

RESEARCH**BUILDING MATERIALS | Q1FY26 PREVIEW**

No respite yet as demand remains soft

SUMMARY**BUILDING MATERIALS: Q1FY26 PREVIEW**

- Our building materials (BM) universe's revenue is likely to grow at a muted pace for the 10th consecutive quarter
- EBITDAM will likely contract by 112bps YoY to 12.3% in Q1FY26, due to intense competition in a weak demand environment
- Operating profit across BM segments is likely to contract on a YoY basis on weak demand and margin pressure

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Building Materials: We expect our building materials (BM) universe's revenue to grow at a muted pace (+4.1% YoY in Q1FY26) for the 10th consecutive quarter due to a slowdown in real estate activity. EBITDA margin is projected to contract by 112bps YoY to 12.3% in Q1FY26, due to increased competitive intensity in a weak demand environment. Operating profit across segments is likely to contract on a YoY basis in Q1FY26 on margin pressure amidst a weak demand environment.

Plastic pipes: Our pipe universe volume is projected to grow at 5.7% YoY in Q1FY26. However, we expect EBITDA to decline by 11.7% YoY due to lower realisation (as PVC resin prices fell by 16.3% YoY/4.6% QoQ) and margin pressure (-157bps YoY to 12.6%), on account of SI's continued aggressive pricing strategy in a weak demand environment. SI is likely to post superior volume growth (+7% YoY) for the 14th straight quarter in Q1FY26.

Bathware: We believe our bathware universe EBITDA is likely to decline by 1.3% YoY in Q1FY26 even on a weak base, due to higher discounts offered to dealers in a weak demand environment.

Tiles: Despite the expectation of higher tiles volume (+4.9% YoY), we expect our tiles universe EBITDA to contract by 8.0% YoY in Q1FY26, due to margin pressure (-140bps YoY to 11.4%), on account of intense competition from Morbi players.

Wood panels: Our wood panels universe EBITDA will likely contract on a YoY basis for the 12th consecutive quarter (-1.2% YoY in Q1FY26) owing to margin pressure on account of unfavourable supply-demand fundamentals in MDF & particleboard.



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