

## RAMCO CEMENTS LTD.

**CMP: 170**

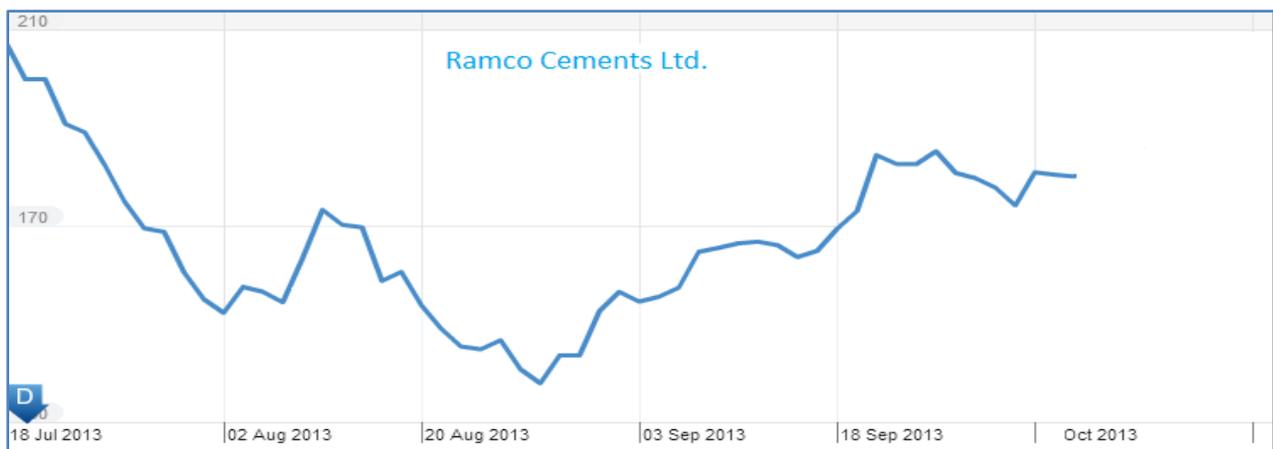
**01/10/2013**

### COMPANY PROFILE

**SECTOR: CEMENT - MAJOR**

The Ramco Cements Limited, formerly Madras Cements Ltd., is an India-based company that is principally engaged in the manufacture of cement, ready mix concrete, wind farm and dry mortar products. The Company operates in two segments: cement and power generation from windmills. The Company's products include ordinary portland cement, Portland pozzolana cement and wind power. During the fiscal year ended March 31, 2012, the Company's cement production was 7.522 million tons; ready mix concrete division had produced 59,589 cubic meters of concrete; dry mortar division had produced 26,558 tons of dry mortar, and wind farm division had generated 357200000 kilowatts hour.

### PRICE PERFORMANCE



(Stock Price performance for 3 Months)

Source: Bloomberg, in.reuters and Moneycontrol

## FINANCIALS

<b>Balance Sheet</b>				
<b>Y/E Mar (Rsmn)</b>	<b>FY12A</b>	<b>FY13A</b>	<b>FY14E</b>	<b>FY15E</b>
Equity share capital	238	238	238	238
Reserves & surplus	20,266	23,470	26,635	30,868
<b>Net worth</b>	<b>20,504</b>	<b>23,708</b>	<b>26,873</b>	<b>31,105</b>
Minority Interest	0	0	0	0
Secured Loans	19,919	19,075	15,993	13,019
Unsecured Loans	7,185	7,596	7,204	6,740
<b>Loan Funds</b>	<b>27,104</b>	<b>26,671</b>	<b>23,197</b>	<b>19,759</b>
Net deferred tax liability	6,492	7,164	7,164	7,164
<b>Total Liabilities</b>	<b>54,100</b>	<b>57,542</b>	<b>57,234</b>	<b>58,028</b>
Gross Block	58,564	66,227	68,088	73,213
Less: Depreciation	15,583	18,431	21,520	24,912
<b>Net block</b>	<b>42,981</b>	<b>47,796</b>	<b>46,568</b>	<b>48,301</b>
Capital work in progress	5,440	1,663	3,300	1,500
<b>Investment</b>	<b>887</b>	<b>888</b>	<b>888</b>	<b>888</b>
<b>Current Assets</b>	<b>11,274</b>	<b>14,368</b>	<b>14,704</b>	<b>16,508</b>
Inventories	4,911	5,948	6,353	7,296
Sundry debtors	2,111	3,043	3,114	3,466
Cash & bank balance	475	540	400	909
Loans & advances	3,778	4,837	4,837	4,837
Other current assets	0	0	0	0
<b>Current lia &amp; Prov</b>	<b>6,483</b>	<b>7,172</b>	<b>8,226</b>	<b>9,169</b>
Current liabilities	4,892	5,299	6,353	7,296
Provisions	1,591	1,873	1,873	1,873
<b>Net current assets</b>	<b>4,792</b>	<b>7,196</b>	<b>6,478</b>	<b>7,339</b>

Current P/E Ratio (ttm)	10.272
Estimated P/E(03/2014)	8.571
Relative P/E vs. <u>SENSEX</u>	0.6012
Earnings Per Share (ttm)	16.9387
Est. EPS (03/2014)	20.3
Est. PEG Ratio	.5176
Market Cap (M INR)	41406.78
Shares Outstanding (M)	237.97
30 Day Average Volume	116,994
Price/Book (mrq)	1.747
Price/Sale (ttm)	1.0824
Dividend Indicated Gross Yield	0.54%
Cash Dividend (INR)	1.0000
Last Dividend	07/19/2013
5 Year Dividend Growth	14.87%
Next Earnings Announcement	21/10/2013

## FORECAST

- Net sales up by 1.7% YOY – Volumes grew 0.5% YOY to 2.2 MT.
- FY13 volume growth of 10.7% with dispatches of 8.4MT.
- Compounded Annual Growth Rate at 7.7%.
- The company is to set up 1mtpa grinding unit at Vizag.
- Cut FY14 EPS estimates by 9.1% due to lower cement realisations, lower interests and other costs.
- PAT down by 35% YOY due to effective tax rates and lower interests and depreciation.

As results are below expectations, the rest of FY14 is expected to be better and would enable the company to deliver superior results.

## VALUATIONS

At the CMP of INR170 and market capitalization of 4140.6 crores, the stock is trading at the P/E of 10.9 of its FY14E earnings. We recommend **BUY** rating on the stock based on discounted free cash flow approach with a target price of INR 250/- in 5-7 months.

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