

Building Materials

Sector Update

April 21, 2026

Coverage Universe

Name of the Company	Rating	CMP (INR)	TP (INR)
Astral Ltd.	BUY	1,583	1,876
Century Plyboard (I)	BUY	771	841
Cera Sanitaryware	BUY	5,295	6,747
Finolex Industries	BUY	175	203
Greenpanel Industries	BUY	215	370
Kajaria Ceramics	BUY	1,194	1,147
Supreme Industries	BUY	3,662	4,698

PVC Normalization and Agri Demand to Drive Growth

Quick Pointers

- Weak monsoon to boost irrigation demand (lag-led)
- PVC correction led to near-term destocking, medium-term demand boost
- Astral & Supreme Industries best placed for market share gains

The Indian pipes sector outlook remains constructive, supported by PVC resin price correction and improving raw material stability. PVC resin prices have corrected sharply by ~Rs 32/kg since early Apr'26, settling at ~Rs 83/kg after peaking at ~Rs 115/kg in Mar'26, driven by weak demand, higher imports (especially from China), arrival of delayed shipments, and recent duty cuts. The pace of decline sharper than the earlier surge, leading to channel uncertainty and a clear reversal in trend. Elevated pipe inventory in channel (of Rs 85–90/kg) is likely to trigger destocking supported by gradual revival of deferred project (real estate) and agri demand at lower PVC resin prices.

As per the India Meteorological Department (IMD), a below-normal monsoon (~92% of LPA) is expected to drive irrigation-led demand, benefiting agri-focused players such as Finolex Industries, albeit with timing-led volatility. Meanwhile, PVC resin price normalization (~Rs 80-85/kg) is aiding demand recovery. Overall, organized players like Astral and Supreme Industries remain well-positioned to benefit. We continue to believe that the top two players—Supreme and Astral—are better positioned, given their aggressive stance, superior raw material procurement capabilities, and strong balance sheets. Market share gains by organized players are likely to accelerate, as heightened working capital requirements and operational challenges constrain smaller, unorganized players, driving further industry consolidation.

PVC Prices Correction; leads normalisation at Channel Inventory

PVC resin prices have witnessed a steep correction of ~Rs 32/kg between 1st April and 21st April-2026, with current levels settling at ~Rs 83/kg, which had surged to ~Rs115/kg by end of Mar'26 driven by crude-led inflation, supply disruptions, and global tightness. This rapid decline over a short span of ~20 days reflects significant pricing pressure, driven by a combination of weak downstream demand and improving supply dynamics. Notably, imports from China are entering the market at highly competitive levels, while delayed shipments from Feb'26 have also landed in Apr'26, further increasing domestic availability. Additionally, the recent customs duty reduction (~8.3%) has exacerbated pricing pressure.

The market is currently witnessing back-to-back price cuts, which are creating apprehension across the trade channel. The pace of correction has been sharper than the price appreciation seen in Mar'26—an outcome largely unanticipated by the industry—effectively marking a reversal in trend.

We believe April-26 is likely to be a challenging month for the sector. This is partly due to seasonally weaker demand in plumbing (with March typically being a strong quarter-end), but more importantly due to elevated channel inventory. Pipe's channel partners had built up inventory levels at nearly 2x normal levels ahead of the recent geopolitical disruptions, and current inventory is estimated at an average cost of ~Rs 85-90/kg. We expect a phase of destocking, as distributors and dealers look to minimize potential inventory losses. At the same time, the recent price correction should support a gradual recovery in project-led plumbing demand and agri demand, which had been deferred earlier due to elevated price levels.

With prevailing prices now approaching or potentially dipping below inventory cost levels of companies, there is a heightened risk of inventory losses for companies in Q1FY27, if PVC resin prices fall below Rs 80-85/Kg.

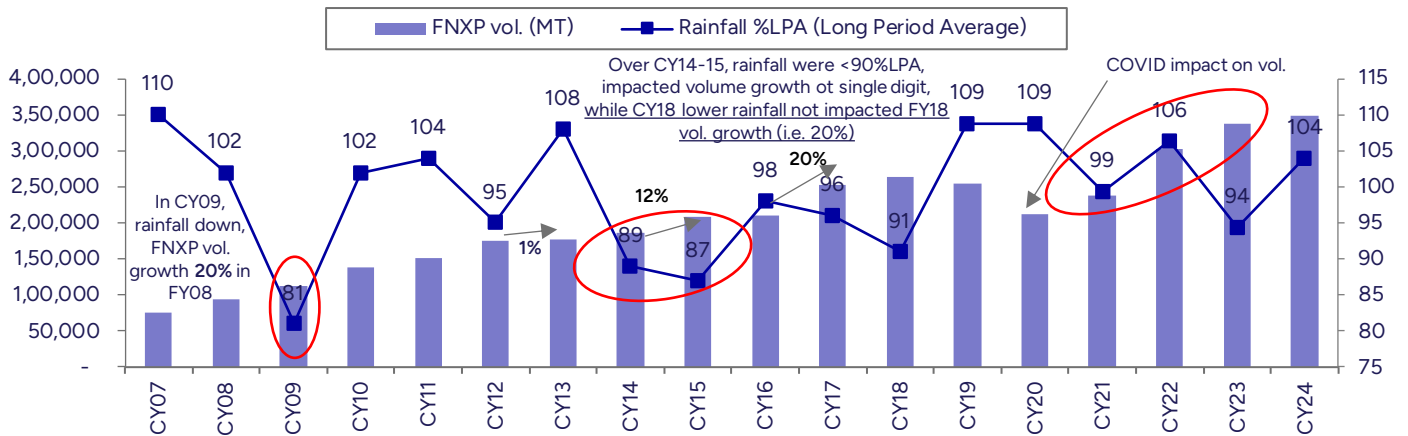
- In the international market, PVC prices increased by ~18.9% QoQ in Q4FY26, driven by China's VAT-related developments and global plant shutdowns (including facilities of Westlake and Shin-Etsu). Currently, PVC resin prices in the international market stand at around USD 1,090/MT, reflecting a ~6% correction from the recent peak of USD 1,160/MT observed in early Apr'26.
- The government has reduced Basic Customs Duty (BCD) on PVC resin to NIL until Jun'26. This suggests that, as import supply normalizes, the effective duty (~8.3%) could be reinstated thereafter, which, in our view, may help stabilize PVC resin prices by May-Jun'26. Historically, BCD stood at 7.5%, increased to 10% in Jul'19 to support domestic manufacturers and later reduced back to 7.5% (including social welfare surcharge, effective duty was 8.3%) in FY22 to ease inflationary pressures, before the current reduction to NIL.

Monsoon Outlook and Agri Demand Sensitivity

- According to India Meteorological Department (IMD), India is likely to witness a below-normal southwest monsoon at ~92% of LPA in CY26, with the possible emergence of El Niño conditions, which typically suppress rainfall.
- It has been observed that strong monsoon seasons generally lead to deferment of agri pipe purchases, as farmers rely on natural irrigation, whereas weak or volatile rainfall tends to support demand with a lag, depending on farmer affordability and price visibility.
- Additionally, prolonged monsoons typically impact demand in the near term—particularly in Q2FY25—given lower on-ground activity, with recovery usually visible in the second half. This was evident in H1FY26, where extended monsoon conditions led to a 1.6% decline in Finolex industries P&F volumes.
- Going ahead, the anticipated below-normal monsoon is expected to drive a higher push towards irrigation-led demand, thereby supporting agri pipe offtake.
- Consequently, we expect agri demand to pick up in Q1FY27, as lower rainfall increases dependence on groundwater and irrigation infrastructure. This, along with price stability, is likely to support agri-pipe volume growth

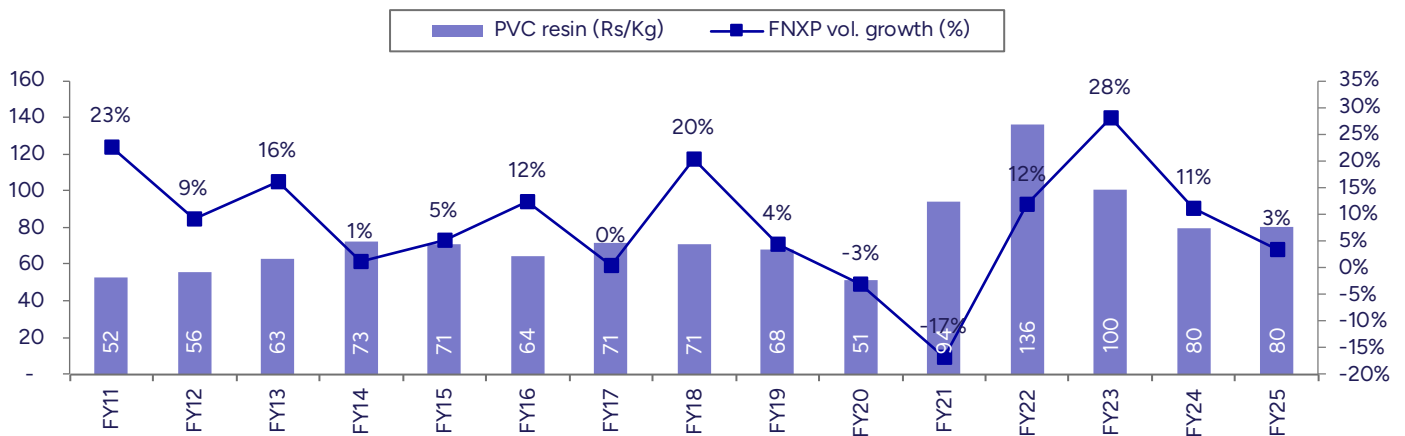
Overall, while monsoon variability may create near-term volatility, a weaker rainfall outlook is incrementally positive for agri-led demand recovery, particularly for players with higher rural exposure.

Exhibit 1 : Monsoon vs Finolex Industries' volume over the period of time



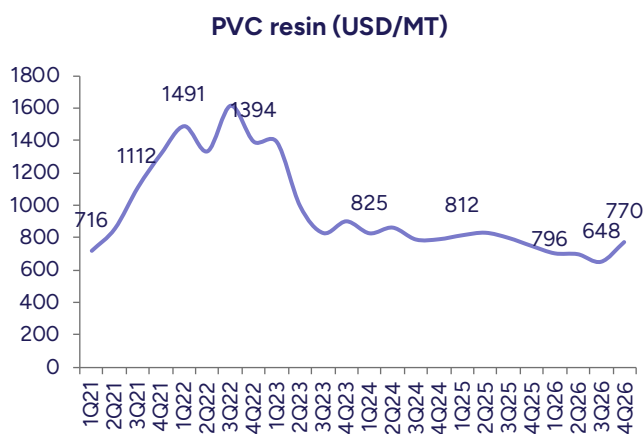
Source: Company, PL

Exhibit 2 : PVC resin prices vs Finolex Industries' volume



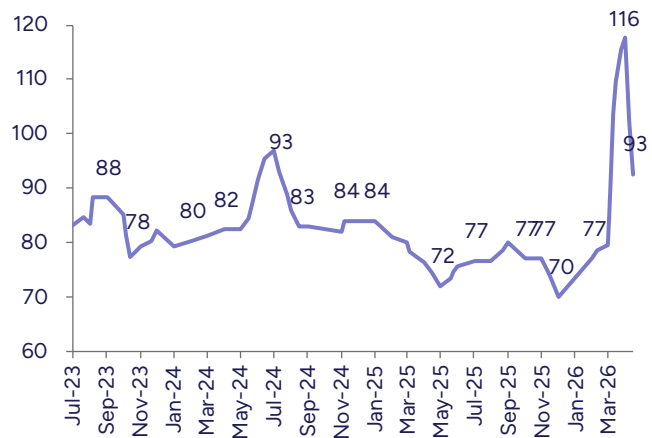
Source: Company, PL

Exhibit 3 : Global PVC prices Increase by 18.9% QoQ in Q4FY26



Source: Company, PL

Exhibit 4 : Dom PVC prices corrected by ~Rs 32/kg since Apr'26



Source: Company, PL

Exhibit 5 : Valuation Summary

Company Name	C/S	Rating	CMP (Rs)	TP (Rs)	Mcap (Rs bn)	Sales (INR mn)				EBITDA (INR mn)				Adj. PAT (INR mn)				EPS (INR)				RoE (%)				PE (x)			
						FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Astral Ltd.	C	BUY	1,583	1,876	425.7	58,324	66,567	77,428	89,514	9,459	10,984	13,008	15,396	5,189	6,041	7,863	9,607	19.3	22.5	29.2	35.7	15.3	15.6	17.6	18.3	82.0	70.5	54.1	44.3
Century Plyboard (I)	C	BUY	771	841	171.3	45,278	51,981	60,186	69,184	4,866	6,576	8,185	9,686	1,994	2,841	4,058	5,350	9.0	12.8	18.3	24.1	8.7	11.4	14.5	16.7	85.9	60.3	42.2	32.0
Cera Sanitaryware	C	BUY	5,295	6,747	68.3	19,153	20,483	23,176	25,920	2,907	2,665	3,263	3,675	2,450	2,162	2,639	2,948	189.9	167.6	204.6	228.5	18.2	15.2	16.5	16.2	27.9	31.6	25.9	23.2
Finolex Industries	C	BUY	175	203	108.3	41,420	43,153	46,776	51,130	4,758	5,364	5,847	6,800	4,841	5,172	5,698	6,557	7.8	8.4	9.2	10.6	8.3	8.4	9.0	10.0	22.4	20.9	19.0	16.5
Greenpanel Industries	C	BUY	215	370	26.4	14,358	15,311	18,352	21,401	1,312	1,399	3,306	3,962	721	412	1,755	2,267	5.9	3.4	14.3	18.5	5.3	3.0	12.0	13.6	36.6	63.9	15.0	11.6
Kajaria Ceramics	C	BUY	1,194	1,147	190.2	46,351	48,004	52,313	56,011	6,262	8,161	8,893	9,522	3,426	4,654	5,476	6,011	21.5	29.2	34.4	37.7	12.8	16.0	16.8	16.3	55.5	40.9	34.7	31.6
Supreme Industries	C	BUY	3,662	4,698	465.3	1,04,463	1,14,085	1,31,260	1,49,868	14,317	15,239	19,061	21,913	9,609	8,880	12,530	14,917	75.6	69.9	98.6	117.4	17.8	15.0	19.0	19.6	48.4	52.4	37.1	31.2

Source: Company, PL C=Consolidated / S=Standalone

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Amber Enterprises India	BUY	8646	6405
2	Astral Ltd.	BUY	1876	1554
3	Avalon Technologies	BUY	1175	963
4	Bajaj Electricals	BUY	449	349
5	Cello World	BUY	621	405
6	Century Plyboard (I)	BUY	841	720
7	Cera Sanitaryware	BUY	6747	4677
8	Crompton Greaves Consumer Electricals	BUY	344	232
9	Cyient DLM	Accumulate	327	290
10	Finolex Industries	BUY	203	159
11	Greenpanel Industries	BUY	370	182
12	Havells India	BUY	1512	1181
13	Kajaria Ceramics	BUY	1147	966
14	Kaynes Technology India	BUY	5444	3707
15	KEI Industries	BUY	5545	4048
16	LG Electronics India	BUY	1813	1319
17	Polycab India	BUY	9611	6878
18	Premier Energies	Hold	905	943
19	R R Kabel	BUY	1844	1334
20	Supreme Industries	BUY	4698	3642
21	Syrma SGS Technology	BUY	905	809
22	Vikram Solar	BUY	232	186
23	Voltas	Accumulate	1423	1235
24	Waaree Energies	BUY	3600	3084

PL's Recommendation Nomenclature (Absolute Performance)

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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