HOME IMPROVEMENT

POST-CONFERENCE NOTES

Demand low; focus and optimism high

We recently concluded the *Nuvama Home Improvement Conference 2025*. At this fourth edition, we got first-hand feelers about the operating environment across tiles, wood panels and steel pipes & tubes, and how businesses are pivoting for festive season and tariffs.

Among tiles, while cost control at Kajaria Ceramics is positive for earnings revision, we await a pickup in demand at large. Wood panel players look attractive given market share gains along with margin improvement, particularly in MDF. Among metal pipes players, most are expanding capacity vigorously and should clock strong growth. Venus Pipes looks most attractive given strong visibility of FY26E/27E top-line growth of 25%/20% along with a margin uptick to 16–18%.

Key takeaways

- **Ceramic tiles:** We hosted industry leader Kajaria Ceramics. Management signalled weakness in on-ground demand due to liquidity concerns at retail, but argued demand outlook is better given robust real estate sales. The focus, thus, has shifted to projects. Nevertheless, till the time demand improves, the focus is on cost control, which is likely to drive strong PAT growth. Furthermore, given its limited capex needs and strong cash flows, the company is likely to distribute cash back to shareholders in the form of dividend.

- **Wood panels players:** We hosted two leading wood panels players: Century Plyboards and Greenply industries. Both suggested: i) focus on gaining market share even though demand is weak; ii) timber prices have softened a bit, although resin prices have moved up recently; iii) MDF oversupply is likely to normalise over coming quarters; iv) MDF margins are likely to improve over time led by operating leverage, better efficiencies and improvement in product mix; v) the focus on debt reduction; and vi) BIS implementation in wood panel players is in place and is likely to be beneficial. Above all, the two players argue BIS implementation on Furniture could be a game-changer.

- **Metal pipes players:** We hosted multiple metal pipes players. On ERW pipes, players such as Hari Om Pipes, JTL Industries and Sambhv stated demand remains weak. That said, these players are focussed on expanding capacity and grabbing market share as the base of these companies is still low. That said, Venus Pipes is seeing strong demand from thermal power plants and oil & gas space with visibility of 20–25% growth in top line along with margin expansion to 16–18%. Furthermore, Welspun too is secured given: i) the US vertical's order book visibility for next eight quarters; and ii) DI pipes' order book of 300,000 tons with further expansion underway. However, plastic pipes' players shall see a slow ramp-up—INR13bn in capex over FY25–27E to be funded through OCF. As regards Maharashtra Seamless, order book is a strong INR11.5bn—while exports demand is good, the company is awaiting a pickup in domestic demand.

Sneha Talreja
Sneha.Talreja@nuvama.com

Jatin Manuja
Jatin.Manuja@nuvama.com

Contents

Companies

Companies (Not rated)

CENTURY PLYBOARDS

POST-CONFERENCE NOTES

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	734
12 month price target (INR)	849
52 Week High/Low	939/630
Market cap (INR bn/USD bn)	163/1.9
Free float (%)	27.4
Avg. daily value traded (INR mn)	62.6

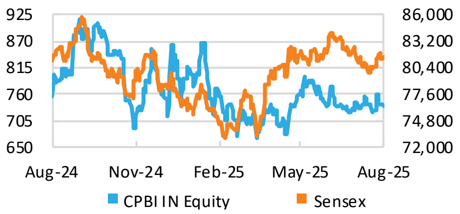
SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	72.64%	72.64%	72.59%
FII	4.43%	4.61%	4.53%
DII	17.92%	17.59%	17.46%
Pledge	0%	0%	0%

FINANCIALS (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	45,278	50,833	58,576	66,841
EBITDA	4,866	6,613	8,417	9,954
Adjusted profit	2,087	3,437	4,929	6,210
Diluted EPS (INR)	9.4	15.4	22.1	27.9
EPS growth (%)	(34.8)	64.7	43.4	26.0
RoAE (%)	8.7	13.6	17.0	18.1
P/E (x)	78.0	47.3	33.0	26.2
EV/EBITDA (x)	36.4	26.1	20.2	16.6
Dividend yield (%)	0.2	0.2	0.2	0.2

PRICE PERFORMANCE



Demand reviving; RM costs bottoming

We hosted CFO Mr Arun Julasaria and GM Business Finance, Mr Vinay Ganeriwal of Century Plyboards (CPBI) at the *Nuvama Home Improvement Conference 2025*. Highlights: i) While demand is subdued, CPBI is gaining market share. ii) Commenced commercial production of particleboard at end-Q1FY26 and green shoots should start flowing in H2FY26. iii) Plywood/laminates/MDF/particle board sales growth target is 10%+/20%/20%/40% YoY. iv) Margins in these divisions are targeted at 12–14%/high single-digit by end-FY26E at the consolidated level/15%/low single-digit in FY26E.

Given demand is improving for the sector and RM prices are bottoming out, maintain 'BUY' with a TP of INR849 based on 36x Q1FY28E EPS.

Key highlights

- While demand is dull and markets are flat, management is confident of overall guidance of double-digit growth across segments along with margin expansion.
- The plywood business has performed strongly, achieving highest monthly sales in July, signalling a better Q2. Last year too, Century outperformed broader market by having an edge in raw materials.
- MDF continued to report robust momentum, supported by improved utilisation and the Badvel plant ramp-up.
- Laminates posted a healthy revival after a period of underperformance under the new CEO who is a seasoned professional, ex-Asian Paints
- The particle board segment, while still recovering, is set to benefit from the commissioning of a new continuous line plant (end-Q1), with scalability likely in the second half.
- Timber prices for MDF and particleboard have softened a bit. Management believes it shall be at the peak. Resin prices have increased, but are unlikely to have any major negative impact on margins. MDF margin should be 15%.
- Working capital efficiency improved, with the cycle reducing from 76 to 71 days.
- Capacity expansion plans in plywood remain on track while other segments are poised for growth.
- Management is targeting a significant debt reduction over the next two years, which should improve financial flexibility. By FY28, the company plans to pay off long-term debt completely.
- Looking ahead, the company has spelt out clear growth guidance by segment, leaving it well positioned for sustained performance across businesses.

Sneha Talreja
Sneha.Talreja@nuvama.com

Jatin Manuja
Jatin.Manuja@nuvama.com

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	45,278	50,833	58,576	66,841
Gross profit	20,940	25,760	30,306	34,834
Employee costs	6,913	7,811	8,827	9,974
Other expenses	9,162	11,336	13,062	14,906
EBITDA	4,866	6,613	8,417	9,954
Depreciation	1,372	1,840	1,943	2,048
Less: Interest expense	690	588	447	318
Add: Other income	103	113	136	176
Profit before tax	2,773	4,298	6,162	7,764
Prov for tax	776	860	1,232	1,553
Less: Other adj	0	0	0	0
Reported profit	1,997	3,438	4,930	6,211
Less: Excp.item (net)	89	(1)	(1)	(1)
Adjusted profit	2,087	3,437	4,929	6,210
Diluted shares o/s	223	223	223	223
Adjusted diluted EPS	9.4	15.4	22.1	27.9
DPS (INR)	1.3	1.3	1.3	1.3
Tax rate (%)	28.0	20.0	20.0	20.0

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	223	223	223	223
Reserves	23,429	26,515	31,093	36,952
Shareholders funds	23,651	26,737	31,315	37,174
Minority interest	142	142	142	142
Borrowings	14,814	11,314	8,564	5,564
Trade payables	3,572	3,778	4,260	4,823
Other liabs & prov	2,152	3,251	2,545	2,486
Total liabilities	45,928	46,820	48,423	51,787
Net block	20,344	28,302	27,859	26,811
Intangible assets	19	6	6	6
Capital WIP	7,299	0	0	0
Total fixed assets	27,661	28,308	27,865	26,817
Non current inv	61	61	61	61
Cash/cash equivalent	491	1,100	1,159	2,934
Sundry debtors	5,000	5,571	6,419	7,725
Loans & advances	675	675	675	675
Other assets	12,039	11,104	12,243	13,574
Total assets	45,928	46,820	48,423	51,787

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Ply rev growth	14.8	11.7	12.0	10.0
Laminate rev growth	(0.7)	18.0	12.0	12.0
Logistic rev growth	0	0	0	0
EBITDA margin (%)	10.7	13.0	14.4	14.9
Net profit margin (%)	4.6	6.8	8.4	9.3
Revenue growth (% YoY)	16.5	12.3	15.2	14.1
EBITDA growth (% YoY)	(6.6)	35.9	27.3	18.3
Adj. profit growth (%)	(34.8)	64.7	43.4	26.0

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	1,997	3,438	4,930	6,211
Add: Depreciation	1,372	1,840	1,943	2,048
Interest (net of tax)	462	394	300	213
Others	(7,789)	2,717	(3,169)	(3,694)
Less: Changes in WC	(3,930)	841	(1,106)	(1,266)
Operating cash flow	(27)	7,548	5,109	6,045
Less: Capex	(6,635)	(9,799)	(1,500)	(1,000)
Free cash flow	(6,662)	(2,251)	3,609	5,045

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.3	6.3	6.3	6.3
Repo rate (%)	5.3	5.3	5.3	5.3
USD/INR (average)	82.0	82.0	82.0	82.0
MDF revenue growth	37.5	21.2	21.2	20.0
Ply EBITDA (%)	14.6	15.0	15.0	15.0
Laminate EBITDA (%)	5.5	8.0	11.0	13.0
Logistics EBITDA (%)	0	0	0	0
MDF EBITDA (%)	9.6	15.0	18.0	18.0
Tax rate as % of PBT	32.9	20.0	20.0	20.0

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	8.7	13.6	17.0	18.1
RoCE (%)	10.6	12.7	16.9	19.5
Inventory days	122	137	123	122
Receivable days	37	38	37	39
Payable days	48	53	52	52
Working cap (% sales)	25.9	19.8	21.0	21.6
Gross debt/equity (x)	0.6	0.4	0.3	0.1
Net debt/equity (x)	0.6	0.4	0.2	0.1
Interest coverage (x)	5.1	8.1	14.5	24.9

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	78.0	47.3	33.0	26.2
Price/BV (x)	6.9	6.1	5.2	4.4
EV/EBITDA (x)	36.4	26.1	20.2	16.6
Dividend yield (%)	0.2	0.2	0.2	0.2

Source: Company and Nuvama estimates

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	(34.8)	64.7	43.4	26.0
RoE (%)	8.7	13.6	17.0	18.1
EBITDA growth (%)	(6.6)	35.9	27.3	18.3
Payout ratio (%)	14.5	8.4	5.9	4.7

GREENPLY INDUSTRIES

POST-CONFERENCE NOTES

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	310
12 month price target (INR)	464
52 Week High/Low	408/229
Market cap (INR bn/USD bn)	39/0.4
Free float (%)	48.31
Avg. daily value traded (INR mn)	49.5

SHAREHOLDING PATTERN

	Jun-25	Mar-25	De-24
Promoter	51.69%	51.69%	51.66%
FII	4.53%	5.42%	5.76%
DII	32.41%	31.05%	30.91%
Pledge	0%	0%	0%

FINANCIALS (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	24,876	28,216	31,023	32,829
EBITDA	2,376	3,046	3,668	3,889
Adjusted profit	917	1,446	2,129	2,522
Diluted EPS (INR)	7.3	11.6	17.0	20.2
EPS growth (%)	6.6	57.7	47.2	18.5
RoAE (%)	12.1	16.5	20.5	20.1
P/E (x)	46.4	29.4	20.0	16.9
EV/EBITDA (x)	19.5	15.0	11.9	10.5
Dividend yield (%)	0.1	0.1	0.1	0.1

MDF expansion on track

We hosted Joint MD & CEO Mr Manoj Tulsian of Greenply Industries at the *Nuvama Home Improvement Conference 2025*. Highlights: i) Balance sheet deleveraging remains the key focus area. ii) MDF oversupply to normalise over the coming quarters. iii) Greenply is likely to revise its plywood growth guidance post-Q2FY25 while maintaining double-digit growth for MDF in FY26. iv) Margin target for plywood/MDF at 10%/16% for FY26.

BIS implementation, a strong scale-up in MDF, discontinuance of lossmaking Gabon operations and opportunities with Samet Hardware are key positives for Greenply. Maintain 'BUY' on Greenply Industries with a TP of INR464 based on 26x Q1FY28E EPS.

Key takeaways

- The mix between plywood and MDF should be 75:25. Given capex is being commissioned over the next few years, the mix should broadly remain the same.
- The company remains confident of clocking INR8–9bn in MDF sales (from current capacity) in coming years.
- Timber prices are currently stable, but management expects a correction in H2FY26.
- Globally, demand for MDF machinery is not encouraging. Hence, manufacturers may be able to deliver equipment slightly earlier than previously expected.
- MDF is a very organised and structured business as compared with plywood, which is more labour oriented and unorganised.
- Receivables days were 15–20 days in the MDF segment, primarily owing to cash advance as an industry level acceptable practice.
- Plywood segment receivable days are currently at 59 days (versus 48 days being the best).
- Greenply incentivises its channels based on target achievement through its ACE programme, which offers rewards in the form of trips, gifts, and other engaging activities.
- The company aspires to clock better margins than guidance of 16% (versus industry margins of 15%).
- Currently, debt is INR5.5bn, which is considered peak debt by company, by management. Debt levels should reduce in coming years given healthy cash flows.

Sneha Talreja
Sneha.Talreja@nuvama.com

Jatin Manuja
Jatin.Manuja@nuvama.com

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	24,876	28,216	31,023	32,829
Gross profit	10,034	13,060	14,901	16,208
Employee costs	3,160	3,666	4,252	4,932
Other expenses	1,637	2,822	3,102	3,283
EBITDA	2,376	3,046	3,668	3,889
Depreciation	601	616	688	707
Less: Interest expense	431	367	260	168
Add: Other income	165	173	187	196
Profit before tax	1,509	2,236	2,908	3,211
Prov for tax	253	514	669	738
Less: Other adj	0	0	0	0
Reported profit	917	1,446	2,129	2,522
Less: Excp.item (net)	0	0	0	0
Adjusted profit	917	1,446	2,129	2,522
Diluted shares o/s	125	125	125	125
Adjusted diluted EPS	7.3	11.6	17.0	20.2
DPS (INR)	0.5	0.5	0.5	0.5
Tax rate (%)	16.7	23.0	23.0	23.0

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	125	125	125	125
Reserves	7,962	9,270	11,261	13,646
Shareholders funds	8,086	9,395	11,386	13,771
Minority interest	3	0	0	0
Borrowings	4,883	3,765	2,201	1,472
Trade payables	5,354	3,737	3,975	4,098
Other liabs & prov	934	608	677	735
Total liabilities	19,522	17,767	18,502	20,338
Net block	8,377	8,361	7,973	7,566
Intangible assets	191	191	191	191
Capital WIP	442	0	0	0
Total fixed assets	9,009	8,551	8,163	7,756
Non current inv	673	673	673	673
Cash/cash equivalent	247	(90)	448	2,347
Sundry debtors	3,233	3,324	3,655	3,868
Loans & advances	17	17	17	17
Other assets	5,735	4,684	4,938	5,070
Total assets	19,522	17,767	18,502	20,338

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Ply rev growth	8.1	9.1	6.0	6.0
Gabon rev growth	0	0	0	0
Ply vol growth	5.5	8.0	6.0	6.0
EBITDA margin (%)	9.6	10.8	11.8	11.8
Net profit margin (%)	3.7	5.1	6.9	7.7
Revenue growth (% YoY)	14.1	13.4	9.9	5.8
EBITDA growth (% YoY)	27.2	28.2	20.5	6.0
Adj. profit growth (%)	7.6	57.7	47.2	18.5

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	917	1,446	2,129	2,522
Add: Depreciation	601	616	688	707
Interest (net of tax)	289	246	174	112
Others	246	(2,104)	(915)	(634)
Less: Changes in WC	(133)	(842)	(277)	(163)
Operating cash flow	2,187	1,047	2,353	2,870
Less: Capex	(771)	(158)	(300)	(300)
Free cash flow	1,416	889	2,053	2,570

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.3	6.3	6.3	6.3
Repo rate (%)	5.3	5.3	5.3	5.3
USD/INR (average)	82.0	82.0	82.0	82.0
Gabon vol growth	0	0	0	0
Ply real growth	2.5	1.0	0	0
Gabon real growth	0	0	0	0
Ply EBITDA (%)	8.5	0	0	0
Gabon EBITDA (%)	0	0	0	0
Capex (INR mn)	770.6	158.1	300.0	300.0

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	12.1	16.5	20.5	20.1
RoCE (%)	15.3	19.9	23.7	23.4
Inventory days	106	110	93	95
Receivable days	42	42	41	42
Payable days	107	109	87	89
Working cap (% sales)	10.9	13.1	12.8	12.6
Gross debt/equity (x)	0.6	0.4	0.2	0.1
Net debt/equity (x)	0.6	0.4	0.2	(0.1)
Interest coverage (x)	4.1	6.6	11.5	19.0

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	46.4	29.4	20.0	16.9
Price/BV (x)	5.3	4.5	3.7	3.1
EV/EBITDA (x)	19.5	15.0	11.9	10.5
Dividend yield (%)	0.1	0.1	0.1	0.1

Source: Company and Nuvama estimates

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	6.6	57.7	47.2	18.5
RoE (%)	12.1	16.5	20.5	20.1
EBITDA growth (%)	27.2	28.2	20.5	6.0
Payout ratio (%)	6.8	4.3	2.9	2.5

JTL

nuvama institutional equities

POST-CONFERENCE NOTES

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	73
12 month price target (INR)	110
52 Week High/Low	124/60
Market cap (INR bn/USD bn)	30/0.3
Free float (%)	51.09
Avg. daily value traded (INR mn)	200.8

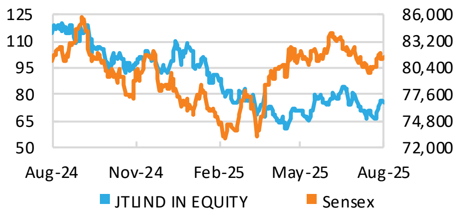
SHAREHOLDING PATTERN

	Sep-24	Jun-24	Mar-24
Promoter	48.91%	48.91%	48.91%
FII	4.86%	5%	5.6%
DII	3.04%	2.22%	1.64%
Pledge	0%	0%	0%

FINANCIALS (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	19,163	26,184	36,413	48,355
EBITDA	1,230	1,849	3,151	4,440
Adjusted profit	988	1,278	2,151	3,035
Diluted EPS (INR)	5.7	2.9	4.9	6.9
EPS growth (%)	(12.6)	(48.9)	68.4	41.1
RoAE (%)	9.9	8.4	11.0	13.7
P/E (x)	13.5	26.4	15.7	11.1
EV/EBITDA (x)	11.0	5.5	4.0	3.2
Dividend yield (%)	0	0	0	0

PRICE PERFORMANCE



Growth trajectory intact

We hosted Whole-time Director Mr Dhruv Singla and Whole-time Director Mr Pranav Singla of JTL Industries at the *Nuvama Home Improvement Conference 2025*. Highlights: i) Maintains guidance to achieve 0.5mn tons in FY26 with EBITDA/ton of INR3,600–4,000. ii) Plans to increase the contribution of value-added products (VAP) to 40% (~20%). iii) Acquired RCI Industries to expand product offerings and enter the defence sector products (bullet casings). iv) Expansion remains on track to drive growth.

Given DFT has been commissioned and volume growth is on track, volume growth is likely to remain strong; maintain 'BUY' on JTL Industries with a TP of INR110 based on 18x Q1FY28E EPS.

Key highlights

- The company maintains its guidance of 0.5mn tons of volumes in FY26 with 30% volume growth in FY27. JTL expects to clock INR3600–4000 EBITDA/ton in FY26 (from INR3800–4200) with ambition of INR5000-plus by FY28.
- Management is planning to deploy DFT and color coated lines in its plants, which will facilitate in expanding SKUs, ramping up efficiency and improving capacity utilisation.
- Value-added products contribute 20% of sales and the company aims to increase it to 40%, which will, in turn, improve margins.
- JTL has acquired RCI Industries & Technologies, a metal products manufacturer through the NCLT route. The acquisition shall enable JTL to expand its product offerings into copper and brass alloys with focus on supplying into defence sector with products such as bullet casings. The manufacturing plant is located in Baddi, Himachal Pradesh, which is in close vicinity to JTL.
- The company is undergoing capacity expansion aimed at ERW pipes targeting the ASTM/API grade market with an annual capacity of 300,000tons likely to be commissioned within a year. This expansion should expand JTL's footprints to segments such as water transmission, oil & gas and CGD.
- Furthermore, the company is also adding 400,000tons of capacity for GP coils and 600,000tons of color coated product range likely to be commissioned by Q3FY26 and H1FY27.
- Exports have been facing pressure due to tariffs from the Trump administration. The company is currently offering products to the European market as no demand has emanated from the American market.

Sneha Talreja
Sneha.Talreja@nuvama.com

Jatin Manuja
Jatin.Manuja@nuvama.com

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	19,163	26,184	36,413	48,355
Gross profit	2,338	3,142	4,370	5,803
Employee costs	278	292	307	322
Other expenses	831	998	909	1,037
EBITDA	1,230	1,849	3,151	4,440
Depreciation	93	166	247	329
Less: Interest expense	45	91	91	91
Add: Other income	224	112	56	27
Profit before tax	1,316	1,704	2,868	4,046
Prov for tax	328	426	717	1,012
Less: Other adj	0	0	0	0
Reported profit	988	1,278	2,151	3,035
Less: Excp.item (net)	0	0	0	0
Adjusted profit	988	1,278	2,151	3,035
Diluted shares o/s	173	439	439	439
Adjusted diluted EPS	5.7	2.9	4.9	6.9
DPS (INR)	0	0	0	0
Tax rate (%)	24.9	25.0	25.0	25.0

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	393	393	393	393
Reserves	11,793	18,021	20,172	23,207
Shareholders funds	12,186	18,414	20,566	23,600
Minority interest	0	0	0	0
Borrowings	762	762	762	762
Trade payables	226	442	615	816
Other liabs & prov	41	41	41	41
Total liabilities	13,391	19,848	22,188	25,441
Net block	2,184	4,518	6,271	7,941
Intangible assets	0	0	0	0
Capital WIP	665	0	0	0
Total fixed assets	2,849	4,518	6,271	7,941
Non current inv	103	214	237	260
Cash/cash equivalent	841	4,274	1,908	74
Sundry debtors	2,799	3,228	4,489	5,962
Loans & advances	0	0	0	0
Other assets	6,142	7,550	9,220	11,141
Total assets	13,391	19,848	22,188	25,441

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Capex (INR mn)	244.1	350.0	150.0	150.0
Jobwork % of Sales	3.5	3.5	3.5	3.5
Fuel cost % of Sales	2.2	2.2	2.2	2.2
EBITDA margin (%)	6.4	7.1	8.7	9.2
Net profit margin (%)	5.2	4.9	5.9	6.3
Revenue growth (% YoY)	(6.1)	36.6	39.1	32.8
EBITDA growth (% YoY)	(19.2)	50.4	70.4	40.9
Adj. profit growth (%)	(12.6)	29.3	68.4	41.1

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	1,306	1,704	2,868	4,046
Add: Depreciation	93	166	247	329
Interest (net of tax)	(87)	(21)	35	65
Others	(15)	0	0	0
Less: Changes in WC	(3,411)	(1,011)	(2,679)	(3,110)
Operating cash flow	(2,457)	412	(245)	318
Less: Capex	(1,780)	(1,835)	(2,000)	(2,000)
Free cash flow	(4,237)	(1,423)	(2,245)	(1,682)

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.0	6.2	6.2	6.2
Repo rate (%)	6.0	5.0	6.5	6.5
USD/INR (average)	84.0	82.0	81.0	81.0
Manuf expns % Sales	7.6	7.6	7.6	7.6
Employee % of Sales	15.9	14.5	14.2	14.2
Freight out % of Sales	1.5	1.5	1.5	1.5
Travelling % of Sales	1.2	1.2	1.2	1.2
Depre % of gross block	9.0	9.5	8.7	8.7
Interest % of debt	14.5	12.0	12.0	12.0

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	9.9	8.4	11.0	13.7
RoCE (%)	13.0	11.2	14.6	18.1
Inventory days	40	42	43	44
Receivable days	45	42	39	39
Payable days	5	5	6	6
Working cap (% sales)	49.7	55.7	41.1	33.8
Gross debt/equity (x)	0.1	0	0	0
Net debt/equity (x)	0	(0.2)	(0.1)	0
Interest coverage (x)	25.1	18.4	31.8	45.0

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	13.5	26.4	15.7	11.1
Price/BV (x)	1.1	1.8	1.6	1.4
EV/EBITDA (x)	11.0	5.5	4.0	3.2
Dividend yield (%)	0	0	0	0

Source: Company and Nuvama estimates

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	(12.6)	(48.9)	68.4	41.1
RoE (%)	9.9	8.4	11.0	13.7
EBITDA growth (%)	(19.2)	50.4	70.4	40.9
Payout ratio (%)	0	0	0	0

KAJARIA CERAMICS

nuvama institutional equities

POST-CONFERENCE NOTES

KEY DATA

Rating	**HOLD**
Sector relative	Neutral
Price (INR)	1,250
12 month price target (INR)	1,175
52 Week High/Low	1,579/745
Market cap (INR bn/USD bn)	199/2.3
Free float (%)	52.52
Avg. daily value traded (INR mn)	844.5

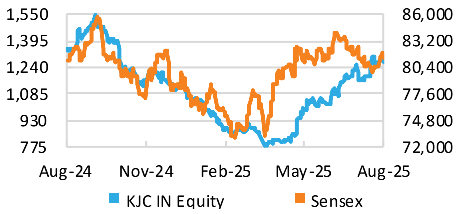
SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	47.49%	47.49%	47.49%
FII	12.55%	15.79%	16.04%
DII	27.39%	27.68%	27.91%
Pledge	0%	0%	0%

FINANCIALS (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	46,351	48,885	52,875	57,130
EBITDA	6,262	8,271	8,853	9,515
Adjusted profit	2,911	5,088	5,543	6,055
Diluted EPS (INR)	18.3	31.9	34.8	38.0
EPS growth (%)	13.1	74.8	8.9	9.3
RoAE (%)	12.7	17.9	18.2	18.5
P/E (x)	64.0	36.6	33.6	30.8
EV/EBITDA (x)	29.2	21.8	20.1	18.4
Dividend yield (%)	0.9	1.4	1.5	1.7

PRICE PERFORMANCE



Cost optimisation boosts margins

We hosted Joint MD Mr Chetan Kajaria and CFO Mr Sanjeev Agarwal of Kajaria Ceramics at the *Nuvama Home Improvement Conference 2025*. Highlights: i) Promoters have foregone their salary until the company achieves an EBITDA of INR10bn annually or INR2.5bn in a quarter. ii) Cost-saving measures are being undertaken across employees, raw material purchases and packaging. iii) Exports are likely to recover to INR180–200bn in FY26. iv) Bathware is likely to post a revival in margin as well as revenue growth of 20% YoY in FY26.

We believe Kajaria would be a key beneficiary of a margin revival along with market share gains as soon as demand recovers; maintain 'HOLD' with a TP of INR1,175.

Key takeaways

- **Domestic market outlook:** Domestic demand has been subdued primarily due to low government spending in the election year, but is likely to improve with increased infrastructure investments.
- **Cost optimisation:** Staff cost and many expenditure are being optimised including raw material purchases, packaging costs, travel costs, outsourcing costs and marketing costs without hurting growth. Given the plywood and UK division is shut, significant cost savings have been realised from that segment too.
- **Adhesives:** The target is to grow the business from INR750mn in FY25 to INR1.2bn in FY26. EBITDA margins are currently ~17%. New plants are being set up for better regional coverage in Rajasthan and Tamil Nadu.
- **Bathware:** The bathware segment is also facing a demand slowdown. As revenue scales up, margins are likely to improve. Cost optimisation initiatives are being pursued in this segment.
- **Export market outlook:** Exports, which reduced from INR200bn in FY24 to INR160bn in FY25 due to external disruptions and high freight costs, are likely to recover to INR180–200bn in FY26.
- **Dealer network:** The company currently has ~1,850 dealers with consolidation of sales team underway. This consolidation aims to enhance the customer experience by enabling a single salesperson to offer a complete tile product range to dealers, replacing the earlier model of multiple salespeople for different divisions.
- **Capex:** KJC has planned a minimal maintenance capex of INR1–1.5bn.
- **Cash reserves:** Given strong cash reserves of INR5bn, the company remains open to returning it back to shareholders in the form of a dividend.

Sneha Talreja
Sneha.Talreja@nuvama.com

Jatin Manuja
Jatin.Manuja@nuvama.com

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	46,351	48,885	52,875	57,130
Gross profit	26,695	29,087	31,196	33,707
Employee costs	5,661	5,661	6,057	6,482
Other expenses	14,772	15,154	16,286	17,710
EBITDA	6,262	8,271	8,853	9,515
Depreciation	1,654	1,738	1,799	1,860
Less: Interest expense	200	219	219	219
Add: Other income	427	470	555	638
Profit before tax	4,835	6,784	7,390	8,074
Prov for tax	1,441	1,696	1,848	2,018
Less: Other adj	0	0	0	0
Reported profit	3,394	5,088	5,543	6,055
Less: Excp.item (net)	(483)	0	0	0
Adjusted profit	2,911	5,088	5,543	6,055
Diluted shares o/s	159	159	159	159
Adjusted diluted EPS	18.3	31.9	34.8	38.0
DPS (INR)	10.9	16.0	17.7	19.8
Tax rate (%)	29.8	25.0	25.0	25.0

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	159	159	159	159
Reserves	27,284	29,308	31,417	33,620
Shareholders funds	27,443	29,468	31,577	33,779
Minority interest	658	658	658	658
Borrowings	2,739	2,739	2,739	2,739
Trade payables	3,381	2,983	3,267	3,594
Other liabs & prov	3,291	4,005	4,235	4,584
Total liabilities	37,562	39,902	42,525	45,403
Net block	16,847	16,109	15,310	14,450
Intangible assets	327	327	327	327
Capital WIP	1,087	1,087	1,087	1,087
Total fixed assets	18,262	17,524	16,725	15,865
Non current inv	339	339	339	339
Cash/cash equivalent	5,829	8,591	10,865	13,386
Sundry debtors	5,702	6,697	7,243	7,826
Loans & advances	776	854	939	1,033
Other assets	6,655	5,898	6,413	6,954
Total assets	37,562	39,902	42,525	45,403

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Volume Growth (%)	6.1	5.0	8.0	8.0
Realisation Growth	(3.1)	(1.0)	(1.0)	(1.0)
Capex (INR mn)	3,720.5	1,000.0	1,000.0	1,000.0
EBITDA margin (%)	13.5	16.9	16.7	16.7
Net profit margin (%)	6.3	10.4	10.5	10.6
Revenue growth (% YoY)	3.6	5.5	8.2	8.0
EBITDA growth (% YoY)	16.1	32.1	7.0	7.5
Adj. profit growth (%)	13.1	74.8	8.9	9.3

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	3,394	5,088	5,543	6,055
Add: Depreciation	1,654	1,738	1,799	1,860
Interest (net of tax)	134	147	147	147
Others	(184)	(145)	(1,414)	(1,232)
Less: Changes in WC	(12)	1	(634)	(543)
Operating cash flow	5,010	6,827	6,708	7,372
Less: Capex	(1,955)	(1,000)	(1,000)	(1,000)
Free cash flow	3,055	5,827	5,708	6,372

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.3	6.3	7.3	8.3
Repo rate (%)	5.3	5.3	6.3	7.3
USD/INR (average)	82.0	82.0	83.0	84.0
Packing % of Sales	0	0	0	0
Fuel cost % of Sales	19.7	19.0	19.0	19.0
Manuf expns % Sales	12.2	12.0	11.8	12.0
Employee % of Sales	12.2	11.6	11.5	11.3
Promotion % of Sales	0	0	0	0
Admini % of Sales	0	0	0	0

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	12.7	17.9	18.2	18.5
RoCE (%)	16.8	22.0	22.4	23.0
Inventory days	107	107	96	97
Receivable days	47	46	48	48
Payable days	59	59	53	53
Working cap (% sales)	28.4	32.6	35.7	38.4
Gross debt/equity (x)	0.1	0.1	0.1	0.1
Net debt/equity (x)	(0.1)	(0.2)	(0.3)	(0.3)
Interest coverage (x)	23.0	29.8	32.2	34.9

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	64.0	36.6	33.6	30.8
Price/BV (x)	6.8	6.3	5.9	5.5
EV/EBITDA (x)	29.2	21.8	20.1	18.4
Dividend yield (%)	0.9	1.4	1.5	1.7

Source: Company and Nuvama estimates

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	13.1	74.8	8.9	9.3
RoE (%)	12.7	17.9	18.2	18.5
EBITDA growth (%)	16.1	32.1	7.0	7.5
Payout ratio (%)	51.3	50.0	51.0	52.0

VENUS PIPES

POST-CONFERENCE NOTES

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	1,281
12 month price target (INR)	2,290
52 Week High/Low	2,450/969
Market cap (INR bn/USD bn)	26/0.3
Free float (%)	51.9
Avg. daily value traded (INR mn)	183.8

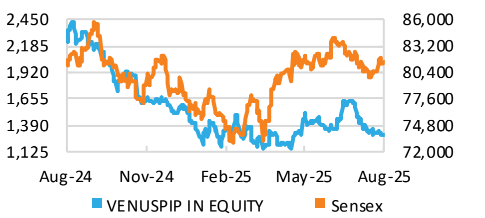
SHAREHOLDING PATTERN

	Jun-25	Jun-24	Mar-24
Promoter	48.12%	48.12%	48.12%
FII	4.93%	5.81%	4.31%
DII	14.96%	14.53%	14.06%
Pledge	0%	0%	0%

FINANCIALS (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	9,585	12,805	16,230	20,849
EBITDA	1,676	2,160	2,720	3,447
Adjusted profit	929	1,241	1,735	2,271
Diluted EPS (INR)	45.5	60.8	84.9	111.2
EPS growth (%)	7.3	33.6	39.8	30.9
RoAE (%)	19.8	20.9	23.4	24.1
P/E (x)	28.2	21.1	15.1	11.5
EV/EBITDA (x)	10.2	8.0	6.2	4.7
Dividend yield (%)	0	0	0	0

PRICE PERFORMANCE



Power sector keeping demand aloft

We hosted Chairman & MD Mr Arun Kothari and CFO Mr Kunal Bubna of Venus Pipes at the *Nuvama Home Improvement Conference 2025*. Highlights: i) Current order book is INR5.6bn; tenders have been filled for the next set of orders. ii) While the domestic market had seen some slowdown, power sector keeps the momentum high. iii) Recently commissioned 3,600MT capacity for value-added products with fittings capacity to be commissioned in H2FY26. iv) Aiming to maintain > 25% top-line growth in FY26 along with margins at 16–18%.

Strong order book and capacity addition in value-added products shall drive the next leg of growth. Reiterate 'BUY' with a TP of INR2,290 based on 25x Q1FY28E EPS.

Key takeaways

- The company is seeing increased inquiries and order flows from the power sector, primarily supercritical and ultra-supercritical thermal projects.
- Domestic sales faced pressure due to subdued capex from private and government. However, with several order wins, management remains confident of a demand revival going forward.
- Guidance: Revenue: 25%/20% YoY rise in FY26E/27E. Margin: 16–18% in FY26E.
- Apart from power segment, the domestic sector is seeing demand from power, oil & gas and engineering along with other sectors.
- Given a presence in Europe, the US and Middle East, Venus was exposed to the volatility arising out of the global uncertainties and supply chain constraints. Consequently, exports slipped 10% QoQ. The company is confident of a better exports performance as the sectoral headwinds reverse.
- Power sector demand is likely to continue with sustained demand for boiler tubes, condenser tubes and seamless pipes.
- Capex: Value-added fittings and seamless pipes to be commissioned in H2FY26. Piercing lines to be installed to remain fully backward integrated.
- Venus wishes to expand capacity utilisation above 80% in FY27 post-expansion.
- Current order book: INR5.6bn, including the INR1.9bn order from thermal power plant and 4-7% of total order book from the US.
- The super-critical BHEL order book to be completed over the next 15 months.
- The company has also filled a tender for condenser tubes, which shall keep the order flow healthy for the next two years.
- Margins are getting deflated due to: i) increase in capacity; and ii) subdued demand, especially in the welded pipes segment.

Sneha Talreja
Sneha.Talreja@nuvama.com

Jatin Manuja
Jatin.Manuja@nuvama.com

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	9,585	12,805	16,230	20,849
Gross profit	3,190	4,190	5,309	6,783
Employee costs	380	493	641	834
Other expenses	1,135	1,537	1,948	2,502
EBITDA	1,676	2,160	2,720	3,447
Depreciation	185	206	257	289
Less: Interest expense	344	421	345	345
Add: Other income	107	123	196	216
Profit before tax	1,254	1,655	2,314	3,029
Prov for tax	325	414	579	757
Less: Other adj	0	0	0	0
Reported profit	929	1,241	1,735	2,271
Less: Excp.item (net)	0	0	0	0
Adjusted profit	929	1,241	1,735	2,271
Diluted shares o/s	20	20	20	20
Adjusted diluted EPS	45.5	60.8	84.9	111.2
DPS (INR)	0	0	0	0
Tax rate (%)	25.9	25.0	25.0	25.0

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	204	204	204	204
Reserves	5,110	6,353	8,088	10,359
Shareholders funds	5,315	6,557	8,292	10,564
Minority interest	0	0	0	0
Borrowings	1,915	1,915	1,915	1,915
Trade payables	2,399	944	1,197	1,541
Other liabs & prov	436	436	436	436
Total liabilities	10,083	9,871	11,859	14,475
Net block	3,088	4,082	4,425	4,736
Intangible assets	7	7	7	7
Capital WIP	665	665	665	665
Total fixed assets	3,761	4,755	5,097	5,408
Non current inv	34	34	34	34
Cash/cash equivalent	130	(174)	245	885
Sundry debtors	1,920	1,956	2,480	3,185
Loans & advances	0	0	0	0
Other assets	4,042	3,247	3,950	4,910
Total assets	10,083	9,871	11,859	14,475

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Volume Growth (%)	17.2	30.7	20.0	20.3
Realisation Growth	2.0	2.2	5.6	6.8
Capex (INR mn)	1,083.9	1,200.0	600.0	600.0
EBITDA margin (%)	17.5	16.9	16.8	16.5
Net profit margin (%)	9.7	9.7	10.7	10.9
Revenue growth (% YoY)	19.5	33.6	26.7	28.5
EBITDA growth (% YoY)	14.5	28.9	25.9	26.7
Adj. profit growth (%)	8.0	33.6	39.8	30.9

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	929	1,241	1,735	2,271
Add: Depreciation	185	206	257	289
Interest (net of tax)	230	282	231	231
Others	170	140	115	115
Less: Changes in WC	828	552	975	1,322
Operating cash flow	687	1,318	1,363	1,584
Less: Capex	(1,084)	(1,200)	(600)	(600)
Free cash flow	(397)	118	763	984

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.0	6.0	7.0	7.0
Repo rate (%)	6.5	5.8	5.0	5.0
USD/INR (average)	84.4	86.5	85.0	85.0
Gross margins	33.3	32.7	32.7	32.5
EBITDA/MT	66,364.4	63,830.4	66,975.2	70,532.7
Depre % of gross block	5.9	5.2	5.3	5.3
Interest % of debt	20.2	22.0	18.0	18.0

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	19.8	20.9	23.4	24.1
RoCE (%)	25.0	26.5	28.5	29.7
Inventory days	162	128	100	99
Receivable days	70	55	50	50
Payable days	118	71	36	36
Working cap (% sales)	33.9	30.8	30.3	29.9
Gross debt/equity (x)	0.4	0.3	0.2	0.2
Net debt/equity (x)	0.3	0.3	0.2	0.1
Interest coverage (x)	4.3	4.6	7.1	9.2

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	28.2	21.1	15.1	11.5
Price/BV (x)	4.9	4.0	3.2	2.5
EV/EBITDA (x)	10.2	8.0	6.2	4.7
Dividend yield (%)	0	0	0	0

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	7.3	33.6	39.8	30.9
RoE (%)	19.8	20.9	23.4	24.1
EBITDA growth (%)	14.5	28.9	25.9	26.7
Payout ratio (%)	0	0	0	0

Source: Company and Nuvama estimates

HARIOM PIPES

nuvama institutional equities

POST-CONFERENCE NOTES

KEY DATA

Rating	NOT RATED
Sector relative	NA
Price (INR)	479
12 month price target (INR)	NA
52 Week High/Low	889/301
Market cap (INR bn/USD bn)	14.82/0.17
Free float (%)	42.73
Avg. daily value traded (INR mn)	284

SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	57.27%	57.27%	57.27%
FII	9.59%	9.49 %	9.40%
DII	0.22%	0.23%	0.05%
Pledge	0%	0%	0%

FINANCIALS (INR mn)

Year to march	FY22A	FY23A	FY24A	FY25A
Revenue	4306	6437	11532	13570
EBITDA	561	819	1386	1754
Adjusted profit	320	462	570	616
Diluted EPS (INR)	19	18	18	20
EPS growth (%)	77	-3	8	8
RoAE (%)	16	10	12	12
P/E (x)	-	26.16	21.88	16.72
EV/EBITDA (x)	-	17.24	11.91	7.88
Dividend yield (%)	0	0	0	0

VAP focus with renewable push

We hosted Director Mr Ansh Golas and CFO Mr Amitabh Bhattacharya of Hariom Pipe Industries at the *Nuvama Home Improvement Conference 2025*. Headquartered in Hyderabad, Telangana, Hariom is an integrated steel manufacturer with a stronghold in South India.

Highlights: i) The company has commenced solar structure trial orders and its 60MW solar project is on track for Sep-26 commissioning. ii) Capacity utilisation was 66% including ultra pipes consolidation with management guiding for a 30% volume CAGR over FY26–27. iii) Net debt was INR3.5bn as on June 2025 with strong internal cash flows to support repayments. iv) A Green Steel initiative has been launched to capture sustainability-led demand. Hariom Pipes is *not rated*.

Key takeaways

- The company continues to focus on value-added products, which contributed to 98% of revenue. The OEM business is scaling up steadily, contributing 15%-plus B2B revenue this quarter, with further gains likely as customer approvals expand.
- Solar structure manufacturing has commenced with trial orders (~200 tons/month) and the shift from hot-dip galvanised HR channels to pre-galvanised tubular sections likely to benefit from growing renewable energy demand.
- On capex, the 60MW solar project is progressing with PPA signed with MSEDCL at INR2.96/unit for 25 years, plus INR0.25/unit incentive for the first three years. Management expects EBITDA margins of ~75% for this project. Land lease agreements are in place with commissioning targeted for September 2026. No major capex is planned beyond this project apart from regular maintenance.
- Capacity is currently at 785,232 tons—including Ultra Pipes (84,000tons), which is now fully under Hariom through a long-term lease. Utilisation was 66% in Q1FY26 with management guiding for 30% volume growth in FY26E–27E, supported by OEM demand and product diversification.
- Net debt was INR3.5bn as on June 2025, long-term borrowings are likely to reduce with scheduled repayments. Inventory days fell to 89 from 128 in Q4FY25, reflecting better procurement and sales efficiency.
- Strategically, Hariom is forming a "Green Steel Committee" to align with government initiatives and is targeting future demand from government procurement and institutional customers.

Sneha Talreja
Sneha.Talreja@nuvama.com

Jatin Manuja
Jatin.Manuja@nuvama.com

MAHARASHTRA SEAMLESS

POST-CONFERENCE NOTES

KEY DATA

Rating	NOT RATED
Sector relative	NA
Price (INR)	658
12 month price target (INR)	NA
52 Week High/Low	814/563
Market cap (INR bn/USD bn)	88/1.01
Free float (%)	31.1
Avg. daily value traded (INR mn)	127

SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	68.87	68.85%	68.06%
FII	10.42	9.63%	9.12%
DII	4.09	3.97%	3.85%
Pledge	0%	0%	0%

FINANCIALS (INR mn)

Year to March	FY22A	FY23A	FY24A	FY25A
Revenue	42108	57164	54041	52687
EBITDA	6123	10403	12214	9203
Adjusted profit	6917	7648	9513	7775
Diluted EPS (INR)	52	57	71	58
EPS growth (%)				
RoAE (%)	13	14	15	13
P/E (x)	5	6	12	12
EV/EBITDA (x)	7	4	8	8
Dividend yield (%)	1	1	1	1

Cash rich; headwinds weigh on margins

We hosted DGM–Investor Relations & Finance Mr Kaushal Bengani of Maharashtra Seamless at the *Nuvama Home Improvement Conference 2025*. Incorporated in 1988, Maharashtra Seamless manufactures seamless pipes and tubes along with ERW pipes. It is also in the business of renewable power generation and rig operations.

Highlights: i) Facing margin pressure due to lower realisations and industry headwinds. ii) Strong order book at INR11.5bn. iii) RM prices fell by INR1,500/ton in Q1FY26. iv) Exports improved slightly, but domestic demand weakness limited growth due to reduced spending by the oil & gas sector. v) Maharashtra Seamless is *not rated.*

Key takeaways

- **Q1FY26 performance:** Raw material prices decreased by INR1,500/ton during Q1FY26. The company continues to push for a hike in the minimum import price under the anti-dumping duty renewal in October 2026 to curb Chinese dumping.
- **Industry:** The industry's current downturn and competitive pressures shall ease as demand recovers. Long-term focus remains on sustainable profitability, operational efficiency and maintaining leadership in seamless pipes manufacturing.
- **Order book:** The current order book is INR11.49bn with a slight improvement in exports. However, this improvement has been unable to offset a slowdown in other segments. Hence margins are likely to be muted in the coming quarters due to ongoing headwinds.
- **Capex:** Capital expenditure plans of INR8.52bn are underway with focus on key projects such as finishing line in Telangana and cold drawn pipes project in Maharashtra. The Telangana project is progressing within budget and is likely to be complete as planned. The upgrade for the INR3.5bn capex for the hot mill has not started. It is likely to be taken up once the Telangana line is complete.
- **Cash:** Maharashtra Seamless maintains a treasury portfolio with INR29.19bn in cash and investments, managed prudently across mutual funds, bonds, corporate deposits, fixed deposits and cash balances.
- **Government schemes:** Approximately 70% of the company's dispatches are to the oil & gas sector, which is less sensitive to government schemes such as Har Ghar Jal that focus on water supply.
- **Dividend:** Management prefers to conserve cash to fund the future modernisation of its existing plant and machinery, which may become obsolete over time. Furthermore, cash is being retained for potential inorganic growth opportunities; however, no suitable acquisition targets have been identified yet.

Sneha Talreja
Sneha.Talreja@nuvama.com

Jatin Manuja
Jatin.Manuja@nuvama.com

SAMBHV STEEL TUBES

nuvama institutional equities

POST-CONFERENCE NOTES

KEY DATA

Rating	NOT RATED
Sector relative	NA
Price (INR)	125
12 month price target (INR)	NA
52 Week High/Low	149/96
Market cap (INR bn/USD bn)	36.95/0.42
Free float (%)	56.14
Avg. daily value traded (INR mn)	408

SHAREHOLDING PATTERN

	Jul-25
Promoter	56.14%
FII	3.61%
DII	6.82%
Pledge	0%

FINANCIALS (INR mn)

Year to March	FY22A	FY23A	FY24A	FY25A
Revenue	8193	9372	12858	15113
EBITDA	1245	1173	1599	1544
Adjusted profit	721	604	824	572
Diluted EPS (INR)	3	3	3	2
EPS growth (%)		-16	37	-31
RoAE (%)	63.5	33.6	25.4	12.3
P/E (x)	35.1	41.9	30.7	44.2
EV/EBITDA (x)	25.9	27.8	20.6	21.0
Dividend yield (%)	0	0	0	o

Capacity expansion to propel growth

We hosted MD & CEO Mr Vikas Goyal, CSO Mr Bikash Agarwal and AVP–IR Mr Mayank Agrawal of Sambhv Steel Tubes at the *Nuvama Home Improvement Conference 2025*. Incorporated in 2018, Sambhv makes finished products such as ERW pipes and tubes, pre-galvanised (GP) coils and pipes and stainless steel coils using intermediate products such as sponge iron, blooms/slabs, HRC and CRC.

Highlights: i) Volume guidance of 350,000 tons in FY26 (ERW pipes – 230k tons and SS&GP – 50–55k tons). ii) Working capital is likely to stabilise at 20–25 days. iii) EBITDA/ton likely to be above INR8,000 levels with margin of 12% after the capacity expansion. iv) Overall capacity to increase to 0.95mn tons by FY27. Sambhv is *not rated.*

Key takeaways

- **Phase 1 expansion (Kesda):** The company is aiming to add 180,000tons of pipes and tubes and stainless steel capacity each in the first phase of expansion. Assuming margins at 12%, EBITDA per ton should grow to more than INR8,000. Furthermore, 30–40% of the capex should be incurred in FY26 with the rest likely in FY27. Overall finished product capacity is anticipated to reach 0.95mn tons by end-FY27 after completion of Phase 1 expansion.

- **Shift in revenues mix:** After the capacity expansion, 50% of revenue is likely to be derived from stainless steel and 50% from ERW & galvanised products. EBITDA/ton is likely to be above INR8,000 with margin of 12%.

- **Stainless steel:** Sambhv caters to both pipe and utensil manufacturers in the stainless-steel coil segment, where it differentiates itself through thin-gauge production (as low as 0.26mm) — a niche with limited competition. Given the segment is growing at over 20% (government statistics) amid no significant domestic capacity addition and continued high import dependency, the company is well positioned to capture incremental demand and drive growth.

- **Working capital cycle:** WCD for FY25 was 18 as trade payables extended to ~78 days with bank products such as LC and purchase discounting. The target remains to stabilise the working capital days at 20–25 days.

- **Debt:** The company remains essentially term-debt free; with just INR2bn of working capital loans. It is aiming to keep debt to equity below 0.5 even with future expansions.

- **Guidance:** Management guided for overall volumes of ~350,000tons driven by volumes of ERW pipes – 230,000 tons; GP and SS – 50,000–55,000 tons each.

- **Demand:** The company believes there shall be continued strong demand considering the long-term growth story in India remains intact as rural demand continues to pick up.

Sneha Talreja
Sneha.Talreja@nuvama.com

Jatin Manuja
Jatin.Manuja@nuvama.com

WELSPUN CORP

POST-CONFERENCE NOTES

KEY DATA

Rating	NOT RATED
Sector relative	NA
Price (INR)	870
12 month price target (INR)	NA
52 Week High/Low	995/650
Market cap (INR bn/USD bn)	229/2.6
Free float (%)	50.2
Avg. daily value traded (INR mn)	506

SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	49.84%	50.00%	50.00%
FII	12.13%	12.18%	11.71%
DII	20.72%	20.50%	20.19%
Pledge	0%	0%	0%

FINANCIALS (INR mn)

Year to March	FY22A	FY23A	FY24A	FY25A
Revenue	67,893	63292	94871	168956
EBITDA	4717	4845	15614	16682
Adjusted profit	4388	2067	11104	19081
Diluted EPS (INR)	17	8	42	72
EPS growth (%)		-53	436	71
RoAE (%)	10	5	21	29
P/E (x)	10	25	12	12
EV/EBITDA (x)	9	13	9	13
Dividend yield (%)	3	2	1	1

OPVC production begins, order book strong

We hosted CFO Mr Percy Birdy, Head – IR Mr Goutam Chakraborty and Group head – IR Mr Salil Bawa of Welspun Corp at the *Nuvama Home Improvement Conference 2025*. WCL is a leading manufacturer of large diameter pipes. The company has diversified through DI pipes and entry into building material category through the acquisition of Sintex.

Management insights: i) DI pipes order book came in at 300,000 tons. ii) WSSL secured aerospace sector AS9100D accreditation. iii) OPVC pipe production has commenced with orders received from state governments. iv) The US vertical has order book visibility for the next eight quarters. v) WCL plans to spend INR13bn in capex over FY25–27 funded through OCF. Welspun Corp *not rated.*

Key takeaways

Saudi Arabia: Water transmission pipelines and oil & gas pipeline development by Saudi Aramco are ongoing with Saudi aiming to ramp up oil production capacity beyond 13 million barrels/day. Welspun's new longitudinal pipe plant in Saudi Arabia is progressing well and is likely to be operational by end-FY26.

DI pipes: The company has an order book of 300,000 tons, which has mainly been driven by Jal Jeevan Mission and AMRUT schemes. The slowdown in domestic demand is likely to normalise by H2FY26.

WSSL: The company has an order book of nearly 10,000 tons. While bar sales in Q1FY26 were at a record high, pipe volumes were hurt by a planned maintenance shutdown in June. WSSL has also been able to secure an accreditation in the aerospace sector – AS9100D.

TMT bars: The company remains focused on the Gujarat market and is a regional player in the segment. Demand was affected by monsoons in Q1FY26, which is likely to improve post-August.

Sintex: The brand's TAM has increased from INR120bn to INR850bn after the introduction of pipes. The company has started production of OPVC pipes and has been able to achieve a breakthrough by winning some state government orders. The company said OPVC pipes' acceptance is increasing with state government's incorporation of OPVC into their specification for large distribution projects.

Capex: The company has planned an overall capex of INR54.8bn out of which INR13bn is focused towards Sintex, which should be funded through cash flows with no impact on debt levels. Despite the capex, the company anticipates its net debt to remain negative demonstrating a strong balance sheet.

US: The division has a strong order book with an order book spanning across the next eight quarters with a market share of over 30% in the pipe market. US tariffs on imports are favourable to Welspun as a domestic manufacturer in the US. Favourable product mix in the US—including high-margin oil & gas pipes and stainless steel pipes—contributes to strong EBITDA margins.

Sneha Talreja
Sneha.Talreja@nuvama.com

Jatin Manuja
Jatin.Manuja@nuvama.com

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Abneesh Roy
Head of Research Committee
Abneesh.Roy@nuvama.com

ABNEESH KUMAR ROY

Digitally signed by ABNEESH KUMAR ROY
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