Management Discussion

Pranav Mehta - Analyst, Equirus Securities
Thank you Palak. Good evening, everyone. Thank you for joining this call. Today from the management side, we have Mr. Sandeep Engineer, Chairman and Managing Director: Mr. Hiranand Savlani, ED and CFO; Mr. Kairav Engineer, Executive Director; and Mr. Saumya Engineer, CEO, Adhesives & Paints. I'll now hand over the call to Sandeep sir for his opening remarks. Over to you sir.

Sandeep Engineer - Chairman and Managing Director, Astral Limited
Thank you. I welcome you all for the earning call Q1 FY '27. As you all are aware, the polymer industry is passing through a volatile time. Prices are highly volatile and fluctuating, and it was on the negative side in Q1, due to that the industry de -growth by approximately negative 10%. But I'm very happy to share that in spite of that, as usual, Astral is a company which always focuses on good growth and at the same time, on profitability and which once again, we have demonstrated in this quarter with a flat volume growth against market reporting almost 10% negative. And also, we have delivered a 10% value growth with an 18.9% EBITDA, which is one of highest in the industry. This clearly suggests that Astral is continuously gaining market share for many years, and the journey is still continuing.

Now let me take you through our -- all our verticals. Plumbing. Demand was overall weak in the industry. But because of decentralization of plants, our demand was very good and we are taking market share in new geography where we have started our new plants. As you are aware, the Astral has spent almost INR1,500 crores in capex in last 4 to 5 years in all the verticals, and now it's the time to utilize the same and generate the cash flow from there. As communicated in the past, we have increased our product basket in last 3 to 4 years and this product basket is not only adding a good performance but also is adding to a value performance.

New product basket includes water tank, valves, fire sprinklers, OPVC, PTMT, low -noise and other products. This has given Astral growth and healthy margins. Our Kanpur and Hyderabad plants have geared up and are giving good growth in their respective geographies. Our CPVC resin plant, construction is going on as per the schedule and we are expecting to complete it by December end. And we will take trial runs and finish the settlement and the product stabilization in Q4.

Our state of art new production facility is up and fully running. We are also adding PEX aluminum PEX machines, which are under installation and we are going to complete the same in mid -September. And by end of September, all trials will be over and the commercial production of the same will be made. Bathware business is also slowly picking up and more and more new projects and developers are getting added to the Astral brand. During the quarter, we have given a healthy growth in our bathware business by 18.1%. Our Adhesives business, the quarter was once again an excellent quarter for Adhesives India business. We have delivered a robust growth of 24.9%. We are getting good response in rural and online business. At the same time, overseas business is also picking up well. I'm sure you must have seen that this vertical, which was continuously growing market share by entering to new geographies, new product introduction and focuses on both rural and overseas market, as well as even the urban market.

During the quarter, the margins were under pressure due to high cost of inventories than previous quarter, inventories which we had with previous quarters. But we are confident that by the year end, not only we will achieve our targeted revenue but also deliver the guided margins. The UK Adhesive

Business. This business was passing through a tough time last year. But we took a quick bold decision and we are happy to see a growth is - t hat growth is coming back and EBITDA margins are also showing signs of pickup and improvements. You can see the numbers that this quarter it has delivered a robust growth of 26% with an EBITDA of 4.9%.

Paint business, first time after acquisition of Gem's, we are seeing a history high growth of 48.7% in this vertical. And not only that, we are at EBITDA breakeven point, we are at EBITDA breakeven. Paint business has delivered robust growth with all the six operating states and also new launches have given good response across the geography.

DSS, the newly acquired specialty chemical company. We are happy to share that from the very first quarter the newly acquired company not only is giving quick start of revenue but also an excellent EBITDA of 12.9%. And we are expecting that to come, to grow in coming times and the vertical will be delivering good value, growth and excellent margins. With this, I am closing my initial remarks and let Mr. Hiranand Savlani take you through the finance performance of Q1.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Good afternoon, everyone. Welcome all for our earning call for Q1 FY '27. Results and press release are in front of you. I just want to highlight the key numbers. The vertical wide numbers are asunder. Last year, Q1 Plumbing business was INR953 crore, again, then this year it is INR1,050. So registering a growth of 10.1%. Adhesives business India, last year, it was INR261 crore, this year it is INR326. So registering a growth of 24.8%. Adhesives business UK, last year, was INR96 crore. This year, it is INR121 crore. Registered a growth of 26%. Paint business, last year, it was INR50 crore, now this year is INR74.5 crores, registering a growth of 48.7%.

DSS, we already -- Sandeep bhai has given the number, it is INR6.7 crore with the EBITDA of INR90 lakh . So overall, if you see that the numbers are in line what we have projected and EBITDA percentage also I am giving you. Q1 Plumbing business last year was 16.4%, now it is 18.9%. Adhesives business India, it was 14% last year, now it is 12.2%. Adhesives business UK, last year, it was flat 0.2%, now it is 4.9%. And Paint business, last year was 1%, n ow it is 0.1%. So consolidated wages, last year, it was 14.3%, which is now 15.5%. So roughly about 1.2% kind of improvement into the EBITDA.

As you all know, we are always believing in consistency in number and the profitable growth for the organization. I am very happy to share that this quarter also we have delivered a very healthy 10.1% value growth in pipe and flat volume growth in pipes. And again, the negative growth of industry by roughly 9% to 10%. In Adhesives and Paint also, we have registered a very robust consolidated growth of 29.5%, in which Adhesives was 25.2% and the Paint was 48.7%. The overall Q1 value growth is 15.9% and with the EBITDA margin of 15.5%. The key points to note here is that in the history we have first time delivered a highest 48.7% growth in Paint after acquisition of Gem. As we guided in last call that we will be closing full year with 20%, 25% kind of growth. But with this kind of number in Q1, we are confident that we will be definitely crossing the guided mark number.

Further, y ou will be also noticed that in all the vertical, whether it is a paint, whether it is adhesive or whether it is a plumbing, we are continuously gaining market share, which is always a good sign for any company. And so it is for the Astral. In Pipe, o ne of the good things has come up for the industry, which is implementation of MIP, which will make our life little easy, because we are continuously seeing, continuously seeing the volatility. Since last few years, a huge volatility in polymer prices, particularly into the PVC. Now with this implementation of MIP, this will reduce the

sizability [Phonetic] and which is very good for the Company, as well as all of you to forecast the number.

Demand scenario in Pipe industry is very robust. From July onward till yesterday, I can say, so 4.5 month, we are into the double -digit growth. So you can understand the kind of extraordinary growth we've achieved in the month of July and the first 12 days of the -- 11 days of the current month, which give us the confidence that what we have given the guidance of double -digit growth. So we will be definitely going to achieve it on the full year basis. Since realizations are very high, which will give value growth hope, more than that, t hat is right now realization and the volume gap is 10%. And with this implementation of MIP, we are of the view that the value gap will continue. And if that is the case, our value growth for the full year will be more than 20% in top line.

As communicated by Sandeep bhai, w e are slowly coming back to our UK business growth path as guided in the last con call, which you can see in the number. And we are confident that by year end, we will be from coming to the normalcy w hat we have guided. We have guided the double -digit growth in top line. Now in the first quarter itself, we have delivered the 26% kind of growth. So we are confident that the UK will definitely going to surpass the double -digit mark. From Q3 onward, I think PEX -- aluminum PEX, which Sandeep bhai already discussed, is going to start contributing to the top line and the bottom line. This product is a very well accepted in the Indian market, and it is a very high value product and the high margin product. Few more products we are planning to launch in Q3, which we will communicate to you in our next earning call. One day we'll be at the advanced stage of launch. Overall, industry environment is positive in all vertical and we are confident that we will be delivering a healthy growth in the coming quarters a lso. With this, I want to thanks everyone and open the floor for the Q& A.

Questions & Answers

Operator
Thank you very much. We will now begin the question -and -answer session. [Operator Instructions] Ladies and gentlemen, we'll wait for a moment while the question queue assembles. The first question is from the line of Shravan Shah from Dolat Capital. Please proceed with your question.

Shravan Shah - Analyst, Dolat Capital Market Pvt Ltd.
Hi, sir. First of all, congratulations on gaining the market share, both in Plumbing and Adhesives. You have highlighted many, many things, just to get a more confidence on that front. So particularly on the guidance front. So first on the Plumbing, we have mentioned that in 4.5 months, we have seen a double -digit growth. So in Q1, when we have a flat growth, does that mean that the -- only the April was where we have seen a significant, maybe a de-growth and then the May and June must be a growth, and July does, that mean that we are seeing a kind of 20% plus kind of a growth?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
So your your understanding is right, but little I can do the correction. The April number was not good for the entire industry and particularly for Astral, because we implemented our new SAP HANA, so our business operation was not practically shut for the dispatch for 10 days. So definitely, April was not good. But then May onward, we started growing very fast. And in the month of July, we registered a growth of 40% in volume, not 20%. So because of that, we are on a 4, 4.5 month basis, we are into the double -digit.

Shravan Shah - Analyst, Dolat Capital Market Pvt Ltd.
Okay. So then does this growth is just because the -- in Q1, because of whatever the volatility was there and now in last -- since the mid of the July, INR12, INR13 PVC prices have gone up, and which is supporting. So this quarter and maybe then the full year, can we see a mid kind of a 15% kind of a growth, that is a more likely kind of achievable? And at the same time, in terms of the margin, because we in Plumbing used to guide 16% to 18%, b ut this quarter also 18.9%. So what's the possibility that we should be doing a more than or maybe a close to a 19% kind of margin given that the now PVC prices are kind of up and plus MRP would be supporting though? I'm trying to understand the upside risk.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
So I think the way July and August has picked up, it looks that the demand has come up very sharply from the markets. One of the reason was that dealers and distributor were destocked, because prices were going down. So because of that, nobody was in a mood to keep the inventory. But now everyone is rushing to fill up the inventory. Secondly, because of MIP now, the dealer and distributor also have a confidence that from this price, polymer price is not going to go down at least. So downside is protected. So they are getting confidence that they are filling that stock also. So that's giving us the confidence that the scenario will improve it.

Thirdly, normally whenever there is a first quarter, if so weak played kind of number, then naturally the second quarter should be better. Last year, if you see the pattern was similar, that first quarter was weak and then the second quarter was, we deliver close to about 20% kind of growth, volume growth. So similar pattern is getting repeated. So I don't want to jump in at this stage and tell you that full year basis, we are going to deliver 15%, 20% volume or something. Let us wait for some more time, let us be finished the Q2 number. And then I think we will be hosting the call somewhere maybe in the month of November or so. So by that time, we'll be having more clarity. So we will be in a position to upgrade our guidance. But at this stage, we won't do -- d on't want to unnecessary jump.

As far as your second question was relating to the margin, I think margins are pretty stable, a nd because of polymer volatility, 1% or 2% kind of plus -minus will keep happening. So we will be definitely going to be in the range of 16% to 18%. And if the market condition will be better, like what is right now, because now polymer prices are going up, that these kind of scenario continue for a longer period, t hen there are probability that we may increase the margin. But right now, our guidance will remain to 16 to 18%. We will change our guidance if needed post Q2.

Shravan Shah - Analyst, Dolat Capital Market Pvt Ltd.
And similarly, on the Adhesives also, the significant growth India 25% kind of a growth and UK also 26%, and both we were having a kind of 15%, 20% guidance for India and more than 10%. So there -- is there -- a re we revising right now or still there also the similar guidance and maybe Q2, p ost Q2, we will upgrade the guidance?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
So the chances are bright to revise upward. But at this stage, we don't want to do that thing, because still we want to wait for some time. Because we don't want to unnecessarily misguide the Street based on the 1 quarter number or maybe 4 months' number, s o better we wait for the completion of Q2. And post that, if required, we will definitely change our guidance.

Shravan Shah - Analyst, Dolat Capital Market Pvt Ltd.
And the India margin will be there. So obviously, this quarter was lower 12.2%, but it will come back to 15%, 17% what we are guiding.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Yeah. Yes. I think we already disclosed also in the press release also that it will be back.

Shravan Shah - Analyst, Dolat Capital Market Pvt Ltd.
Okay. Thank you, sir and all the best.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Thank you. Thank you so much.

Operator
Thank you, sir. [Operator Instructions] The next question is from the line of Praveen from PL Capital [Phonetic]. Please proceed with your question.

Unidentified Participant
Thank you for opportunity, and many congratulations for a good set of numbers. My first question is related to Adhesives, domestic Adhesives business. As you had already highlighted that the price hikes has been implemented. So how much has been the -- absorbed in the market, and is there any further commodity inflation is there to take a further price hike?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
So I think -- Saumya here. So I think overall, the RM prices were upward of overall, I would say, more than 15%, 16% rise was there. Exact figure, I'll have to check. But I can give you that it was -- so we did a price increase of half of that, so around 6% to 7%, 8% price hike we had done across our boards average. So I think few things we had to observe as a raw material expense -- as a higher price, s o we had to observe in Q1. But I think with the RM's softening and overall cost coming down in Q2, I think there will be definitely a positive impact going forward for the Adhesives India business.

Unidentified Participant
Okay. Secondly on the Adhesives only, the international. Out of your 26% of growth, how much is the currency led?

Saumya Engineer - Chief Executive Officer, Astral Adhesives & Paints, Astral Limited
I think close to about 10% is related -- 8% to 10% related to currency, rest is on the constant currency.

Unidentified Participant
Okay. And in the Adhesives, D SS number is consolidated, 67 million?

Saumya Engineer - Chief Executive Officer, Astral Adhesives & Paints, Astral Limited
That is consolidated in Paint, because it is a subsidiary of the Paint business.

Unidentified Participant
Got it, sir. Got it. Lastly on the pipe and fitting, because you in the starting commentary also mentioned about the Kanpur and the Hyderabad, which is ramping up v ery good for you. So at what

level of a utilization there that these two plants running at? And what are the -- because you had taken some capacity expasion in this quarter as well, some around 3,000 odd. So how has been the capacity for this and at what level of utilization these are currently [Phonetic]?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
That Kanpur - Kanpur is gotten a very good response in the market, local market. So the Kanpur plant is majoritily sold out. So very high utilization. But again, the Kanpur capacity is very small. We are planning to expand the Kanpur facility in the coming year to take care of the growing demand. And Hyderabad, I think will be operating at around utilization of around 50%. But there also, we are slowly and gradually getting a foothold in the local domestic market. So we have enough land and space there to expand also. But the capacity, obviously, higher than Kanpur. So that is why utilization point of view, you are seeing a slightly lower number. And capacity addition, w hatever we have done is basically we have added. We 've just done some debottlenecking at the existing facilities, added some molds and some fitting machines and PEX machine and some other new product lines that we are developing. So substantially, no new facility work has happened.

Unidentified Participant
Okay. Okay, good to hear that. Last question sir related to the Paint, because that's a 48% of a growth. Can you give more color on the -- how has been the volume growth or the geographical expasion, which led the growth for you? If more color on that will help.

Saumya Engineer - Chief Executive Officer, Astral Adhesives & Paints, Astral Limited
So as our last guidance, we are not expanding into more states. So the South states, we will finish. We have finished three states in South. We have two more states in South, which we will finish when the time is right, and when we feel it's right. And in the West, we have opened the Gujarat, Rajasthan and Maharashtra markets, three states. So now we are taking very conscious call in terms of understanding that how our bottom -line is also going with our top line. And accordingly, we will invest more in states and more in manpower. But now, it is getting this state stable and growing within this state. So we are consolidating in this state. So that is a very positive sign that we are seeing around 48% growth from this existing states where we have opened. So the acceptability is good. And the volume growth, I think, would be around 35% to 40%, yeah, I could put it. Rest would be I think the value growth due to the increase of the pricing of the products which we have taken.

Unidentified Participant
Thank you so much, and all the best for future.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Thank You.

Operator
Thank you. Thank you, sir. [Operator Instructions] The next question is on the line of Tejas Pradhan from Citigroup. Please proceed with your question.

Tejas Pradhan - Analyst, Citigroup
Yeah. Hi sir. In terms of volumes in the plumbing business, obviously, we have done much better compared to the other players, r ight? So just to get some additional color on this thing. How much of this was a function of product mix or geo mix and how much have been -- y ou've been probably more aggressive on pricing in terms of -- versus competition? I mean considering in April also, you

have 10 days y ou mentioned you had lost because of the transition as well, r ight? So despite that the very strong performance on volumes.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
I think, product mix had not changed much, because we are more focused company on the Plumbing side of the business. So I don't think product mix may change. And that is why you see that the margins are also pretty stable. Normally within the 16% to 18% we deliver, t his time little more. So product side, I don't think any big changes there.

Tejas Pradhan - Analyst, Citigroup
Right. And on pricing, I mean, was there any probably more aggression in the quarter to achieve the volumes or no change versus the historical level?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
No, not [Speech Overlap].

Saumya Engineer - Chief Executive Officer, Astral Adhesives & Paints, Astral Limited
Actually we are very blessed that we are taking the -- getting a good set of distributors from the competitors who are willing to join us. And so a lot of network expansion has happened. So without sacrificing on the margin, we are able to deliver these numbers.

Tejas Pradhan - Analyst, Citigroup
Understood. Understood, sir. And secondly, in the Adhesives segment, in the last quarter, you had some one -off branding expense. There is nothing of that sort in this quarter, right?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
No, not much t his part. Maybe routine branding cost will be there definitely, b ut not one off kind of.

Tejas Pradhan - Analyst, Citigroup
No one off. Okay, understood. And lastly, on the Paints assets, roughly what would be your capacity utilization right now?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Paint, we will be somewhere around 60% kind of utilization. 60% to 65% [Foreign Speech].

Tejas Pradhan - Analyst, Citigroup
After the volume -- after the growth that you have seen in the quarter, right?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Yeah. 30%, 35% kind of growth.

Tejas Pradhan - Analyst, Citigroup
Okay. Understood. That's all.

Operator
Thank you, sir. The next question is from the line of Indrajit Agarwal from CLSA. Please proceed with your question.

Indrajit Agarwal - Analyst, CLSA
Hi. Thank you for the chance. My first question is on ground end -user demand. While we have seen

a song uptick in the month of, let's say, June and July. How much of it do you think is driven mostly by restocking and how is the end use demand and which segments are actually contributing to this demand growth?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
So end use demand is robust. That is why you see that in the Paint business, the Adhesives business, Pipe business, Bathware business, all business w e have delivered robust numbers this quarter. And Q2 also, this demand is continuing. So end user level demand, I don't see there is a major -- any sort of a major problem.

Indrajit Agarwal - Analyst, CLSA
So is it both from rural or urban, or anything to call out that urban is growing stronger than rural, a nd that is why probably we have outperformed the industry?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
No, across the board. Only in the Piping side, the agri demand was bit muted. Otherwise, overall, all products are doing very well.

Indrajit Agarwal - Analyst, CLSA
Sure. Lastly, any change in inventory number that has contributed to the margin in this quarter, whether inventory gain or loss?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Not really.

Indrajit Agarwal - Analyst, CLSA
All right, thank you. That's all from my side.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Thank you.

Operator
Thank you, sir. [Operator Instructions] The next question is from the line of Sneha from Nuvama [Phonetic]. Please proceed with your question.

Unidentified Participant
Hi. Good evening, team and congratulations on super strong numbers. Just couple of questions on my end. While you already said there is no inventory gain element while the product mix has not -- largely remains same. What would have led to the margin improvement? Because if I look at it from Y-o-Y perspective, probably from last 2 to 3 years, if I look at current margins, they are at the most higher level, especially in Q1, attaining like a 19% sort of margins. What would have led to that? That's the first one.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
So mainly, if you see Sneha, that all our new plants, our overheads were very high, because utilizations were very poor. Now with this kind of growth, what Kairav said about both the new plants, that has supported us to improve our margin, mainly because of economy of scale of that particular two plants. Because all laboratory related cost, operator related costs, plant head related costs, all your fixed labor cost, all are going to be there whether you produce or not. So with this

extra production that has supported us to improve our margin.

Unidentified Participant
But our volumes are actually flat Y-o-Y, r ight? And that's the -- I mean I would have got the operating leverage part of it. But with volumes being flat Y-o-Y, how does it work out, or is it any plan for [Speech Overlap]?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Basically, I would like to add that in the first quarter the agri demand was muted. So lesser sale of the agri product happened. But rest of the products, which are plumbing products for us and value added product for us, the sale was good. So when you sell less of the agri type products, automatically the margin profile will improve, because agri is having a much lower margin than the plumbing product.

Unidentified Participant
Understood. So that precisely the product improvement change that we are talking about. And what would have been the growth of CPVC this particular quarter and this entire PVC [Speech Overlap]?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
It's in a double -- it's in the high single -digit type.

Unidentified Participant
During the quarter?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Yeah.

Unidentified Participant
That's helpful. Secondly, Bathware revenues, j ust a bookkeeping one, for this particular quarter?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Bathware, I think last year it was INR24 crore. This year it is INR28.7 crore.

Unidentified Participant
Understood sir. Thanks. Thanks a lot sir. I'll get back in the queue.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Thank you.

Pranav Mehta - Analyst, Equirus Securities
Thank you.

Unidentified Participant
All the best. Thank you.

Operator
Thank you, ma'am . The next question is from the line of Anu Parakh from Anand Rati. Please proceed with your question.

Anu Parakh - Analyst, Anand Rati
Yeah. Hi, sir. Just one question from my end. What was the capex amount spent in Q1 FY '27, a nd what are we budgeting for FY '27?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
So I think this quarter, we have spent INR137 crore in capex in all the vertical put together, because even the CPVC plant work is in full scale. So if you want breakup, I can say close to about INR87 crore we have spent in Plumbing. Adhesives, we have spent around INR29 crore -- sorry 29 plus 3, so INR32 crore. UK roughly about INR2 crore and then INR16 crore on CPVC resin plant.

Anu Parakh - Analyst, Anand Rati
And so the budget for FY '27?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
I think we have said 300 kind of level. 3 to 350 kind of level will be there. Hello?

Pranav Mehta - Analyst, Equirus Securities
Hello.

Anu Parakh - Analyst, Anand Rati
Yes. Hello. Yes. Thank you.

Operator
Thank you, ma'a m. [Operator Instructions] The next question is from the line of Shravan Shah from Dolat Capital. Please proceed with your question.

Shravan Shah - Analyst, Dolat Capital Market Pvt Ltd.
Sir, in Bathware now are we -- for this quarter, is it a kind of a EBITDA positive? Because till last quarter we were kind of a breakeven?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
But still we are at break even.

Shravan Shah - Analyst, Dolat Capital Market Pvt Ltd.
Okay. And in the UK for full year in terms of the margin now we can see 8% to 10% kind of a margin we can build in?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Yes. We are targeting that only.

Shravan Shah - Analyst, Dolat Capital Market Pvt Ltd.
And for Paint, how we can now, now see, because the growth is there. So from Q2 itself, can we start seeing EBITDA positive and what number one can look at kind of a 6%, 7% kind of a number for full year EBITDA margin?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Last call w e have guided that we will be delivering lower single -digit EBITDA growth.

Shravan Shah - Analyst, Dolat Capital Market Pvt Ltd.
Okay. Okay, t hat's it f rom my side. Thank you.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Thank you.

Operator
Thank you, sir. The next question is from the line of Durgesh Shukla from InCred Capital. Please proceed with your question.

Durgesh Shukla - Analyst, InCred Capital
Hello, sir. Thank you for the opportunity. I just want -- c an you reconfirm your volume and EBITDA guidance?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Volume and EBITDA guidance for Plumbing?

Durgesh Shukla - Analyst, InCred Capital
Yes.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
So we have given the guidance of minimum double -digit growth.

Durgesh Shukla - Analyst, InCred Capital
Okay.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
For volume.

Durgesh Shukla - Analyst, InCred Capital
Okay.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
And EBITDA we have given 16% to 18%.

Durgesh Shukla - Analyst, InCred Capital
Okay. Okay, sir. And what about the Paint sector?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Paint?

Durgesh Shukla - Analyst, InCred Capital
Yes.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Paint, w e have given guidance of 20% to 25% kind of top line growth.

Durgesh Shukla - Analyst, InCred Capital
Okay, top line. And...

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Adhesives we've given 15%. Adhevies we've done 15% to 20% kind of growth.

Durgesh Shukla - Analyst, InCred Capital
Okay. And any margin guidance on the same, which you would like to give?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Paint, we have given lower single -digit guidance. And Adhesives, we have given 15% kind of guidance.

Durgesh Shukla - Analyst, InCred Capital
Thank you, sir, so much. That 's all from my side.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Thank you.

Operator
Thank you, sir. The next question is from the line of Keshav Lahoti from IDFC Securities [Phonetic]. Please proceed with your question.

Keshav Lahoti - Analyst, HDFC Securities
Hello. Hi. Thank you for the opportunity. Firstly, I'm from HDFC Securities, a small correction.

Operator
Sorry to interrupt Keshav , sir. May we request that you speak little louder.

Keshav Lahoti - Analyst, HDFC Securities
Am I audible?

Operator
Yes.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Yeah, now. Yeah, you can proceed.

Keshav Lahoti - Analyst, HDFC Securities
Am I audible?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Yeah. Yeah, you are audible.

Keshav Lahoti - Analyst, HDFC Securities
Yeah. So I was saying, firstly, I'm from HDFC Securities. The first question is when you say July has been a 40% growth, is that the market has been good or possibly you would have gained more share in July month, t he run rate which you have been gaining market share are still related?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
No, market has been good and we are gaining the market share. So it's a combination of both. So you see, the market share process, gaining share, it's not one quarter basis. Last 10 years continuously every year, we are gaining market share. You pick up the last 10 year number, every year we have grown market share. So that is an ongoing process, because we are continuously adding our new location, new geographies, new products. So that exercise is still continue and will continue for some more time.

Keshav Lahoti - Analyst, HDFC Securities
Understood.

Operator
Hello?

Keshav Lahoti - Analyst, HDFC Securities
Got it. And sir, on the inventory, how is the channel inventory right now? Secondly, when PVC prices have declined this quarter, still we have not seen inventory loss. Why is that so? And secondly, Q2, should we have a good inventory gain as PVC prices has been in a swing [Phonetic]?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
So see, it depend at what price you are buying your inventory, b ased on that, inventory gain and loss will be decided. And secondly, how much is the contribution from your value -added product is there? Maybe your contribution from value -added product is also increasing. So inventory loss little bit here and there is not considered. So I think Q2 very difficult to say at this stage, because still lot of time to come. But it looks that prices are continuously going up but everyone is sitting with a low growth. So everyone is passing on support to the market. So we have to see how much we have to give the support to the market a nd based on that, the volume will be decided. And based on that, the inventory gain will be there or not, that will be decided by the end of the quarter.

So I think too early to say. But one more thing is also going on in the industry, which can also be materialized in the near -term. It looks like that government is also seriously thinking for the value -added duty also on the Chinese product. So like MIP there, the similar kind of anti- dumping kind of duty kind of value -added thing is also going on. So if that is also going to be there in place, maybe in maybe 1 month, 2 months down the line, because processes go through on with the government. So that is also going to support the industry in the coming time. But again, it depend on the government outcome. So we cannot give with this assurance that it will be there. But that is also talk going on. If that is the case and further polymer will go up from here, definitely the inventory gain will be there.

Keshav Lahoti - Analyst, HDFC Securities
Got it. Sir, I'd also ask, how is the channel inventory right now in the market? How is it?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
I think now it is a okay kind of inventory. Neither low, neither high, I can say. Whatever they have bought it in the month of July, sizeably, they will consume in the beginning of the August, b ecause secondary sale is going very well in the market. And across all the cities, w e are monitoring the number. So it doesn't look that that channel is sitting with the high inventory. They are mostly sold out.

Keshav Lahoti - Analyst, HDFC Securities
Got it. So sir, what was the idea, earlier w e 're planning for a de-merger of two units and possibly, we decided to hire Big 4 and decided to call off the decision. So what was the entire thought process? And how should we see, let's say, a few years down the line whether de-merger will be again on card?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
So I think, we thought that it is good for in the interest of the shareholder and earlier that we do that

will be a better control -- and on the organization. But I think end of the day, we ought to respect the majority of the shareholders point of view also, because end of the day, we are the trustee of shareholders. If the shareholders are not happy for -- with any of the reason, then I think we should respect. And considering that in mind, I think we don't mind to reverse any of our decision, which is not in the interest of the shareholder.

So we decided to call off. And similarly, the independent advisor has also guided us that it is not the right time to do the demerger, b ecause you are still a sizablely low company in terms of top line. If you pick up a side, after that if you are doing that will be better option. And same I think was expressed by many of our shareholder who are holding the sizable equity in our company, e ven if the low equity holding, even the many of the well wisher, our analyst community also, they also express the same view. Then the Board also thought that we should also respect this kind of view. And based on that, we've take n out.

Keshav Lahoti - Analyst, HDFC Securities
Understood. Got it. But till what time, as you highlighted, shareholder also didn't wanted the de-merger thing. Till what time the de-merger won't happen, means how many years or possibly at what revenue base, w hat is the thought process?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
I think there is no clear thought process that we will be doing at this level. But I think now it will be sizable top line growth and maybe the sizable EBITDA level, n ot less than INR5,000 crore, INR6,000 crore top line. So by that time, we may think over that. But you know business, very difficult to predict at this stage. But we are of the view that that should be the ideal size, INR 5,000 crore plus kind of size will be the ideal size. But that doesn't mean that the price at t he moment we cross INR5,000 crores, we will do that thing. So we will see the situation on ground at that particular point of time and then we will take a call what to do.

Keshav Lahoti - Analyst, HDFC Securities
Got it. One last question from my side. UK Adhesivesn 8% to 10% EBITDA margin guidance is for the entire year or possibly this number we'll reach by end the year?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
No, for the full year.

Keshav Lahoti - Analyst, HDFC Securities
Got it. That is helpful. Thank you so much.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Thank you.

Operator
Thank you, sir. The next question is from the line of Rahul Agarwal from Ikigai Asset. Please proceed with your question.

Rahul Agarwal - Analyst, Ikigai Asset Manager
Yeah. Hi. Good evening to all on the call. Am I audible?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Yes. Yes, Rahul.

Rahul Agarwal - Analyst, Ikigai Asset Manager
Okay. Sir, three questions. Firstly,, on the industry side, right? I mean, last year was tough on the piping, plumbing sector. Even this quarter is tough. At the same time, I'm sure smaller players would have struggled handling their pricing on inventory. Over and upwards of that, we have seen some branded players trying to build up their volume. We have seen some -- couple of large names getting into the market on pipe fittings. Just your thought on what is really happening in terms of industry, right? I mean, larger players have gained market share, there's no doubt about it. But just first question essentially was to understand how do you see the industry overall panning out? Because it's been a real volatile period. So obviously, it should benefit you, but just some thoughts on that please.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
So I will answer your question on -- see first of all, last year, I don't think was challenging, not for us and neither was this quarter challenging for us. Because our priorities are very simple and our goals are very simple. So I don't know, but we are outperforming the industry by a fair bit since the last 5 to 6 quarters you can say. And as far as the larger company goes, I think we are eating away the market share from all the larger player in the market. And you can obviously see from the number that small to mid -scale companies are struggling in this particular business environment.

Kairav Engineer - Executive Director, ASTRAL LTD
And when you are talking about the other big brands coming in or other new players coming in, I don't see anyone significant coming in who will disrupt the market, or I have not seen any player who has entered in the last 5, 6 years to disrupt the market in any way.

Rahul Agarwal - Analyst, Ikigai Asset Manager
Okay. I get that Kirav. So -- but this one question here, we always end up discussing CPVC for as 12, right? I mean that's the highest profit for you. But just on the PVC side and which is also bulk, which also is like -- I'm assuming that it's close to 50% more than that on volume for Astral. What is happening over there, these market share gains are happening on the CPVC side or even on the PVC side?

Kairav Engineer - Executive Director, ASTRAL LTD
It is happening across the board, all product segment.

Rahul Agarwal - Analyst, Ikigai Asset Manager
Okay. Okay, got it. Second question was on primary sales versus secondary. Do we track secondary sales for Astral pipe [Speech Overlap]?

Kairav Engineer - Executive Director, ASTRAL LTD
We track tertiary also.

Rahul Agarwal - Analyst, Ikigai Asset Manager
Okay. So you know my understanding was obviously 1 Q had a lot of destocking issue, which is why July is 40% growth, base is low. We're seeing stocking again. But if you can just comment on tertiary sales for 1Q? That is 1 question. And second is, is primary equal to secondary now [Speech

Overlap]?

Kairav Engineer - Executive Director, ASTRAL LTD
Tertiary and primary, both were -- tertiary and secondary were both higher than primary in Q1, obviously, because the channel was destocking.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
And secondly, Q4 sale was very high. So because of that, the secondary and the tertiary sale in the Q1 is always high.

Rahul Agarwal - Analyst, Ikigai Asset Manager
Right. And what [Speech Overlap]

Kairav Engineer - Executive Director, ASTRAL LTD
That is why the channel has restocked largely in the month of July and still the restocking is happening, because the channel was very dry in the Q1, because largely all the secondary and tertiary sales that happened.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
And Rahul, it is not the -- it is not only that the July we have delivered the 40% but even August also so far we are in the double -digit growth. So it looks that the secondary and tertiaries is growing well. Otherwise distributor beyond a point cannot restock that much. So genuinely on ground demand is picking up and that is the reflection of this number.

Rahul Agarwal - Analyst, Ikigai Asset Manager
Got it, sir. Got it. And last question was on the sourcing of PVC resin and CPVC resin right now for Astral. What is the important domestic mix for both these resins separately?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
I think we are not sharing this number. These are the confidential number. So it depends every quarter the percentage will be different.

Rahul Agarwal - Analyst, Ikigai Asset Manager
Sure. While asking it was from an import perspective, how's the sourcing for resins? Because you know forex has depreciated. There are lead times which have increased because of freight issues. Shipping cost s have also increased. I know this is a pass -through industry but [Speech Overlap] thoughts on that.

Kairav Engineer - Executive Director, ASTRAL LTD
I think, we have to stick to that we will continue to grow at a double -digit volume and deliver 16% to 18% EBITDA. I think we should not extrapolate into what is happening and where we are sourcing from. I think that is a proprietary information of the company.

Rahul Agarwal - Analyst, Ikigai Asset Manager
Okay, sure. So what point I was trying to drive was is sourcing all part of [Speech Overlap]?

Kairav Engineer - Executive Director, ASTRAL LTD
See, we have maintained enough inventory so no concern.

Rahul Agarwal - Analyst, Ikigai Asset Manager
Okay. All right. Thank you so much, and wish you all the luck for the rest of the year. Thank you so much.

Kairav Engineer - Executive Director, ASTRAL LTD
Thank you.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Thank you.

Operator
Thank you, s ir. The next question is from the line of Akash Shah from UTI Mutual Funds. Please proceed with your question.

Akash Shah - Analyst, UTI Mutual Funds
Yeah. Hi sir. Am I audible?

Kairav Engineer - Executive Director, ASTRAL LTD
Yes, you are.

Akash Shah - Analyst, UTI Mutual Funds
Yeah. Sir thank you for the opportunity. Sir just wanted to ask on gross margin side. Sir, in India Adhesives business, if possible, can we share what is the gross margin decline on a Y-o-Y basis?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
So we don't share individual number, Akash.

Akash Shah - Analyst, UTI Mutual Funds
Okay, no worries. Sure sir. And sir, in Adhesives -- India Adhesives business, now that -- I mean fair bit of time has passed. So sir, how is the ramp up in South and West region because of Dahej plant? So are we sort of being able to ramp up the sales in this part of India?

Saumya Engineer - Chief Executive Officer, Astral Adhesives & Paints, Astral Limited
Yeah. South for us has always been a weak point since we have acquired Resinova. But last two years for India Adhesives business has been very robust, and it's lot of legwork and market development activities are going on. So parallel ly with sales, we are also developing South equally and we are looking South as our big focus for our sales increase for coming years, a nd South will deliver. And West, we are already doing fairly well and we have a good market share for the product lines, we are present in for the West region and we have good counter share as well. So we'll keep focusing on and making our position even stronger in West also. And Dahej plant is definitely helping in that.

Akash Shah - Analyst, UTI Mutual Funds
Sure. Yeah, those were my questions. Thank you.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Thank you.

Operator
Thank you, sir. [Operator Instructions] The next question is from the line of Shiv [Phonetic], an

Individual Investor. Please proceed with your question. Mr. Shiv, your line has been unmuted. Please proceed with your question. As there is no response, we'll move to the next question. The next question is from the line of Utkarsh from Anand Rathi [Phonetic]. Please proceed with your question.

Unidentified Participant
Sir, I just wanted to reconfirm. Sir, like you said that we will reconsider the de-merger of chemical business once it reaches a revenue of INR5,000 crores. So last year the chemical business revenue was close to around INR2000 crore. So does this mean that we are not going to consider the de-merger of chemical business over the next 5, 7 years period?

Kairav Engineer - Executive Director, ASTRAL LTD
It depends. I said in the early remark that if it is comes early and the situation is necessary to do that thing, we will relook. But it is not a fix that we have kept in mind that okay, at this level, we are going to do that thing. We can do at 7,000 also. We may not do also. It depends on the market conditions and the situation needed to grow the business, p articularly that vertical. Based on that it will be taken the decision. So there is no fixed timeline in our mind.

Unidentified Participant
Okay. Sir like if you can give some sense, like what kind of a scale, return ratio and margin we are looking at before taking the call of de -merger?

Kairav Engineer - Executive Director, ASTRAL LTD
I told you that we will take the call at that particular time. Right now, we are not taking the course, s o there is no point to unnecessary discuss in detail this kind of thing. At least from number -- at least 4, 5 year will be there, m inimum five year. So no need to worry on that side.

Unidentified Participant
Okay. Thanks a lot sir.

Operator
Thank you, sir. The next question is from the line of Roshan from Antique Stock Broking [Phonetic]. Please proceed with your question.

Unidentified Participant
Yeah. Thanks a lot for the opportunity. So the Bathware segment grew by around...

Operator
Sorry to interrupt Roshan sir. May we request that you speak little louder.

Unidentified Participant
Is it better now?

Operator
Yes, sir.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Yeah.

Unidentified Participant
Yeah. So Bathware segment grew by 18% in Q1. So what is driving this growth? Is it the retail or

project? And how confident are you of sustaining this kind of growth going forward?

Kairav Engineer - Executive Director, ASTRAL LTD
We are still a very new entrant in the market and have a very low base. So we are just starting out. So we are working with a clean slate. So some territories we are entering through project. Some territories we are entering through retail. But we are happy that we can deliver this 20%, 25% type CAGR in Bathware business for the coming 4, 5 years.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
So I think 18%, w e are not happy, t o be very frank, we should be growing fast because our base is still low.

Unidentified Participant
Understood. And sir my second question is you attributed improvement and utilization of two plants as a major contributor for growth in the margin. So as utilization improves, how much operating level is still available in the plumbing business now?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
So I think we have given the guidance. So it depend how much which plant is getting utilized. Because now both the plant has started utilization at a sizable level. So little bit further benefit can be available in the coming time, but cannot be a substantial benefit now from here on we can see.

Unidentified Participant
Understood. That's all from my side . Thank you. Thank you so much.

Operator
Thank you, sir. [Operator Instructions] The next question is from the line of Shravan Shah from Dolat Capital. Please proceed with your question.

Shravan Shah - Analyst, Dolat Capital Market Pvt Ltd.
Hi, sir. I just wanted to clarify. Initially, we said that the -- in terms of the value and volume growth, so which was a 10% in this quarter and we are looking at more than 20% kind of a gap for this FY '27. So that means that the realization for plumbing for the entire full year FY '27 versus FY '26 should be that kind of a growth that we are looking at kind of.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
No, I think you misunderstood me. I said that if the volume will be 10% then the value will be 20%. So 10% kind of gap will be maintained for the full year, t hat is what we are forcing from the current market situation. It can be 1% or 2% plus. It can be 1% or 2% minus. It again depend on the product mix also. But right now, after so many years, we are seeing that the first time that the value will be higher sizeably compared to the volume. Last 3 year i f you see, all the piping industries were sufferer [Phonetic], because volume was there but the value growth was not there.

So because of that, all our overheads were continuously going up and that was continuously giving us the pressure on the margin. But this is the first time after so many years we are seeing that the value will be at least 10% kind of plus compared to the volume. Now hypothetically, 15% volume will be there. Then the 25% kind of growth will be there in value term. So that is going to help us to improve into our margin, b ecause our overheads are going to remain at a certain level. And if the top line grows then it is going to support us into the margin front. So I am not telling you 20% plus, I

am telling you 10% compared to volume.

Shravan Shah - Analyst, Dolat Capital Market Pvt Ltd.
Got it. Understood. And then in terms of our stand once the -- our new CPVC plant will be there by Q4 this year. FY '28, l et's say this year if we do a kind of a 15% volume growth. So then next FY '28, the growth rate would be higher than the FY '27 growth rate?

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Definitely your understanding is perfect. Not only growth will be higher, but the margin expansion will also be there.

Shravan Shah - Analyst, Dolat Capital Market Pvt Ltd.
Yeah. That is definitely -- will be there. So that's why I was trying to push that given the margin that we are already there 18.9% for Plumbing. So what is stopping us still to do or not increase that upper band of the guidance, why 16% to 18%.

Kairav Engineer - Executive Director, ASTRAL LTD
No Shravan, you please understand that on the basis of 1 quarter, we can't keep changing our guidance. You have to also give us the time. And you know last 3 years it is -- t he industry is continuously volatile. First time after 3 years, we are seeing that at least MIP kind of things is there. And now government is also thinking for the further duty on the Chinese products. If these kind of things are placed on the market, w e can confidently tell you that now this is going to be there.

But right now, industry is passing through the up and down kind of scenario. So in that case, unnecessary misguiding the investors, t hat is not the philosophy of Astral. We always want to be as transparent with you and unnecessary, w e don't want to put up pressure on us also and unnecessary misguide you. So keep patient. We are already in the month of August. September is not far away. Then after if the situation will improve, w e are definitely going to change the guide. And in the past also we have done the same thing. Whenever there is a market situations are positive, we have upgraded our guidance. Whenever market situations are not in our favor, we are happy to downgrade also.

Shravan Shah - Analyst, Dolat Capital Market Pvt Ltd.
Yeah. No, why I was saying that because in -- if I look at even last two years also FY ' 25, '26, the margin was 19% and 19.6%. And given that the value growth for this year, as you are highlighting that it should be a 10% plus kind of a value growth. So in that case -- and then obviously the volume growth will be there. So if we are confident in terms of the value growth would be higher then the confidence should [Speech Overlap]...

Kairav Engineer - Executive Director, ASTRAL LTD
Your understanding is absolutely -- Shravan, y our understanding is absolutely right. You are thinking on the right direction. But for that you have to keep little patient, because I don't know which quarter inventory gain will be there, which quarter inventory loss will be there. And if we improve the guidance and tomorrow something goes wrong and PVC falls and then the inventory loss come then you yourself will say that why -- w hat was the need to increase the guidance. So with the appropriate time only we will be able to guide you. And what is going to make different to the long -term investor is the long -term investor of Astral is waiting for a 1 quarter number or 2 quarter number. Investors should think for the company from the next 2 to 3 year point of view

rather than thinking for 1 quarter or 2 quarter. When management is telling you that wait for the 1 quarter, I don't think any of our investors have any concern.

Shravan Shah - Analyst, Dolat Capital Market Pvt Ltd.
Yeah. No...

Kairav Engineer - Executive Director, ASTRAL LTD
And we are giving always the industry base number, in terms of top line, in terms of bottom line. And we are continuing our stand on that side that we will be maintaining that kind of thing. But exactly i mproving the margin and improving the top line guidance on a quarterly basis, I think it is too early to jump in. Please, please humble request to you that wait for some time at appropriate time we will be guiding you.

Shravan Shah - Analyst, Dolat Capital Market Pvt Ltd.
Got it, sir. Thank you.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Thank you. Thank you, Shravan for understanding.

Operator
Thank you, sir. Ladies and gentlemen, we'll take this as a last question for today. I would now like to hand the conference over to management for closing comments.

Sandeep Engineer - Chairman and Managing Director, Astral Limited
So thank you very much all of you for being with us for the Q1 numbers. And we look forward to again connecting you with Q2 numbers. So thank you everyone. Thank you very much.

Hiranand Savlani - Executive Director and Chief Financial Officer, Astral Limited
Thank you everyone for participating in the call. And thanks Pranav , Equirus, for hosting this call.

Operator
[Operator Closing Remarks]