

FIRST LIGHT

19 June 2025

RESEARCH

BUILDING MATERIALS

Pipe channel checks reveal demand remains weak

SUMMARY

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- The plastic pipe demand environment remained weak YoY in Q1FY26 (QTD) on weak consumer sentiments and arrival of early monsoon
- Plastic pipe companies took price hike of 2.5-5.0% over the past one month, but it is relatively stable compared to Mar'25
- SI continues to follow an aggressive pricing strategy to gain market share in a weak demand environment

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We recently interacted with 17 plastic pipe dealers (West: 8; North: 5; South: 3; East: 1) to gauge plastic pipe demand and pricing scenarios in Q1FY26 (QTD), the near-term outlook, and the industry-competitive landscape.

Demand: Our interaction with pipe dealers indicates that demand continues to be weak on a YoY basis in Q1FY26 (QTD) due to weak consumer sentiments and arrival of early monsoon. Most distributors anticipate no major recovery in demand over the next 2-3 months due to muted construction activity and monsoon. However, dealers in certain regions (Uttar Pradesh and Rajasthan) have seen relatively better demand in Q1FY26 (QTD).

Pricing: Dealers indicated that pipe companies have taken a price hike of 2.5-5.0% in Q1FY26 (QTD) to pass on the impact of recent increase in PVC resin prices. However, average pipe realization is likely to be almost at similar level compared to Mar'25 end (as PVC resin prices gone up by Rs3.5/kg over the past 1 month vs correction of Rs4.0/kg seen in Apr'25). Thus, we believe the average realization for major pipe companies is likely to remain under pressure in Q1FY26 on sequential basis due to high share of agri pipe sales in June quarter period. However, we believe the pipe realization is likely to improve from Q2FY26 onwards as PVC resin prices bottomed out in Apr'25.

Channel inventory: Most dealers have indicated that their pipe inventories are maintaining below normal level in view of weak demand conditions.

Competitive landscape: As per our channel check, SI maintains its aggressive pricing strategy to gain market share (particularly in retail segment). Few dealers indicated that Astral has lost some market share in CPVC pipe portfolio as it continued to follow a premium pricing strategy (+10-15% over its major peers). For FNXP, dealers indicated that the company is not able to provide the material on time due to inventory shortages. In few regions (south and west), dealers indicated that Hindware has been gaining good traction in the SWR/UPVC product portfolio.



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