

August 16, 2023

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 Investor / Analyst held on August 14, 2023**

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 August 08, 2023 informing about the earnings call organized by the Company on August 14, 2023, please find attached Investor Call Transcript for your record purposes.

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

[www.styrenix.com](http://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**

Abhijaat Sinha

Head – Legal & Company Secretary

**Styrenix Performance Materials Limited**

(formerly known as INEOS Styrolution India Ltd.)

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“Styrenix Performance Materials Limited

Conference Call”

August 14, 2023



**MANAGEMENT: MR. RAHUL AGRAWAL – MANAGING DIRECTOR –  
STYRENIX PERFORMANCE MATERIALS LIMITED  
MR. SANJEEV MADAN – CHIEF FINANCIAL OFFICER –  
STYRENIX PERFORMANCE MATERIALS LIMITED  
MR. ABHIJAAT SINHA – HEAD, LEGAL AND COMPANY  
SECRETARY – STYRENIX PERFORMANCE MATERIALS  
LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the 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. Sanjeev Madan, Chief Financial Officer; and Mr. Abhijaat Sinha, Head, Legal and Company Secretary.

As a reminder, all participant lines will be in the 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 star then zero on your touchtone phone. Please note that this conference is being recorded. Please note that this conference has been recorded.

I now hand the conference over to Mr. Sanjeev Madan. Thank you, and over to you, Mr. Madan.

**Sanjeev Madan:** Thank you. Dear shareholders, investors and analysts fraternity, we welcome you to this earning call. Your company Styrenix Performance Materials Limited has declared its results for the quarter ended June 30, 2023 on August 10, 2023. We will brief you about the major highlights of the performance for this quarter.

The operational revenue for the quarter is INR543 crores, EBITDA is INR53 crores, and margin stands at 9.7%. The net profit before tax is INR43 crores, while the profit before tax margin is 7.9%. Our operational revenue and profit margins were impacted in this quarter due to fall in the prices of all the major raw materials by approximately 10% as compared to previous quarter, resulted in pricing margin impact.

That's all about the clarification and details about this year's quarterly performance and financials. We can go now forward for the queries or any clarification which are needed. Thank you.

**Moderator:** The first question is from the line of Nirav Jimudia from Annual Research.

**Nirav Jimudia:** Sir, in the quarterly presentation, you have given the volumes sold or the produce during the quarter. So is it possible to share how much was the volume in the ABS as well as the PS segment for this quarter, as well as the capacity utilization for each of the segments?

**Management:** Hi, Nirav, is that all?

**Nirav Jimudia:** I have a few more questions.

**Management:** Please ask all your questions and then I can answer.

**Nirav Jimudia:** Along with -- if you can also share your outlook on the volumes because I think Q1, we have seen sales down for the entire industry, which could have impacted our volumes for ABS as well as PS, predominantly the PS side. But still, we managed to grow our volumes on a Q-on-Q basis. So, does exports play a part here or was there any reason for the same? So this is another added question to this.

And if you can also clarify the inventory losses for this quarter, because we have seen a sharp fall in the styrene prices? Along with it, if you can also let us know because I was just going through our earlier conference call transcripts where you mentioned in 1 of the remarks that we have 70% of our ABS volumes were specialized as well as in PS it is 40%.

So when we say specialty, what categorizes or differentiates them as a specialty for the customers, as well as for us? Like how much extra margins we can make over -- above the normal grades of ABS and PS?

**Rahul Agrawal:**

Thanks for your question. You're right, in terms of quarter-on-quarter, we have seen an increase in volumes. So we are gaining more market share. In terms of capacity utilization, in terms of what has been the kind of maximum production rate or capacity utilized in the past, we are finding opportunities to debottleneck the same and we're able to produce more than has historically been the case with the company.

The historical capacities, which have been in place have been close to 70,000 tons of polystyrene and 100,000 tons of ABS is what has been kind of stated in the past. However, what we have produced in the past as a maximum in these plants has been not more than 45,000 to 50,000 tons of polystyrene and roughly about 75,000 tons of ABS.

And when I say ABS, I mean ABS and SAN put together. So about 120,000 tons. As you can see in the last few quarters, we have produced and sold more than 40,000 tons. In fact, last quarter is the highest sales that we've achieved of more than 43,000 tons.

So we believe that while the stated capacities would have allowed us to reach roughly you can say 170,000 tons, which would have been the nameplate capacities, we believe we can definitely get to that level very soon. The reason why the earlier management might not have been able to do it is because of certain debottlenecking projects, which were not done earlier, which we are doing currently. So this is going on. We believe that we are operating pretty much at the maximum capacity. However, additional output is still possible with minor improvements in the process as well as the plants, and that's what we're currently doing.

With regards to -- you mentioned about AC sales being down for the styrene. You're right, I mean it's basically kind of a seasonal play, especially on the HIPS side, where you see larger demand from these appliance producers in the first quarter, which is January to March, and then you see some dip in the second quarter.

And then you see some revival later on. But what happens is we are focusing on multiple areas other than just the CAAC market. And we have not seen a huge impact because overall, the market is still much larger than what we have been producing in the past. So we are finding applications in other areas effectively for both our ABS as well as polystyrene, and that's why the volumes are okay.

Currently, we have not yet started exports. We are selling in India because from a total market opportunity perspective, we still believe that there is enough volume to grow in India. And we do believe that if you look at the case of ABS being the preferred product supplier, we would definitely have better margins here. So it will make sense for us to increase our sales.

On polystyrene also, we are a small player or smaller player compared to our competitors. So we do believe there is enough room for us to grow because there are still imports happening to the every quarter. So we definitely have a market which we can capture from that perspective.

Inventory losses have been there. As you rightly pointed out, styrene is one of the key raw materials for all our products. And even other than styrene, butadiene and acrylonitrile, we have seen kind of a reduction in prices, which have been quite significant in the quarter and that has led to inventory losses.

So there is material, of course, which we would have in terms of our inventory. There would also be material, which would be at C should be at a certain price, after which we would have material at lower price. But we would have to take the hit on account of that entire inventory. And there will also be some impact on the inventory kind of a loss that we would have finished goods. So overall, yes, there is a significant impact, which we would have had across the board overall our inventories.

With regards to breakup of specialty versus commodity, as I had mentioned earlier, out of our entire business, in ABS 70% would be specialty and in the case of PS to be 40%. Yes. So that continues to be the case. When we talk about margin in the specialty versus you can say, commoditized part of the business or natural business, it's hard to give you an exact number on what that margin would be because it does vary, but the margins could be anywhere from -- prices could be anywhere from a 10% higher to even 30% higher on the specialty grades vis-a-vis commodity products that we sell in the market.

Again, it will be a function of volumes. There will be products where we would be supplying in lower volumes, but the margins could be even higher than 30%. Similarly, in PS, we are moving more into the OEM segment, which is typically better in terms of realization. And as this -- as the plant for polystyrene has been producing lower volumes, we have had fewer OEM contracts in the past. But that is changing. And slowly, we are looking to increase that share as well.

There again, the contribution, which should be coming from the OEM business or the specialty business of PS would again be similarly higher as would be the case of ABS. So yes, that's -- I hope that answers your questions.

**Nirav Jimudia:** Yes. Sir, just 2, 3 clarifies it possible to quantify the inventory losses for this quarter?

**Rahul Agrawal:** So we estimate the inventory losses to be around INR15 crores to INR18 crores between the raw materials and the finished goods.

**Nirav Jimudia:** Okay. And sir, you mentioned about the debottlenecking. So I think we have enough compounding facilities. But so far as grafting is concerned and SAN is concerned, I think there were some capacity that needs to be added to support our compounding. So has that exercise completed and with this can the volumes be higher? What's your take on that?

Just wanted to understand that. Because we do and also the extra SAN which we manufacture in the market. So probably we might have SAN, but we don't have that grafting rubber. And

because of this we may be selling those extra SAN in the market and the compounding facilities are not utilized fully. So if you can just share your views?

**Rahul Agrawal:**

So with regards to the rubber, you are well informed. So with regards to grafting rubber, historically, that has been the bottleneck. But in fact, every month, we are able to get higher volumes. And it's an ongoing exercise. It's not a project, but a series of projects which are underway to not only look at higher capacities, but improve efficiencies, improve even the quality to some extent, which can give better efficiency of the rubber used to make more ABS.

So that's going on. With regards to SAN, we don't have any bottleneck. In fact, we have sufficient capacity to meet our targets as far as the compounding is already existent as you know. So for rubber, again, we do believe that within the course of this financial year, we would be able to achieve what is needed to at least meet that capacity, which is already indicated in terms of compounding.

**Nirav Jimudia:**

Correct. So then probably, we will see some uptick in our ABS volumes also accordingly?

**Rahul Agrawal:**

We are already seeing that. Like I mentioned, we did about 43,000 tons last quarter. And if you look year-on-year basis, I think that increase is quite significant, almost 20% higher. We have had 20% to 25% higher. In fact, last year, we might have even imported some rubber. And to that extent, here, of course, that policy also we have changed. And we are able to produce far more volume using our own products.

**Nirav Jimudia:**

Sir just a last question before I join back. So what was our total sales volume in FY '23, if you can share?

**Rahul Agrawal:**

So it was -- one second, I have the number. I'll give you an exact one. Yes, 150,000 tons is what we sold last year.

**Moderator:**

The next question is from the line of Ashwin Agarwal from Akash Ganga Investment.

**Ashwin Agarwal:**

I have a few questions. First one is in financial '23, the Specialty segment, our revenue share in specialty segment is 67%, and polystyrene segment was 33%. So what could be the expected revenue mix going forward and overall guidance on EBIT margins?

And second question is, what is the trend in raw material prices? And what is the effects on the spreads? And my last question is we understand that the entire promoter holding of 62% is pledged. So the pledge was created for acquiring the company from erstwhile promoters. So what is the plan to reduce the pledge?

**Rahul Agrawal:**

So Ashwin, with regards to the spread between ABS and polystyrene, which is we mentioned 67 and 33, so typically, we estimate it at 70-30 and of course, 2, 3 percentage could be plus or minus. We anticipate that to be kind of similar going forward into this whole year. And we do believe that the volumes will remain split to that extent and within a margin of, again, 4% to 5% here and there.

As we already pointed out, we did see some reduction in EBITDA margins in last quarter, primarily on account of inventory stocks that we sustained. We believe that those shops have kind of been dealt with, to some extent or to a large extent. There might be some residual effect but not significant in this quarter.

We believe that if we eliminate that, then the EBITDA margin, we'll go back to a more normalized EBITDA margin, which I have mentioned in my previous calls as well, which should take care of that.

As far as raw material pricing is concerned, raw material pricing did bottom out and again, did go up a little bit. But of course, it's still lower than kind of the highs that it had reached in the past. So we do see some upward movement in raw materials. But again, very difficult to predict how raw materials will behave in the events of kind of a volatile global scenario, given the war and given China's own demand-supply scenario. But having said that, we do believe that we will see more stability slightly more stability compared to, say, this specifically this past quarter.

As far as the pledge is concerned, as I have mentioned in the past, of course, as far as the pledge is concerned to the balance sheet to the two Styrenix Performance Materials, it is at a promoter level and doesn't that impact the company in any way. The promoters have sufficient resources to take care of that. And as per the strategy that we have in place, we will be taking care of it.

**Moderator:** Next question is from the line of Bhavesh Chauhan from IDBI Capital.

**Bhavesh Chauhan:** Sir, in terms of debottlenecking volumes, how much of volumes can go on the -- one that we have mentioned in the presentation. Second, sir, on dividends. So what in last two years, you have seen a high dividend being paid from your company. What is it that is likely going forward? Just these two questions.

**Rahul Agrawal:** Okay. With regards to volume, Bhavesh, like we mentioned that the nameplate capacity on compounding is about 1,00,000 tons on ABS and about 700-odd tons on Polyester. We do believe that with whatever debottlenecking is going on, we should come very close to those numbers has even exceeded. So that, again, there is some -- there is a little lack of clarity on exactly what that number will be where it will be close to those numbers. So I think that is achievable in the near future.

With regards to dividend policy, I think the dividend policy is a function of what the organizational resources needs are and how those resources are best utilized. So if we believe that we do not need those resources for the organizational expansion, debottlenecking or whichever plan, then we do believe that in that event, the money may well be given back to shareholders and rewarded back to them.

So as and when we believe that those resources are required for the next step of expansion and growth of the company. We shall utilize those resources, and we shall have that policy in place. So there is no fixed plan in place to have dividends. It will be whatever is the most beneficial for the company as a whole, its plan. And of course, the shareholders.

**Bhavesh Chauhan:** Okay. Sir, lastly, if I may ask one more question. So this inventory loss are done or there will be some more impact in Q2?

**Rahul Agrawal:** So majority of the inventory losses have been taken care of. We believe if there are, it will not be significant.

**Bhavesh Chauhan:** Okay. And sir, this inventory happen only because of sharp fluctuation or it can happen on whenever the price fall from beginning to end of the quarter.

**Rahul Agrawal:** I think -- so there are multiple aspects in play. Of course, if there is an overall supply/demand scenario in which there is, of course, continued pressure on your finished good pricing. The losses get exacerbated. Otherwise, we are able to better handle it. So I think, of course, each time your raw materials fall significantly and you are holding inventory of higher stock if you're not able to push through your existing stock and the prices are very elastic, which is the case for a lot of products that can happen.

But we also believe that as we move more into specialty segments, we move more into products where the impact is not so sudden, we would be able to better handle the shocks of inventory is going forward. So that will take a little bit of time, but over a period of time, that will help us. It cannot be always 100% in our control, however, I must add, because there will be global supply chain kind of dynamics at play, which would impact our ability to handle that.

**Bhavesh Chauhan:** Okay, sir. Got it. Thanks a lot, and all the best.

**Moderator:** Thank you. The next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

**Darshil Jhaveri:** I just want to know, sir, if I heard correctly, sir, you are planning to reach to 1,70,000 capacity. And but last year, we did around 150. So do we -- are we having any capex plan going forward so that we can -- because as we see our capacities have been getting utilized to the max, that's number one?

And sir, what kind of EBITDA margin going forward can we assume because if -- the move our inventory losses that could be around 12%. So as we move a bit more into specialty, what kind of a broad range EBITDA margin can we think of? And what kind of realization loss that we would have had in this quarter like our achievable -- I just wanted to ask about our capacities.

So we are maybe planning to expand debottleneck and that might add around 20,000 more capacity. But do we have any other major capex plans that our capacity increasing further because you are at the max as well as our broad EBITDA guidance because they're moving more into specialty, how would that impact our EBITDA?

**Management:** Is that all Darshil?

**Darshil Jhaveri:** Yeah, that's all.



**Rahul Agrawal:** Okay. So, Darshil, with regards to your questions on volumes, as I already mentioned that we are looking to first try and target and meet the capacities which have been laid out for the plant. That is the first step. But the idea definitely is to go above and beyond that. We believe that with debottlenecking, the number can be higher. How much higher is a question which currently, we are not 100% sure, but we do believe that the volumes will be higher to support a healthy growth rate for next year as well.

So I do believe that with very minor capex or very minor or with additional debottlenecking, the volumes can be higher than 1,70,000 tons. And this whole process, I think, in the next couple of quarters will be clearer to us as and when we require to do kind of more significant or larger capex in place. The idea is that we continue to grow at a healthy pace, which we did last year as opposed to the year prior to that. And so will we do so in this year and even for next year. So whatever debottlenecking we are doing will add not only 20,000, but I do believe more.

With regards to EBITDA margins, as you rightly said, if we had corrected for the inventory, it was around 12% mark. Now the margins, of course, may be a little volatile and again, hard to predict. But the target would be, say, to reach closer to 15%, which I think is possible with the right product mix.

So when we would be able to achieve that on a sustainable basis will depend on our ability to do all many things such as ensuring that we are efficiently getting the maximum output from our plants to add all the new products, which we are currently developing and are on the verge of commercializing or have already commercialized, and adding more of those products to the mix. So I do believe in the short to medium term, that kind of EBITDA margin is what we would target.

**Darshil Jhaveri:** And sir, if I may, sir, with regards to our growth, sir can we expect a double-digit revenue growth could be around 10% to 15%? Would that be fair to assume?

**Rahul Agrawal:** So if you look at the volumes that we did year-on-year last year also, even though, we were effectively the management for only a month or 4.5 months, we did see a growth of close to 15% to 20% year-on-year. And we don't believe that it would be the target of this company to do more than 10% growth for sure. So industry standard or the total market overall for ABS is growing between, say, 7% to 9%. And for polystyrene, it's growing at 6% to 8%. I do believe that we can definitely grow higher than that. And that would be the target for us as well.

**Darshil Jhaveri:** And Sir, my last question. Sir, what would be the realization like, per ton realization loss that we might have had in this quarter due to the prices reducing. And are they finish good stable now?

**Rahul Agrawal:** So the prices are quite volatile. The prices are in sync with raw material generally. So it's difficult to give you per ton cost. But I think, you would be able understand, where the EBITDA margins have gone, say, from previous quarter to this quarter. So I think, 2% to 3% is what that would be and that can we -- then calculated to what impact that would have had.

**Moderator:** Thank you. The next question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.

**Pritesh Chheda:** Sir, I wanted to understand what kind of capex one would have incurred if a similar capacity of let say, 1,70,000 ton was put up today?

**Rahul Agrawal:** Okay. Go ahead, Pritesh, you want to ask other questions as well, so I can answer all of them in order.

**Pritesh Chheda:** Yeah. And usually, what kind of ROIC is possible on such a capacity or if business man puts up this capex, what kind of ROIC one would look at?

**Rahul Agrawal:** Yes, so Pritesh. We have not done any exercise to understand what would be the capex for say, 100,000 tons ABS or 70,000 tons polyester in plant. I do believe that there's a similar exercise had been carried out by the company earlier, but the cost were prohibited. So we are not sure if such a scale plant is any more viable, frankly. So it might that one needs to put up a much larger plant to get a minimum economic size plan up and running.

This was the though process of when the exercise was done prior to us taking over management control. We still need to do our fresh exercise to understand the numbers because we may have a very different way of looking at what the capex should be. We do believe that given the Indian market opportunity, and given our own kind of plant setup that we have, that we can still incrementally grow within the same basic pre-existing infrastructure to add capacities without having to build a brand-new 1 lakh tons or 2 lakh tons or 4 lakh tons plant. So as a business case, maybe we may be able to do it more cost effectively given the infrastructure that we have.

On ROIC, I am not sure, what it would be, because if we don't know the exact capex amount, which will go, it would be difficult to calculate the ROIC on such a plant. We know that the earlier management, as you are aware of, the 600,000 tons plant in China. And I'm assuming that would have been a more economically viable plant giving the ROIC hurdles, which they were looking for. It's just that our way of calculating what the capex would be and what the ROIC in turn eventually would be -- might be very different. So that exercise is ongoing right now at our end. But I don't have exact numbers to share with you, unfortunately.

**Pritesh Chheda:** Okay. And this plant via debottlenecking to whatever understanding that you have can help you grow at this 8%, 10% volume growth for the next three years, four years. That kind of debottlenecking is possible or that's a too optimistic and all?

**Rahul Agrawal:** No, I think it is possible, at least for the next two years to three years. Beyond that, I think we have to see what can be done. But if you look at all our core locations that we have, we definitely can grow in one or the other locations to make up a shortfall that we may have in an infrastructure in a specific location. So I think overall, the company can still target to grow at that level.

**Pritesh Chheda:** And on my first question, since you mentioned that these plants are too small. So whatever is the economic size of the plant these days, 50 lakh tons of 5 lakh tons or 6 lakh tons, whatever

will be that number. Then what is the per ton capex cost at whatever that economically viable plant?

**Rahul Agrawal:** So I think the 600,000 tons plant was set up at what cost in China, do we have that number? Okay, I think Google it, you will probably find it. But, again it will be heisting I guess, which I would not like to do on such a call, if you may appreciate that. But you may be able to find that data online.

**Pritesh Chheda:** So now the economically viable plant are these large front, 5 lakh, 6 lakh, straight?

**Rahul Agrawal:** This was the understanding of the previous management from what I can tell. Again, we are speculating a little bit. But I do believe that we can potentially even set up a 1 lakh ton economically viably, but that study is ongoing at our end.

**Pritesh Chheda:** Okay. And lastly, sir, this four sites that we have, we make ABS and PS at which of these site there? Because one, we have rubber intermediate moxie compounding. So all the compounding is done at one place, that's how it is?

**Rahul Agrawal:** So sir, we have basically four sites, out of which three sites are towards the ABS and you can say, compounding facilities. Nandesari, where we make the rubber HRG, Katol is where we make the SAN and Moxi is where we do the compounding, where we not only do ABS, but now we are doing several blends as well. So certain more value-added products other than ABS. And Dahej is where was the polystyrene, which is HIPS and GPPS.

**Pritesh Chheda:** So basically, you make ABS at Katol and Moxi?

**Rahul Agrawal:** Yeah, between Nandesari, Katol and Moxi.

**Moderator:** Thank you. The next question is from the line of Nirav Jimudia from Anvil Research. Please go ahead.

**Nirav Jimudia:** Sir, just wanted to understand your perspective on the specialty side of our business. So when we say that the import happening in India for the ABS as well as polystyrene are like -- because we have our capacity, but we require more than our capacity. So if we look at these imports coming to India and see our volume breakup, where does the competition lie?

So do those volumes come in the specialty side of the business or our specialty volumes are so much custom made for the customer that those competitions are not able to touch those side of the volumes? So if you can just explain us in terms of RH vis-a-vis those imported volumes coming to India. Because at some point of time, we see China having a lot of overcapacities, they start dumping to India and probably some is get compromised. So what portion of our business gets immune even if there is imports coming from China, if you can help us explain that part?

**Rahul Agrawal:** Sure, Nirav. So if you look at, again, ABS and polystyrene being different businesses. If you look at ABS side, you mentioned that 70% of our business goes into kind of specialty or customized products and 30% is more of the natural product on the, you can say, standard

products. When it comes to imports, those ratios are largely flipped. So you would see, 70% to 80% of product coming into the natural or commoditized product and about 20% to 30% going into the specialized grades.

So I think generally in the specialized or the customized product segment, there is a hesitation for customers in India to switch to an import. However, we can't do 100% specialty, to answer that question. Because there will be always customers who require a mix of both. And hence, there is some portfolio of the standard grade, also that we supply into the market.

But going forward, obviously, the specialized or the customized products, if we have enough capacity to offer good prefer to buy from us. And those volumes, which would be largely defendable in the pace of imports coming from different countries.

**Nirav Jimudia:** Correct. So this 10% to 30% range what you gave us in terms of the specialty commanding higher realizations than the normal grade that we can command at any point of time, depending upon the prices of the normal grade ABS coming to India?

**Rahul Agrawal:** Correct, that is correct.

**Nirav Jimudia:** Sir, second question is on the power cost. Last year, our power cost was close to INR93 crores. So is there a further scope of reduction here? Because you mentioned that, some of the initiatives in terms of cost also we are looking at. So is it possible to reduce cost of production, even with the increased volumes, which can help us to improve our per kg margins?

**Rahul Agrawal:** Yes, it's a good question here. So the INR93 crores, of course, is a combination of power and fuel. The fuel cost was high because again, natural gas prices were much higher last year, and they have tapered down a little bit. As far as our cost is concerned, as we are producing more, while power is a variable component, there is obviously a fixed quality about it, where if we produce more on, the same extruder, our per ton costs have come down. In fact, you would see that also on quarter-on-quarter, there would be improvement in that front. Going forward, we would see further improvements as well, and there are projects ongoing in fact, to reduce that significantly in the future.

**Nirav Jimudia:** So sir, like in between the quarters, how our natural gas prices have fallen. So the cost for us have fallen because we believe that, that is on a lag effect to us. So how much that have fallen for us in between the quarters?

**Rahul Agrawal:** So around 10% to 15%, they have come down on fuel again. Power costs would be stable on a per unit cost, frankly. In fact, there might be some small increases, but again, not significant. And there, the reduction would be maybe 2%, 3% in terms of having higher throughput. But again, that would -- that -- as we go along, we believe that will also come down further.

**Nirav Jimudia:** Got it. And sir, just a follow-up in terms of our polystyrene, when we see the announcements of the global player of setting up the plants here in India, be it let's say Hitachi or other global players putting up their plants here in India. So we added 70,000 tons of capacity. Once we exhaust that like ABS, does that capacity also has a scope for debottlenecking, where we can without some more volumes because the imports are coming to India and this companies, who

are setting up plants here in India being an OE, we can tap them and increase our volumes. So if you can share your views?

**Rahul Agrawal:**

No, absolutely. It's very relevant, and we are cognizant of the fact that India with panel work realized teams would see a lot of capacity expansion, not just by Hitachi, but by several OEMs who are either already present or are setting up a brand-new kind of facilities in India. And since we are dealing with most of these companies at some level, we do believe that there is an opportunity for us to grow. In terms of debottlenecking possibilities again, we do believe that going from earlier 45,000 tons to 70,000 tons, what we are looking to grow the business to itself is about a 30% to 40% increase. And we do believe that even beyond 70,000, at least the location that we have in the edge, there is ample infrastructure and scope to increase those volumes even further.

Now whether that would come by way of a fresh Greenfield, Brownfield or debottlenecking project is something that we are working on currently because we do believe that we can still, so to speak, when the asset more and even produce more volumes than what is an inbuilt capacity. But that is something that we cannot really commit to today. But yes, that would be the first priority because that can be done at lower cost to the company.

**Nirav Jimudia:**

Thank you so much, sir, and wishing you all the best.

**Moderator:**

Thank you. The next question is from the line of Chirag Shah from Dalal & Broacha. Please go ahead.

**Chirag Shah:**

Hi, thank you for taking my question. Sir, India as a market for both our products, are we still a net importer market. So let's assume, we reach to like 2,25,000 or 2,50,000 production for both the products combined in the next couple of years, will India still be a net importing market. And the second question is on the spreads, sir. Are you kind of sharing, what will be the per ton EBITDA or maybe per ton gross profit for both the products? Yes, that's it from side.

**Rahul Agrawal:**

So Chirag, with regards to ABS and polystyrene, the ABS market has a published sources as of last year. It was about 2,70,000 tons. We do believe that market is growing at 7% to 9% depending on which estimate you believe. So ABS say goes 1,00,000 tons or a little bit more, will be sufficient room in the market to grow further. Even if you consider the installed capacity of the competitors or the other existing players in the market as we understand them.

On polystyrene, again, kind of 3,00,000 tons of a market, where 10,000 to 12,000 tons, again, is still being imported every 12,000 to 15,000 tons still is being improved every quarter. So even if we grow 70,000 and beyond, again, that is still currently growing 6% to 8%. So there'll still be room for us to grow even beyond the numbers that we have shared with you. And the idea for us very much is to grow beyond the numbers that we have told you because we do see a very strong and robust future for all the product segments that we cater to within the Indian market.

As far as spreads are concerned, we have done away with the earlier reporting of different segments. We do believe that categorizing the segments that the earlier management was not appropriate. And we are not reporting on segment wise. We are giving broad ideas about

volumes that we are doing. But we do believe that within polystyrene when you call something a specialty and something and not a specialty, it obviously implies something which we do not wish to imply because we believe that even in polystyrene, there is a lot of value addition, which is possible. and that's what we are working towards.

**Chirag Shah:** Sir, just wanted to ask, are you open to meet like analysts or investors like individually if somebody comes on to Baroda or Ahmedabad? Baroda rather.

**Rahul Agrawal:** Absolutely, Chirag, we are open to that. You can reach out to our company Secretary, Mr Sinha and insure your interest, and we are more than happy to meet with you and have a further discussion.

**Chirag Shah:** Thank you. That's it from side.

**Moderator:** Thank you. The next question is from the line of Rajesh Jain from MB Investments. Please go ahead.

**Rajesh Jain:** Good evening, sir. I have this following question. One is out of the total demand of both ABS and polystyrene, we have -- what is the demand of this specialized grade that you're mentioning? So what is the percentage of that demand in the country? So that is my first question. Second is, is it -- are we willing to supply this ABS to EV manufacturers also or not? Third, for any Greenfield expansion to be done, what could be the asset turnover that can be expected in this type of business? And lastly, are we looking for any export opportunities? Thank you.

**Rahul Agrawal:** I got three of your questions, Mr. Rajesh. So maybe if I forget, you can remind me. So with regards to demand of the specialized ABS in the country, we do believe about roughly about 60% of the market in India is for specialized or between 60% to 70% is going to be for specialized or customized products. And we believe that if you consider the market about 2,70 lakh to 3 lakh tons, we can do the math, what that would be. And we also believe the market is growing at 7% to 9%. So we will see at least in the medium to short or medium-term future, that kind of a product mix. However, we are also pursuing blends.

So we are doing other products or more value-added products, just not just the specifically customer ABS, but ABS along with other polymers creating alloy, which would also be required already by Pre-existing or new customers which can also add more value because we have a good understanding and very good R&D infrastructure, which allows us to do testing of such alloys and their success that we would be able to find by doing characterization and studies in their final application, which can be done at our lab.

With regards to asset turnover of new plants, of course, it will depend on what will be the economic size plant and what will be the per ton cost. But broadly speaking, from what we understand globally, the asset turnover for ABS or polystyrene for ABS plant specifically would be 1:2 or 1:2.5. It could be anywhere from -- actually 1.5 or 1.75 to 2.5, depending on which technology, which product you do. But we have to do our own analysis of the same.

As I already mentioned in one of the earlier questions that we are understanding, if we do set up a newer kind of a Greenfield or Brownfield project, what would be the capex associated with adding that capacity. That would give us a good idea of what the asset term would be.

In terms of export opportunities, again, we do believe having taken over management in the last eight months or so, that there is a very strong brand positioning that our company has in India. We are not currently being able to service the entire Indian demand. So our first priority would be to do that. We also see the growth in India is higher than most of the other opportunities, we see internationally.

And I do believe that, we would have higher realizations in India as well. So our focus would be here. But with time, as the capacities grow and the volumes grow, export is something definitely that we would consider as well.

**Chirag Shah:** What you missed out was supply to EV manufacturers?

**Rahul Agrawal:** Oh, yes. That's a good question. As far as EV manufacturers are concerned, we are, in fact, the number 1 supplier in that segment. All the EV producers out of, you can say, the top 10 or 15 EV manufacturers in the country, I would say, for at least 90% of the EVs, we have 70% market share or higher. So that's the segment which actually on account of our historically proven products in the IC segment or the internal combustion engine segments. We have been able to establish a very strong market dominant position in the EV segment as well, which is also growing well.

**Chirag Shah:** Sir, if I'm allowed 2 more follow-up questions. One is regarding the specialized grade, whatever the nameplate capacity that we have. The question is, can we make 100% of that as well specialized grade only. So that is my first question. Second was, now in the case of ABS, we currently will be 2 players that we have. They have a capacity of around 1,50,000 or 1,75,000. Now the other competitor is also coming up with a capacity of 70,000 and expected to put up additional 70,000 in the Phase 2 expansion. So once that is done, more or less, it looks like the 3 major players would be taking care of the domestic requirement. In such a scenario, would you be looking for any other new segment or products to diversify. That's all from my side. Yes.

**Rahul Agrawal:** So if we want to, of course, we can produce any products that we want in our plant. It's customized solutions that we offer to our products at our customers. But the reason why we still have split of producing customized or specialized products, vis-a-vis the standard product, is because the customers do require a certain percentage of standard products as well.

So we do participate in both the markets to some degree. -- possible that we may increase our share of specialized market, vis-a-vis the standard product. And -- but it will all depend on market dynamics, how they move. But yes, if you look at kind of the overall capacity is coming into the market and even with our own expansion plan, while it would seem that there is not enough room for ABS, but I do believe that with -- by the time we grow to the levels that we want to by debottlenecking, by the time the third competitor, as we mentioned, would come into the market.

The market is going to continuously grow at 7% to 10% -- so that additional volume requirement is going to keep happening. So I believe the market is still going to allow for further expansion at our end. Any case, we are, like I already mentioned in another question, looking at adding blend or adding new products to our portfolio to reduce -- or rather to increase our exposure in other segments to the same set of customers where we can have a broader product offering. So that effort is already ongoing. And in a sense, that would reduce our dependence on specific products for sure.

**Chirag Shah:**

Okay. Sir, just a follow-up. ABS, the specialized grades are mainly using the household plus the automotive industry, you mentioned that you're also trying out ABS with some polymers and all. Where there used those products are being used with?

**Rahul Agrawal:**

So automotive, household, consumer durables, medical devices, engineering applications. There are many areas where the products should be going -- of course, EVs things like that as well and even the charging systems and all of that for that as well would be using it. The blend, again, would be primarily in the same areas where we are already supplying. So currently, we are being satisfied by way of imports or other players. And we believe that if we have a good product to offer, then we would be the natural preferred choice, given that we are already supplying to our existing customers.

**Moderator:**

Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Abhijaat Sinha for closing comments.

**Abhijaat Sinha:**

So good evening, everybody. On behalf of Styrenix Performance Materials Limited, I would like to thank you for showing your interest in the company and for joining this call today. We look forward to seeing you at our next call, which will be scheduled some time in November. Thank you, and have a nice day.

**Moderator:**

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