CMP: ₹ 3650 | Target: ₹ 4450 (22%) | Target Period: 12 months | BUY

April 28, 2026

Strong Q4; Growth outlook positive

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 ~1.2 MMTPA, across India. It holds 30.78% stake in Supreme Petrochemical

Q4FY26 performance: Supreme Industries reported Q4FY26 consolidated revenues of ₹ 3,528 crore (+17% YoY and +31% QoQ), EBITDA ₹ 623 crore (+50% YoY, margin ~17.7% with 391 bps YoY improvement) and PAT ₹ 434 crore (+48% YoY); For FY26, consolidated revenue stood at ₹ 11,218 crore (+7.2% YoY) with EBITDA ₹ 1,553 crore (margin ~13.8%) and PAT ₹ 954 crore (flat YoY). Annual blended volumes grew ~12% YoY to ~7.54 lakh MT, led by Plastic Piping (+14% volume, +11% value), while packaging (+5% volume), consumer (+4% volume) saw steady growth and industrial segment declined; value-added products grew 15% YoY to ₹ 4,677 crore whereas CPVC volume grew by 38% YoY.

Investment Rationale

- **FY27 guidance - Healthy volume growth with stable EBITDA margins:** The management eyes overall volume growth of 12-13% YoY (piping volume growth of 15-17% YoY) for FY27, led by pick up in agriculture demand (PVC price correction of ₹ 33 per kg in April driving affordability), sustained demand from housing sector and contribution from newly acquired Wavin (48,000-50,000 tonnes in FY27 versus 10,000 tonnes in Q4FY26). Further, it expects blended EBITDA margins in the range of 14-14.5% expecting no further price erosion (partly on account of rupee depreciation and domestic dependency on imports) in PVC prices from current level (₹ 81 per kg). As per management, plastic piping sector saw 9% YoY dip in FY26 while as per PVC manufacturers, the same is expected to grow at 8% YoY in FY27.
- **Capacity expansions to continue:** The company estimates capital expenditure of ₹ 1000 crore during FY27 principally towards expanding capacity and strengthening existing manufacturing capabilities. It would be setting up four greenfield plants to enhance capacity by 1.10 lakh MT (~1 lakh MT plastic piping, 10,000 MT material handling products), taking its total installed capacity to 1.35 million MTPA. Further, its profile windows business has started production effective March 1, 2026 with ~10,000 unit capacity per month, which has annual revenue potential of ~₹ 250 crores with better EBITDA margins. Additionally, it is focusing on increasing exports from current $ 5 million to $ 50 million over the medium term.

Rating and Target Price

- We estimate its Revenues/EBITDA/PAT to grow at ~13%/16%/19% CAGR over FY2026-FY2028E.
- We retain BUY rating with a revised Target Price of ₹ 4450/- i.e. 45x P/E on H1FY28E, owing to marginal upward revision in FY27E & FY28E EPS.

Supreme — People who know plastics best

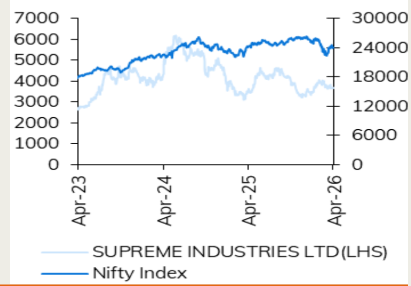
Particulars

Particular	₹ crore
Market Capitalisation	46365
Gross Debt (FY26)	0
Cash (FY26)	658
EV (₹crore)	45706
52 week H/L	4739/3182
Equity capital	25
Face value	2

Shareholding pattern

Particular	Jun-25	Sep-25	Dec-25	Mar-26
Promoters	48.9	48.9	49.0	49.0
FIIs	21.9	20.7	19.2	17.1
DIIs	14.6	16.1	17.2	19.2
Others	14.6	14.4	14.6	14.7

Price Chart



Key risks

(i) Sharp decline in PVC/CPVC resin prices

(ii) Slowdown in agriculture, infrastructure, real estate sectors

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Key Financial Summary

Key Financials (₹ Crore)	FY24	FY25	FY26	2-Year CAGR (FY24-26)	FY27E	FY28E	2 year CAGR (FY26-28E)
Revenues	10134	10446	11218	5.2%	12834	14436	13.4%
EBIDTA	1,547	1,432	1,553	0.2%	1,825	2,097	16.2%
EBIDTA Margins(%)	15.3	13.7	13.8		14.2	14.5	
Adjusted PAT	1070	961	954	-5.6%	1159	1357	19.3%
EPS (Rs.)	84.2	75.7	75.1		91.3	106.8	
P/E (x)	43.3	48.2	48.6		40.0	34.2	
EV to EBIDTA (x)	29.2	31.7	29.4		25.1	21.8	
RoNW (%)	20.9	17.0	15.5		16.9	17.6	
RoCE (%)	32.6	24.7	23.7		26.1	27.1	

Source: Company, ICICI Direct Research

Recent earnings call highlights:

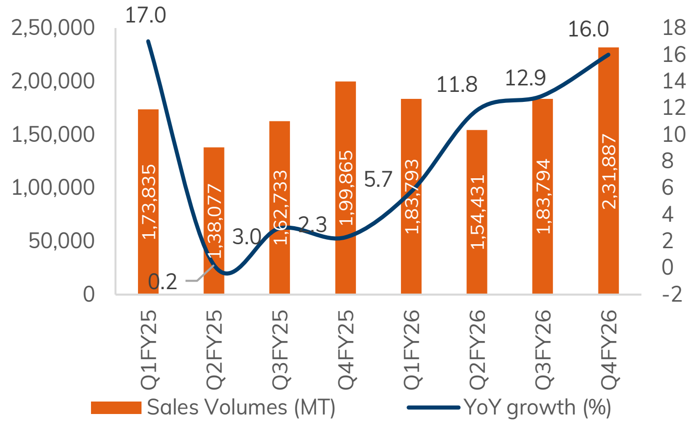
- **Guidance:** Management guided plastic piping volume growth of 15-17% and overall volume growth of 12-13% for FY27. EBITDA margins are expected in the range of 14-14.5%, supported by normalization in raw material prices and better operating leverage. The company has also planned a capital expenditure of ₹ 1000+ crore for various greenfield expansions and brownfield debottlenecking.
- **Demand and Future Outlook:** The domestic plastic piping industry experienced a 9% volume decline in FY26 due to pricing disruptions and a slowdown in demand. Despite this, the company managed to achieve blended volumes growth of 12% YoY and plastic piping growth of 14% YoY (with CPVC growth of 38% YoY) in FY26. In Q4FY26, demand in the agriculture segment was adversely affected by sharp price spikes, especially in March. However, following price corrections, demand is expected to rebound strongly in Q1FY27, led by agriculture segment and plumbing demand. Looking ahead, management expects the industry to grow by 8% in FY27, indicating a cyclical normalization after a weak year.
- **Raw Material Price Volatility:** PVC prices saw sharp fluctuations (+32% in March, followed by ~30% decline in April) disrupting demand and channel behaviour. Management indicated limited downside ahead, supported by rupee depreciation and import dependence.
- **Segment wise Growth trends:** During FY26, plastic piping led growth with 14% volume growth (+11% value), while industrial segment declined (-1% volume). Packaging (+5%) and consumer (+4%) segments saw steady traction. Value-added products grew strongly by 15% YoY to ₹ 4,677 crore.
- **Inventory Gain:** The company recorded an inventory gain of ₹ 70-80 crore in Q4FY26, driven by a sharp increase in PVC prices amid prevailing geopolitical issues.
- **Capacity Expansion:** The company has guided for ₹ 1,000+ crore capex in FY27, aimed at adding 110,000 MT capacity (primarily ~100,000 MT in piping), taking total capacity to ~1.35 MMT. Expansion is driven by greenfield projects across Bihar, J&K, Maharashtra and MP (partly operational by March'27), along with selective brownfield debottlenecking. The capex also targets product portfolio expansion, efficiency improvements, and sustainability initiatives. Funding will be through internal accruals, reflecting strong cash generation and disciplined capital allocation.
- **Wavin Contribution:** Wavin plant became fully operational from Feb'26, contributing ~10,000 MT in Q4FY26. Management expects ~48,000-50,000 MT annual contribution (4,000 MT per month), providing incremental growth visibility in FY27.
- **New Growth Drivers:** Window & profiles business has commenced production, with ₹ 200-250 crore revenue potential at peak utilisation and better than company average margins. Currently, operations are limited to the UP and NCR regions with a capacity of ~10,000 windows per month. Gas piping (PE + electrofusion fittings) is also emerging as a new opportunity, with Supreme Industries Ltd. being the only player offering both pipes and electrofusion fittings for natural gas distribution. The company has a pipe capacity of ~10,000 MT per month and has recently secured an order from Maharashtra Natural Gas Ltd.
- **Government & Infra Outlook:** Demand outlook remains supported by initiatives like Jal Jeevan Mission and gas pipeline expansion, though execution remains slow due to state funding constraints and delaying order inflows, impacting near-term infra demand visibility.
- **Export Strategy:** Company is targeting a scale up in exports from ~$ 5 million to ~$ 50 million, focusing on piping systems and fittings, indicating a strategic shift towards global markets.
- **Cash Surplus:** The Company has total Cash Surplus of ₹ 648 crores as on 31st March, 2026 as against cash surplus of ₹ 944 crores as on 31st March, 2025.

Exhibit 1: Quarterly Analysis

Particulars	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Comments
Operating Income	**3,528**	**3,027**	**16.5**	**2,687**	**31.3**	Overall/ Plastic piping volume grew by 16%/18.3% YoY while blended realisations were up 1.1% YoY (up 4.2% QoQ)
Other Income	9	12	-31.2	4	127.1	
Total Revenue	3,536	3,040	16.3	2,691	31.4	
Raw Materials Costs	2,306	2,068	11.5	1,784	29.3	
Employees Expenses	156	131	19.0	156	0.1	
Other Expenses	443	412	7.6	433	2.2	
Total Expenditure	2,905	2,611	11.3	2,373	22.4	
EBITDA	**623**	**416**	**49.7**	**314**	**98.6**	Blended EBITDA/kg was up ~29% YoY (up 51% QoQ) at ~₹ 27 (including inventory gains of ~70-80 crore)
EBITDA Margins (%)	17.7	13.8	391bps	11.7	599bps	
Interest	9	3	203.4	11	-21.0	
Depreciation	121	91	32.9	110	10.8	
Tax	119	73	63.2	53	126.7	
Income from Assoc.	52	33	57.9	9	449.8	
Adj. PAT	**434**	**294**	**47.5**	**153**	**182.7**	PAT boosted by higher EBITDA margins, lower interest, higher JV income

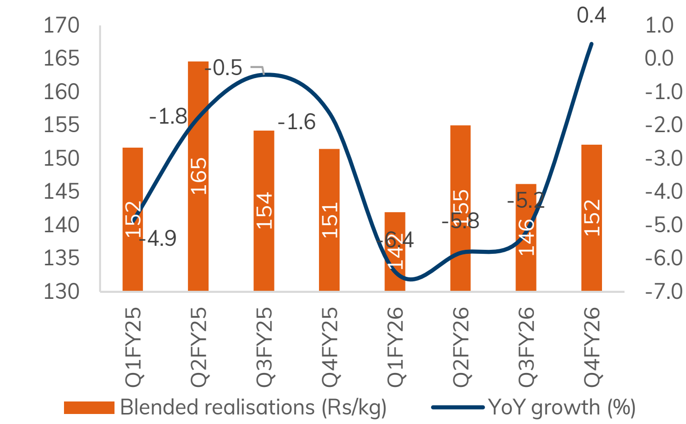
Source: Company, ICICI Direct Research

Exhibit 2: Sales Volume trend



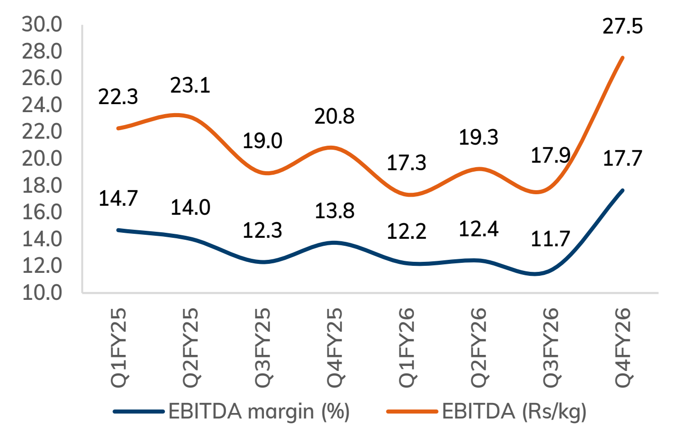
Source: Company, ICICI Direct Research

Exhibit 3: Blended realisation trend



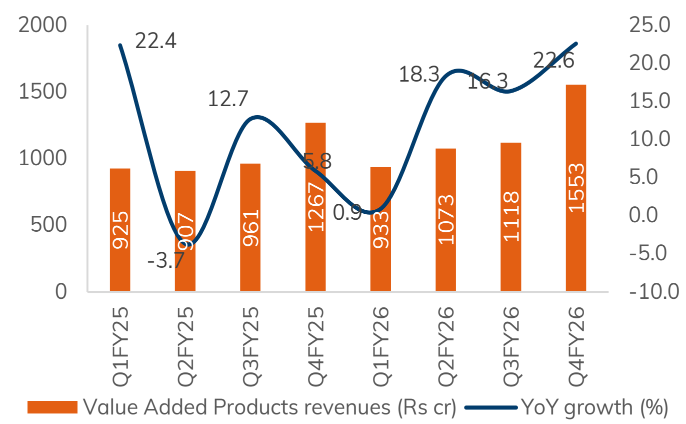
Source: Company, ICICI Direct Research

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)	FY25	FY26	FY27E	FY28E
Total Operating Income	**10446**	**11218**	**12834**	**14436**
Growth (%)	3.1%	7.4%	14.4%	12.5%
Operating Expenses	7146	7559	8830	9903
Gross Profit	3300	3659	4004	4533
Gross Profit Margins (%)	31.6%	32.6%	31.2%	31.4%
Employee Expenses	487	581	639	703
Other Expenditure	1381	1524	1540	1732
Total Operating Exp.	9015	9664	11010	12338
EBITDA	**1432**	**1553**	**1825**	**2097**
Growth (%)	-7.5%	8.5%	17.5%	14.9%
Interest	12	29	25	20
Depreciation	359	428	449	476
Other Income	58	45	49	54
PBT before Excl. item	**1119**	**1141**	**1400**	**1655**
Total tax	278	288	353	417
PAT before MI	841	853	1047	1238
Income from Associates	120	101	112	119
Exceptional items	0	0	0	0
PAT	**961**	**954**	**1159**	**1357**
Growth (%)	-10.2%	-0.7%	21.5%	17.1%
EPS (Adjusted)	**76**	**75**	**91**	**107**

Source: Company, ICICI Direct Research

Exhibit 7: Cash Flow Statement

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit/loss after taxation	1239	1242	1512	1774
Add: Dep. & Amortization	359	428	449	476
Change in working capital	-99	-83	-112	-150
Total tax paid	-302	-249	-353	-417
Others	-192	-113	0	0
CF from operating activities	**1004**	**1225**	**1496**	**1684**
(Purchase)/Sale of Fixed Assets	-888	-1110	-1027	-1155
Others	89	98	0	0
CF from Investing activities	**-799**	**-1012**	**-1027**	**-1155**
(inc)/Dec in Loan	-28	-31	0	0
Divident & Divident tax	-406	-445	-483	-508
Equity raised	0	0	0	0
Others	-6	-20	0	0
CF from Financing activities	**-440**	**-496**	**-483**	**-508**
Net Cash Flow	-235	-284	-13	21
Opening Cash & Cash Equivalent	1187	952	658	645
Closing Cash & Cash Equivalent	**952**	**669**	**645**	**666**

Source: Company, ICICI Direct Research

Exhibit 8: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Equity Capital	25	25	25	25
Reserve and Surplus	5635	6144	6820	7669
Total Shareholders funds	**5660**	**6169**	**6845**	**7694**
Minority Interest	0	0	0	0
Total Debt	**0**	**0**	**0**	**0**
Deferred Tax Liability	87	95	95	95
Long-Term Provisions	38	36	36	36
Other Non Current Liabilities	68	77	77	77
Total Liabilities	**5854**	**6377**	**7054**	**7903**
Net Block	2501	3392	3970	4648
Capital WIP	403	135	135	135
Fixed Assets	**2904**	**3528**	**4105**	**4784**
Goodwill & Other intangible assets	55	75	75	75
Investments	720	762	762	762
Other non-Current Assets	400	312	312	312
Inventory	1334	1619	1649	1849
Debtors	540	488	703	791
Other Current Assets	255	333	333	333
Loans & Advances	9	22	39	43
Cash	952	658	645	666
Total Current Assets	**3090**	**3119**	**3369**	**3682**
Creditors	893	1027	1178	1321
Provisions	11	28	28	28
Other Current Liabilities	410	362	362	362
Total Current Liabilities	**1314**	**1417**	**1568**	**1711**
Net Current Assets	1776	1701	1800	1971
Application of Funds	**5854**	**6378**	**7054**	**7903**

Source: Company, ICICI Direct Research

Exhibit 9: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per share data (₹)				
Adjusted EPS	75.7	75.1	91.3	106.8
Cash EPS	79.0	96.4	117.8	132.5
BV per share	445.6	485.7	538.9	605.7
Dividend per share	34.0	36.0	38.0	40.0
Operating Ratios (%)				
Gross Profit Margins	31.6	32.6	31.2	31.4
Operating EBIDTA margins (%)	13.7	13.8	14.2	14.5
(Adjusted) PAT Margins	9.2	8.5	9.0	9.4
Cash Conversion Cycle	34	35	33	33
Fixed asset turnover (x)	3.6	3.2	3.1	3.0
Return Ratios (%)				
RoE	17.0	15.5	16.9	17.6
RoCE	24.7	23.7	26.1	27.1
RoIC	15.7	11.0	13.0	14.1
Valuation Ratios (x)				
P/E	48.2	48.6	40.0	34.2
EV / EBITDA	31.7	29.4	25.1	21.8
EV / Net Sales	4.3	4.1	3.6	3.2
Market Cap / Sales	4.4	4.1	3.6	3.2
Price to Book Value	8.2	7.5	6.8	6.0
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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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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