

Event Update

August 26, 2024

Exhibit 1: PL Universe

Companies	Rating	CMP (Rs)	TP (Rs)
Astral Ltd.	HOLD	1,946	2,225
Century Plyboard (I)	HOLD	755	714
Cera Sanitaryware	HOLD	9,741	9,872
Finolex Industries	HOLD	288	321
Greenpanel Industries	Acc	382	390
Kajaria Ceramics	HOLD	1,343	1,488
Supreme Industries	HOLD	5,506	6,069

Source: PL Acc=Accumulate

ADD (China/Korea) on CPVC resin continued...

Directorate General of Trade Remedies (DGTR) recommended the continuation of the Anti-dumping duty (ADD) on import of CPVC resin from China & Korea on 25th May'2024. As the previous ADD was set to expire on 25th Aug'2024, the Ministry of Commerce & Industry has extended the ADD for an additional five years. The duty rates have been set in the range of USD 593 to USD 792 per MT for CPVC resin and compound imported from the China PR and Korea RP. However, the duty would be levied now based on country of origin (which was not there earlier).

The extension of ADD on CPVC resin imports from China and Korea is expected to an increase in CPVC prices by Rs 35-40 per kg. We believe this development is beneficial for leading players in the CPVC sector who can pass on the higher costs while maintaining their market share. We have observed a significant reduction in the value of CPVC resin imports from China and Korea, dropping from 31% and 10% of total CPVC resin imports in FY23 to 14% and 5% in FY24, respectively. Additionally, imports from China further declined to 10% during April-June 2024. Major imports of CPVC resin are now predominantly coming from Thailand (31%) and Japan (24%) in FY24. As a result, we anticipate that this change will have a limited impact on the sector.

The domestic PVC resin prices are on a downward trend, decreasing by Rs 12.5 per kg to Rs 79.9 per kg in Q2FY24. We believe that the rising prices of CPVC resin, combined with the reduction in PVC resin prices, will widen the price gap between PVC and CPVC pipes. This differential is expected to benefit the PVC piping sector overall.

CPVC resin prices – ADD extension

The CPVC resin import realisation has been range bound over Aug-23 to Jun-24 e.g. average realisation of Rs 163/Kg. With the extension of ADD, CPVC prices are expected to rise by Rs 35-40/kg. Organized domestic pipe manufacturers like Astral, Supreme Industries, Prince Pipe, and Finolex Industries likely to benefit over unorganized manufacturers, who dependent on cheaper imports from China and Korea. However, lower import from these two countries, likely impact would be lower on sector dynamics. The ADD is likely to benefit the domestic CPVC resin manufacturers (DCW, Lubrizol, Epigral, etc).

PVC resin prices – downward trend

PVC resin prices increased by Rs 14.2 per kg in Q1FY25, which was anticipated to benefit companies through inventory gains. However, due to competitive pricing pressures, there was no significant impact on companies' financials. In Q2FY25, PVC resin prices reversed, decreasing by Rs 12.5 per kg to Rs 79.9 per kg. We believe that the combination of rising CPVC resin prices and falling PVC resin prices will widen the price gap between PVC and CPVC pipes, which is expected to benefit the PVC piping in sector.

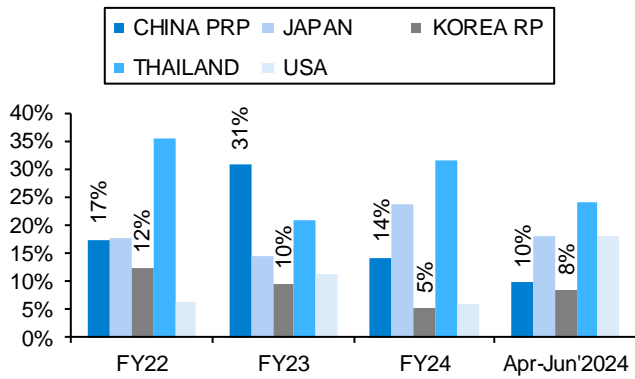
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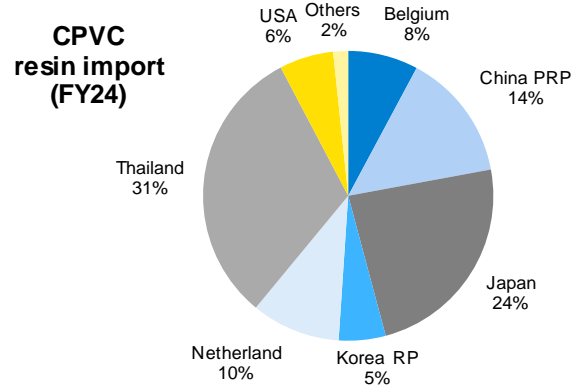
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Exhibit 2: CPVC resin India import share (value terms)



Source: Ministry of Commerce and Industry, PL

Exhibit 3: CPVC resin India import in value term (FY24)



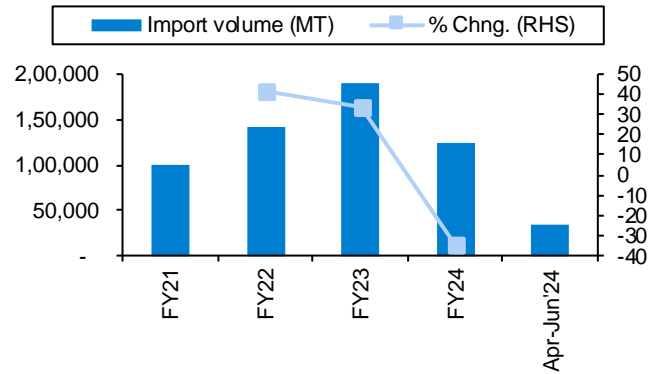
Source: Ministry of Commerce and Industry, PL

Exhibit 4: CPVC resin domestic capacity

Producer	Capacity (MT)	Investment (Rs bn)	Status
DCW Limited	10,000	3.0	Started
Epigral Limited	30,000	2.0	Started
DCW Limited	10,000	1.5	Expected production in Q4 of 2023-24
Epigral Limited	45,000	3.0	Expected production in Q4 of 2023-24
Lubrizol	1,00,000	12.0	Plant construction started
DCW Limited	20,000	1.5	Environmental Clearance pending
Total	2,15,000	> 24.0	

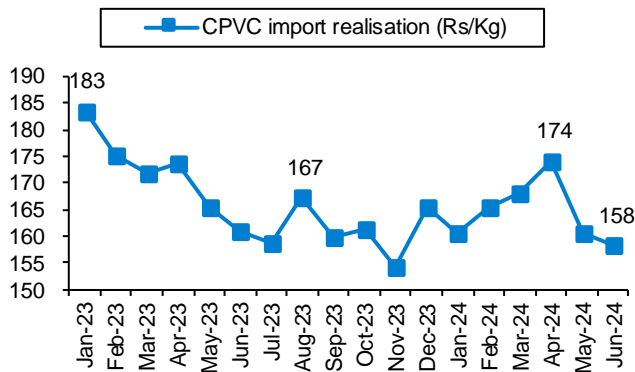
Source: DGTR, PL

Exhibit 5: CPVC resin total import volume



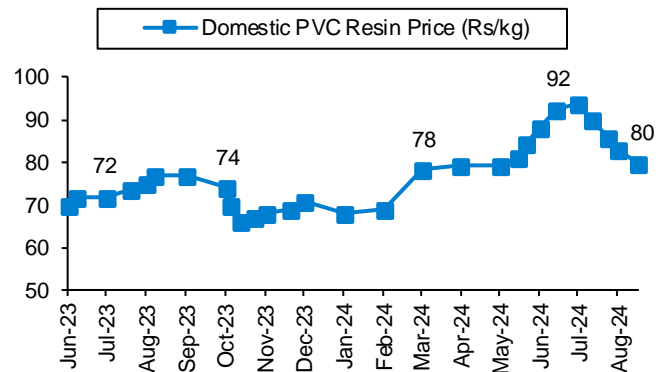
Source: Ministry of Commerce and Industry, PL

Exhibit 6: CPVC import realization (Rs per Kg)



Source: Ministry of Commerce and Industry, PL

Exhibit 7: PVC resin domestic prices (Rs per Kg)



Source: Company, PL

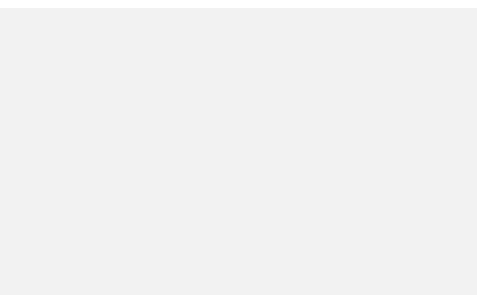


Exhibit 8: CPVC resin and Compound Duty

Description of Goods	Country of Origin	Country Of Export	Producer	Specification	Amount (USD/MT)
Chlorinated Polyvinyl Chloride	China PR	Any Country including China PR	Any	CPVC resin	790
(CPVC)- whether or not further processed ino compound	China PR	Any Country including China PR	Any	CPVC Compound	605
	Any Country other than China PR & Korea RP	China PR	Any	CPVC resin	790
	Any Country other than China PR & Korea RP	China PR	Any	CPVC Compound	605
	Korea RP	Any Country including Korea RP	Hanwha Solutions Corporation	CPVC resin	593
	Korea RP	Any Country including Korea RP	Hanwha Solutions Corporation	CPVC Compound	792
	Korea RP	Any Country including Korea RP	Any Producer other than mentioned above	CPVC resin	593
	Korea RP	Any Country including Korea RP	Any Producer other than mentioned above	CPVC Compound	792
	Any Country other than China PR & Korea RP	Korea RP	Any	CPVC resin	593
	Any Country other than China PR & Korea RP	Korea RP	Any	CPVC Compound	792

Source: Company, PL



Exhibit 9: Valuation Summary

Company Names	S/C Rating	CMP (Rs)	TP (Rs)	MCap (Rs bn)	Sales (Rs bn)				EBITDA (Rs bn)				PAT (Rs bn)				EPS (Rs)				RoE (%)				PE (x)			
					FY23	FY24	FY25E	FY26E	FY23	FY24	FY25E	FY26E	FY23	FY24	FY25E	FY26E	FY23	FY24	FY25E	FY26E	FY23	FY24	FY25E	FY26E	FY23	FY24	FY25E	FY26E
Astral Ltd.	C HOLD	1,946	2,225	523.6	515.9	56.4	66.6	82.1	8.1	9.2	11.1	14.0	4.6	5.5	6.8	9.2	17.0	20.3	25.2	34.2	17.2	17.5	19.0	21.3	114.2	96.0	77.2	56.9
Century Plyboard (I)	C HOLD	755	714	168.0	36.5	38.9	44.8	51.8	5.6	5.3	6.0	7.3	3.8	3.4	3.4	4.2	17.2	15.2	15.2	18.8	22.1	16.4	14.4	15.6	43.8	49.8	49.6	40.2
Cera Sanitaryware	C HOLD	9,741	9,872	126.7	18.1	18.8	19.6	22.6	3.0	3.0	3.1	3.7	2.2	2.4	2.5	3.0	166.1	184.3	191.5	226.9	19.8	19.0	17.8	19.0	58.6	52.8	50.9	42.9
Finolex Industries	C HOLD	288	321	178.1	44.0	43.2	49.9	57.0	2.9	5.8	7.3	8.6	2.3	4.7	5.9	7.2	3.8	7.7	9.5	11.7	5.3	9.0	9.9	11.2	76.1	37.6	30.2	24.7
Greenpanel Industries	C Acc	382	390	46.9	17.8	15.7	16.6	20.3	4.2	2.5	2.5	3.4	2.5	1.4	1.4	2.0	20.4	11.6	11.3	16.6	23.3	11.4	10.2	13.6	18.7	32.8	33.7	23.0
Kajaria Ceramics	C HOLD	1,343	1,488	214.0	43.8	45.8	51.3	58.1	5.9	7.0	8.0	9.3	3.4	4.3	5.0	5.9	21.6	27.1	31.5	37.2	15.5	17.5	17.9	18.5	62.1	49.5	42.6	36.1
Supreme Industries	C HOLD	5,506	6,069	699.6	92.0	101.3	121.8	141.1	12.0	15.5	18.9	22.6	8.7	10.7	13.1	15.4	68.1	84.2	102.7	121.3	21.0	22.5	23.3	23.2	80.8	65.4	53.6	45.4

Source: Company, PL

Acc=Accumulate / S=Standalone / C=Consolidated

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Astral Ltd.	Hold	2,225	2,031
2	Bajaj Electricals	Hold	941	966
3	Century Plyboard (I)	Hold	714	707
4	Cera Sanitaryware	Hold	9,872	9,880
5	Crompton Greaves Consumer Electricals	Accumulate	476	451
6	Finolex Industries	Hold	321	328
7	Greenpanel Industries	Accumulate	390	356
8	Havells India	Accumulate	1,976	1,863
9	Kajaria Ceramics	Hold	1,488	1,468
10	KEI Industries	Hold	4,688	4,307
11	Polycab India	BUY	7,788	6,336
12	R R Kabel	BUY	2,066	1,796
13	Supreme Industries	Hold	6,069	5,694
14	Voltas	Hold	1,598	1,535

PL's Recommendation Nomenclature

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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