

November 10, 2025

An outperforming Q2; Retain Buy

About the stock: Astral, established in 1996 by Sandeep Engineer, introduced CPVC piping in India. As of FY25, it has 26 manufacturing units with an aggregate capacity of 5.49 lakh TPA (3.8 lakh TPA Pipes, Water tanks & Bathware, 1.3 lakh TPA Adhesives & Sealants, 36000 TPA Paints). It has a strong network of over 2.5 lakh dealers and 3610+ distributors.

Q2FY26 performance: Astral reported strong Q2FY26 performance with consolidated revenues growth of 15.1% YoY (up 15.9% QoQ) at ₹ 1577.4 crore led by both plumbing (revenues up 15.7% YoY at ₹ 1119 crore) and Paints & adhesives (up 13.6% YoY at ₹ 459 crore). Plumbing volumes were up 20.6% YoY (up 9.2% QoQ) at 61,224 MT. Bathware (included in Plumbing) & Paints revenues grew by 13.8% YoY and 17.1% YoY at ₹ 32.9 crore and ₹ 57 crore respectively. Consolidated EBITDA margins were up 95 bps YoY (up 270 bps QoQ) at 16.3%. EBITDA margins (including other income) for plumbing/paints & adhesives were up 68 bps/178 bps YoY at 19%/12.1% respectively. Overall, its consolidated EBITDA/PAT were up 22.2%/22.5% YoY at ₹ 257 crore/₹ 135 crore respectively.

Investment Rationale

- **Healthy revenue and EBITDA margin guidance across business segments:** Astral reported industry leading pipe volume growth in Q2FY26, supported by geographical expansion, decentralised plants, and aggressive pricing, despite weak demand. It maintained double digit volume growth guidance (16-18% EBITDA margins) for FY26. Its Adhesives business is expected to sustain ~15% YoY revenue growth trajectory and 15-16% EBITDA margins. In Bathware, it aims to grow at 20-25% YoY for next five years. Paints is expected to grow its revenues at 20% YoY in FY26 while it targets single digit EBITDA margins in FY27.
- **Expansion, Diversification, and CPVC Integration:** Astral is scaling up through new plants at Hyderabad (currently ~15-20% utilisation) and Kanpur (recently commissioned), which are expected to contribute meaningfully from Q4FY26. The same would boost EBITDA margins as they reach ~40-45% utilisation levels. In CPVC (80% in Nexelon Chem), it plans to begin CPVC resin production (40,000 MTPA) by Q3FY27, which will cut CPVC inventory days and aid improvement in EBITDA margins. These initiatives enhance self-sufficiency, margins, and long-term growth visibility.

Rating and Target Price

- We raise our net earnings estimates for FY26/FY27 by ~6%/4% respectively factoring higher EBITDA margins.
- We retain our BUY rating with revised Target Price of ₹ 1925/- rolling forward our valuation to FY28 i.e. 60x P/E on FY28E.

Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	2-Year CAGR (FY23-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Revenues	5,159	5,641	5,832	6.3%	6,582	7,379	8,433	13.1%
EBIDTA	810	918	946	8.1%	1,093	1,266	1,477	16.0%
EBIDTA Margins(%)	15.7	16.3	16.2		16.6	17.2	17.5	
Adjusted PAT	457	546	524	7.1%	597	715	863	18.1%
EPS (Rs.)	17.0	20.3	19.5		22.2	26.6	32.1	
P/E (x)	91.7	76.7	80.0		62.0	50.7	41.8	
EV to EBIDTA (x)	51.0	45.1	43.8		37.8	32.3	27.3	
RoNW (%)	18.1	18.5	15.4		15.3	15.8	16.3	
RoCE (%)	23.6	23.4	20.1		19.8	20.5	21.3	

Source: Company, ICICI Direct Research



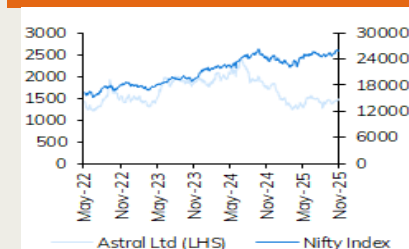
Particulars

Particular	₹ crore
Market Capitalisation	41834
Gross Debt (FY25)	144
Cash (FY25)	608
EV (₹crore)	41370
52 week H/L	1867/1232
Equity capital	27
Face value	₹ 1

Shareholding pattern

Particular	Dec-24	Mar-25	Jun-25	Sep-25
Promoters	54.1	54.1	54.1	54.2
FIIIs	21.1	20.2	20.1	16.6
DIIIs	13.8	14.6	14.9	17.8
Others	11.1	11.1	10.9	11.4

Price Chart



Key risks

- Sharp decline in PVC/CPVC resin prices
- Slowdown in agriculture, infrastructure, real estate sectors

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Recent earnings call highlights:

- **Guidance:** The company delivered a strong performance in piping business during the quarter with volume/value growth of 21%/16% YoY. Management reiterated its guidance of double-digit volume growth in FY26 along with piping EBITDA margins of 16%–18%. The company expects H2 to outperform H1.
- **Outlook:** Inspite of 10.6% YoY decline in PVC prices, the company continued to gain market share through the decentralization of plants, aggressive pricing strategies in certain markets, and steady geographical expansion. The share of value-added products in the overall mix increased which supported margins.
- **Margins & Profitability:** Plumbing division EBITDA margin grew YoY from 18.4% to 19.03% in Q2FY26, supported by increase in share of CPVC products. Upcoming CPVC resin plant is expected to boost margins significantly.
- **CPVC Resin:** The company's backward integration project for CPVC resin remains on track, with construction and machinery installation scheduled to begin next month. The plant, with an initial capacity of 40,000 MT, is expected to be completed by September'26. The company has opportunity of future scalability up to 80,000 MT through the addition of new lines at relatively low incremental capex. Once operational, the plant will ensure 100% in-house consumption of CPVC resin, enhance raw material cost control, and help optimize working capital and inventory levels.
- **Anti-dumping duty:** Management is optimistic upon implementation of ADD by next week and highlighted that polymer prices are likely to rise following its implementation. An immediate price increase of INR 5–6/kg is expected in the PVC segment. Channel inventory levels are currently very low, and management anticipates rapid channel restocking if prices move up sharply post ADD implementation.
- **Capex:** The company incurred capex of INR 282 crore during H1FY26 and maintained its full-year guidance of INR 300-350 crore. During H1, plumbing production capacity increased from 381,957 MT to 389,301 MT. The Hyderabad plant is now fully operational and ramping up production, while the Kanpur plant commenced commercial production in October 2025 with an initial capacity of ~15,000 MT and is expected to reach full capacity by Q4FY26. The company also plans to build inventory ahead of the strong seasonal demand expected in the fourth quarter.
- **Adhesives (India and UK):** The adhesives segment in India continued to perform well, delivering 15.8% YoY growth with EBITDA margin of 17%. The UK subsidiary, SEAL IT, reported a turnaround with 5.2% YoY revenue growth and a significant improvement in EBITDA margin to 7.3% (compared to -2% in Q2FY25). The adhesives business continues to gain market share through the introduction of new products across geographies and deeper penetration into rural markets. A new CEO was appointed for SEAL IT UK in September'25, with management targeting double-digit growth in both volumes and EBITDA margins by FY27. The company maintained its guidance for India adhesives growth at 15%-16% with EBITDA margin between 14%-16% for FY26.
- **Paints Business:** The paints division continues to ramp up and registered a strong 19% YoY growth during H1FY26. To support expansion, the company added nine new depots across Rajasthan, Gujarat, and Maharashtra. While employee costs increased due to network expansion, management expects margins to improve as sales volumes rise, benefiting from operating leverage. Growth momentum is expected to remain healthy through FY26.
- **Bathware:** The bathware business reported a robust order book, particularly from the project segment. Management remains confident of sustaining strong growth of 20%-25% CAGR over the next five years.

Exhibit 1: Quarterly Analysis

Particulars	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Comments
Operating Income	1,577	1,370	15.1	1,361	15.9	Plumbing volumes were up 21% YoY/9% QoQ. Revenues from Paints & Adhesives were up 14% YoY/13% QoQ
Other Income	11	9	29.5	9	25.3	
Total Revenue	1,589	1,379	15.2	1,370	15.9	
Raw Materials Costs	953	838	13.8	825	15.5	
Employees Expenses	147	128	14.3	142	3.3	
Other Expenses	221	194	13.8	209	5.6	
Total Expenditure	1,321	1,160	13.8	1,176	12.3	
EBITDA	257	210	22.2	185	38.9	Plumbing margins were up 68bps YoY/263bps QoQ. Paints & Adhesives up
EBITDA Margins (%)	16.3	15.3	95bps	13.6	270bps	
Interest	16	10	56.9	12	30.1	
Depreciation	72	60	20.7	72	0.6	
PBT	180	149	20.9	110	63.8	
Tax	45	40	12.5	31	47.4	
Income from Assoc.	0	0	-	0	-	
Minority Interet	0	-1	-	-2	-	
PAT	135	110	22.5	81	66.2	

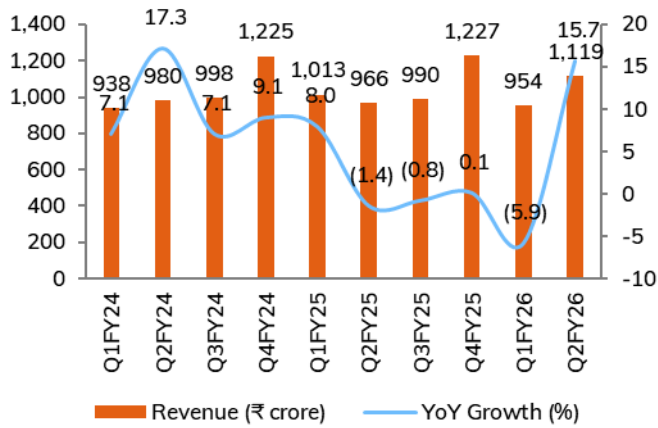
Source: Company, ICICI Direct Research

Exhibit 2: Change in Estimates

Change in estimates (₹ crore)	FY26			FY27		
	Old	New	% change	Old	New	% change
Revenues	6420	6582	2.5	7411	7379	-0.4
EBITDA	1045	1093	4.6	1227	1266	3.2
EBITDA margin (%)	16.3	16.6	32bps	16.6	17.2	60bps
PAT	561	597	6.3	686	715	4.3
EPS (₹)	20.8	22.2	6.4	30.5	27	4.3

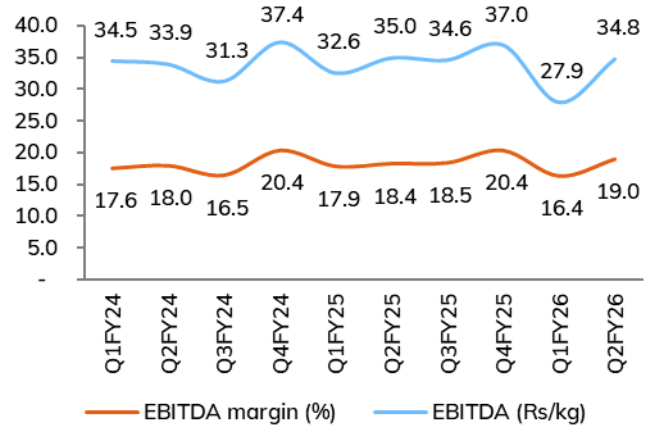
Source: ICICI Direct Research

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



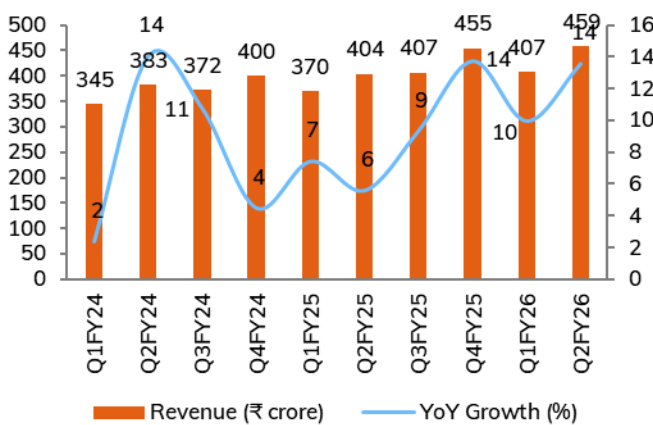
Source: Company, ICICI Direct Research

Exhibit 4: Plumbing (Pipes, fittings, water tanks, bathware)



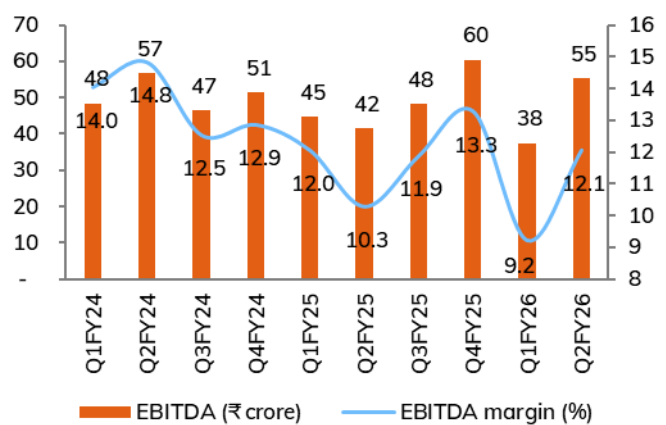
Source: Company, ICICI Direct Research

Exhibit 5: Paints and Adhesives (Resinova + Seal It + Paints)



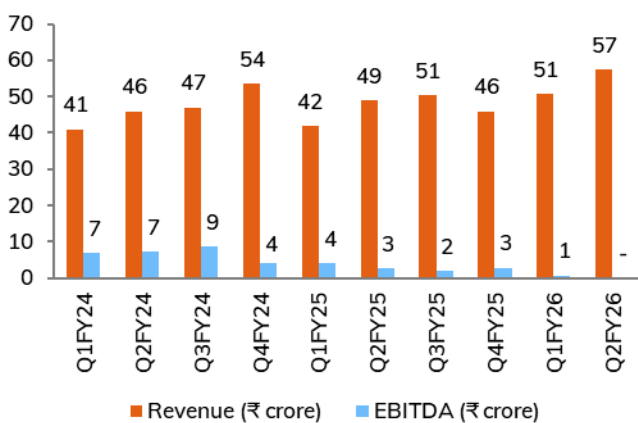
Source: Company, ICICI Direct Research

Exhibit 6: Paints and Adhesives (Resinova + Seal It + Paints)



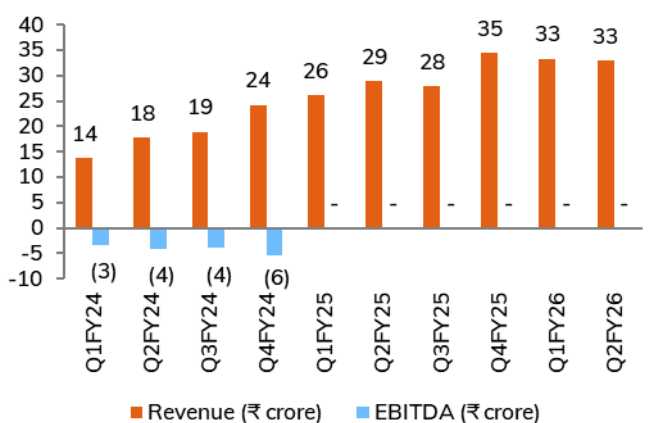
Source: Company, ICICI Direct Research

Exhibit 7: Paints Revenue/EBITDA trend



Source: Company, ICICI Direct Research

Exhibit 8: Bathware Revenue/EBITDA trend



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 9: Profit and loss statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Total Operating Income	5641	5832	6582	7379	8433
Growth (%)	9.4%	3.4%	12.8%	12.1%	14.3%
Operating Expenses	3459	3519	4020	4493	5114
Gross Profit	2182	2313	2562	2886	3319
Gross Profit Margins (%)	38.7%	39.7%	38.9%	39.1%	39.4%
Employee Expenses	438	518	513	576	658
Other Expenditure	826	849	956	1044	1185
Total Operating Exp.	4723	4887	5489	6113	6957
EBITDA	918	946	1093	1266	1477
Growth (%)	13.4%	3.0%	15.5%	15.8%	16.7%
Interest	29	41	46	46	46
Depreciation	198	243	294	313	332
Other Income	42	41	41	46	53
PBT before Excl. item	734	703	794	953	1152
Total tax	188	184	202	243	294
PAT before MI	546	519	592	710	858
Minority interest	-1	-5	-5	-5	-5
Profit from associates	0	0	0	0	0
Exceptional items	0	0	0	0	0
PAT	546	524	597	715	863
Growth (%)	19.6%	-4.1%	13.9%	19.9%	20.7%
EPS (Adjusted)	20.3	19.5	22.2	26.6	32.1

Source: Company, ICICI Direct Research

Exhibit 10: Cash Flow Statement

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Profit/loss after taxation	733.7	702.5	794.0	953.4	1152.0
Add: Dep. & Amortization	197.6	243.4	294.0	312.8	331.6
Change in working capital	50.0	-171.8	-69.9	-60.3	-82.3
Total tax paid	-177.2	-170.1	-202.5	-243.1	-293.8
Others	19.3	25.6	46.0	46.0	46.0
CF from operating activities	823.4	629.6	861.7	1008.9	1153.6
(Purchase)/Sale of Fixed Assets	-550.2	-539.4	-594.0	-512.8	-531.6
Investments	-169.8	22.1	0.0	0.0	0.0
Others	179.0	4.7	0.0	0.0	0.0
CF from Investing activities	-541.0	-512.6	-594.0	-512.8	-531.6
(inc)/Dec in Loan	19.1	45.6	0.0	0.0	0.0
Dividend & Divident tax	-100.7	-100.7	-25.8	-25.8	-25.8
Equity raised	0.0	0.0	0.0	0.0	0.0
Others	-120.9	-63.2	-46.0	-46.0	-46.0
CF from Financing activities	-202.5	-118.3	-71.9	-71.9	-71.9
Net Cash Flow	79.9	-1.3	195.8	424.2	550.1
Cash and Cash Equivalent	529.5	609.4	608.1	804.1	1228.3
Cash	609.4	608.1	803.9	1228.3	1778.4

Source: Company, ICICI Direct Research

Exhibit 11: Balance sheet

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Equity Capital	27	27	27	27	27
Reserve and Surplus	3161	3590	4161	4850	5688
Total Shareholders funds	3188	3617	4188	4877	5715
Minority Interest	80	76	71	66	61
Total Debt	96	144	144	144	144
Deferred Tax Liability	46	55	55	55	55
Long-Term Provisions	5	9	9	9	9
Other Non Current Liabilities	13	67	67	67	67
Total Liabilities	3430	3967	4533	5217	6049
Net Block	1765	2142	2442	2642	2842
Capital WIP	151	116	116	116	116
Fixed Assets	1915	2258	2558	2758	2958
Goodwill & Other intangible assets	535	570	570	570	570
Investments	0	0	0	0	0
Other non-Current Assets	62	80	80	80	80
Inventory	913	1011	1118	1253	1432
Debtors	376	435	469	526	601
Other Current Assets	69	80	80	80	80
Loans & Advances	18	14	14	14	14
Cash	610	608	804	1228	1778
Total Current Assets	1986	2149	2485	3101	3906
Creditors	872	859	938	1051	1201
Provisions	1	2	2	2	2
Other Current Liabilities	196	228	220	238	260
Total Current Liabilities	1068	1089	1160	1292	1464
Net Current Assets	917	1060	1325	1810	2442
Application of Funds	3430	3967	4533	5217	6049

Source: Company, ICICI Direct Research

Exhibit 12: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Per share data (₹)					
Adjusted EPS	20.3	19.5	22.2	26.6	32.1
Cash EPS	27.6	28.5	33.1	38.2	44.4
BV per share	118.5	134.5	155.7	181.3	212.4
Dividend per share	0.8	0.8	0.8	0.8	0.8
Operating Ratios (%)					
Gross Profit Margins	38.7	39.7	38.9	39.1	39.4
Operating EBITDA margins (%)	16.3	16.2	16.6	17.2	17.5
(Adjusted) PAT Margins	9.7	9.0	9.1	9.7	10.2
Cash Conversion Cycle	27	37	36	36	36
Fixed asset turnover (x)	1.3	1.2	1.2	1.2	1.2
Return Ratios (%)					
RoE	18.5	15.4	15.3	15.8	16.3
RoCE	23.4	20.1	19.8	20.5	21.3
RoIC	24.7	19.8	19.4	21.0	23.4
Valuation Ratios (x)					
P/E	76.7	80.0	70.2	58.6	48.5
EV / EBITDA	45.1	43.8	37.7	32.2	27.3
EV / Net Sales	7.3	7.1	6.3	5.5	4.8
Market Cap / Sales	7.4	7.2	6.4	5.7	5.0
Price to Book Value	13.1	11.6	10.0	8.6	7.3
Solvency Ratios					
Debt / EBITDA	0.1	0.2	0.1	0.1	0.1
Debt / Equity	0.0	0.0	0.0	0.0	0.0

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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