



About Ramaraju Surgical Cotton Mills Limited Unlisted Shares

- (i) Ramaraju Surgical Cotton Mills, Ltd is part of the Ramco group of companies. The group has annual sales of approximately US\$1 billion and produces cotton yarn, specialty yarn, cement, roofing and building materials. The group also offers enterprise software solutions in the cloud.
- (ii) Ramaraju Surgical Cotton Mills was established in 1939 in Rajapalayam, Tamil Nadu, to utilise cotton grown by local farmers. It is an affiliate of Rajapalayam Mills Ltd. Founded in 1935, the company was instrumental in transforming the region from an agricultural to an industrial society.
- (iii) The company is South India's largest manufacturer of cotton wool, gauze, bandages and other wound care products. Its monthly production capacity is over 125 tonnes of medical-grade bleached cotton and over 1.5 million square metres of bandage and gauze products.
- (iv) Over the years, they have expanded into spinning and weaving, producing some of the world's finest cotton yarns and high-quality fabrics for shirting, bed linen and jacquards. They produce around 400 tonnes of extra-fine ring spun yarn and around 400 tonnes of open-end yarn every month. Currently, the company has 2200 employees and offers over 200 unique products.

The company is listed on the Metropolitan Stock Exchange of India.

Factories: a) Surgery Division 1. Rajapalaiyam 2. Perumalpatti

b) Spinning Division Sudarsanam Spinning Mills 1. 1. Rajapalayam 2. Silvassa 3. Subramaniyapuram 4. Thirumalagiri Village, AP.

c) Fabrics Division Sudarsanam Fabrics Perumalpatti

Revenue Contribution of Each Segment in FY19-20

Segment	Revenue(cr)	%
Textile	136	41%
Surgical	37	11%
Fabric	153	46%
Wind-mills	8	2%

Financial Analysis FY 2019-20:

1. Ramaraju delivered a very strong performance in FY 2019-20. Revenues increased from Rs 25.5 crore to Rs 31.6 crore, showing a growth of 23%. 2. EBITDA margins also improved by 500 basis points, showing a very strong performance. 3. Ramaraju posted a profit of Rs 190 crore in 2019-20 against a loss in the previous financial year. 4. Profit and Loss Statement is Strong but Balance Sheet is Weakened. Liquidity has continued to decline this year from 0.73 to 0.70. A liquidity ratio below 1 is already a warning signal. It means that the company's liquidity situation is not good. 5. The company's D/E is 1.31. Anything above 1 is dangerous. Total liabilities stand at Rs 26.7 Cr and net worth at Rs 23.6 Cr at the end of FY 2019-20. 6. The maturity of accounts receivable has also been extended by 43 days to 78 days, showing that it is becoming difficult for Ramaraju to collect accounts receivable from its debtors in a timely manner. 7. Operating cash flow has also declined from Rs 21 Cr to Rs 11 Cr and the company is not generating any free cash flow from operating activities. The rosy outlook in the income statement is not reflected in the balance sheet and cash flow statement. Therefore, it is important to read all financial statements together to understand the company's performance.



Rama Raju Surgical Unlisted Equity Financial Review FY21-22

1. Revenue increased from Rs 3,150 crore in FY21 to Rs 3,770 crore in FY22. Sales increased by 20%.
2. Despite a 20% increase in revenue, the bottom line worsened, clocking in at PAT 1.5 billion in FY22 compared to PAT 4.2 billion in FY21.
3. Gross margins decreased from 59% in FY21 to 43% in FY22. This is a direct impact of inflation. Material costs have increased significantly in FY22.
4. Further, depreciation expense has increased from Rs 170 crore to Rs 400 crore. This is also one of the reasons for the sharp decline in PAT. We have invested around Rs 500 crore in the purchase of fixed assets in FY22. This is why depreciation expense has increased.
5. We generated cash from operations of Rs 380 crore in FY22.
6. D/E is a little over 1. But this is within tolerable limits.
7. Liquidity 3.0 is just below 1. It should be above 1.5x to better manage the business in the near term.
8. Return on Equity is just 5% for FY22. Last year it was almost 15%.
9. Ramaraju's unlisted shares are trading at 650 per share as of May 30, 2022. This means that the current P/E ratio is 15, which is fully priced in.

A review of RamaRaju Surgical's unlisted equity financials FY22-23

1. Revenues declined 1.73% to Rs 376.04 crore in FY22 and Rs 369.54 crore this year.
2. Operating margins declined to 9.24% from 17.53%.
3. The company reported a net loss of Rs 2,205 crore for the year.
4. Financing costs for FY23 are at Rs 30.87 crore, significantly higher than the previous year's financing cost of Rs 19.25 crore. This increase in financing costs contributed to the overall loss.
5. The company incurred high depreciation expenses of Rs 37.15 crore during the year.
6. The company's total expenditure for FY23 is at Rs 4,026.4 crore, higher than its total revenue of Rs 3,721.2 crore for the same period.
7. The debt/equity ratio as of March 31, 2023 is 4.38 times.
8. The liquidity ratio as of March 31, 2023 is 0.94.

Fundamentals

Fundamentals			
Ramaraju Surgical Cotton Mills	293 Per Equity Share	Market Cap (in cr.)	183
Unlisted Shares Price		P/E Ratio	-4.26
Lot Size	500 Shares	P/B Ratio	0.69
52 Week High	360	Debt to Equity	1.69
52 Week Low	295	ROE (%)	-16.18
Depository	NSDL & CDSL	Book Value	457.8
PAN Number	AAACT4308D	Face Value	0
ISIN Number	INE328E01027		
CIN Number	L17111TN1939PLC002302		
RTA	N/A		



Financials (Figures in cr)

P&L Statement			
P&L Statement	2022	2023	2024
Revenue	376.03	407	365
Cost of Material Consumed	214.91	256	220
Gross Margins	42.85	37.1	39.73
Change in Inventory	-10	-3	-2
Employee Benefit Expenses	35.29	49	56
Other Expenses	69.89	73	74
EBITDA	65.94	32	17
OPM	17.54	7.86	4.66
Other Income	1.95	3	6
Finance Cost	19.25	32	37
D&A	40.82	42	35
EBIT	25.12	-10	-18
EBIT Margins	6.68	-2.46	-4.93
PBT	7.8	-39	-50
PBT Margins	2.07	-9.58	-13.7
Tax	4.79	-4	-7
PAT	3.01	-35	-43
NPM	0.8	-8.6	-11.78
EPS	7.64	-87.72	-74.01
Financial Ratios	2022	2023	2024
Operating Profit Margin	17.54	7.86	4.66
Net Profit Margin	0.8	-8.6	-11.78
Earning Per Share (Diluted)	7.64	87.72	-74.01

Balance Sheet			
Assets	2022	2023	2024
Fixed Assets	221.42	297	278
CWIP	24.97	9	2.3
Investments	182.64	188	199
Trade Receivables	58.39	38	46
Inventory	96.45	130	116
Other Assets	59.65	65	111.7
Total Assets	643.52	727	753
Liabilities	2022	2023	2024
Share Capital	3.94	3.99	5.81
FV	10	10	10
Reserves	275.71	264	260
Borrowings	307.74	423	450
Trade Payables	13.12	15	13
Other Liabilities	43.01	21.01	24.19
Total Liabilities	643.52	724	753



THE RAMARAJU SURGICAL COTTON MILLS LIMITED

Cash-Flow Statement			
Cash- Flow Statement	2022	2023	2024
PBT	7.8	-39	-50
OPBWC	71.24	32.7	20
Change in Receivables	17.42	-0.9	-8
Change in Inventories	-41.34	-26.4	14
Change in Payables	8.87	-12.5	0
Other Changes	-15.21	2.26	0
Working Capital Change	-30.26	-37.54	6
Cash Generated From Operations	40.98	-4.84	26
Tax	-2.23	-0.6	1
Cash Flow From Operations	38.75	-5.44	27
Purchase of PPE	-49.8	-68	-17
Sale of PPE	3.67	2	5
Cash Flow From Investment	-48.13	-67	-14
Borrowing	43.8	97	28
Divided	-0.19	-0.4	-0.19
Equity	0	0	36.5
Others From Financing	-28.74	-30.6	-39.31
Cash Flow from Financing	14.87	66	25
Net Cash Generated	5.49	-6.44	38
Cash at the Start	3.91	9.5	3
Cash at the End	9.4	3.06	41

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