May 6, 2022

The General Manager
Corporate Relations Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001
Scrip Code: **500770**

The Manager
Listing Department
The National Stock Exchange of India Limited
Exchange Plaza
Bandra-Kurla Complex
Bandra (E)
Mumbai - 400 051
Symbol: **TATACHEM**

Dear Sir/ Madam,

Sub: Transcript of Analysts/Investors Call pertaining to the Financial Results for the quarter ended March 31, 2022

Further to our letter dated April 20, 2022, we enclose herewith a copy of the transcript of the Analysts/Investors Call on the Audited Standalone and Consolidated Financial Results of Tata Chemicals Limited for the quarter ended March 31, 2022 held on Saturday, April 30, 2022.

The same is also being made available on the Company's website at: https://www.tatachemicals.com/investors/financial-reports/Investor-call-transcripts

You are requested to take the same on record.

Thanking you,

Yours faithfully,
For Tata Chemicals Limited

Rajiv Chandan
General Counsel & Company Secretary

Encl: as above

Tata Chemicals Limited

Q4 FY22 Earnings Conference Call

April 30, 2022

Moderator: Ladies and gentleman. Good day and welcome to the Q4 FY 22 earnings conference call of Tata Chemicals Limited. I now hand a conference over to Mr. Gavin Desa from CDR India. Thank you and over to you, sir.

Mr. Gavin Desa: Thank you. Good day, everyone, and thank you for joining us on Tata Chemicals Q4 and FY '22 earnings conference call. We have with us today, Mr. R. Mukundan - Managing Director and CEO, Mr. Zarir Langrana - Executive Director, and Mr. Nandakumar Tirumalai - Chief Financial Officer.

Before we begin, I would like to state that some of the statements made in today's discussions may be forward-looking in nature and may involve risk and uncertainties. I now invite Mr. Mukundan to begin proceedings of the call. Over to you Mukundan.

R. Mukundan: Thanks Gavin good morning and welcome everyone to our quarterly, and yearend FY '22 earnings call. I'm joined by my colleague, Zarir Langrana Executive Director and Nandakumar CFO on this call. Overall, with the current macro environment, I would say that we are pleased with the way we've ended the fiscal with Q4 witnessing strong growth in revenue and profitability. There's a context to this numbers that it's been done in a very challenging input and a rising energy environment. And also we were beset with some logistical challenges across our operating units. The teams have done well to keep our customers well serviced and they've delivered this with agile execution and making sure that our customer commitments are fully met.

The numbers broadly are in line with the expectations and, what we had mentioned. Even at the beginning of last year when we said Q2, maybe Q3, maybe the pinch point and Q4 will see the expansion and that's really what has happened. And really, I think this is a performance on expected lines. On supply side, the overall supply side dynamics remains tight. Most of the plants are operating at high rates. We don't expect too much of capacity additions in the short term. And when we mean short term, short and medium term, it's about broadly 18 to 24 months. On the demand side I think the growth has been strong. We are back to pre-pandemic levels fully now. Of course, we'll keep a close watch on this, given the fact that the customers are also facing spikes in their energy cost and are having logistic challenges. But we do anticipate that going by the past trend that the markets are fairly well-positioned in terms of demand supply equation. We do believe that we have further scope for expanding our operations on the back of growth of customer demand. So even while the Phase1 of our growth, the growth execution is coming to the final leg of operationalizing those plants the Board is already cleared the Phase 2 of the expansion beyond what has been committed in the past about 30% growth in soda ash and 70,000 tons of bicarb and silica we are now moving to implement a project in two phases. Overall, the number is about 5X of the current capacity going from 10,000 to 60,000 ton to be done in two streams of 25,000 each.

In terms of individual business, India has witnessed steady performance, our volumes were above last year, but we have also surpassed the pre-COVID level. Broadly the overall markets have moved in line with the input cost increases. And that has been made possible because of the demand supply situation and strong engagement with customers, by working with them to make sure that our businesses are able to absorb the cost increase in a way that the customers are also fully serviced.

In terms of international business TCNA has had a good bounce back, as we said our export markets coming back that volume led growth has meant that the fixed costs are well absorbed now, and that continues. And export pricing has also – moved forward in the same direction. And that is reflective of the overall performance of US operations.

Magadi continues to do well. They're serving largely the Asian market and that market continues to be on strong footing, and continues to move forward. As far as the UK is concerned, I think the unit was certainly impacted in Q2, as you know by sudden sharp increase in, carbon price and also energy costs, but over the period of last two quarters and in fact, the third and fourth quarter, the unit has done well to engage strongly with customers and make sure that the margin was protectedEven though the margin did compress, but was protected and volume pickup continues. In terms of salt, we've done well across UK, India. And all these units will continue to do well. Bicarb also continues to do well and we see the momentum continuing.

Our new businesses silica and FOS are still ramping up. The silica tire grade plant is fully utilized as of now at 5,000 tons. And keeping in mind a strong demand coming from that segment as well as the food segment we have plans to expand. And this is a small scale, pilot scale plant so we are now going to commercial scale of expanding it to two lines of 25,000 each.

As far as the FOS plant is concerned the utilization rates will increase during the coming year. And we expect that both these units will move to a steady flow of EBITDA positive performance. Overall outlook for the businesses looks positive across all our applications across all our customers. As far as Rallis is concerned, it was a challenging quarter. The team has put in place several set of programs and we do believe that by quarter 2 of next year, the results of all the efforts the team has put in will start to show in Rallis also. In terms of CapEx which I broadly explained Phase 1 CapEx is broadly on schedule. There have been some delays because of some of the equipment suppliers facing challenges, but they're not material for us to take into consideration.

Overall, we have spent approximately Rs. 1,300 crores till date and a balance of similar number to be spent going forward. On top of that, the board has cleared Rs. 2,000 crores investment that broadly tells you the kind of CapEx and growth momentum we areseeing

So, in conclusion, I'd like to say our core businesses are well positioned to continue to deliver steady growth and business outlook looks despite the challenges on the cost side, which we think are seeing the signs of stabilization in the last few weeks, but it's too early. So, I will not make any commentary beyond that. And the commissioning of capacities would further accelerate growth and the businesses are well positioned to take benefit of the economy as it opens up albeit the challenges which are there on the input cost.

With this, I will hand over the floor to Nandakumar who will take you through the financial performance. Over to Nandu.

N Tirumalai: Thank you Mukundan and good morning everyone. Starting with the quarterly performance, our revenues for the quarter was 32% more than previous year and PAT has moved from Rs 29 crore last year to Rs. 470 crore in the current quarter. For the full year, the revenue is 24% more than previous year and for the full year. PAT is as Rs. 1,400 crore as against, Rs. 436 crore the previous year.

Improved performance is mainly because of the increasing volumes in the in US, led by soda ash across geographies and also price movement due to absorption of the higher input cost and market dynamics. For the India business, revenue was up 33% against previous year and the EBITDA margin has grown by 5% to 24.8% for current quarter.

The PAT stood at Rs 268 crore as against one Rs 120 crore in the previous year's Q4. In the current quarter we also had Rs 60 crore approximately on other income on account of interest coming from on the income tax refund which is more like one-off event for the quarter.

For the full year the revenue was 24% higher than previous year and PAT at Rs.786 crore 54% more than last year. Currently the US operations, the volume has rebounded from the previous years and the revenues were 35% more than last year. Consequently, the EBITDA has moved from Rs.63 crore in last year to Rs.275 crore in current year. The PAT swung back to profits to 174 crore during the quarter. After suffering a loss of Rs. 52 crore last year's Q4. For the full year in the US, the revenues increased by Rs.810 crore a 28% jump EBITDA improved from Rs351 crores last year and doubled to Rs.787 crore in the current year.

Coming to UK, the revenues have moved from Rs.383 crore to Rs.576 crore The PAT has improved in the quarter from a loss of Rs.44 crore last year, to loss of Rs.12 crores in the current quarter. For the full year, the revenues increased by Rs.540 crore and the PAT has moved from a loss of Rs.56 crore last year to Rs.85 crore loss in the current year, mainly because of the carbon price impact in the current year.

Kenya's revenues moved up for the quarter from Rs.115 crore to Rs.171 crore the PAT has improved from a Rs.10 crores profit in last year's Q4 to 51 crores in the current year Q4 and for the full year the revenues improved from Rs.413 crores to Rs.577 crore and the PAT has moved from Rs.20 crores last year to Rs.94 crores in the current year.

We have a very good cash generation in Kenya, especially in Q4 and we prepaid some debt in Q4. In Rallis, the revenues have moved by around Rs.36 crore in the quarter, and the PAT has moved from a profit of Rs.8 crore last year to Rs.14 crore loss in current yeare and for the full year, the revenues have gone up by 7% and PAT has come down by around Rs.64 crore.

To summarize as the TATA Chem Group level revenues have moved up by Rs.844 crore EBITDA has expanded by Rs.375 crore, our JVs, especially in Morocco was done well quarter on quarter, the full year was much more than last year's full year. The PAT has moved up for the current quarter and for the full year.

Overall CapEx spend was in similar lines compared to last year. And in this CapEx spend of Rs.780 crore was in India and remaining overseas. The gross debt has remained unchanged compared to previous years on console basis we had Rs.2,800 crore of cash at the end of the year.

Overall, a satisfying end on the year on all financial parameters. Thank you and we can now commence the Q&A session.

Moderator: First question is from the line of Abhijit Akella from Kotak securities.

Abhijit Akella: Thank you, I have two questions the first, I just wanted to get your sense on how you see the sustainability and maybe further improvement in these margin levels given the cost scenario that you were alluded to across all firms.

R Mukundan: Okay. I think there are pockets where I think from the customer side, they would have challenges in terms of input cost if it were to increase and we were to sort of also move our pricing in line with the input cost increase, which we intend to do. But broadly if you look at demand supply equation for, soda ash, as I said, 18 months the supplies are very tight and customers are scrambling for supply.

We are trying our level best to meet the demands. But at the same time, I think they are also aware of our input cost issues. So, it's a constant engagement with customers. So, really I think while there could be pockets where there could be pressure, but I think overall we do believe that this entire trend is likely to continue, which is what we indicated.

Beyond Q3, Q4 onwards I think the trend will shift in the other direction, which is what has happened. Secondly, as far as the margin levels are concerned broadly, I think most units should hold steady. The improvement in margin is like largely likely to come from US where I think the export margins have still trailed the rest of the pack. And I think that is likely to pick up and we're already seeing signs of that pickup. The export numbers are strong, and as I mentioned always that in this business, first volume starts to move, then the pricing and margin starts to move which is what really is happening.

Abhijit Akella: Thank you. That's really helpful. The second clarification I just wanted was on the income from joint ventures. It's down to about Rs.24 crores this quarter compared to I think, Rs.94 crores in the previous quarter, the December quarter. I was a bit surprised by that, given that IMACID has been doing so well in the backdrop of strong phosphoric acid prices.

So, if you could please just help us understand what happened there and what we going forward. Thank you.

N Tirumalai: So, there are two joint ventures Abhijit. One is in IMACID the two is Tata Industries where we own about 9% of that company, and that company had a loss during the quarter. And that is what is the number coming in here? IMACID did well offset by the loss in Tata Industries.

Abhijit Akella: And so how should we think about the, the, the flow, the run rate of this number going forward?

R. Mukundan: I think broadly speaking, the run rate of Rs.94 crore is high and the run rate of Rs.24 crore is low. So I would point to somewhere in between. so I don't expect this is one-off item to repeat. . So I think the steady state number, if you ask me clearly, I think it should be somewhere in the middle of these two numbers.

Moderator: The next question is from the line of Rohit Nagraj from Emkay Global.

Rohit Nagraj: My first question is in terms of the particularly US and Kenya, where we have long-term contracts. I think you earlier alluded that 80% to 90% volumes are long-term contract. Is there any possibility of further increasing the prices given that the current environment of high cost inflation across the board in terms of logistics, as well as on the fuel cost front?

So, is there possibility that after a quarterly or a half yearly reset can be done in these price?

R. Mukundan: So, I think while Zarir can elaborate further I would just certainly say that across our units we have a very focused hedging, as well as sourcing policy, which works. And in fact, we've been doing this now from a monthly review now it's gone on to weekly review because of the dynamic situation which we face. So, I think the risk of input cost is fairly well managed within the company. So, I think that we should not see any open-ended issues. Q2 was very unfortunate, I must say, in UK because the hedging for the carbon price was not available and we were caught off guard, and which is not just an issue for us, but it was an issue for all entities and firms in UK, but that is settled now. So, I don't think we have open ended issues anywhere in terms of our sourcing, contracting on the input side.

So, we know where we are headed on the input side fairly well. At least I can say right now very well up to October. But I think we keep covering every month. And I think we should be fully covered for the full calendar year very soon and financial year much after that, because that will be in line when the new contracting kicks in.

As far as long-term contracts are concerned, Magadi is not on long-term contracts. Bulk of its contracts are actually now moved to quarterly or half yearly. As far as US is concerned, US domestic, which is about 55% of the volume or thereabout, so that is on annual contract. Whereas the export I think we've started to move them on again on quarterly basis. In some places even much shorter than that. Zarir you want to elaborate further.

Zarir Langrana: No, absolutely right Mukund. Just to reemphasize that Kenya has for a number of years now been on quarterly. So, the kind of strong numbers that you've seen from Kenya tend to reflect that. As far as North America exports are concerned, which is through export arm ANSAC those are a mix of annual and quarterly but even as we speak, a lot of the annual contracts are being renegotiate onto a quarterly basis. And I think you'll begin to see that as you move from quarter-to-quarter.

Rohit Nagraj: Thanks. The second question is on the soda ash. So earlier Mukundan sir explained that at least for the 18 to 24 months, there'll not be any new capacity addition. And if someone probably comes out a Greenfield project that is like another 36 months. So is it possible that over the next 3 to 4 years, there will not be any meaningful capacity addition, which is happening?

And under certain circumstances, what will be the optimum capacity utilization globally that the plants can operate?

R. Mukundan: See here, the issue I think we should not focus on the supply side. Supply side we have a good, understanding. Your understanding, what you mentioned is fine. I think the demand side is what we are looking at now, to see how the demand side holds up. Our view when I mentioned that these supply demand equation remains actually will fairly good at least for next 18 months is on the basis that we don't anticipate the demand side erosion if these high elevated prices were to continue at least for 18 months. Beyond that, we need to be agile we need to be tracking our customers. Our understanding of utilization rate they're running in highs of about 95, 98% today.

And even if COVID like event where to happen to suppress demand in the current context that would probably drop by 8 percentage points overall. So, from 96% broadly to probably go to about 88% utilization, which is actually fairly high utilization rate even then. So, which is why we've said that, we are willing to sort of say that at least 18 months, we are sure, but beyond that, we have to keep a watch on the way the markets move, the demands situation with various end customers and applications of our product.

We track demand very closely now. All I can say is that this is an environment where the only thing you can do rather than predict is to stay close to your customers look at your customer's customer profile, and just continue to watch them and support them and engage with them. And that's what we are doing. And the teams are very confident in terms of doing continuing to do that going forward.

Moderator: The next question from the line of Arjun Khanna from Kotak Mutual Fund.

Arjun Khanna: Just a few questions from my side. The first is sir, you've talked off the further Phase 2 expansion, which is planned there Rs.2,000 crores over five years. Just wanted to understand would this also follow our philosophy of a 20% IRR for new projects. So, would this also qualify there?

R. Mukundan: Yes. all our projects meet the requirements and there, we follow our principle of weighted average cost of capital and premium on that for approval. And we continue to work within that broadband.

Arjun Khanna: Sure. I just wanted to understand s bit, especially on silica, we are going from 10,000 to 50,000. Uh, so, do you have a sense of who are our customers? Have we are our samples approved for products essentially before going for this CapEx expansion?

R. Mukundan: Yes. We have the customer approvals on hand, which is where we are moving strongly. I think the industry, the consuming industry, both tire and food grade are very clear that they need this product. In fact, we have got further variants of product. The various grades of this product are prequalified. So, because of strong pull, I think we are just moving forward because this is something which is in line with the sustainability commitment of those sectors broadly.

Arjun Khanna: Sure, that's good to hear. So just the last bit in terms of the nutraceuticals part we haven't quite seen historically the ramp-up probably in the annual report we'll get a sense of what revenues were from the nutraceutical segments, but how do you see this business move in the future? Could it be a sizeable bit over period of time?

R. Mukundan: See, I think, broadly, FOS is the product we have launched the short chain prebiotic these are very good products in terms of the application in various food and pharma sector. We are in the process of getting all the customer approvals and customer qualification done, but the utilization still is not up to the mark which we need to have in that unit, which is why we have not announced an expansion as of now, but we will, we will certainly come there.

But the way to look at the Nellore plant is not just to say it's an FOS unit. It is a completely different process of biochemistry. It is a process of fermentation and it is not a normal chemical synthesis reaction. It is a biochemical reaction and it is a process we'll continue to persist whatever may, because in our view the future of chemistry will be at some point also be needing a very strong grounding and understanding of biochemistry. So let me leave it there. But we have set ourselves the task to come back and report that at least it's EBITDA positive during the year. We have set ourselves a task that we should ensure the plant utilization rates move up. We will work on that, but at the same time, we are also mastering a new chemical process of biochemistry, which is very critical for us to learn now. So that at least 5 to 10 years from now, we are not caught on the wrong foot on this issue.

Arjun Khanna: No. Perfect. Uh, thank you for that. Just last to clarify, when we talk of 95% utilization that's for us not the industry or is industry at 95% in soda ash currently?

R. Mukundan: Yes. It's a broad industry number. See everybody is trying to maximize the production. Some people may running a 100% some people may having shutdown. So, I'm just saying at any given point of time, various plants have been in various stage of operation, but overall industry will be close to about 95%, but most plants are running will be running full steam right now.

Moderator: The next question is from the line of Akul Broachwala from IIFL Securities.

Akul Broachwala: Two questions from my side. First of all this CapEx approval of Rs.2,000 crores. Just wanted to understand whether this also includes CapEx pertaining to US business. Any sort of value-add products that you would like to add?

R. Mukundan: No this CapEx is mainly for our unit and Mithapur and Cuddalore and US is doing its regular CapEx which they do, and they are pretty much confident of working at full utilization rate with the current CapEx they've.

I think as, and when we reach a steady state of operation, there we'll review what we need to do. As of now there are no fixed plan. Our first task in US is fundamentally that there is a $300 million debt in US plus there is a $200 million debt in Singapore. We just want to pay that down as quickly as possible even as we generate cash flows. So, our cash flows are going to be good in US.

So our idea is to sort of pay at least part of that. And over next three years, a substantial amount of this debt should be paid out of the US operation. So we really like to take this opportunity of next 18 to 24 months to further take our debt in the books down and India will fund itself out of its own operations in the cash in the books. That's a broad plan.

Moderator: The next question is from the line of S Ramesh from Nirmal Bang.

S. Ramesh: The first question is when we discussed the prospects for the future capacity implementation if there is a slowdown what could be the impact on the global demand for soda ash over next six months to one year? So while we understand that the long-term prospect is good. What could be the downside? Would it still be in the 80% to 88% range or it will be less?

R. Mukundan: So, your guess is as good as mine, but let me tell you what we've done when we model this so that you can run the same model yourself. We've taken the last two downturns, which happened in soda ash industry, one into 2008, and other one in 2019. 2008 was financial crisis 2019 was the crisis, which came out of COVID.

We have gone segment by segment. What we've done is, we have taken the worst of the fall by sector. So, if container glass fell higher in 2008, we took that as a number. If flat glass fell higher in 2019, we took that number. We took it by consuming industry so we've gone by the worst of the steepest of the fall across sectors and modeled it. The number is somewhere around 8% or 9% broadly. That is all I'm saying, as we understand.

So, if it were to be, if the fall is likely to be closer to what COVID had, COVID at about 6% fall. And I think similar 7% of it was, was the fall in 2008. The worst of the worst takes you about 8% to 9%. That's the proper modeling Zarir you want to explain because it's something you've done.

Zarir Langrana: No, I think you've explained that well. So we have a range within which we believe in the worst case demand can drop, obviously, if it drops more than what we've historically seen in the past, which means if it gets even worse than the financial crisis and the COVID crisis and the worst effects of those, then we'll have a new set of numbers, but otherwise the range is exactly what you mentioned.

S. Ramesh: And second part is do we have any sense in terms of how the Chinese things are moving even they're also facing the challenge in COVID. And is there any potential for increased supply from there?

Zarir Langrana: So, as far as we know, and our visibility into China today, I don't think there is any fresh Chinese synthetic capacity of substantial scale that is likely to happen. We've not heard of any announcements. We're not seeing anything on the ground. In fact, as we probably mentioned on the last call in January of this year, 1 million tons of synthetic capacity in China permanently shut down one of the large plants.

The only announcements that are coming out of China today in terms of soda ash capacity increases are announcements about a natural soda ash plant in inner Mongolia, we've been hearing this for the last 6 to 7 years. There seems to be maybe some work that will probably commence on this sometime this year, but as somebody earlier mentioned 36 months, 24 to 36 months is what's required for a Greenfield plant.

So, we are watching that a little closely, but otherwise we don't see any fresh capacity in China.

S. Ramesh: Sir, in terms of the current capacity in China, we don't see increase in operating rate.

Zarir Langrana: I think the Chinese plants today are operating like plants all across the world at maximum capacity utilization. I don't think today anybody is throttling back on capacity because customer demand is strong, and Chinese demand, particularly in the domestic market continues to be strong, especially driven by the demand for solar glass.

R. Mukundan: Yes. I think just to supplement what Zarir said. I think, certainly there are no spot quantities available right now. So, it really a tight market. And I think while some sectors may have had a bit of challenge, I think other sectors have stepped up. Like solar glass, lithium carbonate many sectors have stepped up to fill.

Moderator: The next question is from the line of Trilok Agarwal from Dymon Asia Capital.

Trilok Agarwal: Just wanted to check from the US pricing perspective last quarter and this quarter obviously mix changed. So, A, obviously should we expect this as steady state mix going forward?

And B with respect to the power and fuel costs, particularly in the US and Europe. Should we assume that the peak of that is already in the numbers or could you just mention on these two points?

Zarir Langrana: Yeah. So let me first start with the export mix. Export volumes are fully back and that's reflected in the numbers. We are as mentioned earlier contracted for volumes in US domestic. And our first priority is to meet customer requirements that we've committed to in the US domestic market. But obviously we will continue to also push our commitments in the export market, which is why you're seeing US production running fully flat out.

Not just by us, but by other producers as well. So in the short term, I don't think you will see any change in the mix but you will certainly see a change in the pricing dynamics as Mukund mentioned in this business, volume leads pricing.

We are seeing increased volumes and in the export markets as contracts get renegotiated, we are seeing also the effect of the increased pricing in those deep sea export markets. The US domestic market, where we are contracted you'll probably see changes in that coming in from Jan of next year.

R. Mukundan: Yeah, I think broadly, if you look at energy, I think we, as I said, we have hedging policy. I don't want to sort of specifically highlight how we manage it. As of now, as I said, we seem to be fairly covered comfortably up to October. And even as we speak the teams are working to cover up to the calendar year that is the period of most of the annual contracts.

Next year contracting will depend upon the kind of numbers we are going to get. But I see that we have what is known as an approach of laddering, which means as the time progresses, we keep covering the forward period. So, I see no change in our approach and our ability to sort of secure as well as protect our cost side of the equation.

Moderator: The next question is from the line of Bharat Sheth from Quest Investment Advisors Private Limited.

Bharat Seth: Now when we are talking of resetting the annual contract to quarterly. So particularly from US export, we were facing ocean freight is also one of the challenge apart from energy cost. So, ocean freight is also pass through. And how is the availability of ocean freight container?

Zarir Langrana: Very good question. Obviously, the attempt is obviously to pass through to customers the increased ocean freights, wherever possible, and that's something that's constantly in progress. I think the second part of your question is the more important one, which is actually availability of vessels. So, from Kenya, we export in containers and there we are facing some pressures in terms of delayed shipments because, container lines sometimes the port from where we export, which is Mombasa or there are delayed shipments, all are North American, US exports are done on break bulk basis. So, they're not containerized.

So there, the pressure is a little less in terms of availability, but obviously there is a pressure on freight rates. In general I think freight bulk rates are up by about 2x compared to historical levels, but container freight rates on many lanes are up maybe 7x to 8x on our Kenya to Southeast Asia Indian subcontinent. It's a little less than that, but in all cases, I think when our sales team engages with customers on pricing, this is a factor that certainly they put on the table as well.

Bharat Seth: Sir, apart from now in soda ash demand underlying industry apart from traditional demand. So if one can divide between traditional demand driver and these new to industry which has come solar panel and other usage. So how are we seeing that the growth in a, both the new side?

Zarir Langrana: Traditional demand tends to grow in single digits, but if you look at the new sustainability lead applications those are certainly growing much faster than the legacy applications. And we are seeing growth in that happening in double digits today. Especially solar glass, which is really picking up and we believe will pick up even more as for example Europe makes its commitment to move away from gas to more renewables.

We see an increased demand coming for solar, and of course, electric mobility and electric storage is driving the demand for lithium carbonate. So, you can extrapolate those numbers and we are seeing much higher growth rates in those two markets.

Bharat Seth: So, that really gives some kind of a confidence of underlying industry demand to remain little positive side. Correct?

Zarir Langrana: Absolutely. Yes.

Bharat Seth: And then coming to UK business. I mean, we were moving towards more bi-carb side and carbon capture also. So, any update on that side?

R. Mukundan: Yes. So, carbon capture is fully operational. The bicarb plant is running. So, I think these numbers capture some of that and the next quarter will capture everything.

Bharat Seth: Okay, And in FY ‘22, we had some kind of a slowdown. I mean was affected in the salt capacity. So now, and we were also looking for expansion. So, when the salt capacity in India is likely and how much additional first season, I mean, which were affected last year so this year we’ll be able to grow salt capacity. And second, when our expansion is coming into the place?

R. Mukundan: Salt capacity expansion, as I said is part of the Phase 1, which is already under investment. And it is going from, as I said, from 1 million to 1.5 million. And I think that is on schedule. So, you'll see that and we'll be able to supply fully whatever the market demand. I think we have built-in adequate safeguards to meet our customer requirements and customer demand as the demand grows. So, we see no issues there at all.

Bharat Seth: Sorry, sir. And second questions is in FY ’22 because of monsoon and cyclone our salt production were affected. So how much any quantification is possible?

R. Mukundan: No, I think we can't say that, but I think our plant responded well, they have ensured customers are delivered fully. We have not lost a single tonne of sales.

Bharat Seth: Okay. And coming to this silica. So how are we seeing the demand of silica growing? And is it a total replacement of a carbon black or it is a mixture of carbon black and silica or it's a different grade of application different kind of a tire silica is required. So, if you can give some more sense on the demand side and which kind of a tire. And apart from tire, which are the other industry silica usage are there?

R. Mukundan: This is the early stages. As I mentioned, 5,000 tons plant, which is fully utilized in tire and the food plant also nearly full utilization. As the new capacity comes up in one of the quarters, we’ll sort of highlight that a bit more, what rates are there we'll circulate that there's time for that to be speculate as of now. We just got the investment approval, so we will do that as we move forward with our investments in that business.

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Moderator: The next question is from the line of Chirag Jain from Catamaran.

Chirag Jain: Sir yesterday in an event the group mentioned that they will be manufacturing batteries locally. So just wanted to understand in the value chain, where, what plans does Tata Chemicals have? And have we taken any approvals for doing any CapEx?

R. Mukundan: So, the approved CapEx I have already highlighted. In terms of the Group's strategy certainly will be looking at what was mentioned yesterday at the Tata Motors' function. But broadly our role, if at all I can see at some point will be just in the area of the chemicals, which go into it. I don't see us doing anything beyond that I will restrict myself to that piece. But that depends on the main units starting up and us then working with them to engage on the supply chain. So, I hope this clarifies our approach.

Moderator: The next question is from the line of Dhavan Shah from ICICI securities.

Dhavan Shah: So, I have question on the UK business. So, I would like to understand about the kind of challenges are you facing right now because of the Russia, Ukraine crisis. Maybe any kind of challenges you may foresee which can come over the period of time if the escalation happens all that. If you can share thoughts on this thing?

R. Mukundan: Yes. As far as the UK is concerned one of the challenges which I think continental Europe in general, what we hear in the news is that the gas supplies and energy supplies from Russia are the ones they are dependent on. But fortunately for us, as far as our operation is concerned the gas supplies are mostly from North sea gas fields and partly from Qatar.

So we don't have that kind of dependency at all. Of course we are impacted , because the gas markets are linked between UK and Europe in terms of pricing, the pricing does spike up, but it has come down. It has gone as much as 7 pounds. It is now back to 2 pounds a tonne.

We have a hedging process which keeps us well covered and well protected.

Dhavan Shah: Okay. And secondly, about the segmental unallocable income, which is roughly Rs.66.5 crore, so this includes the Rs.60 crore income tax different, refund right?

Zarir Langrana: That's correct.

R. Mukunda: Yes. That's the one off that Rs.60 crore is the one-off, we should look at this quarter, but that should be balanced with that one-off hit we've taken in terms of in the JV income.

Dhavan Shah: Okay. Got it, sir. Thanks. That's all from my side.

Moderator: The next question is on the line of S. Ramesh from Nirmal Bang.

S. Ramesh: Yes. So, looking at your silica expansion plan can you tell us what is the CapEx for the silica expansion from 10,000 to 50,000, were the kind of delayed sessions of?

R. Mukundan: Silica approval is coming now. We will give more color and details as we progress it. And I just wanted to say that our return profiles are about the same broadly 20%, which was mentioned. It is in that range. So, we don't see any difference in the return profile as we look at it. But more specifics, I think we will sort of give it next time. We've got the approval just now.

S. Ramesh: In terms of the potential addition to soda ash demand from solar panel and lithium carbonates can we get a sense in terms of the demand for solar panels and lithium carbonate.

Zarir Langrana: Yeah. So that question was asked by a previous speaker. We are seeing double digit growth there. For lithium carbon it's about 2 tons of soda ash per ton of lithium carbonate produced. So, our estimate is that market is close to about a 1 million tons. Maybe it's slightly shy of that in the case of solar planners, that the number is much higher. So, the growth rate and the growth rate is much higher. But it is a dynamic market.

Moderator: The next question is from the line of Rohit Nagraj from Emkay Global.

Rohit Nagraj: Yes. Sir, one question is on the soda ash pricing. So given that the new projects are coming at higher costs and there are other operating costs as well, which are going up. What would be a threshold price at which the new projects will be viable for particularly for the synthetic soda ash? Thank you.

R. Mukunda: See, we've done broadly or a certain range of project estimation. Our previous capacity expansion, which is the Phase 1 has come on. I think we were benefited certainly by the low let's say cost of steel and cemented elements like that. The current one has been costed at our best understanding of where these are likely to be and they still are meeting a threshold.

So I'll just leave it there. And I think the current pricing regime and the current margin structure actually is reflective of the cost increases, which we have seen in the day to day operations. So overall my own estimate is that the return profiles needed for soda ash and other chemical business haven't changed substantially. Maybe they have moved up by a percentage here or there maybe 2% here or there, but it's not changing the dynamic too much.

Rohit Nagraj: Right. My question was more from a global perspective. So if someone wants to put up a capacity probably today's pricing is what they are looking at as a benchmark pricing. And so, this becomes a lowest level pricing for soda ash player to come in and put up a capacity

Rohit Nagraj: Sir, if a global player wants to come up and put up a new capacity. So, does today's pricing what we are in terms of the cost structure as well as the product pricing is that the benchmark that will decide whether to go ahead with a project or there could be a slightly lower pricing at which the project is still viable and make a decent amount of returns?

R. Mukunda: Okay. What you're saying is with the current pricing, is it going to be okay for a new player to put up a Greenfield or not? Is that the question?

Rohit Nagraj: Right. Right, sir. Absolutely.

R. Mukundan: Yes. I think the current prices will make it actually fairly more attractive than before certainly to put up a Greenfield site. Brownfield was what we found as attractive in the past in terms of return profile compared to Greenfield. Certainly, the current pricing regime would reflect that that Greenfield could also have become attractive, but we don't know exact numbers to say that because we are only doing brown field, we have not kept track of the other one. But having said that, I think this would also need a very clear view of the pricing levels, which will remain beyond 24 months and cost levels, which will remain beyond 24 months, which I said, right now, our clarity is only for 18 months and we don't want to sort of look beyond that. So, our view is the prices and the cost will settle down lower, but they will not settle down to old levels. So, if you want to ask me, have you done the return profile we will do that in the due course, the good question. But clearly there is a reset in price, but current elevated levels probably if the input cost will come down in my view, the energy cost can't remain this high. But they will not go back to the old levels of $40 a barrel or what, $30, but they're not going to remain at $100. So, same way I think the Soda ash prices will not be at $600, $640 we are seeing in spot market. But they will tend to move down in tandem with energy cost, but they will not go down to the old level.

So, I think that should broadly tell you what the trend is. But in terms of whether Greenfield is more attractive now?. Yes, it is. But would more capacities come on stream. I think in terms of synthetic I really think there to somebody needs to think deep about opening up a new site. New site is not just about capital cost in return new site also in synthetic soda ash is about getting environment clearances and approval which is a fairly tough road, which is why most places are doing only brownfield, not Greenfield. The opening up a Greenfield site really requires a lot of other clearances, which take longer time than what we do envisage are just 3 years.

In fact, Greenfield sites take at least 24 months more than that, just to get environmental clearance. A long answer to your short question, but I just think it is not just returns. It is beyond returns.

Moderator: The next question is from the line of Saket Kapoor from Kapoor & Company.

Saket Kapoor: Sir, if you could articulate what are the demand signals from the flue gas requirements? Are we seeing that, aspect also opening up?

Zarir Langrana: Yeah. I think and this is especially for sodium bicarbonate more than soda ash. I think it's a mature market in Europe and in the UK, certainly we supply into that sector. We started seeing signs of that in India as well about 18 months ago with the NTPC beginning to pilot it in one of, in some of their plants and now it's they've extended it to more of their plants. So, we are seeing certainly strong demand for bicarb coming from that segment And in India, especially, which is a less mature market, but the potential to grow here is, is much higher.

And it is something that we are supplying into even currently.

Saket Kapoor: So currently it is a nascent market. This is what you're trying to say?

Zarir Langrana: In India. It's been a nascent market, but it's a market that has now in the last 18 months, certainly from one of the largest players that span India in terms of operations. They're looking at it very seriously and I believe that we will see that grow.

Saket Kapoor: As mentioned that there is a lot of buoyancy in the pricing of soda ash. So any price hike that we have taken post the exit of the last quarter or if you could give some color on what are the price for to Jan to March quarter?

Zarir Langrana: In India post exit in the month of April there has been a further price increase. In our other markets, as we've mentioned earlier quarter-to-quarter wherever possible especially in the export markets, price increases are being taken.

Saket Kapoor: What is the quantum sir?

Zarir Langrana: I think in the month of April, if I recall correctly in India, we've taken a price increase of about Rs.2,000 per ton on soda ash.

Moderator: Thank you. that was the last question. I now hand a conference over to management for closing comments.

R. Mukundan: Uh, thank you. And thank you everyone for the participation. And I just wanted to reiterate our strategy remains the same. That is we are focused on ensuring in the short term. Our customers are well supplied our deliveries are well and we respond to market changes with agility. At the same time we are focused on the long-term in terms of building the core in our chemical business with about additional Rs.2000 crore being committed to expanding capacities further in India.

At the same time, our international businesses will use the cash flows to pay down debt so that they also become debt free in the next at least operational debt is taken out in the next 3 years' time. The Singapore debt is something which we will think through how to sort of take beyond that. But that's our broad plan reduce debt using cash flows, use India, cash flows for growth, and the short term service our customers well.

We are well positioned to do this. And we look forward to engaging with you next quarter. Thank you.