MIRAE ASSET Sharekhan

Stock Update

Result Update

Astral Ltd

Focus on growth revival

Building material	Sharekhan code: ASTRAL
Reco/View: **Buy** ⇔	CMP: **Rs. 1,293** (as on Aug 13, 2025)
	Price Target: **Rs. 1,643** ↓

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. 34,723 cr
52-week high/low:	Rs. 2040/1232
NSE volume: (No of shares)	7.7 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	-13.6	-3.9	-5.6	-32.3
Relative to Sensex	-11.5	-3.1	-11.4	-34.3

Source: Mirae Asset Sharekhan Research, Bloomberg

Summary

- Revenue Rs. 1,361 crore (-1.6% y-o-y); EBITDA Rs. 185 crore (-13.8% y-o-y); volumes flat at 56,075 tonnes amid weak demand, early monsoon, and lower government spending.
- For FY26, the management sees plumbing segment margins at 16-18%; adhesives margins at 14–16%; Adhesives segment is on track for a 15–16% revenue growth in FY2026.
- Management maintain its double-digit volume growth guidance in FY2026, supported by volume pick-up from July and anti-dumping duty anticipated in Q2FY2026, which should further boost volumes and value.
- We have revised our FY2026 net earnings estimate to account for subdued Q1FY2026 numbers; however, with demand expected to revive going forward, we retain our Buy rating on Astral with a revised target price of Rs. 1,643.

Consolidated revenue stood at Rs. 1,361 crore in Q1FY2026, down 1.6% y-o-y, impacted by a decline in PVC prices, while EBITDA stood at Rs. 185 crore, down 13.8% y-o-y. The plumbing business posted revenue of Rs. 953.9 crore, down 5.85% y-o-y, whereas the adhesives business grew 9.96% y-o-y to Rs. 407.3 crore. Volumes remained flat at 56,075 tonnes due to the early monsoon and lower government spending. Management expects double-digit volume growth in FY2026, with volumes picking up in July. Moreover, the potential imposition of anti-dumping duty on PVC in Q2FY2026, which should further boost both volumes and value. The company does not anticipate inventory losses in Q2FY2026, as polymer prices have stabilised (as compared to an inventory loss of Rs. 25 crore in Q1FY2026 due to lower polymer prices). The new plant in Kanpur is expected to commence commercial production in Q3FY2026, starting with tanks and PVC products, enabling growth in northern markets. Furthermore, the company's backward integration initiative—through its 80% stake (Rs.120 crore) in Nexelon to manufacture PVC resin in-house with a capacity of 40,000 tonnes—is expected to boost volumes, enhance margins, and lower PVC resin inventory levels. The plant is scheduled for commissioning in Q2FY2027.

Key positives

- Bathware segment revenue rose strongly by 27% y-o-y to Rs. 33 crore.

Key negatives

- Sharp 14% y-o-y decline in PVC prices hit topline.

Management Commentary

- Capex of Rs. 300–350 crore planned for FY2026, (Rs 50 crore spent in Q1) related to new Kanpur plant (nearing completion) and also for initial spending on the CPVC resin plant.
- Bathware segment grew 27% y-o-y in Q1FY2026, with new product launches the company targets to sustain momentum; Paints delivered 20.5% growth (first time since acquisition) with management targeting at least 20% growth for coming quarters.
- UK adhesive business grew 7.9% y-o-y with an after-forex EBITDA margin of 5.4%; management expects margins to improve and eventually settle at 8-10%, in line with historical performance.

Revision in earnings estimates – We have trimmed our FY2026-2027E net earnings forecast, factoring in the muted growth witnessed in Q1FY2026.

Our Call

Valuation – Retain Buy with a revised PT of Rs. 1,643: The polymer industry faced challenges during the quarter due to volatility in PVC prices, which declined by 14% y-o-y. However, the company expects pricing to gradually improve, and demand will depend on the implementation of ADD and BIS. The scale-up of new businesses, including plastic tanks, valves, paints, faucets, and sanitaryware, will remain key focus areas for the company. We estimate a consolidated revenue/operating profit/net profit CAGR of 15%/17%/21% over FY2025-FY2027E, respectively. The stock is currently trading at a P/E of 58x and 46x for its FY2026E and FY2027E earnings. We have revised our FY2026 net earnings estimate to reflect the muted Q1FY2026 performance but, with demand expected to revive, we maintain our Buy rating on Astral with a revised target price of Rs. 1,643.

Key Risks

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	6,489	7,703
OPM (%)	16.3	16.2	16.3	16.9
Adjusted PAT	546	524	598	762
y-o-y growth (%)	19.6	(4.1)	14.1	27.5
Adjusted EPS (Rs.)	20	19	22	28
P/E (x)	63.7	66.4	58.2	45.6
P/B (x)	10.9	9.6	8.2	7.0
EV/EBITDA (x)	37.3	36.3	31.7	25.2
RoNW (%)	18.5	15.4	15.3	16.6
RoCE (%)	23.4	20.1	20.0	21.7

Source: Company; Mirae Asset Sharekhan estimates

Results (Consolidated) **Rs cr**

Particulars	Q1FY2026	Q1FY2025	y-o-y (%)	Q4FY2025	q-o-q (%)
Revenue	**1,361.2**	**1,383.6**	**(1.6)**	**1,681.4**	**(19.0)**
EBITDA	**184.9**	**214.4**	**(13.8)**	**301.9**	**(38.8)**
Other Income	9.1	11.9	(23.5)	8.8	3.4
Depreciation	71.9	55.6	29.3	64.8	11.0
Finance Cost	12.3	7.6	61.8	9.6	28.1
PBT	**109.8**	**163.1**	**(32.7)**	**236.4**	**(53.6)**
Tax Expenses	30.6	43.6	(29.8)	58.3	(47.5)
PAT	79.2	119.5	(33.7)	178.1	(55.5)
Adj PAT	**81.1**	**120.4**	**(32.6)**	**179.3**	**(54.8)**
EPS (Rs.)	**3.0**	**4.5**	**(32.6)**	**6.7**	**(54.8)**
Margin			**BPS**		**BPS**
EBITDA Margin	13.6	15.5	(191)	18.0	(437)
PAT Margin	5.8	8.6	(282)	10.6	(477)
Tax rate	27.9	26.7	114	24.7	321

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Strong recovery in business operations

The Indian plastic pipes industry has grown into a key enabler of the country's infrastructure, agriculture, and housing ambitions. With applications spanning water supply, sanitation, drainage, and plumbing, plastic piping systems have become integral to both rural development and urban modernisation. As per CRISIL Ratings and ICRA, the industry is estimated to have crossed Rs. 50,000 crore in size by FY25, supported by sustained volume growth despite near- term pricing pressures. The Indian adhesives and sealants industry forms a vital component of the country's manufacturing and construction value chain, with extensive applications across infrastructure, automotive, packaging, woodworking, electronics, and consumer segments. As per IMARC group report, the Indian adhesives and sealants market is estimated to be valued at ~$2.56 billion. Industry assessments from IMARC Group indicate that the market is expected to expand at a compound annual growth rate of 5.95% over the next eight years, reaching USD 4.3 billion by 2033.

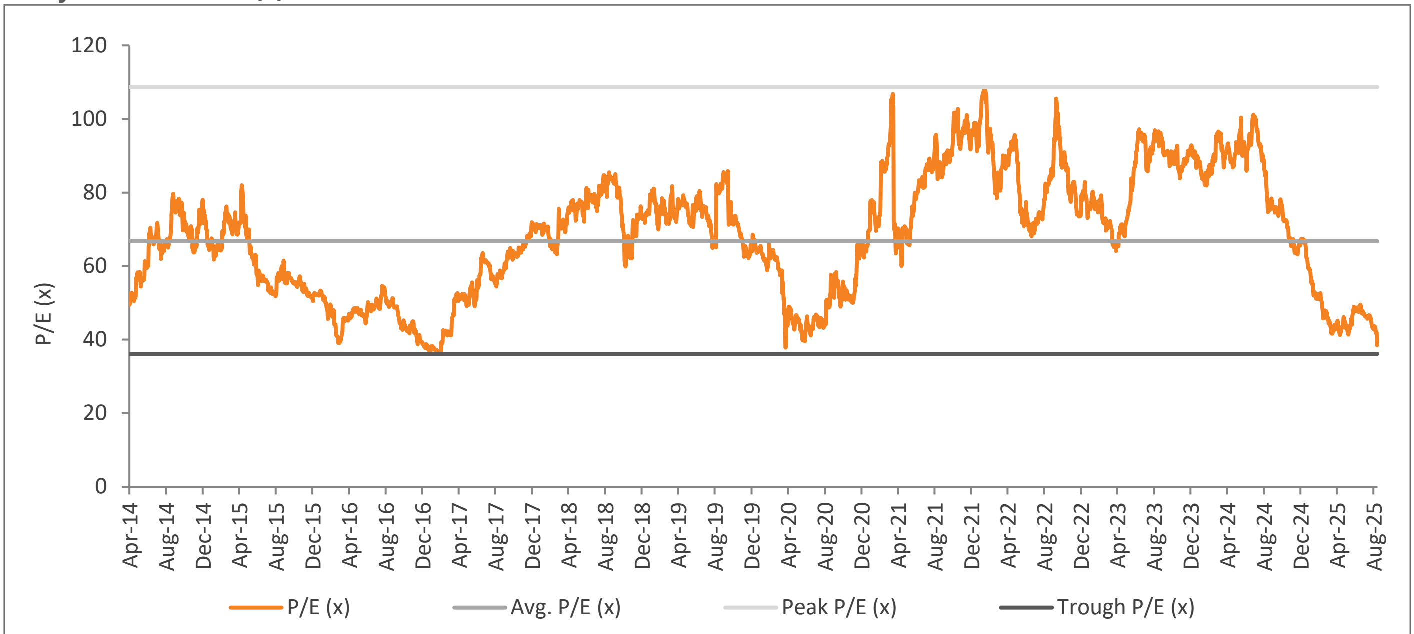
■ Company Outlook – Expect healthy growth in pipes and adhesives

Astral is well-positioned to capture growth opportunities unveiled by the government through its various schemes such as Housing for All by 2022, PMAY, Smart Cities Mission, AMRUT, HRIDAY, Har Ghar Jal by 2024, Nal se Jal by 2024, and PMKSY. Capacity expansion and improved utilisation of expanded capacity are expected to drive volume growth in the pipes business. Strategic steps taken during the last year in the adhesive business are now expected to show favourable results in a normal environment. Both pipes and adhesives businesses are expected to fare well over the long term, with pipe volumes expected to grow at over 15% per annum, while the adhesive business is expected to grow at 15-20% per annum. Further, the company would be scaling up its new businesses.

■ Valuation – Retain BUY with a revised PT of Rs. 1,643

The polymer industry faced challenges during the quarter due to volatility in PVC prices, which declined by 14% y-o-y. However, the company expects pricing to gradually improve, and demand will depend on the implementation of ADD and BIS. The scale-up of new businesses, including plastic tanks, valves, paints, faucets, and sanitaryware, will remain key focus areas for the company. We estimate a consolidated revenue/operating profit/net profit CAGR of 15%/17%/21% over FY2025-FY2027E, respectively. The stock is currently trading at a P/E of 58x and 46x for its FY2026E and FY2027E earnings. We have revised our FY2026 net earnings estimate to reflect the muted Q1FY2026 performance but, with demand expected to revive, we maintain our Buy rating on Astral with a revised target price of Rs. 1,643.

One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

About company

Established in 1996, Astral is among the country's leading manufacturers of plastic pipes used across industries. The company is now making strong inroads into the adhesives segment and infrastructure products. Astral currently operates in four countries with manufacturing facilities at 12 locations spread across India, the U.K., the U.S., and Kenya, having over 4,000 employees. The company has over 800 and 1,800 distributors in the plastic and adhesive segments, respectively. Astral is present across India through more than 30,000 and 4 lakh dealers in the plastic and adhesive segments.

Investment theme

Currently, Astral has a market share of 25% in CVPC pipes and 5% in PVC pipes and is well placed to grab significant growth opportunities unveiled by the government through its various schemes such as Housing for All by 2022, PMAY, Smart Cities Mission, AMRUT, HRIDAY, Har Ghar Jal by2024, Nal se Jal by 2024, and PMKSY. Strategic steps over the past year in the adhesive business are now expected to show favourable results in a normalised environment. The company's pipes and adhesives businesses are expected to fare well over the long term. Further, the company would be scaling up its tank business, complementing its pipe business.

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 cum Managing Director
Jagruti Sandeep Engineer	Executive Director
Hiranand A. Savlani	Chief Financial Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Life Insurance Corp of India	2.81
2	UTI Asset Management Co Ltd	2.40
3	Republic of Singapore	2.09
4	Blackrock Inc	2.08
5	Vanguard Group Inc/The	1.87
6	T Rowe Price Group Inc	1.39
7	Tree Line Asia Master Fund	1.19
8	Nippon Life India Asset Management	1.14
9	Axis Asset Management Co Ltd/India	0.85
10	HDFC Pension Fund Management Ltd	0.62

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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