

Supreme Industries Ltd.

BUY

Sector: Plastic Products

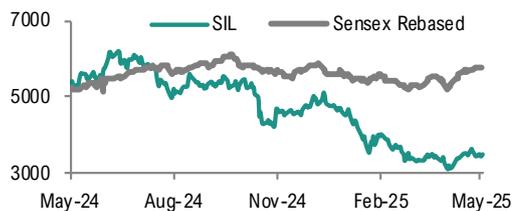
12th May 2025

Key Changes	Target		Rating		Earnings		Target	Rs.4,107
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs.3,483	
Mid Cap	SI:IN	79,454	SUPREMEIND	509930	12 Months	Return	+18%	

Data as of: 09-05-2025

Company Data			
Market Cap (Rs. cr.)	44,242		
52 Week High — Low (Rs.)	6,482-3,020		
Enterprise Value (Rs. cr)	43,400		
Outstanding Shares (Rs cr)	12.7		
Free Float (%)	51.0		
Dividend Yield (%)	0.86		
6m average volume (cr)	0.12		
Beta	0.9		
Face value (Rs)	2.0		
Shareholding (%)	Q2FY25	Q3FY25	Q4FY25
Promoters	48.9	48.9	48.9
FII's	25.9	24.7	22.9
MFs/Institutions	10.6	12.0	13.3
Public	14.6	14.5	15.0
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-13.0%	-24.0%	-33.3%
Absolute Sensex	3.8%	1.7%	10.0%
Relative Return	-16.8%	-25.6%	-43.3%

* over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	10,446	12,013	13,710
Growth (%)	3.1	15.0	14.1
EBITDA	1,432	1,844	2,139
EBITDA Margin (%)	13.7	15.4	15.6
PAT Adjusted	961	1,250	1,449
Growth (%)	(10.2)	30.1	15.9
Adjusted EPS	75.6	98.4	114.1
Growth (%)	(10.2)	30.1	15.9
P/E	46.0	35.4	30.5
P/B	7.8	6.8	5.9
EV/EBITDA	30.3	23.5	20.3
ROE (%)	17.8	20.6	20.7
D/E	0.0	0.0	0.0

Author: Anil R - Sr. Research Analyst

Muted Q4 volumes; recovery ahead

Supreme Industries Ltd. (SIL) is India's leading player in plastic products; the company's wide range of offerings include plastic piping systems, packaging, industrial and consumer products.

- Revenue was flat YoY, primarily due muted volume growth of 2.3% YoY and a 3% YoY decline in realisations due to the volatility in PVC resin prices.
- The combination of reduced government infrastructure spending, a slowdown in the real estate sector, and persistent price fluctuations in PVC led to destocking, adversely impacting overall volumes and profitability.
- EBITDA margins contracted by 256 bps YoY to 13.8%, largely attributable to an increase in other operating expenses. As a result, the net profit declined by 17% YoY.
- We believe PVC prices have largely stabilized, with affordability improving significantly. A recovery is anticipated in FY26, supported by a healthy in demand from the agriculture sector, as well as a rebound in real estate and construction activities.
- We project a 12% CAGR in volume and 10% in revenue from FY25-27E. Profitability is expected to grow at a CAGR of 23% supported by better realisations.

Outlook & Valuation

We anticipate FY26 to reflect improved performance, underpinned by a improved demand from plastic piping segment supported by increased government spending and sustained momentum from the real estate & construction sectors. SIL's long-term prospects remains robust, diversified product portfolio, consistent market share gains evidenced by its superior growth relative to its peers, healthy operating margins, and a robust balance sheet. **We value SIL at a P/E of 36x (5-yr avg.) based on FY27E EPS, with a target price of Rs.4,107. We reiterate "BUY" rating on the stock.**

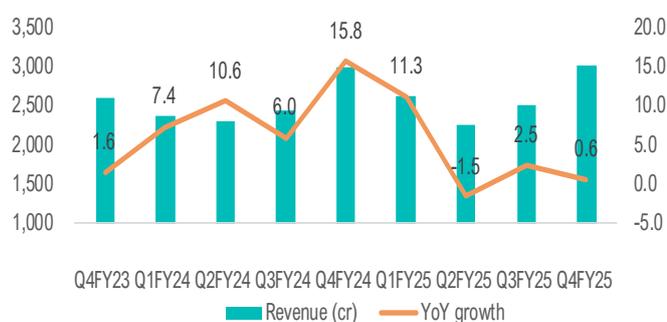
Quarterly Financials Consol.

Rs.cr	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
Sales	3,027	3,008	0.6	2,510	20.6	10,446	10,134	3.1
EBITDA	416	491	(15.2)	309	34.8	1,432	1,547	-7.5
EBITDA margin %	10.7	13.7	-301bps	8.7	207bps	13.7	15.3	-156bps
EBIT	325	414	(21.4)	218	49.4	1,073	1,249	-14.1
PBT	334	424	(21.1)	223	49.6	1,119	1,299	-13.8
Reported PAT	294	355	(17.2)	187	57.2	961	1,070	-10.2
Adjusted PAT	294	355	(17.2)	187	57.2	961	1,070	-10.2
EPS (Rs)	23	28	(17.2)	14.7	57.2	76	84	-10.2

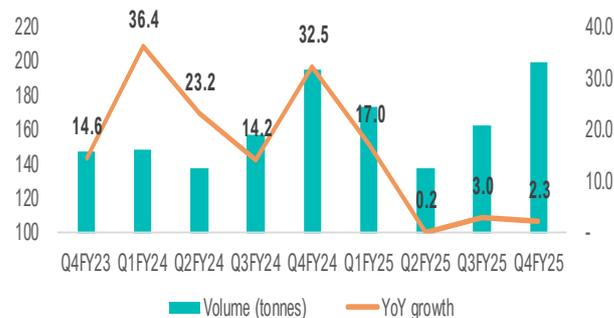
Key Concall Highlights

- FY25 saw significant de-stocking across the supply chain due to falling of PVC resin prices, which has changed 14 times since July 2024, leading to an estimated Rs150cr inventory loss.
- The input prices seems to be bottomed out and expected to remain stable near current levels.
- The union budget for FY26 tripled capital allocation for drinking water projects, expected to boost plumbing demand for plastic piping. While agriculture and housing sectors are showing strong demand potential for FY26.
- Demand for Supreme's cross laminated films is rebounding, as customers are increasingly preferring its superior quality and reliability over look-alike alternatives.
- SIL targets Rs.12,000cr in revenue in FY26 with an operating margins in the range of 14.5%-15.5%.
- CAPEX plans for FY26 is Rs.1,100cr, includes a new PVC profile & window plant in Kanpur, CPVC piping division in Gadgaon, O-PVC at sangli, Cuttack.
- An MOU signed with global leader in pipe and fittings Orbia Advance corporation to acquire Orbia waving plant with capacity of 73000 MT/annum.

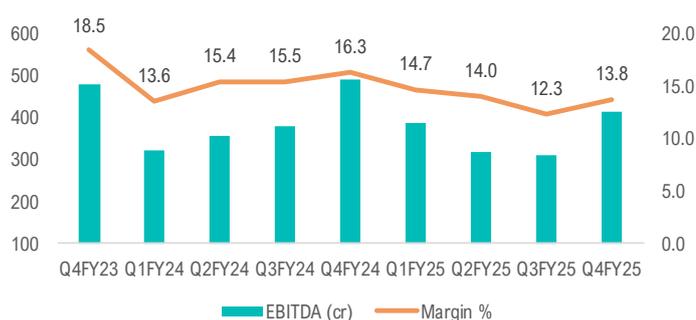
Revenue



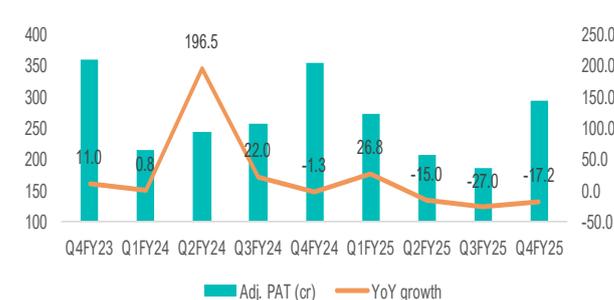
Volume



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	12,212	14,229	12,013	13,710	(1.6)	(3.6)
EBITDA	1,905	2,262	1,844	2,139	(3.2)	(5.4)
Margins (%)	15.6	15.9	15.4	15.9	(25bps)	(30bps)
Adj. PAT	1,300	1,567	1,250	1,449	(3.8)	(8.0)
EPS	102.4	123.4	98.4	114.1	(3.9)	(8.0)



Consolidated Financials

Profit & Loss

Y.E March (Rs.cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue	9,202	10,134	10,446	12,013	13,710
% change	18.4	10.1	3.1	15.0	14.1
EBITDA	1,200	1,547	1,432	1,844	2,139
% change	(3.4)	29.0	-7.5	28.8	16.0
Depreciation	263	298	359	405	463
EBIT	936	1,249	1,073	1,439	1,676
Interest	8	16	12	13	11
Other Income	30	66	58	65	83
PBT	958	1,299	1,119	1,492	1,747
% change	(6.8)	35.5	-13.8	33.3	17.1
Tax	246	336	278	376	440
Tax Rate (%)	25.7	25.8	24.9	25.2	25.2
Reported PAT	865	1,070	961	1,250	1,449
Adj*	-	-	-	-	-
Adj PAT	865	1,070	961	1,250	1,449
% change	(10.6)	23.6	-10.2	30.1	15.9
No. of shares (cr)	12.7	12.7	12.7	12.7	12.7
Adj EPS (Rs.)	68.1	84.2	75.6	98.4	114.1
% change	(10.6)	23.6	-10.2	30.1	15.9
DPS (Rs.)	24.0	28.0	34.0	34.0	34.0
CEPS (Rs.)	88.9	107.7	103.9	130.3	150.5

CASH FLOW

Y.E March (Rs.cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	1,129	1,368	1,320	1,655	1,912
Non-cash adj.	(178)	(147)	(236)	13	11
Changes in W.C	(78)	180	(99)	(186)	(183)
C.F. Operation	890	1,413	1,004	1,481	1,740
Capital exp.	(422)	(547)	(888)	(897)	(1,220)
Change in inv.	19	24	40	(95)	(110)
Other invest.CF	54	53	57	-	-
C.F – Investment	(349)	(609)	(791)	(992)	(1,330)
Issue of equity	-	-	-	-	-
Issue/repay debt	-	-	-	(10)	(10)
Dividends paid	(305)	(356)	(406)	(432)	(432)
Other finance.CF	(22)	(26)	(34)	(13)	(11)
C.F – Finance	(327)	(382)	(440)	(455)	(453)
Chg. in cash	215	423	(227)	34	(43)
Closing cash	738	1,179	944	978	936

Balance Sheet

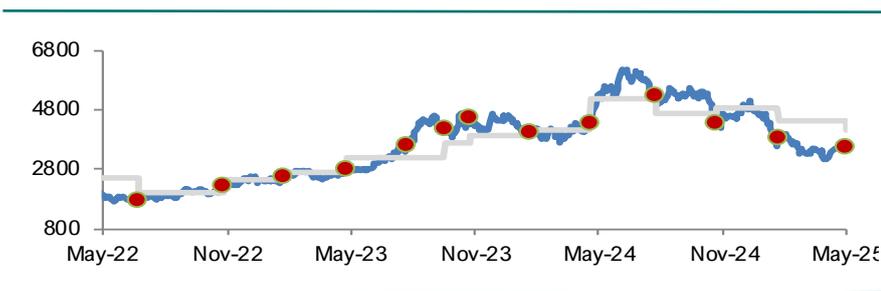
Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	738	1,179	944	978	936
Accounts Receivable	492	511	540	592	676
Inventories	1,386	1,359	1,334	1,562	1,777
Other Cur. Assets	353	398	554	625	714
Investments	577	638	720	815	925
Gross Fixed Assets	4,144	4,600	5,313	6,413	7,613
Net Fixed Assets	2,059	2,265	2,619	3,314	4,051
CWIP	84	144	403	200	220
Intangible Assets	5	62	55	55	55
Def. Tax (Net)	(91)	(96)	(87)	(87)	(87)
Other Assets	0	0	0	0	0
Total Assets	5,603	6,460	7,080	8,054	9,266
Current Liabilities	904	1,016	893	1,178	1,341
Provisions	35	46	49	56	64
Debt Funds	59	71	102	92	82
Other Liabilities	204	219	376	250	284
Equity Capital	25	25	25	25	25
Reserves & Surplus	4,377	5,083	5,635	6,453	7,470
Shareholder's Fund	4,402	5,109	5,660	6,479	7,496
Total Liabilities	5,603	6,460	7,080	8,054	9,266
BVPS (Rs.)	347	402	446	510	590

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	13.0	15.3	13.7	15.4	15.6
EBIT margin (%)	10.2	12.3	10.3	12.0	12.2
Net profit mgn.(%)	9.4	10.6	9.2	10.4	10.6
ROE (%)	21.0	22.5	17.8	20.6	20.7
ROCE (%)	20.9	22.4	17.7	20.4	20.6
W.C & Liquidity					
Receivables (days)	19.0	18.1	18.4	17.2	16.9
Inventory (days)	52.5	49.4	47.0	44.0	44.5
Payables (days)	47.0	51.1	48.8	46.4	49.6
Current ratio (x)	3.2	3.2	3.6	3.0	2.9
Quick ratio (x)	1.2	1.5	0.6	0.5	0.5
Turnover & Leverage					
Gross asset T.O (x)	2.4	2.3	2.1	2.0	2.0
Total asset T.O (x)	1.8	1.7	1.5	1.6	1.6
Int. coverage ratio (x)	116.7	77.5	90.2	114.6	148.9
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	4.7	4.3	4.2	3.6	3.2
EV/EBITDA (x)	36.3	27.9	30.3	23.5	20.3
P/E (x)	51.1	41.4	46.0	35.4	30.5
P/BV (x)	10.1	8.7	7.8	6.8	5.9



Recommendation Summary (last 3 years)



Dates	Rating	Target
03.May.23	BUY	3,223
01.Aug.23	SELL	3,181
25.Sept.23	SELL	3,694
02.Nov.23	SELL	3,949
29.Jan.24	HOLD	4,416
29.April.24	BUY	5,173
02.Aug.24	SELL	4,718
30.Oct.24	ACCUMULATE	4,895
31.Jan.25	BUY	4,442
12.May.25	BUY	4,107

Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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