SELL
TP: Rs 798 | ∀ 15%

THE RAMCO CEMENTS | Cement | 08 August 2026

Weak in a challenging Q1; no major respite in sight, SELL

- **Volume chase (~12%) despite weak demand in key regions impacts realisations (2%) dragging overall performance in a cost inflicted Q1**
- **EBITDAM contracts sharply by 567bps YoY to 13.5% as higher energy cost and freight cost outweigh volume led- operating leverage**
- **Retain FY27E/FY28E/FY29E EBITDA but with a close watch on cost, assign 10x multiple and revise TP to Rs 798 (vs Rs760). Maintain SELL**

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Competitive intensity pushes volume growth despite weak prices: TRCL's cement volumes gained ~12% YoY to ~4.5mt in Q1FY27, reflecting intense competition to gain market share. This was despite demand disruptions from state elections in South and East. Revenue grew ~10% YoY to ~Rs22.7bn as average realisation weakened by 2% YoY (+5% QoQ) to ~Rs5,065/tn. Share of premium product lower in key southern markets. Competitive pressure is unlikely to recede.

Cost inflation led by energy, partly offset by higher green power: Operating cost/tn increased ~5% YoY to ~Rs4,379/tn. RM cost rose ~3% YoY to Rs926/tn, impacted by the TN mineral tax (~Rs390mn in Q1FY27/~Rs84/tn impact).Energy cost/tn inflated ~9% YoY to Rs1,367/tn, led by higher imported fuel (coal) costs and currency depreciation, partly offset by improved green power usage (37% vs 31% YoY). Freight cost rose ~2% YoY to Rs1,093/tn, with higher lead distance at 264km (vs 246km YoY), while rail coefficient improved marginally to 9% (vs 8% YoY).

EBITDA declines as cost inflation outweighs volume growth: EBITDA declined ~23%/18% YoY/QoQ to ~Rs3.1bn, with EBITDA margin contracting 567bps/77bps YoY/QoQ to 13.5%. EBITDA/tn fell ~32% YoY to Rs663/tn, as higher energy and freight costs more than offset volume-led operating leverage and QoQ improvement in realisations. Q1FY27 included ~Rs126mn gain from surplus land sale.

Expansion plans remain on track: Capex spent in Q1FY27 was at ~Rs1.8bn, with FY27 capex guidance at ~Rs8bn. TRCL remains on track to reach ~31mtpa capacity in FY27. Net debt increased to ~Rs40.1bn (vs Rs38.5bn in Q4FY26)

Retain estimates with keen watch on cost; Maintain SELL: We retain FY27/FY28 and FY29 EBITDA. This translates into penning EPS estimates of Rs26.1/Rs34.9 in FY28/FY29. Our Revenue/EBIDTA/PAT CAGR of 13%/19%/19% over FY25-29E. In FY27 net debt to EBITDA is likely to stay elevated at 3x, owing to aggressive capex, and unlikely to soften in the near term. Cost inflation is clearly a concern to EBITDA margins. We continue to assign a 10x target multiple Jun 2028E and revise our TP to Rs 798 (vs Rs 760) implying a replacement cost of Rs 8.1bn/mnt – a 10% premium. Maintain SELL.

Key changes

Target	Rating
▲	◄ ►

Ticker/Price	TRCL IN/Rs 934
Market cap	US$ 2.3bn
Free float	58%
3M ADV	US$ 2.0mn
52wk high/low	Rs 1,215/Rs 838
Promoter/FPI/DII	42%/7%/32%

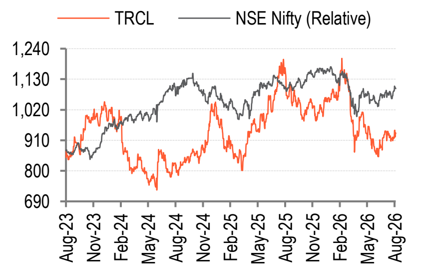
Source: NSE | Price as of 7 Aug 2026

Key financials

Y/E 31 Mar	FY26P	FY27E	FY28E
Total revenue (Rs mn)	90,126	1,06,114	1,23,295
EBITDA (Rs mn)	14,382	16,231	20,768
Adj. net profit (Rs mn)	1,404	3,090	6,157
Adj. EPS (Rs)	5.9	13.1	26.1
Consensus EPS (Rs)	5.9	13.5	26.9
Adj. ROAE (%)	1.8	3.7	7.1
Adj. P/E (x)	157.2	71.4	35.8
EV/EBITDA (x)	12.8	11.1	8.8
Adj. EPS growth (%)	81.0	120.1	99.2

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

Stock performance



Source: NSE

Fig 1 – Key metrics

	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Q1FY27E	Deviation (%)
Volumes (million tonnes)	4.5	4.0	12.0	5.4	(16.9)	4.48	0.0
Cement realisations (Rs/t)	5,065	5,175	(2.1)	4,836	4.7	4,876	3.9
Operating costs (Rs/t)	4,379	4,181	4.7	4,144	5.7	4,250	3.0
EBITDA/t (Rs)	663	969	(31.6)	673	(1.5)	604	9.8

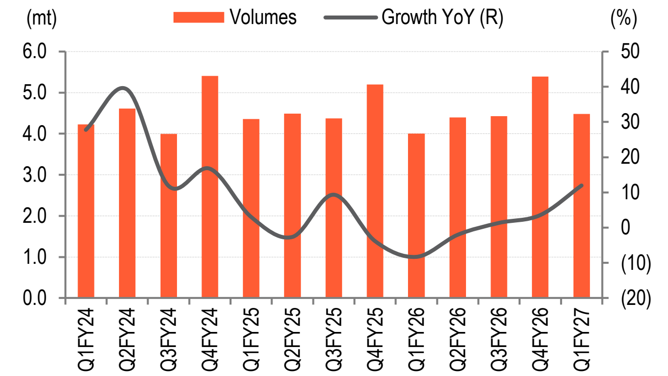
Source: Company, BOBCAPS Research

Fig 2 – Quarterly performance

(Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Q1FY27E	Deviation (%)
Net Sales	**22,690**	**20,701**	**9.6**	**26,061**	**(12.9)**	**21,845**	**3.9**
Expenditure							
Change in stock	(26)	(60)	(30.7)	407	0.0	(570)	(7.7)
Raw material	4,676	4,348	7.5	5,723	(18.3)	4,780	(2.2)
Purchased products	0	0	0.0	0	0	0	0
Power & fuel	6,123	5,030	21.7	5,953	2.9	5,296	15.6
Freight	4,898	4,275	14.6	5,973	(18.0)	5,313	(7.8)
Employee costs	1,519	1,420	7.0	1,426	6.5	1,446	5.0
Other exp	2,929	2,412	21.4	2,851	2.7	2,774	5.6
Total Operating Expenses	**19,618**	**16,725**	**17.3**	**22,333**	**(12.2)**	**19,038**	**3.0**
EBITDA	**3,072**	**3,976**	**(22.8)**	**3,728**	**(17.6)**	**2,807**	**9.4**
EBITDA margin (%)	13.5	19.2	(567bps)	14.3	(77bps)	12.8	69bps
Other Income	72	65	11.3	122	(40.8)	91	(20.8)
Interest	956	1,047	(8.7)	952	0.4	999	(4.3)
Depreciation	1,899	1,829	3.8	1,871	1.5	1,841	3.1
PBT	289	1,165	(75.2)	1,027	(71.8)	58	402.7
Non-recurring items	126	-	0.0	742	0.0	-	0.0
PBT (after non-recurring items)	163	1,165	(86.0)	286	(42.9)	58	183.4
Tax	97	305	(68.2)	305	(68.2)	14	587.3
Reported PAT	319	860	(63.0)	1,464	(78.2)	43	633.3
Adjusted PAT	**192**	**860**	**(77.6)**	**722**	(73.4)	**43**	**342.8**
NPM (%)	**0.8**	**4.2**	**(331bps)**	**2.8**	**(192bps)**	**0.2**	**65bps**
Adjusted EPS (Rs)	**0.8**	**3.7**	**(77.6)**	**3.1**	(73.4)	**0.2**	**342.8**

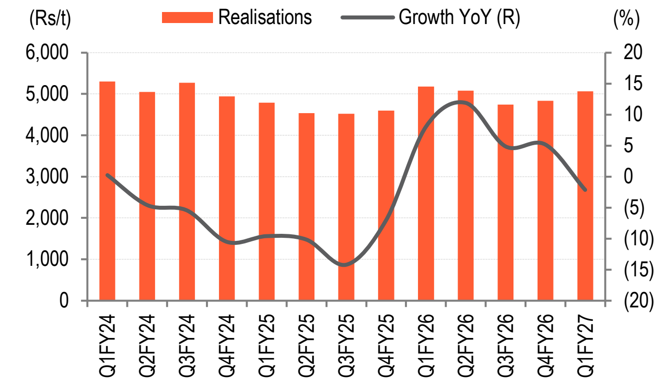
Source: Company, BOBCAPS Research

Fig 3 – Despite election disruption volume growth outpaces the industry



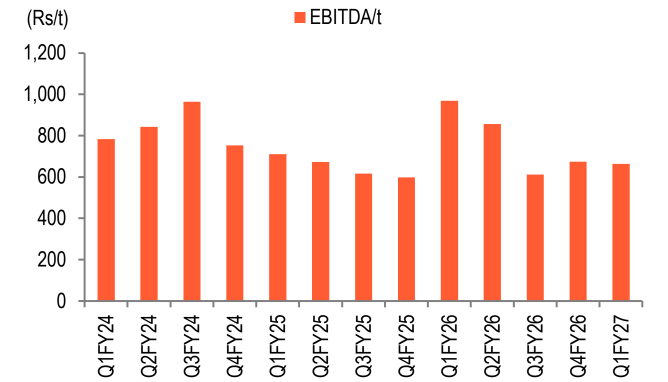
Source: Company, BOBCAPS Research

Fig 4 – Trade prices improve though realisations see muted translations



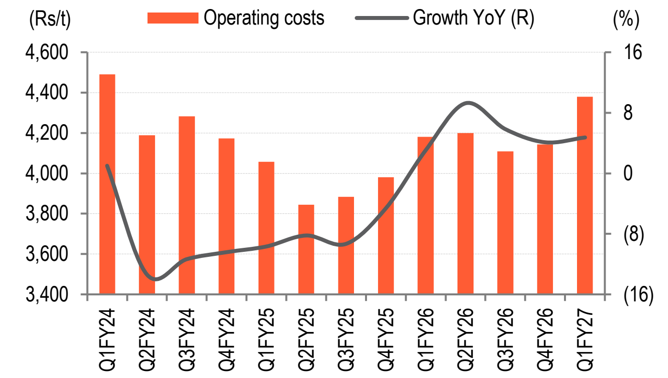
Source: Company, BOBCAPS Research

Fig 5 – Cost pressures mount on all fronts driving EBITDA/tn down despite operating leverage



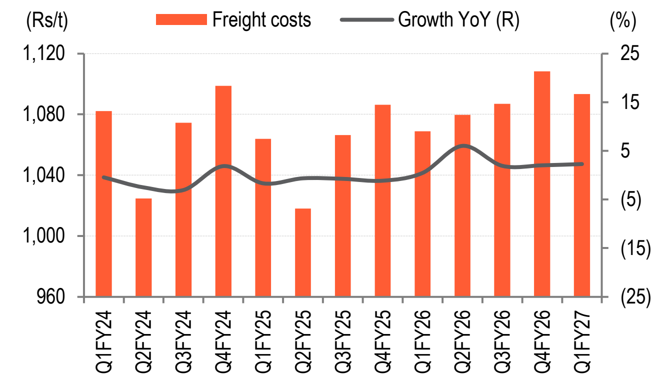
Source: Company, BOBCAPS Research

Fig 6 – Fuel cost inflation, INR depreciation and mineral tax levy keep operating cost elevated



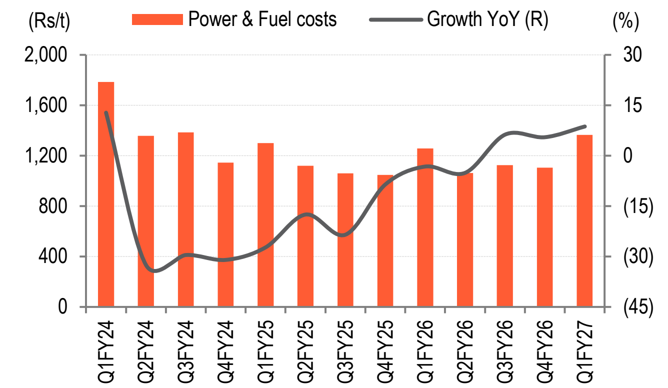
Source: Company, BOBCAPS Research

Fig 7 – Lead distance increasing paired with diesel cost increase drives freight cost



Source: Company, BOBCAPS Research

Fig 8 – Higher green power share provides partial respite however blended fuel cost remain elevated



Source: Company, BOBCAPS Research

Valuation Methodology

We retain FY27/FY28/FY29 EBITDA. This translates into penning an EPS estimate of Rs26.1/Rs34.9 in FY28/FY29. Our Revenue/EBIDTA/PAT CAGR of 13%/19%/19% over FY25-29E. In FY27, net debt to EBITDA is likely to stay elevated at 3x, owing to aggressive capex, and unlikely to soften in the near term. Cost inflation is clearly a concern to EBITDA margins.

The aggressive capex has kept TRCL's Net Debt to EBITDA elevated 3x in FY25/FY26, which will likely stay elevated in the medium term. However, the company will likely focus on improving the capacity utilisation and pause capex in the medium term. This, along with a focus on reducing debt, will help improve the balance sheet and reduce stress. However, the limited levers post the sale of land assets debt reduction in an enhanced capex mode — can be challenging.

In the near term, cost inflation will clearly be a concern to EBITDA margins, magnified further with realisations reversing. Current energy cost inflation is a clear negative, despite a prudent mix of coal implying cost inflation will only escalate in the next few quarters. TRCL hinges heavily on the expected demand revival, more specifically in Andhra Pradesh and Tamil Nadu. However, we believe that the supply overhang in the region can only rejuvenate volumes but not propel the expansion in margins meaningfully.

We continue to assign a 10x target multiple and revise our TP to Rs 798 (vs Rs 760) on rollover to June 2028 implying a replacement cost of Rs 8.1bn/mnt – a 10% premium. Maintain SELL.

Fig 9 – Key assumptions

Parameter	FY26P	FY27E	FY28E	FY29E
Volumes (mt)	19.3	20.0	23.1	26.0
Growth (%)	1.2	4.0	15.2	12.9
Realisations (Rs/t)	5,106	5,221	5,273	5,286
Growth (%)	1.2	2.3	1.0	0.2
Operating costs (Rs/t)	4,283	4,580	4,557	4,571
Growth (%)	0.1	6.9	(0.5)	0.3
EBITDA/t (Rs/t)	747	811	900	921
Growth (%)	17.9	8.5	11.0	2.3

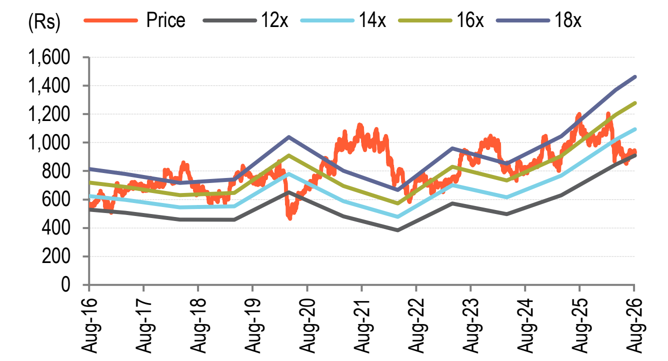
Source: Company, BOBCAPS Research

Fig 10 – Valuation summary

Business (Rs mn)	Jun 2028 earnings
Target Jun 2028 EV/EBITDA (x)	10.0
EBITDA	21,572
Target EV	**2,25,212**
Total EV	**2,25,212**
Net debt (Jun 2028)	36,678
Target market capitalisation	1,88,533
Target price (Rs/sh)	**798**
Weighted average shares (mn)	236.3

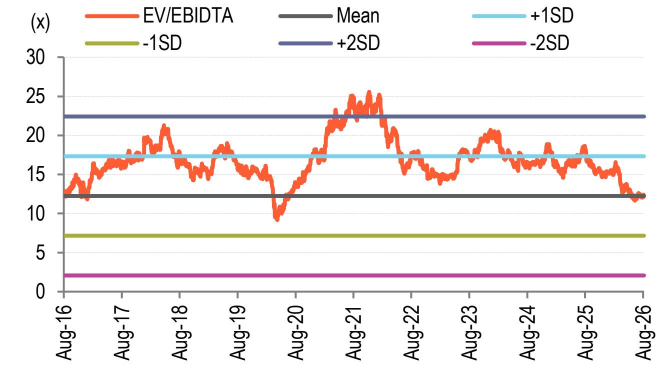
Source: BOBCAPS Research

Fig 11 – Current valuations in line with earnings



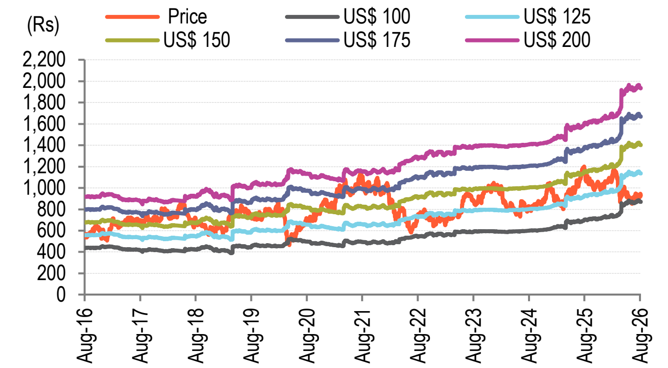
Source: Bloomberg, BOBCAPS Research

Fig 12 – Valuations will likely stay range bound in the medium term



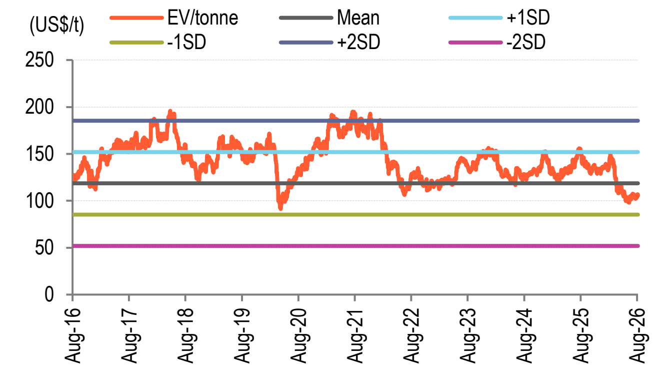
Source: Bloomberg, BOBCAPS Research

Fig 13 – Replacement cost moderation is well justified



Source: Bloomberg, BOBCAPS Research

Fig 14 – Replacement cost has reverted to mean, as expected



Source: Bloomberg, BOBCAPS Research

Key Risks

Key upside risks to our estimates:

- Faster-than-estimated recovery in demand and pricing, especially in TRCL's key operating markets.
- Change in management strategy to moderate the capacity addition, aiding further improvement in the balance sheet.
- A quicker than expected respite in the fuel and logistics costs.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26P	FY27E	FY28E	FY29E
Total revenue	**84,684**	**90,126**	**1,06,114**	**1,23,295**	**1,39,358**
EBITDA	12,052	14,382	16,231	20,768	23,984
Depreciation	(6,912)	(7,362)	(8,411)	(8,965)	(9,507)
EBIT	5,847	7,453	8,572	12,590	15,301
Net interest inc./(exp.)	(4,588)	(4,194)	(4,227)	(4,044)	(3,893)
Other inc./(exp.)	707	433	752	787	824
Exceptional items	3,398	0	0	0	0
EBT	4,657	3,260	4,345	8,546	11,407
Income taxes	(484)	(1,856)	(1,255)	(2,389)	(3,162)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**4,174**	**1,404**	**3,090**	**6,157**	**8,245**
Adjustments	(3,398)	0	0	0	0
Adjusted net profit	**776**	**1,404**	**3,090**	**6,157**	**8,245**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26P	FY27E	FY28E	FY29E
Accounts payables	9,349	6,433	7,634	8,708	9,799
Other current liabilities	21,312	27,462	25,881	28,400	31,411
Provisions	862	830	863	898	934
Debt funds	46,521	38,521	44,493	40,443	37,078
Other liabilities	10,759	12,136	12,743	13,380	14,049
Equity capital	236	236	236	236	236
Reserves & surplus	74,703	81,188	83,582	89,042	96,591
Shareholders' fund	74,885	81,424	83,818	89,278	96,828
Total liab. and equities	**1,63,688**	**1,66,806**	**1,75,432**	**1,81,107**	**1,90,098**
Cash and cash eq.	2,074	2,269	4,136	3,156	2,225
Accounts receivables	7,219	7,919	6,541	7,600	8,591
Inventories	10,150	10,281	12,792	14,863	16,799
Other current assets	5,703	6,240	6,036	6,712	7,397
Investments	1,298	1,038	720	734	747
Net fixed assets	1,22,641	1,29,569	1,36,937	1,43,757	1,50,040
CWIP	13,864	8,735	7,500	3,500	3,500
Intangible assets	740	755	770	785	800
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	**1,63,689**	**1,66,806**	**1,75,432**	**1,81,107**	**1,90,098**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26P	FY27E	FY28E	FY29E
Cash flow from operations	**11,931**	**12,189**	**10,749**	**15,490**	**18,855**
Capital expenditures	(8,828)	(9,582)	(14,476)	(11,711)	(15,711)
Change in investments	880	260	317	(13)	(13)
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(7,948)**	**(9,322)**	**(14,159)**	**(11,724)**	**(15,724)**
Equities issued/Others	(2)	54	0	0	0
Debt raised/repaid	(2,647)	(8,000)	5,972	(4,050)	(3,365)
Interest expenses	0	0	0	0	0
Dividends paid	(612)	(503)	(696)	(696)	(696)
Other financing cash flows	0	5,777	0	0	0
Cash flow from financing	**(3,261)**	**(2,672)**	**5,276**	**(4,746)**	**(4,061)**
Chg in cash & cash eq.	**721**	**196**	**1,867**	**(980)**	**(931)**
Closing cash & cash eq.	**2,073**	**2,269**	**4,136**	**3,156**	**2,225**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26P	FY27E	FY28E	FY29E
Reported EPS	17.7	5.9	13.1	26.1	34.9
Adjusted EPS	3.3	5.9	13.1	26.1	34.9
Dividend per share	2.5	2.5	2.5	2.5	2.5
Book value per share	316.9	344.6	354.7	377.8	409.8

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26P	FY27E	FY28E	FY29E
EV/Sales	2.1	2.0	1.7	1.5	1.3
EV/EBITDA	14.6	12.8	11.1	8.8	7.7
Adjusted P/E	284.5	157.2	71.4	35.8	26.8
P/BV	2.9	2.7	2.6	2.5	2.3

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26P	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	89.6	43.1	71.1	72.0	72.3
Interest burden (PBT/EBIT)	21.5	43.7	50.7	67.9	74.6
EBIT margin (EBIT/Revenue)	6.9	8.3	8.1	10.2	11.0
Asset turnover (Rev./Avg TA)	52.1	54.5	62.0	69.2	75.1
Leverage (Avg TA/Avg Equity)	2.2	2.1	2.1	2.1	2.0
Adjusted ROAE	1.5	1.8	3.7	7.1	8.9

Ratio Analysis

Y/E 31 Mar	FY25A	FY26P	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	(9.2)	6.4	17.7	16.2	13.0
EBITDA	(21.0)	19.3	12.9	28.0	15.5
Adjusted EPS	(80.4)	81.0	120.1	99.2	33.9
Profitability & Return ratios (%)					
EBITDA margin	14.2	16.0	15.3	16.8	17.2
EBIT margin	6.9	8.3	8.1	10.2	11.0
Adjusted profit margin	0.9	1.6	2.9	5.0	5.9
Adjusted ROAE	1.5	1.8	3.7	7.1	8.9
ROCE	4.4	5.6	6.3	8.9	10.5
Working capital days (days)					
Receivables	31	32	23	23	23
Inventory	44	42	44	44	44
Payables	47	31	31	31	31
Ratios (x)					
Gross asset turnover	0.5	0.5	0.5	0.5	0.6
Current ratio	0.8	0.8	0.9	0.9	0.8
Net interest coverage ratio	1.3	1.8	2.0	3.1	3.9
Adjusted debt/equity	0.6	0.5	0.5	0.5	0.4

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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BUY – Expected return >+15%

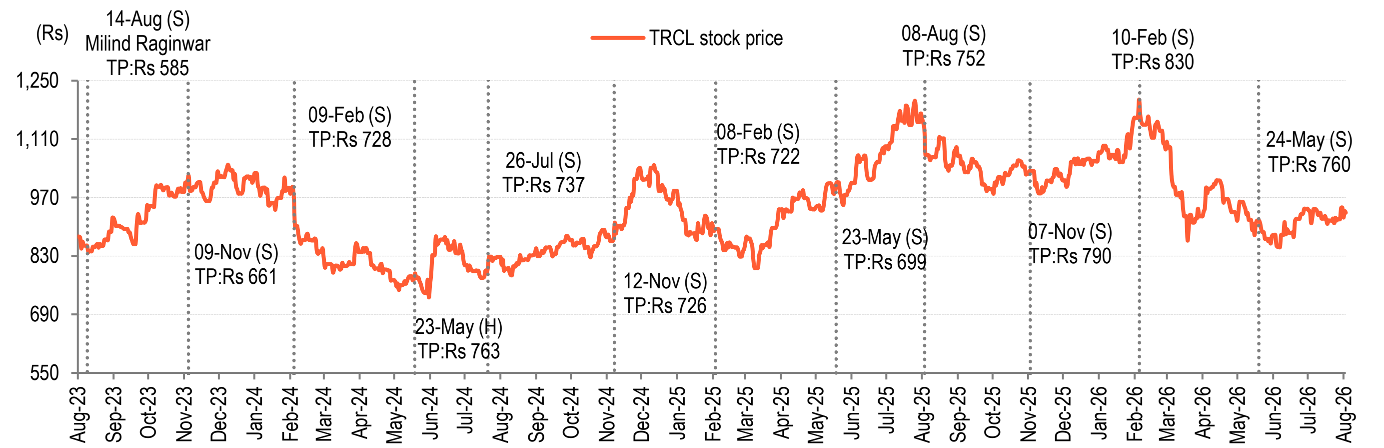
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): THE RAMCO CEMENTS (TRCL IN)



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