

Stylam Industries

Expansion to boost volume, input-cost tailwind to enhance margin; retaining Buy

Rating: **Buy**

Target Price (12-mth): Rs.2,276

Share Price: Rs.1,709

More volumes pushed up Stylam's Q4 FY25 revenue 10.6% y/y to ~Rs2.7bn, though blended realisation were soft. High input costs and product-mix changes pulled gross profit down 7.1% y/y to Rs1.1bn. EBITDA fell 10% y/y to Rs429m. Higher tax at 21.6% of PBT, 8.3% a year ago, led to a significant 21.3% decline y/y in PAT to Rs296m. Commissioning of the facility by Oct'25 is expected to boost volume growth, and input-cost tailwinds would expand margins. Management aims to enhance the domestic business and expects exports to cross Rs12bn in the next 2-3 years. We build in 20%/ 26% revenue/PAT CAGRs over FY25-27 and retain our Buy rating with a TP of Rs2,276.

Strong volume growth offset by softer realizations. Overall volumes grew 12.8% y/y to 3.5m sheets (1.9m export, 1.6m domestic) while blended realization declined 2.5% y/y to Rs748/sheet. Export/domestic revenue rose 12/5.5% y/y to ~Rs1.9bn/770m.

Margin pressure persists. The gross margin contracted 834bps y/y to 43.7% due to input costs and product-mix changes. A 550bp y/y reduction in other operating expenses restricted the EBITDA margin contraction 369bps y/y to a 16.2% EBITDA margin. The 451bp y/y PAT margin contraction to 11.2% was primarily due to higher tax.

Plant commissioning delayed, cash surplus shrank. Commercial production of third laminate plant deferred to Oct'25 (earlier Jun'25). Cash surplus plunged 80% y/y to Rs146m, primarily due to higher working capital (up 28% y/y to Rs3.4bn) and Rs1.1bn capex.

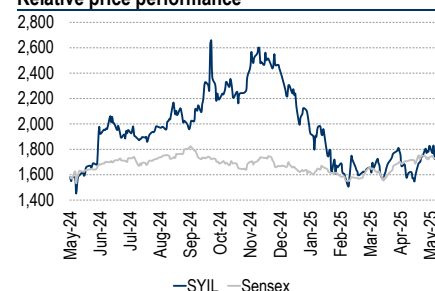
Retaining a Buy with TP of Rs2,276. Management expects healthy volume growth and margin tailwinds. We build in 20/26% revenue/earnings CAGRs over FY25-27. We retain our Buy rating with a 12-mth TP of Rs2,276, on 20x FY27e earnings (earlier Rs2,582, 22.5x FY27e). **Risks:** Demand slowdown, keener competition, cost pressures.

Key data	SYIL IN / STYL.BO
52-week high / low	Rs2736 / 1407
Sensex / Nifty	81,312 / 24,752
Market cap	Rs29bn
Shares outstanding	17m

Shareholding pattern (%)	Mar'25	Dec'24	Sep'24
Promoters	52.2	52.2	54.6
- of which, Pledged			
Free Float	47.8	47.8	45.4
- Foreign institutions	3.7	3.9	3.6
- Domestic institutions	12.6	11.6	7.9
- Public	31.5	32.3	33.9

Estimates revision (%)	FY26e	FY27e
Sales	(4.6)	(2.2)
EBITDA	(2.9)	5.3
PAT	(10.1)	(0.8)

Relative price performance



Source: Bloomberg

Key financials (YE Mar)	FY23	FY24	FY25	FY26e	FY27e
Sales (Rs m)	9,521	9,141	10,251	12,103	14,826
Net profit (Rs m)	960	1,296	1,219	1,475	1,929
EPS (Rs)	56.6	76.5	71.9	87.0	113.8
P/E (x)	30.2	22.4	23.8	19.6	15.0
EV / EBITDA (x)	18.8	15.3	15.6	12.7	9.6
P / BV (x)	7.0	5.4	4.4	3.6	2.9
RoE (%)	26.4	27.3	20.4	20.2	21.5
RoCE (%)	23.7	26.0	19.9	19.6	21.4
Dividend yield (%)	0.1	0.1	0.1	0.1	0.1
Net debt / Equity (x)	0.0	(0.1)	(0.0)	(0.0)	(0.1)

Source: Company, Anand Rathi Research

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Quick Glance – Financials and Valuations

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
Net revenues	9,521	9,141	10,251	12,103	14,826
Growth (%)	44.4	-4.0	12.1	18.1	22.5
Direct costs	5,310	4,741	5,574	6,430	7,645
SG&A	2,663	2,555	2,825	3,404	4,286
EBITDA	1,548	1,845	1,852	2,269	2,896
EBITDA margins (%)	16.3	20.2	18.1	18.8	19.5
- Depreciation	200	223	239	340	371
Other income	14	57	75	98	148
Interest expenses	82	25	39	61	102
PBT	1,281	1,643	1,649	1,967	2,571
Effective tax rates (%)	25.1	21.7	26.1	25.0	25.0
+ Associates / (Minorities)	-	-	-	-	-
Net income	960	1,284	1,220	1,475	1,929
Adj. income	960	1,296	1,219	1,475	1,929
WANS	16.9	16.9	16.9	16.9	16.9
FDEPS (Rs)	56.6	76.5	71.9	87.0	113.8
Adj. FDEPS growth (%)	57.6	35.0	-5.9	21.0	30.7
Gross margins (%)	44.2	48.1	45.6	46.9	48.4

Source: Company, Anand Rathi Research

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
Share capital	85	85	85	85	85
Net worth	4,121	5,363	6,574	8,006	9,893
Debt (incl. Pref. shares)	367	-	361	306	214
Minority interest	-	-	-	-	-
DTL / DTA	100	25	12	12	12
Capital employed	4,588	5,387	6,947	8,324	10,119
Net tangible assets	1,718	1,717	1,749	3,624	3,874
Net intangible assets	-	33	23	23	23
Goodwill	-	-	-	-	-
CWIP (tang. and intang.)	128	16	831	313	125
Investments (strategic)	11	-	-	-	-
Investments (financial)	-	-	-	-	-
Current assets	399	493	782	898	1,031
Cash	267	735	507	455	1,412
Current liabilities	395	291	372	481	623
Working capital	2,458	2,684	3,427	3,492	4,278
Capital deployed	4,588	5,387	6,947	8,324	10,119
Contingent liabilities	416	390	-	-	-

Source: Company, Anand Rathi Research

Fig 3 – Cash-flow statement (Rs m)

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
PBT (Adj. OI and interest)	1,281	1,643	1,649	1,967	2,571
+ Non-cash items	200	223	239	340	371
Oper. prof. before WC	1,481	1,866	1,888	2,307	2,942
- Incr. / (decr.) in WC	(526)	(150)	(718)	33	(652)
Others incl. taxes	(192)	(453)	(419)	(431)	(541)
Operating cash-flow	763	1,262	751	1,909	1,750
- Capex (tang. + intang.)	(259)	(143)	(1,075)	(1,697)	(433)
Free cash-flow	504	1,119	(324)	212	1,316
Acquisitions	-	-	-	-	-
- Dividend	(42)	(42)	(42)	(42)	(42)
+ Equity raised	-	-	-	-	-
+ Debt raised	(284)	(367)	361	(55)	(92)
- Fin. investments	-	11	-	-	-
- Misc. items (CFI + CFF)	3	(253)	(223)	(167)	(226)
Net cash-flow	181	468	(228)	(52)	957

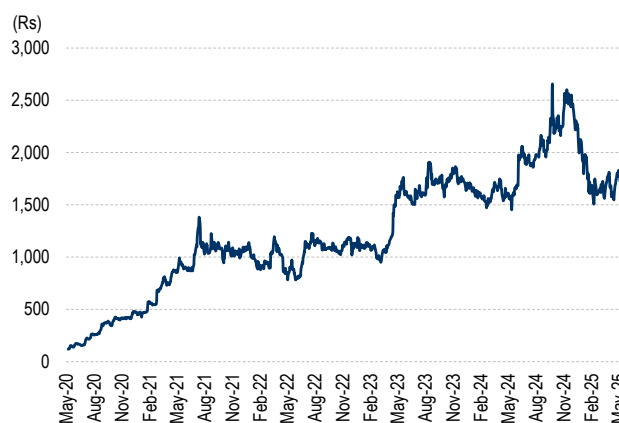
Source: Company, Anand Rathi Research

Fig 4 – Ratio analysis

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
P/E (x)	30.2	22.4	23.8	19.6	15.0
EV / EBITDA (x)	18.8	15.3	15.6	12.7	9.6
EV / Sales (x)	3.1	3.1	2.8	2.4	1.9
P/B (x)	7.0	5.4	4.4	3.6	2.9
RoE (%)	26.4	27.3	20.4	20.2	21.5
RoCE (%) - after tax	23.7	26.0	19.9	19.6	21.4
Fixed asset T/O (x)	24.8	28.8	22.1	20.9	23.7
DPS (Rs)	2.5	2.5	2.5	2.5	2.5
Dividend yield (%)	0.1	0.1	0.1	0.1	0.1
Dividend payout (%)	4.4	3.3	3.5	2.9	2.2
Net debt / equity (x)	0.0	(0.1)	(0.0)	(0.0)	(0.1)
Receivables (days)	48	64	73	60	60
Inventory (days)	61	58	66	63	63
Payables (days)	15	15	17	17	17
CFO: PAT (%)	79.4	97.4	61.6	129.4	90.7

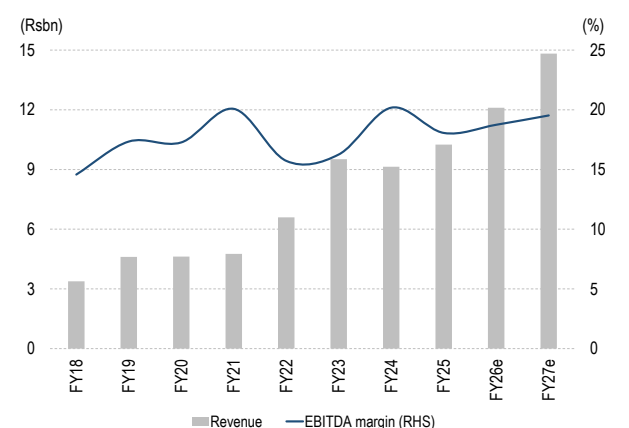
Source: Company, Anand Rathi Research

Fig 5 – Price movement



Source: Anand Rathi Research

Fig 6 – Revenue and EBITDA margin



Source: Anand Rathi Research

Financial highlights

Fig 7 – Financials (consolidated)

(Rs m)	Q4 FY24	Q3 FY25	Q4 FY25	Y/Y (%)	Q/Q (%)	FY24	FY25	Y/Y (%)
Revenue	2,399	2,545	2,653	10.6	4.2	9,141	10,251	12.1
Raw material costs	1,151	1,393	1,494	29.8	7.2	4,741	5,574	17.6
Gross profit	1,248	1,152	1,159	(7.1)	0.6	4,400	4,677	6.3
Employee costs	188	207	230	22.5	10.9	751	835	11.3
Other expenses	584	485	500	(14.4)	3.0	1,804	1,990	10.3
EBITDA	477	460	429	(9.9)	(6.6)	1,845	1,852	0.4
Other income	13	18	12	(12.3)	(34.5)	57	75	31.0
Depreciation	63	59	65	2.0	10.1	223	239	7.2
Finance costs	5	(6)	(1)	(114.9)	(87.5)	25	39	56.8
PBT	422	425	377	(10.7)	(11.2)	1,655	1,649	(0.3)
Tax	35	126	81	133.3	(35.6)	359	430	19.9
PAT	376	298	296	(21.3)	(0.8)	1,284	1,219	(5.1)
EPS (Rs)	22.2	17.6	17.5	(21.3)	(0.8)	75.8	71.9	(5.1)

As % of revenue				bps y/y	bps q/q			
Material cost	48.0	54.7	56.3	834	158	51.9	54.4	250
Gross margin	52.0	45.3	43.7	(834)	(158)	48.1	45.6	(250)
Employee costs	7.8	8.1	8.7	84	52	8.2	8.1	(6)
Other expenses	24.3	19.1	18.8	(550)	(22)	19.7	19.4	(32)
EBITDA margin	19.9	18.1	16.2	(369)	(188)	20.2	18.1	(212)
Other income	0.6	0.7	0.4	(11)	(26)	0.6	0.7	11
Depreciation	2.6	2.3	2.4	(21)	13	2.4	2.3	(11)
Finance costs	0.2	(0.2)	(0.0)	(22)	19	0.3	0.4	11
PBT margin	17.6	16.7	14.2	(339)	(246)	18.1	16.1	(202)
Effective tax rates	8.3	29.8	21.6	1,332	(820)	21.7	26.1	440
PAT margin	15.7	11.7	11.2	(451)	(56)	14.1	11.9	(216)

Source: Company, Anand Rathi Research

Q4 FY25 Result Highlights

In-line results, PAT beats estimates – High input costs curb margins

- Revenue up 10.6% y/y to ~Rs 2.7bn, supported by more sales volumes (up 12.8% y/y to 3.5m sheets) as blended realisation was 2.5% lower y/y to Rs748/sheet.
- Input cost pressures shrank gross profit, 7.1% y/y to Rs1.1bn, resulting in the gross margin contracting 834bps y/y to 43.7%.
- EBITDA was ~10% lower y/y to Rs429m. However, lower other operating expenses (down 550bps y/y to 18.8% of sales) restricted the contraction in the EBITDA margin to 369bps y/y (to a 16.2% EBITDA margin) despite the rise in employee expenses (up 84bps y/y to 8.7% of sales).
- PAT was down a significant 21.3% y/y to Rs296m, mainly due to higher tax of 21.6% of PBT (8.3% a year back)

Other details

- Export/domestic revenue grew 12 /5.5% y/y to Rs1.9bn/770m.
- The export-domestic revenue mix was broadly unchanged at 71:29 (70:30 in Q4 FY24).

Capex, Working capital, Cash surplus

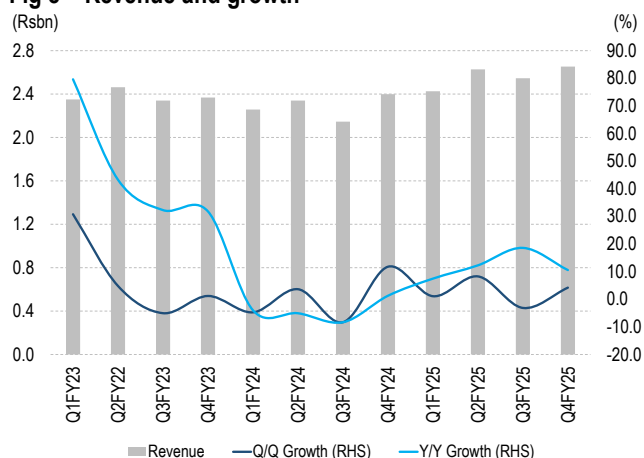
- Commercial production at its third laminate plant has been deferred to Oct'25 (earlier envisaged to be operational by Jun'25).
- Net working capital rose 28% y/y to Rs3.4bn and working capital days increased by 15 to 122, largely due to an 8-day rise in debtor/ inventory days to 73/66, while creditor days increased by just 1 to 17.
- The company continues to be net cash surplus with Rs146m net cash & cash equivalents, though 80% lower, largely due to higher working capital needed.

Q4 FY25 Earnings Call Highlights

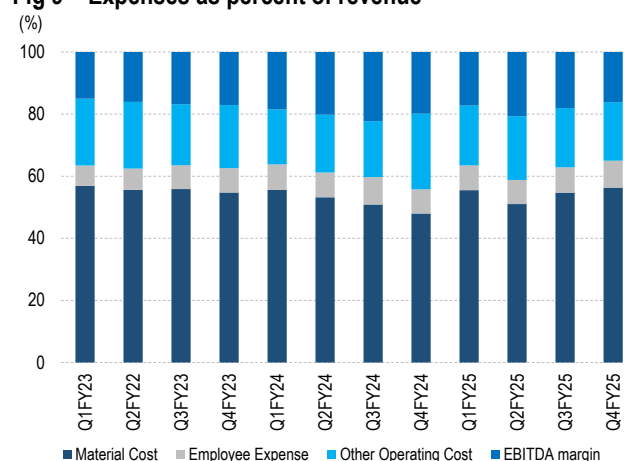
Healthy export growth, internal challenges impact domestic business; capacity expansion to boost volumes, input cost tailwind to expand margins

- In FY25 revenue grew 12% y/y to Rs10.3bn with exports up 19.6% y/y to Rs7.3bn while domestic revenue was 3% y/y lower to Rs2.9bn. Input-cost pressures and product-mix change cut profitability.
- Performance in the domestic market is not encouraging (some internal issues) and the company is trying its best to achieve traction, while performance in exports is encouraging with healthy growth momentum.
- Export growth continues despite global tariff issues, with no adverse impact on sales. Engaged in white-label manufacturing for Wilsonart, enhancing global partnerships. Revenue mix for its own brand: White Label exports at 60:40.
- **For laminates, domestic realization** rose from Rs126/kg in FY24 to Rs130, and **export realization** from Rs150/kg to Rs156 (have stated realisations in kgs instead of sheets).
- **Acrylic solid surfaces.** Rs200m revenue in FY25; management aims to cross Rs1bn in FY26. Acrylic solid surface realization was Rs316/kg (USA), Rs 255/kg (South Korea).
- **Capacity expansion:** Of Rs2.6bn capex, Rs1.2bn has been deployed. Production is expected by end-Q2 FY26. On optimal capacity utilisation, the facility has potential to generate Rs7.5bn-8bn revenue.
- **Outlook.** Sustainable growth rate in exports >20%, targeting Rs12bn export revenue in the next two years.

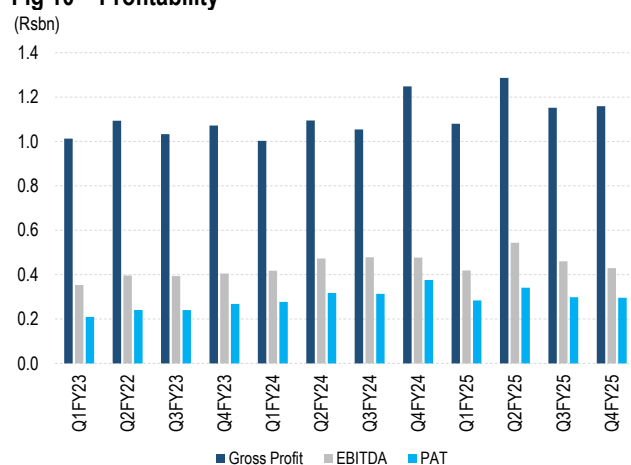
Story in charts, quarterly

Fig 8 – Revenue and growth


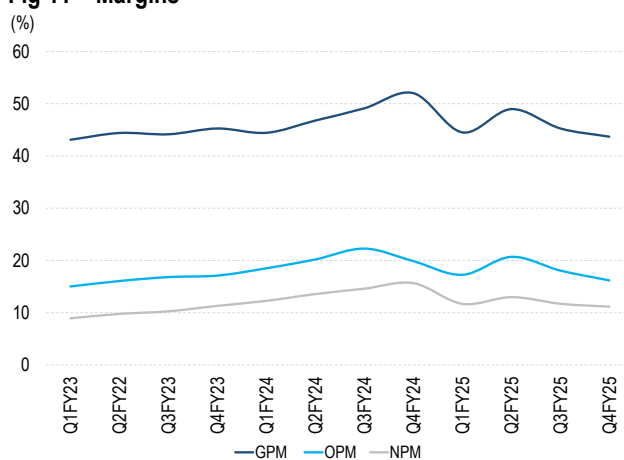
Source: Company, Anand Rathi Research

Fig 9 – Expenses as percent of revenue


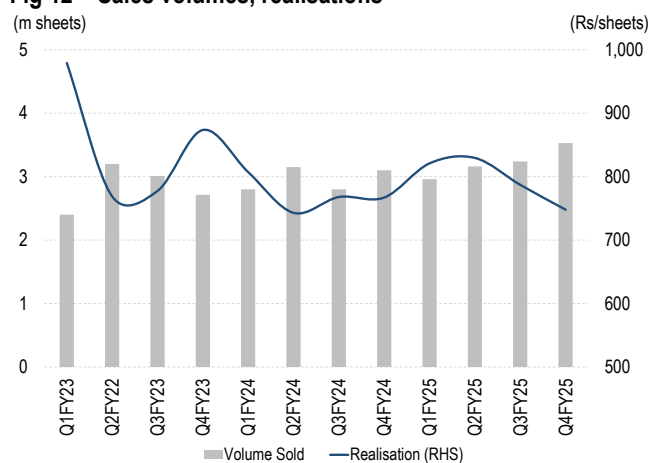
Source: Company, Anand Rathi Research

Fig 10 – Profitability


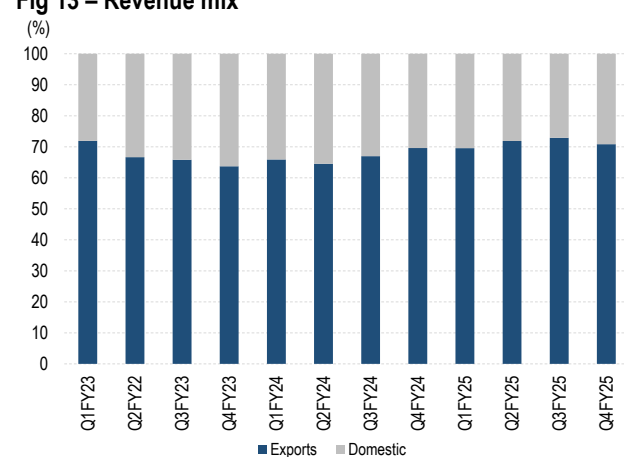
Source: Company, Anand Rathi Research

Fig 11 – Margins


Source: Company, Anand Rathi Research

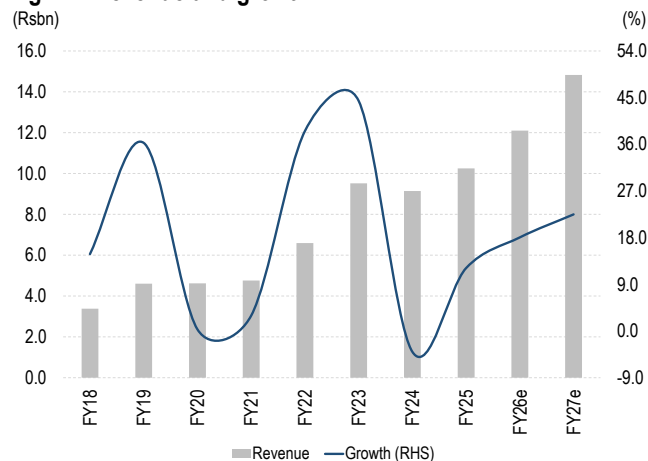
Fig 12 – Sales volumes, realisations


Source: Company, Anand Rathi Research

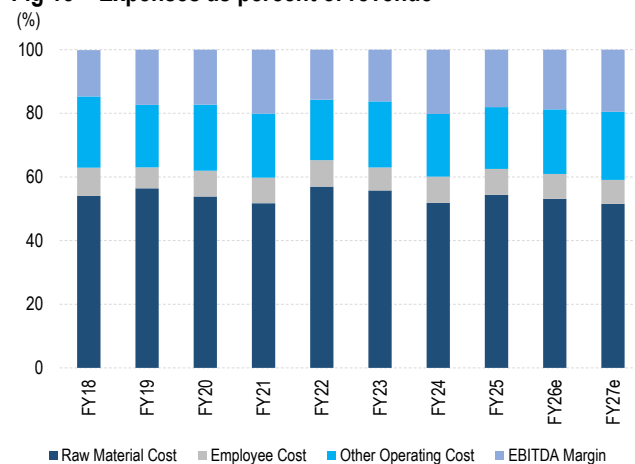
Fig 13 – Revenue mix


Source: Company, Anand Rathi Research

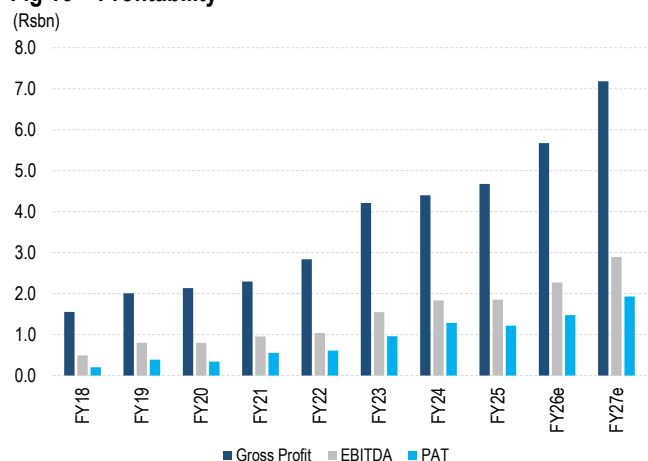
Story in charts, annual

Fig 14 – Revenue and growth


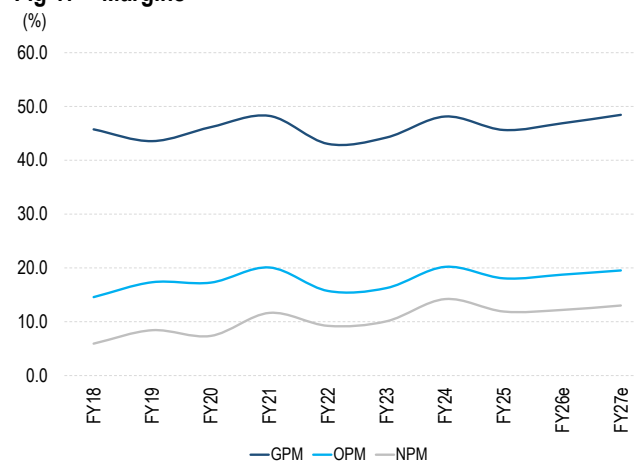
Source: Company, Anand Rathi Research

Fig 15 – Expenses as percent of revenue


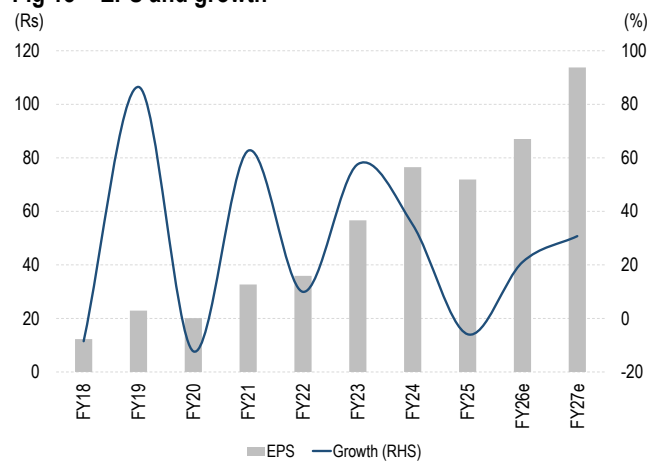
Source: Company, Anand Rathi Research

Fig 16 – Profitability


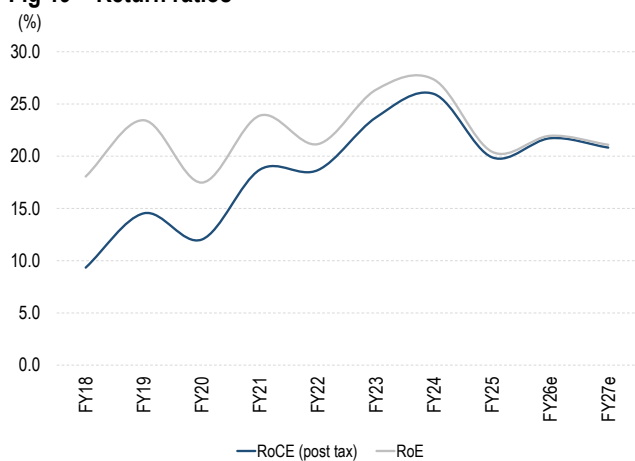
Source: Company, Anand Rathi Research

Fig 17 – Margins


Source: Company, Anand Rathi Research

Fig 18 – EPS and growth


Source: Company, Anand Rathi Research

Fig 19 – Return ratios


Source: Company, Anand Rathi Research

Outlook & Valuation

Commissioning of the facility by Oct'25 is expected to boost volume growth; input-cost tailwind would expand margins. Management aims to enhance domestic business and expects exports to cross Rs12bn in the next 2-3 years.

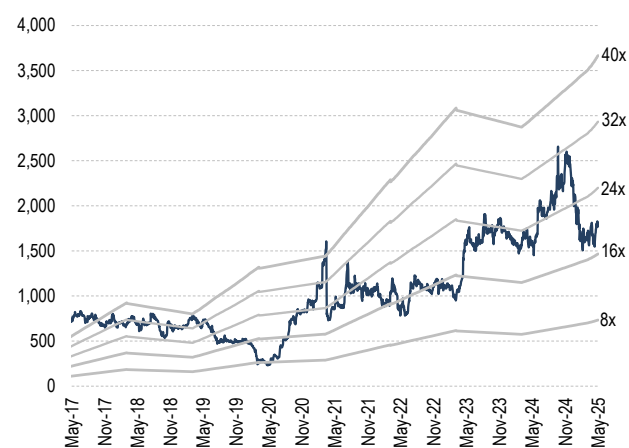
We build in 20/26% revenue/earnings CAGRs over FY25-27. We retain our Buy recommendation on the stock with a 12-mth TP of Rs2,276, on 20x FY27e earnings (earlier Rs2,582, 22.5x FY27e).

Fig 20 – Change in estimates

(Rs m)	Earlier		Revised		% Variance	
	FY26e	FY27e	FY26e	FY27e	FY26	FY27
Income	12,682	15,165	12,103	14,826	(4.6)	(2.2)
EBITDA	2,338	2,749	2,269	2,896	(2.9)	5.3
EBITDA margins %	18.4	18.1	18.8	19.5	35	143
PAT	1,640	1,945	1,475	1,929	(10.1)	(0.8)
EPS (Rs)	96.8	114.8	87.0	113.8	(10.1)	(0.9)

Source: Anand Rath Research

Fig 21 – P/E band – One-year-forward



Source: Company, Anand Rath Research

Fig 22 – P/E band – Mean and standard deviation



Source: Company, Anand Rath Research

Key risks

- Slowdown in economic activity, especially in real estate, could curb capacity utilisation and dent margins.
- Procuring RMs at sustainable prices would be a challenge.
- RM imports expose the company to currency fluctuations. It, however, enjoys a natural hedge against such fluctuations as more than 60% of its revenue arises from exports. Hence, net-net it enjoys foreign currency inflows.

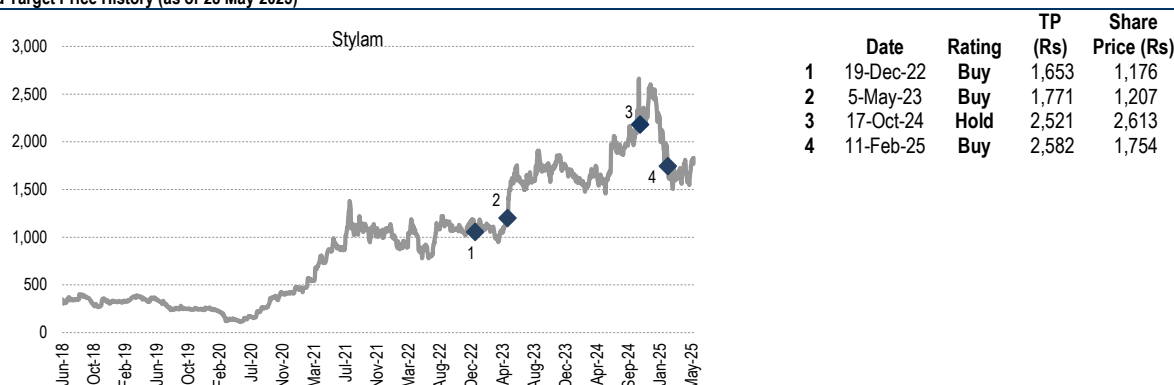
Appendix

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Rating and Target Price History (as of 28 May 2025)



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Ratings Guide (12 months)

	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0-15%	<0%
Mid Caps (101st-250th company)	>20%	0-20%	<0%
Small Caps (251st company onwards)	>25%	0-25%	<0%

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