

May 20, 2025

## The Ramco Cements Limited: Ratings reaffirmed and rated amount enhanced for bank facilities; ratings reaffirmed for NCDs and CPs

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debenture (NCD)	800.0	800.0	[ICRA]AA+ (Stable); reaffirmed
Non-convertible debenture (NCD)	500.0	500.0	[ICRA]AA+ (Stable); reaffirmed
Long-term – Fund-based – Term loan	3370.0	3970.0	[ICRA]AA+ (Stable); reaffirmed/assigned for enhanced limits
Long-term – Fund-based – Unallocated limits	611.0	136.0	[ICRA]AA+ (Stable); reaffirmed
Long-term – Fund-based – Others	855.0	855.0	[ICRA]AA+ (Stable); reaffirmed
Short-term – Fund-based – Others	1840.0	2615.0	[ICRA]A1+; reaffirmed/assigned for enhanced limits
Short-term – Non-fund based – Others	585.0	585.0	[ICRA]A1+; reaffirmed
Commercial paper (CP)	900.0	900.0	[ICRA]A1+; reaffirmed
<b>Total</b>	<b>9461.0</b>	<b>10361.0</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating reaffirmation for The Ramco Cements Limited (TRCL) considers its strong business profile, backed by a healthy market share in South India. The company has strong operational efficiencies arising out of the integrated nature of the plants, access to captive limestone mines, along with the split-grinding unit of 8.8 MTPA to optimise freight costs. The ratings favourably factor in the company's plan to divest its non-core assets of around Rs. 1,000 crore, which will be primarily utilised towards reduction in the debt levels. Out of Rs. 1,000 crore, it has monetised around Rs. 455 crore and the balance is expected to be realised in Q1 FY2026.

In line with the broader industry trends, TRCL's operating performance was impacted during 9M FY2025 on account of muted demand and consequent impact on realisation. However, ICRA expects that the price hikes taken in H2 FY2025 should aid recovery in operating profitability. The OPBIDTA/MT is estimated to be around Rs. 650-700/MT in FY2025 and is likely to improve to Rs. 780-820/MT in FY2026 on account of the expected improvement in the demand and cement prices across its markets. ICRA notes the recent imposition of the new mineral bearing tax of Rs. 160.0 per MT of mined limestone by the Government of Tamil Nadu. This is projected to result in an overall implication of Rs. 125-150 crore at OPBIDTA levels and the same is likely to be mitigated by the expected increase in cement prices.

ICRA positively factors in the healthy demand prospects in the medium term, led by housing and infrastructure sectors. The ratings take comfort from the exceptional financial flexibility enjoyed by the company with a demonstrated track record of raising/refinancing debt at competitive terms. TRCL has sizeable repayment obligations in FY2026, a portion of which is expected to be refinanced. Timely refinancing of the debt, along with realisation of monetisation proceeds remains a key monitorable from the credit perspective.

TRCL is estimated to incur a capex of around ~Rs. 1,800.0 crore in FY2026-FY2027, which will be funded by a mix of debt and internal accruals. The capex is attributable to expansion in scope of works across a few of its projects and acquisition of land in Bommanahalli, Karnataka, which are likely to generate benefits over the long term. While the TD/OPBIDTA is estimated to be elevated at around 3.6-3.8 times in FY2025 owing to subdued profitability, the same is projected to remain below 3.5 times in the medium term, driven by expected improvement in profitability as well as reduction in leverage through proceeds from divestment.

Although TRCL has been gradually expanding its presence in Orissa and West Bengal over the last few years by setting up grinding units closer to these markets, the proportion of revenues remain skewed towards southern India. The company derives about 75% of its revenues from five southern states, which exposes it to region-specific demand risks. The increasing penetration in eastern markets, and planned foray into newer markets like Maharashtra over the medium term, is likely to aid in diversification.

TRCL remains exposed to demand and pricing dynamics in the cement industry, which are influenced by the cyclical economic trends and capacity addition by the players during such periods. Further, its operating profitability remains susceptible to fluctuations in input prices.

The Stable outlook on the [ICRA]AA+ rating reflects ICRA's opinion that TRCL's credit profile will be supported by its strong operational profile and the exceptional financial flexibility.

## Key rating drivers and their description

### Credit strengths

**Strong market position in southern region** – The Ramco brand is prominent in South India, along with other cement brands such as Ultratech, Dalmia, Chettinad and Coromandel. The company maintains a healthy market share in the southern region.

**Strong operational efficiencies** – The company has strong operational efficiencies arising out of the integrated nature of the plants, access to captive limestone mines, along with the split-grinding unit of 8.8 MTPA to optimise the freight costs. It has a captive thermal capacity of 175 MW and green power of 209 MW (includes windmill capacities of 166 MW and WHRS capacity of 43 MW) as on March 31, 2024. The company's share of utilisation of green power has been steadily increasing to 37% in 9M FY2025 from 22% in FY2023, which supports the profitability to an extent.

**Favourable demand prospects; exceptional financial flexibility** – Despite slightly subdued demand in 9M FY2025 on account of the General Elections, heat waves and extended monsoons resulting in a decline in operating income (OI) by 9% YoY in 9M FY2025, ICRA positively factors in the healthy demand prospects in the medium term, led by housing and infrastructure sectors. As a result, the company's OI is expected to improve by 11-13% in FY2026. The ratings take comfort from the exceptional financial flexibility enjoyed by the company with a demonstrated track record of raising/refinancing debt at competitive terms. TRCL has sizeable repayment obligations in FY2026, a portion of which is expected to be refinanced. Timely refinancing of the debt, along with realisation of monetisation proceeds, remains a key monitorable from the credit perspective.

### Credit challenges

**Pressure on profitability owing to decline in realisations and debt-funded capex expected to keep leverage at elevated levels** – The OPBIDTA/MT for TRCL declined by 21% YoY to Rs. 713/MT in 9M FY2025 (FY2024: Rs. 867/MT) on account of moderation in cement realisations. Consequently, the company's operating margins declined to 14.9% during 9M FY2025 against 17.4% in FY2024. The OPBIDTA/MT is estimated to be around Rs. 650-700/MT in FY2025 and is likely to improve to Rs. 780-820/MT in FY2026 on account of the expected improvement in the demand and cement prices across its markets. ICRA notes the recent imposition of the new mineral bearing tax of Rs. 160.0 per MT of mined limestone by the Government of Tamil Nadu. This is estimated to result in an overall implication of Rs. 125-150 crore at OPBIDTA levels and the same is likely to be mitigated by the expected increase in cement prices.

TRCL is estimated to incur a capex of around ~Rs. 1,800.0 crore in FY2026-FY2027, which will be funded by a mix of debt and internal accruals. The capex is attributable to expansion in scope of works across a few of its projects and acquisition of land

in Bommanahalli, Karnataka, which are likely to generate benefits over the long term. While the TD/OPBIDTA is estimated to be elevated at around 3.6-3.8 times in FY2025 owing to subdued profitability, the same is projected to remain below 3.5 times in the medium term, driven by the expected improvement in profitability as well as reduction in leverage through proceeds from divestment.

**Geographical concentration in South India** – Although TRCL has been gradually expanding its presence in Orissa and West Bengal over the last few years by setting up grinding units closer to these markets, the proportion of revenues remain skewed towards southern India. The company derives about 75% of its revenues from five southern states, which exposes it to region-specific demand risks. The increasing penetration in eastern markets, and planned entry into newer markets like Maharashtra over the medium term, is likely to aid in diversification.

**Vulnerability of revenues to cyclical in economy** – TRCL remains exposed to demand and pricing dynamics in the cement industry, which are influenced by the cyclical economic trends and capacity addition by the players during such periods. When the capacity addition exceeds the incremental demand, the prices and consequently, the profitability of the players get impacted. Further, TRCL's operating profitability remains susceptible to fluctuations in input prices.

### Liquidity position: Adequate

TRCL's liquidity position is adequate with positive retained cash flows over the last several years. The company had an unencumbered cash balance of Rs. 140.7 crore as on September 30, 2024 and its average working capital utilisation as a percentage of drawing power was 71% for the 12 months that ended in February 2025. Given the increasing scale of operations and consequently higher working capital requirement, its ability to maintain comfortable liquidity cushion in working capital limits (with average utilisation below 75%) remains a key monitorable. The company has incurred a capex of ~Rs. 800.0 crore in 9M FY2025 and is expected to incur an overall capex of ~Rs. 1,000-1,200 crore in FY2025 and Rs. 1,200.0 crore in FY2026, which will be funded by a mix of debt and internal accruals. TRCL has sizeable repayment obligations of around Rs. 1,000.0 – 1,100.0 crore in FY2026, which can be serviced through its estimated cash flow from operations and funds from divestment of non-core assets.

### Environmental and social risks

**Environmental considerations** – As a cement producer, the fuel consumption of TRCL is high, which results in greenhouse gas emissions and pollution. Hence, increasing regulatory requirements to reduce greenhouse gas emissions and stricter air pollution standards may lead to higher costs for cement producers. TRCL has taken several initiatives, such as increasing the usage of renewable energy and alternative raw materials at its clinker manufacturing units, which help in reducing the carbon footprint and save power costs.

**Social considerations** – The social risks associated with the company are primarily the health and safety of its employees involved in the mining of limestone and the production of clinker and cement

### Rating sensitivities

**Positive factors** – ICRA may upgrade TRCL's long-term rating if there is a significant increase in scale of operations and improvement in operating margins, resulting in an improvement in debt protection metrics and return indicators on a sustained basis.

**Negative factors** – Pressure on TRCL's ratings could emerge if there is a sharp deterioration in earnings or significant rise in debt levels impacting its debt protection metrics on a sustained basis.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Cement</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of TRCL.

## About the company

The Ramco Cements Limited (TRCL) is a reputed cement manufacturer in India and markets its products under the Ramco brand. TRCL has an aggregate installed integrated cement capacity of 14.7 million tonnes per annum, across five facilities in Tamil Nadu and Andhra Pradesh. It has an additional grinding capacity of 8.8 million tonnes in South/East India as on March 31, 2024. About 75% of the company's revenues are derived from the four southern states. TRCL has captive thermal and windmill capacities of 175 MW and 126 MW, respectively. The company has two modest-scale subsidiaries, Ramco Windfarms Limited (with a 40 MW windmill capacity) and Ramco Industrial and Technology Services Limited (which is into transport services, manpower services and IT). It is one of the flagship companies of the larger Ramco Group founded in 1938 by the Late P.A.C. Ramasamy Raja. At present, it is managed by his grandson, Mr. P R Venketrama Raja. The promoters own 42.56% stake in the entity, of which, 22.05% of promoter's shares (9.38% of overall shareholding) has been pledged as on March 31, 2025.

The Ramco Group has interests in textiles, fibre cement sheets and information technology and is represented by key companies such as Ramco Industries Limited (rated [ICRA]AA- /Stable/[ICRA]A1+), Ramco Systems Limited (rated [ICRA]BBB+/Stable/[ICRA]A2) and Rajapalayam Mills Limited.

## Key financial indicators (audited)

Consolidated	FY2023	FY2024	9MFY25*
Operating income	8,157.3	9,376.4	6,121.1
PAT	342.0	393.5	243.9
OPBDIT/OI	15.1%	17.4%	14.9%
PAT/OI	4.2%	4.2%	4.0%
Total outside liabilities/Tangible net worth (times)	1.1	1.3	
Total debt/OPBDIT (times)	3.7	3.0	3.8
Interest coverage (times)	5.1	3.9	2.6

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

## 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					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	May 20, 2025	Date	Rating	Date	Rating	Date	Rating
<b>Non-convertible debenture (NCD)</b>	Long-Term	800.00	[ICRA]AA+ (Stable)	Dec 27, 2024	[ICRA]AA+ (Stable)	Dec 29, 2023	[ICRA]AA+ (Stable)	Mar 13, 2023	[ICRA]AA+ (Stable)
						Dec 08, 2023	[ICRA]AA+ (Stable)	Sep 30, 2022	[ICRA]AA+ (Stable)
						Jun 16, 2023	[ICRA]AA+ (Stable)	-	-
<b>Non-convertible debenture (NCD)</b>	Long-Term	-	-	Dec 27, 2024	[ICRA]AA+ (Stable); Withdrawn	Dec 29, 2023	[ICRA]AA+ (Stable)	Mar 13, 2023	[ICRA]AA+ (Stable)
						Dec 08, 2023	[ICRA]AA+ (Stable)	Sep 30, 2022	[ICRA]AA+ (Stable)
						Jun 16, 2023	[ICRA]AA+ (Stable)	-	-
<b>Non-convertible debenture (NCD)</b>	Long-Term	500.0	[ICRA]AA+ (Stable)	Dec 27, 2024	[ICRA]AA+ (Stable)	Dec 29, 2023	[ICRA]AA+ (Stable)	-	-
<b>Term loan</b>	Long-Term	3970.0	[ICRA]AA+ (Stable)	Dec 27, 2024	[ICRA]AA+ (Stable)	Dec 29, 2023	[ICRA]AA+ (Stable)	Mar 13, 2023	[ICRA]AA+ (Stable)
						Dec 08, 2023	[ICRA]AA+ (Stable)	Sep 30, 2022	[ICRA]AA+ (Stable)
						Jun 16, 2023	[ICRA]AA+ (Stable)	-	-
<b>Unallocated limits</b>	Long-Term	136.0	[ICRA]AA+ (Stable)	Dec 27, 2024	[ICRA]AA+ (Stable)	Dec 29, 2023	-	Mar 13, 2023	[ICRA]AA+ (Stable)
						Dec 08, 2023	-	Sep 30, 2022	[ICRA]AA+ (Stable)
						Jun 16, 2023	[ICRA]AA+ (Stable)	-	-

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	May 20, 2025	Date	Rating	Date	Rating	Date	Rating
<b>Fund-based – Others</b>	Long-Term	855.00	[ICRA]AA+ (Stable)	Dec 27, 2024	[ICRA]AA+ (Stable)	Dec 29, 2023	[ICRA]AA+ (Stable)	Mar 13, 2023	[ICRA]AA+ (Stable)
						Dec 08, 2023	[ICRA]AA+ (Stable)	Sep 30, 2022	[ICRA]AA+ (Stable)
						Jun 16, 2023	[ICRA]AA+ (Stable)	-	-
<b>Fund-based – Others</b>	Short-Term	2615.00	[ICRA]A1+	Dec 27, 2024	[ICRA]A1+	Dec 29, 2023	[ICRA]A1+	Mar 13, 2023	[ICRA]A1+
						Dec 08, 2023	[ICRA]A1+	Sep 30, 2022	[ICRA]A1+
						Jun 16, 2023	[ICRA]A1+	-	-
<b>Proposed fund-based</b>	Short-Term	0.0	-	-	-	Dec 29, 2023	[ICRA]A1+	-	-
						Dec 08, 2023	[ICRA]A1+	-	-
<b>Non-fund based – Others</b>	Short-Term	585.00	[ICRA]A1+	Dec 27, 2024	[ICRA]A1+	Dec 29, 2023	[ICRA]A1+	Mar 13, 2023	[ICRA]A1+
						Dec 08, 2023	[ICRA]A1+	Sep 30, 2022	[ICRA]A1+
						Jun 16, 2023	[ICRA]A1+	-	-
<b>Commercial paper</b>	Short-Term	900.00	[ICRA]A1+	Dec 27, 2024	[ICRA]A1+	Dec 29, 2023	[ICRA]A1+	Mar 13, 2023	[ICRA]A1+
						Dec 08, 2023	[ICRA]A1+	Sep 30, 2022	[ICRA]A1+
						Jun 16, 2023	[ICRA]A1+	-	-
<b>Non-convertible debenture (NCD)</b>	Long-Term	-	-	-	-	Dec 29, 2023	[ICRA]AA+ (Stable); Withdrawn	Mar 13, 2023	[ICRA]AA+ (Stable)
						Dec 08, 2023	[ICRA]AA+ (Stable)	Sep 30, 2022	[ICRA]AA+ (Stable)

	Current (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	May 20, 2025	Date	Rating	Date	Rating	Date	Rating
						Jun 16, 2023	[ICRA]AA+ (Stable)	-	-
<b>Non-convertible debenture (NCD)</b>	Long-Term	-	-	-	-	Dec 29, 2023	-	Mar 13, 2023	[ICRA]AA+ (Stable)
						Dec 08, 2023	-	-	-
						Jun 16, 2023	[ICRA]AA+ (Stable); Withdrawn	-	-

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Non-convertible debenture (NCD)	Very Simple
Non-convertible debenture (NCD)	Very Simple
Long-term – Fund-based – Term loan	Simple
Long-term – Fund-based – Unallocated limits	Not Applicable
Long-term – Fund-based – Others	Simple
Short-term – Fund-based – Others	Simple
Short-term – Non-fund based – Others	Very Simple
Commercial paper	Very Simple

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
NA	Long-term – Fund-based – Term loan	FY2018	8.1%	FY2028	3970.0	[ICRA]AA+ (Stable)
NA	Long-term – Fund-based – Unallocated limits	-	-	-	136.0	[ICRA]AA+ (Stable)
NA	Long-term – Fund-based – Others	-	-	-	855.00	[ICRA]AA+ (Stable)
NA	Short-term – Fund-based – Others	-	-	-	2315.00	[ICRA]A1+
NA	Short-term – Non-fund based – Others	-	-	-	885.00	[ICRA]A1+
NA	Commercial paper*	-	-	-	900.00	[ICRA]A1+
INE331A07265	Non-convertible debenture (NCD)	24-03-2022	6.90%	24-12-2026	150.00	[ICRA]AA+ (Stable)
INE331A07273	Non-convertible debenture (NCD)	24-03-2022	6.90%	24-03-2027	150.00	[ICRA]AA+ (Stable)
INE331A07281	Non-convertible debenture (NCD)	29-03-2023	7.90%	29-09-2027	150.00	[ICRA]AA+ (Stable)
INE331A07299	Non-convertible debenture (NCD)	29-03-2023	7.90%	29-03-2028	200.00	[ICRA]AA+ (Stable)
INE331A07307	Non-convertible debenture (NCD)	29-03-2023	7.90%	29-03-2027	150.00	[ICRA]AA+ (Stable)
INE331A07315	Non-convertible debenture (NCD)	12-03-2024	7.80%	12-09-2028	150.00	[ICRA]AA+ (Stable)
INE331A07323	Non-convertible debenture (NCD)	12-03-2024	7.80%	12-12-2028	150.00	[ICRA]AA+ (Stable)
INE331A07331	Non-convertible debenture (NCD)	12-03-2024	7.80%	12-03-2029	200.00	[ICRA]AA+ (Stable)

Source: Company; \*yet to be 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	Consolidation Approach
Ramco Windfarms Limited – Subsidiary	71.50%	Full Consolidation
Ramco Industrial and Technology Services Limited – Subsidiary	94.11%	Full Consolidation
Lynks Logistics Limited – Associate*	29.72%	Equity Method
Ramco Industries Limited – Associate	15.40%	Equity Method
Ramco Systems Limited - Associate	15.30%	Equity Method
Rajapalayam Mills Limited – Associate	0.46%	Equity Method
Madurai Trans Carrier Limited – Associate	29.86%	Equity Method

Source: Company data; ICRA Research; \*associate till July 12, 2023

Note: ICRA has considered the consolidated financials of The Ramco Cements Limited, its subsidiaries and associates while assigning the ratings. ICRA has also evaluated the adjusted leverage and coverage metrics while including the debt of Madurai Trans Carrier Limited (MTCL) and Raja Charity Trust (as TRCL has given corporate guarantee)

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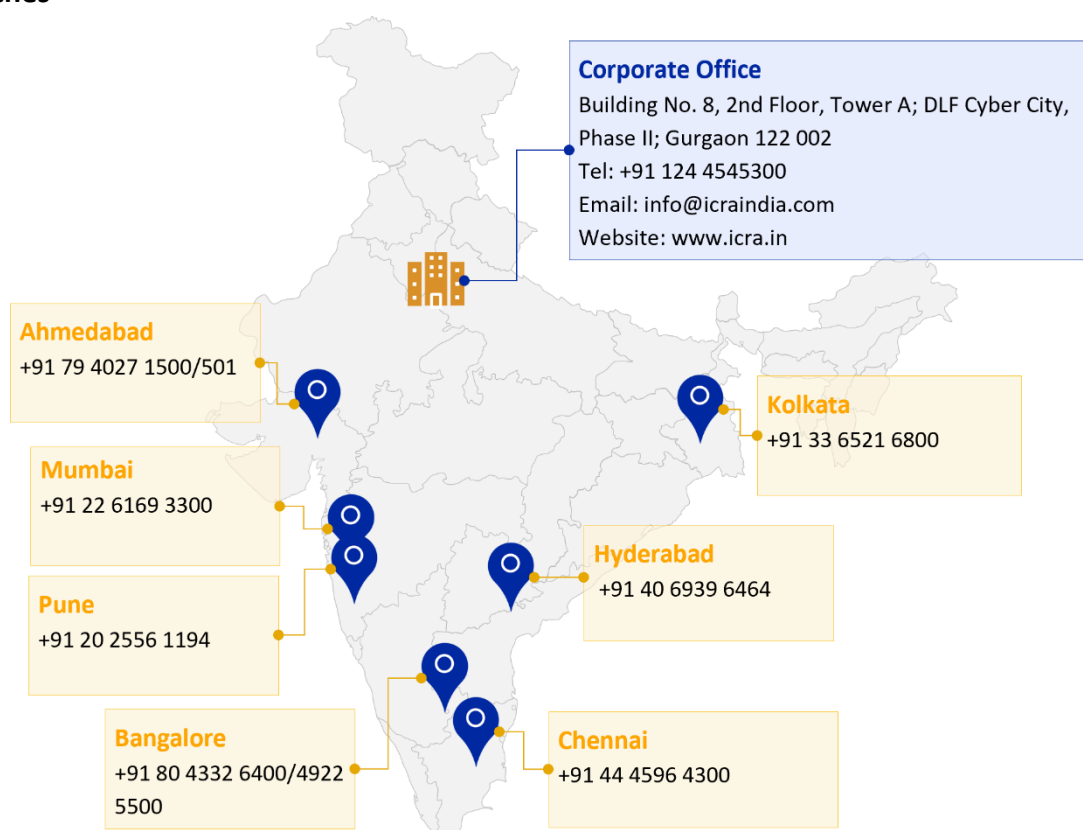
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