Supreme Industries Ltd. (SUPIND)

CMP: ₹3479 | Target ₹ 3775 (8%) | Target Period: 12 months | HOLD

July 29, 2026

Weak start for FY27 on volume front; Downgrade to Hold

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

Q1FY27 performance: Supreme Industries reported consolidated revenue of ₹ 2,718 crore, up 4% YoY, despite a 14% YoY decline in overall sales volumes to 1,57,536 MT (piping volumes down by 15% YoY) due to sharp polymer price corrections and channel inventory destocking. Segment wise, Plastic Piping Systems revenue remained flat at ₹ 1,791 crore, whereas Industrial/Packaging/Consumer products revenue rose by 24%/9%/-11% YoY to ₹ 373/₹ 438/₹ 87 crore. EBITDA rose 25% YoY to ₹ 398 crore with margin expanding 242 bps to 14.6%, while PAT increased 39% YoY to ₹ 281 crore. Revenue from value-added products grew 22% YoY to ₹ 1,142 crore.

Investment Rationale:

- **Weak Q1 sheds uncertainty on FY27 volume growth:** SIL's weak Q1FY27 volume print (down 14% YoY/ piping down 15% YoY) owing to sharp dip in PVC prices during April 2026. The same increases the ask rate for 9MFY27 (20-22% YoY/ pipes 25-28% YoY) considering management's FY27 guidance of 12-13% overall volume growth (15-17% YoY for piping). The implementation of the Minimum Import Price (MIP) and the removal of the import duty rebate from 16 June have helped stabilise PVC prices, normalise channel inventories, and drive channel restocking. However, due to high competitive intensity, softer demand and weak Q1FY27 volumes, we model lower volume growth estimates for FY27 (7.4% YoY overall/ 8% YoY for piping).
- **Capacity expansions update:** SIL is progressing with plans to establish manufacturing facilities at new locations including Bihar, Jammu and Malanpur (near Gwalior, for material handling system). Bihar and Jammu plant would add 50,000 tonnes combined after two years. It is also in the process of acquiring additional land at Puducherry and Erode to create additional manufacturing set up. The management retained its ₹ 1000 crore capex for FY27 and has committed ₹ 500 crore during Q1FY27. The company also plans to increase exports from US$26 million in FY26 to US$150 million over the next 6-7 years.

Rating and Target Price:

- We have cut our revenue and PAT estimates by 2% & 3% for FY27 and 3% and 5% for FY28 factoring weak volumes in Q1FY27.
- We downgrade the stock to Hold with a revised price target of ₹ 3775, i.e. 37x P/E on FY28E EPS (in-line with its long term historical one year forward PE)

Supreme
People who know plastics best

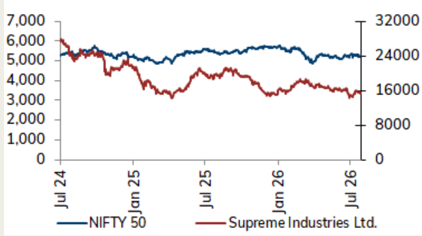
Particulars

Particular	₹ crore
Market Capitalisation	44193
Gross Debt (FY26)	0
Cash (FY26)	658
EV (₹crore)	43534
52 week H/L	4665/3140
Equity capital	25
Face value	2

Shareholding pattern

Particular	Sep-25	Dec-25	Mar-26	Jun-26
Promoters	48.9	49.0	49.0	49.0
FIIs	20.7	19.2	17.1	17.1
DIIs	16.1	17.2	19.2	19.1
Others	14.4	14.6	14.7	14.9

Price Chart



Key risks

(i) Sharp decline in PVC/CPVC resin prices

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

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Result Update

ICICI Securities – Retail Equity Research

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%	12603	13971	11.6%
EBIDTA	1,547	1,432	1,553	0.2%	1,780	2,007	13.7%
EBIDTA Margins(%)	15.3	13.7	13.8		14.1	14.4	
Adjusted PAT	1070	961	954	-5.6%	1129	1296	16.5%
EPS (Rs.)	84.2	75.7	75.1		88.9	102.0	
P/E (x)	41.3	46.0	46.3		39.1	34.1	
EV to EBIDTA (x)	27.8	30.2	28.0		24.5	21.7	
RoNW (%)	20.9	17.0	15.5		16.6	17.0	
RoCE (%)	32.6	24.7	23.7		25.4	26.1	

Source: Company, ICICI Direct Research

Q1FY27 Earnings call highlights

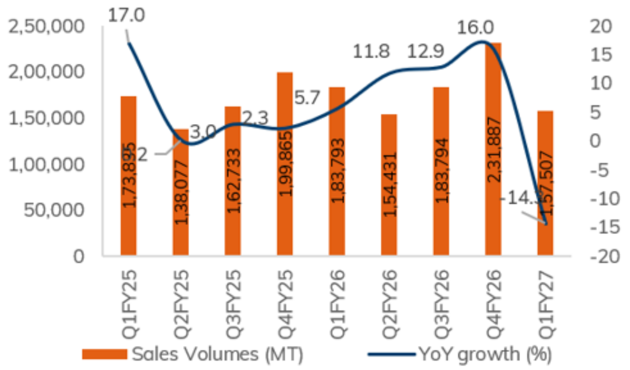
- **Guidance:** Management maintained FY27 guidance despite a weak Q1, expecting 15-17% volume growth in the Plastic Piping business and 12-13% overall volume growth for the company. EBITDA margin guidance was reiterated at 14-14.5%, while the planned ₹ 1,000+ crore capex for FY27 remains unchanged, focused on greenfield expansions, brownfield debottlenecking and new product development.
- **Demand and Future Outlook:** Plastic Piping volumes declined 15% YoY in Q1FY27, largely due to a sharp correction in PVC prices, with April alone witnessing a decline of over 50%, triggering widespread channel destocking. Demand recovered in May and June, while July saw a sharp improvement as PVC prices increased by around ₹ 9/kg during the month. Also, implementation of the Minimum Import Price (MIP) and the removal of the import duty rebate from 16 June have helped stabilise PVC prices, normalise channel inventories, and drive channel restocking. Management expects the lost volumes to be recovered in H2FY27, supported by the agricultural season, infrastructure spending, and a stable PVC pricing environment.
- **Segment wise Growth trends:** Plastic Piping volumes declined 15% YoY, Packaging volumes declined 10%, Industrial Products declined 6%, while Consumer Products declined 22%. Despite lower volumes, value-added products grew 22% YoY to ₹ 1,142 crore, driven by a richer product mix across industrial, packaging and premium piping products. Management indicated that industrial demand remained linked to OEM demand, while packaging and piping businesses were primarily impacted by channel inventory correction.
- **Capacity Expansion:** The company plans to invest ₹ 1000 crore in capex during FY27, funded entirely through internal accruals, with ₹ 500 crore already committed towards machinery. Capacity expansion includes greenfield plastic piping plants in Bihar, Jammu and Maharashtra, with the Bihar and Jammu facilities adding a combined 50,000 MT over the next two years, alongside a new material handling products plant in Madhya Pradesh. In addition, land acquisition is underway in Puducherry (to cater to Whirlpool) and Erode (to support exports).
- **Wavin Contribution:** The 70,000 MT Wavin piping facility continues to ramp up successfully, operating at around 50-60% utilisation during Q1FY27, with management targeting nearly 70% utilisation during FY27. The acquisition has strengthened the company's premium product portfolio by adding new piping solutions while maintaining profitability broadly in line with Supreme's existing piping business.
- **New Growth Drivers:** The company expects gas piping to generate nearly ₹ 600 crore revenue in FY27, supported by increasing orders from city gas distribution companies. The newly launched uPVC window & profiles business has commenced commercial operations with an investment of ₹ 220 crore and a normalised revenue potential of ₹ 350 crore. Composite LPG cylinders also remain a key growth opportunity, with current capacity of 9-10 lakh cylinders per annum and fresh order of 60,000 units received from HPCL.
- **Export Strategy:** The company has outlined a long-term export strategy to increase exports from US$26 million in FY26 to US$150 million over the next 6-7 years by leveraging FTAs.
- **Cash Surplus:** The Company has total Cash Surplus of ₹ 542 crores as on 30th June, 2026 as against cash surplus of ₹ 648 crores as on 31st March, 2026.

Exhibit 1: Quarterly Analysis

Particulars	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Operating Income	**2,718**	**2,609**	**4.2**	**3,528**	**-23.0**	Overall/ Plastic piping volume de-grew by 14%/15% YoY while blended realisations were up 21% YoY (up 13% QoQ)
Other Income	9	17	-46.0	9	6.7	
Total Revenue	2,727	2,626	3.8	3,536	-22.9	
Raw Materials Costs	1,738	1,753	-0.9	2,306	-24.6	
Employees Expenses	163	135	21.1	156	4.8	
Other Expenses	418	402	4.1	443	-5.5	
Total Expenditure	2,320	2,290	1.3	2,905	-20.1	
EBITDA	**398**	**319**	**24.8**	**623**	**-36.1**	Blended EBITDA/kg was up ~46% YoY (down 6% QoQ) at ~₹ 25
EBITDA Margins (%)	14.6	12.2	242bps	17.7	-302bps	
Interest	4	3	50.2	9	-53.8	
Depreciation	122	93	31.5	121	0.8	
Tax	73	63	16.0	119	-39.0	
Income from Assoc.	73	25	190.1	52	41.2	
Adj. PAT	**281**	**202**	**38.8**	**434**	**-35.3**	PAT boosted by higher JV income

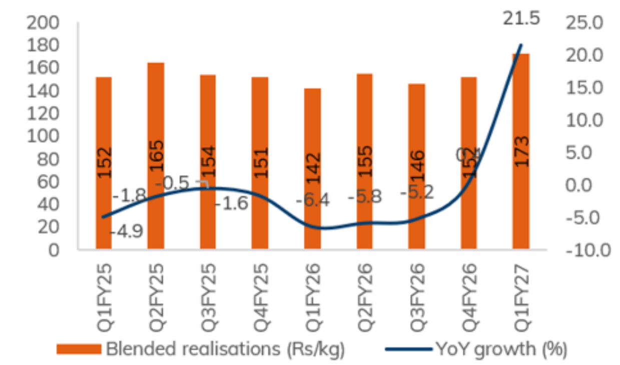
Source: Company, ICICI Direct Research

Exhibit 2: Sales Volume Trend



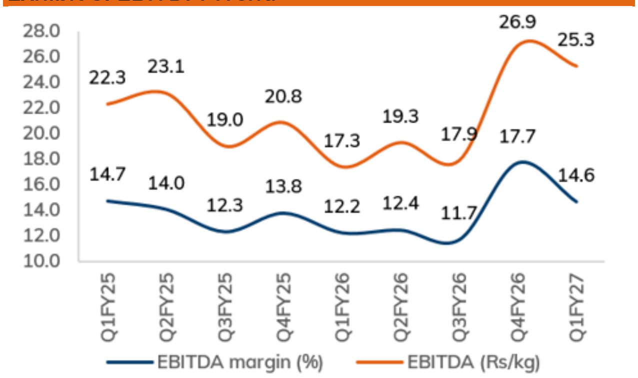
Source: Company, ICICI Direct Research

Exhibit 4: Blended Realisation Trend



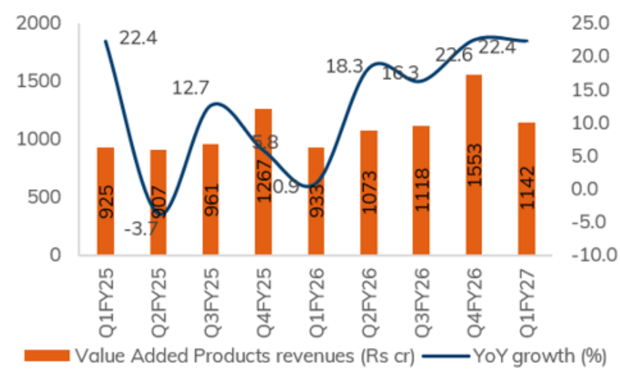
Source: Company, ICICI Direct Research

Exhibit 3: 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**	**12603**	**13971**
Growth (%)	3.1%	7.4%	12.4%	10.9%
Operating Expenses	7146	7559	8671	9584
Gross Profit	3300	3659	3932	4387
Gross Profit Margins (%)	31.6%	32.6%	31.2%	31.4%
Employee Expenses	487	581	639	703
Other Expenditure	1381	1524	1512	1677
Total Operating Exp.	9015	9664	10823	11964
EBITDA	**1432**	**1553**	**1780**	**2007**
Growth (%)	-7.5%	8.5%	14.6%	12.7%
Interest	12	29	25	20
Depreciation	359	428	441	461
Other Income	58	45	49	54
PBT before Excl. item	**1119**	**1141**	**1364**	**1580**
Total tax	278	288	344	398
PAT before MI	841	853	1020	1182
Income from Associates	120	101	109	114
Exceptional items	0	0	0	0
PAT	**961**	**954**	**1129**	**1296**
Growth (%)	-10.2%	-0.7%	18.3%	14.8%
EPS (Adjusted)	**76**	**75**	**89**	**102**

Source: Company, ICICI Direct Research

Exhibit 7: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit/loss after taxation	1239	1242	1473	1694
Add: Dep. & Amortization	359	428	441	461
Change in working capital	-99	-83	-90	-128
Total tax paid	-302	-249	-344	-398
Others	-192	-113	0	0
CF from operating activities	**1004**	**1225**	**1480**	**1629**
(Purchase)/Sale of Fixed Assets	-888	-1110	-1008	-1118
Others	89	98	0	0
CF from Investing activities	**-799**	**-1012**	**-1008**	**-1118**
(inc)/Dec in Loan	-28	-31	0	0
Dividend & Dividend 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	-11	3
Opening Cash & Cash Equivalent	1187	952	658	647
Closing Cash & Cash Equivalent	**952**	**669**	**647**	**651**

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	6790	7578
Total Shareholders funds	**5660**	**6169**	**6815**	**7603**
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**	**7024**	**7811**
Net Block	2501	3392	3959	4616
Capital WIP	403	135	135	135
Fixed Assets	**2904**	**3528**	**4095**	**4752**
Goodwill & Other intangible assets	55	75	75	75
Investments	720	762	762	762
Other non-Current Assets	400	312	312	312
Inventory	1334	1619	1619	1790
Debtors	540	488	691	766
Other Current Assets	255	333	333	333
Loans & Advances	9	22	38	42
Cash	952	658	647	651
Total Current Assets	**3090**	**3119**	**3328**	**3580**
Creditors	893	1027	1157	1278
Provisions	11	28	28	28
Other Current Liabilities	410	362	362	362
Total Current Liabilities	**1314**	**1417**	**1547**	**1669**
Net Current Assets	1776	1701	1781	1912
Application of Funds	**5854**	**6378**	**7024**	**7812**

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	88.9	102.0
Cash EPS	79.0	96.4	116.5	128.2
BV per share	445.6	485.7	536.5	598.5
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	14.1	14.4
(Adjusted) PAT Margins	9.2	8.5	9.0	9.3
Cash Conversion Cycle	34	35	33	33
Fixed asset turnover (x)	3.6	3.2	3.1	2.9
Return Ratios (%)				
RoE	17.0	15.5	16.6	17.0
RoCE	24.7	23.7	25.4	26.1
RoIC	15.7	11.0	12.5	13.2
Valuation Ratios (x)				
P/E	46.0	46.3	39.1	34.1
EV / EBITDA	30.2	28.0	24.5	21.7
EV / Net Sales	4.1	3.9	3.5	3.1
Market Cap / Sales	4.2	3.9	3.5	3.2
Price to Book Value	7.8	7.2	6.5	5.8
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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