

Stylam Industries

Growth levers aligned, promoters fully committed

We recently interacted with the Stylam Industries management, Mr Jagdish Gupta, MD, and Mr. Manit Gupta, WTD. Management indicated that it is targeting at least 20–25% YoY revenue growth in FY27 for the laminates segment, supported by new plant commissioning. Following leadership changes, the company has renewed focus on the domestic business, expecting recovery from Q1FY27. Earlier, we had cut Stylam’s valuation multiple from 30x due to concerns over strained promoter relations. With the exit of one promoter group, these governance issues have been resolved, removing uncertainty – an outcome we view positively. Accordingly, we raise our valuation multiple to 30x from 20x, supported by promoter commitment, visibility from new plant commissioning, revival in domestic operations, and synergy potential from Aica Kogyo’s partnership. We remain constructive on Stylam, given its industry-leading growth trajectory, robust EBITDA margins, strong balance sheet, and healthy return ratios. Our model factors in 15/21/21/19% CAGR in volume/revenue/EBITDA/APAT for FY26-28E. Considering geopolitical risks and cost inflation, we maintain FY27/28E estimates. In the absence of clarity, we have not incorporated synergy benefits from Aica Kogyo’s promoter role. Key risks are potential delays in commissioning or ramp-up of new plants, evolving relationship between the erstwhile promoter and the new promoter, and exposure to new capital-intensive business. We upgrade our rating to BUY from ADD with a revised target price of INR 3,775/share (30x Mar’28E conso. EPS).

- Demand, price and cost trends:** For FY27, the company is targeting at least 20–25% revenue growth in the laminates segment and expects acrylic revenues of INR 0.5–0.7bn (vs. INR 0.15bn in FY26), supported by new plant commissioning and a recovery in domestic demand. Demand in Q1 has been good, with April sales exceeding INR 1bn. The company has implemented laminate price hikes to partially offset elevated chemical costs arising from the Middle East tensions. However, given relatively lower cost pressures faced by European peers, full pass-through stays challenging. Management expects operating leverage benefits and INR depreciation to mitigate the impact, thus anticipating EBITDA margins to remain broadly stable.
- Strengthening domestic business:** Management indicated that following the change in management within the domestic business, the company has renewed its focus on strengthening this segment. It expects the domestic business to begin delivering from Q1FY27, with several corrective measures already implemented; the full impact of these initiatives is likely to be visible from Oct-2026. Also, acrylic performance is likely to improve, going forward.
- Erstwhile promoter stakes to further dilute:** Stylam Industries, in Dec-2025, announced a stake sale by the promoter families to Aica Kogyo Co. Ltd., a Japan-based entity. Prior to the transaction, promoters held a combined 54.1% stake (including ~1.9% classified as public), comprising ~28% held by Mr. Manav Gupta and family and 26.1% by Mr. Jagdish Gupta and family. Following a compromise-cum-settlement over a disputed 4.55% stake, Mr. Jagdish Gupta and family’s shareholding increased by ~0.89% to ~27%. Pursuant to the share purchase agreements, Mr. Manav Gupta and family fully exited by divesting their entire 27.12% stake, followed by an open offer by Aica Kogyo to acquire an additional 26% from public shareholders at INR 2,250/share. However, the open offer saw limited participation, with Aica Kogyo acquiring only ~2.75%, taking its total stake to ~29.87%. As per the agreement, if Aica Kogyo does not reach a minimum 40% stake post the open offer, Mr. Jagdish Gupta and family will further dilute their holding; accordingly, they are expected to divest ~10.13% within a month, enabling Aica Kogyo to reach a 40% stake, while their own shareholding reduces to ~16.85%.

BUY

CMP (as on 04 Jun 2026)	INR 3,037
Target Price	INR 3,775
NIFTY	23,417

KEY CHANGES	OLD	NEW
Rating	ADD	BUY
Price Target	INR 2,515	INR 3,775
EPS	FY27E	FY28E
revision %	-	-

KEY STOCK DATA

Bloomberg code	SYIL IN
No. of Shares (mn)	17
MCap (INR bn) / (\$ mn)	51/537
6m avg traded value (INR mn)	142
52 Week high / low	INR 3,119/1,575

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	37.4	43.8	78.4
Relative (%)	43.4	56.6	86.5

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	52.19	54.10
FIs & Local MFs	13.24	13.31
FPIs	2.04	2.81
Public & Others	32.53	29.78
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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- **Aica Kogyo partnership to drive synergies:** Aica Kogyo Co., Ltd. is a Japan-based chemicals and materials company specializing in adhesives, laminates, and building materials, with a portfolio spanning decorative boards, architectural films, non-combustible panels, resins, and countertops across construction, furniture, automotive, and electronics segments. It holds a leading position in the Japanese HPL market and is a pioneer in urea resin adhesives, with operations in 13 countries and a global customer base exceeding 11,000. Management views the partnership as strategically important for enhancing competitiveness; however, Aica is not expected to be involved in day-to-day operations. While potential synergies are yet to be formalized pending its stake reaching 40%, the company could benefit over time from Aica's superior technological capabilities.
- **Capex and expansion plans:** The company is undertaking a brownfield expansion of its laminate facility with a capex of INR 3.3bn; however, commissioning has been deferred to mid-July 2026 due to environmental clearance. The new plant will enable production of larger 7x9 feet laminates, thereby expand the product portfolio, and it carries a revenue potential of ~INR 10bn, with targeted utilization of ~80% for the next two years and an export-domestic mix of 70:30. Supported by advanced automation and lower manpower intensity, the facility is expected to deliver stronger margins. Management indicated that no further laminate capacity additions are envisaged at this stage, with future demand likely to be met through incremental press additions rather than new greenfield investments. Management also indicated that it is exploring entry into new product segments.
- **Valuation and recommendation:** Mr. Jagdish Gupta and Mr. Manit Gupta, who earlier led Stylam's export operations, have now assumed responsibility for overall business management, including the domestic segment previously overseen by Mr. Manav Gupta. Earlier, we had cut Stylam's valuation multiple from 30x due to concerns over strained promoter relations. With the exit of one promoter group, these governance issues have been resolved, removing uncertainty—an outcome we view positively. Accordingly, we raise our valuation multiple to 30x from 20x, supported by promoter commitment, visibility from new plant commissioning, revival in domestic operations, and synergy potential from Aica Kogyo's partnership. We remain constructive on Stylam, given its industry-leading growth trajectory, robust EBITDA margins, strong balance sheet, and healthy return ratios. Our model factors in 15/21/21/19% CAGR in volume/revenue/EBITDA/APAT for FY26-28E. Considering geopolitical risks and cost inflation, we maintain FY27/28E estimates. In the absence of clarity, we have not incorporated synergy benefits from Aica Kogyo's promoter role. Key risks are potential delays in commissioning or ramp-up of new plants, evolving relationship between the erstwhile promoter and the new promoter, and exposure to new capital-intensive business. We upgrade our rating to BUY from ADD with a revised target price of INR 3,775/share (30x Mar'28E consolidated EPS).

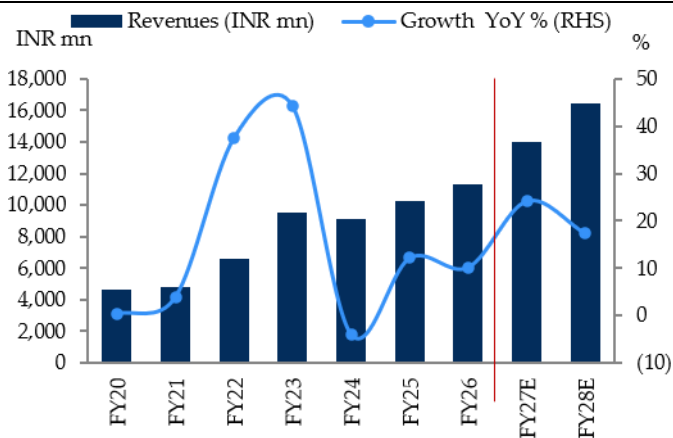
Financial Summary

Particulars (INR mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Sales	9,521	9,141	10,251	11,293	14,026	16,452
EBITDA	1,548	1,845	1,852	2,206	2,732	3,217
EBITDAM (%)	16.3	20.2	18.1	19.5	19.5	19.6
APAT	960	1,296	1,219	1,499	1,809	2,132
Diluted EPS (Rs)	56.6	76.5	71.9	88.4	106.8	125.8
EV / EBITDA (x)	33.3	27.4	27.7	23.1	18.8	15.9
P/E (x)	53.5	39.6	42.1	34.3	28.4	24.1
RoE (%)	26.4	27.3	20.4	20.5	20.7	20.8

Source: Company, HSIE Research

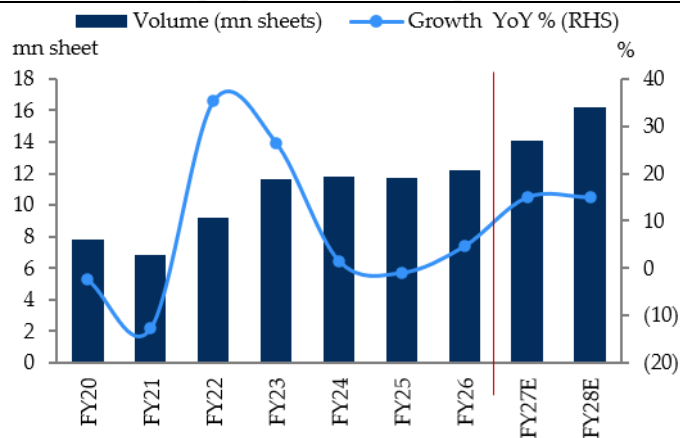
Stylam Industries: Company Update

FY26-28E consolidated revenue CAGR: 21% (volume-led)



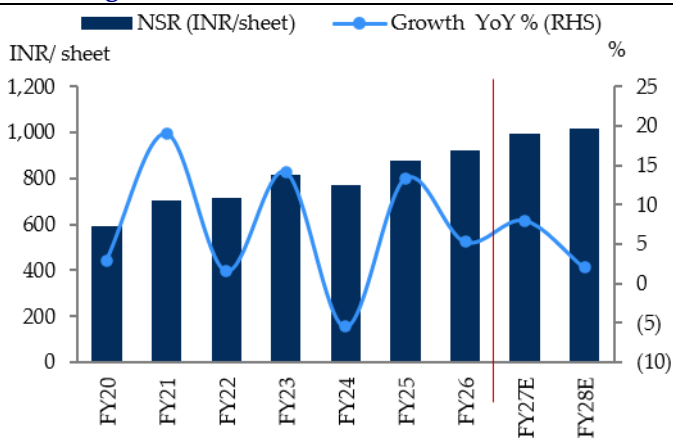
Source: Company, HSIE Research

FY26-28E consolidated volume CAGR is 15% (demand revival and ramp-up of sales from expansion)



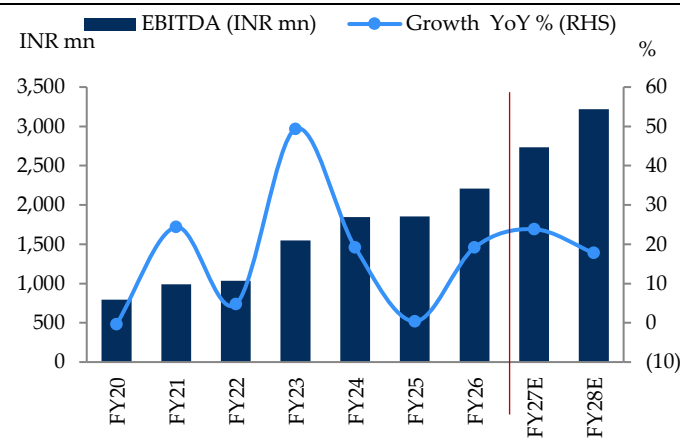
Source: Company, HSIE Research

FY26-28E consolidated NSR CAGR: 5% (increase in price and change in mix)



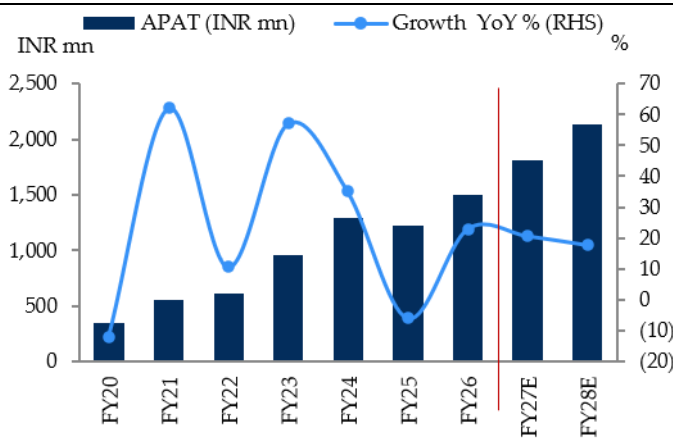
Source: Company, HSIE Research

FY26-28E consolidated EBITDA CAGR: 21% (volume-led)



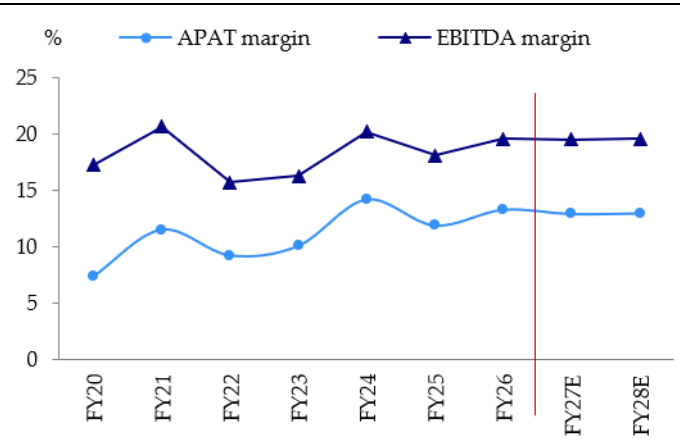
Source: Company, HSIE Research

FY26-28E consolidated APAT CAGR: 19% (higher EBITDA)



Source: Company, HSIE Research

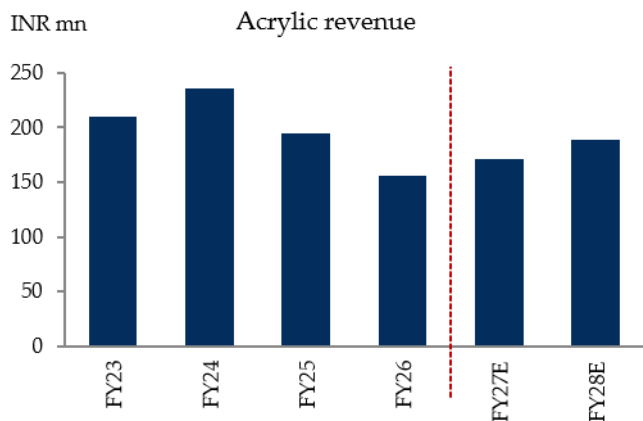
Margins to remain healthy



Source: Company, HSIE Research

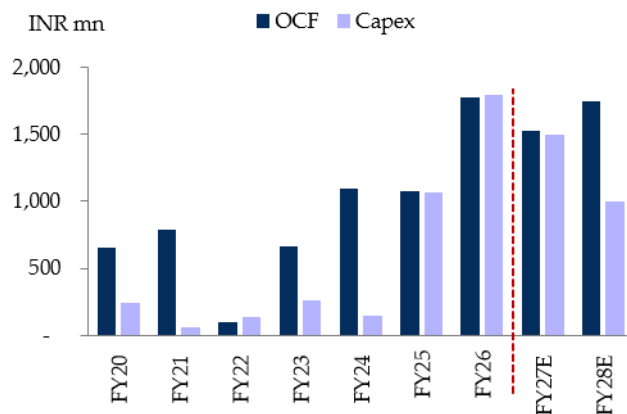
Stylam Industries: Company Update

Acrylic will see growth, though to remain small part of business



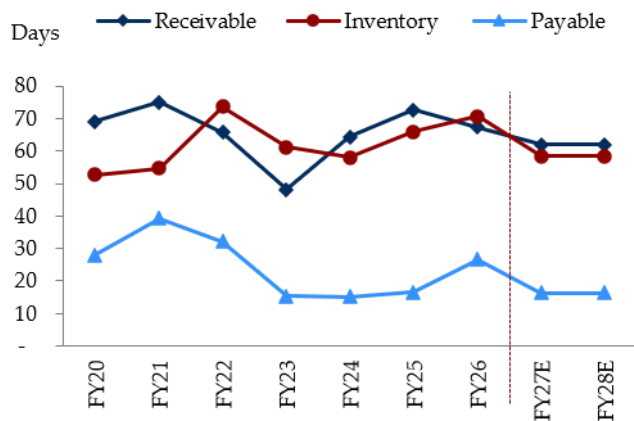
Source: Company, HSIE Research

OCF to remain healthy over FY27/28E; so, balance sheet will remain strong



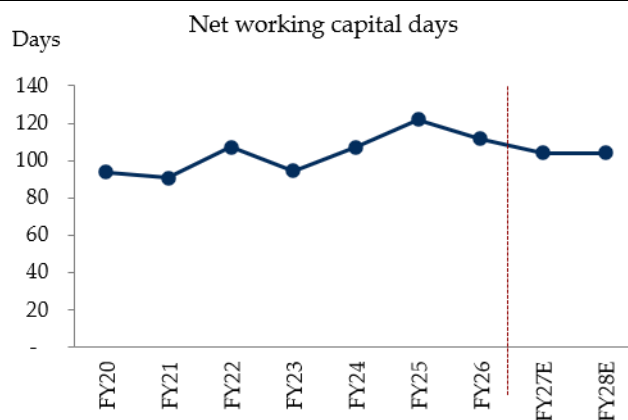
Source: Company, HSIE Research

Debtor and inventory days will decline (still high). Payable days will also see decline from FY26 high level



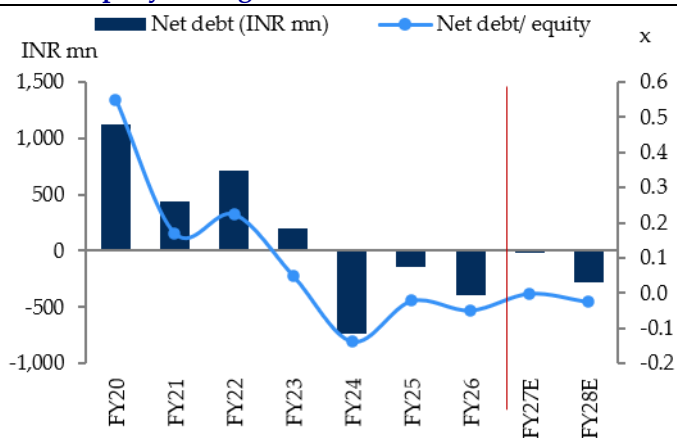
Source: Company, HSIE Research

Net working capital days to remain ~3 months



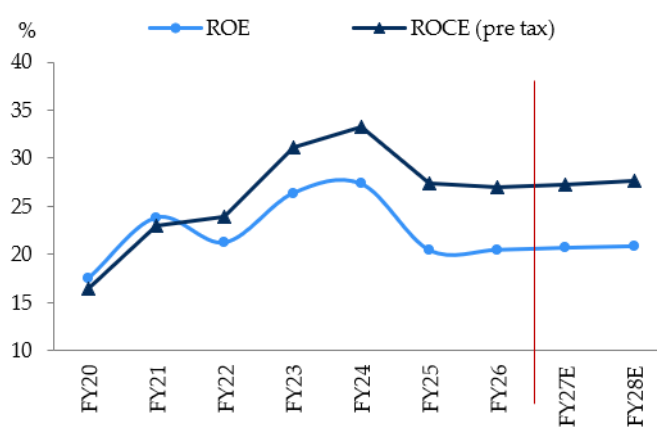
Source: Company, HSIE Research

Owing to its healthy OCF, we expect Stylam to remain net cash company during FY27/28E



Source: Company, HSIE Research

Return ratios to continue to remain robust



Source: Company, HSIE Research

Financials

Consolidated Income Statement

YE Mar (INR mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Revenues	9,521	9,141	10,251	11,293	14,026	16,452
Growth (%)	44.4	(4.0)	12.1	10.2	24.2	17.3
Raw Material	5,310	4,741	5,574	6,039	7,723	9,148
Power & Fuel	527	443	465	511	618	753
Freight Expense	912	756	751	827	998	1,205
Employee cost	688	751	835	959	1,055	1,140
Other Expenses	536	605	774	750	900	990
EBITDA	1,548	1,845	1,852	2,206	2,732	3,217
EBIDTA Margin (%)	16.3	20.2	18.1	19.5	19.5	19.6
EBITDA Growth (%)	49.3	19.2	0.4	19.1	23.8	17.7
Depreciation	200	223	239	207	332	392
EBIT	1,348	1,622	1,613	1,999	2,400	2,824
Other Income	14	57	75	68	75	86
Interest	82	25	39	34	30	30
PBT	1,281	1,655	1,649	2,033	2,445	2,881
Tax	321	359	430	534	636	749
RPAT	960	1,307	1,219	1,499	1,809	2,132
EO (Loss) / Profit (Net Of Tax)	-	11	-	-	-	-
APAT	960	1,296	1,219	1,499	1,809	2,132
APAT Growth (%)	57.1	35.0	(5.9)	23.0	20.7	17.8
AEPS	56.6	76.5	71.9	88.4	106.8	125.8
AEPS Growth (%)	57.1	35.0	(5.9)	23.0	20.7	17.8

Source: Company, HSIE Research

Consolidated Balance Sheet

YE Mar (INR mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
SOURCES OF FUNDS						
Share Capital	85	85	85	85	85	85
Reserves And Surplus	4,036	5,278	6,489	7,985	9,342	10,940
Total Equity	4,121	5,363	6,574	8,070	9,426	11,025
Long-term Debt	110	-	-	-	-	-
Short-term Debt	362	-	361	291	291	291
Total Debt	472	-	361	291	291	291
Deferred Tax Liability	100	25	12	23	23	23
TOTAL SOURCES OF FUNDS	4,692	5,387	6,947	8,384	9,741	11,339
APPLICATION OF FUNDS						
Net Block	1,718	1,750	1,772	2,008	5,176	5,284
Capital WIP	128	16	831	2,214	214	714
Total Non-current Investments	11	-	-	-	-	-
Total Non-current Assets	1,858	1,767	2,603	4,222	5,391	5,998
Inventories	1,598	1,451	1,853	2,184	2,244	2,632
Debtors	1,258	1,611	2,039	2,084	2,384	2,797
Cash and Cash Equivalents	267	735	507	686	304	570
Other Current Assets (& Loans/adv)	400	493	782	616	676	748
Total Current Assets	3,524	4,290	5,180	5,570	5,608	6,747
Creditors	398	379	465	820	631	740
Other Current Liabilities & Provsns	291	291	372	589	627	666
Total Current Liabilities	690	669	836	1,409	1,258	1,406
Net Current Assets	2,834	3,621	4,344	4,161	4,350	5,341
TOTAL APPLICATION OF FUNDS	4,692	5,387	6,947	8,384	9,741	11,339

Source: Company, HSIE Research

Consolidated Cash Flow

YE Mar (INR mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Reported PBT	1,281	1,643	1,649	2,033	2,445	2,881
Non-operating & EO Items	(4)	(39)	(51)	44	(75)	(86)
Interest Expenses	33	25	39	34	30	30
Depreciation	200	223	239	207	332	392
Working Capital Change	(591)	(326)	(362)	(21)	(571)	(724)
Tax Paid	(257)	(434)	(440)	(523)	(636)	(749)
OPERATING CASH FLOW (a)	662	1,091	1,074	1,774	1,525	1,743
Capex	(259)	(142)	(1,071)	(1,795)	(1,500)	(1,000)
Free Cash Flow (FCF)	403	950	4	(21)	25	743
Investments	132	(215)	(240)	223	-	-
Non-operating Income	4	(4)	47	12	75	86
INVESTING CASH FLOW (b)	(123)	(361)	(1,264)	(1,561)	(1,425)	(914)
Debt Issuance/(Repaid)	(325)	(14)	-	-	-	-
Interest Expenses	(33)	(25)	(39)	(34)	(30)	(30)
FCFE	45	910	(35)	(56)	(5)	713
Dividend	-	-	-	-	(452)	(533)
FINANCING CASH FLOW (c)	(358)	(39)	(39)	(34)	(482)	(563)
NET CASH FLOW (a+b+c)	181	691	(228)	179	(382)	267
Closing Cash & Equivalents	267	958	507	686	304	570

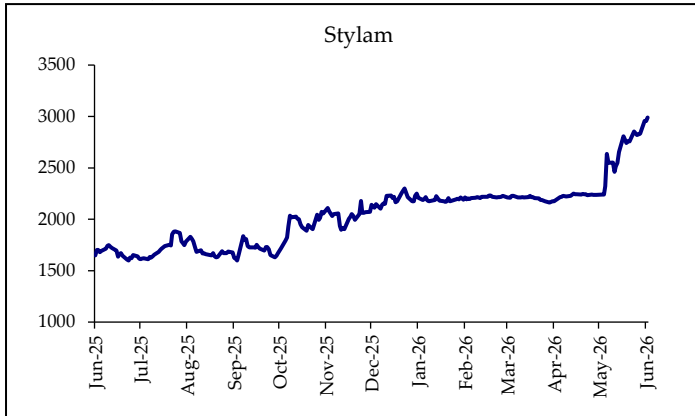
Source: Company, HSIE Research

Key Ratios

	FY23	FY24	FY25	FY26	FY27E	FY28E
PROFITABILITY %						
EBITDA Margin	16.3	20.2	18.1	19.5	19.5	19.6
EBIT Margin	14.2	17.7	15.7	17.7	17.1	17.2
APAT Margin	10.1	14.2	11.9	13.3	12.9	13.0
RoE	26.4	27.3	20.4	20.5	20.7	20.8
RoIC (pre-tax)	32.5	36.3	31.5	36.0	32.6	29.3
RoCE (pre-tax)	31.1	33.3	27.4	27.0	27.3	27.6
EFFICIENCY						
Tax Rate %	25.1	21.7	26.1	26.3	26.0	26.0
Fixed Asset Turnover (x)	3.0	2.7	2.8	2.9	2.4	2.1
Inventory (days)	61	58	66	71	58	58
Debtors (days)	48	64	73	67	62	62
Other Current Assets (days)	15	20	28	20	18	17
Payables (days)	15	15	17	27	16	16
Other Current Liab & Provns (days)	11	12	13	19	16	15
Cash Conversion Cycle (days)	98	115	137	112	105	106
Net Debt/EBITDA (x)	0.1	(0.4)	(0.1)	(0.2)	(0.0)	(0.1)
Net D/E	0.0	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)
Interest Coverage	16.5	64.9	41.2	58.0	80.0	94.1
PER SHARE DATA (Rs)						
EPS	57	76	72	88	107	126
CEPS	68	90	86	101	126	149
Dividend	-	3	-	-	27	31
Book Value	243	316	388	476	556	651
VALUATION						
P/E (x)	53.5	39.6	42.1	34.3	28.4	24.1
P/Cash EPS (x)	44.3	33.6	35.2	30.1	24.0	20.3
P/BV (x)	12.5	9.6	7.8	6.4	5.4	4.7
EV/EBITDA (x)	33.3	27.4	27.7	23.1	18.8	15.9
Dividend Yield (%)	-	0.1	-	-	0.9	1.0
OCF/EV (%)	1.3	2.2	2.1	3.5	3.0	3.4
FCFF/EV (%)	0.8	1.9	0.0	(0.0)	0.0	1.5
FCFE/M Cap (%)	0.1	1.8	(0.1)	(0.1)	(0.0)	1.4

Source: Company, HSIE Research

Price History



Rating Criteria

- BUY: >+15% return potential
- ADD: +5% to +15% return potential
- REDUCE: -10% to +5% return potential
- SELL: >10% Downside return potential

Disclosure:

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