

Steady Margins; Maintain HOLD
Est. Vs. Actual for Q4FY25: Revenue: **INLINE**; EBITDA (Adj.): **BEAT**; PAT: **BEAT**
Changes in Estimates Q4FY25 Result
FY26E/FY27E: Revenue: 12%/14%; EBITDA (Adj.): 14%/17%; PAT : 7%/10%

Recommendation Rationale

- **Focus on new product launches:** Astral is India's first company to receive UL certification for its FirePro fittings. It has received ISI approval for O-PVC products. The company has started commercial production at its Ghiloth plant for SWR fittings and will soon begin CPVC fittings, targeting the North and East markets. It has also opened marketing offices in Dubai to target the Africa and Middle East markets for value-added products. The company has planned 12-14 new launches from the overseas plants. Astral has developed a range of channel drain products that were previously imported, enhancing cost efficiency. These developments are expected to strengthen Astral's product offerings.
- **Strong margins, muted volumes:** Astral's pipe margins were ~18% as compared to the peer average of 13%-15%, led by a strong product mix and premium pricing. The company also has manufacturing facilities across different regions. It reported single-digit volume growth in its pipes business owing to fluctuations in polymer prices (down by 18% in FY25), lower government spending, and elections. The company managed to improve gross margins slightly despite a falling polymer price scenario and industry degrowth of 3%-4%. Its adhesive business delivered an EBITDA of 12%, slightly lower due to raw material price volatility and high operating costs. Going forward, the company expects ~17-18% growth. EBITDA for paints remains under pressure, but volumes are expected to pick up. The channel remains light on inventory due to a weak demand scenario. There is still no clarity on the anti-dumping duty, and BIS norms to be implemented on PVC have been postponed.
- **Building capacity:** The company is on track for ~4,50,000 MT piping capacity by FY26, translating to a CAGR of 15% FY24-26E. The Guwahati leased facility recently commenced production of pipes after water tanks. Their greenfield plant in Kanpur with a capacity of 60,000 MT will be commissioned in phases. Brownfield expansion for pipes/DWC/valves is to be completed in FY26. The company is developing two new plants at Dahej for the production of new chemistries and solvent cement. Astral began producing SWR fittings at their Ghiloth plant.

Sector Outlook: Positive

Company Outlook & Guidance: While the company reported muted volumes, their gross margins improved slightly and reported stable EBITDAM of 16.2%. The company has guided for low double-digit growth in piping volumes and is awaiting results on ADD to potentially garner high double-digit growth. End-user demand remains weak, and hence the channel remains light, awaiting any positive response to ADD.

Current Valuation: 50x FY27EPS (Earlier 52x H1FY27EPS)

Current TP: Rs 1,530/share (Earlier TP: Rs 1,590/share)

Recommendation: We maintain our HOLD recommendation on the stock.

Financial Performance

Astral reported Revenue of Rs 1,681 Cr, up by 3.5% YoY, which is in line with our estimates. The overall demand scenario in the polymer industry was negative, yet Astral delivered positive growth in volume. Gross margins were slightly better, up by 98 bps YoY. The reported EBITDA stood at Rs 302 Cr, showing growth of 3.2%, with a flat YoY EBITDA margin of 18%. The company reported PAT of Rs 178 Cr, down by 2% YoY. During the year, PVC prices were highly volatile and saw corrections from Rs 92.6/kg to Rs 75.6/kg, which affected the company's topline, but the company managed to stabilise EBITDA.

Key Financials (Consolidated)

(Rs Cr)	Q4FY25	YoY (%)	QoQ (%)	Axis Est.	Variance
Net Sales	1,681	20.4	3.5	1,647	2.1%
Adj. EBITDA	302	37.5	3.6	279	8.2%
EBITDA Margin	18.0%	224bps	2bps	16.9%	102bps
Net Profit	178	57.9	-1.9	156	14.0%
EPS (Rs)	6.6	57.9	-1.9	5.8	14.0%

Source: Company, Axis Securities Research

 (CMP as of 23rd May 2025)

CMP (Rs)	1,457
Upside /Downside (%)	5%
High/Low (Rs)	2454/1232
Market cap (Cr)	39,132
Avg.. daily vol. (1m) Shrs.	9,56,754
No. of shares (Cr)	26.8

Shareholding (%)

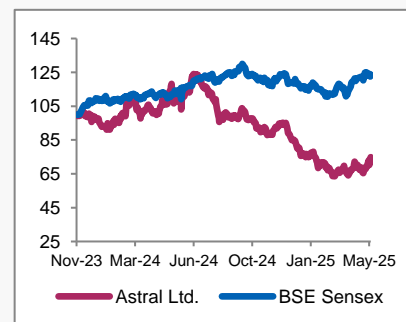
	Sep-24	Dec-24	Mar-25
Promoter	54.1	54.1	54.1
FII's	22.3	21.1	20.2
MFs / UTI	8.0	7.8	8.4
Others	15.6	17.0	17.4

Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	5,832	6,891	7,938
EBITDA	946	1,158	1,365
Net Profit	519	684	823
EPS (Rs)	19.3	25.4	30.6
PER (x)	69.5	52.7	43.8
EV/EBITDA (x)	26.8	30.3	25.2
P/BV (x)	9.8	8.4	7.2
RoE (%)	14.1	16.0	16.5

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Revenue	12%	14%
EBITDA	14%	17%
PAT	7%	10%

Relative Performance


Source: Ace Equity, Axis Securities Research

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Valuation & Recommendation

Our estimates are broadly in line with the company's low double-digit growth guidance and steady margins, owing to a better product mix going forward. Near-term headwinds persist, and we await any updates on ADD to spur growth. **We continue to value the stock at a 50X FY27E to arrive at a TP of Rs 1,530/share, implying an upside of 5% from the CMP. We maintain our HOLD rating on the stock.**

Key Highlights from Concall

- Pipes: FY25 was a tough year, due to PVC price fluctuations and demand issues.
- Market share in value-added products has increased.
- DrainPro capacity has expanded, performing well
- Received UL certification for FirePro pipes.
- Fitting manufacturing has commenced in South and Rajasthan, with East to follow.
- Al-Aziz acquisition: Addition of PE and PPE products to portfolio, German-certified gas fittings.
- O-PVC: Received ISI certification, technology sourced domestically. Expected to be a niche product but not a game changer for piping.
- No impact from potential ADD (anti-dumping duty) has been factored in, as it is yet to be implemented.
- FY26 capex planned at INR250–300Cr.
- The UK adhesives business delivered zero EBITDA this year.
- Bathware segment grew 50% YoY to ~INR130Cr, but remains unprofitable.
- PVC pipe volume growth projected at a maximum of 6–7%.

Key Risks to Our Estimates and TP

- **Slowdown in real estate sector:** Astral continues to be a prominent player linked to the real estate segment and exposed to the cyclicity of the sector.
- **Market share loss:** With high competitive intensity in the plastic pipes sector, Astral may be staring at a market share loss due to the nature of the market.
- **Polymer price volatility:** Astral is a converter of the CPVC compound. As the A polymer compound is a global commodity, it can be hurt by any disruption in supply or price fluctuation.

Change in Estimates
(Rs Cr)

	Revised		Old		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	6,891	7,938	6,133	6,940	12%	14%
EBITDA (Adj.)	1,158	1,365	1,012	1,166	14%	17%
PAT	684	823	638	745	7%	10%

Source: Company, Axis Securities Research

Q4FY25 Results Review
(Rs Cr)

Particulars	Q4FY24	Q3FY25	Axis Sec Est (Rs Cr)	Q4FY25	% Change (YoY)	% Change (QoQ)	Variance (%)
Net Sales	1,625	1,397	1,647	1,681	3.5	20.4	2.1
Growth (YoY%)	7.9%	2.0%	20.2%	3.5%			
Total Expenditure	1,334	1,178	1,368	1,380	3.4	17.2	
Raw Material Consumed	979	840	993	1,019	4.1	21.3	
% of sales	60.2%	60.1%	60.3%	60.6%			
Gross margins (%)	39.8%	39.9%	39.7%	39.4%	-37bps	-46bps	-29bps
Employee Expenses	119	130	135	133	11.5	2.5	
% of sales	7.3%	9.3%	8.2%	7.9%			
Other Expenses	236	208	240	228	-3.4	9.6	
% of sales	14.5%	14.9%	14.6%	13.5%			
EBITDA	292	220	279	302	3.6	37.5	8.2
EBITDAM (%)	17.9%	15.7%	16.9%	18.0%	2bps	224bps	102bps
Interest	8	14	14	10			
Depreciation	53	63	63	65	23.4	2.7	
Other Income	10	12	12	9	-13.7	-25.4	
PBT	241	154	214	236	-2.1	53.1	
Tax	60	42	58	58	-2.8	40.1	
Tax (%)	24.9%	27.0%	27.0%	24.7%	-18bps	-229bps	
Reported PAT	181	113	156	178	-1.9	57.9	14.0
Associate Profit	0	-0	0	-0			
PAT after Eol	182	113	156	178	-2.0	58.0	13.9

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar	FY25	FY26E	FY27E
Net Sales	5,159	5,641	5,832
Growth (%)	17.4%	9.4%	3.4%
Total Expenditure	4,349	4,723	4,887
Raw Material Consumed	3,362	3,477	3,451
Gross margins (%)	33.4%	38.7%	39.7%
Employee Expenses	319	438	518
% of sales	6.2%	7.8%	8.9%
Other Expenses	595	826	849
% of sales	11.5%	14.6%	14.6%
EBIDTA	810	918	946
EBITDAM (%)	15.7%	16.3%	16.2%
Depreciation	178	198	243
% of GB	8.6%	7.5%	7.5%
EBIT	632	721	703
EBITM (%)	12.2%	12.8%	12.0%
Interest	40	29	41
Other Income	25	42	41
Share of P/L of Associates	-2	-0	0
PBT	615	734	703
Tax Rate (%)	25.3%	25.6%	25.0%
Tax	156	188	184
Reported PAT	460	546	519

Source: company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E Mar	FY25	FY26E	FY27E
Share Capital	27	27	27
Reserves & Surplus	2,932	3,242	3,666
Net Worth	2,959	3,269	3,693
Total Loan funds	87	119	233
Deferred Tax Liability	41	46	55
Long Term Provisions	3	5	9
Other Long Term Liability	0	0	0
Capital Employed	4,373	4,498	5,056
Gross Block	2,062	2,632	3,253
Less: Depreciation	670	867	1,111
Net Block	1,392	1,765	2,142
Investments	0	0	0
Sundry Debtors	355	366	436
Cash & Bank Bal	682	610	608
Loans & Advances	0	0	0
Inventory	875	913	1,011
Other Current Assets	337	97	94
Total Current Assets	1,333	1,121	1,143
Curr Liab & Prov	2,249	1,986	2,149
Net Current Assets	915	865	1,006
Total Assets	4,373	4,498	5,056

Source: company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E Mar	FY25	FY26E	FY27E
PBT	615	734	703
Add: depreciation	178	198	243
Add: Interest	40	29	41
Cash flow from operations	833	960	987
Change in working capital	87	47	171
Taxes	156	188	184
Net cash from operations	604	726	633
Capital expenditure	(636)	(571)	(621)
Net cash from investing	(636)	(571)	(621)
Increase/Decrease in debt	(11)	32	114
Dividends	(60)	(101)	(101)
Proceedings from equity	7	0	0
Interest	(40)	(29)	(41)
Others	177	(130)	15
Net cash from financing	72	(228)	(13)
Net Inc./(Dec.) in Cash	40	(73)	(1)
Opening cash balance	642	682	610
Closing cash balance	682	609	608

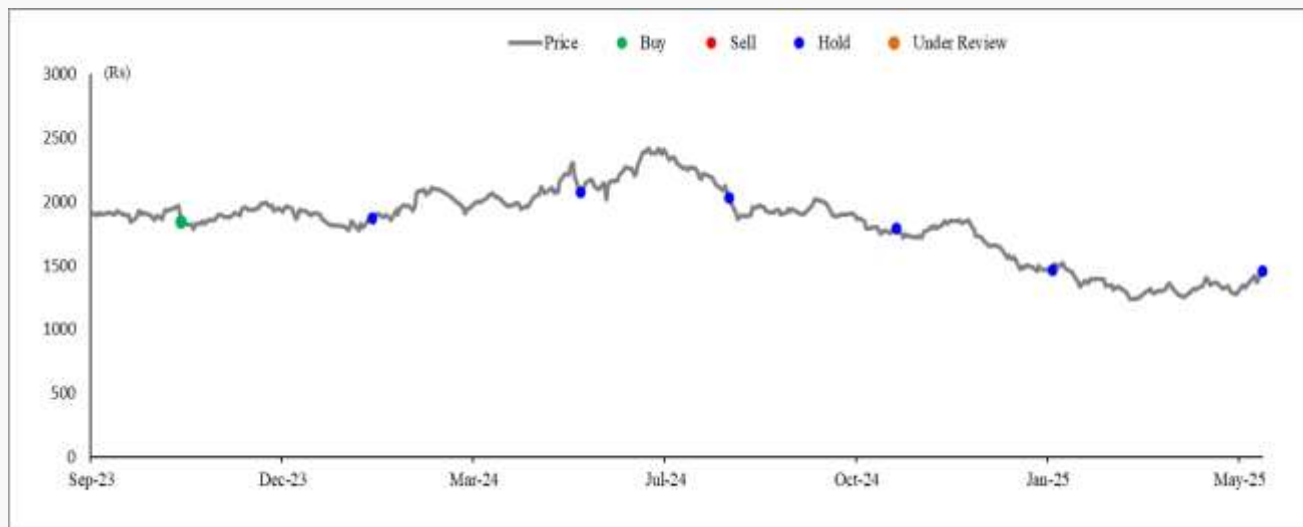
Source: company, Axis Securities Research

Ratio Analysis
(x) / (%)

Y/E Mar	FY25	FY26E	FY27E
Sales growth	17.4	9.4	3.4
OPM	15.7	16.3	16.2
Oper. profit growth	7.2	13.4	3.0
COGS / Net sales	66.6	61.3	60.3
Overheads/Net sales	17.7	22.4	23.4
Depreciation / G. block	8.6	7.5	7.5
Effective interest rate	25.3	25.6	25.0
Net wkg.cap / Net sales	0.1	0.1	(1.7)
Net sales / Gr block (x)	2.5	2.1	1.8
RoCE	25.2	25.2	20.6
Debt/equity (x)	0.0	0.0	0.1
Effective tax rate	25.3	25.6	25.0
RoE	16.0	16.7	14.1
Payout ratio (Div/NP)	224.2	374.3	374.3
EPS (Rs.)	17.6	20.3	19.3
EPS Growth	(3.7)	15.5	(4.9)
CEPS (Rs.)	24.2	27.6	28.3
DPS (Rs.)	2.2	3.7	3.7

Source: company, Axis Securities Research

Astral Ltd Price Chart and Recommendation History



Date	Reco	TP	Research
20-Oct-23	BUY	2,150	Result Update
31-Jan-24	HOLD	2,000	Result Update
22-May-24	HOLD	2,000	Result Update
12-Aug-24	HOLD	2,000	Result Update
08-Nov-24	HOLD	1,800	Result Update
31-Jan-25	HOLD	1,590	Result Update
26-May-25	HOLD	1,530	Result Update

Source: Axis Securities Research

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Ratings	Expected absolute returns over 12 – 18 months
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
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NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.