# arm research

outperform

24 September 2007 | Tata Chemicals Ltd.

## Stock Details

| | |
|---|---|
| BSE Code | 500770 |
| CMP | 277.35 |
| Face Value (Rs ) | 10.00 |
| 52 Wk High (BSE) | 269.90 |
| 52 Wk Low (BSE) | 187.05 |

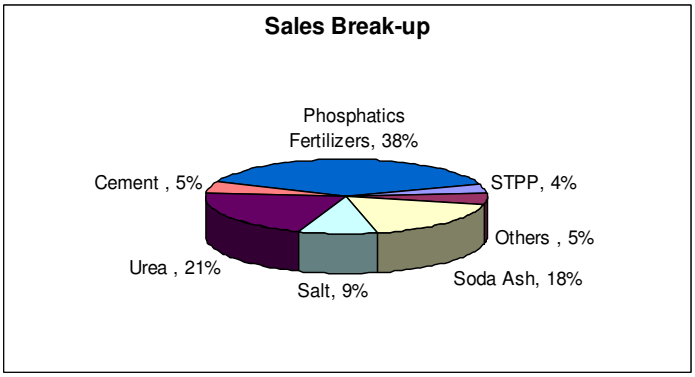
## Key Statistics

| Rs. In Mn. | FY08 E | FY07 A |
|---|---|---|
| Sales | 64196.08 | 58096.00 |
| % Growth | 10.5 | 44 |
| PAT | 6196.63 | 5080.40 |
| Equity | 2151.60 | 2151.60 |
| Mkt. Cap. | 59674.63 | 59674.63 |
| Book Value (Rs.) | 140.20 | 119.53 |
| Sales/ Mkt. Cap. | 1.08 | 0.97 |
| P/B | 1.98 | 2.32 |

## Company Profile

Tata Chemicals Limited is India's leading manufacturer of inorganic chemicals. It also manufactures fertilizers and food additives. Incorporated in 1939, the company has an annual turnover of over Rs 40,000 million and is part of the Rs 898,920- million ($22 billion) Tata Group, India's foremost business conglomerate

TCL operates the largest and most integrated inorganic chemicals complex in India, at Mithapur in Gujarat. The company's state-of-the-art fertiliser complex at Babrala in Uttar Pradesh has a remarkable record in energy efficiency. TCL's phosphatic fertiliser complex at Haldia in West Bengal is currently the only manufacturing unit for DAP/NPK complexes in West Bengal The company traditionally has a weak Q1 & Q4 and a strong Q2 & Q3 on account of seasonality. The revenue break up is as follows:




## Outlook and Valuations

The company has investments of over Rs.63 per share, (inclusive of both quoted and unquoted), which gives it a cushion. At CMP of Rs.277.35, the stock is available at 9.63x consolidated FY08E EPS of Rs.28.80 and 8.55x consolidated FY09E EPS of Rs.32.44. We recommend a BUY on the stock.

| Year (Rs. Mn.) | Sales | EBITDA | PAT | NPM % | EPS | P/E | Book Value |
|---|---|---|---|---|---|---|---|
| FY 2009 E | 71257.65 | 13895.24 | 6979.34 | 9.65 | 32.44 | 8.55 | 164.50 |
| FY 2008 E | 64196.08 | 12518.24 | 6196.63 | 9.49 | 28.80 | 9.63 | 140.20 |
| FY 2007 A | 58096.00 | 10105.40 | 5080.40 | 8.60 | 23.61 | 11.75 | 119.53 |

# CHEMICAL DIVISION – Soda Ash

**SODA ASH BUSINESS:**

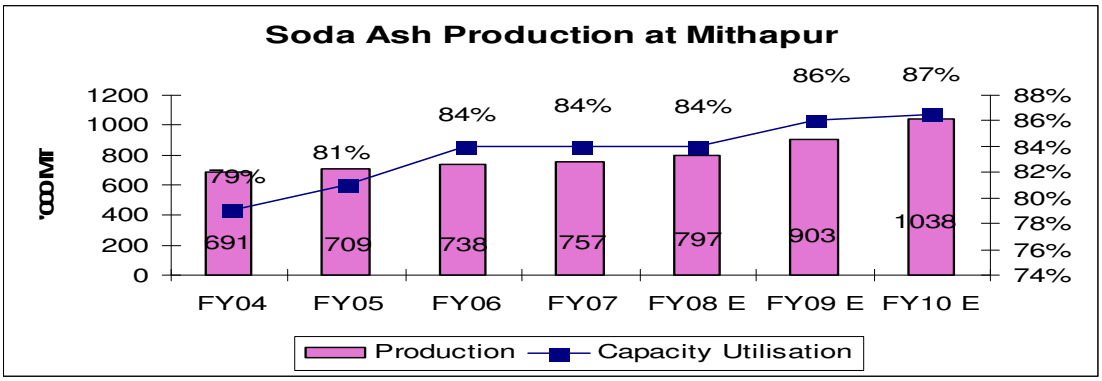
*About 34 % of the country's capacity of Soda Ash.*

TCL has a soda ash manufacturing plant at Mithapur in Gujarat. Starting in the 1930s with a capacity of 33,000 tonnes per annum (tpa) of soda ash, the plant has since grown into a chemicals behemoth with an installed capacity of 8,75,000 tpa -- about 34 per cent of the country's capacity -- making it one of the largest producers of synthetic soda ash in the world.

Tata Chemicals exports soda ash to several markets in Asia and Africa, including Bangladesh, Middle East, China, Kuwait, South Africa, Sri Lanka, Mauritius, Bahrain, Thailand, Indonesia and Taiwan.

*Acquisition of Brunner Mond Group, US.*

In December 2005 TCL acquired 63.5% stake in the Brunner Mond group for US$ 113 Mn and finally next year it acquired the remaining 36.5% stake for US $ 65.2 Mn. The combined Brunner Mond/Tata Chemicals Group is the third largest producer of soda ash in the world.




**Source : Company Annual Report**

*Record sale and production in FY07*

During the year, the company achieved both record sales and production of soda ash. Production for the year at 7,57,209 tonnes was 2.57 % higher than in the previous year. Sales for the year at 7,21,946 tonnes grew by 2.13 % over the last year. The company's market share at 32 % was marginally lower than in the previous year by 0.8 %.

*Plans to raise capacity utilisation to 1.2 mn by FY10*.

Given prevailing demand conditions and the continuous need for cost competitiveness, TCL has embarked on a planned program to de-bottleneck operations at Mithapur with minimal investments. The gradual increase in capacity upto 1.2 Mn TPA by FY10 (FY07 – 0.9 TPA) will not only help TCL to better service the domestic market demand, but also improve efficiencies through economies of scale.
It is noteworthy that company has achieved increased capacity utilisation through efficient use of assets without adding any new physical asset.

*Impact of change in international prices*

It is important to note that the increase in international prices does not fully reflect in the revenues as the company has 70 percent long term contracts and 30 percent short term. For the long term contracts we believe that the effect of increased prices takes two / three quarters to reflect in the topline**.**

# CHEMICAL DIVISION – Soda Ash

**INDUSTRY OVERVIEW (DOMESTIC)**

*Soda Ash is mainly used in detergent, glass, chemicals, sodium silicate and pulp & paper industries.*

Soda ash is an important product of the Indian inorganic chemical industry, accounting for ~55% of the chlor-alkali industry. It is in a solid form at normal temperature and pressure and is broadly classified into Light Soda Ash (LSA) and Dense Soda Ash (DSA) based on density.

In India it is used in the production of detergents (42%), glass (23%), chemicals (17%), sodium silicate, pulp & paper and in other industrial applications like water treatment.

*Domestic demand for Soda Ash continue to grow at 5% p.a.*

Soda ash demand in India in 2006-07 was estimated at around 2.2 million tonnes but is growing well, being driven primarily by the growing demand from float glass manufacturers, who cater to the construction and automobile sectors. With sustained economic growth there has also been a revival of demand in the domestic FMCG industry as well particularly for fabric wash. Overall, however, the share of glass is gaining over other uses. With healthy growth in glass and fabric wash, the Company expects the domestic demand for soda ash to continue growing at around 5% per annum. Hence the soda ash prices are expected to remain firm at $ 230-245 per MT in the times ahead.

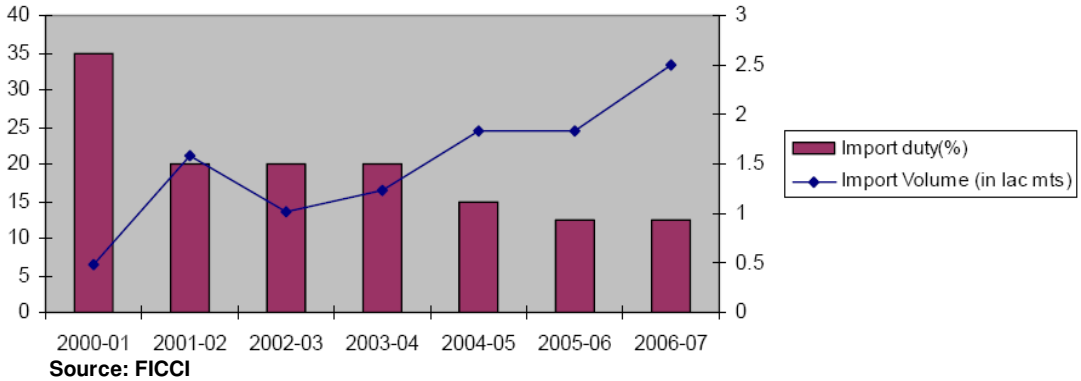
There are only five producers of soda ash in India, viz. Tata Chemicals (0.9 Mn MT capacity), GHCL (0.6 Mn MT), Nirma (1.015 Mn MT; includes acquired capacity of erstwhile Saurashtra Chemicals), DCW (0.096 Mn MT) and Tuticorin Alkalis Chemicals & Fertilizers (0.115 Mn MT).

*Hurdles of Infrastructure and logistics in the growth of Ind*.

The domestic soda ash industry faces a host of infrastructure and logistics problems. Being a highly localized industry i.e. more than 90 percent is situated in Gujarat where the rate of power is one of the highest in the country, it adversely impacts the margins of the industry. The demand for soda ash in the country is quite diversified which gives rise to a host of logistics problem. In the absence of any sea link, there is tremendous pressure on the rail and the road service which often fails to keep pace with the ever increasing demand for transportation facilities. This result in logistics cost being as high as 12 -13 % of the landed cost

*SODA ASH IMPORTS*

The consistent reduction in import duty from 35% in FY01 to 7.5% in FY07 has led to five fold rise in the imports from 0.05 Mn TPA in FY01 to 0.25 Mn TPA in FY07.




**Source: FICCI**

# CHEMICAL DIVISION – Soda Ash

*Global demand to grow at a rate of 2.5% p.a.*

**INDUSTRY OVERVIEW (Global Scenario)**

The current total global demand for soda ash is **41.9 MT.** The major producers of soda ash along with global market share are as follows :

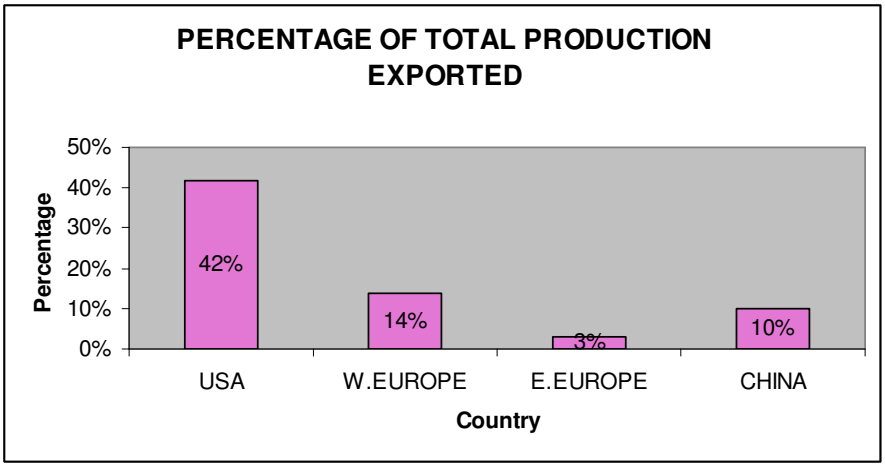
- CHINA (32%)
- US (25%)
- EUROPE (28%)
- INDIA (6.7% )

The current spot price for soda ash is $ 230-245 per MT .The demand from glass & detergent industry and crude oil prices are the major determinants of international soda ash prices.

Owing to steady growth of business of glass manufacturers as well as FMCG players the global demand of soda ash is expected to grow at a rate of 2.5- 3 % per annum.

Of this additional demand, around 60% would come from India, China and Middle East countries.

The largest supplier and exporter of soda ash in the world is ANSAC (American Natural Soda Ash Corporation). ANSAC is banned from entering EU hence the percentage of exports in Western Europe is less because most of the produce is consumed locally.




**Source: ANSAC Website**

# CHEMICAL DIVISION

**Caustic Soda:**

*25000 TPA manufacturing capacity of caustic soda, hydrochloric acid and liquid chlorine*

TCL manufactures 25000 TPA of caustic soda, hydrochloric acid and liquid chlorine with annual sales FY07 of Rs. 140 Mn.

Due to its adoption of energy-efficient, membrane-cell technology and the captive availability of salt and of power, TCL has been able to deliver low-cost caustic soda to the market.

As a versatile alkali, caustic soda is used in a variety of industries, the major ones being rayon, cellophane, soap, pulp and paper.

**Bromine**

*Reported annual production of 1750 tonnes and sales of Rs.164 Mn in FY07.*

TCL manufactures several variants of bromine and bromine-based compounds, such as liquid bromine technical, potassium bromide PQ, sodium bromide PQ, methyl bromide, ethyl bromide and hydrobromic acid.

The total installed capacity of bromine is 2400 TPA with annual production for FY07 at 1750 tonnes and has reported sales of Rs.164 Mn for the same fiscal year.

Bromine is used primarily in the manufacture of organic and inorganic bromides. It is also used as a crucial reagent in preparing several organic compounds requiring bromination. Other variants are used in the preparation of photographic emulsions, for processing photographic films and paper, in lithography, as an analytical reagent, as a soil fumigant .

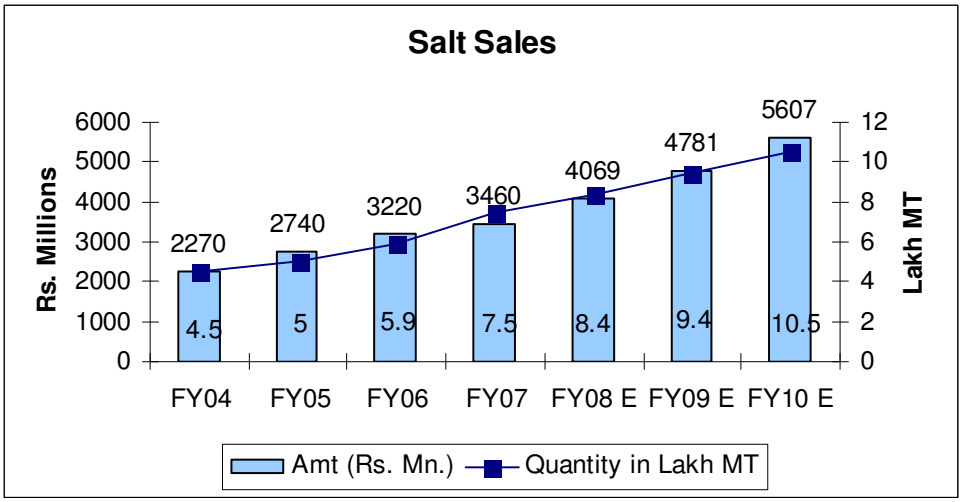
**Salt**

*Tata Salt has a market share of around 49 per cent.*

The company has a nationwide distribution system in place serving over 40 million consumers. The company manufactures four varieties of salt:

- Iodised Salt
- Crystalline Salt
- Vacuum Salt
- Pure Salt

## CHEMICAL DIVISION

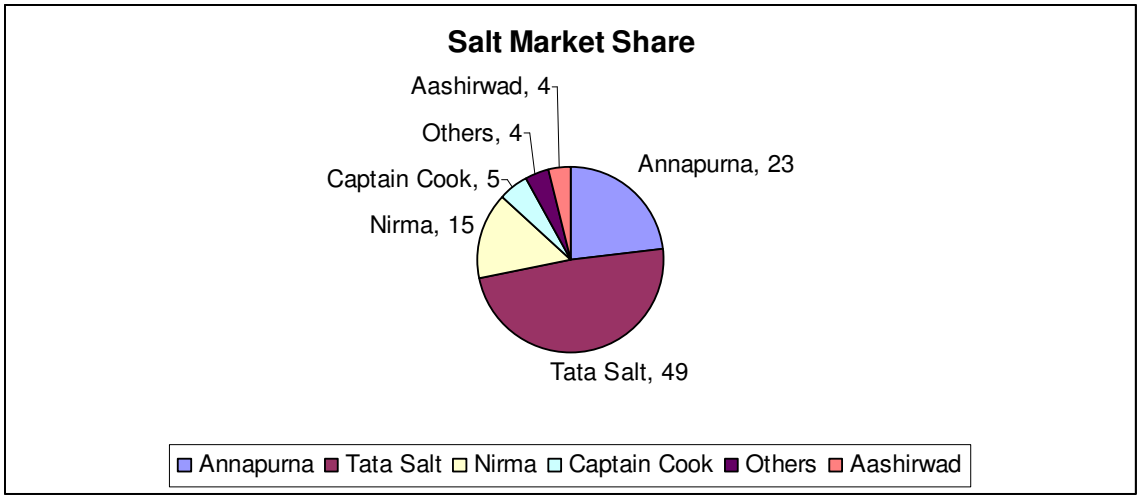



**Source: Company Annual Report**

The total production of all varieties of salt at 7,09,818 tonnes was 17.05% higher than in the previous year and sales at 7,34,619 tonnes, were higher by 26.48%.

Tata Salt improved its leadership position in the branded salt segment and achieved an all time high brand equity index of 7.4 (on a scale of 1 - 10) as per a survey conducted by AC Nielsen.. We expect that with a steady growth in urban population and with the elevation in education levels of Indians, there is a likelihood of more families switching over to the use of iodized packaged salt .

Tata Salt has a **market share of around 49 percent** in the domestic market as shown in the figure below




**Source: Company**

# CHEMICAL DIVISION

**Sodium Bicarbonate**:

*Demand for the product derives mainly from textile and leather sector.*

TCL has 70,000 tonnes per annum installed capacity of sodium bicarbonate at its Mithapur plant. The product is manufactured from soda ash produced internally and is marketed in India, the Middle East, Africa and Bangladesh. The major user industries of sodium bicarbonate include textiles and leather. It is also widely used in dry chemical fire extinguishers. The company produces three types of sodium bicarbonate:

**•Refined Sodium Bicarbonate**
Refined Sodium bicarbonate is also known as cooking soda and is used for cooking purposes.

**•Technical sodium bicarbonate**
Sodium bicarbonate technical is used strictly for the manufacture of industrial products which have no edible or medicinal application.

**•Granular sodium bicarbonate**
Sodium bicarbonate granular is made especially for use in the manufacture of medicinal salts.

As the economy develops and the market moves towards more high end uses of sodium bicarbonate like in beauty products etc. TCL will be in an ideal position to leverage the superior technology of Brunner Mond to create a niche for itself. (For details refer to the product application of sodium bicarbonate manufactured by Brunner Mond Europe).

**Cement:**

*Cement plant was set up to utilise the solid wastage generated in the production process of Soda Ash plant.*

TCL has a state of art cement plant at its Mithapur plant with an installed capacity of 1500 tonnes per day or 500,000 tonnes per annum.

On the strength of a buoyant cement market, the company achieved a record production and sales of cement as compared to earlier years. Production of cement at 5,10,371 tonnes increased by 4.02% and sales at 5,08,552 tonnes accounted for an increase of 4.63% as compared to the previous year.

According to the management, the cement plant at Mithapur was set up solely to consume the solid waste generated during the manufacture of soda ash The company is not considered a key player in the cement industry as its production levels are restricted to the extent of solid wastes generated in the manufacturing of soda ash.

As explained earlier with the growth in production levels of soda ash, we expect a corresponding rise of 0.2 Mn tonnes over a period of two years in cement production and accordingly the revenues from cement segment coupled with better price realizations are likely to add marginally to the total revenues of TCL.

# FERTILIZER DIVISION

*Fertiliser Business recorded 13.43 % growth on YoY basis.*

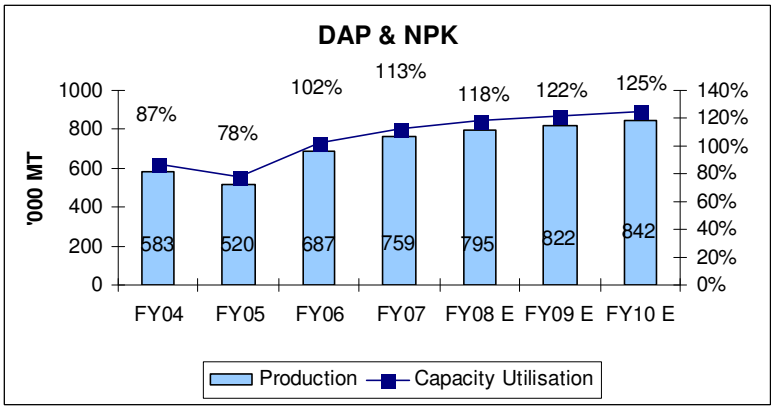
The Company has its presence across all three key agro-nutrients: namely nitrogen (N), phosphorous (P) and potassium (K). Given the nature of Government regulations, the sale of fertilizers is localised to certain geographical regions within India.

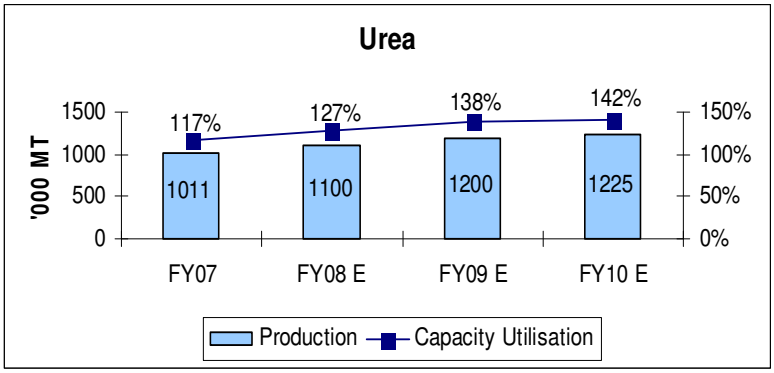
TCL's product portfolio comprises of the following:

- Urea manufactured at the Babrala Plant in Uttar Pradesh (34.7%)
- DAP (Diammonium Phosphate), NPK, STPP (Sodium Tripolyphosphate) manufactured at the Haldia plant in West Bengal (58.5%)

Additionally, the Company also imports and sells MOP (4.2%) and supplies other agri inputs like pesticides, herbicides, seeds etc. mostly through its Tata Kisan Sansar (TKS) outlets.

During the year the Company achieved a record production of DAP/NPK crossing 7 lakh tonnes. Sales growth was in line with production growth. The Fertiliser Business of the Company achieved a turnover of Rs. 24,869.10 Mn. growing by 13.43 % YOY.




**Source: Company Annual Report**

# FERTILIZER DIVISION

***Fertiliser subsidy***

While the Company's Fertiliser Business has achieved record sales as well as production during the year under review, increases in input costs for the industry, generally, without corresponding revisions to government-approved selling prices for fertilizers, which have not been corrected for several years now, have resulted in a sharp increase in subsidies. Infact the fertilizer subsidy for FY07 which was estimated at Rs.110 Bn has swollen to Rs.530 Bn for FY08 against which the budgetary support is a meager Rs.220 Bn.

Since the worldwide prices of fertilizers are on a rampage imports are being affected at abnormally high prices. Infact the domestic prices are much cheaper in India than the international prices but due to outdated government policies industry is not encouraged to add additional capacities.

***Rs.150 crore capex to raise production capacity by 40%***

The Government of India has notified the new Stage III policy for Urea pricing. This policy allows for favorable sharing of benefits in respect of production beyond 110 % of the nominal capacity. Accordingly the company has decided to de-bottleneck the Urea plant at Babrala at a cost of Rs. 150 crores which would increase the production by over 40 percent. This expansion will be completed during the financial year 2008-09.It is noteworthy that TCL is amongst the most energy efficient urea producer in the country consuming just 5.12 Giga calories / Mt of Urea production.

## Industry Overview

**Industry Overview**

The Indian fertilizer industry with a capacity of 12.1 Mn. MT of nitrogen and 5.6 Mn. MT of phosphatic nutrient is one of the largest in the world and has over the years, played a significant role in the development of agriculture in the country. Fertilizer consumption in India is among the highest in the world, though we rank low in comparison to most of developing and some of developed countries in terms of intensity of consumption.

Fertilizer consumption in India has been stagnant in the last few years. But, with increased focus of the government towards agricultural growth, consumption levels are expected to pick up. Successful implementation of government programmes like the Bharat Nirman programme etc. which aims at an additional 10 million hectares under irrigation could help increase fertilizer consumption in the long run.

# FERTILIZER DIVISION

**Industry Overview…..**

The industry is dependent to a large extent on gas for Urea production and Phosphoric acid for production of DAP and other phosphatic fertilizers. With limited reserves of gas in the country and the power sector also vying for an increased share, the fertilizer industry is faced with acute shortages. Fertilizer units and gas companies have not been able to reach an agreement over the pricing of gas and very few long term gas supply agreements have been signed. With the government policy favoring conversion to gas based units, the demand for gas is only expected to go up. The recent initiative by some players in the industry to set up Joint ventures in gas surplus countries with buy back arrangements is a step in the right direction.

Similarly, on the phosphatic fertilizers front, the country has limited reserves of phosphoric acid which meet only 5-10% of the total requirement of P2O5. Hence companies have set up joint ventures abroad to tie up for their phosphoric acid requirements.

## Sector-wise, Nutrient-wise Installed Fertilizer Manufacturing Capacity As On 31.01.2007

| Sl. No. | Sector | Capacity (LMT) | | Percentage Share | |
|---|---|---|---|---|---|
| | | N | P | N | P |
| 1 | Public Sector | 34.98 | 4.33 | 29.0 | 7.65 |
| 2 | Cooperative Sector | 31.69 | 17.13 | 26.27 | 30.27 |
| 3 | Private Sector | 53.94 | 35.13 | 44.73 | 62.08 |
| | **Total:** | **120.61** | **56.59** | **100.00** | **100.00** |

**Source : Department of Fertilizer**

The domestic fertilizer industry has by and large attained the levels of capacity utilisation comparable with others in the world. The capacity utilisation during 2005-06 was 94.1% for nitrogen and 74.6% for phosphate. The estimated capacity utilisation during 2006-07 is 93.6% of nitrogen and 82.0% of phosphate.

Within this gross capacity utilization, the capacity utilisation in terms of the urea plants was 102.0% in 2005-06 and is estimated to be 99.0% in 2006-07. As for phosphate fertilizers, apart from the constraints mentioned earlier, the actual production capacity utilisation has also been influenced by the demand trends.

# FERTILIZER DIVISION

## UREA PRICING POLICY

The Government has approved the pricing policy for urea units for Stage-III of New Pricing Scheme (NPS) w.e.f. 1.10.2006 to 31.3.2010. The salient features of the proposed Stage-III Policy which is aimed at promoting further investment in the urea sector, are to maximize urea production from the Urea units including through conversion of non-gas based Units to gas, incentivising additional urea production and encourage investment in Joint Venture(JV) projects abroad.

The policy seeks to rationalize distribution and movement of urea and the system of freight reimbursement with the objective of ensuring availability of urea in all parts of the country.
The Government will continue to regulate movement of urea up to 50% of production depending upon the exigency of the situation.
The favorable government outlook to increasing capacity utilization will provide incentives to companies like TCL to increase their urea production.

(Figures in LMTs)

| Crop Season | Demand Assessment | Cumulative Availability | Cumulative Sales | % age of availability to assessed demand |
|---|---|---|---|---|
| **Kharif 2005** | | | | |
| Urea | 114.39 | 116.20$ | 107.67 | 101.58 |
| DAP | 33.45 | 36.81$ | 25.17 | 110.04 |
| MOP | 13.89 | 22.81$ | 13.25 | 164.21 |
| **Rabi 2005-06** | | | | |
| Urea | 119.86 | 123.58$ | 114.24 | 103.10 |
| DAP | 44.61 | 49.47$ | 42.34 | 110.89 |
| MOP | 14.99 | 32.44$ | 14.76 | 216.41 |
| **Kharif 2006** | | | | |
| Urea | 122.37 | 125.04$ | 113.65 | 102.18 |
| DAP | 33.10 | 48.67$ | 32.06 | 147.03 |
| MOP | 14.66 | 20.47$ | 9.99 | 139.63 |
| **Rabi 2006-07** | | | | |
| Urea | 127.09 | 149.38* | 95.06** | 117.54 |
| DAP | 48.19 | 50.37* | 30.03** | 104.52 |
| MOP | 18.57 | 26.31* | 10.07** | 141.68 |

* *Estimated*
** *Up to January, 2007.*
$ *Excluding silo stock & stock at shipment*

Rs in Crore

| Period | Amount of subsidy disbursed on | | Total subsidy on urea |
|---|---|---|---|
| | Indigenous urea | Imported urea | |
| 1995-96 | 4300.00 | 1935.00 | 6235.00 |
| 1996-97 | 4743.00 | 1163.08 | 5906.08 |
| 1997-98 | 6600.00 | 721.96 | 7321.96 |
| 1998-99 | 7473.00 | 124.22 | 7597.22 |
| 1999-2000 | 8670.00 | 74.07 | 8744.07 |
| 2000-2001 | 9480.00 | 0.98 | 9480.98 |
| 2001-2002 | 8257.00 | 47.34 | 8304.34 |
| 2002-03 | 7790.00 | 0.00 | 7790.00 |
| 2003-04 | 8521.00 | 0.00 | 8521.00 |
| 2004-05 | 10243.15 | 493.91 | 10737.06 |
| 2005-06 | 10460.17 | 1418.07 | 11878.24 |
| 2006-07 (BE) | 10410.37 | 1093.54 | 11503.91 |
| 2006-07 (RE) | 11400.37 | 2703.54 | 14103.91 |
| 2007-08 (BE) | 11400.37 | 2703.54 | 14103.91 |

**BE- Budgetary Estimates**
**RE – Revised Estimates**
**Source: Department of Fertilizer**

# FERTILIZER DIVISION

## CONCESSION POLICY ON DAP & NPK

Since 1992, Government of India is administering Concession Scheme on decontrolled Phosphatic & Potassium (P&K) fertilizers i.e. DAP, NPK, MOP and SSP.

The basic objective behind this Scheme is to provide these fertilizers to the farmers at affordable prices. For this purpose, Department of Fertilizers fixes the indicative MRP at which the manufacturers / importers are required to sell decontrolled fertilizers. The delivered normative cost price of these fertilizers is generally higher than the MRP.

The manufacturers/importers are provided the difference between the normative cost and MRP in the form of concession.

(Rs. In crore)

| Year | Amount Of Concession Disbursed |
|---|---|
| 1992-93 | 339.73 |
| 1993-94 | 517.34 |
| 1994-95 | 527.95 |
| 1995-96 | 500.00 |
| 1996-97 | 1671.77 |
| 1997-98 | 2596.00 |
| 1998-99 | 3789.94 |
| 1999-2000 | 4500.00 |
| 2000-2001 | 4319.00 |
| 2001-2002 | 4503.52 |
| 2002-2003 | 3224.52 |
| 2003-2004 | 3326.00 |
| 2004-2005 | 5142.18 |
| 2005-2006 | 6596.20 |
| 2006-2007 ( BE ) | 5749.00 |
| 2006-2007 (RE) | 8348.10 |
| 2007-2008 (BE) | 8347.10 |

**Source: Department of Fertilizer**

## FUTURE VISION ON FERTILIZER INDUSTRY IN INDIA:

We strongly believe that the existing fertilizer subsidy bill of Rs.580 Bn is unsustainable by any standards and is likely to remain a severe drag on fiscal deficit. The average import price of Urea is around Rs.15500 / Mt as against the domestic price of Rs.8500 / Mt .The existing policy is not conducive to increase in capacity by domestic players and therefore the government is left with no other option but to import at phenomenally high prices. Similarly DAP is imported at Rs. 22-23000 /Mt as against the domestic cost of Rs.18-19000 / Mt. The government due to its outdated and faulty policies is swelling the subsidy burden by paying Rs. 4-5000 / Mt on DAP. Sooner rather than later we expect a rationalized move on fertilizer pricing by the government which would translate into better times for fertilizer industry.

# ABOUT THE ACQUISITIONS :

**BRUNNER MOND GROUP :**
The Brunner Mond group is one of the world's leading manufacturers and supplier of soda ash and other associated alkaline chemical. Originally formed in 1873, since its re-creation as Brunner Mond in 1991 the company has supported an extensive programme of investment in its products, plant, people and customer service facilities. The company has three manufacturing facilities at the following locations:

1. UK

2. NETHERLANDS

3. KENYA

The company also produces high grade sodium bicarbonate for industrial use like pharmaceuticals and skin care.

**BRUNNER MOND (Europe):**
Brunner Mond's principal product is soda ash, of which it is one of Europe's largest producers, and the UK's sole manufacturer. Brunner Mond (Europe) is also one of the world's leading producers of refined sodium bicarbonate and Europe's second largest producer of calcium chloride liquor. It has plants at the following locations:

1.Cheshire in UK

2. Delfzijl in Netherlands

Brunner Mond (UK) represents the Group's business base in Europe. In the UK and the Netherlands soda ash is manufactured using the locally-available raw materials of brine and limestone. In addition sodium bicarbonate, calcium chloride, calcium hydroxide (milk of lime) and Crex (a unique crystalline form of sodium sesquicarbonate) are manufactured in the UK. It has over 1500 customers in EUROPE with significant market share in EU market.

The total capacity of Soda ash in Europe facility is 1.3 Mn tonnes. In addition the Europe facility also produces 0.75 Mn tonnes if sodium bicarbonate.

The EBITDA margins are approximately14-16 percent mainly on account of high power and staff costs.

Major customers include PEPSI, UNILEVER, ROCKWARE, COCA-COLA, P&G, KNAUF, PHILIPS, SAINT GOBAIN, CADBURY, AIS .

# ABOUT THE ACQUISITIONS :

| ***Products ( Brunner Mond Europe )*** | **Application** |
|---|---|
| a) Sodium Carbonate (Soda Ash) | Glass industry alone consumes 50% of the global soda ash production.<br><br>**a)** Commercial use - Windows, glazings in buildings, car windscreens, bottles, jars drinking glasses, tableware and other glass based designer products.<br><br>**b)** Applications - Used as an application in TV screens (heavy metal oxides contain glass formulations to absorb harmful X rays emitted from television), used in the outer shell of incandescent and fluorescent lighting applications, used in manufacture of speciality glass forms viz. optical glass and fibres, glass ceramics, vitreous silica and aluminosilicate glass. Also used as an application in Reflective road paint.<br><br>Detergents – Laundry cleaning and Dishwashing formulations. |
| b) Sodium Bicarbonate | **a)** OTC Pharmaceutical preparations viz. effervescent antacid and analgesic tablets and powders, oral care – denture cleansing tablets, antacid gel formulations, toothpaste, etc. High quality and purity sodium bicarbonate in preparation of glass apparatus used in dialysis treatment. (application restricted to Europe & US)<br><br>**b)** Food Sector – Biscuit Producers, producers of baking powder for onward usage to cake manufacturers, super market stores & traditional bakeries, catering industry & retail outlets.<br><br>**c)** Used as a mild alkalizing agent in food processes viz. production of sherbet fruit sweets & alkalizing cocoa beans.<br><br>**d)** Chemicals & Manufacturing – foam blowing, dry powder fire extinguishers, paper making and leather tanning. |
| c) Calcium Chloride | Cheese making, added in water for brewing beers, bottled waters, firming agent for fruits and vegetables to prevent their softening during processing stage, used as a liquid secondary refrigerants for attaining low temperatures required ideally for large industrial cold storages and freezing plants, processing of poultry.<br><br>Drilling and maintenance of oil wells.<br><br>Used as a de-icer (alternative to rock salt) in extreme winter conditions of North America, Canada, Scandinavia and other parts of Europe.<br><br>It accelerates hydration of cement and can be used in ready mix concrete, paving slabs, concrete blocks and in any concrete that does not have metal strengthening rebars.<br><br>Water treatment – Beer brewing and potable water. |

## ABOUT THE ACQUISITIONS :

### FINANCIALS OF BRUNNER MOND GROUP (EUROPE + KENYA)

| Particulars | FY07( Rs. Mn) | FY06( Rs. Mn) |
|---|---|---|
| **LIABILITIES** | | |
| Loan Funds | 8035 | 5237.2 |
| Capital Grant | 211.3 | 238.7 |
| Current Liabilities | 8235.9 | 8643.1 |
| **ASSETS** | | |
| Goodwill on consolidation | 38 | 33.6 |
| Fixed Asset net block | 14153.4 | 1091 |
| Deferred Tax Asset( net) | 575.6 | 936.2 |
| Current Assets | 4749.7 | 3516 |
| | | |
| **INCOME** | | |
| Sales & Operating Income | 16482.3 | 3605.7 |
| **EXPENDITURE** | | |
| Manufacturing & other Expenses | 13857.8 | 2774.2 |
| Borrowing Costs ( Net) | 580.7 | 108.7 |
| Depreciation | 952.8 | 206.3 |
| Provision for Tax | 456.6 | 136.2 |
| **PROFIT/LOSS AFTER TAX** | 625.4 | 378.3 |

# ABOUT THE ACQUISITIONS :

**Magadi Soda Company**

*Magadi, a subsidiary of Brunner Mond; is Africa's largest soda ash manufacturer.*

It is a wholly owned subsidiary of Brunner Mond situated in Kenya. Subsequent to the acquisition of Brunner Mond by Tata Chemicals in December 2005, Magadi is now a subsidiary of TCL. It is Africa's largest soda ash manufacturer and Kenya's leading export earner, employing around 450 people. Soda ash at Magadi is manufactured from a naturally occurring deposit called trona. The trona deposit renews in Lake Magadi itself through a natural process as the rainfall in and around the Rift Valley drains underground and is heated geothermally. Surrounding high temperatures and long sunny days cause the solution to concentrate by evaporation thereby increasing the trona deposits .Lake Magadi has one of the largest reserves of natural soda ash in East African rift valley and spread across 227,000 acres . The deposits in Lake Magadi are likely to last over a century.

If about 0.8 to 1 Mn tonnes are withdrawn from the lake every year then the lake renews near about the identical quantity through its natural cycle. Trona is recovered from the surface of deposits in the lake and converted into sodium carbonate (soda ash). It also produces salt primarily for domestic market**.** The EBIT margin for the business is around 26 to 28 percent.

The lease for production of sodium carbonate through recovery of trona deposits from the lake is valid upto 2053. Soda ash is transported to Port Mombasa and exported to markets of South East Asia, Indian subcontinent ,Africa and Middle East. In fact the company has also established a terminal at Durban in South Africa to facilitate exports of Brunner Mond group .India alone imports about 0.1 Mn tonnes of natural soda ash from Kenya.

The existing capacity of Magadi unit is 0.33 Mn tonnes but post expansion the capacity is likely to cross 0.7 Mn tonnes. Capital expenditure of around 100 million dollars has been incurred to finance this expansion. Owing to some breakdowns it will take quite some time before the commencement of production at full capacity level takes place. Currently the management thinks it prudent to increase the production levels in a very gradual manner. We expect improvement in Kenya plant as the plant is expected to be gradually operational by Q2 FY08 as the sales would be able to absorb much of the interest & depreciation charges amounting to Rs.240 Mn in FY06 thus improving the net margins.

# ABOUT THE ACQUISITIONS :

**Benefits to TCL from Magadi unit:**

***Low cost of production of Natural soda ash***

- The cost of production of natural soda ash is half of that of producing synthetic soda ash. Infact Magadi Soda Ash Company is the lowest cost producer of soda ash in the world. The lower cost of production is a significant contributory to TCL's bottomline.

***Growing profitability of the company***

- When the Magadi facility operates at full capacity of around 0.7 Mn tonnes per annum the benefits of expansion coupled with the low cost of production will boost the margins of TCL.

***Long term accruing benefits***

- Abundant reserves of trona deposits and long lease life of Magadi Lake valid till 2053 are strong positives for TCL. We see the low cost benefits occurring to TCL over a long period.

***Change in product mix***

- As the production touches capacity levels there is likely to be a shift in production mix from LSA (Light Soda Ash) to DSA (Dense Soda Ash).With prospects of glass industry appearing quite positive we expect TCL to earn better revenue from dense soda ash which also has a wide industrial application.

**SYNERGIES TO BE REAPED FROM BRUNNER MOND ACQUISITION:**

***Presence in Europe***

- With the acquisition of Brunner Mond TCL has developed a strong base in Europe since Brunner Mond is one of the largest producers of soda ash in Europe. Brunner Mond group enjoys a healthy market share in majority EU markets and hence provide a healthy business scenario to TCL. Also it has long term relationship with clients such as UNILEVER, P & G, etc which can be leveraged in the future to provide further business.

***Presence in Natural soda ash segment***

- By virtue of acquisition of Brunner Mond group, TCL has gained access to the vast deposits of Trona in Lake Magadi – Kenya. It is now in a position to import natural soda ash at a price significantly lower than the price of synthetic soda ash thereby facilitating improvement in it's margins. In addition TCL is also implementing capacity expansion upto 0.7 Mn tonnes. On completion of expansion TCL will be able to import natural soda ash with a compounded benefit of higher import at a cheaper price.

***Access to superior technology***

- Brunner Mond has a well developed sodium bicarbonate business with a capacity of 0.175 Mn tonnes which is used in high end applications like pharmaceuticals, personal care and animal feed. As India being not as developed a market as Europe it uses sodium bicarbonate for lower end uses like textiles and leather tanning. It also lacks the requisite technology for producing high grade sodium bicarbonate for various industrial applications enumerated above. However in future as and when the Indian market matures for high end usages of sodium bicarbonate, TCL would be in perfect shape to leverage the situation to its advantage.

# ABOUT THE ACQUISITIONS :

**Financing of Acquisition**

To fund its acquisitions TCL issued US$ 150 million (Mn) FCCB. The bonds are convertible in to Equity shares at Rs 231/- in January 2010 and carry a coupon rate of 4.75 %. Of the above US $ 112 Mn were used for acquiring 63.5% stake in Brunner Mond .The remaining 36.5% stake was acquired in 2006 for nearly US $ 65 Mn financed through internal accruals.

We believe that the acquisition would be EPS accretive since the conversion of FCCB will happen after three years from now providing the company enough time to incorporate the benefits of its acquisition and capex into its bottomline. Also on cost aspect the acquisition seems to be pretty lucrative because according to management sources a greenfield expansion would have cost the company around Rs.20,000 – 25,000 per tonne while a brownfield would have cost around Rs.12,000 – 17,000 per tonne whereas the Brunner Mond acquisition cost them around Rs.7,000 per tonne.

Brunner Mond was acquired at EV/Sales of <1 and EV/EBITDA at 7x of the FY06 figures, which makes it really a attractive deal for TCL.

**GROWTH DRIVERS FOR SODA ASH BUSINESS**

***1.Capacity increase at Mithapur***

Currently the debottlenecking of the Mithapur plant is in progress which will increase the soda ash production capacity by over 50 percent from the current 0.77 Mn tonnes to 1.2 Mn tonnes. The domestic Soda ash market is growing at 5 percent per annum which will absorb the increased

capacity and with the international prices expected to remain firm in the days ahead we see better revenue flows from this segment.

***2.Capacity increase at Lake Magadi , Kenya***

Doubling of the capacity of existing Magadi facility from 0.35 Mn tonnes to 0.7 Mn tonnes will help in bringing down the cost of production significantly since natural soda ash is nearly 50 percent more cost effective as compared to synthetic soda ash. After the increased capacity becomes fully operational we expect the Kenyan facility to contribute 50 percent towards the total profit of the Bruner Mond group.

***3. Stable prices in International markets***

The Chinese government has removed the 13 percent VAT earlier this year , we therefore do not see significant exports coming out of China in the near future. In the absence of any significant rise Chinese exports we expect international soda ash prices to remain firm with an upward bias.

***4. Huge Market potential***

In India the per capita consumption of soda ash is 2.7 kg which is quite low when compared to countries like China (9.8 kg) and USA ( 22 kg ).Considering the above figure and the fact that India has a sustained economic growth above 8 percent , there is clearly considerable scope for consumption driven demand.. We also see higher demand for architectural glass on account of robust growth in construction sector.

***5.Technology transfer from Brunner Mond***

According to the company sources TCL can leverage the superior technology competence of Brunner Mond in the Sodium Bicarbonate business, as and when the market awareness occurs and demand for the various high end industrial applications develops in India.

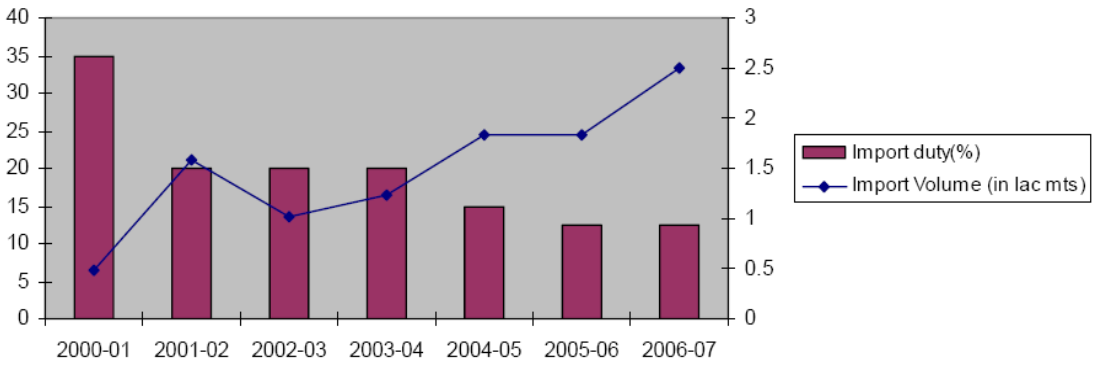
## RISKS & CONCERNS:

- **Delay in Expansion of Lake Magadi Facility**

  According to the management sources the capacity expansion of Lake Magadi facility was to be completed by May 2006 but due to frequent breakdowns it might take some more time before it becomes fully operational. Any further delays in the capacity expansion might adversely affect the growth of this segment and also become a drag on the bottomline of TCL .

- **Lowering Import duties in India**

  Over the years the import duty on soda ash has come down drastically as shown in the figure below which has lead to a surge in import quantity.




- **International Cartels like ANSAC :**

  Currently ANSAC (American National Soda ash Corporation) is barred from exporting to India under the MRTP (Monopolies Restrictive Trade Practices) Act. However individual soda ash producers are allowed to export to India. Any future entry of ANSAC into India may disturb the dynamics of the domestic soda ash industry.

- Possible slowdown in the automobile and industrial use might slow down the demand for glass which might adversely hamper the soda ash industry.

- Increase in raw material prices like limestone ,coke etc can significantly affect the margins of the company if it is not able to pass the increased cost to the final consumer. So far this has been mitigated since the increase in raw material prices has been passed on to the final consumer.

# JOINT VENTURES:

**Indo Moroc Phosphore S.A. (IMACID)**

In March 2005 TCL acquired a 33.5% minority stake in Morocco based IMACID for US $ 38 Mn. This was financed through the FCCB convertible at Rs. 231 per share in Jan 2010

Imacid was promoted in 1997 as a joint venture between Office Chérifien des Phosphates, Morocco (OCP), a state-owned company incorporated in the Kingdom of Morocco and Chambal Fertilisers and Chemicals Ltd. Imacid commenced production in 1999. It produced 373,895 tonnes of phosphoric acid in 2004 with a turnover of $144 million and is a well-established company. India imports 50 per cent of the world's production of phosphoric acid, which is required for the manufacture of diammonium phosphate, a higher analysis fertiliser used extensively in the country. In fact Morocco is not only the largest exporter of phosphatic rock in the world but also of phosphoric acid, accounting for over 40 per cent of the world's trade in acid

The JV is significant since phosphoric acid accounts for 1/3rd raw material cost of TCL and hence an uninterrupted and a cost effective supply of phosphoric acid is absolutely essential for TCL to maintain its competitive edge. TCL imports nearly 40 percent of the production capacity of IMACID every year. In Q1 FY08 IMACID manufactured 97700 tonnes out of which TCL imported 42000 tonnes. We consider TCL's entry into this JV as very appropriate as world over companies without collaborators/JV's are finding it difficult to ensure timely supplies of Phosphoric acid for their end product.

**Financials**:

The company has reported a 15% rise in revenue with sales for FY07 rising to Rs.8220 Mn (FY06 Rs.2787.8 Mn) . However the bottomline reported a drop of 24 % (YoY) The reported profit in FY07 was Rs.7160 Mn as against Rs.9471Mn for FY06

# JOINT VENTURES:

**JV with Total Produce**

In January 2007, TCL entered into an agreement to form a 50:50 joint venture (JV) Company in India with Total Produce Plc., of Ireland. Total Produce is the demerged entity of Europe's largest fresh produce Company "Fyffes Plc" (de-merger on 30 December, 2006). The JV Company will be called Khet-se Agriproduce India Private Limited. The objective of the JV is to create state-of-the-art distribution facilities for fresh fruits and vegetables across India by leveraging the individual strengths that both partners bring to the table.

Total Produce brings with it knowledge gained over 100 years of operating in fresh produce in over 30 countries, with great expertise and experience in distribution and the management of supply chain for perishable items.

The 600-odd centres of Tata Kisan Sansar (TKSs) will act as the first level contact point for procurement and primary processing. Packed produce will be sent to distribution centers in cities and redistributed to wholesalers. The chain will use modern refrigerated storage and transportation facilities, wherever necessary.

Over the next 12 months the Company will establish its first two centers one in Ludhiana and other one in Kolkata. On successfully setting up these two centres the company will contemplate on setting up the next probably in A.P and Jharkhand. Plans are being drawn out for a rapid roll-out of the model across other regions over the next few years.

It is important to clarify here that the Company is not entering the retail end of the business at this stage. It believes that growing, sourcing, grading, packaging, storage and distribution are the key to success in this business.

In three/five years this business could well develop into a Rs.1500 cr business comprising of an initial Rs.750 cr business in first two years The company expects to spend Rs.260-300 Mn in this business over the next 2-3 years.

**TATA KISAN SANSAR:**

The Tata Kisan Sansar network was started with the view that technology can and must be harnessed to solve India's social and economic problems. Tata Kisan Sansars are one-stop resource centers that offer cultivators a wide range of services and solutions — from the stage of sowing of seeds to post-harvest management and marketing of agricultural produce. It is important to note that the company is not incurring any losses on this project. The various services offered at these centers are as follows:

1. Agro-input Supplies :
   - Seeds
   - Fertilisers (Urea. MOP ,DAP )
   - Pesticides
   - Calcium, Magnesium, Sulphur

2. Farm Equipment leasing :
   - Tractors
   - Farm equipments & tools

3. Agronomy services

   - Soil testing: Different crops require different varieties of soil and the various nutrients in varying proportion. Soil testing helps in determining the make up of the soil and thus determine the crop to be grown for maximizing the yields.

   - Soil Mapping: It is another advanced technique which involves the use of GIS (Geographical Information System). The operation involves combing satellite maps, census data, socio-economic and other data collected within the geographic information systems (GIS) to create a valuable agricultural database which can be used for decision making in future

   - Fertiliser testing

   - Advisory services

4. Training & Information
   - Farm practice programmes
   - Journals & magazines
   - Newsletters Other services :

5. Other Services
   - Crop Insurance
   - Credit facility
   - Buy back facility

**Grocery retailing in India**

For centuries, India's daily vegetables and fruits humbly arrived home atop cane baskets, in rickety wooden carts trundled by vegetable vendors known as sabjiwallahs, or from little shops dotting villages and towns across the country. That's changing in the new borderless glass-fronted economies, with multinationals realizing in a rush that food accounts for a big chunk of the Indian Retail market. So groceries now reach middle-class homes in branded plastic bags, out of air-conditioned supermarket chains with parking lots and uniformed staff.

According to estimates in 2006 India's grocery and food retail markets were calculated at US$ 236 billion and US$ 228 billion respectively. This makes India the sixth largest grocery market in the world, growing to US$ 482 billion in 2020, and coming in at fourth position after US, China, and Japan.

| Top 10 Grocery Retail Market, US$ billion, 2006, 2010F & 2020F | | | | | | |
|---|---|---|---|---|---|---|
| 2006 | | | 2010F | | 2020F | |
| Rank | Country | Grocery Market | Country | Grocery Market | Country | Grocery Market |
| 1 | US | 812 | US | 858 | US | 1076 |
| 2 | Japan | 540 | Japan | 577 | China | 767 |
| 3 | China | 377 | China | 484 | Japan | 602 |
| 4 | France | 286 | India | 302 | India | 482 |
| 5 | Germany | 264 | France | 295 | France | 309 |
| 6 | India | 236 | UK | 241 | Russia | 263 |
| 7 | UK | 221 | Germany | 239 | UK | 252 |
| 8 | Italy | 183 | Italy | 188 | Germany | 251 |
| 9 | Russia | 144 | Russia | 177 | Italy | 202 |
| 10 | Mexico | 143 | Mexico | 156 | Brazil | 197 |
| **Total** | | **3206** | | **3517** | | **4401** |

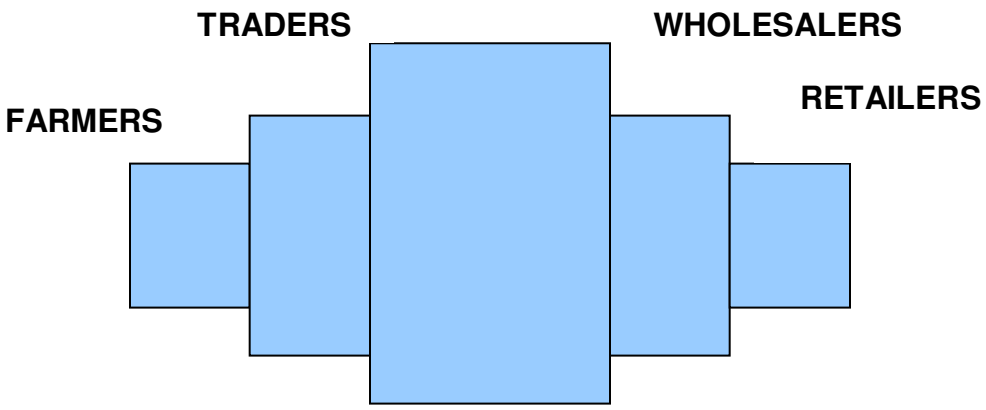
**Source : IBEF website**

**Agricultural retail**

India's large consumer base along with export potential and reforms in agriculture (such as opening up of many agriculture sectors for 100 per cent FDI, allowing farmers to sell their produce directly to buyers) have attracted a large number of corporate into the agricultural retail segment.

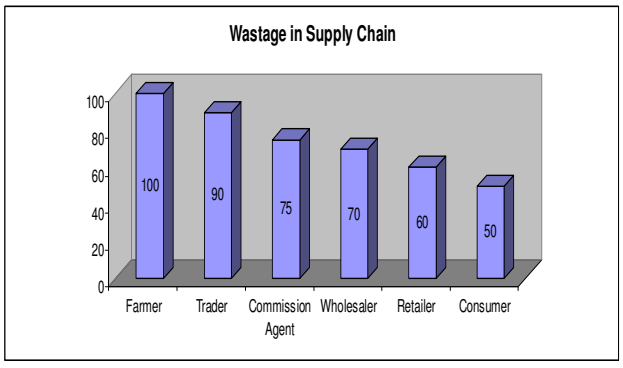
- For its e-Choupal scheme, ITC built internet kiosks in villages to provide farmers access to latest information on weather, market prices and foods in demand among other things.
- With a US$ 5.6 billion, multi-year investment in agriculture and retail, Reliance Retail has established links with farms on several thousand acres in Punjab, West Bengal and Maharashtra.
- FieldFresh, planning to become India's first large-scale exporter of produce, will annually pay farmers over US$ 30,000 to lease land for vegetables, to hire tractors and to pay their workers.
- PepsiCo, with agriculture exports worth US$ 40 million, has launched a five-year program with the Punjab Government to provide several hundred farmers with four million sweet-orange trees for its Tropicana juices by 2008. It has also introduced farmers to high-yielding basmati rice, mangoes, potatoes, chillies, peanuts and barley for its Frito-Lay snacks.
- Fresh@, a food and grocery retail initiative of Heritage Foods (India) Ltd, is in the process of developing a 5,000-acre cluster farming complex to feed the retail network that will have 100 stores in the next few months.
- Recently Wal-Mart has announced its entry in the Indian markets with Bharti as its JV partner.

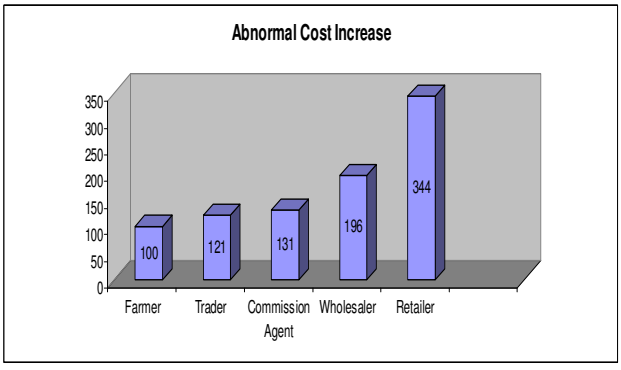
*EXISTING MODEL :-*




**Features:**

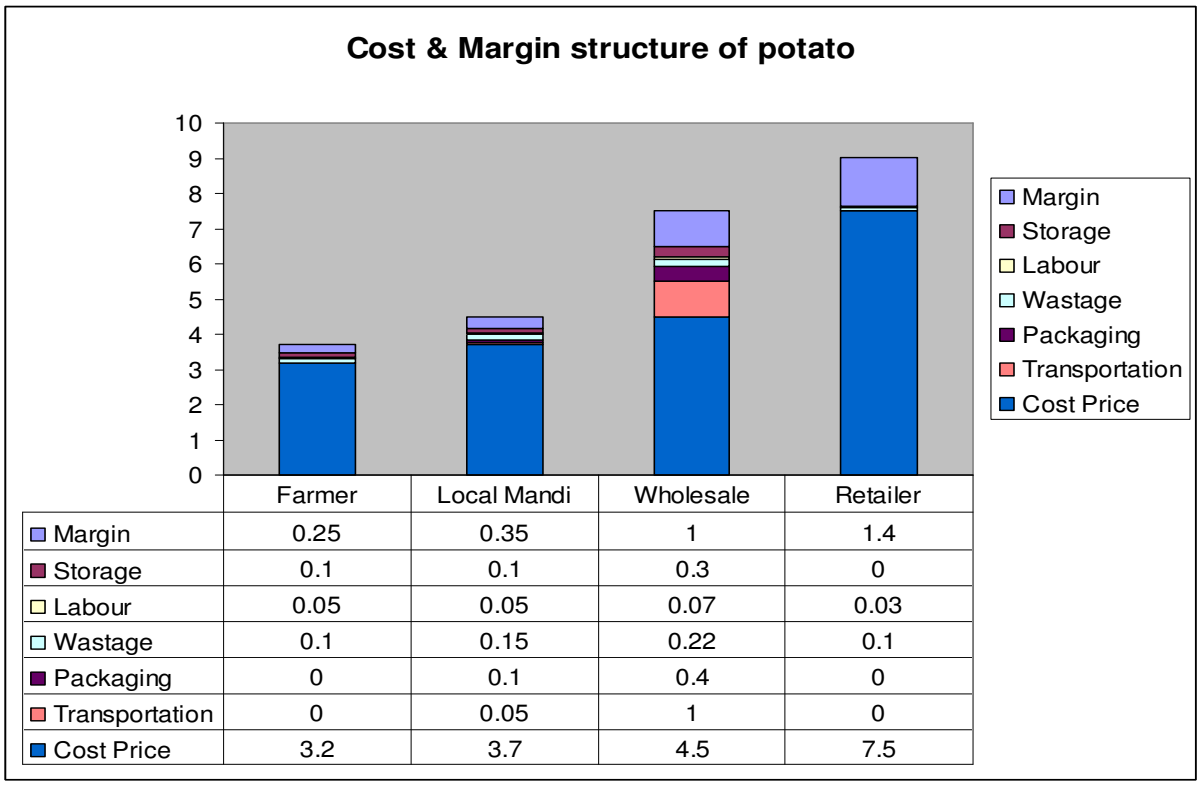
- Indian farmer trapped in a vicious cycle of low risk taking ability, low investment, low productivity, weak market orientation, low value addition, low margin. Indian agribusiness globally uncompetitive, despite rich & abundant natural resources.
- Numerous intermediaries, lead to cost addition without value addition while blocking the information flow
- Though there are large number of retailers, most small and fragmented having low volume and low bargain power.
- Large amount of wastage leading to quality as well as quantity drop as shown below.
- The price of the produce becomes 3.5 times as it goes through the supply chain to the end consumer.




**Source : Indian Retail Forum**

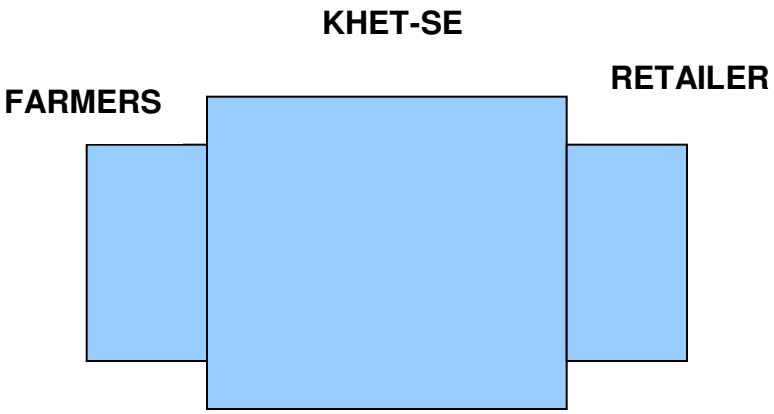
| | Farmer | Trader | Agent | Wholesaler | Retailer |
|---|---|---|---|---|---|
| Additional Cost | | 5% | 2.5% | 5% | 10% |
| Wastage | | 15% | 5% | 10% | 10% |
| Mark up | | 25% | 5% | 50% | 75% |
| Price | 100 | 125 | 131 | 196 | 344 |



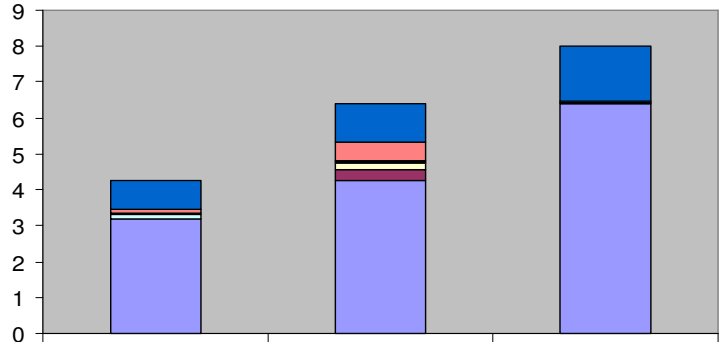

| | Farmer | Local Mandi | Wholesale | Retailer |
|---|---|---|---|---|
| Margin | 0.25 | 0.35 | 1 | 1.4 |
| Storage | 0.1 | 0.1 | 0.3 | 0 |
| Labour | 0.05 | 0.05 | 0.07 | 0.03 |
| Wastage | 0.1 | 0.15 | 0.22 | 0.1 |
| Packaging | 0 | 0.1 | 0.4 | 0 |
| Transportation | 0 | 0.05 | 1 | 0 |
| Cost Price | 3.2 | 3.7 | 4.5 | 7.5 |

**Source: Indian Retail Forum**

*PROPOSED STRUCTURE:*




**Cost & Margin structure of potato**




| | Farmer | JV (TTP & TCL) | Retailer |
|---|---|---|---|
| Margin | 0.8 | 1.06 | 1.54 |
| Storage | 0.1 | 0.5 | 0 |
| Labour | 0.05 | 0.05 | 0.03 |
| Wastage | 0.1 | 0.02 | 0.05 |
| Packaging | 0 | 0.2 | 0 |
| Transportation | 0 | 0.3 | 0 |
| Cost Price | 3.2 | 4.25 | 6.38 |

**FEATURES:**

- Intermediaries are minimized.
- Farmers get better realization of their produce ( refer. to above illustrations ; Margin has increased by > 3 folds i.e. from 0.25 ps to 0.80 ps / kg. of potato)
- Increased margin for all the stakeholders involved
- Wastage is drastically reduced
- Consumer gets better quality products at cheaper prices (refer to above illustrations;. Selling price of consumer has decreased by > 10 percent i.e. from Rs.9.03 to Rs.8 / Kg )
- Leads to the progress of the farmer and the agriculture sector.
- Win win situation for Farmers, Retailers & Consumers.

## New Business Areas:

**Biofuels:**

Furthering its endeavor to build sustainable business, TCL has entered into the field of Biofuels - both bio-diesel and bio-ethanol. Given the depletion in fossil fuel reserves and the environmental need of cleaner more C02-neutral emission fuels, there is substantial scope and potential in this business.

Jatropha curcas and pongamia pinna are two non-food bio fuel-rich plant species identified as suitable for cultivation on a commercial scale for the production of Bio Diesel. Similarly there are a couple of non sugar cane options for the production of bio-ethanol, which the Company will be undertaking on a commercial scale during 2007-08 by setting its plant in Maharashtra. Here the synergy with the TKS business in the area of agri procurement will be a huge advantage for the Company.

A dual approach will be followed in developing this business –

- A quick start with conventional methods of production, which are fairly well known and proven in use.
- Advanced and novel technologies for the production of bio-fuels which are being developed at the Innovation Center in Pune.

The company will be setting a bio ethanol plant based on sweet sorghum in Parbhani, Maharashtra with an initial capacity of 30 KL / day and later expanding it to 100 KL /day depending upon the initial success of the project. The planned capex for this project is expected to be in the range of Rs.300 – 400 Mn and the plant would be operation by Q4 FY08. If this develops into a big business opportunity then the investment required would be much larger over a period of two to three years.

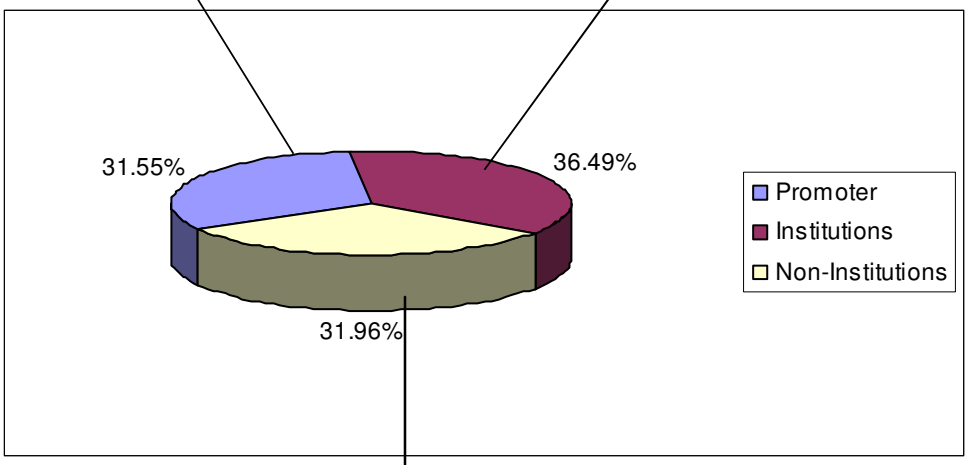
## SHAREHOLDING PATTERN

Bodies Corporate – 31.38%
Trusts – 0.17%

**TOTAL = 31.55%**

Mutual Funds / UTI – 7.78%
Financial Institutions / Banks – 0.36%
Central Government / State Governments – 0.04%
Insurance Companies – 22.13%
Foreign Institutional Investors – 6.18%

**TOTAL = 36.49%**




Bodies Corporate – 5.04%
Individual shareholders holding nominal share capital up to Rs. 1 lakh – 24.57%
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh – 2.32%
Trusts – 0.03%

**TOTAL = 31.96%**

| Income Statement | | | (Rs. Mn.) |
|---|---|---|---|
| **Type** | **Estimated** | **Estimated** | **Audited** |
| **Date Begin** | **1-Apr-08** | **1-Apr-07** | **1-Apr-06** |
| **Date End** | **31-Mar-09** | **31-Mar-08** | **31-Mar-07** |
| Net Sales | 71257.65 | 64196.08 | 58096.00 |
| Total Expenditure | 57362.41 | 51677.84 | 47990.60 |
| EBIDTA | 13895.24 | 12518.24 | 10105.40 |
| Depreciation | 3300.00 | 3150.00 | 2738.80 |
| EBITA | 10595.24 | 9368.24 | 7366.60 |
| Interest | 1200.00 | 1150.00 | 823.90 |
| Other Income | 1100.00 | 1100.00 | 977.50 |
| PBT before EOI | 10495.24 | 9318.24 | 7520.20 |
| Extra Ordinary Item | 0.00 | 0.00 | 38.90 |
| PBT after EOI | 10495.24 | 9318.24 | 7481.30 |
| Tax | 3515.91 | 3121.61 | 2400.90 |
| PAT | 6979.34 | 6196.63 | 5080.40 |

| Financial Ratio % | | | (Rs. Mn.) |
|---|---|---|---|
| **Type** | **Estimated** | **Estimated** | **Audited** |
| **Date Begin** | **1-Apr-08** | **1-Apr-07** | **1-Apr-06** |
| **Date End** | **31-Mar-09** | **31-Mar-08** | **31-Mar-07** |
| Operating Profit Margin/PBDIT (excl. O.I.) | 19.50 | 19.50 | 17.39 |
| Operating Profit Margin/PBDIT (incl.. O.I.) | 20.72 | 20.86 | 18.76 |
| PBT Margin | 14.50 | 14.27 | 12.66 |
| NPM % | 9.65 | 9.49 | 8.60 |
| ROE | 19.72 | 20.54 | 19.75 |
| Interest/sales | 1.68 | 1.79 | 1.42 |
| Tax/PBT | 33.50 | 33.50 | 32.09 |
| Book value Rs. | 164.50 | 140.20 | 119.53 |
| EPS | 32.44 | 28.80 | 23.61 |
| Market Price Rs. | 277.35 | 277.35 | 277.35 |
| Price/Earnings ratio | 8.55 | 9.63 | 11.75 |
| Market Cap Rs.Mn | 59674.63 | 59674.63 | 59674.63 |
| Market Capitalisation to sales | 0.84 | 0.93 | 1.03 |
| Market price to Book value | 1.69 | 1.98 | 2.32 |
| Dividend Yield | - | - | 2.88 |

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