



The Ramco Cements Ltd Q2FY26



The Ramco Cements Ltd.

Margins improve, but weak volumes and premium valuations constrain upside

CMP* INR 1,011	Target INR 1,045	Potential Upside 3.4%	Market Cap (INR Bn) INR 239	Recommendation HOLD	Sector Cement
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Result Highlights

Revenue:

Ramco Cements' revenue from operations grew 9.5% YoY (+7.9% QoQ) to INR 22,387 Mn, significantly ahead of our estimate of INR 20,131 Mn (+11.2% surprise), led by better-than-expected pricing and strong traction in the construction chemicals business.

Cement sales volume stood at 4.40 MT, flat YoY, as excess rainfall/early monsoon and GST-related issues constrained demand, while overall sales volume grew ~1% YoY driven by 72% YoY growth in construction chemicals volumes to 1.48 lakh tons. Cement capacity utilisation moderated to 71% (Q2FY25: 75%) owing to ~1.3 MTPA of additional capacity from debottlenecking.

Margins and Profitability:

EBITDA for Q2FY26 stood at INR 3,940 Mn, up 22% YoY, driven by stronger cement realizations and lower power & fuel costs. Operating margin improved to 18% (vs 16% YoY), supported by a higher green energy mix, partly offset by a 10% YoY rise in raw material cost per ton due to the MBT levy of INR 160/ton in Tamil Nadu.

Despite variable cost pressures, PAT attributable to shareholders increased sharply to INR 773 Mn in Q2FY26 (up 200.5% YoY), though it declined 9.1% QoQ. Net profit margin expanded to 3% (vs 1% YoY), aided by improved operating performance and share of profit from associates (net of tax).

Capex Plans

The company remains on schedule with its capacity-building program, advancing toward the 30 MTPA target by Mar-26. This will be achieved through the commissioning of the second cement grinding line at Kolimigundla in Q4FY26 along with low-capex debottlenecking across existing units. Energy efficiency also improved, supported by the commissioning of 10 MW WHRS at RR Nagar, while an additional 15 MW WHRS at Kolimigundla is planned to come online with Kiln Line-2 in FY27. The construction chemicals portfolio gained further traction with the commissioning of the Odisha unit in Jul-25, strengthening the high-growth "Hard Worker" segment.

Valuation and Outlook:

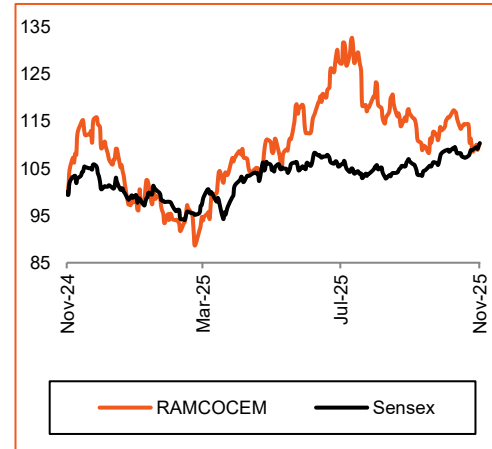
The near-term outlook remains steady but moderated, with earnings likely to be range-bound as benefits from improved pricing and higher green-energy usage are partly offset by raw material cost pressures arising from the MBT levy. Volume recovery will depend on demand improvement post-monsoon and execution of upcoming infrastructure projects in key markets. While the medium-term visibility is supported by the company's disciplined capacity additions, WHRS-led cost efficiencies, and expanding construction chemicals portfolio, meaningful margin expansion may remain gradual until input cost pressures normalize. Overall, the company is positioned for steady—not accelerated—improvement over the coming quarters.

We value Ramco Cements at 13.0x EV/EBITDA on FY27E EBITDA, implying a target price of INR 1,045. **We reiterate our "HOLD" rating on the shares of Ramco Cements..**

KEY FINANCIALS

INR Millions	FY24	FY25	FY26E	FY27E	FY28E
Revenue	93,764	85,184	95,719	1,03,972	1,16,753
EBITDA	15,646	12,325	18,330	22,083	25,309
EBITDA Margin	16.7%	14.5%	19.2%	21.2%	21.7%
Adj. PAT	3,600	732	5,224	7,800	10,062
Adj. EPS	15.23	11.54	22.11	33.01	42.58

SHARE PRICE PERFORMANCE



MARKET DATA

Shares outs (Mn.)	236
Mkt Cap (INR Mn.)	238,596
52-Week H/L (INR)	1,206/788

*Based on previous closing

Note: All the market data is as of previous closing

SHARE HOLDING PATTERN (%)

Particulars (%)	Sep-25	Jun-25	Mar-25
Promoters	42.6	42.6	42.6
FIIIs	8.2	8.4	7.3
DIIIs	28.4	27.8	33.5
Others	20.8	21.2	16.6
Total	100	100	100

10.5%

Revenue CAGR
between FY25-27E

226.3%

Adj. PAT CAGR
between FY25-27E

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Key Press release and presentation highlights:

Muted volumes amid monsoon-led disruption

- Cement sales remained flat at 4.40 MnT YoY. The lack of volume growth was explicitly attributed to early monsoon / excess rainfall and the run-up to rationalisation of GST rates.
- Capacity utilisation declined from 75% to 71% YoY. The reason for this reduction was due to additional capacities aggregating to 1.3 MTPA created by way of de-bottlenecking during H2FY25.
- The overall sale volume for the current quarter (Q2FY26) increased by 1% when compared to Q2FY25. This marginal growth occurred despite cement volumes remaining flat.
- Meanwhile, the construction chemicals business saw a significant volume increase of 72%, registering 1.48 lac tons in Q2FY26 compared to 0.86 lac tons in Q2FY25, thus driving the overall 1% increase.

Capex Update

- The company plans to achieve a cement capacity of 30 MTPA by Mar-26. This target will be met by commissioning the 2nd line of Cement grinding during Q4FY26 in Kolimigundla along with de-bottlenecking of existing facilities and adding grinding capacities in existing locations with nominal/minimal capex.
- A WHRS plant with an aggregate capacity of 10 MW in Ramasamy Raja Nagar (RR Nagar) was commissioned during Sep-25. Additionally, the WHRS capacity of 15 MW in Kolimigundla is expected to be commissioned along with Kiln Line-2 in FY27.
- The estimated capex for FY26 is INR 12 bn. The company incurred INR 2.8 bn towards capex during Q2FY26, and the cumulative capex for H1FY26 was INR 6.1 bn

Power & Fuel Costs

- In Q2FY26, the company's blended fuel consumption per ton stood at USD 122 (Cost per Kcal: INR 1.49), compared to USD 130 (INR 1.60/Kcal) in Q2FY25, supported by lower fuel prices and efficiency gains. The benefit of lower international fuel prices was partially offset by ~3% YoY rupee depreciation, which limited the full pass-through of cost savings in the quarter.
- Power & fuel cost per ton declined to INR 1,029 in Q2FY26 (vs. INR 1,121 in Q2FY25 and INR 1,222 in Q1FY26), driven by record wind-power generation and higher green energy contribution.
- Power mix for Q2FY26 improved significantly to 48% Green / 39% Thermal / 13% Grid, compared to 39% / 41% / 20% in Q2FY25. The sharp rise in green energy helped materially reduce power cost per ton. Fuel mix in Q2FY26 stood at 49% Coal / 1% Alternate Fuel / 50% Petcoke, compared to 40% / 2% / 58% in Q2FY25, reflecting continued optimisation based on cost per CV.
- Current spot CIF prices of petcoke are USD 113–115, providing a cost advantage versus earlier quarters despite currency-led headwinds.

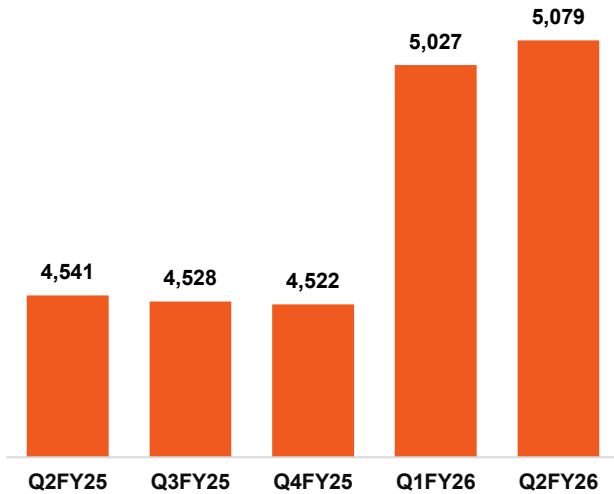
Operational Highlights

- Tamil Nadu is the only state where such a huge levy is imposed. The company along with other cement companies has represented to the TN Government to reduce the levy.
- EBITDA for Q2FY26 is Rs. 394 crores (or INR 3.94 bn) compared to Rs. 323 crores in Q2FY25, representing a 22% growth. This growth was driven by an improvement in cement prices of 7% YoY and a reduction in power and fuel cost. The usage of green energy contributed significantly, increasing from 39% in Q2FY25 to 48% in Q2FY26.
- The cost of raw materials per ton increased by 10% YoY (from Rs. 903 to Rs. 995). This rise was explicitly attributed to the levy of mineral bearing land tax (MBT) of Rs. 160 per ton of limestone in TN. This tax resulted in an impact on variable cost of INR 400 mn.
- The power & fuel cost per ton of cement for Q2FY26 decreased by Rs. 92 / Ton YoY. This reduction was achieved because the share of green energy usage increased to 48% (up from 39% in Q2FY25) on account of record high generation of wind power.

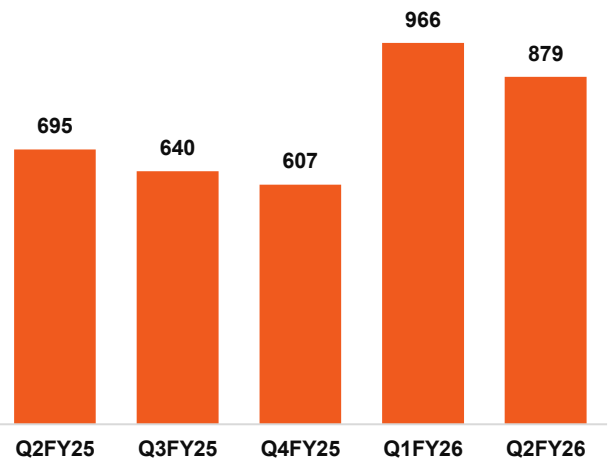
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Story in Charts

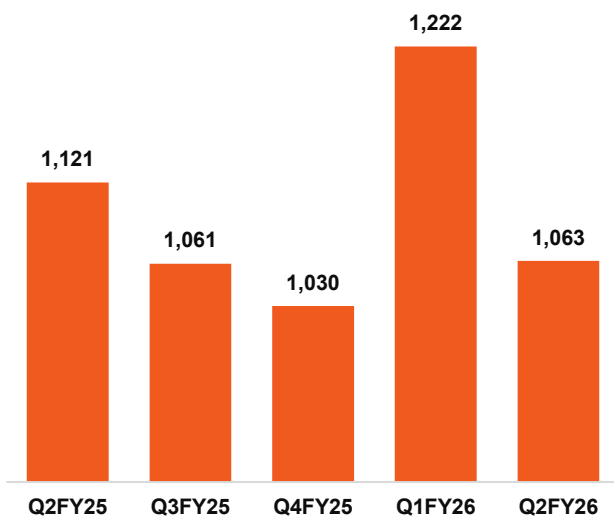
Realizations per ton climb sharply YoY, inch up QoQ.



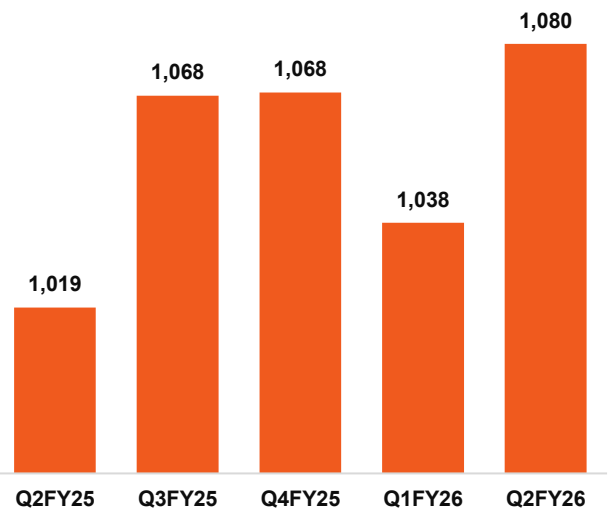
Profitability per ton improves sharply YoY despite QoQ dip.



Power/ton reverts toward FY25 range after sharp Q1 jump



Logistics/ton edges higher, hits new peak.



Source: Company, DevenChoksey Research

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RESULT SNAPSHOT

Particulars (INR Mn)	Q2FY26	Q1FY26	Q2FY25	QoQ (%)	YoY (%)
Sales	22,387	20,740	20,441	7.9%	9.5%
Total Expenditure	18,508	16,765	17,301	10.4%	7.0%
COGS	4,973	3,592	4,016	38.5%	23.8%
Employee Cost	1,513	1,471	1,429	2.9%	5.9%
Other Expenses	2,645	2,425	2,296	9.1%	15.2%
Power & Fuel	4,627	5,002	4,989	(7.5%)	(7.3%)
Transportation and Handling	4,750	4,275	4,571	11.1%	3.9%
EBITDA	3,879	3,975	3,141	(2.4%)	23.5%
EBITDA Margins (%)	17.3%	19.2%	15.4%	-184bps	196bps
Depreciation	1,833	1,839	1,695	(0.3%)	8.1%
EBIT	2,046	2,136	1,446	(4.2%)	41.6%
Interest Expense	1,114	1,047	1,199	6.4%	(7.1%)
Other Income	65	60	98	8.7%	(33.7%)
PBT	997	1,149	345	(13.2%)	189.1%
Tax	240	305	92	(21.2%)	161.7%
PAT before share of associates	757	844	253	(10.3%)	199.1%
Share of Associates	21	2	5	NM	NM
Minority Interest	5	-5	-77	(206.4%)	(106.5%)
Adj PAT	773	850	335	(9.1%)	131.0%
Adj PAT Margin	3.5%	4.1%	1.6%	-65bps	182bps
Adj. EPS	3.3	3.6	1.4	(9.1%)	131.0%

Source: Company, DevenChoksey Research

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KEY FINANCIALS

Exhibit 1: Profit & Loss Statement

INR Millions	FY25	FY26E	FY27E	FY28E
Revenues	85,184	95,719	1,03,972	1,16,753
COGS	17,246	19,466	19,638	21,052
Gross profit	67,938	76,253	84,334	95,701
Employee cost	5,500	6,548	7,688	9,237
Transportation	19,519	20,204	22,101	24,818
Power & Fuel	20,697	20,660	21,545	24,078
Other Exp.	9,896	10,511	10,917	12,259
EBITDA	12,325	18,330	22,083	25,309
EBITDA Margin	14.5%	19.2%	21.2%	21.7%
Depreciation	6,951	7,490	8,041	8,444
EBIT	5,375	10,840	14,042	16,865
Interest expense	4,588	4,285	4,089	3,948
Other income	412	384	434	484
Exceptional items	1,994	0	0	0
Share of associates	14	30	14	15
PBT	3,207	6,969	10,400	13,416
Income tax expense	512	1,745	2,600	3,354
Minority Interest	-31	0	0	0
PAT	2,726	5,224	7,800	10,062
EPS (INR)	12	22	33	43
Adj. PAT	732	5,224	7,800	10,062
Adj. EPS (INR)	3	22	33	43

Exhibit 3: Cash Flow Statement

INR Millions	FY25	FY26E	FY27E	FY28E
FFO	13,988	15,970	18,454	20,994
Capex	(10,240)	(11,486)	(8,318)	(9,340)
Dividend Paid	(591)	(1,045)	(1,560)	(2,012)
Change in Capital	(2,708)	(1,120)	(2,900)	(5,150)
Closing Cash	1,726	173	2,207	3,250
FCF	3,748	4,484	10,136	11,654

Exhibit 4: Key Ratios

Key Ratios	FY25	FY26E	FY27E	FY28E
EBITDA Margin (%)	14.5%	19.2%	21.2%	21.7%
Net Profit Margin (%)	0.9%	5.5%	7.5%	8.6%
RoE (%)	3.7%	6.8%	9.5%	11.3%
RoCE (%)	4.4%	8.9%	11.1%	12.9%
EV/EBITDA	53.4x	37.6x	29.7x	23.4x
P/E	289.3x	45.7x	32.5x	25.2x

Source: Bloomberg, DevenChoksey Research

Exhibit 2: Balance Sheet

INR Millions	FY25	FY26E	FY27E	FY28E
Equity				
Equity Capital	236	236	236	236
Other Equity	74,180	78,359	84,599	92,649
Non controlling interest	5	5	5	5
Total Equity	74,421	78,601	84,841	92,891
Non-Current Liabilities				
Borrowings	34,011	33,011	32,011	28,261
Deferred Tax Liabilities	10,755	10,755	10,755	10,755
Other Liability	976	976	976	976
Total Non-Current Liabilities	45,742	44,742	43,742	39,992
Current Liabilities				
Short Term Borrowings	12,735	12,615	10,715	9,315
Trade Payables	9,394	10,074	10,583	11,120
Other Financial Liabilities	18,328	18,328	18,328	18,328
Other current liabilities	2,675	2,675	2,675	2,675
Total Current Liabilities	43,132	43,691	42,301	41,437
Total Liabilities	1,63,295	1,67,034	1,70,884	1,74,320
Non-Current Assets				
Property Plants and Equipment's	1,17,537	1,21,533	1,21,810	1,22,706
CWIP	13,527	13,527	13,527	13,527
Investment Property	2,038	2,038	2,038	2,038
Intangible Assets	4,202	4,202	4,202	4,202
Other current assets	3,610	3,610	3,610	3,610
Total Non-Current Assets	1,40,914	1,44,910	1,45,186	1,46,083
Current Assets				
Inventories	10,162	10,928	11,205	11,916
Trade Receivables	7,296	7,824	9,087	9,874
Cash and Bank	1,726	173	2,207	3,250
Other Balances with Bank	366	366	366	366
Other current assets	2,832	2,832	2,832	2,832
Total Current Assets	22,382	22,124	25,697	28,238
Total Assets	1,63,295	1,67,034	1,70,884	1,74,320

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Date	CMP (INR)	TP (INR)	Recommendation
24-Nov-25	1,011	1,045	HOLD
28-May-25	957	988	HOLD
06-Feb-25	890	969	ACCUMULATE
12-Nov-24	910	985	ACCUMULATE
29-July-24	828	866	ACCUMULATE

Rating Legend (Expected over a 12-month period)	
Our Rating	Upside
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

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DRChoksey FinServ Private Limited

CIN Number -U67100MH2020PTC352816

Registered Office and Corporate Office:

5th Floor Abhishek Building, Behind Monginis Cake Factory, Off New Link Road, Andheri West, Mumbai-400058