

## Earnings Preview: Q4FY24 performance to remain lacklustre

- Our building materials universe revenue to grow at a tepid pace for the fifth consecutive quarter on weak demand and lower realisations
- We expect our BM universe EBITDA to be flat YoY in Q4FY24 due to the rise of competitive intensity in a muted demand environment
- On a relative basis, plastic pipes is likely to perform the best, whereas wood panel is likely to perform the worst in Q4FY24

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**Building materials (BM):** We believe our BM universe revenue will likely grow at a tepid pace for the fifth consecutive quarter (Q4FY24: +7.8% YoY), driven by weak demand and lower realisations. We expect the consolidated EBITDA of our BM universe to be flat YoY in Q4FY24 due to weak performance across segments on account of the rise in competitive intensity in a subdued demand environment and high base effect. On a relative basis, we believe plastic pipes is likely to post better performance driven by strong volume growth (+21.3% YoY), whereas wood panels is likely to post the worst performance due to sharp margin contraction in MDF (medium density fibreboard) and particleboard in Q4FY24.

**Plastic pipes:** We expect our pipe universe volume to grow at a healthy 21.3% YoY in Q4FY24, driven by continued good demand from the plumbing and infrastructure segments. However, we believe our pipe universe EBITDA will decline by 3.2% YoY in Q4FY24 due to margin pressure from aggressive pricing action by the industry leader (i.e. SI took aggressive pricing action in Q3FY24 to gain market share) and high base. On a relative basis, SI (+30% YoY) is likely to post better volume growth, whereas PRINCPIN (+13% YoY) is likely to post inferior volume growth in Q4FY24.

**Bathware:** We believe our bathware universe revenue/EBITDA will grow at a nominal 5.8%/4.4% YoY in Q4FY24 due to weak consumer sentiments.

**Tiles:** We forecast our tiles universe revenue will grow at a nominal 5.0% YoY in Q4FY24 due to weak demand and rise in competitive intensity from Morbi players in the domestic market. We expect our tiles universe EBITDA to increase by 11.6% YoY in Q4FY24 due to the impact of favourable gas prices and weak base effect.

**Wood panels:** We expect our wood panels universe revenue to grow at a healthy 15.2% YoY in Q4FY24 due to contributions from newly commissioned units. However, we believe the segment EBITDA will rise at a nominal 4.2% YoY in Q4FY24 due to continued margin pressure in the MDF and particleboard segments. On a relative basis, we expect MTLM (+44.5% YoY) to post superior EBITDA growth whereas CPBI will likely report inferior EBITDA (-10.3% YoY) in Q4FY24.

### Recommendation snapshot

Ticker	Price	Target	Rating
APOLP IN	668	600	SELL
ASTRA IN	2,025	2,000	HOLD
CPBI IN	644	700	HOLD
CRS IN	7,418	7,700	HOLD
FNXP IN	255	230	HOLD
GREENP IN	329	400	HOLD
GRLM IN	588	500	HOLD
HINDWARE IN	406	600	BUY
KJC IN	1,253	1,400	HOLD
MTLM IN	265	300	BUY
PRINCPIN IN	609	650	HOLD
SI IN	4,310	4,300	HOLD
SOMC IN	619	900	BUY

Price & Target in Rupees | Price as of 8 Apr 2024



**Fig 1 – Plastic Pipe Earnings Estimate - Q4FY24**

Particulars	Q4FY24E	Q4FY23	YoY (%)	Q3FY24	QoQ (%)
<b>SI – Consolidated</b>					
Pipe Volume (KT)	146.0	112.3	30.0	122.0	19.7
Pipe Realisation (Rs/kg)	136.1	157.7	(13.7)	134.7	1.0
Pipe EBITDA (Rs/kg)	25.9	33.4	(22.6)	21.6	19.4
Sales (Rs mn)	28,511	25,983	9.7	24,491	16.4
EBITDA (Rs mn)	5,062	4,803	5.4	3,788	33.6
EBITDA margin (%)	17.8	18.5	(73bps)	15.5	228bps
Adjusted PAT (Rs mn)	3,476	3,594	(3.3)	2,562	35.7
<b>ASTRA – Consolidated</b>					
Pipe Volume (KT)	65	54	20.0	53	23.9
Pipe Realisation (Rs/kg)	187	204	(8.2)	185	1.0
Pipe EBITDA (Rs/kg)	37.5	46.1	(18.7)	30.4	23.1
Sales (Rs mn)	16,816	15,062	11.6	13,702	22.7
EBITDA (Rs mn)	3,106	3,089	0.5	2,051	51.4
EBITDA margin (%)	18.5	20.5	(204bps)	15.0	350bps
Adjusted PAT (Rs mn)	1,968	2,071	(4.9)	1,139	72.8
<b>FNXP – Consolidated</b>					
Pipe Volume (KT)	94	81	15.0	81	15.2
Pipe Realisation (Rs/kg)	122	135	(9.9)	122	0.0
Pipe EBITDA (Rs/kg)	12.0	12.3	(2.2)	10.7	12.6
Sales (Rs mn)	11,932	11,411	4.6	10,197	17.0
EBITDA (Rs mn)	2,015	2,174	(7.3)	1,199	68.1
EBITDA margin (%)	16.9	19.1	(217bps)	11.8	513bps
Adjusted PAT (Rs mn)	1,598	1,584	0.9	889	79.7
<b>PRINCIPIP – Standalone</b>					
Pipe Volume (KT)	50	44	13.0	43	17.4
Pipe Realisation (Rs/kg)	144	172	(16.8)	145	(1.0)
Pipe EBITDA (Rs/kg)	19.5	33.5	(41.6)	17.7	10.2
Sales (Rs mn)	7,188	7,644	(6.0)	6,186	16.2
EBITDA (Rs mn)	979	1,483	(34.0)	757	29.3
EBITDA margin (%)	13.6	19.4	(579bps)	12.2	138bps
Adjusted PAT (Rs mn)	564	941	(40.1)	376	49.8
<b>APOLP – Standalone</b>					
Pipe Volume (KT)	22	19	20.0	19	18.8
Pipe Realisation (Rs/kg)	119	135	(12.0)	117	1.0
Pipe EBITDA (Rs/kg)	13.7	15.7	(12.7)	10.7	28.9
Sales (Rs mn)	2,659	2,519	5.6	2,216	20.0
EBITDA (Rs mn)	308	294	4.8	201	53.1
EBITDA margin (%)	11.6	11.7	(9bps)	9.1	251bps
Adjusted PAT (Rs mn)	333	160	107.6	941	(64.7)

Source: BOBCAPS Research

**Fig 2 – Ceramics Earnings Estimate - Q4FY24**

Particulars	Q4FY24E	Q4FY23	YoY (%)	Q3FY24	QoQ (%)
<b>CRS – Consolidated</b>					
Sales (Rs mn)	5,665	5,325	6.4	4,389	29.1
EBITDA (Rs mn)	920	872	5.5	614	49.7
EBITDA margin (%)	16.2	16.4	(14bps)	14.0	224bps
Adjusted PAT (Rs mn)	725	665	9.1	509	42.6
<b>Hindware – Consolidated</b>					
Bathware revenue (Rs mn)	4,284	4,080	5.0	4,016	6.7
Bathware EBITDA margin (%)	15.0	15.3	(32bps)	13.6	143bps
Pipe revenue (Rs mn)	1,981	2,192	(9.6)	1,740	13.9
Pipe EBITDA margin (%)	9.0	10.8	(177bps)	7.7	130bps
Consumer appliances revenue (Rs mn)	1,212	1,275	(5.0)	1,124	7.8
Consumer appliances EBITDA margin (%)	(3.0)	2.9	(590bps)	(4.1)	109bps
Sales (Rs mn)	7,526	7,679	(2.0)	6,929	8.6
EBITDA (Rs mn)	685	826	(17.1)	506	35.2
EBITDA margin (%)	9.1	10.8	(166bps)	7.3	179bps
Adjusted PAT (Rs mn)	159	228	(30.4)	45	250.8
<b>KJC – Consolidated</b>					
Tiles Volume (MSM)	30.0	28.0	7.0	27.1	10.7
Sales (Rs mn)	12,737	12,048	5.7	11,518	10.6
EBITDA (Rs mn)	1,948	1,759	10.7	1,788	8.9
EBITDA margin (%)	15.3	14.6	69bps	15.5	(23bps)
Adjusted PAT (Rs mn)	1,171	1,114	5.2	1,042	12.4
<b>SOMC – Consolidated</b>					
Tiles Volume (MSM)	18.6	17.6	5.5	15.8	17.9
Sales (Rs mn)	7,050	6,792	3.8	6,121	15.2
EBITDA (Rs mn)	698	610	14.4	590	18.2
EBITDA margin (%)	9.9	9.0	92bps	9.6	25bps
Adjusted PAT (Rs mn)	293	252	16.3	213	37.8

Source: BOBCAPS Research

**Fig 3 – Wood Panel Earnings Estimate - Q4FY24**

Particulars	Q4FY24E	Q4FY23	YoY (%)	Q3FY24	QoQ (%)
<b>CPBI – Consolidated</b>					
Sales (Rs mn)	10,503	9,654	8.8	9,374	12.0
EBITDA (Rs mn)	1,469	1,638	(10.3)	1,061	38.5
EBITDA margin (%)	14.0	17.0	(298bps)	11.3	267bps
Adjusted PAT (Rs mn)	920	1,146	(19.7)	627	46.9
<b>Volumes</b>					
Plywood (CBM)	107,073	97,339	10.0	89,201	20.0
Laminates (mn sheet)	2.2	1.8	25.0	1.9	16.3
MDF (CBM)	58,501	46,801	25.0	55,376	5.6
Particleboard (CBM)	18,908	16,733	13.0	18,386	2.8
<b>EBITDA margin (%)</b>					
Plywood	12.5	15.3	(289bps)	8.3	413bps
Laminates	13.5	13.3	16bps	12.4	108bps
MDF	19.0	26.2	(717bps)	18.6	42bps
Particleboard	18.0	18.5	(48bps)	17.0	96bps
<b>GRLM – Consolidated</b>					
Laminates volume (mn sheet)	5.4	4.7	15.4	4.7	15.9
Laminates EBITDA margin (%)	16.0	15.6	40bps	15.8	15bps
Sales (Rs mn)	6,506	5,338	21.9	5,634	15.5
EBITDA (Rs mn)	869	741	17.3	711	22.1
EBITDA margin (%)	13.3	13.9	(52bps)	12.6	72bps
Adjusted PAT (Rs mn)	380	397	(4.3)	253	50.6
<b>GREENP – Consolidated</b>					
MDF volume (CBM)	142,950	137,265	4.1	118,301	20.8
MDF EBITDA margin (%)	18.0	20.0	(204bps)	17.8	24bps
Sales (Rs mn)	4,509	4,414	2.2	3,857	16.9
EBITDA (Rs mn)	738	762	(3.1)	603	22.5
EBITDA margin (%)	16.4	17.3	(89bps)	15.6	75bps
Adjusted PAT (Rs mn)	423	689	(38.6)	347	22.0
<b>MTLM – Consolidated</b>					
Sales (Rs mn)	6,245	4,692	33.1	6,208	0.6
EBITDA (Rs mn)	687	476	44.5	568	21.1
EBITDA margin (%)	11.0	10.1	87bps	9.1	186bps
Adjusted PAT (Rs mn)	284	111	156.7	202	40.4
<b>Volumes</b>					
Plywood (mn sqm)	18.8	17.0	10.4	17.8	5.4
MDF (CBM)	48,000	-	-	41,928	14.5
<b>EBITDA margin (%)</b>					
Plywood	10.4	10.4	(4bps)	7.3	309bps
MDF	13.0	-	-	13.2	(24bps)

Source: BOBCAPS Research

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