

Research Report

Supreme Industries Limited

Supreme
People who know plastics best



Prepared By-

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About

The Supreme Industries Limited, founded in 1942, has been relevant with the changing times and continues to be a household name solely because of the core values that we uphold.

Supreme holds its unparalleled position as a holistic conglomerate because of the way we work towards setting new industry standards, the relationships we forge, and our innovations that impact plenty of lives. Supreme Industries Limited is India's leading plastics product manufacturer, offering a wide and comprehensive range of plastic products in India.

Key Business

- Plastics piping systems
- Moulded Furniture
- Protective packaging Products
- Multi Layer Cross laminated Films
- Industrial Moulded Products
- Material handling Products
- Performance Films
- Composite cylinders

Synopsis of Financials

- Net product turnover of Rs. 2,979 crores in the 4th quarter, representing a 16% growth in product value.
- For the year under review, the company sold 639,701 MT of plastic goods, achieving a volume growth of about 26%.
- Consolidated operating profit and profit after tax increased by 22% and 24% respectively for the year under review.

Stock data (as 13th May 2024)

Nifty Price	: 21935.40
52 week High (in Rs.)	: 5,555
52 week Low (in Rs.)	: 2,724
Market Cap. (in Crore)	: 65,334
NSE Code	: <u>SUPREMEIND</u>

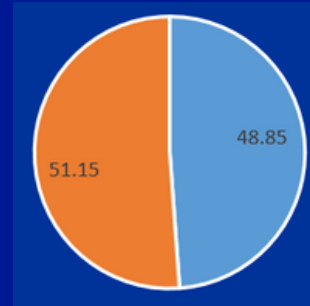
Stock data



-NIFTY50

- GAIL (India) Ltd.

Shareholding Pattern (March 2024)



-PUBLIC GROUP

-PROMOTER GROUP

Financial Summary

Particulars	March 2024	March 2023	March 2022
Sales	10,134	9,202	7,773
Sales Growth %	10.14%	18.38%	22.31%
Expenses	8,587	8,002	6,531
Operating Profit	1,547	1,200	1,242
OPM %	15%	13%	16%
Profit after tax	1,070	865	968
EPS in Rs	84.21	68.12	76.24

Quarterly Results

Particular	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Sales	2,087	2,311	2,598	2,369	2,309	2,449	3,008
Expenses	1,939	2,007	2,118	2,047	1,952	2,070	2,517
Operating Profit	147	303	480	322	356	379	491
OPM %	7%	13%	18%	14%	15%	15%	16%
Other Income	24	36	61	36	37	42	59
Interest	1	1	4	2	2	5	8
Depreciation	65	65	72	72	72	77	77
Profit before tax	105	273	465	283	319	338	465
Tax %	22%	23%	23%	24%	24%	24%	24%
Net Profit	82	210	359	216	243	256	355

Source: Screener

Key Ratios

Particulars	Measure	Current year Numerator	Current year Denominator	2022 - 2023	2021 - 2022	% variance
Current Ratio (Current Assets / Current Liabilities)	Times	2877.10	1136.63	2.53	2.47	2.45%
Debt-Equity Ratio (Total Debt / Shareholder's Equity)	Times	-	3844.76	-	-	-
Return on Equity Ratio (Net Profits after taxes / Average Shareholder's Equity)*100	Percentage	764.47	3616.35	21.14%	25.95%	(18.54%)
Inventory turnover ratio (Cost of Goods Sold/Average Inventory)	Times	6599.24	1322.9	4.99	5.30	(5.84%)
Trade Receivables turnover ratio (Revenue from operations / Average Trade Receivables)	Times	9201.49	479.26	19.20	18.14	5.82%
Trade payables turnover ratio (Net Credit Purchase / Average Trade payables)	Times	8401.13	849.88	9.89	10.15	(2.64%)
Net capital turnover ratio (Revenue from operations / Average Working Capital)	Times	9201.49	1606.51	5.73	6.05	(5.39%)
Net profit ratio (Profit After Tax/Total Income)*100	Percentage	764.47	9283.35	8.23%	10.36%	(20.48%)
Return on Capital employed (Earnings before Interest & tax / Average Capital Employed)	Percentage	1018.45	3706.98	27.47%	33.55%	(18.11%)
Return on investment (Profit after tax / Total Equity)*100	Percentage	764.47	3844.76	19.88%	23.96%	(17.03%)

Source: Annual Report

Yearly Results

Particulars	March 2024	March 2023	March 2022
Equity Capital	25	25	25
Reserves	5,083	4,377	3,819
Borrowings	55	51	46
Other Liabilities	1,392	1,241	1,106
Total Liabilities	6,556	5,694	4,996
Fixed Assets	2,327	2,064	1,767
CWIP	144	84	156
Investments	638	577	476
Other Assets	3,447	2,969	2,597
Total Assets	6,556	5,694	4,996

Synopsis Quater Results

Con-Call May 24: Key Highlights

Business Performance:

- The company sold 195,369 MT of plastic goods in the 4th quarter of the current year, achieving a volume growth of about 33%.
- The company's business segments showed varied performance, with the Plastic Piping System business growing by 34% in volume and 15% in value terms.

Capex and Expansion Plans:

- Planning to commit a capex of around Rs. 1,500 crores during the year to expand capacities and introduce new products.
- The company plans to add 5 new plastic piping systems, including Acoustic PP Pipe System, Polyethylene Gas Piping System, and others.

Business Outlook and Market Share:

- Expecting the plastics piping system business to grow by 25% in volume terms and overall growth by 20% in volume terms.
- Anticipating a market share of around 12% in the plastic piping segment.
- Planning to focus on premium products in the furniture segment and increase the SKU range from 421 to over 1000 by the end of the year.

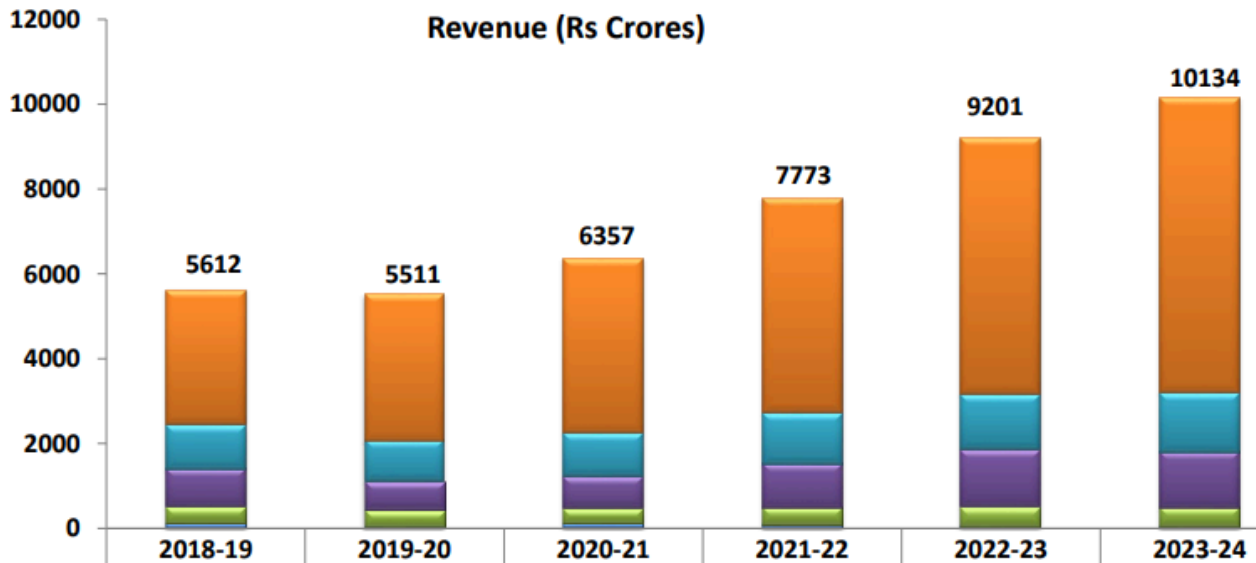
Volume Growth and Market Expansion:

- Witnessed a strong volume growth in the piping segment, with plans to increase capacity to meet the targeted 25% volume growth.
- Market share in the piping segment is expected to improve with strategic investments and market expansion efforts.
- Focusing on export opportunities to drive growth and enhance market presence in international markets.

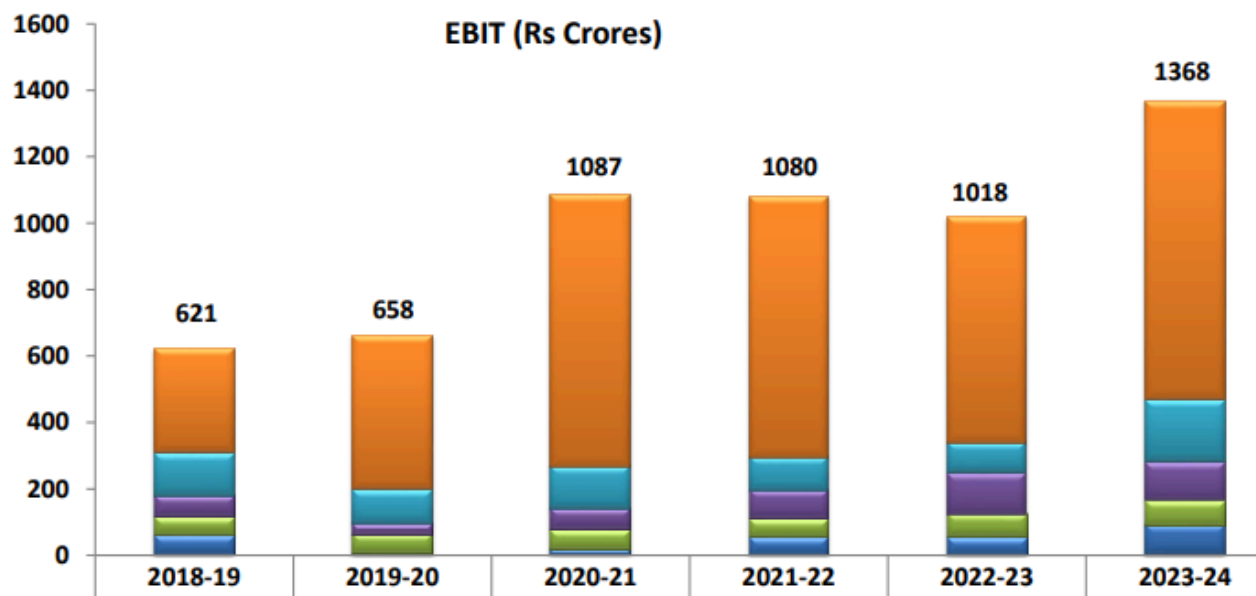
Market Perception and Closing Remarks:

- Market feedback suggests Supreme Industries cutting prices and increasing volumes.
- Management denies any such plans and expresses ignorance about the feedback.
- Management appreciates the questions raised by investors.
- Thankful for the participation and engagement of investor partners.

Revenue Highlights



	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Plastic Piping	3173	3445	4099	5046	6037	6931
Packaging Products	1042	959	1035	1210	1319	1406
Industrial Products	885	673	761	1024	1342	1308
Consumer Products	399	383	354	405	445	441
Others	113	51	106	88	58	48



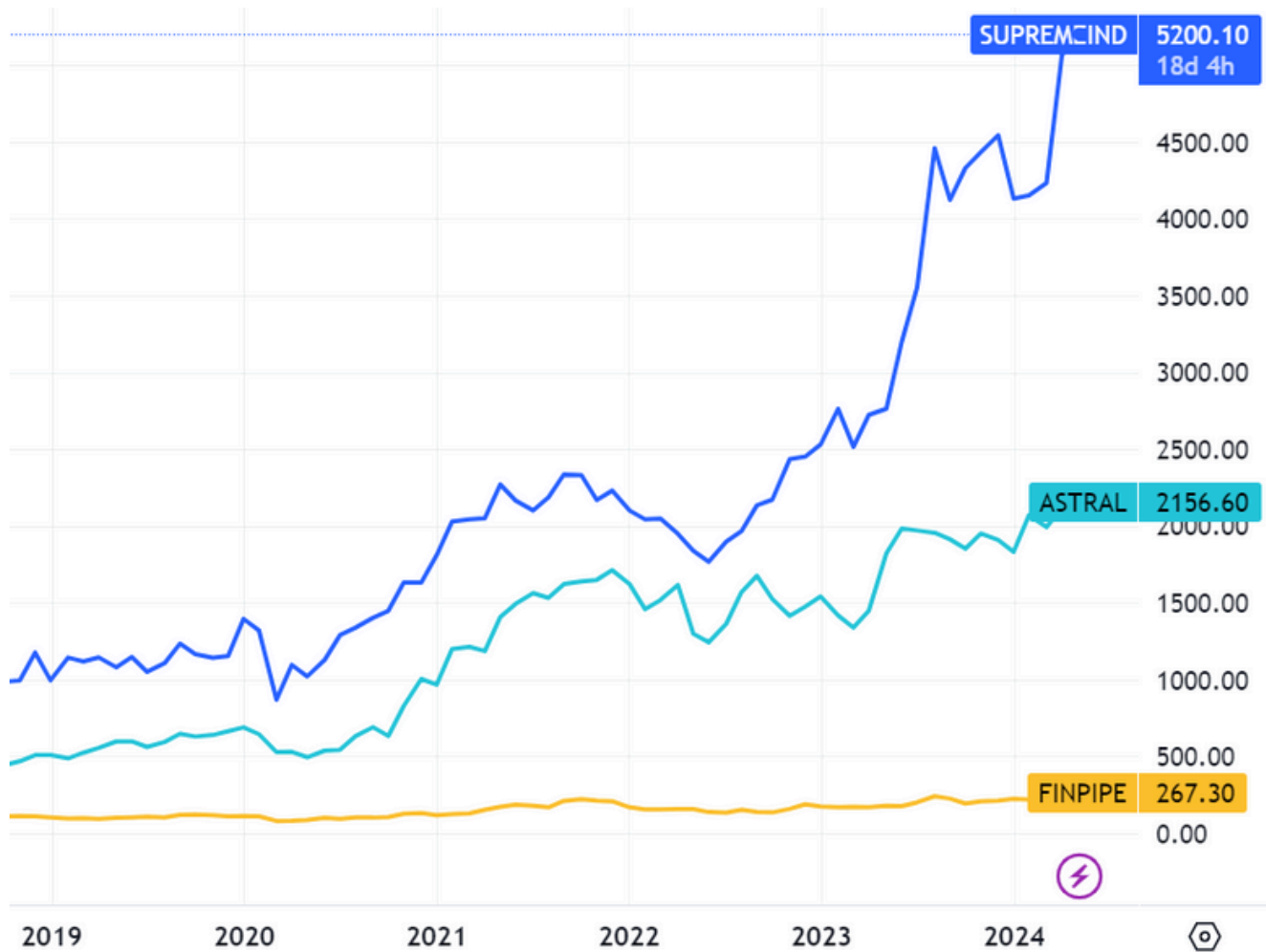
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Plastic Piping	313	460	821	784	679	900
Packaging Products	128	102	125	101	92	188
Industrial Products	63	32	63	85	124	113
Consumer Products	56	58	60	54	68	75
Others	61	6	18	56	55	92

Source: Investor Presentation

Peer Comparison



Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	Supreme Inds.	5143.35	61.11	65334.36	0.57	354.82	-1.28	3007.89	15.76	29.56
2.	Astral	2157.35	102.65	57952.25	0.15	113.30	22.21	1370.20	8.08	23.56
3.	Finolex Inds.	267.55	36.46	16600.88	0.54	161.43	1.95	1235.42	8.27	11.51
4.	Responsive Ind	273.60	53.48	7294.43	0.03	44.71	165.81	267.27	1.27	4.51
5.	Prince Pipes	635.50	33.75	7026.14	0.00	37.63	6.33	618.62	-12.36	12.28

Source: Screener

Final Outlook

SUPREMEIND: BUY | LTP: 5,143

The stock had a constant gain from July, because of the good qtr results and in Aug, They issued a statement of expanding and having million- tonne capacity next year. Company has been debt free and has a Cash surplus of 951 crore as at 30 june,23 which gives a strong liquidity strength of the company. There has been a Constant growth from 2022-2023 in the share price, in 2023 volatility was seen as price trailed mainly between 4600-3900.

BUY,HOLD for long term as the Company is at 1st position in the market in the plastic products Manufacturing Catogery. The company share has constantly increased in 1 year by 81%, in 3 years by 141% and in 5 years by 344%.

Supreme Industries posted robust volume growth, with the pipes division growing 41 percent on-year, beating Nuvama Institutional Equities estimate of 30 percent.

Overall, volumes rose 33 percent YoY.

The volumes were driven by strong demand for infra pipes and a pickup in real estate demand—outpacing industry growth of 13.8 percent, reflecting robust market share gains, the brokerage said.

Given the robust demand outlook, particularly for pipes, management raised FY25E plastic pipes volume growth guidance to 25 percent and for volumes to 20 percent.

The growth is likely to be supported by acceleration in capex to Rs 1,500 crore, up from Rs 1,000 crore indicated earlier.