

Astral Ltd.

BUY

Sector: Plastic Pipes

13th April, 2026

						Target	1,912
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	1,631
Mid Cap	ASTRA:IN	77,550	ASTRAL	532830	12 Months	Return	+17%

Data as of: 10-04-2026, 18:00 hrs

High-Quality Franchise Poised for Earnings Recovery

Astral Ltd., founded in 1996 and headquartered in Ahmedabad, is India's leading CPVC pipe manufacturer. The company pioneered CPVC pipes in India in 1999 and has since diversified into adhesives, paints, and bathware, with 19 manufacturing facilities across India, the UK, and the USA.

- The Indian plastic pipes market is estimated at USD ~7.4 bn and is projected to grow at a 14% CAGR over FY25–FY31, driven by GoI initiatives such as Jal Jeevan Mission, rising urbanisation, and a structural shift toward organised players.
- Astral is India's pioneer and market leader in CPVC pipes, commanding ~25% share in the organised CPVC segment with consistently superior EBITDA margins of 16–17% across market cycles.
- We expect Astral's revenue to grow at a 16.5% CAGR over FY26–28E, with an earnings CAGR of ~28.1% as capex normalises and new plants ramp utilisation.
- EBITDA margins are projected to expand from 16.2% in FY25 to ~17.7% by FY28E, driven by operating leverage from improved utilisation and benefits from backward integration through Nexelon, expected to commence from Q4FY27.
- ROE is expected to recover from ~15.1% in FY25 toward ~17.5% by FY28E, as asset turns improve with utilisation recovery and margin expansion from backward integration.

Investment Rationale

- Astral's pipes and fittings segment, which contributes ~70% of revenue, remains the key growth driver, with pipe systems capacity standing at ~410,000 MTPA; overall manufacturing capacity, including adhesives, paints and bathware, is at 549,126 MTPA.
- Firming resin prices have triggered a revival in channel restocking, driving robust plumbing volume growth of 16.8% YoY in Q3FY26, after a sharp 20.6% YoY increase in Q2FY26.
- Capex peaked in FY25 and is expected to moderate going forward, with earnings projected to grow at a CAGR of ~28.1% over FY26–FY28E, supported by rising utilisation and normalising amortisation.
- Astral is backward integrating further with an 80% stake in Nexelon Chem to manufacture CPVC resin (40,000 MTPA by Q4FY27), eliminating import dependence and supporting margin expansion from FY28.
- Astral's CPVC leadership and diversified portfolio across adhesives, paints, and bathware provide structural resilience, with non-pipes segments expected to register ~15.4% CAGR over FY26–28E.

Valuations

We initiate coverage with a BUY rating and a target price of Rs. 1,912, based on 58x FY28E EPS. The valuation reflects Astral's premium CPVC positioning, visible post-capex earnings inflection, and structurally lower earnings volatility relative to peers.

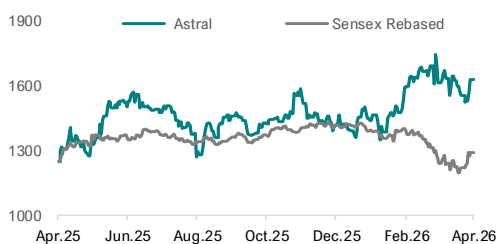
Company Data

Market Cap (Rs. cr)	43,806
52 Week High — Low (Rs.)	1,768 - 1,240
Enterprise Value (Rs. cr)	43,760
Outstanding Shares (cr)	26.9
Free Float (%)	45.4
Dividend Yield (%)	0.23
6m average volume (cr)	0.09
Beta	0.74
Face value (Rs)	1.0

Shareholding (%)	Q1FY26	Q2FY26	Q3FY26
Promoters	54.1	54.2	54.2
FII's	20.2	16.6	15.2
Mf's/Institutions	14.7	17.5	19.2
Government	0.2	0.3	0.3
Public	10.9	11.4	11.0
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	13%	15%	31%
Absolute Sensex	-7%	-6%	3%
Relative Return	20%	21%	27%

*over or under performance to benchmark index



Consolidated (Rs. cr)	FY26E	FY27E	FY28E
Sales	6,287	7,575	8,528
Growth (%)	7.8	20.5	12.6
EBITDA	1,024	1,295	1,513
Margin (%)	16.3	17.1	17.7
PAT Adj.	540	736	886
Growth (%)	3.1	36.4	20.3
Adjusted EPS	20.1	27.4	33.0
Growth (%)	3.1	36.4	20.3
P/E	81.1	59.5	49.5
P/B	12.5	10.6	9.0
EV/EBITDA	42.1	32.9	27.8
ROE (%)	13.8	16.7	17.5
D/E	NM	NM	NM

Author: Anil R, Sr. Research Analyst



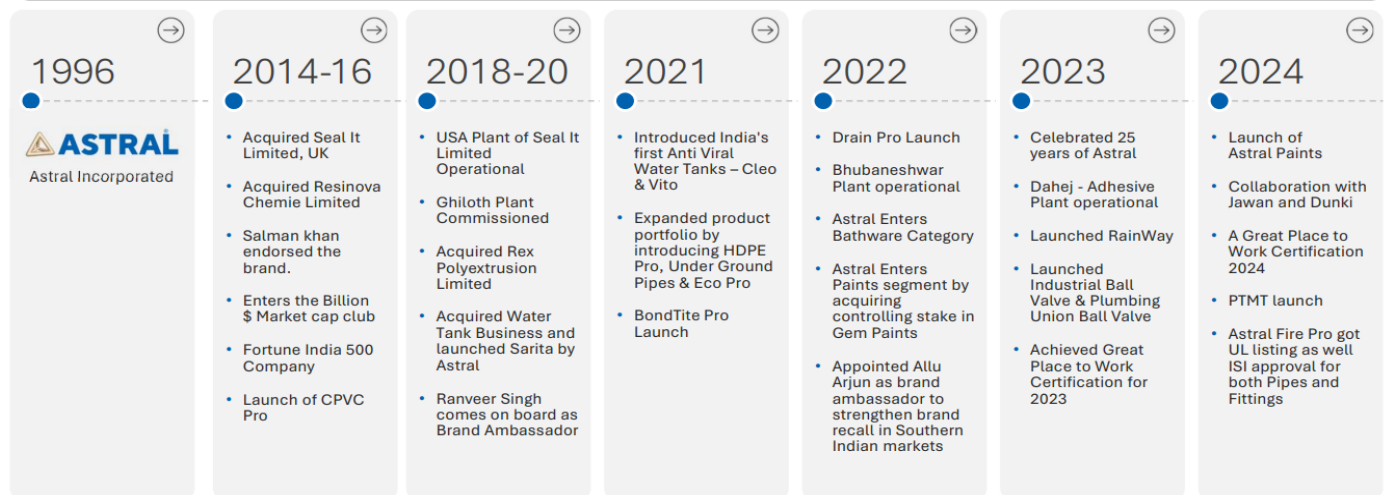
About the Company

Astral's core business is anchored by its pipes and fittings segment, which contributes ~70% of total revenue and remains the primary growth driver. The company holds a leadership position in the CPVC category, having pioneered the introduction of CPVC pipes in India in partnership with Lubrizol's FlowGuard technology in the late 1990s. Complementing this, its adhesives and sealants portfolio—led by established brands such as Resinova and Seal It—creates strong cross-selling opportunities within its building materials ecosystem. In addition, the expanding valves, faucets, paints, and bathware segment represents a strategic growth avenue, with a focused push toward the premium category and ambitious plans to scale its branded showroom network nationwide.

Bolstering its operational strength, Astral operates a wide network of advanced manufacturing facilities across Gujarat, Rajasthan, Tamil Nadu, Andhra Pradesh, and Uttar Pradesh, with total production capacity expanding to 410,000 MTPA (pipes) as of 9MFY26, following the commissioning of the Kanpur plant. Its extensive distribution network of 3,610+ distributors and over 2.51 lakh dealers ensures deep pan-India reach. Financially, the company continues to demonstrate strong momentum, with FY25 consolidated revenue at Rs. 5,832cr, while the pipes and fittings segment delivered a ~16.2% revenue CAGR over FY20–FY25, supported by a 47% rise in volumes between FY22 and FY24. 9MFY26 plumbing volumes have grown ~12.3% YoY, with a sharp acceleration in recent quarters to ~17–20% YoY. Backed by continued investments in innovation, R&D, and product expansion, Astral remains well-positioned to address evolving infrastructure demand and reinforce its leadership in the sector.

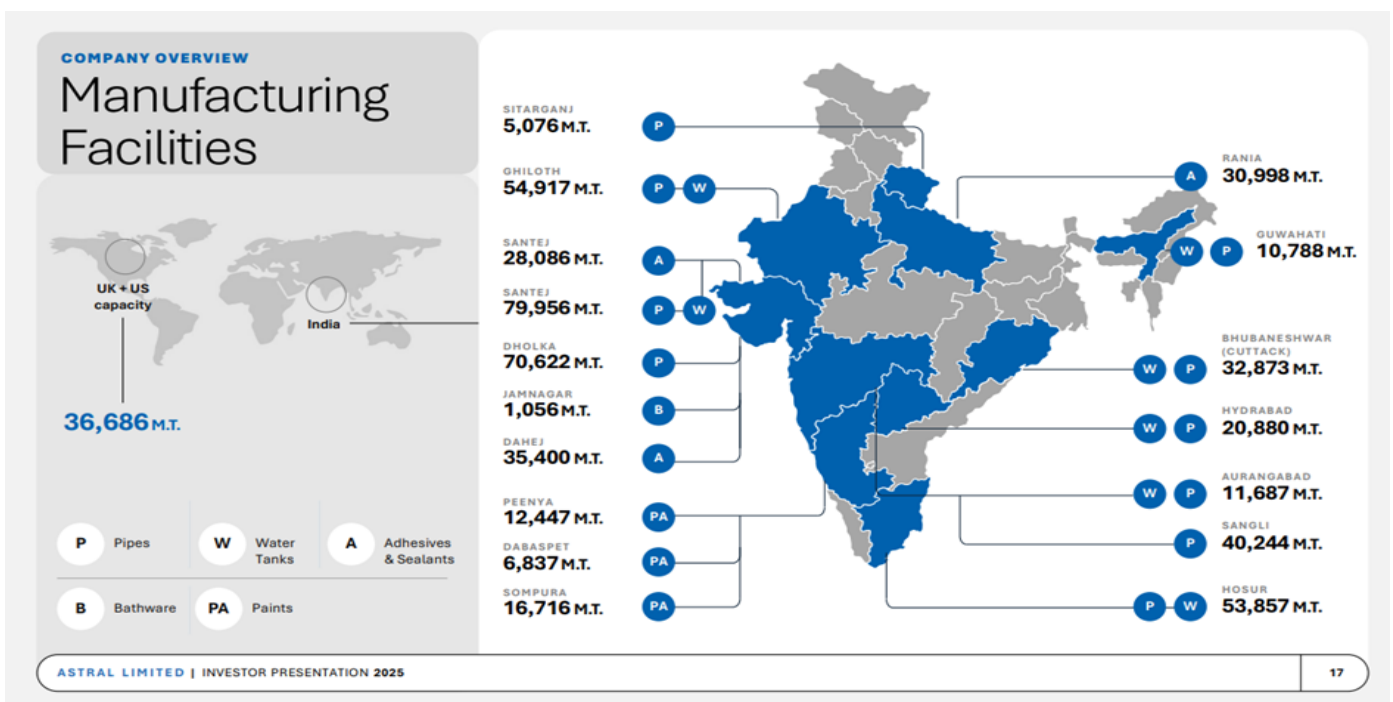


Astral-Journey



Source: Geojit Research, Company Investor PPT

Astral's Manufacturing Capabilities



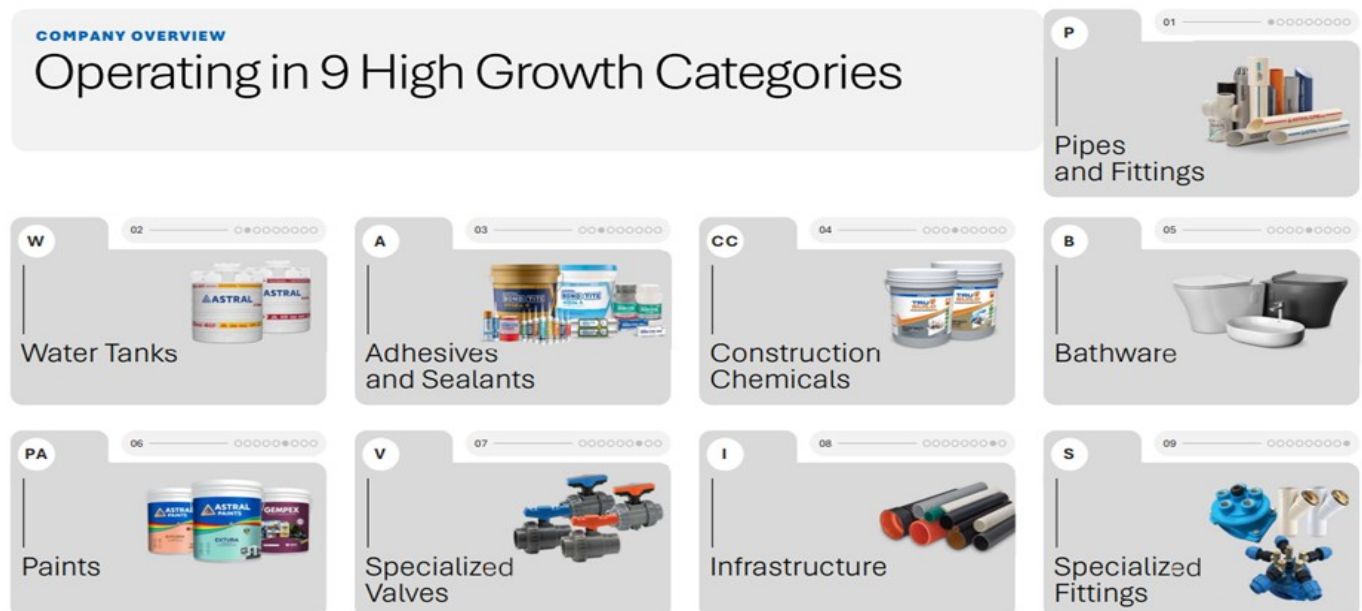
Source: Company Investor PPT



Business Segment Breakdown

- ◆ Astral's business is strategically diversified across key product segments, with pipes and fittings forming the core of its revenue base. This segment is led by innovative, value-added offerings such as the pioneering FlowGuard CPVC pipes, known for superior heat resistance, corrosion protection, and long-term durability. The portfolio is further strengthened by specialized products such as Fire Pro for fire sprinkler and safety applications, OPVC pipes designed for enhanced strength and durability in agricultural and industrial drainage use cases, and advanced valve systems that improve flow control while reducing maintenance costs.
- ◆ Complementing this core strength, the adhesives and sealants segment contributes ~24.0% to revenues, featuring high-performance value-added solutions under brands like Resinova solvent cements for robust joint sealing in plumbing installations and Seal IT sealants that provide waterproofing and vibration resistance, enabling seamless cross-selling opportunities and bolstering overall system reliability.
- ◆ The paints division emphasizes premium value-added formulations, including weather-resistant exterior emulsions, anti-fungal interior paints, high-adhesion primers for surface preparation, and durable enamels alongside putties for crack filling, all designed to enhance aesthetic appeal and longevity in residential and commercial spaces.
- ◆ Rounding out the mix, the bathware represents a high-growth avenue with value-added luxury products such as designer faucets with water-saving aerators, ergonomic washbasins and toilets featuring vitreous China for hygiene and elegance, and premium shower fittings with thermostatic controls, supported by an expanding network of over 500 branded showrooms to capture the upscale market. This segment-wise focus on innovation not only drives a balanced revenue stream but also positions Astral as a leader in sustainable, high-margin building materials solutions.

Astral's Product Portfolio



Source: Geojit Research, Company Investor PPT

Pipe Systems – Categories, Types & Raw Materials

Category	Type of Pipe	Raw Material
Plumbing Pipes & Fittings	CPVC pipes	CPVC resin
Sewerage & Drainage Pipes & Fittings	SWR / DrainPro	uPVC
Agriculture Pipes & Fittings	Agri pipes	PVC
Cable Protection System	DWC conduit pipes	PVC
Industrial Piping System	Industrial pipes	Various
Urban Infrastructure	uPVC pressure pipes	uPVC
Fire Protection System	FirePro (UL approved)	CPVC
Column Pipe	Submersible column pipes	uPVC/PVC

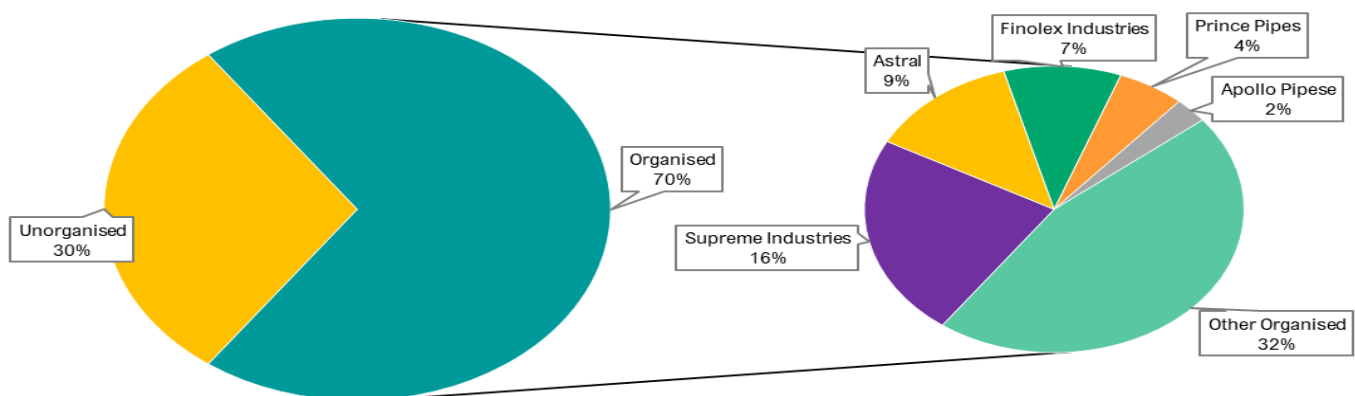
Source: Geojit Research, Company Investor PPT

Industry Outlook

India's per capita plastic consumption is roughly half the global average and only one-third that of China—a nation with a comparable population. This disparity signals significant untapped potential for growth in the sector. The Indian plastic pipes organized market is estimated at Rs.400–540bn and is projected to grow at 10–12% CAGR over FY23–FY28. Key demand drivers include the following:

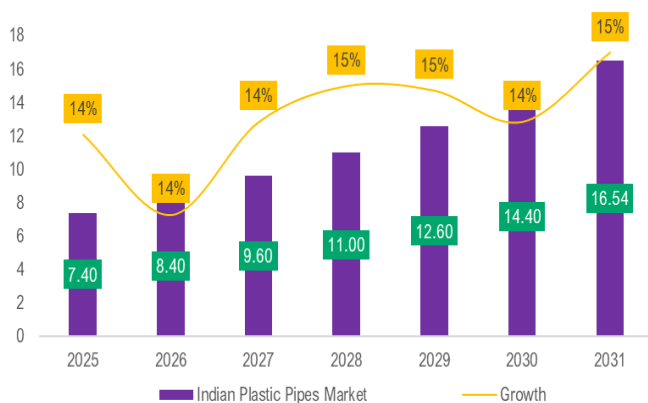
- ◆ **Government Initiatives:** Housing for All and allied urban housing programmes (2024-29), Jal Jeevan Mission AMRUT projects, and Swachh Bharat Mission are driving water supply, sanitation, and urban infrastructure investments.
- ◆ **Urbanization & Construction:** Increasing housing demand in Tier-II/III cities, along with repair/replacement demand for old GI/CI pipes, is creating structural demand for CPVC/uPVC pipes.
- ◆ **Agriculture Demand:** About 51% of agricultural land is still rain-fed (as per Ministry of Agriculture and Farmers welfare). A growing focus on irrigation and subsidies under PMKSY is expected to sustain demand for agri-pipes.
- ◆ **Shift to Organized Players:** With rising quality awareness, stricter plumbing standards, and brand-led differentiation, organized players like Astral, Supreme, and Finolex are gaining market share.
- ◆ **Coming to the PVC pipe sector:** The PVC pipe sector in India remains a cornerstone of the infrastructure and agriculture industries, benefiting from sustained government investments in water management, urbanization, and rural development. As of 2025, the market is valued at approximately USD 5.4–7.4 billion (with volumes around 3.0–3.2 million tons), reflecting a post-pandemic recovery and alignment with initiatives like Jal Jeevan Mission (aiming for universal tap water by 2028) and Pradhan Mantri Krishi Sinchayee Yojana (PMKSY). The sector is projected to grow at a CAGR of 14% through 2025–2031, with production expected to be ~4.5–5.5 million tons, driven by demand for corrosion-resistant, lightweight piping solutions. However, raw material volatility (PVC resin accounts for 60–70% of costs) and environmental scrutiny pose headwinds.
- ◆ **The market is moderately fragmented,** with organized players commanding ~70% share through branded networks and compliance, while unorganized local manufacturers hold the rest, focusing on low-cost rural supply. Key enablers include a shift from metal (GI) to PVC pipes for durability and cost-efficiency, alongside rising exports to Africa and Southeast Asia.

Market Share Breakup



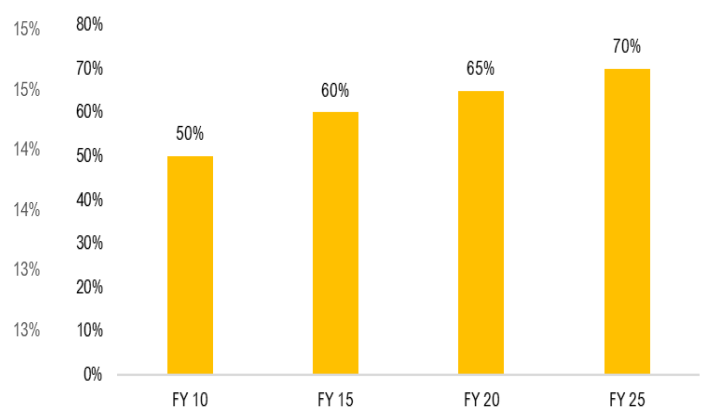
Source: Geojit Research

Indian Plastic Pipe Market Growth (\$)



Source: Prince Pipes, Geojit Research

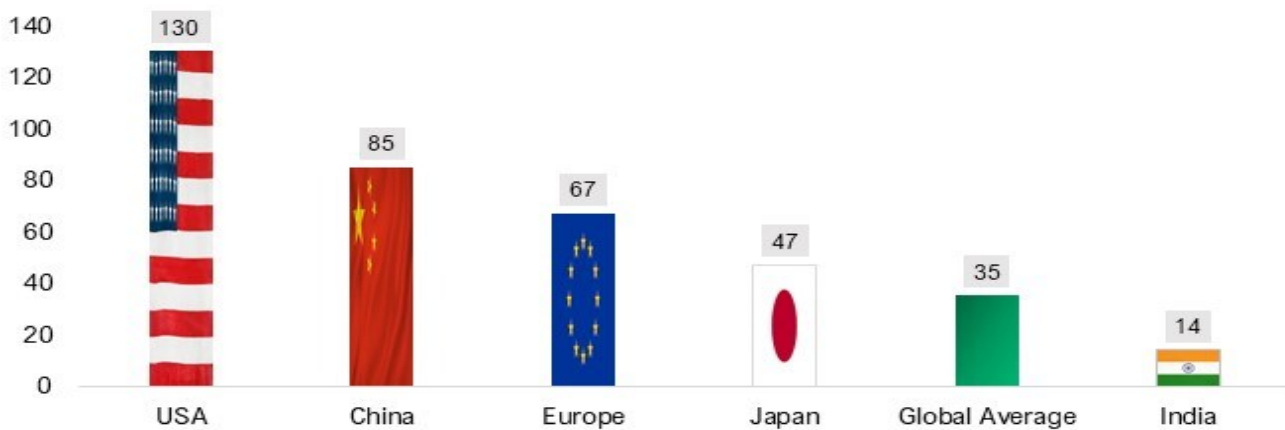
Organised Players Gaining Market Share Over Time



Source: Industry, Geojit Research

Building Material Industry

India's Per Capita Plastic Consumption Compared to Peers

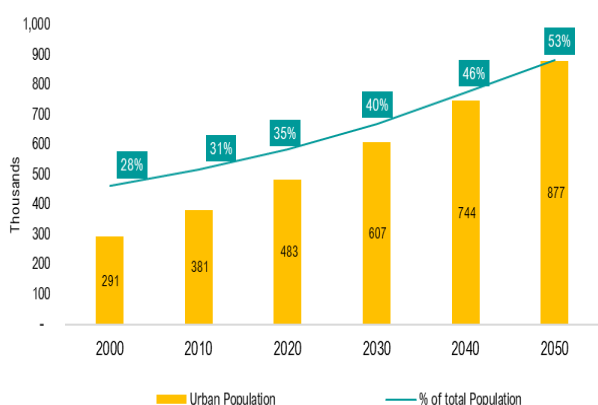


Source : Crisil Intelligence, Geojit Research

The building materials sector in India, encompassing products like cement, concrete, pipes, adhesives, and advanced composites, is poised for robust growth and projected to reach \$84.53 Bn by 2032, growing at a CAGR of 7.65% from 2024 to 2032. Advanced materials alone are expected to grow from USD 5.0 bn in 2024 to USD 8.7 bn by 2033 (5.8% CAGR). Key tailwinds stem from structural economic shifts, policy support, and innovation, driving demand for eco-friendly, tech-integrated, and resilient materials. Below are the primary tailwinds:

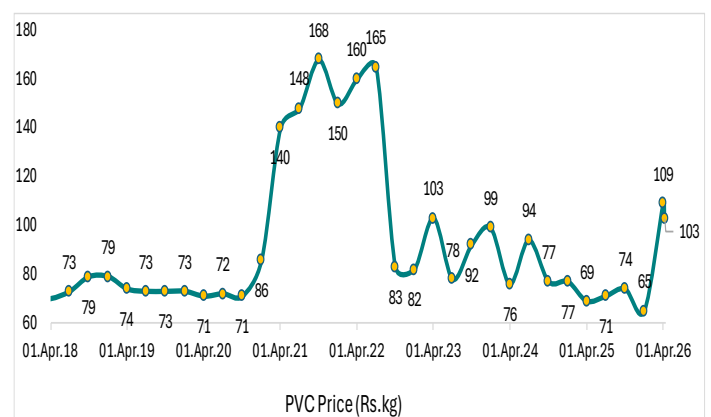
- Urbanisation:** The increase in urban population is a core component of this trend and acts as a primary driver of building material demand. As more people move to cities, there's heightened pressure for residential, commercial, and infrastructural development—think new apartments, offices, roads, and utilities—which directly spikes consumption of materials like cement, steel, pipes, adhesives, and insulation.
- Discretionary Income:** RBI's cumulative repo rate cuts through 2025 have lowered home loan EMIs, stimulating residential construction activity and a shift toward quality building materials as households upgrade beyond basics. This disproportionately benefits organised premium players like Astral, whose CPVC plumbing systems, adhesives, and bathware are the natural choice in quality-conscious Tier-I and Tier-II residential projects. Sustained government spending under Housing for All and AMRUT provides an additional demand floor independent of consumer rate sensitivity.
- PVC Prices to stabilize:** Following the post-COVID boom, PVC resin entered a prolonged correction driven by US construction weakness, Chinese oversupply from its property market collapse, and lower crude oil prices — touching an 8-year low of ~Rs.65/kg by end-Q3FY26. The downcycle is now inflecting: China's removal of PVC export incentives from April 2026 reduces structural dumping pressure on Asian markets. The recent spike toward Rs.100/kg, driven by Middle East-related crude volatility, is expected to be transient given intact demand-supply fundamentals. We anticipate PVC resin stabilising in the Rs.70–80/kg range over the near-to-medium term — a materially less volatile band than the Rs.65–165/kg range seen over FY21–26. For Astral, stable resin prices support channel restocking and volume recovery, while the upcoming Nexelon CPVC resin integration from Q4FY27 structurally reduces import dependence and insulates margins from future resin upcycles.

Urbanisation to Drive Demand in PVC Segment



Source: CEA, Crisil Intelligence, Geojit Research

PVC Prices bottomed out



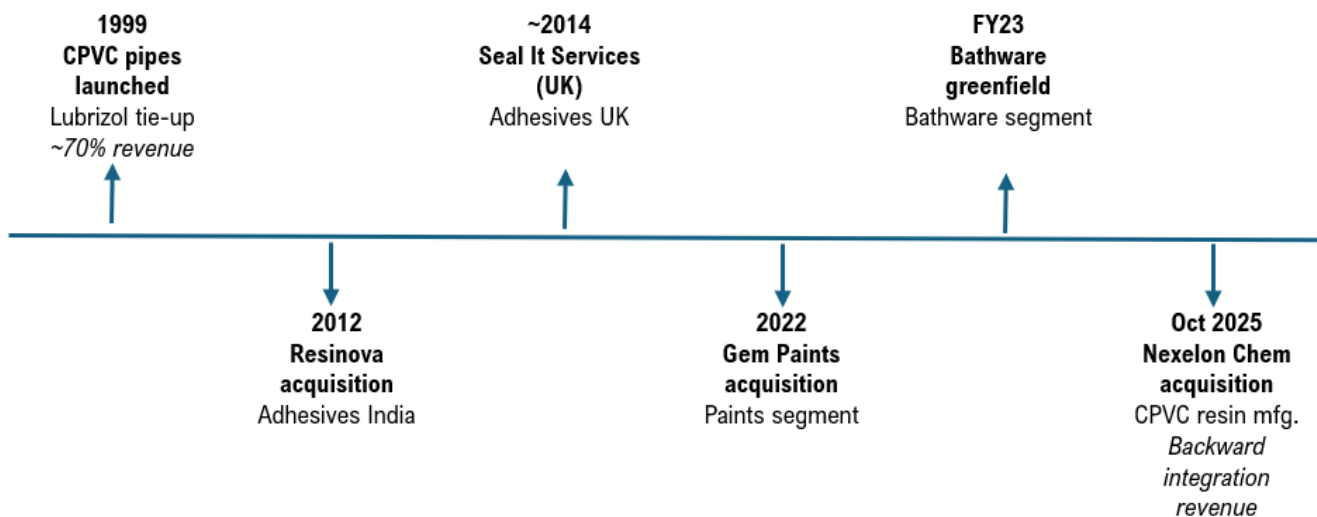
Source: Bloomberg, Geojit Research

Leadership in CPVC Segment and Diversified Portfolios

Astral is the pioneer of CPVC pipes in India and continues to hold premium market share. Astral commands a significant market share in the CPVC (Chlorinated Polyvinyl Chloride) segment, having pioneered the introduction of CPVC pipes in India through its strategic collaboration with Lubrizol. The company has delivered a robust compounded annual sales growth of 18% over the past five years while consistently sustaining an impressive operating profit margin (OPM) of 16% across the last eight quarters.

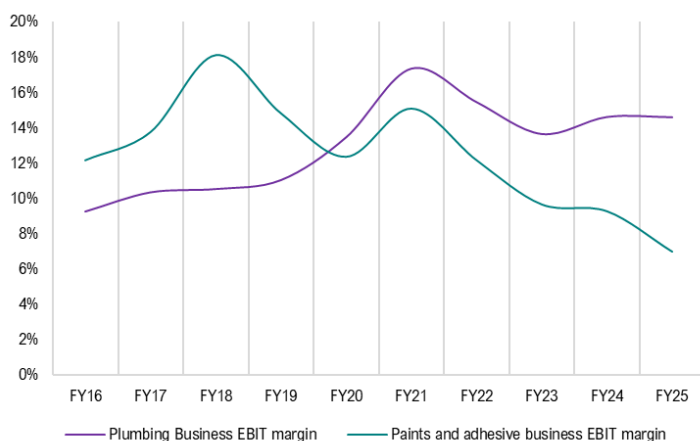
- ◆ Pipes and fittings contribute ~70% of consolidated revenue, with CPVC pipes alone accounting for ~33%. The remaining pipe revenue is spread across uPVC, agricultural PVC, and OPVC, covering residential, infrastructure, and agricultural pipe demand.
- ◆ Beyond pipes, Astral has expanded beyond pipes into adhesives (~24.0%), paints (~3.7%), and bathware (~2.3%) to reduce dependence on PVC price cycles and to build a one-stop building materials franchise.
- ◆ Across segments, pipes and adhesives in India both sustained consistent margins and strong volume growth, with plumbing volumes recovering sharply to 16.8% YoY in Q3FY26. Paints have turned EBITDA-positive in FY25, while bathware grew 51% YoY, with breakeven guided for FY26.
- ◆ Plumbing EBIT margins have remained steady at 14–15% over the last three years (FY23–FY25), after peaking at 17% in FY21. The Paints & Adhesives segment has seen margins compress from 18% in FY18 to 7% in FY25. The reported margin dilution reflects the scale-up of the paints business, while core adhesive margins remain structurally strong.

Acquisition Over the Years



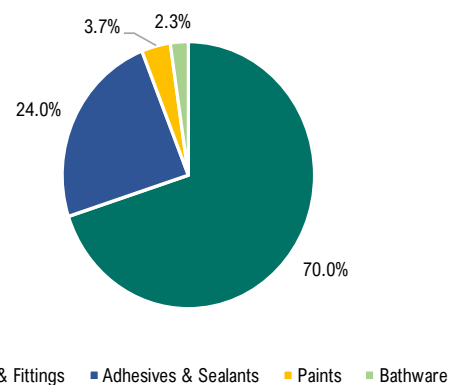
Source: Geojit Research

Segmental EBIT Margins



Source: Geojit Research

Product Portfolio



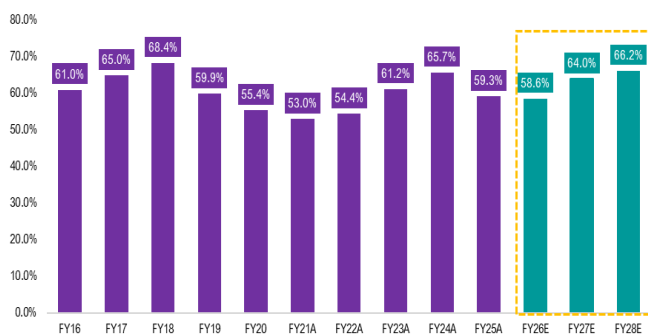
Source: Geojit Research

Investment Rationale

Utilisation Recovery to Drive Earnings Re-acceleration

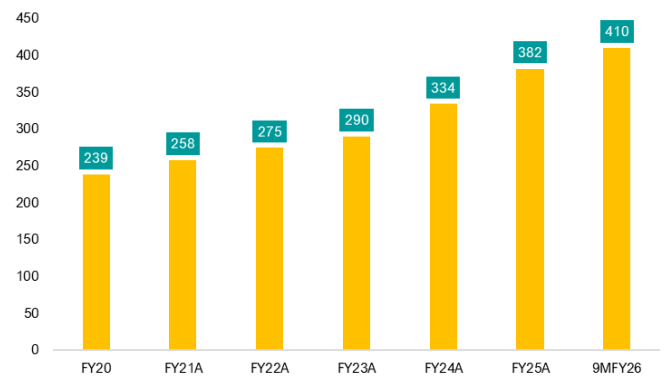
- ◆ Astral added ~1 lakh MT capacity across Odisha, Kanpur, Hyderabad, and Dahej over FY23–26, taking installed pipe systems capacity to 4,10,000 MTPA as of 9MFY26. New plants typically operate at low utilisation initially, suppressing overall utilisation to ~59% in FY25. With the capex cycle now largely complete, incremental volumes will flow through at higher margins as fixed cost absorption improves and utilisation ramps toward ~64%+ by FY28E.
- ◆ PVC resin prices corrected sharply from Rs.150/kg (FY21) to ~Rs.65/kg by end-Q3FY26 — an 8-year low — mechanically compressing revenue per unit and asset turns from 1.45x to 1.22x. Crucially, EBITDA margins held steady at ~16% throughout, demonstrating pricing discipline and mix resilience. ROE compression from ~23% (FY22) to ~15% (FY25) is therefore driven by asset base expansion from underutilised new capacity, not margin erosion. As utilisation recovers, asset turns are expected to normalise, supporting mean-reversion in ROE toward Astral's historical average of ~18%.
- ◆ With resin prices having bottomed at ~Rs.65/kg through H1FY26, dealer destocking has largely reversed as channel partners rebuild inventory with confidence. China's removal of PVC export incentives from April 2026 further supports a structural floor on prices by curbing excess Asian supply. Astral's plumbing volumes grew by 16.8% and 20%+ YoY in Q3FY26 and Q2FY26 respectively, signal a durable demand recovery, with channel re-stocking now a near-term tailwind.
- ◆ Critically, our margin expansion assumptions are driven by two independent levers: utilisation ramp-up at recently commissioned plants generating operating leverage, and CPVC resin backward integration through Nexelon from Q4FY27, eliminating import dependence and contributing to group EBITDA margins from FY28 onwards.

Astral's Utilisation Rate Set to Improve



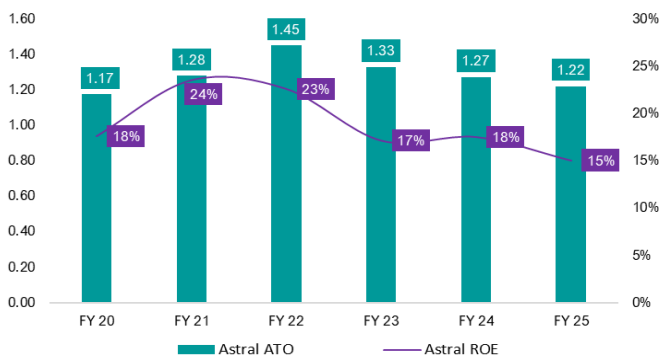
Source: Geojit Research

Capacity Scale-Up Over Time



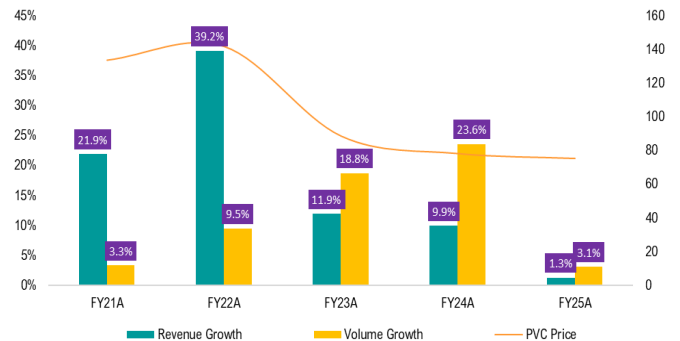
Source: Geojit Research

Operating Efficiency Indicators



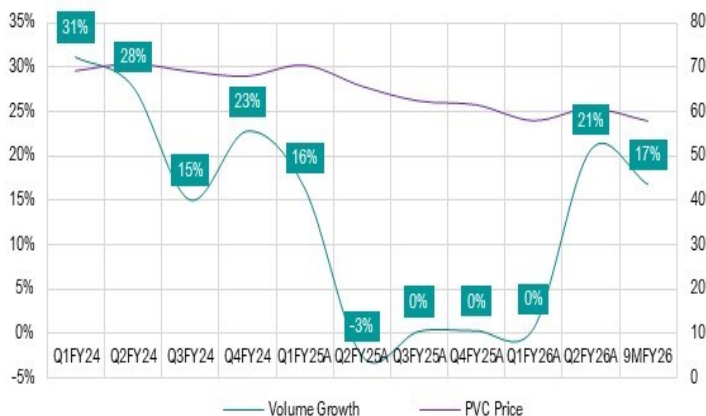
Source: Geojit Research

Volume vs Revenue Growth Trends



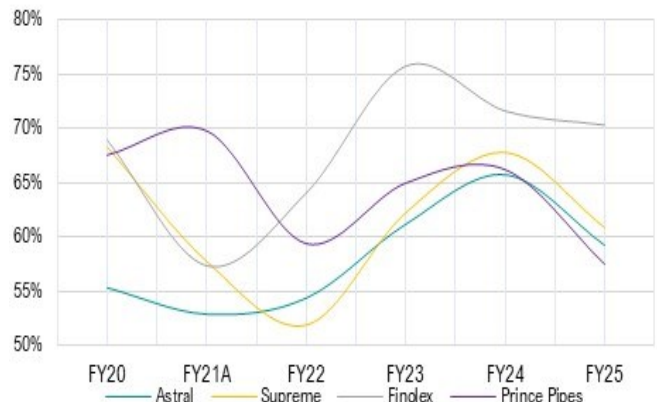
Source: Geojit Research

Recovery in Volume Growth



Source: Geojit Research

Peer Comparison: Capacity Utilisation



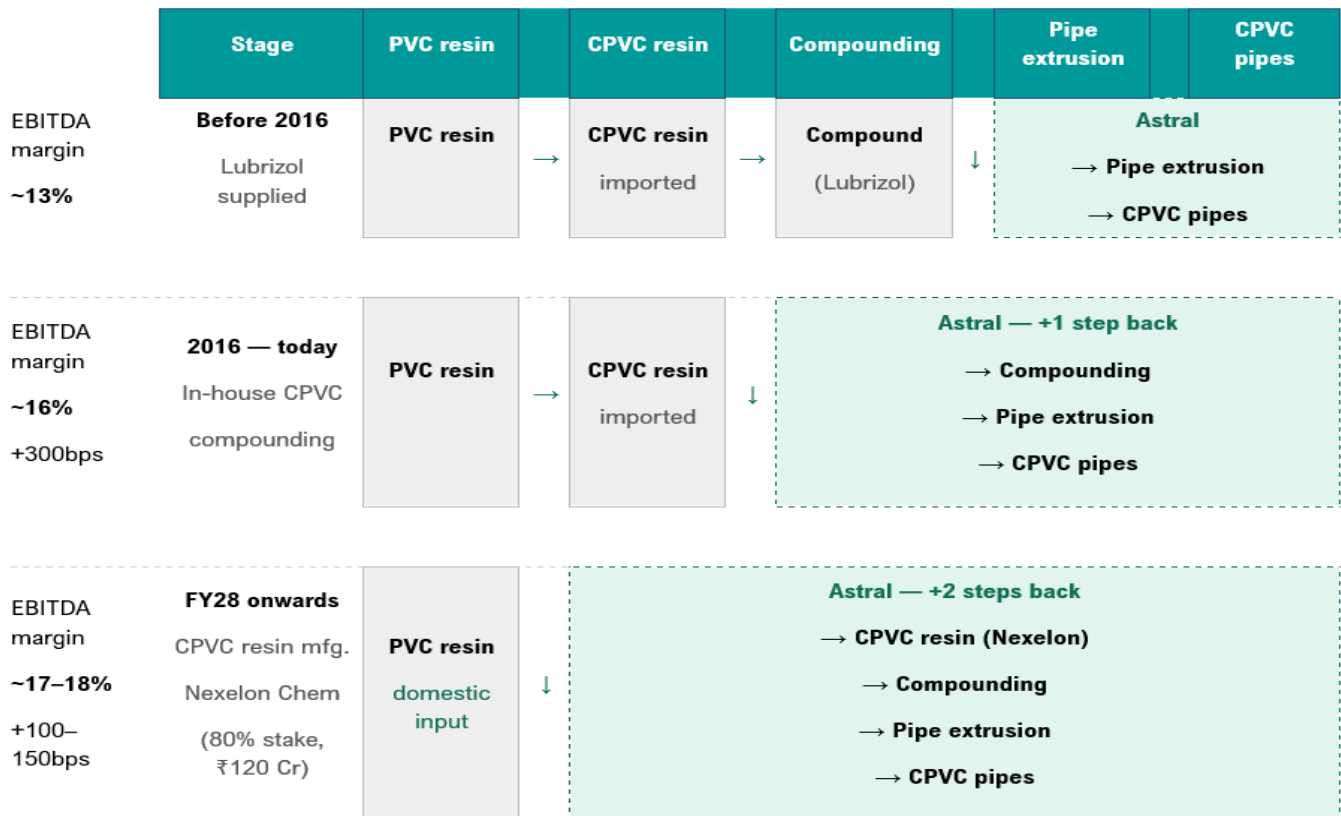
Source: Geojit Research



Backward Integration: Deepening the Value Chain

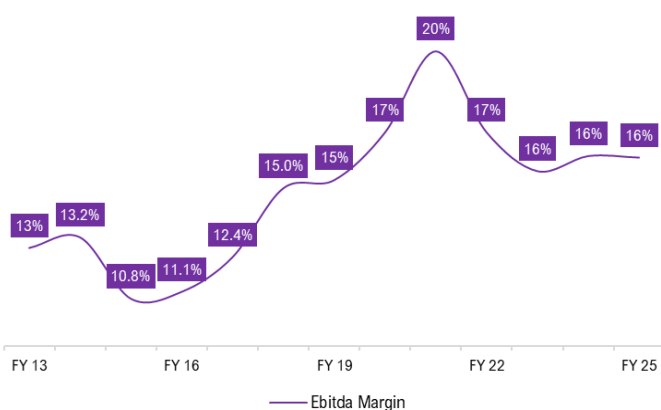
- ◆ In 2016, Astral moved to in-house CPVC compounding (mixing imported resin with additives internally rather than outsourcing), discontinuing its import dependence for ready-made compound, which resulted in EBITDA margin expansion of ~300bps, from ~13% to ~16%. The compounding facility currently operates at ~100% utilisation with a capacity of 45,000 MTPA, fully meeting Astral's internal CPVC pipe production requirements.
- ◆ Building further on this, Astral acquired an 80% stake in Nexelon Chem in October 2025, which will manufacture CPVC resin with a target capacity of 40,000 MTPA. The production unit is expected to be ready by Q2FY27, with Q3FY27 earmarked for trials and testing, and commercial production commencing from Q4FY27. This eliminates import dependency on CPVC resin, which constitutes ~ 3/4th of the CPVC pipe segment's raw material cost, with the margin benefit expected to commence from FY28. Total capex for the project is approximately Rs.120cr. Complemented by the restructuring of its UK operations, comprising rationalization of the Seal It UK cost base, including headcount and facility optimization, UK operations EBITDA margin is expected to improve from current ~3% to positive 6-7% by FY27, contributing approximately ~25bps improvement to group EBITDA margins along with robust expansion in the bathware segment, these strategic moves are well-positioned to propel EBITDA growth throughout FY27-32.
- ◆ Our FY28E EBITDA margin estimate of 17.7% includes ~150 bps of expansion from FY25 levels, of which ~60 bps is attributable to Nexelon and is explicitly embedded in our FY28E estimates. The balance expansion is driven by utilisation ramp-up and operating leverage at recently commissioned plants.

EBIT Margin is Set to Improve via Backward Integration



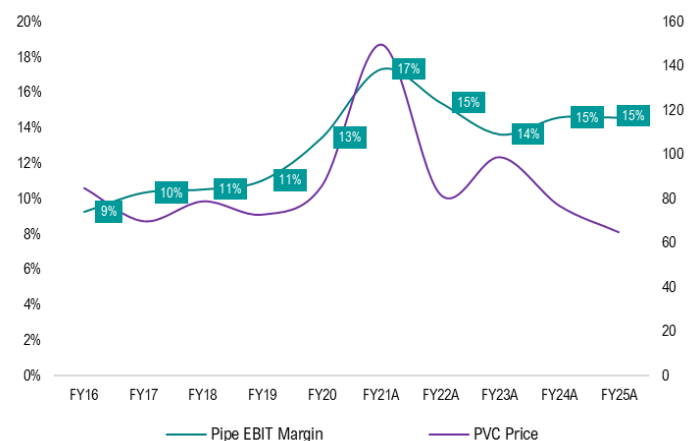
Source: Geojit Research

EBITDA Margins historically peaked at ~20% and Stabilised around ~16% post volatility.



Source: Geojit Research

EBIT Margins Remain Strong Despite PVC Volatility

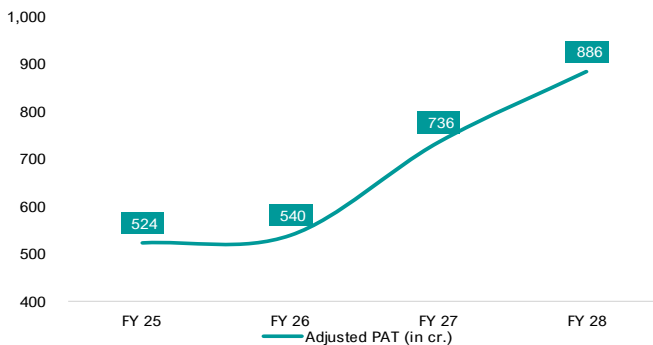


Source: Geojit Research

Capex to Normalise

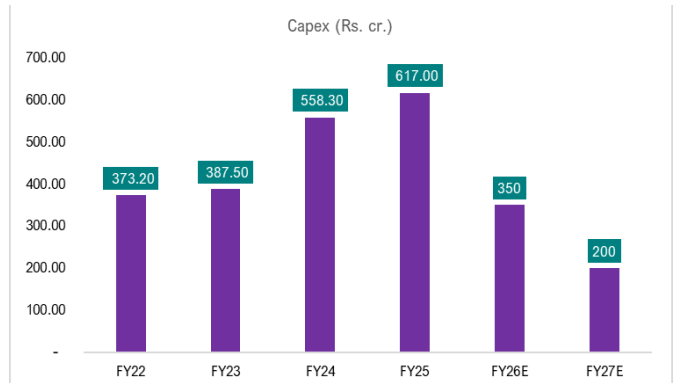
After commissioning ~1 lakh MT of capacity across four plants during FY23–26, capex peaked at Rs. 617cr in FY25. Management has now guided for a sharp moderation to ~Rs. 350cr in FY26, with further normalisation expected in FY27. As utilisation at the new plants ramps up, the elevated amortisation charges that have weighed on reported PAT during the investment phase are expected to gradually decline, unlocking previously suppressed earnings and supporting an estimated PAT CAGR of ~28.1% over FY26E–28E. The simultaneous normalisation of capex and strengthening of operating cash flows signals a clear improvement in earnings quality, with free cash flow generation likely to improve materially from FY27 onward.

PAT to grow at 28% CAGR over FY26E-28E



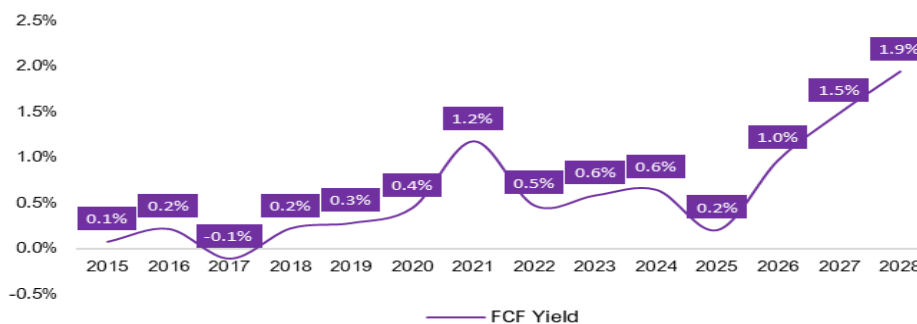
Source: Geojit Research

Peak Capex Phase Concluded



Source: Geojit Research

Rising Free Cash Flow Yield



FCF Yield calculation = (Operating Cash Flow - Capex) / Market Capitalization. Market cap based on shares outstanding at period end × prevailing CMP

*CMP considered as of 10/04/2026

Source: Geojit Research

Decentralization Strategy

Astral follows a distributed manufacturing strategy, with multiple regional plants spread across India and select international locations, designed to optimize production, reduce dependence on centralized hubs, and cater to growing demand across the infrastructure and plumbing sectors. The strategy is integral to the company's capacity-building efforts, aiming for a pan-India footprint over the next 10-15 years, with ongoing expansions in key regions like the South, East, Rajasthan, and North. The strategy delivers multifaceted advantages, particularly in a market where polymer prices have declined, amplifying freight costs. By localizing production, Astral mitigates these pressures and drives sustainable growth. Key benefits include logistic savings, better realisations and capacity utilisation which may lead to enhanced market penetration and revenue growth.

Brand Strength

Aggressive marketing campaigns and a wide distribution network provide strong entry barriers for competitors. The company allocates 3-4% of net sales, outpacing industry peers, to a robust multi-channel advertising strategy. This encompasses national TV campaigns, high-profile IPL team sponsorships (e.g., associate partnerships with Chennai Super Kings, Mumbai Indians, and Gujarat Titans), targeted digital marketing, and grassroots initiatives such as plumber engagement events and prominent outdoor hoardings. These efforts markedly enhance brand recall, enabling deeper market penetration and sales growth that outstrips competitors.

Brand Penetration

Astral's network has burgeoned to surpass 3,610 distributors, while dealer numbers have skyrocketed from 163,000 in FY21 to more than 251,000 in recent years—all substantially driven by Winners' Circle, Astral Limited's flagship loyalty program,—it incentivizes participation through a points-based system tied to purchase volumes, promotional engagements, and turnover benchmarks. Overall capacity of 5,49,126 includes pipe systems (~410,000 MTPA) and allied products such as adhesives, paints and bathware.

Sales & Manufacturing Head Counts	Count
Manufacturing Units	19
Overall Capacity	5,49,126 MTPA
Distributors	3,610
Dealers	2,51,000
Employees	8,900



Peer Analysis

Astral Ltd vs Key Competitors in the Plastic Pipes Sector

The Indian plastic pipes industry, valued at ~Rs.500–540bn in FY25, faced headwinds from PVC resin price volatility and subdued demand post FY23 onwards, leading to muted revenue growth of 3–5% YoY across players. Among organised players, Supreme Industries (~15% overall pipes share) leads on absolute scale, Finolex Industries benefits from full PVC resin backward integration, and Prince Pipes remains volume-focused in commodity uPVC segments. Astral occupies a differentiated position as the CPVC category pioneer (~25% organised CPVC share), with a diversified portfolio across adhesives and bathware that no pure-play pipe peer replicates.

Metric	Astral Ltd	Supreme Industries Ltd	Finolex Industries Ltd	Prince Pipes Ltd
Business Profile				
Market Cap (Rs.cr)	43,790	48,345	10,195	2,651
Revenue mix % (FY25)	70.0	68.0	85.0	95.0
CPVC Exposure	High	Low	Nil	Nil
Backward Integration	CPVC compount + Nexelon	Nil	PVC Resin (fully integrated)	Nil
Profitability & Returns				
EBITDA Margin % (FY25)	16.0	13.7	11.5	6.4
ROE % (FY25)	15.1	17.8	13.6	2.8
RoCE % (FY25)	19.0	17.7	13.2	2.9
Debt/Equity	Net cash	Net cash	Net cash	0.15
Growth Outlook				
Revenue CAGR % (FY26E-28E)	16.5	12.7	15.8	13.8
Avg. EBITDA margin % (FY26E-28E)	17.0	14.3	12.4	9.5
Earnings CAGR % (FY26E-28E)	28.1	16.3	13.4	65.3
Valuations				
1 Yr forward P/E	60.0	42.0	21.0	22.8
P/E 5yr avg (x)	66.0	37.6	18.0	28.3
P/E- Premium/Discount % Vs. 5-Yr. Avg.	-9.1	11.8	16.7	-19.6
PEG Ratio	2.1	2.6	1.6	0.3x

Source: Geojit Research, Bloomberg

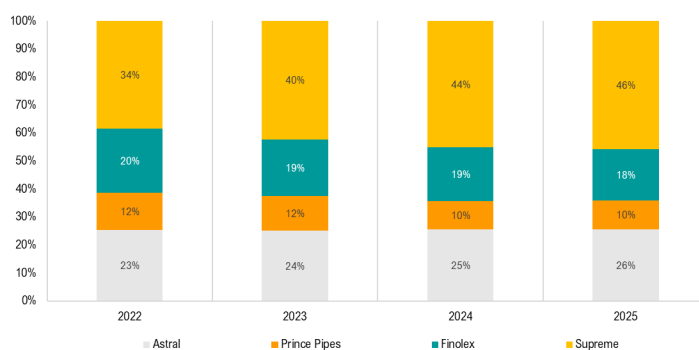
Why Astral Stands Apart

Astral is currently trading at a 9.1% discount to its own 5-year average P/E, while Supreme trades at an 11.8% premium to its historical average — making Astral the more compelling entry point on a relative -to- history basis, despite its headline premium multiple. Notably, this valuation gap persists even as Astral's earnings growth outlook remains materially stronger, with EPS CAGR of 28.1% over FY26–28E versus 16.3% for Supreme, indicating that Astral's faster growth is not fully reflected in current multiples. Free cash flow generation is expected to inflect as capex normalises by FY27E, supporting a recovery in capital efficiency and a path toward ROE normalisation to ~17.5% by FY28E—the strongest return recovery trajectory among peers, contingent on utilisation ramp-up and timely Nexelon integration. Against this backdrop, we view Astral's valuation premium as reflective of a genuine earnings and return inflection rather than an overstretched multiple.

Profitability & Margins

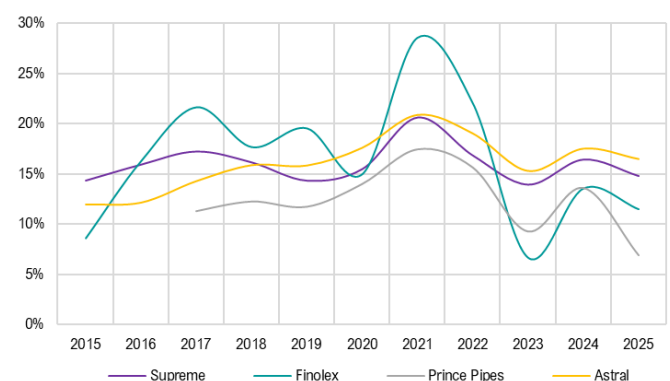
- ◆ Astral's EBITDA margin band of 15–17% over FY20–25 is the narrowest in the sector, demonstrating structural earnings stability through resin price cycles, capacity expansions, and demand downturns — a resilience no peer has consistently matched.
- ◆ Supreme's 13.5–15.5% band reflects reasonable consistency but with greater sensitivity to input costs and capex dilution than Astral.
- ◆ Finolex exhibits the highest cyclicality — margins surged to 28.6% in FY21 on in-house PVC resin tailwinds but collapsed to 6.7% in FY23 on the same exposure in reverse. High upside in upcycles, but with commensurate downside risk.
- ◆ Prince margins has deteriorated to 6–7% in recent times from a historical band of 8–12%, reflecting commodity product mix, absence of backward integration, and pricing pressure in its core segments — structural rather than cyclical weakness.
- ◆ Despite a 270bps ROE gap versus Supreme in FY25 — driven by underutilised new capacity, not margin inferiority — Astral's ROE recovery to ~17.5% by FY28E is the sharpest among peers and is underpinned by two independent levers: utilisation ramp-up and Nexelon CPVC resin integration from Q4FY27.

Revenue Share Comparison with Peers



Source: Geojit Research

Peer EBITDA Margins

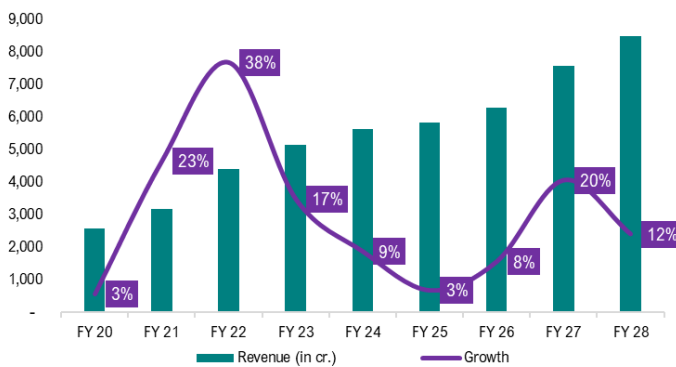


Source: Industry, Geojit Research

Financial Analysis

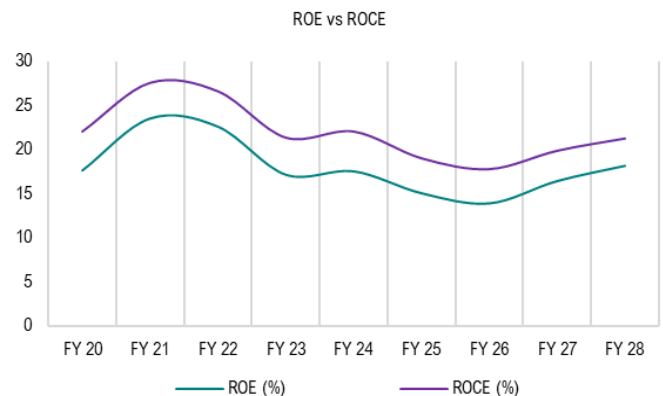
- ◆ The company has delivered a robust compounded annual sales growth of 18% over the past five years while consistently sustaining an impressive operating profit margin (OPM) of 16% across the last eight quarters.
- ◆ We expect the revenue to grow at a 16.5% CAGR across FY 26-28E on the back of robust volume growth in the plumbing segment (estimated at ~12.4% CAGR); capacity expansions across key plants (e.g., new facilities in Hyderabad, Kanpur, and Dahej becoming operational); diversification into high-growth areas like adhesives (~10-15% segment CAGR), paints, and bathware (targeting 20-30% YoY growth); and a rebound in infrastructure demand driven by government initiatives such as Jal Jeevan Mission, Housing for All, and Smart Cities.
- ◆ Astral's historical EBITDA margins have ranged between 15-17%. These are expected to improve during FY25-28E, driven by the company's backward integration initiatives, which have historically delivered 200-300 basis bps enhancements and are projected to yield similar gains.
- ◆ The company's Profit Before Tax (PBT) has achieved a compound annual growth rate (CAGR) of 18% over the past five years, a figure tempered by amortization charges stemming from its aggressive acquisition strategy spanning FY20 to FY25. As these one-time impacts subside, we anticipate a significant improvement in PBT with CAGR of 27.5% across FY26E-28E
- ◆ Astral's ROE and ROCE are projected to improve in coming years, backed by 16.5% revenue expansion. ROE to rise to 17.5% in three years, ROCE to stabilise at 20-22%, fuelled by ~17% plumbing and ~15% adhesives sales growth.

Revenue Growth Outlook



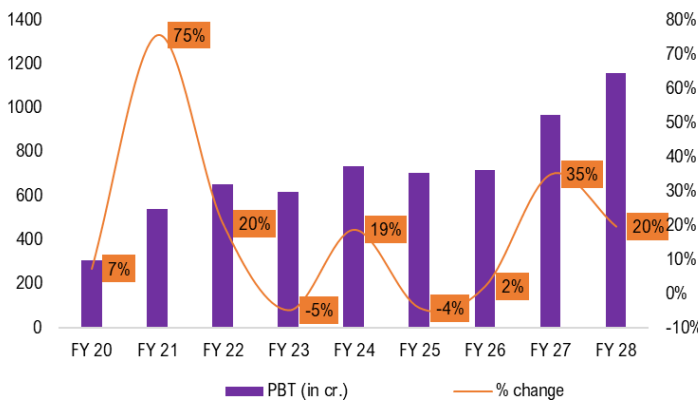
Source: Geojit Research

ROE and ROCE Set to Improve



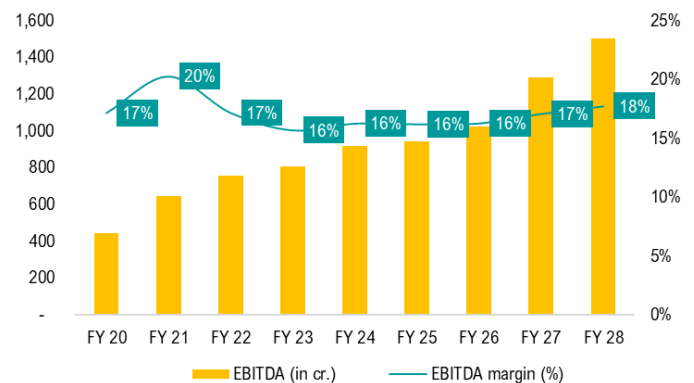
Source: Geojit Research

Capex Normalisation Set to Improve PBT



Source: Geojit Research

Improving Return Outlook



Source: Geojit Research

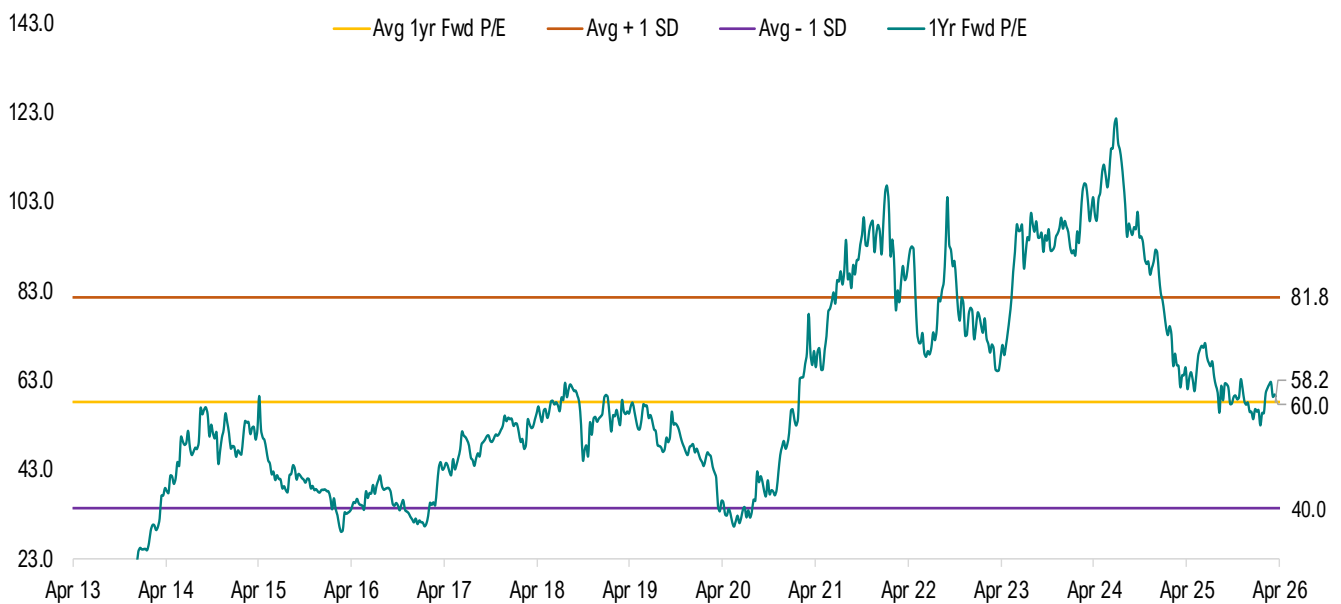
Key Risks

- ◆ **AD Duty Rejection:** The Finance Ministry rejected the DGTR's S-PVC anti-dumping duty recommendation in November 2025, removing the pricing floor underpinning the channel restocking thesis. However, the CVD investigation against Chinese imports remains ongoing and is yet to be decided.
- ◆ **PVC/CPVC Resin Price Volatility:** PVC resin constitutes 60–70% of raw material costs; sharp price swings can compress margins and incentivize dealer destocking, as evidenced by the FY21–25 downcycle.
- ◆ **Competition from Supreme and unorganized Players:** Supreme Industries is aggressively expanding organized market share, while unorganized players continue to compete on price in commoditized PVC segments.
- ◆ **Of the ~150 bps EBITDA margin expansion from FY25–FY28E, ~60 bps is attributable to Nexelon and is explicitly embedded in our FY28E estimates. Any delay beyond Q4FY27 would defer this benefit to FY29.**
- ◆ **Bathware Execution Risk:** The segment remains pre-breakeven and requires sustained investment.
- ◆ **UK Adhesives Margin Drag:** Seal It UK generates ~Rs. 300cr revenue at ~3% EBITDA margin, diluting group margins by ~50bps, with the structural UK cost environment remaining challenging.

Outlook & Valuation

- ◆ Astral Ltd. stands out as a premier investment opportunity in India's burgeoning building materials sector, underpinned by its pioneering leadership in the high-margin CPVC pipes segment, strategic diversification into adhesives, valves, faucets, and bathware, and a robust distribution network exceeding 3,600 distributors and 251,000 dealers. With ongoing capacity expansions, backward integration into CPVC resin manufacturing, and aggressive marketing initiatives—including IPL sponsorships and targeted digital campaigns—the company is well-positioned to capitalize on tailwinds such as urbanization, government programmes and a projected 14% CAGR in the plastic pipes industry through FY28. Despite near-term risks from raw material volatility and competitive pressures, Astral's operational resilience, premium pricing power, and consistent EBITDA margins of 16-18% affirm its superior execution.
- ◆ Astral is a “premium compounding story” — not a “cheap growth story”. The downside risk of earnings is structurally lower than peers, as Astral has already demonstrated margin stability and earnings stability in downcycles. Astral is exiting a capex-led earnings trough and is positioned for sustained earnings acceleration over the next two years, driven by utilisation recovery, operating leverage from existing capacity, and normalisation of capital intensity. Over FY26–28E, we expect strong earnings growth, supported by improving asset turns, resilient CPVC pricing power, and disciplined balance sheet management. We therefore initiate coverage on Astral with a BUY rating and a target price of Rs. 1,912, based on 58x FY28E EPS. Historical forward P/E averages post FY20 were influenced by elevated capex intensity, pandemic-related disruptions, and sharp input cost volatility, which led to greater earnings variability. Our valuation framework anchors to a more normalised earnings base as utilisation stabilises and capital intensity moderates. Further, downside risk is limited by low leverage and steady cash generation, with additional margin support expected from Nexelon integration.

Valuation –1Yr Fwd. P/E chart



Source: Geojit Research

Consolidated Financials

PROFIT & LOSS

Y.E March (Rs.cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	5,641	5,832	6,287	7,575	8,528
% change	9.4	3.4	7.8	20.5	12.6
EBITDA	918	946	1,024	1,295	1,513
% change	13.4	3.0	8.2	26.5	16.8
Depreciation	198	243	294	321	347
EBIT	721	703	730	974	1,166
Interest	29	41	54	51	52
Other Income	42	41	41	45	51
PBT	734	703	717	969	1,165
% change	18.6	(4.2)	2.1	35.1	20.3
Tax	188	184	143	233	280
Tax Rate (%)	25.6	26.1	20.0	24.0	24.0
Reported PAT	546	519	574	736	886
Adj*	1	5	(34)	-	-
Adj PAT	546	524	540	736	886
% change	19.6	(4.1)	3.1	36.4	20.3
No of Shares	26.9	26.9	26.9	26.9	26.9
EPS (Rs)	20.3	19.5	20.1	27.4	33.0
% change	19.6	(4.1)	3.1	36.4	20.3
DPS (Rs.)	3.8	3.8	4.0	5.5	6.6

CASH FLOW

Y.E March (Rs.cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Net inc. + Depn.	931	946	974	1,290	1,512
Non-cash adj.	(158)	(145)	(90)	(182)	(227)
Changes in W.C	50	(172)	(4)	(92)	(69)
C.F. Operation	823	630	880	1,016	1,215
Capital exp.	(554)	(545)	(455)	(365)	(365)
Change in inv.	(166)	28	(9)	(10)	(12)
Other invest.CF	179	5	-	-	-
C.F - Investment	(541)	(513)	(464)	(375)	(377)
Issue of equity	(83)	-	-	-	-
Issue/repay debt	8	17	19	21	16
Dividends paid	(101)	(101)	(108)	(147)	(177)
Other finance.CF	(27)	(34)	(54)	(51)	(52)
C.F - Finance	(203)	(118)	(143)	(177)	(213)
Chg. in cash	80	(1)	274	464	625
Closing cash	609	608	882	1,346	1,971

BALANCE SHEET

Y.E March (Rs. cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	610	608	882	1,346	1,971
Accounts Receivable	376	435	465	560	631
Inventories	913	1,011	1,015	1,218	1,382
Other Cur. Assets	87	94	95	111	123
Investments	-	-	-	-	-
Gross Fixed Assets	2,584	3,143	3,543	3,843	4,143
Net Fixed Assets	1,835	2,281	2,443	2,479	2,492
CWIP	151	116	136	166	196
Intangible Assets	465	430	410	388	363
Def. Tax (Net)	2	8	8	8	8
Other Assets	60	71	80	91	102
Total Assets	4,498	5,056	5,534	6,367	7,268
Current Liabilities	971	989	999	1,195	1,339
Provisions	97	101	123	150	183
Debt Funds	96	144	159	179	194
Other Liabilities	65	130	131	132	133
Equity Capital	27	27	27	27	27
Reserves & Surplus	3,242	3,666	4,095	4,684	5,393
Shareholder's Fund	3,188	3,617	4,049	4,638	5,347
Total Liabilities	4,498	5,056	5,534	6,367	7,268
BVPS (Rs.)	119	135	151	173	199

RATIOS

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	16.3	16.2	16.3	17.1	17.7
EBIT margin (%)	12.8	12.0	11.6	12.9	13.7
Net profit mgn.(%)	9.7	8.9	9.1	9.7	10.4
ROE (%)	17.5	15.1	13.8	16.7	17.5
ROCE (%)	22.0	19.0	17.7	20.7	21.5
W.C & Liquidity					
Receivables (days)	24.3	25.4	26.1	24.7	25.5
Inventory (days)	96.4	99.8	97.8	89.8	93.1
Payables (days)	92.0	89.8	84.5	78.8	81.3
Current ratio (x)	1.8	1.9	2.1	2.3	2.6
Quick ratio (x)	1.0	1.0	1.2	1.4	1.7
Turnover & Leverage					
Gross asset T.O (x)	2.4	2.0	1.9	2.1	2.1
Total asset T.O (x)	1.3	1.2	1.2	1.3	1.3
Int. coverage ratio (x)	24.8	17.0	13.5	19.2	22.3
Adj. debt/equity (x)	NM	NM	NM	NM	NM
Valuation					
EV/Sales (x)	7.7	7.4	6.9	5.6	4.9
EV/EBITDA (x)	47.1	45.8	42.1	32.9	27.8
P/E (x)	80.2	83.6	81.1	59.5	49.5
P/BV (x)	16.5	14.4	12.5	10.6	9.0

Recommendation Summary (last 3 years)



Dates	Rating	Target
13.04.2026	BUY	1,912

Investment Rating Criteria


Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%


Not rated/Neutral


Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

 Upgrade

 No Change

 Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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Geojit Investments Ltd. Registered Office: 7th Floor 34/659-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website : www.geojit.com/GIL . For investor queries: customercare@geojit.com

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