

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	TTCH IN
Equity Shares (m)	255
M.Cap.(INRb)/(USDb)	246.3 / 3
52-Week Range (INR)	1215 / 774
1, 6, 12 Rel. Per (%)	6/1/1
12M Avg Val (INR M)	1645

### Financials & Valuations (INR b)

Y/E Mar	2023E	2024E	2025E
Sales	168.0	170.5	178.6
EBITDA	38.2	36.3	33.5
PAT	20.9	17.2	14.7
EBITDA (%)	22.7	21.3	18.7
EPS (INR)	82.0	67.4	57.5
EPS Gr. (%)	65.4	(17.8)	(14.7)
BV/Sh. (INR)	785	839	882

### Ratios

Net D/E	0.2	0.1	0.0
RoE (%)	10.9	8.3	6.7
RoCE (%)	10.0	8.3	7.2

### Valuations

P/E (x)	11.8	14.3	16.8
EV/EBITDA (x)	7.5	7.5	7.7
Div Yield (%)	1.3	1.3	1.6
FCF Yield (%)	7.0	8.8	9.1

### Shareholding pattern (%)

As On	Dec-22	Sep-22	Dec-21
Promoter	38.0	38.0	38.0
DII	19.0	19.5	18.4
FII	14.4	14.9	14.0
Others	28.6	27.7	29.7

**CMP: INR967 TP: INR1,010 (+4%) Neutral**

## Higher realization drives earnings

### Operating performance below our expectations

- TTCH's consolidate EBITDA missed our estimate due to lower volume (soda ash/salt 156/333KMT v/s estimate of 179/353KMT) and margins (23.3% v/s estimate of 29.5%) in the India business and a subdued performance in Rallis (EBITDA of INR533m v/s estimate of INR725m). It was offset by better-than-expected EBITDA/MT in TCNA (up 2x YoY to USD65), TCEHL (2.7x YoY to GBP94) and TCAHL (4.7x YoY to USD219).
- We maintain our FY23/FY24/FY25 EBITDA estimates and **reiterate our Neutral rating with an SoTP-based TP of INR1,010.**

### Lower soda ash and salt volumes in India led to miss in our expectation

- TTCH reported revenue of INR41.5b (est. INR42.4b) in 3QFY23, up 32% YoY. EBITDA margin expanded 490bp YoY to 22.2% (est. 23.4%). EBITDA stood at INR9.2b (est. INR9.9b). Adjusted PAT grew 32% YoY to INR4b (est. INR5.7b) due to lower raw material costs, low employee/other expenses as a percentage of sales and a lower effective tax.
- Basic Chemistry revenue/EBIT grew 42%/2.2x YoY to INR34.7b/INR7.4b and EBIT margins expanded 730bp YoY/150bp QoQ to 21.4%. Specialty Products revenue was flat YoY at INR6.8b and EBIT declined by 63% YoY to INR150m, with EBIT margin contracting by 380bp YoY/690bp QoQ to 2.2%.
- For India standalone/TCNA/TCEHL/TCAHL, revenue rose 31%/48%/34%/83% YoY to INR12.2b/INR13.2b/INR7.4b/INR2.4b, while EBITDA margins were down 290bp/up 860bp/up 830bp/up 3,251bp at 23.3%/24.6%/20.3%/51.5%, led by improvement in realizations.
- For 9MFY23, revenue/EBITDA/Adj. PAT increased 35%/73%/2x YoY to INR123.8b/INR28.6b/INR16.2b. Net debt as of Dec'22 stood at ~INR43.6b, up 3% from Mar'22 levels, primarily impacted by an adverse exchange rate movement with a forex revaluation impact of INR4.1b.

### Highlights from the management commentary

- **Capex:** Of the total expected project expansion cost of INR29b, TTCH has spent INR20b as of Dec'22 (INR12b in 9MFY23) and the remaining INR9b would be spent by Mar'24.
- The management expects the demand outlook for soda ash to be favorable globally, with demand coming from new solar glass lines in China and India.
- The management indicated that the company has fully contracted a majority of its global capacities for CY23 at higher prices, and its benefits will be reflected from 4QFY23 onward.

### Valuation and view

- The Soda ash demand-supply dynamic is expected to remain intact in the medium term, aided by the emergence of new applications, such as solar glass and lithium-Ion batteries. However, increasing supply from China and fears of a global recession pose a risk to the demand-supply dynamic.
- We expect a revenue/EBITDA/PAT CAGR of 12%/13%/5% over FY22-25.
- We maintain our FY23/FY24/FY25 EBITDA estimates. **Reiterate Neutral rating with an SoTP-based TP of INR1,010.**

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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## Consolidated - Quarterly Earning Model

(INR b)

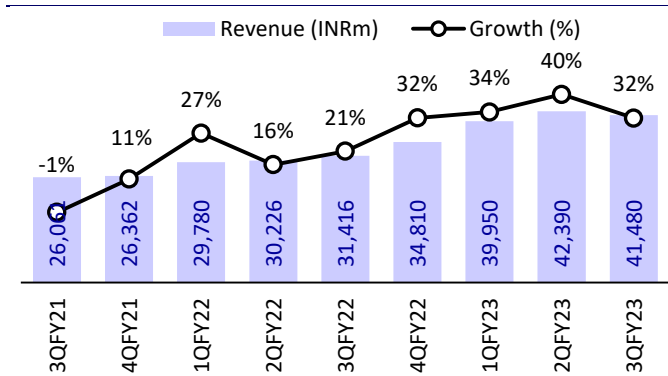
Y/E March	FY22				FY23				FY22	FY23E	FY23E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Net Sales</b>	<b>29.8</b>	<b>30.2</b>	<b>31.4</b>	<b>34.8</b>	<b>40.0</b>	<b>42.4</b>	<b>41.5</b>	<b>44.2</b>	<b>126.2</b>	<b>168.0</b>	<b>42.4</b>	<b>-2</b>
YoY Change (%)	26.8	15.8	20.5	32.0	34.2	40.2	32.0	27.0	23.8	33.1	34.9	
Total Expenditure	23.8	25.2	26.0	28.2	29.8	33.2	32.3	34.6	103.2	129.8	32.5	
<b>EBITDA</b>	<b>6.0</b>	<b>5.0</b>	<b>5.5</b>	<b>6.6</b>	<b>10.2</b>	<b>9.2</b>	<b>9.2</b>	<b>9.6</b>	<b>23.0</b>	<b>38.2</b>	<b>9.9</b>	<b>-7</b>
Margins (%)	20.2	16.6	17.4	18.9	25.4	21.7	22.2	21.8	18.3	22.7	23.4	
Depreciation	2.0	2.0	2.0	2.1	2.1	2.2	2.3	2.3	8.1	8.9	2.2	
Interest	0.8	0.8	0.7	0.7	0.8	0.9	1.1	0.9	3.0	3.6	0.8	
Other Income	0.5	0.6	0.4	1.1	0.5	0.6	0.4	0.5	2.6	1.9	0.4	
<b>PBT before EO expense</b>	<b>3.8</b>	<b>2.7</b>	<b>3.1</b>	<b>4.9</b>	<b>7.7</b>	<b>6.8</b>	<b>6.3</b>	<b>6.9</b>	<b>14.5</b>	<b>27.6</b>	<b>7.3</b>	
Extra-Ord expense	0.0	0.1	-0.1	0.3	0.0	0.1	0.1	0.0	0.3	0.2	0.0	
<b>PBT</b>	<b>3.8</b>	<b>2.6</b>	<b>3.2</b>	<b>4.6</b>	<b>7.6</b>	<b>6.7</b>	<b>6.2</b>	<b>6.9</b>	<b>14.3</b>	<b>27.5</b>	<b>7.3</b>	
Tax	0.9	0.7	0.7	0.4	1.6	0.4	1.0	1.7	2.7	4.7	1.8	
Rate (%)	22.8	27.5	20.5	9.3	20.4	5.7	16.5	24.5	18.8	17.0	24.5	
MI & Profit/Loss of Asso. Cos.	0.0	-0.1	-0.5	-0.2	0.2	0.1	1.3	0.6	-0.8	2.1	-0.2	
<b>Reported PAT</b>	<b>2.9</b>	<b>2.0</b>	<b>3.1</b>	<b>4.4</b>	<b>5.9</b>	<b>6.3</b>	<b>3.9</b>	<b>4.7</b>	<b>12.4</b>	<b>20.7</b>	<b>5.7</b>	
<b>Adj PAT</b>	<b>2.9</b>	<b>2.1</b>	<b>3.0</b>	<b>4.6</b>	<b>5.9</b>	<b>6.3</b>	<b>4.0</b>	<b>4.7</b>	<b>12.6</b>	<b>20.9</b>	<b>5.7</b>	<b>-31</b>
YoY Change (%)	2,068.7	200.5	87.1	3,833.7	105.9	198.9	32.2	0.7	392.9	65.4	90.4	
Margins (%)	9.7	7.0	9.6	13.3	14.8	14.9	9.6	10.5	10.0	12.4	13.5	

## Key Performance Indicators

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Consolidated</b>										
<b>Sales Volume (000'MT)</b>										
North America	578	613	586	615	568	561	610	621	2,392	2,360
Europe	191	175	188	192	181	183	162	191	746	717
Africa	83	86	73	75	83	73	69	75	317	300
<b>EBITDA/MT</b>										
North America (USD)	40.6	43.3	32.9	60.2	63.0	47.1	65.0	66.0	44.4	60.5
Europe (GBP)	14.7	-10.0	34.4	20.9	51.1	83.5	93.9	90.0	15.5	79.4
Africa (USD)	40.9	51.9	46.1	107.7	186.0	230.0	218.6	180.0	60.9	202.7
<b>Cost Break-up</b>										
RM Cost (% of sales)	21.9	22.9	18.9	20.1	19.9	23.0	15.7	23.0	20.9	20.5
Staff Cost (% of sales)	12.6	12.4	12.5	11.4	10.2	9.4	10.4	9.4	12.2	9.8
Power and Fuel Cost (% of sales)	13.4	16.2	18.4	18.6	15.5	17.3	21.7	17.0	16.7	17.9
Freight and Distribution Cost (% of sales)	14.2	14.5	14.0	14.5	12.9	12.5	13.4	13.0	14.3	12.9
Other Cost (% of sales)	17.8	17.4	18.9	16.5	16.1	16.2	16.6	15.8	17.6	16.2
Gross Margins (%)	78.1	77.1	81.1	79.9	80.1	77.0	84.3	77.0	79.1	79.5
EBITDA Margins (%)	20.2	16.6	17.4	18.9	25.4	21.7	22.2	21.8	18.3	22.7
EBIT Margins (%)	13.6	10.0	10.9	13.0	20.1	16.6	16.8	16.6	11.9	17.4

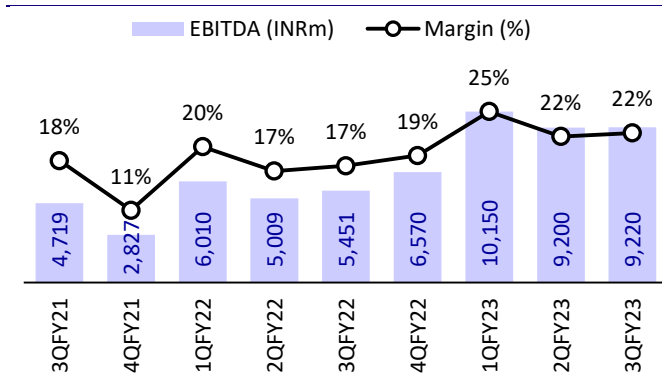
## Key exhibits

Exhibit 1: Consolidated revenue trend



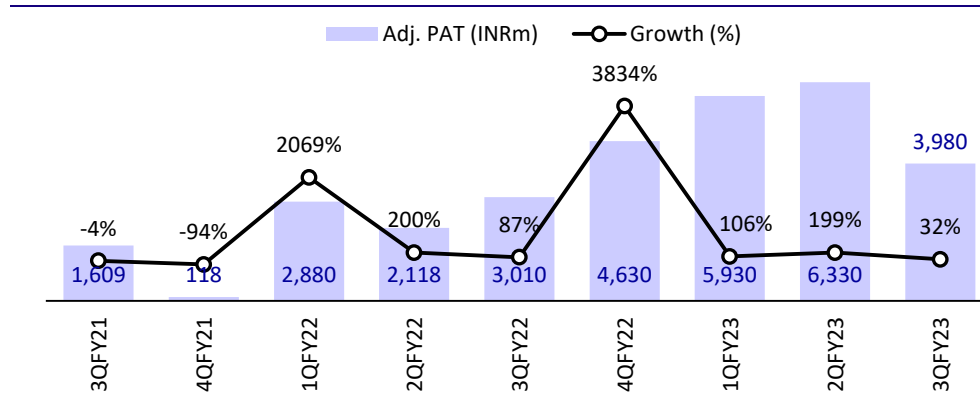
Sources: Company reports, MOFSL

Exhibit 2: Consolidated EBITDA trend



Sources: Company reports, MOFSL

Exhibit 3: Consolidated adjusted PAT trend



Sources: Company reports, MOFSL

Exhibit 4: Consolidated segmental revenue

INR m	3QFY22	2QFY23	3QFY23	%YoY	%QoQ
<b>Revenue</b>					
Basic Chemistry products	24,478	32,420	34,730	42%	7%
Specialty products	6,786	9,990	6,760	0%	-32%
Less: Inter-segment revenue	45	90	70		
Add: Unallocated	198	70	60		
<b>Total revenue</b>	<b>31,416</b>	<b>42,390</b>	<b>41,480</b>	<b>32%</b>	<b>-2%</b>

Sources: Company reports, MOFSL

Exhibit 5: Consolidated segmental EBIT

INR m	3QFY22	2QFY23	3QFY23	YoY (%)	QoQ(%)
<b>EBIT</b>					
Basic Chemistry products	3,450	6,450	7,420	115	15
Margin	14.1%	19.9%	21.4%		
Specialty products	404	910	150	-63	-84
Margin	6.0%	9.1%	2.2%		
<b>Total EBIT</b>	<b>3,854</b>	<b>7,360</b>	<b>7,570</b>	<b>96</b>	<b>3</b>
Less: Finance Cost	686	860	1,070		
Less: Unallocated (income)/expense	46	-260	250		
<b>PBT</b>	<b>3,122</b>	<b>6,760</b>	<b>6,250</b>	<b>100</b>	<b>-8</b>

Sources: Company reports, MOFSL

**Exhibit 6: Standalone operational performance trend**

INR m	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	YoY (%)	QoQ (%)
Soda Ash sales volume ('000MT)	178	184	167	178	156	176	169	154	156	0	1
Sodium Bicarbonate sales volume ('000MT)	26	31	28	27	33	29	30	28	29	-12	4
Salt sales volume ('000MT)	319	302	312	320	294	325	330	303	333	13	10
Realization-Basic Chemistry Products (INR/MT)	14,621	15,315	15,168	15,066	17,983	19,736	21,815	23,443	22,606	26	-4%
Net sales	8,120	8,410	8,280	8,470	9,310	11,150	12,250	11,850	12,180	31	3%
EBITDA	1,750	1,640	2,390	1,920	2,440	2,770	3,980	2,940	2,840	16%	-3
EBITDA (%)	21.6%	19.5%	28.9%	22.7%	26.2%	24.8%	32.5%	24.8%	23.3%	-289	-149
PBT	1,477	1,582	2,820	1,971	2,136	3,100	4,950	2,770	2,440	14	-12
PAT	1,156	1,196	2,280	1,346	1,557	2,680	3,810	2,430	1,900	22	-22

Sources: Company reports, MOFSL

**Exhibit 7: Performance trend in its North American operations**

INR m	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	YoY (%)	QoQ (%)
Soda Ash utilization (%)	79%	87%	91%	97%	92%	96%	92%	88%	96%		
Sales volume ('000MT)	474	566	578	613	586	615	568	561	610	4	9
Realization (INR/MT)	15,654	14,258	14,481	14,144	15,205	17,756	19,701	21,016	21,689	43	3
Realization (USD/MT)	210	192	196	191	205	239	256	263	264	29	0
EBITDA/MT (USD)	45	15	41	43	33	60	63	47	65	98	38
Net sales	7,420	8,070	8,370	8,670	8,910	10,920	11,190	11,790	13,230	48	12
EBITDA	1,580	630	1,730	1,960	1,430	2,750	2,760	2,110	3,260	128	55
EBITDA (%)	21.3%	7.8%	20.7%	22.6%	16.0%	25.2%	24.7%	17.9%	24.6%	859	674
PAT	190	-520	510	660	250	1,740	1,410	820	1,600	540	95

Sources: Company reports, MOFSL

**Exhibit 8: Performance trend in its Europe operations**

INR m	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	YoY (%)	QoQ (%)
Soda Ash volume ('000MT)	70	67	68	68	71	71	65	69	63	-11	-9
Sodium Bicarbonate volume ('000MT)	28	29	27	25	28	30	28	30	24	-14	-20
Total sales volume ('000MT)	99	95	96	82	89	91	88	84	75		
Realization (INR/MT)	197	191	191	175	188	192	181	183	162	-14	-11
Realization (GBP/MT)	18,985	20,052	21,309	23,771	29,309	30,000	29,337	35,574	45,617	56	28
EBITDA/MT (GBP)	198	207	207	232	287	294	277	383	462	61	21
Net sales	24	10	15	-10	34	21	51	83	94	173	12%
EBITDA	3,740	3,830	4,070	4,160	5,510	5,760	5,310	6,510	7,390	34%	14
EBITDA (%)	450	190	290	-180	660	410	980	1,420	1,500	127	6
PAT	12.0%	5.0%	7.1%	-4.3%	12.0%	7.1%	18.5%	21.8%	20.3%	832	-151

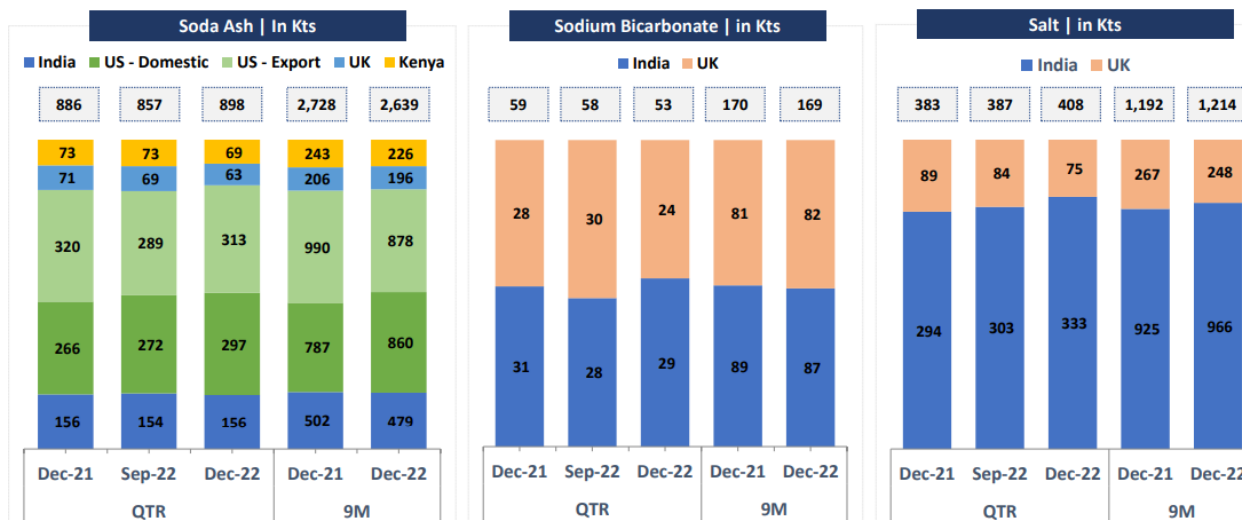
Sources: Company reports, MOFSL

**Exhibit 9: Performance trend in its Africa operations**

INR m	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	YoY (%)	QoQ (%)
Soda ash utilization (%)	80%	81%	73%	91%	79%	80%	95%	83%	79%		
Sales volume ('000MT)	56	68	83	86	73	75	83	73	69	-5	-5
Realization (INR/MT)	19,107	16,912	16,145	16,279	18,082	22,800	29,639	34,384	34,928	93	2
Realization (USD/MT)	256	228	219	220	243	307	384	431	425	75	-1
EBITDA/MT (USD)	62	40	41	52	46	108	186	230	219	374	-5
Net sales	1,070	1,150	1,340	1,400	1,320	1,710	2,460	2,510	2,410	83	-4
EBITDA	260	200	250	330	250	600	1,190	1,340	1,240	396	-7
EBITDA (%)	24.3%	17.4%	18.7%	23.6%	18.9%	35.1%	48.4%	53.4%	51.5%	3,251	-193
PAT	160	100	160	110	180	510	1,110	1,540	1,070	494	-31


Sources: Company reports, MOFSL

**Exhibit 10: Volume trend across geographies**



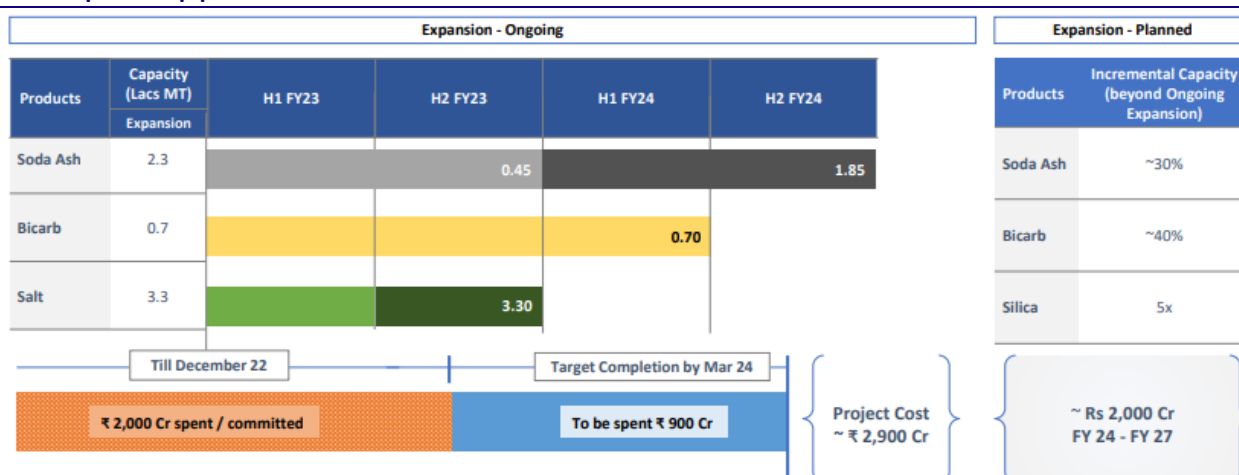
Sources: Company reports, MOFSL

**Exhibit 11: Strategic priorities of TTCH**

	<b>TCL</b>	<ul style="list-style-type: none"> <li>Deliver consistent market and customer delivery performance through customer engagement</li> <li>Deliver capacity expansions on schedule - Soda Ash, Bicarb &amp; Salt expansion on stream by FY23 &amp; FY24</li> <li>Continue focus on cost management</li> </ul>
	<b>Rallis</b>	<ul style="list-style-type: none"> <li>Extend Portfolio offerings: New product introductions, plug portfolio gaps</li> <li>Strengthen Manufacturing: Invest in manufacturing and registrations</li> </ul>
	<b>US</b>	<ul style="list-style-type: none"> <li>Maximize plant output &amp; ensure customer demand is fully met</li> <li>Generate cash and repay debt</li> </ul>
	<b>UK</b>	<ul style="list-style-type: none"> <li>Maximize volumes and ensure operating performance is in line with market dynamics</li> <li>Operational efficiencies and cost structure rationalization</li> <li>Manage energy cost pressures</li> </ul>
	<b>Kenya</b>	<ul style="list-style-type: none"> <li>Sustain volume delivery to customers</li> <li>Continuous cost focus</li> <li>Generate cash</li> </ul>

Sources: Company reports, MOFSL

**Exhibit 12: Expansion pipeline of TTCH**



Sources: Company reports, MOSL



**Highlights from the management commentary**

**India**

- The growth in India was mainly driven by higher realizations. Volumes were adversely affected by lower exports to EU from the pigment and dyes segments (this sector contributes 4-5% of soda ash consumption) and a one-off increase in imports from China (management does not see this to be sustainable).
- Lower PAT QoQ was due to no dividend income and no tax refund, which was there in Q2.
- Most of the input costs of key raw materials spilled over from FY22 and management expects some of the costs to ease. The management indicated that if input costs come down, then the India business can achieve 1QFY23 quarter margins.
- Most of the customers in India, who held inventory level of 12 days earlier, have moved up to 20 days, though not much increase was seen in working capital.
- Coal accounted for 100% of the power and fuel costs. The company will gradually switch to other renewable sources.

**TCNA**

- In **North America**, revenue growth of 48% YoY was mainly driven by a 43% improvement in realization, while volumes grew by only 4% to 610KMT.
- Overall US volumes remained strong (96% capacity utilization), with growth in domestic volumes (up 12% YoY to 297Kts). The export market volumes remained muted YoY (down 2% to 313Kts).
- Realization remained elevated at USD264/MT (up 29%/flat YoY/QoQ). Realization is expected improve from 4QFY23, driven by an increase in prices from the new contracts.
- EBITDA/MT came in at USD65/MT v/s USD33/MT in 3QFY22.
- Normal production run rate in 3QFY23 v/s plant shut down in last quarter.
- New contracts were signed for CY23 at higher prices, in which exports volumes are fully contracted.
- For logistics, the company has entered into an agreement with American Natural Soda Ash Corporation, which will handle logistics for the company but will not handle customer contracts.
- Export volume mix for TCNA is 50% LATEM and 50% Asia Pacific
- Power & Fuel mix for TCNA is 25:75 - gas: coal. The company will switch to gas over coming years.

**TCEHL**

- Revenue came in at INR7.4b, up by 34% YoY.
- Total sales volumes declined by 14% YoY.
- Realizations improved by 61% YoY/21% QoQ to GBP462/MT, thereby improving EBITDA/MT by 2.7x to GBP94/MT.
- Soda Ash volumes declined 32%/9% YoY/QoQ to 63KT. Sodium Bicarb Volumes declined 11%/20% YoY/QoQ to 24KT, while Salt volume declined 23%/11% YoY/QoQ to 75KT.
- The UK witnessed improved margins on the back of new contracts, cost rationalization and gas prices coming back to normal levels from the peak in both EU and the UK.
- TCEL volumes are fully booked for CY23 on fixed margin (per tonne basis) contracts, thereby protecting the margins profile of the company.
- Power & Fuel costs comprise 100% gas. The company will move toward green hydrogen.

**TCAHL**

- Revenue came in at INR2.4b, up 83% YoY, led by a strong performance in realizations, which was up 75% YoY to USD425/MT. Volumes decreased 5.5%/5% YoY/QoQ to 69KT.
- EBITDA/MT came in at USD219/MT v/s USD46/MT in 3QFY22.
- Margins improved YoY on account of higher realizations and robust market demand.
- Kenya business is debt free for the first time.
- The company has fully booked volumes for CY23.
- Tax provisioning in Kenya was higher, leading to lower PAT.

### Other Highlights

- **Demand:** Demand is robust and the market is balanced with a bias toward increasing demand. Chinese inventory is at its lowest level of ~2.8lakh ton but is expected to catch up. The management expects to witness some tightening in demand in the medium term, with volume in some regions coming up constantly (not in major way). Demand growth in LATAM and Australia will come from lithium-Ion battery and for the rest of the geographies, it will come from solar glass growth.
- **Capacity** expansion is on track with INR4.45b capex incurred in 3QFY23 and INR12b in 9MFY23.
- The Morocco JV posted a loss as phosphoric acid prices fell (FY22 was abnormal year with prices shot up leading to higher profits).
- The management is not seeing any signs of recession in terms of soda ash demand.
- Demand growth of ~5.5-6.5% is expected in India, with new line for solar coming in. Demand for global is likely to be ~2-3%.
- **Reopening of China** - new solar plants and relaxation in real estate sector: The management expects demand in China to improve, with five to six solar glass lines coming on stream.
- The company is currently operating at full utilization; so unless the expansion comes in, the volume is not expected to grow much.
- Tyre line Silicia is fully booked with 100% utilization, while the food line (mainly goes into toothpaste and battery separate market) in Silica has ~75% utilization. Pre-biotic utilization stands at 68-70%.
- Loss in Silica business: The company has to scale beyond the pilot capacity to earn profits. With expansion expected to come in 24 months, the segment can turn EBIT positive.

### Valuation and view

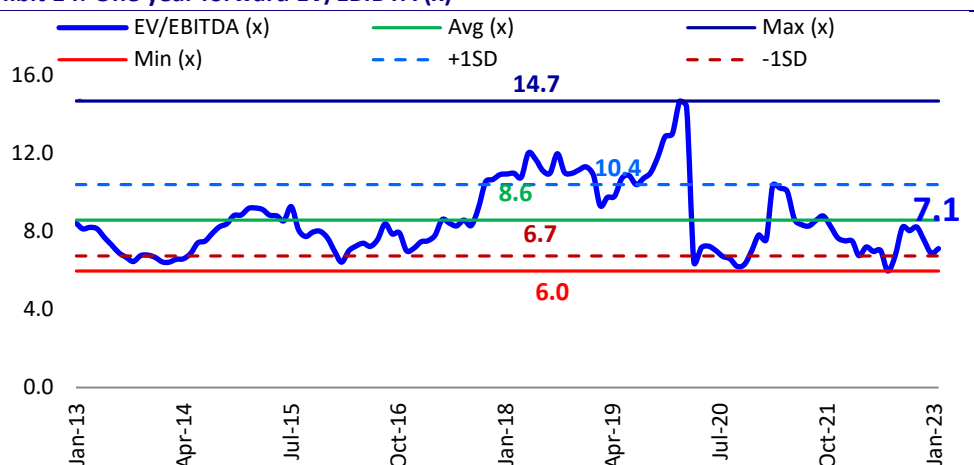
- The Soda ash demand-supply dynamic is expected to remain intact in the medium term, aided by the emergence of new applications, such as solar glass and lithium-Ion batteries. However, increasing supply from China and fears of a global recession pose a risk to the demand-supply dynamic.
- We expect a revenue/EBITDA/PAT CAGR of 12%/13%/5% over FY22-25.
- We maintain our FY23/FY24/FY25 EBITDA estimates. **Reiterate Neutral rating with an SoTP-based TP of INR1,010.**



**Exhibit 13: Valuation methodology**

Business	Methodology	Metrics	FY24	Multiple (x)	EV/MCAP (INR m)
<b>Commodity (INR m)</b>					
Inorganic Chemical India (Soda Ash and others) (Including manufacture of Salt)	EV/EBITDA (x)	EBITDA	14,219	9	1,26,550
Tata Chemicals North America	EV/EBITDA (x)	EBITDA	10,389	8	83,111
Tata Chemicals Europe and Tata Chemicals Africa	EV/EBITDA (x)	EBITDA	5,298	5	26,490
<b>Sub Total</b>					<b>2,36,152</b>
<b>Specialty and Consumer (INR m)</b>					
Rallis India (Tata Chemicals holds 50% stake)(INR m)	20% discount to Current MCAP	Attributable m-cap	48,014	0.8	19,206
<b>Total EV (INR m)</b>					<b>2,55,358</b>
Less: Debt (INR m)					50,857
Less: Minority Interest (INR m)					9,045
Less: Pension liability (INR m)					14,665
Add: Cash and liquid investment (INR m)					44,819
Add: Value of quoted investment (INR m)		M-cap	39,772	0.8	31,818
<b>Target m-cap (INR m)</b>					<b>2,57,427</b>
Outstanding share (m)					254.82
<b>Target price (INR)</b>					<b>1,010</b>

Source: MOFSL

**Exhibit 14: One year forward EV/EBIDTA (x)**

Source: MOSL

**Exhibit 15: Changes to our earnings estimates**

Earnings Change (INR m)	Old			New			Change (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	1,67,018	1,72,893	1,81,472	1,68,021	1,70,543	1,78,648	1	-1	-2
EBITDA	38,773	36,899	33,814	38,199	36,344	33,469	-1	-2	-1
Adj. PAT	23,298	18,751	15,917	20,901	17,176	14,656	-10	-8	-8

Source: MOFSL

## Financials and valuations

### Consolidated - Income Statement

	(INR b)								
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
<b>Total Income from Operations</b>	<b>103.5</b>	<b>102.7</b>	<b>103.4</b>	<b>103.6</b>	<b>102.0</b>	<b>126.2</b>	<b>168.0</b>	<b>170.5</b>	<b>178.6</b>
Change (%)	-32.0	-0.7	0.7	0.2	-1.5	23.7	33.1	1.5	4.8
Raw Materials	20.7	17.6	20.0	19.7	24.0	26.4	34.4	38.4	40.7
Employees Cost	12.6	12.7	13.2	13.8	14.0	15.4	16.5	17.9	19.1
Power, Oil & Fuel	11.6	12.7	14.8	14.5	14.4	21.1	30.1	27.5	29.5
Freight & forwarding charges	15.3	15.8	16.1	15.5	14.6	18.1	21.7	22.5	25.0
Other Expenses	22.2	22.0	21.5	20.6	20.1	22.2	27.2	28.0	30.8
<b>Total Expenditure</b>	<b>82.5</b>	<b>80.8</b>	<b>85.6</b>	<b>84.1</b>	<b>87.0</b>	<b>103.2</b>	<b>129.8</b>	<b>134.2</b>	<b>145.2</b>
% of Sales	79.8	78.7	82.8	81.2	85.3	81.7	77.3	78.7	81.3
<b>EBITDA</b>	<b>20.9</b>	<b>21.9</b>	<b>17.8</b>	<b>19.5</b>	<b>15.0</b>	<b>23.0</b>	<b>38.2</b>	<b>36.3</b>	<b>33.5</b>
Margin (%)	20.2	21.3	17.2	18.8	14.7	18.3	22.7	21.3	18.7
Depreciation	5.1	5.2	5.7	6.7	7.6	8.1	8.9	9.3	9.7
<b>EBIT</b>	<b>15.8</b>	<b>16.7</b>	<b>12.1</b>	<b>12.8</b>	<b>7.4</b>	<b>15.0</b>	<b>29.3</b>	<b>27.1</b>	<b>23.8</b>
Int. and Finance Charges	3.0	3.3	3.5	3.4	3.7	3.0	3.6	3.6	3.4
Other Income	1.7	1.6	4.1	3.1	2.3	2.6	1.9	2.0	2.1
<b>PBT bef. EO Exp.</b>	<b>14.5</b>	<b>15.1</b>	<b>12.7</b>	<b>12.5</b>	<b>6.1</b>	<b>14.5</b>	<b>27.6</b>	<b>25.6</b>	<b>22.4</b>
EO Items	0.0	0.6	0.7	0.0	0.0	-0.1	-0.2	0.0	0.0
<b>PBT after EO Exp.</b>	<b>14.5</b>	<b>15.7</b>	<b>13.4</b>	<b>12.5</b>	<b>6.1</b>	<b>14.4</b>	<b>27.5</b>	<b>25.6</b>	<b>22.4</b>
Total Tax	3.5	0.6	2.7	2.2	2.0	2.7	4.7	6.3	5.5
Tax Rate (%)	23.8	3.8	20.5	17.5	32.5	18.5	17.0	24.5	24.5
MI & Profit/Loss of Asso. Cos.	2.3	2.2	1.3	2.3	1.5	-0.8	2.1	2.1	2.3
<b>Reported PAT - Continuing Ops.</b>	<b>8.8</b>	<b>12.9</b>	<b>9.3</b>	<b>8.1</b>	<b>2.6</b>	<b>12.5</b>	<b>20.7</b>	<b>17.2</b>	<b>14.7</b>
<b>Adjusted PAT - Continuing Ops.</b>	<b>8.8</b>	<b>12.3</b>	<b>8.6</b>	<b>8.1</b>	<b>2.6</b>	<b>12.6</b>	<b>20.9</b>	<b>17.2</b>	<b>14.7</b>
Change (%)	26.3	39.4	-29.7	-6.4	-68.2	392.9	65.4	-17.8	-14.7
Margin (%)	8.5	11.9	8.3	7.8	2.5	10.0	12.4	10.1	8.2
Reported PAT - Discontinuing Ops.	1.1	11.4	2.2	62.0	0.0	0.0	0.0	0.0	0.0
<b>Reported PAT</b>	<b>9.9</b>	<b>24.3</b>	<b>11.6</b>	<b>70.1</b>	<b>2.6</b>	<b>12.6</b>	<b>20.7</b>	<b>17.2</b>	<b>14.7</b>
<b>Adjusted PAT</b>	<b>9.9</b>	<b>23.7</b>	<b>10.9</b>	<b>70.1</b>	<b>2.6</b>	<b>12.7</b>	<b>20.9</b>	<b>17.2</b>	<b>14.7</b>

### Consolidated - Balance Sheet

	(INR b)								
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Equity Share Capital	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Total Reserves	76.5	108.5	120.9	126.4	140.4	180.0	197.4	211.3	222.1
<b>Net Worth</b>	<b>79.1</b>	<b>111.0</b>	<b>123.4</b>	<b>129.0</b>	<b>142.9</b>	<b>182.5</b>	<b>200.0</b>	<b>213.8</b>	<b>224.7</b>
Minority Interest	26.2	27.2	29.1	7.6	8.5	9.0	9.0	9.0	9.0
Total Loans	70.5	64.2	61.4	77.0	69.3	70.3	64.3	54.1	49.8
Lease liability	0.0	0.0	0.0	1.9	1.9	1.4	1.9	1.9	1.9
Deferred Tax Liabilities	12.4	11.9	13.0	14.4	15.7	20.4	20.4	20.4	20.4
<b>Capital Employed</b>	<b>188.2</b>	<b>214.3</b>	<b>227.0</b>	<b>229.9</b>	<b>238.4</b>	<b>283.5</b>	<b>295.6</b>	<b>299.2</b>	<b>305.7</b>
Gross Block	120.0	126.1	138.1	161.5	168.2	183.5	205.4	216.4	224.5
Less: Accum. Deprn.	10.6	15.8	21.5	28.1	35.7	43.8	52.7	62.0	71.7
<b>Net Fixed Assets</b>	<b>109.4</b>	<b>110.3</b>	<b>116.6</b>	<b>133.3</b>	<b>132.4</b>	<b>139.7</b>	<b>152.7</b>	<b>154.5</b>	<b>152.9</b>
Goodwill on Consolidation	17.0	17.3	18.6	19.5	19.2	19.7	19.7	19.7	19.7
Capital WIP	3.3	4.1	7.7	8.4	10.9	16.7	7.8	6.8	3.7
Current Investments	2.2	0.9	22.5	16.0	15.6	13.3	13.3	13.3	13.3
<b>Total Investments</b>	<b>27.9</b>	<b>28.7</b>	<b>56.4</b>	<b>43.1</b>	<b>58.7</b>	<b>77.4</b>	<b>77.4</b>	<b>77.4</b>	<b>77.4</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>78.5</b>	<b>98.4</b>	<b>69.6</b>	<b>72.6</b>	<b>62.1</b>	<b>84.9</b>	<b>102.4</b>	<b>110.3</b>	<b>124.9</b>
Inventory	13.9	14.6	17.3	18.7	16.9	22.9	25.9	28.9	30.7
Account Receivables	20.9	13.1	14.5	15.8	14.0	19.3	24.4	24.8	25.9
Cash and Bank Balance	16.6	44.8	19.5	20.8	14.1	13.1	18.4	23.4	34.3
Loans and Advances	27.0	25.9	18.3	17.3	17.2	29.6	33.6	33.3	33.9
<b>Curr. Liability &amp; Prov.</b>	<b>47.9</b>	<b>44.5</b>	<b>42.1</b>	<b>47.0</b>	<b>45.0</b>	<b>54.9</b>	<b>64.4</b>	<b>69.4</b>	<b>72.8</b>
Account Payables	13.2	14.8	14.8	16.3	16.8	24.4	28.3	31.5	33.5
Other Current Liabilities	14.1	10.9	9.5	11.4	8.5	13.9	16.0	15.7	16.1
Provisions	20.6	18.8	17.8	19.3	19.6	16.5	20.2	22.2	23.2
<b>Net Current Assets</b>	<b>30.5</b>	<b>53.9</b>	<b>27.6</b>	<b>25.6</b>	<b>17.1</b>	<b>30.1</b>	<b>38.0</b>	<b>40.9</b>	<b>52.1</b>
Misc Expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Appl. of Funds</b>	<b>188.2</b>	<b>214.3</b>	<b>227.0</b>	<b>229.9</b>	<b>238.4</b>	<b>283.5</b>	<b>295.6</b>	<b>299.2</b>	<b>305.7</b>

## Financials and valuations

### Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
<b>Basic (INR)</b>									
<b>EPS</b>	<b>34.5</b>	<b>48.1</b>	<b>33.8</b>	<b>31.7</b>	<b>10.1</b>	<b>49.6</b>	<b>82.0</b>	<b>67.4</b>	<b>57.5</b>
Cash EPS	54.6	68.5	56.1	57.8	39.9	81.2	116.9	103.8	95.6
BV/Share	310.3	435.7	484.3	506.1	560.8	716.3	784.7	839.1	881.6
DPS	11.0	22.0	12.5	11.0	10.0	12.5	13.0	13.0	15.0
Payout (%)	39.2	53.4	42.0	42.7	122.3	31.3	16.0	19.3	26.1
<b>Valuation (x)</b>									
P/E	28.0	20.1	28.6	30.5	96.1	19.5	11.8	14.3	16.8
Cash P/E	17.7	14.1	17.2	16.7	24.3	11.9	8.3	9.3	10.1
P/BV	3.1	2.2	2.0	1.9	1.7	1.3	1.2	1.2	1.1
EV/Sales	3.1	2.8	2.9	2.8	2.9	2.4	1.7	1.6	1.4
EV/EBITDA	15.5	13.3	16.6	15.1	19.6	13.0	7.5	7.5	7.7
Dividend Yield (%)	1.1	2.3	1.3	1.1	1.0	1.3	1.3	1.3	1.6
FCF per share	113.3	76.9	19.7	-16.3	45.0	-29.1	67.5	85.4	88.1
<b>Return Ratios (%)</b>									
RoE	11.9	12.9	7.4	6.4	1.9	7.8	10.9	8.3	6.7
RoCE	8.6	10.9	7.2	6.7	3.1	6.2	10.0	8.3	7.2
Core RoCE	10.8	15.6	11.2	10.5	5.1	10.2	16.7	14.0	12.6
RoIC	8.1	11.6	6.9	7.0	3.2	7.4	13.2	10.7	9.4
<b>Working Capital Ratios</b>									
Fixed Asset Turnover (x)	0.9	0.8	0.7	0.6	0.6	0.7	0.8	0.8	0.8
Asset Turnover (x)	0.5	0.5	0.5	0.5	0.4	0.4	0.6	0.6	0.6
Inventory (Days)	244	304	315	347	257	317	275	275	275
Debtor (Days)	74	46	51	56	50	56	53	53	53
Creditor (Days)	232	307	269	302	256	338	300	300	300
<b>Leverage Ratio (x)</b>									
Current Ratio	1.6	2.2	1.7	1.5	1.4	1.5	1.6	1.6	1.7
Interest Cover Ratio	5.3	5.1	3.4	3.8	2.0	4.9	8.2	7.6	7.0
Net Debt/Equity	0.7	0.2	0.2	0.3	0.3	0.2	0.2	0.1	0.0

### Consolidated - Cash Flow Statement

(INRb)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
OP/(Loss) before Tax	16.5	15.1	17.3	12.5	6.1	14.5	27.6	25.6	22.4
Depreciation	5.5	5.2	5.7	6.7	7.6	8.1	8.9	9.3	9.7
Interest & Finance Charges	4.6	1.7	3.7	0.3	1.3	0.5	1.7	1.5	1.3
Direct Taxes Paid	-4.5	-0.6	-4.8	-2.2	-2.0	-2.7	-4.7	-6.3	-5.5
(Inc)/Dec in WC	12.1	4.8	-2.1	0.5	7.3	-6.1	-2.6	2.0	-0.3
<b>CF from Operations</b>	<b>34.3</b>	<b>26.1</b>	<b>19.7</b>	<b>17.8</b>	<b>20.4</b>	<b>14.3</b>	<b>31.0</b>	<b>32.1</b>	<b>27.7</b>
Others	1.0	0.6	-3.9	0.0	0.0	-0.1	-0.8	-0.3	-0.3
<b>CF from Operating incl EO</b>	<b>35.3</b>	<b>26.7</b>	<b>15.8</b>	<b>17.8</b>	<b>20.4</b>	<b>14.2</b>	<b>30.2</b>	<b>31.8</b>	<b>27.4</b>
(Inc)/Dec in FA	-6.4	-7.1	-10.8	-22.0	-8.9	-21.6	-13.0	-10.0	-5.0
<b>Free Cash Flow</b>	<b>28.9</b>	<b>19.6</b>	<b>5.0</b>	<b>-4.2</b>	<b>11.5</b>	<b>-7.4</b>	<b>17.2</b>	<b>21.8</b>	<b>22.4</b>
(Pur)/Sale of Investments	-2.1	-0.8	-19.7	13.4	-15.6	-18.7	0.0	0.0	0.0
Others	0.6	1.6	10.9	-15.1	13.2	31.9	1.9	2.0	2.1
<b>CF from Investments</b>	<b>-7.9</b>	<b>-6.3</b>	<b>-19.6</b>	<b>-23.7</b>	<b>-11.3</b>	<b>-8.4</b>	<b>-11.1</b>	<b>-8.0</b>	<b>-2.9</b>
Issue of Shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inc/(Dec) in Debt	-14.1	-6.3	-5.7	12.6	-7.7	0.9	-5.9	-10.2	-4.4
Interest Paid	-4.5	-3.3	-2.9	-3.4	-3.7	-3.0	-3.6	-3.6	-3.4
Dividend Paid	-3.1	-6.9	-6.7	-3.4	-3.1	-3.9	-3.3	-3.3	-3.8
Others	-1.8	24.2	-6.2	1.4	-1.3	-0.8	-0.9	-1.8	-2.0
<b>CF from Fin. Activity</b>	<b>-23.4</b>	<b>7.7</b>	<b>-21.5</b>	<b>7.2</b>	<b>-15.8</b>	<b>-6.9</b>	<b>-13.8</b>	<b>-18.9</b>	<b>-13.6</b>
<b>Inc/Dec of Cash</b>	<b>4.0</b>	<b>28.2</b>	<b>-25.3</b>	<b>1.3</b>	<b>-6.7</b>	<b>-1.0</b>	<b>5.3</b>	<b>4.9</b>	<b>10.9</b>
Opening Balance	12.7	16.6	44.8	19.5	20.8	14.1	13.1	18.4	23.4
<b>Closing Balance</b>	<b>16.6</b>	<b>44.8</b>	<b>19.5</b>	<b>20.8</b>	<b>14.1</b>	<b>13.1</b>	<b>18.4</b>	<b>23.4</b>	<b>34.3</b>

## 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

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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