PL Capital
PRABHUDAS LILLADHER

Building Materials

Sector Update

September 01, 2026

Coverage Universe

Name of the Company	Rating	CMP (INR)	TP (INR)
Astral	BUY	1,522	1,684
Century Plyboard (I)	Accumulate	757	878
Cera Sanitaryware	BUY	5,744	7,221
Finolex Industries	Accumulate	158	197
Greenpanel Industries	BUY	156	284
Kajaria Ceramics	BUY	1,245	1,403
Supreme Industries	BUY	3,559	4,610

PVC resin prices move up; inventory cycle favorable

Quick Pointers

- PVC resin prices rise by INR2/kg to INR94/kg from 1st Sep'26
- MIP-led price stability to support channel restocking and organized players' market-share gains

Domestic PVC resin prices have continued to recover following the sharp correction witnessed during Q1FY27. As per industry checks, PVC resin prices have increased by INR2/kg from 1st Sep'26, taking domestic prices to INR94/kg. PVC resin prices had declined sharply from INR115/kg on 1st Apr'26 to INR80/kg by 1st Jul'26, driven by increased availability of low-priced Chinese PVC, time-bound removal of import duty, and softness in demand. However, reinstatement of import duties has improved the pricing environment for domestic PVC producers. S-PVC imports currently attract 7.5% basic customs duty plus 0.75% social welfare surcharge, implying effective customs duty of 8.25%. In addition, the government has introduced minimum import price (MIP) of US$766/t for S-PVC imports, further limiting the scope for low-priced imports.

We believe the combination of 8.25% import duty and MIP should maintain domestic PVC resin price stability, reduce the impact of low-priced imports and provide greater visibility on resin prices. This should encourage channel restocking and support volume recovery for organized plastic pipe manufacturers.

PL View: Recovery and stabilization in PVC resin prices is expected to be positive for the plastic pipes industry, particularly from a volume and channel inventory perspective. During Q1FY27, sharp resin price volatility led to significant channel destocking, resulting in an aggregate ~16% YoY decline in volumes across our plastic pipes coverage universe. The impact was relatively higher on agri-focused players, as weak agricultural demand and elevated PVC prices weighed on offtake.

However, channel restocking has improved since Jul'26 with the increase in PVC resin prices. The implementation of MIP is expected to limit the impact of low-priced imports and reduce the risk of sharp corrections in domestic PVC resin prices. This could support a recovery in P&F demand over the coming quarters.

We believe Supreme Industries (SI) is well positioned to gain market share, supported by capacity additions, Wavin integration, and a diversified portfolio. The company is adding 50,000mt capacity across Bihar and Jammu, while the acquired 70,000mt Wavin capacity is expected to ramp up to ~70% utilization in FY27. The gas piping business offers another growth avenue, with INR6bn tender opportunity in FY27, supported by rising CGD demand. Over the longer term, exports remain a key opportunity, with the management targeting US$150mn revenue from US$26mn currently.

We estimate FY26–28E revenue/EBITDA/PAT CAGR of 15.8%/18.4%/23.9%, with volume CAGR of 13.5% and ~60bps EBITDA margin expansion. SI is currently trading at 31x FY28E earnings. We value the company at 40x FY28E earnings, implying TP of INR4,610. Maintain 'BUY'.

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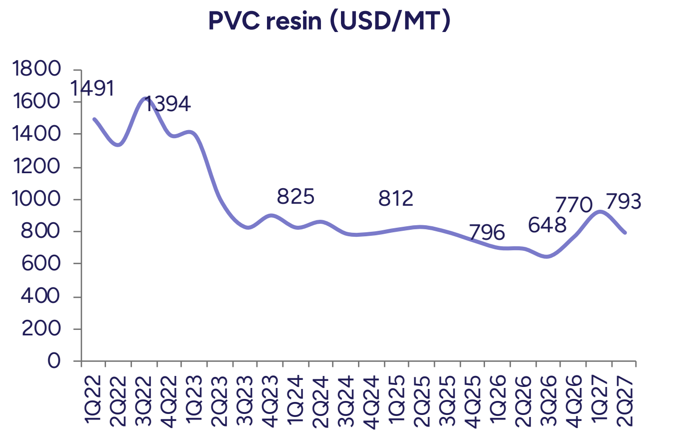
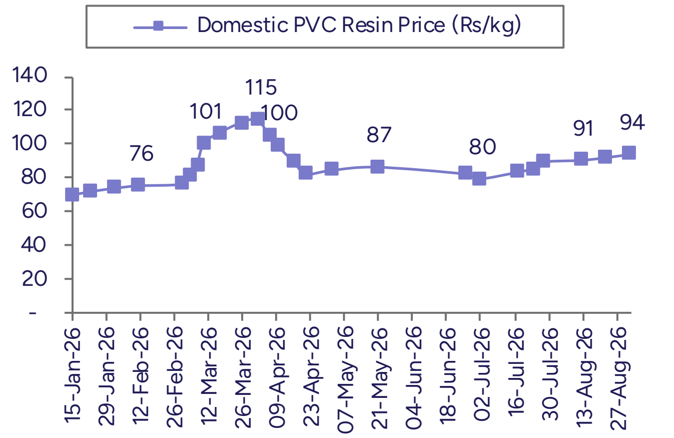
Exhibit 1: Global PVC resin prices up by 14.2% YoY in Q2FY27 QTD



Source: Company, PL; Note: QTD - Quarter-to-date

Exhibit 2: Domestic PVC resin prices up by 17% YoY in Q2FY27 QTD



Source: Company, PL; Note: QTD - Quarter-to-date

Exhibit 3: Domestic landed PVC resin prices post implementation of import duty

Date	Global PVC resin prices (USD/mt)	USD/INR rate	PVC resin prices post import duty & logistics cost (INR/kg)	MIP (INR/kg)
28-Aug-26	870	95.5	93	79
21-Aug-26	860	95.7	92	79
14-Aug-26	860	95.4	92	79
07-Aug-26	800	95.2	85	79
31-Jul-26	800	95.4	85	79
24-Jul-26	750	96.6	81	80
17-Jul-26	740	96.3	80	80
10-Jul-26	730	95.3	78	79
03-Jul-26	730	95.2	78	79
19-Jun-26	770	94.3	75	-
12-Jun-26	790	95.1	78	-
05-Jun-26	850	94.9	83	-
29-May-26	850	95.0	83	-
22-May-26	870	95.7	86	-
15-May-26	920	96.4	91	-
08-May-26	920	94.5	90	-
24-Apr-26	950	94.3	92	-
17-Apr-26	1090	92.9	104	-

Source: Company, PL

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Amber Enterprises India	Buy	9244	7222
2	Astral	BUY	1684	1464
3	Avalon Technologies	Reduce	1470	1823
4	Bajaj Electricals	Accumulate	403	383
5	Cello World	Accumulate	410	360
6	Century Plyboard (I)	Accumulate	878	770
7	Cera Sanitaryware	BUY	7221	6049
8	Crompton Greaves Consumer Electricals	Buy	330	252
9	Cyient DLM	HOLD	635	623
10	Finolex Industries	Accumulate	197	164
11	Greenpanel Industries	BUY	284	184
12	Havells India	Accumulate	1319	1187
13	Kajaria Ceramics	BUY	1403	1198
14	Kaynes Technology India	Accumulate	4390	3856
15	KEI Industries	Accumulate	6001	5500
16	LG Electronics India	HOLD	1723	1730
17	Polycab India	BUY	10764	9215
18	Premier Energies	Accumulate	1131	1047
19	R R Kabel	HOLD	2596	2525
20	Supreme Industries	BUY	4610	3395
21	Syrma SGS Technology	HOLD	1409	1378
22	Vikram Solar	Accumulate	173	157
23	Voltas	HOLD	1308	1321
24	Waaree Energies	BUY	3280	2625

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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