

Tata Chemicals

Estimate change

TP change

Rating change



Bloomberg	TTCH IN
Equity Shares (m)	255
M.Cap.(INRb)/(USDb)	70.4 / 1
52-Week Range (INR)	344 / 197
1, 6, 12 Rel. Per (%)	14/23/22
12M Avg Val (INR M)	566

Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022E
Sales	103.6	103.0	115.9
EBITDA	19.5	18.6	22.1
PAT	8.1	7.2	9.6
EBITDA (%)	18.8	18.0	19.0
EPS (INR)	31.7	28.4	37.6
EPS Gr. (%)	(6.4)	(10.3)	32.4
BV/Sh. (INR)	506	521	543

Ratios

Net D/E	0.3	0.3	0.3
RoE (%)	6.4	5.5	7.1
RoCE (%)	6.7	5.3	6.4
Payout (%)	42.7	47.7	40.9

Valuations

P/E (x)	8.7	9.7	7.4
EV/EBITDA (x)	6.1	6.3	5.3
Div Yield (%)	4.0	4.0	4.5
FCF Yield (%)	(5.9)	9.3	8.6

Shareholding pattern (%)

As On	Mar-20	Dec-19	Mar-19
Promoter	34.6	31.1	30.6
DII	34.2	38.4	37.9
FII	9.3	9.8	10.1
Others	21.9	20.8	21.4

CMP: INR277

TP: INR318 (+15%)

Buy

Lower impact from weakness in RM

Miss on EBITDA due to lower-than-expected nos. in India/Africa and Rallis

- Revenue across geographies has been impacted during the quarter due to decline in volumes (in India, Europe, and Africa on supply chain disruption) and in realization (in India, North America, and Africa). This has resulted in 7% decline in consolidated revenue. However, benign energy prices and operational efficiencies have aided operating performance, leading to EBITDA de-growth of 10% only, considering certain TTCH geographies have witnessed decline in realizations.
- We have cut our earnings estimates by 19%/4% for FY21/FY22 – factoring the current supply chain disruption and demand scenario – and arrived at an SOTP-based TP of INR318. Maintain **Buy**.

Performance below expectation

- TTCH's consolidated revenue declined 7% YoY to INR23.8b (est. INR26.7b; ex-consumer), with the EBITDA margin contracting 60bp YoY to 16.8% (est. 18.5%). EBITDA de-grew 10% YoY to INR4b (est. INR4.9b). Adj. PAT declined 24% YoY to INR1.8b (est. INR2.2b). For FY20, revenue remained flat, with EBITDA growth of 9% YoY witnessed; however, adj PAT (from continuing operations) declined 6% YoY.
- India's** standalone operations revenue/EBITDA declined 15%/23%; this was on account of a 13%/7% drop in soda ash/bicarb volumes and lower realization, offset by 11% volume growth in salt. Despite 18% decline in the Basic Chemistry segment's revenue, EBIT declined by a mere 5% (the EBIT margin expanded 380bp to 27.8%), primarily owing to lower input cost, especially for energy.
- In **North America (NA)**, revenue declined 8% YoY, largely due to decline in realizations (volumes grew 0.5%), whereas EBITDA stood flat YoY. EBITDA/mt declined merely 2% YoY (to USD52), despite realizations declining 10% YoY (to USD204/mt), led by lower energy prices.
- Europe** witnessed significant improvement in EBITDA (up 1.9x) to INR510mn owing to a change in the sales mix (lower trading volumes) and lower gas prices; revenue declined 4% YoY.
- Africa's** soda ash volumes/realizations (in USD) declined 5%/15%, leading to revenue/EBITDA decline of 18%/65%; the logistics issue is impacting the overall business.
- Rallis'** revenue increased 1% YoY; however, EBITDA loss stood at INR120m v/s profit of INR70m posted last year. EBITDA was impacted sharply due to price pressure for some of the products in the international market; operations were also impacted due to the COVID-19-led lockdown as materials movement was affected due to supply chain disruption (revenue of INR300m was deferred to 1QFY21).

Highlights from management commentary

- Currently, the capacity utilization for TTCH NA and India stands at 80–85%, and Europe is reporting 100% utilization. Logistics / Supply chain issues have led to 70–75% utilization at TTCH's Magadi plant.
- Earlier, TTCH had committed capex of INR9b for FY21; however, it has currently scaled down.
- TTCH plans to enter into manufacturing operations for the pharma grade of salt.

Valuation and view

- Plants across locations are now operational, although at lower utilization levels. This is likely to weigh on performance in the near term; on the other hand, lower energy prices are likely to aid operating performance.
- TTCH is incurring capex of INR24b at its Mithapur plant for various categories, expected to come on line in a phased manner. TTCH's cash-cow business (soda ash and sodium bicarbonate) is expected to remain relatively stable; the cash generated from the same would be partially deployed toward the Specialty Chemicals segment.
- We have cut our earnings estimates by 19%/4% for FY21/FY22 – factoring in the current supply chain disruption and demand scenario – and arrived at an SOTP-based TP of INR318. Maintain Buy.

Consol. - Quarterly Earning Model**(INR M)**

Y/E March	FY19				FY20				FY19	FY20	FY20	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Net Sales	27,444	29,607	25,698	25,614	28,969	27,670	26,234	23,781	1,08,363	1,03,492	26,701	-11
YoY Change (%)	11.9	10.1	-0.2	0.2	5.6	-6.5	2.1	-7.2	5.5	-4.5	-3.2	
Total Expenditure	22,535	23,586	21,581	21,148	23,046	22,063	21,499	19,779	90,558	86,388	21,769	
EBITDA	4,910	6,020	4,117	4,466	5,923	5,607	4,735	4,002	17,805	19,492	4,932	-19
Margins (%)	17.9	20.3	16.0	17.4	20.4	20.3	18.0	16.8	16.4	18.8	18.5	
Depreciation	1,351	1,417	1,428	1,516	1,635	1,658	1,641	1,739	5,685	6,665	1,660	
Interest	887	921	948	822	944	861	755	855	3,537	3,419	744	
Other Income	1,064	1,233	953	851	879	923	586	756	4,095	3,111	650	
PBT before EO expense	3,735	4,916	2,695	2,978	4,223	4,011	2,925	2,163	12,677	12,519	3,178	
Extra-Ord expense	0	0	275	-1,646	80	0	208	-62,367	-2,944	-61,997	0	
PBT	3,735	4,916	2,419	4,623	4,143	4,011	2,717	64,531	15,621	74,517	3,178	
Tax	1,258	1,199	544	130	1,301	255	676	193	2,744	2,197	826	
Rate (%)	33.7	24.4	22.5	2.8	31.4	6.4	24.9	0.3	17.6	2.9	26.0	
MI & Profit/Loss of Asso. Cos.	338	499	74	407	756	799	580	123	1,317	2,257	185	
Reported PAT	2,140	3,217	1,801	4,087	2,086	2,957	1,462	64,215	11,559	70,063	2,167	
Adj PAT	2,140	3,217	2,076	2,442	2,166	2,957	1,670	1,847	8,615	8,066	2,167	-15
YoY Change (%)	23.9	24.6	-57.3	-21.1	1.2	-8.1	-19.6	-24.3	-29.7	-6.4	-30.3	
Margins (%)	7.8	10.9	8.1	9.5	7.5	10.7	6.4	7.8	8.0	7.8	8.1	

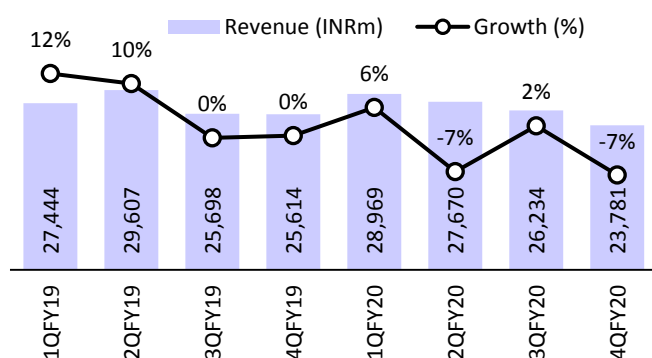
Sum of four quarters for FY19 and FY20 would not add up to the full year's numbers as past numbers have been restated for excluding Consumer Products' numbers.

Key Performance Indicators

Y/E March	FY19				FY20				FY19	FY20
Consolidated	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales Volume (000'MT)										
North America	536	555	569	550	541	570	569	553	2,210	2,233
Europe	108	109	110	104	92	104	97	101	431	394
Africa	55	72	80	79	79	74	40	75	286	268
EBITDA/MT										
North America (USD)	36.7	44.7	43.1	53.3	50.3	46.6	45.7	52.0	44.5	48.9
Europe (GBP)	45.7	33.2	13.9	28.3	18.2	49.2	53.1	56.0	30.2	39.7
Africa (USD)	-32.5	26.3	52.0	56.1	36.4	52.2	-32.0	20.7	30.4	28.5
Cost Break-up										
RM Cost (% of sales)	21.0	20.1	18.4	17.3	18.5	23.2	19.7	15.1	19.4	19.0
Staff Cost (% of sales)	12.3	11.8	13.4	11.9	12.4	12.2	13.5	14.3	12.8	13.3
Power and Fuel Cost (% of sales)	12.1	12.2	15.6	15.2	12.2	12.3	14.3	16.0	14.3	14.0
Freight and Distribution Cost (% of sales)	15.5	15.0	17.3	14.2	15.4	14.1	14.5	16.2	15.6	15.0
Other Cost (% of sales)	21.4	20.6	19.3	24.1	21.1	17.8	20.0	21.6	20.8	19.9
Gross Margins (%)	79.0	79.9	81.6	82.7	81.5	76.8	80.3	84.9	80.6	81.0
EBITDA Margins (%)	17.9	20.3	16.0	17.4	20.4	20.3	18.0	16.8	16.4	18.8
EBIT Margins (%)	13.0	15.5	10.5	11.5	14.8	14.3	11.8	9.5	11.2	12.4

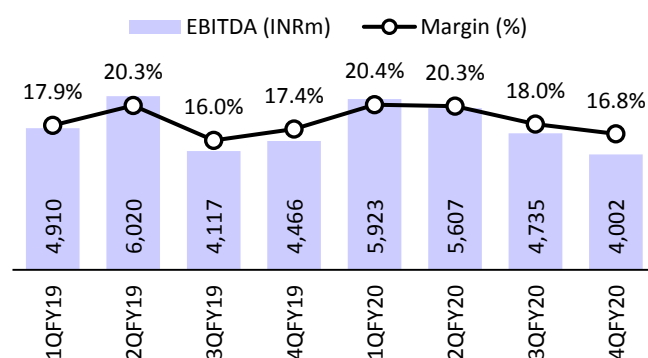
Key exhibits

Exhibit 1: Consolidated revenue trend



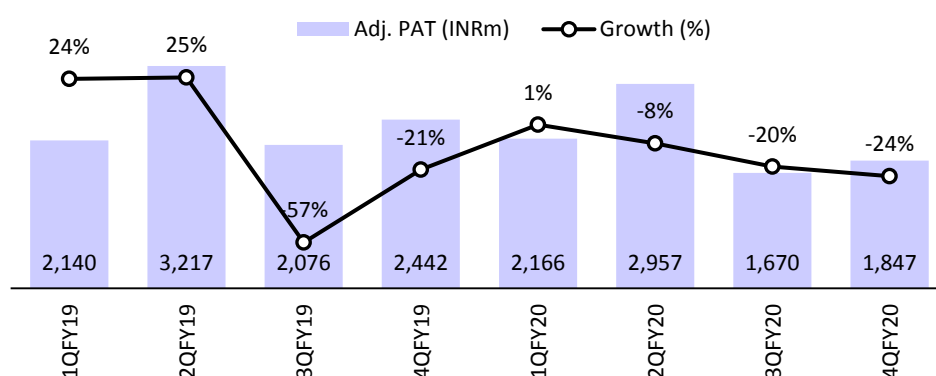
Source: Company, MOFSL

Exhibit 2: Consolidated EBITDA trend



Source: Company, MOFSL

Exhibit 3: Consolidated adj. PAT trend



Source: Company, MOFSL

Exhibit 4: Consolidated segmental revenue trend

INRm	4QFY19	3QFY20	4QFY20	%YoY	%QoQ
Revenue					
Basic Chemistry Products	22,144	20,095	19,987	-9.7%	-0.5%
Specialty Products	3,466	6,044	3,776	8.9%	-37.5%
Less : Inter segment revenue	29	32	9		
Add : Unallocated	33	127	28		
Total Revenue	25,614	26,234	23,781	-7.2%	-9.3%

Source: Company, MOFSL

Exhibit 5: Consolidated segmental EBIT trend

INR m	4QFY19	3QFY20	4QFY20	%YoY	%QoQ
EBIT					
Basic Chemistry Products	4,673	3,276	3,544	-24.2%	8.2%
Margin %	21.1%	16.3%	17.7%		
Specialty Products	-95	397	-368	NA	NA
Margin %	-2.7%	6.6%	-9.7%		
Total EBIT	4,579	3,673	3,176		
Less : Finance Cost	822	755	855		
Less : Unallocated (Income)/Expense	-200	-6	158		
PBT	3,957	2,925	2,163	-45.3%	-26.0%

Source: Company, MOFSL

Exhibit 6: Tata Chemicals standalone

INRm	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	%YoY	%QoQ	FY19	FY20
Soda Ash Sales Volume ('000MT)	169	171	172	182	163	154	158	159	-13%	1%	694	634
Sodium Bicarbonate Sales Volume ('000MT)	25	25	24	28	26	25	27	26	-7%	-4%	102	104
Salt Sales Volume ('000MT)	284	255	293	261	298	295	301	290	11%	-4%	1,093	1,184
Realization - Basic Chemistry Products (INR/MT)	15,476	16,376	15,261	18,107	14,457	14,604	15,005	14,808	-18%	-1%		
Net Sales	9,890	10,136	7,570	8,610	10,310	7,041	7,560	7,340	-15%	-3%	36,206	32,251
EBITDA	2,550	2,562	1,650	1,810	2,670	1,941	1,950	1,400	-23%	-28%	8,572	7,961
EBITDA (%)	26%	25%	21.8%	21.0%	25.9%	27.6%	25.8%	19.1%			23.7%	24.7%
PBT	3596	3805	1324	2748	3593	2398	1671	63791	2222%	3718%	11,472	71,453
PAT	2,639	2,951	890	1,722	2,625	2,346	1,371	1,179	-32%	-14%	8,202	7,519

Source: Company, MOFSL

Exhibit 7: Tata Chemicals North America

INRm	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	%YoY	%QoQ	FY19	FY20
Soda ash Utilization (%)	84%	90%	91%	86%	88%	91%	94%	91%			88%	91%
Sales Volume ('000MT)	536	555	569	550	541	570	569	553	1%	-3%	2,210	2,233
Realization (INR/MT)	14,272	15,459	15,624	15,818	15,619	15,544	15,325	14,467	-9%	-6%	14,968	15,219
Realization (USD/MT)	213	226	224	226	225	222	218	204	-10%	-6%	214	217
EBITDA/MT (USD)	37	45	43	53	50	47	46	52	-2%	14%	44	49
Net Sales	7,650	8,580	8,890	8,700	8,450	8,860	8,720	8,000	-8%	-8%	33,820	34,030
EBITDA	1,320	1,700	1,710	2,050	1,890	1,860	1,830	2,040	0%	11%	6,780	7,620
EBITDA (%)	17%	20%	19.2%	23.6%	22.4%	21.0%	21.0%	25.5%			20.0%	22.4%
PBT	520	890	800	2,340	910	860	790	920	-61%	16%	4,550	3,480
PAT	210	450	350	2,070	470	460	400	790	-62%	98%	3,080	2,120

Source: Company, MOFSL

Exhibit 8: Tata Chemicals Europe

INRm	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	%YoY	%QoQ	FY19	FY20
Sales Volume ('000MT)	108	109	110	104	92	104	97	101	-3%	4%	431	394
Realization (INR/MT)	33,056	32,385	33,727	36,635	33,370	32,404	35,876	36,139	-1%	1%	33,619	34,329
Realization (GBP/MT)	363	355	368	399	373	368	402	401	0%	0%	366	385
EBITDA/MT (GBP)	46	33	14	28	18	49	53	56	98%	5%	34	45
Net Sales	3,570	3,530	3,710	3,810	3,070	3,370	3,480	3,650	-4%	5%	14,620	13,570
EBITDA	450	330	140	270	150	450	460	510	89%	11%	1,190	1,570
EBITDA (%)	12.6%	9.3%	3.8%	7.1%	4.9%	13.4%	13.2%	14.0%			8.1%	11.6%
PBT	50	60	-350	-300	-150	80	80	130	NA	63%	-540	140
PAT	50	60	-350	-150	-150	80	80	130	NA	63%	-390	140

Source: Company, MOFSL

Exhibit 9: Tata Chemicals Africa

INRm	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	%YoY	%QoQ	FY19	FY20
Soda ash Utilization (%)	61%	87%	89%	94%	94%	66%	72%	71%			83%	75%
Sales Volume ('000MT)	55	72	80	79	79	74	40	75	-5%	88%	286	268
Realization (INR/MT)	17,273	17,778	18,000	17,848	15,570	18,784	19,750	15,333	-14%	-22%	18,034	18,207
Realization (USD/MT)	258	259	258	255	224	269	281	216	-15%	-23%	258	259
EBITDA/MT (USD)	-33	26	52	56	36	52	-32	21	-63%	NA	30	28
Net Sales	950	1,280	1,440	1,410	1,230	1,390	790	1,150	-18%	46%	5,080	4,560
EBITDA	-120	130	290	310	200	270	-90	110	-65%	NA	610	490
EBITDA (%)	-13%	10%	20.1%	22.0%	16.3%	19.4%	-11.4%	9.6%			12.0%	10.7%
PBT	-250	40	190	230	90	160	-20	-40	NA	100%	210	190
PAT	-250	40	190	230	90	160	-20	-40	NA	100%	210	190

Source: Company, MOFSL



4QFY20 conference call highlights

- **Plants operations:** Units in the UK, US, and Magadi are operational; however, logistical issues are resulting in slower operations at ports. The India unit is operating continuously. Operations were temporarily suspended at the Nellore, Sriperumbadur, and Cuddalore facilities, but were resumed from 11th May 2020.
- **Demand dynamics for soda ash:** Demand from sectors such as Food and Pharma is holding fine; Real Estate sector demand has been affected, thereby affecting the sale of flat glass. Demand for container glass stands moderately impacted.
- **India's soda ash demand situation:** Demand for detergents has not witnessed any major impact, whereas container glass demand has been affected due to lower sales in end user industries. However, sales are starting to revive currently. Demand for flat glass manufacturing (accounting for 25% of India's soda ash volumes) has been impacted due to lower car sales and lower demand in Real Estate; it is likely to take some time to revive.
- **Capex:** TTCH had earlier committed capex of INR9b for FY21; however, it has currently scaled down. Capex for the Energy Science division may see some delay due to the current scenario.
- **Anti-dumping duty (ADD) in India for soda ash:** ADD investigations have been initiated for imports from North America and Turkey; public hearings are yet to commence. An anti-subsidy investigation on soda ash imports from Turkey is also underway.
- **Margins:** As per management, margins in the soda ash business are generally not volatile.
- Price increase announced by TTCH NA is usually indicative price increase; depending on the market scenario and size of the customer base, the same is realized.
- In India, Mithapur has been producing all products with additional emphasis on salt and bicarb as both products fall under the Essential Commodities category. The soda ash plant is currently operating at 80–85% and has been on the rise.
- China's soda ash plants would likely run at 70–75% utilization level; this is likely to keep demand–supply dynamics in balance. Turkey's plants have been set up using debt; thus, no material decline would be witnessed in prices.
- The difference in the fair value and carrying amount of net assets in the Consumer Products Biz (CPB) as of 1st April 2019 is recognized as gains on the de-merger of CPB in the P&L as an exceptional item amounting to INR62b.

Valuation

- Plants across locations are now operational, although at lower utilization levels. This is likely to weigh on performance in the near term; on the other hand, lower energy prices are likely to aid operating performance.
- TTCH is incurring capex of INR24b at its Mithapur plant for various categories, expected to come on line in a phased manner. TTCH's cash-cow business (soda ash and sodium bicarbonate) is expected to remain relatively stable; the cash generated from the same would be partially deployed toward the Specialty Chemicals segment.
- Incrementally, the company intends to deploy capital toward the high RoCE Specialty Chemicals business (HDS and Nutraceuticals).
- We have cut our earnings estimates by 19%/4% for FY21/FY22 – factoring in the current supply chain disruption and demand scenario – and arrived at an SOTP-based TP of INR318. Maintain **Buy**.

Exhibit 10: Valuation methodology

Business	Methodology	Metrics	FY22	Multiple (x)	EV/ MCAP (INR m)
Commodity (INR m)					
Inorganic Chemical India (Soda Ash & others) (Inc mfg Salt)	EV/EBITDA (x)	EBITDA	8,636	5	43,180
Tata Chemicals North America	EV/EBITDA (x)	EBITDA	7,722	6.0	46,331
Tata Chemicals Europe and Tata Chemicals Africa	EV/EBITDA (x)	EBITDA	2,202	5.0	11,008
Sub Total					1,00,519
Speciality and Consumer (INR m)					
Rallis India Ltd (Tata Chemicals hold 50%) (INR mn)	20% discount to Current MCAP	Attributable Mcap	40,255	0.8	16,102
Total EV (INR mn)					1,16,621
Less: Debt (INR mn)					74,272
Less: Minority Interest (INR mn)					7,638
Add: Cash & Liquid investment (INR mn)					35,851
Add: Value of quoted Investment (INR mn)		Mcap	12,986	0.8	10,389
Target Mcap (INR m)					80,952
Outstanding share (m)					255
Target Price (INR)					318
CMP (INR)					277
Upside (%)					15%

Source: MOFSL

Exhibit 11: Estimates change

Earnings Change (INR m)	Old		New		Change	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Revenue	1,10,789	1,20,482	1,02,985	1,15,867	-7%	-4%
EBITDA	21,476	23,372	18,560	22,053	-14%	-6%
Adj. PAT	8,939	10,001	7,232	9,577	-19%	-4%

Source: MOFSL

Financials and valuations

Consolidated - Income Statement

(INR M)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Total Income from Operations	1,52,202	1,03,461	1,02,697	1,03,367	1,03,568	1,02,985	1,15,867
Change (%)	-13.4	-32.0	-0.7	0.7	0.2	-0.6	12.5
Total Expenditure	1,31,285	82,518	80,790	85,563	84,076	84,424	93,814
EBITDA	20,917	20,943	21,907	17,805	19,492	18,560	22,053
Margin (%)	13.7	20.2	21.3	17.2	18.8	18.0	19.0
Depreciation	5,261	5,122	5,180	5,685	6,665	6,929	7,286
EBIT	15,657	15,821	16,727	12,120	12,827	11,631	14,766
Int. and Finance Charges	5,255	2,973	3,256	3,537	3,419	3,602	3,613
Other Income	1,253	1,661	1,595	4,095	3,111	2,884	3,013
PBT bef. EO Exp.	11,655	14,510	15,066	12,677	12,519	10,912	14,166
EO Items	0	0	643	703	0	0	0
PBT after EO Exp.	11,655	14,510	15,709	13,381	12,519	10,912	14,166
Total Tax	2,484	3,460	601	2,744	2,197	2,673	3,471
Tax Rate (%)	21.3	23.8	3.8	20.5	17.5	24.5	24.5
Minority Interest	2,207	2,254	2,202	1,317	2,257	1,007	1,118
Reported PAT - Continuing Ops.	6,964	8,796	12,906	9,319	8,066	7,232	9,577
Adjusted PAT - Continuing Ops.	6,964	8,796	12,263	8,615	8,066	7,232	9,577
Change (%)	-12.5	26.3	39.4	-29.7	-6.4	-10.3	32.4
Margin (%)	4.6	8.5	11.9	8.3	7.8	7.0	8.3
Reported PAT - Discontinuing Ops.	742	1,135	11,425	2,240	61,997	0	0
Reported PAT	7,706	9,931	24,331	11,559	70,063	7,232	9,577
Adjusted PAT	7,706	9,931	23,687	10,856	70,063	7,232	9,577

Consolidated - Balance Sheet

(INR M)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Equity Share Capital	2,548	2,548	2,548	2,548	2,548	2,548	2,548
Total Reserves	65,995	76,534	1,08,469	1,20,865	1,26,428	1,30,212	1,35,872
Net Worth	68,543	79,082	1,11,017	1,23,413	1,28,977	1,32,760	1,38,420
Minority Interest	25,985	26,239	27,172	29,147	7,638	7,638	7,638
Total Loans	90,904	70,483	64,180	61,430	77,020	76,271	74,272
Lease liability	0	0	0	0	1,880	1,880	1,880
Deferred Tax Liabilities	12,348	12,381	11,916	12,972	14,379	14,379	14,379
Capital Employed	1,97,780	1,88,185	2,14,284	2,26,961	2,29,894	2,32,928	2,36,589
Gross Block	1,20,671	1,20,011	1,26,061	1,38,124	1,61,488	1,68,488	1,78,488
Less: Accum. Deprn.	5,490	10,612	15,792	21,477	28,141	35,071	42,357
Net Fixed Assets	1,15,181	1,09,400	1,10,269	1,16,648	1,33,346	1,33,417	1,36,130
Goodwill on Consolidation	17,619	16,984	17,319	18,590	19,542	19,542	19,542
Capital WIP	5,015	3,331	4,089	7,738	8,350	8,500	8,500
Current Investments	94	2,205	918	22,523	16,010	16,010	16,010
Total Investments	21,879	27,931	28,683	56,425	43,060	43,060	43,060
Curr. Assets, Loans&Adv.	83,769	78,459	98,427	69,648	73,223	74,853	78,108
Inventory	19,319	13,861	14,623	17,256	18,692	19,092	21,110
Account Receivables	35,656	20,922	13,079	14,525	15,799	15,800	17,459
Cash and Bank Balance	12,654	16,648	44,830	19,522	20,795	21,424	19,841
Loans and Advances	16,140	27,028	25,895	18,346	17,937	18,537	19,697
Curr. Liability & Prov.	45,682	47,919	44,502	42,088	47,628	46,444	48,752
Account Payables	16,818	13,182	14,786	14,753	16,309	15,405	16,888
Other Current Liabilities	7,923	14,117	10,908	9,492	12,015	11,843	13,325
Provisions	20,941	20,621	18,808	17,843	19,304	19,196	18,539
Net Current Assets	38,086	30,540	53,925	27,560	25,595	28,409	29,357
Appl. of Funds	1,97,780	1,88,185	2,14,284	2,26,961	2,29,894	2,32,928	2,36,589

Financials and valuations

Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Basic (INR)							
EPS	27.3	34.5	48.1	33.8	31.7	28.4	37.6
Cash EPS	48.0	54.6	68.5	56.1	57.8	55.6	66.2
BV/Share	269.0	310.3	435.7	484.3	506.1	521.0	543.2
DPS	10.0	11.0	22.0	12.5	11.0	11.0	12.5
Payout (%)	45.0	39.2	53.4	42.0	42.7	47.7	40.9
Valuation (x)							
P/E		8.0	5.7	8.2	8.7	9.7	7.4
Cash P/E		5.1	4.0	4.9	4.8	5.0	4.2
P/BV		0.9	0.6	0.6	0.5	0.5	0.5
EV/Sales		1.4	1.1	1.2	1.1	1.1	1.0
EV/EBITDA		7.1	5.3	6.7	6.1	6.3	5.3
Dividend Yield (%)		4.0	8.0	4.5	4.0	4.0	4.5
FCF per share		113.3	76.9	19.7	-16.3	25.7	23.7
Return Ratios (%)							
RoE	11.2	11.9	12.9	7.4	6.4	5.5	7.1
RoCE	8.9	8.6	10.9	7.2	6.7	5.3	6.4
Core RoCE	14.0	10.8	15.6	11.2	10.5	8.3	9.9
RoIC	8.6	8.1	11.6	6.9	7.0	5.5	6.9
Working Capital Ratios							
Fixed Asset Turnover (x)	1.3	0.9	0.8	0.7	0.6	0.6	0.6
Asset Turnover (x)	0.8	0.5	0.5	0.5	0.5	0.4	0.5
Inventory (Days)	119	244	304	315	347	347	350
Debtor (Days)	86	74	46	51	56	56	55
Creditor (Days)	103	232	307	269	302	280	280
Leverage Ratio (x)							
Current Ratio	1.8	1.6	2.2	1.7	1.5	1.6	1.6
Interest Cover Ratio	3.0	5.3	5.1	3.4	3.8	3.2	4.1
Net Debt/Equity	1.1	0.7	0.2	0.2	0.3	0.3	0.3

Consolidated - Cash Flow Statement

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
OP/(Loss) before Tax	12,935	16,522	15,066	17,304	12,519	10,912	14,166
Depreciation	5,714	5,522	5,180	5,714	6,665	6,929	7,286
Interest & Finance Charges	5,946	4,645	1,661	3,653	308	719	600
Direct Taxes Paid	-3,645	-4,516	-601	-4,849	-2,197	-2,673	-3,471
(Inc)/Dec in WC	-652	12,103	4,797	-2,144	506	-2,186	-2,530
CF from Operations	20,298	34,276	26,103	19,678	17,801	13,701	16,052
Others	3,022	1,033	643	-3,865	0	0	0
CF from Operating incl EO	23,319	35,309	26,746	15,813	17,801	13,701	16,052
(Inc)/Dec in FA	-6,865	-6,429	-7,142	-10,795	-21,962	-7,150	-10,000
Free Cash Flow	16,454	28,880	19,604	5,018	-4,161	6,551	6,052
(Pur)/Sale of Investments	-90	-2,064	-752	-19,711	13,364	0	0
Others	-337	588	1,595	10,924	-15,085	2,884	3,013
CF from Investments	-7,292	-7,905	-6,300	-19,582	-23,682	-4,266	-6,987
Issue of Shares	0	0	0	0	0	0	0
Inc/(Dec) in Debt	-6,098	-14,117	-6,303	-5,714	12,625	-749	-1,998
Interest Paid	-6,202	-4,456	-3,256	-2,939	-3,419	-3,602	-3,613
Dividend Paid	-3,820	-3,056	-6,895	-6,725	-3,448	-3,448	-3,918
Others	-1,897	-1,781	24,190	-6,162	1,396	-1,007	-1,118
CF from Fin. Activity	-18,017	-23,409	7,736	-21,540	7,154	-8,806	-10,647
Inc/Dec of Cash	-1,989	3,995	28,182	-25,309	1,273	629	-1,583
Opening Balance	14,643	12,654	16,649	44,831	19,522	20,795	21,424
Closing Balance	12,654	16,649	44,831	19,522	20,795	21,424	19,841

Numbers excludes performance of consumer segment (salt and others) from FY19 onwards

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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