

THE HINDU Business Line

Copyright © 2014, The Hindu Business Line.

Thu, 08 Feb-18; Business Line - Chennai; Size : 89 sq.cm.;
Circulation:121518; Page : 13

Broker's Call

RELIANCE SECURITIES

Ramco Cements (Buy)

CMP: ₹727.15

Target: ₹850

The Ramco Cements (RCL), formerly Madras Cements, manufactures cement, ready-mix concrete and dry mortar products. The company operates in two segments, namely, cement and power generation from windmills.

Ramco Cements gained about 2 per cent on Tuesday's sell-off markets despite subdued operational performance. While operational performance was dismal led by cost pressure, a substantial decline in finance costs and impressive sales volume were key positives for 3QFY18.

RCL's strategy to grow in outside Southern markets started paying-off and commissioning of 3 mnT new satellite capacity in next 18 months will further aid RCL to improve volumes and profitability.

Moreover, visible change in fuel-mix and 12MW CPP will improve its operating synergy further.

We envisage improved operating efficiency with no meaningful capex would lead to healthy free cash flow (FCF) generation to the tune of ₹2,200 crore through FY18E-FY20E.

We reiterate our fundamental 'buy' rating on the stock with target price of ₹ 850.

Business Line is not responsible for the recommendations sourced from third party brokerages. Reports may be sent to: blmarketwatch@gmail.com