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The Manager,
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BSE Scrip Code: 526951

Trading Symbol: STYLAMIND

Sub: Results Earnings Call Q1-FY24-Transcript

Dear Sir/Madam,

In continuation of our letter dated August 04, 2023, we would like to inform that Transcript of the Conference Call held on Tuesday, August 08, 2023, at 2.30 pm (IST) for the Un-audited Financial Results of the Company for the quarter ended June 30th, 2023, 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 Q1 FY24 Earnings Conference Call”

August 08, 2023



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

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



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Moderator: Ladies and gentlemen, good day and welcome to Stylam Industries Limited Q1 FY24 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 * 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, sir.

Ashish Poddar: Good afternoon, everyone. Thanks for joining us today for Stylam Industries 1Q FY24 Conference Call.

From the management we have Mr. Jagdish Gupta – Managing Director, Mr. Kishan Nagpal – Chief Financial Officer and Mr. Manit Gupta – Whole-Time Director.

Without much ado, we will straight away get into the Q&A. We believe that you all have seen the results and the Corporate Presentation which are uploaded on the Exchanges. So, Yusuf, you can start the Q&A.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. The first question is from the line of Keshav Lahoti from HDFC Securities. Please go ahead.

Keshav Lahoti: Sir it is good to see that functioning EBITDA margin is back to something like 18.5% and just want to understand if we see a quarterly performance this time the gross margin have picked Q-on-Q, while the case is reverse for your peers and secondly there is a sharp drop in other expenses, what is the reason for that?

Jagdish Gupta: First of all, see the revenue side, which is drastically decrease due to ocean freight. Ocean freight has drastically decreased in this quarter, main difference is this. And this difference is also reflecting the total revenue also.

Keshav Lahoti: I am seeing the performance on Q-on-Q basis I am comparing versus March 23, so whether there is a significant difference in ocean freight?

Jagdish Gupta: Yes, significant difference.

Keshav Lahoti: And the reason for dip in other expense?

Jagdish Gupta: Other expenses there is also difference in it. First of all, has drastically gone down and due to those other expenses are also down.



- Keshav Lahoti:** Then other expense drop is normal like 400 million which has dropped by?
- Management:** In other expenses, our distribution expenses for exports is also in this and that has gone down and for that other expenses seems to be low.
- Keshav Lahoti:** What is happening on the export front? We are saying some dip in export?
- Jagdish Gupta:** No, there is no dip actually which ever dip is, that dip is also one part of the ocean freight. You can calculate it, there will be this year if everything goes well, ocean freight will be down by almost Rs. 20 crores in one year. So that is affecting, overall, you see there is a worldwide recession. Even then we are at par as far as last year concern.
- Moderator:** We will move to the next question from the line of Viraj Parekh from Carnelian Asset Management. Please go ahead.
- Viraj Parekh:** Jagdishji congratulations on your results. Few questions from my end, what kind of demand are we seeing from exports on the rest of the year? So, this question is mainly in Pacific, are there any new regions this year from which you will expect some revenue coming in which was not there last year? Have you entered into any geographies, if you can speak a bit more on that front?
- Jagdish Gupta:** Correct. See first of all our existing customer there is an increase from our existing customer also. Secondly, we are focusing on this North America, America, South America, these countries we are getting response from them, and we are getting more value this year from this area. It will be growth in export also.
- Viraj Parekh:** Sir is it possible to quantify this in terms of numbers and how much contribution from these regions last year let us say if it was nil versus this year how much incremental growth we see from these region?
- Jagdish Gupta:** See overall, we are definitely expecting if you go through even due to this recession period, will you compare it with the ocean freight factor. Even our first quarter of this financial year is definitely same in export like last year. This we also treat as a very good sign in this way. Ramping prices are coming down and we are quite hopeful that export will grow in even in far East countries as the same is increased in this quarter.
- Viraj Parekh:** So, what kind of annual guidance would you be willing to give this year in terms of export growth?
- Jagdish Gupta:** Till now if you are asking, nobody can predict the future too much. We are anticipating, but we don't think so, which we are feeling, which we are expecting that this year also we will same type of growth, I mean we desire 30% achieve more increase from last year that may not we will achieve that still 8 months is there, we are quite hopeful that definitely it should increase



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somewhat but this is the only challenge which we are thinking. Same figure is going on fourth month also, so don't think so, there be challenges.

Viraj Parekh: Sir second question is in terms of our second product which we acrylic sheet, so if this year it is about Rs. 226 crores of topline this quarter, so how much this Acrylic contribute to that? If you can give a number?

Jagdish Gupta: Rs. 9.52 crores.

Viraj Parekh: Rs. 9.52 crores Acrylic sales in Q1?

Jagdish Gupta: Yes.

Viraj Parekh: And sir is it possible to give any understanding whether this is being driven by domestic sales or export sales in Acrylic?

Jagdish Gupta: 50-50, both are 50, in domestic also we are doing good now.

Management: In domestic have done a profit of **Rs. 45 08:55** crores.

Viraj Parekh: And sir can you give some idea that how was this number last year?

Jagdish Gupta: Last year there was nothing.

Management: In last year we did a total sale of Rs. 21 crores in full year.

Viraj Parekh: In that Rs. 21 crores, can you tell how much was domestic and how much was export for the full year?

Management: I think it was Rs. 12 crores and Rs. 9 crores. Rs. 9 crores were exports and Rs. 12 crores was for domestic.

Viraj Parekh: Sir last question from mine, and I join the queue, so sir in India last year we have done Rs. 9 crores, so in which areas, in which region you seeing good traction in domestic?

Jagdish Gupta: In South it is more. South is a great market for this. Actually, this total sale is on our brand name rather it is in the export, we are not doing anything OEM or anything else. To your note to make a brand name take so many years, still we are happy, we are not at loss and gradually sales is increasing, this quarter we are expecting more.

Viraj Parekh: So just last question and I join the queue, in terms of annual growth in terms of domestic, what is an achievable target on our organic brand growth? Which you have seen good amount of Rs. 4 crores, Rs. 5 crores of traction this year, should we build up on that number only for the



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upcoming quarters or are we seeing some more growth opportunity than the domestic markets for Acrylic? Let us say Rs. 7 crores, Rs. 10 crores in the upcoming quarters? what is your sense in terms of your demand?

Jagdish Gupta: We are quite hopeful that this quarter will definitely be and will be more than last quarter, but again total worldwide if you see everything except tourism industry, freights everything and in danger if you go everywhere. I travel so many countries; everyone is crying for business except I told tourism. So quite hopeful that this quarter should be better than last quarter in domestic markets.

Moderator: Thank you very much. Next question is from the line of Praveen Sahay from Prabhudas Lilladher. Please go ahead.

Praveen Sahay: Sir my first question is, is it possible for you to give a domestic and export volume contributions?

Jagdish Gupta: In domestic 14 lakhs sheet, while in export is 14.20 lakh sheets, 1.4 million.

Praveen Sahay: And next question is related to the realization, so your realization if I look at as down sequentially even the Y-o-Y, as you have already mentioned it is because of the export, the product mix, but is it also because of correction in the raw material prices?

Jagdish Gupta: That is just of course, that is also secondly as our domestic sale increase this quarter. Secondly due to ocean freight also. There is on this quarter there is an impact of Rs. 6 crores, Rs. 7 crores of ocean freight only. Number 3, in domestic we have a less realization. Whatever sale increase in this quarter that also reflects less realization.

Praveen Sahay: And as well as raw material price is going down?

Jagdish Gupta: Yes, correct.

Praveen Sahay: The next question is related to the capacity, how much the capacity do you have right now and with the Rs. 40 crores of investment, how much it will be?

Jagdish Gupta: No, Rs. 40 crores we discussed many time, we already said that is modernization and balancing of equipment only. We already invested almost Rs. 15 crores, Rs. 16 crores already on that.

Praveen Sahay: So, what is the capacity right now, sir?

Jagdish Gupta: Capacity, again every time discussing if you go for number figure wise, we are going for if we produce 10 sheet capacity can be more, we will go for compact laminate capacities number wise. We are discussing about volume wise and now we have 70%, 80% capacity utilization of the HBL plant now.



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- Moderator:** Thank you. Next question is from the line of Dhaval Shah from Girik Capital. Please go ahead.
- Dhaval Shah:** Sir the sale that you have done in this quarter of Rs. 149 crores in exports, so volume wise is it same as that of last year or volume is less than that?
- Jagdish Gupta:** Almost same.
- Dhaval Shah:** And from last quarter also it will be same from March quarter?
- Jagdish Gupta:** Yes.
- Dhaval Shah:** So, in export market little demand problem, which is there, is there some down trading going on? Customers are buying products of little less rates or demand....
- Jagdish Gupta:** They are not buying but they are forcing, this is one of the reason. We are registering a turnover of customer; our sale is not decreasing. If we want to totally reduce the prices will go to unorganized markets, then we can little bit increase the sale which we don't want because there is a brand value in the market.
- Dhaval Shah:** So, sir in export markets what is your seasonality? Which are the bigger months for you?
- Jagdish Gupta:** There is no standard, bigger months sometimes Europe now Europe are holidays, this is also one of the smaller factor last first quarter like in June, July, August in Europe country-to-country there is summer holidays 3-week, 4-week, little difference is there. Going forward it will become better, next month it will be peak for them like for us is Diwali. Work goes on in one company, in Israel Jewish holidays comes. This whole month is almost holidays, July, so overall it keeps on going like this sometime this, sometime that.
- Dhaval Shah:** Overall it becomes little normalized?
- Jagdish Gupta:** Yes, somewhere decreases somewhere increase.
- Dhaval Shah:** So, this time when there was an impact of cyclone, many Indian exporters saw that their sales for 10 to 15 days, their export could not happen out of India because of the cyclone, so was there any impact on us also?
- Jagdish Gupta:** The sale is this much only, some days the sales increase but really speaking there not much of an effect.
- Dhaval Shah:** And sir what will be your roadmap for Indian market for next 3 years? Can you tell something?



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- Jagdish Gupta:** This roadmap is that we are growing, some slow growth is happening in major brand every quarter there is increase in the sales. That we are doing, we don't know about 3 years, but we are quite hopeful that things are going better.
- Dhaval Shah:** And in presentation it is saying that got board approval for new CAPEX, so any amount of that or how much would be the CAPEX?
- Jagdish Gupta:** RS. 125 crores to Rs. 150 crores.
- Dhaval Shah:** When we will start that?
- Jagdish Gupta:** We have already started, architecture, land is already with us. We have applied for government approval. We are quite hopeful that we will complete this project maximum within 10 months to 12 months from now onwards.
- Dhaval Shah:** And how much sales can we generate from that project?
- Jagdish Gupta:** 400 to 600, again depending on the capacity utilizations.
- Dhaval Shah:** But at peak you can do 600?
- Jagdish Gupta:** Yes, Rs. 400 crores to Rs. 600 crores depending on the value addition, which value addition things are going better.
- Dhaval Shah:** And this EBITDA margin what you have done for the quarter you think you can maintain it looking at the at least for the next 2 quarters can you maintain it? Looking at the current raaw material prices?
- Jagdish Gupta:** Definitely.
- Moderator:** Thank you. Next question is from the line of Depesh Kashyap from Invesco Mutual Fund. Please go ahead.
- Depesh Kashyap:** Sir I want a little clarity on the volume number which you told, you said 1.4 million of exports in this quarter and 1.4 in domestic this quarter, what was the last year numbers means for exports it was 1.4?
- Management:** Are you talking about quarters?
- Depesh Kashyap:** I am talking about year-on-year.
- Management:** In exports 16.4 crores and in domestic 0.8.



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- Depesh Kashyap:** So, your domestic has become 1.4 from 0.8, this is a 75% kind of growth in volumes?
- Management:** Yes, we had a growth in domestic?
- Depesh Kashyap:** So, have you dropped the pricing a lot? Because your pricing overall your revenue growth is 17....
- Management:** In this the lamination contribution is more so. It depends on the product mix.
- Depesh Kashyap:** And sir in domestic, basically my understanding was that your working capital seems to be more, that was my understanding.
- Management:** No, that working capital is more.
- Depesh Kashyap:** So, 13% drop in exports, so how do you see, sir will it improve in future?
- Management:** Everything is based on product mix which quantity is more.
- Depesh Kashyap:** But this is a volume number? So, in volume number...
- Management:** In volume it that the if you do 0.8 sales out **(Inaudible) 20:39** which you have sell out and...
- Depesh Kashyap:** Sir my question was that in this quarter you did an export of 1.4 million and last year you did 1.6 million, so a 13% drop happened in export?
- Jagdish Gupta:** In export let me share the total figure we don't have so even if it is a difference, the difference is like this may be this quarter we have to evaluate, we are selling less quantities last year and as volume is concerned there can be cheaper product which we are selling as a commodity. In this if you go for sale wise, value wise the value is same and rather it is more realization in this quarter from export. As it is 1.6 and 1.4.
- Depesh Kashyap:** So, your realization what I understand is that your freight cost which has dropped, so when you sell to exports the price is built in, right?
- Jagdish Gupta:** 50% is built in not the full. When there is increase, we started taking from people, and we used to get it now it has reduced, so because of that the sale become down this quarter.
- Depesh Kashyap:** Sir in this other expenses, how much was the impact of freight quarter-on-quarter? If you can tell something, then that will be useful? When your Rs. 48 crores became Rs. 39 crores?
- Management:** I don't have the figure with me, but the major difference is that the EBITDA margins have improved and working capital is improved.



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- Depesh Kashyap:** So, you told Rs. 20 crores Y-o-Y that there is a drop of Rs. 20 crores in freight cost?
- Jagdish Gupta:** It will decrease yearly.
- Depesh Kashyap:** Will increase or decrease?
- Jagdish Gupta:** It will decrease, there will be difference of almost Rs. 20 crores this year. The ocean freight which was \$7000-\$8000, it is now 1,000, 1,200, 1,300.
- Depesh Kashyap:** And 50% will be reduced from your topline value accordingly, then your 50% will be build-in?
- Jagdish Gupta:** Yes, correct.
- Depesh Kashyap:** Sir lastly, wanted to understand on gross margins like phenol and all the chemicals' prices are going down, so why your gross margin was not better the last quarter? In fact, it was lower, so I am not able to understand that?
- Jagdish Gupta:** Its reason is that which has started to go down that has effected everything ethanol we are going to import, melamine we are importing, our planning is for 6 months, we have to plan for 6 months. Tomorrow it can increase also, the orders which are in pipeline it will come to us from now onwards. 3, 4 months will be there suppose tomorrow by chance if there is increase in the prices that effect will not go to us immediately.
- Depesh Kashyap:** So, your gross margin improvement will start happening from the next quarter?
- Jagdish Gupta:** Yes, little bit and on next product it will go on.
- Depesh Kashyap:** Sir last question, we were expecting 20% growth in our topline and now it looks very difficult like in this quarter it has declined, so how will you.....
- Jagdish Gupta:** No, how declined, it has increased from the last quarter.
- Depesh Kashyap:** No, sir on quarter-on-quarter there is little decline also like this time you did Rs. 225 crores, last quarter it was Rs. 236 crores, your sales?
- Jagdish Gupta:** No, it is topline, and you can see the reason for it like I said that there is overall recession on ocean freight, but if you see our overall EBITDA, it has increased better than Rs. 236 crores.
- Depesh Kashyap:** Yes, sir absolutely, I was on volumes from the last few quarter our volume is going down?
- Jagdish Gupta:** No, that will also increase. Everything is not in our hands. This recession is not only for us for everyone. We don't want to sell even after falling too much as we have a value in export market.



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- Depesh Kashyap:** So, the recession which you are talking about, are you changing the CAPEX plans now, are there any changes in your CAPEX of Rs. 40 crores plus Rs. 50 crores plus?
- Jagdish Gupta:** It is happening in the middle, it is a combination of machines they are balancing, they are doing automation as well.
- Depesh Kashyap:** Last quarter you told about a CAPEX of around 150 crores?
- Jagdish Gupta:** No, it was different. It has been started, a previous contestant asked. We have started, it is of different sizes. It is not with this.
- Depesh Kashyap:** The timeline is same next March, there is no change in that?
- Jagdish Gupta:** No.
- Moderator:** Thank you. Next question is from the line of Udit Gajiwala from YES Securities. Please go ahead.
- Udit Gajiwala:** Sir only one clarification is needed. Previously when asked about CAPEX, which you told of Rs. 125 crores, Rs. 150 crores. You told that 10 months to 12 months from November and now you told it will start from March, so there is some confusion in that?
- Jagdish Gupta:** Which November?
- Udit Gajiwala:** Which you told that will start from about 10 months to 12 months, CAPEX of Rs. 150 crores which will start from March? If you can tell us the timeline more clearly?
- Jagdish Gupta:** See the timeline is like we are already getting every approval from the government. We have started doing it, it will take 10 to 12 months to start production this is my answer.
- Udit Gajiwala:** So, sir 10 months to 12 months from today or you are saying from....
- Jagdish Gupta:** Yes, we have started that is why 10 months to 12 months, a few of the formalities are there, in machinery, cyclone came, or any such problems comes, that is a different issue as per plan it should be in production before 1 year.
- Udit Gajiwala:** Sir in EBITDA margin you are saying that the run rate which we have done quarterly will remain sustained, but as other expenses were low and due to that EBITDA margins are high, but if our exports increases as you are confident then that other expenses should also increase?
- Jagdish Gupta:** It will increase proportionately. The ocean freight has become normal now. And again, it becomes abnormal then we can get from the people, we can charge from the customers. Rather how much our topline increases, expenses should be reduced, and it will reduce.



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- Udit Gajiwala:** And in Acrylic what is your outlook for this year?
- Jagdish Gupta:** Target is Rs. 70 crores, Rs. 80 crores should come like this season also Rs. 40 crores, Rs. 50 crores should happen. In market we are gaining more in domestically also and export also. Still, we are not at loss in this, even in these figures because there is no such manpower, no much power supply, no power charges. Everything is mostly automatic.
- Moderator:** Thank you. Next question is from the line of Bhavya Gandhi from Avendus Wealth. Please go ahead.
- Bhavya Gandhi:** Sir I have 2, 3 questions, one was the modular expansion which you are saying of Rs. 40 crores, so sir how much incremental revenue can we expect from it? Because are you saying to increase 40% capacity or increasing 40% revenue?
- Jagdish Gupta:** No, we have not said capacity. We were saying Rs. 40 crores investment will be made. Currently, Rs. 40 crores is only Rs. 35 crores or Rs. 30 crores, what happens is that we had the press of 12 lines we extended to 14 lines, impregnator speed is increased, we are doing for 2 more chambers each of Rs. 15 lakhs and you can say this type of modernization or automation is done, by doing that what happens is that your capacity is increased by 10%, 15%, 20%.
- Bhavya Gandhi:** So, sir if today we forget this CAPEX of Rs. 150 crores then how much peak revenue you can do from existing and modernization?
- Jagdish Gupta:** This thing goes in every quarter this minimum from Rs. 1,500 crores to Rs. 1,800 crores in this existing plant including acrylic. We have not changed the figures from day 1 after putting this Rs. 40 crores expansion, not expansion actually, automation and modernization whatever you can say.
- Bhavya Gandhi:** And sir this CAPEX of Rs. 400 crores to Rs. 600 crores and Rs. 150 crores which you are saying, how long it will be achieved like 2 years, 3 years or in first 2 years?
- Jagdish Gupta:** Maybe that much time will not require because if we go for any new products like in acrylic, we are taking time, it is a new product for us in manufacturing. It is our own product that customer is asking from us that sizes and we will get sizes it will be first in India. It has a huge export market. We can get it very soon as you told in 3 years it can be approved, surely. It is like you are asking questions for acrylic, maybe it will not be required to ask question in that, but yes, doing Rs. 100 crores, Rs. 150 crores in the first year is not at all a problem from the day 1 and same esteem customers are there whom you have to tell this size is already now available from this month.
- Bhavya Gandhi:** And sir if you can talk about the demand that export from where and from which country you can get the orders for this Rs. 400 crores, Rs. 600 crores, the incremental CAPEX which you are adding, so which countries you are focusing?



- Jagdish Gupta:** In all the countries, if you see in India, it has a sale in India. The size like 4/16 is the size. In India there are 6 to 7 presses have been installed. It is the demand that everywhere there are cubicles there is one more which is not made here it is imported. It is like this in every country, in some countries sale is less while in some other countries sale is more, so there is no specific country, every country has a demand for that size.
- Moderator:** Thank you. Next question is from the line of Alisha Mahawla from Envision Capital. Please go ahead.
- Alisha Mahawla:** Sir my first question is that this 25% growth which we are targeting for this year, does it seem to be achievable?
- Jagdish Gupta:** Previously someone also asked this question and he was saying himself what are you challenging, I told that the only challenge is what our expectation was if there was no recession like this, then it was achievable, if 25 doesn't happen, will try 20 happens, if 20 doesn't happen will try 15 can happen, it will happen but it will not be down as compared to last year.
- Alisha Mahawla:** Sir in domestic demand like our seeing the volume growth is almost 70%, so is it possible that in exports if 2, 3 quarter recession is going then by focusing more in domestic this 25% can be achieved?
- Jagdish Gupta:** In domestic growth is happening, but the revenue profitability is going in export. Our export will not be down. It could happen that the export which we were expecting may not increase, from last year it will not go down.
- Alisha Mahawla:** And the growth which we are seeing in domestic, is it that some distribution, how much is our dealer distributor? How much addition has been done in the last 1 year? Can you please explain something on this?
- Jagdish Gupta:** Every time same question is for dealer distributors, we don't want quantity one, we want quality one. Distributor, we have he says I want 1,000 maybe he is selling 20 sheets, 50 sheets, 100 sheets. Quality should be good, if it is 100 then he is selling 500 sheets that is more important. For this reason, we have it now going for a quality, very good distributor all over India. Slowly, we are getting a hold in South India also. You can see the figures in the quarter, there is an increase in domestic market.
- Alisha Mahawla:** Sir we understand that dealers should be of a quality, but still our focus will be there only, so if any addition is addition?
- Jagdish Gupta:** Yes, it is happening that is why sales are growing. If addition is happening that is why sales have increased. It is not just that sales have increased 10 or 20, but yes you are right addition is happening.



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- Alisha Mahawla:** And sir any ad spends at the national level, is there any target like this year is silent and to make it stronger?
- Jagdish Gupta:** We are doing area wise also like we have a monopoly. First of all, we want to concentrate on that all over India our dealer network should be made then we will campaign for India level. There is no problem, you can understand, to do ads of Rs. 5 crores to Rs. 10 crores that is not a problem, but there should be availability of product in the whole market.
- Alisha Mahawla:** This CAPEX which we are doing of Rs. 150 crores, this will be funded through internal accruals, or we have to take the debt as well>
- Jagdish Gupta:** No, we have sufficient enough funds, still we are totally debt-free rather we have more FDI in our account.
- Moderator:** Thank you. Next question is from the line of Akshada Deo from VIVOG Commercial Limited. Please go ahead.
- Akshada Deo:** Sir can you share the scale up plan for your capacity for acrylic sheet?
- Jagdish Gupta:** No, scale up plan. The capacity we can produce, volume wise if I tell you, value wise it will be better, volume wise there is 2 thicknesses, 6 mm and 12 mm and with this we can do a minimum turnover of 350 to 400 yearly on both machines.
- Akshada Deo:** The capacity which will be there, it will maintain with the current margins of the company?
- Jagdish Gupta:** Yes, it should be increased, the expenses that we are incurring whenever the topline is increased there is always decrease in the expenses.
- Akshada Deo:** Sir I want to know your contribution to EBITDA from laminate, MDF and acrylic surface individually?
- Jagdish Gupta:** In acrylic I cannot give you any figure, in acrylic we are not in loss, it will be at a breakeven point. Second, laminates and short cycle and hot coating it is already 18.5, this is the figure.
- Moderator:** Thank you. Next question is from the line of Divyansh Gupta from Latent Advisors. Please go ahead.
- Divyansh Gupta:** Sir I want to ask one question this certifications that we have received NSF International, with this what benefits will we get in the US market? Like our sales will grow or what are the advantages?
- Jagdish Gupta:** Yes, it will increase because without it they cannot buy it, acrylic they cannot use it without NSF certificate.



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- Divyansh Gupta:** So, in US our demand will be there?
- Jagdish Gupta:** They need it, there is a demand, like in India first ISI mark is required in US they need it.
- Divyansh Gupta:** And sir in acrylic you told that our sales can be about of Rs. 200 crores type?
- Jagdish Gupta:** It can be more also.
- Divyansh Gupta:** It is a good thing if it is more, but now you told that this year Rs. 50 crores or Rs. 80 crores something?
- Jagdish Gupta:** Yes, Rs. 50 crores, Rs. 60 crores.
- Divyansh Gupta:** So right now, are we not able to scale up?
- Jagdish Gupta:** It is a new product, all foreign companies they have office in India. They have brand value LG, Samsung, all those brands, they all have brand value so we are also in that market like in laminates don't know how many years it took for us to establish, may be 15 years or 20 years. And it has been only 2 years after Corona, we are getting a good market shares.
- Divyansh Gupta:** And sir last question, the CAPEX of Rs. 150 crores that we have done, this we have done in our subsidiary company?
- Jagdish Gupta:** Yet not done.
- Divyansh Gupta:** Yes, I mean our plan to do CAPEX.
- Jagdish Gupta:** We are going to start.
- Divyansh Gupta:** So, are we doing this in our subsidiary company?
- Jagdish Gupta:** No, not doing in subsidiaries. Now we have to look at subsidiary at that time for plywood units when we made it. As it is now not in plywood it is totally different and there is a raw material 100% same everything is same, so we are doing it in the same Stylam.
- Divyansh Gupta:** The question was why are you not doing in your main company where we make laminates?
- Jagdish Gupta:** We are doing in that only. The company which made previously Stylam **Primer 39:49**Limited for plywood factory. Now we go for laminates so we will go through Stylam Industries Limited only in the same company.
- Divyansh Gupta:** Group wise it will be same, but one is your parent company and other is your subsidiary company, right?



- Jagdish Gupta:** No, we are putting it in parent company only, not going for the subsidiaries.
- Moderator:** Thank you. Next question is from the line of Viraj Parekh from Carnelian Asset Management. Please go ahead.
- Viraj Parekh:** Only one question, right now someone asked that acrylic which is our segment is at what margin, so what did you say, the breakeven in the EBITDA level or at PAT level?
- Management:** About which level are you asking? Asking about PAT level, PAT level is about....
- Jagdish Gupta:** Is in net profit level.
- Viraj Parekh:** So currently in EBITDA level that margin is accretive or diluted in acrylic segment?
- Jagdish Gupta:** Only Rs. 9 crores turnover has happened in one quarter.
- Viraj Parekh:** In FY23 our topline was Rs. 21 crores for acrylic, so what was the profitability of this segment at margin level and at what was in PAT levels?
- Jagdish Gupta:** We haven't figured it out yet, will tell you afterwards, but one thing I know we are not at loss even in this stage. EBITDA has not come, net profit also not came, we will figure it out all the numbers. We haven't made such exercises before.
- Viraj Parekh:** We are asking this question because our capacity utilization for acrylic is low as compared to the capacity we have.
- Jagdish Gupta:** No, only 10% that is why breakeven came because this is completing the operational cost and completing the ramping cost whatever our expenses are. We are getting all expenses, there is no loss from that and there is no profit from that. I will give the breakeven to Ashishji by tomorrow.
- Moderator:** Thank you. Next question is from the line of Alisha Mahawla from Envision Capital. Please go ahead.
- Alisha Mahawla:** Sir wanted to understand only one thing, you were explaining earlier, but your voice was not clear, in domestic our volume growth has become 1.4 million sheet from 0.8 million sheet, but the domestic revenue has only grown from Rs. 66 crores to Rs. 77 crores means realization has decreased a lot, what can be the reason for it?
- Jagdish Gupta:** Reason for it is our sale is increasing more in commodity, less value of sheets, there are some sheets which are of Rs. 300, many are of Rs. 2,000, and some are of Rs. 1000. We are going slowly in that segment that is why the number has increased in volume but showing less in figures. This is the reason.



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Alisha Mahawla: And going forward considering competitive scenario, others are also putting capacity in the industry. For a while our focus will be in this commodity segment where realization will be the same?

Jagdish Gupta: No, if we have to go to the commodity then we don't have to open so many distribution network. There is no need to stock in commodity, it goes in trucks. I think you only asked about advertisement, so there is no need for any advertisement for anything. Nobody can depend on commodity; factory cannot run like this. It should be a mixed product, but starting same thing happens with us 20 year back. So, we started with commodity and now we are almost selling to every part of the world.

Alisha Mahawla: So, this is entry strategy and after that we....

Jagdish Gupta: We are entering in that let us see in total sale it is 1.4 million. It is not like that it is a 100% commodity. In this 60% will be other, it is a mix product. Volume has increased so realization has come down.

Alisha Mahawla: The realization difference in domestic and export has increased in this quarter?

Jagdish Gupta: We always say that export is more liquidating and more better.

Moderator: Thank you. Next question is from the line of Dhaval Shah from Girik Capital. Please go ahead.

Dhaval Shah: Sir if you can explain me the nature of the industry, like how many will be the organized players in this? How is the unorganized competitive scenario in this?

Jagdish Gupta: See in organized I will say that everyone calls himself organized. I think in real that this 4, 5, 6 maximum whatever you say in India. There are different categories. Unorganized are doing their work, organized doing their work it is totally different. Now organized market is growing little bit as compared to earlier reason being GST is only 18% and Our Mr. Modi is also indulged saying Make in India, it is increasing but still unorganized sector is much more than organized sector.

Dhaval Shah: So, your distributors in the end market at the dealer level who sells Stylam products then in his shop or showroom how many other brands will be there with him?

Jagdish Gupta: In today there is no dearth of brands, everyone has many brands with them, the one that works nicely start selling, like ours in exports. Our sales also day-by-day is increasing in domestic there is no hard and fast rule, and it does not have any survey as well if you go and see in the market then everyone has 4, 5 catalogues.

Dhaval Shah: Do we have any project sales like direct development?



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- Jagdish Gupta:** Yes, it is happening.
- Dhaval Shah:** So, in that more volumes will be reduced?
- Jagdish Gupta:** Yes.
- Dhaval Shah:** How will it be profitability wise? It will be little less as volume is more?
- Jagdish Gupta:** Yes, volume is more, so expenses is not there is no catalogue cost, marketing cost is not much there.
- Dhaval Shah:** And all that sales are routed from our distributors or directly billing from the company?
- Jagdish Gupta:** It is done directly, big directors who take credit through distributors otherwise not.
- Dhaval Shah:** What will be the proportion of that sales for us right now?
- Jagdish Gupta:** It is not much, it is not more than 10%, 15%. 5%, 6% is though our distributor who are local.
- Dhaval Shah:** Yes, given we are doing so much of advertising activity, we are doing that. And sir last question any particular reason for selecting this cricket team as a sponsor this Kings XI Punjab?
- Jagdish Gupta:** Reason is that earlier somebody asked why you are not doing, there is no reason. We are putting all the efforts from our side in this area this was in Chandigarh, are you talking about old thing or new thing?
- Dhaval Shah:** No, currently which is given in your presentation in your marketing initiatives?
- Jagdish Gupta:** That was Mohali match, there was their match. There only we sponsored them locally because our sales is more in Punjab side.
- Dhaval Shah:** So, this will continue, this sponsorship every IPL?
- Jagdish Gupta:** It depends on the cost, how much is the cost, it depends on that. At India level we will go but we didn't do this year, did in earlier years before COVID. Will make the total market if distribution network is made everywhere then we will go for it.
- Dhaval Shah:** So currently region wise what will be our sales mix?
- Jagdish Gupta:** It is going on, we are very strong in the South, in North also where we have our distribution, in some states we are not there, there also we are making our distribution.
- Dhaval Shah:** First is South and North will be the top one?



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- Jagdish Gupta:** Yes.
- Dhaval Shah:** So, West is a very large market where you are yet to penetrate big?
- Jagdish Gupta:** Yes.
- Moderator:** Thank you. Ladies and gentlemen, we will take this as a last question for the day. I now hand the conference over to Mr. Ashish Poddar for the closing comments.
- Ashish Poddar:** Thank you everyone for joining us today for the call. Thank you management for giving us this opportunity to host the conference call. Have a good day.
- Jagdish Gupta:** If there is any question unanswered, we will give you the figures, you can pass on to them.
- Moderator:** Thank you. On behalf of Systematix Institutional Equities, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.