



“INEOS Styrolution India Limited
Q2 FY2022 Results Conference Call”

November 12, 2021



MANAGEMENT:

**MR. SANJIV VASUDEVA – MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER – INEOS
STYROLUTION INDIA LIMITED**

**MR. SANJEEV MADAN – WHOLE-TIME
DIRECTOR AND CHIEF FINANCIAL OFFICER –
INEOS STYROLUTION INDIA LIMITED**

**MR. ABHIJAAT SINHA – HEAD LEGAL &
COMPANY SECRETARY – INEOS STYROLUTION
INDIA LIMITED**

**MS. AMITA MISTRY - LITIGATION &
SECRETARIAL OFFICER - INEOS STYROLUTION
INDIA LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY2021-2022 earnings conference call of INEOS Styrolution India Limited. We have with us today from the management of INEOS Styrolution India Limited, Mr. Sanjiv Vasudeva, Managing Director and CEO, Mr. Sanjeev Madan, Whole-Time Director and CFO; Mr. Abhijaat Sinha, Head Legal and Company Secretary, and Ms. Amita Mistry, Litigation and Secretarial Officer. 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. Sanjeev Madan. Thank you and over to you Sir!

Sanjeev Madan: Thank you. Dear Shareholders, investors and analysts fraternity, we welcome you to this earning call.

Your Company, INEOS Styrolution India Limited, has declared its results for half year ended Sep 30, 2021 on 12th Nov, 2021. We will brief you about the major highlights of the performance.

Regarding quarterly performance,

Revenue (net of GST) from operations in current quarter is INR 58,848 Lacs as compared to INR 39,459 Lacs in Jul-Sep20. And INR 45,472 Lacs in previous quarter.

Profit Before Tax in current quarter stands at INR 12,061 Lakhs as compared to INR 5,507 Lakhs in Jul-Sep20. And INR 11,843 Lacs in previous quarter.

Regarding year-to-date performance,

Revenue (net of GST) from operations stands at INR 104,321 Lakhs in YTD Sep 21 as compared to INR 51,011 Lacs in YTD Sep 20.

Profit Before Tax in YTD Sep 21 stands at INR 23,905 Lakhs as compared to profit of INR 2,436 Lakhs in YTD Sep 20.

Regarding quarterly Segment performance:

Specialties:

Profit before Interest, tax and other unallocable expenditure stands at INR 8,961 Lacs in current quarter as compared to INR 8,639 Lacs in previous quarter.

PS:

Profit before Interest, tax and other unallocable expenditure is INR 2,999 Lacs in current quarter as compared to INR 3,314 Lacs in previous quarter.

The Board of Directors have declared a special interim dividend of INR 192 at the rate of 1920% as against a special interim dividend per equity share of INR 10 each at its meeting held on October 14, 2021.

This is all about the clarification and details about our financials. We can go forward for the queries or any clarifications which are needed now. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nitin Kapoor an individual investor. Please go ahead.

Nitin Kapoor: Good afternoon Sir. I am Nitin Kapoor. I just wanted to know about the margins in this quarter? What I observe is that the margins in this quarter are lower than the margins in the previous quarter that is the June ending quarter. Can you throw some light on this? And there was a talk of shortage of one of our raw material, Butadiene what is the current status regarding the raw materials and how is the company positioned regarding the status of different raw materials? Thank you.

Sanjiv Vasudeva: I will take both your questions. As you rightly said the margins are relatively lower than the previous quarter as these are all cyclical businesses in which the margins change every quarter, every month, but these are good healthy margins position. On your second question on Butadiene shortage we do not have any Butadiene shortage. There was some AN shortage for a short period of time which was addressed in a week's time and overall we do not see major issues on the raw material. Butadiene is locally sourced from local companies in India, Styrene and Acrylonitrile comes from outside but the global supply chain has kind of hindered a bit of shipments and all, but we are at a pretty good position as we hold inventories, and we manage our raw materials effectively. So, we are not as such affected, and we do not foresee because we made forecast for the coming few months as well, and when we can, our raw material we work closely with the suppliers per se. Thank you.

Nitin Kapoor: Just a followup question on this only, last time, we saw the ABS prices internationally were around \$2200, \$2300 what is the current price of ABS and how are the spreads currently?

Sanjiv Vasudeva: The current price of ABS are similar level of \$2300 and what was your second question?

Nitin Kapoor: How the spreads considering all these China situation and the different supply shocks and because of which some prices have gone up, how are our spreads currently?

Sanjiv Vasudeva: The spreads are still healthy, relatively lower than the previous quarter, as you mentioned, but still healthy.

Nitin Kapoor: I will join the queue later. Let others come and ask their questions. Thank you.

Moderator: Thank you. The next question is from the line of Rajesh Sarda from Exim Utilities. Please go ahead.

- Rajesh Sarda:** Congratulations for a nice quarter. I wanted to know what is the capacity utilization which you are working on and how do you foresee the future?
- Sanjiv Vasudeva:** We do not disclose our capacity utilization numbers and future is good.
- Rajesh Sarda:** We have seen the prices which are prevailing should prevail?
- Sanjiv Vasudeva:** It depends on the oil prices, and the commodity markets. In Commodity markets it is very difficult to predict the future to go beyond even a month, beyond even a week for that matter.
- Rajesh Sarda:** It is perfect. I am just asking for the opinion, what your company foresees?
- Sanjiv Vasudeva:** I foresee at least for the coming quarter or so the prices may still hold to a decent number, but at some point of time, will drop.
- Rajesh Sarda:** Thank you.
- Moderator:** Thank you. The next question is from the line of Nitin Kapoor an individual investor. Please go ahead.
- Nitin Kapoor:** I do not think many institutional investors are interested in our company. So, because there is not many questions coming, so a different question I would like to ask you. Sir, what is the status of the stake sale by the promoters? What I have been reading is that they are investing quite big amounts in China, this company is coming out with 6 Lacs metric ton plant in China, but they do not seem very interested in India. These investments in India have not been very large and now suddenly the promoters have decided to reduce their stake. Can you just throw some light on that why is it that they are reducing and trying to reduce their stake in India and what is the status of that and by how much percent they are planning to reduce the stake? Thank you.
- Sanjiv Vasudeva:** We do not comment on our shareholder matter, either from promoter or from the other investors. Thank you.
- Moderator:** Thank you. The next question is from the line of Abhijeet Chug from LFC W Consultancy. Please go ahead.
- Abhijeet Chug:** Thank you very much Sir. It would be helpful to understand if you could advice on your major capacity expansion programs if any they are in the offing?
- Sanjiv Vasudeva:** As and when we make the plans firms, we will inform the stock exchange and inform the shareholders as well.
- Abhijeet Chug:** So, one should presume that there are none at this point in the offing?
- Sanjiv Vasudeva:** Not anything that we can talk about today.

- Abhijeet Chug:** Sir, I also wanted to understand besides our focus on ABS is the company exploring to look into any other product areas?
- Sanjiv Vasudeva:** We have a global product portfolio that is the beauty of being a part of INEOS a global company. We have multiple products that we can source from the parent company which we do but till the time we have substantial volume for some of those products, adding capacities on those may not make sense, so in the near future, it looks like ABS and Polystyrene only and SAN of course.
- Abhijeet Chug:** But do you trade in any of those products actually in India or do you plan to do that, if not manufacture?
- Sanjiv Vasudeva:** Yes we do.
- Abhijeet Chug:** Thank you very much.
- Moderator:** Thank you. The next question is from the line of Nitin Kapoor an individual investor. Please go ahead.
- Nitin Kapoor:** Sir, one more thing, you have given us a big dividend. Now what is the status of cash with the company after paying this dividend and what is the future dividend policy going to be? Has the company any policy that what percentage of profits they will be giving as dividend, any light you can throw on that?
- Sanjiv Vasudeva:** All I can say is the company has made a decision on the dividend and we also reviewed our cash position and our cash position is healthy and we foresee a healthy cash flow position going forward. Thank you.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference floor over to Mr. Abhijaat Sinha for closing comments.
- Abhijaat Sinha:** Thanks everybody for showing your interest in the company and we thank you for participating in the call. We look forward to seeing you and answering your questions in the next investor call, which will be sometime in February 2022. Till then thank you so much.
- Moderator:** Thank you. On behalf of INEOS Styrolution India Limited that concludes this conference. Thank you all for joining us. You may now disconnect your lines.