

INITIATING COVERAGE

ASTRA IN EQUITY

March 29, 2026

Built for scale, priced for quality

Astral's investments in 'Innovation' and 'Brand' helped it reach ~5% volume share of the Indian plastic pipe industry last decade. Investments in 'Architecture' will now step it up to ~8% by FY30. Market share had stagnated over the past five years as focus shifted on building capabilities in new segments (paints), which is not yet value-accretive. Capital allocation now focusses on improving competitive advantage – product value chain + manufacturing footprint + portfolio improvement – in core portfolio to drive market share gains. Deflationary environment in raw material (PVC) prices appears to be behind and industry consolidation in favour of large national players will accelerate in the current volatile environment. Stock prices in 15% revenue CAGR, but we expect growth to step up; expect 16% CAGR over FY26-45. We value the stock at ₹2024, implying 55x FY28E P/E. Key risks: Raw material volatility and higher share of project business.

Competitive position: STRONG

Changes to this position: POSITIVE

Gearing up for a larger share of the plumbing industry

Astral would add >2ppts in volume share in pipes over FY26-30 led by gains in CPVC and supported by control of value chain with captive resin manufacturing. Backward integration into compounding (2016) stepped up profitability and entry into resin manufacturing (2026) will increase volume growth. Expect pipe volume CAGR of 17% to support revenue CAGR of 18% over FY26-29.

Optionality in adhesive and bathware

Astral has done well in the adhesive business (25% revenue share) with domestic (75%) business growing at 18%/15% CAGR over 10Y/3Y (PIDI/HENKEL 10-12%). International business struggled due to product-specific and regional headwinds. Bathware will register 20% CAGR over FY26-29, supported by distribution synergies with plastic pipes.

Capital allocation focus back into core capabilities

Acquisition of paints business (4% revenue share) in 2022 didn't play out in favour (EBITDA, -5%) due to increase in competitive intensity amid lack of right-to-win in the segment. Learnings drive capital allocation focus back into core segments (backward integration, portfolio expansion) to strengthen business architecture and strategic assets.

Market consolidating in favour of large players

The pipe market has been consolidating in favour of larger players (Astral, SI) which continue to gain a larger share of industry's revenue/EBIT pool. The current volatility in resin prices will accelerate this consolidation and drive volume growth for larger players (14-16%), ahead of the industry (8-9%). Astral's valuation premium also reflects its improving share in the profit pool of the industry faster than the leader (SI).

Key Financials

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	56,414	58,324	65,341	77,864	92,997
EBITDA	9,183	9,459	10,520	13,144	16,575
Profit after tax (adjusted)	5,456	5,189	5,600	7,456	9,899
EPS (diluted)	20	19.5	20	28	37
ROE (%)	18.5%	15.4%	14.2%	17.2%	19.8%
pre-tax RoCE	24.7%	20.5%	19.4%	22.5%	25.6%

Source: Company, Ambit Capital research

Home Building

Recommendation

Mcap (bn):	₹436/US\$4.6
6M ADV (mn):	₹1,029/US\$11.4
CMP:	₹1,619
TP (12 Mths):	₹2,024
Upside (%):	25

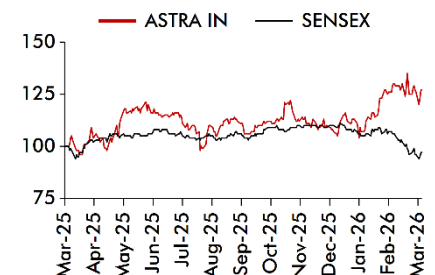
Flags

Accounting:	GREEN
Predictability:	GREEN
Earnings Momentum:	AMBER

Catalysts

- Ramp-up at new greenfield plants (Kanpur, Hyderabad) will continue to drive higher-than-peers volume growth (FY27: 16% YoY).
- Backward integration to accelerate market share gain of 40bps/150bps in plastic pipe/CPVC market in FY27E.

Performance



Source: ICE, Ambit Capital Research

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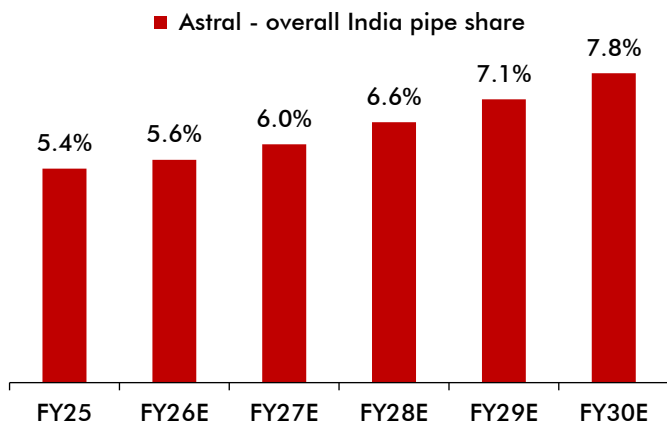
Narrative in charts

Exhibit 1: Astral offers growth optionality beyond plastic pipes

FY26E	Plumbing segment		Paints and adhesive segment		
	Pipes and tank	Sanitaryware	India adhesive	International adhesive	Paints
Revenue (₹ bn)	45.3	1.4	12.3	3.7	2.3
Share (%)	72%		19%	6%	3%
EBITDA share	80%		20%		
EBITDAM	19%		11%		
TAM	US\$ 5.5bn	US\$ 2.7bn	US\$ 2.5bn	US\$ 70bn	US\$ 8-9bn
Competition	Supreme, Finolex, Prince, Apollo Pipe, Welspun Corp	Cera, Jaquar	Pidilite	Henkel, Bostik	Asian Paints, Birla Opus, Berger
Management outlook	Target to deliver 15-20% volume growth	Target to grow at 20-25% CAGR for next five year with revenue milestone of ₹5-6bn	Target to grow at 15-20% CAGR	Target to grow at double digit with margins in 8-10% range	Target to grow 15-20% with 14-15% margin.
Our view	<p>We expect segment revenue to grow at 20% CAGR over FY26-29 aided by volume CAGR at 17%. Volume growth will be aided by:</p> <ul style="list-style-type: none"> Focus on improving control of the value chain Improving manufacturing footprint and Focus on improving product portfolio. Market share gains in southern India and smaller players in CPVC. 	<p>We expect this segment revenue to grow at 20% CAGR over FY26-29.</p> <p>We believe Astral can capitalize on this segment given its distribution synergies and plumber connects.</p>	<p>We expect the segment revenue to grow at 15% CAGR over FY26-29.</p> <p>Astral has done well in the domestic adhesive market. Revenue has grown at 20%+ CAGR over FY20-25 against 12%/14%/10% CAGR of Pidilite/Henkel/HB Fuller.</p>	<p>We expect this the segment revenue to grow at 9% CAGR over FY26-29.</p> <p>International business growth has struggled lately (12%/4% CAGR over FY20-25/FY22-25) due to product specific and regional headwinds. A new leadership has been appointed to turn around the business.</p>	<p>We expect this segment revenue to grow at 15% CAGR over FY26-29.</p> <p>Growth expectation has come down over the last three years and profitability has disappointed due to upfront investments and heightened competition.</p>

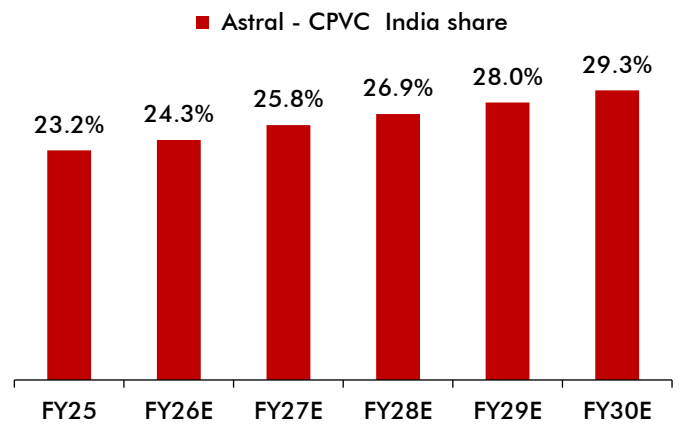
Source: Company, Ambit Capital research

Exhibit 2: Backward integration strengthens pricing power...



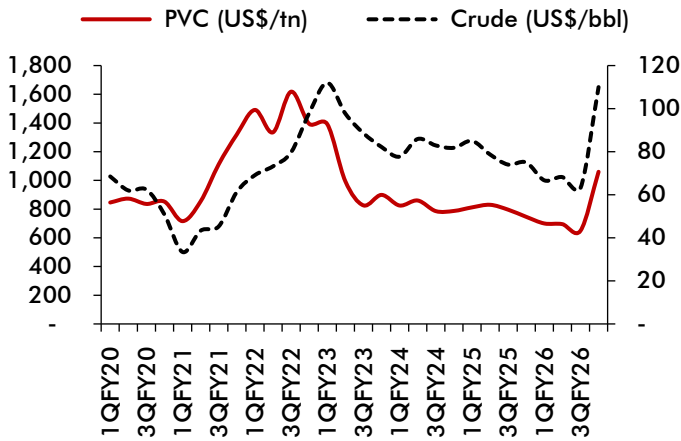
Source: Company, Ambit Capital research

Exhibit 3: ...supporting market share gains led by CPVC segment; Astral aims to strengthen its position initially in the South market



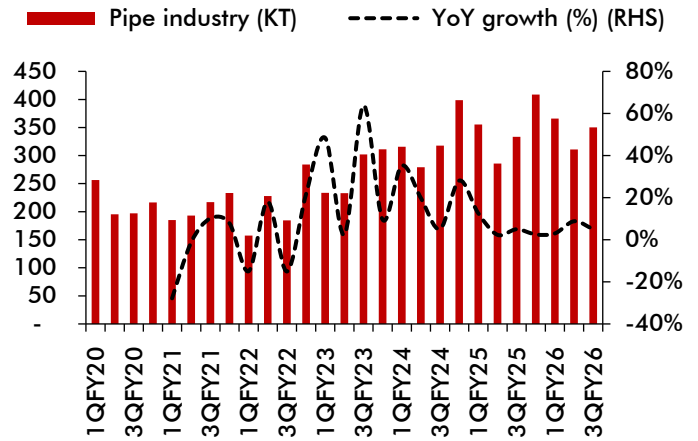
Source: Company, Ambit Capital research

Exhibit 4: PVC prices have been in a deflationary trend but bottomed now with prices now spiking owing to crude price



Source: Company, Bloomberg, Ambit Capital research

Exhibit 5: Deflationary prices and high base of FY24 hurt performance



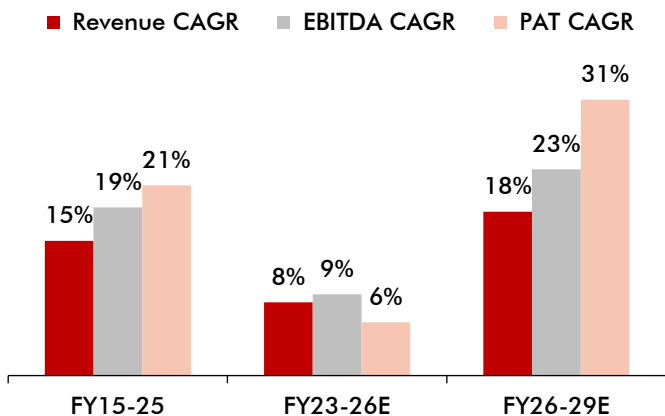
Source: Company, Ambit Capital research

Exhibit 6: Astral has been expanding its portfolio through acquisitions – learnings from paint acquisition will shift focus back to improving value chain, manufacturing footprints and product portfolio of core plumbing and adhesive segment

Name	Year	Initial stake	Current ownership	Total consideration	Valuation (trailing)	Remarks
Seal IT UK	2014	80%	100%	~₹1bn	9-10x P/E	<ul style="list-style-type: none"> Gain access to technology Business is struggling with growth and profitability. Management is pinning its hope on new leadership to transform the business.
Resinova Chemie	2014	76%	100%	~₹2.9bn	~20x EV/EBITDA	<ul style="list-style-type: none"> Portfolio diversification. Resinova turned out to be good acquisition. Business has grown at 18% CAGR over FY15-25.
Rex Polyextrusion	2018	100%		~₹1.5bn	~7x EV/EBITDA	<ul style="list-style-type: none"> Portfolio extension. DWC pipe business based out of Sangli, MH. Merged into plumbing business.
Shree Prabhu Petrochemicals (Water tank business)	2020	100%		~₹0.4bn	~14-15x EV/EBITDA	<ul style="list-style-type: none"> Portfolio extension. Merger into plumbing. Revenue at ~₹2bn vs ~₹450mn in FY22.
Gem Paints	2022	51%	100%	~₹3.5bn	~12x EV/EBITDA	<ul style="list-style-type: none"> Portfolio diversification Business yet to turn around. Upfront costs and investments weighing on profitability. Revenue is largely flat at ~₹2bn since acquisition with operating losses in FY26.
Nexelon Chem	2025	80%	80%	~₹1.2bn	N/A	<ul style="list-style-type: none"> Backward integration

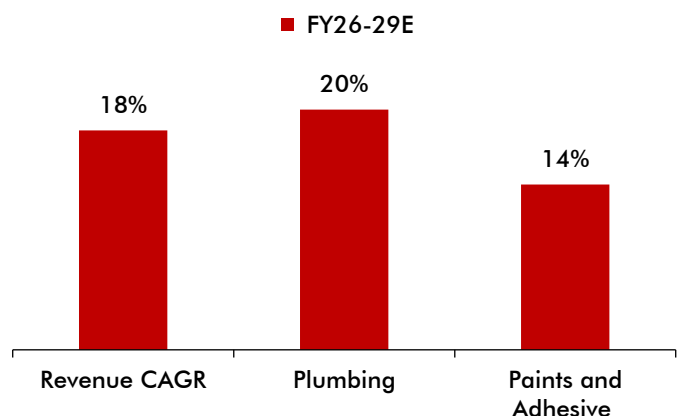
Source: Company, Ambit Capital research

Exhibit 7: Revenue growth will be driven by the plumbing segment...



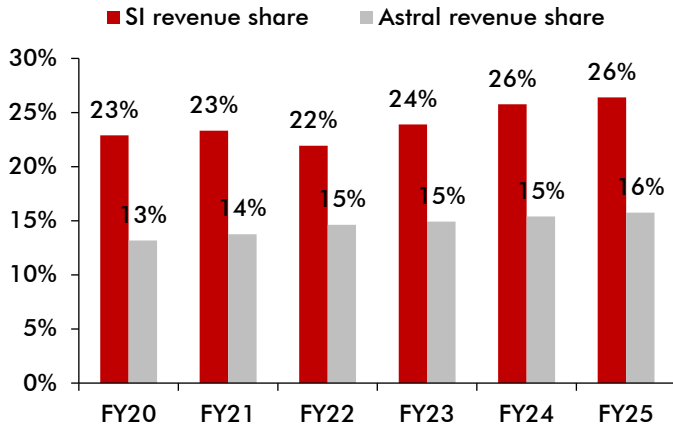
Source: Company, Ambit Capital research

Exhibit 8: ...which will find support from backward integration and ramp-up of new capacities



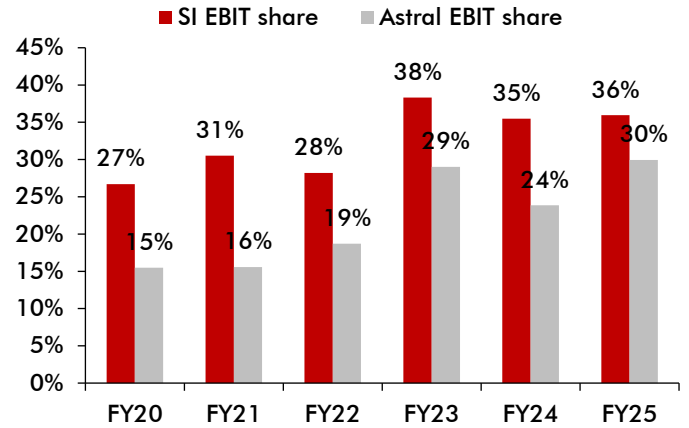
Source: Company, Ambit Capital research

Exhibit 9: Astral gets a premium due to its consistently...



Source: Company, Ambit Capital research, Companies in industry pool: Supreme, Astral, Finolex, Ashirvad, Prince, Apollo Pipe, Kriti, Oriplast, Texmo, Dutron, Captain, RC Plasto, Kisan

Exhibit 10: ...improving share of profit pool of plastic pipes



Source: Company, Ambit Capital research

Exhibit 11: We are building in 16% EBITDA growth over FY26-45

Particulars	FY20-25	FY26-28	FY26-45
Sales CAGR	18%	19%	16%
EBITDA CAGR	16%	26%	18%
Wcap/sales	8%	10%	10%
Capex/GB - median	15%	7%	9%
Capital turnover - median	1.8	1.7	1.6
EBITDAM - median	16.7%	16.9%	18.3%
Cost of Equity			13%
WACC			12%
Terminal growth			7%

Source: Company, Ambit Capital research

Exhibit 12: Implies 55x FY28 P/E

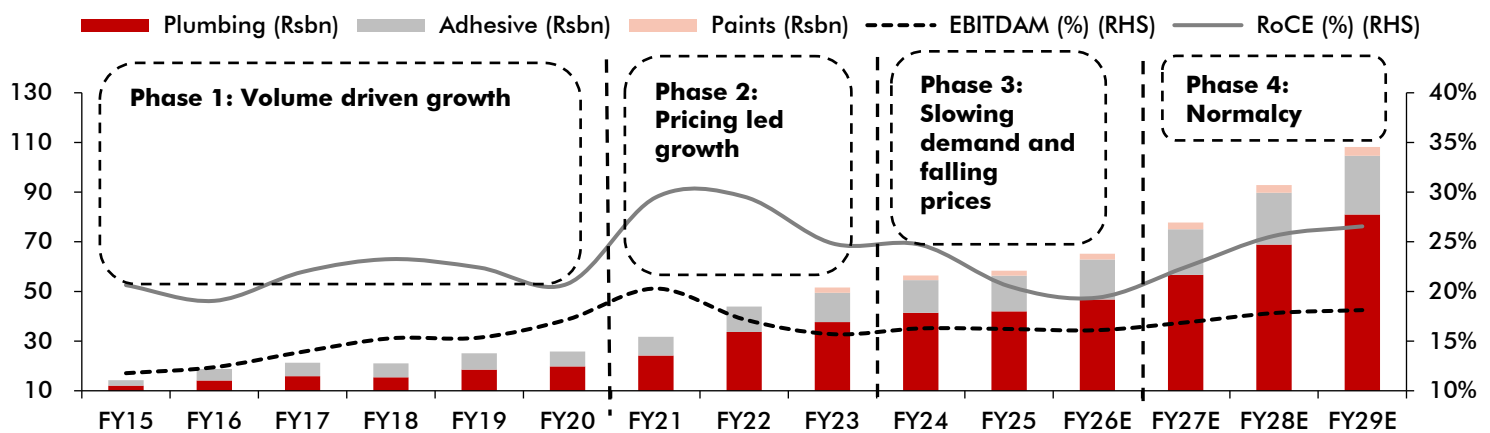
Particulars	PV
Total PV of FCFE	219,261
Terminal Value	313,435
Enterprise Value	532,696
Net debt	-11,759
Equity value	544,455
Share Price	2,024
Implied P/E FY28	55

Source: Company, Ambit Capital research

Leveraging brand strength

Astral Ltd, established in 1996, has transformed from a pioneer in CPVC piping into a leading building materials conglomerate under the leadership of Chairman & Managing Director Sandeep Engineer. The company has diversified its revenue mix, moving beyond its core plumbing focus to establish footholds in adhesives, water tanks, paints and bathware, thereby reducing concentration risk (unlike peers) and leveraging cross-selling opportunities across its vast national network of over 2.51 lakh dealers. Today, Astral operates 26 manufacturing units across India, the UK and the USA. The company boasts a total production capacity of 577,304MT. This includes 410,135MT dedicated to Pipes, Water Tanks and Bathware and a combined capacity of 131,169MTPA for its Adhesives & Sealants business (domestic and international). Superior capital allocation and financial prudence reflect on a median RoCE of 20%+ over the last decade, supported by >2x gross block turn and 16% EBITDA.

Exhibit 13: Astral's 15% revenue CAGR last decade is supported by 13% CAGR in plumbing and 20% CAGR in adhesives



Source: Company, Ambit Capital research

Phase 1 (FY15-20): Volume-driven growth

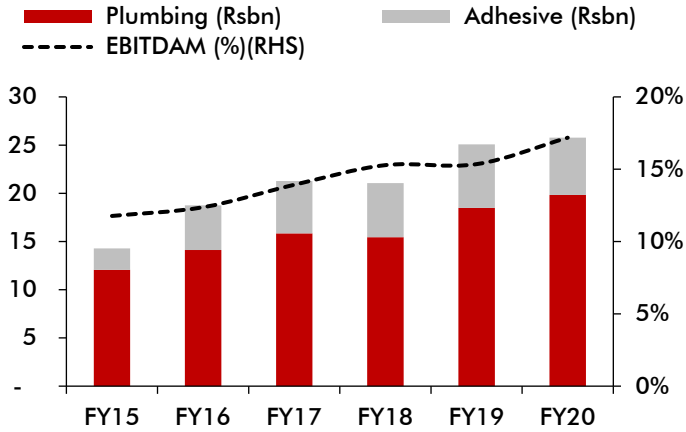
Diversification: Astral identified growth limitations inherent in a single-product portfolio and diversified into adhesives through the acquisitions of Seal IT and Resinova. Revenue/EBITDA/PAT recorded 13%/21%/27% CAGR over this phase, supported by pipe volume growth of 14% CAGR. EBITDA margins expanded ~500bps to 17% by FY20. In comparison, gross margins improved ~11ppts to 38%, underpinned by a transition to captive CPVC resin compounding, channel reorganization in adhesives, and an improving product mix across both segments, supported by stepped-up branding investments.

Expansion: Pipe manufacturing capacity expanded at 18% CAGR to 239KT, with the company broadening its footprint from Gujarat (Dholka, Santej) and Tamil Nadu (Hosur) to Rajasthan (Ghiloth), Maharashtra (Sangli) and Uttarakhand (Sitarganj). Median RoCE stood at a healthy 21%, supported by a median gross block turnover of 2.4x. Growth momentum, however, moderated toward period-end as COVID-19 disrupted demand during the seasonally strong fourth quarter.

Key acquisitions:

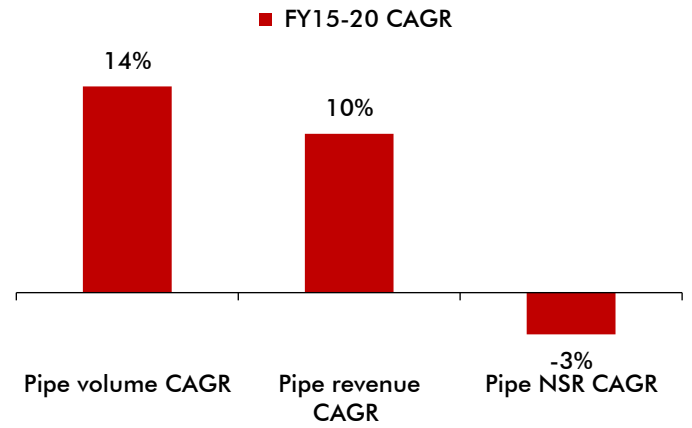
- Seal IT (UK):** Astral acquired 80% equity stake in Seal IT (UK) for a consideration of ₹ 451mn in FY15 (Revenue ~₹1bn). This gave it access to the global market, BOND-IT brand and adhesive manufacturing facilities in UK. Later, it acquired the remaining equity in two tranches of 15% (₹483mn) and 5% (₹47.5mn) in FY23 and FY26, respectively. Seal IT later expanded into US market in FY17.
- Resinova Chemie:** Astral acquired 76% equity stake in Resinova (India) for a consideration of ₹2.15bn in FY15 (Revenue ~₹2bn) to gain a foothold in the then ₹100bn Indian adhesive market. Later, it acquired the remaining 24% equity stake in FY16 for consideration ₹730mn.
- Rex Polyextrusion:** Astral acquired 100% equity stake in Rex Polyextrusion in FY19 for a consideration of ₹1.5bn and entered the infrastructure segment with the addition of DWC (Double Wall Corrugated Pipes) to the portfolio.

Exhibit 14: Margins improved with operational efficiencies



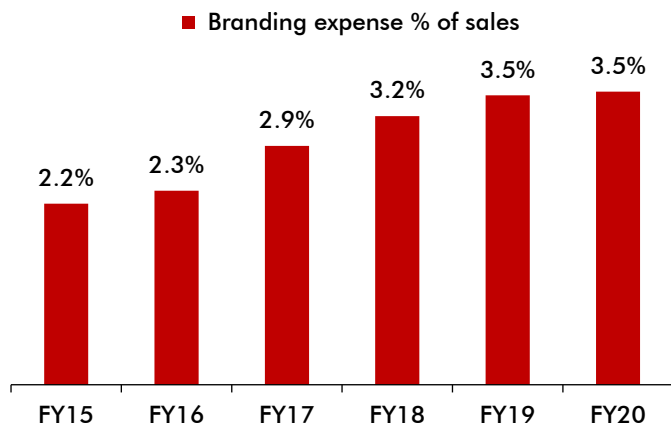
Source: Company, Ambit Capital research

Exhibit 15: Pipe volume grew at 14% CAGR during this phase



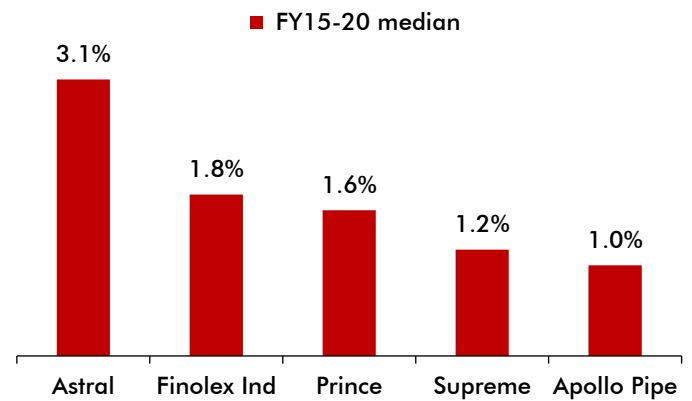
Source: Company, Ambit Capital research

Exhibit 16: Stepped-up branding expenses...



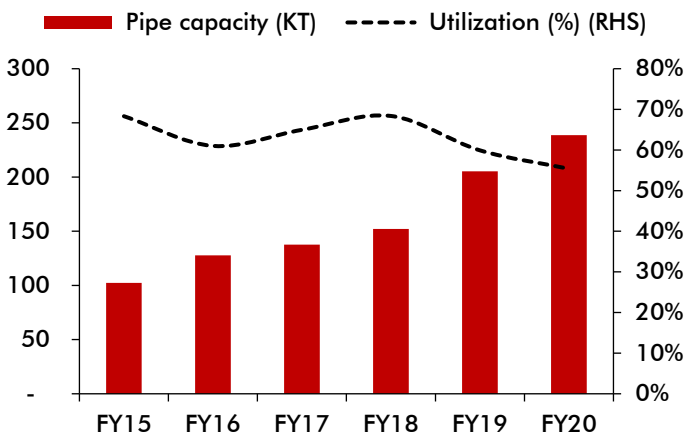
Source: Company, Ambit Capital research

Exhibit 17: ...leading the peer group



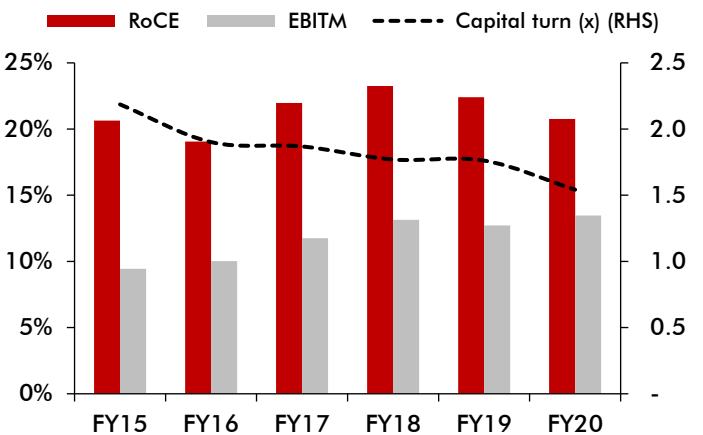
Source: Company, Ambit Capital research

Exhibit 18: Capacity stepped up with the new plant in Ghiloth and Rex acquisition in FY19



Source: Company, Ambit Capital research

Exhibit 19: Improving margins supported RoCE, but capital turnover deteriorated with capacity utilization



Source: Company, Ambit Capital research

Phase 2 (FY20-23): Pricing-led growth and category expansion

Diversification: Astral deployed its improving cash flows to transform itself into a comprehensive home-building solutions provider, entering the faucets and sanitaryware segments and acquiring Gem Paints. Geographical reach in the plumbing business was enhanced through a greenfield facility in Odisha, with additional capacity planned in Assam and Hyderabad. Product portfolio expansion continued with the launch of composite pipes, an expanded drainage portfolio and a full range of industrial valves.

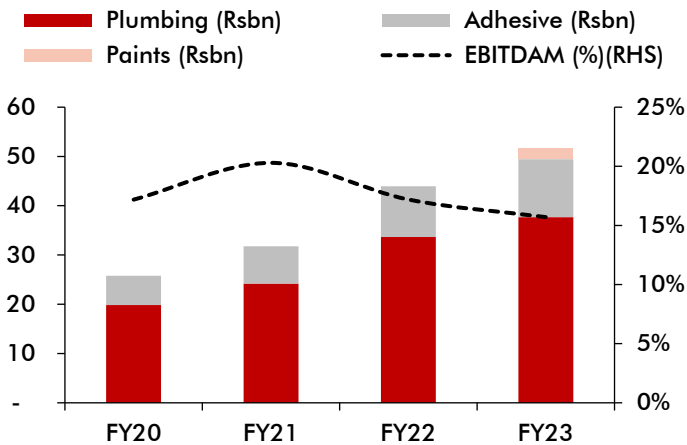
Rebranding: Reflecting its broader strategic ambition, Astral rebranded from Astral Poly Technik to Astral Limited, signaling its evolution into an integrated home-building brand. The company merged Astral Biochem and Resinova into the parent entity and announced a state-of-the-art adhesives facility at Dahej to streamline operations and improve organizational efficiency. Over this phase, revenue/EBITDA/PAT grew at 26%/22%/23% CAGR, underpinned by robust performance in plumbing and adhesives at 24%/26% CAGR, respectively. Plumbing volumes expanded at 10% CAGR, while realisations improved at 12% CAGR, aided by favourable polymer resin price trends.

Consolidation: Pipe capacity additions moderated to 7% CAGR, reaching 290KT as the company focused on sweating previously commissioned assets. Margin performance benefited from elevated polymer prices in FY21-22, though corrected in FY23 due to a sharp resin price decline towards end-CY22 and upfront investments in sanitaryware. Median RoCE stood at 27%, supported by improving gross block turnover. Volume growth re-accelerated from FY23, driven by a housing demand recovery and sustained polymer price volatility, which continued to erode the unorganized segment's market share (~30%).

Key acquisitions:

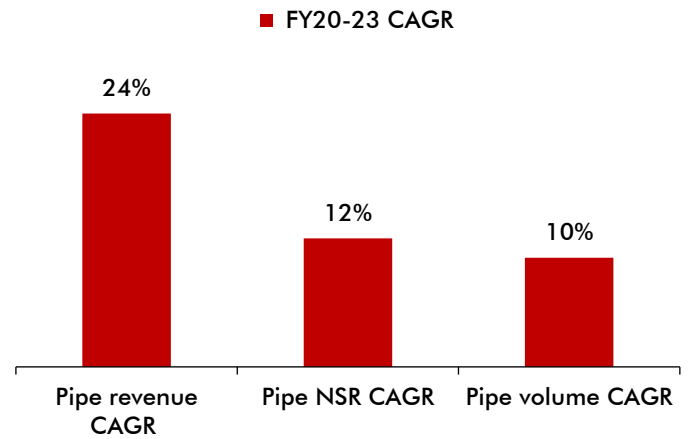
- **Entry into water tank market:** Astral entered the water tank market and acquired the tank business of Shree Prabhu Petrochemicals in November'20 for consideration of ₹ 436mn. The acquisition included Shree Prabhu's tank manufacturing facility (13.4KT) at Aurangabad and the brand 'Sarita'. This was the time market leader 'Sintex' was struggling and it went into NCLT for insolvency resolution. The business clocked ₹ 450mn in revenue in its first year of full operation in FY22 and reached ₹ 1bn in FY23.
- **Gem paints:** Astral acquired a 51% equity stake for a consideration of ₹ 1.94bn (revenue ~₹2bn), and the business was later renamed Astral Coating. Later, in October'23 and Sept'25, it acquired additional 29% and 20% stakes in the company, with total consideration of ~₹ 3.5bn, valuing the company at ~11x EV/EBITDA. The manufacturing capacity is located in Karnataka, with a total capacity of 36,000KL.

Exhibit 20: Margins began to correct with the fall in input prices in 2HCY22



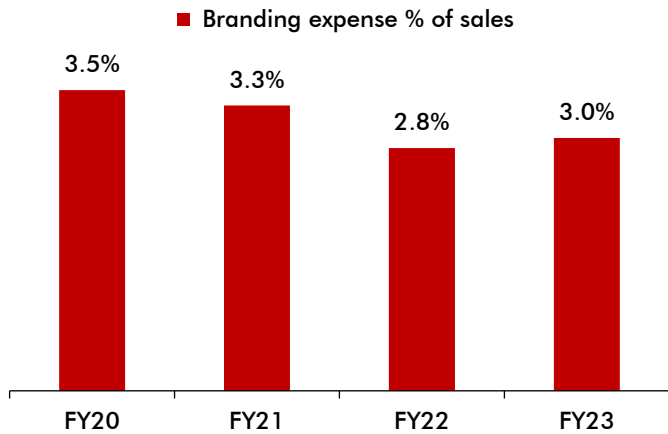
Source: Company, Ambit Capital research

Exhibit 21: Growth in the plumbing segment was led by improved realizations



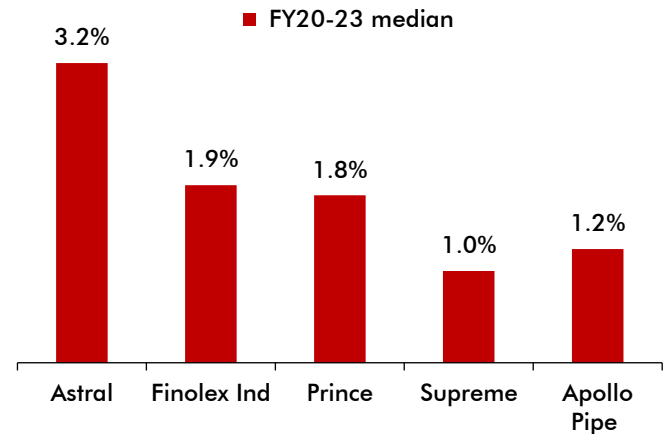
Source: Company, Ambit Capital research

Exhibit 22: Branding investments maintained at ~3%...



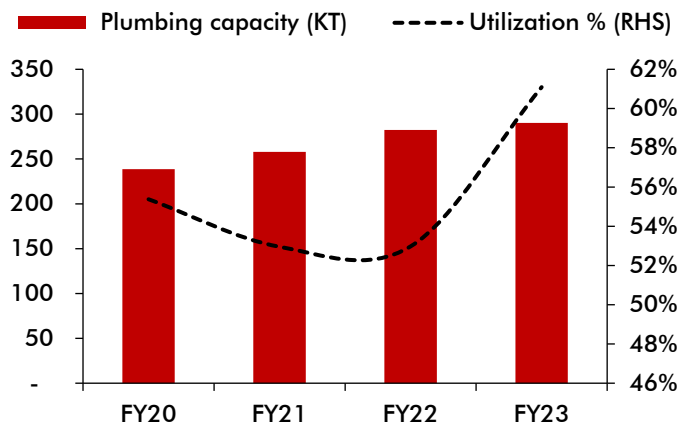
Source: Company, Ambit Capital research

Exhibit 23: ...and ahead of the peer group



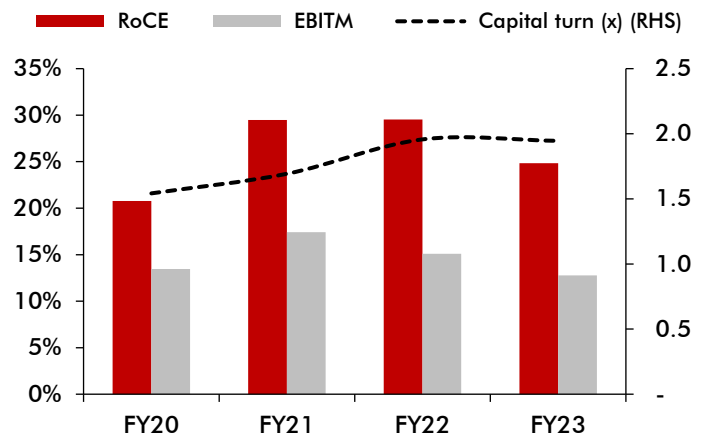
Source: Company, Ambit Capital research

Exhibit 24: Capacity utilization started to improve with volume in FY23



Source: Company, Ambit Capital research

Exhibit 25: RoCE improved margins over FY20-22 owing to realizations



Source: Company, Ambit Capital research

Phase 3 (FY23-26E): Slowing demand and falling prices

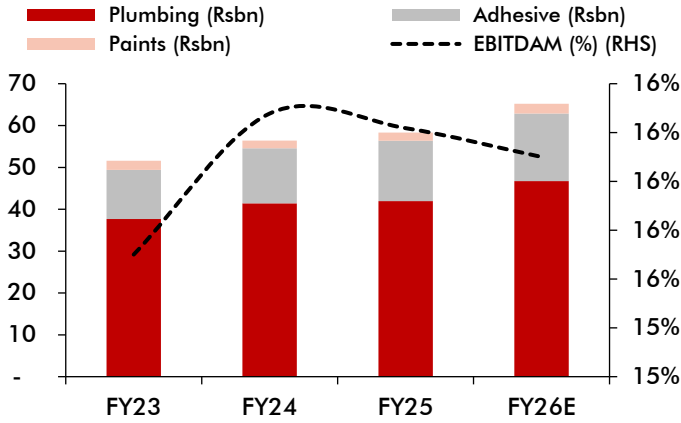
Recalibration: FY25 and FY26 proved challenging for the Indian plastic pipes industry, with volume growth moderating and declining resin prices pressuring realisations and profitability. Revenue/EBITDA/PAT are expected to grow at 8%/9%/6% CAGR, driven by 7% and 11% CAGR in plumbing and paints & adhesives, respectively. In plumbing, volumes are expected to grow at a 14% CAGR, while realisations decline at a 6% CAGR, reflecting softer raw material prices. Encouragingly, volumes for large players, including Supreme Industries (SELL) and Astral, have begun recovering from 2QFY26 levels. Capacity expansion is accelerating at a 13% CAGR, taking installed capacity to ~425KT at a median utilisation of ~60%, with management targeting ~500KT over the next two years through expansions at Guwahati, Hyderabad, and Kanpur.

Headwinds: Adhesives segment growth was weighed down by operational challenges in international markets, even as the India business delivered a robust ~15% CAGR. Inventory losses adversely impacted UK operations following a sharp decline in silicone prices alongside recessionary conditions. Post its 100% acquisition in FY26, Astral has appointed Anupam Kumar (formerly General Manager Marketing at Asian Paints) as CEO of UK operations, with a mandate to drive a turnaround. The paints segment remained largely stagnant over FY23-26, reflecting operational restructuring, SAP implementation, leadership transitions and heightened branding investments. Consequently, median RoCE moderated to ~23%, primarily reflecting falling asset turnover and margin compression.

Key acquisitions:

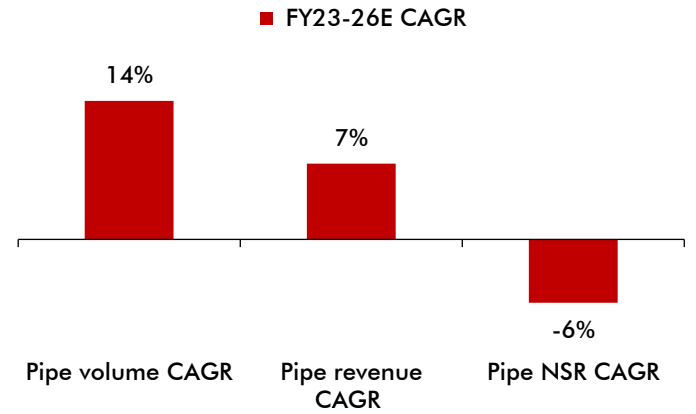
- **Al-Aziz Plastics:** Astral acquired 100% equity of Al-Aziz Plastics in 2025 for a consideration of ₹330mn (FY25: Revenue/EBITDA ₹ 515mn/97mn). Al-Aziz specializes in electrofusion and compression fittings with a capacity of 4.7KT. This acquisition complements Astral’s portfolio as it plans to enter into PE/PP pipes for water utility projects and city gas distribution.

Exhibit 26: Growth slowed over FY23-26 owing to a slowdown across product segments



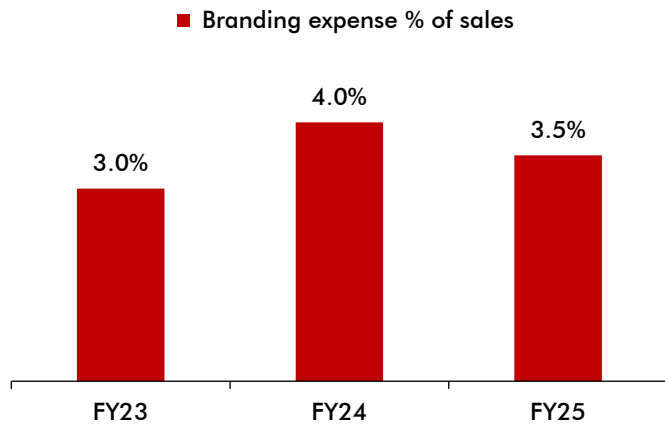
Source: Company, Ambit Capital research

Exhibit 27: Realization pressure was a key drag to performance



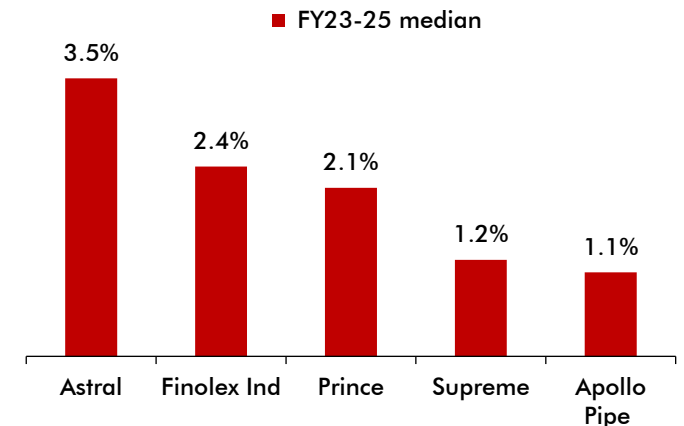
Source: Company, Ambit Capital research

Exhibit 28: Branding expense remained >3%...



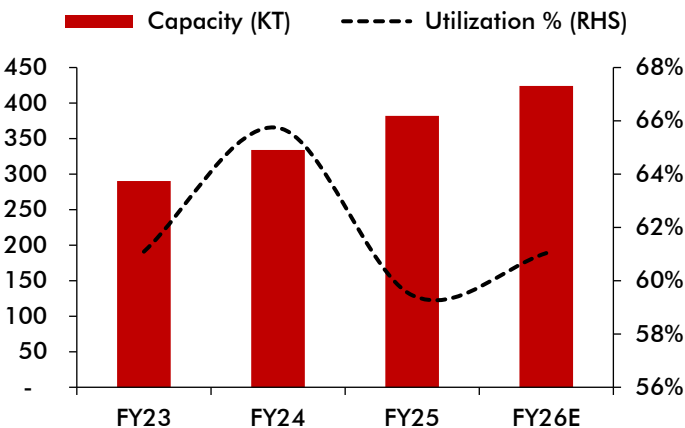
Source: Company, Ambit Capital research

Exhibit 29: ...and ahead of its peers



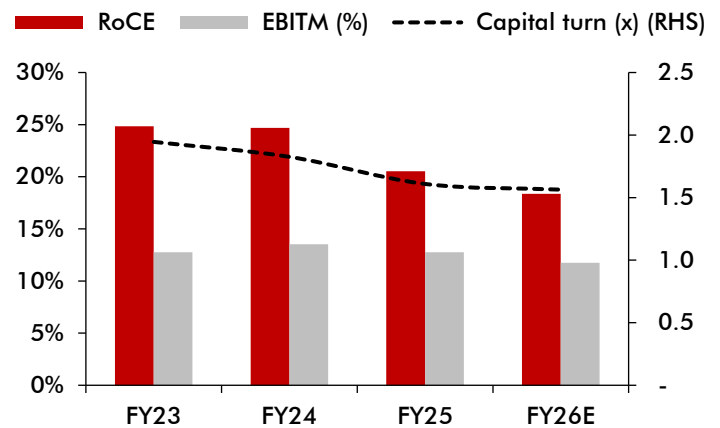
Source: Company, Ambit Capital research

Exhibit 30: Slowing growth weighed on pipe utilization amid capacity expansion and...



Source: Company, Ambit Capital research

Exhibit 31: .. hurt return ratios, which contracted 650bps over FY23-26E



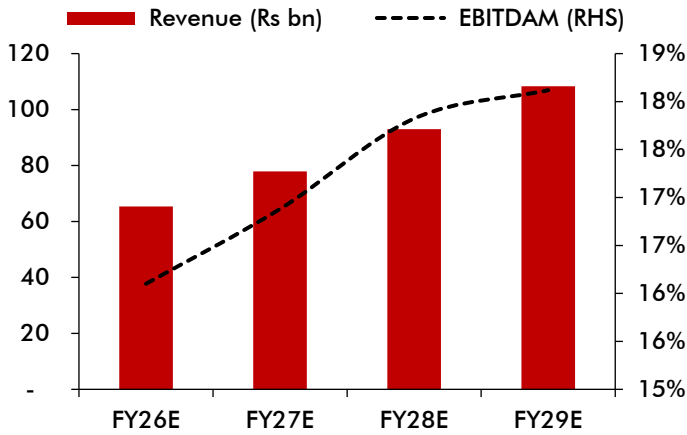
Source: Company, Ambit Capital research

Phase 4 (FY26 onwards): Improving utilization and stabilizing prices

Astral's volume growth has recovered from 2QFY26 and we expect 17% volume CAGR over FY26-29E. Deflationary PVC resin prices are unlikely to remain a structural drag — resin prices have rebounded on account of (a) removal of VAT incentives (13% rebate) for Chinese suppliers and (b) a crude price uptick driven by Middle East geopolitical tensions. Given India's ~70% dependence on PVC resin imports, with China accounting for ~45% of those imports, this pricing dynamic is meaningful. The plumbing segment is expected to deliver 20% revenue CAGR over FY26-29E, with realizations improving at ~3% CAGR.

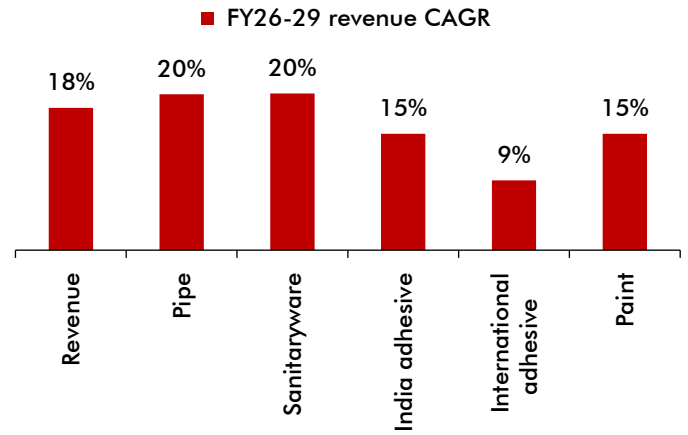
In adhesives, leadership rationalization in international operations and sustained domestic growth, driven by product portfolio improvements, are expected to support 14% CAGR over FY26-29E. The paints segment, while facing heightened domestic competition that has tempered earlier 20%+ growth expectations, is forecast to deliver 15% CAGR over FY26-29E, supported by geographic expansion into Karnataka, Gujarat, and Maharashtra. At the consolidated level, utilization improving to ~70% by FY29 and EBITDA margins recovering towards 18% are expected to drive RoCE back to 26-27% by FY29E.

Exhibit 32: Expect revenue/EBITDA growth of 18%/23% over FY26-29...



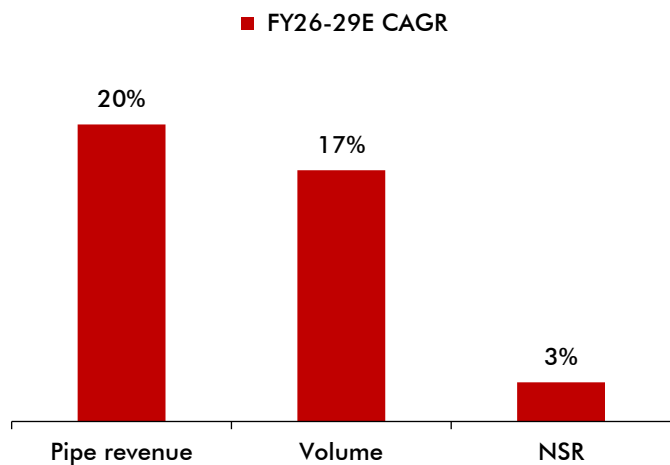
Source: Company, Ambit Capital research

Exhibit 33: ...primarily driven by the plumbing segment



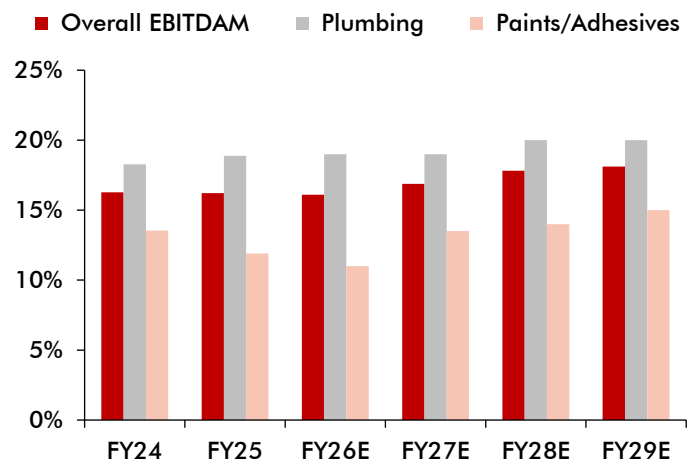
Source: Company, Ambit Capital research

Exhibit 34: Volume improvements will primarily lead pipe growth



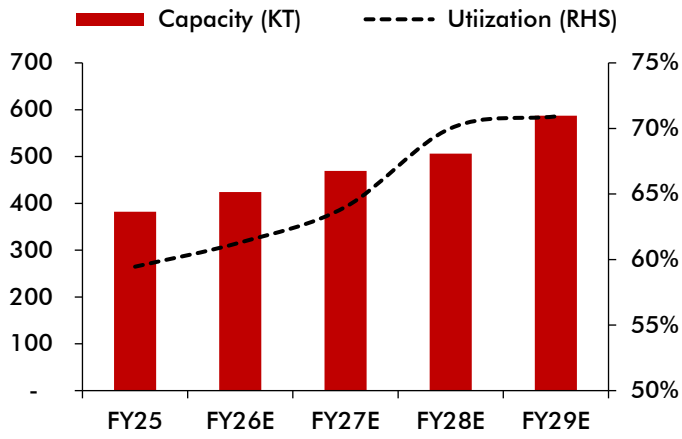
Source: Company, Ambit Capital research

Exhibit 35: Improvement in international adhesive business and paint segment margins will support overall margin improvement over FY26-29E



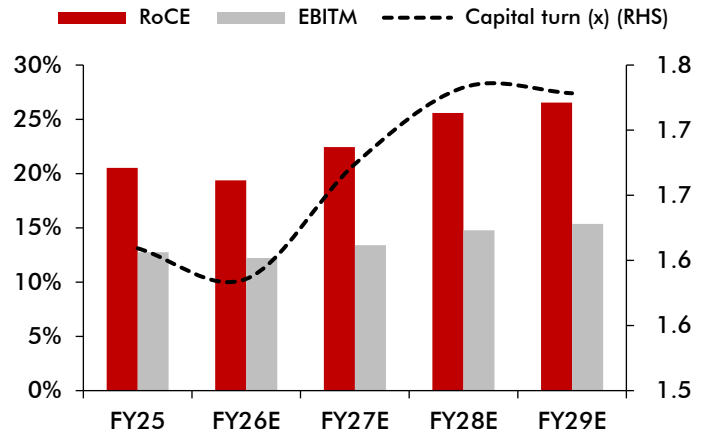
Source: Company, Ambit Capital research

Exhibit 36: Capacity utilization improves with volume recovery



Source: Company, Ambit Capital research

Exhibit 37: RoCE step-up to 27% by FY29E



Source: Company, Ambit Capital research

Gearing up for larger share of the industry

Astral recognized the product concentration and growth constraints within a single product category and gradually leveraged its cash flows to diversify its product portfolio across home-building segments. This is being supported by a national dealer network of 3,600+ across the country. This expansion into adhesives, water tanks, sanitaryware, and paints has increased its addressable market by over 3x in the last decade, but we have yet to see material success beyond adhesives. The plumbing segment remains the primary driver, contributing 72% of revenue and ~80% of EBITDA, supported by 200,000+ plumber connect. We expect Astral's volume share in the domestic plastic pipe industry to improve by >2ppts over FY26-30, primarily supported by volume growth in CPVC pipes. Astral's backward integration into CPVC compounding in 2016 helped it become the industry leader in segment profitability and now backward integration in resin manufacturing will help it gain market share in CPVC pipes with better cost controls on the value chain.

Exhibit 38: Astral offers growth optionality beyond plastic pipes

FY26E	Plumbing segment		Paints and adhesive segment		
	Pipes and tank	Sanitaryware	India adhesive	International adhesive	Paints
Revenue (₹ bn)	45.3	1.4	12.3	3.7	2.3
Share (%)	72%		19%	6%	3%
EBITDA share	80%			20%	
EBITDAM	19%			11%	
TAM	US\$5.5bn	US\$ 2.7bn	US\$2.5bn	US\$70bn	US\$8-9bn
Competition	Supreme, Finolex, Prince, Apollo Pipe, Welspun Corp	Cera, Jaquar	Pidilite	Henkel, Bostik	Asian Paints, Birla Opus, Berger
Management outlook	Target to deliver 15-20% volume growth	Target to grow at 20-25% CAGR for the next five years with revenue milestone of ₹5-6bn	Target to grow at 15-20% CAGR	Target to grow at double digit with margins in 8-10% range	Target to grow 15-20% with 14-15% margin.
Our view	<p>We expect segment revenue to grow at 20% CAGR over FY26-29 aided by a volume CAGR at 17%. Volume growth will be aided by:</p> <ul style="list-style-type: none"> Focus on improving control of the value chain Improving manufacturing footprint and Focus on improving the product portfolio. Market share gains in southern India and smaller players in CPVC. 	<p>We expect this segment revenue to grow at 20% CAGR over FY26-29.</p> <p>We believe Astral can capitalize on this segment given its distribution synergies and plumber connects.</p>	<p>We expect the segment revenue to grow at 15% CAGR over FY26-29.</p> <p>Astral has done well in the domestic adhesive market. Revenue has grown at 20%+ CAGR over FY20-25 against 12%/14%/10% CAGR of Pidilite/Henkel/HB Fuller.</p>	<p>We expect this segment revenue to grow at 9% CAGR over FY26-29.</p> <p>International business growth has struggled lately (12%/4% CAGR over FY20-25/FY22-25) due to product-specific and regional headwinds. A new leadership has been appointed to turn around the business.</p>	<p>We expect this segment revenue to grow at 15% CAGR over FY26-29.</p> <p>Growth expectations have come down over the last three years and profitability has disappointed due to upfront investments and heightened competition.</p>

Source: Company, Ambit Capital research

Plumbing segment – Improving architecture

Astral's plumbing segment accounts for 72% of its revenue and 80% of its segmental EBITDA. The plumbing segment accounts for plastic pipes (~93% of revenue), water tanks (~4%), and sanitaryware (~3%). Plastic pipes are the legacy business with diversifications into water tanks and sanitaryware in FY21 and FY23, respectively. Astral's strength in plastic pipes lie in its market leadership in CPVC pipes, which account for ~25% of its plastic pipe volume. Astral's national presence in the plastic pipe segment is supported by 11 manufacturing facilities and 3,600+ distributors.

Connects:

Supreme: 240K plumber

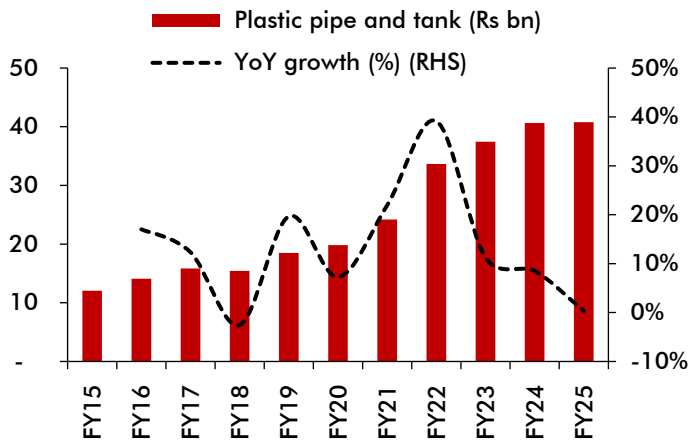
Astral: 200K plumbers

Total distributors:

Supreme: 5,600+

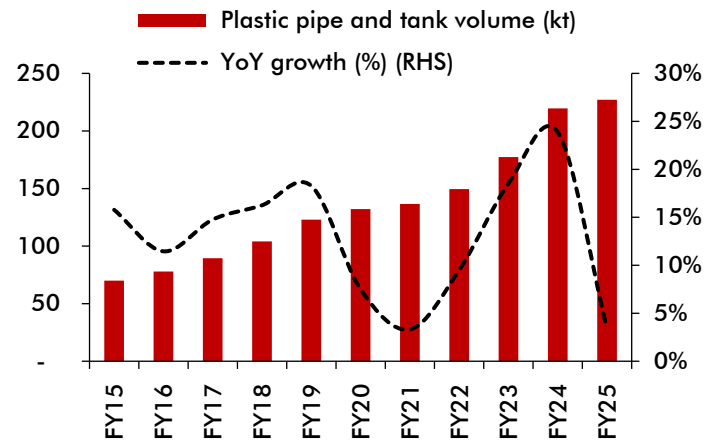
Astral: 3,600+

Exhibit 39: Plastic pipe and tank revenue has grown at 13% CAGR over the last decade...



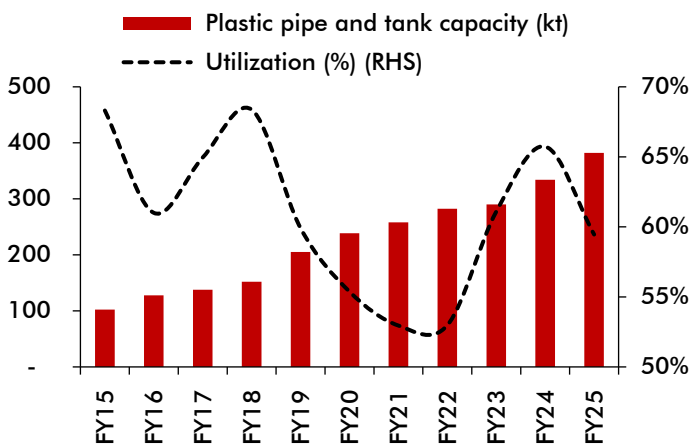
Source: Company, Ambit Capital research

Exhibit 40: ...supported by volume growth at 13% CAGR...



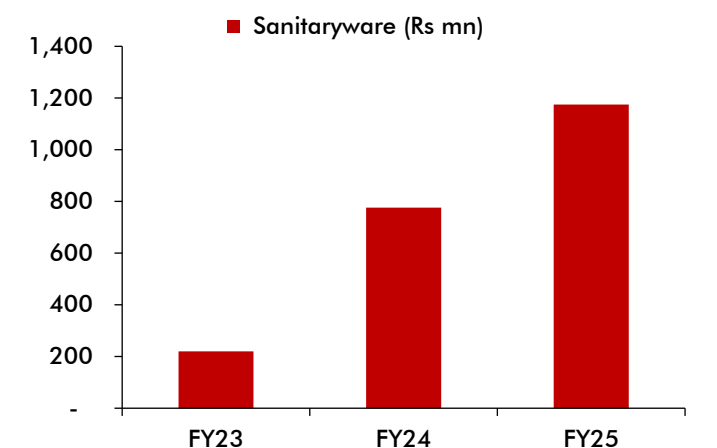
Source: Company, Ambit Capital research

Exhibit 41: ...and capacity growth at 14% CAGR to 382KT



Source: Company, Ambit Capital research

Exhibit 42: The sanitaryware segment is currently at a nascent stage

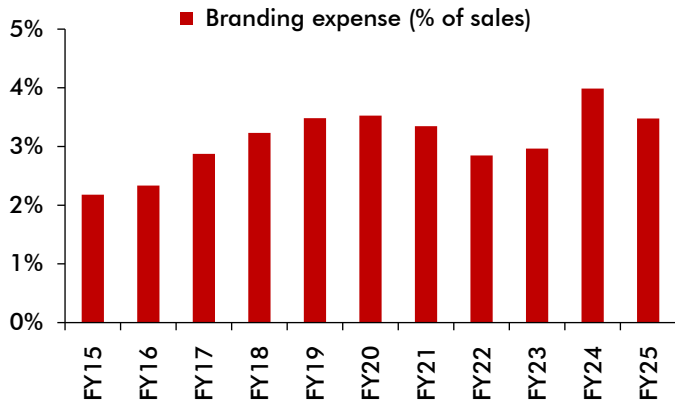


Source: Company, Ambit Capital research

Innovation and branding helped gain market share...

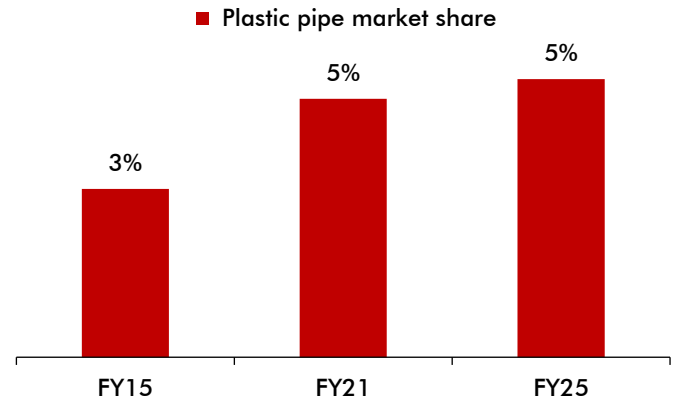
Over the last decade, Astral has pioneered branding in the plastic pipe business and built strong brand recall through innovative branding practices across sports and multimedia platforms. However, the market share stagnated over the last five years as it focused on building new segments in homebuilding. Competition continued to expand their manufacturing footprint and gained market share.

Exhibit 43: Astral invested ~3% in branding vs 1-2% by the industry



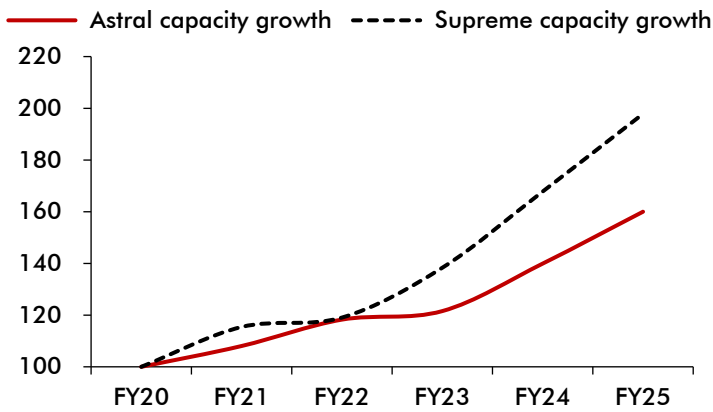
Source: Company, Ambit Capital research

Exhibit 44: This, along with portfolio innovation, pulled up market share



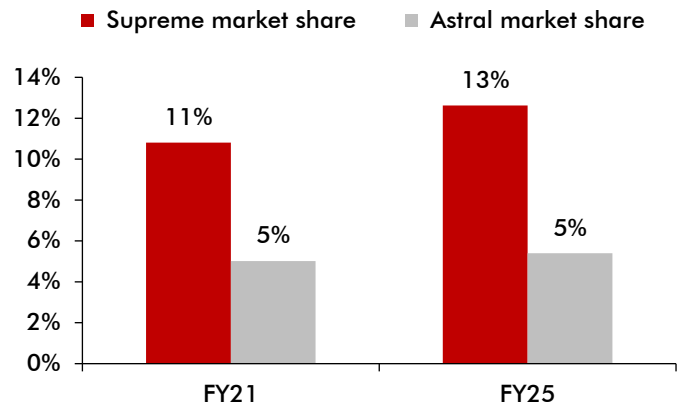
Source: Company, Ambit Capital research

Exhibit 45: But Supreme stepped up expansion from FY22 with greenfield capacities in Assam, Tamil Nadu, Odisha...



Source: Company, Ambit Capital research, FY20 capacity indexed to 100

Exhibit 46: ...and gained market share while Astral's share stagnated

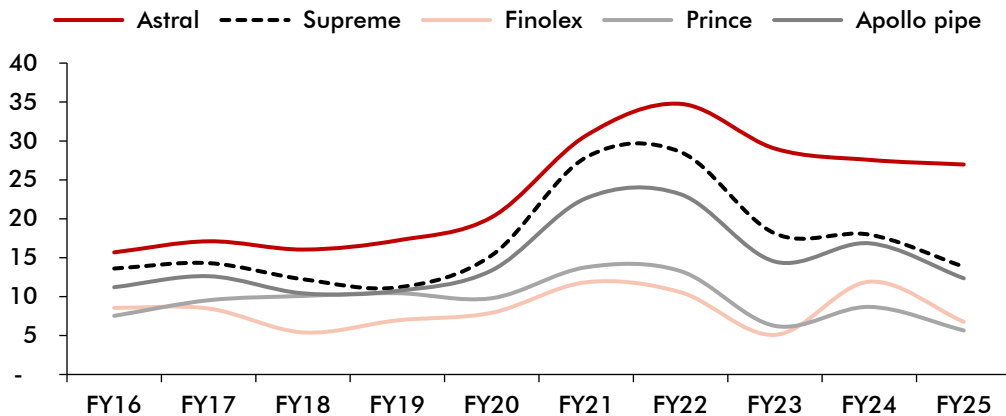


Source: Company, Ambit Capital research

...Astral's investments in architecture will now drive market share

Astral's backward integration into CPVC compounding helped it become an industry leader in profitability. It is now leveraging its understanding of the value chain to backward-integrate into CPVC resin manufacturing, which will strengthen its competitive position in the industry and step up its market share and volume growth capabilities.

Exhibit 47: Whilst peers' profitability has reverted to pre-Covid levels, Astral has maintained its profitability due to better control of the value chain

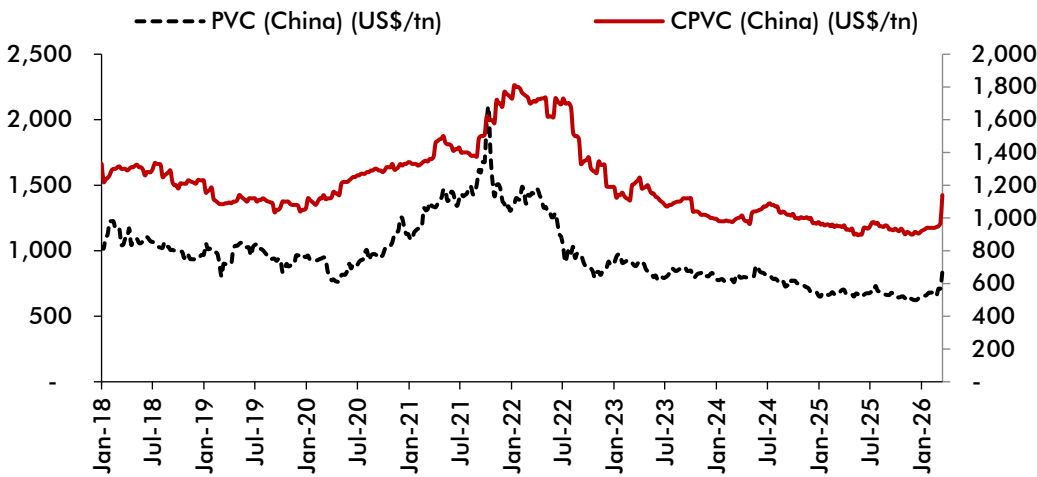


Source: Company, Ambit Capital research

Control over the value chain will further improve with backward integration into CPVC resin

Astral has now entered into an agreement with Nexelon Chem Private Limited to acquire 80% equity in the company (remaining 20% with the technology partner). Total project cost stands at ₹ 1.5bn with Astral’s share at ₹1.2bn. Also, the future plan includes doubling of capacity, if needed, with ₹ 1bn additional investment. Astral currently sells ~55KT of CPVC pipes and requires about 40KT of resin (~75%) for which it plans to put up resin manufacturing capacity. The company had been working on the technology for resin manufacturing for the last 4-5 years. We expect Astral to generate ₹500-600mn of EBITDA in the resin business (OPM ranges 15%-35% for the industry, depending on prices) and leverage it to gain market share, especially in the southern market where its biggest competitor has a strong presence.

Exhibit 48: PVC prices move in line with PVC prices



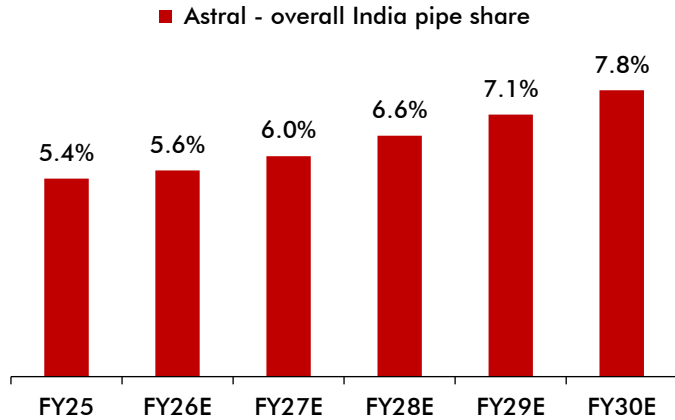
Source: Company, Bloomberg, Ambit Capital research, China prices

Exhibit 49: Localization of CPVC resin to support the fast-growing CPVC pipe segment in India

CPVC resin	Current capacity	Planned	Remark
Grasim	-	100KT	Tie-up with Lubrizol to put up 100KT CPVC resin capacity (50KT+50KT). Phase one will come online in 4QFY26. Lubrizol already has a 70KT compounding facility, which will be increased to 140KT as part of forward integration with Grasim's resin capacity.
Epigral	75KT	150KT	Doubling the capacity of CPVC resin from 75KT to 150KT with ₹5-6bn of investment.
DCW	40KT	50KT	Brownfield expansion. DCW is increasing its CPVC resin capacity from 20KT to 50KT with an investment of ₹1.4bn
Astral	-	40KT	Acquired 80% equity in Nexelon Chem for ₹1.2bn.

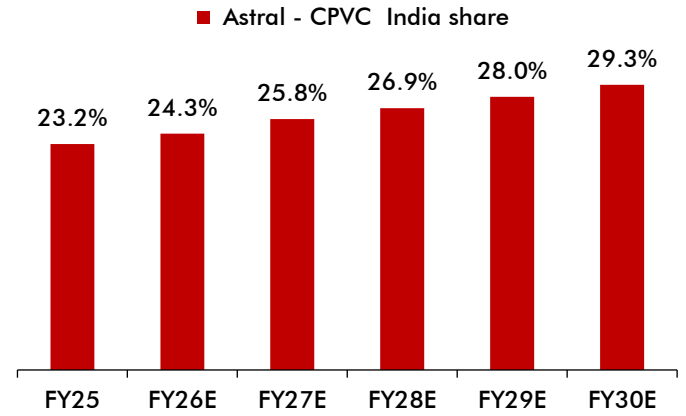
Source: Company, Ambit Capital research

Exhibit 50: Backward integration boosts pricing power...



Source: Company, Ambit Capital research

Exhibit 51: ...supporting market share gains led by the CPVC segment; Astral will aim to strengthen its position initially in south-India market



Source: Company, Ambit Capital research

Other new initiatives in the plumbing segment:

- **Greenfield facilities** in Bhubaneswar (FY22), Guwahati (FY24), Hyderabad (FY25) and Kanpur (FY26) have strengthened Astral’s presence in eastern and southern India. Planned capacity addition over the next two years will increase the capacity from 382KT in FY25 to 500KT by FY27-28.
- **Entry into OPVC pipes:** The OPVC pipes market today is estimated at ₹2.8bn (<1% share of the pipe market) but is growing rapidly. Chemfab Alkali is a leading OPVC pipe manufacturer in the country today, with 14KT of installed capacity, followed by Supreme Industries at ~9KT. Current estimates indicate the market could reach ₹14bn by FY28, driven by growing adoption in water transmission projects to replace ductile iron pipes.

An OPVC line costs ₹250-300mn depending on size (110mm-630mm) with a capacity of 2.5-3KT and revenue potential of ₹450-500mn.

Exhibit 52: OPVC – A fast-growing but small segment

OPVC	Remarks
Supreme Ind	Current capacity at ~9KT. Targeting ~30KT with planned investments of ₹ 3.5bn over 2-3 years. Targeting 110mm, 160mm, 200mm and 250mm. Technology partner Molecor.
Welspun Corp (Sintex)	Planned OPVC manufacturing at Bhopal, Raipur and the South India facility. Technology partner Rollepaal.
Astral	Developed in-house technology. Initial plan: start with four lines, with the first line at Dholka. First order of ₹ 180mn received at the end of FY25. Initial launch of 315mm sizes for B2G order
Apollo Pipe	Commissioned ~3.5KT OPVC line in FY25.
Prince	No immediate plans for OPVC
Finolex Ind	Evaluating, but the market is very small for this pipe.
Chemfab	Largest player with 14KT capacity and ₹ 1.3bn revenue in OPVC pipes.

Source: Company, Ambit Capital research

- **Gas pipe segment:** Astral and Supreme are planning their entry into gas pipe segment. The market size is ~200KT. Astral has acquired Al-Aziz, which specializes in PE pipes, PP pipes and electrofusion fittings for gas pipe applications.
- **Focus on the sanitaryware segment:** Astral has an in-house facility for faucets in Jamnagar, while ceramic sanitary products are outsourced. The first display center was launched in Ahmedabad in 2022 to provide a touch-and-feel experience for customers. Astral is expanding its national footprint in the sanitaryware segment, with >1,000 showrooms/dealers across the country. Products cater across price points, with categories like Celestia, Imperia, Premia, and Gloria. Tier-2 and Tier-3 cities are also catered to through budget products like PTMT (Polytetra Methylene Terephthalate) product ranges.

Exhibit 53: Both companies have been consistently improving their product offerings

New launches	Supreme	Astral
FY15	Silent pipes PE pipes with copper (irrigation)	Wire guard (conduit pipe) BIS-certified fire sprinkler system
FY16	Submersible pipes Flame Guard	Silencio (low noise pipes)
FY17	DWC pipes	Astral CPVC Pro (own compound) Astral Fire Pro Astral Chem Pro (industrial)
FY18	Streamline (drainage for affordable houses)	Recyfix (surface drainage) Pex-A Pro (flexible pipe)
FY19		Insupro (XLPE HVAC) DWC (drainage)
FY20		
FY21		Aquire tank business
FY22		Underground pipes HDPE Pro
FY23	Pex pipes PE/AL pipes Electrofusion fitting Industrial valves	Drain Pro Bathware
FY24	Cable conduit	RainWay (gutter system) Industrial valves
FY25	PERT (temperature resistant PE pipes)	PTMT bathware

Source: Company, Ambit Capital research

Adhesives and paints segment

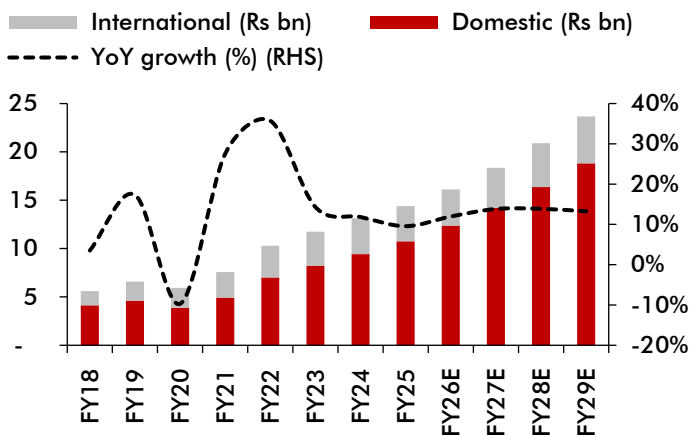
Adhesives and paints collectively contribute 28% of revenue and 20% of EBITDA. The business has compounded at an impressive 22% CAGR over the last decade (20% ex-paints), reflecting organic momentum and disciplined execution. Astral entered the adhesives market through the acquisitions of Resinova (India) and Seal IT (UK) in FY15. It subsequently broadened its portfolio into decorative paints through the acquisition of Gem Paints in FY23.

Adhesives - Domestic market remains a key growth engine

The domestic adhesives franchise is the cornerstone of this segment, accounting for ~75% of adhesive revenues. Domestic adhesive revenue has compounded at 18% CAGR over the past decade, underpinned by Astral's well-established brand equity, extensive distribution network and portfolio expansion.

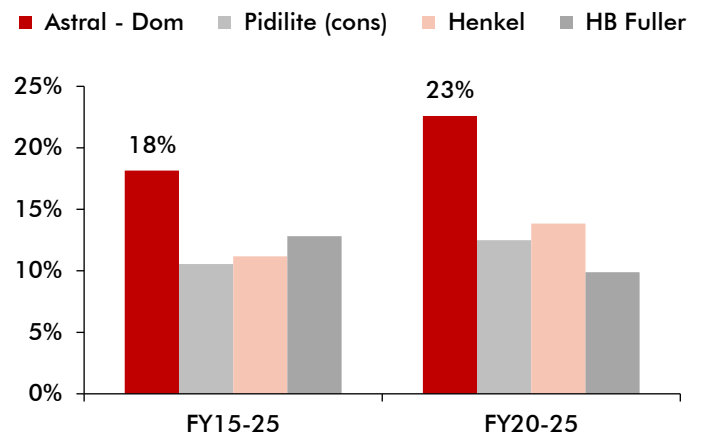
International business (~25% of adhesives) was acquired to gain access to global technology. It faces near-term headwinds. The UK-led international portfolio has grown at a relatively modest 12% CAGR over FY20-25 and is currently navigating a confluence of challenges - demand softness, customer destocking and raw material availability constraints. Management has changed the leadership of its UK business and expects a return to a normalized growth trajectory over the medium term.

Exhibit 54: Consistent focus on product portfolio expansion...



Source: Company, Ambit Capital research

Exhibit 55: ...has supported growth in domestic market



Source: Company, Ambit Capital research, Henkel Adhesive Technology India, H. B. Fuller India adhesive business

New initiatives in adhesives

- The Dahej facility for adhesives went online in FY24. Astral is planning new specialty adhesive lines here.
- Strategically consolidated multiple chemistries under the brand 'Bondtite'.
- Transferred advanced technologies in waterproofing from the UK and US units to India.
- New facility in the Middle East to target export opportunities.

Exhibit 56: Complete portfolio to compete with legacy incumbents

Chemistries	Segments	Brands	Competition
Epoxy adhesives	Glass, metal, granite	Bondtite, FillX	Araldite, Fevitate
Putties	Repairing	Bondset	M-Seal, Loctite
Synthetic rubber adhesives	Laminates, Leather, Auto	Bondtite, Bondgrip	Fevicol SR
Solvent cements	Plumbing	Solvobrand, Truzo, Amrow, Plastiweld	M-Seal
Sealants	Sealing and gap filling, Auto care	Resibond, Trubuild	Dr. Fixit, M-Seal
Wood coating	Wood protection	Aquashield	Fevicol, WoodTech
PTFE tapes	Tapes	Resitape	Mseal, 3M
Anaerobic adhesives	Metal application	Resimet	Loctite, Anabond, Holdtite
Specialty adhesives	Wood protection	Bondtite	Araldite, 3M, Loctite
Stone coatings	Granite	Crackbond	Marmorkitt, Tanax, Lapox
Sprayable rubber adhesives	Wood	Bondtite	Fevicol, Zorrobond
PVA adhesives	Wood	Bondtite	Fevicol
Cyanoacrylate	Repairing	Bondtite	Fevikwik, Loctite
Anti-termites	Wood protection	Pestofree	Terminator

Source: Company, Ambit Capital research

Paints – Early days, profitability under pressure

Paints currently represents only ~4% of consolidated revenue, reflecting the early-stage nature of Astral's entry into this segment. The Gem Paints acquisition initially encountered execution friction - leadership transitions and operational recalibration coincided with an increasingly competitive market with multiple new entrants with deep pockets.

Segment is currently loss-making (EBITDA, -5%) owing to upfront investments into channel building and technology implementations and hasn't added value since acquisition in 2022. If Astral chooses to continue with this segment, it will need to leverage its distribution network. Total paint capacity stands at 131KT with sufficient headspace to support volume growth without requiring near-term capex. Management has guided for ~20% growth; we adopt a marginally more conservative ~15% growth estimate, pending greater visibility on execution consistency and competitive response. Clarity on the time horizon for this guidance would be a key monitorable.

New initiatives in paints

- The initial focus was on rebranding under 'Astral Coatings Private Limited', followed by operational clean-ups, SAP implementation, and tightening the working capital cycle. A new leadership team was put in place to lead the segment.
- Given the legacy of Gem Paints in South India, Astral is following a dual-brand strategy. The product is being launched under brand 'Astral Paints' in markets outside South India.
- Astral's R&D team has reformulated the products to ensure compliance with quality standards.
- Footprint expansion is gradual with initial launches in Gujarat and Rajasthan post-acquisition. Plans to enter other states. Astral will install tinting machines at its dealer touchpoints.
- The segment is currently barely breaking even due to upfront investments in launches, supply chain and manpower.

Exhibit 57: Product portfolio across application category

	Asian Paints	Berger Paints	Kansai Nerolac	Indigo Paints	Akzo Nobel	Birla Opus	Astral Paints
Interior	Luxury	Royale	Silk Glamour	Impression	Platinum Series	Velvet Touch	Elita
	Premium	Apcolite	Easy Clean, Rangoli	Pearl	Gold & Silver Series	Super Cover	Esteema
	Economy	Tractor	Bison	Beauty	Bronze Series	Promise	Styla
Exterior	Luxury	Ultima	Weather coat	Excel	Platinum Series	Weather Shield	Extura Plus
	Premium	Apex	Weather coat	Suraksha Advance	Gold Series	Weather Shield	Extura Premium
	Economy	ACE	Walmasta	Suraksha	N.A.	Promise	Raga
Water Proofing	SmartCare	DampStop, Homeshield Roof	Perma	Protect Plus	Aqua Tech	Alldry	N/A
Wood Paint	Woodtek	Imperia, Rainbow	Wonderwood	Sleek	Sadolin	Allwood	N/A
Metal Paint	Tractor, Apcolite	Luxol, Butterfly	PU, Synthetic	Platinum Series	Gloss, Super Luster	Style, Calista	Enamels and Primer
Adhesive	TruGrip, Loctite	Homeshield	Nerofix	N.A.	Simply Fresh	N.A.	Astral Adhesive
Undercoat	TruCare	Silk Luxury, BP exterior	Zinc, Premium	Platinum, Gold Polymer Putty	Promise, Duwel	Style, Calista	Primers/Putty

Source: Company, Ambit Capital research

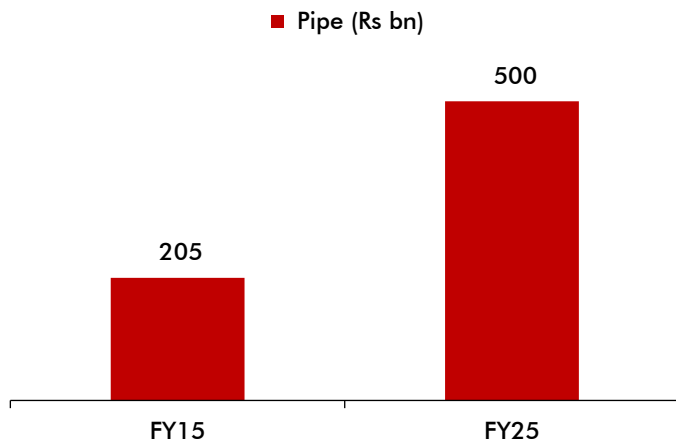
Industry appears to be troughing

The Indian plastic pipe industry, valued at ₹500bn, has grown at 9% CAGR (value) over the last decade. Larger players like Supreme, Finolex Ind., Astral, Prince and Apollo Pipes command ~35% of industry volumes, outpacing the broader market at 12% CAGR. Industry's profitability has hit cyclical lows due to deflationary PVC prices and weak demand. However, a recovery is unfolding after 2 years of a slowdown, with SI and Astral delivering 12% and 13% YoY volume growth in 9MFY26. The pricing environment is expected to improve structurally as China withdraws VAT rebates for PVC exporters. Investors are concerned that current high resin prices (crude-led) will hurt industry volume growth, but demand destruction is usually more pronounced in the price-sensitive agricultural segment. Astral is more skewed towards project business (~25-30% share), and rising prices are unlikely to dent demand meaningfully. Our projections include a 5%/3% price improvement for Astral in FY27/28E, but there is significant upside risk.

Industry landscape

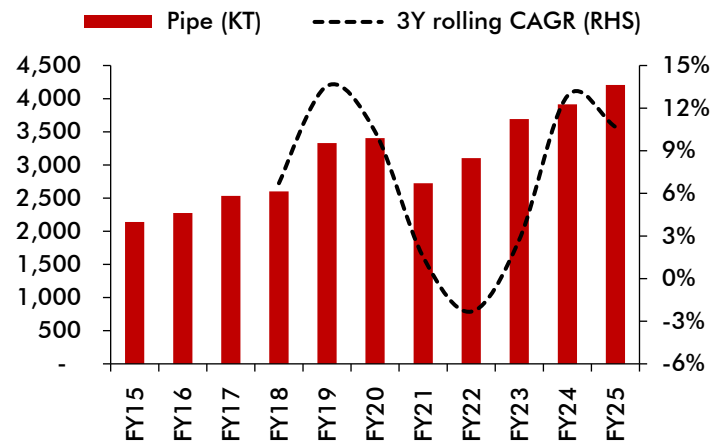
The Indian plastic pipe industry, a ₹500bn industry, has grown at a 9% CAGR over the last decade, while volume growth has been 7% CAGR. The industry has consolidated in favour of large, listed players (Supreme, Astral, Finolex, Prince and Apollo Pipe) that have delivered revenue/volume growth of 12% and 9%, respectively, over the last decade.

Exhibit 58: India's plastic pipe industry has grown at 9% CAGR over the last decade



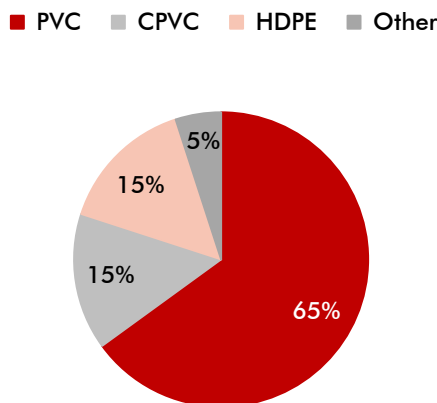
Source: Company, Ambit Capital research

Exhibit 59: Volume growth is similar but volatile



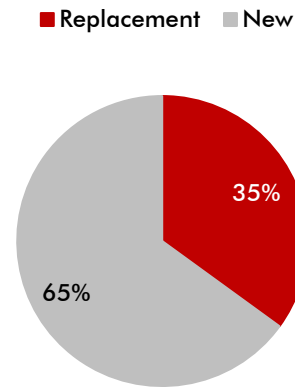
Source: Company, Ambit Capital research

Exhibit 60: PVC is the largest segment, followed by CPVC at ~₹60bn



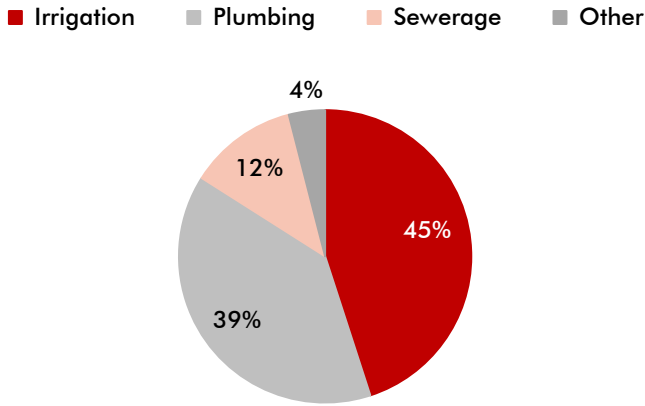
Source: ICRA, Ambit Capital research

Exhibit 61: Longer useful life leads to a lower share of replacement demand



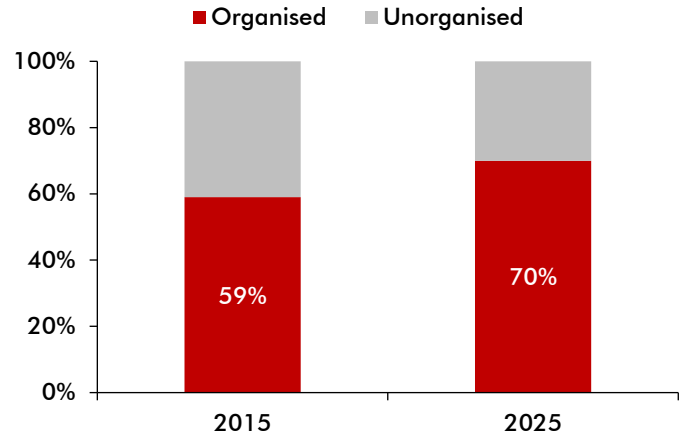
Source: ICRA, Ambit Capital research

Exhibit 62: Agri and housing are key user industries



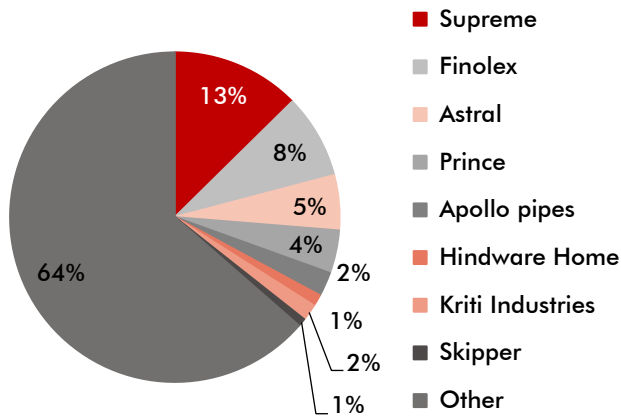
Source: ICRA, Ambit Capital research

Exhibit 63: The organized market has outpaced the industry



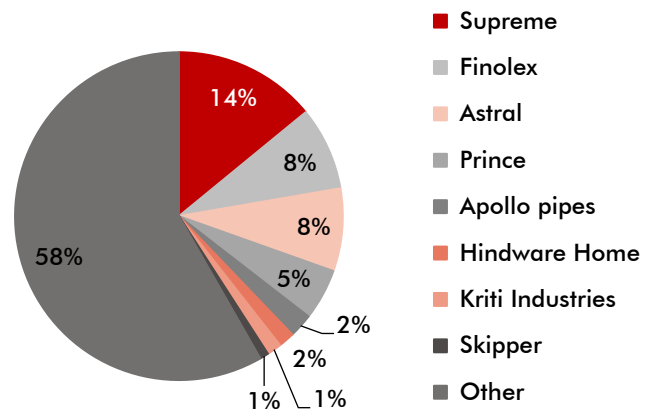
Source: Prince, Ambit Capital research

Exhibit 64: Larger players are dominating the market (volume share)...



Source: Company, Ambit Capital research

Exhibit 65: ...and have higher pricing power (value share)



Source: Company, Ambit Capital research

Exhibit 66: Focus largely on sweating existing assets as demand improves

Pipes capacity (tn)	FY25	9MFY26	Comments
Astral	381,957	410,135	Targeting 500KT in the next two years.
Supreme	872,532	945,532	Plastic pipe capacity will reach 1MMT by FY26. Greenfield expansion in Bihar and Gwalior will be commercialised in CY27.
Finolex Ind	495,000	520,000	Total capacity stands at 520KT (470KT of pipes and 50KT of fittings). Management also plans to add 50-70KT of capacity every year.
Prince pipes	397,559	435,222	Bihar greenfield capacity (65KT) commercialised in Sept'25. The company has no major expansion plans.
Apollo pipes	225,500	226,500	Expanding the capacity to 286KT over the next 2 years. Greenfield capacity of 30KT and brownfield expansion of 28KT and 3KT of window profiles.

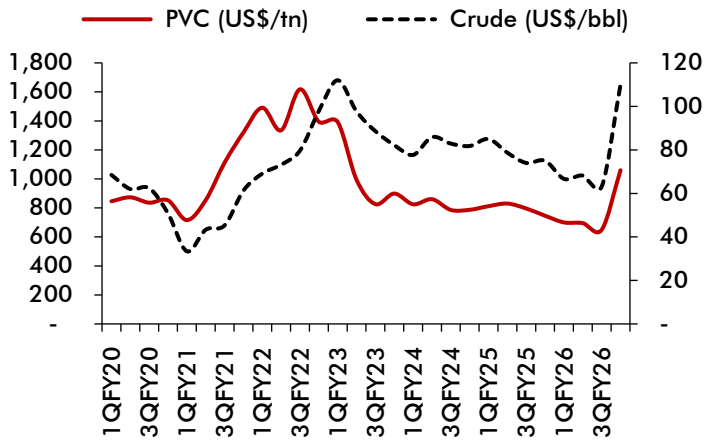
Source: Company, Ambit Capital research

What's changing in the industry?

PVC prices have been in a deflationary trend since FY22, and industry volume growth peaked in FY23/24. Slowing volume (high base in FY23-24) amid falling prices hurt performance over the last two years. PVC resin prices bounced back from their lows in Dec'25 on account of a rise in crude prices and the expectation of rationalizing supplies from China as it withdraws the VAT rebate for exporters from April'26. Rural indicators in the Indian market are encouraging, but a broad-based recovery still appears some distance away, given the cyclical slowdown in the housing market. However, improving government capex, supported by rural demand, coupled with a stable pricing environment should lead to improved operational performance for plastic pipe companies.

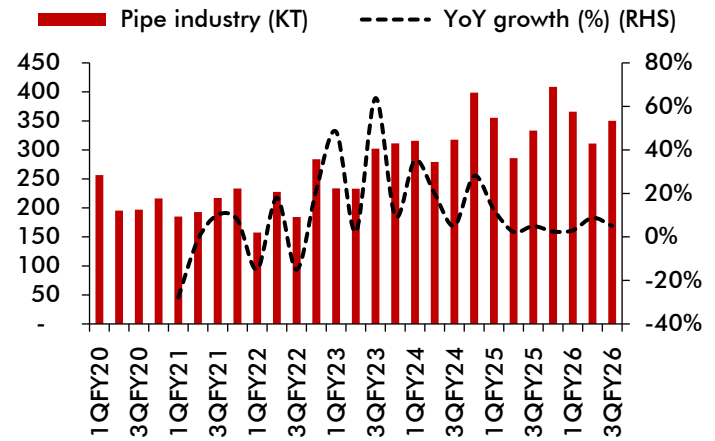
Industry proxy: Supreme, Astral, Finolex Ind, Prince, Apollo Pipes

Exhibit 67: PVC prices have been in a deflationary trend but bottomed out now



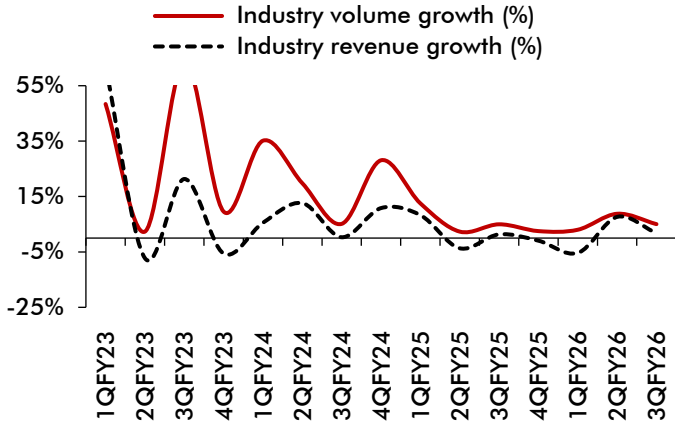
Source: Company, Bloomberg, Ambit Capital research

Exhibit 68: Deflationary prices and a high base of FY24 hurt performance



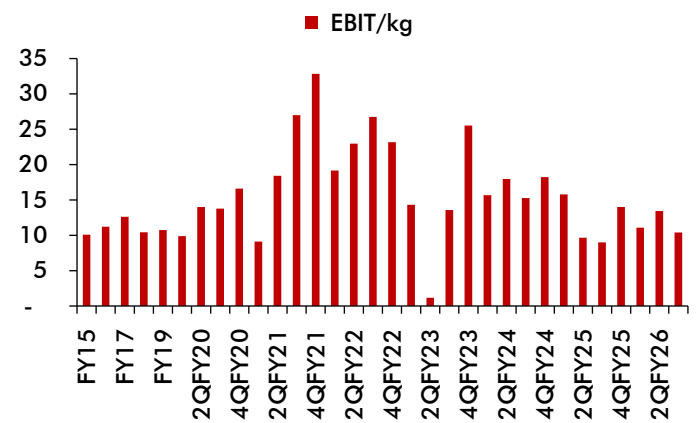
Source: Company, Ambit Capital research

Exhibit 69: Industry revenue growth has lagged volumes due to pricing pressure



Source: Company, Ambit Capital research, chart 10

Exhibit 70: Industry profitability is back to pre-Covid levels



Source: Company, Ambit Capital research, chart 11

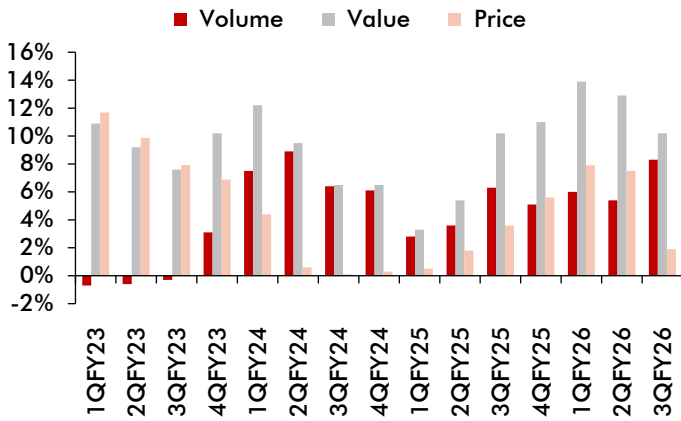
PVC prices appear to have bottomed out, thus alleviating incremental pressure on the industry's profitability. The improvement in PVC prices is led by two key reasons a) rise in crude prices from its Dec'25 lows and b) expectations of rationalizing supplies from the largest supplier, China, as it announced withdrawal of 13% VAT rebate to exporters of PVC resin. Improvement in PVC prices will reflect in the industry's profitability. We are building 5%/3% price improvement in FY27/28E for Astral.

Exhibit 71: China commands the industry pricing; Withdrawal of export rebates to structurally improve the pricing environment

Particulars	Mn tons	Share (%)
Global PVC demand	50	
- China	22	43%
- USA	5	9%
- EU	6	13%
- India	5	10%
Global PVC capacity	60	
- China	28	46%
- USA	9	15%
- EU	8	14%
- India	1	2%

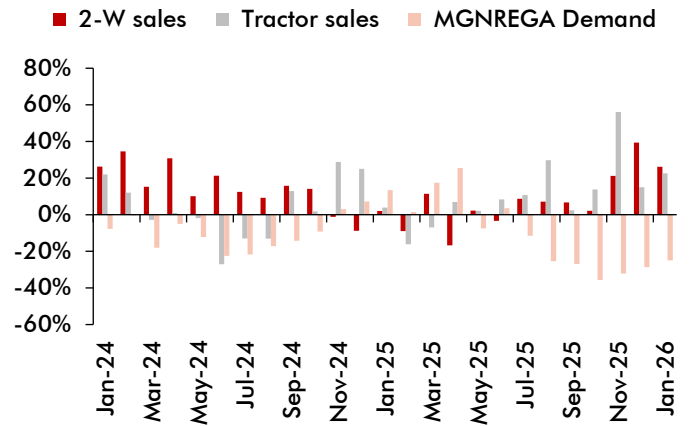
Source: Company, Ambit Capital research

Exhibit 72: FMCG companies are witnessing improved volumes supported by rural market



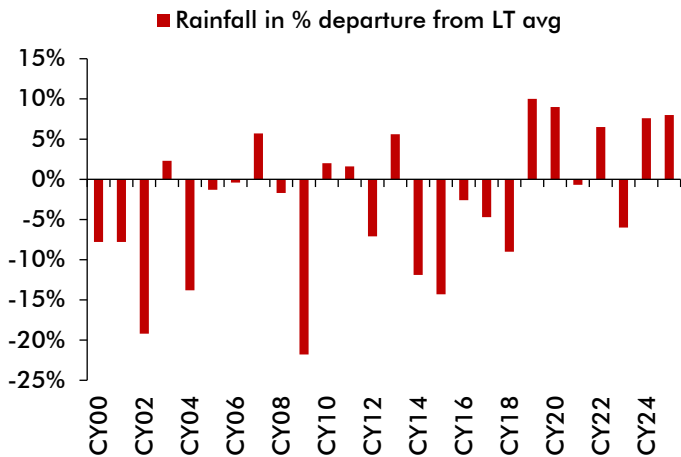
Source: Company, Ambit Capital research

Exhibit 73: Falling MGNREGA demand and improving tractor sales augur well for rural demand



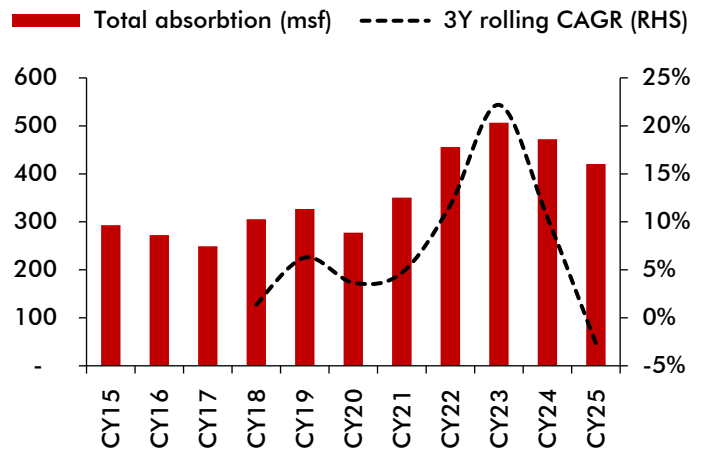
Source: Company, Ambit Capital research

Exhibit 74: Rainfall, though erratic, has been above normal levels in the last two years



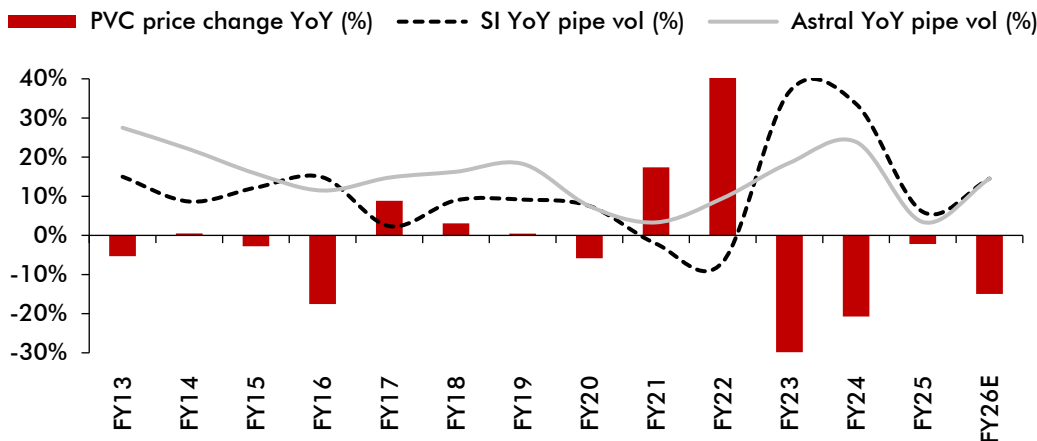
Source: Company, Ambit Capital research

Exhibit 75: The housing market needs support for a broad-based recovery



Source: Propequity, Ambit Capital research

Exhibit 76: The industry has been slowing down for the last two years



Source: Company, Ambit Capital research

Exhibit 77: Porter's five forces analysis of the plastic pipe industry

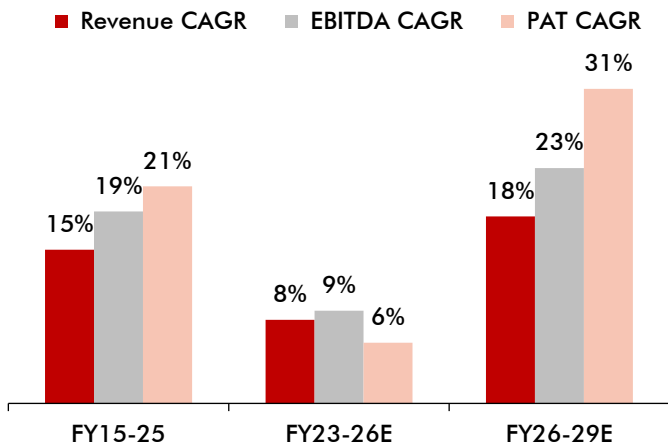
Industry Porter	Flags	Remark
Bargaining power of suppliers	High	<ul style="list-style-type: none"> Raw material is priced at global pricing parity. Prices are a function of crude prices and raw materials are largely import-dependent
Bargaining power of buyers	Moderate	<ul style="list-style-type: none"> Customer base is across real estate and agriculture applications. Customers are price sensitive.
Competitive intensity	High	<ul style="list-style-type: none"> Large, fragmented market with a long tail of smaller and unorganized players. National-level brands like Supreme and Astral, and companies have an edge over regional players.
Barriers to entry	Moderate	<ul style="list-style-type: none"> Raw material volatility and high working capital requirements at a smaller scale. Building a national-level brand is very difficult and capital-intensive.
Threat of substitute	Low	<ul style="list-style-type: none"> Plastic pipe has usually been a substitute for metal pipes. We don't have a lower-cost alternative for water transportation.

Source: Company, Ambit Capital research

Capital allocation back into core capabilities

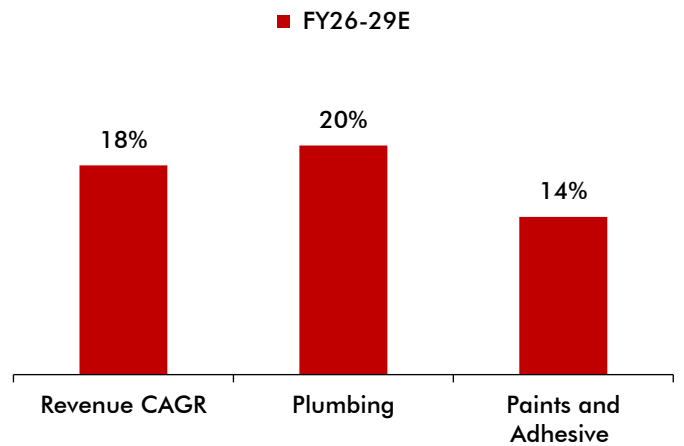
Astral is transitioning into a high-growth phase, supported by capacity ramp-ups and stepped-up utilization across its manufacturing plants. Revenue growth will primarily be led by the plumbing segment, supported by a) ramp-up of green field plants (Kanpur, Hyderabad) in the near term (FY26-27) and b) market share gains from backward integration in the medium term (FY27-30). Also, we believe the cash generated (FY26-28: ₹ 21bn), will now be allocated towards a) portfolio build-up by acquisition of niche product/capability in core plumbing/adhesive segment, b) strengthening value chain positioning by doubling resin manufacturing capacities to 80KT and c) expanding geographical footprint and closing the white spaces.

Exhibit 78: Revenue growth will be driven by the plumbing segment...



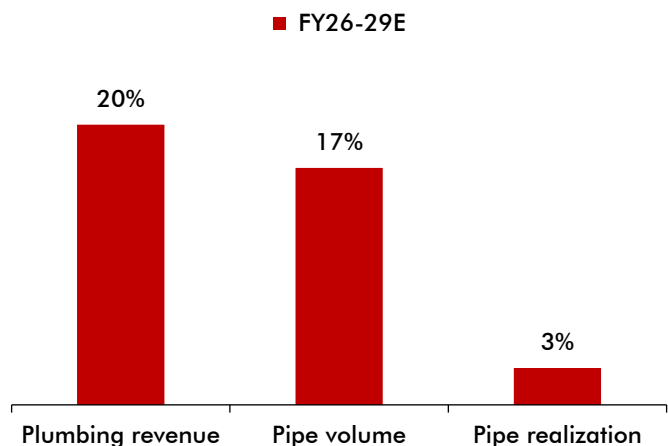
Source: Company, Ambit Capital research

Exhibit 79: ...which will find support from backward integration...



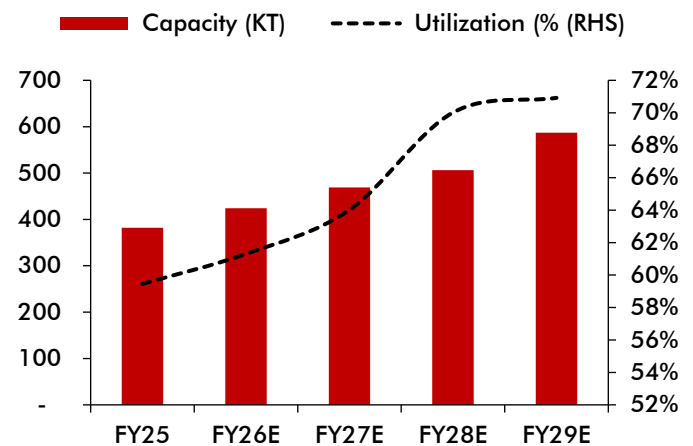
Source: Company, Ambit Capital research

Exhibit 80: ...and ramp-up of capacities...



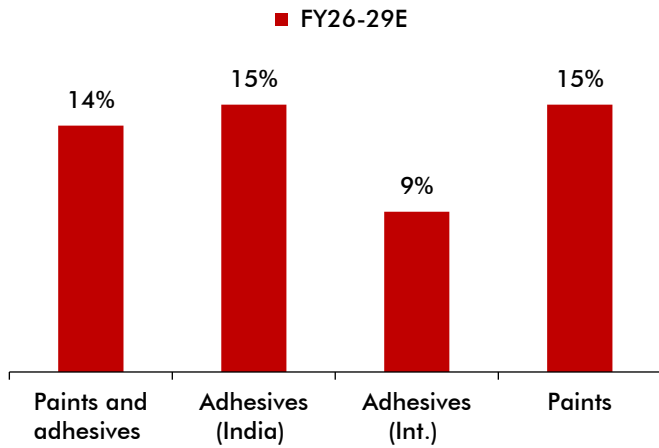
Source: Company, Ambit Capital research

Exhibit 81: ...capacity utilization will increase as new plants ramp up



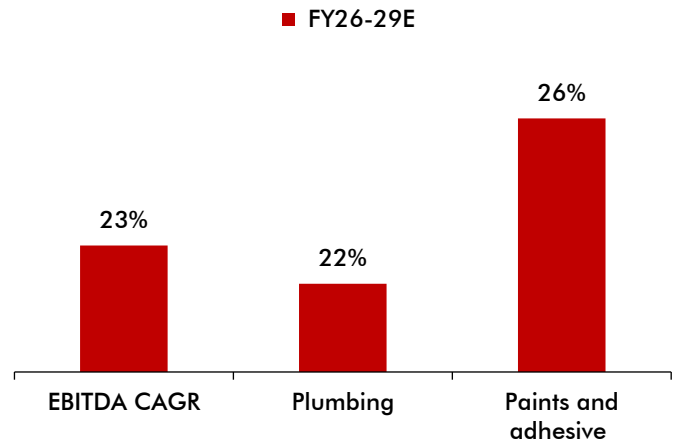
Source: Company, Ambit Capital research

Exhibit 82: India adhesive remains a key growth driver for paints and adhesives



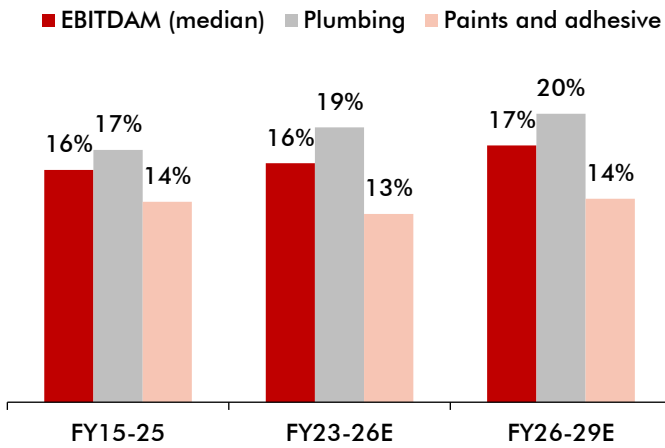
Source: Company, Ambit Capital research

Exhibit 83: Low base of international adhesive and paints implies higher growth



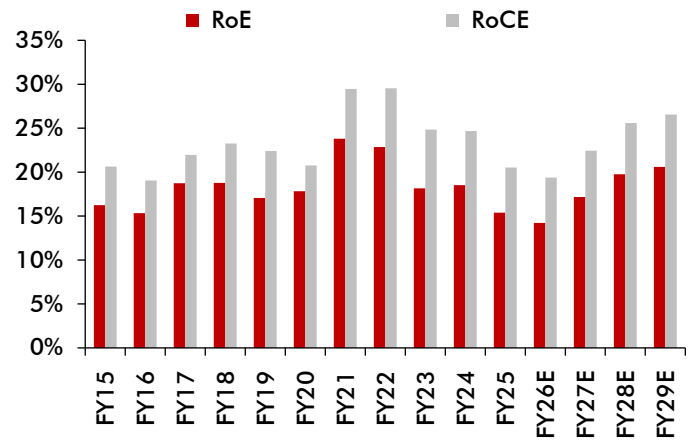
Source: Company, Ambit Capital research

Exhibit 84: Plumbing margins are consistently improving



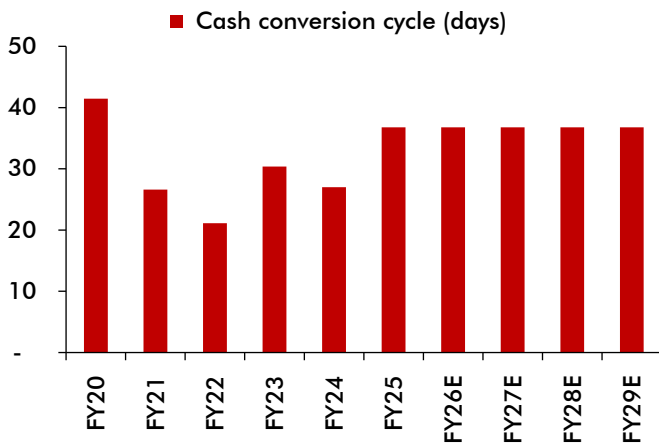
Source: Company, Ambit Capital research

Exhibit 85: Improving growth enhances return ratios from their lows in FY26



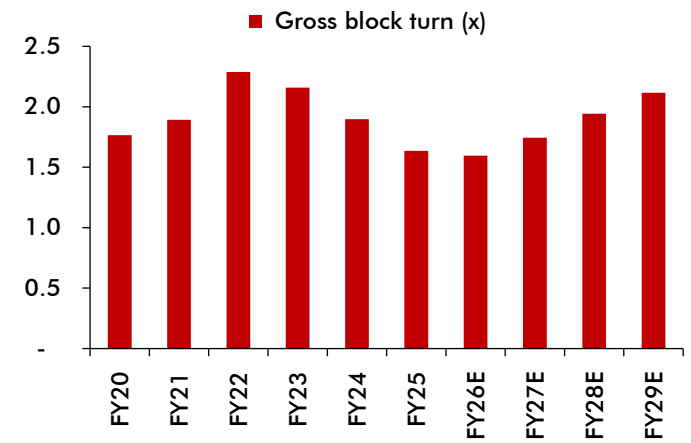
Source: Company, Ambit Capital research

Exhibit 86: Cash conversion cycle at ~40 days



Source: Company, Ambit Capital research

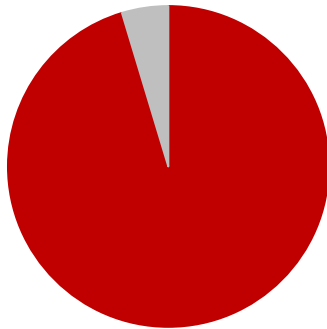
Exhibit 87: Gross block turn to increase to ~2x



Source: Company, Ambit Capital research

Exhibit 88: Total inflows of ₹63bn over the last decade...

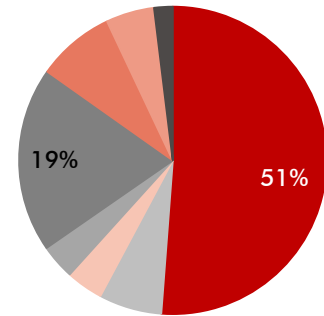
■ OCF (before wcap and tax) ■ Equity



Source: Company, Ambit Capital research

Exhibit 89: ...with 51% used for capex

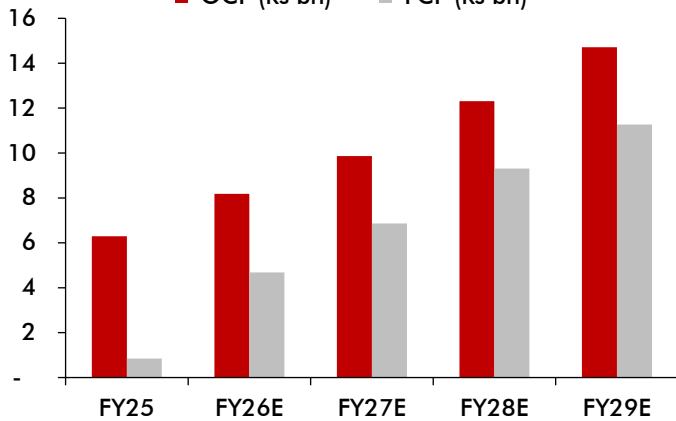
■ Capex ■ Dividend ■ Debt ■ Wcap
■ Tax ■ Investment ■ Interest ■ Other



Source: Company, Ambit Capital research

Exhibit 90: Limited incremental capex requirements...

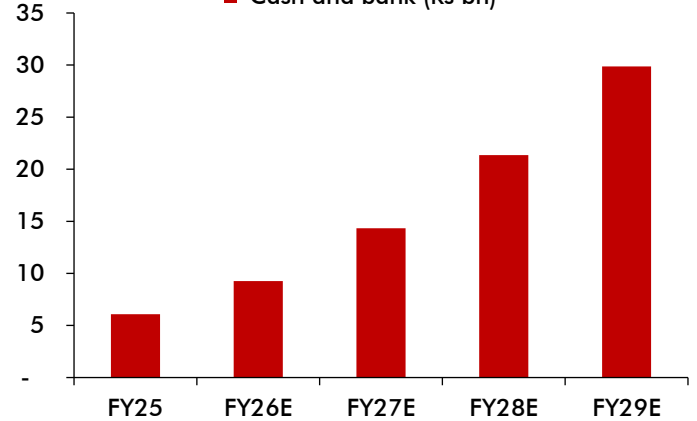
■ OCF (Rs bn) ■ FCF (Rs bn)



Source: Company, Ambit Capital research

Exhibit 91: ...build up cash on books

■ Cash and bank (Rs bn)



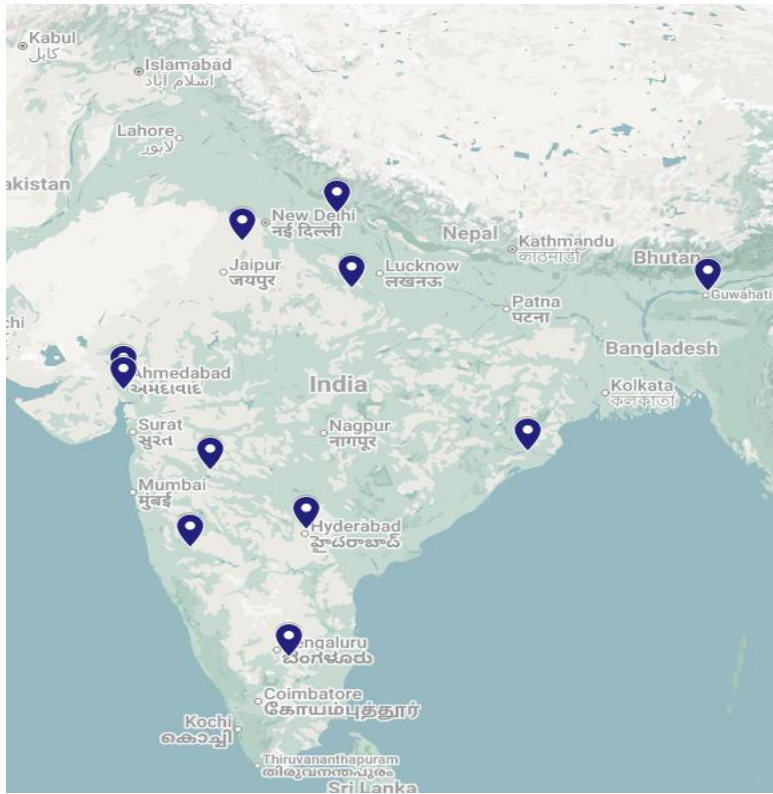
Source: Company, Ambit Capital research

Exhibit 92: Astral has been expanding its portfolio through acquisitions

Name	Year	Initial stake	Current ownership	Total consideration	Valuation (trailing)	Remarks
Seal IT UK	2014	80%	100%	~₹ 1bn	9-10x P/E	Gain access to technology Business is struggling with growth and profitability. Management is pinning its hope on new leadership to transform the business.
Resinova Chemie	2014	76%	100%	~₹ 2.9bn	~20x EV/EBITDA	Diversification. Resinova turned out to be a good acquisition. Business has grown at 18% CAGR over FY15-25.
Rex Polyextrusion	2018	100%		~₹ 1.5bn	~7x EV/EBITDA	Portfolio extension. DWC pipe business based out of Sangli, MH. Merged into the plumbing business.
Shree Prabhu Petrochemicals (Water tank business)	2020	100%		~₹ 0.4bn	~14-15x EV/EBITDA	Portfolio extension. Merger into plumbing. Revenue at ~₹ 2bn vs ~₹ 450mn in FY22.
Gem Paints	2022	51%	100%	~₹ 3.5bn	~12x EV/EBITDA	Diversification Yet to turn around. Upfront costs and investments weighing on profitability. Revenue is largely flat at ~₹ 2bn since the acquisition, with operating losses in FY26.
Nexelon Chem	2025	80%	80%	~₹ 1.2bn	N/A	Backward integration

Source: Company, Ambit Capital research

Exhibit 93: Astral will expand its geographical footprint in the country, thereby strengthening its supply chain and time to delivery



Source: Company, Ambit Capital research, Astral's plastic pipe manufacturing units

Exhibit 94: Supreme has a wider presence with two new greenfield capacities planned in Bihar and Gwalior



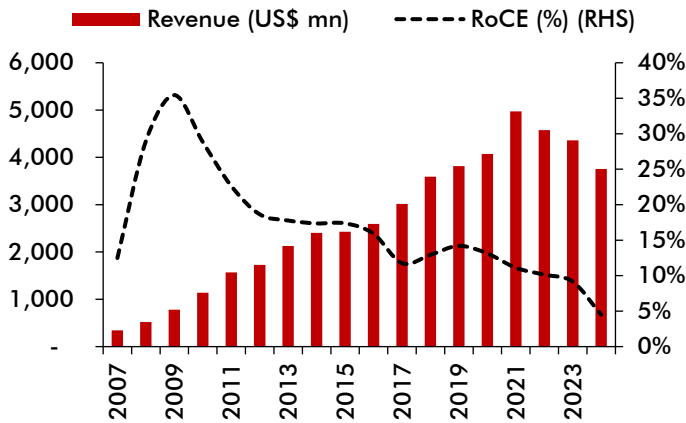
Source: Company, Ambit Capital research; Supreme's pipe manufacturing units, Green flags are Wavin units

China Lesso Group – Leading global pipe manufacturer

China Lesso Group (2128 HK, NR) evolved from a regional manufacturer of PVC pipes into a nationwide piping conglomerate. Built over nearly four decades, the company has a capacity of ~3.4MMT (1HCY25) across 30 advanced production bases in 19 Chinese provinces as well as foreign countries. The company controls the market through long-term strategic partnerships with a robust network of 3,061 exclusive primary distributors. Lesso benefited from China’s rapid urban infrastructure development policies pre-2015. Subsequent property crisis in China from 2021 exposed the group’s concentration on the domestic private infrastructure segment. Strategically, the company transformed from relying on private real estate developers to targeting government-led infrastructure projects, state-owned enterprises and international markets.

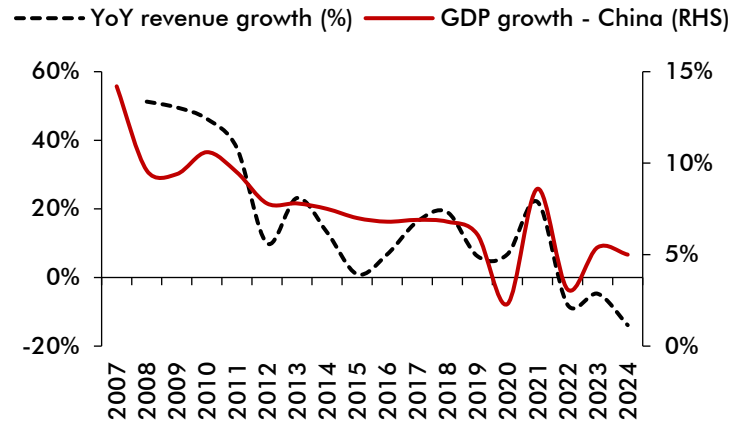
China’s GDP is US\$21tn, while its plastic pipe market is US\$14bn (source: Grandview). The Chinese pipe market, including fittings and broader applications, is estimated at US\$30-40bn (source: Lucintel). The global plastic pipe market size stands at ~US\$75bn (Grandview), while India’s plastic pipe market size is ~US\$5.5bn.

Exhibit 95: Supreme and Astral are now at a scale that Lesso had in 2008-09



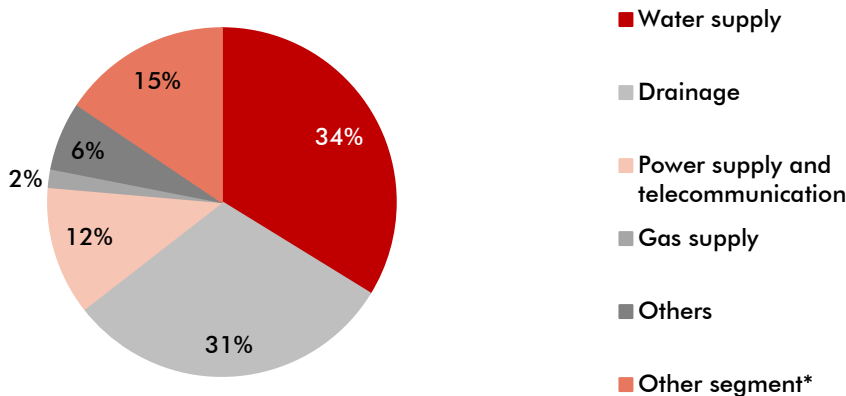
Source: Company, Bloomberg, Ambit Capital research

Exhibit 96: Growth trend mirrors economic growth over the longer term



Source: Company, IMF, Ambit Capital research

Exhibit 97: Plastic pipes and applications account for 85% of revenue



Source: Company, Bloomberg, Ambit Capital research, * Includes building materials and home improvement products

Exhibit 98: Sweating of assets after rapid expansion, leading to margin improvement

Particulars	2007-12	2013-20	2021-24
Market cap CAGR	Listed in 2010	22%	-30%
Revenue CAGR	38%	10%	-9%
EBITDAM - Median	17%	19%	22%
PATM - Median	12%	11%	8%
Volume CAGR	34%	11%	-1%
Capacity CAGR	35%	8%	1%
RoE - Median	29%	18%	11%
Gross block turn - Median	3.2	1.0	1.2
Working capital days - Median	76	71	91
OCF (cumulative) (US\$ mn)	551	3,395	2,547
Capex (cumulative) (US\$ mn)	677	1,794	1,684
OCF/EBITDA	56%	70%	66%

Source: Company, Bloomberg, Ambit Capital research

2007-12: Rapid expansion phase

Government capex: China Lesso has been the primary beneficiary of China's rapid urbanization and aggressive government investments in rural water conservancy, social security housing and municipal infrastructure. The stimulus package focusing on infrastructure (post-GFC crisis), government policy for the establishment of new villages and promotion of urbanization, and the 12th five-year plan focusing on affordable/subsidized home development spurred infrastructure investment in the economy.

Expansion: Capacity grew at 35% CAGR from ~400KT to 1.75MMT over 2007-12. It expanded its footprint beyond its stronghold in Southern China by building new production bases in regions like Urumqi, Changchun and Shaanxi, enabling a nationwide sales network.

Diversification: Toward the end of this phase, the company also laid the initial groundwork for product diversification by introducing home building materials like sanitary products, integrated kitchens and doors/windows. Revenue grew by 38% CAGR, supported by 34% volume CAGR over this period.

2013-20: Sweating of assets and product diversification

Upgradation: The company focused on investment in upgrading of existing bases into smart factory automation to achieve massive economies of scale, reduce human error and lower manufacturing cost. This led to EBITDA margin improvement of ~700bps to 24% during this period.

Diversification: The company diversified its product portfolio beyond its core piping business into building materials and home improvement. The company expanded into the environmental protection business, undertaking municipal wastewater and river treatment projects. The group also focused on digitalization and e-commerce, launching the 'Lesso Mall' O2O platform for hardware and electrical equipment in 2015. The company initiated the 'Lesso Home' business in 2017 to build multinational platforms for Chinese manufacturers to sell overseas.

2021-24: Real estate downturn weighing on performance

Slowdown: China's real estate crisis exposed the limits of diversification and concentration of the infrastructure market of Lesso. Revenue started to slow and margins began to contract. Introduction of stringent regulatory policies led to a severe liquidity crisis and debt defaults among major private real estate developers (like Evergrande, Country Garden, etc.)

Pivot: Lesso strategically shifted its customer portfolio from private real estate developers to government and state-owned enterprise projects to mitigate the business risk. Bankruptcies among customers, coupled with an increasing shift towards government infrastructure, led to an increase in working capital days to ~90 days (from an average of 70 days) and thinner margins compared to private customers.

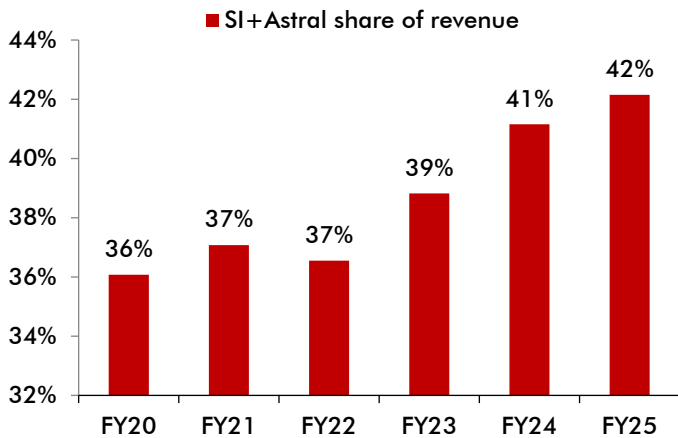
To further de-risk and unlock new growth engines, the company forayed into emerging sectors like photovoltaics and new energy (Lesso Banhao) in early 2022, and into modern agricultural applications such as deep-water marine aquaculture. Additionally, the company accelerated its globalization and localized production strategy, adopting a light-asset model to rapidly scale manufacturing bases across Southeast Asia (such as Indonesia, Cambodia and Thailand) to offset domestic headwinds.

Paying for possibilities

Astral trades at 61x 12M fwd P/E and is ~42% premium to industry leader SI (SELL). We are valuing it at 55x FY28 P/E (10-year average P/E). Valuation looks expensive relative to its industry peers, but is supported by a consistently improving share of the industry's profit pool. Earnings are stepping up after a lull of almost two years, and we don't see a reason for the stock to de-rate now. RoIC-WACC is stepping up with easing deflationary pressure from the raw material prices and gradually improving volume growth. We expect Astral's pipe volume growth to outperform SI over the next decade (17% CAGR vs 15% CAGR). We prefer Astral (BUY) over Supreme (SELL) primarily because we believe Astral is a better play on plastic pipes with a) improving control of the value chain, thereby driving market share, b) Capital allocation focus back into core capabilities and c) growth optionality in adhesive and bathware.

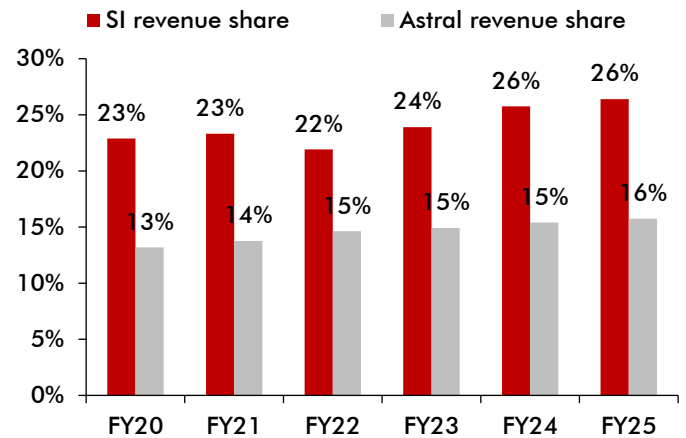
Note: In the exhibits below, we use a bigger universe sample comprising of Supreme, Astral, Finolex, Ashirvad, Prince, Apollo Pipe, Kriti, Oriplast, Texmo, Dutron, Captain, RC Plasto, and Kisan. We use pipe revenue and EBIT for comparison.

Exhibit 99: Share of revenue has consistently improved for Supreme and Astral



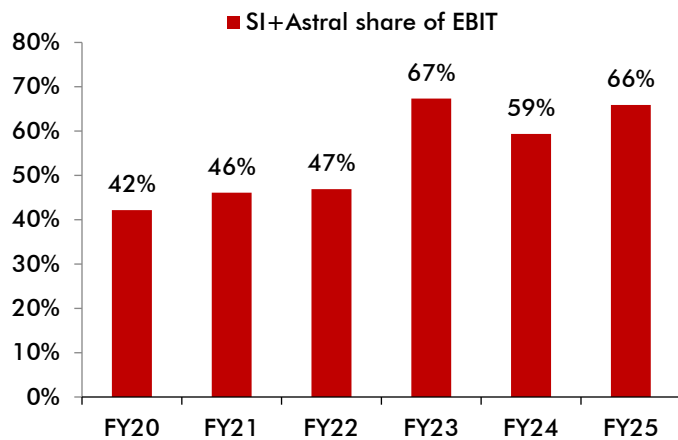
Source: Company, Ambit Capital research

Exhibit 100: Better volume has driven market share gains for Supreme



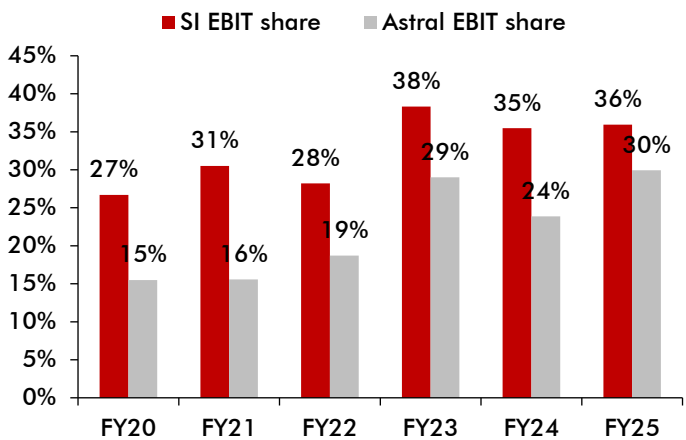
Source: Company, Ambit Capital research

Exhibit 101: Supreme and Astral have gained an even larger share of the profit pool



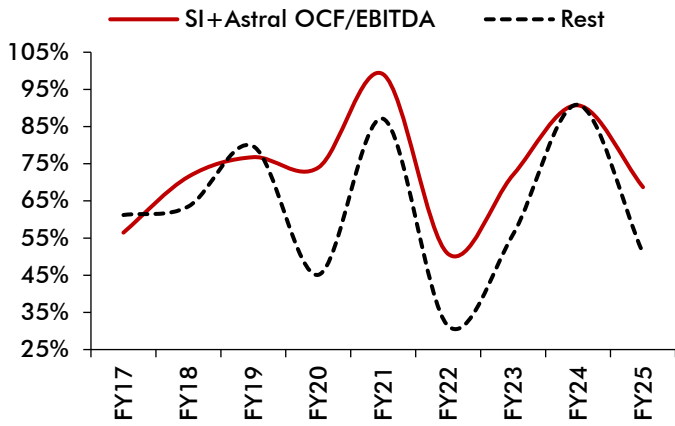
Source: Company, Ambit Capital research

Exhibit 102: Astral outpaces Supreme in the share of profit pool due to better control of the value chain



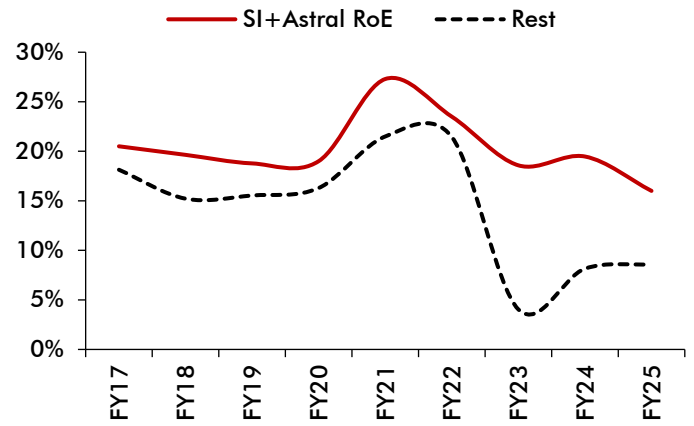
Source: Company, Ambit Capital research

Exhibit 103: SI and Astral have relatively stable cash conversion...



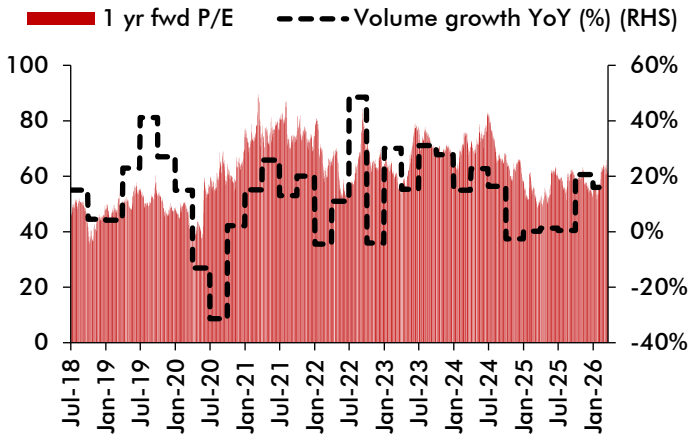
Source: Company, Ambit Capital research

Exhibit 104: ...and materially better RoE



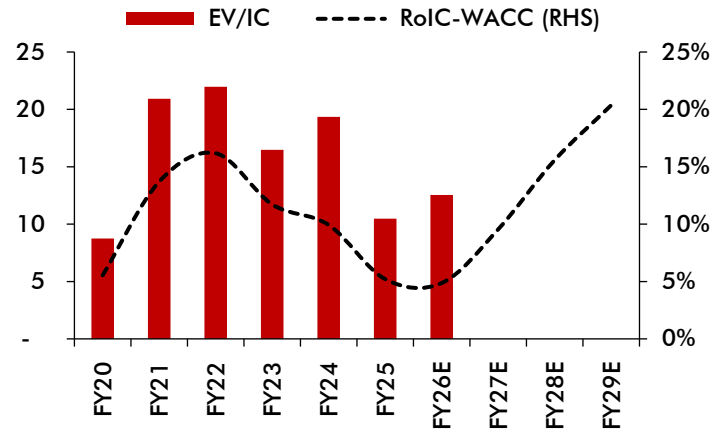
Source: Company, Ambit Capital research

Exhibit 105: Astral trades at 61x 12M fwd P/E; in-line with three years average



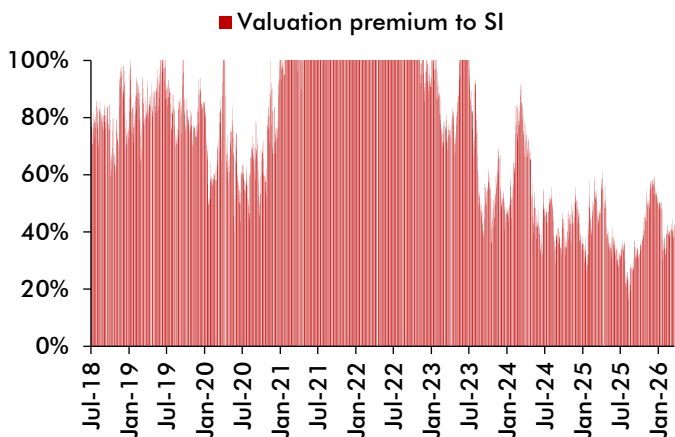
Source: Company, Bloomberg, Ambit Capital research

Exhibit 106: RoIC begins to step up after four years of contraction



Source: Company, Ambit Capital research

Exhibit 107: Astral trades ~42% premium to SI



Source: Company, Bloomberg, Ambit Capital research

Exhibit 108: We see better growth possibilities at Astral

	FY26-38	
	SI	Astral
Revenue CAGR	14%	16%
Pipe revenue CAGR	15%	17%
Pipe volume CAGR	15%	17%
EBITDA CAGR	16%	18%

Source: Company, Ambit Capital research

Exhibit 109: Astral has always traded like a consumer stock

	Astral	HUL	Britannia	Asian Paints
Revenue CAGR				
5Y	18%	10%	9%	11%
7Y	16%	8%	9%	10%
10Y	15%	7%	9%	9%
EBITDA CAGR				
5Y	16%	9%	12%	8%
7Y	17%	10%	11%	9%
10Y	19%	11%	14%	10%
PAT CAGR				
5Y	16%	10%	9%	6%
7Y	17%	11%	12%	9%
10Y	21%	9%	12%	10%
EBITDAM median				
5Y	17%	24%	18%	19%
7Y	16%	24%	17%	19%
10Y	16%	23%	16%	18%
EBITDA volatility				
5Y	1.5%	0.6%	1.3%	2.1%
7Y	1.5%	1.3%	1.5%	1.9%
10Y	2.3%	2.9%	2.0%	2.0%
RoCE median				
5Y	23%	27%	45%	34%
7Y	23%	29%	44%	34%
10Y	21%	89%	46%	34%
1Y Fwd P/E				
5Y	67	52	49	59
7Y	63	52	49	58
10Y	55	50	47	54

Source: Company, Ambit Capital research

Exhibit 110: We are building in 16% EBITDA growth over FY26-45

Particulars	FY20-25	FY26-28	FY26-45
Sales CAGR	18%	19%	16%
EBITDA CAGR	16%	26%	18%
Wcap/sales	8%	10%	10%
Capex/GB - median	15%	7%	9%
Capital turnover - median	1.8	1.7	1.6
EBITDAM - median	16.7%	16.9%	18.3%
Cost of Equity			13%
WACC			12%
Terminal growth			7%

Source: Company, Ambit Capital research

Exhibit 111: Implies 55x FY28 P/E

Particulars	PV
Total PV of FCFF	219,261
Terminal Value	313,435
Enterprise Value	532,696
Net debt	-11,759
Equity value	544,455
Share Price	2,024
Implied P/E FY28	55

Source: Company, Ambit Capital research

Exhibit 112: Higher volume expectations drive our earnings ahead of the street in FY28

Particulars (₹ mn)	Ambit			Consensus			Vs consensus		
	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
Net Sales	65,341	77,864	92,997	64,541	74,665	86,171	1%	4%	8%
EBITDA	10,520	13,144	16,575	10,313	12,606	15,025	2%	4%	10%
PAT	5,435	7,456	9,899	5,514	7,190	8,893	-1%	4%	11%
EPS (₹)	20	28	37	20	27	33	-1%	4%	12%
EBITDAM (%)	16.1%	16.9%	17.8%	16.0%	16.9%	17.4%	12 bps	bps	39 bps
NPM (%)	8.3%	9.6%	10.6%	8.5%	9.6%	10.3%	-23 bps	-5 bps	32 bps

Source: Company, Bloomberg, Ambit Capital research

Exhibit 113: Competitive mapping of Astral and peers

Company	Capacity FY25 (tn)**	FY25 revenue (₹ mn)**	Revenue CAGR FY20-25**	Plants**	EBIT margin (FY25)**	EBITDA margin (FY25)	Pre-tax RoCE (FY25)	Pre-tax CFO/ EBITDA (FY20-25)	Capex/ CFO (FY20-25)
Supreme	872,532	70,353	15%	MH (4), UP (2), WB (2), MP (3), TG (1), AS (1), OD (1), PY (1), TN (1)	10%	14%	19%	93%	46%
Astral	381,957	41,963	16%	GJ (3), MH (2), UK (1), RJ (1) TN (1), OD (1), AS (1), TG (1)	15%	16%	19%	102%	60%
Ashirvad	300,000	45,080	9%	KA (2), RJ (1), TG (1)	2%	6%	3%	53%	56%
Finolex	495,000	41,041	10%	MH (3), GJ (1)	6%	11%	10%	105%	27%
Prince	397,559	25,240	9%	DN (2), UK (1), MH (1), TN (1), RJ (1), TG (1), BH (1)	3%	6%	4%	76%	80%
Apollo pipes	225,500	11,816	24%	UP (2), GJ (1), KA (1), CG (1), MH (1), MP (1), DN (1)	5%	8%	7%	51%	222%
Median					6%	10%	8%	84%	58%

Source: Company, Ambit Capital research

Exhibit 114: IBAS framework positions Astral and Supreme ahead of the peers

Companies	Innovation	Brand	Architecture	Strategic assets	Overall	Remarks
Supreme Industries						Market leadership, national footprint and strong dealer network with strong brand recall.
Astral						Leader in the CPVC pipe segment. Strong brand equity and diverse portfolio. Generates best-in-class profitability in pipe segment.
Finolex Industries						Strong brand in the agri-pipe segment but relatively weaker in the housing market. Pipe capacities are located only in Maharashtra and Gujarat. Backward integrated with captive PVC resin capacity.
Prince pipes						Relatively lower return ratios and higher receivables compared to the industry benchmark. Lower product differentiation against peers due to a lack of unique product positioning against leaders.
Apollo pipes						Relatively lower return ratios compared to the industry benchmark. Lower product differentiation against peers due to a lack of unique product positioning against leaders.

Source: Company, Ambit Capital research, Note: - Strong; - Relatively Strong; - Average; - Relatively weak

Exhibit 115: Pipe valuations are ahead of the broader peer group in the building material category

India Building Materials	Mcap (US\$ mn)	CMP (₹)	Ambit's Stance	TP (₹)	Upside (%)	P/E (x)			EV/EBITDA (x)			CAGR (FY25-28E)		
						FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	Sales	EBITDA	PAT
Pipes														
Supreme Industries*	5,021	3,748	SELL	3,308	-12%	55	39	32	32	24	20	12%	18%	15%
Astral*	4,588	1,619	BUY	2,024	25%	80	58	44	41	33	26	17%	21%	24%
Finolex Industries	1,032	158	NR	-	-	20	18	16	15	13	12	7%	12%	-8%
Prince Pipes	254	218	NR	-	-	52	21	15	13	9	7	9%	30%	54%
Median						55	39	24	24	19	16	9%	19%	20%
Tubes														
APL Apollo Tubes*	5,816	1,986	SELL	1,400	-30%	46	38	33	30	26	22	15%	27%	30%
JTL Industries	190	46	NR	-	-	19	12	8	13	8	5	31%	43%	35%
Hi-Tech Pipes	158	74	NR	-	-	13	10	7	9	7	5	21%	23%	32%
Median						19	12	8	13	8	5	21%	27%	32%
Ceramic														
Kajaria Ceramics	1,597	951	NR	-	-	31	28	24	18	17	15	7%	16%	28%
Cera Sanitaryware	631	4,641	NR	-	-	28	23	21	20	17	14	9%	7%	6%
Somany Ceramics	165	381	NR	-	-	22	16	12	8	7	6	8%	14%	29%
Median						28	23	21	18	17	14	8%	14%	28%
Plywood														
Century Plyboards	1,637	698	NR	-	-	55	35	26	26	20	16	16%	28%	47%
Greenlam Industries	546	203	NR	-	-	81	31	21	20	14	12	16%	24%	52%
Greenpanel Industries	221	171	NR	-	-	NA	18	11	19	9	6	15%	32%	37%
Greenply Industries	250	190	NR	-	-	25	16	12	11	9	8	11%	16%	28%
Stylam Industries	391	2,189	NR	-	-	26	22	18	17	14	12	16%	20%	20%
Median						26	22	18	19	14	12	16%	24%	37%

Source: Company, Ambit Capital research, *Note: These are under Ambit's coverage and taken Ambit's estimates

Risks and Catalysts

Risks

Sustained demand slowdown

Our channel check indicates that a broad-based demand recovery is still some time away. Initial indicates demand recovery being led by the rural/agri segment. We are building 17% volume growth over FY26-29E in our earnings estimates. Ceteris paribus, if the recovery is delayed, then a 200bps lower volume growth would adversely impact our FY27 PAT by ~4%. Please note that a volume decline of 2% with 2% price improvement will have no impact on earnings.

PVC prices weaken again

The PVC price is averaging ~US\$694/tn in FY26, which is the lowest in the last decade. Improvement in crude prices has led to the spot price of PVC at US\$1,050/tn. With crude prices easing amid an easing geopolitical situation, resin prices will likely come down, but they will likely stay higher YoY in FY27. We are keeping our estimates conservative and building only 5% realization improvement in FY27.

Possible scenarios:

Exhibit 116: PAT changes vs change in pipe price and volume assumptions

FY27 PAT (₹ 7,475 mn)	Volume change (%)					
	10%	12%	14%	16%	18%	20%
-9%	-40%	-36%	-33%	-30%	-27%	-24%
-7%	-36%	-32%	-29%	-26%	-23%	-19%
-5%	-32%	-28%	-24%	-22%	-18%	-15%
-3%	-27%	-24%	-20%	-17%	-14%	-10%
-1%	-23%	-20%	-16%	-13%	-9%	-6%
1%	-19%	-15%	-12%	-9%	-5%	-1%
3%	-15%	-11%	-7%	-5%	-1%	3%
5%	-11%	-7%	-3%	0%	4%	8%
7%	-7%	-3%	1%	4%	8%	12%
9%	-3%	1%	5%	8%	12%	16%
10%	-1%	3%	7%	10%	15%	19%

Source: Company, Ambit Capital research

Paints and adhesive businesses continue to be a drag

We are building margin recovery in paints and the international adhesive business. Whilst paints and international adhesive businesses don't currently contribute to segmental EBITDA, we are building margin recovery in the international adhesive/paint business to 7%/5% in FY27. If the recovery doesn't play out, then it would adversely impact our FY27 earnings estimates by ~3%.

Catalysts

Ramp-up in greenfield capacity at Hyderabad and Kanpur to keep volume growth ahead of peers

Astral is ramping up its greenfield capacities at Hyderabad in Kanpur. Astral didn't have a local manufacturing facility in these regions. Volume growth (+16% YoY) in FY27 will reflect the ramp-up of these manufacturing units.

Market share gains with backward integration from 2HFY27

Better cost control and competitive pricing through backward integration will begin to get reflected in the commercial operation of the CPVC resin manufacturing unit (40KT). We expect a 40bps market share gain in the plastic pipe industry in FY27, aided by a 150bps gain in CPVC.

Exhibit 117: Explanation to our flags on the first page

Particulars	Flag	Remarks
Accounting	GREEN	Astral ranks in D4 (Zone of Safety) on our HAWK framework. This is supported by strong cash conversion.
Predictability	GREEN	Plumbing is 80% of EBITDA and demand trends provide a fair degree of predictability to earnings.
Earning momentum	AMBER	EBITDA estimates for FY26/27 have been downgraded by 6%/2% in the last six months.

Source: Company, Ambit Capital research

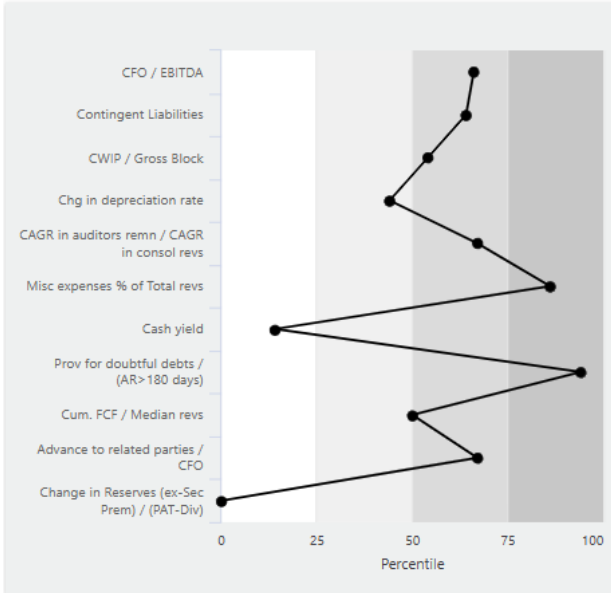
HAWK Framework

Astral ranks in 'D4' (Zone of Safety) on our forensic accounting framework. This is supported by strong cash flow generation in the plumbing business. It scores a 58% percentile on our greatness framework relative to BSE 500 companies due to better relative growth and cash flows.

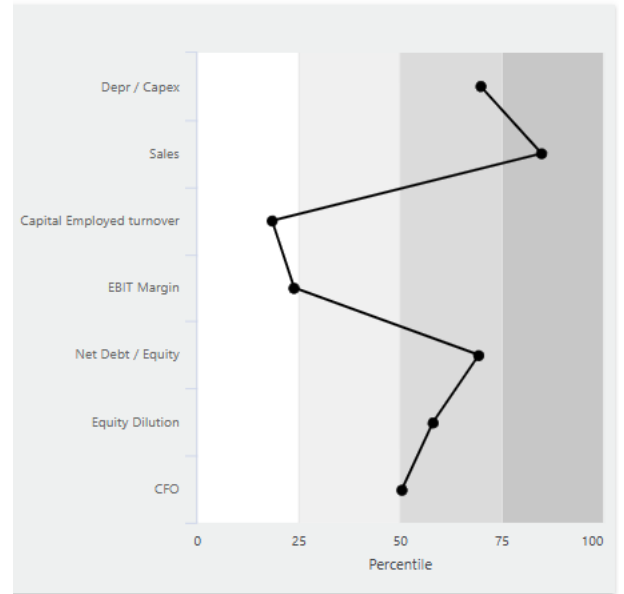
Exhibit 118: Astral ranks in the Zone of Safety (D4)

Exhibit 119: Astral scores 58% percentile on the Greatness Framework

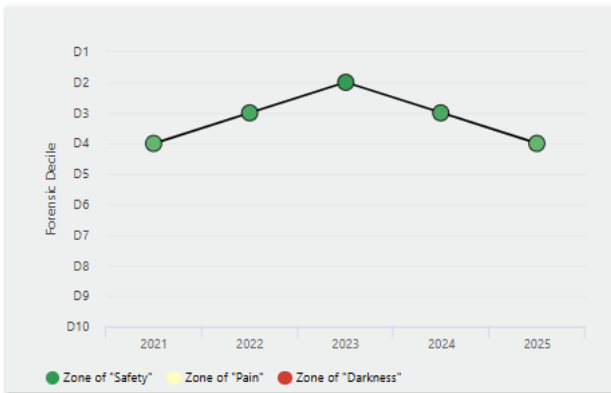
Forensic Accounting Contributors



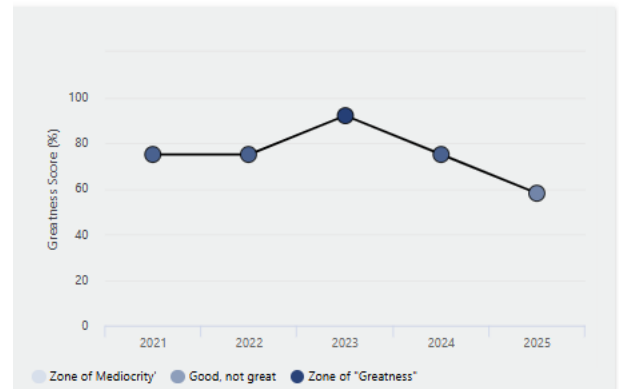
Greatness Score Contributors



Forensic Score - Evolution



Greatness Score - Evolution



Source: Company, Ambit Capital research

Source: Company, Ambit Capital research

Exhibit 120: Astral ranks ahead of its peers in most parameters

Accounting checks	Flags	Astral						Median peers				
		FY15-20	FY21	FY22	FY23	FY24	FY25	FY21	FY22	FY23	FY24	FY25
P&L mis-statements checks	GREEN											
Pre-tax CFO/EBITDA		109%	121%	94%	89%	109%	85%	115%	61%	121%	112%	91%
Volatility in dep rate (bps)		15	(20)	(47)	47	(48)	15	(8)	15	(1)	12	30
Provision for doubtful debts as a % of debtors o/s over 6 months		0%	155%	99%	83%	113%	115%	1%	6%	8%	38%	53%
Balance sheet mis-statement checks	GREEN											
Cash yield		10%	2%	4%	3%	5%	5%	3%	3%	3%	4%	5%
Contingent liabilities as a % of net worth		7%	1%	4%	3%	4%	1%	3%	2%	2%	1%	1%
Specific cash outflows checks	GREEN											
Miscellaneous expenses as % of total revenues		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Capital work in progress/gross block		6%	4%	8%	6%	6%	4%	2%	3%	2%	2%	6%
FCF/revenue		5%	16%	4%	5%	5%	1%	16%	0%	3%	6%	1%
Related parties sales/overall sales		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Related parties purchased/overall COGS		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
KMP Remuneration as % of PAT		4%	3%	4%	4%	5%	5%	4%	4%	6%	6%	6%
Group assets as % of total assets		88%	93%	93%	82%	85%	85%	100%	100%	100%	70%	74%
Audit quality checks	GREEN											
Non-audit fees as proportion of total fees (standalone)		37%	0%	0%	0%	0%	0%	40%	5%	10%	14%	13%
% assets not audited by main auditor		12%	7%	7%	18%	15%	15%	0%	0%	0%	30%	26%
% revenues not audited by main auditor		11%	8%	8%	11%	10%	9%	0%	0%	0%	1%	23%
Growth in revenue/growth in auditor remn. (standalone)		0%	0%	197%	310%	187%	50%	119%	82%	91%	119%	29%
Association (no. of years) with current auditor							8					
Qualification or Emphasis of matter (EOM) in audit report (Yes/No)			No	No	No	No	No					
Number of voluntary resignations			0	0	0	0	0					

Source: Company, Ambit Capital research

Exhibit 121: Astral's profitability has been higher than peer median

Ratios (median/CAGR)	FY22-25	
	Astral	Peer median
Sales growth	10%	10%
EBIT margins	13%	11%
EBIT growth	4%	-7%
CE turns	1.7	1.7
CFO growth	5%	-8%
Net debt/equity	(0.2)	0.0
Capex/depreciation	2.5	1.9
Equity dilution	0%	0%

Source: Company, Ambit Capital research

Exhibit 122: Attrition has been high for the industry

Parameters	Unit	Flags	Astral				Sector median				
			FY22	FY23	FY24	FY25	FY22	FY23	FY24	FY25	
Environment		GREEN									
Emission intensity	TCo2e/volume or TCo2e/₹mn		1.6	1.7	1.8	1.7	2.3	3.5	2.2	2.4	
Water intensity	KL/volume or KL/₹mn		2.6	2.3	2.3	2.5	6.8	6.4	7.6	7.6	
% of freshwater withdrawal in stressed locations	%										
Waste intensity	MT/volume or MT/₹mn		0.04	0.0	0.1	0.1	0.3	0.4	0.5	0.6	
% hazardous waste in total waste	%		3%	16%	46%	59%	87%	85%	60%	90%	
% waste NOT recycled/re-used	%		98%	85%	92%	93%	7%	1%	2%	1%	
Social		GREEN									
Women participation - employees	% women employees/total employees		3%	4%	3%	4%	4%	3%	3%	4%	
Women participation – workers	% women workers/total workers		0%	0%	0%	0%	0%	0%	0%	0%	
Attrition - Permanent employees male	As mentioned in BRSR		20%	15%	24%	29%	12%	19%	19%	21%	
Attrition - Permanent employees female	As mentioned in BRSR		17%	14%	27%	22%	1%	12%	17%	16%	
Attrition - Permanent workers male	As mentioned in BRSR		8%	2%	4%	8%	5%	6%	5%	5%	
Attrition - Permanent workers female	As mentioned in BRSR		0%	0%	0%	0%	0%	0%	0%	0%	
Governance		GREEN									
Split of role - CEO/MD and Chairman (Yes/No)	NA		No	No	No	No					
% women directors on board	NA		25%	20%	20%	20%	17%	17%	17%	17%	
Non ID on audit committee (Yes/No)	NA		Yes	Yes	Yes	Yes					
Median association (no. of years) of ID	No. of years					3.0					
Number of voluntary director resignations	Nos.		1.0	-	-	-					
Sitting fees -ID	₹ mn		3.0	3.3	2.2	1.8					
Sitting fees -NED	₹ mn		-	-	-	-					

Source: Company, Ambit Capital research

Astral (ASTRA IN, BUY)

Valuation Methodology

We factor in 16% EBITDA growth over FY26-45 and value the stock at 55x FY28 P/E. Our WACC assumption is at 12% (CoE 13%) and terminal growth at 7%.

Risks

Key risks to our earnings include a) volatile resin prices and b) delay in demand recovery.

Financials - CONSOLIDATED

Income statement

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	56,414	58,324	65,341	77,864	92,997
-growth (Rev)	9.4%	3.4%	12.0%	19.2%	19.4%
Gross profit	21,824	23,132	26,267	31,909	38,987
Gross profit growth	26.6%	6.0%	13.6%	21.5%	22.2%
Employee expenses	4,384	5,179	6,077	7,241	8,649
Power/fuel expenses	1,307	1,330	1,634	1,947	2,325
Other expenses	6,950	7,164	8,037	9,577	11,439
EBITDA	9,183	9,459	10,520	13,144	16,575
-growth (EBITDA)	13.4%	3.0%	11.2%	24.9%	26.1%
Depreciation	1,976	2,434	2,929	3,170	3,399
EBIT	7,207	7,025	7,591	9,974	13,176
-growth (EBIT)	14.1%	(2.5%)	8.1%	31.4%	32.1%
Other income	421	413	392	467	558
EBIT (including other income)	7,628	7,438	7,983	10,441	13,734
Finance costs	291	413	523	500	535
Share of profit/loss of associates and JVs	(1.0)	-	-	-	-
Exceptional items	-	-	(165)	-	-
Profit before tax	7,336	7,025	7,295	9,941	13,199
Profit before tax (adjusted)	7,336	7,025	7,295	9,941	13,199
-growth (PBT)	18.9%	(4.2%)	3.8%	36.3%	32.8%
Tax	1,880	1,836	1,860	2,485	3,300
PAT	5,456	5,189	5,435	7,456	9,899
Profit after tax (adjusted)	5,456	5,189	5,435	7,456	9,899
-growth (PAT)	18.3%	(4.9%)	4.7%	37.2%	32.8%
Minority interest	(5.0)	(49)	(19.0)	(21)	(85)
Consolidated profit after tax	5,461	5,238	5,454	7,476	9,984
EPS (basic) (₹)	20	19.3	20	28	37
EPS (diluted)	20	19.5	20	28	37

Source: Ambit Capital research, Company

Balance sheet

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
Property, plant and equipment	22,994	27,116	28,267	28,387	28,133
Capital work in progress	1,506	1,160	580	290	145
Total fixed assets	24,500	28,276	28,847	28,677	28,278
Other non-current assets	602	714	714	714	714
Total non-current assets	25,102	28,990	29,561	29,391	28,992
Inventories	9,134	10,111	11,327	13,498	16,122
Trade receivables	3,758	4,353	4,877	5,811	6,941
Cash and cash equivalents	6,096	6,083	9,269	14,338	21,362
Other current assets	868	941	941	941	941
Total current assets	19,856	21,488	26,414	34,588	45,365
Total assets	44,958	50,478	55,975	63,979	74,357
Share capital	269	269	269	269	269
Other equity	31,612	35,901	40,275	46,278	54,236
Minority interest	804	757	757	757	757
Total equity	32,685	36,927	41,302	47,304	55,262
Long-term borrowings	569	1,563	1,563	1,563	1,563
Deferred payment liabilities	439	469	469	469	469
Long-term provisions	53	86	86	86	86
Total non-current liabilities	1,061	2,118	2,118	2,118	2,118
Short-term borrowings	625	769	858	1,016	1,208
Trade payables	8,719	8,589	9,622	11,466	13,695
Other current liabilities	1,799	1,961	1,961	1,961	1,961
Short term provisions	69	114	114	114	114
Total current liabilities	11,212	11,433	12,555	14,558	16,978
Total liabilities	12,273	13,551	14,673	16,676	19,096
Total equity and liabilities	44,958	50,478	55,975	63,979	74,357

Source: Ambit Capital research, Company

Cash flow statement

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax	7,336	7,025	7,295	9,941	13,199
Depreciation	1,976	2,434	2,929	3,170	3,399
Interest expense	291	413	523	500	535
Working capital changes	500	(1,718)	(707)	(1,261)	(1,524)
Taxes	(1,772)	(1,701)	(1,860)	(2,485)	(3,300)
Other Items	(97)	(157)	-	-	-
Cash flow from operations	8,234	6,296	8,180	9,864	12,308
(Net) capital expenditure	(5,539)	(5,448)	(3,500)	(3,000)	(3,000)
Acq./ (disp.) of Investments	(1,698)	221	-	-	-
Other items	1,827	101	-	-	-
Cash flow from investments	(5,410)	(5,126)	(3,500)	(3,000)	(3,000)
Net long-term borrowings	(642)	166	89	158	191
Interest paid	(267)	(342)	(523)	(500)	(535)
Dividends paid	(1,007)	(1,007)	(1,060)	(1,454)	(1,941)
Other items	(109)	-	-	-	-
Cash flow from financing	(2,025)	(1,183)	(1,494)	(1,795)	(2,285)
Opening cash balance	5,295	6,094	6,083	9,269	14,338
Net change in cash	799	(13.0)	3,186	5,069	7,024
Closing cash balance	6,094	6,081	9,269	14,338	21,362
Free cash flow to firm	2,695	848	4,680	6,864	9,308

Source: Ambit Capital research, Company

Preferred Ratios

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
Gross margin	38.7%	39.7%	40.2%	41.0%	41.9%
EBITDA margin	16.3%	16.2%	16.1%	16.9%	17.8%
EBIT margin	12.8%	12.0%	11.6%	12.8%	14.2%
Net profit margin	9.7%	8.9%	8.3%	9.6%	10.6%
Net debt/equity	(0.1)	(0.1)	(0.2)	(0.2)	(0.3)

Source: Ambit Capital research, Company

Segment Result - By Product Category

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
Sales					
Plumbing	41,420	41,963	46,735	56,674	68,854
Paints & Adhesives	14,994	16,361	18,476	21,059	24,012
PBIT					
Plumbing	6,054	6,126	6,543	7,934	10,328
Paints & Adhesives	1,396	1,150	1,170	2,236	3,136

Source: Ambit Capital research, Company

Ratio analysis

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
Gross margin	38.7%	39.7%	40.2%	41.0%	41.9%
EBITDA margin	16.3%	16.2%	16.1%	16.9%	17.8%
EBIT margin	12.8%	12.0%	11.6%	12.8%	14.2%
Net profit margin	9.7%	8.9%	8.3%	9.6%	10.6%
Interest cover	25	17.0	14.5	19.9	25
Net debt/equity	(0.1)	(0.1)	(0.2)	(0.2)	(0.3)
Net debt/EBITDA	(0.5)	(0.4)	(0.7)	(0.9)	(1.1)
Working capital turnover	13.5	9.9	9.9	9.9	9.9
Cash conversion days	27	37	37	37	37
Inventory days	59	63	63	63	63
Receivable days	24	27	27	27	27
Payable days	56	54	54	54	54
Gross block turnover	1.9	1.6	1.6	1.7	1.9
pre-tax CFO/EBITDA	109%	84.5%	95.4%	94.0%	94.2%
pre-tax RoCE	24.7%	20.5%	19.4%	22.4%	25.6%
post-tax RoCE	18.4%	15.2%	14.4%	16.8%	19.2%
pre-tax RoIC	29.5%	23.3%	22.6%	28.7%	36.8%
post-tax RoIC	21.9%	17.2%	16.9%	21.5%	27.6%
ROE (%)	18.5%	15.4%	14.2%	17.2%	19.8%

Source: Ambit Capital research, Company

Valuation parameters

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
PE	80	84	80	58	44
EV/EBITDA	47	46	41	32	25
EV/EBIT	60	62	57	43	32
EV/sales	7.6	7.4	6.6	5.5	4.5
P/B	13.3	11.8	10.5	9.2	7.9

Source: Ambit Capital research, Company

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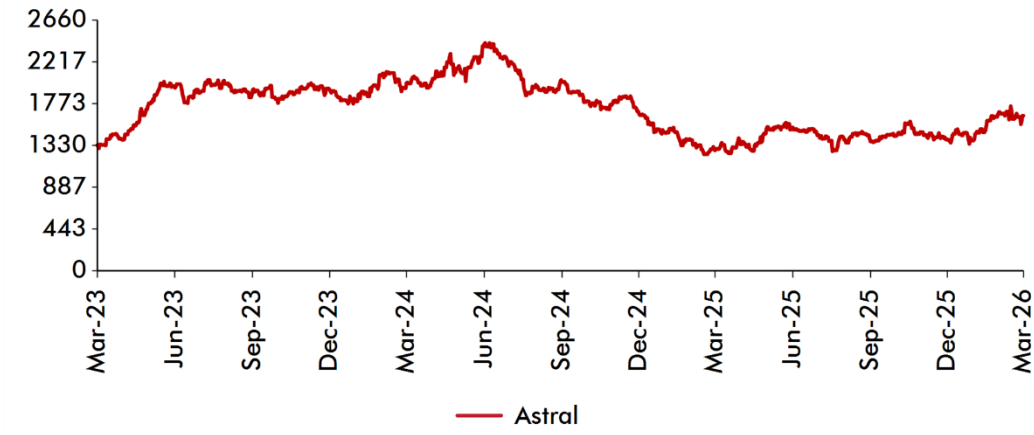
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Astral (ASTRA IN, BUY)



Source: ICE, Ambit Capital research

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