

# The Ramco Cements

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	TRCL IN
Equity Shares (m)	236
M.Cap.(INRb)/(USDb)	205.7 / 2.4
52-Week Range (INR)	1058 / 700
1, 6, 12 Rel. Per (%)	4/5/-36
12M Avg Val (INR M)	678

## Financial Snapshot (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	89.3	99.4	111.2
EBITDA	14.6	18.5	22.3
Adj. PAT	2.7	5.1	7.3
EBITDA Margin (%)	16.4	18.6	20.1
Adj. EPS (INR)	11.6	21.7	31.0
EPS Gr. (%)	-30.6	86.6	43.2
BV/Sh. (INR)	327	346	373

## Ratios

Net D:E	0.6	0.6	0.6
RoE (%)	3.7	6.4	8.6
RoCE (%)	5.8	6.5	7.9
Payout (%)	12.3	16.2	0.0

## Valuations

P/E (x)	75.7	40.5	28.3
P/BV (x)	2.7	2.5	2.4
EV/EBITDA(x)	16.3	13.3	11.0
EV/ton (USD)	118	112	112
Div. Yield (%)	0.4	0.4	0.0
FCF Yield (%)	2.4	1.3	2.8

## Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	42.3	42.3	42.1
DII	34.3	34.5	36.8
FII	6.6	7.4	7.9
Others	16.9	15.8	13.3

FII Includes depository receipts

**CMP: INR870**      **TP: INR880 (+1%)**      **Neutral**

## Lower opex/t drives earnings beat

### Focusing on non-core asset monetization to reduce net debt

- TRCL's 2QFY25 earnings beat our estimates, aided by lower-than-estimated opex/t (6% below our estimate). EBITDA declined ~22% YoY to INR3.1b (~26% beat) and EBITDA/t declined 20% YoY to INR695 (est. INR584). OPM dipped 1.8pp YoY to ~15% (est. ~12%). PAT declined 75% YoY to INR256m (vs. estimated loss of INR134m).
- The company is focusing on non-core asset monetization and has monetized non-core assets worth INR3.8b as of Oct'24 out of the targeted value of INR10b by Jun'25. It has also entered into an agreement to sell land worth INR740m, which is expected to be realized during 3QFY25. TRCL reiterated its capacity target of 30mtpa by Mar'26.
- Despite the earnings beat in 2Q, we largely maintain our earnings estimates for FY25-27 due to pricing pressure in the company's core market (south) and higher competition in the near term in south region due to capacity expansion by leading players. We value TRCL at 12x Sep'26E EV/EBITDA to arrive at a TP of INR880. We reiterate our Neutral rating on the stock.

### Volume declines ~3% YoY; realization/t down 10% YoY

- Revenue/EBITDA/PAT stood at INR20.4b/INR3.1b/INR256m (down 12%/22%/75% YoY and up 2%/26%/291% vs. our estimates) in 2QFY25. Sales volume fell ~3% YoY to 4.49mt (6% above estimates). Realization declined 10% YoY to INR4,539/t (down 3% vs. our estimate).
- Opex/t declined ~8% YoY, led by lower variable/other expenses/freight cost per ton by 13%/7%/1%. OPM dipped 1.8pp YoY to 15% and EBITDA/t was down 20% YoY at INR695. Depreciation/interest costs grew ~7%/3% YoY, whereas other income declined ~16% YoY.
- In 1HFY25, revenue/EBITDA/PAT stood at INR41.3b/INR6.3b/INR611m (down 10%/15%/66% YoY). Sales volume/realization declined 1%/9% YoY. EBITDA/t declined ~14% YoY to INR714. Based on our estimates, revenue is estimated to remain flat YoY in 2HFY25, EBITDA may grow ~2% YoY, and PAT may decline 1% YoY. In 2HFY25, we estimate 6% YoY volume growth and EBITDA/t of INR820 (vs. INR855 in 2HFY24).

### Highlights from the management commentary

- General elections and extended monsoon affected overall demand during the quarter. However, the company continues to focus on right products for right applications to make its brand stronger.
- Blended fuel consumption cost was USD130/t (INR1.60/kcal) vs. USD137 (INR1.49/kcal) in 1QFY25. Green power share stood at ~39% vs. ~33% in 1Q.
- It maintained capex guidance of INR12b for FY25. Capex stood at INR2.6b in 2QFY25 and INR5.4b in 1HFY25. Net debt stood at INR51.0b vs. INR49.7b as of Jun'24. The net debt-to-EBITDA ratio stood at 4.0x vs. 3.8x as of Jun'24.

Sanjeev Kumar Singh - Research analyst (Sanjeev.Singh@MotilalOswal.com)

Research analyst - Mudit Agarwal (Mudit.Agarwal@MotilalOswal.com) | Abhishek Sheth (abhishek.sheth@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

MotilalOswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

## View and valuation

- We estimate the company's volume growth to moderate to a ~7% CAGR over FY24-27 vs. ~23% over FY21-24. Higher competition and pricing pressure in its key markets, leveraged balance sheet, and low return ratios (RoE/ROCE estimated in mid-single digits till FY26) will keep stock price range-bound. Its net debt increased to INR47b in Mar'24 v/s INR29.3b in FY21 and we expect it to remain at INR50b in FY26 (net-debt to EBITDA at 2.7x in FY26).
- At CMP, the stock trades at 13x/11x FY25E/FY26E EV/EBITDA. We value TRCL at 12x Sep'26E EV/EBITDA and reiterate our Neutral rating with a TP of INR880. Key factors to monitor would be company's capex plans and competitive intensity in the South/East regions.

											(INR b)	
Quarterly Performance												
Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE	(%)	
Sales volume (m ton)	4.30	4.61	4.00	5.49	4.36	4.49	4.62	5.48	18.40	18.95	4.24	6
YoY Change (%)	29.9	37.7	9.9	16.8	1.3	(2.6)	15.6	(0.2)	22.5	3.0	(8.0)	
Realization (INR/ton)	5,212	5,053	5,265	4,869	4,792	4,539	4,669	4,824	5,081	4,711	4,692	(3)
YoY Change (%)	(1.6)	(3.8)	(4.5)	(10.9)	(8.1)	(10.2)	(11.3)	(0.9)	(5.6)	(7.3)	(7.1)	
QoQ Change (%)	(4.6)	(3.1)	4.2	(7.5)	(1.6)	(5.3)	2.9	3.3			(2.1)	
<b>Net Sales</b>	<b>22.4</b>	<b>23.3</b>	<b>21.1</b>	<b>26.7</b>	<b>20.9</b>	<b>20.4</b>	<b>21.6</b>	<b>26.4</b>	<b>93.5</b>	<b>89.3</b>	<b>19.9</b>	2
YoY Change (%)	26.4	30.5	4.8	4.0	(6.8)	(12.5)	2.5	(1.1)	14.9	(4.5)	(14.6)	
<b>Total Expenditure</b>	<b>19.0</b>	<b>19.3</b>	<b>17.1</b>	<b>22.6</b>	<b>17.7</b>	<b>17.3</b>	<b>18.1</b>	<b>21.6</b>	<b>78.0</b>	<b>74.7</b>	<b>17.4</b>	(1)
<b>EBITDA</b>	<b>3.4</b>	<b>4.0</b>	<b>4.0</b>	<b>4.2</b>	<b>3.2</b>	<b>3.1</b>	<b>3.5</b>	<b>4.8</b>	<b>15.5</b>	<b>14.6</b>	<b>2.5</b>	26
YoY Change (%)	13.6	116.9	38.9	1.0	(6.5)	(21.7)	(12.1)	15.8	31.4	(5.8)		
Margins (%)	15.2	17.1	18.8	15.6	15.3	15.3	16.1	18.3	16.6	16.4	12.4	
Depreciation	1.5	1.6	1.7	1.7	1.7	1.7	1.7	1.7	6.4	6.8	1.7	1
Interest	0.9	1.2	1.0	1.0	1.1	1.2	1.1	1.1	4.2	4.6	1.1	5
Other Income	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.4	0.1	(19)
<b>PBT before EO expense</b>	<b>1.1</b>	<b>1.4</b>	<b>1.3</b>	<b>1.6</b>	<b>0.5</b>	<b>0.3</b>	<b>0.8</b>	<b>2.1</b>	<b>5.4</b>	<b>3.7</b>	<b>(0.2)</b>	NM
<b>PBT</b>	<b>1.1</b>	<b>1.4</b>	<b>1.3</b>	<b>1.6</b>	<b>0.5</b>	<b>0.3</b>	<b>4.8</b>	<b>2.1</b>	<b>5.4</b>	<b>7.7</b>	<b>(0.2)</b>	-
Tax	0.3	0.4	0.4	0.4	0.1	0.1	0.2	0.6	1.5	0.9	(0.1)	NM
Prior year tax	-	-	-	-	-	-	-	-	-	-	-	
Rate (%)	27.0	26.7	30.8	25.2	26.3	26.9	3.2	27.3	27.3	12.3	28.0	
<b>Reported PAT</b>	<b>0.8</b>	<b>1.0</b>	<b>0.9</b>	<b>1.2</b>	<b>0.4</b>	<b>0.3</b>	<b>4.6</b>	<b>1.5</b>	<b>3.9</b>	<b>6.7</b>	<b>(0.1)</b>	
<b>Adj PAT</b>	<b>0.8</b>	<b>1.0</b>	<b>0.9</b>	<b>1.2</b>	<b>0.4</b>	<b>0.3</b>	<b>0.6</b>	<b>1.5</b>	<b>3.9</b>	<b>2.7</b>	<b>(0.1)</b>	NM
YoY Change (%)	(29.7)	783.2	38.6	(20.4)	(55.0)	(74.7)	(35.5)	25.9	15.0	(30.6)	(113.2)	NM
Margins (%)	3.5	4.3	4.4	4.5	1.7	1.3	2.8	5.8	4.2	3.1	(0.7)	

											(INR/t)	
Per ton analysis (incl. Dry mortar)												
	FY24	FY24	FY24	FY24	FY24	FY25	FY25	FY25	FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE	(%)	
<b>Net realization</b>	<b>5,212</b>	<b>5,053</b>	<b>5,265</b>	<b>4,869</b>	<b>4,792</b>	<b>4,539</b>	<b>4,669</b>	<b>4,824</b>	<b>5,081</b>	<b>4,711</b>	<b>4,692</b>	(3)
RM Cost	760	959	820	1,132	835	894	920	928	934	896	850	5
Employee Expenses	294	300	342	227	314	303	303	266	286	295	329	(8)
Power, Oil & Fuel	1,758	1,358	1,384	1,128	1,300	1,121	1,071	1,130	1,389	1,152	1,290	(13)
Freight cost	1,064	1,025	1,073	1,082	1,064	1,018	1,065	1,078	1,062	1,057	1,049	(3)
Other Expenses	541	546	658	541	546	509	560	540	567	539	590	(14)
<b>Total Expenses</b>	<b>4,418</b>	<b>4,188</b>	<b>4,277</b>	<b>4,110</b>	<b>4,059</b>	<b>3,844</b>	<b>3,918</b>	<b>3,942</b>	<b>4,238</b>	<b>3,940</b>	<b>4,108</b>	(6)
<b>EBITDA</b>	<b>794</b>	<b>865</b>	<b>988</b>	<b>760</b>	<b>733</b>	<b>695</b>	<b>751</b>	<b>882</b>	<b>844</b>	<b>771</b>	<b>584</b>	19

Source: Company, MOFSL Estimates



## Highlights from the management commentary

### Capex and project update

- The company is on track to increase its cement capacity to 30mtpa by Mar'26 through the commissioning of line-II at Kurnool, de-bottlenecking at existing plants, and expanding grinding capacities at current locations with a minimal capex.
- The company has monetized INR3.8b from non-core assets (INR500m in Sept'24 and INR3.3b in Oct'24) toward its targeted goal of INR10b, staying on track to meet its commitment. Additionally, the company has entered into a sale agreement for land valued at INR740m, expected to be realized in 3QFY25.
- WHRS plant with a capacity of 10MW at RR Nagar is likely to be commissioned by 4QFY25. TPP of 18MW at Kurnool plant commenced commercial production from Sep'24. The railway siding at Kurnool plant is expected to be commissioned by Dec'24.
- Dry Mortar Plant in Andhra Pradesh commenced commercial production in 2QFY25. At Odisha plant, it is expected to be commissioned by 4QFY25.
- It has acquired ~52% of the mining land for a Greenfield project in Karnataka.

### Capacity utilization and volume

- Cement capacity utilization stood at ~75% vs. ~82%/~77% in 2QFY24/1QFY25. Cement volume declined ~3% YoY to 4.4mt whereas, building products volume increased 12% YoY to 0.09mt.
- Volume share from South/East was ~82%/~18% in 2QFY25 vs. ~81%/~19% in 2QFY24.

### Operational highlights

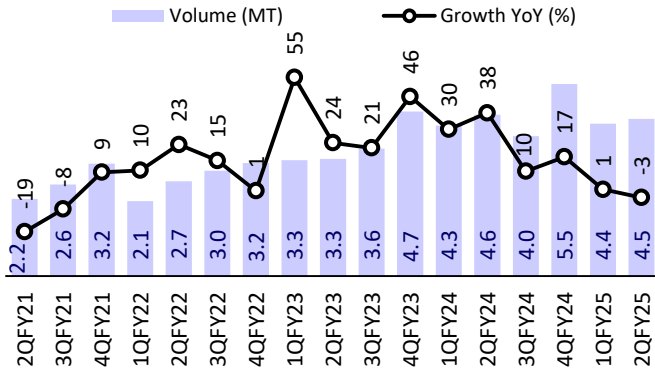
- The share of premium products was ~27% in 2QFY25 vs. ~30% in 2QFY24 in the South region. In the East region, the share of premium products was ~23% in 2QFY25 vs. ~20% in 2QFY24. OPC share was ~30% of total volumes in 2QFY25 vs. 31% in 2QFY24/1QFY25 (each).
- Blended coal consumption cost was USD130/t (INR1.60/kcal) vs. USD148/USD137 (INR1.75/INR1.49 per kcal) in 2QFY24/1QFY25.
- TRCL used 58% petcoke vs. 53%/58% in 2QFY24/1QFY25. It used ~58% petcoke in 1HFY25 vs. ~53% in 1HFY24.
- Green energy contributed 39% of power requirements vs. ~38%/33% in 2QFY24/1QFY25. Green energy contributed ~36% in 1HFY25 vs ~33% in 1HFY24. Green power share is expected to reach ~42% in FY25.
- Avg. lead distance was 244km in 2QFY25 vs. 259km in 2QFY24 and 273km in 1QFY25.

### Debt and other highlights

- Net debt (including working capital borrowings) stood at INR51b vs. INR49.6b/INR49.7b as of Sept'23/Jun'24. The net debt-to-EBITDA ratio stood at 3.95x vs. 3.79x as of Jun'24.

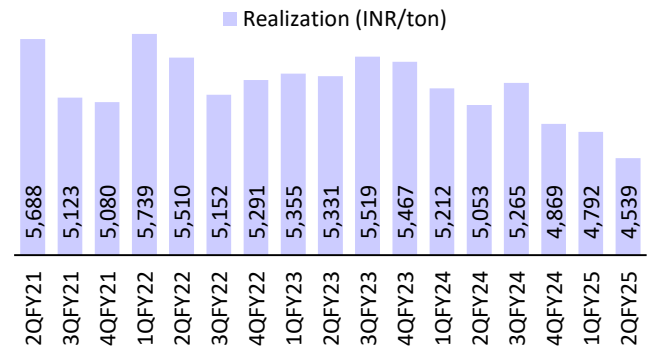
Story in charts

Exhibit 1: Sales volume declined 3% YoY



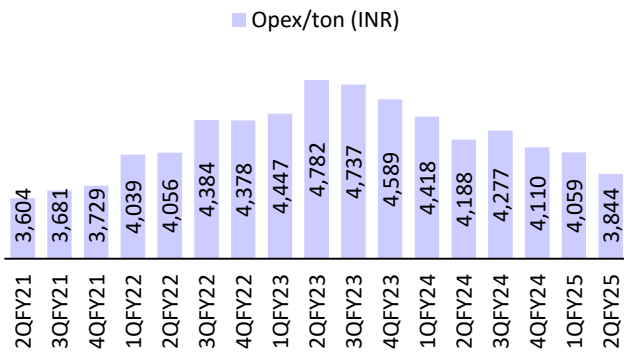
Source: MOFSL, Company

Exhibit 2: Realization down 10% YoY and 5% QoQ



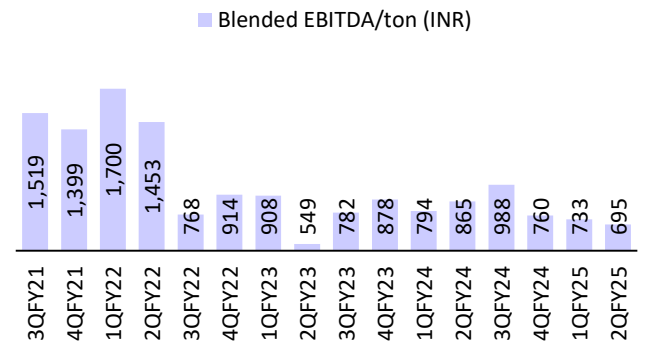
Source: MOFSL, Company

Exhibit 3: Opex/t declined 8% YoY and 5% QoQ



Source: MOFSL, Company

Exhibit 4: EBITDA/t declined 20% YoY/5% QoQ



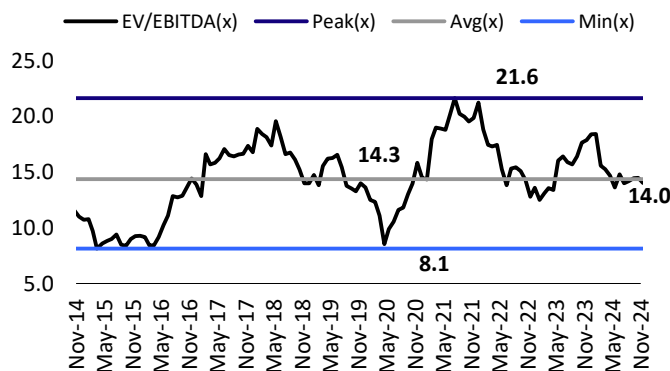
Source: MOFSL, Company

Exhibit 5: Key performance indicators – per ton analysis

INR/t	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)
<b>Net realization</b>	<b>4,539</b>	<b>5,053</b>	<b>(10.2)</b>	<b>4,792</b>	<b>(5.3)</b>
RM Cost	894	959	(6.8)	835	7.1
Employee Expenses	303	300	0.8	314	(3.5)
Power, Oil & Fuel	1,121	1,358	(17.5)	1,300	(13.8)
Freight and Handling Outward	1,018	1,025	(0.6)	1,064	(4.3)
Other Expenses	509	546	(6.7)	546	(6.8)
<b>Total Expenses</b>	<b>3,844</b>	<b>4,188</b>	<b>(8.2)</b>	<b>4,059</b>	<b>(5.3)</b>
<b>EBITDA</b>	<b>695</b>	<b>865</b>	<b>(19.6)</b>	<b>733</b>	<b>(5.2)</b>

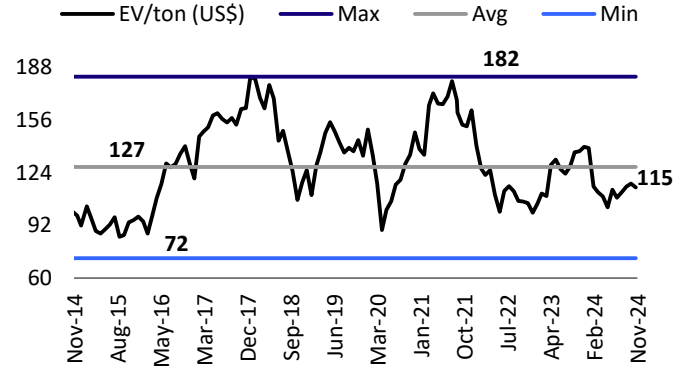
Source: MOFSL, Company

Exhibit 6: One-year forward EV/EBITDA chart



Source: MOFSL, Company, Bloomberg

Exhibit 7: One-year forward EV/ton chart



Source: MOFSL, Company, Bloomberg

## Financials and valuations

Income Statement								(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Net Sales</b>	<b>53,435</b>	<b>52,684</b>	<b>59,800</b>	<b>81,353</b>	<b>93,498</b>	<b>89,291</b>	<b>99,393</b>	<b>1,11,153</b>
Change (%)	4.3	-1.4	13.5	36.0	14.9	-4.5	11.3	11.8
<b>EBITDA</b>	<b>11,117</b>	<b>15,480</b>	<b>12,838</b>	<b>11,820</b>	<b>15,525</b>	<b>14,620</b>	<b>18,527</b>	<b>22,322</b>
Margin (%)	20.8	29.4	21.5	14.5	16.6	16.4	18.6	20.1
Depreciation	3,153	3,553	4,008	5,044	6,359	6,794	7,215	7,890
<b>EBIT</b>	<b>7,964</b>	<b>11,927</b>	<b>8,830</b>	<b>6,775</b>	<b>9,167</b>	<b>7,826</b>	<b>11,312</b>	<b>14,432</b>
Int. and Finance Charges	714	876	1,124	2,405	4,155	4,569	4,730	4,845
Other Income - Rec.	622	346	306	367	423	430	476	520
<b>PBT bef. EO Exp.</b>	<b>7,872</b>	<b>11,397</b>	<b>8,012</b>	<b>4,737</b>	<b>5,435</b>	<b>3,687</b>	<b>7,058</b>	<b>10,106</b>
EO Expense/(Income)	0	0	0	0	0	-4,000	0	0
<b>PBT after EO Exp.</b>	<b>7,872</b>	<b>11,397</b>	<b>8,012</b>	<b>4,737</b>	<b>5,435</b>	<b>7,687</b>	<b>7,058</b>	<b>10,106</b>
Current Tax	1,393	2,440	1,768	257	409	946	1,941	2,779
Deferred Tax	469	1,346	-2,682	1,045	1,076	0	0	0
Tax Rate (%)	23.6	33.2	-11.4	27.5	27.3	12.3	27.5	27.5
<b>Reported PAT</b>	<b>6,011</b>	<b>7,611</b>	<b>8,927</b>	<b>3,435</b>	<b>3,950</b>	<b>6,741</b>	<b>5,117</b>	<b>7,327</b>
<b>PAT Adj for EO items</b>	<b>6,011</b>	<b>7,611</b>	<b>5,899</b>	<b>3,435</b>	<b>3,950</b>	<b>2,741</b>	<b>5,117</b>	<b>7,327</b>
Change (%)	18.1	26.6	-22.5	-41.8	15.0	-30.6	86.6	43.2
Margin (%)	11.2	14.4	9.9	4.2	4.2	3.1	5.1	6.6

Balance Sheet								(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	236	236	236	236	236	236	236	236
Total Reserves	48,950	56,032	65,012	67,699	71,205	77,119	81,409	87,909
<b>Net Worth</b>	<b>49,186</b>	<b>56,268</b>	<b>65,249</b>	<b>67,935</b>	<b>71,441</b>	<b>77,356</b>	<b>81,646</b>	<b>88,145</b>
Deferred Liabilities	9,172	10,877	8,240	9,285	10,304	10,304	10,304	10,304
Total Loans	30,241	31,017	39,300	44,874	49,168	50,168	52,668	52,668
<b>Capital Employed</b>	<b>88,599</b>	<b>98,162</b>	<b>1,12,789</b>	<b>1,22,095</b>	<b>1,30,914</b>	<b>1,37,828</b>	<b>1,44,618</b>	<b>1,51,118</b>
Gross Block	93,901	1,06,223	1,18,037	1,47,329	1,72,397	1,82,397	2,02,397	2,18,397
Less: Accum. Deprn.	35,757	38,720	42,728	47,772	54,131	60,925	68,140	76,030
<b>Net Fixed Assets</b>	<b>58,144</b>	<b>67,503</b>	<b>75,309</b>	<b>99,557</b>	<b>1,18,266</b>	<b>1,21,472</b>	<b>1,34,257</b>	<b>1,42,367</b>
Capital WIP	18,143	23,255	30,340	19,873	13,784	16,000	12,000	12,000
<b>Total Investments</b>	<b>4,275</b>	<b>4,369</b>	<b>4,220</b>	<b>4,209</b>	<b>4,397</b>	<b>4,397</b>	<b>4,397</b>	<b>4,397</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>19,908</b>	<b>18,331</b>	<b>20,687</b>	<b>21,530</b>	<b>25,235</b>	<b>24,510</b>	<b>26,137</b>	<b>28,603</b>
Inventory	6,453	5,979	8,333	8,823	9,823	10,275	10,892	11,572
Account Receivables	5,269	3,752	3,498	4,650	8,522	6,116	6,808	7,613
Cash and Bank Balance	914	1,419	1,760	1,686	1,352	2,003	1,630	1,804
Loans and Advances	7,273	7,181	7,095	6,371	5,539	6,116	6,808	7,613
<b>Curr. Liability &amp; Prov.</b>	<b>11,871</b>	<b>15,296</b>	<b>17,767</b>	<b>23,074</b>	<b>30,770</b>	<b>28,551</b>	<b>32,172</b>	<b>36,250</b>
Account Payables	11,341	14,655	16,985	22,141	29,635	28,133	31,316	35,021
Provisions	531	641	782	933	1,135	418	856	1,229
<b>Net Current Assets</b>	<b>8,037</b>	<b>3,035</b>	<b>2,920</b>	<b>-1,545</b>	<b>-5,535</b>	<b>-4,041</b>	<b>-6,034</b>	<b>-7,647</b>
<b>Appl. of Funds</b>	<b>88,599</b>	<b>98,162</b>	<b>1,12,789</b>	<b>1,22,095</b>	<b>1,30,914</b>	<b>1,37,828</b>	<b>1,44,618</b>	<b>1,51,118</b>

Source: Company, MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>25.5</b>	<b>32.3</b>	<b>25.0</b>	<b>14.5</b>	<b>16.7</b>	<b>11.6</b>	<b>21.7</b>	<b>31.0</b>
Cash EPS	38.9	47.3	41.9	35.9	43.6	40.4	52.2	64.4
BV/Share	208.8	238.5	276.1	287.5	302.3	327.4	345.5	373.0
DPS	2.5	3.0	3.0	2.0	2.5	3.5	3.5	0.0
Payout (%)	11.8	9.3	7.9	13.8	15.0	12.3	16.2	0.0
<b>Valuation (x)</b>								
P/E	34.1	27.0	34.8	59.8	52.0	75.0	40.2	28.1
Cash P/E	22.4	18.4	20.7	24.2	19.9	21.6	16.7	13.5
P/BV	4.2	3.6	3.2	3.0	2.9	2.7	2.5	2.3
EV/Sales	4.1	4.0	3.6	2.8	2.6	2.7	2.5	2.2
EV/EBITDA	19.5	13.7	16.6	19.3	15.4	16.2	13.2	10.9
EV/Ton (USD)	137	129	130	123	123	117	111	111
Dividend Yield (%)	0.3	0.3	0.3	0.2	0.3	0.4	0.4	0.0
<b>Return Ratios (%)</b>								
RoIC	10.0	11.9	13.5	5.7	6.4	6.1	6.8	8.1
RoE	12.8	14.4	9.7	5.2	5.7	3.7	6.4	8.6
RoCE	9.4	9.8	10.6	4.8	6.0	5.8	6.5	7.9
<b>Working Capital Ratios</b>								
Asset Turnover (x)	0.6	0.5	0.5	0.7	0.7	0.6	0.7	0.7
Inventory (Days)	44.1	41.4	50.9	39.6	38.3	42.0	40.0	38.0
Debtor (Days)	36.0	26.0	21.3	20.9	33.3	25.0	25.0	25.0
Creditor (Days)	77.5	101.5	103.7	99.3	115.7	115.0	115.0	115.0
<b>Leverage Ratio (x)</b>								
Current Ratio	1.7	1.2	1.2	0.9	0.8	0.9	0.8	0.8
Debt/Equity	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.6

### Cash Flow Statement

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>(INR m)</b>								
<b>OP/(Loss) before Tax</b>	<b>7,872</b>	<b>11,397</b>	<b>8,012</b>	<b>4,737</b>	<b>5,435</b>	<b>7,687</b>	<b>7,058</b>	<b>10,106</b>
Depreciation	3,153	3,553	4,008	5,044	6,359	6,794	7,215	7,890
Interest & Finance Charges	714	876	1,124	2,405	4,155	4,569	4,730	4,845
Direct Taxes Paid	-1,861	-3,786	915	-1,302	-1,485	-946	-1,941	-2,779
(Inc)/Dec in WC	-2,590	5,507	457	4,390	3,656	-842	1,621	1,785
<b>CF from Operations</b>	<b>7,287</b>	<b>17,547</b>	<b>14,516</b>	<b>15,275</b>	<b>18,120</b>	<b>17,264</b>	<b>18,684</b>	<b>21,847</b>
Others	100	143	30	-166	-88	0	0	0
<b>CF from Operating incl EO</b>	<b>7,387</b>	<b>17,690</b>	<b>14,546</b>	<b>15,109</b>	<b>18,032</b>	<b>17,264</b>	<b>18,684</b>	<b>21,847</b>
(Inc)/Dec in FA	-18,791	-17,434	-18,900	-18,826	-18,979	-12,216	-16,000	-16,000
<b>Free Cash Flow</b>	<b>-11,404</b>	<b>256</b>	<b>-4,354</b>	<b>-3,717</b>	<b>-948</b>	<b>5,048</b>	<b>2,684</b>	<b>5,847</b>
(Pur)/Sale of Investments	19	-94	150	11	-189	0	0	0
Others	-1,257	1,150	-1,904	935	1,254	0	0	0
<b>CF from Investments</b>	<b>-20,029</b>	<b>-16,378</b>	<b>-20,654</b>	<b>-17,880</b>	<b>-17,914</b>	<b>-12,216</b>	<b>-16,000</b>	<b>-16,000</b>
Issue of Shares	0	0	0	0	0	0	0	0
Inc/(Dec) in Debt	14,054	776	8,282	5,575	4,294	1,000	2,500	0
Interest Paid	-714	-876	-1,124	-2,405	-4,155	-4,569	-4,730	-4,845
Dividend Paid	-711	-708	-709	-473	-591	-827	-827	-827
Others	0	0	0	0	0	0	0	0
<b>CF from Fin. Activity</b>	<b>12,630</b>	<b>-808</b>	<b>6,450</b>	<b>2,697</b>	<b>-452</b>	<b>-4,397</b>	<b>-3,058</b>	<b>-5,673</b>
<b>Inc/Dec of Cash</b>	<b>-13</b>	<b>504</b>	<b>342</b>	<b>-74</b>	<b>-334</b>	<b>651</b>	<b>-374</b>	<b>175</b>
Opening Balance	927	915	1,419	1,761	1,686	1,352	2,003	1,630
<b>Closing Balance</b>	<b>915</b>	<b>1,419</b>	<b>1,761</b>	<b>1,686</b>	<b>1,352</b>	<b>2,003</b>	<b>1,630</b>	<b>1,804</b>

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

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.

#### Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

#### Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

#### For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

#### For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

#### For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to [grievances@motilaloswal.com](mailto:grievances@motilaloswal.com).

Nainesh Rajani

Email: [nainesh.raiani@motilaloswal.com](mailto:nainesh.raiani@motilaloswal.com)

Contact: (+65) 8328 0276

#### Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months

- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

#### Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

#### Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

#### Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.