

## Styrenix Performance Materials Limited

April 22, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term / Short-term bank facilities	650.00	CARE A+; Stable / CARE A1+	Reaffirmed and removed from Rating Watch with Developing Implications; Stable outlook assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has removed 'Rating Watch with Developing Implications' on bank facilities of Styrenix Performance Materials Limited (SPML) and reaffirmed ratings while assigning 'Stable' outlook. Ratings were placed under watch, following the announcement by SPML that its board has approved acquisition of 100% shareholding of INEOS Styrolution (Thailand) Co., Limited from its existing shareholders, including INEOS Styrolution Group GmbH, INEOS Styrolution APAC Pte. Limited, and INEOS Styrolution Hong Kong Company Limited.

Rating Watch has been resolved following completion of acquisition of INEOS Styrolution (Thailand) Co., Limited [subsequently renamed as Styrenix Performance Materials (Thailand) Ltd.] and upon adequate clarity on business and financial profile of acquired entity and post-acquisition impact on SPML. Acquired entity is engaged in manufacturing specialty Acrylonitrile Butadiene Styrene (ABS), high heat ABS, and Styrene Acrylonitrile (SAN) polymers with an installed capacity of 85 kilo tonnes per annum (KTPA) for ABS, 100 KTPA for SAN, and 31 KTPA for High Rubber Graft (HRG) rubber, and has an established presence with customers across Thailand, South-East Asia (SEA), and China.

SPML, through its wholly owned step-down subsidiary, Styrenix Polymers (Thailand) Co. Limited, acquired the entity for a consideration of US\$22.3 million. Besides, additional payment of US\$1 million towards technology and license agreement has also been made to INEOS Styrolution. The said acquisition has been funded through a term loan of US\$22.24 million at the acquired entity level backed by corporate guarantee of SPML. In CY24, the acquired entity had a revenue of ~4729 million Thai Baht, while had an operating loss, which was also partially on account of payout of corporate charges to the erstwhile promoters. SPML plans to turnaround the operations of the acquired entity in the near term. The acquisition is not likely to have material impact on combined financial risk profile and is expected to remain comfortable in the medium term, given healthy existing credit profile backed by healthy profit before interest, lease rentals, depreciation and taxation (PBILDT) margin, and nominal long-term debt. Availied term debt for acquisition also has a moratorium of one year and repayment is scheduled to commence from April 2026. Furthermore, liquidity remains healthy marked by combined cash and bank balances of over ~₹100 crore as on March 31, 2025, and nil utilisation of fund-based working capital limits. The acquisition is expected to enhance SPML's business profile by expanding its scale of operations while providing global presence, synergy benefits, and access to newer markets. Delay in the turnaround of operations of acquired entity impacting the credit profile of SPML shall remain a key rating monitorable.

Ratings of SPML continue to derive strength from SPML's established and long track record of operations, leadership position in the domestic ABS and SAN co-polymer markets with focus on customised speciality products, established position in the Polystyrene (PS) market with state-of-the-art manufacturing facilities, diversified application of products, and stable demand prospects from end-user industries. Ratings also factor comfortable capital structure and debt coverage indicators and its strong liquidity.

The ratings, however, remains constrained on account of susceptibility of profitability due to volatile raw material prices and foreign exchange rate fluctuations associated with imported raw materials, competition from imports, presence in a competitive and cyclical polymer industry, which is also exposed to stringent environmental compliance and is susceptible to accidental fires.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Timely implementation and stabilisation of capacity expansion projects within envisaged cost.
- Maintaining healthy capital structure marked by overall gearing below 0.50x on a sustained basis.

#### Negative factors

- Decline in the scale of operations marked by total operating income (TOI) lower than ₹1,200 crore on a sustained basis.
- Deterioration in PBILDT margin to less than 9% on a sustained basis.
- Deterioration in overall gearing beyond 1.00x on a sustained basis.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

**Analytical approach:** Consolidated

CARE Ratings has taken consolidated approach for SPML, as there are strong operational and financial linkages among SPML and its subsidiaries. The list of companies consolidated has been placed in **Annexure-6**.

**Outlook:** Stable

CARE Ratings believes strong market position and healthy demand prospects will support SPML's business risk profile and expectations of only need-based reliance on debt to fund the capex, to ensure its sustained healthy financial risk profile.

**Detailed description of key rating drivers:****Key strengths****Market leader in ABS and SAN business in India which has diversified application**

SPML manufactures various grades of ABS under the brand name 'ABSOLAC' and SAN under the brand name 'ABSOLAN'. It has been a pioneer in this field and continues to remain the market leader in both these product segments in India. The company has developed and introduced two new brands, 'STYROLOY' for blended products and 'ASALAC' for Acrylonitrile Styrene Acrylate (ASA) in FY24, which is expected to further enhance its competitive positioning in the industry. The company also has an established presence in PS segment, which is sold in the brand name of 'STYRENIX PS'.

The company has an installed capacity of 100 KTPA of ABS (expanded from 85 KTPA through debottlenecking) and 100 KTPA of PS (expanded from 66 KTPA in September 2024) as on December 31, 2024. The company operates modern manufacturing facilities, and a state-of-the-art research and development (R&D) centre in Gujarat. ABS and SAN are versatile engineering polymer material and is a preferred choice for structural applications due to their chemical and physical properties.

The company's products serve industry segments such as automobile sector, electrical and electronics, household consumer durables, construction, healthcare products, stationery, cosmetic, packaging, toys, and extrusion segments. Demand of ABS and PS is expected to witness a healthy growth supported by growth in the end-user industry.

**Satisfactory operating performance**

In FY24, SPML's total sales volume increased by 11 %. TOI however declined by 6% to ₹2222 crore in FY24 (FY23: ₹2,372 crore) mainly due to moderation in product prices. PBILDT margin remained stable at 11.9% in FY24 (FY23: 11.6%) supported by increased sales volume and cost optimisation.

Operating performance remained healthy in 9MFY25, during which the revenue grew by 26% year-on-year (yoy) to ₹2,043 crore supported by 14% growth in volume sales and 10% growth in realisation, while PBILDT margin improved to 12.88% (9MFY24: 11.81%) supported by better realisations, growth in scale of operations and better absorption of fixed overheads.

Supported by acquisition and healthy growth in volumes on the back of debottlenecking of existing capacities and efficiency in production operations, SPML's scale of operations is estimated to have witnessed a healthy growth of ~35% in FY25. while profitability margin is expected to continue to remain steady supported by improvement in the scale and efficiency in operations, though the same is likely to be partially tempered by subdued performance of the acquired entity.

**Healthy credit profile**

SPML has a very comfortable capital structure marked by an overall gearing (including acceptances) of 0.07x as on March 31, 2024 (March 31, 2023: 0.2x), while total debt to gross cash accruals (TD/GCA) stood at 0.25x in FY24 (FY23: 0.64x). With the acquisition of an entity in Thailand, its term debt is expected at ~₹192.5 crore by end FY25, while there is a nil fund-based working capital utilisation. Credit profile witnessed an improvement in FY24 supported by a decline in letter of credit (LC) backed creditors. Even with its planned large size capex and expectation of lower margin of the acquired entity vis-à-vis existing operations, capital structure and debt coverage indicators are expected to remain comfortable.

**Liquidity:** Strong

SPML's liquidity is strong marked by healthy cash accruals vis-à-vis nil term debt repayment obligations in FY25. There has been no utilisation of its fund-based limits as on date. With an overall gearing of 0.07x as on March 31, 2024, SPML has sufficient gearing headroom to raise additional debt. Also, the company had liquidity of ~₹103 crore as on March 31, 2025. Proposed capex is planned to be expended over the next 2-3 years against for which need-based reliance on the debt is expected.

**Key weaknesses****Volatility associated with prices of crude-linked raw materials and foreign exchange rate fluctuations**

SPML's profitability remains susceptible to raw material price volatility and realisation, which impacts spreads. Styrene and Acrylonitrile are the major raw materials used in manufacturing ABS, SAN, and PS. Styrene and Acrylonitrile materials are primarily imported, while the other key raw material, butadiene, is sourced locally. These raw materials are crude oil derivatives and prone to inherent volatility risk in global crude oil prices. In the past, raw material prices had observed significant volatility leading to very low profit margins in few quarters. Raw material imports accounted for over 90% of its requirement in FY24. Given the

dependence on imports, the company also remains exposed to the risk of foreign exchange rate fluctuations, which can have an impact on the pricing of raw materials.

The risk is largely offset by the formula-based pricing mechanism (mainly in contractual sales arrangement), wherein sales prices are revised on a periodic basis depending upon raw material procurement prices. Furthermore, SPML has an active hedging policy, whereby it hedges its foreign currency exposure through forward contracts. Also, upon rupee depreciation, prices of substitutes of SPML's products, which are largely imported products, also rise which helps the company to pass on increased cost to its customers.

#### **Threat of competitive imports from South-East Asian countries; expectations of increase in competitive intensity**

India remains dependent on imports for meeting the domestic demand of ABS. Around 45% of the demand is met through imports, which are from Taiwan and South Korea, which together accounted for ~93% imports of ABS in FY24, while imports from other countries included Thailand and Malaysia, together contributed ~5% of the imports. There is a large capacity expansion planned domestically by domestic players, including SPML in ABS and PS, which is expected to result in a substantial increase in the overall capacity in the domestic market.

Likely opportunity of absorption of incremental capacity in the domestic market, given the current reliance on imports in view of lower capacity, coupled with focus of the company on specialty grade, partially offsets the risk of imports and higher competitive intensity.

#### **Risks associated with large size capex plans**

The company has envisaged more than doubling of its production capacity of ABS and PS at total cost of ₹650-700 crore, which is expected to be funded through internal accruals, available liquidity with need-based reliance on debt. The company has partially preponed its capex plans. As against previously planned commencement of 100 KT of ABS in 2028, the company now plans to commence commercial operations of 50 KT by mid-2026, while the balance is expected to be commenced at a later date. The company would also be enhancing its capacity of PS to 150 KTPA. Capex size remains substantial against its net worth. Delay in commencement of commercial operations or delay in ramp up of operations could have an impact on the return indicators of the company.

#### **Environment, social, and governance (ESG) risks and its mitigants**

Risk factors	Compliance and action by the company
<b>Environmental</b>	<p>To reduce GHG emissions, the company is leading an environmental initiative in Vadodara, establishing green belts covering 29,922 square meters around its industrial estate and neighboring villages like Katol, Nandesari, and Moxi. These green belts enhance local ecosystems and showcase a commitment to ecological stewardship. Additionally, to control acidic emissions, the company has done installation of HCL tank scrubber at Nandesari site.</p> <p>SPML's commitment to reducing its carbon footprint and promoting cleaner energy alternatives, energy efficiency includes transitioning from liquid fuels to natural gas, switching to LED lights for street lighting, replacing CFL or MLL lights, use of biodigesters to convert food waste to sustainable natural gas for cooking etc.</p> <p>For reducing/minimising water consumption, the company has installed STP at its Katol and Moxi unit and the treated water is reused for gardening and green belt.</p> <p>Treated wastewater from Effluent Treatment Plant (ETP) at Dahej and Katol is reused for gardening and green belt.</p> <p>The company has conducted environmental aspect and impact studies for all the activities and adequate control measures like standard operating procedures, engineering controls like pollution control measures/equipment's are adopted as required. Also, periodic environmental monitoring plan for manufacturing sites is in place and implemented.</p>
<b>Social</b>	<p>The company gives paramount importance and is committed to workplace safety and process safety management and an accepted routine practice. The company maintains good safety record with only 1 recordable injury, "Zero" High consequence work related injury, for last two financial years FY23 and FY24.</p> <p>The company adopts a supportive work environment through regular training program to improve employee skill sets and also safety awareness.</p> <p>The company avoids threats related to employee health, safety &amp; emergency management by regular asset care audits, operational audits, process safety inspections, risk appraisal using scientific methodologies such as HAZOP, JSA, and environmental impact assessments. Actions from risk</p>

Risk factors	Compliance and action by the company
	assessment are implemented including with additional budget provision, to reduce risks to acceptable limits. Workforce training, simulated drills for disaster management engagement with the neighbourhood, and research and development are implemented to increase process safety. The company has established a detailed procedure for reporting and investigating unsafe conditions, incidents and near misses, as well as managing and reviewing corrective and preventive actions. Moreover, the company has implemented the Behavioural Based Safety Observation (BBSO) program to address and reduce behavioural risk factors. Additionally, sites have Safety Health and Environmental committee, where issues are raised by stakeholders and actions are taken for prevention.
<b>Governance</b>	50% of the SPML's board consists of independent directors. Various department heads and business heads periodically review and update policies, with final approval from management or the board.

### Applicable criteria

[Definition of Default](#)

[Consolidation](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals & petrochemicals	Specialty chemicals

SPML, a Gujarat-based ABS, SAN and polystyrene manufacturer was originally incorporated as 'ABS Plastics Limited' on December 7, 1973, by Rakesh Agarwal and his family members. Subsequently, there had been several changes of hands in the ownership of the company among various international chemical groups. Lastly, the INEOS Group through its step-down subsidiary, viz., Ineos Styrolution APAC Pte Ltd. (ISAPL) was holding 61.19% equity stake in the company with balance stake being held by the public.

Shiva Performance Materials Private Limited (SPMPL, owned by Rakesh Agarwal and his family members) acquired 61.19% of the equity share capital of SPML from ISAPL, and another 1.54% equity stake through an open offer in November 2022. Post acquisition, the board of directors were changed from November 17, 2022, and the name of the company was changed from Ineos Styrolution India Limited to Styrenix Performance Materials Limited w.e.f. January 05, 2023.

In June 2024, promoters sold 16.5% stake in SPML. Proceeds from the stake sale have been utilised by the promoter company to repay the debt, which had been availed for the acquisition of stake from ISAPL. Consequent to the said debt repayment, pledge on the promoter's equity stake in SPML has also been released. As on March 31, 2025, the promoters held 46.2% equity stake in the company.

Brief Financials (₹ crore)	FY23 (A)*	FY24 (A)*	9MFY25 (UA)^
Total operating income	2,372.27	2,222.17	2,042.71
PBILDT	275.47	264.35	263.14
PAT	183.01	173.18	179.00
Overall gearing (times)	0.20	0.07	NA
Interest coverage (times)	51.73	74.46	101.99

A: Audited; UA: Unaudited, NA: Not available; Note: these are latest available financial results

Financials are reclassified per CARE Ratings' standards

\*Standalone Financials; ^Consolidated Financials

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based/Non-fund-based-LT/ST		-	-	-	650.00	CARE A+; Stable / CARE A1+

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based/Non-fund-based-LT/ST	LT/ST	650.00	CARE A+; Stable / CARE A1+	-	1)CARE A+ / CARE A1+ (RWD) (18-Dec-24) 2)CARE A+; Stable / CARE A1+ (25-Sep-24)	1)CARE A+; Stable / CARE A1+ (06-Sep-23)	1)CARE A+; Stable / CARE A1+ (24-Mar-23) 2)CARE A+ / CARE A1+ (RWD) (27-Dec-22) 3)CARE A+ / CARE A1+ (CW with Developing Implications) (10-Aug-22)

LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based/Non-fund-based-LT/ST	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Annexure-6: List of entities consolidated**

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Styrenix Performance Materials FZE	Full	Wholly Owned Subsidiary
2	Styrenix Polymers (Thailand) Co. Limited	Full	Step Down Wholly Owned Subsidiary

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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### About us:

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### Disclaimer:

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