

February 03, 2025

To,

BSE Limited

Dept. DSC_CRD

Phiroze Jeejeebhoy Towers,

Dalal Street

Mumbai 400 001

BSE Scrip Code: **506222**

National Stock Exchange of India Limited

Exchange Plaza,

Plot No. C/1, 'G' Block,

Bandra- Kurla Complex,

Bandra ('E')

Mumbai 400 051

NSE Symbol: **STYRENIX**

Subject: Transcript of Earnings Call with Investors / Analysts held on January 31, 2025

Ref: Regulation 30 and 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir,

In continuation to our letter dated January 28, 2025 informing about the earnings call organized by the Company on January 31, 2025, please find attached Investor Call Transcript for your record purposes.

The transcript is also being uploaded on website of the Company and the same can be downloaded from following path:

www.styrenix.com – Investors – Earnings Call – Call recordings & Transcripts

You are requested to kindly take the above information on your records.

Thanking you.

Yours faithfully,

For **Styrenix Performance Materials Limited**

Chintan Doshi

Manager – Legal & Company Secretary

Encl: As Above

Styrenix Performance Materials Limited

(formerly known as INEOS Styrolution India Ltd.)

Registered Office

9th Floor, 'SHIVA', Sarabhai Compound, Dr. Vikram Sarabhai Marg, Vadiwadi, Vadodara - 390 023. Gujarat, India.

+91 265-2303201/02

secshare@styrenix.com

www.styrenix.com

CIN : L25200GJ1973PLC002436





“Styrenix Performance Materials Limited Q3 FY '25 Earnings
Conference Call”

January 31, 2025



MANAGEMENT: **MR. RAHUL AGRAWAL – MANAGING DIRECTOR**
 MR. BHUPESH P. PORWAL – CHIEF FINANCIAL OFFICER
 MR. CHINTAN DOSHI – MANAGER LEGAL AND COMPANY
 SECRETARY

Moderator: Ladies and gentlemen, good day and welcome to Styrenix Performance Materials Limited Conference Call.

We have with us today from the Management of Styrenix Performance Materials Limited. Mr. Rahul Agrawal – Managing Director; Mr. Bhupesh P. Porwal – Chief Financial officer; and Mr. Chintan Doshi – Manager Legal and Company Secretary.

As a reminder, all participant lines will be in listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touch tone phone. Please note that this conference is being recorded.

Further, on behalf of the management of the company, we would like to remind the participants that this call is being conducted subject to and in line with the disclaimer mentioned in the investor presentation as is available on the Stock Exchange.

I now hand the conference over to Mr. Bhupesh P. Porwal. Thank you and over to you, Mr. Porwal.

Bhupesh P. Porwal: Thank you. Ladies and gentlemen, Namaste everyone.. I am pleased to welcome you to our Q3 and the period ended December ‘24 Conference Call. As we reflect on our performance in the fiscal year 2025, I am delighted to announce that we have witnessed a robust demand for our products for nine months of FY ‘25, marking a significant growth trend.

Coming on to the Financial Performance of Q3:

Sales volume for Q3 was 47.5 KT versus 41.8 KT in Q2 FY ‘25, that is an increase of 14.5%, and by 34.4% compared to Q3 FY ‘24, which was 35.6 KT. Revenue stood at Rs. 691 crores in Q3 FY ‘25 versus Rs. 653 crores in Q2 FY ‘25, that is an increase by 6%, and increase by 42.5% compared to Q3 FY ‘24, which was Rs. 485 crores. PBITDA stood at Rs. 75.4 crores, that is 10.9% versus Rs. 105 crores at 15.9% in Q2 FY ‘25, and Rs. 60 crores, that is 12.3% in Q3 FY ‘24. PAT stood at Rs. 47.7 crores in Q3 that is 6.3% versus Rs. 70.1 crores at 10.6% in Q2.

For the YTD FY ‘25 highlights:

Sales volume for YTD December 2024 stood at 137 KT versus 120 KT in YTD December ‘23, that is it has increased by 14.3%. Revenue stood at Rs. 2,043 crores versus Rs. 1,623 crores, that is an increase by 26% compared to YTD December ‘23. PBITDA stood at Rs. 273 crores that is 13.3%, which is better by 1.1% compared to YTD December ‘23. PAT stood at Rs. 179 crores that is 8.8%, which is better by 1.1% compared to YTD December ‘23. We expect Q4 to be average based on historical industry trends.

Styrenix entered a SPA with Ineos Styrolution Group GmbH on 9th of December, '24, for acquiring 100% shareholding of any of Ineos Styrolution (Thailand) Co., Limited, located in Thailand. The acquisition transaction has been successfully completed on 17th of January, 2025. Styrenix Performance Materials is now holding 100% control and shares of Ineos Styrolution (Thailand) Co., Limited through its affiliates and subsidiaries. The new name of the company has also been changed effective today, and now it will be called Styrenix Performance Materials Thailand Limited.

We had also announced about our debottlenecking exercise and expansion plans in October '23. We have completed debottlenecking activity at our polystyrene plant in the last quarter which we have discussed. And in this quarter we had completed at our Nandesari plant, increasing the rubber capacity up till 27 KT. We had announced about our expansion plan in October '23, we are also significantly accelerating our plant brownfield expansion in ABS and aim to add as part of Phase 1, 50 KT ABS capacity by middle of 2026 itself, which in our earlier plan was 2028. Phase 2 to add another 50 KT of ABS will follow and is expected to be commissioned ahead of the schedule.

This is all about the highlights for the quarter and period ended December '24. And now we may proceed to answer the questions you may have. Thank you very much.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Rahul Agarwal with Ikigai Asset Management. Please go ahead.

Rahul Agarwal: Hi, very good afternoon. Thank you for the opportunity. Sir, one question was, firstly, congratulations on the acquisition, which seems like a good quality asset at a reasonable price. Could you help us understand the longer term thought process on this asset, please, in terms of how do you want to grow this business from here on? And what could be the return on investment we can expect overall on the entire asset, please?

Rahul Agrawal: Okay. Hi, Rahul. Thanks. This is Rahul Agrawal also. Now, in terms of the Thai asset, there are multiple synergies that we have with the current business in India. As far as the product profile is considered in Thailand, we are adding few technologies in the Thailand business which we did not have in India. For instance, we shall have access to certain extrusion grade ABS which can be used to make also refrigeration liner grade ABS, which is unique to the plant in Thailand. There is a large market for in India, which is currently served by imports. With this acquisition, we get access to that technology, which is a significant development. We also get access to certain water clear high chemical resistance SAN, which is again produced specifically in the Thailand plant and is not commonly produced elsewhere in the region. We also get certain other bimodal rubber technology which can be used for certain applications which are under the low temperature ductility kind of application.

So, all in all, there are multiple new uses for the technologies which would be coming in from the Thailand facility which can help expand our product profile in India. There is of course a capacity also which we are getting. There is a rubber capacity about 31,000 tonnes, a total ABS capacity of around 85,000 tonnes, and a SAN capacity of 100,000 tonnes. SAN, of course, if it is utilized to make ABS, the SAN available for sale would be reduced by that extent. However, the asset is unutilized as you may have seen from the investor presentation. Ineos did about 74,000 tonnes of sales last year in the calendar year. So, overall, if you look at ABS and SAN and exclude the SAN used for ABS, the total capacity would be to tune of 125,000 tonnes. So, we have obviously some headroom to grow over there. We get access to all different new markets as well. There are already fair bit of qualifications which have been done from product in Thailand in very key markets and key sectors like automotive, industry, household appliances in China, in Vietnam, in Indonesia, in Thailand, in Japan, in Korea. And we get access to all these markets also now. There are qualifications done with OEMs over there which can also benefit us in India and vice versa.

So, I believe there are multiple synergies with this business which can be exploited and explored over a period of time. We do believe, given the capacities, we can achieve similar kind of a capacity utilization levels in Thailand that we have in India over a period of time, given our strengths which already exists in India and in Thailand. How that will finally result into a return of investment is a little early to give you exact numbers on that. But we believe, considering the cost of acquisition, this to be highly attractive and it should be a very rewarding acquisition for the company and its shareholders.

Rahul Agarwal: Got it. So, to understand this is an operational plant, and whatever new additions on product side we will do we will see numbers adding up on the consolidated numbers starting fourth quarter of Fiscal '25, is that understanding correct?

Rahul Agrawal: That is correct.

Rahul Agarwal: Okay, perfect. And secondly, the question was on my India business, looks like the margins could have been better I thought. So, just your assessment on the 3Q margins and the outlook for next six to 12 months? Thank you.

Rahul Agrawal: So, the margins in the second quarter, which was in September were a little bit higher on account of some extraordinary gains we had in that quarter. There were certain supply chain disruptions in that quarter on account of certain freights, which I had alluded to in the last call as well, those have normalized. So, those margins would not be the good benchmark to take. But if you consider year-on-year, our spreads so to speak are still quite healthy, and they are in line with what we have done. In fact we have done better if you look at year-on-year. Overall, on a blended basis, we have had higher sales of polystyrene in the last quarter compared to what we have had in the previous year. So, as a percentage of overall volumes, polystyrene might have contributed a higher percentage, and hence polystyrene having slightly lower margins historically, the

overall margins might look lower. But net, net, the way we look at it, our spreads are still very much intact and only growing.

Rahul Agarwal: Go ahead, Rahul. I have more question; I will get back in the queue. Thank you so much.

Rahul Agrawal: Thank you.

Moderator: Thank you. Next question comes from the line of Aditya Ketan with SMIFS Institutional Equities. Please go ahead.

Aditya Ketan: Yes, thank you sir for the opportunity. Sir, my first question is with respect to this Thailand acquisition. Sir, we are requesting like in terms of sales volume from 2021 to '24 there is a continuous drop, and in 2023 EBITDA also was in losses. Any particular reason? Because when we look at the global market, the spreads were healthy for the last two to three years. Any particular reason why this business was struggling?

Rahul Agrawal: So, in '21, of course, Aditya, globally all the polymer producers, including ABS producers globally had unusual windfall profits and the margins and spreads were very high. In fact, over the last two years, the years that you are alluding to, the global margins have not been very good. Of course, we have done much better in India. But the spreads across Asia or Europe or the US for that matter, have not been very healthy. And the spreads of course in Thailand also have not been very healthy. But I think the fact is that we have done some things differently in the Indian business, and we do believe that we can do similar things in Thailand as well after a period of time.

Aditya Ketan: But sir, any sort of a particular negative like, so wasn't the product fit for the market or any sort of a change like which has happened into that business, which is why it was not performing well?

Rahul Agrawal: So, I would ignore '21 essentially where the revenues were much higher on account of much, much higher prices due to the supply chain disruptions. If you look at the last three years, yes, '22 revenues were a bit higher, but they kind of normalized, if you will, for that part the business going to '23, and then '24 in fact there is a slight upside as well. So, the revenue has grown again from '23 to '24, coming back into a positive territory and in the right direction. So, '23 was of course a tough year for everyone globally and Thailand was no different over there. The product mix per se has not changed over there. I think overall sales volumes were a bit lower, as you can see. Sales volumes had reached high level of 105 KT in '21 and then they dipped down to around 65 KT odd in '23, and then they moved up to 75 KT again. And obviously, from this point on, we do believe there is room to grow the business further in terms of volumes.

Aditya Ketan: Got it. Sir my next question is, sir when we look at your new capacities like which you have debottlenecked on polystyrene and on ABS, sir the additional volumes hasn't like flown through

your EBITDA numbers, like the spreads have actually dropped. This is also related to higher increase in other expense. So, this operating leverage benefit hasn't played out yet and you expect this to come in the coming quarters? And what is the reason for this higher other expense?

Rahul Agrawal:

So, I will speak to in terms of spreads. See, the overall spreads are still intact. If you look at in fact nine months, our spreads are much higher in the overall business which have been historically the case. And of course, some of it I have also alluded, and I have mentioned explicitly that in Q2 certain extraordinary gains we had in the second quarter.

But all in all, if you look at an average time in terms of spreads, the spreads haven't really gone down, in fact they have only increased. Again, I am repeating myself where I say that in the third quarter we have had higher polystyrene. We did debottlenecking of polystyrene in the second quarter, which is why polystyrene sales were lower in that quarter.

In the third quarter, after debottlenecking, polystyrene production and volumes came up. We are a supply constraint kind of company where we are limited by the amount of production we can make. So, once the production came online, we have been able to sell more of the product available to us in terms of polystyrene.

In terms of ABS, again debottlenecking has only been completed for our rubber plant as of end of December. And those benefits would come online perhaps in this quarter and the next quarter. So, on an annual basis, I think the spreads are fine. And we do not see any major concern for that.

Other expenses, again, if you look at fuel or utility and those kind of costs, we do see a reduction, we do see an operating leverage over there. There could be some specific expenses which may have changed a little bit, but otherwise there is no significant variance.

Aditya Ketan:

Got it, sir. Sir, just one last question, sir what would be the peak potential revenue we are expecting from the Thailand plant? And secondly, like, on to the standalone business so we are maintaining our volume growth guidance of 15% to 20%?

Rahul Agrawal:

That is correct. For India business, we are maintaining the volume growth guidance. We have never given guidance, but we have always told you that we are increasing our capacities, debottlenecking our plants. And in accordance with how the volumes would be available to us, our sales would grow. And we are maintaining that even now. So, as our debottlenecking and additional volumes become available to the company for sale, we are being able to convert that into sales for the firm. So, that is still on track very much so. As far as Thailand is concerned, I would take a cue from India business in terms of what volumes we do and what are the subsequent sales and revenue numbers associated with that. Thailand would essentially follow that as well as we are able to effectively completely utilize the capacities.

- Aditya Ketan:** Got it. Thank you, sir. That's it from me.
- Rahul Agrawal:** Yes.
- Moderator:** Thank you. Next question comes from the line of Nirav Jimudia with Anvil Wealth. Please go ahead.
- Nirav Jimudia:** Yes, sir, good afternoon. Sir, I have two questions, one is on the ABS side. So, when we look at rubber capacities here in India, which is now debottlenecked to 27,000 tonnes and which can now support our production close to around 100,000 tonnes, 105,000 tonnes of ABS. And when we compare our Thailand acquisition, there possibly the rubber capacity is 31,000 tonnes, but the ABS capacity is 85,000 tonnes. So, just wanted to ask you like does the quality of rubber plays an important role? Because generally when we see here it's like 0.25, but when we see our Thailand plant, it is slightly on a higher side. So, one, if you can share your thoughts here in terms of on the rubber side. And secondly, let's say when we will increase our capacities of ABS further by close to around 100,000 tonnes; 50,000 tonnes, 50,000 tonnes of two phases, is it safe to assume that we would need additional 25,000 tonnes of rubber capacities to support this? Thank you.
- Rahul Agrawal:** Yes, thank you, Nirav. So, you are right, the rubber that we produce in Thailand is a little bit different from the rubber that we produce in India. In the rubber that we produce in India also, after we took our management control as of November '22, we did some improvements to the quality of rubber due to which we were able to get higher rubber efficiency here. In Thailand, of course, it's not an exact comparison because it is a bimodal rubber which supports kind of high ductility applications as well. And it also supports certain other kind of applications of the final ABS. So, that rubber has its own properties and own qualities.
- Again, it depends on which grade we are making. There are specific grades that we produce in Thailand which may require slightly higher rubber content. But yes, in terms of technological advantages and synergies that can be used between both the sides in terms of perhaps improving rubber efficiencies in Thailand, these are projects that you will definitely undertake and see if we can increase capacities even further from the kind of nameplate capacities of 85,000 tonnes that they have over there.
- As far as the expansion in India is concerned for the 50 KT additional ABS capacity, you are right, there will be augmentation required in rubber, also some augmentation in SAN and compounding. So, all of these things will be completed over the next 18 months. Some of the expansions may happen quicker in some of these cases, but the overall additional capacity of 50 KT will be available to us subsequently after 18 months, as we have stated.
- Nirav Jimudia:** Correct. So, sir, just wanted to clarify, like in terms of our continuous innovation on the rubber side, is it possible to further reduce those norms of rubber to ABS production, when we will take

up those expansions? Or now we have already reached a peak innovation in terms of the rubber to ABS conversion and this could be taken as a norm ongoing forward?

Rahul Agrawal: So, there is always room for innovation, that's what I believe. However, we have covered quite a bit of a distance in terms of improving rubber efficiency or quality in India. There still may be some room to grow, but a large part of that has already been captured as of now.

Nirav Jimudia: Got. Sir, the second question is on the polystyrene. So, when we see, like what we have seen is that we already expanded our capacities from 65,000 KT to 100,000 KT. And last time on the conference call when we interacted, you mentioned that like there are approvals pending from the customer's side, which would help us to, A, grow the volumes from the application point of view; as well as the normal growth what we can see from the consumer durable side. So, if you can share your thoughts here, like from the approval side, specifically from the application point of view where we stand at this point of time? Because once we receive that this could straightaway give us the incremental volumes, plus the normal growth what we can envisage in terms of the growth in the consumer durable side, so your thoughts here.

Rahul Agrawal: Yes. So, essentially, as we spoke about last time, we had a capacity of about 65,000 tonnes of polystyrene last year. In the second quarter of last year, we augmented our capacities on polystyrene, thereby further enhancing our output of general-purpose polystyrene essentially to begin with. And we were able to expand that significantly with kind of approval investment that we did. We were able to achieve higher output as of last quarter, and hence those additional volumes which came in were easily sold in the marketplace.

And that happened because of both the reasons that you have already mentioned, because all the work that has gone in by our team in terms of validation was successful and we are able to get much larger share of OEM business that we were doing earlier. And also, as you know, normal growth is there in these sectors and applications that we cater to, so we are getting a benefit of both. Again, to reiterate, we are finally constraint by the amount of product we can produce and mostly all of the product that we are producing we are able to currently sell.

Nirav Jimudia: Correct. So, sir, two things here. One, are there still some application based approvals which needs to be received from the customers? And also, if you can break up our PS capacity between GP and HI, that would be helpful, sir.

Rahul Agrawal: Yes. So, I mean, there are some approvals which have already come through. There are approvals for certain grades which are still going on, which would still probably take maybe one or two quarters more. And what happens is, even after the approvals are received, there is of course a slow ramp up in terms of the demand off-take by these customers, where they slowly start using these products in those applications for which they give us approvals. However, I think it suits us because, honestly, we are kind of running quite high on capacity utilization. So, as and when we are able to slowly increase the capacities to the level customers require them, I think we will

be still, I mean, in line with demand as well as the supply situation. So, that is all going on. And in terms of GP and kind of high impact polystyrene, we were running at about 50:50, today the ratio might be close to kind of 65:35 where 65% could be a general-purpose polystyrene and 35% would be high impact polystyrene.

Nirav Jimudia: Thank you so much, sir. Just a last bit, because the application is predominantly the refrigerators and washing machines here for the polystyrene, how much of our total volumes would be spread across these two broader segments, if you can share?

Rahul Agrawal: It would be close to around, it's hard to give you for both the categories because, again, from HIPS and GPPS the off-take in both the segments are different, however, at an average broader level we can say around close to 40%.

Nirav Jimudia: 40% for each of them, right?

Rahul Agrawal: Yes. Overall, 40% would be in the durable sector.

Nirav Jimudia: Perfect. Perfect. Thank you so much, sir. And wish you all the best.

Rahul Agrawal: Thank you.

Moderator: Thank you. Next question comes from the line of Pritesh with Lucky Securities. Please go ahead.

Pritesh Chheda: Yes. Sir, I have two questions. So, first on the operating metrics side. So, between quarter one and Quarter 3, keeping Quarter 2 aside for the logistics benefit in the spreads, so between quarter one and Quarter 3, for a similar volumes the profitability is different in Quarter 3 versus quarter one, so Quarter 3 is lower versus quarter one. And we have a setup of higher volumes and lower energy costing via the fuel change on one side, and the polystyrene higher contribution in the mix. So, if you could just explain these two quarters, how should we look at it in terms of the changes in profitability, because the volume is similar, we are about --

Rahul Agrawal: Yes. So, in quarter one, of course, the sales of ABS would have been much higher than in the case of Quarter 3. In Quarter 3, the sales of polystyrene are much higher. There are two reasons for that, one is, of course, we did debottlenecking for polystyrene in Q2, and that's why we had to take a shutdown also in polystyrene in Q2. Hence, we have a lower amount of product available in that quarter. Once the debottlenecking was completed, not only was the product available, it was available in higher quantities for Q3.

A similar issue was in ABS, as we already mentioned, we had kind of debottlenecking exercises done for rubber plant. So, slightly lower volumes were available for ABS in fact in Q3, which now has been corrected towards end of Q3. So, in Q4, again, the full volumes of ABS would also be available to us from our rubber plant. So, that is where we have had a kind of mix. So,

overall, in terms of volumes, you will see higher volumes contributing in polystyrene in Q3, and in Q1, higher volumes contributing in ABS as the overall percentage.

Pritesh Chheda: So, Q1 had higher volumes of ABS, Q2 has volume of ABS because of debottlenecking of polystyrene. Q3 has a higher volume of polystyrene because of debottlenecking of ABS?

Rahul Agrawal: Correct.

Pritesh Chheda: Okay, understood. And what happens to the energy saving or the fuel change across plants? Because you had started the year with only one plant, so where are we on that, and the 200 basis point savings on it on the margin side?

Rahul Agrawal: Yes, so 200 basis points is not something which I have ever kind of extended or specified, it has been inferred by everyone. But there is definitely a saving, we are moving in the right direction over there. We see a utility saving in Q3. We have completed, as you know, the fuel saving exercise largely also in Dahej plant, which is a polystyrene plant, with higher throughputs which we have seen in the last quarter and consequently of course we will see even higher throughputs in Q4 in polystyrene. Those savings will be significant, which details will be available, of course, by the end of the next quarter as well to you.

As far as the other plants are concerned, we have delayed a little bit on the project on fuel saving because, frankly, we are running very full on capacity utilization. And we have had to delay that project because that would also entail some shutdown which we are not in a position to take. So, that could get delayed by a quarter or so on Katol, which is the SAN plant.

Pritesh Chheda: Understand. So, it only left on the SAN plant to bring the fuel check?

Rahul Agrawal: Right, that's right.

Pritesh Chheda: Okay. And what explains the Q-on-Q rise in the other expenses then?

Rahul Agrawal: I am sorry?

Pritesh Chheda: What explains the Q-on-Q rise in other expenses line item between Quarter 2 and Quarter 3? Is it the certain debottlenecking expenses also a part of that?

Rahul Agrawal: Yes, there are repairs and maintenance cost debottlenecking expenses which would be part of that as well. Yes, so I think that that would be the major expense which you have correctly pointed out, which would have caused some of those other expenses to increase.

Pritesh Chheda: So, for the nine months, since you have gone through two bottlenecks, both at polystyrene and ABS, we will have a larger repair and maintenance expense this year versus the last year?

Rahul Agrawal: I think we are still almost the same, because last year there were other projects which had to be carried out, and this year there are different projects. So, there were debottlenecking projects which were carried out last year as well as you are aware, we did lot of process innovation as well and we did debottlenecking. So, this is different debottlenecking, is has just happened at different times of the year.

Pritesh Chheda: Okay. My last question is on Thailand asset. So, what should be the route to higher volumes or higher utilization? And what should be the corresponding route to EBITDA improvement? And did you mention that the Thai asset should have a profitability similar to India or I misheard it?

Rahul Agrawal: Yes, so I have not made any comment with regards to comparative profitability. But in terms of asset utilization and revenue increase in Thailand, we do believe that there is a product profile there in terms of requirements across the world where we can service those requirements from that products produced in Thailand. We already have relationships, even from India for instance, which we can cater to. And at the same time, there are also relationships that we have in the other parts of the world which Thailand plant can contribute to. So, we will have kind of synergistic benefits in our sales channels.

On the product portfolio as well, there are a lot of interesting qualifications in the automotive sector. For instance, in Vietnam, in China, in Indonesia and great relationships from the plant in Thailand which are supplying relatively unique and great products. And we will be able to use that to our advantage in India as well. And consequently also, there are similar things going on in terms of product portfolio qualifications in India. So, both the things will work in our advantage. We do believe there are certain products for which we are already running short in India, so that additional capacities in Thailand can also be more effectively utilized in the short term till we get our own capacities on line in India. So, there are multiple ways to increase capacity utilization and revenues in Thailand. We will just optimize for what is best across the group.

Pritesh Chheda: Multiple ways mean a lot of that volume has to be exported. So, let's say when you look at our growth, **(Inaudible) 32:03** growth and the auto growth, the larger growth country is basically India. So, the capacity utilization there will be a function of more volumes being sent to India, is that the way? So, when I said route to better volume, I need to know where incremental volumes will be sold basically.

Rahul Agrawal: So, if you look at the current business profile of the Thailand business, 50% of the sales come from China and Hong Kong, 25% comes from Thailand, and the balance 25% comes from Japan, Korea, Indonesia, Vietnam. We actually have a very good understanding of each of these markets. There is actually a lot of opportunity in these markets still which have not been tapped yet. So, while India is of course also a market where we can export from Thailand. It is not the only market, and it is not the market we are necessarily depending on as far as the Thailand product is concerned.

- Pritesh Chheda:** So, you have to sell more volumes in the existing market?
- Rahul Agrawal:** Correct.
- Pritesh Chheda:** And the profitability is what it should be there, eventually on a full asset, or what should be ROCE in your asset?
- Rahul Agrawal:** ROCE on my investment?
- Pritesh Chheda:** Yes, whichever way you are comfortable.
- Rahul Agrawal:** So, we have not given any, kind of estimation on the ROCE. And you are talking about on the Thailand asset, right, essentially?
- Pritesh Chheda:** Yes, yes, Thailand.
- Rahul Agrawal:** Yes. So, on the Thailand asset, as you know, we have given \$22 million for the acquisition of the asset. If you look at certain other details we have shared in the investor presentation, actually they do not have any bank borrowings in terms of working capital either. There's a working capital of about \$13 million, I think about Rs. 109 crores which is used which was actually being given by the parent company, there's an offset over there. And there is cash in the bank of about Rs. 33 crores, about \$4 million, which is also sitting in the asset. So, you have to see in that context what we have actually paid for the asset, and what is the asset value. So, we do believe that depending on how the profitability changes over a period of time with all the measures we intend to do in Thailand, we do believe the ROCE will be quite comfortably good, on our investment at least.
- Pritesh Chheda:** But being a superior product, should the profitability then be higher than India, per unit profitability?
- Rahul Agrawal:** So, I would not call any product superior or inferior, these are different markets with different applications, they have different formulations. So, all these things have to be fine-tuned to really understand where the profitability is higher and lower. But, yes, there is a lot of room to do improvements and fine tuning in all these cases.
- Pritesh Chheda:** Okay, sir. I will come back if I have more questions. Thank you very much, sir.
- Moderator:** Thank you. Next question comes from the line of Ranveer Singh with Yashwi Securities. Please go ahead.
- Ranveer Singh:** Hi, Rahul. Congratulations on the acquisition. I had a few questions pertaining to the Thailand acquisition first. So, I see that our ABS capacity that we have acquired over there is 1,000 KTs, and last year we did a sales of about 75 KTs, which bought us a revenue of Rs. 1,100 crores. So,

at full capacity, our revenue potential should be somewhere around Rs. 1,400 crores to Rs. 1,500 crores. And last year I see there was no EBITDA, so how do you see this going forward?

Rahul Agrawal:

So, like we have already explained, the capacity can go up, whether the revenue will go to Rs. 1,500 crores or Rs. 1,700 crores, I cannot comment right now because obviously it's a function of price, and price is often a function of raw material cost which can be volatile from time to time. So, while I cannot comment on exactly what the revenue would be on full utilization levels, but keeping the assumptions of existing pricing in place, that seems to be reasonable what you are assuming. I think in terms of EBITDA, there is lot of improvements which are possible in the Thailand facility. The revenue increasing itself will make the business profitable. However, there are many other projects which we do believe are possible to further fine tune the asset.

If you look at the India business also, there were a lot of things which were being done in a certain management method prior to our management takeover. And prior to the COVID eras when the company made large profits, if you see the balance sheet of Ineos Styrolution or Styrenix at that time for the period of '19 and '20, you will see a certain picture at certain capacities. With the same capacities or slightly higher capacities, obviously, we have certain EBITDAs which are much more healthy. So, I do believe there is a case to do a lot of work in Thailand along similar lines. We have to wait and watch what that yields in terms of exact EBITDAs.

Ranveer Singh:

That answers my question. So, when you acquired the company in November '22, we saw that there was a margin improvement due to your experience of processes, so I get that. Yes. So, I just wanted to understand like, I was just seeing the balance sheet of the Thailand unit, so you were saying there are more long term debts and the total equity is like Rs. 464 crores, so like how did we get the plant for Rs. 160 crores net of cash balances? Because I remember we had announced our capacities being expanded from for ABS from 105,000 tonnes to 210,000 tonnes, and for polystyrene for 105,000 tonnes to 150,000 tonnes, which was like a 150K tonnes increase, for which an estimated cost was Rs. 650 crores. I know that was not conclusive. So, like, is this like a really good deal?

Rahul Agrawal:

I think you answered your question, no, Ranveer.

Ranveer Singh:

Yes, yes, like I wanted an affirmation.

Rahul Agrawal:

I do not see a question there, so I am not answering it, but I think you have answered it yourself.

Ranveer Singh:

Okay. So, another question Rahul ji, like, we had planned 210,000 tonnes to 360,000 tonnes capacity expansion. So, is this capacity added included in that or that would be separate?

Rahul Agrawal:

So, we have already mentioned in the investor presentations that whatever additional capacities we are augmenting, or we had planned in India, we are in fact accelerating it. So, essentially it

is mutually exclusive from the Thailand acquisition. The Thailand acquisition will add capacities which are different from what we are planning in India. So, in India we were planning to add 100,000 tonnes of additional ABS, which was originally planned to come online by 2028. However, we have in fact accelerated that where we believe part of that capacity or 50% of that capacity augmentation would happen in '26 itself, which is next year. And the balance 50,000 also would be ahead of schedule, as our CFO has already pointed out. In the case of polystyrene, again, we are conducting additional engineering studies. So, we went from 65,000 tonnes to 100,000 tonnes, we do believe getting up to 150,000 tonnes or higher numbers also would be achieved considerably fast. So, we are accelerating all our plans as you can see, and this is a mutually exclusive from the Thailand acquisition.

Ranveer Singh: Thank you, Rahul ji, that answers my question. And I just wanted to understand like SAN and rubber, like where do they fit in the value chain? And do they have a separate market of their own or they are used to producing ABS and polystyrene?

Rahul Agrawal: So, ABS and SAN have got nothing to do with polystyrene, they are different products, they are different polymers. SAN, of course, is used as an intermediate to make ABS. SAN also has its own merchant market. SAN can be sold, do sell SAN in India as well. We sell certain volumes in the merchant market here. And in Thailand, of course, also SAN is sold globally. In the case of rubber, for ABS rubber can also be sold, it can also be bought, there are certain grades. But generally, we are always running short in terms of our rubber capacity to make our own ABS, so we do not sell it in the market.

Ranveer Singh: Okay. All the best. Thank you so much.

Rahul Agrawal: Yep.

Moderator: Thank you. Next question comes from the line of Aashish Urganlawar from InvesQ PMS. Please go ahead.

Aashish Urganlawar: Yes, thank you so, much. So, this Thailand acquisition, it has been pretty well-rounded up on the call, just a couple of things. I would have missed the current capacity utilization that we are running there. And secondly, the kind of turnaround that you have alluded to on the Thailand facilities, so what is the outer timeline for this to reach a reasonable level of, say, profitability? Because you would have done those low hanging kind of things that you would do there and bring it there. So, these couple of things would help us actually.

Rahul Agrawal: Yes. So, right now we are running at about 60% capacity utilization, 55% to 60% capacity utilization in Thailand. We will require some more time to really detail and answer those questions. We do have a sense of when it can happen, and we are running with a lot of projects currently in Thailand we have just initiated. It has been under two weeks that we have actually

taken over management control. And as you can imagine, we are competitors within Ineos. So, there is a lot of information still which is coming for us.

In terms of asset, it's a great asset, there are no surprises. But in terms of the market opportunities out there, because these are different markets for us we do believe there are multiple opportunities where we can easily tackle to gain additional market share and increase revenue and increase volume capacity utilizations. But this will take a little bit of time. So, right now exactly how much time that will take is something that we will be able to better address in the next set of questions in the next call.

Aashish Urganlawar: So, is it fair to assume that maybe in the next four quarters or 12 months we will be able to see quite a bit of this to kind of play out in terms of whatever?

Rahul Agrawal: I believe so, yes.

Aashish Urganlawar: Okay. And lastly, I mean, we have seen the acquisitive nature of you as a promoter, and that's the way probably things have worked for you. So, is this going to be the modus operandi typically where you have done the Indian acquisition, now the Thailand acquisition, is it fair to assume that that we might have few more as these current acquisitions mature? Are there opportunities, firstly? And would that be the strategy typically for you?

Rahul Agrawal: So, I would not necessarily use the term acquisitive to be indicative of nature of promoters per se. I think we are looking at all and every opportunity which can help the company to become stronger, more robust, and grow essentially in a sustainable manner, in a safe manner, and I think we adhere to that strategy going forward. If there are opportunities, we will definitely look at it. But we do believe, currently with this acquisition in Thailand and of course all our planned expansions in India, there is a significant growth plan which has already been outlined between these two entities.

Aashish Urganlawar: So, is it safe to assume that for the next 18 months probably we may not take anything more on the plate given the work at hand right now with organic and this inorganic things now?

Rahul Agrawal: So, in the previous question I think someone did mention how attractive this particular acquisition was. So, if there are very attractive opportunities that come your company's way, I am sure you will not want me to ignore them.

Aashish Urganlawar: Yes, actually. Thank you so much, sir. All the best.

Moderator: Thank you. Next question comes from the line of Ajay Sharma with May Bank. Please go ahead.

Ajay Sharma: Yes. I just wanted to ask you basically in terms of the global spreads. I see the global spreads actually for both ABS and polystyrene naturally actually have improved quite a lot in the last quarter. And despite that, I did not see that impact coming through for the company, I guess, as

you explained because of higher polystyrene. But I guess should we see that benefit come through in Q4? Because I mean if the global spreads are improving, I guess, that improves your pricing power in India, right?

Rahul Agrawal:

So, Ajay ji, overall if you look at the global spreads for ABS and polystyrene, we do not see in fact any improvement. I have the data in front of me, we can share this information offline with you. But overall, the spreads have in fact deteriorated in the last two quarters. They were very low of course in FY '24, they slightly improved in FY '25 in the first quarter, but they have in fact deteriorated in the last two quarters. If you look at the spreads in India versus the global spreads, Indian spreads are much better or at least our spreads are much better, I cannot comment on the entire market, but our spreads are definitely much higher than the global spreads. So, I think that is a position we do intend to defend. And going forward, we will work, and we will make sure that we are able to do that. And this is true by the way, both for ABS and for polystyrene, this declining spreads in the last two quarters.

Aashish Uppanlawar:

Okay. And so, I am surprised actually with the data I have, it seems to suggest otherwise.

Rahul Agrawal:

Like I said, we can share this offline with you, no problem.

Aashish Uppanlawar:

Yes, yes, I will check that with you offline. But I mean, the spreads actually are already below the midpoint, I guess, in terms if you look at the long term averages. So, I mean, do you see room for global spreads to actually bottom out and improve or I mean what's going on, or is it the China factor which is driving them down?

Rahul Agrawal:

Yes, I mean, if you look at the spreads say from kind of September '22 or October '22 until now, we have been managing this business for the last eight quarters now, I guess. In the eight quarters that you have seen, there has been a fair amount of volatility in the spreads, right, even though they are not high, they are low, but even at the low end there has been some volatility. You do not see the same volatility in our spreads, right, because of the nature of business that we do in India. So, I think globally, of course, there could be volatility going on in the future as well. We will have some knock on impact, but I think we do have certain positions which are defensible in India and we do believe that can be the case. So, like I have mentioned in the past, by capacity augmentation, by rationalizing cost and by improving product profiles we can remain ever more robust to ensure that our spreads are protected.

Aashish Uppanlawar:

All right. And I mean, so Thailand profitability to that extent will depend much more on the global spread, right, I mean it's unlike India?

Rahul Agrawal:

So, one thing one has to be cognizant of, when we look at ABS spreads, global spreads, they typically talk about general purpose injection molding grade ABS, okay. In Thailand, the share of that business is extremely low, even now. We do business typically in high heat, we do in refrigeration grade liner ABS, and we do in certain other specialized sectors like electricals. So,

there is not a direct correlation per se. There is of course, again, like I said, a knock on effect for those spreads as well. But those spreads are generally better than what you would have in the general purpose injection molding grades of ABS, which would be the case what you would normally see in your spreads, which are generally published.

Aashish Urganlawar: And would you say your spreads are compatible to Bhansali, because I see their spreads are quite high actually, more like 25,000, but whereas your blended is more like 16,000, 17,000. So, I am just wondering is it the polystyrene bringing it down or your ABS spreads are comparable, or even your ABS spreads are lower than Bhansali?

Rahul Agrawal: So, I would not comment on the competitors. All I can say is our spreads are quite healthy and probably the best in the industry in India. And in terms of polystyrene, yes, there is certain improvements we have had as a result of validations and additional OEM business which we have got, and now of course with capacity augmentation. But there is still some room to improve in both, always.

Aashish Urganlawar: Okay, last bit, so you are saying there is shortage in certain products. So, I mean, logically shouldn't that mean better pricing power for you and better trend for spreads going forward?

Rahul Agrawal: So, capacities are being augmented by us and our competitors, and also there are imports coming into the country. So, there is healthy competition. While there is a shortage of locally produced product, at least in the case of ABS, not so much in polystyrene, but in the case of ABS there is kind of imports happening into the country, but we are also narrowing that gap with additional capacities coming online.

Aashish Urganlawar: And the rupee depreciation, doesn't it help?

Rahul Agrawal: Not really, I would not say so.

Aashish Urganlawar: Okay. Thank you so much.

Rahul Agrawal: Thank you.

Moderator: Thank you. Next question comes from the line of Anand Mundra with Soar Wealth. Please go ahead.

Anand Mundra: Hello sir. Sir, congratulations on a good acquisition. Wanted to understand, sir, how much more funds we have to invest in Thai business to turn around it?

Rahul Agrawal: So, currently, Anand, no major CAPEX is envisaged. I think all of this will be planned after some time. And as and when there is anything significant which would be thought for Thailand, we would definitely kind of come out with some kind of information surrounding it for all our investors.

Anand Mundra: Okay, so nothing for CAPEX, nothing for working capital? No more incremental investment required currently?

Rahul Agrawal: I think if the business grows, which we expect it to, there might be certain additional working capital required. But we will see how to tackle that. And in terms of CAPEX, currently there is no major CAPEX which is planned.

Anand Mundra: Okay. And sir, what is the gross margin of Thai business?

Rahul Agrawal: So, again, we have some information on that from Thailand. But again, its competitor information, we are not actually allowed to disclose it because this is information, which was with Ineos, we are still competing with them globally. As soon as we complete our first quarter of working in India, we will be able to give that information to the public.

Moderator: Thank you. Mr. Mundra, please rejoin the queue for more questions. Next question comes from the line of Meet Parekh with Mihir Asia & Company. Please go ahead.

Meet Parekh: Hi sir. Thank you for the opportunity. I wanted to ask about the 50 KTs that you are adding by FY '26, and beyond that the next 50 KT. So, what would CAPEX be envisaged for that? And also the polystyrene that we want to expand from 65 KT to maybe 100 KT, 105KT, so what would be the timeline for that? Will that be after the ABS? And what would the CAPEX for that be? Thank you.

Rahul Agrawal: Yes. So, Meet, as we had mentioned in the previous calls, our estimations were to the tune of about Rs. 650 crores investment for both the ABS, SAN and polystyrene businesses for their expansion. We still believe and hold on to that number with some margin of error. However, we do believe in terms of ABS and SAN, the investment outlay could be to the tune of about Rs. 500 crores. And for polystyrene, to the tune of about Rs. 150 crores. Out of the Rs. 500 crores, obviously, it will be in phases. The first phase, like I said, we are planning 50,000 tonnes of ABS and the next phase 50,000 tonnes. Some of that Rs. 500 crores, which is for overall 100,000 tonnes of ABS may be front-ended to enable quicker execution for the entire phase, Phase 1 and Phase 2 of ABS. For polystyrene, we have envisaged about Rs. 150 crores, but again, engineering studies are going on for additional polystyrene. We have done debottlenecking where we have augmented capacities from 65 KT to 100 KT. But to go from 100 KT to say 150 KT or 170 KT, we will require results of those studies to come back, and that is likely in the next couple of quarters.

Moderator: Thank you. Mr. Parekh, please rejoin the queue for more questions. Next question comes from the line of Siddharth Purohit with InvesQ Investment Advisors Private Limited. Please go ahead.

Siddharth Purohit: Yes. Hi, sir. A lot of my questions have been answered, and you also answered partly on the Thailand operations, just one clarification if you could give. I understand the Thailand market is

different and the pricing are different, but players who are already operating in that geography, what kind of spreads they might be operating as compared to India? Or maybe in absolute terms, if you can say?

Rahul Agrawal: So, again, Siddharth, it depends on what kind of business you are doing. There is publication data typically on the general-purpose injection molding grade ABS spreads which are publicly available. And the incumbents currently in the Thailand market are also selling both kinds of products. And the Thailand market, as you rightly said, is a little bit different from India. We do believe, from our perspective, we have an opportunity to grow further in the Thailand market. We only have only about a 10% to 12% share of the Thailand market as of now out of our total current sales of say 25% of our sales. But the Thailand market is also larger. There is a good opportunity there to grow, even within the sectors that we say cater to in India, say in the automotive or household, there are opportunities in Thailand which are currently not being tapped. We do believe that the spreads in Thailand for these specific markets to be the same, if not little bit better in Thailand. So, we can take that and extrapolate that into some kind of a spread calculation that you would like to do for the Thailand business.

Moderator: Thank you. Mr. Purohit, please rejoin the queue for more questions. Next question comes from the line of Chirag Shah with Dalal & Broacha. Please go ahead.

Chirag Shah: Yes. Thank you for taking my question. Am I audible?

Rahul Agrawal: Yes.

Chirag Shah: Yes. Sir, I missed your last comment on the spreads on Thailand, which you said to the earlier participant.

Rahul Agrawal: No. So, basically what I said is, when you look at spreads for any country, the spreads vary depending on what kind of market segment you are catering to.

Chirag Shah: Correct.

Rahul Agrawal: So, if you are to look at spreads in Thailand say vis-à-vis spreads India, for the specific market that we are catering to, say whether it's automotive or specifically say the liner grade ABS market which the Thailand business caters to, they are very different from the spreads that you would have in a general-purpose injection molding ABS business. I do believe that the spread in the Thailand business can be at par, if not slightly better than the Indian business for those specific grades. But again, this is a new business in terms of those specific grades for us. And over a period of time, we will do further refine what those spreads can be.

Chirag Shah: Okay. So, sir, generally for the company as a whole, obviously, I am including both polystyrene and ABS, we are at around \$200 of EBITDA per tonne, correct? So, you actually commented

also saying that we are better than the world average. So, what would be the world average, global average for EBITDA per tonne, roughly how much discount it would be?

Rahul Agrawal: So, I do not know anybody who makes ABS and polystyrene in the same ratio that we do. So, of course, our EBITDA per tonne is a reflection of kind of what business we do at a blended level. So, it will not be fair to compare how we do it vis-à-vis anybody else in the world does it. There are spreads available on ABS, there are spreads available on polystyrene globally. And typically, these spreads are definitely much lower than what we have in India.

Chirag Shah: Thank you.

Moderator: Thank you. Mr. Shah, please rejoin the queue for more questions. Next question comes from the line of Aditya Ketan with SMIFS Institutional Equities. Please go ahead.

Aditya Ketan: Yes. Thank you, sir, for the follow-up. Sir, on to the polystyrene business, sir like we have expanded to around 1.05 and we are planning to go to 1.5. Sir, just I wanted to know is there any economic sense like in expanding in polystyrene wherein like the industry is growing only in mid-single digits? Apart from it, there is also a lingering issue globally on the single use plastic ban which can incrementally put a cap on the incremental demand for global polystyrene. So, you think sir, like expanding into the polystyrene makes sense? And is there any like, so we are planning to use more polystyrene to make the polystyrene compounds or the sheeting business which are made from polystyrene, is that the plan ahead or what is like we are planning?

Rahul Agrawal: Yes, it's a good question, Aditya. So, historically, the polystyrene business was operating at very low volumes. Prior to our management takeover the average of that plant could be less than 45,000 tonnes per year. We do believe to achieve economies in that plant. And to keep that business profitable and more efficiently run, it was vital to enhance the capacities, and also the utilization levels.

So, first, we increase the utilization level to 65,000 tonnes, which we believe is the maximum that was possible in the plant prior to our debottlenecking. Post debottlenecking, we spent about Rs. 16 crores to debottleneck general purpose polystyrene where we are adding potentially close to 35,000 tonnes of volume. 35,000 tonnes of volume arguably adds about Rs. 350 crores at a capital investment of Rs. 16 crores would yield a very good ROCE in spite of the lower margins that you see in polystyrene. This we are able to do because of course it's a running plant where we are doing debottlenecking.

For the next phase of expansion for polystyrene, again, we are looking at HIPS, which is still growing well due to demand in refrigerators, and demand in air conditioners specifically also. We do believe there is a business case for growth. India will still be needing more HIPS. And our expansion will also be at a cost which would be akin to a brownfield expansion. And we do

believe that the return on capital employed on that project would also be attractive, and further improve our operating efficiencies on the existing site for polystyrene as a whole.

Moderator: Thank you. Mr. Ketan, please rejoin the queue for more questions. Next question comes from the line of Rohit Ohri with Progressive Shares PMS,. Please go ahead.

Rohit Ohri: Hi. So, for this strategically, geographically located property of 17 acres which is closer to the highway as well as the railways, as well as the ocean, if you say, the Gulf of Thailand. How much of free land is available? And what sort of scope is there for brownfield expansion, if any, over there?.

Rahul Agrawal: So, it is hard to specify exactly what kind of a capacity augmentation can take place. There is some free land available, that is for sure, on that site. However, how that land has to be utilized and what kind of additional capacities can be augmented over there is something that we are still working out, it's still early days. Right now, the capacity of the existing plant itself is underutilized. We do believe that first you would like to address that. And there are certain other efficiencies which we do believe are possible at the plant level. So, there are multiple projects that we are undertaking in order to get all of that in place. Once that is in place, we will definitely with a view and see what kind of further capacity augmentation is possible at that site with the free land available.

Moderator: Thank you. Mr. Ohri, please rejoin the queue for more questions. Next question comes from the line of Krunal Shah with Enam Investments. Please go ahead.

Krunal Shah: Thank you for the opportunity. My question is regarding the Thailand acquisition. So, if you could elaborate a bit about the competition in the area, or who would be the key competitor for the product that we are selling? And secondly on the mix, how is the mix between SAN and ABS in the Thai business?

Rahul Agrawal: Sure, Krunal. So, in Thailand, the market is around 150,000 tonnes to 200,000 tonnes of ABS. We actually have a very small share of that market, only about 10% to 12% market share. Around 40% to 45% of that market is with IRPC, which is the other ABS producer in Thailand. And the balance is still imported into that country. In terms of kind of split between our own ABS and SAN currently from Thailand, it's essentially half and half. So, 50% of product is SAN and 50% of product produced is ABS. So, there's a much higher percentage of SAN sold from the plant in Thailand say compared to India, for instance.

Krunal Shah: Got it. Great. Thank you, Rahul ji. Thank you so much.

Rahul Agrawal: Yes, sure.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, we have reached the end of the question-and-answer session. I would now like to hand the conference over to Mr. Chintan Doshi for closing comments.

Chintan Doshi: Thank you investors and investor communities to joining our meeting and showing interest in our company. We look forward to answer you in the next meeting which will be announced at a suitable time in the future. Thank you.

Moderator: Thank you. On behalf of Styrenix Performance Materials Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.