

December 04, 2025

Ramco Industries Limited: Ratings reaffirmed for Rs. 600.00-crore limit; rating reaffirmed and withdrawn for Rs. 60.00-crore NCDs

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Term loans	20.00	10.00	[ICRA]AA-(Stable); Reaffirmed
Short-term – Unallocated	165.00	185.00	[ICRA]A1+; Reaffirmed
Short-term – Fund-based/ Non-fund based facilities	315.00	305.00	[ICRA]A1+; Reaffirmed
Non-convertible debenture (NCD)	100.00	100.00	[ICRA]AA-(Stable); Reaffirmed
Non-convertible debenture (NCD)	60.00	0.00	[ICRA]AA-(Stable); Reaffirmed and withdrawn
Total	660.00	600.00	

*Instrument details are provided in Annexure I

Rationale

The rating action for Ramco Industries Limited (RIL) factors in its sustained dominant position in the domestic asbestos-based fibre cement (FC) sheet industry (among top 2 players), healthy growth in Calcium Silicate Board (CSB) segment and comfortable financial risk profile, which is expected to sustain in the medium term. RIL's capital structure is likely to remain strong, as reflected by the estimated TOL/TNW at below 0.2 times in the medium term, supported by low debt and high net worth. Despite the planned capex of around Rs. 180.0 crore (likely to be funded by debt of Rs. 120-135 crore) towards setting up a new manufacturing facility in Maksi, Madhya Pradesh over FY2026-FY2027 for its CSB segment, the company's leverage levels are expected to remain comfortable in the medium term. The Total debt/OPBDITA is projected to remain in the range of 1.0-1.3 times as of March 2026 and March 2027 (1.4 times as of March 2025) and debt coverage metrics are likely to be comfortable as reflected by interest coverage of above 10.0 times and debt servicing coverage ratio (DSCR) of above 3.0 times in FY2026-FY2027. The ratings favourably notes the exceptional financial flexibility by virtue of being a part of the Ramco Group and substantial market value of its investments in listed entities of the Group.

The ratings, however, consider the vulnerability of RIL's earnings to variations in input prices, particularly asbestos fibre and cement. The company has limited flexibility to pass on the input price hikes to its customers because of intense competition in the FC sheet industry, impacting the margins to an extent. While its textile segment has been witnessing pressure in margins due to drop in realisations and subdued demand, ICRA expects the company to achieve revenues of around Rs. 1,650.0 – 1,680.0 crore (PY: Rs. 1,658.7) and operating margins of 10.5-11.0% (PY – 10.8%) in FY2026, driven by healthy performance in the building segment. The ratings consider the vulnerability of RIL's revenue and margins to regulatory risks arising from the threat of ban on the use of asbestos-related products as well as on the mining of asbestos in asbestos-producing countries. However, with its effort to increase the diversification towards non-asbestos based products as reflected by its recent expansion plans in the CSB segment, the risk is expected to moderate in the medium to long term.

ICRA has withdrawn the rating assigned to the unplaced NCD limits of Rs. 60.0 crore of Ramco Industries Limited, at the company's request and in accordance with ICRA's policy on withdrawal of ratings.

The Stable outlook on the [ICRA]AA- rating reflects ICRA's opinion that the company will benefit from its established position in the domestic-based FC sheet industry supporting its revenue and earnings, while maintaining comfortable debt protection metrics.

Key rating drivers and their description

Credit strengths

Extensive track record in FC sheet industry and diversified products – RIL has an extensive track record and established position in the domestic asbestos-based FC sheet industry (among top two players). The company has presence in Sri Lanka, through its subsidiaries, which provides geographical diversification to an extent. It has diversified product segments such as fibre cement sheets (FC), calcium silicate boards (CSB), non-asbestos-based roofing products. While the asbestos-based products contribute to around 70% of the total revenues, the company's capacity expansion plans in the CSB segment, is expected to result in increase in revenues and better contribution from the non-asbestos segment.

Comfortable debt protection metrics – RIL's capital structure is anticipated to remain strong, as reflected by the estimated TOL/TNW at below 0.2 times in the medium term, supported by low debt and high net worth. Despite the planned capex of around Rs. 180.0 crore (likely to be funded by debt of Rs. 120-135 crore) towards setting up a new manufacturing facility in Maksi, Madhya Pradesh over FY2026-FY2027 for its CSB segment, the company's leverage levels are expected to remain comfortable in the medium term. The Total debt/OPBDITA is projected to remain in the range of 1.0-1.3 times as of March 2026 and March 2027 (1.4 times as of March 2025) and debt coverage metrics are likely to be comfortable as reflected by interest coverage of above 10.0 times and DSCR of above 3.0 times in FY2026-FY2027. The company's return on capital employed (RoCE) stood low at 3.6% as on March 31, 2025, given the substantial investments in its group companies.

Financial flexibility arising from being part of Ramco Group – RIL is a part of the Ramco Group of Companies, which is a reputed conglomerate with business interests across sectors such as cement, cotton and synthetic yarn, building products, software solutions, wind energy, biotechnology, etc. The Group constitutes companies such as Ramco Cements Ltd. (rated [ICRA]AA+/Stable/A1+), Ramco Systems Ltd. (rated [ICRA]BBB+/Stable/A2), and Rajapalayam Mills Ltd, etc. The ratings draw comfort from the company's financial flexibility as a part of the Ramco Group and the substantial market value of its investments in The Ramco Cements Limited (23.08% stake as of March 2025) and Ramco Systems Ltd. (19.07% stake as of March 2025).

Credit challenges

Vulnerability of earnings to fluctuations in raw material prices and competition – RIL's margins are susceptible to variations in input prices, particularly asbestos fibre and cement. The company has limited flexibility to pass on the input price hikes to its customers because of intense competition in the FC sheet industry, impacting the margins to an extent. While its textile segment has been witnessing pressure in margins due to drop in realisations and subdued demand, ICRA expects the company to achieve revenues of around Rs. 1,650.0 – 1,680.0 crore (PY: Rs. 1,658.7) and operating margins of 10.5-11.0% (PY – 10.8%) in FY2026, driven by healthy performance in the building segment. The company also faces intense competition in the FC sheet segment due to low entry barriers and has to compete with established players whose manufacturing units are close to high growth markets in the northern and eastern regions.

Exposure to regulatory risks on asbestos-related products, cyclicality in end user industries – RIL's revenues and margins are vulnerable to regulatory risks associated with the threat of ban on the usage or manufacture of asbestos-related products as well as on the mining of asbestos in asbestos-producing countries. However, with increasing diversification towards non-asbestos-based products, the risk is expected to moderate in the medium to long term. Further, given the nature of the product offerings by RIL, the company is exposed to vulnerability of demand for FC sheets to monsoon patterns, rural income levels and threat of substitutes.

Environmental and social risks

While some forms of asbestos fibre pose health risks to individuals who are exposed, asbestos cement manufactured using white chrysotile asbestos is of relatively low risk. All manufacturers are required to follow strict environmental norms to operate. Given the safety and environmental health-related concerns associated with asbestos, the industry may be exposed to the risk of tightening regulatory norms. Any ban on the mining of asbestos across countries may expose the company to risk of non-availability of raw material. Any ban on the usage of asbestos due to environmental or health concerns could have a significant impact on the operations of FC segment, which is one of the major contributors to RIL's operating profits.

Liquidity position: Strong

The company's liquidity is strong with consolidated free cash and bank balance of Rs. 84.0 crore, buffer in working capital limits of around Rs. 386.0 crore as of September 2025. Its scheduled principal repayment obligations of Rs. 32.5 crore in H2 FY2026 and Rs. 35.0 crore in FY2027 can be comfortably serviced from the estimated cash flow from operations. Further, the liquidity profile is supported by the high market value of investments in other listed Group entities, which improves the company's financial flexibility. Apart from the regular maintenance capex, RIL has capacity expansion plans towards the CSB segment at a total cost of Rs. 180 crore over FY2026-FY2027, which will be funded by a mix of debt of Rs. 120-135.0 crore and the balance from internal accruals.

Rating sensitivities

Positive factors – Sustained improvement in revenues and profitability while maintaining healthy debt coverage metrics and strong liquidity, along with moderation in dependence on asbestos products may lead to a rating upgrade.

Negative factors – ICRA may downgrade the ratings in case of a significant decline in revenues or profitability, or if a large debt-funded capital expenditure or significant deterioration in working capital cycle weaken the debt protection metrics with total debt/OPBIDTA above 1.75 times on a sustained basis. Any regulatory action pertaining to the use of asbestos could also lead to a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Textiles - Spinning Policy on withdrawal of Credit ratings
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Ramco Industries Limited. Refer to the Annexure II for the list of entities considered for consolidation.

About the company

Ramco Industries Limited (RIL), part of the Chennai-based Ramco Group, primarily manufactures asbestos-based fibre cement (FC) sheets, which find major application as a roofing material. Apart from FC sheets, RIL is involved in spinning of cotton yarn and manufacturing calcium silicate boards. RIL has a 100% subsidiary incorporated in Sri Lanka – Sri Ramco Lanka (Private) Limited – involved in the manufacturing and marketing of FC sheets in the country. The Ramco Group of Companies has interests in cement, FC sheets, textiles and information technology.

Key financial indicators (audited)

RIL (Consolidated)	FY2024	FY2025	H1 FY2026*
Operating income	1501.3	1658.7	892.3
PAT	73.0	93.6	66.2
OPBDIT/OI	10.4%	10.8%	13.5%
PAT/OI	4.9%	5.6%	7.4%
Total outside liabilities/Tangible net worth (times)	0.1	0.1	0.1
Total debt/OPBDIT (times)	1.6	1.4	0.7
Interest coverage (times)	6.2	10.6	14.1

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *provisional; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	December 04, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Unallocated terms	Short Term	185.00	[ICRA]A1+	May 17, 2024	[ICRA]A1+	Apr 12, 2023	[ICRA]A1+	-	-
				Dec 06, 2024	[ICRA]A1+	-	-	-	-
				Mar 20, 2025	[ICRA]A1+				
Term loans	Long Term	10.00	[ICRA]AA-(Stable)	May 17, 2024	[ICRA]AA-(Stable)	Apr 12, 2023	[ICRA]AA-(Stable)	-	-
				Dec 06, 2024	[ICRA]AA-(Stable)	-	-	-	-
				Mar 20, 2025	[ICRA]AA-(Stable)				
Fund-based/ Non-fund based	Short Term	305.00	[ICRA]A1+	May 17, 2024	[ICRA]A1+	Apr 12, 2023	[ICRA]A1+	-	-
				Dec 06, 2024	[ICRA]A1+	-	-	-	-
				Mar 20, 2025	[ICRA]A1+				
NCD	Long Term	100.00	[ICRA]AA-(Stable)	Dec 06, 2024	[ICRA]AA-(Stable)	-	-	-	-
				Mar 20, 2025	[ICRA]AA-(Stable)				

NCD	Long Term	60.00	[ICRA]AA-(Stable); Withdrawn	Dec 06, 2024	[ICRA]AA-(Stable)	-	-	-	-
				Mar 20, 2025	[ICRA]AA-(Stable)				
Unallocated	Long Term	-	-	-	-	Apr 12, 2023	[ICRA]AA-(Stable)		

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – NCD	Simple
Long term – Fund-based – Term loans	Simple
Short-term – Fund-based/Non-fund based	Very simple
Short-term – Unallocated	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
INE613A07033	NCD	Feb 07, 2025	7.6%	Feb 07, 2028	100.0	[ICRA]AA- (Stable)
-	NCD*	-	-	-	60.0	[ICRA]AA- (Stable); withdrawn
-	Term loan	FY2019-FY2023	NA	FY2025-FY2028	10.0	[ICRA]AA- (Stable)
-	Short-term – Fund-based/Non-fund based	-	-	-	305.0	[ICRA]A1+
-	Short-term – Unallocated	-	-	-	185.0	[ICRA]A1+

Source: Company; *not placed

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership of RIL	Consolidation Approach
Sudharsanam Investments Ltd	100%	Full consolidation
Sri Ramco Lanka Private Ltd	99.99%	Full consolidation
Sri Ramco Roofings Lanka Private Ltd	100.0%	Full consolidation
The Ramco Cements Ltd	23.08%	Equity Method
Rajapalayam Mills Limited	1.73%	Equity Method
Ramco Systems Limited	19.07%	Equity Method
Ramco Industries and Technology Services Limited	1.05%	Equity Method
Madurai Trans Carrier Limited	17.17%	Equity Method

Source: Company; ICRA Research, as on March 31, 2025

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