

Ramco Cements Stock Hits 10-Month High As Record Q2 Profit Prompts Target Price Hikes Hormaz Fatakia Bookmark November 03 2020, 9:33 AM

The Ramco Cements Ltd. reported the highest ever profit in the three months ended September, the first full quarter of operations after India eased lockdown curbs.

- Net profit increased 40% year-on-year to Rs 235.77 crore in the JulySeptember period, according to an exchange filing. That compares with the Rs 163-crore consensus estimate of analysts tracked by Bloomberg.
- Revenue from operations, however, fell 5% year-on-year to Rs 1,257 crore, in line with the Rs 1,265.3-crore forecast. That came as sales volume dropped 19% year-on-year due to lockdown and heavy rains.
- Operating profit, or earnings before interest, tax, depreciation and amortisation, rose 50% year-on-year to Rs 441.9 crore, compared with the

estimated Rs 325.5 crore. Ebitda margin expanded to 35.2% from 22.4% a year earlier.

The company reported blended Ebitda per tonne of Rs 2,035 against Rs 1,118 a year ago. "This is a landmark. No other player (ex-northeast) has ever achieved," Jefferies analysts Vivek Maheshwari and Jithin John said in a post-earnings note.

The cement maker's Ebitda and Ebitda per tonne were also the highest ever. Shares of Ramco Cements gained as much as 3.9% to Rs 833.8 and are up for the fourth straight day. The stock is trading at the highest level in ten months.

Analysts Bullish But See Limited Upside

Most analysts remain bullish, while a few even raised price targets for the cement maker, citing improving realisations and better product mix. But they see limited upside for the stock, barring an immediate reaction, due to premium valuations.

Of the 32 analysts tracking Ramco Cements, 13 have a 'buy' rating, 10 recommend a 'hold' while the rest suggest a 'sell'. The average of Bloomberg consensus 12-month price targets implies a downside of 7.1%.