



“INEOS Styrolution India Limited Fourth Quarter and
Year Ended on 31st March, 2016, Results Conference
Call”

May 17, 2016



**MANAGEMENT: MR. SANJIV VASUDEVA – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER, INEOS STYROLUTION INDIA
LTD.
MR. BHUPESH P. PORWAL – CHIEF FINANCIAL OFFICER,
INEOS STYROLUTION INDIA LTD.
MR. HARESH KHILNANI – COMPANY SECRETARY AND
HEAD – LEGAL / INVESTOR RELATIONS, INEOS
STYROLUTION INDIA LTD.**

Moderator: Ladies and Gentlemen, Good Day and Welcome to the INEOS Styrolution India Limited Fourth Quarter and Year Ended on 31st March, 2016, Results Conference Call. 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 for 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. Haresh Khilnani from Investor Relations. Thank you and over to you, sir.

Haresh Khilnani: Hello, everyone, and Welcome to the INEOS Styrolution Earnings Conference Call to discuss our quarter four and financial 2016 results. This is Haresh from the Investor Relations. Joining us today on this call is our new Managing Director and CEO – Mr. Sanjiv Vasudeva, also with us is Mr. Bhupesh P. Porwal who is our CFO.

We will start with the performance of the Company by our MD. So now Sanjiv I would like to pass it on to you.

Sanjiv Vasudeva: Thanks, Haresh. Good afternoon, everyone. My name is Sanjiv Vasudeva and would like to give you a very short update on our Company. Overall, we had an improved year versus the previous year where we saw our net profit go up from INR35 crores to INR62 crores for the full year and versus the previous quarter the profit grew from INR2 crores to INR33 crores. Another significant incident that happened over last quarter which was amalgamation of the SIN, Styrolution India Limited with effective from 31st of March and which ceased to exist and our new name of the Company is INEOS Styrolution India Limited.

What we want to do next is, I will hand it over to Bhupesh who will take you through a bit more of details on the financials and then after that we can have a Q&A kind of a session.

Bhupesh P. Porwal: Thanks, Sanjiv. Your Company, INEOS Styrolution India Limited, had declared its results for fourth quarter and the financial year ended 31st March, 2016, yesterday on 16th May 2016. The financials of the quarter four and year-to-date includes amalgamated company that is Styrolution India Private Limited results for which you must have gone through various note given in the published results.

As mentioned in the notes the results are strictly not comparable with the results of the corresponding previous period and hence I will give you an explanation on the results. First for this quarter four, if we talk about revenue the revenue published is INR72,237 lakh which includes figures for the current quarter if we compare as the last quarterly published result which is INR24,871 lakh and 12 months figures of Styrolution India Private Limited which is INR47,366 lakh. hence if we compare results based on the earlier legal position of the Company, net sales from operations increased by INR2,038 lakhs excluding amalgamated Company sales from INR22,833 lakh sales in the previous quarter to INR2,487 lakh in the current quarter. This

increase in sales is mainly due to increase of volume from 19.5kt in last quarter to 23kt in the current quarter excluding amalgamated company's volume.

The second thing about our other operating income, the other operating income of INR4,508 lakhs includes sale of styrene monomer by Styrolution India Private Limited which is INR4,471 lakh, this is a normal case of business and we do not have a regular trading business of this, the sales have been shown separately in the other operating income. Profit before taxes, the profit before tax of INR1,517 lakh includes figures of the current quarter which is INR1,934 if we compare as the last quarter published results of INR138 lakh.

Coming to the YTD performance, the revenue of INR155,094 lakh includes figures of the current year which is INR107,728 lakhs and 12 months figures of Styrolution India Private Limited which is INR47,366 lakhs. This is an increase in sales volume by 9% on a yearly basis excluding amalgamated company sales volume. Despite higher volumes revenue declined year-on-year, this was mainly attributable to reduce sales prices on the back of lower feedstock prices that tracked declining crude oil prices. If you talk about profit before tax, the PBT of INR5,863 lakhs include figures for the current year which is INR6,280 lakh comparing versus previous period of 15 months which is INR5,173 lakh.

Now a note on the taxes, for the financial year 2015-16 there will not be a regular taxable income for the Company due to brought forward losses of Styrolution India Private Limited, hence the tax provision of INR1,393.93 lakh which was made in the previous quarters have been reversed, moreover due to reduction in deferred tax liability there is a tax credit of INR413 lakh. During the current year the Company will be paying tax under MAT due to brought forward losses of SIN, the Company has recognized MAT credit of INR1,455 lakh of the current year in the books of accounts.

For the merger the Company has adopted pooling of interest method for amalgamation under the merger on cancellation of the investments made by the Company in SIN against Company's share capital as on the appointed date. The resultant is a deficit of INR3,945 lakh which has been debited to general reserve in accordance with the scheme.

So this is all about clarification and details about our financials. So we can go forward for the queries or any clarifications which is needed.

Moderator: Ladies and Gentlemen, we will now begin with the question-and-answer session. Our first question is from the line of Rahul Kumar from India Capital Fund. Please proceed.

Rahul Kumar: I wanted to understand what is the outlook of the industry right now, I believe there is a duopoly in India and what kind of areas or new sectors from where the demand is coming?

Sanjiv Vasudeva: Well, to be very honest with you, it is very difficult to predict the outlook as of today because as we know there is a sense of confidence, the industry is reviving, lately we see the automotive

sector again picking up back again, that makes a significant contribution to our margins and to our growth, especially with the ABS portfolio and we do see pickup in the households and the packaging segment as well, where both polystyrene and ABS play. So, so far I am positive, I think with all the changes that are being done by the government around infrastructure, around demand creation in the rural, once that comes up we should fairly see a fairly positive momentum. Now the key here is what happens to crude oil and all the raw material prices because demand is one thing which is tied to volume, so I do not think the volume has been the problem for this Company, the volume has been growing because that is demand related. Where we do suffer is the net margin which is associated with the raw material prices and that is very tough to predict, how the raw material prices will shape up over the next six months to a year it is anybody's guess, we expect it to be range bound, we do not see all going back to a 30 level or jumping to a 70 kind of a level. But yes, so far so good, so far we are positive about the remainder of this year.

Rahul Kumar: And what kind of pricing power you have, suppose there is a 5% rise in oil prices, what kind of pricing power you have with your customers who are having a long term relationship with you?

Sanjiv Vasudeva: Look, oil is just the starting point, if you look at the whole petrochemical and refinery products oil is just a starting point and then you have all the petrochemicals and then you have the polymers like styrene, acrylonitrile, butadiene, those are the key raw materials that we use, that is why I talked about these three raw materials. Now are they 100% correlative with oil, in a way no. Directionally yes, if oil goes from a 44 level to a 100 level, I showed you all these raw materials will increase but there is an element of supply demand as well for the sub-products which is not 100% correlated with oil. But yes, if there is a movement like you said about the five-point movement in oil how does that effect for us? Once oil moves directionally we should be able to move our prices. So like I said, it is not just oil related, it is also the supply demand of our end products, like we have local competitors, we have competitors out of Korea, we also have to see how are they pricing vis-à-vis the share position that we want to maintain. So there are other parameters which also define living besides just a five-point increase in oil of pricing.

Rahul Kumar: And last question, who were the three top suppliers to you in terms of raw material, means any companies you can give us whom we can track.

Sanjiv Vasudeva: Among the key suppliers for styrene, a company like Shell and Sabe, they are big suppliers of styrene. And for butadiene of course you have Indian Oil, you have Reliance, these are the kind of companies which deal with butadiene. And in our certificate acrylonitrile we buy from Mitsubishi from Japan.

Moderator: Thank you. Our next question is from the line of Sanjay Shah from KSA Securities. Please proceed.

- Sanjay Shah:** First of all sir, I will convey regrets that our performance has not been displayed properly, the presentation is not up to the mark. I do not think our Company INEOS would like to have this type of presentation, it should have some clarity to the analyst, it should be given separately with different verticals too, because we have two divisions – polystyrene and ABS and both have a different margins and different clientele. So we will appreciate if you could throw some presentation in a nice format next time, sir. This was my suggestion. And my query is regarding, we could not get your numbers regarding both the companies margin side, what we have done in our merged companies, SIM?
- Sanjiv Vasudeva:** Sanjay, taking to your first suggestion, very well taken. But the format which we have used is after a lot of discussions and advise taken from the experts and so there was some compulsion into that, and that is the reason in my clarification I had given separate numbers of all the revenue and tax and profit before tax as well as the quantity figures also because we think it is our duty to let you know about the exact position of the Company. Regarding the question which you had, can you repeat it again, sorry I did not get it.
- Sanjay Shah:** See, our standalone and merged entity, the turnover was I think in merge it was INR473.36 crores, if I am not wrong for the whole year. So what was the profitability in that, that way I could not get it from your speech?
- Bhupesh P. Porwal:** So you are talking about the Styrolution India Private Limited which had a turnover....
- Sanjay Shah:** Yes, and even quarterly performance over standalone.
- Bhupesh P. Porwal:** So the 12 months' figure for their profit before tax is a loss of INR417 lakhs.
- Sanjay Shah:** INR4.17 crores loss?
- Bhupesh P. Porwal:** Yes.
- Sanjay Shah:** So we have done well in ABS but we could not do in styrene?
- Bhupesh P. Porwal:** No, if you say in Styrolution India Private Limited also comparing to last year the figures have been better, the volume has also grown by 7% and the last year loss of Styrolution was roughly around INR14 crores last year which is reduced to now INR4 crores.
- Sanjay Shah:** INR14 crores yearly loss last year in this?
- Bhupesh P. Porwal:** Last year, which has reduced to INR4 crores so it is a better position into our subsidiary also.
- Sanjay Shah:** So now next year onwards we are going to post quarterly performance for these two separately or you will again take yearly only?

- Bhupesh P. Porwal:** Let me evaluate that, we will come back to you soon on this.
- Sanjay Shah:** See, now it's our own Company, we have to already merger so I think its advice and my recommendation, we should have a consolidated every quarter to give a proper picture of our company.
- Bhupesh P. Porwal:** No, there is no need to consolidation Sanjay.
- Sanjay Shah:** But bifurcation in the Styrolution India Private Limited... revenue I am talking.
- Bhupesh P. Porwal:** Because it is a consolidated merged entity now, that your things we have noted down, we will work on it.
- Sanjay Shah:** And Sanjiv sir how do you see the business ahead, as you briefed us about the outlook but how do you see our polystyrene division doing, are we going for any value added products in that or we are just selling it like a commodity product?
- Sanjiv Vasudeva:** Look, polystyrene I will be very honest, that must differentiation we can do, surely you can mix in your existing products, it is more a game of how you manage your cost and make the right product at the right price and how you manage your operations well. So from that perspective you expect polystyrene to be the leader in terms of driving profitability, that may not be the case. Having said that, these are the kind of products, you may have one or two years which are relatively okay but there will be years when you can write the way and make a lot more money. So from that perspective it is a pretty good business but from a product depreciation perspective ABS is where we have a much more broader portfolio with a lot of different colors and co-polymer options and that is where we will be kind of doing our mix up and NPIs on the ABS portfolio.
- Sanjay Shah:** Sir my another question is related to balance sheet, in current asset our loans and short-term loans and advances has gone up by INR100 crores plus, maybe around INR90 crores, can you explain on that, sir?
- Sanjiv Vasudeva:** That is basically adding SIN, so SAI figures are more or less same as what was last year due to addition of SIN figures the figures have been doubled.
- Moderator:** Thank you very much. Our next question is from the line of Arjun Sehgal of Reliance Mutual Funds. Please proceed.
- Arjun Sehgal:** I just had a few questions, firstly, if we just exclude your subsidiary SIN, can you just tell us what was the volume growth in this quarter compared to same quarter last year?
- Bhupesh P. Porwal:** The volume growth Arjun was from 19.5kt last quarter to 23kt in this quarter.

- Arjun Sehgal:** And secondly, you said that in this year you have done a loss of INR4 crores in SIN compared to a loss of INR14 crores last year, am I right?
- Bhupesh P. Porwal:** PBT.
- Arjun Sehgal:** Yes, at PBT level. So can you tell us what is the outlook, when can we achieve breakeven at PBT level in this business in SIN?
- Sanjiv Vasudeva:** I think this year we should be in that position for sure, I mean that is based on our operating plan that we have taken. You never plan to make a loss right, so from that perspective the sooner we can change the directionally move towards the positive and get in the green is what we are looking at. So like I said, this year is what we are targeting.
- Arjun Sehgal:** And another thing is that your market share in ABS business, can you tell us what is it right now compared to last year?
- Sanjiv Vasudeva:** Well, we have about 40% kind of share position in the market.
- Arjun Sehgal:** And compared to last year?
- Sanjiv Vasudeva:** Share is such a thing right, depending on where you get that information, which magazine and which kind of institutions take data from.
- Arjun Sehgal:** Actually I am just trying to get a sense of...
- Sanjiv Vasudeva:** I can give you directional, directional I would say we have been probably maintained or we have lost some share, maintain to a bit of loss and sometime losing share may not be a bad thing if you are working on your profitability with the limited volume that you have.
- Arjun Sehgal:** So this loss in market share is something that is not worrying as of now?
- Sanjiv Vasudeva:** No.
- Arjun Sehgal:** And are we doing anything to retain or maybe increase this market share"?
- Sanjiv Vasudeva:** Well, I think the most important is to keep doing a product mix up to kind of stay ahead of the game and let competition catch you, every product has a lifecycle and to keep up the lifecycle and willing to give away some commodity stuff to some of the other players, so that has been our approach and that is directionally what we are going towards.
- Arjun Sehgal:** And this next question is for the CFO, you said that your other operating income is basically sales of styrene monomer, am I correct?

- Bhupesh P. Porwal:** Yes.
- Arjun Sehgal:** So is this something which is very volatile from year-to-year or this INR45 crores is something which is sustainable?
- Bhupesh P. Porwal:** See, this sale is from our previous subsidiary which you had Styrolution India Private Limited, it is a normal course of business and we do not have a separate trading business and neither we intend to like this but we have time to time on a neat basis we sale like this.
- Arjun Sehgal:** So it is a little bit volatile by nature?
- Bhupesh P. Porwal:** I do not see volatility in that because this quantum will be there going forward also.
- Arjun Sehgal:** And just one last question, what kind of tax rate can we expect for the next two years?
- Bhupesh P. Porwal:** Tax rate?
- Arjun Sehgal:** Yes.
- Bhupesh P. Porwal:** Tax rate, see next year will be a normal tax rate, this year the taxes were not there because we neutralized all the carry forward losses from Styrolution India Private Limited, next year it will be a normal tax period.
- Arjun Sehgal:** Which is how much?
- Bhupesh P. Porwal:** Which is approximately, the normal tax rates are 30% plus cess and all that which is coming to 35.608%.
- Moderator:** Thank you. Our next question is from the line of Sagar Karkhanis from Nirmal Bang Securities. Please proceed.
- Sagar Karkhanis:** Sir, you mentioned we did a 23kt volumes in this quarter, if you could tell me what was the total volume for full year and what utilization level that it comes to?
- Bhupesh P. Porwal:** So the total year volume was 88.8kt corresponding to last year of 81.6kt if we compare 12 months to 12 months, and the utilization part which you are talking about, as told in the previous earlier calls also we have some additional capacity in Sanand because we had an expansion in January 2014 somewhere and we had also expansion of the rubber capacities in August 2014 so we are looking to the future thing so we have some additional capacities there, those are our intermediary products. For our final products we are utilizing optimum full capacity of our ABS internally which is at our Moxi plant and for all additional things, as mentioned earlier, we are using taller facility at various locations. And so from there we are taking the additional outputs.

- Sagar Karkhanis:** And sir this 88kt sales volume that we are doing, if you could give some rough percentage in terms of end user industry, like how much would be going to consumer appliances and how much for stationary, etc.
- Bhupesh P. Porwal:** See, our major consumer industries are automotive and household which consumes most of the bigger pie of the share is with these two industries then definitely we have electronics and toys and stationeries and packaging and other industries.
- Sagar Karkhanis:** And sir at the EBIT level, is it possible to give the breakup of this 12 months?
- Bhupesh P. Porwal:** EBIT level, you are talking about profit before tax?
- Sagar Karkhanis:** Sir, the EBIT level and not the PBT level.
- Bhupesh P. Porwal:** Sagar, at EBIT level if you want a breakup, our total EBIT is near about INR2,187 lakhs and the breakup is INR1,960 for our SAI unit which is an old standalone and for the subsidiary it is INR227 lakhs.
- Sagar Karkhanis:** Sir we have reported EBITDA of INR66 crores right, for the 12 months?
- Bhupesh P. Porwal:** Sorry, the consolidated figures are INR6,824 lakhs and into this the SAI was INR6,617 lakhs and SIN is INR228 lakhs.
- Moderator:** Thank you very much. Our next question is from the line of Pratik Singhania from Param Capital. Please go ahead.
- Pratik Singhania:** Sir, my question is regarding the broader industry, is there any engineering plastic product which is taking into the market share of ABS or ABS is taking a market share or in terms of application into some other engineered plastic product?
- Sanjiv Vasudeva:** Look, engineering plastics is a very wide range, you have engineering plastics start from commodity plastics, now what is engineering plastics right, it starts with ABS and then it goes to polycarbonate, Polyphenylene Oxide, PBT, nylon, polyetherimides, polysulfones. So it can be very vast range. And if you go to the other end you have polypropylene, LDP, LTP, etc, etc, PVCs and all if you take temperature as a differentiator between ABS and lead polymers. Now there are applications where polypropylene may eat into ABS for example in automotive, you can make bumpers out of PCABS, polycarbonate PBT, you can make it out of ABS, you can make it out of polypropylene, so it depends on the car, depends on the cost of the car, etc, etc. Similarly, ABS can substitute some of the polycarbonate materials just like polypropylene does in sufficient radius, so it very much application dependent depending on what the customer's need is and then he defines his cost position and then he defines his design and then the product fit into it depending on whether it is ABS or PP or if you go more higher end into nylons or some other product.

- Pratik Singhania:** Because what I was seeing particularly coming from the PP compound point of view because in last one year I guess a Chinese company has come into India, a Netherlands group has come into India and they are expanding a lot in India. So what kind of a competition do you see from them?
- Sanjiv Vasudeva:** Look, it is there, they are into PP compounds, they are starting with PP compounds, they will probably move into other, no one wants to stay low end, you always want to make more money so you try to go into higher end products, from PP he will go to ABS, BKB. So they are compounded, they do not make their own raw materials, we are a raw material manufacturer, there is a difference between the two, number one. Their cost position depends on the raw materials that they buy, we are a raw material supplier. So for a compounder they will compound everything, they can compound into PP, a Polyphenylene Oxide, polycarbonate, etc. So they may decide to be our customer, they may decide to be our competitor, they can buy styrene or HRG powder and all from other sources and just do compounding of ABS. So yes, so there is always a threat but there is a difference between a direct competition versus a compounder, that is what I was trying to make you understand, like Bhansali would be a direct compounder because they also make the raw materials and they also do compounding while some of the PP guys you are talking about, they are compounders. So there is difference between the tow, but yes they can use line to make it, yes for sure, but they have to buy the raw materials from one of us or import from outside.
- Pratik Singhania:** And what is the price differential between ABS and PP, so per kg cost of ABS would be how much?
- Sanjiv Vasudeva:** Well, I can give you some direction prices, there is at least a Rs.10 gap plus there, I mean you can Google it but directionally Rs.(+10) gap.
- Pratik Singhania:** And in terms of percentage it would be how much?
- Sanjiv Vasudeva:** It can range, again depends on the type of product as well because PP also has glass filled and high end stuff, ABS has low end stuff, so it can range from anything from 10% to 30% - 40%.
- Moderator:** Thank you. Our next question is from the line of Mayur Matani from ICICI Securities. Please go ahead.
- Mayur Matani:** Sir, can we share the quarterly numbers of the ABS business for the current quarter?
- Sanjiv Vasudeva:** Sure. I think we have shared these numbers, maybe you have joined late. For your convenience I will repeat it again, for the quarterly numbers the revenue of INR72,237 lakhs includes figures of the current quarter, if we compare for the last quarter published results which is INR24,871 lakhs and includes 12 months figures of Styrolution India Private Limited which is INR47,366 lakhs. And as a volume comparing same the way we have been presenting up till last quarter the volume has gone of ABS from 19.5kt to 23kt in the current quarter.

- Mayur Matani:** Sir, wanted to know about the profitability on the EBITDA front, so does the profitability include inventory gain that we had in the current quarter in the standalone business or how has the quarter for the ABS business gone by?
- Bhupesh P. Porwal:** Regarding inventory gains, yes this quarter was a normal quarter, maybe slight gains are there into this because a light upward movement in the raw material were there, it was not a significant one which has to be mentioned.
- Mayur Matani:** And with regards to our polystyrene business, so you have mentioned that we plan to breakeven, so what would be the key things that we plan to do in order to achieve the breakeven?
- Sanjiv Vasudeva:** Well, I can say this optimization on the cost side, your portfolio if you streamline, you run your assets well, so the more amortized the product it is predominantly a cost scale, right. So you work on running your plants more efficiently, you kind of limit the number of products, I think I mentioned earlier also we do not have intention to come up with another 20 products in polystyrene while ABS it is a different story all together. So you do a good product management, you do good operations and then you have your assets and try to maximize them. Within polystyrene again we have both GPPS and HIPS right, we make both kind of products, also playing with that product mix makes a difference in terms of improving your profitability.
- Mayur Matani:** And in this segment how do you see the volumes going forward because the industry overall if we leave the last year has been volume growth has been quite low, so how do you see the industry going forward and company as a whole doing?
- Sanjiv Vasudeva:** Overall, generally what we are looking at a 7% to 9% kind of growth for the current year, now if I look at polystyrene it is relatively a bit lower growth I would expect than ABS because the threat of alternate materials like PP and all is much higher here, but still the industry will grow. For us it is a matter of running our operations well from a cost side and having the operational efficiency to back some of your capacity and wait for some of the good years to make more money here, but be breakeven plus and be opportunistic.
- Bhupesh P. Porwal:** Sir, you mentioned that Company as a whole you plan to grow 7% to 9% or on the particular ABD business, because ABS has been growing about 10% - 10.5%, so 7% to 9% would be slightly lower as compared to what we had earlier mentioned?
- Sanjiv Vasudeva:** Yes, because like is aid polystyrene I am expecting kind of a 7% kind of a number, 7% and 10%, that is why I said 7% to 9% kind of a number depending on the mix of ABS and PP.
- Mayur Matani:** And with regards to our CAPEX plan, have we planned anything on ABS going forward?
- Sanjiv Vasudeva:** Look, we are tight on capacity so like our competitors also we are looking at like what gentlemen asked earlier there are compounders coming in and they are also looking for bonding. So yes we are directionally thinking of it but once we have a formal announcement we will surely let you

know. We are doing some, you know you do your pre-engineering and some studies, that is ongoing.

Mayur Matani: But when we plan to setup a new capacity, how much dying does it take because I believe that in FY18, end of FY178 we will be using our compounding capacity as well, as we need to plan according to that. So how much time does it take to setup a capacity?

Sanjiv Vasudeva: Depends, if you are talking about compounding capacity that is 1.5 years, 2 years, but if you are talking about a full-fledged ABS plant making rubber and all, that is a four to five-year kind of a timeframe. And by adding another line to an existing facility where we have already been compounding is most of a patch operation, plug and play, you can buy a line and put it in 1.5 years' time.

Mayur Matani: So in short, capacity constraint would not be a problem two, three years hence, that you do not foresee in our Company, right?

Sanjiv Vasudeva: Like I said, for a compounding perspective, no, but when you talk about ABS it has rubber in it so from that perspective we would have constraints few years down the road from an overall raw material perspective.

Mayur Matani: And sir last question, in terms of the ABS business do we see that what margins we have been clocking we will be able to maintain the margins going forward?

Sanjiv Vasudeva: Sure, the whole game is about product mix-up, right, I think one gentlemen also asked me about the share, what share are you targeting are you happy with. So we said, it's of course important, we have to be one of the key players but that is probably not the driving factor, I think it is the profitability of the Company and that comes through product mix or goes to cost management and right pricing.

Mayur Matani: And one last question, with regards to our short-term loans and advances, they have increased by about INR100 crores, so can I have what is additional INR100 crores that is there in short-term loans and advances?

Bhupesh P. Porwal: Yes, Mayur it is basically SAI plus SIN both, you are comparing with the SAI figures of last year so that is the reason the increase is there, normal one.

Mayur Matani: So that is our normal course of business?

Bhupesh P. Porwal: Yes, normal course.

Moderator: Thank you very much. Our next question is from the line of Sanjay Shah from KSA Securities. Please proceed.

- Sanjay Shah:** Sir, can you throw some light on the EBITDA margin of polystyrene business in this quarter, because we are wondering that in last quarter we have done very good margin in ABS business, so how do you see and the blended what we see the whole year 6%, it comes to around 6%.
- Bhupesh P. Porwal:** Your question is EBITDA for polystyrene for last quarter, correct?
- Sanjay Shah:** Yes.
- Bhupesh P. Porwal:** So Sanjay, the EBIT for this year for SIN is 228.
- Sanjay Shah:** Means INR2.28 crores.
- Bhupesh P. Porwal:** Yes.
- Sanjay Shah:** That is for this quarter, and for the whole year?
- Bhupesh P. Porwal:** No, not quarter, I am talking about the whole year.
- Sanjay Shah:** EBITDA loss?
- Bhupesh P. Porwal:** Not loss, profit.
- Sanjay Shah:** EBITDA profit INR2.28 crores for the whole year?
- Bhupesh P. Porwal:** Yes.
- Sanjay Shah:** And this quarter if you can provide me?
- Bhupesh P. Porwal:** Sorry, I do not have this quarter's number separately for this polystyrene.
- Sanjay Shah:** So Sanjiv, how do you see the margin panning out, as you explained us in detail previously, but just for our understanding is what will be comfortable blended margins because we have done remarkably well in our ABS division.
- Sanjiv Vasudeva:** Look, margins depend a lot on the key raw material prices, I think everyone is getting a bit concerned here with the polystyrene and polystyrene lower margins and stuff like that. The game is, there are days when polystyrene will make a lot of money, more than ABS. The thing is, what happens to the raw material prices is what determines your delta margins, just like petroleum companies, there are years where they make a lot of money, if a more commoditized product is given then you have polystyrene. So I think to answer your question my bigger question is what is going to happen with the delta margin for the key raw materials versus our ASP and that is very difficult to tell, because I do not know what is going to happen with the raw material prices. I mean we all can read all kind of reports but I will be just singing the same song. More

importantly what we can do is to work on our strategy that we have, the triple shift strategy of specific industry, products, product mix up, NPIs on the ABS side while working on the cost side, operational efficiency on the polystyrene side, that is what we can control, manage your company with that. Rest we have to see how the raw material prices shape up which will drive our delta margins both for ABS and for polystyrene.

- Sanjay Shah:** So it is better for our Company for petroleum product prices go up?
- Sanjiv Vasudeva:** Directionally always yes.
- Sanjay Shah:** Given stable situation can we do it around 8% plus blended margins for our Company?
- Sanjiv Vasudeva:** Margin or EBITDA?
- Sanjay Shah:** EBITDA.
- Sanjiv Vasudeva:** Yes surely, most chemical companies would be very happy if they can do a 10% kind of EBITDA number, but we are not there yet, I will be honest. So we have our operating plan which are always for all multinational as you would imagine year-on-year we are looking at growth, so directionally we are looking at higher EBITDA percentage number than this year then what we did last year for both PS and ABS put together.
- Sanjay Shah:** Sir my last question, are we going for any expansion, do you have any expansion plan right now at our Dahej site?
- Sanjiv Vasudeva:** None right now. Well your question is right now, Dahej, if it would be a bigger expansion considering the infrastructure that we have and then we are talking of a big plant, chemical plant kind of a thing which I think I talked earlier, those are more like a four, five-year kind of a gain. So those decisions are not made yet.
- Moderator:** Thank you. We have the next question from the line of Navin Jain from Chandan Investments. Please go ahead.
- Navin Jain:** Sir, do you have any hedging policies sir, regarding your raw material?
- Sanjiv Vasudeva:** Yes, we do have our hedging policy and according to the policy all our raw materials whatever we import are hedged.
- Navin Jain:** So what would be the average cost which you would have hedged sir, any color you can throw on it regarding just general crude price or what kind of crude prices you would have hedged your raw materials?

- Bhupesh P. Porwal:** No, we do not hedge this, you are talking about hedging of foreign exchange rate or you are talking about hedging...
- Navin Jain:** No, raw material, not the currency part. Raw material, the general hedging would have happened with a base price of crude, I mean around \$35 of the base price of crude you would have hedged your raw materials, something like that, just give us that color, just a brief directional idea on it.
- Bhupesh P. Porwal:** So that scenario is not there, we hedge for the foreign currency part only.
- Moderator:** Thank you. As there are no further questions I now hand the conference over to the management for closing comments. Over to you.
- Haresh Khilnani:** Ladies and Gentlemen, thank you all for joining this call and should you need any further questions or verifications you can get back to us anytime through email or phones, we will certainly try to resolve the same. So this conference now ends.
- Moderator:** Thank you, sir. Ladies and Gentlemen, on behalf of INEOS Styrolution India Limited that concludes today's conference call. Thank you all for joining us and you may now disconnect your lines.