

## FIRST LIGHT

28 October 2025

### RESEARCH

#### **SUPREME INDUSTRIES | TARGET: Rs 4,350 | +9% | HOLD**

Strong pipe volume, weak margin; maintain HOLD

#### **ECLERX SERVICES | TARGET: Rs 4,604 | -4% | HOLD**

Strong execution continues

### SUMMARY

#### **SUPREME INDUSTRIES**

- Topline beat on strong pipe volume (+17% YoY vs 9.0% estimated), but margin miss on aggressive pricing and Wavin consolidation
- Maintain pipe volume growth guidance of 15.0-17.0% YoY for FY26 in anticipation of a strong recovery in the agri pipe demand in H2FY26
- Maintain HOLD as positive outlook well baked in the current valuation; TP cut by 3% to Rs 4,350 per share

[Click here](#) for the full report.

#### **ECLERX SERVICES**

- Better than estimated revenue growth and margin in 2Q. 2HFY26 should also be solid. Mid-High teen USD revenue growth likely in FY27/FY28
- 200bps contribution of FX to margin QoQ is the only area where there could be a reversal in 3Q. Buy back price may be upped
- Raise estimates. Retain Target PE multiple (20% premium to TCS) and retain 'Hold' on strong stock performance. Await better entry point

[Click here](#) for the full report.

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**HOLD**

TP: Rs 4,350 | ▲ 9%

**SUPREME INDUSTRIES**

Building Materials

27 October 2025

## Strong pipe volume, weak margin; maintain HOLD

- Topline beat on strong pipe volume (+17% YoY vs 9.0% estimated), but margin miss on aggressive pricing and Wavin consolidation
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**Mixed Q2:** SI beats our topline estimates by 4.4% on better-than-expected sales volume (+11.8% YoY vs +8.5% estimated) due to strong pipe volume but missed our EBITDA/PAT estimates by 3.9%/13.3% on continued margin pressure (-162bps YoY to 12.4% vs 13.5% estimated). Overall, SI's revenue grew by 5.3% YoY, but EBITDA/PAT was down 6.8%/20.3% YoY in Q2FY26.

**Highlights:** SI pipe volume grew sharply by 17.2% YoY (ex-Wavin: +14% YoY) in Q2FY26, driven by higher plumbing pipe sales. Pipe EBITDA margin contracted by 90bps YoY to 14.0% in Q2FY26, due to aggressive pricing and Wavin consolidation. Non-pipe volume de-grew by 3.5% YoY, driven by weak demand in the industrial (-7.8%) and packaging (-2.0%) segments. However, non-pipe EBITDA margin improved by 37bps YoY to 13.7% in Q2FY26. Net cash has gone down from Rs 9.44bn in Mar'25 to Rs 0.49bn in Sep'25, due to heavy capex (Rs 8.69bn) incurred in H1FY26.

**Concall KTAs:** SI has slightly lowered its total volume growth guidance to 12-14% (vs 14-15% earlier) with EBITDA margin of 14.5-15.0% (vs 14.5-15.5% earlier). However, pipe volume growth guidance has been maintained at 15-17% rate for FY26, in anticipation of a strong recovery in the agri pipe demand from Nov'25 onwards. Management believes that the channel pipe inventory is below the normal level and expects dealers to restock inventories over the next two quarters, due to seasonality factors and the resin price also appears to have bottomed out.

**Maintain HOLD; TP cut by 3% to Rs 4,350:** SI appears to have regained market share in the pipe business and pipe EBITDA per unit has turned out to be better than the pre-Covid level (Rs18.7/kg in Q2FY26 vs Rs15.7/kg in Q2FY19) given higher share of value-added products (from 34.7% in Q2FY19 to 45.1% in Q2FY26) and operating leverage benefit. However, we maintain our HOLD rating as we believe the positive outlook is quite well baked in the current valuation (trades at 40.9x on 1YF P/E – which is in-line with its 5Y average multiple). We have cut our TP to Rs 4,350 per share (earlier Rs 4,500) as we have slightly tweaked our EPS estimates based on Q2FY26 result. Our target P/E multiple remains unchanged at 40x.

## Key changes

| Target | Rating |
|--------|--------|
| ▼      | ◀ ▶    |

|                  |                   |
|------------------|-------------------|
| Ticker/Price     | SI IN/Rs 4,001    |
| Market cap       | US\$ 5.8bn        |
| Free float       | 51%               |
| 3M ADV           | US\$ 8.1mn        |
| 52wk high/low    | Rs 5,157/Rs 3,095 |
| Promoter/FPI/DII | 49%/21%/16%       |

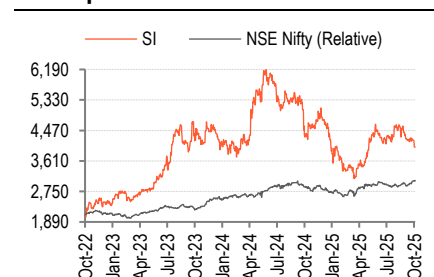
Source: NSE | Price as of 27 Oct 2025

## Key financials

| Y/E 31 Mar              | FY25A   | FY26E   | FY27E   |
|-------------------------|---------|---------|---------|
| Total revenue (Rs mn)   | 104,463 | 115,036 | 132,778 |
| EBITDA (Rs mn)          | 14,512  | 16,342  | 20,891  |
| Adj. net profit (Rs mn) | 9,761   | 10,427  | 13,868  |
| Adj. EPS (Rs)           | 76.8    | 82.1    | 109.2   |
| Consensus EPS (Rs)      | 76.8    | 90.4    | 107.2   |
| Adj. ROAE (%)           | 18.1    | 17.5    | 20.8    |
| Adj. P/E (x)            | 52.1    | 48.7    | 36.7    |
| EV/EBITDA (x)           | 34.3    | 30.6    | 23.9    |
| Adj. EPS growth (%)     | (9.5)   | 6.8     | 33.0    |

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**HOLD**

TP: Rs 4,604 | ▼ 4%

**ECLERX SERVICES**

| IT Services

| 28 October 2025

## Strong execution continues

- Better than estimated revenue growth and margin in 2Q. 2HFY26 should also be solid. Mid-High teen USD revenue growth likely in FY27/FY28
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- Raise estimates. Retain Target PE multiple (20% premium to TCS) and retain 'Hold' on strong stock performance. Await better entry point

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**Strong 2QFY26:** CC QoQ revenue growth of 5.4% was higher than our estimate of 3%. Did not feel the negative impact that many of its larger and smaller peers felt from macro except in a small part of its business (luxury retail). The EBIT margin was better than our estimate by ~300bps due to significant forex impact (200bps) higher utilization (up 230 QoQ) and higher offshore. 2Q order inflow ACV stood at US\$46mn, growing 43% QoQ and 59% YoY. TTM ACV stands at US\$160.2mn (up 62% YoY and 12% QoQ).

**One eClerx proposition is coming through under the new CEO:** Kapil Jain, the CEO, who has been with the company for 2 years plus now, and an Infosys veteran of 20 years in the BPM space, has been focusing on disciplined sales execution and cross-selling and upselling of services. Results have been visible in FY25 and in 1HFY26 from both revenue growth and ACV accretion standpoint.

### Significant infusion of Tech into its BPM services offsets AI/Gen AI risks:

Productized services remain a key differentiator for Eclerx along with domain expertise. 'Compliance manager' is a productized client and vendor onboarding tool that it uses that reduces risks for customers. 'Market intelligence' is another solution that it uses to help customers get competitor insights and market trends.

**Wait for a better entry point:** Raise USD revenue estimates to account for the strong TTM order inflow growth and strong execution. We also raise our margin estimates a tad. Maintain our target PE multiple 22.8x on Sept 2007 EPS (20% premium to that of TCS, our industry benchmark, due to best-in-class outlook in terms of both revenue growth and EBIT margin in the foreseeable future). It is one of our top picks in the Tier-2 space under our IT/ITES coverage. And it is among the few small caps that we cover. We maintain our 'Hold' rating and it is worth keeping on the radar for a better entry point as the stock has had a strong run in the last 12 months (up ~75%). Its client concentration remains a key risk (top 10 at 63% in 2QFY26) and any slip ups there could provide that opportunity.

## Key changes

| Target | Rating |
|--------|--------|
| ▲      | ◀ ▶    |

|                  |                   |
|------------------|-------------------|
| Ticker/Price     | ECLX IN/Rs 4,787  |
| Market cap       | US\$ 2.5bn        |
| Free float       | 45%               |
| 3M ADV           | US\$ 8.5mn        |
| 52wk high/low    | Rs 4,830/Rs 2,168 |
| Promoter/FPI/DII | 54%/11%/26%       |

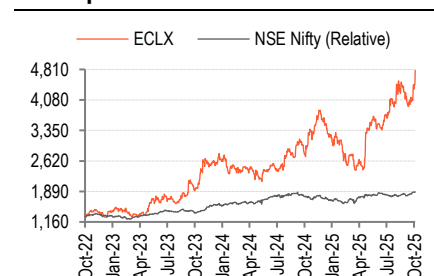
Source: NSE | Price as of 27 Oct 2025

## Key financials

| Y/E 31 Mar              | FY25A  | FY26E  | FY27E  |
|-------------------------|--------|--------|--------|
| Total revenue (Rs mn)   | 33,659 | 40,702 | 48,972 |
| EBITDA (Rs mn)          | 8,209  | 10,491 | 13,489 |
| Adj. net profit (Rs mn) | 5,411  | 6,773  | 8,759  |
| Adj. EPS (Rs)           | 113.1  | 140.8  | 182.2  |
| Adj. ROAE (%)           | 23.7   | 25.6   | 25.6   |
| Adj. P/E (x)            | 42.3   | 34.0   | 26.3   |
| EV/EBITDA (x)           | 28.3   | 22.4   | 18.0   |
| Adj. EPS growth (%)     | 8.7    | 24.5   | 29.3   |

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



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**BUY** – Expected return >+15%

**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

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