

## Another soft quarter on weak demand & intense competition

- Our building materials universe's revenue likely to grow at a muted pace for the eight consecutive quarter due to weak real estate activity
- Our BM universe's EBITDA margin to contract by 60bps YoY to 12.5% in Q3FY25 due to intense competition in a weak demand environment
- On a relative basis, plastic pipe to perform the best and wood panel the worst in Q3FY25

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**Building materials (BM):** We expect our BM universe revenue to grow at a muted pace (+7.1% YoY in Q3FY25) for the eight consecutive quarter mainly due to slowdown in pace of real estate activity. Furthermore, our BM universe EBITDA margin is projected to contract by 60bps YoY to 12.5% in Q3FY25 due to the rise of competitive intensity across segments in a weak demand environment. On a relative basis, plastic pipe is likely to perform the best and wood panel the worst in Q3FY25.

**Plastic pipes:** Our pipe universe volume is projected to grow at a slow rate of 7.5% YoY in Q3FY25 even over a weak base. Our pipe universe EBITDA per unit is expected to fall by 2.5% YoY to Rs 18.6/kg in Q3FY25 mainly due to impact of aggressive pricing strategy by SI. On a relative basis, SI is likely to post superior volume growth (+9% YoY) for the 12<sup>th</sup> straight quarter.

**Bathware:** We believe our bathware universe revenue will grow at 2.5% YoY, but EBITDA to decline by 3.9% YoY in Q3FY25 due to higher discounts offered to dealers in a weak demand environment.

**Tiles:** We forecast our tiles universe volume to grow at 6.4% YoY in Q3FY25, but EBITDA to contract by 2.9% YoY in Q3FY25 in anticipation of margin pressure (-100bps YoY to 12.5%) on account of intense competition from Morbi players and higher gas prices.

**Wood panels:** Our wood panels universe EBITDA is likely to contract on a YoY basis for the tenth consecutive quarter (-3.0% YoY in Q3FY25) due to margin pressure on account of unfavorable supply-demand fundamentals in MDF & particleboard, and rising timber prices.



**Fig 1 – Plastic Pipe earnings estimates – Q3FY25**

Particulars	Q3FY25E	Q3FY24	YoY (%)	Q2FY25	QoQ (%)
<b>SI – Consolidated</b>					
Pipe Volume (KT)	133.0	122.0	9.0	102.2	30.1
Pipe Realisation (Rs/kg)	137.8	134.7	2.3	140.6	(2.0)
Pipe EBITDA (Rs/kg)	22.1	21.6	1.9	21.0	5.2
Sales (Rs mn)	27,105	24,491	10.7	22,730	19.3
EBITDA (Rs mn)	4,058	3,788	7.1	3,192	27.1
EBITDA margin (%)	15.0	15.5	(50bps)	14.0	93bps
Adjusted PAT (Rs mn)	2,687	2,562	4.9	2,066	30.0
<b>ASTRA – Consolidated</b>					
Pipe Volume (KT)	56.4	52.7	7.0	50.8	11.2
Pipe Realisation (Rs/kg)	181.0	185.5	(2.4)	184.7	(2.0)
Pipe EBITDA (Rs/kg)	30.8	30.4	1.1	33.0	(6.8)
Sales (Rs mn)	14,606	13,702	6.6	13,704	6.6
EBITDA (Rs mn)	2,229	2,051	8.7	2,101	6.1
EBITDA margin (%)	15.3	15.0	29bps	15.3	(7bps)
Adjusted PAT (Rs mn)	1,205	1,139	5.8	1,110	8.5
<b>FNXP – Consolidated</b>					
Pipe Volume (KT)	85.4	81.3	5.0	69.3	23.1
Pipe Realisation (Rs/kg)	115.8	122.0	(5.0)	118.2	(2.0)
Pipe EBITDA (Rs/kg)	11.2	10.7	4.7	(3.8)	NM
Sales (Rs mn)	10,367	10,197	1.7	8,284	25.1
EBITDA (Rs mn)	1,491	1,199	24.3	106	NM
EBITDA margin (%)	14.4	11.8	262bps	1.3	1310bps
Adjusted PAT (Rs mn)	1,278	948	34.9	407	214.3
<b>PRINCIPIP – Standalone</b>					
Pipe Volume (KT)	41.4	42.7	(3.0)	43.3	(4.4)
Pipe Realisation (Rs/kg)	140.1	145.0	(3.4)	143.7	(2.5)
Pipe EBITDA (Rs/kg)	11.8	17.7	(33.7)	10.6	11.4
Sales (Rs mn)	5,797	6,186	(6.3)	6,221	(6.8)
EBITDA (Rs mn)	486	757	(35.7)	457	6.5
EBITDA margin (%)	8.4	12.2	(384bps)	7.3	105bps
Adjusted PAT (Rs mn)	171	376	(54.5)	147	16.4
<b>APOLP – Consolidated</b>					
Pipe Volume (KT)	25.3	18.9	33.8	20.2	25.3
Pipe Realisation (Rs/kg)	119.6	117.4	1.9	124.3	(3.7)
Pipe EBITDA (Rs/kg)	9.8	10.7	(7.7)	9.6	2.3
Sales (Rs mn)	3,022	2,216	36.4	2,504	20.7
EBITDA (Rs mn)	249	201	23.5	194	28.2
EBITDA margin (%)	8.2	9.1	(86bps)	7.7	48bps
Adjusted PAT (Rs mn)	72	91	(20.4)	42	72.9

Source: Companies, BOBCAPS Research

**Fig 2 – Ceramics earnings estimates – Q3FY25**

Particulars	Q3FY25E	Q3FY24	YoY (%)	Q2FY25	QoQ (%)
<b>CRS – Consolidated</b>					
Sales (Rs mn)	4,797	4,389	9.3	4,926	(2.6)
EBITDA (Rs mn)	732	614	19.2	721	1.6
EBITDA margin (%)	15.3	14.0	126bps	14.6	63bps
Adjusted PAT (Rs mn)	576	509	13.1	680	(15.3)
<b>Hindware – Consolidated</b>					
Bathware revenue (Rs mn)	3,815	4,016	(5.0)	3,602	5.9
Bathware EBITDA margin (%)	10.0	13.6	(357bps)	9.5	53bps
Pipe revenue (Rs mn)	1,844	1,740	5.9	1,871	(1.5)
Pipe EBITDA margin (%)	7.0	7.7	(70bps)	6.8	21bps
Consumer appliances revenue (Rs mn)	1,012	1,124	(10.0)	825	22.6
Consumer appliances EBITDA margin (%)	(7.0)	(4.1)	(291bps)	(8.7)	172bps
Sales (Rs mn)	6,670	6,926	(3.7)	6,298	5.9
EBITDA (Rs mn)	342	503	(32.1)	297	15.0
EBITDA margin (%)	5.1	7.3	(214bps)	4.7	41bps
Adjusted PAT (Rs mn)	(89)	42	NM	(148)	39.6
<b>KJC – Consolidated</b>					
Tiles Volume (MSM)	29.0	27.1	7.2	28.7	1.1
Tiles Realisation (Rs/sqm)	370.9	374.0	(0.8)	367.1	1.0
Sales (Rs mn)	12,332	11,518	7.1	11,793	4.6
EBITDA (Rs mn)	1,784	1,788	(0.2)	1,589	12.3
EBITDA margin (%)	14.5	15.5	(105bps)	13.5	99bps
Adjusted PAT (Rs mn)	1,070	1,042	2.7	843	27.0
<b>SOMC – Consolidated</b>					
Tiles Volume (MSM)	16.5	15.8	5.0	17.8	(7.1)
Tiles Realisation (Rs/sqm)	318.6	327.8	(2.8)	319.0	(0.1)
Sales (Rs mn)	6,169	6,121	0.8	6,663	(7.4)
EBITDA (Rs mn)	526	590	(10.9)	560	(6.1)
EBITDA margin (%)	8.5	9.6	(112bps)	8.4	12bps
Adjusted PAT (Rs mn)	157	213	(26.1)	171	(8.3)

Source: Companies, BOBCAPS Research

**Fig 3 – Wood Panel earnings estimates – Q3FY25**

Particulars	Q3FY25E	Q3FY24	YoY (%)	Q2FY25	QoQ (%)
<b>CPBI – Consolidated</b>					
Sales (Rs mn)	10,632	9,374	13.4	11,836	(10.2)
EBITDA (Rs mn)	1,171	1,061	10.4	1,113	5.2
EBITDA margin (%)	11.0	11.3	(30bps)	9.4	161bps
Adjusted PAT (Rs mn)	552	627	(12.0)	400	37.9
<b>Volumes</b>					
Plywood (CBM)	98,121	89,201	10.0	1,11,945	(12.3)
Laminates (mn sheet)	2.2	1.9	13.0	1.9	15.3
MDF (CBM)	94,139	55,376	70.0	94,126	0.0
Particleboard (CBM)	19,857	18,386	8.0	19,811	0.2
<b>EBITDA margin (%)</b>					
Plywood	12.9	8.3	462bps	13.6	(65bps)
Laminates	11.0	12.4	(142bps)	4.1	688bps
MDF	7.0	18.6	(1158bps)	2.3	470bps
Particleboard	10.0	17.0	(704bps)	5.5	449bps
<b>GRLM – Consolidated</b>					
Laminates volume (mn sheet)	5.3	4.7	13.5	5.4	(2.0)
Laminates EBITDA margin (%)	15.0	15.8	(85bps)	14.7	31bps
Sales (Rs mn)	6,647	5,634	18.0	6,808	(2.4)
EBITDA (Rs mn)	816	711	14.8	814	0.3
EBITDA margin (%)	12.3	12.6	(34bps)	12.0	32bps
Adjusted PAT (Rs mn)	318	253	25.8	344	(7.8)
<b>GREENP – Consolidated</b>					
MDF volume (CBM)	1,21,201	1,18,301	2.5	1,01,546	19.4
MDF EBITDA margin (%)	9.0	17.8	(876bps)	9.9	(86bps)
Sales (Rs mn)	3,915	3,857	1.5	3,369	16.2
EBITDA (Rs mn)	325	603	(46.0)	299	8.9
EBITDA margin (%)	8.3	15.6	(732bps)	8.9	(56bps)
Adjusted PAT (Rs mn)	120	347	(65.4)	97	23.9
<b>MTLM – Consolidated</b>					
Sales (Rs mn)	6,224	5,821	6.9	6,405	(2.8)
EBITDA (Rs mn)	543	504	7.7	576	(5.8)
EBITDA margin (%)	8.7	8.7	6bps	9.0	(27bps)
Adjusted PAT (Rs mn)	143	214	(33.2)	145	(1.7)
<b>Volumes</b>					
Plywood (mn sqm)	19.0	17.8	6.7	20.2	(6.0)
MDF (CBM)	45,000	41,928	7.3	40,553	11.0
<b>EBITDA margin (%)</b>					
Plywood	7.8	6.9	90bps	8.3	(50bps)
MDF	11.8	13.5	(172bps)	11.8	0bps

Source: Companies, BOBCAPS Research

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