

## Supreme Industries (SIL) – ADD

### Result Update

Current Market Price (CMP)

**Rs. 4,176**

Fair Value (FV)

**Rs. 4,640**

### Rationale:

- SIL's Q3FY24 results were below our expectation due to miss in volumes.
- Reported 6%/24.9%/22% yoy growth in consolidated net sales/EBITDA/PAT.
- Robust demand outlook from government's infrastructure program, real estate, etc.
- Management expects 23% volume growth in FY24.
- We have downgraded our earnings estimates for FY24E-26E in 3%-5% range.
- Value the stock at ~37x FY26E earnings. Maintain ADD.

### Q3FY24 earnings update:

#### **Positives:**

- EBITDA margin at 15.5% (+230bps/10bps qoq) was better than estimates.
- Upgraded FY24 volume growth guidance for plastic piping division to 30% from 28%.
- We remain constructive on the long term fundamentals of the company.

#### **Negatives:**

- Miss in volumes on a high base.
- Lower volume in packaging and consumer segment.

(EBITDA: Earnings before interest, tax, depreciation & amortization, PAT: Profit after tax)

[Click here](#)

For detailed report dated 23<sup>rd</sup> Jan 2024. Note: CMP & valuation may differ due to difference in dates.



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