

SELL

TP: Rs 830 | ▼ 31%

THE RAMCO CEMENTS

| Cement

| 10 February 2026

Performance shortfall continues; no respite in medium term

- Overall volumes grew 5% YoY. Subdued realisations (+1% YoY) on weak East pricing, kept revenue growth modest at 6% YoY
- TN mineral tax and higher fuel costs led to EBITDA margin contraction (~80bps YoY), despite higher green power and lower logistics costs
- Retain FY27E/FY28E EBITDA, will diligently watch cement prices; assign 10x multiple and revise TP to Rs830 (vs Rs790). Maintain SELL

Milind Raginwar
 Research Analyst
 Ayush Dugar
 Research Associate
 research@bobcaps.in

Modest volume growth helps revenue gains as realisations stay muted:

Cement volumes rose ~4% YoY to 4.43mt in Q3FY26, (construction chemicals volumes jumped 79% YoY to 0.15mt), lifting the overall sales volume by ~5% YoY. Revenue grew ~6% YoY (-6% QoQ) to Rs 21bn, driven by volume gains, given that realisations (average) remained subdued; up by ~1% YoY (-10% QoQ) to Rs 4,584/t. Cement capacity utilisation hovered at 73% (vs 75% YoY).

Cost inflation persists; TN mineral tax remains an overhang: Operating cost/t increased modestly by ~2% YoY (-5% QoQ) to Rs 3,972. Raw material cost/ rose ~5% YoY to Rs 979, impacted by Tamil Nadu (TN) MBIT levy (~Rs90-110/t), translating into a Rs 470mn cost impact in Q3FY26. Power & fuel costs/t jumped ~3% YoY to Rs 1,089, driven by higher fuel price at Rs1.57/kcal vs Rs1.49/kcal and adverse currency. This was partially offset by the increased green power usage (47% vs 39% YoY). Logistics declined by ~1%/3% YoY/QoQ, providing limited relief.

EBITDA compresses sharply: EBITDA was largely flat YoY at Rs 2.8bn (-27% QoQ) with EBITDA margin contracting by 77bps YoY to 13.4%. Further, EBITDA per tonne was down 1% YoY to Rs 611/t. Exceptional items stood at Rs 4.9bn, driven by land sale but offset by new labour code provisions.

Expansion plans: Capex spend was Rs 2.2bn in Q3FY26/9MFY26: Rs 8.2bn), with FY26 capex guidance trimmed to ~Rs 11bn. TRCL stays on track to reach 31mtpa cement capacity by Mar'27. The company added 2mtpa capacity at Ariyalur Plant (capex) and the brownfield expansion at Kolimigundla will add 3mtpa (vs 1.5mtpa).

Earnings maintained; retain SELL: We maintain our FY26/FY27/FY28 EBITDA/EPS estimates, penning (EPS estimates of Rs 14.0/Rs24.8/Rs34.3) Revenue/EBITDA/PAT CAGR of 15%/23%/22% over FY25-28E. In FY25/FY26 net debt to EBITDA is elevated at 3x, owing to aggressive capex, but may soften in the near 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 829 (vs Rs 790) implying a replacement cost of Rs 8.1bn/mnt – a 10% premium. Maintain SELL.

Key changes

	Target	Rating
	▲	◀ ▶

Ticker/Price	TRCL IN/Rs 1,205
Market cap	US\$ 3.1bn
Free float	58%
3M ADV	US\$ 3.4mn
52wk high/low	Rs 1,215/Rs 788
Promoter/FPI/DII	42%/7%/32%

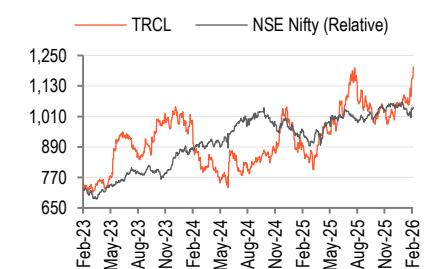
Source: NSE | Price as of 9 Feb 2026

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	17.9	28.7
Adj. ROAE (%)	1.5	4.3	7.3
Adj. P/E (x)	367.1	86.2	48.7
EV/EBITDA (x)	19.4	14.5	11.4
Adj. EPS growth (%)	(80.4)	326.0	77.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Key metrics

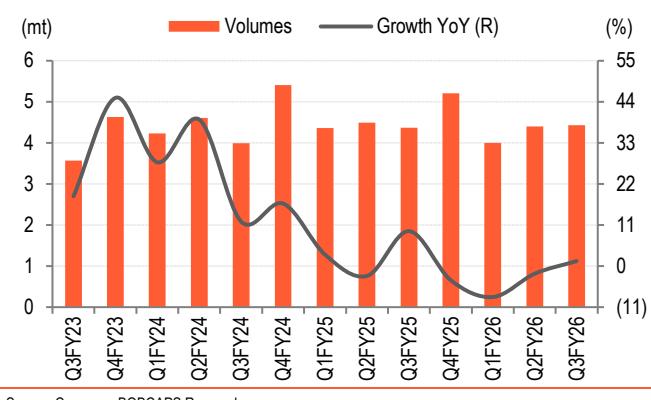
	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Q3FY26E	Deviation (%)
Volumes (million tonnes)	4.4	4.4	1.4	4.4	0.7	4.10	8.0
Cement realisations (Rs/t)	4,744	4,523	4.9	5,079	(6.6)	5,165	(8.2)
Operating costs (Rs/t)	4,110	3,884	5.8	4,200	(2.1)	4,398	(6.6)
EBITDA/t (Rs)	611	617	(0.8)	857	(28.6)	743	(17.7)

Source: Company, BOBCAPS Research

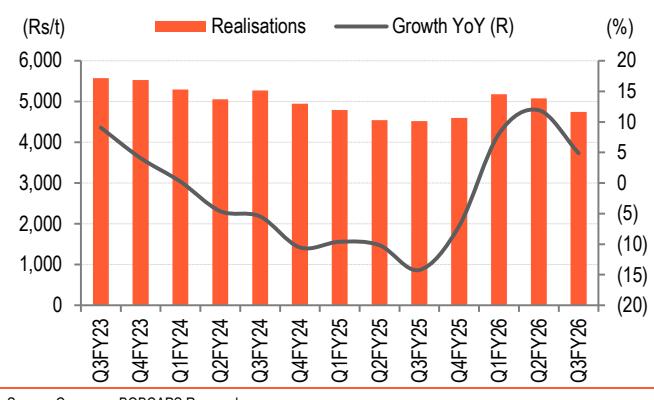
Fig 2 – Quarterly performance

(Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Q3FY26E	Deviation (%)
Net Sales	21,015	19,766	6.3	22,348	(6.0)	21,919	(4.1)
Expenditure							
Change in stock	(155)	(155)	0.3	447	0.0	(116)	33.6
Raw material	4,641	4,230	9.7	4,524	2.6	4,726	(1.8)
Purchased products	0	0	0.0	0	0	0	0
Power & fuel	4,990	4,632	7.7	4,679	6.7	4,950	0.8
Freight	4,815	4,660	3.3	4,751	1.4	4,982	(3.4)
Employee costs	1,350	1,316	2.6	1,448	(6.8)	1,418	(4.8)
Other exp	2,565	2,287	12.2	2,630	(2.5)	2,424	5.8
Total Operating Expenses	18,206	16,971	7.3	18,479	(1.5)	18,385	(1.0)
EBITDA	2,808	2,794	0.5	3,869	(27.4)	3,534	(20.5)
EBITDA margin (%)	13.4	14.1	(77bps)	17.3	(395bps)	16.1	(276bps)
Other Income	176	113	56.7	71	150.2	81	117.8
Interest	1,080	1,125	(4.0)	1,114	(3.0)	1,191	(9.3)
Depreciation	1,839	1,738	5.8	1,823	0.9	1,840	(0.1)
PBT	66	44	51.3	1,002	(93.4)	584	(88.7)
Non-recurring items	4,791	3,290	0.0	-	0.0	-	0.0
PBT (after non-recurring items)	(4,725)	(3,247)	45.5	1,002	(571.3)	584	(908.8)
Tax	987	80	1,129.4	259	280.7	143	589.8
Reported PAT	3,869	3,253	18.9	743	420.7	441	777.2
Adjusted PAT	(921)	(37)	2,403.8	743	(224.0)	441	(308.9)
NPM (%)	(4.4)	(0.2)	(420bps)	3.3	(771bps)	2.0	(640bps)
Adjusted EPS (Rs)	(3.9)	(0.2)	2,403.8	3.2	(224.0)	1.9	(308.9)

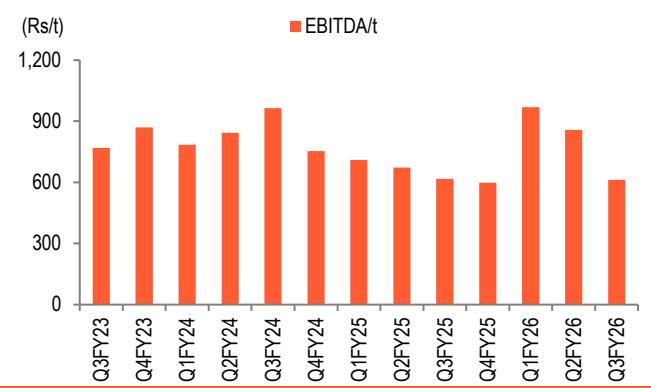
Source: Company, BOBCAPS Research

Fig 3 – Volume gains tepid as prices stay muted in the eastern region


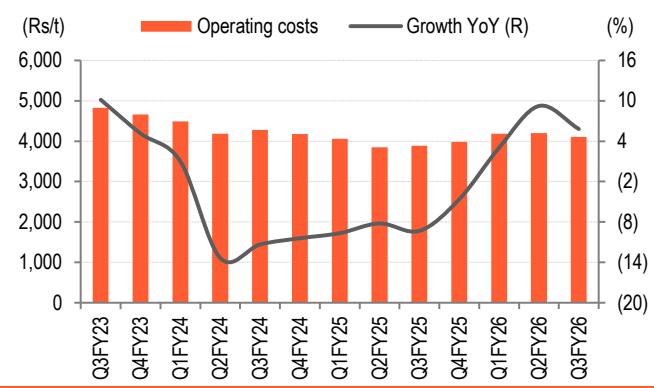
Source: Company, BOBCAPS Research

Fig 4 – Realisations stay listless, on the back of GST rate cut


Source: Company, BOBCAPS Research

Fig 5 – EBITDA/t stays range-bound as cost inflation marginally higher vs realisation gains


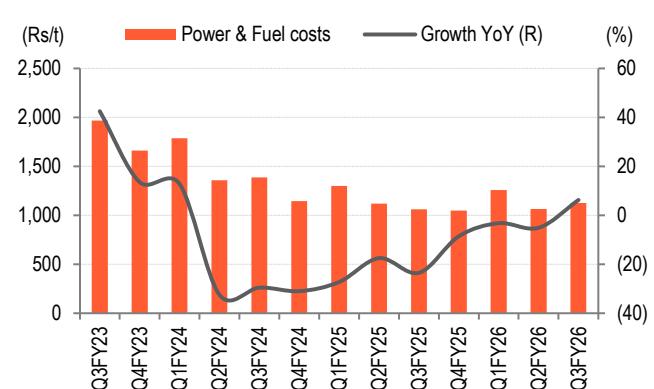
Source: Company, BOBCAPS Research

Fig 6 – Operating cost pushed up by the TN limestone levy and higher fuel cost


Source: Company, BOBCAPS Research

Fig 7 – Logistic cost softens as near markets tapped during monsoons in Tamil Nadu; weak volume in the East


Source: Company, BOBCAPS Research

Fig 8 – Fuel cost escalation offset by a swift change in fuel mix in favour of coal over pet-coke


Source: Company, BOBCAPS Research

Valuation Methodology

We maintain our FY26/FY27/FY28 EBITDA/EPS estimates, penning (EPS estimates of Rs 14.0/Rs24.8/Rs34.3) 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, which will likely stay elevated in the medium term. However, the company is indicated to focus on improving 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, in case of realisations reversing. TRCL hinges heavily on the expected demand revival, following GST rate cut that will unfold only in 4QFY26 and beyond; more specifically in Andhra Pradesh and Tamil Nadu. However, we believe that supply overhang in the region can only rejuvenate the volumes but not propel margins expansion meaningfully.

Effectively, 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 829 (vs Rs 790), implying a replacement cost of Rs 8.1bn/mnt — a 10% premium. Maintain SELL.

Fig 9 – 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 10 – Current valuations well ahead of earnings

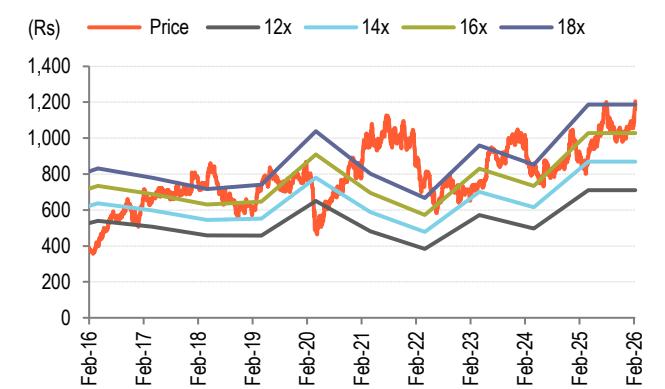


Fig 11 – Valuations will moderate in the medium term

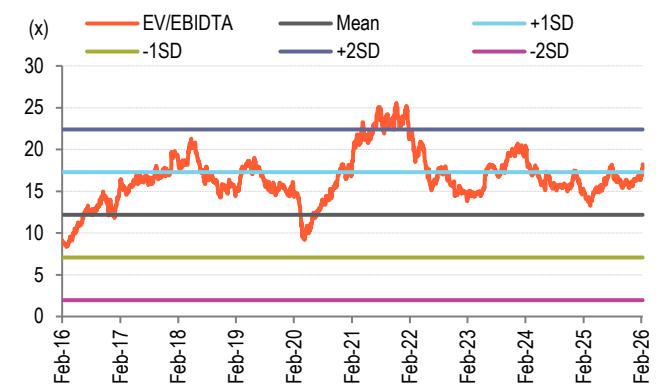
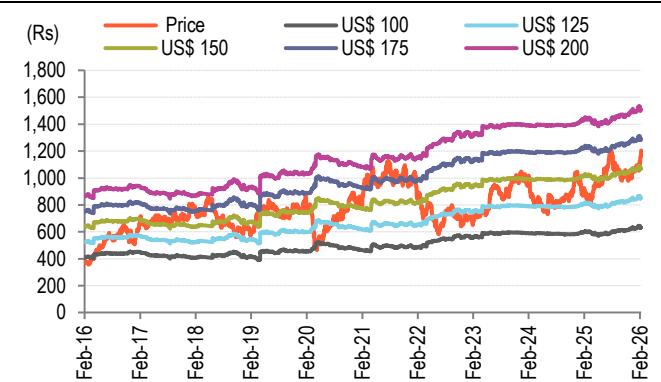
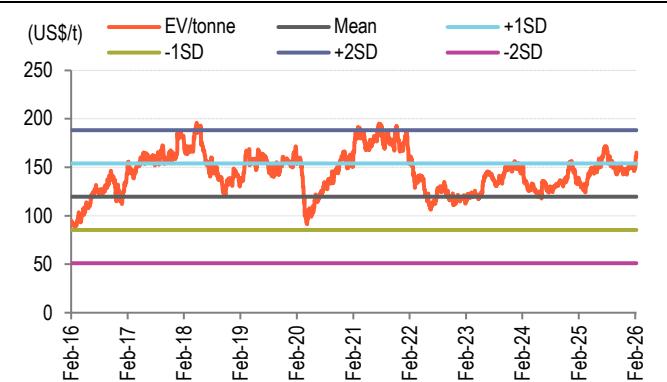


Fig 12 – Replacement cost moderation, too, will follow

Source: Bloomberg, BOBCAPS Research

Fig 13 – 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 a 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	2.5	2.8	2.4	2.0	1.9
EV/EBITDA	15.5	19.4	14.5	11.4	10.2
Adjusted P/E	72.1	367.1	86.2	48.7	35.1
P/BV	4.0	3.8	3.7	3.4	3.2

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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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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