PL Capital
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Building Materials

Plastic Pipe Sector – Rising PVC prices, drive realisations & market share gains

The removal of China's ~13% VAT export rebate on Suspension PVC from 1st Apr-26, is structurally positive for global PVC pricing and for organized Indian plastic pipe manufacturers. From Jan'26 till date, domestic PVC resin prices have increased by ~Rs 7.5/kg, reaching Rs 78–79/kg.

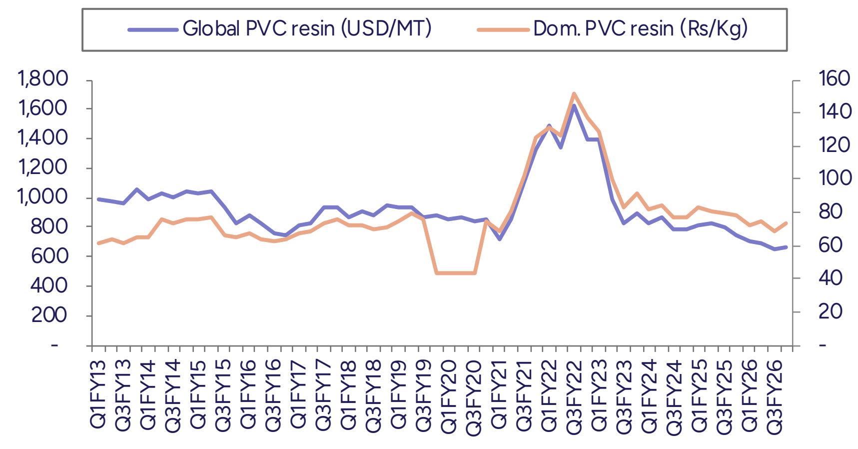
In the international market, PVC resin prices have risen to USD 740/MT from USD 620/MT between 9th Jan-26 and 20th Feb-26 (+19.4%), following China's announcement on VAT rebate removal and the closure of select global suspension PVC resin plants (including Westlake's Aberdeen PVC facility and one plant of Shin-Etsu). **On a back-of-the-envelope calculation, current global PVC prices along with INR depreciation imply domestic PVC resin prices of ~Rs 81/kg based on historical trends, suggesting a further potential increase of ~Rs 3/kg.**

The Chinese policy announcement has already constrained PVC resin availability in the domestic market, leading to higher prices. This has impacted smaller and regional players in terms of resin procurement and volumes, ultimately benefiting organized players such as Astral and Supreme Industries through potential market share gains.

We estimate Astral's and Supreme's P&F segment realisations to increase by ~2%/3% in FY27, assuming average global PVC resin prices of USD 680–685/MT in FY27. However, if average global PVC prices are at USD 750/MT in FY27 and further increase to USD 780/MT in FY28, our P&F realisation and earnings estimate for Astral and Supreme would see upward revisions. Under this scenario, P&F realisations for Astral/Supreme could increase by ~11%/10% in FY27 and ~14%/12% in FY28E, leading to earnings upgrades of ~9.2%/11.7% for Astral in FY27/FY28E and ~8.4%/10.2% for Supreme in FY27/FY28E.

We maintain our BUY rating on Astral with a DCF-based target price of Rs 1,794 (implying 52x FY28E P/E) and a BUY rating on Supreme Industries with a target price of Rs 4,566, based on 40x Mar'28E earnings. Considering the rise in PVC resin prices, which would drive higher P&F realisations and earnings upgrades, there is potential upside of a further 10–12% to our target prices. We remain positive on the sector, particularly on leaders Astral and Supreme Industries.

Exhibit 1: Global PVC resin prices & INR depreciation, driving dom. resin prices



Source: Industry, Bloomberg, PL

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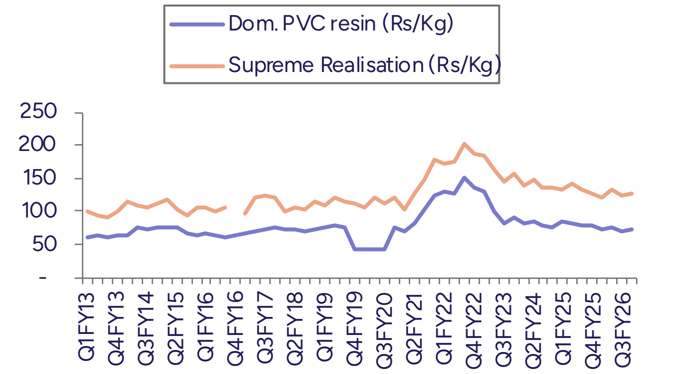
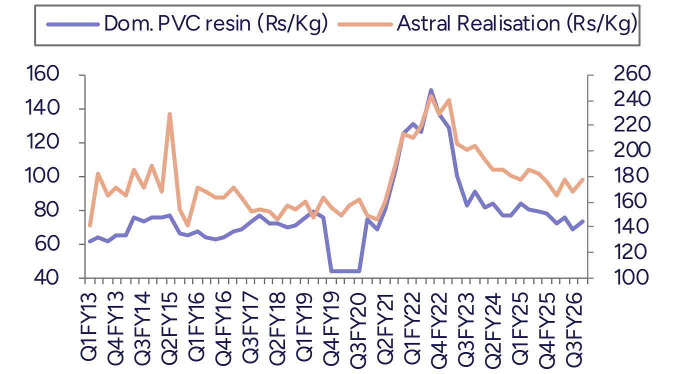
Exhibit 2: SI's P&F realisation moves with PVC resin prices



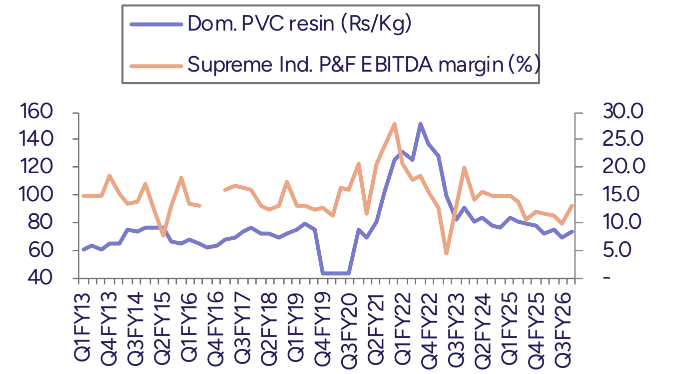
Source: Company, PL

Exhibit 3: Astral's P&F realisation moves with PVC resin prices



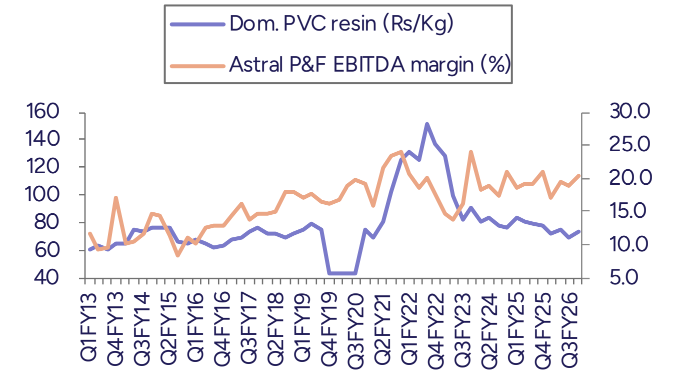
Source: Company, PL

Exhibit 4: SI's P&F EBITDA margin move lags with PVC resin



Source: Company, PL

Exhibit 5: ASTRA P&F EBITDAM move lags with PVC resin



Source: Company, PL

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Amber Enterprises India	BUY	8,617	7,048
2	Astral Ltd.	BUY	1,794	1,504
3	Avalon Technologies	BUY	1,175	1,021
4	Bajaj Electricals	Accumulate	449	409
5	Cello World	BUY	621	508
6	Century Plyboard (I)	Accumulate	843	798
7	Cera Sanitaryware	BUY	6,800	5,054
8	Crompton Greaves Consumer Electricals	BUY	346	245
9	Cyient DLM	Accumulate	418	364
10	Finolex Industries	Accumulate	199	175
11	Greenpanel Industries	BUY	369	229
12	Havells India	Accumulate	1,634	1,447
13	Kajaria Ceramics	BUY	1,056	902
14	Kaynes Technology India	BUY	5,502	3,700
15	KEI Industries	BUY	5,573	3,853
16	LG Electronics India	BUY	1,808	1,469
17	Polycab India	BUY	9,744	7,122
18	Premier Energies	BUY	892	683
19	R R Kabel	BUY	1,844	1,356
20	Supreme Industries	BUY	4,566	3,349
21	Syrma SGS Technology	BUY	929	755
22	Vikram Solar	BUY	326	215
23	Voltas	Hold	1,442	1,349
24	Waaree Energies	BUY	3,600	2,599

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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