

# Supreme Industries | BUY

Living up to its name

Supreme Industries (SI), India's largest and most diversified plastics company, has cemented its leadership in the plastic pipes industry through scale, innovation, and aggressive yet disciplined expansion. Operating >30 plants with 946kt of piping capacity—nearly double its closest peer—SI combines decades of expertise, a broad portfolio, and a deep distribution network to sustain its competitive edge. Capacity is set to cross ~1mt by FY26, aided by recent acquisitions that expand technology and regional reach, while the management guides for 15–17% piping volume growth in FY26. Backed by strong operating cash flow (~INR 50bn over FY25–28E) and a net cash balance sheet, SI is targeting sector-leading capex (JMFc: ~INR 29bn over FY25–28E) without financial strain. Robust return ratios (>20% over the last 5 years), and steady dividend payouts (~35%) further underscore its disciplined growth profile and reinforce the company's compelling growth story. We initiate coverage with BUY rating and with TP of INR 5,400/sh based on 45x Sep'27 EPS (~25% premium to past 5-year average; ~20% discount to Astral). Key risk is limited clarity on succession plan.

- **Pioneer in the Indian plastic pipes industry with structural advantages:** SI, India's largest and most diversified company, operates >30 plants with 946kt (including acquisitions) of plastic pipes capacity, nearly double its closest peer. Its decades of expertise, broad product portfolio, and innovation-led approach underpin market leadership. A pan-India footprint, scale-driven cost efficiencies, and a strong distribution network with 14,500 SKUs enable deep market penetration and reinforce its competitive edge.
- **Capacity expansion secures future scalability:** SI has emerged as one of the most aggressive players in the industry over the past 2-3 years, leading in capex, pursuing strategic inorganic expansion, and adopting assertive pricing to capture market share (~20% volume CAGR over FY22-25). SI has doubled its piping capacity in the past 5 years and is targeting capacity of ~1mt by FY26. Recent acquisitions (Wavin India, Parvati Agro) almost after 2 decades add capacity, expand regional presence, and bring technologies advancements. With SI guiding for 15-17% piping volume growth in FY26, its scale, expansion and market leadership underpin a strong growth story.
- **BS strength to fund capex; return ratios to remain healthy:** We estimate sector-leading capex of ~INR 29bn over FY25–28E, funded by strong OCF (~INR 50bn) while maintaining a net cash balance sheet. A lean working capital cycle (35–40 days) and robust return ratios (>20% with average dividend payout of ~35% in the past 5 years) highlight financial discipline. Though returns may moderate amid expansion, they are expected to stay healthy and well above cost of capital (>18%) in the coming years.
- **Initiate with BUY, TP INR 5,400:** We factor in EBITDA/ EPS CAGR of 18%/ 20% led by strong overall volume growth of FY25-28E. We estimate blended EBITDA/kg to increase from INR 21.2/kg in FY25 to ~INR 25/kg by FY28E (reverting to FY24 levels). SI has narrowed its valuation gap with Astral over the past 3 years, driven by volume outperformance. We value the stock on a P/E basis at 45x Sep'27 EPS (~20% discount to Astral owing to margin differential), driving our TP of INR 5,400, and initiate with BUY.



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## Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	NA
Current Price Target (12M)	5,400
Upside/(Downside)	26.4%
Previous Price Target	NA
Change	NA

## Key Data – SI IN

Current Market Price	INR4,271
Market cap (bn)	INR542.5/US\$6.1
Free Float	51%
Shares in issue (mn)	127.0
Diluted share (mn)	127.0
3-mon avg daily val (mn)	INR798.8/US\$9.0
52-week range	5,580/3,020
Sensex/Nifty	81,160/24,891
INR/US\$	88.7

## Price Performance

%	1M	6M	12M
Absolute	-7.8	23.5	-18.3
Relative*	-8.2	17.6	-13.6

\* To the BSE Sensex

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	101,343	104,463	114,532	131,748	150,365
Sales Growth (%)	10.1	3.1	9.6	15.0	14.1
EBITDA	15,473	14,317	16,111	20,131	23,582
EBITDA Margin (%)	15.3	13.7	14.1	15.3	15.7
Adjusted Net Profit	10,697	9,609	10,882	13,932	16,528
Diluted EPS (INR)	84.2	75.6	85.7	109.7	130.1
Diluted EPS Growth (%)	23.6	-10.2	13.2	28.0	18.6
ROIC (%)	29.1	22.2	19.8	21.5	23.5
ROE (%)	22.5	17.8	18.2	20.7	21.3
P/E (x)	50.7	56.5	49.9	38.9	32.8
P/B (x)	10.6	9.6	8.6	7.5	6.5
EV/EBITDA (x)	34.3	37.2	33.4	26.6	22.4
Dividend Yield (%)	0.7	0.7	0.8	0.9	0.9

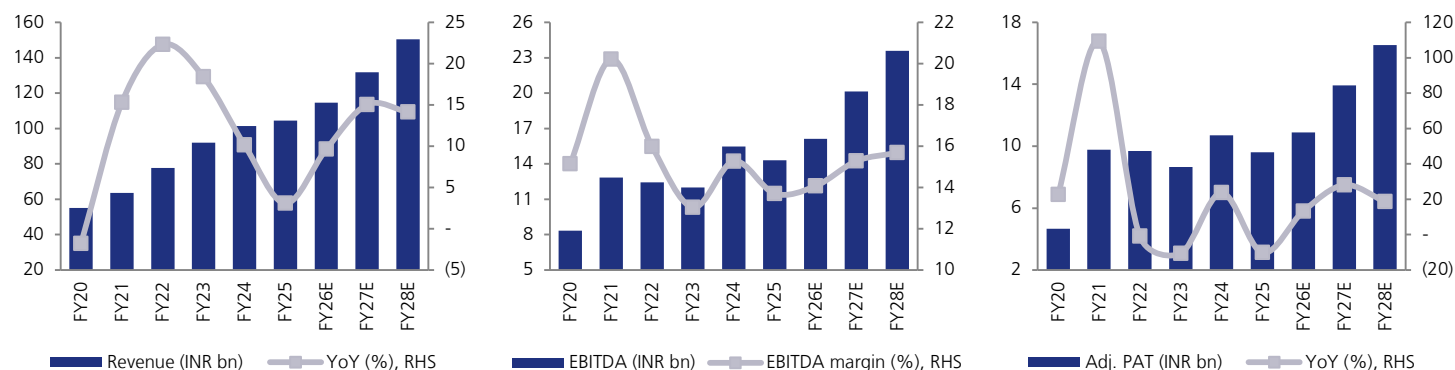
Source: Company data, JM Financial. Note: Valuations as of 25/Sep/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

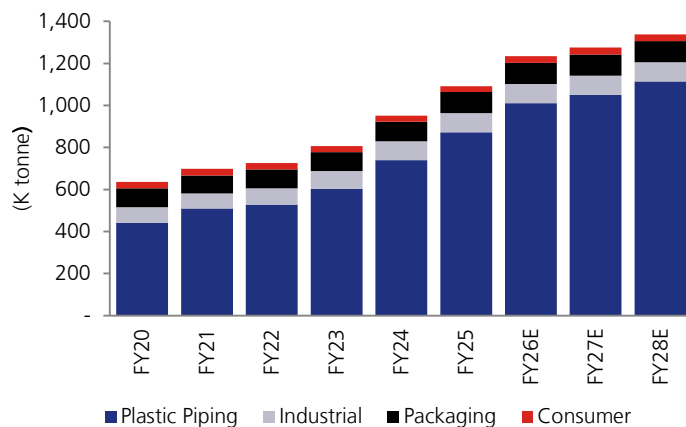
## Story in Charts

Exhibit 1. We estimate Revenue/ EBITDA/ Adj. PAT to grow at 13%/ 18%/ 20% CAGR over FY25-28E



Source: Company, JM Financial

Exhibit 2. Installed capacity to grow ~7% CAGR over FY25-28E



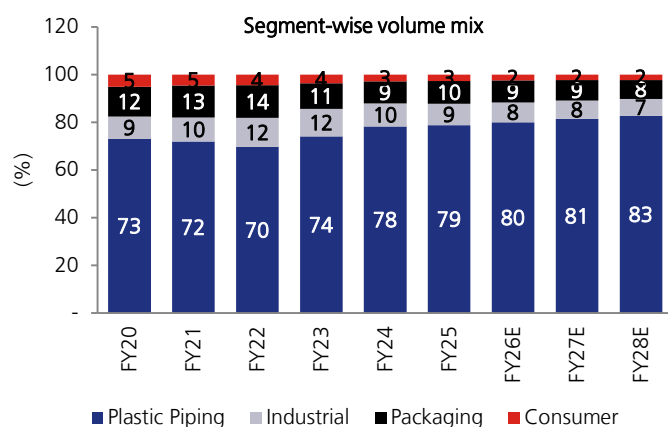
Source: Company, JM Financial

Exhibit 3. SI's freight cost remains 40-50bps lower vs. its peers



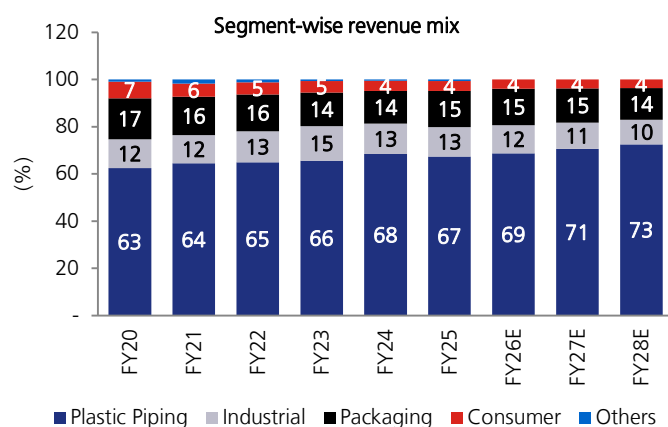
Source: Company, JM Financial

Exhibit 4. Plastic piping volume share to increase &gt;80%

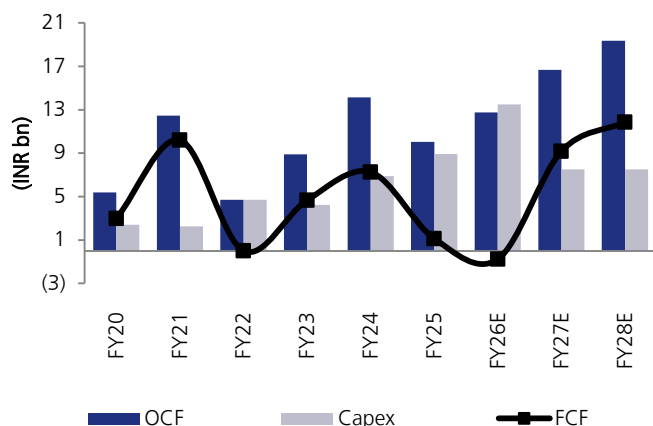


Source: Company, JM Financial

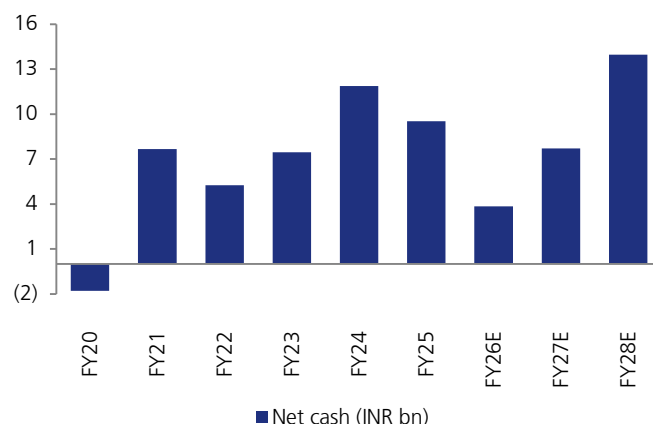
Exhibit 5. ...and the segment to contribute &gt;70% of revenues



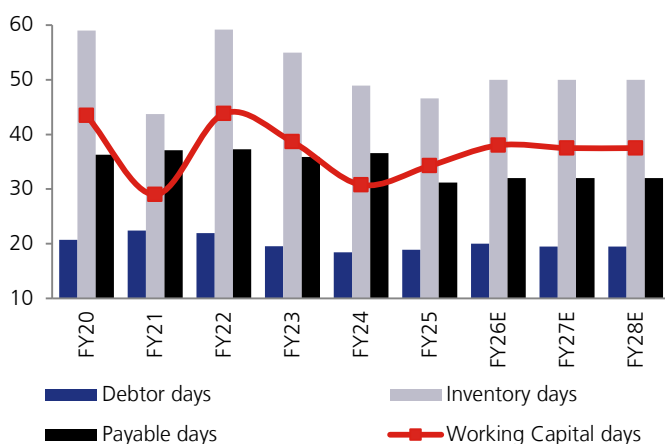
Source: Company, JM Financial

**Exhibit 6. We expect FCF generation of ~INR 19bn over FY25-28E**

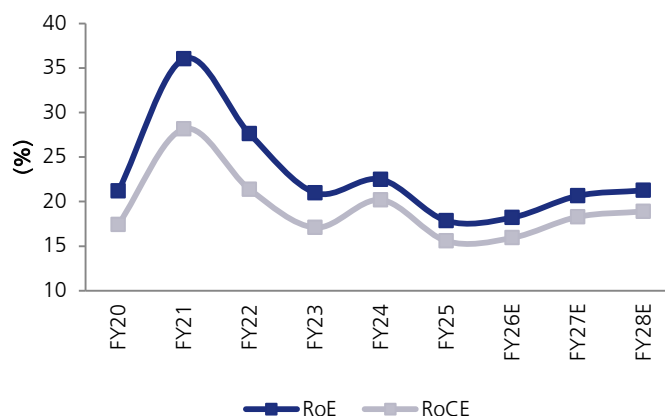
Source: Company, JM Financial

**Exhibit 7. Net cash position to improve over FY25-28E**

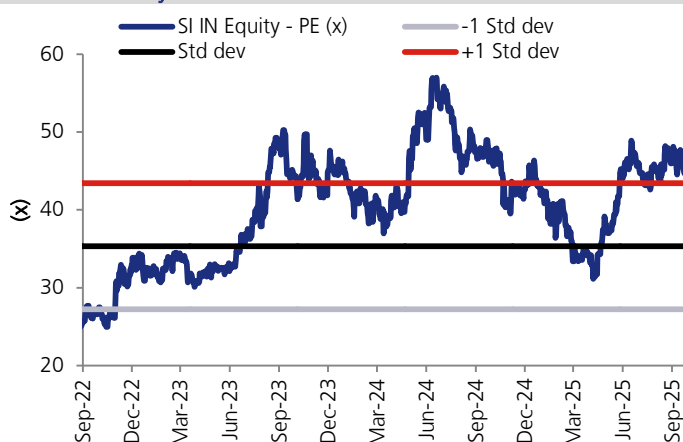
Source: Company, JM Financial

**Exhibit 8. Working capital days trajectory to remain broadly stable**

Source: Company, JM Financial

**Exhibit 9. Return ratios likely to improve over FY25-28E**

Source: Company, JM Financial

**Exhibit 10. One-year forward P/E**

Source: Bloomberg, JM Financial

**Exhibit 11. Initiate BUY with TP of INR 5,400 on 45x Sep'27 P/E****P/E Method**

Sep'27E EPS (INR)	120
P/E multiple (x)	45
<b>Target Price (INR)</b>	<b>5,400</b>
CMP (INR)	4,271
Upside (%)	26.4

Source: JM Financial

## Investment thesis

- **Pioneer in the Indian plastic pipes industry with structural advantages:** SI, India's largest and most diversified company, operates >30 plants with 946kt (including acquisitions) of plastic pipes capacity, nearly double its closest peer. Its decades of expertise, broad product portfolio, and innovation-led approach underpin market leadership. A pan-India footprint, scale-driven cost efficiencies, and a strong distribution network with 14,500 SKUs enable deep market penetration and reinforce its competitive edge.
- **Capacity expansion secures future scalability:** SI has emerged as one of the most aggressive players in the industry over the past 2-3 years, leading in capex, pursuing strategic inorganic expansion, and adopting assertive pricing to capture market share (~20% volume CAGR over FY22-25). SI has doubled its piping capacity in the past 5 years and is targeting capacity of ~1mt by FY26. Recent acquisitions (Wavin India, Parvati Agro) after almost 2 decades add capacity, expand regional presence, and bring technologies advancements. With SI guiding for 15-17% piping volume growth in FY26, its scale, expansion and market leadership underpin a strong growth story.
- **BS strength to fund capex; return ratios to remain healthy:** We estimate sector-leading capex of ~INR 29bn over FY25-28E, funded by strong OCF (~INR 50bn) while maintaining a net cash balance sheet. A lean working capital cycle (35-40 days) and robust return ratios (>20% with average dividend payout of ~35% in the past 5 years) highlight financial discipline. Though returns may moderate amid expansion, they are expected to stay healthy and well above cost of capital (>18%) in the coming years.
- **Key risks:**
  - **Potential risk associated with succession planning:** The Taparia family, pioneers of India's plastics industry, have steered the company to its current scale and leadership position. However, the lack of clarity around a succession plan could pose a potential risk.
  - **Raw material volatility:** Supreme Industries' significant reliance on polymer-based inputs exposes it to crude-linked price fluctuations and global supply chain disruptions.
  - **Sectoral cyclicality:** Demand for the company's products is closely linked to real estate, agriculture, and infrastructure activity. A slowdown in any of these sectors could materially impact volume growth.
- **Initiate with BUY, TP INR 5,400:** We factor in EBITDA/ EPS CAGR of 18%/ 20% led by strong overall volume growth in FY25-28E. We estimate blended EBITDA/kg to increase from INR 21.2/kg in FY25 to ~INR 25/kg by FY28E (reverting to FY24 levels). We value the stock on a P/E basis at 45x Sep'27 EPS (~20% discount to Astral owing to margin differential), driving our TP of INR 5,400, and initiate with BUY rating.

**Exhibit 12. Initiate BUY with TP of INR 5,400 on 45x Sep'27 P/E**

### P/E Method

Sep'27E EPS (INR)	120
P/E multiple (x)	45
<b>Target Price (INR)</b>	<b>5,400</b>
CMP (INR)	4,271
Upside (%)	26.4

Source: JM Financial

**Exhibit 13. One-year forward P/E**



Source: Bloomberg, JM Financial

## Exhibit 14. Key assumptions

										CAGR (%)	
Key Assumptions	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY20-25	FY25-28E
Operational Metrics											
Capacity (kt)	636	698	726	807	952	1,092	1,235	1,275	1,338	11.4	7.0
Volume (kt)	412	409	394	507	640	675	770	860	955	10.4	12.3
Utilisation (%)	65	59	54	63	67	62	62	67	71		
Blended Realisation (INR/kg)	134	155	197	182	158	155	149	153	158	2.9	0.6
EBITDA/kg (INR/kg)	20	31	32	24	24	21	21	23	25	0.9	5.2
P&L (INR bn)											
Revenue	55	64	78	92	101	104	115	132	150	13.6	12.9
EBITDA	8	13	12	12	15	14	16	20	24	11.4	18.1
Adj. PAT	5	10	10	9	11	10	11	14	17	15.5	19.8
Balance Sheet (INR bn)											
Equity	23	32	38	44	51	57	63	72	83		
Net Cash	(2)	8	5	7	12	10	4	8	14		
Cash Flow (INR bn)											
OCF before NWC change	7	10	10	10	13	12	15	18	21		
Change in NWC	(2)	2	(5)	(1)	2	(1)	(2)	(2)	(2)		
Capex	(2)	(2)	(5)	(4)	(7)	(9)	(14)	(8)	(8)		
FCF	3	10	0	5	8	2	(1)	9	11		
Return Ratios (%)											
RoE	21.2	36.0	27.6	21.0	22.5	17.8	18.2	20.7	21.3		
RoCE	17.4	28.2	21.4	17.1	20.2	15.6	15.9	18.3	18.9		
RoIC	18.3	33.0	25.4	19.3	23.5	18.0	16.5	18.4	20.3		
Valuations (x)											
P/E							49.9	38.9	32.8		
EV/EBITDA							33.4	26.6	22.4		

Source: JM Financial

## Pioneer in the Indian plastic pipes industry with structural advantages

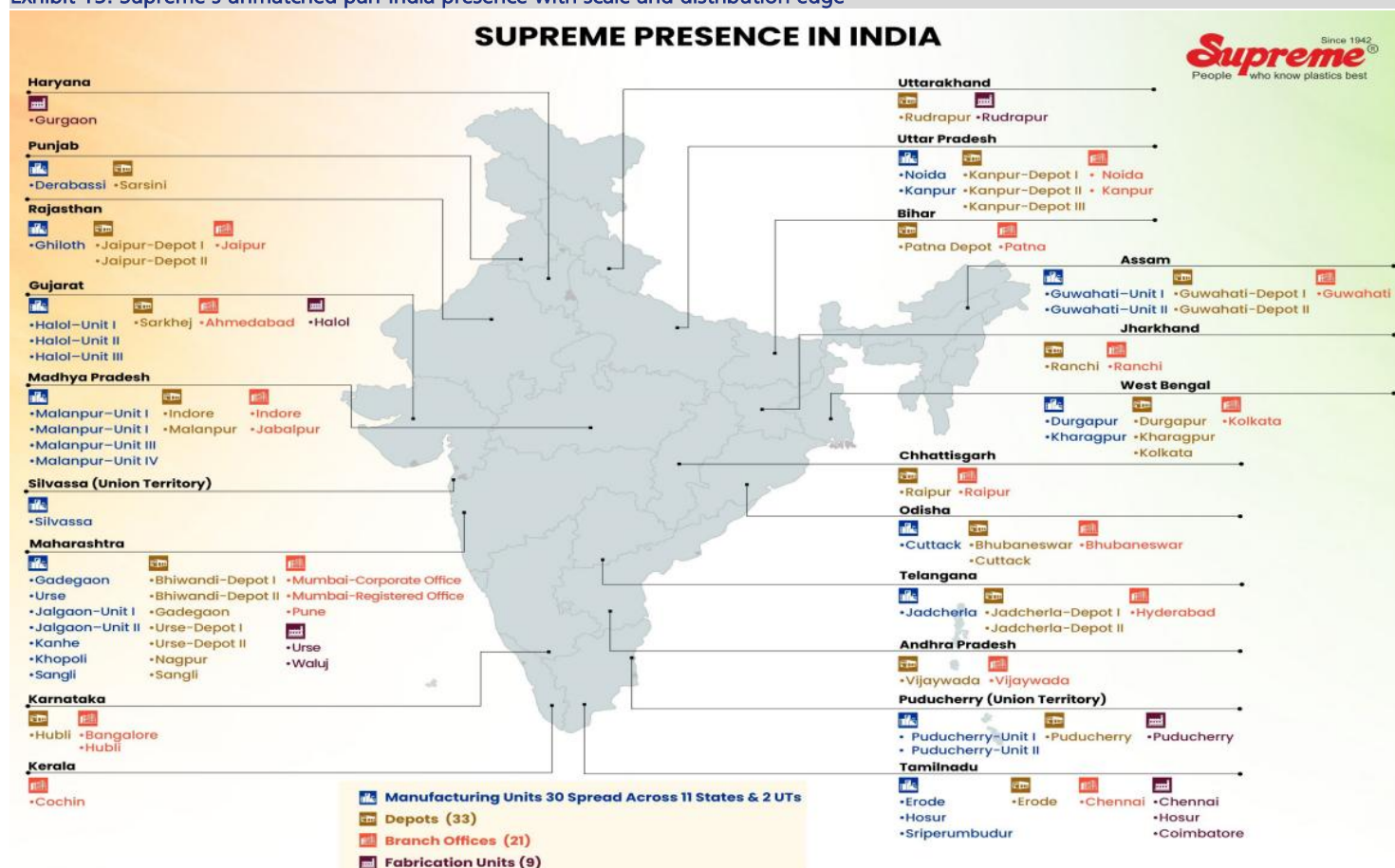
Supreme Industries (SI) is India's largest and most diversified plastics company, with >30 plants and a plastic pipes capacity of 946kt (including acquisition)—nearly double its closest peer. Decades of expertise, a broad portfolio across pipes, bathware, industrial, consumer, and packaging products, and a strong innovation track record underpin its leadership. SI's multi-location footprint minimises logistics cost and enhances service, while scale efficiencies in procurement, freight, A&P, and manpower make it the lowest-cost producer in the sector. With 14,500 SKUs and a distribution-led strategy focused on regional marketing and plumber engagement, SI continues to deepen market penetration and reinforce its competitive edge.

### A scaled leader in plastics pipes with structural cost advantages

SI transformed into a focused plastics and plastic processing company in the mid-1960s following its acquisition by the Taparia family. From its initial presence in houseware and industrial products, the company has expanded into a well-diversified plastics manufacturer with decades of expertise. SI stands as a plastic industry powerhouse with a pan-India footprint, operating >30 plants across the country. As of Sep'25, its plastic pipes capacity stands at 946kt (including acquisitions), making it nearly twice the size of its closest peer.

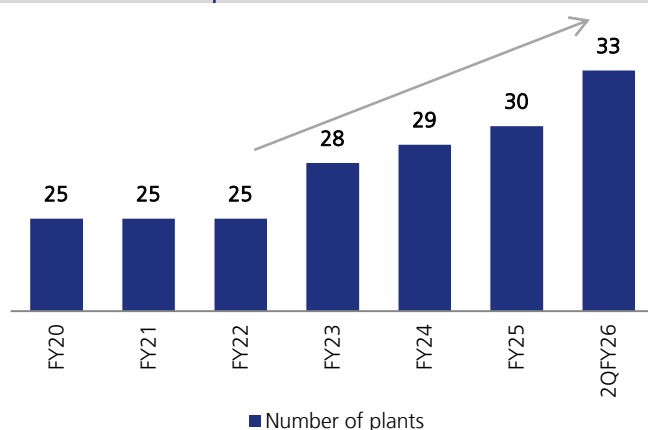
A key driver of SI's leadership has been its extensive multi-location manufacturing network positioned close to demand hubs. This structure minimises logistics cost, accelerates inventory replenishment, and enhances customer service. Furthermore, SI leverages scale advantages across raw material procurement, freight efficiencies, disciplined A&P spends, and lean employee costs—positioning it as the lowest-cost producer in the industry.

Exhibit 15. Supreme's unmatched pan-India presence with scale and distribution edge



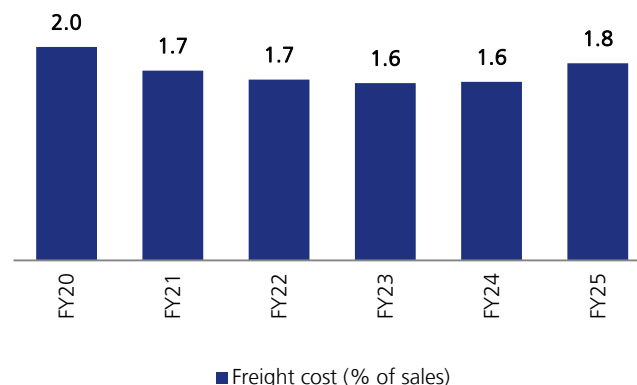
Source: Company, JM Financial

Exhibit 16. Number of plants increased &gt;30% since FY22...



Source: Company, JM Financial

Exhibit 17. ...while freight cost remains 40-50bps lower vs peers



Source: Company, JM Financial

SI is a leading player in India's plastics sector, underpinned by decades of operating expertise and a strong track record of innovation. The company has built a comprehensive product portfolio spanning pipes & fittings, bathware, industrial products, consumer goods, and advanced packaging solutions. Its proactive adoption of new technologies and ability to align offerings with evolving market requirements has reinforced its competitive positioning and sustained leadership in the domestic plastics industry.

Exhibit 18. Supreme Industries' business verticals and product range

Business verticals	Segment overview and product portfolio	Business mix (FY25)	Volume CAGR FY20-25	Revenue CAGR (FY20-25)	EBIT margin (avg. FY20-25)
Plastic Piping System	uPVC Pipes, Injection Moulded PVC fittings and handmade fittings, Polypropylene Random Co-polymer pipe system, HDPE Pipe Systems, CPVC Pipes Systems, Inspection Chambers, manholes, Bath fittings and Sanitaryware Roto moulded Tanks and Fittings and Solvents, Industrial Piping System, DWC Pipe System, PERT Pipe System, O-PVC Pipe System and Fire Sprinkler System	68%	12.0%	15.4%	14.1%
Packaging Products	Flexible packaging film products, Protective Packaging Products, Cross Laminated Film products	15%	4.6%	10.7%	10.5%
Industrial Products	Industrial Components, Material handling System and Pallets - Roto moulded crates, pallets and garbage bins and Composite LPG Cylinders.	13%	9.7%	14.3%	8.6%
Consumer Products	Furniture – beds, seatings, storage, tables, stools, etc.	4%	(3.1)%	3.0%	15.8%

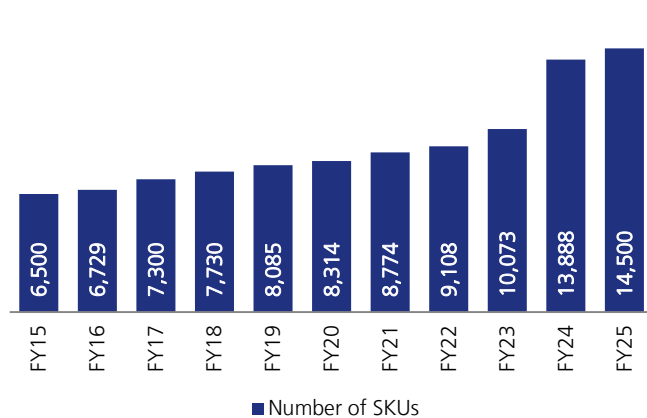
Source: Company, JM Financial



## SKU expansion - reinforcing sector dominance

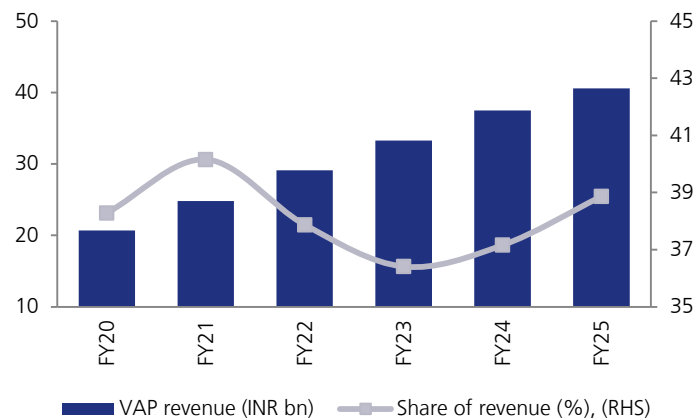
SI commands one of the largest SKU portfolios in the Indian plastic pipes industry. The company's aggressive SKUs expansion (increased by ~59% since FY22) underscores its focus on strengthening market leadership. With 14,500 SKUs as of Mar'25, SI remains at the forefront of product breadth in the piping segment. A core element of its strategy is the continuous expansion of SKUs coupled with the launch of innovative, market-relevant products, which enhances customer stickiness and reinforces competitive differentiation. Accordingly, SI's revenue from VAP also increased by 14% CAGR over FY20-25.

**Exhibit 19. Expansion of SKUs reinforces competitive differentiation...**



Source: Company, JM Financial

**Exhibit 20. ...share of VAP revenue grew at ~14% CAGR over FY20-25**



Source: Company, JM Financial

**Exhibit 21. Key products introduced over FY24-25**

New products introduced	Description
PERT / AL / PERT pipe system	Pipes with brass crimping and compression type fittings for hot and cold-water distribution. Expanding into larger size SKUs with support from Wavin Netherlands
uPVC / PP CableShield electrical conduits	Brand offering complete range of electrical conduit pipes and fittings with high durability and heat resistance; corrugated conduits in PP material for pipe-in-pipe systems
CopperShield overhead water tanks	Tanks with Copper infused inner material layer for shielding against bacteria, fungi and algae, weather resistance
Bi-axially oriented PVC-O pipes	Advanced Oriented-PVC pipes for transporting high-pressure fluids, potable water, irrigation and sewage fluids, industrial effluents; potential to replace Ductile Iron pipes in water supply and irrigation due to superior durability and flexibility
Sprinkler irrigation system	Complete range of durable sprinkler irrigation solutions with durable, easy-to-install and cost-effective products
Cleano overhead water tank	Overhead tanks with self-cleaning arrangement, conical bottom and sturdy stands especially for buildings with sloppy roofs
PE gas piping system	Advanced polyethylene gas piping system for domestic, commercial and industrial applications; developed to meet strict gas transportation standards and have received BIS certification
Sato - underground drainage and sanitation solutions	Rural-focused solutions for underground drainage, sewerage and sanitation offered in tie up with Japanese company Sato
Products under-development	Description
PP low noise drainage system	Hi-tech three-layer Serene and Serene Plus PP silent pipe systems with low noise capabilities for high-rise buildings and premium projects; developed in collaboration with Poloplast Austria
Rainwater harvesting products	Range of water harvesting products such as Aqua source smart rainwater filers; Rain gain PP infiltration modules - underground water storage and urban flood control, Siphonic drainage system - roof drainage control

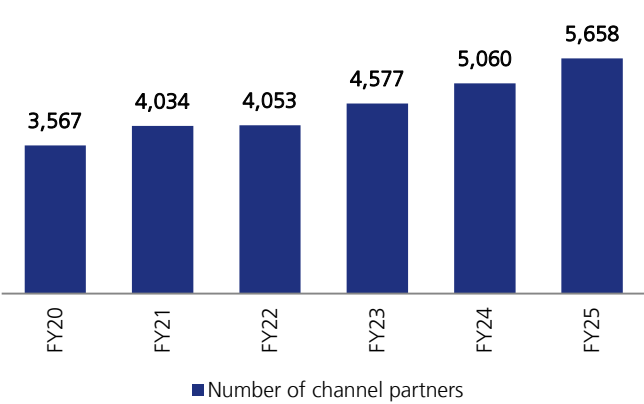
Source: Company, JM Financial



Distribution-led growth

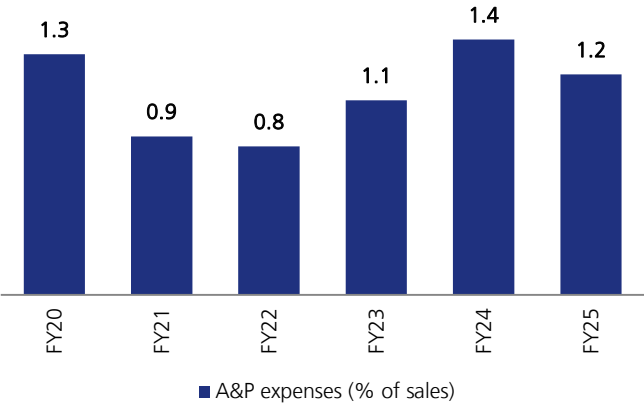
The company emphasises localised marketing initiatives, including targeted TV campaigns, while actively engaging with influencers at the grassroots level. A key element of this strategy is the extensive plumber connect programme, where SI conducts regular meets to educate stakeholders on new piping products and application techniques. Complementing this, the company has consistently scaled up its distribution network at a CAGR of ~10% over FY20–25, further strengthening its market reach and penetration.

Exhibit 22. Channel partners grew by ~60% in past 5 years



Source: Company, JM Financial

Exhibit 23. A&P expenses remains 70-80bps lower industry average



Source: Company, JM Financial

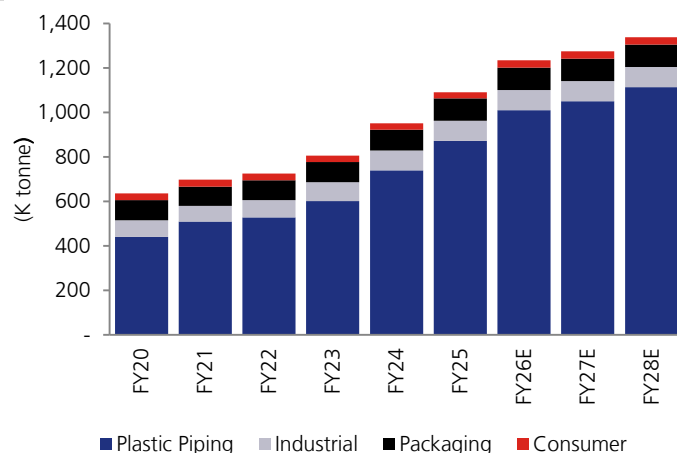
## Capacity expansion secures future scalability

The company has emerged as one of the most aggressive players in the industry over the past couple of years, leading in capex, pursuing strategic inorganic expansion, and adopting assertive product pricing to capture market share. Over the past 5 years, SI has more than doubled its piping capacity to 946kt (targeting ~1mn tonnes by FY26), supported by aggressive yet internally funded capex. Recent acquisitions—Wavin India and Parvati Agro Plast—add ~109kt capacity (~12% of FY25 base), expand regional presence, introduce OPVC pipes, and provide access to advanced technologies, reinforcing SI's innovation edge. The management guidance of 15–17% piping volume growth and 14–15% overall growth in FY26 underscores visibility of strong execution. While non-pipes (30-35% of revenue) remains a stable but slower-growth portfolio, its relative share will dilute as SI consolidates its dominance in pipes. We believe SI's scale, strategic capex, technology access, and leadership positioning create a strong growth story.

### Consistent capacity additions driving market share gains

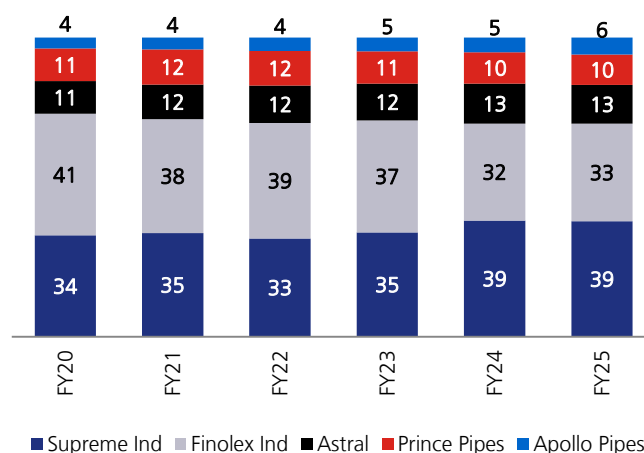
Over the past 5 years, SI has more than doubled its plastic piping capacity to 946kt as of Sep'25, with plans underway to further expand to ~1mn tonnes by FY26. The company is executing a strong capex pipeline, including five new plants—three under Wavin, one in Gwalior (Madhya Pradesh), and another in Kanpur (Uttar Pradesh) dedicated to window profiles. For now, the company has not shared any expansion plans in Bihar and Jammu. SI's market positioning has strengthened meaningfully, with volume share rising from low double digits in FY20 to mid-teens in FY25. This improvement has been underpinned by government-led infrastructure spending, timely capacity additions, and a steady cadence of new product introductions.

**Exhibit 24. Installed capacity to grow ~7% CAGR over FY25-28E mainly led by piping and consumer division**



Source: Company, JM Financial

**Exhibit 25. Volume share across five players – SI's market share gains led by manufacturing base, distribution and aggressive pricing**



Source: Company, JM Financial

## Strategic acquisitions bolster scale, technology and market reach

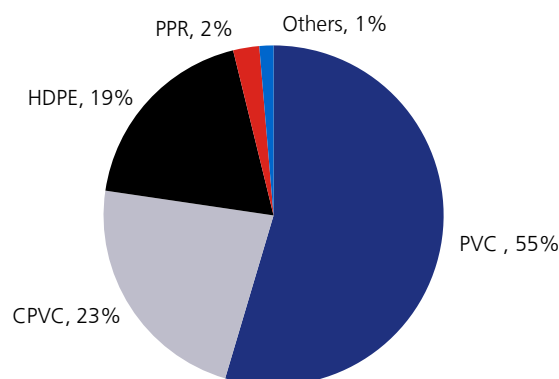
In Jul'25, SI signed business transfer agreements (BTA) with Orbia Advance Corporation S.A.B. de CV (Orbia) to acquire its Indian building and infrastructure piping business—Wavin India—for USD 30mn (~INR 2.6bn) plus net working capital at closing. The transaction was successfully completed in Aug'25.

Wavin India, present across PVC, CPVC, HDPE and PPR piping segments, reported FY24 revenue of INR 10bn (~10% of SI revenue). The acquisition adds ~73kt of installed capacity while strengthening SI's footprint in Madhya Pradesh, Rajasthan, and Telangana. Importantly, SI secured exclusive rights to Wavin B V's proprietary piping technologies for 7 years across India and SAARC markets—significantly enhancing its innovation edge and reinforcing its leadership in the domestic piping space.

Separately, in Aug'23, SI acquired M/s Parvati Agro Plast in Sangli, Maharashtra, through a slump sale for INR 1.7bn. This deal added ~36kt of capacity and enabled SI's entry into the OPVC pipe segment, while deepening its presence in Western Maharashtra and North Karnataka.

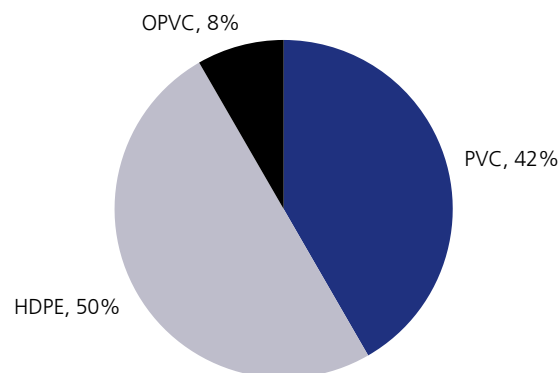
Together, these acquisitions add ~109kt of capacity (~12% of FY25 base), broaden SI's product portfolio, expand regional reach, and provide access to advanced technologies—cementing its position as the industry's most scaled and diversified player.

**Exhibit 26. Wavin India's capacity breakup of ~73kt**



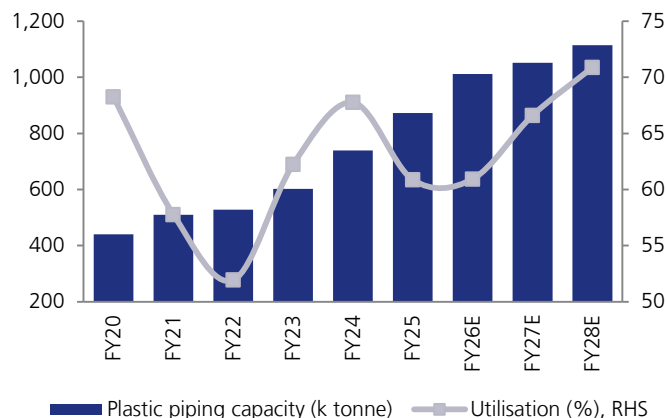
Source: Company, JM Financial

**Exhibit 27. Parvati Agro Plast capacity breakup of ~36kt**

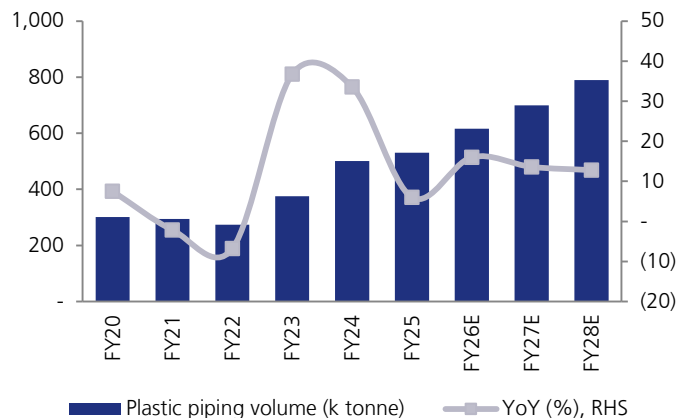


Source: Company, JM Financial

SI continues to pursue an aggressive yet disciplined capex strategy to underpin growth. In FY25, the company incurred capex of ~INR 9bn—entirely funded through internal accruals—with a predominant allocation to the piping division. For FY26, SI has guided for ~INR 13.5bn of capex, comprising the acquisition of Wavin India and growth-related investments. The planned investments will support capacity expansion, new product introductions, SKU diversification, and balancing equipment across business segments. Backed by this capex cycle and recent acquisitions, the management has guided for 15–17% volume growth in the plastic piping division and 14–15% consolidated volume growth across all business segments in FY26.

**Exhibit 28. Plastic piping capacity to grow at ~8% CAGR over FY25-28E...**

Source: Company, JM Financial

**Exhibit 29. ...and volume likely to go up by ~14% CAGR over FY25-28E**

Source: Company, JM Financial

## Segment-wise strategy

**Plastic pipes remain the growth anchor**, with the segment delivering a strong FY20–25 CAGR of ~15% in revenue and ~10% in EBIT, underpinned by broad-based demand. Leveraging its leadership, the company continues to expand capacity, add SKUs, and diversify its portfolio to consolidate its dominant market position.

**Exhibit 30. Product offerings under plastic piping system**

Source: Company, JM Financial

- CPVC: Scaling up in value-added CPVC**

CPVC is emerging as a high-growth, value-added segment, supported by rising domestic demand and ongoing multi-site capacity expansion. The company is also driving innovation through products like FlameGuard—already deployed in Vande Bharat trains and select fire-safety applications—positioning itself to capture growth in both residential and infrastructure-led markets.

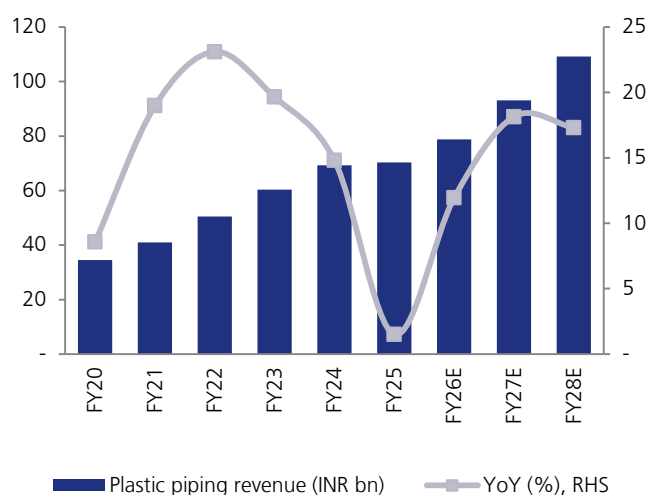
- **OPVC: Emerging segment with strategic expansion plans**

Supreme has forayed into OPVC pipes via the Parvati Agro acquisition, positioning itself in a promising alternative to DI pipes. Capacity expansion is underway across Sangli, Cuttack and Gadegaon, with an annual sales target of 6–7kt in FY26. While rollout depends on equipment availability, the contractor-led sales model should aid adoption in key regional markets.

- **Gas piping: Margin-accretive opportunity**

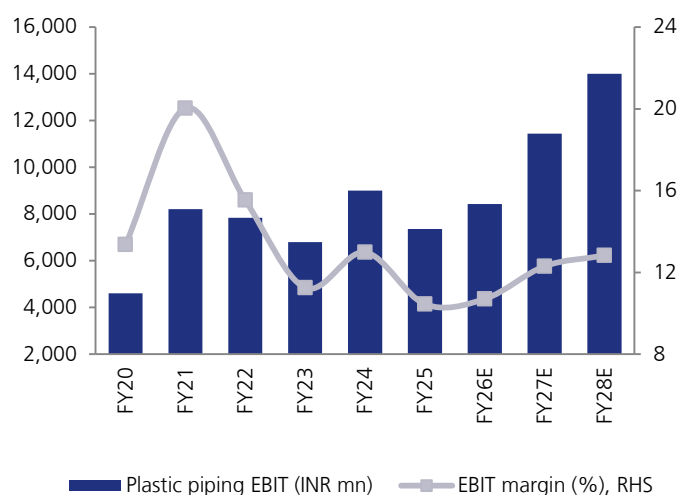
Supreme has entered into the gas piping segment with its Gadegaon facility and has successfully executed its first order for polyethylene pipe for gas application. While commercial orders are yet to flow, product launches (including DVGW-approved fittings) are slated for FY26. The segment offers scalable growth and margin potential, reinforcing the rising share of value-added products. Looking ahead, the company expects the gas pipes market to reach ~700kt over the next 7 years.

**Exhibit 31. Piping revenue to grow at ~16% CAGR over FY25-28E...**



Source: Company, JM Financial

**Exhibit 32. ...EBIT to increase by ~24% CAGR over FY25-28E**

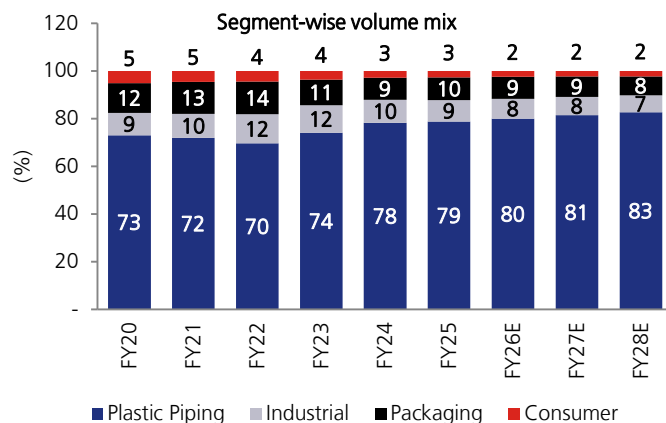


Source: Company, JM Financial

### Non-pipes segment share diluting

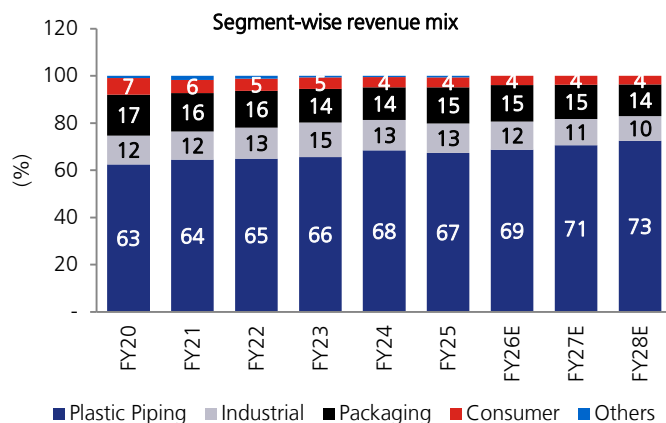
Supreme Industries has pursued a measured capacity expansion strategy across its industrial, packaging, and consumer product businesses, with installed capacity rising at a modest CAGR of ~2% over FY20–25. These segments accounted for 30–35% of revenue. The revenue growth remained subdued at just 7% CAGR over the past 7–8 years. Given their largely B2B nature, competitive intensity, and lower growth trajectory, the relative contribution of these businesses to SI's overall volume and revenue is expected to gradually decline. This trend will be accentuated by SI's aggressive capacity build-out and market share gains in the piping segment, which remains the core growth driver.

**Exhibit 33. We expect plastic piping volume share to increase >80% over FY25-28E...**



Source: Company, JM Financial

**Exhibit 34. ...and the segment to contribute >70% of revenue over FY25-28E**

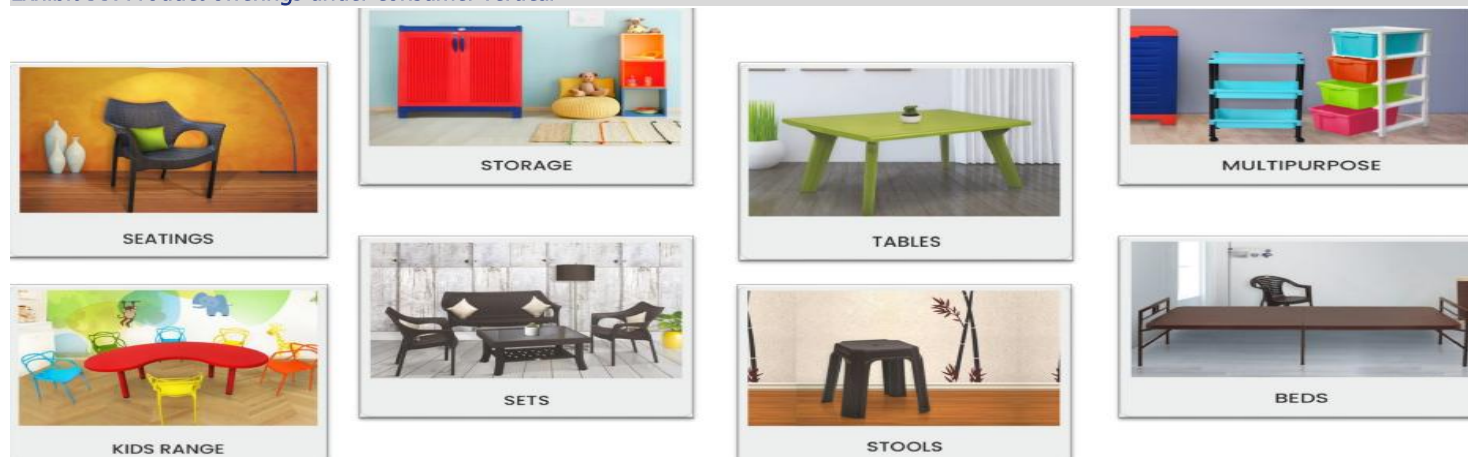


Source: Company, JM Financial

### Consumer products division

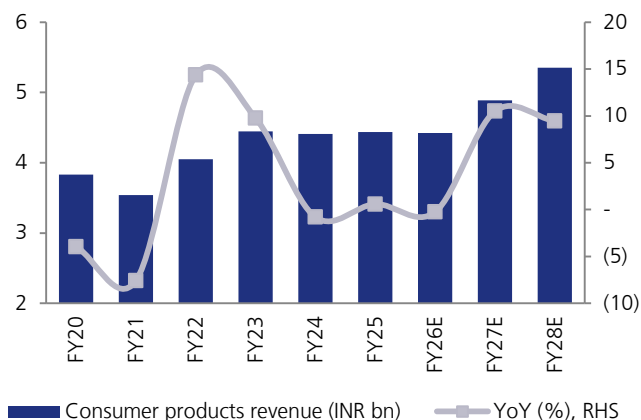
SI's moulded furniture division is focused on premiumisation and brand strengthening. It launched 20 new models in FY25, and plans eight more in FY26, alongside showroom expansion (40 added in FY25; 60 planned in FY26) and a growing retail/distribution footprint. These efforts support margin improvement and deeper market penetration.

**Exhibit 35. Product offerings under consumer vertical**



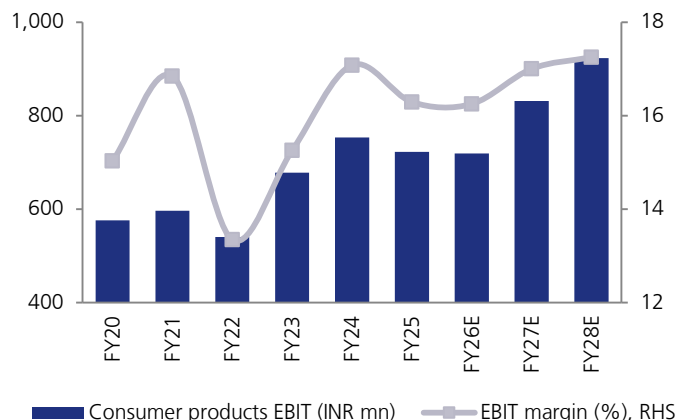
Source: Company, JM Financial

Exhibit 36. Consumer products revenue to grow by ~6% CAGR



Source: Company, JM Financial

Exhibit 37. ...and EBIT to grow by ~9% CAGR over FY25-28E



Source: Company, JM Financial

### Packaging products division: Expansion and export-led growth

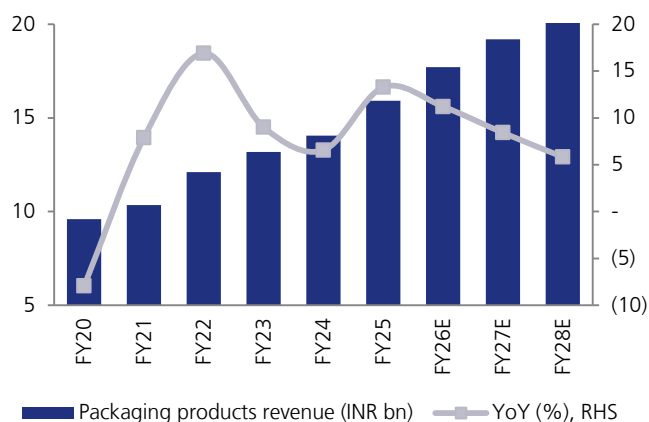
SI's performance films and protective packaging divisions are driving volume and value growth through product innovation, fabrication capacity expansion, and rising export traction. A new port-based plant in western India planned at Khopoli will support its INR 10bn FY26 revenue target under the protective packaging business. Cross laminated films continue to see strong demand, with strategic initiatives in marketing, pricing, and automation expected to lift growth and margins despite near-term pressure in fabricated products.

Exhibit 38. Product offerings under packaging vertical

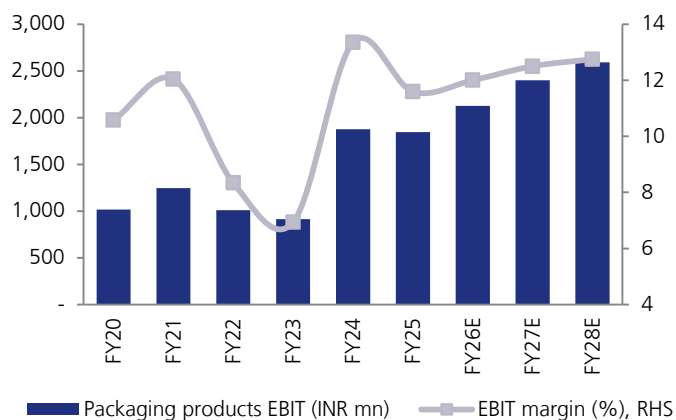


Source: Company, JM Financial



**Exhibit 39. Packaging products revenue to grow at ~8% CAGR**

Source: Company, JM Financial

**Exhibit 40. ... and EBIT to grow by ~12% CAGR over FY25-28E**

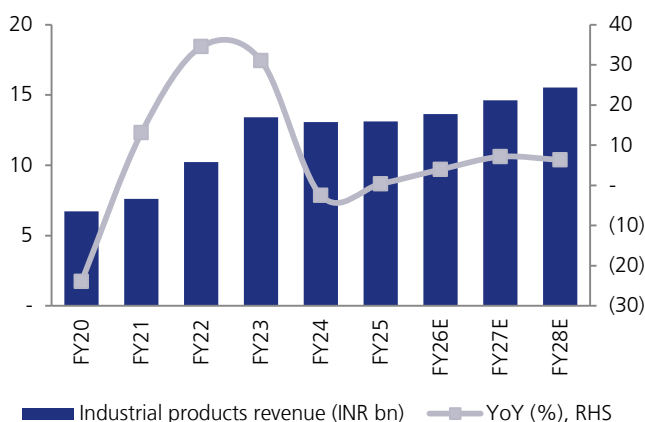
Source: Company, JM Financial

**Composite cylinders: Scalable, value-accretive vertical**

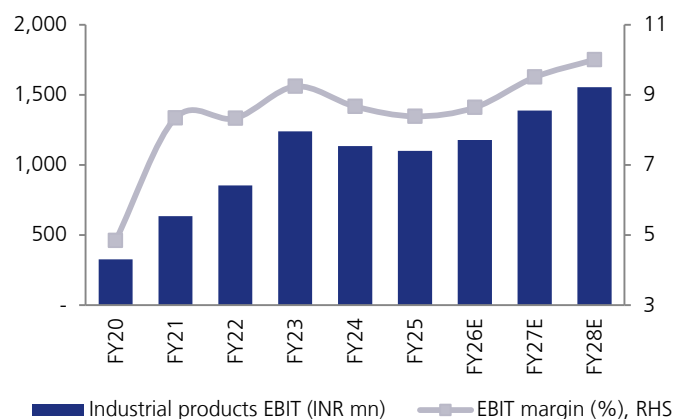
Supreme is one of only two Indian manufacturers of Type-IV LPG composite cylinders ('KAVACH'), with approvals from leading certifying bodies and supply tie-ups with OMCs like IOCL. Upcoming tenders from BPCL and IOCL provide strong demand visibility, while export traction in the Middle East and Russia supports scale-up. With recent certifications for high-pressure CNG cylinders, the division is poised for high-potential growth and margin accretion.

**Exhibit 41. Composite cylinders under industrial products**

Source: Company, JM Financial

**Exhibit 42. Industrial products revenue to grow by ~6% CAGR**

Source: Company, JM Financial

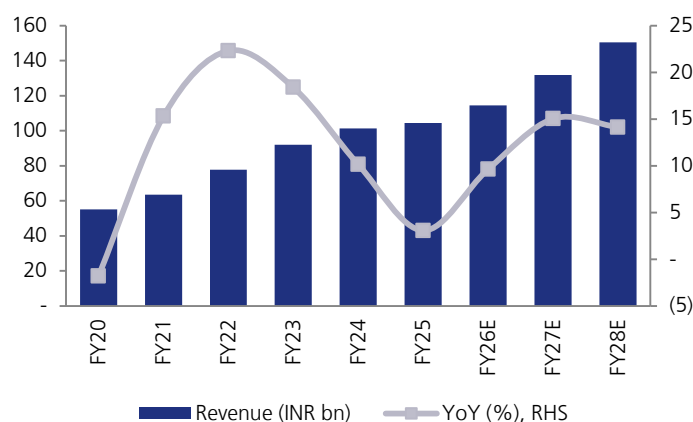
**Exhibit 43. ...and EBIT to rise by ~12% CAGR over FY25-28E**

Source: Company, JM Financial

SI delivered a consolidated ~14% revenue CAGR over FY20–25, led by sustained capacity expansion, new SKU introductions, and assertive pricing strategy. Growth was anchored by the core plastic piping segment (68% of FY25 revenue), which posted a robust ~15% CAGR over FY20–25. Industrial and packaging divisions grew at ~14% and ~11% CAGR, respectively, while consumer products expanded at a modest ~3% over FY20–25. Looking ahead, we project consolidated revenue to compound at ~13% CAGR over FY25–28E.

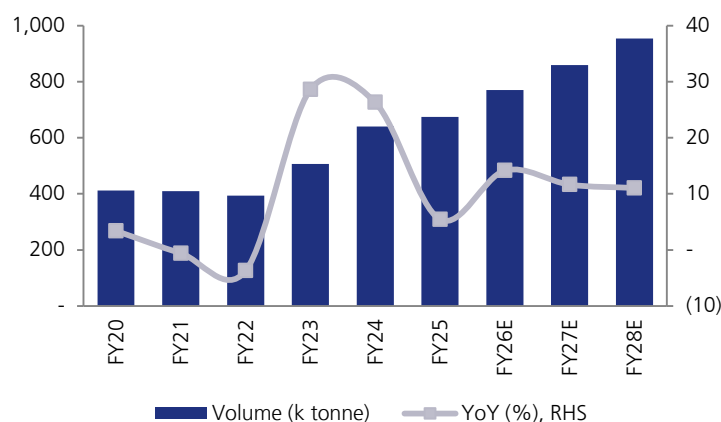
Volume grew at a healthy ~10% CAGR over FY20–25. Looking ahead, we expect near-term momentum to improve, supported by a pickup in demand and stabilisation in raw material prices. The management has guided for a strong recovery with total volume growth projected at 14–15% in FY26, including 15–17% growth in the core plastic piping segment.

**Exhibit 44. Revenue to increase by ~13% CAGR over FY25–28E**



Source: Company, JM Financial

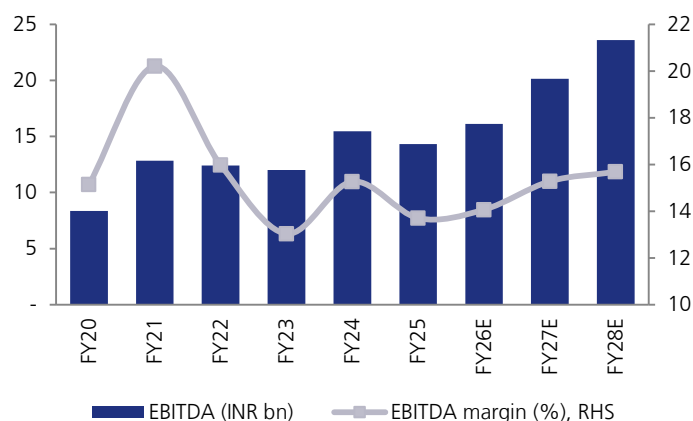
**Exhibit 45. Volume likely to grow by ~12% CAGR over FY25–28E**



Source: Company, JM Financial

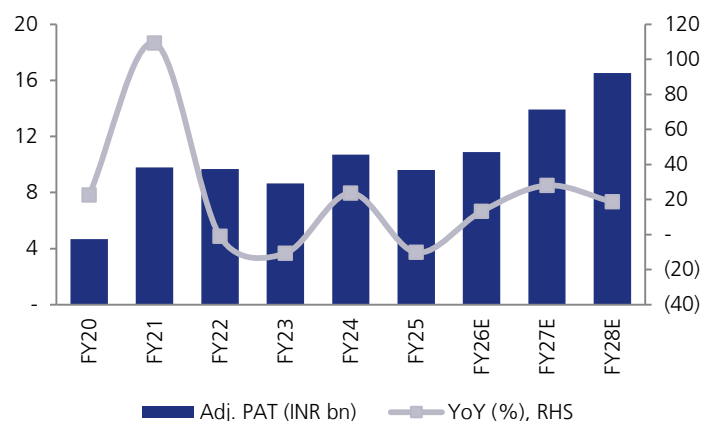
EBITDA grew at ~11% CAGR over FY20–25, slightly lagging revenue growth due to margin pressure in FY25 from raw material volatility and inventory losses. The management targets an EBITDA margin of 14.5%–15.5% in FY26, supported by lower inventory losses, a higher share of value-added products, and improved capacity utilisation. Profitability is expected to recover further through a greater mix of value-added SKUs, operational efficiencies from new capacities, and normalised demand. We project EBITDA to grow at ~18% CAGR over FY25–28E, with Adj. PAT expanding at ~20% CAGR, driven by robust operating performance.

**Exhibit 46. EBITDA to grow at ~18% CAGR over FY25–28E**



Source: Company, JM Financial

**Exhibit 47. PAT likely to grow by ~20% CAGR over FY25–28E**



Source: Company, JM Financial

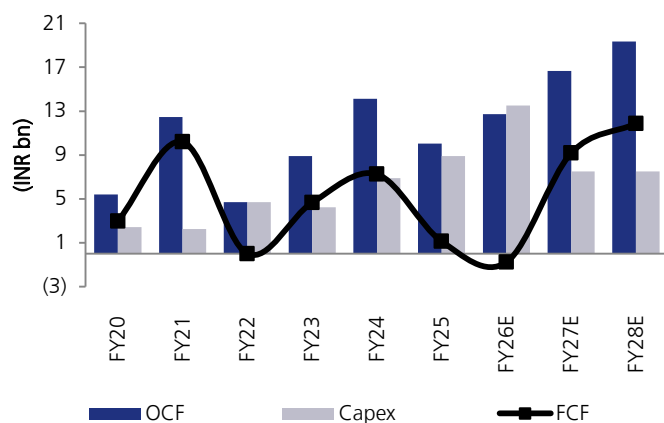
## BS strength to fund capex; return ratios to remain healthy

SI is set to incur the highest sectoral capex of ~INR 29bn over FY25–28E, building on its disciplined spending of ~INR 26bn over FY20–25 while maintaining a net cash position. Despite aggressive capex, OCF generation is likely to be strong at ~INR 50bn over FY25–28E, providing financial flexibility to support growth. The company has optimised its working capital cycle (expected to remain ~35-40 days) ensuring liquidity efficiency, and has consistently delivered robust return ratios (>20% over the last 5 years) with average dividend payout of ~35%. While the ongoing expansion may slightly moderate returns, they are expected to remain healthy and well above the cost of capital (>18%).

### Capex fund through internal accruals; net cash status to be maintained

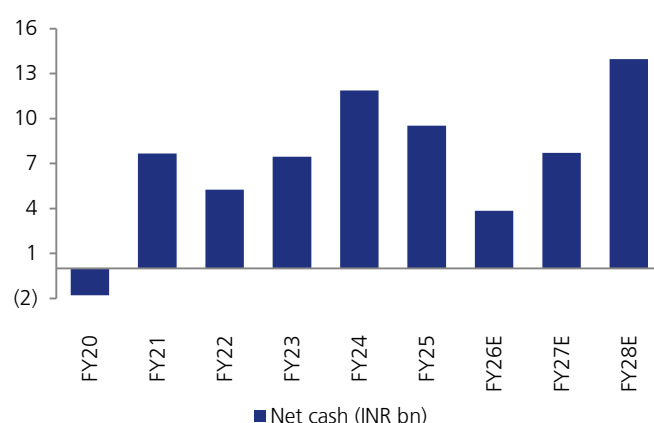
We forecast the highest capex in the sector (including carry forward commitments) for SI of around INR 29bn in FY25-28E. The company generated cumulative FCF INR 26bn even after spending similar capex over FY20-25, and maintained its net cash status. Net cash balance sheets provide financial flexibility and ability to pursue future growth. Even after factoring in aggressive capex, we estimate FCF generation of ~INR 19bn over FY25-28E owing to strong cash flow generation, and expect the company to continue to maintain its net cash status.

**Exhibit 48. We expect FCF generation of ~INR 19bn over FY25-28E**



Source: Company, JM Financial

**Exhibit 49. Net cash position to improve over FY25-28E**



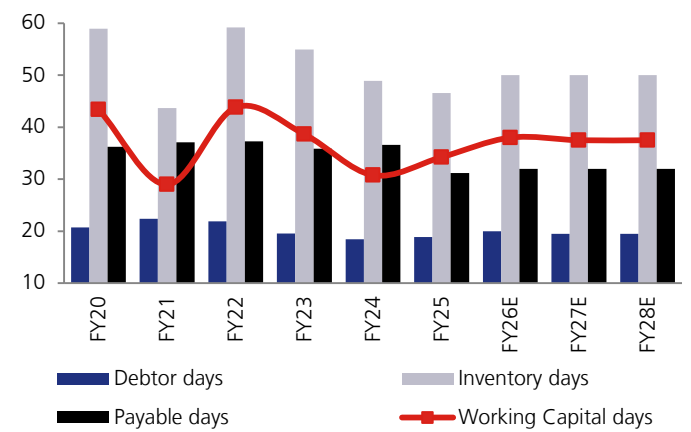
Source: Company, JM Financial

Return ratios to remain healthy and well above cost of capital

Supreme has steadily optimised its working capital cycle, improving to 31 days by FY24 (vs. 44 days in FY22). In FY25, working capital days rose slightly to 34, driven by lower payable days, while receivable and inventory days were largely stable. We expect working capital to stay ~35–40 days, providing adequate liquidity to fund growth while maintaining balance sheet strength.

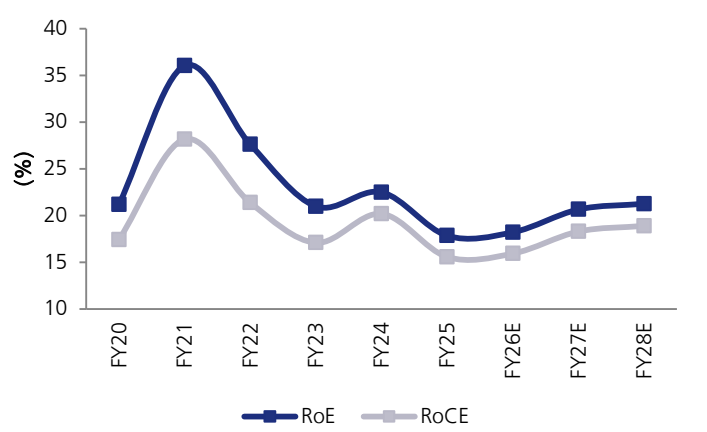
The company has consistently delivered healthy return ratios, averaging >20% over the last five years—well above its cost of capital—with an average dividend payout of ~35%. While the ongoing expansion may moderate returns slightly, they are expected to remain comfortably above the cost of capital.

Exhibit 50. Working capital days trajectory to remain broadly stable



Source: Company, JM Financial

Exhibit 51. Return ratios likely to improve over FY25-28E



Source: Company, JM Financial

## Key assumptions and forecasts

## Exhibit 52. Key assumptions

										CAGR (%)	
Key Assumptions	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY20-25	FY25-28E
Operational Metrics											
Capacity (kt)	636	698	726	807	952	1,092	1,235	1,275	1,338	11.4	7.0
Volume (kt)	412	409	394	507	640	675	770	860	955	10.4	12.3
Utilisation (%)	65	59	54	63	67	62	62	67	71		
Blended Realisation (INR/kg)	134	155	197	182	158	155	149	153	158	2.9	0.6
EBITDA/kg (INR/kg)	20	31	32	24	24	21	21	23	25	0.9	5.2
P&L (INR bn)											
Revenue	55	64	78	92	101	104	115	132	150	13.6	12.9
EBITDA	8	13	12	12	15	14	16	20	24	11.4	18.1
Adj. PAT	5	10	10	9	11	10	11	14	17	15.5	19.8
Balance Sheet (INR bn)											
Equity	23	32	38	44	51	57	63	72	83		
Net Cash	(2)	8	5	7	12	10	4	8	14		
Cash Flow (INR bn)											
OCF before NWC change	7	10	10	10	13	12	15	18	21		
Change in NWC	(2)	2	(5)	(1)	2	(1)	(2)	(2)	(2)		
Capex	(2)	(2)	(5)	(4)	(7)	(9)	(14)	(8)	(8)		
FCF	3	10	0	5	8	2	(1)	9	11		
Return Ratios (%)											
RoE	21.2	36.0	27.6	21.0	22.5	17.8	18.2	20.7	21.3		
RoCE	17.4	28.2	21.4	17.1	20.2	15.6	15.9	18.3	18.9		
RoIC	18.3	33.0	25.4	19.3	23.5	18.0	16.5	18.4	20.3		
Valuations (x)											
P/E							49.9	38.9	32.8		
EV/EBITDA							33.4	26.6	22.4		

Source: JM Financial

## Supreme Petrochem Limited – Associate Company (~31% ownership)

Supreme Petrochem Ltd (SPL) is India's largest producer and exporter of polystyrene (PS), holding a market share exceeding 50%. Established in 1995, SPL operates two manufacturing facilities: one in Amdoshi, Maharashtra, and another in Manali New Town, Chennai, Tamil Nadu. The company primarily manufactures General Purpose Polystyrene (GPPS), High Impact Polystyrene (HIPS), Expandable Polystyrene (EPS), and Extruded Polystyrene Insulation Board (XPS), serving diverse industries such as packaging, construction, and consumer goods.

### Exhibit 53. Financial performance of Supreme Petrochem Limited

Supreme Petrochem Limited	FY20	FY21	FY22	FY23	FY24	FY25	CAGR (%) FY20-25
<b>Capacity</b>							
Polystyrene (k tonne)	255	255	255	300	300	300	
EPS (k tonne)	100	102	110	110	110	110	
Masterbatches & Compounds (k tonne)	30	30	30	30	30	34	
XPS (m <sup>3</sup> )	72	72	72	72	72	72	
Volume (k tonne)	205	234	273	286	325	356	11.7
Growth (%)	2.0	14.1	16.5	4.9	13.7	9.4	
<b>INR mn</b>							
Revenue	27,242	31,852	50,323	52,872	52,533	60,234	17.2
Growth (%)	(14.7)	16.9	58.0	5.1	(0.6)	14.7	
EBITDA	1,485	6,689	9,053	6,581	4,668	5,326	29.1
Growth (%)	59.2	350.5	35.3	(27.3)	(29.1)	14.1	
EBITDA margin (%)	5.5	21.0	18.0	12.4	8.9	8.8	
PAT	1,027	4,775	6,633	4,981	3,465	3,905	30.6
Growth (%)	108.7	364.9	38.9	(24.9)	(30.4)	12.7	
Stake (%)	30.01	30.78	30.78	30.78	30.78	30.78	
Contribution to Supreme Industries Profits	308	1,470	2,042	1,533	1,066	1,202	31.3
Supreme Industries Consolidated PAT	4,674	9,763	9,684	8,653	10,697	9,609	15.5
as % of Supreme Industries' PAT	6.6	15.1	21.1	17.7	10.0	12.5	

Source: Company, JM Financial

## Initiate with BUY, TP of INR 5,400

Supreme Industries, India's largest and most diversified plastics company, has cemented its leadership in the plastic pipes industry through scale, innovation, and aggressive yet disciplined expansion. Operating >30 plants with 946kt of piping capacity—nearly double its closest peer—SI combines decades of expertise, a broad portfolio, and a deep distribution network to sustain its competitive edge. Capacity is set to cross ~1mt by FY26, aided by recent acquisitions that expand technology and regional reach, while the management guides for 15–17% piping volume growth in FY26. Backed by strong operating cash flow (~INR 50bn over FY25–28E) and a net cash balance sheet, SI is targeting sector-leading capex (JMF: ~INR 29bn over FY25–28E) without financial strain. Robust return ratios (>20% over the last 5 years), and steady dividend payouts (~35%) further underscore its disciplined growth profile and reinforce the company's compelling growth story.

We value the stock on a P/E basis, assigning 45x Sep'27 EPS, which reflects ~25% premium over the stock's 5-year average owing to its superior volume growth with market share gains, strong balance sheet with net cash status, and return ratios well above cost of capital. We expect FY25–FY28 revenue/EBITDA/EPS CAGR of 13%/18%/20%, and value SI at 45x Sep'27 EPS (~20% discount to Astral owing to margin differential) driving our TP of INR 5,400, and BUY rating.

### Exhibit 54. Our EPS estimates are ~2-4% higher vs. consensus

INR bn	JM			Consensus			% variance		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	115	132	150	116	133	150	(1.1)	(0.7)	0.1
EBITDA	16	20	24	17	20	24	(2.8)	0.1	0.2
Adj. PAT	11	14	17	11	14	16	(2.8)	2.4	3.9

Source: JM Financial

### Exhibit 55. Initiate BUY with TP of INR 5,400 on 45x Sep'27 P/E

<b>P/E Method</b>	
Sep'27E EPS (INR)	120
P/E multiple (x)	45
<b>Target Price (INR)</b>	<b>5,400</b>
CMP (INR)	4,271
Upside (%)	26.4

Source: JM Financial

### Exhibit 56. One-year forward P/E



Source: Bloomberg, JM Financial



## Key risks

- **Potential risk associated with succession planning:** The company has long discussed transitioning to a professional management structure, but this issue has persisted for many years. The Taparia family, pioneers of India's plastics industry, have steered the company to its current scale and leadership position. However, the lack of clarity around a succession plan could pose a potential risk.
- **Raw material volatility:** Supreme Industries' significant reliance on polymer-based inputs exposes it to crude-linked price fluctuations and global supply chain disruptions. Sudden spikes in raw material costs could pressure margins and affect inventory valuations.
- **Sectoral cyclicality:** Demand for the company's products is closely linked to real estate, agriculture, and infrastructure activity. A slowdown in any of these sectors could materially impact volume growth.
- **Competitive intensity:** The plastic pipes market remains highly fragmented, with organised and unorganised players competing aggressively. Sustained competition could erode market share gains and compress profitability.

## Company overview

Founded in 1942 and headquartered in Mumbai, Supreme Industries is one of India's largest and most diversified plastic manufacturing companies. The firm operates across multiple segments, including plastic piping systems, industrial and consumer products, and packaging solutions. With a strong pan-India presence, Supreme runs >30 manufacturing plants with a total capacity exceeding >1mn tonnes, offering a wide range of plastic products such as PVC, HDPE, and polypropylene pipes, moulded furniture, protective packaging, and multilayer films.

Over the decades, Supreme has expanded through capacity additions, product diversification, and strategic acquisitions, emerging as a leader in the plastic processing sector. Its robust supply chain, extensive distribution network, and focus on value-added products position it to capture growth across infrastructure, real estate, agriculture, and consumer markets. The company continues to invest in new technologies and sustainability initiatives while maintaining a strong financial profile and market leadership in India's growing plastics industry.

### Exhibit 57. Management background

Personnel	Designation	Brief profile
Mr. B. L. Taparia	Chairman	He holds a Bachelor of commerce degree. Under his leadership, Supreme Industries expanded significantly, becoming a major player in the plastic products sector.
Mr. M. P. Taparia	Managing Director	He directly oversees the Plastic Piping System, Cross Laminated Films, and Furniture divisions. His responsibilities include business strategy, finance, taxation, foreign exchange, raw material procurement, investor relations, marketing, and personnel. He also manages government liaison, capital allocation, industry interaction, brand building, and risk management. Additionally, he is the Chairman of Supreme Petrochem Limited.
Mr. S. J. Taparia	Executive director	He oversees the Industrial Component Division, Plastic Piping Division (jointly with the MD), Material Handling Products, and Composite Products. His responsibilities include business strategy, operations, plant automation, product development, machinery, marketing, design, quality management, and personnel.
Mr. V. K. Taparia	Executive director	He is responsible for overseeing production, marketing, procurement, working capital management, and business development. He manages the expansion and administration of performance packaging products, including multilayer films and protective packaging. Additionally, he leads the IT team in upgrading the company's computerization, ERP implementation, and other related areas.
Mr. P.C. Somani	CFO	He is a Chartered Accountant with a B.Com degree. He joined the company in July'14 as a CFO. He has been instrumental in driving the financial stability and growth of the company, helping it maintain its leadership in the plastics industry.
Mr. S.K. Patnaik	COO	He holds Master of Business Administration degree from IIM Calcutta and studied economics from Utkal University. He joined the company in June'18, before that he was working with Hamilton housewares as a general manager. He has 25 years plus of experience in multi facets of sales & marketing.

Source: Company, JM Financial

## Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	101,343	104,463	114,532	131,748	150,365
Sales Growth	10.1%	3.1%	9.6%	15.0%	14.1%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>101,343</b>	<b>104,463</b>	<b>114,532</b>	<b>131,748</b>	<b>150,365</b>
Cost of Goods Sold/Op. Exp	68,584	71,465	77,538	88,535	100,293
Personnel Cost	4,422	4,873	5,421	5,955	6,491
Other Expenses	12,864	13,808	15,462	17,127	19,999
<b>EBITDA</b>	<b>15,473</b>	<b>14,317</b>	<b>16,111</b>	<b>20,131</b>	<b>23,582</b>
EBITDA Margin	15.3%	13.7%	14.1%	15.3%	15.7%
EBITDA Growth	29.0%	-7.5%	12.5%	25.0%	17.1%
Depn. & Amort.	2,984	3,586	3,970	4,422	4,834
EBIT	12,490	10,730	12,141	15,709	18,748
Other Income	657	578	750	1,000	1,100
Finance Cost	161	119	116	113	110
PBT before Excep. & Forex	12,985	11,190	12,775	16,596	19,737
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	12,985	11,190	12,775	16,596	19,737
Taxes	3,357	2,782	3,232	4,209	4,993
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	1,069	1,201	1,339	1,545	1,783
Reported Net Profit	10,697	9,609	10,882	13,932	16,528
<b>Adjusted Net Profit</b>	<b>10,697</b>	<b>9,609</b>	<b>10,882</b>	<b>13,932</b>	<b>16,528</b>
Net Margin	10.6%	9.2%	9.5%	10.6%	11.0%
Diluted Share Cap. (mn)	127.0	127.0	127.0	127.0	127.0
<b>Diluted EPS (INR)</b>	<b>84.2</b>	<b>75.6</b>	<b>85.7</b>	<b>109.7</b>	<b>130.1</b>
Diluted EPS Growth	23.6%	-10.2%	13.2%	28.0%	18.6%
Total Dividend + Tax	3,557	4,065	4,573	4,827	5,081
Dividend Per Share (INR)	28.0	32.0	36.0	38.0	40.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	12,985	11,190	12,775	16,596	19,737
Depn. & Amort.	2,984	3,586	3,970	4,422	4,834
Net Interest Exp. / Inc. (-)	149	97	116	113	110
Inc (-) / Dec in WCap.	1,796	-992	-2,147	-1,800	-2,116
Others	-428	-1,063	1,255	1,545	1,783
Taxes Paid	-3,357	-2,782	-3,232	-4,209	-4,993
<b>Operating Cash Flow</b>	<b>14,129</b>	<b>10,037</b>	<b>12,736</b>	<b>16,667</b>	<b>19,356</b>
Capex	-6,882	-8,904	-13,500	-7,500	-7,500
Free Cash Flow	7,248	1,133	-764	9,167	11,856
Inc (-) / Dec in Investments	237	398	0	0	0
Others	744	521	-221	-378	-409
<b>Investing Cash Flow</b>	<b>-5,900</b>	<b>-7,985</b>	<b>-13,721</b>	<b>-7,878</b>	<b>-7,909</b>
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-3,557	-4,065	-4,573	-4,827	-5,081
Inc / Dec (-) in Loans	0	0	0	0	0
Others	-260	-335	-116	-113	-110
<b>Financing Cash Flow</b>	<b>-3,817</b>	<b>-4,400</b>	<b>-4,689</b>	<b>-4,940</b>	<b>-5,191</b>
<b>Inc / Dec (-) in Cash</b>	<b>4,412</b>	<b>-2,348</b>	<b>-5,674</b>	<b>3,849</b>	<b>6,256</b>
Opening Cash Balance	7,461	11,873	9,525	3,851	7,700
Closing Cash Balance	11,873	9,525	3,851	7,700	13,956

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	51,088	56,604	62,913	72,018	83,465
Share Capital	254	254	254	254	254
Reserves & Surplus	50,834	56,350	62,659	71,764	83,211
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	0	0	0	0	0
Def. Tax Liab. / Assets (-)	960	875	875	875	875
<b>Total - Equity &amp; Liab.</b>	<b>52,048</b>	<b>57,479</b>	<b>63,788</b>	<b>72,893</b>	<b>84,340</b>
Net Fixed Assets	24,710	30,760	40,291	43,369	46,035
Gross Fixed Assets	44,446	50,779	64,279	71,779	79,279
Intangible Assets	1,472	1,724	1,724	1,724	1,724
Less: Depn. & Amort.	22,645	25,769	29,739	34,161	38,995
Capital WIP	1,437	4,026	4,026	4,026	4,026
Investments	6,381	7,196	7,196	7,196	7,196
Current Assets	34,465	33,722	31,743	39,512	50,176
Inventories	13,586	13,337	15,689	18,048	20,598
Sundry Debtors	5,114	5,401	6,276	7,039	8,033
Cash & Bank Balances	11,873	9,525	3,851	7,700	13,956
Loans & Advances	25	26	26	26	26
Other Current Assets	3,867	5,434	5,901	6,700	7,563
Current Liab. & Prov.	13,509	14,199	15,442	17,184	19,068
Current Liabilities	10,639	9,610	10,717	12,226	13,858
Provisions & Others	2,870	4,589	4,725	4,958	5,209
Net Current Assets	20,957	19,523	16,301	22,328	31,108
<b>Total - Assets</b>	<b>52,048</b>	<b>57,479</b>	<b>63,788</b>	<b>72,893</b>	<b>84,340</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	10.6%	9.2%	9.5%	10.6%	11.0%
Asset Turnover (x)	2.1	1.9	1.9	1.9	1.9
Leverage Factor (x)	1.0	1.0	1.0	1.0	1.0
RoE	22.5%	17.8%	18.2%	20.7%	21.3%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	402.2	445.6	495.3	567.0	657.1
ROIC	29.1%	22.2%	19.8%	21.5%	23.5%
ROE	22.5%	17.8%	18.2%	20.7%	21.3%
Net Debt/Equity (x)	-0.2	-0.2	-0.1	-0.1	-0.2
P/E (x)	50.7	56.5	49.9	38.9	32.8
P/B (x)	10.6	9.6	8.6	7.5	6.5
EV/EBITDA (x)	34.3	37.2	33.4	26.6	22.4
EV/Sales (x)	5.2	5.1	4.7	4.1	3.5
Debtor days	18	19	20	20	20
Inventory days	49	47	50	50	50
Creditor days	43	36	37	38	38

Source: Company, JM Financial

## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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