

SELL

TP: Rs 790 | ▼ 24%

THE RAMCO CEMENTS

Cement

07 November 2025

Price hikes help margin gains, but may reverse in short term

- Q2 revenue grew by ~10%/8% YoY/QoQ to ~Rs 22.3bn, helped by healthy pricing gains of 12% YoY. Volume slips by 2%
- Lower utilisation leads to operating cost inflation, partially offsetting realisation gains as margins settle ~17%; EBITDA/tn at Rs857
- Revise FY27E/FY28E EBITDA to factor in GST rate implication. Apply 10x target multiple and revise TP to Rs 790 (vs Rs752). Maintain SELL

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Steady growth driven by realisations as volume stays muted: TRCL's revenue grew by ~10%/8% YoY/QoQ to ~Rs 22.3bn in Q2FY26, helped by healthy pricing YoY despite slow demand during monsoons. Realisations gained by ~12% YoY (-2% QoQ) to Rs 5,079/t, offsetting the ~2% YoY decline in cement volumes. QoQ volumes gained 10% as the demand gradually recovered after monsoon disruptions.

Overall cost inflation offset by better realisations: Total cost rose ~9% YoY (flattish QoQ) to ~Rs 4,200/t. Energy cost (raw-material adj.) increased 9%/2% YoY/QoQ, though blended fuel cost moderated to Rs 1.49/kcal (vs Rs 1.6/kcal in Q2FY25). Raw material cost continued to reflect the Tamil Nadu mineral tax impact of Rs 80–90/t, while INR depreciation offset a part of the fuel cost benefit. Logistics cost rose 6%/1% YoY/QoQ, owing to lead distance at 253km vs 244km/246km in YoY/QoQ, as TRCL targeted higher sales in the eastern region.

Margin stable on strong realisation: EBITDA rose 24% YoY (-3% QoQ) to ~Rs 3.9bn with EBITDA margin at 17.3%, up from 15.3% YoY, but down from 19.2% QoQ. EBITDA/t improved to Rs 857/t (vs Rs 673/969/t YoY/QoQ), driven by superior realisations, though partly moderated by higher costs.

Expansion plans: TRCL incurred capex spend of Rs 2.8bn in Q2FY26 and capex for FY26 is maintained ~Rs12bn. TRCL remains on course to achieve 30mtpa cement capacity by Mar'26 with the commissioning of the second kiln line at Kolimigundla and de-bottlenecking/grinding capacity additions at existing locations.

Earnings revised; retain SELL: We tweak our FY27 EBITDA /EPS estimates and revise FY28 earnings upwards, penning EPS estimates of Rs 14.0/Rs24.8/Rs34.3 for FY26e/FY27e/FY283; leading to Revenue/EBITDA/PAT CAGR of 15%/23%/22% over FY25-28E. TRCL's net debt to EBITDA is elevated at 3x in FY25/FY26, owing to aggressive capex, but may soften in the medium term. Cost inflation is clearly a concern to EBITDA margins. We feel the current valuation of 14.0x 1YF EV/EBITDA is at a premium. We assign a 10x target multiple and revise our TP to Rs 790 (vs Rs 752) implying a replacement cost of Rs 8.1bn/mnt – a 10% premium. Maintain SELL rating.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	TRCL IN/Rs 1,033
Market cap	US\$ 2.7bn
Free float	58%
3M ADV	US\$ 3.3mn
52wk high/low	Rs 1,209/Rs 788
Promoter/FPI/DII	42%/7%/32%

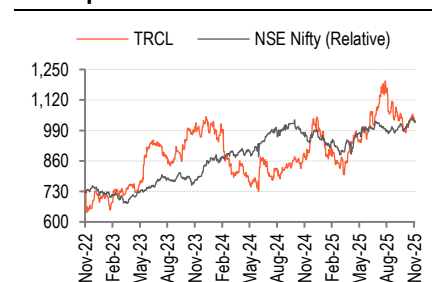
Source: NSE | Price as of 6 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	84,951	99,865	1,17,758
EBITDA (Rs mn)	12,318	16,329	20,664
Adj. net profit (Rs mn)	775	3,304	5,850
Adj. EPS (Rs)	3.3	14.0	24.8
Consensus EPS (Rs)	3.3	20.5	30.7
Adj. ROAE (%)	1.5	4.3	7.3
Adj. P/E (x)	314.8	73.9	41.7
EV/EBITDA (x)	16.2	12.0	9.5
Adj. EPS growth (%)	(80.4)	326.0	77.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Key metrics

	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Q2FY26E	Deviation (%)
Volumes (million tonnes)	4.4	4.5	(2.0)	4.0	10.0	4.10	7.3
Cement realisations (Rs/t)	5,079	4,539	11.9	5,175	(1.9)	5,165	(1.7)
Operating costs (Rs/t)	4,200	3,844	9.2	4,181	0.4	4,398	(4.5)
EBITDA/t (Rs)	857	673	27.3	969	(11.6)	743	15.3

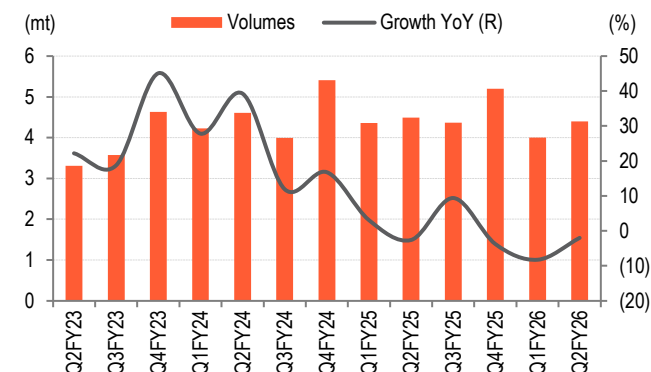
Source: Company, BOBCAPS Research

Fig 2 – Quarterly performance

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Q2FY26E	Deviation (%)
Net Sales	22,348	20,382	9.6	20,701	8.0	21,177	5.5
Expenditure							
Change in stock	447	(41)	n.a.	(760)	n.a.	(57)	n.a.
Raw material	4,524	4,053	11.6	4,348	4.1	4,498	0.6
Purchased products	0	0	0.0	0	0	0	0
Power & fuel	4,679	5,031	(7.0)	5,030	(7.0)	5,203	(10.1)
Freight	4,751	4,571	3.9	4,275	11.1	4,432	7.2
Employee costs	1,448	1,360	6.5	1,420	2.0	1,378	5.1
Other exp	2,630	2,287	15.0	2,412	9.1	2,578	2.0
Total Operating Expenses	18,479	17,261	7.1	16,725	10.5	18,032	2.5
EBITDA	3,869	3,121	24.0	3,976	(2.7)	3,145	23.0
EBITDA margin (%)	17.3	15.3	200bps	19.2	(190bps)	14.9	246bps
Other Income	71	113	(37.6)	65	8.8	111	(36.5)
Interest	1,114	1,199	(7.1)	1,047	6.3	1,065	4.6
Depreciation	1,823	1,686	8.2	1,829	(0.3)	1,811	0.7
PBT	1,002	350	186.6	1,165	(13.9)	380	163.9
Non-recurring items	-	-	0.0	-	0.0	-	0.0
PBT (after non recurring items)	1,002	350	186.6	1,165	(13.9)	380	163.9
Tax	259	94	176.1	305	(14.9)	93	178.7
Reported PAT	26	27	(98)	26	(28)	24	137
Adjusted PAT	743	256	190.5	860	(13.6)	287	159.1
NPM (%)	743	256	190.5	860	(13.6)	287	159.1
Adjusted EPS (Rs)	3.3	1.3	207bps	4.2	(83bps)	1.4	197bps

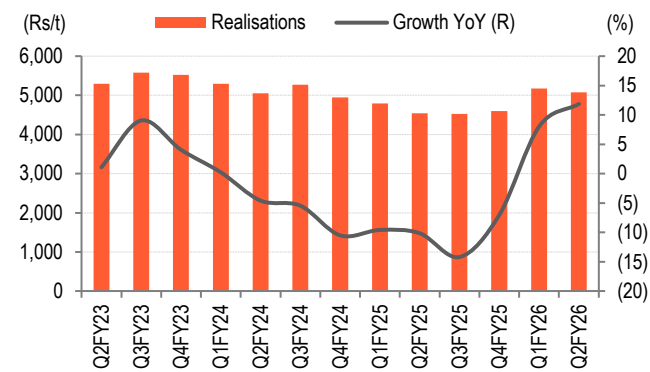
Source: Company, BOBCAPS Research

Fig 3 – Volumes fall as demand remains subdued in a weak quarter and on GST rate cut expectations



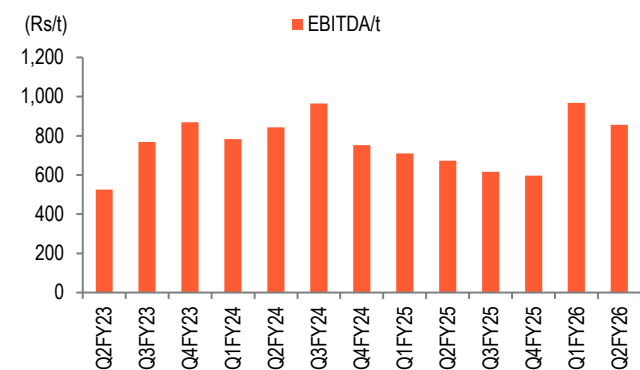
Source: Company, BOBCAPS Research

Fig 4 – Realisations gain robust YoY; price hikes in South India in Q1 and limited correction thereafter help



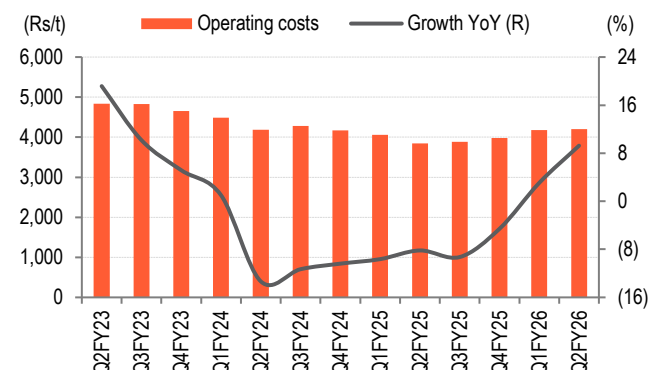
Source: Company, BOBCAPS Research

Fig 5 – EBITDA/t to be driven by realisation gains, offsetting the cost escalation



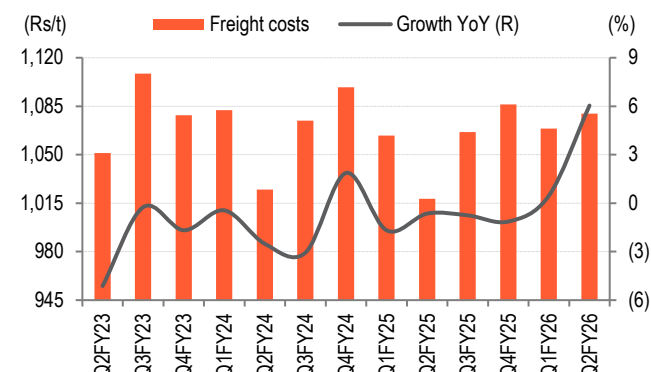
Source: Company, BOBCAPS Research

Fig 6 – Operating cost pushed up by lower capacity utilisation, maintenance cost and TN limestone levy



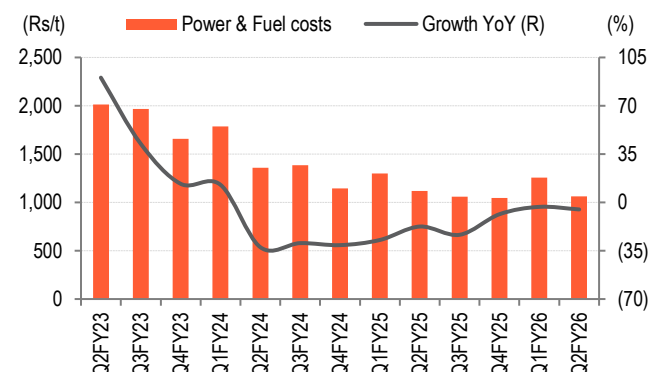
Source: Company, BOBCAPS Research

Fig 7 – Logistic cost inflates on higher lead distance by 9 kms YoY



Source: Company, BOBCAPS Research

Fig 8 – Fuel cost savings due to softening imported coal and power cost



Source: Company, BOBCAPS Research

Valuation Methodology

We tweak our FY27 EBITDA /EPS estimates and revise upwards FY28 earnings penning EPS estimates of Rs 14.0/Rs24.8/Rs34.3 for FY26e/FY27e/FY283, leading to Revenue/EBITDA/PAT CAGR of 15%/23%/22% over FY25-28E.

The aggressive capex has kept TRCL's net debt to EBITDA elevated 3x in FY25/FY26 and will likely stay elevated in the medium term. However, TRCL is indicated to focus on improving capacity utilisation and take a pause on capex in the medium term. This, along with the focus on reducing debt, will assist the company to improve balance sheet and reduce stress. In the near term, cost inflation is clearly a concern to EBITDA margins, in case of realisation reversing.

TRCL hinges heavily on the expected demand revival, following GST rate cut that will unfold only in 2HFY26 and beyond, more specifically in Andhra Pradesh and Tamil Nadu. However, we believe supply overhang in the region can only rejuvenate volume but not propel margins expansion meaningfully.

Effectively, we feel the current valuations of 14.0x 1YF EV/EBITDA are at a premium. We assign a 10x target multiple and revise our TP to Rs 790 (vs Rs 752) that implies a replacement cost of Rs 8.1bn/mnt – a 10% premium. Maintain SELL.

Fig 9 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	99,865	1,17,758	1,30,256	99,865	1,17,758	1,28,790	0.0	0.0	1.1
EBITDA	16,329	20,664	23,762	16,329	20,964	23,020	0.0	(1.4)	3.2
Adj PAT	3,304	5,850	8,112	3,304	6,069	7,570	0.0	(3.6)	7.2
Adj EPS (Rs)	14.0	24.8	34.3	14.0	25.70	32	0.0	(3.7)	7.3

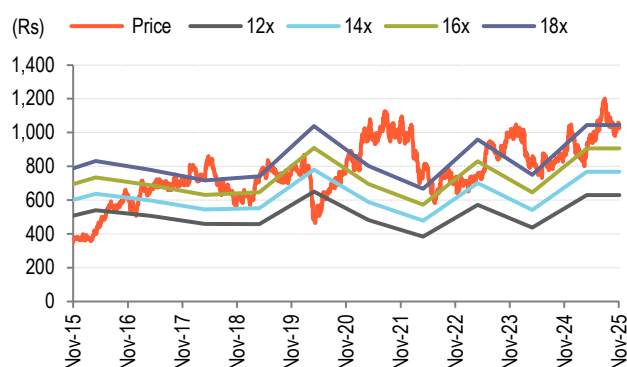
Source: BOBCAPS Research

Fig 10 – Key assumptions

	FY25	FY26E	FY27E	FY28E
Volumes (mt)	19.0	19.3	22.5	24.6
Realisations (Rs/t)	5,044	5,106	5,170	5,235
Operating costs (Rs/t)	4,279	4,448	4,421	4,473
EBITDA/t (Rs/t)	647	848	920	967

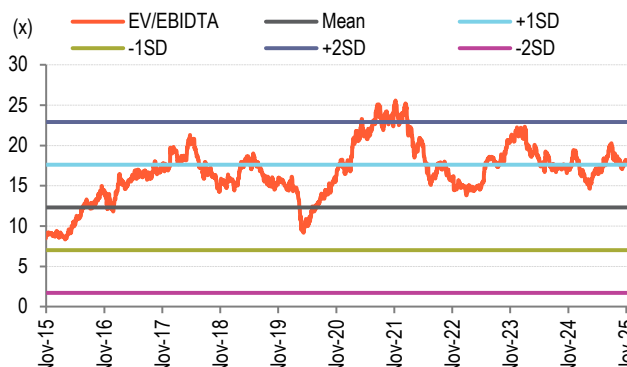
Source: Company, BOBCAPS Research

Fig 11 – Current valuations well ahead of the earnings



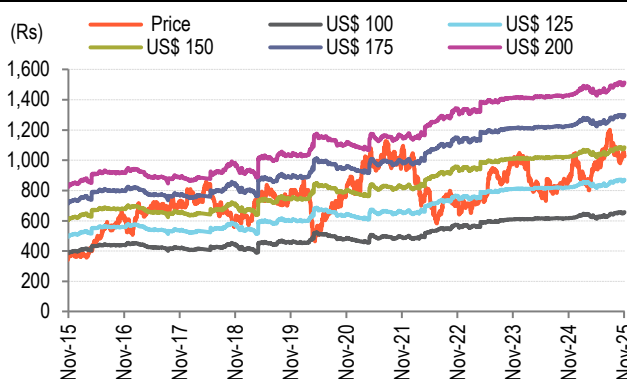
Source: Bloomberg, BOBCAPS Research

Fig 12 – Valuations will moderate in the medium term



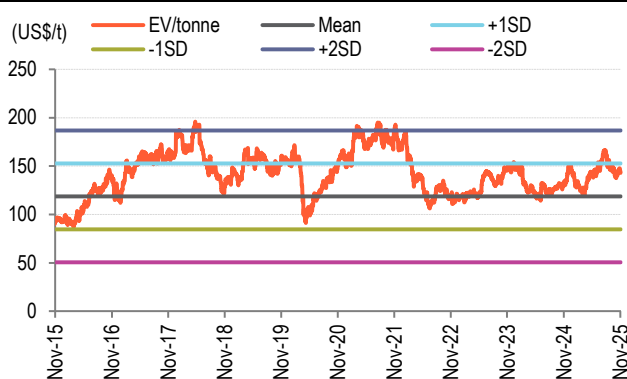
Source: Bloomberg, BOBCAPS Research

Fig 13 – Replacement cost moderation too will follow



Source: Bloomberg, BOBCAPS Research

Fig 14 – Replacement cost will revert to the mean



Source: Bloomberg, BOBCAPS Research

Key Risks

Key upside risks to our estimates:

- faster-than-estimated recovery in demand, especially in TRCL's key operating markets
- change in management strategy with preference for deleveraging balance sheet
- quicker respite in fuel and logistics costs pose upwards risk to our earnings.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	93,223	84,951	99,865	1,17,758	1,30,256
EBITDA	15,250	12,318	16,329	20,664	23,762
Depreciation	(6,359)	(6,912)	(7,976)	(8,539)	(9,090)
EBIT	9,590	5,847	9,092	12,899	15,481
Net interest inc./(exp.)	(4,155)	(4,588)	(4,454)	(4,773)	(4,256)
Other inc./(exp.)	699	440	739	773	809
Exceptional items	0	3,398	0	0	0
EBT	5,435	4,657	4,638	8,126	11,224
Income taxes	(1,485)	(484)	(1,334)	(2,276)	(3,113)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	3,950	4,174	3,304	5,850	8,112
Adjustments	0	(3,398)	0	0	0
Adjusted net profit	3,950	775	3,304	5,850	8,112

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	9,910	6,169	7,095	8,246	9,045
Other current liabilities	20,166	24,546	23,932	26,250	28,798
Provisions	694	669	380	380	380
Debt funds	49,168	46,521	49,488	50,244	44,805
Other liabilities	10,304	10,759	11,297	11,862	12,455
Equity capital	236	236	236	236	236
Reserves & surplus	71,204	74,840	77,448	82,602	90,017
Shareholders' fund	71,388	75,077	77,684	82,838	90,254
Total liab. and equities	1,61,630	1,63,740	1,69,876	1,79,820	1,85,736
Cash and cash eq.	1,352	2,073	2,352	2,103	2,349
Accounts receivables	8,522	7,219	6,156	7,259	8,029
Inventories	9,823	10,150	12,039	14,195	15,702
Other current assets	5,539	6,019	7,334	7,989	8,650
Investments	2,178	1,036	1,346	1,368	1,389
Net fixed assets	1,19,705	1,24,598	1,31,396	1,38,638	1,45,334
CWIP	13,784	11,908	8,500	7,500	3,500
Intangible assets	728	738	753	768	783
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	1,61,630	1,63,740	1,69,876	1,79,820	1,85,736

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	14,175	12,996	9,483	14,423	18,113
Capital expenditures	(18,179)	(10,402)	(11,303)	(14,711)	(11,711)
Change in investments	(220)	1,142	(311)	(21)	(22)
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(18,400)	(9,259)	(11,614)	(14,732)	(11,733)
Equities issued/Others	2	52	0	0	0
Debt raised/repaid	4,294	(2,648)	2,967	756	(5,439)
Interest expenses	0	0	0	0	0
Dividends paid	(159)	(440)	(557)	(696)	(696)
Other financing cash flows	(247)	20	0	0	0
Cash flow from financing	3,890	(3,016)	2,410	60	(6,135)
Chg in cash & cash eq.	(334)	721	279	(249)	246
Closing cash & cash eq.	1,352	2,073	2,352	2,103	2,349

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	16.7	17.7	14.0	24.8	34.3
Adjusted EPS	16.7	3.3	14.0	24.8	34.3
Dividend per share	2.0	2.0	2.5	2.5	2.5
Book value per share	302.1	317.7	328.8	350.6	381.9

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	2.1	2.3	2.0	1.7	1.5
EV/EBITDA	12.8	16.2	12.0	9.5	8.5
Adjusted P/E	61.8	314.8	73.9	41.7	30.1
P/BV	3.4	3.3	3.1	2.9	2.7

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	72.7	89.6	71.2	72.0	72.3
Interest burden (PBT/EBIT)	56.7	21.5	51.0	63.0	72.5
EBIT margin (EBIT/Revenue)	10.3	6.9	9.1	11.0	11.9
Asset turnover (Rev./Avg TA)	60.7	52.2	59.9	67.3	71.3
Leverage (Avg TA/Avg Equity)	2.2	2.2	2.2	2.2	2.1
Adjusted ROAE	5.7	1.5	4.3	7.3	9.4

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	15.1	(8.9)	17.6	17.9	10.6
EBITDA	36.7	(19.2)	32.6	26.5	15.0
Adjusted EPS	26.6	(80.4)	326.0	77.1	38.7
Profitability & Return ratios (%)					
EBITDA margin	16.4	14.5	16.4	17.5	18.2
EBIT margin	10.3	6.9	9.1	11.0	11.9
Adjusted profit margin	4.2	0.9	3.3	5.0	6.2
Adjusted ROAE	5.7	1.5	4.3	7.3	9.4
ROCE	7.6	4.4	6.7	9.1	10.6
Working capital days (days)					
Receivables	33	31	23	23	23
Inventory	38	44	44	44	44
Payables	46	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	0.9
Net interest coverage ratio	2.3	1.3	2.0	2.7	3.6
Adjusted debt/equity	0.7	0.6	0.6	0.6	0.5

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

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BUY – Expected return >+15%

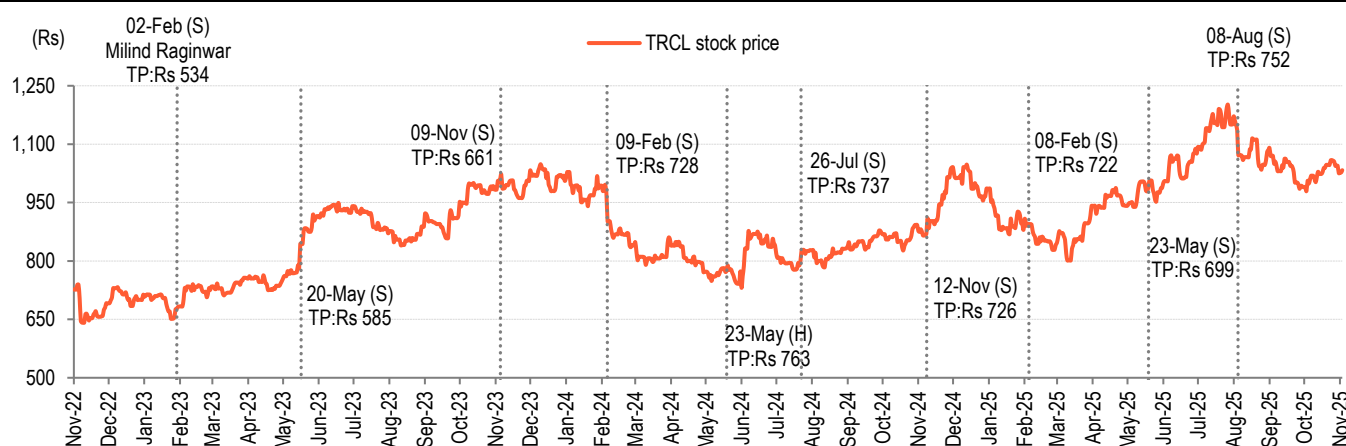
HOLD – Expected return from -6% to +15%

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)



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

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