

SELL

TP: Rs 760 | ▼ 17%

THE RAMCO CEMENTS

Cement

24 May 2026

Efficiencies impact the show; more challenges await; SELL

- Volume growth in lower single digits at ~4% YoY. Eastern exposure helps pricing recovery ~5% YoY (2% QoQ), supports revenue growth
- EBITDA rose ~16% YoY, aided by improved operating leverage only respite that partially offsets persistent cost inflation
- Revise down FY27E/FY28E EBITDA, as cost inflation only on a rise assign 10x multiple and revise TP to Rs760 (vs Rs830). Maintain SELL

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Single-digit volume growth aid revenue: TRCL’s cement volumes gained ~4% YoY (22% QoQ) to ~5.4mt in Q4FY26; aided by the recovery in trade demand in key markets. Revenue grew ~9%/24% YoY/QoQ to ~Rs26bn, helped by volume growth and improved pricing. Average realisation gained ~5%/2% YoY/QoQ to ~Rs4,836/tn, despite the competitive intensity across South and East India. Capacity utilisation stayed healthy at ~83% (vs 85% YoY); typical in the busy period of Q4.

Cost inflation persists with partial offset from green power: Operating cost/tn jumped by ~4% YoY (flat QoQ) to Rs4,144/tn. Raw material cost rose sharply by ~8%/12% YoY/QoQ to Rs1,138/tn, due to Tamil Nadu mineral tax (~Rs370mn in Q4FY26). Power & fuel cost/tn went up 5.5% YoY driven by higher blended fuel cost at Rs1.62/kcal (vs Rs1.50/kcal YoY). This was partially offset by an increased green power usage (34% vs 31% YoY). Logistics cost rose ~2% YoY, despite stable lead distance at 276km (vs 278km YoY), as rail coefficient fell ~1pp YoY to ~12%.

EBITDA improves as operating leverage partially offsets the cost-pinch: EBITDA gained ~16%/33% YoY/QoQ to ~Rs3.7bn, with EBITDA margin improving by ~90bps YoY/QoQ helped by better operating leverage and improved pricing. EBITDA/tn improved ~13%/10% YoY/QoQ. APAT surged ~258% YoY, on a weak base (exceptional gains from non-core asset monetisation spurts reported PAT).

Expansion plans remain on track: Capex spend was ~Rs1.7bn in Q4FY26 (FY26: ~Rs10bn), and FY27 capex guidance is pegged at ~Rs8bn. WHRS capacity of 15MW, alongside Kiln Line-2 at Kolimigundla, will likely be commissioned in FY27.

Revise estimates downwards; retain SELL: We cut our FY27/FY28 EBITDA estimates by 21%/13%, penning (EPS estimates of Rs 13.0/Rs26.1). We introduce FY29 estimates and our Revenue/EBITDA/PAT CAGR of 13%/19%/19% over FY25-29E. In 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 continue to assign a 10x target multiple and revise our TP to Rs 760 (vs Rs 830) implying a replacement cost of Rs 8.1bn/mnt – a 10% premium. Maintain SELL.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	TRCL IN/Rs 915
Market cap	US\$ 2.3bn
Free float	58%
3M ADV	US\$ 2.5mn
52wk high/low	Rs 1,215/Rs 860
Promoter/FPI/DII	42%/7%/32%

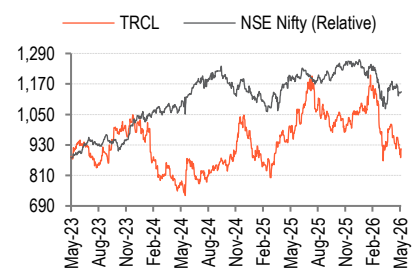
Source: NSE | Price as of 22 May 2026

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	20.1	30.1
Adj. ROAE (%)	1.8	3.7	7.1
Adj. P/E (x)	153.9	69.9	35.1
EV/EBITDA (x)	12.5	10.8	8.6
Adj. EPS growth (%)	81.0	120.1	99.2

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

Stock performance



Source: NSE



Fig 1 – Key metrics

	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Deviation (%)
Volumes (million tonnes)	5.4	5.2	3.6	4.4	21.6	5.05	6.7
Cement realisations (Rs/t)	4,836	4,598	5.2	4,744	1.9	4,819	0.4
Operating costs (Rs/t)	4,144	3,981	4.1	4,110	0.8	4,111	0.8
EBITDA/t (Rs)	673	598	12.7	611	10.1	688	(2.2)

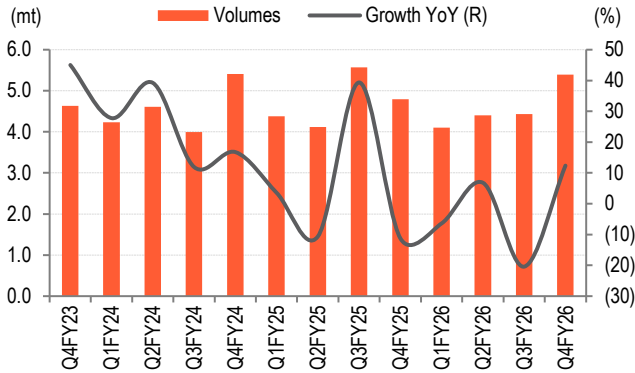
Source: Company, BOBCAPS Research

Fig 2 – Quarterly performance

(Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Deviation (%)
Net Sales	26,061	23,920	9.0	21,015	24.0	24,335	7.1
Expenditure							
Change in stock	407	400	1.7	(155)	0.0	91	347.0
Raw material	5,723	5,091	12.4	4,641	23.3	5,308	7.8
Purchased products	0	0	0.0	0	0	0	0
Power & fuel	5,953	5,448	9.3	4,990	19.3	5,687	4.7
Freight	5,973	5,651	5.7	4,815	24.0	5,550	7.6
Employee costs	1,426	1,235	15.4	1,350	5.6	1,380	3.3
Other exp	2,851	2,886	(1.2)	2,565	11.1	2,745	3.9
Total Operating Expenses	22,333	20,711	7.8	18,206	22.7	20,760	7.6
EBITDA	3,728	3,209	16.2	2,808	32.8	3,575	4.3
EBITDA margin (%)	14.3	13.4	89bps	13.4	94bps	14.7	(39bps)
Other Income	122	130	(5.9)	176	(31.0)	91	33.8
Interest	952	1,133	(16.0)	1,080	(11.8)	1,121	(15.0)
Depreciation	1,871	1,821	2.7	1,839	1.7	1,871	(0.0)
PBT	1,027	384	167.3	66	1,461.1	674	52.3
Non-recurring items	742	108	0.0	4,791	0.0	-	0.0
PBT (after non-recurring items)	286	276	3.4	(4,725)	(106.0)	674	(57.7)
Tax	305	183	67.0	987	(69.1)	165	84.6
Reported PAT	1,464	310	372.2	3,869	(62.2)	509	187.5
Adjusted PAT	722	202	258.1	(921)	(178.4)	509	41.9
NPM (%)	2.8	0.8	193bps	(4.4)	716bps	2.1	68bps
Adjusted EPS (Rs)	3.1	0.9	258.1	(3.9)	(178.4)	2.2	41.9

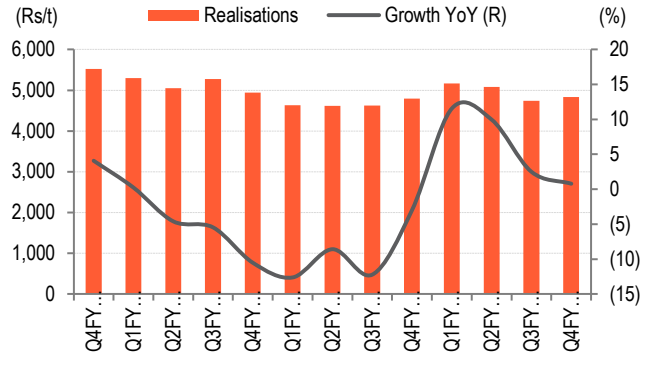
Source: Company, BOBCAPS Research

Fig 3 – Volume gains tepid in South though eastern region witnessed a partially offset



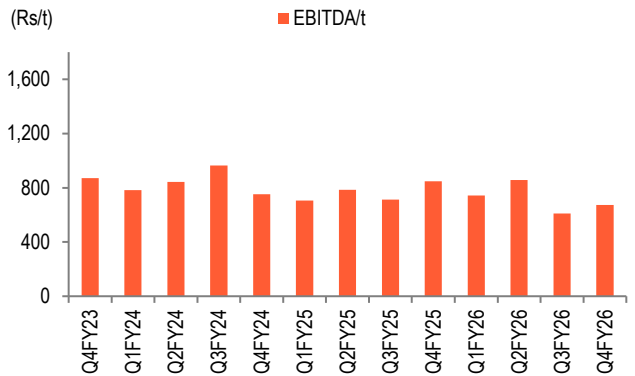
Source: Company, BOBCAPS Research

Fig 4 – Average cement price hike driven by a pick-up in Trade price



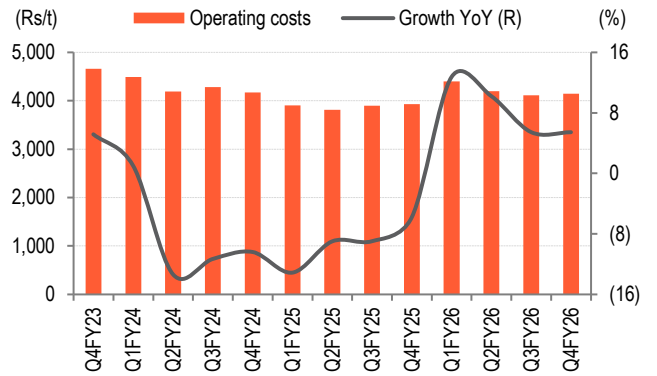
Source: Company, BOBCAPS Research

Fig 5 – EBITDA/tn improves, on operating-leverage benefits and improvement in realisations



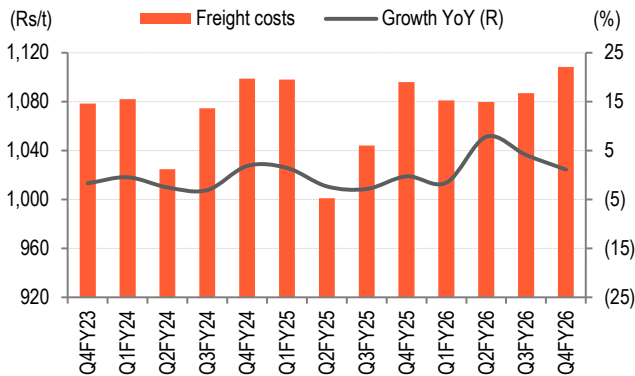
Source: Company, BOBCAPS Research

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



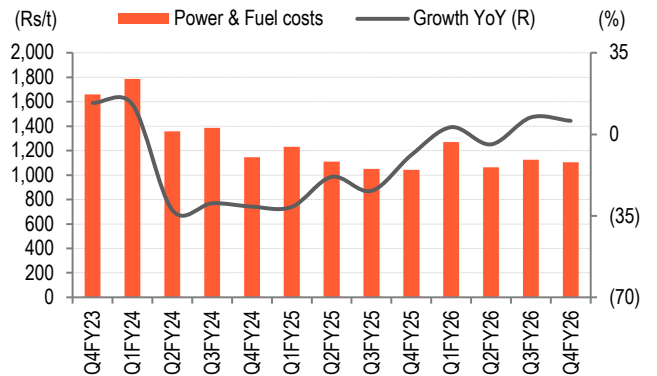
Source: Company, BOBCAPS Research

Fig 7 – Logistic cost inflates, as rail share declined despite the core markets being in focus



Source: Company, BOBCAPS Research

Fig 8 – Fuel cost elevation a negative surprise, as low-cost inventory is in use; the mix-shift is prudent



Source: Company, BOBCAPS Research

Valuation Methodology

We cut our FY27/FY28 EBITDA estimates by 21%/13%, penning (EPS estimates of Rs 13.0/Rs26.1). We introduce FY29 estimates and our Revenue/EBITDA/PAT CAGR of 13%/19%/19% over FY25-29E.

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, in case of realisations reversing. Current energy cost inflation is a clear negative, as it is on low-priced inventory and despite a prudent mix to 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 760 (vs Rs 830); implying a replacement cost of Rs 8.1bn/mnt – a 10% premium. Maintain SELL.

Fig 9 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	1,06,114	1,23,295	1,39,358	1,17,758	1,30,256		(9.9)	(5.3)	
EBITDA	16,231	20,768	23,984	20,664	23,762		(21.5)	(12.6)	
Adj PAT	3,090	6,157	8,245	5,850	8,112		(47.2)	(24.1)	
Adj EPS (Rs)	13.1	26.1	34.9	24.80	34.3		(47.3)	(24.0)	

Source: BOBCAPS Research, Note: FY29 estimates newly introduced

Fig 10 – Key assumptions

Parameter	FY26E	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

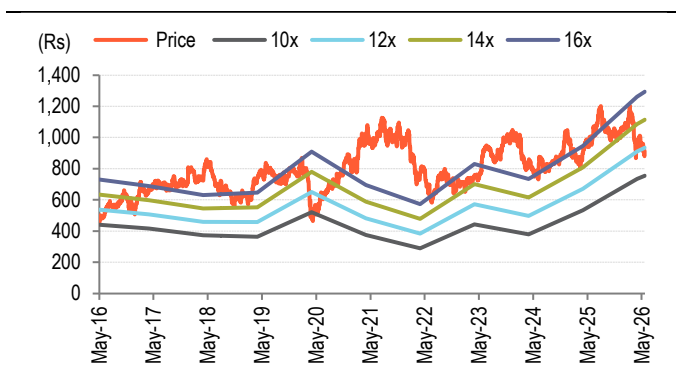
Source: Company, BOBCAPS Research, Note: FY29 estimates newly introduced

Fig 11 – Valuation summary

Business (Rs mn)	March 2028 earnings
Target March 2028 EV/EBITDA (x)	10.0
EBITDA	20,768
Target EV	2,16,817
Total EV	2,16,817
Net debt (Mar 2028)	37,287
Target market capitalisation	1,79,530
Target price (Rs/sh)	760
Weighted average shares (mn)	236.3

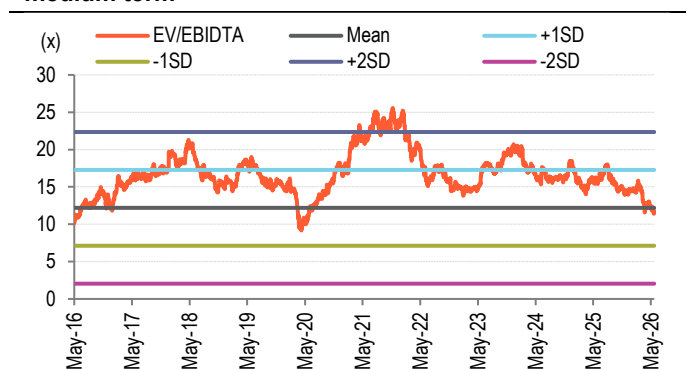
Source: BOBCAPS Research

Fig 12 – Current valuations well ahead of earnings



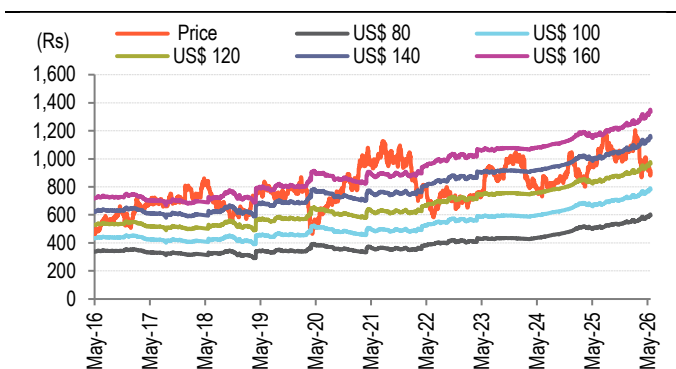
Source: Bloomberg, BOBCAPS Research

Fig 13 – Valuations will likely moderate further in the medium term



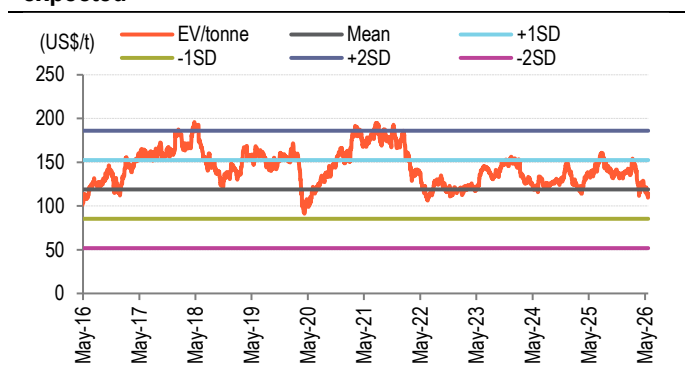
Source: Bloomberg, BOBCAPS Research

Fig 14 – Replacement cost moderation is well justified



Source: Bloomberg, BOBCAPS Research

Fig 15 – 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, especially in TRCL's key operating markets.
- Change in management strategy to moderate the capacity addition is aiding further improvement in the balance sheet.
- A quicker 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	2.0	2.0	1.7	1.4	1.3
EV/EBITDA	14.2	12.5	10.8	8.6	7.5
Adjusted P/E	278.6	153.9	69.9	35.1	26.2
P/BV	2.9	2.7	2.6	2.4	2.2

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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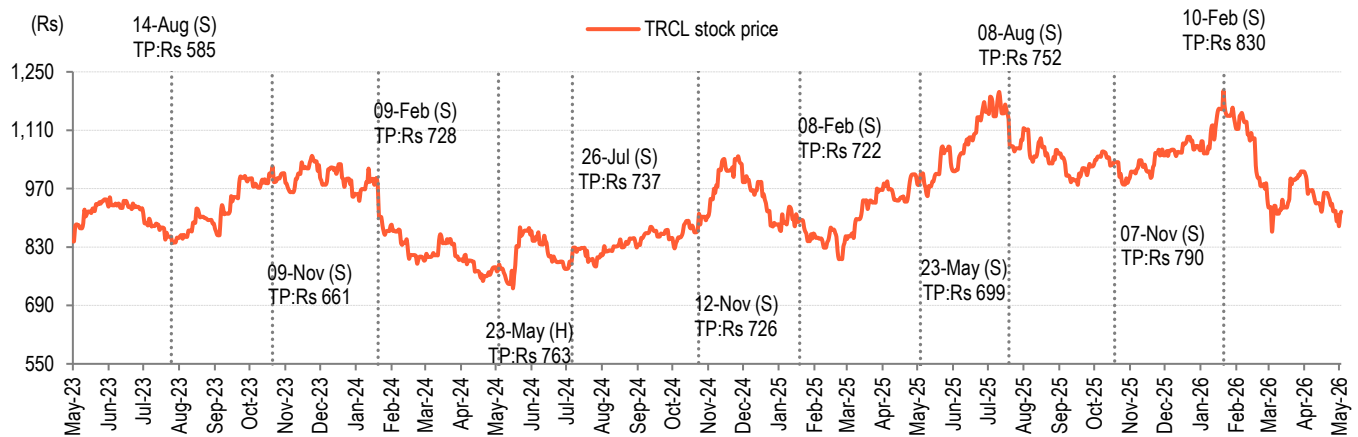
Recommendation scale: Recommendations and Absolute returns (%) over 12 months

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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