

# The Ramco Cement

## Accumulate



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### Annual Report 2020: Solid Foundation, Sustained Efforts

The Ramco Cement in its FY20 annual report, explains how a perfect confluence of uncompromising traditional value systems and modern strategy oriented thinking combine into a powerful and unique business structure enabling to transcend iconic milestones of distinctive achievements and remain sustainable in the long-term. Ramco cement's business is built on the strong foundation of operational, people and technology excellence triad and the company continuously revisits and rejuvenates all facets of business excellence to reinforce this foundation and create a robust platform to deliver greater excellence and accelerate on the ambitious growth path.

### MDA Overview

FY20 has been a challenging year for the Indian cement industry. The industry produced 334.48 MTPA cement in FY20 vs. 337.32 MTPA in FY19, de-growth of 0.84% vs. 13.3% growth in FY19. Weak macro-economy and real estate sector along with liquidity crisis and lower credit flow resulted in subdued demand. The capacity utilisation of the industry declined to ~65-67% in FY20 vs. 70% in FY19.

### Future Outlook

The cement demand has taken a severe setback since Mar'20 as construction activities were hit due to supply chain disruption and non-availability of labour in urban and semi-urban areas. The rural demand, however remained largely insulated due to good agriculture output and farm income. For FY21, the overall cement demand is expected to contract by ~15%. On the positive side, it is widely anticipated that the industry would start seeing revival from H2FY21 as the pandemic situation gradually eases and economic growth engine starts kicking.

### 4MTPA capacity expansion to support future volume growth

TRCL commissioned 2mtpa (1mtpa at Vizag, AP in Mar'20 + 1mtpa at Kolaghat, WB in Sep'19) grinding unit out of 4mtpa. The balance 1mtpa grinding unit at Haridaspur, Odisha along with railway siding and 1mtpa at Kurnool, AP with 18MW of TPP, 12MW of WHRS and railway siding are expected to be operational by Sept'20 (earlier Aug'20) and in FY22 (earlier Mar'21). This will increase its capacity from 16.5mtpa (FY19) to 20.5mtpa (FY22). Clinker addition of 1.5mtpa at Jayanthipuram, AP/ 2.25mtpa at Kurnool, AP is expected to operational by Mar'21. TRCL spent Rs21.77 bn (Rs2.57 in Q1FY21) capex for the above expansion and Rs11.8 bn is to be spent. In Jayanthipuram, out of 27MW of WHRS, units of 9MW each are expected to be commissioned by Sep'20/ Dec'20/ Mar'21, respectively.

### Opportunities

Planned infrastructure spending worth Rs102 tn (FY20-FY25). Target to provide basic amenities and build amenities in cities under Amrut mission. Widening and revamping 1,25,000 km of roads in rural areas during FY20 to FY25 under PMGSY. Projects worth over Rs2 tn across 100 cities under Smart Cities Mission. Target to provide house to all citizens by 2022 envisaging 20 million houses in urban areas and 40 million in rural areas.

### Financial Snapshot

Revenue up 4.3% YoY to Rs53.7 bn in FY20 led by 3.7% YoY growth in realization to Rs4,718/ tn coupled with 0.7% volume growth in FY20. EBITDA/tn increased by 8.9% YoY to Rs1,015/ tn in FY20 led by 3.7% YoY growth in realization to Rs4,718/ tn coupled with higher cost by 2.2% YoY to Rs3,777/ tn. APAT grew 18.8% YoY to Rs6.0 bn in FY20.

CMP	Rs 678
Target / Upside	Rs 725 / 7%
BSE Sensex	37,898
NSE Nifty	11,178

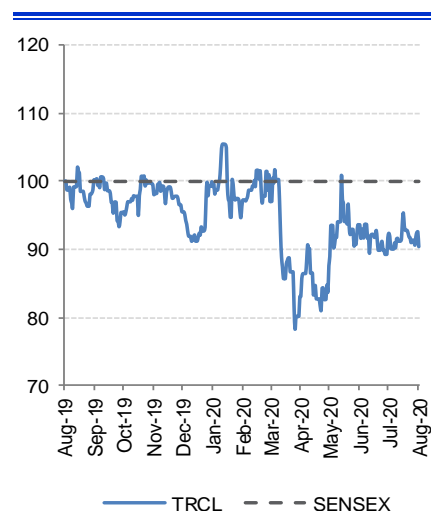
### Scrip Details

Equity / FV	Rs 236mn / Rs 1
Market Cap	Rs 160bn
	US\$ 2bn
52-week High/Low	Rs 884/Rs 455
Avg. Volume (no)	9,03,049
NSE Symbol	RAMCOCEM
Bloomberg Code	TRCL IN

### Shareholding Pattern Jun'20(%)

Promoters	42.7
MF/Banks/FIs	24.5
FIIs	8.9
Public / Others	24.0

### Company Relative to Sensex



### VP Research: Shravan Shah

Tel: +91 22 40969749

E-mail: shravans@dolatcapital.com

### Associate: Maulik Shah

Tel: +91 22 40969775

E-mail: mauliks@dolatcapital.com



## Annual Report Macro View

<b>Key Management</b>	<b>No Change</b>		
<b>Board of Directors</b>	Shri.M.S.Krishnan, (DIN: 08539017) has been co-opted on 3 Sept'19 as an Additional Director under Independent Director category.		
<b>Credit Rating</b>	<b>FY2019</b>		<b>FY2020</b>
	ICRA	ICRA A1+ (CP) ICRA AA+ Stable (Cash Credit) ICRA A1+ (Short Term Loan) ICRA A1+ (Non Fund Limits) ICRA AA+Stable(Long Term Loan)	ICRA A1+ (CP) ICRA AA+ Stable (Cash Credit) ICRA A1+ (Short Term Loan) ICRA A1+ (Non Fund Limits) ICRA AA+Stable(Long Term Loan) ICRA AA+ Stable (NCD)
		CRISIL	CRISIL A1+ (CP)
<b>Auditors</b>	M/s. Ramakrishna Raja and Co. & M/s. SRSV & Associates continue to remain the Auditors of the company. M/s. Geeyes & Co. continue to remain the Cost Auditors of the company. % of shares pledged:		
<b>Pledged Shares</b>	<b>FY2019</b>		<b>FY2020</b>
	0.84		0.84
<b>Macro-economic Factors</b>	The Indian economy grew by 4.2% in FY20 as against 6.1% in FY19. The year started with weakness in financial sector, low investment and consumption confidence and eventually culminated with one of the deadliest pandemics whose impact was greater than anticipated. Going into FY21, the macroeconomic scenario will continue to be challenging. With uncertainty about the pandemic and extended lockdown, the downside risks to domestic growth remain significant. However, positive measures like rollout of stimulus package and structural reforms by the government and proactive liquidity management and easing of monetary policy by RBI will provide some support. The economic activity is expected to recover gradually from H2FY21. The IMF expects the country's GDP to contract by 4.5% in 2020 and eventually pick up momentum and grow by 6% in 2021.		
<b>Key Holders</b>	<b>Shareholding Pattern</b>		<b>Mar'19</b>
	<b>A. Promoters</b>		<b>Jun'20</b>
	<b>B. Public Shareholding</b>		
	<b>1. Institutions:</b>		
	a. Mutual Funds	20.92	23.82
	b. Banks/FI	2.10	0.63
	c. Central Govt.	-	-
	d. State Govt.(s)	-	-
	e. Venture Capital Funds	-	-
	f. Insurance Companies	-	-
	g. FII(s) / FPI(s)	11.54	8.91
	h. Foreign Venture Capital Funds	-	-
	i. Others (Alternate Investment Funds)	-	-
	j. Qualified Institutional Buyer	-	-
	<b>2. Non-Institutions:</b>		
	a. Bodies Corp.	6.76	2.65
	b. Individuals	11.18	10.61
	c. Others	4.75	10.72
	<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>		-
	<b>Total</b>		<b>100.00</b>

Source: Company, DART

**Exhibit 1: Remuneration of Key managerial personnel**

Name of Director	Designation	Remuneration (Rs mn)		
		FY18	FY19	FY20
Venketrama Raja P R	Chairman & Managing Director	339.3	372.6	410.1
Dharmakrishnan A V	CEO	119.1	133.1	143.8
Srinivasan M	ED Operations	21.7	24.5	27.5
Balaji K Moorthy	ED Marketing	24.4	26.3	27.4
Raghuram Devarakonda	COO	9.8	18.5	20.4
Ravishankar N	President - Mfg	12.7	13.3	16.2
Vaithiyanathan S	CFO	11.5	13.4	15.4
Ramakrishnan R	President - Marketing	11.0	13.0	13.8
Selvanayagam K	CS	9.0	10.1	11.4
Prabhu Nambiappan	Sr VP - HR		10.6	11.4
Sai Kumar M J	Sr VP - HR		10.4	11.0

Source: DART, Company

**Exhibit 2: Board and Committee Composition**

Name of Directors	Audit	Nomination & Remuneration	Stakeholders Relationship	Risk Management	CSR
Shri.R.S.Agarwal	✓	✓			
Shri.P.R.Venketrama Raja	•	•	•	•	•
Shri.M.M.Venkatachalam	•	•		•	✓
Shri.M.B.N.Rao	•			✓	
Smt. Justice Chitra Venkataraman		•	•	•	•
Shri.M.M.Venkatachalam			✓		
Shri.A.V.Dharmakrishnan					•
Shri.M.Srinivasan					•
Shri.S.Vaithiyanathan					•
<b>Total No. of Members</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>6</b>

Source: Company, DART, ✓ Chairperson, • Member

## Key Takeaways from the MD&A

- FY20 has been a challenging year for the Indian cement industry. The industry produced 334.48 million tonnes (MnT) of cement in FY20 vs. 337.32 MnT in FY19, de-growth of 0.84% vs. 13.3% growth in FY19. Sales revenue witnessed a marginal growth of 1.3% as prices remained firm. Weak macro-economy and real estate sector along with liquidity crisis and lower credit flow resulted in subdued demand. With large capacity expansion in the previous years, the capacity utilisation of the industry declined from 70% in FY19 to ~65-67% in FY20.
- The cement demand has taken a severe setback since March 2020 as construction activities were hit due to supply chain disruption and non-availability of labour in urban and semi-urban areas. The rural demand, however remained largely insulated due to good agriculture output and farm income. For FY 2020-21, the overall cement demand is expected to contract by ~15%.
- On the positive side, it is widely anticipated that the industry would start seeing revival from the second half of FY 2020- 21 as the pandemic situation gradually eases and economic growth engine starts kicking. Various fiscal, monetary and liquidity measures by the Government and restart in execution of key infrastructure projects like roads, irrigation, metros and rural housing as per PMAY scheme will help revive demand. By this time, the issue of labour shortage is also expected to normalize which along with release of pent-up demand for affordable and other housing projects in urban / semi-urban areas will further bolster the demand. The positive outlook for the agriculture sector augurs well for healthy rural economy and cement demand.
- FY21 is going to be another challenging year for the cement industry. While the initial few months were impacted by COVID-19 related lockdown, the remaining months would see slower pick up as majority of Government spending gets channelized towards healthcare and supporting weaker sections of society.
- The granularity in customer base across many individual house builders and small buyers ensures revenue spread across large base and insulates the company from risk of dependence on few large accounts. Also, a large portion of capacities are now in eastern belt of country where high growth potential is expected.

## Opportunities

- Planned infrastructure spending worth Rs102 tn in next 5 years (FY20-FY25)
- Amrut Mission - Target to provide basic amenities and build amenities in cities.
- Pradhan Mantri Gram Sadak Yojana - Widening and revamping 1,25,000 km of roads in rural areas during FY20 to FY25.
- 100 Smart Cities Mission - Projects worth over Rs2 tn across 100 cities.
- Housing for All - Target to provide house to all citizens by 2022 envisaging 20 million houses in urban areas and 40 million in rural areas.

### Capex Update

- The company is strategically creating new grinding and clinkerisation capacities at a total cost of Rs35 bn to tap the growth potential in the eastern region.
- These grinding units would enable to expand markets in AP, Odisha, Jharkhand and WB. Their proximity to the fly ash and slag availability areas and major cement consumption markets would further economise transportation costs.
- On completion of all these projects, the aggregate grinding capacity at the satellite grinding units will increase to 7.30 MTPA and the aggregate cement manufacturing capacity at the integrated cement plants will increase to 13.49 MTPA and making a total of 20.79 MTPA.

**Exhibit 3:** Capacity expansion program

Grinding Units	Project Cost (Rs)	Project Details	Project Status
Kolaghat Grinding Unit (Brownfield)	3.9 bn	1.05 MTPA grinding line and railway siding	Mill commissioned, railway siding expected to complete by Q3FY21
Vizag Grinding Unit (Brownfield)	2.2 bn	1.05 MTPA grinding line	Commissioned
Odisha Grinding Unit (Greenfield)	7.2 bn	1 MTPA grinding line, railway siding and wagon tippler	Expected completion by Q2FY21
Jayanthipuram Cement Unit (Brownfield)	7.4 bn	1.5 MTPA clinkerisation capacity and 27 MW WHRS	Expected completion by Q4FY21
Kolimigundla Unit (greenfield)	16.0 bn	2.25 MTPA clinkerisation capacity, 1 MTPA cement manufacturing capacity, 12.15 MW WHRS, 18 MW thermal power plant	Expected completion by Q4FY21

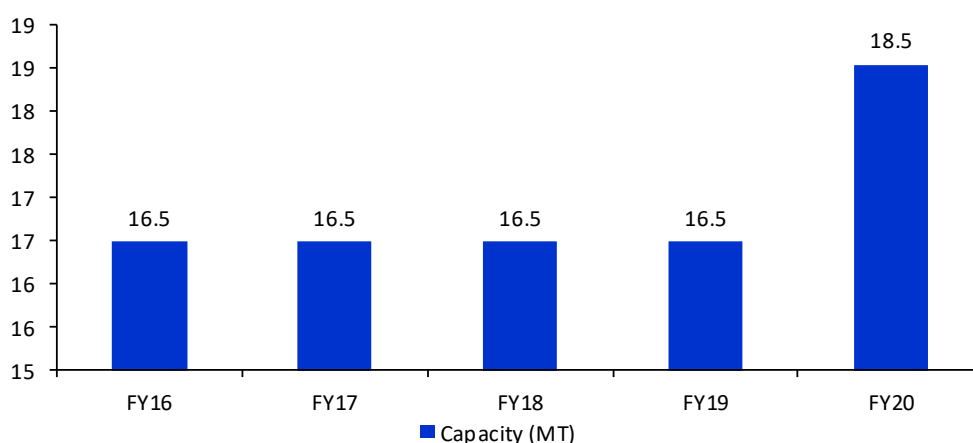
Source: Company, DART

## Financial Analysis

### Capacity

Cement capacity which was flat for 4 years between FY16-FY19, increased by 2 MT in FY20. The company has successfully commissioned the grinding unit capacity augmentation programme at Kolaghat, WB and at Vizag, AP with additional grinding line of 1.05 MTPA each. The establishment of 1 MTPA greenfield cement grinding unit at Haridaspur, Odisha is nearing completion.

**Exhibit 4: Capacity**

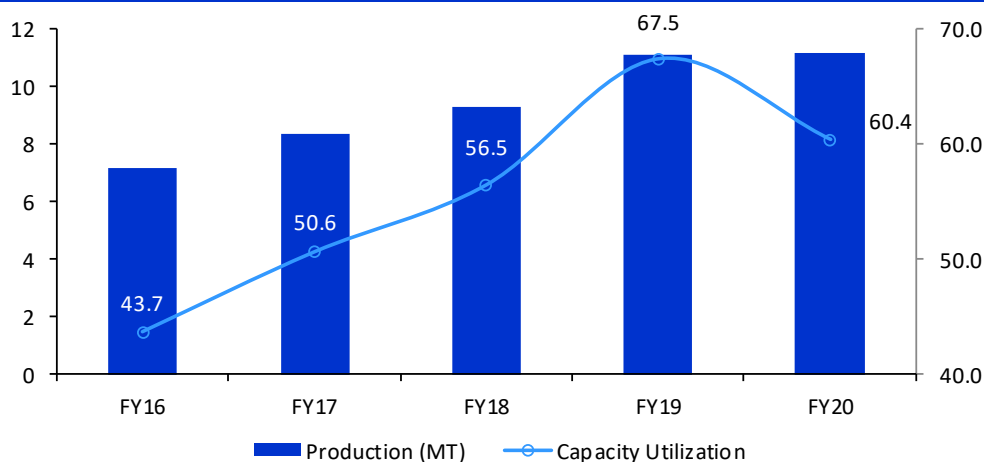


Source: Company, DART

### Cement Production

Cement production slightly increased by 0.7% to 11.2 mt in FY20 vs. 11.1 mt in FY19. Lower government spending, liquidity crunch in the real estate along with monsoon issues and natural calamities led to volume decline. Capacity utilization decreased to 60.4% in FY20 from 67.5% in FY19.

**Exhibit 5: Production and Capacity utilization**

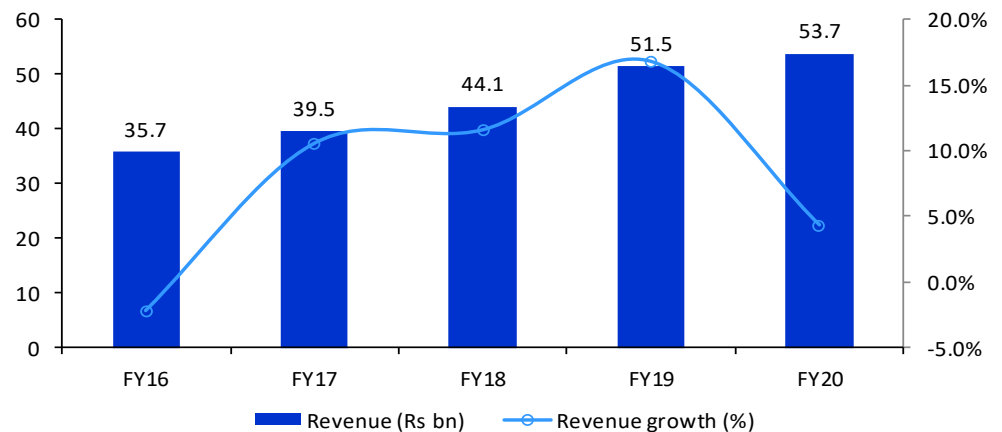


Source: Company, DART

### Revenue and revenue Growth

Revenue increased by 4.3% YoY in FY20 to Rs53.7 bn led by 3.7% increase in realization coupled with rise in volume by 0.7% YoY.

**Exhibit 6: Revenue grew at 10.7% CAGR between FY16-FY20.**

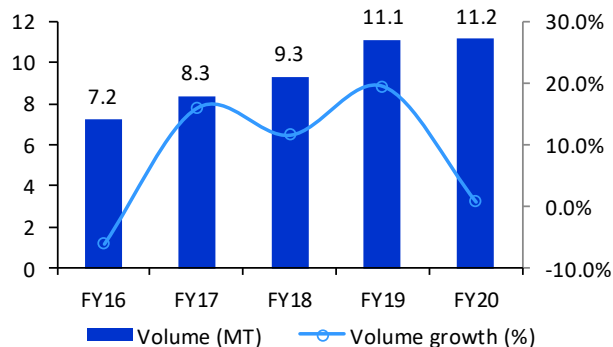


Source: Company, DART

## Volume and Realization

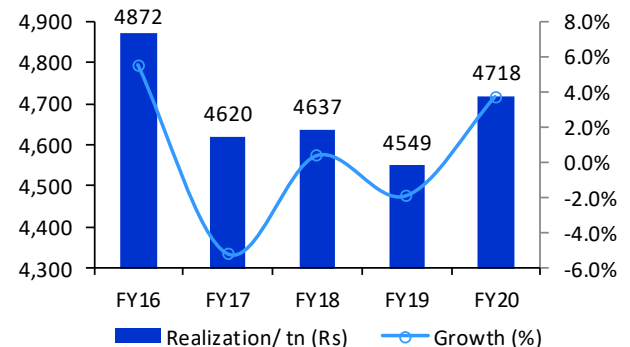
After an average healthy volume growth of 15.7% between FY17-FY19, volumes in FY20 up 0.7% YoY to 11.2 mt in FY20. Realization increased by 3.7% YoY to Rs4,718/tn which helped revenue increase by 4.3% YoY.

**Exhibit 7: Volume trend**



Sources: Company, DART

**Exhibit 8: Realization trend**

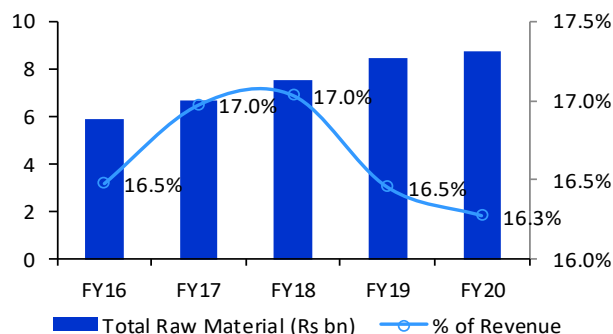


Sources: Company, DART

## Expenses

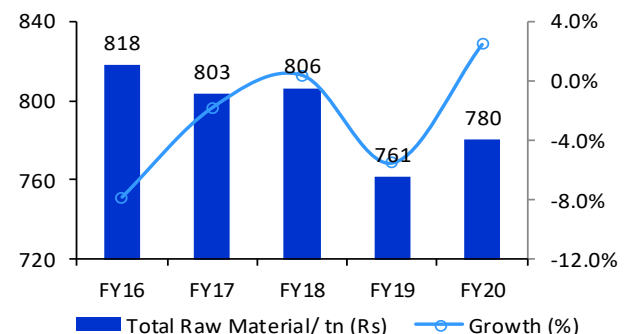
Raw materials cost increased by 3.2% YoY to Rs8.7 bn. Raw material cost/tn too increased by 2.4% YoY to Rs780/tn. Cost increased due to rise in clinker and cement production by 5% and 2% respectively, higher use of costlier imported gypsum for premium products and increase in OPC production.

**Exhibit 9: Raw material as a % to revenue**



Sources: Company, DART

**Exhibit 10: Raw material cost/tn trend**

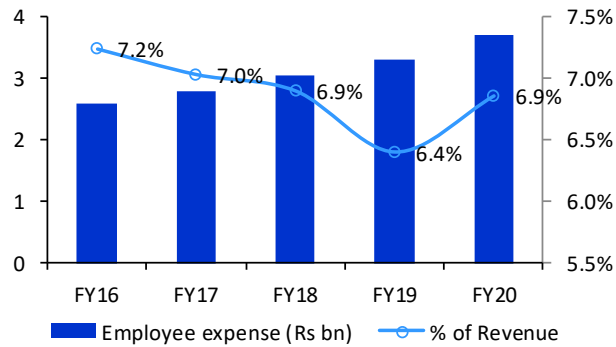


Sources: Company, DART



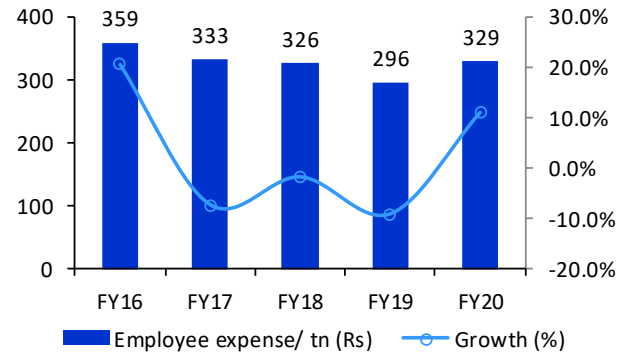
Employee expenses increased by 11.7% YoY to Rs3.7 bn in FY20 as against Rs3.3 bn in FY19. Employee cost/ tn too increased 11.0% YoY to Rs329/ tn as against Rs296/ tn in FY19.

**Exhibit 11: Employee exp as a % to revenue**



Sources: Company, DART

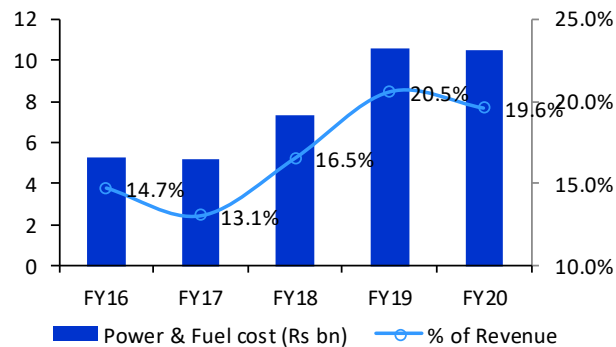
**Exhibit 12: Employee exp/ tn trend**



Sources: Company, DART

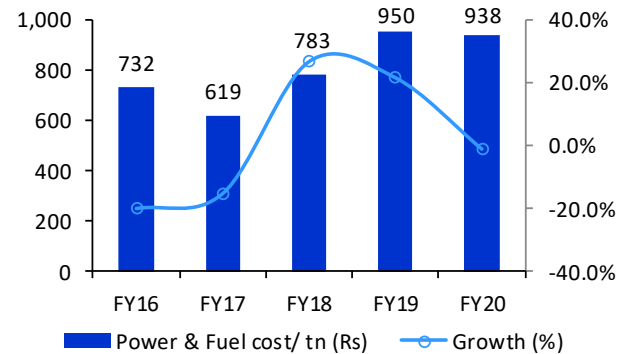
Power and fuel cost decreased by 0.6% YoY to Rs10.5 bn as against Rs10.6 bn in FY19 despite clinker production increased by 5% and cement production increased by 2% due to a gradual decline in pet coke prices by \$20/ tn and that of imported coal prices have softened by \$4 - \$5/ tn. However, rupee depreciation substantially offset this benefit. Power and Fuel cost/ tn too decreased 1.3% YoY to Rs938/ tn as against Rs950/ tn in FY19.

**Exhibit 13: Power & Fuel cost as a % to revenue**



Sources: Company, DART

**Exhibit 14: Power & Fuel cost/ tn trend**

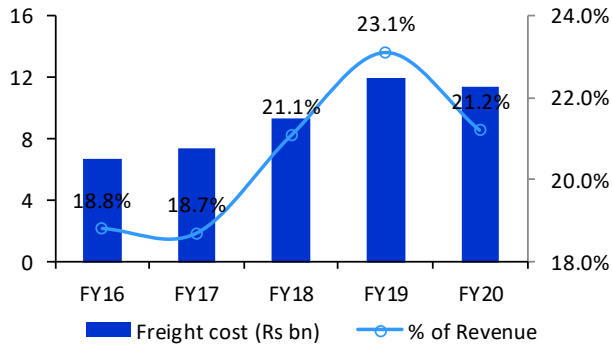


Sources: Company, DART



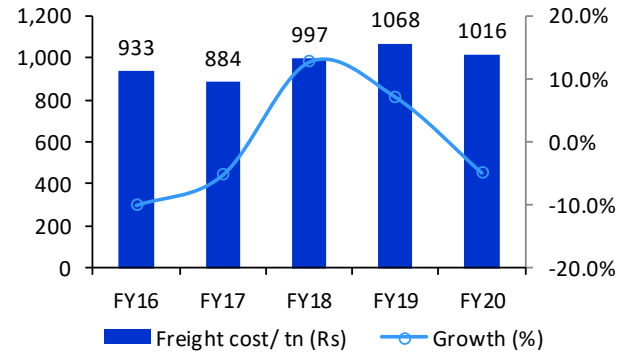
Freight charges decreased by 4.2% YoY to Rs11.4 bn as against Rs11.9 bn in FY19 due to an average reduction of 4% in diesel prices. Freight charges/ tn too decreased 4.9% YoY to Rs1,016/ tn as against Rs1,068/ tn in FY19. The road rail mix stood at 94:6 as against 92:8 in FY19. The overall lead distance for cement had been reduced by 3% to 288 kms.

**Exhibit 15: Freight cost as a % to revenue**



Sources: Company, DART

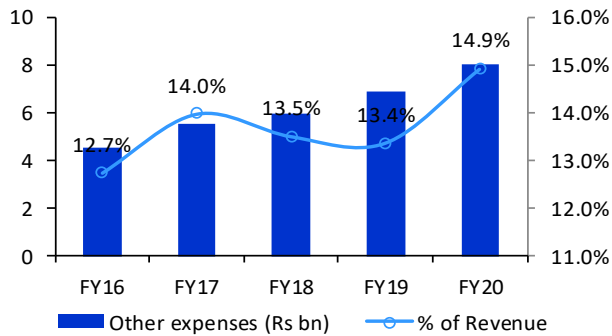
**Exhibit 16: Freight cost/ tn trend**



Sources: Company, DART

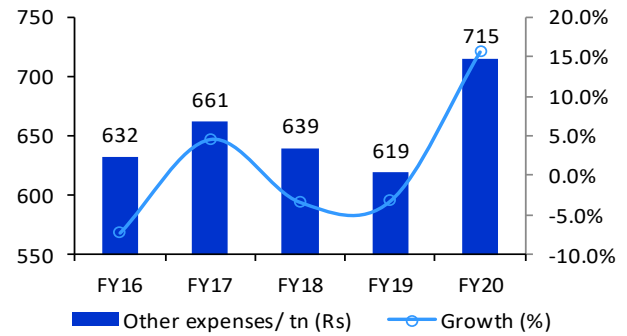
Other expenses increased by 16.4% YoY to Rs8.0 bn as against Rs6.9 bn in FY19. The increase was due to increase in advertisement/ sales promotion expenses for brand promotion and premium product launches, plant operating expenses and general and other administrative expenses. Other expenses/ tn too increased 15.6% YoY to Rs715/ tn as against Rs619/ tn in FY19.

**Exhibit 17: Other expenses as a % to revenue**



Sources: Company, DART

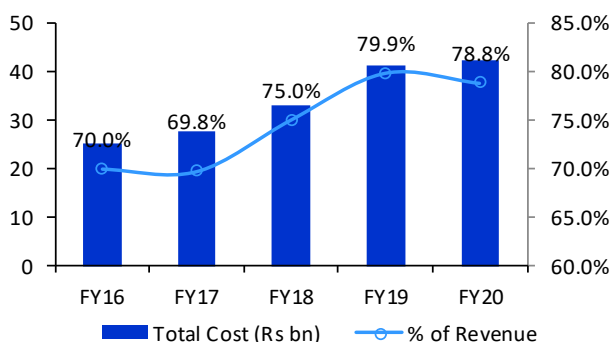
**Exhibit 18: Other expenses/ tn trend**



Sources: Company, DART

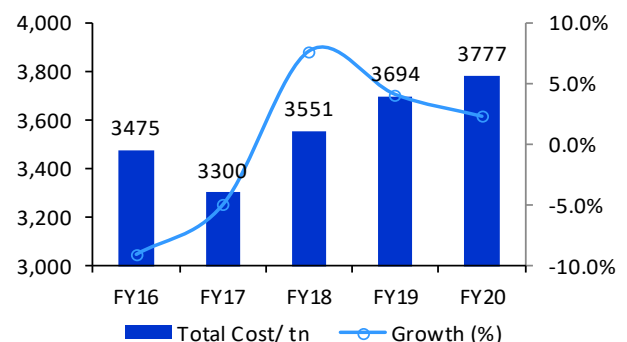
Total expenses increased by 3.0% YoY to Rs42.3 bn as against Rs41.1 bn in FY19. Total expenses/ tn too increased 2.2% YoY to Rs3,777/ tn as against Rs3,694/ tn in FY19.

**Exhibit 19: Total expenses as a % to revenue**



Sources: Company, DART

**Exhibit 20: Total expenses/ tn trend**

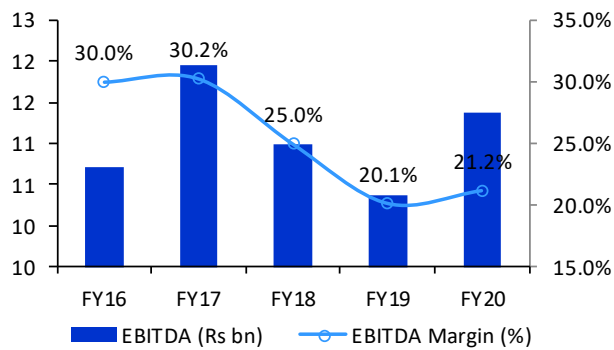


Sources: Company, DART

## Margins

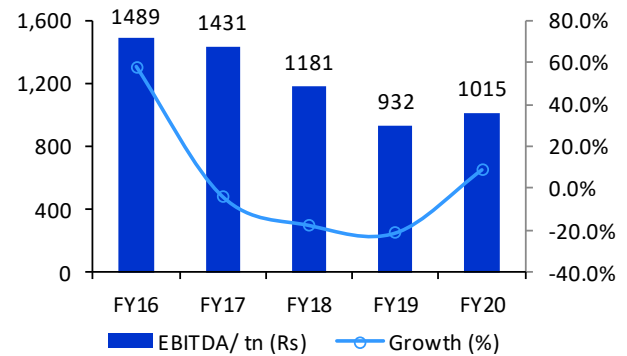
EBITDA margin increased by 103 bps YoY to 21.2% in FY20. EBITDA/ tn too increased by 8.9% YoY to Rs1,015/ tn as against Rs932/ tn in FY19. This was mainly because of better realizations (Rs4,718/ tn, +3.7% YoY) and higher cost (Rs3,777/ tn, +2.2% YoY) in FY20.

**Exhibit 21: EBITDA Margin Trend**



Sources: Company, DART

**Exhibit 22: EBITDA/ tn Trend**



Sources: Company, DART

**Depreciation:** Depreciation increased by 5.6% YoY to Rs3.2 bn in FY20 as against Rs3.0 bn in FY19 primarily due to depreciation arising out of commissioning of new grinding lines at Kolaghat and Vizag.

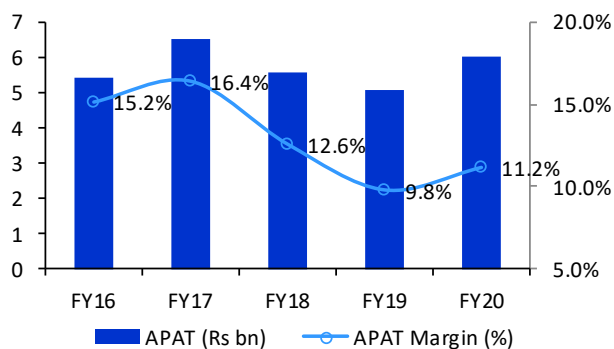
**Finance Cost:** Finance cost increased by 40.3% YoY to Rs714 mn in FY20 as against Rs509 mn in FY19. Total debt increased by 86.8% YoY to Rs30.2 bn in FY20 as against Rs16.2 bn in FY19.

**Effective Tax Rate:** Total effective tax rate for FY20 stood at 23.6% vs. 29.3% in FY19.

**PAT:** PAT increased by 18.8% YoY to Rs6.0 bn in FY20 as against Rs5.1 bn in FY19. PAT margin increased by 137 bps YoY to 11.2% in FY20 as against 9.8% in FY19.

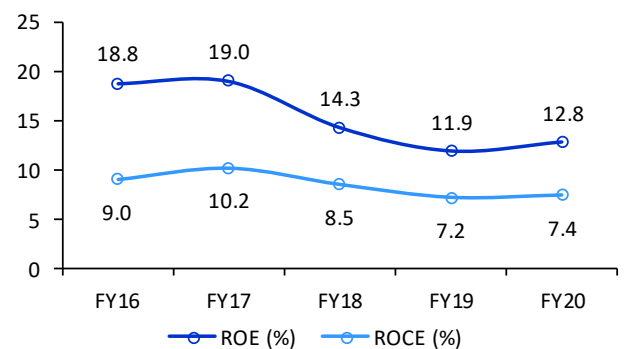
**Return Ratios:** ROCE increased by 24 bps YoY to 7.4% in FY20 as against 7.2% in FY19 and ROE also increased by 92 bps YoY to 12.8% from 11.9% in FY19.

**Exhibit 23: PAT margin trend**



Sources: Company, DART

**Exhibit 24: Return Ratios Trend**



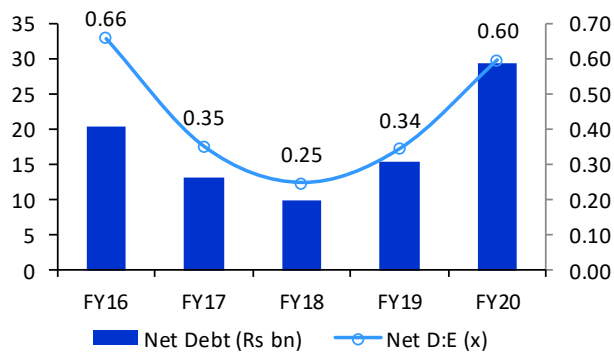
Sources: Company, DART

## Balance Sheet Analysis

**Networth:** Networth increased 10.3% YoY to Rs49.2 bn in FY20 as against Rs44.6 bn in FY19.

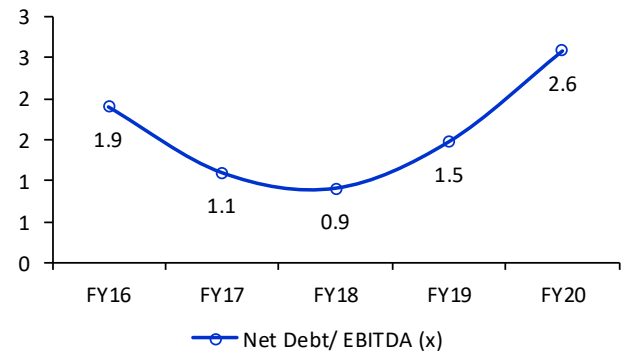
**Net Debt:** Net Debt increased 92.2% YoY to Rs29.3 bn in FY20 as against Rs15.3 bn in FY19. Net D:E too increased to 0.6x in FY20 as against 0.34x in FY19. Net Debt/EBITDA increased to 2.6x in FY20 as against 1.5x in FY19.

**Exhibit 25: Net D:E trend**



Sources: Company, DART

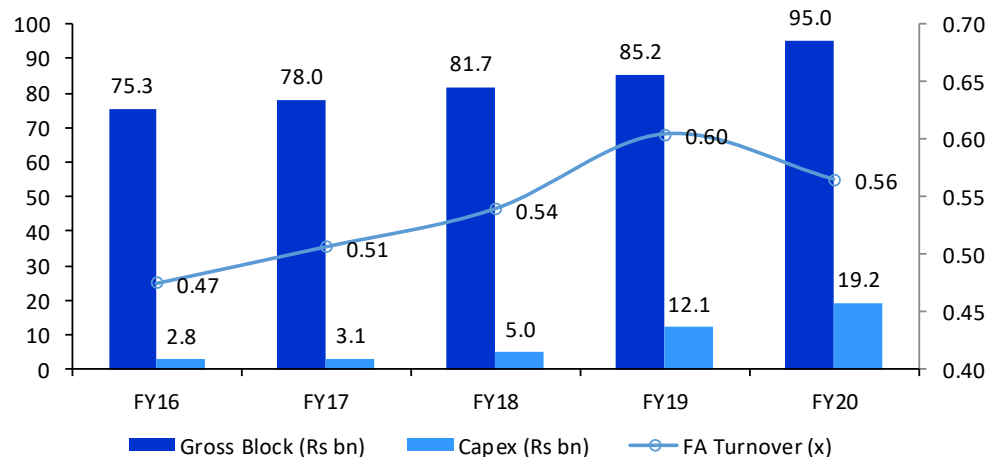
**Exhibit 26: Net Debt/ EBITDA trend**



Sources: Company, DART

**Gross Block:** The company incurred a capex of Rs19.2 in FY20 vs. Rs12.1 bn in FY19, a growth of 59.2% YoY. Gross Block stands at Rs95.0 bn in FY20 vs. Rs85.2 bn in FY19, a growth of 11.5% YoY. Fixed Asset turnover decreased to 0.56x in FY20 from 0.6x in FY19.

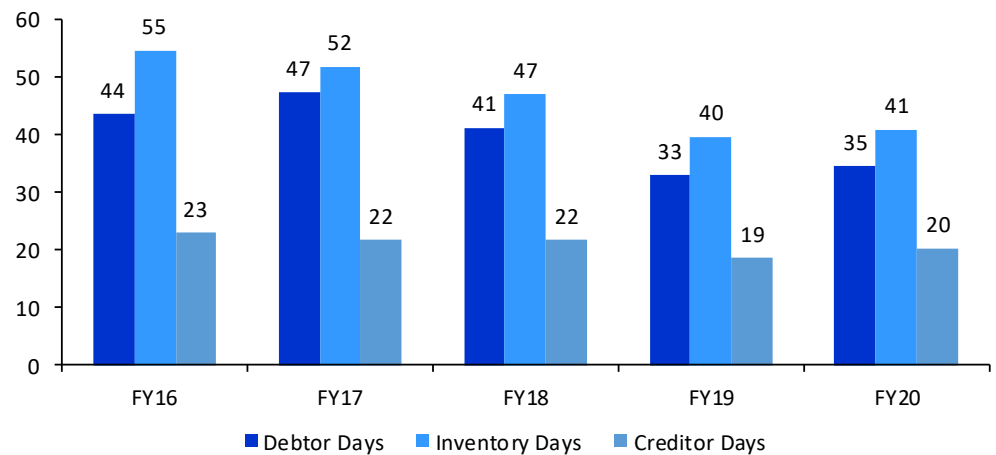
**Exhibit 27: Gross Block, Capex & FA Turnover Trend**



Source: Company, DART

**Working Capital:** Trade receivables increased to Rs5.3 bn in FY20, a growth of 7.5% YoY resulting in rise in debtor days to 35 days from 33 days. Inventories increased to Rs6.5 bn in FY20, a growth of 15.3% YoY resulting in inventory days of 41 vs. 40 days. Trade payables too increased to Rs3.4 bn in FY20, a growth of 32.7% YoY resulting in trade payable days of 20 vs. 19 days. Core working capital days thus increased to 55 days vs. 54 days.

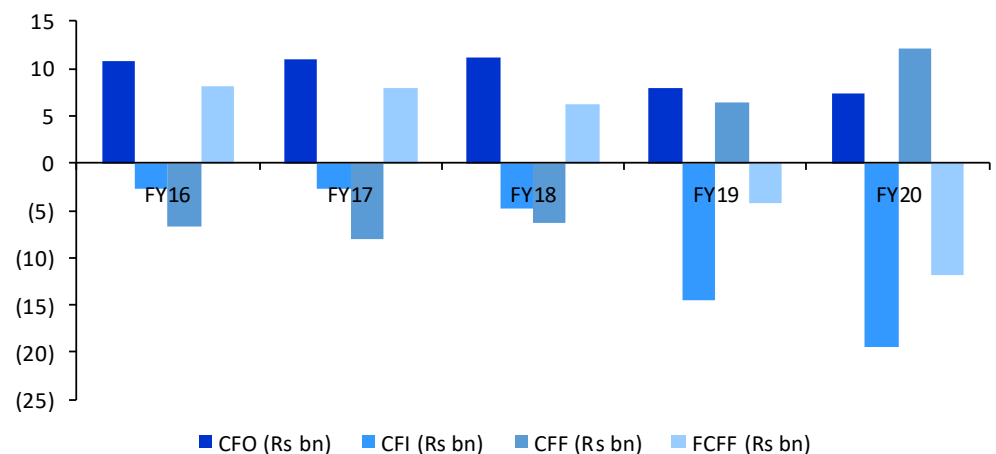
**Exhibit 28:** Debtor, Inventory and Creditor Days



Source: Company, DART

**Cash Flow:** Cash flow from operations decreased by 6.4% YoY to Rs7.4 bn in FY20 compared to Rs7.9 bn in FY19. Cash flow from investing increased to (Rs19.5 bn) in FY20 vs. (Rs14.6 bn) in FY19. Cash flow from financing stood at Rs12.1 bn in FY20 vs. Rs6.4 bn in FY19.

**Exhibit 29:** Cash Flows Trend



Source: Company, DART

**Dividend:** The Ramco Cement declared a dividend of Rs2.5 per equity share on face value of Rs1 per share in FY20 vs. Rs3 per equity share in FY19. The cash outflow on account of dividend and dividend distribution tax amounted to Rs590 mn in FY20 vs. Rs707 mn in FY19.

## Subsidiary Financials

**Exhibit 30:** Subsidiary Financials

Particulars (Rs bn)	Standalone	Consolidated	Difference
<b>Revenue</b>	<b>53.7</b>	<b>53.9</b>	<b>0.21</b>
Expenditure	42.3	42.4	0.10
<b>EBITDA</b>	<b>11.4</b>	<b>11.5</b>	<b>0.11</b>
Depreciation	3.2	3.2	0.01
PBIT	8.2	8.3	0.10
Other Income	0.4	0.3	(0.04)
Interest	0.7	0.7	0.01
<b>PBT</b>	<b>7.9</b>	<b>7.9</b>	<b>0.05</b>
Tax	1.9	1.9	0.02
<b>PAT</b>	<b>6.0</b>	<b>6.0</b>	<b>0.03</b>

Source: DART, Company

### Profit and Loss Account

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
<b>Revenue</b>	<b>51,463</b>	<b>53,684</b>	<b>51,453</b>	<b>60,298</b>
<b>Total Expense</b>	<b>41,097</b>	<b>42,318</b>	<b>40,650</b>	<b>47,008</b>
COGS	30,922	30,625	29,210	34,014
Employees Cost	3,295	3,682	3,682	3,903
Other expenses	6,881	8,011	7,758	9,091
<b>EBIDTA</b>	<b>10,365</b>	<b>11,366</b>	<b>10,803</b>	<b>13,289</b>
Depreciation	2,985	3,153	3,705	4,250
<b>EBIT</b>	<b>7,380</b>	<b>8,214</b>	<b>7,098</b>	<b>9,039</b>
Interest	509	714	1,137	1,040
Other Income	284	372	360	422
Exc. / E.O. items	0	0	0	0
<b>EBT</b>	<b>7,156</b>	<b>7,872</b>	<b>6,321</b>	<b>8,422</b>
Tax	2,097	1,861	1,591	2,120
RPAT	5,059	6,011	4,730	6,302
Minority Interest	0	0	0	0
<b>Profit/Loss share of associates</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APAT</b>	<b>5,059</b>	<b>6,011</b>	<b>4,730</b>	<b>6,302</b>

### Balance Sheet

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
<b>Sources of Funds</b>				
Equity Capital	236	236	236	236
Minority Interest	0	0	0	0
Reserves & Surplus	44,366	48,950	52,973	58,569
<b>Net Worth</b>	<b>44,601</b>	<b>49,186</b>	<b>53,209</b>	<b>58,804</b>
Total Debt	16,187	30,241	34,741	30,241
Net Deferred Tax Liability	8,704	9,172	8,704	8,704
<b>Total Capital Employed</b>	<b>69,493</b>	<b>88,599</b>	<b>96,654</b>	<b>97,750</b>

### Applications of Funds

Net Block	51,212	57,883	75,821	81,071
CWIP	10,007	20,035	9,392	4,892
Investments	2,814	2,644	2,644	2,644
<b>Current Assets, Loans &amp; Advances</b>	<b>17,049</b>	<b>19,908</b>	<b>19,782</b>	<b>22,237</b>
Inventories	5,597	6,453	6,062	6,773
Receivables	4,900	5,269	5,075	5,947
Cash and Bank Balances	928	914	1,427	1,634
Loans and Advances	274	298	328	360
Other Current Assets	5,352	6,975	6,891	7,522
<b>Less: Current Liabilities &amp; Provisions</b>	<b>11,590</b>	<b>11,871</b>	<b>10,985</b>	<b>13,094</b>
Payables	2,572	3,414	2,819	3,304
Other Current Liabilities	9,018	8,457	8,166	9,790
<i>sub total</i>				
Net Current Assets	5,460	8,037	8,797	9,142
<b>Total Assets</b>	<b>69,493</b>	<b>88,599</b>	<b>96,654</b>	<b>97,750</b>

E – Estimates

### Important Ratios

Particulars	FY19A	FY20A	FY21E	FY22E
<b>(A) Margins (%)</b>				
Gross Profit Margin	39.9	43.0	43.2	43.6
EBIDTA Margin	20.1	21.2	21.0	22.0
EBIT Margin	14.3	15.3	13.8	15.0
Tax rate	29.3	23.6	25.2	25.2
Net Profit Margin	9.8	11.2	9.2	10.5
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	60.1	57.0	56.8	56.4
Employee	6.4	6.9	7.2	6.5
Other	13.4	14.9	15.1	15.1
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	0.4	0.6	0.7	0.5
Interest Coverage	14.5	11.5	6.2	8.7
Inventory days	40	44	43	41
Debtors days	35	36	36	36
Average Cost of Debt	3.7	3.1	3.5	3.2
Payable days	18	23	20	20
Working Capital days	39	55	62	55
FA T/O	1.0	0.9	0.7	0.7
<b>(D) Measures of Investment</b>				
AEPS (Rs)	21.5	25.5	20.1	26.8
CEPS (Rs)	34.1	38.9	35.8	44.8
DPS (Rs)	0.0	0.0	3.0	3.0
Dividend Payout (%)	0.0	0.0	14.9	11.2
BVPS (Rs)	189.3	208.8	225.9	249.6
RoANW (%)	11.9	12.8	9.2	11.3
RoACE (%)	8.6	8.5	6.3	7.6
RoAIC (%)	11.6	10.5	7.8	9.4
<b>(E) Valuation Ratios</b>				
CMP (Rs)	678	678	678	678
P/E	31.6	26.6	33.8	25.4
Mcap (Rs Mn)	1,59,827	1,59,827	1,59,827	1,59,827
MCap/ Sales	3.1	3.0	3.1	2.7
EV	1,75,086	1,89,154	1,93,141	1,88,434
EV/Sales	3.4	3.5	3.8	3.1
EV/EBITDA	16.9	16.6	17.9	14.2
P/BV	3.6	3.2	3.0	2.7
Dividend Yield (%)	0.0	0.0	0.4	0.4
<b>(F) Growth Rate (%)</b>				
Revenue	16.8	4.3	(4.2)	17.2
EBITDA	(5.7)	9.7	(5.0)	23.0
EBIT	(8.6)	11.3	(13.6)	27.3
PBT	(8.8)	10.0	(19.7)	33.2
APAT	(9.0)	18.8	(21.3)	33.2
EPS	(9.0)	18.8	(21.3)	33.2

### Cash Flow

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
CFO	7,904	7,400	9,230	11,839
CFI	(14,597)	(19,540)	(10,933)	(5,412)
CFF	6,426	12,127	2,215	(6,220)
FCFF	(4,159)	(11,800)	(1,770)	6,839
Opening Cash	1,194	928	914	1,427
Closing Cash	928	914	1,427	1,634

E – Estimates

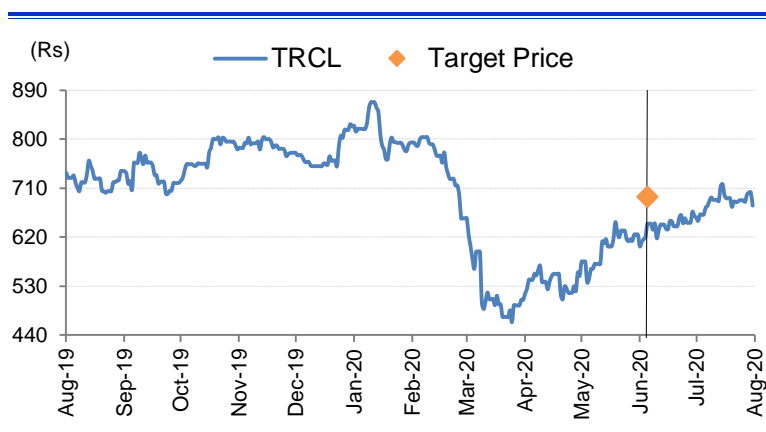


## DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

## Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Jun-20	Accumulate	695	645
Aug-20	Accumulate	725	678

\*Price as on recommendation date

## DART Team

Purvag Shah	Managing Director	purvag@dolatcapital.com	+9122 4096 9747
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Amit Khurana, CFA	Head of Equities	amit@dolatcapital.com	+9122 4096 9745
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## CONTACT DETAILS

Equity Sales	Designation	E-mail	Direct Lines
Dinesh Bajaj	VP - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kapil Yadav	VP - Equity Sales	kapil@dolatcapital.com	+9122 4096 9735
Yomika Agarwal	VP - Equity Sales	yomika@dolatcapital.com	+9122 4096 9772
Jubbin Shah	VP - Derivatives Sales	jubbins@dolatcapital.com	+9122 4096 9779
Ashwani Kandoi	AVP - Equity Sales	ashwanik@dolatcapital.com	+9122 4096 9725
Lekha Nahar	AVP - Equity Sales	lekhan@dolatcapital.com	+9122 4096 9740
Equity Trading	Designation	E-mail	
P. Sridhar	SVP and Head of Sales Trading	sridhar@dolatcapital.com	+9122 4096 9728
Chandrakant Ware	VP - Sales Trading	chandrakant@dolatcapital.com	+9122 4096 9707
Shirish Thakkar	VP - Head Domestic Derivatives Sales Trading	shirisht@dolatcapital.com	+9122 4096 9702
Kartik Mehta	Asia Head Derivatives	kartikm@dolatcapital.com	+9122 4096 9715
Dinesh Mehta	Co- Head Asia Derivatives	dinesh.mehta@dolatcapital.com	+9122 4096 9765
Bhavin Mehta	VP - Derivatives Strategist	bhavinm@dolatcapital.com	+9122 4096 9705

**Dolat** Capital Market Private Limited.

Sunshine Tower, 28th Floor, Senapati Bapat Marg, Dadar (West), Mumbai 400013

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Registered office: Office No. 141, Centre Point, Somnath, Daman – 396 210, Daman & Diu

Board: +9122 40969700 | Fax: +9122 22651278 | Email: research@dolatcapital.com | www.dolatresearch.com

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