

15 March 2026

Building Materials

Reinforcing the foundation: entering a recovery cycle with attractive valuations

Sensex: 74,564

Nifty: 23,151

We assume coverage on India's building materials sector with a positive outlook in anticipation of: (a) a gradual recovery in demand (primarily in rural and semi-urban areas); (b) better pricing environment due to improvement in industry dynamics with rising trade flow and commodity prices; and (c) comfortable valuations. On this backdrop, we initiate coverage on most building material stocks with BUY rating. Supreme Industries / Cera Sanitaryware / Greenpanel Industries is our preferred bet in the plastic pipe/ceramics/wood panel space.

Plastic Pipes: This segment has a superior business risk profile as: (a) it is the fastest growing segment in the building material sector due to diversified end user industries; and (b) stable margin profile (as the volatile PVC resin price is fully passed on to consumers with a small-time lag). Going ahead, we believe the sector could start to enter earnings upgrade cycle in the coming quarters in anticipation of: (a) improvement in demand sentiment in rural and semi-urban market; and (b) resumption of uptrend in PVC resin prices. Hence, we initiate coverage on Supreme Industries (TP Rs5,000), Astral (TP Rs2,000), Finolex Industries (Rs 240) with BUY rating.

Ceramics: Within the ceramics space, we believe the bathware category carries a more favorable business risk profile than tiles, supported by stronger pricing discipline driven by a higher share of organised players (where brand visibility matters to consumers) and low capital investment required in faucet-ware. The valuation of ceramics sector has become quite comfortable (trades at 24% discount to pre-COVID P/E multiple even during depressed earnings cycle). We assume coverage on Cera Sanitaryware (TP Rs 6,500) and Kajaria Ceramics (TP Rs 1,200) with BUY rating.

Wood Panel: Business risk profile of wood panel segment is relatively weak compared to pipes and ceramics due to: (a) weak pricing discipline on account of low organised share; (b) high capex intensity; and (c) MDF and particleboard are highly B2B cyclical business. However, we initiate coverage on Greenpanel Industries (TP Rs 320) and Greenply Industries (Rs 300), with BUY rating on the backdrop of positive outlook for MDF segment (as we believe the cycle has already bottomed out) and inexpensive valuations. Concurrently, we initiate coverage on Century Plyboards (TP Rs800) and Greenlam Industries (Rs245) with HOLD rating on expensive valuation, despite rising share of capital deployed in MDF/particleboard business.

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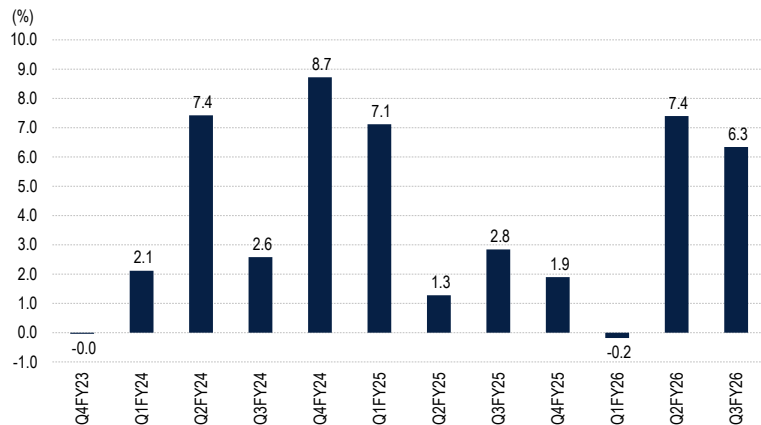
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Building Material Biz – At a Glance

A. Muted Revenue Growth for 12 Successive Quarters

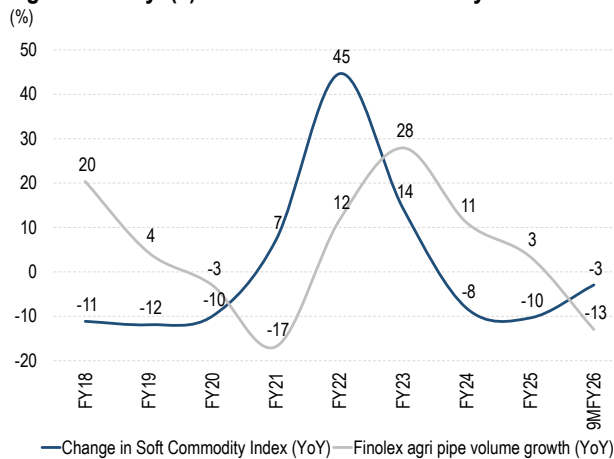
The building material (BM) companies have been reporting a muted y/y revenue growth for the past 12 consecutive quarters, driven by: (a) slowdown in rural economy from Q4FY23; (b) slowdown in urban real estate market from Q2FY25; and (c) weak realisation due to pricing pressure led by intense competition in a soft demand environment.

Fig 1 – Continues to Report Muted Revenue Growth for the Past 12 Quarters...



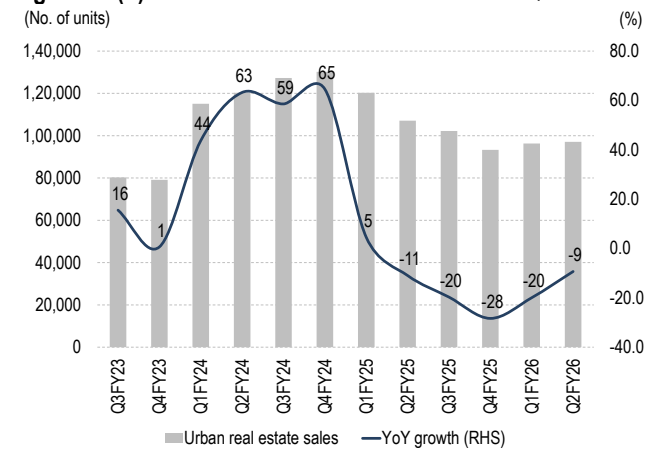
Source: Company, Anand Rathi Research

Fig 2 – ...led by: (a) slowdown in rural economy from Q4FY23...



Source: Bloomberg, Company

Fig 3 – ... (b) slowdown in urban real estate from Q2FY25...



Source: Knight Frank India

Fig 4 – ...and (c) weak realisation due to pricing pressure led by intense competition in a soft demand environment

Average Realisation Trend	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Supreme pipe (Rs/kg)	158	139	147	135	136	133	141	132	128	120	134	124
Growth (y/y)	-15	-25	-10	-7	-14	-4	-4	-2	-6	-9	-5	-6
Kajaria own manufactured tiles (Rs/sq. mt)	396	391	386	380	377	375	376	368	371	369	370	365
Growth (y/y)	2	-3	-5	-5	-5	-4	-3	-3	-2	-2	-1	-1
Greenpanel domestic MDF (Rs/CBM)	32,978	32,925	32,771	31,593	29,058	29,603	30,404	29,867	31,214	29,559	28,587	28,193
Growth (y/y)	-1	-1	-2	-7	-12	-10	-7	-5	7	-0	-6	-6

Source: Company

B. Expect Revenue to Improve in the Coming Quarters

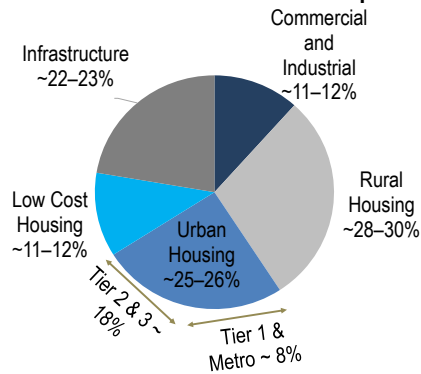
Looking ahead, we expect the building material business to see better revenue growth in the coming quarters in anticipation of: (a) gradual recovery in demand (particularly in rural and semi urban areas, which forms the bulk of the market); and (b) better pricing environment due to improved industry dynamics with rising trade flow and hardening commodity prices.

Fig 5 – Recent commentaries of top domestic players suggest rural demand revival

Company	Q3FY26 Earnings Commentary on Rural Market
Asian Paints	Rural segment performed better than urban centres, partly due to good rainfall, a clear trend of which was seen in Nov-Dec'25.
UltraTech Cement	With no sign of depression in rural demand, Q4FY26 is likely to be solid for the company.
Bajaj Finance	The management's assessment on rural B2C has been revised from yellow to green.
Hero MotorCorp	Rural markets saw better-than-expected performance with direct impact on pace of growth in the entry and deluxe segment.
Nestle	While urban growth has tapered downwards, rural growth is looking upwards. But the cause for concern on growth continues to remain.
Emami	It has been seeing growth in rural areas. With GST cuts, it expects the momentum to continue, going forward. The brands which were growing by 4-5%, should see 8-9% growth. It is focusing on small SKUs, as it sees a good revival in rural markets next year.
Dabur	Rural markets continue to outperform urban markets, consistent with recent quarters.

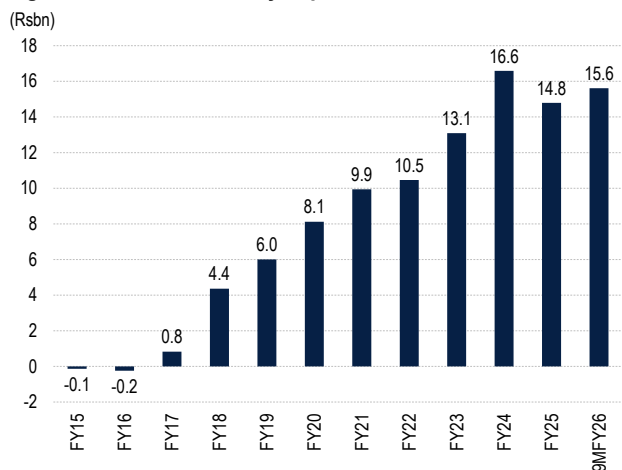
Source: Company, Anand Rathi Research

Fig 6 - Rural, Tier II & III forms bulk of cement consumption in housing market



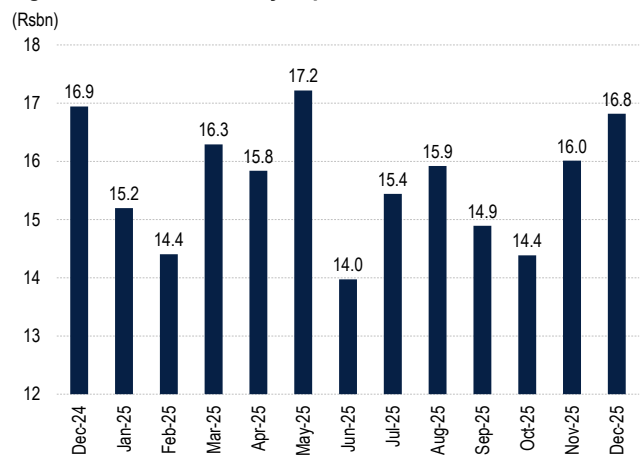
Source: UltraTech Investor Presentation, Mar'22

Fig 7 – Tiles – net monthly exports run rate



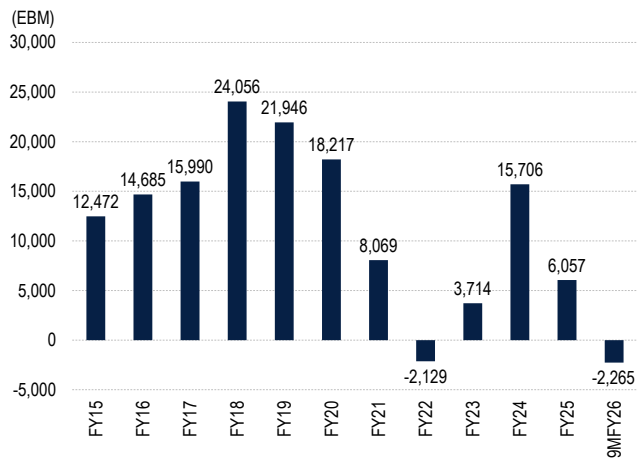
Source: Ministry of Commerce

Fig 8 – Tiles – net monthly exports run rate



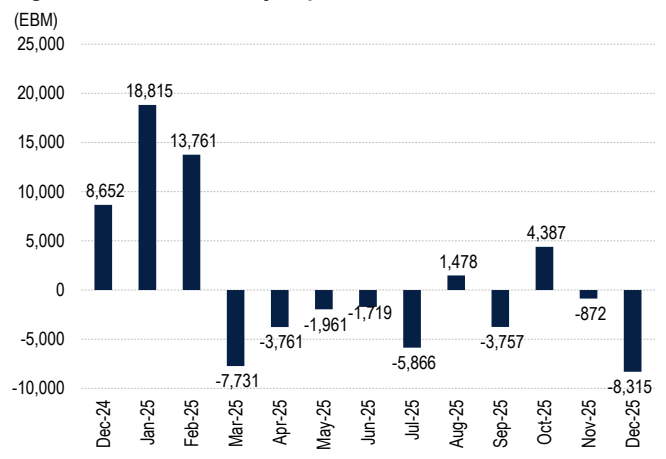
Source: Ministry of Commerce

Fig 9 – MDF net monthly imports run rate



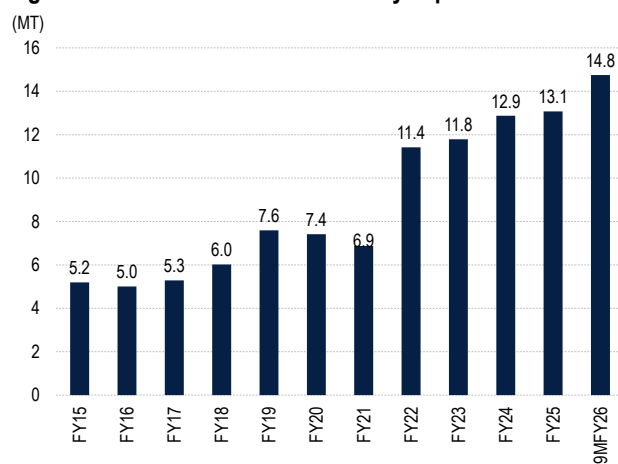
Source: Ministry of Commerce

Fig 10 – MDF net monthly imports run rate



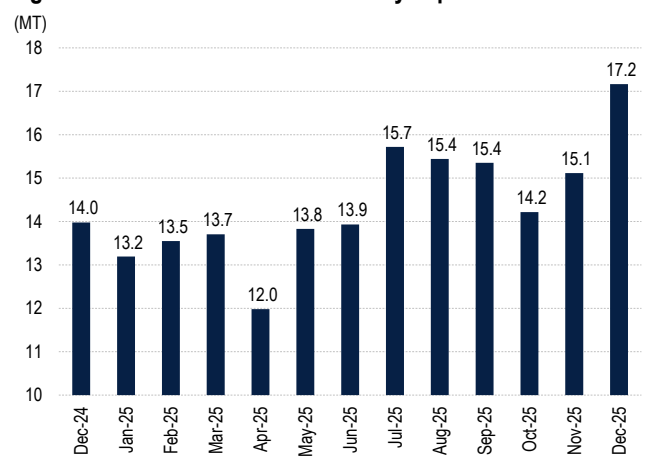
Source: Ministry of Commerce

Fig 11 – Laminate volume net monthly exports run rate



Source: Ministry of Commerce

Fig 12 – Laminate volume net monthly exports run rate



Source: Ministry of Commerce

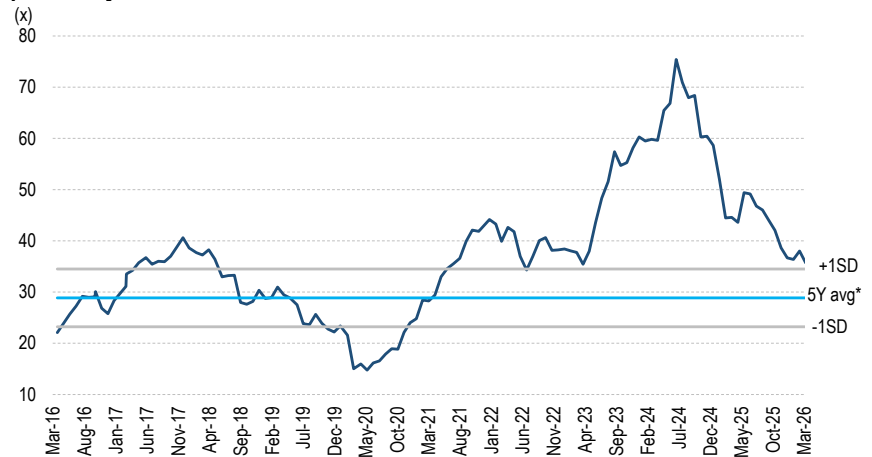
Sectoral Valuation

Limited Scope of Valuation De-Rating on Improving Outlook

Over the past two years, the valuation of building material sector has fallen sharply. Further, the valuation for selective names (i.e., Greenpanel Industries, Greenply Industries), has gone below pre-COVID level even with depressed earnings cycle period.

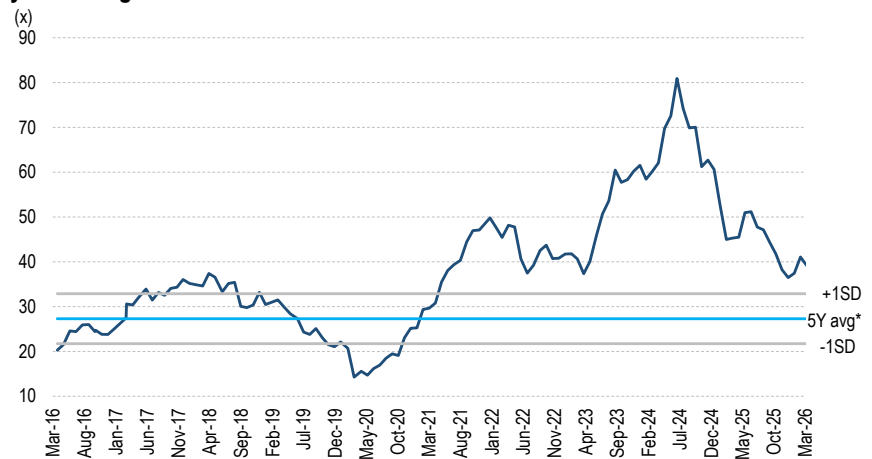
With expectation of improving demand outlook and pricing discipline, we see limited scope of de-rating of valuation multiple for building material sector, going forward.

Fig 13 – Valuation of Building Material sector has seen sharp correction over the past two years



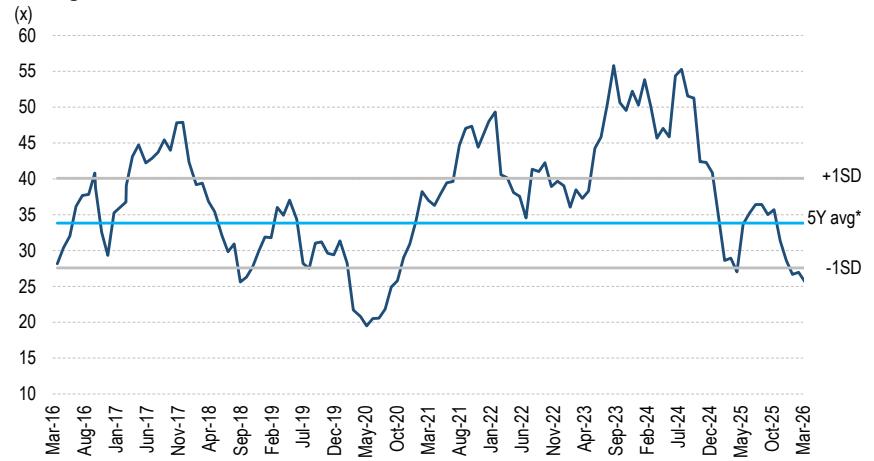
Source: Anand Rathi Research; *Pre-covid

Fig 14 – Plastic Pipe sector trades at 39.2x on 1-year forward P/E vs. pre-COVID 5-year average of 27.3x



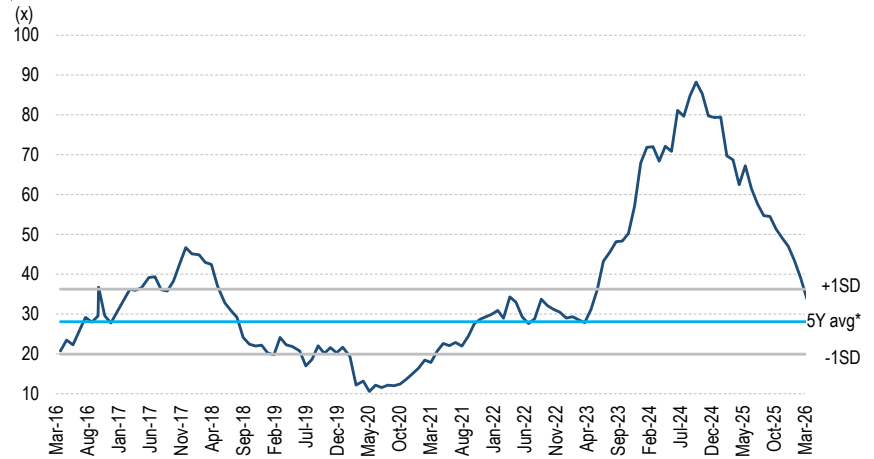
Source: Anand Rathi Research; *Pre-covid

Fig 15 – Ceramics sector trades at 25.7x on 1-y forward P/E vs. pre-COVID 5-year average of 33.8x



Source: Anand Rathi Research; *Pre-covid

Fig 16 – Wood panel sector trades at 33.9x on 1-year forward P/E vs. pre-COVID 5-year average of 28.1x



Source: Anand Rathi Research; *Pre-covid

Industry Outlook

Risk Profile Analysis – Plastic Pipe Fares Better Within Building Materials Space

Within the building materials universe, we believe the plastic pipe business has a relatively superior business risk profile, followed by bathware, tiles and wood panels. Our ranking is based on: (a) industry growth prospects (based on diversified end user industries and replacement demand); (b) better pricing discipline (which is reflected from high organised share, low imports threat and low global linkage); and (c) capex intensity.

Fig 17 – Building Materials – segmental risk profile analysis

Particulars	Plastic pipe	Bathware	Tiles	Wood Panel	Remarks
Market size (Rs bn)	500	331	531	524	Larger the better
Segment risk profile ranking	1	2	3	4	1 being the best
Growth prospects					
Expected growth rate (%)	10-12	10	10	8-10	Higher the better
Replacement demand (%)	35	20-25	10-15	High	Higher the better
Pricing discipline					
Organized share (%)	70	62	46	35	Higher the better
Global linkage	Low	Low	High	High	Lower the better
Import threat	Almost nil	Low	Low	High	Lower the better
Return Ratios					
Capex intensity	Medium	Low	High	Very high	Lower the better
ROE (%)	High	Highest	Medium	Low	Higher the better

Source: Anand Rathi Research

Stock Recommendations

We assume coverage on India's building materials sector with a positive outlook in anticipation of: (a) a gradual recovery in demand (primarily in rural and semi-urban areas); (b) better pricing environment due to improvement in industry dynamics with rising trade flow and commodity prices; and (c) comfortable valuations. On this backdrop, we initiate coverage on most building material stocks with BUY rating. Supreme Industries / Cera Sanitaryware / Greenpanel Industries is our preferred bet in the plastic pipe/ceramics/wood panel space.

Plastic Pipes: This segment has a superior business risk profile as: (a) it is the fastest growing segment in the building material sector due to diversified end user industries; and (b) stable margin profile (as the volatile PVC resin price is fully passed on to consumers with a small-time lag). Going ahead, we believe the sector could start to enter earnings upgrade cycle in the coming quarters in anticipation of: (a) improvement in demand sentiment in rural and semi-urban market; and (b) resumption of uptrend in PVC resin prices. Hence, we initiate coverage on Supreme Industries (TP Rs5,000), Astral (TP Rs2,000), Finolex Industries (Rs 240) with BUY rating.

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Wood Panel: Business risk profile of wood panel segment is relatively weak vs. pipes and ceramics due to: (a) weak pricing discipline owing to low organised share; (b) high capex intensity; and (c) MDF and particleboard are highly B2B cyclical business. However, we initiate coverage on Greenpanel (TP Rs 320), Greenply (Rs 300) with BUY rating on the backdrop of positive outlook for MDF segment (as we believe the cycle has already bottomed out) and inexpensive valuations. Concurrently, we initiate coverage on Century Ply (TP Rs800) and Greenlam (Rs245) with HOLD rating on expensive valuation, despite rising share of capital deployed in MDF/particleboard business.

Fig 18 – Comparative Valuation

Particulars	Rating	Market Cap (Rs bn)	CMP (Rs)	TP (Rs)	Upside (%)	Target P/E (x)	Revenue			Historical (%)			Future (%)			Valuation	
							Revenue	EBITDA	Avg ROE	Revenue	EBITDA	Avg ROE	Revenue	EBITDA	Avg ROE	P/E (x)	
							Mar'28 EPS	FY25	6Y CAGR (FY19-25)	FY19-25	3Y CAGR (FY25-28e)	FY26-28e	FY27e	FY28e	5Y avg*		
SI	BUY	494	3,887	5,000	29	40	104.5	10.9	10.8	24.0	15.3	20.7	18.8	38.9	31.1	27.5	
ASTRA	BUY	434	1,612	2,000	24	55	58.3	15.1	16.1	19.1	16.9	19.0	16.9	58.2	44.3	45.7	
FNXP	BUY	114	184	240	30	20	41.4	5.0	(3.9)	14.8	9.6	18.2	10.0	17.8	15.3	17.1	
Pipes								10.3	7.7	19.3	13.9	19.3	15.2	38.3	30.2	30.1	
CRS	BUY	59	4,524	6,500	39	30	19.3	6.1	7.3	17.1	6.5	5.7	15.9	23.5	21.5	31.8	
KJC	BUY	145	910	1,200	32	32	46.4	7.8	5.7	16.3	6.6	15.0	17.3	27.1	24.3	34.6	
Ceramics								6.9	6.5	16.7	6.6	10.4	16.6	25.3	22.9	33.2	
CPBI	HOLD	146	659	800	21	35	45.3	12.1	7.7	17.4	14.3	26.2	13.4	40.0	28.8	27.6	
GRLM	HOLD	54	211	245	16	30	25.7	12.3	9.4	14.9	17.0	22.0	10.8	36.8	25.9	25.8	
MTLM	BUY	24	193	300	55	22	24.9	9.9	7.9	21.5	8.3	13.2	12.7	20.5	14.4	NA	
GREENP	BUY	25	200	320	60	20	14.4	15.7	9.1	12.6	15.5	42.3	6.7	23.1	12.7	NA	
Wood Panel								12.5	8.5	16.6	13.8	25.9	10.9	30.1	20.5	26.7	
BM Universe								9.9	7.6	17.5	11.4	18.5	14.2	31.2	24.5	30.0	

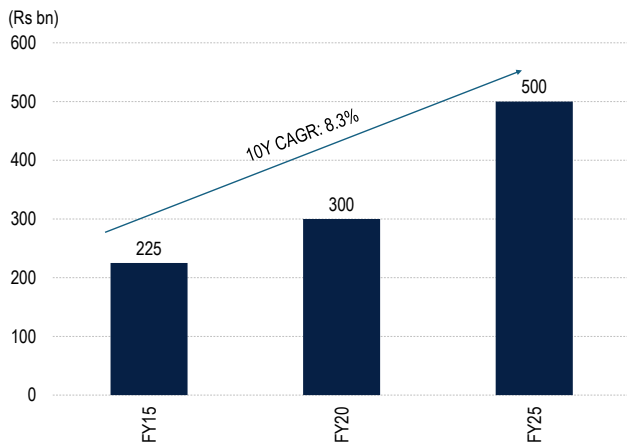
Source: Company, Anand Rathi Research; *pre-covid period

Plastic Pipe Sector

Indian Pipe Sector to Clock 10-12% CAGR over FY25-30

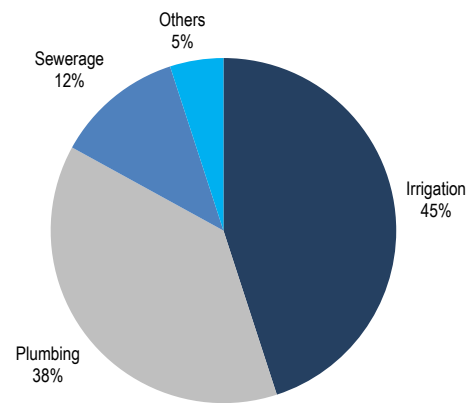
India’s plastic pipe market, which clocked 8.3% CAGR over FY15-25, is estimated to be ~Rs500bn in FY25. ICRA expects the plastic pipe industry to clock 10-12% CAGR over FY25-30e. Plumbing & Sewerage pipes account for ~50% of domestic plastic pipe market, followed by agriculture pipes (45%) and infrastructure and industrial pipes (5%). Going ahead, agriculture pipe is expected to grow at the slowest pace (due to low disposable income of the farmers), whereas infrastructure and industrial pipe business is expected to grow at the fastest rate, due to low penetration of plastic pipes, as it is still dominated by cement and steel pipes.

Fig 19 – India’s plastic pipe market clocked 8.3% CAGR over FY15-25



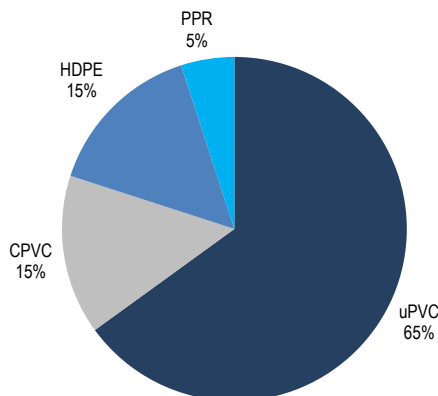
Source: Supreme FY15 PPT, Astral FY20 Annual Report, ICRA Mar’25 Report

Fig 20 – India’s plastic pipes is less cyclical to realty sector on diversified set of end users



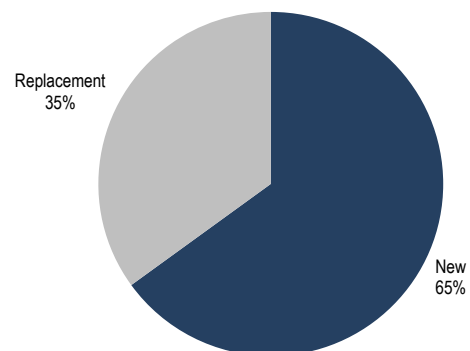
Source: Apollo Pipes Investor Presentation, May’25

Fig 21 – PVC is the most widely used polymer in Indian plastic pipes industry



Source: ICRA Mar’25 Report

Fig 22 – Replacement market accounts for ~35% of India’s plastic pipe market

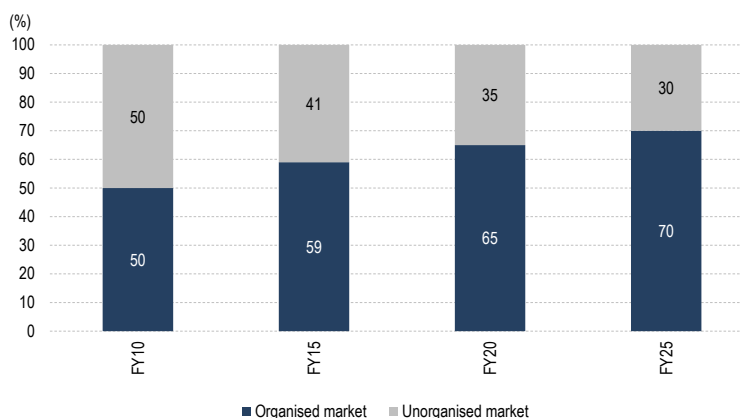


Source: Apollo Pipes Investor Presentation, May’25

Rising Organised Share on Large Capex by Top Players

The share of organised players has gone up from 50% in FY10 to 70% in FY25 due to rising preference for branded products and aggressive geographical and product portfolio expansion by top players. *Within Top-5 plastic pipe players, Supreme and Astral gained market share without margin dilution over FY19-25, whereas the other three players (Ashirvad, Finolex and Prince) lost market share with severe margin contraction during the same period, which indicates that Supreme and Astral enjoy strong competitive edge in the plastic pipe industry.*

Fig 23 – Steady shift towards organised market (from 50% in FY10 to 70% in FY25)



Source: Apollo Pipes Investor Presentation (May'20, May'25)

Fig 24 – Supreme & Astral gaining ground without margin dilution among Top-5 players

Companies' Name	Revenue (Rs bn)		Market Share (%)		6Y Volume CAGR (%)	EBITDA margin (%)		RoE (%) - consol	
	FY19	FY25	FY19	FY25		5Y average (FY15-19)	FY25	FY19	FY25
Supreme (pipes)	32	70	26.8	31.6	11.3	14.0	14.1	19.9	18.1
Ashirvad	27	45	22.6	20.3	NA	17.6	6.7	26.8	1.1
Astral (pipes)	18	41	15.6	18.4	10.8	14.4	18.6	17.1	15.4
Finolex (pipes)	26	41	21.8	18.3	4.8	9.2	6.8	14.3	8.2
Prince	16	25	13.3	11.3	5.4	11.3	6.4	21.6	2.9
Total	118	223	100.0	100.0	8.8				

Source: Company, Anand Rathi Research

PVC Resin Prices Bottomed Out in Q3FY26

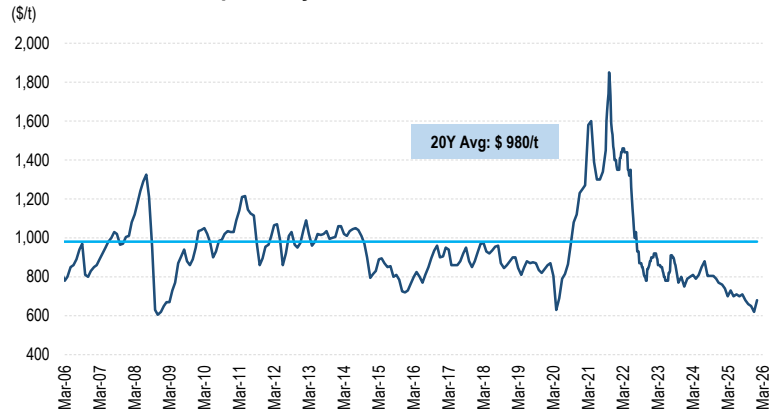
Global PVC resin prices fell to a two-decade low level of \$620/tonne in Dec-25 due to:

- Weak global demand (on account of slowdown in housing activity in China and US) along with large capacity addition in China.
- High operating rates (to ensure stable production of caustic soda).
- Falling feedstock prices (ethylene and calcium carbide due to lower prices of crude oil and coal).
- Channel destocking on the back of falling resin prices.

Whilst the global PVC resin price has moved up to \$750/tonne now, it is still well below 20-year average of \$980/tonne).

Going ahead, we believe the PVC resin prices are expected to remain firm in near-future due to: (a) shutdown of high-cost PVC resin plants is likely to balance the global PVC industry dynamics; (b) elimination of VAT export tax rebates by China with effect from April 1, 2026; and (c) geopolitical tensions in the Middle East.

Fig 25 – PVC resin price has fallen to current level twice (GFC and COVID) in Southeast Asia over the past 20 years



Source: Bloomberg

Fig 26 – Global PVC capacity rationalisation amid demand slowdown

Company	Country	Capacity (ktpa)	Shutdown Date
Ineos	UK	300	Jul'24
Spolana	Czech Republic	135	Jan'25
Vynova	Netherlands	225	Nov'25
Toagosei Co Ltd	Japan	250	Dec'25
Westlake Corporation	USA	454	Dec'25

Source: Various news reports; Anand Rathi Research

Rising PVC Resin Prices to Boost Pipe Sectoral Profitability

PVC resin is a globally traded commodity, whose demand is driven by global construction activities. Despite steep volatility in its prices, margin profile of major pipe companies remains stable over the long term, as they generally pass on the rise in resin prices to the consumers on immediate basis.

For example: Supreme's pipe segment average EBITDA margin is ~15% over the past one decade. Hence, on an absolute basis, the plastic pipe industry profitability is highly linked to PVC resin prices (for ex-pipe industry EBITDA/unit will increase during times of rising resin prices or vice versa, even if the sector margin profile remains stable).

Fig 27 – Plastic pipe sector EBITDA per unit is highly correlated to PVC resin prices

Particulars	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Southeast PVC resin prices (\$/t)	800	878	901	900	849	1,024	1,489	1,027	832	792
Supreme pipe EBITDA margin (%)	14.3	16.2	14.3	12.8	16.1	22.2	18.0	13.9	15.8	14.1
India PVC resin price (Rs/kg)	64.3	72.3	70.8	75.8	73.5	88.0	134.1	100.1	79.7	82.8
Supreme pipe EBITDA per unit (Rs/kg)	13.2	17.0	15.2	14.5	18.5	31.0	33.1	22.3	21.8	18.6

Sources: Bloomberg, Company, Anand Rathi Research

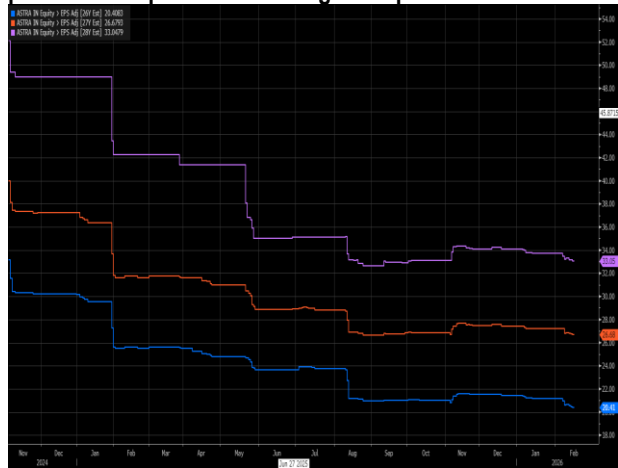
Is the End of Earnings Downgrade Cycle Near for Pipe?

Supreme reported better-than-expected pipe volume growth (+16.2% y/y) in Q3FY26. However, the street trimmed its EPS estimates by 17/18% for FY27/28 post Q3 result, due to steep 7.2% q/q fall in its pipe realisation led by weak PVC resin prices (down 6.4% q/q).

Going ahead, we believe the sector could see the start of an earnings upgrade cycle in the coming quarters on anticipation of: (a) improvement in demand in rural and semi-urban markets; (b) resumption of uptrend in PVC resin

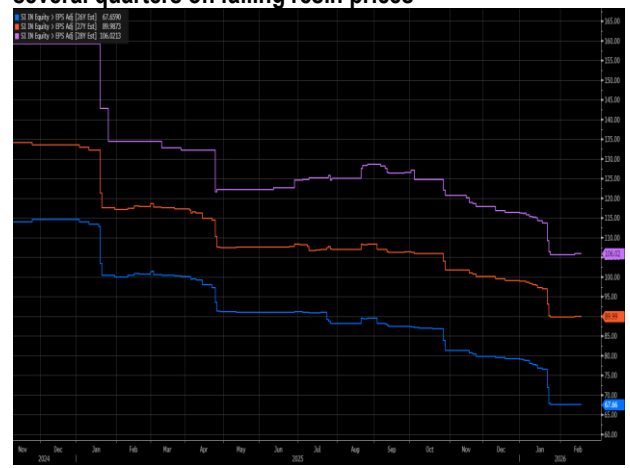
prices; and (c) change in pricing strategy by Supreme (commanding premium over regional players) in case of sharp recovery in demand.

Fig 28 – Street downgrading ASTRA EPS estimates for the past several quarters on falling resin prices



Source: Bloomberg

Fig 29 – Street downgrading SI EPS estimates for the past several quarters on falling resin prices



Source: Bloomberg

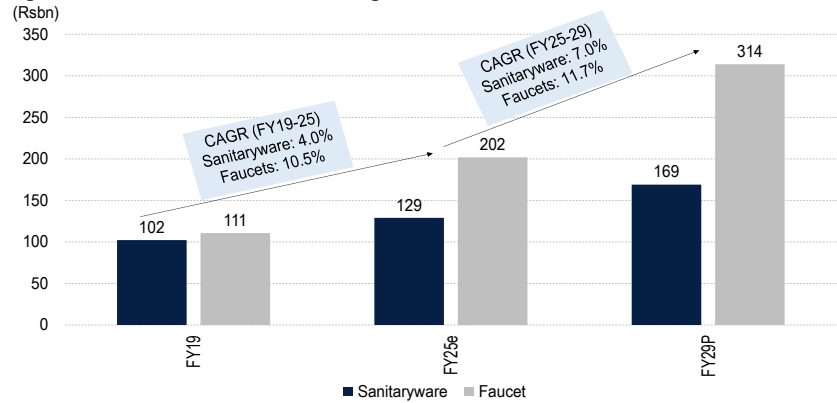
Thus, factoring in better-than-consensus estimates for our coverage pipe stocks, we re-initiate coverage on Supreme Industries (TP Rs5,000), Astral (TP Rs2,000), Finolex Industries (Rs240) with BUY rating.

Bathware

Bathware Market to Clock 10% CAGR over FY25-29e

The Indian bathware market is pegged at Rs331bn in FY25 (sanitaryware: Rs129bn; faucets: Rs202bn). This is expected to clock 10% CAGR over FY25-FY29e, driven by rising urbanisation, premiumisation and higher replacement demand. The faucet share in domestic bathware market is expected to clock 11.7% CAGR vs. sanitaryware (at 7% CAGR) due to higher replacement rates and premiumisation.

Fig 30 – Indian bathware market to grow at 10% CAGR over FY25-FY29

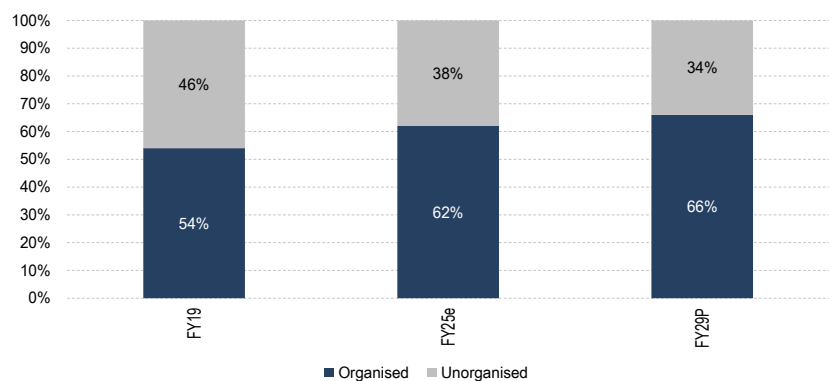


Source: Varmora DRHP; Aug'25

Rising Preference for Branded Products

The share of organised players is quite high in bathware market, which is expected to grow from 62% in FY25 to 66% in FY29 due to: (a) rising preference for branded products; (b) wide range of superior technological products; (c) deeper distribution reach in rural markets; (d) opening of experience centers in urban areas; and (e) better after-sales-service.

Fig 31 – Rising organised share due to rising preference for branded products

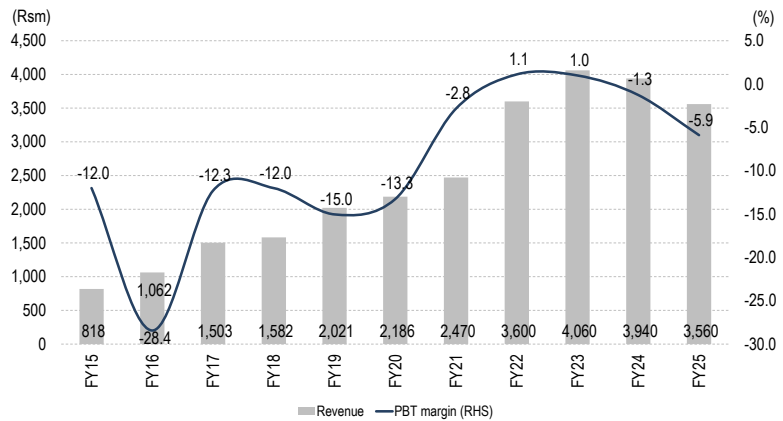


Source: Varmora DRHP; Aug'25

Leading players to continue to dominate bathware market

Several building material companies have forayed into bathware over the past one decade (i.e., Asian Paints, Kajaria, Somany, Prism Johnson, Simpolo, Asian Granito, Varmora, Astral and Prince Pipe etc.) due to better pricing discipline in this space compared to other building material segments (tiles and wood panel). However, the new entrants are struggling to grow their operation in a profitable manner and the top players (Jaquar, Cera, ROCA, Hindware, Kohler etc.) continue to enjoy dominant market share due to strong brand equity, wide product offerings, robust distribution network and competitive cost.

Fig 32 – Asian Paints – Revenue and PBT margin trend of bathware division



Source: Company

Leading Players Enjoy Healthy Margin and Return Ratios

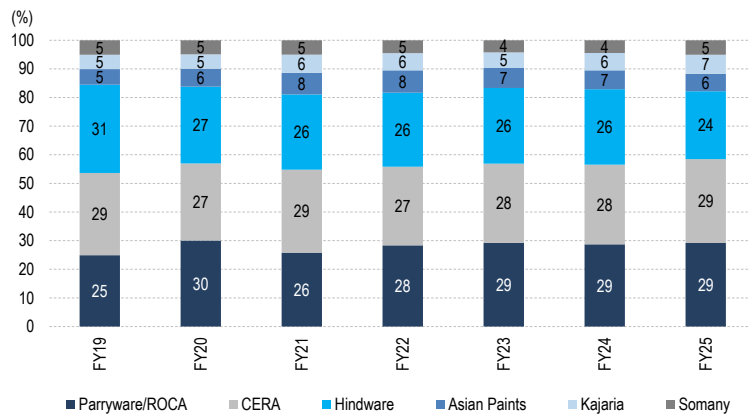
Among the Top 5 bathware firms, we observed that Jaquar and Kohler are gaining market share due to premium brand positioning and strong distribution network. Excluding Top 2 players, Cera is also gaining market share in bathware space due to: (a) market share gain in faucetware portfolio; and (b) expansion of distribution footprint in central/eastern markets. The margin and return ratio profile of Top 4 players are quite healthy due to better pricing discipline, high share of outsourcing and low capex intensity in faucets. Hence, we re-initiate coverage on Cera with a BUY and TP of Rs6,500.

Fig 33 – Jaquar and Kohler gaining market share among Top 5 bathware players...

	Revenue (Rs bn)		Revenue Market Share (%)		EBITDA margin (%)		RoE (%)	
	FY19	FY25	FY19	FY25	5-yr avg (FY15-19)	FY25	FY19	FY25
Jaquar (Bathware)	2,764	5,968	40.3	45.4	14.4	13.0	15.8	17.8
Kohler	961	2,384	14.0	18.1	3.5	7.6	30.8	30.8
Cera	1,063	1,707	15.5	13.0	15.4	15.8	17.7	18.6
ROCA	922	1,701	13.5	12.9	14.0	14.3	11.1	20.0
Hindware (Bathware)	1,142	1,384	16.7	10.5	18.9	10.6	21.4	(4.8)
Total	6,852	13,144						

Source: Company; Anand Rathi Research

Fig 34 – ...but, Cera gaining market share vs. its major peers (ex-Jaquar & Kohler)



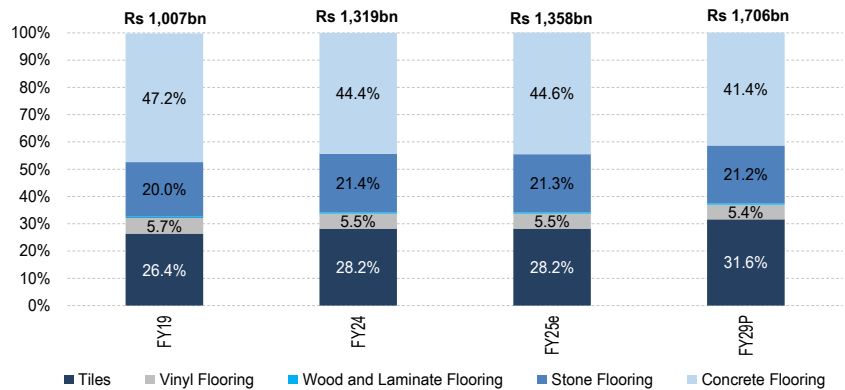
Source: Company, Anand Rathi Research

Tiles

A. Most Preferred Alternative in Flooring Portfolio

The flooring market in India, which was pegged at Rs1,358bn in FY25 (as per Varmora’s DRHP), is expected to clock 5.9% CAGR over FY25-29e. The flooring market comprises five segments i.e., tiles, vinyl, wooden/laminate, concrete and stone. *Tiles are the fastest growing segment in the flooring market and its share in the flooring market is expected to rise from 28.2% in FY25 to 31.6% by FY29 due to affordability, durability and low maintenance.*

Fig 35 – Indian flooring market size (Rs bn) and split by flooring type (%)



Source: Varmora DRHP; Aug'25

Fig 36 – Tiles is the best alternative in entire flooring portfolio in India

Parameter	Tiles	Natural Stone	Vinyl Flooring	Wood and Laminate Flooring	Concrete Flooring
Cost (sqr feet)	Rs35-350	Marble: Rs60-1,500 Granite: Rs60-900 Quartz: Rs 250-700	Rs60-200	Laminate: Rs80-400. Wooden Flooring: Rs650+	Rs40-100
Durability and Maintenance	Highly durable, resistant to scratch/moisture, not prone to cracking. Lasts for 20-30 years with no maintenance.	Highly durable; prone to chipping or cracking. Lasts for 30-50 years but scrubbing and polishing needed.	Moderate durability, prone to scratching and fading and resistant to moisture. Lasts for 10-15 years.	Wood: Durable but prone to scratches, dents, and moisture (lasts for 40-50 years). Laminate: Less durable, typically lasts for 10-20 years.	Prone to crack if poorly installed/high temperature. Lasts for 30-50 years Resistant to wear, heavy loads, and water
Aesthetics	Wide variety of designs, colours, and finishes.	Natural/luxurious appearance with unique patterns.	Multiple colour/patterns with realistic look.	Wood: Premium, natural look with varying grains/finishes. Laminate: mimics wood/stone but less authentic.	Offers a raw, industrial, and minimalistic look.
Use Cases	Suitable for all areas i.e., floor, wall, tabletop including high-traffic zones.	Best for high-end projects, flooring for living areas, and outdoor use (if treated).	Ideal for bathroom/ kitchen flooring due to moisture resistance.	Wood: Ideal for living areas, bedrooms/offices. Laminate: Suitable for lower-traffic areas.	Ideal for industrial, garages and basements flooring.
Consistent Designs	Consistent designs, which can be replicated across large areas.	Due to natural variations, it is difficult to achieve uniformity across large spaces.	Consistent design/patterns; often printed/embossed for uniformity.	Wood: natural grain patterns Laminate: uniform engineered designs.	Consistent when properly installed; uniform texture/colours possible but may develop cracks.
Logistics/ Handling	Lighter than stone and easier to transport without damage.	Natural stone is heavy and fragile, making logistics more challenging.	Lightweight and easy to handle, with lower transportation cost.	Wood: Lighter and easier to handle; prone to dents. Laminate: Lighter and durable and easy to transport.	Requires skilled labour; curing takes time; improper handling can lead to cracks.
Stain Resistance	Vitrified surface resists most stains effectively.	Susceptible to stains without proper treatment; requires sealing to resist stains.	Non-porous and resists most stains, including spills and chemicals.	Wood: Porous; can stain easily if not sealed. Laminate: Protective surface layer resists most stains	Stain resistant when sealed; unsealed surfaces can absorb stains easily.

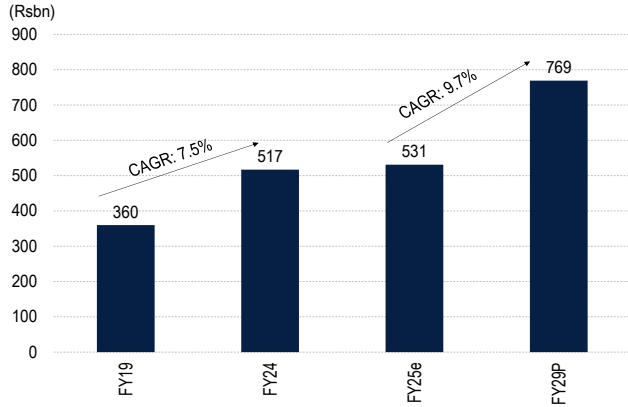
Source: Company, Anand Rathi Research

B. Indian Tiles Industry to Clock 9.7% CAGR over FY25-29e

The Indian tiles industry is likely (as per Varmora’s DRHP) to clock 9.7% CAGR over FY25-29e, aided by: (a) rising demand from realty sector (owing to rising urbanisation and higher demand from Tier-II/III cities and rural areas); (b) higher government spending on infrastructure and public utilities; and (c) rising India’s share in global tiles trade.

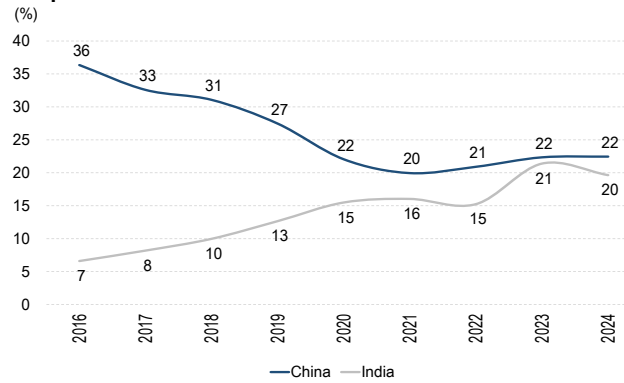
Product-wise, GVT is projected to grow at the fastest pace (at 16.4% CAGR), while PVT is expected to grow at the slowest pace (at 3% CAGR) over FY25-29e.

Fig 37 - Indian tiles sector to clock 9.7% CAGR over FY25-29



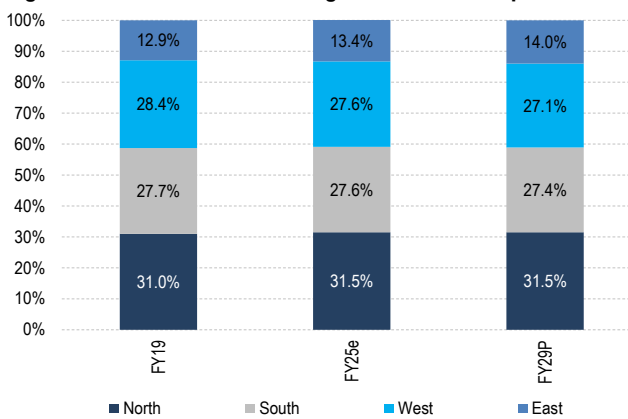
Source: Varmora DRHP, Aug'25

Fig 38 – India share in global tiles trade has increased over the past one decade



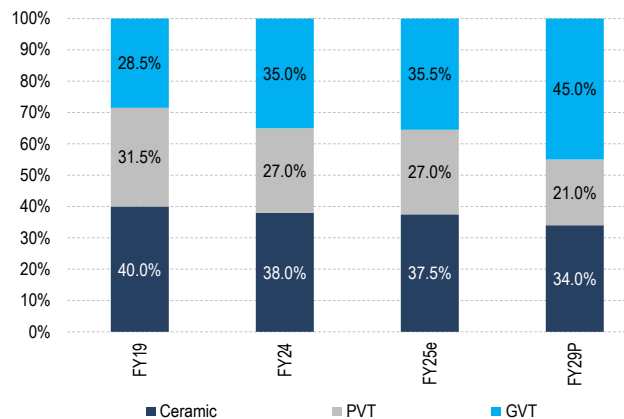
Source: Ceramic World Review; IMF

Fig 39 – Indian tiles market - region-wise break-up



Source: Varmora DRHP, Aug'25

Fig 40 – Indian tiles market – product-wise break-up



Source: Varmora DRHP, Aug'25

Fig 41 – GVT is the fastest growing product in India

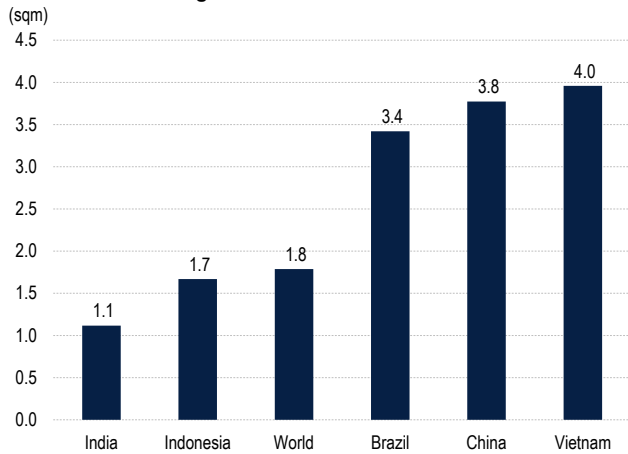
Aspect	Ceramic Tiles	Polished Vitrified Tiles (PVT)	Glazed Vitrified Tiles (GVT)
Material Composition	Natural clay, sand and minerals.	Silica, clay and minerals.	Silica, clay and quartz.
Finish	Matte/glazed/textured finish.	Polished/glossy finish.	Matte/glossy/textured/rustic finish.
Durability	Medium durability/prone to chipping/cracking.	High durability, apt for high-traffic areas.	High durability with resistance to stains and scratches, apt for high traffic areas.
Water Absorption	Higher water absorption, suitable for indoor use.	Low water absorption	Very low water absorption, apt for both indoor and outdoor use.
Aesthetic Variety	Limited colours and designs.	Limited design variety – primarily plane/single coloured.	Large variety of designs/patterns including digital prints.
Technology Required	Kiln-firing for hardening.	High temperature firing for creating a dense, non-porous surface with equipment for strength and polish	Needs advanced glazing with high-temperature firing for dense, non-porous surface.
Applications	Apt for low-traffic indoor areas like walls, bathrooms, kitchens.	Apt for high-traffic areas in homes and commercial spaces.	Suitable for commercial spaces, where resistance to wear and aesthetics are equally important. Also suitable for outdoor areas due to low water absorption and resistance to stains.
Maintenance	Moderate upkeep, grout lines need cleaning, porous surface may stain.	Durable with occasional polishing in high-traffic areas.	Low maintenance, stain-resistant and easy to clean.
Price Range/sqr. feet *	Rs30-160	Rs43-100	Rs50-180

Source: Company, Anand Rathi Research

C. Rising Income to Boost Tile Consumption

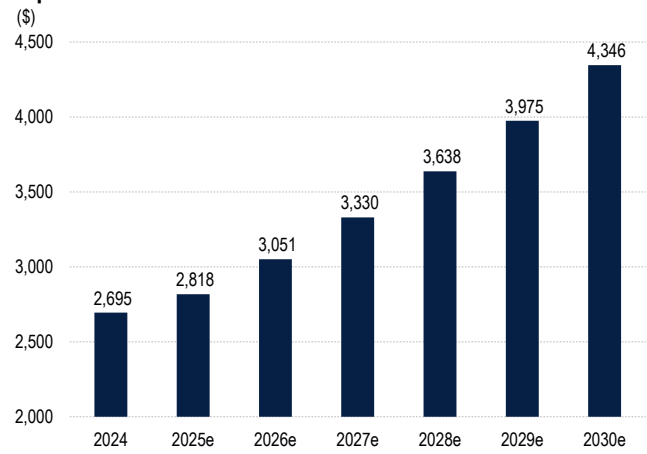
The per capita consumption of tiles in India is significantly lower (at 1.1sqm) vs. world average of 1.8sqm in CY24. As per Ceramic World Web, India's tile consumption is expected to clock 6% CAGR over FY25-29e due to rising per capita income. For example: China's per capita tile consumption rose from 1.1sqm to 5.6sqm over CY01-CY20 due to rising income levels.

Fig 42 – While India’s per capita tile consumption is well below world average...



Source: Ceramic World Review, IMF

Fig 43 – ...but it is set to rise over the long-term on rising per capita income



Source: IMF

Fig 44 – China’s per capita tile consumption driven by rising income levels

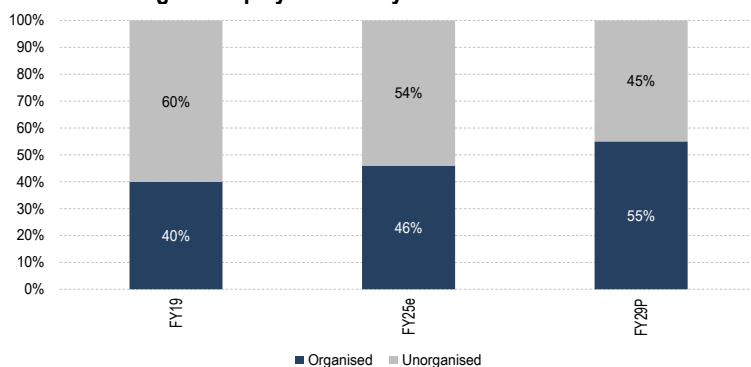
Particulars	2000	2005	2010	2015	2020	2024
China per capita income (\$)	963	1,779	4,578	8,174	10,696	13,314
China tiles per capita consumption (sqm)	1.1	1.9	3.1	3.5	5.6	3.8

Source: Ceramic World Review, IMF

D. Organised Share to Rise from 46% in FY25 to 55% in FY29e

The share of organised players in India’s tiles market is estimated (Varmora DRHP) to rise from 46% in FY25 to 55% by FY29 led by: (a) narrowing price differential post GST cut (to 15-20% from >35-40% earlier); (b) strong focus on increasing the share of value-added product (large-slab GVT tiles) via investment in latest technology; (c) diversification of manufacturing base with better distribution reach and reduced delivery time to dealers, (d) higher brand spend with focus on opening EBOs to enhance retail customer experience; and (e) strong focus on gaining market share in project business.

Fig 45 – Share of organised players is likely to rise from 46% in FY25 to 55% in FY29

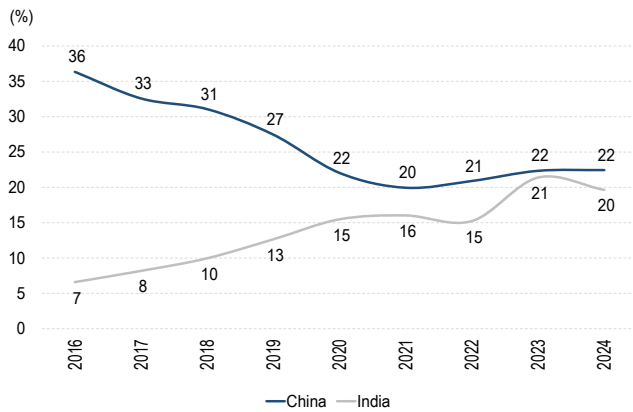


Source: Varmora DRHP, Aug'25

F. India – The Second Largest Exporter of Tiles in the World

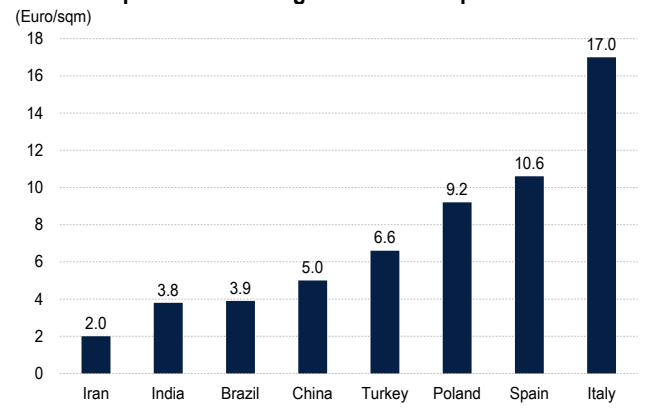
India has become the second largest exporter of tiles in the world after China. The gap between India’s share in global tiles trade compared to China has gone down sharply over the past one decade due to ADD on Chinese products by several countries. The small and mid-size manufacturers based at Morbi (Gujarat) are mainly focusing on exports of low value-added products while the big tiles players focus on domestic branded tile market.

Fig 46 – India has become the second largest player in global tiles trade



Source: Ceramic World Review; IMF

Fig 47 – Tile export realisations across key countries: India has low exports share in high value-added products



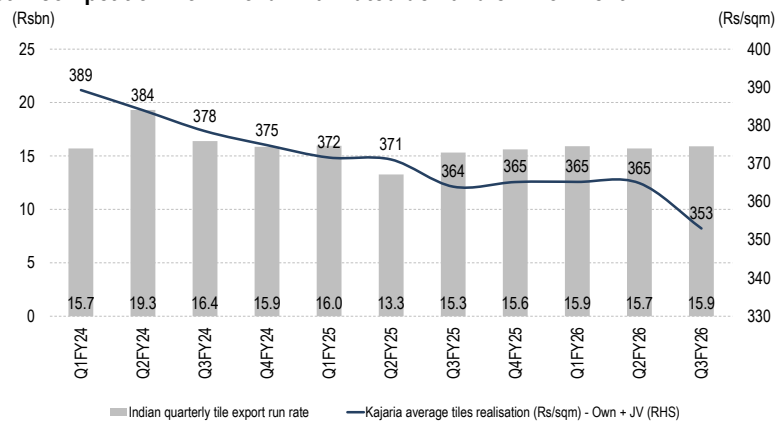
Source: Ceramic World Review; IMF

G. Margin Linked to Exports

The monthly net tiles export run-rate has gone down from a peak of Rs20.4bn in Aug-23 to Rs16.8bn in Dec-25 due to imposition of substantial ADD by GCC countries on Indian tiles imports and slowdown in global economy. During times of weak tiles exports, the sectoral margin profile comes under pressure due to stiff competition from Morbi players (who divert their surplus capacity to domestic market at a cheaper rate to cover their fixed manufacturing cost).

Going ahead, we believe India’s trade deal with various countries (GCC/EU/US) is likely to boost the tiles exports, which in turn may improve the pricing scenario in the domestic market in the near-term.

Fig 48 – Kajaria realisations has been under pressure for the past few quarters due to stiff competition from Morbi in a muted demand environment



Source: Ministry of Commerce; Company

H. Companies with Heavy Capex to Gain Market Share

Among the Top 5 tile companies, we observed that the Top 3 players have lost market share over FY19-25, while Simpolo and Varmora have gained market share during the same period.

Going ahead, we believe similar trend is likely to persist for the next two years due to aggressive capacity expansion of Simpolo and Varmora (supported by PE funding) whereas the Top 3 players have no major capex plan in the near-term due to muted market environment (despite reduction in tiles capacity due to shutdown of old kilns).

Fig 49 – Simpolo and Varmora gaining grounds among top 5 tile companies

Companies' Name	Revenue (Rs bn)		Revenue Market Share (%)		EBITDA Margin (%)		RoE (%)	
	FY19	FY25	FY19	FY25	FY19	FY25	FY19	FY25
Kajaria	30	46	37.0	36.1	15.2	13.5	15.7	12.8
Somany	17	27	21.4	20.7	9.6	8.3	9.3	8.1
HR Johnson	18	24	22.8	18.6	3.3	5.8	NA	NA
Simpolo	8	17	9.7	13.3	12.0	16.2	12.7	22.8
Varmora	7	14	9.0	11.3	10.4	10.5	15.6	4.9
Total	80	128	100.0	100.0				

Source: Company

Fig 50 – Tiles capacity and expansion plans of top 5 players in India

Companies' Name	Tiles Capacity (Own + JV) – msm				Capacity Market Share (%)		
	FY19	FY24	FY25	FY27e	FY24	FY25	FY27e
Kajaria	68.0	86.5	82.7	82.7	32	30	29
Somany	50.5	61.6	61.6	52.0	22	23	18
HR Johnson	68.0	67.0	64.0	64.0	24	23	23
Simpolo	NA	20.8	20.8	39.6	8	8	14
Varmora	20.0	38.8	43.8	43.8	14	16	16
Total		274.6	272.9	282.1			

Source: Company

I. Kajaria – One of the Major Beneficiaries of Rising Tiles Demand in India over the Medium-term

We are positive on the tiles sector, as we believe the demand of flooring tiles is likely to grow at the fastest pace amid huge potential for improvement in per capita consumption in India due to rising income (as seen in China). *Going ahead, we believe Kajaria is likely to be a major beneficiary of rising tiles demand in India over long-term as: (a) it is a dominant player in the tiles space with premium positioning; (b) it generates superior return ratio with strong balance sheet even in the depressed market environment (which is not the case with most of its major peers); and (c) reasonable valuations (trades at a P/E of 28.5x/25.5x on FY27/FY28 EPS vs pre-Covid 5Y avg of 34.6x).* Thus, we re-initiate coverage on Kajaria with BUY rating and TP of Rs1,200.

Wood Panels

A. Wood Panel Market to Clock 8-10% CAGR over FY25-30e

As per ARe, India’s wood panel market stood at Rs524bn in FY25 (plywood: Rs300bn; laminate: Rs124bn; MDF: Rs50bn; particleboard: Rs50bn). Looking ahead, this market is expected to clock 8-10% CAGR over FY25-30e, led by new construction and replacement demand. Segment-wise, MDF and particleboard are likely to grow at the fastest pace due to rising demand for ready-made furniture, while plywood is likely to grow at the lowest pace.

Fig 51 – Indian wood panel market clocked 8.3% CAGR over FY15-25

(Rs bn)	FY15	FY20	FY25	CAGR (FY15-25)
Plywood	150	180	300	7.2
Laminate	42	57	124	11.4
MDF	15	20	50	12.8
Particleboard	30	40	50	5.2
Total	237	297	524	8.3

Source: Various wood panel companies; Anand Rathi Research Estimates

B. Plywood – Expected to See Slowest Growth

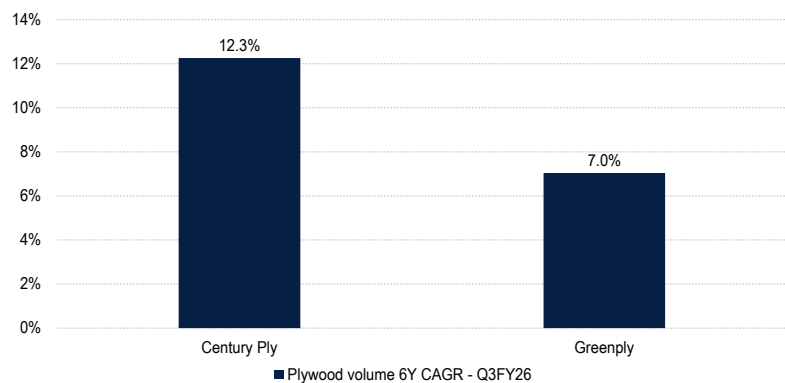
As per ARe, India’s plywood market stood at Rs300bn in FY25 (low-end (price: Rs40-70/sq ft; mass-premium: Rs70-100/sq ft and premium: Rs100-170/sq ft). The share of organised players is pegged at 25% with the Top 2 players enjoy 60-65% share. While plywood is likely to grow at the slowest pace in the wood panel, the industry leaders are likely to grow at high-single-digit over medium-term on market share gain in mass premium category.

Fig 52 – India’s plywood market dynamics: Leading players gaining market share at each spectrum of plywood market

	Economy	Mass Premium	Premium
Market share	30%	50%	20%
Organised share	Low	Low	High
Price (sq ft)	Rs40-70	Rs70-100	Rs100-170
Key Brands	Sainik MR, BWR	Sainik 710, MR 303, Ecotech	Century Architect, Club Prime, Green 710 Marine, Greenpanel Club, Mikasa Ply
Current Scenario	MDF and particleboard replacing this category due to superior product quality and rising demand of readymade furniture.	Century and Greenply are late entrants but gaining market share in this category over regional and unorganised players.	Greenply and Century Ply are leading brands in this segment. This category is growing at a slow pace due to weak economy.

Source: Company, Anand Rathi Research

Fig 53 – Plywood volume 6-yr CAGR - Q3FY26: Leading plywood players growing at a much faster pace vs. the industry



Source: Company, Anand Rathi Research

Leading Players Gaining Market Share in Plywood Market: Leading players initially forayed into the premium segment, but they have penetrated mass-premium category over the past one decade to grab the market share from regional/unorganised players. Thus, leading players in plywood segment have grown at a much better pace than the industry (as evident from below chart). *Large players are not present in the low-end plywood market, as they cater to this segment through MDF and particleboard products, which are cheaper and offer better quality.*

C. MDF – The Fastest Growing in Wood Panel Space

India's MDF market, which stood at Rs50bn in FY25, is expected to clock 15-20% CAGR over the next five years, led by: (a) rising preference for readymade furniture, where MDF is favored over plywood due to its low cost; and (b) a low volume share of material in India's interior wood panel space (at 30% share) vs. the world's (70% share). Domestic MDF market is highly organised with the Top 5 players accounting for ~65% of industry capacity in FY25, as setting up an MDF plant is highly capital intensive vs. plywood and laminate.

MDF Industry Operating Rate to Rise to 80% by FY28e: We believe the MDF industry cycle bottomed out in Q1FY26 due to gradual ramp-up of capacity utilisation of Top 4 listed players (from 56% in Q1FY26 to 68% in Q3FY26). Going ahead, we believe the sector operating rate (represented by Top 4 listed players) is projected to improve to 73/80/82/94% in FY27/28/29/30e even after considering the recently announced new growth projects (Greenply and Century) and conservatively assuming demand to clock 15% CAGR vs. >20% CAGR over FY19-25.

Fig 54 – MDF industry operating rate to improve to 80% by FY28e

Top 4 listed players	FY21	FY22	FY23	FY24	FY25	FY26e	FY27e	FY28e	FY29e	FY30e
Capacity (CBM)	8,28,000	10,08,000	11,88,000	15,43,500	18,44,750	20,48,000	21,48,000	22,48,000	25,13,000	25,13,000
Capacity Utilisation (%)	73	84	78	71	67	66	73	80	82	94
Sales volume (CBM)	6,01,488	8,47,696	9,28,640	10,90,080	12,36,751	13,45,857	15,58,742	17,92,554	20,61,437	23,70,652
Volume growth	8.9	40.9	9.5	17.4	13.5	8.8	15.8	15.0	15.0	15.0
EBITDA margin (%)	22.0	27.9	25.3	17.4	10.8	11.1	15.6	18.2	20.0	20.0

Source: Company, Anand Rathi Research

Margin to Improve to 18-20% by Q4FY27e: Despite persistent pricing pressure and higher RM cost, MDF industry's EBITDA margin (represented by Top 4 listed players) has improved over the last two consecutive quarters (from 6% in Q1FY26 to 9.9% in Q2FY26 and 10.8% in Q3FY26), led by improved operating leverage (as MDF is a high gross margin product with >50%).

Going ahead, we believe the sectoral margin is likely to revert to normal level of 18-20% by Q4FY27 in anticipation of: (a) return of pricing power once the sector operating rate improves to 75%-mark (which is likely to happen by Q4FY27); (b) moderation in timber prices; and (c) improved operating leverage.

Fig 55 – MDF industry margin, which bottomed out in Q1FY26, is likely to revert to 18-20% level by Q4FY27e

Top 4 listed players	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Capacity (CBM)	15,43,500	15,43,500	15,43,500	17,87,000	17,87,000	17,87,000	17,87,000	20,18,000	20,18,000	20,78,000
Operating rate (%)	70	73	81	69	69	72	67	56	70	68
Sales volume (CBM)	2,68,771	2,81,501	3,10,871	3,06,570	3,08,238	3,21,240	3,00,703	2,84,619	3,51,260	3,55,680
Realisation (Rs/CBM)	29,093	29,150	27,928	27,525	28,068	27,743	29,253	28,908	28,920	28,625
% change (QoQ)	-0.7	0.2	-4.2	-1.4	2.0	-1.2	5.4	-1.2	0.0	-1.0
EBITDA per unit (Rs/CBM)	19.8	17.0	14.6	10.9	8.5	11.0	8.9	6.0	9.9	10.8

Source: Company, Anand Rathi Research

D. Particleboard – Ideal Option for Readymade Furniture

Particleboard is the most preferred option for readymade furniture manufacturing in India. Amid rising acceptance of readymade furniture, the leading players like Merino, GRLM and CPBI entered this segment to tap the imminent opportunity. *However, we believe the return ratio profile in particleboard is likely to be sub-optimal over long run, as it enjoys relatively lower realisation (+20-25%) vs. significantly higher capex/per unit (+20%) vs. MDF.*

Fig 56 – Particleboard likely to generate sub-optimal return ratio on weak realisation and high capex cost compared to MDF

Company	Average Realisation/Unit (Rs/CBM) - Q3FY26		Latest Capex Cost/Unit (Rs/CBM)	
	MDF	Particleboard	MDF	Particleboard
Century Ply	29,095	17,755	24,242	28,900
Greenlam	-	18,706	-	29,927
Greenpanel	27,261	-	26,544	-
Greenply	31,375	-	25,000	-
Average	29,244	18,230	25,262	29,413

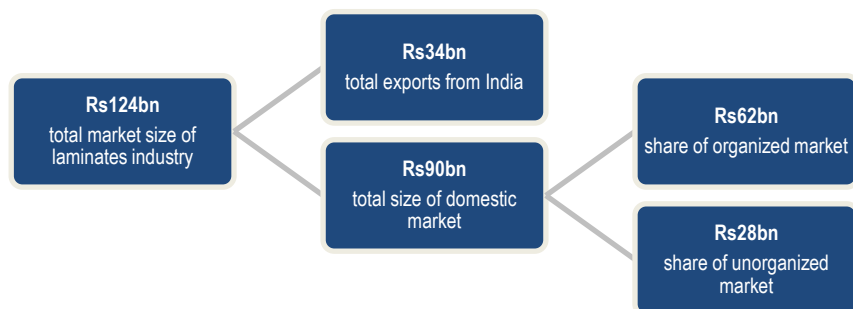
Source: Company, Anand Rathi Research

Inexpensive Option in Interior Wood Panel: The particleboard market is growing at 10-15% as it is the cheapest option among interior wood panels, being 20-25% cheaper than MDF, which in turn is 30-35% cheaper than low-end plywood. It is mainly used in commercial real estate and by price-sensitive residential consumers. The unorganised sector enjoys a high 65% market share due to presence of numerous small players.

E. Laminates – India’s Laminate Industry to See Healthy Growth over FY25-FY30

Clocked 11.4% CAGR over FY15-25, India’s laminate industry (source: GRLM) stood at Rs124bn in FY25 with domestic/export share of 73/27%. The share of organised players in domestic market stood at 69% in FY25. Key players in this space are: Greenlam, Merino, Virgo, Olympic (Royal Touche), and Century Ply. *Looking ahead, India’s laminate industry is expected to grow at high-single to low-double-digit over the next five years, driven by ongoing urbanisation, increased affordability and demand for office interiors.*

Fig 57 – Indian laminates industry structure



Source: Greenlam FY25 Annual Report

Supreme Industries (SI)

Set for next leg of market share gain on aggressive capex; maintain BUY

SI has been generating superior RoE vs. its major peers led by: (a) prudent capital allocation; (b) efficient working capital; and (c) strong dividend pay-out ratio of 35-45%. Its pipe volume market share has improved from 33.5% in FY19 to 40.5% in 9MFY26 among top 5 listed players. Conservatively assuming its pipe realisation to improve by 11/18% in FY27/28e over Q3FY26, owing to hardening of domestic PVC resin prices, we maintain BUY rating on SI with an upwardly revised TP of Rs5,000 (from Rs4,000 earlier), valuing it at 40x FY28e EPS.

Aggressive Capex to Foster Leadership Position: Among Top 5 listed players, SI's pipe volume market share has improved from 33.5% in FY19 to 40.5% in 9MFY26. Looking ahead, we believe SI to continue to gain market share led by sharp uptick in capex from Rs2.9bn in FY19 to Rs12bn in FY26e.

Healthy Margin Profile: Unlike its peers, SI has been gaining market without hurting its margin (compared to FY19) along with tightening of credit policy even in a depressed market environment. We believe this is mainly due to persistent focus on increasing share of value-added products and cost efficiency through expansion of geographical manufacturing footprint.

Superior Return Ratios: SI has consistently been generating superior RoE vs. its major peers due to: (a) prudent capital allocation in terms of putting up new growth capex at a reasonable cost (as reflected from relatively stable gross block turnover); (b) efficient WC; and (c) strong dividend pay-out ratio of 35-45%.

Are vs. Street Estimates: We have projected SI's EPS significantly better than the street estimates for FY27 and FY28, mainly due to better pipe realisation on account of hardening of domestic PVC resin prices. However, we have conservatively assumed the company's pipe realisation to improve by 11/18% in FY27/28 over Q3FY26, as the PVC resin price has already increased by 42%.

Outlook and Valuation: Looking ahead, we expect SI's revenue/EBITDA/APAT to clock 15.3/20.7/17.6% CAGR over FY25-28e. At CMP, the stock trades at a P/E of 38.9x on 1-year forward basis. Considering bright prospects, we maintain BUY rating on SI with a revised TP of Rs5,000 (Rs4,000 earlier), valuing it at 40x FY28e EPS – at a steep premium vs. its pre-COVID 5-year average multiple of 27.5x, based on strong operating performance across key matrixes i.e., growth, margin and return ratios. **Key Risks:** (a) Sharp correction in polymer prices; and (b) market share loss in plastic pipes.

Key Financials (Y/E Mar)	FY24	FY25	FY26e	FY27e	FY28e
Sales (Rs m)	101,343	104,462	1,11,459	1,34,483	1,60,127
Net profit (Rs m)	10,790	9,761	8,660	12,701	15,882
EPS (Rs)	84.9	76.8	68.2	100.0	125.0
P/E (x)	49.8	44.6	57.0	38.9	31.1
EV / EBITDA (x)	33.7	29.3	33.0	23.6	19.1
P / BV (x)	10.5	7.7	8.2	7.3	6.3
RoE (%)	22.7	18.1	14.8	19.8	21.8
RoCE (%) after tax	16.5	13.0	11.3	15.0	16.6
Dividend yield (%)	0.7	1.0	1.0	1.1	1.2
Net debt / equity (x)	(2.3)	(1.7)	(0.6)	(0.5)	(0.7)

Source: Company, Anand Rathi Research

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Rating: BUY

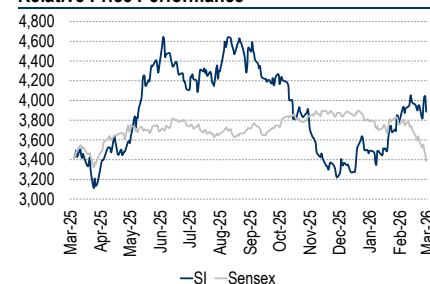
Target Price (12-mth): Rs.5,000

Share Price: Rs.3,887

Key Data	SI IN / SUPI.BO
52-week high / low	Rs4739 / 3095
Sensex / Nifty	74564 / 23151
Market cap	Rs440bn
Shares outstanding	127m

Shareholding Pattern (%)	Dec'25	Sep'25	Jun'25
Promoters	49.0	48.9	48.9
- of which, Pledged	-	-	-
Free float	51.0	51.1	51.1
- Foreign institutions	19.2	20.7	21.9
- Domestic institutions	17.1	16.0	14.6
- Public	14.7	14.4	14.6

Relative Price Performance



Source: Bloomberg

Utkarsh Nopany
Research Analyst

Anu Parakh
Research Associate

Financials and Valuations (Consolidated)

Fig 1 – Income Statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Net revenue	101,343	104,462	111,459	134,483	1,60,127
Growth (%)	10.1	3.1	6.7	20.7	19.1
Direct costs	80,815	84,680	91,323	1,09,005	1,30,259
SG&A	3,883	3,915	5,284	4,711	4,376
EBITDA	15,595	14,512	14,851	20,768	25,491
EBITDA margin (%)	15.4	13.9	13.3	15.4	15.9
- Depreciation	2,984	3,586	4,277	5,105	5,678
Other income	535	383	400	267	267
Interest expenses	161	119	314	456	456
PBT	14,054	12,390	11,455	16,973	21,224
Effective tax rate (%)	23.9	22.4	24.4	25.2	25.2
+ Associates / (Minorities)	1,069	1,201	795	1,500	1,600
Net income	10,697	9,609	8,660	12,701	15,882
Adjusted income	10,790	9,761	8,660	12,701	15,882
WANS	127	127	127	127	127
FDEPS (Rs)	84.9	76.8	68.2	100.0	125.0
FDEPS growth (%)	24.7	(9.5)	(11.3)	46.7	25.0
Gross margin (%)	33.4	32.9	31.8	32.1	31.2

Fig 3 – Cash-flow Statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
EBIT (excl. other income)	14,054	12,390	11,455	16,973	21,224
+ Non-cash items	2,984	3,586	4,277	5,105	5,678
Oper. prof. before WC	17,038	15,977	15,732	22,078	26,902
- Incr. / (decr.) in WC	1,752	(16)	(2,345)	(2,749)	(3,062)
Others incl. taxes	(3,730)	(3,045)	(2,881)	(4,083)	(5,153)
Operating cash-flow	15,059	12,915	10,506	15,246	18,687
- Capex (tang. + intang.)	(6,849)	(10,783)	(12,000)	(10,000)	(10,000)
Free cash-flow	8,210	2,132	1,494	5,246	8,687
Acquisitions					
- Div.(incl. buyback & taxes)	(3,812)	(4,320)	(4,701)	(5,336)	(5,844)
+ Equity raised	-	-	-	-	-
+ Debt raised	-	-	-	-	-
- Fin investments	(542)	(652)	-	-	-
- Misc. (CFI + CFF)	555	491	86	189	189
Net cash-flow	4,412	(2,348)	(6,109)	(279)	2,653

Source: Company, Anand Rathi Research

Fig 5 – Price Movement



Source: Bloomberg

Fig 2 – Balance Sheet (Rs m)

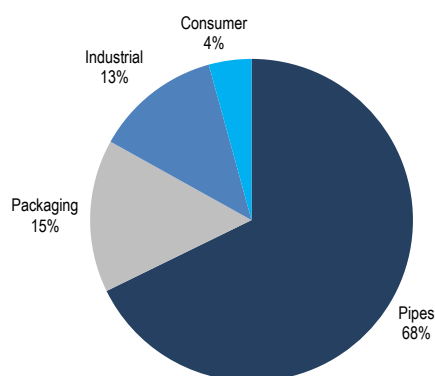
Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	254	254	254	254	254
Net worth	51,088	56,604	62,563	67,928	77,966
Debt	-	-	-	-	-
Minority interest	-	-	-	-	-
DTL / (Assets)	960	875	875	875	875
Capital employed	52,048	57,479	61,348	68,803	78,841
Net tangible assets	22,727	27,082	34,806	39,700	44,023
Net intangible assets	1,472	1,724	1,724	1,724	1,724
Goodwill	-	-	-	-	-
CWIP (tang. & intang.)	1,437	4,026	4,026	4,026	4,026
Investments (strategic)	-	-	-	-	-
Investments (financial)	6,254	6,906	6,906	6,906	6,906
Current assets (excl. cash)	3,094	3,678	3,937	4,568	5,272
Cash	11,873	9,525	3,415	3,136	5,789
Current liabilities	3,353	5,265	3,746	3,770	3,797
Working capital	8,545	9,803	10,370	12,513	14,899
Capital deployed	52,048	57,479	61,438	68,803	78,841
Contingent liabilities	-	-	-	-	-

Fig 4 – Ratio Analysis

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	49.8	44.6	57.0	38.9	31.1
EV / EBITDA (x)	33.7	29.3	33.0	23.6	19.1
EV / Sales (x)	5.2	4.1	4.4	3.6	3.0
P/B (x)	10.5	7.7	8.2	7.3	6.3
RoE (%)	22.7	18.1	14.8	19.8	21.8
RoCE (%) - after tax	16.5	13.0	11.3	15.0	16.6
RoIC (%) - after tax	31.2	25.0	19.4	23.4	25.8
DPS (Rs)	30.0	34.0	37.0	42.0	46.0
Dividend yield (%)	0.7	1.0	1.0	1.1	1.2
Dividend payout (%) - incl. DDT	35.6	45.0	54.3	42.0	36.8
Net debt / equity (x)	(2.3)	(1.7)	(0.6)	(0.5)	(0.7)
Receivables (days)	18	19	19	19	19
Inventory (days)	49	47	47	47	47
Payables (days)	37	31	32	32	32
CFO : PAT (%)	139.6	132.3	121.3	120.0	117.7

Source: Company, Anand Rathi Research

Fig 6 – Revenue Break-up (FY25)



Source: Company

Investment Thesis

A. Aggressive Capex to Consolidate Leadership Position

Among top 5 listed players, SI's pipe volume market share has improved from 33.5% in FY19 to 40.5% in 9MFY26 due to: (a) rapid expansion of distribution network (mainly in rural market); (b) expansion of product basket portfolio (industrial valves, OPVC, uPVC doors and windows, gas pipes) with increased number of SKUs (which provide a competitive edge in plumbing pipe portfolio); (c) aggressive pricing action (by transmitting the benefit of freight cost saving from geographical manufacturing footprint expansion and operating leverage to consumers in a weak demand environment).

Fig 7 – SI gaining market share among top 5 plastic pipe players

Pipe vol share (%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	9MFY26
SI	33.5	34.8	35.5	32.1	34.7	38.2	38.4	40.5
ASTRA	14.7	15.3	16.5	17.5	16.4	16.7	16.4	17.4
FNXP	31.5	29.5	25.6	27.8	28.1	25.7	25.2	22.5
PRINCP	15.5	15.3	16.7	16.3	14.6	13.2	12.8	12.6
APOLP	4.8	5.2	5.7	6.3	6.2	6.2	7.2	7.0

Source: Company

Fig 8 – SI to continue to gain market share on significant uptick in capex

Capex outlay (Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	9MFY26
SI	2.9	2.0	2.4	3.5	4.5	5.0	8.9	10.3
ASTRA (standalone)	2.5	1.5	1.5	4.2	2.7	5.1	4.7	2.9
FNXP	1.4	0.5	0.6	0.6	1.7	0.8	1.1	<1.0
PRINCP	1.1	1.1	1.3	1.6	1.0	1.9	2.6	1.6
APOLP	0.4	0.6	0.6	0.4	0.7	3.1	1.3	1.3

Source: Company

Looking ahead, we believe SI to continue to gain market share led by sharp uptick in capex from Rs2.9bn in FY19 to Rs12bn in FY26e.

B. Healthy Margin Profile in a Soft Pricing Environment

Unlike its peers, SI has been gaining market without hurting its margin (compared to FY19) along with tightening of credit policy even in a depressed market environment. We believe this is mainly due to persistent focus on increasing share of value-added products and cost efficiency through expansion of geographical manufacturing units, which increased to 35 in 9MFY26 from 25 in FY19. In contrast, most of its peers have lost significant market with severe margin compression even after following a loosening credit policy.

Fig 9 – SI gaining market share without diluting its margin profile along with ...

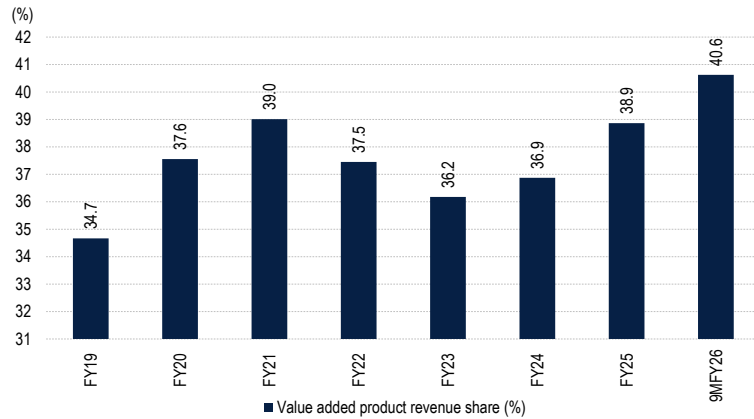
EBITDA margin (%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	9MFY26
SI	12.8	16.1	22.2	18.0	13.9	15.8	14.1	13.6
ASTRA	16.2	18.5	21.9	18.6	16.7	17.7	18.3	17.2
PRINCP	11.4	14.4	17.8	15.8	9.3	12.1	6.4	6.6
APOLP	10.8	11.4	14.3	11.9	7.4	9.7	8.1	6.4

Source: Company

Fig 10 –... tightening of credit policy even in a depressed market environment ...

Debtors Period (days)	FY19	FY20	FY21	FY22	FY23	FY24	FY25
SI	25	21	22	22	20	18	19
ASTRA (standalone)	36	53	44	33	26	19	19
FNXP	9	9	16	26	25	39	33
PRINCEPIP	58	40	58	60	56	83	61
APOLP	36	53	44	33	26	29	29

Source: Company

Fig 11 – ... on account of rising share of value-added products mix.

Source: Company

C. Superior Return Ratios on Prudent Capital Allocation

SI has consistently been generating superior RoE vs. its major peers due to: (a) prudent capital allocation in terms of putting up new growth capex at a reasonable cost (as reflected from relatively stable gross block turnover); (b) efficient WC; and (c) strong dividend pay-out ratio of 35-45%.

Fig 12 – SI generates superior return ratio consistently vs. its major peers on ...

ROE (%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25
SI	19.9	22.0	36.1	27.9	21.0	22.7	18.1
ASTRA	17.1	17.9	23.1	22.9	18.7	18.7	15.4
FNXP	14.3	15.4	28.8	21.7	5.9	9.0	8.2
PRINCEPIP	21.6	18.9	24.1	21.8	9.3	11.8	2.9
APOLP	14.6	10.6	13.5	13.2	5.5	8.3	4.8

Source: Company

Fig 13 – ... (a) prudent capital allocation towards capex; ...

Gross block turnover (x)	FY19	FY20	FY21	FY22	FY23	FY24	FY25
SI	2.1	1.9	2.0	2.3	2.5	2.4	2.2
ASTRA	2.4	2.0	2.2	2.6	2.6	2.3	1.9
FNXP	1.5	1.3	1.5	1.9	1.8	1.6	1.5
PRINCEPIP	3.6	3.0	3.1	3.3	2.8	2.3	1.9
APOLP	3.2	2.6	2.4	2.8	2.7	1.9	1.6

Source: Company

Fig 14 – ... (b) efficient working capital management; and ...

Gross operating cycle (days)	FY19	FY20	FY21	FY22	FY23	FY24	FY25
SI	74	80	66	81	74	67	65
ASTRA	114	144	114	123	118	116	117
FNXP	82	114	112	106	81	100	102
PRINCPPIP	105	117	98	145	113	145	149
APOLP	89	127	99	94	94	103	95

Source: Company

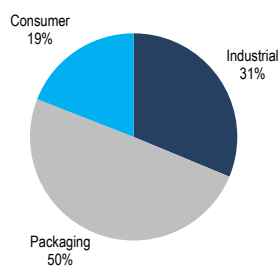
Fig 15 – ... (c) healthy dividend payout policy

Dividend payout (%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25
SI	36.8	38.1	28.6	31.5	38.2	35.6	45.0
ASTRA	9.4	10.7	13.6	16.6	20.0	18.3	19.3
FNXP	33.8	37.3	33.6	23.6	37.0	32.6	27.8
PRINCPPIP	-	9.8	17.4	15.5	-	6.1	12.8
APOLP	15.0	-	-	7.9	9.9	9.2	9.4

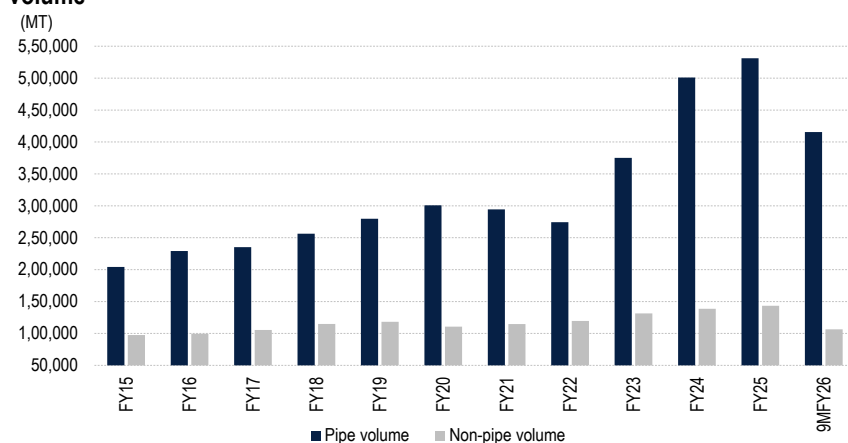
Source: Company

D. Pipe Biz to Grow at a Faster Pace vs. Non-Pipe Segment

SI reported an overall volume CAGR of 8.4% over FY15-25, led by the pipe segment with 10% CAGR, while the non-pipe segment clocked a modest 3.9% CAGR in the same period, mainly due to weak demand for packaging and consumer products along with stiff competition from unorganised players.

Non-pipe EBITDA break-up – FY25

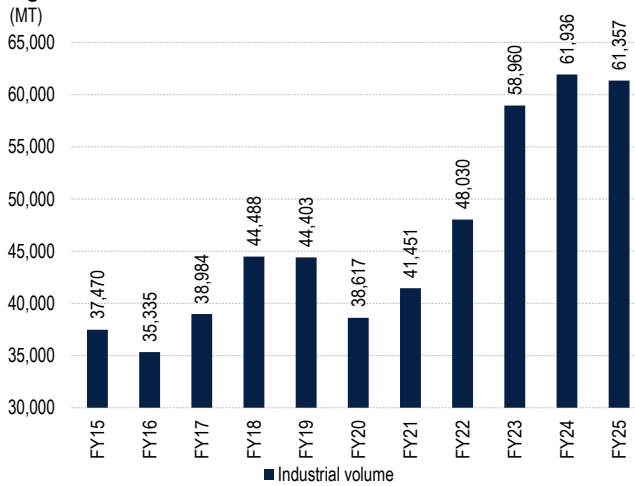
Source:

Fig 16 – Non-pipe volume clocked 3.9% CAGR over FY15-25 vs. 10% CAGR in pipe volume

Source: Company, Anand Rathi Research

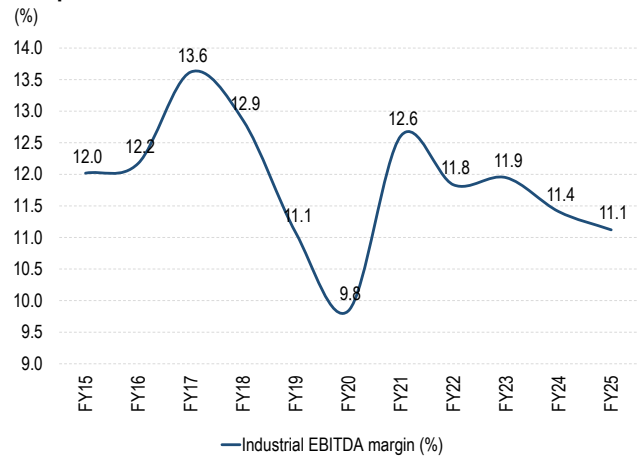
Looking ahead, we expect non-pipe products to continue to grow at a slower pace due to weak industry growth. Thus, the revenue share of pipe segment is projected to rise to 73.7% by FY28e from 67.3% in FY25.

Fig 17 – Industrial volume clocked 5.1% CAGR over FY15-25



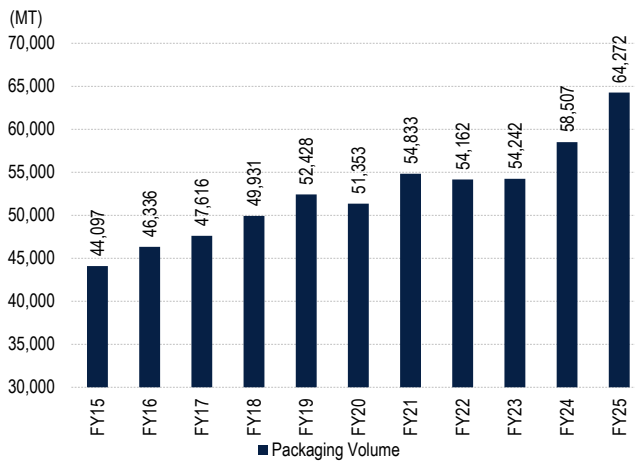
Source: Company, Anand Rathi Research

Fig 18 – Segmental margin is low due to B2B nature and stiff competition



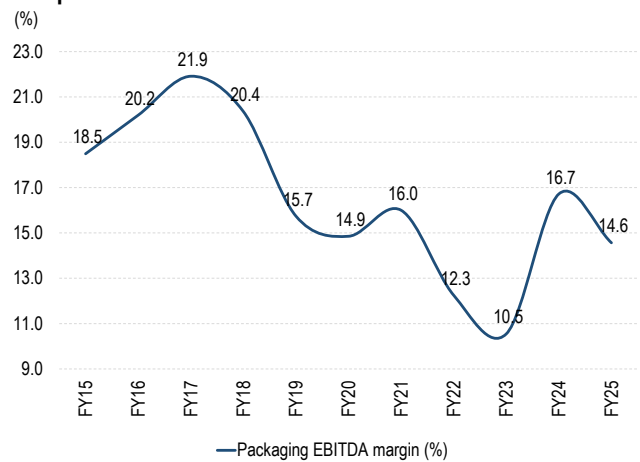
Source: Company, Anand Rathi Research

Fig 19 – Packaging volume clocked just 3.8% CAGR over FY15-25



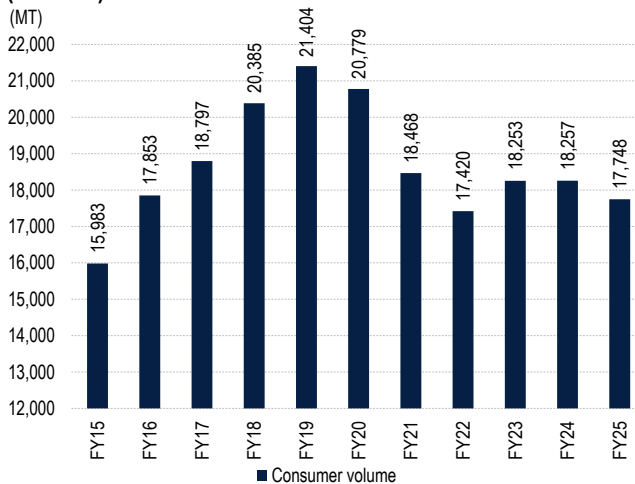
Source: Company, Anand Rathi Research

Fig 20 – Segmental margin under pressure due to competition from new entrants



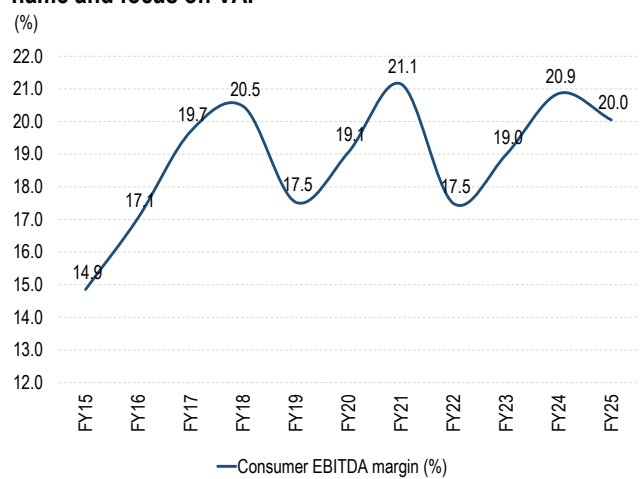
Source: Company, Anand Rathi Research

Fig 21 – Consumer volume clocked just 1.1% CAGR over (FY15-25)



Source: Company, Anand Rathi Research

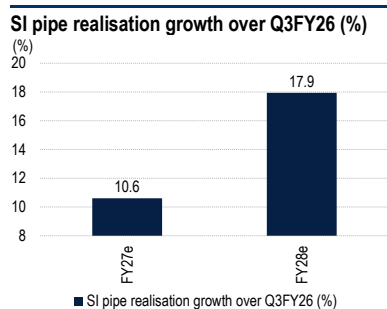
Fig 22 – Segmental margin is healthy due to strong brand name and focus on VAP



Source: Company, Anand Rathi Research

ARe vs. Street Estimates

We have projected SI's EPS significantly better than the street estimates for FY27 and FY28, mainly due to better pipe realisation on account of hardening of domestic PVC resin prices. However, we have conservatively assumed the company's pipe realisation to improve by 11/18% in FY27/28e over Q3FY26, as the domestic PVC resin price has already increased by 42%.



Source: Anand Rathi Research

Fig 23 - ARe vs Bloomberg Estimates

Supreme (Rs bn)	ARe			Bloomberg			Change (%)		
	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e
Revenue	111	134	160	111	127	143	0.2	6.1	11.9
EBITDA	15	21	25	14	18	21	3.8	14.6	21.4
EBITDA margin	13.3	15.4	15.9	12.9	14.3	14.7	46bps	114bps	124bps
APAT	9	13	16	9	11	13	0.1	11.1	18.0
Adjusted EPS (Rs)	68.2	100.0	125.0	67.3	89.7	105.6	1.3	11.5	18.3

Source: Bloomberg; Anand Rathi estimates

Fig 24 – Key Operational Assumptions

Parameter (%)	FY24	FY25	FY26e	FY27e	FY28e
Revenue mix					
Pipe	68.4	67.3	69.1	71.6	73.7
Packaging	13.9	15.2	14.4	12.9	12.0
Industrial	12.9	12.6	11.6	11.2	10.5
Consumer	4.4	4.2	3.9	3.5	3.2
Sales volume growth					
Pipe	33.6	6.0	14.9	15.0	15.0
Packaging	7.9	9.9	4.0	7.0	7.0
Industrial	5.0	-0.9	0.1	10.0	8.0
Consumer	0.0	-2.8	5.9	5.0	5.0
Total	26.3	5.4	12.3	13.6	13.6
Realization growth					
Pipe	(14.1)	(4.3)	(4.7)	8.7	6.6
Non-pipe	(12.6)	(2.4)	(5.2)	6.3	5.0
EBITDA margin					
Pipe	15.8	14.1	13.6	15.7	16.3
Packaging	16.7	14.6	14.0	15.0	15.0
Industrial	11.4	11.1	9.9	12.0	12.0
Consumer	20.9	20.0	18.8	20.0	20.0
Total	15.4	13.9	13.3	15.4	15.9

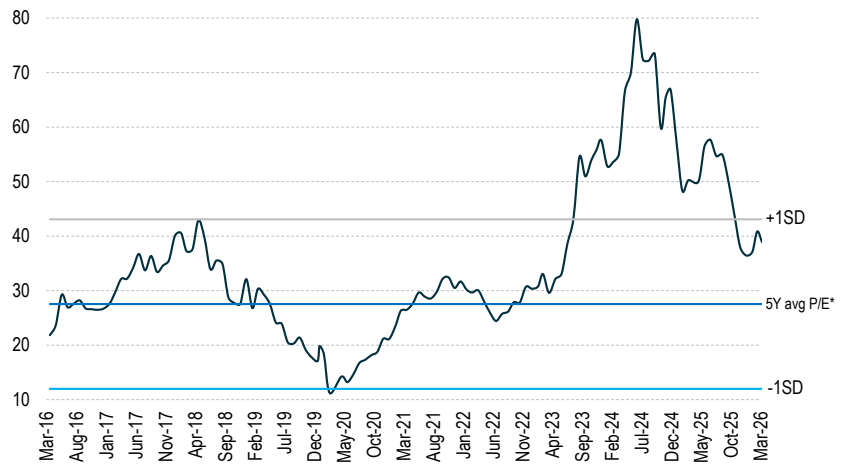
Source: Company, Anand Rathi Research

Going ahead, we believe there could be upside risk to our estimates in case of: (a) strong revival in agri and infra pipe demand, and/or (b) sharp rise in PVC resin prices.

Outlook and Valuation

Looking ahead, we expect SI's revenue/EBITDA/APAT to clock 15.3/20.7/17.6% CAGR over FY25-28e. At CMP, the stock trades at a P/E of 38.9x on 1-year forward basis. Considering bright prospects, we maintain BUY rating on SI with an upwardly revised TP of Rs5,000 (from Rs4,000 earlier), valuing it at 40x FY28e EPS – at a steep premium vs. its pre-COVID 5-year average multiple of 27.5x, based on strong operating performance across key matrixes i.e., growth, margin and return ratios.

Fig 25 – 1-Year Forward PE Band



Source: NSE, Anand Rathi Research, *Pre-covid

Key Risks

- Sharp correction in polymer prices.
- Market share loss in plastic pipes.

Astral

Leadership position in CPVC segment to improve further; maintain BUY

Among top 5 listed players, Astral's pipe volume market share has improved from 14.7% in FY19 to 17.4% in 9MFY26. It operates at an industry-leading margin in plastic pipe segment. Expecting its revenue/EBITDA/APAT to clock 16.9/19.0/23.1 CAGR over FY25-28e, we maintain BUY rating on Astral with an upwardly revised TP of Rs2,000 (from Rs1,800 earlier), valuing it at 55x FY28e EPS.

Consistent Market Share Gains in Plastic Pipe. Among Top 5 listed players, Astral's pipe volume market share has improved from 14.7% in FY19 to 17.4% in 9MFY26, due to high share of fast-growing CPVC pipe (47% pipe revenue share in FY25). Going ahead, we believe Astral is likely to strengthen its leadership position in CPVC pipe portfolio with commencement of backward integrated CPVC resin project (Q4FY27).

Best in-Class Margin Profile: Astral operates at an industry-leading margin in plastic pipe segment due to: (a) premium brand positioning; (b) superior product-mix skewed towards high-margin CPVC pipes; and (c) low focus on low-margin products. We believe, its margin is likely to improve over the medium-term due to backward integrated CPVC resin project.

Superior Margin; RoE Remains Soft on Poor Capital Allocation: Astral enjoys superior margin profile vs. SI due to better product-mix, while its RoE has turned out to be inferior vs. SI owing to: (a) weak performance in overseas adhesives operations; (b) slow turnaround in paints business; (c) challenges in scaling up bathware business; and (d) overshooting of capex guidance. However, it is still likely to generate healthy RoE (at 17-19% over FY27-28) due to strong performance in plastic pipe and domestic adhesives space.

Outlook and Valuation: We expect its revenue/EBITDA/APAT to clock 16.9/19.0/23.1 CAGR over FY25-28e. At CMP, the stock trades at a 1Y forward P/E of 58.1x. We maintain BUY rating on Astral with an upwardly revised TP of Rs2,000, on strong earnings growth prospects. We value it at 55x FY28e EPS, at a premium to its pre-COVID 5-year average multiple of 45.7x, as we believe it to continue to gain market share along with scope of margin expansion in pipes business due to benefit of backward integration CPVC resin project. **Key Risks:** (a) Slower-than-expected recovery in India's realty sector; (b) market share loss in plastic pipes; and (c) correction in polymer prices.

Rating: **BUY**

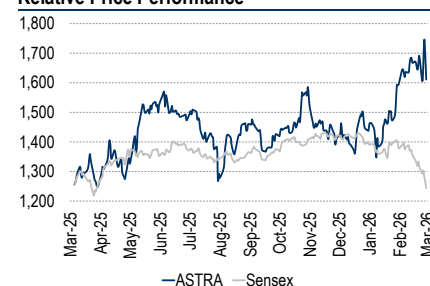
Target Price (12-mth): Rs2,000

Share Price: Rs1,612

Key Data	ASTRA IN / ASPT.BO
52-week high / low	Rs1768 / 1232
Sensex / Nifty	74564 / 23151
Market cap	Rs386bn
Shares outstanding	269m

Shareholding Pattern (%)	Dec'25	Sep'25	Jun'25
Promoters	54.2	54.2	54.1
- of which, Pledged	-	-	-
Free float	45.9	45.9	45.9
- Foreign institutions	15.2	16.7	20.2
- Domestic institutions	19.3	17.5	14.7
- Public	11.4	11.7	11.0

Relative Price Performance



Source: Bloomberg

Key Financials (YE Mar)	FY24	FY25	FY26e	FY27e	FY28e
Sales (Rs m)	56,414	58,324	63,917	76,685	93,168
Net profit (Rs m)	5,509	5,238	5,519	7,451	9,779
EPS (Rs)	20.5	19.5	20.5	27.7	36.4
P/E (x)	98.2	67.1	78.6	58.2	44.3
EV / EBITDA (x)	57.5	36.4	42.0	33.1	26.4
P / BV (x)	16.8	9.6	10.7	9.3	7.9
RoE (%)	18.5	15.4	14.4	17.1	19.3
RoCE (%) after tax	17.8	15.2	14.5	17.3	19.4
Dividend yield (%)	0.2	0.3	0.3	0.3	0.4
Net debt / equity (x)	(19.1)	(17.3)	(25.1)	(35.1)	(51.1)

Source: Company, Anand Rathi Research

Utkarsh Nopany
Research AnalystAnu Parakh
Research Associate

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Financials and Valuations (Consolidated)

Fig 1 – Income Statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Net revenue	56,414	58,324	63,917	76,685	93,168
Growth (%)	9.4	3.4	9.6	20.0	21.5
Direct costs	36,933	37,613	41,348	50,296	62,717
SG&A	10,234	11,252	12,395	13,558	14,496
EBITDA	9,247	9,459	10,174	12,831	15,956
EBITDA margin (%)	16.4	16.2	15.9	16.7	17.1
- Depreciation	1,976	2,434	2,932	3,145	3,399
Other income	421	413	395	580	780
Interest expenses	291	413	332	308	268
PBT	7,336	7,025	7,305	9,957	13,069
Effective tax rate (%)	25.6	26.1	24.4	25.2	25.2
+ Associates / (Minorities)	(1)	-	-	-	-
Net income	5,461	5,238	5,519	7,451	9,779
Adjusted income	5,509	5,238	5,519	7,451	9,779
WANS	269	269	269	269	269
FDEPS (Rs)	20.5	19.5	20.5	27.7	36.4
FDEPS growth (%)	18.7	(4.9)	6.4	35.0	31.3
Gross margin (%)	34.5	35.5	35.3	34.4	32.7

Fig 2 – Balance Sheet (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	269	269	269	269	269
Net worth	31,881	36,170	40,479	46,585	54,750
Debt	964	1,439	-	-	-
Minority interest	804	757	757	757	757
DTL / (Assets)	460	551	551	551	551
Capital employed	34,109	38,917	41,787	47,893	56,058
Net tangible assets	17,854	21,709	23,777	25,632	27,233
Net intangible assets	5,348	5,695	5,695	5,695	5,695
Goodwill					
CWIP (tang. & intang.)	1,506	1,160	1,160	1,160	1,160
Investments (strategic)					
Investments (financial)	-	-	-	-	-
Current assets (excl. cash)	1,283	1,449	1,542	1,748	2,015
Cash	6,096	6,083	6,754	9,434	13,733
Current liabilities	2,151	3,054	3,056	3,062	3,068
Working capital	4,173	5,875	5,916	7,285	9,291
Capital deployed	34,109	38,917	41,787	47,893	56,058
Contingent liabilities					

Fig 3 – Cash-flow Statement (Rs m)

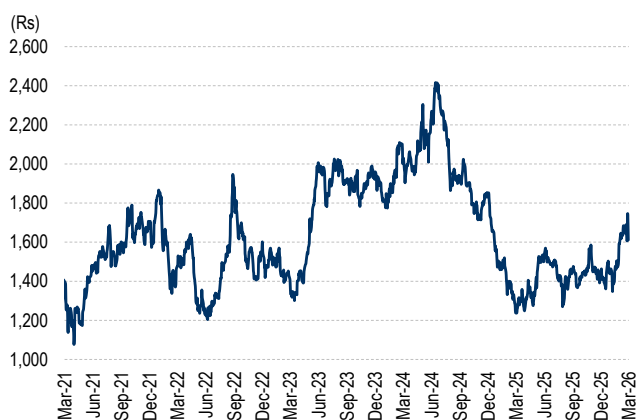
Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
EBIT (excl. other income)	7,336	7,025	7,305	9,957	13,069
+ Non-cash items	1,976	2,434	2,932	3,145	3,399
Oper. prof. before WC	9,312	9,459	10,237	13,103	16,468
- Incr. / (decr.) in WC	(199)	(874)	(131)	(1,571)	(2,266)
Others incl. taxes	(1,946)	(1,836)	(1,849)	(2,778)	(3,801)
Operating cash-flow	7,167	6,749	8,258	8,753	10,401
- Capex (tang. + intang.)	(5,789)	(6,290)	(5,000)	(5,000)	(5,000)
Free cash-flow	1,378	459	3,258	3,753	5,401
Acquisitions					
- Div.(incl. buyback & taxes)	(1,009)	(1,009)	(1,211)	(1,345)	(1,614)
+ Equity raised	-	-	-	-	-
+ Debt raised	191	475	(1,439)	-	-
- Fin investments	-	-	-	-	-
- Misc. (CFI + CFF)	(1,285)	62	63	272	512
Net cash-flow	(725)	(13)	671	2,680	4,299

Source: Company, Anand Rathi Research

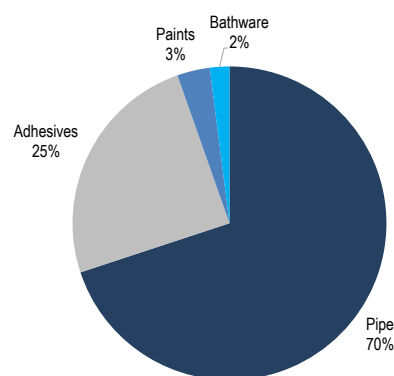
Fig 4 – Ratio Analysis

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	98.2	67.1	78.6	58.2	44.3
EV / EBITDA (x)	57.5	36.4	42.0	33.1	26.4
EV / Sales (x)	9.4	5.9	6.7	5.5	4.5
P/B (x)	16.8	9.6	10.7	9.3	7.9
RoE (%)	18.5	15.4	14.4	17.1	19.3
RoCE (%) - after tax	17.8	15.2	14.5	17.3	19.4
RoIC	22.4	18.2	17.0	20.7	24.3
DPS (Rs)	3.8	3.8	4.5	5.0	6.0
Dividend yield (%)	0.2	0.3	0.3	0.3	0.4
Dividend payout (%) - incl. DDT	18.3	19.3	21.9	18.1	16.5
Net debt / equity (x)	(19.1)	(17.3)	(25.1)	(35.1)	(51.1)
Receivables (days)	24	27	27	27	27
Inventory (days)	59	63	60	61	63
Payables (days)	6	6	6	6	6
CFO : PAT (%)	130.1	128.8	149.6	117.5	106.4

Source: Company, Anand Rathi Research

Fig 5 – Price Movement


Source: Bloomberg

Fig 6 – Revenue Break-up (FY25)


Source: Company

Investment Thesis

A. Consistent Market Share Gain in Plastic Pipe

Among top 5 listed players, Astral's pipe volume market share has improved from 14.7% in FY19 to 17.4% in 9MFY26 due to: (a) high-share of fast-growing CPVC pipe (47% pipe revenue share in FY25); (b) expansion of product portfolio; (c) deeper penetration of distribution network into semi-urban and rural areas; (d) diversification of manufacturing footprint across regions; and (e) premium brand positioning due to consistent quality product and significantly higher promotional spend in the industry.

We believe ASTRA is likely to further strengthen its leadership position in CPVC pipe portfolio with the commencement of backward integration project i.e. CPVC resin manufacturing from Q4FY27.

Fig 7 – Astral is gaining market share among top 5 plastic pipe firms due to...

Pipe volume market share (%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	9MFY26
SI	33.5	34.8	35.5	32.1	34.7	38.2	38.4	40.5
ASTRA	14.7	15.3	16.5	17.5	16.4	16.7	16.4	17.4
FNXP	31.5	29.5	25.6	27.8	28.1	25.7	25.2	22.5
PRINCP	15.5	15.3	16.7	16.3	14.6	13.2	12.8	12.6
APOLP	4.8	5.2	5.7	6.3	6.2	6.2	7.2	7.0

Source: Company

Fig 8 – ... (a) continuous expansion of product portfolio...

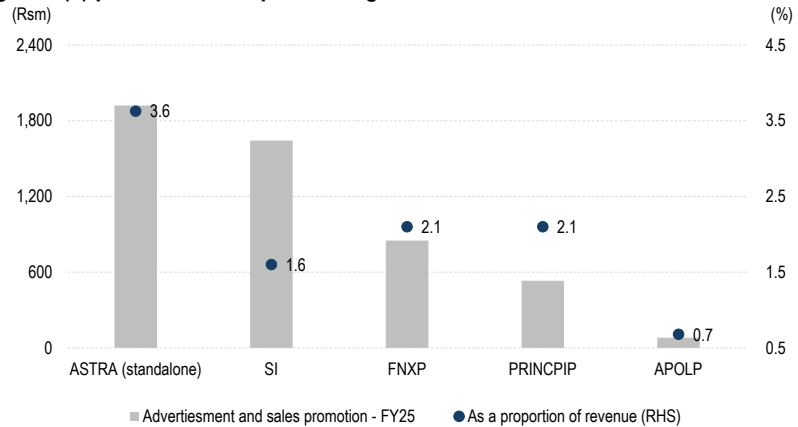
Year	Plastic Pipe Product Portfolio
1999	CPVC pipes
2001	CPVC fittings
2004	PVC pipes and fittings
2009	Drainage pipes
2010	Manholes/inspection chambers, column pipes for borewell applications
2013	Agri pipe
2016	CPVC compound; low-noise drainage system (Silencio)
2017	'RECYFIX' – surface drainage system; 'INSURPO' – XLPE insulation pipe
2018	DWC pipes (acquisition)
2020	Water tank (acquisition)
2023	Valves
2024	OPVC pipes
2025	Gas pipes (acquisition); CPVC resin

Source: Company

Fig 9 – (b) diversification of manufacturing footprint; and

Plant Location	COD	West	North	Central	South	East	North-east
Santej (Gujarat)	1999	Yes					
Baddi (HP)	2005		Yes				
Dholka (Gujarat)	2011	Yes					
Hosur (TN)	2013				Yes		
Giloth (Rajasthan)	2018		Yes				
Sangli (MH)	2018	Yes					
Sitarganj (Uttarakhand)	2018		Yes				
Aurangabad (MH)	2020	Yes					
Cuttack (Odisha)	2022					Yes	
Guwahati (leased)	2023						Yes
Hyderabad (TG)	2024				Yes		
Kanpur (UP)	2025			Yes			

Source: Company

Fig 10 – (c) premium brand positioning

Source: Company

B. Best-in-Class Margin Profile in Plastic Pipe Sector

Astral operates at an industry-leading margin in plastic pipe segment due to: (a) premium brand positioning; (b) superior product-mix skewed towards high-margin CPVC pipes (47% in FY25), and (c) low focus on low-margin products i.e., agri pipes and HDPE infra pipe etc.

Looking ahead, the management expects to earn superior margin for its upcoming backward integration CPVC resin project compared to existing players (Epigral: 23-25%) due to use of proprietary technology and captive consumption.

However, even if we assume that Astral would pass on the entire cost benefit from its upcoming backward integration CPVC resin project to consumers to gain market share, we believe its margin profile is likely to improve, going ahead due to improving mix, as CPVC commands significantly higher gross margin vs. other polymers.

Fig 11 – Astral's superior product-mix leads to relatively better pipe margin

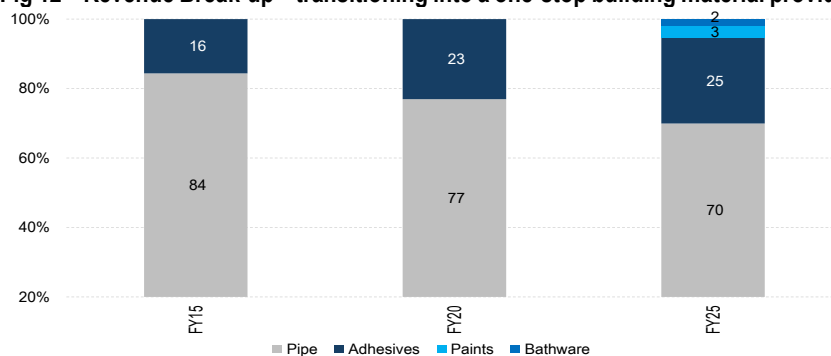
Particulars (FY25)	Realisation per unit (Rs/kg)	EBITDA per unit (Rs/kg)	EBITDA margin (%)
ASTRA	180	32.9	18.3
SI	132	18.6	14.1
APOLP	119	9.6	8.1
FNXP	118	8.1	6.8
PRINCEPI	142	9.1	6.4

Source: Company, Anand Rathi Research

C. Transitioning into a One-stop Building Material Provider

Over the past decade, Astral has diversified its product portfolio by foraying into a broad range of allied business verticals including adhesives (2014), silicon tape (2016), DWC pipes (2018), water tanks (2020), paints and sanitaryware (2022) and industrial valves (2023). Thus, the revenue share of piping segment declined from 84% in FY15 to 77/70% in FY20/FY25.

We believe management's goal is to follow the success story in the pipe business and gradually transform the company into a one-stop building material solution provider over the long-term.

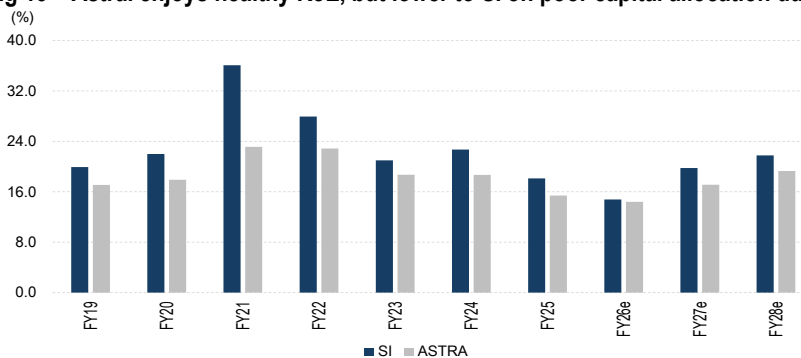
Fig 12 – Revenue Break-up – transitioning into a one-stop building material provider

Source: Company

D. Superior Margin Profile

Whilst Astral enjoys superior margin profile compared to SI due to better product mix, its RoE profile has turned out to be inferior vs. SI owing to (a) weak performance in overseas adhesives operations; (b) slow turnaround in paints business; (c) challenges in scaling up bathware business; and (d) overshooting of capex guidance on consistent basis.

Nonetheless, we expect the company to generate healthy RoE of 17-19% over FY27-28e, due to strong performance for its plastic pipe and domestic adhesives operations.

Fig 13 – Astral enjoys healthy RoE, but lower to SI on poor capital allocation due to

Source: Company

Fig 14 – ... (a) weak performance of new biz (SEAL IT, paints and bathware); and

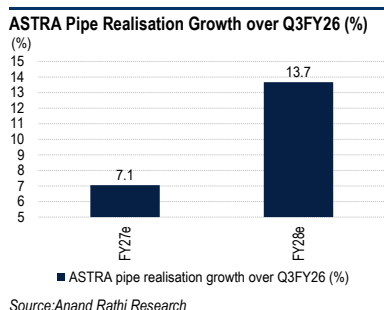
Particulars	FY22	FY23	FY24	FY25	9MFY26
Pipe					
Revenue (Rs m)	33658	37455	40673	40788	30402
EBITDA margin (%)	18.1	16.8	18.0	18.3	17.2
Resinova					
Revenue (Rs m)	6955	8441	9614	10988	8854
EBITDA margin (%)	14.3	16.3	16.1	16.9	16.2
SEAL IT					
Revenue (Rs m)	3327	3316	3570	3413	2815
EBITDA margin (%)	11.8	8.6	4.3	0.2	2.9
ROE (%)	35.5	10.8	-2.2	-33.8	NA
Paints					
Revenue (Rs m)	500	2153	1810	1965	1690
EBITDA margin (%)	14.5	14.0	16.7	5.9	-2.6
ROE (%)	NA	-0.3	-0.3	-4.5	NA
Bathware					
Revenue (Rs m)	NA	220	747	1175	1043
EBITDA margin (%)	NA	-75	-19	-ve	-ve

Source: Company

Fig 15 – (b) overshooting of capex guidance on a consistent basis

Capex (Rs m)	FY21	FY22	FY23	FY24	FY25	FY26
Q4 Previous FY (Budgeted)	-	1,300-1,500	1,500	-	3,000	2,500-3,000
Q1 Current FY (Budgeted)	650-700	-	2,000	3,500	3,500	3,000-3,500
Q2 Current FY (Budgeted)	700-800	2,000-2,500	2,000-2,500	4,250	3,500-3,800	3,000-3,500
Q3 Current FY (Budgeted)	-	-	2,250-2,300	-	4,500	3,500
Q1 Current FY (Actual)	1,630	3,660	3,760	5,460	5,250	NA

Source: Company, Anand Rathi Research



ARe vs. Street Estimates

We have projected Astral's EPS slightly better than the street estimates for FY27e and FY28e, mainly due to better pipe realisation owing to hardening of domestic PVC resin prices. We have conservatively assumed Astral's pipe realisation to gradually improve by 7.1/13.7% in FY27/28e over Q3FY26 (whereas local PVC resin price has already moved up by 42%).

Looking ahead, we believe there could be upside risk to our estimates in case of: (a) strong revival in agri and infra pipe demand; and/ or (b) sharp rise in PVC resin prices.

Fig 16 – ARe vs. Bloomberg Estimates

ASTRA (Rs bn)	ARe			Bloomberg			Change (%)		
	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e
Revenue	63.9	76.7	93.2	64.5	74.6	86.1	(1.0)	2.8	8.2
EBITDA	10.2	12.8	16.0	10.3	12.6	15.0	(1.2)	2.0	6.5
EBITDA margin	15.9	16.7	17.1	15.9	16.9	17.4	(3bps)	(13bps)	(28bps)
Adjusted PAT	5.5	7.5	9.8	5.5	7.2	8.9	0.1	3.6	10.0
Adjusted EPS (Rs)	20.5	27.7	36.4	20.5	26.8	33.1	(0.0)	3.5	9.9

Source: Bloomberg, Anand Rathi Research Fig 13 – Key Operational Assumptions

Fig 17 – Key operational assumptions

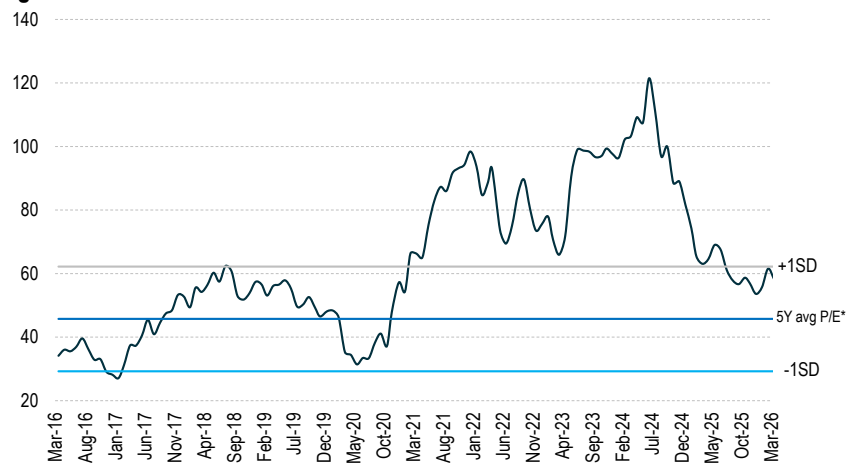
Parameter (%)	FY24	FY25	FY26e	FY27e	FY28e
Revenue mix					
Pipe	73	70	69	69	70
Adhesives	23	25	25	24	23
Paints	3	3	4	4	4
Bathware	1	2	2	3	3
Operating metrics					
Pipe volume growth	24	3	13	15	16
Adhesives revenue growth	12	9	13	14	15
Paints revenue growth	(14)	6	20	22	22
Bathware revenue growth	177	93	25	51	36
EBITDA margin					
Pipe	17.7	18.3	18.1	18.4	18.6
Adhesives	12.9	13.0	13.4	15.0	15.3
Paints	14.4	5.9	(0.5)	10.2	15.0
Bathware	(23.8)	0.0	0.0	0.0	0.0

Source: Company, Anand Rathi Research

Outlook and Valuation

We expect its revenue/EBITDA/APAT to clock 16.9/19/23.1 CAGR over FY25-28e. At CMP, the stock trades at a 1Y forward P/E of 58.1x. We maintain BUY rating on Astral with an upwardly revised TP of Rs2,000 (from Rs1,800 earlier), on strong earnings growth prospects. We value it at 55x FY28e EPS, at a premium to its pre-COVID 5-year average multiple of 45.7x, as we believe it to continue to gain market share along with scope of margin expansion in pipes business due to benefit of backward integration CPVC resin project.

Fig 18 – 1-Year Forward PE Band



Source: BSE, Anand Rathi Research, *Pre-covid

Key Risks

- Slower-than-expected recovery in India's real estate sector.
- Market share loss in the pipe business.
- Sharp correction in polymer prices.

Finolex Industries (FNPX)

Rural recovery, PVC pricing tailwind to revive growth; maintain BUY

Rating: **BUY**

Target Price (12-mth): Rs240

Share Price: Rs184

We expect FNPX's margin to improve from 11.5% in FY25 to 10-year average of ~17% over the medium-term, as it is the direct beneficiary of rising PVC resin prices (being the only backward integrated plastic pipe player in India), improving mix on rising share of high-margin non-agri pipe portfolio (33% in FY25 vs. from 22.5% in FY19), which it aims to improve to 50% over the long-term. We maintain BUY rating on FNPX with an upwardly revised TP of Rs240 (from Rs225 earlier), valuing it at 20x FY28e EPS.

Key Data	FNPX IN / FINX.BO
52-week high / low	Rs236 / 143
Sensex / Nifty	74564 / 23151
Market cap	Rs108bn
Shares outstanding	618m

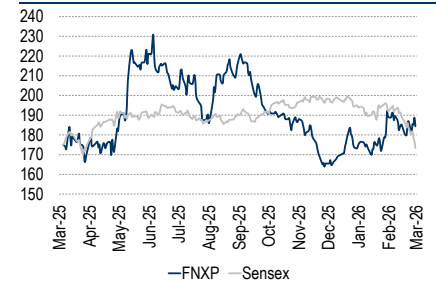
Business Risk Profile to Improve in the Long-term: FNPX's RoE has moderated from 14.3% in FY19 to 8.2% in FY25 due to: (a) higher WC requirement owing to increased credit period offered to its dealers (from 9 in FY19 to 33 days in FY25) to grow its presence in non-agri pipe portfolio; and (b) non-optimal utilisation of rising cash and liquid investment (from Rs1.4bn in Mar-19 to Rs20.5bn in Mar-25). However, we believe FNPX's business risk profile is expected to improve over the long-term as: (a) the management does not intend to increase its PVC resin capacity; (b) incremental capex is likely to be deployed in growing B2C plastic pipe segment, and (b) improving mix on rising share of high-margin non-agri pipe portfolio.

Shareholding Pattern (%)	Dec'25	Sep'25	Jun'25
Promoters	52.5	52.5	52.5
- of which, Pledged			
Free float	47.5	47.5	47.5
- Foreign institutions	5.9	6.0	6.0
- Domestic institutions	12.2	12.1	11.4
- Public	29.4	29.4	30.1

Continued Loss of Market Share: FNPX's volume market share among Top 5 listed pipe companies declined to 22.5% in 9MFY26 from 31.9% in FY19, due to: (a) high share of slow-growing agri pipe portfolio (67% in FY25); and (b) lack of management aggression for geographical and product portfolio expansion, despite holding significant free cash of Rs24.3bn as on 31st Dec-25.

Outlook and Valuation: We believe the company – *being the only backward integrated plastic pipe player in India* – to be one of the beneficiaries of recovery in rural demand and hardening PVC resin prices. We expect its revenue/EBITDA/APAT to clock 9.6/18.2/15.7% CAGR over FY25-28e. At CMP, the stock trades at a P/E of 17.8x on 1-year forward, while our assigned multiple (20x) is ahead of its pre-COVID 5-year average multiple of 17.1x due to structural improvement in business risk profile with incremental capex likely to be deployed in B2C pipe segment along with rising share of high-margin non-agri pipe sales-mix. Thus, we maintain BUY rating on FNPX with an upwardly revised TP of Rs240, valuing it at 20x FY28e EPS. **Key Risks:** (a) Slower-than-expected recovery in rural demand; (b) market share loss in plastic pipes; and (c) sharp correction in polymer prices.

Relative Price Performance



Source: Bloomberg

Key Financials (Y/E Mar)	FY24	FY25	FY26e	FY27e	FY28e
Sales (Rs m)	43,174	41,420	42,007	48,095	54,492
Net profit (Rs m)	4,757	4,802	5,573	6,421	7,437
EPS (Rs)	7.7	12.9	9.0	10.4	12.0
P/E (x)	32.0	23.2	20.5	17.8	15.3
EV / EBITDA (x)	22.7	19.1	15.6	13.4	11.1
P / BV (x)	2.7	1.8	1.8	1.7	1.6
RoE (%)	9.0	13.6	8.9	9.7	10.6
RoCE (%) after tax	8.3	7.6	8.3	8.9	9.8
Dividend yield (%)	1.0	2.0	2.2	2.4	2.4
Net debt / equity (x)	(0.3)	(0.3)	(0.3)	(0.3)	(0.4)

Source: Company, Anand Rathi Research

Utkarsh Nopany
 Research Analyst

Anu Parakh
 Research Associate

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Financials and Valuations (Consolidated)

Fig 1 – Income Statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Net revenue	43,174	41,420	42,007	48,095	54,492
Growth (%)	(1.8)	(4.1)	1.4	14.5	13.3
Direct costs	30,709	29,853	29,626	34,812	39,916
SG&A	3,000	3,069	2,832	2,540	2,246
EBITDA	5,882	4,758	5,855	6,674	7,866
EBITDA margin (%)	13.6	11.5	13.9	13.9	14.4
- Depreciation	1,160	1,067	1,050	1,124	1,198
Other income	1,800	2,466	2,395	2,595	2,795
Interest expenses	365	296	159	121	121
PBT	6,506	10,432	7,407	8,581	9,939
Effective tax rate (%)	27.2	23.3	24.8	25.2	25.2
+ Associates / (Minorities)	382	402	366	556	596
Net income	4,736	8,002	5,573	6,421	7,437
Adjusted income	4,757	4,802	5,573	6,421	7,437
WANS	618	618	618	618	618
FDEPS (Rs)	7.7	12.9	9.0	10.4	12.0
FDEPS growth (%)	88.9	68.9	(30.3)	15.2	15.8
Gross margin (%)	36.6	35.4	36.6	34.5	33.3

Fig 3 – Cash-flow Statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
EBIT (excl. other income)	6,506	10,432	7,407	8,581	9,939
+ Non-cash items	1,160	1,067	1,050	1,124	1,198
Oper. prof. before WC	7,666	11,500	8,457	9,705	11,137
- Incr. / (decr.) in WC	(109)	1,230	315	(1,338)	(1,314)
Others incl. taxes	(3,172)	(8,772)	(4,070)	(4,634)	(5,176)
Operating cash-flow	4,385	3,958	4,702	3,733	4,647
- Capex (tang. + intang.)	(817)	(1,140)	(2,000)	(2,000)	(2,000)
Free cash-flow	3,568	2,817	2,702	1,733	2,647
Acquisitions					
- Div.(incl. buyback & taxes)	(1,546)	(2,226)	(2,473)	(2,783)	(2,783)
+ Equity raised	-	-	-	-	-
+ Debt raised	(1,445)	(1,609)	-	-	-
- Fin investments	(4,454)	(3,945)	-	-	-
- Misc. (CFI + CFF)	5,524	5,192	2,236	2,474	2,674
Net cash-flow	1,647	229	2,465	1,425	2,538

Source: Company, Anand Rathi Research

Fig 5 – Price Movement


Source: Bloomberg

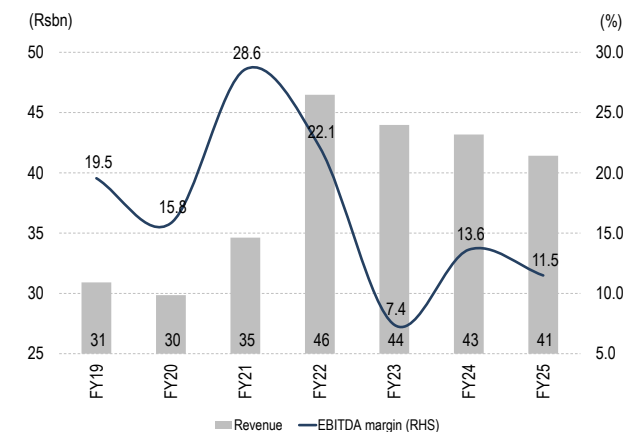
Fig 2 – Balance Sheet (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	1,237	1,237	1,237	1,237	1,237
Net worth	56,343	60,969	64,068	67,707	72,362
Debt	3,820	2,211	2,211	2,211	2,211
Minority interest	-	-	-	-	-
DTL / (Assets)	2,334	2,391	2,391	2,391	2,391
Capital employed	62,496	65,571	68,671	72,309	76,964
Net tangible assets	10,444	9,905	10,855	11,731	12,533
Net intangible assets	143	213	213	213	213
Goodwill	-	-	-	-	-
CWIP (tang. & intang.)	189	732	732	732	732
Investments (strategic)	-	-	-	-	-
Investments (financial)	23,711	27,656	27,656	27,656	27,656
Current assets (excl. cash)	1,770	1,003	1,010	1,076	1,145
Cash	22,465	22,694	25,159	26,583	29,121
Current liabilities	5,196	3,807	3,808	3,823	3,838
Working capital	8,970	7,175	6,855	8,142	9,402
Capital deployed	62,496	65,571	68,671	72,309	76,964
Contingent liabilities	-	-	-	-	-

Fig 4 – Ratio Analysis

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	32.0	23.2	20.5	17.8	15.3
EV / EBITDA (x)	22.7	19.1	15.6	13.4	11.1
EV / Sales (x)	3.1	2.2	2.2	1.9	1.6
P/B (x)	2.7	1.8	1.8	1.7	1.6
RoE (%)	9.0	13.6	8.9	9.7	10.6
RoCE (%) - after tax	8.3	7.6	8.3	8.9	9.8
RoIC (%) - after tax	34.2	28.5	38.7	40.1	41.7
DPS (Rs)	2.5	3.6	4.0	4.5	4.5
Dividend yield (%)	1.0	2.0	2.2	2.4	2.4
Dividend payout (%) - incl. DDT	32.6	27.8	44.4	43.3	37.4
Net debt / equity (x)	(0.3)	(0.3)	(0.3)	(0.3)	(0.4)
Receivables (days)	39	33	33	33	33
Inventory (days)	62	69	65	68	69
Payables (days)	7	4	4	4	4
CFO : PAT (%)	92.2	82.4	84.4	58.1	62.5

Source: Company, Anand Rathi Research

Fig 6 – Revenue and EBITDA Margin Trend


Source: Company

Investment Thesis

A. Continued Loss of Market Share

FNXP's volume market share among top 5 listed pipe companies fell sharply from 31.9% in FY19 to 22.5% in 9MFY26 due to: (a) high share of slow-growing agri pipe portfolio (67% in FY25); and (b) lack of management aggression for geographical and product portfolio expansion, despite holding significant free cash of Rs24.3bn as on 31st Dec-25.

Fig 7 – FNXP's volume market share fell from 31.5% in FY19 to 22.5% in 9MFY26

(%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	9MFY26
SI	33.5	34.8	35.5	32.1	34.7	38.2	38.4	40.5
ASTRA	14.7	15.3	16.5	17.5	16.4	16.7	16.4	17.4
FNXP	31.5	29.5	25.6	27.8	28.1	25.7	25.2	22.5
PRINCEPIP	15.5	15.3	16.7	16.3	14.6	13.2	12.8	12.6
APOLP	4.8	5.2	5.7	6.3	6.2	6.2	7.2	7.0

Source: Company

Fig 8 – Muted capex over the years despite holding significant free cash

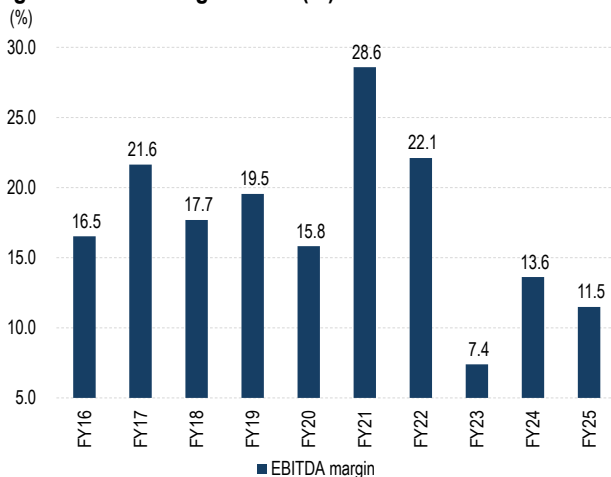
Capex outlay (Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	9MFY26
SI	2.9	2.0	2.4	3.5	4.5	5.0	8.9	10.3
ASTRA (standalone)	2.5	1.5	1.5	4.2	2.7	5.1	4.7	2.9
FNXP	1.4	0.5	0.6	0.6	1.7	0.8	1.1	<1.0
PRINCEPIP	1.1	1.1	1.3	1.6	1.0	1.9	2.6	1.6
APOLP	0.4	0.6	0.6	0.4	0.7	3.1	1.3	1.3

Source: Company

B. Margin to Expand on Rising PVC Resin Prices and Better Product-mix

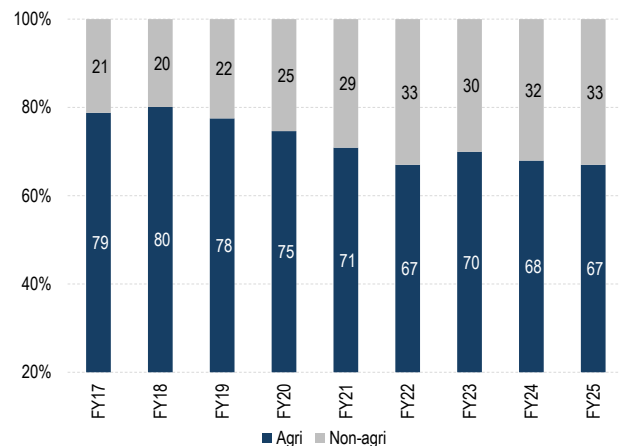
We expect FNXP's margin to improve from 11.5% in FY25 to 10-year average of ~17% over the medium-term as the company is the direct beneficiary of rising PVC resin prices, as it is the only backward integrated plastic pipe player in India, apart from improving mix on rising share of high-margin non-agri pipe portfolio (33% in FY25 vs. from 22.5% in FY19), which it aims to improve to 50% over the long-term.

Fig 9 – EBITDA Margin Trend (%)



Source: Company

Fig 10 – Steady increase in high-margin non-agri pipe's share

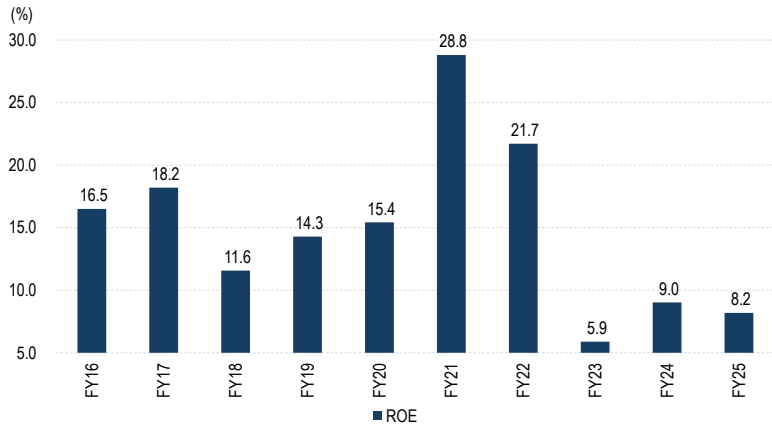


Source: Company

C. Business Risk Profile to Improve in the Long-term

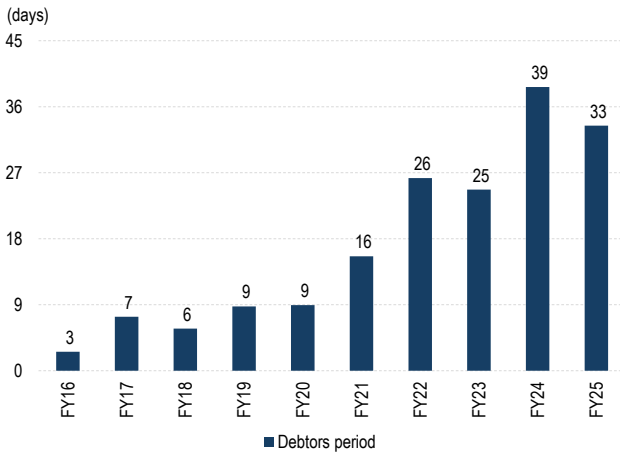
FNXP’s RoE has moderated from 14.3% in FY19 to 8.2% in FY25 due to: (a) higher WC requirement owing to increased credit period offered to its dealers (from 9 in FY19 to 33 days in FY25) to grow its presence in non-agri pipe portfolio; and (b) non-optimal utilisation of rising cash and liquid investment (from Rs1.4bn in Mar-19 to Rs20.5bn in Mar-25). However, we believe FNXP’s business risk profile is expected to improve over the long-term as: (a) the management does not intend to increase its PVC resin capacity; (b) incremental capex is likely to be deployed in growing B2C plastic pipe segment, and (b) improving mix on rising share of high-margin non-agri pipe portfolio.

Fig 11 – RoE moderated from 14.3% in FY19 to 8.2% in FY25 due to...



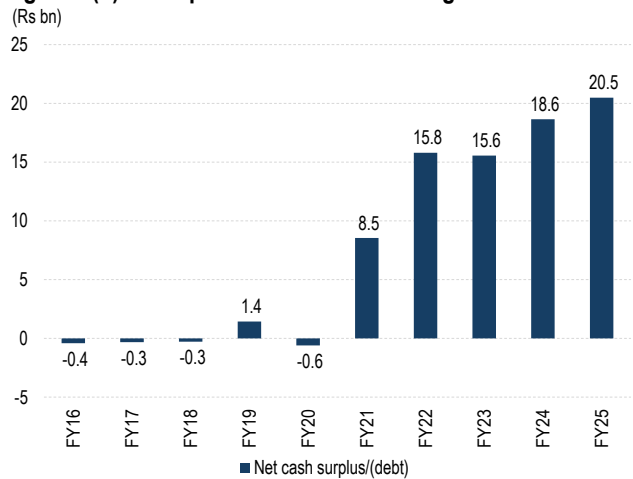
Source: Company

Fig 12 – ... (a) Higher WC led by increased debtor’s days; and



Source: Company

Fig 13 – (b) Non-optimal utilisation of rising cash balance



Source: Company

ARe vs. Street Estimates

Our EPS estimate has turned out to be better than the street for FY27/28 even though we have assumed (a) modest pipe volume growth of 10% for the next two years over a weak base of FY25 and 9MFY26; and (b) lower EBITDA/unit (Rs17.7/kg/ Rs18.9/kg for FY27/28e vs. 10-year average level of Rs23.9/kg).

Fig 14 – ARe vs. Bloomberg Estimates

ASTRA (Rs bn)	ARe			Bloomberg			Change (%)		
	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e
Revenue	42.0	48.1	54.5	41.3	45.5	49.9	1.8	5.7	9.2
EBITDA	5.9	6.7	7.9	5.1	5.9	6.6	15.0	14.0	18.5
EBITDA margin	13.9	13.9	14.4	12.3	12.9	13.3	160bps	101bps	113bps
Adjusted PAT	5.6	6.4	7.4	4.9	5.6	6.3	13.0	14.9	18.7
Adjusted EPS (Rs)	9.0	10.4	12.0	7.9	9.0	10.0	13.6	15.5	20.1

Source: Bloomberg, Anand Rathi Research

Fig 15 – Key Operational Assumptions

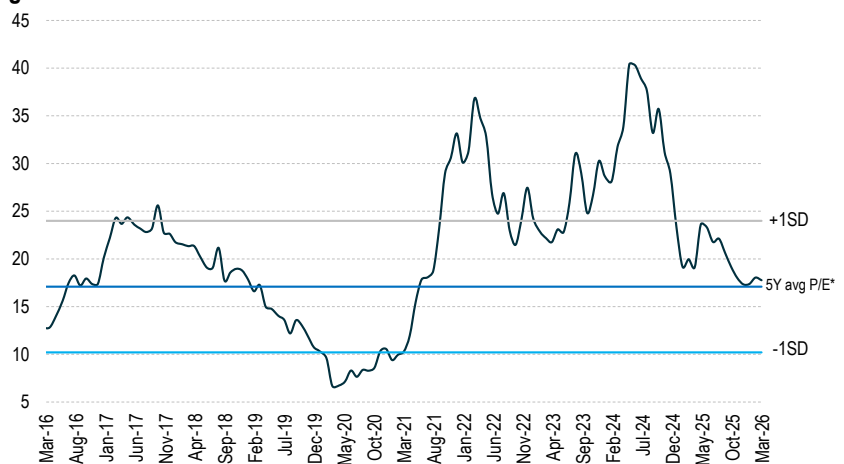
Parameter	FY24	FY25	FY26e	FY27e	FY28e
Pipes volume growth (%)	11.1	3.4	(1.3)	10.0	10.0
Pipe realisation growth (%)	(8.4)	(5.2)	3.7	4.1	3.0
Blended EBITDA per unit (Rs/kg)	17.5	13.7	17.0	17.7	18.9

Source: Company, Anand Rathi Research

Outlook and Valuation

We believe the company – *being the only backward integrated plastic pipe player in India* – to be one of the beneficiaries of recovery in rural demand and hardening PVC resin prices. We expect its revenue/EBITDA/APAT to clock 9.6/18.2/15.7% CAGR over FY25-28e. At CMP, the stock trades at a P/E of 17.8x on 1-year forward, while our assigned multiple (20x) is ahead of its pre-COVID 5-year average multiple of 17.1x due to structural improvement in business risk profile with incremental capex likely to be deployed in B2C pipe segment along with rising share of high-margin non-agri pipe sales-mix. Thus, we maintain BUY rating on FNXP with an upwardly revised TP of Rs240 (from Rs225 earlier), valuing it at 20x FY28e EPS.

Fig 16 – 1-Year Forward PE Band



Source: BSE, Anand Rathi Research, *Pre-covid

Key Risks

- Slower-than-expected recovery in rural demand.
- Market share loss in the pipe business.
- Sharp correction in polymer prices.

CERA Sanitaryware (CRS)

Growth reacceleration and margin recovery ahead; maintain BUY

Rating: **BUY**

Target Price (12-mth): Rs.6,500

Share Price: Rs.4,524

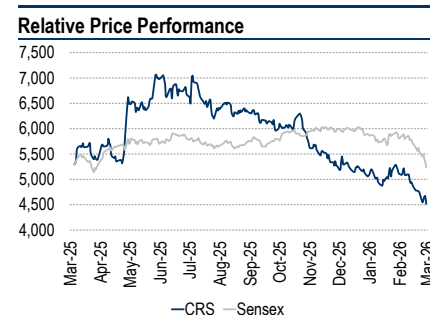
CRS is one of the leading players in Indian bathware sector. Whilst the company is losing market share to Jaquar and Kohler, it is gaining market share compared to ROCA and Hindware over the last two years due to expansion of distribution network in weaker regions and success of faucet-ware portfolio. We believe CRS's revenue growth is likely to accelerate in near future on expectation of demand recovery, price hike and contribution from new launches. We maintain BUY rating on CRS with a TP of Rs6,500, valuing it at 30x FY28 EPS – broadly in-line with its pre-COVID 5-year average multiple of 31.8x.

Key Data	CRS IN / CERA.BO
52-week high / low	Rs7271 / 4510
Sensex / Nifty	74564 / 23151
Market cap	Rs65bn
Shares outstanding	13m

Demand Recovery and Price Hike to Aid Revenue Growth: While CRS's revenue clocked a muted 3.5% CAGR over 9MFY23-9MFY26, we expect it to witness a double-digit growth over the next two years led by: (a) price hike (sanitaryware: +4%; faucets: +11%) from Feb-26; (b) expected recovery in demand; and (c) contribution of new launches (Senator and Polipluz).

Shareholding Pattern (%)	Dec'25	Sep'25	Jun'25
Promoters	54.4	54.4	54.4
- of which, Pledged	-	-	-
Free float	45.6	45.6	45.6
- Foreign institutions	14.6	15.8	17.2
- Domestic institutions	14.0	13.6	12.1
- Public	17.0	16.2	16.3

Margin and Return Ratio Remain Healthy: CRS's margin has come under severe pressure over the past few quarters due to rise in share of B2B sales (from 28% in FY20 to 38% in 9MFY26) on account of weak retail demand, increased trade discount and pre-operative expenses for launch of Senator and Polipluz. With price hike and gradual recovery in demand, the management expects the margin to improve to 13-14% in Q4FY26 and 15-17% range in FY27 (vs. 20-year average of 16%). CRS is also likely to generate a healthy RoE due to low capex intensity in faucet-ware and high share of outsourced revenue (sanitaryware/faucets: 57%/48% in FY25).



Outlook and Valuation: We believe CRS's revenue growth is likely to accelerate in near future on expectation of demand recovery, price hike and contribution from new launches (Senator and Polipluz). However, whilst it generates superior return ratio compared to leading building material (BM) companies, it still trades at a steep discount enjoyed by the leading BM players. At CMP, the stock trades at an inexpensive valuation of 22.7x on 1-year forward P/E even if we expect a modest revenue growth of 6.5% CAGR over FY25-28e. We maintain BUY rating on CRS with a TP of Rs6,500, valuing it at 30x FY28 EPS – broadly in-line with its pre-COVID 5-year average multiple of 31.8x. **Key Risks:** (a) Slower-than-expected recovery in rural demand; and (b) market share loss in bathware segment.

Key Financials (Y/E Mar)	FY24	FY25	FY26e	FY27e	FY28e
Sales (Rs m)	18,794	19,262	20,126	21,647	23,264
Net profit (Rs m)	2,405	2,511	2,230	2,566	2,794
EPS (Rs)	185.0	194.7	172.9	199.0	216.7
P/E (x)	36.7	29.0	26.2	22.7	20.9
EV / EBITDA (x)	26.5	21.7	18.2	15.1	13.6
P / BV (x)	6.6	5.4	3.9	3.5	3.1
RoE (%)	19.0	18.3	15.6	16.2	15.9
RoCE (%) after tax	14.5	15.0	12.1	12.1	11.9
Dividend yield (%)	0.9	1.2	1.3	1.5	1.6
Net debt / equity (x)	(0.6)	(0.5)	(0.6)	(0.5)	(0.5)

Source: Company, Anand Rathi Research

Utkarsh Nopany
Research Analyst

Anu Parakh
Research Associate

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Financials and Valuations (Consolidated)

Fig 1 – Income Statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Net revenue	18,794	19,262	20,126	21,647	23,264
Growth (%)	3.8	2.5	4.5	7.6	7.5
Direct costs	8,828	9,119	9,833	10,463	11,224
SG&A	6,929	7,102	7,524	7,885	8,450
EBITDA	3,038	3,041	2,769	3,298	3,591
EBITDA margin (%)	16.2	15.8	13.8	15.2	15.4
- Depreciation	365	407	408	443	495
Other income	595	605	599	653	718
Interest expenses	58	75	71	79	79
PBT	3,188	3,107	2,889	3,429	3,734
Effective tax rate (%)	24.3	20.0	22.6	25.2	25.2
+ Associates / (Minorities)	23	22	5	-	-
Net income	2,390	2,465	2,230	2,566	2,794
Adjusted income	2,405	2,511	2,230	2,566	2,794
WANS	13	13	13	13	13
FDEPS (Rs)	185.0	194.7	172.9	199.0	216.7
FDEPS growth (%)	12.5	5.3	(11.2)	15.1	8.9
Gross margin (%)	53.0	52.7	51.1	51.7	51.8

Fig 3 – Cash-flow Statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
EBIT (excl. other income)	3,188	3,107	2,889	3,429	3,734
+ Non-cash items	365	407	408	443	495
Oper. prof. before WC	2,262	2,421	2,115	2,435	2,651
- Incr. / (decr.) in WC	105	(945)	(56)	(341)	(400)
Others incl. taxes	(1,292)	(1,093)	(1,182)	(1,437)	(1,579)
Operating cash-flow	2,367	1,476	2,059	2,094	2,250
- Capex (tang. + intang.)	(671)	(632)	(700)	(1,000)	(1,000)
Free cash-flow	1,696	844	1,359	1,094	1,250
Acquisitions					
- Div.(incl. buyback & taxes)	(785)	(854)	(758)	(873)	950
+ Equity raised	-	(1)	-	-	-
+ Debt raised	(49)	(23)	(1)	12	13
- Fin investments	31	-	-	-	-
- Misc. (CFI + CFF)	642	(1,062)	518	574	639
Net cash-flow	1,534	(1,096)	1,117	808	952

Source: Company, Anand Rathi Research

Fig 5 – Price Movement


Source: Bloomberg

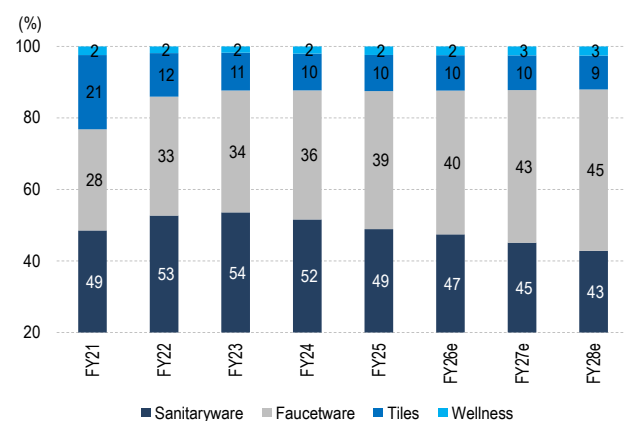
Fig 2 – Balance Sheet (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	65	64	64	64	64
Net worth	13,458	13,536	15,007	16,700	18,544
Debt	205	181	180	192	205
Minority interest	128	147	142	142	142
DTL / (Assets)	482	407	407	407	407
Capital employed	14,272	14,271	15,737	17,442	19,299
Net tangible assets	3,515	3,534	3,626	4,483	5,288
Net intangible assets	225	452	452	452	452
Goodwill	-	-	-	-	-
CWIP (tang. & intang.)	130	108	308	8	-292
Investments (strategic)	-	-	-	-	-
Investments (financial)	-	-	-	-	-
Current assets (excl. cash)	783	674	696	722	750
Cash	8,141	7,045	8,162	8,970	9,922
Current liabilities	2,393	2,479	2,491	2,506	2,522
Working capital	3,872	4,937	4,983	5,312	5,700
Capital deployed	14,272	14,271	15,737	17,442	19,299
Contingent liabilities	-	-	-	-	-

Fig 4 – Ratio Analysis

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	36.7	29.0	26.2	22.7	20.9
EV / EBITDA (x)	26.5	21.7	18.2	15.1	13.6
EV / Sales (x)	4.3	3.4	2.5	2.3	2.1
P/B (x)	6.6	5.4	3.9	3.5	3.1
RoE (%)	19.0	18.3	15.6	16.2	15.9
RoCE (%) - after tax	14.5	15.0	12.1	12.1	11.9
RoIC	49.5	43.1	34.8	38.3	35.8
DPS (Rs)	60	65	59	68	74
Dividend yield (%)	0.9	1.2	1.3	1.5	1.6
Dividend payout (%) - incl. DDT	32.7	34.0	34.0	34.0	34.0
Net debt / equity (x)	(0.6)	(0.5)	(0.6)	(0.5)	(0.5)
Receivables (days)	39	51	51	51	51
Inventory (days)	71	78	75	75	74
Payables (days)	35	36	36	36	36
CFO : PAT (%)	98.4	58.8	92.4	81.6	80.5

Source: Company, Anand Rathi Research

Fig 6 – Revenue-mix


Source: Company

Investment Thesis

A. Leading Player in Indian Bathware Sector

CRS is one of the leading players in Indian bathware sector. Whilst the company is losing market share to Jaquar and Kohler, it is gaining market share compared to ROCA and Hindware over the last two years due to: (a) expansion of distribution network in weaker regions; and (b) success of faucet-ware portfolio.

Fig 7 – CERA holding strong position amongst peers (ex-Jaquar and Kohler)

Bathware Revenue (Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	6Y CAGR (%)
Jaquar	28	28	28	41	50	54	60	13.7
Kohler	10	9	8	12	15	20	24	16.3
CERA	11	9	10	13	16	17	17	8.2
Parryware/ ROCA	9	10	8	13	17	17	17	10.7
Hindware	11	9	9	12	15	16	14	3.3
Kajaria	2	2	2	3	3	4	4	13.1
Asian Paints	2	2	2	4	4	4	4	9.9
Prism Johnson	2	2	2	2	3	3	3	11.2
Somany	2	2	2	2	2	3	3	7.8
Total	76	74	71	102	126	136	145	11.4

Source: India Ratings, Company

B. Rise in Addressable Market Size via Senator and Polipluz

CRS is currently present in mass premium range through CERA brand. It is planning to increase its presence in luxury segment (through relaunch of Senator as a premium brand in FY25) as well as in economy range by entry into composite faucets (through launch of Polipluz brand in Q3FY26).

It has hired Mr. Ramesh Baliga, who held senior leadership roles at Jaquar and Watertec India, as it targets to grow the revenue contribution from Senator and Polipluz from ~1% in FY26e to 10% over the next three years.

We believe there is a good possibility of success in Polipluz, as CRS would compete with unorganised players in rural areas.

Fig 8: CRS's diverse product portfolio serving the luxury, mass premium and economy segments



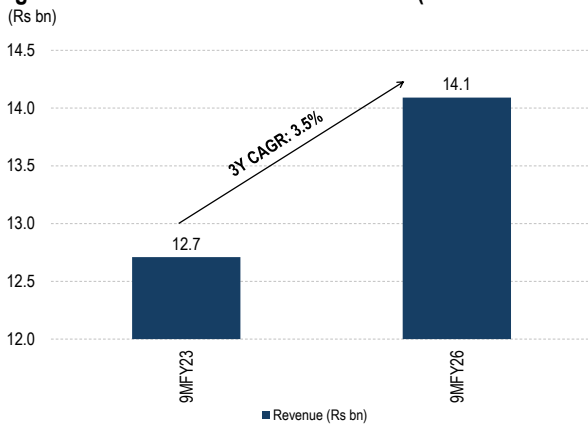
Source: CERA Investor Presentation

C. Demand Recovery and Price Hike to Aid Revenue Growth

While CRS's revenue clocked a muted 3.5% CAGR over 9MFY23-9MFY26, due to sharp slowdown in demand from Tier-II and below cities (revenue share fell from 72% to 64%) and limited price hike in a weak commodity price environment.

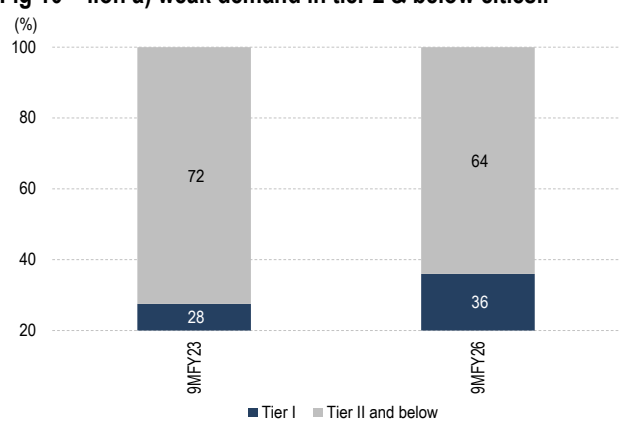
Looking ahead, we expect it to witness a double-digit growth over the next two years led by: (a) price hike (sanitaryware: +4%; faucets: +11%) from Feb-26; (b) expected recovery in rural demand; and (c) contribution of new launches (Senator and Polipluz).

Fig 9 – Muted 3Y revenue CAGR of 3.5% (9MFY23 - 9MFY26)..



Source: Company, Anand Rathi Research

Fig 10 – ..on a) a weak demand in tier 2 & below cities..



Source: Company, Anand Rathi Research

Fig 11 – ..and b) limited price hikes in a weak commodity price environment

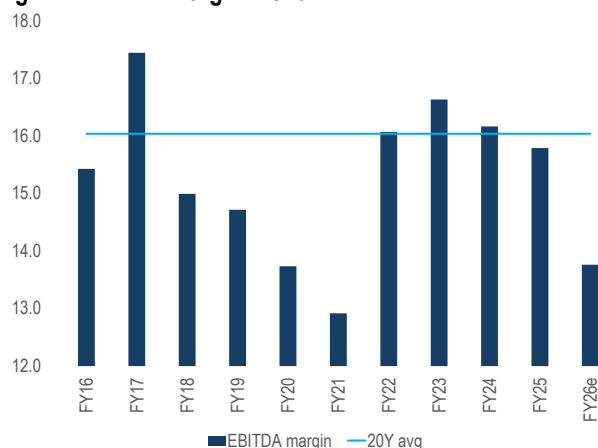
Price hikes (%)	FY21	FY22	FY23	FY24	FY25	FY26
Sanitaryware						
Q1	-	-	3	-	-	-
Q2	4	4	-	-	1	-
Q3	-	10	-	-	-	-
Q4	6	-	-	2	-	4
Revenue growth (%)	(1)	30	27	0	(3)	2
Faucets						
Q1	-	-	5	-	-	-
Q2	-	10	-	-	6	-
Q3	-	6	-	-	-	-
Q4	9	-	-	-	-	11
Revenue growth (%)	10	41	28	10	9	10

Source: Company

D. Margin and Return Ratio Remain Healthy

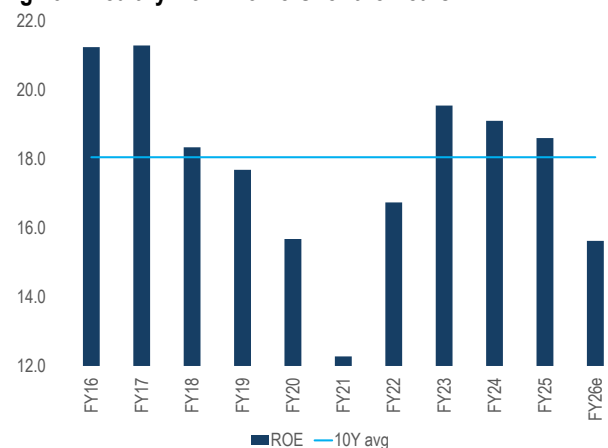
CRS’s margin has come under severe pressure over the past few quarters due to rise in share of B2B sales (from 28% in FY20 to 38% in 9MFY26) on account of weak retail demand, increased trade discount and pre-operative expenses for launch of Senator and Poliplus. With price hike and gradual recovery in demand, the management expects the margin to improve to 13-14% in Q4FY26 and 15-17% range in FY27 (vs. 20-year average of 16%). CRS is also likely to generate a healthy RoE due to low capex intensity in faucet-ware and high share of outsourced revenue (Sanitaryware: 57% and Faucet-ware: 48% in FY25).

Fig 12 – EBITDA Margin Trend



Source: Company, Anand Rathi Research

Fig 13 – Healthy RoE Profile Over the Years



Source: Company, Anand Rathi Research

Outlook and Valuation

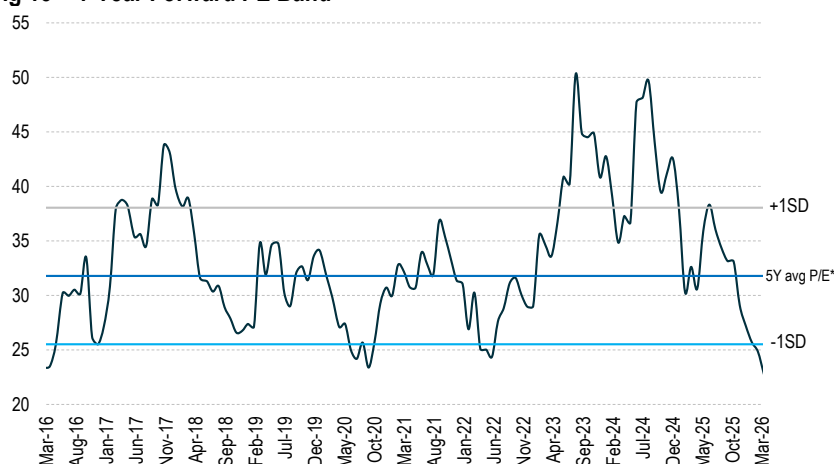
We believe CRS's revenue growth is likely to accelerate in near future on expectation of demand recovery, price hike and contribution from new launches (Senator and Polipluz). However, whilst it generates superior return ratio compared to leading building material (BM) companies, it still trades at a steep discount enjoyed by the leading BM players. At CMP, the stock trades at an inexpensive valuation of 22.7x on 1-year forward P/E even if we expect a modest revenue growth of 6.5% CAGR over FY25-28e. We maintain BUY rating on CRS with a TP of Rs6,500, valuing it at 30x FY28 EPS – broadly in-line with its pre-COVID 5-year average multiple of 31.8x.

Fig 14 – CRS trades at a steep discount to multiple enjoyed by leading building material companies

Company	Revenue CAGR % (FY15-FY25)	EBITDA CAGR % (FY15-FY25)	ROE (%) - FY25	Pre-covid 5Y avg P/E (x)	FY27 P/E (x)	FY28 P/E (x)
SI	9.5	8.1	18.1	27.6	40.0	32.0
ASTRA	15.3	18.8	15.4	45.7	60.2	45.9
KJC	7.8	5.9	12.8	34.8	30.1	27.8
CRS	8.9	9.9	18.6	31.8	25.4	23.3
CPBI	11.0	6.6	7.6	27.7	44.5	32.1

Source: Company, Anand Rathi Research

Fig 15 – 1-Year Forward PE Band



Source: BSE, Anand Rathi Research, *Pre-covid

Fig 16 - ARe vs. Bloomberg Estimates

CRS (Rs bn)	ARe			Bloomberg			Change (%)		
	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e
Revenue	20.1	21.6	23.3	20.3	22.3	24.7	(1.0)	(3.0)	(5.6)
EBITDA	2.8	3.3	3.6	2.7	3.2	3.7	3.9	1.5	(3.7)
EBITDA margin (%)	13.8	15.2	15.4	13.1	14.6	15.1	65bps	68bps	32bps
Adjusted PAT	2.2	2.6	2.8	2.1	2.5	2.9	7.1	0.8	(4.0)
Adjusted EPS (Rs)	172.9	199.0	216.7	167.4	200.5	225.3	3.3	(0.8)	(3.8)

Source: Bloomberg; Anand Rathi estimates

Fig 17 – Key Operational Assumptions

Parameters	FY24	FY25	FY26e	FY27e	FY28e
Revenue mix (%)					
Sanitaryware	51.6	48.9	47.4	45.1	42.8
Faucetware	36.1	38.6	40.2	42.6	45.1
Tiles	10.3	10.1	9.9	9.7	9.5
Wellness	2.0	2.4	2.4	2.5	2.6
Revenue growth (%)					
Sanitaryware	(0.3)	(3.1)	2.4	2.0	2.0
Faucetware	9.7	9.2	10.0	13.8	13.8
Tiles	0.7	0.7	3.5	5.0	5.0
Wellness	18.9	20.6	8.2	10.0	10.0
Total	3.8	2.5	4.5	7.6	7.5
EBITDA margin (%)	16.2	15.8	13.8	15.2	15.4

Source: Company, Anand Rathi Research

Key Risks

- Slower-than-expected recovery in rural demand.
- Market share loss in bathware segment.

Kajaria Ceramics (KJC)

Long-term value remains intact despite near-term hiccup; U/G to BUY

KJC is the leader in the domestic tile industry segment with a market share of ~10% in FY25. The company has been steadily gaining market share over the past one decade on the back of growing distribution network (especially in semi-urban and rural markets) and new premium product offerings. It has also reduced the product delivery time to dealers by extending its manufacturing base across the country. We upgrade our rating on KJC to BUY with an upwardly revised TP of Rs1,200 (from Rs1,100 earlier), valuing it at P/E of 32x on FY28e.

Industry-leading Margin Profile and Improving Operating Efficiency:

KJC operates at industry-leading margin led by premium brand positioning, favourable product-mix and improved operating efficiency. Its EBITDA margin improved from 13.5% in FY25 to 17.4% in 9MFY26 (vs. 10-year average of 16.3%) due to implementation of cost-saving initiatives. Looking ahead, the management expects EBITDA margin to sustain at 17-18%, with incremental efficiency gains likely to be reinvested into sales and brand-building.

Healthy Return Ratios on Efficient Capital Allocation: KJC has generated a healthy RoE of 16% over FY19-25 due to: (a) high revenue share of domestic branded business; (b) new product launches in premium segment by investing in the latest technology; (c) high capacity utilisation on consistent basis; (d) rising share of outsourced revenue; (e) efficient working capital; and (f) exit from loss making plywood business.

Outlook and Valuation: We expect the pricing power in tiles sector to improve with gradual recovery in tiles exports and domestic demand. Further, KJC could undertake large capex in near future on strong balance sheet position. We expect its revenue/EBITDA/APAT to clock 6.6/15.0/20.4 CAGR over FY25-28e. At CMP, the stock trades at a 1Y forward P/E of 27.1x vs. pre-COVID 5-year average of 34.6x. However, we see limited volume growth visibility for KJC in near-term, as incremental sales volume is mainly dependent upon outsourced sales due to higher capacity utilisation (own + JV plant operated at 106% in Q3FY26). Nonetheless, we upgrade our rating on KJC to BUY with an upwardly revised TP of Rs1,200 (from Rs1,100 earlier).

Key Risks: (a) Slower-than-expected recovery in real estate demand; (b) sharp decline in tiles exports from India; and (c) market share loss.

Key Financials (Y/E Mar)	FY24	FY25	FY26e	FY27e	FY28e
Sales (Rs m)	44,740	46,351	47,389	50,829	56,080
Net profit (Rs m)	4,335	3,426	5,010	5,356	5,975
EPS (Rs)	27.2	21.5	31.5	33.6	37.5
P/E (x)	42.4	39.9	28.9	27.1	24.3
EV / EBITDA (x)	25.6	21.3	17.1	15.8	14.2
P / BV (x)	7.0	5.0	4.8	4.4	4.0
RoE (%)	17.5	12.8	17.4	17.1	17.4
RoCE (%) after tax	12.2	8.5	12.0	11.7	12.0
Dividend yield (%)	1.0	1.0	1.7	1.8	2.0
Net debt / equity (x)	(0.1)	(0.1)	(0.2)	(0.3)	(0.3)

Source: Company, Anand Rathi Research

Rating: **BUY**

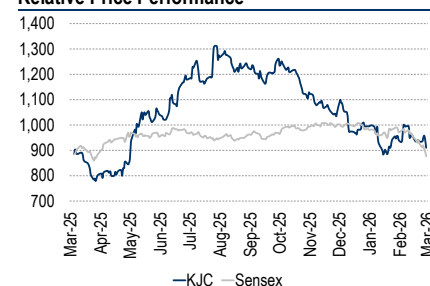
Target Price (12-mth): Rs1,200

Share Price: Rs.910

Key Data	KJC IN / KAJR.BO
52-week high / low	Rs1322 / 759
Sensex / Nifty	74564 / 23151
Market cap	Rs158bn
Shares outstanding	159m

Shareholding Pattern (%)	Dec'25	Sep'25	Jun'25
Promoters	47.7	47.6	47.5
- of which, Pledged	-	-	-
Free float	52.4	52.4	52.5
- Foreign institutions	11.6	11.6	12.5
- Domestic institutions	26.3	26.0	27.4
- Public	14.3	14.8	12.6

Relative Price Performance



Source: Bloomberg

Utkarsh Nopany
Research Analyst

Anu Parakh
Research Associate

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Financials and Valuations (Consolidated)

Fig 1 – Income Statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Net revenue	44,740	46,351	47,389	50,829	56,080
Growth (%)	2.1	3.6	2.2	7.3	10.3
Direct costs	18,945	19,655	19,865	21,073	23,747
SG&A	18,727	20,434	19,381	21,095	22,800
EBITDA	7,068	6,262	8,142	8,660	9,533
EBITDA margin (%)	15.8	13.5	17.2	17.0	17.0
- Depreciation	1,476	1,654	1,759	1,828	1,889
Other income	462	427	520	466	466
Interest expenses	173	200	229	238	238
PBT	5,870	4,843	6,674	7,030	7,842
Effective tax rate (%)	24.4	28.1	25.2	25.2	25.2
+ Associates / (Minorities)	89	64	(17)	(126)	(137)
Net income	4,221	2,943	5,010	5,356	5,975
Adjusted income	4,335	3,426	5,010	5,356	5,975
WANS	159	159	159	159	159
FDEPS (Rs)	27.2	21.5	31.5	33.6	37.5
FDEPS growth (%)	23.3	(21.0)	46.2	6.9	11.5
Gross margin (%)	57.7	57.6	58.1	58.5	57.7

Fig 3 – Cash-flow Statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
EBIT (excl. other income)	5,870	4,843	6,674	7,030	7,842
+ Non-cash items	1,476	1,654	1,759	1,828	1,889
Oper. prof. before WC	5,745	4,664	6,699	7,097	7,765
- Incr. / (decr.) in WC	780	648	314	(534)	(1,058)
Others incl. taxes	(1,600)	(1,833)	(1,733)	(1,761)	(1,966)
Operating cash-flow	6,525	5,312	7,013	6,563	6,707
- Capex (tang. + intang.)	(3,249)	(2,859)	(2,000)	(2,000)	(2,000)
Free cash-flow	3,276	2,453	5,013	4,563	4,707
Acquisitions					
- Div.(incl. buyback & taxes)	(1,963)	(1,434)	(2,440)	(2,609)	(2,910)
+ Equity raised	0	-	-	-	-
+ Debt raised	(387)	53	(72)	(22)	15
- Fin investments	(129)	(154)	-	-	-
- Misc. (CFI + CFF)	405	(232)	85	183	205
Net cash-flow	1,203	688	2,586	2,115	2,017

Source: Company, Anand Rathi Research

Fig 5 – Price Movement



Source: Bloomberg

Fig 2 – Balance Sheet (Rs m)

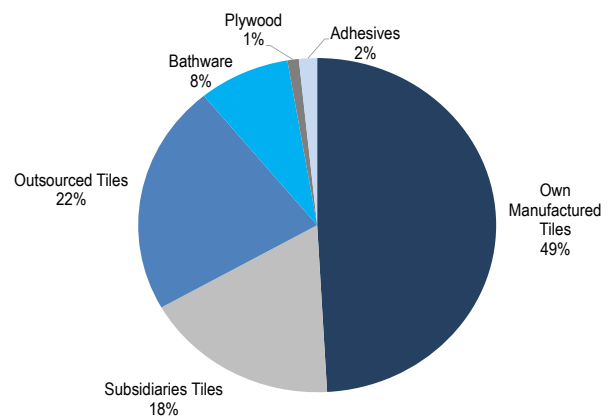
Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	159	159	159	159	159
Net worth	26,165	27,443	30,013	32,761	35,825
Debt	1,706	1,759	1,688	1,665	1,680
Minority interest	591	658	673	768	875
DTL / (Assets)	839	891	891	891	891
Capital employed	29,301	30,752	33,265	36,086	39,272
Net tangible assets	15,336	15,839	16,080	16,253	16,364
Net intangible assets	1,041	1,335	1,335	1,335	1,335
Goodwill	-	-	-	-	-
CWIP (tang. & intang.)	679	1,087	1,087	1,087	1,087
Investments (strategic)	148	302	302	302	302
Investments (financial)	-	-	-	-	-
Current assets (excl. cash)	1,568	1,287	1,296	1,326	1,372
Cash	5,141	5,829	8,415	10,529	12,547
Current liabilities	3,196	3,430	3,436	3,458	3,492
Working capital	8,583	8,502	8,186	8,712	9,757
Capital deployed	29,301	30,752	33,265	36,086	39,272
Contingent liabilities					

Fig 4 – Ratio Analysis

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	42.4	39.9	28.9	27.1	24.3
EV / EBITDA (x)	25.6	21.3	17.0	15.8	14.2
EV / Sales (x)	4.0	2.9	2.9	2.7	2.4
P/B (x)	7.0	5.0	4.8	4.4	4.0
RoE (%)	17.5	12.8	17.4	17.1	17.4
RoCE (%) - after tax	12.2	8.5	12.0	11.7	12.0
RoIC	25.5	20.4	28.2	29.8	32.0
DPS (Rs)	12	9	15	16	18
Dividend yield (%)	1.0	1.0	1.7	1.8	2.0
Dividend payout (%) - incl. DDT	45.3	48.7	48.7	48.7	48.7
Net debt / equity (x)	(0.1)	(0.1)	(0.2)	(0.3)	(0.3)
Receivables (days)	51	45	45	45	45
Inventory (days)	43	49	45	44	45
Payables (days)	24	27	27	27	27
CFO : PAT (%)	150.5	155.0	140.0	122.5	112.3

Source: Company, Anand Rathi Research

Fig 6 – FY25 Revenue-mix (%)



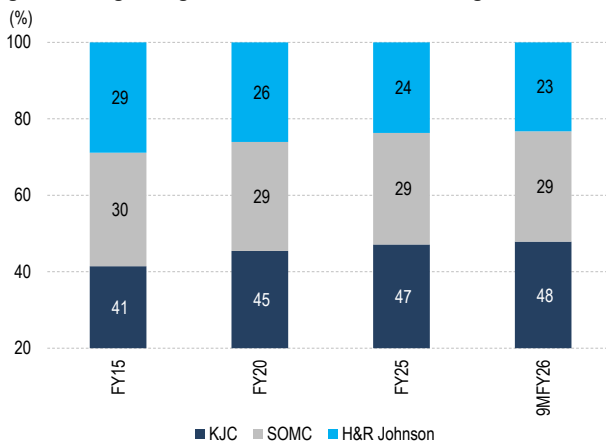
Source: Company

Investment Thesis

A. Leading Player in Indian Tiles Industry

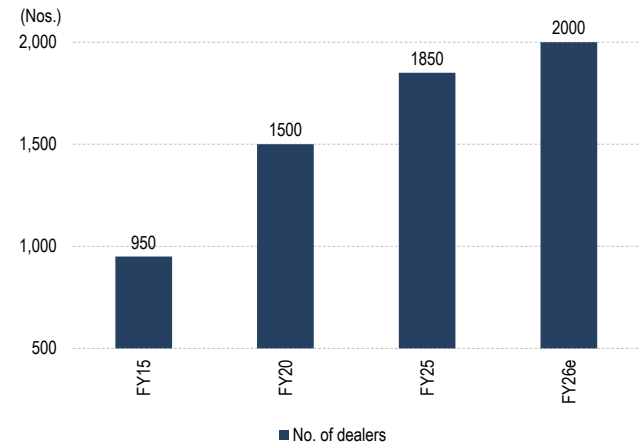
KJC is the leader in the domestic tile industry with a market share of ~10% in FY25. It has been steadily gaining market share over the past one decade on the back of growing distribution network (especially in semi-urban and rural markets) and new premium product offerings. KJC has also reduced the product delivery time to dealers by extending its manufacturing base across the country.

Fig 7 – KJC gaining volume market share owing to...



Source: Company, Anand Rathi Research

Fig 8 – (a) rising dealer network; and



Source: Company, Anand Rathi Research

Fig 9 – (b) manufacturing plants across the country

Plant	Production Capacity (MSM)			
	Ceramic Wall & Floor Tiles (MSM)	PVT (MSM)	GVT (MSM)	Total (MSM)
Sikandrabad (UP)	-	-	8.8	8.8
Gailpur (Rajasthan)	17.75	-	18.2	36.0
Malootana (Rajasthan)	-	6.5	-	6.5
Morbi (Gujarat)	-	8.9	9	17.9
Srikalahasti (AP)	-	-	8.8	8.8
Balanagar (Telangana)	4.75	-	-	4.8
Nawalparasi, Nepal	2.55	-	2.6	5.1
Total	25.05	15.4	47.4	87.8

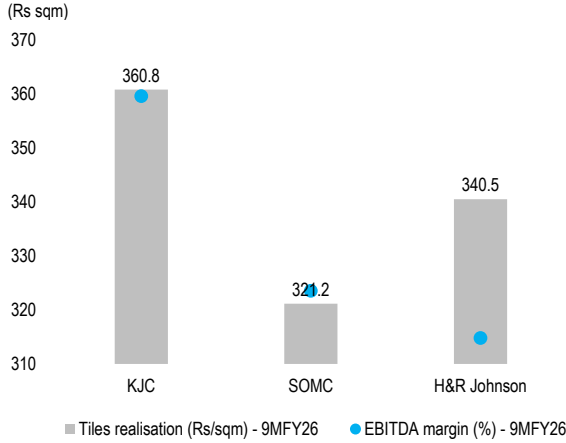
Source: Company

B. Industry-leading Margin Profile

KJC operates at industry leading margins by virtue of premium brand positioning, favourable product-mix and improved operating efficiency. Its EBITDA margin improved from 13.5% in FY25 to 17.4% in 9MFY26 (vs 10-year average of 16.3%) due to implementation of following cost rationalisation initiatives:

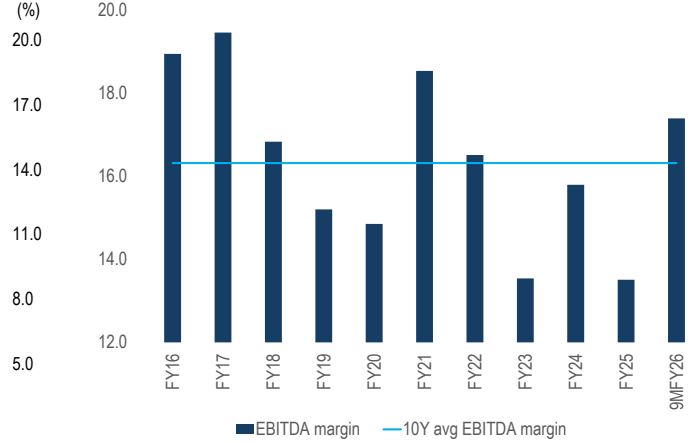
- Unification of sales force
- Salary forgone by promoter till EBITDA reaches Rs10bn mark
- Packaging re-engineering to reduce cost by Rs0.3-0.35bn/annum
- Stringent controls on brand spend and travel expenses
- SKUs rationalisation to improve plant efficiency
- Exit of low-margin plywood business etc.

Fig 10 – Tiles realisation and EBITDA margin of top 3 players



Source: Company, Anand Rathi Research

Fig 11 – EBITDA margin trend (FY16-9MFY26)



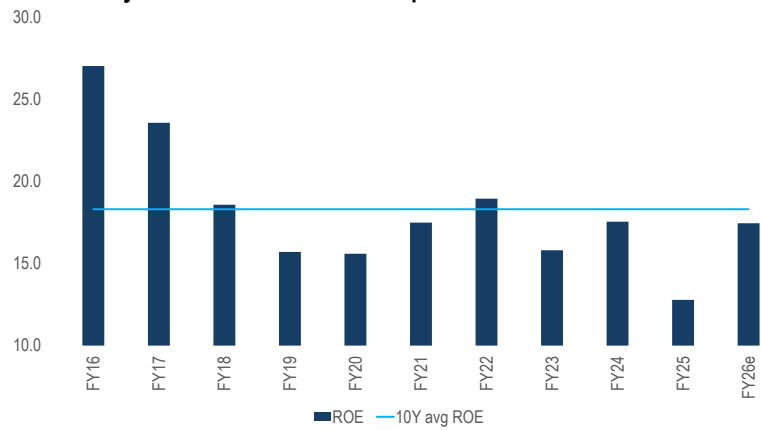
Source: Company, Anand Rathi Research

Going ahead, the management expects EBITDA margin to sustain at 17-18% range, with incremental efficiency gain likely to be reinvested into sales and brand-building.

C. Healthy Return Ratios on Efficient Capital Allocation

KJC has generated a healthy RoE of 16% over FY19-25 due to: (a) high revenue share of domestic branded business; (b) new product launches in premium segment by investing in the latest technology; (c) operating at a high capacity on consistent basis (106% in Q3FY26); (d) rising share of outsourced volume for sourcing of low value added products; (e) efficient WC in terms of lower inventory and receivable period; and (f) exit from loss making plywood business.

Fig 12 – Healthy return ratio on efficient capital allocation

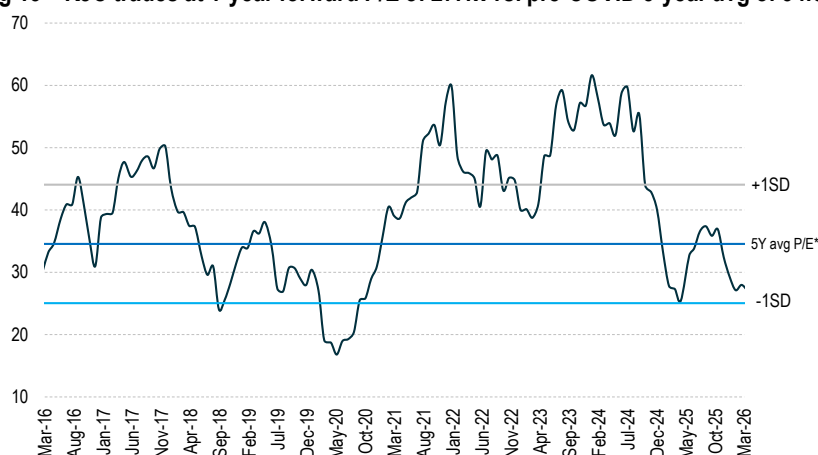


Source: Company

Outlook and Valuation

We expect the pricing power in tiles sector to improve with gradual recovery in tiles exports and domestic demand. Further, KJC could undertake large capex in near future on strong balance sheet position. We expect its revenue/EBITDA/APAT to clock 6.6/15.0/20.4 CAGR over FY25-28e. At CMP, the stock trades at a 1Y forward P/E of 27.1x vs. pre-COVID 5-year average of 34.6x. However, we see limited volume growth visibility for KJC in near-term, as incremental sales volume is mainly dependent upon outsourced sales due to higher capacity utilisation (own + JV plant operated at 106% in Q3FY26). Nonetheless, we upgrade our rating on KJC to BUY with an upwardly revised TP of Rs1,200 (from Rs1,100 earlier).

Fig 13 – KJC trades at 1-year forward P/E of 27.1x vs. pre-COVID 5-year avg of 34.6x



Source: BSE, Anand Rathi Research, *Pre-covid

Fig 14 - ARE vs. Bloomberg Estimates

KJC (Rs bn)	ARe			Bloomberg			Change (%)		
	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e
Revenue	47.4	50.8	56.1	47.5	51.3	56.2	(0.2)	(0.9)	(0.2)
EBITDA	8.1	8.7	9.5	8.2	8.8	9.7	(0.8)	(2.1)	(2.2)
EBITDA margin (%)	17.2	17.0	17.0	17.3	17.2	17.3	(11bps)	(20bps)	(34bps)
Adjusted PAT	5.0	5.4	6.0	4.9	5.5	6.2	1.6	(2.9)	(3.5)
Adjusted EPS (Rs)	31.5	33.6	37.5	31.0	34.5	38.8	1.4	(2.5)	(3.3)

Source: Bloomberg; Anand Rathi estimates

Fig 15 – Key Operational Assumptions

Parameter (%)	FY24	FY25	FY26e	FY27e	FY28e
Tile Volume Growth	6.3	6.1	1.1	5.2	6.3
Tile Realization Growth	(3.3)	(3.1)	(1.1)	0.1	2.0
Tile Revenue Growth	2.8	2.7	0.0	5.2	8.4
Non-Tile Revenue Growth	20.2	(1.2)	11.4	21.8	22.4
Non-Tile Revenue Share	11.3	10.9	12.0	13.6	15.1

Source: Company, Anand Rathi Research

Key Risks

- Slower-than-expected recovery in real estate.
- Sharp slowdown in tiles exports.
- Market share loss.

Century Plyboards (CPBI)

Solid growth visibility, weak risk-reward on pricey valuation; retain HOLD

CPBI is the leading player in the Indian wood panel sector with strong presence across value chain. It also enjoys strong competitive edge in the wood panel sector. We expect its margin to improve to 14.5% by FY28e led by improved fundamentals of MDF and particleboard industry and recovery in laminate margin due to ramp-up of new AP plant. However, we believe its RoE is not likely to revert to 20% level due to rising capital deployment (from NIL in FY15 to 58% in FY25) for capex heavy products. Thus, we maintain HOLD rating on CPBI with an unchanged TP of Rs800, valuing it at a P/E of 35x on FY28 estimates.

Margin to Improve to 14.5% in FY28e: CPBI's EBITDA has fallen from 10-year average of 15.4% to 12.1% in 9MFY26 due to margin compression across segments (barring plywood). However, we believe CPBI's margin profile is likely to improve to 14.5% by FY28e, led by improved fundamentals of MDF and particleboard industry; and (b) recovery in laminate margin due to ramp-up of new AP plant.

Moderation in RoE on higher capex for MDF/Particleboard: CPBI's RoE has fallen sharply from 17% in FY19 to 7.6% in FY25 due to: (a) sharp margin contraction; and (b) gradual ramp-up of new growth capex projects. Going ahead, we expect its RoE to improve to 16.2% by FY28e, led by expected gradual ramp-up of new capacity and improving margin profile. However, we believe its RoE is unlikely to revert to >20% level (as it enjoyed prior to FY19 period) due to increasing capital deployed (from NIL in FY15 to 58% in FY25) for capex-heavy products i.e. MDF and particleboard.

Outlook and Valuation: We expect its revenue/EBITDA/APAT to clock a strong 14.3/26.2/43.2% CAGR over FY25-28e, led by completion of large growth capex projects, expected recovery in MDF/particleboard segments to normal level over the next two years and lower base. However, we maintain HOLD rating on CPBI with an unrevised TP of Rs800 (valuing it at a P/E of 35x on FY28 estimates), due to expensive valuation. At CMP, the stock trades at a 1Y forward P/E of 40.0x vs. pre-COVID 5-year average of 27.6x. **Key Risks:** (a) Better-than-expected pick-up in real estate; and (b) quick ramp-up of new projects (upside risks); and (a) loss of market share; (b) delay in commissioning of growth capex projects; and (c) cost overrun (downside risks).

Key Financials (Y/E Mar)	FY24	FY25	FY26e	FY27e	FY28e
Sales (Rs m)	38,860	45,278	52,919	60,311	67,641
Net profit (Rs m)	3,351	1,731	2,647	3,672	5,089
EPS (Rs)	15.1	7.8	11.9	16.5	22.9
P/E (x)	42.3	91.1	55.4	40.0	28.8
EV / EBITDA (x)	27.9	35.4	25.0	20.3	16.6
P / BV (x)	6.4	6.7	5.6	5.0	4.4
RoE (%)	15.8	8.1	10.7	13.3	16.2
RoCE (%) after tax	10.3	3.8	6.7	8.3	10.1
Dividend yield (%)	0.2	0.1	0.2	0.3	0.4
Net debt / equity (x)	0.3	0.6	0.5	0.5	0.5

Source: Company, Anand Rathi Research

Anand Rathi Share and Stock Brokers Limited (hereinafter "ARSSBL") is a full-service brokerage and equities-research firm and the views expressed therein are solely of ARSSBL and not of the companies which have been covered in the Research Report. This report is intended for the sole use of the Recipient. Disclosures and analyst certifications are present in the Appendix.

Rating: **HOLD**

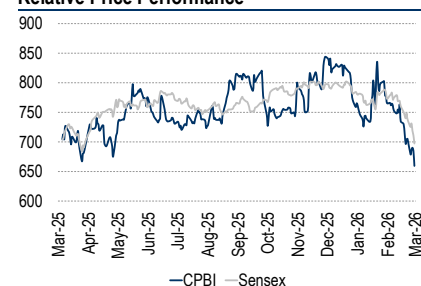
Target Price (12-mth): Rs800

Share Price: Rs659

Key Data	CPBI IN / CNTP.BO
52-week high / low	Rs859 / 650
Sensex / Nifty	74564 / 23151
Market cap	Rs170bn
Shares outstanding	222m

Shareholding Pattern (%)	Dec'25	Sep'25	Jun'25
Promoters	72.6	72.6	72.6
- of which, Pledged	-	-	-
Free float	27.4	27.4	27.4
- Foreign institutions	4.1	4.3	4.4
- Domestic institutions	18.4	18.1	17.9
- Public	5.0	5.0	5.1

Relative Price Performance



Source: Bloomberg

Utkarsh Nopany
Research Analyst

Anu Parakh
Research Associate

Financials and Valuations (Consolidated)

Fig 1 – Income Statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Net revenue	38,860	45,278	52,919	60,311	67,641
Growth (%)	6.6	16.5	16.9	14.0	12.2
Direct costs	22,337	27,074	30,401	35,015	39,700
SG&A	11,203	13,338	16,089	17,310	18,162
EBITDA	5,320	4,866	6,428	7,985	9,779
EBITDA margin (%)	13.7	10.7	12.1	13.2	14.5
- Depreciation	947	1,372	1,811	1,944	1,944
Other income	439	103	72	68	80
Interest expenses	308	690	1,164	1,202	1,115
PBT	4,392	2,773	3,525	4,907	6,801
Effective tax rate (%)	25.8	40.2	24.9	25.2	25.2
+ Associates / (Minorities)	11	(8)	-	-	-
Net income	3,264	1,853	2,647	3,672	5,089
Adjusted income	3,351	1,731	2,647	3,672	5,089
WANS	223	223	223	223	223
FDEPS (Rs)	15.1	7.8	11.9	16.5	22.9
FDEPS growth (%)	(18.0)	(48.3)	52.9	38.7	38.6
Gross margin (%)	42.5	40.2	42.6	41.9	41.3

Fig 2 – Balance Sheet (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	223	223	223	223	223
Net worth	22,117	23,651	25,980	29,211	33,689
Debt	7,184	14,737	13,737	12,737	11,737
Minority interest	(51)	142	142	142	142
DTL / (Assets)	402	425	425	425	425
Capital employed	29,652	38,956	40,285	42,516	45,994
Net tangible assets	19,647	20,605	30,092	28,148	26,204
Net intangible assets	17	19	19	19	19
Goodwill	-	-	-	-	-
CWIP (tang. & intang.)	2,666	7,299	1,000	6,000	11,000
Investments (strategic)	28	28	28	28	28
Investments (financial)	-	-	-	-	-
Current assets (excl. cash)	1,872	2,621	2,953	3,275	3,595
Cash	671	491	-203	-2,804	-4,177
Current liabilities	3,013	3,401	3,429	3,456	3,483
Working capital	7,763	11,294	9,823	11,306	12,808
Capital deployed	29,652	38,956	40,285	42,516	45,994
Contingent liabilities	-	-	-	-	-

Fig 3 – Cash-flow Statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
EBIT (excl. other income)	4,392	2,773	3,525	4,907	6,801
+ Non-cash items	947	1,372	1,811	1,944	1,944
Oper. prof. before WC	4,181	3,954	5,550	6,750	8,067
- Incr. / (decr.) in WC	(913)	(3,869)	1,166	(1,777)	(1,795)
Others incl. taxes	(1,158)	(191)	214	(101)	(677)
Operating cash-flow	3,268	85	6,716	4,973	6,273
- Capex (tang. + intang.)	(9,198)	(6,964)	(5,000)	(5,000)	(5,000)
Free cash-flow	(5,930)	(6,879)	1,716	(27)	1,273
Acquisitions					
- Div.(incl. buyback & taxes)	(223)	(223)	(318)	(441)	(611)
+ Equity raised	-	-	-	-	-
+ Debt raised	4,049	7,554	(1,000)	(1,000)	(1,000)
- Fin investments	(27)	(0)	-	-	-
- Misc. (CFI + CFF)	19	(632)	(1,092)	(1,134)	(1,034)
Net cash-flow	(2,111)	(180)	(694)	(2,602)	(1,373)

Source: Company, Anand Rathi Research

Fig 4 – Ratio Analysis

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	42.3	91.1	55.4	40.0	28.8
EV / EBITDA (x)	27.9	35.4	25.0	20.3	16.6
EV / Sales (x)	3.8	3.8	3.0	2.7	2.4
P/B (x)	6.4	6.7	5.6	5.0	4.4
RoE (%)	15.8	8.1	10.7	13.3	16.2
RoCE (%) - after tax	10.3	3.8	6.7	8.3	10.1
RoIC	20.4	12.3	13.2	15.5	20.2
DPS (Rs)	1	1	1	2	3
Dividend yield (%)	0.2	0.1	0.2	0.3	0.4
Dividend payout (%) - incl. DDT	6.8	12.0	12.0	12.0	12.0
Net debt / equity (x)	0.3	0.6	0.5	0.5	0.5
Receivables (days)	39	40	40	40	40
Inventory (days)	61	80	56	57	58
Payables (days)	27	29	29	29	29
CFO : PAT (%)	97.5	4.9	253.8	135.4	123.3

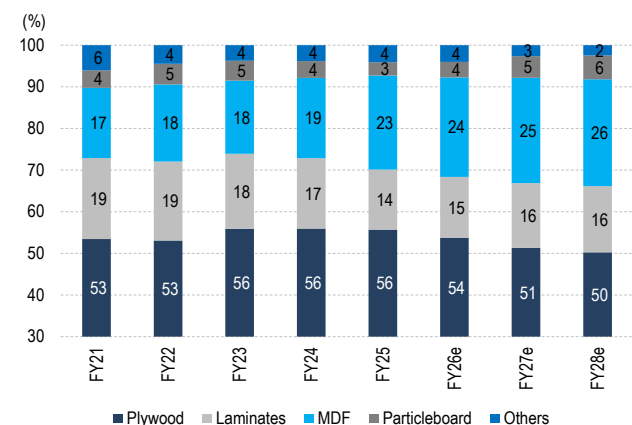
Source: Company, Anand Rathi Research

Fig 5 – Price Movement



Source: Bloomberg

Fig 6 – Revenue-mix



Source: Company

Investment Thesis

A. Industry Leader with Presence across Value Chain

CPBI is the leading player in the Indian wood panel sector with strong presence across value chain. It also enjoys strong competitive edge in the wood panel sector. Being the only wood panel company in India with a strong presence across segments, it is the market leader in plywood, ranks the third largest in MDF, the fifth largest in laminates and is a major player in particleboard.

Fig 7 – CPBI is the only wood panel company with presence across value chain

Company	Revenue (Rs bn)	Revenue mix – FY25 (%)				
	FY25	Plywood	Laminates	MDF	Particleboard	Others
CPBI	45.3	56	14	23	3	4
GRLM	25.7	5	87	-	0	8
MTLM	24.9	79	-	21	-	-
Merino	23.0	-	71	-	20	8
GREENP	14.4	9	-	91	-	-

Source: Company

B. Strong Competitive Edge in Indian Wood Panel Sector

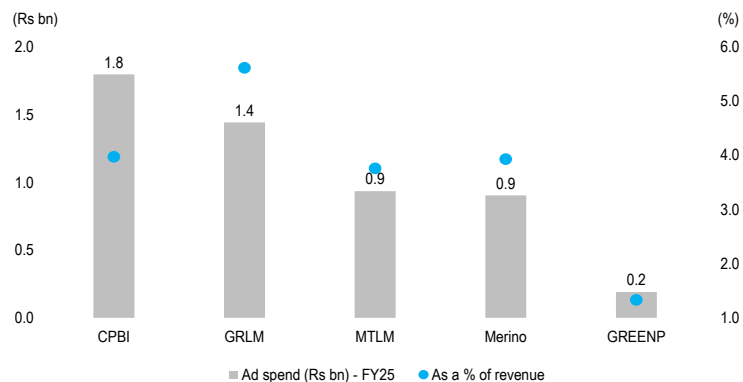
CPBI enjoys strong competitive edge in Indian wood panel sector due to: (a) diversification of product portfolio by: (a) foray into fast-growing product categories; (b) premium brand positioning aided by heavy advertisement; (c) pan-India presence with a widespread manufacturing base in a freight intensive product; (d) ability to undertake large growth capex projects (unlike its peers) even in a depressed market environment due to large scale of operations; and (e) consistent track record in terms of speedy execution of new growth capex projects and quickly ramp up the plant.

Fig 8 – CPBI's product diversification timeline

Year	Particulars
1986	The journey began with the launch of plywood
1999	Entry into decorative veneer
2004	Entry into decorative laminates
2015	Launch of doors
2016	Entry into particleboard, wood polymer composites, and fiber cement board
2017	Entry into MDF
2024	Entry into PVC board

Source: Company

Fig 9 – Heavy promotional spends to support premium brand positioning



Source: Company

Fig 10 – CPBI's Pan-India Manufacturing Footprint

Segment	Company	Region-wise manufacturing location					
		North	West	South	East	North-East	
Plywood	Century	Haryana, Uttarakhand, Punjab (upcoming)		Gujarat	TN	WB	Assam
	Greenply	UP		Gujarat	-	WB, Odisha (upcoming)	
	Greenlam	-		-	TN	-	-
	Greenpanel	Uttarakhand		-	-	-	-
Laminates	Greenlam	Rajasthan, HP		Gujarat	AP	-	-
	Merino	Haryana, UP		Gujarat	-	-	-
	Virgo	Rajasthan, Punjab, HP		Gujarat	AP	-	-
	Century	-		-	AP	WB	-
	Stylam	Haryana		-	-	-	-
	Rushil	-		Gujarat	-	-	-
MDF	Greenpanel	Uttarakhand		-	AP	-	-
	Balaji Action	Uttarakhand		-	AP (upcoming)	-	-
	Century	Punjab		-	AP	-	-
	Rushil	-		-	Karnataka, AP	-	-
	Greenply	-		Gujarat	-	-	-
Particleboard	Balaji Action	Uttarakhand		-	-	-	-
	Century	-		-	TN	-	-
	Greenlam	-		-	AP	-	-
	Merino	-		Gujarat	-	-	-

Source: Company

Fig 11 – Capex Outlay of Top 4 Listed Players

Capex Outlay (Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25	Total (FY20-FY25)	Net debt/EBITDA - FY27e
CPBI	(0.1)	0.6	2.3	4.2	9.5	7.3	23.8	1.9
GRLM	1.3	0.3	1.0	4.6	7.8	2.9	18.0	2.2
MTLM	0.4	0.2	1.5	5.2	(0.8)	0.8	7.4	2.2
GREENP	0.1	(0.1)	0.2	(0.1)	3.6	3.6	7.3	(0.0)

Source: Company, Anand Rathi Research

C. Margin to Improve from 12.1% in 9MFY26 to 14.5% in FY28

CPBI's EBITDA has fallen from 10-year average of 15.4% to 12.1% in 9MFY26 due to margin compression across segments (barring plywood). However, we believe CPBI's margin profile is likely to improve to 14.5% by FY28e, led by improved fundamentals of MDF and particleboard industry; and (b) recovery in laminate margin due to ramp-up of new AP plant.

Fig 12 – Segment-wise EBITDA Margin (%)

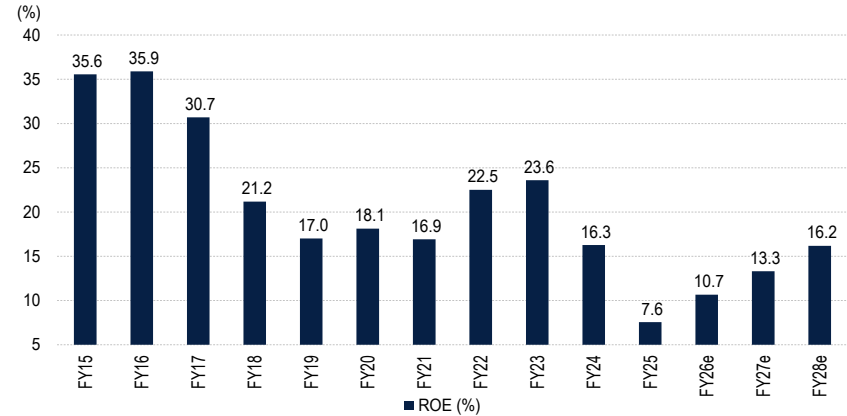
EBITDA margin (%)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	9MFY26	10Y avg
Plywood	15.8	15.9	16.0	15.1	14.2	8.6	11.2	12.9	10.7	11.6	14.7	13.2
Laminates	10.0	14.3	12.8	15.7	8.6	15.8	18.1	15.9	14.8	12.2	7.3	13.8
MDF	NA	NA	(6.9)	18.1	12.3	26.6	25.6	31.8	27.4	20.8	12.3	19.5
Particleboard	NA	NA	18.1	16.2	22.1	26.1	19.3	27.3	27.3	20.2	(3.4)	22.1
Consolidated	17.7	17.2	16.5	13.7	14.3	15.8	17.7	16.3	13.7	10.7	12.1	15.4

Source: Company

D. Moderation in RoE on higher capex for MDF/Particleboard

CPBI's RoE has fallen sharply from 17% in FY19 to 7.6% in FY25 due to: (a) sharp margin contraction; and (b) gradual ramp-up of new growth capex projects. Going ahead, we expect its RoE to improve to 16.2% by FY28e, led by expected gradual ramp-up of new capacity and improving margin profile. However, we believe its RoE is unlikely to revert to >20% level (as it enjoyed prior to FY19 period) due to increasing capital deployed (from NIL in FY15 to 58% in FY25) for capex-heavy products i.e. MDF and particleboard.

Fig 13 – Moderation in ROE profile on high capex towards MDF/particleboard



Source: Company, Anand Rathi Research

Fig 14 – Break-up Of Capital Employed

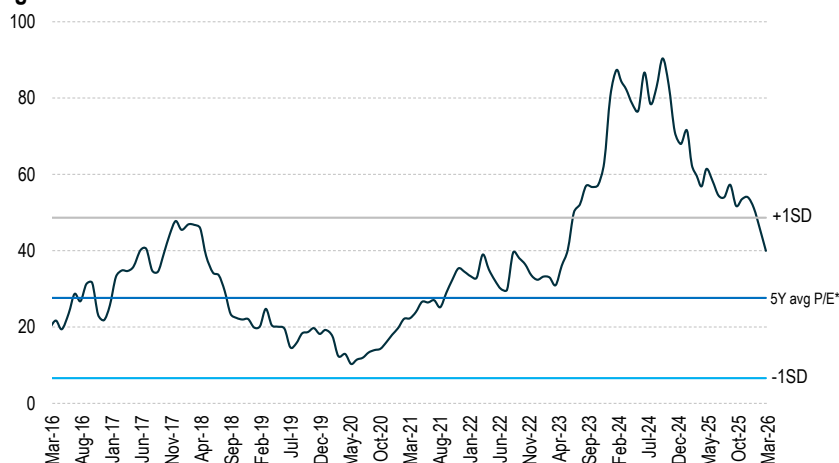
Capital employed (Rs bn)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Plywood	6.3	6.0	6.7	6.1	6.8	5.7	4.9	6.0	6.5	8.3	10.1
Laminate	1.7	1.6	1.6	2.0	2.3	1.9	2.1	2.6	3.3	4.0	4.5
MDF	-	0.4	2.6	3.6	3.4	3.3	3.3	5.1	7.9	12.6	15.4
Particleboard	-	0.5	0.6	0.5	0.6	0.7	0.5	0.6	1.2	2.7	5.9
CFS	0.6	0.6	0.5	0.4	0.5	0.4	0.3	0.2	0.3	0.5	1.0
Total	8.6	9.0	12.0	12.7	13.6	12.0	11.1	14.4	19.2	28.1	36.9
% of capital employed											
Plywood	73	66	56	48	50	48	44	42	34	29	27
Laminate	20	17	13	16	17	16	19	18	17	14	12
MDF	-	5	22	29	25	28	30	35	41	45	42
Particleboard	-	6	5	4	5	6	5	4	6	10	16
CFS	7	6	4	3	3	3	2	1	2	2	3

Source: Company

Outlook and Valuation

We expect its revenue/EBITDA/APAT to clock a strong 14.3/26.2/43.2% CAGR over FY25-28e, led by completion of large growth capex projects, expected recovery in MDF/particleboard segments to normal level over the next two years and lower base. However, we maintain HOLD rating on CPBI with an unrevised TP of Rs800 (valuing it at a P/E of 35x on FY28 estimates), due to expensive valuation. At CMP, the stock trades at a 1Y forward P/E of 40.0x vs. pre-COVID 5-year average of 27.6x.

Fig 15 – 1-Year Forward PE Band



Source: BSE, Anand Rathi Research, *Pre-covid

Fig 16 - ARe vs. Bloomberg Estimates

CPBI (Rs bn)	ARe			Bloomberg			Change (%)		
	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e
Revenue	53	60	68	53	61	71	(0.2)	(1.8)	(4.3)
EBITDA	6	8	10	7	9	10	(2.2)	(6.8)	(6.1)
EBITDA margin (%)	12.1	13.2	14.5	12.4	14.0	14.7	(26bps)	(71bps)	(28.7bps)
Adjusted PAT	3	4	5	3	4	6	(7.3)	(18.1)	(14.0)
Adjusted EPS (Rs)	11.9	16.5	22.9	12.8	20.1	26.6	(7.0)	(18.1)	(13.9)

Source: Bloomberg; Anand Rathi estimates

Fig 17 – Key Operational Assumptions

Parameter (%)	FY24	FY25	FY26e	FY27e	FY28e
Revenue mix					
Plywood	56	56	54	51	50
Laminates	17	14	15	16	16
MDF	19	23	24	25	26
Particleboard	4	3	4	5	6
Others	4	4	4	3	2
Sales volume growth					
Plywood	4.4	14.0	14.7	9.7	9.7
Laminates	6.5	(4.5)	(4.9)	15.0	15.0
MDF	18.7	59.3	20.6	18.0	11.1
Particleboard	5.0	(8.6)	53.4	48.0	20.0
Adjusted EBITDA margin					
Plywood	11.6	13.3	14.5	14.0	14.0
Laminates	12.2	4.6	7.5	9.8	11.0
MDF	20.8	8.9	12.5	15.0	17.3
Particleboard	20.2	7.4	(1.6)	6.5	15.2

Source: Company, Anand Rathi Research

Key Risks

- **Upside Risks:** (a) better-than-expected pick-up in real estate; and (b) quick ramp-up of new projects.
- **Downside Risks:** (a) loss of market share; (b) delay in commissioning of growth capex projects; and (c) cost overrun.

Greenpanel Industries (GREENP)

Rerating prospects on MDF recovery and market share gain; retain BUY

Rating: **BUY**

Target Price (12-mth): Rs320

Share Price: Rs200

GREENP is the largest player in India's MDF market, which is expected to grow at the fastest pace in the wood panel industry due to rising preference for readymade furniture. Among the Top 4 listed MDF players, **GREENP**'s share in domestic MDF market has declined to 34% in 9MFY26 from 47% in FY20, largely due to: (a) it played the role of price stabiliser in an oversupplied MDF market by sacrificing market share to maintain pricing discipline; and (b) discontinuation of commercial grade MDF from Q4FY25. However, **GREENP** has become aggressive in its pricing policy post commencement of thin MDF line from Q1FY26. We maintain **BUY** rating on **GREENP** with an unchanged **TP** of Rs320, valuing it at P/E of 20x on FY28e EPS.

Strong Earnings Growth Prospects with Healthy BS: We expect the company's revenue/EBITDA/APAT to clock 16/42/45% CAGR over FY25-28e on expectation of: (a) a healthy volume CAGR of 17%, supported by ramp-up of existing capacities; and (b) gradual recovery in MDF margin from 10.2% in FY25 to 18% in FY28e.

RoE Profile to Improve: **GREENP**'s RoE has fallen sharply to 4.7% in FY25 due to: (a) underutilisation of existing capacity; and (b) sharp compression in MDF margin. Going ahead, its RoE is expected to improve to 12.7% by FY28e on expectation of gradual ramp-up of existing capacities (from 66% in FY25 to 82% in FY28) and anticipated recovery in MDF margin to 18% in FY28e from 10.2% in FY25.

Outlook and Valuation: We believe **GREENP** is one of the best bet in the wood panel space to play the story of MDF margin recovery due to higher revenue exposure of 90% to MDF segment (vs. CPBI: 23% and MTLM: 21%); (b) possibility of diversification of business risk profile by leveraging the existing strong balance sheet and increase its presence in less cyclical product categories (i.e., plywood, laminates etc.) over the medium-term; and (c) inexpensive valuation. At CMP, the stock trades at a 1Y forward P/E of 23.1x. We maintain **BUY** rating on **GREENP** with an unrevised **TP** of Rs320, valuing it at P/E of 20x on FY28e EPS.

Key Risks: (a) Slower-than-expected pick-up in real estate; (b) loss of market share in domestic MDF market; and (c) steep volatility in key input prices.

Key Financials (Y/E Mar)	FY24	FY25	FY26e	FY27e	FY28e
Sales (Rs m)	15,673	14,358	15,419	18,237	22,097
Net profit (Rs m)	1,428	634	(46)	1,065	1,934
EPS (Rs)	11.6	5.2	(0.4)	8.7	15.8
P/E (x)	31.0	43.9	NA	23.1	12.7
EV / EBITDA (x)	18.1	22.5	21.8	9.4	6.0
P / BV (x)	3.4	2.0	1.8	1.7	1.5
RoE (%)	11.4	5.3	(1.7)	7.6	12.7
RoCE (%) after tax	7.9	3.6	0.4	5.1	8.4
Dividend yield (%)	0.4	0.0	0.2	0.7	1.5
Net debt / equity (x)	0.0	0.1	0.1	(0.0)	(0.1)

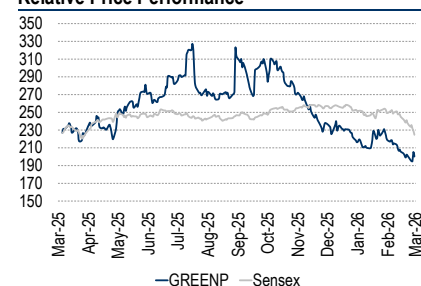
Source: Company, Anand Rathi Research

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Key Data	GREENP IN / GREP.BO
52-week high / low	Rs335 / 190
Sensex / Nifty	74564 / 23151
Market cap	Rs27bn
Shares outstanding	123m

Shareholding Pattern (%)	Dec'25	Sep'25	Jun'25
Promoters	53.1	53.1	53.1
- of which, Pledged	-	-	-
Free float	46.9	46.9	46.9
- Foreign institutions	1.1	1.4	1.6
- Domestic institutions	28.5	29.6	28.8
- Public	17.3	15.9	16.5

Relative Price Performance



Source: Bloomberg

Utkarsh Nopany
Research Analyst

Anu Parakh
Research Associate

Financials and Valuations (Consolidated)

Fig 1 – Income Statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Net revenue	15,673	14,358	15,419	18,237	22,097
Growth (%)	(12.1%)	(8.4%)	7.4%	18.3%	21.2%
Direct costs	9,196	9,460	9,812	10,597	12,924
SG&A	4,012	3,585	4,425	5,022	5,392
EBITDA	2,465	1,312	1,183	2,618	3,781
EBITDA margin (%)	15.7%	9.1%	7.7%	14.4%	17.1%
- Depreciation	729	774	1,031	1,033	1,034
Other income	219	226	130	125	125
Interest expenses	123	67	353	288	278
PBT	1,832	697	(346)	1,423	2,594
Effective tax rate (%)	22.1%	9.1%	33.9%	25.2%	25.5%
+ Associates / (Minorities)	-	-	-	-	-
Net income	1,427	721	(228)	1,065	1,934
Adjusted income	1,428	634	(46)	1,065	1,934
WANS	123	123	123	123	123
FDEPS (Rs)	11.6	5.2	(0.4)	8.7	15.8
FDEPS growth (%)	(43.4%)	(55.6%)	(107.3%)	NM	81.6%
Gross margin (%)	41.3%	34.1%	36.4%	41.9%	41.5%

Fig 3 – Cash-flow Statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
EBIT (excl. other income)	1,832	697	(346)	1,423	2,594
+ Non-cash items	729	774	1,031	1,033	1,034
Oper. prof. before WC	2,060	1,336	1,431	2,385	3,245
- Incr. / (decr.) in WC	(506)	338	133	(125)	(383)
Others incl. taxes	(501)	(135)	745	(70)	(383)
Operating cash-flow	1,553	1,674	1,564	2,260	2,862
- Capex (tang. + intang.)	(3,629)	(3,132)	(500)	(500)	(500)
Free cash-flow	(2,076)	(1,458)	1,064	1,760	2,362
Acquisitions	-	-	-	-	-
- Div.(incl. buyback & taxes)	(184)	-	(61)	(184)	(368)
+ Equity raised	-	-	-	-	-
+ Debt raised	775	1,219	(300)	(500)	(500)
- Fin investments	-	-	-	-	-
- Misc. (CFI + CFF)	85	118	(628)	(288)	(278)
Net cash-flow	(1,399)	(122)	75	788	1,216

Source: Company, Anand Rathi Research

Fig 5 – Price Movement



Source: Bloomberg

Fig 2 – Balance Sheet (Rs m)

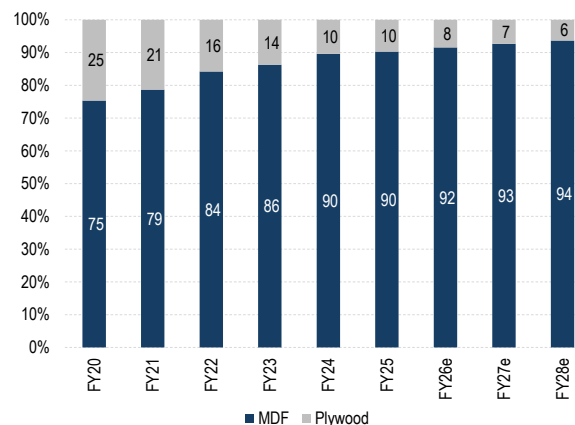
Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	123	123	123	123	123
Net worth	13,171	13,852	13,562	14,443	16,009
Debt	2,680	3,898	3,598	3,098	2,598
Minority interest	-	-	-	-	-
DTL / (Assets)	1,010	1,046	1,046	1,046	1,046
Capital employed	16,861	18,796	18,206	18,587	19,653
Net tangible assets	9,889	15,296	14,765	14,232	13,698
Net intangible assets	375	342	342	342	342
Goodwill	-	-	-	-	-
CWIP (tang. & intang.)	3,127	111	111	111	111
Investments (strategic)	-	-	-	-	-
Investments (financial)	-	-	-	-	-
Current assets (excl. cash)	832	947	973	1,043	1,138
Cash	2,379	2,257	2,331	3,120	4,336
Current liabilities	952	1,536	1,539	1,546	1,556
Working capital	1,212	1,378	1,222	1,285	1,583
Capital deployed	16,861	18,796	18,206	18,587	19,653
Contingent liabilities	-	-	-	-	-

Fig 4 – Ratio Analysis

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	31.0	43.9	NA	23.1	12.7
EV / EBITDA (x)	18.1	22.5	21.8	9.4	6.0
EV / Sales (x)	2.8	2.1	1.7	1.3	1.0
P/B (x)	3.4	2.0	1.8	1.7	1.5
RoE (%)	11.4	5.3	(1.7)	7.6	12.7
RoCE (%) - after tax	7.9	3.6	0.4	5.1	8.4
RoIC	17.0	4.2	1.0	10.9	19.3
DPS (Rs)	1.5	-	0.5	1.5	3.0
Dividend yield (%)	0.4	0.0	0.2	0.7	1.5
Dividend payout (%) - incl. DDT	12.9	0.0	-	17.3	19.0
Net debt / equity (x)	0.0	0.1	0.1	(0.0)	(0.1)
Receivables (days)	7	11	11	11	11
Inventory (days)	47	51	44	41	42
Payables (days)	25	26	26	26	26
CFO : PAT (%)	108.8	264.1	(3,373.7)	212.3	148.0

Source: Company, Anand Rathi Research

Fig 6 – Revenue-mix (%)



Source: Company

Investment Thesis

A. Leading Player in Fast-growing MDF Segment

GREENP is the largest player in India's MDF market, which is expected to grow at the fastest pace in the wood panel industry due to rising preference for readymade furniture. MDF is preferred over plywood for its low cost and ability to be easily moulded, machined and painted.

Looking ahead, we see a large growth opportunity for GREENP in the long run, as MDF has a low volume market share (30%) in interior wood panel segment vs. global average of 70%.

Fig 7 – GREENP's MDF Capacity vs Peers

Company	Capacity (cbm)	Share (%)	Capacity (cbm)	Share (%)
	FY25		FY28e	
Greenpanel	660,000	28	891,000	28
Balaji Action	592,500	25	826,800	26
Century Ply	557,000	23	627,000	20
Greenply	240,000	10	531,000	17
Rushil Décor	330,000	14	330,000	10

Source: Company

B. Expected to Gain Market Share in MDF Segment over the Medium-term

Among the Top 4 listed MDF players, GREENP's share in domestic MDF market has declined to 34% in 9MFY26 from 47% in FY20, largely due to: (a) it played the role of price stabiliser in an oversupplied MDF market by sacrificing market share to maintain pricing discipline; and (b) discontinuation of commercial grade MDF from Q4FY25.

However, GREENP has become aggressive in its pricing policy post commencement of thin MDF line from Q1FY26, which would aid it to gain market share in the coming quarters. The company's MDF sales volume (ex-commercial grade) grew by a sharp 36% y/y in 9MFY26.

Fig 8 – Volume market share of top 4 listed MDF players in domestic market

Top 4 Players (%)	FY20	FY21	FY22	FY23	FY24	FY25	9MFY26
Greenpanel	47	57	52	50	42	34	34
Century Ply	34	28	25	24	24	32	34
Rushil décor	19	15	23	26	21	18	17
Greenply	0	0	0	0	13	16	15

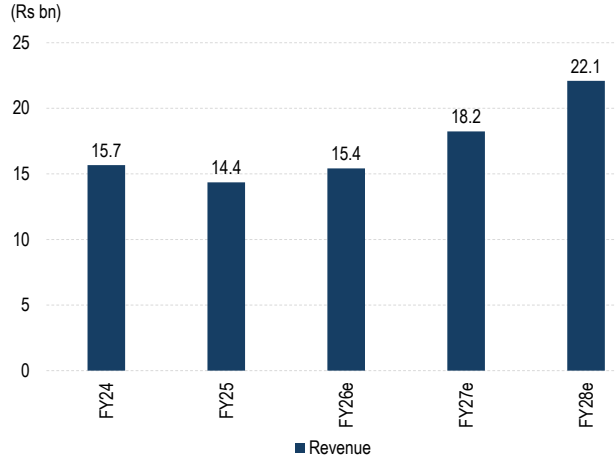
Source: Company, Anand Rathi Research

C. Strong Earnings Growth Prospects with Healthy BS

We expect the company's revenue/EBITDA/APAT to clock 16/42/45% CAGR over FY25-28e on expectation of: (a) a healthy volume CAGR of 17%, supported by ramp-up of existing capacities; and (b) gradual recovery in MDF margin from 10.2% in FY25 to 18% in FY28e.

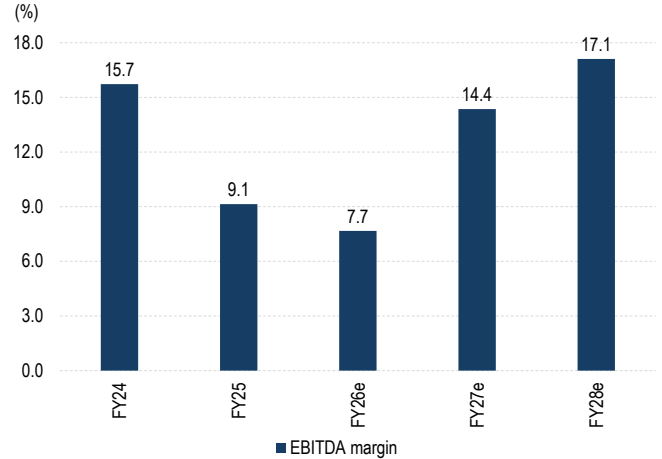
Given a strong balance sheet position, we believe the company could undertake large capex in plywood segment to diversify its business risk profile from cyclical MDF segment.

Fig 9 – Revenue to clock 15.5% CAGR over FY25-28e



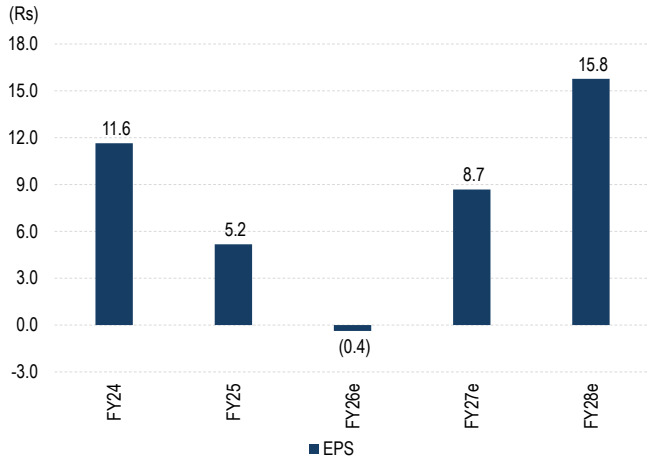
Source: Company, Anand Rathi Research

Fig 10 – EBITDAM to improve on positive industry outlook



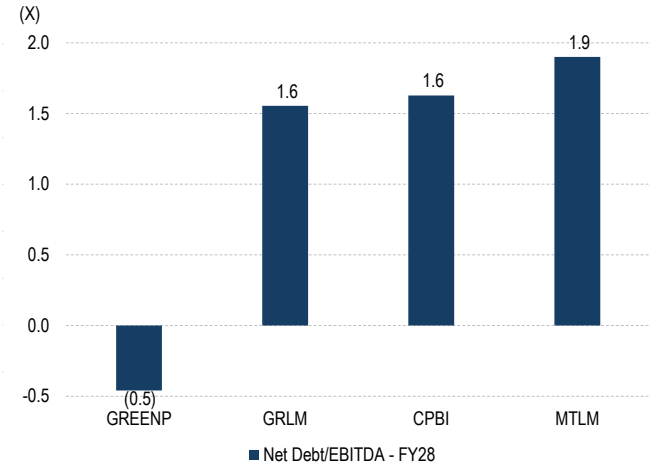
Source: Company, Anand Rathi Research

Fig 11 – GREENP earnings to grow sharply on weak base



Source: Company, Anand Rathi Research

Fig 12 – GREENP has the best BS in wood panel space

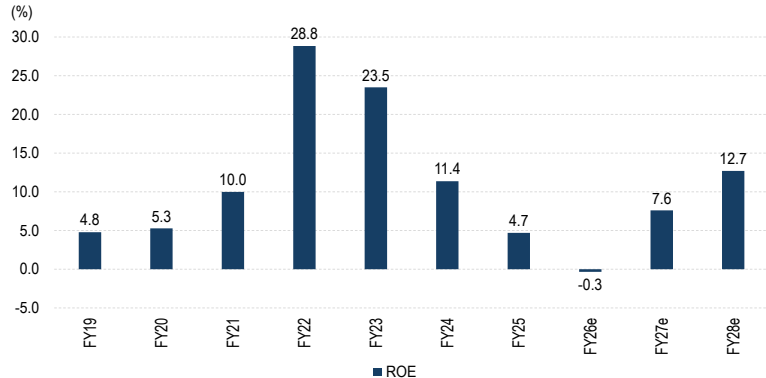


Source: Company, Anand Rathi Research

D. RoE Profile to Improve

The company’s RoE has declined sharply to 4.7% in FY25 due to: (a) underutilisation of existing capacity; and (b) sharp compression in MDF margin. Going ahead, its RoE is expected to improve to 12.7% by FY28e on expectation of gradual ramp-up of existing capacities (from 66% in FY25 to 82% in FY28) and anticipated recovery in MDF margin to 18% in FY28e from 10.2% in FY25.

Fig 13 – RoE profile to improve as MDF industry cycle has bottomed out



Source: Company

Outlook and Valuation

We believe GREENP is one of the best bet in the wood panel space to play the story of MDF margin recovery due to higher revenue exposure of 90% to MDF segment (vs. CPBI: 23% and MTLM: 21%); (b) possibility of diversification of business risk profile by leveraging the existing strong balance sheet and increase its presence in less cyclical product categories (i.e., plywood, laminates etc.) over the medium-term; and (c) inexpensive valuation. At CMP, the stock trades at a 1Y forward P/E of 23.1x. We maintain BUY rating on GREENP with an unrevised TP of Rs320, valuing it at P/E of 20x on FY28e EPS.

ARe vs. Street Estimates

Fig 14 - ARe vs. Bloomberg Estimates

GREENP (Rs bn)	ARe			Bloomberg			Change (%)		
	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e
Revenue	15.4	18.2	22.1	15.6	18.5	21.6	(1.0)	(1.6)	2.3
EBITDA	1.2	2.6	3.8	1.2	2.6	3.5	(0.6)	(0.8)	8.1
EBITDA margin	7.7	14.4	17.1	7.6	14.2	16.2	3bps	12bps	92bps
Adjusted PAT	0.0	1.1	1.9	0.4	1.2	1.9	(112.7)	(10.1)	3.0
Adjusted EPS (Rs)	(0.4)	8.7	15.8	(1.3)	9.1	14.9	(71.0)	(4.2)	(5.8)

Source: Bloomberg; Anand Rathi estimates

Fig 15 – Key Operational Assumptions

	FY24	FY25	FY26e	FY27e	FY28e
Revenue mix					
MDF	90	90	92	93	94
Plywood	10	10	8	7	6
Sales volume growth					
MDF	(4.3)	(9.6)	13.8	19.7	18.6
Plywood	(28.0)	(15.5)	(4.2)	5.0	5.0
EBITDA margin					
MDF	17.8	10.2	8.4	15.2	18.0
Plywood	(1.4)	1.3	0.9	2.1	2.2

Source: Company, Anand Rathi Research

Key Risks

- Slower-than-expected pick-up in real estate.
- Loss of market share in domestic MDF market.
- Steep volatility in key input prices.

Greenply Industries (MTLM)

Favourable risk-reward on strong growth visibility, maintain BUY

MTLM is the second largest plywood player in India after Century Ply, which has been gaining market share in plywood segment due to diversified manufacturing footprint in a freight intensive product, strong brand image with a widespread distribution network, widening of product basket portfolio. It forayed into MDF business in May-23 and quickly captured 15% market share among the Top 4 listed players in an oversupplied market, aided by wide distribution network and existing sales force. Thus, we maintain BUY rating on MTLM with an unchanged TP of Rs300, valuing it at a P/E of 22x on FY28e EPS.

Strong Earnings Growth Prospects: We expect the company's revenue/EBITDA/APAT to clock 8.3/13.2/22% CAGR over FY25-28e, driven by healthy volume growth and expected margin improvement in plywood and MDF segments. Looking ahead, the company targets double-digit growth in plywood and MDF volume along with margin improvement (Plywood: to 10% from 8.2% in 9MFY26; MDF: to 16% from 12.0% in 9MFY26). Net debt/EBITDA ratio is expected to slightly improve from 2x in FY25 to 1.9x in FY28, due to implementation of a large growth capex of Rs5.7bn (PVC board: Rs0.36bn; Plywood plant in Odisha: Rs1.3bn; and MDF brownfield expansion: Rs4bn).

RoE to Improve on Sweating of Assets and Efficient Capital Allocation: The company's RoE is expected to improve to 15.6% (from 12.1% in FY25) due to sweating of existing capacity and expected margin expansion. Looking ahead, we believe there is further scope of improvement in return ratio owing to implementation of MDF projects at a reasonable cost (brownfield capex cost is estimated to be Rs18.4k/CBM vs. industry benchmark of Rs25k).

Outlook and Valuation: We are positive on MTLM on the back of strong earnings growth prospects (EPS likely to clock 22.2% CAGR over FY25-28e); (b) improvement in RoE from 12.1% in FY25 to 15.6% in FY28e, led by sweating of assets and efficient capital allocation; and (c) inexpensive valuations, as at CMP, the stock trades at a 1Y forward P/E of 20.5x. Thus, we maintain BUY rating on MTLM with an unchanged TP of Rs300, valuing it at a P/E of 22x on FY28e EPS.

Key Risks: (a) Slower-than-expected pick-up in real estate; (b) loss of market share in plywood and MDF segments; and (c) steep volatility in the input prices.

Key Financials (Y/E Mar)	FY24	FY25	FY26e	FY27e	FY28e
Sales (Rs m)	21,799	24,876	26,579	29,058	31,585
Net profit (Rs m)	757	916	847	1,177	1,672
EPS (Rs)	6.1	7.3	6.8	9.4	13.4
P/E (x)	37.8	39.0	28.5	20.5	14.4
EV / EBITDA (x)	17.9	17.0	12.1	10.4	8.8
P / BV (x)	4.0	4.4	2.7	2.4	2.1
RoE (%)	10.3	12.1	10.0	12.5	15.6
RoCE (%) after tax	6.4	9.4	7.8	8.8	10.2
Dividend yield (%)	0.2	0.2	0.2	0.3	0.5
Net debt / equity (x)	0.7	0.6	0.6	0.6	0.6

Source: Company, Anand Rathi Research

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Rating: **BUY**

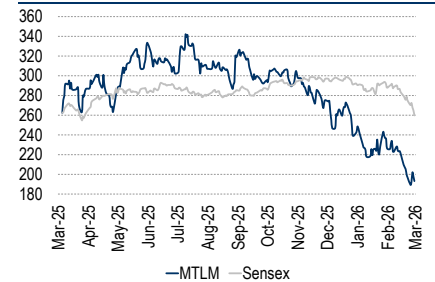
Target Price (12-mth): Rs300

Share Price: Rs193

Key Data	MTLM IN / GRPL.BO
52-week high / low	Rs352 / 188
Sensex / Nifty	74564 / 23151
Market cap	Rs30bn
Shares outstanding	125m

Shareholding Pattern (%)	Dec'25	Sep'25	Jun'25
Promoters	51.8	51.7	51.7
- of which, Pledged	-	-	-
Free float	48.3	48.3	48.3
- Foreign institutions	4.4	4.5	4.5
- Domestic institutions	31.2	32.4	32.4
- Public	11.8	11.4	11.4

Relative Price Performance



Source: Bloomberg

Utkarsh Nopany
 Research Analyst

Anu Parakh
 Research Associate

Financials and Valuations (Consolidated)

Fig 1 – Income Statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Net revenue	21,799	24,876	26,579	29,058	31,585
Growth (%)	31.1	14.1	6.8	9.3	8.7
Direct costs	14,060	15,789	16,879	18,312	19,797
SG&A	5,865	6,710	7,224	7,833	8,339
EBITDA	1,875	2,377	2,475	2,914	3,450
EBITDA margin (%)	8.6	9.6	9.3	10.0	10.9
- Depreciation	545	601	648	699	727
Other income	139	165	170	80	120
Interest expenses	433	431	559	571	537
PBT	1,150	1,170	1,161	1,573	2,235
Effective tax rate (%)	25.9	21.6	27.0	25.2	25.2
+ Associates / (Minorities)	(13)	(338)	(278)	(150)	(70)
Net income	700	916	847	1,177	1,672
Adjusted income	757	916	847	1,177	1,672
WANS	124	125	125	125	125
FDEPS (Rs)	6.1	7.3	6.8	9.4	13.4
FDEPS growth (%)	-26.7	19.9	-7.6	39.0	42.1
Gross margin (%)	35.5	36.5	36.5	37.0	37.3

Fig 3 – Cash-flow Statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
EBIT (excl. other income)	1,150	1,170	1,161	1,573	2,235
+ Non-cash items	545	601	648	699	727
Oper. prof. before WC	1,564	1,785	1,884	2,368	2,817
- Incr. / (decr.) in WC	(103)	(134)	(776)	(369)	(383)
Others incl. taxes	(131)	13	75	95	(145)
Operating cash-flow	1,461	1,651	1,108	1,999	2,434
- Capex (tang. + intang.)	402	(837)	(1,500)	(2,000)	(2,000)
Free cash-flow	1,863	814	(392)	(1)	434
Acquisitions					
- Div.(incl. buyback & taxes)	(62)	(62)	(58)	(80)	(114)
+ Equity raised	1	1	-	-	-
+ Debt raised	(1,374)	(363)	396	(168)	(447)
- Fin investments	(371)	(238)	(250)	-	-
- Misc. (CFI + CFF)	(147)	(129)	(389)	(491)	(417)
Net cash-flow	(91)	23	(693)	(741)	(545)

Source: Company, Anand Rathi Research

Fig 5 – Price Movement



Source: Bloomberg

Fig 2 – Balance Sheet (Rs m)

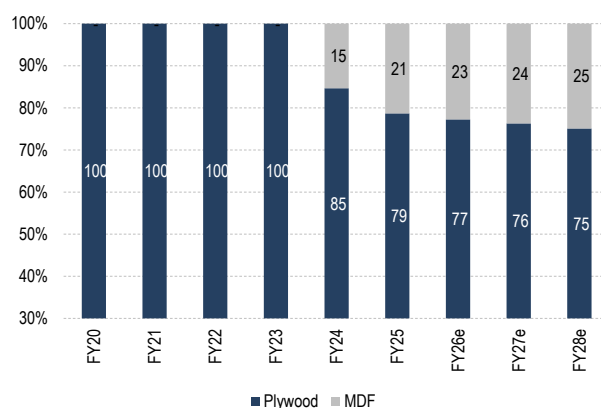
Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	124	125	125	125	125
Net worth	7,094	8,086	8,876	9,973	11,531
Debt	5,246	4,883	5,278	5,110	4,663
Minority interest	2	1	1	1	1
DTL / (Assets)	9	11	11	11	11
Capital employed	12,351	12,981	14,165	15,094	16,205
Net tangible assets	8,096	8,007	8,858	8,659	8,432
Net intangible assets	555	561	561	561	561
Goodwill	-	-	-	-	-
CWIP (tang. & intang.)	124	442	442	1,942	3,442
Investments (strategic)	435	673	923	923	923
Investments (financial)	-	-	-	-	-
Current assets (excl. cash)	1,239	1,181	1,221	1,278	1,336
Cash	224	247	(447)	(1,188)	(1,732)
Current liabilities	959	1,185	1,188	1,191	1,195
Working capital	2,639	3,057	3,797	4,112	4,440
Capital deployed	12,351	12,982	14,167	15,096	16,207
Contingent liabilities	-	-	-	-	-

Fig 4 – Ratio Analysis

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	37.8	39.0	28.5	20.5	14.4
EV / EBITDA (x)	17.9	17.0	12.1	10.4	8.8
EV / Sales (x)	1.5	1.6	1.1	1.0	1.0
P/B (x)	4.0	4.4	2.7	2.4	2.1
RoE (%)	10.3	12.1	10.0	12.5	15.6
RoCE (%) - after tax	6.4	9.4	7.8	8.8	10.2
RoIC	13.6	14.6	13.8	15.5	18.9
DPS (Rs)	0.5	0.5	0.5	0.6	0.9
Dividend yield (%)	0.2	0.2	0.2	0.3	0.5
Dividend payout (%) - incl. DDT	8.8	6.8	6.8	6.8	6.8
Net debt / equity (x)	0.7	0.6	0.6	0.6	0.6
Receivables (days)	42	47	47	47	47
Inventory (days)	58	76	60	59	59
Payables (days)	56	79	55	55	55
CFO : PAT (%)	193.0	180.2	130.8	169.8	145.5

Source: Company, Anand Rathi Research

Fig 6 – Revenue Break-up (%)



Source: Company

Investment Thesis

A. Leading Wood Panel Player with Diversified Products

MTLM is the second largest plywood player in India after Century Ply. It operated in plywood segment only till FY23 and forayed into MDF segment in May-23 after the expiry of non-compete clause with GREENP. It also forayed into furniture hardware business by forming a JV with a Turkey-based Samet in 2023.

Looking ahead, the company also plans to foray into PVC/WPC doors and boards by setting up a plant at Vadodara (Gujarat) in Mar-26. It has also recently started trading in laminate products.

Fig 7 – Key Milestones

Year	Particulars
1984	Commencement of operations by Mr. Rajesh Mittal
1988	Setup of the first plywood unit in Tizit (Nagaland)
1990	Entry into laminates business
1994	Transformation into a public limited company, initially named Mittal Laminates
1995	Listing of equity shares on the stock exchange
1996	Company renamed to Greenply Industries Ltd
1997	Launch of the flagship premium brand, Greenply
2001	Launch of Green Club, a premium-grade plywood
2005	Establishment of the plywood factory in Kriparampura (WB)
2008	Launch of the 'Optima' brand
2010	Launch of the "Ecotec" brand in the economy segment Foray into MDF business
2014	Demerger of laminate business into a separate entity, Greenlam Industries Commencement of face veneer production in Myanmar
2016	Establishment of a manufacturing plant in Gabon, West Africa, for raw material sourcing
2018	Production of decorative veneers starts at the Bamanbore, Rajkot plant, Gujarat
2019	Demerger of MDF business into a separate entity, Greenpanel Industries
2020	Launch of India's first E-Zero (zero-emission) plywood range
2021	Foray into the MDF product segment; production started in May-23.
2022	Commenced plywood production at Sandila, Uttar Pradesh
2023	Formation of a Joint Venture with Samet, named "Greenply Samet Private Limited" to enter into furniture hardware business
2024	Commenced manufacturing activities at the furniture hardware JV facility in Vadodara, Gujarat
2026	Foray into PVC/WPC doors and boards
2027	Establishment of the plywood factory in Odisha (ongoing)

Source: Company

B. Market Share Gain in Core Plywood and MDF Segments

MTLM has been gaining market share in plywood segment due to diversified manufacturing footprint in a freight intensive product, strong brand image with a widespread distribution network, widening of product basket portfolio to cater to each spectrum of the consumer.

It forayed into MDF business in May-23 and quickly captured 15% market share among the Top 4 listed players in an oversupplied market, driven by wide distribution network and existing sales force team for plywood division.

Fig 8 – Plywood manufacturing footprint

Plywood and allied (own manufacturing) location	Annual capacity (m sqm)
Bamanbore (Gujarat)	20.2
Sandila, Lucknow (UP)	13.5
Kripampur (WB)	11.0
Tizit (Nagaland)	8.1
Odisha (ongoing)	13.5
Total	66.3

Source: Company

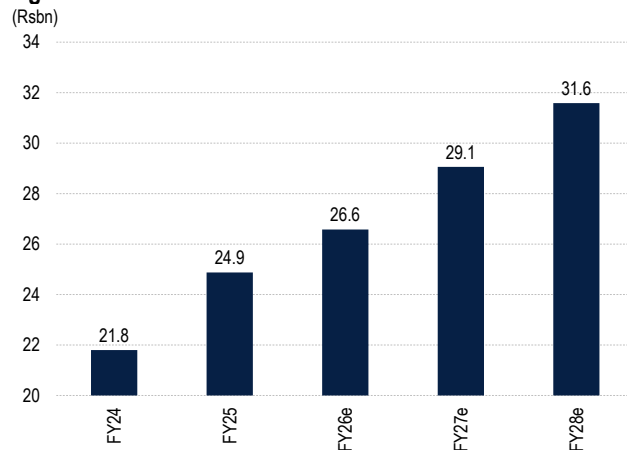
Fig 9 – MTLM captured 15% market share in MDF after its entry in May'23

Top 4 Players	FY20	FY21	FY22	FY23	FY24	FY25	9MFY26
Greenpanel	47	57	52	50	42	34	34
Century Ply	34	28	25	24	24	32	34
Rushil Décor	19	15	23	26	21	18	17
Greenply	-	-	-	-	13	16	15

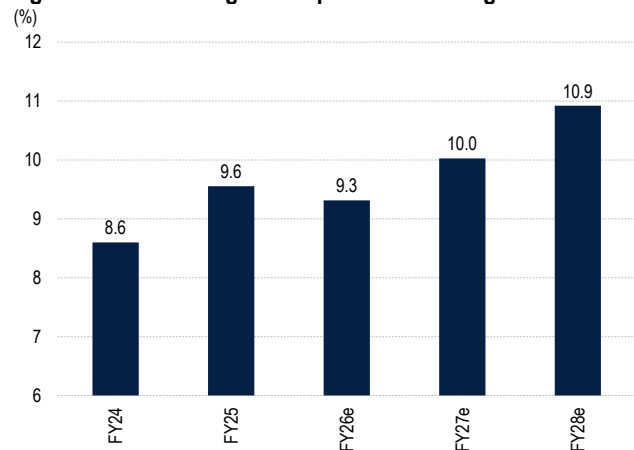
Source: Company, Anand Rathi Research

C. Strong Earnings Growth Prospects

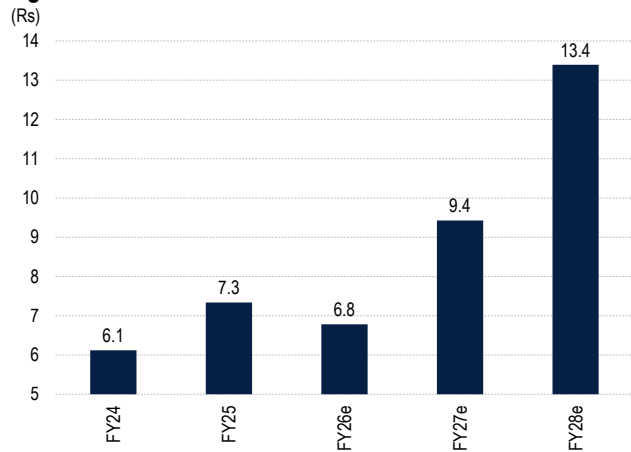
We expect the company's revenue/EBITDA/APAT to clock 8.3/13.2/22% CAGR over FY25-28e, driven by healthy volume growth and expected margin improvement in plywood and MDF segments. Looking ahead, the company targets double-digit growth in plywood and MDF volume along with margin improvement (Plywood: to 10% from 8.2% in 9MFY26; MDF: to 16% from 12.0% in 9MFY26). Net debt/EBITDA ratio is expected to slightly improve from 2x in FY25 to 1.9x in FY28, due to implementation of a large growth capex of Rs5.7bn (PVC board: Rs0.36bn; Plywood plant in Odisha: Rs1.3bn; and MDF brownfield expansion: Rs4bn).

Fig 10 – Revenue to clock 8.3% CAGR over FY25-28

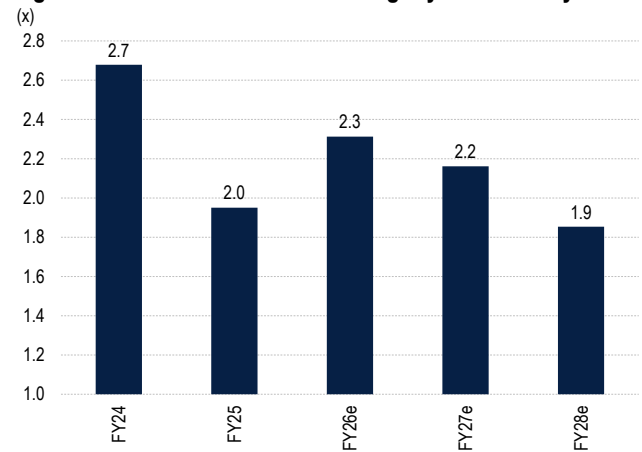
Source: Company, Anand Rathi Research

Fig 11 – EBITDA margin to improve across segments

Source: Company, Anand Rathi Research

Fig 12 – EPS to clock a robust 22% CAGR over FY25-28e

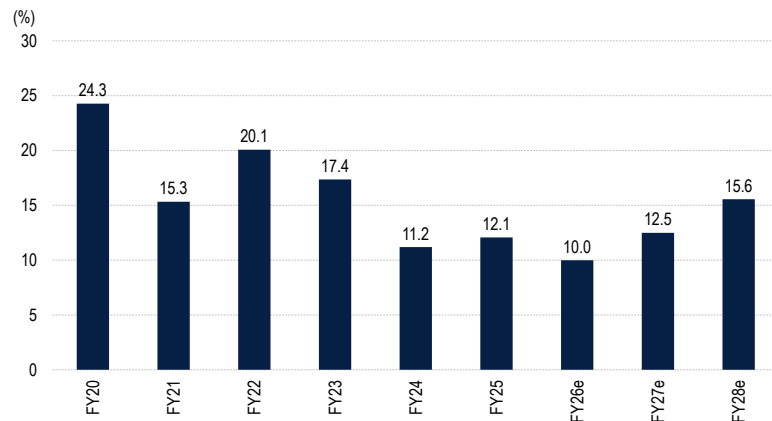
Source: Company, Anand Rathi Research

Fig 13 – Net debt/EBITDA ratio to slightly moderate by FY28e

Source: Company, Anand Rathi Research

D. RoE to Improve on Sweating of Assets and Efficient Capital Allocation

The company's RoE is expected to improve to 15.6% (from 12.1% in FY25) due to sweating of existing capacity and expected margin expansion.

Fig 14 – RoE profile likely to improve on improved efficiencies

Source: Company

Fig 15 – Reasonable MDF capex cost per unit vs its peers

Company	Location	Project's nature	Capacity (CBM)	COD	Capex cost (Rs/m)	Capex cost per unit (Rs/CBM)
Century Ply	Punjab	Brownfield	115500	Q1FY24	2,300	19,913
Greenply	Gujarat	Greenfield	300000	Q1FY24	6,000	20,000
Century Ply	AP	Greenfield	317500	Q1FY25	7,300	22,992
Greenpanel	AP	Brownfield	231000	Q1FY26	6,132	26,544
Greenply	Gujarat	Brownfield	231000	Q2FY28	4,250	18,398
Century Ply	AP	Brownfield	330000	Q2FY29	8,000	24,242

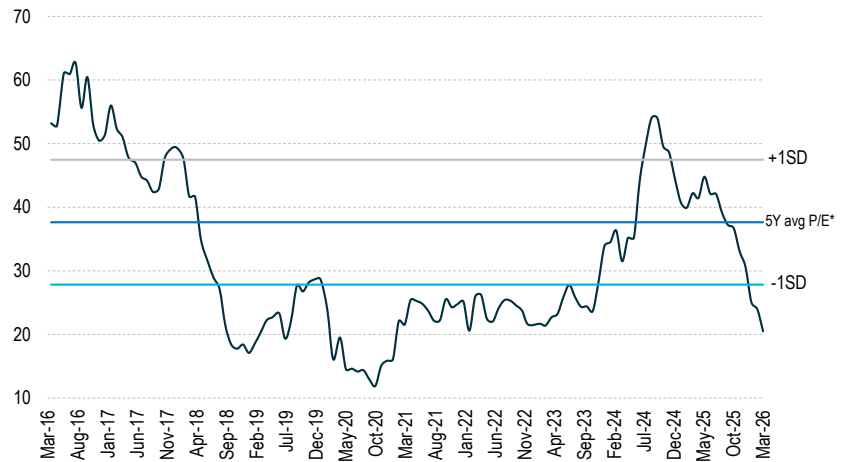
Source: Company

Looking ahead, we believe there is further scope of improvement in return ratio owing to implementation of MDF projects at a reasonable cost (brownfield capex cost is estimated to be Rs18.4k/CBM vs. industry benchmark of Rs25k).

Outlook and Valuation

We are positive on MTLM on the back of strong earnings growth prospects (EPS likely to clock 22.2% CAGR over FY25-28e); (b) improvement in RoE from 12.1% in FY25 to 15.6% in FY28e, led by sweating of assets and efficient capital allocation; and (c) inexpensive valuations, as at CMP, the stock trades at a 1Y forward P/E of 20.5x. Thus, we maintain BUY rating on MTLM with an unchanged TP of Rs300, valuing it at a P/E of 22x on FY28e EPS.

Fig 16 – 1-Year Forward PE Band



Source: BSE, Anand Rathi Research, *Pre-covid

ARe vs. Street Estimates

Fig 17 - ARe vs. Bloomberg Estimates

MTLM (Rs bn)	ARe			Bloomberg			Change (%)		
	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e
Revenue	26.6	29.1	31.6	26.8	29.9	33.8	(0.9)	(2.7)	(6.5)
EBITDA	2.5	2.9	3.4	2.5	3.2	3.8	(2.4)	(8.9)	(8.4)
EBITDA margin (%)	9.3	10.0	10.9	9.5	10.7	11.2	(14bps)	(68bps)	(24bps)
Adjusted PAT	0.8	1.2	1.7	0.9	1.5	1.9	(9.1)	(22.8)	(14.0)
Adjusted EPS (Rs)	6.8	9.4	13.4	7.7	12.2	15.5	(11.7)	(22.6)	(13.6)

Source: Bloomberg; Anand Rathi estimates

Fig 18 – Key Operational Assumptions

Parameter (%)	Fy24	Fy25	Fy26e	Fy27e	Fy28e
Revenue mix					
Plywood	85	79	77	76	75
MDF	15	21	23	24	25
Sales volume growth					
Plywood	8.6	5.4	6.5	8.8	7.0
MDF	NA	34.8	14.4	14.3	14.4
EBITDA margin					
Plywood	7.7	8.5	8.4	8.7	8.9
MDF	11.0	13.5	12.3	14.3	17.0

Source: Company, Anand Rathi Research

Key Risks

- Slower-than-expected pick-up in real estate.
- Loss of market share in plywood and MDF business.
- Steep volatility in key input prices.

Greenlam Industries (GRLM)

Valuations pricey amid sharp earnings recovery prospect; retain HOLD

GRLM is the leading player in Indian laminate market. Its revenue market share among the Top 3 laminate players has risen to 45.5% in FY25 from 39.7% in FY19. We are unenthusiastic on GRLM owing to: (a) weak BS, as evident from high net debt/TTM EBITDA of 3.5x in Dec-25; (b) expected weak RoE over the medium-term due to poor ramping up of plywood plant; (c) higher capex for particleboard project; and (d) expensive valuations. Hence, we maintain HOLD rating on GRLM with an unchanged TP of Rs245, valuing it at a P/E of 30x on FY28e EPS.

Strong Revenue Growth Prospects: We expect its revenue/EBITDA/APAT to clock 26.5/34.7/68.6% CAGR over FY25-28e, driven by completion of a large capex and weak base.

Poor Execution and Higher Capex to Drag Return Ratios: GRLM's return ratios are likely to decline due to poor ramping up of plywood plant (segment reported EBITDA loss for the past 11 straight quarters due to low operating rate); and (b) significantly higher capex in particleboard project, which is likely to generate pre-tax RoCE of high-single-digit in most optimistic scenario.

RoE Profile Expected to Expand on Margin Improvement: We expect GRLM's RoE to improve from a low base of 6.6% in FY25 to 14.9% in FY28e, led by sweating of existing assets and improvement in margin across segments. However, its RoE is likely to remain slightly below its historical average due to poor ramping up plywood facility and substantial capital investment in particleboard project (40% in FY25).

Outlook and Valuation: We expect its revenue/EBITDA/APAT to clock by sharp 26.5/34.7/68.6% CAGR over FY25-28e. At CMP, the stock trades at 36.8x on 1-year forward P/E vs. pre-COVID 5-year average of 25.8x. We are unenthusiastic on GRLM on account of: (a) weak balance sheet, as evident from high net debt/TTM EBITDA of 3.5x in Dec-25; (b) RoE to remain weak over the medium-term due to poor ramping up of plywood plant; (c) significantly higher capex for particleboard project; and (d) expensive valuations. Hence, we maintain HOLD rating on GRLM with an unchanged TP of Rs245, valuing it at a P/E of 30x on FY28e EPS. **Key Risks:** (a) Loss of market share in core laminate business; (b) volatility in key input prices (downside risks); and (a) sharp pick-up in real estate sales; (b) sharp turnaround in plywood/particleboard segments (upside risks).

Key Financials (Y/E Mar)	FY24	FY25	FY26e	FY27e	FY28e
Sales (Rs m)	23,063	25,693	30,254	36,545	41,139
Net profit (Rs m)	1,383	732	649	1,464	2,080
EPS (Rs)	5.4	2.9	2.5	5.7	8.2
P/E (x)	46.6	82.2	83.0	36.8	25.9
EV / EBITDA (x)	24.4	25.5	20.2	15.1	12.4
P / BV (x)	6.0	5.3	4.6	4.1	3.6
RoE (%)	13.6	6.3	5.6	11.8	14.9
RoCE (%) after tax	6.9	3.7	3.8	6.8	8.4
Dividend yield (%)	0.7	0.2	0.2	0.4	0.6
Net debt / equity (x)	0.8	0.9	0.8	0.7	0.5

Source: Company, Anand Rathi Research

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Rating: **HOLD**

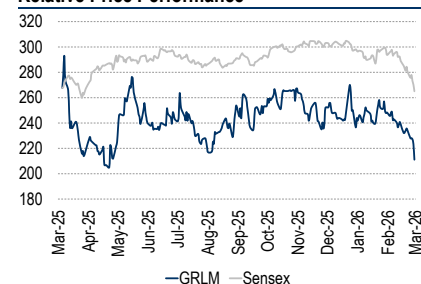
Target Price (12-mth): Rs245

Share Price: Rs211

Key Data	GRLM IN / GEEN.BO
52-week high / low	Rs298 / 197
Sensex / Nifty	74564 / 23151
Market cap	Rs62bn
Shares outstanding	255m

Shareholding Pattern (%)	Dec'25	Sep'25	Jun'25
Promoters	51.0	51.0	51.0
- of which, Pledged	-	-	-
Free float	49.0	49.0	49.0
- Foreign institutions	1.7	1.7	1.8
- Domestic institutions	14.5	14.6	15.2
- Public	32.8	32.7	32.0

Relative Price Performance



Source: Bloomberg

Utkarsh Nopany
Research Analyst

Anu Parakh
Research Associate

Financials and Valuations (Consolidated)

Fig 1 – Income Statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Net revenue	23,063	25,693	30,254	36,545	41,139
Growth (%)	13.8	11.4	17.8	20.8	12.6
Direct costs	11,912	13,515	15,537	19,764	22,777
SG&A	8,177	9,432	11,565	12,606	13,380
EBITDA	2,974	2,746	3,152	4,176	4,982
EBITDA margin (%)	12.9	10.7	10.4	11.4	12.1
- Depreciation	871	1,137	1,434	1,492	1,522
Other income	217	110	88	102	102
Interest expenses	443	655	856	829	781
PBT	1,849	1,064	949	1,956	2,780
Effective tax rate (%)	26.5	32.5	31.6	25.2	25.2
+ Associates / (Minorities)	(4)	(13)	-	-	-
Net income	1,384	697	649	1,464	2,080
Adjusted income	1,383	732	649	1,464	2,080
WANS	255	255	255	255	255
FDEPS (Rs)	5.4	2.9	2.5	5.7	8.2
FDEPS growth (%)	12.5	(47.1)	(11.3)	125.6	42.1
Gross margin (%)	48.4	47.4	48.6	45.9	44.6

Fig 3 – Cash-flow Statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
EBIT (excl. other income)	1,849	1,064	949	1,956	2,780
+ Non-cash items	871	1,137	1,434	1,492	1,522
Oper. prof. before WC	2,505	2,366	2,852	3,683	4,282
- Incr. / (decr.) in WC	(137)	(469)	(423)	(1,802)	(1,278)
Others incl. taxes	(216)	165	469	235	(20)
Operating cash-flow	2,368	1,897	2,429	1,881	3,003
- Capex (tang. + intang.)	(6,986)	(2,733)	(1,500)	(500)	(500)
Free cash-flow	(4,618)	(836)	929	1,381	2,503
Acquisitions	-	-	-	-	-
- Div.(incl. buyback & taxes)	(421)	(107)	(95)	(214)	(305)
+ Equity raised	1	128	-	-	-
+ Debt raised	4,289	763	(93)	(593)	(593)
- Fin investments	-	-	-	-	-
- Misc. (CFI + CFF)	(27)	(765)	(769)	(727)	(680)
Net cash-flow	(777)	(818)	(28)	(154)	926

Source: Company, Anand Rathi Research

Fig 5 – Price Movement



Source: Bloomberg

Fig 2 – Balance Sheet (Rs m)

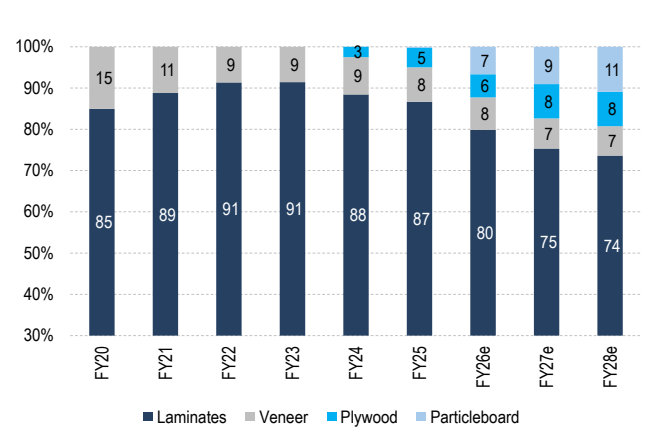
Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	128	255	255	255	255
Net worth	10,772	11,269	11,823	13,072	14,848
Debt	9,988	10,751	10,658	10,065	9,471
Minority interest	(3)	(16)	(16)	(16)	(16)
DTL / (Assets)	160	69	69	69	69
Capital employed	20,916	22,072	22,533	23,189	24,372
Net tangible assets	10,026	17,480	17,545	16,553	15,531
Net intangible assets	137	110	110	110	110
Goodwill	-	-	-	-	-
CWIP (tang. & intang.)	6,110	281	281	281	281
Investments (strategic)	0	0	0	0	0
Investments (financial)	-	-	-	-	-
Current assets (excl. cash)	1,669	2,011	2,371	2,806	3,124
Cash	1,803	986	958	804	1,729
Current liabilities	2,962	2,868	2,877	2,889	2,897
Working capital	4,132	4,073	4,146	5,525	6,494
Capital deployed	20,916	22,072	22,533	23,189	24,372
Contingent liabilities	-	-	-	-	-

Fig 4 – Ratio Analysis

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	46.6	82.2	83.0	36.8	25.9
EV / EBITDA (x)	24.4	25.5	20.2	15.1	12.4
EV / Sales (x)	3.2	2.7	2.1	1.7	1.5
P/B (x)	6.0	5.3	4.6	4.1	3.6
RoE (%)	13.6	6.3	5.6	11.8	14.9
RoCE (%) - after tax	6.9	3.7	3.8	6.8	8.4
RoIC	20.9	9.7	8.2	12.5	15.7
DPS (Rs)	1.7	0.4	0.4	0.8	1.2
Dividend yield (%)	0.7	0.2	0.2	0.4	0.6
Dividend payout (%) - incl. DDT	30.4	14.6	14.6	14.6	14.6
Net debt / equity (x)	0.8	0.9	0.8	0.7	0.5
Receivables (days)	24	22	22	22	22
Inventory (days)	96	94	88	93	96
Payables (days)	55	59	60	60	60
CFO : PAT (%)	171.2	259.2	374.3	128.5	144.4

Source: Company, Anand Rathi Research

Fig 6 – Revenue Break-up (%)



Source: Company

Investment Thesis

A. Gaining Market Share in Core Laminate Business

GRLM is the leading player in Indian laminate market. Its revenue market share among the Top 3 laminate companies has risen to 45.5% in FY25 from 39.7% in FY19 driven by: (a) diversified manufacturing locations; (b) strong distribution network; (c) extensive presence in global market (>120 countries); and (d) significant expansion in capacity to 24.5m sheets in FY25 from 14m sheets in FY19, via both organic and inorganic expansion.

Fig 7 – GRLM gaining market share in core laminate business

Laminate revenue market share (%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Greenlam	39.7	40.6	41.7	43.2	41.1	44.9	45.5
Merino	43.4	42.7	39.6	38.6	37.7	35.0	33.6
Stylam	16.9	16.7	18.6	18.3	21.1	20.1	20.9

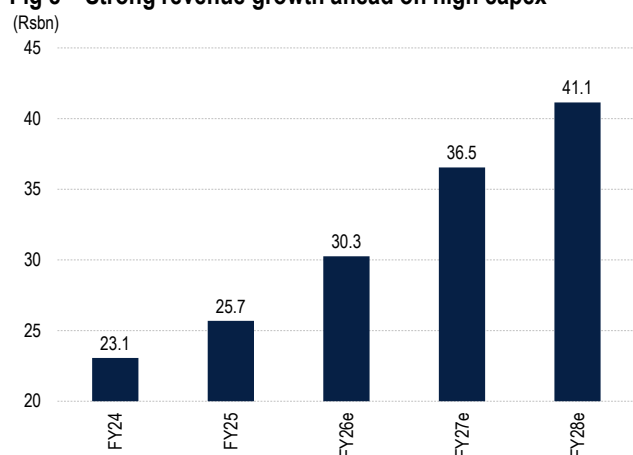
EBITDA margin (%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Greenlam	13.6	15.7	16.7	12.7	13.2	16.0	13.8
Merino	19.4	17.3	23.0	16.4	15.9	14.8	14.9
Stylam	17.3	17.3	20.1	15.7	16.3	20.2	18.1

Source: Company

B. Strong Revenue Growth Prospects

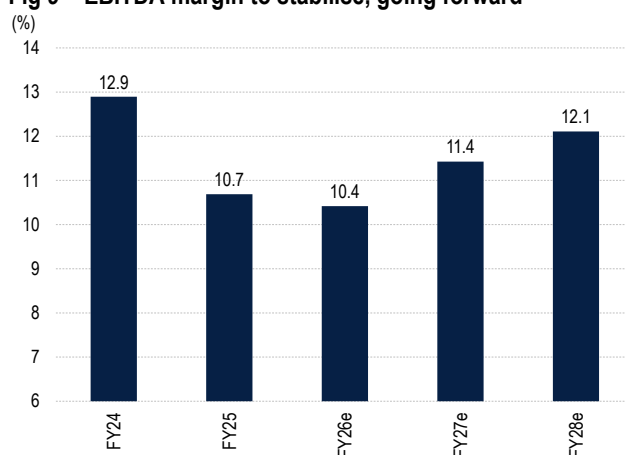
We expect its revenue/EBITDA/APAT to clock 26.5/34.7/68.6% CAGR over FY25-28e, driven by completion of a large capex and weak base. The company has incurred Rs15.3bn capex over FY23-25 to: (a) acquire a laminate facility in Gujarat; (b) set up a greenfield laminate facility in Andhra Pradesh; and (c) foray into plywood and particleboard segment to diversify its business risk profile.

Fig 8 – Strong revenue growth ahead on high capex

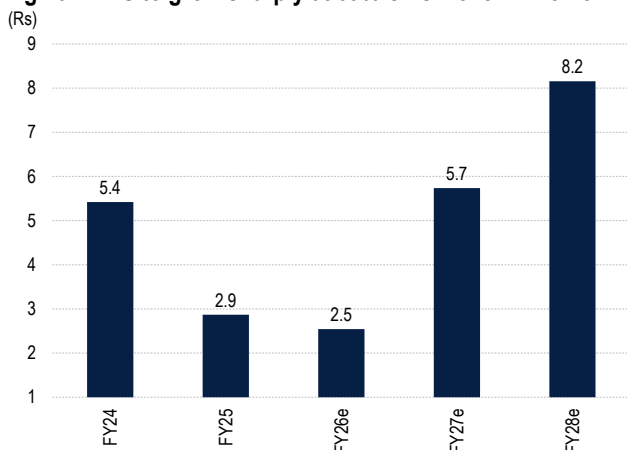


Source: Company, Anand Rathi Research

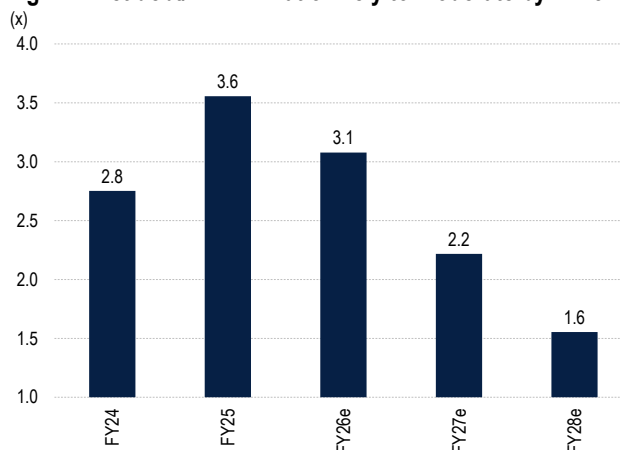
Fig 9 – EBITDA margin to stabilise, going forward



Source: Company, Anand Rathi Research

Fig 10 – EPS to grow sharply at 69% CAGR over FY25-28

Source: Company, Anand Rathi Research

Fig 11 – Net debt/EBITDA ratio likely to moderate by FY28

Source: Company, Anand Rathi Research

C. Poor Execution and Higher Capex to Drag Return Ratios

GRLM raised Rs1.95bn in Jul-22 via preferential QIP issue at Rs309/share to fund its aggressive capex. However, net debt/EBITDA ratio is expected to remain vulnerable at 3.1x in FY26e and is likely to remain at high level despite improvement to 1.6x by FY28. Further, GRLM's return ratios are likely to be impacted due to poor ramping up of plywood plant (segment reported EBITDA loss for the past 11 quarters due to low operating rate); and (b) significantly higher capex in particleboard project, which is likely to generate pre-tax RoCE of high-single-digit in most optimistic scenario.

Fig 12 – Segment-wise Business Risk Profile

Key segments	Capex (Rs bn)	Asset turnover (x)	Sustainable EBITDA margin (%)	ROCE profile
Laminate	2.9	2.6	15.0	Highest
Plywood	1.3	3.1	10.0	High
Particleboard	8.8	0.7	20.0	Very low
Others (maintenance)	2.4	-	-	-
Capex (FY23-25)	15.3			

Source: Company, Anand Rathi Research

Fig 13 – Particleboard segment to generate single digit RoCE in the best case

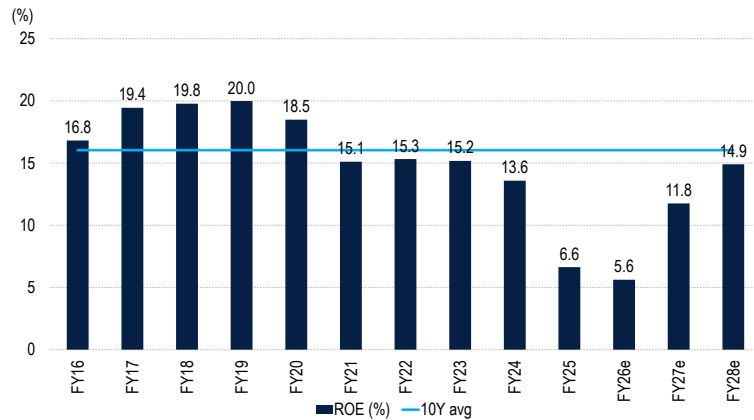
Particulars	Amount (Rs bn)	Remarks
Cost of setting up particleboard project	8.75	
Working capital	0.96	Assuming working capital days at 60
Capital Employed	9.71	
Capacity (CBM)	2,92,380	
Peak capacity utilization	90%	Plant operated at 41% in Q3FY26
Sales volume (CBM)	2,63,142	
Realization (Rs/CBM)	22,000	Realization stood at Rs18,706/CBM in Q3FY26
Revenue	5.79	
EBITDA margin (%)	20.0	
EBITDA	1.16	
D&A (@ 4%)	0.35	
EBIT	0.81	
Pre-tax ROCE (%)	8.32	

Source: Anand Rathi Research

D. RoE Profile Expected to Expand on Margin Improvement

We expect GRLM's RoE to improve from a low base of 6.6% in FY25 to 14.9% in FY28e, led by sweating of existing assets and improvement in margin across segments. However, its RoE is likely to remain slightly below its historical average due to poor ramping up plywood facility and substantial capital investment in particleboard projects (40% in FY25).

Fig 14 – RoE profile to expand on margin improvement across segments



Source: Company

Fig 15 – Segment-wise capital employed break-up

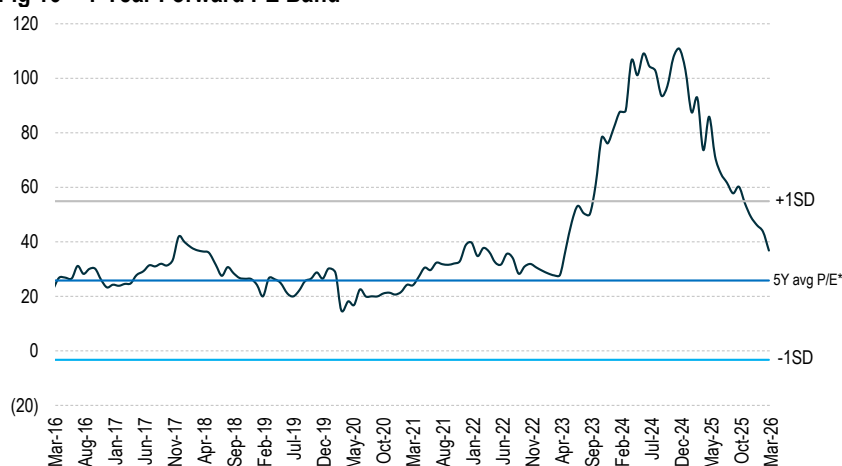
(%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Laminate	66	66	68	72	68	69	41
Plywood	34	34	32	28	32	31	19
Particleboard	-	-	-	-	-	-	40

Source: Company

Outlook and Valuation

We expect its revenue/EBITDA/APAT to clock by sharp 26.5/34.7/68.6% CAGR over FY25-28e, driven by completion of a large capex and lower base. At CMP, the stock trades at 36.8x on 1-year forward P/E vs. pre-COVID 5-year average of 25.8x. We are unenthusiastic on GRLM on account of: (a) weak balance sheet, as evident from high net debt/TTM EBITDA of 3.5x in Dec-25; (b) RoE to remain weak over the medium-term due to poor ramping up of plywood plant; (c) higher capex for particleboard project; and (d) expensive valuations. Hence, we maintain HOLD rating on GRLM with an unchanged TP of Rs245, valuing it at a P/E of 30x on FY28e EPS.

Fig 16 – 1-Year Forward PE Band



Source: BSE, Anand Rathi Research, *Pre-covid

Fig 17 - ARe vs. Bloomberg Estimates

GRLM (Rs bn)	ARe			Bloomberg			Change (%)		
	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e
Revenue	30.3	36.5	41.1	30.0	35.0	39.9	0.8	4.6	3.0
EBITDA	3.2	4.2	5.0	3.2	4.3	5.2	(0.4)	(3.6)	(4.9)
EBITDA margin	10.4	11.4	12.1	10.5	12.4	13.1	(12bps)	(97bps)	(101bps)
Adjusted PAT	0.6	1.5	2.1	0.6	1.7	2.4	1.7	(12.3)	(14.2)
Adjusted EPS (Rs)	2.5	5.7	8.2	2.5	6.5	9.5	1.5	(12.1)	(14.3)

Source: Bloomberg; Anand Rathi estimates

Fig 18 – Key Operational Assumptions

Parameter (%)	FY24	FY25	FY26e	FY27e	FY28e
Revenue mix					
Laminates	88	87	80	75	74
Veneer	9	8	8	7	7
Plywood	3	5	6	8	8
Particleboard	-	0	7	9	11
Sales volume growth					
Laminates	9.5	4.2	5.8	10.0	10.0
Plywood	NM	98.7	32.2	73.9	12.8
Particleboard	NA	NM	4,342.5	61.4	31.9
EBITDA margin					
Laminates	16.0	13.8	15.3	15.0	15.0
Veneer	(0.3)	0.2	(9.6)	(10.6)	(9.1)
Plywood	(51.8)	(19.2)	(6.9)	3.9	6.1
Particleboard	NA	(230.5)	(10.3)	6.4	11.1

Source: Company, Anand Rathi Research

Key Risks

- **Upside Risks:** (a) sharp pick-up in real estate sales; and (b) sharp turnaround in the plywood and particleboard operations.
- **Downside Risks:** (a) Loss of market share in core laminates business; and (b) steep volatility in key input prices.

Appendix

Analyst Certification

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