RESULT REVIEW

BOBCAPS
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BUY
TP: Rs 4,000 | ⮝ 18%

SUPREME INDUSTRIES | Building Materials | 29 July 2026

Q1FY27: Weak volumes; favourable mix led to margin resilience

- **Revenue growth of 4% YoY supported by higher realisations of 21% YoY despite 14% YoY volume decline**
- **FY27 guidance maintained: 15-17% piping volume growth, 12-13% overall volume growth and 14.0-14.5% EBITDA margin**
- **Cut estimates, assign 40x (unchanged) to arrive at June-27TP of Rs 4,000 (Rs 4360 earlier). Maintain BUY**

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Volume weakness offset by stable realisations and margin expansion: Supreme Industries (SI) delivered a resilient Q1FY27 despite a weak volume environment. Consolidated revenue increased 4% YoY, broadly in line with our estimate, as higher blended realisations and an improved product mix offset a 14% decline in volumes. EBITDA increased 25% YoY, beating our estimate by 20%, driven by gross margin expansion, disciplined cost control and a stronger-than-expected contribution from associate Supreme Petrochem.

Pipes remain the key earnings driver; higher VAP mix supports margins: The pipe business remained the key earnings driver during the quarter. While piping volumes declined 15% YoY, revenues remained broadly flat as higher realisations offset the volume impact, resulting in EBITDA margin expanding to 16.8% from 12.5% in Q1FY26. At the consolidated level, the VAP mix improved to 42.5% from 36.0% in Q1FY26, supporting margin expansion despite the softer volume environment.

Concall KTAs: Management attributed the weak Q1FY27 performance to sharp polymer price volatility and channel destocking, while reiterating that underlying demand remains intact and expects recovery from Q2FY27 as polymer prices stabilise. Despite the weak quarter, SI maintained its FY27 guidance of 12-13% volume growth, 15-17% growth in plastic piping and consolidated EBITDA margins of 14.0-14.5%. The company also reaffirmed its long-term growth strategy through investments in gas piping, UPVC windows, VAPs and exports, while capex execution remains on track with ~Rs 5bn incurred in Q1FY27 against the planned FY27 capex of ~Rs 10bn.

Cut estimates, maintain BUY: We have cut our FY27-29 EPS estimates by 2-8% to reflect declining trend PVC resin prices and volume weakness witnessed during Q1FY27. We assign unchanged 40x 1YF multiple to June-28EPS to arrive at June-27TP of Rs 4,000 (earlier Rs 4,360).

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	SI IN/Rs 3,395
Market cap	US$ 4.5bn
Free float	51%
3M ADV	US$ 7.1mn
52wk high/low	Rs 4,665/Rs 3,140
Promoter/FPI/DII	49%/21%/16%

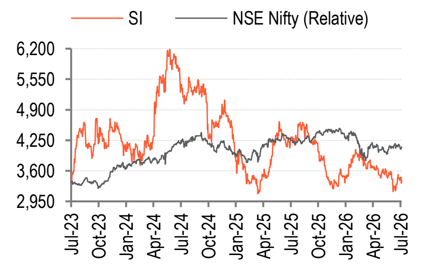
Source: NSE | Price as of 28 Jul 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	1,12,177	1,29,900	1,44,474
EBITDA (Rs mn)	15,532	17,691	20,318
Adj. net profit (Rs mn)	9,540	11,156	12,410
Adj. EPS (Rs)	75.1	87.8	97.7
Consensus EPS (Rs)	75.1	88.7	104.2
Adj. ROAE (%)	16.1	17.3	17.5
Adj. P/E (x)	45.2	38.7	34.8
EV/EBITDA (x)	27.3	24.0	20.8
Adj. EPS growth (%)	(2.3)	16.9	11.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly performance – Consolidated

Particulars (Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	BOBCAPS Q1FY27E	Variance (%)
Revenue	27,177	26,092	4.2	35,277	(23.0)	27,384	(0.8)
Raw-Material expense	17,834	17,895	(0.3)	23,557	(24.3)	18,837	(5.3)
Gross Profit	9,342	8,197	14.0	11,719	(20.3)	8,547	9.3
Employee expense	1,633	1,349	21.1	1,559	4.8	1,538	6.2
Energy cost	757	726	4.2	982	(23.0)	771	(1.9)
Other expense	2,973	2,933	1.4	2,947	0.9	2,920	1.8
EBITDA	3,980	3,189	24.8	6,231	(36.1)	3,318	19.9
D&A	1,223	930	31.5	1,214	0.8	1,234	(0.9)
EBIT	2,756	2,259	22.0	5,017	(45.1)	2,084	32.2
Interest cost	42	28	50.2	90	(53.8)	40	4.0
Non-operating income/(expense)	91	169	(46.0)	86	6.7	150	(39.1)
Share of profit/(loss) from associate	731	252	190.1	517	41.2	400	82.6
PBT	3,536	2,652	33.4	5,530	(36.1)	2,594	36.3
Tax	729	629	16.0	1,195	(39.0)	653	11.7
Reported PAT	2,807	2,023	38.8	4,336	(35.3)	1,941	44.6
Adjusted PAT	2,807	2,023	38.8	4,336	(35.3)	1,941	44.6
As % of net revenues			**(bps)**		**(bps)**		**(bps)**
Gross margin	34.4	31.4	296	33.2	116	31.2	316
Employee cost	6.0	5.2	84	4.4	159	5.6	39
Energy cost	2.8	2.8	(0)	2.8	(0)	2.8	(3)
Other cost	10.9	11.2	(30)	8.4	259	10.7	28
EBITDA margin	14.6	12.2	242	17.7	(302)	12.1	253
Tax rate	20.6	23.7	(309)	21.6	(98)	25.2	(455)
APAT margin	10.3	7.8	258	12.3	(196)	7.1	324

Source: Company, BOBCAPS Research

Fig 2 – Segment financials

Particulars	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Revenue (Rs mn)					
Pipe	17,909	17,923	(0.1)	25,580	(30.0)
Industrial	3,733	3,016	23.8	3,590	4.0
Packaging	4,382	4,016	9.1	4,570	(4.1)
Consumer	874	984	(11.2)	1,230	(29.0)
Others	280	154	81.9	307	(8.8)
Total	**27,177**	**26,092**	**4.2**	**35,277**	**(23.0)**
Sales Volume (KTPA)					
Pipe	125.8	148.8	(15.4)	191.9	(34.4)
Industrial	13.8	14.6	(5.8)	16.5	(16.5)
Packaging	14.6	16.2	(9.6)	18.4	(20.4)
Consumer	3.3	4.2	(22.2)	5.1	(36.1)
Total	**157.5**	**183.8**	**(14.3)**	**231.9**	**(32.1)**
Realization (Rs/kg)					
Pipe	142.3	120.5	18.2	133.3	6.8
Industrial	270	206	31.3	217	24.5
Packaging	300	248	20.7	249	20.4
Consumer	268	234	14.2	241	11.2
Total	**170.8**	**141.1**	**21.0**	**150.8**	**13.2**
EBITDA (Rs mn)					
Pipe	3011	2244	34.2	4773	(36.9)
Industrial	321	266	20.7	510	(37.0)
Packaging	664	576	15.4	708	(6.2)
Consumer	140	180	(22.0)	352	(60.1)
Total	**3980**	**3189**	**24.8**	**6231**	**(36.1)**
EBITDA margin					
Pipe	16.8	12.5	429	18.7	(185)
Industrial	8.6	8.8	(22)	14.2	(559)
Packaging	15.2	14.3	83	15.5	(34)
Consumer	16.1	18.3	(221)	28.6	(1,253)
Total	**14.6**	**12.2**	**242**	**17.7**	**(302)**
EBITDA (Rs/kg)					
Pipe	23.9	15.1	58.7	24.9	(3.8)
Industrial	23.3	18.2	28.1	30.8	(24.5)
Packaging	45.4	35.6	27.6	38.5	17.8
Consumer	43.0	42.8	0.3	68.8	(37.6)
Total	**25.3**	**17.3**	**45.6**	**26.9**	**(6.0)**

Source: Company, BOBCAPS Research

Earnings Call Highlights

- Industry demand remained weak during Q1FY27 due to sharp polymer price volatility and an abnormal correction in PVC prices during Apr'26, which triggered widespread channel destocking. Management indicated underlying demand remains intact and expects demand and inventories to normalise from Q2FY27, supported by stabilising polymer prices, the withdrawal of customs duty exemption and implementation of the Minimum Import Price (MIP).
- SI's volumes declined 14% YoY, while revenue increased 4% YoY, supported by higher blended realisations and a 22% YoY increase in VAP turnover. Pipe segment volumes declined 15% YoY, while packaging and industrial segments delivered healthy growth, partially offsetting weakness in pipes and consumer products.
- Management reiterated FY27 guidance of 12-13% volume growth for the company and 15-17% growth for the plastic piping business, despite the weak Q1 performance, implying a meaningful recovery over the remaining quarters. Consolidated EBITDA margin guidance was also maintained at 14.0-14.5%. Management also reiterated its long-term export ambition of increasing exports to ~USD 150mn over the next 6-7 years from ~USD 26mn in FY26, leveraging India's expanding FTA network and a broader product portfolio.
- Management continues to expand its growth platforms beyond core piping. Gas piping is expected to generate around Rs 6bn of revenue in FY27, with orders already secured from multiple gas distribution companies. The UPVC windows and doors business remains on track to generate steady-state revenue of around Rs 3.5bn against an investment of ~Rs 2.2bn, while integration of the Wavin (Vectus) business is progressing as planned.
- The FY27 capex plan of ~Rs 10bn remains unchanged, focused primarily on expanding piping capacity alongside investments in material handling and new product categories. The company incurred ~Rs 5bn of capex in Q1FY27, with further capex to be incurred in line with the arrival of machinery. Greenfield projects at Bihar, Jammu & Kashmir, Malanpur, Pondicherry and Erode are progressing as planned, with commissioning phased in line with regional demand and capacity utilisation.
- Net cash stood at Rs 5.42bn as of Jun'26 from Rs 6.48 bn, as of Mar'26.

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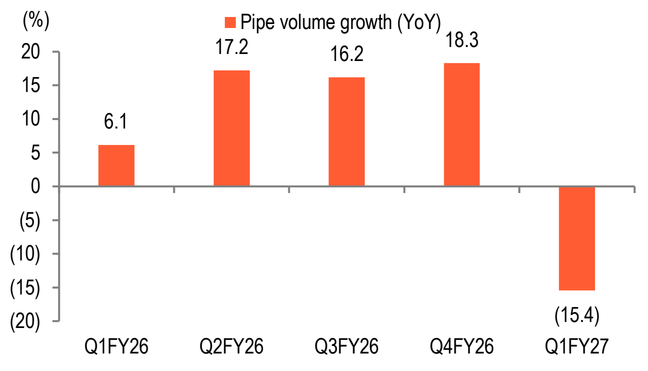
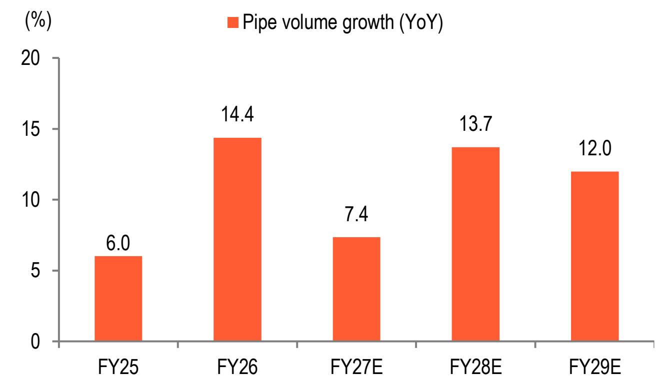
Fig 3 – Pipe volumes dropped sharply by 15% YoY in Q1FY27 on channel destocking



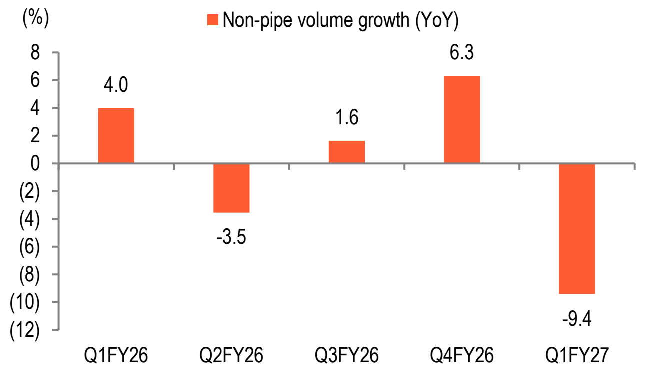
Source: Company, BOBCAPS Research

Fig 4 – Pipe volume projected to grow at 11% CAGR over FY26-FY98E, on aggressive capex plan



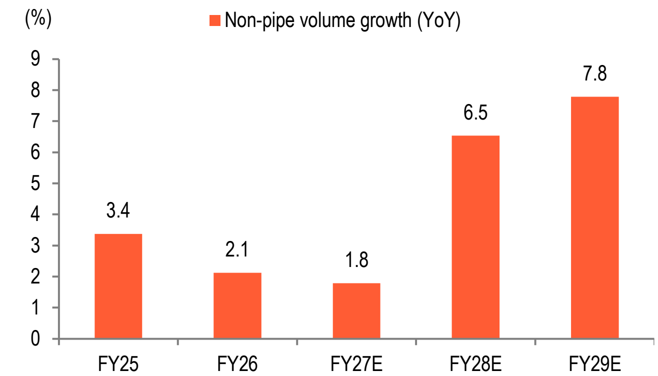
Source: Company, BOBCAPS Research

Fig 5 – Non-pipe volumes de-grew by 9% YoY in Q1FY27



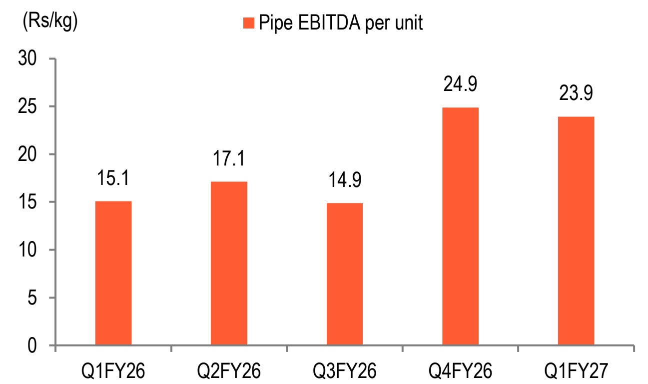
Source: Company, BOBCAPS Research

Fig 6 – SI's non-pipe volume to grow at a modest 5.3% CAGR over FY26-FY29E



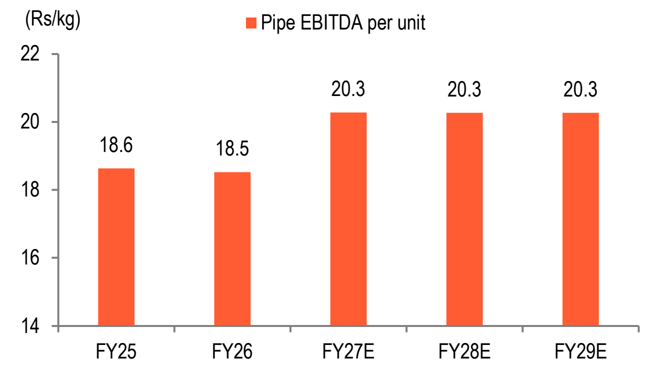
Source: Company, BOBCAPS Research

Fig 7 – Pipe EBITDA per unit was sharply up by 49% YoY in Q1FY27



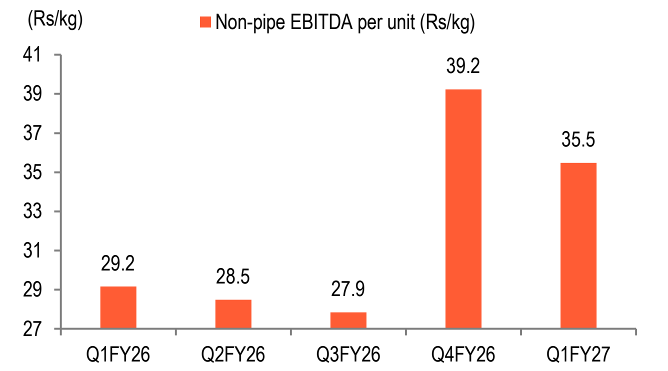
Source: Company, BOBCAPS Research

Fig 8 – SI pipe EBITDA per unit to improve to Rs 20.3/kg over FY27-FY29E, on favourable resin prices & better mix



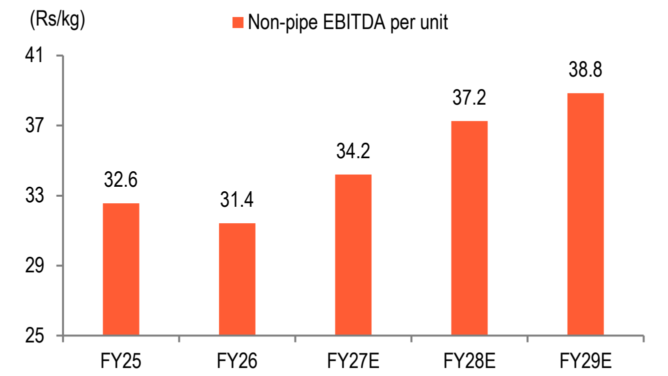
Source: Company, BOBCAPS Research

Fig 9 – Non-pipe EBITDA per unit increased by 16% YoY in Q1FY27



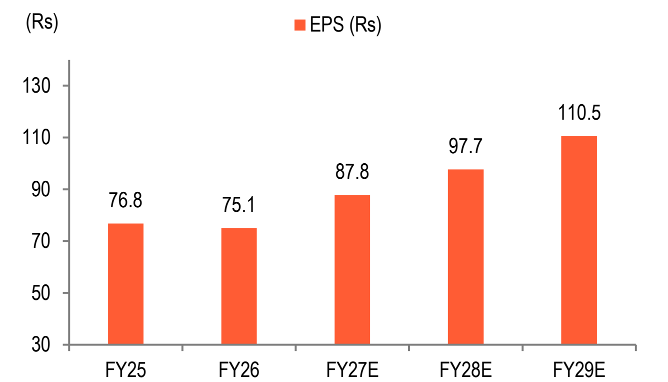
Source: Company, BOBCAPS Research

Fig 10 – SI non-pipe EBITDA per unit to improve to Rs34-39/kg over FY27E-FY29E



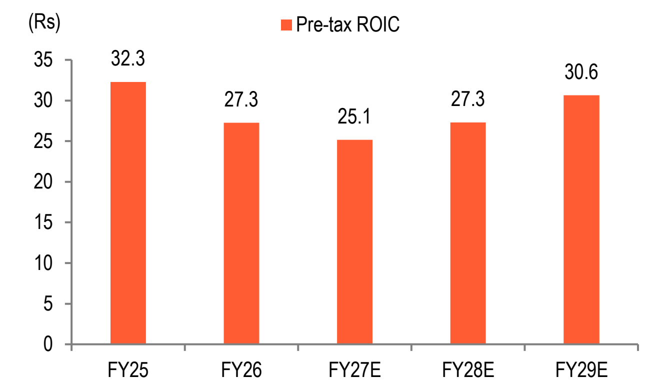
Source: Company, BOBCAPS Research

Fig 11 – SI's EPS is projected to grow at a healthy 13.7% CAGR over FY26-FY29E



Source: Company, BOBCAPS Research

Fig 12 – SI's pre-tax ROIC to remain healthy in the range of 25-31% over FY27-FY28E



Source: Company, BOBCAPS Research

Valuation Methodology

We have cut our FY27-29 EPS estimates by 2-8% to reflect declining trend PVC resin prices and volume weakness witnessed during Q1FY27. We assign unchanged 40x 1YF multiple to June-28EPS to arrive at June-27TP of Rs 4,000 (earlier Rs 4,360).

Fig 13 – Revised estimates

Consolidated	New			Old			Change (%)		
(Rs bn)	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	129.9	144.5	160.5	129.7	146.4	162.8	0.2	(1.3)	(1.4)
EBITDA	17.7	20.3	22.9	18.2	21.3	23.8	(2.8)	(4.6)	(4.0)
EBITDA margin	13.6	14.1	14.2	14.0	14.6	14.6	(38)	(54)	(34)
Adjusted PAT	11.2	12.4	14.0	11.3	13.4	15.0	(1.3)	(7.4)	(6.4)
Adjusted EPS (Rs)	87.8	97.7	110.5	89.2	105.6	118.0	(1.6)	(7.5)	(6.4)

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	68.0	69.4	69.9
Packaging	15.2	14.6	15.3	14.7	14.3
Industrial	12.6	11.4	12.4	11.8	11.7
Consumer	4.2	3.9	3.6	3.6	3.6
Sales volume growth					
Pipe	6.0	14.4	7.4	13.7	12.0
Packaging	9.9	4.8	2.3	7.0	7.0
Industrial	(0.9)	(1.3)	2.4	5.0	8.0
Consumer	(2.8)	4.3	(1.9)	10.0	10.0
Total	**5.4**	**11.8**	**6.3**	**12.4**	**11.3**
Average realization growth	(2.4)	(4.1)	9.0	(0.9)	(0.1)
EBITDA margin					
Pipe	14.1	14.5	15.0	15.0	15.0
Packaging	14.6	14.2	14.3	14.5	14.5
Industrial	11.1	10.5	8.9	11.0	12.0
Consumer	20.0	21.2	17.9	19.0	19.0
Total	**13.9**	**13.8**	**13.6**	**14.1**	**14.2**

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**	**1,29,900**	**1,44,474**	**1,60,505**
EBITDA	14,512	15,532	17,691	20,318	22,855
Depreciation	3,586	4,283	5,128	5,532	5,897
EBIT	10,926	11,249	12,563	14,785	16,957
Net interest inc./(exp.)	(119)	(290)	(166)	(166)	(166)
Other inc./(exp.)	578	448	365	365	365
Exceptional items	196	0	0	0	0
EBT	11,190	11,407	12,762	14,984	17,156
Income taxes	2,782	2,879	3,537	4,174	4,721
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	1,201	1,012	1,931	1,600	1,600
Reported net profit	**9,609**	**9,540**	**11,156**	**12,410**	**14,035**
Adjustments	152	0	0	0	0
Adjusted net profit	**9,761**	**9,540**	**11,156**	**12,410**	**14,035**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	8,934	10,271	11,992	13,337	14,817
Other current liabilities	4,100	3,619	3,619	3,619	3,619
Provisions	109	284	332	369	410
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	67,256	73,822	82,012
Shareholders' fund	56,604	61,691	67,510	74,076	82,266
Total liab. and equities	**71,678**	**77,949**	**85,537**	**93,485**	**1,03,196**
Cash and cash eq.	9,525	6,585	5,315	10,588	17,669
Accounts receivables	5,401	4,875	5,645	6,279	6,975
Inventories	13,337	16,186	18,743	20,846	23,159
Other current assets	2,797	3,544	4,201	4,673	5,191
Investments	6,906	7,338	7,338	7,338	7,338
Net fixed assets	25,010	33,923	38,795	38,263	37,365
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**	**85,537**	**93,485**	**1,03,196**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**12,322**	**13,282**	**13,868**	**15,919**	**17,726**
Capital expenditures	(8,904)	(8,150)	(10,000)	(5,000)	(5,000)
Change in investments	0	0	0	0	0
Other investing cash flows	22	17	365	365	365
Cash flow from investing	**(8,883)**	**(8,133)**	**(9,635)**	**(4,635)**	**(4,635)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	(57)	(202)	(166)	(166)	(166)
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)**	**(5,503)**	**(6,011)**	**(6,011)**
Chg in cash & cash eq.	**(960)**	**187**	**(1,270)**	**5,273**	**7,081**
Closing cash & cash eq.	**10,912**	**11,100**	**9,830**	**15,103**	**22,184**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	75.6	75.1	87.8	97.7	110.5
Adjusted EPS	76.8	75.1	87.8	97.7	110.5
Dividend per share	34.0	36.0	42.0	46.0	46.0
Book value per share	445.5	485.6	531.4	583.0	647.5

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	4.0	3.8	3.3	2.9	2.6
EV/EBITDA	29.0	27.3	24.0	20.8	18.3
Adjusted P/E	44.2	45.2	38.7	34.8	30.7
P/BV	7.6	7.0	6.4	5.8	5.2

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	87.2	83.6	87.4	82.8	81.8
Interest burden (PBT/EBIT)	102.4	101.4	101.6	101.3	101.2
EBIT margin (EBIT/Revenue)	10.5	10.0	9.7	10.2	10.6
Asset turnover (Rev./Avg TA)	145.7	143.9	151.9	154.5	155.5
Leverage (Avg TA/Avg Equity)	1.3	1.3	1.3	1.3	1.3
Adjusted ROAE	18.1	16.1	17.3	17.5	18.0

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	3.1	7.4	15.8	11.2	11.1
EBITDA	(6.9)	7.0	13.9	14.8	12.5
Adjusted EPS	(9.5)	(2.3)	16.9	11.2	13.1
Profitability & Return ratios (%)					
EBITDA margin	13.9	13.8	13.6	14.1	14.2
EBIT margin	10.5	10.0	9.7	10.2	10.6
Adjusted profit margin	9.3	8.5	8.6	8.6	8.7
Adjusted ROAE	18.1	16.1	17.3	17.5	18.0
ROCE	20.3	19.0	19.2	20.5	21.1
Working capital days (days)					
Receivables	19	16	16	16	16
Inventory	47	53	53	53	53
Payables	31	33	34	34	34
Ratios (x)					
Gross asset turnover	2.2	2.0	1.9	1.9	2.0
Current ratio	2.4	2.2	2.1	2.4	2.8
Net interest coverage ratio	91.8	38.8	75.5	88.9	101.9
Adjusted debt/equity	(0.2)	(0.1)	(0.1)	(0.1)	(0.2)

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

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BUY – Expected return >+15%

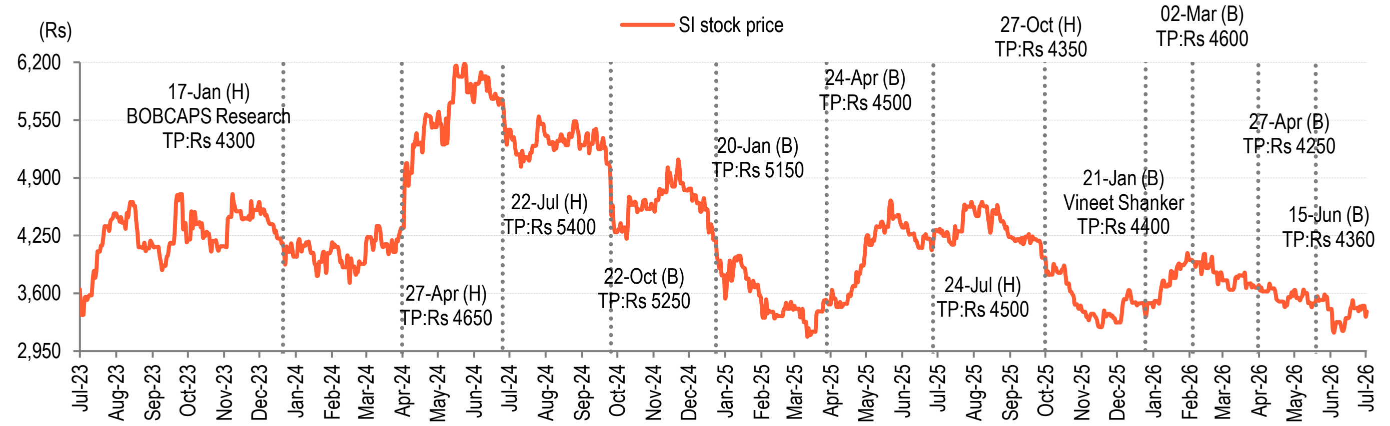
HOLD – Expected return from -6% to +15%

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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