



Action:
BUY

CMP:
₹820.00

TGT1/TGT2:
₹844.75/882.70

Stop Loss:
₹774.70

Time frame: 4-5 WEEKS

Supreme Petrochem Ltd. (SPL) is a major Indian manufacturer of petrochemical downstream products, specializing in the styrenics segment. The company holds a significant market position as one of the largest producers of Polystyrene and Expandable Polystyrene in India. It operates as a critical supplier to industries such as consumer durables, packaging, and automobiles. SPL's business model is centered on the large-scale manufacturing and trading of polymers, leveraging a debt-free balance sheet and internal accruals for expansion.

Operations and Resources: The company operates two primary manufacturing facilities:

Nagothane (Maharashtra): This plant produces Polystyrene (GPPS/HIPS) with a capacity of 3,00,000 MTPA, Expandable Polystyrene (EPS) at 1,10,000 MTPA, and specialized Polymer Compounds/Masterbatches at 33,500 MTPA. It also houses an ABS plant with 70,000 MTPA capacity and an XPS plant producing 72,000 cubic meters.

Manali (Tamil Nadu): Produces EPS with an effective installed capacity of 33,000 MTPA.

Strategic Initiatives:

Expansion: SPL has successfully increased its Polystyrene and EPS capacities. The integration of its new ABS plant is a key focus area to diversify the product mix.

Acquisition: The company acquired M/S Xmol Polymers Pvt Ltd, a Tier II supplier to automotive and appliance OEMs, to strengthen its engineering polymer components business.

Financials:

Company 5-year revenue has increased from ₹3,185Cr (FY21) to ₹5,338Cr (FY26) at a 10.88% CAGR. Company YOY revenue has however decreased from ₹6,023Cr (FY25) to ₹5,338Cr (FY26) at -11.37%. The Company's EBITDA margin increased from 9% for (FY25) to 10% for (FY26). Company Net Profit has decreased a little from ₹391Cr (FY25) to ₹327Cr (FY26) at -16.37%. However, the TTM Net Profit has increased to ₹483Cr.

Key Data

Nifty 50	23434.50
Sector	Petrochemicals
52 Week H/L(Rs)	981.65/460.95
Market Cap (Rs Cr)	15426.91
Face Value (Rs)	2.00
Daily Oscillator Direction	
20 DEMA	+ve
50 DEMA	+ve
100 DEMA	+ve
200 DEMA	+ve



TECHNICAL RATIONALE

- The chart has given a bullish breakout from a downward sloping trendline.
- Price has again moved above all of the moving averages, indicating improving momentum and strengthening trend structure.
- RSI is near the bullish zone around 62, reflecting strong momentum, which can further move upwards in the short term.
- We recommend to buy at current market price ₹820.00 with short-term targets of ₹ 844.75-882.70, and keep a stop-loss at ₹774.70.

TECHNICAL GLOSSARY:

- **Symmetrical Triangle Breakout:** A chart pattern where the price consolidates within converging trendlines, forming lower highs and higher lows. A breakout above the upper trendline signals bullish momentum, while a breakdown below the lower trendline indicates bearish movement. Volume expansion during the breakout strengthens confirmation.
- **Channel/trendline Breakout:** A technical event where the price moves above the resistance or below the support line of a price channel/trendline, signaling a potential trend continuation or reversal.
- **Retest:** The price action where the stock revisits a previously broken resistance (now acting as support) to confirm the breakout's validity.
- **MACD (Moving Average Convergence Divergence):** A trend-following momentum indicator that shows the relationship between two moving averages of the stock price. Used to identify bullish or bearish signals.
- **Positive Crossover (MACD):** Occurs when the MACD line crosses above the signal line, often interpreted as a buy signal or bullish momentum.
- **RSI (Relative Strength Index):** A momentum oscillator that measures the magnitude of recent price changes to evaluate whether a stock is overbought (above 70) or oversold (below 30).
- **DEMA (Daily Exponential Moving Average):** A type of moving average that places a higher weight on recent prices, making it more responsive to recent price changes compared to a simple moving average (SMA). It is widely used in technical analysis to identify trends, support/resistance levels, and momentum.
- **A higher high occurs** when the price reaches a new peak above the previous high, indicating strong buying pressure and an ongoing uptrend in the market.
- **A higher low forms** when the price pulls back but remains above the previous low, signaling sustained buying interest and confirming the continuation of an uptrend.
- **The signal line in technical analysis** is a smoothed moving average of an indicator, such as the MACD, used to generate buy or sell signals by identifying crossovers, confirming trends, and enhancing decision-making for traders and investors.



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