

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%

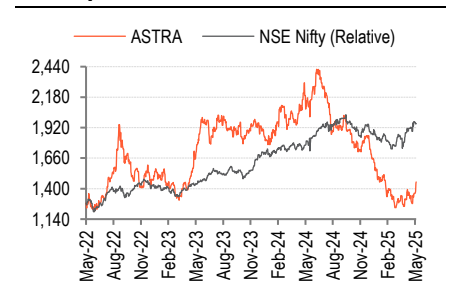
Source: NSE | Price as of 23 May 2025

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

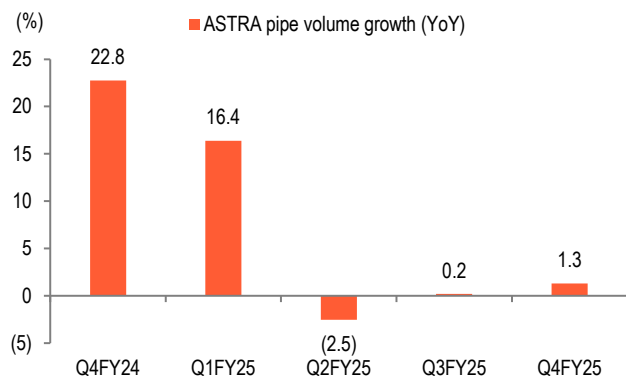
Particulars (Rs mn)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)	BOBCAPS Q2FY25E	Variance (%)
Total operating income	16,814	16,251	3.5	13,970	20.4	58,324	56,414	3.4	17,338	(3.0)
Raw-Material expense	10,188	9,787	4.1	8,400	21.3	35,192	34,590	1.7		
Gross Profit	6,626	6,464	2.5	5,570	19.0	23,132	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

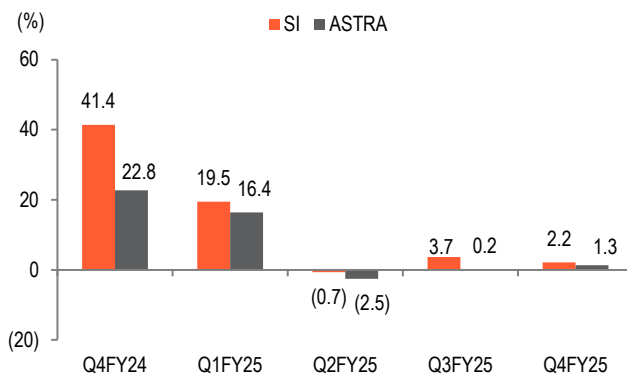
- **Pipes:** Volume grew at a meagre 1.3% YoY on tepid demand sentiments. Pipe realisation was down 3.3% QoQ. Despite the muted demand environment and weak resin prices, ASTRA pipe segment's EBITDA margin was relatively stable at 20.1% in Q4FY25, due to the increase in share of value-added products and 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



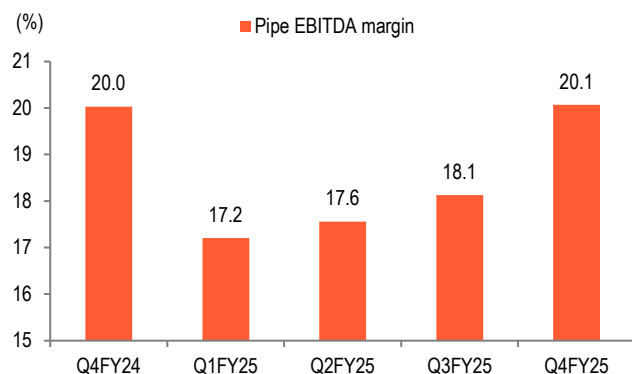
Source: Company, BOBCAPS Research

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



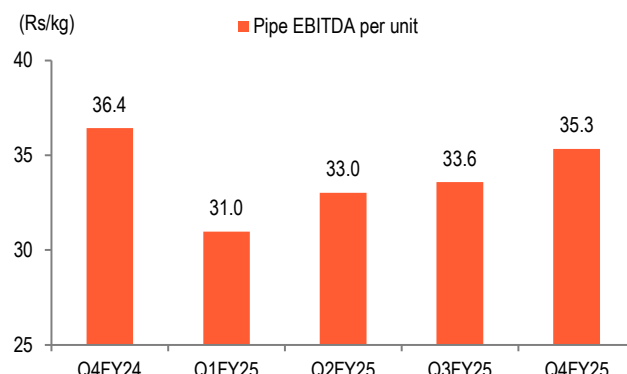
Source: Company, BOBCAPS Research

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



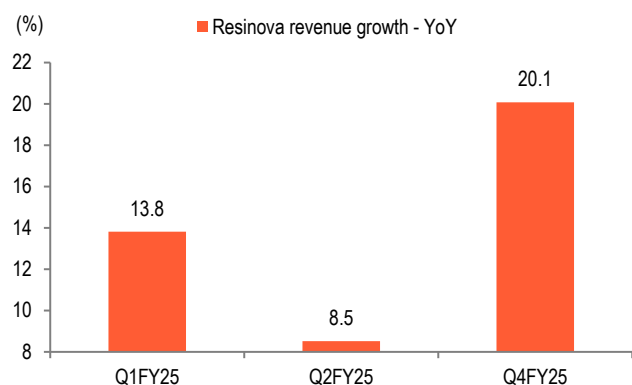
Source: Company, BOBCAPS Research

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



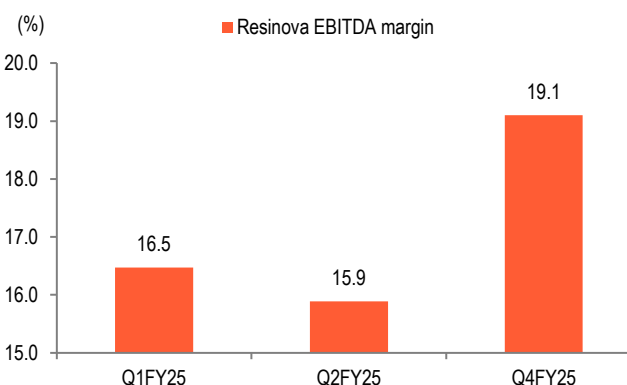
Source: Company, BOBCAPS Research

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



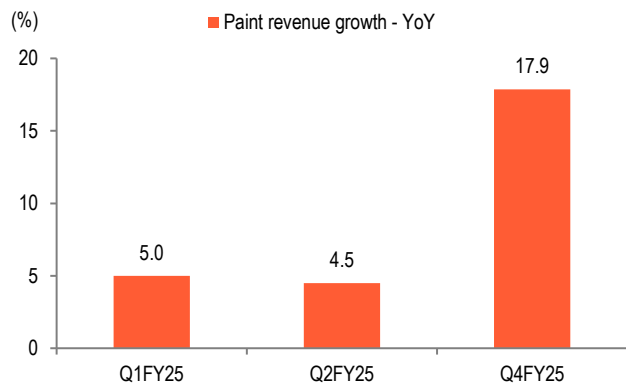
Source: Company, BOBCAPS Research

Fig 7 – .. Resinova EBITDA margin also improved sharply



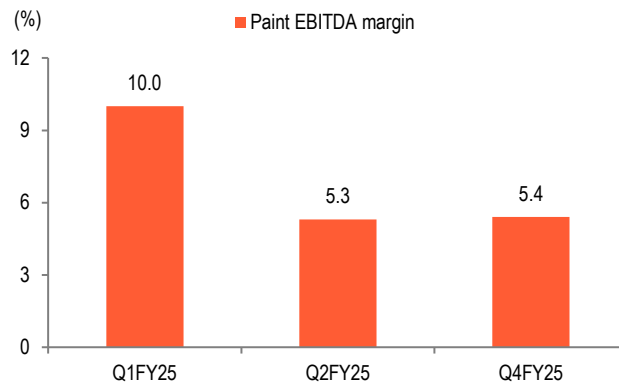
Source: Company, BOBCAPS Research

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



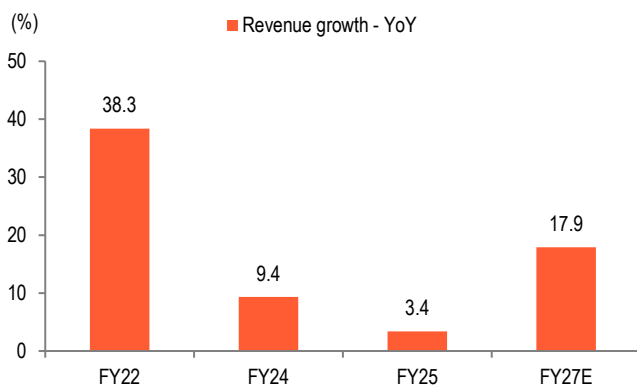
Source: Company, BOBCAPS Research

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



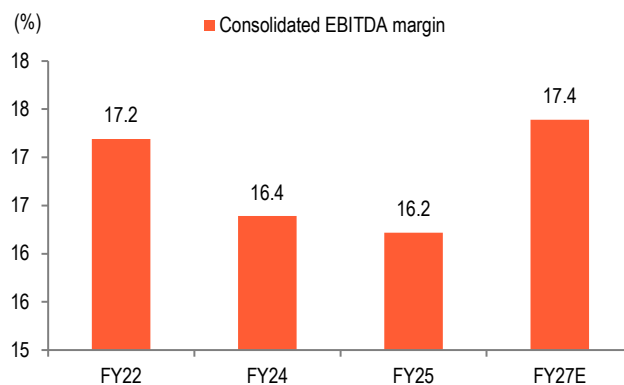
Source: Company, BOBCAPS Research

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



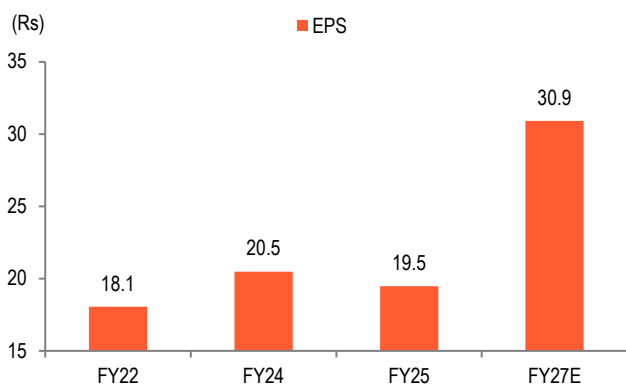
Source: Company, BOBCAPS Research

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



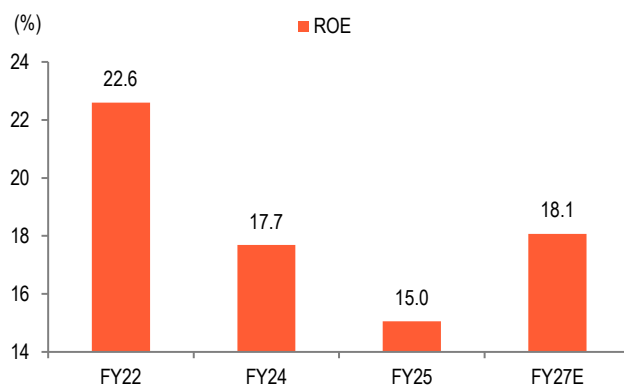
Source: Company, BOBCAPS Research

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.

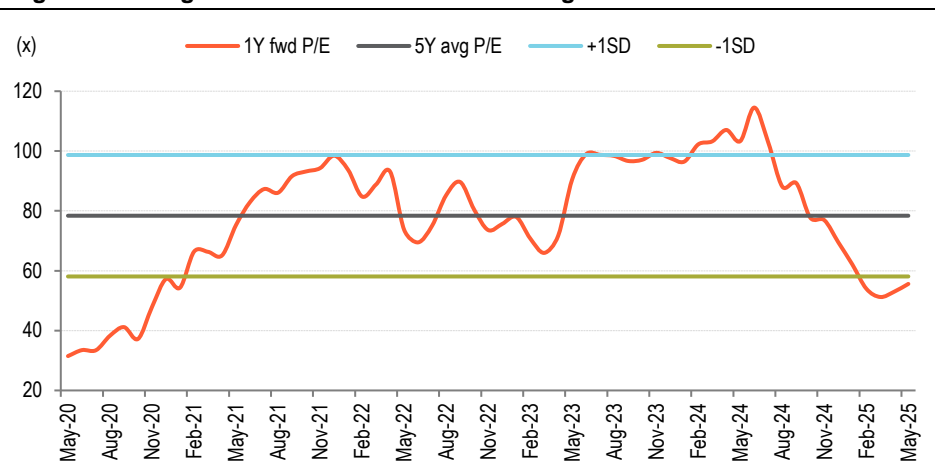
We have slightly tweaked our EPS estimates (+0.3%/+1.0% for FY26E/FY27E) based on Q4 result. We have revised down our target P/E multiple (from 60x to 55x) on Mar'27 estimate (Dec'26 earlier), to factor broad-based correction in the valuation multiple of building material companies over the past few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

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

BUY – Expected return >+15%

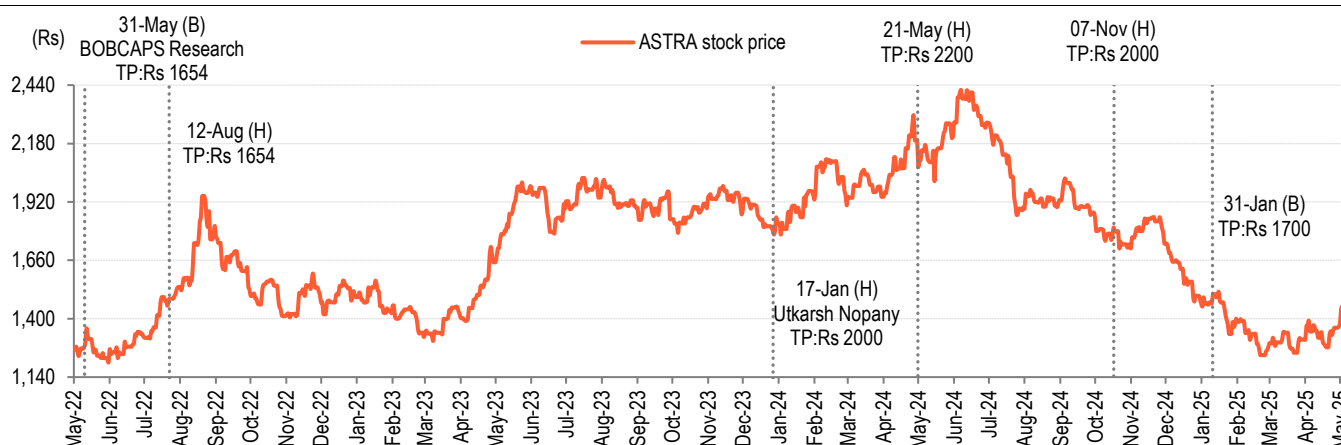
HOLD – Expected return from -6% to +15%

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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