

July 29, 2025

Soft Quarter; Positive Outlook intact

About the stock: Supreme Industries Ltd. (SIL) is the largest domestic manufacturer of PVC pipes with a market share of ~14%.

- It has 30 manufacturing units, with a combined capacity of ~1.1 MMTPA, across India.
- It holds 30.78% stake in Supreme Petrochemical

Q1FY26 performance: Supreme Industries reported 1% YoY decline in consolidated revenues at ₹2609 crore for Q1FY26 led by ~6% YoY decline in blended realisations and muted volume growth (up 5.7% YoY, early onset of monsoon by 20 days leading to loss in agriculture piping system business). VAP revenues were up 1% YoY at ₹ 933 crore. EBITDA margin at 12.2% (down 247 bps YoY) and EBITDA per kg at ₹ 17.3 (down 22% YoY) were impacted by estimated ₹ 50-60 crore inventory loss and higher overheads (production volumes were up 14% YoY). Overall adjusted PAT declined by 26% YoY to ₹ 202 crore led by lower EBITDA margins, other income and income from associates.

Investment Rationale

- FY26 volume growth guidance revised upwards:** Despite softer Q1FY26, the management upped its Overall/Plastic piping sales volume growth guidance to 14-15%/15-17% YoY for FY26 from 10-12% YoY earlier. It retained overall EBITDA margins of 14.5-15.5% for FY26. The upward revision is based on continued healthy demand from Housing & Agriculture sectors, revival in infrastructure demand, favourable PVC prices at lower levels and expected increase in value added products turnover. Further, it anticipates anti-dumping duty on PVC by first half of November 2025. Consequently, it expects to outpace overall plastic piping industry, which is estimated to grow at 9-10% YoY in FY26.
- Capacity expansions and development of new product ranges stays on track:** Supreme remains on track to expand its plastic piping capacity to 1 million tonne by March 2026 from 872532 as on March 2025. It is set to offer PP Silent Pipe System for Infra and Window profiles (5000 mtpa) from Q2FY26. Its recently acquired Wavin would add 71000 MTPA capacity (30000 tonnes expected during eight months of FY26). It has also become the only company eligible to produce and supply both pipes and fittings for Gas, post execution of first order for PE pipe for Gas application and receipt of DVGW certification for electrofusion fittings from Germany. Overall, it expects cash outflow of ₹ 1350 crore towards capex (including Wavin acquisition of ₹ 310 crore) for FY26.

Rating and Target Price

- We retain our earnings estimates for FY26-FY27 (Revenues/EBITDA/PAT to grow at ~14%/18%/19% CAGR over FY2025-FY2027E).
- We retain our BUY rating with Target Price of ₹ 5060/- i.e. 47x P/E on FY27E (~22% discount to Astral's target P/E multiple).

Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	2-Year CAGR (FY23-25)	FY26E	FY27E	2 year CAGR (FY25-27E)
Revenues	9202	10134	10446	6.5%	11947	13534	13.8%
EBIDTA	1,200	1,547	1,432	9.2%	1,758	2,009	18.5%
EBIDTA Margins(%)	13.0	15.3	13.7		14.7	14.8	
Adjusted PAT	865	1070	961	5.4%	1197	1368	19.3%
EPS (Rs.)	68.1	84.2	75.7		94.3	107.7	
EV to EBIDTA (x)	45.2	34.7	37.7		30.7	26.8	
RoNW (%)	19.7	20.9	17.0		18.7	18.8	
RoCE (%)	28.7	32.6	24.7		27.7	27.5	

Source: Company, ICICI Direct Research



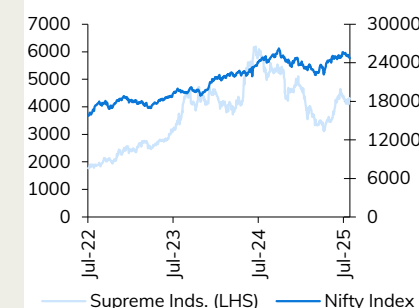
Particulars

Particular	₹ crore
Market Capitalisation	54935
Gross Debt (FY25)	0
Cash (FY25)	952
EV (₹crore)	53983
52 week H/L	5724/3020
Equity capital	25
Face value	2

Shareholding pattern

Particular	Sep-24	Dec-24	Mar-25	Jun-25
Promoters	48.9	48.9	48.9	48.9
FIIIs	25.9	24.7	22.9	21.9
DIIIs	10.6	12.0	13.3	14.6
Others	14.6	14.5	15.0	14.6

Price Chart



Key risks

- Sharp decline in PVC/CPVC resin prices
- Slowdown in agriculture, infrastructure, real estate sectors

Research Analyst

Ronald Siyoni
ronald.siyoni@icicisecurities.com

Riddhi Gupta
riddhi.gupta@icicisecurities.com

Recent earnings call highlights:

- **Guidance:** The management upped volume growth guidance for plastic piping to 15-17% YoY (earlier 10-12% YoY) and overall volume growth to 14-15% YoY (earlier 10-12% YoY) for FY26. Wavin (71000 mtpa capacity) is expected to contribute 30,000 tonnes for eight months of FY26. It retained overall company level EBITDA margins at 14.5-15.5% for FY26.
- **Outlook:** The plastic piping industry is expected to grow at 9-10% YoY in FY26. Housing and agriculture demand is expected to be good while infrastructure demand is expected to revive.
- **Q1FY26 key highlights:** Plastic piping business was affected due to twenty days early break of Monsoon resulting in loss of agriculture piping system business. Inventory loss is estimated at ~₹ 50-60 crores for Q1FY26.
- **Anti-dumping duty:** The management anticipates anti-dumping duty on PVC by second half of October or first half of November.
- **Capacity expansion:** Plastic piping capacity is slated to reach 1 million tonne per annum by March 2026 from 872532 tonne as on March 2025, with an effective capacity utilisation of 65-70% for FY26. It would be setting up five new plants (currently 30 plants) in FY26 including Wavin's three plants, one plant (Gwalior, M.P.) for material handling products and one plant (Kanpur, U.P.) for Window profiles.
- **Capex:** The cash outflow towards existing capital commitments, acquisition of Wavin business and new commitments during FY26 is estimated at ₹ 1350 crore. Entire capex shall be funded through internal accruals.
- **Protective packaging:** The company expects double digit volume growth in protective packaging division and revenues of ₹ 1000+ crores for FY26 from ₹ 855 crores in FY25.
- **Wavin acquisition:** The Company has entered into Business Transfer Agreements (BTA) with Wavin Industries and its two wholly owned subsidiary companies viz: Wavin India Pipes and Fittings Manufacturing & Wavin India Holdings (collectively referred to as Wavin). The acquisition is likely to be completed by 31st July 2025. The aggregate consideration including for net working capital is about ₹ 310 crores. The Company entered into Master Technology License Agreement with Wavin B.V. Netherlands, an Orbia group Company, to access on exclusive basis for India and other SAARC Countries, all its existing technologies and other new technologies to be developed during the period of seven years, pertaining to Plastic Piping systems for Building and Infrastructure segment. The same shall be effective from August 1, 2025.
- **PE Pipes for Gas:** The Company successfully executed its first order for PE pipe for Gas application. It also has the DVGW Certification for the Electrofusion (EF) Fittings from Germany for the use in Water and Gas. This gives the company credential to get qualified to participate in tenders for GAS Pipe and EF Fittings supply. With these products & certifications, it is the only company eligible to produce and supply both Pipes and Fittings for Gas.
- **Window profiling project:** The construction work at site for Profile window project is at an advanced stage of completion. Trial production is expected to begin in Q2FY26. The initial launch of products will be in region of UP and NCR. Thereafter, the company would plan for more geographical reach within India with setting up of fabrication facilities in other parts of the country.
- **Composite cylinder:** It has received a letter of acceptance (LOA) for supply of 2 lakhs nos. of 10 Kg. composite LPG cylinders to Bharat Petroleum Corporation limited (BPCL) and has also received a repeat order of 2.31 lakh nos. of composite LPG cylinders from Indian Oil Corporation Limited (IOCL) which will enable the Company to improve utilisation of expanded capacity of its composite cylinder division to a reasonable level.

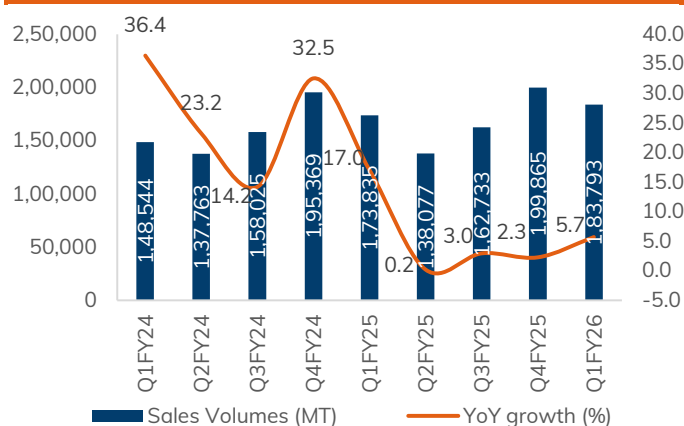
- **Material handling product plant:** The company has planned to set up a new material handling products manufacturing plant in Malanpur, near Gwalior in Madhya Pradesh to expand in central India.
- **PP silent pipe systems:** Trial production of PP Silent Pipe System, in technical collaboration with M/s. Poloplast GmbH of Austria is in progress. Commercial production is expected to begin from next month.

Exhibit 1: Quarterly Analysis

Particulars	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Comments
Operating Income	2,609	2,636	-1.0	3,027	-13.8	Sales volume growth of 5.7% YoY more than offset by 6.4% YoY dip in blended realisations
Other Income	17	21	-21.1	12	35.9	
Total Revenue	2,626	2,658	-1.2	3,040	-13.6	
Raw Materials Costs	1,753	1,779	-1.4	2,068	-15.2	
Employees Expenses	135	121	11.2	131	3.0	
Other Expenses	402	349	15.2	412	-2.3	Lower realisations and estimated inventory loss of ₹50-60 crore affect EBITDA margins
Total Expenditure	2,290	2,249	1.8	2,611	-12.3	
EBITDA	319	387	-17.7	416	-23.4	
EBITDA Margins (%)	12.2	14.7	-247bps	13.8	-153bps	
Interest	3	3	-16.8	3	-6.7	
Depreciation	93	86	8.1	91	1.8	Lower margins, other income, JV income & higher depreciation affect PAT
Tax	63	84	-24.8	73	-14.1	
Income from Assoc.	25	38	-32.9	33	-23.1	
Adj. PAT	202	273	-26.0	294	-31.2	

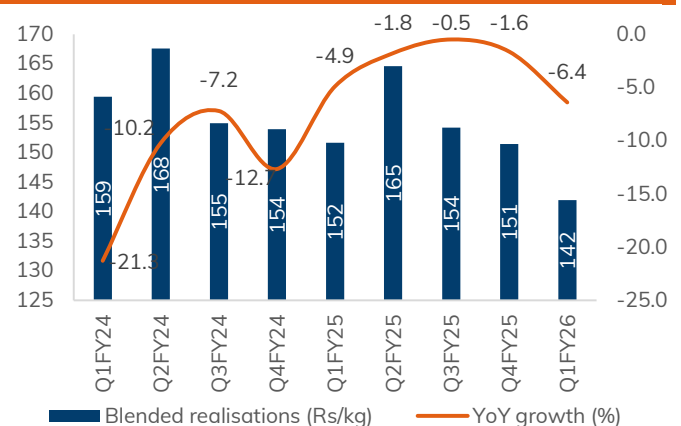
Source: Company, ICICI Direct Research

Exhibit 2: Sales Volume trend



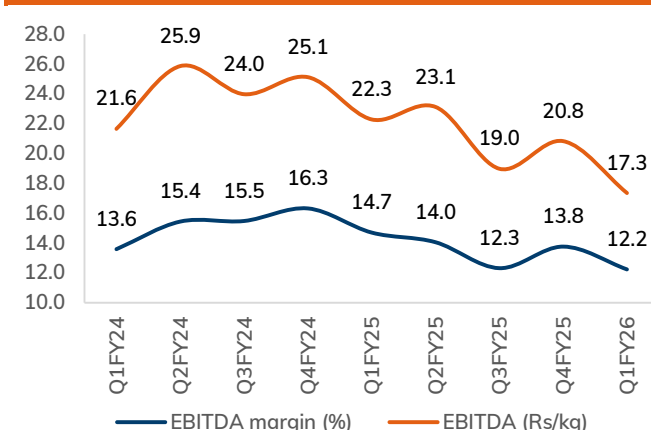
Source: Company, ICICI Direct Research

Exhibit 3: Blended realisation trend



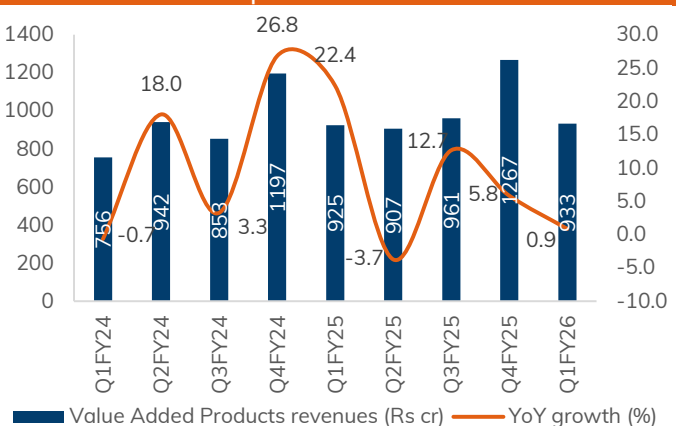
Source: Company, ICICI Direct Research

Exhibit 4: EBITDA trend



Source: Company, ICICI Direct Research

Exhibit 5: Value added products revenue trend



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 6: Profit and loss statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Total Operating Income	10134	10446	11947	13534
Growth (%)	10.1%	3.1%	14.4%	13.3%
Operating Expenses	6858	7146	8220	9311
Gross Profit	3276	3300	3728	4223
Gross Profit Margins (%)	32.3%	31.6%	31.2%	31.2%
Employee Expenses	442	487	536	590
Other Expenditure	1286	1381	1434	1624
Total Operating Exp.	8587	9015	10190	11525
EBITDA	1547	1432	1758	2009
Growth (%)	29.0%	-7.5%	22.8%	14.3%
Interest	16.1	11.9	12.0	12.0
Depreciation	298.4	358.6	406.2	460.1
Other Income	65.7	57.8	60.7	63.8
PBT before Excl. item	1298.5	1119.0	1400.4	1600.4
Total tax	335.7	278.2	352.9	403.3
PAT before MI	962.9	840.8	1047.5	1197.1
Income from Associates	106.9	120.1	149.6	170.9
Exceptional items	0.0	0.0	0.0	0.0
PAT	1069.7	960.9	1197.0	1368.1
Growth (%)	23.6%	-10.2%	24.6%	14.3%
EPS (Adjusted)	84.2	75.7	94.3	107.7

Source: Company, ICICI Direct Research

Exhibit 7: Cash Flow Statement

(Year-end March)	FY24	FY25	FY26E	FY27E
Profit/loss after taxation	1405	1239	1550	1771
Add: Dep. & Amortization	298	359	406	460
Change in working capital	180	-99	-140	-150
Total tax paid	-323	-302	-353	-403
Others	-147	-192	0	0
CF from operating activities	1413	1004	1463	1678
(Purchase)/Sale of Fixed Assets	-686	-888	-956	-1083
Others	96	89	0	0
CF from Investing activities	-590	-799	-956	-1083
(inc)/Dec in Loan	-22	-28	0	0
Dividend & Dividend tax	-356	-406	-457	-483
Equity raised	0	0	0	0
Others	-4	-6	0	0
CF from Financing activities	-382	-440	-457	-483
Net Cash Flow	441	-235	50	113
Opening Cash & Cash Equivalent	746	1187	952	1003
Closing Cash & Cash Equivalent	1187	952	1003	1116

Source: Company, ICICI Direct Research

Exhibit 8: Balance sheet

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Equity Capital	25	25	25	25
Reserve and Surplus	5083	5635	6375	7260
Total Shareholders funds	5109	5660	6400	7286
Minority Interest	0	0	0	0
Total Debt	0	0	0	0
Deferred Tax Liability	96	87	87	87
Long-Term Provisions	30	38	38	38
Other Non Current Liabilities	48	68	68	68
Total Liabilities	5283	5854	6593	7479
Net Block	2180	2501	3051	3673
Capital WIP	144	403	403	403
Fixed Assets	2324	2904	3453	4076
Goodwill & Other intangible assets	62	55	55	55
Investments	638	720	720	720
Other non-Current Assets	244	400	400	400
Inventory	1359	1334	1535	1739
Debtors	511	540	655	742
Other Current Assets	226	255	255	255
Loans & Advances	4	9	36	41
Cash	1187	952	1003	1116
Total Current Assets	3287	3090	3484	3892
Creditors	1016	893	1097	1242
Provisions	16	11	11	11
Other Current Liabilities	241	410	410	410
Total Current Liabilities	1273	1314	1517	1663
Net Current Assets	2015	1776	1966	2229
Application of Funds	5283	5854	6593	7479

Source: Company, ICICI Direct Research

Exhibit 9: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
Per share data (₹)				
Adjusted EPS	84.2	75.7	94.3	107.7
Cash EPS	111.2	79.0	115.2	132.1
BV per share	402.2	445.6	503.9	573.6
Dividend per share	30.0	34.0	36.0	38.0
Operating Ratios (%)				
Gross Profit Margins	32.3	31.6	31.2	31.2
Operating EBITDA margins (%)	15.3	13.7	14.7	14.8
(Adjusted) PAT Margins	10.6	9.2	10.0	10.1
Cash Conversion Cycle	31	34	33	33
Fixed asset turnover (x)	4.4	3.6	3.5	3.3
Return Ratios (%)				
RoE	20.9	17.0	18.7	18.8
RoCE	32.6	24.7	27.7	27.5
RoIC	22.5	15.7	18.2	18.3
Valuation Ratios (x)				
P/E	51.3	57.2	45.9	40.1
EV / EBITDA	34.7	37.7	30.7	26.8
EV / Net Sales	5.3	5.2	4.5	4.0
Market Cap / Sales	5.4	5.3	4.6	4.1
Price to Book Value	10.8	9.7	8.6	7.5
Solvency Ratios				
Debt / EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0

Source: Company, ICICI Direct Research

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Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icisecurities.com

For any queries or grievances: Mr. Bhavesh Soni Email address: headservicequality@icidirect.com Contact Number: 18601231122

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