

HSIE Results Daily

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Results Reviews

- **Supreme Industries:** Supreme Industries (SIL) reported 12% consolidated volume growth (pipes/other segments 17/-4% YoY) in Q2. Consolidated revenue was up 5% YoY. EBITDA declined 7% YoY, owing to lower gross margin and higher fixed cost. APAT fell 20% YoY due to reduced EBITDA, lower associate profit, and increased depreciation. The management revised its overall volume growth guidance for FY26 to 12--14%, down from the earlier estimate of 14-15%. For the plastic piping division, the company maintained its volume growth guidance of 15-17% for FY26. However, it lowered the upper band of the EBITDA margin guidance to 14.5-15%, from 14.5-15.5% earlier. The management remains confident of healthy agricultural and plumbing demand in H2FY26. We value the company at 40x Sep'27 EPS and its 30.8% holding in its associate Supreme Petrochem at a 30% discount to its current market cap. We maintain ADD on Supreme Industries with a target price of INR 4,060/sh.
- **PNB Housing Finance:** PNB Housing Finance's (PNBHF) Q2FY26 earnings were ahead of our estimates due to negative credit costs (-57bps). Gross advances growth moderated marginally to 15% YoY amidst weak overall demand and nil disbursements in corporate loans. PNBHF's pivot toward higher-yielding loans across segments through significant investments in distribution for affordable and emerging segments are likely to aid margins during FY26-FY28E. However, the gradual normalization of credit costs and seasoning of the emerging and affordable portfolio are likely to put pressure on return ratios. Further, the uncertainty around the management succession and subsequently the overall strategy remains an overhang on the stock. We revise our FY26E-FY27E earnings estimates marginally to factor in lower credit costs and maintain ADD with a revised RI-based TP of INR 1,140 (implying 1.4x Sep-27 ABVPS).

HSIE Research Team

hdfcsec-research@hdfcsec.com

Supreme Industries

Weak margin performance; healthy outlook

Supreme Industries (SIL) reported 12% consolidated volume growth (pipes/other segments 17/-4% YoY) in Q2. Consolidated revenue was up 5% YoY. EBITDA declined 7% YoY, owing to lower gross margin and higher fixed cost. APAT fell 20% YoY due to reduced EBITDA, lower associate profit, and increased depreciation. The management revised its overall volume growth guidance for FY26 to 12--14%, down from the earlier estimate of 14--15%. For the plastic piping division, the company maintained its volume growth guidance of 15-17% for FY26. However, it lowered the upper band of the EBITDA margin guidance to 14.5-15%, from 14.5-15.5% earlier. The management remains confident of healthy agricultural and plumbing demand in H2FY26. We value the company at 40x Sep'27 EPS and its 30.8% holding in its associate Supreme Petrochem at a 30% discount to its current market cap. We maintain ADD on Supreme Industries with a target price of INR 4,060/sh.

- Q2FY26 performance:** Supreme Industries delivered 12% consolidated volume growth, including the Wavin acquisition. Pipes/consumer products segment volume growth was up 17/6% YoY, while industrial/packaging segment volume was down 8/2% YoY. Consolidated/pipes NSR improved by 9/11% QoQ, owing to sequential improvement in resin prices and better product mix. Consolidated revenue was up 5% YoY. EBITDA declined 7% YoY owing to lower gross margin and higher fixed cost. Employee and other expenses rose 12/11% YoY. Consolidated/pipes/industrial/packaging/consumer EBIT was -15/-16/-58/15/-15% YoY. APAT declined 20% YoY, owing to reduced EBITDA, lower associate profit, and higher depreciation.
- Con call highlights and outlook:** The management revised its overall volume growth guidance for FY26 to 12-14%, down from the earlier estimate of 14-15%. For the plastic piping division, the company maintained its volume growth guidance of 15-17% for FY26. However, it lowered the upper band of the EBITDA margin guidance to 14.5-15%, from 14.5-15.5% earlier. The management remains confident of healthy agricultural and plumbing demand in H2FY26. Starting from November 2025, the Wavin margin will align with the company margin, aided by cost rationalization. Channel inventory remained below normal levels, as of September 2025. Factoring in a weak Q2 result, we have cut our revenue estimates by 1% each for FY26/27/28E and APAT estimate by 9/8/7% for FY27/28E. We maintain ADD with a revised TP of INR 4,060/sh.

Consolidated quarterly/annual financial summary

YE Mar (INR mn)	Q2 FY26	Q2 FY25	YoY (%)	Q1 FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Sales (K MT)	154.4	138.1	11.8	183.8	-16.0	639.7	674.5	757.5	842.3	928.3
NSR (INR/Kg)	155.0	164.6	-5.8	142.0	9.2	158.4	154.9	152.1	156.6	156.6
EBITDA (INR/Kg)	19.3	23.1	-16.7	17.3	11.0	24.2	21.2	21.5	23.4	23.8
Net Sales	23,939	22,730	5.3	26,092	-8.3	1,01,342	1,04,463	1,15,197	1,31,918	1,46,214
EBITDA	2,974	3,192	-6.8	3,189	-6.7	15,473	14,317	16,259	19,747	22,140
EBITDAM (%)	12.4	14.0		12.2		15.3	13.7	14.1	15.0	15.1
APAT	1,647	2,066	-20.3	2,023	-18.6	10,697	9,609	10,301	12,580	14,037
AEPS (INR)	13.0	16.3	-20.3	15.9	-18.6	84.2	75.6	81.1	99.0	110.5
EV/EBITDA (x)						32.1	34.8	31.1	25.6	22.8
P/E (x)						47.5	52.8	49.3	40.3	36.2
RoE (%)						22.5	17.8	17.5	19.6	20.0

Source: Company, HSIE Research

ADD

CMP (as on 27 Oct 2025)	INR 4,001
Target Price	INR 4,060
NIFTY	25,966

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 4,300	INR 4,060
	FY27E	FY28E
EPS change %	-7.7	-7.1

KEY STOCK DATA

Bloomberg code	SI IN
No. of Shares (mn)	127
MCap (INR bn) / (\$ mn)	508/5,761
6m avg traded value (INR mn)	1,034
52 Week high / low	INR 5,157/3,020

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(7.2)	15.0	(6.7)
Relative (%)	(11.3)	8.0	(13.5)

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	48.90	48.90
FIs & Local MFs	14.60	16.05
FPIs	21.94	20.66
Public & Others	14.56	14.39
Pledged Shares	NIL	NIL

Source : BSE

Pledged shares as % of total shares

Keshav Lahoti

keshav.lahoti@hdfcsec.com
+91-22-6171-7353

Rajesh Ravi

rajesh.ravi@hdfcsec.com
+91-22-6171-7352

Mahesh Nagda

mahesh.nagda@hdfcsec.com
+91-22-6171-7319

Riddhi Shah

riddhi.shah@hdfcsec.com
+91-22-6171-7359

PNB Housing Finance

Steady performance; succession uncertainty an overhang

PNB Housing Finance's (PNBHF) Q2FY26 earnings were ahead of our estimates due to negative credit costs (-57bps). Gross advances growth moderated marginally to 15% YoY amidst weak overall demand and nil disbursements in corporate loans. PNBHF's pivot toward higher-yielding loans across segments through significant investments in distribution for affordable and emerging segments are likely to aid margins during FY26-FY28E. However, the gradual normalization of credit costs and seasoning of the emerging and affordable portfolio are likely to put pressure on return ratios. Further, the uncertainty around the management succession and subsequently the overall strategy remains an overhang on the stock. We revise our FY26E-FY27E earnings estimates marginally to factor in lower credit costs and maintain ADD with a revised RI-based TP of INR 1,140 (implying 1.4x Sep-27 ABVPS).

- Portfolio optimization to arrest NIM compression:** PNBHF's NIMs declined marginally to 3.67% (Q1FY26: 3.74%), with reduction in cost of funds (by 7bps), offset by lower yields. While the current rate cut environment is likely to exert pressure on spreads for prime segment, an increasing share of emerging and affordable segments (49% of disbursements in Q2) is likely to aid NIM reflation during FY26-FY28E.
- Credit costs remain negative; normalization yet to play out:** Asset quality improved sequentially, with GS-III/NS-III at 1.0%/0.7% and GS-II at 2.2%. Credit costs are likely to remain negative in FY26 on the back of a large written-off pool. However, the seasoning of the emerging and affordable portfolio, along with run-down of these recoveries, is likely to drive credit costs higher and drive RoAs lower.
- Management succession; transition toward steady-state profitability key monitorable:** PNBHF has pivoted its strategy toward granular retail loans, with an emphasis on high-yielding retail loans to drive profitability. However, throughput at newly added branches remains a key monitorable, along with seasoning of the high-yielding loan portfolio. Further, uncertainty around the management succession post the resignation of Mr. Girish Kousgi and the strategy to be adopted by the new MD and CEO remain an overhang on the stock.

Financial summary (Consolidated)

Y/E Mar (INR bn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
NII	7.5	6.6	13.4	7.5	0.6	27.2	31.4	38.4	45.9
PPOP	6.5	5.6	15.6	6.3	2.3	23.3	26.8	33.0	40.0
PAT	5.8	4.7	23.8	5.3	9.0	19.4	22.3	24.0	29.1
EPS (INR)	22.3	18.0	23.7	20.5	9.0	74.5	85.8	92.2	111.8
ROAE (%)						12.2%	12.4%	11.9%	12.9%
ROAA (%)						2.5%	2.5%	2.3%	2.4%
ABVPS (INR)						629	705	782	879
P/ABV (x)						1.5	1.3	1.2	1.1
P/E (x)						12.5	10.8	10.1	8.3

Change in estimates

INR bn	FY26E			FY27E		
	Old	New	Chg	Old	New	Chg
AUM	929	917	-1.2%	1,069	1,063	-0.6%
NIM (%)	3.7	3.5	-16 bps	3.8	3.7	-9 bps
NII	33.4	31.4	-5.9%	40.4	38.4	-4.9%
PPOP	27.6	26.8	-3.1%	34.1	33.0	-3.1%
PAT	21.6	22.3	3.1%	24.4	24.0	-1.7%
ABVPS (INR)	696.8	704.5	1.1%	776.2	782.4	0.8%

Source: Company, HSIE Research

ADD

CMP (as on 27 Oct 2025) INR 928

Target Price INR 1,140

NIFTY 25,966

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,100	INR 1,140
EPS %	FY26E	FY27E
	3.1%	-1.7%

KEY STOCK DATA

Bloomberg code	PNBHOU5I IN
No. of Shares (mn)	261
MCap (INR bn) / (\$ mn)	242/2,739
6m avg traded value (INR mn)	2,001
52 Week high / low	INR 1,142/746

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(8.2)	(4.5)	(2.1)
Relative (%)	(12.3)	(11.6)	(8.9)

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	28.1	28.0
FIs & Local MFs	38.0	40.7
FPIs	24.2	18.6
Public & Others	9.7	12.7
Pledged Shares	0.0	0.0

Source: BSE

Pledged shares as % of total shares

Deepak Shinde

deepak.shinde@hdfcsec.com
+91-22-6171-7323

Krishnan ASV

venkata.krishnan@hdfcsec.com
+91-22-6171-7314

Ayush Pandit

ayush.pandit@hdfcsec.com
+91-22-6171-7366

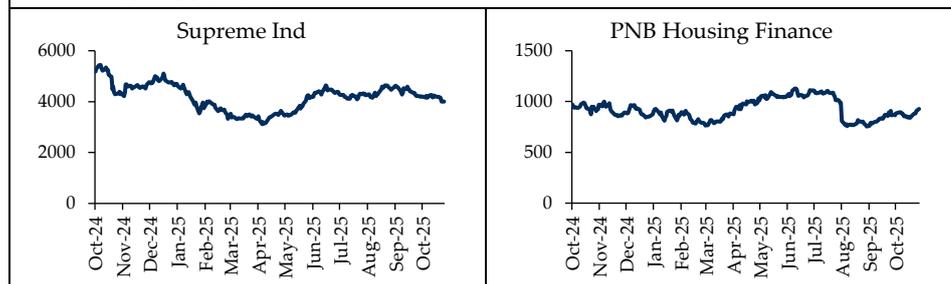
Rating Criteria

BUY: >+15% return potential
 ADD: +5% to +15% return potential
 REDUCE: -10% to +5% return potential
 SELL: > 10% Downside return potential

Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Keshav Lahoti	Supreme Industries	CA, CFA	NO
Rajesh Ravi	Supreme Industries	MBA	NO
Mahesh Nagda	Supreme Industries	CA	NO
Riddhi Shah	Supreme Industries	MBA	NO
Deepak Shinde	PNB Housing Finance	PGDM	NO
Krishnan ASV	PNB Housing Finance	PGDM	NO
Ayush Pandit	PNB Housing Finance	CA	NO

1 Yr Price movement



Disclosure:

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HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: customercare@hdfcsec.com Phone: (022) 3901 9400

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HDFC Securities

Institutional Equities

Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,

Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

Board: +91-22-6171-7330 www.hdfcsec.com