



Ref. No.: SIL/CHD/2023-24/05022024

Dated: 05.02.2024

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The Manager,
Listing Department,
National Stock Exchange of India Ltd (NSE)
Exchange Plaza, C-1 Block G, Bandra Kurla
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BSE Scrip Code: 526951

Trading Symbol: STYLAMIND

Sub: Results Earnings Call Q3-FY24-Audio Recording

Dear Sir/Madam,

In continuation of our letter dated January 31, 2024, we would like to inform that Audio Recording of the Conference Call held today i.e. on Monday, February 05, 2024, at 10.30 am (IST) for the Un-audited Financial Results of the Company for the quarter ended December 31st, 2023, has been made available on the exchange website at <https://nseindia.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

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Sanjeev Kumar Sehgal
Date: 2024.02.08
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Sanjeev Kumar Sehgal
Company Secretary and Compliance Officer

Stylam Industries Limited

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“Stylam Industries Limited Q3 FY2024
Earnings Conference Call”

February 05, 2024



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

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



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Moderator: Ladies and gentleman, good day and welcome to Stylam Industries Limited 3Q FY2024 Earnings 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, over to you sir.

Ashish Poddar: Thank you operator. Good morning, everyone, and this is Ashish Poddar from Systematix Institutional Equities. We welcome you all for Stylam’s 3Q FY2024 Earnings Conference call. From the management we have Mr. Jagdish Gupta, the Managing Director and Mr. Kishan Nagpal, the Chief Financial. Result was published last week, and we believe that you have got chance to look at them. In the interest of time, we will directly get into the Q&A, and we request participants to avoid repeated questions. Operator you can start the Q&A session.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Dhruv. Please go ahead.

Questionnaire: Sir, my first question was that what was the reason behind this low volume growth especially in the domestic market where we were actually projecting close to 30% to 50% revenue growth in the near-term because of the lower base as our presence is currently very less compared to our peers.

Jagdish Gupta: First of all in export there we have almost damage of 18 to 20 Crores due to this Palestine and Israel war. As we are number one in this area. This is the reason for export rather we are happy that we have a growth in export.

Questionnaire: What was the reason for degrowth in domestic market.

Jagdish Gupta: The domestic market actually again I have no big reason for this. We are trying our best, product is best, acceptability is there, we are opening new branch offices also, but really not correct, if I honestly maybe it is a destiny we are waiting for every time that it will increase, it will increase. Unfortunately, it is not going let us see for this quarter also, but export definitely it is growing in a big way and in a right way, right direction we have many, many new OEM customer is adding with us, very big brands of world with us. Domestic also we are maybe then if let us go for this two month more otherwise we will change our strategy see how we can improve in domestic also. In spite of the fact, we have more expenses this



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quarter last quarter. Revenue down, top line is down, even then our margin EBITDA is better than last year also.

Questionnaire: How do you see the Red Sea crisis playing out in the near future.

Jagdish Gupta: Yes, that is a very big problem again. Now even then ocean freight increase in two side Israel plus Europe, US is not much affected, almost six, seven times and our 50% customers factored, our 50% increase. But if it is this month or next month, we will pass on everything, they understand that it is a genuine problem, but it is a temporarily faced, I do not know maybe one, two, three months, how much time it will take.

Questionnaire: So how do you look at the raw material price trend in the near-term as our margin have already improved substantially.

Jagdish Gupta: Well, it is stable now.

Questionnaire: So do you expect this type of gross margins should be maintained in the future.

Jagdish Gupta: If it is going there should not be any dramatically change very, very high 2%, 3%, 4% or 5% increase no matter. Whenever top line will increase everything will be covered. These all expenses are not for this meant for this sale. This all expenses are minimum 90 to 100 Crore per month, if it is say there is no increase in any type of expenses, but I am myself personally very happy that in spite of the fact these all circumstances that our margins are better than last year.

Questionnaire: Definitely sir, that is very commendable. Sir, I wanted to understand how big will be the scale of the new laminate plant, which is expected to be operationalized by Q2 FY2025, and what will be the target user.

Jagdish Gupta: Not Q2, Q3 end, it is never Q2 like again there is already placed every machinery order, leveling is going on everything maybe within two weeks we will start the construction part also. All government, mostly government sent already little formalities with us.

Questionnaire: And, sir, you have already mentioned that it will be used for exports, but do have the customer be from contract manufacturing.

Jagdish Gupta: Yes, already. That is a different sizes, different things. We will get immediately sale from that.



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- Questionnaire:** So that will be primarily through contract manufacturing not at own label right.
- Jagdish Gupta:** No, same 50/50. Right now we are doing the same thing.
- Questionnaire:** And sir, just my last question from my side, will this plant be completely focused on laminates, or we will keep some line parcel for future Capex as well on something patterns.
- Jagdish Gupta:** No need any Capex after that, we are utilizing whole thing maybe it is a more value addition product we will produce here.
- Questionnaire:** So what is the size of the Capex like in terms of revenue terms, if you can quantify in terms of the current capacity.
- Jagdish Gupta:** No, of the current capacity with our target is it will we have a revenue almost 200-225 crore total plant, and total capacity will be minimum 800 Crores, but I do not know it will 2 year take, three year take to utilize the whole capacity.
- Questionnaire:** Okay sir, that is it from my side. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Kunal from Kitara Capital. Please go ahead.
- Kunal Ochiramani:** Hi! sir. I just wanted to check how is solid acrylic surface business going.
- Jagdish Gupta:** Yes, it is actually growing not like where we started export like in US in other country. Now the effect of this Red Sea. Nobody wants to give laminates of course we are number one. So the reason they are paying the ocean freight. Now it is in domestic also we increase little bit. Now we are hopeful that there will be anti-dumping very soon, if they already, government already, China and this Korea is dumping in India. Too much import from China now.
- Kunal Ochiramani:** How much revenue do you expect from the business in next two, three years.
- Jagdish Gupta:** No, two, three years no. We are quite hopeful it should very soon, we can get 200-300 Crores business from it. Machines are ready, everything new capacity is there whenever anybody visit from US, any country they appreciate the things. But we are quite hopeful that very soon it will be.
- Kunal Ochiramani:** Sir, both the lines are operational or one of this is operational.



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Jagdish Gupta: No, we have no much order. So certainly is not utilized, we are utilizing capacity only 10% not more than even 10%.

Kunal Ochiramani: Is it because you not getting orders or...

Jagdish Gupta: Yes, not getting orders.

Kunal Ochiramani: Okay.

Moderator: Thank you. The next question is from the line of Viraj Parekh from Carnelian Asset Advisors. Please go ahead.

Viraj Parekh: Thank you for the opportunity. Just wanted to understand a follow up on the previous question, I mean, acrylic line took a long time I mean, now what are we trying like you are seeing we are not getting orders. So what is our plan to ramp up this capacity utilization because line has only 10% utilization capacity.

Jagdish Gupta: Good question. If we actually go through our past history of laminates even. At least we start, we are not at losses from acrylic, but when we start our laminates in 1992-1993 we suffered almost 15 years, if you go through our old balance sheet, we have suffered so many losses, so many things even that HDL was already available in India so many factories even laminate took so many years, but acrylic we are number first company in India to start with Europe technology with the same. So when you want to build your own brand name it takes many, if we want to sell it as a OEM to anywhere in India, we can sell it easily, we do not want to go that way, we want to have more patience there our Granex brand should be established. This is the reason for the long more delay and not getting immediately. We want to build our brand name like people from China doing for OEM we do not want to sell like OEM, whatever we are selling in our acrylic, whichever it is 100% our own brand even in oversea. We are quite hopeful very soon expecting every week, every day thinking about these things.

Viraj Parekh: Understood sir. Just one thing if you can help me understand the nine month of FY2024 how much of revenue have you earned from acrylic and can you split that up in export and in domestic.

Jagdish Gupta: Our sale is approximately 4 Crore.

Viraj Parekh: 4 Crore for 9 months sir.



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- Jagdish Gupta:** 5.37 Crores, sorry, it is third quarter.
- Viraj Parekh:** Okay 5.37 Crore for the third quarter and the total for the 9 months how much is it.
- Jagdish Gupta:** Total is almost 20 Crore.
- Viraj Parekh:** And can you split this 20 Crore in export and domestic.
- Jagdish Gupta:** Domestic is almost 11 Crore, export is almost 8 point something.
- Viraj Parekh:** Understood. So this question on this only. Going ahead it has been quite a number of years that we have tried and tested the export and domestic markets.
- Jagdish Gupta:** Not many years only two years, we started it after COVID actually.
- Viraj Parekh:** Correct sir, it has been two years since we commercialized the first laminate line. So just wanted to understand in this two years of your experience in the market where do you think your next year would be concentrate and focusing on, would it be the export market or would it be the domestic market.
- Jagdish Gupta:** No, domestic market is also very big, we started with, actually it is mostly for domestic. But export market is also big, it is only China and Korea is getting the whole of the world. This was our reason, I told you if we want to sell it to OEM we can sell it easily, but what is the problem, not problem we are facing is to make our brand name. Even if you go to India market if you ask everybody no Granex now.
- Viraj Parekh:** Understood sir. My question is from the point of view that the opportunity is big, but where would you concentrate more of your efforts on. Do you want to focus to first establish Granex as a domestic brand and then take it global or do you want to see that global is much more easier to build than domestic.
- Jagdish Gupta:** No both, for us both are the same, but I am sure it will not be like HPL in India we are doing. It will grow more in India domestic market, and it is export substitute. Still there is a 700 to 800 Crore import from Korea and China in India every year and government has already started initial anti-dumping duty on this. This will also help us, just started two weeks back.
- Viraj Parekh:** Sorry, could you repeat the last thing, government start import duty.
- Jagdish Gupta:** Government has initiated anti-dumping.



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- Kishan Nagpal:** Government has initiated the anti-dumping duty, it also published. So more or less in the next one year and then it will be implemented.
- Jagdish Gupta:** If it is implemented, we do not know, but then it will be a great help to us to curb this import which they are dumping in India.
- Viraj Parekh:** Since last two questions then I will get up in queue. So earlier a participant asked that about the freight impact versus the Red Sea. You are saying as of now you have not passed on to the customer, you are taking some of the hits on your margins, it is not fully passed on.
- Jagdish Gupta:** Yes, when something start immediately if you have a order for two month and something immediately happen then that you have to pay from your own pocket for few days or few months and you cannot, but now the new orders are coming, it is coming with a charge with ocean freight. It is already observed in last quarter balance sheet in spite of that our margin in this.
- Viraj Parekh:** Yes, my actual question was that you have already 14% margin so, is there like your raw material cost is more or less stabilized right now. So as we pass on this cost to the customer fully is there scope for the margin to improve going ahead.
- Jagdish Gupta:** At least that cannot really confirm right now, but I am sure it will not decrease. It will be, we are trying to maintain it.
- Viraj Parekh:** Sure, so this last question is last quarter we did sales volume of 3.15 and this quarter 2.8. If you could give a breakup of that last quarter and this quarters in domestic and export volume.
- Jagdish Gupta:** Pardon.
- Viraj Parekh:** Q2 or Q3 the domestic or export volume, sale volume.
- Kishan Nagpal:** Domestic were 12.86, and 15.17 export.
- Viraj Parekh:** And for last quarter Q2.
- Kishan Nagpal:** Q2 15.47% domestic and 15.98 for export.
- Viraj Parekh:** Okay sir. Thank you so much. I will get back in queue.



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- Moderator:** Thank you. The next question is from the line of Ritesh Shah from Investec. Please go ahead.
- Ritesh Shah:** Hi sir, thank you for the opportunity. Sir, couple of questions. First is acrylic as a product. When you do this product do you see it in meter or thickness or in kilo per sheet.
- Jagdish Gupta:** It is on per sheet by 760 mm by 3660 mm.
- Ritesh Shah:** Sir, second is on this anti-dumping duty is it for China or for other countries.
- Jagdish Gupta:** Mostly China does more damage, China is more.
- Ritesh Shah:** Sir as far as we understand, whatever input is being received it is under different names like montlee sheet, max acrylic sheet, PMMA is there, etc. etc. Sir if anti-dumping is implemented then is it on a particular adjacent code.
- Jagdish Gupta:** It is on with code only, how much acrylic is imported that is under one HS code only, some do wrong things they undeclare things, that we cannot say but otherwise it is under one head.
- Ritesh Shah:** Sir to my understanding I think this comes separately as 3920 series and also 3921.
- Jagdish Gupta:** Maybe it is very good after starting new year. I think our solid surface, it is coming under one head only.
- Ritesh Shah:** Sir I want to understand is this antidumping proposed is it basically for a particular HSN code, particular thickness, what are the specifications over here.
- Jagdish Gupta:** See you were given awareness about HS code, in my opinion for one product there will be no two HS codes, some are undeclared, and some wrong declaration that is a separate issue like our laminates.
- Ritesh Shah:** Thickness wise did anybody asks about laminates?
- Jagdish Gupta:** Thickness wise yes, it is initiating thickness that is okay, and it is 6 mm is also sellable, 12 mm is also now. So it is initiated to thickness 6 to 12 mm.
- Ritesh Shah:** Okay and Sir is any specific composition proposed?



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- Jagdish Gupta:** Just see we do not know too much about this. We just send a request with the data that this is happening in this product. I will tell you in the next quarter.
- Ritesh Shah:** Correct. Sir, secondly how we have to see acrylic market in India?
- Jagdish Gupta:** See the market is becoming big in India, like PTU it is starting. First, if you have removed two to three years before, 800, 900 foot was saleable, now it has come to 400. At that time the gross margin was too high in import, now we have become the competitor for these two, before in India who import that. So market is becoming big, it will become big more.
- Ritesh Shah:** Okay Sir is there any known players in the market or are we the first company to actually put up a facility and target the local market.
- Jagdish Gupta:** For this yes acrylic in solid surface, we are the only company in pure acrylic. There are small, small, players are from Europe.
- Ritesh Shah:** And just one last question. On the paper basically for laminate from where are we importing and how is the pricing trend Sir?
- Jagdish Gupta:** Mostly people come from Europe, also come from Germany, Spain only few is coming from China also.
- Ritesh Shah:** Okay and Sir how is the trend here Sir.
- Jagdish Gupta:** Like India market is growing still.
- Ritesh Shah:** No Sir pricing trend Sir value of paper is it going down or going up, trend sir?
- Jagdish Gupta:** What type of paper are you talking about? There are two types of paper, one is craft paper, second is this design paper. Design paper we are importing, craft paper we are buying from India. In winter season, we have to waste but prices increases a little bit, this is going on, 2, 4, 5% like that. Now normal thing is not there, it should be down, and normal should be high, two, three percent plus or minus will be there, stability will not be there.
- Ritesh Shah:** Sir, so my question was that when we import this paper, we export it back by making it Laminate, so is there any tax angle in this?
- Jagdish Gupta:** Taxes are never exported, if we want to export any product and product and all raw material, we can import duty free.



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- Ritesh Shah:** Okay. So we are taking that benefit.
- Jagdish Gupta:** Every company not we, not laminates on any product which you want to export you can import that raw material duty free.
- Ritesh Shah:** Okay fine. Thank you so much. Sir, thank you for answering all the questions, all the best sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Deepak Lalwani from UniFi Capital. Please go ahead.
- Deepak Lalwani:** Hello sir. Thank you for the opportunity. Just wanted to confirm, you mentioned that if not for the Israel situation your revenues and exports would have been up by 18 to 20 Crores for this quarter.
- Jagdish Gupta:** Right.
- Deepak Lalwani:** So has this been postponed the shipments have been postponed to Q4?
- Jagdish Gupta:** No, now it is, I am quite hopeful, but now cold war is happening, like Ukraine and Russia war, first there was much difference, first TV was full of war, war, now it is a cold war, same thing is happening Palestine and Israel. We have been speaking with Indian agent in Israel hopefully very soon life will be normal whether fighting is going on and off, but we are hopeful that coming month business will rather grow there, they will be able to rebuild everything which is damaged by war.
- Deepak Lalwani:** But Sir what is the meaning is our orders canceled or is it just delayed?
- Jagdish Gupta:** Orders have not come. Some flights have started, India is still closed, in Europe for three months there were no flights, but now they have started the flights to Europe, Air India was there for India, but it has stopped, tourist also have stopped, it was improving slowly, for last two to three months, now things have normalized, we were talking about these things daily
- Deepak Lalwani:** Right got it, and Sir you told export market is growing right. So in which regions if you can mention that.
- Jagdish Gupta:** Everywhere almost if you see in spite of this much slow down our revenue from there is coming correct correct, it is growing everywhere.



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- Deepak Lalwani:** Sir is it region specific the trend you seeing, like Europe or Middle East.
- Jagdish Gupta:** For us in US it is increasing, but in Europe too much slow, also in Germany even then we are getting, not improving same it has to grow but loss is not happening there. We are getting.
- Deepak Lalwani:** Okay sure is this backed by end demand, which is increasing for laminates, or you are gaining some market share from other players in the market.
- Jagdish Gupta:** No market is also growing we are getting unorganized share also.
- Deepak Lalwani:** Got it and Sir raw material prices are high last few quarters are we passing on this through lower realizations...
- Jagdish Gupta:** It doesn't have much effect. It has come low if some things have increased by 10 times, then 2 times it become less, then we can say it has less, it will come to that level it will come to pre-COVID level. They understand nobody is asking us to reduce from little, little reduce that is a part of business, sometimes it increases and sometimes it is less.
- Deepak Lalwani:** No Sir, I asked this question because if I look at your domestic realization it is down almost 12%-13% on a year-on-year basis. So is there any impact?
- Jagdish Gupta:** It is where your command is, we are weak in domestic market. We are trying to gain it for this reason realization is less where if you go to export our realization will be in spite of these effect it will be more.
- Deepak Lalwani:** Sure got it. Sir if you can give a sense on domestic, if you are planning to revamp next year is there any strategic initiative that you are thinking?
- Jagdish Gupta:** Till now we are not thinking like that some will take consultant, some later some will have consultant, some big, some will guide how should we improve, when we are fully, every country of the world knows Stylam why not India, we cannot understand. We will think how we will do it. Surely it will be done. It will be not quality is not good, price is wrong, we are lying a new plant in world it will be world best now we think, ours is second one after USA after this new plant Singapore architect, the RSPs they have office in India. We are doing like this why we are not gaining much in domestic market. So we are more serious thinking about this.



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- Deepak Lalwani:** And my last question was on the Red Sea impact. So firstly on the revenues any shipment delays have we seen?
- Jagdish Gupta:** It has been done, it is effect in this quarter has been done, so people have observed, everyone understand in the world they start paying the ocean price and it is temporarily, it will not go permanently.
- Deepak Lalwani:** Right I am asking from a revenue standpoint. So revenue will be delayed?
- Jagdish Gupta:** I do not think so, if the customer do not understand they demand something big, 100% zero payment he is giving, if they pay us little less it will not make difference, in this big volume it is not much matter.
- Deepak Lalwani:** Sir, if you can indicate how the January month has been, is the recovery started?
- Jagdish Gupta:** It is not bad; we cannot tell that?
- Deepak Lalwani:** And Sir from the procurement of raw material the freight for that is that.
- Jagdish Gupta:** Fortunately it is not big, it did not impact import much. It can happen in log cotton, linen never had a chance to grow this much, they take opportunity getting out of this.
- Deepak Lalwani:** Sure got it and Sir how will we fund our capex can give us some sense on this?
- Jagdish Gupta:** We have already told in last time also. We already we have so many almost fixed deposit \. We are not going to get any trouble or need.
- Deepak Lalwani:** Okay sure Sir got it, and what will be the capex investment?
- Jagdish Gupta:** 200 to 225 in between.
- Deepak Lalwani:** Sure Sir. Thank you. These are my questions.
- Moderator:** Thank you. The next question is from the line Adityapal from Motilal Oswal. Please go ahead.
- Adityapal:** Thank you. Sir I have learned that our US and Mexico market is quite big, what do you think we will do in FY2023, how much opportunity we can see in the next few years?
- Jagdish Gupta:** US?



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- Adityapal:** Yes Sir.
- Jagdish Gupta:** It is big, if you go through data it is increasing, I cannot disclose. Now to whom we are already in touch with and who is buying from us. Surely it will increase.
- Adityapal:** Understood, but how much big that opportunity could be?
- Jagdish Gupta:** It is very big. US is a very big market for us.
- Adityapal:** It can be as large as Europe revenues.
- Jagdish Gupta:** Sorry.
- Adityapal:** It can be as large as Europe revenues.
- Jagdish Gupta:** No, it will grow bigger per month.
- Adityapal:** Good and Sir just to double check on the domestic part. Any activity you are doing to increase our distribution marketing?
- Jagdish Gupta:** We are doing much, we are also worried too much, trying our best I told last this guy also that when we are doing extraordinary good and our brand name is established worldwide why not. We are not taking it in India market, we are trying our best I am quite hopeful that next year there will be more positive about this.
- Adityapal:** Understood Sir. Best of luck.
- Moderator:** Thank you. The next question is from the line of Keshav Lahoti from HDFC Securities. Please go ahead.
- Keshav Lahoti:** Hi, thank you for the opportunity. Sir congrats on delivering all-time high EBITDA margin. Just want to understand on Capex side. Capex the amount you highlighted is 200 to 225 Crores while I remember earlier the Capex was supposed to be 150 Crores. So what is the reason for increasing Capex size.
- Jagdish Gupta:** No, 150. As you know it is going like this, if we want to lay down plant we gave three presses \maybe now we are going for four presses. We have almost these funds are ready with us and whatever is there duty wise, automation wise, whatever we are doing now and there are many new things are coming when you start it. Cost of everything construction



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cost is becoming big, for everything cost is big and at the end no one is asking how much it will be, it can be 200 it can be 190, it can come to 210, it is just started.

Keshav Lahoti: Understood got it. How would be the capex split 2024 or 2025 how much it would be?

Jagdish Gupta: 2024 it is there, after that it is not needed as it will be completed.

Keshav Lahoti: This year how much?

Jagdish Gupta: This year it would not be much, we have given advance for machine 10 to 15 Crores and for building 10 to 15 Crores, the rest will start in next May in first quarter.

Keshav Lahoti: Okay understood sir. Sir, in this new plant which you are building, you are making larger size laminate so it is more like a new product, is this understating correct it will be easy to ramp up this plant and secondly you might have some visibility from OEM side also if you do larger laminate your ramp up might be easy when this plant comes.

Jagdish Gupta: Already whatever we have done new, in world there is two machines by Volvo company is doing market is there, our customer is already buying and this like last the big ones will not sell, some will give for 10 foot, some 4 foot, 8 foot, now 20 foot they are giving. New technology is coming, new cycle, in this plant if we go to MDF plywood then we have something in mind for sale of this we do not have no worry at all.

Keshav Lahoti: Understood that is good to hear. Tell me how much China and Kore lower the price of acrylic if they are dumping and how much will the anti-dumping cost? With that much anti-dumping duty will the problem get sloved?

Jagdish Gupta: Do not know about dumping, they are doing 15 to 20% less than us. How much it will come from anti-dumping, it will not come, we do not know anything about that Government will do that. When Government is doing something, they are initiating something, they understand they are doing something wrong.

Keshav Lahoti: Correct words.

Jagdish Gupta: If not, it will not start at all it will be rejected.

Keshav Lahoti: Fair point. Sir Then say one thing like sometimes your acrylic is running at 10% utilization, sometimes it is less utilized, sometimes you are exporting, you are making margin in export because acrylic there will be big players in foreign?



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- Jagdish Gupta:** There are not much players, only Korea and China, and in world there is no plant. We are so sure that in our starting we have started like new plant, new products for India market, we have come up with this scheme, we have no worry about that, we are not at losses even on this stage.
- Keshav Lahoti:** One last question from my side you are not growing as much in domestic and as you correctly highlighted quality of Stylam is on par with other industry leaders, but what is the thought on the ad side where possibly the others are spending heavy on ads. So that could be a reason why Stylam...
- Jagdish Gupta:** Sorry again.
- Keshav Lahoti:** As you correctly highlighted in call Stylam quality is on par with other players in laminate industry. Just my question is what is the thought on spending on ads in domestic side because others are going aggressive on that side.
- Jagdish Gupta:** No, that is not a problem, that is not we can also go, but when we have not much your ad will also become flop. We already have a video. Already spent three years back. Whatever network is there for India in this, we are in making network and it will be otherwise if somebody goes in any city of India and their product is not available then your ad will also become zero. See we are doing our best every day worried about that.
- Keshav Lahoti:** Okay Sir. Understood Sir. Thank you that is it from my side.
- Moderator:** Thank you. The next question is from the line of Alisha Mahawala from Envision Capital. Please go ahead.
- Alisha Mahawala:** Hi Sir, good morning. What capex you were doing, which was more like Brownfield...
- Jagdish Gupta:** It has become old news, it was not so less.
- Alisha Mahawala:** Will it become.
- Jagdish Gupta:** No we don't know that it has been 30, it has been also 35, it has been ongoing.
- Alisha Mahawala:** Well, now we will do a capex of 200 Crores next year so the domestic market as you have said that it will take time to establish a brand. So, the new capacity that will come will be at some point lower capacity because in this market it will take time to establish.



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- Jagdish Gupta:** We have said for acrylic, we have not told about HPL the new capacity which is coming this capacity is for compact lamination different sizes, market is already there in export. So we do not think any, there will be any problem.
- Alisha Mahawala:** Okay so you are looking for domestic capacity?
- Jagdish Gupta:** Whatever we have in export will also work in domestic also.
- Alisha Mahawala:** Okay and sir in domestic market any particular focus in market share which is creating more pain for us, which is creating problem in growing market to market it is taking some more time any domestically which market is working and not working.
- Jagdish Gupta:** Actually have not much right answer we are trying our best. So we are trying our best and quite hopeful that definitely very soon it will grow.
- Alisha Mahawala:** And in acrylic we have 10% utilization are we breaking even in that?
- Jagdish Gupta:** We have no loss, because all are automation machinery and not much power and no connection, hence it is less, no maintenance is required, totally machines are automated.
- Alisha Mahawala:** And in export except on ongoing war, in the rest of the market anywhere we have slowed down?
- Jagdish Gupta:** Now not anywhere, only from Israel and Palestine is coming. A little coming from Russia and 11 years ago we have done a dam in US because of them.
- Alisha Mahawala:** Sir, so at least next couple of quarters we think the export business should continue to better growth for EBITDA.
- Jagdish Gupta:** Definitely.
- Alisha Mahawala:** Okay Sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Nikhil Agrawal from VT Capital. Please go ahead.
- Nikhil Agrawal:** Good morning Sir and thank you for the opportunity. What was the raw material impact in Red Sea? I think I missed it when you told about it. Is there any impact due to Red Sea because we also do major chunk of import of raw material?



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- Jagdish Gupta:** That's almost stabilized, the price has gone up as much as possible. It has gone down as much as possible, now after this increasing has any sense after that, it doesn't even feel like it have to go down, if you want go down, unfortunately like COVID like this if there is any difference in sea freight, then it will increase other \otherwise does not look like this.
- Nikhil Agrawal:** Sir, what was the cost of raw materials in Q3? So what was this led by like 150 bps around cost of raw materials went down in Q3, what was the reason for this? I mean what raw material price came down; deco paper price went down?
- Jagdish Gupta:** Everything went down slowly, slowly.
- Nikhil Agrawal:** And Jan Feb prices are mostly stable so gross margins will remain in this level?
- Jagdish Gupta:** It will be near; it will not increase drastically, and it will not go down drastically.
- Nikhil Agrawal:** Okay and Sir what is your point on freight cost will you bring the freight cost's impact in P&L.
- Jagdish Gupta:** It will start like that, if you have an order today and suddenly strike is there in red sea next day, they have increased the ocean fees, you know from whom who have accepted order he will not pay anything to you. So for that temporary period we paid. Now every new order is coming with extra charges. Not only us everyone has the same problem. Even when there is work, nobody does the work.
- Nikhil Agrawal:** Sir, how is the demand scenario in domestic market, has it slowed down?
- Jagdish Gupta:** There was a little bit slow down from our side we are trying our best we are not able to find the reason. I am very happy with my result we are good, don't know how good we are in domestic.
- Nikhil Agrawal:** Okay Sir, all the best.
- Moderator:** Thank you. The next question is from the line of Parikshit Kabra from Pkeday Advisors LLP. Please go ahead.
- Parikshit Kabra:** Thank you so much. Sir, I understood our exports were impacted in Q3 due to the Red Sea issue, but our exports were impacted in Q2 also, right?
- Jagdish Gupta:** At that time it happened to the world. That's why there has been such a slowdown in Europe.



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Parikshit Kabra: I understand Greemlam Industries export was becoming big. Do they export anywhere else?

Jagdish Gupta: I cannot comment anything on that they have their own offices everywhere. We have no office. I cannot comment anything I do not know.

Parikshit Kabra: So in Q2 only macroeconomic headwinds?

Jagdish Gupta: We are doing our best and we are growing.

Parikshit Kabra: Sir that Q2 macroeconomic headwinds is over now?

Jagdish Gupta: What?

Parikshit Kabra: You said export was impacted in Q2?

Jagdish Gupta: Yes, it was for some people not for us.

Parikshit Kabra: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Chirag from White Pine. Please go ahead.

Chirag: Yes sir, thanks for the opportunity. Sir, my first question is a clarification on anti- dumping. So you said the proposal has been given to government right.

Jagdish Gupta: Yes, it has been initiated and notification has been given.

Chirag: If it is initiated from when it is getting implemented.

Jagdish Gupta: Not implemented they start the investigation.

Chirag: Okay they started the investigation okay.

Jagdish Gupta: Don't know they will think and start investigation if they give application then they will start it.

Chirag: So this is one. Second is slightly different question before I come to... Sir now that you are looking to add 800 Crores of new capacity and basically kind of doubling your revenue. So what are the changes that you are making internally in terms of your management bandwidth senior and middle level management. So that you can scale up the exports as well as domestic business. If you can just talk a bit about it.



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- Jagdish Gupta:** Whenever there is some growth, it happens automatically and there will be additions in the level, senior level, junior level. From early days we are doing that.
- Chirag:** I understand but each company's strategy will be different where are you looking to add more people.
- Jagdish Gupta:** It will come in all places; one person cannot do that. It will not be as much as it comes proportionately. There will not be double.
- Chirag:** Are you not looking too much into the sales side?..
- Jagdish Gupta:** The people involved in sales are changing, there is not so much influence in exports. If you have your own offices, you are doing that then you need too many. Otherwise you do not need how many times it will take to meet the customer, you have a 100 customer in a year, you will meet him once, daily so you will not be entertained every month.
- Chirag:** So let me rephrase. You are not thinking of the kind of model that Greenlam has in his own office?
- Jagdish Gupta:** Now we are not doing It is for them. Whatever model we are running, this is the best one for us.
- Chirag:** So basically for you will send distributors directly from India \ and then they will do the onward sales.
- Jagdish Gupta:** I do not know about distributor we are not getting what he is doing some are end user, some are distributor, some are using their own name, some are using the Stylam brand.
- Chirag:** So this is the model you are looking at? Whatever your style is, are you forced to make any changes in it?
- Jagdish Gupta:** No, hopefully not.
- Chirag:** Sir second was the value addition we are talking about in the new plant which you are talking about going up to 20 feet also laminates ka so it is it feasible, you wish, you can also make small size laminates?
- Jagdish Gupta:** Yes, we can make but note if you want seven foot or you can also make for 3 o 4 foot if you want to go 6 feet then it is okay, 5 feet is okay not like more then machine will be damaged.



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- Chirag:** Okay and so if you make it small will there be negative effect in margin.
- Jagdish Gupta:** It is there, in machine, for small size, there is another one.
- Chirag:** By any chance will more order come or not come at all.
- Jagdish Gupta:** Everyone is doing the technical will tell after afterwards. You will get to know afterwards how it is done.
- Chirag:** Sir who are your competitors, \which country, which players if you can share some light.
- Jagdish Gupta:** In which competitors.
- Chirag:** Indian is also there in competition”
- Jagdish Gupta:** Everyone in the world is competitors, each product and each house. Our competitor is not who is unorganized in India, who produces wrong product, and going outside making false promises. Greenlam they are our healthy competitor not bad competitor who is good in business.
- Chirag:** Okay they are in India so is it right to make a statement that in Europe who?
- Jagdish Gupta:** In Europe plant is closed, they are looking after to India.
- Chirag:** I am asking in Europe which type of demand is there, which is getting service from India, is it India, Chinese or Korean competition is there, is that right way to look at.
- Jagdish Gupta:** For us it is not in HP.
- Chirag:** Is your product available there?
- Jagdish Gupta:** No.
- Chirag:** Indian basically.
- Jagdish Gupta:** Mostly, Chinese is unorganized country small part of it there.
- Chirag:** US they tell like that?
- Jagdish Gupta:** Yes, they like Indian.



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- Chirag:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Harsh Shah from Dalal & Broacha Stock Broking Private Limited. Please go ahead.
- Harsh Shah:** Yes, thanks for the opportunity. Sir our quarterly run rate, if we see the Q4 we have not kind of crossed the 240 odd Crores. So do we have the kind of visibility for Q4 that we can surpass this.
- Jagdish Gupta:** We do not know that can you think that we will not like that it should cross we are doing some no other problem could be. We are quite hopeful it should be, still doing good January is good now two months still we have enough order it should be any problem, if any problem comes also there will be no loss making proposal we will try that we can achieve this figure.
- Harsh Shah:** And do you have the number for the number of dealers or distributors in the domestic market as of date.
- Jagdish Gupta:** If you have 1000 distributor or dealer is selling 10 sheet no matter we want a quality, 200 also is more and 100 is also more.
- Harsh Shah:** Is your quality equal to yours, distributor say but any number you can give.
- Jagdish Gupta:** No local number is not with us, we will give it afterwards, I will tell Ashish to give you.
- Harsh Shah:** Right now the export market which will come to us relative to our situation and the export market is in demand, have you just booked orders, have you taken many of them?
- Jagdish Gupta:** It is there. Before six months no one was deserving, we have not done it, we are here to start then we will ask people to get, they are already using this size. So immediately notably 100% it will go to utilization of 10, 15, 20 percent capacity immediately.
- Harsh Shah:** Correct but already your talking with OEM?
- Jagdish Gupta:** Our customers already who are buying from us right now, they are using this size also, not all few and this size they are buying from somewhere else.
- Harsh Shah:** Okay thank you.



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Moderator: Thank you. Due to time constraint that was the last question for today. I now hand the conference over to Mr. Ashish Poddar for closing comments. Over to you, sir.

Ashish Poddar: Thank you everyone for joining us today. If you have any unanswered questions, you can reach out to me or the CFO. Thank you so much and have a good day.

Jagdish Gupta: Thank you very much.

Moderator: On behalf of Systematix Institutional Equities that concludes this conference. Thank you for joining us and you may now disconnect your lines.