Supreme Industries Ltd

Expected plastic piping to return to normalcy

Reco/View: **BUY**	CMP: **Rs. 3,500**	Price Target: **Rs. 4,200**

Quick Snapshot

- Consolidated revenue rose 7.1% y-o-y to Rs. 2,687 crore; EBITDA grew 1.6% to Rs. 314 crore. Total volumes surged 12.9% to 183,794 MT, driven by a 16.2% jump in plastic piping.
- Polymer prices have likely bottomed. Management targets 12–14% overall volume growth (15–17% for piping).
- FY26 revenue guidance is revised to Rs 11,000–11,500 crore (earlier Rs 12,000 crore), with EBITDA margins lowered to 13.5–14% (earlier 14.5–15%), due to prolonged polymer price declines and inventory losses.
- Recommendation: BUY rating maintained with a revised target price of Rs. 4,200.

Result overview

- Consolidated revenue stood at Rs. 2,687 crore, marginally lagging estimates, while EBITDA came in at Rs. 313.8 crore, ~5.4% lower than our forecast.

Segments performed was as follows:

- Plastic piping: Revenue up 9.5% y-o-y, volumes up 16.2% y-o-y
- Packaging: Revenue fell 2.0% y-o-y, volumes rose 1.5% y-o-y
- Industrial products: Revenue up 1.2% y-o-y, volumes fell 0.1% y-o-y
- Consumer products: Revenue rose 5.7% y-o-y, volumes rose 8.0% y-o-y

- Management stated that plastic piping business has normalised, with polymer prices rising from January 2026. Demand is likely to stay strong in Q4, led by agriculture, infrastructure, and housing segments.
- Inventory losses of Rs. 100–120 crore were incurred over 9MFY26 due to falling polymer prices; however, management clarified that no inventory loss is expected in Q4FY26.
- 9MFY26 capex stood at Rs. 1,031 crore, and full-year FY26 capex is expected to be at Rs. 1,200 crore, fully funded through internal accruals. The company is on track to increase plastic piping capacity to 1.0 mtpa (from 8.7 lakh TPA), including the Wavin acquisition, and expects ~70% utilisation in FY27.
- Company plans to set up new greenfield plants at Malanpur (near Gwalior) and near Patna (Bihar), which are expected to be operational by FY28, with a total capacity of ~100,000 tonnes.

Our Call

We remain constructive on Supreme Industries, as polymer price pressures are easing, while volume momentum remains robust. Inventory losses are substantially absorbed, and demand across key end-markets is normalising. Plastic piping volume growth is expected to be supported by product launches and the integration of the Wavin acquisition, which enhances both capacity and the value-added product portfolio. At the current market price, the stock trades at 41.8x FY26E, 36.2x FY27E, and 30.9x FY28E earnings. We have revised our financial estimates to downwards and maintain our Buy rating with a revised price target of Rs. 4,200.

Key Risks

Demand slowdown could affect revenue growth, while commodity price fluctuations might hit margins.

Valuation — Rs cr

Particulars	FY25	FY26E	FY27E	FY28E
Revenues (Rs cr)	10,446	11,478	12,772	14,200
EBITDA margin (%)	13.7	13.6	14.0	14.8
Adjusted PAT (Rs cr)	961	1,064	1,229	1,439
% YoY growth	(10.2)	10.7	15.6	17.1
Adjusted EPS (Rs)	75.7	83.7	96.8	113.3
P/E (x)	46.3	41.8	36.2	30.9
P/BV (x)	7.9	7.0	6.2	5.5
EV/EBITDA (x)	29.9	27.4	23.8	20.8
RoE (%)	17.0	16.7	17.2	17.8
RoCE (%)	18.3	18.6	19.5	20.6

Source: Company; Mirae Asset Sharekhan estimates

Note: CMP as on Jan 22, 2026

People who know plastics best

STOCK UPDATE

Result Update - Q3FY2026

SECTOR

Building Materials

COMPANY DETAILS

Market cap:	Rs. 4200 cr
52-week high/low:	Rs. 4,740/3,020
NSE volume: (No of shares)	2.29 lakh
BSE code:	509930
NSE code:	SUPREMEIND
Free float: (No of shares)	6.5 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

FII	19
Institutions	17
Public & others	15
Promoters	49

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	4.5	-15.8	-18.9	-9.9
Relative to Sensex	9.1	-12.2	-19.0	-16.6

Source: Mirae Asset Sharekhan Research, Bloomberg

Concall highlights

- Polymer prices were weak due to global oversupply from new petrochemical capacities and low crude oil prices.
- PVC prices declined to ~$580/tonne and have rebounded to $640–650/tonne; management also highlighted potential upward pressure from rupee depreciation and China-related supply restrictions from April 1, 2026.
- Historical normal EBITDA margin in the PVC business is ~14.5–15%, if polymer prices remain stable.
- Value-added products' turnover increased to Rs. 1,118 crore in Q3 FY26 (vs Rs. 961 crore y-o-y), reflecting a ~16% growth.
- CPVC volumes grew ~30% in 9MFY26.
- Protective packaging volumes grew ~10% y-o-y, with management expecting continued momentum in Q4 and for the whole of FY26.

Results **Rs cr**

Particulars	Q3FY26	Q3FY25	y-o-y (%)	Q2FY26	QoQ (%)
Revenue	2,687	2,510	7.1	2,394	12.2
Total expenditure	2,373	2,201	7.8	2,096	13.2
EBITDA	314	309	1.6	297	5.5
Depreciation	110	91	20.0	104	4.9
EBIT	204	218	-6.1	193	5.8
Other income	4	9	-57.6	16	-75.7
Interest expenses	11	3	282.6	6	95.5
PBT	197	223	-12.0	203	-3.0
Tax expenses	53	58	-9.8	53	-0.4
Share of profit from associate	9	22	-57.1	15	-36.7
Adjusted net profit	153	187	-18.0	165	-6.9
Extraordinary items	0	0	-	0	-
Reported net profit	153	187	-18.0	165	-6.9
Adjusted EPS (Rs.)	12.1	14.7	-18.0	13.0	-6.9
			BPS		BPS
EBITDA Margin (%)	11.7	12.3	-60	12.4	-70
PAT Margin (%)	5.7	7.4	-170	6.9	-120
Effective tax rate (%)	26.8	26.2	60	26.1	70

Source: Company; Mirae Asset Sharekhan Research

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Jovial investment & trading	16.17
2	Boon Investments & Trading	16,17
3	Venktesh Investment & Trading	14.20
4	Nalanda India Fund Ltd	3.39
5	ICICI Prudential Asst Management	3.03
6	SBI Pension Funds	2.90
7	Blackrock INC	2.71
8	Vanguard Group	2.05
9	Norges Bank	1.97
10	HDFC Asset Managemnet	1.65

Source: Bloomberg

Key management personnel

Name	Designation
M.P. Taparia	Managing Director
P C Somani	Chief Finance Officer
Rajendra J Saboo	AVP (Corporate Affairs) and Company Secretary and Compliance Officer

Source: Company Website

SOMIL RAMESH MEHTA

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Date: 2026.01.23 18:03:11 +05'30'

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