good. Second question on the Kenya side, while the volume run rate is slightly lower versus what we had seen in the earlier quarters, the margin hit is there again. So, the volume loss is largely because of the weaker domestic demand. Will that be fair understanding?
- R. Mukundan:** No, not weaker domestic demand. I think it is mostly led by 2 factors. One is, I think there basically one delay in the shipments to Southeast Asia, which is not related to any shipment issue, but is the customer asking us to hold back some of the shipments into Southeast Asia, which will catch up during the year. And the second is the half of it is due to the domestic African supplies, which we are hopeful that we will make up during the current quarter.
- Ankur Periwal:** Okay. Fair enough. That's helpful. Thank you, sir. And all the best.
- Moderator:** Thank you. The next question is from the line of Naushad Chaudhary from Aditya Birla Mutual Fund. Please go ahead.
- Naushad Chaudhary:** Thank you. A few basic clarifications, sir. First on the soda ash prices in different geographies, just want to check are different geography prices more or less largely correlated? Or do they move in different directions?
- R. Mukundan:** So, your question is, are they all moving in the same direction or different directions?
- Naushad Chaudhary:** Historically, the prices in different geographies are...
- R. Mukundan:** I get your question. Historically, the U.S. domestic tends to be more or less steady, and the pricing is linked to only the U.S. domestic market. Indian pricing, again, is more or less import parity, but there's also the issue of the Indian domestic pricing having a slight premium because of issues related to port and other handling charges and elements.
- And the true variable number actually is in Southeast Asian market where there's no domestic producer. So, really, that's the one which gets impacted in terms of the pricing worldwide. So, all regions tend to have a localized number, the one which moves in sync with the Chinese price is the Southeast Asian market.
- Naushad Chaudhary:** Sir, different prices are fine. Just wanted to understand if everything moves in a similar direction.
- R. Mukundan:** It will not because you see U.S. is on an annual contract domestic market. So, really, it will not see any shift at all, whereas the pricing in Indian market is quarterly. So, it will shift every quarter, if at all. And some contracts are half yearly contracts. So, they are not going to move for at least 6 months.

The U.K. market tends to be fully annual contracts, so they don't shift during the year. And Kenyan market or Kenyan exports are mostly quarterly to Southeast Asia as well as the U.S. sales to Southeast Asia are also quarterly, whereas U.S. sales to Latam is mostly annual.

Naushad Chaudhary: Second, again, on the soda ash pricing point of view, what can let the prices to drop further? Any possibility going down further from here on? And if it has to happen, what should let this?

R. Mukundan: So, in terms of what we can control clearly is our internal cost structure, which is what we are focused on. And Naushad, in terms of what we have modeled is our realistic expectation, when I mentioned there will be INR 600 crore improvement over last year, split into INR 200 crores, INR 200 crores, INR 200 crores. That is our realistic expectation of where we expect the market to be. At best, I expect maybe INR 50 crores or INR 60 crores move from what I mentioned, overall, in terms of numbers, if you put it, not more than that.

Naushad Chaudhary: Last, from an export point of view, how long do you think soda ash typically as a product can travel globally in a normalized market condition?

R. Mukundan: Can you repeat the question.

Naushad Chaudhary: From an export point of view, the soda ash product, can it be travelled in normalized market conditions beyond which it's not viable.

R. Mukundan: Fundamentally, for synthetic producers, it cannot travel long because the variable cost of synthetic production is high. And it tends to be mostly domestic or nearby markets. But for natural soda ash players, they have a headroom to travel with a freight cost of anywhere between \$30 to \$50-odd anywhere in the world, because the variable cost is low.

Naushad Chaudhary: All right, sir. Thank you so much.

Moderator: Thank you. Our next question is from the line of Abhijit Akella from Kotak Securities. Please go ahead.

Abhijit Akella: Thank you so much for the follow-up. Mukund, just wanted to clarify the previous comment regarding the INR 600 crore, plus INR 200 crores plus INR 200 crores. So, I am sorry, I couldn't exactly follow what this was. Is this the EBITDA delta that you are talking about for the upcoming year?

R. Mukundan: This was in relation to what will be the key bundles of improvement between last year and this year in terms of performance. And I had mentioned that it is because of cessation of operations in U.K., that will contribute about INR 200-odd crores. The increased volumes in India will be 200-odd crores. And our own cost-out efforts, which we are doing, both at variable and fixed,

would give us INR 200-odd crores. That was broadly the comment I had made last time and that is probably playing out as I expected.

Abhijit Akella: Okay. So, INR 200 crores x 3, so INR 600 crores is the total improvement on a year-on-year basis?

R. Mukundan: Correct. Which we expect during the year. U.K. is more or less in the bag. I think in terms of expansion also more or less in the bag. I think the cost out is work-in-progress, which we are doing.

Abhijit Akella: Got it. Okay. Thank you so much, and all the best.

Moderator: Thank you. Our next question comes from the line of Mithil from unlistedindia.com. Please go ahead.

Mithil Bhuv: Yes, sir. I had a couple of questions. First, on the natural soda ash industry, it is reported that in China also 2.8 metric tons will come into capacity in next year, 2026 as well. Is that on schedule? So, it's reported 2.8 million metric tons.

R. Mukundan: Yes, there is an effort to continue to keep adding capacity, but we are also watching this space. It has to be first looked in the context of whether there's a rationalization of synthetic capacity in China. There is already an effort, and I think we need to watch this. So, we will clarify this to you maybe within the next quarter, very clearly where it stands.

Mithil Bhuv: Regarding the natural soda ash only. The WE Soda has bought Genesis in the previous quarter, and now they are the leading producers of natural soda ash. Given the dominance in the forward integration to glass also, are they in a position wherein they can keep the soda ash prices lower and still benefit? So, the lower soda ash prices are still benefiting them.

R. Mukundan: So, Mithil, I don't understand the question. I am not going to answer if that is the question of a specific Company. But generally, I want to tell you that when input material prices go down, for a downstream manufacturer, it is negative in terms of competitive advantage, because this competition gets the raw material at a lower price. So, broadly, let me leave that with you. If you are a downstream product producer, you would want the raw material for your competitors to be priced higher.

Mithil Bhuv: Got it. Sir, the second question was on coal prices. They have risen from May. So, we have seen a sharp reduction in fuel cost this quarter. So, can it possibly go up in the next quarters?

R. Mukundan: We are constantly contracting, and our numbers are not tendered very much up. I will cross check this number. But as of now, we think it is still biased towards down.

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Moderator: Thank you. Ladies and gentlemen, we will take that as our last question for today. I would now like to hand the conference over to R. Mukundan for closing comments. Over to you, sir.

R. Mukundan: Thank you, everyone, for joining the call today. While the market conditions remain tepid and challenging, our endeavor is to excel in our operations and continue to focus on what we can do internally. We will ensure that in all our current capacities which have come on stream are fully brought on stream, focus on cost optimization and optimization of working capital. Next quarter, we will be able to give a better update on market conditions as the picture becomes clearer. Thank you all and see you in Q2FY26.

Moderator: Thank you. On behalf of Tata Chemicals Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.