

January 8, 2025

Exhibit 1: PL Universe

Companies	Rating	CMP (Rs)	TP (Rs)
Astral Ltd.	BUY	1,553	1,883
Century Plyboard (I)	HOLD	823	811
Cera Sanitaryware	HOLD	7,188	7,712
Finolex Industries	Acc	233	270
Greenpanel Industries	BUY	361	427
Kajaria Ceramics	BUY	1,061	1,545
Supreme Industries	BUY	4,600	5,721

Source: PL Acc=Accumulate

Soft volume growth with margin contraction

Building material companies under our coverage universe are expected to report moderate revenue growth due to weak demand and higher base, along with contraction in margins due to higher overhead expenses in plastic pipe companies and higher timber prices in the woodpanel segment. We anticipate moderate volume growth of 5.5% YoY in the plastic pipe sector. Tiles and bathware sectors are likely to experience moderate growth with demand anticipated to pick up in coming quarters. We expect coverage companies to register sales growth of 5.3% YoY, given the correction in Finolex Ind revenue and that Century Plyboards is likely to outperform.

- Plastic pipe - Weak vol growth continues:** The coverage companies are expected to see moderate volume growth of +5.5% YoY due to low channel inventory because of the delay in ADD and weak demand. We expect revenue growth of +4.4% YoY, and EBITDA and PAT to decline by 5.0% and 5.8%, respectively, due to margin contraction of ~135bps YoY led by higher overhead expenses. Supreme Industries and Astral are expected to deliver moderate sales growth of +6.0% and 6.9% YoY with volume growth of +8.0% and +5.0% YoY, respectively, in the P&F segment.
- Tiles & bathware – Soft performance for KJS & CRS:** Kajaria is expected to report revenue growth of +2.1%YoY with soft tiles volume growth of +5.2% YoY due to muted domestic demand and increased competitive intensity in the domestic market with reduction in export from Morbi players. EBITDA margin is expected to be at 14.5%. CRS revenue is expected to increase by 8.7% YoY due to the high prices in faucets. CRS EBITDA margin is expected to expand to 14.0% (120bps YoY) and PAT by 13.6% YoY.
- Woodpanel – Plywood continues to outperform:** CPBI is expected to continue its volume growth in plywood with market share gain and in MDF with capacity expansion. CPBI expects decent sales growth of 14.4%, with margin expansion. However, there will be correction in realizations in MDF due to commissioning of plants in South India and higher competitive intensity. We expect MDF volume growth of +57.2%/+1.3% YoY and plywood volume growth of +11.0%/-2.6% YoY for CPBI/GREENP. CPBI laminate volume is expected to decline by 2.0% YoY due to slowdown in export. Wood panel coverage companies expected revenue growth of +10.3% YoY and EBITDA to increase by 5.3%, PAT to decline by 7.3% YoY in Q3FY25 with EBITDA margin contraction of ~57bps YoY.
- Coverage target price changes:** We have revised our earnings estimates downward and lowered our target price for most companies in our coverage universe for FY27E, except for CPBI. Major adjustments in earnings are for Finolex Industries and Greenpanel, with reduction of 11.6% and 5%, respectively for FY27E. We have upgrade our ratings for Astral/Kajaria/Greenpanel to 'BUY' from 'Accumulate', Finolex to 'Accumulate' from 'HOLD' and downgrade our ratings for Cera to 'HOLD' from 'Accumulate' and maintain our ratings for Supreme and CPBI.

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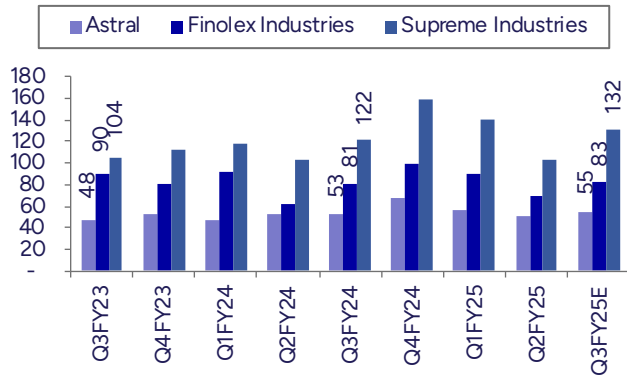


Exhibit 2: Q3FY25 Result Preview

Company Name		Q3FY25E	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	Remark
Astral Ltd.	Sales	14,649	13,702	6.9	13,704	6.9	We expect sales to grow by 6.9% YoY, mainly with volume growth est. of 5.0% YoY. Plumbing business expected growth of 4.5%YoY, with moderate pipe volume growth & satinary business consolidation with soft pipe & fittings realisation. Adhesive & Paints business expected 15.0%/3.2% YoY growth. We expect Plumbing EBITDA margin of 17.5%, and P&A business expected EBITDA margin of 11.5%.
	EBITDA	2,168	2,161	0.3	2,101	3.2	
	Margin (%)	14.8	15.8	-97 bps	15.3	-53 bps	
	PBT	1,658	1,649	0.5	1,488	11.4	
	Adj. PAT	1,227	1,243	(1.3)	1,087	12.9	
Century Plyboard (I)	Sales	10,724	9,374	14.4	11,836	(9.4)	We expect sales growth of 14.4% YoY mainly with Plywood/MDF revenue growth of 11.8%/46.2% YoY with volume growth of 11.0%/57.2%. We expect expansion in EBITDA margins by ~70bps YoY. PAT is expected to increase by 7.8% YoY.
	EBITDA	1,287	1,061	21.3	1,113	15.6	
	Margin (%)	12.0	11.3	68 bps	9.4	260 bps	
	PBT	901	842	7.0	580	55.2	
	Adj. PAT	676	627	7.8	400	69.0	
Cera Sanitaryware	Sales	4,771	4,389	8.7	4,926	(3.1)	We expect sales to increase by 8.7% YoY. Faucets business sales to increase by 15.0% and sanitary business expected to increase by 5.0% YoY. We expect EBITDA margin of 15.2% (+120bps YoY). We expect PAT to increase by 13.6% YoY.
	EBITDA	725	614	18.0	721	0.6	
	Margin (%)	15.2	14.0	120 bps	14.6	56 bps	
	PBT	770	662	16.4	765	0.6	
	Adj. PAT	585	515	13.6	686	(14.7)	
Finolex Industries	Sales	9,916	10,197	-2.8	8,284	19.7	We expect sales to decline by 2.8% YoY, vol. to increase by 2.0% YoY in P&F segment with correction in realization due to discount offered. PVC business expected revenue to decline by ~60% YoY. We expect EBITDA margins of 10.1%, and PAT to decline by 8.8%.
	EBITDA	997	1,199	(16.8)	106	843.2	
	Margin (%)	10.1	11.8	-170 bps	1.3	878 bps	
	PBT	1,162	1,198	(3.0)	600	93.9	
	Adj. PAT	870	954	(8.8)	407	113.9	
Greenpanel Industries	Sales	3,870	3,857	0.3	3,369	14.9	We expect sales to remain flat at 0.3%. MDF/Plywood business expected sales volume to decline by 0.9%/2.9% YoY. We expect EBITDA margin of 12.0% YoY due to higher timber prices. We expect PAT decline of -34.6% YoY due to decline in volume & contraction in margins.
	EBITDA	464	603	(23.0)	299	55.5	
	Margin (%)	12.0	15.6	-363 bps	8.9	313 bps	
	PBT	303	374	(19.2)	134	126.0	
	Adj. PAT	227	346	(34.6)	185	22.4	
Kajaria Ceramics	Sales	11,763	11,518	2.1	11,793	(0.3)	We expect sales to grow by 2.1% mainly with tiles volume growth of 5.2% YoY. We expect EBITDA margin to contract to 14.5% due to higher adv/commission, power and fuel expenses. We expect PAT to decline by 3.8% YoY.
	EBITDA	1,706	1,788	(4.6)	1,589	7.3	
	Margin (%)	14.5	15.5	-102 bps	13.5	103 bps	
	PBT	1,363	1,462	(6.8)	1,235	10.4	
	Adj. PAT	1,005	1,045	(3.8)	872	15.3	
Supreme Industries	Sales	25,968	24,491	6.0	22,730	14.2	We expect sales to grow by 6.0% YoY with Pipe & fittings/Packing Products/Industrial products/consumer product volume growth of 8%/7%/3%/-2% YoY. We expect EBITDA margin of 14.0%, contracted by ~151bps YoY and PAT to decline by 7.0% YoY.
	EBITDA	3,625	3,788	(4.3)	3,192	13.6	
	Margin (%)	14.0	15.5	-151 bps	14.0	-8 bps	
	PBT	2,876	3,172	(9.3)	2,417	19.0	
	Adj. PAT	2,384	2,562	(6.9)	2,066	15.4	

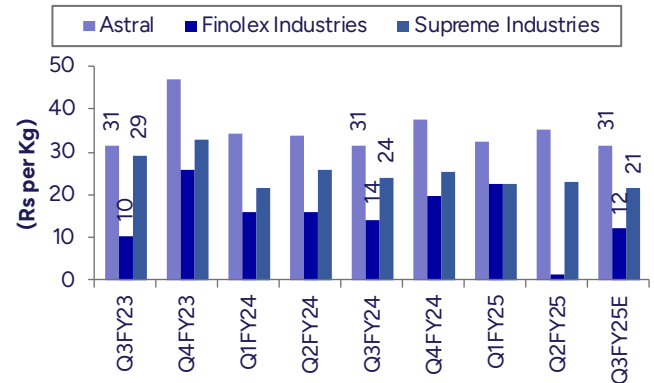
Source: Company, PL

Exhibit 3: Pipe volume growth to reach 5.5% YoY in Q3



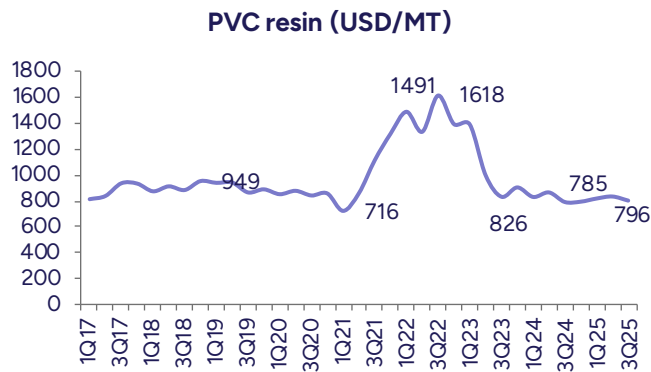
Source: Company, PL

Exhibit 4: Pipe EBITDA/kg estimated at -6.7% YoY in Q3



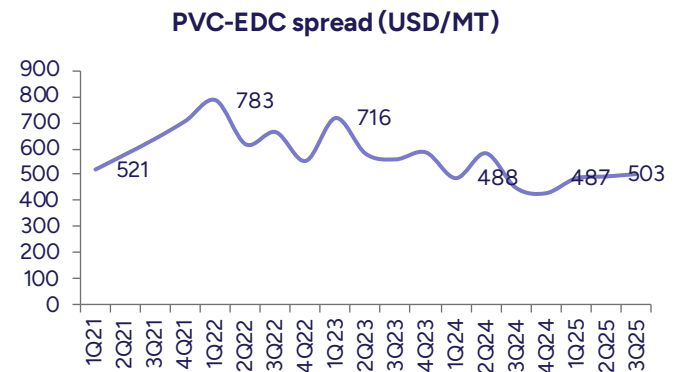
Source: Company, PL

Exhibit 5: PVC resin prices up 1.4% YoY in Q3



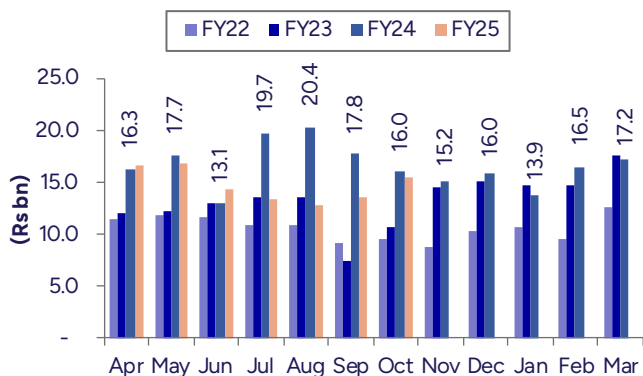
Source: Industry, PL

Exhibit 6: PVC-EDC spread declines by 1.1% QoQ in Q3



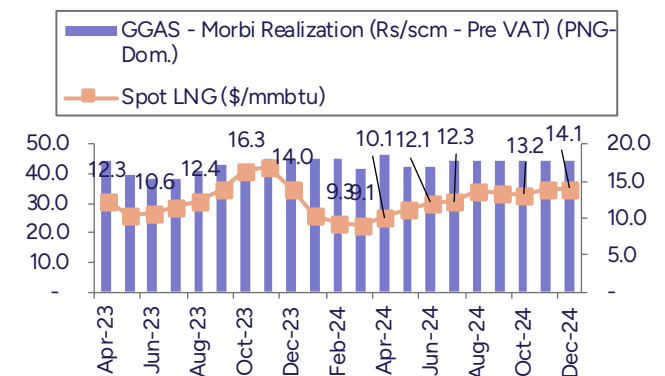
Source: Industry, PL

Exhibit 7: Tiles export down ~15.0% YoY in Apr-Oct'24



Source: Ministry of Commerce, PL

Exhibit 8: GGAS (Morbi) prices range bound at Rs45/SCM



Source: Ministry of Commerce, PL

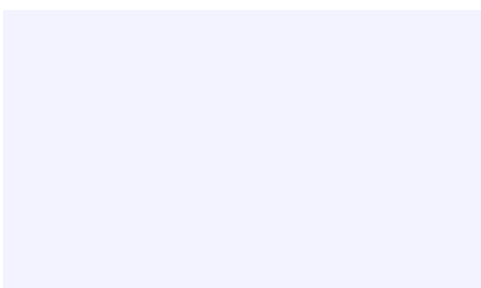
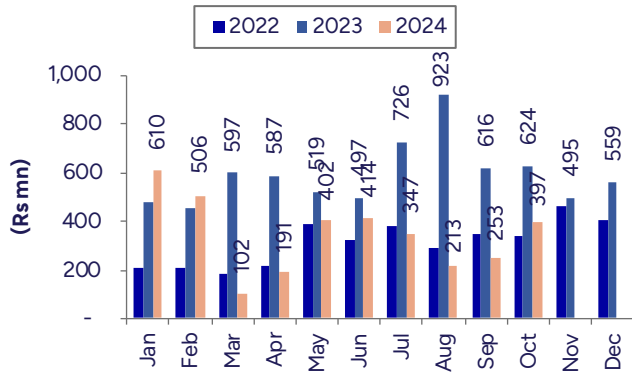
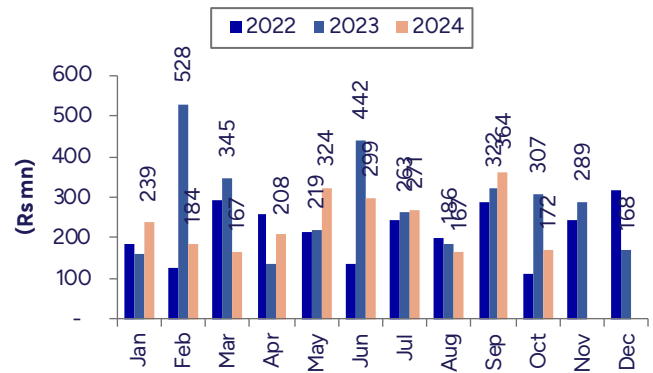


Exhibit 9: MDF import down 43% in Jan-Oct'24



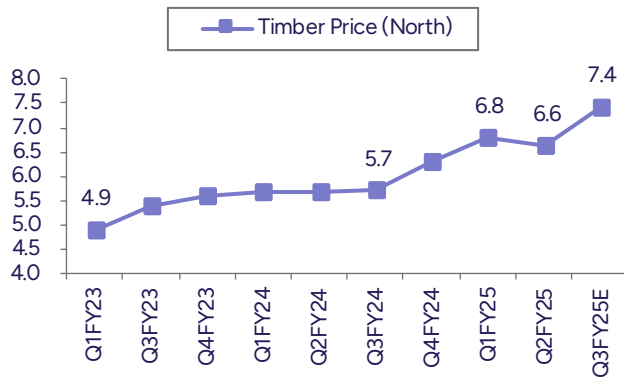
Source: Ministry of Commerce, PL

Exhibit 10: MDF export down by 18% in Jan-Oct'24



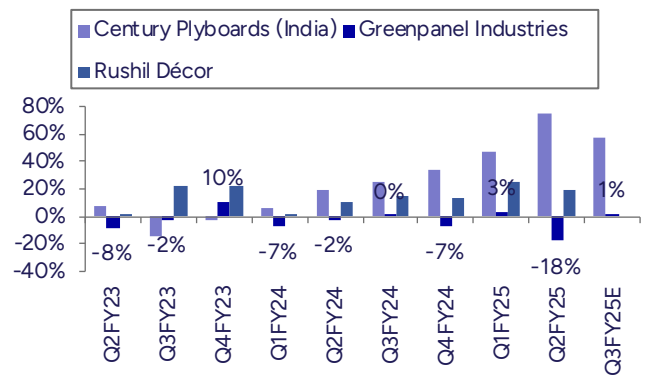
Source: Ministry of Commerce, PL

Exhibit 11: Timber prices up ~30%YoY in Q3FY25



Source: Company, PL

Exhibit 12: MDF segment volume growth – Player-wise



Source: Company, PL

Exhibit 13: Valuation Summary

Company Names	S/ C	Rating	CMP (Rs)	TP (Rs)	MCap (Rs bn)	Sales (Rs bn)				EBITDA (Rs bn)				PAT (Rs bn)				EPS (Rs)				RoE (%)				PE (x)			
						FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
Astral Ltd.	C	BUY	1,553	1,883	417.8	564.1	61.3	75.4	89.0	9.2	9.9	12.4	15.1	5.5	5.9	8.1	10.1	20.3	21.8	30.0	37.4	17.5	16.6	19.3	20.1	76.6	71.3	51.8	41.6
Century Plyboard (I)	C	HOLD	823	811	183.2	38.9	45.0	51.5	59.4	5.3	5.1	7.1	8.7	3.4	2.5	3.9	5.2	15.2	11.2	17.6	23.2	16.4	10.7	15.0	17.1	54.3	73.7	46.8	35.5
Cera Sanitaryware	C	HOLD	7,188	7,712	92.7	18.8	19.6	22.0	25.5	3.0	2.9	3.4	4.1	2.4	2.5	2.8	3.3	184.3	191.0	211.9	253.7	19.0	18.0	18.2	18.5	39.0	37.6	33.9	28.3
Finolex Industries	C	Acc	233	270	143.9	43.2	43.5	50.2	57.8	5.8	5.1	6.8	7.9	4.7	4.2	5.9	6.8	7.7	6.9	9.5	11.0	9.0	7.2	9.3	10.2	30.4	33.9	24.5	21.2
Greenpanel Industries	C	BUY	361	427	44.3	15.7	15.4	19.8	23.2	2.5	1.8	3.3	4.2	1.4	1.0	1.9	2.6	11.6	8.3	15.8	21.0	11.4	7.5	13.2	15.6	31.0	43.6	22.9	17.2
Kajaria Ceramics	C	BUY	1,061	1,545	169.0	45.8	47.9	53.2	59.6	7.0	6.9	8.2	9.6	4.2	4.0	5.1	6.2	26.5	25.1	31.8	38.6	17.1	14.5	16.4	17.5	40.0	42.3	33.3	27.5
Supreme Industries	C	BUY	4,600	5,721	584.4	101.3	110.7	127.6	147.2	15.5	16.5	19.9	22.9	10.7	11.4	13.8	16.1	84.2	89.7	108.2	127.1	22.5	20.7	21.5	21.5	54.6	51.3	42.5	36.2

Source: Company, PL

Acc=Accumulate / S=Standalone / C=Consolidated

Exhibit 14: Change in Estimates

	Rating		Target Price			Sales						PAT						EPS					
						FY25E			FY26E			FY25E			FY26E			FY25E			FY26E		
	C	P	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.
Astral Ltd.	BUY	Acc	1,883	1,929	-2.4%	61,281	62,407	-1.8%	75,427	76,816	-1.8%	5,857	6,099	-4.0%	8,060	8,361	-3.6%	21.8	22.7	-4.0%	30.0	31.1	-3.6%
Century Plyboard (I)	HOLD	HOLD	811	784	3.6%	45,028	45,028	0.0%	51,484	51,484	0.0%	2,484	2,692	-7.7%	3,913	3,913	0.0%	11.2	12.1	-7.7%	17.6	17.6	0.0%
Cera Sanitaryware	HOLD	Acc	7,712	7,854	-1.8%	19,634	19,558	0.4%	21,969	22,601	-2.8%	2,463	2,374	3.8%	2,756	2,900	-5.0%	191.0	184.0	3.8%	211.9	222.9	-5.0%
Finolex Industries	Acc	HOLD	270	302	-10.5%	43,545	46,158	-5.7%	50,241	52,675	-4.6%	4,241	4,939	-14.1%	5,884	6,745	-12.8%	6.9	8.0	-14.1%	9.5	10.9	-12.8%
Greenpanel Industries	BUY	Acc	427	450	-5.0%	15,438	15,994	-3.5%	19,814	20,645	-4.0%	1,016	1,223	-16.9%	1,934	2,038	-5.1%	8.3	10.0	-16.9%	15.8	16.6	-5.1%
Kajaria Ceramics	BUY	Acc	1,545	1,604	-3.7%	47,874	48,850	-2.0%	53,169	54,587	-2.6%	3,999	4,391	-8.9%	5,072	5,326	-4.8%	25.1	27.6	-8.9%	31.8	33.4	-4.8%
Supreme Industries	BUY	BUY	5,721	5,752	-0.6%	1,10,706	1,16,327	-4.8%	1,27,628	1,34,266	-4.9%	11,394	12,194	-6.6%	13,751	14,611	-5.9%	89.7	96.0	-6.6%	108.2	115.0	-5.9%

Source: Company, PL

Acc=Accumulate / C=Current / P=Previous

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Astral Ltd.	Accumulate	1,929	1,789
2	Avalon Technologies	Hold	899	860
3	Bajaj Electricals	Hold	901	879
4	Century Plyboard (I)	Hold	784	749
5	Cera Sanitaryware	Accumulate	7,854	6,799
6	Crompton Greaves Consumer Electricals	BUY	536	371
7	Cyient DLM	BUY	831	664
8	Finolex Industries	Hold	302	284
9	Greenpanel Industries	Accumulate	450	376
10	Havells India	Accumulate	2,036	1,845
11	Kajaria Ceramics	Accumulate	1,604	1,259
12	Kaynes Technology India	Hold	6,085	6,295
13	KEI Industries	BUY	5,265	4,058
14	Polycab India	BUY	8,741	7,486
15	R R Kabel	BUY	2,151	1,505
16	Supreme Industries	BUY	5,752	4,593
17	Syrma SGS Technology	BUY	629	556
18	Voltas	Accumulate	1,980	1,698

PL's Recommendation Nomenclature

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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