Astral Ltd

Bright times ahead

Reco/View: **BUY**	CMP: **Rs. 1,473**	Price Target: **Rs. 1,852**

Quick Snapshot

- Consolidated revenue rose 10.3% y-o-y to Rs. 1,542 crore, while EBITDA rose 8.1% y-o-y to Rs. 237 crore, led by volume growth of 16.8% y-o-y, on a decline in polymer prices.
- Guidance of double-digit volume growth and 16–18% EBITDA margin for the piping business in FY26 maintained; adhesives business to deliver ~15% revenue growth with 12-14% EBITDA margins.
- CPVC backward integration project to commence commercial production by Q4 FY27, is a key structural growth opportunity in the long term.
- We maintain a Buy with an unchanged PT of Rs. 1,852, supported by stabilising polymer prices and improving demand outlook.

Result overview

- Revenue, EBITDA, and PAT lagged estimates by 2.3% / 2.9% / 0.6%, respectively.
- Adhesives India biz grew 14% y-o-y to Rs. 319 crore with an EBITDA margin of 17.2% (up 81 bps y-o-y). UK adhesives reported a 16.9% y-o-y growth to Rs. 90 crore with an EBITDA margin of 1.1% (up 46 bps y-o-y).
- Paints business' revenue rose 22% y-o-y to Rs. 61 crore, with an EBITDA loss of Rs. 4 crore.
- Revenues and volumes rose even amid a challenging environment, driven by a decentralised manufacturing strategy, enabling faster delivery, lower freight costs and improved service levels across local markets.
- EBITDA margin declined 32 bps y-o-y, primarily due to lower PVC and CPVC prices, which also led to inventory losses of Rs. 20–25 crore. However, if PVC prices remain stable, inventory gains are possible in Q4.
- Q4 is historically a peak season. Channel restocking has already begun, and PVC prices may rise by Rs. 1–2/kg before stabilising. Management noted that January trends were stronger with an over 20% volume growth and expects a strong volume growth in the piping business for FY26.
- Management remains optimistic on long-term growth, reiterating that double-digit volume growth is sustainable, with the CPVC plant expected to be a key growth catalyst.
- Hyderabad plant is ramping up well with ~50–55% utilisation, while the Kanpur plant has commenced production of water tanks and pipes, receiving a strong market response.
- Key margin levers include recovery in PVC prices, expected reversal of inventory losses, and operating leverage from Hyderabad and Kanpur plants, though management remains cautious in its commentary.

Our Call

We project consolidated revenue, operating profit, and net profit CAGR of 14%, 16%, and 20% respectively over FY2025–FY2028E. The stock trades at 62.0x/50.9x/43.7x its FY2026E/FY2027E/FY2028E earnings. With strong growth visibility, improving product mix, and operating leverage from recent capacity additions, we maintain our Buy rating with an unchanged PT of Rs. 1,852.

Key Risks

Profitability is vulnerable to the volatile fluctuations in raw material (polymer) prices.

Valuation — Rs cr

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenue	5,641	5,832	6,720	7,774	8,725
OPM (%)	16.3	16.2	16.4	16.7	17.0
Adjusted PAT	546	524	639	779	906
y-o-y growth (%)	19.6	(4.1)	22.0	21.9	16.3
Adjusted EPS (Rs.)	20	19	24	29	34
P/E (x)	72.5	75.6	62.0	50.9	43.7
P/B (x)	12.4	11.0	9.4	7.9	6.8
EV/EBITDA (x)	42.6	41.4	35.0	29.3	25.8
RoNW (%)	18.5	15.4	16.3	16.9	16.7
RoCE (%)	23.4	20.1	21.0	22.0	21.8

Source: Company; Mirae Asset Sharekhan estimates

Note: CMP as on Feb 06, 2026

STOCK UPDATE

Result Update - Q3FY2026

SECTOR

Building material

COMPANY DETAILS

Market cap:	Rs. 39,562 cr
52-week high/low:	Rs. 1595/1232
NSE volume: (No of shares)	7.3 lakh
BSE code:	532830
NSE code:	ASTRAL
Free float: (No of shares)	12.30 cr

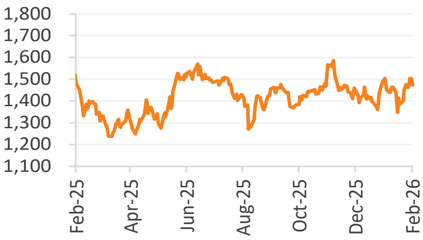
Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	54
DII	19
FII	15
Others	11

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-2.0	-5.4	7.1	1.8
Relative to Sensex	-0.4	-5.8	2.4	-6.3

Source: Mirae Asset Sharekhan Research, Bloomberg

Concall highlights

- Management has incurred ~Rs. 1,400 crore of capex over the last four years and continues to enhance its VAP portfolio through launches such as water tanks, valves, fire sprinkler systems, OPVC pipes, and PTMT products.
- CPVC backward integration: Construction has commenced, all machinery orders have been placed, trial runs are expected in Q3FY27, and commercial production by Q4FY27; full benefits to accrue from FY28.
- Company launched STP Pro (sewage treatment system) and plans to launch PEX-Al-PEX pipes in Q4 FY26.
- Bathware segment's revenue grew 36.5% y-o-y, with improving acceptance in real estate projects; the business is at breakeven and expected to turn EBITDA positive from FY27.
- UK adhesives business, earlier under stress, has improved following the appointment of a new CEO and corrective actions in inventory and raw materials; the US business has also seen improvement post structural manpower changes.
- Paints business expanded into Gujarat, Rajasthan, Maharashtra, Karnataka, Kerala, and Tamil Nadu, driving topline growth; elevated manpower costs are expected to normalise over the next 2–3 quarters.
- PVC restocking has commenced, with prices expected to rise by Rs. 1-2/kg before stabilising; Chinese PVC prices are currently $680–700/tonne, with limited downside risk.
- CPVC plant will have 40,000 TPA Phase 1 capacity and is expected to deliver better margins than existing CPVC manufacturers.
- While overall, the pipes industry is growing at single-digit rates, Astral continues to outperform significantly, gaining market share.

Results Rs cr

Particulars	Q3FY26	Q3FY25	y-o-y (%)	Q2FY26	q-o-q (%)
Revenue	**1,541.5**	**1,397.0**	**10.3**	**1,577.4**	**(2.3)**
EBITDA	**237.3**	**219.5**	**8.1**	**256.8**	**(7.6)**
Other Income	9.5	11.8	(19.5)	11.4	(16.7)
Depreciation	73.4	63.1	16.3	72.3	1.5
Finance Cost	12.6	13.9	(9.4)	16.0	(21.3)
PBT	**144.3**	**154.2**	**(6.4)**	**179.9**	**(19.8)**
Tax Expenses	36.6	41.6	(12.0)	45.1	(18.8)
PAT	107.7	112.6	(4.4)	134.8	(20.1)
Adj PAT	**124.2**	**114.1**	**8.9**	**134.8**	**(7.9)**
EPS (Rs)	**4.6**	**4.2**	**8.9**	**5.0**	**(7.9)**
%			BPS		BPS
EBITDA Margin	15.4	15.7	(32)	16.3	(89)
PAT Margin	7.0	8.1	(107)	8.5	(156)

Source: Company; Mirae Asset Sharekhan Research

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Engineer Sandeep Pravinbhai	31.57
2	Saumya Polymers LLP	8.54
3	Engineer Jagruti Sandeep	7.56
4	Life Insurance Corp of India	6.9
5	Kairav Chemicals Ltd	6.55
6	UTI Asset Management Co Ltd	2.47
7	Blackrock Inc	2.17
8	SBI Funds Management Ltd	1.95
9	Vanguard Group Inc/The	1.93
10	Nippon Life India Asset Management	1.25

Source: Bloomberg

Key management personnel

Name	Designation
Sandeep Pravinbhai Engineer	Chairman cum Managing Director
Jagruti Sandeep Engineer	Whole-Time Director
Hiranand A. Savlani	Chief Financial Officer

Source: Company Website

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