

The Ramco Cements

Estimate change



TP change



Rating change



CMP: INR801

TP: INR890 (+11%)

Neutral

Earnings in line; leverage high

Increased capacity target to 30mtpa by FY26 vs. 26mtpa earlier

- TRCL's 1QFY25 EBITDA was in line with our estimate as lower-than-estimated opex/t offset lower-than-estimated volume. EBITDA came in at INR3.2b (est. INR3.1b), while EBITDA/t stood at INR733 (est. INR679). OPM was flat at 15% (est. 14%). PAT stood at INR355m (est. INR345m).
- The management has increased its capacity target to 30mtpa by FY26 vs. the earlier estimate of 26mtpa. Currently, TRCL is expanding its clinker/grinding capacities at the Kurnool plant in Andhra Pradesh by 3.15mt/1.5mtpa (brownfield expansion). It further plans to add capacities through debottlenecking and expansion of grinding capacities at exiting locations with a minimal capex. It has taken effective steps to monetize certain non-core assets worth INR10b in the next one year.
- We cut our EBITDA/EPS estimates by 6%/11% for FY25 due to persistently weak prices in its core market. We maintain our estimates of FY26/FY27. We value TRCL at 12x Jun'26E EV/EBITDA to arrive at a TP of INR890. We reiterate our Neutral rating on the stock.

Volume inches up ~1% YoY; opex/t down 8% YoY

- Revenue/EBITDA/PAT stood at INR20.9b/INR3.2b/INR355m (down 7%/6%/55% YoY and down 6%/up 2%/3% vs. our estimates) in 1QFY25. Sales volume inched up 1% YoY to 4.36mt (5% below estimates).
- Realization at INR4,792/t (declined 8% YoY) was in line with our estimate. Opex/t declined ~8% YoY, mainly led by a fall in variable costs (down ~15%). Freight costs/t remained flat, while other expenses/t increased 1% YoY. OPM remained flat YoY at ~15% (est. 14%) and EBITDA/t was down 8% YoY at INR733 (est. INR679).
- Depreciation/interest costs increased 13%/21% YoY due to commissioning of new capacity in 1HCY24. Other income grew ~8% YoY.

Highlights from the management commentary

- Cement demand was affected by elections and monsoon. However, demand outlook is positive in Andhra Pradesh with the new government in power. Cement prices are under pressure across TRCL's key markets.
- Blended fuel consumption cost was USD137/t (INR1.49/kcal) vs. USD141 (INR1.65/kcal) in 4QFY24.
- The management maintained its FY25 capex guidance of INR12b. Capex stood at INR2.81b in 1Q. Net debt stood at INR49.8b vs. INR48.2b as of Mar'24. The net debt-to-EBITDA ratio stood at 3.8x vs. 3.1x as of Mar'24.

View and valuation

- We estimate the company's volume growth to moderate to ~7% CAGR over FY24-27 vs. ~23% over FY21-24. Pricing pressure in its key markets, higher leverage, and low return ratios (RoE/ROCE estimated in mid-single digits in FY25) will keep stock price range-bound.
- At CMP, the stock trades at 13x/11x FY25E/FY26E EV/EBITDA. We value TRCL at 12x Jun'26E EV/EBITDA and reiterate our Neutral rating with a TP of INR890.

Bloomberg	TRCL IN
Equity Shares (m)	236
M.Cap.(INRb)/(USD\$b)	189.2 / 2.3
52-Week Range (INR)	1058 / 700
1, 6, 12 Rel. Per (%)	-9/-32/-35
12M Avg Val (INR M)	643

Financial Snapshot (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	96.6	105.5	114.8
EBITDA	16.7	20.4	22.8
Adj. PAT	4.3	6.7	7.9
EBITDA Margin (%)	17.3	19.4	19.8
Adj. EPS (INR)	18.4	28.2	33.3
EPS Gr. (%)	10.0	53.4	18.0
BV/Sh. (INR)	317	342	372

Ratios

Net D:E	0.7	0.7	0.6
RoE (%)	5.9	8.6	9.3
RoCE (%)	6.1	7.5	7.9
Payout (%)	19.0	12.4	0.0

Valuations

P/E (x)	43.5	28.4	24.0
P/BV (x)	2.5	2.3	2.2
EV/EBITDA(x)	13.4	11.3	10.1
EV/ton (USD)	113	107	108
Div. Yield (%)	0.4	0.4	0.0
FCF Yield (%)	0.6	1.7	2.6

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	42.3	42.3	42.1
DII	34.5	35.6	35.8
FII	7.4	7.4	8.0
Others	15.8	14.7	14.1

FII Includes depository receipts

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MotilalOswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Quarterly Performance

(INR b)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Sales volume (m ton)	4.30	4.61	4.00	5.49	4.36	4.71	4.85	5.68	18.40	19.60	4.61	(5)
YoY Change (%)	29.9	37.7	9.9	16.8	1.3	2.1	21.2	3.5	22.5	6.5	7.2	
Realization (INR/ton)	5,212	5,053	5,265	4,869	4,792	4,752	5,032	5,101	5,081	4,931	4,812	(0)
YoY Change (%)	(1.6)	(3.8)	(4.5)	(10.9)	(8.1)	(6.0)	(4.4)	4.8	(5.6)	(3.0)	(7.7)	
QoQ Change (%)	(4.6)	(3.1)	4.2	(7.5)	(1.6)	(0.8)	5.9	1.4			(1.2)	
Net Sales	22.4	23.3	21.1	26.7	20.9	22.4	24.4	29.0	93.5	96.6	22.2	(6)
YoY Change (%)	26.4	30.5	4.8	4.0	(6.8)	(4.0)	15.8	8.5	14.9	3.4	(1.0)	
Total Expenditure	19.0	19.3	17.1	22.6	17.7	19.4	19.7	23.2	78.0	79.9	19.1	(7)
EBITDA	3.4	4.0	4.0	4.2	3.2	3.0	4.7	5.8	15.5	16.7	3.1	2
Margins (%)	15.2	17.1	18.8	15.6	15.3	13.4	19.4	20.0	16.6	17.3	14.1	
Depreciation	1.5	1.6	1.7	1.7	1.7	1.7	1.7	1.7	6.4	6.7	1.7	(1)
Interest	0.9	1.2	1.0	1.0	1.1	1.1	1.1	1.2	4.2	4.6	1.0	8
Other Income	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.4	0.1	1
PBT before EO expense	1.1	1.4	1.3	1.6	0.5	0.3	2.0	3.1	5.4	5.9	0.5	1
PBT	1.1	1.4	1.3	1.6	0.5	0.3	2.0	3.1	5.4	5.9	0.5	1
Tax	0.3	0.4	0.4	0.4	0.1	0.1	0.6	0.9	1.5	1.6	0.1	
Prior year tax	-	-	-	-	-	-	-	-	-	-	-	
Rate (%)	27.0	26.7	30.8	25.2	26.3	28.0	28.0	27.3	27.3	27.5	28.0	
Reported PAT	0.8	1.0	0.9	1.2	0.4	0.2	1.4	2.3	3.9	4.3	0.3	3
Adj PAT	0.8	1.0	0.9	1.2	0.4	0.2	1.4	2.3	3.9	4.3	0.3	3
YoY Change (%)	(29.7)	783.2	38.6	(20.4)	(55.0)	(76.4)	53.5	86.8	15.0	8.8	(56.3)	
Margins (%)	3.5	4.3	4.4	4.5	1.7	1.1	5.9	7.8	4.2	4.4	1.6	

Per ton analysis (incl. Dry mortar)

(INR/t)

	5,212	5,053	5,265	4,869	4,792	4,752	5,032	5,101	5,081	4,931	4,812	(0)
Net realization	5,212	5,053	5,265	4,869	4,792	4,752	5,032	5,101	5,081	4,931	4,812	(0)
RM Cost	760	959	820	1,132	835	900	850	1,029	934	910	980	(15)
Employee Expenses	294	300	342	227	314	296	291	249	286	285	278	13
Power, Oil & Fuel	1,758	1,358	1,384	1,128	1,300	1,290	1,240	1,186	1,389	1,250	1,230	6
Freight cost	1,064	1,025	1,073	1,082	1,064	1,049	1,065	1,052	1,062	1,057	1,075	(1)
Other Expenses	541	546	658	541	546	580	610	566	567	576	570	(4)
Total Expenses	4,418	4,188	4,277	4,110	4,059	4,116	4,056	4,082	4,238	4,078	4,133	(2)
EBITDA	794	865	988	760	733	636	977	1,019	844	853	679	8

Source: Company, MOFSL Estimates



Highlights from the management commentary

Capex and project update

- The company is expected to increase its cement capacity to 30mtpa by Mar'26 through the commissioning of line-II at Kurnool, de-bottlenecking at existing plants, and expanding grinding capacities at current locations with a minimal capex.
- A brownfield expansion of clinker/cement capacity of 3.15mtpa/1.5mtpa at Kurnool plant (including 15MW of WHRS) is estimated to be completed by 4QFY26.
- The thermal power plant of 18MW was commissioned in Jul'24. The railway siding is scheduled to be commissioned by Sep'24. The company has started to see synergies in the cost for usage of limestone mined from the lands purchased from Prism.
- WHRS plant with a capacity of 10MW in Ramasamy Raja Nagar is scheduled to be commissioned by 4QFY25.
- Expansion of the Dry Mortar Plant in Andhra Pradesh was commissioned in 1Q and Odisha will be commissioned in Sep'24.
- It has acquired 50% of the mining land for a greenfield project in Karnataka.

Cement demand trend and volume guidance

- Cement capacity utilization stood at 77% vs. 79%/96% in 1Q/4QFY24. Cement and building product volume declined 21% YoY to 4.291 m/t and 0.067m/t respectively. Volume share from South/East was 76%/24% in 1QFY25 vs. 79%/21% in 1QFY24.

Operational highlights

- The share of premium products was 27% vs. 29% in 1QFY24 in the South region. In the East region, the share of premium products was 20% vs. 18% in 1QFY24. OPC share was ~31% of total volumes in 1QFY25 vs. 32% in 1Q/4QFY24 (each).
- Blended coal consumption cost was USD137/t (INR1.49/kcal) vs. USD170/USD137 (INR2.03/INR1.65 per kcal) in 1QFY24/4QFY24. It used 58% petcoke vs. 52%/51% in 1QFY24/4QFY24. Green energy contributed 33% of power requirements vs. 29%/36% in 1QFY24/ 4QFY24. Green power share is likely to reach 42% in FY25.
- Avg. lead distance was 273kms in 1QFY25 vs 274kms in 1QFY24 & 294kms in 4QFY24.

Debt and other highlights

- Net debt (including working capital borrowings) stood at INR49.7b vs. INR44b/INR48b as of Jun'23/Mar'24. The cost of debt was 7.92% for 1QFY25 vs. 7.95% 1QFY24.

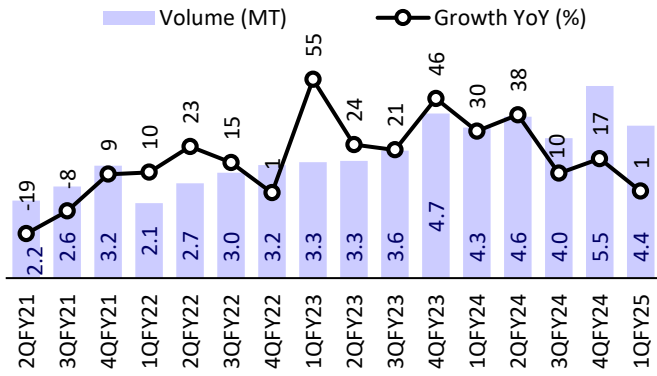
Exhibit 1: Revisions to our estimates

(INR b)	Revised			Old			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	97	105	115	101	110	118	-4.2%	-3.7%	-3.0%
EBITDA	17	20	23	18	21	23	-5.7%	-0.6%	0.0%
PAT	4	7	8	5	7	8	-11.4%	-0.8%	0.0%
EPS (INR)	18.4	28.2	33.3	20.7	28.4	33.3	-11.4%	-0.8%	0.0%

Source: Company, MOFSL

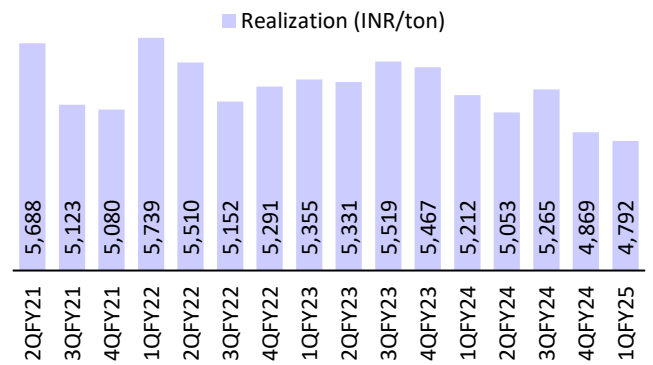
Story in charts

Exhibit 2: Sales volume up 1% YoY



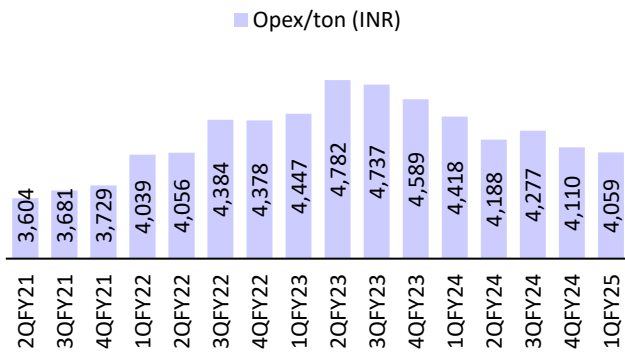
Source: MOFSL, Company

Exhibit 3: Realization down 8% YoY and 2% QoQ



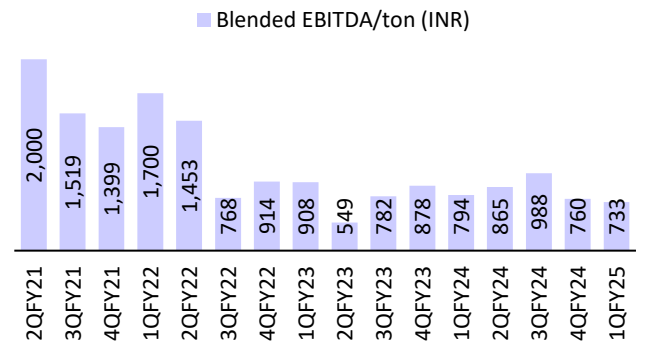
Source: MOFSL, Company

Exhibit 4: Opex/t declined 8% YoY and 1% QoQ



Source: MOFSL, Company

Exhibit 5: EBITDA/t declined 8% YoY/4% QoQ



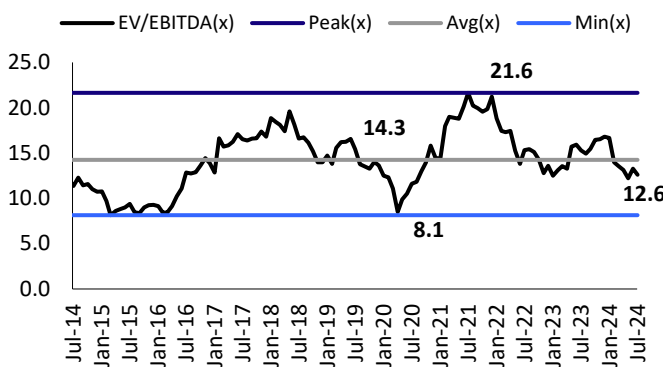
Source: MOFSL, Company

Exhibit 6: Key performance indicators – per ton analysis

INR/t	1QFY25	1QFY24	YoY (%)	4QFY24	QoQ (%)
Net realization	4,792	5,212	(8)	4,869	(2)
RM Cost	835	760	10	1,132	(26)
Employee Expenses	314	294	7	227	38
Power, Oil & Fuel	1,300	1,758	(26)	1,128	15
Freight and Handling Outward	1,064	1,064	(0)	1,082	(2)
Other Expenses	546	541	1	541	1
Total Expenses	4,059	4,418	(8)	4,110	(1)
EBITDA	733	794	(8)	760	(4)

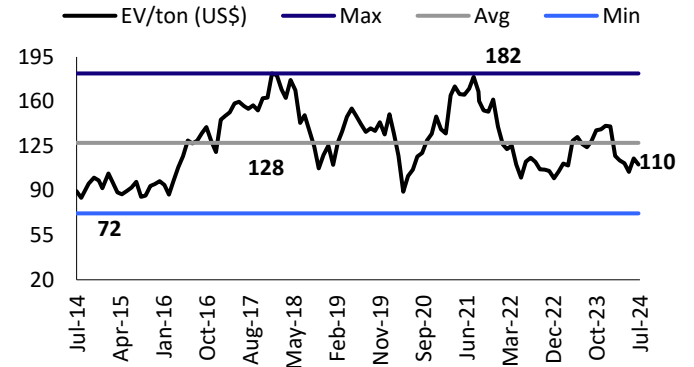
Source: MOFSL, Company

Exhibit 7: One-year forward EV/EBITDA chart



Source: MOFSL, Company, Bloomberg

Exhibit 8: One-year forward EV/ton chart



Source: MOFSL, Company, Bloomberg

Financials and valuations

Income Statement								(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	53,435	52,684	59,800	81,353	93,498	96,636	1,05,498	1,14,843
Change (%)	4.3	-1.4	13.5	36.0	14.9	3.4	9.2	8.9
EBITDA	11,117	15,480	12,838	11,820	15,525	16,716	20,447	22,765
Margin (%)	20.8	29.4	21.5	14.5	16.6	17.3	19.4	19.8
Depreciation	3,153	3,553	4,008	5,044	6,359	6,652	7,215	7,890
EBIT	7,964	11,927	8,830	6,775	9,167	10,064	13,232	14,875
Int. and Finance Charges	714	876	1,124	2,405	4,155	4,503	4,517	4,550
Other Income - Rec.	622	346	306	367	423	430	476	520
PBT bef. EO Exp.	7,872	11,397	8,012	4,737	5,435	5,991	9,192	10,845
EO Expense/(Income)	0	0	0	0	0	0	0	0
PBT after EO Exp.	7,872	11,397	8,012	4,737	5,435	5,991	9,192	10,845
Current Tax	1,393	2,440	1,768	257	409	1,648	2,528	2,982
Deferred Tax	469	1,346	-2,682	1,045	1,076	0	0	0
Tax Rate (%)	23.6	33.2	-11.4	27.5	27.3	27.5	27.5	27.5
Reported PAT	6,011	7,611	8,927	3,435	3,950	4,344	6,664	7,863
PAT Adj for EO items	6,011	7,611	5,899	3,435	3,950	4,344	6,664	7,863
Change (%)	18.1	26.6	-22.5	-41.8	15.0	10.0	53.4	18.0
Margin (%)	11.2	14.4	9.9	4.2	4.2	4.5	6.3	6.8

Balance Sheet								(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	236	236	236	236	236	236	236	236
Total Reserves	48,950	56,032	65,012	67,699	71,205	74,722	80,558	87,594
Net Worth	49,186	56,268	65,249	67,935	71,441	74,958	80,795	87,830
Deferred Liabilities	9,172	10,877	8,240	9,285	10,304	10,304	10,304	10,304
Total Loans	30,241	31,017	39,300	44,874	49,168	53,168	55,668	56,668
Capital Employed	88,599	98,162	1,12,789	1,22,095	1,30,914	1,38,430	1,46,767	1,54,803
Gross Block	93,901	1,06,223	1,18,037	1,47,329	1,72,397	1,82,397	2,02,397	2,18,397
Less: Accum. Deprn.	35,757	38,720	42,728	47,772	54,131	60,783	67,998	75,888
Net Fixed Assets	58,144	67,503	75,309	99,557	1,18,266	1,21,614	1,34,399	1,42,509
Capital WIP	18,143	23,255	30,340	19,873	13,784	16,000	12,000	12,000
Total Investments	4,275	4,369	4,220	4,209	4,397	4,397	4,397	4,397
Curr. Assets, Loans&Adv.	19,908	18,331	20,687	21,530	25,235	26,271	28,882	31,825
Inventory	6,453	5,979	8,333	8,823	9,823	10,590	11,561	12,586
Account Receivables	5,269	3,752	3,498	4,650	8,522	7,943	8,671	9,439
Cash and Bank Balance	914	1,419	1,760	1,686	1,352	1,119	1,424	1,935
Loans and Advances	7,273	7,181	7,095	6,371	5,539	6,619	7,226	7,866
Curr. Liability & Prov.	11,871	15,296	17,767	23,074	30,770	29,852	32,911	35,929
Account Payables	11,341	14,655	16,985	22,141	29,635	29,123	31,794	34,610
Provisions	531	641	782	933	1,135	728	1,118	1,319
Net Current Assets	8,037	3,035	2,920	-1,545	-5,535	-3,581	-4,029	-4,103
Appl. of Funds	88,599	98,162	1,12,789	1,22,095	1,30,914	1,38,430	1,46,767	1,54,803

Source: Company, MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)								
EPS	25.5	32.3	25.0	14.5	16.7	18.4	28.2	33.3
Cash EPS	38.9	47.3	41.9	35.9	43.6	46.5	58.7	66.7
BV/Share	208.8	238.5	276.1	287.5	302.3	317.2	341.9	371.7
DPS	2.5	3.0	3.0	2.0	2.5	3.5	3.5	0.0
Payout (%)	11.8	9.3	7.9	13.8	15.0	19.0	12.4	0.0
Valuation (x)								
P/E	31.4	24.8	32.0	55.0	47.9	43.5	28.4	24.0
Cash P/E	20.6	16.9	19.1	22.3	18.3	17.2	13.6	12.0
P/BV	3.8	3.4	2.9	2.8	2.6	2.5	2.3	2.2
EV/Sales	3.7	3.7	3.3	2.6	2.4	2.3	2.2	2.0
EV/EBITDA	18.0	12.6	15.3	17.9	14.3	13.4	11.3	10.1
EV/Ton (USD)	129	122	122	117	117	113	107	108
Dividend Yield (%)	0.3	0.4	0.4	0.3	0.3	0.4	0.4	0.0
Return Ratios (%)								
RoIC	10.0	11.9	13.5	5.7	6.4	6.4	7.8	8.1
RoE	12.8	14.4	9.7	5.2	5.7	5.9	8.6	9.3
RoCE	9.4	9.8	10.6	4.8	6.0	6.1	7.5	7.9
Working Capital Ratios								
Asset Turnover (x)	0.6	0.5	0.5	0.7	0.7	0.7	0.7	0.7
Inventory (Days)	44.1	41.4	50.9	39.6	38.3	40.0	40.0	40.0
Debtor (Days)	36.0	26.0	21.3	20.9	33.3	30.0	30.0	30.0
Creditor (Days)	77.5	101.5	103.7	99.3	115.7	110.0	110.0	110.0
Leverage Ratio (x)								
Current Ratio	1.7	1.2	1.2	0.9	0.8	0.9	0.9	0.9
Debt/Equity	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.6

Cash Flow Statement

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
(INR m)								
OP/(Loss) before Tax	7,872	11,397	8,012	4,737	5,435	5,991	9,192	10,845
Depreciation	3,153	3,553	4,008	5,044	6,359	6,652	7,215	7,890
Interest & Finance Charges	714	876	1,124	2,405	4,155	4,503	4,517	4,550
Direct Taxes Paid	-1,861	-3,786	915	-1,302	-1,485	-1,648	-2,528	-2,982
(Inc)/Dec in WC	-2,590	5,507	457	4,390	3,656	-2,186	753	585
CF from Operations	7,287	17,547	14,516	15,275	18,120	13,312	19,149	20,887
Others	100	143	30	-166	-88	0	0	0
CF from Operating incl EO	7,387	17,690	14,546	15,109	18,032	13,312	19,149	20,887
(Inc)/Dec in FA	-18,791	-17,434	-18,900	-18,826	-18,979	-12,216	-16,000	-16,000
Free Cash Flow	-11,404	256	-4,354	-3,717	-948	1,097	3,149	4,887
(Pur)/Sale of Investments	19	-94	150	11	-189	0	0	0
Others	-1,257	1,150	-1,904	935	1,254	0	0	0
CF from Investments	-20,029	-16,378	-20,654	-17,880	-17,914	-12,216	-16,000	-16,000
Issue of Shares	0	0	0	0	0	0	0	0
Inc/(Dec) in Debt	14,054	776	8,282	5,575	4,294	4,000	2,500	1,000
Interest Paid	-714	-876	-1,124	-2,405	-4,155	-4,503	-4,517	-4,550
Dividend Paid	-711	-708	-709	-473	-591	-827	-827	-827
Others	0	0	0	0	0	0	0	0
CF from Fin. Activity	12,630	-808	6,450	2,697	-452	-1,330	-2,844	-4,377
Inc/Dec of Cash	-13	504	342	-74	-334	-233	305	511
Opening Balance	927	915	1,419	1,761	1,686	1,352	1,119	1,424
Closing Balance	915	1,419	1,761	1,686	1,352	1,119	1,424	1,935

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Explanation of Investment Rating	
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BUY	>=15%
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