Supreme Industries

India | Building Materials | Result Update | Rating Upgrade

Global Markets Research

21 January 2026

Higher PVC prices improved margin outlook

Rating: Buy
Target Price: INR 3,980
Upside: 19%
CMP: INR 3,349
As on 21 January 2026

Key data	
Bloomberg	SI IN
Reuters Code	SUPI.NS
Shares outstanding (mn)	127
Market cap (INR bn/USD mn)	425/4,639
EV (INR bn/USD mn)	426/4,641
ADTV 3M (INR mn/USD mn)	1,133/12
52 week high/low	4,740/3,020
Free float (%)	51

Note: as on 21 January 2026; Source: Bloomberg

Price chart

Source: Bloomberg

Shareholding (%)	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Promoter	48.9	48.9	48.9	49.0
% Pledge	0.0	0.0	0.0	0.0
FII	22.6	21.9	20.7	19.2
DII	13.5	14.6	16.1	17.2
Others	15.0	14.6	14.4	14.6

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(2.7)	0.3	9.3
Supreme Industries	(20.1)	(20.3)	(15.4)
NSE Mid-cap	(3.4)	(2.1)	7.3
NSE Small-cap	(10.5)	(13.5)	(6.1)

Source: Bloomberg

Supreme Industries (SI IN) has maintained its volume growth guidance for FY26, supported by the Wavin acquisition and strong plastic piping performance, but EBITDA margins contracted due to sustained drop in polymer price and higher employee expenses. Management maintained its volume growth guidance for FY26 at 12-14% overall and 15-17% for plastic piping, while revising EBITDA margin guidance downwards to 13.5-14% from prior 14.5-15%. Given the 19% correction in three months, **we upgrade SI to Buy from Accumulate.** We lower our TP to INR 3,980 on 40x Sep FY28E P/E to factor in lower profitability.

Strong volume growth led by piping segment: SI reported 13% YoY overall volume growth in Q3FY26, driving 7.1% revenue growth to INR 26.9bn, as estimated. Plastic piping grew 9.5% in value and ~16% in volume YoY, aided by Wavin integration adding customers and capacity. H1 volumes were up 8-10%, with 9M growth at ~10% overall and 13% in piping. Other segments showed mixed results: Packaging de-grew 2% in value but was up 2% YoY in volume, Industrial was flat in both volume and value, Consumer rose 5.2% in value and 8% volumes and value-added products grew 16% YoY to INR 11,180mn in Q3. Management expects H2 recovery in agriculture and infra, retaining FY26 volume guidance at 12-14%, with strong CPVC growth of 30% in 9MFY26.

Capex on track with capacity expansion: Capex was INR 10bn in 9MFY26 (including Wavin), on track for full-year capex of INR 12bn, fully funded internally with plans to remain debt-free by Mar 2026. Wavin's three plants (71,000TPA) are fully integrated and should achieve full utilization from Feb 2026. This pushes total plastic piping capacity to 1mn TPA by Mar 2026. Protective packaging capacity is expanding, with greenfield facilities in Bihar, Jammu, West Maharashtra, Malanpur (full operations by H1FY27), while PVC window profiles launching commercial production from Feb 2026. SI has an ambitious target of producing 250,000 units per year and achieving INR 3bn+ revenue.

Margin guidance further reduced: Q3 EBITDA rose 1.6% YoY to INR 3.1bn but margin fell 63bps to 11.7% due to polymer price erosion (INR 1-1.2bn inventory loss in 9M) and 35% YoY higher employee costs, leading to declining realization (down 5.2% YoY). Gross margin improved by 89bps YoY to 32%, reflecting some operational efficiencies, while 9M EBITDA margin stood at ~12.1% (adjusted to ~12.3% excluding one-offs), remaining below the prior guidance range. Management guided FY26 EBITDA margin at 13.5-14%, and it expects strong recovery from Q4 as PVC prices have started to increase (up from USD 580 to 640 USD) and fixed cost leverage to play out. Long-term, expect normalized margin at 14.5-15%, supported by rising value-added product mix (up 16% YoY to INR 11.1bn in Q3).

Upgrade to Buy with lower TP of INR 3,980: While we cut our earnings estimates by 11.7%/5.5%/7.4% for FY26E/27E/28E respectively, to factor in margin due to downward revision in guidance, given the recent 19% correction in stock price, we upgrade SI to **Buy** from Accumulate with a lower TP of INR 3,980, valuing SI on 40x Sep FY28E EPS (unchanged).

Key Financials

YE March (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (INR mn)	101,343	104,463	112,582	128,864	146,700
YoY (%)	10.1	3.1	7.8	14.5	13.8
EBITDA (INR mn)	15,473	14,317	14,996	18,713	21,519
EBITDA margin (%)	15.3	13.7	13.3	14.5	14.7
Adj PAT (INR mn)	10,697	9,609	8,733	11,667	13,620
YoY (%)	23.6	(10.2)	(9.1)	33.6	16.7
Fully DEPS (INR)	84.2	75.6	68.7	91.8	107.2
RoE (%)	22.5	17.8	14.7	17.9	18.7
RoCE (%)	26.0	19.7	18.1	20.8	21.8
P/E (x)	39.8	44.3	48.7	36.5	31.2
EV/EBITDA (x)	27.5	29.7	28.4	22.7	19.8

Note: Pricing as on 21 January 2026; Source: Company, Elara Securities Estimate

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Financials (YE March)

Income Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Total Revenue	101,343	104,463	112,582	128,864	146,700
Gross Profit	32,759	32,998	35,788	42,253	48,100
EBITDA	15,473	14,317	14,996	18,713	21,519
EBIT	12,490	10,730	10,839	13,764	16,059
Interest expense	161	119	280	118	120
Other income	657	578	400	650	700
Exceptional/ Extra-ordinary items	-	-	-	-	-
PBT	12,985	11,190	10,959	14,296	16,639
Tax	3,357	2,782	2,816	3,674	4,276
Minority interest/Associates income	1,069	1,201	590	1,045	1,257
Reported PAT	10,697	9,609	8,733	11,667	13,620
Adjusted PAT	10,697	9,609	8,733	11,667	13,620
Balance Sheet (INR mn)	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Shareholders' Equity	51,088	56,604	61,844	68,844	77,016
Minority Interest	-	-	-	-	-
Trade Payables	10,156	8,934	9,870	11,298	12,861
Provisions & Other Current Liabilities	2,504	4,126	3,535	4,031	4,574
Total Borrowings	551	758	758	758	758
Other long term liabilities	1,259	1,255	1,278	1,352	1,433
Total liabilities & equity	**65,557**	**71,678**	**77,285**	**86,283**	**96,642**
Net Fixed Assets	24,668	30,718	38,034	38,084	37,624
Goodwill	42	42	42	42	42
Intangible assets	-	-	-	-	-
Business Investments / other NC assets	6,381	7,196	7,196	7,196	7,196
Cash, Bank Balances & treasury investments	11,873	9,525	5,999	11,184	17,883
Inventories	13,586	13,337	15,114	17,300	19,694
Sundry Debtors	5,114	5,401	5,860	6,708	7,636
Other Current Assets	3,892	5,460	5,039	5,768	6,567
Total Assets	**65,557**	**71,678**	**77,285**	**86,283**	**96,642**
Cash Flow Statement (INR mn)	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Cashflow from Operations	**14,774**	**12,073**	**11,441**	**14,852**	**17,146**
Capital expenditure	(6,215)	(9,636)	(11,474)	(5,000)	(5,000)
Acquisitions / divestitures	(608)	(815)	-	-	-
Other Business cashflow	-	-	-	-	-
Free Cash Flow	**7,951**	**1,622**	**(32)**	**9,852**	**12,146**
Cashflow from Financing	(3,539)	(3,971)	(3,493)	(4,667)	(5,448)
Net Change in Cash / treasury investments	4,412	(2,348)	(3,525)	5,185	6,699
Key assumptions & Ratios	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Dividend per share (INR)	30.0	34.0	27.5	36.7	42.9
Book value per share (INR)	402.1	445.5	486.8	541.9	606.2
RoCE (Pre-tax) (%)	26.0	19.7	18.1	20.8	21.8
ROIC (Pre-tax) (%)	32.5	24.5	20.8	23.9	27.1
ROE (%)	22.5	17.8	14.7	17.9	18.7
Asset Turnover (x)	4.4	3.8	3.3	3.4	3.9
Net Debt to Equity (x)	(0.2)	(0.2)	(0.1)	(0.2)	(0.2)
Net Debt to EBITDA (x)	(0.7)	(0.6)	(0.3)	(0.6)	(0.8)
Interest cover (x) (EBITDA/ int exp)	96.0	120.3	53.6	158.6	179.3
Total Working capital days (WC/rev)	82.3	73.3	62.6	77.5	91.0
Valuation	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
P/E (x)	39.8	44.3	48.7	36.5	31.2
P/Sales (x)	4.2	4.1	3.8	3.3	2.9
EV/ EBITDA (x)	27.5	29.7	28.4	22.7	19.8
EV/ OCF (x)	28.8	35.3	37.2	28.7	24.8
FCF Yield	1.9	0.4	0.0	2.3	2.9
Price to BV (x)	8.3	7.5	6.9	6.2	5.5
Dividend yield (%)	0.9	1.0	0.8	1.1	1.3

Note: Pricing as on 21 January 2026; Source: Company, Elara Securities Estimate

We expect a sales CAGR of 12% in FY25-28E

Exhibit 1: Quarterly financials

YE March (INR mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Q3FY26E	Variance (%)
Net sales	26,869	25,099	7.1	23,939	12.2	26,748	0.5
Operating expenses	23,731	22,011	7.8	20,965	13.2	23,252	2.1
% of Sales	88.3	87.7		87.6		86.9	
EBITDA	3,138	3,088	1.6	2,974	5.5	3,496	(10.2)
EBITDA margins (%)	11.7	12.3		12.4		13.1	
Other Income	38	89	(57.6)	155	(75.7)	170	(77.8)
Interest	114	30		58		55	
Depreciation	1,095	913		1,044	4.9	1,050	4.3
PBT	1,967	2,235	(12.0)	2,028	(3.0)	2,561	(23.2)
Tax	527	584	(9.8)	529	(0.4)	666	(20.9)
Effective Tax Rate(%)	26.8	26.2		26.1		26.0	
Minority Interest	(94)	(219.6)		(148.7)		(200.0)	
Reported PAT	1,534	1,870	(18.0)	1,647	(6.9)	2,095	(26.8)
Adjusted PAT	1,534	1,870	(18.0)	1,647	(6.9)	2,095	(26.8)
NPM (%)	5.7	7.4		6.9		7.8	

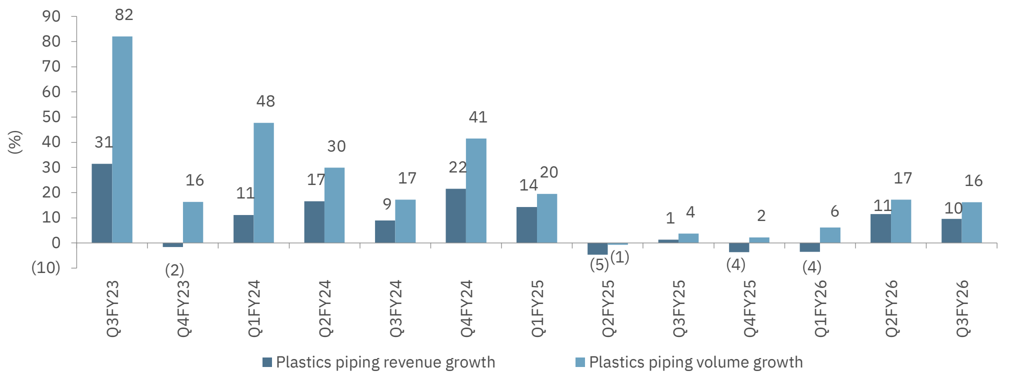
Source: Company, Elara Securities Estimate

Exhibit 2: Key ratios

YE March (%)	Q3FY26	Q3FY25	YoY bps chg	Q2FY26	QoQ bps chg	Q3FY26E	bps variance
Raw Material Cost	68.0	68.9	(89)	66.3	170	67.7	29
Staff Costs	5.8	4.6	121	5.6	18	4.9	86
Other Expenses	14.5	14.2	31	15.7	(113)	14.3	23
Effective Tax rate	26.8	26.2	64	26.1	71	26.0	80
Gross Margin	32.0	31.1	89	33.7	(170)	32.3	(29)
EBITDA Margin	11.7	12.3	(63)	12.4	(74)	13.1	(139)
NPM	5.7	7.4	(174)	6.9	(117)	7.8	(213)

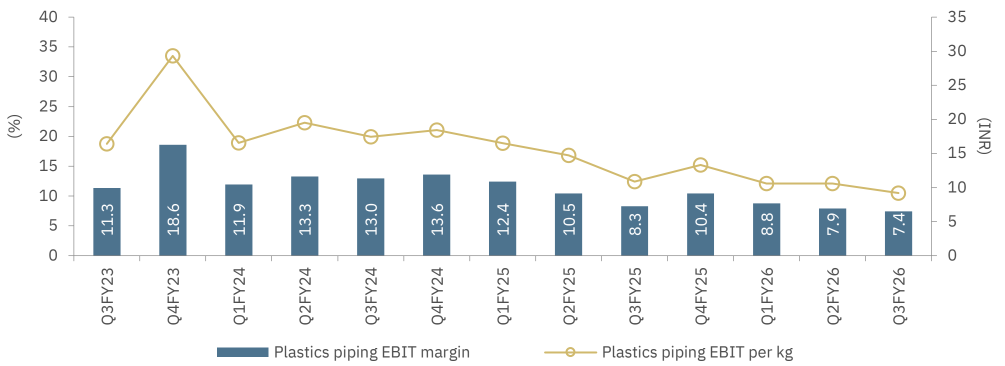
Source: Company, Elara Securities Estimate

Exhibit 3: Plastic piping segment – Recovery over a soft base continues



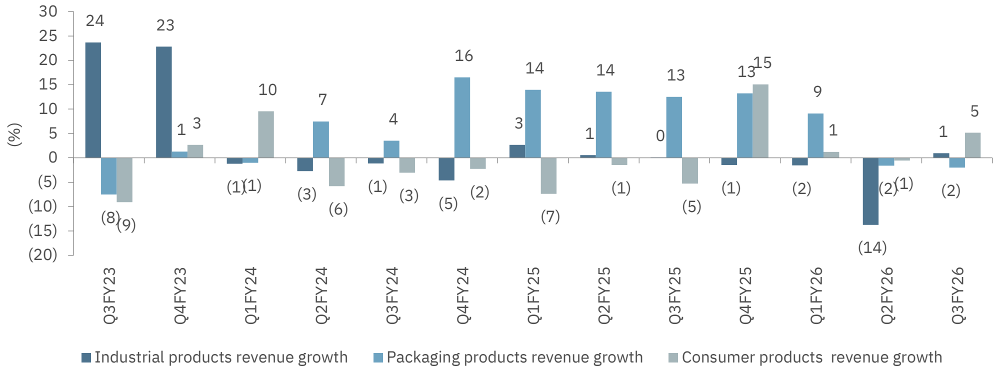
Source: Company, Elara Securities Research

Exhibit 4: Plastic piping segment – Downward pressure due to inventory losses



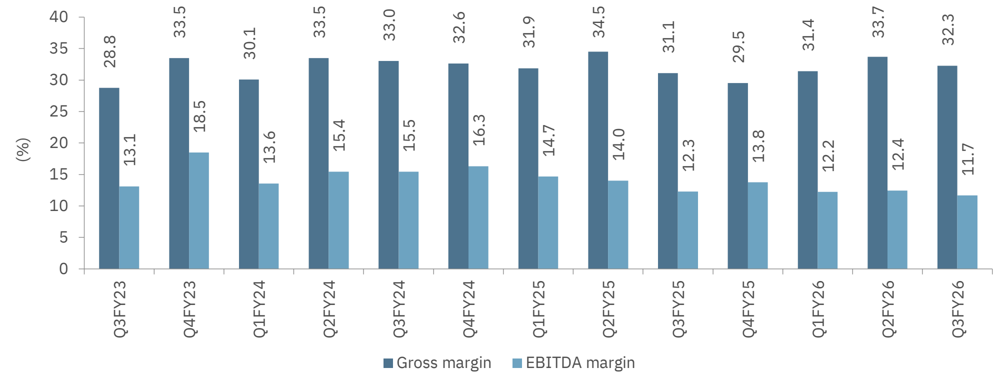
Source: Company, Elara Securities Research

Exhibit 5: Strong growth in consumer product segment



Source: Company, Elara Securities Research

Exhibit 6: Margins hit by downtrend in polymer prices



Source: Company, Elara Securities Research

Exhibit 7: SI is trading near its five-year average P/E of 43x

Source: Elara Securities Estimate

Exhibit 8: Valuation

(INR)	
EPS - FY27E	91.8
EPS - FY28E	107.2
Target multiple (x)	40
EPS – Sep FY28E	99.5
Target price	**3,980**

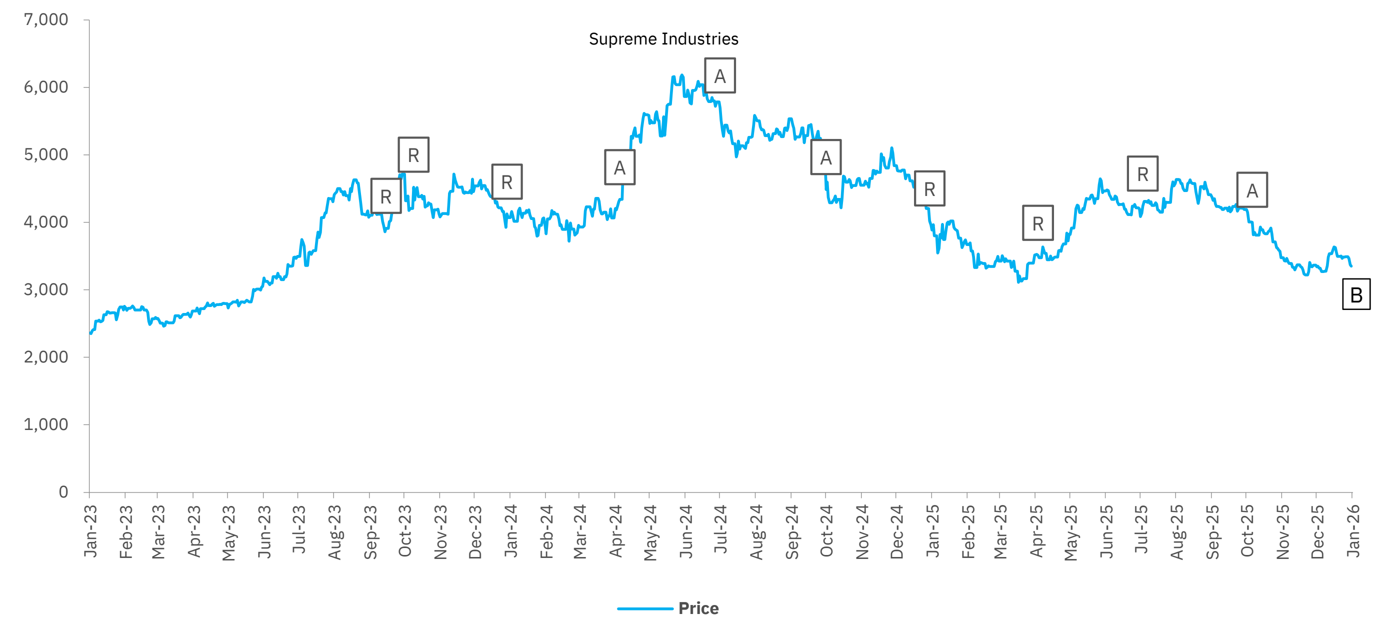
Source: Elara Securities Estimate

Exhibit 9: Change in estimates

(INR mn)	Old estimates			New estimates			(%) change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	112,582	128,864	146,700	112,582	128,864	146,700	-	-	-
EBITDA	15,240	19,302	22,688	14,996	18,713	21,519	(1.6)	(3.0)	(5.2)
EBITDA (%)	13.5	15.0	15.5	13.3	14.5	14.7	(21.6)	(45.7)	(79.7)
PAT	9,894	12,343	14,702	8,733	11,667	13,620	(11.7)	(5.5)	(7.4)
EPS (INR)	77.9	97.1	115.7	68.7	91.8	107.2	(11.7)	(5.5)	(7.4)
Target price (INR)			**4,260**			**3,980**			**(7)**
Rating			**Accumulate**			**Buy**			

Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
06-Oct-2023	Reduce	3,775	3,925
30-Oct-2023	Reduce	4,570	4,522
19-Jan-2024	Reduce	4,300	4,124
26-Apr-2024	Accumulate	4,940	4,400
22-Jul-2024	Accumulate	5,950	5,694
22-Oct-2024	Accumulate	5,090	4,458
20-Jan-2025	Reduce	3,800	4,022
24-Apr-2025	Reduce	3,600	3,512
24-Jul-2025	Reduce	4,260	4,243
27-Oct-2025	Accumulate	4,260	4,001
21-Jan-2026	Buy	3,980	3,349

Guide to Research Rating

BUY (B)	Absolute Return >+20%
ACCUMULATE (A)	Absolute Return +5% to +20%
REDUCE (R)	Absolute Return -5% to +5%
SELL (S)	Absolute Return < -5%

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