SELL
TP: Rs 758 | ⩛ 7%

THE RAMCO CEMENTS | Cement | 06 November 2026

Cost pressure weighs on Q2; limited near term respite, SELL

- **Volumes growth ~8% YoY to 4.7mnt; realisations adds 2% YoY lower than cost escalation indicating limited pricing power in key regions**
- **Sharp inflation in imported fuel cost, spike in packaging expenses and logistic cost hit profitability, EBITDA margins compresses by 420bps**
- **Cut FY27E/FY28E/FY29E EBITDA by 8%/7%/7%, EPS dent sharper, assign 10x multiple and revise TP to Rs 758 (vs Rs798). Maintain SELL**

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Volume growth supports revenue as monsoon disruptions lower: TRCL's revenue increased ~10%/8% YoY/QoQ to ~Rs24.7bn in Q2FY27, supported by cement volume growth of 7.7%/5.8% YoY/QoQ to 4.74mt. This was on account of lower monsoon-related demand disruptions in key states like Kerala, Karnataka, Odisha and West Bengal. Average realisations gained ~2% YoY. Construction chemicals volumes jumped 38% YoY and revenue rose 50% YoY to Rs1.3bn.

Energy cost inflation weighs on operating costs: Operating cost/tn spiked ~7.3% YoY to ~Rs4,505/t, primarily due to a sharp increase in energy costs. Energy cost/tn rose ~36% YoY to Rs1,397/t, due to higher imported fuel prices amid and ~10% rupee depreciation. This was partly offset by higher green energy usage (50% vs 48% YoY). Blended fuel cost increased to Rs1.99/kcal from Rs1.49/kcal YoY. Higher diesel (+6% YoY) and polymer prices (+43% YoY) added to freight and packing costs.

Margin pressure persists as energy inflation offsets volume growth: EBITDA fell ~16.5% YoY to ~Rs3.2bn, with EBITDA margin contracting ~420bps YoY to 13.1%. EBITDA/tn slipped by ~23% YoY to ~Rs660, as sharp energy and packaging cost inflation more than offset volume growth and improved realisations.

Capacity expansion progressing towards FY27 target: Debottlenecking at Jayanthipuram in Q2FY27 was completed adding ~0.7mtpa, taking total cement capacity to ~27.2mtpa. The 3.15mtpa clinker line at Kolimigundla is expected to be on stream ahead of schedule by Q3FY27, along with a 15MW WHRS in Q4FY27.

Cut estimates, cost watched keenly; Maintain SELL: We cut FY27/FY28/FY29 EBITDA estimates by 8%/7%/7%. This translates into penning EPS estimates of Rs9.1/ Rs21.5/Rs29.3. Our Revenue/EBIDTA/PAT CAGR of 13%/17%/13% over FY25-29E. Cost inflation is clearly a concern to EBITDA margins. Further, aggressive volume push is unlikely owing to supply glut. Further, the net debt to EBITDA is likely to stay elevated at 3x in FY27 and beyond, owing to aggressive capex, and unlikely to soften in haste. We continue to assign a 10x target multiple Sep 2028E and revise our TP to Rs 758 (vs Rs 798) implying a replacement cost of Rs 7.5bn/mnt – ~ 10% premium. Maintain SELL.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	TRCL IN/Rs 812
Market cap	US$ 2.0bn
Free float	58%
3M ADV	US$ 2.4mn
52wk high/low	Rs 1,215/Rs 711
Promoter/FPI/DII	42%/7%/32%

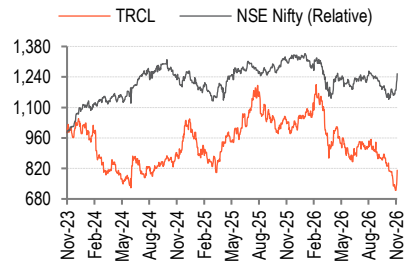
Source: NSE | Price as of 5 Nov 2026

Key financials

Y/E 31 Mar	FY26P	FY27E	FY28E
Total revenue (Rs mn)	90,126	1,04,836	1,21,808
EBITDA (Rs mn)	14,382	14,953	19,281
Adj. net profit (Rs mn)	1,404	2,157	5,071
Adj. EPS (Rs)	5.9	9.1	21.5
Consensus EPS (Rs)	5.9	13.5	26.9
Adj. ROAE (%)	1.8	2.6	6.0
Adj. P/E (x)	136.6	88.9	37.8
EV/EBITDA (x)	10.8	10.0	7.9
Adj. EPS growth (%)	81.0	53.7	135.1

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

Stock performance



Source: NSE

Fig 1 – Key metrics

	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Q2FY27E	Deviation (%)
Volumes (million tonnes)	4.7	4.4	7.7	4.5	5.8	4.40	7.7
Cement realisations (Rs/t)	5,186	5,079	2.1	5,065	2.4	5,065	2.4
Operating costs (Rs/t)	4,505	4,200	7.3	4,379	2.9	4,423	1.8
EBITDA/t (Rs)	660	857	(22.9)	663	(0.5)	619	6.7

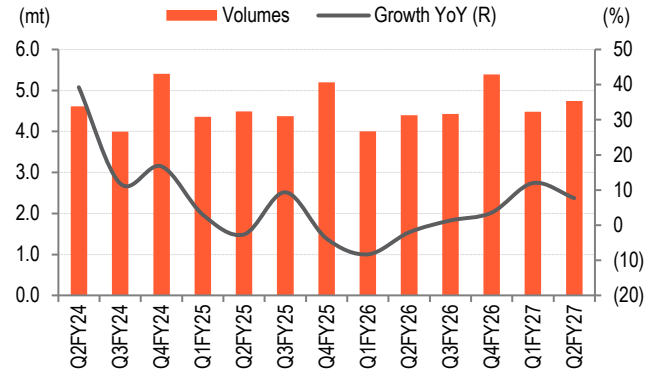
Source: Company, BOBCAPS Research

Fig 2 – Quarterly performance

(Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Q2FY27E	Deviation (%)
Net Sales	**24,583**	**22,348**	**10.0**	**22,690**	**8.3**	**22,285**	**10.3**
Expenditure							
Change in stock	- 105	447	(123.4)	- 526	0.0	- 272	(61.4)
Raw material	4,695	4,524	3.8	4,676	0.4	4,638	1.2
Purchased products	0	0	0.0	0	0	0	0
Power & fuel	5,904	4,679	26.2	6,123	(3.6)	6,107	(3.3)
Freight	6,265	4,751	31.9	4,898	27.9	4,919	27.4
Employee costs	1,532	1,448	5.8	1,519	0.8	1,449	5.7
Other exp	3,064	2,630	16.5	2,929	4.6	2,621	16.9
Total Operating Expenses	21,353	18,479	15.6	19,618	8.8	19,462	9.7
EBITDA	**3,230**	**3,869**	**(16.5)**	**3,072**	**5.1**	**2,823**	**14.4**
EBITDA margin (%)	**13.1**	**17.3**	**(417bps)**	**13.5**	**(40bps)**	**12.7**	**47bps**
Other Income	76	71	7.2	72	4.9	122	(38.0)
Interest	929	1,114	(16.6)	956	(2.8)	999	(7.0)
Depreciation	1,903	1,823	4.3	1,899	0.2	1,841	3.4
PBT	473	1,002	(52.8)	289	63.6	105	352.9
Non-recurring items	48	-	0.0	126	0.0	-	0.0
PBT (after non-recurring items)	425	1,002	(57.6)	163	160.8	105	307.0
Tax	140	259	(46.2)	97	44.1	21	551.5
Reported PAT	382	743	(48.6)	319	19.8	83	359.5
Adjusted PAT	**334**	**743**	**(55.1)**	**192**	73.5	**83**	**301.7**
NPM (%)	**1.4**	**3.3**	**(197bps)**	**0.8**	**51bps**	**0.4**	**98bps**
Adjusted EPS (Rs)	**1.4**	**3.2**	**(55.1)**	**0.8**	73.5	**0.4**	**301.7**

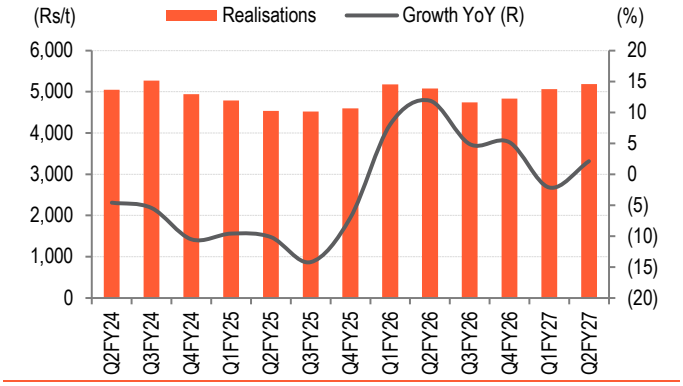
Source: Company, BOBCAPS Research

Fig 3 – Demand trends indicate heavy competitive pressure that restrict aggressive push in key markets



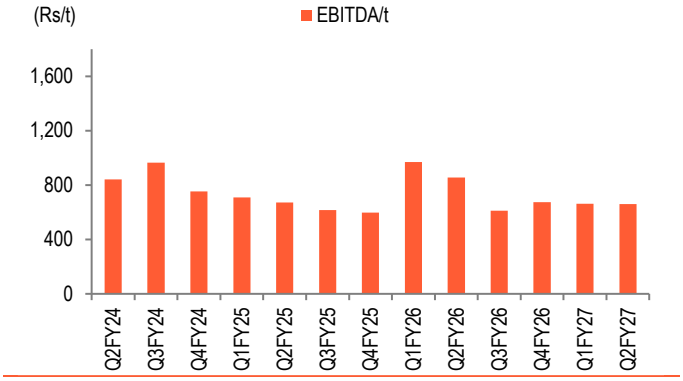
Source: Company, BOBCAPS Research

Fig 4 – Prices have seen improvement in Q2 from very low levels but only partially offsets cost impact



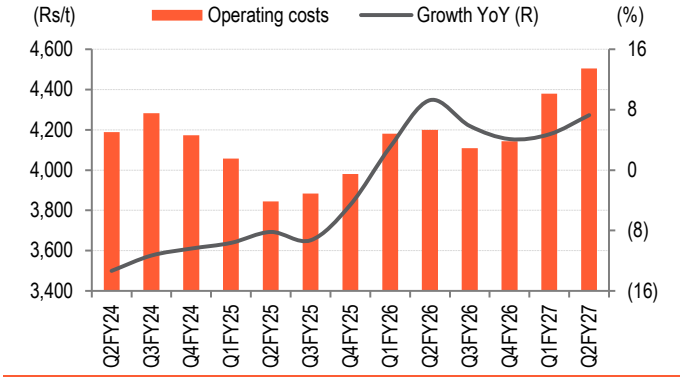
Source: Company, BOBCAPS Research

Fig 5 – Gains on the inventory side aid though operating overheads mount pressure on EBITDA/tn



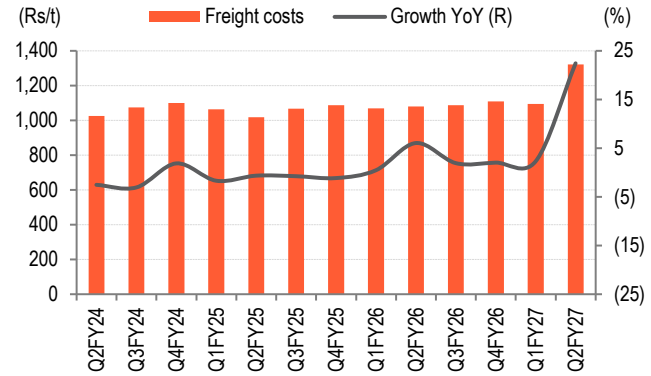
Source: Company, BOBCAPS Research

Fig 6 – Rupee depreciation exacerbating fuel and packing inflation drive costs up



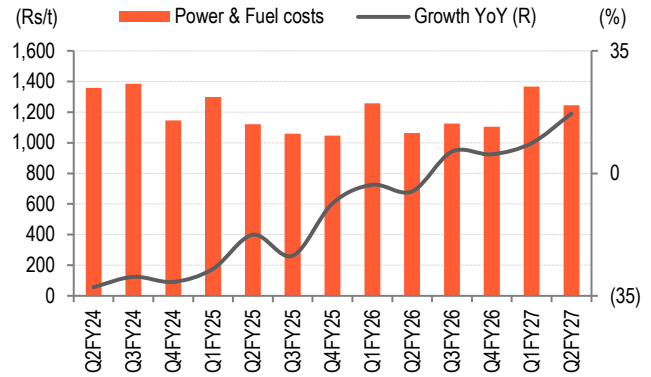
Source: Company, BOBCAPS Research

Fig 7 – Logistics cost under immense pressure despite stable lead as diesel price firms up 6%



Source: Company, BOBCAPS Research

Fig 8 – Blended fuel cost firming up significantly however some respite to come in Q3 onwards



Source: Company, BOBCAPS Research

Valuation Methodology

We cut FY27/FY28/FY29 EBITDA estimates by 8%/7%/7%. This translates into penning EPS estimates of Rs9.1/ Rs21.5/Rs29.3. Our Revenue/EBIDTA/PAT CAGR of 13%/17%/13% over FY25-29E. Cost inflation is clearly a concern to EBITDA margins. Further, aggressive volume push is unlikely owing to supply glut. Further, the net debt to EBITDA is likely to stay elevated at 3x in FY27 and beyond, owing to aggressive capex, and unlikely to soften in haste.

In H2FY27, cost inflation will clearly be a concern to EBITDA margins, magnified further with volume pressure and demand concerns amid weak rural vibrancy owing to monsoon disruptions. 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 Tamil Nadu as other southern states are gripped in drought and will be impacted till Q1FY28. Effectively, margin pressure will continue over the medium term.

The aggressive capex has kept TRCL's Net Debt to EBITDA elevated at 3x in FY25/FY26, which will likely stay elevated in Fy27 and beyond. 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.

Keeping the above in view, we continue to assign an 10x Sep 2028E target multiple and revise our TP to Rs 758 (vs Rs 798) implying a replacement cost of Rs 7.5bn/mnt – ~ 10% premium. Maintain SELL

Fig 9 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	1,04,836	1,21,808	1,37,675	1,06,114	1,23,295	1,39,358	(1.2)	(1.2)	(1.2)
EBITDA	14,953	19,281	22,301	16,231	20,768	23,984	(7.9)	(7.2)	(7.0)
Adj PAT	2,157	5,071	6,926	3,090	6,157	8,245	(30.2)	(17.6)	(16.0)
Adj EPS (Rs)	9.1	21.5	29.3	13.1	26.10	34.9	(30.3)	(17.8)	(16.0)

Source: Company, BOBCAPS Research

Fig 10 – Key assumptions

Parameter	FY27E	FY28E	FY29E
Volumes (mt)	20.0	23.1	26.0
Growth (%)	4.0	15.2	12.9
Realisations (Rs/t)	5,157	5,209	5,222
Growth (%)	1.0	1.0	0.2
Operating costs (Rs/t)	4,580	4,557	4,571
Growth (%)	6.9	-0.5	0.3
EBITDA/t (Rs/t)	747	836	856
Growth (%)	0.0	11.9	2.5

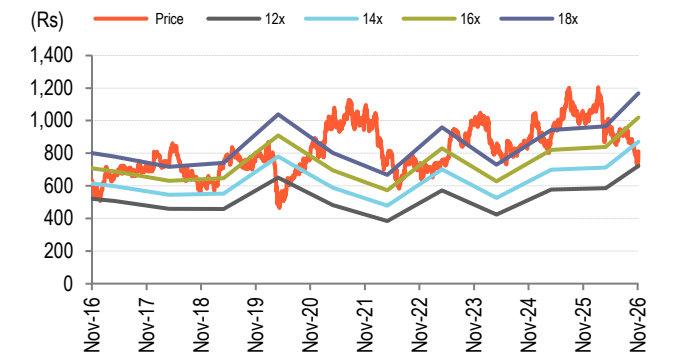
Source: Company, BOBCAPS Research

Fig 11 – Valuation summary

Business (Rs mn)	Sep 2028 earnings
Target EV/EBITDA (x)	10.0
EBITDA	22,301
Target EV	**232,822**
Total EV	**232,822**
Net debt (Sep 2028)	38,028
Target market capitalisation	179.026
Target price (Rs/sh)	**758**
Weighted average shares (mn)	236.3

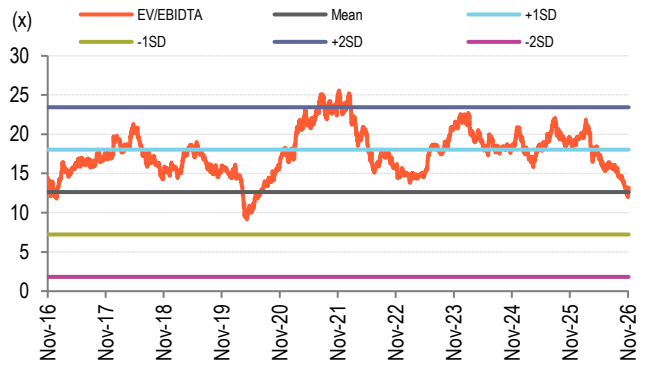
Source: BOBCAPS Research

Fig 12 – Current valuations in line with earnings



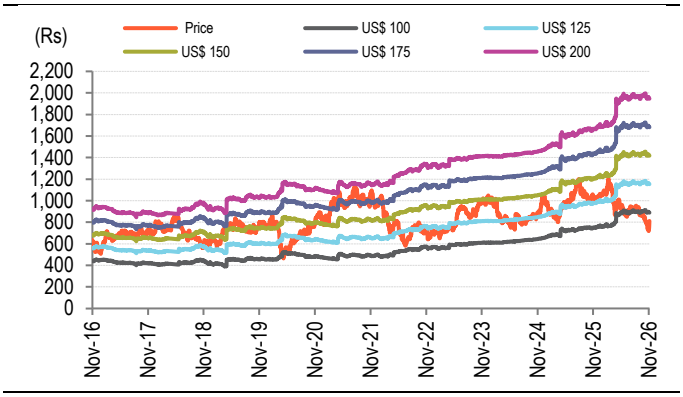
Source: Bloomberg, BOBCAPS Research

Fig 13 – Valuations will likely stay range bound in the medium term



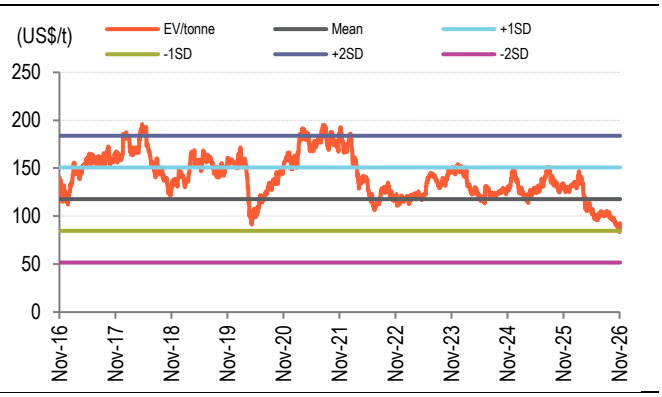
Source: Bloomberg, BOBCAPS Research

Fig 14 – Replacement cost moderation is aligning earnings capability



Source: Bloomberg, BOBCAPS Research

Fig 15 – Replacement cost softened as earnings momentum stays sub-dued



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**	**1,04,836**	**1,21,808**	**1,37,675**
EBITDA	12,052	14,382	14,953	19,281	22,301
Depreciation	(6,912)	(7,362)	(8,411)	(8,965)	(9,507)
EBIT	5,847	7,453	7,294	11,103	13,617
Net interest inc./(exp.)	(4,588)	(4,194)	(4,227)	(4,044)	(4,017)
Other inc./(exp.)	707	433	752	787	824
Exceptional items	3,398	0	0	0	0
EBT	4,657	3,260	3,067	7,059	9,600
Income taxes	(484)	(1,856)	(910)	(1,988)	(2,674)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**4,174**	**1,404**	**2,157**	**5,071**	**6,926**
Adjustments	(3,398)	0	0	0	0
Adjusted net profit	**776**	**1,404**	**2,157**	**5,071**	**6,926**

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	31,772
Provisions	862	830	863	898	934
Debt funds	46,521	38,521	44,493	40,443	38,258
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	82,649	87,023	93,254
Shareholders' fund	74,885	81,424	82,885	87,260	93,490
Total liab. and equities	**1,63,688**	**1,66,806**	**1,74,499**	**1,79,089**	**1,88,302**
Cash and cash eq.	2,074	2,269	3,436	1,408	1,236
Accounts receivables	7,219	7,919	6,462	7,509	8,487
Inventories	10,150	10,281	12,638	14,684	16,596
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	3,000
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**	**1,74,499**	**1,79,089**	**1,88,302**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26P	FY27E	FY28E	FY29E
Cash flow from operations	**11,931**	**12,189**	**10,049**	**14,443**	**17,933**
Capital expenditures	(8,828)	(9,582)	(14,476)	(11,711)	(15,211)
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)**	**(15,224)**
Equities issued/Others	(2)	54	0	0	0
Debt raised/repaid	(2,647)	(8,000)	5,972	(4,050)	(2,185)
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)**	**(2,881)**
Chg in cash & cash eq.	**721**	**196**	**1,167**	**(2,028)**	**(173)**
Closing cash & cash eq.	**2,073**	**2,269**	**3,436**	**1,408**	**1,236**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26P	FY27E	FY28E	FY29E
Reported EPS	17.7	5.9	9.1	21.5	29.3
Adjusted EPS	3.3	5.9	9.1	21.5	29.3
Dividend per share	2.5	2.5	2.5	2.5	2.5
Book value per share	316.9	344.6	350.8	369.3	395.6

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26P	FY27E	FY28E	FY29E
EV/Sales	1.7	1.7	1.4	1.2	1.1
EV/EBITDA	12.2	10.8	10.0	7.9	6.9
Adjusted P/E	247.3	136.6	88.9	37.8	27.7
P/BV	2.6	2.4	2.3	2.2	2.1

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26P	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	89.6	43.1	70.3	71.8	72.1
Interest burden (PBT/EBIT)	21.5	43.7	42.1	63.6	70.5
EBIT margin (EBIT/Revenue)	6.9	8.3	7.0	9.1	9.9
Asset turnover (Rev./Avg TA)	52.1	54.5	61.4	68.9	74.9
Leverage (Avg TA/Avg Equity)	2.2	2.1	2.1	2.1	2.0
Adjusted ROAE	1.5	1.8	2.6	6.0	7.7

Ratio Analysis

Y/E 31 Mar	FY25A	FY26P	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	(9.2)	6.4	16.3	16.2	13.0
EBITDA	(21.0)	19.3	4.0	28.9	15.7
Adjusted EPS	(80.4)	81.0	53.7	135.1	36.6
Profitability & Return ratios (%)					
EBITDA margin	14.2	16.0	14.3	15.8	16.2
EBIT margin	6.9	8.3	7.0	9.1	9.9
Adjusted profit margin	0.9	1.6	2.1	4.2	5.0
Adjusted ROAE	1.5	1.8	2.6	6.0	7.7
ROCE	4.4	5.6	5.4	7.9	9.5
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	0.8	0.8	0.8
Net interest coverage ratio	1.3	1.8	1.7	2.7	3.4
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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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

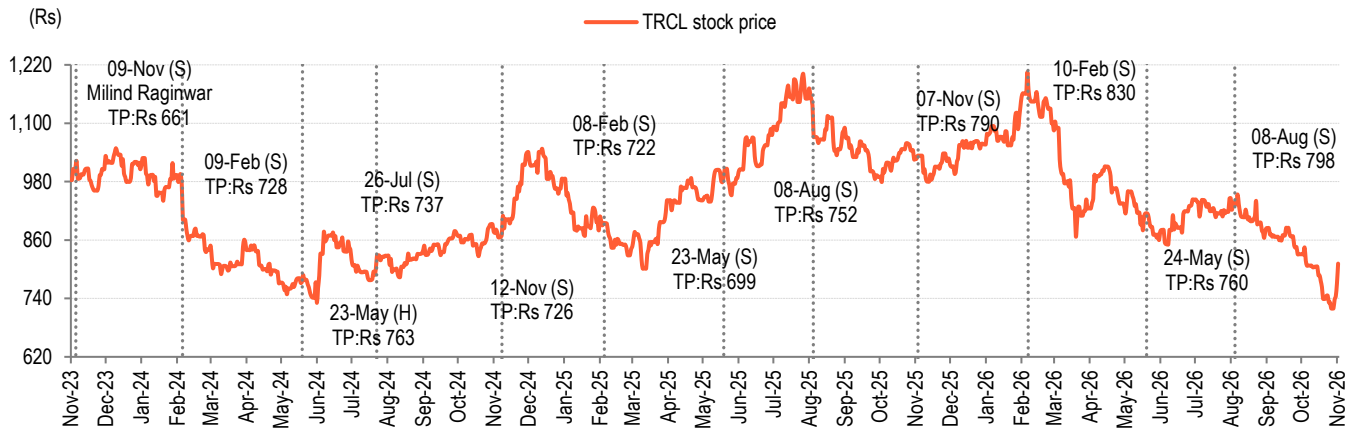
HOLD – Expected return from -6% to +15%

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)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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