The Ramco Cements (RAMCEM)

CMP: ₹ 965 | Target ₹ 1060 (+10%) | Target Period: 12 months | HOLD

August 10, 2026

Result Update

ICICI Securities – Retail Equity Research

Volume growth to pick-up…

About the stock: The Ramco Cements is primarily a southern region-based cement manufacturer with a manufacturing capacity of 26.4 million tonnes (mtpa).

- South region constitutes 22.5 mtpa of capacity (TN-14.7 mtpa and AP-7.6 mtpa). Balance 3.9 mtpa is in East region (WB-2 mtpa and Odisha-1.9 mtpa)

Q1FY27 performance: Revenue increased by 9.6% YoY (-12.9% QoQ) to Rs 2273.1 crores led by an increase in sales volume of 12.1% YoY (-16.9% QoQ) and decline in realisation by 2.2% YoY (+4.8% QoQ). EBITDA/ton decreased by 31.2% YoY (flattish QoQ) to Rs 664/ton. Absolute EBITDA decreased by 22.9% YoY (-17.3 QoQ) to Rs 306.5 crores. PAT stood at 31.2 crores (-63.3% YoY, -79.3% QoQ)

Investment Rationale:

- **Capacity additions & improvement in utilization to drive volume growth**: Company reported healthy volume growth of 12.1% YoY during the quarter, mainly led by better demand scenario and improvement in capacity utilisation (70% vs 68% in Q1FY26). Going forward, we expect company's sales volume to remain healthy, led by capacity additions, ramp-up of existing & new capacities and improvement in overall demand. We estimate company's sales volume to grow at a CAGR of ~11% over FY26-28E (vs 1% CAGR during FY24-26). On capacity expansion front, company is in process of adding 1 mtpa through de-bottlenecking at Tamil Nadu followed by 0.7 mtpa at Andhra Pradesh (AP). Additionally, brownfield expansion of 3 mtpa (Kolimigundla Line 2) in AP is also expected to be commissioned in by FY27E, which will take the total capacity to ~31 mtpa (from 26.4 mtpa at present). Moreover, company plans a greenfield expansion in Karnataka (land acquisition in process), with a focus on gaining market share in south region
- **EBITDA per ton expected to improve in FY28E after a decline in FY27E**: Company's EBITDA/ton stood at ₹ 664/ton in FY26 (-31.2% YoY), due to higher cost structure mainly power and fuel cost, packaging cost and negative operating leverage. Going ahead, we believe that though near-term profitability is likely to be impacted due to geo-political uncertainties, it might improve from H2FY27 onwards. EBITDA/ton to improve going forward, led by improvement in realisations, change in fuel mix, continuous focus on cost optimisation through better fuel & freight cost management, increase in share of green energy (37% during the quarter vs 31% in Q1FY26) and positive operating leverage. We estimate EBITDA/ton to improve to ₹ 850/ton in FY28E (from ₹ 764/ton in FY26)

Rating and Target Price:

- Ramco's volume growth is expected to be healthy in the coming period (as compared to muted growth seen over the last 2 years). Focus on operational efficiencies to also help in improvement in overall profitability over H2FY27-28E. Net debt/EBITDA is expected to come down to 1.7x by FY28E (from 2.5x in FY26). We recommend **HOLD** rating on Ramco Cements with a revised target price of Rs 1060 (based on 14.5x EV/EBITDA on FY28E basis)

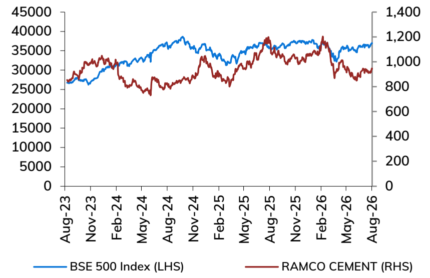
Particulars

Particular	Amount
Market Cap (₹ Crore)	22,793
FY26 Gross Debt (₹ Crore)	3,861
FY26 Cash (₹ Crore)	227
EV (₹ Crore)	26,427
52 Week H/L (₹)	1214 / 838
Equity Capital	23.6
Face Value	2.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	42.6	42.6	42.6	42.6
FII	8.2	8.0	8.0	7.5
DII	28.5	28.2	28.9	29.5
Others	20.8	21.3	20.5	20.4

Price Chart



Key risks

(i) Slowdown in Demand

(ii) Delays in capacity expansion

(iii) Increase in commodity prices

(iv) High competition

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Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	FY26	3-year CAGR (FY23-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Revenues	8,157	9,376	8,518	9,029	3.4%	10,207	11,451	12.6%
EBITDA	1,186	1,565	1,233	1,436	6.6%	1,459	1,952	16.6%
EBITDA margin (%)	14.5	16.7	14.5	15.9		14.3	17.0	
Adjusted PAT	315	360	70	146	-22.6%	272	657	112.1%
Adjusted EPS (Rs)	13.1	15.0	3.0	6.2		11.5	27.8	
P/E (x)	73.6	64.3	324.9	156.1		83.9	34.7	
EV/EBITDA (x)	22.9	17.6	22.1	18.4		18.1	13.4	
EV/Ton (USD)	130	126	118	105		89	88	
RoCE (%)	6.3	7.9	4.8	6.2		6.0	9.6	
RoE (%)	4.6	5.0	0.9	1.8		3.3	7.3	

Source: Company, ICICI Direct Research

Q1FY27 – Result highlights

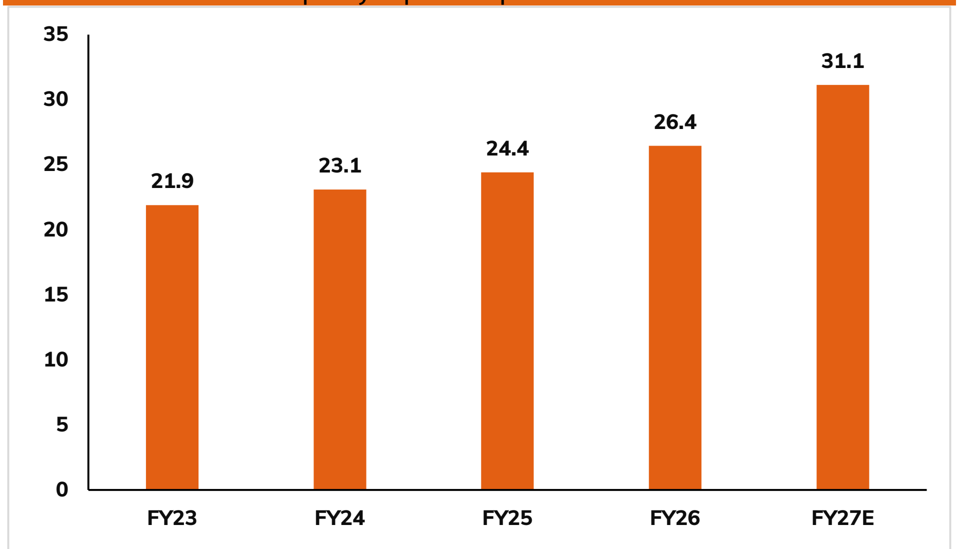
- Revenue increased by 9.6% YoY (-12.9% QoQ) to Rs 2273.1 crores led by an increase in sales volume of 12.1% YoY (-16.9% QoQ) and decline in realisation by 2.2% YoY (+4.8% QoQ).
- Total cost/ton increased by 4.7% YoY (+5.7% QoQ) mainly led by power and fuel cost, packaging cost and negative operating leverage.
- EBITDA/ton decreased by 31.2% YoY (flattish QoQ) to Rs 664/ton. Subsequently, absolute EBITDA decreased by 22.9% YoY (-17.3 QoQ) to Rs 306.5 crores.
- The company reported a net profit (including net exceptional gain of Rs 12.6 crore related to land sale) of 31.2 crores (-63.3% YoY, -79.3% QoQ)

Exhibit 1: Q1FY27 consolidated result overview (₹ crore)

Particulars	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Operating Income	2,273.1	2,074.0	9.6	2,610.3	-12.9	Revenue improved due to healthy volume growth on YoY basis
Other income	6.7	6.0	12.7	11.8	-42.7	
Total Revenue	2,279.8	2,080.0	9.6	2,622.1	-13.1	
Raw materials costs	415.8	359.2	15.8	613.5	-32.2	
Employees Expenses	157.5	147.1	7.1	148.0	6.4	
Other Expenses	293.8	242.5	21.1	286.6	2.5	
Total Expenditure	1,966.6	1,676.5	17.3	2,239.7	-12.2	
EBITDA	306.5	397.5	-22.9	370.7	-17.3	Margins impacted due to higher costs
EBITDA margins (%)	13.5%	19.2%	-569 bps	14.2%	-72 bps	
Interest	95.6	104.7		95.2		
Depreciation	189.8	183.9	3.2	188.0	1.0	
Tax	9.4	30.5	-69.2	26.7	-64.8	
PAT	31.2	85.0	-63.3	150.7	-79.3	

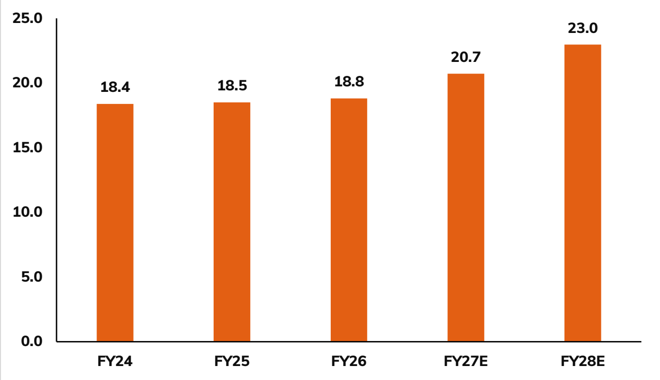
Source: Company, ICICI Direct Research

Exhibit 2: Consolidated Capacity expansion plan



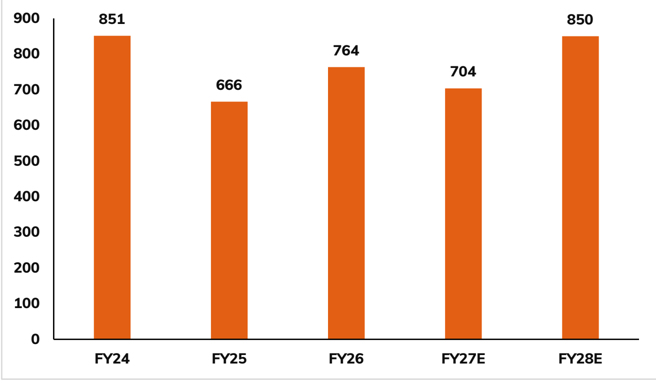
Source: Company, ICICI Direct Research

Exhibit 3: Volumes to grow at ~11% CAGR over FY26-28E



Source: Company, ICICI Direct Research

Exhibit 4: EBITDA/ton to improve over FY27E-FY28E



Source: Company, ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Revenue	8,518	9,029	10,207	11,451
% Growth	(9.2)	6.0	13.0	12.2
Other income	41	41	42	42
Total Revenue	8,518	9,029	10,207	11,451
% Growth	(9.2)	6.0	13.0	12.2
Total Raw Material Costs	1,725	1,920	2,072	2,297
Employee Expenses	550	587	646	701
Other expenses	5,011	5,085	6,029	6,500
Total Operating Expenditure	7,286	7,593	8,748	9,499
Operating Profit (EBITDA)	1,233	1,436	1,459	1,952
% Growth	(21.2)	16.5	1.6	33.8
Interest	459	419	381	361
PBDT	815	1,058	1,119	1,634
Depreciation	695	740	776	802
PBT before Exceptional Items	120	318	344	832
Total Tax	51	179	75	175
PAT before MI	268	692	282	657
PAT	270	699	282	657
Adjusted PAT	70	146	272	657
% Growth	(80.5)	108.2	86.0	142.0

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Profit after Tax	270	699	282	657
Depreciation	695	740	776	802
Interest	459	419	381	361
Cash Flow before WC chgs	1,423	1,858	1,438	1,820
Changes in inventory	(33)	(14)	(134)	(142)
Changes in debtors	126	(63)	(102)	(109)
Changes in loans & Adv	2	2	-	-
Changes in other CA	13	(2)	(19)	(20)
Net Increase in CA	84	(131)	(278)	(296)
Changes in creditors	(54)	261	142	164
Changes in provisions	7	(2)	15	3
Net Inc in Current Liabilities	58	304	173	184
Net CF from Op activities	1,566	2,032	1,333	1,708
Changes in def tax assets	-	-	-	-
(Pur)/Sale of Fixed Assets	(918)	(934)	(800)	(1,000)
Net CF from Invest activities	(702)	(745)	(844)	(1,035)
Dividend and Dividend Tax	(47)	(59)	(24)	(47)
Net CF from Fin Activities	(792)	(1,269)	(505)	(708)
Net Cash flow	72	18	(15)	(36)
Opening Cash/Cash Equi	137	209	227	212
Closing Cash/ Cash Equi	209	227	212	176

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Equity Capital	24	24	24	24
Reserve and Surplus	7,418	8,070	8,328	8,938
Total Shareholders' funds	7,442	8,094	8,351	8,962
Total Debt	4,663	3,861	3,761	3,461
Total Liabilities	13,289	13,291	13,449	13,759
Gross Block	17,407	18,776	20,248	20,998
Acc: Depreciation	5,654	6,394	7,170	7,971
Net Block	11,754	12,383	13,079	13,027
Capital WIP	1,353	922	250	500
Total Fixed Assets	13,527	13,720	13,745	13,943
Non-Current Assets	565	528	572	608
Inventory	1,016	1,030	1,163	1,305
Debtors	730	793	895	1,004
Other Current Assets	141	143	162	181
Cash	209	227	212	176
Total Current Assets	2,238	2,387	2,650	2,910
Current Liabilities	939	1,201	1,342	1,506
Provisions	90	91	92	92
Total CL	3,040	3,344	3,517	3,701
Net Current Assets	(802)	(957)	(867)	(791)
Total Assets	13,289	13,291	13,449	13,759

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Adjusted EPS	3.0	6.2	11.5	27.8
Cash per Share	8.9	9.6	9.0	7.4
DPS	14.0	15.0	16.0	16.0
BV	315.1	342.7	353.6	379.4
EBITDA Margin	14.5	15.9	14.3	17.0
PAT Margin	3.2	7.7	2.8	5.7
RoE	0.9	1.8	3.3	7.3
RoCE	4.8	6.2	6.0	9.6
RoIC	4.5	5.9	5.7	9.4
EV / EBITDA	22.1	18.4	18.1	13.4
P/E	324.9	156.1	83.9	34.7
EV / Net Sales	3.2	2.9	2.6	2.3
Sales / Equity	1.1	1.1	1.2	1.3
Market Cap / Sales	2.7	2.5	2.2	2.0
Price to Book Value	3.1	2.8	2.7	2.5
Asset turnover	0.7	0.8	0.8	0.9
Debtors Turnover Ratio	10.7	11.9	12.1	12.1
Creditors Turnover Ratio	8.8	8.4	8.0	8.0
Debt / Equity	0.6	0.5	0.5	0.4
Current Ratio	0.7	0.6	0.7	0.7
Quick Ratio	0.3	0.3	0.3	0.3

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

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