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31st October 2025

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Sub.: Transcript of the earnings conference call held on Monday, the 27th October 2025.

Ref.: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sirs

Pursuant to Regulations 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclose is the transcript of the earnings conference call held for analysts and investors following the announcement of the Un-Audited Financial Results for the Quarter and Half Year ended 30th September 2025 after the Board Meeting held on Monday, 27th October, 2025.

Please take the same on records

Thanking you,

Yours faithfully,
For The Supreme Industries Ltd.

(R.J. Saboo)
VP (Corporate Affairs) &
Company Secretary

Encl.: a/a.



“The Supreme Industries Limited
Q2 FY'26 Earnings Conference Call”

October 27, 2025



MANAGEMENT: **MR. M. P. TAPARIA – MANAGING DIRECTOR –
SUPREME INDUSTRIES LIMITED**
**MR. P. C. SOMANI – CHIEF FINANCIAL OFFICER –
SUPREME INDUSTRIES LIMITED**
**MR. R. J. SABOO – VICE PRESIDENT, CORPORATE
AFFAIRS AND COMPANY SECRETARY – SUPREME
INDUSTRIES LIMITED**

MODERATOR: **MR. AASIM BHARDE – DAM CAPITAL ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to Supreme Industries Q2 FY '26 Earnings Conference Call hosted by DAM Capital Advisors. As a reminder, all participant lines will be in 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 Mr. Aasim Bharde from DAM Capital Advisors. Thank you, and over to you, sir.

Aasim Bharde: Thank you, Bhoomika. So good evening to everyone here on the call for Supreme Industries Q2 and H1 FY '26 Results Conference Call. Firstly, I would like to wish everyone a Happy Diwali. From Supreme, we have with us the senior leadership team, as usual, who will discuss and talk about the quarter. And after this, we can open it for all of your questions. Thank you, and over to you, Mr. Taparia.

M.P. Taparia: Good evening, and thank you, Mr. Aasim. I'm M.P. Taparia, Managing Director of the Supreme Industries Limited. I, along with my colleague, Shri P.C. Somani, CFO; and Shri R.J. Saboo, Vice President, Corporate Affairs and Company Secretary, welcome all the participants who are participating in the discussion of the unaudited stand-alone and consolidated financial results for the quarter and half year ended 30th September 2025.

The Standalone results and the consolidated results are already with you. I will give brief on Company's Product Operating performance and other highlights.

1. The Company sold 338224 MT of Plastic goods and achieved net product turnover of Rs. 4951 Crores during the 1st half year of the current year against sales of 311912 MT and net product turnover of Rs. 4848 crores in the corresponding half year of previous year achieving volume and product value growth of about 8 % and 2 %, respectively.
2. The Consolidated Operating Profit and Profit after Tax for the Half year of the current year amounted to Rs. 656 crores and Rs. 367 crores, as compared to Rs. 772 crores and Rs. 480 crores respectively, for the corresponding period of the previous year, resulting decrease of 15 % and 24 % respectively.
3. The business scenario of all the Product Segments of the Company for the 2nd quarter ended 30th September, 2025 as compared to the corresponding quarter of previous year has been as under:-
 - Plastic Piping System business grew by 17 % in volume and 11 % in value terms.
 - Packaging Product Segment business degrew by 2 % in volume and value terms.
 - Industrial Products Segment business degrew by 8 % in volume and 14 % in value terms.
 - Consumer Product Segment business grew by 6 % in volume and degrew by 1 % in value terms.
4. The overall turnover of value-added products increased to Rs. 1073 crores during the current quarter as compared to Rs. 907 crores in the corresponding quarter of previous year.
5. The Company has Net Cash Surplus of Rs. 49 crores as on 30th September, 2025 as against Cash Surplus of Rs. 944 crores as on 31st March, 2025.
6. Looking at better prospect in 2nd half of the year & Wavin capacity in place , introduction Silent Pipes & Window frame ,the Board has declared interim dividend @550% i.e Rs 11/- on each share of Rs 2/-(FV) each.

7. Business Outlook

World economy is going through a low growth phase. This has resulted in pressure on crude oil prices. Several new petrochemicals plants have gone into production and further additional plants are under construction. Combined effects of these economic developments have put all Polymer price range in downward trend.

The company believes this downward trend may subside going forward unless crude oil prices go down drastically.

The Company is operating in various segments of the business. The Company has grown 8% in overall volume in first six months of this year. The Company expects to grow 12% to 14% in volume in this year.

Plastics Piping business growth in Agriculture application was adversely affected due to early arrival of monsoon. The rains remain active for extended period which has resulted in severe degrowth in Plastics Piping application in Agriculture. Central and State Governments have also provided less money in infrastructure segments related to demand in Plastics Pipe System.

This has resulted in lower growth in Plastic Pipe System in first half, Company has grown in First half of this year in Plastics Pipe System by 11% in volume. The Company expects the demand from Agriculture segment will rebound in second half of this year. The Company thus maintains its volume growth target between 15% to 17% in Plastics Pipe Segment for the current year.

The Company has successfully completed acquisition of WAVIN business. It has acquired Wavin's Plastic Pipe Business including three manufacturing Units situated at Banmore (Madhya Pradesh), Thimapur (Telangana) and Neemrana (Rajasthan) having installed capacities of about 71,000 MT per annum as a going concern on slump sale basis, effective 1st August, 2025

The Company has also entered into Master Technology License Agreement with Wavin B.V. Netherlands, an Orbia group Company, to access on exclusive basis for India and other SAARC Countries, all its existing technologies and other new technologies to be developed during the period of seven years, pertaining to Plastic Piping systems for Building and Infrastructure segment effective from 1st August 2025. This acquisition and Licensing arrangement would pave the way for the business of the Plastic Piping division to grow in terms of capacities, market reach and systems to handle WATER in an efficient manner.

Capacity expansions at various locations for Plastic Piping business and Protective packaging products are progressing smoothly. Company's plan to set up a new unit for material handling products at its newly acquired land at Malanpur (M.P.) to expand its footprint in central India shall be taken up in hand in next financial year along with other green field units at Bihar and Jammu for Plastic Piping division and in Western Maharashtra for Protective Packaging division for which requisite land is in possession of the Company.

Newly installed production equipment for PP silent pipe system in technical collaboration with M/s. Poloplast GmbH of Austria have commenced production. Product with the brand "Serene" and Serene Plus" will be launched all over the Country in this month.

The Company is expanding its capacity and range of Electrofusion (EF) Fittings and exploring export market. The Company continues to invest and enlarge the product basket in all its divisions and to remain focused on increasing the range of value-added products.

Construction work at site for Profile window project is nearing completion. Initial production line equipment has been installed and production trials have commenced. The Company expects to launch commercial production in the market during December 2025. Initial focus of the Company is to launch the customised Window in U.P., NCR & Haryana Region. The company would plan thereafter for more geographical reach within India with setting up of fabrication facilities in other parts of the country.

During the first half year of the current year, Company has made capex outflow of Rs. 869 Crs. including acquisition of Wavin Business. The company expects total cash outflow of about Rs.

1300 Crs. towards existing & new capital commitments including acquisition of Wavin Business. Entire Capex shall be funded from internal accruals.

All other product divisions except Industrial Component division are faring well and envisage moderate growth during the year. The protective packaging product division is specifically driving its growth plan by increasing its product range and offerings for customized solutions. The same is yielding positive results and paving the way for achieving double digit volume growth and revenue milestone of Rs. 1000 crores for the year.

The Company has started execution of its awarded contract for supply of 2 lakhs nos. of 10 Kg. composite LPG cylinders to Bharat Petroleum Corporation limited (BPCL) and 2.31 lakh nos. of composite LPG cylinders from Indian Oil Corporation Limited (IOCL). The Company has also expanded its export market reach and witnessed fruitful results in terms of better capacity utilization. The division has also executed its first order of CNG Cascade Cylinders and expecting repeat orders.

This is a brief and overall summary for the quarter and half year ended under reference. Thank you, for your patience. Now, I and my colleague, Mr. P.C. Somani & Mr. R J Saboo, are available to reply to your various queries raised by all of you. Thank you very much.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Sir, a couple of questions. So first, I just wanted to understand, can you provide the Wavin volume in Q2?

M.P. Taparria: In Wavin volume, we sold 3,000 tons. We acquired in August 1st. We got 2 months, August and September..

Shravan Shah: Okay. And yes. So for full year, we were previously looking at around 30,000-odd tons. So will that number remain same?

M.P. Taparria: Number remains same. But now as we have just started properly only from October, we believe this year, the sale may be around 20,000 tons in the 8 months.

Shravan Shah: Okay. So now, sir, considering the overall particularly the piping volume, so for 11-odd percent that we have done in the 1H. So to achieve 15%, 17% for full year, we need to have around 20% kind of a growth in the second half. So have we started seeing that kind of a momentum in the October itself?

M.P. Taparria: You have seen in the second quarter, we have grown by 17%. In first quarter, we have grown less due to segment got beating. But second quarter, we have grown already by 17%. So we are very confident. Now that rains have subsided and reservoirs are full with water, the agriculture market is going to come in a big way from November onwards.

Shravan Shah: Yes. So actually, my question is on that part only. So this quarter, so if you look at the Q-o-Q piping realization, which has gone up by close to 11-odd percent. And given that, let's say, ADD maybe, let's say, come from the 1st November itself, where we are looking at INR4, INR5 per kg PVC price hike. So in that scenario, sir, two things. One is, is there any product specific changes? And that's why in the second quarter, piping realization has gone up by significantly 11-odd percent. And now if the ADD comes and, let's say, INR5 hike is there from 1st November, so how one can look at the realization for the third quarter?

- M.P. Taparia:** I can't talk about ADD immediately, I can't talk anything about ADD. Volume, we will grow between 15% to 17%. In second quarter, volume-wise, we have grown by 17%. So we are fully aware of our responsibility. When we say 15% to 17% volume growth, which means second half, the volume should be higher than 17%. Then only we can attain 15%.
- Shravan Shah:** Got it. And lastly, sir, on the margin front, EBITDA margin front. So in 1H, we have done 12.3-odd percent. So last time, we were saying that around 14.5% to 15.5% kind of EBITDA margin for this year. So is there any change? And if not, then we need to have a 17% to 19% kind of EBITDA margin in the second half to achieve this number?
- M.P. Taparia:** Generally in our business second half is better because first half, the three months of rainy season, the demand goes down, the margins are under pressure. And the raw material price is higher, already so much, there's not much scope now raw material price to fall unless the crude price goes down drastically.
- Shravan Shah:** Got it, sir. No. No. I understand. Even if, let's say, the prices remain stable, then also, Still we believe that we can see a 3%, 4% kind of EBITDA margin improvement from currently 12.3% to 17%, 16%.
- M.P. Taparia:** . We told them because our EBITDA margin for the full year will be between 14.5% to 15%.
- Shravan Shah:** Okay. Okay. Got it. Got it. And lastly, sir, now that we have a debt also versus the cash, which has significantly now has reduced with the Wavin acquisition and the capex that we have -- are planning. So on the full year basis, how one can look at in terms of the debt level and also similarly for the finance cost?
- M.P. Taparia:** We have no debt level. We will not have any debt.
- Shravan Shah:** True, true, sir. On the gross front, we have INR240 odd crores debt. But given the capex is there, do we believe that the debt level will again will come down at a gross level.
- P.C. Somani:** At a gross level, whatever debt we have taken is very temporary in nature, it's short-term. By end of December, this will also go away.
- Shravan Shah:** Okay.
- P.C. Somani:** March '26, we'll be having a reasonable cash surplus in hand,
- Shravan Shah:** Okay. Okay.
- P.C. Somani:** There won't be much pressure on the capex payment now.
- Shravan Shah:** Okay, sir. I have further questions. Will come back in queue. All the best.
- Moderator:** The next question comes from the line of Sneha Talreja from Nuvama.
- Sneha Talreja:** Good evening, sir, and thank you a lot for the opportunity. I just wanted to understand on the margins front, while we have seen quarter-on-quarter improvement in realizations, and even our

gross margins have improved, we've seen a fall in EBITDA margins. What would be the impact of Wavin losses that we would have seen this particular quarter?

- P.C. Somani:** At the operating level, Wavin does not give any negative margins. They are plus only.
- Sneha Talreja:** And what about inventory loss? Have we seen any inventory loss this particular quarter?
- M.P. Taparia:** Inventory loss for the first half, overall in the company, there is an inventory loss. The raw material price has fallen. That is not only PVC, CPVC, polyethylene, all the prices are dropping. So maybe inventory loss in the first half may be around INR50 crores to INR60 crores.
- Sneha Talreja:** Understood. Any other insight that you would want to give because of which EBITDA margins are lower on a quarter-on-quarter basis, leaving apart the depreciation impact because you've added substantial capacity in this particular quarter?
- P.C. Somani:** Because of the lower volume than anticipated, that's why the fixed cost, which is otherwise segregated on the larger volume, remained a portion on the lower volume. There is no specific reason for lower margin. And that's how we are anticipating good margins in the second half and overall margin for the year should remain between 14.5% to 15% at operating level.
- Sneha Talreja:** Okay, sir. And sir, could you speak about the demand on the ground? you have mentioned on the agri part and the infrastructure side that we could read in the press release. But how is the demand in general
- M.P. Taparia:** We deal mostly in agriculture and housing. The demand is going to look quite robust. In infrastructure, as on today, whatever demand is coming, they are not related to our pipe demand. We hope that now the rates have subsided, infrastructure demand may come. We have to watch. We are not a big player in the infrastructure market.
- Sneha Talreja:** Understood. But on the plumbing side, you continue to see demand being robust?
- M.P. Taparia:** Plumbing side and agri side, both sides, we expect robust demand in second half.
- Sneha Talreja:** Understood. And lastly, in case we can get some capex breakup, you have done substantial capex in the current quarter, leaving apart Wavin, which are the product segments where we have added capacity substantially?
- M.P. Taparia:** One is a window profile, which is around INR200 crores. Then a silent pipe system, we invested around INR80 crores.
- Moderator:** The next question comes from the line of Keshav Lahoti from HDFC Securities.
- Keshav Lahoti:** Sir, I want to understand on Wavin. So as you said, Wavin hasn't been profitable this quarter. So when we think the Wavin margin will be in line with company's margin? And what steps are you taking? Because earlier Wavin was loss-making. So what steps you are taking to possibly ramp up its operation and whether Wavin...

- M.P. Taparia:** Wavin price list has been changed to our price list. Wavin will be a regular margin just like us from November.
- Keshav Lahoti:** Got it.
- M.P. Taparia:** We have cut their various costs, staff costs and their ground costs. We have cut many of their costs.
- P.C. Somani:** Volume improvement, ultimately.
- Keshav Lahoti:** Got it, sir.
- M.P. Taparia:** Volume improvement, better utilization of the plant.
- Keshav Lahoti:** Understood. Got it. As the Wavin sale is ramping up, will it imply -- impact Supreme sale? And secondly, you plan to rebrand Wavin under Supreme, some of its sales. How are you planning going forward?
- M.P. Taparia:** Along with the Wavin asset, we've got 120 sales team member in our company. We've got 266 new distributor and dealers. So somewhere where our reach was poor, we got distributor and dealer, and our sales force has been strengthened by addition of 120 numbers...
- Keshav Lahoti:** Okay. Got it. As you -- one last question from my side. As you highlighted, INR50 crores, INR60 crores is the inventory loss in H1. So this was the same number in Q1. So possibly Q2 won't be having any inventory loss element. Is this understanding right? And secondly, still Q2 margin looks very subpar, 12.4%.
- M.P. Taparia:** Very difficult to say. As some product, we might have gained something. But I think, we believe that whatever inventory loss was there, it is already behind us.
- Keshav Lahoti:** Got it. So what I'm trying to understand, still this quarter, your EBITDA margin is 12.4%, while year-on-year, the margin in Q2 FY '25 was 14% inspite of inventory loss. So you -- if we adjust for inventory...
- M.P. Taparia:** Maybe our raw material cost is lower rate or we maybe sell more value-added item. Value-added item with higher margins. So very difficult to just quantify like that.
- Keshav Lahoti:** Understood. Got it.
- Moderator:** Thank you. The next question comes from the line of Vipulkumar Shah from Sumangal Investments. Please go ahead.
- Vipulkumar Shah:** Hi. Thanks for the opportunity. Why consolidated margin consolidated net profit is lower than the stand-alone profit? Any particular reason?
- P.C. Somani:** No. In the stand-alone profit, we have the income from dividend from Supreme Petrochem, which was INR43 crores in this half year.

Vipulkumar Shah: Okay.

P.C. Somani: Whereas consolidated, that goes away and the share of profit comes from the consolidated results.

Vipulkumar Shah: Okay. Okay. Thank you. So, none of the subsidiaries are making losses, right?

P.C. Somani: Yes, none.

Vipulkumar Shah: Okay. Thank you, sir.

Moderator: Thank you. The next question comes from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Hi, sir. Sir, can you tell us with now 71,000 Wavin, our piping capacity is how much? And by end of this year, it will grow to how much?

P.C. Somani: Our capacity by end of March '26 would be 1 million plus. In piping system, I'm talking. For the company as a whole, it will be 1.2 million plus.

Shravan Shah: Okay. Okay. Got it. Got it. And in terms of this quarter, whatever growth that we have achieved on the volume front in the piping, will you help us in terms of the CPVC and the PVC? Specifically CPVC growth was how much? And with Wavin -- and going forward, is there a broad -- any idea how the CPVC volume growth looks like?

M.P. Taparia: CPVC growth in the first half has gone up by 26% in volume.

Shravan Shah: For us?

M.P. Taparia: For our company we are talking. We can talk about our company only.

Shravan Shah: Yes. No. I mean for industry would be a much lower number then?

M.P. Taparia: Industry I have no idea.

Shravan Shah: Okay.

M.P. Taparia: I am seeing, Supreme Industries and growth is at 26% in the first half.

Shravan Shah: Yes. Got it. Got it, sir. I got the point. I was just trying to understand whether we have gained the market share or not on the CPVC front.

M.P. Taparia: I have no idea, but I believe this is my conjecture our market share must have gone up.

Shravan Shah: Got it. Because that may be the reason why the Q-o-Q plumbing realization has significantly increased. Maybe this quarter, we could have a higher share of the CPVC in the overall piping volume and that may be the reason the Q-o-Q realization, which is 11%-odd increase. So, that's what I was trying to understand.

M.P. Taparia: Same is for our assessment. Yes, please.

Shravan Shah: Yes. And another, sir, in terms of last time, we have said that the JJM, so currently, how much broader our receivables are there? Is there any improvement on the JJM in terms of the government releasing funds?

M.P. Taparia: Total outstanding 17 days of the sale.

Shravan Shah: Sorry, sir?

M.P. Taparia: 17 days of the sale remain outstanding. 17 days of sale.

Shravan Shah: Okay. But we are not seeing any improvement there?

M.P. Taparia: 17 days, we are quite happy.

Shravan Shah: Okay. Okay.

M.P. Taparia: We are happy, 17 days comparatively company standard is quite low.

Shravan Shah: Okay. And sir, whatever the slightly lower reduction in the volume guidance, so leaving the plumbing, the three segments, so this is particularly from the industrial, that's why we are seeing a lower volume guidance?

M.P. Taparia: We have given 15% to 17% volume guidance. Now we are repeating same thing.

P. C. Somani: For the company, 12% to 15%, I think it was the...

M.P. Taparia: This is what we told in April. This is what we are saying today in October. There is no change.

Shravan Shah: No, sir, I think last time we were looking at 14%, 15% overall. And now we are looking at 12% to 14%. So, is the industrial segment is the reason and that's why we are seeing or giving a 1% or 2% lower?

M.P. Taparia: Because the company's business volume is very low. The company's business volume is very low.

Shravan Shah: Okay. Got it sir.

M.P. Taparia: And the main segment is now volume in Plastic Piping System; we remember that we had guided for 15-17% and we are maintaining the same percentage today.

Shravan Shah: Okay. And sir, any broader idea that this quarter in terms of overall the entire plastic pipe and plumbing volume growth would be how much for the industry?

R. J. Saboo: We could say we already stated for the year. For the quarter, we don't know...

M.P. Taparia: We have no idea. We can talk only about our company.

- Shravan Shah:** And for the industry for full year would be of 8%, 9%, that's the fair number?
- M.P. Taparia:** Maybe. You can better talk to the Reliance Industries. They will be a better person, better position to reply to you.
- Shravan Shah:** Okay. Thank you, sir, and all the best.
- Moderator:** Thank you. The next question comes from the line of Kumar Soumya from Ambit Capital. Please go ahead.
- Kumar Soumya:** Hi, sir. Good afternoon. Sir, just one question. If you could just give a little more clarity on the margin as to what should be the annual number -- annual margin we should be looking at? And what is the number that you think should be deliverable at least in the FY '26?
- M.P. Taparia:** Annual turnover should be between INR11,000 crores to INR11,500 crores and our operating margin should be between 14.5% to 15%.
- Kumar Soumya:** Got it. Got it. And sir, what is the capex that we are looking at from the second half perspective?
- M.P. Taparia:** We believe overall capex should be around INR1,300 crores. But depending on how we are able to order book the order as we are negotiating. In first half, we paid INR869 crores as capex outflow. And as my colleague has told you, we will be having a reasonable good cash surplus on 1st of April 2026.
- Kumar Soumya:** Yes, sir.. Thank you, sir. That will be all. I'll come back in the queue. Thank you.
- M.P. Taparia:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Raman KV from Sequent Investments. Please go ahead.
- Raman KV:** Sir, I joined the call a little late. I just want to understand there has been a big increase in the inventory levels. So can you give the reason why there is an increase in the inventory levels? And going ahead, if we are converting this inventory to our revenue in the coming quarters, will there be an impact on the margins? Because my understanding is we will sell this inventory at a lower level?
- M.P. Taparia:** No, we will price the inventory realization value. And we believe that the polymer price have come close to bottom only unless the crude price goes down dramatically. The crude price can go down a very low level, but today, prices are hovering between \$62 to \$65 Brent Oil. If will go to \$55, then we may have inventory loss, but we cannot predict about the crude oil price going forward.
- But this is quite a low price of crude oil, which is prevalent today in our country, in the world actually a very low price. So people don't anticipate otherwise if it goes very low, then exploration will come down. And there may be a shortage of crude oil later on going forward.

- Raman KV:** No, I just want to understand what's the primary reason for increase in the inventory levels?
- M.P. Taparia:** We have a good business in second half.
- Raman KV:** Okay. The business was good in the second half?
- M.P. Taparia:** We gave good capacity and good prospect for second half. And this is our business experience of many years and second half all business will be better than first half.
- Raman KV:** Okay. Thank you, sir.
- M.P. Taparia:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Utkarsh Nopany from company BOB Capital Markets. Please go ahead.
- Utkarsh Nopany:** Yes. Good evening, sir. Sir my first question regarding the pipe segment margin. So if we see our pipe segment EBIT margin was down by roughly 250 bps on a Y-o-Y basis. Despite we have seen a pretty good volume growth of 17% in this quarter. Our share of value-added product has also gone up quite sharply say which was earlier 40%, now it has gone up to 45%.
- And what we understand that last year, we booked an inventory loss of INR40 crores and whereas this year we have not seen any inventory loss in September quarter. So can you please, sir, help us understand what is the reason for the margin contraction in the pipe segment?
- M.P. Taparia:** In first half, we lost around INR60 crores in inventory.
- Utkarsh Nopany:** Sir, we have booked INR50 crores to INR60 crores inventory loss in June quarter only. And so if we are saying that we have booked INR50 crores, INR60 crores inventory in the first half, that means that there was no inventory loss in the September quarter?
- M.P. Taparia:** Second quarter, there was too much rain. So the prices have to drop down. This was a slack season. Second quarter is a slack season period due to pipe demand – pipe demand get affected due to rainy season. The second quarter margin will be always low, but we try to give the off-season discount to the customer.
- R. J. Saboo:** And there was an extended rainfall also.
- Utkarsh Nopany:** No, sir. Like my reason was that like we have not seen any negative operating leverage. We have seen positive operating leverage benefit only because our volume was up 17% and our realization on the quarter-on-quarter was up pretty sharply. But fine, sir, I will just take it offline, sir, from you. Sir, my second question was...
- P.C. Somani:** If you are looking at EBIT margin, EBIT Wavin coming into hold from August onwards, the depreciation has increased definitely.
- Utkarsh Nopany:** Okay.

- P.C. Somani:** So that's why the EBIT margin would be impacted.
- Utkarsh Nopany:** Okay. Got it, sir. Sir, my second question is on the industrial and packaging segment volume. So what we have seen that the Industrial segment volume was down even on a weak base of last year. And even packaging segment volume also came under pressure in September quarter. So what could be the reason for the same?
- M.P. Taparia:** In my opening remarks, I said all our division worked well, except industrial component division. The demand from our customers who are making the primary product in the market, the demand was low in the second quarter and packaging segment due to rainy season demand was low.
- Packaging demand is going to have a good growth this year. We informed that packaging division business will grow by double digit this year and may reach INR1,000 crores this year, which is a significant achievement for the company. After plastic piping division, the division which is going to reach INR1,000 crores is protective packaging division in the company.
- Utkarsh Nopany:** Okay.
- Moderator:** Thank you. The next question comes from the line of Navid Virani from Bastion Research. Please go ahead.
- Navid Virani:** Thank you for the opportunity. Sir I have a couple of questions regarding Wavin. So we see that when we have acquired Wavin, we have also acquired some technology with it. So the first question, which I want to ask is when do we expect these acquired technologies to start benefiting our piping segment?
- M.P. Taparia:** We have told that we have entered into technology license agreement that they have got several technologies in the portfolio. We have to decide which technology we want to take. Option is given to us, we are studying, we are developing on the market first of that product and then only we will enter into an agreement to acquire any technology. Once we acquire any technology license, we will inform all our partner immediately.
- As on today, we have still not started negotiation for acquiring any technology. We have got a license from them that we have full authority on exclusive basis to acquire any of the technology which is in the portfolio, which will decide when we meet in January, we may be able to dwell on some technology and then we will inform to everybody.
- Navid Virani:** Sure. Thank you for that clarification, very clear. Next I wanted to understand the overall outlook of the business, let's say, in 3 years to 5 years in terms of exports. So from what I'm able to understand right now, the export as a percentage of our total business today is very small. So how are we planning to build those -- the exports business and what can be the contribution of exports, let's say, 3 years, 5 years down the line? Is there any target which we are working with?
- M.P. Taparia:** Earlier we were exporting only through our Dubai office. Now we have put more resources. We're opening another market. So we are very optimistic that our export business will go on

growing quarter-after-quarter. Percentage, I can't say. We wanted to reach 5%. As on today, we are less than 3% of our turnover.

Our aim is to increase the target of export as much as possible. In India, generally, there is too many constraint on boosting export of plastic product, but they are now being handled by the government, central government, state government also very effectively. So we hope that export will start growing quarter-after-quarter from now.

Navid Virani: Noted. And the packaging segment, is it right to assume that the packaging segment will lead the charge as far as export business is concerned?

M.P. Taparia: Plastic piping and packaging both.

Moderator: The next question comes from the line of Mehul from NMV Securities.

Mehul: Yes. So Wavin's turnover for FY '24 was INR1,000 crores. So if I assume the similar turnover in FY '25 and the capacity is around INR71,000 crores -- 71,000 metric tons. So realization per metric ton is around 1.35 lakhs, so which is broadly similar for Supreme Industry as well.

But if I see this, the Supreme Industry is currently trading around INR50,000 crores. And if I divide it by the capacity which currently Supreme Industry have, which is 8.70 lakh metric tons. So Supreme Industry is trading around 5.74 lakh per metric tons, whereas the company, the Wavin you bought, it's around 41,000 per metric ton.

P.C. Somani: Mehul, I think your understanding is wrong of the subject. Wavin turnover, what you're looking for FY '24 was inclusive of their tank business, which they have divested in '24, '25. So piping turnover, what we have acquired was less than INR600 crores.

M.P. Taparia: Earlier, Wavin turnover was along with the Vectus turnover. Wavin Vectus is marketing Vectus tanks.

Moderator: The next question comes from the line of Vandit Shah from Abakkus Asset Management LLP.

Vandit Shah: Sir, I just had one question. How is the inventory levels currently with the dealers? Is it normal or still we are waiting for a restocking of inventory?

M.P. Taparia: As per us, it may be lower than normal.

Vandit Shah: And do you believe that with the restocking might happen in the October & in the November month before the ADD comes in or in November, December months?

M.P. Taparia: So without ADD also, they have to start buying as when the peak season time. From November to May, the demand remains robust of plastic piping division. So they have to maintain and service their customers.

Moderator: The next question comes from the line of Karan Bhatelia from Asian Markets Securities.

- Karan Bhatelia:** Sir, in the first quarter, we mentioned that we executed our PE piping order for gas applications. So you want to throw any light with respect to the FY '26, '27 visibility on revenue?
- M.P. Taparia:** Now we have DVGW approval for our fitting also. So now we are the only company who is able to supply pipe and fitting both from the same company. So we are very optimistic now that going forward, we will be able to meet the requirement of several gas company, pipe and fitting together.
- The schedule was issued in last week only. So we can talk better when we reach in the month of January, but we expect growing business. Business is not going to be very large, but it's a prestigious business, and this can help us to serve the community better.
- Karan Bhatelia:** What can be the market for this piping...
- M.P. Taparia:** Comparing to our business of INR8,000 crores, INR9,000 crores of plastic piping, this cannot be a large business. This might be below INR50 crores.
- Karan Bhatelia:** Right. And sir, any update on the greenfield facilities for the plastic piping over the next 2 years?
- M.P. Taparia:** Plastic piping, next 2 years, I'm not aware today. But we hope that we growing better than the industry . We told earlier also the industry grow 2% more than GDP. We must grow 2%, 3% more than the industry.
- Karan Bhatelia:** Last time we were awaiting land approvals at Bihar and Jammu.
- M.P. Taparia:** Jammu, we have still not started. Land is in our possession. Land in Bihar also in our possession. But there we still not started any manufacturing activity. First, we will take up to put the plant at Bihar and Jammu will come later. We hope that all the capacity should be up and running in 2027 first half.
- Moderator:** The next question comes from the line of Vipulkumar Shah from Sumangal Investments.
- Vipulkumar Shah:** Are we required to pay any royalty to the Wavin for using their technology?
- M.P. Taparia:** Whenever we acquire technology, we have to pay them royalty.
- Vipulkumar Shah:** Sorry, sir?
- M.P. Taparia:** Whenever we acquire a new technology from them, then on all the technology turnover, we have to pay them royalty.
- Vipulkumar Shah:** But on this 71,000 tons of capacity, we will not be paying any royalty, right?
- M.P. Taparia:** We already paid them INR260 crores.
- Vipulkumar Shah:** Okay. And sir, since we have very little cash left, what is your capex guidance for next year, sir?
- M.P. Taparia:** Next year, capex will tell you in April.

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

M.P. Taparia: We thank you very much for a very intelligent questions, and we hope that we have satisfied all the questions raised by our partners. Thank you very much.

P.C. Somani: Thank you, everyone.

R, J. Saboo: Thank you, everyone.

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