

BUY
 TP: Rs 1,700 | ▲ 17%

ASTRAL

| Building Materials

| 26 May 2025

Steady margin; healthy growth outlook

- Reported a healthy pipe margin in Q4FY25, despite operating amidst weak demand conditions and falling resin prices
- Pipe volume targeted to grow at low-double-digit rate with EBITDA margin of 16-18% in FY26
- Maintain BUY with an unchanged TP of Rs 1,700 per share on strong earnings growth prospects

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Broadly in-line: ASTRA Q4FY25 result came broadly in line with our estimates (Revenue: -3.0%; EBITDA: +3.0%; APAT: +3.8%). Overall, ASTRA revenue/EBITDA grew by 3.5%/3.6 YoY, but APAT was down by 0.8% YoY in Q4FY25.

Highlights: ASTRA pipe volume grew at a meagre 1.3% YoY in Q4FY25, due to tepid demand sentiments, but pipe EBITDA margin was relatively YoY flat at 20.1% in Q4FY25 on improved product-mix and management’s conscious decision to grow the operation in a profitable manner. Resinova EBITDA grew sharply by 49% YoY in Q4FY25, driven by higher revenue (+20%), along with sharp margin improvement (+366bps YoY to 19.1%). ASTRA ROE has fallen from 22.6% in FY22 to 15.0% in FY25, mainly due to overshooting capex guidance on a consistent basis with no major change in growth capex plan (spent Rs 5.9bn vs budgeted capex of Rs 4.5bn for FY25) and weak performance of SEAL IT and paints business.

Outlook: ASTRA expects its pipe segment volume to grow at a low double-digit rate with EBITDA margin of 16-18% in FY26. Management believes they could grow pipe volume at a high double-digit rate in FY26, in case of imposition of anti-dumping duty on PVC resin and implementation of BIS norms in future. Resinova margin is expected to be in the 14-16% range in FY26. The company expects SEAL IT and paints business to improve in FY26, due to corrective measures taken by the management and the benefit of operating leverage. Capex is estimated to be Rs 2.5-3.0bn for FY26.

Maintain BUY with unchanged TP of Rs 1,700: We maintain BUY with an unchanged TP of Rs 1,700 per share, as a) we expect EPS to grow at a healthy 26% CAGR over FY25-FY27E b) reasonable valuation on a relative basis (the stock trades at 55.5x on 1YF P/E vs 5Y average of 78.4x). We have tweaked our EPS estimates (+0.3%/+1.0% for FY26E/FY27E) based on Q4 result. We have revised down our target P/E multiple (from 60x to 55x) on Mar’27 estimate (Dec’26 earlier), to factor broad-based correction in the valuation multiple of building material companies over the past few months.

Key changes

| Target | Rating |
|--------|--------|
| ◀ ▶ | ◀ ▶ |

| | |
|------------------|-------------------|
| Ticker/Price | ASTRA IN/Rs 1,457 |
| Market cap | US\$ 4.6bn |
| Free float | 46% |
| 3M ADV | US\$ 10.5mn |
| 52wk high/low | Rs 2,454/Rs 1,232 |
| Promoter/FPI/DII | 54%/20%/15% |

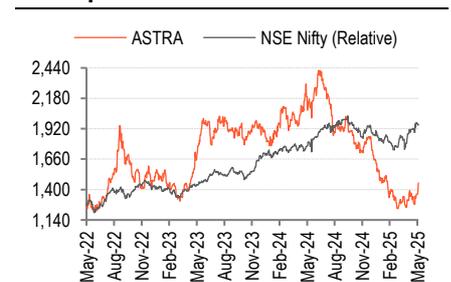
Source: NSE | Price as of 23 May 2025

Key financials

| Y/E 31 Mar | FY25A | FY26E | FY27E |
|-------------------------|--------|--------|--------|
| Total revenue (Rs mn) | 58,324 | 67,557 | 79,644 |
| EBITDA (Rs mn) | 9,459 | 11,700 | 13,850 |
| Adj. net profit (Rs mn) | 5,238 | 6,804 | 8,315 |
| Adj. EPS (Rs) | 19.5 | 25.3 | 30.9 |
| Consensus EPS (Rs) | 19.5 | 25.4 | 31.4 |
| Adj. ROAE (%) | 15.0 | 17.1 | 18.1 |
| Adj. P/E (x) | 74.8 | 57.6 | 47.1 |
| EV/EBITDA (x) | 42.0 | 33.9 | 28.7 |
| Adj. EPS growth (%) | (4.9) | 29.9 | 22.2 |

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance - Consolidated

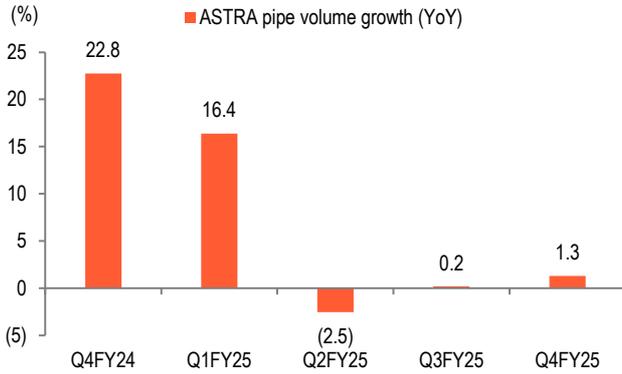
| Particulars (Rs mn) | Q4FY25 | Q4FY24 | YoY (%) | Q3FY25 | QoQ (%) | FY25 | FY24 | YoY (%) | BOBCAPS Q2FY25E | Variance (%) |
|-------------------------------|--------|--------|----------------|--------|----------------|--------|--------|----------------|-----------------|--------------|
| Total operating income | 16,814 | 16,251 | 3.5 | 13,970 | 20.4 | 58,324 | 56,414 | 3.4 | 17,338 | (3.0) |
| Raw-Material expense | 10,188 | 9,787 | 4.1 | 8,400 | 21.3 | 35,192 | 34,590 | 1.7 | | |
| Gross Profit | 6,626 | 6,464 | 2.5 | 5,570 | 19.0 | 23,132 | 21,824 | 6.0 | | |
| Employee expense | 1,331 | 1,194 | 11.5 | 1,298 | 2.5 | 5,179 | 4,384 | 18.1 | | |
| Other expense | 2,276 | 2,355 | (3.4) | 2,077 | 9.6 | 8,494 | 8,257 | 2.9 | | |
| EBITDA | 3,019 | 2,915 | 3.6 | 2,195 | 37.5 | 9,459 | 9,183 | 3.0 | 2,930 | 3.0 |
| D&A | 648 | 525 | 23.4 | 631 | 2.7 | 2,434 | 1,976 | 23.2 | | |
| EBIT | 2,371 | 2,390 | (0.8) | 1,564 | 51.6 | 7,025 | 7,207 | (2.5) | | |
| Interest cost | 81 | 74 | 9.5 | 87 | (6.9) | 333 | 281 | 18.5 | | |
| Interest income & others | 74 | 97 | (23.7) | 65 | 13.8 | 333 | 410 | (18.8) | | |
| PBT | 2,364 | 2,413 | (2.0) | 1,542 | 53.3 | 7,025 | 7,336 | (4.2) | | |
| Tax | 583 | 600 | (2.8) | 416 | 40.1 | 1,836 | 1,880 | (2.3) | | |
| Reported PAT | 1,781 | 1,813 | (1.8) | 1,126 | 58.2 | 5,189 | 5,456 | (4.9) | | |
| Adjusted PAT | 1,804 | 1,819 | (0.8) | 1,179 | 53.0 | 5,297 | 5,468 | (3.1) | 1,738 | 3.8 |
| As % of net revenues | | | (bps) | | (bps) | | | (bps) | | |
| Gross margin | 39.4 | 39.8 | (37) | 39.9 | (46) | 39.7 | 38.7 | 98 | | |
| Employee cost | 7.9 | 7.3 | 57 | 9.3 | (138) | 8.9 | 7.8 | 111 | | |
| Other cost | 13.5 | 14.5 | (96) | 14.9 | (133) | 14.6 | 14.6 | (7) | | |
| EBITDA margin | 18.0 | 17.9 | 2 | 15.7 | 224 | 16.2 | 16.3 | (6) | | |
| Tax rate | 24.7 | 24.9 | (20) | 27.0 | (232) | 26.1 | 25.6 | 51 | | |
| APAT margin | 10.7 | 11.2 | (46) | 8.4 | 229 | 9.1 | 9.7 | (61) | | |
| Pipe Segment | | | YoY (%) | | QoQ (%) | | | YoY (%) | | |
| Sales Volume (kt) | 67.7 | 66.8 | 1.3 | 52.8 | 28.1 | 227 | 220 | 3.4 | | |
| Realization (Rs/kg) | 176.1 | 179.7 | (2.0) | 182.1 | (3.3) | 180 | 185 | (3.0) | | |
| EBITDA (Rs/kg) | 35.3 | 36.4 | (3.0) | 33.6 | 5.2 | 33 | 33 | (0.1) | | |
| Paints & Adhesives | | | YoY (%) | | QoQ (%) | | | YoY (%) | | |
| Revenue (Rs mn) | 4548 | 3999 | 13.7 | 4069 | 11.8 | 16,361 | 14,994 | 9.1 | | |
| EBITDA (Rs mn) | 627 | 510 | 22.9 | 451 | 39.0 | 1,979 | 2,001 | (1.1) | | |
| EBITDA margin (%) | 13.8 | 12.8 | 103.3 | 11.1 | 270 | 12.1 | 13.3 | (125.0) | | |

Source: Company, BOBCAPS Research

Earnings Call highlights

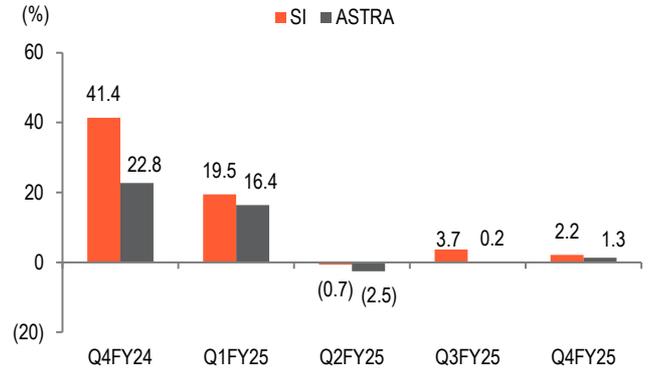
- **Pipes:** Volume grew at a meagre 1.3% YoY on tepid demand sentiments. Pipe realisation was down 3.3% QoQ. Despite the muted demand environment and weak resin prices, ASTRA pipe segment's EBITDA margin was relatively stable at 20.1% in Q4FY25, due to the increase in share of value-added products and management's conscious decision to grow its operation in a profitable manner. Going ahead, the company expects pipe volume to grow at a low double-digit rate with EBITDA margin of 16-18% in FY26. Management believes they could grow pipe volume at a high double-digit rate in FY26, in case of imposition of anti-dumping duty on PVC resin and implementation of BIS norms in future.
- **Resinova:** EBITDA grew sharply by 49% YoY in Q4FY25, driven by higher revenue (+20%), along with sharp improvement in EBITDA margin (+366bps YoY to 19.1%). The company expects Resinova EBITDA margin to be 14-16% in FY26.
- **SEAL IT:** Revenue de-grew by 7.0% and posted negative EBITDA margin of 0.7% in Q4FY25. However, the company expects improvement in performance over the next two-quarter period.
- **Paints:** Revenue grew by 18% YoY in Q4FY25 on a low base, but the division's EBITDA de-grew by 55% YoY in Q4FY25, owing to sharp margin contraction (-860bps YoY to 5.4%) given the high selling & distribution costs related to penetration into new markets (i.e. Gujarat, Rajasthan). The company expects the division's margins to improve FY26 onwards, on the back of operating leverage benefits.
- **Bathware:** The division's revenue grew by 43% YoY in Q4FY25 on a low base.
- **Capex:** The company plans to spend Rs 2.5-3.0 bn in FY26.

Fig 2 – ASTRA pipe volume grew at a muted pace of 1.3% YoY on tepid demand sentiments



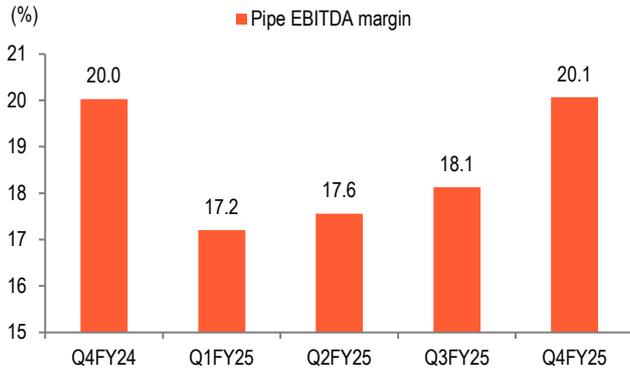
Source: Company, BOBCAPS Research

Fig 3 – ASTRA pipe YoY volume growth lagged its major peer SI for the 13th consecutive quarter



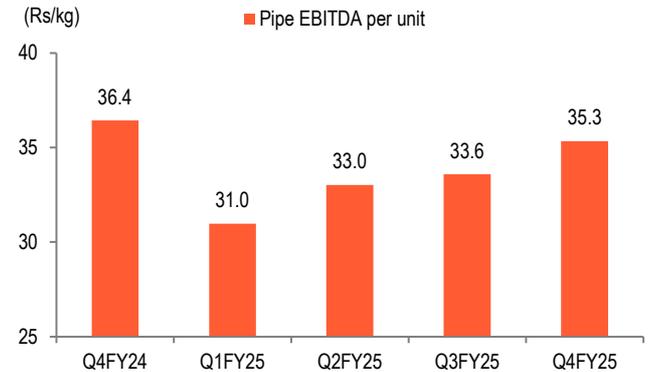
Source: Company, BOBCAPS Research

Fig 4 – Despite challenging environment, pipe EBITDA margin was stable in Q4FY25 on improved mix



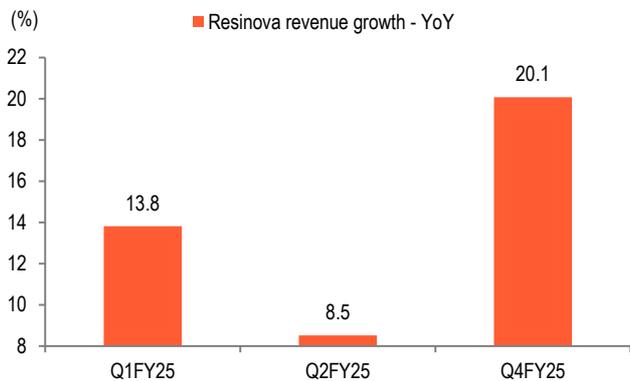
Source: Company, BOBCAPS Research

Fig 5 – ASTRA pipe EBITDA per unit was down 3.0% YoY in Q4FY25 on weak resin prices



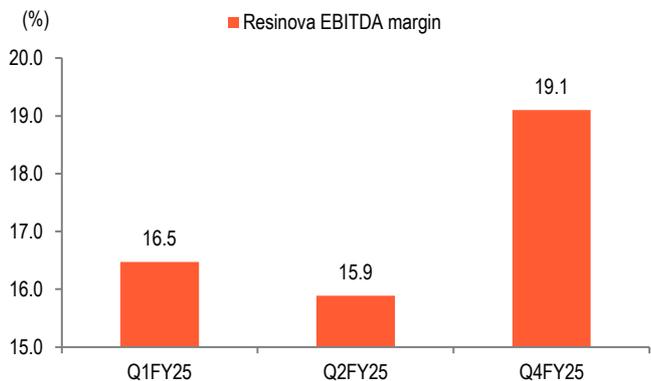
Source: Company, BOBCAPS Research

Fig 6 – Resinova revenue grew at a good pace of 20.1% YoY in Q4FY25 and...



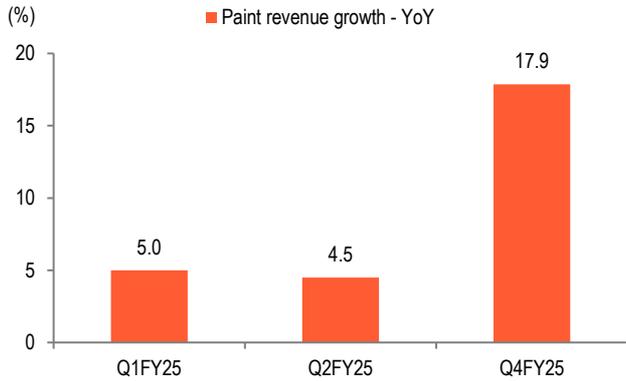
Source: Company, BOBCAPS Research

Fig 7 – .. Resinova EBITDA margin also improved sharply



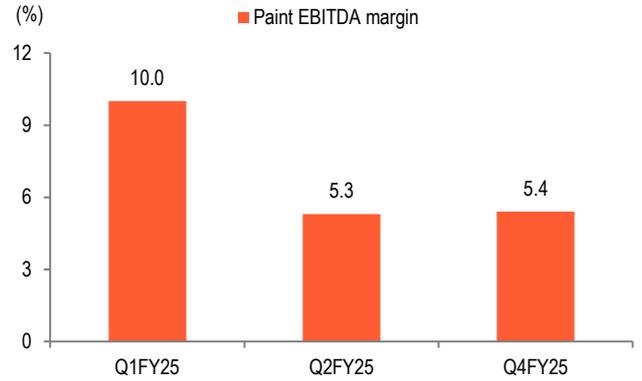
Source: Company, BOBCAPS Research

Fig 8 – Paints division revenue grew by 17.5% YoY in over a low base, but...



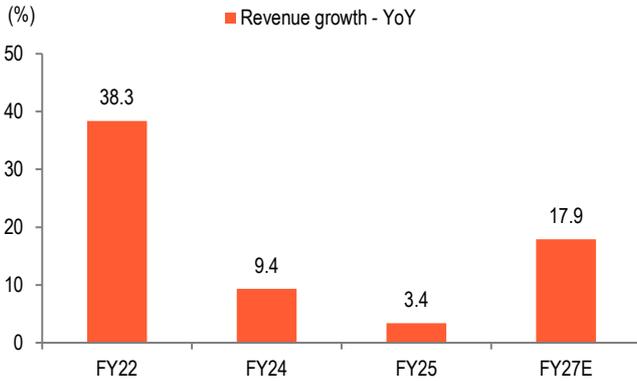
Source: Company, BOBCAPS Research

Fig 9 – ... paints EBITDA margin fell sharply by 860bps YoY to 5.4%



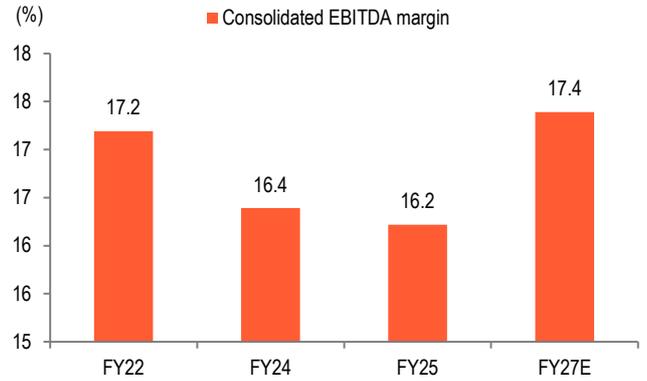
Source: Company, BOBCAPS Research

Fig 10 – ASTRA's revenue is projected to grow at 16.9% CAGR over FY25-FY27E



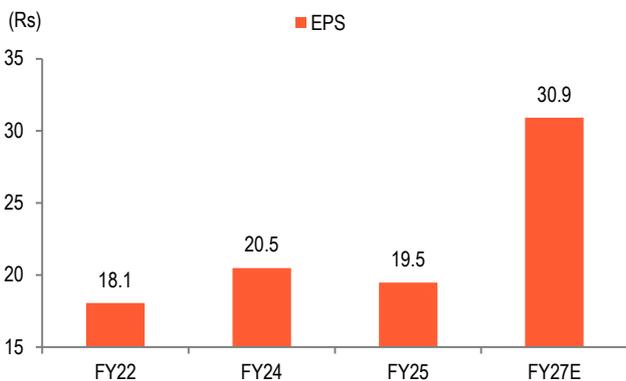
Source: Company, BOBCAPS Research

Fig 11 – Consolidated EBITDA margin is forecasted to improve from 16.2% in FY25 to 17.4% in FY27E



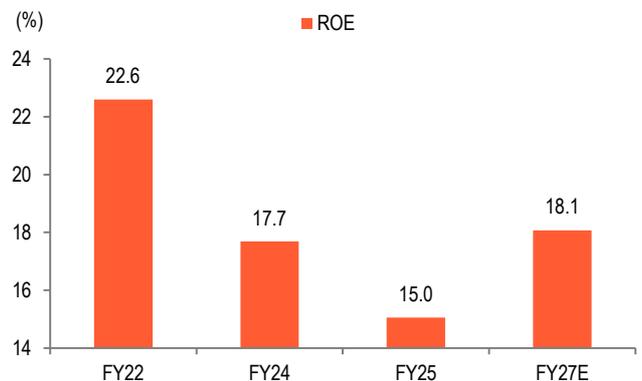
Source: Company, BOBCAPS Research

Fig 12 – EPS projected to grow at 26.0% CAGR over FY25-FY27E



Source: Company, BOBCAPS Research

Fig 13 – ROE also likely to remain healthy over the medium term



Source: Company, BOBCAPS Research

Valuation Methodology

We maintain BUY with an unchanged TP of Rs 1,700 per share, as a) we expect EPS to grow at a healthy 26% CAGR over FY25-FY27E b) reasonable valuation on a relative basis (the stock trades at 55.5x on 1YF P/E vs 5Y average of 78.4x). ASTRA's stock valuation has got de-rated over the past few quarters, due to (a) inferior pipe volume growth vs SI for the past 13th consecutive quarter (b) weak performance of overseas adhesives and paints business for the 9th straight quarter (c) moderation in ROE profile due to higher capex outlay.

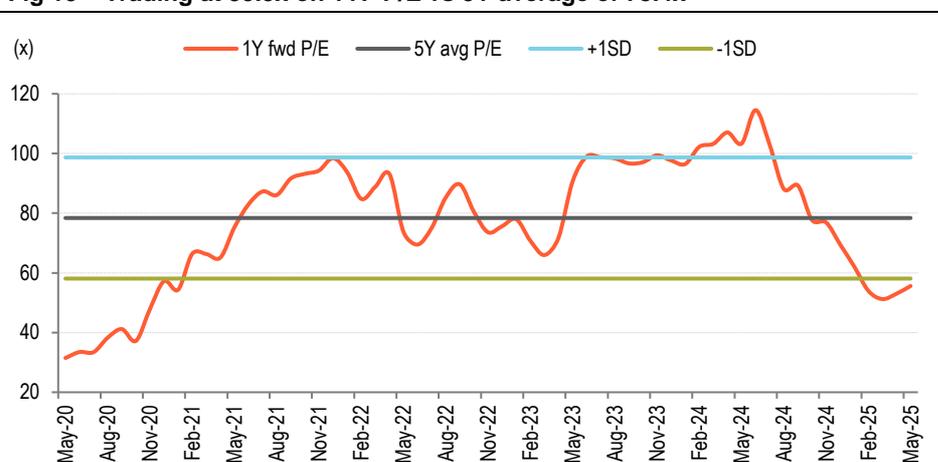
We have slightly tweaked our EPS estimates (+0.3%/+1.0% for FY26E/FY27E) based on Q4 result. We have revised down our target P/E multiple (from 60x to 55x) on Mar'27 estimate (Dec'26 earlier), to factor broad-based correction in the valuation multiple of building material companies over the past few months.

Fig 14 – Revised estimates

| Particulars Consolidated (Rs bn) | New | | Old | | Change (%) | |
|-------------------------------------|-------|-------|-------|-------|------------|-------|
| | FY26E | FY27E | FY26E | FY27E | FY26E | FY27E |
| Revenue | 67.6 | 79.6 | 69.9 | 82.3 | (3.3) | (3.3) |
| EBITDA | 11.7 | 13.9 | 11.6 | 13.7 | 0.8 | 1.2 |
| EBITDA margin | 17.3 | 17.4 | 16.6 | 16.6 | 71bps | 76bps |
| Adjusted PAT | 6.8 | 8.3 | 6.8 | 8.2 | 0.3 | 1.0 |
| EPS (Rs) | 25.3 | 30.9 | 25.2 | 30.6 | 0.3 | 1.0 |

Source: BOBCAPS Research

Fig 15 – Trading at 55.5x on 1YF P/E vs 5Y average of 78.4x



Source: Bloomberg, BOBCAPS Research

Fig 16 – Key assumptions

| (%) | FY23A | FY24A | FY25A | FY26E | FY27E |
|--------------------------|-------|-------|-------|-------|-------|
| Revenue-Mix | | | | | |
| Pipe | 76 | 73 | 70 | 70 | 70 |
| Adhesives | 24 | 23 | 25 | 24 | 23 |
| Paints | 4 | 3 | 3 | 3 | 3 |
| Bathware | 0 | 1 | 2 | 3 | 3 |
| Operating Metrics | | | | | |
| Pipe volume growth | 19 | 24 | 3 | 15 | 15 |
| Adhesive revenue growth | 14 | 12 | 9 | 14 | 14 |
| Paints revenue growth | - | (14) | 6 | 15 | 15 |
| EBITDA margin | | | | | |
| Pipe | 16.7 | 17.7 | 18.6 | 18.1 | 18.1 |
| Adhesives | 14.1 | 12.9 | 12.9 | 17.0 | 17.1 |
| Paints | 13.3 | 14.4 | 6.0 | 15.0 | 15.0 |

Source: Company, BOBCAPS Research

Key Risks

- Slow recovery in India’s real estate sector would be a key upside risk to our estimates.
- Market share loss in the pipe business would be a key downside risk.

Financials

Income Statement

| Y/E 31 Mar (Rs mn) | FY23A | FY24A | FY25A | FY26E | FY27E |
|----------------------------|---------------|---------------|---------------|---------------|---------------|
| Total revenue | 51,585 | 56,414 | 58,324 | 67,557 | 79,644 |
| EBITDA | 8,112 | 9,247 | 9,459 | 11,700 | 13,850 |
| Depreciation | 1,781 | 1,976 | 2,434 | 2,763 | 2,895 |
| EBIT | 6,331 | 7,271 | 7,025 | 8,937 | 10,955 |
| Net interest inc./(exp.) | (400) | (291) | (413) | (324) | (324) |
| Other inc./(exp.) | 267 | 421 | 413 | 480 | 480 |
| Exceptional items | 13 | 64 | 0 | 0 | 0 |
| EBT | 6,185 | 7,337 | 7,025 | 9,093 | 11,111 |
| Income taxes | 1,557 | 1,880 | 1,836 | 2,289 | 2,797 |
| Extraordinary items | (112) | 0 | 0 | 0 | 0 |
| Min. int./Inc. from assoc. | (44) | 4 | 49 | 0 | 0 |
| Reported net profit | 4,696 | 5,461 | 5,238 | 6,804 | 8,315 |
| Adjustments | 23 | 48 | 0 | 0 | 0 |
| Adjusted net profit | 4,719 | 5,509 | 5,238 | 6,804 | 8,315 |

Balance Sheet

| Y/E 31 Mar (Rs mn) | FY23A | FY24A | FY25A | FY26E | FY27E |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| Accounts payables | 8,000 | 8,719 | 8,589 | 9,949 | 11,729 |
| Other current liabilities | 4,854 | 1,956 | 2,279 | 2,279 | 2,279 |
| Provisions | 26 | 8 | 24 | 28 | 33 |
| Debt funds | 773 | 964 | 1,439 | 0 | 0 |
| Other liabilities | 489 | 647 | 1,302 | 1,302 | 1,302 |
| Equity capital | 269 | 269 | 269 | 269 | 269 |
| Reserves & surplus | 26,843 | 31,612 | 35,901 | 41,495 | 48,465 |
| Shareholders' fund | 29,589 | 32,685 | 36,927 | 42,521 | 49,491 |
| Total liab. and equities | 43,731 | 44,979 | 50,560 | 56,078 | 64,833 |
| Cash and cash eq. | 6,821 | 6,096 | 6,083 | 7,462 | 10,688 |
| Accounts receivables | 3,545 | 3,758 | 4,353 | 5,042 | 5,944 |
| Inventories | 8,746 | 9,134 | 10,111 | 11,175 | 13,502 |
| Other current assets | 3,380 | 868 | 941 | 1,090 | 1,285 |
| Investments | 0 | 0 | 0 | 0 | 0 |
| Net fixed assets | 13,923 | 17,646 | 21,421 | 23,658 | 25,763 |
| CWIP | 1,261 | 1,506 | 1,160 | 1,160 | 1,160 |
| Intangible assets | 5,582 | 5,348 | 5,695 | 5,695 | 5,695 |
| Deferred tax assets, net | 110 | 131 | 200 | 200 | 200 |
| Other assets | 363 | 492 | 596 | 596 | 596 |
| Total assets | 43,731 | 44,979 | 50,560 | 56,078 | 64,833 |

Cash Flows

| Y/E 31 Mar (Rs mn) | FY23A | FY24A | FY25A | FY26E | FY27E |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Cash flow from operations | 5,780 | 7,167 | 6,669 | 8,873 | 9,414 |
| Capital expenditures | (6,355) | (5,789) | (6,210) | (5,000) | (5,000) |
| Change in investments | 0 | 0 | 0 | 0 | 0 |
| Other investing cash flows | 236 | 357 | 413 | 480 | 480 |
| Cash flow from investing | (6,119) | (5,432) | (5,797) | (4,520) | (4,520) |
| Equities issued/Others | 13 | 0 | 0 | 0 | 0 |
| Debt raised/repaid | (78) | 191 | 475 | (1,439) | 0 |
| Interest expenses | (400) | (291) | (413) | (324) | (324) |
| Dividends paid | (942) | (1,009) | (1,009) | (1,211) | (1,345) |
| Other financing cash flows | 2,149 | (1,351) | 62 | 0 | 0 |
| Cash flow from financing | 742 | (2,460) | (885) | (2,974) | (1,669) |
| Chg in cash & cash eq. | 403 | (725) | (13) | 1,379 | 3,225 |
| Closing cash & cash eq. | 6,821 | 6,096 | 6,083 | 7,462 | 10,688 |

Per Share

| Y/E 31 Mar (Rs) | FY23A | FY24A | FY25A | FY26E | FY27E |
|----------------------|-------|-------|-------|-------|-------|
| Reported EPS | 17.5 | 20.3 | 19.5 | 25.3 | 30.9 |
| Adjusted EPS | 17.5 | 20.5 | 19.5 | 25.3 | 30.9 |
| Dividend per share | 3.5 | 3.8 | 3.8 | 4.5 | 5.0 |
| Book value per share | 100.8 | 118.5 | 134.5 | 155.3 | 181.2 |

Valuations Ratios

| Y/E 31 Mar (x) | FY23A | FY24A | FY25A | FY26E | FY27E |
|----------------|-------|-------|-------|-------|-------|
| EV/Sales | 7.7 | 7.0 | 6.8 | 5.9 | 5.0 |
| EV/EBITDA | 48.9 | 43.0 | 42.0 | 33.9 | 28.7 |
| Adjusted P/E | 83.0 | 71.1 | 74.8 | 57.6 | 47.1 |
| P/BV | 14.5 | 12.3 | 10.8 | 9.4 | 8.0 |

DuPont Analysis

| Y/E 31 Mar (%) | FY23A | FY24A | FY25A | FY26E | FY27E |
|------------------------------|-------|-------|-------|-------|-------|
| Tax burden (Net profit/PBT) | 76.3 | 75.1 | 74.6 | 74.8 | 74.8 |
| Interest burden (PBT/EBIT) | 97.7 | 100.9 | 100.0 | 101.7 | 101.4 |
| EBIT margin (EBIT/Revenue) | 12.3 | 12.9 | 12.0 | 13.2 | 13.8 |
| Asset turnover (Rev./Avg TA) | 118.0 | 125.4 | 115.4 | 120.5 | 122.8 |
| Leverage (Avg TA/Avg Equity) | 1.6 | 1.4 | 1.5 | 1.4 | 1.4 |
| Adjusted ROAE | 17.7 | 17.7 | 15.0 | 17.1 | 18.1 |

Ratio Analysis

| Y/E 31 Mar | FY23A | FY24A | FY25A | FY26E | FY27E |
|--|-------|-------|-------|-------|-------|
| YoY growth (%) | | | | | |
| Revenue | 17.4 | 9.4 | 3.4 | 15.8 | 17.9 |
| EBITDA | 7.4 | 14.0 | 2.3 | 23.7 | 18.4 |
| Adjusted EPS | (2.8) | 16.7 | (4.9) | 29.9 | 22.2 |
| Profitability & Return ratios (%) | | | | | |
| EBITDA margin | 15.7 | 16.4 | 16.2 | 17.3 | 17.4 |
| EBIT margin | 12.3 | 12.9 | 12.0 | 13.2 | 13.8 |
| Adjusted profit margin | 9.1 | 9.8 | 9.0 | 10.1 | 10.4 |
| Adjusted ROAE | 17.7 | 17.7 | 15.0 | 17.1 | 18.1 |
| ROCE | 21.7 | 22.9 | 19.4 | 22.1 | 23.1 |
| Working capital days (days) | | | | | |
| Receivables | 25 | 24 | 27 | 27 | 27 |
| Inventory | 62 | 59 | 63 | 60 | 62 |
| Payables | 57 | 56 | 54 | 54 | 54 |
| Ratios (x) | | | | | |
| Gross asset turnover | 2.6 | 2.3 | 1.9 | 1.9 | 1.9 |
| Current ratio | 1.7 | 1.8 | 1.9 | 2.0 | 2.2 |
| Net interest coverage ratio | 15.8 | 25.0 | 17.0 | 27.6 | 33.8 |
| Adjusted debt/equity | (0.2) | (0.2) | (0.1) | (0.2) | (0.2) |

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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 SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**
 Brand Name: **BOBCAPS**
 Trade Name: **www.barodaetrade.com**
 CIN: **U65999MH1996GOI098009**



Investments in securities market are subject to market risks. Read all the related documents carefully before investing.
 Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

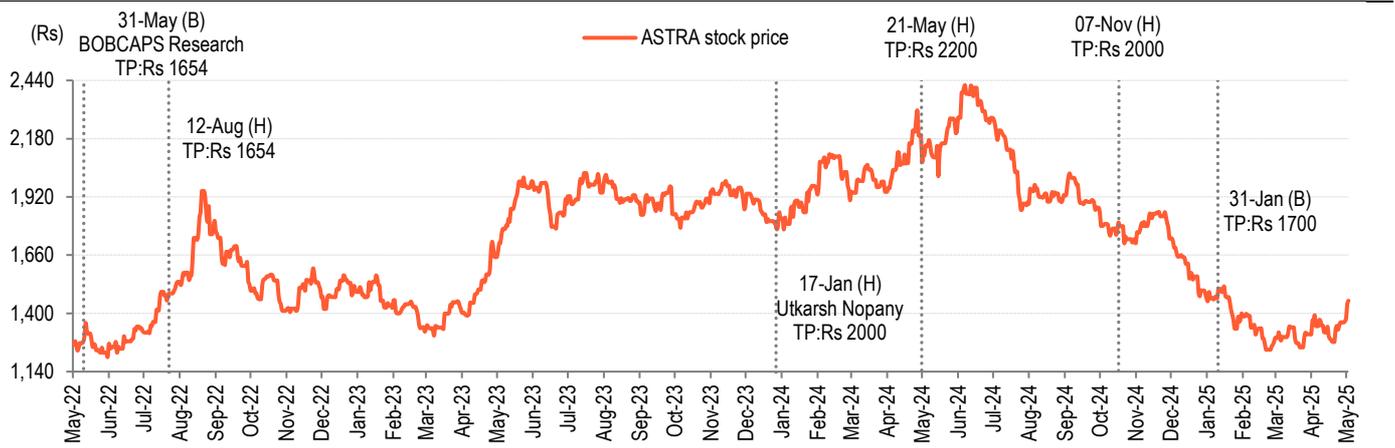
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): ASTRAL (ASTRA IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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