“Tata Chemicals Limited

Q2 & H1 FY27 Earnings Conference Call”

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Moderator: Good evening, ladies and gentlemen, and welcome to the Q2 and H1 FY27 Earnings Conference Call of Tata Chemicals Limited. Please note that this conference is being recorded. As a reminder, all participant 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 call, please signal an operator by pressing star, then zero on your touch-tone phone.

We have with us today Mr. R. Mukundan, Managing Director and CEO, and Mr. 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 hand the conference over to Mr. R. Mukundan to begin with the proceedings of the call. Thank you, and over to you, sir.

R. Mukundan: Thank you, Swapnali. Good evening, everyone, and welcome to our Q2 FY27 and H1 FY27 earnings call. It's a pleasure to connect with all of you during this festive season, and I would like to start by wishing you and your families a very happy and prosperous Diwali.

I begin with a brief overview of the industry landscape, followed by key operational business highlights across our markets and geographies during the quarter and first half of the year. Starting with the customer end, which is the demand scenario across various segments and geographies. In the Living Essentials, which is mainly bicarbonate, salt, and FOS, the demand outlook remains supported by premiumization, increasing consumption acrossfood, feed, pharma, and beverage applications. Salt and bicarbonate are expected to continue to provide stable growth, while prebiotics offer attractive long-term opportunities driven by increasing customer focus on gut health and wellness.

In terms of Industrial Essentials, which is mainly soda ash and silica, the near- to medium-term outlookfor the global soda ash industry continues to remain challenging. Market conditions are characterized by persistent oversupply, subdued industrial demand, especially in China, and intense competition across export markets. Significant capacity additions in China over the last two years, coupled with slower-than-expected demand recovery in end-use sectors, have continued to pressure global soda ash prices and producer margins. The ongoing conflict in the Middle East, including disruptions impacting regional shipping routes and energy markets, has increased freight volatility and supply chain risks. While large-scale demand destruction has not materialized, in fact, in some parts of the world, the demand is robust, customers remain cautious in procurement decisions amid macroeconomic uncertainty. China remains the key determinant of global market dynamics. High operating rates, continued exports and competitive pricingfrom Chinese producers continue to influence global soda ash prices and trade flows. This is coupled with weak domestic demand from China's real estate and construction sectors, resulting in additional export volumes entering the international market.

Amidst all this, India continues to outperform most global markets. Demand growth remains healthy, supported by strong activity right across segments. Capacity expansion by solar glass manufacturers and continued infrastructure investments are expected to continue to provide above-average global demand growth. Southeast Asia remains highly competitive. While the

region is growing, it remains competitive, especially from Chinese exports, which continue to gain market sharein that region.

In terms of Farm Essentials, uneven rainfall and delayed sowing affected demand during parts of the quarter. Although Kharif acreage subsequently recovered, the broader agriculture outlook remains cautious, supported by crop coverage, improving irrigation, policy support, technology adoption, and resilient rural demand. However, weather volatility, crop price movements, and elevated input costs continue to weigh and remain a near-term risk.

In terms of supply scenario, broadly, mainland China continues to be the driver of supplies, including in bicarbonate, which saw increased supply on account of new capacity. The global soda ash market, as has already been highlighted, is beset with high Chinese capacity growth and inventory levels. Export volumes from China remain elevated. By the end of September, producer inventory had reached nearly 1.89 million metric tons. Inner Mongolia Berun's phase one, 5 million tons, underwent maintenance outages in October.This capacity is expected to return to full operating ratesat the end of the month. Meanwhile, Qinghai Salt Lake, a Solvay-based soda ash producer, will reduce operating rates at the end of October. The magnitude and duration of these impacts remain uncertain. In addition, Jinjing Technology, parent company of Shandong Haitian, also announced that they willclose its soda ash and bicarbonate production lines. Recent announcement by a U.S. producer to reduce production at Wyoming by 1.5 million tons and exit uneconomic export volume underscores the severity of current market conditions. This remains one of the key concerns, that is, persistent low export realization and the structural demand-supply imbalance which are facing the global soda ash industry.

Within India, DGTR has recommended quantity restrictions on soda ash imports for two years after concluding that imports have surged and are causing serious injury to domestic industry. Imports increased by 89% in FY2024 and have remained at elevated levels, driven by global oversupply and capacity additions in export countries and diversion of export volumes to India.

The pricing environment remains under pressure for soda ash. The Indian domestic pricing softened towards the later part of the year following improved import availability and increased domestic supply. U.S. export pricing remains under pressure. Looking ahead, pricing is expected to remain range bound as market participantscontinue to contend with elevated inventory level. Any sustained improvement in prices is likely todepend on a combination of supply rationalizationand strong demand growth in the applications and in the geographies.

Now, I will turn to the operational highlights and TCL performance in Q2 and H1. The company delivered a relatively resilient operating performance in a very challenging global environment. Higher sales, production volume, improved operating efficiencies, and cost managementhelped mitigate the impact of continued pressureon soda ash prices. The elevated input andenergy and logistics costsweighed on the results. Despite a resilient operating standalone performance, our consolidated results were sharply impacted by natural gas cost increases in U.K. The prolonged Middle East conflict continued to drive input costs both in CO_2as well as in freight and logistics. These were additionally weighed down bytemporary suspension of operations in Kenyaon the consolidated performance.

Standalone highlights, revenue from operations stood at INR1,303 crores, up 8% compared to Q2 FY2026. EBITDA at INR292 crores was up 22% compared to Q2 FY2026.However, profit after taxwas down 31% at INR122 crores. In terms of consolidated highlights, the revenue from operations was also up at INR4,177 crores by 8%, driven by higher volumes both in India and U.S. EBITDA at INR381 crores compared to INR537 crores was lower mainly due to lower realization in overseas subsidiaries, especially U.S. exports to Southeast Asia markets, higher energy and logistic costs in U.K., and suspension of operations in Kenya. The loss after tax at INR50 crores compared to profit, primarily due to lower realization, higher energy costs, and reduced other income andlower JV income. Net debt without leases stood at INR6,127 crores.

Likewise, in standalone H1 FY2027, the revenue was up 9% at INR2,584 crores. EBITDA at INR656 crores was up 29% from H1 FY2026, and profit after tax was down 4% at INR465 crores compared to H1 FY2026. In terms of consolidated highlights of H1 FY2027, the revenue from operations at INR8,432 crores was up 11% compared to previous year H1 FY2026. EBITDA at INR936 crores as compared to INR1,186 crores was lower, mainly due to lower realization in overseas subsidiaries and higher cost incurred in logistics and energy. Profit after tax before exceptional NCI at INR10 crores compared to INR535 crores for H1 FY2026, thus impacting the profit after tax.

Unit-wise highlights, India performed, as highlighted, better, mainly due to higher volume of salt, FOS, silica. Capitalization of projects resulted in higher depreciation and finance costs. However, in India, the overall demand picture remains stable and positive, pressured with oversupply and steady import pressure. In U.S., during the quarter, TCNA was declared the successful bidder for Chapter 11 bankruptcy proceedings of Searles Valley Minerals, and this led to acquisition of customer contracts representinghalf a million tonnes to be serviced over two years. On business performance, higher revenue compared to previous year due to higher volumes, mainly due to various contracts which we had acquired during the year, was partly offset by lower pricingduring the quarter in export markets. U.K., the lower revenue compared to previous year is due to lower realization in salt, and the variable cost increased sharply in U.K. due to increase in gas cost. Supply chain also resulted in lower realization of sales, especially to Middle East markets. As highlighted, Kenya operations remained suspended during the quarter. Singapore sales performance was in line with expectations. Rallis monsoon shortfall and delayed sowing affected agrochemical demand during the year. Kharif acreage recovered as the season progressed. Against this backdrop, Rallis delivered resilient performance, aided by growth in crop care and soil health. Profitability, however, remained under pressure due to input cost inflation and unfavorable operating conditions.

In conclusion, operating environment continues to be challenging. These are characterized by geopolitical uncertainties, evolving trade flows, and continued oversupply. We continue to focus on disciplined execution, operational reliability, and strong customer partnership to ensure resilience. Near-term market conditions are expected to remain range-bound, especially due to the impact of capacity addition in China and sustained export activity.

The demand is going to be supported by several segments, including solar glass, lithium, food, pharma applications. The U.S. producer announcement reinforces our view that the industry is

entering a phase where cost competitiveness, operational excellence, and capital discipline will be the key differentiator.

In this environment, our priorities remain clear: strengthening cost competitiveness, enhancing supply chain resilience, driving operational excellence, optimizing working capital, and maintaining disciplined capital allocation. We remain focused on protecting cash flows, preserving balance sheet strength, and ensuring financial flexibility amidst this uncertainty.

We continue to advance our strategy of increasing contribution of non-cyclical specialty and value-added business, reducing earnings volatility, and strengthening quality and resilience of our portfolio. Our investments, especially in the Living Essentials, coupled with innovation and sustainability-led solution, will support long-term value creation. Company's performance continues to reflect strategic direction outlined under LIFE framework with sharper focus on application-oriented businesses. Through a balanced approach of strengthening core business while expanding non-cyclical segments, we are building a more resilient enterprise.

With this, I close my commentsand hand it back to the moderator to open the Q&A. Thank you.

Moderator: Thank you, sir. We will now begin with the question-and-answer session. We have the first question from the line of Saurabh Jain from HSBC. Please go ahead.

Saurabh Jain: Thank you for the opportunity. My first question is, can you give us more details around what's happening in the Kenya operations? You mentioned that the operations continue to remain suspended, but then trying to take a mid-to-long-term point of view, it seems to be entangled into political issues. So what is the way out now? Because you also approached the court, and it seems thatthe court does not appear to be considering the matter. Sowhat is the future course of action? What are the possible solutions, and what is your outlook on the Kenya business?

R. Mukundan: I think it is a fair question in terms of the risk facing the company. Kenya operations, as you know, are fairly resilient and it is a debt-free operation, and the unit has continued to generate a positive margin even in this challenging environment. It is unfortunate that the operations were suspended post notice from the Ministry of Mining. We are engaging both administratively with the ministry and the officials, also through the legal mechanism, because we also have to protect our legal rights.

We do believe that we have strong legal rights with our lease, which extends until 2053, and these are inalienable rights. In addition to that, the mining licenses are a layer on top because the mining law itself came much later. We have on hand approved mining licenses for which fees have been paid but not issued.

Effectively, I think the discussions are ongoing with the technical committee. We have given them certain options in terms of how to engage with the progress. In parallel, the legal process has not ended. The court actually directed us to go to a special court, which is the Environment and Land Court, where these matters are decided, and we have placed our matter to them. They have notified the other participants, andthe court will hear the proceedings during November, and we will wait for those proceedings in parallel.

After that, of course, there is a long way in terms of the judicial as well as administrative remedies. But fair to say that we remain committed to Kenya, we remain committed to the business, and we will do whatever is right the way we run our businesses in a very ethical and sustainable manner.

Saurabh Jain: Sure. That is helpful. But then, whatever the news and the media was reflecting and highlighting, you think it is possible that if the political leaders come to a decision and choice that we would kind of seek for the operations to end? So, despite Tata Chemicals owning these mining licenses, are they in a position to kind of direct Tata Chemicals, and then can it be a result that Tata Chemicals has to shut shop, the operations and then kind of close the business in Kenya?

R. Mukundan: I think for that, Saurabh, there are multiple remedies. We are in the process, and the legal teams will evaluate. Fundamentally, I think this operation is covered under UK-Kenya Bilateral Investment Treaty, because this is a UK investment into Kenya, and the BIT actually protects the investment.

So, we are yet to determine what is the next course of action. We are going through the legal process. If you ask me what is the ultimate, at the end of the day, every business has a right to seek compensation in courts beyond Kenya. But right now, we are in the courts of Kenya to seek justice.

Saurabh Jain: Okay. Are you also looking to make any other kind of business diversification into Kenya or investments to kind of showcase that you remain committed to the development of Kenya? Could you highlight any such plans?

R. Mukundan: I think as a group, Tata is very much invested in Kenya and also Tata Chemicals, we have highlighted how we were in the midst of our expansion to doubling the capacity. We were also in the midst ofadding a bicarbonate unit there, and also getting a partner to set up container glass because we ourselves are not in the business. It has to be done with someone who is in that business. All these have been highlighted to them. It is part of the submission we have made.

Saurabh Jain: Okay, understood. Any outlook in terms ofwhat you believe is the minimum time required to restart operations, like a quarter or two quarters? Any sort of that comment?

R. Mukundan: I would not like to comment. But as a long-term investor in any country, we are ready for ensuring that we do everything in ethical and sustainable manner.

Saurabh Jain: Okay. Thank you. My second question is on the U.S. business. You were a successful bidder for Searles, and you kind of got some contracts which are existing with the Searles. But what is the mid- to long-term benefit of kind of making these kinds of bids? Is it only acquiring certain portion of revenues in any ways, given the realizations that we see?

It will be very difficult to make profits on these contracts, in my understanding. Correct me if I'm wrong here. But then does it also have to do anything with taking amedium- or long-term benefitsthat also come to you along with this acquisition?

R. Mukundan: Searles Valley Minerals had an operation in California. They have very strong position within the state of California andthe neighbouring market of Mexico.We get the benefit of being able to service customers who are in geographical proximity, which obviously enables us to also have much greater control on logistic costs, which is one of the issues which is impacting the business today. In terms of netbacks, the main issue has been the increase in cost of diesel, as well as the increase in the cost of the shipping freight, and also non-availability of shipping logistic connections from time to time, because most shipping industry is now impacted by the long routes, they need to take to avoid various conflict zones. This being overland sales, most of them are positive for the company, and we hope to serve the customers well enough to continue to have theircontinued flow of ordersfrom them for a long term.

Saurabh Jain: Are there any binding commitments you have with these customers for these contracts? Once these contracts end, would there be a kind of an automatic order that will come back to you?

R. Mukundan: These are over two years, as has been mentioned. Beyond that, I think we will have to go through renewal process. Hopefully, we are able to renew them, and hopefully we continue to serve those customers well enough. Not just serve those customers, also pick up some additional customers.

Saurabh Jain: Okay, sure. Thank you so much. All the best, and I will join back the queue.

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

Abhijit Akella: Good evening. Thank you so much for taking my questions. The first one was on the Living Essentials segment. We see that the segment EBITat the consolidated levelis significantly below the segment EBIT at the stand-alone level, implying that the subsidiaries do seem to have made an EBIT loss. Is this primarily the UK salt operations? If so, is this because of the energy cost and other cost escalations there, and what is the outlook for that?

R. Mukundan: Yeah, it is mainly the UK operation, and mainly on account of the, I would say, bicarbonate and salt put together. The impact on salt is mainly coming in from, I would say, the higher gas and energy cost. In terms of bicarbonate, it also is coming in from the higher cost of getting the feedstock soda ash into the business, in addition to the energy cost.

So, I think that has fed into it as the energy costs moderate and as logistic costs moderate, these would come back to the normal levels. These have been very recent spike in the quarter 2, where some of these costs escalated very, very sharply.

Abhijit Akella: Understood. Okay. And then on the U.S. operations, just wanted to get your thoughts on, number one, the Searles Valley contract. What sort of contribution margins could we aspire to for at least the next couple of years that we have contracted? How will this be accounted for? The payment that you are making, will that be netted off against the revenues, or is it going to be amortized as an intangible over its lifetime?

Nandakumar Tirumalai: On that accounting treatment for this, it's an intangible treatment here. What we have paid them, $22 million, is over intangible over five years' time as an amortization part. And on the pricing

part, it's much more than the export option we have. Exact pricing we can't disclose, but I think it's substantially more than the export option which we currently have.

Abhijit Akella: Got it. Okay. Thank you.

R. Mukundan: Just to add. Abhijit, Nandu has said, because these are logistically closer to us, that is why the whole benefit of being in California and parts countries surrounding us, these markets are logistically much more efficient, and that plays into your netbacks at the plant level.

Abhijit Akella: Understood. One last thing from just on the U.S. operations, one more thing, please. The announcement by one of your U.S. peers to shut down and downsize. Do you see a broader trend around this across other producers in the U.S.? Is this something that maybe we may also have to consider, at least in parts of our capacity?

R. Mukundan: In terms of exports to Southeast Asia, as I said, they are fairly unremunerative. We are in the last leg of servicing whatever was left over. Most of them would have been done. We had taken this intent not to serve Southeast Asian market much, much before, much ahead of everybody else. We were only having residual contracts. There is no change in our strategy because we had come to the conclusion much ahead. We would continue to focus on what we call the Western world, which is North and South America, and also markets which continue to give positive netbacks post-contribution. There are parts of Asia which do that, but large parts of Asia don't do that.

Abhijit Akella: All right. Just the final quick thing from me. The cash flow statement shows the proceeds from sale of non-current investments of about INR796 crores. What exactly is this pertaining to, and what line of the balance sheet does it relate to? The second one is just, what is your capex budget for this year and next year now?

Nandakumar Tirumalai: On the first part, I thinkas discussed during our Q1 earnings call, this is a sale of investments we hold in group companies. We sold some of those shares in July, and that came to us, and we again used it to pay off debt in U.S. and U.K. It is part of our strategy to bring down debt. That is all the shares we are holding in group companies. If you look at, we hold around 8,000 crores of shares, which are at market value in the group company.

Abhijit Akella: Yeah, got it. Thank you. The capex budget, please, for this year and next year?

Nandakumar Tirumalai: Around INR 1,000 crores, Abhijit, for the current year. Next year, it should remain around the same level, without much change.

Abhijit Akella: Sorry, there are growth projects also. Is that included within this 1,000 crores will that be incremental?

R. Mukundan: No, it includes growth projects.

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

Moderator: Thank you. We have the next question from the line of Kartik Chawla, an Individual Investor. Please go ahead.

Kartik Chawla: Hi. I have a question regarding the monetization plan which you just mentioned, that you already sold some of the holdings you have in the group companies. Regarding monetization of the stake held by the company, Tata Sons as well, because I am not seeing any value, like the share performance and the performance has been not up to the mark. It would be better to reward the shareholders by just getting the value and knocking out?

Nandakumar Tirumalai: What we sold is the listed shares in the last quarter.

Kartik Chawla: No, I understand that, but the quantum of that is very small. If you see, like all the EBITDA you have earned over the last five years, that pales in comparison to the prospective value you would get out of selling the stake in Tata Sons. Because Tata Sons have already given an offer to SP Group. Even on those terms, you would make a lot of money, and it would be a good way to remunerate the shareholders, because again, the share, it is at five-year lows. Even we are at losses in this quarter, so it is not really good.

Nandakumar Tirumalai: We cannot comment on that as of now.

Moderator: Thank you very much. Ladies and gentlemen, we will take that as the last question. With that, we conclude the question-and-answer session. I now hand the conference back to the management for their closing comments. Thank you, and over to you, sir.

R. Mukundan: Thank you for joining us today and for your continued interest in our company. As discussed during the call, the operating environment continues to be shaped by geopolitical uncertainties, evolving trade dynamics, and inflationary pressures. Especially in the area of soda ash, the market remains oversupplied.

While these factors create near-term challenges, we remainconfident of the underlying strengthof our business. Our focus continues to be on operational excellence, disciplined cost management, customer centricity, and prudent capital allocation to navigate this cycle and create long-term value.

Thank you once again for joining the call. I wish you and your families a happy and prosperous Diwali. We look forward to speaking to you again when we announce Q3 of FY27 results. Thank you.

Moderator: Thank you, members of the management. On behalf of Tata Chemicals Limited, we conclude this conference. Thank you for joining us, and you may now disconnect your line.