

7th June, 2017

Ratings
CMP

Not Rated
Rs 614

Stock Info

BSE Group	B
BSE Code	532830
NSE Symbol	ASTRAL
Bloomberg	ASTRA.IN
Reuters	ASPT.BO
BSE Sensex	31,1190
NSE Nifty	9,637

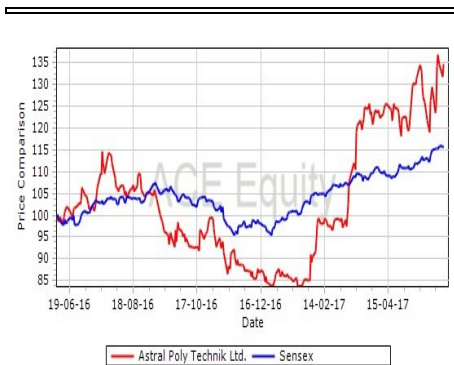
Market Info

Market Capital	7320cr
Equity Capital	Rs 11.98. cr
6M Avg. Trading Vol.	218,501
52 Wk High/ Low	625/367.05
Face Value	Rs 1

Shareholding Pattern (%) (Mar'17)

Promoters	60
FII/ DII/ MFs	24
Public	16
Total	100.0

Price Chart:



Astral Poly Technik Ltd is engaged in the manufacturing of CPVC plumbing systems for both residential and industrial applications, and also ASTM solvent weld lead free PVC plumbing system. The products offered by the company are Astral FlowGuard CPVC, Astral Corzan Aquarius, Astral Aquarius, Astral Underground, Astral Aquatek, Astral Blazemaster, Astral Ultradrain & Astral Flowguard bendable. It has 3 manufacturing plant at Dholka & Santej, Gujarat and Hosur in Tamil Nadu.

APTL operates in 2 business segments (i) Pipes and (ii) Adhesives. They are Market leaders in CPVC segment. Pipe and fittings contributes 75% while 25% is contributed by Adhesives

Q4 FY17:

- Revenue for the quarter stood at 655cr an increase of 12% YoY,
- EBITDA stood at 95cr an increase of 55% YoY.
- PAT Stood at 55cr an increase of 58% YoY.
- EBITDA margins were 16% and PAT margins were 10%, a increase of 4% and 3% YoY respectively.
- EPS jumped from Rs 2.93 to Rs 4.63 YoY.

Opportunity:

- Plastic piping industry is about Rs 21500cr and its expected to grow at 14% CAGR(FY17-24)
- Adhesives market is about Rs 10000cr and expected to grow ~13-15% CAGR(FY27-24).
- Management expects to grow more than the overall industry growth.
- Demand for plastic piping industry is likely to follow double digit growth majorly due to huge replacement demand from GI pipes to CPVC Pipes, high life cycle and easy transport.

**Highlights:**

- All the 3 Plants are going under expansion. There's also a new plant coming up in Ghelot, Rajasthan, which is expected to start operation from Q3 FY18. This plant is basically to serve the north market.
- Astral is doing backward integration, i.e making its own silicon, previously which it was buying from dealers. They are now producing on their own which is helping them in growing margins.
- Started compounding of the plant of CPVC and PVC at Hosur, this will help them in decreasing their freight cost by 4-6%. Previously they were sending CPVC and PVC from Ahmedabad.
- They are the only manufacturers of Sliencio outside Europe. Huge demand is expected for this product and they are already on the verge of receiving approval from other countries. Indian market too has accepted this product and demand has started growing.
- UK facility of Seal IT is currently generating approx 140 cr of revenue but it has a capacity of generating 300-350cr revenue. USA facility which has shifted from Miami to North Carolina is expected to start its production at full capacity from Q3 FY18. USA plant can generate a revenue of 40-50cr at full capacity.

Financial Outlook :

- Piping business has grown at CAGR of 12 %
- In the last few quarters piping revenue has increased 13% whereas EBITDA has gone up 32%, this is because of the full capacity utilisation of the plant.
- Resinova topline has grown 20% whereas EBITDA has gone up 70%, mainly because of its high margin products.
- UK's EBITDA was down at 5%, because of the plant shut down. Its EBITDA is now rising to 8-9%.
- Debt to equity ratio is maintained at 0.18.

Key Take Away:

- New Capacity addition will generate revenue in coming quarters.
- Continuous efforts on branding and creating additional network in pipe & adhesives will start contributing in coming period.
- Decentralization of manufacturing facilities will also add to the top line and bottom line.
- Contribution from new high margin products will start flowing in coming period.
- Introduction of UK & US products in Indian market and vis-a-vis will add to the growth and margin.
- GST will help APTL as the current rates are 32% and it is expected to be 18%, which is edge over the unorganized player.

Source: Company data, Arihant Research

**Financial Snapshot:**

Consolidated Numbers					
Particulars Rs in Crores	Q4 FY17	Q4FY16	YoY	Q3FY17	QoQ
Net Sales	582	519	12%	450	29%
Operating Cost	486	457	6%	388	25%
EBITDA	96	62	55%	62	54%
EBITDA Margins %	16%	12%		14%	
Less: Depreciation	12	11		13	
EBIT	84	51	65%	49	71%
EBIT margins %	14%	10%		11%	
Less: Interest	4.3	4.0	8%	4.5	-5%
PBT	79	47	70%	44	79%
Tax	24	11		12	
PAT	55	35	58%	32	72%
PAT Margins	10%	7%		7%	
Reported EPS	4.6	2.9	58%	2.7	72%

Source: Ace Equity, Arihant Research

**Arihant Research Desk**E. research@arihantcapital.com

T. 022-42254800

Head Office

#1011, Solitaire Corporate park,
Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road,
Chakala, Andheri (E).
Mumbai - 400093
Tel: (91-22) 42254800
Fax: (91-22) 42254880

Registered Office

E-5 Ratlam Kothi
Indore - 452003, (M.P.)
Tel: (91-731) 3016100
Fax: (91-731) 3016199

Stock Rating Scale

	Absolute Return
Buy	> 20%
Accumulate	12% to 20%
Hold	5% to 12%
Neutral	-5% to 5%
Reduce	< -5%

Research Analyst Registration No.

INH000002764

Contact

SMS: 'Arihant' to 56677

Websitewww.arihantcapital.com**Email Id**research@arihantcapital.com**Disclaimer:**

This document has been prepared by Arihant Capital Markets Ltd. This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way is responsible for its contents and nor is its accuracy or completeness guaranteed. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Arihant may trade in investments, which are the subject of this document or in related investments and may have acted upon or used the information contained in this document or the research or the analysis on which it is based, before its publication. This is just a suggestion and Arihant will not be responsible for any profit or loss arising out of the decision taken by the reader of this document. Affiliates of Arihant may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. No matter contained in this document may be reproduced or copied without the consent of the firm.

