FIRST LIGHT

01 September 2025

RESEARCH

BUILDING MATERIALS

Positive trade flow across building materials (except tiles)

SUMMARY

BUILDING MATERIALS

- India's tiles net export was down sharply 18.9% MoM in Jun'25 and likely to remain weak in near-term due to a steep rise in the US tariff
- India's laminates monthly net export volume run rate grew by 5.0% YoY in Jun'25
- MDF and particleboard net imports fell sharply for the 4th consecutive month, due to BIS implementation in Feb'25

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29 August 2025

Positive trade flow across building materials (except tiles)

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Key takeaways from the Ministry of Commerce trade statistics for the building materials (BM) sector for June'25.

Tiles: India's tiles net export was down (-1.1% YoY/-18.8% MoM) to Rs 14.0bn in Jun'25, due to weak global demand. With a steep rise in tariff by the US on Indian products, we believe the Indian tiles industry exports could remain weak in the near term. US accounts for 7.2% of Indian tiles exports in FY25. Going ahead, we expect the pricing scenario to improve once there is a good pickup in tiles demand from both exports as well as the domestic market.

Laminates: India's laminates monthly net export volume run rate grew by 5.0% YoY/ 0.7% MoM in June'25. Exports form roughly 30-50% of the total sales of major domestic laminate companies.

MDF: India remains a net MDF exporter for the 4th consecutive month (with net exports of 1,791 CBM in June'25 vs the average net monthly import of 16,288 CBM in Jan-Feb'25), due to the impact of BIS implementation in Feb'25. However, net realisation of top 5 listed players was down 1.2% QoQ in Q1FY26, due to supply side pressure in the domestic market. If MDF imports remain restricted at such low levels, industry margin could sharply improve over the next one year on quick ramp-up of new capacities and moderation in timber prices (down 7-10% QoQ in Q1FY26).

Particleboard: India remains a net exporter of particleboard for the 2nd consecutive month (with net export of 1,204 CBM in June'25 vs net import of 2,200 CBM in June'24) due to the impact of BIS implementation in Feb'25. However, we believe the recovery in particleboard margin to normal level would take longer time vs MDF segment, owing to large capacity additions in the domestic market over the past two quarters.

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