



RESEARCH REPORT

RAMCO CEMENT LTD



PREPARED BY:

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About

Ramco Cements Ltd is engaged in manufacture of cement, Ready Mix Concrete (RMC) and Dry mortar products. It primarily caters to the domestic market of India.

Key Business

manufacture of cement
Ready Mix Concrete (RMC)
Dry mortar products

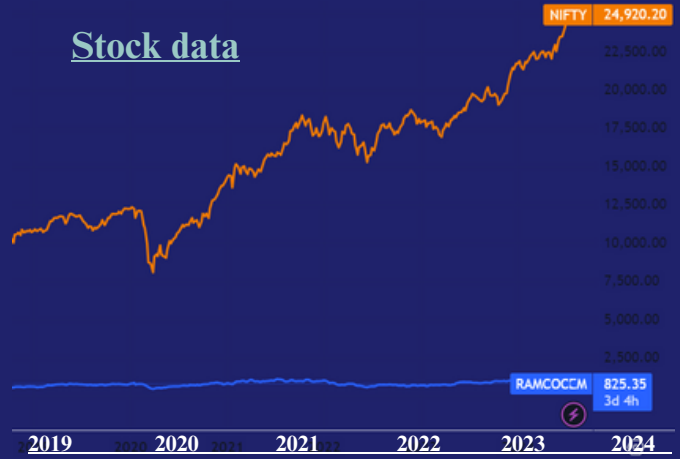
Synopsis of Financials

- Net debt as of December 31, 2023, is Rs. 4,993 Crores with a net debt to EBITDA ratio of 3.22 times
- Non-core assets may be monetized if necessary to manage net debt
- Cement demand affected by heavy rain in Tamil Nadu and Andhra Pradesh due to cyclone in December 2023
- Key highlights include a 10% improvement in cement sales, increase in premium products share to 27%, and a 25% growth in blended EBITDA per ton
- Prices have seen a decline of Rs. 5 to Rs. 10 per bag in different markets
- Market share has grown in all markets except West Bengal

Stock data (as 26th July 2024)

Nifty Price : 24,834.85
52 week High (in Rs.) : 1,058
52 week Low (in Rs.) : 700
Market Cap. (in Crore) : 19,584 CR
NSE Code : RAMCOCEM

Stock data



-NIFTY50
-RAMCOCEM

Shareholding Pattern (March 2024)



-PUBLIC GROUP
-PROMOTER GROUP

Financial Summary

Particulars	March 2024	March 2023	March 2022
Sales	9,376	8,157	6,004
Sales Growth %	14.94%	35.87%	13.47%
Expenses	7,811	6,971	4,713
Operating Profit	1,565	1,186	1,291
OPM %	17%	15%	22%
Net Profit	356	315	882
EPS in Rs	12.69	13.31	37.30

Quarterly Results



Particular	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Sales	1,794	2,012	2,573	2,247	2,341	2,111	2,678
Expenses	1,606	1,729	2,161	1,903	1,935	1,714	2,259
Operating Profit	188	283	412	343	406	397	419
OPM %	10%	14%	16%	15%	17%	19%	16%
Other Income	7	9	11	7	12	7	14
Interest	55	61	77	93	117	102	104
Depreciation	122	136	141	150	163	180	154
Profit before tax	18	95	205	108	138	121	175
Tax %	30%	31%	26%	27%	27%	31%	26%
Net Profit	4	51	151	74	72	82	129

Source: Screener

Key Ratios

Particulars	UOM	31-03-2024	31-03-2023	Variation in %
(a) Current Ratio	In multiple	1.04	1.08	-4%
(b) Debt-Equity Ratio	In multiple	0.69	0.66	5%
(c) Debt Service Coverage Ratio	In multiple	1.85	1.31	41%
(d) Return on Equity Ratio	In %	6%	5%	20%
(e) Inventory Turnover Ratio	In Days	36	39	-8%
(f) Trade receivables Turnover Ratio	In Days	26	18	44%
(g) Trade payables Turnover Ratio	In Days	32	25	28%
(h) Net Capital Turnover Ratio	In Days	30	32	-6%
(i) Net Profit Ratio	In %	4%	4%	-
(j) Return on Capital Employed	In %	7%	5%	40%
(k) Return on Investment (Assets)	In %	3%	2%	50%

Source: Annual Report

Yearly Results

Particulars	March 2024	March 2023	March 2022
Equity Capital	24	24	24
Reserves	7,214	6,837	6,595
Borrowings	4,936	4,507	3,950
Other Liabilities	4,095	3,224	2,589
Total Liabilities	16,270	14,592	13,157
Fixed Assets	12,053	10,195	7,773
CWIP	1,378	1,987	3,034
Investments	319	273	297
Other Assets	2,519	2,138	2,054
Total Assets	16,270	14,592	13,157

Synopsis Quater Results

Con-Call Feb 24: Key Highlights

Capex:

- Capex guidance for FY2024 revised to Rs. 2,000 Crores and for FY2025 to Rs. 1,700 Crores.

Expansion Plans:

- Company has increased clinker capacity by 0.65 MTPA at Kolimigundla and 0.35 MTPA at Ariyalur
- Plans to establish a 10 MW WHRS at RR Nagar plant by March 2025
- Proposes to double clinker capacity in Kolimigundla and cement capacity to 3 MTPA by FY2026
- Future volume guidance includes 17.5 million tons for FY2024 and 19-20 million tons for FY2025

Operational Efficiency:

- Plans for debottlenecking activities to increase cement capacity
- Scope for de-bottlenecking clinker capacity is limited, with potential for another 0.5 to 1 million tons

Closing Remarks:

- Closing remarks thank participants for their active participation and transparency in responses.

Cement Demand and Pricing:

- Cement demand has been strong, but prices have been under constant pressure during the quarter.
- Sale of cement has improved to 4.61 million tons, a growth of 38% compared to the corresponding period.
- The share of premium products has improved to 28% in the current quarter.

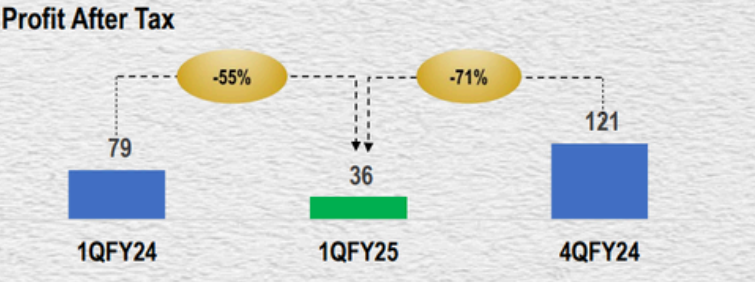
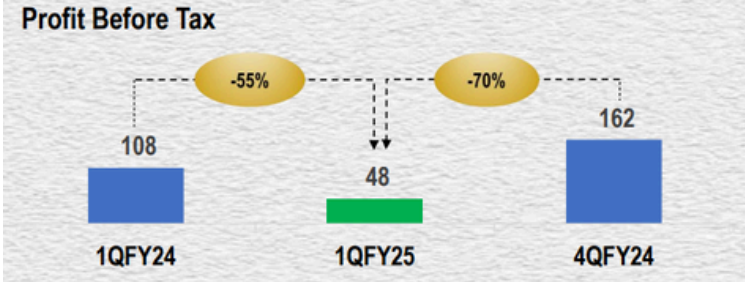
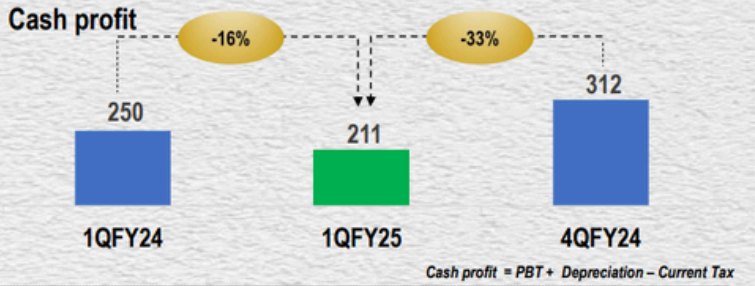
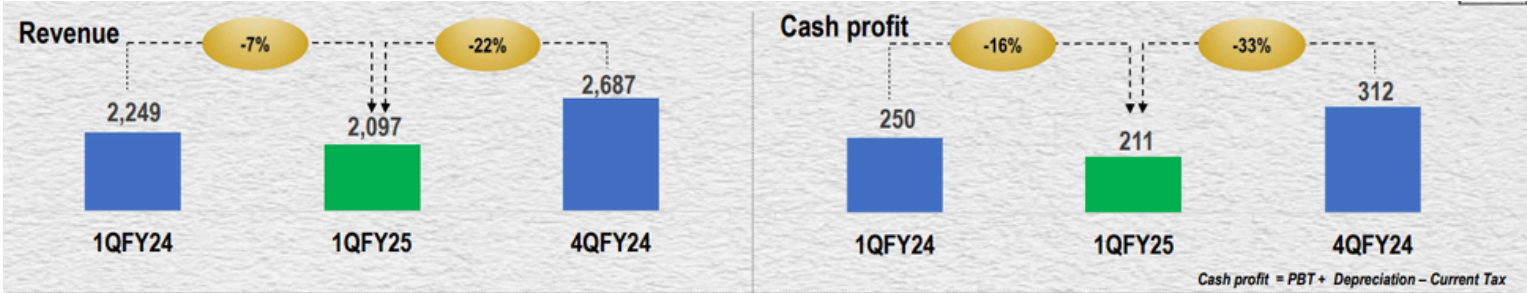
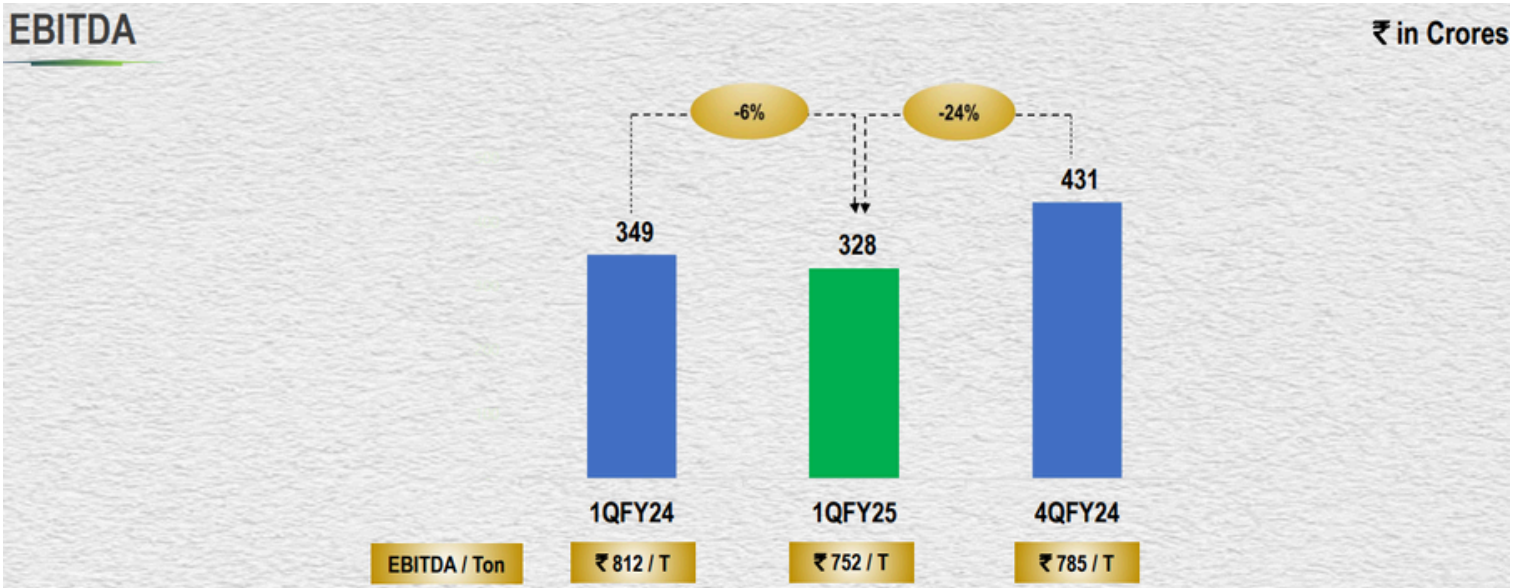
Green Power Usage:

- The overall green power usage has significantly improved to 38% during the quarter.
- The company aims to increase its green power usage to 40% in 2024 and 45% in 2025.
- Wind power is now consumed entirely for captive use, starting from June 1st.

Future Outlook and Strategy:

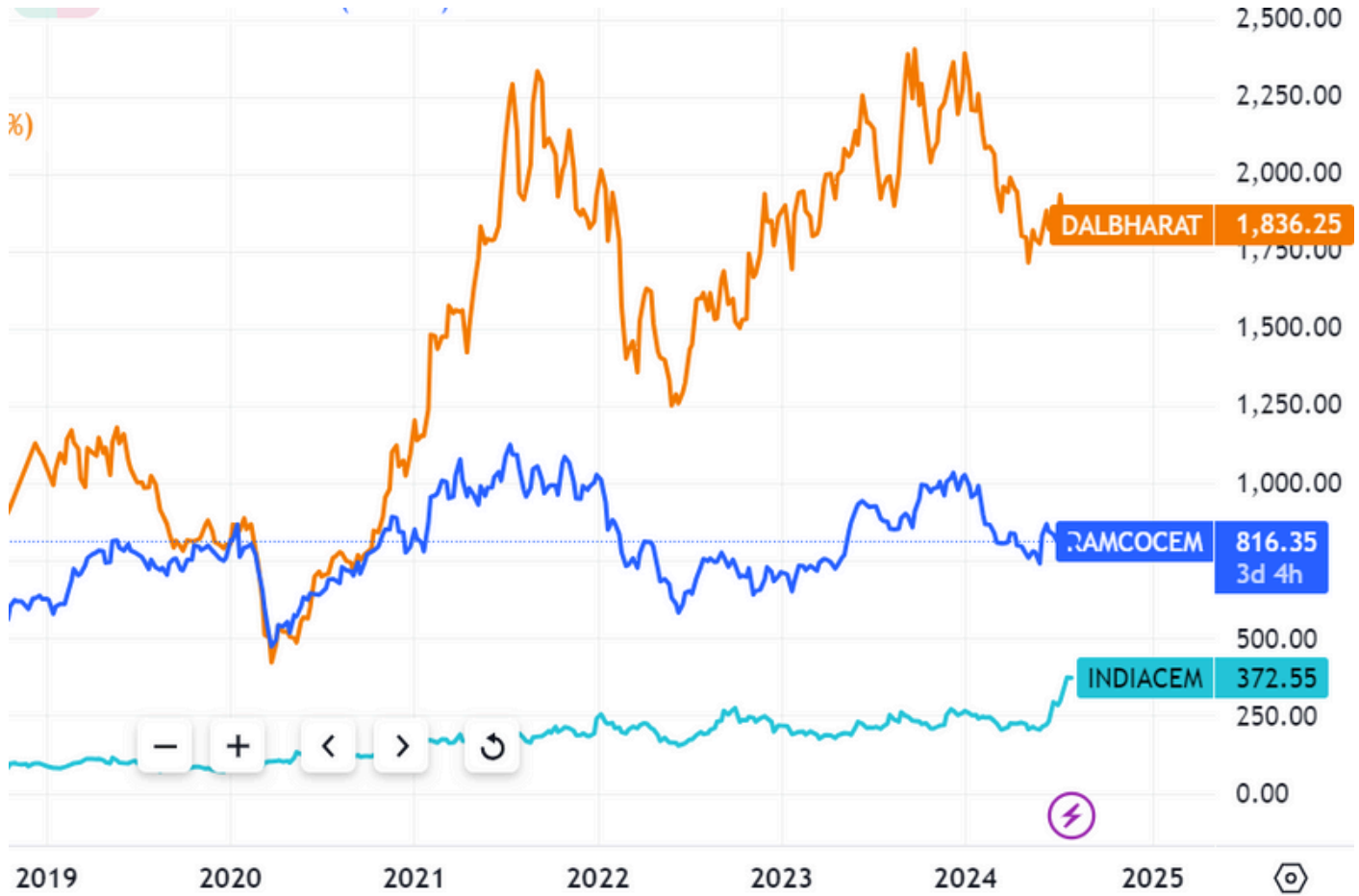
- The company plans to maintain volume growth in the second half of the year.
- The clinker utilization rate is currently around 92-93%.
- The maximum debt-to-EBITDA ratio the company aims for is 2x.
- The company does not have incentives in certain states and focuses on organic growth rather than inorganic expansion.
- The demand scenario in election-bound states is expected to remain strong.
- The company is focused on selling the right cement for the right application, leading to strong volume growth.
- The volume growth in the east market is driven by infrastructure projects.
- The company expects to maintain strong volume growth in the second half of the year.

Revenue Highlights



Peer Comparison

Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
Dalmia BharatLtd	1837.50	37.45	34461.84	0.49	145.00	71.64	3621.00	-0.17	6.71
The Ramco Cement	816.50	60.53	19293.25	0.31	36.57	-50.82	2093.55	-6.82	8.10
India Cements	372.50		11543.67	0.00	-60.73	37.54	1266.65	-14.75	-0.73

Source: Screener

Final Outlook



RAMCO : SELL | LTP: 822.55

The fundamentals of the stock doesn't seem healthy, hinting at the possibility for the stock to decline further in the near future. Ramco Cements is trying to increase revenue by expansions and acquisitions of milestone reserves but by seeing the quarter 1 results ramco cements is declining as company's ability to pay interest is deteriorating and operating profit to interest ratio is at its lowest in last 5 quarters. Furthermore, the net sales have also decreased by 6.82% YOY and operating profit seen a decline in the last 5 quarters.

Analyzing the chart of this company also for 5 years this company is not giving a huge growth sometimes it grows by very huge percent but then the growth percent is constant with a lower scale . for eg-sales percent growth is 35.87% in 2023 from 13.47% in 2022 but again it got to 14.94% from 2024.

I Will Give SELL Recommendation For this stock