

Building Materials

Lackluster quarter, revival hopes pinned

The building materials sector saw subdued demand in Q3FY26. Our coverage universe is expected to post 9% YoY revenue growth, fueled by volume expansion, resulting in 23% YoY growth in both EBITDA and APAT, supported by a low prior-year base. We believe that the volume growth of major tile companies remained subdued affected by muted export performance and soft domestic demand. Our channel checks suggest tile prices are stable QoQ. Our pipes coverage universe is projected to deliver 10% YoY volume growth, propelled by robust gains at Astral and Supreme Industries via market share expansion, while Prince Pipes volumes are expected to stay flat. PVC resin prices fell ~10% during the quarter as the government refrained from imposing the anticipated anti-dumping duty, contrary to industry expectations, leading to inventory losses for pipes companies in this quarter. MDF volumes will stay healthy amid sharp YoY import reductions, with resin chemical prices easing sequentially and stable timber prices. Building materials volumes should accelerate ahead, though organized tiles players volume growth will be muted owing to Morbi pressure. Valuations have been rolled forward to Mar-28E (Kajaria Ceramics and Stylam Industries already updated in prior Company Update), with ratings unchanged across all stocks; Century Plyboards remains the top sector pick.

- Tiles sector—weak demand, Morbi dumping remains a challenge:** Tile prices were stable in the quarter; however, demand remained weak, weighed by sluggish domestic activity. Exports from the Morbi industry also remained subdued, owing to ongoing geopolitical tensions coupled with high USA tariffs (7% of tiles exports were to the US in FY25). Gas prices remained broadly stable in the quarter. Kajaria Ceramics and Somany Ceramics are each expected to report 3% volume growth. Owing to cost rationalization, Kajaria Ceramics' EBITDA margin will increase by 480bps YoY (flat QoQ), while we build 80bps margin expansion for Somany Ceramics (up 130bps QoQ).
- Plastic pipes—raw material price volatility continues:** Demand for pipes remained soft during the quarter, while PVC resin prices fell by ~10% as the government did not impose the expected anti-dumping duty, contrary to industry expectations. The decline in resin prices will lead to inventory losses. Supreme Industries and Astral Pipes are expected to deliver 11%/18% YoY volume growth, respectively, supported by market share gains, while Prince Pipes is projected to report flat YoY volumes.
- Wood panel—soft demand:** The wood panel industry witnessed soft demand during the quarter. Resin chemical prices eased sequentially, while timber prices remained largely stable. We expect double-digit topline growth for Century Plyboards and Greenpanel Industries are expected to drive growth through market share gains, with Greenlam Industries posting similar expansion from new segment ramp-up, and Stylam Industries achieving high-single-digit growth backed by strong exports.
- Sector and stock views:** We expect plumbing demand to recover in next year aided by stabilization of resin prices. Morbi's volume dumping continues as a structural hurdle for the tiles industry, prompting mid-single-digit volume growth projections for tile players in coming years. Wood companies are anticipated to deliver decent volume growth going forward. Valuations have been rolled forward to Mar-28E (Kajaria Ceramics and Stylam Industries already updated in prior Company Update), with ratings unchanged across all stocks; Century Plyboards remains the top sector pick.

COMPANY	RATING	TP (INR)
Kajaria Ceramics	REDUCE	1,160
Somany Ceramics	ADD	490
Supreme Ind.	ADD	3,940
Astral Limited	BUY	1,900
Prince Pipes	REDUCE	260
CenturyPly	BUY	1,015
Greenpanel Ind.	BUY	340
Greenlam Ind.	ADD	250
Stylam Ind.	ADD	2,555

Keshav Lahoti

keshav.lahoti@hdfcsec.com
+91-22-6171-7353

Rajesh Ravi

rajesh.ravi@hdfcsec.com
+91-22-6171-7352

Mahesh Nagda

mahesh.nagda@hdfcsec.com
+91-22-6171-7319

Riddhi Shah

riddhi.shah@hdfcsec.com
+91-22-6171-7359

Q3FY26 estimates for tiles, pipes, and wood panel companies

Y/E March	Net Sales (INR mn)			EBITDA (INR mn)			EBITDA Margin (%)			Adj. PAT (INR mn)		
	Dec-25E	YoY (%)	QoQ (%)	Dec-25E	YoY (%)	QoQ (%)	Dec-25E	YoY (%)	QoQ (%)	Dec-25E	YoY (%)	QoQ (%)
Kajaria Ceramics	12,238	5.9	3.2	2,206	43.9	3.3	18.0	4.8	0.0	1,386	63.3	3.0
Somany Ceramics	6,852	6.3	0.0	622	16.3	16.2	9.1	0.8	1.3	220	95.2	47.0
Supreme Ind.	26,721	6.5	11.6	3,244	5.1	9.1	12.1	(0.2)	(0.3)	1,895	1.4	15.0
Astral Limited	15,938	14.1	1.0	2,495	13.7	(2.8)	15.7	(0.1)	(0.6)	1,269	11.2	(5.8)
Prince Pipes \$	5,566	(3.7)	(6.4)	387	1,203.8	(29.8)	7.0	6.4	(2.3)	20	NA	(86.5)
CenturyPly	13,234	16.0	(4.5)	1,579	21.9	(9.6)	11.9	0.6	(0.7)	631	8.0	(8.4)
Greenpanel Ind.	4,052	12.7	2.3	408	135.4	64.9	10.1	5.3	3.8	51.3	(39.6)	NA
Greenlam Ind.	6,792	12.8	(16.0)	731	15.0	(30.0)	10.8	0.2	(2.2)	123	(3.1)	(61.9)
Stylam Ind.	2,797	9.9	(4.3)	550	19.6	(2.8)	19.7	1.6	0.3	364	22.1	(2.5)
Aggregate	94,189	9.0	1.1	12,222	22.9	(1.2)	13.0	1.5	(0.3)	5,960	22.6	(0.0)

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

Annual financial summary

Y/E March	Net Sales (INR bn)			EBITDA (INR bn)			EBITDA Margin (%)			Adj. PAT (INR bn)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Kajaria Ceramics	48.63	52.32	55.95	8.68	9.49	9.99	17.8	18.1	17.9	5.40	5.89	6.16
Somany Ceramics	27.92	30.02	32.55	2.30	2.65	2.92	8.2	8.8	9.0	0.73	0.89	1.01
Supreme Ind.	109.27	125.15	138.65	14.40	18.51	20.75	13.2	14.8	15.0	8.92	11.65	13.00
Astral Limited	63.58	72.91	82.57	10.20	12.42	14.62	16.0	17.0	17.7	5.39	7.01	8.52
Prince Pipes \$	24.46	26.64	28.93	2.05	2.85	3.21	8.4	10.7	11.1	0.48	1.09	1.31
CenturyPly	53.38	60.30	66.85	6.58	8.74	10.00	12.3	14.5	15.0	2.78	4.51	5.54
Greenpanel Ind.	15.66	19.51	22.56	0.94	2.54	3.34	6.0	13.0	14.8	(0.24)	1.04	1.67
Greenlam Ind.	30.20	34.92	39.45	3.16	4.17	4.88	10.5	11.9	12.4	0.60	1.49	2.00
Stylam Ind.	11.79	14.64	17.17	2.21	2.79	3.26	18.74	19.06	18.97	1.40	1.84	2.17

Source: Company, HSIE Research, \$ - standalone numbers

Y/E March	NPM (%)			RoCE pre-tax (%)			RoE (%)			Net D:E (x)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Kajaria Ceramics	11.1	11.3	11.0	22.6	22.7	21.9	18.3	18.2	17.5	(0.2)	(0.2)	(0.3)
Somany Ceramics	2.6	3.0	3.1	11.1	13.4	14.8	8.5	9.8	10.3	0.2	0.1	0.1
Supreme Ind.	8.2	9.3	9.4	18.1	22.1	22.8	15.2	18.4	18.9	(0.0)	(0.0)	(0.0)
Astral Limited	8.5	9.6	10.3	18.4	21.2	22.7	13.8	16.0	17.2	(0.2)	(0.3)	(0.4)
Prince Pipes \$	2.0	4.1	4.5	4.6	8.8	9.9	3.0	6.5	7.4	0.0	(0.0)	(0.1)
CenturyPly	5.2	7.5	8.3	11.8	15.5	17.1	11.1	15.8	16.6	0.6	0.4	0.3
Greenpanel Ind.	(1.5)	5.3	7.4	0.5	9.1	13.0	(1.7)	7.4	11.1	0.1	0.0	(0.1)
Greenlam Ind.	2.0	4.3	5.1	7.5	11.2	13.4	5.2	12.0	14.4	1.0	0.8	0.6
Stylam Ind.	11.9	12.6	12.6	26.9	28.1	27.5	19.5	21.2	20.7	(0.1)	(0.1)	(0.0)

Source: Company, HSIE Research, \$ - standalone numbers

Rating and target price revision summary

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)		
								FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Kajaria Ceramics	153.4	965	REDUCE	REDUCE	1,160	1,160	30.0	17.0	15.4	14.4	28.4	26.1	24.9
Somany Ceramics	16.2	399	ADD	ADD	490	530	20.0	7.8	6.6	5.9	22.1	18.1	16.0
Supreme Ind.	442.1	3,372	ADD	ADD	3,940	4,060	40.0	30.5	23.8	21.2	49.6	37.9	34.0
Astral Limited	386.3	1,389	BUY	BUY	1,900	1,870	60.0	37.1	29.9	25.1	71.7	55.1	45.3
Prince Pipes \$	29.3	261	REDUCE	REDUCE	260	290	22.0	14.4	10.2	8.8	61.3	26.9	22.3
CenturyPly	184.3	829	BUY	BUY	1,015	955	40.0	30.3	22.5	19.6	66.2	40.9	33.2
Greenpanel Ind.	28.1	230	BUY	BUY	340	335	25.0	31.5	11.3	8.1	(119.7)	27.1	16.8
Greenlam Ind.	62.1	244	ADD	ADD	250	250	30.0	23.3	17.6	14.6	102.9	41.8	31.0
Stylam Ind.	38.2	2,232	ADD	ADD	2,555	2,555	20.0	16.9	13.4	11.6	27.2	20.8	17.6

Source: Company, HSIE Research ^Valuation is based on Mar-28E EPS. CMP as of January 01, 2026.

Roll forward valuation to Mar-28E vs Sep-27E earlier (except Kajaria Ceramics and Stylam Industries already updated).

We value CenturyPly/ Greenlam using SOTP—ex-particle board business at 40/30x Mar-28E EPS and particle board business at 2/0.5x capital employed in Mar-28E respectively.

Price history		
<p>Kajaria Ceramics</p>	<p>Somany Ceramics</p>	<p>Supreme Ind</p>
<p>Astral</p>	<p>Prince Pipes</p>	<p>Century Ply</p>
<p>Greenpanel</p>	<p>Greenlam</p>	<p>Stylam</p>
<p>Rating Criteria</p> <p>BUY: >+15% return potential</p> <p>ADD: +5% to +15% return potential</p> <p>REDUCE: -10% to +5% return potential</p> <p>SELL: >10% Downside return potential</p>		

Disclosure:

We, **Keshav Lahoti, CA & CFA, Rajesh Ravi, MBA, Riddhi Shah, MBA & Mahesh Nagda, CA** authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Research Analyst or his/her relative or HDFC Securities Ltd. does not have any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate does have/does not have any material conflict of interest.

Any holding in stock – NO

HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

Disclaimer:

This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. This report may have been refined using AI tools to enhance clarity and readability.

Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.

This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report. As regards the associates of HSL please refer the website.

HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

Please note that HDFC Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: customer-care@hdfcsec.com Phone: (022) 3901 9400

HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

HDFC Securities**Institutional Equities**

Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,

Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

Board: +91-22-6171-7330 www.hdfcsec.com