India PVC & Plastic Piping Sector Thematic Note

9M FY26 Inventory Impact, Q4 Demand Recovery, and Margin Trajectories

The first nine months of FY26 were highly dislocated for the Indian PVC & plastic-piping sector. A collapse in global PVC resin to ~INR 60/kg in Q3 FY26 triggered extreme channel destocking, forcing manufacturers to absorb mark-to-market inventory losses and compress gross margins. Several market leaders reported meaningful inventory hits (e.g., ~INR 100-120 crore for one large player; INR 18-20 crore for another in Q3), pushing some into PAT erosion. A structural pivot began in January 2026, PVC prices rebounded by ~INR 11–12/kg and China's decision to curtail PVC export subsidies (effective 1 April 2026) has accelerated channel restocking. The sector is positioned for a sharp sequential margin recovery in Q4 FY26 driven by inventory gains, operating leverage and improving realizations.

PVC Resin Price Dynamics & Industry Context:
PVC resin prices globally bottomed in Q3 FY26 at approximately $600/MT CFR India, driven by excess global petrochemical capacity, weak Chinese demand, and oversupply. Domestic PVC prices fell to Rs 61-62/kg in November 2025 before recovering to Rs 68-72/kg by February 2026. Multiple price hikes have been implemented:

Jan 2026: PVC prices increased by Rs 7/kg domestically; producers revised in line with import parity.
Feb 11, 2026: Further upward revision of Rs 1,500/MT by domestic producers (RIL, Chemplast).
Key catalysts: China expected to impose supply restrictions from April 2026; rupee depreciation supporting import parity; BIS standards enforcement imminent.

The PVC-EDC spread, which had compressed below $400/MT in H1 FY26, is projected to improve to approximately $500/MT in H2 FY26 (Oct 2025 - Mar 2026) as BIS quality standards and potential anti-dumping duties on suspension PVC imports take effect.

Q3 FY26 - Concall Highlights, FY26/FY27 outlook & demand environment for Various Companies:

Supreme Industries Ltd: CMP: INR 3,918| Market Cap: INR 49,773 Cr| Target Price: INR 4,068

Q3 FY26 Performance: Revenue at Rs 2,687 Cr (+7.1% YoY), volumes at 184 KMT (+12.9% YoY), EBITDA at Rs 323 Cr (12.0% margin), PAT at Rs 153 Cr (-18% YoY). Piping volumes grew 13% YoY to reach 9M volumes of 522 KMT.
Inventory Loss: Management guided Rs 100-120 Cr inventory losses in 9M FY26, primarily impacting H1. Adjusted EBITDA margin would have been 13.5-14%.
Key Concall Insights: FY26 volume guidance maintained at 12-14% overall, 15-17% for pipes. EBITDA margin guidance revised down to 13.5-14% from 14.5-15% due to inventory impact. Channel inventory has normalized and restocking has begun. PVC prices have started upward trajectory from Jan 2026. New PP Silent Pipe System launched in Nov 2025. Wavin acquisition integration progressing well. Capacity expected to scale to ~1.2 MMT by end FY26.
Q4/FY27 Outlook: Strong Q4 expected on seasonal demand from housing, agriculture, and infrastructure. Good monsoon to support agri demand. Expects debt-free by FY26 end. FY25-28E earnings CAGR guided at ~21%. China supply restrictions from Apr 2026 to support PVC prices.

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Astral Ltd: CMP: INR 1,637| Market Cap: INR 43,967 Cr | Target Price: INR 1,756

Q3 FY26 Performance: Consolidated revenue at Rs 1,541 Cr (+10.3% YoY), plumbing volume growth of 17% YoY (market share gain), EBITDA margin at 16.3% (after absorbing Rs 20-25 Cr inventory loss), PAT at Rs 135 Cr (+22.6% YoY).
Inventory Loss: Rs 20-25 Cr in Q3 alone (~2% of plumbing revenue, ~1.5% of consolidated). Reported EBITDA margin of 18.2% including other income; ex-other income at 16.3%.
Key Concall Insights: FY26 plumbing volume guidance revised upward to >14% (from low double-digit). January plumbing volume growth exceeded 20% YoY. Adhesive India grew 14% with 17.3% margin. Paint business achieved 21.6% revenue growth. Kanpur and Hyderabad plants ramped up successfully. CPVC backward integration plant on track for trial runs by Q3 FY27.
Q4/FY27 Outlook: Q4 demand robust, aided by restocking. Bathware targeting 20-25% annual revenue growth over next 5 years. UK adhesive margin improvement expected in Q4. Healthy paints growth to persist. Long-term target of 60x Mar-28E EPS valuation.

Prince Pipes & Fittings Ltd: CMP: INR 260| Market Cap: INR 2,871 Cr

Q3 FY26 Performance: Revenue at Rs 573 Cr (-0.9% YoY), volumes at 42,575 MT (+3% YoY), EBITDA at Rs 28 Cr (4.9% margin), PAT at Rs (2) Cr net loss. CPVC posted high double-digit growth.
Inventory Loss: Rs 18-20 Cr in Q3 (3-3.5% of revenue). 9M EBITDA at Rs 122 Cr (7% margin) grew 12% YoY.
Key Concall Insights: Ended Lubrizol partnership; launched in-house branded SmartFit Plus CPVC nationwide in Dec 2025. This move reduced costs, enabling 6-7% cut in CPVC prices. Working capital improved dramatically: WC days reduced from 90 to 66 days. Near net debt-free (gross debt Rs 160 Cr offset by cash). January growth was double-digit, driven by sharp restocking.
Q4/FY27 Outlook: Q4 FY26 expected to be the best quarter. FY27 target: double-digit volume growth (min 8-10%). Pipe EBITDA margin target of 10-12% (lowered from 12%). Bathware (Aquel) breakeven by Sep/Dec 2026 at Rs 80-100 Cr annual revenue. Capex: Rs 225-230 Cr for FY26, Rs 115-120 Cr for FY27.

Finolex Industries Ltd: CMP: INR 190| Market Cap: INR 11,782 Cr | Target Price: INR 238

Q3 FY26 Performance: Revenue at Rs 898 Cr (-10.4% YoY), volumes down 14% to 73,500 MT (monsoon impact), EBITDA at Rs 123 Cr (+48% YoY, 13.7% margin), PAT at Rs 110 Cr (+55% YoY). Strong margin expansion despite volume decline.
Inventory Loss: Minimal due to backward integration. 65-70% of PVC consumption met through in-house manufacturing, insulating the company from external PVC price volatility on the resin side.
Key Concall Insights: Net cash surplus of Rs 2,430 Cr as of Dec 2025. PVC-EDC spread improving. Import duty reduction for PVC resin from 10% to 7.5% (awaiting clarity). Domestic PVC prices at Rs 68-72/kg with recent Rs 7 hike being passed on. Targets EBITDA margin of ~12% sustainably.
Q4/FY27 Outlook: Q4 volumes to improve; full-year FY26 outlook of flattish to slight growth. Positive traction in January. PVC prices stabilizing at $650-660/MT. BIS + ADD to support domestic resin profitability. Unique positioning as only backward-integrated PVC pipe maker.

Apollo Pipes Ltd: CMP: INR 332| Market Cap: INR 1,465 Cr| Target Price: INR 379

Q3 FY26 Performance: Revenue at Rs 247 Cr (-19.7% YoY), 9M volumes flat, EBITDA margin at 4.9%, PAT at Rs (3) Cr net loss. Q3 was the weakest quarter due to inventory overhang and demand weakness.
Key Concall Insights: Market share expansion strategy started showing results from December onwards. PVC prices fluctuated from Rs 72 to Rs 61 to Rs 68-69/kg during the period. CPVC contributes ~15% of volumes. Capex of Rs 125 Cr in 9M FY26. New Varanasi plant and Kisan ramp-up to drive FY27 growth.
Q4/FY27 Outlook: Q4 volume target: 32,000-35,000 MT. FY26 target: 106,000-107,000 MT (high single-digit growth). FY27: high double-digit volume growth expected with Varanasi + Kisan integration. Capacity expansion to 286,000 MT over next 2 years.

Hindware Home Innovation Ltd: CMP: INR 233| Market Cap: INR 1,947 Cr| Target Price: INR 433

Q3 FY26 Performance: Pipes revenue at Rs 173 Cr, segment PBT negative at Rs (5) Cr for Q3 and Rs (19) Cr for 9M. Inventory loss of Rs 4 Cr recorded as exceptional item. Consolidated entity revenue at Rs 640 Cr (+8% YoY).
Key Concall Insights: Roorkee plant commenced commercial production; expected to add Rs 200 Cr in annual revenue once ramped up. Company is discontinuing loss-making consumer appliance categories (air coolers, fans, air purifiers) to focus on kitchen appliances. Bathware segment performing well: Q3 revenue Rs 386 Cr (+14% YoY).
Q4/FY27 Outlook: Healthy volume growth seen in January. Pipes segment turnaround dependent on PVC price stability and Roorkee ramp-up. Bathware EBITDA margin targeted at mid-teens sustainably. Net debt reduction of Rs 60-70 Cr targeted for FY26.

Prakash Pipes Ltd: CMP: INR 206| Market Cap: INR 493 Cr

Q3 FY26 Performance: Revenue at Rs 181 Cr (-6.2% YoY), PAT at Rs 10 Cr (-56% YoY), EBITDA at Rs 18 Cr. PVC Pipes volumes at 11,068 MT (+4.9% YoY). Flexible Packaging volumes at 4,329 MT (+7.8% YoY).
Key Concall Insights: Both PVC and flexible packaging divisions showed volume growth despite margin compression. 9M revenue at Rs 566 Cr, PAT Rs 30 Cr. Company maintains dividend discipline (Rs 1/share interim). Dual-segment model provides some diversification.
Q4/FY27 Outlook: Volume growth trajectory positive. Q4 seasonal strength expected. Margin recovery hinged on PVC price pass-through and operating leverage. Small-cap but profitable with consistent dividend history.

Kriti Industries (India) Ltd: CMP: INR 82.1| Market Cap: INR 432 Cr

Q3 FY26 Performance: Revenue at Rs 136 Cr (-35.3% YoY), EBITDA Rs 6 Cr (4.1% margin, vs negative in Q2), PAT Rs (0.5) Cr loss. 9M revenue at Rs 446 Cr (-24% YoY). Extended rainfall severely impacted agricultural pipe demand.
Key Concall Insights: Agriculture segment dominates (79% of revenue). Company operates India's largest single-location polymer pipe plant at Pithampur, MP (149,400 TPA capacity). 490 dealers across 16 states. Revenue target of Rs 1,000 Cr by FY28-29 maintained.
Q4/FY27 Outlook: Q4 recovery expected as weather normalizes; adequate water levels from extended rainfall to support agricultural demand. Raw material prices at more affordable levels making pipes accessible to farmers. Cautious on capex until market recovery is confirmed for 1-2 quarters.

Q4 FY26 - Margin expansion estimates at company level

Assumptions: 20% YoY Q4 volume growth and continued stabilization / uptick in PVC resin prices. Under these assumptions, the sector is expected to move from inventory losses to inventory gains.

• Supreme Industries Ltd: +150–200 bps QoQ - driven by high value-added mix and operating-leverage on 15%+ volume growth.
• Astral Ltd: +100–150 bps QoQ - limited upside versus peers because of an already high baseline margin, but CPVC stability and premium positioning support steady improvement.
• Prince Pipes & Fittings Ltd: +350–450 bps QoQ - highest margin sensitivity; reversal of the steep Q3 inventory loss flows directly to the bottom line, supporting mean reversion toward 10% EBITDA guidance.
• Finolex Industries Ltd: +100–150 bps QoQ - backward integration moderates upside; agri seasonality and scale drive fixed-cost absorption.
• Apollo Pipes Ltd: +200–250 bps QoQ - housing segment strength and supply-chain benefits lift margins.
• Kriti Industries Ltd: +250–300 bps QoQ - recovery from a depressed Q3 base; pent-up agri demand provides quick absorption of fixed costs.
• Prakash Pipes Ltd: +150–200 bps QoQ - relief from extreme pricing pressure on standard PVC grades normalizes margins.
• Hindware Home Innovation Ltd (pipes): +200–250 bps QoQ - achieving scale to absorb fixed costs and move toward operational breakeven.

Scenario analysis - 10% sequential price hike (QoQ)
Evaluate the compounded effect of a 10% sequential realization increase layered over different volume-growth outcomes:

Scenario 1 - 15% volume growth YoY:
• **Channel behaviour:** Cautious restocking; distributors partially absorb hikes; full pass-through to end users takes ~4–6 weeks.
• **Margin outcome:** Moderate expansion driven primarily by mark-to-market inventory gains. Sector EBITDA expands by ~150–250 bps.

Scenario 2 - 20% volume growth YoY (base case):
• **Channel behaviour:** Healthy replacement demand + active restocking; companies successfully pass through the 10% increase without substantive demand destruction.
• **Margin outcome:** Strong synergy of inventory gains + operating leverage; sector EBITDA increases by ~250 - 350 bps, allowing leaders to revert to historical median margin bands.

Scenario 3 - 25% volume growth YoY (bull case):
• **Channel behaviour:** Aggressive channel buying ahead of further hikes; localized stock-outs in fast-moving Agri and Plumbing SKUs possible.
• **Margin outcome:** Maximum operating leverage and pricing power; sector EBITDA could reach record quarterly highs as discounting is withdrawn and smaller players see disproportionate bottom-line expansion.

Revenue & EBITDA Sensitivity Matrix for the companies:
This section models the impact of a 10% QoQ price hike on finished pipe products (reflecting the ~Rs 7-11/kg PVC resin increase being passed through) under three volume growth scenarios: 15%, 20%, and 25% YoY. The analysis captures the interplay between pricing power, operating leverage, and inventory dynamics.

Supreme Industries Ltd

Scenario	15% Vol Growth	20% Vol Growth	25% Vol Growth
Q4E Revenue (Cr)	3,100-3,200	3,250-3,350	3,400-3,500
EBITDA Margin	14.0-14.5%	14.5-15.0%	15.0-15.5%
EBITDA (Cr)	435-465	470-505	510-540
PAT (Cr)	285-310	310-340	340-365
QoQ Margin Expansion	**+200-250 bps**	**+250-300 bps**	**+300-350 bps**

Astral Ltd

Scenario	15% Vol Growth	20% Vol Growth	25% Vol Growth
Q4E Revenue (Cr)	1,720-1,800	1,800-1,900	1,900-2,000
EBITDA Margin	17.0-17.5%	17.5-18.5%	18.0-19.0%
EBITDA (Cr)	290-315	315-350	340-380
QoQ Margin Expansion	**+70-120 bps**	**+120-220 bps**	**+170-270 bps**

Prince Pipes & Fittings Ltd

Scenario	15% Vol Growth	20% Vol Growth	25% Vol Growth
Q4E Revenue (Cr)	680-720	710-750	740-780
EBITDA Margin	8.5-9.5%	9.0-10.0%	9.5-10.5%
QoQ Margin Expansion	**+360-460 bps**	**+410-510 bps**	**+460-560 bps**

Finolex Industries | Apollo Pipes | Hindware Pipes | Prakash Pipes | Kriti Industries

	Finolex	Apollo	Hindware Pipes	Prakash	Kriti
Q3 Margin	13.7%	4.9%	Neg	9.9%	4.1%
15% Vol Q4E	13.0-14.0%	7.5-8.5%	1.5-3.0%	11.5-13.0%	6.5-8.0%
20% Vol Q4E	13.5-14.5%	8.0-9.5%	2.0-4.0%	12.0-13.5%	7.0-9.0%
25% Vol Q4E	14.0-15.0%	8.5-10.5%	3.0-5.0%	12.5-14.0%	7.5-9.5%
Max QoQ Expansion	**+130 bps**	**+560 bps**	**+700 bps**	**+410 bps**	**+540 bps**

Key Risks to Thesis:

Macro / Industry Risks	Company-Specific Risks	Regulatory Risks
Sharp reversal in PVC prices on global oversupply	Intensifying price war among organized players	Delay/non-imposition of anti-dumping duty on PVC imports
Crude oil crash below $55/bbl triggering fresh inventory losses	Execution risk on new plant ramp-ups (Apollo, Hindware)	Import duty reduction on PVC resin impacting Finolex
Delayed government infrastructure spending	Bathware segment losses dragging consolidated P&L	BIS enforcement delays allowing continued cheap imports
Deficient monsoon impacting agricultural pipe demand	Working capital deterioration on inventory build-up	Labour code implementation increasing employee costs

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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