

August 21, 2025

Profitability expected to improve substantially...

About the stock: The Ramco Cements is primarily a southern region-based cement manufacturer with a manufacturing capacity of 24.4 million tonnes (mtpa)

- South region constitutes 20.5 mtpa of cement capacity (~84% of total) with Tamil Nadu at 12.7 mtpa and Andhra Pradesh at 7.6 mtpa. Balance 3.9 mtpa of capacity is located in East region states with 2 mtpa in West Bengal and 1.9 mtpa in Odisha

Investment Rationale

- Capacity additions, demand pick-up to drive volume growth:** Cement sales volume declined by 5.5% YoY in Q1FY26 as demand remained weak in its selling markets. However, we expect company's sales volume to pick-up going ahead, led by capacity additions & increasing utilization levels of existing capacities and improvement in demand. After adding 1.3 mtpa capacity through de-bottlenecking in FY25, company's capacity has reached to 24.4 mtpa and is in process of further expanding it to 30 mtpa by FY26E (through commissioning 1.5 mtpa in Kolimigundla & further de-bottlenecking at existing locations). We believe that company's focus on expanding capacities at existing locations would help in gaining market share in south and east regions. We estimate company's sales volume to grow at a CAGR of ~7% over FY25-27E to 21.1 mtpa in FY27E (from 18.5 mtpa in FY25).
- Operational efficiencies to drive improvement in EBITDA/ton:** Company's EBITDA/ton improved by ~31% YoY in Q1FY26, mainly due to improvement in blended realisations. Going ahead, we expect EBITDA/ton to improve in FY26E-27E, driven by improvement in realisations and continuous focus on cost optimisation (through better fuel & freight cost management and transitions to green energy) and positive operating leverage. Company targets to increase its share of green power consumption to 45% (from 31% in Q1FY26). We estimate EBITDA/ton to improve to ₹ 1104/ton in FY27E (from ₹ 666/ton in FY25)
- Strong focus on scaling up construction chemical business:** Company targets to scale this construction chemicals business revenue to Rs 2000 crore in the next 4-5 years (from Rs 210 crore revenue in FY25), with revenue share increasing to 12.5% by FY30E (from 2.5% in FY25), led by healthy demand in this segment and expansion of capacity and increasing product portfolio to 40 products

Rating and Target Price

- Monetisation of non-core assets (₹ 501 crores monetised out of ₹ 1000 crore target) would further help in debt reduction and ongoing capex (₹ 1200 crore capex planned in FY26E). We estimate revenue CAGR of ~12% over FY25-27E while EBITDA & PAT CAGR of ~37% & ~84% over the same period
- We recommend BUY on Ramco Cements with a target price of ₹ 1,325 (based on 15x EV/EBITDA on FY27E)



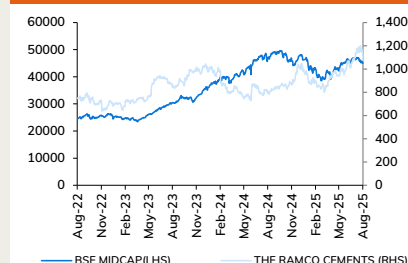
Particulars

Particular	Amount
Market Capitalisation (Rs Crore)	25,982
FY25 Gross Debt (Rs Crore)	4,663
FY25 Cash (Rs Crore)	209
EV (Rs Crore)	30,436
52 Week H/L (Rs)	1209 / 778
Equity Capital	23.6
Face Value	2.0

Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoter	42.3	42.8	42.6	42.6
FII	6.6	6.9	7.3	8.4
DII	30.9	30.9	30.1	27.9
Others	20.2	19.5	20.0	21.2

Price Chart



Recent Event & Key risks

- (1) Slowdown in demand (2) Delays in capacity expansion (3) Increase in commodity prices (4) High competition

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Key Financial Summary

(Year-end March)	FY22	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	2 Year CAGR (FY25-27E)
Revenues	6,004	8,157	9,376	8,518	12.4%	9,429	10,588	11.5%
EBITDA	1,290	1,186	1,565	1,233	-1.5%	1,846	2,328	37.4%
EBITDA margin (%)	21.5	14.5	16.7	14.5		19.6	22.0	
Net Profit	881	315	360	270	-32.6%	535	909	83.6%
EPS (Rs)	36.7	13.1	15.0	11.4		22.6	38.5	
P/E (x)	29.9	83.9	73.3	254.4		48.6	28.6	
EV/EBITDA (x)	23.1	25.6	19.7	24.7		16.4	12.7	
EV/Ton (USD)	180	163	157	147		119	116	
RoCE (%)	8.7	6.3	7.9	4.8		9.0	12.7	
RoE (%)	13.3	4.6	5.0	1.4		6.8	10.5	

Source: Company, ICICI Direct Research

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Q1FY26 Result Highlights:

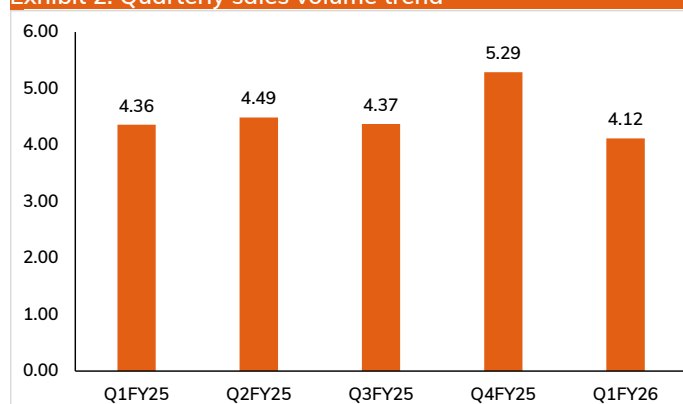
- Consolidated revenue declined by 0.9% YoY to Rs 2074 crores, on account of decline in sales volume by 5.5% YoY (4.12 mtpa) which negated the impact of 4.8% YoY improvement in realization
- Sequentially, revenue was down 13.5%, led by lower volume (-22.1% QoQ) and improvement in realization by 11.1% QoQ
- Total cost/ton is flat YoY (+3.6% QoQ), primarily due to negative operating leverage
- EBITDA/ton increased by 31.4% YoY (+59.9% QoQ) to Rs 965/ton, mainly on account of improvement in realisation. Subsequently, EBITDA was up 24.2% YoY (+24.5% QoQ) to Rs 397.5 crores
- At PAT level, company reported a profit of 84.6 crores as against profit of Rs 36.6 crore in Q1FY25

Exhibit 1: Quarterly Analysis – Q1FY26

	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Comments
Revenue	2,074.0	2,093.6	-0.9	2,397.3	-13.5	Revenue declined due to lower sales volume negated improvement in realisation
Other income	6.0	8.1	-26.2	12.5	-52.0	
Total Revenue	2,080.0	2,101.7	-1.0	2,409.7	-13.7	
Raw materials costs	359.2	364.0	-1.3	550.3	-34.7	
Employees Expenses	147.1	142.5	3.2	126.5	16.2	
Other Expenses	242.5	238.4	1.7	292.6	-17.1	
Total Expenditure	1,676.5	1,773.4	-5.5	2,078.0	-19.3	
EBITDA	397.5	320.2	24.2	319.2	24.5	Margins improved due to improvement in sales realization
EBITDA margins (%)	19.2%	15.3%	387 bps	13.3%	585 bps	
Interest	104.7	113.1		113.3		
Depreciation	183.9	167.7	9.7	183.0	0.5	
Tax	30.5	12.8	138.0	21.3	42.8	
PAT	84.6	36.6	131.2	25.7	229.7	

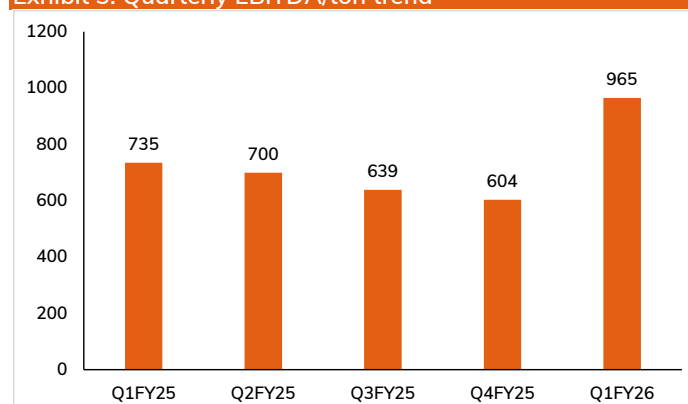
Source: Company, ICICI Direct Research

Exhibit 2: Quarterly sales volume trend

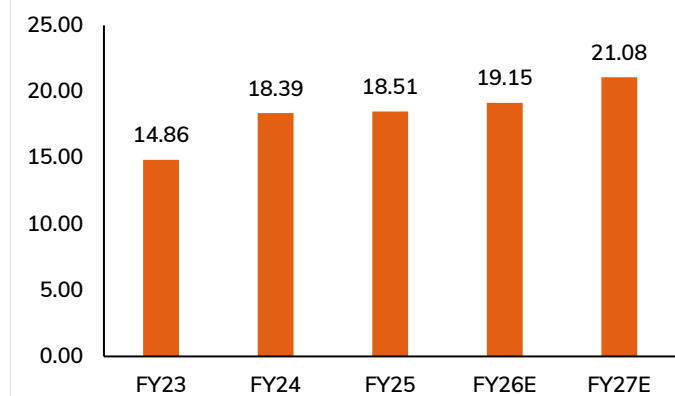


Source: Company, ICICI Direct Research

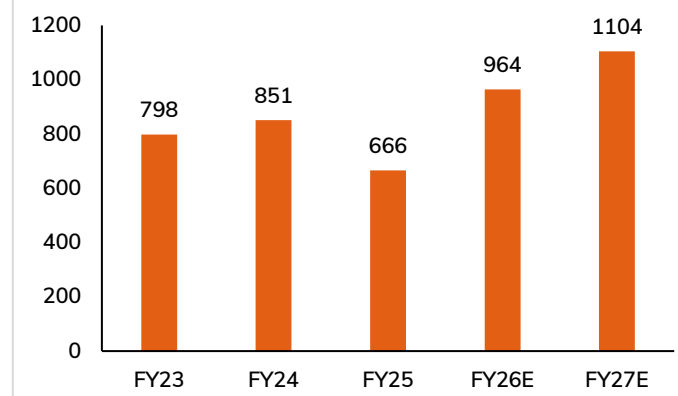
Exhibit 3: Quarterly EBITDA/ton trend



Source: Company, ICICI Direct Research

Exhibit 4: Volumes to grow at ~7% CAGR over FY25-27E


Source: Company, ICICI Direct Research

Exhibit 5: EBITDA/ton to improve over FY26E-FY27E


Source: Company, ICICI Direct Research

Financial summary

Exhibit 6: Profit and loss statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Revenue	9,376	8,518	9,429	10,588
% Growth	14.9	(9.2)	10.7	12.3
Other income	39	41	45	50
Total Revenue	9,376	8,518	9,429	10,588
% Growth	14.9	(9.2)	10.7	12.3
Total Raw Material Costs	1,710	1,725	1,762	1,918
Employee Expenses	551	550	605	666
Other expenses	5,551	5,011	5,216	5,676
Total Operating Expenditure	7,812	7,286	7,583	8,260
Operating Profit (EBITDA)	1,565	1,233	1,846	2,328
% Growth	32.0	(21.2)	49.8	26.1
Interest	416	459	424	393
PBDT	1,188	815	1,467	1,985
Depreciation	646	695	754	773
PBT before Exceptional Items	542	120	713	1,212
Total Tax	148	51	178	303
PAT before MI	394	268	535	909
PAT	360	270	535	909
% Growth	14.5	(25.1)	98.4	70.0
EPS	15.2	11.4	22.6	38.5

Source: Company, ICICI Direct Research

Exhibit 7: Cash flow statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Profit after Tax	360	270	535	909
Depreciation	646	695	754	773
Interest	416	459	424	393
Cash Flow before WC changes	1,422	1,423	1,713	2,075
Changes in inventory	(100)	(33)	(121)	(82)
Changes in debtors	(391)	126	(58)	(82)
Changes in loans & Advances	(2)	2	-	-
Changes in other current assets	(16)	13	(15)	(19)
Net Increase in Current Assets	(397)	84	(198)	(201)
Changes in creditors	355	(54)	94	127
Changes in provisions	4	7	0	9
Net Inc in Current Liabilities	759	58	164	171
Net CF from Operating activities	1,784	1,566	1,680	2,044
Changes in deferred tax assets	-	-	-	-
(Purchase)/Sale of Fixed Assets	(1,897)	(918)	(1,200)	(750)
Net CF from Investing activities	(1,846)	(702)	(1,065)	(795)
Dividend and Dividend Tax	(47)	(47)	(78)	(137)
Net CF from Financing Activities	28	(792)	(404)	(1,330)
Net Cash flow	(34)	72	211	(81)
Opening Cash/Cash Equivalent	170	137	209	420
Closing Cash/ Cash Equivalent	137	209	420	339

Source: Company, ICICI Direct Research

Exhibit 8: Balance sheet

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Equity Capital	24	24	24	24
Reserve and Surplus	7,214	7,418	7,873	8,645
Total Shareholders funds	7,238	7,442	7,897	8,669
Total Debt	4,931	4,663	4,763	3,963
Total Liabilities	13,291	13,289	13,845	13,817
Gross Block	14,445	17,407	19,460	20,610
Acc. Depreciation	4,959	5,654	6,408	7,181
Net Block	11,532	11,754	13,052	13,429
Capital WIP	1,329	1,353	500	100
Total Fixed Assets	13,304	13,527	13,972	13,949
Non Current Assets	719	565	430	475
Inventory	983	1,016	1,137	1,218
Debtors	856	730	788	870
Other Current Assets	154	141	156	175
Cash	137	209	420	339
Total Current Assets	2,250	2,238	2,646	2,767
Current Liabilities	993	939	1,033	1,160
Provisions	69	90	91	92
Total Current Liabilities	2,982	3,040	3,204	3,375
Net Current Assets	(732)	(802)	(557)	(608)
Total Assets	13,291	13,289	13,845	13,817

Source: Company, ICICI Direct Research

Exhibit 9: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
EPS	15.0	11.4	22.6	38.5
Cash per Share	5.7	8.9	17.8	14.4
DPS	14.0	14.0	15.0	16.0
BV	301.6	315.1	334.3	367.0
EBITDA Margin	16.7	14.5	19.6	22.0
PAT Margin	3.8	3.2	5.7	8.6
RoE	5.0	1.4	6.8	10.5
RoCE	7.9	4.8	9.0	12.7
RoIC	7.6	4.5	8.9	12.6
EV / EBITDA	19.7	24.7	16.4	12.7
P/E	73.3	254.4	48.6	28.6
EV / Net Sales	3.3	3.6	3.2	2.8
Sales / Equity	1.3	1.1	1.2	1.2
Market Cap / Sales	2.8	3.1	2.8	2.5
Price to Book Value	3.6	3.5	3.3	3.0
Asset turnover	0.8	0.7	0.7	0.8
Debtors Turnover Ratio	14.2	10.7	12.4	12.8
Creditors Turnover Ratio	11.5	8.8	9.6	9.7
Debt / Equity	0.7	0.6	0.6	0.5
Current Ratio	0.7	0.7	0.7	0.7
Quick Ratio	0.4	0.3	0.3	0.3

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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