

Stock recommendation

Companies	Recom	TP	Upside
Greenply	BUY	360	20%
Kajaria Ceramics	BUY	1,027	26%
Supreme	ADD	3,952	12%
Greenlam	ADD	250	15%
Century Ply	ADD	790	8%
Astral	REDUCE	1,440	2%

Source: Axis Capital

We expect the building products industry (tiles, wood panels, and plastic pipes) to see an uptick in demand beginning H2FY26 led by the highest ever launches since low real-estate inventory in FY24. Industry growth will be underpinned by several demand drivers, including an improving real estate cycle, increasing private/ public capex, rising household income, growing urbanization, and premiumization. This should lift valuations, currently at their 10-year average P/Es. We initiate coverage of [Greenply Industries](#) and [Greenlam Industries](#), and resume coverage of [Century Plyboards](#), [Kajaria Ceramics](#), [Astral Limited](#), and [Supreme Industries](#).

Tiles – excelling in exports, moving up in domestic premium segment

We expect tile exports to do well as India continues to be cost competitive and domestic players focus on the premium category. This will help manufacturers improve market share and further consolidate the domestic market. India's tile exports saw ~36% CAGR over FY10-24, mainly driven by cost competitiveness and geographical expansion.

Wood panels – not yet out of the woods

We expect profitability for the MDF industry to remain under pressure until domestic capacity utilization reaches 80-85%, from 50-55% currently. Players with diversified distribution networks, large product baskets, and strong balance sheets will grow ahead of the industry. From an import substitution perspective, there is not much opportunity for domestic wood panel players in the wake of QCO/ BIS implementation.

Plastic pipes – in a consolidation phase; will rebound as RM prices rise

We expect branded players to grow ahead of industry, on strong manufacturing, channel expansion, product / SKU expansion, and value addition. Improvement in government capex, extension of the Jal Jeevan mission, and healthy project completions will likely lead to industry growth of 8-10% over the next two years. In FY25E, the plastic pipes industry posted a 4-6% YoY revenue decline, due to lower government capex, muted demand from developers, and lower PVC prices leading to de-stocking. However, the industry expects PVC prices to have bottomed out, with recovery ahead sufficient to support channel re-stocking.

Valuations: opportunity as P/E ratios hit their 10-year average

- We initiate coverage of [Greenply Industries](#) with a **BUY** rating and TP of Rs 360 valuing it at 23x on FY27 EPS. Key risk: any delay in ramp-up of MDF capacity along with higher competition.
- We initiate coverage of [Greenlam Industries](#) with an **ADD** rating and TP of Rs 250; valuing it at 25x FY27E EPS. Key risk: any emergence of higher competition in Plywood and particle board and slowdown in export markets.

We assume coverage of [Century Plyboards](#) with an **ADD** rating and TP of Rs 790, [Kajaria Ceramics](#) with a **BUY** rating and TP of Rs 1,027, [Astral Ltd](#) with a **REDUCE** rating and TP of 1,440, and [Supreme Industries](#) with an **ADD** rating and TP of Rs 3,952.

Deepak Agarwal assumes coverage of Building Products

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Exhibit 1: Valuations of Building Products Companies

Companies	Rev- CAGR	PAT CAGR	ROE			P/E		
	FY24-27E	FY24-27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Astral Ltd	9%	12%	15	16	18	75	61	49
Supreme Industries	11%	10%	17	19	21	50	39	31
Kajaria Ceramics	9%	8%	13	15	16	36	29	24
Century Plyboards	16%	19%	10	15	17	70	39	30
Greenply Industries	11%	36%	15	16	19	33	26	19
Greenlam Industries	17%	23%	9	13	17	51	32	22

Source: Company, Axis Capital