

India

REDUCE (no change)

Consensus ratings*: Buy 15 Hold 9 Sell 13

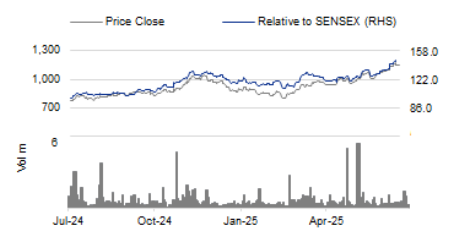
Current price: Rs1,137
 Target price: ▲ Rs993
 Previous target: Rs900
 Up/downside: -12.7%
 InCred Research / Consensus: 0.6%

Reuters: TRCE.BO
 Bloomberg: TRCL IN
 Market cap: US\$3,063m
 Rs268,641m
 Average daily turnover: US\$7.3m
 Rs636.6m
 Current shares o/s: 236.3m
 Free float: 51.6%

*Source: Bloomberg

Key changes in this note

- Broadly maintain our EBITDA estimates for FY26F-27F.
- Roll forward and increase our target price to Rs993 from Rs900.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	4.7	19.8	38.4
Relative (%)	8.7	19.4	35.4

Major shareholders	% held
Promoter & Promoter Group	42.6
LICI ULIP	7.1
Kotak MF	6.2

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Ramco Cements Ltd

Weak growth but offset by firm prices

- In 1QFY26, TRCL's volume dipped by ~6% yoy to 4.12mt, but the realization improvement was better than peers. EBITDA/t was up by Rs359 qoq at Rs966.
- TRCL's non-core asset monetizing plan got slightly delayed but still it achieved ~50% of target. Capex to be ~Rs12bn in FY26F, with ~30mtpa of capacity.
- We broadly maintain our FY26F-27F EBITDA estimates to factor in the higher pricing in South India. Retain REDUCE rating with a higher TP of Rs993.

Volume lowest among peers; huge price hike drives realization

The 1QFY26 cement volume of The Ramco Cements (TRCL) declined by ~6% yoy (vs. ICEM +12% yoy) to 4.12mt (~7% below our estimate) and the lowest among regional peers. Demand was impacted due to the early onset of monsoon and infrastructure project slowdown in its markets. The average price was up by ~5% yoy and ~11% qoq during the quarter. B2B business declined yoy in all markets, while B2C volume grew stronger in the eastern region compared to the southern region. The share of premium products expanded by 200bp in eastern as well as southern regions. Blended realization was up by ~11% qoq & by ~5% yoy due to a sharp improvement in prices in core markets and was better than that of Dalmia Bharat, at 9.2% qoq, implying the focus on value over volume. We have factored in ~2% volume growth in FY26F, as we believe that rising pressure from top players in its markets with a soft demand environment will impact TRCL's performance.

EBITDA/t recovers from its bottom; sustaining hikes to be key in 2H

Total operating costs/t were up by ~4% qoq and flat yoy at Rs4,061 where: a) P&F costs/t were down ~6% yoy & up ~19% qoq at Rs1,222 and blended fuel consumption costs on Kcal basis were at Rs1.55 in 1QFY26 vs. Rs1.5 qoq and Rs1.49 yoy. b) Logistics costs/t declined by ~6% qoq to Rs1,218, with the lead distance at 246km vs. 273km yoy. c) Fixed costs up by ~19% qoq at Rs930/t on account of qoq negative operating leverage. Raw material costs fell due to the improvement in the CC ratio, which stood at 1.45x in 1Q vs. 1.41x yoy. TRCL posted an operational impact of Rs300m (Rs73/t), from the Limestone Mining Act in Tamil Nadu. EBITDA/t recovered to Rs966, up by Rs359 qoq and Rs233 yoy. Green power share was at 31% vs. 33% yoy. We expect unit EBITDA to improve post-2QFY26F based on improved and stable price levels in its markets post-Mar 2025.

Slight delay in non-core asset monetization; aims ~30mtpa by FY26F

TRCL's plan is to monetize non-core assets worth Rs10bn, of which it achieved ~50% of the target in 1QFY26 and now it expects to complete the remaining by Sep 2025F vs. the earlier timeline of Jul 2025. TRCL maintained its capex guidance of Rs12bn for FY26F and already incurred Rs3.21bn in 1QFY26. TRCL aims to have ~30mtpa capacity by FY26F.

Maintain REDUCE rating with a higher target price of Rs993

TRCL trades at an EV/EBITDA multiple of 14.3x for FY27F. We maintain our REDUCE rating on it due to the volatility in earnings performance because of regional dynamics, higher competition in acquired assets from incumbents and high leverage which are areas of concern. Our new target price is Rs993 or 13x Jun 2026 EV/EBITDA. **Upside risks:** Better demand and pricing growth in South & East India markets, sharp deleveraging and better-than-expected cost control.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	93,498	84,951	92,196	104,808	116,949
Operating EBITDA (Rsm)	15,525	12,319	16,666	19,726	23,077
Net Profit (Rsm)	3,950	4,174	3,884	5,962	8,231
Core EPS (Rs)	16.7	4.8	16.4	25.2	34.8
Core EPS Growth	15.0%	(71.4%)	244.2%	53.5%	38.1%
FD Core P/E (x)	68.02	64.36	69.17	45.06	32.64
DPS (Rs)	2.5	2.0	1.9	2.9	3.9
Dividend Yield	0.22%	0.18%	0.16%	0.25%	0.35%
EV/EBITDA (x)	20.38	25.42	18.81	15.79	13.26
P/FCFE (x)	65.07	45.85	27.73	23.61	17.07
Net Gearing	66.9%	59.3%	57.3%	51.4%	41.4%
P/BV (x)	3.76	3.58	3.43	3.22	2.97
ROE	5.7%	1.5%	5.1%	7.4%	9.5%
% Change In Core EPS Estimates			(0.66%)	(0.57%)	(0.50%)
InCred Research/Consensus EPS (x)					

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Weak growth but offset by firm prices

1QFY26 results review

Key operational highlights of the quarter

- **Volume:** Cement sales volume was 4.12mt (including dry mortar product), -6% yoy and -22% qoq (-7% vs. Incred estimate).
- During 1QFY26, capacity utilization was 68% vs. 77% yoy. The demand was impacted due to the early onset of monsoon and a slowdown in infrastructure projects in its markets.
- During 1QFY26, the volume mix for the southern region was 79% vs. 76% yoy and for the eastern region it was 21% vs. 24% yoy.
- **B2B** sales declined in both eastern and southern regions on a yoy basis.
- **Blended realization** came in at Rs5,027/t, +11% qoq and +5% yoy (in line with Incred estimate) due to cement prices being up 5% yoy and 11% qoq.
- The share of premium products was 29% vs. 27% yoy in the southern region and 22% vs. 20% yoy in the eastern region.
- **Total operating costs/t** were up by ~4% qoq and flat yoy at Rs4,061 (in line with Incred estimate). a) Raw material costs/t declined by 14% qoq to Rs691. b) P&F costs increased by 19% qoq to Rs1,222. c) Freight costs were down by 6% qoq at Rs1,218. d) Fixed costs up by 19% qoq at Rs930.
- Pet-coke consumption stood at 54% vs. 58% yoy and 66% qoq. Blended fuel costs at Rs1.55/kcal vs. Rs1.5/kcal qoq and Rs1.49/kcal yoy.
- Blended fuel consumption costs at US\$126 vs. US\$121 qoq and US\$137 yoy.
- **Tamil Nadu cost impact:** The company reported an impact of Rs300m (Rs73/t) in 1QFY26 from the Limestone Mining Act implemented in Tamil Nadu.
- In 1Q, the overall green power usage decreased to 31% vs. 33% yoy and 31% qoq.
- **EBITDA and EBITDA/t:** EBITDA for the quarter came in at ~Rs4bn (vs. our estimate of Rs4.4bn), up by ~25% yoy and ~24% qoq. EBITDA/t stood at Rs966 for the quarter (vs. our estimate of Rs1,000/t) vs. Rs607 in 4QFY25 and Rs733 in 1QFY25.
- **Reported PAT** of Rs860m in 1Q vs. Incred estimate of Rs1.13bn. Borrowing costs declined following rate cuts and a reduction in borrowings.
- **Gross debt stood** at ~ Rs47.34bn as of Jun 2025-end vs. Rs46.52bn qoq.

Other updates

- Monetization of non-core assets at Rs5.01bn vs. the target of Rs10bn, with the remaining to be completed by Sep 2025F.
- **Capex:** The company will be incurring capex of Rs12bn in FY26F.
- **Capacity update:** TRCL is on track to achieve cement capacity of 30mtpa by Mar 2026F by commissioning the second line in Kolimigundla along with debottlenecking of existing facilities.
- 57% of mining land and 13% of factory land for the new Karnataka greenfield project has been acquired.
- The WHRS plant, with a capacity of 5MW, in Ramasamy Raja Nagar to be commissioned in Aug 2025F, and the remaining to be commissioned by Sep 2025F. Additional 15MW of WHRS in Kolimigundla is scheduled to be commissioned by FY27F.
- **Expansion of capacity in building products:** The new unit in Odisha was commissioned in Jul 2025.

- Average lead distance in 1Q stood at 246km vs. 273km yoy and 278km qoq. Rail co-efficient for cement despatches during 1Q stood at 8% vs. 8% yoy & 13% qoq.

Figure 1: Standalone quarterly performance

Particulars (Rs m)	1QFY26	1QFY26F	4QFY25	1QFY25	% Change		
					1QFY26F	4QFY25	1QFY25
Net Sales	20,701	22,220	23,920	20,884	-6.8%	-13.5%	-0.9%
Raw Materials Consumed	2,846	3,943	4,271	2,629	-27.8%	-33.4%	8.3%
Freight and Forwarding Expenses	5,017	5,534	6,871	5,647	-9.4%	-27.0%	-11.2%
Power and Fuel Costs	5,030	4,646	5,448	5,666	8.3%	-7.7%	-11.2%
Employee Costs	1,420	1,203	1,235	1,367	18.0%	14.9%	3.9%
Other Expenses	2,412	2,481	2,886	2,381	-2.8%	-16.4%	1.3%
Total Expenditure	16,725	17,807	20,711	17,690	-6.1%	-19.2%	-5.5%
EBITDA	3,976	4,413	3,209	3,194	-9.9%	23.9%	24.5%
Depreciation	1,829	1,784	1,821	1,667	2.5%	0.5%	9.7%
EBIT	2,147	2,630	1,388	1,527	-18.3%	54.7%	40.6%
Interest	1,047	1,187	1,133	1,131	-11.8%	-7.6%	-7.4%
Other Income	65	89	130	85	-27.4%	-50.0%	-23.8%
PBT	1,165	1,532	493	482	-24.0%	136.4%	141.8%
Tax	305	398	183	127	-23.5%	66.7%	140.6%
Recurring PAT	860	1,134	202	355	-24.1%	326.6%	142.3%
Extraordinary Items	0	0	108	0			
Reported PAT	860	1,134	310	355	-24.1%	177.5%	142.3%
EPS (Rs)	3.6	4.8	1.3	1.5	-24.1%	177.5%	142.3%
Gross Margin	37.7%	36.4%	30.6%	33.2%	128bp	707bp	448bp
EBITDA Margin	19.2%	19.9%	13.4%	15.3%	-65bp	579bp	391bp
EBIT Margin	10.4%	11.8%	5.8%	7.3%	-146bp	457bp	306bp
PBT Margin	5.6%	6.9%	2.1%	2.3%	-127bp	357bp	332bp
PAT Margin	4.2%	5.1%	1.3%	1.7%	-95bp	286bp	245bp
Tax Rate	26.2%	26.0%	37.1%	26.3%	15bp	-1,094bp	-13bp
Cost Items as a % of Sales							
RM Costs	62.3%	63.6%	69.4%	66.8%	-128bp	-707bp	-448bp
Employee Costs	6.9%	5.4%	5.2%	6.5%	144bp	169bp	31bp
Other Expenses	11.7%	11.2%	12.1%	11.4%	49bp	-41bp	25bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

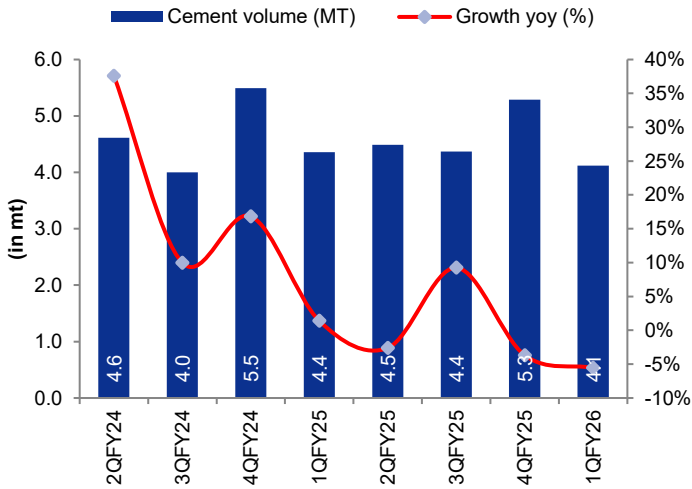
Figure 2: 1QFY26 results on per tonne analysis

Per tonne analysis (in Rs/t)	1QFY26	1QFY26F	4QFY25	1QFY25	% Change		
					1QFY26F	4QFY25	1QFY25
Sales Volume (in mt)	4.12	4.41	5.29	4.36	-6.7%	-22.1%	-5.6%
Realization	5,027	5,036	4,522	4,790	-0.2%	11.2%	5.0%
EBITDA/t	966	1,000	607	733	-3.5%	59.2%	31.8%
RM Costs/t	691	894	808	603	-22.6%	-14.4%	14.7%
P&F Costs/t	1,222	1,053	1,030	1,300	16.0%	18.6%	-6.0%
Freight Costs/t	1,218	1,254	1,299	1,295	-2.9%	-6.2%	-5.9%
Employee Costs/t	345	273	234	314	26.4%	47.6%	10.0%
Other Expenses/t	586	562	546	546	4.2%	7.3%	7.3%
Total Costs/t	4,061	4,036	3,916	4,057	0.6%	3.7%	0.1%

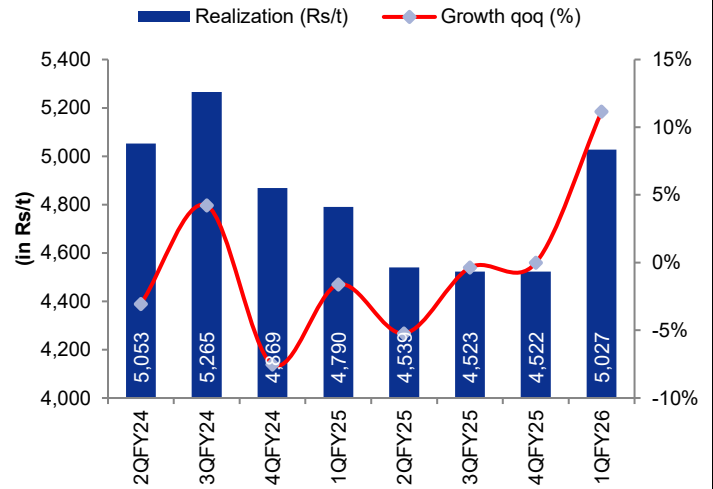
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Key charts ➤

Figure 3: Cement sales volume declined by ~4% yoy and by ~22% qoq to 4.12mt **Figure 4: Blended realization was up ~11% qoq and ~5% yoy led by a sharp surge in prices in core markets**

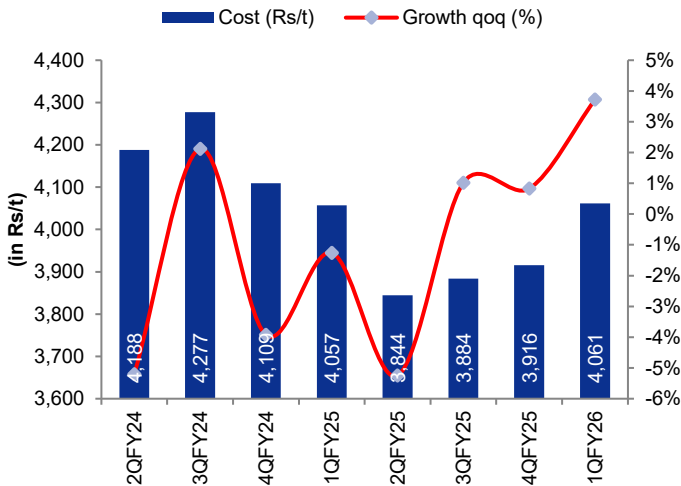


SOURCE: INCRED RESEARCH, COMPANY REPORTS



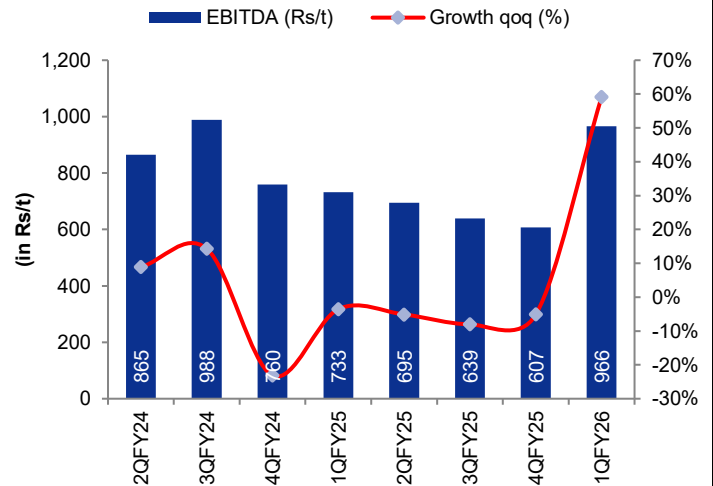
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Costs/t up by ~4% qoq and flat yoy



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Unit EBITDA up by Rs359 qoq and Rs233 yoy at Rs966/t



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Our revised earnings estimates

Rs. m	New		Old		Change (%)	
	FY26F	FY27F	FY26F	FY27F	FY26F	FY27F
Sales	92,196	1,04,808	94,460	1,05,473	-2%	-1%
EBITDA	16,665	19,725	16,623	19,652	0%	0%
PAT	3,884	5,961	3,942	5,997	-1%	-1%
EPS (Rs.)	16.4	25.2	16.7	25.4	-1%	-1%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 8: Changes in our estimates vs. Bloomberg consensus estimates

Rs. m	Incred			Consensus			Change (%)		
	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F
Sales	92,196	1,04,808	1,16,949	96,069	1,06,405	1,16,992	-4%	-2%	0%
EBITDA	16,665	19,725	23,077	18,038	21,625	24,096	-8%	-9%	-4%
PAT	3,884	5,961	8,231	4,945	7,427	8,857	-21%	-20%	-7%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 9: Key assumptions

	FY24	FY25	FY26F	FY27F	FY28F
Volume (mtpa)	18	19	19	21	23
Yoy	23%	1%	2%	12%	10%
Realisation (per tonne)	5,081	4,592	4,886	4,959	5,031
Yoy	-6%	-10%	6%	1%	1%
Cost (per tonne)	4,238	3,926	4,003	4,026	4,038
Yoy	-8%	-7%	2%	1%	0%
EBITDA (per tonne)	844	666	883	933	993
Yoy	7%	-21%	33%	6%	6%
EBITDA (Rs m)	15,525	12,319	16,665	19,725	23,077
Yoy	31%	-21%	35%	18%	17%

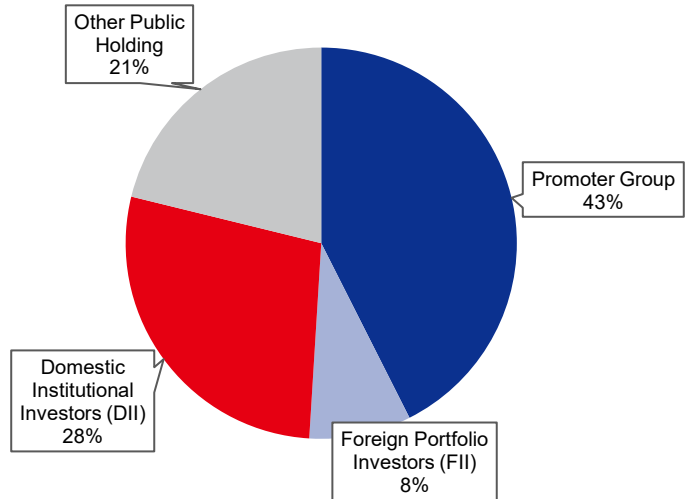
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 10: Maintain HOLD rating with a Jun 2026F target price of Rs993, set at 13x (no change) EV/EBITDA

Valuation	TP
Target EV/EBITDA (x)	13.0
Target EV (Rs m)	3,00,001
Net debt / (cash) (Rs m)	42,885
No. of shares (m)	236
Fair value per share (Rs)	993

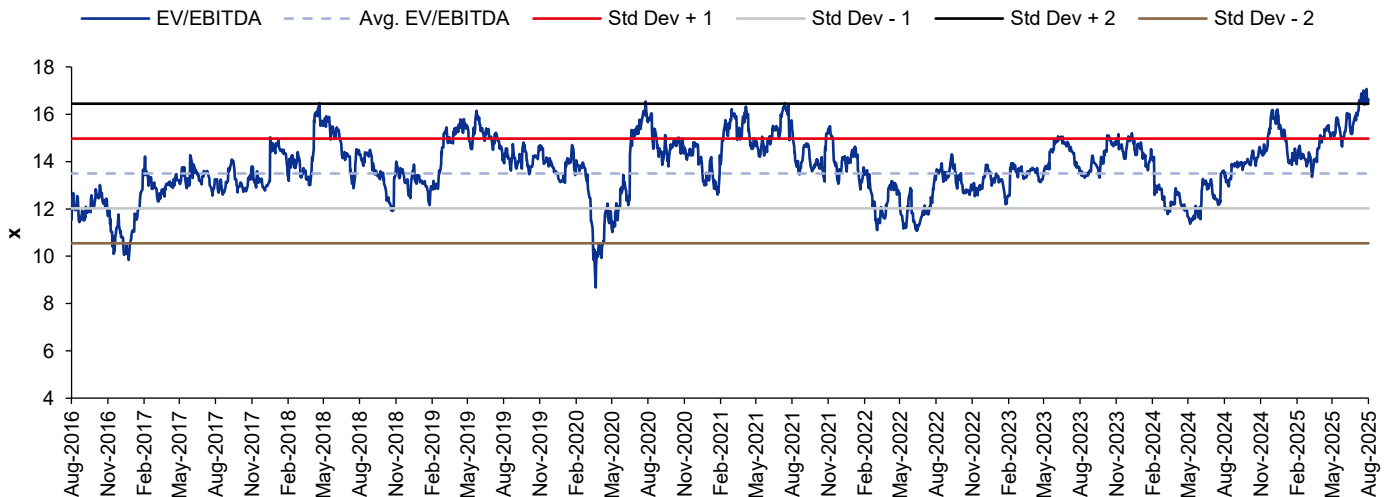
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 11: TRCL's shareholding pattern (as of Jun 2025-end)



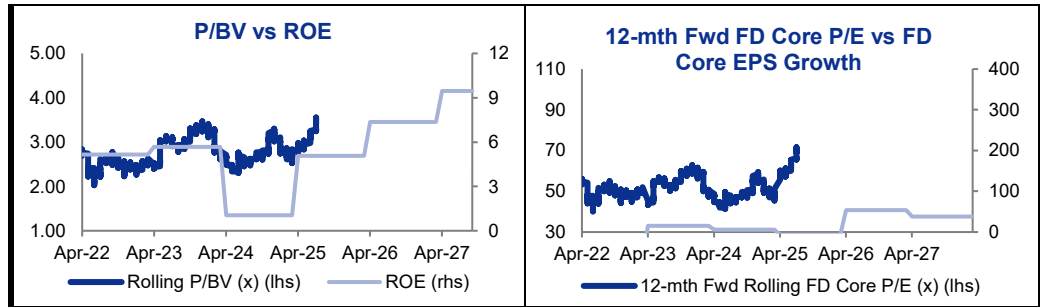
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 12: TRCL's one-year forward EV/EBITDA trades above the +2 SD level



SOURCE: INCRED RESEARCH, BLOOMBERG

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	93,498	84,951	92,196	104,808	116,949
Gross Profit	93,498	84,951	92,196	104,808	116,949
Operating EBITDA	15,525	12,319	16,666	19,726	23,077
Depreciation And Amortisation	(6,359)	(6,912)	(7,396)	(7,839)	(8,310)
Operating EBIT	9,167	5,407	9,270	11,886	14,768
Financial Income/(Expense)	(4,155)	(4,588)	(4,404)	(4,228)	(4,059)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	423	440	383	398	414
Profit Before Tax (pre-EI)	5,435	1,259	5,249	8,057	11,123
Exceptional Items		3,398			
Pre-tax Profit	5,435	4,657	5,249	8,057	11,123
Taxation	(1,485)	(484)	(1,365)	(2,095)	(2,892)
Exceptional Income - post-tax					
Profit After Tax	3,950	4,174	3,884	5,962	8,231
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	3,950	4,174	3,884	5,962	8,231
Recurring Net Profit	3,950	1,128	3,884	5,962	8,231
Fully Diluted Recurring Net Profit	3,950	1,128	3,884	5,962	8,231

Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	15,525	12,319	16,666	19,726	23,077
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(3,652)	(1,444)	(570)	301	316
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	423	440	383	398	414
Other Operating Cashflow	12,216	7,778	8,778	9,278	9,778
Net Interest (Paid)/Received	(4,155)	(4,588)	(4,404)	(4,228)	(4,059)
Tax Paid	(1,485)	(484)	(1,365)	(2,095)	(2,892)
Cashflow From Operations	18,872	14,022	19,488	23,381	26,635
Capex	(19,141)	(9,412)	(12,500)	(12,500)	(11,500)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	142	3,960	1,700	1,000	1,000
Cash Flow From Investing	(18,999)	(5,452)	(10,800)	(11,500)	(10,500)
Debt Raised/(repaid)	4,256	(2,711)	1,000	(500)	(400)
Proceeds From Issue Of Shares			(532)	(817)	(1,128)
Shares Repurchased					
Dividends Paid	(591)	(473)	(532)	(817)	(1,128)
Preferred Dividends					
Other Financing Cashflow	(3,945)	(4,636)	(8,046)	(8,262)	(8,451)
Cash Flow From Financing	(280)	(7,819)	(8,111)	(10,395)	(11,106)
Total Cash Generated	(407)	751	578	1,485	5,029
Free Cashflow To Equity	4,129	5,859	9,688	11,381	15,735
Free Cashflow To Firm	4,029	13,158	13,092	16,108	20,194

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	1,352	2,074	2,651	4,136	9,165
Total Debtors	8,522	7,219	7,578	8,040	9,292
Inventories	9,823	10,150	9,851	10,912	12,336
Total Other Current Assets	2,750	2,865	2,950	3,354	3,976
Total Current Assets	22,446	22,308	23,030	26,442	34,768
Fixed Assets	118,266	120,458	125,062	129,223	131,913
Total Investments	4,397	4,272	4,772	5,272	5,772
Intangible Assets	13,784	13,865	11,665	10,165	8,665
Total Other Non-Current Assets	2,789	2,838	3,338	3,838	4,338
Total Non-current Assets	139,237	141,433	144,837	148,498	150,688
Short-term Debt	9,896	12,731	13,231	13,231	13,231
Current Portion of Long-Term Debt					
Total Creditors	9,910	9,349	9,157	10,119	11,183
Other Current Liabilities	19,833	20,978	20,744	22,010	24,559
Total Current Liabilities	39,639	43,057	43,132	45,359	48,973
Total Long-term Debt	39,272	33,791	34,291	33,791	33,391
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	11,331	11,956	12,156	12,356	12,556
Total Non-current Liabilities	50,603	45,746	46,446	46,146	45,946
Total Provisions					
Total Liabilities	90,242	88,803	89,578	91,505	94,919
Shareholders Equity	71,441	74,938	78,289	83,434	90,537
Minority Interests					
Total Equity	71,441	74,938	78,289	83,434	90,537

Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	14.9%	(9.1%)	8.5%	13.7%	11.6%
Operating EBITDA Growth	31.4%	(20.7%)	35.3%	18.4%	17.0%
Operating EBITDA Margin	16.6%	14.5%	18.1%	18.8%	19.7%
Net Cash Per Share (Rs)	(202.35)	(188.10)	(189.88)	(181.49)	(158.51)
BVPS (Rs)	302.33	317.13	331.31	353.09	383.14
Gross Interest Cover	2.21	1.18	2.10	2.81	3.64
Effective Tax Rate	27.3%	10.4%	26.0%	26.0%	26.0%
Net Dividend Payout Ratio	15.0%	60.9%	11.3%	11.3%	11.3%
Accounts Receivables Days	25.71	33.82	29.29	27.19	27.05
Inventory Days	36.40	42.91	39.59	36.15	36.28
Accounts Payables Days	38.11	48.39	44.72	41.35	41.41
ROIC (%)	7.3%	4.3%	7.1%	8.9%	11.0%
ROCE (%)	7.9%	4.5%	7.5%	9.3%	11.0%
Return On Average Assets	5.3%	3.3%	5.0%	5.9%	6.8%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.