



Profit more than doubles!

20th May, 2016

CMP: Rs. 491
 Target Price: Rs. 516
 Recommendation: HOLD

Stock Info

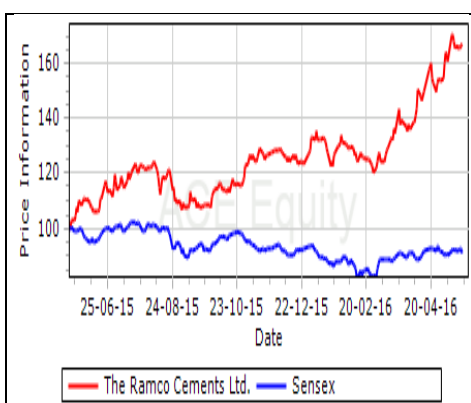
BSE Group	A
BSE Code	500260
NSE Symbol	RAMCOCEM
Bloomberg	TRCL.IN
Reuters	TRCE.BO
BSE Sensex	25,301
NSE Nifty	7,749

Market Info

Market Capital (cr.)	11,686
Equity Capital (cr.)	23.8
Avg. Trading Vol.	2,23,810
52 Wk High/ Low (Rs)	515/293
Face Value (Rs)	1.0

Shareholding Pattern (%)	(Dec 2015)
Promoters	42.3
Domestic Institutions	23.5
Foreign Institutions	11.6
Public & Others	22.6

Price Chart:



The Ramco Cement Ltd. reported its Q4 FY16 results today. Net profit for the quarter more than doubled on year on year basis and was up by 73% QoQ.

For the quarter ended March, 2016, company reported a rise in consolidated revenue by 1.8% to Rs 1,015 cr vs. Rs 998 cr in the corresponding quarter of previous year. However, the revenue surged by 21% on sequential basis. On the standalone front, the revenue increased by 1.0% YoY and jumped up by 23.6% QoQ.

Revenue from cement segment inclined by 24% QoQ and by 2% YoY. The revenue came in at Rs 1015 cr vs. Rs 998 cr in corresponding quarter of previous year and Rs 821 cr in prior quarter. For full year FY 16, revenue from cement division stood at Rs 3634 cr vs. Rs 3668 cr in the previous year. Return on capital employed from the cement division for the quarter under review increased to 6.5% vs. 5.2% in the corresponding quarter of previous year and 4.9% in the previous quarter.

Revenue from windmills improved this quarter. The revenue came in at Rs 5.4 cr vs. Rs 3.3 cr in corresponding quarter of previous year and Rs 4.2 cr in previous quarter. For full year FY 16, revenue from windmills stood at Rs 66 cr vs. Rs 83 cr in the previous year a drop of 20%. Return on capital employed from the windmill division for the quarter improved to -1.4% vs. -2.1% in the corresponding quarter of previous year and -1.9% in the previous quarter.

Company continued to focus on cost reduction measures and reduced the operating cost significantly. Cost of materials consumed as a percentage of sales dropped down to 16% vs. 17% YoY. Power & Fuel cost as a percentage of sales slipped down to 13% vs. 16.5% YoY. Selling & Distribution also plunged down to 18.3% vs. 19.8% YoY. Thus boosting the EBITDA margin for the company which came in at 34% vs. 27.5% YoY.

Financial Snapshot

(Rs Cr)	2014	2015	2016	2017E	2018E
Income from Operations	3,684	3,640	3,594	3,887	4,271
EBITDA	563	721	1057	1153	1279
EBITDA margin %	15	20	29	30	30
Net Profit	114	244	559	617	697
EPS	4.8	10.2	23.5	25.9	29.3
ROE	4.7	9.6	19.6	18.9	19.2
P/E	44.8	29.8	17.0	18.9	16.8
EV/EBITDA	13.0	13.2	10.6	11.6	10.5

Source: - Company data Ace Equity, Arianth Research

**Arihant Research Desk**

E. research@arihantcapital.com
T. 022-42254800

Head Office

#1011, Solitaire Corporate park,
Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road,
Chakala, Andheri (E).
Mumbai - 400093
Tel: (91-22) 42254800
Fax: (91-22) 42254880

Registered Office

E-5 Ratlam Kothi
Indore - 452003, (M.P.)
Tel: (91-731) 3016100
Fax: (91-731) 3016199

Stock Rating Scale

	Absolute Return
Buy	> 20%
Accumulate	12% to 20%
Hold	5% to 12%
Neutral	-5% to 5%
Reduce	< -5%

Research Analyst Registration No.

INH000002764

Contact

SMS: 'Arihant' to 56677

Websitewww.arihantcapital.com**Email Id**research@arihantcapital.com**Disclaimer:**

This document has been prepared by Arihant Capital Markets Ltd. This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way is responsible for its contents and nor is its accuracy or completeness guaranteed. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Arihant may trade in investments, which are the subject of this document or in related investments and may have acted upon or used the information contained in this document or the research or the analysis on which it is based, before its publication. This is just a suggestion and Arihant will not be responsible for any profit or loss arising out of the decision taken by the reader of this document. Affiliates of Arihant may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. No matter contained in this document may be reproduced or copied without the consent of the firm.