

### Outlook remains positive over medium term

#### Product wise Q1 performance review

- **Laminates (export volume growth stronger than domestic)**  
Demand in domestic market was a bit sluggish as election related slowdown in activity kept the demand under check while the exports saw higher volumes (Greenlam and Stylam). **Operating margins saw a drop QoQ due to higher RM cost and elevated freight costs on account of red sea issue and this will continue for the next 2 quarters.**
- **Plywood (Performance better than expectations)**  
Volume growth was a positive surprise especially for Century Ply (+13%) and Greenply (+9%) indicating that organized players are gaining market share. Margins were under check due to higher timber costs, however further price hikes are planned.
- **MDF (Margins severely impacted due to high timber cost)**  
The volume growth has been in double digits on account of new capacity added and lower imports. Margins have reduced further on account of higher timber price and difficulty in passing on the cost due to oversupply. Management across companies have indicated that margins have bottomed out.
- **Particleboard (elevated imports)**  
High level of imports dented the performance impacting sales as well as margins.
- **Sinks (demand improving)**  
Export momentum has started to pick up due to better demand in UK and USA.

Sales Volume growth Q1FY25 vs Q1FY24 YoY							
	Century Ply	Greenlam	Greenpanel	Greenply	Stylam	Rushil Décor	Carysil
Laminates	-6.0%	11.9%	-	-	6.0%	26.0%	-
Plywood	13.0%	*3700%	-25.0%	9.0%	-	-	-
Veneers & allied	-	-26.0%	-	-	-	-	-
MDF	*47%	-	3.0%	*605%	-	25.0%	-
Particleboard	-3.0%	-	-	-	-	-	-
Quartz sinks	-	-	-	-	-	-	35.4%
Kithcen appliances	-	-	-	-	-	-	0.0%
Steel Sinks	-	-	-	-	-	-	64.0%
Revenue growth Q1FY25 vs Q1FY24 YoY							
	Century Ply	Greenlam	Greenpanel	Greenply	Stylam	Rushil Décor	Carysil
Laminates	-3.0%	9.2%	-	-	9.0%	13.0%	-
Plywood	15.0%	*100%	-28.0%	10.0%	-	-	-
Veneers & allied	-	44.7%	-	-	-	-	-
MDF	13.0%	-	-2.0%	*664%	-	15.0%	-
Particleboard	-7.0%	-	-	-	-	-	-
Quartz sinks	-	-	-	-	-	-	34.0%
Kithcen appliances	-	-	-	-	-	-	30.0%
Steel Sinks	-	-	-	-	-	-	17.0%

(\*100% = new capacity added)

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## Financial Overview Q1FY25

Company Name	Sales			EBITDA (excl OI)			PBT before exceptional			EPS		
	Q1FY25	YoY (%)	QoQ (%)	Q1FY25	YoY (%)	QoQ (%)	Q1FY25	YoY (%)	QoQ (%)	Q1FY25	YoY (%)	QoQ (%)
Century Plyboards	10,054	13%	-5%	1,112	-17%	-19%	710	-39%	-35%	1.6	-60%	-57%
Greenlam Industries	6,047	17%	-3%	640	-1%	-23%	270	-38%	-45%	1.59	-39%	-50%
Greenpanel Industries	3,650	-6%	-8%	360	-45%	-30%	214	-57%	-47%	1.28	-57%	-47%
Greenply Industries	5,839	36%	-3%	579	114%	0%	383	284%	1%	2.7	470%	2%
Stylam Industries	2,426	8%	1%	419	0%	-12%	379	4%	-8%	16.7	2%	-25%
Rushil Décor	2,235	16%	-4%	256	-12%	-13%	165	0%	4%	4.1	-24%	49%
Carysil	2,012	42%	6%	359	38%	4%	225	45%	6%	5.9	37%	2%

Company Name	Gross margins			EBITDA margins			PAT margins		
	Q1FY25	YoY (bps)	QoQ (bps)	Q1FY25	YoY (bps)	QoQ (bps)	Q1FY25	YoY (bps)	QoQ (bps)
Century Plyboards	46.47%	(189)	(19)	11.06%	(389)	(188)	3.37%	(628)	(397)
Greenlam Industries	52.00%	(30)	(100)	10.60%	(190)	(280)	3.30%	(310)	(320)
Greenpanel Industries	51.10%	(716)	(265)	9.88%	(715)	(306)	4.25%	(524)	(312)
Greenply Industries	40.73%	(59)	218	9.92%	362	31	5.63%	428	24
Stylam Industries	44.50%	7	(752)	17.26%	(125)	(261)	11.57%	(71)	(401)
Rushil Décor	45.40%	(851)	(12)	11.44%	(355)	(108)	5.43%	(82)	(160)
Carysil	53.29%	335	(578)	17.83%	(56)	(29)	7.82%	(33)	(37)

**Across our entire coverage, Greenply Industries and Carysil delivered a robust operating performance.**

### OUR VIEW:

As stated in our previous note, we expect demand to pick up from Q2FY25, although margins in FY25 might remain under pressure due to higher costs of raw materials like timber, kraft paper, and decorative paper, as well as elevated freight costs resulting from the Red Sea issue.

We foresee an improvement in margins for plywood and MDF players starting in H2FY26 as timber prices begin to ease with increased supply. Additionally, the implementation of BIS norms, expected by February 2025, could provide further support to MDF players.

We maintain a positive outlook for the entire home décor sector over the next 3-4 years, primarily due to the strong momentum in the housing market, evidenced by record launches and inventory absorption nationwide. We expect a robust earnings recovery for all the companies from FY26 driven by rising demand and reduced input cost pressures.

**Given the rally in Greenply Industries and Stylam Industries—both of which were our top picks—we recommend investors wait for a more favorable entry point rather than buying at current levels. At this time, our top pick is Carysil Ltd.**

### Top Picks:

- **Carysil Ltd (19x FY26E)**
  - 15-20% CAGR organic growth over the next few years is possible as Quartz sinks is growing 15-20% globally, gaining market share gains from competitors and adding new large retailers
  - No margins compression pressure unless an inorganic acquisition lowers the overall profitability
  - Healthy return ratios above 15% to sustain

## Comparison on Key metrics:

Product segment	FY24 vs FY23	
	Revenue Inc/Dec	Volume Inc/Dec
<b>Laminates Industry</b>	<b>3.6%</b>	<b>6.7%</b>
Century Ply	-0.2%	6.5%
Greenlam	10.1%	11.3%
Stylam	-4.0%	1.4%
Rushil Décor	-7.7%	0.9%
<b>Plywood Industry</b>	<b>6.8%</b>	<b>6.2%</b>
Century Ply	7.0%	4.4%
Greenply	9.0%	8.6%
Greenpanel	-33.5%	-28.0%
Greenlam	NA - capacity added in FY24	
<b>MDF Industry</b>	<b>12.6%</b>	<b>17.4%</b>
Century Ply	17.4%	18.7%
Greenply	NA - capacity added in FY24	
Greenpanel	-8.7%	-4.3%
Rushil Décor	1.6%	10.1%
<b>Particleboard Industry</b>	<b>-9.7%</b>	<b>5.0%</b>
Century Ply	-9.7%	5.0%
<b>Sinks (Quartz &amp; Steel)</b>	<b>9.0%</b>	<b>11.0%</b>
Carysil	9.0%	11.0%

Greenlam Industries gained market share in the laminates segment (includes domestic and export volumes). Stylam Industries exports volumes de-grew by 8% however domestic volumes grew by 14% for FY24.

Greenply Industries gained market share and delivered better volume growth than Century Ply after many years. Greenpanel Industries plywood volumes was impacted due to restructuring in the dealer channel.

Greenpanel Industries lost market share to imports and increased domestic supply. Greenply Industries and Century Ply added new capacities in the MDF division in FY24.

Particleboard industry continues to be dominated by low quality domestic supply and elevated imports.

The volume trajectory of sinks started to improve post Q2 once the inventory destocking by dealers in the exports markets normalized.

Product segment	CAGR FY19-24	
	Revenue CAGR	Volume CAGR
<b>Laminates Industry</b>	<b>11.9%</b>	<b>6.3%</b>
Century Ply	8.5%	5.5%
Greenlam	13.5%	7.0%
Stylam	14.7%	8.1%
Rushil Décor	0.9%	-0.6%
<b>Plywood Industry</b>	<b>8.2%</b>	<b>4.8%</b>
Century Ply	11.0%	8.3%
Greenply	5.2%	4.7%
Greenpanel	2.8%	1.7%
Greenlam	NA - capacity added in FY24	
<b>MDF Industry</b>	<b>29.0%</b>	<b>21.6%</b>
Century Ply	20.5%	10.7%
Greenply	NA - capacity added in FY24	
Greenpanel	26.7%	19.6%
Rushil Décor	32.2%	26.8%
<b>Particleboard Industry</b>	<b>10.0%</b>	<b>4.4%</b>
Century Ply	10.0%	4.4%
<b>Sinks (Quartz &amp; Steel)</b>	<b>13.9%</b>	<b>11.2%</b>
Carysil	13.9%	11.2%

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