

Supreme Industries

28 July 2026

Operator: Ladies and gentlemen, good day and welcome to the Supreme Industries Limited Q1 FY27 Earnings Conference Call, hosted by DAM Capital Advisors Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Anifa Fernandez. Thank you, and over to you, ma'am.

Anifa Fernandez – DAM Capital Advisors: Thank you, Anushka. Good evening everyone, and welcome to Supreme Industries Limited Q1 FY27 post-earnings conference call. Joining us today from the company's senior management team are Mr. M.P. Taparia, Chairman and Managing Director; Mr. P.C. Somani, Chief Financial Officer; and Mr. R.J. Saboo, Vice President, Corporate Affairs and Company Secretary. I would now like to hand the call over to Mr. Taparia for his opening remarks. Over to you, sir.

Management: Thank you very much. I am M.P. Taparia, Chairman and Managing Director of Supreme Industries Limited. I, along with my colleagues Mr. P.C. Somani, CFO, and Mr. R.J. Saboo, Vice President, Corporate Affairs and Company Secretary, welcome all the participants who are participating in the discussion of the unaudited standalone and consolidated financial results for the quarter ended June 30, 2026. The standalone and consolidated results are already with you. I will give a brief on company products, operating performance, and other highlights.

The company sold 157,536 tons of plastic goods and achieved revenue from operations of 2,718 crores during the first quarter of the current year, against sales of 183,796 tons and revenue of 2,609 crores in the corresponding quarter of the previous year, resulting in a volume degrowth of around 14% and revenue growth of 4% respectively. The standalone operating profit and profit after tax during the period under review amounted to 398 crores and 208 crores, as compared to 319 crores and 177 crores during the corresponding quarter of the previous year, achieving an increase of 25% and 17% respectively.

The business scenario for all product segments of the company for the quarter ended June 30, 2026, as compared to the corresponding quarter of the previous year, has been as follows: The plastic piping system business degrew by 15% in volume and remained at a fair level in value terms. The packaging product segment degrew by 10% in volume and grew by 9% in value terms. The industrial product segment business degrew by 6% in volume and grew by 24% in value terms. The consumer product segment business degrew by 22% in volume and 11% in value terms. The overall turnover of value-added products increased to 1,142 crores during the current quarter, as compared to 933 crores in the corresponding quarter of the previous year, achieving a growth of 22%.

Business outlook: The first quarter of FY27 was impacted by extraordinary volatility in polymer prices, particularly during April 2026, which resulted in inventory correction across the value chain and temporarily affected industry demand. While this created short-term challenges, the underlying demand drivers for our business remain intact. With polymer prices now stabilizing, the removal of custom duty exemptions, and the implementation of a minimum import price (MIP) for suspension-grade PVC resin, we expect business conditions to progressively improve as channel

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inventory normalizes and market sentiment strengthens.

India continues to offer significant long-term growth opportunities, supported by infrastructure development, urbanization, water management projects, housing, and the expansion of the gas distribution network. Supreme is well-positioned to benefit from these trends through its diversified portfolio, strong brand, extensive distribution network, and continued focus on innovation. We continue to strengthen our growth program through capacity expansion and new product introductions. The successful integration of the Wavin business, expansion of the piping portfolio, growing opportunities in composite cylinders, protective packaging, industrial material handling products, and the launch of the uPVC window business further enhance our long-term growth prospects.

The company continues to invest in capacity expansion across key businesses and is progressing with plans to establish manufacturing facilities at new locations, including Bihar, Jammu, and Malanpur near Gwalior. The company is also in the process of acquiring additional land at Pondicherry and Erode to create additional manufacturing setups. Supreme maintains a robust financial position, enabling the company to fund growth plans, capital expenditure, and working capital requirements through internal accruals. While the first quarter reflected temporary industry headwinds, we remain optimistic about the outlook for the balance of the year and confident in our ability to capitalize on the opportunities ahead. That is the overall summary for the quarter under reference. Now, Mr. P.C. Somani, Mr. R.J. Saboo, and I are available to reply to the various queries raised by you. Thank you very much.

Operator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on your touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Please limit your questions to two per participant.

We take the first question from the line of Keshav Lahoti from HDFC Securities. Please proceed.

Keshav Lahoti – HDFC Securities: Hi, thank you for the opportunity. Sir, as you indicated, the underlying demand is broadly doing fine and it was more about channel inventory impacting the volume growth. Can you give more color about plumbing and agri? Possibly the agri season was also weak because of the monsoon and fertilizer prices. Secondly, what is the guidance for this year for volume growth and margins?

Management: Agri growth was definitely affected in April and June as prices dropped so steeply that farmers were prejudiced and hesitant to start buying. Now the April to June season is over. The next demand will start from the middle of September, and we believe that as the water reservoirs are filling up, the demand will be quite robust in the remaining part of the year in the agri segment.

Keshav Lahoti – HDFC Securities: Sir, I also asked about your volume growth and margin guidance for this year.

Management: Regarding volume growth, we stated in April that we anticipate a volume growth of 15–17% in the piping division and 12–13% overall for the company. We maintain that same volume growth guidance.

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Keshav Lahoti – HDFC Securities: So you still maintain this guidance for the entire year despite the first three months being pretty tough?

Management: We are talking about the whole year.

Operator: Thank you. We take the next question from the line of Sneha from Nuvama. Please proceed.

Sneha – Nuvama: Hi, good evening, sir, and thanks a lot for the opportunity. A couple of questions from my end. What would have been the industry-related decline in terms of Q1 volumes? I just wanted to gauge if the 15% decline was higher than the industry volume decline.

Management: Regarding industry decline, I think the whole country declined in plastics. The entire plastic industry saw degrowth because prices were corrected steeply from the high prices seen in March. Consequently, the entire pipeline and the whole industry must have moved into an inventory reduction mode.

Sneha – Nuvama: Understood. But do we have any specific numbers? Was it an 8% drop or a 9% drop industry-wide? That would be helpful if you have that.

Management: I do not have the specific industry-wide percentage figures. These days, import data also does not come easily, so we have no clear idea.

Sneha – Nuvama: Sure. Secondly, I wanted to understand the impact of the recently imposed MIP. Where are PVC prices currently standing, and what are the inventory levels with the distributors? What sort of reaction are you seeing after the MIP came up, both in terms of PVC pricing and the restocking part?

Management: Inventory levels must have gone down quite extremely in the first quarter. We are seeing demand coming in a big way in this quarter. So now they are filling up the inventory again. To run the business, they have to have adequate inventory.

Sneha – Nuvama: You mean you are seeing restocking happening at this point? And on PVC pricing, sir?

Management: PVC prices also went up recently by 9 rupees per kilo.

Sneha – Nuvama: Thirdly, on the margins front, we have seen a phenomenal jump. Could we say that part of this was due to inventory gains, or can you quantify any such gains?

Management: In this quarter, the profit percentage has been higher because when we saw such a big degrowth in demand, it was mostly in the piping segment where the margins are lower. There was a significant decrease in volume and turnover in plastic pipes, which is a low-margin business. Because that lower-margin business was a smaller portion of the total, our overall margin appears better in this first quarter.

Operator: Thank you. We take the next question from the line of Shravan Shah from Dolat Capital. Please proceed.

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Shravan Shah – Dolat Capital: Hi, thank you, sir. Sir, regarding the volume growth guidance, we are saying we are still maintaining 15–17% piping volume growth for FY27. This implies that in the next nine months, we need to do at least 25% growth. Are we already seeing that kind of growth in July? And in Q2, will the growth be as strong, or will it be largely back-ended in the second half where we might need 30% plus growth?

Management: We believe there will be good growth in the second quarter. July is only one month out of three, but we are seeing extremely good growth in July. We believe the growth will be quite good in the second quarter, which you will see confirmed in October.

Shravan Shah – Dolat Capital: So in the current month, you are seeing significant growth as channel inventory fills up?

Management: They have to fill up; otherwise, how can they do business?

Shravan Shah – Dolat Capital: True. In Q1, was the 15–16% degrowth consistent across April, May, and June, or was it concentrated in April and May?

Management: April was the worst. In May and June, we saw small growth, but April saw a steep degrowth of more than 50%.

Shravan Shah – Dolat Capital: Got it. And the EBITDA margin guidance of 14–14.5% for FY27 is maintained?

Management: We are maintaining that, yes.

Shravan Shah – Dolat Capital: And as you said, there were no inventory gains in Q1?

Management: When prices are dropping, how can there be inventory gains?

Shravan Shah – Dolat Capital: Given that PVC prices have increased by 9 rupees per kg, but oil prices have recently fallen, do you expect the current PVC prices to stay? It is becoming difficult to model given the volatility. Can we see Q-o-Q improvement in PVC realizations for us?

Management: There is nothing difficult for us. Anyway, PVC is not a 100% crude-linked product. It is 75% chlorine-linked which comes from caustic soda production. It is not a 100% petroleum crude product.

Shravan Shah – Dolat Capital: And the 1,000 crore CAPEX guidance for the full year is maintained?

Management: Yes, we are maintaining it.

Shravan Shah – Dolat Capital: How much was spent in Q1?

Management: We are committing the money depending on machine arrivals. We have committed 500 crores up to now.

Operator: Thank you. We take the next question from the line of Ritesh Shah from Investec Capital. Please proceed.

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Ritesh Shah – Investec Capital: Hi, sir. Can you speak more about the progress in gas piping, the windows and doors business, and the Indogreen Plus three-layer PPR pipes? How big can these segments be?

Management: Based on current inquiries and the plans of various gas companies, we believe the piping business, including pipes and fittings, may be around 600 crores this year.

Ritesh Shah – Investec Capital: And on the windows and doors business and PPR pipes?

Management: We have already started the windows business. It is a total market of around 150,000 tons in the country. We just started recently. We aim for 5,000 tons per year initially. PPR is a regular business; our company supplies farmers who require our pipes because of our commitment to quality.

Ritesh Shah – Investec Capital: Regarding the 600 crore number for gas piping, have you already started receiving orders? You mentioned orders from Pune last year.

Management: We are getting orders and we have already supplied them. The customers are very happy with the gas pipe systems.

Ritesh Shah – Investec Capital: There was a CAG report regarding the Jal Jeevan Mission for Maharashtra and Karnataka. Have you reviewed it, and how should we look at agri demand specifically from the JJM scheme?

Management: I have no idea; I have not seen that report.

Operator: Thank you. We take the next question from the line of Praneeth from SK Investments. Please proceed.

Praneeth – SK Investments: Hi, sir. Regarding the window and profile business, how much have we invested so far, and what kind of revenues do we expect over the next 2–3 years?

Management: We have invested 220 crores. We are expecting revenue of about 350 crores once we reach normal utilization. We expect to reach better capacity utilization next year as we have already started selling in the market.

Praneeth – SK Investments: Regarding CPVC growth, will it continue to take share of the overall piping market, or is OPVC also taking over?

Management: Our market share in CPVC is likely going up. OPVC is also gaining good acceptance. We are adding another machine for Eastern India and currently have machines running in South and Western India. So we are building more capacity there.

Praneeth – SK Investments: It is known in the market that you have been aggressive on pricing despite having a strong brand. When do you plan to reduce this competitive intensity and increase prices?

Management: The pricing of the product depends on raw materials. Prices are adjusted as raw material costs go up or down. To gain better market reach, we are passing on benefits derived from

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economies of scale and proximity to markets. Since we have PAN-India manufacturing, our logistics costs are rationalized, and we pass that benefit to the end customer.

Praneeth – SK Investments: Is there a possibility you might stop passing this on to increase margins, or will you continue this strategy for the next 1–2 years?

Management: Right now, we are more focused on the return on capital employed than just the margin percentage. We want to grow, and we are growing. We are building new systems in Eastern India, receiving more market interest, and going aggressively into the export market.

Operator: Thank you. We take the next question from the line of Pravin Sahay from PL Capital. Please proceed.

Pravin Sahay – PL Capital: Hi, sir. Regarding the capacity expansions in Bihar, Malanpur, and Jammu, what is the planned capacity addition for these three locations?

Management: We will complete these projects over the next 2 years. We will be adding capacity incrementally as the market demands. We have a 21-acre land parcel in Bihar and 30 acres in Jammu. Hopefully, after 2 years, these two plants together will have more than 50,000 tons of capacity. Malanpur is for industrial material handling systems. These are bulk, freight-intensive items, and we will put in capacity based on market requirements for various grades of pallets.

Pravin Sahay – PL Capital: What kind of products are planned for Pondicherry and Erode?

Management: We are going to shift existing production for Whirlpool from Pondicherry, and in the space created, we will put more capacity to make furniture for the export market.

Operator: Thank you. We take the next question from the line of Rahul Agarwal from ICICI Asset Management. Please proceed.

Rahul Agarwal– ICICI Asset Management: Hi, sir. I want to understand customer behavior. When prices fall, channel destocking happens. Does this lost volume come back as pent-up demand once prices stabilize?

Management: When prices move upwards or stabilize, pent-up demand naturally emerges as the channel normalizes and destocking ends. In packaging, applications like insulation for civil construction may see demand deferred for a few months, but it eventually returns.

Rahul Agarwal– ICICI Asset Management: Industrial volume also saw a degrowth. Is that demand also recovered, or is it purely dependent on the OEM business?

Management: Industrial is OEM-linked. It depends on their end-market positions, such as demand for air conditioners. Those supplies are not typically governed by polymer prices but by the demand for the OEM's final product. The industrial volume degrowth this quarter was organic to those end markets.

Rahul Agarwal– ICICI Asset Management: On exports, which products and markets are we targeting? You mentioned aiming for 150 million from 26 million.

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Management: Last year our exports were 26 million overall. We are aiming to reach 150 million in 6–7 years across all product segments except industrial components. We are targeting global markets, particularly where the government is entering into Free Trade Agreements (FTAs). Regions with FTAs will be given top priority.

Operator: Thank you. We take the next question from the line of Karan from Guardian Capital Partners. Please proceed.

Karan – Guardian Capital Partners: Hi, thanks for the opportunity. What is Supreme's current capacity and utilization for composite cylinders?

Management: Current capacity is about 9–10 lakh cylinders per annum, depending on the product mix. Utilization currently stands between 25–35%, depending on domestic oil marketing companies.

Karan – Guardian Capital Partners: With HPCL and BPCL expanding composite cylinder availability to over 100 cities, how do you see this evolving?

Management: There are good opportunities now. HPCL just completed a tender for 2 lakh pieces, and we received an LOI for 60,000 pieces. Supplies will start next month. Unfortunately, it is not a stock-and-sale item; we must manufacture cylinders according to specific designs and serial numbers as per the orders.

Operator: Thank you. We take the next question from the line of Disha Chamria from Trinetra Asset Managers. Please proceed.

Disha Chamria – Trinetra Asset Managers: What is the specific EBITDA margin you expect for FY27? Will it continue at current levels or return to historical ranges?

Management: We anticipate between 14–14.5% for the full year.

Disha Chamria – Trinetra Asset Managers: Regarding the demand situation in plumbing, agri, and industrial, were there specific pockets of weakness or strength this quarter?

Management: Majorly, the plastic piping system showed 15% degrowth in volume in the first quarter, but we are looking for 15–17% volume growth for the full year. Demand in that segment is already looking much better, and raw material prices have stabilized.

Operator: Thank you. We take the next question from the line of Tejas Pradhan from Citibank. Please proceed.

Tejas Pradhan – Citibank: The EBITDA margin in the plastic piping segment improved substantially year-over-year despite no inventory gains. Is this entirely because of product mix?

Management: Yes. As we stated, there was lower sales volume of pipes specifically. Since pure pipe sales are a low-margin business, when that volume decreased, the remaining piping business mix yielded higher margins. This will normalize over the full year as pipe volumes return.

Tejas Pradhan – Citibank: Could you share the company's inventory levels as of June 30?

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Management: We keep an inventory level corresponding to about two and a half months of turnover. Since we handle a very large volume, we must keep adequate inventory to be responsive to our customers.

Tejas Pradhan – Citibank: Regarding the MIP, it is in place for six months. Do you expect it to be extended?

Management: That is a question for the Government of India.

Operator: Thank you. We take the next question from the line of Durgesh Shukla from Incred Capital. Please proceed.

Durgesh Shukla – Incred Capital: What was the Wavin contribution this quarter, and what is the expectation for the full year?

Management: The Wavin capacity we acquired is 70,000 metric tons. We saw about 50–60% capacity utilization in the first quarter. For the full year, we look to utilize about 70% of that 70,000-ton capacity.

Operator: Thank you. We take the next question from the line of Utkarsh from Anand Rathi. Please proceed.

Utkarsh – Anand Rathi: Sir, my question is on the pipe segment margin. EBIT margin improved from 8.8% to 11.4% despite a volume decline. Is this entirely due to a sharp decline in agri pipe volumes?

Management: It was both agri pipes and other pipes. There was significant destocking by our distributors across the board. Since pipes are lower margin than fittings and other systems, the margin improved mathematically when pipe volume dropped.

Utkarsh – Anand Rathi: Last year you were guiding for 14.5–15.5% EBITDA margins during a difficult year. Now you are guiding for 14–14.5% despite a good start and higher resin prices. Why the more conservative guidance?

Management: We are providing guidance in a conservative and responsible manner. We do not want to present an overly aggressive picture. In the first quarter, the margin was high because of the lower volume of low-margin plastic pipes. As we reach our 15–17% volume growth target, we will be selling large quantities of those pipes over the next nine months, which will bring the overall margin toward the guided range.

Operator: Thank you. We take the next question from the line of Shailly Jain from Dolat Capital. Please proceed.

Shailly Jain – Dolat Capital: Could you please provide the value of inventory, debtors, and payables as of June?

Management: Our inventory remains at a level of about two and a half months. Our receivables represent about 50 days of turnover, and our payables remain between 50 to 55 days.

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Operator: Thank you. We take the next question from the line of Nikunj Shah from I-Sec. Please proceed.

Nikunj Shah – I-Sec: How was the CPVC growth in Q1? And did all piping segments like agri and plumbing degrow?

Management: Every piping segment, including agri, plumbing, and polyethylene pipes, saw degrowth in the first quarter.

Nikunj Shah – I-Sec: Do you expect the lost agri pipe volume to be recovered from September to March?

Management: From the second half of September through March, demand will grow very nicely.

Operator: Thank you. We take the next question from the line of Rubal Kumar Anupchand Shah from Sumangal Investment. Please proceed.

Rubal Kumar Anupchand Shah – Sumangal Investment: What is the agri and non-agri mix? And since Lubrizol and Reliance are starting CPVC resin production in India, will our costs come down?

Management: We do not have a precise agri vs. non-agri mix because in several states, agri pipes are also used for housing. Regarding CPVC, both Lubrizol and Reliance are coming up with local production. Whether they will keep prices lower remains to be seen.

Operator: Thank you. We take the next question from the line of Varun from 361 Capital. Please proceed.

Varun – 361 Capital: Was the realization improvement in packaging and industrial due entirely to polymer prices, or were there price hikes?

Management: These are customized solutions. In packaging, we provide many customized solutions that command better realizations. In the industrial segment, items like pallets and dustbins are high-value-added products. The product mix plays a major role there.

Varun – 361 Capital: If polymer prices fall, will realizations in those segments also decline, or is there less direct correlation?

Management: There is not as much of a direct correlation as there is in PVC pipes. It depends on the specific product and the polymers used, whether it is polyethylene, polypropylene, or polystyrene.

Operator: Thank you. We take the next question from the line of Tejas Pradhan from Citibank. Please proceed.

Tejas Pradhan – Citibank: On CPVC, were prices stable through the quarter, given it saw minimal growth?

Management: CPVC prices were generally stable. There was a correction in April after a jump in March, but after April 20, there has not been much variance in the price.

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Tejas Pradhan – Citibank: Since PVC prices are starting to increase and are close to the MIP level, do you expect the lost volume from Q1 to be recovered in Q2?

Management: Most of the lost volume will be recovered. We are confident we will have volume growth in the first half of the year overall.

Operator: Thank you. We take the next question from the line of Roshan from Antique Stock Broking. Please proceed.

Roshan – Antique Stock Broking: With the MIP now in effect, do you think PVC prices should stabilize?

Management: The MIP stops the decline at a certain level, but nothing stops prices from going up further.

Roshan – Antique Stock Broking: What is the export opportunity you are looking at?

Management: The global import trade for plastic pipes was 41 billion dollars last year. Our company exported only 5 million dollars of that. We see a huge opportunity. We are spending money on exhibitions, appointing resources, and getting our products certified for international markets. We are making significant investments to reach our objective. We want to serve 8 billion people, not just 1.5 billion.

Operator: Thank you. We take the next question from the line of Pratyush, an individual investor. Please proceed.

Pratyush – Individual Investor: Has the demand from channel partners continued to recover after the destocking seen earlier in the year?

Management: As we told you, we expect to have growth in this current quarter. We are confident that for the first half of the year, we will see overall volume growth.

Operator: Thank you. We take the next question from the line of Karan Bhatia from AM Sec. Please proceed.

Karan Bhatia – AM Sec: How is the Wavin portfolio doing? Do we stick to the guidance of selling 50,000 metric tons in FY27?

Management: Wavin is doing very well. We are adding new products to our portfolio that were not there previously. We anticipate reach 70% capacity utilization. For the overall piping system, we maintain our guidance of 15–17% volume growth for the full year.

Karan Bhatia – AM Sec: Any clarity on the packaging plant for the export market?

Management: The factory is currently shut down.

Operator: As there are no further questions, I would now like to hand the conference over to the management for closing comments.

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Management: Thank you very much. We are very impressed by the analytical questions asked by our investor friends. We thank you for your time and hope we have adequately replied to your inquiries. Thank you all very much.

Operator: Thank you. On behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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