

# **Shubh Nivesh**



February 9, 2026

## Accruing benefits from demand & PVC pricing uptick...

**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.

### Investment Rationale

- Strong volume growth expected to sustain in Q4FY26:** Astral reported strong ~17% YoY volume growth in Q3FY26 (~12% YoY growth during 9MFY26) gaining market share (industry's current growth rate estimated to be in single digit as per management). Further, as per management, it witnessed over 20+% YoY growth during January-February 2026. Rise in PVC prices (~₹ 7 per kg from January 2026) and healthy demand (emanating from both project B2B sales & retail sales) has led to channel re-stocking. Hence, the company might witness higher volume growth along with sequential improvement in EBITDA margins during Q4FY26. It maintained double digit volume growth guidance (16-18% EBITDA margins) for Plumbing in FY26. Its Adhesives/Bathware/Paints business is expected to grow its revenues by ~15% YoY/ 20-25% YoY/ 20%+ YoY in FY26. Adhesives is expected to maintain 15-16% EBITDA margins. In Bathware. Bathware is expected to contribute positively in EBITDA from FY27 while Paints to improve operational performance gradually.
- Expansion and innovation to continue:** Astral increased its pipes and fittings production capacity by 47,917 MT and 28,178 MT during FY25 and 9MFY26 reaching 3,81,957 MT. Going ahead as utilisation of new capacities increase, it would be further increasing its capacities. The company will also be announcing next generation plumbing products in April 2026 in Bengaluru highlighting its innovation capabilities. Astral is launching STP Pro in collaboration with Shubham INC. The solution integrates German EBB Batch Process Airlift Technology to deliver compact, energy-efficient sewage treatment plants that convert wastewater into reusable non-potable water. STP Pro caters to residential, commercial, and industrial applications.

### Rating and Target Price

- Astral is expected to be on strong growth trajectory led by pick-up in demand, favourable raw material prices, continued market share gains and rising share of ex-Plumbing businesses. We estimate its consolidated Revenues/EBITDA/PAT to grow at ~13%/16%/18% CAGR over FY2025-FY2028E.
- We have a Buy rating on the stock with a Target Price of ₹ 1900/- 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%	6,488	7,275	8,315	12.5%
EBIDTA	810	918	946	8.1%	1,062	1,253	1,461	15.6%
EBIDTA Margins(%)	15.7	16.3	16.2		16.4	17.2	17.6	
Adjusted PAT	457	546	524	7.1%	572	705	851	17.6%
EPS (Rs.)	17.0	20.3	19.5		21.3	26.2	31.6	
P/E (x)	87.0	72.7	75.8		69.4	56.3	46.6	
EV to EBIDTA (x)	48.3	42.7	41.5		36.9	31.0	26.3	
RoNW (%)	18.1	18.5	15.4		14.9	16.1	16.9	
RoCE (%)	23.6	23.4	20.1		19.3	20.9	22.0	

Source: Company, ICICI Direct Research



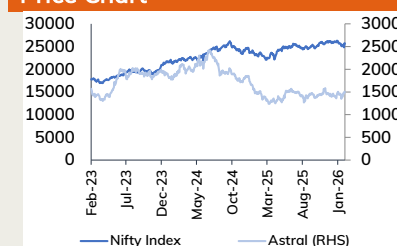
### Particulars

Particular	₹ crore
Market Capitalisation	39655
Gross Debt (FY25)	144
Cash (FY25)	608
EV (₹crore)	39191
52 week H/L	1594/1232
Equity capital	27
Face value	₹ 1

### Shareholding pattern

Particular	Mar-25	Jun-25	Sep-25	Dec-25
Promoters	54.1	54.1	54.2	54.2
FII's	20.2	20.1	16.6	15.2
DII's	14.6	14.9	17.8	19.2
Others	11.1	10.9	11.4	11.4

### Price Chart



### Key risks

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

### Research Analyst

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## Financial Summary

Exhibit 1: Profit and loss statement ₹ crore				
(Year-end March)	FY25	FY26E	FY27E	FY28E
<b>Total Operating Income</b>	<b>5832</b>	<b>6488</b>	<b>7275</b>	<b>8315</b>
Growth (%)	3.4%	11.2%	12.1%	14.3%
Operating Expenses	3519	3977	4430	5042
Gross Profit	2313	2512	2846	3273
Gross Profit Margins (%)	39.7%	38.7%	39.1%	39.4%
Employee Expenses	518	506	567	649
Other Expenditure	849	943	1025	1163
Total Operating Exp.	4887	5426	6022	6854
<b>EBITDA</b>	<b>946</b>	<b>1062</b>	<b>1253</b>	<b>1461</b>
Growth (%)	3.0%	12.3%	18.0%	16.6%
Interest	41	47	46	46
Depreciation	243	294	313	332
Other Income	41	41	46	52
<b>PBT before Excl. item</b>	<b>703</b>	<b>762</b>	<b>940</b>	<b>1136</b>
Total tax	184	194	240	290
PAT before MI	519	567	700	846
Minority interest	-5	-5	-5	-5
Profit from associates	0	0	0	0
Exceptional items	0	0	0	0
<b>PAT</b>	<b>524</b>	<b>572</b>	<b>705</b>	<b>851</b>
Growth (%)	-4.1%	9.3%	23.2%	20.7%
<b>EPS (Adjusted)</b>	<b>19</b>	<b>21</b>	<b>26</b>	<b>32</b>

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore				
(Year-end March)	FY25	FY26E	FY27E	FY28E
Profit/loss after taxation	702.5	761.6	940.0	1136.1
Add: Dep. & Amortization	243.4	294.0	312.8	331.6
Change in working capital	-171.8	-61.9	-59.4	-81.0
Total tax paid	-170.1	-194.2	-239.7	-289.7
Others	25.6	47.5	46.0	46.0
<b>CF from operating activities</b>	<b>629.6</b>	<b>846.9</b>	<b>999.7</b>	<b>1143.0</b>
(Purchase)/Sale of Fixed Assets	-539.4	-594.0	-512.8	-531.6
Investments	22.1	0.0	0.0	0.0
Others	4.7	0.0	0.0	0.0
<b>CF from Investing activities</b>	<b>-512.6</b>	<b>-594.0</b>	<b>-512.8</b>	<b>-531.6</b>
(inc)/Dec in Loan	45.6	0.0	0.0	0.0
Divident & Divident tax	-100.7	-107.6	-107.6	-114.3
Equity raised	0.0	0.0	0.0	0.0
Others	-63.2	-47.5	-46.0	-46.0
<b>CF from Financing activities</b>	<b>-118.3</b>	<b>-155.1</b>	<b>-153.6</b>	<b>-160.4</b>
Net Cash Flow	-1.3	97.9	333.3	451.0
Cash and Cash Equivalent	609.4	608.1	706.2	1039.4
<b>Cash</b>	<b>608.1</b>	<b>706.0</b>	<b>1039.4</b>	<b>1490.5</b>

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet ₹ crore				
(Year-end March)	FY25	FY26E	FY27E	FY28E
Equity Capital	27	27	27	27
Reserve and Surplus	3590	4055	4653	5390
<b>Total Shareholders funds</b>	<b>3617</b>	<b>4082</b>	<b>4679</b>	<b>5416</b>
Minority Interest	76	71	66	61
<b>Total Debt</b>	<b>144</b>	<b>144</b>	<b>144</b>	<b>144</b>
Deferred Tax Liability	55	55	55	55
Long-Term Provisions	9	9	9	9
Other Non Current Liabilities	67	67	67	67
<b>Total Liabilities</b>	<b>3967</b>	<b>4427</b>	<b>5019</b>	<b>5751</b>
Net Block	2142	2442	2642	2842
Capital WIP	116	116	116	116
<b>Fixed Assets</b>	<b>2258</b>	<b>2558</b>	<b>2758</b>	<b>2958</b>
Goodwill & Other intangible assets	570	570	570	570
Investments	0	0	0	0
Other non-Current Assets	80	80	80	80
Inventory	1011	1102	1236	1412
Debtors	435	462	518	592
Other Current Assets	80	80	80	80
Loans & Advances	14	14	14	14
Cash	608	706	1039	1490
<b>Total Current Assets</b>	<b>2149</b>	<b>2365</b>	<b>2888</b>	<b>3589</b>
Creditors	859	924	1037	1185
Provisions	2	2	2	2
Other Current Liabilities	228	218	237	258
<b>Total Current Liabilities</b>	<b>1089</b>	<b>1145</b>	<b>1276</b>	<b>1445</b>
Net Current Assets	1060	1219	1612	2144
<b>Application of Funds</b>	<b>3967</b>	<b>4427</b>	<b>5019</b>	<b>5751</b>

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios				
(Year-end March)	FY25	FY26E	FY27E	FY28E
Per share data (₹)				
Adjusted EPS	19.5	21.3	26.2	31.6
Cash EPS	28.5	32.2	37.8	44.0
BV per share	134.5	151.7	174.0	201.4
Dividend per share	0.8	4.0	4.0	4.3
<b>Operating Ratios (%)</b>				
Gross Profit Margins	39.7	38.7	39.1	39.4
Operating EBITDA margins (%)	16.2	16.4	17.2	17.6
(Adjusted) PAT Margins	9.0	8.8	9.7	10.2
Cash Conversion Cycle	37	36	36	36
Fixed asset turnover (x)	1.2	1.2	1.2	1.2
<b>Return Ratios (%)</b>				
RoE	15.4	14.9	16.1	16.9
RoCE	20.1	19.3	20.9	22.0
RoIC	19.8	18.7	20.8	23.1
<b>Valuation Ratios (x)</b>				
P/E	75.8	69.4	56.3	46.6
EV / EBITDA	41.5	36.9	31.0	26.3
EV / Net Sales	6.7	6.0	5.3	4.6
Market Cap / Sales	6.8	6.1	5.5	4.8
Price to Book Value	11.0	9.7	8.5	7.3
<b>Solvency Ratios</b>				
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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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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