ANANDRATHI

India I Equities

Building Materials – Pipes

Sector Update

12 July 2026

Plastic Pipes Expert Call Highlights

Positive outlook; Supreme and Astral to be the potential winners

Sensex: 77,569

Nifty: 24,207

We had an extensive discussion on the problems and prospects of pipe sectors with a domain expert, who believes the demand was good at secondary level (primarily in plumbing pipe) in Q1FY27. While the demand was weak at primary level due to channel destocking, the expert believes it could see a meaningful recovery in H2FY27e, and Supreme and Astral would continue to gain market share over the next 2-3 years. It would be quite difficult for new entrants (Welspun, Poddar Plumbing) to pose any tangible threat to incumbent players due to low profitability led by higher competitive intensity. The key takeaways of our discussion are given in the following.

- **PVC Resin Price Scenario:** PVC resin price fell by Rs7/kg to Rs79.5/kg over the past fortnight, which has fully been passed with immediate effect. Going ahead, the expert does not expect any sharp correction in near-term, as he believes price hovers near bottom level.
- **Pipe Demand Scenario:** At secondary level, the pipe demand was healthy (particularly in plumbing pipe portfolio) in Q1FY27, but it was weak in primary, due to channel destocking (post heavy restocking in Mar-26). The demand is likely to remain weak in Jul-26, due to weak resin price and monsoons, but the expert expects a meaningful recovery in H2FY27. As the dealer inventory has declined to normalcy by Jun-26, the expert believes there is a high possibility of restocking of pipe inventories in anticipation of any rise in PVC resin price in near-term.
- **Agri Pipe:** demand is expected to remain healthy over the next 5 years to be supported by government subsidies and concessional loans to farmers. Supreme and Finolex are the dominant players in this segment.
- **Plumbing Pipe:** demand from urban areas remains strong and it has picked up in rural and semi-urban areas. Supreme has the highest exposure to project business, followed by Astral, Ashirvad, Prince, and Finolex (low project share due to limited SKUs).
- **Infra Pipe:** Demand is expected to grow in the coming years, mainly driven by: (a) RCC pipes are being replaced with DWC pipes (but the margin has fallen sharply due to intense competition from unorganised player); and (b) DI pipes are being replaced with OPVC pipes (with a healthy margin profile due to limited competition owing to heavy capex requirement). The share of OPVC:DI pipe is likely to improve from 10:90 to 50:50 over the next 3 years, as the DI pipes are laid in open condition, making them susceptible to corrosion under sunlight, and are also significantly more expensive to OPVC pipes.

Our View: We maintain positive outlook on Supreme and Astral as: (a) they continue to grow their pipe volume at low double-digit rate (7-y CAGR – SI: 11.7%; ASTRA: 11.5%) and healthy return ratio profile (7-y average pre-tax RoIC – SI: 32.9%; ASTRA: +30%) even during muted market scenario; and (b) comfortable valuation after steep correction in stock prices over the past few months (FY28 P/E vs. pre-COVID 5-y average P/E – SI: 29.7x vs. 27.6x; ASTRA: 36x vs. 45.7x).

Plastic Pipe – Rating/TP

Company	Rating	CMP	TP
Supreme Industries	Buy	3,320	4,700
Astral	Hold	1,334	1,650
Finolex Industries	Buy	169	240

Source: Company, Anand Rathi Research

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Other Key Highlights

- **Jal Jeevan Mission:** The expert believes that ~80% of work has been completed and the government has also slowly started clearing old dues.
- **New Product:** Composite pipes are priced at ~2x CPVC pipes, but its demand is expected to grow rapidly, as it can be used for transportation of hot/cold water and gas.
- **Indian Plastic Pipe Industry:** Total plastic pipe market is pegged at Rs400bn, with organised segment accosting for Rs250bn. The organised share is likely to increase further, as the sector continues to formalise and the unorganised segment shrinks. Plumbing and infrastructure sector forms ~65% of total market, while the agricultural sector accounting for the rest. CPVC pipe market is pegged at Rs100-110bn.
- **Pipe Pricing Scenario:** Earlier, Supreme used to command a good premium for its product, but it has started selling at a discount to most of its major peers (Astral, Ashirvad and Finolex) over the past two years.
- **Competitive Landscape:** Supreme and Astral would continue to lead the market over the next 2-3 years, as led by aggressive expansion of team, offering better schemes to distributors, multi-geographic plant locations, sending MEC consultants to project site, etc. Ashirvad and Finolex would be the laggards due to management related issues. The expert believes that the new players (Welspun and Poddar Plumbing) may find it difficult to gain market share due to higher competition.

Player-wise Competitive Landscape:

- **Supreme:** has been aggressive on pricing across categories over the past two years. In CPVC, it has gained volume in rural markets due to price parity with local players, while Astral remains the dominant player in urban markets. Most distributors are exclusive in nature.
- **Astral:** It commands a premium for its product over Supreme and still manages to maintain market share due to superior brand equity and product quality. Most distributors are exclusive in nature.
- **Finolex:** It has been less aggressive over the past two years due to management related issues and high level of distributor grievances.
- **Prince Pipes:** While its products are priced at par with Supreme, it has a weak brand perception. About 50% of its distributors have now converted into multi brand distributors over the past 2-3 years.
- **Ashirvad Pipes:** It has lost share in Northern and Western market due to frequent management changes (which has eroded customer trust). It retains a strong presence in the South. Many distributors have converted into multi-brand distributors over the past 2-3 years.
- **Poddar Plumbing Systems**: It is founded by the former promoters of Ashirvad Pipes. It is setting up a new unit in Karnataka (COD likely in Aug-26). However, capturing market share will be challenging due to high competition and low profitability.
- **Welspun (Sintex):** While it is performing well in water tanks segment, it is striving to establish a dealer network in piping segment.
- **Kriti Industries:** It is an agri-pipe company and generates ~75% of revenue from MP and ~8-10% from Rajasthan. It lacks brand presence outside MP.

Appendix

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