

FIRST LIGHT

26 May 2025

RESEARCH

ITC | TARGET: Rs 515 | +21% | BUY

Moving through inflation

ASTRAL | TARGET: Rs 1,700 | +17% | BUY

Steady margin; healthy growth outlook

THE RAMCO CEMENTS | TARGET: Rs 699 | -31% | SELL

No respite from competitive intensity; maintain SELL

SUMMARY

ITC

- Sales 3% higher vs consensus likely on strong cigarette volumes. EBITDA 5% above cons. on higher margins
- Cigarettes (78% EBIT contribution) inflation is largely offset with pricing / mix while Other FMCG (7% EBIT contribution) remains pressured
- While 2-3 quarters remain inflationary, the prospects of cigarette volume gains from illicit trade and FMCG scale up remain intact. BUY

[Click here](#) for the full report.

ASTRAL

- Reported a healthy pipe margin in Q4FY25, despite operating amidst weak demand conditions and falling resin prices
- Pipe volume targeted to grow at low-double-digit rate with EBITDA margin of 16-18% in FY26
- Maintain BUY with an unchanged TP of Rs 1,700 per share on strong earnings growth prospects

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THE RAMCO CEMENTS

- Q4 revenue declined ~11%/21% YoY/QoQ, as price pressure impacted realisations by 4% and profitability severely (down by 83% YoY)
- Lower cost structure led by power and fuel, partially offset the dent in realisations, though EBITDA margin slipped below ~15% to ~13%
- We lower our FY26/FY27 EBITDA estimates by 13%/10%, apply 10x target multiple and cut our TP to Rs 699 (earlier Rs722). Maintain SELL

[Click here](#) for the full report.

BUY

TP: Rs 515 | ▲ 21%

ITC

Consumer Staples

23 May 2025

Moving through inflation

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Broadly in line result: ITC reported 4QFY25 sales of Rs188bn, +5% YoY, with EBITDA down 2% as margins contracted 225bps to 34.7%. Sales came in 3% above cons (1% below our est), while EBITDA was 5% above cons and 1% below our est. Cost trends remained relatively unchanged vs 3Q, as pressure continued across major ingredients. Pricing, mix and efficiencies helped partly offset inflation.

Segment trends: FMCG Cigarette sales +6% mainly driven by volume growth on share gains from illicit trade. FMCG Others sales +4% driven by food and personal care partly offset by weakness in notebooks as lower paper prices continued to drive competitor discounting. Agri business sales +18% on leaf tobacco, spices and coffee. Paper revenues rose only +6% with continued competition from lower-priced Chinese supplies as demand conditions remained weak.

Broad based cost pressures: Margin pressures remained as Cigarette margins deteriorated 80bps on leaf tobacco inflation. FMCG margins were down 275bps due to inflation in edible oil, wheat, flour etc. Paperboards, Paper & Packaging segment margins deteriorated 515bps due to higher wood costs and weaker demand. Agribusiness margins improved 90bps with the rise in commodity costs. Inflation will likely persist for 2-3 quarters, however, margin deterioration will slow over FY26e.

Valuation and our view: While the current trend is inflationary, and calibrated pricing and mix is gradually offsetting inflation, long term fundamentals remain in cigarette (share gains from illicit trade) and FMCG businesses (scale up). We maintain BUY. Our SOTP-based TP is now revised from Rs 556 to Rs 515.

(Rs mn)	Actual			Reported vs (%)	
	Q4FY24	Q4FY25	YoY (%)	BoB	Consensus
Sales	179,227	187,650	5	(1)	3
EBITDA	66,262	65,194	(2)	(1)	5
EBITDA margin (%)	37.0	34.7	(223bps)	(6bps)	37bps

Source: Company, Bloomberg, BOBCAPS Research

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	ITC IN/Rs 426
Market cap	US\$ 61.8bn
Free float	71%
3M ADV	US\$ 72.9mn
52wk high/low	Rs 529/Rs 390
Promoter/FPI/DII	0%/43%/57%

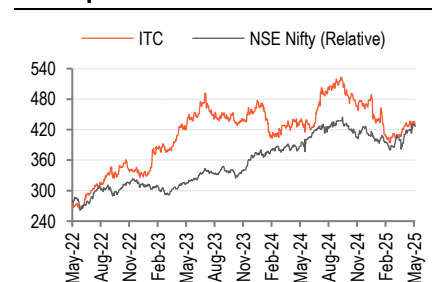
Source: NSE | Price as of 22 May 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	753,233	829,346	900,332
EBITDA (Rs mn)	259,782	288,794	324,906
Adj. net profit (Rs mn)	197,306	221,239	245,304
Adj. EPS (Rs)	16.1	17.7	19.6
Consensus EPS (Rs)	16.1	17.6	19.3
Adj. ROAE (%)	28.5	29.4	30.5
Adj. P/E (x)	26.5	24.1	21.7
EV/EBITDA (x)	20.5	18.4	16.4
Adj. EPS growth (%)	(2.3)	10.0	10.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



BUY

TP: Rs 1,700 | ▲ 17%

ASTRAL

| Building Materials

| 26 May 2025

Steady margin; healthy growth outlook

- Reported a healthy pipe margin in Q4FY25, despite operating amidst weak demand conditions and falling resin prices
- Pipe volume targeted to grow at low-double-digit rate with EBITDA margin of 16-18% in FY26
- Maintain BUY with an unchanged TP of Rs 1,700 per share on strong earnings growth prospects

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Broadly in-line: ASTRA Q4FY25 result came broadly in line with our estimates (Revenue: -3.0%; EBITDA: +3.0%; APAT: +3.8%). Overall, ASTRA revenue/EBITDA grew by 3.5%/3.6 YoY, but APAT was down by 0.8% YoY in Q4FY25.

Highlights: ASTRA pipe volume grew at a meagre 1.3% YoY in Q4FY25, due to tepid demand sentiments, but pipe EBITDA margin was relatively YoY flat at 20.1% in Q4FY25 on improved product-mix and management's conscious decision to grow the operation in a profitable manner. Resinova EBITDA grew sharply by 49% YoY in Q4FY25, driven by higher revenue (+20%), along with sharp margin improvement (+366bps YoY to 19.1%). ASTRA ROE has fallen from 22.6% in FY22 to 15.0% in FY25, mainly due to overshooting capex guidance on a consistent basis with no major change in growth capex plan (spent Rs 5.9bn vs budgeted capex of Rs 4.5bn for FY25) and weak performance of SEAL IT and paints business.

Outlook: ASTRA expects its pipe segment volume to grow at a low double-digit rate with EBITDA margin of 16-18% in FY26. Management believes they could grow pipe volume at a high double-digit rate in FY26, in case of imposition of anti-dumping duty on PVC resin and implementation of BIS norms in future. Resinova margin is expected to be in the 14-16% range in FY26. The company expects SEAL IT and paints business to improve in FY26, due to corrective measures taken by the management and the benefit of operating leverage. Capex is estimated to be Rs 2.5-3.0bn for FY26.

Maintain BUY with unchanged TP of Rs 1,700: We maintain BUY with an unchanged TP of Rs 1,700 per share, as a) we expect EPS to grow at a healthy 26% CAGR over FY25-FY27E b) reasonable valuation on a relative basis (the stock trades at 55.5x on 1YF P/E vs 5Y average of 78.4x). We have tweaked our EPS estimates (+0.3%/+1.0% for FY26E/FY27E) based on Q4 result. We have revised down our target P/E multiple (from 60x to 55x) on Mar'27 estimate (Dec'26 earlier), to factor broad-based correction in the valuation multiple of building material companies over the past few months.

Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	ASTRA IN/Rs 1,457
Market cap	US\$ 4.6bn
Free float	46%
3M ADV	US\$ 10.5mn
52wk high/low	Rs 2,454/Rs 1,232
Promoter/FPI/DII	54%/20%/15%

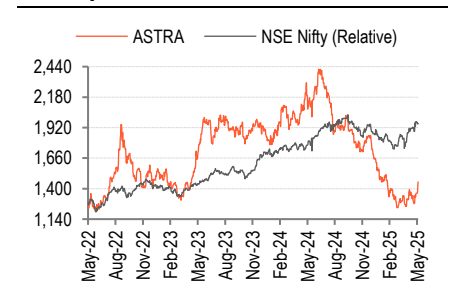
Source: NSE | Price as of 23 May 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	58,324	67,557	79,644
EBITDA (Rs mn)	9,459	11,700	13,850
Adj. net profit (Rs mn)	5,238	6,804	8,315
Adj. EPS (Rs)	19.5	25.3	30.9
Consensus EPS (Rs)	19.5	25.4	31.4
Adj. ROAE (%)	15.0	17.1	18.1
Adj. P/E (x)	74.8	57.6	47.1
EV/EBITDA (x)	42.0	33.9	28.7
Adj. EPS growth (%)	(4.9)	29.9	22.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



SELL

TP: Rs 699 | ▼ 31%

THE RAMCO CEMENTS

Cement

23 May 2025

No respite from competitive intensity; maintain SELL

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- Lower cost structure led by power and fuel, partially offset the dent in realisations, though EBITDA margin slipped below ~15% to ~13%
- We lower our FY26/FY27 EBITDA estimates by 13%/10%, apply 10x target multiple and cut our TP to Rs 699 (earlier Rs722). Maintain SELL

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Increased competition impacts revenue: TRCL's revenue fell by ~11%/21% YoY/QoQ to ~Rs 23.9bn in Q4FY25. This was driven by realisations falling steeply by ~7% YoY (+2% QoQ), despite cement volume fall of ~4% YoY. Volumes for the southern and eastern India markets were at 75:25 (vs 76:24 YoY) Premium products share was 27%/23% (vs 29%/20% YoY) for the South/East India regions.

Overall cost structure provides respite: Cost/tonne fell 4.6% YoY (+2.5% QoQ) to ~Rs 3,981/t, driven by lower energy cost (raw material-adjusted) that fell by 8% YoY. Higher clinker conversion ratio at 1.42x vs 1.3x YoY helped raw material cost savings by 4% to Rs979/tn. Logistics cost of flat/2% YoY/QoQ inflation came on lower lead distance YoY by 16km to 278km and higher rail mix. Energy cost softened to Rs 1.5/kcal vs Rs 1.65/kcal YoY and Rs 1.45/kcal QoQ, due to a sharp decline in pet coke cost. This arrested the EBITDA fall to 23% YoY (+15% QoQ) to ~Rs 3.2bn; EBITDA margin fell to 13.4% from 15.6%/15.7% YoY/QoQ and combated weak realisations. EBITDA/t fell to Rs 598 from Rs 753/Rs617 YoY/QoQ.

Expansion plans: TRCL remains on track to achieve 30mtpa of cement capacity in the medium term by commissioning the second line in Kolimigundla with some de-bottlenecking initiatives. In Kolimigundla, construction of railway siding is completed and is expected to be used from 1QFY26 alongside a 15MW waste heat recovery system, expected to be commissioned by FY26-end. Further, an 10MW WHRS system will be commissioned by 2QFY26 in RR Nagar unit.

EBITDA revised downwards; maintain SELL: We lower our FY26/FY27 EBITDA estimates by 13%/10% and cut our EPS estimates to Rs 14.0/ Rs 25.4 (-23%/-9%). The aggressive capex drive has elevated TRCL's net debt to EBITDA to ~3.4x in FY25/FY26 and is likely to stay elevated in the medium term. Cost saving measures are only offering respite to EBITDA margins. TRCL's current valuation of 14.0x FY27E EV/EBITDA is at a premium. We apply a 10x (unchanged) target multiple and revise our TP to Rs 699 (previously Rs 722) that implies a replacement cost of Rs 8.1bn/mnt – a 10% premium to the industry mean. Maintain SELL rating.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	TRCL IN/Rs 1,006
Market cap	US\$ 2.8bn
Free float	58%
3M ADV	US\$ 8.1mn
52wk high/low	Rs 1,060/Rs 700
Promoter/FPI/DII	42%/7%/32%

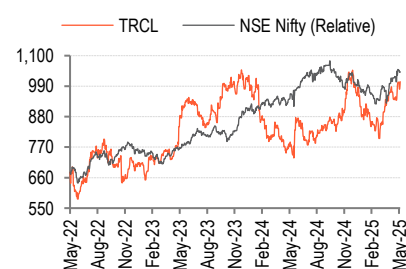
Source: NSE | Price as of 23 May 2025

Key financials

Y/E 31 Mar	FY25P	FY26E	FY27E
Total revenue (Rs mn)	84,951	1,06,755	1,22,312
EBITDA (Rs mn)	12,318	16,320	20,872
Adj. net profit (Rs mn)	775	3,297	6,001
Adj. EPS (Rs)	3.3	14.0	25.4
Consensus EPS (Rs)	3.3	21.0	30.6
Adj. ROAE (%)	1.5	4.3	7.5
Adj. P/E (x)	306.6	72.1	39.6
EV/EBITDA (x)	23.1	17.2	13.6
Adj. EPS growth (%)	(80.4)	325.1	82.0

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

Stock performance



Source: NSE



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Note: Recommendation structure changed with effect from 21 June 2021

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