

HOLD

TP: Rs 1,700 | ▲ 9%

ASTRAL

| Building Materials

| 06 November 2025

Strong Q2; downgrade to HOLD on rich valuations

- Reported strong performance for core pipe as well as the domestic adhesive business in Q2
- Maintain the guidance of growing pipe volume at a double-digit rate with EBITDA margin of 16-18% in FY26
- Downgrade from BUY to HOLD as the stock appears to be fairly valued post a sharp run-up over the past 3 months; TP up by 13% to Rs 1,700

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Strong Q2: ASTRA beats our estimates for Q2FY26 (Revenue: +11.4%; EBITDA: +22.7%; PAT: +36.0%) due to strong pipe sales volume (+20.6% YoY vs +7.0% estimated) as well as improved performance of its domestic adhesives business. ASTRA revenue/EBITDA/APAT grew by 15.1%/22.2%/26.9% YoY in Q2FY26.

Highlights: ASTRA has reported superior pipe volume growth vs Supreme (ASTRA: +20.6%; SI: +17.2%) for the first time over the past 4 years period due to market share gain, on account of aggressive pricing policy, geographical expansion with decentralised operation and production portfolio expansion. Furthermore, the company has reported healthy pipe segment margin (+88bps YoY to 17.9%) in Q2FY26 in a tough environment due to rise in share of value-added products. Resinova EBITDA grew sharply by 23.9% YoY in Q2 driven by higher revenue (+15.8%) and improved margin (+111bps YoY to 17.0%). SEAL IT revenue grew at a muted pace of 5.2% YoY with improved margin (+930bps YoY to 7.3%) in Q2. Paint revenue grew at a sharp pace of 17.1% YoY in Q2.

Outlook: ASTRA has maintained its guidance of growing the pipe volume at a double-digit rate with EBITDA margin of 16-18% in FY26. Resinova revenue is targeted to grow at 15% rate with EBITDA margin of 15-16% in FY26. Management expects the performance of SEAL IT and paints business to turn around in the coming quarters. Capex guidance has remained unchanged at Rs 3.0-3.5bn for FY26 (vs Rs 2.82bn spent in H1FY26). The proposed CPVC resin facility is expected to become operational by Q2FY27 onwards.

Downgrade from BUY to HOLD; TP raise by 13% to Rs 1,700: We expect ASTRA EPS to grow at a strong 20.3% CAGR with a healthy ROE of 16.5% over FY25-FY28E. However, we downgrade our rating from BUY to HOLD, as we believe the stock is richly valued (the stock trades at 59.6x on 1Y forward P/E vs 5Y pre-Covid average of 45.0x) post 14% run-up in the stock over the past 3 months. We have raised our TP to Rs 1,700 per share (Rs 1,500 earlier) due to EPS upgrade (+6.3%/+7.2%/+7.2 for FY26E/FY27E/FY28E), based on strong Q2 result. Our target P/E multiple remains unchanged at 55x on Sep'27 estimate (Jun'27 earlier).

Key changes

Target	Rating
▲	▼

Ticker/Price	ASTRA IN/Rs 1,566
Market cap	US\$ 4.8bn
Free float	46%
3M ADV	US\$ 14.2mn
52wk high/low	Rs 1,867/Rs 1,232
Promoter/FPI/DII	54%/17%/17%

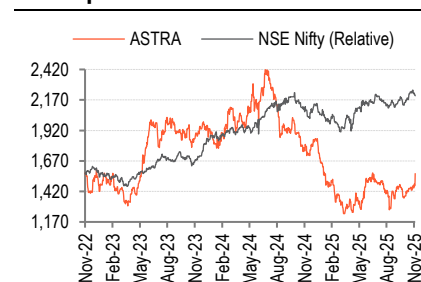
Source: NSE | Price as of 6 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	58,324	65,363	78,383
EBITDA (Rs mn)	9,459	10,687	13,179
Adj. net profit (Rs mn)	5,238	5,881	7,586
Adj. EPS (Rs)	19.5	21.9	28.2
Consensus EPS (Rs)	19.5	25.4	31.4
Adj. ROAE (%)	15.0	15.0	17.0
Adj. P/E (x)	80.4	71.6	55.5
EV/EBITDA (x)	44.0	38.9	31.3
Adj. EPS growth (%)	(4.9)	12.3	29.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance - Consolidated

Particulars (Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)	BOBCAPS Q2FY26E	Variance (%)
Total operating income	15,774	13,704	15.1	13,612	15.9	29,386	27,540	6.7	14,161	11.4
Raw-Material expense	9,530	8,378	13.8	8,251	15.5	17,781	16,604	7.1		
Gross Profit	6,244	5,326	17.2	5,361	16.5	11,605	10,936	6.1		
Employee expense	1,466	1,283	14.3	1,419	3.3	2,885	2,550	13.1		
Other expense	2,210	1,942	13.8	2,093	5.6	4,303	4,141	3.9		
EBITDA	2,568	2,101	22.2	1,849	38.9	4,417	4,245	4.1	2,093	22.7
D&A	723	599	20.7	719	0.6	1,442	1,155	24.8		
EBIT	1,845	1,502	22.8	1,130	63.3	2,975	3,090	(3.7)		
Interest cost	79	88	(10.2)	79	-	158	165	(4.2)		
Interest income & others	33	74	(55.4)	47	(29.8)	80	194	(58.8)		
PBT	1,799	1,488	20.9	1,098	63.8	2,897	3,119	(7.1)		
Tax	451	401	12.5	306	47.4	757	837	(9.6)		
Reported PAT	1,348	1,087	24.0	792	70.2	2,140	2,282	(6.2)		
Adjusted PAT	1,409	1,110	26.9	824	71.0	2,232	2,313	(3.5)	1,036	36.0
As % of net revenues			(bps)		(bps)			(bps)		
Gross margin	39.6	38.9	72	39.4	20	39.5	39.7	(22)		
Employee cost	9.3	9.4	(7)	10.4	(113)	9.8	9.3	56		
Other cost	14.0	14.2	(16)	15.4	(137)	14.6	15.0	(39)		
EBITDA margin	16.3	15.3	95	13.6	270	15.0	15.4	(38)		
Tax rate	25.1	26.9	(188)	27.9	(280)	26.1	26.8	(71)		
APAT margin	8.9	8.1	83	6.1	288	7.6	8.4	(80)		

Source: Company, BOBCAPS Research

Fig 2 – Segment financials

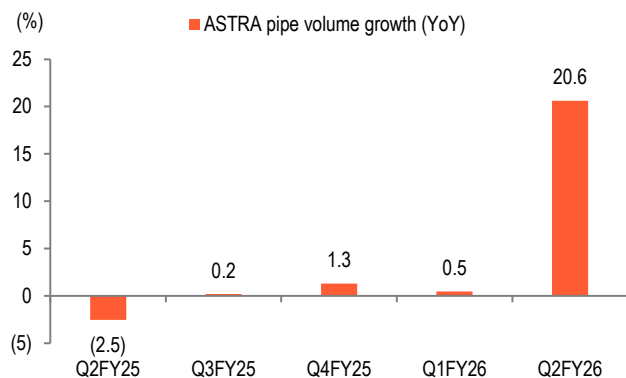
Particulars	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Plumbing & Bathware								
Pipe sales volume (kt)	61.2	50.8	20.6	56.1	9.2	117	107	10.1
Pipe realization (Rs/kg)	177.3	184.7	(4.0)	164.2	8.0	171	181	(5.3)
Revenue (Rs mn)	11186	9664	15.7	9539	17.3	20725	19796	4.7
EBITDA (Rs mn)	2004	1646	21.7	1412	41.9	3416	3344	2.2
EBITDA margin (%)	17.9	17.0	88.3	14.8	311	16.5	16.9	(41.0)
Paints & Adhesives								
Revenue (Rs mn)	4588	4040	13.6	4073	12.6	8,661	7,744	11.8
EBITDA (Rs mn)	564	455	24.0	437	29.1	1,001	901	11.1
EBITDA margin (%)	12.3	11.3	103.1	10.7	156	11.6	11.6	(7.7)

Source: Company, BOBCAPS Research

Earnings Call Highlights

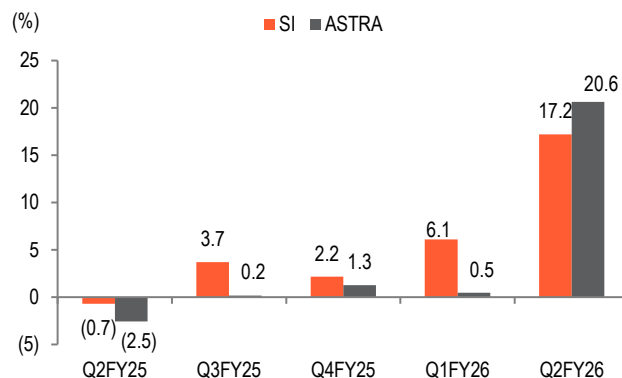
- **Pipe demand scenario:** Pipe demand was weak in Q2FY26 due to weak construction activity on account of heavy monsoons and low government spending. Post-monsoon construction activities have picked up in Oct'25. Management expects the demand in H2FY26 to be better than H1FY26.
- **Polymer price scenario:** ASTRA noted that polymer prices remained volatile and dipped in Q2FY26. Management expects ADD announcement by Nov 12, 2025, which could lead to short-term hike in PVC prices by Rs 5-6/kg.
- **Pipes segment:** Volume increased sharply by 20.6% YoY in Q2FY26 wing to market share gain on account of aggressive pricing policy, geographical expansion with de-centralised operation and production portfolio expansion. Pipe segment EBITDA margin improved by 90bps YoY to 18.5% in Q2FY26 due to better mix. Going ahead, the company maintains its guidance of growing the pipe volume at a double-digit rate with EBITDA margin of 16-18% in FY26.
- **Resinova:** Revenue grew by 15.8% YoY in Q2FY26. Division EBITDA margin improved by 111bps YoY to 17.0% in Q2FY26. Management is focused on growing market share by entering new geographies, new product introduction and focus on rural markets. Going ahead, the company targets the division to grow at 15% YoY with EBITDA margin of 15-16% in FY26.
- **SEAL IT:** Revenue grew at a muted pace of 5.2% in Q2FY26. Division EBITDA margin improved sharply by 930bps YoY to 7.3% in Q2FY26 owing to a low base. ASTRA has increased its stake in this division from 95% to 100% in Q2FY26. The company has hired a new CEO (with 25 years of experience). The division is recovering gradually on the improvement of order inflows and new project acceptance. ASTRAL expects substantial improvement in both margins and growth by the end of FY26 and returning to double-digit EBITDA margin in FY27.
- **Paints:** Revenue grew at a healthy rate of 17.1% YoY in Q2FY26. The company recently opened 9 new depots across Gujarat, Rajasthan, and Maharashtra, resulting in increased employee and operational costs that temporarily pressured margin in Q2FY26. Management targets the division revenue to grow at 20% YoY in FY26. Division margin is expected to be in single-digit level in FY27.
- **Bathware:** Revenue grew by 13.8% YoY in Q2FY26.
- **Capex:** ASTRA has maintained its capex guidance of Rs 3.0-3.5bn for FY26 (spent Rs 2.82bn in H1FY26).
- **Channel Inventory:** Remains low given the volatile resin prices, leading to subdued stocking sentiment. Management expects restocking to occur post the ADD announcement, which could spike the near-term demand.
- **Net Cash:** has gone down from Rs 4.64bn in Mar'25 to Rs 4.0 bn in Sep'25.

Fig 3 – ASTRA pipe volume grew at a strong pace of 20.6% YoY in Q2FY26



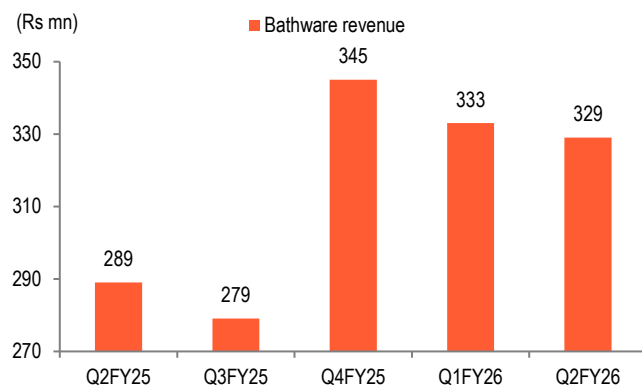
Source: Company, BOBCAPS Research

Fig 4 – ASTRA reported superior pipe YoY volume growth vs SI for the first time over 4 years



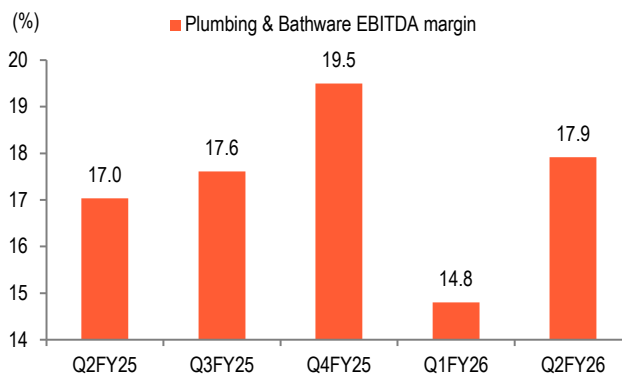
Source: Company, BOBCAPS Research

Fig 5 – Bathware revenue grew by 13.8% YoY in Q2FY26 over a small base



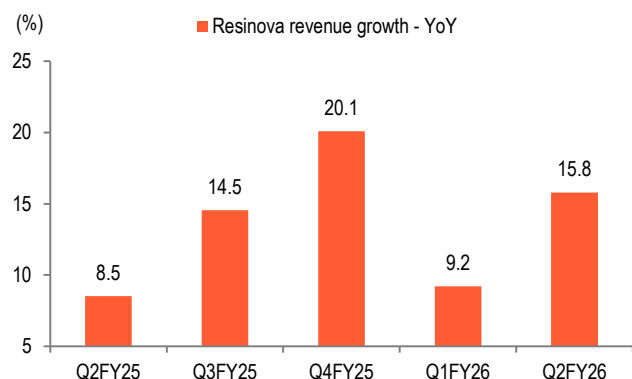
Source: Company, BOBCAPS Research

Fig 6 – Plumbing & bathware EBITDA margin improved by 88bps YoY to 17.9% in Q2FY26



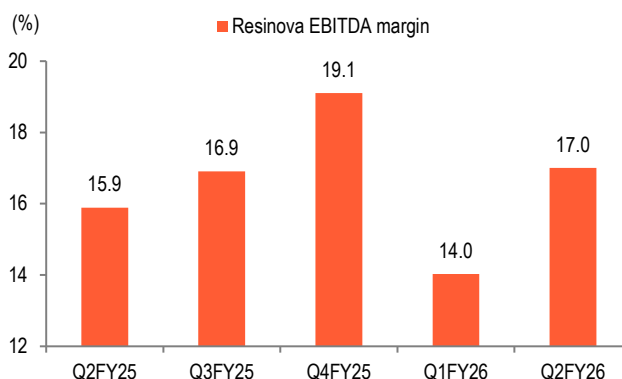
Source: Company, BOBCAPS Research

Fig 7 – Resinova revenue grew at a healthy pace of 15.8% YoY in Q2FY26



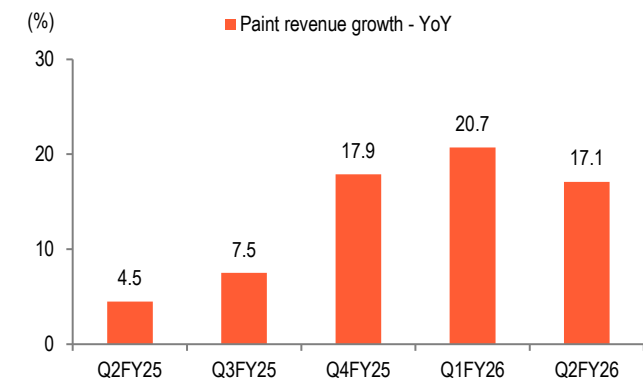
Source: Company, BOBCAPS Research

Fig 8 – .. Resinova EBITDA margin improved by 111bps YoY to 17.0% in Q2FY26



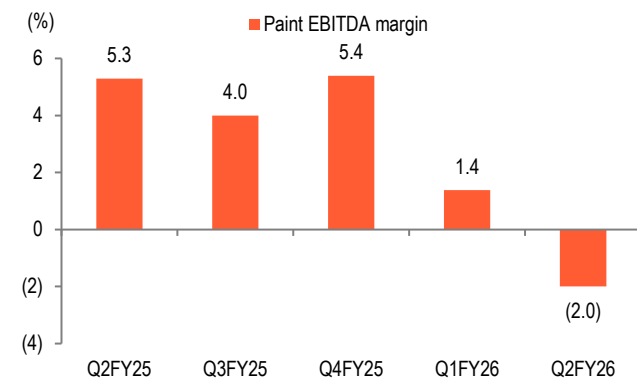
Source: Company, BOBCAPS Research

Fig 9 – Paints revenue was up 17.1% YoY in Q2FY26 on a low base



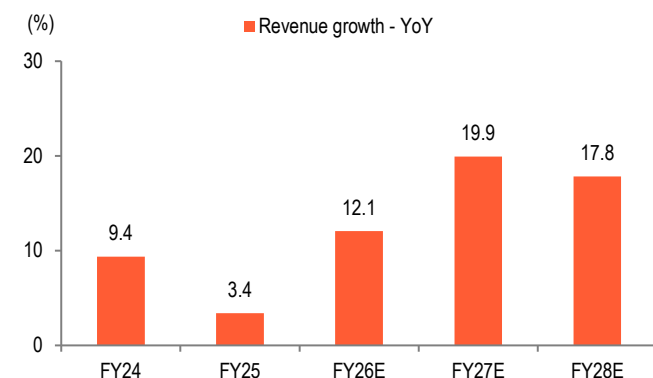
Source: Company, BOBCAPS Research

Fig 10 – Paints EBITDA margin fell sharply in Q2FY26 due to high employee and branding costs



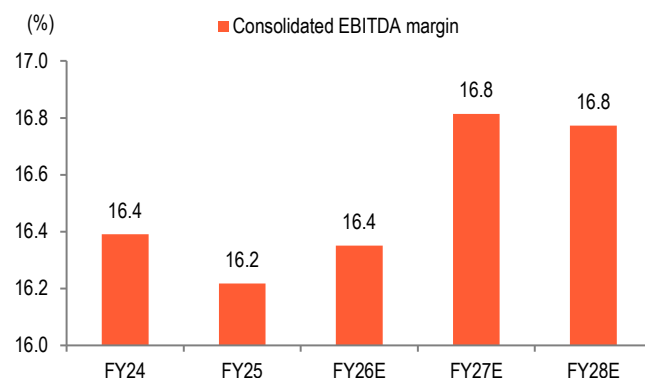
Source: Company, BOBCAPS Research

Fig 11 – ASTRA's revenue is projected to grow at 16.6% CAGR over FY25-FY28E



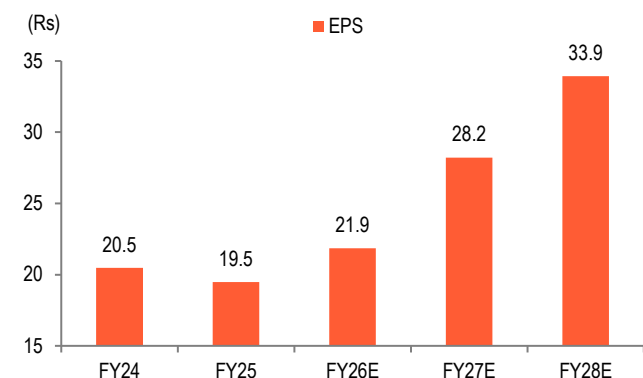
Source: Company, BOBCAPS Research

Fig 12 – Consolidated EBITDA margin is projected to be stable around 16.8% over FY27E-FY28E



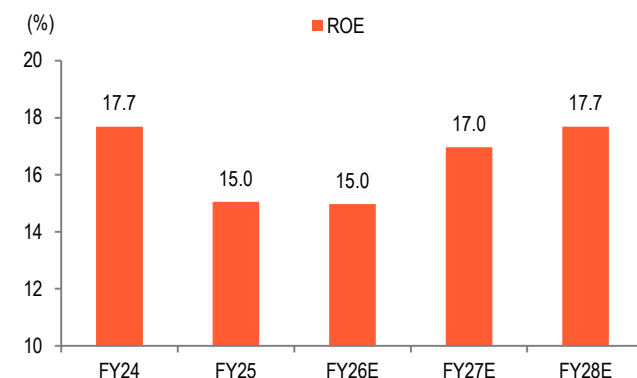
Source: Company, BOBCAPS Research

Fig 13 – EPS projected to grow at 20.3% CAGR over FY25-FY28E



Source: Company, BOBCAPS Research

Fig 14 – ROE is projected to improve from 15.0% in FY25 to 16.9% in FY28E



Source: Company, BOBCAPS Research

Valuation Methodology

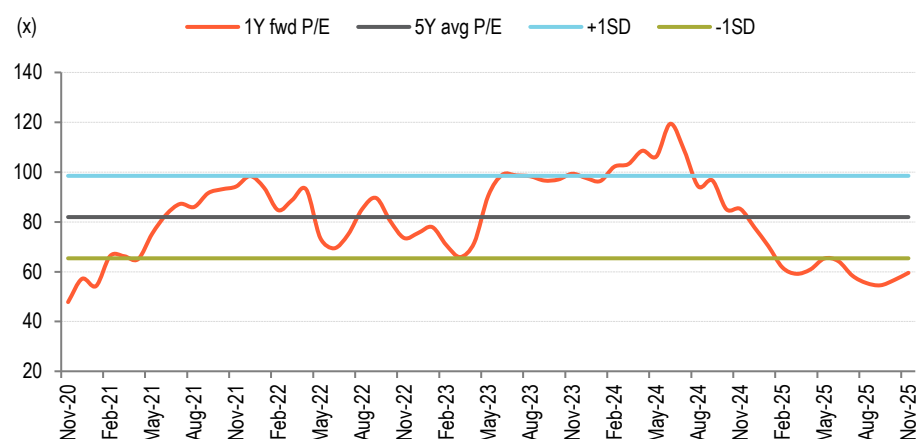
We expect ASTRA EPS to grow at a strong 20.3% CAGR with a healthy ROE of 16.5% over FY25-FY28E. However, we downgrade our rating from BUY to HOLD as we believe the stock is richly valued (the stock trades at 59.6x on 1Y forward P/E vs 5Y pre-Covid average of 45.0x) post a 14% run-up in the stock over the past 3 months. We have raised our TP to Rs 1,700 per share (Rs 1,500 earlier), due to EPS upgrade (+6.3%/+7.2%/+7.2 for FY26E/FY27E/FY28E), based on strong Q2 result. Our target P/E multiple remains unchanged at 55x on Sep'27 estimate (Jun'27 earlier).

Fig 15 – Revised estimates

Particulars	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Consolidated (Rs bn)									
Revenue	65.4	78.4	92.4	63.3	75.2	88.4	3.3	4.2	4.5
EBITDA	10.7	13.2	15.5	10.3	12.5	14.7	4.0	5.3	5.5
EBITDA margin	16.4	16.8	16.8	16.2	16.6	16.6	11bps	17bps	16bps
Adjusted PAT	5.9	7.6	9.1	5.5	7.1	8.5	6.3	7.2	7.2
EPS (Rs)	21.9	28.2	33.9	20.6	26.3	31.6	6.3	7.2	7.2

Source: BOBCAPS Research

Fig 16 – Trading at 59.6x on 1YF P/E vs 5Y average of 81.9x



Source: Bloomberg, BOBCAPS Research

Fig 17 – Key assumptions

Particulars (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue-Mix					
Pipe	73	70	69	70	71
Adhesives	23	25	25	24	23
Paints	3	3	4	3	3
Bathware	1	2	2	3	3
Operating Metrics					
Pipe volume growth	24	3	13	15	15
Adhesive revenue growth	12	9	13	14	14
Paints revenue growth	-14	6	18	17	17
Bathware revenue growth	177	93	25	51	36
EBITDA margin					
Pipe	17.7	18.3	18.2	18.3	18.3
Adhesives	12.9	12.9	13.8	14.7	14.7
Paints	14.4	5.9	6.5	15.0	15.0

Source: Company, BOBCAPS Research

Key Risks

- Better-than-expected recovery in India's real estate sector and a sharp turnaround in the company's new paint and sanitaryware ventures would be the key upside risks.
- Slow recovery in India's real estate sector and market share loss in the pipe business would be the key downside risk.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	56,414	58,324	65,363	78,383	92,361
EBITDA	9,247	9,459	10,687	13,179	15,492
Depreciation	1,976	2,434	2,932	3,145	3,399
EBIT	7,271	7,025	7,755	10,034	12,093
Net interest inc./(exp.)	(291)	(413)	(316)	(316)	(316)
Other inc./(exp.)	421	413	415	420	420
Exceptional items	64	0	0	0	0
EBT	7,337	7,025	7,854	10,138	12,197
Income taxes	1,880	1,836	1,973	2,552	3,070
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	4	49	0	0	0
Reported net profit	5,461	5,238	5,881	7,586	9,127
Adjustments	48	0	0	0	0
Adjusted net profit	5,509	5,238	5,881	7,586	9,127

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	8,719	8,589	9,647	11,569	13,632
Other current liabilities	1,956	2,279	2,279	2,279	2,279
Provisions	8	24	27	32	38
Debt funds	964	1,439	0	0	0
Other liabilities	647	1,302	1,302	1,302	1,302
Equity capital	269	269	269	269	269
Reserves & surplus	31,612	35,901	40,572	46,813	54,326
Shareholders' fund	32,685	36,927	41,598	47,839	55,352
Total liab. and equities	44,979	50,560	54,853	63,021	72,603
Cash and cash eq.	6,096	6,083	6,887	9,516	13,421
Accounts receivables	3,758	4,353	4,878	5,850	6,893
Inventories	9,134	10,111	10,890	13,393	16,199
Other current assets	868	941	1,057	1,267	1,493
Investments	0	0	0	0	0
Net fixed assets	17,646	21,421	23,489	25,344	26,945
CWIP	1,506	1,160	1,160	1,160	1,160
Intangible assets	5,348	5,695	5,695	5,695	5,695
Deferred tax assets, net	131	200	200	200	200
Other assets	492	596	596	596	596
Total assets	44,979	50,560	54,853	63,021	72,603

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	7,167	6,749	8,355	8,870	10,415
Capital expenditures	(5,789)	(6,290)	(5,000)	(5,000)	(5,000)
Change in investments	0	0	0	0	0
Other investing cash flows	357	413	415	420	420
Cash flow from investing	(5,432)	(5,877)	(4,585)	(4,580)	(4,580)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	191	475	(1,439)	0	0
Interest expenses	(291)	(413)	(316)	(316)	(316)
Dividends paid	(1,009)	(1,009)	(1,211)	(1,345)	(1,614)
Other financing cash flows	(1,351)	62	0	0	0
Cash flow from financing	(2,460)	(885)	(2,966)	(1,661)	(1,930)
Chg in cash & cash eq.	(725)	(13)	804	2,629	3,905
Closing cash & cash eq.	6,096	6,083	6,887	9,516	13,421

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	20.3	19.5	21.9	28.2	33.9
Adjusted EPS	20.5	19.5	21.9	28.2	33.9
Dividend per share	3.8	3.8	4.5	5.0	6.0
Book value per share	118.5	134.5	151.8	175.0	203.0

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	7.4	7.1	6.4	5.3	4.4
EV/EBITDA	45.0	44.0	38.9	31.3	26.5
Adjusted P/E	76.5	80.4	71.6	55.5	46.2
P/BV	13.2	11.6	10.3	8.9	7.7

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	75.1	74.6	74.9	74.8	74.8
Interest burden (PBT/EBIT)	100.9	100.0	101.3	101.0	100.9
EBIT margin (EBIT/Revenue)	12.9	12.0	11.9	12.8	13.1
Asset turnover (Rev./Avg TA)	125.4	115.4	119.2	124.4	127.2
Leverage (Avg TA/Avg Equity)	1.4	1.5	1.4	1.4	1.4
Adjusted ROAE	17.7	15.0	15.0	17.0	17.7

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	9.4	3.4	12.1	19.9	17.8
EBITDA	14.0	2.3	13.0	23.3	17.5
Adjusted EPS	16.7	(4.9)	12.3	29.0	20.3
Profitability & Return ratios (%)					
EBITDA margin	16.4	16.2	16.4	16.8	16.8
EBIT margin	12.9	12.0	11.9	12.8	13.1
Adjusted profit margin	9.8	9.0	9.0	9.7	9.9
Adjusted ROAE	17.7	15.0	15.0	17.0	17.7
ROCE	22.9	19.4	19.6	21.9	22.6
Working capital days (days)					
Receivables	24	27	27	27	27
Inventory	59	63	61	62	64
Payables	56	54	54	54	54
Ratios (x)					
Gross asset turnover	2.3	1.9	1.9	1.9	2.0
Current ratio	1.8	1.9	2.0	2.2	2.4
Net interest coverage ratio	25.0	17.0	24.5	31.8	38.3
Adjusted debt/equity	(0.2)	(0.1)	(0.2)	(0.2)	(0.2)

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

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Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

CIN: **U65999MH1996GOI098009**



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

BUY – Expected return >+15%

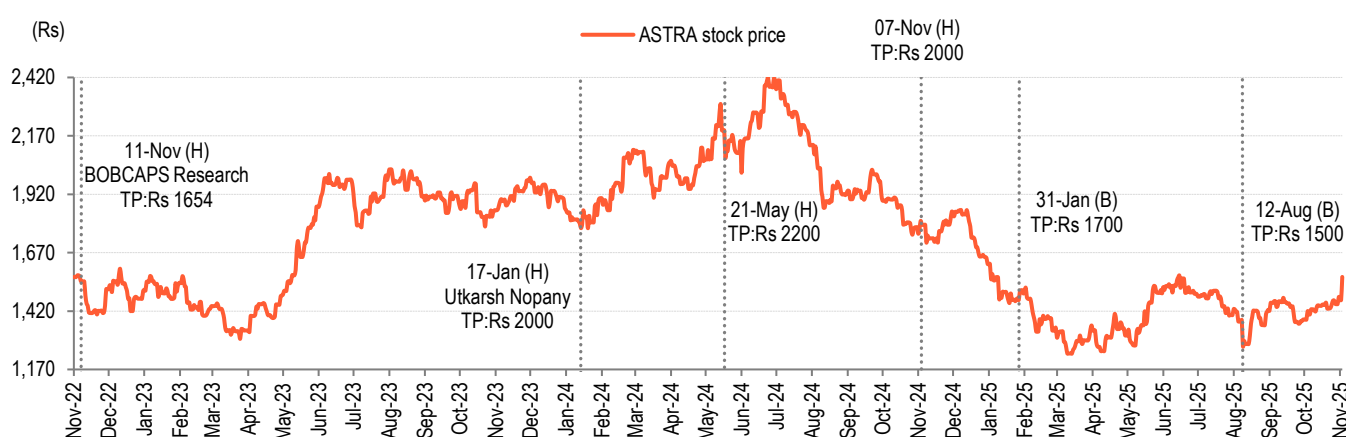
HOLD – Expected return from -6% to +15%

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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