

The Ramco Cements

Estimate change



TP change



Rating change


CMP: INR1,022
TP: INR1,045 (+2%)
Neutral

Strong volume growth continues

Debt mounts in 1HFY24 on higher capex

- The Ramco Cements (TRCL) reported a volume growth of 38% YoY (18% above our estimate), which led to a revenue beat of 14%, despite lower realizations (4% below estimate). Higher volumes led to a 25% beat in EBITDA; OPM was at 17.1% v/s our estimate 15.5%. EBITDA/t was at INR865 v/s estimated INR813. Profit was at INR1b v/s our estimate of INR0.6b.
- Net debt increased to INR49.7b in 2QFY24 (v/s INR42.9b in Mar'23), led by the acquisition of limestone-bearing lands in Andhra Pradesh and Karnataka. The management expects volumes in 2HFY24 to be similar to H1.
- Cement prices have increased significantly in its core markets during Sep/Oct'23, which if sustained, can help support strong profitability improvement in 2HFY24. We largely retain our EBITDA estimates, although we cut our EPS estimates by 13%/4% for FY24/25 due to higher interest expenses. **We value TRCL at 13x Sep'25E EV/EBITDA (v/s Mar'25E earlier), and maintain our Neutral rating with a revised TP of INR1,045.**

Cost reduction offsets the drop in realization; EBITDA/t up 57% YoY

- TRCL's revenue/EBITDA/PAT stood at INR23.3b/INR4b/INR1b (+31%/+2.2x/+8.8x YoY and +14%/+25%/+73% v/s our est.). Cement realization dipped 4% YoY (and 3% QoQ). Capacity utilization was 82% in 2QFY24.
- OPEX/t declined 12% YoY (5% below our est.), led by a 17% drop in variable costs. Other expense/employee cost/t declined 11%/10% YoY on higher volumes. OPM improved 6.8pp YoY, and EBITDA/t increased 57% YoY. Depreciation/interest expenses jumped 29%/2.1x YoY led by higher debt and new capacities. Net profit surged 8.8x YoY.
- In 1HFY24, revenue jumped 29% YoY, led by 34% volume growth that was partly offset by lower realizations (down 4% YoY). Higher volume and lower opex (down 7% YoY) led to 53% YoY growth in EBITDA to INR7.4b. OPM was up 2.6pp YoY to 16.2% and EBITDA/t increased 14% YoY to INR831. PAT was up 46% YoY to INR1.8b. CFO stood at INR8.1b v/s INR0.7b in 1HFY23, led by better profits and a reduction in WC (dipped INR4.8b YoY). Capex stood at INR12.2b v/s INR9.9b in 1HFY23.

Highlights from the management commentary

- Higher capex was due to the purchase of limestone-bearing land; the capex in 2HFY24 will be between INR3.0b and INR3.5b. Net debt has peaked in 2QFY24, and there should be some reduction in 2HFY24.
- Clinker expansion project will be announced soon and the priority will be for an expansion in Kurnool, Andhra Pradesh. Capex cost will be at USD35-40/t for the second phase of expansion, as basic infrastructure has already been created.

| | |
|-----------------------|-------------|
| Bloomberg | TRCL IN |
| Equity Shares (m) | 236 |
| M.Cap.(INRb)/(USDb) | 241.5 / 2.9 |
| 52-Week Range (INR) | 1040 / 634 |
| 1, 6, 12 Rel. Per (%) | 8/26/38 |
| 12M Avg Val (INR M) | 416 |

Financial Snapshot (INR b)

| Y/E Mar | FY24E | FY25E | FY26E |
|-------------------|-------|-------|-------|
| Sales | 93.8 | 101.3 | 110.5 |
| EBITDA | 16.7 | 20.6 | 22.9 |
| Adj. PAT | 4.7 | 7.1 | 9.0 |
| EBITDA Margin (%) | 17.8 | 20.4 | 20.7 |
| Adj. EPS (INR) | 19.9 | 30.1 | 37.9 |
| EPS Gr. (%) | 36.7 | 51.4 | 25.9 |
| BV/Sh. (INR) | 304 | 330 | 365 |

Ratios

| | | | |
|------------|------|------|------|
| Net D:E | 0.7 | 0.5 | 0.4 |
| RoE (%) | 6.7 | 9.5 | 10.9 |
| RoCE (%) | 6.7 | 8.3 | 9.4 |
| Payout (%) | 17.6 | 11.6 | 9.2 |

Valuations

| | | | |
|----------------|------|------|------|
| P/E (x) | 51.4 | 33.9 | 27.0 |
| P/BV (x) | 3.4 | 3.1 | 2.8 |
| EV/EBITDA(x) | 17.1 | 13.6 | 11.9 |
| EV/ton (USD) | 156 | 153 | 149 |
| Div. Yield (%) | 0.3 | 0.3 | 0.3 |
| FCF Yield (%) | -0.0 | 4.5 | 5.2 |

Shareholding pattern (%)

| As On | Sep-23 | Jun-23 | Sep-22 |
|----------|--------|--------|--------|
| Promoter | 42.1 | 42.1 | 42.3 |
| DII | 36.8 | 35.8 | 37.1 |
| FII | 7.9 | 8.0 | 6.6 |
| Others | 13.3 | 14.1 | 13.9 |

FII Includes depository receipts

Higher leverage remains a concern; maintain Neutral

- TRCL's net debt increased during FY21-1HFY24, led by higher capex and a decline in profitability. Though the company has surprised in its volume growth for the last few quarters, we believe that higher clinker utilization may restrict volume growth in FY25/26E.
- At CMP, the stock trades at 13.6x FY25E EV/EBITDA (in-line with its 10-year average one-year forward EV/EBITDA). Continued increase in leverage is a key concern, and we expect debt to remain elevated as the company will need to increase clinker capacities going forward. **We value TRCL at 13x Sep'25E EV/EBITDA (v/s Mar'25E earlier) and maintain our Neutral rating with a revised TP of INR1,045.**

Quarterly Performance

| | | | | | | | | | | | | (INR m) |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------|
| Y/E March | FY23 | | | | FY24 | | | | FY23 | FY24E | FY24 | Var. |
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | 2QE | (%) |
| Sales Dispatches (m ton) | 3.31 | 3.35 | 3.57 | 4.70 | 4.30 | 4.61 | 4.24 | 4.87 | 15.02 | 18.02 | 3.91 | 18 |
| YoY Change (%) | 54.6 | 23.5 | 18.7 | 45.5 | 29.9 | 37.7 | 18.8 | 3.7 | 34.8 | 20.0 | 18.2 | |
| Realization (INR/ton) | 5,298 | 5,253 | 5,623 | 5,464 | 5,212 | 5,053 | 5,243 | 5,307 | 5,384 | 5,204 | 5,237 | (4) |
| YoY Change (%) | (6.2) | (2.5) | 9.4 | 3.4 | (1.6) | (3.8) | (6.8) | (2.9) | 1.3 | (3.3) | (1.4) | |
| QoQ Change (%) | 0.3 | (0.9) | 7.0 | (2.8) | (4.6) | (3.1) | 3.8 | 1.2 | | | 0.5 | |
| Net Sales | 17,725 | 17,844 | 20,088 | 25,697 | 22,411 | 23,293 | 22,235 | 25,862 | 81,353 | 93,801 | 20,492 | 14 |
| YoY Change (%) | 44.3 | 19.5 | 29.7 | 50.3 | 26.4 | 30.5 | 10.7 | 0.6 | 36.0 | 15.3 | 14.8 | |
| Total Expenditure | 14,718 | 16,006 | 17,241 | 21,568 | 18,996 | 19,307 | 18,207 | 20,570 | 69,533 | 77,080 | 17,311 | 12 |
| EBITDA | 3,007 | 1,838 | 2,846 | 4,128 | 3,415 | 3,986 | 4,028 | 5,292 | 11,820 | 16,721 | 3,181 | 25 |
| Margins (%) | 17.0 | 10.3 | 14.2 | 16.1 | 15.2 | 17.1 | 18.1 | 20.5 | 14.5 | 17.8 | 15.5 | |
| Depreciation | 1,064 | 1,216 | 1,359 | 1,406 | 1,479 | 1,574 | 1,594 | 1,639 | 5,044 | 6,286 | 1,529 | 3 |
| Interest | 475 | 551 | 608 | 772 | 934 | 1,165 | 1,140 | 1,119 | 2,405 | 4,358 | 929 | 25 |
| Other Income | 69 | 88 | 93 | 116 | 79 | 135 | 140 | 93 | 367 | 446 | 89 | 52 |
| PBT before EO expense | 1,537 | 160 | 972 | 2,067 | 1,081 | 1,382 | 1,434 | 2,627 | 4,737 | 6,523 | 812 | 70 |
| PBT | 1,537 | 160 | 972 | 2,067 | 1,081 | 1,382 | 1,434 | 2,627 | 4,737 | 6,523 | 812 | 70 |
| Tax | 414 | 46 | 299 | 543 | 292 | 369 | 402 | 765 | 1,302 | 1,826 | 227 | |
| Prior year tax | - | - | - | - | - | - | - | - | - | - | - | |
| Rate (%) | 27.0 | 28.4 | 30.7 | 26.3 | 27.0 | 26.7 | 28.0 | 29.1 | 27.5 | 28.0 | 28.0 | |
| Reported PAT | 1,123 | 115 | 674 | 1,524 | 789 | 1,013 | 1,033 | 1,862 | 3,435 | 4,697 | 585 | 73 |
| Adj PAT | 1,123 | 115 | 674 | 1,524 | 789 | 1,013 | 1,033 | 1,862 | 3,435 | 4,697 | 585 | 73 |
| YoY Change (%) | (33.6) | (94.7) | (18.4) | 23.7 | (29.7) | 783.2 | 53.2 | 3.3 | (41.8) | 36.7 | 409.8 | |
| Margins (%) | 6.3 | 0.6 | 3.4 | 5.9 | 3.5 | 4.3 | 4.6 | 6.1 | 4.2 | 5.0 | 2.9 | |
| Per ton analysis | | | | | | | | | | | | |
| Net realization | 5,355 | 5,331 | 5,627 | 5,467 | 5,212 | 5,053 | 5,243 | 5,307 | 5,416 | 5,204 | 5,237 | (4) |
| RM Cost | 798 | 806 | 779 | 1,130 | 760 | 959 | 960 | 894 | 894 | 894 | 800 | 20 |
| Employee Expenses | 327 | 335 | 316 | 241 | 294 | 300 | 330 | 292 | 306 | 304 | 327 | (8) |
| Energy cost | 1,584 | 1,991 | 1,967 | 1,635 | 1,758 | 1,358 | 1,328 | 1,382 | 1,772 | 1,453 | 1,658 | (18) |
| Freight cost | 1,087 | 1,040 | 1,109 | 1,063 | 1,064 | 1,025 | 1,055 | 1,081 | 1,067 | 1,057 | 1,049 | (2) |
| Other Expenses | 650 | 610 | 659 | 521 | 541 | 546 | 620 | 571 | 590 | 569 | 590 | (7) |
| Total Expenses | 4,447 | 4,782 | 4,829 | 4,589 | 4,418 | 4,188 | 4,293 | 4,221 | 4,629 | 4,277 | 4,424 | (5) |
| EBITDA | 908 | 549 | 797 | 878 | 794 | 865 | 950 | 1,086 | 787 | 928 | 813 | 6 |

Source: Company, MOFSL Estimates

**Highlights from the management commentary****Capex and project update**

- The company has acquired Limestone-bearing lands in the states of Andhra Pradesh (AP) and Karnataka for long-term augmentation of mining reserves (140mt limestone), which is a continuous process. This was done strategically as it is near to the existing production facilities of the company.
- The grinding capacity at Haridaspur, Odisha is being increased from 0.9mtpa to 1.8mtpa. This project is expected to be completed in Jan'24.

- 3MW of WHRS was commissioned at the Kurnool, AP plant during Aug'23. Thermal power plant of 18MW will be commissioned during Dec'23 and railways siding will be commissioned during Jun'24.
- Commissioning of dry-mix mortar plants (capacity: 80tons/hour for each plant) in Andhra Pradesh and Odisha will be completed during Dec'23.
- Capex in 2QFY24 was INR9.41b and further INR3-3.5b will be spent in 2HFY24. The balance capex for ongoing projects has been INR2b. It may plan to install WHRS in Tamil Nadu also, which may entail a capex of INR1-1.5b.
- Clinker expansion will be announced soon and expansion at Kurnool unit will be the first priority. The second phase of expansion can be done at a capex of US\$35-40/t as basic infrastructure has already been created. It has enough limestone available at both Jayanthipuram and Kurnool plants for future expansions.
- Debottlenecking of few kilns is being considered, which will help capacity increase of ~1mtpa. Clinker to cement conversion (1.3x at present) can also be increased. It can produce 22-23mt cement.

Demand and pricing

- Cement demand has been strong throughout the quarter and is mainly fueled by infrastructure projects by the government. Volume growth in the South region was higher during the quarter. Sales volume in 2H should remain similar to or better than that of 1HFY24.
- Cement prices increased in Oct-23 and currently are sustaining at higher levels.

Operational highlights

- Cement capacity utilization stood at 82% v/s 66%/79% in 2QFY23/1QFY24, respectively. Dry-motors sale volume surged 2.1x YoY and 15% QoQ.
- Share of premium products was at 30% v/s 28% in 2QFY23 in the South region. In the East region, share of premium products was at 20% v/s 15% in 2QFY23.
- OPC cement contributed 31% of volumes in 2QFY24 v/s 26%/32% in 2QFY23/1QFY24.
- Blended coal consumption cost was at US\$148/t (INR1.75/kcal) v/s US\$199/t (INR2.58/kcal) during 2QFY23. Energy cost in 3QFY24 is expected to remain at similar level of 2QFY24. It used 53% pet coke during the quarter.
- Green energy contributed 38% of power requirements v/s 22% in 2QFY23. Green power share is likely to reach to 40% in FY24 and 45% in FY25. This may further increase to 52% by FY25-end or FY26 post-commissioning of WHRS at the Tamil Nadu plant.

Debt and other highlights

- Net debt increased to INR49.7b from INR42.9b in Mar'23. Average cost of borrowing has increased to 7.8% from 6.35% in FY23.
- There should be a reduction in debt in 2HFY24 and the aim will be to maintain a peak net/EBITDA of ~2x.

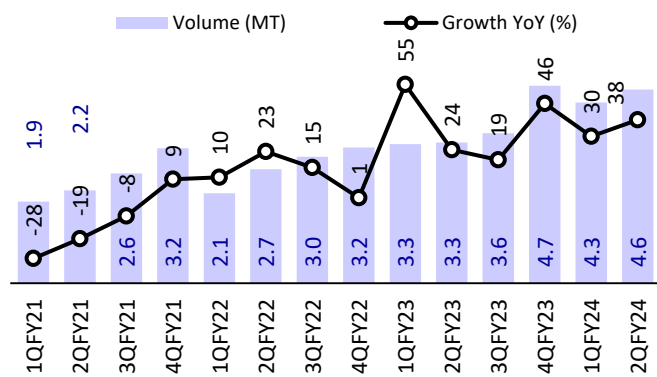
Exhibit 1: Changes to our estimates

| (INR M) | Revised | | Old | | Chg (%) | |
|------------|---------|----------|--------|----------|---------|-------|
| | FY24E | FY25E | FY24E | FY25E | FY24E | FY25E |
| Net Sales | 93,801 | 1,01,261 | 93,430 | 1,00,619 | 0.4 | 0.6 |
| EBITDA | 16,721 | 20,613 | 16,884 | 20,317 | -1.0 | 1.5 |
| Net Profit | 4,697 | 7,111 | 5,384 | 7,372 | -12.8 | -3.5 |
| EPS (INR) | 19.9 | 30.1 | 22.8 | 31.2 | -12.8 | -3.5 |

Source: MOFSL Estimates

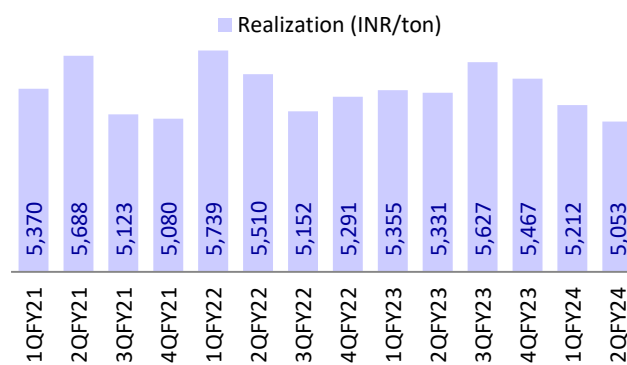
Story in charts

Exhibit 2: Sales volume up 38% YoY



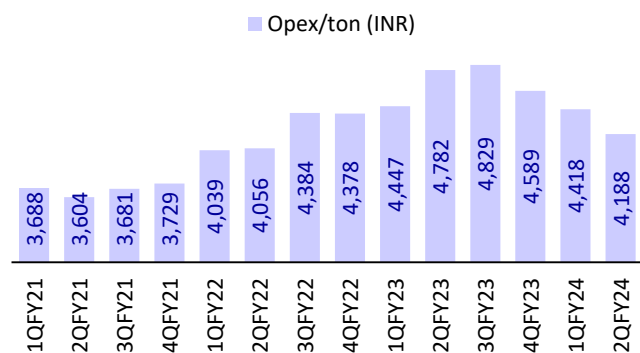
Source: MOFSL, Company

Exhibit 3: Cement realization down 4% YoY and 3% QoQ



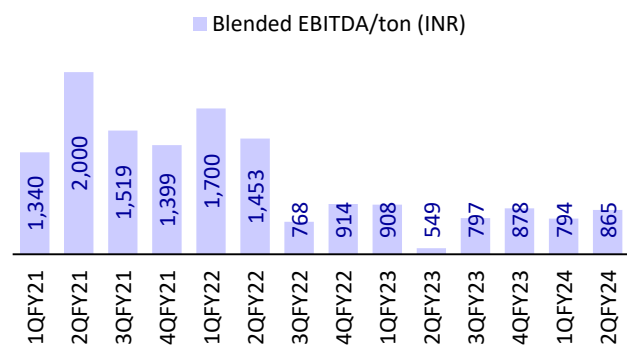
Source: MOFSL, Company

Exhibit 4: Opex/t declined 12% YoY/5% QoQ



Source: MOFSL, Company

Exhibit 5: EBITDA/t increased 57% YoY/9% QoQ



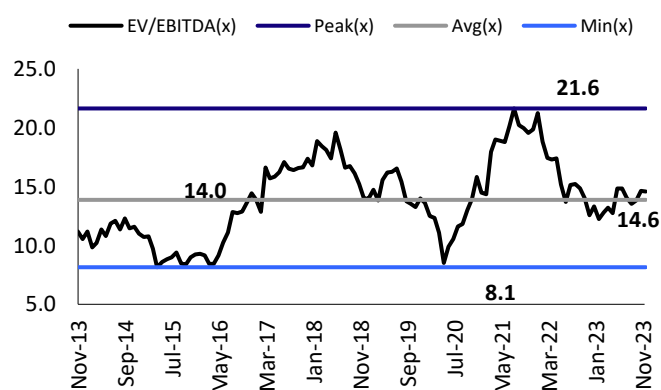
Source: MOFSL, Company

Exhibit 6: Key performance indicators – per ton analysis

| INR/t | 2QFY24 | 2QFY23 | YoY (%) | 1QFY24 | QoQ (%) |
|------------------------------|--------------|--------------|---------------|--------------|--------------|
| Net realization | 5,053 | 5,331 | (5.2) | 5,212 | (3.1) |
| RM Cost | 959 | 806 | 18.9 | 806 | 18.9 |
| Employee Expenses | 300 | 335 | (10.3) | 335 | (10.3) |
| Power, Oil & Fuel | 1,358 | 1,991 | (31.8) | 1,991 | (31.8) |
| Freight and Handling Outward | 1,025 | 1,040 | (1.5) | 1,040 | (1.5) |
| Other Expenses | 546 | 610 | (10.5) | 610 | (10.5) |
| Total Expenses | 4,188 | 4,782 | (12.4) | 4,418 | (5.2) |
| EBITDA | 865 | 549 | 57.4 | 794 | 8.9 |

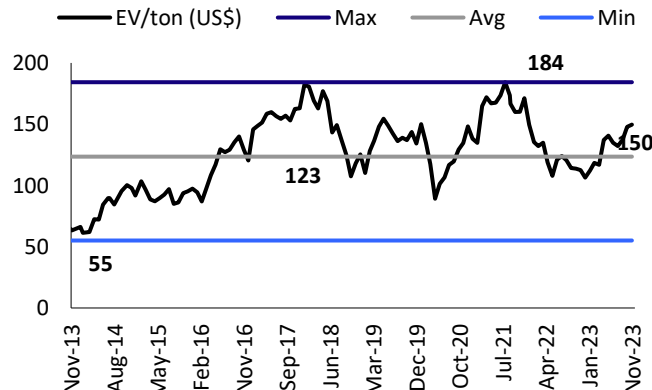
Source: MOFSL, Company

Exhibit 7: One-year forward EV/EBITDA chart



Source: MOFSL, Company, Bloomberg

Exhibit 8: One-year forward EV/ton chart



Source: MOFSL, Company, Bloomberg

Financials and valuations

| Income Statement | | | | | | | (INR m) | |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|
| Y/E March | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
| Net Sales | 51,220 | 53,435 | 52,684 | 59,800 | 81,353 | 93,801 | 1,01,261 | 1,10,452 |
| Change (%) | 16.8 | 4.3 | -1.4 | 13.5 | 36.0 | 15.3 | 8.0 | 9.1 |
| EBITDA | 10,123 | 11,117 | 15,480 | 12,838 | 11,820 | 16,721 | 20,613 | 22,903 |
| Margin (%) | 19.8 | 20.8 | 29.4 | 21.5 | 14.5 | 17.8 | 20.4 | 20.7 |
| Depreciation | 2,985 | 3,153 | 3,553 | 4,008 | 5,044 | 6,286 | 6,962 | 7,266 |
| EBIT | 7,138 | 7,964 | 11,927 | 8,830 | 6,775 | 10,435 | 13,651 | 15,638 |
| Int. and Finance Charges | 509 | 714 | 876 | 1,124 | 2,405 | 4,358 | 4,241 | 3,679 |
| Other Income - Rec. | 527 | 622 | 346 | 306 | 367 | 446 | 466 | 476 |
| PBT bef. EO Exp. | 7,156 | 7,872 | 11,397 | 8,012 | 4,737 | 6,523 | 9,876 | 12,435 |
| EO Expense/(Income) | 30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PBT after EO Exp. | 7,126 | 7,872 | 11,397 | 8,012 | 4,737 | 6,523 | 9,876 | 12,435 |
| Current Tax | 1,846 | 1,393 | 2,440 | 1,768 | 257 | 1,826 | 2,765 | 3,482 |
| Deferred Tax | 221 | 469 | 1,346 | -2,682 | 1,045 | 0 | 0 | 0 |
| Tax Rate (%) | 29.0 | 23.6 | 33.2 | -11.4 | 27.5 | 28.0 | 28.0 | 28.0 |
| Reported PAT | 5,059 | 6,011 | 7,611 | 8,927 | 3,435 | 4,697 | 7,111 | 8,954 |
| PAT Adj for EO items | 5,089 | 6,011 | 7,611 | 5,899 | 3,435 | 4,697 | 7,111 | 8,954 |
| Change (%) | -9.8 | 18.1 | 26.6 | -22.5 | -41.8 | 36.7 | 51.4 | 25.9 |
| Margin (%) | 9.9 | 11.2 | 14.4 | 9.9 | 4.2 | 5.0 | 7.0 | 8.1 |

| Balance Sheet | | | | | | | (INR m) | |
|-------------------------------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Y/E March | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
| Equity Share Capital | 236 | 236 | 236 | 236 | 236 | 236 | 236 | 236 |
| Total Reserves | 44,366 | 48,950 | 56,032 | 65,012 | 67,699 | 71,569 | 77,852 | 85,979 |
| Net Worth | 44,601 | 49,186 | 56,268 | 65,249 | 67,935 | 71,805 | 78,088 | 86,215 |
| Deferred Liabilities | 8,704 | 9,172 | 10,877 | 8,240 | 9,285 | 9,285 | 9,285 | 9,285 |
| Total Loans | 16,187 | 30,241 | 31,017 | 39,300 | 44,874 | 49,874 | 44,374 | 37,374 |
| Capital Employed | 69,493 | 88,599 | 98,162 | 1,12,789 | 1,22,095 | 1,30,964 | 1,31,748 | 1,32,874 |
| Gross Block | 84,945 | 93,901 | 1,06,223 | 1,18,037 | 1,47,329 | 1,79,203 | 1,87,203 | 1,95,203 |
| Less: Accum. Deprn. | 33,514 | 35,757 | 38,720 | 42,728 | 47,772 | 54,058 | 61,020 | 68,285 |
| Net Fixed Assets | 51,431 | 58,144 | 67,503 | 75,309 | 99,557 | 1,25,145 | 1,26,183 | 1,26,917 |
| Capital WIP | 8,308 | 18,143 | 23,255 | 30,340 | 19,873 | 3,000 | 3,000 | 3,000 |
| Total Investments | 4,294 | 4,275 | 4,369 | 4,220 | 4,209 | 4,209 | 4,209 | 4,209 |
| Curr. Assets, Loans&Adv. | 17,049 | 19,908 | 18,331 | 20,687 | 21,530 | 23,833 | 25,935 | 29,036 |
| Inventory | 5,597 | 6,453 | 5,979 | 8,333 | 8,823 | 9,509 | 10,265 | 11,196 |
| Account Receivables | 4,900 | 5,269 | 3,752 | 3,498 | 4,650 | 5,397 | 5,826 | 6,355 |
| Cash and Bank Balance | 928 | 914 | 1,419 | 1,760 | 1,686 | 1,475 | 1,798 | 2,709 |
| Loans and Advances | 5,625 | 7,273 | 7,181 | 7,095 | 6,371 | 7,453 | 8,045 | 8,776 |
| Curr. Liability & Prov. | 11,589 | 11,871 | 15,296 | 17,767 | 23,074 | 25,222 | 27,578 | 30,287 |
| Account Payables | 11,179 | 11,341 | 14,655 | 16,985 | 22,141 | 24,414 | 26,356 | 28,748 |
| Provisions | 410 | 531 | 641 | 782 | 933 | 808 | 1,223 | 1,539 |
| Net Current Assets | 5,461 | 8,037 | 3,035 | 2,920 | -1,545 | -1,389 | -1,644 | -1,251 |
| Appl. of Funds | 69,493 | 88,599 | 98,162 | 1,12,789 | 1,22,095 | 1,30,964 | 1,31,748 | 1,32,874 |

Financials and valuations

Ratios

| Y/E March | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Basic (INR) | | | | | | | | |
| Consol EPS | 21.6 | 25.5 | 32.3 | 25.0 | 14.5 | 19.9 | 30.1 | 37.9 |
| Cash EPS | 34.3 | 38.9 | 47.3 | 41.9 | 35.9 | 46.5 | 59.6 | 68.6 |
| BV/Share | 189.3 | 208.8 | 238.5 | 276.1 | 287.5 | 303.9 | 330.5 | 364.9 |
| DPS | 3.0 | 2.5 | 3.0 | 3.0 | 2.0 | 3.5 | 3.5 | 3.5 |
| Payout (%) | 16.8 | 11.8 | 9.3 | 7.9 | 13.8 | 17.6 | 11.6 | 9.2 |
| Valuation (x) | | | | | | | | |
| P/E | 47.3 | 40.0 | 31.7 | 40.9 | 70.3 | 51.4 | 33.9 | 27.0 |
| Cash P/E | 29.8 | 26.3 | 21.6 | 24.4 | 28.5 | 22.0 | 17.2 | 14.9 |
| P/BV | 5.4 | 4.9 | 4.3 | 3.7 | 3.6 | 3.4 | 3.1 | 2.8 |
| EV/Sales | 4.8 | 4.7 | 4.7 | 4.1 | 3.2 | 3.0 | 2.8 | 2.5 |
| EV/EBITDA | 24.4 | 22.6 | 15.9 | 19.3 | 22.3 | 17.1 | 13.6 | 11.9 |
| EV/Ton (US\$) | 179 | 162 | 154 | 154 | 156 | 156 | 153 | 149 |
| Dividend Yield (%) | 0.3 | 0.2 | 0.3 | 0.3 | 0.2 | 0.3 | 0.3 | 0.3 |
| Return Ratios (%) | | | | | | | | |
| RoIC | 9.3 | 10.0 | 11.9 | 13.5 | 5.7 | 6.9 | 8.0 | 9.2 |
| RoE | 12.0 | 12.8 | 14.4 | 9.7 | 5.2 | 6.7 | 9.5 | 10.9 |
| RoCE | 9.7 | 9.4 | 9.8 | 10.6 | 4.8 | 6.7 | 8.3 | 9.4 |
| Working Capital Ratios | | | | | | | | |
| Asset Turnover (x) | 0.7 | 0.6 | 0.5 | 0.5 | 0.7 | 0.7 | 0.8 | 0.8 |
| Inventory (Days) | 39.9 | 44.1 | 41.4 | 50.9 | 39.6 | 37.0 | 37.0 | 37.0 |
| Debtor (Days) | 34.9 | 36.0 | 26.0 | 21.3 | 20.9 | 21.0 | 21.0 | 21.0 |
| Creditor (Days) | 79.7 | 77.5 | 101.5 | 103.7 | 99.3 | 95.0 | 95.0 | 95.0 |
| Leverage Ratio (x) | | | | | | | | |
| Current Ratio | 1.5 | 1.7 | 1.2 | 1.2 | 0.9 | 0.9 | 0.9 | 1.0 |
| Debt/Equity | 0.4 | 0.6 | 0.6 | 0.6 | 0.7 | 0.7 | 0.6 | 0.4 |

Cash Flow Statement

| Y/E March | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| (INR m) | | | | | | | | |
| OP/(Loss) before Tax | 7,156 | 7,872 | 11,397 | 8,012 | 4,737 | 6,523 | 9,876 | 12,435 |
| Depreciation | 2,985 | 3,153 | 3,553 | 4,008 | 5,044 | 6,286 | 6,962 | 7,266 |
| Interest & Finance Charges | 404 | 714 | 876 | 1,124 | 2,405 | 4,358 | 4,241 | 3,679 |
| Direct Taxes Paid | -1,584 | -1,861 | -3,786 | 915 | -1,302 | -1,826 | -2,765 | -3,482 |
| (Inc)/Dec in WC | -929 | -2,590 | 5,507 | 457 | 4,390 | -367 | 579 | 518 |
| CF from Operations | 8,032 | 7,287 | 17,547 | 14,516 | 15,275 | 14,974 | 18,892 | 20,416 |
| Others | -127 | 100 | 143 | 30 | -166 | 0 | 0 | 0 |
| CF from Operating incl EO | 7,904 | 7,387 | 17,690 | 14,546 | 15,109 | 14,974 | 18,892 | 20,416 |
| (Inc)/Dec in FA | -12,018 | -18,791 | -17,434 | -18,900 | -18,826 | -15,000 | -8,000 | -8,000 |
| Free Cash Flow | -4,114 | -11,404 | 256 | -4,354 | -3,717 | -26 | 10,892 | 12,416 |
| (Pur)/Sale of Investments | 9 | 19 | -94 | 150 | 11 | 0 | 0 | 0 |
| Others | -2,588 | -1,257 | 1,150 | -1,904 | 935 | 0 | 0 | 0 |
| CF from Investments | -14,597 | -20,029 | -16,378 | -20,654 | -17,880 | -15,000 | -8,000 | -8,000 |
| Issue of Shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inc/(Dec) in Debt | 7,755 | 14,054 | 776 | 8,282 | 5,575 | 5,000 | -5,500 | -7,000 |
| Interest Paid | -476 | -714 | -876 | -1,124 | -2,405 | -4,358 | -4,241 | -3,679 |
| Dividend Paid | -853 | -711 | -708 | -709 | -473 | -827 | -827 | -827 |
| Others | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CF from Fin. Activity | 6,426 | 12,630 | -808 | 6,450 | 2,697 | -185 | -10,568 | -11,506 |
| Inc/Dec of Cash | -266 | -13 | 504 | 342 | -74 | -212 | 324 | 910 |
| Opening Balance | 1,194 | 927 | 915 | 1,419 | 1,761 | 1,686 | 1,475 | 1,798 |
| Closing Balance | 927 | 915 | 1,419 | 1,761 | 1,686 | 1,475 | 1,798 | 2,709 |

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| Explanation of Investment Rating | |
|----------------------------------|--|
| Investment Rating | Expected return (over 12-month) |
| BUY | >=15% |
| SELL | < - 10% |
| NEUTRAL | < - 10 % to 15% |
| UNDER REVIEW | Rating may undergo a change |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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