

Astral (ASTRA IN)

Event Update

June 29, 2026

 Estimate Change | Target | Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	1,779		1,863	
Sales (INR mn)	79,083	92,730	78,708	91,085
% Chng.	0.5	1.8		
EBITDA (INR mn)	13,301	15,940	13,261	15,667
% Chng.	0.3	1.7		
EPS (INR)	28.8	35.9	28.7	35.1
% Chng.	0.3	2.3		

Key Data

ASTL.BO | ASTRA IN

BSE Code	532830
NSE Code	ASTRAL
52-W High / Low	INR 1,768 / INR 1,262
Face Value	1
Sensex / Nifty	77,100 / 24,056
Market Cap	INR 399 bn / \$ 4,231 mn
Shares Outstanding	268.65 mn
3M Avg. Daily Value	INR 1,192.77 mn

Shareholding Pattern (%)

Promoters	54.22
FIs	14.50
Mutual Funds	8.67
Domestic Institutions	12.25
Public & Others	10.36
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(4.2)	(9.7)	6.5	(1.2)
Relative	(5.0)	(11.8)	17.9	6.0

Key Financials - Consolidated

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR mn)	58,324	65,686	79,083	92,730
EBITDA (INR mn)	9,459	10,619	13,301	15,940
Margin (%)	16.2	16.2	16.8	17.2
PAT (INR mn)	5,189	5,573	7,759	9,663
EV (INR mn)	396,982	393,045	385,792	378,569
Total Debt (INR mn)	2,332	2,503	2,303	2,103
C&C Eq. (INR mn)	6,083	9,434	16,487	23,511
EPS (INR)	19.3	20.7	28.8	35.9
Gr. (%)	(4.9)	7.4	39.2	24.5
DPS (INR)	3.7	2.5	4.0	4.0
Yield (%)	0.3	0.2	0.3	0.3
RoE (%)	15.3	14.5	17.7	18.7
RoCE (%)	20.8	20.0	23.6	25.0
EV/Sales (x)	6.8	6.0	4.9	4.1
EV/EBITDA (x)	42.0	37.0	29.0	23.7
PE (x)	77.1	71.8	51.5	41.4
P/BV (x)	11.1	9.9	8.5	7.2

Astral Chemicals business demerger to focus on growth

Quick Pointers

- Demerger of its Chemicals business into Astral Chemie Ltd
- Amalgamation of wholly owned subsidiary Al-Aziz Plastics into Astral Ltd.

Astral Ltd has announced the demerger of its businesses into Astral Ltd. (Plumbing) and Astral Chemie (Adhesives, Paints & Specialty Chemicals), wherein management outlined the strategic rationale behind creating two focused entities with independent capital allocation, dedicated management teams and enhanced operational efficiency. Management highlighted that the restructuring will enable each business to pursue its own growth strategy while improving financial transparency through separate reporting from Q1FY27 onwards. The Plumbing business is expected to benefit from the upcoming CPVC backward integration, continued product additions and healthy growth across the faucets and sanitaryware portfolio, while Astral Chemie is entering a phase of stronger profitability driven by the completion of its major capex cycle, improving performance in the Paints business, the turnaround of the UK and US operations, and the scaling up of the high-margin DSS specialty chemicals platform. Over the medium term, management targets Astral Chemie to expand revenue from INR 18.6bn in FY26 to INR 44–50bn over the next four to five years while improving EBITDA margins to 14–15%. We estimate sales/EBITDA/PAT CAGR of 18.8%/22.5%/34.4% over FY26–28E. Maintain 'BUY' rating with revised SOTP-based TP of INR 1,779 (INR 1,863 earlier).

Demerger of Chemicals Business

- Astral is separating its Chemicals business to create a focused chemicals platform with dedicated management, independent capital allocation and better operational synergies across R&D, manufacturing and distribution.
- The Chemicals business comprises adhesives, sealants, construction chemicals, solvent cements, silicones, epoxy resins, putties and specialty chemicals.
- Post demerger, Astral's chemicals portfolio will be combined with Astral Chemie's paints & coatings business, creating a dedicated chemicals platform with synergies across manufacturing, R&D, procurement, warehousing and distribution.
- Existing Astral shareholder will receive 1 equity share of Astral Chemie for every 1 equity share held in Astral (1:1 entitlement ratio), subject to the record date and regulatory approvals.
- Astral Chemie will seek separate listing on NSE and BSE upon completion of the scheme.
- Post restructuring, Astral Ltd will primarily house the Plumbing & Building Materials business (FY26 revenue: INR46.7bn, EBITDA margin: 18.6%), while Astral Chemie Ltd will house the Chemicals business (FY26 revenue: INR18.6bn, EBITDA margin: 10.3%).

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Amalgamation of AI-Aziz Plastics

- Astral has also approved the amalgamation of its wholly owned subsidiary AI-Aziz Plastics Pvt. Ltd. into Astral Ltd.
- AI-Aziz manufactures electrofusion fittings, compression fittings, saddles, electrical fittings and allied accessories, complementing Astral's plumbing portfolio.
- The amalgamation is expected to strengthen the Plumbing business through better product integration, improved supply-chain efficiencies and lower compliance costs.
- Since AI-Aziz is already a wholly owned subsidiary, there will be no change in Astral's shareholding pattern and no fresh equity issuance.

Con-call Key Takeaways:

Astral Ltd: (Plumbing & Bathware Segment)

- Management stated that post demerger, Astral Ltd. will comprise the Pipes, Fittings, Faucets, Bathware businesses, CPVC resin JV (Nexelon), Astral Foundation and other pipe-related subsidiaries, creating a focused building materials company.
- The objective is to enable independent capital allocation, focused execution and better operational efficiency while allowing the pipes business to deploy its own cash flows without cross-utilization with the chemicals business.
- Management believes that although both businesses cater to the construction ecosystem, their manufacturing processes, customer segments, business models and capital requirements are fundamentally different, making separate entities a more efficient structure.
- The CPVC resin project is progressing ahead of schedule, with commercial production expected in Q1FY28. Initial production is expected at ~5,000 MT, with benefits from backward integration accruing from FY28 onwards. Management expects Astral Ltd. to remain a strong cash-generating business with no major capex cycle after completion of the CPVC resin plant.
- Management expects recently launched products including PEX, OPVC, PPR, HDPE, SCPP gas pipes and the AI Aziz merger/integration to provide incremental growth opportunities and strengthen the company's product portfolio across the plumbing segment
- The Faucets and Bathware businesses continue to report healthy growth, while existing manufacturing capacities are adequate to support future expansion with only limited incremental capital expenditure.

Astral Chemie: (Adhesives & Paints Segment)

- Management stated that the Adhesives business continues to deliver strong growth, supported by the addition of multiple new chemistries over the last 18 months and continued product innovation across categories.
- Astral remains the market leader in solvent cement and ranks among the top three players in epoxy and silicone adhesives. Management noted that only INR1.0bn of solvent cement sales are routed through the Plumbing channel, while INR 1.25bn is sold through dedicated adhesive distribution, indicating limited overlap between the two businesses.

- The adhesives portfolio spans solvent cement, epoxy, acrylics, silicones, PVA adhesives, waterproofing products, construction chemicals, woodworking adhesives and specialty tapes.
- The fully automated Dahej adhesives expansion is largely complete, while the new solvent cement plant is nearing completion, with the major capex cycle for the adhesives business largely behind the company.
- Several products that were previously imported are now being manufactured domestically, improving margins while strengthening backward integration.
- The company currently services nearly 0.2mn retail outlets across around 13,000 towns and plans to expand its reach to approximately 20,000 towns over the next one to two years.
- Growth is expected to be driven through deeper distribution, higher retail penetration, wider shelf space and continuous product innovation rather than dependence on any single chemistry.
- Management stated that investments behind flagship brands such as Weld-On and Bond Tite will continue, although advertising and promotional spending will remain disciplined and aligned with revenue growth.
- Management stated that the Paint business continues to deliver healthy growth, with adequate manufacturing capacity in place and only limited capex required going forward.
- The major investment cycle in Paints is largely complete, and the business is expected to turn EBITDA positive in FY27, supporting margin expansion for Astral Chemie.
- DSS strengthens Astral Chemie's specialty chemicals portfolio through advanced R&D capabilities and manufacturing of high-value amine-based specialty chemicals, offering significant import substitution opportunities across adhesives, renewable energy, defence and other industrial applications.
- The business is expected to generate INR1.5bn of revenue by FY28 and scale to INR5bn over the next 4–5 years, driven by exports, third-party sales and internal consumption.
- Phase-I expansion requires only INR 100–150mn of capex, enabling future growth to be largely funded through internal cash generation.
- The UK business continues to witness a strong turnaround, with improving revenues, EBITDA margins and increasing enquiries from Europe, including discussions with large international retail chains.
- The US business has expanded beyond silicone tapes through new product launches, with both the UK and US operations expected to become meaningful contributors to Astral Chemie's profitability over the medium term.

Financial Outlook (Astral Chemie):

- Management targets the Chemical business to grow revenue from INR 18.6bn in FY26 to INR44–50bn over the next 4–5 years, with revenue expected to reach INR 23–24bn by FY27-end and expects EBITDA margins to improve significantly over the next one to two years as the Paint business turns profitable and the UK operations continue to improve. Over the medium term, management believes the Chemical business can achieve EBITDA margins of 14–15%, compared with approximately 10% currently

Other Highlights:

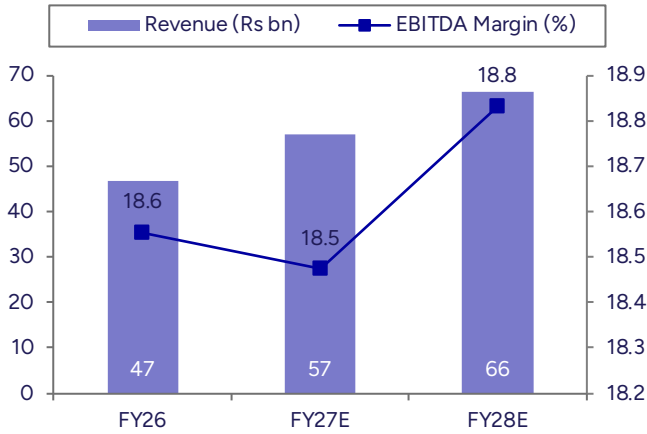
- Management expects the Plumbing business to deliver RoCE of over 20% during the next two years, with RoE improving to around 17–18% as operating leverage improves and CPVC backward integration becomes operational.

- The Chemicals business is expected to achieve RoCE of 15–17% over the medium term, supported by improving profitability in Paints, DSS and the international businesses.
- The company also expects to realize approximately INR500–600mn through the sale of its Bangalore office property, providing additional liquidity for future growth.
- The company will begin reporting separate Profit & Loss statements and Balance Sheets for both entities from Q1FY27 onwards, providing greater financial transparency.
- The promoter leadership, led by Sandeep Engineer, will continue overseeing both companies to ensure continuity in strategy, innovation and execution.
- Both companies will continue using the Astral brand, while the Astral Chemie identity is expected to improve market recognition of the chemicals business, which has historically been overshadowed by the pipes segment.
- Management confirmed that the promoter shareholding structure will remain unchanged following the demerger, and no brand royalty will be charged between the two listed entities.

PL View

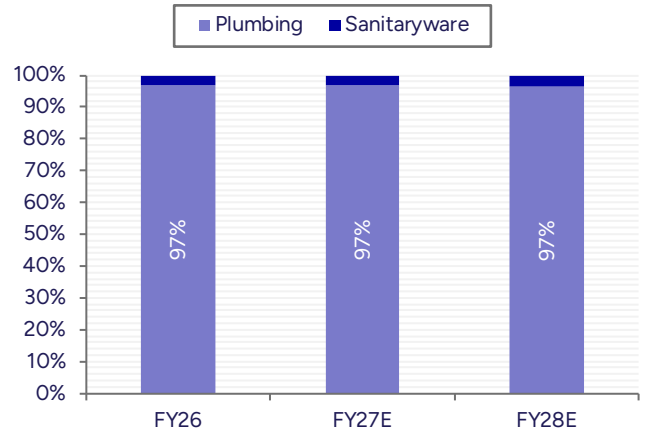
- We believe the proposed restructuring is strategically positive as it creates two focused business platforms with independent management teams and capital allocation frameworks. The separation is expected to enhance strategic focus, operational efficiency and decision-making agility, while enabling each business to pursue its own growth strategy.
- Management targets the Chemicals business to grow from ~Rs19bn in FY26 to Rs 44–50bn over the next five years, implying a 20%+ CAGR, while improving EBITDA margins from 10.3% in FY26 to 14–15% over the next 2–3 years. The Paints business, which reported losses in FY26, is expected to turn EBITDA positive in FY27, supported by strong growth, with Q1FY27 revenue expected to increase by ~45% YoY.
- The recently acquired DSS specialty chemicals business is expected to generate ~Rs1.5bn revenue at its existing 5,200 MT capacity, with management targeting Rs5bn revenue and 20–25% EBITDA margins over the next five years. Notably, both the Plumbing and Chemicals businesses already operate largely independently, with only 3–5% overlap in employees and distribution, suggesting a smooth execution of the demerger. Subject to regulatory approvals, the separate listing of Astral Chemie could also enhance business visibility and facilitate better value discovery for the Chemicals business.
- Around INR1.0bn of the Chemicals business revenue, primarily from solvent cements, leverages the Plumbing business's distribution network and sales personnel. Apart from this overlap, the Chemicals business has its own dedicated distribution channels and separate sales teams across other product categories. Thus, we do not foresee any material implementation-related liabilities or incremental expenses arising from the demerger of the Chemicals business.

Exhibit 1 : ASTRA revenue to grow at a CAGR of 19.2% over FY26-28E



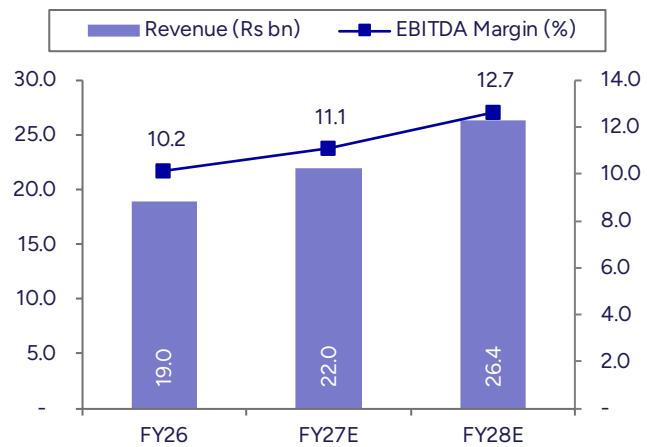
Source: Company, PL

Exhibit 2 : Segmental mix of ASTRA



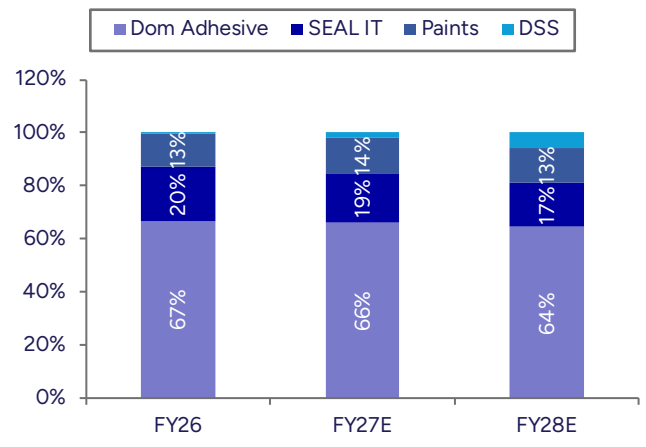
Source: Company, PL

Exhibit 3 : Astral Chemie rev to grow at a CAGR of 17.9% over FY26-28E



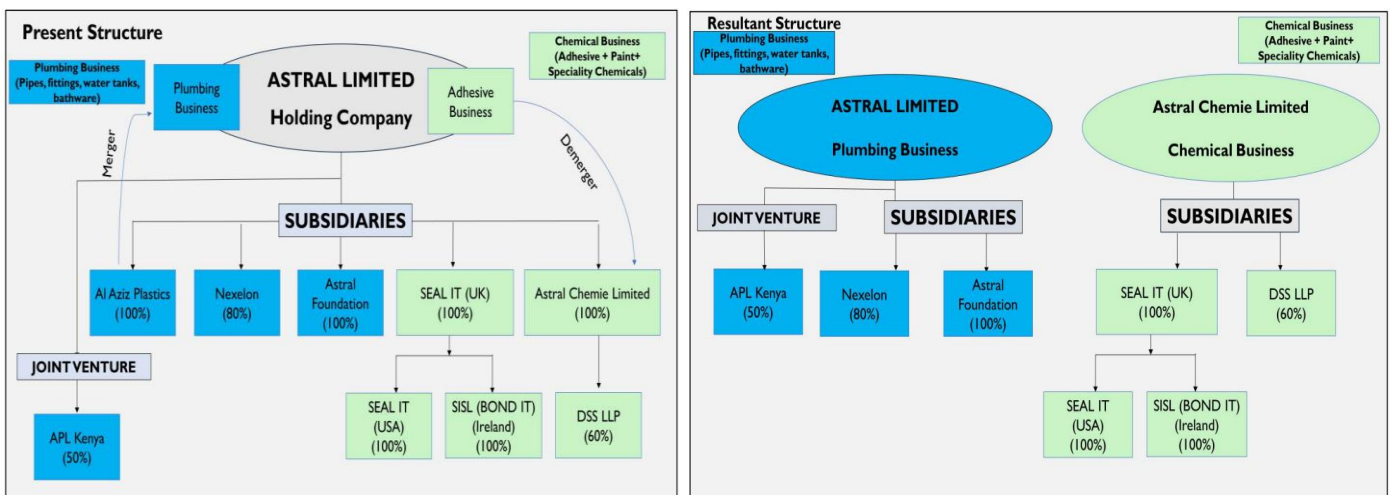
Source: Company, PL

Exhibit 4 : Segmental mix of Astral Chemie



Source: Company, PL

Exhibit 5 : Pre- and Post-Demerger Astral's Business Structure



Source: Company, PL

Financials

Income Statement (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Net Revenues	58,324	65,686	79,083	92,730
YoY gr. (%)	3.4	12.6	20.4	17.3
Cost of Goods Sold	36,522	39,511	47,569	55,452
Gross Profit	21,802	26,175	31,514	37,277
Margin (%)	37.4	39.8	39.8	41.0
Employee Cost	5,179	5,904	6,880	8,067
Other Expenses	-	-	-	-
EBITDA	9,459	10,619	13,301	15,940
YoY gr. (%)	3.0	12.3	25.3	19.8
Margin (%)	16.2	16.2	16.8	17.2
Depreciation and Amortization	2,434	2,916	3,167	3,307
EBIT	7,025	7,703	10,133	12,633
Margin (%)	12.0	11.7	12.8	13.6
Net Interest	413	644	564	520
Other Income	413	473	800	800
Profit Before Tax	7,025	7,532	10,369	12,913
Margin (%)	12.0	11.5	13.1	13.9
Total Tax	1,836	1,959	2,610	3,250
Effective Tax Rate (%)	26.1	26.0	25.2	25.2
Profit After Tax	5,189	5,573	7,759	9,663
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	5,189	5,573	7,759	9,663
YoY gr. (%)	(4.9)	7.4	39.2	24.5
Margin (%)	8.9	8.5	9.8	10.4
Extra Ord. Income / (Exp)	-	(226)	-	-
Reported PAT	5,189	5,347	7,759	9,663
YoY gr. (%)	(4.9)	3.0	45.1	24.5
Margin (%)	8.9	8.1	9.8	10.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,189	5,347	7,759	9,663
Equity Shares O/s (mn)	269	269	269	269
EPS (INR)	19.3	20.7	28.8	35.9

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Non-Current Assets				
Gross Block	39,113	44,307	46,307	48,307
Tangibles	39,113	44,307	46,307	48,307
Intangibles	-	-	-	-
Acc: Dep / Amortization	11,997	14,913	18,081	21,388
Tangibles	11,997	14,913	18,081	21,388
Intangibles	-	-	-	-
Net Fixed Assets	27,116	29,394	28,227	26,919
Tangibles	27,116	29,394	28,227	26,919
Intangibles	-	-	-	-
Capital Work In Progress	1,160	887	887	887
Goodwill	-	-	-	-
Non-Current Investments	-	-	-	-
Net Deferred Tax Assets	(469)	(595)	(595)	(595)
Other Non-Current Assets	714	1,216	1,216	1,216
Current Assets				
Investments	-	-	-	-
Inventories	10,111	11,173	13,452	15,243
Trade Receivables	4,353	4,751	5,720	6,707
Cash & Bank Balance	6,083	9,434	16,487	23,511
Other Current Assets	928	1,026	1,235	1,448
Total Assets	50,560	58,119	67,463	76,172
Equity				
Equity Share Capital	269	269	269	269
Other Equity	35,901	40,310	46,995	55,583
Total Network	36,170	40,579	47,264	55,852
Non-Current Liabilities				
Long Term Borrowings	1,563	1,543	1,343	1,143
Provisions	86	160	193	226
Other Non Current Liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	769	960	960	960
Trade Payables	8,589	11,553	13,909	13,719
Other Current Liabilities	2,075	2,465	2,935	3,414
Total Equity & Liabilities	50,560	58,119	67,463	76,172

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
PBT	7,025	7,306	10,369	12,913
Add. Depreciation	2,434	2,916	3,167	3,307
Add. Interest	413	644	564	520
Less Financial Other Income	413	473	800	800
Add. Other	(157)	44	33	33
Op. Profit before WC Changes	9,715	10,910	14,133	16,773
Net Changes-WC	(1,718)	2,134	(632)	(2,705)
Direct Tax	(1,701)	(1,874)	(2,610)	(3,250)
Net Cash from Op. Activities	6,296	11,170	10,891	10,818
Capital Expenditures	(5,394)	(4,591)	(2,000)	(2,000)
Interest / Dividend Income	47	28	-	-
Others	275	(502)	-	-
Net Cash from Inv. Activities	(5,072)	(5,065)	(2,000)	(2,000)
Issue of Share Cap. / Premium	-	-	-	-
Debt Changes	166	(941)	(200)	(200)
Dividend Paid	(1,007)	(1,007)	(1,075)	(1,075)
Interest Paid	(342)	(569)	(564)	(520)
Others	-	(765)	-	-
Net Cash from Fin. Activities	(1,183)	(3,282)	(1,839)	(1,795)
Net Change in Cash	41	2,823	7,053	7,024
Free Cash Flow	902	6,579	8,891	8,818

Source: Company, PL

Quarterly Financials (INR mn)

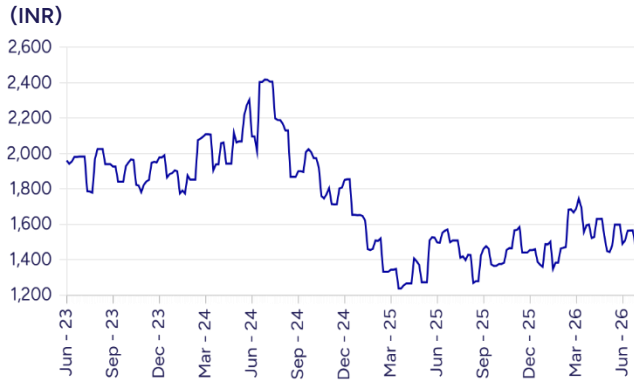
Y/e Mar	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Net Revenues	13,612	15,774	15,415	20,885
YoY gr. (%)	(1.6)	15.1	10.3	24.2
Raw Material Expenses	8,251	9,530	9,248	12,482
Gross Profit	5,361	6,244	6,167	8,403
Margin (%)	39.4	39.6	40.0	40.2
EBITDA	1,849	2,568	2,373	3,989
YoY gr. (%)	(13.8)	22.2	8.1	32.1
Margin (%)	13.6	16.3	15.4	19.1
Depreciation / Depletion	719	723	734	740
EBIT	1,130	1,845	1,639	3,249
Margin (%)	8.3	11.7	10.6	15.6
Net Interest	123	160	126	235
Other Income	91	114	95	173
Profit before Tax	1,098	1,799	1,608	3,187
Margin (%)	8.1	11.4	10.4	15.3
Total Tax	306	451	366	836
Effective Tax Rate (%)	27.9	25.1	22.8	26.2
Profit After Tax	792	1,348	1,242	2,351
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	792	1,348	1,242	2,351
YoY gr. (%)	(33.7)	24.0	10.3	32.0
Margin (%)	5.8	8.5	8.1	11.3
Extra Ord. Income / (Exp)	-	-	(165)	(221)
Reported PAT	792	1,348	1,077	2,130
YoY gr. (%)	(33.7)	24.0	(4.4)	19.6
Margin (%)	5.8	8.5	7.0	10.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	792	1,348	1,077	2,130
Avg. Shares O/s (mn)	269	269	269	269
EPS (INR)	2.9	5.0	4.6	8.8

Source: Company, PL

Key Financial Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Per Share (INR)				
EPS	19.3	20.7	28.8	35.9
CEPS	28.3	31.6	40.6	48.2
BVPS	134.5	150.9	175.7	207.6
FCF	3.4	24.5	33.1	32.8
DPS	3.7	2.5	4.0	4.0
Return Ratio (%)				
RoCE	20.8	20.0	23.6	25.0
ROIC	17.5	18.2	25.4	31.3
RoE	15.3	14.5	17.7	18.7
Balance Sheet				
Net Debt : Equity (x)	-	-	-	-
Net Working Capital (Days)	37	24	24	32
Valuation (x)				
PER	77.0	71.7	51.5	41.3
P/B	11.0	9.8	8.4	7.1
P/CEPS	52.4	47.1	36.6	30.8
EV/EBITDA	41.9	37.0	29.0	23.7
EV/Sales	6.8	5.9	4.8	4.0
Dividend Yield (%)	0.2	0.1	0.2	0.2
FCFF Yield (%)	0.2	1.6	2.2	2.2
PEG Ratio	(15.8)	9.6	1.3	1.6

Source: Company, PL

Price Chart

Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	12-Jun-26	Buy	1863	1490
2	21-May-26	BUY	1863	1444
3	19-May-26	Buy	1813	1546
4	02-Apr-26	BUY	1876	1554
5	06-Feb-26	BUY	1794	1504
6	07-Jan-26	BUY	1736	1487
7	06-Nov-25	BUY	1778	1566
8	06-Oct-25	BUY	1727	1384
9	13-Aug-25	BUY	1503	1269
10	02-Jul-25	Accumulate	1630	1494

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Amber Enterprises India	BUY	9375	7889
2	Astral	Buy	1863	1490
3	Avalon Technologies	Hold	1233	1256
4	Bajaj Electricals	Accumulate	384	343
5	Cello World	BUY	489	368
6	Century Plyboard (I)	Accumulate	862	778
7	Cera Sanitaryware	BUY	7429	5870
8	Crompton Greaves Consumer Electricals	Accumulate	320	285
9	Cyient DLM	HOLD	370	358
10	Finolex Industries	Accumulate	207	192
11	Greenpanel Industries	BUY	332	186
12	Havells India	Accumulate	1505	1349
13	Kajaria Ceramics	Accumulate	1323	1188
14	Kaynes Technology India	Accumulate	3506	3337
15	KEI Industries	Accumulate	5660	5018
16	LG Electronics India	Accumulate	1690	1491
17	Polycab India	BUY	10282	8416
18	Premier Energies	HOLD	1138	1087
19	R R Kabel	BUY	1964	1571
20	Supreme Industries	BUY	4626	3692
21	Syrma SGS Technology	Hold	1128	1075
22	Vikram Solar	Accumulate	226	215
23	Voltas	Hold	1308	1294
24	Waaree Energies	Buy	3713	3230

PL's Recommendation Nomenclature (Absolute Performance)

BUY	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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