

August 12, 2025

**RESULT REPORT Q1 FY26** | Sector: Building Materials

# Astral Ltd

**Management maintains double-digit growth guidance; upgrade to NEUTRAL from REDUCE!**

## Key take aways from Q1FY26 Earnings:

**Revenue & Operating margins – Topline as expected; margins below estimates:** Sales remained flattish YoY owing to muted growth in pipes segment. Adhesives biz revenue grew by 10%YoY while bathware sales increased by 27%YoY. Operating margins came in at 13.6% Vs 15.5%/18% in Q1FY25/Q4FY25 respectively. Consequently EBITDA stood at Rs1.85Bn, a degrowth of 14%YoY. Incrementally, higher depreciation expense further dented profits resulting in 34%YoY decline.

**Plastic pipe segment – Volumes remained flattish; EBITDA/Kg lower due to inventory loss:** Soft demand, early onset of monsoons and declining resin prices resulted in muted volume growth for the company wherein volumes stood at 56,074Te. Realization/Kg came in at Rs164 as compared to Rs177/Rs176 in Q1FY25/Q4FY25 respectively due to material fall in resin prices. Consequently, company recorded inventory loss of Rs250Mn leading to EBITDA/Kg of Rs28.8 as compared to Rs33.3/Rs37.7 in Q1FY25/Q4FY25. However, adjusting for the inventory loss, EBITDA/Kg stood at Rs33.3 (in-line with estimates). Hence, EBITDA for this segment stood at Rs1.62Bn, a degrowth of 13%YoY. Pipes capacity as on Q1FY26 stood at 387,501Te which will be expanded by ~25,000Te at Kanpur; post which company does not intend to enhance capacities for ~2-3 years.

**Other segments – Healthy improvement in Adhesives segment; Paints biz expands:** Adhesives segment revenue increased by 10%YoY to Rs4.07Bn wherein domestic/international sales grew by 9%/7% YoY respectively. EBITDA margins came in at 9.2% Vs 12%/13.3% wherein domestic margins stood at ~14% and international biz margins (excluding forex loss) improved to ~5.5% during the quarter. Paints biz reported a revenue of Rs500Mn, a growth of 20%YoY with EBITDA margins of ~1.4%.

**Acquisition of NEXELON CHEM PVT LTD:** Astral has entered into an agreement with Nexelon Chem Pvt Ltd for acquiring 80% of equity for ~Rs1.2Bn. Astral will set-up CPVC resin capacity of 40,000Te which will be operational by Q2FY27. Management aims to expand margins with backward integration of plumbing business. Moreover, currently company must maintain 90-days inventory for CPVC raw material and post commencement of this plant, working capital will reduce meaningfully. Management stated this plant will be a big game changer for company's future.

## Snapshot Overview

Parameter	Q1 FY26	QoQ (%)	YoY (%)	vs Est	vs Bloom
Revenue	13,612	-19.0%	-1.6%	Miss	Miss
EBITDA	1,849	-38.8%	-13.8%	Miss	Miss
EBITDA Margin (%)	13.6%	-437 bps	-191 bps	Miss	Miss
PAT	792	-55.5%	-33.7%	Miss	Miss
EPS	3.0	-54.7%	-32.6%	Miss	Miss

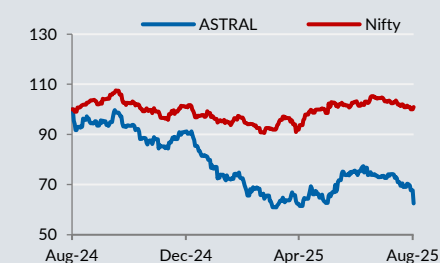
Source: Company, YES Sec

Reco	: <b>NEUTRAL</b>
CMP	: Rs 1,269
Target Price	: Rs 1,371
Potential Return	: +8%

## Stock data (as on Aug 12, 2025)

Nifty	24,487
52 Week h/l (Rs)	2038 / 1232
Market cap (Rs/USD mn)	371146 / 4236
Outstanding Shares (mn)	269
6m Avg t/o (Rs mn):	1,042
Div yield (%):	0.3
Bloomberg code:	ASTRA IN
NSE code:	ASTRAL

## Stock performance



	1M	3M	1Y
Absolute return	-14.0%	-4.6%	-34.5%

## Shareholding pattern (As of Jun'25 end)

Promoter	54.1%
FII+DII	34.9%
Others	11.0%

## Δ in stance

(1-Yr)	New	Old
Rating	NEUTRAL	REDUCE
Target Price	1,371	1,371

## Δ in earnings estimates

	FY26E	FY27E
EPS (New)	23.1	27.3
EPS (Old)	23.5	27.4
% change	-2%	0%

## Financial Summary

(Rs mn)	FY25	FY26E	FY27E
Net Revenue	58,324	63,576	72,208
YoY Growth	3.4	9.0	13.6
EBITDA	9,459	11,142	12,761
EBITDA (%)	16.2	17.5	17.7
PAT	5,189	6,217	7,342
YoY Growth	(4.9)	19.8	18.1
ROE	14.9	15.7	16.2
EPS	19.3	23.1	27.3
P/E	67.1	54.9	46.5
BV/Share	137.3	156.6	180.2
P/BV	9.4	8.1	7.0

## UDIT GAJIWALA

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SHALIN DAMANI, Associate

## Key Data points

Particulars	Q1 FY26	QoQ (%)	YoY (%)	vs Est
<b>Plumbing</b>				
Volume (Te)	56,074	(17.2)	0.5	In-line
Revenue	9,539	(22.2)	(5.9)	Miss
Realization (Rs/Kg)	164	(6.8)	(7.2)	Miss
EBITDA	1,565	(37.5)	(13.9)	Miss
EBITDA (Rs/Kg)	28	(24.6)	(14.3)	Miss
<b>Adhesive &amp; Paints</b>				
Revenue	4,073	(10.4)	10.0	In-line
EBITDA	375	(37.9)	(15.9)	Miss
EBITDA (%)	9.2	-407 bps	-283 bps	Miss

Source: Company, YES Sec

## ANALYST VIEW & INVESTMENT THESIS

### 1-year View:

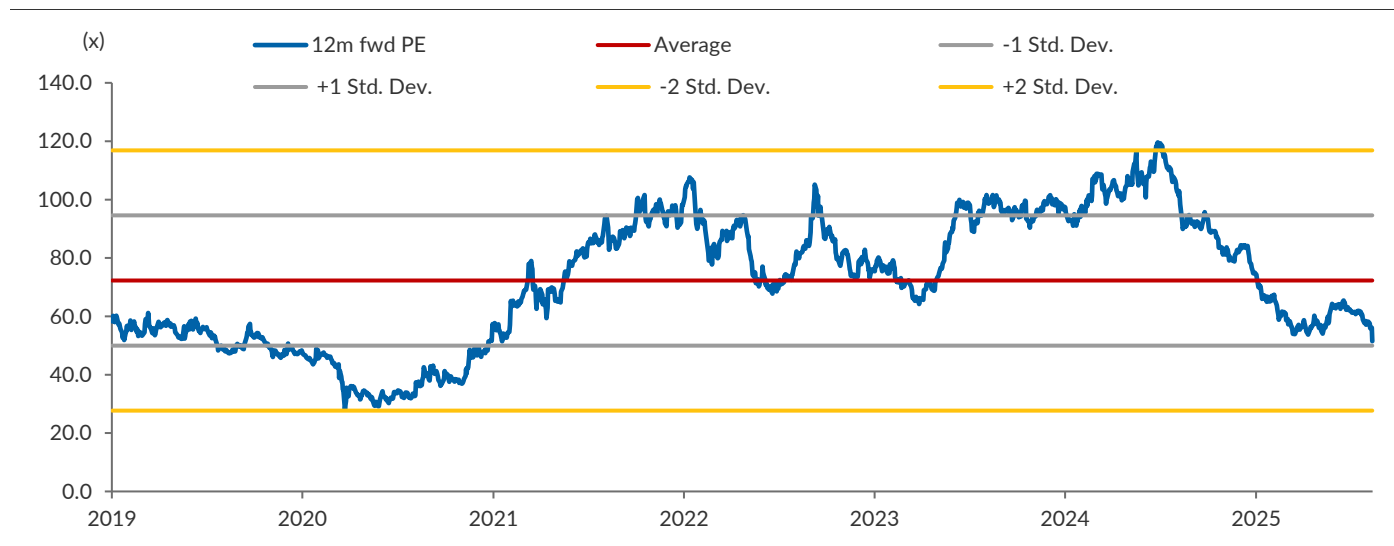
Though Q1 has been muted for the company, we reckon decent growth trajectory from hereon as we expect demand environment to improve, resin volatility to reduce with resin prices bottoming out and likely implementation of ADD/BIS. Notably, the base of coming 9MFY26 is also favorable. We have marginally revised our EPS estimate for FY26E downwards which is largely owing to lower than earlier expected realizations. Moreover, with better volumes and no expected inventory loss for coming 9MFY26, we expect EBITDA/Kg to regain normalcy at ~Rs32-34/Kg. For adhesives, we expect steady growth and margins to expand gradually on the back of improvement in UK operations. Bathware & Paints biz is expected to grow but we do not foresee any meaningful improvement in profitability.

### 3-years View:

ASTRAL will continue to benefit from the plumbing demand and will maintain their industry leading margins for plumbing segment. Product innovation, expanding footprints and shift from PVC to CPVC will further aid in company's volume growth. Moreover, company has heavily invested in establishing capacities in past 2-3 years and going ahead, company plans to utilize the same which will lead to improvement in return ratios. Moreover, other businesses are fairly at nascent stage and will witness gradual improvement.

ASTRAL continues to trade at rich valuations. However, with recent fall in stock price, company is nearing the lower end of its long-term P/E band on our FY27E EPS of Rs27 (unchanged). Hence, we upgrade the stock to NEUTRAL from REDUCE and continue to value the company at P/E(x) of 50x (highest multiple Vs peers) on FY27E EPS & maintain our target price of Rs1,371.

**Exhibit 1: 1-year forward P/E (x) chart**



Source: Company, YES Sec

## CONCALL SUMMARY

- **FY26 Guidance:** Management maintained their guidance of double-digit volume growth for plumbing biz with margins of 16-18%. Adhesives biz is expected to grow by 15-16% with margin of 14-16%. Paints biz is expected to grow by 20% to Rs2.4Bn.
- **Demand environment:** Q1FY26 was slow owing to lower demand, early onset of monsoon and lower government spend. PVC prices were volatile during the quarter and management believes the prices have bottomed-out and will see an uptick. Plumbing & Adhesives biz have grown by 30% each in Jun'25 Vs Jun'24 (low base).
- In Q1FY26, **India Adhesives Biz** revenue grew by 9%YoY with ~14% margin and absolute EBITDA of Rs366Mn Vs Rs380Mn in Q1FY25.
- **UK Adhesives Biz** revenue grew by 7%YoY in Q1FY26 with 5.4% margin excl forex losses and 0.2% margin incl forex losses. Absolute EBITDA (incl forex losses) stood at Rs2Mn in Q1FY26 Vs Rs26Mn in Q1FY25. UK adhesives margin is expected to settle at 8-10% over the longer-term.
- **Paints** revenue grew by 20%YoY in Q1FY26 with EBITDA margin of 1.4% and absolute EBITDA of Rs7Mn Vs Rs40Mn in Q1FY25.
- **Inventory loss** in the quarter was Rs250Mn. No inventory loss is expected in Q2FY25.
- **Plumbing capacity** increased from 381,957Te as on Mar'25 to 387,501Te as on Jun'25. By FY26 end, capacity would increase by another 25,000Te from Kanpur plant and more can be added if required.
- **Kanpur plant** is expected to commence in Q3FY25 in phases; 1st phase will be tanks & PVC products. **Hyderabad plant** has stabilized and ramping up gradually.
- Company stated that there is no loss of market share in CPVC segment.
- Astral maintains **CPVC RM** inventory of 90 days as it majorly imports RM from Japan while some is procured from DCW India. With new plant the inventory levels could reduce to 1-2 weeks. Astral maintains **PVC RM** inventory of 1-2 weeks.
- Company acquired 80% of **Nixelon** to manufacture 40,000Te of CPVC resin for Rs1.2Bn and the same is expected to be commissioned in Q2FY27 and 100% of capacity would be

for captive use. 20% stake is with company's technical partner who has been working with Astral for last 2-3 years for CPVC R&D. Total R&D spend for CPVC was Rs40-50Mn over 2-3 years.

- **OPVC** orders have commenced for the company.
- 70% of current channel deals **Bathware** products. Astral is currently present across North, West, & South. Company will foray into East once other 3 regions are stabilized.
- Management expects **ADD** to be implemented in Q2FY26.

**Capex** in Q1FY26 was Rs500Mn and for FY26 total capex is expected to be Rs3Bn. Rs1.2Bn capex for Nexelon will be incurred over 12 months. For 2-3 years FY27 onwards company will only incur maintenance capex as no pipes expansion is planned. Capex over the last 3 years for the company was Rs15Bn.

## Estimate Revisions

Metric (Rs Mn)	Old Est (FY27E)	New Est	% Change	Reason
Revenue	74,948	72,208	-4%	Broadly maintain our view
EBITDA	12,702	12,761	0%	
EPS	27	27	0%	

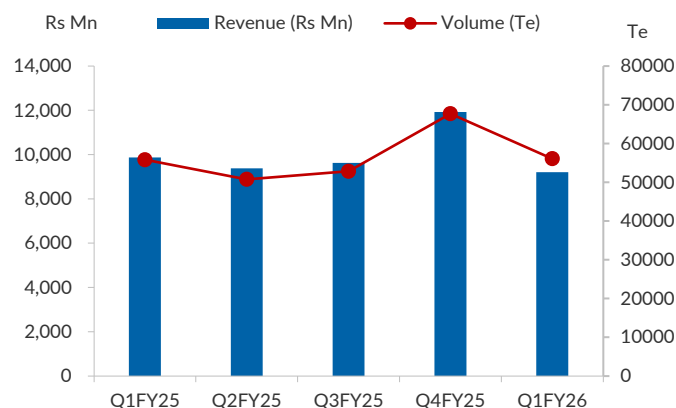
Source: Company, YES Sec

## Valuation Snapshot

Valuation Metric	FY25	FY26E	FY27E
P/E (x)	67.1	54.9	46.5
EV/EBITDA (x)	36.3	29.8	25.5
ROCE (%)	20.4	21.2	21.8

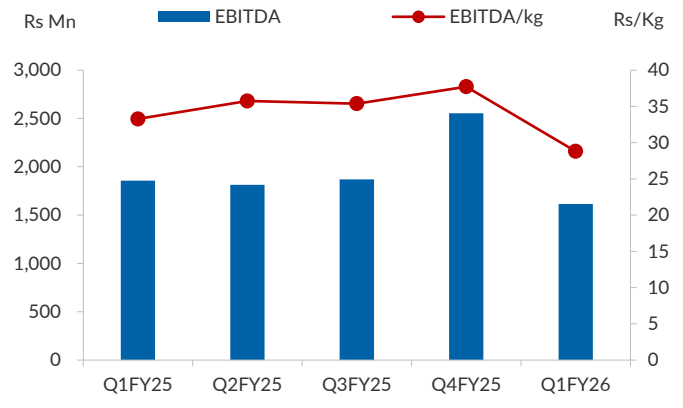
Source: Company, YES Sec

**Exhibit 2: Pipe revenue and volume**

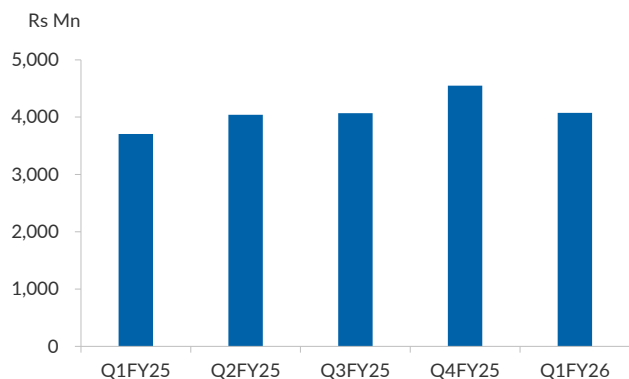


Source: Company, YES Sec

**Exhibit 3: Pipe EBITDA and EBITDA/Kg**

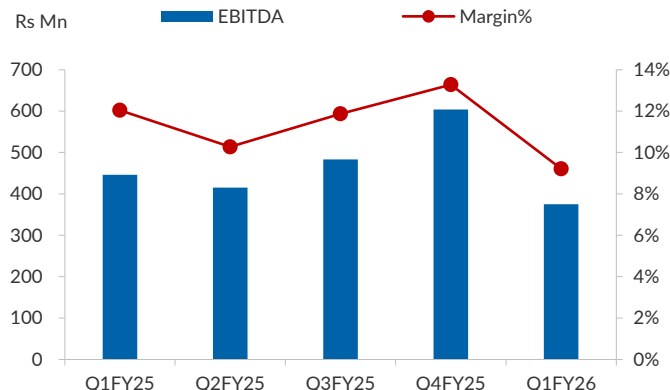


**Exhibit 4: Adhesive & paints revenue**



Source: Company, YES Sec

**Exhibit 5: Adhesive & paints EBITDA and margin**



## FINANCIALS

**Exhibit 6: Quarterly snapshot**

Particulars (Rs Mn)	Q1FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)
Net Sales	13,836	16,814	13,612	(1.6)	(19.0)
COGS	8,226	10,188	8,251	0.3	(19.0)
% of sales	59.5	60.6	60.6	116.2	2.3
Gross margin %	40.5	39.4	39.4	(116.2)	(2.3)
Employee costs	1,267	1,331	1,419	12.0	6.6
% of sales	9.2	7.9	10.4	126.7	250.9
Other expenses	2,199	2,276	2,093	(4.8)	(8.0)
% of sales	15.9	13.5	15.4	(51.7)	184.0
EBITDA	2,144	3,019	1,849	(13.8)	(38.8)
EBITDA margin %	15.5	18.0	13.6	(191.2)	(437.2)
Depreciation	556	648	719	29.3	11.0
EBIT	1,588	2,371	1,130	(28.8)	(52.3)
EBIT margin %	11.5	14.1	8.3	(317.6)	(580.0)
Interest expense	76	96	123	61.8	28.1
Other income	119	88	91	(23.5)	3.4
PBT	1,631	2,363	1,098	(32.7)	(53.5)
Tax	436	583	306	(29.8)	(47.5)
Effective tax rate %	26.7	24.7	27.9	113.7	319.7
Adj.PAT after Share of Assc & JV	1,195	1,781	792	(33.7)	(55.5)
PAT margin %	8.6	10.6	5.8	(281.8)	(477.4)

Source: Company, YES Sec

## Exhibit 7: Income statement

Particulars (Rs Mn)	FY23	FY24	FY25	FY26E	FY27E
Revenues	51,585	56,414	58,324	63,576	72,208
COGS	34,347	34,590	35,192	37,120	42,296
COGS %sales	66.6%	61.3%	60.3%	58.4%	58.6%
GP	17,238	21,824	23,132	26,456	29,912
Gross margin (%)	33.4%	38.7%	39.7%	41.6%	41.4%
EBITDA	8,099	9,183	9,459	11,142	12,761
EBITDA margin (%)	15.7%	16.3%	16.2%	17.5%	17.7%
Depreciation & Amortization	1,781	1,976	2,434	2,808	3,011
Finance cost	400	291	413	495	495
Other income	267	421	413	506	600
PBT	6,152	7,336	7,025	8,346	9,855
Tax	1,557	1,880	1,836	2,128	2,513
Net profit	4,595	5,456	5,189	6,217	7,342
Net margin (%)	8.9%	9.7%	8.9%	9.8%	10.2%

Source: Company, YES Sec

## Exhibit 8: Balance sheet

Particulars (Rs Mn)	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	269	269	269	269	269
Reserves	26,843	31,612	35,901	41,111	47,447
Total Shareholders' Funds	29,589	32,685	36,927	42,137	48,473
	805	1,082	2,200	2,200	2,200
Trade payables	8,000	8,719	8,589	9,060	10,323
Provisions	26	8	24	24	24
Other current liabilities	647	827	954	954	954
<b>Total equity and liabilities</b>	<b>43,731</b>	<b>44,979</b>	<b>50,560</b>	<b>56,241</b>	<b>63,840</b>
Gross block	21,185	26,884	33,093	36,093	38,093
Acc dep	7,262	9,238	11,672	14,480	17,490
Net block	13,923	17,646	21,421	21,613	20,603
CWIP	1,261	1,506	1,160	1,160	1,160
Other non-current assets	135	329	414	414	414
Inventory	8,746	9,134	10,111	10,665	12,152
Trade receivables	3,545	3,758	4,353	4,745	5,389
Cash and cash equivalents	6,821	6,096	6,083	10,626	17,104
Loans	206	6	13	13	13
Other current assets	947	686	797	797	797
<b>Total assets</b>	<b>43,731</b>	<b>44,979</b>	<b>50,560</b>	<b>56,241</b>	<b>63,840</b>

Source: Company, YES Sec

## Exhibit 9: Cash flow statement

Particulars (Rs Mn)	FY23	FY24	FY25	FY26E	FY27E
PBT	6,152	7,336	7,025	8,346	9,855
Add: Depreciation	1,781	1,976	2,434	2,808	3,011
Add: Interest	400	291	413	495	495
Less: WC changes	(1,026)	500	(1,718)	(475)	(868)
Less: taxes paid	(1,654)	(1,772)	(1,701)	(2,128)	(2,513)
<b>Cash flow from operations</b>	<b>5,569</b>	<b>8,234</b>	<b>6,296</b>	<b>9,044</b>	<b>9,980</b>
Capital expenditure	(3,110)	(5,539)	(5,448)	(3,000)	(2,000)
<b>Cash flow from investing activities</b>	<b>(4,797)</b>	<b>(5,410)</b>	<b>(5,126)</b>	<b>(3,000)</b>	<b>(2,000)</b>
Movement in borrowings	(266)	84	456	-	-
Interest paid	(366)	(267)	(342)	(495)	(495)
<b>Cash from financing activities</b>	<b>(1,906)</b>	<b>(2,025)</b>	<b>(1,183)</b>	<b>(1,502)</b>	<b>(1,502)</b>
Change in cash balance	(1,134)	799	(13)	4,543	6,478
Opening cash balance	6,429	5,295	6,094	6,083	10,626
Closing cash balance	5,295	6,094	6,081	10,626	17,104

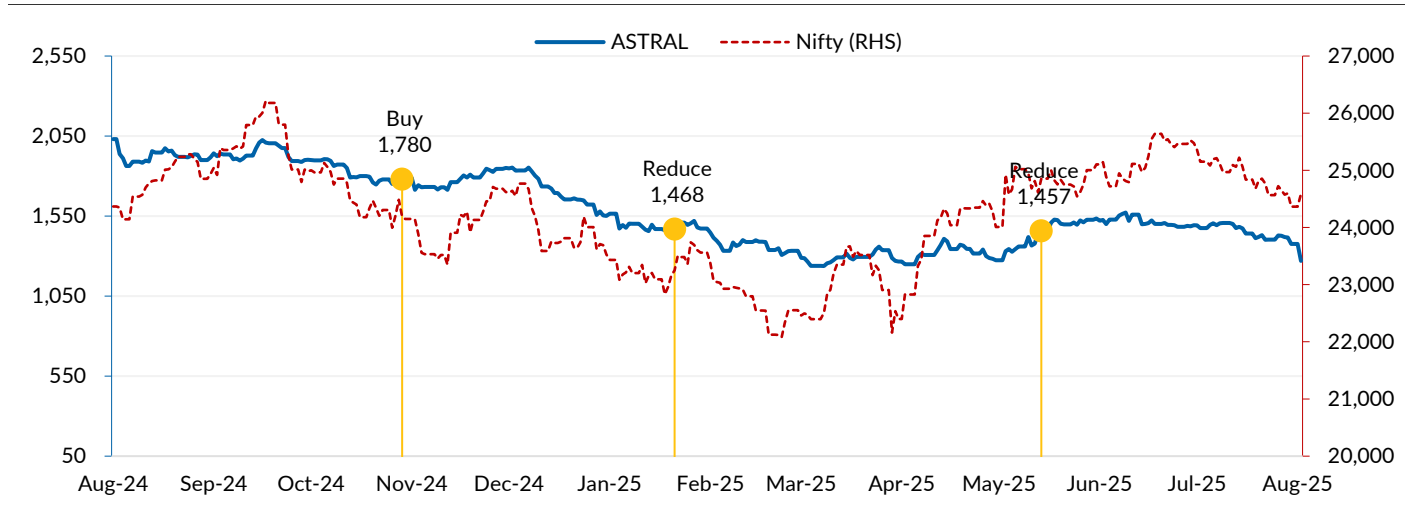
Source: Company, YES sec

## Exhibit 10: Ratio analysis

Particulars	FY23	FY24	FY25	FY26E	FY27E
<b>Growth (%)</b>					
Total Sales	17.4%	9.4%	3.4%	9.0%	13.6%
EBITDA	7.2%	13.4%	3.0%	17.8%	14.5%
EBIT	-0.7%	15.8%	-2.5%	18.9%	17.1%
PAT	-6.3%	18.7%	-4.9%	19.8%	18.1%
<b>Profitability (%)</b>					
GP Margins	33.4%	38.7%	39.7%	41.6%	41.4%
EBITDA Margins	15.7%	16.3%	16.2%	17.5%	17.7%
EBIT Margins	12.8%	13.5%	12.8%	13.9%	14.3%
PAT Margins	8.9%	9.7%	8.9%	9.8%	10.2%
ROCE	24.0%	23.8%	20.4%	21.2%	21.8%
ROE	17.3%	17.5%	14.9%	15.7%	16.2%
<b>Per Share Data (Rs)</b>					
EPS	17.1	20.3	19.3	23.1	27.3
CEPS	23.7	27.6	28.3	33.6	38.5
BVPS	110.0	121.5	137.3	156.6	180.2
<b>Valuations (x)</b>					
P/E (x)	78.3	98.2	67.1	54.9	46.5
P/BV (x)	12.2	16.4	9.4	8.1	7.0
EV/EBITDA	43.7	57.8	36.3	29.8	25.5
<b>Gearing Ratios</b>					
Debt/Equity	0.0	0.0	0.0	0.0	0.0
Net Debt/Equity	(0.2)	(0.2)	(0.1)	(0.2)	(0.3)
Net Debt/EBITDA	(0.7)	(0.6)	(0.5)	(0.8)	(1.2)
Int Coverage	16.5	26.2	18.0	17.9	20.9
<b>WCC Days</b>					
Debtors	25	24	27	27	27
Inventory	93	96	105	105	105
Creditors	85	92	89	89	89

Source: Company, YES sec

## Recommendation Tracker





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Analyst signature

Analyst signature

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