

Supreme Industries

Healthy volume led growth continues

SIL's volumes during the quarter grew by a 23% YoY (-12% QoQ) while realisation declined 10% YoY (+5% QoQ). Volume growth was led by Plastic Piping system (+30%) and Packaging segments (+12%). Healthy volume growth is in-line to what we had indicated in our 2QFY24 preview note. EBITDA margins, improved by 180bps QoQ to 15.4%, led by better product mix. EBITDA/kg improved to Rs25.9/kg vs. Rs21.6/kg in 1QFY24 (2QFY23: Rs13.2/kg). Management has further upped its volume growth guidance to 23% (earlier guidance during 4QFY23: 15%, 1QFY24: 20%) led by plastic piping systems growth of 28% in FY24 (earlier guidance: 22-25%). We roll forward our estimates to FY26. We maintain our ADD rating (led by sharp run up in price) with new TP of Rs4,505 (previous TP: Rs3,651), valuing at 42x 1HFY26E EPS (upped from 35x earlier). Our target multiple is still at significant discount to Astral (60x) despite Supreme delivering growth which is on par to Astral.

Newly acquired/added capacities, stable PVC prices to further aid plastic pipes volume growth

Supreme Industries commenced three new Greenfield capacities in Assam, Tamil Nadu and Odisha during FY23. The Company acquired Parvati Agro Plast (17th Oct'23) with total capacity of 36,000tn. These capacities have started to drive volumes. On ground demand for plastic pipes in agri and infrastructure (Nal-se-Jal) sector continues to remain very buoyant. Apart from this, plumbing demand, led by buoyant housing, continue to remain very strong. In lieu of things, Supreme has upped its volume growth guidance from 20% to 23%+ in FY24. Growth will be led by Plastic Pipes segment, which is expected to grow by 28% (earlier guidance: 22-25%). PVC prices registered sharp cut of Rs13/kg at start of 3Q followed by hike of Rs3/kg. Prices are at bottom and stable which should further aid in volume growth.

Multiple project expansion plans in pipe-line for the current year

Construction work is at full swing at all the sites- Kanpur Dehat (UP), Erode (TN) and Malanpur (MP) for piping. Orders for equipment have been placed and increased capacities will be in operation during 4QFY24 one after the other. Construction work for expansion at Gadegaon (MH) is completed and the arrival of production equipment has started. The newly launched PE/AL/PE piping system and electrical conduit system has received an encouraging response. Expanded Capacity of Bath Fittings along with environment friendly surface coating process for enhanced durability & better aesthetics at Puducherry is in place and fully operational. Supreme intends to make PVC window & Doors with an initial capacity of 10,000tn pa. This capacity is expected to start by Nov'23 after which it will take another 10-12 months for production trials. Total capacity is expected to reach 780ktn in FY24 vs. 600ktn in FY23.

Valuations remain attractive

We expect Supreme's sales, EBITDA and PAT to grow at CAGR of 13/19/19% respectively over FY23-26E. We maintain our ADD rating (led by sharp run up in price) with new TP of Rs4,505 (previous TP: Rs3,651), valuing at 42x 1HFY26E EPS (upped from 35x earlier).

Financial and valuation summary

YE Mar (Rs mn)	2QFY24A	2QFY23A	YoY (%)	1QFY24A	QoQ (%)	FY24E	FY25E	FY26E
Revenues	23,087	20,866	10.6	23,686	(2.5)	1,03,252	1,17,408	1,31,661
EBITDA	3,562	1,471	142.1	3,216	10.8	15,178	17,963	20,407
EBITDA margin (%)	15.4	7.1	118.8	13.6	13.6	14.7	15.3	15.5
Adj. Net profit	2,432	820	196.5	2,155	12.8	10,892	12,790	14,467
Adj. EPS (Rs)	19.1	6.5	196.5	17.0	12.8	85.7	100.7	113.9
EPS growth (%)						25.9	17.4	13.1
PE (x)						52.6	44.8	39.6
EV/EBITDA (x)						36.4	30.2	26.1
PBV (x)						10.1	8.7	7.5
RoE (%)						21.6	20.8	20.4
RoCE (%)						18.9	18.8	18.8

Source: Company, Centrum Broking

Please see Disclaimer for analyst certifications and all other important disclosures.

Result Update

India I Building Materials

30 October, 2023

ADD

Price: Rs4,522
Target Price: Rs4,505
Forecast return: 0%

Institutional Research

Market Data

Bloomberg:	SI IN
52 week H/L:	4,888/1,949
Market cap:	Rs574.4bn
Shares Outstanding:	127.0mn
Free float:	46.3%
Avg. daily vol. 3mth:	5,30,615

Source: Bloomberg

Changes in the report

Rating:	Unchanged
Target price:	+23%; Rs4,505 from Rs3,651
EPS:	FY24E: -1%; FY25E: -3.5%

Source: Centrum Broking

Shareholding pattern

	Sep-23	Jun-23	Mar-23	Dec-22
Promoter	48.9	48.9	48.9	48.9
FIIs	23.9	19.1	18.1	17.4
DIIIs	12.3	16.9	17.7	18.3
Public/other	15.0	15.2	15.4	15.5

Source: BSE

Centrum estimates vs Actual results

YE Mar (Rs mn)	Centrum Q2FY24	Actual Q2FY24	Variance (%)
Revenue	20,519	23,087	12.5
EBITDA	3,007	3,562	18.5
EBITDA margin %	14.7	15.4	80bps
PBT	2,411	2,955	22.5
Adj. PAT	2,223	2,425	9.0

Source: Bloomberg, Centrum Broking



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Building Materials

Thesis Snapshot

Estimate revision

YE Mar (Rs mn)	FY24E New	FY24E Old	% chg	FY25E New	FY25E Old	% chg
Revenue	1,03,252	1,09,123	-5.4	1,17,408	1,22,756	-4.4
EBITDA	15,178	15,496	-2.0	17,963	18,782	-4.4
EBITDA margin %	14.7	14.2	50bps	15.3	15.3	0bps
Adj. PAT	10,892	10,995	-0.9	12,790	13,252	-3.5
Diluted EPS (Rs)	85.7	86.5	-0.9	100.7	104.3	-3.5

Source: Centrum Broking

Supreme Industries versus NIFTY Midcap 100

	1m	6m	1 year
SI IN	9.7	66.1	122.0
NIFTY Midcap 100	(4.4)	21.8	24.9

Source: Bloomberg, NSE

Key assumptions

Y/E Mar	FY24E	FY25E	FY26E
Plastic Pipes (tn)	4,80,059	5,66,469	6,34,446
Packaging (tn)	59,666	64,439	69,595
Industrials (tn)	61,908	71,194	78,314
Consumer (tn)	20,078	22,086	23,853
Plastic Pipes (Rs/kg)	145	142	143
Packaging (Rs/kg)	241	238	241
Industrials (Rs/kg)	223	219	221
Consumer (Rs/kg)	241	239	241
Blended sales/kg (Rs)	165	161	162
Blended EBIT/kg (Rs)	16.6	16.2	16.3

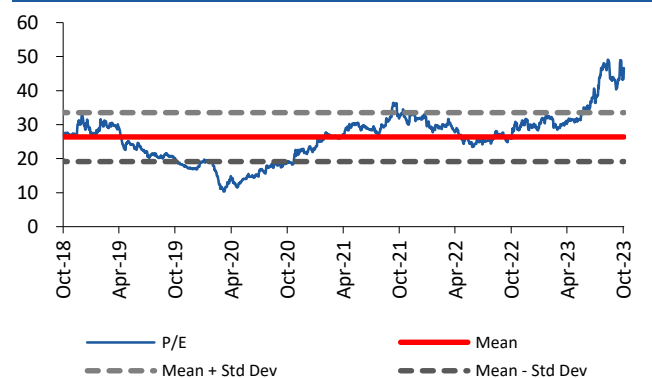
Source: Centrum Broking

Valuations

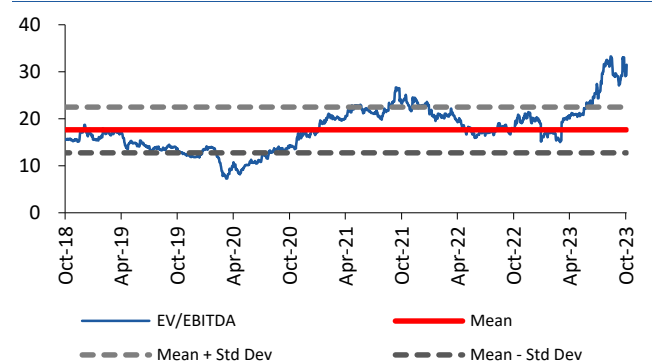
We value Supreme Industries at 42x 1HFY26E EPS (increased from 35x earlier). Based on it we arrive at TP of Rs4,505.

Valuations	Rs/share
1HFY26E EPS	107.3
Target Multiple (x)	42
Target Price (Rs)	4,505

P/E mean and standard deviation



EV/EBITDA mean and standard deviation



Source: Bloomberg, Centrum Broking

Exhibit 1: 2QFY24 – Financial Snapshot

Y/E March (Rsmn)	2QFY24	2QFY23	1QFY24	YoY(%)	QoQ (%)	1HFY23	1HFY24	YoY(%)
Net sales	23,087	20,866	23,686	10.6	(2.5)	42,926	46,773	9.0
Net raw material & Purchase of finished goods	15,357	16,022	16,560	(4.1)	(7.3)	32,246	31,917	(1.0)
% of sales	66.5	76.8	69.9	-1030bps	(4.9)	75.1	68.2	-690bps
Employee expenses	1,059	882	1,032	20.0	2.6	1,792	2,091	16.7
Other expenses	3,109	2,491	2,878	24.8	8.0	4,728	5,986	26.6
Total expenditure	19,525	19,395	20,470	0.7	(4.6)	38,765	39,995	3.2
Operating Profit	3,562	1,471	3,216	142.1	10.8	4,160	6,778	62.9
OPM(%)	15.4	7.1	13.6	840bps	190bps	9.7	14.5	480bps
Interest	16	12	17	29.2	(8.3)	1,265	1,440	13.8
PBDT	3,547	1,459	3,199	143.0	10.9	5,006	4,658	(6.9)
Depreciation	719	649	721	10.9	(0.2)	1,265	1,440	13.8
Other income	127	55	142	129.9	(10.6)	101	269	167.0
PBT (before exp/Asso.)	2,955	866	2,621	241.2	12.7	2,967	5,575	87.9
Tax	763	231	678	229.7	12.5	774	1,441	86.1
Effective tax rate (%)	25.8	26.7	25.9	-90bps	(0.2)	26.1	25.9	-20bps
Reported Net Profit	2,192	635	1,942	245.4	12.8	2,193	4,134	88.5
Share of JV/Associate less minority interest	240	186	213	29.5	12.7	766	454	(40.8)
Reported PAT	2,432	820	2,155	196.5	12.8	2,954	4,572	54.8
EPS (Rs.)	19.1	6.5	17.0	196.5	12.8	23.3	36.1	55.0

Source: Company, Centrum Broking

Exhibit 2: Quarterly P&L trend

	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
Sales	19,451	25,571	22,060	20,866	23,107	25,983	23,686	23,087
YoY(%)	5.5	22.7	64.4	8.2	18.8	1.6	7.4	10.6
Cost of Goods Sold	13,563	18,253	15,899	15,648	16,191	16,967	16,250	15,041
Gross Profit	5,888	7,318	6,161	5,219	6,916	9,016	7,436	8,046
Gross Margins (%)	30.3	28.6	27.9	25.0	29.9	34.7	31.4	34.9
Employee Expenses	880	904	910	882	959	997	1,032	1,059
YoY(%)	8.3	-2.9	13.5	2.1	8.9	10.3	13.5	20.0
Other Expenses	1,658	1,699	1,672	1,832	1,953	2,155	2,085	2,328
%sales	8.5	6.6	7.6	8.8	8.5	8.3	8.8	10.1
Total Expenses	16,272	21,657	19,371	19,395	20,074	21,180	20,470	19,525
EBITDA	3,179	3,914	2,689	1,471	3,034	4,803	3,216	3,562
EBITDAM(%)	16.3	15.3	12.2	7.1	13.1	18.5	13.6	15.4
Depreciation	575	588	617	649	648	721	721	719
EBIT	2,604	3,326	2,072	823	2,386	4,082	2,495	2,843
EBIT(%)	44.2	45.5	33.6	15.8	34.5	45.3	33.6	35.3
Other Income	29	86	46	55	83	114	142	127
Interest Cost	5	19	16	12	12	40	17	16
PBT	2,629	3,393	2,102	866	2,457	4,156	2,621	2,955
PBT(%)	44.6	46.4	34.1	16.6	35.5	46.1	35.2	36.7
PAT	2,454	3,237	2,136	818	2,098	3,572	2,148	2,425
PAT(%)	41.7	44.2	34.7	15.7	30.3	39.6	28.9	30.1
EPS	19.3	25.5	16.8	6.5	16.5	28.3	17.0	19.1

Source: Company, Centrum Broking

Exhibit 3: Quarterly sales volumes (tn)

	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
Plastic Pipes	75,997	48,111	72,480	57,197	96,507	79,424	79,220	1,04,109	1,12,293	1,17,274	1,02,929
Packaging	15,627	11,532	12,905	16,595	13,131	12,866	13,297	14,547	13,532	13,568	14,890
Industrial	13,744	9,512	12,390	12,365	13,763	12,901	14,766	14,785	16,508	13,409	15,425
Consumers	5,870	2,109	4,898	5,207	5,206	3,731	4,520	4,921	5,081	4,293	4,519

Source: Company, Centrum Broking

Exhibit 4: Quarterly sales (Rsmn)

	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
Plastic Pipes	13,468	8,310	12,673	11,479	17,997	14,633	12,947	15,087	17,708	16,261	15,093
Packaging	3,097	2,440	2,773	3,697	3,190	3,263	3,278	3,419	3,231	3,231	3,522
Industrial	2,931	1,990	2,530	2,715	3,003	3,023	3,349	3,358	3,687	2,985	3,258
Consumers	1,240	480	1,112	1,275	1,180	958	1,119	1,159	1,211	1,049	1,054

Source: Company, Centrum Broking

Exhibit 5: Sales Realization (Rs/kg)

	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
Plastic Pipes	177	173	175	201	186	184	163	145	158	139	147
Packaging	198	212	215	223	243	254	247	235	239	238	237
Industrial	213	209	204	220	218	234	227	227	223	223	211
Consumers	211	228	227	245	227	257	248	235	238	244	233

Source: Company, Centrum Broking

Exhibit 6: Segmental EBIT(%)

	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
Plastic Pipes	26.5	17.0	15.3	16.5	14.4	10.6	1.9	11.3	18.6	11.9	13.3
Packaging	13.2	7.0	9.2	6.7	10.6	7.0	6.5	6.6	7.7	7.9	13.6
Industrial	13.3	6.1	7.6	8.3	10.5	8.5	8.9	9.4	10.0	6.3	7.7
Consumers	23.1	1.3	15.7	16.8	12.3	11.5	13.9	17.1	17.8	16.9	16.6

Source: Company, Centrum Broking

Exhibit 7: Segmental EBIT (Rsmn)

	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
Plastic Pipes	3,570	1,416	1,940	1,894	2,589	1,544	248	1,710	3,291	1,941	2,006
Packaging	408	171	255	246	337	228	213	226	249	255	478
Industrial	390	122	192	224	314	256	298	316	369	189	252
Consumers	286	6	175	215	145	110	155	198	215	177	175

Source: Company, Centrum Broking

Exhibit 8: Segmental EBIT (Rs/kg)

	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
Plastic Pipes	47.0	29.4	26.8	33.1	26.8	19.4	3.1	16.4	29.3	16.6	19.5
Packaging	26.1	14.9	19.7	14.8	25.7	17.7	16.0	15.5	18.4	18.8	32.1
Industrial	28.4	12.8	15.5	18.1	22.8	19.8	20.2	21.4	22.4	14.1	16.4
Consumers	48.8	2.9	35.7	41.2	27.9	29.5	34.3	40.2	42.4	41.3	38.8

Source: Company, Centrum Broking

2QFY24 conference call KTAs

Opening remarks by management:

- Polymer prices remained range bound during the quarter however, witnessed a sharp downward trend during 1st fortnight of October affecting business sentiments. The prices have now started stabilizing and business activities have started picking up.
- The Company has acquired the pipe manufacturing unit of Parvati Agro Plast situated at Sangli (Maharashtra) on a going concern basis w.e.f. 17th October 2023 at an aggregate consideration of Rs1514mn. This unit has total installed capacities of 36,000tn comprising of 15,000tn of PVC Pipes, 18,000tn of HDPE Pipes and 3,000tn of O-PVC Pipes and spread over 13.5 acres of land. O-PVC pipe has good market potential and the company is working to expand O-PVC capacities to 15,000tn at Sangli. The Company has also signed an agreement to purchase adjoining land admeasuring 7.8 Acre from the family which would enable the company to expand its operations at the same site.
- Various expansion programs of piping division are progressing smoothly at all the sites namely Kanpur Dehat (U.P.), Erode (Tamilnadu) and Malanpur (M.P.). Orders for equipment are placed and the new capacities are expected to be in operation in 4QFY24. Construction work for expansion at Gadegaon (Maharashtra) is completed and the arrival of production equipment has started. The newly launched PE/AL/PE piping system and electrical conduit system has received an encouraging response. Expanded capacity of Bath Fittings along with environment friendly surface coating process for enhanced durability & better aesthetics at Puducherry is in place and fully operational.
- The company's plan to put up a manufacturing facility to make PVC window & Doors is taking shape and effective execution of the same would start by end of Nov'23. It is expected to take about 10 to 12 months to commence production trials. The company continues to commit to new investment to increase the range of value-added products and enlarging the product basket in its piping business. With completion of all the expansion plans undertaken, installed capacities of the Piping System division shall reach to 780,000tn by FY24 end from 600,000tn as at FY23 end.
- The company's strategy to focus more on Made-up products is yielding positive results. Overall realizations have also improved, and the Company has been able to handle the spurious competition effectively. Work on the plan to set up 2,500tn plant to manufacture newly developed cross plastic film is progressing well. The company expects to launch the same during 4QFY24.
- The Company has introduced new variants in its cabinet range in its moulded furniture segment and received a good response from the market. The division is continuously adding showrooms to improve awareness of its range of premium products. Total strength of such showrooms has reached 283 as at 1HFY24 from 244 as at FY23.
- The Industrial Component Division has witnessed slackness in demand during the quarter. Although Auto sector is doing good but with more dependency on appliances and white goods, overall market scenario does not look to be so encouraging. However, Company expects better prospects with impending festive season.
- The Fisheries and F&V sectors in the Material Handling Division are seeing good demand and are expected to grow in double digit in volume for the year. There is good demand from the soft drink industry for ensuing summer season. Sales of newly introduced dustbins are encouraging, and the division should continue its momentum of growth both in volume and value terms.
- For composite LPG cylinders, execution of old order received from Indian Oil Corporation is taking place and shall be completed during the year. There are no new orders from domestic oil marketing companies. There are serious enquiries from overseas and once converted successfully would yield better capacity utilization of its plant after recent expansion.

- The Protective Packaging Division has enhanced its capacity utilization and the strategy to work more on fabricated products has also improved profitability. The division has acquired prestigious orders/customers and is working on expanding certain capacities to meet the customized demand. The division has also made inroads in the export market and strengthened its distribution network for the same.
- The Performance Packaging Division continues to utilize its capacities optimally and work on post extrusion value added products. The division is also exploring further export opportunities for improved profitability.
- With increased business opportunities, Capex plan of the Company is also increasing. Total commitments including carry forward commitments of previous year may reach to about Rs.9bn excluding the amounts committed for acquisition of business of Parvati Agro Plast. However, total cash outflow is not likely to exceed Rs.8bn and the same shall be entirely funded from internal accruals.

Strong volume growth in pipes:

- Polyethylene pipes used in Nal-se-Jal scheme has been one of the largest volume drivers for plastic pipes segment
- Pipes as business is relatively lower margins business but solvents, components etc. make higher margins
- Company makes 12000+ SKUs in piping systems
- HDPE pipes would be ~7-8% of total sales as of now led by Nal-se-Jal scheme
- Nal-se-Jal is expected to drive volumes till end of FY24
- Post FY24, demand for gas piping is expected to increase

CPVC volumes impacted:

- Decline of 1% in 1HFY24
- First five months were on decline while 6th month registered growth
- Industries' CPVC volume decline was ~15% in 1HFY24 since PVC prices were more competitive than CPVC
- Now since CPVC prices are competitive volumes are expected to grow in 2H

PVC volume consumption in India in 1HFY24:

- Overall, +18% in 1HFY24
- Indian PVC consumption stood at 1.926mn tn vs. 1.628mn tn in 1HFY23
- 75% of these PVC volumes used in plastic piping

Current capacities:

- Will reach 1mn tn by FY24
- Currently reaching 780ktn vs. 600ktn in FY23

Improvement in FY24 volumes and margins guidance:

- Total volumes: +23%
- Plastic Piping: +28%
- EBITDAM: 14.5%
- Sales: Rs10,5000cr
- Contribution from value added segment is expected to remain at higher levels (~40% in 2Q)

Increase in working capital days:

- Inventory days increased
- Receivable days increased from 17 to 23 days YoY due to increase in sales contribution from MH government
- Payable days reduced

Application of o-PVC pipes:

- Replacement for DI (Ductile Iron) pipes
- More cost-effective solution
- Will be expanding o-PVC capacity for Parvati from 3,000tn to 15,000tn at Sangli

Export orders in Packaging segment:

- Cross, protected and performance packaging segment
- Aim is to boost volumes across three segments
- Exports doing good across three segments
- May sustain Rs30/kg EBIT levels going forward

Contribution of Consumer Appliances in Industrial segment:

- 60% of sales of Industrial segment comes from Industrial component sub segment
- 70% of 60% i.e. ~40% of sales of Industrial come from consumer appliances segment
- Overall demand was weak in 1H, but expected to improve in 2H due to festive season

Composite cylinder demand:

- Currently executing order received last year from Indian Oil
- Apart from this no visibility from domestic players as of now
- Export enquiries too coming up
- CC will be ~10% of Industrial segment

Gas piping demand:

- Company is currently working with government for necessary approvals
- Will get more visibility on demand in coming times

MH state government contract:

- Order book: Rs480cr
- To be executed in 30 months, its been one year of execution
- Order execution is going on smoothly

Others:

- 40-45% of raw material is procured from domestic market and rest from imports
- No PLI benefit in toys business barring puzzles, yoga mats etc.

P&L					
YE Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenues	77,728	92,016	1,03,252	1,17,408	1,31,661
Operating Expense	55,666	68,658	74,341	85,121	95,059
Employee cost	3,453	3,748	4,646	4,931	5,530
Others	6,188	7,613	9,086	9,393	10,665
EBITDA	12,421	11,997	15,178	17,963	20,407
Depreciation & Amortisation	2,295	2,634	2,886	2,983	3,059
EBIT	10,126	9,363	12,292	14,980	17,349
Interest expenses	52	80	0	0	0
Other income	200	298	506	557	612
PBT	10,274	9,580	12,798	15,537	17,961
Taxes	2,633	2,460	3,286	3,989	4,611
Effective tax rate (%)	25.6	25.7	25.7	25.7	25.7
PAT	7,641	7,121	9,513	11,548	13,350
Minority/Associates	2,044	1,533	1,379	1,241	1,117
Recurring PAT	9,685	8,653	10,892	12,790	14,467
Extraordinary items	0	0	0	0	0
Reported PAT	9,685	8,653	10,892	12,790	14,467

Ratios					
YE Mar	FY22A	FY23A	FY24E	FY25E	FY26E
Growth (%)					
Revenue	22.3	18.4	12.2	13.7	12.1
EBITDA	(3.3)	(3.4)	26.5	18.4	13.6
Adj. EPS	(1.0)	(10.6)	25.9	17.4	13.1
Margins (%)					
Gross	31.1	28.3	31.0	30.5	30.8
EBITDA	16.0	13.0	14.7	15.3	15.5
EBIT	13.0	10.2	11.9	12.8	13.2
Adjusted PAT	12.4	9.4	10.5	10.9	11.0
Returns (%)					
ROE	27.6	21.0	21.6	20.8	20.4
ROCE	21.9	17.4	18.9	18.8	18.8
ROIC	21.9	18.4	24.2	30.5	35.7
Turnover (days)					
Gross block turnover ratio (x)	2.2	2.3	2.3	2.6	2.8
Debtors	20	19	19	19	19
Inventory	69	73	73	70	70
Creditors	49	47	49	49	49
Net working capital	68	68	107	126	145
Solvency (x)					
Net debt-equity	(0.1)	(0.2)	(0.4)	(0.5)	(0.5)
Interest coverage ratio	241.2	149.6	0.0	0.0	0.0
Net debt/EBITDA	(0.4)	(0.6)	(1.3)	(1.7)	(2.0)
Per share (Rs)					
Adjusted EPS	76.2	68.1	85.7	100.7	113.9
BVPS	302.6	346.5	447.7	518.2	597.9
CEPS	94.3	88.8	108.4	124.1	137.9
DPS	23.0	26.0	25.7	30.2	34.2
Dividend payout (%)	30.2	38.2	30.0	30.0	30.0
Valuation (x)					
P/E	59.2	66.2	52.6	44.8	39.6
P/BV	14.9	13.0	10.1	8.7	7.5
EV/EBITDA	45.7	47.1	36.4	30.2	26.1
Dividend yield (%)	0.5	0.6	0.6	0.7	0.8

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Equity share capital	254	254	254	254	254
Reserves & surplus	38,190	43,767	56,629	65,582	75,709
Shareholders fund	38,444	44,021	56,883	65,836	75,963
Minority Interest	0	0	0	0	0
Total debt	0	0	0	0	0
Non Current Liabilities	363	390	390	390	390
Def tax liab. (net)	904	908	908	908	908
Total liabilities	39,711	45,320	58,182	67,134	77,261
Gross block	35,340	40,556	44,056	45,556	47,056
Less: acc. Depreciation	(18,443)	(20,737)	(23,623)	(26,606)	(29,664)
Net block	16,897	19,819	20,433	18,950	17,392
Capital WIP	1,546	837	0	0	0
Net fixed assets	18,443	20,656	20,433	18,950	17,392
Non Current Assets	6,763	7,500	7,500	7,500	7,500
Investments	0	0	0	0	0
Inventories	12,602	13,856	14,679	16,574	18,542
Sundry debtors	4,668	4,924	5,736	6,523	7,314
Cash & Cash Equivalents	5,264	7,461	20,409	30,672	41,125
Loans & advances	40	19	19	19	19
Other current assets	2,179	2,526	2,835	3,224	3,615
Trade payables	7,940	9,038	10,275	11,602	12,980
Other current liab.	1,988	2,237	2,788	4,344	4,871
Provisions	320	349	367	381	395
Net current assets	14,505	17,164	30,249	40,685	52,370
Total assets	39,711	45,320	58,182	67,134	77,261

Cashflow					
YE Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Profit Before Tax	12,318	11,113	14,178	16,778	19,078
Depreciation & Amortisation	2,295	2,634	2,886	2,983	3,059
Net Interest	51	80	0	0	0
Net Change – WC	(4,939)	(778)	(136)	(173)	(1,232)
Direct taxes	(2,868)	(2,375)	(3,286)	(3,989)	(4,611)
Net cash from operations	4,704	8,903	11,756	13,801	14,564
Capital expenditure	(4,699)	(4,243)	(2,663)	(1,500)	(1,500)
Acquisitions, net	0	0	0	0	0
Investments	85	188	0	0	0
Others	580	563	506	557	612
Net cash from investing	(4,035)	(3,493)	(2,157)	(943)	(888)
FCF	669	5,411	9,599	12,858	13,677
Issue of share capital	0	0	0	1	1
Increase/(decrease) in debt	(11)	0	0	0	0
Dividend paid	(2,922)	(3,049)	3,349	(2,596)	(3,223)
Interest paid	(10)	(15)	0	0	0
Others	(161)	(202)	0	0	0
Net cash from financing	(3,103)	(3,266)	3,349	(2,595)	(3,222)
Net change in Cash	(2,434)	2,145	12,949	10,263	10,455

Source: Company, Centrum Broking

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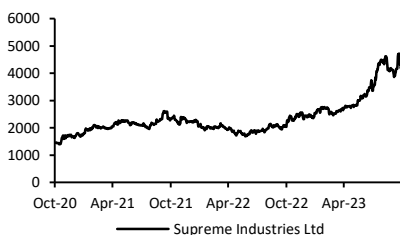
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Supreme Industries



Source: Bloomberg

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