

August 22, 2025

To,
BSE Limited
Dept. DSC_CRD
Phiroze Jeejeebhoy Towers,
Dalal Street
Mumbai 400 001
BSE Scrip Code: **506222**

National Stock Exchange of India Limited
Exchange Plaza,
Plot No. C/1, 'G' Block,
Bandra- Kurla Complex,
Bandra ('E')
Mumbai 400 051
NSE Symbol: **STYRENIX**

Subject: Transcript of Earnings Call with Investors / Analysts held on August 14, 2025

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

Dear Sir,

In continuation to our letter dated August 11, 2025 informing about the earnings call organized by the Company on August 14, 2025, please find attached Investor Call Transcript for your record purposes.

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

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

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

Thanking you.

Yours faithfully,
For **Styrenix Performance Materials Limited**

Chintan Doshi
Manager – Legal & Company Secretary

Encl: As Above





“Styrenix Performance Materials Limited

Q1 FY '26 Earnings Conference Call”

August 14, 2025



**MANAGEMENT: MR. RAHUL AGRAWAL – MANAGING DIRECTOR –
STYRENIX PERFORMANCE MATERIALS LIMITED
MR. BHUPESH PORWAL – CHIEF FINANCIAL OFFICER
– STYRENIX PERFORMANCE MATERIALS LIMITED
MR. CHINTAN DOSHI – MANAGER, LEGAL AND
COMPANY SECRETARY – STYRENIX PERFORMANCE
MATERIALS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Styrenix Performance Materials Limited Q1 FY '26 Earnings Conference Call. We have with us today from the management of Styrenix Performance Materials Limited, Mr. Rahul Agrawal, Managing Director; Mr. Bhupesh Porwal, Chief Financial Officer; and Mr. Chintan Doshi, Manager, Legal and Company Secretary.

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

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

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

Bhupesh Porwal: Yes. Thank you very much. Ladies and gentlemen, Namaste everyone. I am pleased to welcome you to our Q1 June '25 conference call as we reflect on our performance in Q1 of FY '26. I'm delighted to announce that we had witnessed a good demand of our products in this quarter.

Our expansion plan is going as per schedule mentioned in the last investor presentation. We will update if there are changes in the plan. The debottlenecking exercise announced in October '23 has also been completed as announced in the last investor call and also mentioned in the presentation.

Coming on to our financial performance. Q1 FY '26 highlights. Sales volume of Q1 was 51.8 KT versus 48.1 KT in Q4 FY '25, that is increased by 8.1%. Revenue stood by INR721 crores in Q1 FY '26 versus INR701 crores in Q4 F'25. That is an increase by 28.85% and an increase by 3.1% compared to Q1 FY '25, which was INR700 crores.

PBDI stood at INR86.1 crores, that is 11.9% versus INR83 crores, 10.8% in Q4 FY '25 and INR92.2 crores that is 13.2% in Q1 FY '24. PAT stood at INR54.9 crores in Q1, that is 7.6% versus INR53.2 crores, 7.58% in Q4 FY '25. For the consolidated Q1 FY '26 highlights, sales volume for Q1 was 67.2 KT versus 64 KT in Q4 FY '25, that has an increased 5%.

Revenue stood at INR943.5 crores in Q1 versus INR939.7 crores, which is an increase by 0.5%. PBDIT stood at INR99.8 crores versus INR89.9 crores, which is 10.6% and 9.6%, respectively. PAT stood at INR51.9 crores in Q1, that is 5.5% versus INR56.2 crores, 6% in Q4 FY '25.

The company has acquired Styrenix Performance Materials Thailand Limited in January '25 only and the consolidated results for the quarter ended 30th June '25 includes financial results of subsidiaries. In the previous corresponding quarter, the company did not have subsidiaries.

Therefore, only stand-alone financial statements were prepared according to the previous corresponding quarter figures presented in the consolidated financial statements are derived from the stand-alone financial statements of the company and are not comparable with the current year consolidated figures.

As you all know, we had incorporated a special purpose vehicle in Thailand for acquisition of the target company as the purpose of that SPV is completed. So now that has been merged with our target company on 26th of June '25.

This is all about highlights of the quarter ended June '25. And now we may proceed to answer the questions you may have. Thank you very much.

Moderator: We take the first question from the line of Aditya Khetan from SMIFS Institutional Equities.

Aditya Khetan: Sir, my first question is, so during the quarter, we had witnessed a notable decline in the realizations and the gross and EBITDA spreads also have declined. Is this related to lower product mix or the market spreads of both the products, PS and ABS have itself declined?

Rahul Agrawal: Hi Aditya, can you ask all your questions at once?

Aditya Khetan: Yes, sir. Sir, my second question, sir, I missed on the volumes part of Thailand. I mean I think you mentioned on the consolidated volumes. I missed on that. And sir, my third question is what is the ramp-up we are looking in Thailand for this fiscal and for the next year? And sir, like -- and the fourth question is, so when we look at the stand-alone business, it is near operating at peak utilization levels.

Although you mentioned in your presentation regarding the weak outlook in the second quarter because of the lower volumes in 2-wheeler, passenger vehicles and also into the stationery business. So how you see volumes will evolve over the next couple of quarters? And apart from the ramp-up of Thailand, which are the other -- which are the growth triggers we are looking at? Are we looking at another inorganic acquisition? And what is the outlook for the business?

Rahul Agrawal: Hi Aditya, thank you. So, in terms of realization for the quarter, it's very much in line with what we see in Q1 every year. Typically, it's a little bit higher, but this year, we had a little bit of slowdown because of early monsoon. And therefore, the uptake that you would normally expect in household appliances, consumer durables, that was a little bit lower.

However, we were able to still do higher volumes, as we have already mentioned. The volumes in India, we did close to around 51,000 tons, which is the highest sales ever done by the company. So, in terms of volumes, we have grown, which is close to 8.5% over the previous quarter and also similarly, the similar quarter next -- last year as well.

In terms of realizations, yes, there is a bit of a product mix, which also has changed. And fundamentally, as we know, we work on certain spreads. So those spreads might have also moved on account of raw materials. And while our margins remain intact, those would have impacted us as well.

Volumes in Thailand, I think I've already mentioned, was mentioned by our CFO. The consolidated volumes are about 6687. So, we did about roughly 16,000, 17,000 tons in Thailand, the balance is in India. In terms of ramp-up in Thailand, we are still operating at fairly kind of low utilization levels in Thailand. So, there is a significant scope for us to increase volumes. It has been only 5 months that we have taken over this business.

In accordance with trying to increase the capacity utilization we have embarked on a significant sales strategy, which we have outlined in our investor presentation, what we have done in terms of opening offices across Asia.

We do believe there is a good situation where we will be able to realize additional volumes. It's a little bit early to specify what those increases will be in the next few quarters. But definitely, we do believe that over the course of next year or 2, we will see additional volumes coming in from Thailand.

So, for the current business, the Indian business, yes, I had mentioned that there is a bit of a slowdown, again, because of early monsoon in some sectors, we have witnessed that. But we do believe that this will get corrected over the course of the year. And on an annualized basis, we are still on track to meet our targets.

Aditya Khetan: Sir, on to the inorganic acquisition, anything is lined up?

Rahul Agrawal: No, we can't -- we cannot speculate on that right now. So, I would refrain from answering that question.

Aditya Khetan: Got it. Sir, just one follow-up, sir, on to Thailand, as you mentioned, so 16,000, 17,000 tons, it looks almost similar compared to last quarter. So, this ramp-up, I believe you have mentioned that it could be taking some time. So, is it because of some structural issues in the production, which is limiting the uptick in volumes or the demand itself has come down, which is why we are operating at this level?

Rahul Agrawal: So, in Thailand, there are multiple challenges when we have taken over the business. We have also had to go back to several customers with revalidating our brand. As you know, earlier, the earlier company was operating under a different brand. We are operating under our own brand. So all those changes are taking place with different customers across Asia. As you know, we supply into China, Japan, within Thailand as well, into Korea, Vietnam, South Korea.

So, several geographies. And there is a significant effort involved in revalidating some of the products at times and also reaching out to those customers, ensuring that they understand who we are in terms of the product profile and also in terms of the confidence which has to be built across those customers. So, it's a question of time. We are quite sure with all the efforts we have put in place that will happen. But like I mentioned already, it may take some time.

Moderator: We take the next question from the line of Aashish from InvesQ PMS.

Aashish: So sir, you mentioned in the initial remarks that we will meet our annualized targets despite Q1 being soft due to seasonal factors. So, what would be the target this year given the demand scenario? And is it too difficult in terms of -- because automobiles, we see numbers being soft. In consumer durables, we see it to be soft. So how as an entity we plan to grow this year?

Rahul Agrawal: Any other question, Aashish?

Aashish: Yes. Second question would be on the Thailand integration -- where have we progressed? You mentioned a lot on the qualitative aspects earlier, but how will the profitability trajectory move in this business and the utilization? Any color on that will be helpful? How long or where have we reached on the curve actually? That's it from my side.

Rahul Agrawal: Yes. So, in terms of targets, I think we have mentioned in terms of what volumes we are targeting across the business. And I do believe that in spite of whatever gaps there may be, we are still on track to achieve those volumes on an annualized basis. In fact, the first quarter itself, while there might have been some kind of low uptake in certain segments, our volumes are still very much on track.

So, we have still achieved close to 51,000, 52,000 tons of product, which is the highest sales the company has ever achieved. We do believe on an annualized basis also, in spite of low demand in certain areas, we will still be able to cover for it and still be able to achieve our target of the entire volumes.

So, I think this has been outlined earlier and I believe it is to the order of 10% to 12% additional volume growth over the previous year. So, I think we would still be able to achieve that. In terms of Thailand integration, I think some of the work which has been done by our team has been quite good. We have been able to successfully implement our own SAP system over there in a short period of time.

So, in terms of IT controls, that has been done at a good pace. In terms of the overall team's coordination, in terms of working which needs to happen in terms of technologies, in terms of process improvements, all of that work is going on. Profitability for Thailand is difficult to ascertain at this stage. Like I mentioned, a lot of the profitability would depend on the capacity utilization of the asset over there, and that will happen over a period of time.

So, I do believe that the market opportunity is quite immense. If I look at all the segments that we are supplying to, whether it is the automotive EV segments in China and the rest of Asia, whether it is even the appliances sectors in those areas. And given our product profile that we have, which is relatively unique in the area, I do believe that for us to ramp up the capacity should not take too much time.

Aashish: Okay. Sir, anything to share on the ABS spreads in case you have any fillers as to the market overall? How is the spread on the products that we sell? Any comments on that will be helpful, actually.

Rahul Agrawal: So overall, they are in line with what have been historically there, barring certain factors which can influence, say, a month or two. But on an annualized basis, I think we are very much exactly where we have been for the last few years. So that has not changed much.

Moderator: We take the next question from the line of Kalash Jain from AlfAccurate Advisors.

Kalash Jain: So just one question. So, we have seen a good margin expansion on the Thailand -- the Thailand plant. So, what is the kind of mix there and like how do we look at the gross margins going ahead? Is it sustainable? Or what kind of scope is there in margin expansion? This is the first

question. And second is just wanted to know that when are these capacities going to come up in which quarter of the next year? So just wanted your view on that.

Rahul Agrawal:

Thanks, Kalash. So, in terms of margin expansion in Thailand, again, like I mentioned, it is a function of capacity utilization. So, we will get some operating leverage over there. There is -- there are significant fixed costs in Thailand, which have to be taken care of. Today, the total volumes that we are producing are selling -- are lower, much lower than where we can be. And we do believe in time that will happen.

We do also believe in terms of product profile, we have a very interesting product mix in Thailand. And there are, of course, efforts in order to further improve that product mix as well. Of course, that's more of a slightly longer-term strategy. But overall, I think currently, volume kind of capacity building, capacity utilization being the first and then followed by further product mix optimization will help us.

In terms of capacity in India, I think we are on track to what we had mentioned earlier. So, I think we had mentioned that for the ABS capacity expansion, which we are planning, 50% of that would come online in the next financial year, and we are very much on track to achieve that.

Kalash Jain:

So sir, any specific quarter by which the capacity would be online?

Rahul Agrawal:

So I think, again, it's a function of a lot of moving parts as of now. It will be difficult to give exact numbers now because we are still more than a year out, right, in terms of achieving that expansion in. So, we are still planning as of now, anywhere from 12 to 15 months to achieve that further augmentation in capacity. But exact number -- month and quarter, we can't ascertain today.

Moderator:

We take the next question from the line of Duttatreya, an Individual Investor.

Duttatreya:

I am Duttatreya Chaknes, individual investor. Please convey my heartiest thanks to Board for handsome dividend.

Rahul Agrawal:

You are very welcome sir.

Duttatreya:

I just wanted to know sir, any product mix we are encountering sort of a slowdown in your other segments. Is it you are likely to develop anything for the aerospace industry?

Rahul Agrawal:

So sir, specifically for aerospace, we don't have a large product profile, but we do have certain products which can be used in aerospace, certain blends. And that we are already developing, we're already working. And we do believe that with the overall product mix that we have between Thailand and India, there will be more opportunities in the future. So currently

Duttatreya:

What I suggest as a shareholder that you should go forward composite of carbon fiber.

Rahul Agrawal:

Yes, sir.

Duttatreya:

That would have potential -- tremendous in the coming years. Because I read one report conducted by University of Turkey, they found ABS is the most suitable polymer compared to

others and it is reinforced by carbon fiber develop a product like that, it would be much better for our company.

Rahul Agrawal: Yes, sir. We'll take note of the same.

Moderator: We take the next question from the line of Priyank from Vallum Capital.

Priyank: Sir, again, sorry on the capex side, last time you had mentioned that by calendar year-end, you would be adding that 50,000 tons ABS capacity. Not sure if that is delayed. My second question is on the India business cost structures, anything that is there for us to reduce the cost in the coming years or even in this year?

Rahul Agrawal: Reduce the cost in Thailand?

Priyank: No, no. I'm talking about India. Is there any low-hanging fruit or anything that can be worked out in India to -- are we working on that front to reduce the cost in India operations?

Rahul Agrawal: Any other questions, Priyank?

Priyank: No, I am done.

Rahul Agrawal: Yes. So as far as our capex is concerned, as we had outlined in the last investor presentation, where we spoke about adding the 50,000 tons additional ABS capacity, this is actually on track. This was planned for next calendar year. So, I think we are on track to do that, and we should be able to accomplish the same.

In terms of reducing cost, there are no specific low-hanging fruit to our knowledge. But of course, as an organization, it behooves us to continuously look at possibilities to reduce cost and to become a little bit more efficient. So that effort is ongoing, and there is continuous effort happening in that direction from all our departments.

Moderator: We take the next question from the line of Tushar from Omega Portfolio Advisors.

Tushar: Sir, I could see that India imports over more than 140 KTPA of ABS and there is additional capacity which is coming on since we have to 390 KTPA going forward by FY 28. Just wanted to know this capacity would be sufficient to still be existing gap and the upcoming demand. Would you sir help me out high-grade ABS as a market share of this quantity. And what would be the share of us in that?

Rahul Agrawal: I'm sorry, did you say high-grade ABS?

Tushar: Yes, specialty ABS.

Rahul Agrawal: Yes. Okay. So, we do believe that the capacity expansions that we are doing will obviously help in mitigating some of the imports, which are currently taking place into the country. Again, it depends on the entire market dynamic in terms of all the players, how fast and effectively they are able to add capacity into the market to actually determine whether we will be able -- we will be fully independent or not dependent rather on imports. So that time will tell.

We are doing our bit towards -- this. So, we do believe that there will be a healthy balance of capacity and demand over the next 2 to 3 years as all the capacities that we have outlined come into play and as well as the other capacities which have been announced.

In terms of specialty ABS, again, we have close to 60% to 70% market -- our share of specialty ABS is about 60% to 70% within our total ABS that we sell and that continues to be the case. I think across the market, that percentage is only slightly lower in India, and we are operating at slightly higher levels.

Tushar: Got it. Sir, just wanted to know like one of our peer in Rajasthan based any different ABS we sell company?

Rahul Agrawal: I am sorry. I was not very clear. I didn't get it. Can you please repeat your question?

Tushar: So just comparing with your peer. So, in terms of like the grade or the specialty, any different ABS you sell in the Indian market?

Rahul Agrawal: So, I think like we produce specialty ABS, some of our peers also produce specialty ABS. Of course, like I mentioned earlier, with the addition of Thailand, we have got access to certain product grades, which we did not have earlier, and that will help us expand our capabilities in being able to service more specialty ABS opportunities as well in India. Other than that, I do believe, yes, there are peers who also have specialty ABS like we do.

Tushar: Sir, just last question on the ABS alloys like the blend of PC. PC is not manufactured in India as of now, but going forward, some chemical players are interested to do that. Do you see that ABS PC blend a big market going forward for some specialty applications?

Rahul Agrawal: Yes. So PC ABS, as you know, primarily goes into automotive industry and electronics industry. I -- we do believe as an organization that both these industries will grow at a robust pace, possibly even exceeding the GDP of the country. So, keeping that in mind, the PC ABS demand will also grow. PC ABS also goes into more premium products, and there is a premiumization happening across both the sectors. So, we do believe that the growth will be robust in that segment.

Moderator: We take the next question from the line of Radha from B&K Securities.

Radha: Sir, on the supply side, one of the competitors is adding about 70,000 metric ton capacity of ABS this month. But on the demand side, the user industry demand is muted. So, are you witnessing any pricing pressure in ABS? Or do you foresee to witness any pressure in the near term?

Rahul Agrawal: Any other question, Radha?

Radha: Yes. The second question is related to the answer of your first sir.

Rahul Agrawal: Okay. So currently, obviously, we have not seen the product yet that you have mentioned, but I do believe it will come online very soon. As far as the pricing pressure is there, it is hard to kind of today decide what there will be. We do believe there is sufficient market opportunity.

If you look at total imports in the country, there is still a significant portion of imports coming into the country, where -- wherein there will always be a preference for domestic locally manufactured products on account of various schemes and incentives also by the government, which have been put in place and also the value, which is added by domestic manufacturers.

In terms of overall demand, if you look in the country, we do believe on an annualized basis that the demand will grow as we have forecasted earlier. So, while a specific quarter may have a muted demand -- like I mentioned in this quarter, there was some slowdown because of early monsoons in certain segments. But this is only a question of a few months. So, this is not going to remain for too long. And we do believe that the demand overall in the whole year will make up for whatever muted demand we see in a few months.

Radha: Sir, actually, if 50% of the ABS is still being imported, then is it fair to assume that the import prices are able to match the domestic prices? And then if that is the case, then the domestic -- a little bit comment on the import versus domestic prices of ABS then I'll go ahead.

Rahul Agrawal: I'm sorry, can you repeat that question? I didn't get it.

Radha: Sir, I just wanted your commentary on the domestic prices of ABS versus the import prices on ABS?

Rahul Agrawal: So obviously, for certain grades of products, there is a parity between imports and domestic products because of the nature of the product being sold globally. However, for many grades and specifically even for the regular products, there is obviously certain additional value, which domestic manufacturers offer to customers for which we are able to realize slightly better pricing.

And that remains to be the case and has been the case in the past. As you know, that competitive pressure from imports is not something new. It's something that the company has witnessed for several decades, at least in our last 3 years of taking over management also, we have seen it. And we are where we are, and that doesn't seem to be changing too much.

Radha: How much ABS is being exported from India?

Rahul Agrawal: Almost no ABS, very little, if any.

Radha: Okay. In the Thailand plant, in order to bring the EBITDA margin at par with India, other than operating leverage, what are the measures that you can take to reduce costs?

Rahul Agrawal: It's a little early to comment on that, Radha. I think there is many things which have to be done in terms of process efficiency. So, I think if we are able to right now just do the operating leverage part because I think that's the part which can be done faster, then that is where we will focus on. In terms of additional areas of reducing costs, our team is looking at it. We are working on it, but it will take a little bit of time before we can accomplish it.

Radha: Okay. And sir, the product mix between SAN and ABS in the Thailand market for this quarter?

Rahul Agrawal: So we do not disclose that information on account of certain competitive nature of business that we have in Thailand vis-a-vis our Thailand competitors. So, I'm unable to disclose that information to you.

Radha: Okay. Sir, continuing the question that the previous participant asked, in the stand-alone business, some of the costs like power and fuel employee fixed cost per ton is a bit higher compared to the competitor. So -- and you're already operating at optimum utilization. So, is there headroom to reduce these three major costs any further?

Rahul Agrawal: Hedging to reduce power and fuel?

Radha: Headroom to reduce.

Rahul Agrawal: Okay. Yes. So, in terms of power and fuel, again, we do believe that we have signed, by the way, an SPV as already is publicly known to go into hybrid power from our current power source. So that, I think, will be active by the end of the year. So that will reduce our power cost also.

Other areas, I think there is still some scope, but I'm not sure how much. So, I mean, I can't comment on competitors' performance. But I think in terms of where we started with the business and where we are at today, there is a significant improvement for sure.

Radha: Okay, sir. Thanks and all the best.

Operator: We take the next question from the line of Santosh from SKK HUF. Please proceed.

Santosh: Hello, sir. Thank you so much for giving an opportunity. Sir, I have two questions. One is that in the presentation you have reported that the sales to automotive industry is down by 30%. So, then it follows that what is the industry-wise breakup of your sales? If the sales is down by 30% to automotive industry, what made it up? Because this time -- this quarter, I saw the volume is up quarter-on-quarter as well as year-on-year. So, what is pulling in that extra demand other than the automotive?

Rahul Agrawal: So in our industry presentation, Santosh, we haven't mentioned about automotive being down by 30%. In fact, air conditioning has been down by about 30%. And that again has to do with kind of lower demand due to the early monsoon. The two-wheeler, in fact, has grown and four wheeler also has grown a little bit.

So overall, what we have seen is there has been other areas where we have been able to sell more product. So, in the small appliances, for instance, we have done better, in some other areas also, we have done better. So, across the board, the only area which has lagged really has been the air conditioning and some of the other appliances -- larger appliances.

Santosh: Santosh. Yes, yes. Sorry, yes, I got that. The presentation was just on that. So, yes, it was AC industry. So if in the presentation, just a suggestion, if the industry-wide breakup can be given that which all industry is picking up the demand, it will be really helpful in terms of us, analysts and investor community understand the demand pull that is coming from. So, if it can be done, it will be really great.

- Rahul Agrawal:** Yes. So generally, if you look at ABS, 40% of the business is in automotive, 40% is in appliances and the 20% is in the other area. Similarly, in polystyrene, 40% is appliances, 40% is roughly in packaging and 20% is in the other area. This is a rough breakup that I cannot share with you.
- Santosh:** Okay. Okay great. Secondly, sir, my question is that this tariff tantrum that's happening all over the world, is it going to affect us either from the Indian production or the Thailand production?
- Rahul Agrawal:** So, from an Indian product, of course, we don't sell directly into the U.S. Also, most of our customers that we cater to in India, from what we understand, don't have a huge exposure to the U.S in terms of exports. So perhaps the Indian operation may not get very heavily impacted.
- If we look at the Thailand operation also, yes, we are supplying to countries like China and also other areas where the final product might be being sold to the U.S and there might be some impact of it. But we believe in the context of the market opportunity which exists over there that we will still be fine in order to achieve our target for increasing our capacity utilization.
- Santosh:** Okay, great. And just last question. What is the capacity utilization in Thailand? I don't know if you already would have answered it. If you would have done, then I'll refer to that.
- Rahul Agrawal:** It's between 50% to 55%.
- Santosh:** Okay. So any hope of getting this to something like 70%, 80% independent environment or it would remain like this?
- Rahul Agrawal:** I can't comment at this stage. Like I said, it's been 5 months since we have taken over the business and a lot of work is going on in terms of -- again, repeating here in terms of convincing customers to move from the earlier branded product to our branded product or meeting all the customers across the space. Of course, we have added a lot of salespeople for that effect, but we do believe it will happen sometime soon.
- Santosh:** Okay, great. Thank you so much, sir. Wish you all good luck.
- Rahul Agrawal:** Yeah, thank you.
- Moderator:** Thank you. We take the next question from the line of Rahul Agarwal from IKIGAI Asset IKIGAI asset. Please proceed.
- Rahul Agarwal:** Hi. Very good afternoon to Rahul and Bhupesh ji. Sir, a few questions. A few questions, I'll list them down. Firstly, to start with on the industry side, one of the larger peers obviously just started a plant. I think fiscal '26 volume is going to be much lower, not very meaningful. So, nothing much from that side.
- But it looks like the second tier has actually cut down on capex. Earlier, the plan was to add much more capacity. It looks like it's going to be about another 25,000 ton. This is on ABS. So, from a pricing perspective, I think earlier analysts were asking more from a fiscal '26 perspective, but I'm much more longer term, fiscal '27, '28, your views on ABS in light of increasing domestic supply. If you could share something on that, that would be helpful.

Second, on the inventory, I believe we ended March '25, both in India and Thailand, with higher-than-normal levels of inventory. Pricing has been a bit volatile and a bit weaker in my understanding on a Q-o-Q basis. I haven't seen any drop in gross margins for you, which I think is commendable in the Indian market -- in the India results. So any comments on inventory losses? If you could just comment on that, that will be helpful.

Third on the capex. I think more specifically, how much money did the budget is finalized for fiscal '26? I'm assuming, yes. So we just share the number in terms of how much was spent in 1Q? And what's the balance capex spend for the balance 9 months in '26 and '27?

And lastly, on the balance sheet again. We had about INR50 crores, INR55 crores of net cash as of March '25 balance sheet. I think in the 1Q cash profit was about INR65 crores. I'm not sure how did the working capital behave in the quarter. So, what was the thought process for a INR50 crore, INR55 crore dividend? Because my sense was that we have lined up a decent amount of capex for the full year to ramp up this ABS capacity. So just some thoughts on that decision will help. Those are my questions. Thank you.

Rahul Agrawal:

Thanks, Rahul. So, like, I won't speculate on about the peers in terms of what they are doing. But from whatever market information that we have, and we are assuming that all of this is going to go to plan, we do believe from a longer term in terms of pricing, we will be fine because I think overall demand in the country will remain robust, barring a few months here and there in terms of specific reasons.

But the demand in the country will remain robust. And in terms of imports, there will be an opportunity for more domestic players to capture that market. So, this is, of course, something that we have believed in the past, and we continue to believe this going forward as well.

In the short-term, there could be some pricing pressures or margin pressures. But again, it's a little speculative in my mind to comment on it immediately. But there is an opportunity in the market. There is a space in the market, which can be occupied by additional volumes in the market. So, I think nobody -- none of me or I'm assuming the peers also would not want to destroy value. So, the idea would be to capture those volumes first, which are not being serviced by us or not being able to be serviced by us because we don't have the capacity. So, we'll see how that plays out.

In terms of inventories in Thailand and India, yes, there was some ramp-up of inventory, if you look at towards the March end quarter. And I think we had addressed this in the last investor call as well, but I can repeat it. Essentially, for Thailand, what we had done is we had just taken over the business in mid-January, and we wanted to ascertain the asset quality because, of course, it is an asset having quite a few years.

And while INEOS, of course, had done a lot of capex on the asset in recent years, we just wanted to ensure that the Thailand plant is able to produce at the level at which we believe it can. So, we are happy to see that it can and as a result of it, there was a ramp-up of inventory. There is another aspect by which we have an agreement with INEOS. I can't detail all of those things

because it's confidential in nature, but we had to ramp up some volumes by specific periods, and we have done that.

We will see some of that evening out over the next few months. Inventories will be brought down. In India, again, we have, in fact, reduced those inventories in this quarter, there is a reduction between the March ending and the June ending quarter. In terms of gross margins, yes, your observations are okay. In terms of pricing, again, it is a function of product mix that we supply so, we see some changes in that as well.

Specifically with regards to dividend, I'll comment and then the rest of it for capex and balance sheet, I'll ask the CFO to comment. But on the dividend, see, we have always believed in trying to work with all our shareholders most equitably. We do believe that if the capex requirements or the cash requirements of the company come at a specific time, and we had cash on hand, then the best use of that cash is back to the shareholders.

So, we have kept that same philosophy in mind and given it. When we do believe we need the cash for the company, for the capex and as per our plan, I think we are well on target to ensure there is no gap. So, this has been the philosophy of the company all along, and this is what we intend to do.

So, I'll give it to Bhupesh to comment on the capex and the balance sheet.

Bhupesh Porwal: So regarding capex for the Phase 1, as we had mentioned earlier, we'll be spending around INR325 crores to INR350 crores by March '27. And that plan is as per schedule going on, which has been announced earlier. Regarding balance sheet, I think you were asking about the cash positions at the March end and the June end. So as MD already mentioned, so we had some reduction of the inventory in this quarter end. So, any other questions on balance sheet?

Rahul Agarwal: Bhupesh ji, just the 1Q spend on capex and what is the budget for rest of the nine months. So full year capex for '26 and '27 and what is already done in 1Q?

Bhupesh Porwal: Yes. So maybe because there is only quarter 1 being done, maybe we would like to maybe publish these details more at the half year end. So, these are only three months up till now, we've just started it. So, by September end, we will be able to give you a more concrete picture on because there will be six months ending on at that period. And we'll be publishing the balance sheet also. So, it both will serve that purpose.

Rahul Agrawal: Rahul, it's a dynamic environment with peers closely looking into these numbers. So let's address this at the right time.

Rahul Agarwal: Got it. I understand that. Understand that. And congratulations for a better performance versus peers. When I look at the quarter, I think it was really tough. You guys have hold on to margins. It's very good and healthy to look at. Best wishes for the Independence Day and rest of the year. Thank you so much.

Moderator: Thank you. We take the next question from the line of Aditya Khetan from SMIFS Institutional Equities. Please proceed.

Aditya Khetan:

Thank you, sir, for the follow up. Sir, just a couple of questions. Sir, first, sir, when we look at the conversion cost in Thailand business, it is almost twice of the stand-alone India business. Any plans, sir, like how we can reduce this cost, and any further capital injection would be needed to bring down the cost? And when can we achieve this, so by this fiscal end or by FY '27?

Sir, second question is on to the refrigerant side ABS, which we are again making in Thailand. Sir, what is the total market in the overall ABS of this specific grid? And sir, how it is different like in terms of applications, in terms of price and cost compared to our stand-alone, so specialty and the normal grid, so how different it is?

And sir, third question, sir, I believe in FY '25, the SAN volumes were somewhere around 15,000 tons. So with the ramp-up of ABS, like in FY '26, we are near operating at full, that SAN volumes will come down? And sir, what will be the external sales volume of SAN, if you can give for FY '26?

Rahul Agrawal:

Okay. Aditya, it's a good observation. The conversion cost in Thailand is higher than India. And this is something that our team is working on. In terms of reducing it, it is not as straightforward as one would imagine. There is a lot of work that needs to happen in order to try and reduce that conversion cost. This will take some time.

We don't believe we will need a lot of capex in order to achieve that. This is going to be more to do with, again, process improvements. The other fact, which I mentioned, again, if you have a higher capacity utilization, we do see the conversion costs coming down significantly. So, this is also going to be an impact.

So again, selling more is going to be key from Thailand in order to help on multiple fronts. As far as the refrigerant ABS market is concerned, again, globally, it's a large market. Right now, if I look at the Indian market opportunity, it is anywhere from 25,000 to 35,000 tons. There is some switch typically between HIPS and ABS from time to time.

In terms of the ABS quality itself, it has certain mechanical and chemical properties, which are different from the rest of the ABS. There are specific types of grades, which we are able to make in Thailand for this, as we have mentioned in the past. So this will be an addressable opportunity for us in India as well. The pricing is better in Thailand for this product.

Again, because of the nature of confidentiality in this information, I would not comment on how much higher or how much higher the price is, but it is a better margin for sure. When I look at SAN volumes, the overall SAN volumes for last year, and if you look at the overall SAN volumes for this year, we are targeting slightly higher SAN volumes.

When we are looking at capex and increasing capacities, the SAN capacity is also going to be increased as a result of this. So, all of this is going hand-in-hand. And we don't believe there will be any shortfall in our ability to supply SAN to the market on account of additional ABS capacity. So, we'll be able to do the balancing and still be able to produce more SAN to service the market and also meet our targets.

Aditya Khetan: Got it, sir. Got it. Sir, just one question. Sir, time line for that -- so 1 lakh ton expansion in ABS and 50,000 ton in polystyrene. So time line, sir, if you can share when are we planning to add?

Rahul Agrawal: So it's the same what we have mentioned earlier, I think we have spoken about FY '27 and we are looking to add 50,000 tons additional ABS in FY '28, the remaining 50,000 tons. So that remains the same. And the HIPS expansion will also happen around the same time. So there is no change in the time line. There is no additional update at this stage. Whenever we do have an update, we'll definitely share with you.

Aditya Khetan: Got it sir. Thank you, sir, that's it from my side.

Moderator: Thank you. We take the next question from the line of Pratik Singhania from Sage Investments. Please proceed.

Pratik Singhania: Sir, my first question is with respect to Thailand. Sir, we are selling HRG also externally or we are just focusing on selling ABS and SAN? Second question is with respect to if production is not a problem for us with respect to Thailand. And in SAN, if we can increase our capacity in SAN and also compounding, which will not take much time because like it can be done faster.

Then do you have to wait for like 1.5 years to increase your domestic production in ABS or we can import HRG from Thailand and do the compounding with SAN and then sell more quantities of ABS in India?

Rahul Agrawal: Any other questions, Pratik?

Pratik Singhania: Only caveat was like with respect to the previous questions, which Aditya asked. So over here, like doing this, whether hindrance is with respect to the cost of manufacturing HRG in Thailand, which makes it infeasible for it to be imported in India into the ABS manufacturing? This was the 3 questions.

Rahul Agrawal: Okay. Thank you, Pratik. So Pratik, in Thailand, we make a different kind of an HRG product. It's called MAC 50. It's a bimodal rubber, which offers unique properties for multiple applications and multiple segments. And we do supply this to other -- some customers -- specific customers outside of our own consumption.

So, we do supply in China and in Thailand and also in Japan to certain customers, this product. With regards to ramping up in India from -- and getting the product from Thailand, obviously, there is a cost involved. It's not just the cost of manufacturing in Thailand, which might be slightly higher for specific product grades.

And of course, using MAC 50 in India is something we do, do in terms of balancing but may not be ideal from a cost position perspective because the product is sometimes better utilized for other product grades as opposed to for the type of products we make in India. So, the value addition can be higher as well is what I mean.

In terms of SAN also, again, in ABS, typically 70%, 75% can be SAN. So, importing it from Thailand with the freight component and the additional costs associated with it would be

difficult. It's not just the cost of producing SAN itself in Thailand is quite competitive, but the cost of, again, moving it and using it in India may not be the most viable in terms of the ideal way of running the business.

So, we do believe that these products in terms of pricing realization can have better pricing realization for the specific grades that we produce in other markets as opposed to bringing them into India and then using it for our grades here.

So again, I think from a strategy perspective as well, it serves us better to cater to different OEMs in different parts of the world as opposed to trying to bring that in to fill in specifically in India from a Thailand perspective.

Pratik Singhania: Okay. But then, sir, with respect to this capacity utilization currently being at 90% plus and then in domestic, not able to increase the volume Q-on-Q with respect to ABS sales, then how do you see that? Like are we in a wait-and-watch position that we want the competitor plant to come up, see how the entire market behaves for 5, 6 months and then we would want to like increase the capacity then?

Rahul Agrawal: So, like I mentioned in the investor presentation, one of the key increases that we saw towards the end of last year and which we have been able to successfully realize is our HRG capacity in first quarter of this year.

We have been able to produce 20% more, which is significant given the low cost that we incurred for that. So, we are already producing more ABS and selling more ABS in the market. Our volumes indicate that as well for the first quarter.

And we do believe that, yes, we can bring some rubber from Thailand and do this. We have the SAN currently available in order to do that as well. So, the SAN, we have extra -- we have always had extra SAN in India. So that's not a concern.

But we really have to see from a value proposition perspective, what makes more sense, right, for the organization. It's been only 5 months in Thailand. We do believe that there is a lot of opportunity to realize much higher value for those products elsewhere, and we should do that.

Once we commit these volumes to specific areas, this is not a pure commodity where you want to plug in and plug out. If you are going to cater to, say, specific OEMs in Japan or China or wherever, then you would want to be able to supply them going forward.

So there are some strategic calls the organization needs to take in place. And of course, it's only been 5 months. So, it's been a very short time in Thailand where we can take the calls in a reasonable period of time, what makes sense for the whole group.

Pratik Singhania: And in next like few months, can we see another line of SAN getting added in our capacity?

Rahul Agrawal: No.

Moderator: We take the next question from the line of Rahil from Sapphire Capital.

Rahul:

Four quick questions. Firstly, you mentioned Thailand, you're running at a utilization of 50% to 55%, correct? Firstly, what is the total capacity there? And what is the peak utilization you can achieve there? And with that, what kind of revenue potential it has?

Secondly, how has quarter 2 been so far in the last 1.5 months or so? What's the general demand scenario on ground? And you also mentioned in Thailand, you benefited from some sort of new product mix, which is -- I think you have some specialty ABS grades -- grade of products which you have access to via the acquisition. So how margin accretive are they? And lastly, any sort of revenue volume guidance for the year? Thank you.

Rahul Agrawal:

Yes. So, in terms of capacity utilization, we are doing essentially 55% capacity utilization in Thailand. Essentially, if you look at the revenue in Thailand that we have and you assume a similar product mix, you can see that we can essentially increase revenue by close to 70% to 80% additionally, right, from where we are at.

So, this is the kind of peak revenue, which is possible given the current product mix, if it remains the same from Thailand. We are not sure that, that would be the case, but we have to see.

In terms of the second quarter, again, we typically don't give forward-looking statements or statements like this until the quarter comes to an end. So, I will excuse myself from answering that question.

In terms of the Thailand product mix, yes, there are, again, products which we are doing. I spoke about the bimodal rubber, which is unique, which has certain benefits for certain applications. There is a refrigerant ABS that we do from Thailand, which is a unique and value-added product.

There are certain SAN grades that we make like a food-grade SAN, which goes into certain appliances where there is direct food contact, which has a higher margin. So, there are -- and there is, of course, a lot of high heat ABS also which we do into automotive industry.

So, all these are kind of the higher value-added products, which we do from Thailand. And we do believe there is a lot of scope to increase that going forward as well. So, in terms of volume guidance, I think for the year, we mentioned 12% to 13%, which is in line with what additional volumes will be available to us in India, and we should be able to do that. For Thailand, again, it's a little bit early to exactly give what volumes we will end up for the year -- towards the end of the year.

Moderator:

We take the next question from the line of Krunal Shah from ENAM Investments.

Krunal Shah:

Congratulations on the good set of numbers. So I have 3 questions. One is in Thailand, have we added any new customers during the period in which we have had control? The second question is in terms of ASALAC and PC ABS what kind of volumes are we doing there right now?

And the third question is in EU, so a lot of chemical companies are shutting operations because of high power costs. Are we seeing a similar trend in some polymer players there? And would that create an opportunity for us to export in the medium to long term? Thank you.

Rahul Agrawal:

Yes. So, thanks Krunal, for your question. So, in terms of new customers in Thailand, yes, in fact, we have added quite a few customers in Thailand. In fact, both ways, we are adding new customers in India as well as Thailand, because there are certain companies and OEMs, which are producing in Thailand, where we have approvals in India, we are able to leverage that for Thailand.

And similarly, from Thailand, we have certain approvals, which we are able to leverage for India. So, we have been able to do that very quickly in the last 3, 4 months. Typically, approvals take a long time, as you know, in the industries that we are present in.

So, there is a lot of work going on currently to get those approvals in place and to move those products as well. And over a period of time, we do see that we will have several new customers, not only in Thailand -- I mean, not only within the domestic part of Thailand, but also in China and Japan and Vietnam, South Korea, all these places.

So, lots of activity going on there. We've opened offices, like I mentioned, in Shanghai. And also, we have a sales team now in Vietnam and Japan, South Korea as well as Indonesia, so which will again be part of that force to increase those sales.

ASALAC and PC ABS, there is a good growth. In terms of volumes, we are still not where we want to be. We are doing close to 100 tons of product every month or 150 tons per month. I do believe these numbers can be much higher, and we will get there. So, there is a lot of validations, again, which are going on for all these blends. And we do believe that in the next 1 year or so, we will get to that point.

In terms of EU, higher power costs and export potential, yes, there is export potential. But currently, if I look at India, we are completely sold out. We don't have really much volume to spare. But there are certain opportunities that we are actively looking at for the EU, where we believe that sales can be developed.

There is a long period in terms of qualification and all of that is going on for the EU as well. But I think short term, maybe not. But medium to long term, yes, there will be opportunities for export from India as well, which we are looking at.

Moderator:

We take the next question from the line of Pawan from NMV Securities.

Pawan:

I have 2 written questions, one on capex. So last quarter, we have deferred on spill out the polystyrene capex. So current guidance of INR350 crores for this year include the polystyrene capex? And second question will be on what will be our cap -- full year capacity for FY '26, including the expansion of ABS?

Rahul Agrawal:

Okay. With regards to capacity for FY '26, it will be in line with what we had given in the earlier investor presentation, which I think is to the tune of about 210,000, 215,000 tons for all the products that we produce in India. Thailand is separate, of course. With regards to the PS capex, I'll let our CFO comment.

- Bhupesh Porwal:** Yes. So PS capex, as announced earlier, the engineering study is going on. Once it is completed, we'll let you know more details about it.
- Pawan:** So current guidance of INR350 crores doesn't include polystyrene?
- Bhupesh Porwal:** Correct.
- Moderator:** Thank you. Ladies and gentlemen, we take that as the last question for the day. I would now like to hand the conference over to Mr. Chintan Doshi for closing comments. Over to you, sir.
- Chintan Doshi:** Thank you, everyone, for joining us today on earnings call. We appreciate your interest and time in the company. We look forward to answering you in the next meeting, which will be announced at suitable time in the future. Thank you.
- Moderator:** On behalf of Styrenix Performance Materials Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.