kotak Securities

Dated: 4 Nov 2025

Tata Chemicals (TTCH) - SELL

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.875	**Rs.830**

Rationale:

- Reported weak Q2FY26 earnings, owing to margin pressures, particularly in the US.
- The near-term outlook for the soda ash market remains grim, amid overcapacity and demand softness.
- Antidumping duties in India may offer relief; contract renegotiations in US are a risk.
- We also see longer-term risk of goodwill impairment in North America.
- We trim FY26-28E EPS by 1-5% and revise our SoTP-based Fair Value, rolled forward to December 2026, to Rs830 (from Rs810).
- Minor tweaks to estimates; retain cautious stance. Retain SELL.

Positives:

- Plans to expand soda ash capacity by 500 KTPA in the coming years.

Negatives:

- Consolidated revenues fell 3.1% yoy, primarily due to lower realizations in the US business and a revenue decline yoy at Rallis.
- Consolidated EBITDA declined 13.1% yoy and 17.3% qoq.
- Indian business’ EBITDA margins, too, softened to 19.9% from 23.1% in Q1FY26.
- Net debt rose by Rs700 cr during H1FY26 to Rs5600 cr.
- Management projects flat demand at the global level in the near term.
- China has discovered a new trona reserve that is projected to add another 50 lakhs TPA of natural ash capacity within three years.

(EBITDA-Earnings before interest, tax, depreciation & amortization; EPS-Earnings per share)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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