



SUPREME PETROCHEM LTD

Regd. Office :

Solitaire Corporate Park, Building No. 11, 5th Floor, 167, Guru Hargovindji Marg,
Andheri-Ghatkopar Link Road, Chakala, Andheri (East), Mumbai-400 093. INDIA
☎ : 91-22-6709 1900 Fax - 022 - 4005 5681 • CIN : L23200MH1989PLC054633
Website : www.supremepetrochem.com • Email : corporate@spl.co.in

Ref: CFA/CS/86/AGM_33/2023-2024

May 3, 2024

BSE Limited
Phiroze Jeejeebhoy Towers,
1st Floor, Dalal Street,
Mumbai - 400 001
Script Code - 500405

National Stock Exchange of India Ltd
Exchange Plaza, Bandra Kurla Complex
Bandra East,
Mumbai – 400 051
Scrip Code - SPLPETRO

Dear Sir/Madam,

Sub: Transcript of Earnings Conference Call of Supreme Petrochem Ltd ('The Company')

Ref: Regulation 30 of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

Please refer our letter dated April 24, 2024, wherein we had informed you that Earnings Conference Call with investors of the Company will be held on April 29, 2024 to discuss Q4-FY24/FY24 earnings.


Please note that the said conference call as scheduled was held at 04:00 PM (1ST) on April 29, 2024. In this regard, pursuant to Regulation 30 of Listing Regulations, please find attached Transcript of the call with investors of the Company.

This is for your information and record.

Thanking you

Yours faithfully,

For **SUPREME PETROCHEM LTD**


D. N. MISHRA
COMPANY SECRETARY



Supreme Petrochem Limited
Q4 FY-24 Earnings Conference Call
April 29, 2024

Moderator: Ladies and gentlemen, good day and welcome to the Supreme Petrochem Limited Q4 and FY24 Earning Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask the questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing "*" then "0" on your touchtone phone.

I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you, Mr. Sonpal.

Anuj Sonpal: Good evening, everyone and a very warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors. We represent the Investor Relations of Supreme Petrochem Limited. On behalf of the company, I would like to thank you all for participating in today's earnings call for the Fourth Quarter and Financial Year 2024.

Before we begin, let me mention a quick cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Now, let me now introduce you to the management participating with us in today's earnings call and hand it over to them for opening remarks. We have with us Mr. Rakesh Nayyar - Executive Director and CFO; Mr. Dilip Deole - Chief Executive of Finance and Accounts; Mr. D N Mishra - Company Secretary.

Without any further delay, I request Mr. Rakesh Nayyar to start with his opening remarks. Thank you and over to you, sir.



Rakesh Nayyar:

Thank you Anuj. Good evening everybody. It is a pleasure to welcome you to the earnings conference call for the fourth quarter and financial year 2024. The operating income for the fourth quarter was Rs.1563 crores, which grew by around 32% against the previous quarter, and by around 13% on a year-on-year basis. The total EBITDA was reported around INR 194 crores, representing an increase of approximately 76% quarter-on-quarter and a decrease of around 16% year-on-year. The EBITDA margin stood at around 11.2% for the fourth quarter. The net profit after tax was around 132 crores which increased by 93% quarter-on-quarter and decreased by 18% year-on-year.

The company sales volume of manufactured products in the fourth quarter of FY24 increased by 17.6% on a year-on-year basis, domestic volumes showed a robust increase, rising by 15.5% year-on-year in the fourth quarter and by 7.5% for the full fiscal year. Export volumes surged with a 44% jump in the fourth quarter, and by 82% for the entire fiscal year compared to the previous year. The company could increase its exports of manufactured products due to increase in production capacity, capacity utilization across all products were 75% including the expanded capacity. The prices of Styrene Monomer remained stable for most part of the year, but have started to trend upwards since March 2024, due to geopolitical tensions in the West Asia. For the financial year ending 2024 the operating income stood at Rs.5253 crores which was flattish year-on-year despite increase in volumes by 13.7% due to the annual average of SM prices being lowered by 11% over the previous year, which resulted in the lower finished good prices. The total EBITDA stood at Rs.535 crores, the net profit after tax for year stood at INR 347 crores.

On the other updates, the company remains debt free with an investable surplus of INR 1080 crores at the end of March 2024. Additionally, the Board of Directors has recommended a final dividend of Rs.7 per equity share for the financial year ending 2024. As a result, the total dividend for the year would stand at Rs.9 per equity share and total outflow of 169 crores. Phase one of Mass ABS project is progressing well and barring unforeseen circumstances, it shall be on stream by the fourth quarter of FY25. The second phase of EPS and Masterbatches and compounds is also progressing as per the schedule. With this now, I open the floor for the question-and-answer session. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Aditya Khetan from SMIFS. Please go ahead.

Aditya Khetan:

Sir, first question was on to the volume side. This quarter we already know that because of a seasonal performance Q4 generally tends to be a very good quarter in terms of volume, sir if you can help us to dissect the volume growth so, apart from polystyrene what has been the growth in volumes from EPS, XPS and the special compounds business in this quarter in volumes?



Rakesh Nayyar: Barring XPS all our verticals have grown in the last year and also in the last quarter of the FY24. And the total volumes increased in this quarter on a year-on-year basis at 17.65%. And domestic volumes were up by 15.5%. EPS as well as Masterbatch compounds and polystyrene they all contributed to this and also the exports. Exports also contributed in the overall volume growth. We have now expanded capacity available so we could restart or resume the exports with full force.

Aditya Khetan: Okay. And sir what sort of volume growth like we are anticipating for FY25 and FY26?

Rakesh Nayyar: I will only talk about FY25 at the moment, FY25 we see a growth of around 8% to 10% in volumes.

Aditya Khetan: Okay. But sir, so considering now XPS expansion, special compounds also to be expanding still sir lower growth guidance as compared to this fiscal?

Rakesh Nayyar: All the expansion are on the EPS and the Masterbatch compounds and their expansion would be coming through only towards the end of the year or in the third quarter of the current financial. So, by the time they are fully operational and we start marketing the product, they won't be adding much to the top line or the volume growth this year. There would be some growth coming from there but not to the full extent because the capacities would be available to us only towards the end of the year. And also the Mass ABS would be only towards the end of the year. So, all these products will add to our volume growth, in the financial year ending 2026.

Aditya Khetan: Okay. On to the Mass ABS sir, earlier you have mentioned that by June 24, we would be starting the first phase. Now sir into the presentation we had mentioned that, that is shifted to Q4, any specific reason for this shift of six to eight months?

Rakesh Nayyar: There are some delays in the delivery of the proprietary equipment by almost four to five months. So, that is delaying the total schedule of the project. And we still hope that we would be completing the project by the December 2024 and should be on stream commercially in the last quarter of this current financial.

Aditya Khetan: Sir this is phase one and sir phase two when we are expecting to start that?

Rakesh Nayyar: Phase two will be later on, maybe in the financial year 2026 that should be there or maybe later, that schedule is still not finalised.

Aditya Khetan: Got it. Sir on to the Mass ABS, so we had align the CAPEX of almost 850 crore. So, sir at peak utilization level what sort of a top line we can assume and what sort of margins we can build in?



Rakesh Nayyar: On the current market prices, the top line will add to around 2200 odd crores on the full capacity utilization basis. It will give us an asset turnover of almost one to 2.75 or so. So, that is for both the lines put together. And as far as margins, margins are certainly better than the polystyrene business if the demand for ABS is good in the country. But then for Mass ABS margins, as I said earlier also conversion cost would be lower than the conventional ABS. But then, let's see, it will be better all I can say at the moment.

Moderator: The next question is from the line of Priyank Chheda from Vallum Capital. Please go ahead.

Priyank Chheda: Sir, my question is on the delta spreads that have expanded Q-o-Q rightfully so, you had integrated in the last quarter that, the deltas are likely to improve from the trust level. So, the question is are they back to normal, or is there any supply side dynamics change across the globe or should we consider this to be a new normal?

Rakesh Nayyar: See the world is very dynamic. Considering the given circumstances, we hope that the deltas have stabilized, at the moment they appear to be stabilized. But then the way the geopolitical issues are happening it is very difficult to predict in future, but currently the way things are, they look to be stabilized.

Priyank Chheda: And just to clarify, there was no one off in the product mix that we have sold in Q4 right?

Rakesh Nayyar: Sorry, can you repeat your question?

Priyank Chheda: There was no one off in terms of the product mix change that was, the volumes that we sold in Q4?

Rakesh Nayyar: No, there is nothing like that, only thing is that always Q4 and Q1 are the season, the seasonal demand is more from the appliance manufacturers and similarly during the festival period again the demand from the appliances sector is better. During the monsoon period the demand is low and so they become the lean months and again post Diwali generally they are the weak months. But otherwise the non-OEM demand is always kind of steady during the year.

Priyank Chheda: Perfect. My second question is on the Mass ABS market potential, so now.

Moderator: Due to no response we are moving to the next participant. So, the next question is from the line of Karan Shah from CWS. Please go ahead.

Karan Shah: Hi Rakesh this is Karan from Chanakya Capital. Sir just if you can help me understand a couple of things. So, first, I was just calculating the annual EBITDA and EBITDA per tonne figures. So, if you can help me please understand why has EBITDA per tonne declined in FY24, compared to FY23 and 22?



Rakesh Nayyar: 22-23 and 21-22 were an aberration because the global deltas were very high. During the post-COVID certain plants were underutilized globally, they were not operating to the full extent, the freight rates were very high, the supply chain had disturbed. So, the global deltas of all polymers, not only for polystyrene or EPS, but all polymers they had shot up, they had increased over the normal long term averages also. So, that was the reason that the year 21-22 and 22-23 deltas were pretty high. Now, with the freights rates coming to normal and the COVID being a history back to normal deltas.

Karan Shah: So, the FY24 EBITDA per tonne figure is a sustainable figure, am I right in that assumption?

Rakesh Nayyar: Yes, that's right. As I said to the previous person that, given the circumstances currently these are the numbers which look to be stable now.

Karan Shah: Alright, thank you. And the second question that I wanted to ask was, if you can please help me understand the purpose of the land acquisition at Karnal that you had recently done?

Rakesh Nayyar: Apart from West India, North India is a major demand center and a major growth center also. Currently the total market for PS and EPS almost 1/3 of the market is up from the North. So, we decided that we should have another centre for our future growth up in the North. We are in Panipat Karnal area and we would be setting up there more of downstream units also apart from the polystyrene and expandable polystyrene. We are planning to go there with more downstream related to the construction industry, like 3D panels, sheeting as well as the extruded polystyrene.

Karan Shah: Alright, got it. And, sir, just one last question from my side then I will jump back in the queue. If you can just help me understand, because I was just going through the cash flow statement. So, we had a high amount of inventory going out. So, any specific reason for that, because we generated a lot of cash primarily due to working capital movements specifically inventory, if you can help me please understand that as well?

Rakesh Nayyar: So, there is no such thing that the inventory moving out. You were looking at the last year's inventory versus this year's inventory. But if you look at the breakup of the last year's inventory it was more of a raw material inventory. Because the raw material is imported and at times the bunching of shipments causes inventory to go up. So, last year, the last month of the year we received some bunched quantities of raw materials that took our inventories up. That's it, nothing different.

Moderator: Thank you. The next question is from the line of Krunal Shah from ENAM. Please go ahead.

Krunal Shah: Sir my question is on Mass ABS. Sir, can you help me understand what are the key factors that will help us compete with imports because we look at imports, import substitution with Mass ABS. So, can you understand that sir?



Rakesh Nayyar: Mass ABS is ABS only, the route of manufacturing Mass ABS is different. It's not a batch process, in the conventional suspension grade method you make high graft rubber separately, you do SAN separately, then one does the compounding of it. So, that's how the ABS is produced. Whereas in the case of Mass ABS, everything is done through the reactor and it is a continuous process like normal polymers. So, it's not a batch process so it is a Mass ABS and the whole product is coming through the reactor directly. And the only difference is that since, we are in this you have the standard recipes and standard grades. Whereas in the case of the conventional method of ABS when you are doing compounding, you can for small batches you can vary your mix if one wants to but then, here we would be giving whatever the standard grades which we have and which are used for all application. So, there is no difference in the Mass ABS or the conventional ABS that end-use applications are concerned or as far as the product properties are concerned.

Krunal Shah: Okay. So, there is no difference in the end application, irrespective of whether it is Mass or batch ABS?

Rakesh Nayyar: Yes.

Krunal Shah: But because it's Mass we will need to compound it further for the customized applications which batch allows to do easily?

Rakesh Nayyar: So, the batch is very small part of it now, one you have standard recipes which go into the 95% of the application so that is it.

Krunal Shah: Okay. But then in terms of cost, how is that ship, which is cheaper, or what is better?

Rakesh Nayyar: It is continuous process, automatically the conversion cost goes down.

Krunal Shah: Okay. And by how much percentage?

Rakesh Nayyar: I won't make a guess at this stage, unless we are on stream because what numbers we have is from our collaborators, but then unless we have put it into the practice, not fair for me to comment on that.

Krunal Shah: Got it sir. Sir one more question is that, there are like clear that you are adding significant capacity in China. So, wouldn't that put even further pressure on us because our capacities are much smaller compared to these guys. So, there costing will be lower and they will **be up to** level of industrial?

Rakesh Nayyar: 600,000 tonnes of ABS in China. But, then see India currently has a demand of over 300,000 tonnes which is increasing and which if it goes up by 5%, 7%, 8%, so, by the end of financial year 2026 it should be closer to 340, 350 minimum. And currently, India produces only around 140-150,000 tonnes of the ABS balance is all imported. And secondly, what will



happen is that the China capacity coming up, but then there is a Chinese demand. Also supply chain movement will happen because the Korea or the Taiwan who was exporting to India they may have to look at some other markets also, or there will be some kind of competition increasing. But then some old plants will shut down which is a natural thing which is happening with China increasing their petrochemical capacity, which is happening in all the polymers.

Krunal Shah: So, it's still not clear isn't why would customer switch from imported ABS to the supreme ABS, if there is no difference in the product the pricing was similar?

Rakesh Nayyar: Many things are there because when you are importing you are susceptible to price variations, small quantities, just in time supply, better quality, many factors. Today even polystyrene, why would anybody buy polystyrene from us when the polystyrene can be imported also, but whereas we command a premium over the imported price. It is customer service, it is helping the customer in using the material. So, there are many factors which play into it.

Moderator: Thank you. The next question is from the line of Amar More from Lucky Investment. Please go ahead.

Amar More: Sir, firstly if you can help me understand like what would be our capacity utilization in XPS, SPS and EPS currently?

Rakesh Nayyar: We are practically in all the verticals close to 75% capacity utilization.

Amar More: And what maximum sir we can go?

Rakesh Nayyar: We can go up to 95%, 100% but depending upon if there are too many grades being changed or other things, so some production may be lost in that, but then otherwise theoretically one can go to 100% depending upon what you are producing, it depends upon the product mix, it depends upon the demand also, but during the lean period of course, the demand is not 100% so on an annual basis, if one does 85% to 90% it is good.

Amar More: But sir do you think 90% is possible because even in this also you have to change a lot of grades and then there will be a....

Rakesh Nayyar: 90%.

Amar More: Practically what is possible, so theoretically everything can go to 100%.

Rakesh Nayyar: Practically if the demand is flat throughout the year.

Amar More: 90% you are saying?



Rakesh Nayyar: Easily possible.

Amar More: Okay. And secondly sir at the current gross block what is the basically, what kind of peak revenue we can see on the current gross block?

Rakesh Nayyar: On the current gross block, which is excluding projects under implementation, we can at the current market prices, have a peak revenue of around Rs.6500 crores.

Amar More: Rs.6500 crores plus the initiative implementation of Rs.2500 crore from the ABS part, got it sir.

Moderator: Thank you. The next question is from the line of Anirudha Jain from Achieve Company. Please go ahead.

Anirudha Jain: Sir, I just wanted to understand what is the competition landscape currently we are having in India, and we had a good turnaround in the export business. So, just wanted to have some color on the export strategy going ahead?

Rakesh Nayyar: Can you repeat your last part of your question, your voice was breaking a bit.

Anirudha Jain: Sure. I just wanted to have some color on the export policy for the company as it has improved significantly on year-on-year basis?

Rakesh Nayyar: As far as exports are concerned, for our priority is domestic market. And exports are also there, but then after meeting the domestic demand. Going forward that is what our policy would be.

Anirudha Jain: Okay. And the margins are better in exports?

Rakesh Nayyar: No, not now. But then they are fine. They certainly add to our, they give a good contribution to us, but they are not as good as the domestic market, but they are good.

Anirudha Jain: Okay. And just a small clarification so, basis on what you have answered to the last question, So, technically our revenues in next two, three years can reach around 5000 crores around 2000 kind off, so 7500 crore levels, correct?

Rakesh Nayyar: See our volume last year for the last financial year is 5200 crores. And with the current gross block what we have or the current capacity what we have, we can go up to 6500 crores on a 100% utilization. And on that the balance whatever new capacities would add on to that, that would be the revenue for us based on the current prices and 100% utilization of the capacities.



Moderator: Thank you. The next question is from the line of from Nirman from Unique PMS. Please go ahead.

Nirman: Sir, my question is related to ABS again. So, Supreme is putting capacity and the existing two players have also announced some capacity additions, double or triple the capacity. So, why particular, so related to the timing, so everyone is increasing their capacities right now. So, is there any change in the demand scenario or is it expected to grow faster in the next two, three years or can you throw some light here?

Rakesh Nayyar: One there is currently large gap between local demand and supply. And secondly with the appliances sector doing well the two wheeler EVs and the four wheeler EVs they are also growing so you will need a lot of ABS for the EVs as well as their batteries. So, it's all projected that the market will grow.

Nirman: But then sir, would there be a situation of oversupply given a lot of capacity would come in?

Rakesh Nayyar: Possibly for some time in between maybe yes, but can't say when the timings of the implementation of schemes by the other players not known when and what time. It is possible by then in any case the demand would have grown so it may not be any mismatch in the demand and supply. So, it now depends upon the project schedules of others.

Analyst: But then historic so, can you give some numbers, how much is the market growing and if it is expected to grow at a faster pace in the future?

Rakesh Nayyar: Typically the market has been growing around same 8% to 10% and going forward with the growth in the EVs and the appliances it may improve.

Moderator: Thank you. The next question is from the line of Parth Mehta from Vallum Capital. Please go ahead.

Parth Mehta: Yes. So, if you can just help me with some volume numbers for FY24, polystyrene, EPS, XPS and master batches?

Rakesh Nayyar: Total volume for the year, for the company as a whole is 3,25,250.

Parth Mehta: Yes, sir but the sustain product level volumes were given in for the previous year.

Rakesh Nayyar: We do not give, the total volumes of the company which we have shared.

Parth Mehta: Okay, no problem. If you can help me with current market prices?

Rakesh Nayyar: Sorry?



Parth Mehta: Current market prices for PS & EPS?

Rakesh Nayyar: Current domestic prices or the global prices you are talking?

Parth Mehta: Yes, domestic prices.

Rakesh Nayyar: Domestic again it varies from grade to grade. And it's for GP, HI, the two varieties of polystyrene there is a difference of almost Rs.8 to Rs.10 again grade-to-grade. But then the rates prices are closer to Rs.120, Rs.125 but then they vary within the category for each grade, the prices are different.

Parth Mehta: Okay. And just last one, trading revenue for Q4?

Rakesh Nayyar: Trading revenue for?

Parth Mehta: Q4?

Rakesh Nayyar: Our trading revenue is generally around 23% to 24% of the overall revenue.

Moderator: Thank you. The next question is from the line of Shailesh Raja from B&K Securities. Please go ahead.

Shailesh Raja: We are setting up new plant near Panipat Haryana. You mentioned last time that two benefits that we are going to get one is, the access to North market because 40% is of PS demand derived from this market. Second is sourcing of raw material that is styrene monomer from IOCL plant. My question is, how much stress in gross profit level you expect from this facility because of sourcing of this raw material. Say today the spread is X for the fully imported raw material, can we expect +X 10% or 20% of the same period what is the assumption that you have taken sir?

Rakesh Nayyar: It is only proximity to the source of raw material and proximity to the end market that we have chosen that location. The domestic producers when they sell the raw material. It is linked to the global prices. So, what we would be saving is by setting up a project there is the freight which we are incurring from today for sending the goods from West to North. That is the, otherwise I don't see that there would be any raw material price savings per se because the raw material prices are linked to the global prices.

Shailesh Raja: Okay. So, how much benefit we will be getting because of freight cost reduction?

Rakesh Nayyar: The cost saving as I see today is mainly the freight rates. Freight rates for taking the finished goods from West to North and freight rate from port to the plant which we are incurring today. There there it will be closer to source and market so that savings would come.



Shailesh Raja: Okay. Sir my next question with the current prevailing stress can you please rank the product wise ROC, it is fair to assume that our XPS are more lucrative than other products?

Rakesh Nayyar: You said product wise?

Shailesh Raja: It is rank ROC, return on capital employed.

Rakesh Nayyar: Okay, return on capital employed for us the ranking wise of course XPS is the best. And then comes the polystyrene because polystyrene is a plant we have many lines of various vintages. So, there the return on polystyrene is good and then follows our EPS and SPC.

Shailesh Raja: Okay. Sir we are expanding XPS capacity by one lakh in Q1 and 50,000 in compounds capacity. So, how fast we can fill these capacities, what are the initiatives that we are taking to reach optimum utilization level?

Rakesh Nayyar: The part of the master batch compounds capacity and EPS phase two they are getting implemented this year. EPS phase two is getting fully implemented this year and the compounds part of that is getting implemented this year. And the benefit of that would occur to us only in the next financial year. And we hope that in the next two years we should be able to fully utilize the capacity.

Shailesh Raja: Okay. Sir just one last question what is our total PS inter sales volume to XPS for this year?

Rakesh Nayyar: Sorry?

Shailesh Raja: What is our total PS inter sales volume to XPS?

Rakesh Nayyar: That I won't tell you sir sorry, I won't tell you that.

Moderator: Thank you. The next question is from the line of Karan Shah from CWC. Please go ahead.

Karan Shah: So, a couple of questions. Sir, first the ROCE profile for ABS will be similar to PS or will be slightly better?

Rakesh Nayyar: Sorry, which profile you said?

Karan Shah: The return on capital employed for ABS, will be similar to polystyrene or on a better terms compared to polystyrene?

Rakesh Nayyar: See, the fixed capital which is going to get ABS now is much higher. Polystyrene plant new line is a brownfield project, the earlier lines are also few years old. So, the capital investment, on ABS is high certainly and PS are depreciated plants. So, the return on capital employed for



polystyrene is much higher. Whereas ABS is a capital intensive project. And it will be a new investment so to begin with, the return would not be in-line with the polystyrene ROCE.

Karan Shah: Which is fair. But sir going down the line let's say when the plant is at peak maturity in terms of asset turns, then can we expect a similar ROCE profile?

Rakesh Nayyar: Yes, we can, then we can going forward couple of years down the line yes, it's possible, possible but then immediately it is not.

Karan Shah: Definitely. And sir one more question on those lines. So, as of now you have approximately 1100 crores cash and liquid assets on your balance sheet and ABS has already been done and completed in terms of CAPEX. So, any plans as to how to utilize the cash in a better manner going forward one years or two years down the line?

Rakesh Nayyar: We have already announced our project at Karnal, and going forward the Karnal project what we have estimated today will cost us around 850 Crores So, this money will be used, gainfully they will be used for further expansions.

Karan Shah: Got it. And sir one last question so, I was just going through the employee cost figures and there is an increase of approximately 16% to 17% compared to the last year. So, just wanted to understand is this in line or is there any addition of any key managerial executor the medium or the top level?

Rakesh Nayyar: No, see we are expanding, we have to also now increase our manpower for the new verticals, for the expanded capacities. So, the number of manpower have gone up and of course, there is a general increase in the wages and for the team members of the company also we have periodical revisions. So, all that has come together.

Karan Shah: Okay, got it sir. And sir sorry to circle back. The Karnal capacity expansion of 800 to 850 crores is excluding PS, the EPS and the XPS expansion correct, that is just for the downstream products and separate from what you are?

Rakesh Nayyar: So, existing projects are separate and Karnal is separate.

Karan Shah: So, Karnal is a completely greenfield new project?

Rakesh Nayyar: Yes, it's absolutely greenfield new project.

Karan Shah: And similar asset turns will be expected on maturity?

Rakesh Nayyar: Maturity asset turns will be similar.



- Moderator:** Thank you. The next follow up question is from the line of Priyank Chheda from Vallum Capital. Please go ahead.
- Priyank Chheda:** Sir, within the standard grades and the customized grades of ABS, since our Mass ABS would be a standard grade product. So, out of three lakh tonne of industry is there a bifurcation that we should look forward for?
- Rakesh Nayyar:** No, there is no bifurcation we have to look for because the standard grades are what are used. Generally, 95% of the applications would take that.
- Priyank Chheda:** And there is no further compounding required on our standard grades for our, before the step that we supply to our OEMs is that understanding correct?
- Rakesh Nayyar:** One can do compounding only for the remaining 5% applications if required. So, if I do the compounding and then I can meet even the remaining 5% applications also.
- Priyank Chheda:** Got it. And even in the current demand structure of three lakh tonnes including imports of another one and a half lakh tonnes all the demand is catering towards the standard grades of ABS?
- Rakesh Nayyar:** See whatever is imported, are general grades which are imported they are all very standard grades.
- Priyank Chheda:** Okay. And then the domestic capacities that are currently there are also catering to standard grades?
- Rakesh Nayyar:** They are also standard, while one can do compounding whatever one wants one can do there, that is but then normal standard grades are there always.
- Priyank Chheda:** Okay. And my second question is on the export side. So, while we understand that, you have a spare capacity after domestic demand will be catering to exports. In case in future, when we are expanding on the larger capacities, are we that cost competitive versus the other players in the world and given that our raw material is getting imported, we will have to incur another freight cost to export. So, how far are we cost competitive in the export market?
- Rakesh Nayyar:** Have we not been competitive, people would have not been buying from us or we would have not been producing and exporting if we were incurring losses. Our quality is good and we regularly supply to Europe, Asian countries, Gulf, North America, South America. We have customers in all the continents today and you would be surprised that we exported last year to Japan as well.
- Priyank Chheda:** Right. So, the arithmetic that we are not able to solve internally is, while there is a imports, there is a export market that is getting developed. So, where is the disconnection between



first catering down the input market in India and then looking forward for export, if you can help us with that?

Rakesh Nayyar: Depends on certain grades, specific recipes. If I'm able to supply that and meet the requirement of a customer, he buys wherever he may be, and then if there is a requirement and I can fulfill that, I get my price, I export. So, it's not that in India polystyrene is not imported, the polystyrene is regularly coming from countries like Korea, Taiwan, Thailand, Iran. So, that material comes and we also export, we export to countries like Italy, we export to Spain, we export to Turkey, we export to North America, we export to South America.

Priyank Chheda: Right. So, the underlying message that I should take is that, the grades that are getting imported are different than the grades that we would be exporting while there can be a potential of the grades in case we make to replace the imports within polystyrene also.

Rakesh Nayyar: And also what matters is, in the importing country their local production may be in X part of the country, their internal freights could be different, they could be very high, their handling cost internally could be very high, this plant could be in the other part of the same country. So, they have to look at their economics also. And quality and customer service. We proudly say that our grades make the best of the grades in the world.

Moderator: Thank you. The next follow up question is from the line of Krunal Shah from ENAM. Please go ahead.

Krunal Shah: One question I have with the EVs coming in, does the consumption of ABS and polystyrene per vehicle change, does it go up or down by how much?

Rakesh Nayyar: Sorry, can you repeat your question?

Krunal Shah: With EVs, with electric vehicle coming in two wheelers and four wheelers, how much is the consumption of ABS and polystyrene per vehicle changing?

Rakesh Nayyar: Sorry, I don't have that information with me.

Moderator: Thank you. The next question is from Madhur Rathi from Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Sir, I wanted to gain your understanding of the Chinese overcapacity, as well as and this upper power margin going forward so, if you could just help me understand that?

Rakesh Nayyar: Your voice is not clear, can you please repeat your question?

Madhur Rathi: Sure, is it better now?



- Rakesh Nayyar:** Yes.
- Madhur Rathi:** Sir, I wanted to gain your understanding of the Chinese overcapacity and can this affect our margins going forward in FY25 and beyond?
- Rakesh Nayyar:** As far as polystyrene is concerned, there are no exports or very minimal exports to India from there. Any significant impact of Chinese increased capacities on the Indian polystyrene market so far is not seen.
- Madhur Rathi:** Okay. And sir on the ABS side?
- Rakesh Nayyar:** On the ABS side, yes supply chain would change in the sense that the countries who are supplying to China, they would have to look at other markets, they may look at the Western market, some of the old plants may get mothballed. So, that turnaround will happen once the Chinese are fully implemented, with their latest 600,000 tonnes of ABS capacity. So, they are fully self-sufficient then they would look at not importing maybe or reduce importing and the exporters to China will have to look at the other markets. And the old uneconomical plants, small sized plants may consider closing down.
- Moderator:** Thank you. The next question is from the line of Amar More from Lucky Investment. Please go ahead.
- Amar More:** Sir just wanted to understand, this Mass ABS capacity which is going to come let's say at the end of this year what kind of utilization we can expect in the first year like FY26?
- Rakesh Nayyar:** We think that we should be able to do around +50% in the first year.
- Amar More:** Okay. And +50% we would be making some profitability?
- Rakesh Nayyar:** Difficult to comment at this stage.
- Amar More:** Okay. And sir in terms of our capacity just wanted to understand like, currently the XPS capacity would be, if you can give us the product wise capacities is it possible like XPS....
- Rakesh Nayyar:** Polystyrene is 300,000 tonnes, EPS is 110,000 tonnes, SPC is installed is 35,000 tonnes. But effective you can say, because there are many grades effective 25,000 tonnes, you can take SPC 25,000 tonnes and XPS is 72,000 meter cube.
- Moderator:** Thank you. As there are no further questions, I now hand the conference over to management from Supreme Petrochem Limited for closing comments.
- Rakesh Nayyar:** Thank you all for coming and joining us today on this investors call. Thank you.



Moderator:

On behalf of Supreme Petrochem Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.