

The Ramco Cements

Estimate change

TP change

Rating change



Bloomberg	TRCL IN
Equity Shares (m)	236
M.Cap.(INRb)/(USD\$)	210.4 / 2.4
52-Week Range (INR)	1060 / 700
1, 6, 12 Rel. Per (%)	-6/12/-18
12M Avg Val (INR M)	718

Financial Snapshot (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	88.2	97.1	107.1
EBITDA	13.6	17.7	21.3
Adj. PAT	2.0	4.3	6.0
EBITDA Margin (%)	15.4	18.2	19.9
Adj. EPS (INR)	8.3	18.4	25.5
EPS Gr. (%)	-50.2	120.8	39.0
BV/Sh. (INR)	321	336	358

Ratios

Net D:E	0.6	0.6	0.5
RoE (%)	2.7	5.6	7.4
RoCE (%)	5.1	6.0	7.1
Payout (%)	15.9	19.1	0.0

Valuations

P/E (x)	107.0	48.5	34.9
P/BV (x)	2.8	2.7	2.5
EV/EBITDA(x)	17.8	14.2	11.7
EV/ton (USD)	116	111	109
Div. Yield (%)	0.4	0.4	0.0
FCF Yield (%)	0.7	2.3	4.2

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	42.8	42.3	42.1
DII	34.3	34.3	36.3
FII	6.9	6.6	7.9
Others	16.1	16.9	13.6

FII Includes depository receipts

CMP: INR890

TP: INR870 (-2%)

Neutral

Weak realization drags performance

Net debt reduces by INR4.9b QoQ to INR46.2b as of Dec'24

- TRCL's 3QFY25 EBITDA was below estimates, mainly due to lower-than-estimated realization/t (3% miss). EBITDA declined ~29% YoY to INR2.8b (~14% miss) and EBITDA/t declined 35% YoY to INR639 (est. INR742). OPM contracted 4.6pp YoY to ~14% (est. ~16%). PAT (adjusted for profit on the sale of non-core assets) declined 97% YoY to INR32m (vs. estimated PAT of INR329m).
- The company's net debt declined by INR4.9b QoQ to INR46.2b as of Dec'24, aided by proceeds from the disposal of non-core assets (monetized INR4.4b in 9M vs. its target of INR10.0b by Jun'25). It also received an advance of INR100m, the sale for which is under progress. It is expanding its clinker/grinding capacity by 3.2mtpa/1.5mtpa at Kolimigundla, AP (line II). The company has further plans of debottlenecking/adding GUs at existing facilities with minimal capex to reach its capacity target of 30mtpa by Mar'26 vs. 24mtpa currently.
- We cut our EBITDA estimates by 10%/8%/7% for FY25/FY26/FY27 due to the weak realizations estimate in its core market (South). We value TRCL at 12x Dec'26E EV/EBITDA to arrive at our revised TP of INR870 (earlier INR950). We reiterate our Neutral rating on the stock.

Volume increases ~9% YoY; realization/t down 14% YoY

- Revenue/EBITDA/adj. PAT stood at INR19.8b/INR2.8b/INR32m (down 6%/29%/97% YoY and down 2%/14%/90% vs. our estimates) in 3QFY25. Sales volume increased ~9% YoY to 4.37mt (in line). Realization declined 14% YoY to INR4,523/t (flat QoQ; ~3% below our estimate).
- Opex/t declined ~9% YoY, led by a 10%/1% YoY reduction in variable/freight cost/t. Other expense/employee cost per ton declined ~20%/12% YoY, led by a reduction in the overall expense and positive operating leverage. OPM contracted 4.6pp YoY to 14% and EBITDA/t declined 35% YoY to INR639. Depreciation/ interest costs grew ~5%/10% YoY, and other income increased ~62% YoY.
- In 9MFY25, Revenue/EBITDA/PAT stood at INR61.0b/INR9.1b/INR643m (down 9%/20%/77% YoY). Sales volume grew ~2% YoY, while realization declined ~11% YoY. EBITDA/t declined ~22% YoY to INR690. We estimate Revenue/EBITDA/PAT to increase ~2%/7%/9% YoY in 4QFY25. Additionally, we estimate volume growth of ~8% YoY and EBITDA/t of INR757 vs. INR760 in 4QFY25.

Highlights from the management commentary

- Increased allocation for capex and 50-year interest-free loans to states for infrastructure development under the recent budget will be key positives for cement demand growth.
- Improvement in the C:C ratio to 1.4x vs. 1.3x in 3QFY24 and reduction in fuel consumption cost at INR1.45/Kcal vs. INR1.64/kcal in 3QFY24 enabled the company to reduce the variable cost/t ~10% YoY.

Sanjeev Kumar Singh - Research analyst (Sanjeev.Singh@MotilalOswal.com)

Research analyst - Mudit Agarwal (Mudit.Agarwal@MotilalOswal.com) | **Abhishek Sheth** (abhishek.sheth@MotilalOswal.com)

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- Capex of INR2.6b was incurred in 3QFY25 and INR8.0b in 9MFY25. Capex for FY26 is estimated at INR12.0b. For Karnataka greenfield projects, the company has acquired 53% of mining land and 13% of factory land so far.

View and valuation

- TRCL's earnings were below our estimates, mainly due to lower realization. Higher competitive intensity in the company's core market in the South has kept cement prices under pressure. Further, the company's volume share in the South surged to ~79% in 3QFY25 vs. ~76% in 3QFY24.
- We expect the company's volume growth to moderate to ~7% CAGR over FY25-27 vs. ~18% over FY21-25E. Higher competition and pricing pressure in its key markets, leveraged balance sheets, and low return ratios (RoE/ROCE in mid-single digits till FY26/FY27) will keep the stock price range-bound.
- At CMP, the stock trades at 14/12x FY26E/FY27E EV/EBITDA. We value TRCL at 12x Dec'26E EV/EBITDA and reiterate our Neutral rating with a revised TP of INR870 (earlier INR950).

Quarterly Performance

Y/E March	FY24				FY25				FY24	FY25E	(INR b)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			FY25 3QE	Var. (%)
Sales volume (m ton)	4.30	4.61	4.00	5.49	4.36	4.49	4.37	5.92	18.40	19.14	4.36	0
YoY Change (%)	29.9	37.7	9.9	16.8	1.3	(2.6)	9.3	7.8	22.5	4.0	8.9	
Realization (INR/ton)	5,212	5,053	5,265	4,869	4,792	4,539	4,523	4,598	5,081	4,611	4,649	(3)
YoY Change (%)	(1.6)	(3.8)	(4.5)	(10.9)	(8.1)	(10.2)	(14.1)	(5.6)	(5.6)	(9.2)	(11.7)	
QoQ Change (%)	(4.6)	(3.1)	4.2	(7.5)	(1.6)	(5.3)	(0.4)	1.7			2.4	
Net Sales	22.4	23.3	21.1	26.7	20.9	20.4	19.8	27.2	93.5	88.2	20.2	(2)
YoY Change (%)	26.4	30.5	4.8	4.0	(6.8)	(12.5)	(6.2)	1.8	14.9	(5.6)	(3.9)	
Total Expenditure	19.0	19.3	17.1	22.6	17.7	17.3	17.0	22.7	78.0	74.7	17.0	(0)
EBITDA	3.4	4.0	4.0	4.2	3.2	3.1	2.8	4.5	15.5	13.6	3.2	(14)
YoY Change (%)	13.6	116.9	38.9	1.0	(6.5)	(21.7)	(29.3)	7.4	31.4	(12.5)		
Margins (%)	15.2	17.1	18.8	15.6	15.3	15.3	14.1	16.5	16.6	15.4	16.0	1
Depreciation	22.4	23.3	21.1	26.7	20.9	20.4	19.8	27.2	93.5	88.2	20.2	(2)
Interest	26.4	30.5	4.8	4.0	(6.8)	(12.5)	(6.2)	1.8	14.9	(5.6)	(3.9)	19
Other Income	19.0	19.3	17.1	22.6	17.7	17.3	17.0	22.7	78.0	74.7	17.0	(90)
PBT before EO expense	1.1	1.4	1.3	1.6	0.5	0.3	0.0	1.7	5.4	2.6	0.5	-
PBT	1.1	1.4	1.3	1.6	0.5	0.3	3.3	1.7	5.4	5.9	4.5	(25)
Tax	0.3	0.4	0.4	0.4	0.1	0.1	0.1	0.4	1.5	0.7	1.2	
Prior year tax	-	-	-	-	-	-	-	-	-	-	-	
Rate (%)	27.0	26.7	30.8	25.2	26.3	26.9	2.4	24.0	27.3	12.2	27.5	
Reported PAT	0.8	1.0	0.9	1.2	0.4	0.3	3.3	1.3	3.9	5.2	3.2	1
Adj PAT	0.8	1.0	0.9	1.2	0.4	0.3	0.0	1.3	3.9	2.0	0.3	(90)
YoY Change (%)	(29.7)	783.2	38.6	(20.4)	(55.0)	(74.7)	(96.6)	9.0	15.0	(50.2)	(64.8)	
Margins (%)	3.5	4.3	4.4	4.5	1.7	1.3	0.2	4.9	4.2	2.2	1.6	

Per ton analysis (incl. Dry mortar)

Per ton analysis (incl. Dry mortar)												(INR/t)
Net realization	5,212	5,053	5,265	4,869	4,792	4,539	4,523	4,598	5,081	4,611	4,649	(3)
RM Cost	760	959	820	1,132	835	894	933	887	934	887	880	6
Employee Expenses	294	300	342	227	314	303	301	252	286	289	322	(6)
Power, Oil & Fuel	1,758	1,358	1,384	1,128	1,300	1,121	1,060	1,136	1,389	1,152	1,141	(7)
Freight cost	1,064	1,025	1,073	1,082	1,064	1,018	1,066	1,072	1,062	1,056	1,065	0
Other Expenses	541	546	658	541	546	509	523	495	567	516	500	5
Total Expenses	4,418	4,188	4,277	4,110	4,059	3,844	3,884	3,841	4,238	3,901	3,907	(1)
EBITDA	794	865	988	760	733	695	639	757	844	710	742	(14)

Source: Company, MOFSL Estimates



Highlights from the management commentary

Capex and project update

- The company is set to reach a cement production capacity of 30mtpa by Mar'26 through the commissioning of line II at Kolimigundla. This target will be further supported by de-bottlenecking and expanding grinding capacities at existing facilities with minimal capital investment.
- The company has monetized INR4.4b out of its targeted INR10b from non-core assets and remains on track to achieve the stated goal. Additionally, it has received advances totaling INR100m for assets that are currently in the advanced stages of the sale process.
- The WHRS plant of 2MW at Alathiyur was commissioned in 3QFY25. An additional 10MW WHRS at R Nagar is planned for commissioning by 1QFY26. Railway siding in Kolimigundla, AP, will be commissioned in 4QFY25.
- The construction chemicals capacity expansion in Odisha is expected to be commissioned by 4QFY25.
- The company has acquired ~52% of the mining land and ~13% of factory land for a Greenfield project in Karnataka.
- The total capex incurred was INR2.56b in 3QFY25 and INR8.0b in 9MFY25.

Capacity utilization and volume

- Cement capacity utilization stood at ~75% vs. ~74%/~75% in 3QFY24/2QFY25. Cement volume declined ~3% YoY to 4.3mt, whereas building products volume was flat YoY to 0.09mt.
- Volume share from South/East was ~79%/~21% in 3QFY25 vs. ~76%/~24% in 3QFY24.

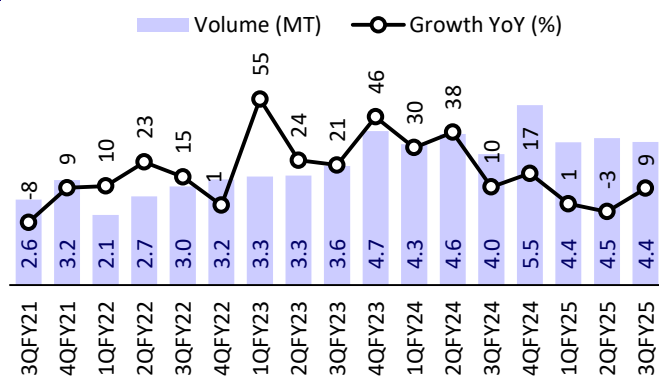
Operational highlights

- The share of premium products was ~26% in 3QFY25 vs. ~31% in 3QFY24 in the South region. In the East region, the share of premium products was ~23% in 3QFY25 vs. ~20% in 3QFY24. The OPC share was ~30% of total volumes in 3QFY25 vs. 33%/30% in 3QFY24/2QFY25.
- Blended coal consumption cost was USD122/t (INR1.45/kcal) vs. USD138/USD130 (INR1.64/INR1.60 per kcal) in 3QFY24/2QFY25.
- TRCL used 69% petcoke vs. 51%/58% in 3QFY24/2QFY25. It used ~62% petcoke in 9MFY25 vs ~52% in 9MFY24.
- Green energy contributed 39% of power requirements vs. ~36%/39% in 3QFY24/2QFY25. Green energy contributed ~37% in 9MFY25 vs ~34% in 9MFY24. Green power share is expected to reach ~40% in FY25.
- Avg. lead distance was 259kms in 3QFY25 vs 282kms in 3QFY24 and 244kms in 2QFY25.

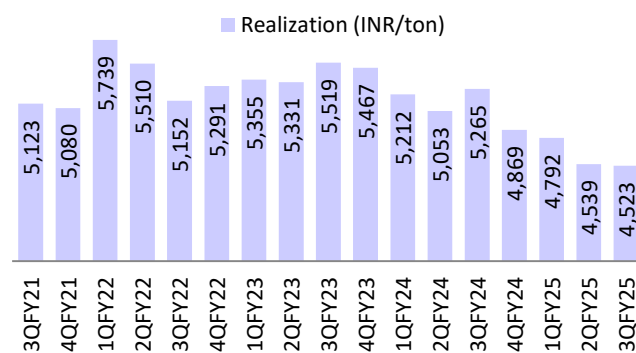
Debt and other highlights

- Net debt (including working capital borrowings) stood at INR46.2b vs. INR51b/INR49.6b as of Dec'23/Sept'24.
- The cost of debt for 3QFY25 is 7.89% as against 7.85% in 3QFY24.

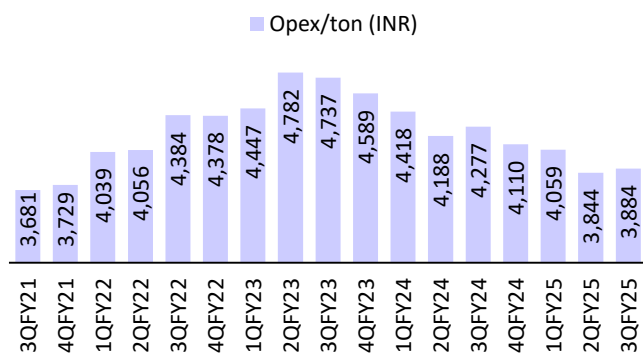
Story in charts

Exhibit 1: Sales volume increased 9% YoY


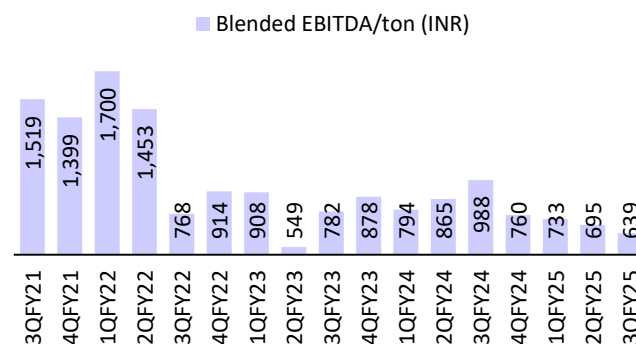
Source: MOFSL, Company

Exhibit 2: Realization down 14% YoY and flat QoQ


Source: MOFSL, Company

Exhibit 3: Opex/t declined 9% YoY and increased 1% QoQ


Source: MOFSL, Company

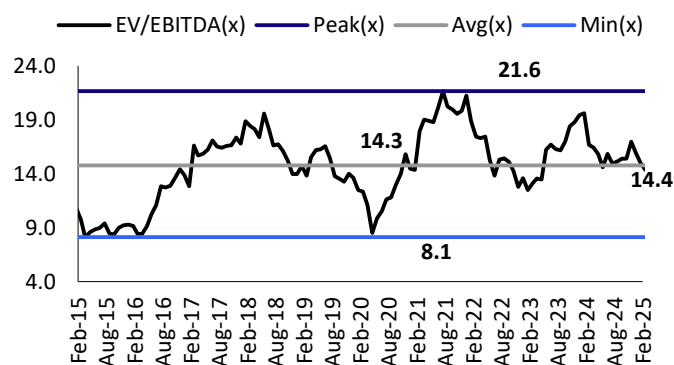
Exhibit 4: EBITDA/t declined 35% YoY/8% QoQ


Source: MOFSL, Company

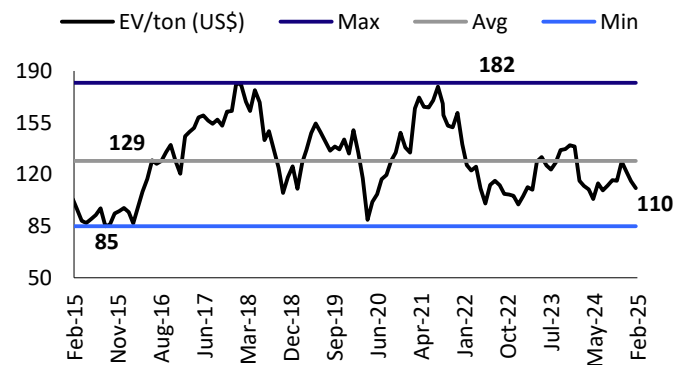
Exhibit 5: Key performance indicators – per ton analysis

INR/t	3QFY25	3QFY24	YoY (%)	2QFY25	QoQ (%)
Net realization	4,523	5,265	(14.1)	4,539	(0.4)
RM Cost	933	820	13.7	894	4.4
Employee Expenses	301	342	(11.9)	303	(0.5)
Power, Oil & Fuel	1,060	1,384	(23.4)	1,121	(5.4)
Freight and Handling Outward	1,066	1,073	(0.6)	1,018	4.8
Other Expenses	523	658	(20.4)	509	2.7
Total Expenses	3,884	4,277	(9.2)	3,844	1.0
EBITDA	639	988	(35.3)	695	(8.0)

Source: MOFSL, Company

Exhibit 6: One-year forward EV/EBITDA chart


Source: MOFSL, Company, Bloomberg

Exhibit 7: 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	88,244	97,083	1,07,061
Change (%)	4.3	-1.4	13.5	36.0	14.9	-5.6	10.0	10.3
EBITDA	11,117	15,480	12,838	11,820	15,525	13,589	17,697	21,261
Margin (%)	20.8	29.4	21.5	14.5	16.6	15.4	18.2	19.9
Depreciation	3,153	3,553	4,008	5,044	6,359	6,830	7,407	8,555
EBIT	7,964	11,927	8,830	6,775	9,167	6,759	10,290	12,706
Int. and Finance Charges	714	876	1,124	2,405	4,155	4,573	4,712	4,805
Other Income - Rec.	622	346	306	367	423	430	410	420
PBT bef. EO Exp.	7,872	11,397	8,012	4,737	5,435	2,617	5,988	8,321
EO Expense/(Income)	0	0	0	0	0	-3,290	0	0
PBT after EO Exp.	7,872	11,397	8,012	4,737	5,435	5,907	5,988	8,321
Current Tax	1,393	2,440	1,768	257	409	720	1,647	2,288
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	12.2	27.5	27.5
Reported PAT	6,011	7,611	8,927	3,435	3,950	5,187	4,341	6,033
PAT Adj for EO items	6,011	7,611	5,899	3,435	3,950	1,966	4,341	6,033
Change (%)	18.1	26.6	-22.5	-41.8	15.0	-50.2	120.8	39.0
Margin (%)	11.2	14.4	9.9	4.2	4.2	2.2	4.5	5.6

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	75,565	79,079	84,285
Net Worth	49,186	56,268	65,249	67,935	71,441	75,801	79,315	84,521
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	49,168	52,168	51,168
Capital Employed	88,599	98,162	1,12,789	1,22,095	1,30,914	1,35,274	1,41,788	1,45,994
Gross Block	93,901	1,06,223	1,18,037	1,47,329	1,72,397	1,82,397	2,02,397	2,14,897
Less: Accum. Deprn.	35,757	38,720	42,728	47,772	54,131	60,961	68,368	76,923
Net Fixed Assets	58,144	67,503	75,309	99,557	1,18,266	1,21,437	1,34,029	1,37,975
Capital WIP	18,143	23,255	30,340	19,873	13,784	16,000	8,500	8,000
Total Investments	4,275	4,369	4,220	4,209	4,397	1,397	1,397	1,397
Curr. Assets, Loans&Adv.	19,908	18,331	20,687	21,530	25,235	21,271	25,887	30,075
Inventory	6,453	5,979	8,333	8,823	9,823	9,271	10,200	11,248
Account Receivables	5,269	3,752	3,498	4,650	8,522	7,253	7,181	7,626
Cash and Bank Balance	914	1,419	1,760	1,686	1,352	520	2,755	4,858
Loans and Advances	7,273	7,181	7,095	6,371	5,539	4,228	5,751	6,342
Curr. Liability & Prov.	11,871	15,296	17,767	23,074	30,770	28,121	31,314	34,743
Account Payables	11,341	14,655	16,985	22,141	29,635	27,803	30,588	33,732
Provisions	531	641	782	933	1,135	318	726	1,012
Net Current Assets	8,037	3,035	2,920	-1,545	-5,535	-6,850	-5,427	-4,668
Appl. of Funds	88,599	98,162	1,12,789	1,22,095	1,30,914	1,31,984	1,38,498	1,42,704

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	8.3	18.4	25.5
Cash EPS	38.9	47.3	41.9	35.9	43.6	37.2	49.7	61.7
BV/Share	208.8	238.5	276.1	287.5	302.3	320.8	335.7	357.7
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	15.9	19.1	0.0
Valuation (x)								
P/E	34.9	27.6	35.7	61.2	53.3	107.0	48.5	34.9
Cash P/E	22.9	18.8	21.2	24.8	20.4	23.9	17.9	14.4
P/BV	4.3	3.7	3.2	3.1	2.9	2.8	2.7	2.5
EV/Sales	4.1	4.1	3.6	2.9	2.6	2.7	2.6	2.3
EV/EBITDA	19.9	14.0	16.9	19.7	15.7	17.8	14.2	11.7
EV/Ton (USD)	135	128	128	122	121	116	111	109
Dividend Yield (%)	0.3	0.3	0.3	0.2	0.3	0.4	0.4	0.0
Return Ratios (%)								
RoIC	10.0	11.9	13.5	5.7	6.4	5.2	6.1	7.1
RoE	12.8	14.4	9.7	5.2	5.7	2.7	5.6	7.4
RoCE	9.4	9.8	10.6	4.8	6.0	5.1	6.0	7.1
Working Capital Ratios								
Asset Turnover (x)	0.6	0.5	0.5	0.7	0.7	0.7	0.7	0.8
Inventory (Days)	44.1	41.4	50.9	39.6	38.3	38.3	38.3	38.3
Debtor (Days)	36.0	26.0	21.3	20.9	33.3	30.0	27.0	26.0
Creditor (Days)	77.5	101.5	103.7	99.3	115.7	115.0	115.0	115.0
Leverage Ratio (x)								
Current Ratio	1.7	1.2	1.2	0.9	0.8	0.8	0.8	0.9
Debt/Equity	0.6	0.6	0.6	0.7	0.7	0.6	0.7	0.6

Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OP/(Loss) before Tax	7,872	11,397	8,012	4,737	5,435	2,617	5,988	8,321
Depreciation	3,153	3,553	4,008	5,044	6,359	6,830	7,407	8,555
Interest & Finance Charges	714	876	1,124	2,405	4,155	4,573	4,712	4,805
Direct Taxes Paid	-1,861	-3,786	915	-1,302	-1,485	-720	-1,647	-2,288
(Inc)/Dec in WC	-2,590	5,507	457	4,390	3,656	483	814	1,343
CF from Operations	7,287	17,547	14,516	15,275	18,120	13,783	17,274	20,736
Others	100	143	30	-166	-88	0	0	0
CF from Operating incl EO	7,387	17,690	14,546	15,109	18,032	13,783	17,274	20,736
(Inc)/Dec in FA	-18,791	-17,434	-18,900	-18,826	-18,979	-12,216	-12,500	-12,000
Free Cash Flow	-11,404	256	-4,354	-3,717	-948	1,567	4,774	8,736
(Pur)/Sale of Investments	19	-94	150	11	-189	3,000	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	-9,216	-12,500	-12,000
Issue of Shares	0	0	0	0	0	0	0	0
Inc/(Dec) in Debt	14,054	776	8,282	5,575	4,294	0	3,000	-1,000
Interest Paid	-714	-876	-1,124	-2,405	-4,155	-4,573	-4,712	-4,805
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	-5,400	-2,539	-6,632
Inc/Dec of Cash	-13	504	342	-74	-334	-832	2,235	2,104
Opening Balance	927	915	1,419	1,761	1,686	1,352	520	2,755
Closing Balance	915	1,419	1,761	1,686	1,352	520	2,755	4,858

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Nainesh Rajani

Email: nainesh.raiani@motilaloswal.com

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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