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Exchange Plaza, C-1 Block G, Bandra Kurla  
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**BSE Scrip Code:** 526951

**Trading Symbol:** STYLAMIND

**Sub: Results Earnings Call Q2-FY23-Transcript**

**Dear Sir/Madam,**

In continuation of our letter dated October 18, 2022, we would like to inform that Transcript of the Conference Call held today i.e. on Friday, October 21, 2022, at 3.00 pm (IST) for the unaudited Financial Results of the Company for the quarter & half year ended September 30, 2022, has been made available on the exchange website at <https://nseindia.com/>, <https://bseindia.com/>, & <https://stylam.com/investors-2/>

You are requested to please take above information on your record

Thanking You,

For Stylam Industries Limited

Sanjeev Kumar Sehgal  
Company Secretary and Compliance Officer

**Stylam Industries Limited**

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## “Stylam Industries Limited Q2 FY23 Conference Call”

**October 21, 2022**



**MANAGEMENT:** **MR. JAGDISH GUPTA – MANAGING DIRECTOR,  
STYLAM INDUSTRIES LIMITED**  
**MR. KISHAN NAGPAL – CHIEF FINANCIAL OFFICER,  
STYLAM INDUSTRIES LIMITED**

**MODERATOR:** **MR. ASHISH PODDAR - SYSTEMATIX INSTITUTIONAL  
EQUITIES**



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**Moderator:** Ladies and gentleman, good day and welcome to the Stylam Industries Limited 2Q FY23 conference call hosted by Systematix Institutional Equities. 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 '\*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ashish Poddar from Systematix Institutional Equities, thank you and over to you.

**Ashish Poddar:** Good afternoon, everyone. Ashish Poddar from Systematix Institutional Equities. We are pleased to host the senior management of Stylam Industries Limited. The management is represented by Mr. Jagdish Gupta, the Managing Director and Mr. Kishan Nagpal, the Chief Operating Officer, the Financial Officer of Stylam Industries Limited. So, we believe that you have already seen the results. So, we will directly get into the Q&A.

**Moderator:** Thank you, we will now begin the question-and-answer session. We have the first question from the line of Viraj Parekh from Carnelian, please go ahead.

**Viraj Parekh:** Good afternoon Mr. Jagdish, thank you for the opportunity. Just wanted to ask you few questions from my end; if you could first give me an idea of what was the contribution of Acrylic Solids of paneled revenue in this quarter's results, if we had any.

And second question is sir; I mean in this domestic business in H1 we have done close to total of Rs. 148 crore of revenue in domestic sales of laminates and in the domestic revenue. And in FY20 and FY21 only the numbers were worth; Rs. 148 crore and Rs. 154 crore. so, if you would just let me know about the jump in this domestic laminate revenue and you know where we see the number going towards the end of the year and in FY24 going ahead and what will be the reasons.

**Jagdish Gupta:** See, I told you, your first question for Acrylic. I told you in the last three months back also, we are going in a very good right direction. Export is also going in many countries, even repeat orders will come, USA will come very soon in the end of this month or early next month. Sales in in revenue will be Rs. 5 crore, Rs. 6 crore in this quarter but now from this month onwards, in this quarter, revenues will be definitely Rs. 15 crore to Rs. 20 crore of Solid acrylic.

Secondly you are asking about domestic market. Every time I have mentioned, we are doing our best in domestic. Already so many dealers and distributors network is already there in established, 6 RDC also, so sales is growing. Last month itself, there is very big growth in sales. So, I do not think so, as we mentioned how much this year, I told you we cannot do anything right now for that figures but definitely it should be Rs. 325 crore to Rs. 350 crore this year, looks like.



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- Viraj Parekh:** Sir, a follow up question. I mean out of the total Rs. 246 crore, you are saying that Rs. 5 crore to Rs. 6 crore is from Acrylic and next quarter on we see Rs. 15 crore to Rs. 20 crore coming in bit more. So, sir our second line of Acrylic has not been commissioned?
- Jagdish Gupta:** No. You see they were still under, Korean people are still here, maybe by the end of this month or early next month, it will be operational, but I know, when it will jump it will immediately click.
- Viraj Parekh:** Okay sir and in terms of domestic; laminates sales you said that close to Rs. 325 crore, Rs. 350 crore, it is a really good number.
- Jagdish Gupta:** Yes.
- Viraj Parekh:** Rs. 320 crore, so sir on the ground level, have we added more number of touch point dealers?
- Jagdish Gupta:** I will tell you; there is nothing as such, really if you ask me, we are trying our best.
- Viraj Parekh:** Okay sir, this last question before I get back in queue. I know that you had told in your previous call you had said that our realization is of value-added products' mix is there, so realization per sheet is exactly not a right way to look at a company, but sir if I divide Rs. 246 crore by 3.2 million, then our realization per sheet has been dropped based on the last quarter and since the Acrylic mix is not included in it, so sir this ...
- Jagdish Gupta:** Compared to the last quarter, our export realization is there; still export realization is 29%, in domestic we are doing less, it is coming 607 and that too day by day peoples' faith is being built up, so overall you take this also know. Overall, which we are doing, people like you are congratulating us, overall if we go to see, then we did much; we are after investigating, even in total capacity utilization, we are really moving, coming two quarters will be more liquidator, I think, better.
- Moderator:** We have the next question from the line of Pritesh Chheda from Lucky Investments, please go ahead.
- Pritesh Chheda:** Sir, this 3.2 million sheet volume that is there, now what is the capacity utilization on our laminates units.
- Jagdish Gupta:** Between 80% and 82%. Rather it is 80%, 82%, we have mentioned last time also. We are going for some modifications; alterations and modifications. It will take 6-8 months, then capacity will increase.
- Pritesh Chheda:** Will there be any lines, new lines?



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- Jagdish Gupta:** No new lines, for that we told them that we will go for some balancing of equipment's, that will increase some capacity.
- Pritesh Chheda:** So, our capacity previously was 14 million sheets, right?
- Jagdish Gupta:** Every call I get this question; 14 million, 15 million does not matter. We will go for higher thickness, then maybe it will go to only 10 million, if you go for very thin, total volume then it can go even 18 million.
- Pritesh Chheda:** Sr, we are aware of it but one optimum is there, so is it 14 million, 15 million or is it possible to be more than that?
- Jagdish Gupta:** Like tomorrow, if we will do this extension, then it will increase.
- Pritesh Chheda:** Okay, and sir on our raw material we will continuously see some improvement in gross margin because we ...?
- Jagdish Gupta:** It will be more now because old orders that were there, pressure is lessening now.
- Pritesh Chheda:** It is lessening know, because at one time we used to make 20% margin, then it decreased to 11% and now it is 16%. So, we have to go back to 20%?
- Jagdish Gupta:** Hopefully, if your blessings are there then it will definitely happen, we are hoping it should happen.
- Pritesh Chheda:** And lastly sir, usually we hear a lot about exports, that this is happening in Europe, this is happening here and there but your exports sales and numbers are very strong at the moment, so if you can just throw some color on it then it will be good.
- Jagdish Gupta:** It will be even stronger in the next quarter, there will be increment in both; domestic and exports as well.
- Pritesh Chheda:** Can you throw some color as to how? Is there any client addition or geography addition or anything else?
- Jagdish Gupta:** As and when the customer base is increasing, we are concentrating more on items, previously we used to do sales but now we are simultaneously doing marketing also. Now see whether it turns 18 or not, you see in the last quarter, it was the same in the last quarter also, in fact bot the things have increased. Top line has increased, margin has also increased.
- Pritesh Chheda:** And sir how much will be our volume adding both the quarters; this quarter is 3.2 million and what will it be in the next quarter, the quarter 1?



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- Kishan Nagpal:** Our Q1 and Q4 is mostly of 59 lakhs.
- Pritesh Chheda:** And how much do you think will be the whole year's volume?
- Jagdish Gupta:** Expectations are always there; we hope that it should go to four figures.
- Pritesh Chheda:** How much sir?
- Jagdish Gupta:** It should be four figures know, now we are running in three figures only, we will try to bring it to four figures.
- Pritesh Chheda:** Okay, you said 59 lakhs know, for H1.
- Moderator:** Thank you, we have the next question from the line of Nikhil Gada from Abakkus Asset Management, please go ahead.
- Nikhil Gada:** Hi sir, thanks for the opportunity and congratulations on a very strong set of numbers. Just a sort of continuations to the export's situation; you said that it is strong now also and should improve even more. So, sir I wanted to know one specific information; is it that our order pipeline is strong and that is the reason we are feeling good or are we continuously getting new orders even now because remaining ....
- Jagdish Gupta:** New customers are coming in; we are searching new customers. You see from the last year, is you go through, last year it was 420, in this quarter we have done 330+, 335. Nothing will happen, recession will take place but building constructions will not stop due to recession. I do not feel any recession is there. Here our issue is, our sales are not that much in US.
- Nikhil Gada:** No sir, the main question was specifically with Europe's perspective because our sales have been a little more over there.
- Jagdish Gupta:** No, our sales have increased in Georgia, you see in this quarter also.
- Nikhil Gada:** Okay.
- Jagdish Gupta:** But it does not make any difference, new customers are coming in. People have too much trust on us; quality is good, prices are competitive, everything is there.
- Nikhil Gada:** Understood sir.
- Jagdish Gupta:** Everything is happening both ways; same thing is happening in domestic also everywhere. It takes some time know; we are on right direction.



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**Nikhil Gada:** Understood sir. Just one last point on exports; is there anything as such that the situation that is there in Europe right now and the producers over there are facing lot of difficulties, in terms of be it raw material or gas prices..

**Jagdish Gupta:** Even we are facing two threats regarding this, even our raw material prices have increased for buying paper from Europe but you see this know, the plants that are there, our export sales will rather increase more. Their raw material prices have increased so much due to \_\_\_\_\_ 12:37, India is much economical for them. I do not think that our product will face any problem in Europe.

**Nikhil Gada:** So basically, we should benefit even more, in terms of ...

**Jagdish Gupta:** I feel that but remaining we will come to know going forward but apparently it looks like that, there should not be any problem. Not with this, any other product also, In Europe for manufacturing, it will impact them, the exporters will be benefited in the Europe, be it any product.

**Nikhil Gada:** Understood sir. And my second question is that, specifically the raw material prices have become quite benign and have fallen down quite a lot and it is reflecting in the margins also. Sir have we taken any price cut now?

**Jagdish Gupta:** We have not made much, cut will take place then know. We only have done that. Different price reduction on effective, how it can increase on which products, how can cost cutting be done, we are going in that direction.

**Nikhil Gada:** And has anyone done price cut in the domestic market because we have ....?

**Jagdish Gupta:** In domestic market, it was not increased much previously, we have not even done cut in the domestic. Whoever might have increased a lot, they will only do the cut know, we are not being affected in any way.

**Nikhil Gada:** Sir, just on the domestic aspect because the monthly run rate or the quarterly run rate is improving a lot; Rs. 66 crore is now gone up to Rs. 82 crore and you have also given the guidance of Rs. 320 crore. Sir how much is the market driven growth in this, how much on laminates and how much are we actually pushing the market share?

**Jagdish Gupta:** There is no push, everything is market driven share. See, this is an old company, everyone is aware of the name of Stylam, previously people used to think that we are only interested in exports and not in domestic and now anybody who sees our plant. In domestic, if you got to any market in India and see the quality, no one will say that Stylam's quality is not good, everybody will say it is good. They will say we were not interested in the past but now looking at the products. We are quite hopeful, and even if it does not happen. See we have to see the total top line, we are in the right direction, we are working in the best way, reality in front of all our



partners, everybody knows that we are coming up good. First of all, domestic is running well, it will take one or two more quarters to build up, it is okay, in next quarter, it will be better. It takes time to build up anything, know?

**Nikhil Gada:** Right sir. Just two queries related to numbers. One is, has any impact come on our numbers in this quarter due to Forex?

**Kishan Nagpal:** You are talking about currency know?

**Nikhil Gada:** Yes, sir currency fluctuation.

**Kishan Nagpal:** Rs. 4-5 crore positive impact.

**Nikhil Gada:** Okay, and sir on domestic level the channel distribution network that is there, can you tell us how much has it increased in the first half, number wise? FY22 to FY23 first half?

**Kishan Nagpal:** 21%.

**Jagdish Gupta:** It has increased 21% in the domestic.

**Nikhil Gada:** In these last six months?

**Jagdish Gupta:** Yes.

**Nikhil Gada:** Got it, sir I will come back in the queue, thank you.

**Moderator:** Thank you, we have the next question from the line of Neha Talreja. Please go ahead.

**Neha Talreja:** Sir just wanted to understand our working capital we have seen an increase, what is the reason for working capital stretch, especially debt and inventory days for us?

**Jagdish Gupta:** We have not much of stress and threat in this working capital. The reason being, in domestic there is a problem to everyone and not to us. And in the forthcoming month it will ease out, when there will be sale and more brand value, then there will be more realization quickly. So, now in export front we have not much of debt, so our cycle is going very well, there is no stress of working capital.

**Neha Talreja:** So, you are saying that in exports there is no stretch and in domestic...

**Jagdish Gupta:** No, in domestic it for everyone, there is credit market of 60-90 days out here.

**Neha Talreja:** Right, but has this stretched in the last one quarter or so?





- Jagdish Gupta:** No, it is like whenever you go to a new market, there is always more, as the brand value keeps on increasing then this stress will also start to come down. Then it will be on demand, then this will come down to 45 days or 30 days.
- Neha Talreja:** Right. But there is no problem on the export front?
- Jagdish Gupta:** No, in export we do not do credit. If someone is going to Europe or USA, then we do upto 30-40 days maximum until the container reaches the destination.
- Neha Talreja:** Okay understood sir. And secondly, in your presentation that you have included about 40% capacity increase, by when are we looking at this capacity, by when will this come?
- Jagdish Gupta:** This we are doing slowly, simultaneously, we had spoken about this in the last call also, that we are doing balancing of equipment, there is something or the other, we are doing it slowly and then we will achieve it. We will be doing it slowly as and when demand increases. If there will be need of CAPEX, that it will be maximum spread in one year.
- Neha Talreja:** Okay, so the capacity utilization that we just spoke about will take 1 year from now.
- Jagdish Gupta:** Yes, it will be need based.
- Neha Talreja:** Sir I wanted to understand the realization we have seen a quarter-on-quarter decline, so what could be the reason for this? In domestic has it declined or in exports?
- Jagdish Gupta:** It has declined in domestic. It is based on product mix and hence it does move plus and minus. This happens on a day-to-day basis. If you go to see, this keeps on increasing, if it comes down now, maybe in the next quarter it will be more than this.
- Moderator:** Thank You. We have the next question from the line of Harsh Shah from the Dalal & Broacha Stock Broking Pvt. Ltd. Please go ahead.
- Harsh Shah:** I have a couple of questions, first on the solid acrylic business, you had mentioned that around Rs. 15-20 crore we will do every quarter from H2, correct?
- Jagdish Gupta:** Yes.
- Harsh Shah:** And in this what will be our margins as compared to laminates where we have around 15-17% on an average, so what will be our margin in solid acrylic?
- Jagdish Gupta:** See, I had told previously also, its margins will increase after 2-3 quarters, looks very good there is not much of labor involvement, the total that is there realization, cash flow, credit in domestic also. And thirdly, when the capacity utilization will increase then the costing will reduce, currently we are utilizing only 10-15%.



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- Harsh Shah:** But when the capacity utilization will increase then ..
- Jagdish Gupta:** Realization will keep on increasing, it will be better.
- Harsh Shah:** So, the margins would it be somewhere above 15%..
- Jagdish Gupta:** Yes, it should be, import and all we are doing.
- Harsh Shah:** Okay and how much total investment have we done to setup these two lines for solid acrylic business?
- Jagdish Gupta:** It should be around 60. Our machines are from the pandemic period and now when we have purchased new machinery, we have spent around 50-60. Because the rest shed and all is already in place for two machines.
- Harsh Shah:** So, Rs. 60 crore, you said right?
- Jagdish Gupta:** Total.
- Harsh Shah:** And on that asset turnover renew?
- Jagdish Gupta:** Turnover can be about Rs. 400-500 crore, let us see it may happen in 2 or 3 years.
- Harsh Shah:** And in laminates can we get a volume split for domestic and exports?
- Kishan:** In domestic we have sold 23 lakh sheets and in exports 35 lakh sheets. Total 59 lakh sheets.
- Moderator:** Thank you. We have the next question from the line of Udit Dajiwala from Yes Securities. Please go ahead.
- Udit Dajiwala:** Just wanted to understand in Domestic the strategy that is there into what region are we expanding, is it in North or West?
- Jagdish Gupta:** We are doing business in South and North majorly, overall, we will go to all over India. We are going on that direction too but our first target is this only, we will go slowly-slowly, the mistake that we had done earlier, we are not going to repeat that mistake. Sales are increasing in South and North.
- Udit Dajiwala:** And sir now, we are growing in Domestic, but in export and domestic what will be our margin difference for laminates?
- Jagdish Gupta:** See, export is better as it keeps on increasing in domestic the margins will also be better.



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- Udit Dajiwala:** Sir, any ball park number that you can share for domestic?
- Jagdish Gupta:** No, number we have never calculated separately. It is of same type; we can do this calculation in the next meet.
- Moderator:** Thank You. We have the next question from the line of Shubham Agarwal from Axis Capital. Please go ahead.
- Shubham Agarwal:** Sir I have a follow-up question on one of the questions asked earlier, if you manufacture a sheet of 1mm and you sell the same quality of sheet in export or in domestic, so the money that you get in domestic is it lesser or it is the same or the quality is different for domestic and exports?
- Jagdish Gupta:** We get more in exports. Substantially higher.
- Shubham Agarwal:** Sir and secondly, as your domestic will increase. As your domestic sales and share increases, so how will the margins improve then?
- Jagdish Gupta:** It will improve in the same way, as the sale increases the margins will increase for domestic. In exports also it will increase, both sides. Like if you see now what capacity utilization we are doing, expenses will reduce further, capital cost is not required, labor and employment will be pretty much the same not much of a difference would happen, probably 1 odd percent and from the last year, if you see the change in numbers, we notice about a 50% increase, so expenses will not increase to the scale of 50%.
- Shubham Agarwal:** Understood sir. And my second question was that, in H1 domestic how many sheets have you sold in the entire 6 months?
- Management:** We have sold 23 lakh in domestic, this is including the 1<sup>st</sup> and 2<sup>nd</sup> quarter both.
- Shubham Agarwal:** Got it. And my third question was if you can comment who are your competitors on a global level and now are those people facing any problem, is there something like they are facing a problem and we are not, how is landscape of competition?
- Jagdish Gupta:** See, it is like whatever problem everyone faces, we will face it too and they will. Like an established brand is there, we are not established. In domestic there are no established brands above us. They face less problem and similarly in exports, from the angle of your question, problems would be less but at the moment I do not see anyone facing problem. Like in Europe sales will increase but they will not be injured and neither will I.
- Shubham Agarwal:** Sir in Europe who is your major competitor, top two?
- Jagdish Gupta:** Wilsonart in USA, in Europe there is Thundermax, Trespa, these types of companies.



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- Moderator:** Thank You. The next question is from the line of Nikhil Agarwal from VT Capital. Please go ahead.
- Nikhil Agarwal:** Good evening and thank you for your opportunity. I just wanted a clarification that the 3.2 million sheets that you disbursed, are there acrylic sheets included in them?
- Management:** These are the numbers for laminate sheets and not acrylic.
- Jagdish Gupta:** Acrylic sheet has higher thickness and their numbers are not so substantial. If we take total capacity also then there will not be more than 20,000 sheets per month. For the entire year it will not be more than 2.5 lakh sheets. The sheet costs around Rs. 15000-20000 and if it is colored then it will cost around Rs. 30000 for one sheet.
- Nikhil Agarwal:** And sir you said that you have not taken price cuts in any of the markets, neither domestic or exports, in Q2 or Q3 in that, we have not taken price cuts in these last 4 months.
- Jagdish Gupta:** Yes, we had not increased a lot as well, so there was not much need of a price cut too. The prices have not declined so dramatically, so when it had increased then people had increased.
- Nikhil Agarwal:** And sir on the raw material front what do you see now, like ..
- Jagdish Gupta:** See going ahead we will come to know, maybe the war situation would worsen but at least the prices are not increasing, they are at the lowering minimally.
- Nikhil Agarwal:** Okay, like in Q2 how much have the raw materials declined?
- Jagdish Gupta:** In Q2, we were using the raw materials imported in quarter 1. When your sales start to increase substantially, the remainder expenses will then tend to decline. So, in export you will see the benefit coming into picture around 4-5%. The company's turnover will be so substantial, then these small figures do not get counted. Sometimes the oil prices decline, sometimes they increase \$10-15 plus or minus, this similarly affects the chemicals.
- Nikhil Agarwal:** So, sir is this monthly contract for you or how do you purchase?
- Jagdish Gupta:** When we get offer from them, only then we do booking.
- Nikhil Agarwal:** Okay and it is mostly imported, raw material?
- Jagdish Gupta:** Everything is imported.
- Nikhil Agarwal:** Okay, so you do not purchase anything from domestic?



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- Jagdish Gupta:** No there are items like paper, etc. that we take from domestic, not much, 70-80% raw materials are imported. Totally 50-50% ratio is there between international and domestic. Like Phenol, BP, Melamine.
- Moderator:** Thank you. We have the next question from line of Alisha Mahawla from Envision Capital. Please go ahead.
- Alisha Mahawla:** Sir wants to understand couple of things, one is what is our plan to invest in the branding on domestic front, are we doing any spend on brand advertising?
- Jagdish Gupta:** What are you asking on domestic, I did not understand?
- Alisha Mahawla:** For branding and advertising is there any plan?
- Jagdish Gupta:** See Madam we are trying as much as we can from our end, last time also we had done IPL branding two years before, now we want to make total base in India market. The presence is happening right round India, in South we have presence, in North we have presence, the plan is also there in domestic, we will give TV Ads and we have already done it and will do in all fronts.
- Alisha Mahawla:** And in exports which geography is doing the best? Is it Middle East and Australia is doing good, the growth that we are witnessing.
- Jagdish Gupta:** The growth is happening overall and not only from India exports are increasing, if we go to see from our end, we can see leaving US, in rest all of the countries, growth is happening. Far East, Europe, Middle East all the countries are showing growth. America is little weak for us, South America, North America.
- Alisha Mahawla:** And currently in domestic market how many dealers or distributors would be there?
- Jagdish Gupta:** In domestic there are a lot of distributors, that does not matter much, if we go to see on quality basis there are 5000 distributors that is if we want quality and not quantity. We are getting good quality distributors and they are developing faith on Stylam.
- Alisha Mahawla:** And sir in the annual report published in 2021 we had envisioned for 2025 to double our revenue by FY25, are we still standing on this vision?
- Jagdish Gupta:** Madam if you see the figures, you only from our end we are on our vision track. If you see any difference, do let us know.
- Alisha Mahawla:** What I meant was do we have any new aspiration to achieve this target before 2025?
- Jagdish Gupta:** No, we do not want to share but there is always a desire, hopefully we will do.



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- Moderator:** Thank you. We have next question from the line of Mihir Dhamani from Lucky Investment Managers. Please go ahead.
- Mihir Dhamani:** Sir the solid acrylic sales come from Domestic or Exports?
- Jagdish Gupta:** It is on both the ends, we have built our warehouses and stocked, exports are also increasing, we are happy that the quality is accepted in export market, why not in domestic. When there will be faith in the customer base to use us as a replacement, for now it is import substitute. During the pandemic times, we were not able to make anything and in the last 2-3 months only it has started much, acceptability has started to increase, whenever we might see the jump probably in 2-3 months from now on.
- Mihir Dhamani:** Okay and currently which players are there in solid acrylic in domestic?
- Jagdish Gupta:** There are good amount of sales in South and North too. It used to start from Sheetal, now confidence level increases and information also increases and brand value ultimately increases.
- Mihir Dhamani:** And which are the other players in this space? Big players in solid acrylic?
- Jagdish Gupta:** LG, Sunshen, Hanwha, Hanex, all of these are Korean brands, Du Point.
- Moderator:** Thank you. We have the next question from the line of Viraj Parekh from Camelian. Please go ahead.
- Viraj Parekh:** Mr. Kishan the breakup that you had given for sales in H1 for domestic sales, domestic was 23 lakh and export was 35 lakh.
- Kishan Nagpal:** Sir it was for both Q1 and Q2 both.
- Viraj Parekh:** Yes sir, can you give me a breakup for Q1 and Q2, in 3.2 million sheets how much was domestic and exports and in 2.7 million how much was domestic and exports.
- Kishan Nagpal:** First note down for domestic. In Quarter 1, 10 lakh in Q2 it was 13.5 lakh, total 23.5 lakh. And in export first quarter it was 17 lakh and balance from 3.60, so total 35.60.
- Viraj Parekh:** Okay and sir you told some time ago that the acrylic realization per sheet is close to around Rs. 14,000 - 15,000. In quarter 2 we have said that we have done a realization of close to Ra. 5 crore to Rs. 6 crore and we are saying it will be Rs. 15 crore to Rs. 20 crore in quarter 3. If I look at the dividend, then roughly we would have sold 1000 sheets in Q2 per month and we are as saying that it will be 3000 in Q3.
- Jagdish Gupta:** It will be very easily reached there is no issue in it. I would like to tell you that our products' acceptability has taken place. Previously when the product was being manufactured and issues



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to arise, all those things are over now. When our export got established in USA, then it takes 2-2.5 months for the containers to reach. I am very hopeful; in the coming years it will be extraordinarily good.

**Viraj Parekh:** Sir I wanted to know one thing, based on the order inflow or product feedback that we are getting, what is the panel sales we are expecting per month? Will the sales be of 3000 panels or 4000 panels or ...?

**Jagdish Gupta:** We are expecting only 3000 to 4000 in the fourth quarter, but it may go low, maybe 2500, our projection is of 3000 but in exports we are very hopeful. Even 10,000 sales can happen, but many people want to take the whole company as an OEM. We are not interested to give the total plant because then our brand value will diminish. That is why, everything looks, if we would not have felt this then we would not have installed the machine only.

**Viraj Parekh:** We also hope that there will be a sale of 10,000 sheets in exports but sir what do you feel, it will be in 2023 or 2024, approximately?

**Jagdish Gupta:** My container has already reached USA; sheets have already gone there. I have no idea, it may happen after 2 months or maybe after 4 months, but it will definitely happen, you can take my word.

**Viraj Parekh:** Last question from my end, then I will be done.

**Jagdish Gupta:** You can ask how many you want.

**Viraj Parekh:** How much geographical revenue do we get from Europe, mainly? If you have some slid because Europe, I am sure will be export sales at significant regions.

**Jagdish Gupta:** It will be 35% to 40%, total of its sale. Our sale which has taken place till now, in that 20% to 22% is of Europe export.

**Viraj Parekh:** You are saying 20% out of the 70%?

**Jagdish Gupta:** I am saying about our sales.

**Viraj Parekh:** Will the second region be Middle East?

**Jagdish Gupta:** Israel is very small country; it will be that much. You can take far East, there are so many countries in the world.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Yogansh Jeswani from Mittal Analytics. Please go ahead.



- Yogansh Jeswani:** Most of my questions have been covered but I wanted to ask one thing. The new product that we have mentioned in our presentation, that laminates on MDF panels, can you throw some light on this. Sir what type of product will it be, what will be its market, what is the potential of this product, what investment has been done in this product?
- Jagdish Gupta:** Firstly, MDF is made by High Gloss in India buying importing and selling. MDF is anti-fingerprint and high drop, it is mainly used in expensive kitchens, this is used in every such kitchen. We import it first, there is lot of export for this product, in America and North America.
- Yogansh Jeswani:** Okay, what kind of revenue are we expecting from this? Is there any contribution from this in Q2?
- Jagdish Gupta:** It has only been introduced now, we see our sales overall, that so many products are there. If you look at our previous history, 1<sup>st</sup> and 2<sup>nd</sup> quarters are weak every time but 3<sup>rd</sup> or 4<sup>th</sup> quarters are better comparatively. Whenever there is a jump into a new product, the main thing is brand value establishment, which is already established for us in domestic as well as exports. So, whenever we talk about this, then you call it subsidy or whatever you want to name it, additional products are there with it. So immediately when we will get the gain of this we will get all the gains, all the products will be involved together.
- Yogansh Jeswani:** Okay, so for you this is a new product now which you want to combine with your full basket .....
- Jagdish Gupta:** It must be new to us but it is already in the market, in Europe, ...
- Yogansh Jeswani:** Correct.
- Jagdish Gupta:** We had already installed the machine before Corona, now we have introduced it recently.
- Yogansh Jeswani:** So how much have we invested in this till now, in this machinery, ..
- Jagdish Gupta:** We had done the investment two years before only.
- Yogansh Jeswani:** Yes, how much would you have invested then?
- Jagdish Gupta:** The machine must be of Rs. 8 crore to Rs. 9 crore. It was made before only, everything is going on, sir.
- Yogansh Jeswani:** Starting off, can we expect a business of Rs. 25 crore to Rs. 30 crore in a year?
- Jagdish Gupta:** Definitely, very conservative figure you are mentioning. Correct and conservative, definitely.
- Yogansh Jeswani:** And sir what will be its margin in this because I've seen the product, it is quite a good product.





- Jagdish Gupta:** Margin is better.
- Moderator:** Thank you. We have the next question from the line of Pritesh Chheda from Lucky Investments, please go ahead.
- Pritesh Chheda:** Sir, our margins that are there, we had the lowest margin at about 11% and from that time till date, the three key material price that is there; Melamine, Phenol and Craft Paper. How much commodity correction has taken place in these three?
- Jagdish Gupta:** See many other parameters are also there in that. Ocean freight parameter is also one of the parameters. Containers, Ocean freight now almost is going to be maybe by December normal like two years back. That 6%, 7% import, it was impacted by the Ocean freight only it is going up and down, next quarter it will go down. It had taken Phenol and Melamine also on a very highest level, that is also decreasing now. That impact will come altogether know. Secondly, when sales will increase by 50%, wit that only your expenditure will be reduced, no issues.
- Pritesh Chheda:** So according to you Ocean freight will be normalized by the next quarter.
- Jagdish Gupta:** Hopefully, it is being normalized a lot. You see in Europe it had reached \$9000, now it is \$3000.
- Pritesh Chheda:** Okay. So, sir I am doing a simple analysis; your 400 to 500 basis points, 5% margin had gone because of the raw material cost.
- Jagdish Gupta:** Very good. Show to Mr. Nagpal also, you have done a very good analysis.
- Pritesh Chheda:** And 5% margin has gone due to freight.
- Jagdish Gupta:** No, it has not gone down so much due to freight. The reason for that is we were affected mainly on imports, which we cannot collect from the customers. In exports, we had started taking additional and now we have started reducing it.
- Pritesh Chheda:** What freight?
- Jagdish Gupta:** Yes because we had started extra charges know as export surcharge; freight surcharge.
- Pritesh Chheda:** Okay, so the impact on you is only on imports and due to raw material only.
- Jagdish Gupta:** Yes correct. In the beginning it was on exports also, slowly people used to run for 2, 4, 6 months but then came to understand from where we will give this. So now gradually it has decreased, I am quite hopeful by December, January we will reach almost to the same type.
- Pritesh Chheda:** Okay sir, thank you all the best and Happy Diwali.



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- Moderator:** Thank you. We have the next question from the line of Rajesh Ravi from HDFC Securities, please go ahead.
- Rajesh Ravi:** Hi sir, congratulations on a good set of numbers. You know within the call you have mentioned that your Acrylic is around 20,000 sheets per month, right? And 15,000 realization per sheet. So, could that mean that in this quarter around 12% to 13% of your top line, sir 15% of your top line is coming in from this business?
- Kishan Nagpal:** Your volume is a little low.
- Rajesh Ravi:** Hello, sir acrylic division 20,000 sheets per quarter you mentioned, right?
- Jagdish Gupta:** No, he was asking about the capacity. The question was how many numbers have been taken, that time I said that Acrylic is not like laminates. That time I had said that 20,000 to 25,000 sheets can only be made. Realizations are from 15,000 to 20,000 / 25,000 is the per sheet value. Like you take this, there are 30-foot sheets, so if you go in market, you will get Rs. 700 to Rs. 800 per feet, our selling price is Rs. 450 to Rs. 600 depending on the color. Acrylic sheet's value is 15,000 or 18,000 or 20,000, that is what I was saying. So, in itself the Rs. 36 crore or Rs. 40 crore sales happened, that is what I was trying to say.
- Rajesh Ravi:** Okay understood. What is the revenue contribution of this division, Sir?
- Jagdish Gupta:** See it is too much, if you compare with laminates, it is nothing. It will not even be 2% sales but every month, every quarter you will see the changes. It does not come easily know, it takes years and years for people to get it established. It is not even a year for us since we entered the market. There are many different types of challenges; quality challenge, price challenge, challenge of not getting good manpower, different types of problems arise.
- Rajesh Ravi:** And sir, last quarter the Rs. 100 crore revenue guidance that you have given for the Surface Panel this year, how is that trending? You had said in the last quarter about Surface Panel; Rs. 900 crore from Laminates and Rs. 100 crore from Surface Panel business.
- Jagdish Gupta:** No, it is not Surface Panel. Two three things have some know, Acrylic is there, along with that anti hot coating is there, the total will come mixing all this.
- Rajesh Ravi:** Okay, so non-laminate revenues of Rs. 100 crore is on track.
- Jagdish Gupta:** Yes, by chance it can be 10% plus or minus.
- Rajesh Ravi:** That is okay.
- Jagdish Gupta:** One may be Rs. 80 crore, the other can be Rs. 920 crore. Hopefully, we are achieving the figure right now in six months; two quarters.



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- Rajesh Ravi:** Okay, so in the first six month, the Rs. 480 crore top line that is there, in that also Rs. 40 crore to Rs. 50 crore .....
- Jagdish Gupta:** That type of miscellaneous products are there.
- Rajesh Ravi:** And is their margin profile in line with your Laminates?
- Jagdish Gupta:** It is a little better.
- Rajesh Ravi:** And sir, one thing; the volume mix and revenue mix that you have given for exports and domestic, so like in exports the volume mix for this quarter appears to be 58% and 63% in Q1 whereas your revenue mix is this quarter 67%, previous quarter 73%. So, what I am trying to say is that there is a 10% point incremental share. So is it the realization is higher in the exports, or the product mix is different for it.
- Jagdish Gupta:** You know what, no doubt the realization is better in exports, and it is becoming better in domestic also as our brand value is being established, it will establish there also. We have separate product mix, but the company is one only, somewhere it will be less, somewhere it will be more, we are trying our best.
- Rajesh Ravi:** And sir, this realization that your report, this is ex-factory even in exports or with shipping charges included?
- Jagdish Gupta:** In exports, ex-factory, ocean freight which has now started reducing. It takes total up to Rs. 50,000 to Rs. 55,000 from ex-factory till Bombay. Sometimes there is a value of container, sometimes it is Rs. 50 lakh to Rs. 80 lakh. If we take that into consideration, then its value is not even 1%, that is why its material is ex-factory, but 90% of our exports is CIF.
- Rajesh Ravi:** Okay, freight included.
- Jagdish Gupta:** When freight prices increases previously we used to deploy a separate charge for them. Freight surcharge.
- Rajesh Ravi:** Okay, what I am just trying to understand the realization difference in exports that you are saying you are actually getting a higher realization in exports versus your domestic sales, like to like product?
- Jagdish Gupta:** Yes, that difference always exists.
- Rajesh Ravi:** And does that percolate to the margins also, your export volumes have a higher EBITDA margin versus domestic?



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- Jagdish Gupta:** Yes, that is there, and it will become better, balancing is happening in every quarter. Like previously expenses were less or more and now expenses are also decreasing because when you start something then expenses are higher, those will start to reduce now as and when domestic sales pick up, expenses will reduce, and EBITDA will by itself become better for domestic sales. We make only one balance sheet.
- Rajesh Ravi:** Just for understanding I wanted to know what you sell in exports its margin is higher versus domestic sales or how was it?
- Jagdish Gupta:** Yes, it is higher.
- Rajesh Ravi:** And last question on raw material prices, you have mentioned this in the earlier commentary, how are they trending sir, are you facing any issues on the raw materials that are coming from Europe but for the other chemicals like resins and all that you use.
- Jagdish Gupta:** In chemicals also, the prices have reduced substantially, like in melamine, phenol, the good thing is that they are not in increasing trend, they are declining only, because still the Ukraine war that is going on, there is uncertainty everywhere, if you see in the currency Euro fluctuates to even Rs. 2 in a single day. Under these circumstances we are doing good. Whatever impact comes to us in the form of reduction that will increase our profitability.
- Rajesh Ravi:** Okay and sir your top 5 export markets would be?
- Jagdish Gupta:** Europe, Far East, most of the developed countries are performing top now for us. Stylam's presence is everywhere, even if someone does not purchase from us, they are aware of the Stylam brand. You go to any country in the world, and you will find potato, similarly you go to any country, you will know Stylam brand.
- Moderator:** Thank you. That was the last question. I now hand it over to Mr. Ashish Poddar for closing comments.
- Ashish Poddar:** Yes, thank you everyone for joining this call today. Hope you have got all the answers, incase if any query, you can contact me for that and I wish you all a very Happy Diwali in advance. Thank you so much. Have a good Day.
- Moderator:** Thank you. On behalf of Systematix Institutional Equities that concludes this conference thank you for joining us and you may now disconnect your lines.