Research

CRISIL
An S&P Global Company

CRISIL IER

Independent Equity Research

Enhancing investment decisions

The Supreme Industries Ltd

Detailed Report

Explanation of CRISIL Fundamental and Valuation (CFV) matrix

The CFV Matrix (CRISIL Fundamental and Valuation Matrix) addresses the two important analysis of an investment making process – Analysis of Fundamentals (addressed through Fundamental Grade) and Analysis of Returns (Valuation Grade) The fundamental grade is assigned on a five-point scale from grade 5 (indicating Excellent fundamentals) to grade 1 (Poor fundamentals) The valuation grade is assigned on a five-point scale from grade 5 (indicating strong upside from the current market price (CMP)) to grade 1 (strong downside from the CMP).

CRISIL Fundamental Grade	Assessment	CRISIL Valuation Grade	Assessment
5/5	Excellent fundamentals	5/5	Strong upside (>25% from CMP)
4/5	Superior fundamentals	4/5	Upside (10-25% from CMP)
3/5	Good fundamentals	3/5	Align (+-10% from CMP)
2/5	Moderate fundamentals	2/5	Downside (negative 10-25% from CMP)
1/5	Poor fundamentals	1/5	Strong downside (<-25% from CMP)

Research Analysts

Bhaskar Bukrediwala
bhaskar.bukrediwala@crisil.com

Sayan Das Sharma
sayan.sharma@crisil.com

Client servicing desk

+91 22 3342 3561
clientservicing@crisil.com

The Supreme Industries Ltd

June 06, 2016

Entrenching supremacy

Fundamental Grade: 5/5 (Excellent fundamentals) **Valuation Grade: 4/5 (CMP has upside)**

Industry: Plastic products **Fair Value: ₹995** **CMP: ₹877**

Strong fundamentals and well-entrenched competitive advantages place The Supreme Industries Ltd (Supreme) favorably to capitalise on the robust long-term industry prospects. Substitution of other materials (such as metals, woods) by plastic products for various applications and growth in key end-user industries (consumer durables, autos, agriculture, packaging and construction) are likely to drive consumption of plastic products in India, which is much lower by the global average. A diversified, innovative product basket, wide distribution reach across the country, rising share of value-added products, a strong balance sheet and an experienced management team should help Supreme maintain its apex position in the plastic-processing industry. Rising competitive pressure notwithstanding, we remain positive on the long-term growth prospects for Supreme. We maintain our fundamental grade of **5/5**.

Bolstering competitive advantages through concerted efforts

Through a number of steps, the company has bolstered its well-entrenched competitive advantages in the process plastic products industry. It has commissioned a new plant in West Bengal in FY16, which has translated into market share gain in the under-penetrated market. It plans to add three plants in Rajasthan, Assam and South India over the next couple of years to expand its pan-India presence. By launching new, innovative products across segments, the company has managed to increase the share of value-added products to 37% in FY16 from 32% in FY13, and we expect this to increase further. We expect these competitive advantages to help the company maintain its position in the industry.

Plastic pipes, packaging products to drive growth

Over FY16-18E, plastic pipes and packaging products are expected to be the key revenue drivers. Expectations of a normal monsoon, coupled with higher government spending in water supply, sanitation, and affordable housing, augur well for plastic-pipes demand. A revival in consumption spending is likely to augment demand for protective packaging and cross-laminated films. Expanding distribution reach, along with new products, is expected to help Supreme gain market share in these segments. We expect revenue from these two segment to grow at 23% and 20% over FY16-18E.

We raise our fair value estimate to ₹995 per share

We have increased our earnings estimates for FY17E and FY18E by 3.5% each. We have also increased our long-term growth and margin projections, considering the robust industry prospects and Supreme's competitive advantages. Consequently, we have raised our fair value estimate to ₹995 per share from ₹855 (including its 30% stake in Supreme Petrochem, valued at ₹26 per share). Our new fair value estimate implies 28.8x FY17E EPS and 24.3x of FY18E EPS. At the current price of ₹877, our valuation grade is **4/5**.

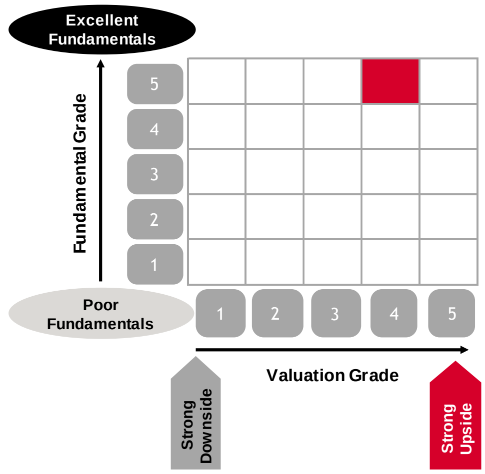
KEY FORECAST

(₹ mn)	FY14	FY15	FY16 (9M)#	FY17E	FY18E
Operating income	38,935	41,147	29,748	52,556	62,002
EBITDA	5,477	5,639	4,612	8,143	9,334
Adj net income	2,818	3,316	2,290	4,433	5,229
Adj EPS (₹)	22.2	26.1	17.9	34.9	41.2
EPS growth (%)	(2.4)	17.7	(8.6)	46.2	18.0
Dividend yield (%)	0.9	1.0	0.6	1.6	1.9
RoCE (%)	31.2	27.3	32.3	38.4	40.4
RoE (%)	29.4	29.5	24.0	31.1	31.4
PE (x)	39.5	33.6	36.7	25.1	21.3
P/BV (x)	10.7	9.2	8.5	7.2	6.2
EV/EBITDA (x)	21.1	20.1	17.2	13.9	12.0

NM: Not meaningful; CMP: Current market price

Source: Company, CRISIL Research estimates

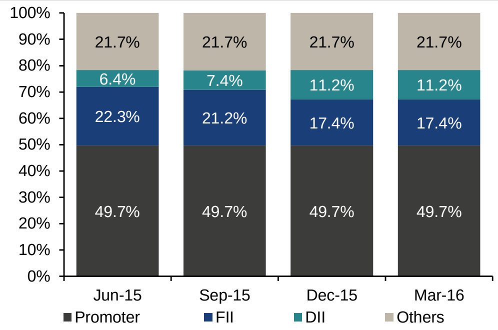
CFV MATRIX



KEY STOCK STATISTICS

NIFTY/SENSEX	8201/26777
NSE/BSE ticker	SUPREMEIND
Face value (₹ per share)	2
Shares outstanding (mn)	127.0
Market cap (₹ mn)/(US$ mn)	111,345/1,661
Enterprise value (₹ mn)/(US$ mn)	113,377/1,691
52-week range (₹)/(H/L)	1,004/520
Beta	0.7
Free float (%)	50.3%
Avg daily volumes (30-days)	163,281
Avg daily value (30-days) (₹ mn)	145

SHAREHOLDING PATTERN



PERFORMANCE VIS-À-VIS MARKET

	Returns			
	1-m	3-m	6-m	12-m
Supreme	8%	16%	33%	32%
CNX 500	5%	10%	4%	2%

For detailed initiating coverage report please visit: www.ier.co.in

CRISIL Independent Equity Research reports are also available on Bloomberg (CRI <go>) and Thomson Reuters.

Table 1: Supreme - Business environment

Product / segment	Plastic piping system	Packaging products	Consumer products	Industrial products
Revenue contribution (FY16)*	55%	23%	7%	14%
Revenue contribution (FY18E)*	57%	23%	6%	14%
Product / service offering	PVC (polyvinyl chloride), CPVC (chlorinated polyvinyl chloride), PPRC (polypropylene random co-polymer) and HDPE (high-density polyethylene) pipes, injection moulded and handmade fittings	Performance films, protective packaging films, cross laminated films	Moulded furniture	● Moulded parts, such as dashboards and other interior and exterior parts, for automobiles ● Plastic body for consumer-durable products ● Material handling products, such as pallets, crates and bins
Market position	The second largest domestic player with a wide product offering and distribution reach	One of the major players in protective packaging; market leader in cross-laminated films	Second largest domestic player	Preferred supplier to OEMs
Sales growth (FY14-FY16 – 2-yr CAGR)	5% (11.3% volume CAGR, realisation declined at 5.6% CAGR due to a fall in raw material prices)	9.8% (10.7% volume CAGR, realisation remained largely flat)	9.3% (10.7% volume CAGR, realisation declined at 1.4% CAGR)	Flat (5% volume CAGR, realisation declined at a similar rate)
Sales forecast (FY16-FY18E – 2-yr CAGR)	23% (20% volume CAGR, 3% realisation CAGR)	20% (18% volume CAGR, 2% realisation CAGR)	17% (12% volume CAGR, realisations to grow at 5% CAGR augmented by higher contribution from premium products)	16% (14% volume CAGR, 2% realisation CAGR)
Key competitors	● PVC - Finolex Industries Ltd, Jain Irrigation Systems Ltd, Kisan Mouldings Ltd, Prince Pipes and Fittings Pvt. Ltd ● CPVC – Astral Polytechnic, Ashirvad Pipes, Ajay Industrial Corporation Ltd	Large players such as Uflex, Essel Propack, Jindal Poly, SRF and unorganised players	Nilkamal Ltd (which has a 30-35% share), WimPlast	Large and medium-sized competitors such as Tata Auto Comp Systems Ltd, Varroc Group, Motherson Sumi Systems Ltd, Sintex Industries Ltd, Mutual Industries Ltd, Nilkamal and Time Technoplast
Key risks	● Entry of new players in the plastic pipes segment ● Prolonged slowdown in fresh real estate supply	● Competition from the unorganised segment ● Increase in raw material prices		● Decline in demand from clients for whom the company has set up dedicated plants ● Slowdown in end-user industries, i.e. auto and consumer durables ● Increase in raw material prices

** Balance is contributed by real estate sales and subsidy income*

Source: Company, CRISIL Research

Grading Rationale

Supreme fundamentals

Despite intensifying competition and industry headwinds, Supreme's strong fundamentals remain intact: 1) sound business model, characterised by diversified revenue streams underpinning low concentration risk, and healthy cash flow generation; 2) presence in industries with attractive growth potential, such as plastic pipes, consumer plastic products, and packaging; 3) distinct competitive advantages, such as a diversified product basket, vast distribution reach, and healthy brand recall; 4) innovation capability, as reflected in continuous product launches, including value-added products; and 5) a healthy balance sheet, characterised by a lean working-capital cycle and low financial leverage. The company's fundamental strength sets it apart from peers and translates into its industry-leading financials.

Table 2: Better fundamentals reflected in superior financials

Parameters	Supreme	Astral	Finolex	Jain Irrigation	Nilkamal
Revenue CAGR (FY11-15)	**14.1%**	36.6%	5.7%	10.8%	9.5%
Average EBITDA margin (FY11-15)	**14.3%**	13.7%	12.1%	13.9%	9.4%
PAT (FY11-15)	**14.4%**	23.1%	5.8%	(17.6%)	0.2%
Average RoE (FY11-15)	**36.5%**	24.7%	17.4%	8.8%	36.5%
Average RoCE (FY11-15)	**32.5%**	28.4%	13.6%	11.2%	32.5%
Average working capital days (FY11-15)	**28**	48	58	183	28
Average debt/EBITDA (FY11-15)	**0.7x**	1.2x	2.9x	5.3x	0.7x
Average gross asset turnover (FY11-15)	**2.5x**	3.3x	1.3x	1.8x	2.5x
Operating cash flow/PAT (FY11-15)	**1.5x**	0.8x	1.1x	(10.6x)	1.4x

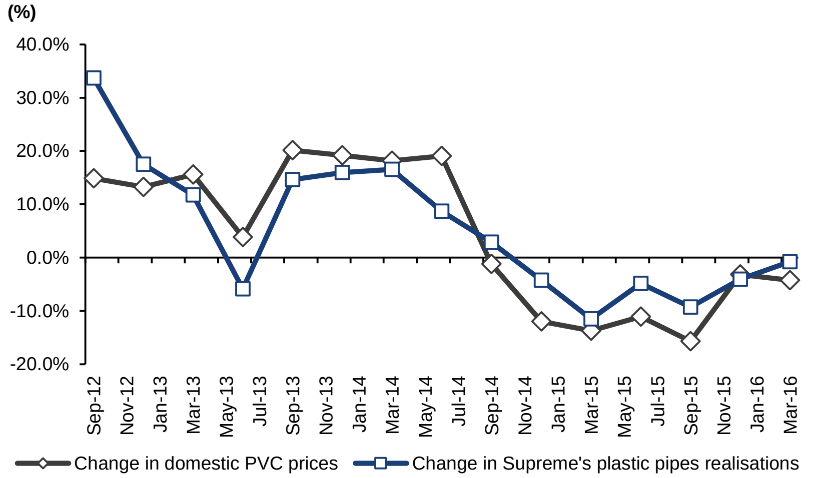
Source: Company, CRISIL Research

Strong brand equity enables Supreme to pass on increase in raw material prices

Realisation growth shows high correlation with raw material prices

Over the past few years, the company has demonstrated its ability to pass on increase in raw material prices, due to brand strength. When domestic PVC prices rose sharply over FY13-14, the company was able to successfully pass on most of the increase to consumers, showing its brand strength and insulating its realisations from sharp volatility in commodity prices.

Figure 1: Material prices and realisations show close correlation



Source: Company, CRISIL Research

Bolstering competitive advantages through concerted efforts

Over the past few years, the company has taken several steps to bolster its well-entrenched competitive advantages – a wide product portfolio, vast distribution reach, and innovation capability - in the plastic products industry.

Boosting product portfolio through new innovative products

Building on its track record in product innovation, the company continues to focus on new launches across segments. It has recently introduced a variety of products – pipe fittings, bath fittings, including electroplated products, a range of solvents, fusion furniture, patented cross-laminated plastic films, industrial valves, CPVC pipe systems with industrial applications, among others. According to management, consumer acceptance for most of these products have been positive. Bath-fitting products initially faced some issues, but they have been resolved.

Technological collaboration with foreign partners enables new product development

To enhance innovation capability, the company has entered into technical tie-ups with various international companies. These collaborations help it in improving product quality and create strong brand recall.

Table 3: Technological tie-ups with foreign partners enhance innovation capability

Company	Country	Products
Rasmussen Polymer Development	Switzerland	Cross-laminated films
Wavin	Netherlands	Plastic pipes
Foam Partner	Switzerland	Reticulated PU foam
Sanwa Kako	Japan	Two-stage foam
PE Tech	South Korea	Cross-linked foam
Kumi Kasai Co. Ltd.	Japan	Automotive components
Kautex GMBH	Germany	Composite cylinders
Spears Mfg. Co.	The US	Fire sprinkler pipes from CPVC
Calcamite Sanitary Services	South Africa	Septic tanks

Source: Company

Rising contribution from value-added products is encouraging

Through sustained launch of products with niche applications, the company has also been able to ramp up its portfolio of value-added products (which fetches 17%+ EBITDA margin) across segments. Revenue contribution from these products has grown to 37% in FY16 from 32% in FY13. We expect this share to go up to ~40% , augmented by the launch of innovative products with specific applications. The rising share of value-added products is likely to be a key growth driver, supporting margin expansion.

Table 4: Contribution of value-added products rising steadily across segments

Segment	FY14	FY15	FY16 (9M)	FY20E*
Plastic piping	27.7%	30.3%	33.4%	30%
Moulded furniture	48.6%	47.6%	48.3%	65%
Cross laminated films	100%	100%	100%	100%
Protective packaging	31.7%	30.4%	32.7%	45%
Composite cylinder	-	100%	100%	100%
Others	1.6%	2.5%	2.3%	NA
Total	**32.3%**	**34.2%**	**36.7%**	**>35%**

NA = Not Available; * Management guidance

Source: Company

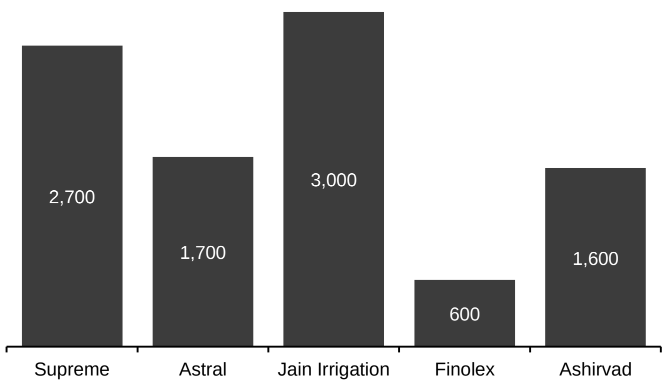
Expanded distribution reach

Supreme is strengthening its distribution reach across the country. In FY16, it commissioned the plastic piping manufacturing plant in Kharagpur, West Bengal. Previously, the company had four facilities for plastic pipe manufacturing – in Gadegaon and Jalgaon, Maharashtra; Kanpur, Uttar Pradesh; and Malanpur, Madhya Pradesh, which catered to the eastern region. The new facility has reduced the lead time for customers and freight cost. It has also enabled the company to tap smaller vendors in the eastern region; earlier, catering to them was not feasible from the Mulanpur facility. Considering that none of the other organised pipe manufacturers – Ashirvad, Astral, Prince, Finolex and Jain Irrigation – has a manufacturing plant in the eastern region; we believe Supreme can capture a significant share of this underpenetrated market.

Plans to commission manufacturing plants in Rajasthan, Assam and South India over the next 2-3 years

Over FY16-18E, the company plans to expand its presence, by commissioning manufacturing facilities in Rajasthan and Assam (plastic pipes) and Southern India (plastic pipes, protective packaging and furniture). Further, it has expanded the distributor base - to 2,700 by FY16 from 2,250 in FY14 – which is one of the widest in the industry. The unmatched distribution reach, after the commissioning of these facilities, is expected to be a key growth enabler.

Figure 2: Wider distribution reach than peers



Source: Company, CRISIL Research

Table 5: Manufacturing plants spread across the country

Company	Plant locations
Supreme	Maharashtra, UP, MP, Rajasthan, West Bengal, Assam, Gujarat, Tamil Nadu
Astral	Gujarat, HP, Tamil Nadu
Jain Irrigation	Maharashtra, Gujarat, Tamil Nadu
Finolex	Maharashtra, Gujarat
Ashirvad	Karnataka
Prince Pipes	Maharashtra, Tamil Nadu, Uttarakhand

Source: Company, CRISIL Research

Plastics processing in India: Healthy growth potential

Plastics processing – comprising commodity, engineered, and speciality plastics – offers huge potential, as it remains underpenetrated. Despite strong growth, India's per-capita plastic consumption remains 10 kg, much below the global average of 30 Kg. Substitution of other materials (such as metals and wood) due to cost and other benefits of the latter, along with growth in key end-user industries (consumer durables, retail, automobiles, agriculture, packaging, and construction), secure demand for plastic products over the next 5-10 years.

Per-capita consumption of plastics is 10kg/annum in India versus the global average of 30kg

All four major business segments of Supreme – plastic pipes, packaging products, consumer products, and industrial products – offer a healthy growth potential.

Table 6: Outlook of industry prospects by business segment

Segment	Market size (₹ mn)	Supreme's market share (%)	Near-term outlook	Long-term demand drivers
Plastic pipes	225,000	14%	Growth is likely to improve from FY16, due to higher government spending on irrigation and expectation of a normal monsoon. Faster execution of some ongoing real estate projects is likely to provide impetus to plumbing demand. Prices have declined following a decline in raw material prices, leading to an increase in affordability of branded products	• Higher government spending on key end-user segments, such as irrigation, real estate, and water supply and sanitation • Substitution of galvanised iron pipes by plastic pipes, because of higher durability and cost advantage • Organised players to outpace industry growth, due to the rising preference of branded products • Implementation of Goods and Services Tax (GST) to provide a fillip to organised players
Consumer products	29,000	~10%	Consumer spending is expected to pick up over the next few quarters, driven by higher government payouts and benign inflation. Accordingly, we expect demand from consumer moulded-plastic products to improve	• Increase in organised retail penetration • Rising preference for branded products

Segment	Market size (₹ mn)	Supreme's market share (%)	Near-term outlook	Long-term demand drivers
Packaging products	~15,000 (protective packaging)	NA	A normal monsoon in FY17, and higher government spending on rural infra is likely to aid rural incomes. This is expected to drive demand for cross-laminated films	• Protective packaging – A pick-up in key end-user industries - construction, white goods, food grain production • Performance films – growth in branded, packaged food • Cross-laminated films – wide application of these films, coupled with superior quality versus conventional tarpaulin
Industrial products	16,000	Material handling: ~15% Industrial products: NA	Muted; offtake from OEMs to remain muted until demand for the specific models it caters to improves; however, offtake from the beverage industry is likely to pick up	• Growth in key end-user industries – automobiles, and soft drinks

Source: Company, CRISIL Research

Plastic piping (54% of revenue): Industry upturn, expanding reach to drive strong growth

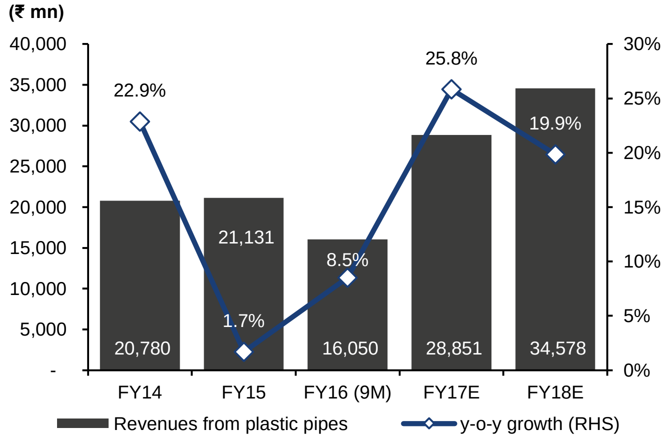
Led by an expected upturn in demand, along with its expanding presence in the eastern states, we expect Supreme's plastic-pipes segment to record strong growth.

Segmental revenue to grow at 23% CAGR over FY16-18E

In FY16, the segment posted healthy growth of 14% y-o-y, driven by 19% volume growth. Realisation declined 5%, due to soft raw material prices. Operating margin expanded 300 bps y-o-y, to 14.2% from 11.1% a year ago. This sturdy volume growth was driven by: 1) market share gain in the eastern region after the commissioning of the Kharagpur plant; 2) increased affordability, as lower prices spurred growth for organised players; 3) higher government spending on sewage lines; and 4) higher retail sales in tier-I and tier-II cities.

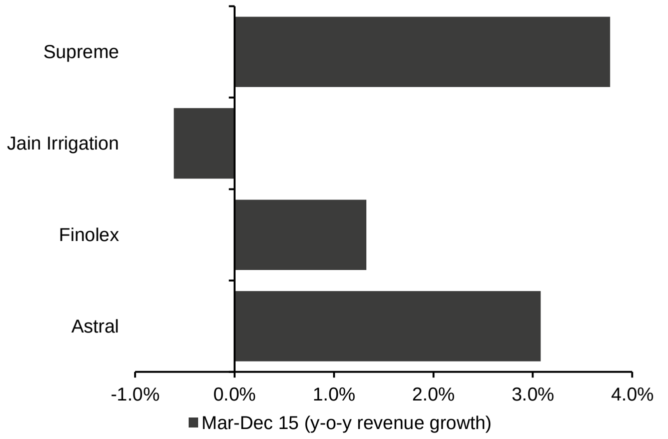
We expect pipes demand to improve in FY17, as a normal monsoon is likely to spur agricultural demand. Moreover, higher budgetary allocation for irrigation also augurs well for the industry. In the longer run, replacement of traditional pipes, rising preference for branded products, and the government's focus on increasing sanitation, water supply and affordable housing is likely to drive double-digit growth for the organised segment. With a wide product basket, innovation capability, and expanding distribution reach; the company is well poised to capitalise on this healthy industry prospects. We have factored in a 23% CAGR over FY16-18E. A higher share of value-added products and soft material prices are likely to protect margins.

Figure 3: Expect segmental revenue to grow at a CAGR of 23% over FY16-18E



Source: Company, CRISIL Research

Figure 4: Revenue from industrial products to grow at a CAGR of 15% over FY16-18E



Source: Company, CRISIL Research

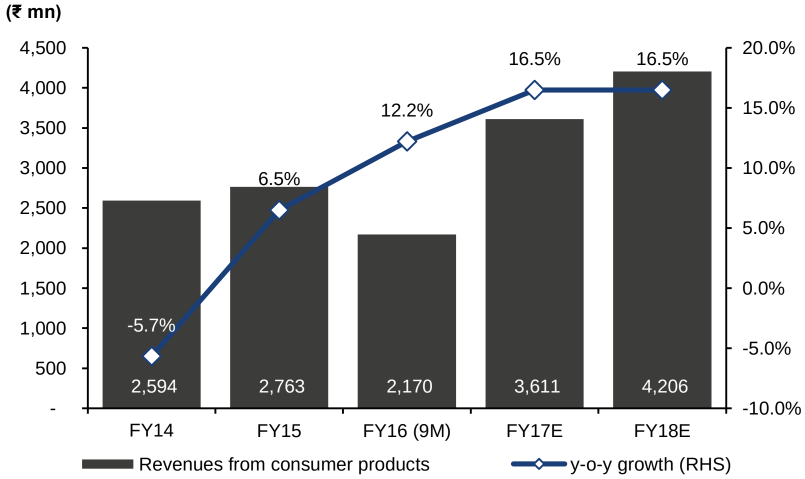
Packaging products (23% of revenue): A pick-up in rural income, end-user industries to provide growth

Subdued rural offtake impacted growth of this segment in FY16. Sales grew 7% y-o-y in volume terms and 6% y-o-y in value terms. Higher government investment on rural infrastructure and normal monsoons is expected to partially alleviate rural stress in FY17. This, in turn, is expected to provide fillip to growth for cross-laminated films. Protective packaging sales are likely to benefit from a pick-up in consumption spending and end-user industries, such as automobiles and computer products. We forecast a 22% revenue CAGR over FY16-18E in this segment.

Packaging product revenue to grow at 20% CAGR over FY16-18E

- Cross-laminated films: Supreme has licensed the rights to manufacture and distribute cross-laminated (XF) films from Rasmussen Polymer Development. Currently, it is the only player in the country to market the products. It sells its products under SILPAULIN brand, which accounts for 50% of the packaging segment revenue. This has several advantages over the conventional tarpaulin – such as durability, less weight, wide applications – which is likely to help this product gain popularity among consumers. Since XF films are primarily used for warehousing and packaging, demand for such products are contingent on agricultural output. With expectations of a normal monsoon, agricultural output is likely to improve in FY17, providing a fillip to demand for XF films.
- Protective packaging: We expect growth of this segment to be in line with the end-user industries – automobile, electronics. Launch of a number of products is also expected to aid growth.

Figure 5: Packaging product revenue likely to grow at 20% CAGR over the next two years



Source: Company, CRISIL Research

Industrial products (14% of revenue): Near-term growth to remain sluggish

Revenue from the industrial products segment (comprising industrial components and material handling) declined 16% in FY16, due to muted offtake from the auto and consumer durable OEMs. Although the commercial vehicles industry has been growing steadily, according to the company, specific models it caters to are not generating sufficient traction, leading to muted demand for its products.

Growth recovery is contingent on demand pick-up in end-user industries, such as autos and consumer durables

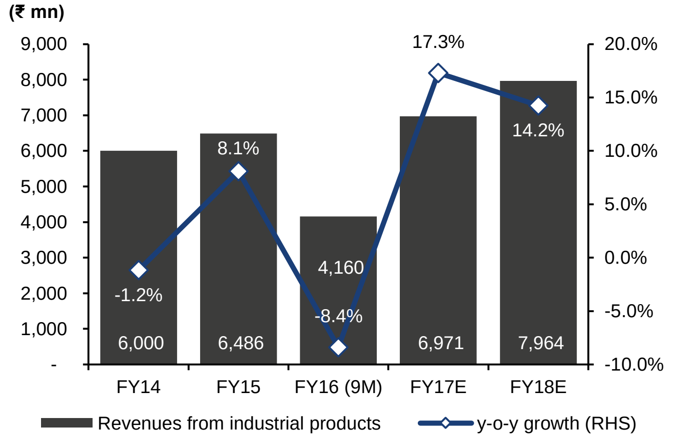
Growth revival in this segment hinges on the recovery in underlying demand of the end-user industries – auto, consumer durables, and soft drinks industries. We expect the next couple of quarters to remain challenging from the company. Consumption spending is expected to pick-up from H2FY17, translating into higher demand for these industries. With a wide product portfolio, and a strong client base, Supreme is likely to capitalise on these long-term opportunities. We forecast the revenue of this segment to grow at a 15% CAGR over FY16-18E.

Table 7: End-user industry demand to pick up from H2FY17 onwards

Industry	Outlook
Auto	Cars and UV = 8-10% y-o-y (FY17E); 11-13% (FY16-20E) Medium-heavy commercial vehicles = 16-18% (FY16-17E); 10-12% (FY16-20E) Light commercial vehicles = 7-9% (FY16-17E); 11-14% (FY16-20E)
Consumer durables	10-11% y-o-y (FY17E); 11-12% (FY16-20E)
Soft drinks	10-11% over the next three years

Source: Company, CRISIL Research

Figure 6: Revenue from industrial products to grow at a CAGR of 15% over FY16-18E



Source: Company, CRISIL Research

Consumer Segment (7% of revenue): New products to augment growth

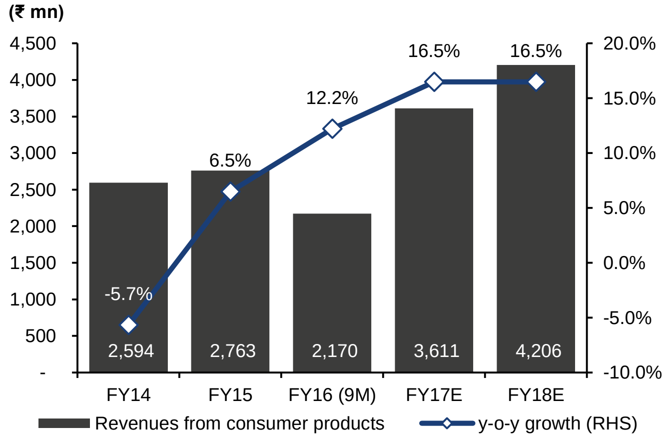
After registering a meagre 1.4% CAGR over FY11-15, due to a strategy of moving away from commodity products, revenue growth of consumer products bounced back to 14% y-o-y in FY16. Volume grew a healthy 16.8% y-o-y. Due to the rising share of value-added products, operating margin also expanded to 16.8% from 11.9% in 9MFY15.

Plans to launch 18-20 SKUs in FY17 in the consumer products segment

Launch of premium products remains at the forefront of Supreme's growth strategy in this segment. The company plans to launch 18-20 new SKUs in FY17. Further, it has also invested ₹300 mn in commencing a greenfield facility in Kharagpur, West Bengal, to manufacture a new range of furniture. To support product launches, the company is also expanding its dealer network. We expect these strategies to catalyse growth. We expect this segment to grow at a CAGR of 17% over the next couple of years. However, increase in competition from organised players (Nilkamal and WimPlast), as well as from the unorganised segment, pose a downside risk to our estimates.

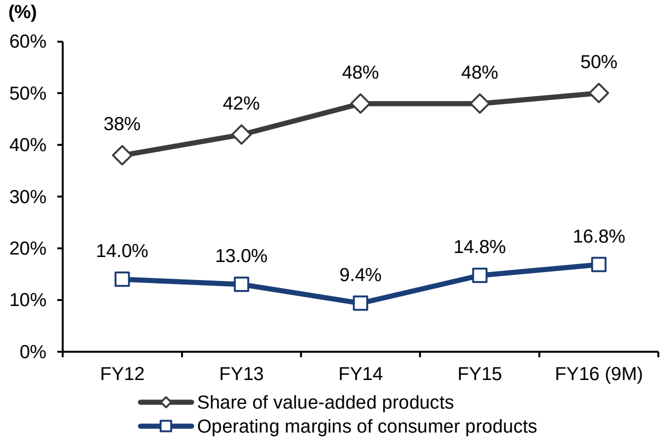
The share of value-added products has grown to 50% in 9MFY16 from 33% in FY11, due to the focus on premium products. This has also benefitted the operating margin. We expect this share to inch up to 65% over the next few years, aiding margin expansion.

Figure 7: Consumer-product sales are expected to grow at two-year CAGR of 17%



Source: Company, CRISIL Research

Figure 8: Increasing share of value-added products has aided operating margin expansion



Source: Company, CRISIL Research

Composite cylinder: offtake expected in FY17

FY17-18 are likely to be the years of transformation for the composite-cylinders industry, following clearance of regulatory obstacles. Supreme has established a manufacturing facility with capacity of 450,000 cylinders per annum, comprising various cylinder capacities, ranging from 5-15 kg, in Halol, Gujarat. Despite obtaining all the necessary approvals from Petroleum and Explosive Safety Organisation (PESO) in India, and international agencies, offtake has been negligible in FY15-16, as regulatory obstacles prevented oil-marketing companies (OMCs) from using these products. However, the Ministry of Petroleum has recently announced its intention to launch composite cylinders in FY17, alongside the existing steel cylinders, to distribute LPG. Hindustan Petroleum Corporation Ltd (HPCL) has placed a trial order with Supreme and other manufacturers, and a full-fledged rollout is expected by the end of FY17. This is likely to increase the company's utilisation.

Received trial orders from HPCL for four sizes (5, 7.5, 10 and 15 Kgs) of composite cylinders

Considering the advantages of composite cylinders over steel cylinders – 1) explosion-proof, 2) immunity to corrosion and rust, 3) light weight (40% less bulky), and 4) translucency – we expect customer acceptance for this product to be positive; despite higher cost. Industry sources estimate that 280-300 mn cylinders are in circulation in India, and OMCs buy 25-30 mn every year. Considering the large opportunity, along with Supreme's wide product range, we expect the company to reach peak utilisation within 2-3 years of launch. Further, the company is focusing on expanding its presence in the export markets – currently it sells its products to only in South Korea.

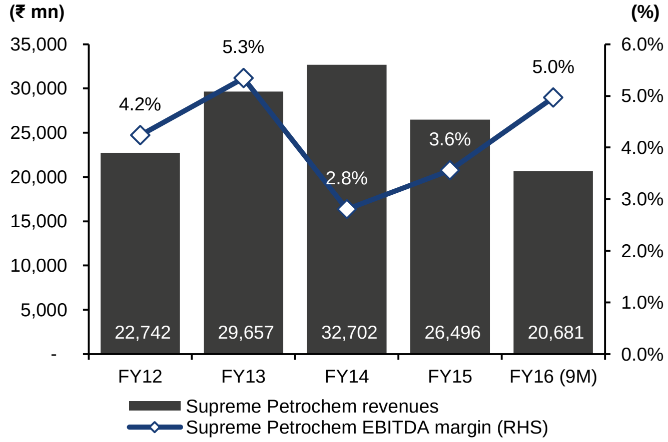
Supreme Petrochem to benefit from improving polystyrene demand

Supreme Petrochem – an associate company of Supreme – is expected to benefit from growth in domestic polystyrene demand. The company has a strategic investment in Supreme Petrochem (30% stake), and jointly promotes it with Rajan Raheja Group. Supreme Petrochem is the largest producer of polystyrene, with a capacity of 2,72,000 tonne, which is 60% of India's installed capacity.

After growing at a CAGR of 8% over FY11-15, Supreme Petrochem's revenue growth moderated to 5% y-o-y in 9MFY16, mainly due to muted realisation. Over the next five years, we expect demand for polystyrene to pick up substantially – 8% CAGR over FY16-18E, compared with a moderate 0.4% CAGR over FY11-16 – driven by electrical/electronics and thermoforming/extrusion segments, which would be spurred by demand from end-user industries, such as automobiles and packaging. Being the largest domestic producer, Supreme Petrochem is expected to benefit from this demand revival - we expect the company's earnings to grow at a CAGR of 15% over FY16-18E. However, its contribution to Supreme's earnings is likely to remain low.

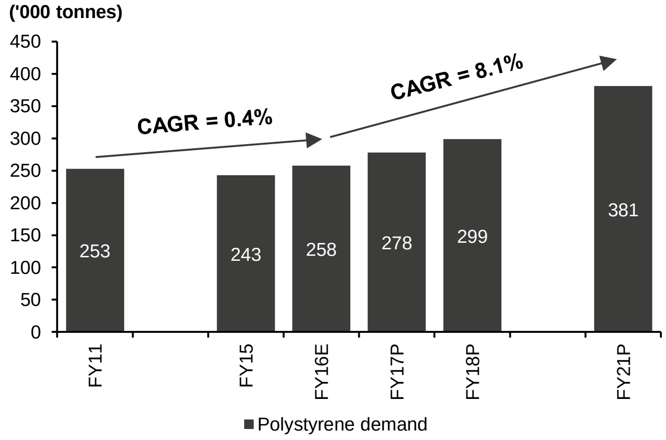
Polystyrene demand in India is expected to grow at 8% CAGR over FY16-18E

Figure 9: Supreme Petrochem's revenue grew 5% y-o-y in FY16; operating margin expanded 140 bps y-o-y



Source: Company, CRISIL Research

Figure 10: To benefit from growth in polystyrene demand over the next five years



Source: CRISIL Research

Balance sheet quality remains intact; internal accrual to fund capex

Supreme has a strong balance sheet. Its lean working-capital cycle leads to a healthy operating cash flow (OCF) and low short-term funding requirement. The healthy OCF is sufficient for capex, leading to moderate leverage. In FY16, the company's debt-EBITDA ratio was a healthy 0.4x.

We expect Supreme to maintain the quality of its balance sheet. It plans to invest ₹1.5 bn for commissioning four manufacturing plants over the next four years. Healthy internal accruals and real estate monetisation are likely to be sufficient to fund capex and to reduce debt. We expect the debt-EBITDA ratio to decline to 0.1x by FY18.

Key Risks

Threat from substitute products/technology

If one of the domestic or global competitor comes up with a substitute product/technology, which is more cost-effective and easier to install than PVC/CPVC, it may hurt Supreme's plastic-pipes business. For example, HDPE pipes are technologically better than PVC pipes, but are 25-30% costlier. If for some technological advancement, HDPE pipes become cost-effective, they may substitute PVC pipes, impacting the existing players.

Inefficient utilisation of cash

Based on our forecast, we expect the company to keep generating both operating and free cash flows over the next few years. In case the company is unable to invest this cash in new business opportunities with similar RoCEs to the existing business, it may impact the overall RoCE of the company.

Dependence on a single supplier for CPVC resin

The company's sources CPVC resin fully from Japan-based Kaneka Corporation. An alteration in Kaneka's supply policy or its inability to supply due to production disruption or geopolitical disturbances may impact Supreme's production of CPVC pipes.

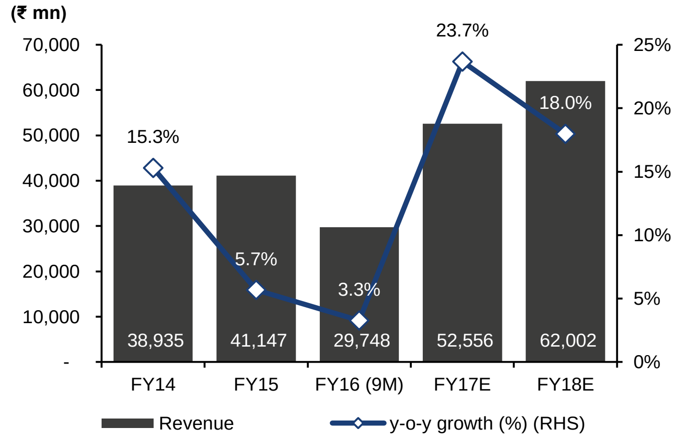
Financial Outlook

Revenue to grow at a two-year CAGR of 21%

Revenues is expected to grow at a CAGR of 21% CAGR over the next couple of years Volumes are likely to grow at a CAGR of 19%, while realisation may post a moderate 2% CAGR over FY16-18E. The plastic-pipes segment is expected to grow the fastest at 23% CAGR, driven by higher government spending on irrigation and sanitation, wider distribution reach and new products. The packaging and consumer-products segments are likely to post healthy CAGRs of 20% and 17% over FY16-18E, augmented by demand traction in cross-laminated films and an uptick in consumption spending. We expect a revival in key end-user industries – automobiles and soft drinks – to boost demand for industrial products (16%).

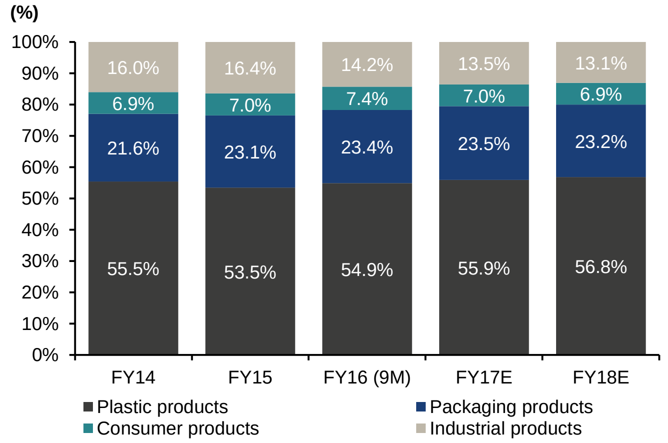
Core revenue growth over FY14-16 to be driven by the plastic-pipes segment

Figure 11: Revenue growth to pick up in FY17



Source: Company, CRISIL Research

Figure 12: Share of plastic pipes segment to grow



Source: Company, CRISIL Research

Limited scope for further margin expansion in the near term, expect operating margin at 15.1% in FY18

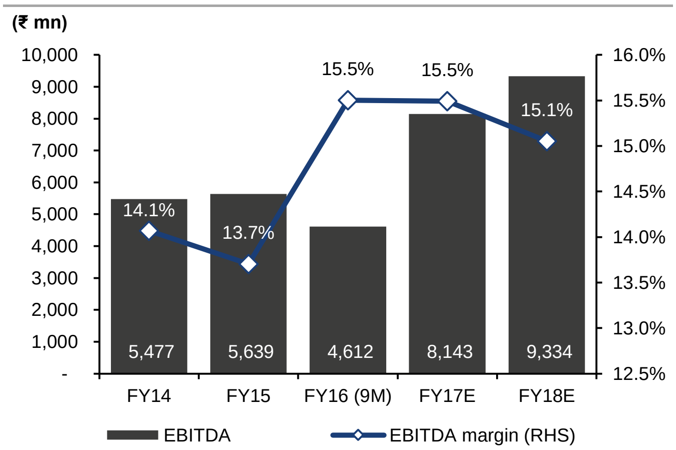
In FY16, a drop in PVC resin prices, coupled with a rise in the share of value-added products (37% in FY16 versus 35% in FY15) drove a 180 bps y-o-y expansion in EBITDA margin. We see limited scope for margin expansion in the near term – we expect margin to contract 40 bps over the next two years to 15.1%, as PVC resin prices are likely to increase. However, a rising share of value-added products is likely to protect margins from contracting further.

EBITDA margin to contract marginally by 40 bps over FY16-18E

PBT (excluding real estate) to grow at a strong 24% CAGR over FY16-18E

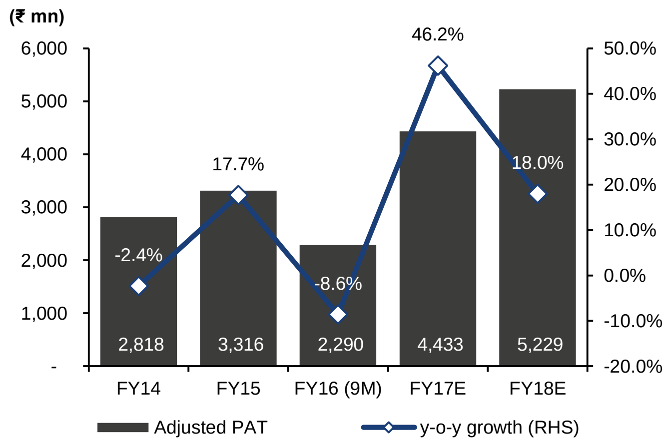
Driven by higher top line, PBT (excluding proceeds from the sale of real estate, which is classified under other income) is likely to grow at a two-year CAGR of 24%. Adjusted PAT is forecast to grow at a 23% CAGR. We have factored in other income from the sale of real estate to the tune of ₹1,130 mn (assumed ₹565 mn each in FY17E and FY18E). Including this, PAT is expected to grow at a robust two-year CAGR of 26% to ₹5.2 bn by FY18E. PAT margin is expected to increase to 8.3% in FY18, from 7.1% in FY16, despite lower EBITDA margin due to lower interest cost as a percentage of sales and contribution from the sale of real estate.

Figure 13: EBITDA margin to contract 40 bps over FY16-18E



Source: Company, CRISIL Research

Figure 14: PAT expected to post strong growth



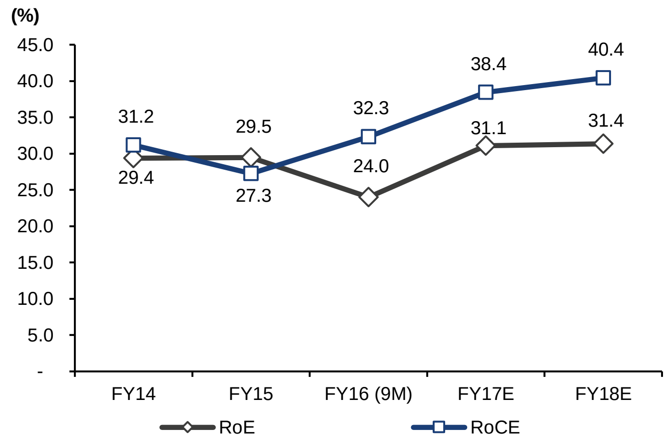
Source: Company, CRISIL Research

Return ratios to expand

Expanding PAT margin to boost return ratios

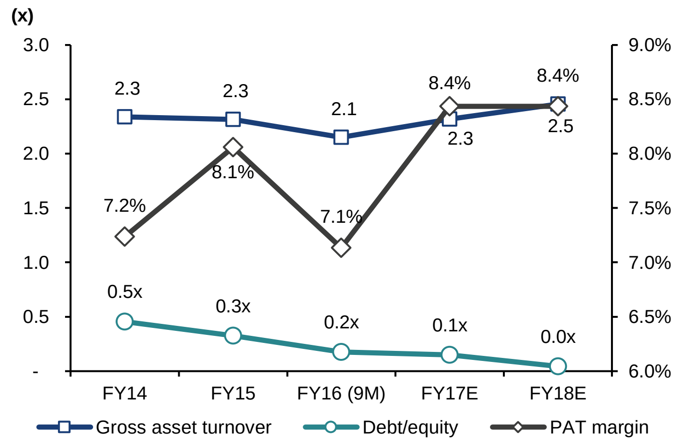
Driven by the expanding PAT margin and increase in gross asset turnover, return ratios are expected to expand further – RoE and RoCE are expected to expand to 41% and 32% by FY18E, respectively, from 32% and 24% in FY16.

Figure 15: RoE, RoCE to expand…



Source: Company, CRISIL Research

Figure 16: …driven by expanding PAT margin



Source: Company, CRISIL Research

Earnings estimates revised upwards

Particulars	Unit	FY17E			FY18E		
		Old	New	% change	Old	New	% change
Total Revenue	(₹ mn)	53,299	52,556	(1.4)	62,913	62,002	(1.4)
EBITDA	(₹ mn)	7,923	8,143	2.8	9,110	9,334	2.5
EBITDA margin	%	14.9%	15.5%	63bps	14.5%	15.1%	57bps
PAT	(₹ mn)	4,274	4,433	3.7	5,083	5,229	2.9
PAT margin	%	8.0%	8.4%	42bps	8.1%	8.4%	35bps

Source: CRISIL Research estimates

Reasons for changes in estimates

Line item	FY17E	FY18E
Revenues	Lowered marginally as the growth recovery has been lower than our expectations	
EBITDA margins	Share of value-added products have increased faster than we expected	
Adjusted PAT	Increased in line with EBITDA	

Management Overview

CRISIL's fundamental grading methodology includes a broad assessment of management quality, apart from other key factors, such as industry and business prospects, and financial performance.

Experienced top management

The company's top management team comprises Mr M. P. Taparia, Managing Director, Mr S. J. Taparia, Executive Director, and Mr V. K. Taparia, Executive Director. The team has a wide experience in the plastic processing and related industries. It has turned the company into one of the leading players in the plastic pipes industry.

New product development and the strategy to move away from competitive segments have enabled Supreme to maintain profitability and market position

Support from a second line

While the promoters hold key management positions, the second line, which has industry professionals with domain expertise, manages all the business segments. Based on our interaction, we believe the second line ably supports the top management team.

Track record of performance

Over the past decade, management has established a track record in delivering strong financial performance, despite volatility in raw material prices and rising competition. By entering into and scaling up new businesses, the company has been able to grow its revenue and EBITDA in each of the previous ten years. Additionally, it has also diversified its revenue streams and developed sustainable competitive advantages.

Corporate Governance

CRISIL's fundamental grading methodology includes a broad assessment of corporate governance and management quality, apart from other key factors such as industry and business prospects, and financial performance. In this context, CRISIL Research analyses the shareholding structure, board composition, typical board processes, disclosure standards and related-party transactions. Any qualifications by regulators or auditors also serve as useful inputs while assessing a company's corporate governance.

Overall, corporate governance at Supreme is good and is supported by superior disclosure, good board practices and an independent board.

Superior disclosure levels; transparent management

Based on the information furnished in the annual reports, presentations, websites and quarterly earnings call, we believe Supreme's disclosure levels are superior. For instance, the segment-wise, operating-level details are furnished on a quarterly basis. We believe the information provided is sufficient to analyse various aspects of the business. Also, based on our interactions over the past few years, we believe that management is transparent, follows ethical practices and is open to share information.

Healthy dividend payment, quality of earnings key positives

Healthy quality of earnings: Supreme has a strong quality of earnings, which is reflected in healthy operating cash flows, and moderate increase in working capital requirement over the past few years despite healthy profit growth.

Maintained healthy dividend payout: Over the past few years, the company has maintained a healthy dividend payout of 35-40% of profits. Additionally, it had also bought back shares in FY09.

Supreme's quality of earnings is perceived to be healthy

Transparent systems and processes: Based on our interaction with the company over the past few years, we opine that its governance systems and processes are adequate. It has all the necessary committees in place – audit, remuneration, and investor grievances.

Valuation Grade: 4/5

We have increased our earnings estimates for FY17-18E by 3.5%. Considering the long-term prospects of the company, we have revised our long-term revenue and margin estimates. Consequently, we have increased our fair value to ₹995 per share from ₹855 per share (including Supreme's 29.9% stake in Supreme Petrochem, valued at ₹26 per share). Our latest fair value implies P/E multiples of 28.6x and 24.2x on FY17E and FY18E EPS, respectively. At the current price of ₹877, our valuation grade is **4/5.**

We increase our fair value to ₹995 per share from ₹855 per share

Break-up of fair value

Particulars	(₹)
Standalone business	979
Supreme Petrochem	26
Fair value	**995**

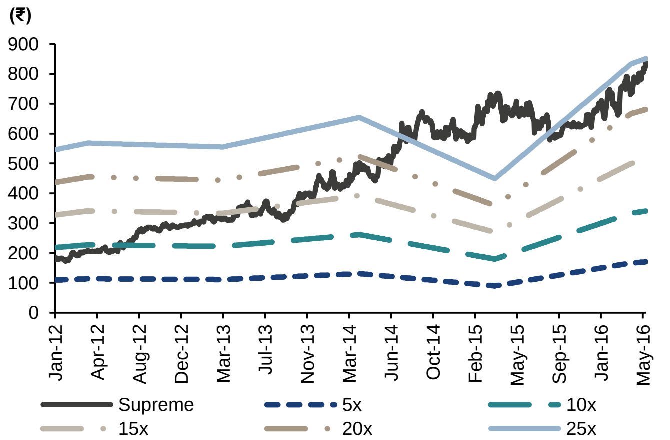
Key DCF assumptions

- We have taken FY18 as the base year and have discounted the estimated free cash flows from FY17E to FY26E.
- We have assumed a terminal growth rate of 4% beyond the explicit forecast.

WACC computation

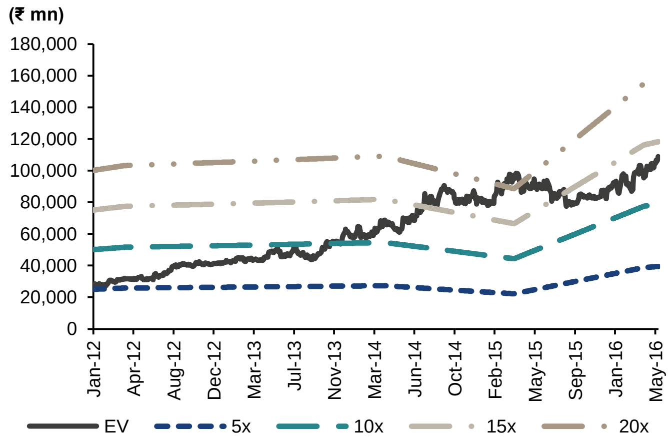
	FY17-26E	Terminal value
Cost of equity	12.6%	12.6%
Cost of debt (post-tax)	8.0%	8.0%
WACC	**11.9%**	**11.9%**
Terminal growth rate		4.00%

One-year forward P/E band



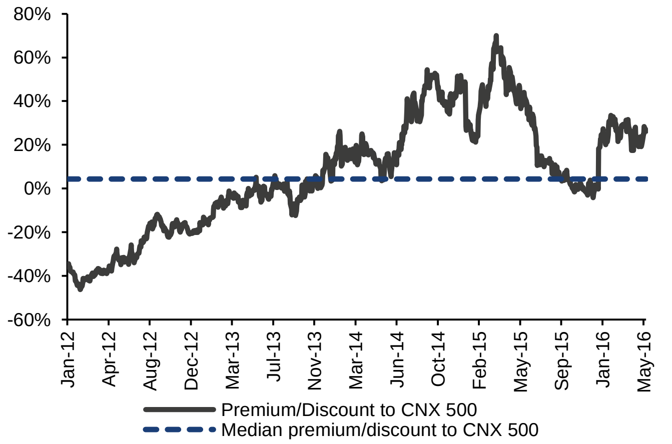
Source: NSE, CRISIL Research

One-year forward EV/EBITDA band



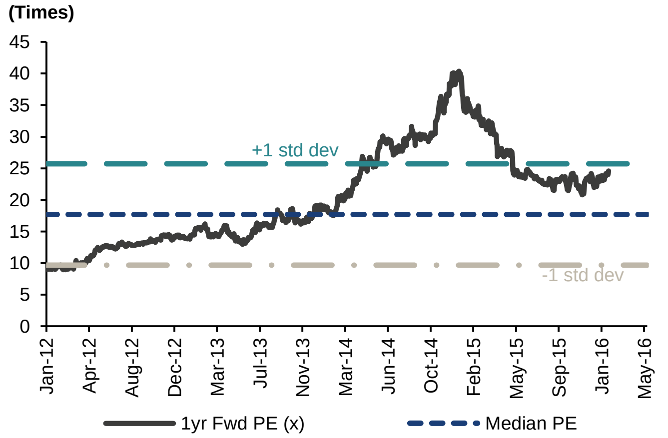
Source: NSE, CRISIL Research

P/E – premium / discount to CNX 500



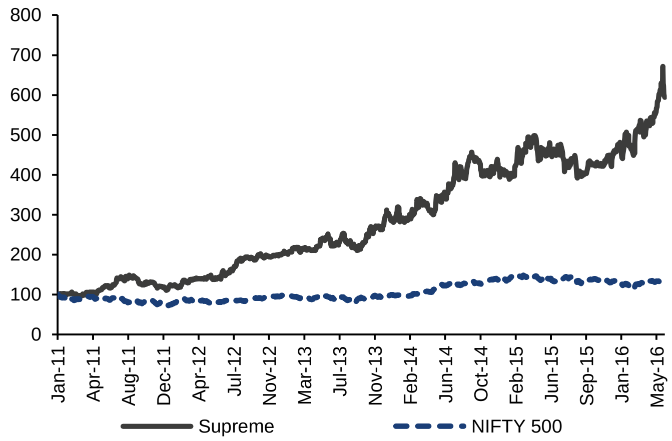
Source: NSE, CRISIL Research

Forward P/E chart

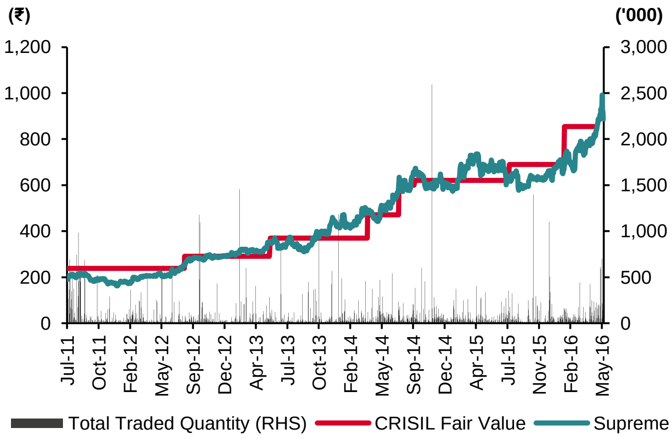


Source: NSE, CRISIL Research

Stock performance vs. NIFTY 50



Fair value movement since initiation



Source: NSE, BSE, CRISIL Research

CRISIL
An S&P Global Company

CRISIL IER reports released on The Supreme Industries Ltd

Date	Nature of report	Fundamental grade	Fair value	Valuation grade	CMP (on the date of report)
14-Jul-11	Initiating coverage	4/5	₹239	4/5	₹192
28-Jul-11	Q4FY11 result update	4/5	₹239	4/5	₹209
10-Nov-11	Q1FY12 result update	4/5	₹239	4/5	₹194
24-Feb-12	Q2FY12 result update	4/5	₹239	4/5	₹197
04-May-12	Q3FY12 result update	4/5	₹239	4/5	₹210
23-Jul-12	Q4FY12 result update	4/5	₹291	4/5	₹237
12-Sep-12	Detailed report	4/5	₹291	3/5	₹286
31-Oct-12	Q1FY13 result update	4/5	₹291	3/5	₹291
24-Jan-13	Q2FY13 result update	4/5	₹291	3/5	₹302
03-May-13	Q3FY13 result update	4/5	₹370	4/5	₹326
23-Jul-13	Q4FY13 result update	4/5	₹370	3/5	₹374
12-Aug-13	Detailed report	4/5	₹370	3/5	₹337
01-Nov-13	Q1FY14 result update	4/5	₹370	3/5	₹390
27-Jan-14	Q2FY14 result update	4/5	₹370	2/5	₹420
29-Apr-14	Q3FY14 result update	4/5	₹471	3/5	₹460
31-Jul-14	Q4FY14 result update	4/5	₹600	3/5	₹606
23-Sep-14	Detailed report	5/5	₹620	3/5	₹650
28-Oct-14	Q1FY15 result update	5/5	₹620	3/5	₹587
02-Feb-15	Q2FY15 result update	5/5	₹620	3/5	₹585
11-May-15	Q3FY15 result update	5/5	₹620	3/5	₹670
14-Aug-15	Q4FY15 result update	5/5	₹690	3/5	₹646
01-Dec-15	Q1FY16 result update	5/5	₹690	3/5	₹644
03-Feb-16	Q2FY16 result update	5/5	₹855	4/5	₹736
10-May-16	Q3FY16 result update	5/5	₹855	3/5	₹837
06-Jun-16	Detailed report	5/5	₹995	4/5	₹877

Company Overview

Mumbai-based Supreme is one of the leading players in the domestic plastic processing industry. It has a diversified product portfolio, including plastic piping systems, packaging films, industrial products, consumer products and composite products. The company has 23 manufacturing facilities across India.

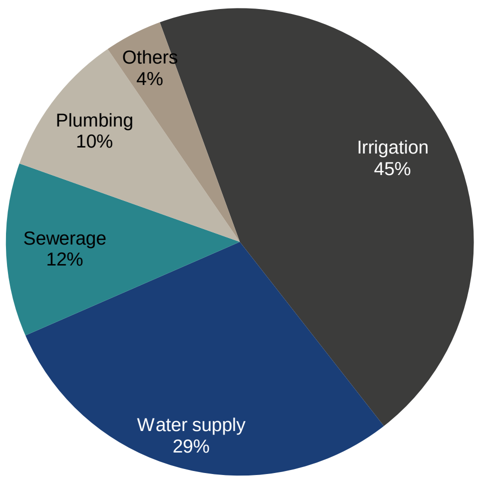
Plastic piping system is the largest business segment with 53% revenue contribution in FY16

Details of business segments

Segment	Products
Plastic piping system	UPVC pipes, plastic fittings, HDPE pipes, CPVC pipes system, PPRC pipes system, LLDPE pipes
Packaging products	Speciality, protective packaging and cross laminated films
Industrial products	Industrial components for auto and consumer durables, material handling products
Consumer products	Furniture
Composite products	Composite cylinders

Source: Company, CRISIL Research

Business segment-wise contribution in FY16



Source: Company, CRISIL Research

Technical collaborations

Company	Country	Products
Rasmussen Polymer Development	Switzerland	Cross laminated films
Sapac Packaging Solution	Belgium	Instant packaging solution
Foam Partner	Switzerland	Reticulated PU foam
Sanwa Kako	Japan	Two-stage foam
PE Tech	Korea	Cross linked foam
Wavin Overseas	Holland	Plastic piping system
Industrie Polieco MPB SRL	Italy	Sewerage system
Kumi Kasai Co. Ltd	Japan	Automotive components
NBL Corporation	Japan	Composite pipes

Source: Company, CRISIL Research

Annexure: Financials

Income statement

(₹ mn)	FY14	FY15	FY16 (9M)	FY17E	FY18E
Operating income	**38,935**	**41,147**	**29,748**	**52,556**	**62,002**
EBITDA	**5,477**	**5,639**	**4,612**	**8,143**	**9,334**
EBITDA margin	**14.1%**	**13.7%**	**15.5%**	**15.5%**	**15.1%**
Depreciation	1,015	1,390	1,046	1,778	1,974
EBIT	**4,462**	**4,249**	**3,566**	**6,365**	**7,360**
Interest	789	602	276	389	211
Operating PBT	**3,673**	**3,647**	**3,290**	**5,976**	**7,150**
Other income	453	1,066	10	362	348
Exceptional inc/(exp)	17	(279)	(77)	-	-
PBT	**4,143**	**4,434**	**3,223**	**6,338**	**7,498**
Tax provision	1,400	1,504	1,178	2,183	2,575
Share of profit in associate	91	107	167	278	306
PAT (Reported)	**2,834**	**3,037**	**2,213**	**4,433**	**5,229**
Less: Exceptionals	17	(279)	(77)	-	-
Adjusted PAT	**2,818**	**3,316**	**2,290**	**4,433**	**5,229**

Ratios

	FY14	FY15	FY16 (9M)	FY17E	FY18E
Growth					
Operating income (%)	15.3	5.7	3.3	23.7	18.0
EBITDA (%)	4.5	3.0	16.8	23.6	14.6
Adj PAT (%)	(2.4)	17.7	(8.6)	46.2	18.0
Adj EPS (%)	(2.4)	17.7	(8.6)	46.2	18.0
Profitability					
EBITDA margin (%)	14.1	13.7	15.5	15.5	15.1
Adj PAT Margin (%)	7.2	8.1	7.1	8.4	8.4
RoE (%)	29.4	29.5	24.0	31.1	31.4
RoCE (%)	31.2	27.3	32.3	38.4	40.4
RoIC (%)	32.0	38.0	25.5	36.5	37.2
Valuations					
Price-earnings (x)	36.5	31.0	33.9	23.2	19.6
Price-book (x)	9.9	8.5	7.8	6.7	5.7
EV/EBITDA (x)	19.6	18.6	15.9	12.9	11.1
EV/Sales (x)	2.8	2.6	2.5	2.0	1.7
Dividend payout ratio (%)	35.9	37.5	33.4	40.5	40.5
Dividend yield (%)	1.0	1.1	0.7	1.7	2.1
B/S ratios					
Inventory days	49	47	69	48	49
Creditors days	48	51	78	56	55
Debtor days	20	19	22	22	22
Working capital days	28	27	21	21	22
Gross asset turnover (x)	2.3	2.3	2.1	2.3	2.5
Net asset turnover (x)	3.7	3.9	3.8	4.1	4.6
Sales/operating assets (x)	3.6	3.6	3.3	4.1	4.6
Current ratio (x)	1.7	1.7	1.4	1.5	1.5
Debt-equity (x)	0.5	0.3	0.2	0.1	0.0
Net debt/equity (x)	0.4	0.2	0.2	0.1	0.0
EBITDA/interest (x)	6.9	9.4	16.7	20.9	44.3
EBIT/interest (x)	5.7	7.1	12.9	16.4	34.9

Per share

	FY14	FY15	FY16 (9M)	FY17E	FY18E
Adj EPS (₹)	22.2	26.1	17.9	34.9	41.2
CEPS	30.2	37.0	24.9	48.9	56.7
Book value	81.8	95.4	103.5	121.0	141.6
Dividend (₹)	8.0	9.0	5.4	14.1	16.7
Actual o/s shares (mn)	127.0	127.0	127.0	127.0	127.0

Balance Sheet

(₹ mn)	FY14	FY15	FY16 (9M)	FY17E	FY18E
Liabilities					
Equity share capital	254	254	254	254	254
Reserves	10,138	11,861	12,899	15,115	17,729
Minorities	-	-	-	-	-
Net worth	**10,392**	**12,115**	**13,153**	**15,369**	**17,984**
Convertible debt	-	-	-	-	-
Other debt	4,726	3,929	2,321	2,279	779
Total debt	**4,726**	**3,929**	**2,321**	**2,279**	**779**
Deferred tax liability (net)	1,168	895	1,053	895	895
Total liabilities	**16,286**	**16,939**	**16,526**	**18,544**	**19,658**
Assets					
Net fixed assets	10,820	10,151	12,348	13,087	13,613
Capital WIP	300	1,333	-	-	-
Total fixed assets	**11,120**	**11,484**	**12,348**	**13,087**	**13,613**
Investments	**1,074**	**1,207**	**1,262**	**1,541**	**1,847**
Current assets					
Inventory	4,217	4,324	5,586	5,231	6,285
Sundry debtors	2,348	2,380	2,362	3,168	3,737
Loans and advances	2,614	1,739	2,150	2,628	2,480
Cash & bank balance	238	790	289	115	156
Marketable securities	36	1,028	-	-	-
Total current assets	**9,453**	**10,262**	**10,388**	**11,142**	**12,658**
Total current liabilities	**5,420**	**6,188**	**7,645**	**7,399**	**8,634**
Net current assets	**4,033**	**4,074**	**2,742**	**3,743**	**4,024**
Intangibles/Misc. expenditure	**59**	**174**	**174**	**174**	**174**
Total assets	**16,286**	**16,939**	**16,526**	**18,544**	**19,658**

Cash flow

(₹ mn)	FY14	FY15	FY16 (9M)	FY17E	FY18E
Pre-tax profit	4,217	4,820	3,300	6,616	7,804
Total tax paid	(1,139)	(1,777)	(1,020)	(2,341)	(2,575)
Depreciation	1,015	1,390	1,046	1,778	1,974
Working capital changes	(1,478)	1,504	(198)	(1,174)	(241)
Net cash from operations	**2,616**	**5,938**	**3,128**	**4,879**	**6,961**
Cash from investments					
Capital expenditure	(1,418)	(1,869)	(1,909)	(2,517)	(2,500)
Investments and others	29	(1,126)	973	(278)	(306)
Net cash from investments	**(1,389)**	**(2,995)**	**(936)**	**(2,795)**	**(2,806)**
Cash from financing					
Equity raised/(repaid)	-	-	-	-	-
Debt raised/(repaid)	28	(798)	(1,608)	(42)	(1,500)
Dividend (incl. tax)	(1,189)	(1,372)	(844)	(2,217)	(2,614)
Others (incl extraordinaries)	(27)	(221)	(240)	-	0
Net cash from financing	**(1,188)**	**(2,391)**	**(2,692)**	**(2,258)**	**(4,114)**
Change in cash position	39	552	(501)	(174)	41
Closing cash	238	790	289	115	156

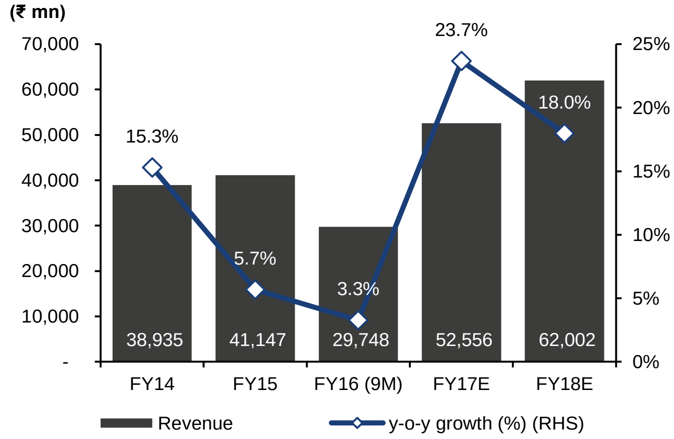
Quarterly financials

(₹ mn)	Q3FY15	Q4FY15	Q1FY16	Q2FY16	Q3FY16
Net Sales	**11,517**	**12,780**	**7,728**	**10,017**	**12,003**
Change (q-o-q)	8%	11%	-40%	30%	20%
EBITDA	**1,981**	**2,579**	**908**	**1,551**	**2,153**
Change (q-o-q)	54%	30%	-65%	71%	39%
EBITDA margin	**17.2%**	**20.2%**	**11.7%**	**15.5%**	**17.9%**
PAT	1,022	1,598	245	821	1,146
Adj PAT	**1,022**	**1,598**	**245**	**821**	**1,223**
Change (q-o-q)	190%	56%	-85%	235%	49%
Adj PAT margin	**8.9%**	**12.5%**	**3.2%**	**8.2%**	**10.2%**
Adj EPS	**8.1**	**12.6**	**1.9**	**6.5**	**9.6**

Source: CRISIL Research

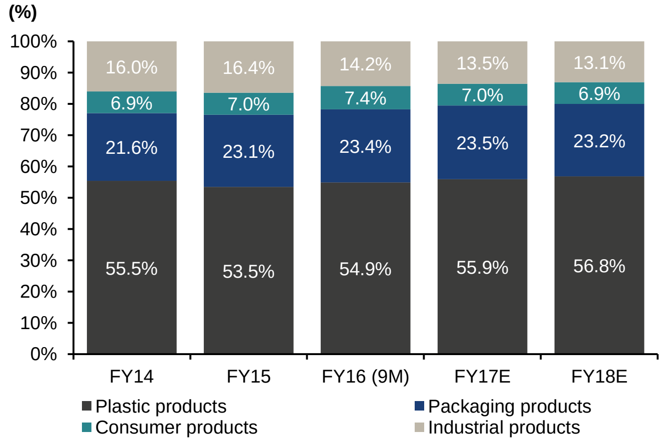
Focus Charts

Revenue growth to pick up in FY17



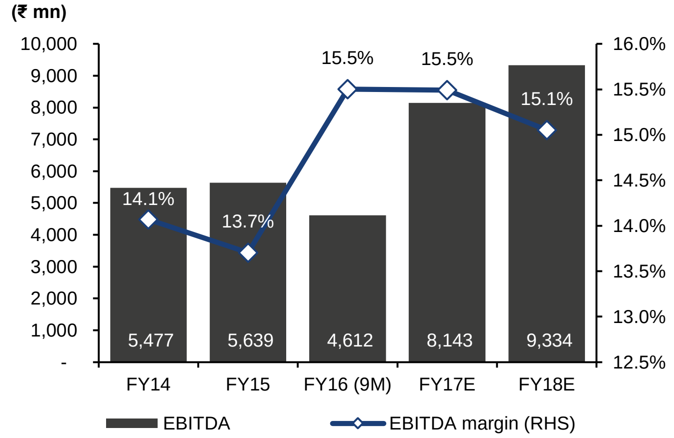
Source: Company, CRISIL Research

Share of plastic pipes segment to grow



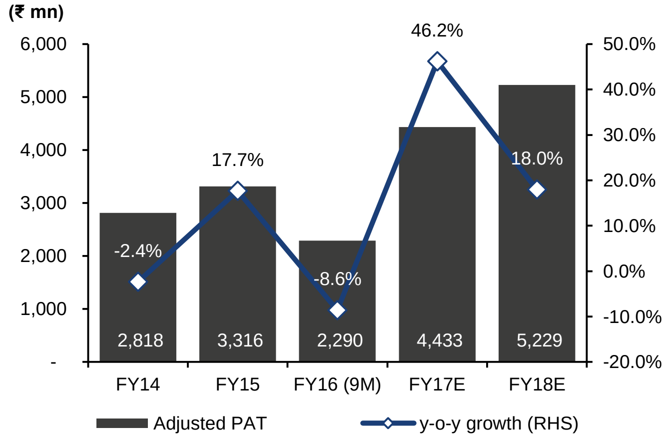
Source: Company, CRISIL Research

EBITDA margin to contract 40 bps over FY16-18E



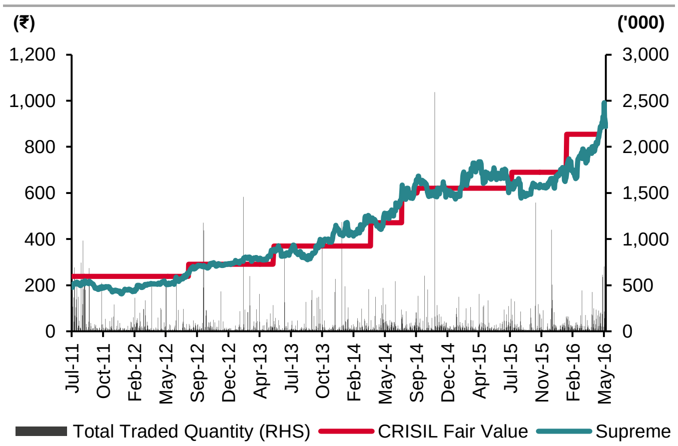
Source: Company, CRISIL Research

PAT expected to post strong growth



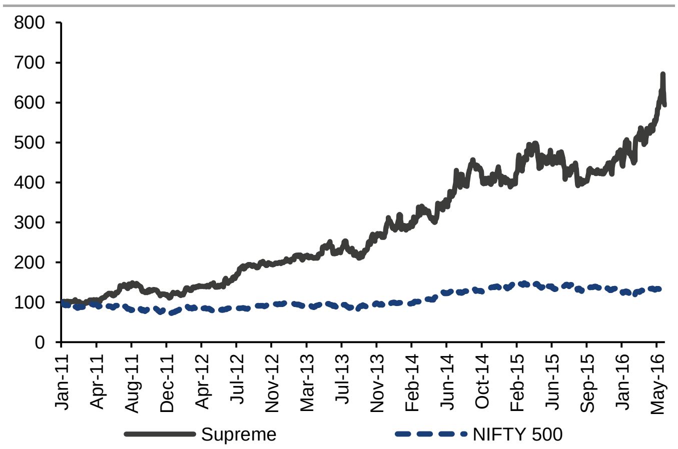
Source: Company, CRISIL Research

Fair value movement since initiation



Source: Company, CRISIL Research

Share price movement vs. NIFTY 500



-Indexed to 100

Source: Company, CRISIL Research

CRISIL
An S&P Global Company

CRISIL Research Team

Senior Director

Nagarajan Narasimhan	CRISIL Research	+91 22 3342 3540	nagarajan.narasimhan@crisil.com

Analytical Contacts

Prasad Koparkar	Senior Director, Industry & Customised Research	+91 22 3342 3137	prasad.koparkar@crisil.com
Binaifer Jehani	Director, Customised Research	+91 22 3342 4091	binaifer.jehani@crisil.com
Manoj Damle	Director, Customised Research	+91 22 3342 3342	manoj.damle@crisil.com
Jiju Vidyadharan	Director, Funds & Fixed Income Research	+91 22 3342 8091	jiju.vidyadharan@crisil.com
Ajay Srinivasan	Director, Industry Research	+91 22 3342 3530	ajay.srinivasan@crisil.com
Rahul Prithiani	Director, Industry Research	+91 22 3342 3574	rahul.prithiani@crisil.com
Bhaskar S. Bukrediwala	Director	+91 22 3342 1983	bhaskar.bukrediwala@crisil.com
Miren Lodha	Director	+91 22 3342 1977	miren.lodha@crisil.com

Business Development

Prosenjit Ghosh	Director, Industry & Customised Research		+91 99206 56299	prosenjit.ghosh@crisil.com
Megha Agrawal	Associate Director		+91 98673 90805	megha.agrawal@crisil.com
Neeta Muliyil	Associate Director		+91 99201 99973	neeta.muliyil@crisil.com
Dharmendra Sharma	Associate Director	(North)	+91 98189 05544	dharmendra.sharma@crisil.com
Ankesh Baghel	Regional Manager	(West)	+91 98191 21510	ankesh.baghel@crisil.com
Sonal Srivastava	Regional Manager	(West)	+91 98204 53187	sonal.srivastava@crisil.com
Sarrthak Sayal	Regional Manager	(North)	+91 95828 06789	sarrthak.sayal@crisil.com
Priyanka Murarka	Regional Manager	(East)	+91 99030 60685	priyanka.murarka@crisil.com
Sanjay Krishnaa	Regional Manager	(Tamil Nadu & AP)	+91 98848 06606	sanjay.krishnaa@crisil.com

About CRISIL Limited

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

CRISIL is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

About CRISIL Research

CRISIL Research is India's largest independent integrated research house. We provide insights, opinion and analysis on the Indian economy, industry, capital markets and companies. We also conduct training programs to financial sector professionals on a wide array of technical issues. We are India's most credible provider of economy and industry research. Our industry research covers 86 sectors and is known for its rich insights and perspectives. Our analysis is supported by inputs from our network of more than 5,000 primary sources, including industry experts, industry associations and trade channels. We play a key role in India's fixed income markets. We are the largest provider of valuation of fixed income securities to the mutual fund, insurance and banking industries in the country. We are also the sole provider of debt and hybrid indices to India's mutual fund and life insurance industries. We pioneered independent equity research in India, and are today the country's largest independent equity research house. Our defining trait is the ability to convert information and data into expert judgements and forecasts with complete objectivity. We leverage our deep understanding of the macro-economy and our extensive sector coverage to provide unique insights on micro-macro and cross-sectoral linkages. Our talent pool comprises economists, sector experts, company analysts and information management specialists.

CRISIL Privacy

CRISIL respects your privacy. We use your contact information, such as your name, address, and email id, to fulfil your request and service your account and to provide you with additional information from CRISIL and other parts of S&P Global Inc. and its subsidiaries (collectively, the “Company”) you may find of interest.

For further information, or to let us know your preferences with respect to receiving marketing materials, please visit www.crisil.com/privacy. You can view the Company’s Customer Privacy at https://www.spglobal.com/privacy

Last updated: April 2016

Disclaimer

Argentina | China | Hong Kong | **India** | Poland | Singapore | UK | USA

CRISIL Limited: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai – 400076. India

Phone: + 91 22 3342 3000 | Fax: + 91 22 3342 3001 | www.crisil.com

/company/crisil @CRISILLimited /CRISILLimited /user/CRISILLimited

CRISIL

An S&P Global Company