

23 September 2026

India | Equity Research | Company Update

Astral

Plastic

Demand trend healthy in both pipes and adhesives; on track to achieve its guidance for FY27

We recently met Astral's management. Key insights: 1) Pipe demand in Q2FY27-TD has been healthy, and the company is on track to achieve its guidance of double-digit volume growth in FY27. 2) Astral notes margin tailwinds in pipes due to higher PVC prices and is confident of at least achieving its OPM guidance of 16–18%. 3) Its CPVC resin plant is on track, aiming for commercial production in Q4FY27; this would likely augment volumes and improve its margin outlook in the pipe segment from FY28. 4) Strong traction in the India adhesive business continues despite high RM volatility; the business is on track to achieve its FY27 revenue growth guidance of 15–20%. Our conviction, estimates and thus, rating (**BUY**) for Astral remain unchanged. Our SoTP-based TP, rolled over to Sep'27E, is INR 1,831 (vs. INR1,783).

Pipe demand trend improves, adhesive remains steady

Pipe demand trend has been healthy for Astral in Q2-TD, partly aided by the favourable RM trend and normalisation of channel inventory post the significant de-stocking seen in Q1FY27. The company has also seen healthy offtake at the consumer-end in the quarter, whereby dealer re-stocking has not been excessive despite the rising RM trend. Management maintains its double-digit volume growth guidance for FY27, despite the tepid Q1 due to strong uptick in Q2-TD. It also indicated that the company will likely continue to gain market share as high volatility in RM bodes well for bigger players such as them. We model pipe volume CAGR of 10.7% over FY26–28E. CPVC resin plant is on track, and the company expects commercial production in Q4FY27. India adhesive business continues to see strong traction enabled by increased distribution, geographical expansion and addition of new chemistries. Management maintains revenue growth guidance of 15–20% in FY27. Seal IT (UK) continues to gain traction and management maintains double-digit revenue growth guidance for FY27. We model blended adhesive revenue CAGR of 16.4% over FY26–28E.

Margin in pipe business to be healthy

Management indicated that the pipe segment margins will likely remain healthy in Q2 as PVC resin prices remain on an uptrend and operating leverage due to high volumes should be seen. It has maintained OPM guidance of the pipe segment at ~16–18% in FY27. In the India adhesive business, RM volatility has been significant – this may affect margins temporarily; but, as RM stabilises, margins should normalise. Guidance for India adhesive business has been maintained at 15–16% for FY27. Seal IT (UK) should continue to see improvement in margins ahead. We factor in pipe EBITDA/kg of INR 34/INR 35.2 and blended adhesive OPM of 13.8%/14.9% in FY27E/FY28E.

Financial Summary

Y/E March (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Revenue	58,324	65,686	78,127	85,740
EBITDA	9,459	10,619	12,692	15,001
EBITDA %	16.2	16.2	16.2	17.5
Net Profit	5,165	5,409	7,428	9,189
EPS (INR)	19.2	20.1	27.6	34.2
EPS % Chg YoY	(5.1)	4.7	37.3	23.7
P/E (x)	72.6	69.4	50.5	40.8
EV/EBITDA (x)	39.2	34.6	28.7	23.9
RoCE (%)	14.1	13.8	15.8	17.2
RoE (%)	15.2	14.1	17.1	18.6

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Market Data

Market Cap (INR)	375bn
Market Cap (USD)	3,916mn
Bloomberg Code	ASTRA IN
Reuters Code	ASTL BO
52-week Range (INR)	1,769 / 1,312
Free Float (%)	45.0
ADTV-3M (mn) (USD)	15.9

Price Performance (%)	3m	6m	12m
Absolute	(8.4)	(10.4)	(2.9)
Relative to Sensex	(6.6)	(13.3)	6.0

ESG Score	2025	2026	Change
ESG score	63.0	66.6	3.6
Environment	46.2	50.9	4.7
Social	66.9	75.4	8.5
Governance	76.0	75.9	(0.1)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

13-08-2026: [Q1FY27 results review](#)

29-06-2026: [Company Update](#)

Bathware and paint segments continue scaling up

Management indicated that the bathware segment continues to scale up alongside growing product acceptance. It reiterated that Astral is on track to achieve revenue growth of 25–30% in this segment in FY27. The paint business also continues to see traction as Astral expands its geographical presence and is on track to achieve ~25–30% revenue growth in FY27. Management maintains that CPVC resin plant would commence commercial production from Q4FY27, which should boost pipe volumes and margins significantly from FY28.

Valuation and view

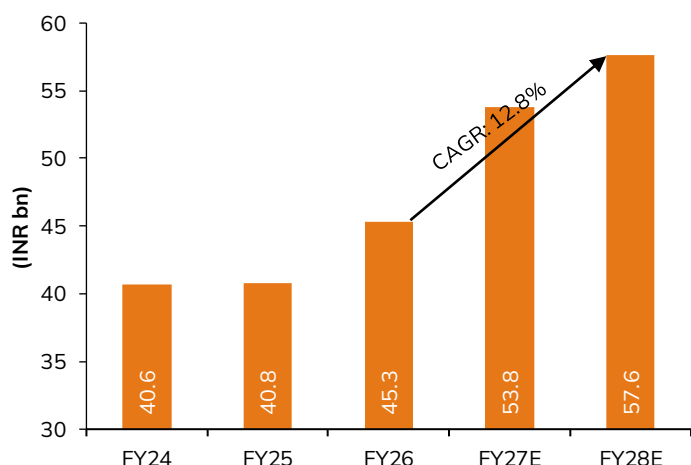
We believe the recent increase in PVC prices in Q2FY27 – driven partly by international prices (West Asia crisis), higher ocean freight cost and partly by government action (introduction of Minimum Import Price on PVC resin and reinstatement of Basic Custom Duty in Jul'26) – has resulted in normalisation of inventory at the channel level (post the hefty de-stocking seen in Q1FY27).

This is likely to result in higher growth for all major organised pipe players in Q2FY27. We believe, the current volatility in PVC resin prices could result in market share gains for organised players too.

If PVC prices stay elevated for a prolonged period of time, then organised pipe players will likely have an edge, as their balance sheets can easily fund the higher working capital requirement; this may not be the case with small players. However, if PVC prices fall abruptly post the recent strong rally (+20.5% YoY in Q2FY27-TD), organised players could easily absorb the inventory losses due to their strong balance sheets but smaller players may take a significant hit.

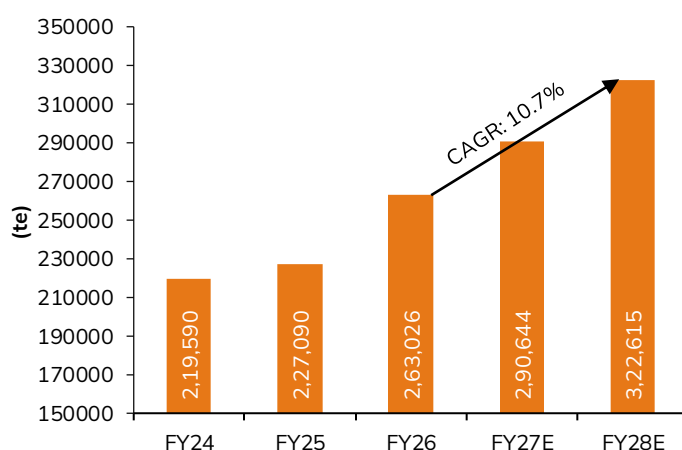
We continue to like Astral for its strong brand, comprehensive product portfolio, wide distribution reach and robust balance sheet. We maintain our estimates and **BUY** rating with a rolled over SoTP-based Sep'27E TP of INR 1,831 (earlier INR 1,783)

Exhibit 1: Plastic pipe revenue CAGR of 12.8% likely over FY26–28E

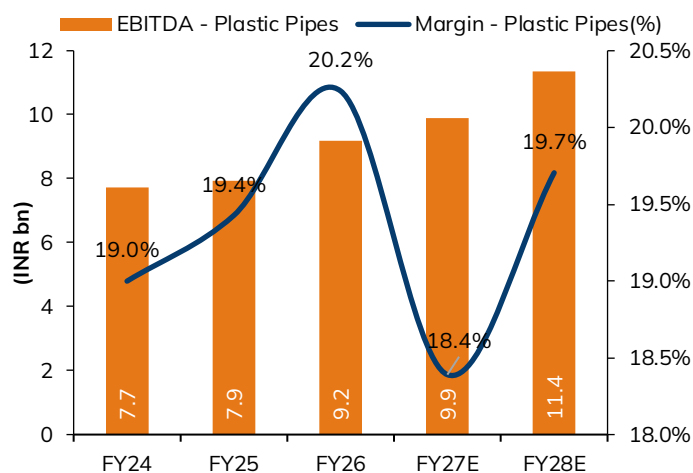


Source: I-Sec research, Company data

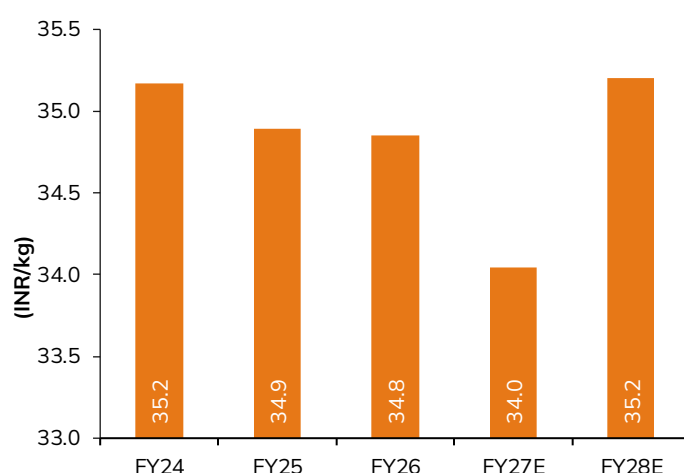
Exhibit 2: Plastic pipe volume likely to witness 10.7% CAGR over FY26–28E



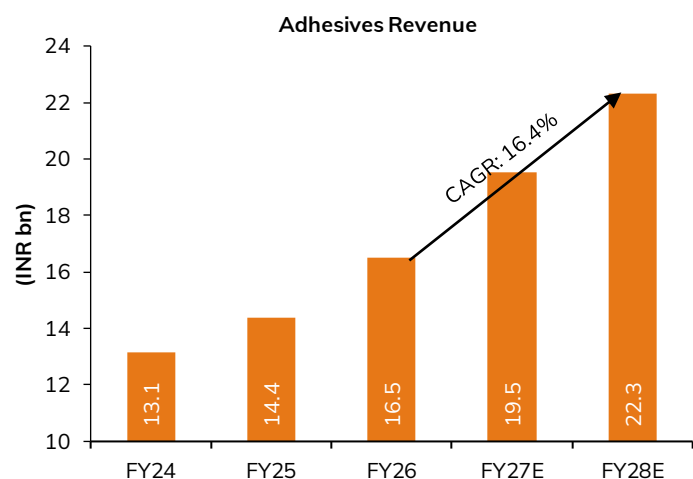
Source: I-Sec research, Company data

Exhibit 3: Plastic pipe EBITDA margin to remain healthy over FY26–28E


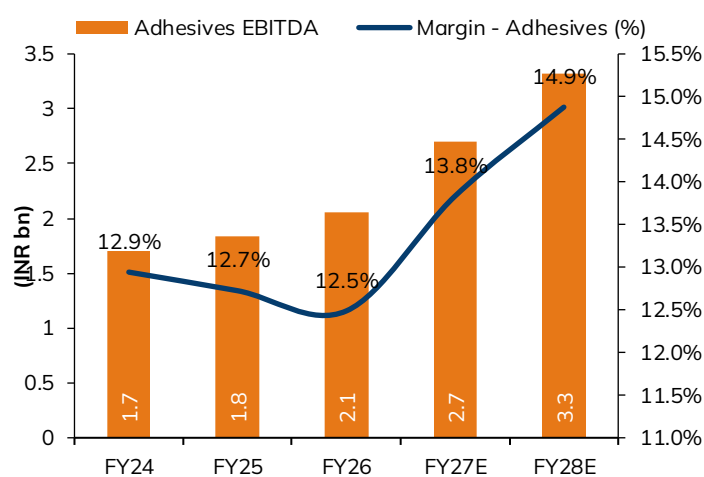
Source: I-Sec research, Company data

Exhibit 4: Plastic pipe EBITDA/kg to remain healthy


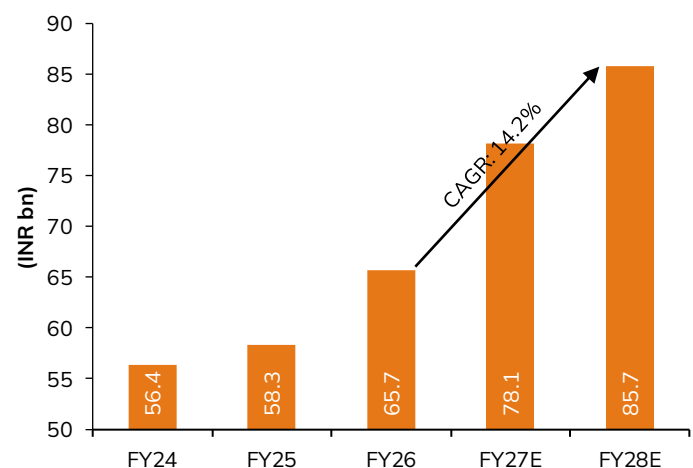
Source: I-Sec research, Company data

Exhibit 5: Adhesives to witness revenue CAGR of 16.4% over FY26–28E


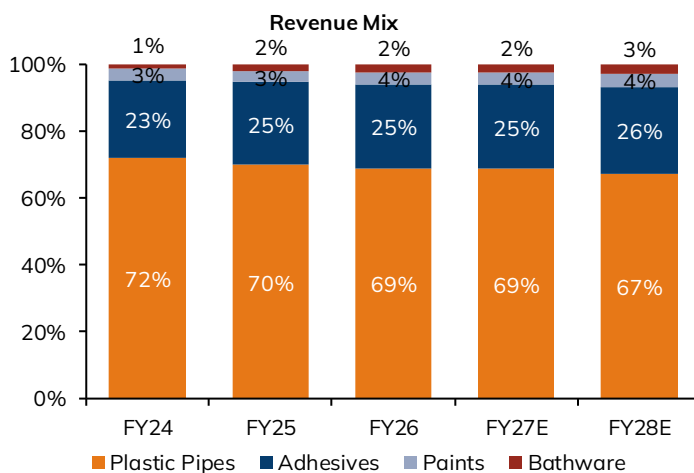
Source: I-Sec research, Company data

Exhibit 6: Adhesives EBITDA margin to improve 239bps over FY26–28E


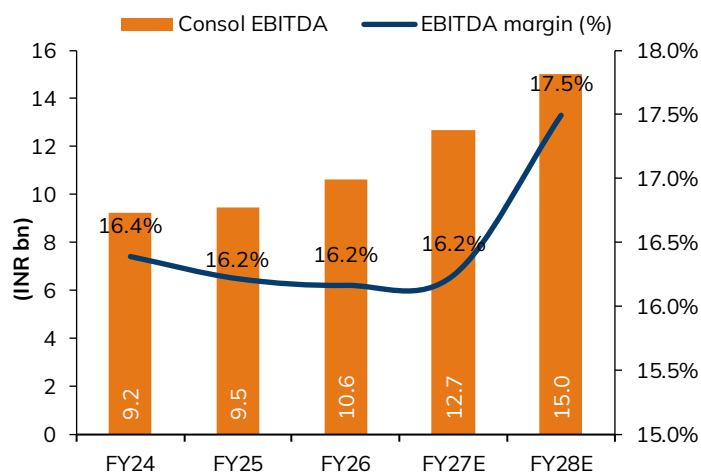
Source: I-Sec research, Company data

Exhibit 7: Estimate consolidated revenue CAGR of 14.2% over FY26–28E


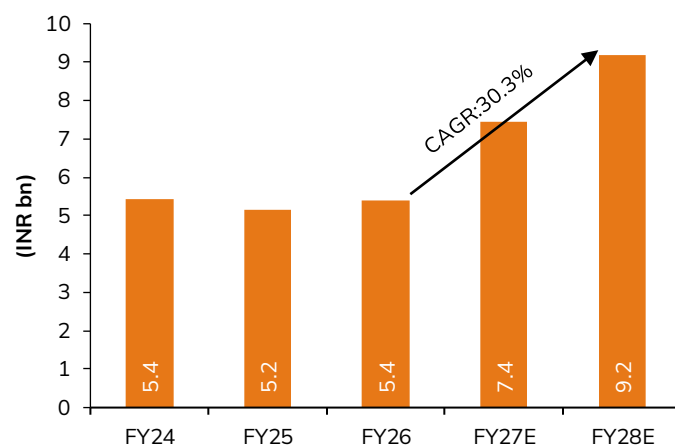
Source: I-Sec research, Company data

Exhibit 8: Pipes segment may remain the dominant contributor to revenue


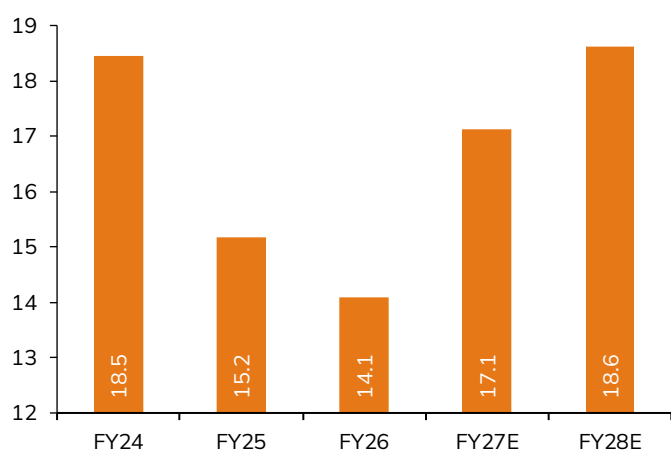
Source: I-Sec research, Company data

Exhibit 9: Consolidated EBITDA margin (%) to stay robust

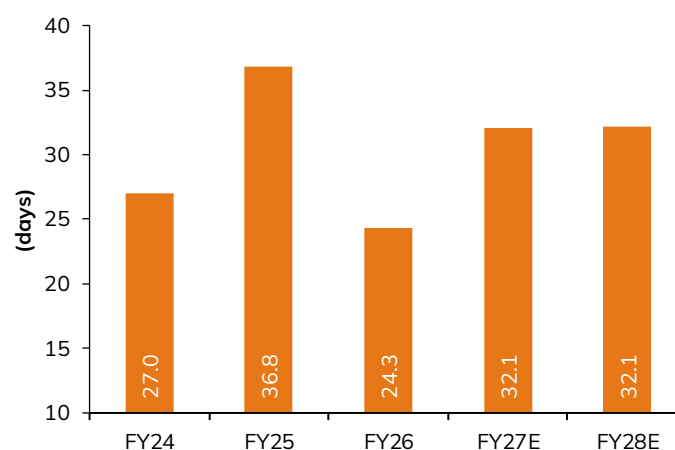
Source: I-Sec research, Company data

Exhibit 10: Expect APAT CAGR of 30.3% over FY26–28E

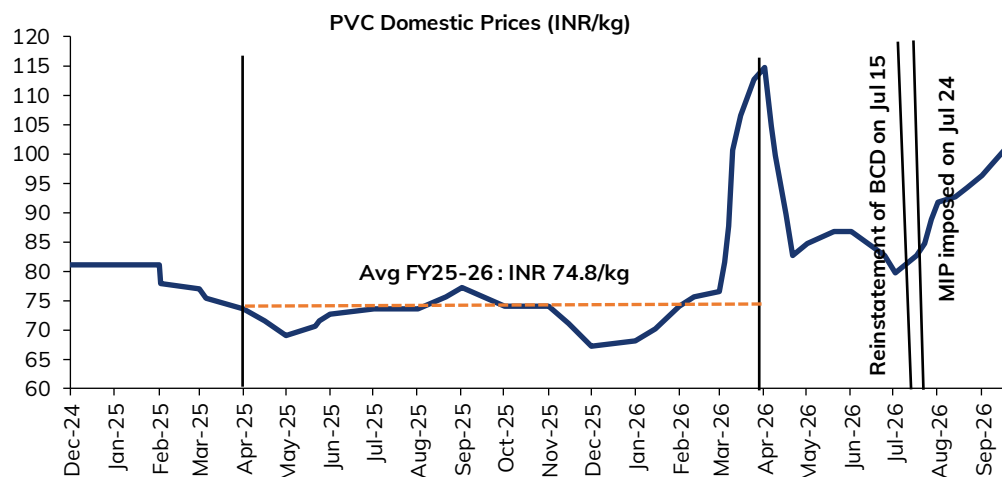
Source: I-Sec research, Company data

Exhibit 1: RoE (%) likely to stay robust

Source: I-Sec research, Company data

Exhibit 2: Cash conversion cycle likely to remain stable

Source: I-Sec research, Company data

Exhibit 3: PVC prices

Source: Reliance Industries, I-Sec research

Valuation

Astral is among the leading players in India's CPVC/PVC plumbing pipes market. It has a wide-ranging product portfolio, a robust brand and a large distribution reach, which could enable it to benefit from the growing preference for organised players. Its adhesives business further boosts growth prospects.

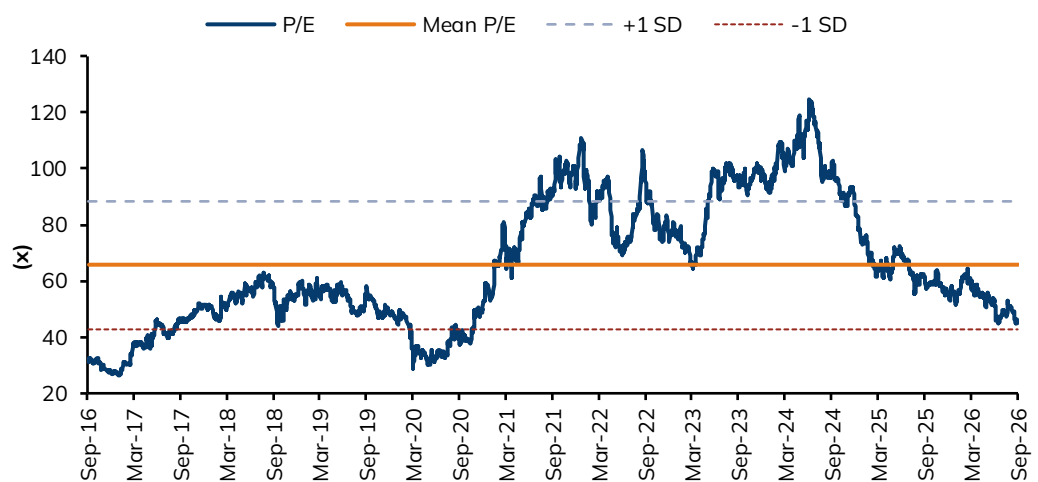
Astral is expected to deliver EBITDA and PAT CAGRs of 18.9% and 30.3%, respectively, over FY26–28E, with strong return ratios (RoE of 18.6% in FY28E). We maintain **BUY**, with a rolled-over SoTP-based Sep'27E target price of INR 1,831.

Exhibit 4: SoTP-based valuation

Particulars	EBITDA-Sep'28E (INR mn)	Target Multiple (x)	Amount (INR mn)
Plumbing business EBITDA	12,072	30	362,156
Chemical business EBITDA	3,788	30	113,651
Add: Net (debt)/cash as of FY28E			16,655
Equity value			492,461
Total no. of shares (mn)			269
Target Price (INR/share)			1,831

Source: I-Sec research, Company data

Exhibit 5: One-year forward P/E band



Source: Company data, I-Sec research

Key downside risks

- A slowdown in housing market causing lower demand.
- A sharp fall in PVC prices, which may adversely impact the profitability of pipes segment due to inventory losses.
- High increases in raw material prices for adhesives may impact segmental profitability and demand.
- Increased competitive activity resulting in volume/margin pressure in the pipe segment.
- Inability to commercialise the CPVC resin plant, which could adversely affect the volume/margin performance of the company.

Exhibit 6: Shareholding pattern

%	Dec'25	Mar'26	Jun'26
Promoters	54.2	54.2	54.2
Institutional investors	34.7	35.8	34.8
MFs and others	8.5	8.7	9.2
FIs/Banks	1.2	0.5	0.4
Insurance	9.5	12.2	11.3
FIIIs	15.5	14.5	13.9
Others	11.1	10.0	11.0

Source: Bloomberg, I-Sec research

Exhibit 7: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 8: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Net Sales	58,324	65,686	78,127	85,740
Operating Expenses	48,865	55,067	65,436	70,739
EBITDA	9,459	10,619	12,692	15,001
EBITDA Margin (%)	16.2	16.2	16.2	17.5
Depreciation & Amortization	2,434	2,916	3,147	3,373
EBIT	7,025	7,703	9,544	11,628
Interest expenditure	413	644	217	158
Other Non-operating Income	320	357	623	837
Recurring PBT	6,932	7,416	9,950	12,308
Less: Taxes	(1,842)	(2,010)	(2,547)	(3,151)
PAT	5,090	5,406	7,402	9,157
Profit / (Loss) from Associates	-	-	-	-
Less: Minority Interest	49	19	26	32
Extraordinaries (Net)	99	(59)	-	-
Net Income (Reported)	5,238	5,366	7,428	9,189
Net Income (Adjusted)	5,165	5,409	7,428	9,189

Source Company data, I-Sec research

Exhibit 9: Balance sheet

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Assets				
Inventories	10,111	11,173	13,266	14,342
Cash & cash eqv.	6,083	9,434	11,472	16,934
Sundry Debtors	4,353	4,751	5,565	6,107
Other Current Assets	1,655	2,193	2,355	2,584
Trade payables	8,589	11,553	11,959	12,900
Other Current Liabilities	2,161	2,658	3,188	3,513
Net Current Assets	11,452	13,340	17,511	23,554
Investments	-	-	-	-
Net Fixed Assets	22,581	24,558	24,911	25,038
Other Non Current Assets	5,695	5,779	5,779	5,779
Total Assets	39,728	43,677	48,200	54,371
Liabilities				
Borrowings	1,439	1,531	509	279
Other Non Current Liabilities	1,362	1,567	1,567	1,567
Total Liabilities	2,801	3,098	2,076	1,846
Equity Share Capital	269	269	269	269
Reserves & Surplus	35,901	40,310	45,881	52,314
Total Net Worth	36,170	40,579	46,150	52,583
Minority Interest	757	-	(26)	(58)
Total Liabilities & Net Worth	39,728	43,677	48,200	54,371

Source Company data, I-Sec research

Exhibit 10: Quarterly trend

(INR mn, year ending March)

	Sept-25	Dec-25	Mar-26	Jun-26
Net Sales	15,774	15,415	20,885	15,780
% growth (YOY)	15.1	10.3	24.2	15.9
EBITDA	2,568	2,373	3,829	2,312
Margin %	16.3	15.4	18.3	14.7
Other Income	114	95	173	128
Extraordinaries	81	(204)	(222)	(25)
Adjusted Net Profit	1,410	1,236	2,294	1,182

Source Company data, I-Sec research

Exhibit 11: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Operating Cashflow	5,959	9,095	8,391	11,916
Working Capital Changes	(1,647)	1,463	(2,133)	(582)
Capital Commitments	(5,519)	(4,651)	(3,500)	(3,500)
Free Cashflow	440	4,444	4,891	8,416
Other investing cashflow	-	-	-	-
Cashflow from Investing Activities	(5,519)	(4,651)	(3,500)	(3,500)
Issue of Share Capital	-	-	-	-
Inc (Dec) in Borrowings	475	92	(1,022)	(230)
Dividend paid	(1,023)	(1,067)	(1,857)	(2,757)
Others	95	(118)	26	32
Cash flow from Financing Activities	(453)	(1,093)	(2,853)	(2,955)
Chg. in Cash & Bank balance	(13)	3,351	2,038	5,461
Closing cash & balance	6,083	9,434	11,472	16,934

Source Company data, I-Sec research

Exhibit 12: Key ratios

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	19.5	19.9	27.6	34.2
Adjusted EPS (Diluted)	19.2	20.1	27.6	34.2
Cash EPS	28.3	30.9	39.3	46.7
Dividend per share (DPS)	3.8	4.0	6.9	10.2
Book Value per share (BV)	134.5	150.9	171.6	195.5
Dividend Payout (%)	19.5	19.9	25.0	30.0
Growth (%)				
Net Sales	3.4	12.6	18.9	9.7
EBITDA	2.3	12.3	19.5	18.2
EPS (INR)	(5.1)	4.7	37.3	23.7
Valuation Ratios (x)				
P/E	72.6	69.4	50.5	40.8
P/CEPS	49.4	45.1	35.5	29.9
P/BV	10.4	9.2	8.1	7.1
EV / EBITDA	39.2	34.6	28.7	23.9
EV / Sales	6.4	5.6	4.7	4.2
Dividend Yield (%)	0.3	0.3	0.5	0.7
Operating Ratios				
Gross Profit Margins (%)	39.7	39.8	39.3	40.3
EBITDA Margins (%)	16.2	16.2	16.2	17.5
Effective Tax Rate (%)	26.6	27.1	25.6	25.6
Net Profit Margins (%)	8.9	8.2	9.5	10.7
NWC / Total Assets (%)	10.6	6.7	9.5	9.4
Net Debt / Equity (x)	(0.1)	(0.2)	(0.2)	(0.3)
Net Debt / EBITDA (x)	(0.5)	(0.7)	(0.9)	(1.1)
Profitability Ratios				
RoCE (%) (post-tax)	14.1	13.8	15.8	17.2
RoE (%)	15.2	14.1	17.1	18.6
Cash Conversion Cycle (on net sales)				
Inventory Days	63	62	62	61
Receivables Days	27	26	26	26
Payables Days	54	64	56	55

Source Company data, I-Sec research

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