AXIS DIRECT

Result Update
21st May, 2026

Astral Ltd.
Building Materials

BUY
Target Price
1,750

Strong Growth Momentum Ahead!

Est. Vs. Actual for Q4FY26: Revenue – BEAT; EBITDA (Adj.) – BEAT; PAT – MISS

Changes in Estimates Post Q4FY26 Result

FY27E/FY28E: Revenue: -5%/-5%; **EBITDA (Adj.):** 0%/2%; **PAT :** -1%/1%

Recommendation Rationale

- **Operational Performance:** Astral continues to demonstrate industry-leading operating execution, with Q4FY26 revenue at Rs 2,089 Cr (+24% YoY) and adj.EBITDA at Rs 383 Cr, despite sharp volatility in PVC/CPVC prices. The core plumbing segment delivered 16% volume growth, significantly ahead of industry single-digit trends, while maintaining 22.8% EBITDA margins. This shows Astral's strong pricing power, brand pull, and distribution strength. With Q4 being seasonally strongest and polymer prices stabilising, we witness inventory gains. Management highlighted that the company is continuously gaining market share in the piping industry and it has secured the highest EBITDA among all leading industry players, demonstrating highly efficient operations and strong pricing power despite challenging margin pressures.
- **Capex Monetisation and Backward Integration:** Astral's long-term growth strategy is further reinforced through capacity expansion, backward integration, and distribution strengthening initiatives. The acquisition of an 80% stake in Nexelon Chem marks a key strategic milestone, as the upcoming 40,000 MT CPVC resin facility will make Astral the only domestic CPVC pipe player with captive resin manufacturing capabilities, reducing raw material dependence and margin volatility. The company also expanded its channel presence by ~20% during FY26, reaching nearly 20,000 towns. Strong growth guidance across adhesives, paints, and bathware, along with improving profitability expectations in these segments, provides additional earnings diversification visibility.
- **Diversification from New Categories:** Astral's growth profile is increasingly becoming diversified beyond pipes, with adjacent building material categories scaling up steadily. The bathware business reported strong revenue growth of 27.3% YoY during FY26, while management expects 25–30% CAGR growth going forward alongside EBITDA breakeven in FY27. The paints segment is also witnessing aggressive distribution expansion, with management targeting Rs 1,000 Cr revenues over the coming years. Additionally, water tanks and faucets continue to deliver healthy traction. The increasing contribution from these categories supports Astral's strategy of evolving into a comprehensive building materials platform, thereby reducing dependence on a single product segment over the long term.

Sector Outlook: Positive

Company Outlook & Guidance: Management's outlook for FY27 remains constructive, supported by healthy housing demand, infrastructure spending, and continued formalisation within the piping industry. The extension of the Jal Jeevan Mission till Dec'28, with allocation of Rs 67,600 Cr, provides strong medium-term demand visibility for plumbing products. Management has guided for 10–15% pipes volume growth, 15–20% adhesives growth, and ~25% growth in paints and bathware during FY27. Adhesive margins are expected to improve by ~220 bps, while planned capex of Rs 300 Cr will support future expansion and operational efficiencies.

Current Valuation: 51x FY28E EPS (Earlier Valuation: 51x FY28E EPS)

Current TP: Rs 1,750/share (**Earlier TP: Rs 1,750/share**)

Recommendation: Our estimates remain broadly in line with the company's double-digit growth guidance and improving margins, supported by capex monetisation. We continue to value the stock at a 51x FY28E to arrive at a TP of Rs 1,750/share, implying an upside of 21% from the CMP. **We maintain our BUY rating on the stock.**

Financial Performance

Astral reported revenue of Rs 2,089 Cr, up 24% YoY, beating our estimates. Gross margins went up by 83 bps YoY to 40%. Reported EBITDA stood at Rs 383 Cr, reflecting 27% YoY growth, with EBITDA margins at 18.3%. PAT came in at Rs 213 Cr, up 20% YoY. Plumbing revenues grew 25.8%, with volume growth of 24% YoY and 7% growth in realisations/kg. EBITDA margins stood at 22.8% versus 20.4% YoY. The Paints and Adhesives business posted a 22% YoY revenue increase, with EBITDA margins at 8.7% compared to 13.3% in the previous year.

Key Financials (Consolidated)

(Rs Cr)	Q4FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	2,089	35.5	24.2	1,869	11.7%
Adj. EBITDA	383	61.4	26.8	303	26.4%
EBITDA Margin	18.3%	294bps	38bps	16.2%	213bps
Net Profit	213	97.8	19.7	226	-5.9%
EPS (Rs)	5.4	97.8	19.7	8.3	-35.8%

Source: Company, Axis Securities Research

(CMP as of 20th May, 2026)

CMP (Rs)	1,443
Upside /Downside (%)	21%
High/Low (Rs)	1,767/1,262
Market cap (Cr)	38,768
Avg. daily vol. (1m) Shrs.	7,12,991
No. of shares (Cr)	26.9

Shareholding (%)

	Sep-25	Dec-25	Mar-26
Promoter	54.2	54.2	54.2
FIIs	16.6	15.2	14.5
MFs / UTI	7.9	8.5	8.7
Others	21.3	22.0	22.6

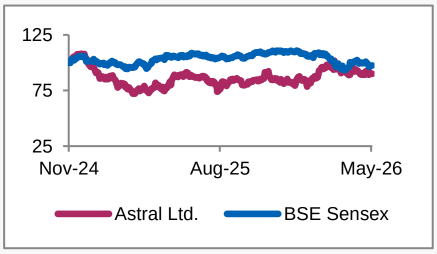
Financial & Valuations

Y/E Mar (Rs Cr)	FY26	FY27E	FY28E
Net Sales	6,568	7,503	8,473
EBITDA	1,061	1,366	1,542
Net Profit	534	811	926
EPS (Rs)	19.9	30.2	34.5
PER (x)	70.2	46.2	40.5
EV/EBITDA (x)	34.7	26.4	22.9
P/BV (x)	9.2	7.9	6.7
RoE (%)	13.2	17.0	16.6

Change in Estimates (%)

Y/E Mar	FY27E	FY28E
Revenue	-5%	-5%
EBITDA	0%	2%
PAT	-1%	1%

Relative Performance



Source: Ace Equity, Axis Securities Research

Result Gallery

Q3FY26
Q2FY26
Q1FY26
Q4FY25

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Key Risks to Our Estimates

- **Slowdown in the Real Estate Sector:** Astral continues to be a prominent player linked to the real estate segment and exposed to the cyclicality of the sector.
- **Market Share Loss:** With high competitive intensity in the plastic pipes sector, Astral may be staring at a market share loss due to the nature of the market.
- **Polymer Price Volatility:** Astral is a converter of the CPVC compound. As the polymer compound is a global commodity, it can be hurt by any disruption in supply or price fluctuation.

Change in Estimates

(Rs Cr)

(Rs Cr)	Revised		Old		% Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	7,503	8,473	7,937	8,901	-5%	-5%
EBITDA (Adj.)	1,366	1,542	1,365	1,513	0%	2%
PAT	811	926	823	917	-1%	1%

Source: Company, Axis Securities Research

Q4FY26 Results Review

(Rs Cr)

Particulars	Q4FY25	Q3FY26	Axis Sec Est	Q4FY26	% Change (YoY)	% Change (QoQ)	Variance (%)
Net Sales	**1,681**	**1,542**	**1,869**	**2,089**	24.2	35.5	11.7
Growth (YoY %)	**3.5%**	**10.3%**	**11.2%**	**24.2%**			
Total Expenditure	1,380	1,304	1,566	1,706	23.6	30.8	8.9
Raw Material Consumed	1,019	925	1,122	1,248	22.5	35.0	11.3
% of sales	**60.6%**	**60.0%**	**60.0%**	**59.8%**			
Gross margins (%)	**39.4%**	**40.0%**	**40.0%**	**40.2%**	83bps	23bps	23bps
Employee Expenses	133	148	174	154	15.9	4.4	-11.3
% of sales	7.9%	9.6%	9.3%	7.4%			
Other Expenses	228	232	271	303	33.2	30.9	11.9
% of sales	13.5%	15.0%	14.5%	14.5%			
EBITDA	**302**	**237**	**303**	**383**	26.8	61.4	26.4
EBITDAM (%)	**18.0%**	**15.4%**	**16.2%**	**18.3%**	38bps	294bps	213bps
Interest	10	13	13	24			
Depreciation	65	73	73	74	14.2	0.8	0.8
Other Income	9	10	10	17	96.6	82.1	82.1
PBT	**236**	**144**	**226**	**297**	25.5	105.5	31.1
Tax	58	37	59	84	43.4	128.4	42.1
Tax (%)	24.7%	25.4%	26.0%	28.2%	351bps	282bps	219bps
Reported PAT	178	108	167	213	19.7	97.8	27.2
Associate Profit	-0	-0	0	-0			
PAT after EoI	**178**	**108**	**168**	**213**	19.7	97.9	27.0

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar	FY25	FY26	FY27E	FY28E
Net Sales	**5,832**	**6,568**	**7,503**	**8,473**
Growth (%)	**3.4%**	**12.6%**	**14.2%**	**12.9%**
Total Expenditure	4,887	5,507	6,137	6,931
Raw Material Consumed	3,451	3,853	4,502	5,084
Gross margins (%)	**39.7%**	**39.8%**	**40.0%**	**40.0%**
Employee Expenses	518	590	660	746
% of sales	8.9%	9.0%	8.8%	8.8%
Other Expenses	849	965	975	1,101
% of sales	14.6%	14.7%	13.0%	13.0%
EBIDTA	**946**	**1,061**	**1,366**	**1,542**
EBITDAM (%)	**16.2%**	**16.2%**	**18.2%**	**18.2%**
Depreciation	243	292	305	328
% of GB	7.5%	7.7%	7.5%	7.5%
EBIT	703	769	1,060	1,214
EBITM (%)	12.0%	11.7%	14.1%	14.3%
Interest	41	64	58	58
Other Income	41	47	66	66
Share of P/L of Associates	0	0	13	13
PBT	703	730	1,081	1,235
Tax Rate (%)	**26.1%**	**26.9%**	**25.0%**	**25.0%**
Tax	184	196	270	309
Reported PAT	**519**	**534**	**811**	**926**

Source: company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E Mar	FY25	FY26	FY27E	FY28E
Share Capital	27	27	27	27
Reserves & Surplus	3,666	4,031	4,741	5,567
Net Worth	3,693	4,058	4,768	5,594
Total Loan funds	233	250	233	233
Deferred Tax Liability	55	83	55	55
Long Term Provisions	9	19	9	9
Other Long-Term Liability	0	0	0	0
Capital Employed	**5,056**	**5,812**	**6,441**	**7,445**
Gross Block	3,253	3,769	4,069	4,369
Less: Depreciation	1,111	1,402	1,707	2,035
Net Block	2,142	2,367	2,362	2,334
Investments	0	0	0	0
Sundry Debtors	436	475	514	580
Cash & Bank Bal	608	943	1,636	2,395
Loans & Advances	0	1	0	0
Inventory	1,011	1,117	1,233	1,393
Other Current Assets	94	103	150	169
Total Current Assets	1,143	1,498	1,453	1,631
Current Liabilities & Provisions	2,149	2,639	3,534	4,537
Net Current Assets	1,006	1,141	2,081	2,906
Total Assets	**5,056**	**5,812**	**6,441**	**7,445**

Source: company, Axis Securities Research

Cash Flow **(Rs Cr)**

Y/E Mar	FY25	FY26	FY27E	FY28E
PBT	703	730	1,081	1,235
Add: depreciation	243	292	305	328
Add: Interest	41	64	58	58
Cash flow from operations	987	1,086	1,445	1,621
Change in working capital	171	(132)	(14)	95
Taxes	184	196	270	309
Net cash from operations	633	1,021	1,188	1,217
Capital expenditure	(621)	(498)	(292)	(300)
Net cash from investing	(621)	(498)	(292)	(300)
Increase/Decrease in debt	114	17	(17)	0
Dividends	(101)	(101)	(101)	(101)
Proceedings from equity	(0)	0	0	0
Interest	(41)	(64)	(58)	(58)
Others	15	(40)	(28)	0
Net cash from financing	(13)	(188)	(204)	(159)
Net Inc./(Dec.) in Cash	(1)	335	693	758
Opening cash balance	610	608	943	1,636
Closing cash balance	608	943	1,636	2,395

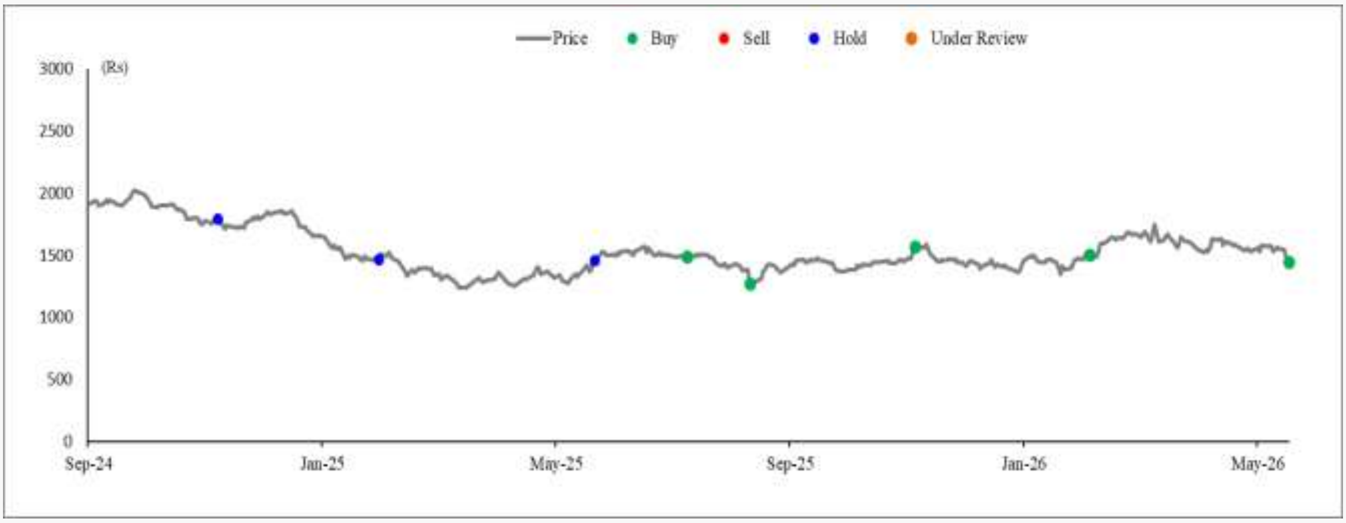
Source: company, Axis Securities Research

Ratio Analysis **(x) / (%)**

Y/E Mar	FY25	FY26	FY27E	FY28E
Sales growth	**3.4**	**12.6**	**14.2**	**12.9**
OPM	**16.2**	**16.2**	**18.2**	**18.2**
Oper. profit growth	3.0	12.2	28.7	12.9
COGS / Net sales	60.3	60.2	60.0	60.0
Overheads/Net sales	23.4	23.7	21.8	21.8
Depreciation / G. block	**7.5**	**7.7**	**7.5**	**7.5**
Effective interest rate	26.1	26.9	25.0	25.0
Net wkg.cap / Net sales	0.1	0.1	0.1	0.1
Net sales / Gr block (x)	1.8	1.7	1.8	1.9
RoCE	**20.6**	**22.2**	**29.3**	**33.1**
Debt/equity (x)	0.1	0.1	0.0	0.0
Effective tax rate	26.1	26.9	25.0	25.0
RoE	**14.1**	**13.2**	**17.0**	**16.6**
Payout ratio (Div/NP)	374.9	374.9	374.9	374.9
EPS (Rs)	**19.3**	**19.9**	**30.2**	**34.5**
EPS Growth	(4.9)	2.9	51.9	14.2
CEPS (Rs)	28.4	30.7	41.5	46.7
DPS (Rs)	3.7	3.7	3.7	3.7

Source: company, Axis Securities Research

Astral Ltd Price Chart and Recommendation History



Date	Reco	TP	Research
08-Nov-24	HOLD	1,800	Result Update
31-Jan-25	HOLD	1,590	Result Update
26-May-25	HOLD	1,530	Result Update
11-Jul-25	BUY	1,680	Company Update
13-Aug-25	BUY	1,680	Result Update
07-Nov-25	BUY	1,750	Result Update
06-Feb-26	BUY	1,750	Result Update
21-May-26	BUY	1,750	Result Update

Source: Axis Securities Research.

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BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward-looking estimates for the stock, but we refrain from assigning a valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events.
NO STANCE	We do not have any forward-looking estimates, valuations or recommendations for the stock.

Note: Returns stated in the rating scale are our internal benchmark.