kotak Securities

Dated: 6 Nov 2025

The Ramco Cements (TRCL) - SELL

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.1030	Rs.650

Rationale:

- Q2FY26: Miss on lower volumes and higher costs.
- Volume degrowth on a weak yoy base is a concern, but TRCL attributes it to excess rainfall and GST-related distortions in Q2FY26.
- Company remains heavily exposed to regional dynamics as larger peers ramp up acquired assets.
- Near-term price hikes appear unlikely, given GST pass-through optics.
- We estimate EBITDA/ton of Rs890/940/979 in FY26/27/28E vs Rs853 in Q2FY26.
- We value the company 8x EV/EBITDA December 2027E.
- TRCL trades at an expensive 14x EV/EBITDA and US$114/ton on FY27E basis.

Positives:

- Realizations, at Rs4,922/ton (- 2.3% qoq), were 1.6% above our estimates.

Negatives:

- Volumes was 45 lakh tons, below our estimate of 47 lakh tons.
- Company probably lost market share, with volume growth of a mere 1.3% yoy in contrast to estimated industry growth of ~4-5% in Q2FY26.
- Costs at Rs4,069/ton was above our estimates; higher raw material-energy costs.
- EBITDA, at Rs853/ton, decreased Rs112/ton qoq (our estimate: Rs885/ton).
- Leverage remains high, despite monetization of nearly half of ~Rs1000 cr non-core assets.

(EV: Enterprise Value; EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization; GST: Goods and Services Tax)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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