

# Tata Chemicals

Estimate change 

TP change 

Rating change 

**CMP: INR806**

**TP: INR700 (-13%)**

**Neutral**

**Industry headwinds hurt performance; near-term outlook subdued**

**Operating performance significantly below our estimates**

Bloomberg	TTCH IN
Equity Shares (m)	255
M.Cap.(INRb)/(USD\$b)	205.3 / 2.2
52-Week Range (INR)	1027 / 580
1, 6, 12 Rel. Per (%)	17/-4/-3
12M Avg Val (INR M)	732

## Financials & Valuations (INR b)

Y/E Mar	2026	2027E	2027E
Sales	145.8	159.9	173.6
EBITDA	18.1	22.0	29.0
PAT	-4.3	6.5	11.5
EBITDA (%)	12.4	13.8	16.7
EPS (INR)	(16.8)	25.3	45.2
EPS Gr. (%)	(202.1)	(250.5)	78.2
BV/Sh. (INR)	832	843	873

## Ratios

Net D/E	0.3	0.3	0.2
RoE (%)	(2.0)	3.0	5.3
RoCE (%)	3.8	3.4	5.1

## Valuations

P/E (x)	(47.8)	31.8	17.8
EV/EBITDA (x)	15.2	12.4	8.8
Div Yield (%)	1.6	1.9	1.9
FCF Yield (%)	0.6	4.6	11.3

## Shareholding Pattern (%)

As of	Mar-26	Dec-25	Mar-25
Promoter	38.0	38.0	38.0
DII	22.9	22.4	22.0
FII	11.9	12.3	13.3
Others	27.3	27.3	26.7

- Tata Chemicals (TTCH) posted a weak performance in 4QFY26, with consol. EBITDA declining 16% YoY. The slowdown was led by subdued performance across all the businesses, hit by lower realizations and higher fixed costs.
- Further, due to adverse current market conditions and unremunerative Southeast Asian markets (the highest export share of the US business), TTCH has recognized an INR18b impairment in goodwill in the US business.
- The global soda ash market remained muted with flat demand, excess inventory, and geopolitical pressures keeping costs elevated. However, no sharp demand destruction was visible. India stands out with strong demand and high utilization, supported by reduced imports and a shift toward domestic sourcing.
- Factoring in a weak 4Q performance and near-term macro environment, we cut our FY27/FY28 EBITDA estimates by 9%/5%. We **reiterate our Neutral rating with an SoTP-based TP of INR700.**

## Earnings dip on weaker realizations across regions

- TTCH reported an overall revenue of INR34.4b (est. in line) in 4QFY26 (down 2% YoY) primarily due to lower realizations. EBITDA margin contracted 130bp YoY to 8% (est. ~11.5%), and EBITDA stood at INR2.7b (est. INR4.0b), down 16% YoY.
- It posted an adj. net loss of INR7.5b vs. adj. net loss of ~INR328m in 4QFY26 (est. ~INR171m). The company has reported an impairment in goodwill of the US business of INR18b.
- **The Basic Chemistry Products** business fell 3% YoY to INR29.3b. Operating loss was INR18b (vs. EBIT of INR840m YoY). EBIT margin stood at -61%.
- **The Specialty Products business** grew 7% YoY to INR5b. Loss before interest and taxes was INR460m (operating loss of INR630m in 4QFY25). EBIT margin stood at -9.1%.
- The Indian standalone revenue rose ~3% YoY to INR12.5b, while TCNA/TCEHL/TCAHL dipped 10%/19%/3% YoY to INR11.8b/INR3.4b/INR1.5b. Rallis increased 6% YoY to INR4.6b
- EBITDA for India standalone/TCNA/TCAHL declined 6%/55%/45% to INR2.2b/INR360m/INR290m. EBITDA loss for TCEHL/Rallis stood at INR70m/INR10m (vs. a loss of INR280m/INR180m).
- EBITDA/MT of TCNA stood at USD7.5 (vs. USD15.7 YoY). EBITDA/MT of TCAHL declined 54% YoY to USD39. EBITDA margin for India standalone contracted 160bp YoY to 17.2%.
- For FY26, revenue/EBITDA declined 2%/8% to INR146b/INR18b. TTCH reported an adj net loss of INR4.3b vs. an adj net profit of INR2.9b in Mar'25.
- Gross debt stood at INR71.1b vs. INR63.0b as of Mar'25. Further, the CFO stood at INR1.3b vs. INR1.8b as of Mar'25.

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

### Highlights from the management commentary

- **Demand-supply scenario:** Global soda ash markets remained adequately supplied, and the supply overhang continued to exert pressure on pricing in 4QFY26. The challenging external environment amid the ongoing geopolitical crisis in the Middle East led to a rise in power and logistics costs, uncertainty, and limited visibility of any immediate change in market conditions.
- **India:** Soda ash demand in India remains robust, with customers shifting to domestic sourcing amid geopolitical tensions. Power costs (imported coal) remain insulated, cost increases are largely passed through, and a potential safeguard duty is under evaluation.
- **Supply chain risk:** Ammonia supply remains under watch in India following regulatory restrictions on fertilizer units supplying to non-fertilizer players; while current availability is adequate, any prolonged constraint could pose an operational challenge. In Kenya, HFO remains a key concern with ~45 days of inventory, after which procurement at sharply higher spot rates (up ~50–60%) could further pressure costs despite ongoing pass-through efforts.
- **Capex:** TTCH has guided capex of INR13b in FY27 for growth (Silica and Singapore acquisition) and maintenance capex. Silica plant/Dense Soda ash plant/Iodized Salt at Cuddalore/Mithapur/Tamil Nadu are expected to be commissioned by 4QFY28/3QFY28/2QFY29. Further, TTCH's board approved INR1b capex to debottleneck salt capacity at the Mithapur plant by 82.5kTPA over the next 12-14 months, on which ~20% returns are expected.

### Valuation and view

- The near-term environment remains unfavorable, with the soda ash demand–supply balance yet to meaningfully improve despite expectations of future demand from solar glass and electric vehicles. Benefits from these end-use industries are likely to play out gradually while the current oversupply persists. Although the company has expansion plans in India, the payoff remains contingent on a broader cyclical recovery, limiting near-term upside.
- **We expect TTCH to record a revenue/EBITDA CAGR of 9%/27% over FY26-28. Reiterate Neutral with an SoTP-based TP of INR700.**

## Consolidated - Quarterly Earnings Model

(INRm)

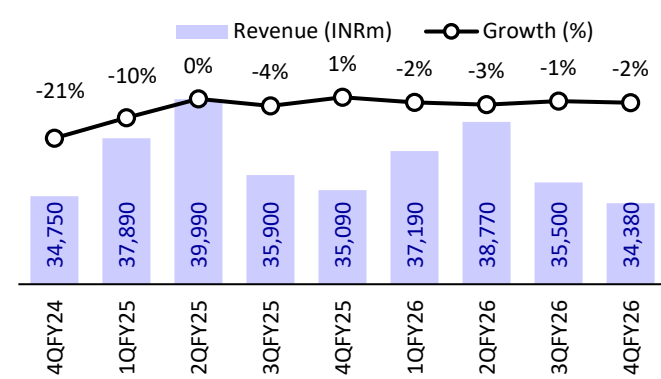
Y/E March	FY25				FY26E				FY25	FY26	FY26E	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>37,890</b>	<b>39,990</b>	<b>35,900</b>	<b>35,090</b>	<b>37,190</b>	<b>38,770</b>	<b>35,500</b>	<b>34,380</b>	<b>1,48,870</b>	<b>1,45,840</b>	<b>35,090</b>	<b>-2</b>
YoY Change (%)	-10.2	0.0	-3.8	1.0	-1.8	-3.1	-1.1	-2.0	-3.5	-2.0	0.0	
Total Expenditure	32,150	33,810	31,560	31,820	30,700	33,400	32,050	31,640	1,29,340	1,27,790	31,057	
<b>EBITDA</b>	<b>5,740</b>	<b>6,180</b>	<b>4,340</b>	<b>3,270</b>	<b>6,490</b>	<b>5,370</b>	<b>3,450</b>	<b>2,740</b>	<b>19,530</b>	<b>18,050</b>	<b>4,033</b>	<b>-32</b>
Margins (%)	15.1	15.5	12.1	9.3	17.5	13.9	9.7	8.0	13.1	12.4	11.5	
Depreciation	2,730	2,770	2,800	2,930	2,800	2,850	2,930	3,430	11,230	12,010	3,050	
Interest	1,330	1,450	1,480	1,370	1,470	1,440	1,460	1,530	5,630	5,900	1,440	
Other Income	470	1,080	280	420	960	1,380	380	440	2,250	3,160	600	
<b>PBT before EO expense</b>	<b>2,150</b>	<b>3,040</b>	<b>340</b>	<b>-610</b>	<b>3,180</b>	<b>2,460</b>	<b>-560</b>	<b>-1,780</b>	<b>4,920</b>	<b>3,300</b>	<b>143</b>	
Extra-Ord expense	0	0	700	550	0	650	540	18,370	1,250	19,560	0	
<b>PBT</b>	<b>2,150</b>	<b>3,040</b>	<b>-360</b>	<b>-1,160</b>	<b>3,180</b>	<b>1,810</b>	<b>-1,100</b>	<b>-20,150</b>	<b>3,670</b>	<b>-16,260</b>	<b>143</b>	
Tax	940	810	170	-250	440	820	-40	1,340	1,670	2,560	35	
Rate (%)	43.7	26.6	-47.2	21.6	13.8	45.3	3.6	-6.7	45.5	-15.7	24.7	
MI & Profit/Loss of Asso. Cos.	-140	290	0	-170	220	220	-130	-170	-20	140	-64	
<b>Reported PAT</b>	<b>1,350</b>	<b>1,940</b>	<b>-530</b>	<b>-740</b>	<b>2,520</b>	<b>770</b>	<b>-930</b>	<b>-21,320</b>	<b>2,020</b>	<b>-18,960</b>	<b>171</b>	
<b>Adj PAT</b>	<b>1,350</b>	<b>1,940</b>	<b>-5</b>	<b>-328</b>	<b>2,520</b>	<b>1,258</b>	<b>-525</b>	<b>-7,543</b>	<b>2,958</b>	<b>-4,290</b>	<b>171</b>	<b>NA</b>
YoY Change (%)	-73.8	-44.8	-100.3	-68.7	86.7	-35.2	10,400.0	2,203.1	-67.9	-245.1	-152.3	
Margins (%)	3.6	4.9	0.0	-0.9	6.8	3.2	-1.5	-21.9	2.0	-2.9	0.5	

## Key Performance Indicators

Y/E March	FY25				FY26				FY25	FY26
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Consolidated</b>										
<b>Sales Volume (000'MT)</b>										
North America	588	632	559	586	542	599	603	524	2,365	2,268
Europe	148	144	138	118	84	88	77	77	548	326
Africa	69	77	61	73	62	58	84	82	280	286
<b>EBITDA/MT</b>										
North America (USD)	40.4	42.1	30.9	15.7	40.5	14.7	-1.3	7.5	32.5	15.0
Europe (GBP)	11.8	17.4	6.9	-22.1	32.5	37.1	25.5	-7.3	4.8	22.7
Africa (USD)	43.4	66.6	42.7	83.6	32.0	35.5	49.4	38.7	60.1	39.8
<b>Cost Break-up</b>										
RM Cost (% of sales)	21.1	21.4	14.3	20.2	19.7	25.0	22.9	19.5	19.3	21.8
Staff Cost (% of sales)	12.6	12.5	14.7	13.8	13.9	13.3	14.2	15.2	13.4	14.1
Power and Fuel Cost (% of sales)	14.4	14.8	19.2	16.9	12.2	11.4	12.5	13.4	16.3	12.3
Freight and Distribution Cost (% of sales)	17.6	17.2	18.0	20.9	18.9	18.5	21.6	22.3	18.4	20.3
Other Cost (% of sales)	19.2	18.6	21.7	18.8	17.8	18.1	19.1	21.6	19.5	19.1
Gross Margins (%)	78.9	78.6	85.7	79.8	80.3	75.0	77.1	80.5	80.7	78.2
EBITDA Margins (%)	15.1	15.5	12.1	9.3	17.5	13.9	9.7	8.0	13.1	12.4
EBIT Margins (%)	7.9	8.5	4.3	1.0	9.9	6.5	1.5	-2.0	5.6	4.1

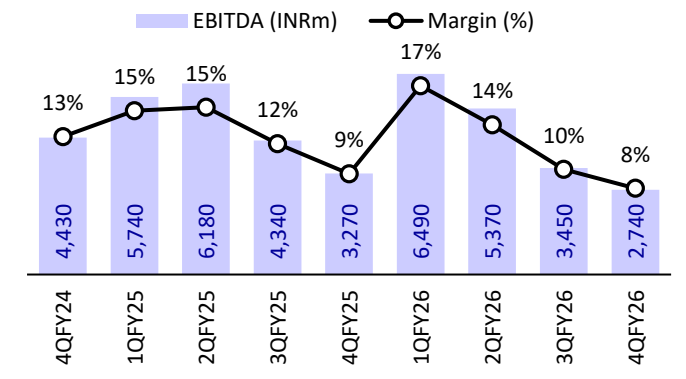
## Key exhibits

**Exhibit 1: Consolidated revenue trend**



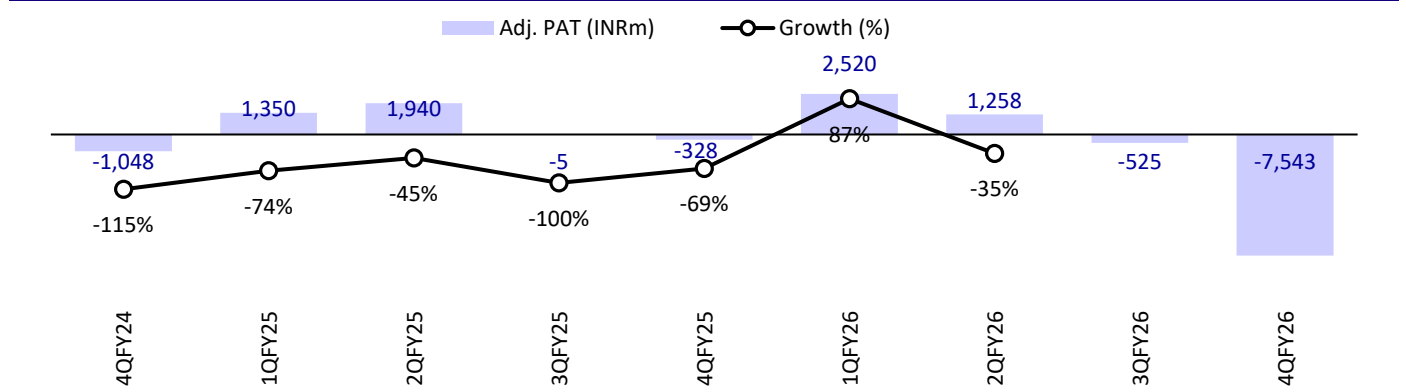
Sources: Company reports, MOFSL

**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	4QFY25	3QFY26	4QFY26	%YoY	%QoQ
<b>Revenue</b>					
Basic Chemistry products	30,370	28,870	29,330	-3%	2%
Specialty products	4,720	6,670	5,050	7%	-24%
Less: Inter-segment revenue	10	40	-		
Add: Unallocated	10	-	-		
<b>Total revenue</b>	<b>35,090</b>	<b>35,500</b>	<b>34,380</b>	<b>-2%</b>	<b>-3%</b>

**Exhibit 5: Consolidated segmental EBIT**

INR m	4QFY25	3QFY26	4QFY26	%YoY	%QoQ
<b>EBIT</b>					
Basic Chemistry products	840	710	-18,020	-2245%	-2638%
Margin	2.8%	2.5%	-61.4%		
Specialty products	-630	-210	-460	-27%	119%
Margin	-13.3%	-3.1%	-9.1%		
<b>Total EBIT</b>	<b>210</b>	<b>500</b>	<b>-18,480</b>	<b>-8900%</b>	<b>-3796%</b>
Less: Finance Cost	1,370	1,460	1,530		
Less: Unallocated (income)/expense	-	140	140		
<b>PBT</b>	<b>-1,160</b>	<b>-1,100</b>	<b>-20,150</b>	<b>1637%</b>	<b>1732%</b>

**Exhibit 6: Standalone operational performance trend**

INRm	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	%YoY	%QoQ
Soda Ash sales volume ('000MT)	157	167	159	181	210	198	192	215	222	6%	3%
Sodium Bicarbonate sales volume ('000MT)	34	32	33	41	42	44	47	52	53	26%	2%
Salt sales volume ('000MT)	371	326	322	354	346	335	371	362	374	8%	3%
Realization-Basic Chemistry Products (INR/MT)	18,772	19,257	18,969	19,549	19,682	19,497	19,033	18,442	18,567	-6%	1%
Net sales	10,900	10,470	10,090	11,660	12,190	11,690	12,040	12,040	12,540	3%	4%
EBITDA	1,920	2,350	1,440	2,090	2,300	2,700	2,400	2,280	2,160	-6%	-5%
EBITDA (%)	17.6%	22.4%	14.3%	17.9%	18.9%	23.1%	19.9%	18.9%	17.2%	-164	-171
PBT	1,970	3,220	1,170	830	1,200	3,320	2,120	730	550	-54%	-25%
PAT	2,170	2,560	990	720	970	3,070	1,780	835	480	-51%	-43%

Sources: Company reports, MOFSL

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

INR m	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	%YoY	%QoQ
Soda Ash utilization (%)	99%	93%	100%	88%	92%	85%	94%	95%	83%	-976	-1,244
Sales volume ('000MT)	626	588	632	559	586	542	599	603	524	-11%	-13%
Realization (INR/MT)	20,879	21,786	22,009	22,773	22,457	22,288	21,402	20,929	22,595	1%	8%
Realization (USD/MT)	252	261	263	270	259	260	245	235	247	-4%	5%
EBITDA/MT (USD)	28	40	42	31	16	41	15	-1	8	-52%	-678%
Net sales	13,070	12,810	13,910	12,730	13,160	12,080	12,820	12,620	11,840	-10%	-6%
EBITDA	1,470	1,980	2,230	1,460	800	1,880	770	-70	360	-55%	-614%
EBITDA (%)	11.2%	15.5%	16.0%	11.5%	6.1%	15.6%	6.0%	-0.6%	3.0%	-304	360
PAT	150	390	650	20	-440	430	-770	-1,570	-2,590	489%	65%

Sources: Company reports, MOFSL

**Exhibit 8: Performance trend in the European operations**

INR m	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	%YoY	%QoQ
Soda Ash volume ('000MT)	46	47	46	45	33	0	0	0	0	NA	NA
Sodium Bicarbonate volume ('000MT)	23	25	23	22	15	12	15	14	14	-7%	0%
Salt ('000MT)	75	76	75	71	70	72	73	63	63	-10%	0%
Total sales volume ('000MT)	144	148	144	138	118	84	88	77	77	-35%	0%
Realization (INR/MT)	38,403	35,473	36,875	38,696	35,339	44,881	45,000	45,325	43,896	24%	-3%
Realization (GBP/MT)	374	344	356	371	329	383	376	371	351	7%	-5%
EBITDA/MT (GBP)	43	12	17	7	-22	32	37	26	-7	-67%	-128%
Net sales	5,530	5,250	5,310	5,340	4,170	3,770	3,960	3,490	3,380	-19%	-3%
EBITDA	630	180	260	100	-280	320	390	240	-70	-75%	-129%
EBITDA (%)	11.4%	3.4%	4.9%	1.9%	-6.7%	8.5%	9.8%	6.9%	-2.1%	464	-895
PAT	-780	-600	-590	-780	-1,010	-310	-390	-490	-830	-18%	69%

Sources: Company reports, MOFSL

**Exhibit 9: Performance trend in African operations**

INR m	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	%YoY	%QoQ
Soda ash utilization (%)	73%	79%	88%	70%	83%	71%	66%	96%	94%	1,029	-229
Sales volume ('000MT)	64	69	77	61	73	62	58	84	82	12%	-2%
Realization (INR/MT)	22,813	21,449	21,818	22,295	21,644	21,613	22,241	20,119	18,780	-13%	-7%
Realization (USD/MT)	275	257	260	264	249	252	255	226	206	-18%	-9%
EBITDA/MT (USD)	73	43	67	43	84	32	36	49	39	-54%	-22%
Net sales	1,460	1,480	1,680	1,360	1,580	1,340	1,290	1,690	1,540	-3%	-9%
EBITDA	390	250	430	220	530	170	180	370	290	-45%	-22%
EBITDA (%)	26.7%	16.9%	25.6%	16.2%	33.5%	12.7%	14.0%	21.9%	18.8%	-1,471	-306
PAT	340	330	400	180	270	180	-20	250	70	-74%	-72%

Sources: Company reports, MOFSL



## Highlights from the management commentary

### Demand-supply scenario

- Global Soda ash markets remained adequately supplied, and the supply overhang continued to exert pressure on pricing in 4QFY26.
- The challenging external environment amid ongoing geopolitical tensions in the Middle East led to an increase in power and logistics costs, uncertainty, and limited visibility on any immediate change in market conditions. Overall demand is expected to remain flat in the near term.
- The US and China market demand is flat, while demand in India is positive. Soda ash prices saw a slight increase at the end of March due to increased logistics costs (Landed price in India increased due to shipping costs). Overall pricing is expected to remain range-bound.

### Operational highlights

- Standalone revenue grew by ~3% YoY on account of higher volumes
- In 4QFY26, EBITDA declined primarily due to subdued pricing across all geographies, an increase in fixed costs, and rupee depreciation.
- Exceptional charge of ~INR18.4b relating to impairment of goodwill in the US (mining rights are intact) and INR1.6b of deferred tax assets written off.

### Acquisition of Novabey Pte.

- TTCH completed the acquisition of Novabey Pte Singapore in 4QFY26
- The acquiree is in the business of Premium grade Value-Added bi-carb. This acquisition aligns with TTCH's strategy of expanding high-margin specialty chemicals.

### Capex

- TTCH's board approved INR1b capex to debottleneck salt capacity at Mithapur plant by 82.5kTPA over the next 12-14 months. Returns are expected to be ~20%.
- Silica plant is undergoing a detailed review; ~15-20% returns expected
- Capex in the US will be done only after the soda ash cycle improves; repurposing will be done.
- For FY27, capex guidance of INR13b for silica, Singapore acquisition, and maintenance capex.

### India

- Mithapur facility achieved soda ash production of 1mTPA in FY26
- In 4QFY26, EBITDA dropped due to lower realizations and an increase in fixed costs.
- For FY26, revenue increased due to increased volumes (soda ash and bicarb) offset by lower realizations.
- Power source is imported coal from Indonesia; imported limestone availability has affected the India unit, but no issue is expected in the next three months. Energy and transport costs are covered fully by passing on the increase.
- Soda ash demand in India is expected to exhibit relatively robust demand growth. Customers are shifting to domestic sourcing and reducing dependency on imports due to geopolitical tensions. Turkey's exports coming from the Middle East route have decreased. Imports have been reduced to half.
- The Government of India is evaluating the safeguard duty. Solar glass expected to drive soda ash demand ~7,000-15,000t per month.

### North America

- In 4QFY26, EBITDA dropped due to lower realizations in the export market (particularly South East Asian markets)
- Solvay reduced soda ash production of ~180kT from their Spanish plant
- USA operations are largely insulated from the Middle East crisis
- Shipping costs are increased, which are passed on to the customers
- EBITDA of the US unit has improved sequentially due to not selling in the lower realization market

### Europe & UK

- In 4QFY26, revenue declined due to lower volumes of salt and bicard, partially offset by pricing.
- The unit is not experiencing a gas shortage, but prices have increased. Price increases are covering costs.

### Africa

- In 4QFY26, revenue declined due to lower realizations, partially offset by high volumes
- 50k MTPA Electric calciner soda ash plant in Kenya was operationalized in 4QFY26
- HFO supply unavailability is a key concern as it comes from the Middle East; 40 days of inventory remaining, and the company is monitoring the same. Market rate has shot up, and the company will need to purchase at the spot.

### Situation in China

- Chinese units slowed down due to maintenance work, and many facilities are running at lower utilization. 1 unit having 0.8mT capacity had an expiration of the production license. One of the producers with 1.36mT capacity has also mothballed its plant.
- The shutdown process was started pre-conflict.
- Inventory at ~1.5-1.8mT. Prices have remained flat in the Chinese market.

### Other

- Non-soda ash revenue grew ~14% YoY in FY26
- Supply chain planning, disciplined cost management, and capital allocation
- TTCH's Sodium bicarb output has improved from 140k-200kt in India, which is fully sold out, with the largest buyer being NTPC
- In FY27, Debt is expected to be at the same level as FY26
- BOD recommended a dividend of INR11 per share

### Valuation and view

- The near-term environment remains unfavorable, with the soda ash demand–supply balance yet to meaningfully improve despite expectations of future demand from solar glass and electric vehicles. Benefits from these end-use industries are likely to play out gradually while the current oversupply persists. Although the company has expansion plans in India, the payoff remains contingent on a broader cyclical recovery, limiting near-term upside.
- **We expect TTCH to record a revenue/EBITDA CAGR of 9%/27% over FY26-28. Reiterate Neutral with an SoTP-based TP of INR700.**

**Exhibit 10: Valuation methodology**

Business	Methodology	Metrics	FY28	Multiple (x)	EV/ MCAP (INR m)
<b>Commodity (INR m)</b>					
Inorganic Chemical India (Soda Ash & others) (Inc mfg Salt)	EV/EBITDA (x)	EBITDA	13,600	7	94,134
Tata Chemicals North America	EV/EBITDA (x)	EBITDA	7,177	5	39,346
Tata Chemicals Europe and Tata Chemicals Africa	EV/EBITDA (x)	EBITDA	3,813	5	20,588
<b>Sub Total</b>					<b>1,54,069</b>
<b>Specialty and Consumer (INR m)</b>					
Rallis India Ltd (Tata Chemicals holds 50% ) (INR m)	20% discount to Current MCAP	Attributable Mcap	50,834	0.8	22,367
<b>Total EV (INR m)</b>					<b>1,76,436</b>
Less: Debt (INR m)					51,310
Less: Minority Interest (INR m)					13,586
Less: Pension Liability (INR m)					11,980
Add: Cash & Liquid investment (INR m)					15,300
Add: Value of quoted Investment (INR m)		Mcap	79,392	0.8	63,513
<b>Target Mcap (INR m)</b>					<b>1,78,374</b>
Outstanding share (m)					255
<b>Target Price (INR)</b>					<b>700</b>

Source: MOFSL

**Exhibit 11: Changes to our earnings estimates**

Earnings Change (INR m)	Old		New		Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	1,60,552	1,74,368	1,59,855	1,73,593	0%	0%
EBITDA	24,243	30,373	21,997	28,970	-9%	-5%
Adj. PAT	8,582	13,315	6,458	11,507	-25%	-14%
EPS	34	52	25	45	-25%	-14%

Source: MOFSL

## Financials and valuations

Consolidated - Income Statement										(INR M)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
<b>Total Income from Operations</b>	<b>1,03,367</b>	<b>1,03,568</b>	<b>1,01,998</b>	<b>1,26,221</b>	<b>1,67,890</b>	<b>1,54,210</b>	<b>1,50,113</b>	<b>1,45,840</b>	<b>1,59,855</b>	<b>1,73,593</b>
Change (%)	0.7	0.2	-1.5	23.7	33.0	-8.1	-2.7	-2.8	9.6	8.6
Raw Materials	20,020	19,684	23,969	26,373	32,830	27,010	28,780	31,840	35,168	38,190
Employees Cost	13,185	13,754	13,997	15,400	16,910	18,600	19,890	20,600	21,740	23,609
Power, Oil & Fuel	14,801	14,499	14,371	21,122	29,880	26,730	24,210	17,990	19,982	21,699
Freight & forwarding charges	16,096	15,514	14,572	18,063	21,840	22,680	27,360	29,550	28,356	30,793
Other Expenses	21,460	20,625	20,082	22,217	28,210	30,720	29,100	27,810	32,611	30,332
<b>Total Expenditure</b>	<b>85,563</b>	<b>84,076</b>	<b>86,992</b>	<b>1,03,175</b>	<b>1,29,670</b>	<b>1,25,740</b>	<b>1,29,340</b>	<b>1,27,790</b>	<b>1,37,858</b>	<b>1,44,623</b>
% of Sales	82.8	81.2	85.3	81.7	77.2	81.5	86.2	87.6	86.2	83.3
<b>EBITDA</b>	<b>17,805</b>	<b>19,492</b>	<b>15,006</b>	<b>23,046</b>	<b>38,220</b>	<b>28,470</b>	<b>20,773</b>	<b>18,050</b>	<b>21,997</b>	<b>28,970</b>
Margin (%)	17.2	18.8	14.7	18.3	22.8	18.5	13.8	12.4	13.8	16.7
Depreciation	5,685	6,665	7,593	8,061	8,920	9,800	11,230	12,010	12,731	13,457
<b>EBIT</b>	<b>12,120</b>	<b>12,827</b>	<b>7,413</b>	<b>14,985</b>	<b>29,300</b>	<b>18,670</b>	<b>9,543</b>	<b>6,040</b>	<b>9,267</b>	<b>15,513</b>
Int. and Finance Charges	3,537	3,419	3,674	3,028	4,060	5,300	5,630	5,900	4,103	3,508
Other Income	4,095	3,111	2,344	2,560	2,180	2,860	2,250	3,160	3,197	3,125
<b>PBT bef. EO Exp.</b>	<b>12,677</b>	<b>12,519</b>	<b>6,084</b>	<b>14,517</b>	<b>27,420</b>	<b>16,230</b>	<b>6,163</b>	<b>3,300</b>	<b>8,361</b>	<b>15,130</b>
EO Items	703	0	0	-260	-180	-8,520	-1,250	-19,560	0	0
<b>PBT after EO Exp.</b>	<b>13,381</b>	<b>12,519</b>	<b>6,084</b>	<b>14,257</b>	<b>27,240</b>	<b>7,710</b>	<b>4,913</b>	<b>-16,260</b>	<b>8,361</b>	<b>15,130</b>
Total Tax	2,744	2,197	1,978	2,665	2,880	3,810	1,670	2,560	2,007	3,631
Tax Rate (%)	20.5	17.5	32.5	18.7	10.6	49.4	34.0	-15.7	24.0	24.0
MI & Profit/Loss of Asso. Cos.	1,317	2,257	1,542	-785	1,190	1,080	-20	140	-104	-8
<b>Reported PAT - Continuing Ops.</b>	<b>9,319</b>	<b>8,066</b>	<b>2,564</b>	<b>12,377</b>	<b>23,170</b>	<b>2,820</b>	<b>3,263</b>	<b>-18,960</b>	<b>6,458</b>	<b>11,507</b>
<b>Adjusted PAT - Continuing Ops.</b>	<b>8,791</b>	<b>8,066</b>	<b>2,564</b>	<b>12,572</b>	<b>23,305</b>	<b>9,210</b>	<b>4,201</b>	<b>-4,290</b>	<b>6,458</b>	<b>11,507</b>
Change (%)	-29.2	-8.3	-68.2	390.4	85.4	-60.5	-54.4	-202.1	-250.5	78.2
Margin (%)	8.5	7.8	2.5	10.0	13.9	6.0	2.8	-2.9	4.0	6.6
Reported PAT - Discontinuing Ops.	2,240	61,997	0	50	0	0	0	0	0	0
<b>Reported PAT</b>	<b>11,559</b>	<b>70,063</b>	<b>2,564</b>	<b>12,427</b>	<b>23,170</b>	<b>2,820</b>	<b>3,263</b>	<b>-18,960</b>	<b>6,458</b>	<b>11,507</b>
<b>Adjusted PAT</b>	<b>11,032</b>	<b>70,063</b>	<b>2,564</b>	<b>12,622</b>	<b>23,305</b>	<b>9,210</b>	<b>4,201</b>	<b>-4,290</b>	<b>6,458</b>	<b>11,507</b>

Consolidated – Balance Sheet										(INR M)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	2,548	2,548	2,548	2,548	2,548	2,550	2,550	2,550	2,550	2,550
Total Reserves	1,20,865	1,26,428	1,40,352	1,79,981	1,94,660	2,19,860	2,13,390	2,09,510	2,12,146	2,19,830
<b>Net Worth</b>	<b>1,23,413</b>	<b>1,28,977</b>	<b>1,42,900</b>	<b>1,82,529</b>	<b>1,97,208</b>	<b>2,22,410</b>	<b>2,15,940</b>	<b>2,12,060</b>	<b>2,14,696</b>	<b>2,22,380</b>
Minority Interest	29,147	7,638	8,526	9,045	9,210	8,730	9,070	9,690	11,591	13,586
Total Loans	61,430	77,020	69,330	70,250	62,960	55,630	63,040	71,140	65,623	51,310
Lease liability	0	1,880	1,886	1,350	1,370	3,910	6,500	7,140	7,140	7,140
Deferred Tax Liabilities	12,972	14,379	15,721	20,365	19,350	23,750	25,410	29,300	29,300	29,300
<b>Capital Employed</b>	<b>2,26,961</b>	<b>2,29,894</b>	<b>2,38,363</b>	<b>2,83,539</b>	<b>2,90,098</b>	<b>3,14,430</b>	<b>3,19,960</b>	<b>3,29,330</b>	<b>3,28,349</b>	<b>3,23,716</b>
Gross Block	1,38,124	1,61,488	1,68,164	1,83,536	2,01,566	2,18,716	2,46,796	2,86,326	3,00,868	3,10,822
Less: Accum. Deprn.	21,477	28,141	35,735	43,796	52,716	62,516	73,746	85,756	98,486	1,11,944
<b>Net Fixed Assets</b>	<b>1,16,648</b>	<b>1,33,346</b>	<b>1,32,429</b>	<b>1,39,741</b>	<b>1,48,850</b>	<b>1,56,200</b>	<b>1,73,050</b>	<b>2,00,570</b>	<b>2,02,381</b>	<b>1,98,878</b>
Goodwill on Consolidation	18,590	19,542	19,177	19,708	21,550	21,890	22,450	5,150	5,150	5,150
Capital WIP	7,738	8,350	10,935	16,673	24,100	22,170	19,130	10,380	8,838	3,884
Current Investments	22,523	16,010	15,635	13,251	12,700	6,150	8,050	7,110	7,110	7,110
<b>Total Investments</b>	<b>56,425</b>	<b>43,060</b>	<b>58,707</b>	<b>77,362</b>	<b>75,400</b>	<b>98,240</b>	<b>92,210</b>	<b>99,540</b>	<b>99,540</b>	<b>99,540</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>69,648</b>	<b>72,589</b>	<b>62,124</b>	<b>84,949</b>	<b>80,938</b>	<b>69,060</b>	<b>70,960</b>	<b>74,670</b>	<b>76,195</b>	<b>84,108</b>
Inventory	17,256	18,692	16,866	22,935	25,320	25,240	25,580	30,820	30,832	31,389
Account Receivables	14,525	15,799	13,970	19,334	26,270	19,000	19,000	20,880	21,022	22,829
Cash and Bank Balance	19,522	20,795	14,110	13,104	6,650	6,450	6,150	4,420	3,560	8,190
Loans and Advances	18,346	17,303	17,178	29,576	22,698	18,370	20,230	18,550	20,781	21,699
<b>Curr. Liability &amp; Prov.</b>	<b>42,088</b>	<b>46,994</b>	<b>45,009</b>	<b>54,894</b>	<b>60,740</b>	<b>53,130</b>	<b>57,840</b>	<b>60,980</b>	<b>63,756</b>	<b>67,844</b>
Account Payables	14,753	16,309	16,829	24,447	25,970	23,690	25,100	25,520	29,387	31,389
Other Current Liabilities	9,492	11,380	8,548	13,943	16,710	12,460	16,190	18,370	16,785	17,359
Provisions	17,843	19,304	19,632	16,505	18,060	16,980	16,550	17,090	17,584	19,095
<b>Net Current Assets</b>	<b>27,560</b>	<b>25,595</b>	<b>17,115</b>	<b>30,055</b>	<b>20,198</b>	<b>15,930</b>	<b>13,120</b>	<b>13,690</b>	<b>12,439</b>	<b>16,264</b>
<b>Appl. of Funds</b>	<b>2,26,961</b>	<b>2,29,894</b>	<b>2,38,363</b>	<b>2,83,539</b>	<b>2,90,098</b>	<b>3,14,430</b>	<b>3,19,960</b>	<b>3,29,330</b>	<b>3,28,349</b>	<b>3,23,716</b>

## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
<b>Basic (INR)</b>										
<b>EPS</b>	<b>34.5</b>	<b>31.7</b>	<b>10.1</b>	<b>49.3</b>	<b>91.5</b>	<b>36.1</b>	<b>16.5</b>	<b>-16.8</b>	<b>25.3</b>	<b>45.2</b>
Cash EPS	56.8	57.8	39.9	81.0	126.5	74.6	60.6	30.3	75.3	98.0
BV/Share	484.3	506.1	560.8	716.3	773.9	872.8	847.4	832.2	842.5	872.7
DPS	12.5	11.0	10.0	12.5	17.5	15.0	11.0	12.5	15.0	15.0
Payout (%)	42.0	42.7	122.3	31.7	19.2	135.5	85.9	-16.8	59.2	33.2
<b>Valuation (x)</b>										
P/E	23.3	25.4	80.0	16.3	8.8	22.3	48.8	-47.8	31.8	17.8
Cash P/E	14.2	13.9	20.2	9.9	6.4	10.8	13.3	26.6	10.7	8.2
P/BV	1.7	1.6	1.4	1.1	1.0	0.9	0.9	1.0	1.0	0.9
EV/Sales	2.5	2.4	2.5	2.0	1.5	1.7	1.8	1.9	1.7	1.5
EV/EBITDA	14.2	13.0	16.9	11.2	6.7	9.0	12.7	15.2	12.4	8.8
Dividend Yield (%)	1.6	1.4	1.2	1.6	2.2	1.9	1.4	1.6	1.9	1.9
FCF per share	19.7	-16.3	45.0	-29.7	9.5	37.7	-14.5	5.1	36.8	90.8
<b>Return Ratios (%)</b>										
RoE	7.5	6.4	1.9	7.7	12.3	4.4	1.9	-2.0	3.0	5.3
RoCE	7.2	6.7	3.1	6.1	11.0	4.0	2.8	3.8	3.4	5.1
Core RoCE	11.2	10.5	5.1	10.2	17.7	6.7	4.8	6.1	5.2	7.9
RoIC	6.9	7.0	3.2	7.4	14.5	5.1	3.2	3.3	3.3	5.5
<b>Working Capital Ratios</b>										
Fixed Asset Turnover (x)	0.7	0.6	0.6	0.7	0.8	0.7	0.6	0.5	0.5	0.6
Asset Turnover (x)	0.5	0.5	0.4	0.4	0.6	0.5	0.5	0.4	0.5	0.5
Inventory (Days)	315	347	257	317	282	341	324	353	320	300
Debtor (Days)	51	56	50	56	57	45	46	52	48	48
Creditor (Days)	269	302	256	338	289	320	318	293	305	300
<b>Leverage Ratio (x)</b>										
Current Ratio	1.7	1.5	1.4	1.5	1.3	1.3	1.2	1.2	1.2	1.2
Interest Cover Ratio	3.4	3.8	2.0	4.9	7.2	3.5	1.7	1.0	2.3	4.4
Net Debt/Equity	0.2	0.3	0.3	0.2	0.2	0.2	0.2	0.3	0.3	0.2

### Consolidated - Cash Flow

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
<b>Statement (INR M)</b>										
OP/(Loss) before Tax	17,304	12,519	6,084	14,517	27,420	16,230	6,163	-14,590	8,361	15,130
Depreciation	5,714	6,665	7,593	8,061	8,920	9,800	11,230	12,010	12,731	13,457
Interest & Finance Charges	3,653	308	1,330	469	1,880	2,440	3,380	5,900	906	383
Direct Taxes Paid	-4,849	-2,197	-1,978	-2,665	-4,070	-3,810	-1,670	650	-2,007	-3,631
(Inc)/Dec in WC	-2,144	506	7,344	-6,051	-6,790	8,440	2,510	-8,190	390	806
<b>CF from Operations</b>	<b>19,678</b>	<b>17,801</b>	<b>20,373</b>	<b>14,330</b>	<b>27,360</b>	<b>33,100</b>	<b>21,613</b>	<b>-4,220</b>	<b>20,381</b>	<b>26,145</b>
Others	-3,865	0	0	-260	2,350	-7,930	290	16,910	2,004	2,004
<b>CF from Operating incl EO</b>	<b>15,813</b>	<b>17,801</b>	<b>20,373</b>	<b>14,070</b>	<b>29,710</b>	<b>25,170</b>	<b>21,903</b>	<b>12,690</b>	<b>22,385</b>	<b>28,149</b>
(Inc)/Dec in FA	-10,795	-21,962	-8,896	-21,642	-27,298	-15,560	-25,600	-11,400	-13,000	-5,000
<b>Free Cash Flow</b>	<b>5,018</b>	<b>-4,161</b>	<b>11,477</b>	<b>-7,572</b>	<b>2,412</b>	<b>9,610</b>	<b>-3,697</b>	<b>1,290</b>	<b>9,385</b>	<b>23,149</b>
(Pur)/Sale of Investments	-19,711	13,364	-15,646	-18,655	1,962	-22,840	6,030	2,960	0	0
Others	10,924	-15,085	13,239	31,936	11,079	32,300	-2,090	350	3,197	3,125
<b>CF from Investments</b>	<b>-19,582</b>	<b>-23,682</b>	<b>-11,303</b>	<b>-8,361</b>	<b>-14,257</b>	<b>-6,100</b>	<b>-21,660</b>	<b>-8,090</b>	<b>-9,803</b>	<b>-1,875</b>
Issue of Shares	0	0	0	0	0	2	0	0	0	0
Inc/(Dec) in Debt	-5,714	12,625	-7,690	920	-7,290	-7,330	7,410	3,500	-5,517	-14,313
Interest Paid	-2,939	-3,419	-3,674	-3,028	-4,060	-5,300	-5,630	-4,870	-4,103	-3,508
Dividend Paid	-6,725	-3,448	-3,134	-3,918	-4,459	-3,822	-2,803	-2,800	-3,822	-3,822
Others	-6,162	1,396	-1,257	-689	-6,097	-2,820	480	-1,490	0	0
<b>CF from Fin. Activity</b>	<b>-21,540</b>	<b>7,154</b>	<b>-15,755</b>	<b>-6,715</b>	<b>-21,907</b>	<b>-19,271</b>	<b>-543</b>	<b>-5,660</b>	<b>-13,442</b>	<b>-21,643</b>
<b>Inc/Dec of Cash</b>	<b>-25,309</b>	<b>1,273</b>	<b>-6,685</b>	<b>-1,006</b>	<b>-6,454</b>	<b>-201</b>	<b>-300</b>	<b>-1,060</b>	<b>-860</b>	<b>4,631</b>
Opening Balance	44,831	19,522	20,795	14,110	13,104	6,650	6,450	5,480	4,420	3,560
<b>Closing Balance</b>	<b>19,522</b>	<b>20,795</b>	<b>14,110</b>	<b>13,104</b>	<b>6,650</b>	<b>6,450</b>	<b>6,150</b>	<b>4,420</b>	<b>3,560</b>	<b>8,190</b>

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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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