

CMP: INR 1,136

Rating: Buy

Target: INR 1,465

Stock Info

BSE	500260
NSE	RAMCOCEM
Bloomberg	TRCL:IN
Sector	Cement
Face Value (INR)	1
Equity Capital (INR mn)	235.8
Mkt Cap (INR Bn)	269
52w H/L (INR)	1,209 / 778
Avg Yearly Volume (in 000')	626

Shareholding Pattern %

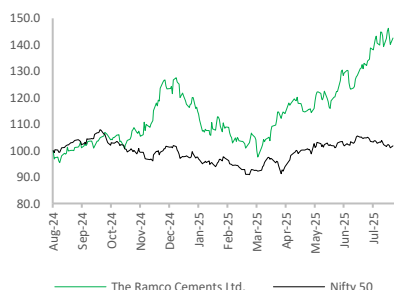
(As on September, 2024)

Promoters	42.6
DII	27.9
FII	8.4
Public & Others	21.2

Stock Performance (%) 1m 6m 12m

RAMCOCEM	4.1%	27.8%	39%
NIFTY	-3.6%	4.4%	1.23%

RAMCOCEM vs Nifty



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Ramco Cement reported muted Q1FY26 results with volumes and revenue missing expectations due to weak demand and early monsoon impact, but strong pricing supported margin expansion. Revenue stood at INR 20,740 Mn, a marginal decline of 0.9% YoY and 13.5% QoQ, below our estimate of INR 23,372 Mn. Cement sales volume was at 4 MnT, down 6.8% YoY and 24% QoQ, lower than our estimate of 4.5 MnT, impacted by early rains in Kerala and project completion in the Eastern markets. However, realizations came in strong at INR 5,185/T, up 6.3% YoY and 14.4% QoQ, beating our expectation of INR 5,046/T, driven by favorable product mix and price hikes across regions. Gross margin stood at 82.7%, marginally up by 7 bps YoY and significantly up 564 bps QoQ. EBITDA margin improved to 19.2%, up 387 bps YoY and 585 bps QoQ, aided by higher realizations and better cost efficiencies. PAT stood at INR 844 Mn with margin at 4.1%.

Realization-led margin expansion despite volume pressure: While Q1FY26 volumes declined 6.8% YoY due to early monsoons and soft infrastructure demand, the company delivered strong pricing performance. Realization improved to INR 5,185/T (+6.3% YoY, +14.4% QoQ), driving a healthy expansion in EBITDA margin to 19.2% (up 387 bps YoY) and EBITDA/t to INR 981. Improved product mix, higher share of premium products (29%), and pricing discipline across regions helped offset cost pressures and muted sales volume

Strategic capacity addition to drive scale benefits: Ramco's cement capacity increased to 24.3 MnT with 1.3 MnT added via debottlenecking. Despite temporary drop in capacity utilization to 68% in Q1 due to demand softness, the company remains on track to achieve 30 MnT by FY26 through commissioning of Kolimigundla Line-2 and grinding unit expansions. Improved capacity along with anticipated demand recovery in H2FY26 will help improve asset sweating, drive volume recovery, and support margin stability.

Prudent capital allocation and monetization to support growth: Capex of INR 3,210 Mn was incurred in Q1FY26, with full-year guidance maintained at INR 12,000 Mn, including projects in WHRS and construction chemicals. Additionally, Ramco has already monetized INR 5.01 Bn of its targeted INR 10 Bn non-core asset sales, with the balance expected by Sep-25. This, along with lower interest cost (down 7% YoY) and stable net debt, strengthens the balance sheet and provides headroom for growth investments.

Outlook & Valuation: Ramco Cements Q1FY26 performance was driven by strong realizations and cost control, partially offsetting volume weakness. Management remains confident of demand recovery in H2FY26 led by government infra push, real estate, and rural housing demand. Continued focus on premium product mix, efficiency improvement (e.g., clinker ratio, green power), and capacity ramp-up will support margins and earnings growth. On the financial front, we expect its revenue/EBITDA to grow by 9.5%/12.2% CAGR over FY26E-28E and maintain our Buy rating with the target price of INR 1,465.

Key Financials:

Particulars (INR Mn)	FY25	FY26E	FY27E	FY28E
Net revenue	85,184	91,999	100,278.6	110,306.5
EBITDA	12,299	16,621	18,919.2	20,921.5
EBITDAM (%)	14.4	18.1	18.9	19.0
APAT	2,654	7,414	8,487.2	9,217.1
APATM (%)	3.1	8.1	8.5	8.4
EPS (Rs)	11.3	31.4	36.0	39.1
EV/EBITDA (x)	25.4	18.7	16.3	14.5
RoE (%)	3.6	6.8	7.6	7.9

Source: Arihant Research, Company Filings

Q1FY26 - Quarterly Performance (Consolidated)

Particulars	Q1FY26	Q1FY25	Q4FY25	Y-o-Y	Q-o-Q
Net Sales	20740	20936	23973	-0.9	-13.5
Cost of Raw Materials	4348	4312	5103	0.8	-14.8
Purchase of Finished Goods	4	2	0	77.3	#DIV/0!
(Increase) / Decrease In Stocks	-760	-675	400	12.6	-289.9
Total raw material expense	3592	3640	5503	-1.3	-34.7
Gross Profit	17148	17296	18470	-0.9	-7.2
Gross Margins %	827	826	770	6.7	563.6
Employee Cost	1471	1425	1265	3.2	16.2
Power & Fuel	5002	5647	5436	-11.4	-8.0
Other Expense	6700	7022	8577	-4.6	-21.9
Total Expenditure	16765	17734	20780	-5.5	-19.3
EBITDA Margins (%)	192	153	133	387.3	585.1
Depreciation	1839	1677	1830	9.7	0.5
EBIT	2136	1525	1362	40.1	56.9
Other Income	60	81	125	-26.2	-52.0
Interest	1047	1131	1133	-7.4	-7.6
PBT (Before Exceptional)	1149	476	353	141.5	225.2
Exceptional Items	0	0	108	#DIV/0!	-100.0
PBT	1149	476	462	141.5	148.9
Tax	305	128	212	138.0	43.5
PAT	844	348	249	142.8	238.6
PAT Margin (%)	41	17	10	240.9	303.0

Particulars	Q1FY26	Q1FY25	Q4FY25	Y-o-Y	Q-o-Q
Cement Volume (Mn ton)	4	4.3	5.3	-6.8	-24.4
Realizations/Ton (Rs)	5185.05	4878.9	4531.7	6.3	14.4
Fuel Cost/Ton (Rs)	1250.6	1316.1	1027.5	-5.0	21.7

Source: Aриhant Research, Company Filings

Profit & Loss Statement (Consolidated)

Particulars (INR Mn)	FY25	FY26E	FY27E	FY28E
Net Revenue	85,184	91,999	100278.6	110306.5
Raw materials cost	17,246	17,694	20189.4	23201.1
Gross Profit	67,938	74,304	80089.2	87105.3
Employee cost	5,500	6,440	8022.3	9927.6
Power & Fuel Cost	20,697	22,080	23064.1	24267.4
Other expenses	29,442	29,164	30083.6	31988.9
Total expenditure	72,885	75,378	81359.4	89385.0
EBITDA	12,299	16,621	18919.2	20921.5
Depreciation	6,951	5,888	6417.8	7059.6
EBIT	5,348	10,733	12501.4	13861.8
Other income	412	445	484.7	533.1
Interest Exp.	4,588	3,754	4091.4	4500.5
PBT	1,172	7,424	8894.7	9894.5
Tax	512	2,005	2401.6	2671.5
PAT	660	5,420	6493.1	7223.0
Exceptional Item	1,994	1,994	1994.1	1994.1
Reported PAT	2,654	7,414	8487.2	9217.1

Source: Arianth Research, Company Filings

Balance Sheet (Consolidated)

Particulars (INR Mn)	FY25	FY26E	FY27E	FY28E
Share Capital	236	236	235.8	235.8
Reserves & Surplus	74180	79141	85175.4	91939.6
Networth	74416	79377	85411.2	92175.4
Minority Interest	5	5	4.9	4.9
Debt	46521	44159	48133.7	52947.1
Deferred tax liabilities	10755	10755	10754.9	10754.9
Loans & advances	114	123	133.6	147.0
Long term provision	862	931	1015.2	1116.7
Other long term liabilities	225	238	259.8	285.8
Total	11956	12047	12163.5	12304.4
Current Liabilities				
Trade payables	9394	10146	11059.0	12164.9
Short term provisions	518	559	609.4	670.4
Other current liabilities	20485	22123	24114.6	26473.6
Total	30397	32828	35783.0	39308.8
Total liabilities	163295	168417	181496.4	196740.6
Assets				
Net Block	123777	128813	133426.1	138500.2
Current work in process	13527	8723	9045.7	9400.9
Goodwill on consolidation	0	0	0.0	0.0
Non current investment	901	3680	4011.1	4412.3
Tax assets	4	4	4.7	5.2
Long term loans	157	170	184.8	203.3
Other non-current assets	2548	2752	2999.5	3299.5
Total	140914	144142	149672.0	155821.3
Current Assets				
Inventories	10162	8570	9341.0	10275.1
Trade receivables	7296	7880	8588.7	9447.6
Cash & Bank	2092	4767	10560.0	17529.2
Short term loans	128	138	150.2	165.2
Other current assets	2705	2921	3184.0	3502.4
Total	22382	24275	31823.9	40919.5
Total assets	163295	168417	181496.0	196740.8

Cash Flow Statement (consolidated)

Particulars (INR Mn)	FY25E	FY26E	FY27E	FY28E
Profit before tax	1,172	7,424	8,895	9,894
Add: Depreciation	6,951	5,888	6,418	7,060
Add: Interest cost	4,588	3,754	4,091	4,501
Less: Other Income	(124)	(133)	-145	-160
Less: Dividend Income	-	-	-	-
Others	-	-	-	-
Operating profit before working capital changes	12,587	16,932	19,258	21,295
Add/(Less) Changes in WC	2,033	3,088	1,052	1,222
Cash from Operations	14,621	20,021	20,311	22,516
Less: Taxes	(543)	(509)	-509	-509
Cash flow from Operations	14,078	19,512	19,802	22,007
Working Capital changes				
Cash flow from investing	(7,526)	(8,766)	-11,539	-12,730
Net cash Inflow/Outflow	(1,188)	4,157	7,672	9,117
Opening cash	1,369	181	4,339	12,011
Closing Cash & Bank	181	4,339	12,011	21,128
Others	1,910	428	-1,451	-3,599
Cash Trf to B/S	2,092	4,767	10,560	17,529

Source: Arihant Research, Company Filings

Ratio Analysis

Particulars (INR Mn)	FY25E	FY26E	FY27E	FY28E
Per Share Data				
EPS (Rs)	11.3	31.4	36.0	39.1
Book value per share (Rs)	315.6	336.6	362.2	390.9
Dividend per share (Rs)	2.0	2.0	2.0	2.0
Dividend Yield (%)	17.7	8.7	7.3	6.5
Dividend Payout (%)	0.2	0.2	0.2	0.2
Margins & Returns (%)				
EBITDA Margin(%)	14.4	18.1	18.9	19.0
PBT Margin (%)	1.4	8.1	8.9	9.0
PAT Margin(%)	3.1	8.1	8.5	8.4
RoE (%)	3.6	6.8	7.6	7.9
RoCE (%)	4.4	8.7	9.4	9.6
Efficiency Data				
Debt-Equity Ratio (x)	0.6	0.6	0.6	0.6
Interest Cover Ratio (x)	1.3	3.0	3.2	3.2
Fixed Asset Ratio (x)	1.5	1.4	1.3	1.3
Debtors (Days)	31.3	31.3	31.3	31.3
Inventory (Days)	43.5	34.0	34.0	34.0
Payable (Days)	40.3	40.3	40.3	40.3
WC (Days)	34.6	25.0	25.0	25.0
Valuation (x)				
P/E (x)	100.9	36.1	31.6	29.1
P/BV (x)	3.6	3.4	3.1	2.9
EV/EBITDA (x)	25.4	18.7	16.3	14.5
EV/Sales (x)	3.7	3.4	3.1	2.7

Source: Arihant Research, Company Filings

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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