



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	✗	↔	✗

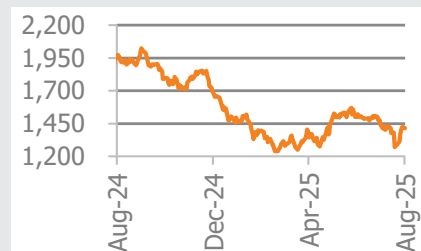
Company details

Market cap:	Rs. 37,984 cr
52-week high/low:	Rs. 2,040/1,232
NSE volume: (No of shares)	8.3 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	-4.5	-2.0	1.2	-27.3
Relative to Sensex	-3.2	-2.8	-8.5	-28.0

Source: Mirae Asset Sharekhan Research, Bloomberg

Astral Ltd

Near-term tailwinds to drive growth

Building material	Sharekhan code: ASTRAL			
Reco/View: Buy	↔	CMP: Rs. 1,414	Price Target: Rs. 1,643	↔

Summary

- DGTR has recommended imposing anti-dumping duty (ADD) on PVC resin imports for five years, which is expected to stabilise resin prices, normalise channel inventory, encourage distributor restocking and boost volumes.
- Management guided for margins of 16-18% for the plumbing segment in FY26 and 14-16% for the adhesives segment, with adhesives' revenues projected to grow 15-16% y-o-y.
- Company maintained double-digit volume growth guidance for its plumbing business, supported by July's 30% y-o-y growth and potential policy support.
- We retain our Buy rating with a price target of Rs.1,643, expecting demand momentum to strengthen over FY26.

PVC pipe demand is expected to rebound from Q2FY26 after a subdued start in Q1, which was hit by declining PVC prices, early monsoons, lower government spending and inventory losses. The management highlighted that volumes surged in July (up 30% y-o-y), with expectations of sustained recovery backed by stabilizing PVC prices. The company reaffirmed its double-digit volume growth guidance with EBITDA margins of 16-18% and volumes are expected to improve further once the Anti-Dumping Duty is implemented. On the adhesives front, the UK business is showing early signs of revival, delivering 7.9% revenue growth and an EBITDA margin of 5.4% in Q1FY26. The company expects the UK business to turn around and will perform well in the coming quarters. A new leader with extensive industry experience has been appointed to drive the UK operations. Overall, adhesives revenue is guided to grow 15-16% with margins of 14-16% in FY26.

Backward integration in CPVC: Astral has taken a strategic step towards backward integration by acquiring an 80% stake in Nexelon (Rs.120 crore investment) to manufacture CPVC resin in-house with a capacity of 40,000 tonnes. Scheduled for commissioning in Q2FY27, this initiative will reduce dependency on imports, improve margins, optimise inventory and enhance CPVC market share. Historically, Astral has enhanced margins by 2-3% through backward integration and expects similar gains from this initiative.

Capacity expansion: The company ramped up its plumbing capacity by 14% in FY25 (from 3,34,040 MT to 3,81,957 MT). Its Hyderabad plant is now fully operational, strengthening distribution across southern and eastern regions, while the Kanpur plant (expected Q3FY26) will begin with tanks and PVC products, supporting growth in northern markets. Astral continues to invest in new manufacturing facilities, with the key objective of decentralizing operations and strengthening regional supply chains across India.

Industry outlook: The CPVC market stands at ~2.5 lakh tonnes (5% of PVC industry) and is projected to grow 10-15% annually. Regulatory approval for fire-rated CPVC could unlock additional opportunities. The broader PVC industry is expected to grow at 6-7% CAGR. Astral remains the market leader in CPVC with a 25-30% share, positioning it well to capitalise on growth opportunities.

Our Call

Valuation - Retain Buy with a PT of Rs. 1,643: The polymer industry faced challenges due to volatility in PVC prices, which declined by 14% y-o-y in Q1FY26. However, the company expects pricing to gradually improve, and demand will depend on the implementation of ADD and BIS. Scale-up of new businesses, including plastic tanks, valves, paints, faucets, and sanitaryware, will remain key focus areas. We estimate a consolidated revenue/operating profit/net profit CAGR of 15%/17%/21% over FY2025-FY2027E, respectively. The stock trades at a P/E of 64x and 50x for its FY2026E and FY2027E earnings. We have maintained our FY2026 net earnings estimates to reflect the muted Q1FY2026 performance but, with demand expected to revive, we maintain our Buy rating on Astral with a price target of Rs. 1,643.

Key Risks

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

Valuation (Consolidated)

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)	70.2	73.2	64.1	50.3
P/B (x)	12.0	10.6	9.1	7.7
EV/EBITDA (x)	41.2	40.0	35.0	27.9
RoNW (%)	18.5	15.4	15.3	16.6
RoCE (%)	23.4	20.1	20.0	21.7

Source: Company; Mirae Asset Sharekhan estimates

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.

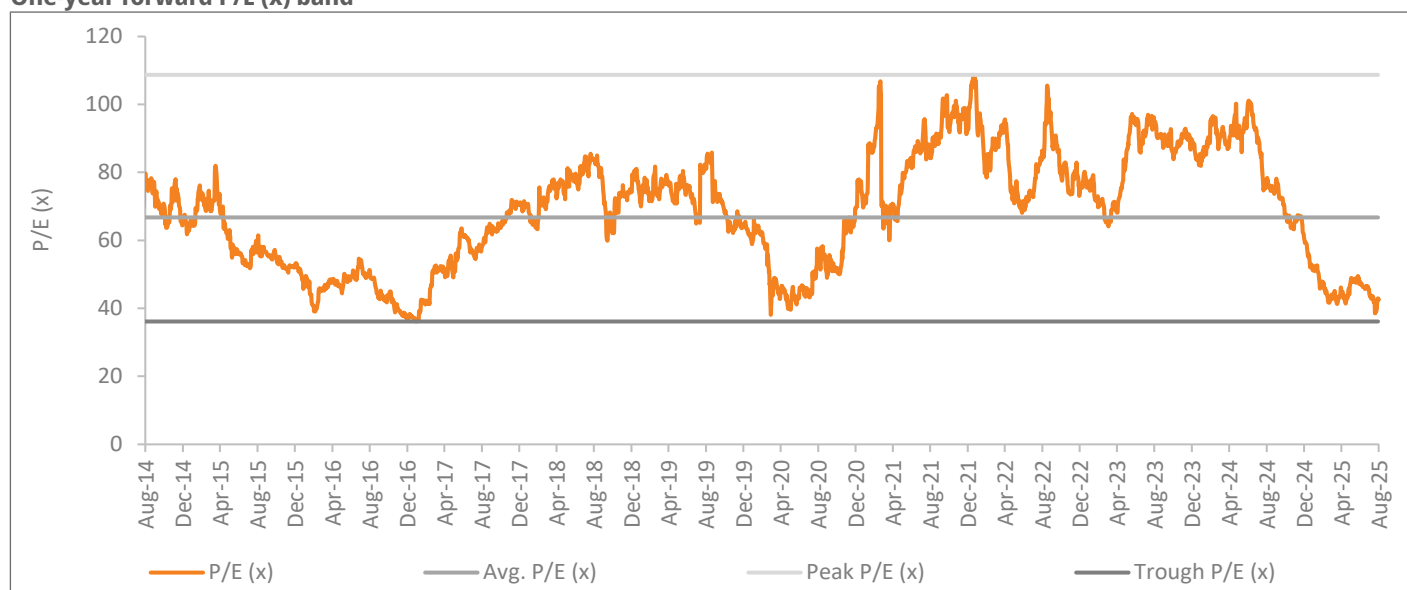
■ Company Outlook – Expect healthy growth in pipes and adhesives

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 PT of Rs. 1,643

The polymer industry faced challenges due to volatility in PVC prices, which declined by 14% y-o-y in Q1FY26. However, the company expects pricing to gradually improve, and demand will depend on the implementation of ADD and BIS. Scale-up of new businesses, including plastic tanks, valves, paints, faucets, and sanitaryware, will remain key focus areas. We estimate a consolidated revenue/operating profit/net profit CAGR of 15%/17%/21% over FY2025-FY2027E, respectively. The stock trades at a P/E of 64x and 50x for its FY2026E and FY2027E earnings. We have maintained our FY2026 net earnings estimates to reflect the muted Q1FY2026 performance but, with demand expected to revive, we maintain our Buy rating on Astral with a price target 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 by 2024, 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
Jagruiti 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

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

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 deteriorating 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

DISCLAIMER

This information/document has been prepared by Sharekhan Ltd. and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation, and any review, retransmission, or any other use is strictly prohibited. This information/ document is subject to change without prior notice.

Recommendation in reports based on technical and derivatives analysis is based on studying charts of a stock's price movement, trading volume, and outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply to information/documents focused on technical and derivatives research and shall not apply to reports/documents/information focused on fundamental research.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. Mirae Asset Sharekhan will not treat recipients as customers by virtue of their receiving this information/report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable, and Mirae Asset Sharekhan has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on a reasonable basis, Mirae Asset Sharekhan, its subsidiaries and associated companies, their directors, and employees ("Mirae Asset Sharekhan and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent Mirae Asset Sharekhan and its affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance, and the value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Mirae Asset Sharekhan may have issued other recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this recommendations/report.

This information/recommendation/report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Mirae Asset Sharekhan and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restrictions.

The analyst certifies that the analyst might have dealt or traded directly or indirectly in the securities of the company and that all the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of Mirae Asset Sharekhan. The analyst and Mirae Asset Sharekhan further certifies that either he or his relatives or Mirae Asset Sharekhan associates might have direct or indirect financial interest or might have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report. The analyst and Mirae Asset Sharekhan encourage independence in research report/ material preparation and strive to minimize conflict in the preparation of the research report. The analyst and Mirae Asset Sharekhan do not have any material conflict of interest or have not served as officers, directors or employees or engaged in market-making activity of the company. The analyst and Mirae Asset Sharekhan have not been a part of the team which has managed or co-managed the public offerings of the company, and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Ltd, or its associates, or analysts have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from a third party in the past twelve months in connection with the research report.

Either Mirae Asset Sharekhan or its affiliates or its directors or employees/representatives/clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. Mirae Asset Sharekhan may from time to time solicit from, or perform investment banking or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall Mirae Asset Sharekhan, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance, and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Sharekhan Ltd and its affiliates undertake no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader/investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgment before taking any investment decision.

Investment in securities market are subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Mirae Asset Sharekhan has been ranked as India's No.1 Retail Broker by Asiamoney Brokers Poll 2023. For more details, visit bit.ly/AsiamoneyPoll

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on www.sharekhan.com

Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai - 400708. Tel: 022 61169000 / 61150000.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE - 748, NSE - 10733, MCX - 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: complianceofficer@sharekhan.com

For any complaints/ grievances, email us at igc@sharekhan.com, or you may even call the Customer Service desk on 022-41523200/ 022-61151111.