Astral Ltd. (ASTPOL)

CMP: ₹1249 | Target ₹ 1650 (32%) | Target Period: 12 months | BUY

November 6, 2026

Focus on margin recovery in H2; retain Buy

About the stock: Astral, established in 1996 by Sandeep Engineer, introduced CPVC piping in India. As of FY26, it has 21 manufacturing units with an aggregate capacity of 5.97 lakh TPA (4.2 lakh TPA Pipes, Water tanks & Bathware, 1.4 lakh TPA Adhesives & Sealants, 36000 TPA Paints). It has a strong network of over 2.7 lakh dealers and 3990+ distributors.

Q2FY27 performance: Astral reported broadly in-line Q2FY27 consolidated revenues at ₹ 1988 crore (up 26% YoY and QoQ) led by both plumbing (revenues up 25% YoY at ₹ 1398 crore) and Paints & adhesives (up 29% YoY at ₹ 590 crore). Plumbing volumes were up 19% YoY (up 30% QoQ) at 72,934 MT. Bathware (included in Plumbing) & Paints revenues grew by 27% YoY and 43% YoY at ₹ 42 crore and ₹ 82 crore respectively. Consolidated EBITDA margins were lower 318 bps YoY (down 155 bps QoQ) at 13.1%. EBITDA margins (including other income) for plumbing/paints & adhesives were lower 276 bps/ 448 bps YoY at 16.3%/ 7.6% respectively. Overall its consolidated EBITDA was marginally up 1% YoY at ₹ 261 crore. Lower EBITDA margins led to consolidated PAT decline of 6% YoY (up 6% QoQ) at ₹ 127 crore.

Investment Rationale:

- **Plumbing margins set to recover in H2:** Astral's plumbing EBITDA margins (incl. other income) hit a five-quarter trough at 16.3% in Q2FY27 (H1FY27 – 17.4%) in lieu of market share gains via pass thru of inventory gain benefits to the channel. The management reiterated FY27 double-digit plumbing volume growth (up 10% YoY) while retaining its 16-18% EBITDA margin. During October, it witnessed unprecedented demand while have also undertaken price hikes. It remains confident of achieving 15% YoY growth in Plumbing business EBITDA during FY27 to ₹ 1050 crore. The same is backed by expected by stable pricing environment for PVC (DGTR's recommendation for CVD on Chinese imports) along with better product mix during H2 (higher CPVC and VAP share).
- **Strong revenue growth to sustain along with margin improvement for other businesses:** Astral's revenue growth across India adhesives (up 25% YoY for H1FY27), UK adhesives (up 28% YoY), Paints (up 45% YoY) and Bathware (up 22% YoY) is expected to remain strong in H2FY27. While EBITDA margin trajectory is expected to improve for India adhesives (13-14% in FY27 Vs 11.5% in H1), UK adhesives (9-10% by FY27 end Vs 6.3% in H1) and Paints (3-4% by FY27 end Vs ₹ 4 crore EBITDA loss in H1). It has increased Pipes & Fittings capacity to 4.25 lakh MT, while its CPVC resin plant is on track for trials and stabilisation in Q4FY27, providing potential benefits to margins and supply security.

Rating and Target Price:

- We have lowered our PAT estimates for FY27/FY28 by 15%/6% considering lower EBITDA margins during H1FY27.
- We retain Buy with a revised SOTP based price target of ₹ 1650, implied ~55x P/E on FY28E EPS.

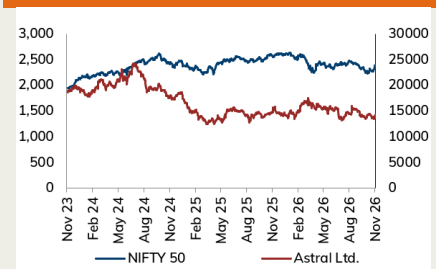
Particulars

Particular	₹ crore
Market Capitalisation	33554
Gross Debt (FY26)	153
Cash (FY26)	943
EV (₹crore)	32764
52 week H/L	1769/1216
Equity capital	27
Face value	₹ 1

Shareholding pattern

Particular	Dec-25	Mar-26	Jun-26	Sep-26
Promoters	54.2	54.2	54.2	54.2
FIIs	15.2	14.5	13.9	11.1
DIIs	19.2	21.3	21.3	24.1
Others	11.4	10.0	10.6	10.6

Price Chart



Key risks

(i) Sharp decline in PVC/CPVC resin prices

(ii) Slowdown in agriculture, infrastructure, real estate sectors.

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials (₹ Crore)	FY24	FY25	FY26	2-Year CAGR (FY24-26)	FY27E	FY28E	2 year CAGR (FY26-28E)
Revenues	5,641	5,832	6,569	7.9%	7,703	8,745	15.4%
EBIDTA	918	946	1,062	7.5%	1,126	1,416	15.5%
EBIDTA Margins(%)	16.3	16.2	16.2		14.6	16.2	
Adjusted PAT	546	524	537	-0.9%	606	805	22.5%
EPS (Rs.)	20.3	19.5	19.9		22.5	29.9	
P/E (x)	78.5	81.9	79.9		55.5	41.7	
EV to EBIDTA (x)	46.1	44.8	39.6		29.3	23.1	
RoNW (%)	18.5	15.4	14.0		14.1	16.4	
RoCE (%)	23.4	20.1	19.6		28.4	21.4	

Source: Company, ICICI Direct Research

Q2FY27 Earnings call highlights

- **Guidance:** Management reiterated its FY27 guidance of double-digit plumbing volume growth and 16-18% EBITDA margin. For FY27, it targets 290,000 to 300,000 tons in plumbing volume and expects ₹ 1,050 crores EBITDA for the plumbing business, contributing to a consolidated full-year EBITDA estimation of ₹ 1,250 crores. Adhesive India's EBITDA margin (H1 - 11.5%), is expected to reach 13-14% by year-end; UK adhesive aims for 9-10% EBITDA by year-end (H1 – 6.3%). The paint business is guided to achieve positive EBITDA of 3-4% by year-end FY27 (H1 – negative 2.5%) and 8-10% by FY28.
- **Demand and Future Outlook:** Management indicated that demand during October 2026 was unprecedented across segments. For the piping segment, the implementation of MIP and potential countervailing duties are expected to establish a minimum base price of ₹ 85-90, protecting against polymer price declines. During October 2026, it has undertaken price hike in pipes (5% price hike in CPVC) and adhesives.
- **Capex:** The company's CapEx for H1FY27 was ₹ 260 crores, with an additional ₹ 40 crores allocated to the Nexelon CPVC plant, projecting a total CapEx of ~₹ 400 crores for FY27. Its CPVC plant is expected to start commercial production by the last month of Q4. New PEX-Aluminum-PEX commercial sales is expected in Q3. DSS specialty's expansion plan is laid out for the next one to two years, involving the acquisition of a plant to scale production and introduce new products. The company possesses sufficient land to add another 100 KT of plastic plumbing capacity within six to nine months, at lower CapEx. Gem Paints' office in Bangalore, was sold for ~₹ 50-52 crores.
- **New products:** It has increased its product basket over the last three to four years, with new segments like water tanks, valves, fire sprinklers, OPVC, PTMT, and various low noise pipe segments. A complete range of PPR pipes and fittings has been launched, and an Electro Fusion HDPE drainage system is expected to launch very shortly. PEX-Aluminum-PEX product commercial sales is expected in Q3. New product contributions, including PEX-Aluminum-PEX, HDPE, PPR, PE, and Electro Fusion Fittings, are expected to start in Q3, which will help improve both top-line and bottom-line performance.

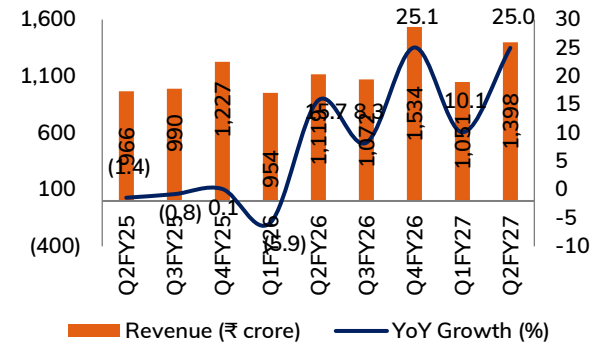
Exhibit 1: Quarterly Analysis

Particulars	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Comments
Operating Income	**1,988**	**1,577**	**26.0**	**1,578**	**26.0**	Plumbing volumes were up 25% YoY. Paints & Adhesives revenues grew by ~29% YoY
Other Income	12	11	3.5	13	-7.8	
Total Revenue	2,000	1,589	25.9	1,591	25.7	
Raw Materials Costs	1,286	953	34.9	938	37.1	
Employees Expenses	175	147	19.6	170	3.4	
Other Expenses	267	221	20.6	240	11.2	
Total Expenditure	1,728	1,321	30.8	1,347	28.3	
EBITDA	**261**	**257**	**1.4**	**231**	**12.7**	Plumbing margins were down ~276bps YoY. Paints & Adhesives margins lower due to high RM
EBITDA Margins (%)	13.1	16.3	-318bps	14.7	-155bps	
Interest	12	16	-23.8	6	110.3	
Depreciation	79	72	8.9	75	4.4	
PBT	**181**	**180**	**0.8**	**163**	**11.4**	
Tax	45	45	-1.1	43	4.7	
Income from Assoc.	0	0	-	0	-	
Minority Interest	0	0	-	0	-	
Adj. PAT	**137**	**135**	**1.5**	**120**	**13.8**	

Source: Company, ICICI Direct Research

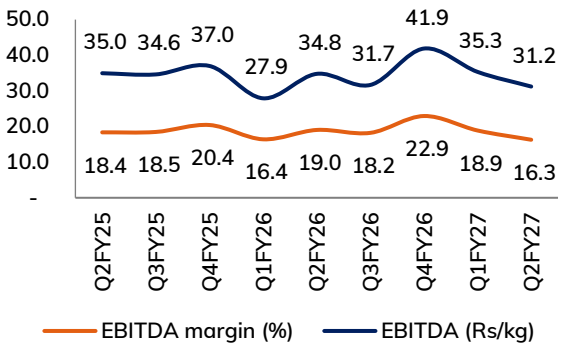
Segmental Trends

Exhibit 2: Plumbing(Pipes,fittings,water tanks,bathware)



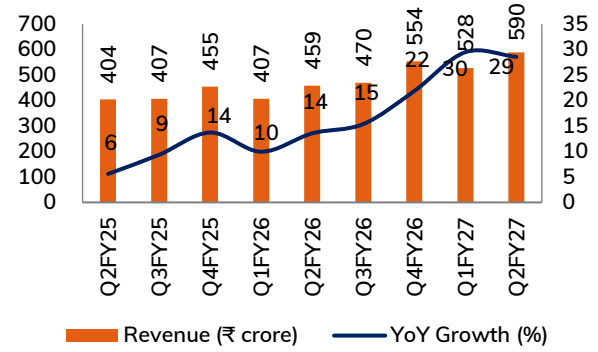
Source: Company, ICICI Direct Research

Exhibit 3: Plumbing(Pipes,fittings,water tanks,bathware



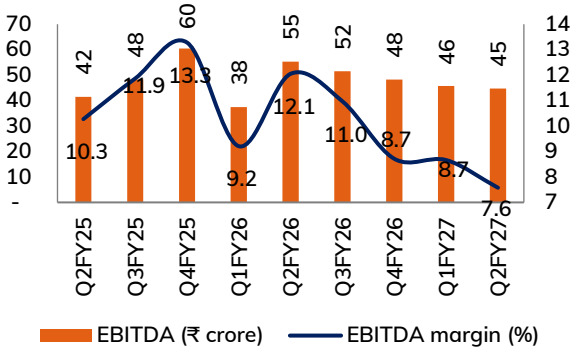
Source: Company, ICICI Direct Research

Exhibit 4: Paints & Adhesives (Resinova + Seal It + Paint)



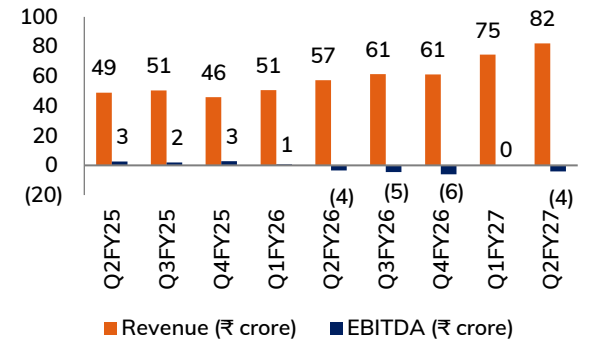
Source: Company, ICICI Direct Research

Exhibit 5: Paints & Adhesives (Resinova + Seal It +Paint)



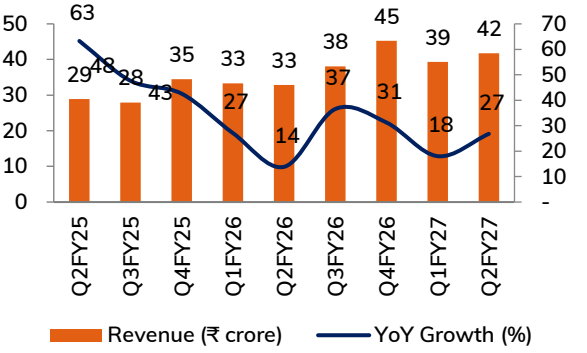
Source: Company, ICICI Direct Research

Exhibit 6: Paints Revenue/EBITDA Trend



Source: Company, ICICI Direct Research

Exhibit 7: Bathware Revenue Trend



Source: Company, ICICI Direct Research

Financial summary

Exhibit 8: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Total Operating Income	**5832**	**6569**	**7703**	**8745**
Growth (%)	3.4%	12.6%	17.3%	13.5%
Operating Expenses	3519	3951	4642	5312
Gross Profit	2313	2618	3061	3433
Gross Profit Margins (%)	39.7%	39.8%	39.7%	39.3%
Employee Expenses	518	590	601	682
Other Expenditure	849	965	1334	1335
Total Operating Exp.	4887	5507	6577	7329
EBITDA	**946**	**1062**	**1126**	**1416**
Growth (%)	3.0%	12.3%	6.1%	25.7%
Interest	41	64	46	46
Depreciation	243	292	323	351
Other Income	41	47	49	55
PBT before Excl. item	**703**	**753**	**806**	**1074**
Total tax	184	196	206	274
PAT before MI	519	557	601	800
Minority interest	-5	-2	-5	-5
Profit from associates	0	0	0	0
Exceptional items	0	23	0	0
PAT	**524**	**537**	**606**	**805**
Growth (%)	-4.1%	2.4%	12.9%	32.9%
EPS (Adjusted)	**19**	**20**	**23**	**30**

Source: Company, ICICI Direct Research

Exhibit 9: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit/loss after taxation	702.5	730.6	806.2	1073.8
Add: Dep. & Amortization	243.4	291.6	322.8	351.0
Change in working capital	-171.8	213.4	-334.5	-77.2
Total tax paid	-170.1	-187.4	-205.6	-273.8
Others	25.6	68.8	45.9	45.9
CF from operating activities	**629.6**	**1117.0**	**634.9**	**1119.7**
(Purchase)/Sale of Fixed Assets	-539.4	-456.3	-400.0	-300.0
Investments	22.1	25.7	0.0	0.0
Others	4.7	-75.9	-322.8	-351.0
CF from Investing activities	**-512.6**	**-506.5**	**-722.8**	**-651.0**
(inc)/Dec in Loan	45.6	-31.7	0.0	0.0
Divident & Divident tax	-100.7	-100.7	-107.6	-114.3
Equity raised	0.0	0.0	0.0	0.0
Others	-63.2	-195.8	-40.9	-40.9
CF from Financing activities	**-118.3**	**-328.2**	**-148.5**	**-155.3**
Net Cash Flow	-1.3	282.3	-236.4	313.5
Cash and Cash Equivalent	609.4	608.1	890.4	654.0
Cash	**608.1**	**890.4**	**654.0**	**967.4**

Source: Company, ICICI Direct Research

Exhibit 10: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Equity Capital	27	27	27	27
Reserve and Surplus	3590	4031	4529	5220
Total Shareholders funds	**3617**	**4058**	**4556**	**5247**
Minority Interest	76	0	0	0
Total Debt	**144**	**153**	**153**	**153**
Deferred Tax Liability	55	83	83	83
Long-Term Provisions	9	16	16	16
Other Non Current Liabilities	67	71	71	71
Total Liabilities	**3967**	**4381**	**4879**	**5570**
Net Block	2142	2367	2767	3067
Capital WIP	116	89	89	89
Fixed Assets	**2258**	**2456**	**2856**	**3156**
Goodwill & Other intangible assets	570	578	578	578
Investments	0	0	0	0
Other non-Current Assets	80	139	139	139
Inventory	1011	1117	1308	1485
Debtors	435	475	549	623
Other Current Assets	80	88	88	88
Loans & Advances	14	16	16	16
Cash	608	943	707	1020
Total Current Assets	**2149**	**2639**	**2667**	**3232**
Creditors	859	1155	1097	1246
Provisions	2	16	16	16
Other Current Liabilities	228	260	248	273
Total Current Liabilities	**1089**	**1431**	**1361**	**1535**
Net Current Assets	1060	1208	1306	1697
Application of Funds	**3967**	**4381**	**4879**	**5570**

Source: Company, ICICI Direct Research

Exhibit 11: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per share data (₹)				
Adjusted EPS	19.5	19.9	22.5	29.9
Cash EPS	28.5	30.8	34.5	43.0
BV per share	134.5	150.9	169.4	195.0
Dividend per share	0.8	4.0	4.0	4.3
Operating Ratios (%)				
Gross Profit Margins	39.7	39.8	39.7	39.3
Operating EBIDTA margins (%)	16.2	16.2	14.6	16.2
(Adjusted) PAT Margins	9.0	8.2	7.9	9.2
Cash Conversion Cycle	37	24	36	36
Fixed asset turnover (x)	1.2	1.2	1.3	1.3
Return Ratios (%)				
RoE	15.4	14.0	14.1	16.4
RoCE	20.1	19.6	18.4	21.4
RoIC	19.8	19.4	18.2	20.6
Valuation Ratios (x)				
P/E	64.1	62.6	55.5	41.7
EV / EBITDA	35.0	30.9	29.3	23.1
EV / Net Sales	5.7	5.0	4.3	3.7
Market Cap / Sales	5.8	5.1	4.4	3.8
Price to Book Value	9.3	8.3	7.4	6.4
Solvency Ratios				
Debt / EBITDA	0.2	0.1	0.1	0.1
Debt / Equity	0.0	0.0	0.0	0.0

Source: Company, ICICI Direct Research

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