



## KEY HIGHLIGHTS

### 1. RESULTS OVERVIEW:

- Styrenix Q1FY25 consolidated revenues came in at ₹699 Cr, up 28.49% YoY and up 16.69% QoQ.
- Op Profit for Q1FY25 stood at ₹90 Cr, up 76.47% YoY and up 25% QoQ.
- Op margins for Q1FY25 came at 12.88%, +350 bps YoY and +86 bps QoQ.
- PAT for Q1FY25 stood at ₹61 Cr, up 90.63% YoY and up 24.49% QoQ.

### 2. MANAGEMENT COMMENTARY:

- Capacity addition plans of 1,51,000 TPA to 3,60,000 TPA by FY28 may be done earlier also. Engineering studies are going on currently.
- Realizations have improved due to product mix and not by price increase.
- Capacity utilization is near 100%.
- Company is trying to lower fuel and power cost may aid in margins in coming quarters.

### 3. CONCALL SUMMARY

- Debottlenecking projects ongoing to increase capacity.
- Capacity expected to reach 100-105,000 tonnes of ABS this year.
- Launched products under brand names STYROLOY and ASALAC.
- STYROLOY includes blends like polycarbonate ABS, nylon ABS, ABS PMMA, HIPS, PPO.
- Undertaking projects to reduce power and fuel costs.
- No major impact of Red sea issue on the imports of ABS in the country.
- Targeting 60-70 cr Capex in FY25.

### 4. Recent DEVELOPMENTS:

- Styrenix Performance Materials FZE, a wholly owned subsidiary of the company has been incorporated on September 10, 2024.
- The wholly own subsidiary is incorporated at free trade zone at UAE with object of General Trading.
- Entire promoter pledge has been cleared by the promoters of the company.

### 5. VALUATION AND OUTLOOK:

- Styrenix is the market leader in ABS manufacturing in India and one of the largest producers of Polystyrene (PS). ABS and PS find their application in automobiles, home appliances, stationary, etc.
- Styrenix is a good play on the increasing discretionary spending and manufacturing boom that India is expected to witness.
- A large proportion of the ABS demand in India is met by imports. Currently there are only two players manufacturing ABS in India. The other company is Bhansali Engineering. Supreme Petrochem has also announced capacity in ABS. However, we still believe that there will be sufficient demand in India to absorb these capacity addition as the industry is expected to grow at high single digit to low double digit and import substitution will aid well to the demand growth.
- We are projecting a 20%/27%/26% Revenue/EBITDA/PAT CAGR for FY24-26 period. The stock is trading at 15.5 times its FY26E EPS, which we believe is quite attractive.
- We value the company at 18.5 times its FY26E EPS of 159, to arrive at a target price of 2,942 implying an upside of 19.11%.

## RECOMMENDATION - BUY

CMP – 2470

TARGET – 2942 (19%)

Industry	Chemicals
NSE CODE	STYRENIX
BSE CODE	506222
Market Cap (₹ Cr)	4418.21
Shares Outstanding (in Cr)	1.76
52 wk High/Low (₹)	2880 / 1030
P/E	21.88
P/BV	5.64
Face Value (₹)	10.00
Book Value (₹)	445.78
EPS (FY24) (₹)	98.45
Dividend Yield (%)	6.83
Debt / Equity	0.01

## SHAREHOLDING PATTERN

	Dec 23	Mar 24	June 24
Promoters	62.73	62.73	46.24
MF/ DII	5.01	4.99	10.58
FII/FPI	2.53	2.09	4.96
Retail & Others	29.72	30.18	38.21
Promoter Pledging	100.00	100.00	92.41

## FINANCIAL SNAPSHOT (₹ Cr)

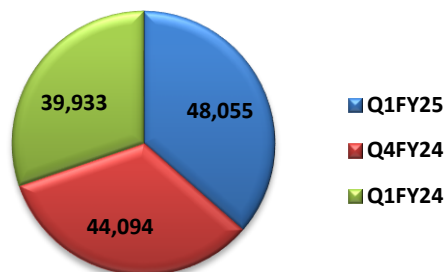
Y/E March	2024A	2025E	2026E
<b>Crore</b>			
Sales	2,222	2,840	3,139
Sales Gr. (%)	-6.3%	27.8%	10.5%
EBITDA	264	383	440
EBITDA %	11.9%	13.5%	14.0%
PAT	173	246	280
EPS (₹)	98	140	159
EPS Gr. (%)	-5.5%	42.2%	13.8%
<b>Ratios</b>			
RoE (%)	24.09	33.1	34.1
RoCE (%)	32.5	35.2	34.2
<b>Valuation</b>			
P/E (x)	25.20	17.64	15.53

## Historical & Industrial Val Ratios

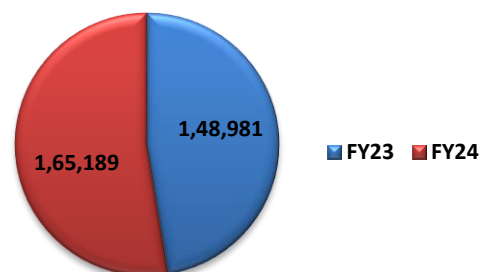
Historical P/E	18.5
Industry P/E	20.5
Historical P/B	2.2
Industry P/B	3.0

## Volume Data (Q1 FY25)

### Sales Volume (MT) for the Quarter



### Sales Volumes (MT) for the Year



## QUARTERLY PERFORMANCE (CONSOLIDATED)

(₹ Cr)

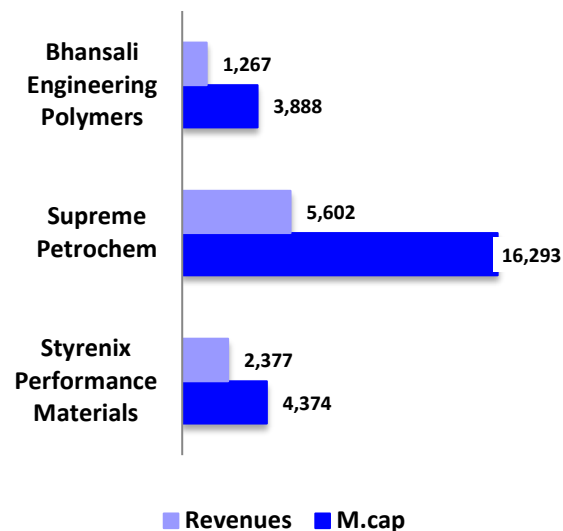
Y/E March	FY23		FY24		FY25			FY24	FY25E*	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1			Q2FY25E*
<b>Net sales</b>	557	615	544	595	485	599	699	710	2,222	2,840
YoY change (%)	8.9%	-1.4%	-16.3%	8.2%	-13.0%	-2.7%	28.5%	19.3%	-6.33%	28%
<b>Total Expenditures</b>	<b>508</b>	<b>549</b>	<b>493</b>	<b>512</b>	<b>427</b>	<b>527</b>	<b>609</b>	<b>614</b>	<b>1,958</b>	<b>2,457</b>
<b>EBITDA</b>	<b>49</b>	<b>66</b>	<b>51</b>	<b>83</b>	<b>58</b>	<b>72</b>	<b>90</b>	<b>96</b>	<b>264</b>	<b>383</b>
Margins (%)	9%	11%	9%	14%	12%	12%	13%	13.5%	12%	13.5%
Other income	2	3	2	3	2	2	2	2	9	7
Interest	1	1	1	1	1	1	1	1	4	10
Depreciation	9	10	9	9	9	9	9	10	37	48
<b>PBT</b>	<b>40</b>	<b>58</b>	<b>43</b>	<b>76</b>	<b>50</b>	<b>64</b>	<b>82</b>	<b>87</b>	<b>233</b>	<b>332</b>
Rate (%)	25%	27%	25%	26%	30%	23%	26%	26%	26%	26%
<b>Adjusted PAT</b>	<b>30</b>	<b>42</b>	<b>32</b>	<b>56</b>	<b>35</b>	<b>49</b>	<b>61</b>	<b>64</b>	<b>173</b>	<b>246</b>
<b>EPS in Rs</b>	<b>17.17</b>	<b>24.13</b>	<b>18.45</b>	<b>32.08</b>	<b>19.87</b>	<b>28.07</b>	<b>34.66</b>	<b>36.58</b>	<b>98.47</b>	<b>139.7</b>

Source: Company, Hem Securities Research.

## INDUSTRY OVERVIEW

- ABS and polystyrene are integral materials in industries like automotive, electronics, construction, and consumer products, valued for their strength, durability, and adaptability.
- ABS demand is on the rise due to its use in lightweight and durable products such as automotive components and electronics, while polystyrene continues to be a key material in packaging and insulation applications.
- The Indian market is seeing a surge in demand for ABS, driven by growth in sectors such as automotive and electronics, along with expanding consumer goods industries.
- Polystyrene demand in India is being fueled by the expanding packaging industry, especially in food, beverage, and retail segments.
- India relies significantly on imports for ABS and polystyrene raw materials, making it susceptible to global price fluctuations and supply challenges.
- In India there are only two manufacturers of ABS (Styrenix Performance Materials and Bhansali Engineering Polymers). Both of them are expanding their capacities significantly. Supreme Petrochem has also announced capacity in ABS.

## KEY PLAYERS in ABS Industry



## PEER PERFORMANCE

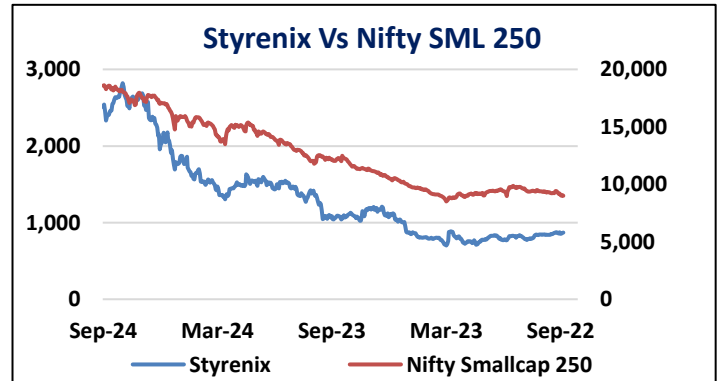
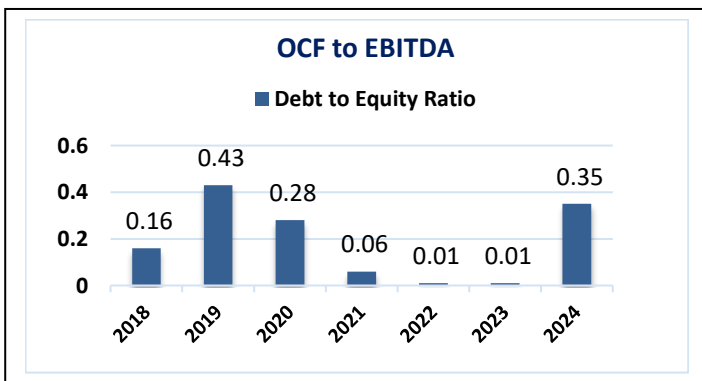
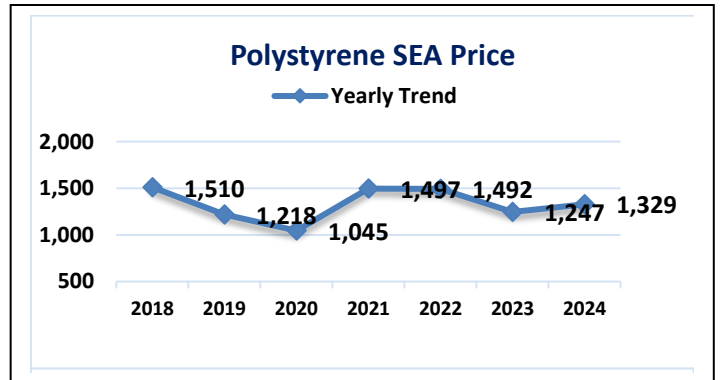
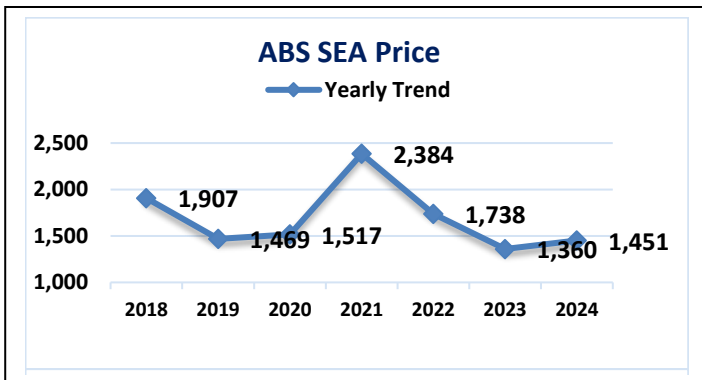
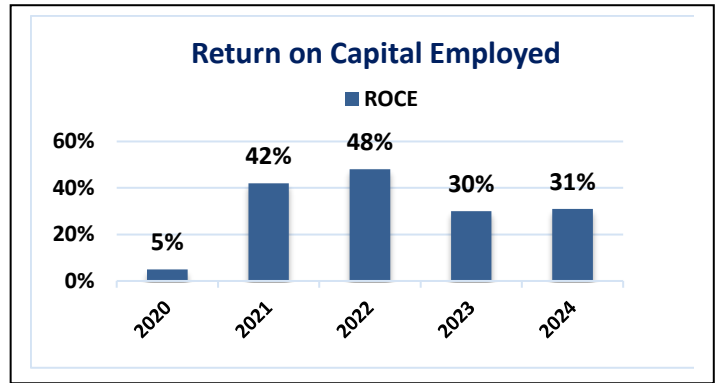
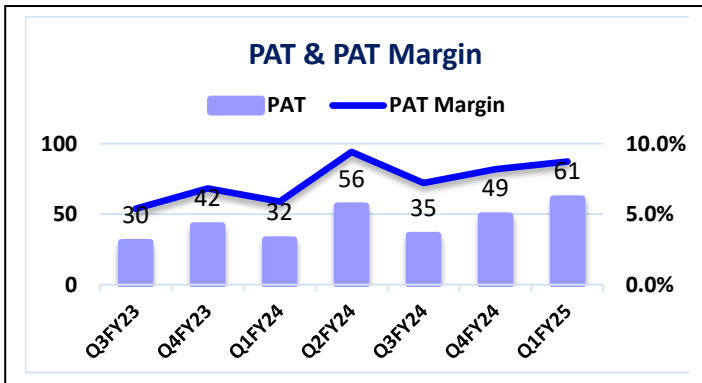
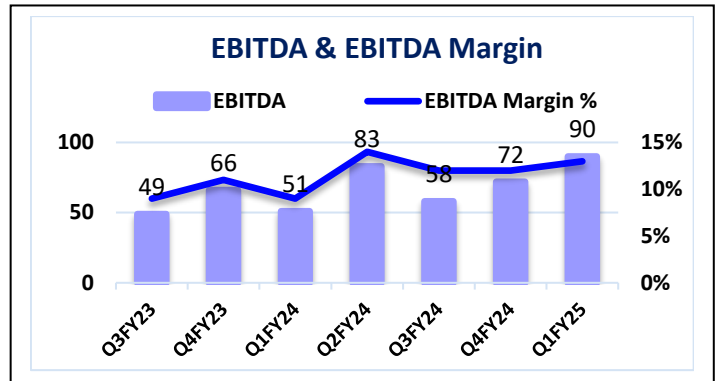
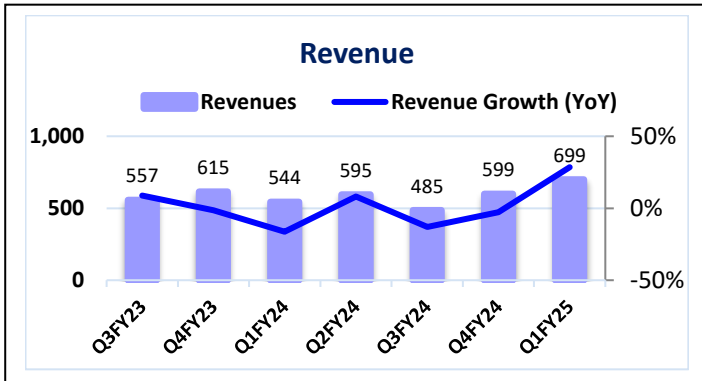
(₹ Cr)

Particulars	Styrenix Performance	Supreme Petrochem	Bhansali Engineering
Market Cap	4381.2	16292.9	3887.1
Net Sales	2377.1	5601.7	1267.3
EBITDA	264.3	473.2	212.0
PAT	173.2	346.5	179.7
EPS(₹)	114.8	21.2	7.3
EBITDA MARGIN %	12.7%	9.6%	17.1%
PAT MARGIN %	7.8%	6.2%	14.7%
ROCE %	31.4%	22.5%	24.4%
ROE %	24.0%	16.8%	18.1%
P/E TTM	21.7	40.8	21.3
P/B TTM	6.1	8.1	4.2
EV/EBITDA	14.0	26.0	14.3
Dividend Yield %	4.0%	1.0%	2.6%
M Cap/ Sales TTM	1.8	2.9	3.1

Source: Company, Hem Securities Research.



**STORY IN CHARTS**





## INVESTMENT RATIONALE:

- Company manufactures ABS (a type of plastic) used in Automobile, Electronic appliances, Stationary, EVs, Medical equipment, etc. Hence it is a good proxy of increasing discretionary spend in the country.
- Styrenix is the market leader in ABS in India. There are only two companies that manufactures this product, the other is Bhansali Engineering. Styrenix has 30% market share.
- The industry is expected to grow at high single digit to low double digit. Approximately half of the demand of ABS in India is met from imports.
- Styrenix is adding significant capacity for ABS as well as Polystyrene. It is looking to substitute imports and gain further market share.
- Company's well established brand name and long standing client relationships will aid in business growth.
- ABS and Polystyrene prices are at multi year low. Given the interest rate cut cycles have started globally and China announcing stimulus packages to revive its economy, we believe commodity pricing cycle may make a comeback in coming quarters.
- We are projecting a 20%/27%/26% Revenue/EBITDA/PAT CAGR for FY24-28 period. The stock is trading at 15.5 times its FY26E EPS, which we believe is quite attractive.

## RISK / NEGATIVE FACTORS:

- Further drop in commodity prices.
- Delay in capacity ramp up.
- Environmental risks related to uses of plastic.

## COMPANY RECAP

- Styrenix Performance Materials Limited (formerly known as INEOS Styrolution India Limited) is the number one producer of Absolac (ABS) and Absolan (SAN) in India.
- ABS is a plastic resin produced from acrylonitrile, butadiene and styrene, used for manufacturing home appliances, automobiles, consumer durables and machinery.
- Absolan (SAN) is a polymerized plastic resin produced from styrene and acrylonitrile, and mainly used for products such as lighting, stationery, novelties, refrigerators and cosmetic packing.
- With 45 years of pioneering experience, Styrenix Performance Materials Limited has been the most preferred supplier to its customers.
- It has 30% Market share in ABS and 20% in Polystyrene.
- Company is planning to increase ABS capacity from 85,000 TPA to 210,000 TPA by FY28. Also, PS capacity to increase from 66,000 TPA to 150,000 TPA by FY27.



## ANNUAL PERFORMANCE

### Financials & Valuations

#### Income Statement

	(₹ Cr)						
Y/E March	2020	2021	2022	2023	2024	2025E	2026E
<b>Revenue from operations</b>	<b>1579</b>	<b>1631</b>	<b>2179</b>	<b>2372</b>	<b>2222</b>	<b>2840</b>	<b>3139</b>
Growth YoY (%)	-24.5%	3.3%	33.6%	8.9%	-6.3%	27.8%	10.5%
<b>Total Expenditure</b>	<b>1514</b>	<b>1218</b>	<b>1704</b>	<b>2096</b>	<b>1958</b>	<b>2457</b>	<b>2699</b>
(%) of sales	95.9%	74.7%	78.2%	88.4%	88.1%	86.5%	86.0%
<b>EBITDA</b>	<b>65</b>	<b>414</b>	<b>475</b>	<b>276</b>	<b>264</b>	<b>383</b>	<b>440</b>
EBITDA Growth (%)	622.2%	536.9%	14.7%	-41.9%	-4.3%	45.1%	14.9%
EBITDA Margin (%)	4.1%	25.4%	21.8%	11.6%	11.9%	13.5%	14.0%
Depreciation	32	36	38	38	37	48	52
<b>EBIT</b>	<b>33</b>	<b>378</b>	<b>437</b>	<b>238</b>	<b>227</b>	<b>335</b>	<b>388</b>
EBIT Growth (%)	NA	1045.5%	15.6%	-45.5%	-4.6%	47.6%	15.8%
Net Interest Expenses	16	15	8	6	4	10	15
Other Income	-31	13	14	15	9	7	6
<b>Earnings before Taxes</b>	<b>-14</b>	<b>376</b>	<b>443</b>	<b>247</b>	<b>232</b>	<b>332</b>	<b>379</b>
EBT Margin (%)	-0.9%	23.1%	20.3%	10.4%	10.4%	11.7%	12.1%
Tax-Total	-4	96	120	64	59	86	99
Rate of tax (%)	29%	26%	27%	26%	25%	26%	26%
<b>Net Profit</b>	<b>-10</b>	<b>280</b>	<b>323</b>	<b>183</b>	<b>173</b>	<b>246</b>	<b>280</b>
PAT Growth (%)	NA	NA	15.4%	-43.3%	-5.5%	42.2%	13.8%
PAT Margin (%)	-0.6%	17.2%	14.8%	7.7%	7.8%	8.7%	8.9%
Minority Interest	0	0	0	0	0	0	0
<b>Adjusted PAT</b>	<b>-10</b>	<b>280</b>	<b>323</b>	<b>183</b>	<b>173</b>	<b>246</b>	<b>280</b>
<b>EPS</b>	<b>-6</b>	<b>159</b>	<b>184</b>	<b>104</b>	<b>98</b>	<b>140</b>	<b>159</b>
EPS Growth (%)	NA	NA	15.4%	-43.3%	-5.5%	42.2%	13.8%

#### Balance Sheet

Y/E March	2020	2021	2022	2023	2024
Equity Capital	18	18	18	18	18
Reserves	592	871	839	697	705
Borrowings	224	98	52	35	27
Other Liabilities	222	326	323	513	288
<b>Total Liabilities &amp; Equity</b>	<b>1,055</b>	<b>1,313</b>	<b>1,232</b>	<b>1,263</b>	<b>1,038</b>
Fixed Assets	365	369	343	309	295
CWIP	56	30	7	12	28
Investments	0	1	1	1	58
Other Assets	634	914	881	940	657
<b>Total Assets</b>	<b>1,055</b>	<b>1,313</b>	<b>1,232</b>	<b>1,263</b>	<b>1,038</b>

Source: Company, Hem Securities Research.



<b>Ratios</b>					
<b>Y/E March</b> (Basic (INR))	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Profitability and return ratios</b>					
Net profit margin (%)	-0.6	17.09	14.75	7.67	7.68
EBITDA margin (%)	4.53	26.02	22.34	12.18	12.13
EBIT margin (%)	0.15	23.82	20.61	10.59	10.5
ROE (%)	-1.55	37.41	36.96	23.3	24.09
ROCE (%)	0.29	45.32	49.86	31.77	32.5
<b>Working Capital &amp; liquidity ratios</b>					
Inventory (Days)	67.18	62.14	52.68	52.52	49.71
Receivables (Days)	46.93	53.22	51.12	47.8	49.82
Current Ratio (x)	1.79	2.96	2.96	1.92	2.71
<b>Valuations Ratios</b>					
EV/sales (x)	0.68	0.89	0.71	0.43	1.11
EV/EBITDA (x)	14.92	3.41	3.16	3.51	9.05
P/E (x)	0.00	5.87	5.31	6.86	14.57
P/BV (x)	1.48	1.85	2.00	1.76	3.49
Dividend Yield (%)	0.00	1.07	30.48	14.56	6.83
<b>Leverage Ratio</b>					
Debt/Equity (x)	0.28	0.06	0.01	0.01	0.01

<b>Cash Flow Statement</b>					
<b>Y/E March</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>CF from Operating activities (A)</b>	<b>166</b>	<b>385</b>	<b>356</b>	<b>270</b>	<b>216</b>
<b>CF from Investing Activities (B)</b>	<b>-84</b>	<b>-112</b>	<b>83</b>	<b>-136</b>	<b>-88</b>
<b>CF from Financing Activities (C)</b>	<b>-124</b>	<b>-137</b>	<b>-412</b>	<b>-198</b>	<b>-177</b>
Net Cash Flow	-42	136	27	-63	-48
Add: Opening Bal.	46	3	242	179	245
<b>Closing Balance</b>	<b>3</b>	<b>242</b>	<b>179</b>	<b>245</b>	<b>57</b>

Source: Company, Hem Securities Research.



## RATING CRITERIA

INVESTMENT RATING	EXPECTED RETURN
BUY	>=15%
ACCUMULATE	5% to 15%
HOLD	0 to 5%
REDUCE	-5% to 0
SELL	<-5%

## RECOMMENDATION SUMMARY

DATE	RATING	TARGET
25 September 2024	Buy	2,942

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Name of the Research Analyst: **Akshat Vijay**

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2.	Research Analyst or his/her relative or HSL's actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the Research Report	No
3.	Research Analyst or his/her relative or HSL has any other material conflict of interest at the time of publication of the Research Report	No
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7.	HSL has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
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9.	HSL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10.	Research Analyst or HSL has been engaged in market making activity for the subject company(ies)	No

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