

April 24, 2025

RESULT REPORT Q4 FY25 | Sector: Building Materials

Supreme Industries Ltd

Expect volume growth of 7%YoY for FY26; De-rate the stock to 35x & Downgrade to REDUCE!

Result Synopsis

Supreme Industries Ltd (SI), registered a muted performance in Q4FY25 which was largely in-line with estimates given the benign demand scenario and intense competitive pressure. Consequently, volumes remained flattish on YoY basis. However, company surprised positively on margin front, wherein operating margins stood at 13.8% as compared to 16.3%/12.3% in Q4FY24/Q3FY25 respectively. Pipe segment's EBIT/kg came in at Rs13.3 Vs Rs18.4/Rs10.9 in Q4FY24/Q3FY25 respectively. This was largely due to better operating leverage which enabled the company to register better than expected margins. Other segment's volumes improved marginally by 3%YoY and profitability remained steady on YoY basis. On total volumes, EBITDA/Kg stood at Rs20.9 Vs Rs25.1/Rs19 in Q4FY24/Q3FY25 respectively. The overall turnover of value added products increased to Rs40.6Bn in the year as compared to Rs37.5Bn in the previous year achieving growth of 8%

Guidance

Company expects volumes to grow by 3-4% better than GDP growth (i.e. a total of ~8-10%YoY) in FY26. Company is expecting to register a revenue of Rs120Bn with blended operating margins of 14.5-15.5% for FY26.

Our View

FY25 was a challenging fiscal for plastic pipe companies as demand across segments remained tepid post Q1FY25. With lack of focus from Government on key projects viz. JJM, coupled with soft demand from real-estate segment due to postponement in approvals & clearance, we reckon FY26 will also be muted for plastic pipes segment. Higher domestic capacities & elevated competitive intensity will keep margins under check. However, on resin front, we expect prices to improve as they are at lower-end of the historic price-range. We have revised our pipe volume growth estimate downwards to 8.5%CAGR Vs previous 12%CAGR over FY25-FY27E. Margins should remain under check due to volume-push strategy and hence we expect EBIT/Kg to come in at Rs15/Rs15.3 in FY26E/FY27E respectively. Owing to lower growth Vs past 3-years CAGR, we have revised our target multiple to 35x on FY27E standalone EPS Vs previous 40x, arriving at a target price of Rs3,343 (including Rs202/share contribution from Supreme Petrochemicals). Hence, we downgrade the stock to REDUCE.

Result Highlights

- Revenue stood at Rs30.3Bn (in-line with est), remaining flattish on YoY basis (2-year CAGR stood at 8%).
- EBITDA margins came in at 13.8% (better than est) as compared to 16.3%/12.3% in Q4FY24/Q3FY25 respectively.

Exhibit 1: Actual vs estimates

Rs mn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	30,271	29,707	31,880	1.9	(5.0)	
EBITDA	4,168	3,530	4,084	18.1	2.1	
EBITDA Margin (%)	13.8	11.9	12.8	189 bps	96 bps	Revenue in-line. Profitability higher.
Adjusted PAT	2,616	2,116	2,566	23.7	2.0	

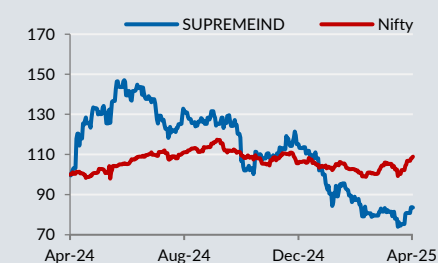
Source: Company, YES Sec

Reco	: REDUCE
CMP	: Rs 3,512
Target Price	: Rs 3,343
Potential Return	: -4.8%

Stock data (as on Apr 24, 2025)

Nifty	24,247
52 Week h/l (Rs)	6,460 / 3,095
Market cap (Rs/USD mn)	447,414 / 5,245
Outstanding Shares (mn)	127
6m Avg t/o (Rs mn):	936
Div yield (%):	1.0
Bloomberg code:	SI IN
NSE code:	SUPREMEIND

Stock performance



	1M	3M	1Y
Absolute return	0.2%	-7.7%	-17.4%

Shareholding pattern (As of Mar'25 end)

Promoter	48.9%
FII+DII	36.2%
Others	15.0%

Δ in stance

(1-Yr)	New	Old
Rating	REDUCE	NEUTRAL
Target Price	3,343	4,235

Δ in earnings estimates

	FY25	FY26E	FY27E
EPS (New)	70.6	80.0	89.7
EPS (Old)	74.8	90.3	100.7
% change	-6%	-11%	-11%

Financial Summary (standalone)

(Rs mn)	FY25	FY26E	FY27E
Net Revenue	104,463	113,587	124,652
YoY Growth	3%	9%	10%
EBITDA	14,327	16,599	18,205
EBITDA (%)	13.7%	14.6%	14.6%
PAT	8,968	10,165	11,401
YoY Growth	-12%	13%	12%
ROE	19%	19%	18%
EPS	70.6	80.0	89.7
P/E	48.5	43.9	39.1
BV/Share	392.4	452.7	522.4
P/BV	8.7	7.8	6.7

UDIT GAJIWALA

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SHALIN DAMANI, Associate

- Absolute EBITDA stood at Rs4.16Bn, a decline of 15%YoY.
- Net profit came in at Rs2.61Bn, a degrowth of 17%YoY.

Segmental Highlights:

- **Plastic Pipes:** Volume grew marginally by 2%YoY to 162,227Te. ASP declined by Rs8 on YoY basis & Rs4 on QoQ basis to Rs128/Kg. EBIT/Kg came in at Rs13.3 Vs Rs18.4/Rs10.9 in Q4FY24/Q3FY25 respectively.
- **Packaging:** Volumes increased by 11%YoY to 16,681Te. ASP stood at Rs255/Kg as compared to Rs250/Rs245 per Kg in Q4FY24/Q3FY25 respectively. EBIT/Kg stood at Rs34 as against Rs45/Rs27 in Q4FY24/Q3FY25 respectively.
- **Industrial:** Volumes declined by 6%YoY to 15,812Te. ASP came in at Rs219/kg as against Rs209/Rs215 in Q4FY24/Q3FY25 respectively. EBIT/Kg stood at Rs22 Vs Rs23/Rs18 in Q4FY24/Q3FY25 respectively.
- **Consumer:** Volumes stood at 5,145Te, a growth of 11%YoY. ASP improved to Rs264 Vs Rs254/Rs238 in Q4FY24/Q3FY25 respectively. EBIT/Kg came in at Rs45 as against Rs44/Rs38 in Q4FY24/Q3FY25 respectively.

Exhibit 2: Quarterly Snapshot:

Rs mn	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	% yoy	% qoq	FY24	FY25	% yoy
Revenue	24,491	30,079	26,364	22,730	25,099	30,271	0.6	20.6	101,342	104,463	3.1
Expenditure	20,698	25,169	22,487	19,536	22,009	26,103	3.7	18.6	85,857	90,135	5.0
- RM	16,405	20,262	17,958	14,886	17,289	21,332	5.3	23.4	68,584	71,465	4.2
- Staff Cost	1,096	1,228	1,210	1,195	1,148	1,304	6.2	13.5	4,409	4,857	10.2
- Power Cost	851	863	866	821	895	843	(2.3)	(5.9)	3,288	3,425	4.1
- Other Cost	2,346	2,816	2,454	2,634	2,676	2,624	(6.8)	(1.9)	9,576	10,389	8.5
Operating Profit	3,793	4,910	3,876	3,193	3,090	4,168	(15.1)	34.9	15,485	14,327	(7.5)
OPM(%)	15.5	16.3	14.7	14.0	12.3	13.8	(255.4)	145.9	15.3	13.7	(156.5)
Other Income	323	181	214	556	234	125	(31.3)	(46.7)	1,178	1,128	(4.2)
Depreciation	772	772	860	899	913	914	18.4	0.1	2,984	3,586	20.2
Interest	52	77	33	26	30	30	(61.5)	(0.3)	161	119	(26.1)
PBT	3,292	4,242	3,197	2,823	2,381	3,349	(21.0)	40.7	13,518	11,751	(13.1)
Tax	818	1,097	836	629	584	733	(33.2)	25.4	3,357	2,783	(17.1)
PAT	2,474	3,145	2,361	2,194	1,796	2,616	(16.8)	45.6	10,162	8,968	(11.7)
OCI	(7)	(46)	(17)	(17)	(17)	22	(147.5)	(230.2)	(68)	(29)	(57.5)
Reported PAT	2,467	3,099	2,345	2,177	1,780	2,638	(14.9)	48.3	10,094	8,939	(11.4)

Source: Company, YES Sec

Exhibit 3: Operational Numbers:

Particulars	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	% yoy	% qoq	FY24	FY25	% yoy
Volumes (Te)											
Plastic pipe	122,003	158,795	140,153	102,238	126,515	162,227	2.2	28.2	501,001	531,133	6.0
Packaging	14,998	15,051	14,717	16,593	16,281	16,681	10.8	2.5	58,507	64,272	9.9
Industrial	16,231	16,871	14,963	15,110	15,472	15,812	(6.3)	2.2	61,936	61,357	(0.9)
Consumer	4,793	4,652	4,002	4,136	4,465	5,145	10.6	15.2	18,257	17,748	(2.8)
Revenue (Rs mn)											
Plastic pipe	16,437	21,530	18,584	14,380	16,649	20,740	(3.7)	24.6	69,320	70,353	1.5
Packaging	3,540	3,760	3,681	4,000	3,982	4,260	13.3	7.0	14,053	15,923	13.3
Industrial	3,320	3,520	3,064	3,280	3,324	3,460	(1.7)	4.1	13,083	13,127	0.3
Consumer	1,123	1,180	972	1,040	1,064	1,360	15.3	27.8	4,407	4,436	0.7
EBIT%											
Plastic pipe	13.0%	13.6%	12.4%	10.4%	8.3%	10.4%	(318)	215	13.0%	10.4%	(254)
Packaging	13.1%	18.0%	11.4%	10.3%	11.1%	13.4%	(465)	230	13.4%	11.6%	(178)
Industrial	8.9%	11.2%	6.4%	8.5%	8.2%	10.1%	(112)	193	8.7%	8.4%	(30)
Consumer	17.4%	17.4%	16.5%	16.3%	15.9%	16.9%	(48)	101	17.1%	16.5%	(64)

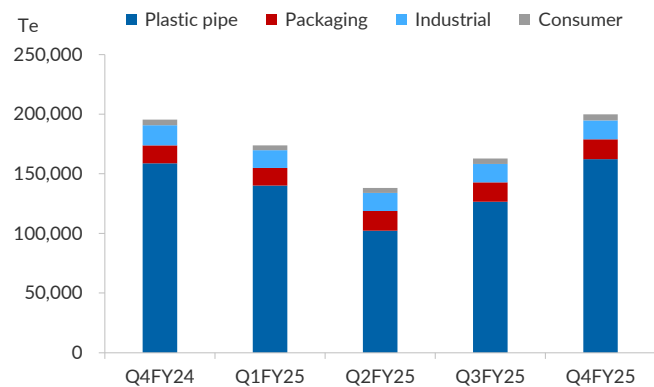
Source: Company, YES Sec

KEY CON-CALL HIGHLIGHTS

- Management expects plastic pipes volumes to grow by 3-4% above India's GDP growth (viz. a total of 8-10%) and register a total revenue of Rs120Bn including Wavin. Overall volumes are expected to grow in a similar range. EBITDA margin is expected to stand at 14.5-15.5% on a blended basis.
- Company is acquiring Wavin's pipes & fittings business in India that will increase pipes capacity by 73,000Te across 3 manufacturing plants for a consideration of US\$30Mn plus working capital in Jul'25. Of the total, company expects to operate at a utilization of ~70% (51,000Te) and will have access to company's superior technology. 2 of the 3 plants are leased at a cost of Rs50Mn annually for a period of 7-9 years. The products will be sold under Supreme's brand name with "made with Wavin technology" printed. BY FY27E, Wavin should operate at a similar margin of Supreme.
- Wavin's piping division had a revenue of Rs5Bn in CY24 and company expects Wavin to be operational for 9M in FY26.
- Overall turnover of VAP products increased to Rs40.6Bn in FY26 Vs Rs37.5Bn in FY25.
- Cross laminated film & products business registered a growth of 11% in volumes and 12% in value in FY26. The furniture business remained flattish YoY in both volume and value terms. Industrial components revenue grew by 5% while Material Handling division degrew by 4%. Performance films division achieved 4% value growth in FY26. Lastly, the protective packaging division grew by 12% in volume terms and 16% in value terms in FY26.
- Other expenses declined for the quarter as company controlled advance expenses.
- CPVC volumes grew by 21%YoY in FY26.
- IOCL is planning to float a new tender for 1Mn pieces of composite cylinders. BPCL has also come to market with an order of 0.4Mn pieces. Currently, Supreme has a composite cylinder capacity of 1Mn Te operating at ~50% utilization. Company will consider adding capacity if utilization increases substantially.
- Inventory loss for the year is ~Rs1.5Bn due to decline in all polymer prices including PVC, polyethylene, CPVC etc.
- JJM contributes <5% to overall sales for Supreme as company is a very small player in infra.
- Company will continue to procure OPVC lines only from Molecor. Multiple lines are yet to come, and all lines will be commissioned by 2028.
- Volumes in the trade market were 18,000Te.
- Capacity expansion in plastic pipes from 0.87Mn Te to 1Mn Te is planned. Company is adding window profiles with capacity 5,000Te in Kanpur that is expected to be operational by Jul'25. No other major capacity expansions are under consideration.
- Capex for FY26 is expected to be Rs11Bn (entirely funded via internal accruals) including carry forward commitments and acquisition of Wavin.
- Jammu & Patna expansions have been deferred as company is awaiting government decisions. In Jammu company has requested for a larger land parcel to build the plant.
- Company had a total cash surplus of Rs9.4Bn as on Mar'25 Vs Rs11.8Bn as on Mar'24.

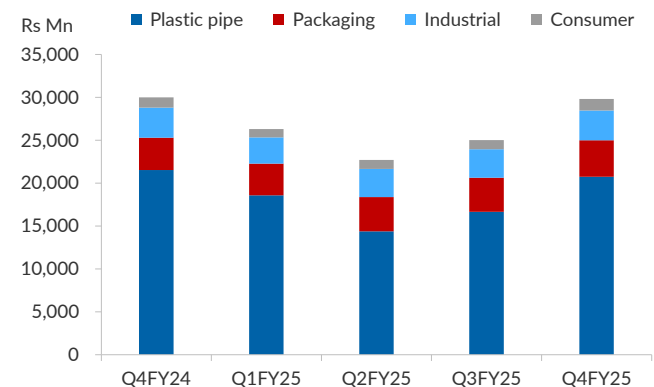
QUARTERLY TRENDS

Exhibit 4: Total volume increased by 2%YoY...



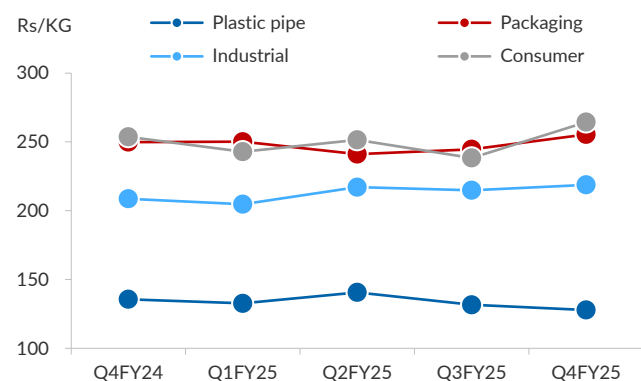
Source: Company, YES Sec

Exhibit 5: Plastic pipes revenue degrew by 4%YoY...



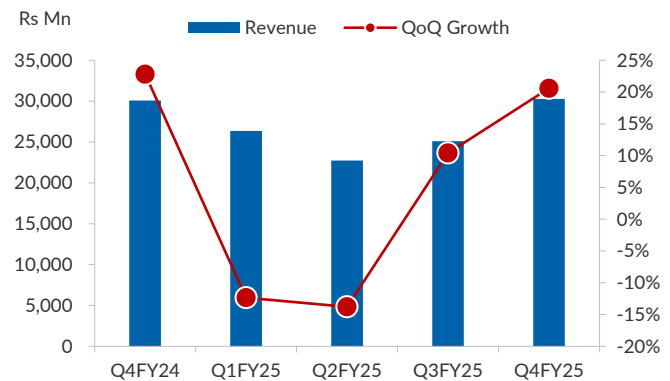
Source: Company, YES Sec

Exhibit 6: Pipes ASP declined to Rs128/kg ...



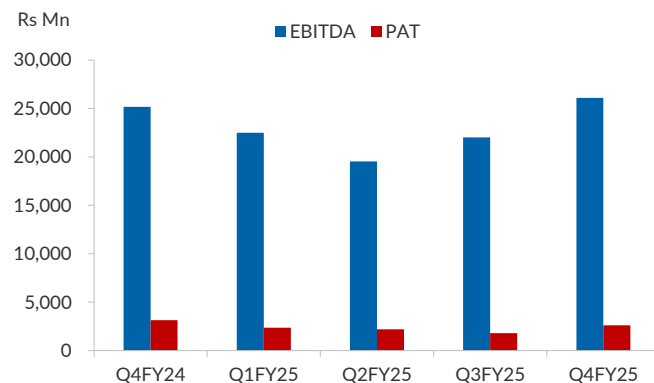
Source: Company, YES Sec

Exhibit 7: Net revenue remained flattish YoY...



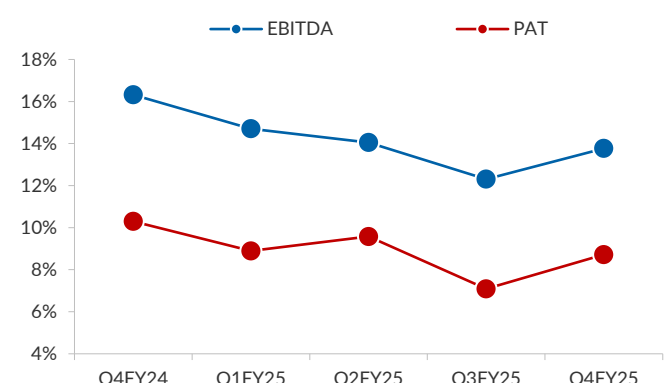
Source: Company, YES Sec

Exhibit 8: Operating profit improved by 4%YoY...



Source: Company, YES Sec

Exhibit 9: OPM & NPM came in at 14% & 9%...



Source: Company, YES Sec

FINANCIALS

Exhibit 10: Income Statement (standalone)

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Revenues	92,015	101,342	104,463	113,587	124,652
Growth (%)	18.4%	10.1%	3.1%	8.7%	9.7%
EBITDA	12,000	15,485	14,327	16,599	18,205
EBITDA margin (%)	13.0%	15.3%	13.7%	14.6%	14.6%
Growth (%)	-3.4%	29.0%	-7.5%	15.9%	9.7%
Depreciation & Amortization	2,634	2,984	3,586	4,141	4,553
Other income	819	1,178	1,128	1,145	1,599
EBIT	10,185	13,679	11,870	13,604	15,251
EBIT margin (%)	11.1%	13.5%	11.4%	12.0%	12.2%
Interest	80	161	119	50	50
PBT	10,104	13,518	11,751	13,554	15,201
Tax	2,460	3,357	2,783	3,388	3,800
Net profit	7,645	10,162	8,968	10,165	11,401
Net profit margin (%)	8.3%	10.0%	8.6%	8.9%	9.1%
EPS	60.2	80.0	70.6	80.0	89.7
Growth (%)	-5.8%	32.9%	-11.7%	13.4%	12.2%

Source: Company, YES Sec

Exhibit 11: Balance Sheet (standalone)

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	254	254	254	254	254
Reserves	38,194	44,731	49,605	55,706	63,042
Total Shareholders' Funds	38,448	44,985	49,859	55,960	63,296
Deferred Tax liabilities	908	960	876	876	876
Trade payables	9,047	10,153	8,931	9,351	10,014
Other financial liabilities	1,244	1,433	1,412	1,412	1,412
Total equity and liabilities	51,376	59,449	64,929	71,449	79,449
Non-current assets					
PPE	19,764	21,801	25,010	28,869	27,316
CWIP	837	1,437	4,026	4,026	4,026
Current assets					
Inventories	13,856	13,586	13,337	13,964	14,954
Trade receivables	4,918	5,111	5,399	5,871	6,443
Cash and cash equivalents	7,452	11,862	9,523	11,086	19,075
Loans and advances	19	25	26	26	26
Other current assets	2,416	2,261	2,553	2,553	2,553
Total assets	51,376	59,449	64,929	71,449	79,449

Source: Company, YES Sec

Exhibit 12: Cash Flow (standalone)

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
PBT	10,104	13,518	11,751	13,554	15,201
Depreciation & Amortization	2,634	2,984	3,586	4,141	4,553
Finance cost	80	161	119	50	50
(Incr)/Decr in Working Capital	(770)	1,789	(1,002)	(679)	(899)
Taxes	(2,375)	(3,232)	(3,023)	(3,388)	(3,800)
Cash from ops.	8,914	14,128	10,039	13,677	15,105
(Incr)/ Decr in PP&E	(4,214)	(6,855)	(8,877)	(8,000)	(3,000)
Cash Flow from Investing	(3,489)	(6,085)	(7,907)	(8,000)	(3,000)
(Decr)/Incr in Borrowings	0	0	0	0	0
Finance cost	(15)	(39)	(57)	(50)	(50)
Dividend	(3,049)	(3,557)	(4,065)	(4,065)	(4,065)
Cash Flow from Financing	(3,270)	(3,817)	(4,400)	(4,115)	(4,115)
Incr/(Decr) in cash	2,156	4,226	(2,269)	1,562	7,990
Cash and cash equivalents at beg of year	5,175	7,377	11,782	9,523	11,086
Cash and cash equivalents at end of year	7,377	11,782	9,440	11,086	19,075

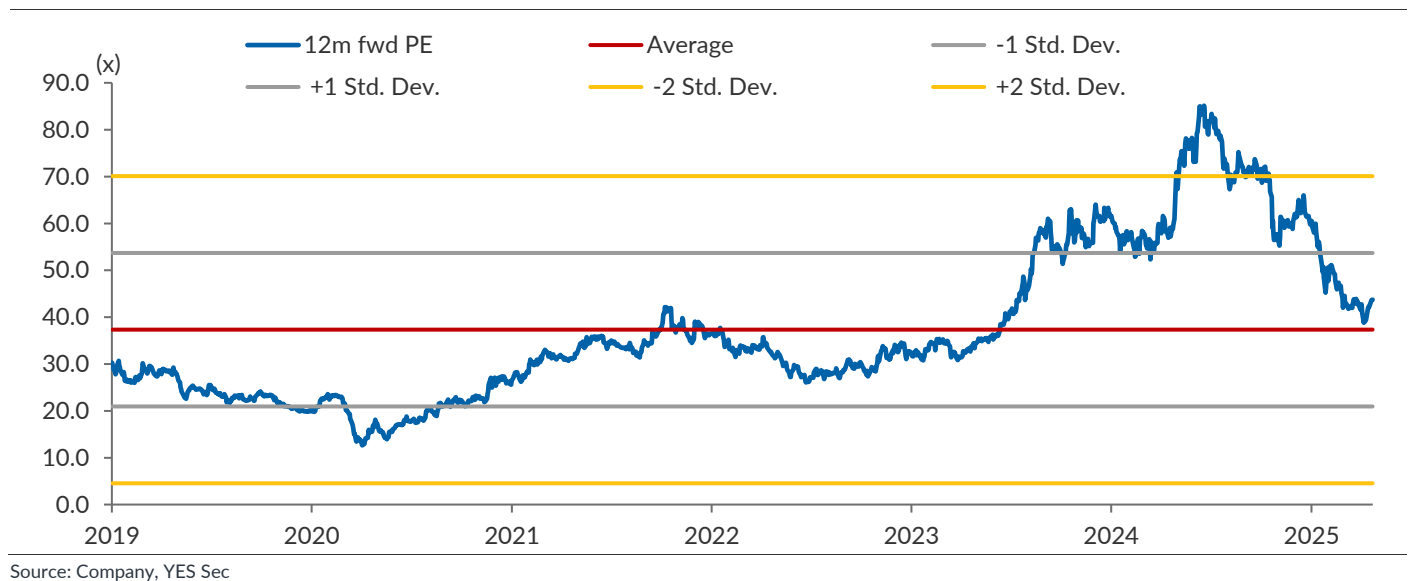
Source: Company, YES Sec

Exhibit 13: Ratios (standalone)

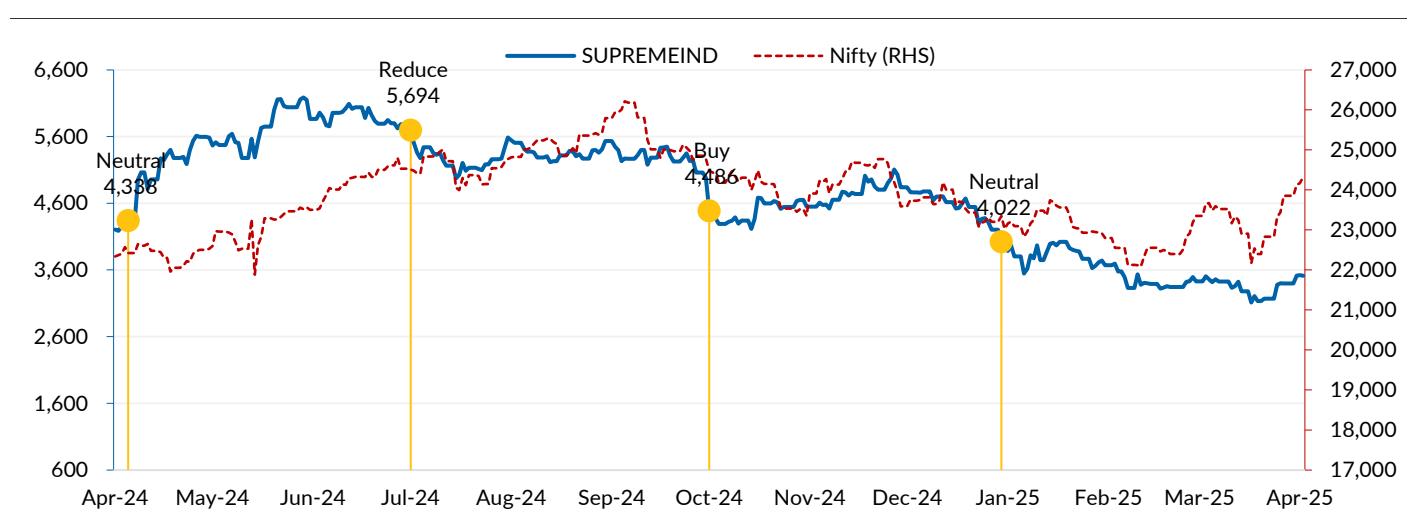
Key Ratios	FY23	FY24	FY25	FY26E	FY27E
Growth Matrix (%)					
Revenue growth	18.4%	10.1%	3.1%	8.7%	9.7%
EBITDA growth	-3.4%	29.0%	-7.5%	15.9%	9.7%
EBIT growth	-5.7%	34.3%	-13.2%	14.6%	12.1%
PAT growth	-5.8%	32.9%	-11.7%	13.4%	12.2%
Profitability ratios (%)					
EBITDA margin	13.0%	15.3%	13.7%	14.6%	14.6%
EBIT margin	11.1%	13.5%	11.4%	12.0%	12.2%
PAT margin	8.3%	10.0%	8.6%	8.9%	9.1%
RoCE	27.0%	31.5%	24.1%	24.8%	24.8%
RoE	21.1%	24.4%	18.9%	19.2%	19.1%
Per share values					
EPS	60.2	80.0	70.6	80.0	89.7
CEPS	80.9	103.5	98.8	112.6	125.6
BVPS	302.6	354.1	392.4	440.5	498.2
Valuation ratios (x)					
P/E	51.6	54.2	48.5	43.9	39.1
P/CEPS	38.4	41.9	34.7	31.2	28.0
P/B	10.3	12.3	8.7	8.0	7.0
EV/EBITDA	32.2	34.8	29.7	26.2	23.5
Leverage ratios (x)					
Debt/ Equity	0.0	0.0	0.0	0.0	0.0
Net debt/Equity	-0.2	-0.3	-0.2	-0.2	-0.3
Net debt/EBITDA	-0.6	-0.8	-0.7	-0.7	-1.0
Int coverage	127.0	84.9	99.7	272.1	305.0
NWC days					
Receivables	20	18	19	19	19
Inventory	77	72	68	68	68
Payables	50	54	46	46	46

Source: Company, YES Sec

Exhibit 14: 1-year forward P/E (x) chart



Recommendation Tracker



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Analyst signature

Analyst signature

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