VALOREM ADVISORS

Earnings Conference Call Highlights

Supreme Petrochem Ltd - Q1-FY27 Earnings Concall Highlights

Supreme Petrochem Ltd (Standalone)					
INR In Mn	**Q1-FY27**	**Q1-FY26**	**Y-o-Y**	**Q4-FY26**	**Q-o-Q**
Operational Income	16927	13865	**22.1%**	15870	**6.7%**
EBITDA	3479	1298	NA	2638	**31.9%%**
EBITDA M (%)	**20.34%**	**9.26%**	NA	**16.51%**	**404 Bps**
PAT	2363	809	NA	1,680	**40.7%**
PAT M (%)	**13.96%**	**5.83%**	813 bps	**10.59%**	**337 Bps**
Diluted EPS	12.57	4.30	NA	8.94	**40.6%**

Operational Highlights

- Revenue grew 22% year-on-year, primarily driven by rising raw material prices following West Asian geopolitical conflicts, despite a 24.5% decline in sales volumes.
- Operating EBITDA margin expanded to 19.53%, aided by wider deltas between styrene monomer and downstream products in international markets.
- Sales volumes of manufactured products decreased to 70,842 metric tons from 93,853 metric tons, due to minimal exports and subdued non-OEM segment demand.
- Geopolitical tensions and Strait of Hormuz shipping disruptions constrained container shipments and forced traditional styrene suppliers in the Gulf region to suspend operations.
- Domestic supply requirements were met through alternate sourcing arrangements, mitigating risks from the disruption of West Asian styrene imports.
- Exports remained minimal during the quarter due to restricted styrene monomer availability, increased freight rates, and extended voyage times.
- Phase II expansion of EPS capacity is complete, with ongoing projects including a 150,000 cubic meter widewidth XPS board line and compounding capacity expansion to 80,000 tonnes per annum.
- The Board approved an 80,000 tonnes per annum polystyrene production line in Maharashtra, expected to be completed by December 2028, increasing total capacity to 380,000 tonnes per annum.
- Non-OEM demand, which saw an initial 50% contraction, is beginning to stabilize as market participants reconcile to the prevailing global price environment.

Key Questions & Answers

Q What were the primary drivers behind the 24.5% reduction in sales volumes compared to the previous year?

A The decline was primarily due to negligible exports and a significant slowdown in the non-OEM segment, where demand dropped by nearly 50%. Geopolitical disruptions in West Asia limited our styrene monomer supply and disrupted shipping logistics, making exports unviable.

Q How sustainable is the 19.53% operating EBITDA margin reported this quarter?

A Our margins are highly dependent on global styrene deltas. The strong margins this quarter resulted from exceptionally wide deltas between styrene monomer and finished products. While these deltas may normalize, our focus remains on operational efficiency.

Q Do you expect the new compounding expansion projects to be fully utilized within the next two to three years?

A Yes, we are confident in that timeline. We are seeing sufficient demand for our compound products, and the capacity being built reflects our long-term view of market growth; we expect to fully utilize these lines within three to four years.

Q How do you differentiate your compounding business strategy in a market often characterized by long credit cycles?

A Our strategy centers on targeting value-added customers who respect credit discipline. We do not supply material where credit terms are unsustainable. We are applying this disciplined approach across our business, ensuring long-term profitability even if it results in slower growth.

Q Could you provide an update on your polystyrene and ABS capacity expansion plans?

A We are currently focusing on the second XPS line and compounding capacity. Additionally, the Board approved a fifth polystyrene line at the Amdoshi complex. These projects are expected to be completed by December 2028, bringing our total polystyrene capacity to 380,000 tonnes per annum.

Q How has the domestic competitive landscape changed following government notifications on import data?

A While authentic import data is no longer published, market sources estimate approximately 20,000 tonnes of polystyrene were imported during the quarter. This is consistent with historical trends, though temporary duty exemptions may have encouraged imports beyond immediate requirements.

Earnings Conference Call Highlights

Q **Could you please elaborate your CAPEX roadmap for the next 3-4 years? Specifically, how will investment be allocated between the existing PS, EPS business and the newer growth area XPS, ABS and compounds?**

A The total estimated investment for our ongoing expansion projects, including the new wide-width XPS line compounding lines the polystyrene production line, is approximately INR 900 crore. We will fund this entirely through internal accruals.

Q **What is your current assessment of the demand outlook for the non-OEM segment?**

A During the first quarter, non-OEM demand was subdued due to high raw material prices and gas supply issues faced by downstream processors. However, these customers are now reconciling to the global price environment, and demand is beginning to stabilize.

Q **Are your current alternative styrene sourcing arrangements structurally more expensive than traditional suppliers?**

A Yes, they are more expensive due to higher freight costs and longer voyage times. Our traditional supply chain from the Gulf region typically involves a voyage of four to five days, whereas alternative arrangements involve much longer transit times and higher shipping costs.

Key Participants

- *Nirav Jimudia - Anvil Wealth*
- *Aditya Khetan - SMIFS Instituitonal Equities*
- *Vipul Kumar Shah - Sumangal Investments*
- *Sailesh Raja – 360 One Capital*
- *Santosh Keshri - SKKF*

Disclaimer

Valorem Advisors is an Independent Investor Relations Management Service company. This Report has been prepared by Valorem Advisors as a value-added service for its readers, based on information and data that were discussed on the respective company earnings conference calls, but Valorem Advisors makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Report. This Report may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from this Report is expressly excluded. Valorem Advisors also hereby certifies that the directors or employees of Valorem Advisors do not own any stock in personal or company capacity of the Companies under review.

AI Disclaimer: Generated by Val.ai, Valorem Advisors' proprietary AI. AI outputs can contain inaccuracies; always verify critical facts, financial figures, and commentary against official transcripts prior to external use.