

Product wise Q4 performance review

➤ **Laminates (decent volume uptick, product mix impacted revenue)**

Demand in domestic market was a bit sluggish while the exports saw higher volumes (Greenlam and Stylam) mainly due to the shipments which were delayed in Q3 because of the red sea issue. Operating margins expanded sharply mainly due to lower raw material price compared to last financial year.

➤ **Plywood (high timber costs to keep margins under check)**

Demand for the low/mid segment plywood was better than premium segment. Small price hikes would be taken to mitigate the increase in timber costs, however the scope for margin expansion in this product segment seems unlikely due to sluggish demand and increase in timber costs.

➤ **MDF (double-digit volume growth offset by high timber costs)**

Overall the volume consumption grew in double digit on a YoY basis however imports took away some market share of the biggest player and margins remained under pressure due to increase in timber costs and difficulty in passing of higher costs. Currently the supply is in excess of demand and it will take another 2-3 years to fully absorb it. BIS norms implementation has been delayed by 1 year which would keep the imports at an elevated level.

This segment will continue to be the fastest growing category going forward.

➤ **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. Domestic demand remained sluggish.

Sales Volume growth Q4FY24 vs Q4FY23 YoY							
	Century Ply	Greenlam	Greenpanel	Greenply	Stylam	Rushil Décor	Carysil
Laminates	5.3%	11.9%	-	-	11.7%	6.6%	-
Plywood	6.6%	*100%	-30.4%	10.5%	-	-	-
Veneers & allied	-	33.6%	-	-	-	-	-
MDF	34.4%	-	-7.3%	*100%	-	13.3%	-
Particleboard	24.9%	-	-	-	-	-	-
Quartz sinks	-	-	-	-	-	-	35.4%
Kithcen appliances	-	-	-	-	-	-	0.0%
Steel Sinks	-	-	-	-	-	-	64.0%
Revenue growth Q4FY24 vs Q4FY23 YoY							
	Century Ply	Greenlam	Greenpanel	Greenply	Stylam	Rushil Décor	Carysil
Laminates	3.7%	9.2%	-	-	1.0%	-2.5%	-
Plywood	6.6%	*100%	-34.6%	9.4%	-	-	-
Veneers & allied	-	44.7%	-	-	-	-	-
MDF	22.8%	-	-6.6%	*100%	-	10.9%	-
Particleboard	14.0%	-	-	-	-	-	-
Quartz sinks	-	-	-	-	-	-	34.0%
Kithcen appliances	-	-	-	-	-	-	30.0%
Steel Sinks	-	-	-	-	-	-	17.0%

(*100% = new capacity added)

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Financial Overview Q4 & FY24:

Company Name	Sales			EBITDA (excl OI)			PBT before exceptional			EPS		
	Q4FY24	YoY (%)	QoQ (%)	Q4FY24	YoY (%)	QoQ (%)	Q4FY24	YoY (%)	QoQ (%)	Q4FY24	YoY (%)	QoQ (%)
Century Plyboards	10,607	10%	13%	1,373	-16%	29%	1,095	-30%	30%	3.6	-31%	26%
Greenlam Industries	6,421	17%	11%	835	13%	17%	531	-4%	50%	3.2	-12%	62%
Greenpanel Industries	3,966	-10%	3%	513	-33%	-15%	403	-37%	8%	2.43	-57%	-14%
Greenply Industries	5,998	40%	3%	577	28%	14%	379	-15%	30%	2.6	95%	17%
Stylam Industries	2,399	1%	12%	477	18%	0%	422	17%	-3%	22.2	40%	20%
Rushil Décor	2,334	0%	10%	292	9%	-5%	159	-3%	4%	2.7	-18%	-35%
Carysil	1,905	31%	1%	345	32%	-2%	212	31%	-4%	5.8	25%	1%

Company Name	Gross margins			EBITDA margins			PAT margins		
	Q4FY24	YoY (bps)	QoQ (bps)	Q4FY24	YoY (bps)	QoQ (bps)	Q4FY24	YoY (bps)	QoQ (bps)
Century Plyboards	46.66%	(153)	(49)	12.94%	(403)	163	7.34%	(434)	72
Greenlam Industries	52.98%	417	(179)	12.63%	(48)	76	6.45%	(212)	199
Greenpanel Industries	53.75%	(3)	(239)	12.94%	(433)	269	7.38%	(794)	(157)
Greenply Industries	38.55%	44	(141)	9.61%	(92)	95	5.39%	160	62
Stylam Industries	52.03%	677	290	19.87%	276	240	15.58%	430	110
Rushil Décor	45.52%	196	(266)	12.53%	(66)	186	3.83%	(250)	(150)
Carysil	59.07%	1,088	644	18.12%	10	(61)	8.19%	(34)	7

Company Name	Sales			EBITDA (excl OI)			PBT before exceptional			EPS		
	FY24	FY23	YoY (%)	FY24	FY23	YoY (%)	FY24	FY23	YoY (%)	FY24	FY23	YoY (%)
Century Plyboards	37,586	35,396	6%	5,335	5,603	-5%	4,269	4,827	-12%	14.7	17.3	-15%
Greenlam Industries	2,306	2,026	14%	2,947	2,329	27%	1,849	1,641	13%	10.9	10.1	7%
Greenpanel Industries	15,672	17,828	-12%	2,464	4,165	-41%	1,832	3,448	-47%	11.6	20.9	-44%
Greenply Industries	21,800	16,630	31%	1,850	1,480	25%	1,149	1,251	-8%	6.8	8.6	-20%
Stylam Industries	9,141	9,521	-4%	1,845	1,548	19%	1,643	1,281	28%	75.8	57.0	33%
Rushil Décor	8,440	8,384	1%	1,200	1,493	-20%	613	1,012	-39%	16.2	29.3	-45%
Carysil	6,838	5,939	15%	1,287	1,074	20%	808	681	19%	21.6	19.6	10%

Company Name	Gross margins			EBITDA margins			PAT margins		
	FY24	FY23	YoY (bps)	FY24	FY23	YoY (bps)	FY24	FY23	YoY (bps)
Century Plyboards	31.40%	32.20%	(80)	14.19%	15.83%	(164)	8.37%	9.86%	(148)
Greenlam Industries	52.80%	46.70%	610	12.80%	11.50%	130	6.00%	6.30%	(30)
Greenpanel Industries	55.93%	58.17%	(224)	15.72%	23.36%	(764)	9.11%	14.39%	(528)
Greenply Industries	39.90%	38.90%	100	8.49%	8.90%	(41)	3.21%	5.50%	(229)
Stylam Industries	48.13%	44.23%	390	20.18%	16.26%	392	13.96%	10.07%	389
Rushil Décor	47.54%	50.44%	(290)	14.22%	17.81%	(359)	5.11%	9.26%	(415)
Carysil	53.95%	49.08%	487	18.83%	18.08%	75	8.54%	8.89%	(35)

Comparison on Key metrics:

Product segment	FY24 vs FY23	
	Revenue Inc/Dec	Volume Inc/Dec
Laminates Industry	3.6%	6.7%
Century Ply	-0.2%	6.5%
Greenlam	10.1%	11.3%
Stylam	-4.0%	1.4%
Rushil Décor	-7.7%	0.9%
Plywood Industry	6.8%	6.2%
Century Ply	7.0%	4.4%
Greenply	9.0%	8.6%
Greenpanel	-33.5%	-28.0%
Greenlam	NA - capacity added in FY24	
MDF Industry	12.6%	17.4%
Century Ply	17.4%	18.7%
Greenply	NA - capacity added in FY24	
Greenpanel	-8.7%	-4.3%
Rushil Décor	1.6%	10.1%
Particleboard Industry	-9.7%	5.0%
Century Ply	-9.7%	5.0%
Sinks (Quartz & Steel)	9.0%	11.0%
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
Laminates Industry	11.9%	6.3%
Century Ply	8.5%	5.5%
Greenlam	13.5%	7.0%
Stylam	14.7%	8.1%
Rushil Décor	0.9%	-0.6%
Plywood Industry	8.2%	4.8%
Century Ply	11.0%	8.3%
Greenply	5.2%	4.7%
Greenpanel	2.8%	1.7%
Greenlam	NA - capacity added in FY24	
MDF Industry	29.0%	21.6%
Century Ply	20.5%	10.7%
Greenply	NA - capacity added in FY24	
Greenpanel	26.7%	19.6%
Rushil Décor	32.2%	26.8%
Particleboard Industry	10.0%	4.4%
Century Ply	10.0%	4.4%
Sinks (Quartz & Steel)	13.9%	11.2%
Carysil	13.9%	11.2%

OUR VIEW:

Despite the real estate sector launching a record number of units in the recent years, this expansion has not directly bolstered the demand for wood panel products in FY24. A key factor in this discrepancy is that the majority of the new units are not yet ready for occupancy. Additionally the industry faced the challenge of higher raw material costs (timber) which have dampened consumer demand to a certain extent.

BIS norms got delayed by another year which would keep the imports elevated within the MDF segment, taking away some market share from domestic players, keeping the pricing and the margins under check

Laminates industry was an outlier in terms of margin improvement across product categories mainly due to lower raw material costs as compared to FY23 and these margins are likely to sustain going forward.

We expect the gross margins for plywood and MDF players to improve from H2FY26 as timber prices starts to moderate on account of increased supply of timber.

We remain positive on the entire home décor space for the next 3-4 years atleast primarily due to the strong momentum in the housing sector as indicated by the record launches and absorption of the inventory across the country. We should start seeing improvement in revenue growth from Q2FY25 onwards with Q1FY25 to be muted due to the general elections that took place and shortage of labour which was witnessed.

Top Picks:

- **Greenply Industries (17x FY26E)**
 - MDF division likely to drive revenue and EBITDA growth with improvement in margins (400 to 500bps) as utilization increases
 - JV with Samet should start contributing to the profitability from FY26
 - Debt reduction to the tune of ~50crs will help to improve profitability
 - Return ratios to improve significantly by 500 to 600bps driven by the overall improvement in the EBITDA margins.
- **Stylam Industries (15x FY26E)**
 - Revenue trajectory likely to improve driven by exports as new clients are added and capex of ~150crs to come onstream by Q4FY25
 - Industry leading operating margins in the laminates industry which is likely to sustain
 - Very strong balance sheet with debt free status and highest ROCE (~30%) in the industry
- **Carysil Ltd (18x 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

Company Name	Sales			EBITDA (excl OI)			EPS			PAT CAGR 24-26E	CMP	P/E on FY26E
	FY24A	FY25E	FY26E	FY24A	FY25E	FY26E	FY24A	FY25E	FY26E			
*Century Plyboards	38,700	45,230	53,640	5,460	6,950	8,770	16	20	26	26%	650	25
*Greenlam Industries	23,063	28,623	34,809	3,380	3,775	4,824	11	13	19	34%	551	28
Greenpanel Industries	15,673	17,496	20,799	2,465	2,724	3,724	12	12	17	22%	292	17
*Greenply Industries	23,020	25,950	28,600	2,060	2,900	3,510	5	11	15	69%	257	17
Stylam Industries	9,146	10,801	13,212	1,877	2,150	2,669	75	81	101	16%	1,529	15
Carysil	6,838	8,525	10,423	1,287	1,620	2,085	22	32	45	44%	804	18
Rushil Décor	NA											

* BB consensus

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