

## BUILDING MATERIALS

09 June 2025

### Mixed trade flow: Negative for tile/laminate; Positive for MDF

- Domestic tiles realisation to remain under pressure in the near future, due to weak tiles exports (-3.7% YoY in Mar'25)
- Laminates net exports volume was down 4.9% YoY in Mar'25, on weak global demand
- MDF and particleboard net imports fell sharply in Mar'25, owing to steep increase in domestic capacity

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These are key takeaways from the Ministry of Commerce trade statistics, for the building materials (BM) sector for Mar'25.

**Tile:** India's monthly net tiles exports de-grew by 3.7% YoY but were up by 13.1% MoM in Mar'25. In Apr'25, the US government has decided against imposing anti-dumping duty on Indian tiles product. However, we believe the exports may remain weak in the near future due to the Trump tariff impact, in the form of lower exports to US market (forms 7.2% of Indian tiles exports) and a slowdown in global demand (forms 24% of Indian tiles industry). As a result, domestic tiles realisation may stay under pressure till we see a sharp recovery in exports.

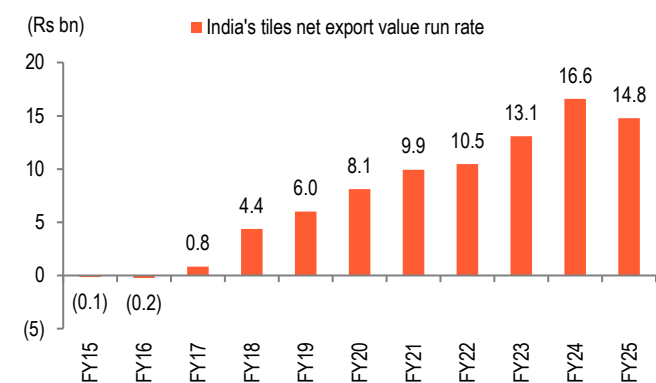
**Laminate:** Despite steep increase in capacity, India's laminates monthly net export volume was down 4.9% YoY in Mar'25, due to weak global demand. Note that exports form roughly 30-50% of total sales of major domestic laminate companies.

**MDF:** India's MDF monthly import volume fell sharply by 82% MoM to 4,768 CBM in Mar'25. India became a net exporter of MDF in Mar'25 (with net exports of 7,731 CBM in Mar'25 vs average net monthly import of 16,288 CBM in Jan-Feb'25). However, local MDF players have taken a price cut in the 2-5% range in Apr'25, given supply-side pressure in the domestic market. Going ahead, domestic MDF margin is likely to improve to normal over the next two years, in anticipation of an improvement in the sector pricing power with higher industry capacity utilisation (from 67% in FY25 to ~80% in FY27E) and lower timber prices (peaked out in FY25 and likely to come down by 8-10% in FY26).

**Particleboard:** India's particleboard monthly net import volume fell sharply (-43% YoY/-93% MoM) in Mar'25. Particleboard sector margin is likely to remain weak over the medium term, on account of supply-side pressure in the domestic market owing to large capacity additions (Merino, GRLM, CPBI) in H2FY25.

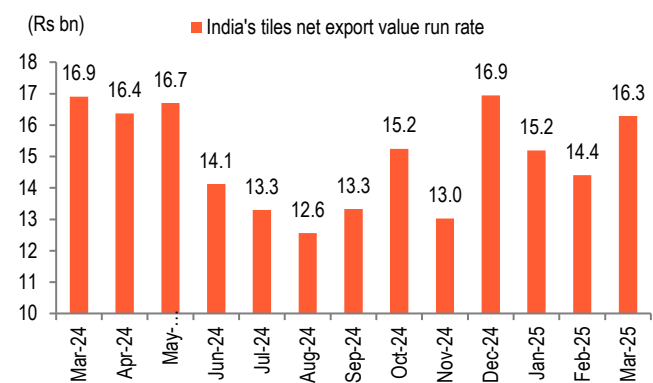


**Fig 1 – India's tiles export trend for the past decade**



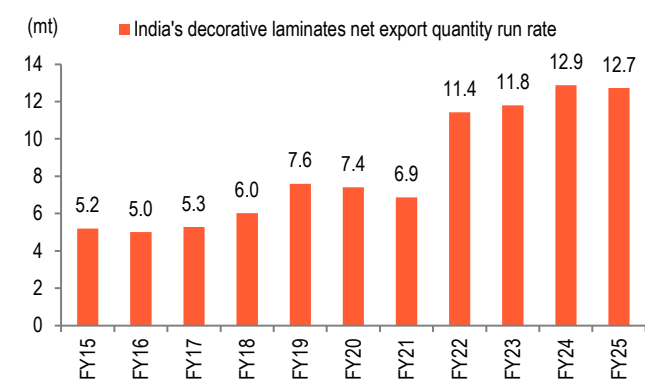
Source: Ministry of Commerce, BOBCAPS Research

**Fig 2 – India's tiles export trend for the past 12 months**



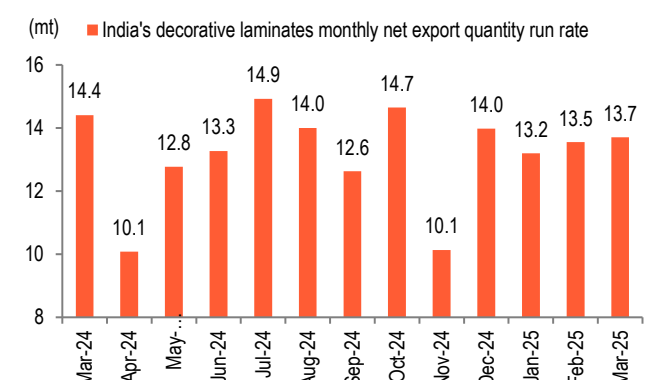
Source: Ministry of Commerce, BOBCAPS Research

**Fig 3 – India's laminates export trend for the past decade**



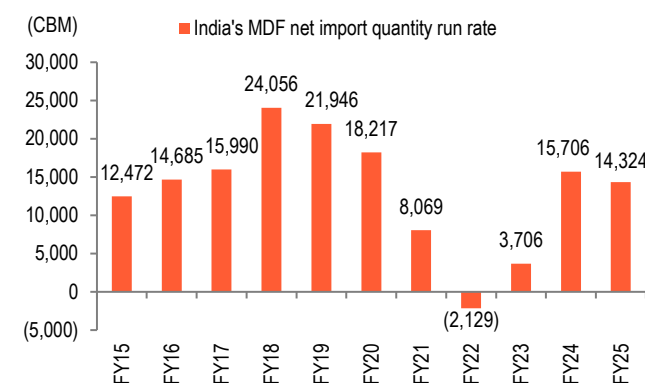
Source: Ministry of Commerce, BOBCAPS Research

**Fig 4 – India's laminate export trend for the past 12 month**



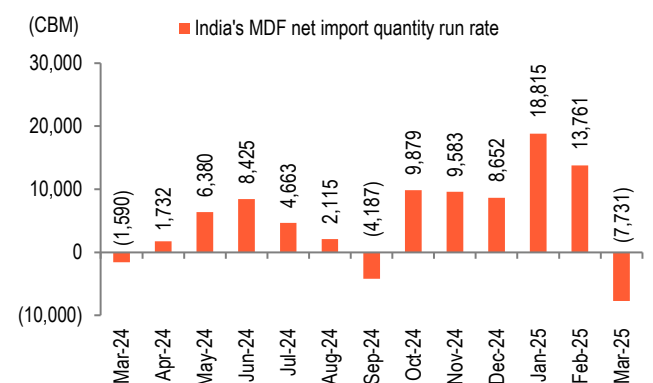
Source: Ministry of Commerce, BOBCAPS Research

**Fig 5 – India's MDF import trend for the past decade**



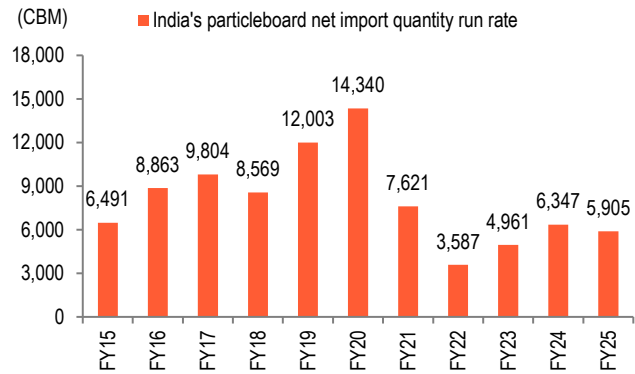
Source: Ministry of Commerce, BOBCAPS Research

**Fig 6 – India's MDF import trend for the past 12 months**



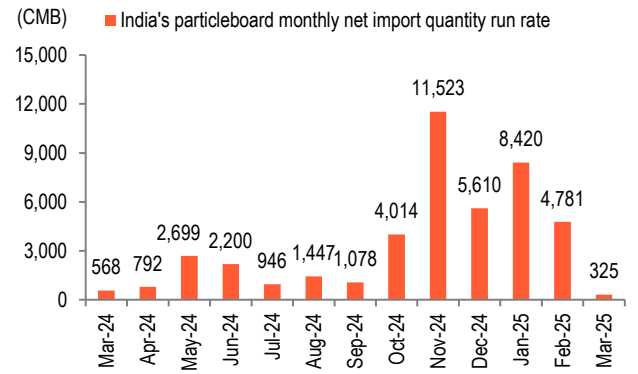
Source: Ministry of Commerce, BOBCAPS Research

**Fig 7 – India’s particleboard import trend for the past decade**



Source: Ministry of Commerce, BOBCAPS Research

**Fig 8 – India’s particleboard import trend for the past 12 months**



Source: Ministry of Commerce, BOBCAPS Research

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