FIRST LIGHT

12 October 2026

RESEARCH

BUILDING MATERIALS | Q2FY27 PREVIEW

Q2FY27E Preview: Costs reset, channels rebuild

PHARMACEUTICALS

Regulatory predictability is essential for Indian clinical trials

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SUMMARY

BUILDING MATERIALS: Q2FY27 PREVIEW

- PVC pipes: Import floor lifts pricing; channel recovering, agri lags
- Wood panels: Hikes partly rolled back; MDF oversupply and export delays weigh
- Ceramics: Fuel costs reset higher; Morbi hikes hold, exports recover only partially

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PHARMACEUTICALS

- Biosimilar submissions will eventually be made in an ANDA-like format, taking the shine off biosimilars within the next one to two years
- The power of an oligonucleotide is expected to be far greater than that of an ADC or a trispecific antibody in attacking a particular target
- Clinical trials in India can be about 33x cheaper than in the US, 60x cheaper than in Japan, and 35x cheaper than in Europe

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BUILDING MATERIALS | Q2FY27 Preview | 12 October 2026

Q2FY27E Preview: Costs reset, channels rebuild

- **PVC pipes: Import floor lifts pricing; channel recovering, agri lags**
- **Wood panels: Hikes partly rolled back; MDF oversupply and export delays weigh**
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Import floor and price hikes stabilise channel; demand mixed, agri lags: We expect a Q2FY27 recovery after Q1's sharp channel destocking. Reinstatement of customs duty from mid-Jul'26 and the USD 766/MT import floor (24 Jul'26; valid six months) improved domestic pricing and reduced inventory-devaluation risk, followed by price hikes of Rs 1.5/kg (Aug'26) and ~Rs 7/kg (Sep'26) post weakness in July; channel inventory is normalising. Plumbing is ahead of agri, which is exposed to the deficient monsoon, though last year's rain-hit base eases comparisons. Organised, non-agri-heavy players should outperform; FNXP IN is most exposed to agri and PVC-EDC spreads.

Price hikes partly reversed as input costs ease; MDF oversupply and export delays weigh: Wood panels entered Q2FY27 following Q1 price hikes of ~15% in MDF, ~10% in laminates and ~7% in plywood, taken to offset volatile input costs. As input costs eased, MDF and laminate increases were rolled back in phases at most producers between May and Jul'26, while plywood hikes largely held. Wood costs were mixed across regions and species. Organised plywood players outpaced 5-7% industry growth in Q1 on share gains. MDF remains oversupplied, and laminates exports remain affected by West Asia disruptions. Watch: DGTR's 28 Sep'26 recommendation of USD 245-403/t duty on Chinese melamine, pending the government's decision.

Fuel costs reset higher; Morbi hikes hold; exports recover only partially: Fuel costs reset higher after the Mar-Apr'26 Morbi shutdown: PNG averaged Rs 82.7/SCM (+88% YoY, +9% QoQ) and propane Rs 114.5/kg (+137% YoY, flat QoQ), with propane supply faltering in Aug'26 before improving in Sep'26. Morbi's May-Jun'26 price hikes largely held, narrowing the discount to branded tiles to below 20% (from ~40%), and dealers, after running down stock in Apr-May'26, began rebuilding inventories. Exports recovered from the Apr'26 trough (Rs 5.52 bn) to ~Rs 12.8-13.0 bn a month in Jun-Jul'26, but Jul'26 was still ~19% lower YoY, after a ~39% YoY fall in Q1FY27.

PHARMACEUTICALS

11 October 2026

Regulatory predictability is essential for Indian clinical trials

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We hosted pharma expert Dr. Dhananjay Bhakle, who has 40+ years of experience in the pharma industry. He is currently the CEO of MedRenova and previously worked at MNCs such as Novartis and Sanofi, and at domestic pharma companies such as Lupin. He shared his insights on the sector and on clinical development. The following are the key takeaways (KTAs) from the call:

Innovation to be the key growth driver – Dr. Bakhle highlights that India will witness a second wave of innovation, after the first wave was initiated by Dr. Reddy's and Glenmark's NCE boom. The first wave led to the setting up of R&D centers all over the country. However, India mastered generics, APIs, and biosimilars, which were tough areas at the time. Innovation became equated with new chemical entities (NCEs) and biobetters, and the focus on repurposed drugs, incremental innovations, novel formulations, and drug delivery systems was skipped. He believes that existing pharmacology, modern formulation science, AI, digital technologies, and unmet medical needs give India the lead to bring out many inventions, such as drug repurposing, novel formulations, co-crystals, improved therapeutic profiles, biomarker-driven and precision approaches. These are not expensive and do not involve new chemical entities.

India leads in formulation science - Existing pharmacology offers leads for many inventions that are cost-effective and are not dealing with new chemical entities (NCEs). Formulation science is among the most advanced fields in India. However, most new formulations originate from pharmacy colleges, where they remain academic and are not commercialised. India is also considered well ahead in AI and digital technology. Digital health has already arrived, and companies across the industry are now actively discussing it. Pharmaceutical companies have already begun adopting these technologies.

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