



TM

SYSTEMATIX INSTITUTIONAL EQUITIES

Astral

14 March 2023

Tweaking EPS estimates and target price after 1:3 bonus issue

During its 3QFY23 result, Astral (ASTRA) announced a 1:3 bonus (1 for 3 held), and the scrip has become ex-bonus today. After factoring in the impact of change in equity shares from the bonus issue, we have revised our EPS estimates but retained our financial estimates. We maintain our HOLD rating on the stock, with a revised target price of Rs 1,396 (vs. Rs 1,862 earlier pre-bonus), based on 50x FY25E P/E. Robust growth and margins are key for its high valuations to sustain.

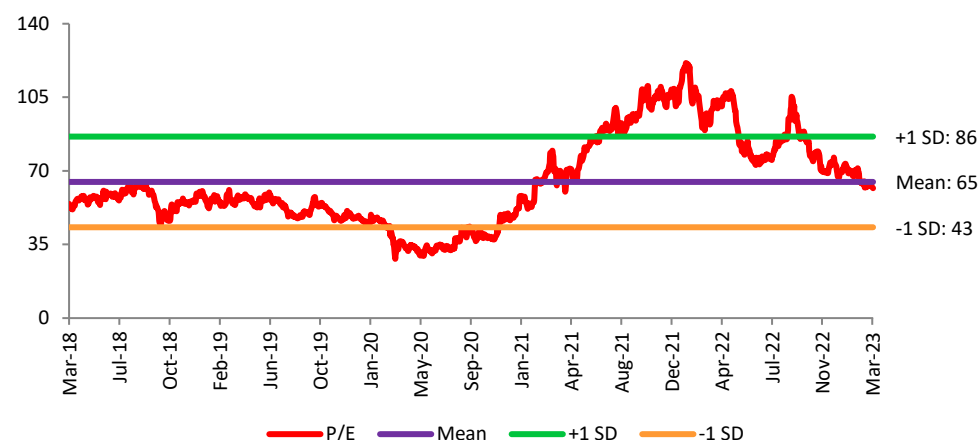
Business outlook: Stable and affordable PVC prices should boost primary sales of pipes on channel filling. We expect margins in pipes and adhesives to rebound, as the company has mostly liquidated its high-cost inventory. Aggressive store and SKU expansions should drive traction in the new bathware division. ASTRA expects new businesses to clock Rs 15bn revenue over the next five years. With its large capex (Rs 10bn over last five years) behind, better capacity utilisation (~55% currently) should drive healthy FCF and return ratios ahead. On likely robust long-term prospects, we estimate 14%/16% CAGR in ASTRA's revenue/PAT over FY22-25E (after 18%/27% over FY17-22).

Exhibit 1: Change in estimates

(Rs mn)	Old estimates			New estimates			% Var		
	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25
Total Income	51,056	56,693	65,238	51,056	56,693	65,238	-	-	-
EBITDA	7,446	9,686	11,211	7,446	9,686	11,211	-	-	-
EBITDA margin (%)	14.6	17.1	17.2	14.6	17.1	17.2			
PAT	3,945	6,230	7,507	3,945	6,230	7,507	-	-	-
EPS	19.6	31.0	37.4	14.7	23.2	28.0	(25)	(25)	(25)

Source: Company, Systematix Institutional Research * Variance in EPS is due to adjustment for 1:3 bonus issue

Exhibit 2: ASTRA – one year forward PE band and standard deviation (SD)



Source: BSE, Systematix Institutional Research

FLASH NOTE

Sector: Plastic Pipes Rating: HOLD

CMP: Rs 1,385 Target Price: Rs 1,396

Stock Info

Sensex/Nifty	58,238/17,154
Bloomberg	ASTRA IN
Equity shares (mn)	268
52-wk High/Low	1,945/1,206
Face value	Rs 1
M-Cap	Rs 371bn/USD 4.5bn
3-m avg volume	USD 9.9mn

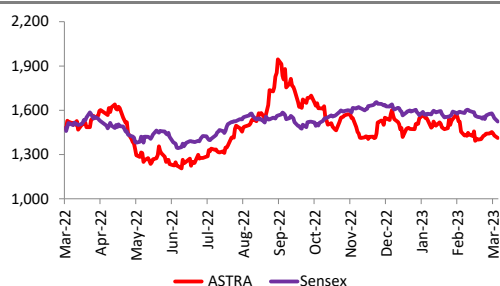
Financial Snapshot (Rs mn)

Y/E Mar	FY23E	FY24E	FY25E
Net sales	51,056	56,693	65,238
EBITDA	7,446	9,686	11,211
OPM (%)	14.6	17.1	17.2
PAT (adj.)	3,945	6,230	7,507
EPS (adj.) (Rs)	14.7	23.2	28.0
PE (x)	94.1	59.6	49.4
P/B (x)	13.8	11.5	9.5
EV/EBITDA (x)	48.9	36.9	31.3
RoE (%)	14.7	19.2	19.2
RoCE (%)	22.4	27.2	27.3
Net-D/E (x)	(0.3)	(0.4)	(0.5)

Shareholding Pattern (%)

	Dec'22	Sep'22	Jun'22
Promoter	55.9	55.9	55.7
- Pledged	-	-	-
FII	14.9	16.3	16.1
DII	15.2	14.4	13.6
Others	14.0	13.5	14.6

Stock Performance (1-year)



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Investors are advised to refer disclosures made at the end of the research report.

FINANCIALS (CONSOLIDATED)

Profit & Loss Statement

YE: Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Net revenues (Rs mn)	31,763	43,940	51,056	56,693	65,238
Growth (%)	23.2	38.3	16.2	11.0	15.1
Direct costs	19,689	29,280	34,641	37,161	42,566
Gross Margin (%)	38.0	33.4	32.2	34.5	34.8
SG&A	5,629	7,107	8,969	9,846	11,461
EBITDA	6,445	7,553	7,446	9,686	11,211
EBITDA margins (%)	20.3	17.2	14.6	17.1	17.2
- Depreciation	1,165	1,269	1,793	1,841	1,941
Other income	251	349	313	635	913
Interest Exp	131	129	457	120	120
PBT	5,400	6,504	5,509	8,360	10,063
Effective tax rate (%)	23.1	24.3	24.7	25.0	25.0
+ Associates/(Minorities)	(108)	(85)	(203)	(40)	(40)
Net Income	4,044	4,838	3,945	6,230	7,507
Adjusted income	4,044	4,838	3,945	6,230	7,507
WANS	201.0	201.0	268.0	268.0	268.0
FDEPS (Rs/share)	15.1	18.1	14.7	23.2	28.0
FDEPS growth (%)	63.1	19.6	(18.5)	57.9	20.5

Source: Company, Systematix Institutional Research

Balance Sheet

YE: Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Share capital	201	201	268	268	268
Net worth	18,958	23,366	26,842	32,402	39,105
Total debt (incl. Pref)	667	851	861	871	881
Minority interest	212	278	298	318	338
DT Liability/(Assets)	400	398	388	378	368
Capital Employed	20,237	24,893	28,389	33,969	40,692
Net tangible assets	10,280	12,160	12,867	12,026	11,586
Net Intangible assets	295	233	233	233	233
Goodwill	2,570	2,567	2,567	2,567	2,567
CWIP	566	1,232	732	432	132
Investments (Strategic)	-	-	-	-	-
Investments (Financial)	-	-	7,500	13,500	20,000
Current Assets	8,256	11,259	14,033	15,633	17,950
Cash	4,760	6,418	491	689	890
Current Liabilities	6,490	8,976	10,035	11,111	12,666
Working capital	1,766	2,283	3,998	4,522	5,284
Capital Deployed	20,237	24,893	28,389	33,969	40,692
Contingent Liabilities	2,464	2,134	-	-	-

Source: Company, Systematix Institutional Research

Cash Flow

YE: Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
EBIT (before OI)	5,496	6,545	5,588	7,765	9,190
+ Non-cash items	1,165	1,269	1,793	1,841	1,941
OCF before WC	6,661	7,814	7,381	9,606	11,131
- Incr./(decr.) in WC	(1,142)	705	1,615	423	662
Others including taxes	1,162	1,678	1,517	2,230	2,656
Operating cash-flow	6,641	5,431	4,249	6,952	7,813
- Capex	1,717	3,460	2,000	700	1,200
Free cash-flow	4,924	1,971	2,249	6,252	6,613
Acquisitions	-	-	-	-	-
- Dividend	151	451	536	670	804
+ Equity raised	1	-	67	-	-
+ Debt raised	(1,242)	134	10	10	10
- Fin Investments	2,856	(4,140)	7,500	6,000	6,500
- Misc. Items (CFI + CFF)	108	88	217	(605)	(883)
Net cash-flow	568	5,706	(5,927)	198	202

Source: Company, Systematix Institutional Research

Ratios @ Rs 1,385

YE: Mar	FY21	FY22	FY23E	FY24E	FY25E
P/E (x)	91.8	76.7	94.1	59.6	49.4
EV/EBITDA (x)	42.6	36.1	48.9	36.9	31.3
EV/sales (x)	8.6	6.2	7.1	6.3	5.4
P/B (x)	14.7	11.9	13.8	11.5	9.5
RoE (%)	21.3	20.7	14.7	19.2	19.2
RoCE (%)	29.8	29.4	22.4	27.2	27.3
ROIC	26.0	28.5	20.3	31.0	37.9
DPS (Rs per share)	1.0	1.8	2.0	2.5	3.0
Dividend yield (%)	0.1	0.1	0.1	0.2	0.2
Dividend payout (%)	6.6	9.7	13.6	10.8	10.7
Net debt/equity (x)	(0.2)	(0.2)	(0.3)	(0.4)	(0.5)
Receivables (days)	32	22	30	30	30
Inventory (days)	54	61	60	60	60
Payables (days)	59	62	60	60	60
CFO:PAT%	164	112	108	112	104

Source: Company, Systematix Institutional Research

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