Building Materials

2Q preview: Steady quarter

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In 2QFY26, we estimate our coverage companies' aggregate revenue and EBITDA to grow by ~6-7% YoY, while PAT is likely to be broadly flat owing to higher depreciation and interest cost. We expect the tiles industry to have witnessed low-single-digit YoY demand growth. With export demand likely to remain subdued over the near term, surplus supply is being diverted to the domestic market, thereby increasing pricing pressure and weighing on realisations. However, cost optimisation by the leader can drive margin improvement. In the wood panel segment, demand improved in Aug'25, mainly driven by reconstruction activities post heavy rains in many parts of the country. Concerns over MDF overcapacity and timber prices are gradually easing. With structural changes in play, organised/branded players are gradually gaining market share from unorganised players. In the plastic pipes segment, PVC prices increased 5% sequentially (declined 12% YoY) in 2Q and are currently trading at ~INR76/kg. Restocking activities across the channel are expected to improve once prices stabilise, with further support from regulatory tailwinds (like implementation of ADD and BIS norms). We prefer Supreme Industries, Kajaria Ceramics and Century Plyboards in our coverage.

- **Tiles demand remains subdued:** We expect the tiles industry to have witnessed low-single-digit YoY demand growth in 2Q owing to continued domestic weakness and stiff competition. Export growth, which had earlier supported smaller industry participants, has moderated amid global trade headwinds. Competitiveness has been impacted by EU ADD, US trade tariffs and elevated logistics costs arising from the Red Sea crisis. With export demand likely to remain subdued over the near term, surplus supply is being diverted to the domestic market, thereby increasing pricing pressure and weighing on realisations. For 2QFY26, we expect tiles companies to report YoY growth of ~20% and ~22% in EBITDA and PAT, respectively. For Kajaria, cost-optimisation initiatives, savings from shutdown of UK operations and plywood division are likely to drive profitability.

- **Strengthening of demand in wood panel; concerns over timber prices gradually easing:** We believe demand for wood panel products has strengthened from Aug'25 owing to reconstruction activities post the heavy monsoon. Concerns over MDF overcapacity and timber prices are gradually easing. With structural changes in play, organised/branded players are gradually gaining market share from unorganised players. On the pricing front, several leading domestic MDF manufacturers have announced a price hike of up to ~5% across various product categories w.e.f. 1st Sep'25, which was primarily led by rising production costs. Aggressive capacity additions in particle boards are expected to continue to pressure margins in the near term. Overall, we expect wood panel companies to register revenue/ EBITDA growth of 11-12% YoY in 2QFY26.

- **Plastic pipes - strong volume growth across companies:** In the plastic pipes segment, PVC prices increased 5% sequentially (declined 12% YoY) in 2Q. Open market prices are currently trading below RIL's levels (~INR76/kg), as traders are carrying elevated inventory and are compelled to liquidate holdings to finance incoming supplies. Restocking activities across the channel are expected to improve once prices stabilise, with further support from regulatory tailwinds (like implementation of ADD and BIS norms). Astral and Supreme Industries (including Wavin) are likely to register high teens and mid-teens volume growth, respectively. For 2QFY26, we expect revenue growth of ~5% YoY; however, we expect EBITDA and PAT to decline ~4-10% YoY.

- **2QFY26 likely to be a steady quarter:** We estimate that our coverage companies' aggregate revenue/ EBITDA could grow by ~6-7% YoY, while PAT may be broadly steady YoY owing to higher depreciation and interest cost.

Exhibit 1. Coverage companies' aggregate revenue and EBITDA likely to grow ~6-7% YoY, while PAT may be broadly flat

INR Mn	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	Comments
Wood Panel						
Century Plyboards						
Revenues	13,827	11,836	16.8%	11,694	18.2%	Volumes of plywood are expected to witness a growth in low double digit YoY; while MDF is expected to grow at >20% YoY. EBITDA margin likely to increase 233bps YoY and 78bps QoQ.
EBITDA	1,623	1,113	45.8%	1,282	26.6%	
EBITDA Margin (%)	11.7%	9.4%	233 bps	11.0%	78 bps	
PAT	766	400	91.6%	529	44.7%	
EPS (INR)	3.4	1.8	91.6%	2.4	44.7%	
Greenlam Industries						
Revenues	7,523	6,808	10.5%	6,738	11.7%	We estimate overall ~7% YoY volume growth for laminates division. Given the new particle board plant is still ramping up, overall margins expected to decline 356bps YoY; however increase 186bps QoQ.
EBITDA	632	814	-22.4%	441	43.4%	
EBITDA Margin (%)	8.4%	12.0%	(356 bps)	6.5%	186 bps	
PAT	70	346	-79.9%	(154)	NA	
EPS (INR)	0.6	2.9	-79.9%	(1.3)	NA	
Greenpanel Industries						
Revenues	3,264	3,369	-3.1%	3,282	-0.6%	Volumes for Plywood and MDF are expected to remain subdued. EBITDA margin likely to decline 278bps YoY; however increase 1,091bps QoQ on a low base.
EBITDA	199	299	-33.5%	(158)	NA	
EBITDA Margin (%)	6.1%	8.9%	(278 bps)	-4.8%	1,091 bps	
PAT	(68)	185	NA	(346)	NA	
EPS (INR)	(0.6)	1.5	NA	(2.8)	NA	
Greenply Industries						
Revenues	6,973	6,405	8.9%	6,008	16.1%	We expect volumes for plywood and MDF division to increase ~4% and ~9% YoY, respectively. EBITDA margin is likely to increase by 99bps YoY; while likely to decline 27bps sequentially.
EBITDA	696	576	20.8%	616	13.0%	
EBITDA Margin (%)	10.0%	9.0%	99 bps	10.3%	(27 bps)	
PAT	309	176	76.1%	225	37.2%	
EPS (INR)	2.5	1.4	76.1%	1.8	37.2%	
Ceramics						
Cera Sanitaryware						
Revenues	5,194	4,900	6.0%	4,194	23.8%	We expect revenue to grow at ~6% YoY, however EBITDA margin likely to decline 44bps YoY; though up 111bps sequentially.
EBITDA	715	696	2.7%	531	34.7%	
EBITDA Margin (%)	13.8%	14.2%	(44 bps)	12.7%	111 bps	
PAT	587	681	-13.7%	465	26.2%	
EPS (INR)	45.5	52.8	-13.7%	36.1	26.2%	
Kajaria Ceramics						
Revenues	11,968	11,793	1.5%	11,027	8.5%	We estimate tiles volume growth of ~3% YoY. We expect EBITDA margin to increase by 407bps YoY (up 60bps QoQ) to ~17.5% owing to various cost optimisation initiatives.
EBITDA	2,099	1,589	32.1%	1,869	12.4%	
EBITDA Margin (%)	17.5%	13.5%	407 bps	16.9%	60 bps	
PAT	1,295	843	53.6%	1,090	18.8%	
EPS (INR)	8.1	5.3	53.6%	7.0	18.8%	
Somany Ceramics						
Revenues	6,925	6,663	3.9%	6,044	14.6%	EBITDA margin is expected to broadly remain flat YoY at 8.5% due to partial gas supply disruption at its Kassar plant; while inch up 50bps QoQ.
EBITDA	587	560	4.8%	482	21.8%	
EBITDA Margin (%)	8.5%	8.4%	7 bps	8.0%	50 bps	
PAT	183	172	6.4%	104	76.1%	
EPS (INR)	182.7	171.6	6.4%	103.7	76.1%	

Source: Company, JM Financial

INR Mn	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	Comments
Plastic Pipes						
Astral						
Revenues	15,048	13,704	9.8%	13,612	10.5%	We estimate plumbing volume growth of ~20% YoY (~9% QoQ). EBITDA margin likely to decline 133bps YoY to 14%; up 42bps QoQ.
EBITDA	2,107	2,101	0.3%	1,849	14.0%	
EBITDA Margin (%)	14.0%	15.3%	(133 bps)	13.6%	42 bps	
PAT	1,035	1,101	-6.0%	811	27.6%	
EPS (INR)	3.9	4.1	-6.0%	3.0	27.6%	
Prince Pipes and Fittings						
Revenues	6,163	6,221	-0.9%	5,804	6.2%	We estimate pipes volume growth of 5% YoY (4% QoQ), while EBITDA margin is expected to decline 4bps YoY to 7.3%; up 49bps QoQ.
EBITDA	450	457	-1.5%	396	13.8%	
EBITDA Margin (%)	7.3%	7.3%	(4 bps)	6.8%	49 bps	
PAT	84	147	-42.7%	48	74.8%	
EPS (INR)	0.8	1.3	-42.7%	0.4	74.8%	
Supreme Industries						
Revenues	23,653	22,730	4.1%	26,092	-9.3%	We estimate plastic piping volume growth of ~15% YoY (-21% QoQ). EBITDA margin expected to decline 147bps YoY to 12.6%; up 35bps QoQ.
EBITDA	2,974	3,192	-6.8%	3,189	-6.7%	
EBITDA Margin (%)	12.6%	14.0%	(147 bps)	12.2%	35 bps	
PAT	1,869	2,066	-9.5%	2,023	-7.6%	
EPS (INR)	14.7	16.3	-9.5%	15.9	-7.6%	
Total universe coverage						
Revenues	**1,00,537**	**94,428**	**6.5%**	**94,496**	**6.4%**	
EBITDA	**12,082**	**11,397**	**6.0%**	**10,495**	**15.1%**	
EBITDA Margin (%)	**12.0%**	**12.1%**	**(5 bps)**	**11.1%**	**91 bps**	
PAT	**6,130**	**6,116**	**0.2%**	**4,796**	**27.8%**	

Source: JM Financial

APPENDIX I

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