

Building Materials

Price performance

Company (%)	3M	6M	12M
Asian Paints	19.3	12.2	19.4
Berger Paints	(2.5)	(10.8)	12.5
Kajaria Ceramics	(16.6)	(13.6)	(4.8)
Astral	5.0	(0.6)	(4.9)
Century Plyboards	(0.6)	5.6	(5.0)
Kansai Nerolac	(4.4)	(6.1)	(8.8)
Supreme Industries	(14.9)	(15.2)	(22.8)
Somany Ceramics	(11.3)	(30.9)	(35.4)

Source: ACE Equity, Elara Securities Research

Sector preview & stock positioning

- We expect the building materials sector to show mixed trends in Q3FY26; although overall demand remains soft, some companies are likely to report double-digit volume growth and market share gains.
- Margin is likely to see a modest expansion, with improvement in wood panels from easing off of resin chemical prices and stable timber cost, although pipes face headwinds from Polyvinyl chloride (PVC) resin volatility. We retain our Cautious stance on the paints sector, due to persistent challenges related to demand recovery and sustained competition.
- PVC prices have increased by INR 1/kg effectively from 1 January 2026, which augurs well for Q4. In the paints segment, quarterly fluctuation in competition continues, as Q3 has witnessed aggression from Birla Opus in terms of increase in in-bill discounts.
- For Q3FY26E, we expect EBITDA margin for our building materials coverage universe to remain broadly stable, up ~25bp YoY, as gains in wood panels and plastic pipes should be offset by the decline in the tiles segment. EBITDA margin for tiles is set to increase 185bp YoY to 13.3%, followed by wood panels at ~149bp YoY. The plastic pipes segment is likely to post margin expansion of 56bp while the paints segment margin is set to decline by ~12bp YoY.

Key monitorable and trigger points

- Demand recovery and competitive intensity in the paints sector
- RM price volatility, and PVC resin price stability
- Exports demand recovery (US tariff) in the tiles segment

Leaders

- **Century Plyboards (CPBI IN):** Q3FY26 revenue is likely to grow by 16.5% YoY, supported by continued healthy demand in Medium Density Fiberboard (MDF) and market share gains on the back of continued brand investment and loyalty program for intermediaries & influencers.
- **Astral (ASTRA IN):** We expect revenue growth to be 11% YoY, driven by market share gains in the plastic pipes segment even as non-implementation of anti-dumping duty dragged PVC prices.

Laggards

- **Asian Paints (ANPT IN):** We expect revenue growth to be muted at 4.6% YoY during the quarter, led by increased competition.

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Peer valuation

Name	Ticker	Rating	Mcap				Sales (INR mn)			EBITDA (INR mn)			PAT (INR mn)		
			(INR bn)	(INR)	(INR)	(%)	Q3FY26E	YoY (%)	QoQ (%)	Q3FY26E	YoY (%)	QoQ (%)	Q3FY26E	YoY (%)	QoQ (%)
Asian Paints	APNT IN	Sell	2,672.8	2,787	2,600	(6.7)	90,187	5.5	5.7	17,227	5.3	14.6	11,733	5.7	18.1
Berger Paints	BRGR IN	Accumulate	606.0	520	600	15.5	30,560	2.7	8.1	4,734	0.3	34.4	3,113	5.5	50.9
Supreme Industries	SI IN	Accumulate	451.9	3,557	4,260	19.8	26,748	6.6	11.7	7,320	137.0	8.9	5,919	216.6	9.7
Astral	ASTRA IN	Accumulate	396.6	1,476	1,650	11.8	15,510	11.0	(1.7)	2,454	11.8	(4.4)	1,291	13.1	(4.2)
Kansai Nerolac	KNPL IN	Accumulate	189.7	235	272	15.9	19,570	6.2	4.6	2,600	5.3	22.7	2,466	421.4	80.1
Century Plyboards	CPBI IN	Buy	173.7	782	980	25.3	13,287	16.5	(4.1)	1,707	31.8	(2.3)	730	25.0	6.0
Kajaria Ceramics	KJC IN	Accumulate	160.8	1,009	1,380	36.7	11,509	(0.4)	(3.0)	1,956	27.6	(8.4)	1,117	33.5	(16.4)
Somany Ceramics	SOMC IN	Accumulate	16.5	403	737	82.8	6,697	3.9	(2.3)	472	(11.7)	(11.8)	60	(47.2)	(60.2)

Note: Pricing as on 8 January 2026; TP and Rating as per last published report; Source: Bloomberg, Elara Securities Estimate