Building Materials

Muted demand; price hikes drive topline

Demand for building materials remained underwhelming in Q1FY27. Demand in the pipes segment stayed subdued, impacted by high channel inventories, while the Morbi shutdown failed to drive any meaningful acceleration in tile volumes. The wood panel segment witnessed stable demand, although the export business faced some pressure. However, price hikes implemented to offset rising raw material costs are expected to support strong revenue growth of ~18% YoY, translating into robust 34/51% YoY growth in EBITDA/APAT. Companies in our pipe's coverage universe are likely to report flat YoY volume growth, on an aggregate basis, in Q1. Looking ahead, for FY27, volume growth is expected to remain muted, owing to a high base of last year from channel restocking in Q4, fertilizer-related supply disruptions impacting agri-pipe demand, and continues resin price volatility amid geopolitical tensions. In the tiles segment, coverage companies are expected to deliver a healthy ~20% YoY revenue growth in Q1, supported by improved realization though volume growth remained subdued. As Morbi has resumed operations and inventory replenishment is underway, we do not see any structural shift in the competitive landscape, and industry dynamics are gradually reverting to pre-war conditions. Demand in the wood panel segment remained largely stable in the quarter, although export demand faced headwinds especially in the early part of the quarter, owing to geopolitical tensions. While timber prices were largely steady, a sharp increase in chemical costs led to industry-wide price hikes. Valuations have been rolled forward to Sep-28E (Astral already updated in prior Company Update), with ratings unchanged across all stocks. We largely retain our FY27E/FY28E estimates across the coverage universe while introducing FY29E forecasts. Century Plyboards remains the top sector pick.

- **Plastic pipes— muted demand, volatile PVC prices**: The plastic pipes industry witnessed a weak Q1, impacted by elevated channel inventories built up in Q4, following a sharp increase in PVC resin prices. However, the spike in PVC resin prices proved temporary, with prices correcting by ~25% in Q1. In addition, Reliance provided price protection. Consequently, we do not anticipate significant inventory losses despite the steep decline in PVC prices. We expect Supreme Industries and Astral to report YoY volume growth of 4% and 2%, respectively, while Prince Pipes is likely to witness an 8% YoY decline.

- **Tiles sector—price hikes, muted demand, Morbi resumed:** Our coverage companies are expected to deliver healthy revenue growth of ~20% YoY, primarily led by improved realizations. However, volume growth remained subdued in Q1, impacted by elevated channel inventories built up in Q4 ahead of price hikes. While the quarter started on a weak note for the tiles industry, trends improved later. The Morbi cluster, which had announced temporary shutdowns in March, resumed operations in the latter part of Q1 and has since been rebuilding inventory levels. Tile prices witnessed a meaningful uptick in the quarter, with branded players implementing hikes of ~15%, supported by supply-side constraints across the industry. The market has absorbed these price increases, which should translate into improved profitability. We expect Kajaria and Somany to report volume growth of 6% and 3%, respectively. Supported by better realizations, EBITDA margins are projected to expand by ~110bps YoY for Kajaria and ~210bps YoY for Somany.

COMPANY	RATING	TP (INR)
Kajaria Ceramics	REDUCE	1,200
Somany Ceramics	ADD	580
Supreme Ind.	ADD	4,070
Astral Limited	BUY	1,740
Prince Pipes	REDUCE	270
CenturyPly	BUY	975
Greenpanel Ind.	BUY	295
Greenlam Ind.	REDUCE	255
Stylam Ind.	BUY	4,075

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- **Wood panel— demand remains stable amid cost-led price hikes:** Domestic demand in the wood panel industry remained broadly stable. However, exports saw disruptions owing to tensions in the Middle-East. Laminates export volumes were impacted at the beginning of the quarter, although demand has since largely normalized, while MDF exports remained weak. Despite the export-related challenges, we expect healthy revenue growth for wood panel players, owing to improved realization, driven by price hikes taken to offset rising chemical costs. We anticipate strong double-digit revenue growth for Century, aided by improved realization and market share gains. Greenpanel, Stylam, and Greenlam should also report double-digit topline growth, driven by improved realization.
- **Outlook:** We expect in FY27 the plastic pipes industry to witness subdued volume growth, reflecting the high base of last year from channel restocking in Q4, fertilizer-related supply disruptions impacting agri-pipe demand, and continuous resin price volatility amid geopolitical tensions. In the tiles industry, organized players are witnessing near-term market share gains, supported by higher finished-goods inventories and supply disruptions at Morbi. However, with Morbi having resumed operations and inventory replenishment underway, we do not see any structural shift in the competitive landscape, and industry dynamics are gradually reverting to pre-war conditions. Meanwhile, wood panel companies are expected to deliver healthy topline growth, supported by improved realizations. Valuations have been rolled forward to Sep-28E (Astral already updated in prior Company Update), with ratings unchanged across all stocks. We largely retain our FY27E/FY28E estimates across our coverage universe while introducing FY29E forecasts. Century Plyboards remains the top sector pick.

Q1FY27 estimates for tiles, pipes, and wood panel companies

Y/E March	Net Sales (INR mn)			EBITDA (INR mn)			EBITDA Margin (%)			Adj. PAT (INR mn)		
	Jun-26E	YoY (%)	QoQ (%)	Jun-26E	YoY (%)	QoQ (%)	Jun-26E	YoY (%)	QoQ (%)	Jun-26E	YoY (%)	QoQ (%)
Kajaria Ceramics	13,090	18.7	(4.7)	2,365	26.6	(10.2)	18.1	1.1	(1.1)	1,480	31.5	(8.0)
Somany Ceramics	7,343	21.5	(10.2)	739	53.3	(20.0)	10.1	2.1	(1.2)	258	149.0	(37.5)
Supreme Ind.	30,163	15.6	(14.5)	3,627	13.8	(41.8)	12.0	(0.2)	(5.6)	2,089	3.3	(51.8)
Astral Limited	16,026	17.7	(23.3)	2,376	28.5	(37.9)	14.8	1.2	(3.5)	1,226	51.1	(44.1)
Prince Pipes $	5,834	0.5	(31.4)	536	35.5	(51.1)	9.2	2.4	(3.7)	129	168.4	(76.9)
CenturyPly	14,978	28.1	0.4	1,864	45.5	5.1	12.4	1.5	0.6	860	65.7	10.0
Greenpanel Ind.	3,728	13.6	(6.5)	271	NA	(9.4)	7.3	12.1	(0.2)	-6.5	NA	NA
Greenlam Ind.	8,225	22.1	(4.1)	819	85.7	(24.4)	10.0	3.4	(2.7)	191	NA	(51.5)
Stylam Ind.	3,328	17.6	17.6	620	17.0	11.6	18.6	(0.1)	(1.0)	422	49.5	10.3
Aggregate	**1,02,715**	**17.9**	**(12.1)**	**13,217**	**33.8**	**(28.3)**	**12.9**	**1.5**	**(2.9)**	**6,649**	**50.7**	**(37.8)**

Source: Company, HSIE Research, $ - standalone numbers. NA- not applicable

Estimates changes

Company	Revenue change %		EBITDA change %		APAT change %	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Kajaria Ceramics	2.6	3.4	-	-	-	-
Somany Ceramics	-	-	-	-	-	-
Supreme Ind.	-	-	-	-	-	-
Astral Limited	-	-	-	-	-	-
Prince Pipes $	-	-	-	-	-	-
CenturyPly	-	-	-	-	-	-
Greenpanel Ind.	-	-	-	-	-	-
Greenlam Ind.	-	-	-	-	-	-
Stylam Ind.	-	-	--	-	-	-

Source: Company, HSIE Research, $ - standalone numbers

Annual financial summary

Y/E March	Net Sales (INR bn)			EBITDA (INR bn)			EBITDA Margin (%)			Adj. PAT (INR bn)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Kajaria Ceramics	56.24	60.05	65.25	9.64	9.93	10.92	17.1	16.5	16.7	6.02	6.06	6.67
Somany Ceramics	31.49	33.49	36.01	2.81	3.06	3.33	8.9	9.2	9.3	1.00	1.10	1.29
Supreme Ind.	125.41	141.71	158.66	17.94	20.71	23.27	14.3	14.6	14.7	11.16	12.97	14.49
Astral Limited	76.13	85.75	96.95	12.44	14.86	17.39	16.3	17.3	17.9	6.88	8.52	10.25
Prince Pipes $	28.65	30.94	33.45	2.76	3.22	3.49	9.6	10.4	10.4	1.02	1.31	1.41
CenturyPly	62.28	68.93	77.97	8.37	9.75	11.21	13.4	14.1	14.4	4.04	4.98	5.77
Greenpanel Ind.	18.28	20.83	23.27	1.73	2.80	3.17	9.5	13.5	13.6	0.51	1.35	1.53
Greenlam Ind.	35.05	38.96	42.88	4.00	4.77	5.68	11.4	12.2	13.3	1.32	1.91	2.56
Stylam Ind.	14.03	16.45	18.98	2.73	3.22	3.71	19.5	19.6	19.6	1.81	2.13	2.47

Source: Company, HSIE Research, $ - standalone numbers

Y/E March	NPM (%)			RoCE pre-tax (%)			RoE (%)			Net D/E (x)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Kajaria Ceramics	10.7	10.1	10.2	24.1	23.2	23.4	19.2	18.4	18.5	(0.1)	(0.1)	(0.2)
Somany Ceramics	3.2	3.3	3.6	13.4	14.1	15.1	10.5	10.6	11.4	0.1	0.1	(0.0)
Supreme Ind.	8.9	9.2	9.1	20.2	21.7	22.2	17.4	18.6	19.0	(0.1)	(0.1)	(0.1)
Astral Limited	9.0	9.9	10.6	21.5	23.3	24.5	15.9	17.4	18.3	(0.2)	(0.3)	(0.4)
Prince Pipes $	3.6	4.2	4.2	7.9	9.5	9.7	6.1	7.3	7.4	(0.1)	(0.1)	(0.1)
CenturyPly	6.5	7.2	7.4	13.6	14.5	15.0	14.3	15.3	15.3	0.6	0.6	0.5
Greenpanel Ind.	2.8	6.5	6.6	5.2	11.2	11.7	3.7	9.3	9.8	0.1	0.1	0.1
Greenlam Ind.	3.8	4.9	6.0	11.1	13.7	16.2	10.7	13.9	16.4	0.7	0.6	0.5
Stylam Ind.	12.9	13.0	13.0	27.3	27.6	27.5	20.7	20.8	20.7	(0.0)	(0.0)	(0.1)

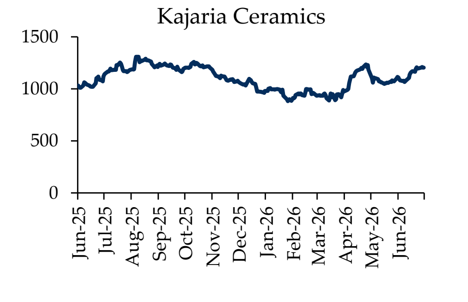
Source: Company, HSIE Research, $ - standalone numbers

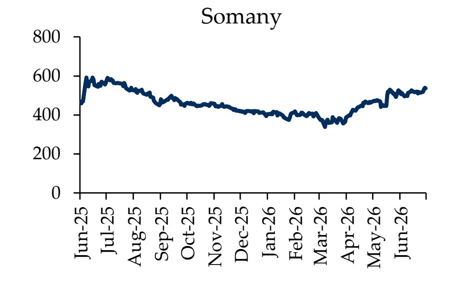
Valuation table

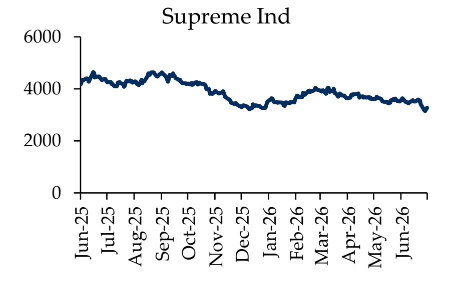
Company	Mcap (INR bn)	CMP (INR/sh)	New Rating	Old Rating	New TP (INR)	Old TP (INR)	Valuation multiple^	EV/EBITDA (x)			P/E (x)		
								FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Kajaria Ceramics	190.6	1,199	REDUCE	REDUCE	1,200	1,140	30.0	19.6	18.8	16.8	31.2	31.0	28.2
Somany Ceramics	22.1	538	ADD	ADD	580	530	20.0	8.3	7.5	6.5	22.1	20.1	17.1
Supreme Ind.	414.9	3,266	ADD	ADD	4,070	3,870	40.0	22.9	19.8	17.6	37.2	32.0	28.6
Astral Limited	367.5	1,366	BUY	BUY	1,740	1,740	50.0	28.7	23.6	19.9	53.4	43.1	35.8
Prince Pipes $	31.0	280	REDUCE	REDUCE	270	260	22.0	10.9	9.1	8.1	30.3	23.6	22.0
CenturyPly	166.7	749	BUY	BUY	975	910	40.0	22.2	19.1	16.6	41.3	33.5	28.9
Greenpanel Ind.	23.4	191	BUY	BUY	295	275	25.0	14.1	8.7	8.0	46.0	17.3	15.3
Greenlam Ind.	66.3	260	REDUCE	REDUCE	255	235	30.0	19.0	15.8	13.2	50.3	34.8	25.9
Stylam Ind.	55.3	3,262	BUY	BUY	4,075	3,775	30.0	20.2	17.1	14.7	30.6	25.9	22.4

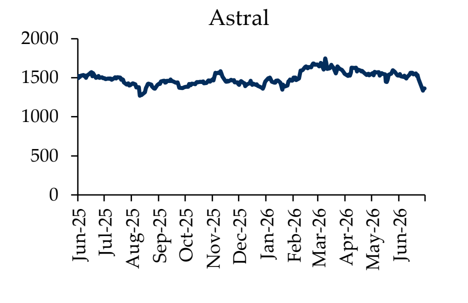
Source: Company, HSIE Research, $ - standalone numbers. ^Valuation is based on Sep-28E EPS. CMP as of July 02, 2026. # We value CenturyPly/ Greenlam using SOTP—ex-particle board business at 40/30x Sep-28E EPS and particle board business at 2/0.5x capital employed in Sep-28E respectively. We value Supreme Industries at 40x Sep'28 EPS and its 30.8% holding in the associate Supreme Petrochem at a 30% discount to its current market cap.

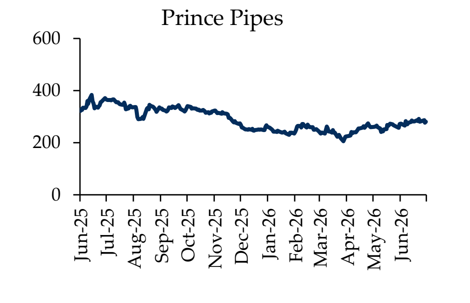
Price history

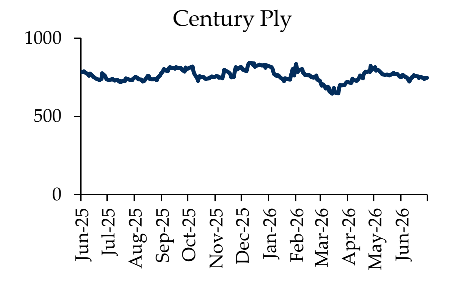


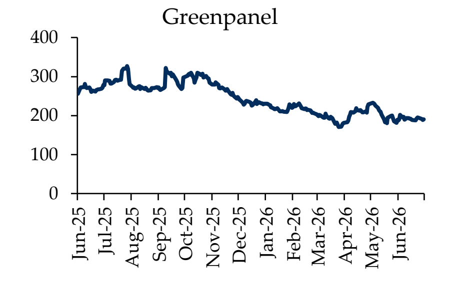


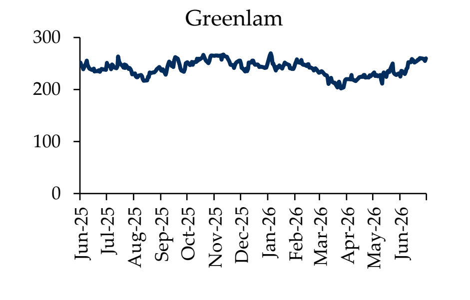


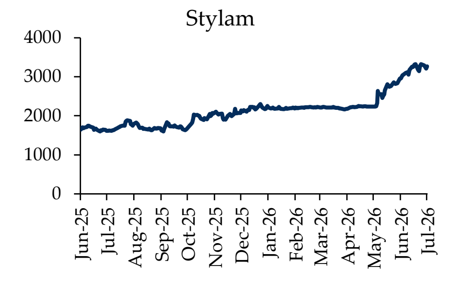












Rating Criteria

BUY:	>+15% return potential
ADD:	+5% to +15% return potential
REDUCE:	-10% to +5% return potential
SELL:	>10% Downside return potential

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