

**About the Stock:** Tata Chemicals, which began operations in 1944, has come a long way to rank among the top five companies in the world's soda ash industry.

Soda ash, sodium bicarbonate, cement, salt, marine chemicals, and crushed refined soda are among the main chemicals that TCL supplies. Specialty chemicals include agrochemical solutions provided by Rallis as well as other specialist items like nutritional goods and HDS.

75% of the revenue comes from basic chemicals, with the remaining 25% coming from speciality goods.

### Important con call highlights

Due to prepayment of \$144 million in the overseas units during 9MFY23, the gross debt decreased from \$930 million to \$780 million.

- Despite pressure from the global recession, the company's orders are fully booked, and it anticipates a robust market for its products, helped by prospects of a gradually expanding Chinese market.
- Rallis' performance was impacted by the seasonality of the industry; management is concentrating on expanding manufacturing and enhancing portfolio offers.
- During the prolonged shutdown, the US has resumed its usual production rate, and the demand for goods remains strong.

### Recent Quarters Update

Its consolidated revenue increased 32.0% YoY to Rs. 4,148cr in Q3FY23 (down 2.1% QoQ), driven by consistent demand and stronger soda ash realisations across all geographies.

- As a result of improved cost control, EBITDA increased 69.1% YoY to Rs. 922cr and EBITDA margin increased by 480bps to 22.2%. PAT rose 25.7% year over year to Rs. 391cr.
- Because to sustained demand, greater realisations, and cost control, the company reported respectable earnings. The company anticipates increased demand for soda ash, and tighter supply in the following quarters will result in higher realisations.
- EBITDA increased 69.1% YoY to Rs. 922cr, owing to better realization and cost management, which nullified input cost inflation. EBITDA margin grew 480bps YoY to 22.2%. Subsequently, PAT increased to 25.7% YoY to Rs. 391cr. However, PAT fell 37.7% QoQ due to lack of dividends and tax refunds in Q3FY23 unlike Q2FY23 and loss from Morocco joint venture.

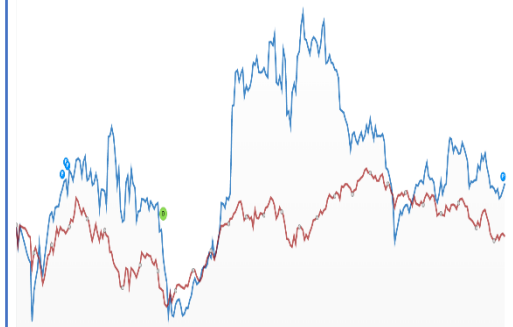
## TATA CHEMICALS

Particulars	Values
<b>Market Capitalisation</b>	₹ 24,495.00
<b>Enterprise Value</b>	₹ 30,223.00
<b>Total Debt</b>	₹ 6,802.63
<b>Cash</b>	₹ 1,834.00
<b>Face Value</b>	₹ 10.00
<b>Shares O/S</b>	25,47,56,278
<b>52 Week H/L</b>	773.35 - 1,214.90

### Share Holding

	Mar-22	Jun-22	Sep-22	Dec-22
Promoters	37.98	37.98	37.98	37.98
FIIIs	13.62	14.99	14.92	14.43
DIIIs	19.89	19.14	19.42	18.97
Government	0.03	0.03	0.03	0.03
Public	28.48	27.86	27.64	28.6

### NSE vs Tata chemical



■ TCL

■ NIFTY

### Risk

- Higher freight costs and longer delivery cycles.
- Climate change related risks with aim to reduce carbon emissions.

## Financial Data

Historical Financial Statement - TATA CHEMICALS LTD						
Years	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	LTM
<b>Income Statement</b>						
Sales	₹ 10,269.7	₹ 10,336.7	₹ 10,356.8	₹ 10,199.8	₹ 12,622.1	₹ 15,863.0
<i>Sales Growth</i>	-0.7%	0.65%	0.19%	-1.52%	23.75%	25.68%
COGS	₹ 5,266.0	₹ 5,695.7	₹ 5,704.2	₹ 6,172.3	₹ 7,382.2	₹ 12,465.0
<i>COGS % Sales</i>	51.28%	55.10%	55.08%	60.51%	58.49%	78.58%
Gross Profit	₹ 5,003.74	₹ 4,641.03	₹ 4,652.53	₹ 4,027.47	₹ 5,239.96	₹ 3,398.00
<i>Gross Margins</i>	48.72%	44.90%	44.92%	39.49%	41.51%	21.42%
Selling & General Expenses	₹ 1,659.95	₹ 2,842.48	₹ 2,707.21	₹ 2,521.04	₹ 2,921.25	
<i>S&amp;G Exp % Sales</i>	16.16%	27.50%	26.14%	24.72%	23.14%	0.00%
EBITDA	₹ 3,343.79	₹ 1,798.55	₹ 1,945.32	₹ 1,506.43	₹ 2,318.71	₹ 3,590.00
<i>EBITDA Margins</i>	32.56%	17.40%	18.78%	14.77%	18.37%	22.63%
Interest	₹ 325.58	₹ 353.70	₹ 341.91	₹ 367.37	₹ 302.84	₹ 342.00
<i>Interest % Sales</i>	3.17%	3.42%	3.30%	3.60%	2.40%	2.16%
Depreciation	₹ 518.01	₹ 568.50	₹ 666.47	₹ 759.32	₹ 806.12	₹ 863.00
<i>Depreciation%Sales</i>	5.04%	5.50%	6.44%	7.44%	6.39%	5.44%
Earnings Before Tax	₹ 2,500.20	₹ 876.3	₹ 936.9	₹ 379.7	₹ 1,209.8	₹ 2,385.0
<i>EBT % Sales</i>	24.35%	8.48%	9.05%	3.72%	9.58%	15.03%
Tax	₹ 60.1	₹ 274.4	₹ 219.7	₹ 197.8	₹ 266.5	₹ 339.0
<i>Effective Tax Rate</i>	2.41%	31.32%	23.44%	52.08%	22.03%	14.21%
Net Profit	₹ 2,440.1	₹ 601.9	₹ 717.3	₹ 182.0	₹ 943.3	₹ 2,046.0
<i>Net Margins</i>	23.76%	5.82%	6.93%	1.78%	7.47%	12.90%
No of Equity Shares	25.48	25.48	25.48	25.48	25.48	25.48
Earnings per Share	₹ 95.76	₹ 23.62	₹ 28.15	₹ 7.14	₹ 37.02	₹ 80.30
<i>EPS Growth %</i>	0.00%	-75.33%	19.17%	-74.63%	418.37%	116.91%
Dividend per Share	₹ 22.0	₹ 12.5	₹ 11.0	₹ 10.0	₹ 12.5	-
<i>Dividend payout ratio</i>	22.97%	52.92%	39.08%	140.03%	33.77%	0.00%
Retained Earnings	77.03%	47.08%	60.92%	0.00%	66.23%	100.00%

Years	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22
<b>Balance Sheet</b>					
Equity Share Capital	₹ 254.8	₹ 254.8	₹ 254.8	₹ 254.8	₹ 254.8
Reserves	₹ 10,846.9	₹ 12,086.5	₹ 12,642.8	₹ 14,035.2	₹ 17,998.1
Borrowings	₹ 6,108.2	₹ 6,129.9	₹ 7,702.4	₹ 6,932.5	₹ 7,024.6
Other Liabilities	₹ 8,648.0	₹ 8,397.6	₹ 7,073.4	₹ 7,114.7	₹ 8,565.7
<b>Total Liabilities</b>	<b>₹ 25,857.8</b>	<b>₹ 26,868.7</b>	<b>₹ 27,673.4</b>	<b>₹ 28,337.2</b>	<b>₹ 33,843.2</b>
Fixed Assets Net Block	₹ 12,786.7	₹ 13,551.0	₹ 15,355.6	₹ 15,261.0	₹ 16,044.1
Capital Work in Progress	₹ 408.9	₹ 773.8	₹ 835.0	₹ 1,093.5	₹ 1,667.3
Investments	₹ 2,840.4	₹ 5,615.3	₹ 4,284.8	₹ 5,815.8	₹ 7,682.5
Other Assets	₹ 2,568.7	₹ 1,798.3	₹ 1,669.4	₹ 1,672.3	₹ 2,912.0
<b>Total Non Current Assets</b>	<b>₹ 18,604.7</b>	<b>₹ 21,738.4</b>	<b>₹ 22,144.8</b>	<b>₹ 23,842.6</b>	<b>₹ 28,305.9</b>
Receivables	₹ 1,307.9	₹ 1,452.5	₹ 1,579.9	₹ 1,397.0	₹ 1,933.4
Inventory	₹ 1,462.3	₹ 1,725.6	₹ 1,869.2	₹ 1,686.6	₹ 2,293.5
Cash & Bank	₹ 4,483.0	₹ 1,952.2	₹ 2,079.5	₹ 1,411.0	₹ 1,310.4
<b>Total Current Assets</b>	<b>₹ 7,253.2</b>	<b>₹ 5,130.3</b>	<b>₹ 5,528.6</b>	<b>₹ 4,494.6</b>	<b>₹ 5,537.3</b>
<b>Total Assets</b>	<b>₹ 25,857.8</b>	<b>₹ 26,868.7</b>	<b>₹ 27,673.4</b>	<b>₹ 28,337.2</b>	<b>₹ 33,843.2</b>

Years	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22
<b>Cash Flow Statements</b>					
Cash from Operating Activities	₹ 1,870.1	₹ 1,581.3	₹ 1,780.1	₹ 2,037.3	₹ 1,644.3
Cash from Investing Activities	₹ 2,713.8	(₹ 1,927.0)	(₹ 2,285.0)	(₹ 1,146.6)	(₹ 816.9)
Cash from Financing Activities	(₹ 2,089.5)	(₹ 1,711.8)	(₹ 129.3)	(₹ 1,455.7)	(₹ 755.3)
<b>Net Cash Flow</b>	<b>₹ 2,494.5</b>	<b>(₹ 2,057.6)</b>	<b>(₹ 634.1)</b>	<b>(₹ 564.9)</b>	<b>₹ 72.2</b>

## Financial Ratios

Ratio Analysis of - TATA CHEMICALS LTD								
Years	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Trends	Mean	Median
SalesGrowth	-0.74%	0.65%	0.19%	-1.52%	23.75%		4.47%	0.19%
GrossMargin	48.72%	44.90%	44.92%	39.49%	41.51%		43.91%	44.90%
EBITDA Growth	0.00%	-46.21%	8.16%	-22.56%	53.92%		-1.34%	0.00%
EBIT Growth	0.00%	-64.95%	6.91%	-59.47%	218.57%		20.21%	0.00%
Net Profit Growth	0.00%	-75.33%	19.17%	-74.63%	418.37%		57.51%	0.00%
Dividend Growth	0.00%	-43.18%	-12.00%	-9.09%	25.00%		-7.85%	-9.09%
Gross Margin	48.72%	44.90%	44.92%	39.49%	41.51%		43.91%	44.90%
EBITDA Margin	32.56%	17.40%	18.78%	14.77%	18.37%		20.38%	18.37%
EBIT Margin	0.00%	27.52%	11.90%	12.35%	7.32%		11.82%	11.90%
EBT Margin	24.35%	8.48%	9.05%	3.72%	9.58%		11.04%	9.05%
Net Profit Margin	23.76%	5.82%	6.93%	1.78%	7.47%		9.15%	6.93%

SalesExpenses%Sales	16.16%	27.50%	26.14%	24.72%	23.14%		23.53%	24.72%
Depreciation%Sales	5.04%	5.50%	6.44%	7.44%	6.39%		6.16%	6.39%
OperatingIncome%Sales	0.00%	27.52%	11.90%	12.35%	7.32%		11.82%	11.90%
Return on Capital Employed	16.42%	6.66%	6.21%	3.52%	5.98%		7.76%	6.21%
Retained Earnings%	77.03%	47.08%	60.92%	0.00%	66.23%		50.25%	60.92%
Return on Equity%	21.98%	4.88%	5.56%	1.27%	5.17%		7.77%	5.17%
Self Sustained Growth Rate	16.93%	2.30%	3.39%	0.00%	3.42%		5.21%	3.39%
Interest Coverage Ratio	8.68x	3.48x	3.74x	2.03x	4.99x		4.59x	3.74x
Debtor Turnover Ratio	7.85x	7.12x	6.56x	7.30x	6.53x		7.07x	7.12x
Creditor Turnover Ratio	1.19x	1.23x	1.46x	1.43x	1.47x		1.36x	1.43x
Inventory Turnover	7.02x	5.99x	5.54x	6.05x	5.50x		6.02x	5.99x
Fixed Asset Turnover	0.80x	0.76x	0.67x	0.67x	0.79x		0.74x	0.76x
Capital Turnover Ratio	0.93x	0.84x	0.80x	0.71x	0.69x		0.79x	0.80x
Debtor Days	46.48 Days	51.29 Days	55.68 Days	49.99 Days	55.91 Days		51.87 Days	51.29 Days
Payable Days	307.36 Days	296.53 Days	249.29 Days	254.60 Days	247.70 Days		271.09 Days	254.60 Days
Inventory Days	51.97 Days	60.93 Days	65.87 Days	60.35 Days	66.32 Days		61.09 Days	60.93 Days
Cash Conversion Cycle	-208.91 Days	-184.31 Days	-127.73 Days	-144.25 Days	-125.47 Days		-158.13 Days	-144.25 Days
CFO/Sales	18.21%	15.30%	17.19%	19.97%	13.03%		16.74%	17.19%
CFO/Total Assets	7.23%	5.89%	6.43%	7.19%	4.86%		6.32%	6.43%
CFO/Total Debt	30.62%	25.80%	23.11%	29.39%	23.41%		26.46%	25.80%

YEARS	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E
EV/Sales	2.42	2.40	2.40	2.43	1.97	2.72	2.92	3.16	3.45	3.79
EV/EBITDA	7.43	10.54	3.01	15.69	9.42	5.73	5.35	5.01	4.72	4.45
EV/EBIT	8.03	12.31	3.20	24.77	12.50	6.62	6.18	5.79	5.44	5.14
EPS	95.49	45.37	274.97	10.06	49.36	121.52	133.75	145.97	158.19	170.41

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