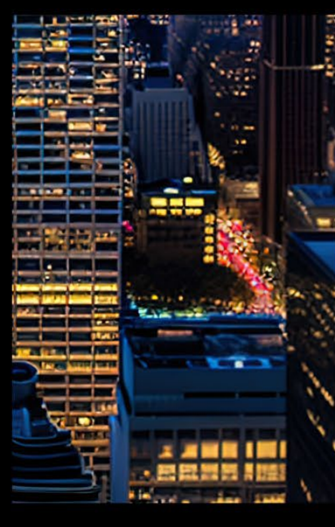


Building Products



Cyclical pause | Solid foundation

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Building Products



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2025



Century Plyboards (CPBI)

Market-cap (INR b)	168
CMP (INR)	753
TP (INR)	958
Upside	27%

Cera Sanitaryware (CRS)

Market-cap (INR b)	71
CMP (INR)	5,486
TP (INR)	5,842
Upside	6%

Kajaria Ceramics (KJC)

Market-cap (INR b)	174
CMP (INR)	1,091
TP (INR)	1,252
Upside	15%

Cyclical pause | Solid foundation

Following a slowdown over the past two to three years, we expect the building products sector – including wood panel and tiles & bathware – to experience a recovery from 2HFY26. This revival will be underpinned by low unsold housing inventory and the spillover of project launches from FY25 into FY26. The industry is poised to benefit from the expansion of the real estate sector, increased government focus on infrastructure and housing, growing premiumization and urbanization, and the implementation of the Bureau of Indian Standards (BIS) that promotes quality manufacturing. We initiate coverage on Century Plyboards (CPBI; BUY) and Cera Sanitaryware (CRS; NEUTRAL) and reiterate our BUY rating on Kajaria Ceramics (KJC).

Tough times to fade away; structural drivers intact

Demand in the wood panel and tiles & bathware segments surged during Covid-19 (FY21-22), aided by a surge in sales of housing units and renovation work. Companies reported peak earnings in FY24 (tiles & bathware) and FY23 (wood panel). Brands enjoyed market share gains and margin upticks due to less competition and strong volumes as unorganized players faced challenges in operating their businesses. However, demand softened from 2HFY24 due to the preponement of sales in the previous two to three years, moderation in housing sales, and the overall inflationary scenario. Despite hiccups seen in the last 2-3 years, we believe structural drivers remain intact.

Low unsold inventory and a spill over of project launches to boost demand

India's real estate sector is the primary catalyst for building products. According to Knight Frank, real estate contribution to GDP is expected to increase to ~15.5% in FY47 from 6.5% in FY25, supported by the country's strong fundamentals, infrastructure push, and resilient rural demand. A record low unsold inventory and the highest ever launches and absorption seen in FY24 drove strong demand for building products over FY22-24. However, a sharper 10% YoY dip in absorption, compared to a 5% decline in launches in FY25 – affected by state and central elections, approval delays, et al. – led to a rise in unsold inventory to 14.4 months for the first time in five years. This also suppressed demand for building products during the period. Most launches that were not executed in FY25 have now been pushed to FY26, which is expected to boost buyer sentiment and lead to an uptick in demand for building products starting in FY26. The average realization clocked an 11% CAGR (up 11%/15% YoY in FY24/FY25) over FY21-25 (post-Covid), indicating a growing buyer preference for premium/luxury homes. This augurs well for the demand for branded building products.

Initiate coverage on CPBI (BUY; TP 958) and CRS (NEUTRAL; TP 5,842), and reiterate our BUY rating on KJC (TP 1,252)

Low volumes and elevated raw material costs hurt the margins and earnings of building products companies over the past 2-3 years. Return ratios of these companies also look depressed in many cases due to a surge in capex since FY22. Driven by the expectation of demand improvement from 2HFY26 and the end of large-scale capex carried out in the past 2-3 years, we anticipate these companies to report healthy improvement in earnings and return ratios over FY25-28. Thus, following significant underperformance over the last 2-3 years, we now see healthy return potential in CPBI, followed by KJC.

CPBI: Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	45.3	53.0	59.1
EBITDA	4.9	6.7	9.0
Adj PAT	2.0	2.9	5.0
EPS (INR)	8.9	13.1	22.4
EPS Gr. (%)	-41.1	46.6	71.4
BV/Sh (INR)	106.3	117.4	137.3
Ratios			
RoE (%)	8.4	11.1	16.3
RoCE (%)	10.4	12.8	18.2
Payout (%)	18.0	15.3	11.1
Valuations			
P/E (x)	84.3	57.5	33.6
P/BV (x)	7.1	6.4	5.5
EV/EBITDA(x)	37.6	26.8	19.6
Div Yield (%)	0.2	0.3	0.3

CRS: Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	19.3	20.1	22.5
EBITDA	3.0	2.9	3.4
Adj PAT	2.5	2.4	2.7
EPS (INR)	192.3	186.2	209.3
EPS Gr. (%)	3.1	-3.2	12.4
BV/Sh (INR)	1,049.5	1,170.7	1,305.0
Ratios			
RoE (%)	18.3	15.9	16.0
RoCE (%)	22.4	21.3	21.6
Payout (%)	34.0	34.9	35.8
Valuations			
P/E (x)	28.5	29.5	26.2
P/BV (x)	5.2	4.7	4.2
EV/EBITDA(x)	21.5	21.4	17.9
Div Yield (%)	1.2	1.2	1.4

KJC: Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	46.4	49.0	54.2
EBITDA	6.3	8.6	9.6
Adj PAT	2.9	5.4	6.1
EPS (INR)	18.5	33.6	38.4
EPS Gr. (%)	-30.3	81.8	14.2
BV/Sh (INR)	172	194	218
Ratios			
RoE (%)	10.7	17.3	17.6
RoCE (%)	17.3	23.6	24.2
Payout (%)	48.7	35.7	36.5
Valuations			
P/E (x)	59.0	32.5	28.4
P/BV (x)	6.3	5.6	5.0
EV/EBITDA(x)	27.2	19.3	17.0
Div Yield (%)	0.8	1.1	1.3

CPBI (CMP: INR753, TP: INR958 (+27%); initiate coverage with a BUY)

We initiate coverage on CPBI with a BUY rating and a TP of INR958, premised on 36x Sep'27 P/E (same as its 1-year forward 10-year average). While the wood panel industry has faced multiple headwinds related to demand and margins over the past 2-3 years, the medium-to-long-term outlook remains intact, fueled by a jump in real estate registrations, commercial projects under implementation, a rise in private capex, and a demand shift to branded players. We believe CPBI is well placed to capitalize on a demand pickup in the housing sector. We see it as a strong play on the growing interior infrastructure market in India with a comprehensive product portfolio, strong brand recall, and a wide distribution network. CPBI commands better pricing power in the market due to its premium positioning backed by high brand recall, better channel support, and after-sales services. We expect CPBI to clock a 15%/32%/51% CAGR in revenue/EBITDA/PAT over FY25-28, after a low 12%/8%/5% CAGR during FY19-25. The current depressed RoE/RoCE (due to heavy capex) is expected to improve to ~18%/23% in FY28 with a ramp-up in utilization.

CRS (CMP: INR5,486, TP: INR5,842 (+6%); initiate coverage with a NEUTRAL)

We initiate coverage on CRS with a NEUTRAL rating and a TP of INR5,842, based on 26x Sep'27 P/E (vs. its 1-year forward 10-year average of ~33x). We assign a 15% discount to KJC's target P/E of 30x due to its lower earnings growth expectation. Notwithstanding the prevailing economic slowdown, management maintains an optimistic demand outlook, underpinned by steady demand for home improvement. Following a moderate 6%/7%/14% CAGR in revenue/EBITDA/PAT over FY19-25, we estimate a 9%/10%/8% CAGR over FY25-28E, respectively, in line with industry growth. CRS's EBITDA margin is likely to remain stable in the 14-16% range, slightly lower than previously guided by the management. Healthy operating performance, combined with a disciplined credit policy, will enable CRS to generate strong FCF (~INR6b over FY25-28), increasing its cash surplus to over INR10b in FY28 from ~INR6b currently. Although the substantial cash balance could suppress its RoE to ~16%, we estimate a high RoIC of ~47% in the coming years.

KJC (CMP: INR1,091, TP: INR1,252 (+15%), reiterate BUY)

We like KJC due to its 1) numero uno status in tiles, 2) execution capabilities, 3) strong FCF, and 4) focus on market share gains led by expansion in distribution reach. Notwithstanding the near-term weakness in volume and margins, we believe KJC's medium-to-long-term outlook is quite robust. Management hopes for a demand revival from 2HFY26, aided by improving consumer sentiment due to easing inflation and cuts in GST rates on essential items. KJC also aims for a 17%+ EBITDA margin to sustain, led by various cost optimization measures. Thus, after a low 8%/6%/4% CAGR in revenue/EBITDA/PAT over FY19-25, we project a CAGR of 10%/20%/34% over FY25-28, with an RoE/RoCE/RoIC of ~18%/25%/36% and strong FCF (~INR5b annually). KJC's stock price has been consolidating for the past three years owing to a moderation in demand and margins. Driven by our expectation of improving demand, we reiterate our BUY rating on KJC with a TP of INR1,252, premised on 30x Sep'27E P/E. A lower multiple to its 1-year forward 10-year average of ~40x is assigned, as volume recovery is yet to be seen.

Exhibit 1: Peer comparison valuation table -1

	M-cap	Reco	CMP	TP	Upside	Target PE x	P/E				EPS (INR)			
	(INR b)						(INR)	(%)	Sep'27E	FY25	FY26E	FY27E	FY28E	FY25
Wood Panel														
Century Plyboards	168	BUY	753	958	27	36	84	58	34	24	9	13	22	31
Greenpanel Industries	31	Not Rated	256	-	-	-	44	344	21	16	6	1	12	16
Greenply Industries	35	Not Rated	280	-	-	-	38	34	19	14	7	8	15	20
Greenlam Industries	63	Not Rated	247	-	-	-	90	56	29	21	3	4	8	12
Stylam Industries	35	Not Rated	2,051	-	-	-	29	23	19	15	72	87	108	139
Tiles & Bathware														
Cera Sanitaryware	71	NEUTRAL	5,486	5,842	6	26	29	29	26	23	192	186	209	240
Kajaria Ceramics	174	BUY	1,091	1,252	15	30	59	32	28	24	18	34	38	45
Carysil	27	Not Rated	950	-	-	-	42	25	20	16	22	37	48	60
Somany Ceramics	18	Not Rated	432	-	-	-	29	27	14	10	15	16	30	43

Note: CMP as on 24-Nov-25

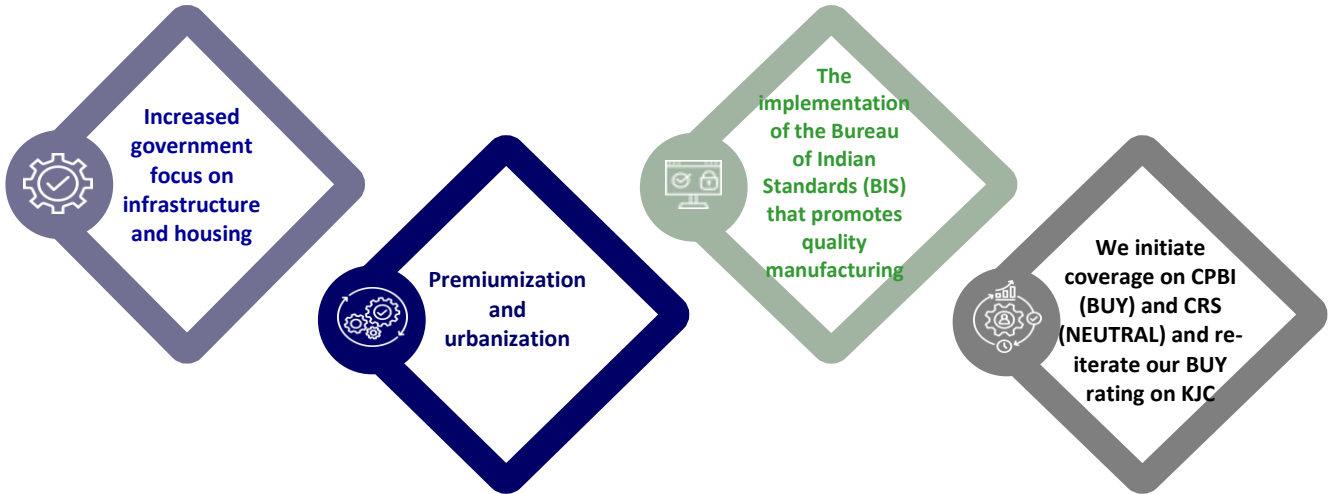
Source: Bloomberg, MOFSL

Exhibit 2: Peer comparison valuation table -2

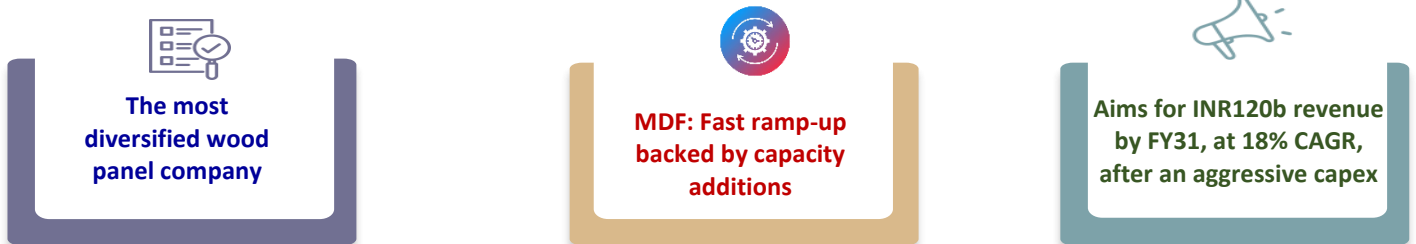
	CAGR FY19-25			CAGR FY25-28E			RoE (%)				RoCE (%)				RoIC (%)			
	Revenue	EBITDA	PAT	Revenue	EBITDA	PAT	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Wood Panel																		
CPBI	12	8	5	15	32	51	8	11	16	18	10	13	18	23	12	14	19	24
GREENP	16	9	13	14	38	39	5	1	10	13	4	2	12	15	5	2	11	15
MTLM	10	9	2	7	20	41	11	11	17	19	15	17	20	24	16	18	22	27
GRLM	12	10	(2)	19	30	64	6	9	15	18	8	12	16	21	9	12	16	22
SYIL	14	15	21	18	23	25	19	19	19	20	27	28	27	29	31	31	29	33
Tiles & Bathware																		
CRS	6	7	14	9	10	8	18	16	16	16	22	21	22	22	44	41	45	47
KJC	8	6	4	10	20	34	11	17	18	18	17	24	24	25	19	29	32	36
CARYSIL	22	23	24	20	27	39	12	17	18	19	15	20	22	24	16	22	25	27
SOMC	8	5	1	10	19	42	8	8	14	17	12	13	18	22	12	13	19	25

Source: Bloomberg, MOFSL

The Building Products industry is poised to benefit from the expansion of the real estate sector



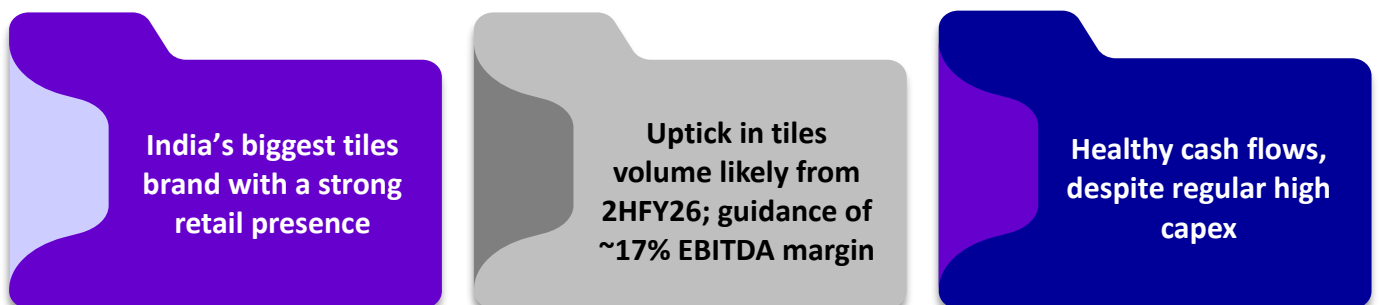
Century Plyboards: Crafting leadership in every panel!



Cera Sanitaryware: Enduring leadership in sanitary spaces

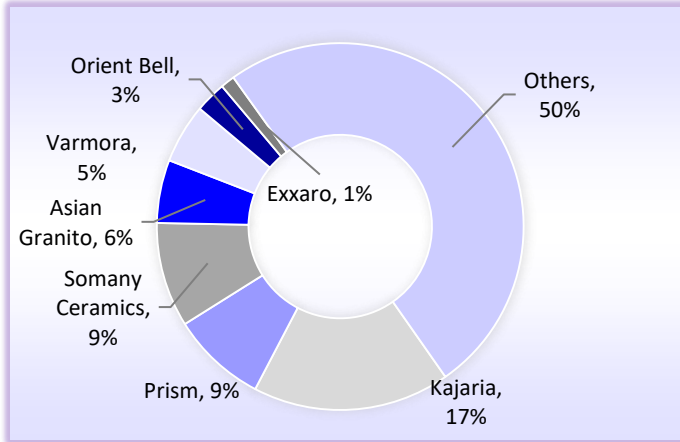


Kajaria Ceramics: Built on strength, backed by cash!

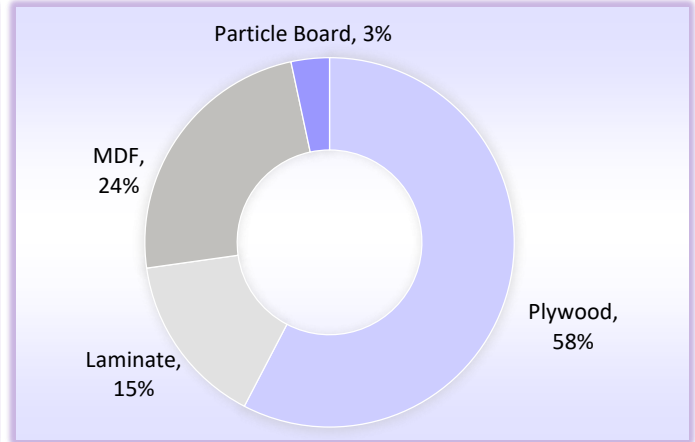


Story in Charts

KJC is the largest tile brand in India (organized market share)



CPBI, the most diversified wood panel player (FY25 sales mix)



CRS is a leading sanitaryware and bathware company

Total market size (INR b) 331.0

Organised market share 62%

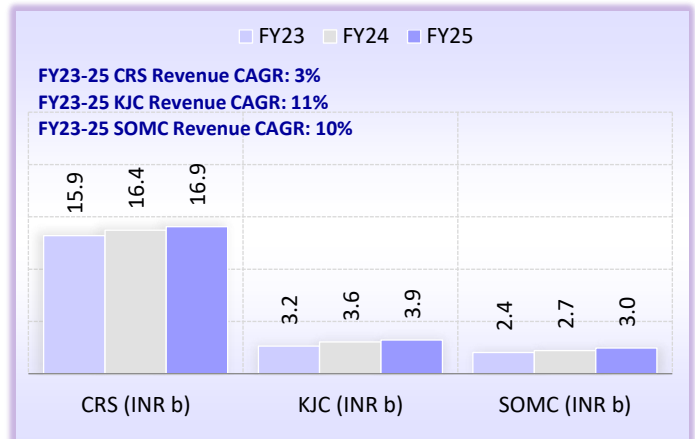
Organised market (INR b) 205.2

CRS' FY25 revenue (INR b) 16.9

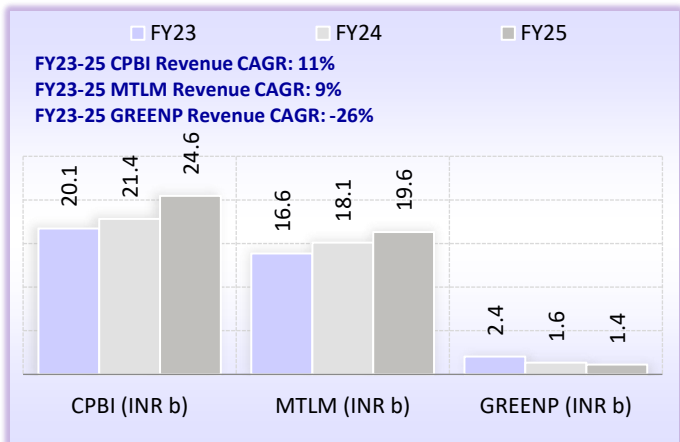
CRS' total market share (%) 5.1

CRS' organised market share (%) 8.2

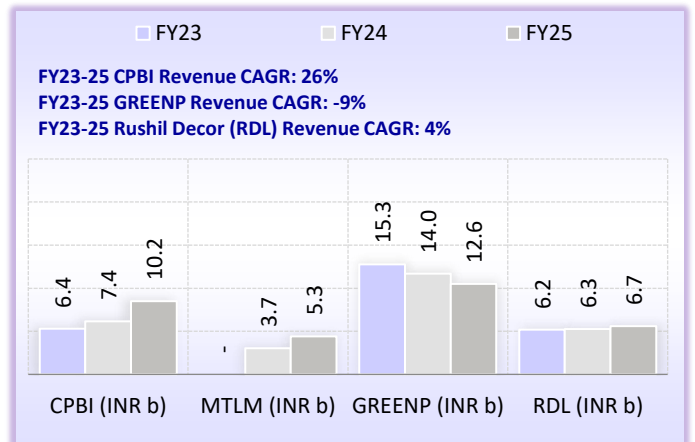
Sanitaryware and bathware: KJC and SOMC has clocked 10%+ revenue CAGR over FY23-25 while CRS grew at 3%



Plywood revenue trend (FY23-25): CPBI has grown at the fastest pace among peers

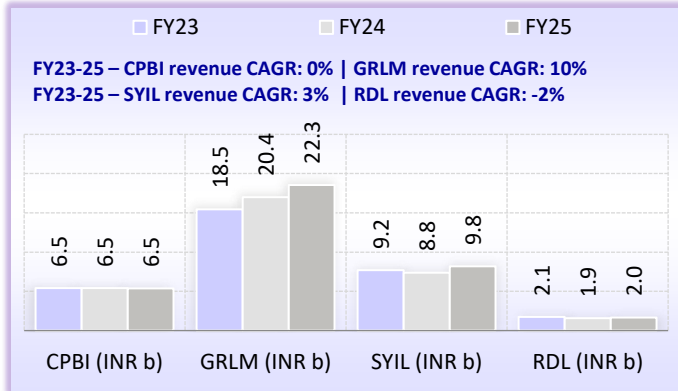


MDF revenue trend (FY23-25): CPBI has grown at the fastest pace among peers

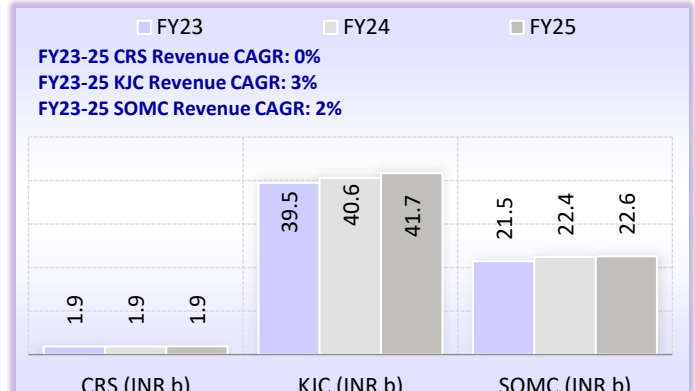


Story in Charts

Laminates revenue trend (FY23-25): GRIM has clocked the highest growth among peers, followed by SYIL

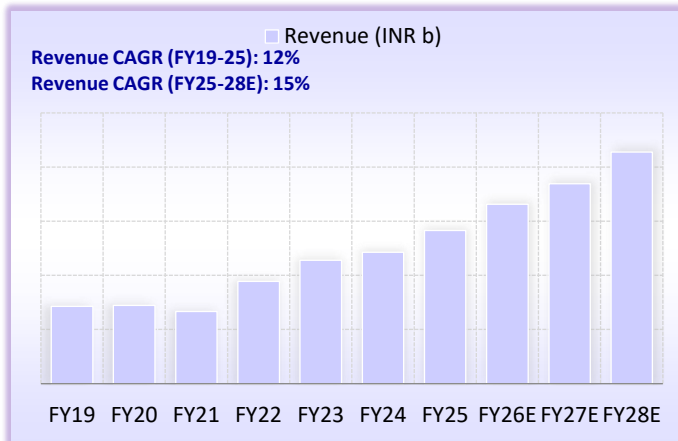


Tiles revenue trend (FY23-25): Leading players clocked muted growth amid challenging demand scenario

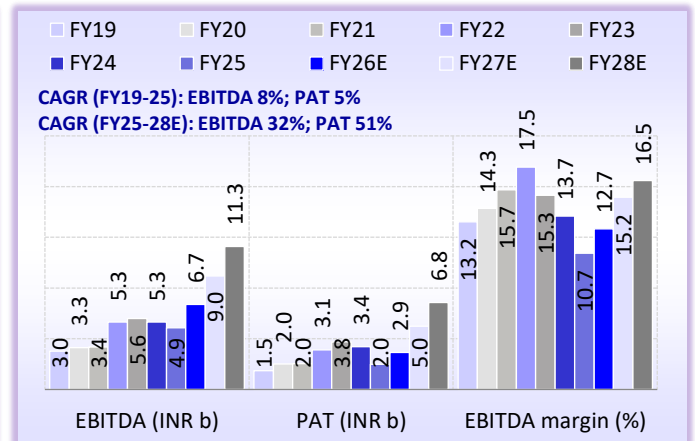


Century Plyboards (CPBI; Initiate coverage with a BUY): Crafting leadership in every panel!

We expect 15% revenue CAGR...

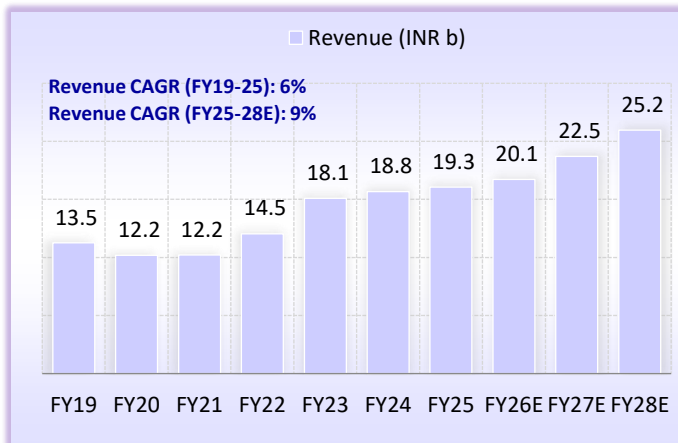


...and 32%/51% CAGR in EBITDA/PAT over FY25-FY28

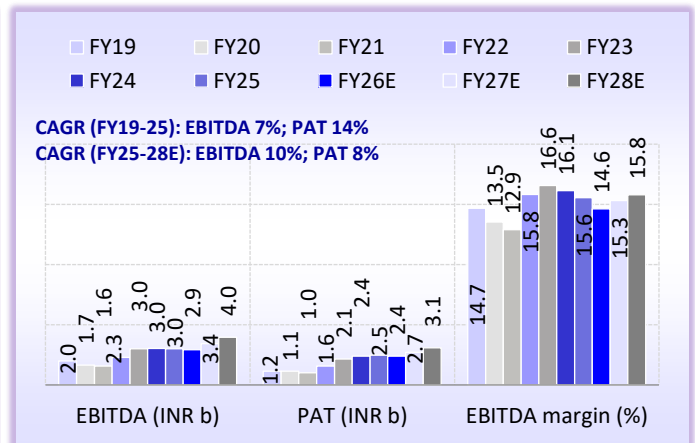


Cera Sanitaryware (CRS; Initiate coverage with a NEUTRAL): Enduring leadership in Sanitary spaces

We expect 9% revenue CAGR....



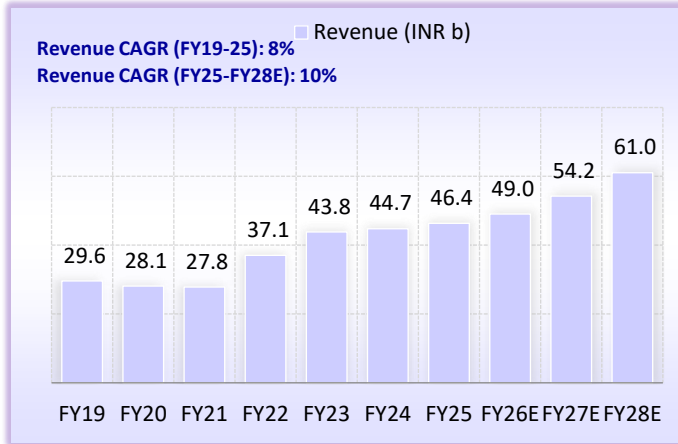
...and 10%/8% CAGR in EBITDA/PAT over FY25-FY28



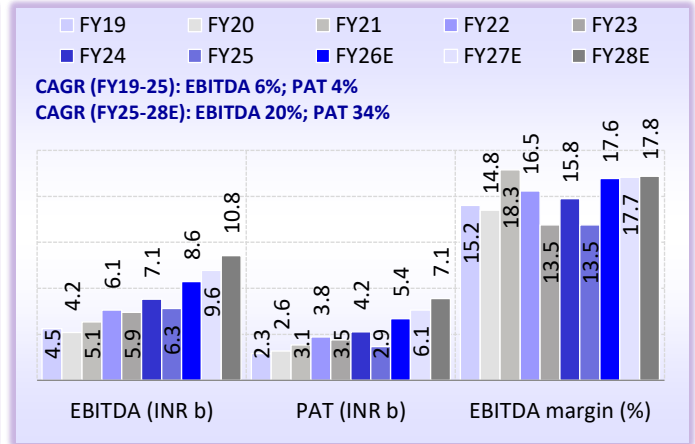
Story in Charts

Kajaria Ceramics (KJC; re-iterate BUY): Built on strength, backed by cash!

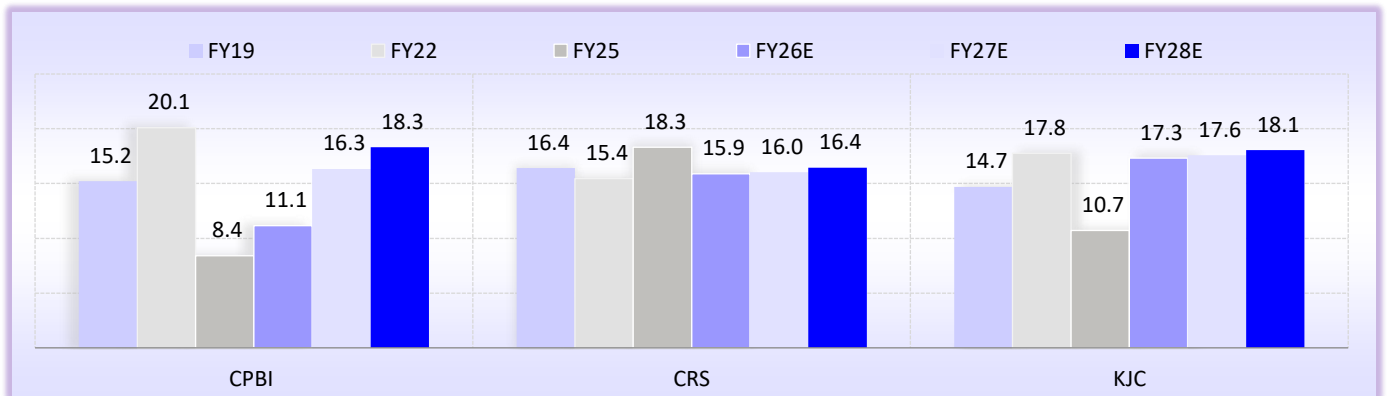
We expect 10% revenue CAGR over FY25-28E....



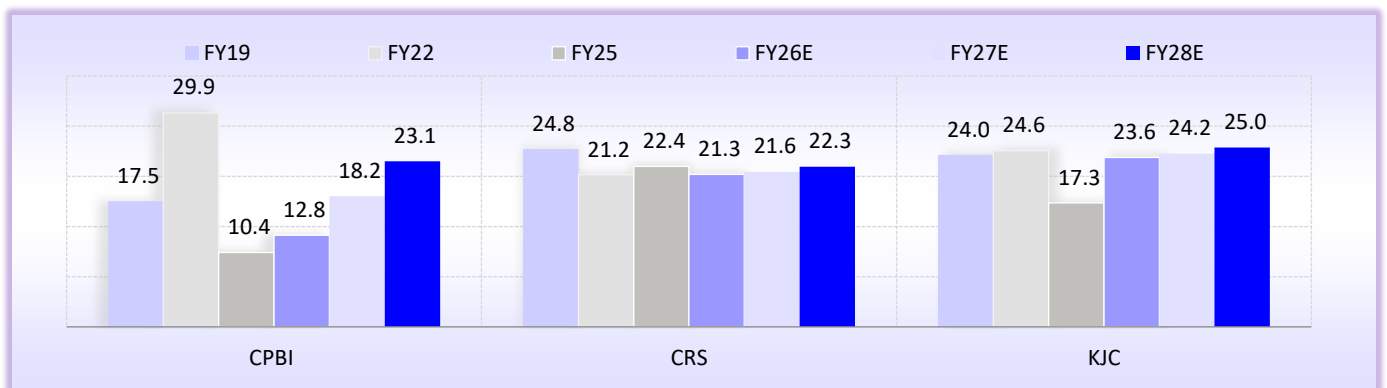
...and 20%/34% CAGR in EBITDA/PAT over FY25-FY28



Improving RoE (%) for CPBI and KJC while CRS is likely to report stable ratios due to subdued earnings growth



Improving RoCE (%) for CPBI and KJC with ramp up in plant utilisation; likely to remain stable for CRS on muted earnings growth



Tough times to fade away; structural drivers intact

Financials are anticipated to gradually improve after 2-3 years of slowdown:

- Demand for the wood panel and tiles & bathware segments surged during Covid-19 (FY21-22), aided by a surge in sales of housing units and renovation work.
- Companies reported peak earnings in FY24 (tiles & bathware) and FY23 (wood panel). Brands enjoyed market share gains and margin upticks due to less competition and strong volumes as unorganized players faced challenges in operating their businesses.
- However, demand started moderating since 2H FY24 due to the preponement of sales in the previous 2-3 years, moderation in housing sales, and the overall inflationary scenario.
- Low volumes and elevated raw material costs also had a notable bearing on margins and earnings.
- **Outlook:** Following a prolonged slowdown of 2-3 years, the industry is hopeful of a demand recovery in the coming quarters, early signs of which are yet to be meaningfully visible.

Exhibit 3: We expect revenue growth to gradually improve during FY25-28, led by the wood panel sector

Companies	Revenue (INR b)									CAGR %	
	FY19	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY23-25	FY25-28E
Wood Panel											
CPBI	22.8	21.3	30.3	36.5	38.9	45.3	53.0	59.1	68.4	11	15
GREENP	6.0	10.2	16.3	17.8	15.7	14.4	15.9	18.5	21.5	-10	14
MTLM	14.1	11.7	15.6	16.6	21.8	24.9	27.6	28.4	30.5	22	7
GRLM	12.8	12.0	17.0	20.3	23.1	25.7	32.8	37.9	43.8	13	19
SYIL	4.6	4.8	6.6	9.5	9.1	10.3	12.0	14.2	16.9	4	18
Tiles/Bathware											
CRS	13.5	12.2	14.5	18.1	18.8	19.3	20.1	22.5	25.2	3	9
KJC	29.6	27.8	37.1	43.8	44.7	46.4	49.0	54.2	61.0	3	10
CARYSIL	2.5	3.1	4.8	5.9	6.8	8.2	9.8	12.0	14.1	17	20
SOMC	17.2	16.5	20.9	24.8	25.9	26.6	28.4	31.7	35.6	4	10

Source: Company, Bloomberg, MOFSL

Exhibit 4: After sharp correction, margins are also expected to normalise over FY25-28

Companies	EBITDA Margin (%)									PAT Margin (%)								
	FY19	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY19	FY20	FY21	FY23	FY24	FY25	FY26E	FY27E	FY28E
Wood Panel																		
CPBI	13.2	15.7	17.5	15.3	13.7	10.7	12.7	15.2	16.5	6.5	8.7	9.5	10.3	8.7	4.4	5.5	8.4	10.0
GREENP	12.9	19.9	26.5	23.4	15.7	9.1	7.7	15.5	16.0	5.8	2.9	6.7	14.0	8.6	5.0	0.6	8.0	9.0
MTLM	10.2	10.0	9.6	9.3	8.6	9.6	9.8	12.0	13.6	5.6	6.8	5.2	4.9	2.6	3.7	3.7	6.5	8.4
GRLM	12.4	14.4	11.0	11.5	12.8	10.7	11.9	12.8	13.7	6.0	6.6	7.2	6.4	6.0	2.7	3.4	5.6	7.0
SYIL	17.3	20.6	15.7	16.3	20.1	18.1	19.3	19.9	20.5	8.4	7.3	11.5	10.1	14.1	11.9	12.4	12.9	13.9
Tiles/Bathware																		
CRS	14.7	12.9	15.8	16.6	16.1	15.6	14.6	15.3	15.8	8.5	9.3	8.2	11.8	12.8	12.9	12.0	12.0	12.3
KJC	15.2	18.3	16.5	13.5	15.8	13.5	17.6	17.7	17.8	7.8	9.1	11.1	8.0	9.4	6.4	10.9	11.3	11.6
CARYSIL	16.1	21.2	21.4	18.1	18.8	16.8	19.4	19.6	19.8	6.9	8.3	12.6	8.8	8.5	7.8	10.9	11.4	12.0
SOMC	9.6	11.5	9.9	7.6	9.8	8.3	8.6	9.5	10.4	3.4	2.6	4.6	3.0	3.8	2.3	2.3	3.9	5.0

Source: Company, Bloomberg, MOFSL

Exhibit 5: Significant underperformance in stock prices; bounced from lows but still much below their 52-week and 3Y highs

Companies	CMP (INR)	52 week High	% change from 52w-High	52 week Low	% change from 52w-Low	3 Year High	% change from 3Y-High	3 Year Low	% change from 3Y-Low
Wood Panel									
CPBI	753	868	-13	667	13	905	-17	455	65
GREENP	256	410	-38	217	18	440	-42	218	17
MTLM	280	351	-20	256	9	403	-31	137	104
GRLM	247	301	-18	205	20	307	-20	145	70
SYIL	2,051	2,593	-21	1,504	36	2,524	-19	971	111
Tiles/Bathware									
CRS	5,486	7,961	-31	5,082	8	10,420	-47	5,060	8
KJC	1,091	1,309	-17	779	40	1,503	-27	799	37
CARYSIL	950	1,037	-8	495	92	1,037	-8	440	116
SOMC	432	722	-40	407	6	832	-48	410	5

Note: CMP as on 24-Nov-25

Source: Company, BSE, MOFSL

Valuations now appear reasonable in anticipation of demand improvement from 2HFY26:

- Companies posted peak earnings in FY24 (tiles and bathware) and FY23 (wood panel).
- Following this, the stock prices of these companies corrected, in line with the cut in earnings.
- Thus, valuations remained elevated despite a steep correction in stock prices.
- Return ratios appear depressed in many cases due to mounting capex since FY22, led by wood panel companies, to meet a sudden surge in demand.
- However, now the one-year forward P/E appears reasonable in a few cases as we expect demand recovery from 2HFY26.
- The large capex cycle – mainly in wood panel – is nearing the end; any uptick in earnings will also boost return ratios of these companies.

Exhibit 6: Valuations appear reasonable on improving earnings outlook

	EPS (INR)								P/E (x)				RoCE (%)							
	FY19	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY19	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Wood Panel																				
CPBI	7	14	17	15	9	13	22	31	84	58	34	24	18	30	26	18	10	13	18	23
GREENP	3	20	20	11	6	1	12	16	44	344	21	16	6	29	27	13	4	2	12	15
MTLM	6	8	7	5	7	8	15	20	38	34	19	14	45	18	14	12	15	17	20	24
GRLM	3	4	5	5	3	4	8	12	90	56	29	21	20	15	15	13	8	12	16	21
SYIL	23	36	57	76	72	87	108	139	29	23	19	15	36	26	33	34	27	28	27	29
Tiles/Bathware																				
CRS	89	122	166	187	192	186	209	240	29	29	26	23	25	21	25	25	22	21	22	22
KJC	15	24	22	26	18	34	38	45	59	32	28	24	24	25	20	22	17	24	24	25
CARYSIL	6	23	18	20	22	37	48	60	42	25	20	16	16	28	18	17	15	20	22	24
SOMC	14	22	18	24	15	16	30	43	29	27	14	10	12	13	10	16	12	13	18	22

Source: Company, Bloomberg, MOFSL

Large capex cycle nearing end for now; focus will be on capacity ramp up:

Looking at the strong demand, building products companies, led by the wood panel segment, invested heavily in capacity building in the existing as well as adjacent product categories. To put this in perspective, CPBI invested over INR20b in capex in the last three years as compared to INR13.7b investment in the last 20 years until FY22. Similarly, GRLM concluded its INR13b expansion program in FY25, the largest in its history. This suggests the company's conviction in the India growth story and its preparedness to lead the sector. Since the large capex program is nearing the end, companies expect to repay all project-related debt in the near future as newly added capacities ramp up.

Exhibit 7: Large capex intensity which was seen over FY22-25 to moderate for the next few years

(INR b)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Total (FY22-25)	FY26E	FY27E	FY28E	Total (FY26-28E)
CPBI	1.6	1.2	0.5	2.6	4.8	8.4	6.6	22.5	1.5	1.2	1.2	3.9
GRLM	0.6	0.5	0.5	0.9	4.7	6.3	2.7	14.5	1.0	1.0	1.0	3.0
KJC	1.1	1.2	1.0	2.6	2.1	2.8	2.0	9.5	1.0	1.3	1.3	3.6
CRS	0.6	0.5	0.1	0.2	0.4	0.6	0.3	1.4	0.4	0.4	0.4	1.2

Source: Company, MOFSL

Long-term outlook is intact despite hiccups in the last 2-3 years:

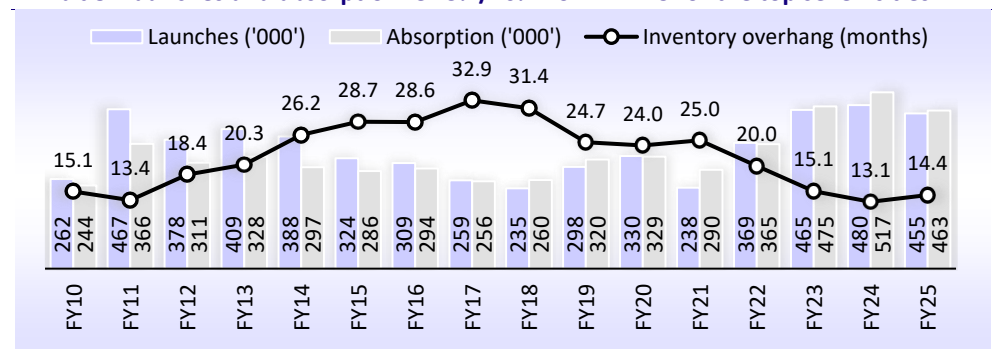
- Demand for housing units and infrastructure development activities is expected to remain for several decades.
- Consumers have increased their inclination towards home interior work.
- The shift from the unorganized to the organized sector provides a significant opportunity for leading players.
- A vast opportunity for leading players to enter into adjacent product categories.

Most launches that weren't executed in FY25 have now been postponed to FY26, which is expected to boost buyer sentiment and lead to an uptick in demand for building products from FY26 onwards.

Low inventory and spill over of project launches to FY26 likely to boost demand for building products

- India's real estate sector is the primary catalyst for building products. According to Knight Frank, real estate contribution to GDP is expected to increase to ~15.5% in FY47 from 6.5% in FY25, supported by the country's strong fundamentals, infrastructure push, and resilient rural demand.
- As of FY24, unsold inventory (in months) was at a record 14-year low, with the highest ever launches and absorption. This was reflected in the strong demand for building products, including wood panels and tiles & bathware, over FY22-24.
- However, in FY25, launches were muted (down 5% YoY in the top-7 cities) due to state and central elections, delays in approvals, etc. Absorption dipped by a higher rate of 10% YoY.
- A higher decline in absorption over launches led to a rise in unsold inventory to 14.4 months in FY25, for the first time in five years. This also suppressed the demand for building products during the period.
- Most launches that were not executed in FY25 have now been postponed to FY26, which is expected to boost buyer sentiment and lead to an uptick in demand for building products from FY26 onwards.

Exhibit 8: Launches and absorption fell 5%/10% YoY in FY25 for the top seven cities

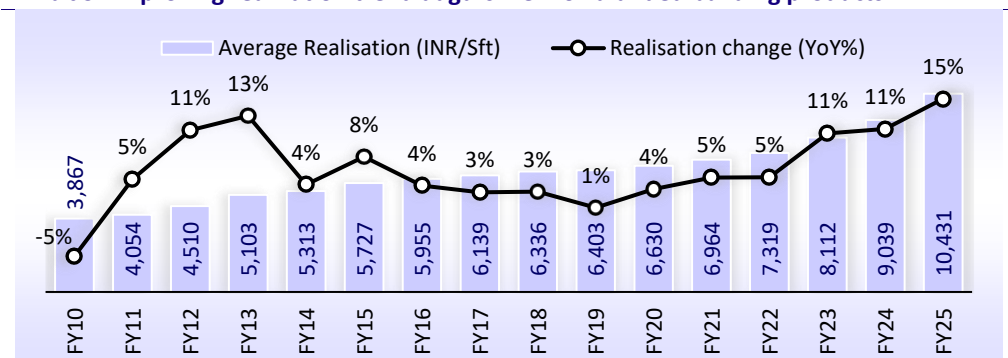


Source: Industry, MOFSL

During FY21-25, following the pandemic, the average realization clocked an 11% CAGR (up 11%/15% YoY in FY24/FY25), indicating a growing buyer preference for premium homes.

Interestingly, the average realization of housing units over the last decade has increased to INR10,431/sqft from INR5,700/sqft in the top-7 cities, at 6% CAGR. During FY21-25, following the pandemic, the average realization clocked an 11% CAGR (up 11%/15% YoY in FY24/FY25), indicating a growing buyer preference for premium homes. This augurs well for the demand for branded building products.

Exhibit 9: Improving realization trend augurs well for branded building products



Source: Industry, MOFSL

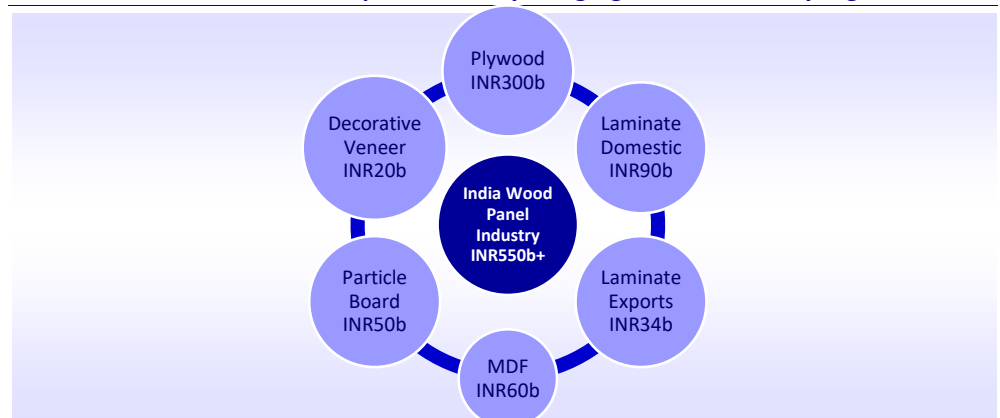
The expanding applications of products, such as MDF, are further strengthening industry growth, reflecting evolving consumer preferences and broader utility across segments.

The INR550b+ wood panel industry's long-term outlook remains intact despite hiccups

According to MTLM's annual report, the wood panel industry clocked a CAGR of ~10% over FY18-24, valued at INR550b in FY24. The wood panel industry has experienced a notable shift in product mix from FY18 to FY24, with medium-density fiberboard (MDF) and particle board posting the highest growth rates (25% and 12% CAGR, respectively). This suggests a structural change in consumer preferences, driven by cost efficiency, adaptability in furniture manufacturing, and rising demand for engineered wood. While new construction activities account for the majority of demand, renovation and replacement cycles also contribute significantly. The expanding applications of products, such as MDF, are further strengthening industry growth, reflecting evolving consumer preferences and broader utility across segments.

Plywood, traditionally dominant, grew at a modest 6%, indicating that it faces strong competition from MDF despite its premium positioning. The rapid expansion of MDF is driven by increased urbanization, affordability, and its suitability for modular furniture, which is gaining traction in India's evolving housing market. The technological advancements in MDF production, its cost-effectiveness, and its versatility have made it a viable alternative to traditional wood-based materials. The particle board segment is expected to clock a CAGR of 12-15% over 2025-30.

Exhibit 10: The INR550b+ wood panel industry is segregated into five key segments



Source: Industry, MOFSL

The conditions that led to China's demand surge are now increasingly visible in India: rising income, urbanization, and a growing aspiration for better living standards. This could signal the start of a comparable and decisive consumption shift.

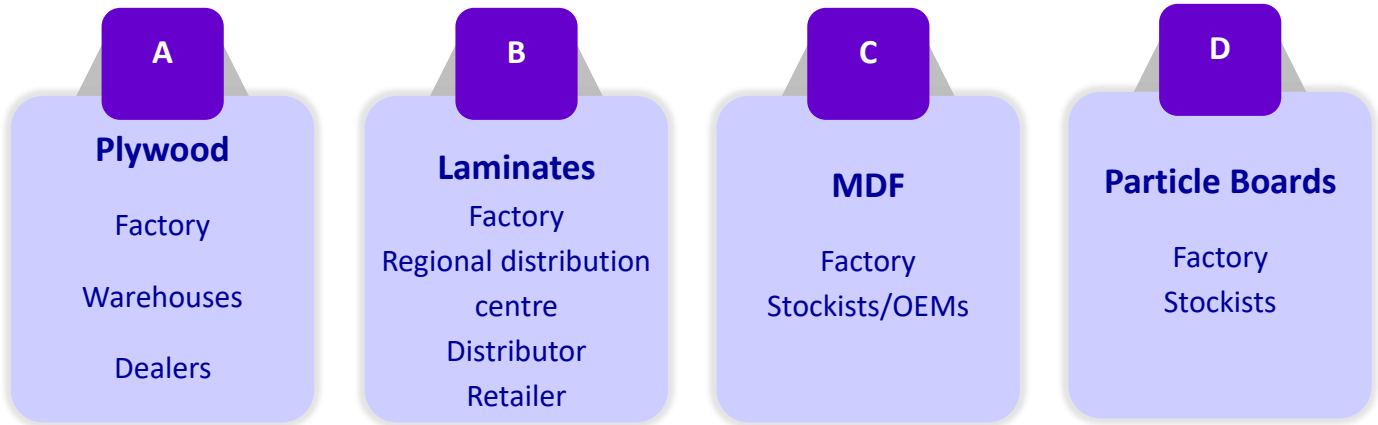
Indian wood panel industry is at an inflection point for multi-fold growth

After experiencing a demand slowdown in the last 2-3 years, CPBI management is optimistic about the strong prospects of the wood panel industry in India. Taking a precedent from China's journey when its per capita income surpassed the USD2,500 threshold, it triggered a demand surge for quality and branded consumption, extending to wood panels. India recently exceeded this income threshold. The conditions that led to China's demand surge are now increasingly visible in India: rising income, urbanization, and a growing aspiration for better living standards. This could signal the start of a comparable and decisive consumption shift.

Additionally, India's talent costs are lower than China's, and the country is building sustainable timber plantation cycles through comprehensive agroforestry platforms. These cycles could potentially meet 97% of the industry's wood panel resource

requirements. If India's wood panel capacity reaches even half of China's current level in the next ten years, the country could witness a ten-fold growth opportunity and a potential sector CAGR of 25% over the coming decade (Source: CPBI annual report).

Exhibit 11: Segment-wise distribution model followed by the leading players



Source: Industry, MOFSL

India's woodpanel import data

INR b	FY23	FY24	FY25	Apr-Aug'25
Plywood	10.7	17.5	24.9	2.2
MDF	7.2	10.2	7.6	1.3

Source: DGFT

The Indian furniture market size stands at USD29.9b in 2025 and is expected to reach USD43.2b in 2030, translating to a 7.6% CAGR.

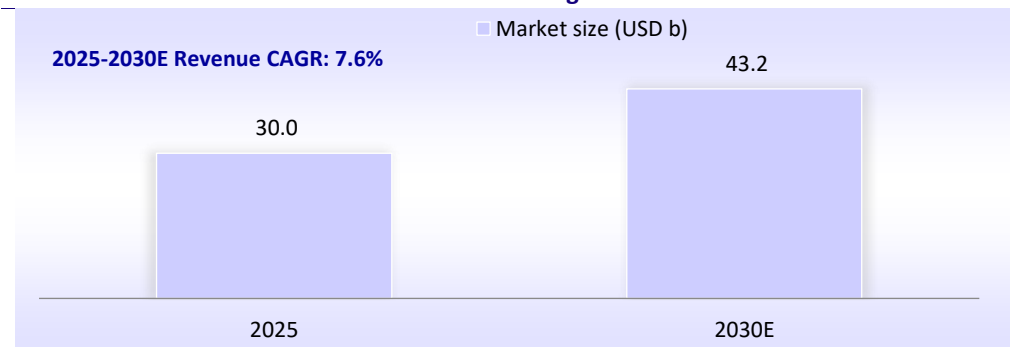
BIS compliance to reduce substandard imports

Recently, the government of India mandated BIS compliance for all imports in wood panel product categories. This decisive move is likely to reduce the inflow of substandard products, stabilize pricing, and strengthen the competitive advantage of domestic manufacturers.

India's furniture industry – Overview

The Indian furniture market size stands at USD29.9b in 2025 and is expected to reach USD43.2b in 2030, translating to a 7.6% CAGR. Key growth enablers include the rising demand for modular space-saving solutions, government support for real estate, and affordable housing, and the rapid expansion of e-commerce platforms. The digital transformation of the furniture sector continues to accelerate. With monthly e-commerce revenues touching USD1.3b in March 2025, online furniture sales are seeing significant momentum. Furniture brands and retailers are increasingly turning to digital platforms to engage a growing base of tech-savvy, urban consumers, reshaping how furniture is marketed, sold, and experienced in India.

Exhibit 12: India's furniture market is estimated to grow at 7.6% CAGR over FY25-30



Source: Mordor Intelligence

The Indian plywood market recorded a CAGR of 6% during FY18-24, valued at INR300b as of FY24. The Indian furniture industry depends on plywood due to its affordability, adaptability, durability, and ease of use in manufacturing.

Organized players are rapidly gaining ground, especially in the mass-premium segment.

Indian plywood industry overview

According to MTLM's annual report, the Indian plywood market recorded a CAGR of 6% during FY18-24, valued at INR300b as of FY24. This growth is driven by several key factors, like the expansion of distribution networks, exclusive retail outlets for premium furniture, rising demand for lightweight, easy-to-assemble furniture, the increasing number of government-backed housing schemes, and infrastructure projects. These trends collectively indicate a strong and sustained demand trajectory for plywood in the coming years.

The Indian furniture industry depends on plywood due to its affordability, adaptability, durability, and ease of use in manufacturing. As disposable incomes rise and consumer preferences shift towards convenience and aesthetics, there is a growing demand for modular interiors, including kitchens and wardrobes, boosting plywood consumption. Moreover, economic growth is spreading to Tier 2 and Tier 3 cities, where rising construction activity and home ownership are driving interior materials demand.

Organized players are rapidly gaining ground, especially in the mass-premium segment. This shift is driven by stronger distribution networks, exclusive brand outlets, and heightened consumer awareness of eco-friendly and certified plywood. At the same time, unorganized players are facing mounting challenges, including raw material sourcing issues, labor shortages, and tighter regulatory norms—further accelerating the market's formalization.

Key players such as CPBI and MTLM are spearheading the industry's transformation by investing in capacity expansion and launching innovative offerings. These efforts reflect a broader trend toward quality enhancement and sustainability, positioning organized manufacturers for long-term growth and competitive advantage.

Exhibit 13: Plywood – peer comparison table

	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Capacity							
CPBI (cbm)	3,89,000	4,18,000	2,39,000	3,00,000	3,12,000	3,39,600	3,99,600
MTLM (msm)	24.9	24.9	34.9	34.9	48.4	52.8	52.8
GREENP (msm)	10.5	10.5	10.5	10.5	10.5	10.5	9.0
Revenue (INR m)							
CPBI	12,734	12,310	11,201	15,793	20,069	21,391	24,559
YoY %		-3	-9	41	27	7	15
MTLM	12,688	12,630	10,140	13,768	16,630	18,120	19,590
YoY %		-0	-20	36	21	9	8
GREENP	1,412	2,155	2,171	2,560	2,440	1,622	1,352
YoY %		53	1	18	-5	-34	-17
EBITDA Margin (%)							
CPBI	13.7	12.4	10.8	14.2	10.8	12.3	14.6
MTLM	10.5	10.6	10.5	9.8	9.5	8.1	8.5
GREENP	12.7	11.9	12.5	10.9	6.9	-1.2	3.9

Source: Company, MOFSL

Indian laminate industry overview

According to the segment leader, GRLM, the laminate market for domestic players stood at INR124b in 2025, comprising INR90b from the domestic market and INR34b coming from exports. Of the INR90b domestic laminate market, the unorganized market still captures over 30% of it, giving tough competition to the industry players. Indian manufacturers, led by SYIL (~65% mix), GRLM (~50% mix), and CPBI (~25% mix), earn sizable revenue from exporting laminates to many countries globally.

Decorative laminates are widely favored by furniture manufacturers due to their versatility, durability, and affordability. These laminates are used to cover a variety of furniture items, including tables, desks, cabinets, shelves, wardrobes, and storage units. The extensive range of colors, patterns, and textures available in laminates enables furniture designers to craft aesthetically pleasing and functional pieces for residential, commercial, and hospitality environments.

The decorative laminates market globally, including India, is witnessing steady growth, driven by increasing demand for cost-effective and aesthetically appealing interior solutions across both residential and commercial spaces. Rapid urbanization and rising construction activities—particularly in developing regions—are significantly boosting demand. Additionally, the flourishing furniture and cabinetry sectors, combined with the easy availability of raw materials like resins and adhesives, are contributing to market expansion. The multiple benefits of high-pressure laminates, along with a strong global interest in home renovation and interior design, are expected to accelerate demand and support the sustained growth of the decorative laminates market in the years ahead.

The laminate market for domestic players stood at INR124b in 2025, comprising INR90b from the domestic market and INR34b coming from exports.

Indian manufacturers, led by SYIL (~65% mix), GRLM (~50% mix), and CPBI (~25% mix), earn sizable revenue from exporting laminates to several countries globally.

Exhibit 14: Laminates – peer comparison table

	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Capacity (m sheets)							
CPBI	7.2	7.2	8.8	8.8	8.8	8.8	8.8
GRLM	14.0	15.6	15.6	15.6	19.0	24.5	24.5
SYIL	11.0	14.3	14.3	14.3	14.3	16.0	16.0
Rushil Decor (RDL)	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Revenue (INR m)							
CPBI	4,322	4,546	4,080	5,671	6,513	6,498	6,451
YoY %		5	-10	39	15	-0	-1
GRLM	10,846	11,222	10,653	15,562	18,523	20,397	22,264
YoY %		3	-5	46	19	10	9
SYIL	4,605	4,619	4,757	6,503	9,226	8,848	9,845
YoY %		0	3	37	42	-4	11
RDL	1,829	1,634	1,756	1,897	2,083	1,900	1,989
YoY %		-11	7	8	10	-9	5
EBITDA Margin (%)							
CPBI	8.9	13.4	18.2	15.9	15.0	11.2	5.5
GRLM	13.6	15.7	16.7	12.7	13.1	16.0	13.9
SYIL	17.3	17.2	20.6	15.7	16.3	20.1	18.1
RDL	11.1	11.4	10.7	6.5	7.3	10.1	9.6

Source: Company, MOFSL

India's MDF market registered a CAGR of 25% over FY18-24, valued at INR75b as of FY24.

The QCO of Feb'25 stipulates mandatory BIS on plywood, MDF, particle board, and block board. QCO would help the industry curb unbranded materials, thereby supporting demand and price hikes, particularly in plywood and MDF.

Indian MDF industry overview

According to MTLM, India's MDF market registered a CAGR of 25% over FY18-24, valued at INR75b as of FY24. This growth is driven by increasing demand from the furniture and interior décor segments, rapid urbanization, growing preference for sustainable alternatives to plywood, and continuous technological advancements in manufacturing. The market's upward trajectory reflects MDF's rising acceptance as a cost-effective, versatile, and eco-friendly material in both residential and commercial applications.

MDF offers benefits such as ease in molding, machining, and painting, making it a preferred material for ready-made furniture and a variety of applications, including home décor, gift boxes, and automobile interiors. The market has become competitive with recent capacity additions, which exerted downward pressure on prices.

Despite challenges like rising timber costs and mounting competition, MDF continues to be one of the most profitable segments in the wood panel industry. The government's introduction of Quality Control Orders (QCO) for plywood and MDF boards in January 2025 is expected to raise product standards, improve consumer trust, and further accelerate the shift towards organized and compliant market participants. The Quality Control Order (QCO) of February 2025 stipulates mandatory BIS on plywood, MDF, particle board, and block board. QCO would help the industry curb unbranded materials, thereby supporting demand and price hikes, particularly in plywood and MDF (*Source: MTLM, Mordor Intelligence*).

Exhibit 15: MDF – peer comparison table

	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Capacity (cbm)							
CPBI	1,98,000	1,98,000	1,98,000	1,98,000	3,13,500	3,13,500	6,27,000
MTLM						2,48,000	2,40,000
GREENP	5,40,000	5,40,000	5,40,000	6,60,000	6,60,000	6,60,000	6,61,899
RDL			3,30,000	3,30,000	3,30,000	3,30,000	3,30,000
Revenue (INR m)							
CPBI	2,951	3,504	3,592	5,554	6,376	7,399	10,175
YoY %		19	3	55	15	16	38
MTLM						3,653	5,283
YoY %							45
GREENP	4,297	6,149	7,831	13,295	15,346	14,017	12,587
YoY %		43	27	70	15	-9	-10
RDL	1,565	1,671	1,559	4,344	6,214	6,308	6,637
YoY %		7	-7	179	43	2	5
EBITDA Margin (%)							
CPBI	13.0	24.3	25.8	32.0	27.4	21.9	9.6
MTLM						10.7	13.5
GREENP	11.9	18.2	22.9	30.8	27.8	19.2	11.7
RDL	10.4	11.0	11.6	14.8	21.6	16.2	12.8

Source: Company, MOFSL

Indian tiles industry overview

Indian domestic tiles market is projected to clock ~10% CAGR over FY25-29

India is the second-largest producer, consumer, and exporter of ceramic tiles globally. The country has ~15/11% share in world tile production/consumption, only second to China. KJC is the largest domestic tile brand by revenue, with an organized market share of 17%. Somany Ceramics (9%) and Prism Johnson (9%) are the other leading Indian tile brands in the organized sector.

Exhibit 16: Top manufacturing countries (sqm m)

	2019	2020	2021	2022	2023	Share (%)
China	8,225	8,474	8,863	7,312	6,730	42.2
India	2,223	2,318	2,550	2,300	2,450	15.4
Brazil	909	840	1,049	927	793	5.0
Iran	398	449	458	480	450	2.8
Indonesia	347	304	410	430	413	2.6
Egypt	300	285	340	380	400	2.5
Vietnam	560	559	554	579	397	2.5
Spain	510	488	587	500	394	2.5
Italy	401	344	435	431	374	2.3
Turkey	296	370	438	385	372	2.3
Total World	16,812	17,139	18,602	16,862	15,937	100.0

Source: Ceramic World Review

Exhibit 17: Top consumption countries (sqm m)

	2019	2020	2021	2022	2023	Share (%)
China	7,453	7,859	8,268	6,737	6,118	39.2
India	1,867	1,884	2,069	1,750	1,700	10.9
Brazil	802	829	902	736	694	4.4
Indonesia	413	357	478	489	495	3.2
Egypt	239	237	308	368	390	2.5
Vietnam	467	440	420	505	375	2.4
Saudi Ara	223	284	252	271	295	1.9
Turkey	185	241	291	260	264	1.7
USA	273	264	289	285	264	1.7
Mexico	238	242	276	257	254	1.6
Total World	16,642	17,112	18,399	16,455	15,627	100.0

Source: Ceramic World Review

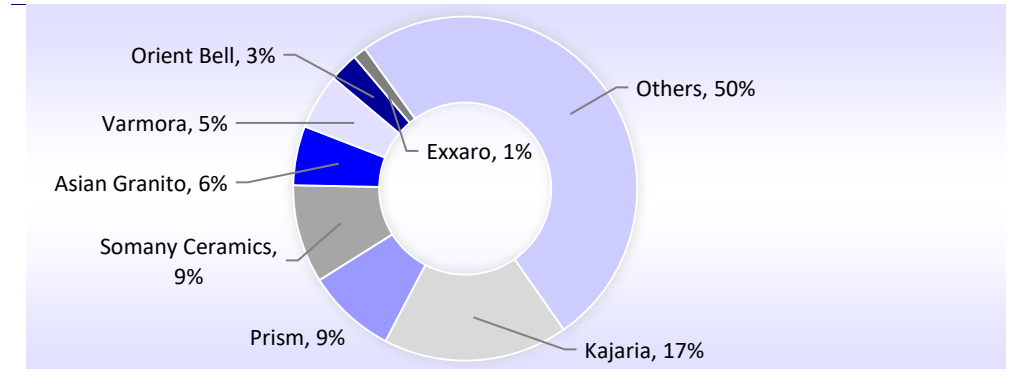
According to a Technopak report, the Indian domestic tiles market was valued at INR531b in FY25, up from INR360b in FY19 (CAGR of 6.7%). Growth in FY24 and FY25 was sluggish, with leading players in the organized sector continuing to gain market share (~3% YoY volume growth in FY25 vs. flat growth for the industry).

Exhibit 18: Indian tiles industry — market size

	2019	2024	2025E	2029P	CAGR FY19-25 (%)	CAGR FY25-29 (%)
Tiles market by volume (m sq feet)	9,254	11,804	12,123	15,319	4.6	6.0
Tiles market by value (INR b)	360.0	517.0	531.0	769.0	6.7	9.7
Tiles market pricing growth (cost/sq feet)	38.9	43.8	43.8	50.3	2.0	3.5

Source: Technopak Analysis, Secondary research

Exhibit 19: India's tile players' organized market share (~46% of the industry)



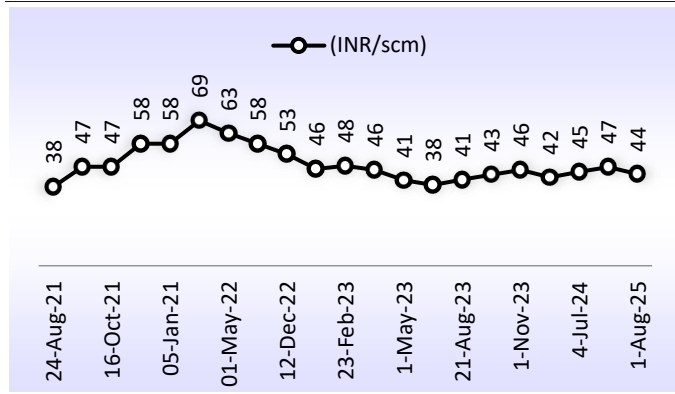
Source: Company, Industry reports, MOFSL

Exhibit 20: Tiles – peer comparison table

	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Capacity (msm)							
KJC	68.0	73.0	70.4	70.4	81.6	86.5	90.5
SOMC	52.0	53.0	53.0	53.0	62.0	61.6	75.0
Revenue (INR m)							
KJC	27,545	26,049	25,328	33,431	39,515	40,609	41,720
YoY %		-5	-3	32	18	3	3
SOMC	14,878	14,016	14,377	18,358	21,483	22,427	22,551
YoY %		-6	3	28	17	4	1
CRS	2,687	2,660	2,551	1,765	1,933	1,931	1,915
YoY %		-1	-4	-31	10	-0	-1
NSR							
KJC	343	334	336	365	389	376	364
SOMC	291	287	288	317	336	324	318

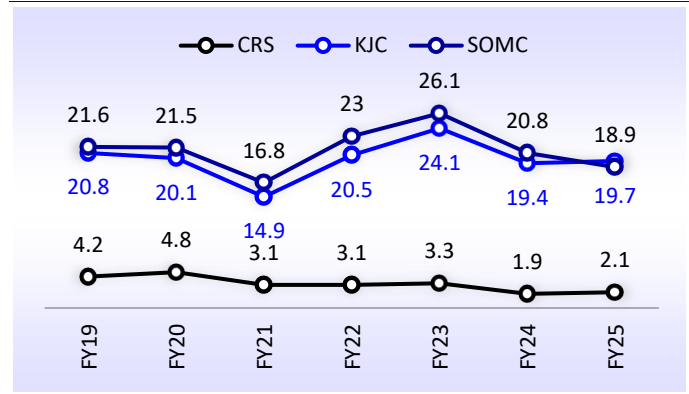
Source: Company, MOFSL

Exhibit 21: Moderation in gas prices bodes well for margins



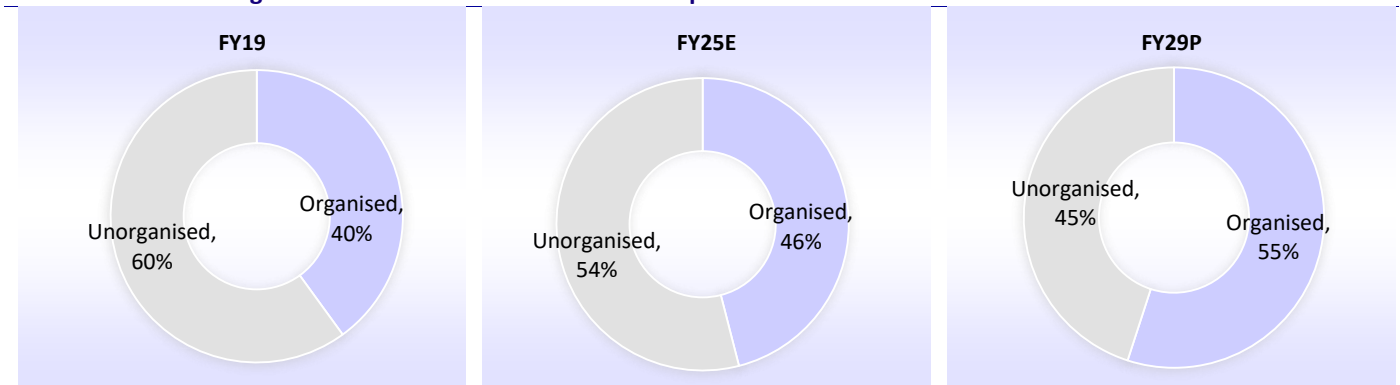
Source: Company, MOFSL

Exhibit 22: Normalization in power & fuel costs (as % sales)



Source: Company, MOFSL

Exhibit 23: Share of organized tile manufacturers in India is expected to reach 55% in FY29 from 46% in FY25



Source: Technopak Analysis, Primary research

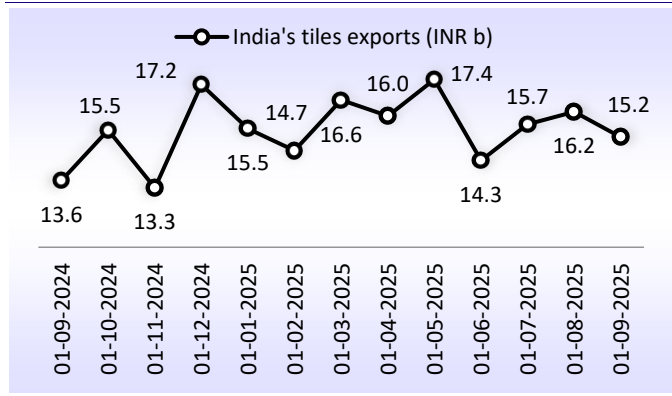
Despite headwinds seen over the past two years, the tile industry's long-term structural demand drivers remain intact.

India is the second-largest exporter of ceramic tiles globally

India's exports declined 20% YoY in FY25 to INR160b, hit by Cyclone Biparjoy, which disrupted operations at the tile manufacturing hub in Morbi, Gujarat. However, a slightly upward trend in exports was visible in 1HFY26.

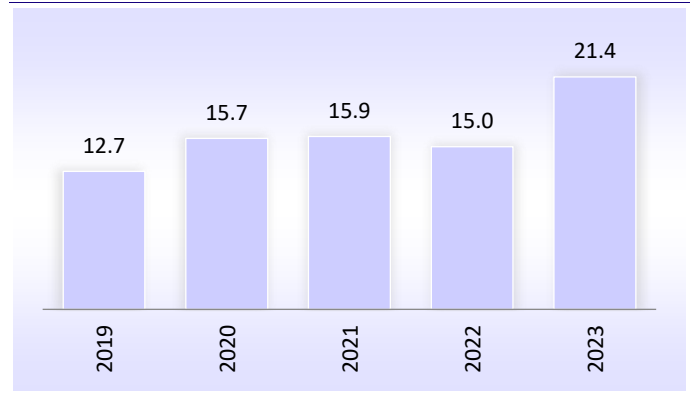
Despite headwinds seen over the past two years, the tile industry's long-term structural demand drivers remain intact. The Indian domestic tiles market is projected to reach INR769b in FY29, clocking a CAGR of 9.7% over FY25-29. This expansion will be driven by the rapid growth of the real estate sector, aided by structural factors such as regulatory streamlining, government spending on infrastructure and public utilities, increasing urbanization, and rising disposable incomes. Further, technological advancement in the production of tiles has led to various types of surfaces, characteristics, and designs, thus increasing the use cases. The untapped markets in Tier-II and Tier-III cities, as well as in rural areas, fuel the growth trend.

Exhibit 24: India's total tiles exports (INRb)



Source: DGFT

Exhibit 25: India's growing share in total global tiles exports (%)



Source: Industry report

The US is the largest export market for India, followed by the UAE, Iraq, Mexico, Kuwait, Russia, and Israel. The Gulf countries used to be the largest export market for India, which has reduced significantly over the years after the imposition of anti-dumping duties on Indian imports in these countries. Any large tariffs imposed by the US on Indian imports could have a similar impact. This is likely to be detrimental to India-focused brands due to intensifying competition as the export volumes to the US are diverted to Indian markets.

Exhibit 26: The 10 major export markets of Indian ceramic tiles

Region/Area	Value in EUR m		Average price (Eur/sqm)	
	2022	2023	2022	2023
USA	140.7	168.4	5.0	4.8
UAE	101.3	124.0	4.1	3.6
Iraq	101.5	119.8	3.9	3.7
Mexico	53.7	109.5	4.5	4.0
Kuwait	74.3	85.3	3.8	3.4
Russia	51.0	104.5	5.1	4.5
Israel	44.1	89.7	4.9	4.1
Oman	62.2	67.8	3.6	3.1
South Africa	33.6	57.5	3.8	2.9
Saudi Arabia	100.9	69.0	4.2	3.8

Source: MECS (April 2024)

Exhibit 27: Anti-dumping duty impact on exports

ANTI-DUMPING DUTIES DIM MORBI'S DOMINANCE

Tiles Industry Says Fall In Exports In Store As More Countries Plan To Impose Levies

Nimesh Khakhariya & Parag Dave | TNN



EXPORTS OF CERAMIC TILES

Year	Exports (USD Million)
2022-23	
US	165.55
UAE	139.41
Iraq	132.66
Saudi Arabia	129.2
Kuwait	103.19
2023-24	
US	269.36
UAE	166.65
Iraq	153.28
Russia	149.97
Mexico	140.68
2024-25	
UAE	178.86
Russia	160.31
US	158.96
Iraq	136.39
UK	99.83

Source: CAPEXIL Ceramic Panel



While businesses across India are recalibrating their strategies to cope with steep tariffs imposed by the US and the prevailing uncertainty, manufacturers in Morbi, the country's ceramic hub — remain unfazed.

Known for its high-quality vitrified tiles — the glossy and stylish pieces that enhance the beauty of luxury homes, hotels, and commercial buildings across the world — Morbi's tiles industry isn't rattled. While the US tariffs affect only a small fraction of exports, the industry's concern lies elsewhere: a growing list of countries slapping anti-dumping duties on its tiles, threatening to not just hit export growth but also dim the global appeal of the town's craftsmanship.

Anti-dumping duty is levied by a country if the imported product is sold at a price that is lower than its cost in the country of origin. Such exports are mostly enabled by govt incentives.

The European Union (EU), comprising 27 countries, and the Gulf Cooperation Council (GCC), have already imposed anti-dumping duties ranging from 6% to 106% on various Indian ceramic tile products. Argentina has imposed a 75.8% ad valorem (proportionate to estimated value of goods) duty on Indian tiles.

Meanwhile, Mexico, Vietnam, Peru, and Brazil have initiated processes to impose similar duties, which include investigations into the pricing of exports, domestic prices, govt incentives, and harm to local manufacturers. Additionally, Turkey and South Korea are seriously exploring similar measures against tiles from India.

Morbi's tiles reach more than 150

MORBI CERAMICS CLUSTER AT A GLANCE

900 manufacturing units

Over 600 export-oriented units

Cluster turnover: ₹60,000 crore

Exports: ₹16,000 crore annually

Accounts for 80% of India's ceramics exports

Provides direct employment to 4 lakh people and indirect employment to 10 lakh people



countries. "The export to the US is barely the quantity of tiles Morbi produces in just six days a year. The main issue is country after country slapping anti-dumping duty on tiles exported from India," said a leading ceramics exporter. With annual exports worth Rs 16,000- Rs 18,000 crore, the town has long been a symbol of India's manufacturing prowess.

"China is our main competitor in the world market. It plays a key role in influencing countries to impose anti-dumping duties where it wants to expand its business. Chinese companies often acquire local firms or form joint ventures to avoid these duties," said Mukesh Kundariya, a ceramics exporter from Morbi.

Another exporter, requesting anonymity, said, "Internal competition among



FINANCIAL CRUNCH: The ceramics industry is facing a financial crunch due to slack demand in domestic and foreign markets. Banks are revisiting their exposure to the sector. A senior official from a leading bank said, "The ceramics industry has significant bank exposure, and has been relatively stable in terms of repayments. However, in recent months, cash flow issues have emerged in various companies. Therefore, we are closely monitoring certain accounts. Some are currently under pre-NPA (non-performing assets) status."

EXPERT VIEW

India is the second biggest producer of ceramic tiles in the world, and the industry is able to export products at relatively higher prices than the domestic price. However, we are competing with China in the international market. In such a scenario, it is important to incentivize exports

Hiren Varmora
BUSINESSMAN



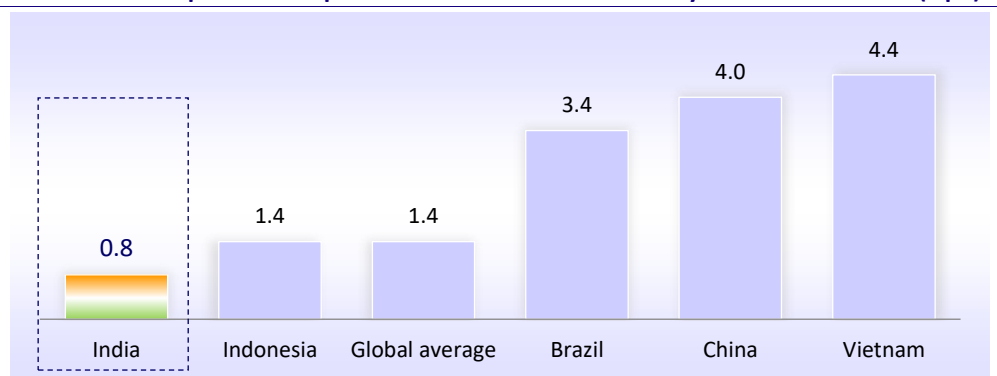
Source: Times of India

The low penetration, along with rising disposable income, suggests significant potential for growth in the Indian tiles industry.

Low per capita tile consumption in India offers strong growth potential

India's per capita tile consumption (0.8sqm) lags other major economies like Brazil (3.4sqm) and China (4sqm). The low penetration, along with rising disposable income, suggests significant potential for growth in the Indian tiles industry. By FY29, India's per capita tile consumption is expected to increase to 1sqm, narrowing the gap with other developing nations, driven by several favorable factors, including increasing real estate development, the growing market share of tiles over alternatives such as natural stone, and increasing use cases for tiles.

Exhibit 28: Per capita consumption of tiles in India vs. other key economies in 2023 (sqm)



Source: Technopak Analysis, Secondary research

Tile manufacturing clusters in India

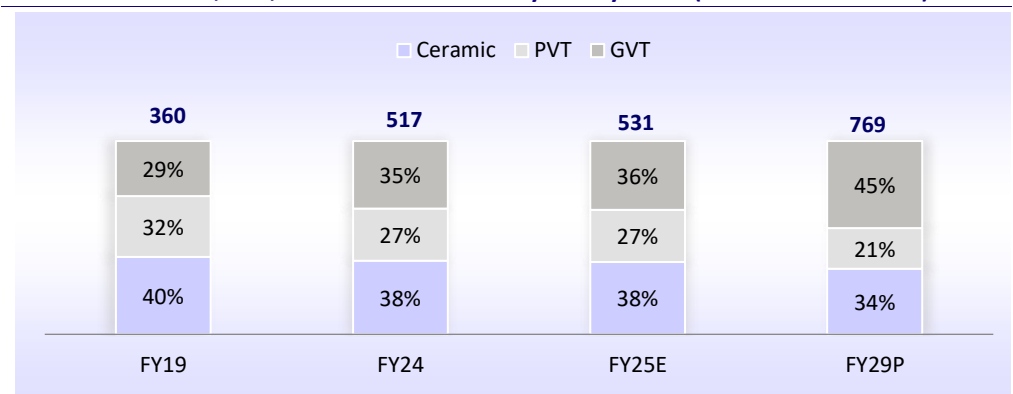
The tile manufacturing industry in India is primarily concentrated in Morbi, Gujarat, which serves as India's largest production cluster with over 900 manufacturing units and accounts for a significant share of the country's tile production. In recent years, new manufacturing centers have begun to emerge in other regions, like Rajasthan in the North and Andhra Pradesh and Telangana in the South. KJC has expanded its footprint in the South with a wholly owned facility in Andhra Pradesh and a subsidiary in Telangana, in which it holds a 59% stake. Similarly, SOMC has set up a manufacturing unit in Tirupati, Andhra Pradesh.

Exhibit 29: Major tile manufacturing clusters in India

Region	Key States	Key areas and developments
North	Rajasthan, Uttar Pradesh	❖ Rajasthan is a key region within the north with centers in cities like Jaipur and Kishangarh, and has ~200+ tile manufacturers. Uttar Pradesh is an emerging cluster for tile manufacturing, with cities like Noida, Gorakhpur, and others having a manufacturing setup.
South	Andhra Pradesh, Telangana	❖ The Andhra Pradesh government has established a dedicated ceramic cluster at Thatiparthi in the Thottambedu Mandal of the Chittoor district. There are around 150+ tile manufacturers in the Thrissur district of Kerala.
West	Gujarat	❖ The Morbi region in Gujarat consists of more than 900 manufacturers of tiles, the largest hub for tile manufacturers.
East	West Bengal, Jharkhand, Odisha	❖ There are a few manufacturers across this region. West Bengal has some organized manufacturers, while Odisha and Jharkhand have a few unorganized manufacturers.

Source: Varmora DRHP

Exhibit 30: Ceramic, PVT, and GVT mix over the years by value (market size in INR b)



Source: Technopak Analysis, Secondary research

Exhibit 31: CAGR of Ceramic, PVT, and GVT tiles (by value) in India

Time Period	Ceramic	PVT	GVT
FY19-24	6.4%	4.2%	12.0%
FY24-25	1.4%	2.7%	4.2%
FY25-29P	7.0%	3.0%	16.4%

Source: Technopak Analysis, Secondary research

Exhibit 32: Tiles category manufacturing capacity (m sqm) and contribution to revenue (INR m; FY25) for key players

Company Name	Manufacturing capacity			Category contribution to total tiles revenue			Tiles segment revenue
	GVT	PVT	Ceramic	GVT	PVT	Ceramic	
Varmora	60.2	4.8	5.1	79%	12%	9%	12,779
Asian Granito		52.5		51%	18%	31%	13,600
KJC	41.0	15.4	34.1	37%	26%	37%	42,489
Orient Bell		42.4		41%	NA	NA	6,698
SOMC		75.0		38%	28%	34%	22,551

Source: Company websites, Secondary research, Technopak Analysis

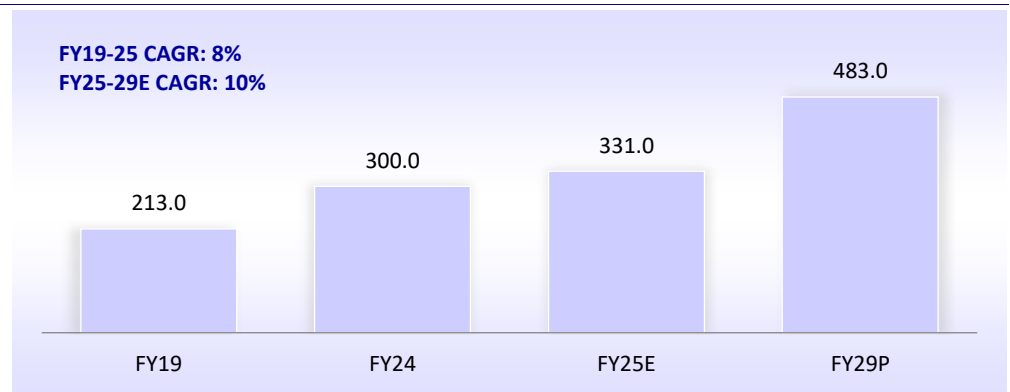
Indian sanitaryware & bathware industry overview

Indian sanitaryware and bathware market

According to the Varmora DRHP, the Indian sanitaryware and bathware market has clocked ~7% CAGR during FY19-24 to reach INR300b. In FY25, the market expanded by 10.3% YoY to INR331b and is projected to reach INR483b by FY29, at a CAGR of ~10%. This growth has been driven by rising urbanization, a growing emphasis on aesthetics and functionality, increased demand for home improvement products, and more frequent home renovations.

The Indian sanitaryware and bathware market has clocked ~7% CAGR during FY19-24 to reach INR300b. In FY25, the market expanded by 10.3% YoY to INR331b and is projected to reach INR483b by FY29, at a CAGR of ~10%.

Exhibit 33: Indian sanitaryware and bathware market size (INR b)



Source: Technopak Analysis, Secondary research

India – the world’s second-largest sanitaryware manufacturer after China

India is the world’s second-largest sanitaryware manufacturer after China and is highly organized (~75%) and consolidated (the top 3 players are Roca, Hindware, and CERA), commanding a 60-70% share in the total market.

The faucet market in India is ~60% organized and is highly fragmented. Jaguar leads the industry with 15-20% market share, followed by Cera and Hindware (4-5% each).

Exhibit 34: Indian sanitaryware industry structure

Total market size (INR b)	331.0
Sanitaryware market size (%)	39.0
Total market size (INR b)	129.1
Organised market share	75%
Organised market (INR b)	96.8
CRS' FY25 revenue (INR b)	9.4
CRS' total market share (%)	7.3
CRS' organised market share (%)	9.7

Source: Industry, Varmora DRHP, media reports

Exhibit 35: Indian faucetware industry structure

Total market size (INR b)	331.0
Faucetware market size (%)	61.0
Total market size (INR b)	201.9
Organised market share	60%
Organised market (INR b)	121.1
Jaquar's total market share	15-20%
Hindware's total market share	4-5%
CRS' total market share	4-5%

Source: Industry, Varmora DRHP, media reports

Exhibit 36: Sanitaryware and Faucetware – peer comparison table

	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Revenue (INR m)							
KJC	1,848	1,742	2,090	2,757	3,155	3,635	3,862
YoY %		-6	20	32	14	15	6
SOMC	1,880	1,703	1,645	2,072	2,450	2,667	2,958
YoY %		-9	-3	26	18	9	11
CRS	10,346	8,948	9,131	12,358	15,854	16,447	16,854
YoY %		-14	2	35	28	4	2

Source: Company, MOFSL

Exhibit 37: Key players in the Indian tiles & bathware market

Company Name	Date of incorporation	FY25 revenue (INR m)	No of plants	Manufacturing capacity	B2C sales mix	EBOs	Dealer/distributor
Varmora	2003	14,460	13	Tiles - 70.2m sqm, Bathware - 0.9m units	76%	286	2,286
Asian Granito	1995	15,585	14	Tiles - 52.5m sqm, Bathware - 0.66 m units	51%	277	2,700
KJC	1985	46,351	9	Tiles - 90.5m sqm	70%	430	1,850
Orient Bell	1977	6,698	5	Tiles - 42.4m sqm	NA	381	2,000
SOMC	1968	26,588	11	Tiles -75.0m sqm, Sanitaryware & Bathware -1.8m sqm	80%	474	2,675

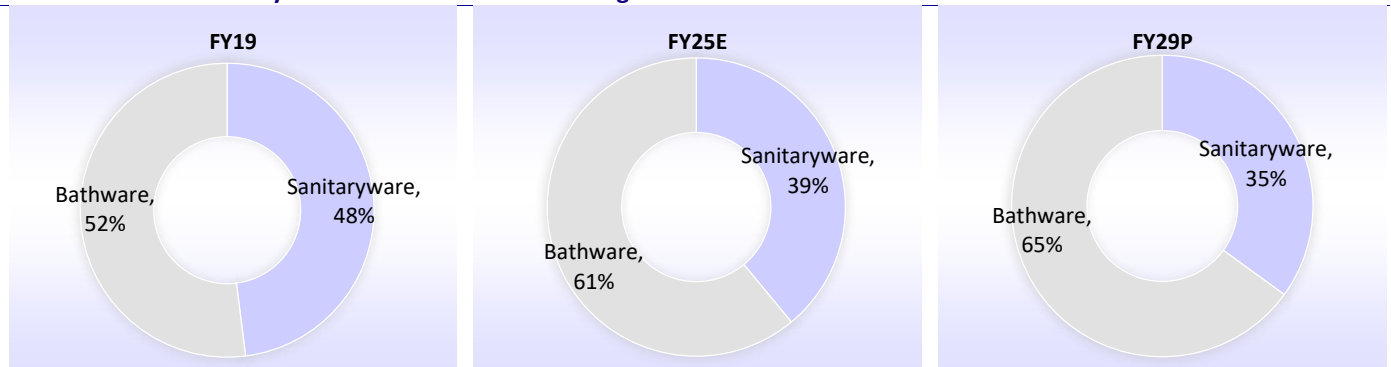
Source: Technopak Analysis, Secondary research

Bathware segment to grow faster than sanitaryware

The sanitary and bathware market is divided into two main categories: sanitaryware (toilets, basins, etc.) and bathware (faucets, showers, bathtubs, etc.). In FY25, the sanitaryware segment accounted for ~39% of the market (~INR129b), while the bathware segment accounted for ~61% share (~INR202b).

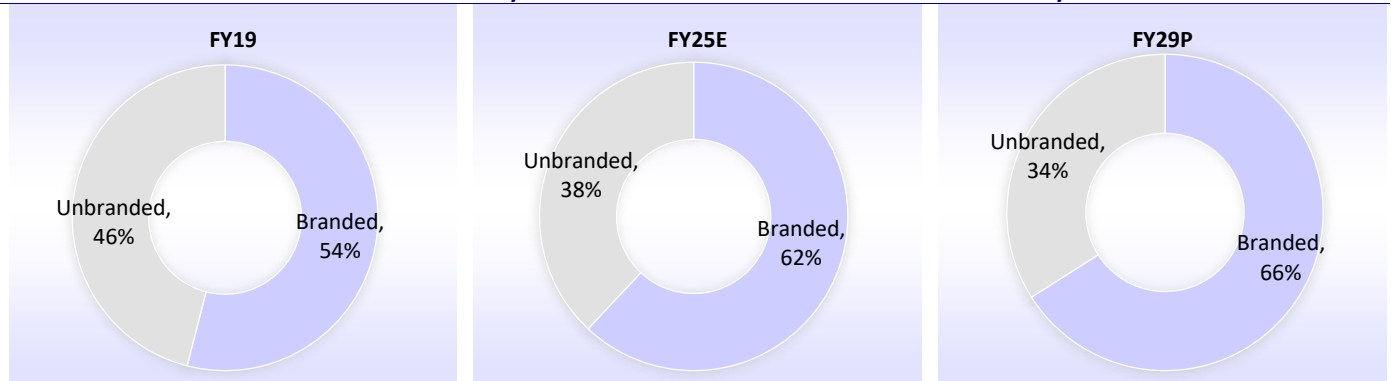
The share of bathware is projected to grow faster due to low penetration and increasing renovation frequency, as compared to the sanitaryware market, which is a more penetrated market. India's sanitaryware market – the world's second-largest market after China – is likely to post a 7% CAGR over FY25-29. Conversely, the Indian bathware market – valued at ~INR202b in FY25 – is projected to clock a CAGR of ~11.7% over FY25-29. Organized players will continue to gain market share, in our view, owing to the company's aggression towards capacity addition, brand building, and channel expansion (Source: Varmora DRHP).

Exhibit 38: Indian sanitaryware and bathware market segmentation



Source: Technopak Analysis, Secondary research

Exhibit 39: Branded share in the Indian sanitaryware and bathware market to increase to 66% by FY29



Source: Technopak Analysis, Primary research

Companies

CENTURY PLYBOARDS (CMP: INR753, TP: INR958 (+27%), Initiate coverage with a BUY)

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CERA SANITARYWARE (CMP: INR5,486, TP: INR5,842 (+6%), Initiate coverage with a NEUTRAL)

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Century Plyboards

BSE Sensex
84,587

S&P CNX
25,885

CMP: INR753

TP: INR958 (+27%)

Buy



Stock Info

Bloomberg	CPBI IN
Equity Shares (m)	222
M.Cap.(INRb)/(USDb)	174.4 / 2
52-Week Range (INR)	897 / 630
1, 6, 12 Rel. Per (%)	6/-1/3
12M Avg Val (INR M)	159

Financials Snapshot (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	45.3	53.0	59.1
EBITDA	4.9	6.7	9.0
Adj. PAT	2.0	2.9	5.0
Adj. EPS (INR)	8.9	13.1	22.4
EPS Gr. (%)	-41.1	46.6	71.4
BV/Sh. (INR)	106.3	117.4	137.3

Ratios

RoE (%)	8.4	11.1	16.3
RoCE (%)	10.4	12.8	18.2
Payout (%)	18.0	15.3	11.1

Valuations

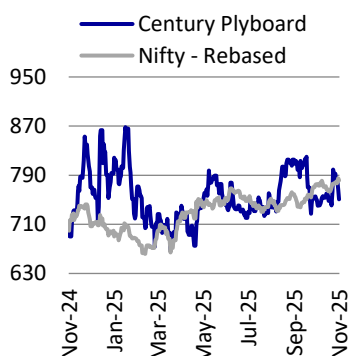
P/E (x)	84.3	57.5	33.6
P/BV (x)	7.1	6.4	5.5
EV/EBITDA (x)	37.6	26.8	19.6
Div. Yield (%)	0.2	0.3	0.3

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	72.6	72.6	72.6
DII	18.1	17.9	17.0
FII	4.3	4.4	4.4
Others	5.0	5.0	6.0

FII includes depository receipts

Stock's performance (one-year)



Crafting leadership in every panel!

The most diversified wood panel company

- Century Plyboards (CPBI) is India's most diversified wood panel company, with a presence across categories of plywood, MDF, laminates, and particle board.
- Starting from the plywood business in 1982, the non-plywood segment contributed 43% to total revenue in FY25, constituted mainly by MDF (24%) and laminates (15%).
- Following a 12% CAGR in overall revenue over FY19-25, we estimate a 15% CAGR over FY25-28 to be led by CPBI's strong distribution skills, expanding manufacturing capacities, and continued focus on strengthening its brand position through aggressive A&P spending (~4% of revenue).

MDF: Fast ramp-up backed by capacity additions

- CPBI entered the MDF segment in 2018 with a 313,500cbm capacity. In FY25, MDF revenue stood at INR10.1b, with volume/value surging 59%/38% YoY. However, EBITDA margin (~10%) was impacted due to aggressive pricing by competition and the inability to pass on higher timber prices to customers.
- Looking at the vast growth opportunity and to retain its leading position, CPBI operationalized a new MDF plant in FY25 in Badvel, Andhra Pradesh, doubling total capacity to 6,27,000cbm.
- With timber prices stabilized in the last few quarters, we expect CPBI's MDF revenue to clock a 25% CAGR over FY25-28 with EBITDA margin gradually improving to 20% in FY28E.
- Implementation of BIS is likely to restrict suboptimal imports, creating a level playing field for domestic manufacturers.

Aims for INR120b revenue by FY31, at 18% CAGR, after an aggressive capex

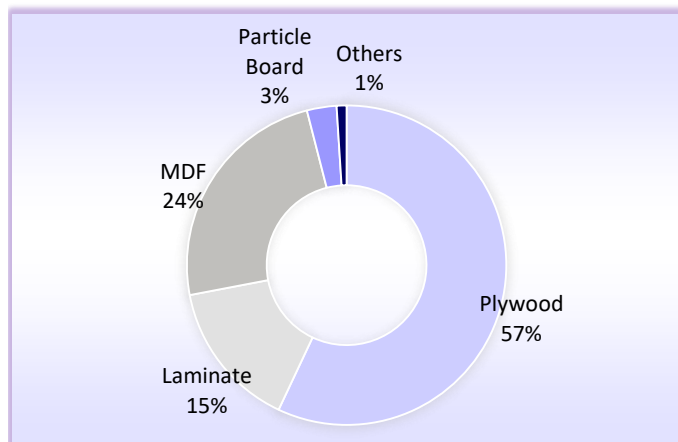
- CPBI has aggressively invested ~INR20b in the last three years, majorly into the MDF, particle board, and laminate segments, as compared to ~INR15b of capex carried out in the last eight years until FY22. This suggests the company's conviction in the prospects of its product categories in India. More importantly, this large capex was done without abnormally stretching its balance sheet.
- CPBI aims to achieve its revenue target of INR120b by FY31, up from INR45.3b in FY25, clocking an 18% CAGR over FY25-31.

Valuation and view: Initiate coverage with a BUY rating

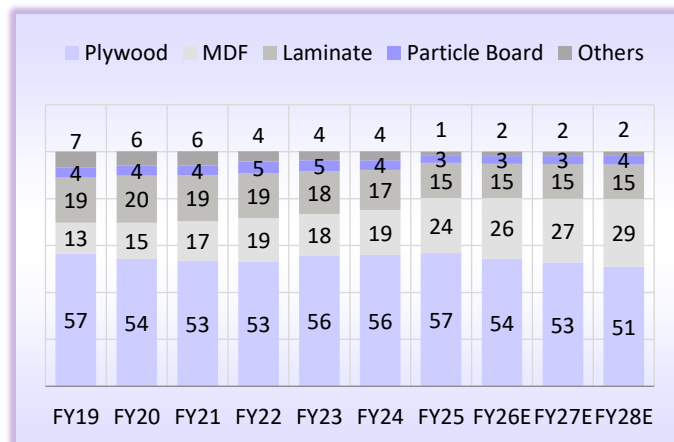
- While the wood panel industry has faced multiple headwinds over the past 2-3 years, the medium-to-long-term outlook remains intact. We believe CPBI is well placed to capitalize on the demand pick-up in the housing sector.
- We expect CPBI to clock a 15%/32%/51% CAGR in revenue/EBITDA/PAT over FY25-28 (FY19-25: 12%/8%/5%). The current depressed RoE/RoCE (due to heavy capex) is expected to improve to ~18%/23% in FY28, with a ramp-up in utilization.
- We initiate coverage on CPBI with a BUY rating and a TP of INR958, based on 36x Sep'27 P/E (same as its 1-year forward 10-year average multiple).

STORY IN CHARTS

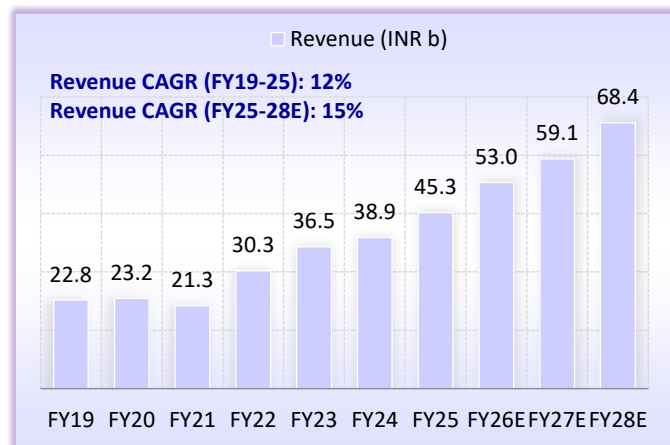
Diversified revenue mix (FY25)...



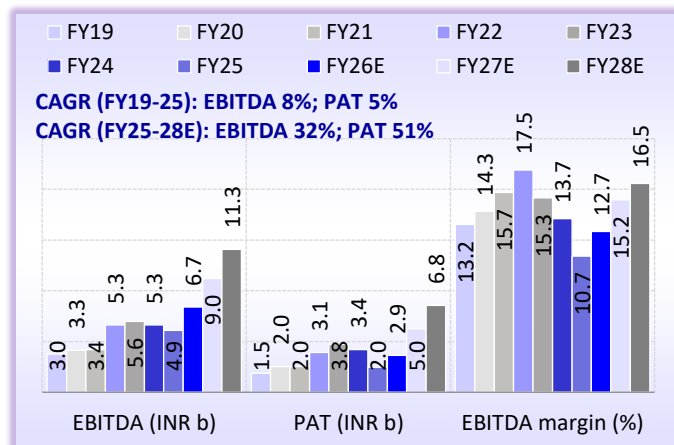
...with plywood and MDF constituting the large pie



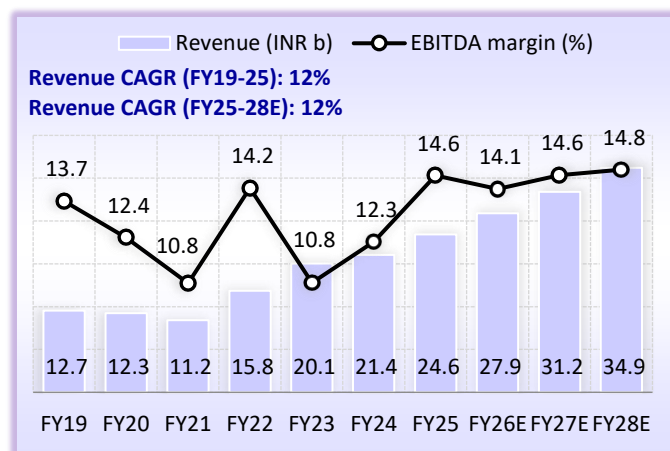
We expect a revenue CAGR of 15%...



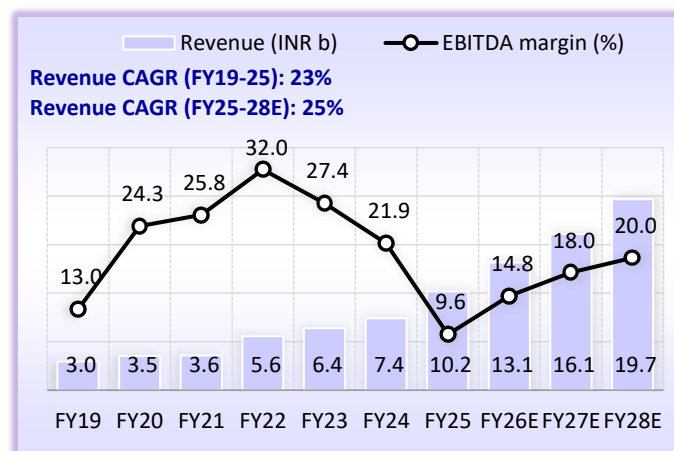
...and a 32%/51% CAGR in EBITDA/PAT over FY25-FY28E



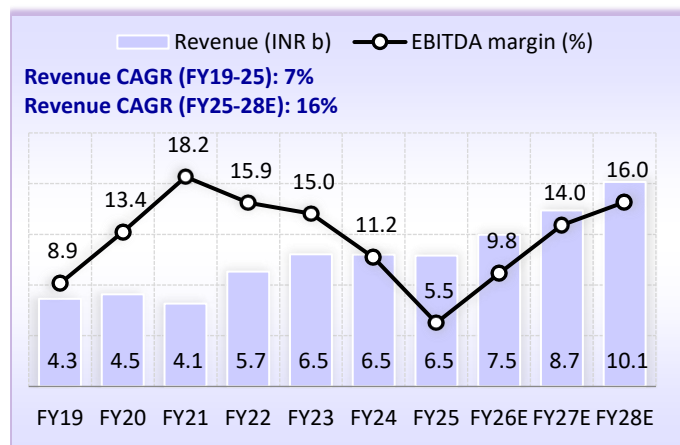
Plywood revenue to grow at 12% CAGR...



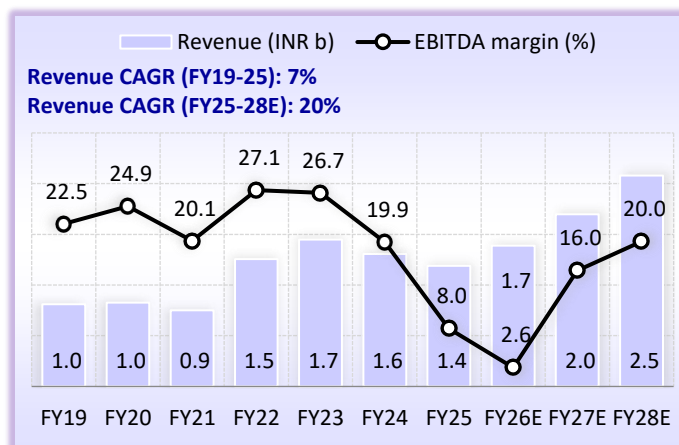
...while MDF revenue to grow at 25% CAGR over FY25-28E



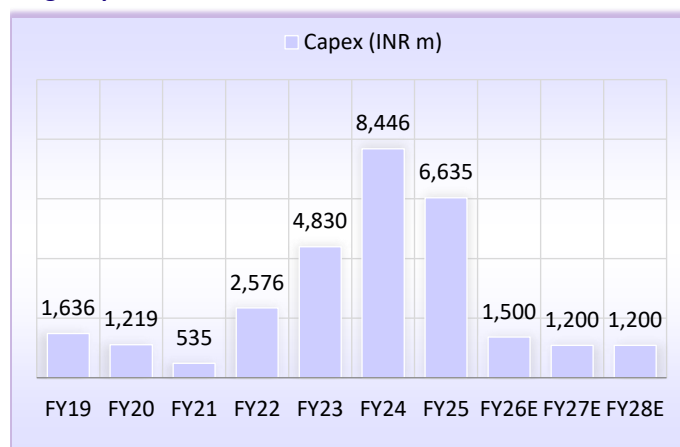
Laminate revenue to grow at 16% CAGR...



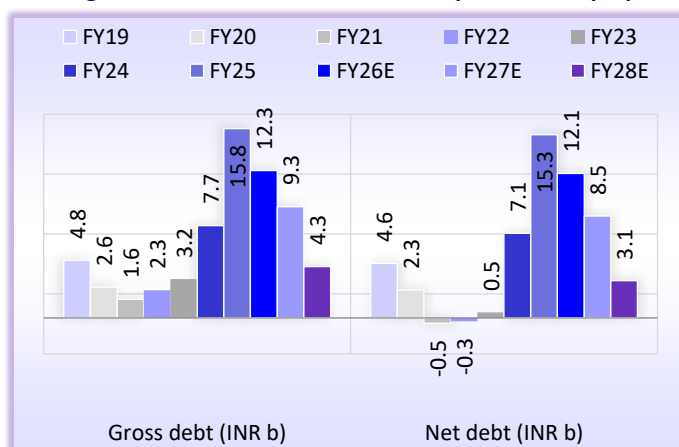
...& particle board revenue to grow at 20% CAGR (FY25-28E)



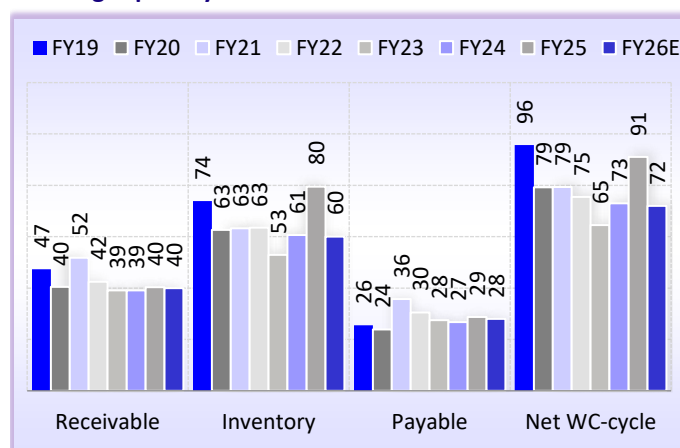
Large capex over FY22-25 to moderate...



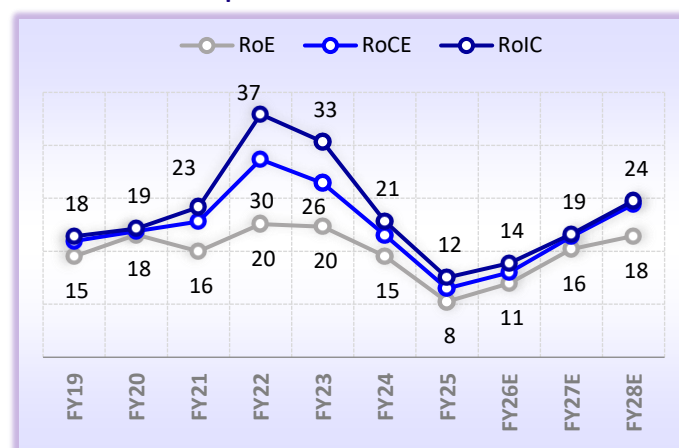
...leading to reduction in debt levels as capacities ramp up



Working capital cycle to normalize...



...and lead to an improvement in return ratios



Dupont Analysis	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
RoE (%)	15.2	18.5	16.0	20.1	19.7	15.3	8.4	11.1	16.3	18.3
PAT margin (%)	6.5	8.7	9.5	10.3	10.3	8.7	4.4	5.5	8.4	10.0
Total Asset Turnover (x)	1.5	1.7	1.5	1.7	1.6	1.3	1.1	1.4	1.5	1.6
Equity Multiplier (x)	1.5	1.2	1.1	1.2	1.2	1.4	1.7	1.5	1.3	1.1

Source: Company, MOFSL

Key highlights from the management commentary

Result highlights – 2QFY26

- Revenue/EBITDA/PAT jumped 17%/57%/72% YoY.
- Growth was broad-based across segments.
- The EBITDA margin at 12.6% expanded 320bp YoY due to higher volumes and cost optimization measures.
- The WC cycle improved to 70 days from 74 days.
- In 1H, revenue/EBITDA/PAT increased 17%/36%/62% YoY.

Guidance for FY26

- For FY26, the company has increased revenue growth guidance to 13% in plywood (from 10% earlier) with EBITDA margins of 12–14%.
- Laminates to deliver 15-17% revenue growth (vs. 20%+ earlier) with high single-digit margins.
- MDF revenue growth is guided at 25% (vs 20% earlier) with margins of 15%+.
- Particle board revenue is expected to grow by over 40%, with EBITDA margin normalizing at ~15% over the medium term, from low single digits.
- The capex plan in MDF and plywood segments will be finalized soon.

Plywood

- Plywood revenue grew 15% YoY in 2Q, supported by healthy volume growth and improved distribution reach.
- EBITDA margin stood at 14.2%, down 83bp YoY.
- No price hikes were taken as RM prices remained stable in 2Q.
- Commands less than 10% market share in the industry.
- CU at 80-85%.

Laminates

- The laminates business posted 17% YoY and 8% QoQ revenue growth.
- Volumes grew across both domestic and export markets for premium SKUs.
- EBITDA margin expanded 468bp YoY to 9.5%.

MDF

- The MDF segment continued its strong performance with 28% YoY revenue growth and an EBITDA margin of 13.6%.
- The improvement was led by higher capacity utilization across units.
- Line extension in the South Plant in 1HFY27 to increase capacity by 25% (to 6 lakh cbm)
- Timber supply shortages in the North adversely affected costs.
- Management does not expect cost pressure in chemicals to sustain.
- CU aimed at 80-85% in 2H.

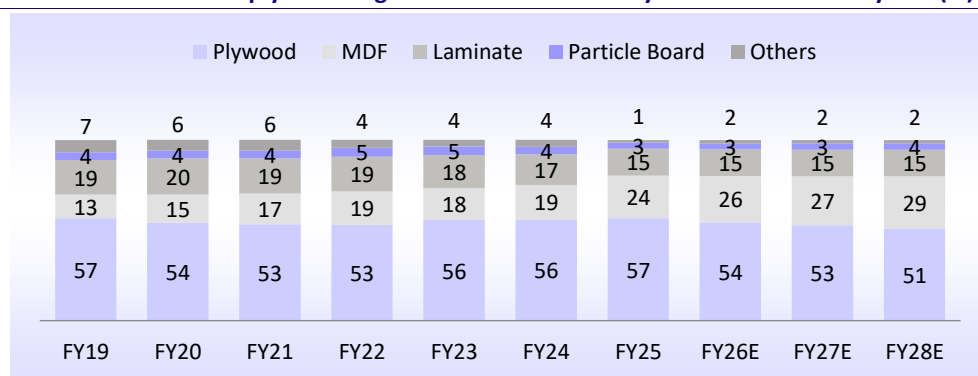
Particle Board

- Particle board revenue declined 18% YoY in 2QFY26, with an EBITDA margin of negative 10.1%.
- The new plant commenced production in 2Q; management expects ramp-up soon.
- While EBITDA remains under pressure from high fixed costs during ramp-up, performance is expected to improve as utilization and efficiencies rise.
- CU aimed at 65% in 2H from 35% currently.

The most diversified wood panel company

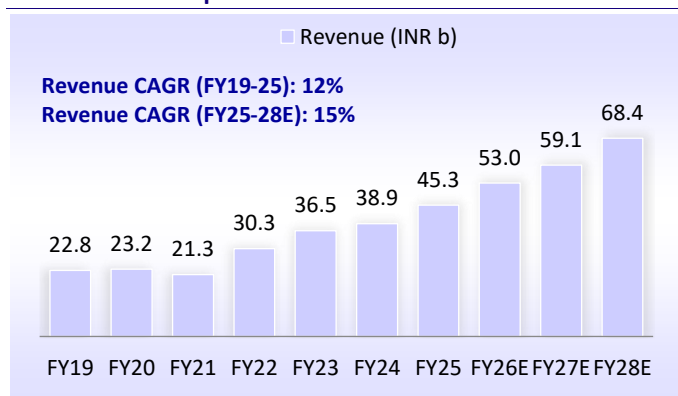
- CPBI is present across the value chain of wood panel categories, with a strong portfolio of plywood, MDF, laminates, and particle board, making it a leading player.
- Plywood remains the cornerstone of the company's business, contributing 57% to overall revenue in FY25.
- The non-plywood segment contributed 43% to total revenue in FY25, constituted mainly by MDF (24%), Laminates (15%), and Particle Board (3%).
- CPBI is realigning its market presence for a more diversified and de-risked channel.
- Following a 12% CAGR in overall revenue over FY19-25, we estimate a 15% CAGR over FY25-28 to be led by CPBI's strong distribution skills, expanding manufacturing capacities, and continued focus on strengthening its brand position through aggressive A&P spending (~4% of revenue in FY25).

Exhibit 40: Mix of non-plywood segments have consistently increased over the years (%)



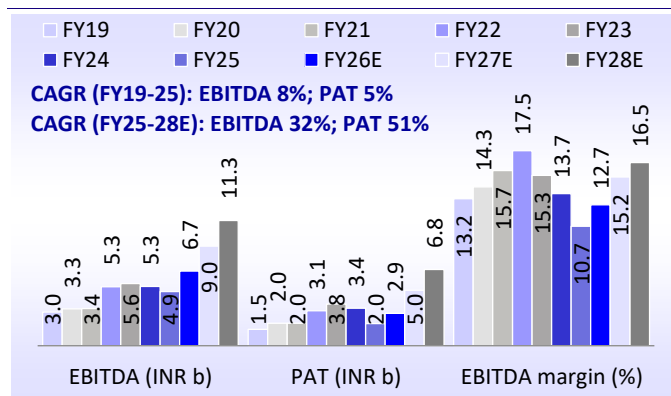
Source: Company, MOFSL

Exhibit 41: We expect a revenue CAGR of 15%...



Source: Company, MOFSL

Exhibit 42: ...and a 51% CAGR in PAT over FY25-FY28



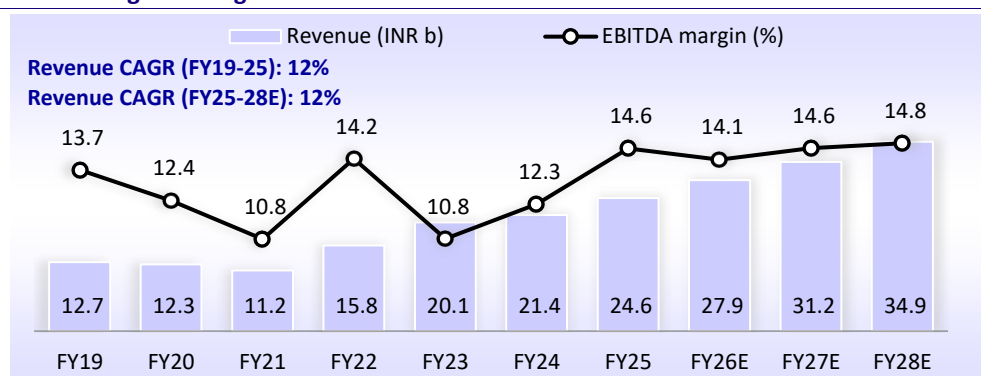
Source: Company, MOFSL



Plywood, the largest business segment

Plywood remains the cornerstone of CPBI's business, contributing approximately 57% to the company's revenue during FY25. The company offers a range of plywood solutions around diverse project needs — residential or commercial — with a focus on strength, aesthetics, and technological innovation coming from its 8 plants across India and Gabon. The plywood segment is distributed among 3,600 retailers across 1,644 locations. In FY25, the company's plywood segment's dealer network expanded its wings into 214 towns.

Exhibit 43: We expect plywood revenue to grow at a CAGR of 12% over FY25-28E with EBITDA margin inching towards 14.8%



Source: Company, MOFSL



Realigning market presence for a more diversified and de-risked channel

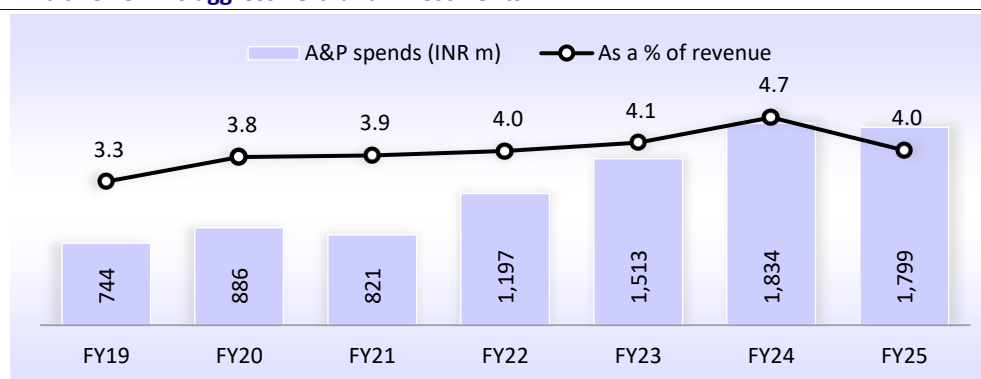
CPBI has taken various steps to realign its market presence for a more diversified and de-risked channel. These steps include 1) rebalancing sales channels between domestic and export markets, 2) increasing penetration in underserved regions and Tier II/III cities, 3) strengthening global presence in value-added laminates and engineered wood exports, and 4) leveraging branding and channel strength to consolidate market leadership in India.

Exhibit 44: CPBI's brand portfolio



Source: Company

Exhibit 45: CPBI's aggressive brand investments



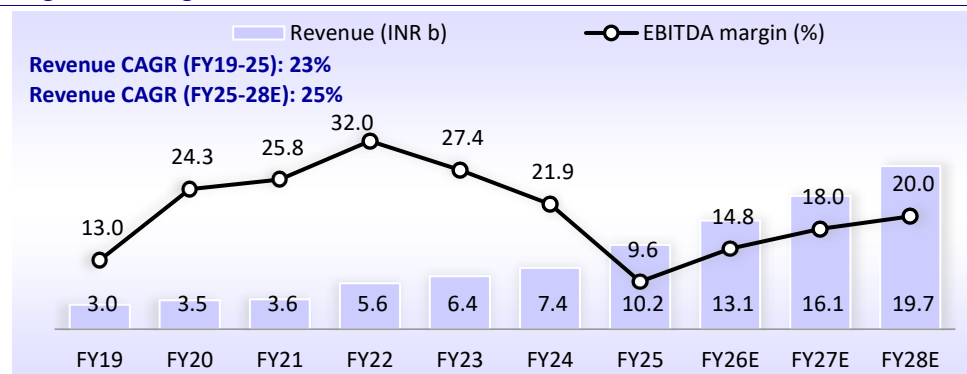
Source: Company



MDF: Fast ramp-up backed by capacity additions

- CPBI entered the MDF segment in 2018 with a 313,500cbm capacity. Products are distributed among 991 traders across 122 locations.
- In FY25, MDF revenue stood at INR10.1b, with volume/value surging 59%/38% YoY. However, EBITDA margin (~10% in FY25 vs ~22% in FY24) was hit due to aggressive pricing by competition and the inability to pass on higher timber prices to customers.
- Looking at the vast growth opportunity and to retain its leading position, CPBI operationalized a new MDF plant in FY25 in Badvel, Andhra Pradesh, doubling total capacity to 627,000cbm. With this, the company has strengthened its presence in the South Indian market, which contributed nearly a third of MDF revenue during FY25.
- With timber prices stable over the last few quarters, we expect CPBI's MDF revenue to clock a 25% CAGR over FY25-28 with EBITDA margin gradually improving to 20%.
- Higher competition from small players and new capacities have put pressure on realizations, thereby impacting margins in the short term. However, due to increasing use of ready-made furniture, QCO/BIS on MDF, increasing online furniture sales, and the furniture industry moving towards organized players, the MDF industry is anticipated to see strong tailwinds ahead.

Exhibit 46: We expect MDF revenue to grow at a CAGR of 25% over FY25-28E with EBITDA margin increasing to 20% in FY28



Source: Company, MOFSL

Exhibit 47: MDF is a smart, versatile, and sustainable product for the future

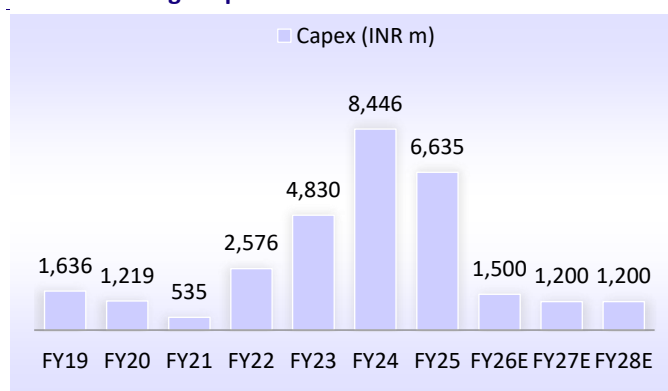


Source: Company

Aims for INR120b revenue by FY31, at 18% CAGR, after an aggressive capex over FY22-25

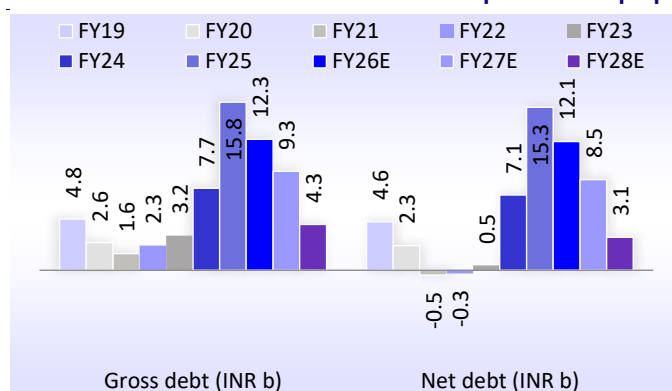
- CPBI has aggressively invested ~INR20b in the last three years, majorly into the MDF, particle board, and laminate segments, as compared to ~INR15b of capex carried out in the last eight years until FY22.
- This suggests the company's conviction in the prospects of its product categories in India and its preparedness to lead the sector.
- Moreover, this large capex was done without abnormally stretching its balance sheet.
- CPBI aims to achieve its revenue target of INR120b by FY31, up from INR45.3b in FY25, clocking an 18% CAGR over FY25-31.

Exhibit 48: Large capex over FY22-25 to moderate



Source: Company, MOFSL

Exhibit 49: Debt levels to reduce as new capacities ramp up

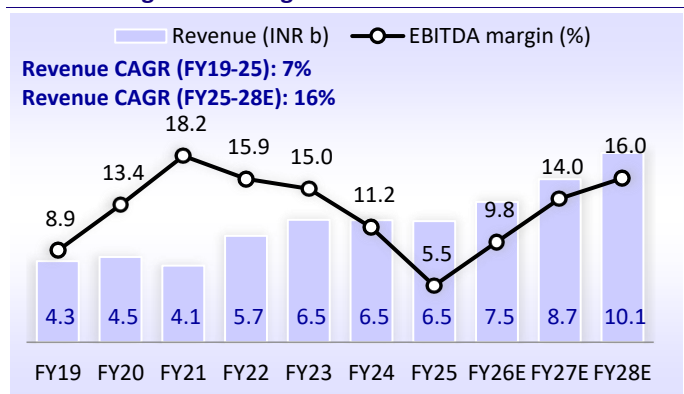


Source: Company, MOFSL

Seeking new opportunities in laminates and particle board

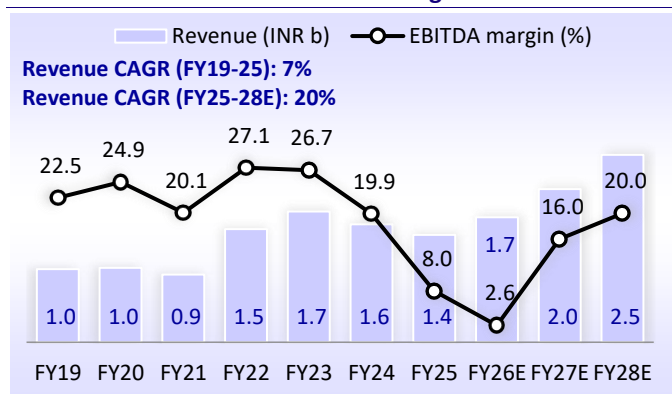
CPBI has expanded its laminates capacity in Andhra Pradesh, where it will focus on large laminates with higher realizations and will also explore export opportunities. For particle board, it will now focus on inching up its value-added products (pre-lam boards) with better margins and less competition. All the aforementioned factors will support strong revenue and margin growth for CPBI.

Exhibit 50: Laminates revenue to grow at 16% CAGR with EBITDA margin increasing to 16% in FY28...



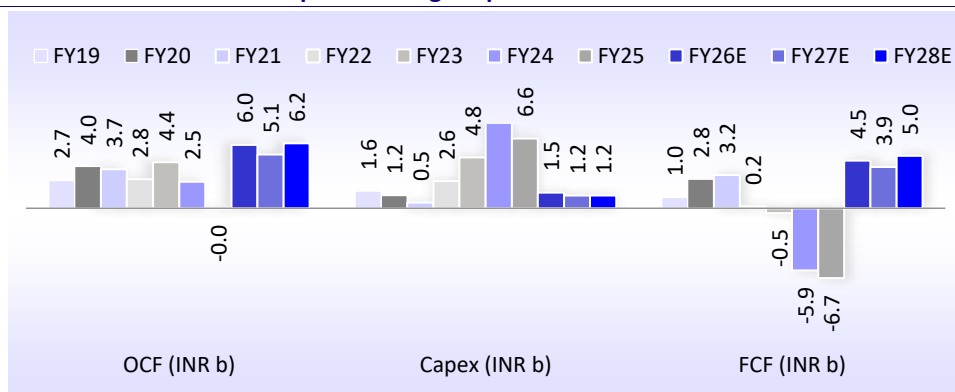
Source: Company, MOFSL

Exhibit 51: ... and particle board revenue to increase at 20% CAGR over FY25-28E with EBITDA margin at 20% in FY28E



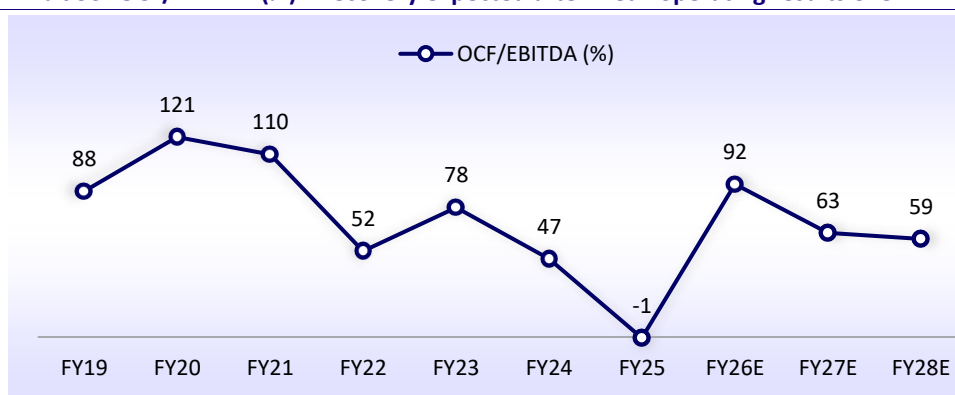
Source: Company, MOFSL

Exhibit 52: Cash flows to improve as large capex nears end



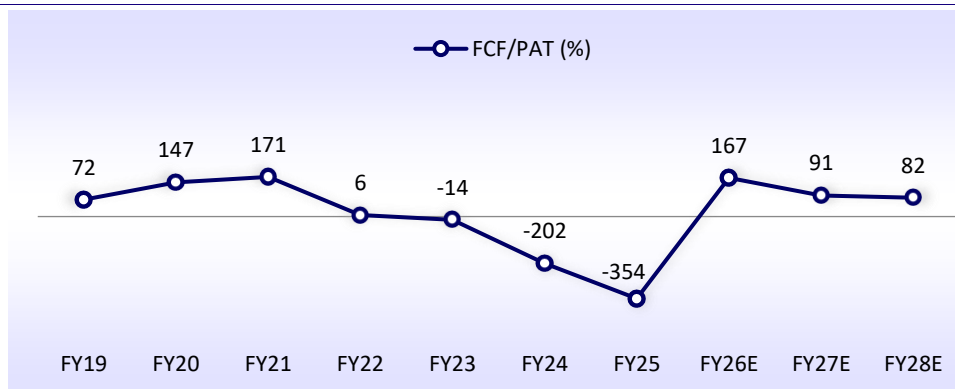
Source: Company, MOFSL

Exhibit 53: OCF/EBITDA (%) – recovery expected after weak operating results over FY24-25



Source: Company, MOFSL

Exhibit 54: FCF/PAT (%) – expected to normalise as capex intensity reduces

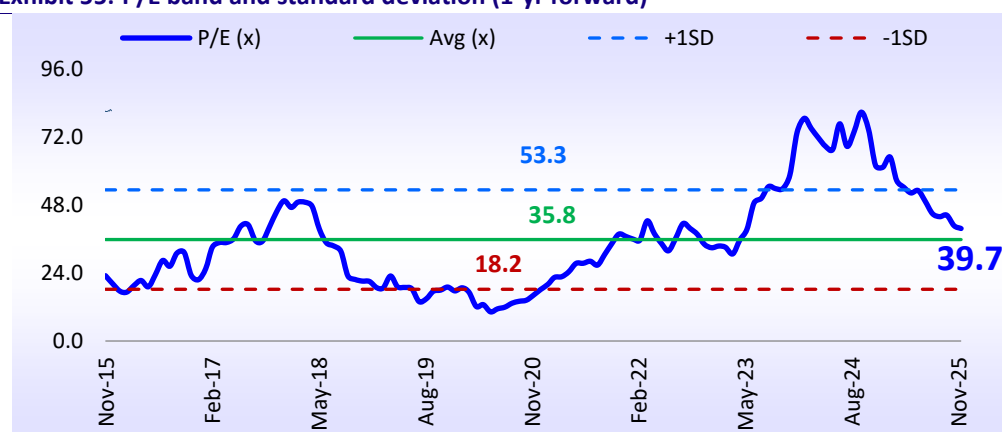


Source: Company, MOFSL

Valuation and view: Initiate coverage with a BUY rating

- While the wood panel industry has faced multiple headwinds related to demand and margins over the past 2-3 years, the medium-to-long-term outlook remains intact, driven by a surge in real estate registrations, commercial projects under implementation, a rise in private capex, and a demand shift to branded players.
- We believe CPBI is well placed to capitalize on a demand pickup in the housing sector. We see it as a strong play on the growing interior infrastructure market in India with a comprehensive product portfolio, strong brand recall, and a wide distribution network.
- CPBI commands better pricing power in the market due to its premium positioning backed by high brand recall, better channel support, and after-sales services.
- We expect CPBI to clock a 15%/32%/51% CAGR in revenue/EBITDA/PAT over FY25-28, after registering a low 12%/8%/5% CAGR during FY19-25. The current depressed RoE/RoCE (due to heavy capex) is expected to improve to ~18%/23% in FY28, with a ramp-up in plant utilization.
- We initiate coverage on CPBI with a BUY rating and a TP of INR958, based on 36x Sep'27 P/E (same as its 1-year forward 10-year average multiple).

Exhibit 55: P/E band and standard deviation (1-yr forward)



Source: Bloomberg, MOFSL

Exhibit 56: MOFSL vs. BBG estimates

INR b	MOFSL Estimates			Bloomberg estimates			% Var with MOFSL		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	53.0	59.1	68.4	52.5	60.8	69.5	1	(3)	(2)
EBITDA	6.7	9.0	11.3	6.5	8.7	10.5	3	3	8
EBITDA margin %	12.7	15.2	16.5	12.4	14.3	15.1			
PAT	2.9	5.0	6.8	3.1	4.8	6.2	(6)	3	10
EPS	13.1	22.4	30.8	13.8	21.6	28.5	(5)	4	8

Source: Company, MOFSL

Key risks:

- A slowdown in real estate activities may lead to an increase in competitive intensity and thus impact volumes and margins of the company.
- Elevated timber prices and their availability pose a risk to volumes and margins.

Bull and bear case scenarios



Bull case scenario

	FY25	FY26E	FY27E	FY28E	CAGR FY25-28E
Target Price: INR1,243 (65% upside) (at 40x Sep'27 P/E)	❖ We expect ~18%/40%/60% CAGR in revenue/EBITDA/PAT over FY25-28E. ❖ Revenue is expected to be driven by ~30% CAGR in MDF and ~20% CAGR in Laminates segment. ❖ We estimate EBITDA margin of 10.7% in FY25 to rapidly improve to 17.7% in FY28.				
Revenue (INR m)	45,278	52,975	61,717	74,807	18
EBITDA (INR m)	4,866	6,713	9,981	13,220	40
EBITDA margin %	10.7	12.7	16.2	17.7	
PAT (INR m)	1,987	2,912	5,675	8,160	60
EPS (INR)	8.9	13.1	25.5	36.7	60

Base case scenario

	FY25	FY26E	FY27E	FY28E	CAGR FY25-28E
Target Price: INR958 (27% upside) (at 36x Sep'27 P/E)	❖ We expect ~15%/32%/51% CAGR in revenue/EBITDA/PAT over FY25-28E. ❖ Revenue is expected to be driven by ~25% CAGR in MDF and ~16% CAGR in Laminates segment. ❖ We estimate EBITDA margin of 10.7% in FY25 to gradually improve to 16.5% in FY28.				
Revenue (INR m)	45,278	52,975	59,081	68,389	15
EBITDA (INR m)	4,866	6,713	8,963	11,265	32
EBITDA margin %	10.7	12.7	15.2	16.5	
PAT (INR m)	1,987	2,912	4,992	6,848	51
EPS (INR)	8.9	13.1	22.4	30.8	51

Bear case scenario

	FY25	FY26E	FY27E	FY28E	CAGR FY25-28E
Target Price: INR597 (21% downside) (at 32x Sep'27 P/E)	❖ We expect ~12%/18%/32% CAGR in revenue/EBITDA/PAT over FY25-28E. ❖ Revenue is expected to be driven by ~20% CAGR in MDF and ~11% CAGR in Laminates segment. ❖ We estimate EBITDA margin of 10.7% in FY25 to gradually improve to 12.8% in FY28.				
Revenue (INR m)	45,278	52,975	56,686	62,943	12
EBITDA (INR m)	4,866	6,713	7,183	8,039	18
EBITDA margin %	10.7	12.7	12.7	12.8	
PAT (INR m)	1,987	2,912	3,734	4,568	32
EPS (INR)	8.9	13.1	16.8	20.5	32

SWOT analysis



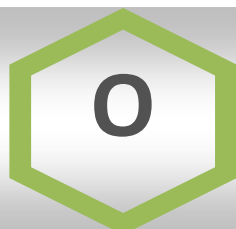
Strengths

- ❖ The leader in the wood panel industry with a diversified product portfolio
- ❖ Pan-India manufacturing and distribution network
- ❖ Pricing power due to strong brand recall
- ❖ Best-in-class margins, cash flows, and return ratios
- ❖ Credible management team led by promoters and professionals



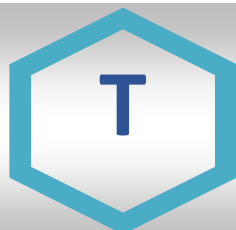
Weaknesses

- ❖ Highly competitive market, primarily dominated by unorganized players, with the exception of the MDF segment, where competition may be more structured
- ❖ High dependency on influencers to promote sales
- ❖ Need for effective demand forecasting, production planning, and inventory management to meet supply as per demand



Opportunities

- ❖ Structural drivers such as low penetration and per capita consumption of wood panel products in India, rising disposable income, premiumization, and urbanization support a robust outlook in the long run
- ❖ Favorable factors supporting the shift of the market towards the organized sector
- ❖ Significant opportunity to penetrate further to the rural markets



Threats

- ❖ High competition from other leading organized players and a large unorganized sector
- ❖ Surge in timber prices as seen in 2024
- ❖ Prolonged slowdown in demand of real estate units
- ❖ A high inflationary scenario may weaken consumer spending on discretionary items like building products
- ❖ Low spending by the government on infra development

ESG initiatives

Environmental initiatives

- Reduced coal consumption by 11% YoY despite a 26% increase in production.
- Internally generated renewable sources addressed 19% of energy requirements.

CSR initiatives

- Involved in social development initiatives for over two decades; primarily focused on education, healthcare, animal welfare and environmental sustainability.

Governance

- As of Mar'25, the Board comprised sixteen Directors, including eight Executive Directors, eight Non-Executive Independent Directors including two women Directors.

Company overview

CPBI was incorporated on 5th Jan, 1982 by Mr. Sanjay Agarwal (Managing Director), late Hari Prasad Agarwal, and Mr. Sajjan Bhajanka (Chairman). CPBI is one of India's largest interior infrastructure solutions companies. It manufactures and sells wood-based panel products, which include plywood, laminates, MDF, and particle board. It also operates a container freight station through its wholly owned subsidiary in Kolkata, West Bengal. CPBI, at a consolidated level, has eight plywood units (including one in Gabon) with a combined annual capacity of 0.34m cbm (cubic meters), two laminate units with a capacity of 9.65m sheets, two MDF units with a capacity of 0.63m cbm, and two particle board units with an annual capacity of 0.31m cbm (recently added 0.24m cbm in Chennai). The company is present pan-India with a distribution network comprising 4,161 trade partners, across 27 states and 7 union territories. It markets more than 25,500 SKUs, amongst the highest in the industry.

Exhibit 57: Pan-India manufacturing presence

Manufacturing facilities

Plywood: 8 units (includes one unit in Gabon)

Laminate: 2 unit

MDF: 2 unit

Particle Board: 2 unit

Plywood

- 1 Bishnupur, West Bengal
- 2 Chinnappolapuram, Gummidipoondi, Tamil Nadu
- 3 Taraori, Haryana
- 4 Kamrup, Assam (2 units)
- 5 Bhachau-Kachchh, Gujarat
- 6 Roorkee, Uttarakhand

Laminate

- 1 Bishnupur, West Bengal
- 2 Badvel, Andhra Pradesh

MDF

- 1 Hoshiarpur, Punjab
- 2 Badvel, Andhra Pradesh

Particle board

- 1 Chinnappolapuram, Gummidipoondi, Tamil Nadu
- 2 TVK SIPCOT Industrial Park, Thiruvallar district, Tamil Nadu

Source: Company

Exhibit 58: Shareholding pattern and key shareholders

Shareholding Pattern (%)				Key Shareholders	% Equity Sep'25
	Sep'25	Jun'25	Mar'25		
Promoter	72.6	72.6	72.6	❖ Kotak MF	4.5
Free Float				❖ DSP MF	4.2
Foreign Institutions	4.3	4.4	4.6	❖ Mirae Asset MF	3.3
Domestic Institutions	18.1	17.9	17.6	❖ Nippon Life India	1.5
Public & Others	5.0	5.0	5.2	❖ PI Opportunities AIF	1.3

Source: BSE

Management Team

Mr. Sajjan Bhajanka, Chairman and Managing Director, aged 73, has over 46 years of rich experience in plywood, ferro silicon, cement, and allied sectors. He was awarded the Padma Shri in 2025 for his exceptional service in the field of trade and industry. He has been instrumental in shaping the company's strategic direction and overseeing key functions, including production, finance, and treasury. He holds directorships in multiple organizations and is also the President of the Federation of Indian Plywood & Panel Industry (FIPPI) and the All India Veneer Manufacturers Association and chairs the Research Advisory Committee of the Indian Plywood Industries Research & Training Institute (IPIRTI), Bangalore – an autonomous body under the Ministry of Environment & Forests, GOI.

Mr. Sanjay Agarwal, Managing Director & Chief Executive Officer, aged 64, has been instrumental in establishing the CenturyPly brand as a market leader, leveraging deep market insights, strategic vision, and dynamic leadership. He currently oversees the company's sales, marketing, IT, and human resources functions. He holds directorships in several group and associated companies and is also associated with the Indian Chamber of Commerce, Calcutta, and the Royal Calcutta Golf Club.

Mr. Prem Kumar Bhajanka, Managing Director, aged 67, has been instrumental in driving the company's growth, particularly through the establishment of manufacturing facilities across diverse locations, including Haryana, Assam, Gujarat, and Myanmar. Renowned for his deep operational expertise and ability to set up facilities in geographically and logistically challenging regions, Mr. Bhajanka currently oversees timber procurement and the operations of four key manufacturing units, including the company's overseas facility in Myanmar.

Mr. Vishnu Khemani, Managing Director, aged 73, was instrumental in establishing the company's plywood and veneer manufacturing facility in Chennai and leading its operations across South India. He is the driving force behind the 'Sharon Ply' brand, which has grown to become the most prominent plywood brand in the southern region. Mr. Khemani has also been central to the conceptualization and strategic planning of the company's foray into the particle board and MDF segments.

Mr. Keshav Bhajanka, Executive Director, aged 36, holds a degree in Accounts and Finance from Warwick University, UK. He has been instrumental in scaling the company's decorative vertical and implementing modern supply chain systems. He has also led the company's entry into new product segments, like MDF, Exteria, and Flooring. His strategic vision & execution skills have driven significant product diversification and enhanced operational efficiency.

Ms. Nikita Bansal, Executive Director, aged 36, holds a degree in economics from New York University. She currently leads the Century Doors product line and has played a key role in driving internal transformation across the organization. Her contributions include vision and goal setting, employee engagement, internal communications, and travel management, with a consistent focus on process efficiency and people-centric growth.

Mr. Arun Julasaria, CFO, is working with the company since Aug 2004. He has expertise in the areas of corporate finance, treasury, M&A, new projects, investor relations and corporate planning.

Mr. Rajesh Kumar Agarwal, Executive Director, aged 55, has over 34 years of experience in the corporate and manufacturing sectors. He brings valuable expertise in administration, logistics, IT, and procurement.

Mr. Ajay Baldawa, Executive Director, aged 68, is a seasoned leader in the plywood industry with over 43 years of expertise in manufacturing and operations. He holds a bachelor's degree in Metallurgical Engineering from Bengal Engineering College and an M.Tech. in Metallurgy from the Indian Institute of Technology (IIT), Kanpur.

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Income from Operations	21,304	30,270	36,466	38,860	45,278	52,975	59,081	68,389
Change (%)	-8.1	42.1	20.5	6.6	16.5	17.0	11.5	15.8
RM Cost	10,405	15,021	19,162	20,354	24,338	27,255	29,215	33,271
Employees Cost	3,316	4,176	4,749	5,398	6,913	8,169	9,052	10,409
Other Expenses	4,228	5,765	6,968	7,789	9,162	10,837	11,850	13,444
Total Expenditure	17,949	24,962	30,879	33,541	40,413	46,262	50,117	57,124
% of Sales	84.3	82.5	84.7	86.3	89.3	87.3	84.8	83.5
EBITDA	3,355	5,308	5,587	5,319	4,866	6,713	8,963	11,265
Margin (%)	15.7	17.5	15.3	13.7	10.7	12.7	15.2	16.5
Depreciation	687	743	775	947	1,372	1,824	1,950	1,983
EBIT	2,669	4,566	4,812	4,372	3,494	4,888	7,014	9,281
Int. and Finance Charges	128	114	170	308	690	1,124	431	226
Other Income	173	231	477	439	103	91	118	137
PBT bef. EO Exp.	2,714	4,682	5,119	4,502	2,906	3,855	6,701	9,193
EO Items	-118	0	0	-111	-133	0	0	0
PBT after EO Exp.	2,596	4,682	5,119	4,392	2,773	3,855	6,701	9,193
Total Tax	684	1,550	1,349	1,138	912	1,014	1,709	2,344
Tax Rate (%)	26.3	33.1	26.4	25.9	32.9	26.3	25.5	25.5
Share of Minority Interests	2	1	8	-11	8	-71	0	0
Reported PAT	1,910	3,131	3,762	3,264	1,853	2,912	4,992	6,848
Adjusted PAT	2,028	3,131	3,762	3,375	1,987	2,912	4,992	6,848

Consolidated - Balance Sheet

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	223	223	223	223	223	223	223	223
Total Reserves	12,451	15,346	18,850	21,894	23,429	25,896	30,331	37,180
Net Worth	12,674	15,568	19,072	22,117	23,651	26,118	30,554	37,402
Minority Interest	-12	-26	-37	-51	142	144	146	148
Total Loans	1,561	2,316	3,246	7,706	15,786	12,286	9,286	4,286
Deferred Tax Liabilities	1	168	350	402	425	445	465	485
Capital Employed	14,224	18,026	22,631	30,174	40,005	38,994	40,451	42,322
Gross Block	15,872	16,760	20,458	29,851	32,513	40,013	41,513	43,013
Less: Accum. Deprn.	8,313	9,056	9,831	10,779	12,150	13,975	15,924	17,908
Net Fixed Assets	7,558	7,704	10,627	19,073	20,363	26,038	25,589	25,105
Goodwill on Consolidation								
Capital WIP	285	1,766	2,362	2,666	7,299	1,299	999	699
Total Investments	1,169	64	62	89	89	89	89	89
Curr. Assets, Loans&Adv.	9,103	12,771	14,111	13,737	18,178	17,993	20,679	24,057
Inventory	3,692	5,264	5,290	6,456	9,866	8,708	9,712	11,242
Account Receivables	3,027	3,524	3,903	4,168	5,000	5,805	6,475	7,495
Cash and Bank Balance	908	2,610	2,782	642	491	219	792	1,179
Loans and Advances	1,476	1,372	2,136	2,471	2,821	3,261	3,701	4,141
Curr. Liability & Prov.	3,891	4,279	4,531	5,391	5,923	6,426	6,904	7,628
Account Payables	2,089	2,528	2,749	2,856	3,572	4,064	4,532	5,246
Other Current Liabilities	1,648	1,560	1,628	2,329	2,064	2,044	2,024	2,004
Provisions	155	191	155	206	287	317	347	377
Net Current Assets	5,212	8,492	9,580	8,346	12,254	11,568	13,775	16,429
Misc Expenditure	0	0	0	0	0	0	0	0
Appl. of Funds	14,224	18,026	22,631	30,174	40,005	38,994	40,451	42,322

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
Adj EPS	9.1	14.1	16.9	15.2	8.9	13.1	22.4	30.8
Cash EPS	12.2	17.4	20.4	19.4	15.1	21.3	31.2	39.7
BV/Share	57	70	86	99	106	117	137	168
DPS	1.0	1.5	1.0	1.0	1.5	2.0	2.5	0.0
Payout (%)	11.7	10.7	5.9	6.8	18.0	15.3	11.1	0.0
Valuation (x)								
P/E	82.6	53.5	44.5	49.7	84.3	57.5	33.6	24.5
Cash P/E	61.7	43.3	36.9	38.8	49.9	35.4	24.1	19.0
P/BV	13.2	10.8	8.8	7.6	7.1	6.4	5.5	4.5
EV/Sales	7.8	5.5	4.6	4.1	3.4	2.9	2.7	2.4
EV/EBITDA	49.8	31.5	30.1	32.8	37.6	26.8	19.6	15.2
Dividend Yield (%)	0.1	0.2	0.1	0.1	0.2	0.3	0.3	0.0
FCF per share	14.2	0.8	-2.0	-26.6	-29.9	21.1	20.0	24.6
Return Ratios (%)								
RoE	16.0	20.1	19.7	15.3	8.4	11.1	16.3	18.3
RoCE (pre-tax)	20.5	29.9	26.3	18.5	10.4	12.8	18.2	23.1
RoIC (pre-tax)	22.7	36.7	32.5	20.5	12.0	14.2	18.6	23.6
Working Capital Ratios								
Fixed Asset Turnover (x)	1.3	1.8	1.8	1.3	1.4	1.3	1.4	1.6
Net Working Capital Cycle (Days)	79	75	65	73	91	72	72	72
Debtor (Days)	52	42	39	39	40	40	40	40
Inventory (Days)	63	63	53	61	80	60	60	60
Creditor (Days)	36	30	28	27	29	28	28	28
Leverage Ratio (x)								
Current Ratio	2.3	3.0	3.1	2.5	3.1	2.8	3.0	3.2
Interest Cover Ratio	22.2	42.0	31.1	15.6	5.2	4.4	16.5	41.7
Net Debt/Equity	0.0	0.0	0.0	0.3	0.6	0.5	0.3	0.1

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	2,596	4,682	5,119	4,392	2,773	3,855	6,701	9,193
Depreciation	687	743	775	947	1,372	1,824	1,950	1,983
Interest & Finance Charges	128	114	170	308	690	1,124	431	226
Direct Taxes Paid	-463	-1,084	-1,131	-1,177	-1,101	-1,015	-1,710	-2,345
(Inc)/Dec in WC	766	-1,632	-467	-1,958	-3,978	864	-1,184	-1,816
CF from Operations	3,713	2,824	4,465	2,512	-244	6,653	6,188	7,240
Others	-8	-62	-86	5	217	-447	-545	-564
CF from Operating incl EO	3,705	2,762	4,379	2,517	-27	6,206	5,642	6,677
(Inc)/Dec in FA	-535	-2,576	-4,830	-8,446	-6,635	-1,500	-1,200	-1,200
Free Cash Flow	3,170	186	-451	-5,929	-6,663	4,706	4,442	5,477
(Pur)/Sale of Investments	-1,098	1,120	15	-27	0	0	0	0
Others	-627	-1,742	19	2,691	-145	91	118	137
CF from Investments	-2,260	-3,199	-4,796	-5,781	-6,781	-1,409	-1,082	-1,063
Issue of Shares	0	0	0	0	0	0	0	0
Inc/(Dec) in Debt	-1,273	687	866	4,027	7,530	-3,500	-3,000	-5,000
Interest Paid	-127	-116	-144	-274	-675	-1,124	-431	-226
Dividend Paid	0	-223	-333	-222	-222	-445	-556	0
Others	-1	0	0	0	-30	0	0	0
CF from Fin. Activity	-1,401	349	388	3,530	6,603	-5,070	-3,988	-5,226
Inc/Dec of Cash	44	-88	-29	266	-205	-273	573	388
Opening Balance	214	258	170	141	407	202	-71	502
Other cash & cash equivalent	0	0	0	0	0	0	0	0
Closing Balance	258	170	141	407	202	-71	502	890

Cera Sanitaryware

BSE Sensex
84,587

S&P CNX
25,885

CMP: INR5,486
TP: INR5,842 (+6%)
Neutral

CERA

Stock Info

Bloomberg	CRS IN
Equity Shares (m)	13
M.Cap.(INRb)/(USDb)	70.7 / 0.8
52-Week Range (INR)	8015 / 5060
1, 6, 12 Rel. Per (%)	-10/-18/-29
12M Avg Val (INR M)	184

Financials Snapshot (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	19.3	20.1	22.5
EBITDA	3.0	2.9	3.4
Adj. PAT	2.5	2.4	2.7
Adj. EPS (INR)	192.3	186.2	209.3
EPS Gr. (%)	3.1	-3.2	12.4
BV/Sh. (INR)	1,049.5	1,170.7	1,305.0

Ratios

RoE (%)	18.3	15.9	16.0
RoCE (%)	22.4	21.3	21.6
Payout (%)	34.0	34.9	35.8

Valuations

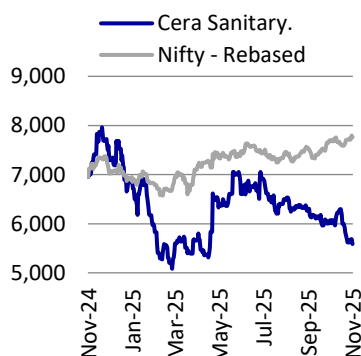
P/E (x)	28.5	29.5	26.2
P/BV (x)	5.2	4.7	4.2
EV/EBITDA (x)	21.5	21.4	17.9
Div. Yield (%)	1.2	1.2	1.4

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	54.4	54.4	54.4
DII	13.6	12.1	6.1
FII	15.8	17.2	22.9
Others	16.2	16.3	16.6

FII includes depository receipts

Stock's performance (one-year)



Enduring leadership in Sanitary spaces

India's top sanitary and bathware brand

Cera Sanitaryware (CRS) is among India's top sanitary and bathware brands with ~8% organized market share. The company's solid balance sheet, increasing sales touchpoints, refreshed and new SKUs, and brand-building efforts have helped it to consistently gain market share. Rising aspirations and the affordability of consumers are driving premiumization in tier 2/3 towns (over 70% revenue exposure), despite CRS increasing its presence in the niche premium category. From a retail-focused model, it also intends to expand its B2B sales.

Wide product offerings; premiumization-driven growth

Starting from sanitaryware over four decades ago, CRS now has a wide product basket (added faucets in FY11 and tiles in FY13). Its mass-to-luxury-range products are sold through its three brands (*Senator*, *CERA Luxe*, and *CERA*) pan-India. Its newly launched *Polipluz* brand will target the mass-mid segment. The mid and premium segments combined generated over 75% of total revenue in FY25. After clocking a 6% revenue CAGR over FY19-25, we estimate a 9%/10% CAGR over FY25-28 in the sanitaryware and faucetware categories. Continued expansion in channel and product basket and branding efforts will drive market share gains.

Diversification in faucetware working well

In FY25, revenue from non-sanitaryware products constituted 51% of the total. Faucets have scaled up fast (15% revenue CAGR over FY19-25; FY25 revenue ~INR7.5b, 39% mix) with strong margins. Traction in tiles (FY25 revenue ~INR1.9b, 10% mix), though, has been slow due to low brand salience and high competition.

Healthy cash flow due to a strict credit policy

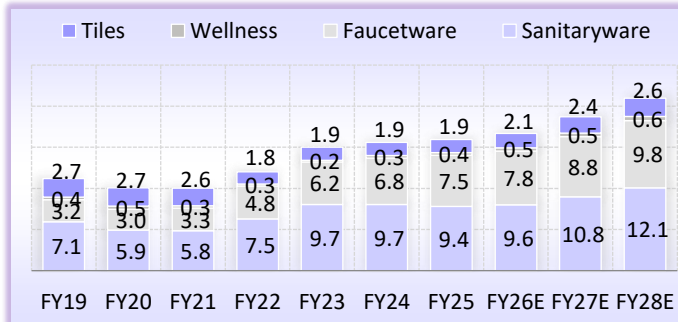
CRS's strong cash flows (OCF/EBITDA ~75%, FCF/PAT ~109% average over FY19-25) have been driven by its strict credit policy, healthy margins, and asset-light business model. However, these metrics weakened in FY25 due to an increase in the working capital cycle. Management expects these metrics to normalize in FY26. The asset-light model helped in widening the product offerings faster. CRS has also paid regular dividends in the last 30+ years (30%+ payout ratio in the last three years). We expect the company to generate ~INR6b of FCF over FY25-28. We also project CRS to generate a cash surplus of over INR10b in FY28 (~INR6b in FY25).

Valuation and view: Initiate coverage with a NEUTRAL rating

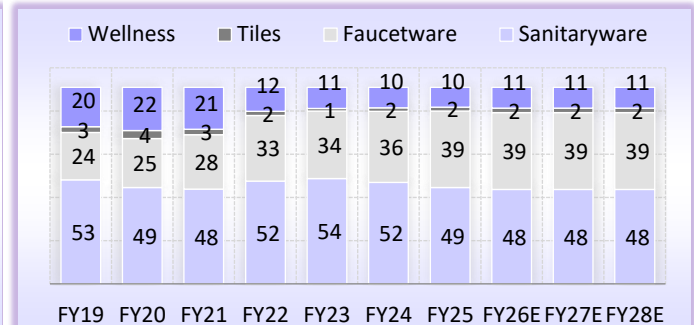
Notwithstanding the prevailing economic slowdown, management has an optimistic demand outlook. After a moderate 6%/7%/14% CAGR in revenue/EBITDA/PAT over FY19-25, we estimate 9%/10%/8% CAGR over FY25-28E with EBITDA margin ranging in the 14-16% band. Significant cash could suppress RoE to ~16%, but we estimate a high ~47% RoIC in the coming years. Thus, we initiate coverage on CRS with a NEUTRAL rating and a TP of INR5,842, based on 26x Sep'27 P/E (vs. its 1-year forward 10-year average of ~33x). We assign 15% discount to KJC's target P/E of 30x due to CRS' lower earnings growth expectation.

STORY IN CHARTS

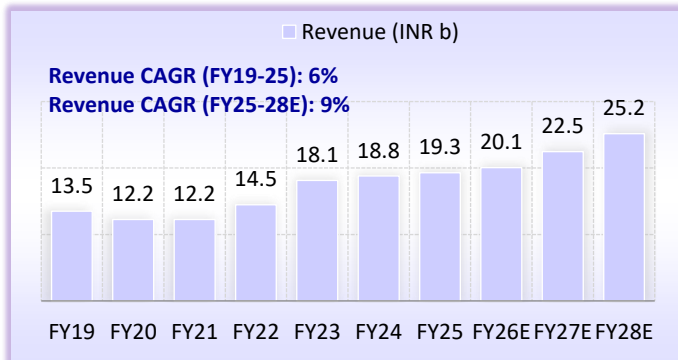
Sanitary & faucetware-highest contributors to revenue (INR b)



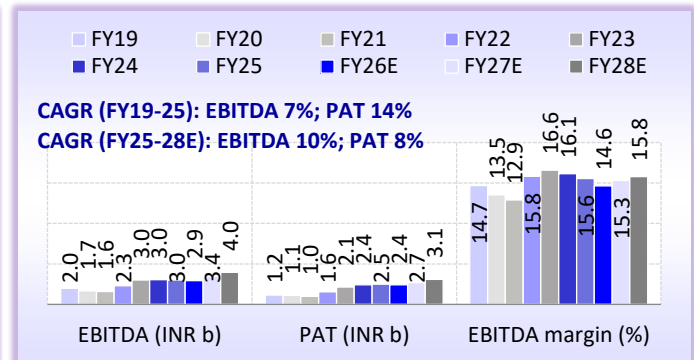
Faucetware mix has grown rapidly (%)



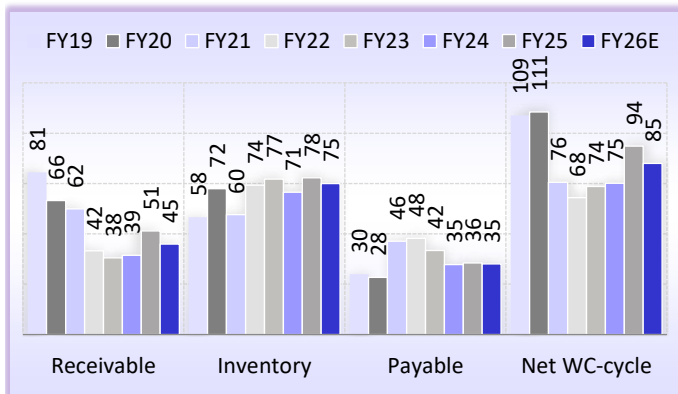
We expect a 9% revenue CAGR...



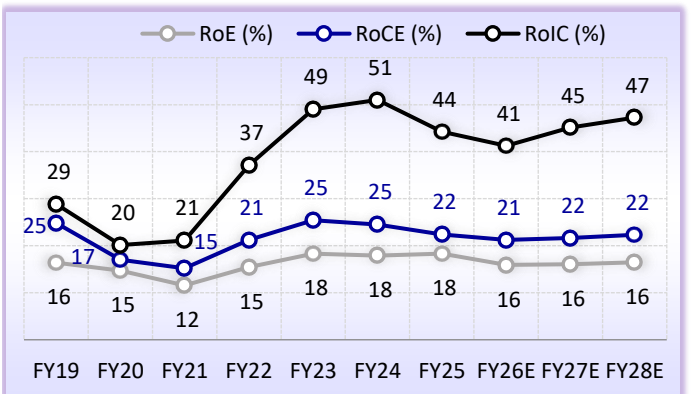
...with a 10%/8% CAGR in EBITDA/PAT over FY25-FY28E



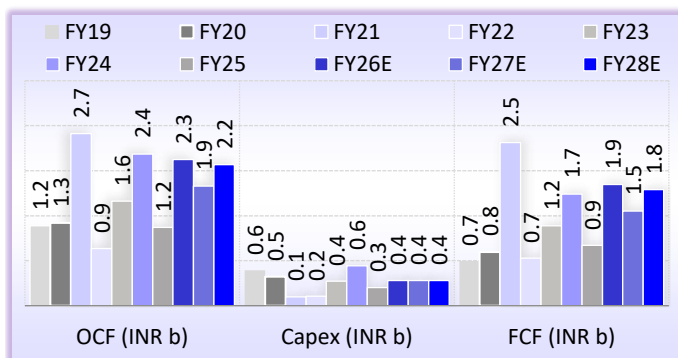
Working capital cycle (days) to normalize and...



...return ratios to improve



We expect INR6b FCF generation over FY25-28



CRS commands ~8% organised market share in India's sanitary and bathware industry

Market size of India's sanitary & bathware (INR b)	331.0
Organised market share	62%
Organised market (INR b)	205.2
CRS' FY25 revenue (INR b)	16.9
CRS' total market share (%)	5.1
CRS' organised market share (%)	8.2

Key highlights from the management commentary

Performance in 2QFY26

- Revenue was flat YoY at INR4.88bn amid soft consumer demand.
- EBITDA margin stood at 13.8% (down 40bp YoY) due to higher input costs.
- PAT was INR566m, down 17% YoY owing to a one-time tax impact in 2QFY25.
- Other income included a profit of INR55.4m due to the sale of subsidiaries.
- Sanitaryware/faucetware contributed 47%/40% to total revenue.
- Project sales accounted for 39% of revenue, aided by sustained construction activity.
- Gas costs witnessed a slight decrease in 2Q to INR33.79/cbm from INR33.95/cbm in 2QFY25; 80% was sourced from GAIL and 20% from Sabarmati.
- Revenue category mix: Premium – 42%, mid-segment – 36%, entry-level – 22%; geography mix: Tier 1 – 36%, Tier 2 – 23%, Tier 3 – 41%.
- Capacity utilization: 85% (sanitaryware), 97% (faucetware).
- The dealer management system rolled out during 2Q – 200+ dealers onboarded.
- Working capital increased to 77 days (vs. 72 days YoY).
- In 1H, revenue grew 2% YoY, while EBITDA/PAT declined 4%/10% YoY.

Sanitaryware

- Sanitaryware revenue grew 2% YoY and contributed 47% to total revenue.
- No major new launches in 1H; the portfolio already refreshed in the last two years.
- Demand is likely to improve towards the end of the quarter.

Faucetware

- Faucetware revenue declined 3% YoY and contributed 40% to total revenue.
- Growth was restricted due to the high base of last year because of price hikes taken in 2QFY25.
- Management expects 8–10% growth in FY26.
- Input cost pressures were visible due to rising brass prices (60–65% of cost); no price hikes are planned yet.
- Capacity utilization stood at 97%.

Outlook

- Management expects revenue growth of 10–12% in 2H, leading to FY26 growth of 7–8%.
- EBITDA margin is guided to be in the 14.5–15.0% range for FY26.
- Capex of INR230m in FY26 on maintenance works and strengthening of brand presence and retail footprint.
- Senator and Polipluz are expected to contribute INR400–450m in 2H, scaling up to INR1.5b by FY27.
- For Senator, the company is on track for a rollout target of 45-50 stores (28 already operational).
- In Polipluz, team ramp-up and on-ground activation have progressed well. The target is to expand to 100 distributors (38 currently) and 2,000 dealers (650 currently) by the end of FY26.
- Both brands are backed by dedicated teams, and onboarding is nearly complete; early market feedback for both brands is good.
- Plans to spend INR100-120m in FY26 towards brand building and showroom expansion.

India's top sanitary and bathware brand

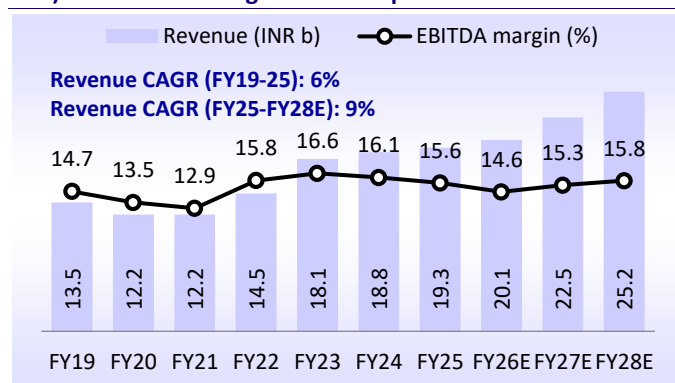
- CRS is among India's top sanitary and bathware brands with ~8% organized market share within the INR331b industry (organized share is 62% of the industry as per Varmora DRHP).
- CRS claims to have consistently gained a decent market share in the segment in the last decade, thanks to its solid balance sheet (through financial discipline), aggressively increasing sales touchpoints, refreshed and new SKUs, and brand-building efforts.
- Over 70% revenue exposure from tier 2/3 towns is the result of incremental dealer additions over the years in these markets. These smaller towns provide large growth opportunities (affordable housing) for CRS as it faces lesser competition from MNC brands and faster delivery time due to low-rise, self-funded real estate projects.
- Rising aspirations and the affordability of consumers are driving premiumization in smaller towns as well. Thus, we believe CRS will likely continue to make efforts in expanding its dealer count in tier 2/3 towns, despite the company increasing its presence in the niche premium category.
- CRS has adopted a risk-averse business model thus far, with retail sales contributing ~80% to total revenue. However, looking at the robust prospects, it now intends to increase its focus on institutional sales as well, with a dedicated sales team in place.

Exhibit 59: CRS commands ~8% organised market share in India's sanitary and bathware industry

Total market size (INR b)	331.0
Organised market share	62%
Organised market (INR b)	205.2
CRS' FY25 revenue (INR b)	16.9
CRS' total market share (%)	5.1
CRS' organised market share (%)	8.2

Source: Industry, Varmora DRHP

Exhibit 60: Revenue expected to grow at 9% CAGR (FY25-28E) and EBITDA margin to scale up towards 16% in FY28

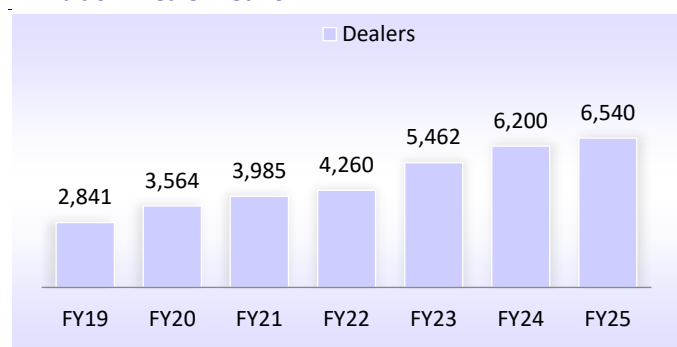


Source: Company, MOFSL

Strong retail presence and distribution network

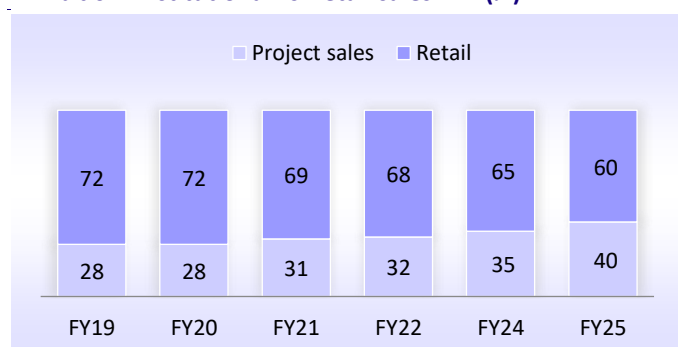
CRS has a highly penetrated distribution network with 6,500+ dealers, 25,500+ retailers, 1,850 brand stores, and 13 company-owned experience centers, ensuring pan-India presence and enhanced customer experience. In addition to being focused on tier 2 and tier 3 towns and on retail sales, it has now placed a dedicated sales team to boost its presence in project sales, which offers a robust opportunity.

Exhibit 61: Dealer network



Source: Company

Exhibit 62: Institutional vs. retail sales mix (%)

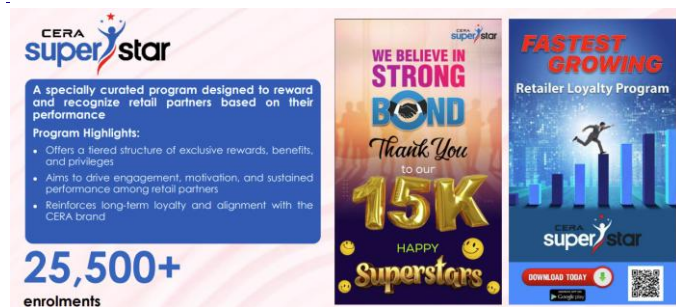


Source: Company

Customer-focused and customer-centric approach

CRS has a strong after-sales servicing team, which it manages internally. Its 13 service offices have 43 officers attending technicians who manage 453 technicians to attend to complaints across every state. For complaints, CRS has a CRM module wherein customers or trade partners can raise complaints through mobile applications that CRS targets to close in 1-2 working days. CRS also launched loyalty programs for retailers and plumbers to strengthen relationships with these communities. The company has received over 25,500 enrollments until now.

Exhibit 63: Retailer loyalty program



Source: Company

Exhibit 64: Plumber loyalty program

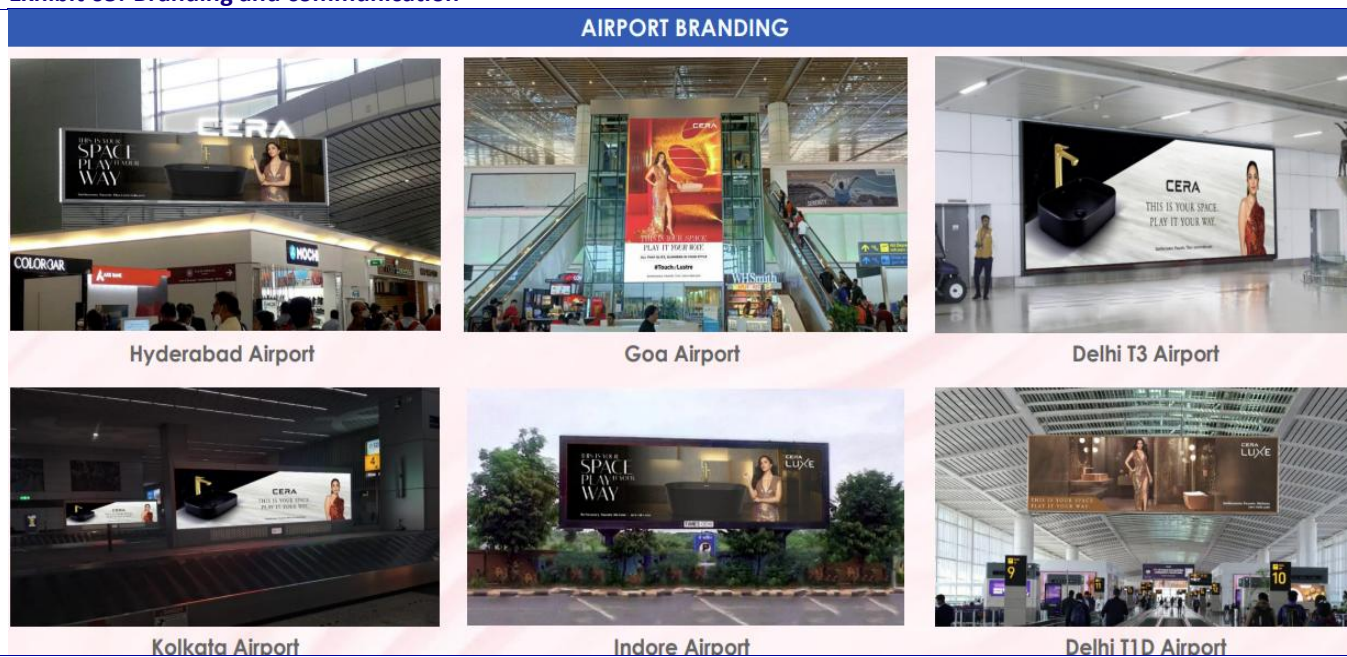


Source: Company

Multi-layered marketing infrastructure

CRS has four different store formats to market its products, depending on the size, ownership, and purpose of the store. The various types of showrooms and galleries have helped it in marketing its vast product range and improving brand visibility. It has 13 CERA experience centers, 243 dealer-owned CERA-style galleries and CERA-style hubs, and 1,364 retailer-owned CERA-style centers across major cities. It also has a strong team of 453 people for after-sales service. High A&P spending (~3% of revenue) helps in branding.

Exhibit 65: Branding and communication



Source: Company

SENATOR

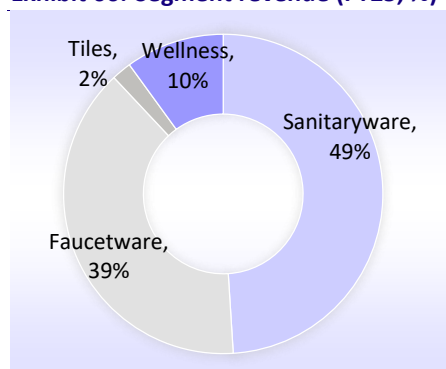
CERA
LUXE

CERA

Wide product offerings; premiumization-driven growth

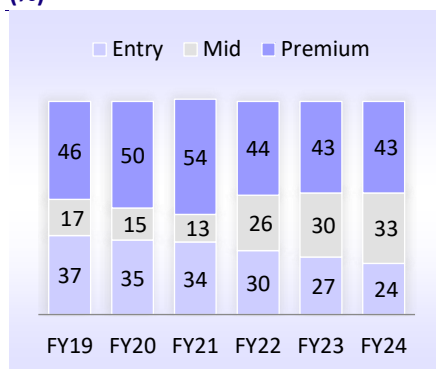
- CRS has vast product offerings throughout the value chain (mass to luxury), which are sold through its three brands (*Senator*, *CERA Luxe* & *CERA*), pan-India through a multilayer marketing infrastructure, and through continued brand efforts.
- Starting from sanitaryware over four decades ago, CRS now has a wide product basket (added faucets in FY11 and tiles in FY13). Regular introduction of new SKUs, refreshing running SKUs, and entry into new product lines have helped expand the portfolio.
- While gaining strength in the mass-mid segment through its *CERA* and the newly launched *Polipluz* brands, the company has also been focusing on the premium segment through its *Senator* and *CERA Luxe* brands.
- The premiumization trend in tier 2/3 towns (CRS' focus) has also led the company to address the changing requirements of these markets. The mid and premium segments combined generated over 75% of total revenue in FY25.
- Following a 6% revenue CAGR over FY19-25, we estimate a 9% revenue CAGR over FY25-28. CRS is tracking industry growth in the sanitaryware and faucetware categories, as it will continue to expand its channel and product basket with heightened branding efforts.

Exhibit 66: Segment revenue (FY25, %)



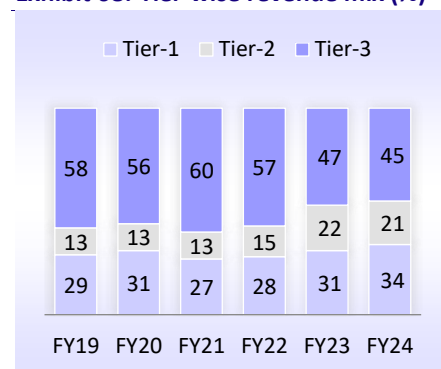
Source: Company

Exhibit 67: Range-wise revenue mix (%)



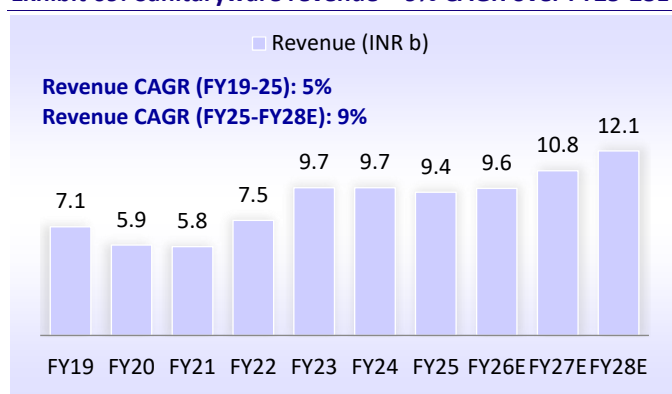
Source: Company

Exhibit 68: Tier-wise revenue mix (%)



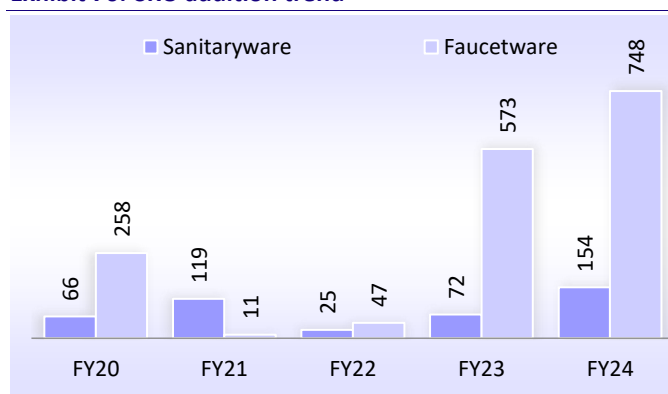
Source: Company

Exhibit 69: Sanitaryware revenue – 9% CAGR over FY25-28E



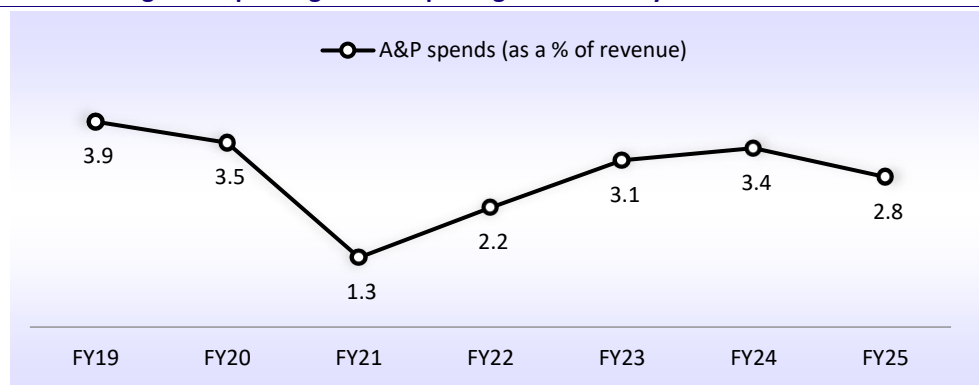
Source: Company, MOFSL

Exhibit 70: SKU addition trend



Source: Company

Exhibit 71: High A&P spending aids in improving brand visibility



Source: Company

Exhibit 72: Polipluz – expanding reach with value-focused innovation



Bridging the Value Gap in India's Rural Market

- CERA's new brand Polipluz aims to deliver reliable, high-quality, and affordable sanitaryware solutions tailored to rural and semi-urban markets
- Targets a segment currently dominated by unorganized players offering substandard products

Smart Expansion Strategy

- Polipluz complements CERA's premium brands, enabling the company to cater to the full consumer spectrum—from value to luxury
- Focused on functionality, durability, and design, suited to regional needs

Strategic Advantage

- Leverages CERA's strong brand trust and manufacturing capabilities
- Well-positioned to capture high-volume, high-margin growth from underpenetrated markets
- Backed by CERA's robust distribution network and after-sales support

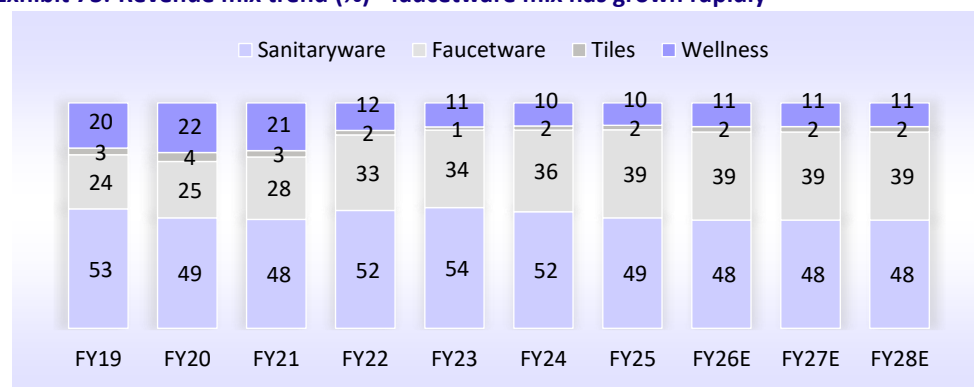
Smart. Stylish. Affordable

Source: Company

Diversification in faucetware working well

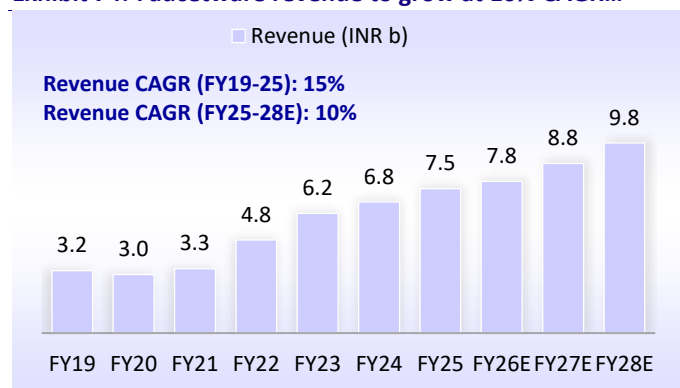
- CRS enjoys a wide product basket in the bathware category. The company added faucets in FY11 and tiles in FY13.
- In FY25, revenue share from non-sanitaryware products constituted 51% of the total, a substantial diversification from a single product line. Notably, all these diversifications happened without CRS leveraging its balance sheet.
- Over these years, faucetware has scaled up fast (15% revenue CAGR over FY19-25; ~INR7.5b revenue in FY25, 39% mix in total) with the best margins within the pack.
- Traction in tiles (~INR1.9b revenue in FY25, 10% mix), though, has been slow due to low brand salience and intense competition; CRS's focus is mainly on the high-end GVT segment to profitably grow the division.
- Wellness is a niche segment (comprising bathroom cubicles/partitions/shower panels) and will have limitations to scale.

Exhibit 73: Revenue mix trend (%) - faucetware mix has grown rapidly



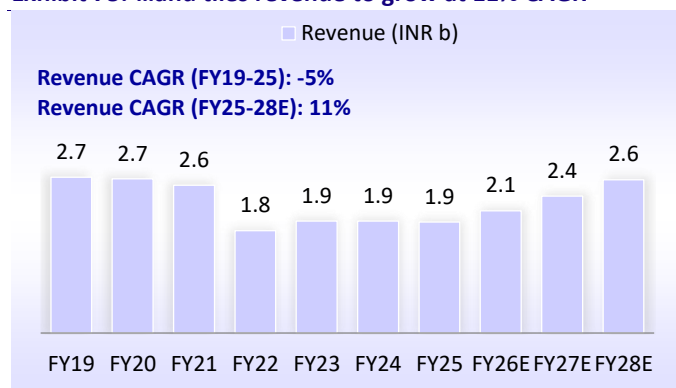
Source: Company, MOFSL

Exhibit 74: Faucetware revenue to grow at 10% CAGR...



Source: Company, MOFSL

Exhibit 75: ...and tiles revenue to grow at 11% CAGR

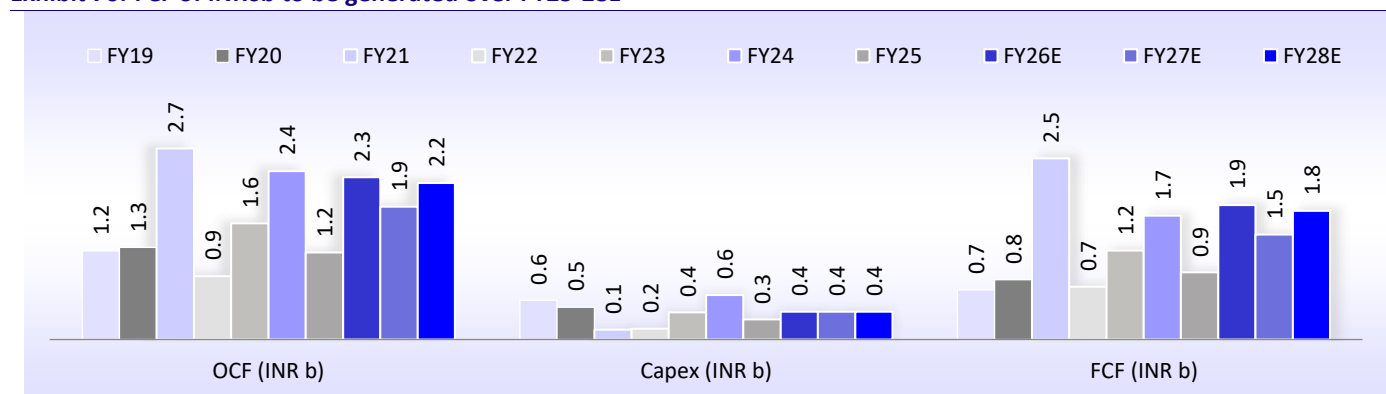


Source: Company, MOFSL

Healthy cash flow due to a strict credit policy...

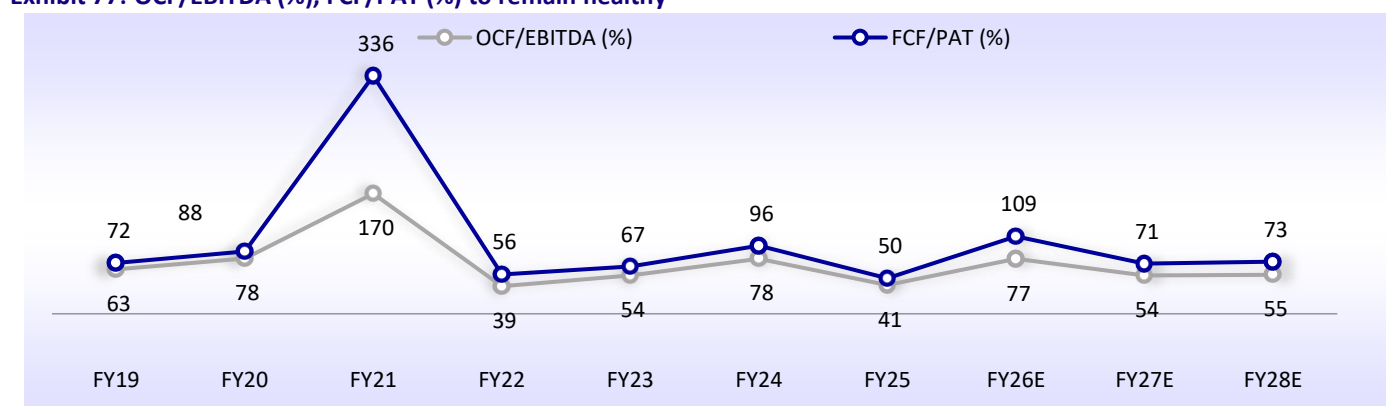
- CRS's strong cash flows (OCF/EBITDA ~75%, FCF/PAT ~109% average over FY19-25) are driven by its strict credit policy, healthy margins, and asset-light business model. These metrics weakened in FY25, though, on the back of an increase in the working capital cycle, which the management expects to reduce in FY26.
- CRS has notably scaled up its non-sanitaryware business in the last decade to 51% of total revenue in FY25 without compromising its leverage position, which is commendable.
- The asset-light model helped in widening the product offering faster. Until recently, CRS had been following an asset-light model, wherein it had outsourced low and mid-end products (50-60% of total volume) but manufactured premium products in-house. This model has given it the bandwidth to direct its efforts towards marketing and branding, as well as to widen its product offerings with low capex.
- However, the company altered its manufacturing strategy about three years ago towards in-house manufacturing in a bid to reduce import content and better control production and supply chain. It had planned to invest ~INR2b in phase-1 on expanding capacities in sanitaryware (greenfield) and faucets (brownfield).
- Faucetware capacity was expanded from 0.3m pieces per month in FY23 to 0.4m pieces in FY25. Sanitaryware capex will be executed in due course. Additional capacities at new locations would also mitigate the risk of production disruption at a single location.
- CRS has also paid regular dividends in the last 30+ years. The dividend payout ratio stood in the 30-35% range over the last three years.
- We expect CRS to generate ~INR6b FCF over FY25-28 and will have a cash surplus of over INR10b in FY28, up from ~INR6b currently.

Exhibit 76: FCF of INR6b to be generated over FY25-28E



Source: Company, MOFSL

Exhibit 77: OCF/EBITDA (%), FCF/PAT (%) to remain healthy

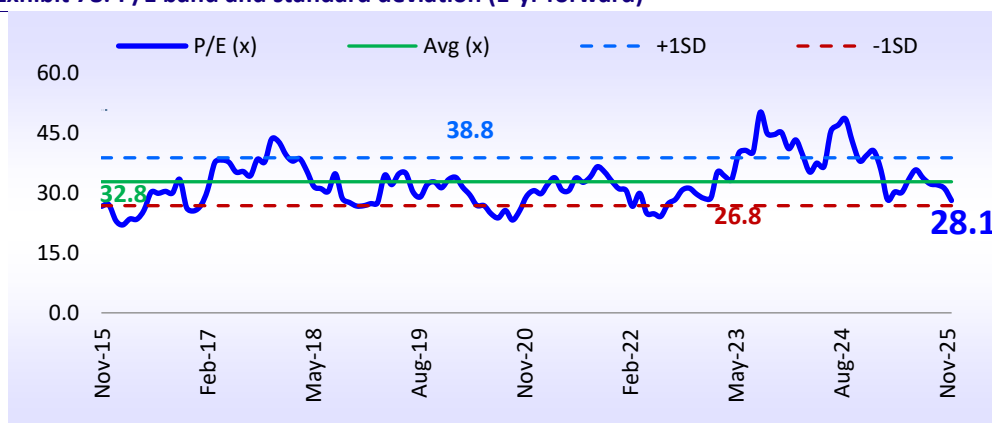


Source: Company, MOFSL

Valuation & view: Initiate coverage with a Neutral rating

- We initiate coverage on CRS with a NEUTRAL rating and a TP of INR5,842, based on 26x Sep'27 P/E (vs. its 1-year forward 10-year average of ~33x). We assign 15% discount to KJC's target P/E of 30x due to CRS' lower earnings growth expectation.
- Diverse product offerings, an extensive distribution network, well-established brand recognition, strong financial standing, and expansion plans will likely enable CRS to sustain market-share gains and achieve healthy growth over the long term.
- Notwithstanding the prevailing economic slowdown, management has an optimistic demand outlook, underpinned by steady demand for home improvement.
- After clocking a moderate 6%/7%/14% CAGR in revenue/EBITDA/PAT over FY19-25, we estimate a 9%/10%/8% CAGR over FY25-28, in line with industry growth. EBITDA margin is expected to be sustained in the 14%-16% range compared to a higher margin guided earlier by the management.
- Healthy operating performance combined with a strict credit policy will help CRS to generate strong FCF (~INR6b over FY25-28), taking the cash surplus to over INR10b in FY28 from ~INR6b currently.
- Significant cash could suppress RoE to ~16%, but a high RoIC (40%+) will sustain.

Exhibit 78: P/E band and standard deviation (1-yr forward)



Source: Bloomberg, MOFSL

Exhibit 79: DuPont analysis

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
ROE (%)	16.4	14.7	11.6	15.4	18.3	17.9	18.3	15.9	16.0	16.4
PAT margin %	8.5	9.3	8.2	10.8	11.8	12.8	12.9	12.0	12.0	12.3
Total Asset Turnover (x)	1.6	1.3	1.2	1.3	1.4	1.3	1.3	1.2	1.2	1.3
Equity Multiplier (x)	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1

Source: Company, MOFSL

Exhibit 80: MOFSL vs. Bloomberg estimates

INR b	MOFSL Estimates			Bloomberg estimates			% Var with MOFSL		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	20.1	22.5	25.2	20.5	22.8	25.5	(2)	(2)	(1)
EBITDA	2.9	3.4	4.0	3.1	3.6	4.1	(4)	(4)	(3)
EBITDA margin %	14.6	15.3	15.8	14.9	15.7	16.0			
PAT	2.4	2.7	3.1	2.4	2.8	3.2	(1)	(3)	(2)
EPS	186.2	209.3	240.1	186.2	215.6	244.2	(0)	(3)	(2)

Source: Bloomberg, MOFSL

Key risks:

- 1) Slowdown in the economy and housing market may suppress demand of products
- 2) High input costs and keener competition may dent margins.

Bull and bear case scenarios



Bull case scenario

	FY25	FY26E	FY27E	FY28E	CAGR FY25-28E
Target Price: INR8,819 (61% upside) (at 32x Sep'27 P/E)	❖ We expect ~14%/19%/16% CAGR in revenue/EBITDA/PAT over FY25-28E. ❖ Revenue is expected to be driven by both, sanitary and faucetware segment at ~15% CAGR. ❖ We estimate EBITDA margin of 15.6% in FY25 to gradually increase to 17.5% in FY28.				
Revenue (INR m)	19,262	20,079	24,010	28,751	14
EBITDA (INR m)	2,998	2,937	4,088	5,029	19
EBITDA margin %	15.6	14.6	17.0	17.5	
PAT (INR m)	2,480	2,402	3,197	3,911	16
EPS (INR)	192.3	186.2	247.9	303.3	16

	FY25	FY26E	FY27E	FY28E	CAGR FY25-28E
Target Price: INR5,842 (6% upside) (at 26x Sep'27 P/E)	❖ We expect ~9%/10%/8% CAGR in revenue/EBITDA/PAT over FY25-28E. ❖ Revenue is expected to be driven by both, sanitary and faucetware segment at ~10% CAGR. ❖ We estimate a high EBITDA margin of 15.6% in FY25 to sustain in 15.5%-16% range.				
Revenue (INR m)	19,262	20,079	22,458	25,152	9
EBITDA (INR m)	2,998	2,937	3,442	3,972	10
EBITDA margin %	15.6	14.6	15.3	15.8	
PAT (INR m)	2,480	2,402	2,700	3,096	8
EPS (INR)	192.3	186.2	209.3	240.1	8

	FY25	FY26E	FY27E	FY28E	CAGR FY25-28E
Target Price: INR4,244 (23% downside) (at 22x Sep'27 P/E)	❖ We expect ~5%/3%/1% CAGR in revenue/EBITDA/PAT over FY25-28E. ❖ Revenue is expected to be driven by both, sanitary and faucetware segment at ~6% CAGR. ❖ We estimate a high EBITDA margin of 15.6% in FY25 to decline to 14.5% in FY28.				
Revenue (INR m)	19,262	20,079	21,254	22,530	5
EBITDA (INR m)	2,998	2,937	3,088	3,265	3
EBITDA margin %	15.6	14.6	14.5	14.5	
PAT (INR m)	2,465	2,402	2,426	2,550	1
EPS (INR)	192.3	186.2	188.1	197.7	1

SWOT analysis



Strengths

- ❖ Top sanitary and bathware brand in India with ~8% organized market share
- ❖ Large pan-India distribution network across regions
- ❖ Best-in-class margins, cash flows, and return ratios
- ❖ Credible management team led by promoters and a professional management team



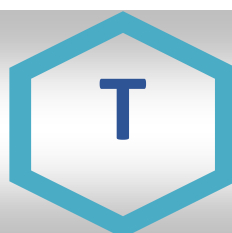
Weaknesses

- ❖ Low pricing power due to a highly competitive industry
- ❖ Product differentiation is difficult, as the products are copied by smaller players in a short time
- ❖ High dependence on outsourcing
- ❖ Slowdown in demand of discretionary items such as tiles and bathware in a high inflationary scenario



Opportunities

- ❖ Structural drivers like low penetration and per capita consumption of tiles and bathware in India, rising disposable income, premiumization, and urbanization support a robust outlook in the long run
- ❖ Favorable factors supporting the shift of the market towards the organized sector
- ❖ A significant opportunity to enter into adjacent product categories



Threats

- ❖ High competition from other leading organized players and a large unorganized sector
- ❖ Prolonged slowdown in demand of real estate units
- ❖ A high inflationary scenario may weaken consumer spending on discretionary items such as building products
- ❖ Low infra spending by the government

ESG initiatives

Environmental initiatives

- Installation of a rooftop solar power system (one of the largest in the Kadi region), which has helped reduce the carbon footprint.
- Reduction in fresh water intake from 2.5 liter/pc to less than 1 liter in faucetware
- Reduced coal consumption by 11% YoY despite a 26% increase in production
- Internally generated renewable sources addressed 19% of energy requirements

CSR initiatives

- CRS spent INR46.9m on various CSR activities
- CRS initiated a plantation drive of more than 12,000 trees

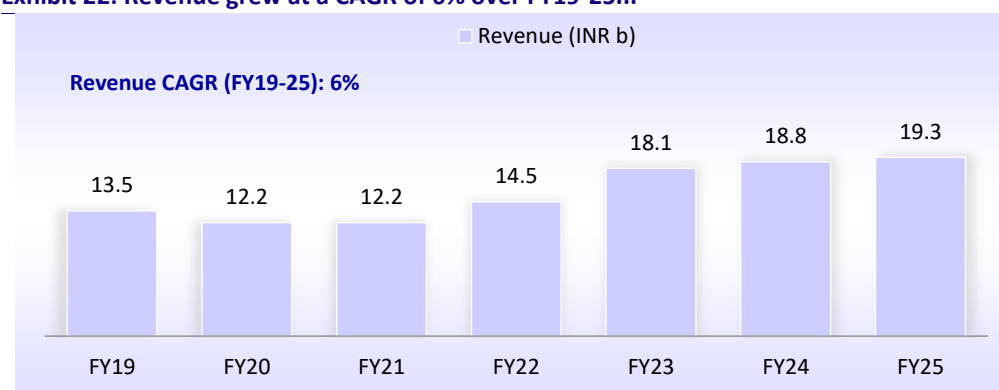
Governance

- As of Mar'25, the Board comprised three Executive Directors and four Independent Directors

Company overview

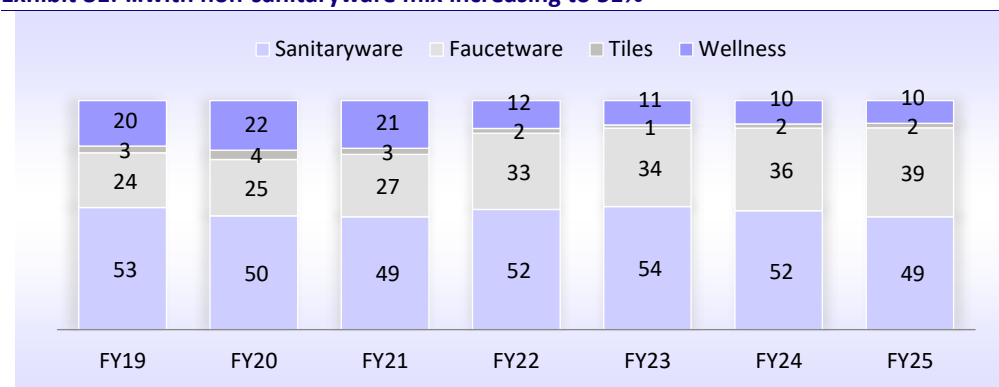
Founded in 1980 by Mr. Vikram Somany – the current CMD – CRS is India's third-largest sanitaryware player and a leading faucet brand in the bathware industry. It has an annual capacity of 2.5m pieces of sanitaryware and 4m pieces of faucetware, largely comprising products in the mid-premium range. Its manufacturing plants are based in Kadi (Gujarat), the ceramic hub of India. From the earlier asset-light model, the company stepped up capex in the last 2-3 years to build in-house capacity for the mid-premium range products while continuing to outsource mass-mid-range product requirements. CRS's three brands (*Senator*, *CERA Luxe*, and *CERA*) cater to its products at different price points. CRS has a highly penetrated distribution network with 6,600+ dealer partners, 25,500+ retailers, 1,850 brand stores, and 13 company-owned experience centers.

Exhibit 22: Revenue grew at a CAGR of 6% over FY19-25...



Source: Company, MOFSL

Exhibit 81: ...with non-sanitaryware mix increasing to 51%



Source: Company, MOFSL

Management Team



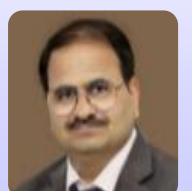
Mr. Vikram Somany, Founder and CMD, founded the business in 1980 and has hands-on involvement in all aspects of the business, from strategy initiation to execution. He holds the FCMI (UK) certification



Mrs. Deepshikha Khaitan, Joint Managing Director, is the daughter of Vikram Somany and has been actively associated with CRS for over eight years. She plays a key role in driving design innovation, product development, R&D initiatives, expanding channel outreach, enhance sales and marketing strategies.



Mr. Anupam Gupta, Executive Director (Technical), has over 33 years of experience across industries such as Cement, Textiles, Chemicals, and Ceramics. He spent the last 17 years with Aditya Birla Group and is now responsible for all aspects of manufacturing activities at CRS. He has a BE in Electrical Engineering and an MBA.



Mr. Vikas Kothari, CFO, is a Chartered Accountant with over two decades of experience across industries, including Steel, Petrochemicals, Textiles, Polymers, and Ceramics. He has held leadership roles at organizations such as Bic World (India operations), Aditya Birla Group, and Reliance Industries.

Exhibit 82: Shareholding pattern and key shareholders

Shareholding Pattern (%)				Key Shareholders	% Equity
	Sep'25	Jun'25	Mar'25		Sep'25
Promoter	54.4	54.4	54.4	❖ Nalanda India Equity Fund	9.6
Free Float				❖ Canara Robeco Mutual Fund	2.9
Foreign Institutions	15.8	17.2	20.6	❖ HSBC Small Cap Fund	2.6
Domestic Institutions	13.6	12.1	6.9	❖ SBI Life Insurance	1.3
Public & Others	16.2	16.3	18.1	❖ Government of Singapore	1.2

Source: BSE

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Income from Operations	12,243	14,458	18,105	18,794	19,262	20,079	22,458	25,152
Change (%)	0.1	18.1	25.2	3.8	2.5	4.2	11.8	12.0
RM Cost	6,268	6,836	8,246	8,828	9,119	9,820	10,916	12,150
Employees Cost	1,537	1,936	2,147	2,309	2,453	2,601	2,887	3,208
Other Expenses	2,858	3,399	4,710	4,624	4,691	4,721	5,213	5,822
Total Expenditure	10,663	12,171	15,103	15,761	16,263	17,142	19,015	21,180
% of Sales	87.1	84.2	83.4	83.9	84.4	85.4	84.7	84.2
EBITDA	1,581	2,287	3,002	3,033	2,998	2,937	3,442	3,972
Margin (%)	12.9	15.8	16.6	16.1	15.6	14.6	15.3	15.8
Depreciation	396	324	326	365	407	393	449	490
EBIT	1,185	1,963	2,676	2,667	2,592	2,544	2,993	3,482
Int. and Finance Charges	97	53	60	58	75	64	52	43
Other Income	252	236	284	595	605	678	618	641
PBT bef. EO Exp.	1,339	2,147	2,899	3,204	3,122	3,158	3,559	4,081
EO Items	0	-57	-50	-16	-15	0	0	0
PBT after EO Exp.	1,339	2,090	2,849	3,188	3,107	3,158	3,559	4,081
Total Tax	340	560	738	775	620	752	854	979
Tax Rate (%)	25.4	26.8	25.9	24.3	20.0	23.8	24.0	24.0
Share of Profit/Loss of JV	0	0	0	0	0	0	0	0
Share of Minority Interests	-8	19	16	23	22	5	5	5
Reported PAT	1,008	1,511	2,094	2,390	2,465	2,402	2,700	3,096
Adjusted PAT	1,008	1,568	2,144	2,406	2,480	2,402	2,700	3,096

Consolidated - Balance Sheet

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	65	65	65	65	64	64	64	64
Total Reserves	8,652	10,086	11,661	13,393	13,471	15,034	16,767	18,767
Net Worth	8,717	10,152	11,726	13,458	13,536	15,099	16,832	18,832
Minority Interest	117	142	106	128	147	157	167	177
Total Loans	1,221	657	745	667	895	785	675	565
Deferred Tax Liabilities	303	354	376	482	407	397	387	377
Capital Employed	10,358	11,305	12,953	14,735	14,985	16,438	18,061	19,951
Gross Block	6,558	6,097	6,448	7,158	7,812	8,212	8,612	9,012
Less: Accum. Deprn.	2,403	2,727	3,053	3,419	3,825	4,218	4,667	5,158
Net Fixed Assets	4,155	3,370	3,395	3,740	3,986	3,993	3,944	3,854
Goodwill on Consolidation								
Capital WIP	13	7	169	130	108	98	88	78
Total Investments	4,743	5,620	6,628	8,025	6,968	8,268	8,868	9,768
Curr. Assets, Loans&Adv.	4,866	5,585	6,575	6,561	7,567	7,599	8,739	9,918
Inventory	1,997	2,937	3,825	3,636	4,105	4,126	4,615	5,168
Account Receivables	2,095	1,648	1,892	2,026	2,711	2,476	2,769	3,101
Cash and Bank Balance	104	243	262	372	316	543	881	1,154
Loans and Advances	670	757	596	527	435	455	475	495
Curr. Liability & Prov.	3,418	3,276	3,813	3,721	3,645	3,521	3,579	3,667
Account Payables	1,554	1,893	2,069	1,790	1,879	1,925	2,153	2,412
Other Current Liabilities	1,737	1,269	1,524	1,675	1,478	1,278	1,078	878
Provisions	127	114	220	256	287	317	347	377
Net Current Assets	1,448	2,309	2,762	2,841	3,922	4,078	5,160	6,251
Misc Expenditure	0	0	0	0	0	0	0	0
Appl. of Funds	10,358	11,305	12,953	14,735	14,985	16,438	18,061	19,951

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
Adj EPS	78.1	121.6	166.2	186.5	192.3	186.2	209.3	240.1
Cash EPS	108.8	146.7	191.5	214.9	223.8	216.7	244.2	278.1
BV/Share	676	787	909	1,043	1,049	1,171	1,305	1,460
DPS	12.9	34.7	49.6	59.5	65.0	65.0	75.0	85.0
Payout (%)	16.6	29.9	30.8	32.4	34.0	34.9	35.8	35.4
Valuation (x)								
P/E	70.2	45.1	33.0	29.4	28.5	29.5	26.2	22.9
Cash P/E	50.4	37.4	28.6	25.5	24.5	25.3	22.5	19.7
P/BV	8.1	7.0	6.0	5.3	5.2	4.7	4.2	3.8
EV/Sales	5.4	4.5	3.6	3.4	3.3	3.1	2.8	2.4
EV/EBITDA	43.1	29.1	21.8	21.1	21.5	21.4	17.9	15.2
Dividend Yield (%)	0.2	0.6	0.9	1.1	1.2	1.2	1.4	1.5
FCF per share	196.9	57.4	96.5	134.7	72.9	146.1	114.2	139.9
Return Ratios (%)								
RoE	11.6	15.4	18.3	17.9	18.3	15.9	16.0	16.4
RoCE (pre-tax)	15.2	21.2	25.4	24.5	22.4	21.3	21.6	22.3
RoIC (pre-tax)	21.1	37.1	49.0	51.0	44.2	41.3	45.1	47.3
Working Capital Ratios								
Fixed Asset Turnover (x)	1.9	2.4	2.8	2.6	2.5	2.4	2.6	2.8
Net Working Capital Cycle (Days)	76	68	74	75	94	85	85	85
Debtor (Days)	62	42	38	39	51	45	45	45
Inventory (Days)	60	74	77	71	78	75	75	75
Creditor (Days)	46	48	42	35	36	35	35	35
Leverage Ratio (x)								
Current Ratio	1.4	1.7	1.7	1.8	2.1	2.2	2.4	2.7
Interest Cover Ratio	14.8	41.6	48.9	56.0	42.7	50.0	69.9	96.4
Net Debt/Equity	-0.4	-0.5	-0.5	-0.6	-0.5	-0.5	-0.5	-0.5

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	1,339	2,090	2,849	3,188	3,107	3,158	3,559	4,081
Depreciation	396	324	326	365	407	393	449	490
Interest & Finance Charges	97	53	60	58	75	64	52	43
Direct Taxes Paid	-296	-523	-727	-783	-595	-733	-836	-961
(Inc)/Dec in WC	1,316	-933	-768	154	-925	71	-744	-818
CF from Operations	2,851	1,011	1,740	2,983	2,068	2,953	2,480	2,835
Others	-171	-121	-112	-623	-848	-678	-618	-641
CF from Operating incl EO	2,680	890	1,628	2,360	1,220	2,275	1,863	2,194
(Inc)/Dec in FA	-140	-150	-383	-622	-280	-390	-390	-390
Free Cash Flow	2,540	740	1,245	1,738	940	1,885	1,473	1,804
(Pur)/Sale of Investments	-2,313	-601	-701	-843	1,511	-1,300	-600	-900
Others	30	32	29	37	36	678	618	641
CF from Investments	-2,423	-719	-1,054	-1,428	1,266	-1,012	-372	-649
Issue of Shares	0	0	0	0	-1,621	0	0	0
Inc/(Dec) in Debt	-83	214	-13	-49	-24	-110	-110	-110
Interest Paid	-79	-65	-36	-32	-23	-64	-52	-43
Dividend Paid	0	-169	-455	-650	-780	-838	-967	-1,096
Others	-27	-86	-92	-104	-153	-23	-23	-23
CF from Fin. Activity	-188	-106	-596	-835	-2,601	-1,036	-1,152	-1,273
Inc/Dec of Cash	68	65	-22	97	-114	227	338	273
Opening Balance	8	77	142	120	217	103	329	667
Other cash & cash equivalent								
Closing Balance	77	142	120	217	103	329	667	940

Kajaria Ceramics

BSE Sensex
84,587

S&P CNX
25,885

CMP: INR1,091

TP: INR1,252 (+15%)

Buy

Kajaria

Stock Info

Bloomberg	KJC IN
Equity Shares (m)	159
M.Cap.(INRb)/(USDb)	172.8 / 1.9
52-Week Range (INR)	1322 / 745
1, 6, 12 Rel. Per (%)	-11/5/-18
12M Avg Val (INR M)	458

Financials Snapshot (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	46.4	49.0	54.2
EBITDA	6.3	8.6	9.6
Adj. PAT	2.9	5.4	6.1
Adj. EPS (INR)	18.5	33.6	38.4
EPS Gr. (%)	-30.3	81.8	14.2
BV/Sh. (INR)	172	194	218

Ratios

RoE (%)	10.7	17.3	17.6
RoCE (%)	17.3	23.6	24.2
Payout (%)	48.7	35.7	36.5

Valuations

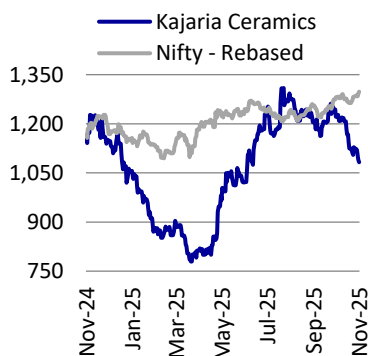
P/E (x)	59.0	32.5	28.4
P/BV (x)	6.3	5.6	5.0
EV/EBITDA (x)	27.2	19.3	17.0
Div. Yield (%)	0.8	1.1	1.3

Shareholding Pattern (%)

As On	Sep'25	Jun'25	Sep'24
Promoter	47.6	47.5	47.5
DII	26.0	27.4	28.4
FII	11.6	12.6	16.1
Others	14.8	12.6	8.1

FII includes depository receipts

Stock's performance (one-year)



Built on strength, backed by cash!

Kajaria Ceramics (KJC) is the largest manufacturer of ceramic/vitrified tiles in India and the eighth largest in the world and enjoys ~17% market share in the organized domestic tiles industry. We like KJC due to its 1) numero uno status in tiles, 2) execution capabilities, 3) strong FCF, and 4) focus on market share gains led by capacity additions and expansion in distribution reach. Management hopes for a demand revival from 2HFY26, aided by improving consumer sentiment due to easing inflation and cuts in GST rates on essential items. KJC also aims for a 17%+ EBITDA margin to sustain, led by various cost optimization measures taken by the company. Driven by our expectation of improving demand, we reiterate our BUY rating on KJC with a TP of INR1,252, based on 30x Sep'27E P/E. A lower multiple to its 1-year forward 10-year average of ~40x is assigned as volume recovery is yet to be seen.

India's biggest tiles brand with a strong retail presence: As the largest domestic tiles manufacturer with ~8% overall market share (~17% organized), KJC has the widest network of over 2,500 dealers/distributors pan-India, which constitutes over 90% of its total revenue. Having plants across regions helped KJC in deepening its distribution network to percolate into India's uncovered markets in tier-II/-III towns.

Uptick in tile volumes likely from 2HFY26; guidance of 17%+ EBITDA margin:

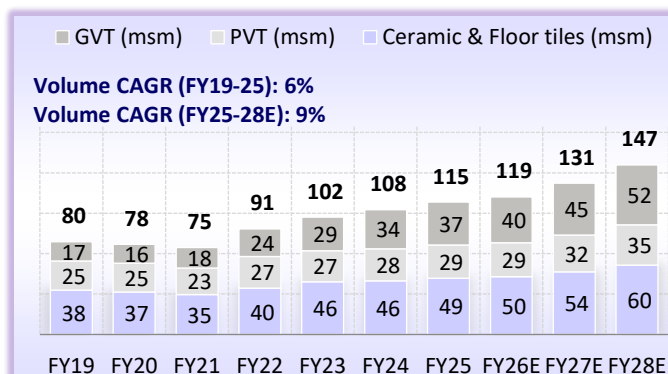
Following a healthy 15%+ CAGR over FY21-23, KJC's tile volume growth moderated to ~6% over the last two years, hit by demand normalization and a shift in consumer spending towards out-of-home activities after the pandemic. However, tile exports by Morbi players have started picking up; this augurs well for volumes of domestic-focused players. KJC hopes for a demand revival from 2HFY26, aided by improving consumer sentiment owing to easing inflation and cuts in GST rates on essential items. The long-term structural drivers remain intact. It also aims for a 17%+ EBITDA margin to sustain, led by various cost optimization measures taken by the company.

Healthy cash flows, despite regular high capex: KJC's strategy of in-house manufacturing of mid-premium range products while outsourcing the mass-mid-range products, along with strict working capital management, has led to a healthy free cash flow generation (~INR2.3b annually over FY19-25 at a 7% CAGR) despite a tough business environment and large capex. KJC stepped up the capex intensity during FY22-25 to ~INR2.5b annually following a strong demand for its products during Covid-19. While high capex continued until FY25, demand softened since FY24. Thus, KJC has moderated its capex intensity (<INR1.5b p.a.) over the next two years.

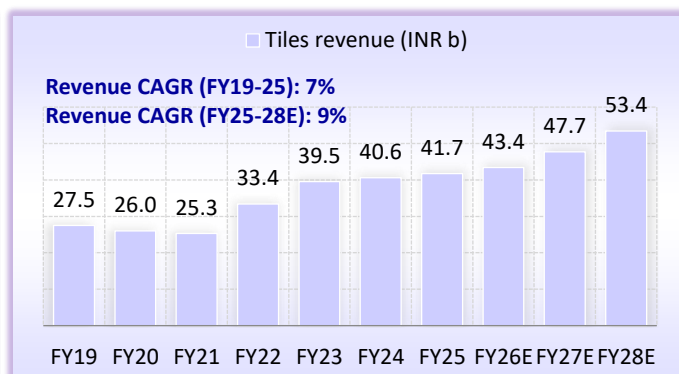
Valuation and view – reiterate BUY: Notwithstanding the near-term weakness in volume and margins, we believe KJC's medium-to-long-term outlook is quite robust. Following a subdued CAGR of 8%/6%/4% over FY19-25, we project a CAGR of 10%/20%/34% in revenue/EBITDA/PAT over FY25-28. We also estimate an RoE/RoCE/RoIC of ~18%/25%/36% along with a strong FCF (~INR5b+ annually) for the company. KJC's stock price has been consolidating for the past three years due to a moderation in demand and margins. **We reiterate our BUY rating on KJC with a TP of INR1,252, based on 30x Sep'27E P/E.**

STORY IN CHARTS

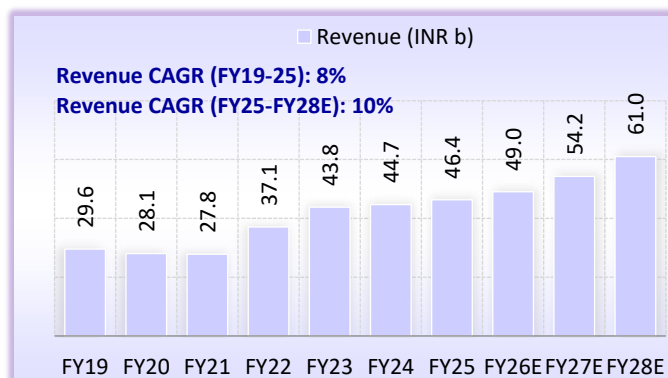
Tiles volume to clock a CAGR of 9% over FY25-28E...



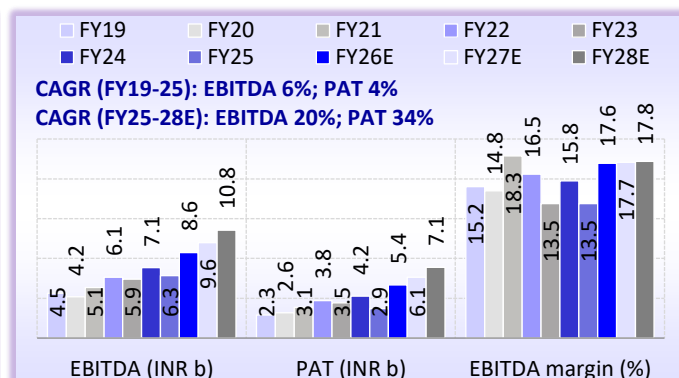
...in line with tiles revenue growth CAGR of 9%



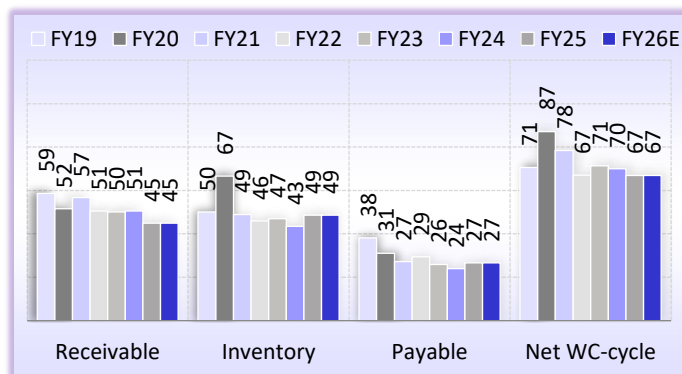
We expect a 10% CAGR in consol. revenue and...



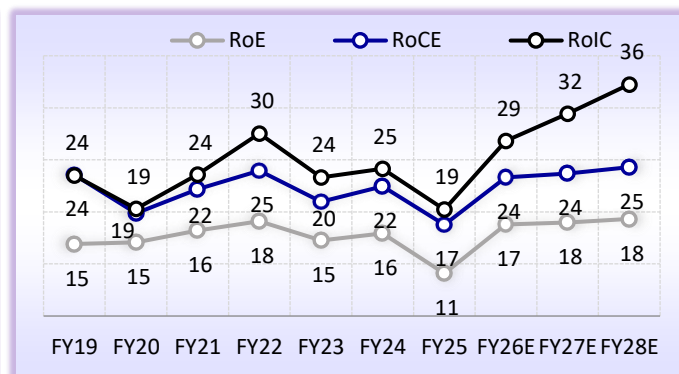
... a 20%/34% CAGR in EBITDA/PAT over FY25-FY28



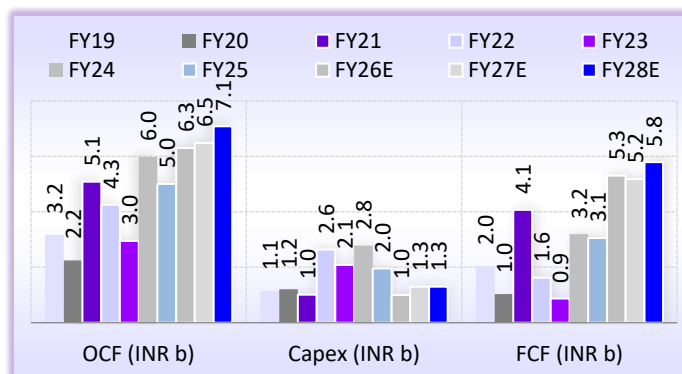
Tight working capital management (days)



Return ratios (%) to improve



FCF to rise to over INR5b annually by FY28E



OCF/EBITDA (%) and FCF/PAT (%) trend

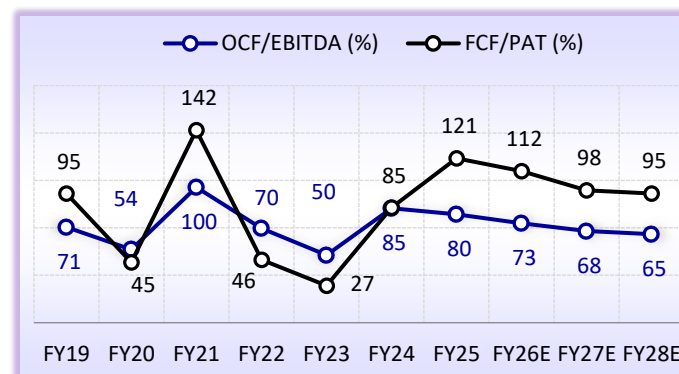


Exhibit 83: DuPont analysis

Dupont Analysis	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
RoE (%)	14.7	14.9	16.5	17.8	15.1	16.1	10.7	17.3	17.6	18.1
PAT margin (%)	7.8	9.1	11.1	10.2	8.0	9.4	6.4	10.9	11.3	11.6
Total Asset Turnover (x)	1.6	1.4	1.3	1.5	1.6	1.5	1.5	1.4	1.4	1.4
Equity Multiplier (x)	1.2	1.2	1.1	1.1	1.2	1.1	1.1	1.1	1.1	1.1

Source: Company, MOFSL

Exhibit 84: Key assumptions

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR FY25-28E (%)
Consolidated Revenue (INR m)	29,562	28,080	27,809	37,052	43,819	44,740	46,351	49,000	54,225	61,010	10
% YoY	9	(5)	(1)	33	18	2	4	6	11	13	
Tile Revenue (INR m)	27,545	26,049	25,328	33,431	39,515	40,609	41,720	43,378	47,716	53,441	9
% YoY	7	(5)	(3)	32	18	3	3	4	10	12	
Tile Volume (msm)	80	78	75	92	102	108	115	119	131	147	9
% YoY	12	(3)	(3)	21	11	6	6	4	10	12	
Tile Realizations (INR/ sq.m.)	343	334	336	365	389	376	364	364	364	364	0
% YoY	(4)	(3)	1	9	7	(3)	(3)	0	-	0	
Bathware Revenue (INR m)	1,848	1,742	2,090	2,757	3,155	3,635	3,862	4,235	4,870	5,601	13
% YoY	33	(6)	20	32	14	15	6	10	15	15	
Plywood Revenue (INR m)	168	289	392	661	773	1,044	482	21			
% YoY		72	35	69	17	35	(54)	(96)			
Adhesives (INR m)				203	376	496	768	1,366	1,640	1,967	37
% YoY					85	32	55	78	20	20	

Source: Company, MOFSL

Key highlights from the management commentary

Result highlights – 2QFY26

- KJC reported another quarter of strong margins, whereas its tile volume and revenue were flat owing to soft demand conditions.
- Tiles volume/revenue/EBITDA/PAT grew 1%/2%/31%/58% YoY, respectively.
- Bathware and Adhesives revenue rose ~14% and ~77% YoY, respectively, and contributed ~11% to the total revenue.
- EBITDA margin surged 390bp YoY and 110bp QoQ to 18%, aided by softer gas costs and cost optimization measures. The extent of improvement was higher than our expectation of a 20bp QoQ expansion.
- PAT surged 58% YoY, driven by higher EBITDA and other income (up 57% YoY).
- Net cash level improved INR1.7b to reach INR5.9b in 1HFY26, fueled by healthy operating performance.
- Nepal JV sold 0.7msm against 5msm capacity in 2Q; KJC's focus is on inventory clearance.

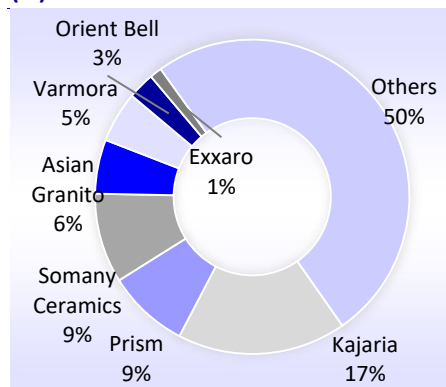
Outlook

- Despite soft demand, margins continued to expand in 2QFY26, aided by softer gas costs and cost optimization measures.
- Management's focus remains on healthy margins and cash flows, despite the soft demand environment.
- KJC expects volume growth in 2HFY26 as demand picks up.
- The company is undertaking various cost optimization measures, which will sustain margins at elevated levels. Key areas of cost restructuring include 1) re-engineering of packing boxes, 2) tightening the sourcing of outsourced products and raw materials, and 3) unification of the sales team for all tile verticals.
- KJC has appointed a consultant to drive market share gains by rationalization of dealerships and channel expansion.
- Management would focus on driving project sales and strengthening market share in the retail channel.
- The price gap between KJC and Morbi players remained at ~20%.
- Tile exports from India increased 9-10% YoY in 1HFY26 to INR83b and are estimated to be ~INR180b in FY26.

India's biggest tile brand with a strong retail presence

- As the largest domestic tiles manufacturer with ~8% overall market share (~17% organized), KJC has the widest network of over 2,500 dealers/distributors pan-India, which constitutes over 90% of its total revenue.
- These exclusive MBOs use KJC's vast product basket serviced from its seven tile manufacturing facilities and two bathware facilities located pan-India.
- Setting up plants across regions helped KJC in deepening its distribution network to percolate into India's uncovered markets (mostly tier-II/III towns).
- It also has outsourcing arrangements with vendors for mass and mid-segment products.
- KJC's focus will remain on expanding the dealer network and product basket to cater to pan-India demand across segments.

Exhibit 85: Organized market share of India's leading tiles players by value (%)



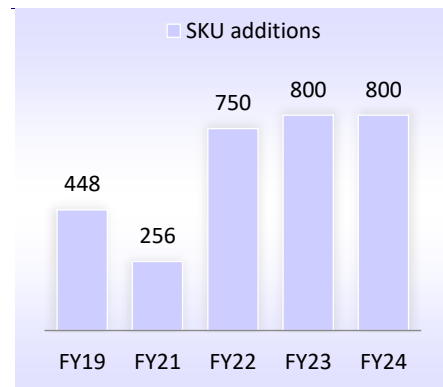
Source: Industry

Exhibit 86: Pan-India dealer network



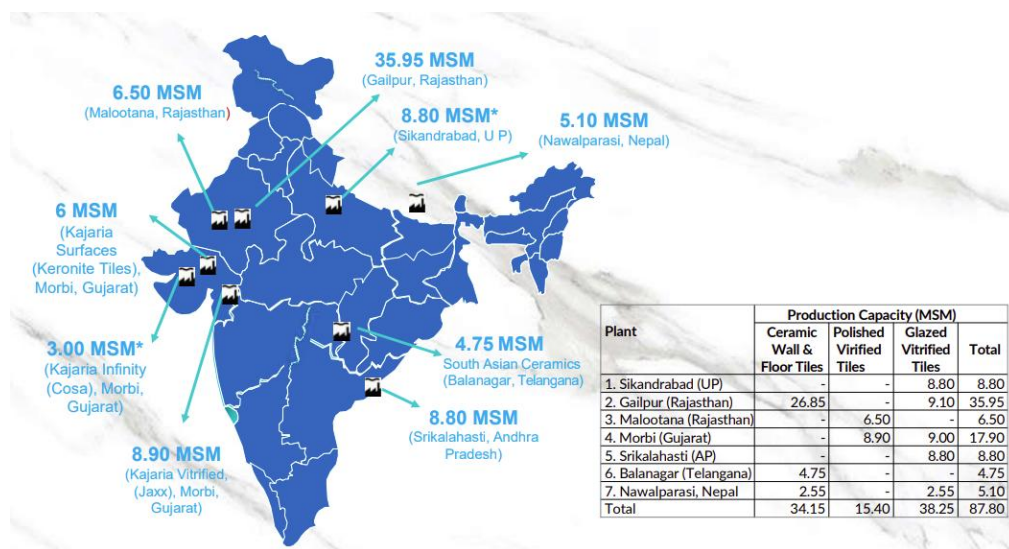
Source: Company

Exhibit 87: Net SKU additions in tiles



Source: Company

Exhibit 88: Manufacturing plants in all regions to serve pan-India demand



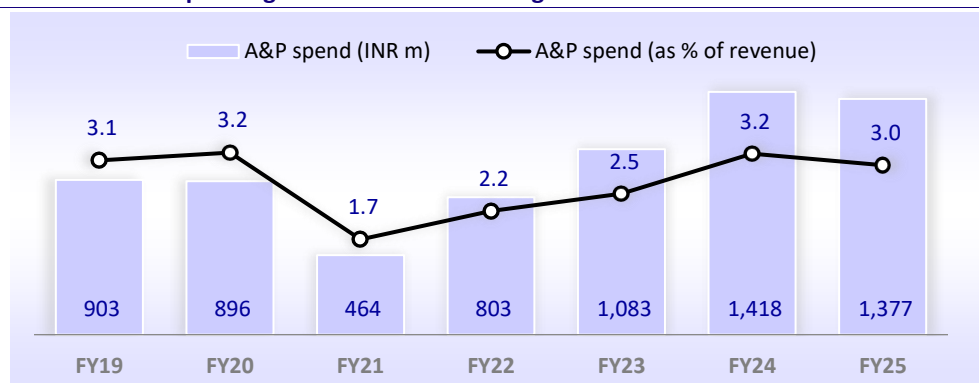
Source: Company

Exhibit 89: Branding efforts – Akshay Kumar and Ranveer Singh appointed as the brand ambassadors



Source: Company

Exhibit 90: A&P spending boosted market share gains

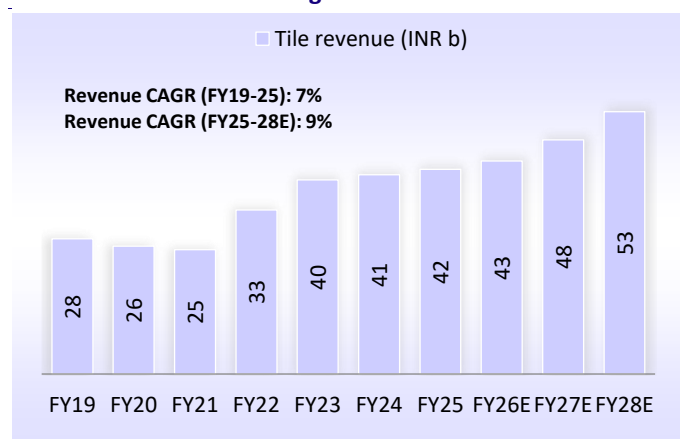


Source: Company

Uptick in tiles volume likely from 2HFY26

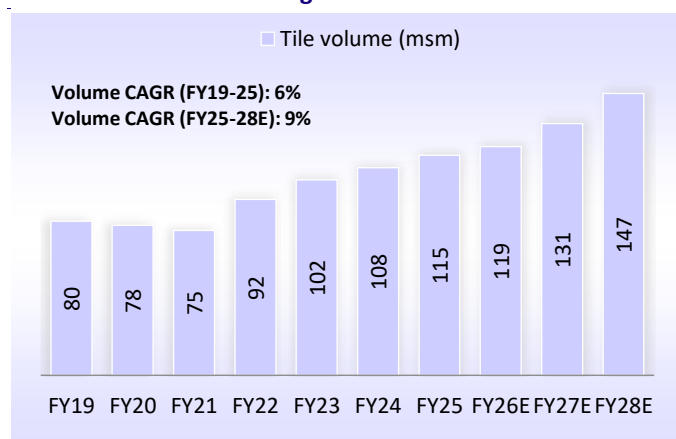
- Following a healthy 16% CAGR over FY21-23, KJC's tile volume growth moderated to ~6% over the last two years, hit by demand normalization and a shift in consumer spending towards out-of-home activities after the pandemic.
- Tile exports from India also faced a slowdown in the last two years, putting pressure on volumes of domestic-focused players.
- However, tile exports by Morbi players have started picking up; this augurs well for volumes of domestic-focused players.
- Management hopes for a demand revival from 2HFY26, aided by improving consumer sentiment owing to easing inflation and cuts in GST rates on essential items.
- The long-term structural drivers, such as increasing housing demand and consumers' rising aspirations, remain intact.
- Thus, we estimate a 9%/9% CAGR in volume/revenue over FY25-28 (6%/7% CAGR over FY19-FY25, respectively), supported by 1) strong industry tailwinds, 2) KJC's regular capacity additions in all regions, 3) dealer network expansion, and 4) continued focus on branding.
- KJC also aims for a 17%+ EBITDA margin to sustain, led by various cost optimization measures taken by the company.

Exhibit 91: Tiles – revenue growth trend



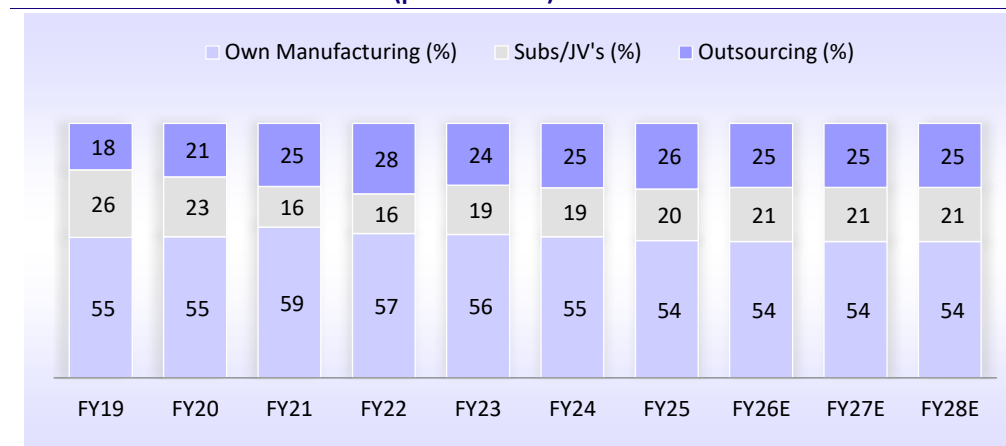
Source: Company, MOFSL

Exhibit 92: Tiles – volume growth trend



Source: Company, MOFSL

Exhibit 93: Tiles volume mix trend (product-wise)

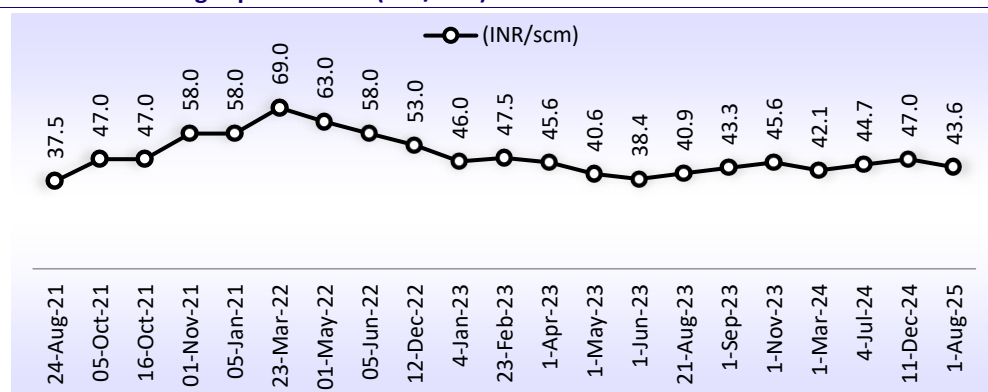


Source: Company, MOFSL

Normalizing gas prices and a superior product mix to drive margins

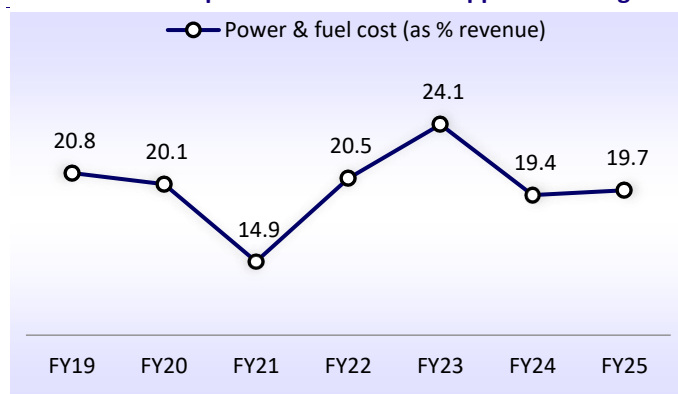
Power & fuel costs, which historically ranged between 17% and 20% of revenue, surged to over 24% of revenue in FY23 and suppressed EBITDA margin to 13.5% (vs normal range of 16-18%). Gas prices have normalized at lower levels over the last 12 months, and management expects EBITDA margin to stay above 17% in the coming quarters, with scope for improvement with a rise in volumes. KJC's focus on large-sized GVT tiles also augurs well for margins.

Exhibit 94: Morbi gas prices trend (INR/scm)



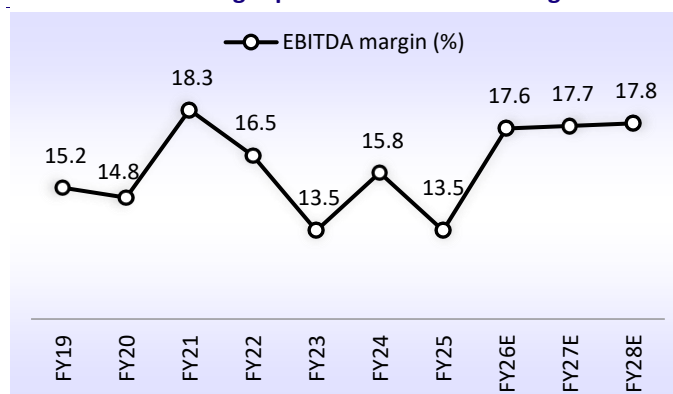
Source: Media articles

Exhibit 95: While power and fuel costs suppressed margins...



Source: Company

Exhibit 96: ... stable gas prices to aid EBITDA margins



Source: Company, MOFSL

Large slabs – an emerging product

KJC's newly launched *Vitronite* range, as a replacement for granite slabs used on kitchen tops/table tops, has gained high acceptance. This new application product will likely help KJC in extending its distribution bandwidth to non-tile channels. Large slabs are an emerging and fast-growing value-added product segment that is replacing marbles due to their lower price, superior uses (high resistance to oil stains), and attractive design. While large capacities have been added in the GVT category over the last few years, there are only a few large slab manufacturers currently. KJC has set up capacities in Srikalahasti (AP) and in Sikandarabad (UP).

Expanding into adjacencies; bathware gaining scale



Sanitaryware Plant, Morbi (Gujarat)



Faucet Plant, Gailpur (Rajasthan)

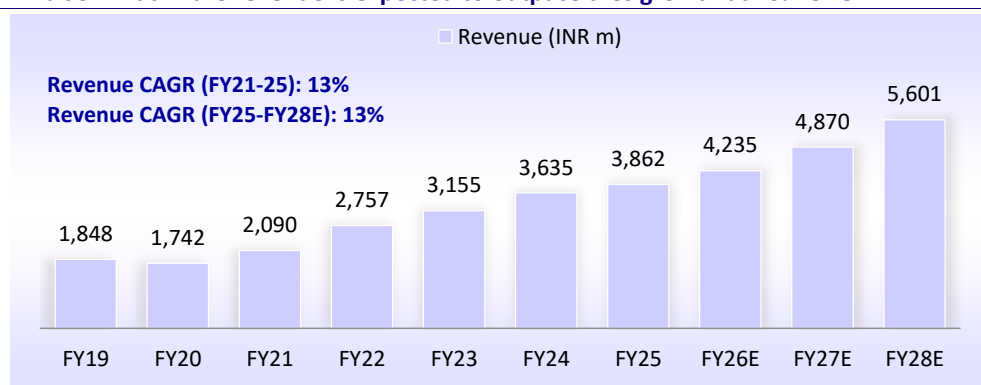
- After retaining its numero uno status in tiles, KJC has entered adjacent product categories such as sanitaryware, faucetware, plywood, and tile adhesives over the last decade.
- While these new product lines contribute only ~9% to KJC's total revenue, management hopes to profitably grow them at a rapid pace in the coming years via channel expansion.
- The company decisively wound up the plywood and laminate division in FY25, considering a slow ramp-up.
- KJC has appointed Akshay Kumar and Ranveer Singh as the brand ambassadors to drive branding efforts.

KJC entered the bathware segment by launching sanitaryware and faucetware under the *Kerovit* brand. It operates the bathware business under its subsidiary Kajaria Bathware, in which it holds an 85% stake. The remaining 15% stake is owned by WestBridge Crossover Fund LLC. KJC has carefully positioned its products between the premium MNC range and unbranded players, a relatively uncluttered space. Products are strategically priced at par with *Cera* and *Hindware* and at a 2-3% discount to Jaquar.

The bathware segment posted slow growth in the initial years due to the company's strategy of selling products only through large-format stores (1,000-1,500 sq. ft.), which overlapped with only 25% with its existing tile stores. Now, under its new associate dealer program, any dealer, even the one with a 150 sq. ft. store size, can sell KJC's bathware products.

The bathware segment revenue clocked a 13% CAGR over FY19-25. Management expects the momentum to be sustained with ~13% CAGR in revenue and double-digit margins over FY25-28, boosted by 1) industry tailwinds, 2) product innovation, 3) dealer network strength, 4) brand recall, and 5) rising scale of operations.

Exhibit 97: Bathware revenue is expected to outpace tiles growth at 13% CAGR



Source: Company, MOFSL

Healthy cash flows, despite regular high capex

- KJC follows a mixed strategy of in-house manufacturing of mid-premium-range products while outsourcing the mass-to-mid-range products.
- This strategy, along with strict working capital management, has led to a healthy free cash flow generation (~INR2.3b annually over FY19-25 at a 7% CAGR) even in a tough business environment and large capex scenario.
- KJC stepped up the capex intensity during FY22-25 to a cumulative INR10b (~INR2.5b annually) following a strong demand for its products during Covid-19.
- Internal cash accruals were used to fund the capex.
- While high capex continued until FY25, demand has softened since FY24.
- Thus, KJC has moderated its capex plan in the INR1.0-1.5b range annually over the next two years. Additionally, it will continue to explore partnerships to outsource its products.
- We expect a strong FCF of INR5b+ annually over FY25-28.

Exhibit 98: Capex intensity to moderate after large investment over FY22-25

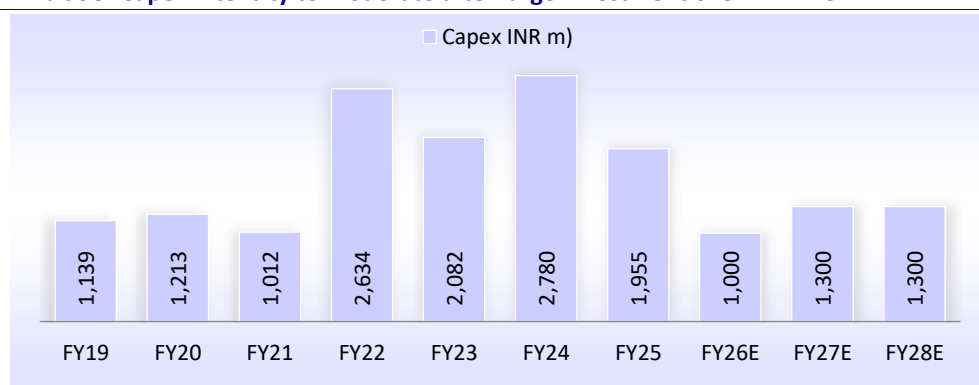


Exhibit 99: Healthy OCF/EBITDA (%)

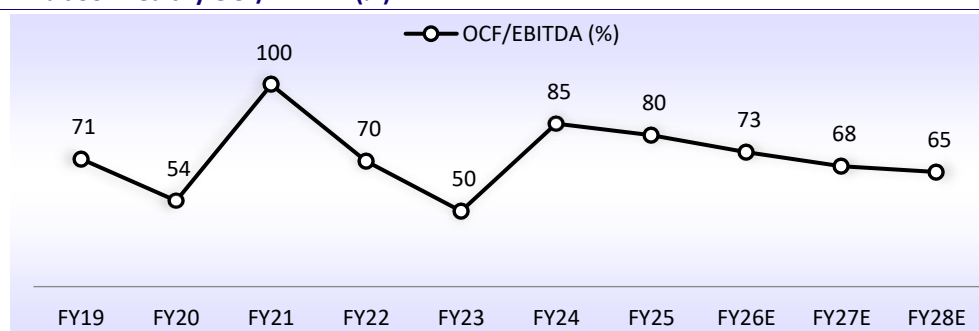
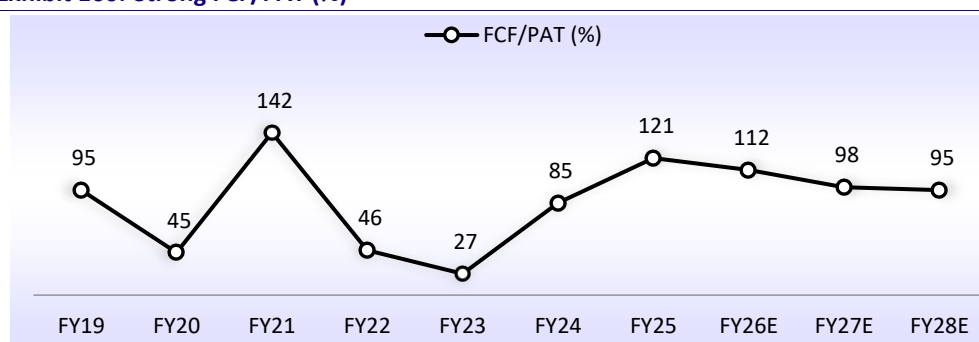


Exhibit 100: Strong FCF/PAT (%)

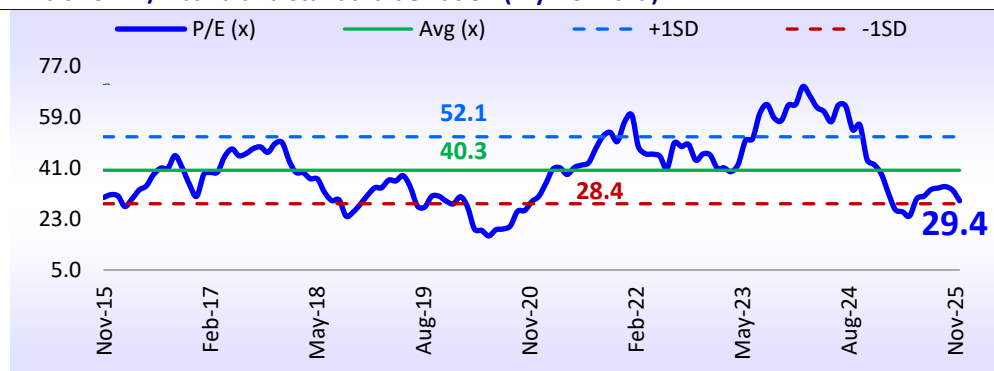


Source: Company, MOFSL

Valuation and view: Reiterate BUY

- We like KJC due to its 1) numero uno status in tiles, 2) execution capabilities, backed by strong management, 3) strong FCF, and 4) focus on market share gains fueled by capacity additions and expansion in distribution reach.
- Notwithstanding the near-term weakness in volumes, we believe KJC's medium-to-long-term outlook is quite robust.
- Management hopes for a demand revival from 2HFY26, aided by improving consumer sentiment owing to easing inflation and cuts in GST rates on essential items.
- Industry is also hopeful for a revival in tile exports by Morbi players, which should ease competition for the domestic-focused players.
- Normalization of gas prices at lower levels should also support 17%+ EBITDA margins.
- Thus, following a subdued single-digit CAGR of 8%/6%/4% over FY19-25, we project a double-digit CAGR of 10%/20%/34% in revenue/EBITDA/PAT over FY25-28. We also estimate an RoE/RoCE/RoIC of ~18%/25%/36% along with a strong FCF (~INR5b+ annually). We estimate the growth to be fueled by a 9% CAGR in tile volume.
- Continued focus on dealer network expansion and branding efforts will continue to drive the company's market share gain story.
- KJC's stock price has been consolidating for the past three years due to a moderation in demand and margins (surge in gas prices and competitive intensity, etc.). We expect the business scenario to improve from hereon.
- Thus, we reiterate our BUY rating with a TP of INR1,252, based on 30x Sep'27E P/E. A lower multiple to its 1-year forward 10-year average of ~40x is assigned as volume recovery is yet to be seen.

Exhibit 101: P/E band and standard deviation (1-yr forward)



Source: Bloomberg, MOFSL

Exhibit 102: MOFSL vs. BBG estimates

INR b	MOFSL Estimates			Bloomberg estimates			% Var with MOFSL		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	49.0	54.2	61.0	48.6	54.1	59.9	1	0	2
EBITDA	8.6	9.6	10.8	8.4	9.4	10.6	3	2	2
EBITDA margin %	17.6	17.7	17.8	17.2	17.4	17.7			
PAT	5.4	6.1	7.1	5.1	5.9	6.8	5	4	5
EPS	33.6	38.4	44.6	31.9	36.9	42.6	5	4	5

Source: Bloomberg, MOFSL

Key risks:

- 1) Slowdown in the economy and construction activities
- 2) High volatility in gas prices, and
- 3) Intensifying competition from Morbi

Bull and bear case scenarios



Bull case scenario

	FY25	FY26E	FY27E	FY28E	CAGR FY25-28E
Target Price: INR1,810 (66% upside) (at 36x Sep'27 P/E)	❖ We expect ~15%/30%/45% CAGR in revenue/EBITDA/PAT over FY25-28E. ❖ Revenue is expected to be driven by ~14% CAGR in tiles volume. ❖ We estimate EBITDA margin of 13.5% in FY25 to substantially improve to 19.4% in FY28.				
Revenue (INR m)	46,351	49,000	58,775	70,530	15
EBITDA (INR m)	6,262	8,601	10,846	13,650	30
EBITDA margin %	13.5	17.6	18.5	19.4	
PAT (INR m)	2,944	5,351	6,970	9,045	45
EPS (INR)	18.5	33.6	43.8	56.8	45

	FY25	FY26E	FY27E	FY28E	CAGR FY25-28E
Target Price: INR1,252 (15% upside) (at 30x Sep'27 P/E)	❖ We expect ~10%/20%/34% CAGR in revenue/EBITDA/PAT over FY25-28E. ❖ Revenue is expected to be driven by ~9% CAGR in tiles volume. ❖ EBITDA margin of 13.5% in FY25 is estimated to rise to 17.8% in FY28 owing to cost efficiencies.				
Revenue (INR m)	46,351	49,000	54,225	61,010	10
EBITDA (INR m)	6,262	8,601	9,573	10,831	20
EBITDA margin %	13.5	17.6	17.7	17.8	
PAT (INR m)	2,944	5,351	6,110	7,099	34
EPS (INR)	18.5	33.6	38.4	44.6	34

	FY25	FY26E	FY27E	FY28E	CAGR FY25-28E
Target Price: INR828 (24% downside) (at 26x Sep'27 P/E)	❖ We expect ~6%/9%/21% CAGR in revenue/EBITDA/PAT over FY25-28E. ❖ Revenue is expected to be driven by ~6% CAGR in tiles volume. ❖ We estimate EBITDA margin of 13.5% in FY25 to sustain at ~15% levels.				
Revenue (INR m)	46,351	49,000	51,845	54,916	6
EBITDA (INR m)	6,262	8,601	7,856	8,212	9
EBITDA margin %	13.5	17.6	15.2	15.0	
PAT (INR m)	2,944	5,351	4,887	5,255	21
EPS (INR)	18.5	33.6	30.7	33.0	21

SWOT analysis



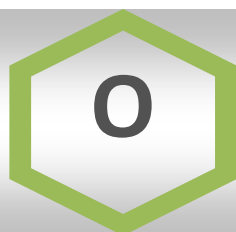
Strengths

- ❖ The leader in the domestic tile industry with ~8% market share in overall domestic industry and ~17% market share in the organized sector
- ❖ Largest pan-India distribution network across regions
- ❖ Best-in-class margins, cash flows, and return ratios
- ❖ Credible management team led by promoters and a professional management team



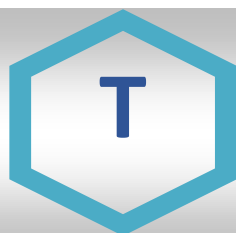
Weaknesses

- ❖ Low pricing power due to a highly competitive industry
- ❖ Product differentiation is difficult, as products are copied by smaller players in a short time
- ❖ Slowdown in demand of discretionary items such as tiles and bathware in a high inflationary scenario



Opportunities

- ❖ Large opportunity to enter into adjacent product categories, as seen in the case of bathware
- ❖ Low penetration and per capita consumption of tiles and bathware in India, rising disposable income, premiumization, and urbanization support a robust outlook in the long run
- ❖ Favorable factors aiding the shift of the market towards the organized sector



Threats

- ❖ Prolonged slowdown in demand of real estate units
- ❖ Surge in gas prices as seen in FY23
- ❖ High competition from other leading organized players and a large unorganized sector
- ❖ Low spending by the government on infra development
- ❖ A high inflationary scenario may weaken consumer spending on discretionary items such as building products

ESG initiatives

Environmental initiatives

- KJC installed VFDs at multiple places across facilities. It increased reliance on biofuel to replace coal as the energy source, thereby reducing carbon footprint.
- KJC is establishing a solar power facility at its Kalahasti facility.
- KJC's Effluent Treatment Plant (ETP) treats and recycles waste water

CSR initiatives

- KJC invested INR97.2m in CSR activities in FY25

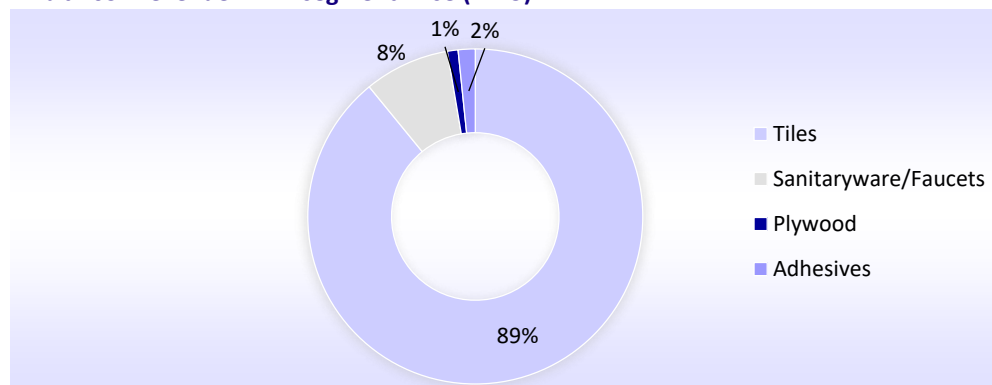
Governance

- The Board has eight Directors on its Board, out of which three are Executive Directors, one is a Non-executive Non-independent Director, and four are Non-executive Independent Directors, including one woman Non-executive Independent Director.

Company overview

KJC is the largest manufacturer of ceramic/vitrified tiles in India and the 8th largest in the world. KJC has the widest network of over 2,500 dealers & distributors in India and enjoys ~17% market share in the organized domestic tiles industry. In August 1988, KJC started tile manufacturing operations with a capacity of 1msm per annum, now at ~90msm, apart from a significant outsourcing arrangement with vendors. It has seven tile plants located at Sikandrabad (UP), Gailpur (Rajasthan), Malootana (Rajasthan), Morbi (Gujarat), Srikalahasti (AP), Balanagar (Telangana), and one in Nepal. Apart from tiles, the company has also expanded wings in the sanitaryware, faucetware, and tile adhesives segments.

Exhibit 103: Revenue mix – segment-wise (FY25)



Source: Company

Exhibit 104: Product verticals, plant locations, and capacities

Products	Manufacturing Facilities	Manufacturing Capacity
Ceramic Wall & Floor Tiles	Gailpur (Rajasthan), Balanagar (Telangana), Nawalparasi (Nepal)	34.15 msm
Polished Vitrified Tiles	Malootana (Rajasthan) and Morbi (Gujarat)	15.4 msm
Glazed Vitrified Tiles	Sikandrabad (UP), Gailpur (Rajasthan), Morbi (Gujarat), Srikalahasti (AP), Nawalparasi (Nepal)	40.95 msm
Bathware	Faucet manufacturing facility at Gailpur (Rajasthan)	1.6m pieces
	Sanitaryware manufacturing facility at Morbi (Gujarat)	1.2m pieces
Adhesives	Gailpur (Rajasthan)	9000 MT/month

Source: Company PPT

Exhibit 105: KJC's key manufacturing plants



Source: Company

Management Team



Mr. Ashok Kajaria, CMD and promoter, founded KJC in 1988. He holds a Bachelors in Science (B.Sc.) degree and pursued Engineering (BSME) at UCLA (California), USA. He is widely credited with spearheading the transformation of the tile industry in India and is best known for being the pioneer behind launching large format wall tiles in the country and his catalytic role in revolutionizing tile display and marketing.



Mr. Chetan Kajaria, Vice Chairman and promoter, joined KJC in 2000. He is a Petrochemical engineer from Pune University and holds an MBA from Boston College (US). On October 1, 2025, he was appointed Vice Chairman as part of a leadership transition.



Mr. Rishi Kajaria, Managing Director and promoter, joined KJC in 2003. He holds a BSc in Business Administration from Boston University (US). On October 1, 2025, Rishi Kajaria was elevated to post of the Managing Director of the company.



Mr. Sanjeev Agarwal, Chief Financial Officer, is associated with Kajaria Ceramics since over three decades (joined in 1994). He is a chartered accountant by qualification.

Exhibit 106: Shareholding pattern and key shareholders

Shareholding Pattern (%)				Key Shareholders	% Equity Sep'25
	Sep'25	Jun'25	Mar'25		
Promoter	47.6	47.5	47.5	❖ SBI ELSS Tax Saver Fund	7.7
Free Float				❖ Nippon Life India Multi Cap Fund	3.0
Foreign Institutions	11.6	12.6	15.8	❖ Kotak Contra Fund	2.4
Domestic Institutions	26.0	27.4	27.7	❖ UTI Children's Equity Fund	2.1
Public & Others	14.8	12.6	9.1	❖ HSBC Business Cycles Fund	1.3

Source: BSE

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Income from Operations	27,809	37,052	43,819	44,740	46,351	49,000	54,225	61,010
Change (%)	-1.0	33.2	18.3	2.1	3.6	5.7	10.7	12.5
RM Cost	12,470	15,551	18,070	18,945	19,655	20,486	22,670	25,507
Employees Cost	3,247	4,077	4,612	4,916	5,661	5,336	5,905	6,643
Other Expenses	7,005	11,317	15,216	13,811	14,772	14,578	16,078	18,028
Total Expenditure	22,721	30,945	37,899	37,672	40,089	40,399	44,653	50,178
% of Net Sales	81.7	83.5	86.5	84.2	86.5	82.4	82.3	82.2
EBITDA	5,088	6,107	5,920	7,068	6,262	8,601	9,573	10,831
Margin (%)	18.3	16.5	13.5	15.8	13.5	17.6	17.7	17.8
Depreciation	1,067	1,154	1,329	1,476	1,654	1,708	1,789	1,861
EBIT	4,022	4,953	4,592	5,593	4,608	6,893	7,783	8,970
Int. and Finance Charges	107	127	223	173	200	225	244	275
Other Income	213	276	336	462	427	612	813	1,037
PBT bef. EO Exp.	4,127	5,102	4,705	5,882	4,835	7,279	8,353	9,733
EO Items	0	0	-79	0	0	0	0	0
PBT after EO Exp.	4,127	5,102	4,625	5,882	4,835	7,279	8,353	9,733
Total Tax	1,038	1,274	1,163	1,435	1,360	1,891	2,213	2,579
Tax Rate (%)	25.2	25.0	25.1	24.4	28.1	26.0	26.5	26.5
Share of Profit/Loss of JV and disc ops.	0	0	-1	-125	-475	6	44	49
Share of Minority Interests	9	58	17	101	57	44	74	104
Reported PAT	3,081	3,770	3,445	4,221	2,944	5,351	6,110	7,099
Adjusted PAT	3,081	3,770	3,524	4,221	2,944	5,351	6,110	7,099

Consolidated - Balance Sheet

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	159	159	159	159	159	159	159	159
Total Reserves	18,530	21,065	23,109	26,006	27,284	30,724	34,603	39,153
Net Worth	18,689	21,224	23,268	26,165	27,443	30,883	34,762	39,313
Minority Interest	646	648	776	591	658	678	698	718
Total Loans	1,142	1,521	2,373	2,197	2,488	2,678	2,868	3,058
Deferred Tax Liabilities	674	726	738	801	884	894	904	914
Capital Employed	21,151	24,119	27,155	29,755	31,473	35,132	39,231	44,002
Gross Block	19,735	20,460	24,516	27,903	30,361	31,861	33,361	34,861
Less: Accum. Deprn.	7,895	9,049	10,377	11,853	13,507	15,215	17,004	18,865
Net Fixed Assets	11,840	11,411	14,139	16,050	16,855	16,647	16,357	15,996
Goodwill on Consolidation	85	85	327	327	319	319	319	319
Capital WIP	149	2,634	817	679	1,087	587	387	187
Total Investments	50	0	19	148	302	302	302	302
Curr. Assets, Loans&Adv.	13,130	15,728	17,591	18,188	18,991	23,602	28,621	34,497
Inventory	3,731	4,659	5,647	5,322	6,181	6,535	7,231	8,136
Account Receivables	4,317	5,133	6,012	6,194	5,702	6,028	6,670	7,505
Cash and Bank Balance	4,428	4,244	3,938	5,141	5,829	9,788	13,496	17,661
Loans and Advances	655	1,693	1,995	1,530	1,279	1,251	1,223	1,195
Curr. Liability & Prov.	4,102	5,739	5,738	5,637	6,082	6,325	6,756	7,301
Account Payables	2,072	2,981	3,104	2,933	3,381	3,574	3,955	4,450
Other Current Liabilities	1,801	2,499	2,342	2,385	2,352	2,372	2,392	2,412
Provisions	229	259	293	320	349	379	409	439
Net Current Assets	9,028	9,989	11,853	12,550	12,909	17,277	21,865	27,197
Misc Expenditure	0	0	0	0	0	0	0	0
Appl. of Funds	21,151	24,119	27,155	29,755	31,473	35,132	39,231	44,002

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
Adj EPS	19.3	23.7	22.1	26.5	18.5	33.6	38.4	44.6
Cash EPS	26.0	30.9	30.5	35.8	28.9	44.3	49.6	56.2
BV/Share	117	133	146	164	172	194	218	247
DPS	10.0	11.0	9.0	12.0	9.0	12.0	14.0	16.0
Payout (%)	51.7	46.5	41.6	45.3	48.7	35.7	36.5	35.9
Valuation (x)								
P/E	56.4	46.1	49.3	41.2	59.0	32.5	28.4	24.5
Cash P/E	41.9	35.3	35.8	30.5	37.8	24.6	22.0	19.4
P/BV	9.3	8.2	7.5	6.6	6.3	5.6	5.0	4.4
EV/Sales	6.4	4.8	4.0	4.0	3.8	3.7	3.4	3.1
EV/EBITDA	33.5	28.0	29.1	24.2	27.2	19.3	17.0	14.7
Dividend Yield (%)	0.9	1.0	0.8	1.1	0.8	1.1	1.3	1.5
FCF per share	25.6	10.2	5.5	20.0	19.2	33.3	32.5	36.3
Return Ratios (%)								
RoE	16.5	17.8	15.1	16.1	10.7	17.3	17.6	18.1
RoCE (pre-tax)	22.1	24.6	20.4	22.4	17.3	23.6	24.2	25.0
RoIC (pre-tax)	24.0	29.6	23.6	24.8	19.3	28.6	32.2	36.1
Working Capital Ratios								
Fixed Asset Turnover (x)	1.4	1.8	1.8	1.6	1.5	1.5	1.6	1.8
Net Working Capital Cycle (Days)	78	67	71	70	67	67	67	67
Debtor (Days)	57	51	50	51	45	45	45	45
Inventory (Days)	49	46	47	43	49	49	49	49
Creditor (Days)	27	29	26	24	27	27	27	27
Leverage Ratio (x)								
Current Ratio	3.2	2.7	3.1	3.2	3.1	3.7	4.2	4.7
Interest Cover Ratio	39.5	41.1	22.1	35.0	25.1	33.3	35.2	36.5
Net Debt/Equity	-0.2	-0.1	-0.1	-0.1	-0.1	-0.2	-0.3	-0.4

Consolidated - Cash Flow Statement

(InR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	4,127	5,102	4,625	5,756	4,360	7,279	8,353	9,733
Depreciation	1,067	1,154	1,329	1,476	1,654	1,708	1,789	1,861
Interest & Finance Charges	107	127	223	173	200	225	244	275
Direct Taxes Paid	-980	-1,285	-1,265	-1,385	-1,172	-1,846	-2,169	-2,535
(Inc)/Dec in WC	868	-621	-1,875	260	-12	-408	-880	-1,166
CF from Operations	5,189	4,476	3,037	6,280	5,030	6,958	7,336	8,167
Others	-101	-221	-82	-306	-20	-656	-858	-1,081
CF from Operating incl EO	5,088	4,255	2,955	5,974	5,010	6,303	6,479	7,086
(Inc)/Dec in FA	-1,012	-2,634	-2,082	-2,780	-1,955	-1,000	-1,300	-1,300
Free Cash Flow	4,076	1,621	873	3,194	3,055	5,303	5,179	5,786
(Pur)/Sale of Investments	54	18	-363	-628	-557	0	0	0
Others	-1,997	-363	608	436	-1,208	612	813	1,037
CF from Investments	-2,955	-2,979	-1,837	-2,972	-3,721	-389	-487	-263
Issue of Shares	53	52	12	11	14	0	0	0
Inc/(Dec) in Debt	-302	281	427	-393	100	190	190	190
Interest Paid	-68	-92	-166	-129	-145	-225	-244	-275
Dividend Paid	-1,591	-1,273	-1,433	-1,433	-1,752	-1,912	-2,230	-2,549
Others	-137	-169	-189	-179	-303	-8	0	-25
CF from Fin. Activity	-2,045	-1,201	-1,348	-2,124	-2,086	-1,955	-2,284	-2,658
Inc/Dec of Cash	87	75	-230	878	-796	3,959	3,708	4,165
Opening Balance	160	247	322	105	982	188	4,147	7,856
Other cash & cash equivalent	0	0	12	0	2	0	0	0
Closing Balance	247	322	105	982	188	4,147	7,856	12,020

BSE Sensex

84,587

S&P CNX

25,885

Unlisted



Financials Snapshot (INR b)

	FY23	FY24	FY25
Revenue	18.0	17.7	19.6
% YoY	99.7	-1.7	10.9
EBITDA	3.7	3.2	2.3
EBITDA margin (%)	20.4	18.4	11.8
PAT	2.3	1.8	1.0
PAT margin (%)	13.0	10.3	4.8
ROE (%)	55.3	28.9	
ROCE (%)	63.7	34.5	

Source: RoC, Company

Panels that power progress!

Action TESA is one of India's largest manufacturers of engineered panel products, including MDF, HDHMR, BOILO, and particle boards. Since its inception in 2010, the brand 'Action TESA' has emerged as India's leading brand, known for its innovative products, the first to launch in the industry. According to media reports, Action TESA commands over 25% of India's MDF market with over 750,000cbm of annual production, and a new 100-acre plant in Visakhapatnam is set to double capacity. In FY25, the company clocked revenue of INR19.6b, EBITDA of INR2.3b with a margin of 11.8%, and a PAT of INR950m.

- From HDHMR boards and BOILO (India's first boiling waterproof and fire-retardant board) to UV high-gloss panels and fingerprint-proof OrnaMatte, its 40k+ SKUs blend design with durability. These products address the challenges of traditional wood materials and offer advanced durability, moisture resistance, and sustainability for residential, commercial, and outdoor applications.
- Quality has been the key focus of the company, backed by European technology, in-house glue, global certifications (FSC, CARB, BIS), and Zero Liquid Discharge operations. Action TESA installed India's first and only 7th generation Controll machine from Seimpelkamp GmbH & Co., Germany.
- Action TESA claims to have achieved several significant milestones. As per the company, it introduced the first thin MDF plant in India and currently claims to hold the top position in the panel industry within the country. The company also pioneered the introduction of DOME Technology, providing unique features for each product. Additionally, Action TESA established the first true HDF-based laminate wooden flooring manufacturing facility in India. Further, the company introduced UV High Gloss Panels for the first time in the country.
- The company has partnered with Ajay Devgan as the brand ambassador. Action TESA launched Studio-on-Wheels, a mobile showroom that has travelled over 40,000 miles, reaching Tier 2 and 3 towns.

About Action Group

The Action Group was established in the early 1970s under the guidance of Shri N. K. Aggarwal. Its journey began with Action Shoes, a footwear brand. The group has diversified its operations across multiple sectors, including footwear, electronics, real estate, chemicals, flex manufacturing, coal mining, and engineered wood panel products.

Greenply Industries

BSE Sensex

84,587

S&P CNX

25,885

CMP: INR280

Not Rated



Stock Info

Bloomberg	MTLM IN
Equity Shares (m)	125
M.Cap.(INRb)/(USDb)	36.1 / 0.4
52-Week Range (INR)	356 / 229
1, 6, 12 Rel. Per (%)	-5/-11/-17
12M Avg Val (INR M)	43

Financials Snapshot (INR b)

Y/E MARCH	FY23	FY24	FY25
Sales	16.6	21.8	24.9
EBITDA	1.5	1.9	2.4
Adj. PAT	0.8	0.6	0.9
Adj. EPS (INR)	6.6	4.5	7.3
EPS Gr. (%)	-13.6	-31.0	62.4
BV/Sh. (INR)	51.6	56.8	64.8

Ratios

RoE (%)	12.7	8.0	11.3
RoCE (%)	13.6	11.5	15.3
Payout (%)	6.8	8.9	6.8

Valuations

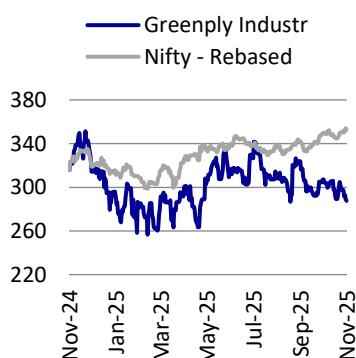
P/E (x)	42.7	62.0	38.2
P/BV (x)	5.4	4.9	4.3
EV/EBITDA (x)	26.4	21.2	16.7
Div. Yield (%)	0.2	0.2	0.2

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	51.7	51.7	52.0
DII	32.4	32.4	30.7
FII	4.5	4.5	5.6
Others	11.4	11.4	11.7

FII includes depository receipts

Stock's performance (one-year)



Diversifying strength: Plywood to MDF and more!

Greenply Industries (MTLM) is a leading plywood brand in India with a 22% market share. It also offers a diversified portfolio spanning plywood, MDF, block boards, decorative veneers, flush doors, and furniture hardware across premium and value segments. Backed by a network of 3,000+ dealers in 1,100+ locations, it operates with five manufacturing capacities and is steadily expanding its MDF footprint for modular furniture and interior applications. The company has also entered the functional furniture hardware segment through a joint venture (JV) with Turkey's Samet B.V., commissioning a plant in Vadodara.

A leader in the plywood segment with a 22% market share

Incorporated in 1990, MTLM today claims to command a market share of 22% in the plywood segment and has a manufacturing capacity of 52.8msm. MTLM markets its premium products under brands like 'Green Club 500', 'Green Club Plus 700', and 'Green Gold Platinum' in the plywood segment. The lower- and mid-segment plywoods are sold through outsourcing routes with brands such as 'Ecotec', 'Bharosa', 'Jansathi', and 'Wood Crest'. MTLM has a dealer network of over 3,000 dealers who are present in over 1,100 cities, towns, and villages in 27 states and 6 union territories.

Forayed into the fast-growing MDF board segment

MTLM forayed successfully into fast-growing MDF boards with an initial capacity of 0.24msm in Gujarat. It is also planning a forward integration into the modular furniture fabrication and interior applications, strengthening in-sourcing and revenue growth.

Entered the furniture hardware market through a JV

MTLM entered into a JV with Turkey-based Samet B.V. in Oct'23 for the manufacture and sales of functional furniture hardware, including slide systems for wooden and metallic drawers, hinge systems, lift-up systems, and other connection fittings. The partnership aims to leverage Samet's craftsmanship with MTLM's distribution footprint. MTLM has commissioned a manufacturing facility in Vadodara for the same. Post initial delays, the plant is now operational.

Management guidance

Management has guided for 10% volume growth in 2H in plywood with higher margins than 1H and an 8.5% margin for FY26. MTLM plans to commission a new manufacturing facility of 13.5msm for plywood in Odisha in FY26. It has expanded its MDF manufacturing capacity from 800cbm to 1,000cbm per day. Management has guided for higher double-digit growth in MDF in 2H with 16%+ margin. As the company expands into MDF and furniture and fittings, its reliance on plywood is expected to come down (79% of the mix in FY25 vs 100% a few years ago). Management aims to improve margins and drive superior RoCE through its focus on value-added products.

Key highlights from the management commentary – 2QFY26

Outlook

- The demand environment remains favorable for organized players, supported by BIS implementation and stable timber prices.
- The organized industry has continued to grow in 1HFY26 despite a slowdown in housing sales.
- Trial production of HDF boards is complete; commercial production to commence in December.
- Consolidated net debt at INR5.1b; to be reduced with inventory liquidation.
- Capex: ~INR1b planned in 2H for Odisha plywood plant, line balancing of existing plywood facility, PVC/WPVC plant, and Samet JV. In FY27, capex to be largely directed toward the Odisha facility.
- A&P spending to remain elevated owing to continued brand-building initiatives.

Key highlights

- Consolidated revenue grew 8% YoY, while EBITDA declined 1% YoY.
- EBITDA margin stood at 8.2% (down 75bp YoY).
- PBT decreased 3% YoY; PAT declined 9% YoY.

Plywood

- Volume/Revenue grew 7%/5% YoY; realization dipped 4% YoY to INR 242/sqm, led by a higher mix of mid-range products.
- The Ecotech campaign strengthened brand recall in the affordable segment.
- EBITDA margin stood at 8.2%.
- Maintained 10%+ volume growth guidance for 2HFY26, with better margins vs 1H and ~8.5% margin target for FY26.

MDF business

- Volume/Revenue grew 16% YoY each; ASP remained flat at INR 31,158/cbm.
- EBITDA margin contracted to 8.3% (vs 17.4% in 1QFY26).
- Production was temporarily impacted by an expansion-related shutdown, affecting sales and margins.
- Capacity expanded from 800 cbm/day to 1,000 cbm/day during 2Q.
- Margins were hit by one-off inventory liquidation at higher discounts and more outsourcing; management targets ~16% margins in 2H and 14.5-15% for FY26.
- Targeting higher double-digit growth in 2HFY26.
- The next phase of MDF capacity expansion (for FY28 growth) to be finalized in 5-6 months.

Samet JV (Furniture Hardware)

- Revenue: INR 113.6m; PAT loss: INR 59m.
- Added 149 new dealers in 2Q; total dealer count at 374.
- Reached INR 40m monthly revenue, aided by distribution expansion.
- Revenue guidance: ~INR 50m/month in 2HFY26 and INR 1b in FY27.
- Currently, 40-50% of the products are imported, leading to losses; domestic manufacturing ramp-up is expected to drive profitability.

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Total Income from Operations	14,122	14,204	11,653	15,628	16,631	21,799	24,876
Change (%)	NA	0.6	-18.0	34.1	6.4	31.1	14.1
RM Cost	8,530	8,355	6,841	9,353	10,328	13,155	14,841
Employees Cost	1,515	1,629	1,495	1,933	2,175	2,791	3,160
Other Expenses	2,636	2,664	2,151	2,839	2,588	3,985	4,498
Total Expenditure	12,681	12,648	10,486	14,125	15,090	19,931	22,499
% of Sales	89.8	89.0	90.0	90.4	90.7	91.4	90.4
EBITDA	1,440	1,556	1,167	1,503	1,541	1,868	2,377
Margin (%)	10.2	11.0	10.0	9.6	9.3	8.6	9.6
Depreciation	224	257	231	258	260	545	601
EBIT	1,216	1,299	936	1,244	1,282	1,323	1,775
Int. and Finance Charges	186	208	166	119	91	433	431
Other Income	33	20	68	99	172	139	165
PBT bef. EO Exp.	1,062	1,112	837	1,224	1,363	1,028	1,509
EO Items	0	-500	0	0	96	135	0
PBT after EO Exp.	1,062	612	837	1,224	1,459	1,163	1,509
Total Tax	315	134	205	303	192	298	253
Tax Rate (%)	29.7	22.0	24.4	24.7	13.1	25.6	16.7
Share of Profit/Loss of JV and disc ops	49	-5	-24	26	-353	-166	-339
Share of Minority Interests	0	0	0	0	0	0	1
Reported PAT	797	472	609	947	914	700	916
Adjusted PAT	797	972	609	947	818	564	916

Consolidated - Balance Sheet

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Equity Share Capital	123	123	123	123	123	124	125
Total Reserves	3,230	3,657	4,244	5,259	6,315	6,970	7,962
Net Worth	3,352	3,779	4,367	5,382	6,438	7,094	8,086
Minority Interest	0	0	0	0	0	2	3
Total Loans	2,216	2,371	1,917	2,919	6,620	5,246	4,883
Deferred Tax Liabilities	-41	-105	-64	-73	-17	-65	-85
Capital Employed	5,527	6,045	6,220	8,228	13,041	12,277	12,887
Gross Block	3,593	4,461	4,633	5,332	6,659	11,262	11,781
Less: Accum. Deprn.	1,061	1,318	1,549	1,807	2,067	2,612	3,213
Net Fixed Assets	2,532	3,143	3,085	3,525	4,592	8,650	8,567
Goodwill on Consolidation							
Capital WIP	160	52	62	1,096	5,130	124	442
Total Investments	222	238	225	258	64	435	673
Curr. Assets, Loans&Adv.	5,915	6,084	5,715	6,636	6,998	7,356	9,744
Inventory	1,694	1,771	1,792	2,256	2,784	3,478	5,179
Account Receivables	3,050	3,565	1,939	1,864	2,287	2,490	3,233
Cash and Bank Balance	206	103	1,280	726	314	224	247
Loans and Advances	964	646	704	1,789	1,613	1,165	1,086
Curr. Liability & Prov.	3,302	3,472	2,867	3,288	3,742	4,289	6,540
Account Payables	2,320	2,317	2,043	2,164	2,427	3,329	5,354
Other Current Liabilities	928	807	612	899	1,174	851	1,042
Provisions	55	348	212	225	141	108	143
Net Current Assets	2,613	2,613	2,848	3,348	3,256	3,068	3,204
Misc Expenditure	0	0	0	0	0	0	0
Appl. of Funds	5,527	6,045	6,220	8,228	13,041	12,277	12,887

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Basic (INR)							
Adj EPS	6.4	7.8	4.9	7.6	6.6	4.5	7.3
Cash EPS	8.2	9.8	6.7	9.7	8.6	8.9	12.2
BV/Share	27	30	35	43	52	57	65
DPS	0.4	0.4	0.4	0.5	0.5	0.5	0.5
Payout (%)	6.3	10.6	8.2	6.6	6.8	8.9	6.8
Valuation (x)							
P/E	43.9	36.0	57.4	36.9	42.7	62.0	38.2
Cash P/E	34.2	28.4	41.6	29.0	32.4	31.5	23.0
P/BV	10.4	9.3	8.0	6.5	5.4	4.9	4.3
EV/Sales	2.3	2.3	2.9	2.1	1.7	1.4	1.2
EV/EBITDA	25.2	23.5	30.0	24.3	26.4	21.2	16.7
Dividend Yield (%)	0.1	0.1	0.1	0.2	0.2	0.2	0.2
FCF per share	1.0	0.1	16.8	-11.0	-28.0	-1.7	11.6
Return Ratios (%)							
RoE	23.8	25.7	13.9	17.6	12.7	8.0	11.3
RoCE (pre-tax)	44.9	22.5	16.1	18.4	13.6	11.5	15.3
RoIC (pre-tax)	48.4	23.8	18.0	22.9	20.6	14.9	15.9
Working Capital Ratios							
Fixed Asset Turnover (x)	3.9	3.2	2.5	2.9	2.5	1.9	2.1
Net Working Capital Cycle (Days)	63	78	53	46	58	44	45
Debtor (Days)	79	92	61	44	50	42	47
Inventory (Days)	44	46	56	53	61	58	76
Creditor (Days)	60	60	64	51	53	56	79
Leverage Ratio (x)							
Current Ratio	1.8	1.8	2.0	2.0	1.9	1.7	1.5
Interest Cover Ratio	6.7	6.3	6.0	11.3	16.0	3.4	4.5
Net Debt/Equity	0.6	0.6	0.1	0.4	1.0	0.7	0.6

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25
OP/(Loss) before Tax	1,112	607	814	1,250	1,106	997	1,170
Depreciation	224	257	231	258	365	636	601
Interest & Finance Charges	186	208	166	119	262	661	431
Direct Taxes Paid	-256	-284	-151	-321	-36	-376	-294
(Inc)/Dec in WC	-325	-263	1,240	-379	-1,200	-648	-133
CF from Operations	942	525	2,300	928	497	1,270	1,775
Others	36	52	-22	-12	125	-161	412
CF from Operating incl EO	978	576	2,278	916	622	1,109	2,187
(Inc)/Dec in FA	-859	-566	-176	-2,293	-4,124	-1,320	-740
Free Cash Flow	119	10	2,102	-1,377	-3,502	-211	1,447
(Pur)/Sale of Investments	17	-12	-1,102	952	26	-121	-763
Others	3	6	31	47	13	14	33
CF from Investments	-840	-572	-1,247	-1,294	-4,085	-1,427	-1,470
Issue of Shares	0	0	0	0	26	24	63
Inc/(Dec) in Debt	-3	48	-774	956	3,586	1,161	-429
Interest Paid	-182	-179	-144	-113	-374	-654	-401
Dividend Paid	-89	-59	-49	-49	-61	-62	-62
Others	-2	0	45	10	0	2	0
CF from Fin. Activity	-276	-190	-922	804	3,178	471	-829
Inc/Dec of Cash	-138	-185	110	426	-286	153	-112
Opening Balance	230	41	-157	-39	380	81	220
Other cash & cash equivalent	-51	-13	8	-7	-13	-13	0
Closing Balance	41	-157	-39	380	81	220	109

Greenpanel Industries

BSE Sensex
84,587

S&P CNX
25,885

CMP: INR256

Not Rated



Stock Info

Bloomberg	GREENP IN
Equity Shares (m)	123
M.Cap.(INRb)/(USDb)	31.5 / 0.4
52-Week Range (INR)	419 / 203
1, 6, 12 Rel. Per (%)	-14/-4/-30
12M Avg Val (INR M)	124

Financials Snapshot (INR b)

Y/E MARCH	FY23	FY24	FY25
Sales	17.8	15.7	14.4
EBITDA	4.2	2.5	1.3
Adj. PAT	2.5	1.3	0.7
Adj. EPS (INR)	20.4	10.9	5.9
EPS Gr. (%)	4.1	-46.4	-46.3
BV/Sh. (INR)	97.4	107.4	113.0

Ratios

RoE (%)	21.0	10.2	5.2
RoCE (%)	27.1	12.9	4.5
Payout (%)	7.5	13.8	5.1

Valuations

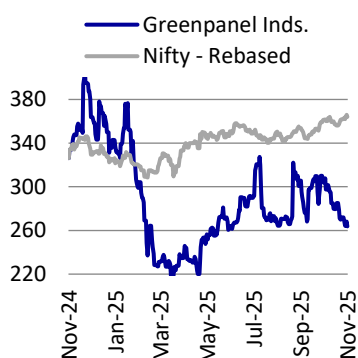
P/E (x)	12.5	23.4	43.5
P/BV (x)	2.6	2.4	2.3
EV/EBITDA (x)	7.2	13.4	26.2
Div. Yield (%)	0.6	0.6	0.1

Shareholding Pattern (%)

As On	Sep'25	Jun'25	Sep'24
Promoter	53.1	53.1	53.1
DII	29.6	28.8	27.7
FII	1.4	1.6	2.7
Others	15.9	16.5	16.5

FII includes depository receipts

Stock's performance (one-year)



Engineered for excellence!

Greenpanel Industries (GREENP) is among the largest MDF manufacturer in India with ~21% capacity share and a total capacity of 891,000cbm p.a., supported by plants at Rudrapur (Uttarakhand) and Chittoor (Andhra Pradesh — the largest MDF facility in Asia). It is also the largest exporter of MDF from India to around seven countries globally. The recent commissioning of MDF line 3 has enabled entry into the thin MDF segment, a key growth driver. Management is targeting to double revenues in three years without additional capex, driven by higher capacity utilization, product premiumization, export growth, and margin recovery, alongside plans to become net debt-free in the medium term.

Among the largest players in the organized MDF segment

Incorporated in 2017 following its demerger from Greenply Industries, GREENP has established itself as the largest MDF manufacturer in India, with ~21% capacity share. GREENP's MDF capacity today stands at 891,000cbm p.a., alongside 9msm of plywood. GREENP operates two plants: Rudrapur, Uttarakhand (MDF: 216,000cbm; Plywood: 9msm) and Chittoor, Andhra Pradesh, which houses Asia's largest MDF facility (existing: 444,000cbm; expanded: 231,000cbm).

Extensive distribution network

GREENP has developed a strong pan-India distribution network, comprising seven branches, ~1,750 distributors/stockists, and ~12,500 retailers. Dealer-led sales contributed ~88% of FY25 revenue, with the top 10 dealers accounting for just 16% of total sales, ensuring a well-diversified channel mix. Importantly, the company has rationalized its network (from 2,500+ earlier) by consolidating plywood and MDF sales teams to improve operational efficiency.

Increase in plywood volumes to support capacity utilization

Although MDF is the primary focus (90% revenue mix), GREENP maintains a presence in the organized plywood market, with ~4% market share and ~10% revenue contribution in FY25. The plywood business has been restructured to improve operational efficiency and capacity utilization (55% in FY24 vs. GREENP's 80-85% target over the next two years). The reorganization of the sales team is likely to support better market penetration and steady volume growth in this segment.

Entry into the thin MDF segment

The commissioning of line-3 at Chittoor (231,000cbm; INR6b capex) raised MDF capacity by 35% to 891,000cbm p.a. and enabled entry into the thin MDF segment (~30% of domestic demand). This provides access to both domestic and high-value export opportunities, with revenue potential of INR6.0-6.5b at peak utilization. However, industry-wide capacity additions and rising imports depressed utilization levels temporarily (78% in FY23 vs. 65% in FY25; ~40% annualized in 2QFY26).

Management aims to double revenue in three years

Despite near-term pressures from elevated chemical costs and competitive pricing, GREENP's medium-term growth outlook remains strong. Management has set a target to double revenues within three years without incremental capex, supported by 1) improved utilization of expanded MDF capacity, 2) expansion of the distribution footprint and exports, 3) premiumization of the product mix, including thin MDF, and 4) margin recovery as raw material and freight costs stabilize. The company also aims to become net debt-free in the medium term.

Key highlights from the management commentary – 2QFY26

Performance: 2QFY26

- Revenue grew 18% YoY, driven by a sharp 31% YoY growth in domestic MDF volumes, while exports declined 6% YoY due to pricing pressure and geopolitical disturbances in the Middle East.
- EBITDA margin declined 261bp YoY to 6.3% due to low plant utilization at the newly commissioned MDF plant and INR125m forex losses.
- The company reported a net loss of INR61m, impacted by forex loss and higher depreciation and interest charges following the commissioning of the new thin MDF Andhra Pradesh plant.

MDF segment

- MDF revenue/volume grew 20%/25% YoY, with an EBITDA margin of 10.7%.
- Realizations declined 4% YoY due to a change in product mix as the new AP plant came on stream and an increase in OEM sales.
- New products were introduced, and pricing was realigned with respect to peers.

Plywood segment

- Plywood revenue/volume declined 6%/5% YoY, with an EBITDA margin of 4.6%.
- Capacity utilization at the new Andhra Pradesh plant stood at ~40% in 2QFY26.

Outlook

- Management expects domestic MDF volumes to grow in the high teens during FY26, with EBITDA margins in the high single to early double digits in FY26.
- No major price hike is anticipated in the near term.
- The company is focused on improving its product mix by increasing the share of value-added MDF products (currently ~44% of revenue) and expanding retail presence, while reducing exposure to lower-margin OEM and export segments.
- Management aims to take CU to 60% by the end of FY26 from 52% currently.
- Timber prices softened during the quarter, while chemical costs remained elevated but are expected to normalize by the end of 3QFY26.
- The industry backdrop remains favorable, with muted imports following stricter BIS implementation (currently ~1,000 CBM/month vs. 20,000 CBM/month in 2HFY25) and no major capacity additions expected in FY26–27.
- Capex for FY26 is pegged at INR400m, with steady-state maintenance capex at INR200–300m annually.
- Recognized INR60m in EPCG benefits during the quarter, taking the total to INR110m for 1HFY26; still to take INR400m of benefit.

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Total Income from Operations	5,991	8,766	10,208	16,250	17,829	15,670	14,358
Change (%)	NA	46.3	16.4	59.2	9.7	-12.1	-8.4
RM Cost	2,567	3,919	4,629	6,709	7,458	6,907	7,408
Employees Cost	808	989	979	1,284	1,397	1,406	1,401
Other Expenses	1,843	2,480	2,566	3,953	4,808	4,893	4,237
Total Expenditure	5,218	7,388	8,174	11,946	13,663	13,207	13,046
% of Sales	87.1	84.3	80.1	73.5	76.6	84.3	90.9
EBITDA	774	1,378	2,034	4,304	4,165	2,463	1,312
Margin (%)	12.9	15.7	19.9	26.5	23.4	15.7	9.1
Depreciation	530	692	686	734	720	729	774
EBIT	243	686	1,347	3,571	3,445	1,734	538
Int. and Finance Charges	246	483	372	171	190	123	67
Other Income	127	22	34	90	194	211	226
PBT bef. EO Exp.	124	225	1,010	3,489	3,449	1,823	697
EO Items	0	108	0	0	-61	-11	0
PBT after EO Exp.	124	334	1,010	3,489	3,388	1,812	697
Total Tax	-222	-28	322	1,085	944	481	-24
Tax Rate (%)	-179.2	-8.2	31.9	31.1	27.9	26.6	-3.5
Reported PAT	346	361	688	2,405	2,443	1,331	721
Adjusted PAT	346	253	688	2,405	2,504	1,342	721

Consolidated - Balance Sheet

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Equity Share Capital	123	123	123	123	123	123	123
Total Reserves	6,332	6,494	7,181	9,394	11,816	13,049	13,729
Net Worth	6,455	6,616	7,304	9,516	11,939	13,171	13,852
Total Loans	5,176	5,341	4,890	3,172	2,275	2,896	4,038
Deferred Tax Liabilities	121	69	202	682	1,020	1,010	1,046
Capital Employed	11,752	12,026	12,396	13,371	15,233	17,078	18,935
Gross Block	14,055	14,483	14,801	15,174	15,428	16,062	22,603
Less: Accum. Deprn.	2,680	3,372	4,058	4,792	5,512	6,241	7,015
Net Fixed Assets	11,375	11,111	10,742	10,382	9,916	9,821	15,588
Capital WIP	38	57	36	0	49	3,127	111
Total Investments	0	0	0	0	0	0	0
Curr. Assets, Loans&Adv.	3,167	3,490	3,774	5,042	7,083	6,111	5,660
Inventory	1,345	1,539	1,494	1,658	1,525	2,016	1,988
Account Receivables	456	705	778	414	444	442	418
Cash and Bank Balance	199	115	725	2,226	3,778	1,404	1,049
Loans and Advances	1,167	1,131	778	743	1,336	2,249	2,204
Curr. Liability & Prov.	2,828	2,632	2,156	2,053	1,815	1,981	2,424
Account Payables	816	1,207	1,297	1,378	1,111	1,094	1,028
Other Current Liabilities	1,895	1,305	764	534	578	774	1,292
Provisions	117	120	96	141	126	114	104
Net Current Assets	339	858	1,618	2,989	5,268	4,129	3,236
Misc Expenditure	0	0	0	0	0	0	0
Appl. of Funds	11,752	12,026	12,396	13,371	15,233	17,078	18,935

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Basic (INR)							
Adj EPS	2.8	2.1	5.6	19.6	20.4	10.9	5.9
Cash EPS	7.1	7.7	11.2	25.6	26.3	16.9	12.2
BV/Share	53	54	60	78	97	107	113
DPS	0.0	0.0	0.0	1.5	1.5	1.5	0.3
Payout (%)	0.0	0.0	0.0	7.6	7.5	13.8	5.1
Valuation (x)							
P/E	90.8	124.1	45.6	13.1	12.5	23.4	43.5
Cash P/E	35.8	33.2	22.8	10.0	9.7	15.2	21.0
P/BV	4.9	4.7	4.3	3.3	2.6	2.4	2.3
EV/Sales	4.4	3.0	2.7	1.9	1.8	1.9	2.0
EV/EBITDA	47.0	26.6	17.5	7.5	7.2	13.4	26.2
Dividend Yield (%)	0.0	0.0	0.0	0.6	0.6	0.6	0.1
FCF per share	-7.2	6.2	16.4	27.1	21.0	-17.1	-8.9
Return Ratios (%)							
RoE	5.4	3.8	9.4	25.3	21.0	10.2	5.2
RoCE (pre-tax)	6.4	6.0	11.4	29.4	27.1	12.9	4.5
RoIC (pre-tax)	6.3	5.9	11.6	31.7	30.8	14.7	4.8
Working Capital Ratios							
Fixed Asset Turnover (x)	0.4	0.6	0.7	1.1	1.2	1.0	0.6
Net Working Capital Cycle (Days)	60	43	35	16	18	32	35
Debtor (Days)	28	29	28	9	9	10	11
Inventory (Days)	82	64	53	37	31	47	51
Creditor (Days)	50	50	46	31	23	25	26
Leverage Ratio (x)							
Current Ratio	1.1	1.3	1.8	2.5	3.9	3.1	2.3
Interest Cover Ratio	1.5	1.5	3.7	21.4	19.1	15.9	11.4
Net Debt/Equity	0.8	0.8	0.6	0.1	-0.1	0.1	0.2

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25
OP/(Loss) before Tax	124	225	1,010	3,489	3,510	1,834	697
Depreciation	530	692	686	734	720	729	774
Interest & Finance Charges	246	302	247	171	190	123	67
Direct Taxes Paid	-41	-61	-164	-580	-623	-369	-66
(Inc)/Dec in WC	-559	1	620	402	-254	-666	-153
CF from Operations	301	1,159	2,399	4,215	3,543	1,651	1,319
Others	-131	-161	-263	-559	-169	-307	-541
CF from Operating incl EO	169	998	2,136	3,657	3,374	1,344	778
(Inc)/Dec in FA	-1,053	-242	-127	-336	-803	-3,441	-1,871
Free Cash Flow	-884	756	2,008	3,320	2,571	-2,098	-1,093
(Pur)/Sale of Investments	0	0	-594	-1,058	-1,795	1,697	129
Others	7	19	19	30	120	182	85
CF from Investments	-1,046	-223	-703	-1,364	-2,478	-1,562	-1,657
Issue of Shares	0	0	0	0	0	0	0
Inc/(Dec) in Debt	1,287	-545	-1,117	-1,468	-1,002	1,054	1,114
Interest Paid	-265	-253	-222	-115	-85	-264	-145
Dividend Paid	0	0	0	-184	-184	-184	-37
Others	-1	-60	-76	-82	-66	-103	-111
CF from Fin. Activity	1,021	-858	-1,414	-1,849	-1,336	503	822
Inc/Dec of Cash	144	-83	18	443	-441	285	-57
Opening Balance	1	196	113	131	574	110	395
Other cash & cash equivalent	52	0	0	0	0	0	0
Closing Balance	196	113	131	574	133	395	338

Greenlam Industries

BSE Sensex

84,587

S&P CNX

25,885

CMP: INR247

Not Rated



Stock Info

Bloomberg	GRLM IN
Equity Shares (m)	255
M.Cap.(INRb)/(USD\$)	61.7 / 0.7
52-Week Range (INR)	325 / 187
1, 6, 12 Rel. Per (%)	-6/-10/-17
12M Avg Val (INR M)	45

Financials Snapshot (INR b)

Y/E MARCH	FY23	FY24	FY25
Sales	20.3	23.1	25.7
EBITDA	2.3	2.9	2.7
Adj. PAT	1.3	1.4	0.7
Adj. EPS (INR)	5.0	5.4	2.7
EPS Gr. (%)	37.9	7.5	-49.6
BV/Sh. (INR)	37.6	42.2	44.2

Ratios

RoE (%)	13.4	12.8	6.2
RoCE (%)	14.8	12.7	8.0
Payout (%)	29.7	30.4	14.6

Valuations

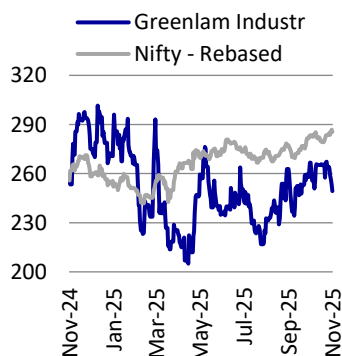
P/E (x)	49.0	45.5	90.4
P/BV (x)	6.6	5.8	5.6
EV/EBITDA (x)	14.8	14.0	26.7
Div. Yield (%)	1.2	1.3	0.2

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	51.0	51.0	51.0
DII	14.6	15.2	15.6
FII	1.7	1.7	1.7
Others	32.7	32.1	31.7

FII includes depository receipts

Stock's performance (one-year)



Beyond laminates: diversifying the core!

Greenlam Industries (GRLM) is Asia's largest and among the world's top three laminate producers. The company has evolved into a diversified wood panel solutions provider with a presence across laminates, veneers, flooring, doors, plywood, chipboard, and specialty surfacing products. It operates five plants across India with significant scale and exports (~45% of revenue mix) to over 120 countries, maintaining leadership as India's largest laminate exporter for over a decade. Having recently completed an INR13b expansion, GRLM has added plywood, chipboard, and a new laminate line, positioning itself as a fully integrated player with broader revenue streams. The new chipboard unit, which started in early 2025, is expected to break even by FY27, while additional land in Uttar Pradesh provides capacity for future growth.

Among the top 3 global laminate brands

GRLM is Asia's largest laminate producer and among the top three globally. GRLM has a ~18% share in the organized domestic laminate market and 29% of India's export business. It is also the exclusive manufacturer of engineered wooden flooring and the first organized producer of engineered wooden doors in India. Its portfolio spans laminates, veneers, compact panels, cladding, restroom cubicles, locker systems, kitchen solutions, engineered flooring, staircase solutions, plywood, chipboard, and specialty surfaces.

India's largest laminate exporter

GRLM operates five manufacturing facilities across Rajasthan, Himachal Pradesh, Gujarat, Tamil Nadu, and Andhra Pradesh, with aggregate capacities of 24.5m laminate sheets/boards, 4.2msm decorative veneers, 1.0msm engineered wooden floors, 0.12m engineered doors, 18.9msm plywood, and 0.29m cbm of chipboard. It has a wide marketing network comprising over 40,000 distributors, dealers, sub-dealers, and retailers across the country. Internationally, GRLM serves 120+ countries, deriving ~45% of revenues from exports. It is expanding fast in Europe (including the UK) and the US, while new geographies such as Spain, Germany, Italy, Malaysia, Egypt, and parts of Africa are being explored.

Large-scale diversification complete

GRLM concluded its INR13b expansion program in FY25, the largest in its history, funded through a debt/equity mix of 58:42. The program added three greenfield projects: a plywood and allied products unit, a chipboard unit, and a fourth laminate line, strengthening its transition from a decorative surfacing company to a fully integrated wood panel player. With plywood operations that started in Jun'23, laminates in Sep'23, and chipboard (292,380cbm capacity; revenue potential of INR7.5b; aim of 30-40% CU in FY26) in Jan'25, management expects the scale-up to drive a revenue growth of 18-20% over the next few years.

The newly launched chipboard business is expected to break even by FY27, with significant OEM demand opportunities. Land acquired in Uttar Pradesh provides further headroom for greenfield expansion in line with market opportunities. Laminate brownfield capacity expansion of 2m sheets p.a. is planned with revenue potential of INR4b; commercial production is expected in 4QFY27.

Outlook

Management targets an FY26 revenue growth of ~20% YoY, with laminate EBITDA margins (w/o forex) targetted at 16%. The plywood segment is targeted to double revenues and achieve EBITDA breakeven during the year. Planned capex for FY26 stands at ~INR1b, while net debt is expected to normalize over the next 2-3 years.

Key highlights from the management commentary – 2QFY26

Performance

- Revenue/EBITDA grew 19%/28% YoY in 2QFY26, led by growth across segments.
- PAT dipped 7% YoY primarily due to forex fluctuations and higher depreciation & interest expenses from new projects that commenced operations last year.
- Gross margin expanded 297bp to 54.6% on account of superior product mix, stable raw material costs, and cost management.
- The company's EBITDA margin stood at 12.9% (up 95bp YoY).
- Net debt as of Sep'25 stood at INR9.9b.
- The working capital cycle improved by 12 days on a YoY basis to 47 in 2Q.

Segmental performance

- **Laminates & allied segments:** Revenue and volume grew 10%/7% YoY, supported by robust international demand, which continued to outperform the domestic market. Realizations improved 3% YoY to INR 1,136 per sheet, while EBITDA margin remained healthy at ~18%.
- **Plywood and allied products:** Segment revenue grew 22% YoY, supported by strong plywood volumes, which increased 55% YoY in 2Q, while realization was almost flat at INR 247/sqm.
- **Chipboard:** Sales volume and revenue grew 80%/54% QoQ on the back of improved capacity utilization, driving a reduction in losses as plant utilization increased. Capacity utilization for 2Q stood at 36%.

Outlook

- Management reiterated its revenue growth guidance of 18-20% over the next few years.
- Laminates' EBITDA margin (ex-forex) is guided at ~16% vs. ~18% in 2Q.
- Brownfield laminate capacity expansion of 2m sheets p.a. is underway, with INR4b revenue potential; it is targeted for commissioning in 4QFY27.
- Sufficient land is available to add up to six additional lines.
- The plywood segment is expected to achieve EBITDA breakeven soon.
- Chipboard products are gaining good traction, and GRLM is engaging with OEMs.
- Chipboard EBITDA breakeven is targeted in FY27.
- In laminate exports, 40% of the US tariff hike (6% of the export mix) has been passed through; the remainder has been absorbed.
- Local laminate production in the US has increased; Italy and Turkey are benefiting from lower tariffs.
- Raw material prices are expected to remain stable.

Financials and valuations

Consolidated - Income Statement

(InR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Total Income from Operations	11,447	12,807	13,206	11,996	17,034	20,260	23,063	25,693
Change (%)	6.4	11.9	3.1	-9.2	42.0	18.9	13.8	11.4
RM Cost	5,983	6,878	6,704	6,016	9,443	10,793	10,875	12,266
Employees Cost	1,734	1,925	2,220	2,079	2,594	3,139	4,257	5,111
Other Expenses	2,241	2,419	2,500	2,169	3,127	3,999	4,985	5,570
Total Expenditure	9,958	11,222	11,423	10,263	15,164	17,931	20,117	22,947
% of Sales	87.0	87.6	86.5	85.6	89.0	88.5	87.2	89.3
EBITDA	1,489	1,585	1,782	1,733	1,870	2,329	2,947	2,746
Margin (%)	13.0	12.4	13.5	14.4	11.0	11.5	12.8	10.7
Depreciation	360	368	525	556	585	632	871	1,137
EBIT	1,129	1,217	1,258	1,177	1,285	1,696	2,076	1,609
Int. and Finance Charges	181	170	218	169	141	235	443	655
Other Income	16	15	44	76	73	180	217	110
PBT bef. EO Exp.	965	1,063	1,083	1,084	1,217	1,641	1,849	1,064
EO Items	0	0	0	124	26	0	0	0
PBT after EO Exp.	965	1,063	1,083	1,208	1,243	1,641	1,849	1,064
Total Tax	319	294	216	223	286	356	469	380
Tax Rate (%)	33.1	27.7	19.9	18.4	23.0	21.7	25.4	35.8
Share of Profit/Loss of JV	0	0	0	1	2	2	4	13
Share of Minority Interests								
Reported PAT	646	768	867	986	959	1,287	1,384	697
Adjusted PAT	646	768	867	862	933	1,287	1,384	697

Consolidated - Balance Sheet

(InR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Equity Share Capital	121	121	121	121	121	127	128	255
Total Reserves	3,441	4,163	4,886	5,614	6,423	9,455	10,644	11,014
Net Worth	3,561	4,284	5,007	5,735	6,544	9,582	10,772	11,269
Minority Interest	1	1	1	5	7	1	-3	-16
Total Loans	2,104	2,316	2,587	2,484	3,453	5,699	9,988	10,751
Deferred Tax Liabilities	195	201	141	127	88	92	160	69
Capital Employed	5,861	6,802	7,736	8,350	10,091	15,373	20,916	22,072
Gross Block	5,668	6,002	7,391	7,675	8,758	9,680	15,157	23,874
Less: Accum. Deprn.	2,409	2,744	3,207	3,654	4,186	4,764	5,452	6,505
Net Fixed Assets	3,259	3,258	4,185	4,021	4,572	4,916	9,706	17,369
Goodwill on Consolidation	46	72	120	117	118	145	157	129
Capital WIP	10	190	149	175	75	3,801	6,110	281
Total Investments	0	0	0	1,064	1,607	2,420	0	0
Curr. Assets, Loans&Adv.	4,918	5,753	6,583	6,340	7,388	9,069	11,385	11,308
Inventory	2,563	3,075	3,710	3,781	5,034	5,135	6,091	6,647
Account Receivables	1,705	1,766	1,384	1,359	1,301	1,440	1,515	1,567
Cash and Bank Balance	104	106	307	187	158	160	329	426
Loans and Advances	546	805	1,182	1,012	895	2,334	3,450	2,668
Curr. Liability & Prov.	2,372	2,472	3,302	3,366	3,670	4,978	6,442	7,014
Account Payables	1,576	1,613	1,676	2,228	2,558	2,753	3,480	4,146
Other Current Liabilities	629	676	1,394	1,026	991	2,096	2,788	2,642
Provisions	167	183	231	113	121	129	175	226
Net Current Assets	2,546	3,282	3,281	2,973	3,718	4,091	4,943	4,294
Misc Expenditure	0	0	0	0	0	0	0	0
Appl. of Funds	5,861	6,802	7,736	8,350	10,091	15,373	20,916	22,072

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Basic (INR)								
Adj EPS	2.5	3.0	3.4	3.4	3.7	5.0	5.4	2.7
Cash EPS	3.9	4.5	5.5	5.6	6.0	7.5	8.8	7.2
BV/Share	14	17	20	22	26	38	42	44
DPS	1.1	1.3	1.7	2.1	2.5	3.0	3.3	0.4
Payout (%)	19.7	19.9	23.5	25.9	31.9	29.7	30.4	14.6
Valuation (x)								
P/E	97.5	82.0	72.7	73.1	67.5	49.0	45.5	90.4
Cash P/E	62.7	55.4	45.3	44.5	41.5	32.8	27.9	34.4
P/BV	17.7	14.7	12.6	11.0	9.6	6.6	5.8	5.6
EV/Sales	2.4	2.2	2.1	2.2	1.5	1.2	0.9	2.1
EV/EBITDA	21.4	20.2	18.0	17.9	16.8	14.8	14.0	26.7
Dividend Yield (%)	0.4	0.5	0.7	0.9	1.0	1.2	1.3	0.2
FCF per share	2.8	0.3	1.6	6.4	-0.6	-11.6	-17.2	-2.4
Return Ratios (%)								
RoE	18.1	17.9	17.3	15.0	14.3	13.4	12.8	6.2
RoCE (pre-tax)	20.4	20.1	18.3	15.8	14.9	14.8	12.7	8.0
RoIC (pre-tax)	20.0	20.1	18.8	17.5	17.7	20.9	18.7	9.4
Working Capital Ratios								
Fixed Asset Turnover (x)	2.0	2.1	1.8	1.6	1.9	2.1	1.5	1.1
Net Working Capital Cycle (Days)	86	92	94	89	81	69	65	58
Debtor (Days)	54	50	38	41	28	26	24	22
Inventory (Days)	82	88	103	115	108	93	96	94
Creditor (Days)	50	46	46	68	55	50	55	59
Leverage Ratio (x)								
Current Ratio	2.1	2.3	2.0	1.9	2.0	1.8	1.8	1.6
Interest Cover Ratio	6.3	7.3	6.0	7.4	9.6	8.0	5.2	2.6
Net Debt/Equity	0.6	0.5	0.5	0.2	0.3	0.3	0.9	0.9

Consolidated - Cash Flow Statement

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
(INR m)								
OP/(Loss) before Tax	965	1,063	1,083	960	1,191	1,641	1,849	1,064
Depreciation	360	368	525	556	585	632	871	1,137
Interest & Finance Charges	181	170	218	169	141	235	443	655
Direct Taxes Paid	-308	-346	-298	-262	-333	-353	-471	-498
(Inc)/Dec in WC	-84	-681	-599	734	-858	-280	-619	-304
CF from Operations	1,113	573	929	2,157	726	1,875	2,073	2,054
Others	-26	68	33	-27	-15	-182	-136	-5
CF from Operating incl EO	1,087	641	963	2,130	712	1,693	1,936	2,049
(Inc)/Dec in FA	-383	-574	-547	-496	-854	-4,660	-6,332	-2,664
Free Cash Flow	705	67	415	1,634	-143	-2,967	-4,396	-615
(Pur)/Sale of Investments	0	0	0	-1,064	-543	-813	945	915
Others	7	3	9	19	34	120	119	80
CF from Investments	-376	-571	-538	-1,542	-1,363	-5,352	-5,267	-1,669
Issue of Shares	0	0	0	0	0	1,950	1	128
Inc/(Dec) in Debt	-465	181	245	-458	969	2,246	4,289	763
Interest Paid	-181	-168	-220	-169	-134	-232	-417	-656
Dividend Paid	-44	-73	-169	0	-121	-145	-190	-211
Others	-3	-1	-76	-82	-91	-158	-183	-307
CF from Fin. Activity	-693	-61	-221	-709	622	3,661	3,500	-283
Inc/Dec of Cash	19	9	204	-120	-29	2	169	97
Opening Balance	74	93	102	306	186	157	159	328
Other cash & cash equivalent	0	0	0	0	0	0	0	0
Closing Balance	93	102	306	186	157	159	328	425

Merino Laminates

BSE Sensex

84,587

S&P CNX

25,885

Unlisted



Financials Snapshot (INR b)

	FY22	FY23	FY24
Revenue	17.9	22.1	23.1
% YoY	33.9	23.1	4.7
EBITDA	2.5	2.7	2.6
EBITDA margin (%)	14.0	12.2	11.4
PAT	1.3	1.2	1.2
PAT margin (%)	7.3	5.3	5.3
ROE (%)	12.0	9.8	9.3
ROCE (%)	15.9	14.4	11.9

Source: RoC

Expanding horizons!

Merino Laminates, founded in 1965 by the Lohia family, has built itself into one of India's most dominant players in decorative laminates with ~20% domestic share, according to CRISIL. It has a large installed capacity of 2.15m sheets annually, including 35msm of high-pressure laminates. Laminates remain the growth engine, forming three-fourths of FY24 revenue, supported by a wide distribution base of 16,000+ dealers and retailers along with 22 experience centers across India and four overseas facilities. Over the years, the company has broadened its scope into furniture, panel products, and allied interior solutions, while also diversifying into the agro-food segment. Exports contributed ~30% of FY25 revenue, with an international footprint spanning 83+ countries. With five manufacturing sites nationwide operating at ~83% utilization, Merino recently commissioned a particle board unit at Halol, which weighed on profitability (INR73m net loss in FY25); however, the company expects ramp up in the coming years.

Market leadership in laminates

Merino Laminates, incorporated in 1965 by the Kolkata-based Lohia family, claims to be the largest laminate seller in India. Over nearly five decades, the company has grown to have the largest production base in India, with a capacity of 2.15m sheets annually, including 35msm of high-pressure laminates. According to CRISIL, Merino enjoys ~20% domestic market share. Laminates contribute ~75% of FY24 revenues. It has a distribution ecosystem of 16,000+ dealers and retailers, coupled with 22 Merino experience centers across India and 4 overseas centers as of FY24. Its portfolio is marketed under flagship brands *Merino* (decorative laminates), *My Space* (furniture and panel products), and *Vegit* (potato flakes).

Diversified business portfolio beyond laminates

While laminates remain at the core, Merino has diversified into complementary categories such as furniture, panel products, and allied interior solutions, which broaden its addressable market in residential, office, and commercial spaces. Beyond interiors, the group ventured into the agro-food segment through cold storage and food processing, supported by a 7,000mt p.a. potato flakes facility marketed under the *Vegit* brand. The company's international footprint spans more than 83 countries, with exports contributing ~42% of FY24 revenue. Merino imports 60-70% of its raw material from the US, Europe, Japan, and China and sources the rest from the domestic market.

Capacity expansion in particle boards

Merino has a manufacturing base across India with facilities in Hapur (UP), Hosur (Tamil Nadu), Halol (Gujarat), Rohad (Haryana), and Dahej (Gujarat). Capacity utilization was at ~83% in FY24, indicating robust demand across its portfolio. In FY25, the company commissioned a new particle board plant at Halol to strengthen its panel products offering. The commissioning involved capitalization and associated costs, leading to a reported net loss of INR73.2m in FY25; however, management expects the facility to scale up operations in the coming years and support profitable growth in the panels and furniture segments.

Source: Merino annual report, Crisil Ratings, and media reports

Stylam Industries

BSE Sensex

84,587

S&P CNX

25,885

CMP: INR2,051

Not Rated



Stock Info

Bloomberg	SYIL IN
Equity Shares (m)	17
M.Cap.(INRb)/(USDb)	36.9 / 0.4
52-Week Range (INR)	2662 / 1441
1, 6, 12 Rel. Per (%)	14/15/-18
12M Avg Val (INR M)	99

Financials Snapshot (INR b)

Y/E MARCH	FY23	FY24	FY25
Sales	9.5	9.1	10.3
EBITDA	1.5	1.8	1.9
Adj. PAT	1.0	1.3	1.2
Adj. EPS (INR)	56.6	75.8	71.9
EPS Gr. (%)	57.6	33.8	-5.1
BV/Sh. (INR)	243.1	316.4	387.9

Ratios

RoE (%)	23.3	24.0	18.5
RoCE (%)	32.8	33.9	27.5
Payout (%)	-	3.3	-

Valuations

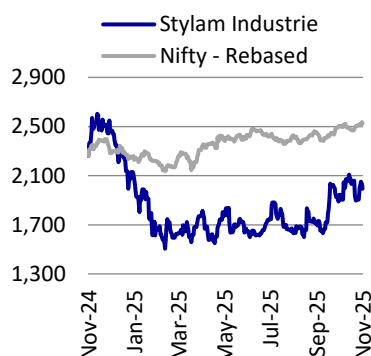
P/E (x)	36.2	27.1	28.5
P/BV (x)	8.4	6.5	5.3
EV/EBITDA (x)	22.5	18.6	18.7
Div. Yield (%)	-	0.1	-

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	52.2	52.2	54.6
DII	13.6	12.3	7.9
FII	2.8	2.8	3.6
Others	31.4	32.7	33.9

FII includes depository receipts

Stock's performance (one-year)



Sustained leadership in laminate exports

Backed by Asia's second-largest laminate facility and one of India's largest acrylic plants, Stylam Industries (SYIL) offers a wide portfolio spanning decorative laminates, acrylic solid surfaces, and specialty coatings, including its pioneering PU+ lacquer 'Hot Coating Process'. SYIL is one of India's fastest-growing laminate manufacturing companies, leveraging scale, product innovation, and a diversified global footprint. Exports account for about two-thirds of revenue, with a presence across 80+ countries, while a strong domestic distribution network underpins growth in India. To capture the rising demand, SYIL is setting up a third laminate plant in Haryana (INR 2.6b capex, fully funded via internal accruals), which should add ~INR 8b revenue potential once operational in 4QFY26. With a net cash balance sheet and an intensifying focus on value-added products, the company aims for robust growth in exports in the coming years.

Among the top 3 laminate brands in India

SYIL is India's largest laminate producer and among the top 3 laminate brands domestically. It has a strong presence in the high-quality decorative laminates and allied products industry. SYIL's product portfolio encompasses high-pressure laminates, solid acrylic surfaces, and exterior cladding solutions. It operates Asia's 2nd largest laminate facility (annual capacity of 16m sheets) and one of India's largest acrylic plants (annual production capacity of 0.3m sheets). The company claims to be the global pioneer for the 'Hot Coating Process' of PU+ lacquer coating on thin laminates through collaborations with KLEIBERIT and BARBERAN, and was also the first to set up an acrylic solid surface production line in India.

Well-diversified global presence

With over three decades of operations, SYIL generates ~two-thirds of its revenue from exports to 80+ countries across Europe, North America, Russia, the Middle East, and Africa, with the balance from India. Domestically, its reach spans 28 states and 8 Union Territories via a network of 6,000 dealers and 300 distributors. A wide product range (laminates, compact laminates, PU+ lacquer coating, acrylic solid surfaces, and specialty surfaces) and 1,200+ designs position it well in both global and domestic markets. Global certifications have helped SYIL expand into quality-conscious markets with a wide array of products.

New laminate plant to fuel growth

The company is commissioning its third laminate plant at Manak Tabra, Panchkula, Haryana (adjacent to its existing facility) with a capex of INR 2.6b, funded via internal accruals. With ~0.48m laminate sheet capacity, the plant can generate INR 8b revenue potential once fully ramped up (expected to be operational in 4QFY26).

Business outlook

SYIL is a net-cash company and is prioritizing higher realizations through an increased share of value-added products and deeper export penetration. The company has recently diversified into laminating impregnated paper onto MDF panels with the addition of a short-cycle press, further strengthening its premium product portfolio. In 1HFY26, the laminates division operated at ~74% utilization. Looking ahead, management aims for robust growth in exports in the coming years, underpinned by upcoming capacity expansion in 4QFY26, strong global certifications, and entry into new geographies.

Financials and valuations

Consolidated - Income Statement

(InR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Total Income from Operations	4,606	4,621	4,795	6,593	9,521	9,141	10,251
Change (%)		0.3	3.8	37.5	44.4	-4.0	12.1
RM Cost	2,600	2,491	2,465	3,755	5,310	4,741	5,574
Employees Cost	303	375	383	548	688	751	835
Other Expenses	905	960	957	1,254	1,976	1,815	1,990
Total Expenditure	3,807	3,826	3,805	5,557	7,973	7,307	8,399
% of Sales	82.7	82.8	79.4	84.3	83.7	79.9	81.9
EBITDA	799	796	990	1,037	1,548	1,834	1,852
Margin (%)	17.3	17.2	20.6	15.7	16.3	20.1	18.1
Depreciation	182	210	231	233	200	223	239
EBIT	617	586	758	804	1,348	1,611	1,613
Int. and Finance Charges	114	109	60	78	82	25	39
Other Income	16	10	11	80	14	57	75
PBT bef. EO Exp.	519	487	709	806	1,281	1,643	1,649
EO Items	0	-152	0	0	0	0	0
PBT after EO Exp.	519	335	709	806	1,281	1,643	1,649
Total Tax	131	146	157	195	321	359	430
Tax Rate (%)	25.2	43.6	22.1	24.2	25.1	21.8	26.1
Share of Profit/Loss of JV	0	-2	-1	-2	0	0	0
Reported PAT	388	186	551	609	960	1,284	1,219
Adjusted PAT	388	339	551	609	960	1,284	1,219

Consolidated - Balance Sheet

(InR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Equity Share Capital	85	85	85	85	85	85	85
Total Reserves	1,770	1,958	2,510	3,076	4,036	5,278	6,489
Net Worth	1,855	2,042	2,595	3,161	4,121	5,363	6,574
Total Loans	1,698	942	426	651	367	0	361
Deferred Tax Liabilities	134	134	122	108	100	25	12
Capital Employed	3,687	3,119	3,142	3,920	4,588	5,387	6,947
Gross Block	2,027	2,341	2,502	2,643	2,774	3,029	3,290
Less: Accum. Deprn.	182	392	623	856	1,056	1,279	1,517
Net Fixed Assets	1,845	1,950	1,878	1,787	1,718	1,750	1,772
Capital WIP	127	112	0	0	128	16	831
Total Investments	11	15	14	11	11	0	0
Curr. Assets, Loans&Adv.	2,398	1,876	2,180	3,090	3,523	4,290	5,180
Inventory	662	667	718	1,329	1,598	1,451	1,853
Account Receivables	789	874	986	1,188	1,258	1,611	2,039
Cash and Bank Balance	22	61	151	87	267	735	507
Loans and Advances	925	274	323	487	399	493	782
Curr. Liability & Prov.	695	834	929	969	793	669	836
Account Payables	274	355	515	580	398	379	465
Other Current Liabilities	400	451	383	355	357	242	304
Provisions	21	28	31	34	37	49	68
Net Current Assets	1,704	1,042	1,250	2,121	2,730	3,621	4,344
Misc Expenditure	0	0	0	0	0	0	0
Appl. of Funds	3,687	3,119	3,142	3,920	4,588	5,387	6,947

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Basic (INR)							
Adj EPS	22.9	20.0	32.5	35.9	56.6	75.8	71.9
Cash EPS	33.6	32.4	46.2	49.6	68.4	88.9	86.0
BV/Share	109	121	153	187	243	316	388
DPS	0.0	0.0	0.0	2.5	0.0	2.5	0.0
Payout (%)	0.0	0.0	0.0	7.0	0.0	3.3	0.0
Valuation (x)							
P/E	89.6	102.7	63.1	57.1	36.2	27.1	28.5
Cash P/E	61.0	63.4	44.4	41.3	30.0	23.1	23.8
P/BV	18.7	17.0	13.4	11.0	8.4	6.5	5.3
EV/Sales	3.4	3.6	7.2	5.2	3.6	3.9	3.4
EV/EBITDA	23.9	22.9	35.4	34.1	22.5	18.6	18.7
Dividend Yield (%)	0.0	0.0	0.0	0.1	0.0	0.1	0.0
FCF per share	-9.9	24.5	43.1	-2.1	23.8	56.1	0.2
Return Ratios (%)							
RoE	20.9	16.6	21.2	19.3	23.3	24.0	18.5
RoCE (pre-tax)	35.6	18.2	25.6	25.9	32.8	33.9	27.5
RoIC (pre-tax)	34.9	18.1	25.6	23.6	33.6	36.5	31.5
Working Capital Ratios							
Fixed Asset Turnover (x)	2.3	2.0	1.9	2.5	3.4	3.0	3.1
Net Working Capital Cycle (Days)	93	94	91	107	94	107	122
Debtor (Days)	63	69	75	66	48	64	73
Inventory (Days)	52	53	55	74	61	58	66
Creditor (Days)	22	28	39	32	15	15	17
Leverage Ratio (x)							
Current Ratio	3.5	2.2	2.3	3.2	4.4	6.4	6.2
Interest Cover Ratio	5.5	5.5	12.8	11.3	16.6	66.8	43.1
Net Debt/Equity	0.9	0.4	0.1	0.2	0.0	-0.1	0.0

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25
OP/(Loss) before Tax	519	487	709	806	1,281	1,643	1,649
Depreciation	182	210	231	233	200	223	239
Interest & Finance Charges	76	93	35	31	33	25	39
Direct Taxes Paid	-85	-173	-172	-191	-257	-434	-440
(Inc)/Dec in WC	-407	55	-17	-708	-591	-285	-743
CF from Operations	284	671	787	170	666	1,171	744
Others	0	-13	2	-68	-4	-80	331
CF from Operating incl EO	285	659	789	102	662	1,091	1,074
(Inc)/Dec in FA	-452	-243	-59	-137	-259	-141	-1,071
Free Cash Flow	-168	416	730	-35	403	950	4
(Pur)/Sale of Investments	-11	332	-4	-163	132	22	0
Others	-62	102	8	4	4	-241	-193
CF from Investments	-525	191	-54	-296	-123	-361	-1,264
Issue of Shares	0	0	0	0	0	0	0
Inc/(Dec) in Debt	301	-711	-582	203	-325	-14	0
Interest Paid	-76	-109	-35	-31	-33	-25	-39
Dividend Paid	0	0	0	-42	0	0	0
Others	0	16	-27	0	0	0	0
CF from Fin. Activity	225	-804	-644	129	-358	-39	-39
Inc/Dec of Cash	-16	45	90	-65	181	691	-228
Opening Balance	32	16	61	151	87	44	735
Other cash & cash equivalent	0	0	0	0	0	0	0
Closing Balance	16	61	151	87	267	735	507

BSE Sensex

84,587

S&P CNX

25,885

CMP: INR950

Not Rated



German Engineered

Stock Info

Bloomberg	CARYSIL IN
Equity Shares (m)	28
M.Cap.(INRb)/(USDb)	27.3 / 0.3
52-Week Range (INR)	1072 / 482
1, 6, 12 Rel. Per (%)	4/21/21
12M Avg Val (INR M)	131

Financials Snapshot (INR b)

Y/E MARCH	FY23	FY24	FY25
Sales	5.9	6.8	8.2
EBITDA	1.1	1.3	1.4
Adj. PAT	0.5	0.6	0.6
Adj. EPS (INR)	18.4	20.4	22.4
EPS Gr. (%)	-19.1	10.6	10.1
BV/Sh. (INR)	106.8	124.6	185.4

Ratios

RoE (%)	17.3	16.4	12.1
RoCE (%)	18.0	17.3	15.4
Payout (%)	10.8	9.8	10.7

Valuations

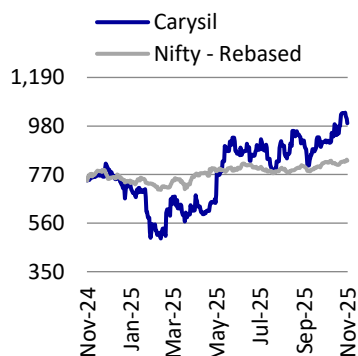
P/E (x)	51.5	46.6	42.3
P/BV (x)	8.9	7.6	5.1
EV/EBITDA (x)	25.6	22.0	21.1
Div. Yield (%)	0.2	0.2	0.3

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	41.3	41.3	41.4
DII	11.3	11.2	11.1
FII	1.4	1.6	1.2
Others	45.9	45.9	46.3

FII includes depository receipts

Stock's performance (one-year)



Crafting quality sinks for global retailers!

Carysil (CARYSIL), a global leader in quartz sinks and the only Asian manufacturer in the segment, is a diversified kitchen and bath solutions brand with a growing domestic presence. Backed by German technology, cost leadership, and partnerships with global majors such as IKEA, Kohler, Lowe and Karran, the company is expanding capacity across sinks, faucets, and appliances while indigenizing production to reduce import dependence. Strong traction in international markets, entry into new geographies like the GCC, and a higher-margin product mix are expected to drive growth. Management targets a revenue growth CAGR of 15-20% and an EBITDA margin of 18-20% over the next 3-5 years. Management sees robust potential in its products and anticipates gaining market share globally, aided by its cost competitiveness.

Global leader in quartz sinks

CARYSIL, incorporated in 1987 and headquartered in Bhavnagar, Gujarat, is one of the top four global and the only Asian manufacturers of quartz sinks from Schöck technology. Leveraging German technology from Schöck & Co., the pioneer of quartz sinks, CARYSIL enjoys a strong cost advantage, making it one of the lowest-cost producers globally. This has enabled the company to gain market share, improve utilization, and secure long-term contracts. Initially focused on exports and white-label manufacturing, it has now built a domestic network of 4,000 dealers.

Capacity scaling and product extensions would lead to market share gains

Through its brands – *Carysil*, *TekCarysil*, and *Sternhagen* – the company aspires to be a one-stop kitchen and bath solutions provider, offering quartz and stainless-steel sinks, faucets, basins, fittings, and built-in appliances. In the stainless-steel sinks segment, OEM demand has been encouraging, and the company is expanding capacity from 0.18m units to 0.25m units by 3QFY26 with a capex of INR200m (operational likely by 4QFY26). It has also participated in a 0.5m sink RFQ for a major global retail giant. On the appliances side, BIS restrictions are creating opportunities for domestic manufacturing. Capacities stood at: quartz sinks – 1m units (expanding to 1.1m); stainless steel sinks – 0.18m (expanding to 0.25m); faucets – 0.05m (expanding to 0.1m units); and appliances – 0.1m units. A capex of INR250m is planned for a modern manufacturing and glass-processing facility, to be operational by 2QFY27, to enhance in-house capabilities and product quality.

Strategic partnership with global majors

Partnerships with IKEA, Kohler, Krauss, Grohe, Lowe, and Karran have strengthened CARYSIL's global positioning, with IKEA contributing 10-15% of revenues. CARYSIL secured ~70% of IKEA's global (non-U.S.) quartz sink business, with supplies already underway. CARYSIL aims to improve its market share with IKEA from 25% to 75% through this agreement. It has started supplying to Karran, US, to meet Lowe's (a large home retail chain with 1,800 stores) sink demand. Stainless steel sinks are also scaling, with supply starting at IKEA and ongoing discussions with Kohler India and Hafele, positioning CARYSIL as the preferred global supplier.

Indigenization and global expansion

CARYSIL is localizing faucet and appliance manufacturing to reduce imports, targeting a faucet capacity of 0.1m units by FY26 (from 0.05m). Exports remain the growth engine (82% of the FY25 mix), with focus markets being the UK, US, Europe, and GCC. It also recently secured a breakthrough order from Emaar, the largest UAE developer, and has started operations in Turkey to deepen penetration across the Gulf & Europe.

Robust guidance

Management targets 15-20% revenue growth in FY26 with an EBITDA margin of 18-20%, supported by a better product mix, premiumization, and a pickup in the US business. CARYSIL aims for a multifold rise in domestic revenue (INR5b over 5-7 years).

Key highlights from the management commentary – 2QFY26

Performance: 2QFY26

- CARYSIL's revenue/EBITDA/PAT grew 16%/24%/62% YoY in 2Q.
- The imposition of a 50% trade tariff by the US (12% revenue mix) had a limited impact and was compensated for by growth in other countries.
- EBITDA margin came in healthy at 19.2% (18–20% guidance range).

Outlook

- Management maintained its 15% revenue growth guidance for the next 3–4 years, supported by robust global demand and India expansion.
- EBITDA margin is expected to sustain between 18% and 20%, despite US tariffs.
- Preparing an INR5b India business roadmap, building a leadership team for the same, and adding new distribution dealers, showrooms, and experience centers.
- Entering hard surface tabletops in the UK, targeting 2x revenue in 3–5 years; the US market is mainly dominated by soft surface products made of polymers.
- Acquired ~7400 sq mt of land near its current facility (INR60m investment) to support long-term expansion across product categories.

Quartz Sinks

- Revenue grew 21% YoY; strong global demand and ramp-up in capacity utilization (from 88% in 2Q) would drive sustained growth.
- Substantial cost benefit over European manufacturers continues despite tariffs.
- Secured ~70% of IKEA's global (non-U.S.) quartz sink business, with supplies already underway; IKEA contributes 10-15% of overall sales.
- Lowe's demand is better than expected; new models being developed for them.
- The US accounts for ~30% of quartz sink revenue.
- 10k pieces are yet to be supplied to Karran in 2H.
- Due to strong demand, expanding capacity by 100k units by Dec'25, with another 150k units likely in 4-6 months, taking total capacity to ~1.25mn units.

Stainless Steel Sinks

- Revenue increased 13% YoY in 2Q with a CU at 95%.
- Capacity to rise by 70k units to 250k by 4QFY26 and another 150k units in FY27.

Home Appliances and Faucets

- Capex of INR250m to set up a modern manufacturing/glass processing facility, operational by 2QFY27, to improve in-house capability and product quality.
- In-house appliance capacity of 150k units to go live by 2QFY27.
- Faucet division at 75% CU (50k units capacity), doubling to 100k in FY27.
- Mostly domestic currently, but export plans are underway; a new bathroom faucet assembly is being launched, primarily focused on the domestic market.

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Total Income from Operations	2,516	2,762	3,097	4,839	5,939	6,838	8,156
Change (%)	28.1	9.8	12.1	56.2	22.7	15.1	19.3
RM Cost	1,293	1,374	1,418	2,095	3,025	3,149	3,770
Employees Cost	185	222	222	336	449	603	794
Other Expenses	634	703	799	1,375	1,392	1,799	2,218
Total Expenditure	2,112	2,298	2,439	3,806	4,866	5,550	6,783
% of Sales	83.9	83.2	78.8	78.6	81.9	81.2	83.2
EBITDA	404	464	658	1,033	1,073	1,287	1,373
Margin (%)	16.1	16.8	21.2	21.4	18.1	18.8	16.8
Depreciation	86	119	127	177	264	324	359
EBIT	318	345	531	856	810	963	1,014
Int. and Finance Charges	97	87	73	96	145	209	234
Other Income	21	47	80	101	16	53	98
PBT bef. EO Exp.	242	305	538	861	680	808	879
EO Items	0	0	0	0	0	0	0
PBT after EO Exp.	242	305	538	861	680	808	879
Total Tax	67	76	145	208	153	224	235
Tax Rate (%)	27.8	25.0	27.0	24.2	22.4	27.7	26.8
Share of Profit/Loss of JV and associates	0	0	-2	-5	-4	-5	-6
Reported PAT	175	229	391	648	524	579	637
Adjusted PAT	175	229	391	648	524	579	637

Consolidated - Balance Sheet

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Equity Share Capital	52	53	53	53	54	54	57
Total Reserves	1,297	1,525	1,861	2,484	2,980	3,486	5,208
Net Worth	1,349	1,578	1,914	2,537	3,034	3,540	5,265
Minority Interest	16	24	26	32	37	41	48
Total Loans	848	896	1,013	1,373	2,209	2,982	2,655
Deferred Tax Liabilities	25	20	40	46	52	15	20
Capital Employed	2,237	2,517	2,992	3,988	5,331	6,578	7,988
Gross Block	1,771	1,944	2,341	3,063	4,544	5,628	6,085
Less: Accum. Deprn.	576	695	822	999	1,263	1,587	1,946
Net Fixed Assets	1,195	1,248	1,519	2,063	3,281	4,041	4,139
Capital WIP	35	91	100	207	137	105	118
Total Investments	0	0	0	0	0	0	0
Curr. Assets, Loans&Adv.	1,676	1,906	2,293	3,263	3,705	4,301	5,596
Inventory	537	597	546	1,042	1,306	1,732	2,211
Account Receivables	543	623	830	1,004	1,031	1,378	1,460
Cash and Bank Balance	140	195	201	113	122	125	680
Loans and Advances	456	491	716	1,103	1,247	1,066	1,244
Curr. Liability & Prov.	669	728	919	1,545	1,792	1,868	1,865
Account Payables	312	290	418	794	784	868	798
Other Current Liabilities	349	425	484	727	989	886	974
Provisions	8	13	17	24	19	114	92
Net Current Assets	1,007	1,178	1,373	1,718	1,913	2,433	3,731
Misc Expenditure	0	0	0	0	0	0	0
Appl. of Funds	2,237	2,517	2,992	3,988	5,331	6,578	7,988

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Basic (INR)							
Adj EPS	6.2	8.1	13.8	22.8	18.4	20.4	22.4
Cash EPS	9.2	12.2	18.2	29.0	27.7	31.8	35.1
BV/Share	48	56	67	89	107	125	185
DPS	1.3	1.3	2.1	2.6	2.1	2.1	2.4
Payout (%)	19.5	14.9	14.5	10.5	10.8	9.8	10.7
Valuation (x)							
P/E	154.3	118.0	69.0	41.7	51.5	46.6	42.3
Cash P/E	103.3	77.6	52.1	32.7	34.3	29.9	27.1
P/BV	20.0	17.1	14.1	10.6	8.9	7.6	5.1
EV/Sales	9.5	8.9	7.9	5.0	3.9	3.3	3.1
EV/EBITDA	62.7	56.2	39.8	25.8	25.6	22.0	21.1
Dividend Yield (%)	0.1	0.1	0.2	0.3	0.2	0.2	0.3
FCF per share	-12.9	-14.9	-21.4	-34.4	-37.1	-19.9	-27.3
Return Ratios (%)							
RoE	13.0	14.5	20.4	25.5	17.3	16.4	12.1
RoCE (pre-tax)	16.2	16.8	22.6	28.0	18.0	17.3	15.4
RoIC (pre-tax)	16.9	18.0	24.4	29.9	18.7	17.7	15.8
Working Capital Ratios							
Fixed Asset Turnover (x)	1.4	1.4	1.3	1.6	1.3	1.2	1.3
Net Working Capital Cycle (Days)	111	123	113	94	95	120	129
Debtor (Days)	79	82	98	76	63	74	65
Inventory (Days)	78	79	64	79	80	92	99
Creditor (Days)	45	38	49	60	48	46	36
Leverage Ratio (x)							
Current Ratio	2.5	2.6	2.5	2.1	2.1	2.3	3.0
Interest Cover Ratio	3.5	4.5	8.4	10.0	5.7	4.9	4.8
Net Debt/Equity	0.5	0.4	0.4	0.5	0.7	0.8	0.4

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25
OP/(Loss) before Tax	242	305	538	861	528	584	643
Depreciation	86	119	127	177	264	324	359
Interest & Finance Charges	75	87	73	96	145	209	234
Direct Taxes Paid	-82	-74	-124	-191	-138	-194	-207
(Inc)/Dec in WC	-122	-178	-159	-185	-322	-594	-1,269
CF from Operations	199	259	455	758	477	329	-240
Others	-384	-484	-702	-1,004	-953	26	-65
CF from Operating incl EO	-185	-224	-247	-246	-476	354	-304
(Inc)/Dec in FA	-183	-199	-359	-731	-577	-919	-470
Free Cash Flow	-367	-424	-607	-978	-1,053	-565	-774
(Pur)/Sale of Investments	0	0	0	0	-795	-101	0
Others	11	5	12	6	7	4	46
CF from Investments	-172	-195	-348	-725	-1,365	-1,016	-425
Issue of Shares	0	62	0	0	5	3	1,218
Inc/(Dec) in Debt	37	-27	50	360	836	774	-328
Interest Paid	-75	-87	-73	-95	-144	-210	-231
Dividend Paid	-26	-31	-53	-64	-31	-55	-57
Others	21	-15	-12	-16	-24	-27	-68
CF from Fin. Activity	-43	-99	-88	184	641	484	534
Inc/Dec of Cash	-399	-518	-683	-787	-1,200	-178	-194
Opening Balance	740	341	59	-624	-1,411	-2,611	-2,789
Other cash & cash equivalent							
Closing Balance	341	-177	-624	-1,411	-2,611	-2,789	-2,983

BSE Sensex
84,587

S&P CNX
25,885

Unlisted



Financials Snapshot (INR b)

	FY22	FY23	FY24
Revenue	9.1	14.4	17.0
% YoY	53.4	57.3	18.1
EBITDA	1.4	2.5	3.1
EBITDA margin (%)	15.1	17.4	18.3
PAT	0.6	0.6	1.5
PAT margin (%)	6.4	3.9	8.8
ROE (%)	15.9	11.5	22.8
ROCE (%)	18.8	22.1	18.6

Source: RoC

A premium force in tiles with unmatched reach!

Simpolo Group has over four decades of presence in India's ceramic and sanitaryware industry. Founded by Mr. Jitendra Aghara, the group operates under well-recognized brands such as *Simpolo*, *Ispira*, *Neotra*, and *Nexion*. With manufacturing facilities in Morbi, Gujarat, and upcoming plants in Andhra Pradesh and Malia, the group is set to expand its capacity to 39.6msm from 20.8msm by FY26. Backed by a nationwide distribution network of 1,500+ dealers and 200+ exclusive showrooms, Simpolo generates ~85% of its revenue from India while exporting ~15% of its revenue to over 50 countries. The group has recorded a ~36% revenue CAGR over FY20–25, aided by strong brand equity, premiumization, investment in capacity and innovation, including the recent backing from Motilal Oswal Private Equity.

Well-established tile player with premium positioning

Founded by Mr. Jitendra Aghara and family, Simpolo Group has over four decades of presence in India's ceramic and sanitaryware industry. Starting with sanitaryware in 1991 and tiles in 1995, its flagship Simpolo Vitrified Pvt. Ltd. (SVPL) began operations in 2008 at Morbi, Gujarat—the country's ceramic hub. Today, the group is a leading manufacturer of vitrified tiles with brands spanning mid-market (*Simpolo*, *Ispira*) to premium (*Neotra*, *Nexion*) and holds a top position in the premium tiles segment. Its product portfolio covers GVT, polished GVT, large slabs, ventilated facades, and other ceramic offerings.

Strong distribution and market reach

The group has built a robust domestic footprint through eight production lines, 1,500+ dealers, 200+ exclusive showrooms, and 25 experience centers across six states. Domestic sales contributed ~85% of FY25 revenue, while exports (~15%) reached over 50 countries, including Kuwait, Mexico, and Russia. The new Andhra Pradesh facility is likely to strengthen South India coverage and enhance export logistics.

Capacity-driven growth initiatives

Simpolo operates with an installed capacity of 20.8msm p.a., fully based in Morbi. These structural cost advantages support competitive pricing and scale-up opportunities in both domestic and export markets. Going forward, Simpolo is set to nearly double capacity to 39.6msm by FY26. Two greenfield expansions are underway: a 13.2msm plant at Naidupeta (Andhra Pradesh, capex INR3.5b) and a 13.5msm unit at Malia, Gujarat (capex INR6.5b). Both are expected to be operational in FY26 (Naidupeta in 1Q and Malia in 3Q). The INR10b expansion program is funded through internal accruals, private equity, and term loans, with Motilal Oswal PE providing growth capital support.

Financial performance and outlook

Simpolo has delivered ~36% revenue CAGR over FY20–25, driven by capacity additions, premiumization, and channel expansion. Revenue growth of 15-20% is projected over the medium term, driven by capacity addition, with 16%+ margin.

Source: Crisil Ratings, ICRA

Somany Ceramics

BSE Sensex

84,587

S&P CNX

25,885

CMP: INR432

Not Rated



Stock Info

Bloomberg	SOMC IN
Equity Shares (m)	41
M.Cap.(INRb)/(USDb)	17.4 / 0.2
52-Week Range (INR)	737 / 395
1, 6, 12 Rel. Per (%)	-7/-15/-42
12M Avg Val (INR M)	23

Financials Snapshot (INR b)

Y/E MARCH	FY23	FY24	FY25
Sales	24.8	25.9	26.6
EBITDA	1.9	2.5	2.2
Adj. PAT	0.7	1.0	0.6
Adj. EPS (INR)	18.0	24.1	15.1
EPS Gr. (%)	-16.9	34.3	-37.3
BV/Sh. (INR)	191.9	175.6	188.2

Ratios

RoE (%)	9.4	13.7	8.0
RoCE (%)	10.4	15.5	12.3
Payout (%)	17.2	12.7	20.5

Valuations

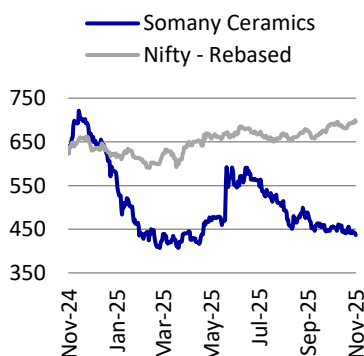
P/E (x)	24.0	17.9	28.5
P/BV (x)	2.3	2.5	2.3
EV/EBITDA (x)	11.7	8.2	9.4
Div. Yield (%)	0.7	0.7	0.7

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	55.0	55.0	55.0
DII	23.2	23.0	23.5
FII	1.0	1.4	1.8
Others	20.8	20.6	19.7

FII includes depository receipts

Stock's performance (one-year)



India's second-largest tile manufacturer

Somany Ceramics (SOMC), India's second-largest tile manufacturer, offers a diversified portfolio across tiles, sanitaryware, and bath fittings, supported by nine plants and an asset-light outsourcing model that provides flexibility and scale. With strong domestic distribution (3,000 active dealers) and exports to 46 countries, SOMC is well-positioned geographically, particularly in northern India. The company is also expanding into adjacencies through its Durabuild JV in construction chemicals, targeting the INR60b waterproofing market. Near-term growth will be driven by premiumization (aims for an improvement in GVT share to 50% over the next few years), scale-up of its Max plant for large-format tiles, and improving product mix, with management guiding for mid-to-high single-digit revenue growth in FY26 and 100-150bp EBITDA margin expansion.

Second-largest tile company in India

Established in 1968, SOMC has grown to become the second-largest tile manufacturer in India. SOMC operates nine manufacturing units across India, with an FY25 installed tile capacity of ~52msm and access to up to 75msm through outsourcing. Its annual production capacity stands at 23.5msm for ceramic tiles, 7.4msm for PVT, 21msm for GVT, alongside 0.48m sanitaryware pieces and 1.3m bath fittings. Utilization in FY25 was healthy, at 82% in tiles, 90% in sanitaryware, and 108% in bath fittings. The company follows a hybrid model, with ~50% of output from owned facilities and the balance sourced from joint ventures and third-party tie-ups, providing flexibility and an asset-light expansion.

Diversified geographical and customer base

SOMC's main focus is on the retail sales (~80% revenue mix), which are serviced through a pan-India distribution network with 3,000 active dealers and 514 showrooms. Dealer additions are targeted at 100-150 per year. Regionally, SOMC has a strong presence in northern India (45% of FY24 revenues), followed by the south (~25%) and west (~9%).

Construction chemicals JV with Durabuild

In line with its strategy of expanding into adjacent categories, SOMC has entered into a JV with Durabuild in the construction chemicals segment. Durabuild holds 150 IPs, which SOMC sees as a significant value driver. The company currently has a 51% stake but plans to raise this to 75% and eventually full ownership over the next three to four years. The JV will initially focus on the waterproofing segment, a higher-margin business with a TAM of INR60b, with products expected to hit the market by Sep'25. It also plans to foray into admixtures for residential and commercial construction, another INR60b B2B opportunity.

Management expects demand recovery in the 2HFY26

Management is targeting a mid to high single-digit revenue growth in FY26 and low double-digit growth in sanitaryware and faucetware. SOMC's Max plant in Gujarat, commissioned last year for large-format tiles (capacity: 4.5msm), is ramping up gradually, operating at 50% utilization in 2QFY26 with a target of 75-80% by 2HFY26

and breakeven at the EBITDA level. The plant has a revenue potential of INR2.5b and is expected to improve SOMC's value mix. With continuous focus on premiumizing its product portfolio, with GVT share rising from 29% in FY22 to 38% in FY25, and an ambition to scale this to 40% in near term and 50% over the next few years, SOMC aims for 100–150bp EBITDA margin expansion YoY in FY26. SOMC has also streamlined operations by exiting underperforming JVs (Acer Granito and Amora Tiles), releasing INR200m of capital. With no capex in tiles over the next 18 months, a modest INR0.3-0.5b investment is planned in sanitaryware capacity.

Key highlights from the management commentary – 2QFY26

2QFY26 performance

- Revenue grew 3% YoY, reflecting continued softness in underlying demand.
- Tiles revenue/realizations were flat YoY, while bathware/adhesives revenue grew 9%/44% YoY.
- EBITDA declined 4% YoY, and the margin remained flattish at 7.8%, supported by ongoing cost-optimization measures. The margin was impacted by 100–120bp due to an unexpected gas shutdown at the Kassar plant.
- PAT declined 13% YoY to INR150m.
- Demand recovery is yet to materialize, with North India particularly weak due to heavy rainfall; the region accounts for ~46% of tile sales.
- Capacity utilization stood at 75% in 2Q, affected by the 25-day gas shutdown at the North facility and subdued demand.
- The Max plant operated at 50% CU; management is confident to take this to 75% to 80% by 4Q and operate at breakeven.

Outlook

- Management expects demand to recover in 2H, supported by favorable macro indicators and an anticipated improvement in North India.
- Tile exports from India have seen a healthy revival in 1HFY26 (up 7% YoY). This augurs well for domestic-focused brands.
- The company reiterated its FY26 guidance of mid- to high-single-digit growth in both volumes and revenue.
- EBITDA margin is expected to cross 10% in 2H as utilization improves to 80–85%.
- For FY27, the company expects high-single-digit revenue growth accompanied by a further 150bp margin expansion.
- A price hike of 1.5% was implemented in July.
- Another price increase may be considered in 3Q/4Q, depending on demand.
- Sanitaryware is guided to deliver lower double-digit growth in FY26 with contribution targeted to rise to 15% of revenue by FY27 (from 12% currently).
- No major capex is planned over the next 12–18 months.
- GVT mix has improved substantially in the last few years and is aimed to reach 50% over the next 12–18 months (from 41% in 2Q).
- Management aims to increase the non-tile portfolio to 20% of revenue over the next two years.
- Within bathware, sanitaryware accounted for 60% of revenue and bath fittings 40%; management is targeting a 50–50 mix.
- Project sales contributed 15-17% of overall revenue, which should increase with a pickup in demand.

Financials and valuations

Consolidated - Income Statement

	(INR m)						
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Total Income from Operations	17,151	16,101	16,506	20,945	24,785	25,914	26,588
Change (%)	0.1	-6.1	2.5	26.9	18.3	4.6	2.6
RM Cost	7,219	6,673	7,806	9,205	10,694	11,979	12,804
Employees Cost	2,275	2,390	2,252	2,571	3,012	3,244	3,547
Other Expenses	6,011	5,724	4,547	7,103	9,192	8,158	8,028
Total Expenditure	15,505	14,787	14,604	18,879	22,898	23,381	24,379
% of Sales	90.4	91.8	88.5	90.1	92.4	90.2	91.7
EBITDA	1,645	1,314	1,902	2,065	1,887	2,532	2,209
Margin (%)	9.6	8.2	11.5	9.9	7.6	9.8	8.3
Depreciation	443	589	616	640	679	725	903
EBIT	1,203	724	1,286	1,426	1,209	1,807	1,306
Int. and Finance Charges	459	494	401	296	404	465	524
Other Income	180	127	128	134	145	106	90
PBT bef. EO Exp.	923	358	1,012	1,264	950	1,449	872
EO Items	-122	-262	-185	0	-22	-21	-20
PBT after EO Exp.	801	96	828	1,264	929	1,428	852
Total Tax	268	-99	222	330	259	434	272
Tax Rate (%)	33.5	-103.6	26.8	26.1	27.9	30.4	31.9
Share of Profit/Loss of JV	0	0	0	0	0	0	0
Share of Minority Interests	69	45	36	47	-46	25	-21
Reported PAT	463	150	570	887	715	969	601
Adjusted PAT	586	412	755	887	737	990	621

Consolidated - Balance Sheet

	(INR m)						
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Equity Share Capital	85	85	85	85	85	82	82
Total Reserves	6,046	5,980	6,323	7,178	7,785	7,119	7,635
Net Worth	6,131	6,064	6,407	7,263	7,870	7,201	7,717
Minority Interest	896	941	997	1,076	1,076	1,128	726
Total Loans	5,353	4,933	4,837	5,340	5,568	4,014	3,847
Deferred Tax Liabilities	532	358	321	323	243	289	257
Capital Employed	12,912	12,296	12,562	14,002	14,757	12,632	12,547
Gross Block	9,297	10,537	10,962	11,534	14,844	16,626	16,967
Less: Accum. Deprn.	2,241	2,831	3,447	4,086	4,765	5,490	6,393
Net Fixed Assets	7,056	7,706	7,515	7,448	10,079	11,136	10,574
Goodwill on Consolidation	73	73	73	73	73	73	60
Capital WIP	247	60	86	2,267	473	96	163
Total Investments	683	341	898	600	319	146	164
Curr. Assets, Loans&Adv.	8,586	7,339	6,963	7,495	9,085	8,307	8,613
Inventory	2,545	3,282	2,455	2,737	3,915	3,466	3,379
Account Receivables	4,179	2,798	2,211	2,368	2,683	3,372	3,688
Cash and Bank Balance	400	201	1,491	1,486	1,546	709	777
Loans and Advances	1,462	1,058	806	903	941	760	769
Curr. Liability & Prov.	3,733	3,223	2,974	3,881	5,271	7,125	7,028
Account Payables	2,021	1,729	1,839	2,602	3,777	2,865	3,343
Other Current Liabilities	1,656	1,398	1,039	1,175	1,338	4,102	3,518
Provisions	56	96	96	105	157	158	167
Net Current Assets	4,853	4,116	3,989	3,614	3,814	1,182	1,585
Misc Expenditure	0	0	0	0	0	0	0
Appl. of Funds	12,912	12,296	12,562	14,002	14,757	12,632	12,547

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Basic (INR)							
Adj EPS	14.3	10.0	18.4	21.6	18.0	24.1	15.1
Cash EPS	25.1	24.4	33.4	37.2	34.5	41.8	37.2
BV/Share	150	148	156	177	192	176	188
DPS	1.9	1.9	2.3	0.0	2.9	3.0	3.0
Payout (%)	17.7	54.7	17.3	0.0	17.2	12.7	20.5
Valuation (x)							
P/E	30.2	43.0	23.5	20.0	24.0	17.9	28.5
Cash P/E	17.2	17.7	12.9	11.6	12.5	10.3	11.6
P/BV	2.9	2.9	2.8	2.4	2.3	2.5	2.3
EV/Sales	0.7	0.8	0.9	0.7	0.6	0.6	0.5
EV/EBITDA	13.7	17.3	10.9	10.5	11.7	8.2	9.4
Dividend Yield (%)	0.4	0.4	0.5	0.0	0.7	0.7	0.7
FCF per share	-17.1	21.1	76.8	-30.6	-1.8	57.7	15.0
Return Ratios (%)							
RoE	9.6	6.8	11.8	12.2	9.4	13.7	8.0
RoCE (pre-tax)	12.4	7.6	12.7	13.1	10.4	15.5	12.3
RoIC (pre-tax)	11.2	6.4	12.3	15.2	11.6	15.3	11.7
Working Capital Ratios							
Fixed Asset Turnover (x)	1.8	1.5	1.5	1.8	1.7	1.6	1.6
Net Working Capital Cycle (Days)	100	99	63	44	42	56	51
Debtor (Days)	89	63	49	41	40	47	51
Inventory (Days)	54	74	54	48	58	49	46
Creditor (Days)	43	39	41	45	56	40	46
Leverage Ratio (x)							
Current Ratio	2.3	2.3	2.3	1.9	1.7	1.2	1.2
Interest Cover Ratio	3.0	1.7	3.5	5.3	3.4	4.1	2.7
Net Debt/Equity	0.7	0.7	0.4	0.4	0.5	0.4	0.4

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25
OP/(Loss) before Tax	801	96	827	1,264	929	1,428	852
Depreciation	443	589	616	640	679	725	903
Interest & Finance Charges	459	494	401	296	404	465	524
Direct Taxes Paid	-315	-152	-255	-352	-247	-340	-223
(Inc)/Dec in WC	-381	255	1,828	-327	-90	1,676	-662
CF from Operations	1,006	1,283	3,418	1,520	1,674	3,953	1,393
Others	-147	245	145	-94	-29	-19	19
CF from Operating incl EO	859	1,527	3,563	1,426	1,646	3,934	1,412
(Inc)/Dec in FA	-1,559	-664	-414	-2,680	-1,720	-1,570	-798
Free Cash Flow	-700	863	3,150	-1,255	-74	2,364	614
(Pur)/Sale of Investments	1,029	176	-750	52	731	269	35
Others	-360	339	267	76	79	72	45
CF from Investments	-889	-148	-896	-2,553	-909	-1,229	-718
Issue of Shares	0	0	0	0	0	-3	0
Inc/(Dec) in Debt	721	-777	-854	878	266	-3,017	22
Interest Paid	-410	-483	-401	-312	-385	-470	-518
Dividend Paid	-138	-204	-98	0	-127	-127	-123
Others	97	-61	-37	74	32	57	-57
CF from Fin. Activity	269	-1,525	-1,392	639	-213	-3,560	-676
Inc/Dec of Cash	239	-146	1,276	-488	523	-855	18
Opening Balance	58	295	150	1,426	938	1,461	592
Other cash & cash equivalent	-2	0	0	0	0	-14	-12
Closing Balance	295	149	1,426	938	1,461	592	598

Varmora Granito

BSE Sensex

84,587

S&P CNX

25,885

Unlisted

VARMORA

TILES • BATHWARE

Financials Snapshot (INR b)

	FY23	FY24	FY25
Revenue	13.3	14.4	14.5
% YoY		7.5	0.7
EBITDA	1.8	1.5	2.0
EBITDA margin (%)	12.9	10.2	13.3
PAT	0.6	0.4	0.3
PAT margin (%)	4.1	3.1	2.1
ROE (%)	8.2	6.4	4.1
ROCE (%)	13.3	8.0	6.3

Source: RoC, DRHP

Strong distribution & premiumization driving growth!

Varmora Granito, a leading tile, ceramics, and bathware company, operates nine plants in the Morbi cluster with 43.8msm of tile capacity (~79% utilization) and 0.86m sanitaryware capacity (87% utilization), generating ~79% of revenues from in-house production. The company sells through 286 exclusive outlets and 2,000+ multi-brand outlets across India and exports to 100+ countries (~21% of revenues). Its business model is anchored on premiumization, with glazed vitrified tiles (GVT) forming ~70% of FY25 revenues; all capex since 2011 has been directed toward this segment. Growth is further supported by inorganic initiatives, including the acquisition of Simola Tiles (large slabs) and a planned 51% stake in Allemby Ceramics to set up a 6.4msm p.a. ceramic tile facility in Assam.

Strong distribution leads to ~69% of domestic sales from B2C

Established in 1984 as M/s Jayson Ceramics, Varmora entered the ceramic business before incorporating its flagship entity, Varmora Granito Pvt Ltd, in 2003 to manufacture vitrified, wall, & floor tiles. Over time, the company has built a diversified portfolio spanning tiles, bathware, adhesives, and application accessories. It operates with an installed tile capacity of 43.8msm (~79% utilization) and a sanitaryware capacity of 0.86m pieces (87% utilization). ~79% of revenues are generated from in-house production across nine manufacturing units located in Morbi. The distribution network includes 286 exclusive brand outlets and 2,000+ multi-brand outlets across India. Exports to 100+ countries form ~21% of revenues. About 69% of domestic sales are from B2C channels.

Premiumization through GVT focus

GVT accounted for ~70% of Varmora's FY25 revenues. As GVT commands 15-30% higher realizations than ceramic and PVT tiles, all incremental capex since 2011 has been directed toward strengthening this segment. With over 3,500 SKUs (3,000 in GVT), Varmora is well placed to capture rising demand for durable, design-led products. The company also became the first Asian company to launch Integrated Stone Technology (IST) in FY25, with a technology partnership with SACHMI Imola, an Italian tile equipment provider, offering an engineered substitute for natural marble and stone.

Inorganic expansions to drive growth

The company has selectively pursued acquisitions to scale its product and regional footprint. The acquisition of a majority stake of 59% in Simola Tiles LLP in FY23 expanded its portfolio into large outdoor slabs, while the recent agreement to acquire 51% of Allemby Ceramics for INR270m to establish a 6.4msm p.a. greenfield ceramic facility in Tezpur, Assam, will enhance access to the underserved Eastern and Northern markets.

Institutional backing enhances credibility

Varmora's growth is supported by Katsura Investments, an affiliate of Carlyle Group, which invested INR6.4b in FY23 through a mix of primary and secondary infusions. Long-standing relationships with marquee real estate developers such as Signature Global (9+ years), Sobha, and Srijan Group (15+ years) further bolster brand visibility.

Source: Varmora DRHP, Care Ratings

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HDB Financial Services



Granular Strategy, Scalable Execution

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SELL	$< -10\%$
NEUTRAL	$-10\% \text{ to } 15\%$
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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