

BUZZING

STOCK

Supreme Industries Ltd.

CMP – Rs.273

Analyst

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Key Stock Data

Sensex	18419
Nifty	5428
Sector	Plastics - Sheets
Bloomberg	SI IN
Reuters	SUPI.BO
No. of shares (m)	27.62
Market Cap (Rs m)	7540
Market Cap (US\$ m)	192
52-week H/L	288/151

Shareholding Pattern (%)

Promoters	44.98
Mutual Funds	0.00
FII's	3.76
Corporate Bodies	11.85
Pubic & Others	39.41

Supreme Industries Ltd. (SIL), processor of polymers, is gearing to grow big with establishment of its mega plastics complex. SIL produces range of plastic products from its 16 units, spread across the country. In FY07, SIL processed around 130,547 TPA of polymers, reflecting an increase of 10.5% YoY. The company is restructuring its business to exit the non-core operations.

Mega Complex: SIL is on the verge of completing the first phase of its mega complex at Gadegaon near Jalgaon. The project will be fully completed by FY10. Post-expansion, it will have an installed capacity of 1.5 lakh TPA (Tons Per Annum) including part of Jalgaon plant. SIL is expected to manufacture varieties of plastics pipe products, pallets, crates, furniture and fabricated products from cross-laminated film in the plant.

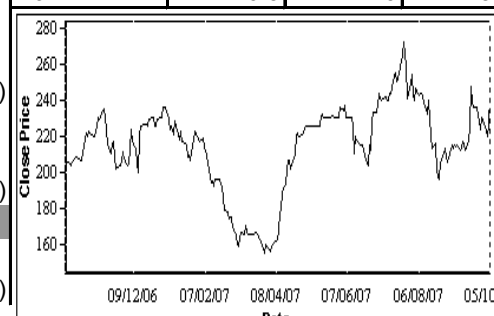
Ongoing Expansion: SIL is in the process of setting up a new plant in Pune to manufacture protective packaging. Besides, the company is enhancing its capacity to manufacture moulded products at Durgapur, Lalru, Talegaon, Pondicherry, Noida and Khushkheda. SIL is also enhancing cross-laminated films capacity at Halol and Silvassa. The company is even acquiring moulds for new products in furniture and crates. SIL is developing ultra modern commercial complex at Andheri, Mumbai, spread across an area of around 210,000 sq. ft., expected to be completed by end of FY08.

Funding: Mega complex as well as other expansion activity is expected to cost around Rs.2.4b, of which around Rs.1.32b is already invested in FY07. The company is funding the capex through internal accruals, divestments and borrowings.

Valuations: SIL has reported decent set of numbers in its latest results. In Q4FY07, revenue at Rs.3639m is up by 21% YoY. PAT at Rs.183m is 39% YoY higher, with PBIDT margins at 12.6% increasing by 50 bps YoY. The current market price discounts the FY07 EPS of Rs.18.2 by 15x.

Financial Snapshot

Supreme Industries Ltd.	Rs.m						Ratios (%)			
	Q4 FY07	Q4 FY06	Chg. (%)	FY07	FY06	Chg. (%)		FY07	FY06	Chg.(%)
Financial Year End: June										
Net Sales	3,639	3,014	21	11,617	9,821	18	Debt -Equity	1.1	1.2	(0.1)
Other Income	16	187	(91)	171	216	(21)	PBIDTM	12.6	12.1	0.5
Total Income	3,655	3,200	14	11,788	10,037	17	PBDDTM	9.8	9.4	0.4
Total Expenditure	3,150	2,688	17	10,320	8,848	17	RoCE	21.8	13.7	8.1
PBIDT	505	513	(1)	1,467	1,189	23	RoNW	20.3	12.9	7.5
Interest	97	73	34	330	270	22				
PBDDT	408	440	(7)	1,137	919	24				
Depreciation	117	110	6	403	413	(3)				
Tax	107	55	96	233	104	125				
Reported Profit After Tax	184	275	(33)	501	402	25				
Extra -ordinary Items	0	143	(100)	73	137	(47)				
Adj. Profit After Extra-ordinary item	183	132	39	428	265	62				
No. of shares (m)	28	14	100	28	14	100				
EPS (annualised.) (Rs.)	26.6	79.7	(67)	18.2	29.1	(38)				
P/E	10.3	3.4	-	15.0	9.4	-				



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