

August 13, 2025

Near term headwinds fairly priced-in; Retain Buy

About the stock: Astral, established in 1996 by Sandeep Engineer, introduced CPVC piping in India. As of FY25, it has 26 manufacturing units with an aggregate capacity of 5.49 lakh TPA (3.8 lakh TPA Pipes, Water tanks & Bathware, 1.3 lakh TPA Adhesives & Sealants, 36000 TPA Paints). It has a strong network of over 2.5 lakh dealers and 3610+ distributors.

Q1FY26 performance: Astral reported 1.6% YoY decline in consolidated revenues at ₹ 1361 crore for Q1FY26. Plumbing business revenues were down 5.9% YoY at ₹ 954 crore as sales volumes were almost flat YoY while realisations were lower 6% both YoY and QoQ. Bathware revenues (included in plumbing) were up 27% YoY at ₹ 33 crore. Paints and adhesives revenues were up 10% YoY at ₹ 407 crore, wherein Indian adhesives/UK adhesives/Paints grew by 9%/7%/21% YoY respectively. Consolidated EBITDA margins were down 191 bps YoY at 13.6% affected by both lower plumbing margins (down 153 bps YoY at 16.4%) and lower Paints & Adhesives margins (down 283 bps YoY at 9.2%). Overall, consolidated EBITDA was down 13.8% YoY at ₹ 185 crore. Lower EBITDA margins, higher depreciation and higher interest expense led to 32.6% YoY decline in consolidated PAT at ₹ 81 crore.

Investment Rationale

- **Retain piping volume growth and EBITDA margin guidance for FY26:** Astral retained double-digit piping volume growth along with 16-18% EBITDA margin guidance for FY26. It expects improvement in demand, recovery in PVC prices (anti-dumping duty expected in Q2FY26, implementation of BIS norms by December 2025), commencement of 25000MT phase I Kanpur unit, new product introductions and rising orders for OPVC products to drive volume growth. It has ventured into CPVC resin manufacturing (80% stake in Nexelon) with initial manufacturing capacity of 40,000MT (commercial production by Q2FY27), which is expected to aid in expansion of EBITDA margins, maintaining quality, lower working capital requirement, among others.
- **Other businesses to maintain growth momentum:** Astral expects growth momentum to continue in Paints (20% YoY revenue growth) and Bathware (similar trajectory as Q1FY26 – 27% YoY revenue growth). In Indian adhesives business it has witnessed 15-16% YoY revenue growth in FY26 till July (9% YoY in Q1FY26), which it expects to sustain along with 14-16% EBITDA margins. UK adhesives business is expected to turnaround in the coming quarters (9% YoY revenue growth, 5.5% EBITDA margins) driven by the recent leadership change (eyeing EBITDA margins to revert to 8-10% historical levels).

Rating and Target Price

- We cut our net earnings estimates for FY26-FY27 by ~16% each factoring lower PVC prices.
- We retain our BUY rating with Target Price of ₹ 1690/- rolling forward our valuation to H1FY28 i.e. 60x P/E on H1FY28E.

Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	2-Year CAGR (FY23-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Revenues	5,159	5,641	5,832	6.3%	6,420	7,411	8,539	13.5%
EBIDTA	810	918	946	8.1%	1,045	1,227	1,433	14.8%
EBIDTA Margins(%)	15.7	16.3	16.2		16.3	16.6	16.8	
Adjusted PAT	457	546	524	7.1%	561	686	831	16.6%
EPS (Rs.)	17.0	20.3	19.5		20.8	25.5	30.9	
EV to EBIDTA (x)	42.0	37.1	36.1		32.5	27.4	23.1	
RoNW (%)	18.1	18.5	15.4		14.4	15.3	15.9	
RoCE (%)	23.6	23.4	20.1		18.7	19.9	20.8	

Source: Company, ICICI Direct Research



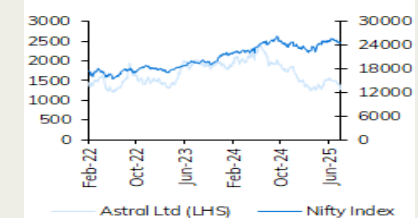
Particulars

Particular	₹ crore
Market Capitalisation	34734
Gross Debt (FY25)	144
Cash (FY25)	608
EV (₹crore)	34270
52 week H/L	2454/1232
Equity capital	27
Face value	₹ 1

Shareholding pattern

Particular	Sep-24	Dec-24	Mar-25	Jun-25
Promoters	54.1	54.1	54.1	54.1
FII's	22.3	21.1	20.2	20.1
DII's	12.5	13.8	14.6	14.7
Others	11.1	11.1	11.1	11.1

Price Chart



Key risks

- Sharp decline in PVC/CPVC resin prices
- Slowdown in agriculture, infrastructure, real estate sectors

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Recent earnings call highlights:

- **Guidance:** The company retained double-digit piping volume growth guidance for FY26. It also retained piping EBITDA margin guidance at 16-18%. For adhesives, it retained 15-16% YoY revenue growth and 14-16% EBITDA margins for FY26. Astral aims to maintain growth momentum in Bathware as seen in Q1FY26 (27% YoY revenue growth). For the paint business too, it is expecting 20% YoY revenue growth to sustain in FY26.
- **Outlook:** The plastic piping industry was affected due to low demand, early onset of monsoon, falling PVC price and lower government spending. But as PVC prices stabilise, the industry is expected to grow at 9-10% YoY in FY26. Housing and agriculture demand is expected to be good while infrastructure demand is expected to revive. The company achieved a 30% volume growth in piping division in month of July 25 on YoY basis. The adhesive division achieved a 30% plus growth in value terms on YoY basis in the same period.
- **Margins & Profitability:** Plumbing division EBITDA margin declined YoY from 17.9% to 16.4% in Q1FY26, affected by fall in Polymer prices (~25 crore inventory loss in Q1FY26). Adhesives margins remain within guided range of 14-16%. UK business improved to 5.4% EBITDA margin (ex-forex). Upcoming CPVC resin plant expected to boost margins significantly.
- **Acquisition:** Astral has acquired 80% stake in Nexelon Chem Pvt Ltd for ₹80,000. The Company will invest ₹120 crore of the total project cost of ₹150 crore to set up a CPVC resin manufacturing plant of 40,000 MT in Gujarat. The transaction will be completed in next 60 days' time and investment will be done in the phase manner over the next 12 months time. The company is planning to start its commercial production by Q2FY27. It has been working for the last three years on R&D of CPVC resin, to establish its manufacturing capabilities in CPVC resin. It has successfully achieved its objectives in terms of Quality & Cost of Manufacturing. Its quality is at par with international standards & cost will be very economical compared to Industry for the company.
- **Raw Material & Inventory:** PVC prices were down 14% YoY in Q1FY26; it believes prices have bottomed out. Narrowing gap between CPVC and PVC may drive product conversion. Going forward inventory requirement is expected to reduce significantly (currently 90 Days to 1-2 weeks) post commissioning of its CPVC resin plant in Q2FY27.
- **Anti-dumping duty:** The management anticipates anti-dumping duty on PVC in Q2FY26.
- **Capex:** Management indicated capex of ₹300 crore for FY26. It incurred ₹50 crore capex in Q1FY26 while ₹120 crore investment in CPVC resin plant (40,000 MT capacity) will be divided in FY26 and FY27. Post-FY27, it does not expect major capex spends towards piping division for 2-3 years.
- **Adhesives (UK):** With change in management in SEAL IT, company expects its adhesives business to revive in UK and to return to normal OPM of 7-8% over next few quarters.

Exhibit 1: Quarterly Analysis

Particulars	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Comments
Operating Income	1,361	1,384	-1.6	1,681	-19.0	Revenue affected by almost flattish YoY piping volumes and 6.3% YoY decline in realisations
Other Income	9	12	-23.5	9	3.4	
Total Revenue	1,370	1,396	-1.8	1,690	-18.9	
Raw Materials Costs	825	823	0.3	1,019	-19.0	
Employees Expenses	142	127	12.0	133	6.6	
Other Expenses	209	220	-4.8	228	-8.0	Inventory loss of ~25 crore in plumbing and lower margins in Paints affect margins
Total Expenditure	1,176	1,169	0.6	1,380	-14.7	
EBITDA	185	214	-13.8	302	-38.8	
EBITDA Margins (%)	13.6	15.5	-191bps	18.0	-437bps	
Interest	12	8	61.8	10	28.1	
Depreciation	72	56	29.3	65	11.0	
PBT	110	163	-32.7	236	-53.5	
Tax	31	44	-29.8	58	-47.5	
Income from Assoc.	0	0	-	0	-	
Minority Interet	-2	-1	-	-1	-	
PAT	81	120	-32.6	179	-54.7	

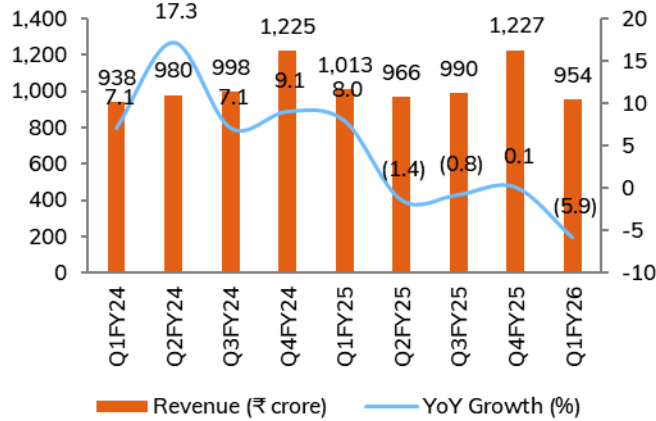
Source: Company, ICICI Direct Research

Exhibit 2: Change in Estimates

Change in estimates (₹ crore)	FY26			FY27		
	Old	New	% change	Old	New	% change
Revenues	6882	6420	-6.7	8010	7411	-7.5
EBITDA	1139	1045	-8.2	1355	1227	-9.5
EBITDA margin (%)	16.6	16.3	-27bps	16.9	16.6	-37bps
PAT	664	561	-15.6	819	686	-16.2
EPS (₹)	24.7	20.8	-15.6	30.5	26	-16.2

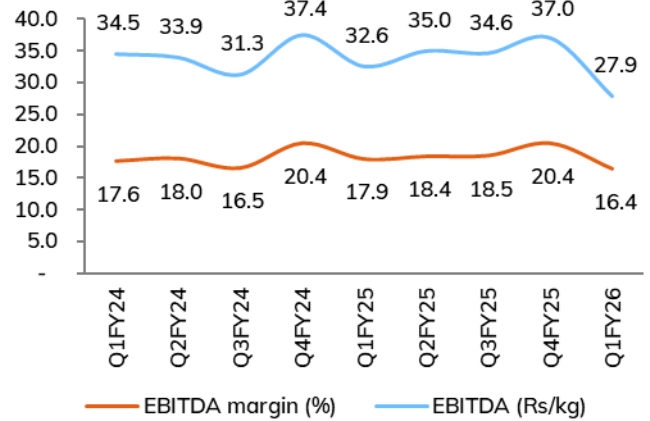
Source: ICICI Direct Research

Exhibit 3: Plumbing (Pipes, fittings, water tanks, bathware)



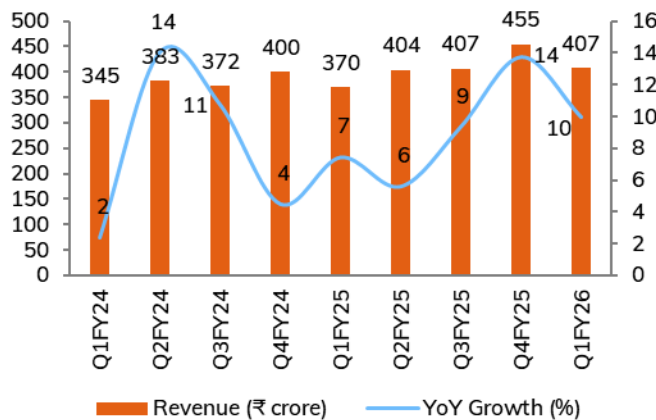
Source: Company, ICICI Direct Research

Exhibit 4: Plumbing (Pipes, fittings, water tanks, bathware)



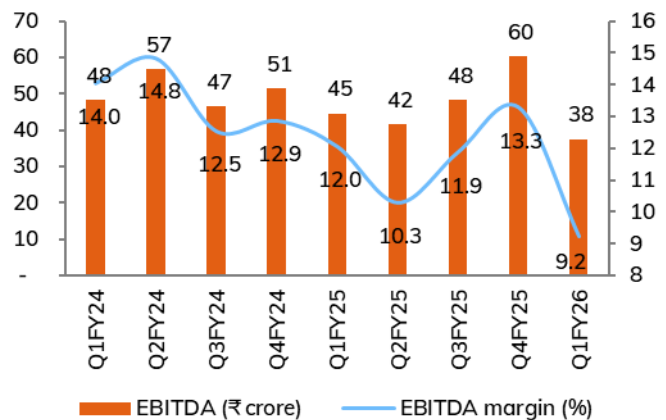
Source: Company, ICICI Direct Research

Exhibit 5: Paints and Adhesives (Resinova + Seal It + Paints)



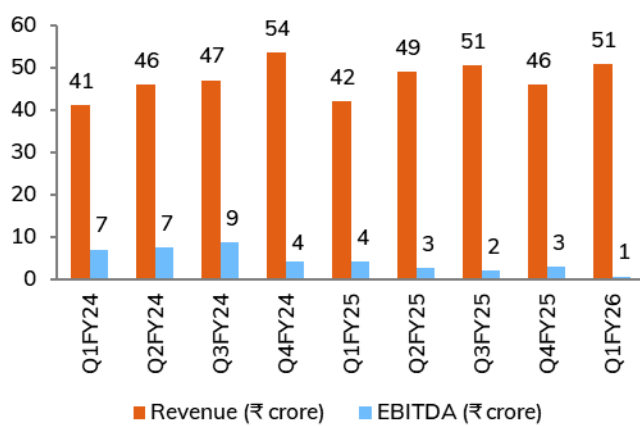
Source: Company, ICICI Direct Research

Exhibit 6: Paints and Adhesives (Resinova + Seal It + Paints)



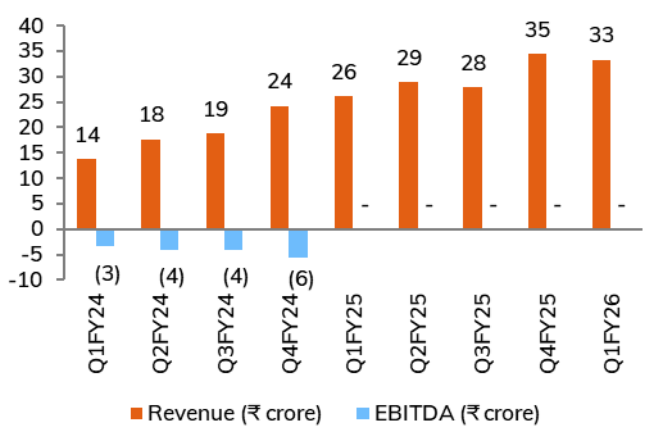
Source: Company, ICICI Direct Research

Exhibit 7: Paints Revenue/EBITDA trend



Source: Company, ICICI Direct Research

Exhibit 8: Bathware Revenue/EBITDA trend



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 9: Profit and loss statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Total Operating Income	5641	5832	6420	7411	8539
Growth (%)	9.4%	3.4%	10.1%	15.4%	15.2%
Operating Expenses	3459	3519	3945	4481	5168
Gross Profit	2182	2313	2475	2931	3371
Gross Profit Margins (%)	38.7%	39.7%	38.5%	39.5%	39.5%
Employee Expenses	438	518	501	578	666
Other Expenditure	826	849	929	1126	1272
Total Operating Exp.	4723	4887	5375	6185	7106
EBITDA	918	946	1045	1227	1433
Growth (%)	13.4%	3.0%	10.5%	17.3%	16.8%
Interest	29	41	46	46	46
Depreciation	198	243	294	313	332
Other Income	42	41	40	47	54
PBT before Excl. item	734	703	746	914	1109
Total tax	188	184	190	233	283
PAT before MI	546	519	556	681	826
Minority interest	-1	-5	-5	-5	-5
Profit from associates	0	0	0	0	0
Exceptional items	0	0	0	0	0
PAT	546	524	561	686	831
Growth (%)	19.6%	-4.1%	7.0%	22.4%	21.1%
EPS (Adjusted)	20	19	21	26	31

Source: Company, ICICI Direct Research

Exhibit 10: Cash Flow Statement

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Profit/loss after taxation	733.7	702.5	745.8	914.5	1108.9
Add: Dep. & Amortization	197.6	243.4	294.0	312.8	331.6
Change in working capital	50.0	-171.8	-56.0	-76.9	-88.5
Total tax paid	-177.2	-170.1	-190.2	-233.2	-282.8
Others	19.3	25.6	46.0	46.0	46.0
CF from operating activities	823.4	629.6	839.6	963.2	1115.2
(Purchase)/Sale of Fixed Assets	-550.2	-539.4	-594.0	-512.8	-531.6
Investments	-169.8	22.1	0.0	0.0	0.0
Others	179.0	4.7	0.0	0.0	0.0
CF from Investing activities	-541.0	-512.6	-594.0	-512.8	-531.6
(inc)/Dec in Loan	19.1	45.6	0.0	0.0	0.0
Divident & Divident tax	-100.7	-100.7	-25.8	-25.8	-25.8
Equity raised	0.0	0.0	0.0	0.0	0.0
Others	-120.9	-63.2	-46.0	-46.0	-46.0
CF from Financing activities	-202.5	-118.3	-71.9	-71.9	-71.9
Net Cash Flow	79.9	-1.3	173.7	378.6	511.7
Cash and Cash Equivalent	529.5	609.4	608.1	782.1	1160.6
Cash	609.4	608.1	781.8	1160.6	1672.4

Source: Company, ICICI Direct Research

Exhibit 11: Balance sheet

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Equity Capital	27	27	27	27	27
Reserve and Surplus	3161	3590	4125	4785	5591
Total Shareholders funds	3188	3617	4152	4812	5618
Minority Interest	80	76	71	66	61
Total Debt	96	144	144	144	144
Deferred Tax Liability	46	55	55	55	55
Long-Term Provisions	5	9	9	9	9
Other Non Current Liabilities	13	67	67	67	67
Total Liabilities	3430	3967	4497	5152	5952
Net Block	1765	2142	2442	2642	2842
Capital WIP	151	116	116	116	116
Fixed Assets	1915	2258	2558	2758	2958
Goodwill & Other intangible assets	535	570	570	570	570
Investments	0	0	0	0	0
Other non-Current Assets	62	80	80	80	80
Inventory	913	1011	1091	1259	1450
Debtors	376	435	457	528	608
Other Current Assets	69	80	80	80	80
Loans & Advances	18	14	14	14	14
Cash	610	608	782	1161	1672
Total Current Assets	1986	2149	2424	3042	3825
Creditors	872	859	915	1056	1216
Provisions	1	2	2	2	2
Other Current Liabilities	196	228	218	238	261
Total Current Liabilities	1068	1089	1135	1297	1480
Net Current Assets	917	1060	1289	1745	2345
Application of Funds	3430	3967	4497	5152	5952

Source: Company, ICICI Direct Research

Exhibit 12: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Per share data (₹)					
Adjusted EPS	20.3	19.5	20.8	25.5	30.9
Cash EPS	27.6	28.5	31.8	37.1	43.2
BV per share	118.5	134.5	154.3	178.9	208.8
Dividend per share	0.8	0.8	0.8	0.8	0.8
Operating Ratios (%)					
Gross Profit Margins	38.7	39.7	38.5	39.5	39.5
Operating EBITDA margins (%)	16.3	16.2	16.3	16.6	16.8
(Adjusted) PAT Margins	9.7	9.0	8.7	9.3	9.7
Cash Conversion Cycle	27	37	36	36	36
Fixed asset turnover (x)	1.3	1.2	1.2	1.2	1.2
Return Ratios (%)					
RoE	18.5	15.4	14.4	15.3	15.9
RoCE	23.4	20.1	18.7	19.9	20.8
RoIC	24.7	19.8	18.3	20.2	22.5
Valuation Ratios (x)					
P/E	63.7	66.4	62.0	50.7	41.8
EV / EBITDA	37.3	36.3	32.7	27.5	23.2
EV / Net Sales	6.1	5.9	5.3	4.5	3.9
Market Cap / Sales	6.2	6.0	5.4	4.7	4.1
Price to Book Value	10.9	9.6	8.4	7.2	6.2
Solvency Ratios					
Debt / EBITDA	0.1	0.2	0.1	0.1	0.1
Debt / Equity	0.0	0.0	0.0	0.0	0.0

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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