MIRAE ASSET Sharekhan

Stock Update

Company Update

Astral Ltd

Positioned for growth across segments

Building material	Sharekhan code: ASTRAL
Reco/View: Buy ↔	CMP: Rs. 1,496 / Price Target: Rs. 1,800 ↓

↑ Upgrade ↔ Maintain ↓ Downgrade

3R MATRIX

	+	=	-
Right Sector (RS)	✓		
Right Quality (RQ)	✓		
Right Valuation (RV)		✓	

\+ Positive = Neutral – Negative

What has changed in 3R MATRIX

	Old		New
RS		↔	
RQ		↔	
RV		↔	

Company details

Market cap:	Rs. 40,187 cr
52-week high/low:	Rs. 2,454/1,232
NSE volume: (No of shares)	6.9 lakh
BSE code:	532830
NSE code:	ASTRAL
Free float: (No of shares)	12.33 cr

Shareholding (%)

Promoters	54
DII	15
FII	20
Others	11

Price chart

Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	-1.0	14.2	-9.5	-37.1
Relative to Sensex	-3.8	4.1	-16.1	-42.4

Source: Mirae Asset Sharekhan Research, Bloomberg

Summary

- We retain our Buy rating on Astral with a revised PT of Rs. 1,800, driven by the company's steady performance, strategic capacity expansion, and continued focus on value added products.
- FY25, sales stood at Rs. 5,832.4 crore, up 3.4% y-o-y, while the EBITDA margin remained flat y-o-y at 16.9%. Despite challenges in the polymer industry, plumbing volumes grew 3.4% y-o-y to 2,27,090 MT.
- The Hyderabad plant is now fully operational and manufactures a complete range of pipe products. The Kanpur plant is nearing completion and is expected to become fully operational by the end of FY26. The company plans to add two adhesives plants in Dahej in FY26.
- Astral is targeting low double-digit volume growth in the plumbing segment for FY26, with an EBITDA margin of 16-18% for plumbing and 14-16% for the adhesives business.

Consolidated revenue for FY25 stood at Rs. 5,832.4 crore, up 3.4% y-o-y, with the EBITDA margin flat at 16.9%. Revenue from the plumbing segment rose modestly by 1.3% y-o-y to Rs. 4,196.3 crore, with an EBITDA margin of 18.9% (vs. 18.3% in FY24), supported by a 3.4% y-o-y growth in sales volume to 2,27,090 MT, driven by favorable product mix and premium pricing, despite volatility in polymer prices. The adhesives and paints business delivered revenue of Rs. 1,636.1 crore, up 9.1% y-o-y, though the EBITDA margin stood to 11.9% (versus 13.5% in FY24). The UK adhesives business faced temporary operational challenges, but the company expects improvements in growth, value, and profitability over the next 2–3 quarters. Meanwhile, the India adhesives business continues to perform well in terms of both growth and margins and is now the second-largest industrial adhesive company in India and the first to cross Rs. 1,000 crore in sales. The bathware segment grew by 50% y-o-y, reaching ~Rs. 130 crore, but is yet to break even. The paint business is profitable at the EBITDA level, even though growth has been slow; it was launched in Gujarat and Rajasthan and will expand gradually to other states, while continuing to sell "Gem Paints" in the southern region. The company has also opened an overseas office in Dubai to push exports of both pipes and adhesives to the Middle East, Saudi Arabia, Africa, and parts of Europe, with a focus on value-added products.

Capacity expansion strategy: During FY25, the company increased its plumbing production capacity from 3,34,040 MT to 3,81,957 MT, marking a 14% increase. Astral continues to invest in new manufacturing facilities, even though current plant utilization remains around 55–65%. The key objective is to decentralize operations and strengthen regional supply chains across India. The company has invested approximately Rs. 1,000 crore in capacity expansion over the last two years, with full benefits expected to materialize over the next five years. The Hyderabad plant is now fully operational, while the Kanpur plant is expected to be fully operational by FY26-end. Additionally, the Dahej plant is operational and manufactures epoxy and white glue chemistries. Astral plans to add two more plants at Dahej to expand its product offering.

Future outlook: With implementation of BIS norms deferred to December 2025 and the ADD yet to be implemented, near-term volume growth may remain modest. However, the outlook remains positive, supported by stabilizing PVC prices and policy tailwinds such as the Jal Jeevan Mission. Astral's continued focus on value-added products, regional capacity expansion, and rising demand across infrastructure, agriculture, and housing is expected to drive margin improvement and support sustainable growth from FY26 onwards.

CPVC and PVC Industry: The CPVC industry currently stands at around 2.5 lakh tonnes, accounting for approximately 5% of the PVC industry. Astral expects CPVC to grow at a rate of 10–15%, and notes that if fire-rated CPVC receives regulatory approval, it could unlock significant additional growth. The PVC industry is projected to grow by 6–7% annually. Astral is a market leader in CPVC, with an estimated 25–30% market share.

Our Call

Valuation – Retain Buy with a revised PT of Rs. 1,800: We retain our Buy rating on Astral with a revised price target of Rs. 1,800, supported by its strong fundamentals, expanding product portfolio, and long-term growth drivers. PVC prices have remained largely stable, and rising infrastructure activity, coupled with urban and rural housing demand, continue to create a favorable operating environment for the company. Astral continues to strengthen its presence in value-added product categories like Fire Pro, OPVC, and valves, while also scaling up new businesses such as plastic tanks, paints, faucets, and sanitaryware—key to its long-term diversification strategy. We estimate a 15%/17%/21% CAGR in consolidated revenue/EBITDA/PAT over FY2025–FY2027E. The stock currently trades at 60.8x/52.3x FY2026E/FY2027E EPS, offering a compelling long-term investment opportunity.

Key Risks

The company's profitability is highly vulnerable to the volatile fluctuations in raw material (polymer) prices.

Valuation (Consolidated) Rs cr

Particulars	FY24	FY25	FY26E	FY27E
Revenue	5,641	5,832	6,744	7,755
OPM (%)	16.3	16.2	16.8	16.9
Adjusted PAT	546	524	662	769
y-o-y growth (%)	19.6	(4.1)	26.3	16.2
Adjusted EPS (Rs.)	20	19	25	29
P/E (x)	73.7	76.8	60.8	52.3
P/B (x)	12.6	11.1	9.5	8.1
EV/EBITDA (x)	43.3	42.1	34.4	29.2
RoNW (%)	18.5	15.4	16.8	16.6
RoCE (%)	23.4	20.1	21.7	21.7

Source: Company; Mirae Asset Sharekhan estimates

Outlook and Valuation

■ Sector Outlook – Strong recovery in business operations

The Indian plastic pipes industry grew at a 10-12% CAGR to INR541 billion over FY14-24, primarily driven by plumbing and irrigation, which constitute 84% of applications. PVC dominates the market, with CPVC and HDPE gaining share. The industry's core growth is set to accelerate by 14% CAGR, reaching INR805 billion by FY27. Key future drivers include a real estate upcycle, increased irrigation use, and major government schemes like Jal Jeevan Mission, Housing for All, and Smart City Mission. Aging pipe refurbishment will also continue to fuel demand, presenting compelling future opportunities.

■ Company Outlook – Expect healthy growth in both pipes and adhesives

Astral is well-positioned to benefit from long-term demand drivers, supported by government initiatives such as the Jal Jeevan Mission, Nal Se Jal, and Housing for All. The company continues to invest in capacity expansion and is strengthening its presence in value-added product categories like Fire Pro, OPVC, and valves, which support margin enhancement. The adhesives segment remains a key growth pillar, with the India business performing well and the UK operations expected to normalize in the coming quarters. Overall, both the pipes and adhesives businesses are poised to deliver healthy growth over the medium to long term.

■ Valuation – Retain Buy with a revised PT of Rs. 1,800

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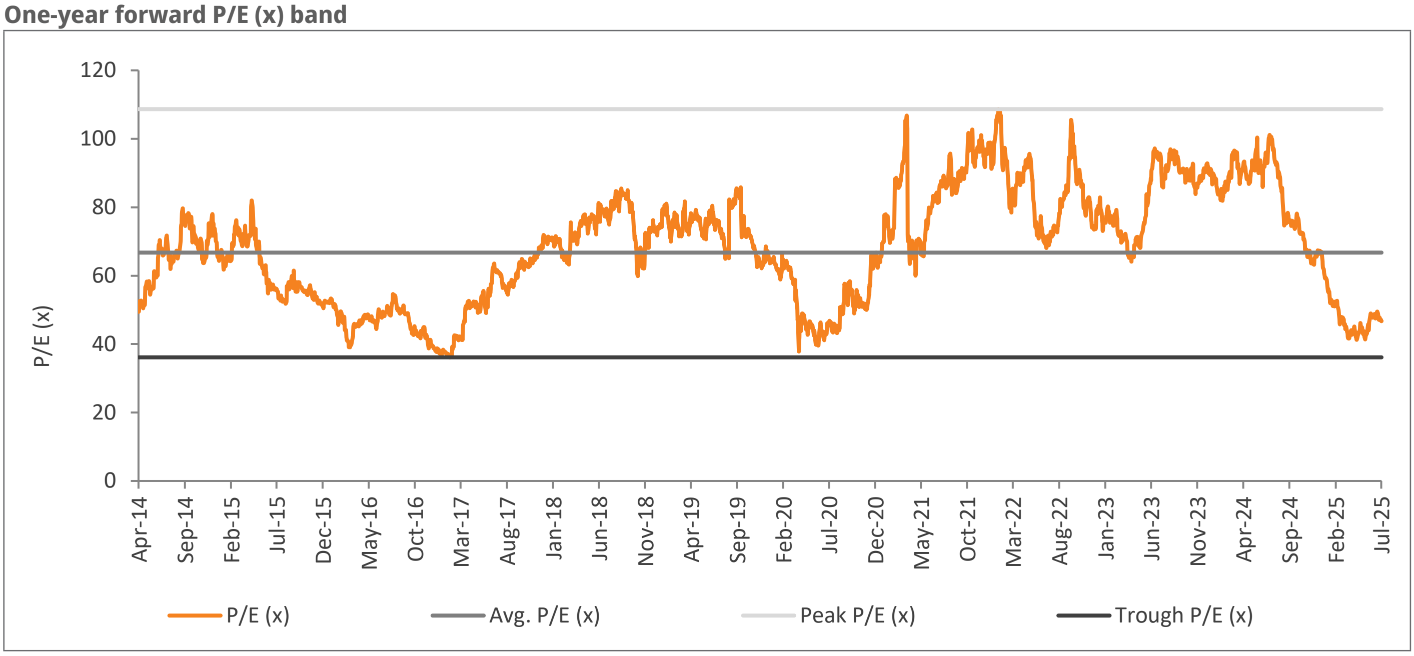
One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

About company

Established in 1996, Astral is one of India's leading manufacturers of plastic pipes and fittings, with a growing presence in adhesives, bathware, paints, tanks, faucets, and valves. The company operates 26 manufacturing units across three countries—India, the U.K., and the U.S.—with a total installed capacity of 5,49,126 M.T. per annum. Astral has a strong export presence in over 31 countries and employs more than 8,900 people.Its extensive distribution network includes 3,610+ distributors and over 2,51,000 dealers, enabling deep market penetration across urban and rural India.

Investment theme

Astral, with a strong market share of 25-30% in CPVC and 5% in PVC pipes, is well-positioned to benefit from sustained demand driven by government infrastructure and housing schemes. Strategic initiatives in adhesives are gaining traction, while the scaling up of the tank business complements its core piping segment. Backed by a broad product portfolio, focus on value-added products, and ongoing capacity expansion, Astral is expected to deliver steady long-term growth across its key businesses.

Key Risks

The company's profitability is highly vulnerable to the volatile fluctuations in raw material (polymer) prices.

Additional Data

Key management personnel

Name	Designation
Sandeep Pravinbhai Engineer	Chairman/Managing Director
Jagruti Sandeep Engineer	Whole Time Director
Hiranand A. Savlani	Chief Financial Officer
Chintan Kumar Patel	Company Secretary and Compliance Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Life Insurance Corp of India	2.39
2	UTI Asset Management Co Ltd	2.36
3	Republic of Singapore	2.3
4	Blackrock Inc	2.07
5	Vanguard Group Inc/The	1.85
6	Nippon Life India Asset Management	1.34
7	T Rowe Price Group Inc	1.3
8	Tree Line Asia Master Fund	1.04
9	NPS Trust A/c Uti Retirement Solut	1.02
10	Axis Asset Management Co Ltd/India	1.0

Source: Bloomberg

Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and detoriating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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