Building Materials

Jan-Mar'25 Earnings Preview

April 8, 2025

Low volume growth with margin contraction

Building Material companies under our coverage universe are expected to report single digit 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 woodpanel segment. We anticipate moderate volume growth of 3.0% YoY in plastic pipe sector. Tiles and bathware sectors are likely to experience single digit growth expecting demand to pick up in H2FY26. We expect coverage companies to register sales growth of 3.9% YoY, given correction in Finolex Ind revenue and Century Plyboards to outperform.

- **Plastic Pipe - Weak vol. growth continue:** The coverage plastic pipe companies are expected to report soft volume growth of 3.0% YoY, primarily due to low channel inventory resulting from delays in ADD implementation and subdued demand. We estimate revenue growth of +2.5% YoY. However, EBITDA and PAT are expected to decline by 20.6% and 24.1% YoY, respectively, mainly due to margin contraction of 380bps YoY, largely because of inventory losses and volatility in PVC resin prices. Supreme Industries and Astral are expected to post moderate sales growth of +3.2% and +4.3% YoY, respectively, with volume growth in the Pipes & Fittings (P&F) segment at +5% for Supreme and flat for Astral.

- **Tiles & Bathware – soft performance for KJS & CRS:** Kajaria is expected to report modest revenue growth of +1.1% YoY, due to soft tiles volume growth of +4.6% YoY. This is attributed to muted domestic demand and increased competitive intensity in domestic market with reduction in exports from Morbi players. EBITDA margin is expected to be at 13.4%. Cera Sanitaryware (CRS) is expected revenue to increase by 5.0% YoY, mainly with price hikes in the faucets segment. However, EBITDA margin is expected to contract to 14.7% (-260 bps YoY), with PAT likely to decline by 10.5% YoY.

- **Woodpanel – plywood continue to outperform:** Century Plyboards (CPBI) is expected to sustain volume growth in the plywood segment, driven by market share gains, and in the MDF segment, supported by capacity expansion. CPBI is expected to deliver healthy sales growth of 14.8% YoY, although EBITDA margin is likely to contract. In the MDF segment, realizations are expected to decline due to the commissioning of the South India plant and increased competitive intensity. We expect MDF volume growth of +57.9% YoY for CPBI and +1.9% YoY for Greenpanel. Plywood volume growth is estimated at +11.0% YoY for CPBI and +3.8% YoY for Greenpanel. Additionally, CPBI's laminate segment expected volume growth of 6.0% YoY, aided by an improvement in export business. Overall, the wood panel coverage universe is expected to report revenue growth of +11.4% YoY, while EBITDA and PAT decline by 13.2% and 27.0% YoY, respectively, due to estimated EBITDA margin contraction of ~300 bps YoY.

- **Coverage target price changes:** In our coverage universe, We have downward revised our target price for all companies expect CRS and upgraded our rating for CPBI/Greenpanel industries from 'HOLD' to 'BUY'.

Exhibit 1: **PL Universe**

Companies	Rating	CMP (Rs)	TP (Rs)
Astral Ltd.	BUY	1,288	1,532
Century Plyboard (I)	BUY	668	806
Cera Sanitaryware	BUY	5,398	7,456
Finolex Industries	Acc	176	202
Greenpanel Industries	BUY	233	330
Kajaria Ceramics	BUY	785	966
Supreme Industries	Acc	3,112	3,689

Source: PL *Acc=Accumulate*

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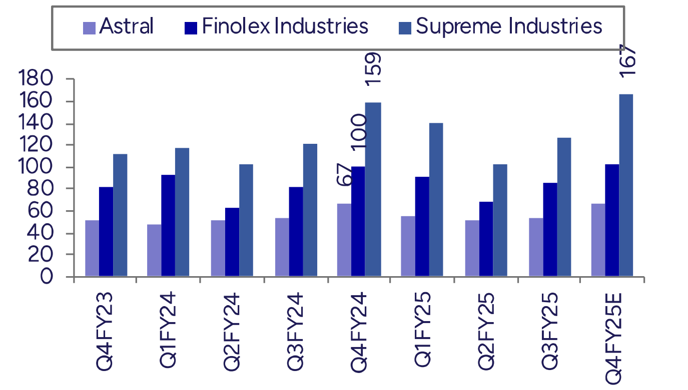
Exhibit 2: Q4FY25 Result Preview

Company Name		Q4FY25E	Q4FY24	YoY gr. (%)	Q3FY25	QoQ gr. (%)	Remark
Astral Ltd.	Sales	16,952	16,251	*4.3*	13,970	*21.3*	We expect sales to grow by 4.3% YoY, due to flat volume growth in Q4FY25. Plumbling business expected flat growth, but sanitaryware segment is expected to growth of 53% YOY. Adhesive & Paints business expected 15.3%/7.4% YoY growth. We expect Plumbing EBITDA margin of 18.6%, and P&A business expected EBITDA margin of 12.6%.
	EBITDA	2,748	2,915	*(5.7)*	2,195	*25.2*	
	Margin (%)	*16.2*	*17.9*	*-173 bps*	*15.7*	*50 bps*	
	PBT	2,131	2,414	*(11.7)*	1,543	*38.1*	
	Adj. PAT	1,577	1,813	*(13.0)*	1,126	*40.0*	
Century Plyboard (I)	Sales	12,175	10,607	*14.8*	11,405	*6.8*	We expect sales growth of 14.8% YoY mainly with Plywood/MDF revenue growth of 10.0%/40.1% YoY with volume growth of 11.0%/57.9%. We expect contract by in EBITDA margins by ~160bps YoY. PAT is expected to decrease by 12.6% YoY.
	EBITDA	1,505	1,483	*1.5*	1,295	*16.2*	
	Margin (%)	*12.4*	*14.0*	*-162 bps*	*11.4*	*101 bps*	
	PBT	1,107	1,206	*(8.2)*	799	*38.5*	
	Adj. PAT	879	1,005	*(12.6)*	588	*49.3*	
Cera Sanitaryware	Sales	5,761	5,488	*5.0*	4,523	*27.4*	We expect sales to increase by 5.0% YoY. Faucets business sales to increase by 6.0% and sanitary business expected to decrease by 1.0% YoY. We expect EBITDA margin of 14.7% (-260bps YoY). We expect PAT to decrease by 10.5% YoY.
	EBITDA	848	950	*(10.7)*	615	*37.8*	
	Margin (%)	*14.7*	*17.3*	*-258 bps*	*13.6*	*112 bps*	
	PBT	891	995	*(10.4)*	610	*46.1*	
	Adj. PAT	677	757	*(10.5)*	464	*46.1*	
Finolex Industries	Sales	12,182	12,354	*-1.4*	10,012	*21.7*	We expect sales to decline by 1.4% YoY, vol. to increase by 1.8% YoY in P&F segment due to low demand and delays in ADD on PVC resin prices. PVC business expected revenue to decline by 79% YoY. We expect EBITDA margin of 10.8%, and PAT to decline by 25.7%.
	EBITDA	1,313	2,089	*(37.2)*	834	*57.3*	
	Margin (%)	*10.8*	*16.9*	*-614 bps*	*8.3*	*244 bps*	
	PBT	1,449	2,187	*(33.7)*	945	*53.3*	
	Adj. PAT	1,225	1,649	*(25.7)*	940	*30.3*	
Greenpanel Industries	Sales	4,057	3,966	*2.3*	3,594	*12.9*	We expect sales to grow by 2.3%. MDF/Plywood business expected sales volume to increase by 1.9%/3.8% YoY. We expect EBITDA margin of 5.6% YoY due to higher timber prices. We expect PAT decline of -75.6% YoY due to lesser volumes & contraction in margins.
	EBITDA	227	513	*(55.7)*	173	*31.0*	
	Margin (%)	*5.6*	*12.9*	*-734 bps*	*4.8*	*77 bps*	
	PBT	97	403	*(75.8)*	52	*86.8*	
	Adj. PAT	73	298	*(75.6)*	85	*(14.4)*	
Kajaria Ceramics	Sales	12,544	12,408	*1.1*	11,637	*7.8*	We expect sales to grow by 1.1% mainly with tiles volume growth of 4.6% YoY. Sanitaryware segment to grow by 4.0% YoY. We expect EBITDA margin to contract by 46bps to 13.4%. We expect PAT to decline by 7.5% YoY.
	EBITDA	1,681	1,720	*(2.3)*	1,487	*13.0*	
	Margin (%)	*13.4*	*13.9*	*-46 bps*	*12.8*	*62 bps*	
	PBT	1,324	1,403	*(5.7)*	1,107	*19.6*	
	Adj. PAT	954	1,031	*(7.5)*	787	*21.2*	
Supreme Industries	Sales	31,044	30,079	*3.2*	25,099	*23.7*	We expect sales to grow by 3.2% YoY with Plastic Pipe/Packing Products/Industrial products/consumer product volume growth of 5%/9.1%/2.7%/4.7% YoY. We expect EBITDA margin of 12.3%, contracted by ~410bps YoY and PAT to decline by 29.0% YoY.
	EBITDA	3,805	4,907	*(22.5)*	3,088	*23.2*	
	Margin (%)	*12.3*	*16.3*	*-406 bps*	*12.3*	*-5 bps*	
	PBT	3,032	4,239	*(28.5)*	2,235	*35.7*	
	Adj. PAT	2,520	3,548	*(29.0)*	1,870	*34.8*	

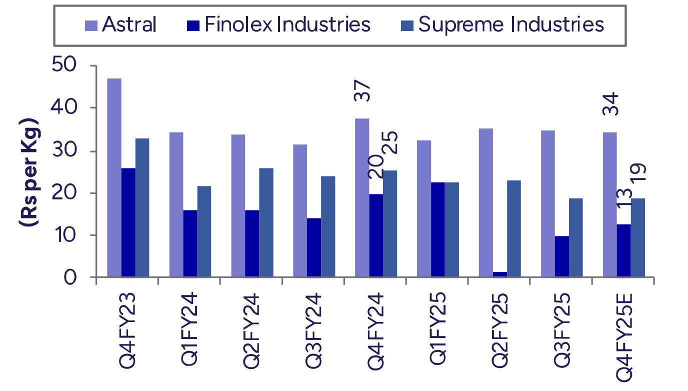
Source: Company, PL

Exhibit 3: Pipe Vol. growth est. 3.0% YoY



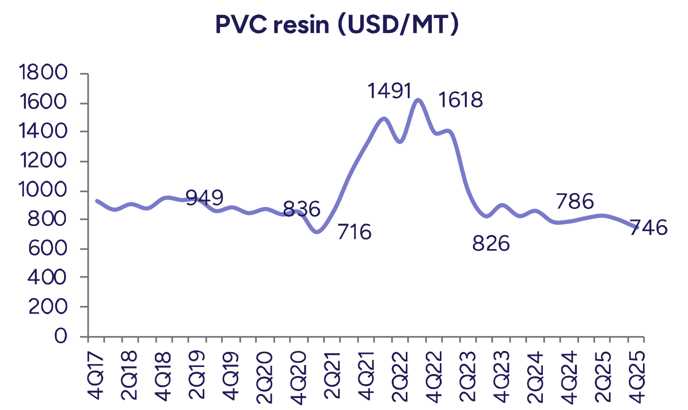
Source: Company, PL

Exhibit 4: Pipe EBITDA/Kg est. -20.1% YoY



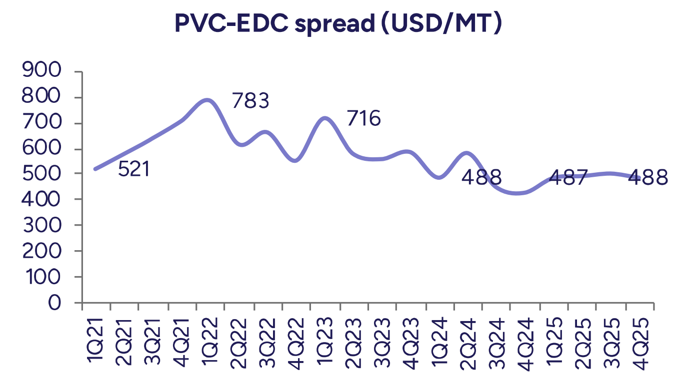
Source: Company, PL

Exhibit 5: PVC resin prices down 5.3% YoY in Q4FY25



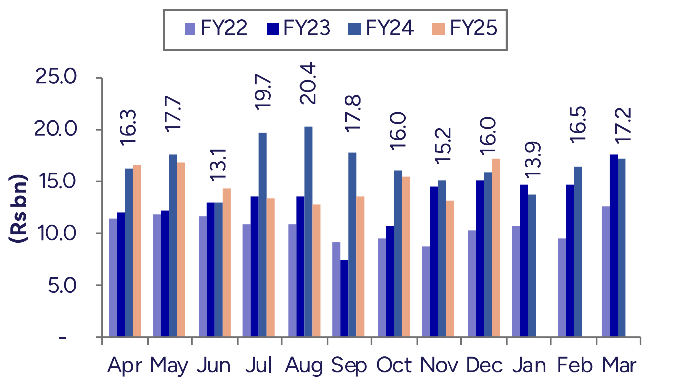
Source: Industry, PL

Exhibit 6: PVC-EDC spread decline by 3.1% QoQ in Q4FY25



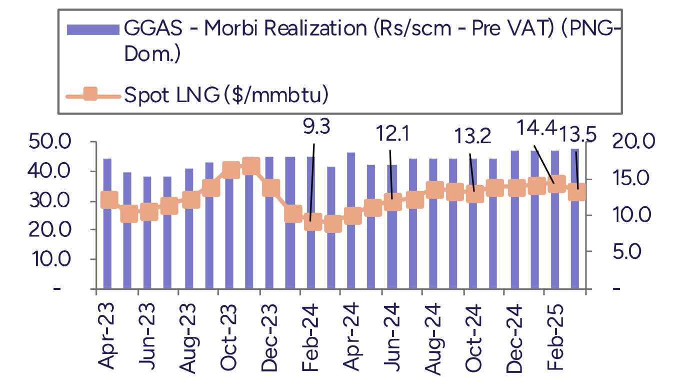
Source: Industry, PL

Exhibit 7: Tiles export down 12.2% YoY in Apr-Dec'FY25



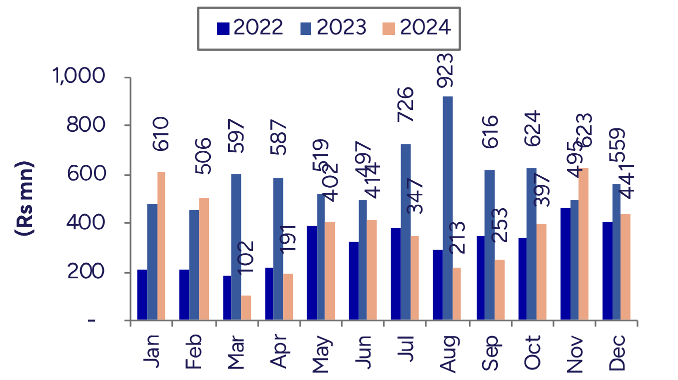
Source: Ministry of Commerce, PL

Exhibit 8: GGAS (Morbi) prices range bound at Rs47/SCM



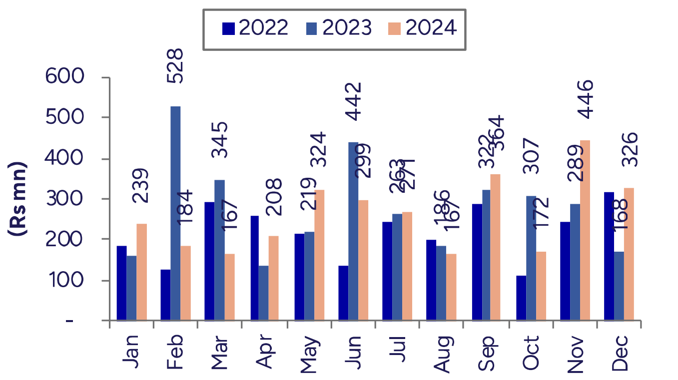
Source: Ministry of Commerce, PL

Exhibit 9: MDF import down ~41% in Apr-Dec'FY25



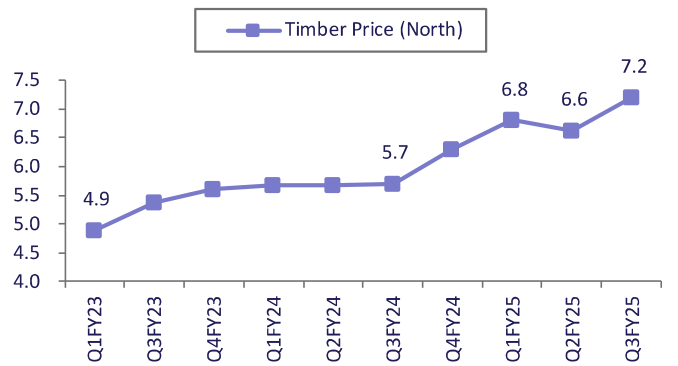
Source: Ministry of Commerce, PL

Exhibit 10: MDF exports up by 10% in Apr- Dec'FY25



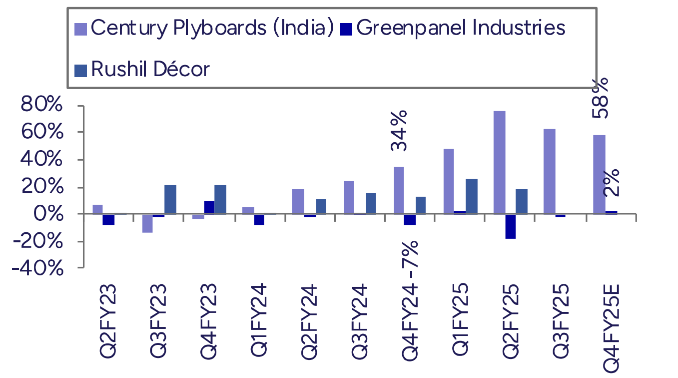
Source: Ministry of Commerce, PL

Exhibit 11: Timber price up 26%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	1,288	1,532	346.4	564.1	58.5	67.6	78.4	9.2	9.3	11.0	13.0	5.5	5.1	6.5	8.2	20.3	19.0	24.1	30.6	17.5	14.7	16.2	17.6	63.5	67.6	53.3	42.0
Century Plyboard (I)	C	BUY	668	806	148.5	38.9	45.5	51.4	59.1	5.3	5.0	7.1	8.7	3.4	2.3	3.9	5.1	15.2	10.5	17.5	23.0	16.4	10.1	15.0	17.1	44.0	63.4	38.1	29.0
Cera Sanitaryware	C	BUY	5,398	7,456	69.6	18.8	19.2	21.5	25.0	3.0	2.8	3.3	3.9	2.4	2.3	2.7	3.2	184.3	177.8	206.0	245.3	19.0	16.8	17.8	18.1	29.3	30.4	26.2	22.0
Finolex Industries	C	Acc	176	202	108.7	43.2	41.9	46.3	50.9	5.8	4.3	5.6	6.6	4.7	4.1	5.3	6.1	7.7	6.6	8.5	9.8	9.0	6.9	8.3	9.2	23.0	26.5	20.7	17.9
Greenpanel Industries	C	BUY	233	330	28.5	15.7	14.7	17.8	21.8	2.5	1.1	2.1	3.8	1.4	0.5	1.1	2.2	11.6	4.0	8.9	18.3	11.4	3.7	8.0	15.0	20.0	58.0	26.3	12.7
Kajaria Ceramics	C	BUY	785	966	125.0	45.8	47.1	52.2	58.4	7.0	6.4	7.3	8.4	4.2	3.5	4.3	5.1	26.5	21.7	26.8	32.2	17.1	12.6	14.1	15.2	29.6	36.1	29.3	24.4
Supreme Industries	C	Acc	3,112	3,689	395.4	101.3	105.2	120.0	137.4	15.5	14.4	16.3	19.4	10.7	9.7	11.0	13.4	84.2	76.1	86.7	105.4	22.5	17.8	18.1	19.3	37.0	40.9	35.9	29.5

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	BUY	1,532	1,808	-15.3%	58,462	60,459	-3.3%	67,599	72,480	-6.7%	5,121	5,484	-6.6%	6,495	7,336	-11.5%	19.0	20.4	-6.6%	24.1	27.3	-11.5%
Century Plyboard (I)	BUY	HOLD	806	811	-0.6%	45,470	45,625	-0.3%	51,360	51,535	-0.3%	2,341	2,377	-1.5%	3,900	3,918	-0.5%	10.5	10.7	-1.5%	17.5	17.6	-0.5%
Cera Sanitaryware	BUY	BUY	7,456	7,456	0.0%	19,217	19,217	0.0%	21,498	21,498	0.0%	2,293	2,293	0.0%	2,657	2,657	0.0%	177.8	177.8	0.0%	206.0	206.0	0.0%
Finolex Industries	Acc	Acc	202	229	-11.7%	41,884	42,613	-1.7%	46,252	46,891	-1.4%	4,107	4,262	-3.6%	5,260	5,604	-6.1%	6.6	6.9	-3.6%	8.5	9.1	-6.1%
Greenpanel Industries	BUY	HOLD	330	373	-11.8%	14,670	14,670	0.0%	17,768	17,768	0.0%	492	521	-5.6%	1,086	1,086	0.0%	4.0	4.3	-5.6%	8.9	8.9	0.0%
Kajaria Ceramics	BUY	BUY	966	1,224	-21.1%	47,111	47,270	-0.3%	52,185	52,232	-0.1%	3,461	3,528	-1.9%	4,266	4,594	-7.1%	21.7	22.1	-1.9%	26.8	28.8	-7.1%
Supreme Industries	Acc	Acc	3,689	3,748	-1.6%	1,05,236	1,05,236	0.0%	1,20,033	1,18,830	1.0%	9,668	9,668	0.0%	11,016	11,462	-3.9%	76.1	76.1	0.0%	86.7	90.2	-3.9%

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.	BUY	1,808	1,470
2	Avalon Technologies	Accumulate	900	807
3	Bajaj Electricals	Hold	552	551
4	Cello World	BUY	770	545
5	Century Plyboard (I)	Hold	811	804
6	Cera Sanitaryware	BUY	7,456	5,651
7	Crompton Greaves Consumer Electricals	BUY	440	339
8	Cyient DLM	BUY	692	455
9	Finolex Industries	Accumulate	229	195
10	Greenpanel Industries	Hold	373	352
11	Havells India	BUY	1,750	1,513
12	Kajaria Ceramics	BUY	1,224	960
13	Kaynes Technology India	Accumulate	5,528	4,956
14	KEI Industries	BUY	4,278	2,880
15	Polycab India	BUY	7,152	5,286
16	R R Kabel	BUY	1,292	944
17	Supreme Industries	Accumulate	3,748	3,533
18	Syrma SGS Technology	BUY	629	469
19	Voltas	BUY	1,593	1,345

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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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