NIRMAL BANG
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Institutional Equities

Tata Chemicals (TTCH)

Chemicals | FY24 Annual report Update

SELL

CMP: Rs1,092 | Target Price (TP): Rs913 | Downside: 16.4%

June 27, 2024

Weak Soda Ash outlook dampens cautious optimism

Key Points:

- The management expects stable outlook for Soda Ash demand in FY25 while stating that it is positive about long-term demand growth in this segment. But, the increase in global capacity remains a challenge.
- The global Soda Ash demand is expected to grow by 4.1% in CY24 with utilisation touching 87% vs 2.7% growth seen in CY23 – implies utilisation of 83.6% on expanded global capacity of 79.8mtpa (as per industry sources). Growth and utilisation for CY21/CY22 stood at 5.5%/2.8% and 89%/91%, respectively vs the 5.5% decline in demand and utilisation of 84% seen in CY20 vs FY18-FY23.CAGR of 1.5%.
- The Indian Specialty business (ex-Rallis) is still struggling to obtain validation and customer wins. However TTCH expects higher margins in green tyre segment for silica, offsetting muted volume growth.
- The Soda Ash/Bicarb expansion of 230KTPA/70KTPA is likely to start by 2QFY25. UK pharma grade salt project is likely to start by 2HFY25.
- **The 9mtpa of capacity addition reported globally** (as per 4QFY24 PPT of GHCL – Not Rated), including the 5mn TPA natural Soda Ash expansion in China poses the risk of excess capacity. However, TTCH and US-based Soda Ash major Genesis Alkali believe that the Chinese expansion is getting absorbed within that country. Further, the closure of older polluting synthetic plants in China could eventually reduce excess capacity, but timeline is still elusive. The TTCH annual report has mentioned 4.5mtpa of global capacity addition in FY24 in the US and China; estimated addition of another 1.5mtpa is seen in FY25.

- **We have maintained** SELL on TTCH after marginal changes in estimates and have raised our TP a tad. The gradual recovery in Soda Ash industry towards a balanced demand and supply situation (as indicated by TTCH management and Genesis Alkali) could take another 12-24 months given the increase in new capacity. We expect current concerns over margins (due to headwinds from weak demand and excess capacity) to persist until we see the closure of old synthetic capacities in the EU and China matching the addition in new tonnage. In our view, 4QFY24 was the trough – which may linger for a while, but it is likely to gradually improve once US cuts interest rates - likely by end-FY25. Please note that the street has cut estimates for FY25E/FY26E by 17.8%/11.8% vs the estimates post 4QFY24 result. This and 9.9% YoY rally could put a cap on the stock.
- The outlook on Rallis is constructive as per TTCH MD&A, and poses an upside risk if Rallis beats expectations that could boost its value in TTCH TP. The Tata Sons IPO is unlikely as per recent news.

Est Change	Upward
TP Change	No Change
Rating Change	No Change

Company Data and Valuation Summary

Reuters	TTCH.BO
Bloomberg	TTCH IN Equity
Mkt Cap (Rsbn/US$bn)	278.3 / 3.3
52 Wk H / L (Rs)	1,349 / 933
ADTV-3M (mn) (Rs/US$)	2,281.4 / 27.4
Stock performance (%) 1M/6M/1yr	0.8 / (0.2) / 9.9
Nifty 50 performance (%) 1M/6M/1yr	3.9 / 8.5 / 26.8

Shareholding	2QFY24	3QFY24	4QFY24
Promoters	38.0	38.0	38.0
DIIs	20.9	20.5	20.0
FIIs	14.2	14.1	13.8
Others	26.9	27.5	28.2
Pro pledge	0.0	0.0	0.0

Financial and Valuation Summary

Particulars (Rsmn)	FY23	FY24	FY25E	FY26E
Revenues	**1,67,890**	**1,54,210**	**1,59,554**	**1,78,615**
EBITDA	**38,220**	**28,470**	**28,360**	**36,681**
Consol. Net Profit Adjusted	**23,350**	**11,429**	**11,625**	**18,251**
EPS (Rs)	**91.7**	**44.9**	**45.6**	**71.6**
EPS gr (%)	***84.8***	***-51.1***	***1.7***	***57.0***
EBITDA Margin (%)	*22.8*	*18.5*	*17.8*	*20.5*
P/E	11.9	24.4	23.9	15.2
EV/EBITDA	8.4	11.3	11.3	8.8
FCF Yield (%)	*4.54*	*4.17*	*5.13*	*5.26*
Net Debt/Equity (X)	0.21	0.19	0.13	0.07
Post-tax RoCE (%)	*8.7*	*4.5*	*4.3*	*6.1*
RoE (%)	***12.3***	***5.4***	***5.1***	***7.7***

Source: Company, Nirmal Bang Institutional Equities Research

Key Links: TTCH FY24 Annual report

Rallis FY24 Annual report

*Street estimate Rs	FY25E	FY26E
EPS	34.33	46.87

Source: Bloomberg

Please refer to the disclaimer towards the end of the document.

See Annexure -1 for KTAs from Rallis FY24 Annual report

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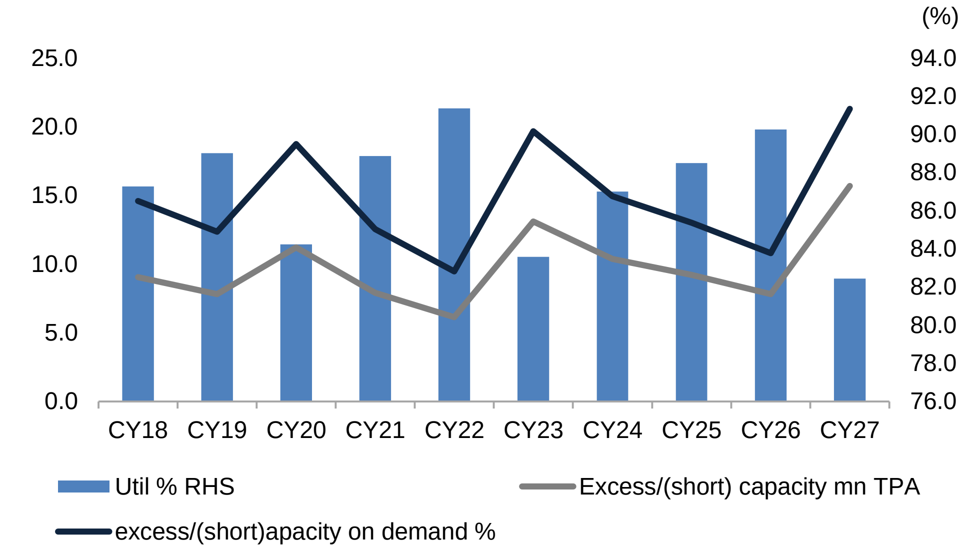
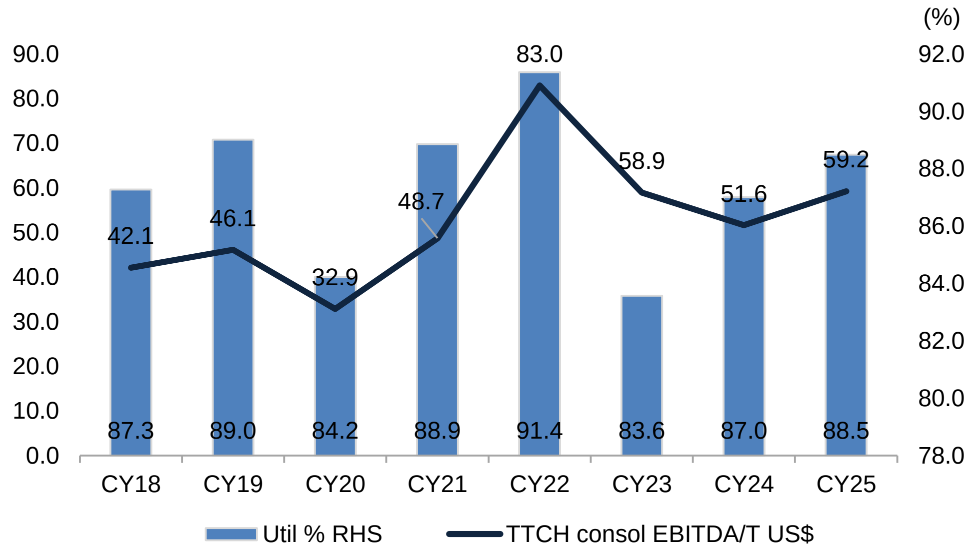
- **We have raised estimates** for FY26E by 7.6% after cutting FY25E by 6.5%. The hike in FY26E is based on increase in EBITDA/te in India/US from beaten down base (see Exhibit 2). This has to be viewed against the trimmed FY25E base as we still see some tail risk due to subdued demand/margins. The recent news on US/Asia seeing some tightness in Soda Ash is transient as key end user segments like Auto and Real Estate remain subdued and new segments like Lithium Battery/Solar Glass have seen surplus capacity in applications of Soda Ash. Hence, these segments may take longer than expected to achieve a balance.
- **We have raised TP a tad based on unchanged EV/E of 7x on FY26E for Chemistry segment EBITDA** – as we do not expect fundamentals to improve at least for another 12-18 months. This is contrary to prospects of likely recovery in Soda Ash demand, as per TTCH management, based on the potential recovery in end-use sectors and new China capacity being absorbed within that country. The new TP implies 12.8x PE on FY26E vs median PE of 15.7x (post Consumer business sale).

Exhibit 1: Global Soda Ash utilisation vs excess capacity



Source: Company/Industry, Nirmal Bang Institutional Equities Research

Exhibit 2: Global Soda Ash utilisation vs TTCH EBITDA/Tonne



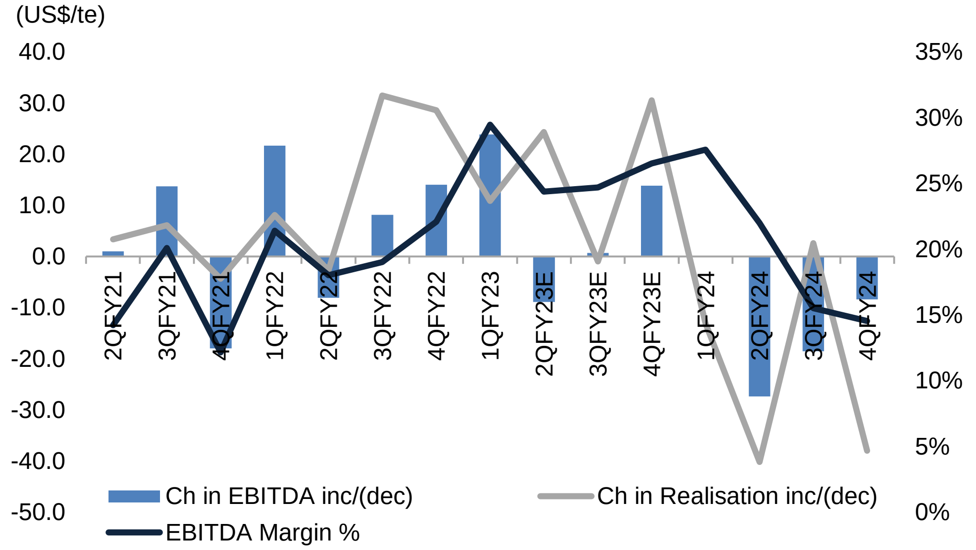
Source: Company/Industry, Nirmal Bang Institutional Equities Research; CY23 is FY24 and so on for TTCH numbers

TATA CHEMICALS LTD ANNUAL REPORT FY24 KTAs

Future Outlook:

- The outlook for the company's portfolio is expected to remain stable in FY25 and medium-term prospects too remain positive.
- **TTCH expects demand for Soda Ash to recover**, mainly in China, India and the Americas.
- Specialty Chemicals will continue the growth momentum linked to India demand.
- Crude Oil and Natural Gas prices are expected to remain stable after a decline in CY23.
- **European natural gas prices are likely to fall by 20% in CY24** largely due to demand contraction, particularly in industry. However, there will be periodic spikes owing to market anxiety about the security of global supply chains amid rising geopolitical tensions.
- **In China, the largest chemical market globally, 'lower but still notable growth' of 4% is expected in chemical production**. This growth is primarily going to be driven by Consumer Goods and Electronics industries. Other Emerging Markets in Asia are expected to gradually recover, **with India being the main growth contributor at 4.5%.**
- US is anticipated to see a slight recovery in chemical demand (2024: +1.1%, CY23: –1.0%) after a year marked by de-stocking and weak industrial growth. Growth is expected across most customer industries in the manufacturing sector, with additional growth expected in the Auto industry.
- **Europe:** In the EU, factors such as lower gas prices and a slow recovery in demand for goods are expected to support chemical demand.
- **Soda Ash:** Demand for Soda Ash in China and Latin America have been driven by Solar Glass and Lithium Carbonate. The demand from green energy application is resulting in increased use of glass for solar panels and lithium carbonate for EV batteries. These two end-use segments are boosting demand growth for Soda Ash.
- **Sodium Bicarbonate CAGR of 6-7% over the next five years:** In FY24, there was a robust 4.5% increase in demand for Sodium Bicarbonate. The sustained growth in demand for processed food products, pharmaceuticals, textiles, specialty chemicals and animal feed is likely to drive 6-7% CAGR for bicarbonate in India over the next five years.
- **Salt:** Sales of Salt to the key customer Tata Consumer Products Limited enjoyed a healthy growth rate.
- **Agrochemicals and Seeds:** Early promise of the Kharif season supported healthy demand for hybrid seeds across most crops as well as overall growth in the organised seeds industry that largely deals with hybrid seeds. But, an increasing trend towards improved variety of seeds has hurt demand for hybrid paddy seeds.
- **Demand in US:** Demand in the US is expected to remain muted in FY25. The company is setting up direct distribution networks in export markets with a view to enhance realisation.
- **Price to remain range-bound due to 6mtpa of new capacity by FY25:** Despite stable demand, prices are likely to remain range-bound due to large capacity addition, mainly in the US and China. In addition to ~4.5MMT capacities coming on stream in FY24, ~1.5MMT of new capacities are expected to come on stream in FY25 – **implies 6mtpa of aggregate capacity addition by FY25.**

Exhibit 3: Change in USD Realisation and EBITDA per tonne QoQ



Source: Company, Nirmal Bang Institutional Equities Research

- **The management is positive about the outlook for India-led specialty portfolio, including agrochemicals**. The company's specialty Silica business is seeing growth in demand in green labeling of tyres. Food & Beverages, Feed and Pharma sectors will continue to be growth drivers for the company's nutrition and silica portfolio. Rallis-led Agrochemicals business is also likely to see stable growth based on the prediction of a normal monsoon, as per TTCH.

Demand for Soda Ash:

India:

- Low-priced imports remain a concern, although the company expects Indian demand for Soda Ash to recover. The overhang of low cost imports and increasing energy & freight costs is likely to require sharper focus on improving operating rates, cost reductions and efficiencies. On the positive side, the recent expansion in Soda Ash and Bicarbonate capacities at Mithapur is likely to support future growth.
- **Specialty grades of Silica** targeted at rubber and tyre industry are enjoying healthy demand from customers.

US:

- The outlook for Soda Ash in the US remains stable while exports are likely to face headwinds from new Soda Ash mining capacities added in CY23 - NBIE understands that Genesis Alkali has alone added 0.75mtpa last year, as per the US major's PPT.

UK:

- Demand for the company's core products in the UK is likely to remain muted. Growth in Sodium Bicarbonate and Salt is being driven by focus and investment in high grade pharmaceutical applications. The company expects pharma grade salt capacity of 70KT to come on stream in 1HFY25.

Kenya:

- Kenya will focus on developing the domestic East African market to maximise overall price realisation through strategic market mix.

Global Chemical Industry

- Global Agrochemicals market suffered a decline in CY23 due to channel de-stocking, price corrections and volatile weather. **This trend is evident from the 25% decrease in crop protection chemical (CPC) exports from India and a steeper decline in Chinese exports.**

TATA CHEM BUSINESS PERFORMANCE

Soda Ash

- **Overall, global demand for Soda Ash increased by 2.7% or 1.8mn tonnes in CY23**. This was driven by mainland China (mainly by demand towards solar glass). According to industry estimates, global demand growth (excluding mainland China and India) was negative last year.
- **India's demand for Soda Ash recorded a marginal growth**. With annual solar installations of 20–25GW, Solar Glass is likely to be a key growth driver.
- Soda Ash sales were marginally impacted by lower demand growth coupled with excess pipeline inventories carried from FY23.
- **Over supply of imports:** Reduction in supply chain costs and decline in global soda ash demand resulted in increase in soda ash imports at lower prices during the year.
- Markets in India were oversupplied due to the strong influx of imports. **Soda Ash imports exceeded 1mn tonnes** - a steep increase of 80%. Domestic producers increased their exports to maintain production rates and market balance.
- **Adverse weather hurt the performance of Agrochem industry:** Adverse weather conditions dented the performance of the domestic agriculture sector in FY24 amid lower production in most crop segments. This led to price correction and lower liquidation of agrochemicals.
- This resulted in a steep decline in prices and lower output from domestic producers.

Salt supply

- Manufacturing of Solar Salt (from salt pans), a key feedstock for Soda Ash and Edible Salt, was affected by brine dilution owing to erratic rains and cyclone at Mithapur during June-July 2023.

TCNA (US)

- **Sales volume declined by ~5%** compared to the previous year. This was mainly attributed to weak domestic and export demand. **Demand in North America contracted in CY23 mainly due to persistent high inflation**, whereas exports from the US increased marginally.
- Amid muted domestic as well as global demand**, capacity additions in the US, China and Turkey created a situation of oversupply**, resulting in a sharp decline in domestic as well as export prices.
- TTCH is focused on generating free cash flow in the US arm TCNA.

TCEL (UK)

- **Soda Ash demand in the UK and the EU was severely impacted mainly by ongoing recession and geopolitical instability in Central as well as Eastern Europe. This resulted in demand contraction in key Soda Ash consumption sectors in the UK i.e. container glass and flat glass.**
- **Oversupply of low-cost Soda Ash from Turkey** resulted in a sharp decline in prices and EBITDA margins.
- The company's focus is to **maximise sale of its pharma grade** Sodium Bicarbonate in Europe and key export markets.
- It is also **aiming to commission a pharma grade salt plant** in 1HFY25.

TCAHL (Kenya)

- **Soda Ash sale by TCAHL in Kenya was impacted by muted demand** in key export markets of South East Asia and the Indian Subcontinent. **Demand in East and West African markets grew by over 4%,** mainly driven by growth in Silicate and Container Glass sectors.
- Demand in other markets such as South Africa, Indian Sub-continent (ISC) and South East Asia (SEA) saw slower growth and subdued pricing. Higher imports into ISC and SEA from the US and Turkey at low prices resulted in lower prices and volume.

Key Risks to TTCH business

India

- In FY25, key **risks include global recessionary pressure leading to demand slowdown, currency devaluation and changes in the export sector or imports from global markets.**
- Extended monsoon, supply chain disruption (due to rake unavailability), elevated energy costs (due to higher coal & fuel cost) and higher inflation.
- Bicarbonate demand for flue gas treatment is a promising opportunity, but uncertainty persists in consistent off-take by power plants.
- **Silica:** Delay in product approval from major tyre & non-tyre customers will hit plant utilisation rates. Both technical as well as business development teams are engaged with key customers to fast track product approvals and initiate commercial sales.

US operations:

- Coal supply is primarily dependent on a sole-sourced entity, although alternate sources have been identified. The company is planning to switch its coal only boilers (C/D boilers) to a mixed fuel source (Coal/Gas) to reduce emission.
- **Long term market softness, particularly in high volume export regions** (such as SEA and LATAM) and **persistent predatory pricing** from competitors will put pressure on all US producers.

Kenya operations:

- Certain risks due to the quality of Soda Ash still remain a challenge, necessitating a niche in container glass and the silicate sectors.

Capital Allocation and Future Capex Plans

- TTCH has earmarked Rs20bn for future capex plans.
- Out of this, ~30% will be Soda Ash, ~40% will be Bicarb and 5x Silica.
- Future capacity expansion: India - 300,000 tons, Kenya - 300,000 tons and 400,000 tons in the US.

Consolidated BS numbers

- **Net debt as of March'24 stood at Rs41.63bn** vs Rs38.98bn a year ago.
- Cash as on 31st March'24 stood at Rs6.45bn.
- Capex spend in FY24 stood at Rs18.3bn.

NBIE view on Soda Ash:

Soda Ash sector needs capacity reduction: Key challenges are: (a) Delay in expected recovery in China's Construction sector (b) Weakness in Flat Glass demand from the Construction/Container Glass segments across markets, particularly in Europe, where demand is down 1.2mn TPA. US exports to LatAm have been hurt by lower demand from the Lithium segment. The persistent downturn in China (especially in the Property sector) and slowdown in EU demand across all Glass segments is likely to result in excess supply in the EU and Asia, which is hurting Soda Ash prices. Latest industry reports confirm weak fundamentals for Soda Ash demand and pricing over CY24 despite near term tailwinds.

What can reverse the tide?: A recovery to a normal demand scenario and margin levels may take 12-18 months and requires: (a) recovery in demand and (b) closures of excess capacity, especially in China and the EU, which faces high energy cost and weak demand. TTCH could see modest benefits from India Soda Ash volume growth from the 230,000 TPA expansion and the Bicarb expansion, which is likely to be completed by 1QFY25E. **The UK has healthy outlook for Bicarb and Pharma grade salt** - **60% share in UK EBITDA.**

Ramp-up in Lithium demand & Solar Glass and unwinding of excess stocks in these segments is crucial to drive Soda Ash demand in these emerging sustainability-based growth drivers. A sustainable recovery in China, still troubled by the ailing Property sector, could also be an added tailwind.

Upside risks:

- Earlier-than-expected recovery in end-use demand, ramp-up in new segments and China revival could all aid speedy recovery in Soda Ash pricing and margins. Recovery in Flat Glass and Container Glass segments in Europe could reverse the estimated hit of 1mtpa out of the 6mtpa of consumption in that region, as per industry estimates. This could reduce exports from Turkey estimated at ~4mtpa.
- The long-term outlook for Soda Ash cycle is bullish based on expected growth in demand of at least 2.5-3%, aided by: (a) stable traditional end uses and new demand for Solar Glass and Lithium Carbonate (used in Li-ion batteries) and (b) limited increase in supply. Industry data shows that global Soda Ash demand could clock CAGR of 3-3.3% over 2022-2030 vs the FY22 figure of 63mtpa and installed capacity of 71mtpa.
- **If demand grows at CAGR of 2.5-3%, it implies CY30 demand of 80mtpa/83mtpa and implies 90-93% utilization** on estimated capacity of 89mtpa in CY30. Demand by CY26-end is likely at ~71mtpa/73.6mtpa, assuming 2.5-3% CAGR. **This is on a CY23 base consumption of 66mn tonnes inferred from TTCH MD&A data on CY23 growth of 1.8mtpa at 2.7% growth in global Soda Ash demand. However, if demand CAGR from CY25 is lower at 2%, the CY30 utilisation is likely to be lower at 87.5% based on demand of 78mtpa.**

  Capacity closures and deferment of expansion imply higher Soda Ash utilization rates

- **The closure of old synthetic route-based Soda Ash plants in China c**ould offset the addition of Inner Mongolia's 5mtpa in CY24, to the extent that aggregate synthetic capacity is shut down. The caveat here is that the former capacity closures could be lagging the latter capacity addition.

- In our Soda Ash global demand and supply model, **we are estimating that the utilisation can potentially improve to 89.6-93% over CY25-CY26E assuming aggregate capacity closure of 1mtpa/2.5mtpa** if demand grows at 2% per annum. This compares with 88.5%/90% utilisation assuming nil closures.
- **Deferment or reduction in Siescam capacity addition implies tighter Soda Ash outlook beyond CY26**: And, **if the proposed CY26/CY27 capacity addition of ~5mn TPA in the US by global glass and soda ash major Siescam is excluded**, **the utilization will improve to 87-91% in CY27-CY29** vs **the range of 82-86% assuming base case capacity addition by Siescam and no closures**. If we were to combine the deferment of Siescam expansion with capacity closures, it can imply even higher operating rates in the longer term.
- The medium to long term could see a tightening bias that could boost global Soda Ash capacity utilisation and margins based on: (i) visible growth in existing/new segments and (ii) closure of modified Solvay-route based synthetic capacity in China, which are uneconomical and suffer from higher carbon footprint compared with the new Triona-based capacities.
- **Potential for Soda Ash in Solar Glass used in Solar Power:** In India, Solar Power projects based on PV cells are running slow due to cheaper PV cell imports from China. However, Indian industry expects a few new solar power projects to make progress over the next 12 months. This could add to Indian Soda Ash demand in local solar glass/PV manufacturers, provided they are competitive with China.
- **Over 1-2 years, this segment could add ~0.25mn tonnes to India Soda Ash demand of ~4mtpa – based on industry thumb rule of 15,000te of Soda Ash requirement per GW of solar power capacity.**
- **In the global context, every 1mtpa addition of Soda Ash demand from Solar Power implies additional Solar Power capacity addition of 66.7GW or 66,700MW.**

Downside risk:

(1) Potential for a transient slowdown in the next 3-4 quarters as the demand in cyclical user segments like Auto/Construction could come under pressure, weighed down by high interest rates and visible job losses

(2) Revival of brownfield capacity additions by existing Soda Ash players, especially in the trona route that were shelved during the covid lockdowns

(3) Slower-than-expected pace of growth in incremental demand from Solar Glass and Lithium batteries - **a 2-5% fall in demand could reduce CY25E consumption from 70mn tpa (assuming 2% growth) to under 68mtpa/66mtpa – implies global Soda Ash utilisation slipping from 88.5% to 85%/82%.** Nil growth implies CY25E consumption dipping to 69mtpa and utilisation falling to under 87%.

We understand that it will take ~12-18 months to iron out excess supply and for a visible recovery in China demand.

The interim outlook for pricing and margins could be subdued as we navigate the global economic slowdown, which will hurt end-use industries, including Auto, Construction and Container Glass.

We would be cautious until we see some positive triggers on capacity closures or China Construction sector recovery that absorbs excess capacity in Asia. Any deferment of new capacity additions proposed by Siescam in the US of more than 5mtpa could reduce the capacity overhang.

Earnings and TP revision

Exhibit 4: Earnings revision

Rs Mn	Revised estimate		Earlier Estimate		*Change %*	
	FY25E	**FY26E**	**FY25E**	**FY26E**	***FY25E***	***FY26E***
Revenue	**159554**	**178615**	**162883**	**181428**	***-2.0***	***-1.6***
EBITDA	28360	36681	29473	35318	*-3.8*	*3.9*
EBITDA margin (%)	*18*	*21*	*18*	*19*	*-32.0*	*107.0*
PAT	11625	18251	12434	16954	*-6.5*	*7.6*
EPS	**45.6**	**71.6**	**48.8**	**66.5**	***-6.5***	***7.6***
TP	**913**		**908**		**0.6**	

Source: Nirmal Bang Institutional Equities Research. EBITDA Margin changes are in bps

Notes: We have cut FY25E EBITDA by 3.8% and raised FY26E by 3.9%. We have cut EPS for FY25E by 6.5% based the house keeping changes in FY24 cost and volume details for the geographical segments post the FY24 annual report. We have raised FY26E by 7.6% on the back of rise in TTCH volume for FY25E/FY26E by 3.0%/2.3% and 2% increase in blended unit realization.

We have raised our SOTP-based TP by a tad using EV/EBITDA multiple of 7.0x for the Chemicals segment.

We estimate blended average EBITDA/te for TTCH at US$51.6/US$59.2 for FY25E/FY26E vs FY24 figure of US$58.9.

Geographic-wise Revenue and EBITDA revision is shown below.

Exhibit 5: Changes in revenue

Revenue (%)	**FY25E**	**FY26E**
India	-10.2%	-7.9%
TCNA	4.4%	3.5%
TCE	0.8%	-2.0%
TCAHL	6.3%	12.3%
Rallis	-2.9%	-1.6%
Total Revenue	**-2.0%**	**-1.6%**

Source: Nirmal Bang Institutional Equities Research

Exhibit 6: Changes in EBITDA

EBITDA (%)	**FY25E**	**FY26E**
India	-14.6%	-2.1%
TCNA	11.8%	9.4%
TCE	-13.5%	1.4%
TCAHL	-26.0%	-30.1%
Rallis	14.2%	24.5%
Total	**-3.8%**	**3.9%**

Source: Nirmal Bang Institutional Equities Research

Exhibit 7: TTCH SOTP Valuation Summary

	Multiple(x)	Valuation	Remarks
Core chemicals	**7.0**	**712**	**EV/E on FY'26E**
Rallis	55.04% stake	92.9	30% disc to CMP
*Group holdings		108	50% dis to latest CMP
NEW TP		**913**	

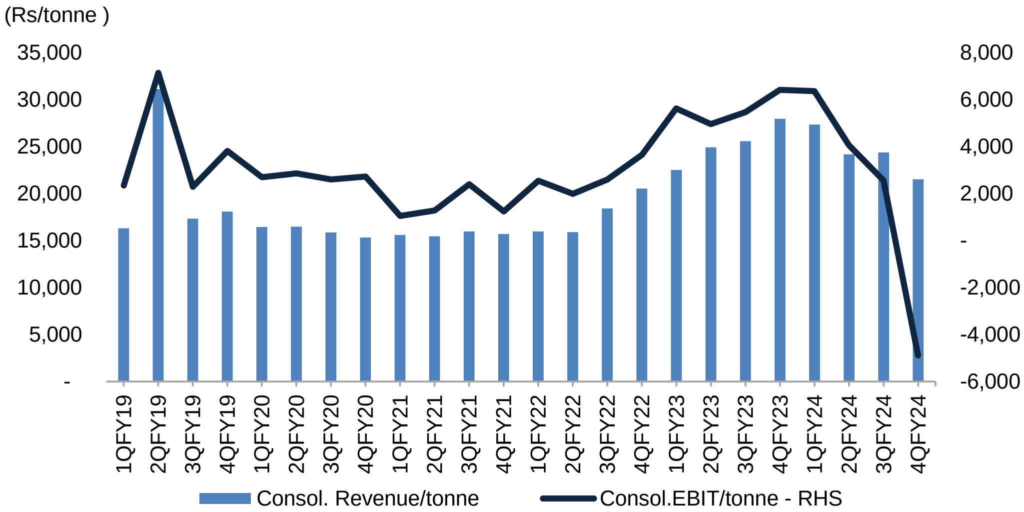
*Source: Nirmal Bang Institutional Equities Research; * excludes Tata Sons*

Exhibit 8: TTCH 4QFY24 consolidated quarterly performance

Particulars (Rsmn)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	FY23	FY24
Net Sales	**39,950**	**42,390**	**41,480**	**44,070**	**42,180**	**39,980**	**37,300**	**34,750**	**1,67,890**	**1,54,210**
YoY Change (%)	*34.2*	*40.2*	*32.0*	*26.6*	*5.6*	*-5.7*	*-10.1*	*-21.1*	*383.1*	*-8.1*
Gross Profit	**32,000**	**32,640**	**34,950**	**35,470**	**35,100**	**31,790**	**30,330**	**29,980**	**1,35,060**	**1,27,200**
Margin (%)	*80.1*	*77.0*	*84.3*	*80.5*	*83.2*	*79.5*	*81.3*	*86.3*	*80.4*	*82.5*
EBITDA	**10,150**	**9,200**	**9,220**	**9,650**	**10,430**	**8,190**	**5,420**	**4,430**	**38,220**	**28,470**
YoY Change (%)	*68.8*	*83.7*	*69.1*	*46.8*	*2.8*	*-11.0*	*-41.2*	*-54.1*	*762.8*	*-25.5*
Margin (%)	*25.4*	*21.7*	*22.2*	*21.9*	*24.7*	*20.5*	*14.5*	*12.7*	*22.8*	*18.5*
Depreciation	2,130	2,180	2,270	2,340	2,290	2,340	2,460	2,710	8,920	9,800
Interest	800	860	1,070	1,330	1,230	1,450	1,320	1,300	4,060	5,300
Other income	460	600	370	750	490	850	380	1,140	2,180	2,860
Extraordinary Items	-	-	-	-	-	1,020	-	-9,630	-	-8,610
PBT (bei)	**7,680**	**6,760**	**6,250**	**6,730**	**7,400**	**5,250**	**2,020**	**1,560**	**27,420**	**16,230**
PBT	**7,680**	**6,760**	**6,250**	**6,730**	**7,400**	**6,270**	**2,020**	**-8,070**	**27,420**	**7,620**
Tax	1,560	380	1,020	-80	1,710	1,200	680	220	2,880	3,810
Rate (%)	*20.3*	*5.6*	*16.3*	*-1.2*	*23.1*	*22.9*	*33.7*	*14.1*	*10.5*	*23.5*
Cons. Reported PAT	5,890	6,280	3,980	7,090	5,230	4,280	1,580	-8,500	23,240	2,590
Cons. Adj. PAT	**5,930**	**6,330**	**3,980**	**7,110**	5,230	3,260	1,580	1,360	23,350	11,429
YoY Change (%)	*105.9*	*198.9*	*32.2*	*53.6*	*-11.8*	*-48.5*	*-60.3*	*-80.9*	*1,616.9*	*-51.1*
Adj. EPS	**23.3**	**24.8**	**15.6**	**27.9**	**20.5**	**12.8**	**6.2**	**5.3**	**91.7**	**44.9**

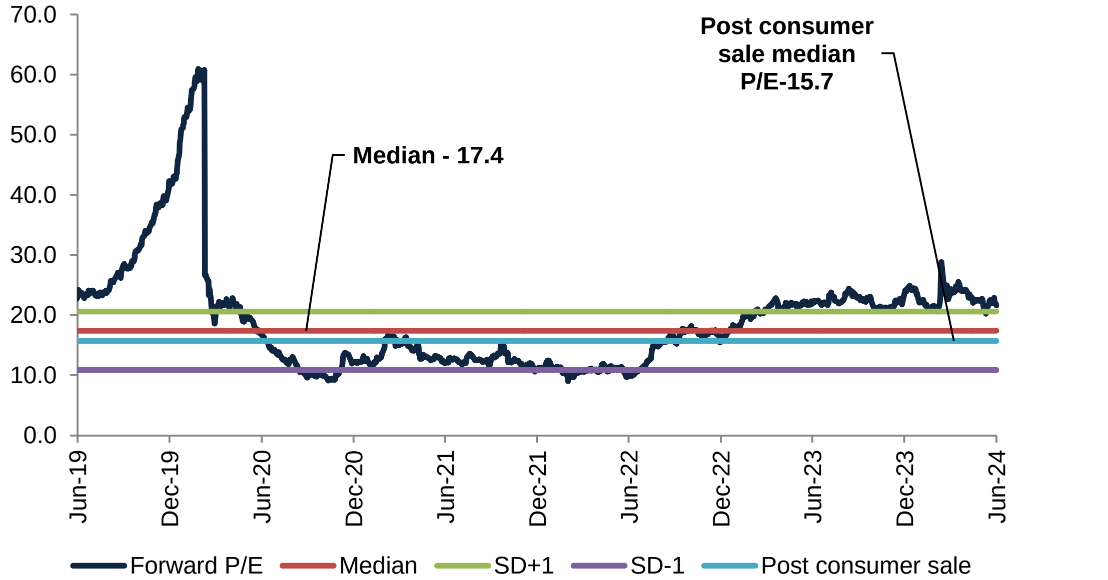
Source:Company, Nirmal Bang Institutional Equities Research; Consolidated PAT is ajusted for share of JV PAT, and Minority interes

Exhibit 9: Trend in Basic Chemistry Revenue and EBIT



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 10: Historical 1-year forward P/E



Source: Nirmal Bang Institutional Equities Research

Bull and Bear case analysis

Exhibit 11: Bull Case-Bear Case Analysis

Rs	FY26E	Ch- FY26E	Valuation Rs	up/down vs TP %	upside vs CMP %
Base case EPS	*71.64*	*0.0%*	*913*	*0.0*	*-16.4*
Price 5% up	**95.22**	*32.9%*	*1129*	*23.6*	3.3
Price 5% down	49.20	*-31.3%*	*708*	*-22.5*	-35.2
US$10 cut for overseas sales	67.54	*-5.7%*	876	-4.1	*-19.8*
US$10 inc for overseas sales	**76.36**	*6.6%*	*958*	4.9	*-12.3*
Vol cut 10% only in FY26E	43.55	*-39.2%*	*656*	-28.2	*-40.0*
Vol up 10% only in FY26E	**99.73**	*39.2%*	*1173*	28.5	*7.4*

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: Quarterly trend in EBITDA per tonne across geographies

US$/te	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
TCIL	42.5	64	49.1	67.4	69.7	97.5	75.8	66.7	58.5	70.9	43.0	47.6	40.8
TCNA	14.8	40.5	43.2	32.5	59.4	63	47	65	91.4	108.2	69.7	33.2	28.0
TCEL	13.3	20.6	-13.5	46.8	28.6	70.2	97.1	112.6	173.2	89.8	88.5	44.2	52.2
TAHL	39.2	40.9	51.9	45.7	106.7	185.8	229.6	218.6	175.7	141.6	101.2	105.9	72.8
Company	**26.1**	**47.8**	**39.8**	**47.9**	**62**	**85.9**	**77**	**77.8**	**91.6**	**91.6**	**63.7**	**45.7**	**37.4**

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 13: Annual trend in EBITDA per tonne across geographies

US$/te	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
TCIL	52	51	55	43	62	74	50.0	57.7	60.1
TCNA	45	44	47	25	44	67	58.6	47.8	62.7
TCEL	37	18	27	24	21	112	68.8	37.2	36.2
TAHL	37	29	27	36	60	202	103.7	56.3	58.1
Company	**58**	**42**	**46**	**33**	**49**	**83**	**58.9**	**51.6**	**59.2**

Source: Company, Nirmal Bang Institutional Equities Research

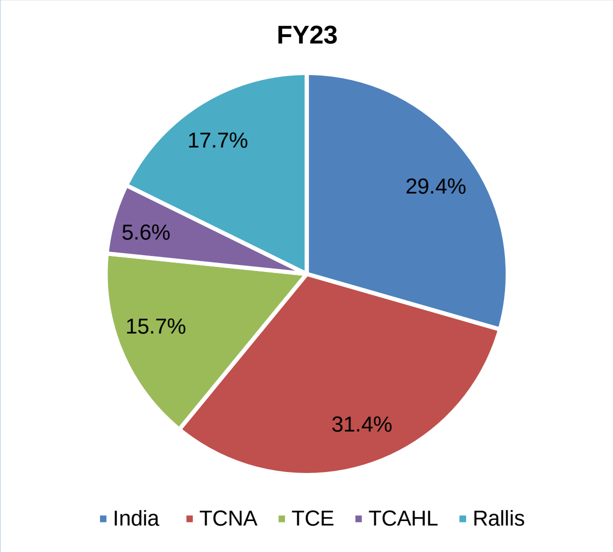
Exhibit 14: Operating assumptions

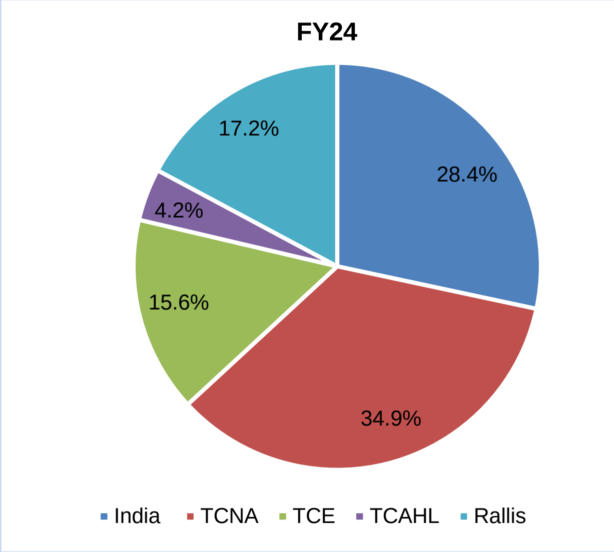
Rs Mn	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Segment Revenue							
Basic chemistry	80,279	76,198	97,958	1,35,910	1,26,100	1,30,384	1,45,494
Specialty Nutra + HDS	744	1530	2224	2310	1640	1741	2237
Specialty Rallis	22,545	24,270	26,039	29,670	26,470	27,429	30,884
Total Revenue	**1,03,568**	**1,01,998**	**1,26,221**	**1,67,890**	**1,54,210**	**1,59,554**	**1,78,615**
Segment EBITDA							
Basic chemistry	17,109	11,898	20,432	36,157	25,590	24,387	31,332
Specialty Nutra + HDS	-238	-195	-120	-120	-230	-230	-292
Specialty Rallis	2,594	3,205	2,734	2,183	3,110	4,202	5,641
Total	**19,492**	**15,006**	**23,046**	**38,220**	**28,470**	**28,360**	**36,681**
Segment EBITDA Margins %	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**
Basic chemistry	21.3	15.6	20.9	26.6	20.3	18.7	21.5
Specialty	-31.9	-12.7	-5.4	-5.2	-14.0	-13.2	-13.1
Rallis	11.5	13.2	10.5	7.4	11.7	15.3	18.3
Total	**18.8**	**14.7**	**18.3**	**22.8**	**18.5**	**17.8**	**20.5**
Geographic wise Revenue	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**
India	28,720	30,758	38,050	49,768	43,420	47,219	55,087
TCNA	34,030	28,780	36,870	52,710	53,770	54,691	60,541
TCE	13,560	14,090	19,500	26,280	24,050	23,504	24,344
TCAHL	4,740	4,130	5,770	9,460	6,400	6,712	7,758
Rallis	22,518	24,240	26,031	29,672	26,570	27,429	30,884
Total Revenue	**1,03,568**	**1,01,998**	**1,26,221**	**1,67,890**	**1,54,210**	**1,59,554**	**1,78,615**
Geographic wise EBITDA	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**
India	7,218	6,246	9,806	12,497	8,910	11,225	14,702
TCNA	7,620	3,510	7,870	12,700	10,870	9,745	13,091
TCE	1,570	1,380	1,180	6,150	3,470	1,927	1,901
TCAHL	490	620	1,430	4,680	2,100	1,261	1,345
Rallis	2,594	3,250	2,760	2,193	3,120	4,202	5,641
Total EBITDA	**19,492**	**15,006**	**23,046**	**38,220**	**28,470**	**28,360**	**36,681**
Volume (mt)	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**
Soda Ash							
TCL India	0.63	0.62	0.68	0.65	0.64	0.77	0.87
TCNA -US	2.24	1.90	2.40	2.35	2.24	2.41	2.43
TCEL	0.29	0.27	0.28	0.26	0.21	0.21	0.21
TCAHL	0.25	0.23	0.32	0.29	0.24	0.26	0.27
Sodium Bicarb - India	0.11	0.11	0.12	0.12	0.13	0.14	0.18
Sodium Bicarb - UK	0.11	0.11	0.11	0.11	0.09	0.10	0.10
Price							
Soda ash - US $/tn	208	204	205	272	279	286	290
Soda ash - India Rs/tn	23,428	21,451	24,882	37,984	30,833	27,806	28,706
RM/sales %- TTCH consolidated	19.01	23.50	20.89	19.55	17.52	19.10	19.52
Tax rate %	17.5	32.5	18.4	10.5	23.5	23.5	23.5
Soda ash revenue growth (%)							
India	-9.7	-10.3	26.5	45.4	-18.5	-8.9	16.8
TCNA	0.6	-15.4	28.1	39.3	0.6	12.9	3.7
TCEL	16.4	-32.3	66.2	66.4	-3.4	-8.3	6.4
TCAH	-6.3	-12.9	39.7	64.0	-32.3	13.9	6.4
Specialty segment – Rallis India							
Revenue growth %	13.5	7.9	7.2	13.9	-10.8	3.6	12.6
RM/sales %	61.7	60.7	62.4	65.5	59.6	56.6	57.1

Source: Company, Nirmal Bang Institutional Equities Research;Note:: tn= tonne;

TTCH in charts

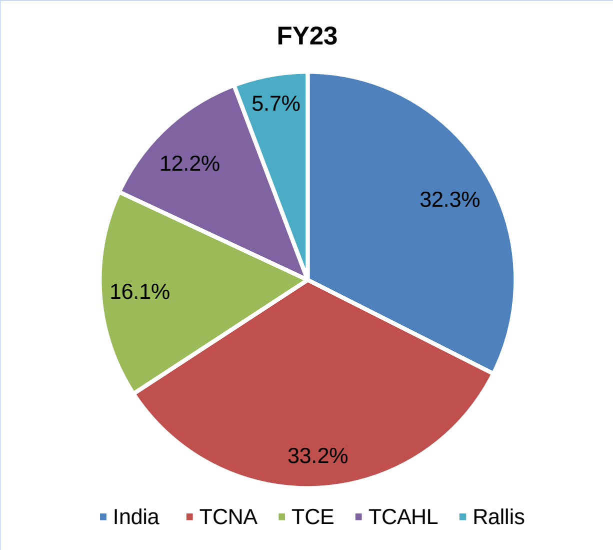
Exhibit 15: Geography-wise revenue pie in (%)

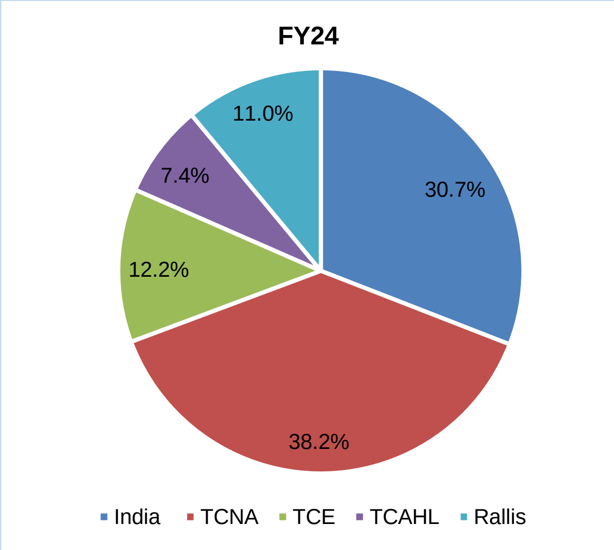




Source: Company, Nirmal Bang Institutional Equities Research

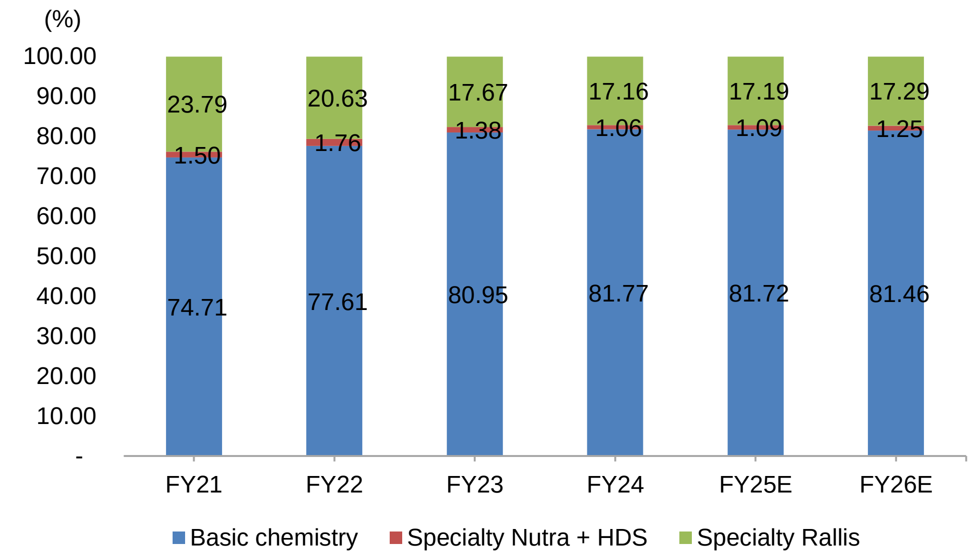
Exhibit 16: Geography-wise EBITDA pie in (%)





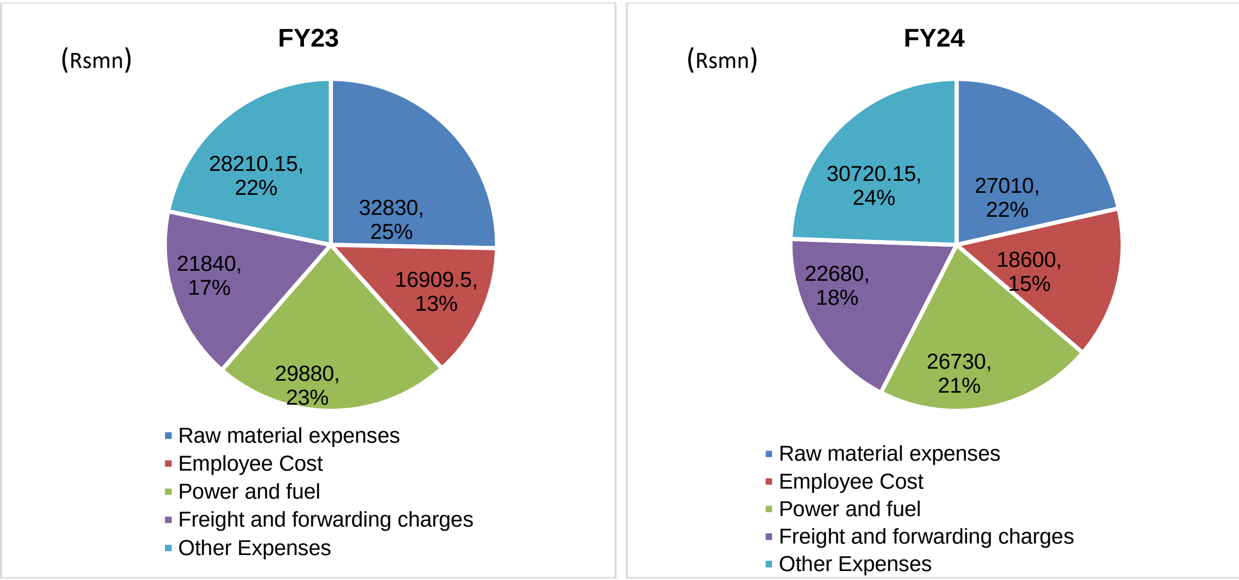
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 17: Business segment revenue pie



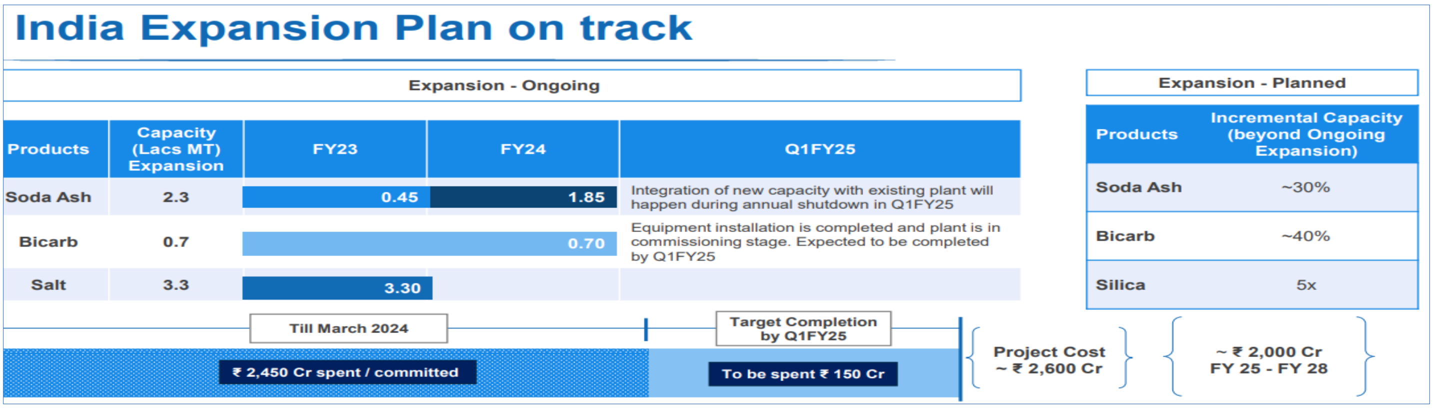
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 18: TTCH FY23 and FY24 cost break-up (RHS)



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 19: Capex plan update from PPT



Source: Company; note Rs1cr = Rs10mn

ANNEXURE-1 RALLIS INDIA LTD (Not Rated) FY24 ANNUAL REPORT KTAs

Market cap Rsbn	61.1	Price performance	YTD	12M
TTM PE	41.3	(%)	25.8	60.3

Management view on future Outlook for Rallis

- **Export business outlook:** Rallis will continue to leverage its strong position in four of its existing products with the required investment in registration as well as expansion of manufacturing capacity - aimed at increasing the wallet share from its existing partners and building new partnerships. Rallis is also working on portfolio expansion strategy in active ingredients in phases. This is based on the likely multi-fold increase in the addressable market and will be supported by investment in registration in key markets of Europe, South and North America to service existing and new partners.
- Recently commissioned multi-purpose plant capacity will be fully leveraged for providing contract manufacturing services. The company is also open to further manufacturing investments based on emerging customer needs.
- **Domestic CPC business outlook:** The company will be focused on new **product launches and scale-up,** including recent launches, **not only to leverage strong presence in high crop care consuming crops such as paddy, cotton, fruits and** vegetable crops, **but also to increase its footprint in crops like soy, sugarcane, maize, wheat, pulses and oil seeds**.
- **Rallis sees potential** headroom for future growth in **its** Domestic CPC business given its low single digit market share. The Crop Nutrition business is also enjoying good momentum – management is aiming at double digit growth in this business.
- **Crop Nutrition strategy** is to sustain the growth momentum by increasing revenue from **large area crops, which are underpenetrated**. The company will continue **to leverage its strong presence in fruits and vegetable crops** through the crop life cycle management approach. New products launched in the soil conditioner segment are specifically focused to tap the niche crop segments. Water Soluble Fertilizer manufacturing infrastructure being commissioned shortly will fast track the growth in this specific category. Rallis is banking on **market penetration strategy** of increasing distribution and retail network to enhance market share, thereby accelerate the **Crop Nutrition segment growth** on the fast track.
- **Seeds business outlook:** Revenue growth will be driven by successful North India-focused Cotton portfolio, differentiated products in rest of the cotton segments and in other crops, including recently launched products with market-relevant traits.
- **Downside risk to growth:** The downside risk to growth are commodity price spikes amid geopolitical and weather shocks, slower-than-expected decline in core inflation (requiring tighter monetary policy stance), faltering growth in China and disruptive action on fiscal consolidation.

Agrochemicals Overview

- The Agrochemicals industry under pressure in the last two years: In Agrochemicals industry, geo-political disruptions over the last two years have led to inventory build-up and price disruptions. This started waning with supply chain normalcy but increase in production and oversupply from China led to downward pricing pressure.
- **Global Agrochemicals market:** After two consecutive years of record growth, the Global Agrochemicals market is estimated to have declined in 2023 on account of prolonged de-stocking and heightened pricing pressure. Crop commodity prices have declined from the

recent peak levels, although they remain high by historical standards. High channel inventory level impacted North and South American markets.

- **China witnessed over capacity:** Chinese agrochemicals industry witnessed over capacity and price drop in 2023. Declining agrochemical prices and erratic weather conditions dented agrochemicals demand across most of the Asia Pacific countries. Agrochemical prices and demand were stable in Europe, although adverse weather conditions in some countries impacted overall consumption. Currency crunch also impacted supplies to certain African and Asian countries.

- **Inventory de-stocking and weak input prices may persist until 2QFY25:** The inventory holdings in key geographies like Brazil, the US and the EU remain elevated and de-stocking is likely to continue till 2QFY25. Raw material prices during the last two quarters of FY24 were at an all-time low and are likely to persist at these levels until 2QFY25.

- **Shipping routes impacted:** The company's exports were also impacted by an overall reduction in agrochemical pricing. Global industry is expecting continued channel de-stocking in 1HFY25 and normalisation post that. Shipping routes were impacted by the Middle East conflict, causing logistic challenges in terms of cost and delivery lead times.

Exhibit 20: Rallis (Not Rated) Summary Financials

Rs Mn	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Revenue	17,909	19,840	22,518	24,294	26,039	29,670	26,480	27,429	30,884
EBITDA	2,645	2,409	2,594	3,229	2,740	2,183	3,110	4,202	5,641
PAT	1,676	1,554	1,734	2,191	1,642	913	1,470	2,300	3,405
EPS	**8.62**	**7.99**	**8.92**	**11.27**	**8.44**	**4.7**	**7.56**	**11.82**	**17.51**
Exports sh %	*26.9*	*32.6*	*32.9*	*30.5*	*30.2*	*33*	*24.1*	*24.5*	*24.5*
Margin%									
EBITDA	14.8	12.1	11.5	13.3	10.5	7.4	11.7	15.3	18.3
PAT	9.4	7.8	7.7	9	6.3	3.1	5.6	8.4	11
Growth%									
Revenue	7.7	10.8	13.5	7.9	7.2	13.9	-10.8	3.6	12.6
EBITDA	0.3	-8.9	7.6	24.5	-15.1	-20.3	42.4	35.1	34.2
PAT	-15.2	-7.3	11.6	26.3	-25.1	-44.4	60.9	56.4	48.1

Source: Company, Nirmal Bang Institutional Equities Research

- **Indian Agrochemicals**: Indian Agrochemicals exports declined by 22% in FY24. Compared to the 10% growth in FY23, **Indian exports declined from US$4.9bn in FY22 to US$4.2bn in FY24**. Domestic agrochemical demand was further hurt by adverse climatic conditions and uneven spatial distribution of rainfall. **The domestic agrochemical market is estimated at Rs400bn as per Rallis.**

- **Domestic Agri sector:** Indian agriculture continued to experience the adverse impact of climate change. Amid El Nino conditions, Geographical and month-wise rainfall remained erratic, with Southern Peninsula and Central India receiving deficit rainfall. These situations resulted in drought conditions in many parts of the country. Reservoir water levels towards the end of the year was lower compared to the same period last year and lower than last 10 year's average, causing shift in cropping patterns, segmental shifts and lower crop pest incidence, etc.

- **Second advanced estimate for foodgrain FY24:** Total foodgrains production in the country is estimated to be 1.3% lower than the previous year. Production drops are also estimated in Oil Seeds (9.2%), Sugarcane (9.0%) and Cotton (4.0%).
- **Upcoming kharif season FY25:** The recent above-normal monsoon forecast by IMD bodes well for the Kharif season and may translate into increased usage of agriculture inputs.
- **India is expected to benefit from the fast-evolving sourcing strategy of global players on medium to long term**.

Active ingredients and formulation usage in Indian CPC industry:

- **Insecticides:** The Indian CPC industry uses ~75 active ingredients for 165 formulations sold in the country. Active ingredients from Organophosphate, Diamides, Nicotinamides and Pyrethroids form the major chemicals classes.
- **Herbicides:** The major crops for Herbicides usage are Paddy, Soybean, Sugarcane, Maize and Wheat. Amino Acids, Triazines and Fop are the major chemical classes. There are 60 active ingredients used in 100-odd herbicide formulations sold in India.
- **Fungicide** usage is increasing due to the higher incidence of diseases impacting crop outputs significantly, caused by hot and humid weather conditions - 65 AIs and 135 fungicide formulations.
- **Indian crop nutrition industry:** Organised Indian crop nutrition industry is estimated at ~Rs80bn in FY24. Industry demand was impacted by poor rainfall and low reservoir levels. The primary drivers contributing to the Crop Nutrition Industry in India are low fertiliser use efficiency, weakening soil health, increased areas under high value crops, increase in drip irrigation and demand for quality products. Farmers' acceptability and usage is increasing for bio stimulants, bio fertilizers, micronutrients etc.
- **Domestic seeds industry:** The Indian organized seeds industry is currently estimated at over Rs160bn. The seeds industry is expected to witness **continued demand for hybrid seeds in Cotton, Maize, Millet, Mustard and Vegetables**. With increasing focus on Coarse Millets like Pearl Millet and Sorghum as climate resilient crops and as healthier food options, the Millet seeds market is likely to grow. However, in Paddy, there is an increasing trend towards improved variety of seeds in some geographies linked to eating quality vis-à-vis hybrid. Climate change significantly impacted the key seed production season of Rabi and the industry is expecting seed availability challenges for the upcoming season as well.

Rallis Crop Care business

The domestic Crop Care revenue for FY24 stood at Rs15.94bn - a decline of 3%.

- **New products:** Under brand business, the company successfully launched 13 products in the CPC portfolio and six products in the Crop Nutrition portfolio.
- **Innovation turnover index (ITI):** The revenue share of new products (up to 4 years from launch), stood at 16% for Domestic Crop Care business. ITI was 20% for Insecticides followed by 18% in Herbicides, 12% in Crop Nutrition and 7% in Fungicides.
- **Insecticides:** The company's FY24 insecticides revenue increased by 2% to Rs6.88bn. During the year, the company launched nine new Insecticides, including Benzilla for the Paddy BPH segment.
- **Fungicides**: The FY24 Fungicides revenue declined by 4% to Rs4.06bn. Demand was relatively low in paddy & other relevant crops due to erratic weather conditions and low

disease incidence. During the year, the company launched a broad-spectrum combination fungicide, having multiple crops usage.

- **Herbicides: The FY24 herbicides revenue plunged 18% to Rs2.82bn due to erratic rainfall which hurt herbicide demand.** During the year, the company launched one combination herbicide and a non-selective herbicide in line with the company's strategy of strengthening portfolio to tap increasing herbicide demand.
- **Exports down 35%:** Rallis' exports revenue for FY24 declined 35% to Rs6.39bn. Exports had a challenging year with both price as well as volume coming under pressure, but the business is confident of long-term prospects. During the year, the company gained three new registrations in overseas markets and added two new products under the CSM business. These efforts will support the company's growth in exports business going forward.
- **Crop Nutrition business: Organized Indian Crop Nutrition industry was estimated at Rs80bn in FY24.** Rallis has launched six new products, including three Water Soluble Fertilisers, an Organic Soil conditioner, a neem-based Biopesticide and a Micronutrient containing zinc. The upcoming manufacturing facility at Akola is expected to contribute to Water Soluble Fertiliser driven growth of Crop Nutrition portfolio.
- **Patent applications:** The company filed five patent applications for formulation/processes for domestic market and one PCT application for the international market. Three patents were granted during the year. Developed and scaled up two new formulations. After successful university evaluation, the company has submitted regulatory studies for drone-based application for seven products.
- The company has obtained 82 new registrations for India / export markets.

Dealer network

- Domestic Crop Care: Total dealers as of March'24 stood at 4,975 nos while retailers stood at 63,000 and there were 45 or more institutional customers.
- Seeds business: Total dealers as of March'24 – 2,765 nos and retailers 47,000.

Consolidated financials

Exhibit 21: Income statement

Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Net Revenue	**1,26,221**	**1,67,890**	**1,54,210**	**1,59,554**	**1,78,615**
y/y	*23.7*	*33.0*	*-8.1*	*3.5*	*11.9*
Raw Material Expenses	26,373	32,830	27,010	30,476	34,864
RM/Sales %	*20.9*	*19.6*	*17.5*	*19.1*	*19.5*
Employee cost	15,400	16,910	18,600	19,403	20,269
Power and fuel cost	21,122	29,880	26,730	27,183	28,793
Selling, General & Admin Expense	40,280	50,050	53,400	54,133	58,008
EBITDA	**23,046**	**38,220**	**28,470**	**28,360**	**36,681**
y/y	*53.58*	*65.84*	*-25.51*	*-0.39*	*29.34*
Depreciation	8,060	8,920	9,800	10,008	10,513
EBIT	14,986	29,300	18,670	18,351	26,168
Interest Expense	3,028	4,060	5,300	4,403	3,205
Other Income	2,560	2,180	2,860	3,260	3,410
PBT (adjusted)	**14,518**	**27,420**	**16,230**	**17,208**	**26,373**
- Income Tax Expense	2,665	2,880	3,810	3,829	6,191
Share of associates Profit/(loss)	2,260	(20)	680	200	200
Less Minority Interests	1,475	1,170	1,670	1,954	2,131
Consolidated PAT (adjusted)	**12,638**	**23,350**	**11,429**	**11,625**	**18,251**
Consolidated PAT reported	12,528	23,170	2,679	11,625	18,251
Diluted EPS (adjusted)	**49.61**	**91.66**	**44.86**	**45.63**	**71.64**
y/y	*392.96*	*84.76*	*-51.05*	*1.72*	*56.99*

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 23: Balance sheet

Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	2,548	2,550	2,550	2,550	2,550
Reserves and Surplus	1,79,981	1,94,660	2,19,860	2,27,664	2,42,093
Networth	**1,82,529**	**1,97,210**	**2,22,410**	**2,30,214**	**2,44,643**
Non-controlling interest	9,045	9,210	8,730	10,684	12,815
Long Term Borrowings	38,605	56,770	32,890	41,180	31,860
Deferred Tax Assets / Liabilities	20,365	19,350	23,750	23,750	23,750
Other Long-Term Liabilities Provisions	16,929	19,260	19,230	19,230	19,230
Trade Payables	24,447	25,970	23,690	25,690	27,404
Other Current and financial Liabilities	39,221	17,360	33,320	12,540	12,540
Short Term Borrowings	2,359	1,000	880	880	880
Income tax liabilities	1,223	1,190	330	330	330
Short Term Provisions	3,712	3,520	2,330	3,483	3,447
Total Capital and Liabilities	**3,38,433**	**3,50,840**	**3,67,560**	**3,67,981**	**3,76,899**
Net Block	1,40,196	1,49,310	1,56,200	1,55,279	1,57,697
Goodwill on consolidation	19,708	21,090	21,890	21,890	21,890
CWIP plus IUD	16,673	24,100	22,170	21,745	20,945
Other Investments	64,111	62,300	91,760	91,760	91,760
Other Non-Current Assets	10,290	12,400	11,870	11,870	11,870
Currents Investments	13,251	12,700	6,150	6,150	6,150
Inventories	22,935	25,320	25,240	24,042	26,915
Sundry Debtors	19,334	26,270	19,000	22,731	23,000
Cash and bank balances	**13,104**	**6,650**	**6,450**	**5,683**	**9,843**
Other current assets	18,790	10,660	6,740	6,740	6,740
Assets classified as held for sale and discontinued operations	40	40	90	90	90
Total Assets	**3,38,433**	**3,50,840**	**3,67,560**	**3,67,981**	**3,76,899**

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 22: Cash flow

Y/E March (Rsmn): Consolidated	FY22	FY23	FY24	FY25E	FY26E
PBT	16,850	27,217	8,160	17,408	26,573
Add depreciation	8,060	8,920	9,800	10,008	10,513
Other adjustments	655	4,430	12,750	943	-405
Change in W/C	6,488	6,790	-3,320	-620	1,463
Income tax	2,634	4,070	3,870	3,829	6,191
Cashflow from Operations (A)	**16,443**	**29,707**	**30,160**	**25,150**	**29,027**
Net Capex (inc in Tang and Intang assets)	-12,768	-15,780	-18,340	-8,663	-12,131
Other Non-Current Assets	399	660	1,580	-	-
Free cashflow	**4,074**	**14,587**	**13,400**	**16,488**	**16,896**
Other income	932	1,800	2,490	3,260	3,410
Cashflow from Investing (B)	**-11,437**	**-13,320**	**-14,270**	**-5,403**	**-8,721**
Ch in Borrowing	-1,493	-13,140	-12,710	-12,490	-9,320
Dividends paid including dividend tax	-2,552	-3,180	-4,460	-3,821	-3,821
Interest exp	-2,557	-3,440	-4,460	-4,403	-3,205
Others	2,318	837	4,910	200	200
Cashflow from Financing (C)	**-4,284**	**-18,923**	**-16,720**	**-20,514**	**-16,147**
Ch in Cash and Cash equiv	**722**	**-2,536**	**-830**	**-767**	**4,159**
Opening cash	14,110	13,103	6,650	6,450	5,683
Closing cash	**13,104**	**6,650**	**6,450**	**5,683**	**9,843**

Source: Company, Nirmal Bang Institutional Equities Research,

Exhibit 24: Key ratios

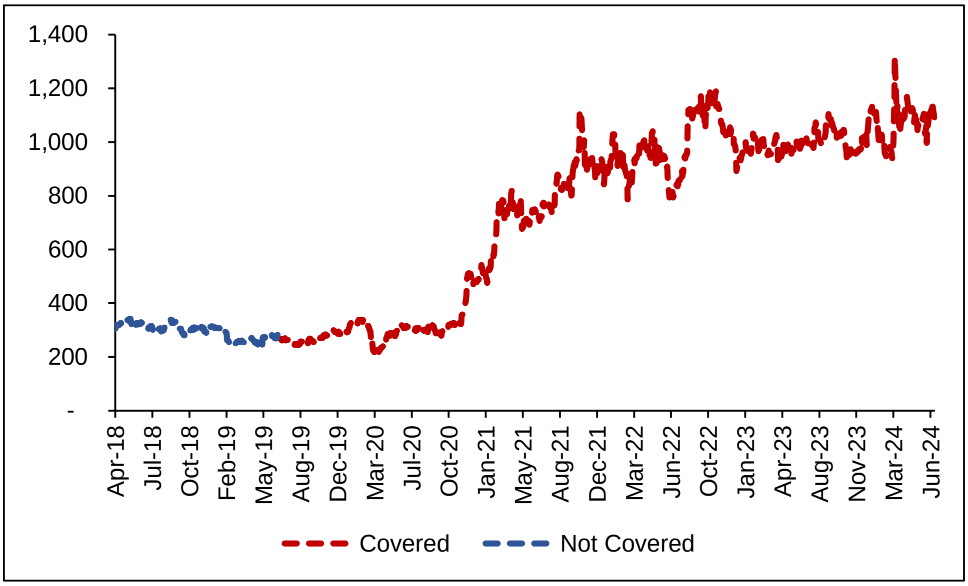
Y/E March	FY22	FY23	FY24	FY25E	FY26E
Profitability & return ratios					
EBITDA margin (%)	18.3	22.8	18.5	17.8	20.5
EBIT margin (%)	11.9	17.5	12.1	11.5	14.7
Adj Net profit margin (%)	10.0	13.9	7.4	7.3	10.2
RoE (%)	**7.8**	**12.3**	**5.4**	**5.1**	**7.7**
Pre-tax RoCE (%)	5.4	9.7	5.9	5.6	7.9
Post Tax RoCE (%)	**4.4**	**8.7**	**4.5**	**4.3**	**6.1**
RoIC (%)	5.1	9.8	5.1	4.8	6.7
Working capital ratios					
Receivables (Days)	48.2	49.6	53.6	52.0	47.0
Inventory (Days)	57.5	52.5	59.8	55.0	55.0
Payables (Days)	59.7	54.8	58.8	58.8	56.0
Cash conversion cycle	46	47	55	48	46
Leverage ratios					
Net debt (Rsmn)	**43,892**	**43,610**	**43,030**	**31,307**	**17,827**
Net Debt (cash)/Equity (X)	0.2	0.2	0.2	0.1	0.1
Net Debt/EBITDA	1.90	1.14	1.51	1.10	0.49
Valuation ratios					
EV/sales (x)	2.55	1.91	2.08	2.01	1.80
EV/EBITDA (x)	13.94	8.41	11.29	11.33	8.76
P/E (x)	22.02	11.92	24.35	23.94	15.25
P/BV (x)	1.52	1.41	1.25	1.21	1.14
FCF Yield (%)	1.27	4.54	4.17	5.13	5.26
Dividend Yield (%)	1.14	1.60	1.37	1.37	1.37
Per share ratios					
EPS	49.61	91.66	44.86	45.63	71.64
Cash EPS	81.25	126.67	83.33	84.92	112.91
BVPS	716.5	774.1	873.0	903.7	960.3
DPS	12.5	17.5	15.0	15.0	15.0

Source: Company, Nirmal Bang Institutional Equities Research

Rating track

Date	Rating	Market price	Target price (Rs)
27 May 2019	Buy	636	750
9 August 2019	Buy	564	750
9 October 2019	Buy	577	743
1 November 2019	Buy	630	798
4 February 2020	Buy	751	897
8 April 2020	Acc	229	220
19 May 2020	Sell	276	216
4 August 2020	Sell	298	232
23 September 2020	Sell	279	232
2 November 2020	Sell	322	253
7 January 2021	Sell	491	308
1 February 2021	Acc	475	466
9 April 2021	Sell	819	563
5 May 2021	Sell	708	546
22 June 2021	Sell	717	565
7 August 2021	Acc	830	818
24 September 2021	Acc	885	931
28 October 2021	Acc	893	931
12 February 2022	Buy	915	1,101
1 May, 2022	Buy	940	1,146
25 August 2022	Buy	1,095	1,267
23 September 2022	Acc	1,156	1,233
29 October 2022	Acc	1,132	1,254
3 February 2023	Acc	966	1,044
21 March 2023	Acc	1,044	1,018
05 May 2023	Buy	980	1,177
31 May 2023	Buy	972	1,177
15 June 2023	Buy	977	1,160
09 August 2023	Acc	1,010	1,056
11 November	Sell	964	842
06 February 2024	Sell	980	665
30 April 2024	Sell	1,100	908
27 June 2024	Sell	1,092	913

Rating track graph



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BUY > 15%

ACCUMULATE -5% to15%

SELL < -5%

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