

RESEARCH

BUILDING MATERIALS | Q4FY26 REVIEW

Pipes drive earnings growth; wood panels sustain momentum

BOB ECONOMICS RESEARCH | CPI

CPI showing impact of higher food and fuel prices

BOB ECONOMICS RESEARCH | WPI

New indices for measuring wholesale inflation

SUMMARY

BUILDING MATERIALS: Q4FY26 REVIEW

- Pipe companies under coverage lead with robust revenue (+18% YoY) and profitable growth; inventory gains drive profitability
- Wood panels deliver 19% revenue growth, while tiles report sharp margin recovery on lower energy costs
- Roll-forward estimates to Jun-28EPS; prefer wood panels over plastic pipes/ ceramics; CPBI and SI are our top picks in the sector

[Click here](#) for the full report.

INDIA ECONOMICS: CPI

CPI inched up in May'26 bearing the impact of higher food and fuel inflation. The May'26 petrol, diesel and cylinder price hike was reflected in higher inflation in the transport component of CPI and in the inflation of restaurant and accommodation services component. Food inflation rose to 4.8% and core inflation is also heading the 4%-mark, with likely narrowing of the gap between core and food inflation in the near term. The inching up of core is still attributable to some degree of volatility in precious metals. Excl. gold silver and precious metals, core has inched up a tad to 2.2% in May'26 from 2.1% in Apr'26. Going forward, we believe that upside risks to core will intensify as firms might pass through some degree of higher input costs to consumers amidst stable demand conditions.

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INDIA ECONOMICS: WPI

Ministry of Commerce and Industry has revamped the wholesale inflation series. Apart from revising the base for WPI series from 2011-12 to 2022-23, the Ministry has also provided additional datasets which measure PPIs (output, input and services). The idea is to gradually phase out the WPI series (after 5 years) and adopt PPI as the measure to gauge wholesale inflation, in line with international best practices. For May'26, headline WPI (2022-23=100) has risen to 9.7% from (-) 0.2% in May'25. At the same time, output PPI indicates that headline index rose by 9.4% versus 0.1% last year.

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Pipes drive earnings growth; wood panels sustain momentum

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Earnings growth driven by margins; pipes emerge as the standout performer:

Q4FY26 was a strong quarter for our Building Materials coverage, with aggregate revenue/EBITDA growth of 16/57% YoY. Earnings growth was largely margin-led, supported by inventory gains, favourable PVC spreads, cost control initiatives and operating leverage. Pipes emerged as the strongest-performing segment, while wood panels delivered another healthy quarter. Tiles remained relatively subdued on the demand front but reported meaningful margin recovery.

Volume growth sustains in plastic pipes; profitability improved on inventory gains and operating leverage: Plastic pipes reported revenue growth of 18% YoY, while EBITDA increased 57% YoY, driven by higher PVC spreads, inventory gains and improved product mix drove sharp margin expansion across the sector. Volume growth remained healthy across the sector, led by ASTRA (+24% YoY), followed by PRINCPIP (+23% YoY), APOLP (+21% YoY) and SI (+18% YoY), while FNXP volumes remained broadly flat due to weaker agri demand. Demand continued to be supported by residential, non-agri and project segments, although agri demand remained volatile amid sharp PVC price movements. Management expects margins to normalise from elevated Q4 levels, while maintaining a constructive outlook on demand.

MDF outperformed in volume growth vs Plywood and laminates: Wood panel companies reported revenue and EBITDA growth of 19% YoY and 32% YoY respectively in Q4FY26. Growth remained broad-based across categories, with plywood revenue/EBITDA growing 17%/24% YoY and MDF revenue increasing 18% YoY, although MDF EBITDA grew only 3% YoY due to continued pricing pressure. Laminates delivered strong profitability recovery, with EBITDA rising 56% YoY on improved mix and operating leverage, while particleboard revenues increased 292% YoY driven by capacity ramp-up and improving utilisation. Demand remained healthy across categories, supported by market-share gains, distribution expansion and stable timber availability.

Recommendation snapshot

Ticker	Price	Target	Rating
APOLP IN	507	350	SELL
ASTRA IN	1,545	1,720	HOLD
CPBI IN	751	920	BUY
CRS IN	6,259	7,200	BUY
FNXP IN	173	200	BUY
GREENP IN	194	270	BUY
GRLM IN	253	300	BUY
HINDWARE IN	255	330	BUY
KJC IN	1,106	1,160	HOLD
MTLM IN	294	300	HOLD
PRINCPIP IN	280	300	HOLD
SI IN	3,550	4,360	BUY
SOMC IN	520	540	HOLD

Price & Target in Rupees | Price as of 15 Jun 2026



CPI

12 June 2026

CPI showing impact of higher food and fuel prices

CPI inched up in May'26 bearing the impact of higher food and fuel inflation. The May'26 petrol, diesel and cylinder price hike was reflected in higher inflation in the transport component of CPI and in the inflation of restaurant and accommodation services component. Food inflation rose to 4.8% and core inflation is also heading the 4%-mark, with likely narrowing of the gap between core and food inflation in the near term. The inching up of core is still attributable to some degree of volatility in precious metals. Excl. gold silver and precious metals, core has inched up a tad to 2.2% in May'26 from 2.1% in Apr'26. Going forward, we believe that upside risks to core will intensify as firms might pass through some degree of higher input costs to consumers amidst stable demand conditions.

Dipanwita Mazumdar
Economist

The risks on food inflation is also likely to intensify in the coming days. As per WMO El Niño/La Niña Update there is "80% likelihood of an El Niño event during June–August 2026. Probabilities for this to continue until at least November are near or above 90%. However, till now the reservoir level is more than normal storage (11 Jun), the arrivals statistics of vegetables are also satisfactory. Only coming days will tell us whether the supply conditions are sufficient from any incipient shock from food and fuel on inflation or not?

What has driven CPI in May'26: CPI inflation reading came in at 3.9% in May'26 compared to 3.5% in Apr'26, on YoY basis and below our estimate of 4.1%. The major upward momentum in CPI was visible from Transport component due to the May'26 petrol diesel price hike in phases. It is to be noted that petrol and diesel in transport component of CPI have 4.8% weightage in the basket. Transport component went up to 1.8% in May'26 compared to 0% in Apr'26. On a sequential basis it rose by 1.9% in May'26 compared to 0.1% in Apr'26. Apart from this restaurants and accommodation services are rising for the third straight month in a row. Inflation inched up sharply to 5.7% in May'26 compared to 4.2% in Apr'26. This component is showing the impact of commercial cylinder price hike. The personal care and effect component has also risen to 18.5% in May'26 compared to 17.7% albeit a -2.8% decline in international gold prices (WORLD Bank data). However, international silver prices has risen by similar 2.8%, so that must have negated the influence on the overall index. It is to be noted that gold has weightage of 0.62% in the overall basket of CPI and silver has a weight of 0.31%. The fine print of other personal care items might have shown momentum of pass through of higher input costs by firms.



WPI

15 June 2026

New indices for measuring wholesale inflation

Ministry of Commerce and Industry has revamped the wholesale inflation series. Apart from revising the base for WPI series from 2011-12 to 2022-23, the Ministry has also provided additional datasets which measure PPIs (output, input and services). The idea is to gradually phase out the WPI series (after 5 years) and adopt PPI as the measure to gauge wholesale inflation, in line with international best practices. For May'26, headline WPI (2022-23=100) has risen to 9.7% from (-) 0.2% in May'25. At the same time, output PPI indicates that headline index rose by 9.4% versus 0.1% last year.

Sonal Badhan
Economist

In the latest WPI series, all major group heads (food, fuel and manufactured products) have contributed to the elevated inflation print. Similar trends can be noted in output PPI as well. In contrast, input PPI shows that upside pressure (MoM) was visible in only 8 of the 21 manufactured product indices (food, beverages, textiles, electrical equipment, etc.). Services PPI will be made available on quarterly basis and data for Mar'26 indicates that there was an increase on account of securities transactions and railways, while there was considerable downside pressure on account of banking, insurance, telecom and management of pensions.

What's new:

- Ministry of Commerce has released WPI with new base of 2022-23 and has discontinued the series with base year 2011-12.
- For the new the WPI series (2022-23=100):
 - Number of items tracked has been increased from 697 to 957.
 - Under electricity index, renewable energy has also been added (solar, wind, nuclear).
 - Crude petroleum & natural gas index has been shifted from 'primary articles' to 'fuel and power'.
 - To determine the new weights of each component, Gross Value of Output (GVO) has been used this time instead of using Net traded Value earlier (GVO + Imports - Exports).
 - In case of missing data, now 'targeted mean imputation' method will be used instead of 'carry forward' method used in the old series.
- In addition to the new WPI series, the Ministry has also released series for Producer Price Indices (PPI).



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BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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