



Astral Poly Technik Ltd

Key Stock Indicators

NSE Ticker :	ASTRAL	CMP (as on 11 Mar 2011 —Rs/share):	123.8	Shares outstanding (mn) :	22.5
Bloomberg Ticker :	ASTRA:IN	52-week range up to 11 Mar 2011 (Rs)(H/L):	303.00/115.25	Free Float (%) :	36.2
Face value / Share :	10.0	Market Cap as on 11 Mar 2011 (Rs mn):	2,781	Average daily volumes (12 months) :	21,149
Div. Yield (%) :	1.6	Enterprise Value as on 11 Mar 2011 (Rs mn):	3,151	Beta (2 year) :	1.1

Astral Poly Technik Limited (Astral) was incorporated in 1996 as a private limited company. The company went public in 2007. It manufactures and trades in chlorinated poly vinyl chloride (CPVC) and lead-free poly vinyl chloride (PVC) plumbing systems for both residential and industrial applications. It has commissioned two plants, one in Gujarat and the other in Himachal Pradesh (HP).

KEY HIGHLIGHTS

Leadership position in niche CPCV pipes and fitting segment

Astral is the market leader in the domestic niche market of CPVC pipes and fittings. CPVC is mainly a substitute for galvanised iron pipes. The CPVC resin technology (which Astral procured from Lubrizol Corporation, USA) enables enrichment of the chlorine content in PVC by chlorination. Astral is among the first company to introduce CPCV products in the Indian market and enjoys the first-mover advantage. The company enjoys more than 35% market share in the domestic CPVC market and has a large customer base that includes leading industrial houses and builders and developers in the real estate segment. Its products include CPVC pipes and fittings for hot and cold water plumbing systems and CPVC industrial piping system for transportation of hazardous and highly corrosive chemicals.

New product launches during FY10

During the first half of FY10, various new products were launched by the company such as SWR (soil, waste and rain water) pipes and foam core pipes (used in underground drainage system) etc. Astral is planning to launch these products on pan India basis during FY11. Also the company is planning to launch two more products manholes/ inspection chambers and blaze master fire sprinkler pipes during FY11. Manholes trials have already been completed at the factory and approval for blaze master fire sprinkler pipes has already been received.

Wide distribution network and presence in different segments of construction and infrastructure industry

The company enjoys countrywide presence through its extensive distribution network comprising of more than 120 distributors and 2,000+ retail outlets. Astral is continuously strengthening the network of distributors across the country. The company has presence in different segments of construction and infrastructure industry such as housing, commercial construction, airports, hotels, malls, hospitals etc.

KEY RISKS

- Increase in competition and single supplier concentration
- Increasing imports of CPVC raw material which is a derivative of crude oil
- Volatility in crude prices affects the raw material cost of PVC/CPVC resin
- Fluctuation in foreign exchange rates as significant part of the raw material is imported

Stock Performances vis-à-vis market

	Returns (%)			
	YTD	1-m	3-m	12-m
ASTRAL	27	-2	-22	28
Nifty	3	3	-8	6

Note:

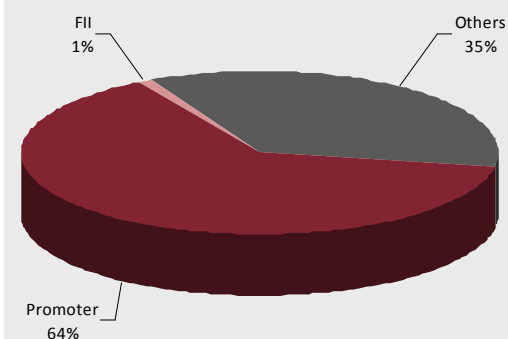
- 1) YTD returns are since April 1, 2010 to Mar 11, 2011.
- 2) 1-m, 3-m and 12-m returns are up to Mar 11, 2011.

Key Financial Indicators

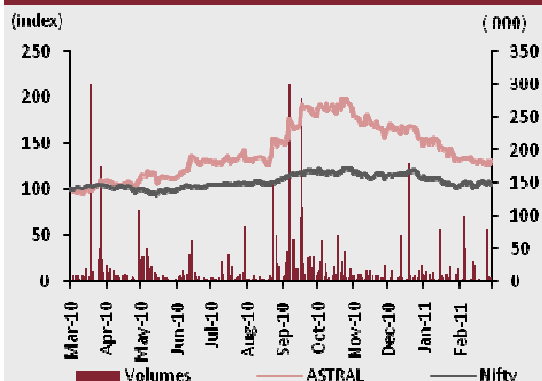
	Mar-08	Mar-09	Mar-10
Revenue (Rs mn)	1,363.3	1,939.4	2,897.5
EBITDA margins (%)	15.6	15.8	14.7
PAT (Rs mn)	136.2	140.0	277.2
PAT margins(%)	10.0	7.2	9.6
Gearing (x)	0.4	0.7	0.4
EPS (Rs/share)	12.1	12.5	24.7
PE (x)	13.2	2.9	5.0
P/BV (x)	2.3	0.4	1.2
RoCE (%)	17.4	21.1	22.4
RoE (%)	19.2	16.5	26.7
EV/EBITDA (x)	8.7	3.3	4.1

n.m. : Not meaningful

Shareholding (As on December 31, 2010)



Indexed price chart



Astral Poly Technik Ltd

BACKGROUND

Astral was set up in 1996 as a private limited company by Mr. Sandeep Engineer as Astral Poly Technik Private Limited. The name of the company was subsequently changed to Astral Poly Technik Limited in 2006. It manufactures and trades in CPVC and lead-free poly vinyl chloride (PVC) plumbing systems for residential, commercial and industrial applications. Astral entered into a licensing agreement with Lubrizol Corporation (USA) and a techno-financial joint venture with Specialty Process LLC, USA to manufacture products under the flow guard brand and for obtaining necessary technical expertise for manufacturing CPVC pipes and fittings. The company started its CPVC production in 1999 and subsequently entered into lead-free PVC pipe manufacturing in 2004. The company operates two plants, one in Gujarat and the other in Himachal Pradesh to manufacture plumbing systems from 1/2' to 8' diameter. As on March 31, 2010, Astral has total manufacturing capacity of 30,867 tonnes of pipes and fittings per annum (TPA). The company has a variety of product portfolio of higher and lower range of pipes and fittings suitable for value as well as premium markets.

COMPETITIVE POSITION

Peer Comparison

	Astral Poly Technik Ltd.	Finolex Industries Ltd	Dutron Polymers Ltd.	Gwalior Polypipes Ltd.
Period Ends On	Mar-10	Mar-10	Mar-10	Mar-10
Revenue (Rs mn)	2,897.5	14,624.9	491.0	53.9
EBITDA margins (%)	14.7	22.3	8.1	9.7
PAT (Rs mn)	277.2	1,312.6	16.7	4.4
PAT margins (%)	9.6	9.0	3.4	8.2
Gearing (x)	0.4	1.4	0.4	n.m
EPS (Rs/share)	24.7	10.6	1.9	-1.4
PE (x)	5.0	10.1	12.1	n.m
P/BV (x)	1.2	2.7	1.0	0.1
RoCE (%)	22.4	19.3	19.2	20.1
RoE (%)	26.7	24.1	14.4	n.m
EV/EBITDA (x)	4.1	6.4	4.2	4.5

n.m: Not meaningful

FINANCIAL PROFILE

Strong top-line growth; PAT almost doubles in FY10

Astral registered a strong top-line growth during FY10. Top-line of the company grew from Rs 1.9 bn in FY09 to Rs 2.8 bn in FY10, a growth of ~50% over the last year. This growth was mainly on account of growth in domestic as well as exports sales by ~49% and 46% respectively. Sales volume of pipes and fitting increased by ~53% and 63% respectively during FY10 as compared to the last year.

However operating margins remained under pressure. They stood at 14.7% in FY10 as compared to 15.8% in FY09. This decrease was on account of increase in raw material cost, power & fuel cost and selling expenses during the year.

PAT almost doubled to Rs 277 million (mn) in FY10 from Rs 140 mn in FY09, on account of significant reduction in interest cost as a percentage of sales. Interest expenses were 0.66% of sales in FY10 as compared to 6.52% of sales in FY09. Foreign exchange gain of Rs. 30 mn in FY10 as against an exchange loss of Rs. 73 mn in FY09 also contributed to this growth.

Key Financial Indicators

	Units	Mar-08	Mar-09	Mar-10
Revenue	Rs million	1,363.3	1,939.4	2,897.5
EBITDA margins	Per cent	15.6	15.8	14.7
PAT	Rs million	136.2	140.0	277.2
PAT margins	Per cent	10.0	7.2	9.6
Revenue growth	Per cent	40.9	42.3	49.4
EBITDA growth	Per cent	53.0	44.4	39.2
PAT growth	Per cent	49.5	2.8	97.9
Gearing	Times	0.4	0.7	0.4
RoCE	Per cent	17.4	21.1	22.4
RoE	Per cent	19.2	16.5	26.7

INDUSTRY PROFILE

Plastic & Plastic Products

Plastic products are made from polymers such as polyethylene (PE), polypropylene (PP), polystyrene (PS) and polyvinyl chloride (PVC). They are widely used in household items, pipes, packaging films, bottles and containers, woven sacks, plastic furniture, moulded luggage, wire and cable insulations, and electronic and electrical items. Plastic products are classified into four segments: extrusion (71 per cent), injection moulding (20 per cent), blow moulding and roto moulding (together 9 per cent). Currently, there are about 35,000-40,000 plastic processing units in India, most of which have only 2-3 machines each. The plastic processing industry's consumption of virgin polymers (PE, PP, PS and PVC), in 2009-10 was estimated at 6.67 million tonnes. Domestic demand for plastic products, during 2009-10, witnessed a robust growth of 15 per cent mainly driven by strong demand from end-user industries like packaging, construction and automobiles. The government's support in the form of tax sops, anti-dumping duty and lower customs and excise duty on polymers has been a positive for the industry. However, laws such as the Jute Packaging Materials Act (JPMA), which encourage the use of jute in packaging, have affected the demand for plastics.

Astral Poly Technik Ltd

ANNUAL RESULTS

Income Statement

(Rs million)	Mar-08	Mar-09	Mar-10
Net Sales	1,358.1	1,923.9	2,888.3
Operating Income	1,363.3	1,939.4	2,897.5
EBITDA	212.2	306.4	426.7
EBITDA Margin	15.6	15.8	14.7
Depreciation	32.6	61.8	86.1
Interest	15.3	126.5	19.1
Other Income	30.0	10.1	3.2
PBT	159.6	156.5	332.8
PAT	136.2	140.0	277.2
PAT Margin	10.0	7.2	9.6
No. of shares (Mn No.)	11.2	11.2	11.2
Earnings per share (EPS)	12.1	12.5	24.7

Cash flow

(Rs million)	Mar-08	Mar-09	Mar-10
Pre-tax profit	194.3	128.2	324.6
Total tax paid	-23.4	-16.5	-55.7
Depreciation	32.6	61.8	86.1
Change in working capital	-85.3	-353.6	72.1
Cash flow from operating activities	118.2	-180.1	427.1
Capital Expenditure	-289.1	-373.9	-178.2
Investments and others	0.0	0.0	0.0
Cash flow from investing activities	-289.1	-373.9	-178.2
Equity raised/(repaid)	-34.2	0.0	0.0
Debt raised/(repaid)	76.8	302.5	-210.5
Dividend (incl. tax)	-13.1	-13.1	-26.3
Others (incl extraordinary)	33.7	28.4	8.2
Cash flow from financing activities	63.2	317.8	-228.6
Change in cash position	-107.7	-236.2	20.3
Opening cash	366.8	258.8	22.6
Closing cash	258.8	22.6	42.9

n.m : Not meaningful;

Balance sheet

(Rs million)	Mar-08	Mar-09	Mar-10
Equity share capital	112.4	112.4	112.4
Reserves and surplus	674.1	801.1	1,051.9
Tangible net worth	786.5	913.5	1,164.3
Deferred tax liability:[asset]	16.9	16.9	16.8
Long-term debt	174.1	389.5	369.0
Short-term-debt	146.6	233.7	43.6
Total debt	320.7	623.2	412.6
Current liabilities	324.3	286.1	834.0
Total provisions	15.1	115.3	172.7
Total liabilities	1,463.5	1,955.0	2,600.4
Gross block	488.7	968.7	1,144.2
Net fixed assets	570.9	883.1	975.0
Investments	0.0	0.0	0.0
Current assets	892.6	1,071.8	1,625.5
Receivables	327.5	409.4	675.9
Inventories	264.9	498.0	702.5
Cash	258.8	22.6	42.9
Total assets	1,463.5	1,954.9	2,600.5

Ratio

	Mar-08	Mar-09	Mar-10
Revenue growth (%)	40.9	42.3	49.4
EBITDA growth(%)	53.0	44.4	39.2
PAT growth(%)	49.5	2.8	97.9
EBITDA margins(%)	15.6	15.8	14.7
Tax rate (%)	14.7	10.5	16.7
PAT margins (%)	10.0	7.2	9.6
Dividend payout (%)	8.3	8.0	8.1
Dividend per share (Rs)	1.0	1.0	2.0
BV (Rs)	70.0	81.3	103.6
Return on Equity (%)	19.2	16.5	26.7
Return on capital employed (%)	17.4	21.1	22.4
Gearing (x)	0.4	0.7	0.4
Interest coverage (x)	13.9	2.4	22.3
Debt/EBITDA (x)	1.5	2.0	1.0
Asset turnover (x)	3.2	2.7	2.7
Current ratio (x)	1.8	1.7	1.5
Gross current assets (days)	239	202	205

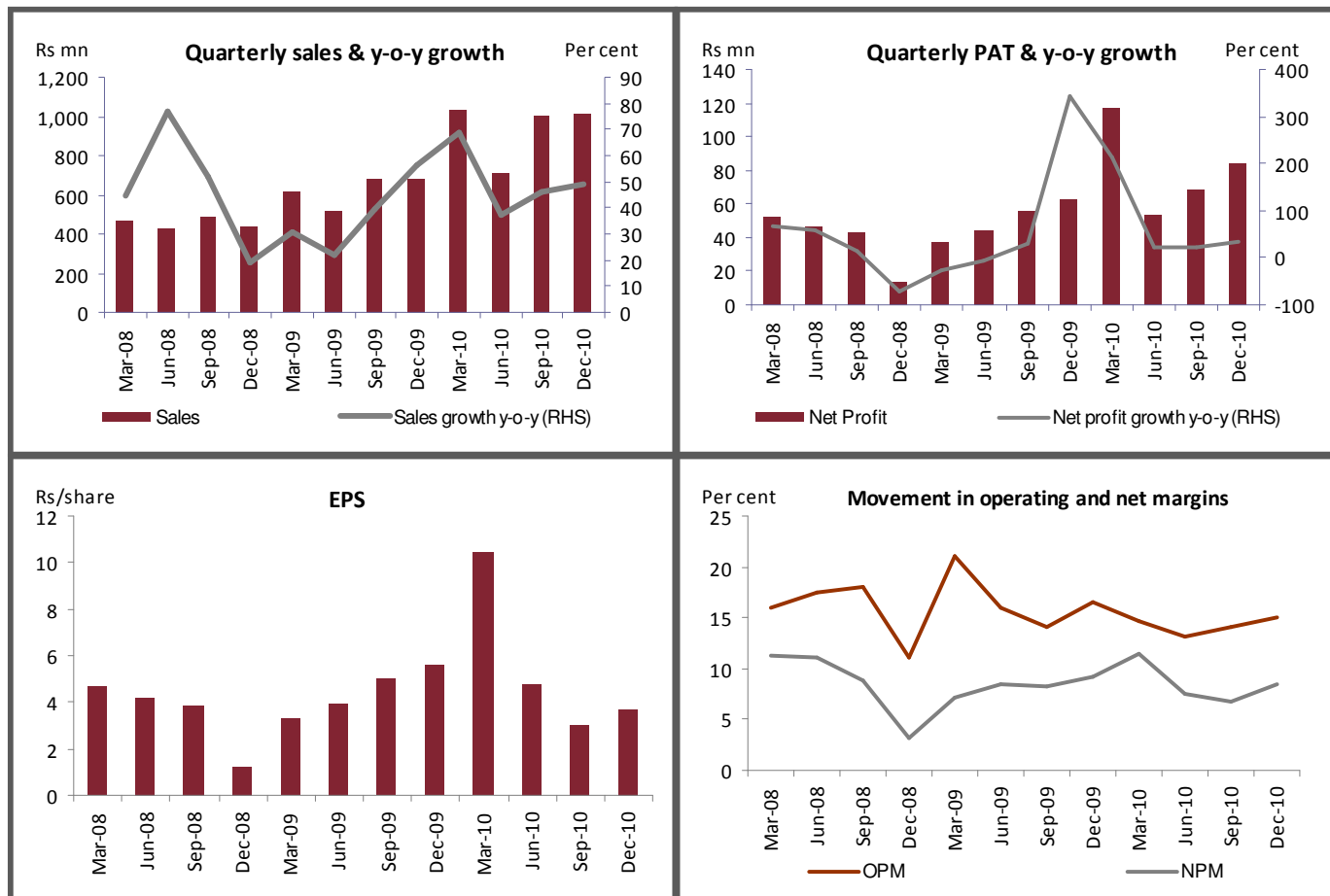
QUARTERLY RESULTS

Profit and loss account

(Rs million)	Dec-10	% of Rev	Dec-09	% of Rev	Sep-10	% of Rev	Dec-10	% of Rev	Dec-09	% of Rev
No of Months	3		3		3		9		9	
Revenue	1,016.5	100.0	681.8	100.0	1,001.9	100.0	2,733.3	100.0	1,890.0	100.0
EBITDA	147.7	14.5	112.2	16.5	141.4	14.1	383.3	14.0	291.7	15.4
Interest	11.7	1.1	10.5	1.5	12.0	1.2	35.2	1.3	36.0	1.9
Depreciation	27.6	2.7	22.0	3.2	26.2	2.6	78.7	2.9	63.0	3.3
PBT	99.4	9.8	75.5	11.1	89.5	8.9	258.7	9.5	196.4	10.4
PAT	83.8	8.2	62.7	9.2	68.2	6.8	205.7	7.5	163.0	8.6

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FOCUS CHARTS & TABLES



Shareholding Pattern (Per cent)

	Mar 2010	Jun 2010	Sep 2010	Dec 2010
Promoter	63.8	63.8	63.8	63.8
FII	1.2	1.6	0.7	1.0
DII	1.8	1.7	1.1	-
Others	33.2	32.8	34.4	35.2

Board of Directors

Director Name	Designation
Katapadi Raghunath Shenoy (Mr.)	Non-Executive Chairman
Sandeep Pravinbhai Engineer (Mr.)	Managing Director
Nimish Girish Dalal (Dr.)	Non-Executive Director,
Pradip Natvarlal Desai (Mr.)	Non-Executive Director
Jagruti Sandeep Engineer (Ms.)	Promoter-Director, Wholtime Director
Kyle Anthony Thompson (Mr.)	Non-Executive Director

Additional Disclosure

This report has been sponsored by NSE - Investor Protection Fund Trust (NSEIPFT).

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