MOTILAL OSWAL

3 August 2020

1QFY21 Results Update | Sector: Chemicals

Tata Chemicals

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	TTCH IN
Equity Shares (m)	255
M.Cap.(INRb)/(USDb)	75.9 / 1
52-Week Range (INR)	344 / 197
1, 6, 12 Rel. Per (%)	-6/-1/21
12M Avg Val (INR M)	570

Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022E
Sales	103.6	100.4	113.1
EBITDA	19.5	16.8	21.1
PAT	8.1	4.8	8.5
EBITDA (%)	18.8	16.7	18.7
EPS (INR)	31.7	18.7	33.5
EPS Gr. (%)	(6.4)	(40.8)	78.9
BV/Sh. (INR)	506	511	529
Ratios			
Net D/E	0.3	0.3	0.3
RoE (%)	6.4	3.7	6.4
RoCE (%)	6.7	4.2	5.9
Payout (%)	42.7	72.2	45.9
Valuations			
P/E (x)	9.4	15.9	8.9
EV/EBITDA (x)	6.4	7.4	5.7
Div Yield (%)	3.7	3.7	4.2
FCF Yield (%)	(5.5)	7.8	11.7

Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	34.6	34.6	30.6
DII	32.0	34.2	37.7
FII	11.2	9.3	10.7
Others	22.2	21.9	21.0

CMP: INR298 **TP: INR368 (+24%)** **Buy**

North America drags down overall performance

Performance below expectations

- Tata Chemicals (TTCH)'s operating performance was muted across geographies (barring Europe) and in Rallis. This was primarily led by North America (NA), wherein EBITDA declined 81% YoY on lower volume offtake.
- The Soda Ash segment's performance was impacted by a reduction in demand from the end user industry (largely for flat and container glass). Factoring the miss in our estimates and a weak end user industry demand scenario, we cut our EBITDA estimates by 14%/6% for FY21/FY22 and arrive at an SOTP-based TP of INR368. Maintain **Buy**.

Europe and Rallis on strong footing

- TTCH's consolidated revenue declined 9% YoY to INR23.5b (est.: INR24.7b), with the EBITDA margin contracting 460bp YoY to 15.3% (est.: 18.3%). This was primarily on account of the absence of operating leverage and higher RM cost, offset by lower freight and power costs. EBITDA de-grew 30% YoY to INR3.6b (est.: INR4.5b). Adj. PAT declined 92% YoY to INR133m (est.: INR1,824m); decline in adj. PAT was higher due to higher interest cost (+25% YoY), higher depreciation (+17% YoY), and lower other income (-32% YoY). Other income declined on lower interest income and dividends.
- **India's** standalone operations revenue/EBITDA declined 13%/18%. This was on account of a 28%/22% drop in soda ash/bicarb volumes and lower realization, offset by 26% volume growth in salt. The Basic Chemistry segment's revenue/EBIT declined by 14%/ 22% during the quarter.
- In **North America (NA)**, revenue declined 27% YoY due to a 28% drop in volumes (exports / domestic volumes declined 45% / 13% YoY). Additionally, realization also fell ~7% YoY (to USD211/mt), whereas currency benefit of 9% led to an overall realization increase of 2% YoY (to INR15,995/mt). EBITDA/mt plunged by 76% YoY (to USD12), with EBITDA contracting 81% YoY (to INR350m) due to negative operating leverage. PBT loss stood at INR1,190m v/s profit of INR910m last year as the company reported a one-time cost of INR380m toward the refinancing of US borrowings.
- In **Europe,** revenue grew a mere 3% YoY; EBITDA was up 56% YoY on a change in the sales mix (lower trading volumes; bicarb volumes were up 25% YoY, whereas soda ash declined 9% YoY). Blended EBITDA/mt increased by 44% YoY (to GBP32).
- **Africa's** soda ash volumes/realizations (in USD) declined 10%/20%, leading to a revenue/EBITDA decrease of 21%/50%.
- **Rallis'** revenue increased 6% YoY on account of higher volumes in major products; EBITDA was up 31% YoY.

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Highlights from management commentary

- Aggregate capex was earlier guided for INR24b for Mithapur; INR6b of this has already been spent, and the remaining INR18b would be spent over the next 2–2.5 years.
- Gross debt was at INR70b as of Jun'20 v/s INR77b as of March'20. Net debt stood at INR37.6b as of June'20 v/s INR40.4b as of March'20.
- Many plants in China have extended their maintenance shutdowns. However, historically, plants that have been in maintenance shutdown for more than a year mostly do not come back into the system. 2–5mmt of capacity is expected to be reduced from the China market.

Valuation and view

- Plants across locations are now operational. However, the key bottleneck is in terms of demand from the end user industry, which is dragging down performance. Demand for soda ash is under pressure as demand for flat glass, which finds application in the Real Estate and Auto sectors, remains muted. This is likely to weigh on performance in the near term.
- 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; cash generated from the business would be partially deployed toward the Specialty Chemicals segment.
- Factoring the miss in our estimates and a weak end user industry demand scenario, we cut our EBITDA estimates by 14%/6% for FY21/FY22 and arrive at an SOTP-based TP of INR368. Maintain Buy.

Consolidated - Quarterly Earning Model **(INR Million)**

Y/E March	FY20				FY21						FY21	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY20	FY21	1QE	%
Net Sales	**25,840**	**27,670**	**26,234**	**23,781**	**23,482**	**26,698**	**25,611**	**24,632**	**1,03,492**	**1,00,422**	**24,684**	**-5**
YoY Change (%)	-5.8	-6.5	2.1	-7.2	-9.1	-3.5	-2.4	3.6	-4.5	-3.0	-14.8	
Total Expenditure	20,691	22,063	21,499	19,779	19,884	22,264	21,136	20,328	84,033	83,612	20,162	
EBITDA	**5,149**	**5,607**	**4,735**	**4,002**	**3,598**	**4,434**	**4,475**	**4,304**	**19,492**	**16,810**	**4,522**	**-20**
Margins (%)	19.9	20.3	18.0	16.8	15.3	16.6	17.5	17.5	18.8	16.7	18.3	
Depreciation	1,627	1,658	1,641	1,739	1,899	1,910	1,920	1,930	6,665	7,659	1,745	
Interest	941	861	755	855	1,179	799	770	760	3,419	3,507	875	
Other Income	869	923	586	756	587	650	586	756	3,111	2,578	808	
PBT before EO expense	**3,450**	**4,011**	**2,925**	**2,163**	**1,107**	**2,375**	**2,371**	**2,369**	**12,519**	**8,222**	**2,710**	
Extra-Ord expense	44	0	208	-62,367	0	0	0	0	-61,997	0	0	
PBT	**3,406**	**4,011**	**2,717**	**64,531**	**1,107**	**2,375**	**2,371**	**2,369**	**74,517**	**8,222**	**2,710**	
Tax	1,116	255	676	193	358	582	581	580	2,197	2,101	664	
Rate (%)	32.8	6.4	24.9	0.3	32.3	24.5	24.5	24.5	2.9	25.6	24.5	
MI & Profit/Loss of Asso. Cos.	756	799	580	123	616	407	201	124	2,257	1,348	222	
Reported PAT	**1,535**	**2,957**	**1,462**	**64,215**	**133**	**1,386**	**1,589**	**1,665**	**70,063**	**4,773**	**1,824**	
Adj PAT	**1,579**	**2,957**	**1,670**	**1,847**	**133**	**1,386**	**1,589**	**1,665**	**8,066**	**4,773**	**1,824**	**-93**
YoY Change (%)	-26.2	-8.1	-19.6	-24.3	-91.6	-53.1	-4.8	-9.9	-6.4	-40.8	-15.8	
Margins (%)	6.1	10.7	6.4	7.8	0.6	5.2	6.2	6.8	7.8	4.8	7.4	

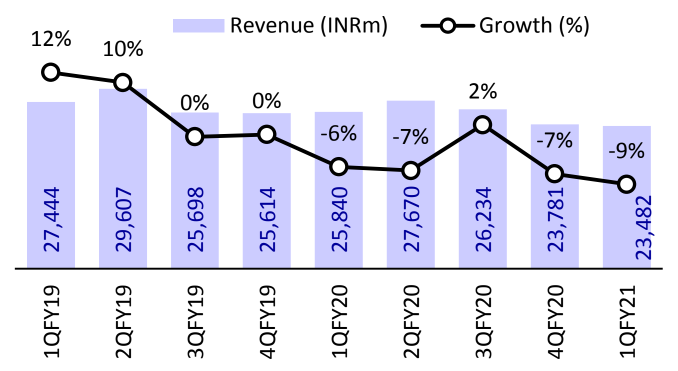
Sum of four quarters for FY20 would not add up to the full year's numbers as past numbers have been restated

Key Performance Indicators

Y/E March	FY20				FY21				FY20	FY21
Consolidated	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Sales Volume (000'mt)										
North America	539	570	569	553	387	456	512	536	2,231	1,892
Europe	92	104	97	101	92	105	98	103	394	398
Africa	63	74	40	75	57	68	72	77	252	274
EBITDA/mt										
North America (USD)	50.5	46.6	45.7	52.0	11.9	25.5	37.0	43.0	49.0	30.8
Europe (GBP)	21.9	49.2	53.1	56.0	31.6	40.0	50.0	50.0	40.4	43.1
Africa (USD)	45.7	52.2	-32.0	20.7	23.1	25.0	25.0	25.0	29.9	24.6
Cost Breakup										
RM Cost (% of sales)	17.4	23.2	19.7	15.1	25.2	23.0	19.5	15.0	19.0	20.6
Staff Cost (% of sales)	13.3	12.2	13.5	14.3	14.3	12.2	12.5	13.0	13.3	13.0
Power and Fuel Cost (% of sales)	13.6	12.3	14.3	16.0	12.1	12.3	14.3	16.0	14.0	13.7
Freight and Distribution Cost (% of sales)	15.4	14.1	14.5	16.2	13.3	14.2	14.5	16.4	15.0	14.6
Other Cost (% of sales)	20.3	17.8	20.0	21.6	19.7	21.6	21.7	22.1	19.9	21.3
Gross Margins (%)	82.6	76.8	80.3	84.9	74.8	77.0	80.5	85.0	81.0	79.4
EBITDA Margins (%)	19.9	20.3	18.0	16.8	15.3	16.6	17.5	17.5	18.8	16.7
EBIT Margins (%)	13.6	14.3	11.8	9.5	7.2	9.5	10.0	9.6	12.4	9.1

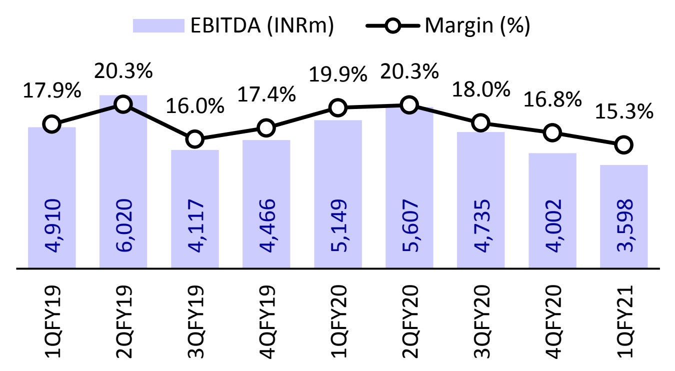
Key exhibits

Exhibit 1: Consolidated revenue trend



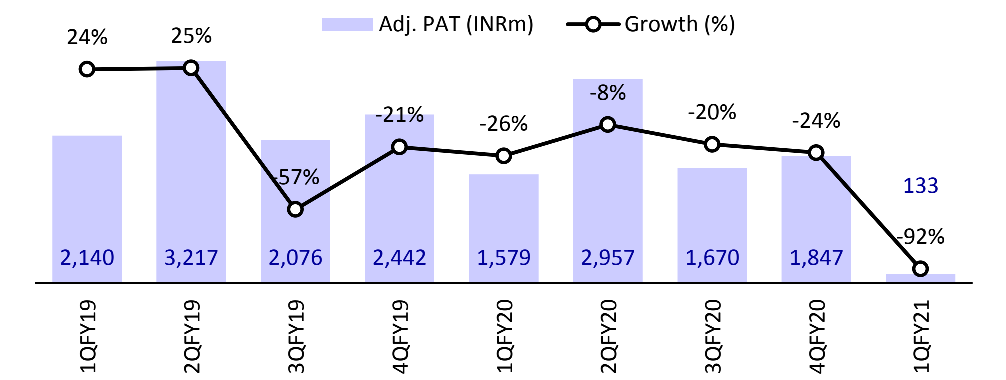
Source: Company, MOFSL

Exhibit 2: Consolidated EBITDA trend



Source: Company, MOFSL

Exhibit 3: Consolidated adj. PAT trend



Source: Company, MOFSL

Exhibit 4: Consolidated segmental revenue trend

INR m	1QFY20	4QFY20	1QFY21	%YoY	%QoQ
Revenue					
Basic Chemistry Products	19,493	19,987	16,723	-14.20%	-16.30%
Specialty Products	6,337	3,776	6,759	6.60%	79.00%
Less: Inter-segment revenue	25	9	27		
Add: Unallocated	36	28	27		
Total Revenue	**25,840**	**23,781**	**23,482**	**-9.10%**	**-1.30%**

Source: Company, MOFSL

Exhibit 5: Consolidated segmental EBIT trend

INR m	1QFY20	4QFY20	1QFY21	%YoY	%QoQ
EBIT					
Basic Chemistry Products	3,182	3,544	1,117	-64.9%	-68.5%
Margin %	16.3%	17.7%	6.7%		
Specialty Products	755	-368	934	23.6%	-354.0%
Margin %	11.9%	-9.7%	13.8%		
Total EBIT	**3,937**	**3,176**	**2,051**		
Less: Finance Cost	941	855	1,179		
Less: Unallocated (Income)/Expense	-453	158	-235		
PBT	**3,450**	**2,163**	**1,107**	**-67.9%**	**-48.9%**

Source: Company, MOFSL

Exhibit 6: Standalone operational performance trend

INR m	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	%YoY	%QoQ
Soda Ash Sales Volume ('000mt)	171	172	182	163	154	158	159	118	-28%	-26%
Sodium Bicarbonate Sales Volume ('000mt)	25	24	28	27	25	27	26	21	-22%	-19%
Salt Sales Volume ('000mt)	255	293	261	237	295	301	290	298	26%	3%
Realization - Basic Chemistry Products (INR/mt)	16,376	15,261	18,107	16,576	14,604	15,005	14,808	14,007	-16%	-5%
Net Sales	10,136	7,570	8,610	7,190	7,041	7,560	7,340	6,280	-13%	-14%
EBITDA	2,562	1,650	1,810	1,890	1,941	1,950	1,400	1,560	-17%	11%
EBITDA (%)	25%	21.8%	21.0%	26.3%	27.6%	25.8%	19.1%	24.8%		
PBT	3,805	1,324	2,748	2,563	2,398	1,671	63,791	1,423	-44%	-98%
PAT	2,951	890	1,722	2,056	2,346	1,371	1,179	1,088	-47%	-8%

Source: Company, MOFSL

Exhibit 7: North America operational performance trend

INR m	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	%YoY	%QoQ
Soda ash Utilization (%)	90%	91%	86%	88%	91%	94%	91%	60%		
Sales Volume ('000mt)	555	569	550	539	570	569	553	387	-28%	-30%
Realization (INR/mt)	15,459	15,624	15,818	15,677	15,544	15,325	14,467	15,995	2%	11%
Realization (USD/mt)	226	224	226	226	222	218	204	211	-7%	3%
EBITDA/mt (USD)	45	43	53	50	47	46	52	12	-76%	-77%
Net Sales	8,580	8,890	8,700	8,450	8,860	8,720	8,000	6,190	-27%	-23%
EBITDA	1,700	1,710	2,050	1,890	1,860	1,830	2,040	350	-81%	-83%
EBITDA (%)	20%	19.2%	23.6%	22.4%	21.0%	21.0%	25.5%	5.7%		
PBT	890	800	2,340	910	860	790	920	-1,190	-231%	-229%
PAT	450	350	2,070	470	460	400	790	-1,070	-328%	-235%

Source: Company, MOFSL

Exhibit 8: Europe operational performance trend

INR m	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	%YoY	%QoQ
Sales Volume ('000mt)	109	110	104	92	104	97	101	92	0%	-9%
Realization (INR/mt)	32,385	33,727	36,635	33,370	32,404	35,876	36,139	34,348	3%	-5%
Realization (GBP/mt)	355	368	399	373	368	402	401	356	-5%	-11%
EBITDA/mt (GBP)	33	14	28	22	49	53	56	32	44%	-44%
Net Sales	3,530	3,710	3,810	3,070	3,370	3,480	3,650	3,160	3%	-13%
EBITDA	330	140	270	180	450	460	510	280	56%	-45%
EBITDA (%)	9.3%	3.8%	7.1%	5.9%	13.4%	13.2%	14.0%	8.9%		
PBT	60	-350	-300	-150	80	80	130	-150	0%	-215%
PAT	60	-350	-150	-150	80	80	130	-150	0%	-215%

Source: Company, MOFSL

Exhibit 9: Africa operational performance trend

INR m	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	%YoY	%QoQ
Soda ash Utilization (%)	87%	89%	94%	90%	66%	72%	71%	65%		
Sales Volume ('000mt)	72	80	79	63	74	40	75	57	-10%	-24%
Realization (INR/mt)	17,778	18,000	17,848	20,000	18,784	19,750	15,333	17,544	-12%	14%
Realization (USD/mt)	259	258	255	288	269	281	216	231	-20%	7%
EBITDA/mt (USD)	26	52	56	46	52	-32	21	23	-49%	12%
Net Sales	1,280	1,440	1,410	1,260	1,390	790	1,150	1,000	-21%	-13%
EBITDA	130	290	310	200	270	-90	110	100	-50%	-9%
EBITDA (%)	10%	20.1%	22.0%	15.9%	19.4%	-11.4%	9.6%	10.0%		
PBT	40	190	230	90	160	-20	-40	-20	-122%	-50%
PAT	40	190	230	90	160	-20	-40	-20	-122%	-50%

Source: Company, MOFSL

Exhibit 10: Capacity expansion timeline

Source: Company, MOFSL

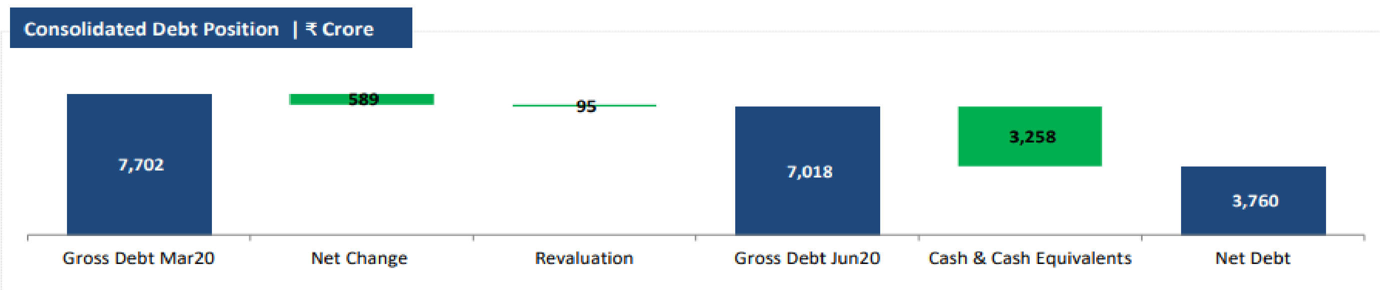
Exhibit 11: Region-wise performance during the quarter

Business Units	Key Highlights	TCL Split between Domestic & Exports Vols. (In Kts)	Impact on TCL Performance
India	• Demand is returning, but growth subdued • Flat Glass industry tend to de grow, it's operations started after 3 months of Lockdown • Good demand from Soaps and Detergents industry • Container glass fared better than flat glass but still with negative growth	Q1 FY20: 163 Q1 FY21: 118	Volumes ↓ ~27%
US	• Domestic Flat Glass demand drop by 20% • Export demand significantly low driven by Flat glass line closures • Container glass demand in export markets also soft • Domestic Container Glass demand less impacted	Q1 FY20: 251, 288 Q1 FY21: 138, 250	Domestic Volume ↓~13% Export Volume ↓~45%
UK	• Container Glass demand remained relatively stable; minor impact on account of closure of hospitality sector • Detergent and Bicarb demand grew • Flat glass lines closed; TCE has negligible sales into that sector	Q1 FY20: 68 Q1 FY21: 62	Volumes ↓~9%
Africa	• Container Glass demand remained relatively stable	Q1 FY20: 45, 18 Q1 FY21: 41, 17	Domestic Volume ↓~6% Export Volume ↓~10%

Exports Domestic

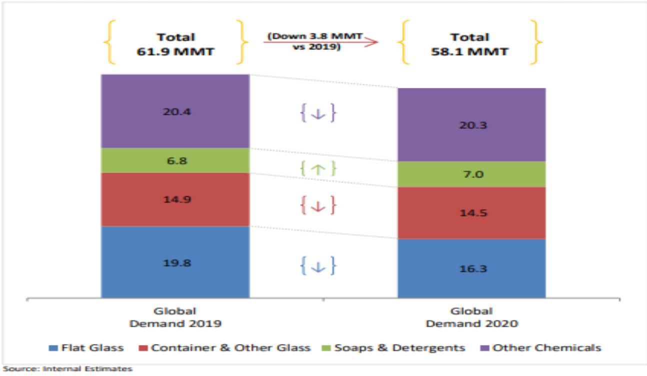
Source: Company, MOFSL

Exhibit 12: Borrowing position as of June 2020



Source: Company, MOFSL

Exhibit 13: Global soda ash demand situation



Market Size shrinks; Led by Flat Glass Industry

- Capacity is estimated to be operating at ~80% vs. historic of ~86%; Demand reduction of 6% vs 2019
- Reduction in demand from Flat Glass Industry is estimated to be ~18%
- Soaps & Detergents less impacted with estimated growth of ~3%
- Solar Glass in Asia continues to grow
- Container glass and Other glass is down by 3% but recovering
- Spot prices already seeing a decline, contract prices may follow soon

Source: Company

Conference call highlights

India standalone operations

- Good demand was witnessed for Soda Ash from the Soaps and Detergents segments as they are classified as essential commodities. However, this was offset by weak demand in the Flat Glass (mainly from Automotive and Real Estate) and Container Glass segments throughout the lockdown period. But, demand is slowly returning to normal in these segments.
- Salt manufacturing in Mithapur continues to expand. Production and sales were the highest in the first quarter, with no supply disruption seen throughout the lockdown.
- Limited operations commenced in Mambattu, Nellore (Andhra Pradesh) and Cuddalore (Tamil Nadu) in May'20 following the relaxation of local restrictions; the facilities are currently meeting customer requirements.
- The Nutritional Solutions business witnessed slower demand offtake, yet received good traction from health-focused companies. It further commenced exports to the Southeast Asian markets, with encouraging customer response.
- The Silica business posted good demand in food and non-food grade silica from the Essential Goods segment, although demand from the Tyre and Automotive segments was muted.
- The company introduced InsperiCo, the world's first branded recycled cobalt, extracted from recycling lithium-ion batteries, contributing to a circular economy.

North America operations

- During the quarter, the export market in the US witnessed a steep drop of 45% v/s PY. Demand from the export market was significantly low in the Flat Glass segment across the globe.
- Completed US operations' debt facilities, due in June and August 2020, were refinanced with new facilities at Valley Holdings, Inc. (USD100m) and Tata Chemicals North America (USD275m).
- High fixed cost, coupled with a reduction in export prices, has led to a fall in margins and realizations. The US domestic market has higher realization than the export market.
- The contribution margin is expected to be roughly around 55%.
- An additional USD5m (INR380m) cost emerged during the quarter, which was a one-time expense (re-financing in order to move to a different and cheaper financing structure).

- Volume decline was majorly due to lower demand from customers. Port closures were only seen in the Southeast Asia market; 2Q is expected to fare better than 1Q.

UK operations

- UK operations did not suffer any significant disruption in production or sales, with customer demand remaining as expected. Sodium Bicarbonate posted healthy growth in demand across user sectors.

Africa operations

- Kenya did not see any disruption in production, but dispatches to the India market and Southeast Asian countries were disrupted due to lockdown in these countries.
- In Magadi, a drop in product price, coupled with no major fall in corresponding input prices, affected the business.

Other highlights

- **Capex**
  - Expansion in the salt plant in India to 1.4mmt from 1mmt is on track.
  - Aggregate capex was earlier guided for INR24b for Mithapur; INR6b of this has already been spent, and the remaining INR18b would be spent over the next 2–2.5 years.
  - There will be no major drop in capex spend; INR1–1.5b less expenditure v/s last year is projected.
  - *Nutraceutical:* The factory could expand four times the current size and see strong customer demand.
  - *Silica:* Supply to the Tyre industry was constrained due to the lack of capacity. The Tamil Nadu government allocated additional land last month (July) that would be utilized for capacity expansion.
- **China market:** Many plants in China have extended their maintenance shutdowns. However, historically, plants that have been in maintenance shutdown for more than a year mostly do not come back into the system. 2–5mmt of capacity is expected to be reduced from the China market.
- Inventory with producers in India is estimated at 150,000–200,000mt. Globally, it is estimated at 0.9–1mmt.

Valuation

- Plants across locations are now operational. However, the key bottleneck is in terms of demand from the end user industry, which is dragging down performance. Demand for soda ash is under pressure as demand for flat glass, which finds application in the Real Estate and Auto sectors, remains muted. This is likely to weigh on performance in the near term.
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- Factoring the miss in our estimates and a weak end user industry demand scenario, we cut our EBITDA estimates by 14%/6% for FY21/FY22 and arrive at an SOTP-based TP of INR368. Maintain Buy.

Exhibit 14: 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	7,534	7.0	52,736
Tata Chemicals North America	EV/EBITDA (x)	EBITDA	7,097	7.0	49,680
Tata Chemicals Europe and Tata Chemicals Africa	EV/EBITDA (x)	EBITDA	2,760	5.0	13,799
Sub Total					**1,16,215**
Specialty and Consumer (INR m)					
Rallis India Ltd (Tata Chemicals hold 50%) (INR m)	20% discount to Current MCAP	Attributable Mcap	57,174	0.8	22,870
Total EV (INR m)					**1,39,084**
Less: Debt (INR m)					73,827
Less: Minority Interest (INR m)					7,638
Less: Pension Liability (INR m)					14,665
Add: Cash & Liquid investment (INR m)					37,234
Add: Value of quoted Investment (INR m)		Mcap	17,119	0.8	13,695
Target Mcap (INR m)					**93,884**
Outstanding share (m)					**255**
Target Price (INR)					**368**
CMP (INR)					**298**
Upside (%)					**24%**

Source: MOFSL

Exhibit 15: Estimate change

Earnings Change	Old		New		Change	
(INR m)	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Revenue	1,04,478	1,17,784	1,00,422	1,13,082	-4%	-4%
EBITDA	19,531	22,379	16,810	21,096	-14%	-6%
Adj. PAT	7,299	9,414	4,773	8,538	-35%	-9%

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**	**1,00,422**	**1,13,082**
Change (%)	-13.4	-32.0	-0.7	0.7	0.2	-3.0	12.6
Total Expenditure	**1,31,285**	**82,518**	**80,790**	**85,563**	**84,076**	**83,612**	**91,985**
EBITDA	**20,917**	**20,943**	**21,907**	**17,805**	**19,492**	**16,810**	**21,096**
Margin (%)	13.7	20.2	21.3	17.2	18.8	16.7	18.7
Depreciation	5,261	5,122	5,180	5,685	6,665	7,659	7,807
EBIT	**15,657**	**15,821**	**16,727**	**12,120**	**12,827**	**9,151**	**13,289**
Int. and Finance Charges	5,255	2,973	3,256	3,537	3,419	3,507	2,993
Other Income	1,253	1,661	1,595	4,095	3,111	2,578	2,940
PBT bef. EO Exp.	**11,655**	**14,510**	**15,066**	**12,677**	**12,519**	**8,222**	**13,237**
EO Items	0	0	643	703	0	0	0
PBT after EO Exp.	**11,655**	**14,510**	**15,709**	**13,381**	**12,519**	**8,222**	**13,237**
Total Tax	2,484	3,460	601	2,744	2,197	2,101	3,243
Tax Rate (%)	21.3	23.8	3.8	20.5	17.5	25.6	24.5
Minority Interest	2,207	2,254	2,202	1,317	2,257	1,348	1,456
Reported PAT - Continuing Ops.	**6,964**	**8,796**	**12,906**	**9,319**	**8,066**	**4,773**	**8,538**
Adjusted PAT - Continuing Ops.	**6,964**	**8,796**	**12,263**	**8,615**	**8,066**	**4,773**	**8,538**
Change (%)	-12.5	26.3	39.4	-29.7	-6.4	-40.8	78.9
Margin (%)	4.6	8.5	11.9	8.3	7.8	4.8	7.6
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**	**4,773**	**8,538**
Adjusted PAT	**7,706**	**9,931**	**23,687**	**10,856**	**70,063**	**4,773**	**8,538**

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	1,27,754	1,32,374
Net Worth	**68,543**	**79,082**	**1,11,017**	**1,23,413**	**1,28,977**	**1,30,302**	**1,34,922**
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	75,810	73,827
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**	**2,30,009**	**2,32,646**
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	35,801	43,607
Net Fixed Assets	**1,15,181**	**1,09,400**	**1,10,269**	**1,16,648**	**1,33,346**	**1,32,687**	**1,34,880**
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**	**72,961**	**78,224**
Inventory	19,319	13,861	14,623	17,256	18,692	19,714	20,426
Account Receivables	35,656	20,922	13,079	14,525	15,799	15,407	17,350
Cash and Bank Balance	12,654	16,648	44,830	19,522	20,795	19,764	21,224
Loans and Advances	16,140	27,028	25,895	18,346	17,937	18,076	19,224
Curr. Liability & Prov.	**45,682**	**47,919**	**44,502**	**42,088**	**47,628**	**46,742**	**51,561**
Account Payables	16,818	13,182	14,786	14,753	16,309	16,476	17,071
Other Current Liabilities	7,923	14,117	10,908	9,492	12,015	11,549	13,004
Provisions	20,941	20,621	18,808	17,843	19,304	18,718	21,486
Net Current Assets	**38,086**	**30,540**	**53,925**	**27,560**	**25,595**	**26,219**	**26,663**
Appl. of Funds	**1,97,780**	**1,88,185**	**2,14,284**	**2,26,961**	**2,29,894**	**2,30,009**	**2,32,646**

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**	**18.7**	**33.5**
Cash EPS	48.0	54.6	68.5	56.1	57.8	48.8	64.1
BV/Share	269.0	310.3	435.7	484.3	506.1	511.3	529.5
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	72.2	45.9
Valuation (x)							
P/E		8.6	6.2	8.8	9.4	15.9	8.9
Cash P/E		5.5	4.4	5.3	5.2	6.1	4.6
P/BV		1.0	0.7	0.6	0.6	0.6	0.6
EV/Sales		1.5	1.2	1.2	1.2	1.2	1.1
EV/EBITDA		7.3	5.5	7.0	6.4	7.4	5.7
Dividend Yield (%)		3.7	7.4	4.2	3.7	3.7	4.2
FCF per share		113.3	76.9	19.7	-16.3	23.2	34.8
Return Ratios (%)							
RoE	11.2	11.9	12.9	7.4	6.4	3.7	6.4
RoCE	8.9	8.6	10.9	7.2	6.7	4.2	5.9
Core RoCE	14.0	10.8	15.6	11.2	10.5	6.7	9.3
RoIC	8.6	8.1	11.6	6.9	7.0	4.3	6.3
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	347
Debtor (Days)	86	74	46	51	56	56	56
Creditor (Days)	103	232	307	269	302	290	290
Leverage Ratio (x)							
Current Ratio	1.8	1.6	2.2	1.7	1.5	1.6	1.5
Interest Cover Ratio	3.0	5.3	5.1	3.4	3.8	2.6	4.4
Net Debt/Equity	1.1	0.7	0.2	0.2	0.3	0.3	0.3

Consolidated – Cash Flow Statement (INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
OP/(Loss) before Tax	12,935	16,522	15,066	17,304	12,519	8,222	13,237
Depreciation	5,714	5,522	5,180	5,714	6,665	7,659	7,807
Interest & Finance Charges	5,946	4,645	1,661	3,653	308	929	53
Direct Taxes Paid	-3,645	-4,516	-601	-4,849	-2,197	-2,101	-3,243
(Inc)/Dec in WC	-652	12,103	4,797	-2,144	506	-1,656	1,016
CF from Operations	**20,298**	**34,276**	**26,103**	**19,678**	**17,801**	**13,053**	**18,870**
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**	**13,053**	**18,870**
(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**	**5,904**	**8,870**
(Pur)/Sale of Investments	-90	-2,064	-752	-19,711	13,364	0	0
Others	-337	588	1,595	10,924	-15,085	2,578	2,940
CF from Investments	**-7,292**	**-7,905**	**-6,300**	**-19,582**	**-23,682**	**-4,572**	**-7,060**
Issue of Shares	0	0	0	0	0	0	0
Inc/(Dec) in Debt	-6,098	-14,117	-6,303	-5,714	12,625	-1,210	-1,983
Interest Paid	-6,202	-4,456	-3,256	-2,939	-3,419	-3,507	-2,993
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	-1,348	-1,456
CF from Fin. Activity	**-18,017**	**-23,409**	**7,736**	**-21,540**	**7,154**	**-9,513**	**-10,349**
Inc/Dec of Cash	**-1,989**	**3,995**	**28,182**	**-25,309**	**1,273**	**-1,031**	**1,460**
Opening Balance	14,643	12,654	16,649	44,831	19,522	20,795	19,764
Closing Balance	**12,654**	**16,649**	**44,831**	**19,522**	**20,795**	**19,764**	**21,224**

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

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