



Chairman's Statement

35th Annual General Meeting

July 04, 2024

Good afternoon, Ladies and Gentlemen,

I am pleased to welcome you all to the 35th Annual General Meeting of Supreme Petrochem Ltd. The Annual Report including Directors' Report and the Annual Audited Financial Statements for the year ended March 31, 2024 have been with you for some time now and with your permission I take them as read. I am sure it gave you a clear picture of the working of the Company for the year under review.

I thank you all for sparing the time to join us today for this virtual Annual General Meeting of the Company. Virtual meeting provides an opportunity to all members of the Company to participate in this meeting from wherever they are.

Company's net revenue during the year stood at Rs.5,321 crores as compared to Rs.5,346 crores in the previous year, despite increase in the sales volume of the manufactured products by 13.75%, largely due to annual average price of styrene monomer the main raw material being lower by about 11% as compared to F.Y. 2022-23. Total Sales Volume of Company's manufactured products in 2023-24 was 325235 MT. The global margins were under pressure due to weaker than expected growth in China and Europe.

Global Styrene prices and availability were reasonably stable without any major disturbance despite geopolitical risks. With China becoming self-sufficient in respect of Styrene production the trade flow of Styrene from other North East and South East Asian producers to India is expected to further improve.

Demand for PS in India during the year under review was muted mainly due to weak demand from appliance sector. Other sectors also did not show any appreciable growth. Your Company maintained its market share by providing a wide range of quality grades and by swiftly aligning to market needs including development of newer grades to contain competition from imports from some South East Asian countries. Total PS sales volume increased by 9.7% on the back of jump in exports by 84% over the previous year.



PS trade flow in Asia is changing significantly due to the self-sufficiency drive of China. Major PS producers in Southeast Asia & Northeast Asia who traditionally exported to China are now looking to alternate markets. This change is affecting Indian PS producers in the export markets and going forward may also put pressure in the domestic market.

The on-going Red Sea issues have created artificial scarcity of shipping capacity globally, in view of the long voyage time taken through Cape of Good Hope, Africa. Freight rates have gone up substantially to many destinations across the world. This has an impact on Company's exports to Europe and USA. Company, however, continues to work on stronger customer relations, quality upgradation, prompt deliveries, development of grades especially suitable for discerning customers in Europe, USA & Japan etc. so as to overcome the impact, if any, of changing trade flow mentioned earlier.

Expandable Polystyrene business showed healthy growth during the year on the back of increased demand from the cold chain sector, appliances and other packaging sector. Company's EPS business grew by over 24% during 2023-24 on addition of new customers in its fold and increasing its market share in many applications. Company was able to service its customers even when its Manali plant had to be closed in November/ December 2023 for about three weeks due to heavy rains causing flood waters to enter the plant premises. Preventive steps taken helped in controlling the impact of flood waters and the damage to plant and machinery and other assets was not significant.

Company is preparing itself for increased competition, in its EPS business from two new units under construction in Gujarat, by further upgrading the product, developing customized grades for European market and working closely with customers in terms of sales & service etc. Company has started working on increased marketing and sales of EPS in neighboring countries and European market.

Specialty Polymers and Compounds (SPC) business is showing continuous growth. Company's SPC business grew in volume by 23% in 2023-24. This being a knowledge business, Company is placing high reliance on developing consistent quality products, keep abreast of changing regulatory requirements as well as keeping close watch on major developments taking place in Plastics processing industry. Completion of Mass ABS project will give fillip to this business due to need to develop innumerable grades for a multitude of applications in automobiles, electrical &



electronics segments. Company has already obtained BIS license for manufacturing a variety of ABS Compounds which will be further enhanced as we get more entrenched with our ABS customers. With various developments being pursued by the Company, particularly in the field of engineering plastics, SPC business is expected to grow by 20 % in the year 2024-25.

Extruded Polystyrene Insulation Board (XPS) business was muted due to delays in order from new large projects under implementation as well drop in vaccine packaging requirement. Low priced imports of poor quality XPS boards from China also impacted the XPS business. Various actions have been initiated to grow the market, like getting approval of CII Ecolabel, inclusion of XPS boards in GRIHA under several categories, working closely with IGBC to promote insulation in Green Buildings etc. With all the above actions, the company expects to grow its business by 20-25 % in the coming year.

First Line of Mass ABS project and second phase of EPS capacity expansion project at Amdoshi Complex are progressing as per schedule. Equipment delivery at site and simultaneous erection of same has started. Both the projects are likely to be commissioned by the last quarter of F.Y. 2024-25. On receipt of BIS certification by Versalis for its Mass ABS, Company shall start seed marketing of various Mass ABS grades in the domestic market.

Company has announced a new growth center at village Munak, Karnal, Haryana. Initial projects under consideration at Munak are PS, EPS and derivatives of PS & EPS such as XPS, 3D Panel, Sheeting etc. Company is currently working on pre project approvals for this site. Limited capital expenditure towards infrastructure development will be done on this site in F.Y. 2024-25.

Company is conscious of its responsibility towards environment sustainability and for the same, Company continues to take various measures for improved energy and water efficiency at its plants at Amdoshi in Maharashtra and Manali in Tamil Nadu.

Solar power joint venture with Tata Power Renewable Energy Limited for 12.5 Mw shall commence supply of power from September 2024. With the commencement of supply of power from this JV alongwith Company's roof top solar generation, Company shall be meeting 50% of total power requirement from renewable sources at its Amdoshi Complex. During the year under review, Company used 61% of the energy requirements at its Manali Plant from renewable sources. Company shall continue its efforts to increase share of renewable energy in its total



power consumption. With the installation of zero liquid discharge (ZLD) at both its manufacturing locations, Company has not only reduced fresh water intake for its processes but also significantly reduced effluent discharge. Company is actively working on creating awareness about collection and responsible recycling of post-consumer waste. To encourage organized collection of post-consumer EPS packaging waste and recycling thereof, Company has tied up with NGOs.

As part of CSR activities, Company undertook during the year, various initiatives, in the areas of health and hygiene, education, development at rural level including construction of gram panchayat building, toilet blocks, school and anganwadies etc.

Company has a robust Health, Safety and Environment (HSE) system and Quality Management System in the organization. HSE performance index for the period under review was in 'Excellent Range'. Company's Amdoshi Plant completed 8568 accident free days and Manali Plant 6139 days, as at March 31, 2024. Company regularly reviews safety of its plant operations including storage and handling of liquid raw materials at all its locations to ensure safe and secure functioning of its manufacturing plants.

I wish to place on record my gratitude to the Board Members for their valuable guidance and support, the insights and advice given to the management from time to time, which I deeply value.

I also convey my sincere thanks to all the customers, vendors, bankers, employees, Government authorities and all other business associates and stakeholders for their continued support and confidence reposed in the company and its management. I wish all of you and your beloved family members to stay well and safe and look forward to your continued patronage in the journey forward.

Thank you,

M. P. Tapar
Chairman

This does not purport to be a record of the proceedings of the Annual General Meeting.

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