Tata Chemicals | ADD

Performance to improve across geographies from 2HFY26

Krishan Parwani
krishan.parwani@jmfl.com | Tel: (91 22) 66303073
Jesvin Solomon
jesvin.solomon@jmfl.com | Tel: (91 22) 66301854
Siddhinathan KN
siddhinathan.kn@jmfl.com | Tel: (91 22) 66303048

Tata Chemicals' 2QFY26 earnings print was below our expectation on account of lower realisation in the India business and a decline in US business profitability. The India business saw pricing pressure while the US business saw one-off expenses related to drawdown of WIP stocks and higher share of exports (lower margins) compared to domestic sales. As we have highlighted in our initiating coverage report (click here), going ahead, in our view – i) the recently imposed anti-dumping duty (ADD) is likely to provide a cushion to its soda ash sales realisation in the India business, ii) the US business is likely to see equal split between domestic (higher margin) and exports sales, and iii) with the UK business' reconfiguration now complete, the company is likely to see benefits from 3QFY26. On account of these factors, it is likely to be on a continuous EBITDA improvement path with an EBITDA CAGR of ~16% over FY25-28E. Factoring in 2QFY26 results and management commentary, we have lowered our FY26-28E EBITDA estimates by ~4-8% and EPS estimates by 5-16%. We roll forward to Dec'27E earnings and maintain ADD rating on the name with a revised SOTP-based Dec'26 TP of INR 945/share (from Sep'26 TP of INR 970 earlier).

- **EBITDA miss on account of lower India realisation and decline in US profitability:** Tata Chemical's 2QFY26 consolidated gross profit was 9% below our expectation and stood at INR 29.1bn (down 2.6%/7.4% QoQ/YoY) as gross margin was lower than anticipated at 75% (vs. JMFe of 79.3% and 80.3% in 1QFY26) and sales was lower than expected at ~INR 38.8bn (4%/6% below JMFe/consensus, up 4% QoQ while down 3% YoY). During the quarter, other expenses were lower at INR 18.6bn (vs. JMFe of INR 19.5bn and INR 18.2bn in 1QFY26). As a result, EBITDA came 21%/20% below JMFe/consensus and stood at INR 5.4bn (down 17%/13% QoQ/YoY). Further, PAT (after Minority Interest) was significantly below JMFe/consensus and stood at INR 770mn (down 69%/60% QoQ/YoY) due to exceptional loss of ~INR 650mn during the quarter related to contractual obligations with respect to closure of the Lostock operations.

- **Lower US EBITDA/MT on account of WIP inventory drawdown and higher exports:** During 2QFY26, soda ash sales volume stood at ~849KT (vs. 802KT in 1QFY26 and 868KT in 2QFY25), Soda bicarb sales volume stood at 62KT (vs.56KT in 1QFY26 and 52KT in 2QFY25), and salt sales volume stood at 444KT (vs. 407KT in 1QFY26 and 397KT in 2QFY25). EBITDA margin was lower on account of lower EBITDA/MT in the India business at INR 3,934/MT (vs. INR 4,679/MT in 1QFY26 and INR 2,802/MT in 2QFY25), and significantly lower EBITDA/MT in the US business at INR 1,285/MT (vs. INR 3,469/MT in 1QFY26 and INR 3,528/MT in 2QFY25).

- **Maintain ADD with Dec'26 TP of INR 945/share:** Factoring in 2QFY26 performance and management commentary, we have revised our FY26-28E EBITDA estimates downwards by ~4-8% and EPS estimates downwards by ~5-16%. The company stands to benefit from ADD on soda ash in the India business, turnaround of UK operations with Lostock unit reconfiguration now complete, and improvement in the US business. We now expect the company to register EBITDA/EPS CAGR of ~16%/70% over FY25-28E. We roll forward to Dec'27E earnings and maintain ADD rating on the name with a revised SoTP-based Dec'26 TP of INR 945/share (from Sep'26 TP of INR 970/share earlier).

Recommendation and Price Target	
Current Reco.	ADD
Previous Reco.	ADD
Current Price Target (12M)	945
Upside/(Downside)	8.0%
Previous Price Target	970
Change	-2.6%

Key Data – TTCH IN	
Current Market Price	INR 875
Market cap (bn)	INR223.0/US$2.5
Free Float	51%
Shares in issue (mn)	254.8
Diluted share (mn)	254.8
3-mon avg daily val (mn)	INR545.2/US$6.1
52-week range	1,159/756
Sensex/Nifty	83,978/25,763
INR/US$	88.8

Price Performance

%	1M	6M	12M
Absolute	-5.4	4.8	-24.2
Relative*	-8.6	0.5	-28.0

** To the BSE Sensex*

Financial Summary (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	154,210	148,870	153,467	161,669	172,099
Sales Growth (%)	-8.1	-3.5	3.1	5.3	6.5
EBITDA	28,470	19,530	23,787	27,080	30,152
EBITDA Margin (%)	18.5	13.1	15.5	16.8	17.5
Adjusted Net Profit	11,430	3,270	7,383	8,441	11,507
Diluted EPS (INR)	44.9	12.8	29.0	33.1	45.2
Diluted EPS Growth (%)	-50.7	-71.4	125.8	14.3	36.3
ROIC (%)	3.5	1.8	3.2	4.0	4.9
ROE (%)	5.4	1.5	3.4	3.8	5.0
P/E (x)	19.5	68.2	30.2	26.4	19.4
P/B (x)	1.0	1.0	1.0	1.0	1.0
EV/EBITDA (x)	9.5	14.4	11.6	9.8	8.3
Dividend Yield (%)	1.7	1.3	1.3	1.3	1.3

Source: Company data, JM Financial. Note: Valuations as of 03/Nov/2025

2QFY26 Result Review

Key takeaways from post-results conference call

- **US business EBITDA impacted by WIP stock drawdown and higher exports:** The US business' EBITDA for the quarter was lower due to a drawdown of work-in-progress (WIP) stocks, which led to the under-absorption of fixed costs, impacting EBITDA by ~USD 5mn. Additionally, the US business experienced a higher-than-usual reliance on exports, which typically yields lower realisation and margins compared to domestic sales. The share of exports in the US business for 2QFY26 was higher than the usual 50%, with a ~20,000MT increase compared to 1QFY26, further impacting margins.

- **UK unit to contribute positively with reconfiguration now complete:** Reconfiguration of the Lostock unit in the UK is now complete, and the unit is expected to contribute positively from 3QFY26 onwards. Despite this, the UK unit's PAT for the quarter was lower due to a one-time expense of INR 650mn, primarily related to contractual obligations for future commitments. Going forward, the UK unit is expected to see an improvement in bicarb volumes of ~4,000MTPA from 3QFY26, driven by a shift from internal to external soda ash sources. Additionally, the UK unit will begin selling pharma-grade salt from 3QFY26.

- **India unit margins sequentially lower due to pricing pressures:** While the India business recorded higher volumes for the quarter, margins were impacted by pricing pressure stemming from oversupply and lower-priced imports. Import prices into India stood at USD 232-236/MT, with importers exerting downward pressure on prices despite the extension of Minimum Import Price (MIP). The Directorate General of Foreign Trade (DGFT) has recommended Anti-Dumping Duties (ADD) on imports primarily from the US and Turkey, with duties ranging from ~USD 30/MT to ~USD 100/MT based on the country and exporter.

- **Kenya unit land rate litigation resolved; tax dispute also settled:** Management provided an update on the pending litigation regarding land rates for its Kenya unit, confirming that the court ruled in the company's favour. However, the matter remains under observation, as the opposing party has 14 days to appeal to the Supreme Court. Additionally, the company resolved other tax-related litigations during the quarter, agreeing to a payment of INR 160mn, which has already been accounted for as an expense in FY26.

- **Capex outlook and volume expansion plans for FY26:** Management reiterated its earlier guidance of INR 10bn capex for FY26. The company plans to expand soda ash capacity in India by ~500,000MTPA, with ~150,000MTPA expected to come online in the near term and the remaining 350,000MTPA to be phased in over time. Additionally, a 5,000MTPA FOS (Fructooligosaccharides) capacity has already been commissioned. The company also aims to boost bicarb and salt capacities in addition to adding ~92,000MTPA of specialty silica capacity across its Cuddalore and Mithapur facilities. To support these expansions, the company intends to seek funds through a fundraising initiative.

- **Net debt to EBITDA impacted by currency fluctuations and higher inventory levels:** Net debt increased in 1HFY26, primarily due to a currency impact of INR 2.5bn, with the remainder attributed to higher inventory levels. While the impact of increased inventory on net debt is expected to stabilise in 2HFY26, the management refrained from commenting on the future impact of currency fluctuations on the company's debt levels.

- **China to add 5-6MMTPA of natural soda ash capacity in line with government targets:** Management provided an update on capacity additions in China, where the government aims to achieve a 50-50 split between natural and synthetic soda ash production. Currently, the split stands at 75% synthetic and 25% natural. As part of this transition, China is expected to add ~5-6MMTPA of natural soda ash capacity, alongside rationalisation of synthetic soda ash production, to align with the government's long-term capacity goals.

- **Slow soda ash demand expected to persist into CY26 amid oversupply:** Management indicated that global demand for its key products, including soda ash, is expected to be flat in the near term, with the market facing weak demand and an oversupply situation, leading to short-term margin challenges. The sluggish pace of demand is anticipated to continue into CY26. Additionally, tariff-related issues have impacted solar capacity installations in Malaysia and Vietnam. Soda ash inventory levels remain elevated, with China holding 1.6MMT of inventory, further contributing to the oversupply situation.

Exhibit 1. Tata Chemicals quarterly financial snapshot

Consolidated (INR mn)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	2QFY26E	% QoQ	% YoY	% difference from JMFe
Net Sales	37,300	34,750	37,890	39,990	35,900	35,090	37,190	38,770	40,200	4.2%	-3.1%	**-4%**
COGS	6,970	4,770	7,980	8,570	5,140	7,090	7,330	9,680	8,321	32.1%	13.0%	
Gross Profit	**30,330**	**29,980**	**29,910**	**31,420**	**30,760**	**28,000**	**29,860**	**29,090**	**31,879**	**-2.6%**	**-7.4%**	**-9%**
Gross margin	81.3%	86.3%	78.9%	78.6%	85.7%	79.8%	80.3%	75.0%	79.3%	-526 bps	-354 bps	
Employee cost	4,690	4,790	4,770	5,010	5,270	4,840	5,170	5,140	5,588	-0.6%	2.6%	
Employee cost as % of sales	13%	14%	13%	13%	15%	14%	14%	13%	14%	-64 bps	73 bps	
Other expenditure	20,220	20,760	19,400	20,230	21,150	19,890	18,200	18,580	19,497	2.1%	-8.2%	
Other exp. as % of sales	54%	60%	51%	51%	59%	57%	49%	48%	49%	-101 bps	-266 bps	
EBIDTA	**5,420**	**4,430**	**5,740**	**6,180**	**4,340**	**3,270**	**6,490**	**5,370**	**6,793**	**-17.3%**	**-13.1%**	**-21%**
EBITDA margin	15%	12.7%	15.1%	15.5%	12.1%	9.3%	17.5%	13.9%	16.9%	-360 bps	-160 bps	
Depreciation	2,460	2,710	2,730	2,770	2,800	2,930	2,800	2,850	2,800	1.8%	2.9%	
EBIT	2,960	1,720	3,010	3,410	1,540	340	3,690	2,520	3,993	-31.7%	-26.1%	
Interest expense	1,320	1,300	1,330	1,450	1,480	1,370	1,470	1,440	1,470	-2.0%	-0.7%	
Other income	380	1,140	470	1,080	280	420	960	1,380	650	43.8%	27.8%	
Excep. items & share of JV	0	-9,860	150	0	-700	-370	0	-650	0			
Share of JV	600	110	540	440	320	240	420	550	420			
PBT	2,020	1,560	2,150	3,040	340	-610	3,180	2,460	3,173	-22.6%	-19.1%	
Tax	680.0	220.0	940.0	810.0	170.0	-250.0	440.0	820.0	898.3	86.4%	1.2%	
PAT before MI	**1,940**	**-8,410**	**1,900**	**2,670**	**-210**	**-490**	**3,160**	**1,540**	**2,695**	**-51.3%**	**-42.3%**	**-43%**
Minority interest	360	90	400	730	320	-170	640	770	300			
PAT after MI	**1,580**	**-8,500**	**1,500**	**1,940**	**-530**	**-320**	**2,520**	**770**	**2,395**	**-69.4%**	**-60.3%**	**-68%**
PAT margin	5%	-24.2%	5.0%	6.7%	-0.6%	-1.4%	8.5%	4.0%	6.7%	-452 bps	-270 bps	
Basic EPS (INR)	6.20	-33.37	5.89	7.62	-2.08	-1.26	9.89	3.02	9.40	-69.4%	-60.3%	
Tax rate	33.7%	14.1%	43.7%	26.6%	50.0%	41.0%	13.8%	33.3%	28.3%	1950 bps	669 bps	

Source: Company, JM Financial

Exhibit 2. Tata Chemicals quarterly operational snapshot

	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	%QoQ	%YoY
India										
Sales (INR mn)	10,930	10,900	10,470	10,090	11,660	12,190	11,690	12,040	3%	19%
EBITDA (INR mn)	2,060	1,920	2,350	1,440	2,090	2,300	2,700	2,400	-11%	67%
Opex (INR mn)	8,870	8,980	8,120	8,650	9,570	9,890	8,990	9,640	7%	11%
Volume (MT)	524,000	562,000	525,000	514,000	576,000	598,000	577,000	610,000	6%	19%
Sales/MT (INR/MT)	20,859	19,395	19,943	19,630	20,243	20,385	20,260	19,738	-3%	1%
EBITDA/MT (INR/MT)	3,931	3,416	4,476	2,802	3,628	3,846	4,679	3,934	-16%	40%
Opex/MT (INR/MT)	16,927	15,979	15,467	16,829	16,615	16,538	15,581	15,803	1%	-6%
EBITDA margin (%)	19%	18%	22%	14%	18%	19%	23%	20%	-316 bps	566 bps
US										
Sales (USD mn)	151	157	151	164	150	156	140	149	6%	-10%
EBITDA (USD mn)	17	18	23	26	17	9	22	9	-59%	-66%
Opex (USD mn)	134	139	128	138	133	146	118	140	18%	1%
Volume (MT)	529,000	626,000	588,000	632,000	559,000	586,000	542,000	599,000	11%	-5%
Sales/MT (USD/MT)	286	250	258	260	269	265	258	248	-4%	-5%
EBITDA/MT (USD/MT)	33	28	40	42	31	16	40	15	-63%	-64%
Opex/MT (USD/MT)	253	222	218	218	238	249	218	233	7%	7%
EBITDA margin (%)	12%	11%	15%	16%	11%	6%	16%	6%	-956 bps	-1003 bps
UK										
Sales (GBP mn)	57	53	49	49	49	39	34	36	5%	-28%
EBITDA (GBP mn)	5	6	2	2	1	-3	3	4	22%	46%
Opex (GBP mn)	52	47	47	47	49	41	31	32	3%	-31%
Volume (MT)	156,000	144,000	143,000	144,000	138,000	118,000	84,000	88,000	5%	-39%
Sales/MT (GBP/MT)	366	369	340	341	358	327	403	404	0%	18%
EBITDA/MT (GBP/MT)	35	42	12	17	7	-22	34	40	16%	138%
Opex/MT (GBP/MT)	331	327	328	325	351	349	369	365	-1%	12%
EBITDA margin (%)	10%	11%	3%	5%	2%	-7%	8%	10%	136 bps	495 bps
Kenya										
Sales (USD mn)	20	18	17	20	16	19	16	15	-4%	-25%
EBITDA (USD mn)	7	5	3	5	3	6	2	2	6%	-59%
Opex (USD mn)	13	13	15	15	13	12	14	13	-5%	-13%
Volume (MT)	64,000	64,000	69,000	77,000	61,000	73,000	62,000	58,000	-6%	-25%
Sales/MT (USD/MT)	305	274	254	258	264	256	250	258	3%	0%
EBITDA/MT (USD/MT)	105	73	43	66	43	86	32	36	13%	-46%
Opex/MT (USD/MT)	200	200	211	192	221	170	219	222	1%	16%
EBITDA margin (%)	34%	27%	17%	26%	16%	34%	13%	14%	127 bps	-1164 bps

Source: Company, JM Financial

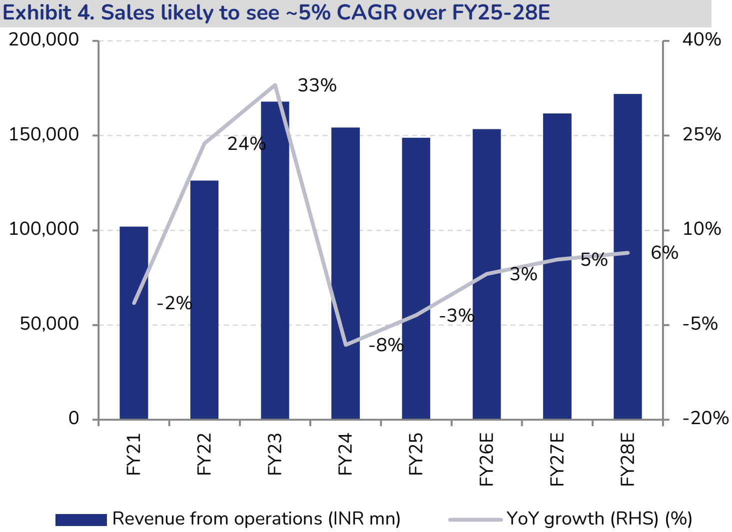
Assumptions and estimates

Exhibit 3. Change in estimates

	New	Old	Change
EBITDA (INR mn)			
FY26	23,787	25,854	-8.0%
FY27	27,080	28,343	-4.5%
FY28	30,152	31,250	-3.5%
PAT (INR mn)			
FY26	6,733	7,987	-15.7%
FY27	8,441	9,153	-7.8%
FY28	11,507	12,064	-4.6%
EPS (INR)			
FY26	26.4	31.4	-15.7%
FY27	33.1	35.9	-7.8%
FY28	45.2	47.4	-4.6%

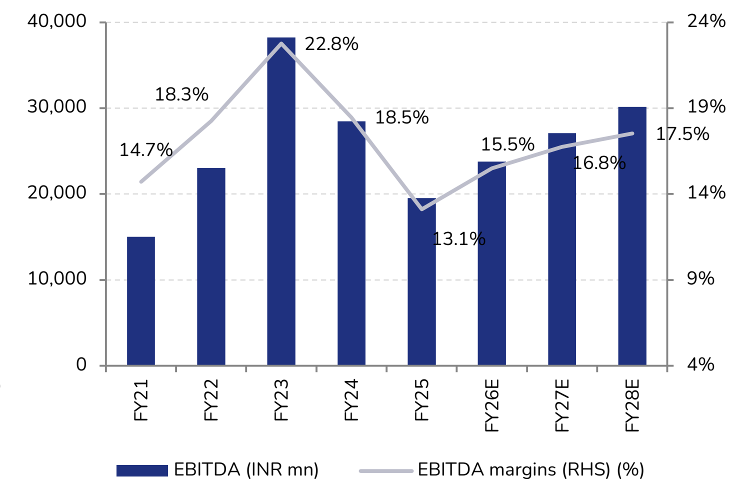
Source: JM Financial

Exhibit 4. Sales likely to see ~5% CAGR over FY25-28E



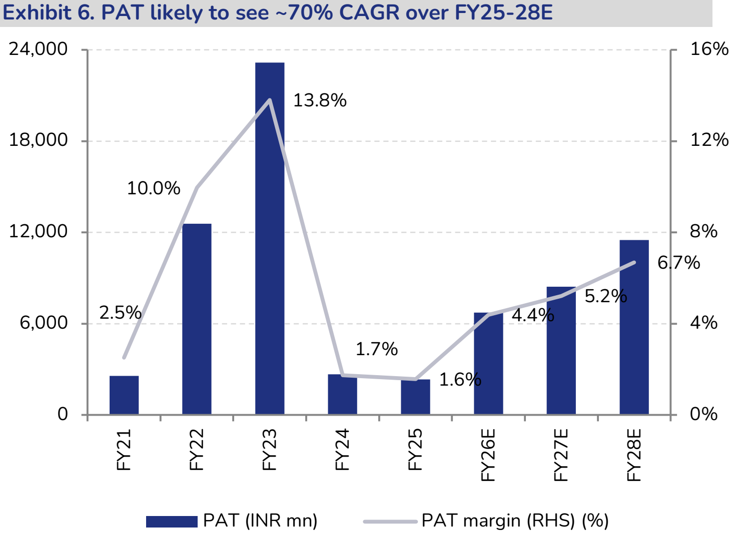
Source: Company, JM Financial

Exhibit 5. EBITDA likely to see ~16% CAGR over FY25-28E



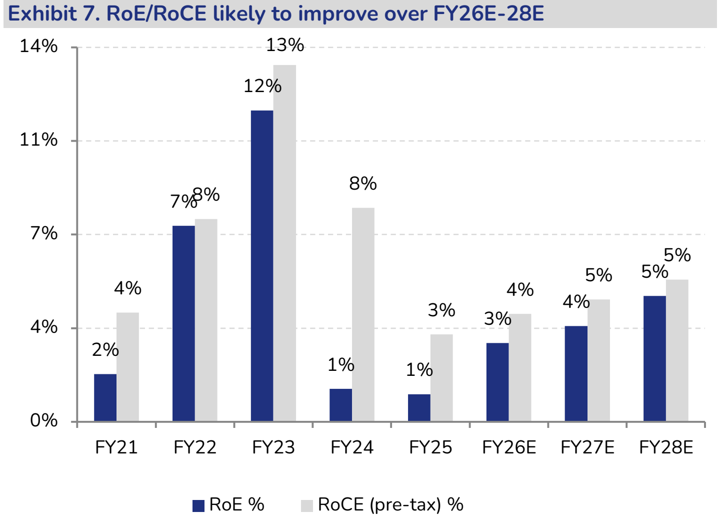
Source: Company, JM Financial

Exhibit 6. PAT likely to see ~70% CAGR over FY25-28E



Source: Company, JM Financial

Exhibit 7. RoE/RoCE likely to improve over FY26E-28E



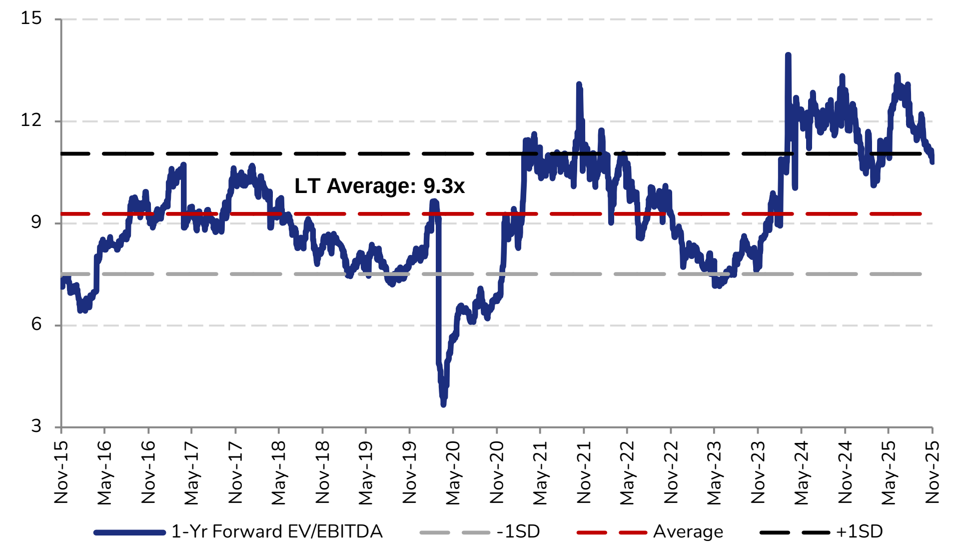
Source: Company, JM Financial

Exhibit 8. Our SOTP-based Dec'26 TP for Tata Chemicals stands at INR 945/share

Segments	Value (INR mn)	Multiple (x)	Methodology	Valuation (INR mn)	Value per share (INR)
India Business EBITDA (A)	13,210	9	9x Dec'27E EBITDA	121,532	477
US Business EBITDA (B)	5,789	6.5	6.5x Dec'27E EBITDA	37,686	148
Kenya Business EBITDA (C)	1,885	6.5	6.5x Dec'27E EBITDA	12,269	48
UK Business EBITDA (D)	2,734	8	8x Dec'27E EBITDA	21,875	86
Rallis Shareholding Value (E)	28,023	0.8	20% holding company discount applied to 55% shareholding	22,418	88
Company's Quoted Investments (F)	71,294	0.8	20% holding company discount	57,035	224
Share of profit from JV (G)	1,900	10	10x Dec'27E EPS	19,000	75
Enterprise Value				**291,815**	**1,145**
Less: Net Debt/(Cash)				39,274	154
Less: Provisions for employee benefits (current and non-current)				12,030	47
Equity Value				**240,511**	**945**
Dec'27E Consolidated EPS					42
Implied EV/EBITDA multiple (x)					10

Source: JM Financial

Exhibit 9. TTCH is currently trading at ~11x 1-yr forward consensus EV/EBITDA multiple



Source: Bloomberg, JM Financial

Exhibit 10. Chemical companies peer valuation

Company	Rating	CMP (INR)	TP (INR)	P/E (x)				P/B (x)				EV/EBITDA (x)				ROE (%)			
				FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
SRF	BUY	2,968	3,510	70.3	46.4	33.7	31.1	7.0	6.2	5.4	4.7	33.7	26.0	20.1	17.3	10.4	14.1	17.1	16.2
PI Industries	REDUCE	3,689	3,745	33.9	33.6	30.6	27.7	5.5	4.8	4.3	3.7	24.1	22.1	19.9	17.9	17.5	15.3	14.8	14.4
Deepak Nitrite	BUY	1,736	2,265	34.0	30.0	24.0	22.7	4.4	3.9	3.4	3.0	22.2	20.0	15.9	14.8	13.6	13.7	15.0	14.0
Clean Science	BUY	1,014	1,355	40.7	32.5	25.2	20.3	7.6	6.2	5.0	4.0	26.9	22.6	17.1	13.6	20.2	21.0	21.9	22.0
Navin Fluorine	BUY	5,901	6,380	104.7	53.4	42.5	35.5	11.5	7.9	6.9	6.0	58.4	33.0	27.9	23.2	11.5	17.6	17.3	18.1
Fine Organic	SELL	4,419	4,070	33.0	33.9	34.0	31.0	5.9	5.2	4.6	4.1	24.6	24.9	23.0	19.5	19.5	16.3	14.3	14.0
Galaxy Surfactants	REDUCE	2,263	2,335	26.3	24.2	22.1	20.9	3.4	3.1	2.9	2.6	15.8	14.7	13.4	12.3	13.4	13.5	13.6	13.2
PCBL Chemical	REDUCE	358	350	31.1	37.6	23.4	20.8	3.7	3.5	3.2	2.9	13.8	15.2	12.4	11.4	12.5	9.5	14.3	14.6
Aether Industries	BUY	761	1,030	59.4	50.8	33.7	25.6	4.5	4.1	3.7	3.2	41.7	30.3	22.8	17.4	7.9	8.5	11.5	13.4
Acutaas Chemicals	ADD	1,812	1,750	92.5	56.6	43.2	35.0	11.3	9.5	7.9	6.5	62.9	39.8	30.5	24.5	16.2	18.3	20.0	20.4
Anupam Rasayan	SELL	1,078	800	127.0	79.8	53.1	37.5	4.2	3.8	3.5	3.1	33.1	25.6	21.1	16.9	3.3	5.0	6.8	8.8
Archean Chemicals	REDUCE	654	635	39.9	27.3	17.4	13.6	4.3	3.8	3.2	2.6	25.5	17.4	11.4	8.7	11.3	14.8	19.9	21.1
Tatva Chintan Pharma Chem	SELL	1,409	820	576.8	84.8	63.6	48.5	4.5	4.2	4.0	3.7	97.0	38.5	30.4	24.8	0.8	5.1	6.5	7.9
Paradeep Phosphates	REDUCE	168	175	24.8	16.6	14.5	14.3	3.4	2.8	2.3	2.0	13.6	10.0	8.8	8.4	14.4	18.4	17.6	15.2
Gujarat Fluorochemicals	REDUCE	3,720	3,780	74.9	54.5	40.3	34.3	5.6	5.1	4.6	4.0	36.6	27.6	21.0	17.8	8.3	9.9	12.0	12.5
Tata Chemicals	ADD	875	945	68.2	30.2	26.4	19.4	1.0	1.0	1.0	1.0	14.4	11.6	9.8	8.3	1.5	3.4	3.8	5.0

Source: Companies, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	154,210	148,870	153,467	161,669	172,099
Sales Growth	*-8.1%*	*-3.5%*	*3.1%*	*5.3%*	*6.5%*
Other Operating Income	0	0	0	0	0
Total Revenue	**154,210**	**148,870**	**153,467**	**161,669**	**172,099**
Cost of Goods Sold/Op. Exp	27,010	28,780	34,070	33,627	34,076
Personnel Cost	18,600	19,890	20,411	21,260	22,304
Other Expenses	80,130	80,670	75,199	79,703	85,568
EBITDA	**28,470**	**19,530**	**23,787**	**27,080**	**30,152**
EBITDA Margin	*18.5%*	*13.1%*	*15.5%*	*16.8%*	*17.5%*
EBITDA Growth	*-25.5%*	*-31.4%*	*21.8%*	*13.8%*	*11.3%*
Depn. & Amort.	9,800	11,230	12,428	13,330	13,705
EBIT	18,670	8,300	11,359	13,750	16,446
Other Income	2,860	2,250	4,551	1,750	1,636
Finance Cost	5,300	5,630	5,678	4,563	3,011
PBT before Excep. & Forex	16,230	4,920	10,232	10,937	15,072
Excep. & Forex Inc./Loss(-)	-8,750	-920	-650	0	0
PBT	7,480	4,000	9,582	10,937	15,072
Taxes	3,810	1,670	2,149	2,297	3,165
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	-990	20	-700	-200	-400
Reported Net Profit	2,680	2,350	6,733	8,441	11,507
Adjusted Net Profit	**11,430**	**3,270**	**7,383**	**8,441**	**11,507**
Net Margin	*7.4%*	*2.2%*	*4.8%*	*5.2%*	*6.7%*
Diluted Share Cap. (mn)	254.8	254.8	254.8	254.8	254.8
Diluted EPS (INR)	**44.9**	**12.8**	**29.0**	**33.1**	**45.2**
Diluted EPS Growth	*-50.7%*	*-71.4%*	*125.8%*	*14.3%*	*36.3%*
Total Dividend + Tax	3,821	2,802	2,802	2,802	2,802
Dividend Per Share (INR)	15.0	11.0	11.0	11.0	11.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	8,160	5,540	11,582	12,837	16,972
Depn. & Amort.	9,800	11,230	12,428	13,330	13,705
Net Interest Exp. / Inc. (-)	3,400	4,500	4,548	3,433	1,881
Inc (-) / Dec in WCap.	3,320	-1,740	-691	-1,073	-1,365
Others	9,350	460	0	0	0
Taxes Paid	-3,870	-2,380	-2,149	-2,297	-3,165
Operating Cash Flow	**30,160**	**17,610**	**25,718**	**26,230**	**28,028**
Capex	-18,340	-20,050	-10,000	-7,667	-7,667
Free Cash Flow	*11,820*	*-2,440*	*15,718*	*18,563*	*20,361*
Inc (-) / Dec in Investments	7,030	-1,390	0	0	0
Others	5,210	4,630	1,130	1,130	1,130
Investing Cash Flow	**-6,100**	**-16,810**	**-8,870**	**-6,537**	**-6,537**
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	-13,150	-1,830	-9,000	-14,000	-18,000
Others	-11,790	2,120	-8,481	-7,365	-5,813
Financing Cash Flow	**-24,940**	**290**	**-17,481**	**-21,365**	**-23,813**
Inc / Dec (-) in Cash	**-880**	**1,090**	**-633**	**-1,672**	**-2,322**
Opening Cash Balance	5,133	4,253	5,483	4,851	3,179
Closing Cash Balance	4,253	5,483	4,851	3,179	857

Source: Company, JM Financial

Balance Sheet (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	222,410	215,940	219,871	225,509	234,213
Share Capital	2,550	2,550	2,550	2,550	2,550
Reserves & Surplus	219,860	213,390	217,321	222,959	231,663
Preference Share Capital	0	0	0	0	0
Minority Interest	8,730	9,070	11,770	13,870	16,170
Total Loans	50,640	63,040	54,040	40,040	22,040
Def. Tax Liab. / Assets (-)	23,750	25,410	25,410	25,410	25,410
Total - Equity & Liab.	**367,563**	**377,803**	**376,119**	**371,240**	**366,003**
Net Fixed Assets	178,370	192,180	189,752	184,089	178,050
Gross Fixed Assets	119,350	141,530	170,660	178,327	185,993
Intangible Assets	94,460	97,540	97,540	97,540	97,540
Less: Depn. & Amort.	62,370	73,230	85,658	98,988	112,693
Capital WIP	22,170	19,130	0	0	0
Investments	8,350	8,720	8,720	8,720	8,720
Current Assets	180,843	176,903	177,647	178,431	179,233
Inventories	25,240	25,580	26,370	27,779	29,571
Sundry Debtors	19,000	19,000	19,587	20,634	21,965
Cash & Bank Balances	4,253	5,483	4,851	3,179	857
Loans & Advances	0	0	0	0	0
Other Current Assets	132,350	126,840	126,840	126,840	126,840
Current Liab. & Prov.	62,033	64,343	65,028	66,411	68,169
Current Liabilities	32,180	35,800	36,575	37,958	39,716
Provisions & Others	29,853	28,543	28,453	28,453	28,453
Net Current Assets	118,810	112,560	112,619	112,020	111,063
Total – Assets	**367,563**	**377,803**	**376,119**	**371,240**	**366,003**

Source: Company, JM Financial

Dupont Analysis

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	7.4%	2.2%	4.8%	5.2%	6.7%
Asset Turnover (x)	0.5	0.4	0.5	0.5	0.5
Leverage Factor (x)	1.5	1.5	1.5	1.5	1.4
RoE	5.4%	1.5%	3.4%	3.8%	5.0%

Key Ratios

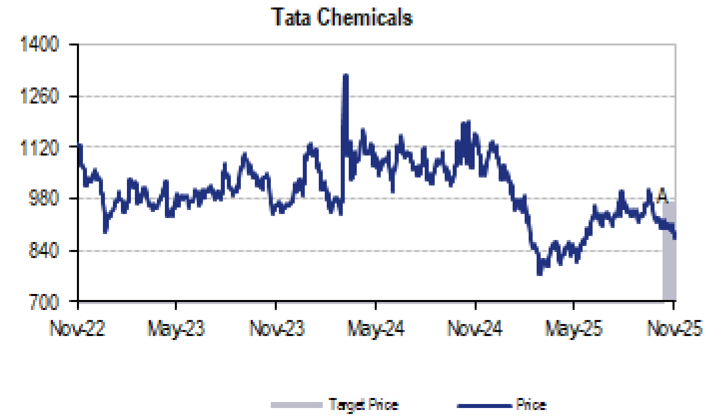
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	873.0	847.6	863.1	885.2	919.4
ROIC	3.5%	1.8%	3.2%	4.0%	4.9%
ROE	5.4%	1.5%	3.4%	3.8%	5.0%
Net Debt/Equity (x)	0.2	0.2	0.2	0.1	0.1
P/E (x)	19.5	68.2	30.2	26.4	19.4
P/B (x)	1.0	1.0	1.0	1.0	1.0
EV/EBITDA (x)	9.5	14.4	11.6	9.8	8.3
EV/Sales (x)	1.8	1.9	1.8	1.6	1.5
Debtor days	45	47	47	47	47
Inventory days	60	63	63	63	63
Creditor days	69	71	73	74	75

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
12-Oct-25	Add	970	

Recommendation History



APPENDIX I

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Corporate Identity Number: U67100MH2017PLC296081
Member of BSE Ltd. and National Stock Exchange of India Ltd.
SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610
Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.
Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com
Compliance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: ashley.johnson@jmfl.com
Grievance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: instcompliance@jmfl.com

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New Rating System: Definition of ratings	
Rating	**Meaning**
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	**Meaning**
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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