

Sparkling performance continues

We maintain BUY on Ramco Cements (TRCL), with a TP of Rs430. Boosted by strong supply discipline, lowering cost pressure and increasing plant efficiency, TRCL delivered another strong quarterly performance (EBITDA/adjusted PAT growth of 46%/41% YoY). Persisting supply discipline in the south, lower input cost outlook and expected demand improvement in the south should drive TRCL's 28% EBITDA CAGR during FY15-17E. TRCL's efforts to increase petcoke consumption, CPP additions and lower lead distance as the Vizag grinding unit ramps up will add to its cost efficiency. Amid lower capex during FY16/17E, strong cash flow generation should lead to debt reduction, strengthening its balance sheet.

- **Stable strong pricing drives strong profitability:** While weak demand continued to hurt sales volume which declined 12% YoY, sticky supply discipline led to 7% YoY NSR growth. This drove cement revenue decline of 5%, but strong realisation and lower costs boosted cement EBITDA by 59% YoY. Wind power revenue/EBITDA declined 5%/17% YoY. Subsequently, total EBITDA rose 46% YoY. Cement EBITDA/MT stood at Rs1445 – highest quarterly performance in past 10 years!
- **Operating costs moderating despite declining utilisation:** TRCL's opex per MT declined 8% YoY and 10% QoQ. Adjusted for higher DMF provision made in Q1FY16, opex is down 7% YoY and QoQ. This is driven by lower fuel costs as TRCL consumed 40% petcoke and 60% imported coal. Further, its freight cost moderated YoY and QoQ, benefitting from lower diesel prices, railways' off-season rebates and TRCL's reduction in lead distance. Employee cost rose 28% YoY on annual increments as well as impact of wage board revisions. We expect further cost efficiency as TRCL's 18MW CPP commences production, the Vizag grinding unit starts receiving grid power supply and its railway siding becomes operational (all expected in FY16). Total opex per MT came in 10% lower than our estimates which more than offset for 1.5% lower-than-estimated NSR. Hence, EBITDA per MT and EBITDA came in 23%/32% ahead of our estimates.
- **Lower capex; debt reduction gaining pace:** TRCL is working towards kiln replacement at Jayantipuram (Andhra Pradesh) in FY16E at a capex of Rs1bn. This will augment its clinker/grinding capacities by 0.4/0.5mn MT each. TRCL is targeting total capex of ~Rs2.5bn in FY16E. It incurred capex of Rs850mn in H1FY16. TRCL paid off Rs1.8bn during H1FY16. It is further targeting to lower debt as well as lower debt cost by replacing a part of its debt with low-cost NCDs.
- **Valuation and risks:** We value the company at 8.5x its Sept'17E EBITDA, leading to a TP of Rs430 (no change). We marginally raise our EBITDA estimates for FY16/17E by 2%/1% as we trim our volume assumptions by 4%/5% (on weak demand) which is offset by ~6% reduction in opex/MT. Key downside risks: disruption in pricing discipline, sustained weak demand would curtail price hikes in FY17E, and sharp spike in coal/diesel prices will reduce cost benefits.

Y/E Mar (Rsmn)	Q2FY16	Q2FY15	YoY (%)	Q1FY16	QoQ (%)	Q2FY16E	Variance %
Net Sales	8,740	9,221	(5.2)	9,225	(5.3)	8,879	(1.6)
Op. cost	6,005	7,351	(18.3)	6,996	(14.2)	6,808	(11.8)
EBITDA	2,736	1,870	46.3	2,230	22.7	2,070	32.1
EBITDA margin (%)	31.3	20.3	1,102	24.2	713	23.3	798
Depreciation	671	624	7.6	668	0.6	660	1.7
Interest	453	480	(5.7)	488	(7.2)	450	0.6
Other Income	199	318	(37.4)	302	(34.2)	200	(0.6)
Taxes paid	543	187	191.3	402	35.2	232	134.1
PBT	1,811	1,084	67.1	1,377	31.5	1,160	56.0
Adjusted PAT	1,267	897	41.3	975	30.0	928	36.5

Source: Company, Centrum Research Estimate, Standalone Financials

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	APAT	YoY (%)	DEPS Rs.	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY14	36,321	(4.1)	5,116	14.1	1,230	(69.6)	5.2	5.1	2.8	72.2	22.3
FY15P	35,939	(1.1)	6,622	18.4	2,361	91.9	9.9	9.2	4.5	37.6	17.0
FY16E	35,859	(0.2)	9,097	25.4	3,942	67.0	16.6	14.0	7.3	22.5	11.7
FY17E	42,985	19.9	11,677	27.2	6,099	54.7	25.6	18.9	10.2	14.6	8.6
FY18E	50,882	18.4	14,150	27.8	8,136	33.4	34.2	21.3	12.1	10.9	6.6

Source: Company, Centrum Research Estimates, Standalone Financials

Target Price	Rs430	Key Data	
CMP*	Rs373	Bloomberg Code	TRCL
Upside (%)	15%	Curr Shares O/S (mn)	238.1
Previous Target	Rs430	Diluted Shares O/S(mn)	238.1
Previous Rating	Buy	Mkt Cap (Rsbn/USDbn)	88.8/1.4
Price Performance (%)*		52 Wk H / L (Rs)	380/270
	1M 6M 1Yr	5 Year H / L (Rs)	380/76
TRCL IN	9.1 26.8 7.1	Daily Vol. (3M NSE Avg.)	222216
Nifty	(2.4) (1.8) (4.6)		

*as on 6 November 2015; Source: Bloomberg, Centrum Research

Shareholding pattern (%)*

	Sep-15	Jun-15	Mar-15	Dec-14
Promoter	42.3	42.3	42.3	42.3
FII's	13.7	15.5	16.9	18.0
Dom. Inst.	24.5	23.0	21.0	19.2
Public & Others	19.5	19.2	19.8	20.5

Source: BSE, *as on 6 November 2015

Operating trends - Cement

	Q2FY16	Q2FY15	YoY (%)	Q1FY16	QoQ (%)
Sales vol (mn MT)	1.7	1.9	(11.9)	1.8	(5.6)
Rs/MT trend					
NSR	5,028	4,680	7.4	5,134	(2.1)
Raw materials	654	841	(22.3)	1,009	(35.2)
Power & fuel	794	953	(16.7)	804	(1.3)
Freight	909	1,043	(12.8)	1,010	(9.9)
Employee	398	275	44.9	342	16.4
Other Expenses	701	642	9.3	653	7.4
Opex	3,457	3,755	(7.9)	3,818	(9.5)
EBITDA	1,445	800	80.6	1,194	21.0

Source: Company, Centrum Research

Earning Revisions summary

Particulars (Rs bn)	FY16E			FY17E		
	New	Old	Chg (%)	New	Old	Chg (%)
Sales	35.9	38.6	(7.1)	43.0	46.1	(6.8)
EBITDA	9.1	8.9	2.3	11.7	11.5	1.3
Ebitda margin (%)	25.4	23.0		27.2	25.0	
Adj PAT	3.9	4.1	(4.7)	6.1	6.2	(2.3)

Source: Centrum Research Estimates

Centrum vs. Bloomberg Consensus*

Particulars (Rs bn)	FY16E			FY17E		
	Centrum	BBG	Var (%)	Centrum	BBG	Var (%)
Net Sales	35.9	39.4	(8.9)	43.0	45.5	(5.5)
EBITDA	9.1	9.2	(1.4)	11.7	11.3	3.5
PAT	3.9	3.8	4.9	6.1	5.4	13.2

Bloomberg Consensus*				Centrum Target Price (Rs)	Variance (%)
BUY	SELL	HOLD	Target Price (Rs)		
18	2	3	392	430	9.7

*as on 6 November 2015; Source: Bloomberg, Centrum Research Estimates

Rajesh Kumar Ravi, rajesh.ravi@centrum.co.in; 91 22 4215 9643

Valuation & Key assumptions

Exhibit 1: Rolling forward EV/EBITDA chart

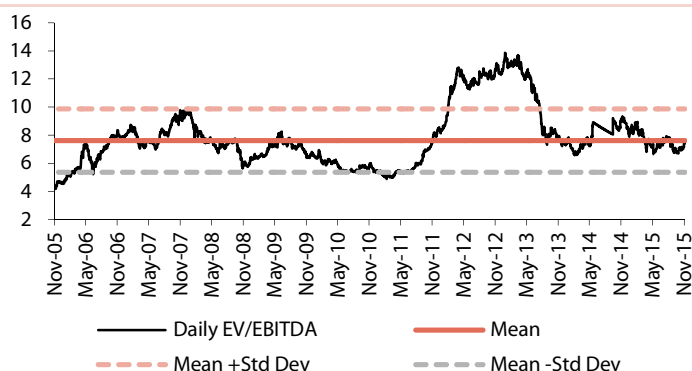
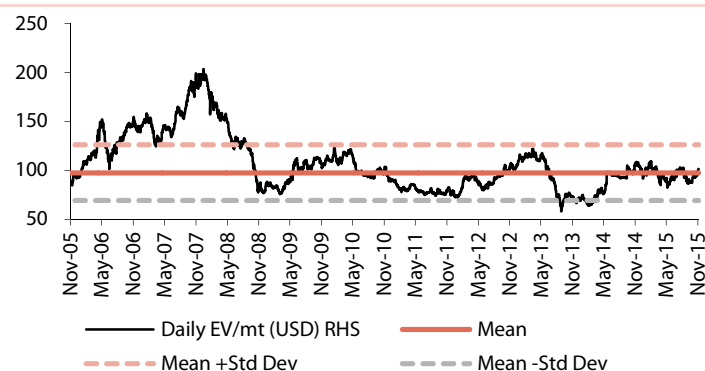


Exhibit 2: Rolling forward EV/MT chart



Source: Bloomberg, Company, Centrum Research Estimates

Source: Bloomberg, Company, Centrum Research Estimates

Exhibit 3: Comparative Valuations

Company	Mkt Cap (Rs bn)	CAGR FY15-17E (%)			EBITDA margin (%)			RoCE (%)			RoE (%)			EV/EBITDA (x)			EV/MT (USD)		
		Rev.	EBITDA	PAT	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E	FY15	FY16E	FY17E
Ramco Cements	88.8	9.4	32.8	60.7	18.4	25.4	27.2	4.5	7.3	10.2	9.2	14.0	18.9	17.0	11.7	8.6	128	112	103
Orient Cement	33.4	22.2	28.9	16.4	19.8	17.1	22.1	10.3	6.8	11.8	18.1	11.2	19.1	10.0	14.9	8.8	95	81	87
JK Cements	45.4	16.2	33.7	54.5	12.7	13.6	16.8	5.6	5.6	9.1	7.4	4.9	16.7	16.2	13.5	8.8	77	78	73
JK Lakshmi	41.6	22.4	28.7	7.6	15.1	12.1	16.8	6.7	4.6	9.4	12.7	1.1	13.8	15.5	16.9	9.8	100	104	84

Source: Company, Centrum Research Estimates

Exhibit 4: Key Operational Assumptions

Particulars	FY13	FY14	FY15	FY16E	FY17E	FY18E
Installed Capacity (mn MT)	13.6	13.6	13.6	14.6	15.0	15.0
Sales Volume (mn MT)	8.4	8.6	7.7	7.1	8.1	9.1
YoY change (%)	10.7	2.8	(10.8)	(7.0)	13.0	13.0
(Rs/ MT trend)						
NSR (1)	4,427	4,145	4,617	4,945	5,257	5,519
YoY change (%)	6.4	(6.4)	11.4	7.1	6.3	5.0
Raw Materials (2)	634	802	887	852	886	922
Power & Fuel (3)	969	968	918	808	832	865
Freight costs (4)	920	960	1,038	986	1,025	1,066
Employee cost (5)	234	258	298	373	380	388
Other expense (6)	579	644	644	701	731	765
Total Opex (7)= sum(2 thru 6)	3,336	3,633	3,785	3,720	3,854	4,007
YoY change (%)	10.2	8.9	4.2	(1.7)	3.6	4.0
Ex plant NSR (1-4)	3,507	3,185	3,579	3,959	4,232	4,453
Input cost (2+3)	1,603	1,770	1,806	1,660	1,718	1,787
Variable cost (2+3+4)	2,523	2,731	2,843	2,646	2,743	2,853
Fixed cost (5+6)	813	902	942	1,074	1,111	1,153
EBITDA per MT (1-7)	1,091	512	832	1,226	1,403	1,513
YoY change (%)	(3.8)	(53.0)	62.3	47.3	14.4	7.9

Source: Company, Centrum Research Estimates

Exhibit 5: Quarterly financials trend

Y/E Mar (Rs mn)	Q3FY14	Q4FY14	Q1FY15	Q2FY15	Q3FY15	Q4FY15	Q1FY16	Q2FY16
Net Sales	8,426	9,244	9,243	9,221	7,861	9,614	9,225	8,740
Total Expenditure	7,133	8,562	7,878	7,351	6,860	7,228	6,996	6,005
Raw Materials	1,581	1,795	1,917	1,635	1,604	1,650	1,830	1,119
Power and Fuel	1,787	2,260	1,978	1,852	1,572	1,638	1,457	1,358
Employee	582	559	583	534	567	602	621	682
Transport	1,930	2,301	2,143	2,027	1,812	1,976	1,830	1,556
Others	1,253	1,646	1,257	1,303	1,304	1,363	1,257	1,291
EBITDA	1,293	682	1,365	1,870	1,001	2,386	2,230	2,736
Depreciation	767	773	627	624	626	622	668	671
EBIT	527	(91)	738	1,246	374	1,765	1,562	2,064
Interest	464	495	500	480	485	473	488	453
Other Income	274	630	367	318	317	378	302	199
PBT	337	44	605	1,084	206	1,669	1,377	1,811
Taxes	81	(207)	243	187	(24)	798	402	543
Exceptional expense/ (income)	-	0	-	-	-	(63)	-	(120)
Reported PAT	256	250	363	897	230	934	975	1,387
Adjusted PAT	256	250	363	897	230	871	975	1,267
Adj EPS (Rs)	1.1	1.1	1.5	3.8	1.0	3.7	4.1	5.3
YoY Growth (%)								
Sales volume	2.3	1.7	(3.9)	(11.4)	(11.6)	(16.3)	(14.8)	(11.9)
Cement NSR	(4.3)	0.5	2.5	16.1	6.2	21.8	18.2	7.4
Revenue	(3.4)	(0.3)	(3.7)	1.9	(6.7)	4.0	(0.2)	(5.2)
EBITDA	(36.0)	(51.5)	(30.4)	58.5	(22.6)	249.9	63.3	46.3
PBT	(72.9)	(94.9)	(42.0)	806.0	(38.8)	3,711.0	127.4	67.1
Adj PAT	(69.6)	(61.0)	(47.3)	391.0	(10.3)	248.0	168.9	41.3
Margins (%)								
EBITDA	15.3	7.4	14.8	20.3	12.7	24.8	24.2	31.3
EBIT	6.2	(1.0)	8.0	13.5	4.8	18.4	16.9	23.6
PBT	4.0	0.5	6.6	11.8	2.6	17.4	14.9	20.7
Adj PAT	3.0	2.7	3.9	9.7	2.9	9.1	10.6	14.5
Operational Trend								
Cement & clinker Sales Vol (mn MT)	1.9	2.2	2.1	1.9	1.7	1.9	1.8	1.7
Trends (Rs/MT)								
NSR	4,404	4,294	4,344	4,680	4,678	5,231	5,134	5,028
Raw material cost	813	799	901	841	934	877	1,009	654
Power and fuel cost	919	1,006	930	953	915	871	804	794
Employee cost	300	249	274	275	330	320	342	398
Transport cost	993	1,024	1,007	1,043	1,055	1,051	1,010	909
Other expenses	616	733	563	642	727	684	653	701
Operating cost	3,641	3,810	3,675	3,755	3,962	3,804	3,818	3,457
EBITDA per MT	646	291	545	800	578	1,296	1,194	1,445
Wind power								
Sales (Rs mn)	94	29	266	370	61	27	138	354
YoY (%)	7.6	(50.9)	(28.6)	7.8	(34.4)	(7.3)	(47.9)	(4.5)
EBITDA (Rs mn)	38	28	206	315	7	(51)	65	263
YoY (%)	10.0	n/m	(40.4)	11.9	(81.5)	n/m	(68.4)	(16.5)

Source: Company, Centrum Research

Financials (Standalone)

Exhibit 6: Income Statement

Y/E Mar (Rs mn)	FY14	FY15	FY16E	FY17E	FY18E
Net Sales	36,321	35,939	35,859	42,985	50,882
Raw Materials	6,897	6,805	6,076	7,140	8,391
as % of sales	19.0	18.9	16.9	16.6	16.5
Power & Fuel	8,324	7,040	5,762	6,706	7,881
as % of sales	22.9	19.6	16.1	15.6	15.5
Staff Cost	2,218	2,287	2,658	3,064	3,532
as % of sales	6.1	6.4	7.4	7.1	6.9
EBITDA	5,116	6,622	9,097	11,677	14,150
EBITDA margin (%)	14.1	18.4	25.4	27.2	27.8
Depreciation	3,063	2,499	2,689	2,847	2,923
EBIT	2,053	4,123	6,408	8,830	11,226
Interest	1,881	1,938	1,770	1,200	850
Other income	1,371	1,379	1,044	1,083	1,246
PBT	1,543	3,564	5,682	8,712	11,622
Tax	313	1,204	1,741	2,614	3,487
Tax rate (%)	20.3	33.8	30.6	30.0	30.0
Adj PAT	1,230	2,361	3,942	6,099	8,136
EO items	146	63	120	-	-
Rep. PAT	1,377	2,424	4,062	6,099	8,136

Source: Company, Centrum Research Estimates

Exhibit 7: Key Ratios

Y/E Mar	FY14	FY15	FY16E	FY17E	FY18E
Growth Metrics (%)					
Net Sales	(4.1)	(1.1)	(0.2)	19.9	18.4
EBITDA	(46.9)	29.4	37.4	28.4	21.2
Adj PAT	(69.6)	91.9	67.0	54.7	33.4
Profitability Metrics (%)					
EBIT margin	5.7	11.5	17.9	20.5	22.1
PBT margin	4.7	10.1	16.2	20.3	22.8
Adj PAT margin	3.4	6.6	11.0	14.2	16.0
Return Ratios (%)					
RoE	5.1	9.2	14.0	18.9	21.3
RoCE	2.8	4.5	7.3	10.2	12.1
RoIC	5.0	6.4	9.4	12.8	15.4
Turnover ratios (No of days)					
Inventory period	68.9	52.9	54.0	52.0	50.0
Collection period	30.5	38.6	37.0	33.0	31.0
Creditors period	17.7	22.3	26.8	24.6	21.8
Net WC days (excluding cash)	81.0	63.8	34.1	35.2	34.7
Solvency Ratio (x)					
D/E	1.2	1.0	0.7	0.4	0.4
Net D/E	1.2	1.0	0.6	0.4	0.2
Interest coverage	1.1	2.1	3.6	7.4	13.2
Current ratio	2.2	1.8	1.6	1.6	1.9
Dividend					
DPS (Rs)	1.0	1.5	2.5	3.8	5.1
Dividend yield (%)	0.3	0.4	0.7	1.0	1.4
Dividend pay-out (%)	22.7	18.2	17.5	17.5	17.5
Per share (Rs)					
Basic EPS- reported	5.8	10.2	17.1	25.6	34.2
Basis EPS- adjusted	5.2	9.9	16.6	25.6	34.2
FDEPS- reported	5.8	10.2	17.1	25.6	34.2
FDEPS- adjusted	5.2	9.9	16.6	25.6	34.2
CEPS	18.0	20.4	27.8	37.6	46.4
BVPS	104.3	111.1	125.3	146.4	174.6
Valuations Metrics (x)					
P/E	72.2	37.6	22.5	14.6	10.9
Price/Cash earnings	20.7	18.3	13.4	9.9	8.0
Price/BV	3.6	3.4	3.0	2.5	2.1
EV/Sales	3.1	3.1	3.0	2.3	1.8
EV/EBITDA	22.3	17.0	11.7	8.6	6.6
EV/ton (USD \$)	129	128	112	103	95

Source: Company, Centrum Research Estimates

Exhibit 8: Balance Sheet

Y/E Mar (Rs mn)	FY14	FY15	FY16E	FY17E	FY18E
Sources of Funds:					
Share Capital	238	238	238	238	238
Reserves	24,583	26,214	29,587	34,620	41,334
Shareholders Fund	24,821	26,452	29,825	34,858	41,572
Debt	29,103	27,119	21,484	15,684	15,584
Net deferred tax	7,374	8,271	9,324	10,377	11,430
Total Liabilities	61,298	61,842	60,633	60,919	68,586
Application of Funds:					
Gross Block	66,838	72,056	75,856	77,656	80,456
Accumulated Depn	20,381	23,250	25,939	28,786	31,709
Net Fixed Assets	46,458	48,805	49,916	48,870	48,746
Capital WIP	3,495	2,575	500	1,500	5,000
Investments	2,832	3,557	3,557	3,557	3,557
Inventories	6,855	5,206	5,305	6,124	6,970
Sundry Debtors	3,040	3,802	3,635	3,886	4,322
Cash & Bank balances	448	620	3,313	2,847	6,440
Loans & Advances	5,455	6,083	4,912	5,535	6,273
Other Current Assets	105	53	53	53	53
Total Current Assets	15,902	15,764	17,219	18,445	24,058
Sundry creditors	1,759	2,198	2,637	2,901	3,046
Other liabilities & provisions	5,630	6,662	7,922	8,552	9,730
Total Current Liabilities	7,389	8,860	10,559	11,453	12,776
Net Current Assets	8,513	6,904	6,660	6,992	11,283
Total Assets	61,298	61,842	60,633	60,919	68,586

Source: Company, Centrum Research Estimates

Exhibit 9: Cash Flow

Y/E Mar (Rs mn)	FY14	FY15	FY16E	FY17E	FY18E
PBT & extraord. Items	1,543	3,564	5,682	8,712	11,622
Add: Depreciation	3,063	2,499	2,689	2,847	2,923
Add: Interest	1,781	1,917	1,770	1,200	850
Add: Others	(137)	143	(924)	(1,083)	(1,246)
Operating profit before WC changes	6,250	8,122	9,217	11,677	14,150
Trade & other receivables	(918)	176	(99)	(819)	(846)
Inventories	(908)	1,650	1,338	(874)	(1,173)
Trade payables	762	151	1,699	894	1,323
Net change - WC	(1,064)	1,977	2,938	(799)	(697)
Direct taxes	(398)	(683)	(688)	(1,561)	(2,434)
Net cash from operating activities	4,788	9,417	11,467	9,317	11,019
Capital expenditure	(5,568)	(4,705)	(1,725)	(2,800)	(6,300)
Others	156	(360)	1,044	1,083	1,246
Net Cash from investing activities	(5,412)	(5,065)	(680)	(1,717)	(5,054)
Net free cash flows	(624)	4,352	10,786	7,600	5,965
Issue of share capital	-	-	-	-	-
Debt change	2,588	(1,984)	(5,635)	(5,800)	(100)
Dividend paid	(279)	(279)	(689)	(1,066)	(1,422)
Interest paid	(1,781)	(1,917)	(1,770)	(1,200)	(850)
Net cash from financing activities	528	(4,179)	(8,093)	(8,066)	(2,372)
Net change in cash	(96)	173	2,693	(466)	3,594

Source: Company, Centrum Research Estimates

Appendix A

Disclaimer

Centrum Broking Limited ("Centrum") is a full-service, Stock Broking Company and a member of The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE). Our holding company, Centrum Capital Ltd, is an investment banker and an underwriter of securities. As a group Centrum has Investment Banking, Advisory and other business relationships with a significant percentage of the companies covered by our Research Group. Our research professionals provide important inputs into the Group's Investment Banking and other business selection processes.

Recipients of this report should assume that our Group is seeking or may seek or will seek Investment Banking, advisory, project finance or other businesses and may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of this material/report. Our Company and Group companies and their officers, directors and employees, including the analysts and others involved in the preparation or issuance of this material and their dependants, may on the date of this report or from, time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. Centrum or its affiliates do not own 1% or more in the equity of this company. Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/ information inconsistent or different those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We and our Group may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of Centrum. Centrum or its affiliates do not make a market in the security of the company for which this report or any report was written. Further, Centrum or its affiliates did not make a market in the subject company's securities at the time that the research report was published.

This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients of Centrum. Though disseminated to clients simultaneously, not all clients may receive this report at the same time. Centrum will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. Any such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document.

The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by or on behalf of the Company, Centrum, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts.

The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Centrum does not provide tax advice to its clients, and all investors are strongly advised to consult regarding any potential investment. Centrum and its affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Foreign currencies denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk. Certain transactions including those involving futures, options, and other derivatives as well as non-investment-grade securities give rise to substantial risk and are not suitable for all investors. Please ensure that you have read and understood the current risk disclosure documents before entering into any derivative transactions.

This report/document has been prepared by Centrum, based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. Centrum has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change.

This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of Centrum. This report or any portion hereof may not be printed, sold or distributed without the written consent of Centrum.

The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Neither Centrum nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this report comes should inform themselves about, and observe any such restrictions. By accepting this report, you agree to be bound by the foregoing limitations. No representation is made that this report is accurate or complete.

The opinions and projections expressed herein are entirely those of the author and are given as part of the normal research activity of Centrum Broking and are given as of this date and are subject to change without notice. Any opinion estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimate or projection.

This document has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Information in this document must not be relied upon as having been authorized or approved by the company or its directors or any other person. Any opinions and projections contained herein are entirely those of the authors. None of the company or its directors or any other person accepts any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection therewith.

Centrum and its affiliates have not managed or co-managed a public offering for the subject company in the preceding twelve months. Centrum and affiliates have not received compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for service in respect of public offerings, corporate finance, debt restructuring, investment banking or other advisory services in a merger/acquisition or some other sort of specific transaction.

As per the declarations given by them, Mr. Rajesh Kumar Ravi, research analyst and and/or any of his family members do not serve as an officer, director or any way connected to the company/companies mentioned in this report. Further, as declared by him, he has not received any compensation from the above companies in the preceding twelve months. He does not hold any shares by him or through his relatives or in case if holds the shares then will not do any transactions in the said scrip for 30 days from the date of release such report. Our entire research professionals are our employees and are paid a salary. They do not have any other material conflict of interest of the research analyst or member of which the research analyst knows of has reason to know at the time of publication of the research report or at the time of the public appearance.

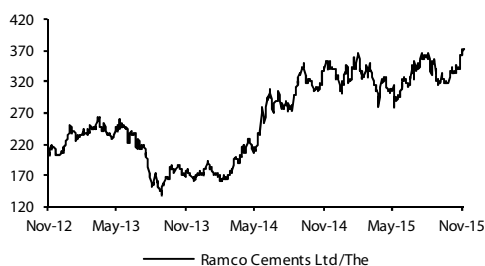
While we would endeavour to update the information herein on a reasonable basis, Centrum, its associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Centrum from doing so.

Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Centrum policies, in circumstances where Centrum is acting in an advisory capacity to this company, or any certain other circumstances.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Centrum Broking Limited or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market.

Ramco Cements price chart



Source: Bloomberg, Centrum Research

Disclosure of Interest Statement

1	Business activities of Centrum Broking Limited (CBL)	Centrum Broking Limited (hereinafter referred to as "CBL") is a registered member of NSE (Cash, F&O and Currency Derivatives Segments), MCX-SX (Currency Derivatives Segment) and BSE (Cash segment), Depository Participant of CDSL and a SEBI registered Portfolio Manager.
2	Details of Disciplinary History of CBL	CBL has not been debarred/ suspended by SEBI or any other regulatory authority from accessing /dealing in securities market.
3	Registration status of CBL:	CBL is registered with SEBI as a Research Analyst (SEBI Registration No. INH000001469)

		Ramco Cements	Orient Cement	JK Cements	JK Lakshmi
4	Whether Research analyst's or relatives' have any financial interest in the subject company and nature of such financial interest	No	No	No	No
5	Whether Research analyst or relatives have actual / beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the document.	No	No	No	No
6	Whether the research analyst or his relatives has any other material conflict of interest	No	No	No	No
7	Whether research analyst has received any compensation from the subject company in the past 12 months and nature of products / services for which such compensation is received	No	No	No	No
8	Whether the Research Analyst has received any compensation or any other benefits from the subject company or third party in connection with the research report	No	No	No	No
9	Whether Research Analysts has served as an officer, director or employee of the subject company	No	No	No	No
10	Whether the Research Analyst has been engaged in market making activity of the subject company.	No	No	No	No

Rating Criteria

Rating	Market cap < Rs20bn	Market cap > Rs20bn but < 100bn	Market cap > Rs100bn
Buy	Upside > 20%	Upside > 15%	Upside > 10%
Hold	Upside between -20% to +20%	Upside between -15% to +15%	Upside between -10% to +10%
Sell	Downside > 20%	Downside > 15%	Downside > 10%

Member (NSE and BSE)

Regn No.:

CAPITAL MARKET SEBI REGN. NO.: BSE: INB011454239
 CAPITAL MARKET SEBI REGN. NO.: NSE: INB231454233
 DERIVATIVES SEBI REGN. NO.: NSE: INF231454233
 (TRADING & CLEARING MEMBER)
 CURRENCY DERIVATIVES: MCX-SX INE261454230
 CURRENCY DERIVATIVES:NSE (TM & SCM) – NSE 231454233

Depository Participant (DP)

CDSL DP ID: 120 – 12200
 SEBI REGD NO. : CDSL : IN-DP-CDSL-661-2012

PORTFOLIO MANAGER

SEBI REGN NO.: INP000004383

Website: www.centrum.co.in

Investor Grievance Email ID: investor.grievances@centrum.co.in

Compliance Officer Details:

Kavita Ravichandran

(022) 4215 9842; Email ID: Compliance@centrum.co.in

Centrum Broking Ltd. (CIN :U67120MH1994PLC078125)

Registered Office Address	Corporate Office & Correspondence Address
Bombay Mutual Building , 2nd Floor, Dr. D. N. Road, Fort, Mumbai - 400 001	Centrum House 6th Floor, CST Road, Near Vidya Nagari Marg, Kalina, Santacruz (E), Mumbai 400 098. Tel: (022) 4215 9000 Fax: +91 22 4215 9344