

January 31, 2025

Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	1,808		1,883	
Sales (Rs. m)	72,480	85,560	75,427	89,027
% Chng.	(3.9)	(3.9)		
EBITDA (Rs. m)	11,995	14,460	12,446	15,135
% Chng.	(3.6)	(4.5)		
EPS (Rs.)	27.3	34.6	30.0	37.4
% Chng.	(9.0)	(7.3)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	56,414	60,459	72,480	85,560
EBITDA (Rs. m)	9,183	9,825	11,995	14,460
Margin (%)	16.3	16.3	16.6	16.9
PAT (Rs. m)	5,456	5,484	7,336	9,319
EPS (Rs.)	20.3	20.4	27.3	34.6
Gr. (%)	19.0	0.5	33.8	27.0
DPS (Rs.)	2.3	2.3	2.3	2.3
Yield (%)	0.2	0.2	0.2	0.2
RoE (%)	17.5	15.6	17.9	19.2
RoCE (%)	23.7	21.6	24.7	26.3
EV/Sales (x)	6.9	6.4	5.3	4.4
EV/EBITDA (x)	42.5	39.5	31.8	25.8
PE (x)	72.5	72.1	53.9	42.4
P/BV (x)	12.1	10.5	8.9	7.5

Key Data

ASTL.BO | ASTRA IN

52-W High / Low	Rs.2,454 / Rs.1,426
Sensex / Nifty	76,760 / 23,250
Market Cap	Rs.395bn/ \$ 4,558m
Shares Outstanding	269m
3M Avg. Daily Value	Rs.873.46m

Shareholding Pattern (%)

Promoter's	54.10
Foreign	22.32
Domestic Institution	12.48
Public & Others	11.11
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(11.5)	(33.0)	(21.7)
Relative	(9.8)	(28.9)	(27.4)

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Margins maintained amid demand challenges

Quick Pointers:

- Flat YoY volume growth led to revenue decline of 0.8% in plumbing
- Gross margin improved to 39.9%; EBITDA margin expanded ~70bps YoY

We downward revise Astral Ltd (ASTRA) FY25/26/27E earnings by 6.4%/9.0%/7.3% factoring in the lower volume growth guidance of 10-15% in P&F segment for FY26 and rising competitive intensity. Further, we revise DCF-based TP to Rs1,808 (Rs1,883 earlier). ASTRA reported flat volume growth in the plastic pipes segment due to delays in ADD on PVC resin prices and weak demand. However, plumbing EBITDA margin improved significantly by 195bps YoY to 18.5%, with EBITDA per kg for plastic pipes at ~Rs35. EBITDA is considered healthy given the current challenging demand environment, largely due to increase in the VAP mix and cost rationalization efforts. ASTRA maintained its volume growth guidance in the P&F business at 10-15% and revenue growth guidance in P&A at 15% for FY26. The company also maintained its EBITDA margin guidance at 16-18% in pipes and 14-16% in domestic adhesives. We estimate sales/EBITDA/PAT CAGR of 14.9%/16.3%/19.5% over FY24-27E. Maintain 'BUY'.

Revenue grew by 2.0% YoY, PAT declined by 0.6% YoY: Revenue grew by 2.0% YoY to Rs14.0bn (PLe: Rs14.6bn) led by flat volume growth in the plumbing segment due to weak demand. Gross margin expanded by ~140bps to 40.0%. EBITDA grew by 7.0% to Rs2.2bn (PLe: Rs2.2bn). EBITDA margin expanded by ~70bps YoY to 15.7% (PLe: 14.8%) due to higher overhead expenses. EBITDA per kg for plastic pipes was Rs34.6 (up 10.7% YoY) and EBITDA margin of P&A contracted by ~65bps YoY to 11.9%. PAT stood at Rs1.1bn (down 0.6% YoY, PLe: Rs1.2bn). Cash and cash equivalent stood at Rs2.9bn.

Con call highlights: **1)** The management has guided for 10-15% volume growth in pipes 14-16% margin growth in adhesives for FY26. **2)** In the pipes segment, the company has increased capacity by 36k-37k MT to 370,040 MT. Capacity of 40-45k MT is expected to be added by FY26. The Kanpur plant with a capacity of 30k MT will be operationalized in FY26 and 30k MT will be added in FY27. **3)** In the UK plant, the company is implementing backward integration to enhance margins. Additionally, the company plans to rationalize purchases on a large scale in both India and the UK, benefiting operations in both regions. **4)** In the bathware & faucet segment, the company is launching new SKUs and expects to contribute Rs1.2bn to the topline in FY25 and to break even. **5)** Astral Paint is expanding into new cities in Gujarat and Rajasthan, with positive initial feedback. Next, the company will focus on Maharashtra and MP, aiming for strong growth in these markets. It expects a good margin in the paints segment from H2FY26. **6)** In the OPVC segment, the company has completed trials and is now awaiting BIS approval for ISI certification, which is expected soon. Strong sales is anticipated once the certified products are launched. **7)** The company has obtained UL certification for its fireproof fittings; its pipes have already been certified. This full-range certification strengthens its position in the project business and boosts export

opportunities in Europe and global markets. **8)** The company has launched its PTMT range of plastic tap products, which have received a good response. **9)** The Ghiloth plant has commenced full-scale production of SWR fittings and is set to begin CPVC fitting production, targeting northern and eastern markets. **10)** The company has commenced production of channel drain in India, previously imported from Europe; these channels are widely used in private and government infrastructure projects, including airports. **11)** ASTRA has opened a marketing office in Dubai, targeting exports to the Gulf countries and Africa. The company plans to spend Rs4.5bn in capex for FY25 and Rs2.5bn for FY26.

Exhibit 1: Q3FY25 Result Overview: Sales increase by 2.0% YoY, PAT declines by 0.6% YoY

Y/e March (Rs mn)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Net Sales	13,970	13,702	2.0	13,704	1.9	41,510	40,163	3.4
Expenditure								
Operating & Manufacturing Expenses	8,400	8,425	-0.3	8,378	0.3	25,004	24,803	0.8
<i>% of Net Sales</i>	<i>60.1</i>	<i>61.5</i>		<i>61.1</i>		<i>60.2</i>	<i>61.8</i>	
Gross Profit	5,570	5,277	5.6	5,326	4.6	16,506	15,360	7.5
<i>% of Net Sales</i>	<i>39.9</i>	<i>38.5</i>	<i>1.36</i>	<i>38.9</i>		<i>39.8</i>	<i>38.2</i>	
Personnel Cost	1,298	1,141	13.8	1,283	1.2	3,848	3,190	20.6
<i>% of Net Sales</i>	<i>9.3</i>	<i>8.3</i>		<i>9.4</i>		<i>9.3</i>	<i>7.9</i>	
Other Expenses	2,077	2,085	-0.4	1,942	7.0	6,218	5,902	5.4
<i>% of Net Sales</i>	<i>14.9</i>	<i>15.2</i>		<i>14.2</i>		<i>15.0</i>	<i>14.7</i>	
Total Expenditure	11,775	11,651	1.1	11,603	1.5	35,070	33,895	3.5
EBITDA	2,195	2,051	7.0	2,101	4.5	6,440	6,268	2.7
<i>Margin (%)</i>	<i>15.7</i>	<i>15.0</i>	<i>0.74</i>	<i>15.3</i>		<i>15.5</i>	<i>15.6</i>	
Other income	118	64	84.4	88	34.1	325	319	1.9
Depreciation	631	501	25.9	599	5.3	1,786	1,451	23.1
EBIT	1,564	1,550	0.9	1,502	4.1	4,654	4,817	-3.4
Interest	139	75	85.3	102	36.3	317	213	48.8
PBT	1,543	1,539	0.3	1,488	3.7	4,661	4,923	-5.3
Total Taxes	416	406	2.5	401	3.7	1,253	1,280	-2.1
<i>ETR (%)</i>	<i>27.0</i>	<i>26.4</i>		<i>26.9</i>		<i>26.9</i>	<i>26.0</i>	
PAT	1,126	1,133	-0.6	1,087	3.6	3,408	3,643	-6.5

Source: Company, PL

Exhibit 2: Segmental Breakup: Plumbing revenue declines by 0.8% with EBIT margin of 14.2%

Y/e March	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Revenues								
Plumbing/Plastics	9,901	9,981	-0.8	9,664	2.5	29,697	29,168	1.8
Paints & Adhesives	4,069	3,721	9.4	4,040	0.7	11,813	10,995	7.4
EBIT								
Plumbing/Plastics	1,405	1,284	9.4	1,323	6.2	4,128	3,950	4.5
EBIT margin (%)	14.2	12.9		13.7		9.5	13.5	
Paints & Adhesives	235	333	-29.4	241	-2.5	736	1,052	-30.0
EBIT margin (%)	5.8	8.9		6.0		5.0	9.6	

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	56,414	60,459	72,480	85,560
YoY gr. (%)	9.4	7.2	19.9	18.0
Cost of Goods Sold	34,590	36,578	43,923	51,849
Gross Profit	21,824	23,881	28,557	33,711
Margin (%)	38.7	39.5	39.4	39.4
Employee Cost	4,384	5,169	6,197	7,101
Other Expenses	-	-	-	-
EBITDA	9,183	9,825	11,995	14,460
YoY gr. (%)	13.4	7.0	22.1	20.5
Margin (%)	16.3	16.3	16.6	16.9
Depreciation and Amortization	1,976	2,419	2,582	2,661
EBIT	7,207	7,405	9,413	11,799
Margin (%)	12.8	12.2	13.0	13.8
Net Interest	291	430	430	430
Other Income	421	450	950	1,250
Profit Before Tax	7,337	7,425	9,933	12,619
Margin (%)	13.0	12.3	13.7	14.7
Total Tax	1,880	1,942	2,598	3,300
Effective tax rate (%)	25.6	26.2	26.2	26.2
Profit after tax	5,457	5,484	7,336	9,319
Minority interest	1	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	5,456	5,484	7,336	9,319
YoY gr. (%)	19.0	0.5	33.8	27.0
Margin (%)	9.7	9.1	10.1	10.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	5,456	5,484	7,336	9,319
YoY gr. (%)	19.5	0.5	33.8	27.0
Margin (%)	9.7	9.1	10.1	10.9
Other Comprehensive Income	4	-	-	-
Total Comprehensive Income	5,460	5,484	7,336	9,319
Equity Shares O/s (m)	269	269	269	269
EPS (Rs)	20.3	20.4	27.3	34.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	32,557	37,057	39,557	41,557
Tangibles	32,557	37,057	39,557	41,557
Intangibles	-	-	-	-
Acc: Dep / Amortization	9,563	11,983	14,564	17,225
Tangibles	9,563	11,983	14,564	17,225
Intangibles	-	-	-	-
Net fixed assets	22,994	25,075	24,993	24,332
Tangibles	22,994	25,075	24,993	24,332
Intangibles	-	-	-	-
Capital Work In Progress	1,506	1,506	1,506	1,506
Goodwill	-	-	-	-
Non-Current Investments	-	-	-	-
Net Deferred tax assets	(439)	(439)	(439)	(439)
Other Non-Current Assets	602	602	602	602
Current Assets				
Investments	-	-	-	-
Inventories	9,134	9,789	11,735	13,853
Trade receivables	3,758	4,027	4,828	5,700
Cash & Bank Balance	6,096	8,612	14,547	22,594
Other Current Assets	862	924	1,107	971
Total Assets	44,979	50,563	59,348	69,588
Equity				
Equity Share Capital	269	269	269	269
Other Equity	32,416	37,294	44,025	52,739
Total Network	32,685	37,563	44,294	53,008
Non-Current Liabilities				
Long Term borrowings	569	569	369	169
Provisions	53	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	625	625	625	625
Trade payables	8,719	9,344	11,202	13,224
Other current liabilities	1,868	2,001	2,398	2,102
Total Equity & Liabilities	44,979	50,563	59,348	69,588

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	7,337	7,425	9,933	12,619
Add. Depreciation	1,976	2,419	2,582	2,661
Add. Interest	291	430	430	430
Less Financial Other Income	421	450	950	1,250
Add. Other	(98)	(53)	-	-
Op. profit before WC changes	9,506	10,222	12,945	15,710
Net Changes-WC	500	(228)	(678)	(1,127)
Direct tax	(1,772)	(1,942)	(2,598)	(3,300)
Net cash from Op. activities	8,234	8,052	9,670	11,282
Capital expenditures	(5,502)	(4,500)	(2,500)	(2,000)
Interest / Dividend Income	66	-	-	-
Others	26	-	-	-
Net Cash from Invt. activities	(5,410)	(4,500)	(2,500)	(2,000)
Issue of share cap. / premium	-	-	-	-
Debt changes	(751)	-	(200)	(200)
Dividend paid	(1,007)	(605)	(605)	(605)
Interest paid	(267)	(430)	(430)	(430)
Others	-	-	-	-
Net cash from Fin. activities	(2,025)	(1,035)	(1,235)	(1,235)
Net change in cash	799	2,516	5,935	8,047
Free Cash Flow	2,732	3,552	7,170	9,282

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	20.3	20.4	27.3	34.6
CEPS	27.6	29.4	36.9	44.5
BVPS	121.5	139.6	164.7	197.1
FCF	10.2	13.2	26.7	34.5
DPS	2.3	2.3	2.3	2.3
Return Ratio(%)				
RoCE	23.7	21.6	24.7	26.3
ROIC	20.6	19.7	25.3	32.3
RoE	17.5	15.6	17.9	19.2
Balance Sheet				
Net Debt : Equity (x)	(0.1)	(0.2)	(0.3)	(0.4)
Net Working Capital (Days)	27	27	27	27
Valuation(x)				
PER	72.5	72.1	53.9	42.4
P/B	12.1	10.5	8.9	7.5
P/CEPS	53.2	50.0	39.9	33.0
EV/EBITDA	42.5	39.5	31.8	25.8
EV/Sales	6.9	6.4	5.3	4.4
Dividend Yield (%)	0.2	0.2	0.2	0.2

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	16,251	13,836	13,704	13,970
YoY gr. (%)	7.9	7.8	0.5	2.0
Raw Material Expenses	9,787	8,226	8,378	8,400
Gross Profit	6,464	5,610	5,326	5,570
Margin (%)	39.8	40.5	38.9	39.9
EBITDA	2,915	2,144	2,101	2,195
YoY gr. (%)	(5.6)	6.3	(4.5)	7.0
Margin (%)	17.9	15.5	15.3	15.7
Depreciation / Depletion	525	556	599	631
EBIT	2,390	1,588	1,502	1,564
Margin (%)	14.7	11.5	11.0	11.2
Net Interest	78	76	102	139
Other Income	102	119	88	118
Profit before Tax	2,414	1,631	1,488	1,543
Margin (%)	14.9	11.8	10.9	11.0
Total Tax	600	436	401	416
Effective tax rate (%)	24.9	26.7	26.9	27.0
Profit after Tax	1,814	1,195	1,087	1,127
Minority interest	-	-	-	-
Share Profit from Associates	(1)	-	-	(1)
Adjusted PAT	1,813	1,195	1,087	1,126
YoY gr. (%)	(12.6)	0.1	(17.4)	(0.6)
Margin (%)	11.2	8.6	7.9	8.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,813	1,195	1,087	1,126
YoY gr. (%)	(11.9)	0.1	(17.4)	(0.6)
Margin (%)	11.2	8.6	7.9	8.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,813	1,195	1,087	1,126
Avg. Shares O/s (m)	269	269	269	269
EPS (Rs)	6.7	4.4	4.0	4.2

Source: Company Data, PL Research

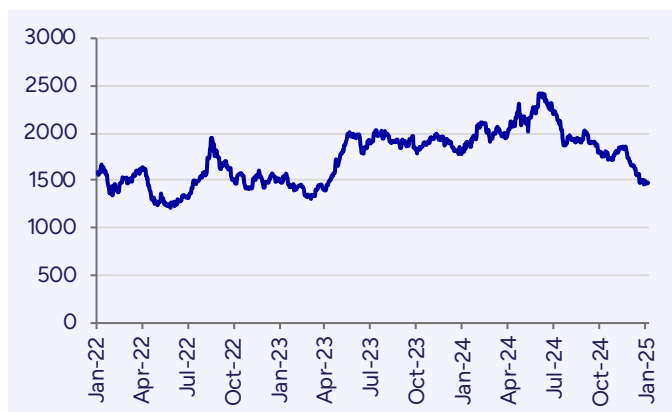
Key Operating Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Pipe Sales Volume growth (%)	1,22,988	1,32,200	1,36,593	1,49,569

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-25	BUY	1,883	1,553
2	08-Nov-24	Accumulate	1,929	1,789
3	08-Oct-24	BUY	2,214	1,888
4	12-Aug-24	Hold	2,225	2,031
5	07-Jul-24	Hold	2,330	2,406
6	22-May-24	Accumulate	2,201	2,079
7	11-Apr-24	Accumulate	2,244	1,995
8	13-Mar-24	Accumulate	2,244	2,044
9	01-Feb-24	Accumulate	2,064	1,830

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Astral Ltd.	BUY	1,883	1,553
2	Avalon Technologies	Hold	899	938
3	Bajaj Electricals	Reduce	676	782
4	Century Plyboard (I)	Hold	811	823
5	Cera Sanitaryware	Hold	7,712	7,188
6	Crompton Greaves Consumer Electricals	BUY	536	368
7	Cyient DLM	BUY	692	515
8	Finolex Industries	Accumulate	270	233
9	Greenpanel Industries	BUY	427	361
10	Havells India	BUY	1,890	1,578
11	Kajaria Ceramics	BUY	1,545	1,061
12	Kaynes Technology India	BUY	5,528	4,661
13	KEI Industries	BUY	5,041	4,128
14	Polycab India	BUY	8,233	6,251
15	R R Kabel	BUY	1,812	1,245
16	Supreme Industries	BUY	5,040	4,022
17	Syrma SGS Technology	BUY	629	505
18	Voltas	Accumulate	1,980	1,780

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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