

## Plastic Products - Pipes

## Astral Poly Technik Ltd

Hold

CMP Rs 242

Target Price Rs 263

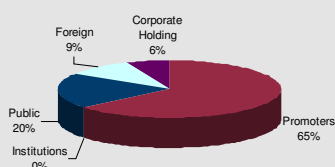
## Key Data

Face Value (Rs)	5
Market Cap (Rs in mn)	5439
Total O/s Shares in (in mn)	22.5
Free Float	36.18%
52 Week High / Low	259/124
Avg. Monthly Volume (BSE)	2036
Avg. Monthly Volume (NSE)	3838
BSE Code	532830
NSE Code	ASTRAL
Bloomberg Code	ASTRA IN
Beta	0.18
Date of Incorporation	25 <sup>th</sup> Mar 1996
Last Dividend Declared	23%
Six month return	32.9%
Indices	BSE B
FCCB's outstanding	N.A.
Warrants outstanding	N.A.

## One Year Price Chart



Source: Capitaline

Share Holding Pattern (30<sup>th</sup> Jun' 2012)

Source: Company, KJMC Research

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Astral Poly Technik Ltd reported strong revenue growth of 52.4% on yoy to Rs 1.52 bn in Q1FY13 which was above our expectation. The performance was driven by strong volume growth and higher realization. The EBITDA for the quarter grew at 61.5% yoy with 13% EBITDA margin, up by 80 bps yoy. There was 6% price hike primarily driven by the pass through of rise in raw material prices due rupee depreciation. The PAT for the quarter grew at 38.6% yoy to Rs 95.5 mn. In the quarter the company booked Rs 22 mn of forex loss on liabilities in foreign exchange. However if we adjust the exceptional items, the adjusted PAT for the quarter grew by 65.8% yoy to Rs 117.5 mn. The company has maintained its guidance of 25-30% revenue growth with 12-14% of EBITDA margin.

## Key Highlights

**Revenue growth above expectation:** Astral has reported better than expected sales growth of 52.4% on yoy in the Q4FY12 on higher volume which grew at 43% yoy to 10789 tonnes and a price increase of 5-6%. In addition to this there was some change in the product mix which drove the topline.

**Maintained 25-30% revenue growth guidance:** In the quarter the EBITDA margin grew by 80 bps to 13% resulting into EBITDA growth of 61.5% yoy on account of better average realization arising from the price hike and some change in product mix. Going forward the company is expected to report a margin of 12-14%. The PAT for the year stood at Rs 95.5 mn which grew at 38.6% yoy. In the quarter the company booked forex loss of Rs 22 mn on liabilities in foreign exchange. The company has maintained its strong revenue growth guidance of 25-30% in FY13 which will be supported by strong demand for plastic pipes products.

**Expanding capacity in south:** Last year, Astral had increased its capacity from 48432 tonnes to 65496 tonnes which would take care of strong revenue growth in FY13. With the current capacity, the company can achieve a sales turnover of Rs 10 bn. Further the company is planning to add new plant at Hosur with 15000-20000 tonnes capacity to expand its presence in south India. The company has already purchased land for the proposed facility. It would incur a capex of Rs 40-50 crore in the plant.

## Financial Snapshot (Standalone)

Rs in mn

Particulars	FY10	FY11	FY12	FY13E	FY14E
Net Revenue	2,902	4,108	5,793	7,553	9,399
YoY Growth %	50.4	41.6	41.0	30.4	24.4
EBITDA	419	533	818	1,005	1,233
EBITDA Margin %	14.5	13.0	14.1	13.3	13.1
PAT	280	336	398	518	738
YoY Growth%	97.5	19.9	64.3	7.9	24.0
EPS	12.5	14.9	17.7	23.1	32.8
P/E	19.4	16.2	13.7	10.5	7.4
EV/EBITDA	13.8	10.8	7.3	6.4	5.2
RoE%	26.6	25.2	33.0	28.3	27.3

Source: Company, KJMC Research

**Update on new product range:** The company has introduced Flowguard Bendable in the Indian market which is presently being sold to builders for solar water heater. The same product could be used for gas transportation, but would take a long time in terms of approval. Its fire sprinkler product Blazemaster has got all approvals, but it will take some time for roll out as the standards are yet to get printed.

### Quarterly Performance (Standalone)

(in Rs mn)

Particulars Rs Mn	Q1FY13	Q1FY12	YoY Growth%	Q4FY12	QoQ Growth%	FY12	FY11	YoY Growth%
<b>Net Sales</b>	<b>1526.1</b>	<b>1001.6</b>	<b>52.4%</b>	<b>1828.4</b>	<b>-16.5%</b>	<b>5793.2</b>	<b>4108.2</b>	<b>41.0%</b>
<b>Expenditure</b>	<b>1328.4</b>	<b>879.1</b>	<b>51.1%</b>	<b>1450.4</b>	<b>-8.4%</b>	<b>4974.9</b>	<b>3548.3</b>	<b>40.2%</b>
Raw Material	1041.2	700.6	48.6%	1205.1	-13.6%	4105.4	2942.9	39.5%
Employee Cost	47.3	31.9	48.3%	39.8	18.8%	146.1	105.0	39.1%
Other Expenditure	239.9	146.6	63.6%	205.5	16.7%	723.4	500.4	44.6%
<b>EBITDA</b>	<b>197.8</b>	<b>122.5</b>	<b>61.5%</b>	<b>378.0</b>	<b>-47.7%</b>	<b>818.3</b>	<b>559.9</b>	<b>46.1%</b>
EBITDAM%	13.0%	12.2%	80 bps	20.7%	-770 bps	14.1%	13.6%	50 bps
Other Income	7.7	6.8	12.8%	9.8	-21.2%	39.0	12.7	207.1%
PBIDT	205.5	129.3	58.9%	387.7	-47.0%	857.3	572.6	49.7%
Depreciation	42.9	30.9	39.1%	37.0	16.0%	133.8	107.2	24.8%
Interest	21.2	10.4	104.1%	23.2	-8.8%	65.5	45.9	42.7%
PBT	141.4	88.1	60.5%	327.5	-56.8%	658.0	419.5	56.8%
Tax	23.9	17.2	38.6%	52.6	-54.6%	106.1	86.0	23.4%
<b>APAT</b>	<b>117.5</b>	<b>70.9</b>	<b>65.8%</b>	<b>274.9</b>	<b>-57.3%</b>	<b>551.8</b>	<b>333.5</b>	<b>65.5%</b>
APATM%	7.7%	7.1%	60 bps	15.0%	-730 bps	9.5%	8.1%	140 bps
Exceptional/Extraordinary	-22.0	-2.0	-	-82.1	-73.2%	-	2.4	-
<b>Reported PAT</b>	<b>95.5</b>	<b>68.9</b>	<b>38.6%</b>	<b>192.8</b>	<b>-50.5%</b>	<b>397.5</b>	<b>335.9</b>	<b>18.3%</b>
Equity Capital	112.4	112.4	0.0%	112.4	0.0%	112.4	112.4	0.0%
EPS (Rs)	4.2	3.1	38.6%	8.6	-50.5%	17.7	14.9	18.3%

Source: Company

### Outlook & Valuation

We are positive on the business prospects of the company. We maintain our previous estimates despite very strong Q1FY13 in terms of volume growth and may review the same after Q2FY13.

On the basis of FY13E and FY14E revised EPS of Rs 23.1 and Rs 32.8, the stock is currently trading at an attractive P/E of 10.5x and 7.4x respectively. The stock has achieved our previous target price of Rs 233. Considering the appreciation in the stock price, we assign hold rating (Vs Accumulate) on the stock with revised target price of Rs 263.

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#### Recommendation Parameters

Expected returns in absolute terms over a one-year period	
<b>Buy</b>	- appreciate more than 20% over a 12- month period
<b>Accumulate</b>	- appreciate 10% to 20% over a 12- month period
<b>Hold / Neutral</b>	- appreciate up to 20% over a 12- month period
<b>Reduce</b>	- depreciate up to 10% over a 12- month period
<b>Sell</b>	- depreciate more than 10% over a 12- month period

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IPO Note	Reports based on IPO Analyst Meet and Company Fundamentals	Time to Time
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Alternative Research Note	Investments based on Open Offer, Buy-Back, FPO Arbitrage, IPO/FPO leverage investments.	Time to Time
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Daily Performance Report for all Debt & Equity Funds	Report containing daily, weekly, monthly, half yearly & yearly performance along with ranking of each fund.	Mon-Fri
Product Notes	Brief Details about different products like Mutual fund, Fixed Deposits, Bonds, IPOs, Insurance & Home Loans.	Time to time

Data Sources : Capitalline, Companies, Bloomberg, Various Websites & publication available on Public domain.

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