



**CMP: ₹880-910**

**BUY**

**TP: ₹1150**

**Upside: 28%**

- Tata Chemicals Ltd. (TCL) operates principally in industrial, agricultural and consumer chemicals. The company is among the world's top manufacturers of soda ash with annual production capacity in excess of 4m tons spread across four continents.
- More than 70% of TCL's soda ash capacity is based on low-cost natural sources, giving the company a sustainable competitive advantage relative to synthetic soda ash manufacturers. In addition, the company has a presence in India's agricultural inputs industry by virtue of its majority ownership stake in Rallis India, which manufactures agrochemicals and seeds.
- The outlook for soda ash has markedly improved in recent months, with sharp price increases announced in India as well as the US. This should drive margin improvement in coming quarters. Soda ash itself is consumed in significant quantities to manufacture lithium-ion batteries, and this will be an important demand driver in coming years.
- Soda ash spot prices are already up, but contracted prices are still below pre-COVID levels. Pricing contracts in the US and UK markets are renewed annually and will be reset in Dec-2021; that is when the benefits of the market tightness will show up in financials.
- Nutraceuticals business seems to be gaining traction, with recent customer order wins. The outlook for salt and bicarbonate is also positive, while IMACID profits too have vaulted

## Financial Summary

Consolidated (₹mn)	Revenue	EBITDA Margin	EPS	EPS growth (%)	P/E (x)	RoE (%)	RoCE (%)
FY22E	123,543	19.5	46.2	359.1	17.8	8.0	7.7
FY23E	1,353,879	21.0	55.5	20.2	14.8	9.0	9.1



Disclaimer:

## Recommendation Parameters for Fundamental/Technical Reports:

Buy – Absolute return of over +10%

Accumulate – Absolute return between 0% to +10%

Reduce – Absolute return between 0% to -10%

Sell – Absolute return below -10%

**Please refer to** <http://www.indiainfoline.com/research/disclaimer> for recommendation parameter, analyst disclaimer and other disclosures.

Investments in securities market are subject to market risks, read all the related documents carefully before investing. There is no assurance or guarantee that the investment objectives shall be achieved. IIFL does not guarantee any assured returns on the investments recommended herein. Past performance of securities/ instruments is not indicative of their future performance. IIFL makes no representation/s or warranty/ies, express s or implied, as to the accuracy, completeness or reliability of any information compiled herein, and hereby disclaims any liability with regard to the same, including, without limitation, any direct, indirect, incidental or consequential loss. You shall verify the veracity of the information on your own before using the information provided in the document. Investors are requested to review the prospectus carefully and obtain expert professional advice. IIFL group, associate and subsidiary companies are engaged in providing various financial services and for the said services (including the service for acquiring and sourcing the units of the fund) may earn fees or remuneration.

IIFL Group | IIFL Securities Ltd., IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane - 400604. CIN: 99999MH1996PLC132983 Tel.: (91-22)2580 6650. Customer Service: 40071000. Stock Broker SEBI Regn: INZ000164132. NSE:

10975 BSE: 179 MCX: 55995 NCDEX: 01249 Depository: INDP1852016. MF Distributor ARN: 47791. PMS SEBI Regn.: INP000002213.

Investment

Adviser SEBI Regn. INA00000623. Research Analyst SEBI Regn: INH000000248. Loan products are offered by IIFL Finance Ltd. & IIFL Home Finance Ltd. Kindly refer to [www.indiainfoline.com](http://www.indiainfoline.com) for detailed disclaimer and risk factors.