Supreme Industries

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	SI IN
Equity Shares (m)	127
M.Cap.(INRb)/(USDb)	412.8 / 4.3
52-Week Range (INR)	4075 / 3140
1, 6, 12 Rel. Per (%)	-7/-7/-7
12M Avg Val (INR M)	996

Financials & Valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	112.2	146.5	153.8
EBITDA	15.5	20.2	20.9
Adj. PAT	9.5	13.3	13.4
Adj. EPS (INR)	75.1	104.9	105.8
EPS Gr. (%)	-0.7	39.7	0.9
BV/Sh. (INR)	486	549	609
Ratios			
RoE (%)	15.5	19.1	17.4
RoCE (%)	19.7	23.8	21.5
Payout (%)	47.9	39.1	43.5
Valuations			
P/E (x)	43.3	31.0	30.8
P/BV (x)	6.7	5.9	5.3
EV/EBITDA (x)	26.2	20.1	19.1
Div. Yield (%)	1.1	1.3	1.4

Shareholding pattern (%)

As of	Sep-26	Jun-26	Sep-25
Promoter	49.0	49.0	48.9
DII	19.7	19.1	16.1
FII	16.6	17.1	20.7
Others	14.8	14.9	14.4

CMP: INR3,250 TP: INR3,704 (+14%) Neutral

Earnings miss; volume guidance downgraded

Volume/revenue in line; earnings miss due to lower margins

- Supreme Industries (SI) reported a 19% YoY rise in overall volume in 2QFY27, whereas its revenue surged 40% YoY, aided by better realization.
- Both volume and revenue were in line with our expectations.
- EBITDA/PAT grew 45%/59% YoY but missed our estimates by 7-11%.
- Gross margin contracted ~400bp YoY and QoQ to 29.8% and dragged down EBITDA margin to 12.8% vs. our estimate of 14.3%.
- EBIT margin contracted across key segments.
- Cash flows remained robust. Net cash surplus stood at INR6.9b.
- VAP segment contributed ~43% to total revenue.

Key highlights from the management commentary

- Volumes revived strongly in 2Q (up 19% YoY), driven by broadly stable PVC prices, removal of customs duty exemption w.e.f. 16th Jul'26, and MIP implementation for suspension-grade PVC resin.
- While the momentum has sustained in 3Q with 20%+ growth in Oct so far, management has lowered its FY27 volume growth guidance to ~10% from 13-15% earlier. Pipe volume growth guidance has been cut to ~13% now from 15-17% earlier. We still see this as an optimistic scenario after flat growth in 1H.
- EBITDA margin guidance is unchanged at 14-14.5%. We also see this as an optimistic guidance after a low 12.8% reported in 2Q (1H at 13.6%).
- CPVC volume growth for SI stood at 13.5% YoY in 1H.
- Industry-wide PVC volume is expected to decline ~10% YoY in 1H.
- Channels are keeping inventory low due to volatile PVC prices.
- Capex in FY27 is aimed at over INR7b, to be majorly used for new greenfield plants in Bihar, Jammu and MP (Malanpur). These plants are expected to be completed in phases over the next two years.
- SI is now supplying composite LPG cylinders to all three OMCs. It has also commenced supplying cascades for CNG applications.

Valuation and view: Maintain Neutral rating

- After 19.4% volume growth in 2Q and flat growth in 1H, we expect ~9% volume growth in FY27 as compared to management's downward revised guidance of over 10% (from earlier 15%).
- After a miss in EBITDA/PAT in 2Q, we cut our FY27/28 EPS estimates by 2%/4%. We now expect flat earnings in FY28 on a high base of FY27.
- Over FY26-28, we now expect a CAGR of 17%/16%/19% in revenue/ EBITDA/APAT, with a 10% volume CAGR, ~13.8% EBITDA margin (vs. 14-14.5% guidance), strong FCF and healthy return ratios.
- We maintain our Neutral rating on SI with a revised TP of INR3,704, based on 35x FY28E P/E. Higher-than-expected volume growth and/or margins are the key upside risk to our call.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Consolidated quarterly performance

(INR m)

	FY26				FY27E				FY26	FY27E	FY27E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2Q Est.	%
Net Sales	**26,092**	**23,939**	**26,869**	**35,277**	**27,177**	**33,613**	**38,200**	**47,518**	**1,12,177**	**1,46,507**	**32,534**	**3**
YoY Change (%)	-1	5	7	17	4	40	42	35	7.4	30.6	35.9	
Total Expenditure	22,903	20,965	23,731	29,045	23,197	29,303	32,931	40,833	96,645	1,26,264	27,892	
EBITDA	**3,189**	**2,974**	**3,138**	**6,231**	**3,980**	**4,310**	**5,269**	**6,684**	**15,532**	**20,243**	**4,642**	**-7**
Margins (%)	12.2	12.4	11.7	17.7	14.6	12.8	13.8	14.1	13.8	13.8	14.3	
Depreciation	930	1,044	1,095	1,214	1,223	1,223	1,233	1,243	4,283	4,922	1,233	
Interest	28	58	114	90	42	31	40	40	290	153	50	
Other Income	169	155	38	86	91	87	90	100	448	368	100	
PBT before EO expense	**2,400**	**2,028**	**1,967**	**5,013**	**2,806**	**3,143**	**4,086**	**5,501**	**11,407**	**15,537**	**3,458**	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**2,400**	**2,028**	**1,967**	**5,013**	**2,806**	**3,143**	**4,086**	**5,501**	**11,407**	**15,537**	**3,458**	**-9**
Tax	629	529	527	1,195	729	815	1,062	1,430	2,879	4,037	899	
Rate (%)	26.2	26.1	26.8	23.8	26.0	25.9	26.0	26.0	25.2	26.0	26.0	
Minority Interest												
Profit/(Loss) - Associates	252	149	94	517	731	296	300	500	1,012	1,827	400	
Reported PAT	**2,023**	**1,647**	**1,534**	**4,336**	**2,807**	**2,624**	**3,324**	**4,571**	**9,540**	**13,327**	**2,959**	**-11**
Adj PAT	**2,023**	**1,647**	**1,534**	**4,336**	**2,807**	**2,624**	**3,324**	**4,571**	**9,540**	**13,327**	**2,959**	**-11**
YoY Change (%)	-26.0	-20.3	-18.0	47.5	38.8	59.3	116.7	5.4	-0.7	39.7	79.6	
Margins (%)	7.8	6.9	5.7	12.3	10.3	7.8	8.7	9.6	8.5	9.1	9.1	

E: MOFSL Estimates

Quarterly operating metrics

	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27	YoY %	QoQ %
Segment revenue (INRm)							
Plastic Piping System	16,021	18,232	25,583	17,909	22,738	42	27
Packaging Products	3,935	3,903	4,569	4,382	4,811	22	10
Industrial Products	2,826	3,355	3,585	3,733	4,201	49	13
Consumer Products	1,033	1,119	1,235	874	1,053	2	21
Others	124	260	305	280	810	553	190
Volume (t)							
Plastic Piping System	1,19,860	1,46,986	1,91,873	1,25,812	1,48,157	24	18
Packaging Products	16,263	16,533	18,373	14,627	16,790	3	15
Industrial Products	13,927	15,453	16,529	13,803	15,693	13	14
Consumer Products	4,381	4,822	5,112	3,265	3,749	(14)	15
Total	**1,54,431**	**1,83,794**	**2,31,887**	**1,57,507**	**1,84,389**	**19**	**17**
Realisation (INR /kg)							
Plastic Piping System	134	124	133	142	153	15	8
Packaging Products	242	236	249	299	286	18	(4)
Industrial Products	203	217	217	270	268	32	(1)
Consumer Products	235	232	242	266	280	19	5
Segment EBIT (%)						**YoY (bps)**	**QoQ (bps)**
Plastic Piping System	7.9	7.4	14.9	11.4	10.6	268	(84)
Packaging Products	12.1	8.6	12.8	12.5	9.5	(262)	(299)
Industrial Products	4.2	8.0	11.6	6.2	6.0	180	(23)
Consumer Products	13.7	15.3	25.5	11.3	12.7	(101)	137
Value-add products - revenue mix (%)	**44.8**	**41.6**	**44.0**	**42.0**	**43.9**		

Story in charts

Exhibit 1: Consolidated quarterly revenue mix trend (%)

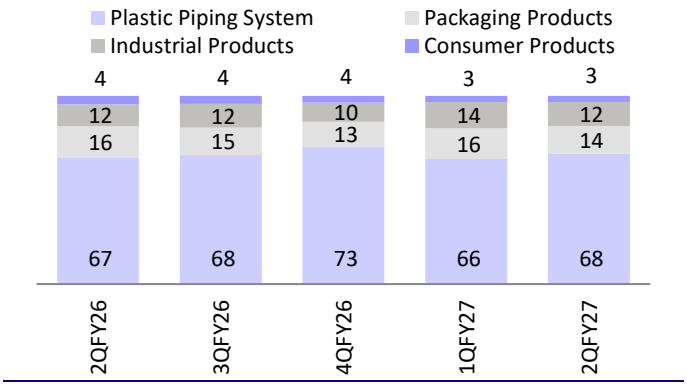


Exhibit 2: Consolidated quarterly revenue and growth trend

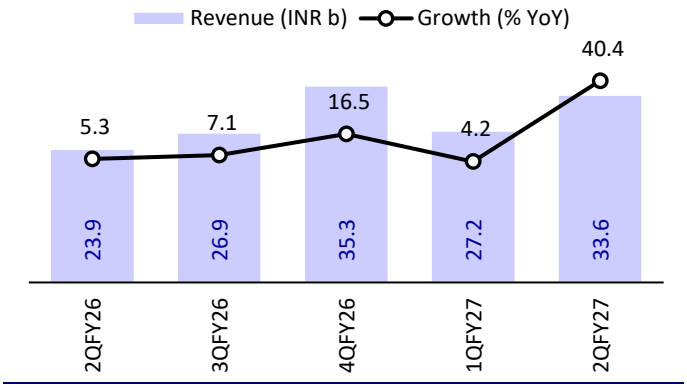


Exhibit 3: Quarterly EBITDA, PAT, and margin trends (%)

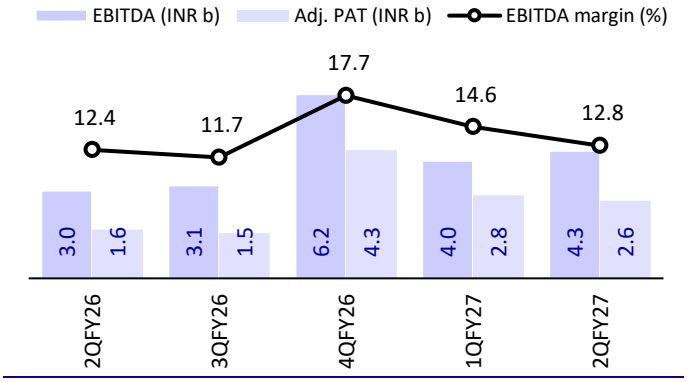


Exhibit 4: Quarterly EPS trend

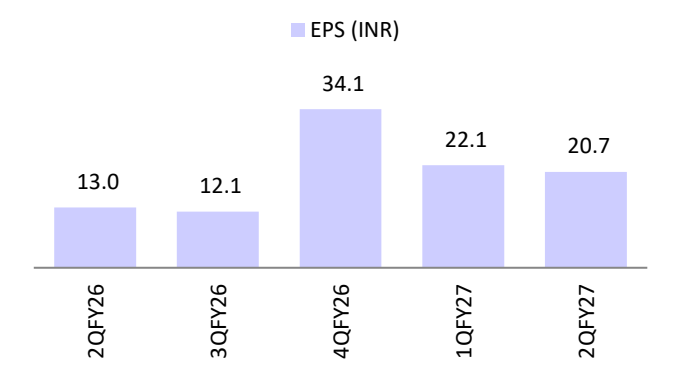


Exhibit 5: Consolidated quarterly volume and growth trend

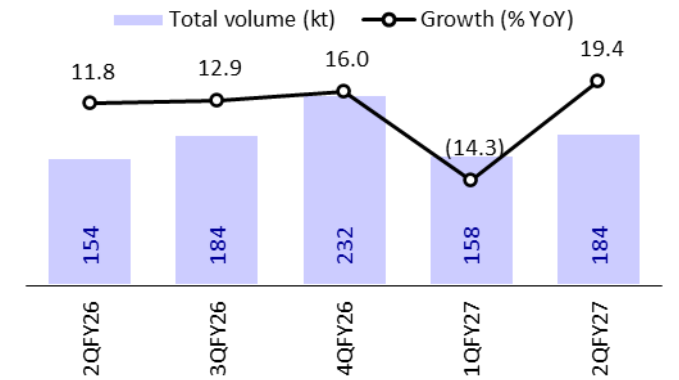
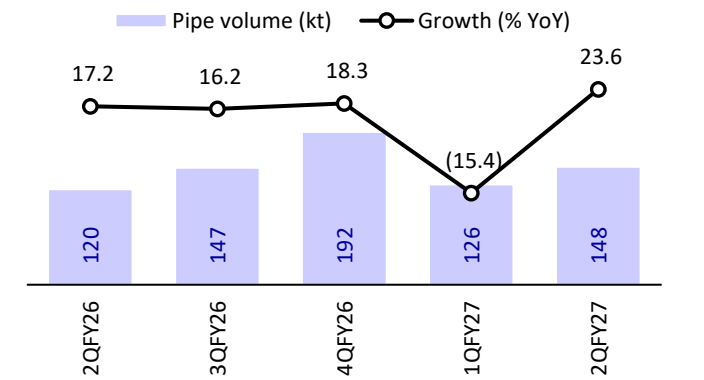


Exhibit 6: Quarterly pipe volume and growth trend



Source: Company, MOFSL

Exhibit 7: Consolidated annual volume and growth trends

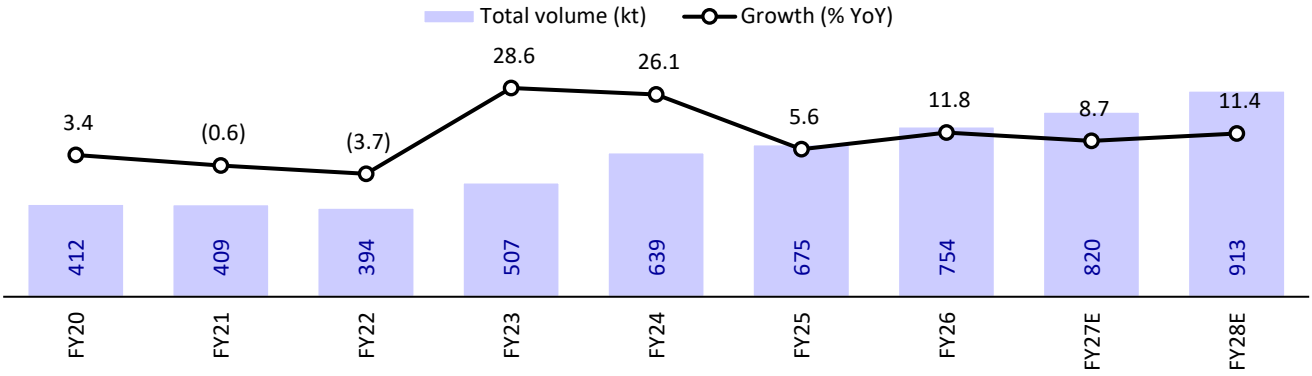


Exhibit 8: Consolidated annual revenue and growth trends

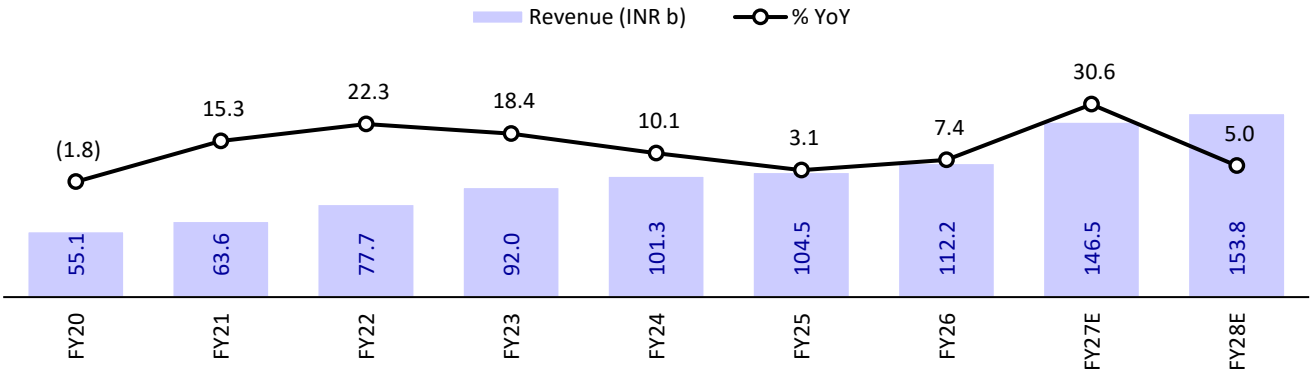
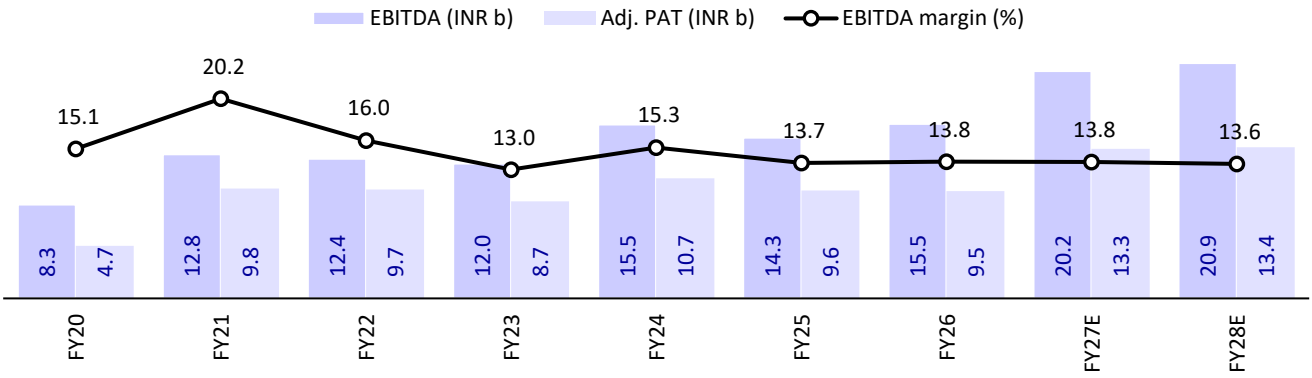


Exhibit 9: EBITDA, PAT, and margin annual trends



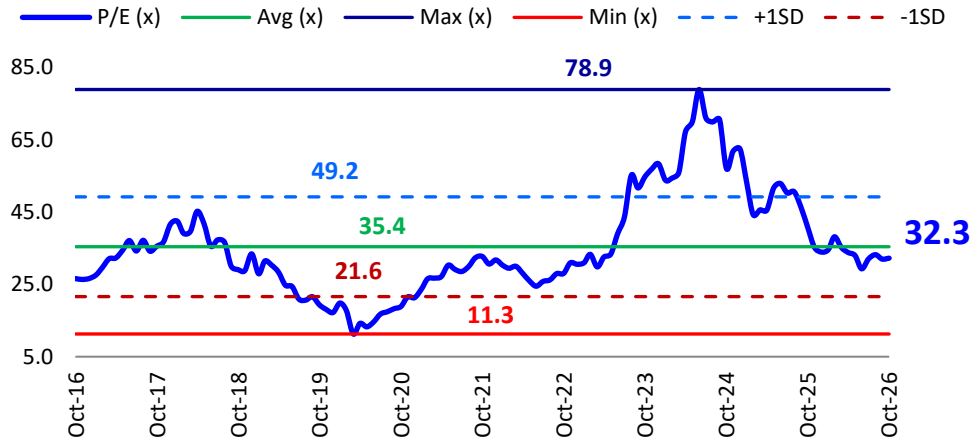
Source: Company, MOFSL

Exhibit 10: Changes to our estimates

INR m	Old		New		Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	1,40,641	1,54,073	1,46,507	1,53,790	4	(0)
EBITDA	20,341	21,514	20,243	20,942	(0)	(3)
EBITDA margin %	*14.5*	*14.0*	*13.8*	*13.6*		
PAT	13,566	14,058	13,327	13,445	(2)	(4)
EPS	106.8	110.7	104.9	105.8	(2)	(4)

Source: MOFSL, Company

Exhibit 11: One-year forward P/E band and standard deviation



Source: Bloomberg, MOFSL

Financials and valuations

Consolidated - Income Statement (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	**63,552**	**77,728**	**92,016**	**1,01,343**	**1,04,463**	**1,12,177**	**1,46,507**	**1,53,790**
Change (%)	15.3	22.3	18.4	10.1	3.1	7.4	30.6	5.0
RM Cost	40,427	53,532	65,992	68,584	71,465	75,592	1,02,765	1,08,181
Employees Cost	3,104	3,453	3,748	4,422	4,873	5,813	6,740	7,075
Other Expenses	7,180	8,323	10,279	12,864	13,808	15,240	16,759	17,592
Total Expenditure	**50,710**	**65,307**	**80,019**	**85,870**	**90,146**	**96,645**	**1,26,264**	**1,32,848**
% of Net Sales	79.8	84.0	87.0	84.7	86.3	86.2	86.2	86.4
EBITDA	**12,842**	**12,421**	**11,997**	**15,473**	**14,317**	**15,532**	**20,243**	**20,942**
Margin (%)	20.2	16.0	13.0	15.3	13.7	13.8	13.8	13.6
Depreciation	2,128	2,295	2,634	2,984	3,586	4,283	4,922	5,476
EBIT	**10,714**	**10,126**	**9,363**	**12,489**	**10,730**	**11,249**	**15,321**	**15,466**
Int. and Finance Charges	221	52	80	161	119	290	153	145
Other Income	169	200	298	657	578	448	368	380
PBT bef. EO Exp.	**10,662**	**10,274**	**9,580**	**12,985**	**11,190**	**11,407**	**15,537**	**15,700**
EO Items	0	0	0	0	0	0	0	0
PBT after EO Exp.	**10,662**	**10,274**	**9,580**	**12,985**	**11,190**	**11,407**	**15,537**	**15,700**
Total Tax	2,341	2,633	2,460	3,357	2,782	2,879	4,037	4,082
Tax Rate (%)	22.0	25.6	25.7	25.9	24.9	25.2	26.0	26.0
Share of Profit/Loss of JV and disc ops.	1,460	2,044	1,533	1,069	1,201	1,012	1,827	1,827
Share of Minority Interests								
Reported PAT	**9,781**	**9,684**	**8,653**	**10,697**	**9,609**	**9,540**	**13,327**	**13,445**
Adjusted PAT	**9,781**	**9,684**	**8,653**	**10,697**	**9,609**	**9,540**	**13,327**	**13,445**
Change (%)	109.3	-1.0	-10.6	23.6	-10.2	-0.7	39.7	0.9
Margin (%)	15.4	12.5	9.4	10.6	9.2	8.5	9.1	8.7

Consolidated - Balance Sheet (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	254	254	254	254	254	254	254	254
Total Reserves	31,438	38,190	43,767	50,834	56,350	61,437	69,554	77,155
Net Worth	**31,692**	**38,444**	**44,021**	**51,088**	**56,604**	**61,691**	**69,808**	**77,409**
Minority Interest	0	0	0	0	0	0	0	0
Total Loans	53	40	23	61	92	83	82	81
Deferred Tax Liabilities	919	904	908	960	875	948	948	948
Capital Employed	**32,664**	**39,388**	**44,953**	**52,110**	**57,571**	**62,722**	**70,838**	**78,438**
Gross Block	33,866	36,689	42,280	47,895	54,942	69,235	79,235	84,235
Less: Accum. Deprn.	16,709	19,004	21,638	24,622	28,208	32,491	37,413	42,889
Net Fixed Assets	**17,157**	**17,685**	**20,642**	**23,274**	**26,734**	**36,744**	**41,822**	**41,345**
Goodwill on Consolidation								
Capital WIP	496	1,546	837	1,437	4,026	1,354	1,154	954
Total Investments	**3,366**	**4,759**	**5,774**	**6,381**	**7,196**	**7,621**	**8,221**	**8,821**
Curr. Assets, Loans&Adv.	**21,804**	**25,969**	**29,689**	**34,465**	**33,722**	**32,230**	**36,832**	**45,299**
Inventory	7,608	12,602	13,856	13,586	13,337	16,186	20,069	21,067
Account Receivables	3,899	4,668	4,924	5,114	5,401	4,875	6,021	6,320
Cash and Bank Balance	7,684	5,262	7,461	11,873	9,525	6,585	5,958	12,929
Loans and Advances	2,614	3,437	3,448	3,892	5,460	4,584	4,784	4,983
Curr. Liability & Prov.	**10,159**	**10,570**	**11,990**	**13,447**	**14,108**	**15,227**	**17,191**	**17,982**
Account Payables	6,462	7,940	9,038	10,156	8,934	10,271	12,042	12,640
Other Current Liabilities	3,399	2,310	2,604	2,831	4,684	4,309	4,499	4,689
Provisions	298	320	349	461	489	647	650	653
Net Current Assets	**11,645**	**15,399**	**17,700**	**21,018**	**19,614**	**17,002**	**19,641**	**27,317**
Misc Expenditure	0	0	0	0	0	0	0	0
Appl. of Funds	**32,664**	**39,388**	**44,953**	**52,110**	**57,571**	**62,722**	**70,838**	**78,438**

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)								
Adj EPS	**77.0**	**76.2**	**68.1**	**84.2**	**75.6**	**75.1**	**104.9**	**105.8**
Cash EPS	93.7	94.3	88.8	107.7	103.9	108.8	143.6	148.9
BV/Share	249	303	346	402	446	486	549	609
DPS	22.0	24.0	26.0	30.0	34.0	36.0	41.0	46.0
Payout (%)	28.6	31.5	38.2	35.6	45.0	47.9	39.1	43.5
Valuation (x)								
P/E	42.3	42.7	47.8	38.7	43.0	43.3	31.0	30.8
Cash P/E	34.7	34.5	36.6	30.2	31.3	29.9	22.7	21.9
P/BV	13.0	10.8	9.4	8.1	7.3	6.7	5.9	5.3
EV/Sales	6.4	5.3	4.4	4.0	3.9	3.6	2.8	2.6
EV/EBITDA	31.6	32.9	33.9	26.0	28.2	26.2	20.1	19.1
Dividend Yield (%)	0.7	0.7	0.8	0.9	1.0	1.1	1.3	1.4
FCF per share	80.3	0.0	36.9	57.3	9.1	32.8	24.7	89.4
Return Ratios (%)								
RoE	30.9	25.2	19.7	20.9	17.0	15.5	19.1	17.4
RoCE (pre-tax)	37.2	29.4	23.4	27.6	21.0	19.7	23.8	21.5
RoIC (pre-tax)	44.0	36.1	27.8	34.8	27.2	23.6	26.4	24.7
Working Capital Ratios								
Fixed Asset Turnover (x)	1.9	2.1	2.2	2.1	1.9	1.6	1.8	1.8
Net Working Capital Cycle (Days)	29	44	39	31	34	35	35	35
Debtor (Days)	22	22	20	18	19	16	15	15
Inventory (Days)	44	59	55	49	47	53	50	50
Creditor (Days)	37	37	36	37	31	33	30	30
Leverage Ratio (x)								
Current Ratio	2.1	2.5	2.5	2.6	2.4	2.1	2.1	2.5
Interest Cover Ratio	49.4	200.5	120.5	81.6	95.0	40.3	102.9	109.1
Net Debt/Equity	-0.2	-0.1	-0.2	-0.2	-0.2	-0.1	-0.1	-0.2

Consolidated - Cash Flow Statement (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	12,122	12,318	11,113	14,054	12,390	12,419	15,537	15,700
Depreciation	2,130	2,295	2,634	2,984	3,586	4,283	4,922	5,476
Interest & Finance Charges	221	51	80	161	119	290	153	145
Direct Taxes Paid	-2,322	-2,868	-2,375	-3,232	-3,023	-2,494	-4,037	-4,082
(Inc)/Dec in WC	1,955	-4,941	-778	1,796	-992	-831	-3,266	-705
CF from Operations	**14,107**	**6,855**	**10,675**	**15,763**	**12,081**	**13,668**	**13,309**	**16,535**
Others	-1,643	-2,153	-1,772	-1,634	-2,043	-1,420	-368	-380
CF from Operating incl EO	**12,464**	**4,703**	**8,903**	**14,129**	**10,037**	**12,248**	**12,941**	**16,155**
(Inc)/Dec in FA	-2,266	-4,699	-4,218	-6,855	-8,877	-8,083	-9,800	-4,800
Free Cash Flow	**10,198**	**3**	**4,685**	**7,274**	**1,160**	**4,165**	**3,141**	**11,355**
(Pur)/Sale of Investments	136	178	188	237	398	-2,650	-600	-600
Others	124	487	538	533	572	596	368	380
CF from Investments	**-2,006**	**-4,035**	**-3,493**	**-6,085**	**-7,907**	**-10,137**	**-10,032**	**-5,020**
Issue of Shares	0	0	0	0	0	0	0	0
Inc/(Dec) in Debt	-4,104	-11	0	0	0	0	-1	-1
Interest Paid	-166	-10	-15	-39	-57	-202	-153	-145
Dividend Paid	-635	-2,922	-3,049	-3,557	-4,065	-314	-5,209	-5,844
Others	-150	-161	-202	-221	-279	-4,446	1,827	1,826
CF from Fin. Activity	**-5,055**	**-3,103**	**-3,266**	**-3,817**	**-4,400**	**-4,962**	**-3,536**	**-4,164**
Inc/Dec of Cash	**5,403**	**-2,435**	**2,145**	**4,227**	**-2,270**	**-2,852**	**-627**	**6,971**
Opening Balance	2,199	7,615	5,189	7,380	11,785	9,441	6,488	5,861
Other cash & cash equivalent	14	9	46	179	-73	-101	0	0
Closing Balance	**7,615**	**5,189**	**7,380**	**11,785**	**9,441**	**6,488**	**5,861**	**12,832**

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NOTES

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BUY	>=15%
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