BUY
TP: Rs 4,250 | ⮝ 15%

SUPREME INDUSTRIES | Building Materials | 27 April 2026

Sustained volume growth, inventory gains led to margin beat

- **Pipe segment revenue grew 23% YoY, led by volume growth of 18% YoY and realisations growth of 4% YoY**
- **Pipe growth guidance of 15-17% YoY and overall volume growth of 12-13% YoY. EBITDA margin guidance of 14-14.5%**
- **Cut estimates, assign 40x (unchanged) to arrive at Mar-27TP of Rs 4,250 (Rs 4600 earlier). Maintain BUY**

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Topline miss offset by margin beat, driving operating outperformance: SI reported 17% YoY revenue growth (4.0% below estimates). However, EBITDA outperformed (+50% YoY; +22% vs est.) with margins expanding ~390 bps YoY to 17.7%, driven by gross margin improvement (on account of inventory gains) and lower other costs. Adjusting for inventory gain of Rs 700-800mn, the adj. EBITDA margin improved 170-190bps YoY. Consequently, PAT grew 48% YoY, aided by robust operating performance and higher associate contribution.

Volume recovery led by pipes; realisations stabilise on higher PVC resin prices: SI reported 16% YoY volume growth, led by pipes (18.3% YoY), reflecting improved demand and channel restocking. Non-pipe segments also recovered, with packaging (10.1% YoY) and industrial (4.5% YoY) growth, while consumer growth remained subdued. Blended realisations were broadly stable (1.1% YoY), aiding profitability. Segmentally, pipe EBITDA margins led by inventory gains expanded sharply (510 bps YoY to 18.7%), driving the overall margin improvement.

Concall KTAs: Industry volumes declined 9% YoY in FY26 amid weak infra spending and PVC volatility, with recovery expected in FY27 (8% growth). SI continues to outperform, led by strong CPVC growth (38% YoY) and higher VAP mix (15% YoY), supporting margins. Guidance remains at 12-13% volume growth (15-17% pipes) with 14-14.5% EBITDA margins. Capex of Rs 10 bn is focused on piping expansion (1.35 mn MTPA), while the balance sheet has strengthened to net cash of Rs 6.5 bn. Q4 included a Rs 700-800 mn MTM gain, while the exports and industrial demand remain weak.

Cut estimates, maintain BUY: We have cut our FY27-28 EPS estimates by 8-9% to reflect sharp decline in PVC resin prices in Q1FY27 (price corrected by ~30% in Apr-26) and expectation of subdued prices throughout FY27. We assign unchanged 40x 1YF multiple to FY28EPS to arrive at Mar-27TP of Rs 4,250 (earlier Rs 4,600).

Key changes

Target	Rating
▼	◄ ►

Ticker/Price	SI IN/Rs 3,692
Market cap	US$ 5.0bn
Free float	51%
3M ADV	US$ 13.1mn
52wk high/low	Rs 4,739/Rs 3,182
Promoter/FPI/DII	49%/21%/16%

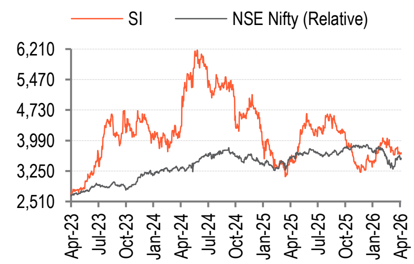
Source: NSE | Price as of 27 Apr 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	1,12,177	1,29,662	1,46,363
EBITDA (Rs mn)	15,532	18,164	21,297
Adj. net profit (Rs mn)	9,540	11,336	13,422
Adj. EPS (Rs)	75.1	89.2	105.6
Adj. ROAE (%)	16.1	17.5	18.8
Adj. P/E (x)	49.2	41.4	35.0
EV/EBITDA (x)	29.7	25.4	21.5
Adj. EPS growth (%)	(2.3)	18.8	18.4

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly performance – Consolidated

Particulars (Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)	BOBCAPS Q4FY26E	Variance (%)
Revenue	35,277	30,271	16.5	26,869	31.3	1,12,177	1,04,463	7.4	36,746	(4.0)
Raw-Material expense	23,557	21,332	10.4	18,270	28.9	75,592	71,465	5.8	26,219	(10.2)
Gross Profit	11,719	8,939	31.1	8,600	36.3	36,585	32,998	10.9	10,527	11.3
Employee expense	1,559	1,310	19.0	1,558	0.1	5,813	4,873	19.3	1,572	(0.8)
Energy cost	982	843	16.5	748	31.3	3,123	3,425	(8.8)	1,023	(4.0)
Other expense	2,947	2,623	12.3	3,155	(6.6)	12,117	10,384	16.7	2,811	4.8
EBITDA	6,231	4,163	49.7	3,138	98.6	15,532	14,317	8.5	5,121	21.7
D&A	1,214	914	32.9	1,095	10.8	4,283	3,586	19.4	1,170	3.7
EBIT	5,017	3,249	54.4	2,043	145.6	11,249	10,730	4.8	3,951	27.0
Interest cost	90	30	203.4	114	(21.0)	290	119	143.8	90	0.1
Non-operating income/(expense)	86	125	(31.2)	38	127.1	448	578	(22.6)	38	127.1
Share of profit/(loss) from associate	517	328	57.9	94	449.8	1,012	1,201	(15.7)	300	72.5
PBT	5,530	3,672	50.6	2,061	168.4	12,419	12,390	0.2	4,198	31.7
Tax	1,195	732	63.2	527	126.7	2,879	2,782	3.5	1,057	13.0
Reported PAT	4,336	2,939	47.5	1,534	182.7	9,540	9,609	(0.7)	3,142	38.0
Adjusted PAT	4,336	2,939	47.5	1,534	182.7	9,540	9,609	(0.7)	3,142	38.0
As % of net revenues			**(bps)**		**(bps)**			**(bps)**		
Gross margin	33.2	29.5	369	32.0	122	32.6	31.6	103	28.6	457
Employee cost	4.4	4.3	9	5.8	(138)	5.2	4.7	52	4.3	14
Energy cost	2.8	2.8	-	2.8	0	2.8	3.3	(49)	2.8	-
Other cost	8.4	8.7	(31)	11.7	(339)	10.8	9.9	86	7.6	70
EBITDA margin	17.7	13.8	391	11.7	599	13.8	13.7	14	13.9	373
Tax rate	21.6	19.9	166	25.6	(397)	23.2	22.4	74	25.2	(357)
APAT margin	12.3	9.7	258	5.7	658	8.5	9.2	(69)	8.5	374

Source: Company, BOBCAPS Research

Fig 2 – Segment financials

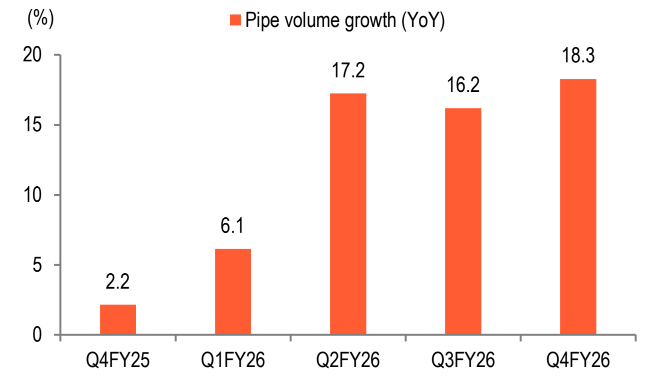
Particulars	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)
Revenue (Rs mn)								
Pipe	25,580	20,741	23.3	18,232	40.3	77,756	70,353	10.5
Industrial	3,590	3,464	3.6	3,355	7.0	12,787	13,127	(2.6)
Packaging	4,570	4,261	7.2	3,903	17.1	16,424	15,923	3.1
Consumer	1,230	1,361	(9.7)	1,119	9.9	4,366	4,436	(1.6)
Others	307	444	(30.9)	260	17.7	845	624	35.5
Total	**35,277**	**30,271**	**16.5**	**26,869**	**31.3**	**1,12,177**	**1,04,463**	**7.4**
Sales Volume (KTPA)								
Pipe	191.9	162.2	18.3	147.0	30.5	607.5	531.1	14.4
Industrial	16.5	15.8	4.5	15.5	7.0	60.6	61.4	(1.3)
Packaging	18.4	16.7	10.1	16.5	11.1	67.3	64.3	4.8
Consumer	5.1	5.1	(0.6)	4.8	6.0	18.5	17.7	4.3
Total	**231.9**	**199.9**	**16.0**	**183.8**	**26.2**	**900.3**	**817.9**	**10.1**
Realization (Rs/kg)								
Pipe	133.3	127.8	4.3	124.0	7.5	128	132	(3.4)
Industrial	217	219	(0.8)	217	0.0	211	214	(1.3)
Packaging	249	255	(2.6)	236	5.4	244	248	(1.6)
Consumer	241	265	(9.1)	232	3.7	236	250	(5.7)
Total	**150.8**	**149.2**	**1.1**	**144.8**	**4.2**	**124**	**127**	**(2.6)**
EBITDA (Rs mn)								
Pipe	4773	2812	69.7	2186	118.4	11254	9897	13.7
Industrial	510	442	15.4	359	41.9	1343	1460	(8.0)
Packaging	708	689	2.8	453	56.5	2331	2319	0.5
Consumer	352	267	31.5	213	65.0	927	889	4.3
Others	-112	-48	134.8	-73	53.7	-322	-249	29.7
Total	**6231**	**4163**	**49.7**	**3138**	**98.6**	**15532**	**14317**	**8.5**
EBITDA margin								
Pipe	18.7	13.6	510	12.0	667	14.5	14.1	41
Industrial	14.2	12.8	145	10.7	349	10.5	11.1	(62)
Packaging	15.5	16.2	(67)	11.6	390	14.2	14.6	(37)
Consumer	28.6	19.6	894	19.0	954	21.2	20.0	119
Total	**17.7**	**13.8**	**391**	**11.7**	**599**	**13.8**	**13.7**	**14**
EBITDA (Rs/kg)								
Pipe	24.9	17.3	43.5	14.9	67.3	18.5	18.6	(0.6)
Industrial	30.8	27.9	10.4	23.3	32.6	22.2	23.8	(6.8)
Packaging	38.5	41.3	(6.7)	27.4	40.8	34.6	36.1	(4.1)
Consumer	68.8	52.0	32.3	44.2	55.6	50.1	50.1	(0.0)
Total	26.9	20.8	29.0	17.1	57.4	17.3	17.5	(1.4)

Source: Company, BOBCAPS Research

Earnings Call Highlights

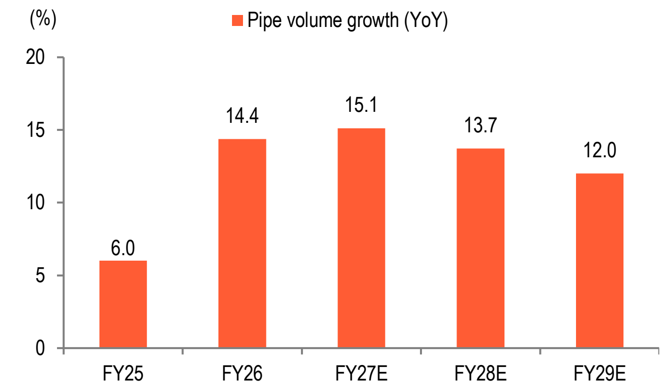
- Industry plastic piping volumes declined ~9% in FY26, impacted by weak infrastructure spending, extended monsoons and PVC volatility. However, growth is expected to recover to ~8% in FY27, indicating normalisation in demand. PVC prices remained highly volatile with a sharp spike in March, followed by a ~30% correction in April. Management expects a limited downside, given INR depreciation and import dependence. Exports remained weak due to geopolitical disruptions.
- CPVC pipe volumes grew ~38% YoY in Q4FY26.
- Industrial segment remains weak, with the demand slowdown from OEMs persisting through FY26; though Q4 saw a modest recovery, sequentially.
- Management guided for 12-13% volume growth overall and 15-17% growth in pipes for FY27, with EBITDA margins expected in the 14-14.5% range. Management aims for a significant scale-up in exports from USD 5 mn to USD 15 mn over the medium term.
- VAP revenues grew 15% YoY to ~Rs 4.7 bn, with the company continuing to expand its product portfolio (45+ systems, 1,600+ SKUs) and targeting further additions. Focus remains on increasing VAP mix through new systems and applications, which should support margin expansion and improve product differentiation over the medium term.
- SI has outlined capex of ~Rs 10 bn, largely directed towards expanding piping capacity to 1.35 mn MTPA, along with selective investments in material handling and new product categories. Key greenfield projects across Bihar, J&K and Maharashtra are expected to be partially commissioned in FY27, with full ramp-up over the subsequent two years. In packaging, land acquisition is underway and project execution to follow post-possession.
- SI has turned net cash positive at Rs 6.48 bn, as of Mar'26, from net debt position of Rs 1.3 bn, as of Dec'25.
- The company has booked Rs 700-800mn MTM inventory gain in Q4FY26.

Fig 3 – Pipe volumes grew sharply by 18.3% YoY in Q4FY26 on strong plumbing pipe demand



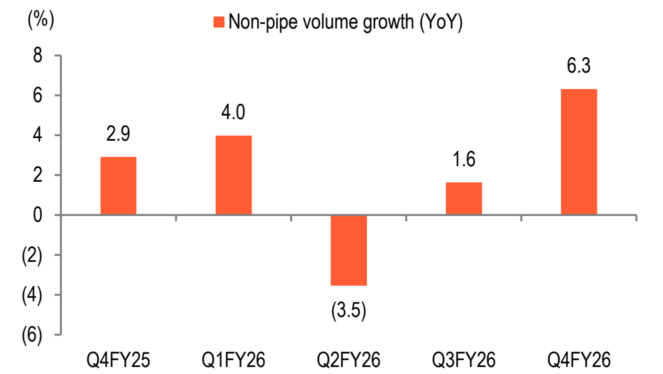
Source: Company, BOBCAPS Research

Fig 4 – Pipe volume projected to grow at 13.8% CAGR over FY25-FY98E, on aggressive capex plan



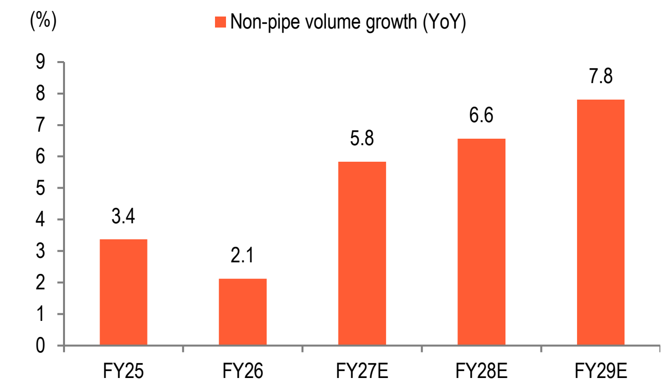
Source: Company, BOBCAPS Research

Fig 5 – Non-pipe volumes grew by 6.3% YoY in Q4



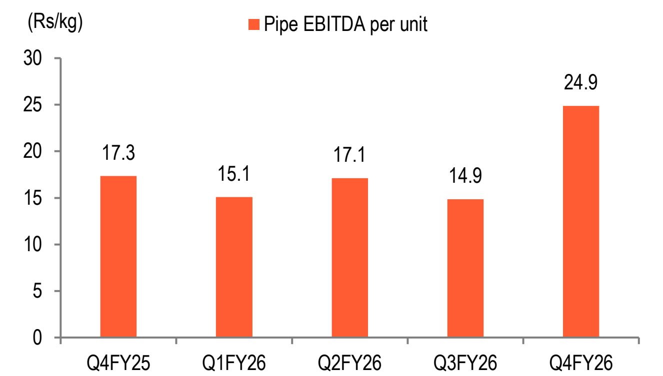
Source: Company, BOBCAPS Research

Fig 6 – SI's non-pipe volume to grow at a modest 5.6% CAGR over FY25-FY29E



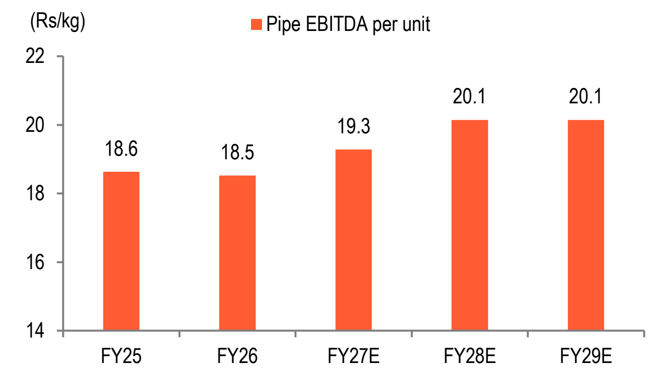
Source: Company, BOBCAPS Research

Fig 7 – Pipe EBITDA per unit was sharply up by 43.5% YoY in Q4FY26, on higher PVC prices



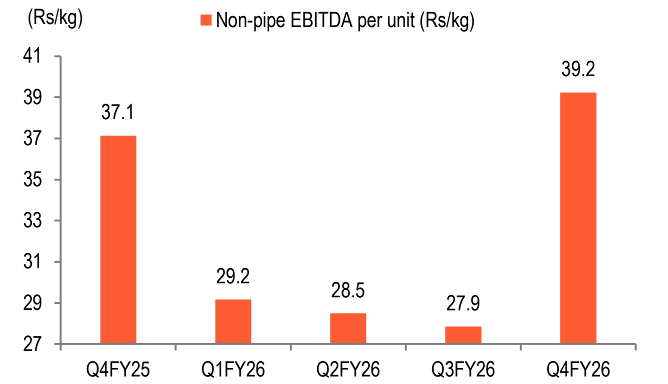
Source: Company, BOBCAPS Research

Fig 8 – SI pipe EBITDA per unit to improve to Rs 19-20/kg over FY27-FY29E, on favourable resin prices & better mix



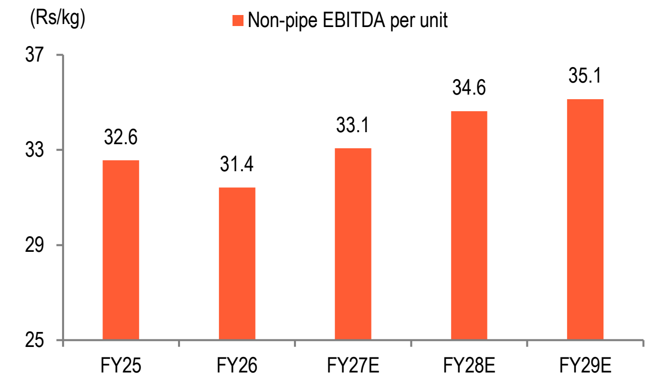
Source: Company, BOBCAPS Research

Fig 9 – Non-pipe EBITDA per unit was YoY stable in Q4FY26



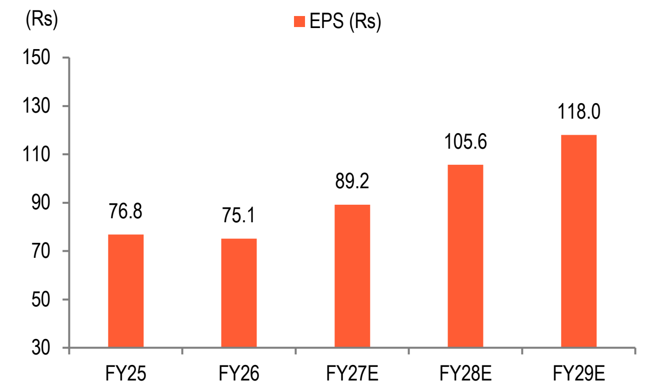
Source: Company, BOBCAPS Research

Fig 10 – SI non-pipe EBITDA per unit to improve to Rs33-35/kg over FY27E-FY29E



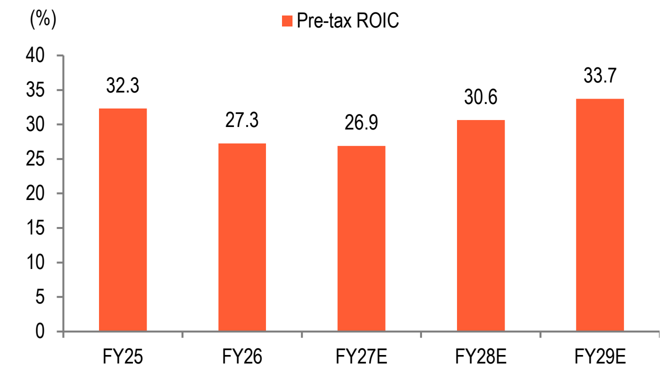
Source: Company, BOBCAPS Research

Fig 11 – SI's EPS is projected to grow at a healthy 11.3% CAGR over FY25-FY29E



Source: Company, BOBCAPS Research

Fig 12 – SI's pre-tax ROIC to remain healthy at >30% over FY26E-FY28E



Source: Company, BOBCAPS Research

Valuation Methodology

We have cut our FY27-28 EPS estimates by 8-9% to reflect the sharp decline in PVC resin prices in Q1FY27 (price corrected by ~30% in Apr'26) and expectations of subdued prices throughout FY27. We assign unchanged 40x 1YF multiple to FY28EPS to arrive at Mar-27TP of Rs 4,250 (earlier Rs 4,600).

Fig 13 – Revised estimates

Consolidated	New			Old			Change (%)		
(Rs bn)	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	129.7	146.4	162.8	128.3	143.3	NA	1.1	2.1	NA
EBITDA	18.2	21.3	23.8	19.7	22.7	NA	(7.8)	(6.2)	NA
EBITDA margin	14.0	14.6	14.6	15.4	15.8	NA	(139)	(125)	NA
Adjusted PAT	11.3	13.4	15.0	12.4	14.6	NA	(8.6)	(8.1)	NA
Adjusted EPS (Rs)	89.2	105.6	118.0	97.6	114.9	NA	(8.6)	(8.1)	NA

Source: BOBCAPS Research

Fig 14 – SI 1YF PE band chart

Source: Bloomberg, BOBCAPS Research

Fig 15 – Key assumptions

Parameters (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Revenue mix					
Pipe	67.3	69.3	71.7	73.0	73.5
Packaging	15.2	14.6	13.4	12.8	12.5
Industrial	12.6	11.4	10.5	10.0	9.9
Consumer	4.2	3.9	3.7	3.7	3.6
Sales volume growth					
Pipe	6.0	14.4	15.1	13.7	12.0
Packaging	9.9	4.8	6.0	7.0	7.0
Industrial	(0.9)	(1.3)	5.0	5.0	8.0
Consumer	(2.8)	4.3	8.0	10.0	10.0
Total	**5.4**	**11.8**	**13.3**	**12.4**	**11.3**
Average realization growth	(2.4)	(4.1)	2.1	0.5	0.0
EBITDA margin					
Pipe	14.1	14.5	14.5	15.0	15.0
Packaging	14.6	14.2	14.0	14.5	14.5
Industrial	11.1	10.5	12.0	12.5	12.5
Consumer	20.0	21.2	22.0	22.0	22.0
Total	**13.9**	**13.8**	**14.0**	**14.6**	**14.6**

Source: Company, BOBCAPS Research

Key Risksisks

- Better-than-expected recovery in real estate would be a key upside risk
- Market share loss in plastic pipes would represent a key downside risk

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**1,04,463**	**1,12,177**	**1,29,662**	**1,46,363**	**1,62,773**
EBITDA	14,512	15,532	18,164	21,297	23,756
Depreciation	3,586	4,283	5,055	5,400	5,765
EBIT	10,926	11,249	13,109	15,897	17,990
Net interest inc./(exp.)	(119)	(290)	(160)	(160)	(160)
Other inc./(exp.)	578	448	600	600	600
Exceptional items	196	0	0	0	0
EBT	11,190	11,407	13,549	16,337	18,430
Income taxes	2,782	2,879	3,813	4,515	5,042
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	1,201	1,012	1,600	1,600	1,600
Reported net profit	**9,609**	**9,540**	**11,336**	**13,422**	**14,989**
Adjustments	152	0	0	0	0
Adjusted net profit	**9,761**	**9,540**	**11,336**	**13,422**	**14,989**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	8,934	10,271	11,872	13,402	14,904
Other current liabilities	4,100	3,619	3,619	3,619	3,619
Provisions	109	284	328	371	412
Debt funds	0	0	0	0	0
Other liabilities	1,931	2,084	2,084	2,084	2,084
Equity capital	254	254	254	254	254
Reserves & surplus	56,350	61,437	67,437	75,015	84,159
Shareholders' fund	56,604	61,691	67,691	75,269	84,413
Total liab. and equities	**71,678**	**77,949**	**85,594**	**94,744**	**1,05,432**
Cash and cash eq.	9,525	6,585	7,950	13,837	21,691
Accounts receivables	5,401	4,875	5,635	6,361	7,074
Inventories	13,337	16,186	18,708	21,118	23,486
Other current assets	2,797	3,544	4,096	4,623	5,142
Investments	6,906	7,338	7,338	7,338	7,338
Net fixed assets	25,010	33,923	36,368	35,968	35,202
CWIP	6,099	1,354	1,354	1,354	1,354
Intangible assets	1,724	2,821	2,821	2,821	2,821
Deferred tax assets, net	0	0	0	0	0
Other assets	881	1,324	1,324	1,324	1,324
Total assets	**71,678**	**77,949**	**85,594**	**94,744**	**1,05,432**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**12,322**	**13,282**	**13,762**	**16,291**	**18,259**
Capital expenditures	(8,904)	(8,150)	(7,500)	(5,000)	(5,000)
Change in investments	0	0	0	0	0
Other investing cash flows	22	17	600	600	600
Cash flow from investing	**(8,883)**	**(8,133)**	**(6,900)**	**(4,400)**	**(4,400)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	(57)	(202)	(160)	(160)	(160)
Dividends paid	(4,065)	(4,446)	(5,336)	(5,844)	(5,844)
Other financing cash flows	(279)	(314)	0	0	0
Cash flow from financing	**(4,400)**	**(4,962)**	**(5,496)**	**(6,004)**	**(6,004)**
Chg in cash & cash eq.	**(960)**	**187**	**1,365**	**5,887**	**7,854**
Closing cash & cash eq.	**10,912**	**11,100**	**12,465**	**18,352**	**26,206**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	75.6	75.1	89.2	105.6	118.0
Adjusted EPS	76.8	75.1	89.2	105.6	118.0
Dividend per share	34.0	36.0	42.0	46.0	46.0
Book value per share	445.5	485.6	532.8	592.4	664.4

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	4.4	4.1	3.6	3.1	2.8
EV/EBITDA	31.6	29.7	25.4	21.5	19.0
Adjusted P/E	48.1	49.2	41.4	35.0	31.3
P/BV	8.3	7.6	6.9	6.2	5.6

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	87.2	83.6	83.7	82.2	81.3
Interest burden (PBT/EBIT)	102.4	101.4	103.4	102.8	102.4
EBIT margin (EBIT/Revenue)	10.5	10.0	10.1	10.9	11.1
Asset turnover (Rev./Avg TA)	145.7	143.9	151.5	154.5	154.4
Leverage (Avg TA/Avg Equity)	1.3	1.3	1.3	1.3	1.3
Adjusted ROAE	18.1	16.1	17.5	18.8	18.8

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	3.1	7.4	15.6	12.9	11.2
EBITDA	(6.9)	7.0	16.9	17.2	11.5
Adjusted EPS	(9.5)	(2.3)	18.8	18.4	11.7
Profitability & Return ratios (%)					
EBITDA margin	13.9	13.8	14.0	14.6	14.6
EBIT margin	10.5	10.0	10.1	10.9	11.1
Adjusted profit margin	9.3	8.5	8.7	9.2	9.2
Adjusted ROAE	18.1	16.1	17.5	18.8	18.8
ROCE	20.3	19.0	20.3	21.9	22.0
Working capital days (days)					
Receivables	19	16	16	16	16
Inventory	47	53	53	53	53
Payables	31	33	33	33	33
Ratios (x)					
Gross asset turnover	2.2	2.0	1.9	2.0	2.1
Current ratio	2.4	2.2	2.3	2.6	3.0
Net interest coverage ratio	91.8	38.8	81.9	99.4	112.4
Adjusted debt/equity	(0.2)	(0.1)	(0.1)	(0.2)	(0.3)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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BUY – Expected return >+15%

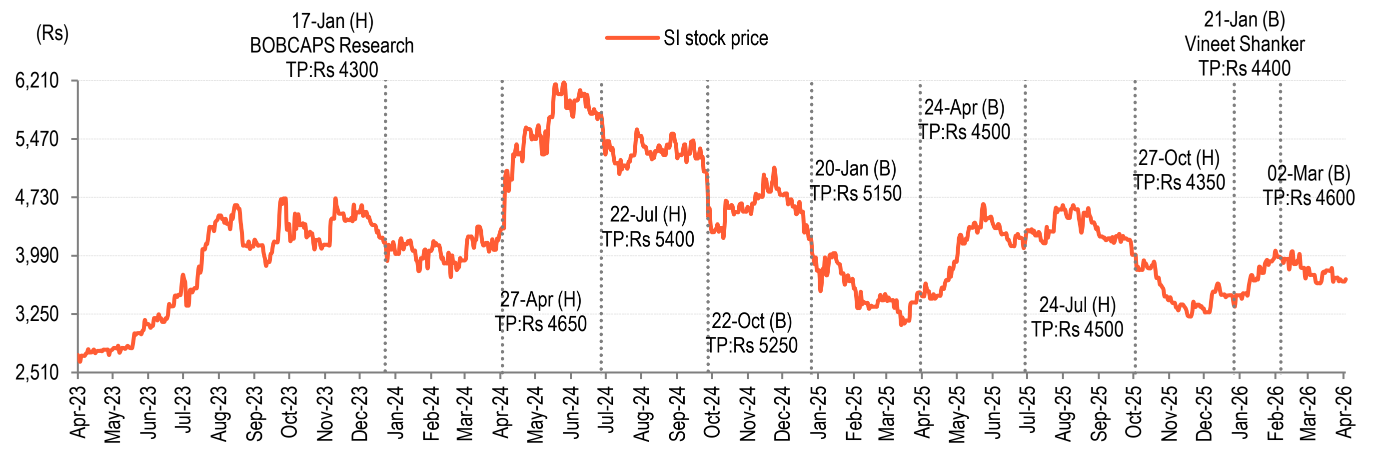
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): SUPREME INDUSTRIES (SI IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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