

Results Miss; Visibility remain strong in Aviation/HRP business

- RMCS Q1FY22 revenues declined by 6.7% QoQ to \$19.2mn (DE: \$23mn) due to softer bookings (lockdown impact in Asia) and lower license wins at \$2.7mn (large Aviation deal was in SaaS). EBIT Margins (adj for fx) were at a loss of 5.4% due to revenue decline and operating cost increase of 7.8% QoQ (increased discretionary spends and inflation led).
- Bookings for the quarter were weak at \$19.7mn v/s L4Qtr avg at \$27.5mn. This is largely from the impact of lockdown restrictions in many key Asian markets (Malaysia, Indonesia and Philippines) wherein client prefers in-person meetings. Expect momentum to improve largely in H2 due to pent-up demand from those regions.
- Ramco highlighted that it plans to invests more in sales team to capture the large client opportunities, also in building 12 more payrolls for European market as expect much larger, wider deal pipeline post its official launch with Oracle/Workday as payroll partner.
- We continue to remain confident on growth recovery despite near-term weak performance as the opportunity pool and business prospects are improving – (Faster go-lives, larger addressable market) and have built in Rev/EPS CAGR of 15%/20% over FY21-23E and retain our Buy rating with a DCF-based TP of Rs730 (implies 23x PER on FY23E earnings).

Pipeline across products is building up, Execution to scale up!

Company highlighted that it has a pipeline of \$500mn+ across its products (Aviation: \$150mn, HRP: \$250mn, ERP: \$100mn). It also has 15 deals which are above \$5mn TCV in the pipeline for FY22 (4 of those are above \$10mn each). Expects the pipeline to closure (past conversion rate is 18%) to be largely similar-to-higher starting H2FY22. Within the HRP space, Ramco Systems has scaled the active partner pipeline to \$185mn (up 50% YoY) with Workday and Oracle. Ramco is also building a Connector for these partners which are expected to be ready by Aug-21 (for select regions). Post the Connector Release, Ramco's HRP product can be scaled much faster with push from large global sales team of partners. In Aviation space, the opportunity pool is increasing as 1/3rd of pipeline is now contributed by Defence/Drone-planes sub-segment (from just 5% in 2018). Company is also investing in AI-ML powered solution and increased automation that would increase auto configuration and ensure faster & flawless execution.

Q1FY22 Result (Rs Mn)

Particulars	Q1FY22	Q1FY21	YoY (%)	Q4FY21	QoQ (%)
Revenue	1,405	1,452	(3.3)	1,499	(6.3)
Total Expense	1,289	1,003	28.5	1,195	7.8
EBITDA	116	450	(74.3)	303	(61.9)
Depreciation	186	174	7.1	172	8.2
EBIT	(71)	276	(125.7)	131	(153.9)
Other Income	24	34	(28.9)	31	(21.5)
Interest	14	29	(51.9)	15	(5.1)
EBT	(60)	281	(121.5)	147	(141.0)
Tax	27	139	(80.6)	73	(63.3)
RPAT	(89)	138	(164.7)	73	(222.1)
APAT	(89)	138	(164.7)	73	(222.1)
			(bps)		(bps)
Gross Margin (%)	47.4	55.2	(788)	52.9	(554)
EBITDA Margin (%)	8.2	31.0	(2272)	20.3	(1202)
NPM (%)	(6.4)	9.5	(1587)	4.9	(1125)
Tax Rate (%)	(44.5)	49.5	(9394)	49.7	(9415)
EBIT Margin (%)	(5.0)	19.0	(2401)	8.8	(1380)

CMP	Rs 549
Target / Upside	Rs 730 / 33%
NIFTY	15,779

Scrip Details

Equity / FV	Rs 307mn / Rs 10
Market Cap	Rs 17bn
	USD 232mn
52-week High/Low	Rs 785/ 129
Avg. Volume (no)	2,44,530
Bloom Code	RMCS IN

Price Performance	1M	3M	12M
Absolute (%)	(10)	13	300
Rel to NIFTY (%)	(10)	5	257

Shareholding Pattern

	Dec'20	Mar'21	Jun'21
Promoters	54.6	54.5	54.5
MF/Banks/FIs	8.9	8.6	8.6
FIIIs	1.5	1.4	1.4
Public / Others	35.0	35.5	35.5

Valuation (x)

	FY21A	FY22E	FY23E
P/E	30.3	37.3	17.4
EV/EBITDA	10.0	11.0	6.8
ROE (%)	8.9	6.7	13.0
RoACE (%)	9.8	7.4	13.5

Estimates (Rs mn)

	FY21A	FY22E	FY23E
Revenue	6,263	6,943	8,611
EBITDA	1,713	1,531	2,402
PAT	557	453	968
EPS (Rs.)	18.1	14.7	31.5

VP - Research: Rahul Jain

Tel: +9122 40969771

E-mail: rahulj@datcapital.com

Associate: Divyesh Mehta

Tel: +91 22 40969768

E-mail: divyesh.mehta@datcapital.com

Exhibit 1: Quarterly performance versus estimates

(Rs mn)	Estimates			% Variation		Comment
	Actual	Dolat	Consensus	Dolat	Consensus	
USD Revenue	19	23	NA	(16.4)	NA	Revenue Miss due to weaker Bookings (\$19mn against 4qtr avg at \$27mn)
INR Revenue	1,405	1,695	NA	(17.1)	NA	
EBIT	(71)	218	NA	(132.5)	NA	EBIT Margin Miss was extended by QoQ increase in hosting cost, and advertising cost.
EBIT, margin	(5.0)	12.8	NA	(1,790 bps)	NA	
PAT	(89)	129	NA	(164.7)	NA	PAT Miss extended due to lower other income and tax payment despite PBT level loss.

Source: DART, Company

Change in Estimates

Accounting for results miss, confident commentary, increased cost base (discretionary cost returning and cost inflations), we have curtailed our growth estimate for FY22/FY23E by 5% each which in turn would mean further impact on our profitability estimates to the tune of 514bps/189bps respectively. Thus in nutshell this would result in sharp earnings cut by 35%/10% for FY22/FY23 respectively.

Exhibit 2: Change in Estimates

(Rs mn)	FY21A	FY22E			FY23E		
	Actual	Old	New	% chg	Old	New	% chg
USD Revenue	85	99	94	(5.0)	119	113	(4.5)
YoY growth, %	4.8	16.1	10.3	(579 bps)	20.4	20.9	56 bps
INR Revenue	6,263	7,333	6,943	(5.3)	9,021	8,611	(4.5)
YoY growth, %	10.1	17.1	10.9	(622 bps)	23.0	24.0	99 bps
EBIT	1,021	1,198	778	(35.1)	1,858	1,610	(13.3)
EBIT mgns, %	16.3	16.3	11.2	(514 bps)	20.6	18.7	(189 bps)
Net profits	557	702	453	(35.4)	1,076	968	(10.0)
EPS	18.2	22.8	14.7	(35.4)	35.0	31.5	(10.0)

Source: DART, Company

Exhibit 3: Key Assumptions in Our Estimates

Key assumptions	FY20A	FY21A	FY22E	FY23E
Growth in \$ HCM Biz.	(8.7)	21.0	30.2	(8.7)
Growth in \$ ERP Biz.	(1.0)	(3.4)	14.1	(1.0)
Growth in \$ Aviation Biz.	36.5	15.7	17.6	36.5
Growth in \$ Revenue	4.8	10.3	20.9	4.8
Growth in INR Revenue	10.1	10.9	24.0	10.1
INR/US\$ realized rate	73.7	74.1	76.0	73.7
EBIT Margin	16.3	11.2	18.7	16.3

Source: DART, Company

Exhibit 4: YoY Growth Matrix (%)

Particulars	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22
License Revenue	(10.4)	(11.3)	29.0	54.4	(31.1)
Annuity Revenue	15.5	15.8	10.0	11.4	9.2
Implementation Revenue	(9.5)	(3.7)	3.8	(7.5)	3.8

Source: DART, Company

Exhibit 5: Quarterly Trend

Rs mn	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	YoY (%)	QoQ (%)	YDTFY22	YDTFY21	YoY (%)
USD Revenue	19	22	23	21	19	(1.1)	(6.7)	19	19	(1.1)
INR Revenue	1,452	1,598	1,714	1,499	1,405	(3.3)	(6.3)	1,452	1,405	(3.3)
Operating Expense	1,003	1,160	1,192	1,195	1,289	28.5	7.8	1,003	1,289	28.5
Cost of revenue	650	671	734	706	739	13.7	4.7	650	739	13.7
as % of sales	44.8	42.0	42.8	47.1	52.6	788 bps	554 bps	44.8	52.6	788 bps
SG&A expense	353	489	458	489	550	55.8	12.3	353	550	55.8
as % of sales	24.3	30.6	26.7	32.6	39.1	1484 bps	648 bps	24.3	39.1	1484 bps
EBITDA	450	438	522	303	116	(74.3)	(61.9)	450	116	(74.3)
Depreciation	174	174	171	172	186	7.1	8.2	174	186	7.1
EBIT	276	264	351	131	(71)	(125.7)	(153.9)	276	(71)	(125.7)
Other Income	5	26	10	16	10	97.5	(36.2)	5	10	97.5
PBT	281	290	361	147	(60)	(121.5)	(141.0)	281	(60)	(121.5)
Total Tax	139	121	180	73	27	(80.6)	(63.3)	139	27	(80.6)
Adjusted PAT	142	169	181	74	(87)	(161.6)	(217.7)	142	(87)	(161.6)
Minority Interest	(4)	(2)	(2)	(1)	(2)	(45.2)	103.0	(4)	(2)	(45.2)
Reported PAT	138	167	179	73	(89)	(164.7)	(222.1)	138	(89)	(164.7)
Reported EPS	4.5	5.4	5.8	2.4	(2.9)	(164.5)	(222.2)	4.5	(2.9)	(164.5)
Margins (%)						(bps)	(bps)			(bps)
EBIDTA	31.0	27.4	30.4	20.3	8.2	(2,272)	(1,202)	31.0	8.2	(2,272)
EBIT	19.0	16.5	20.5	8.8	(5.0)	(2,401)	(1,380)	19.0	(5.0)	(2,401)
EBT	19.3	18.1	21.1	9.8	(4.3)	(2,363)	(1,415)	19.3	(4.3)	(2,363)
PAT	9.5	10.5	10.4	4.9	(6.4)	(1,587)	(1,125)	9.5	(6.4)	(1,587)
Effective Tax rate	49.5	41.6	49.8	49.7	(44.5)	(9,394)	(9,415)	49.5	(44.5)	(9,394)

Source: DART, Company

What to expect Next Quarter

We expect strong revenue performance in Q1 (up 20% QoQ) as we expect improved performance from HRP (backed by strong deal wins in July'21) while expect momentum to accelerate in Aviation. Operating Profitability is also likely to normalize to some degree on operating leverage to 10.2% (FY21 was at 16.3%).

Exhibit 6: What to expect next Quarter

Particulars	Q2FY22E	Q1FY22	Q2FY21	QoQ (%)	YoY (%)
USD Revenue	23.0	19.2	21.6	19.6	6.7
INR Revenue	1,680	1,405	1,598	19.6	5.1
EBIT	172	-71	264	(342.8)	(34.9)
PAT	118	-89	167	(231.7)	(29.6)
EPS (Rs)	3.8	(2.9)	5.4	(231.5)	(29.7)
EBIT Margin (%)	10.2	(5.0)	16.5	1527 bps	-629 bps

Source: DART, Company

Valuation

Software companies' performance tends to be bit volatile on annualized basis and thus it is better to be valued on DCF basis to capture the true potential in near-to-medium term. We have factored in Revenue CAGR of 18.4% (earlier 21.4%) over FY21-24E and 14.7% (earlier 13.3%) thereafter over FY24-30E. We have built in overall Revenue CAGR of 15.9% (earlier 15.9%) over FY21-30E and FY21-FY30 EBIT margin of 24.7% (earlier 24.0%) and Terminal growth rate of 2% (unchanged). Taking these assumptions, we have arrived at TP of Rs. 730 per share (from Rs. 760) and UNCHANGED Rating of Buy.

Key Highlights from Earning Call

- **Revenue:** USD Revenue decreased by 6.7% QoQ and 1.1% YoY to \$19.2mn well below our estimate of \$23.0mn. Ramco Systems has highlighted that the softness in Q1FY22 is due to 1) Muted Bookings 2) One Large aviation deal being on SaaS Model (lower revenue upfront) and 3) Lockdown restriction led impact in Asian markets (prefers in-person meetings).
- **Stream wise Revenues:** Licence revenues were weak at \$2.7mn (declining 5.3% QoQ after a decline of 57.6% QoQ in Q4FY21). This is due to lower booking momentum. Annuity Revenue (BPO + Recurring Revenue) declined 4.2% QoQ to \$7.0mn. Implementation Revenue grew 1.1% QoQ to \$9.5mn.

Exhibit 7: Revenue Trend for Q1FY22

Revenue	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
License Revenue	2.7	14	(5.3)	(31.1)	(0.2)	11
Recurring Revenue	5.5	29	(6.2)	8.7	(0.4)	26
BPO Revenue	1.5	8	3.4	11.0	0.1	(4)
Implementation Revenue	9.5	49	1.1	3.8	0.1	(7)
Resale of Material	0.1	0	(94.4)	200.0	(1.0)	74
Total	19.2	100	(6.6)	(1.1)	(1.4)	100

Source: DART, Company

Bookings & Order Book: The Booking Momentum has been soft due to lockdown in Asian Countries which contribute large chunk of booking for Ramco Systems. The Bookings in Europe and Americas are doing well (as they are comfortable with remote). The Asian clients are hesitant to close deals without in person meeting or physical documents signing. Given the pipeline that Ramco has, it expects the booking momentum to largely improve in H2 (mainly large deals).

Exhibit 8: Segmental Revenue Trend for Q1FY22

Bookings	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
ERP	7.0	36	(1.6)	(2.7)	(0.1)	8
HCM	6.4	33	(11.5)	2.7	(0.8)	61
Aviation	5.9	30	(6.8)	(3.1)	(0.4)	31
Total	19.2	100	(6.6)	(1.1)	(1.4)	100

Source: DART, Company

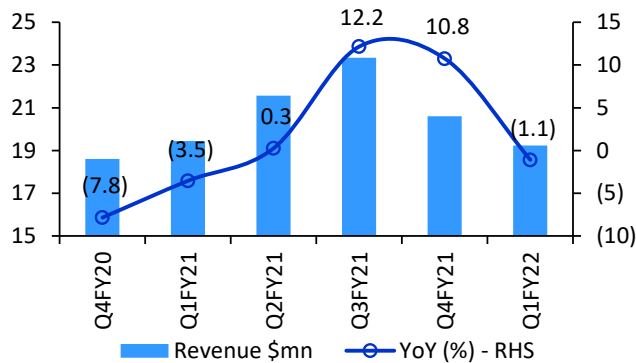
- **ERP Segment (36% of Revenue):** Ramco is expecting flattish momentum for ERP segment in FY22. While it is witnessing some demand from large clients. Ramco is focusing on making the product more attractive in terms of the UI and UX (already has depth and breadth in terms of feature) as it will make it more competitive and aid in winning deals. It is also thinking over moving to Small and Medium businesses by moving to SaaS. It is not fully moving to towards SaaS as ERP needs some customization. It is also investing in ability to handle large volumes.
- **HRP Segment (34% of Revenue):** Ramco expects the HRM segment to scale well post the deployment of Connector to Oracle and Workday HCM offerings. These Connectors once in place would officially open gates to sales team of these companies for selling Ramco HRP offering to their vast sales team and SI partners. In Oracle Partnership, Ramco is expected to deploy the connector in Aug'21 for 50+ countries on Oracle Cloud. It is also expecting 10 deal closures by

Q3/Q4 (2 closed in Q2). For Workday, Ramco will deploy the Connector by Aug'21 in ANZ region and scale up slowly in other regions by March'22. Ramco is waiting for certification of "certified connector" in Workday solution. Company is also investing in 12 more payrolls specifically for the European markets, which will further expand overall revenue potential in coming years.

- **Aviation Segment (30% of Revenue):** RMCS is leveraging its strong partnership with key US Defence contractors which is expected to further add potential opportunities beyond Fighter Jets (Submarine, Tanks, Warships etc – leveraging its complete suite that works well for any manufacturing company as exhaustive ERP). The space of eVTOLs is growing where Ramco signed its first deal with one of the largest players in this space. It's positioning in Helicopter space is helping them gain scale in eVTOL space where no player is offering software for eVTOLs. The Defense opportunity is now a larger part of the Aviation Opportunity Pool. The SaaS or license based deployment in the aviation market could depend on clients. Ramco is also hiring US nationals (added 12 overall in last 15months) as non-US nationals cannot handle some data/systems meant for US defense.
- **EBIT:** EBIT margins for the quarter on the adjusted Fx basis stood at loss of 5.4% as against our expectations of profit of 12.8%. This was largely due to increase in to hosting cost (up by \$0.1mn), advertising cost (up by \$0.1mn) and another \$0.7mn towards sales incentives (was not there in Q4). Increments to Indian Employee base to retain talent also impacted the EBIT Margins. Ramco Systems expects the bad debt provisions to be around Rs. 120mn over next 3 quarters..

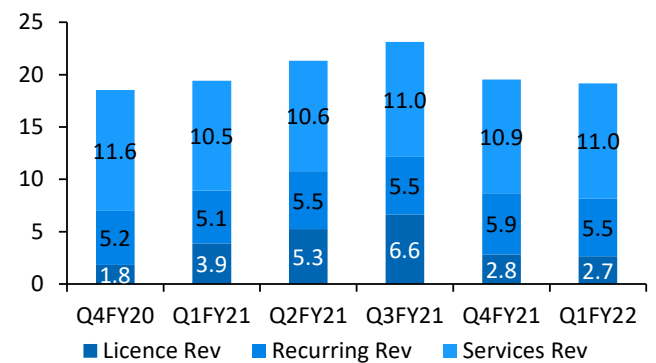
Story in Charts

Exhibit 9: Revenue momentum weakened



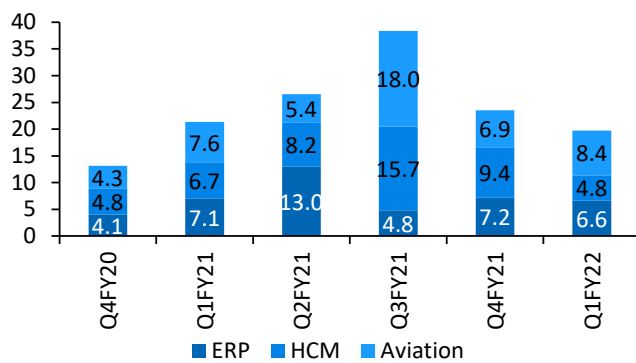
Source: DART, Company

Exhibit 10: Q1 contraction led by weak license wins and Recurring Revenue



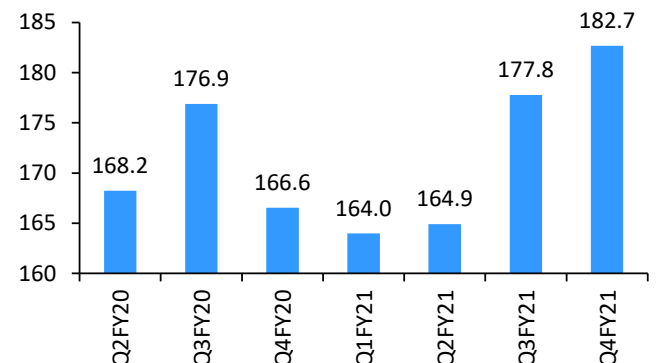
Source: DART, Company

Exhibit 11: Soft Order Intake across segments



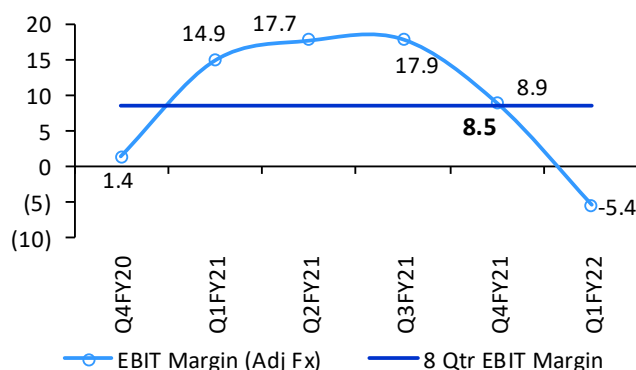
Source: DART, Company

Exhibit 12: Unexecuted Order Book still strong



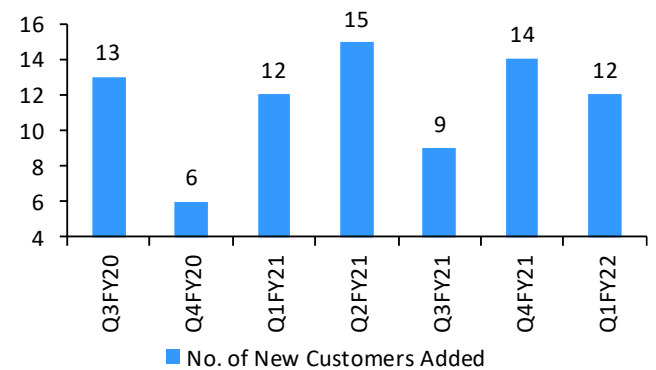
Source: DART, Company

Exhibit 13: OPM Loss on weak revenues and cost inch up



Source: DART, Company

Exhibit 14: New Customer win Trend Stable



Source: DART, Company

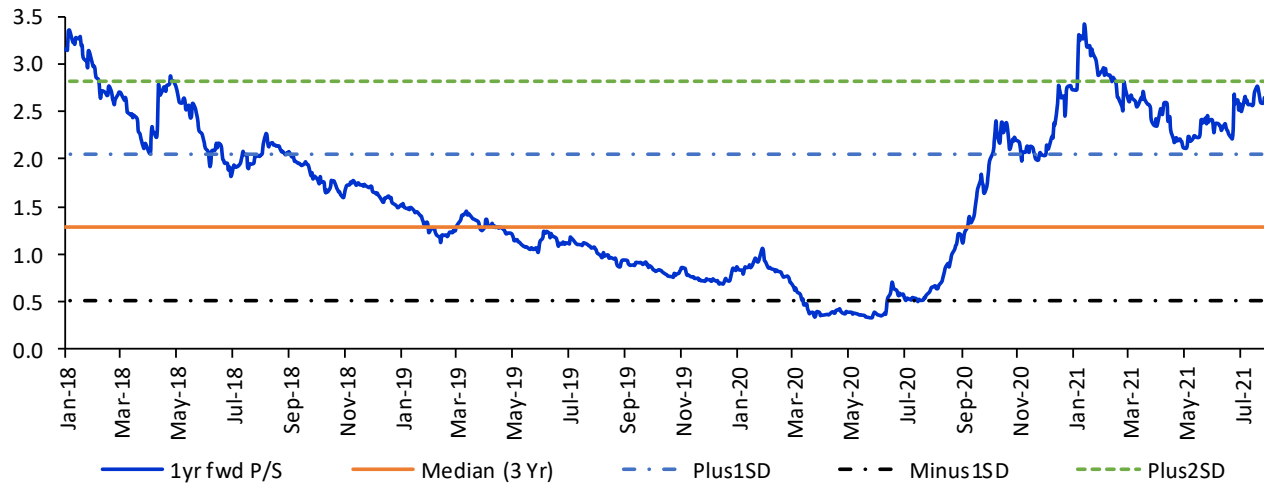
Exhibit 15: Operating Metrics

Metrics	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22
USD Growth QoQ	(0.1)	6.7	(3.2)	(10.6)	4.5	10.9	8.3	(11.7)	(6.7)
USD Growth YoY	5.9	13.0	3.7	(7.8)	(3.5)	0.3	12.2	10.8	(1.1)
LTM Revenues rolling	79.4	81.9	82.6	81.1	80.4	80.4	82.9	84.9	84.7
Growth YoY	5.9	7.7	7.8	3.5	1.2	(1.8)	0.4	4.8	5.5
Bookings - Business (\$mn)									
ERP	5.1	14.9	2.6	4.1	7.1	13.0	4.8	7.2	6.6
HCM	14.5	9.4	15.6	4.8	6.7	8.2	15.7	9.4	4.8
Aviation	1.9	1.8	11.6	4.3	7.6	5.4	18.0	6.9	8.4
Total	21.5	26.0	29.8	13.1	21.4	26.5	38.4	23.5	19.8
Unexecuted Order Book	168.0	168.2	176.9	166.6	164.0	164.9	177.8	182.7	189.3
YoY	11.6	4.5	5.3	0.3	(2.4)	(2.0)	0.5	9.7	15.5
Revenue segments (\$mn)									
Products - Core	9.1	10.9	10.4	7.0	8.9	10.8	12.2	8.7	8.2
- Licence revenues	4.3	5.9	5.1	1.8	3.9	5.3	6.6	2.8	2.7
- Recurring	4.8	5.0	5.2	5.2	5.1	5.5	5.5	5.9	5.5
Services	10.9	10.5	10.3	11.6	10.5	10.6	11.0	10.9	11.0
- BPO	0.8	1.0	1.1	1.4	1.4	1.4	1.4	1.5	1.5
- Implementation	10.1	9.6	9.2	10.2	9.2	9.2	9.6	9.4	9.5
Resale of Material	0.2	0.1	0.2	0.1	0.0	0.2	0.2	1.1	0.1
Segment Growth (YoY)									
Products - Core	(15.9)	(3.1)	(14.5)	(40.7)	(1.8)	(1.1)	17.4	23.9	(8.5)
- Licence revenues	(33.0)	(13.2)	(31.9)	(74.3)	(10.4)	(11.3)	29.0	54.4	(31.1)
- Recurring	9.2	12.4	14.3	9.8	6.3	10.8	6.1	13.4	8.7
Services	39.2	39.6	30.5	38.3	(3.8)	0.6	6.3	(6.0)	4.8
- BPO	14.3	32.9	52.1	81.8	70.0	41.2	27.9	4.3	11.0
- Implementation	41.5	40.4	28.3	34.0	(9.5)	(3.7)	3.8	(7.5)	3.8
Resale of Material	(59.0)	(68.0)	150.0	50.0	(87.5)	162.5	46.7	1,683.3	200.0
Revenue by Industry Practice (\$mn)									
ERP	8.1	10.5	6.4	7.0	7.2	8.5	9.0	7.1	7.0
HCM	7.8	7.0	8.3	7.1	6.2	7.6	6.5	7.2	6.4
Aviation	4.2	3.9	6.1	4.5	6.0	5.4	7.8	6.3	5.9
Industry Practice Growth (YoY)									
ERP	(9.8)	74.5	10.3	(5.4)	(11.7)	(19.5)	40.2	1.6	(2.7)
HCM	55.8	(14.1)	(15.3)	(5.7)	(20.2)	8.8	(21.6)	1.5	2.7
Aviation	(15.8)	(18.3)	36.5	(14.3)	43.1	38.1	28.6	39.6	(3.1)
Geography segments (\$mn)									
America	3.6	3.6	3.9	3.4	5.6	4.4	5.5	4.4	4.6
Europe	0.8	0.5	0.6	0.6	0.5	0.5	1.9	1.8	1.1
APAC	7.4	10.5	9.3	7.9	6.9	9.7	7.8	7.0	6.6
India	6.5	5.1	4.2	4.4	4.3	4.4	6.3	5.2	3.9
Middle East and North Africa	1.8	1.8	2.8	2.3	2.2	2.5	1.8	2.2	3.0
Customer Metrics									
No. of New Customers Added	14	17	13	6	12	15	9	14	12
% Rev from New Customers	17	24	21	14	18	20	31	29	10
Bookings carried over	17.9	19.8	23.5	11.3	17.5	21.2	26.5	16.7	17.8
Revenues from existing customers	16.7	16.3	16.4	16.0	15.9	17.2	16.1	14.6	17.3

Source: DART, Company

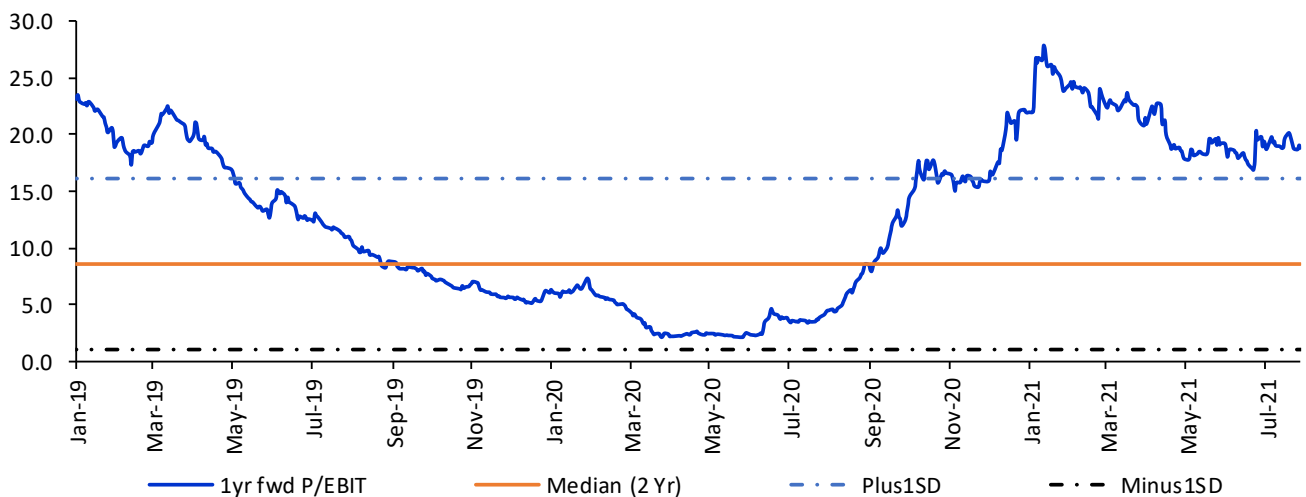
Band Charts

Exhibit 16: Prices / Sales multiple is attractive at 2.5x compared to other cloud business which trade at 5-10x



Source: DART, Company

Exhibit 17: Price / EBIT is improving as Profitability is improving



Source: Company, DART

Profit and Loss Account

(Rs Mn)	FY20A	FY21A	FY22E	FY23E
Revenue	5,689	6,263	6,943	8,611
Total Expense	4,659	4,550	5,412	6,209
COGS	2,562	2,762	3,041	3,442
Employees Cost	0	0	0	0
Other expenses	2,097	1,789	2,371	2,767
EBIDTA	1,030	1,713	1,531	2,402
Depreciation	665	691	753	792
EBIT	365	1,021	778	1,610
Interest	122	88	53	49
Other Income	92	146	140	154
Exc. / E.O. items	0	0	0	0
EBT	335	1,079	865	1,715
Tax	228	512	412	747
RPAT	102	557	453	968
Minority Interest	7	9	0	0
Profit/Loss share of associates	2	0	0	0
APAT	102	557	453	968

Balance Sheet

(Rs Mn)	FY20A	FY21A	FY22E	FY23E
Sources of Funds				
Equity Capital	306	307	307	307
Minority Interest	21	30	30	30
Reserves & Surplus	5,752	6,211	6,664	7,633
Net Worth	6,058	6,518	6,972	7,940
Total Debt	929	0	0	0
Net Deferred Tax Liability	(278)	50	50	50
Total Capital Employed	6,730	6,598	7,052	8,020

Applications of Funds

Net Block	3,394	3,398	3,370	3,328
CWIP	0	0	0	0
Investments	15	15	15	15
Current Assets, Loans & Advances	6,094	5,998	6,586	7,704
Inventories	0	0	0	0
Receivables	1,938	1,835	2,054	2,524
Cash and Bank Balances	152	153	407	779
Loans and Advances	1,035	1,004	1,124	1,359
Other Current Assets	2,969	3,005	3,001	3,041
Less: Current Liabilities & Provisions	2,772	2,813	2,920	3,027
Payables	597	611	697	782
Other Current Liabilities	2,175	2,202	2,223	2,244
<i>sub total</i>				
Net Current Assets	3,321	3,185	3,666	4,677
Total Assets	6,730	6,598	7,052	8,020

E – Estimates

Important Ratios

Particulars	FY20A	FY21A	FY22E	FY23E
(A) Margins (%)				
Gross Profit Margin	55.0	55.9	56.2	60.0
EBIDTA Margin	18.1	27.3	22.1	27.9
EBIT Margin	6.4	16.3	11.2	18.7
Tax rate	68.0	47.5	47.6	43.5
Net Profit Margin	1.8	8.9	6.5	11.2
(B) As Percentage of Net Sales (%)				
COGS	45.0	44.1	43.8	40.0
Employee	0.0	0.0	0.0	0.0
Other	36.9	28.6	34.1	32.1
(C) Measure of Financial Status				
Gross Debt / Equity	0.2	0.0	0.0	0.0
Interest Coverage	3.0	11.6	14.7	32.9
Inventory days	0	0	0	0
Debtors days	124	107	108	107
Average Cost of Debt	14.0	19.0		
Payable days	38	36	37	33
Working Capital days	213	186	193	198
FA T/O	1.7	1.8	2.1	2.6
(D) Measures of Investment				
AEPS (Rs)	3.3	18.1	14.7	31.5
CEPS (Rs)	25.0	40.6	39.2	57.2
DPS (Rs)	0.0	0.0	0.0	0.0
Dividend Payout (%)	0.0	0.0	0.0	0.0
BVPS (Rs)	197.8	212.0	226.7	258.2
RoANW (%)	1.7	8.9	6.7	13.0
RoACE (%)	3.5	9.8	7.4	13.5
RoAIC (%)	5.8	15.7	11.9	23.2
(E) Valuation Ratios				
CMP (Rs)	549	549	549	549
P/E	165.4	30.3	37.3	17.4
Mcap (Rs Mn)	17,225	17,225	17,225	17,225
MCap/ Sales	3.0	2.8	2.5	2.0
EV	18,003	17,072	16,818	16,446
EV/Sales	3.2	2.7	2.4	1.9
EV/EBITDA	17.5	10.0	11.0	6.8
P/BV	2.8	2.6	2.4	2.1
Dividend Yield (%)	0.0	0.0	0.0	0.0
(F) Growth Rate (%)				
Revenue	4.9	10.1	10.9	24.0
EBITDA	17.1	66.3	(10.6)	56.9
EBIT	(0.9)	179.5	(23.9)	107.0
PBT	(20.8)	222.0	(19.8)	98.3
APAT	(39.8)	447.9	(18.7)	113.6
EPS	(38.4)	445.8	(18.7)	113.6

Cash Flow

(Rs Mn)	FY20A	FY21A	FY22E	FY23E
CFO	505	1,656	1,031	1,171
CFI	(573)	(661)	(725)	(750)
CFF	(20)	(1,026)	(53)	(49)
FCFF	(80)	965	306	421
Opening Cash	94	116	153	407
Closing Cash	116	153	407	779

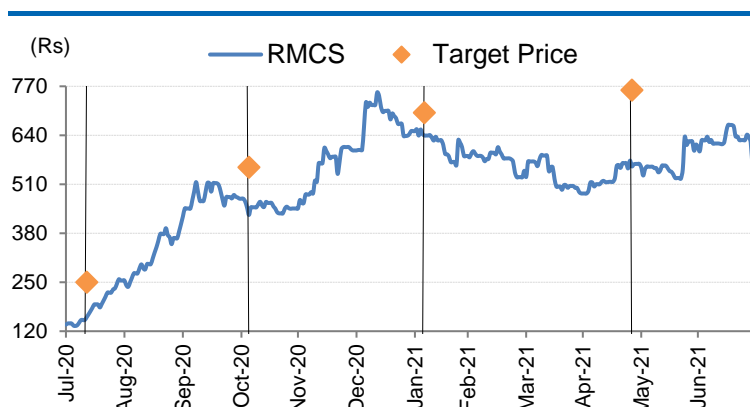
E – Estimates

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.)
Aug-20	Buy	250	157
Nov-20	Buy	555	428
Feb-21	Accumulate	700	639
May-21	Buy	760	558

*Price as on recommendation date

DART Team

Purvag Shah	Managing Director	purvag@dolatcapital.com	+9122 4096 9747
--------------------	--------------------------	--------------------------------	------------------------

Amit Khurana, CFA	Head of Equities	amit@dolatcapital.com	+9122 4096 9745
--------------------------	-------------------------	------------------------------	------------------------

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 - Equity Sales	jubbins@dolatcapital.com	+9122 4096 9779
Anjana Jhaveri	VP - FII Sales	anjanaj@dolatcapital.com	+9122 4096 9758
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

Analyst(s) Certification

The research analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

I. Analyst(s) and Associate (S) holding in the Stock(s): (Nil)

II. Disclaimer:

This research report has been prepared by Dolat Capital Market Private Limited. to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies) solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of Dolat Capital Market Private Limited. This report has been prepared independent of the companies covered herein. Dolat Capital Market Private Limited. and its affiliated companies are part of a multi-service, integrated investment banking, brokerage and financing group. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, financing or any other advisory services to the company(ies) covered herein. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have received or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services. Research analysts and sales persons of Dolat Capital Market Private Limited. may provide important inputs to its affiliated company(ies) associated with it. While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and Dolat Capital Market Private Limited. does not warrant its accuracy or completeness. Dolat Capital Market Private Limited. may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision. The investment discussed or views expressed herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and Dolat Capital Market Private Limited. reserves the right to make modifications and alterations to this statement as they may deem fit from time to time. Dolat Capital Market Private Limited. and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (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. This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction. 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 Dolat Capital Market Private Limited. and/or its affiliated company(ies) 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 a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

For U.S. Entity/ persons only: "This Report is considered independent third-party research and was prepared by Dolat Capital Market Private Limited, with headquarters in India. The distribution of this Research is provided pursuant to the exemption under Rule 15a-6(a) (2) and is only intended for an audience of Major U.S. Institutional Investors (MUSIIs) as defined by Rule 15a-6(b)(4). This research is not a product of StoneX Financial Inc. Dolat Capital Market Private Limited has sole control over the contents of this research report. StoneX Financial Inc. does not exercise any control over the contents of, or the views expressed in, any research reports prepared by Dolat Capital Market Private Limited and under Rule 15a-6(a) (3), any U.S. recipient of this research report wishing to affect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through StoneX Financial Inc. Please contact Paul Karrlsson-Willis at +1 (407) 741-5310 or email Paul.Karrlsson-Willis@stonex.com and/or Igor Chernomorskiy at +1 (212)379-5463 or email Igor.Chernomorskiy@stonex.com. Under no circumstances should any U.S. recipient of this research report effect any transaction to buy or sell securities or related financial instruments through the Dolat Capital Market Private Limited."



Dolat Capital Market Private Limited.

Corporate Identity Number: U65990DD1993PTC009797

Member: BSE Limited and National Stock Exchange of India Limited.

SEBI Registration No: BSE - INZ000274132, NSE - INZ000274132, Research: INH000000685

Registered office: Unit no PO6-02A - PO6-02D, Tower A, WTC, Block 51, Zone-5, Road 5E, Gift City, Gandhinagar, Gujarat – 382355

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