



Exports to drive growth due to enhanced visibility

Stylam Industries posted results slightly above our estimates with Revenue/EBITDA/PAT seeing a beat of 1%/20%/10%. The company recorded its highest ever quarterly revenue (~262crs) driven by a strong show in export market and EBITDA margins was a positive surprise.

Key business highlights

- The company reported a 0.3% volume growth on a YoY basis and 7% on a QoQ basis.
- The exports revenue (1885 Mn) grew by 25% on a YoY basis & grew 11.5% on a QoQ basis.
- The domestic revenue (738 Mn) de-grew by 11% on a YoY basis & was flattish QoQ.
- The export volume growth was 17% YoY and 11% QoQ
- The domestic volume de-grew by 17% YoY and grew 1% QoQ

Key Financial Highlights

- Revenue at INR 2627Mn, +8.3% qoq/+12.3% yoy
- EBITDA (excl OI) at INR 544Mn, +15.1% qoq/+30% yoy
- EBITDA margin at 20.7% vs 20.2% vs 17.26% in Q2FY24/Q1FY25
- PAT at INR 341Mn, +20.3% qoq/+7.4% yoy
- EPS at INR 19.66 vs 18.7/16.7 in Q2FY24/Q1FY25

Outlook

- Management has guided for doubling the revenue in 3-4 years basis the visibility in exports markets
- Aiming to sustain current EBITDA margins (19-20%)
- The new plant has the potential to deliver ~700 to 800crs (Capex: ~200crs)

Financial Summary

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net sales	6,593	9,521	9,141	9,775	12,148	14,585
EBIDTA	1,036	1,548	1,845	1,872	2,385	2,884
Margins (%)	15.7	16.3	20.2	19.1	19.6	19.8
Adjusted net profit	610	960	1,296	1,214	1,490	1,847
EPS (Rs)	36.0	56.6	76.5	71.6	87.9	109.0
P/E (x)	54	34	25	27	22	18
EV/EBITDA (x)	32	21	17	18	13	11
RoCE (%)	21.08	30.04	30.25	24.71	24.87	25.18
RoE (%)	19.30	23.29	24.16	18.58	18.67	18.87

Source: Company, Dalal & Broacha Research

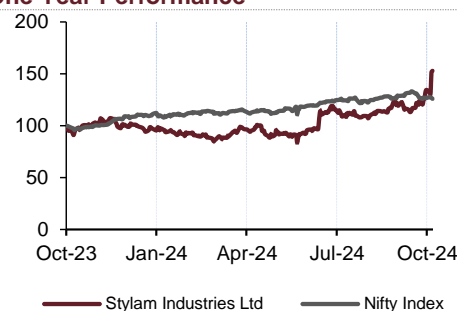
Source: Company, Dalal & Broacha Research

HOLD 2,725 3

Market data

Current price	Rs	2,650
Market Cap (Rs.Bn)	(Rs Bn)	45
Market Cap (US\$ Mn)	(US\$ Mn)	535
Face Value	Rs	5
52 Weeks High/Low	Rs	2,698 / 1,407
Average Daily Volume	('000)	368
BSE Code		526951
Bloomberg		SYIL.IN

One Year Performance



Source: Bloomberg

% Shareholding	Jun-24	Mar-24
Promoters	54.61	54.61
Public	45.39	45.39
Total	100	100

Source: Bloomberg

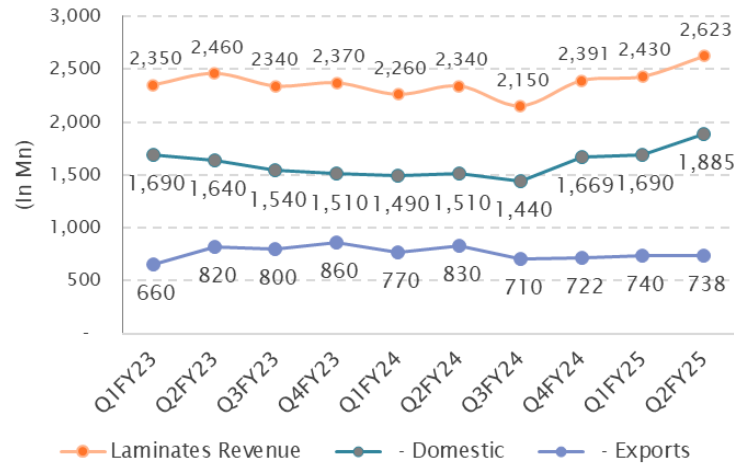
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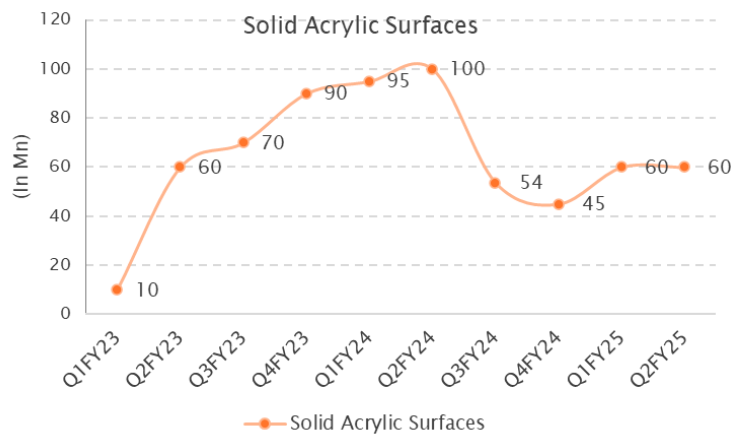
Focus Charts

Exhibit 1: Revenue split between export and domestic market



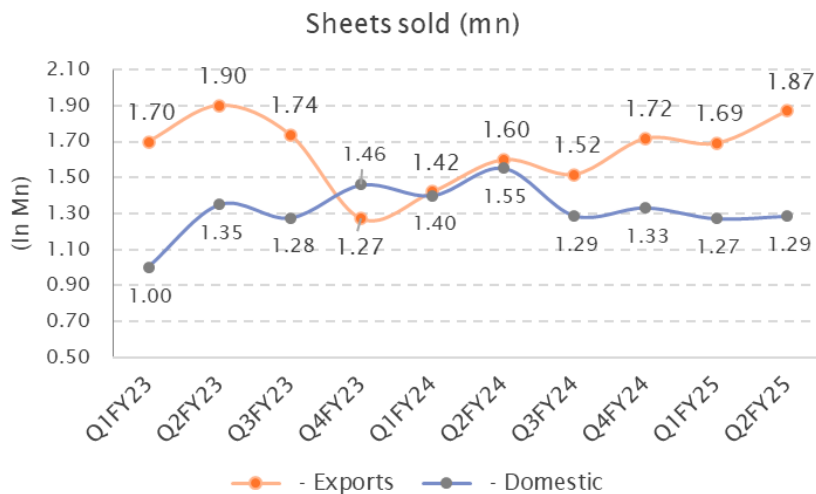
Source: Company, Dalal & Broacha Research

Exhibit 2: Solid Acrylic surfaces sales trend



Source: Company, Dalal & Broacha Research

Exhibit 3: Trend of sheets sold in Export and domestic market



Source: Company, Dalal & Broacha Research

Financial Snapshot

Stylam Industries					
Particulars (Rs Mns)	Q2FY25	Q2FY24	YoY Growth	Q1FY25	QoQ Growth
Revenue from operations	2,627	2,339	12.3%	2,426	8.3%
Other income	19	19	0.5%	26	-27.3%
Total Income	2,646	2,358		2,452	
Cost of goods sold	1,340	1,245	7.7%	1,346	-0.4%
Employee Benefit expenses	205	187	9.6%	194	5.5%
Other Expenses	538	435	23.7%	467	15.2%
EBITDA (excl other income)	544	473	15.1%	419	29.9%
Less : Depreciation	54	53	3.2%	61	-11.3%
PBIT	490	420		358	
Less: Interest cost	40	6	556.3%	5	667.3%
PBT (before exceptional)	468	433	8.2%	379	23.7%
Exceptional	-	-		-	
PBT (after exceptional)	468	433	8.2%	379	23.7%
Less : Tax	127	115		95	
PAT	341	318	7.4%	284	20.3%
EPS	19.66	18.7	4.9%	16.7	
Gross Margins	48.97%	46.78%	219	44.50%	447
EBITDA Margins	20.70%	20.20%	50	17.26%	344
Net profit Margin	12.89%	13.46%	(57)	11.57%	133

Source: Company, Company, Dalal & Broacha Research

Valuation & Outlook

After stagnating for almost 8 quarters in terms of quarterly revenue runrate, the company has finally been able to breach this mark mainly due to strong export performance which grew in double digits YoY and QoQ. The visibility for the exports has increased due to a significant large client addition based out of USA and easing of the uncertainties prevailing in other markets. The company is gaining market share in export markets by winning new customers. The domestic business is on a gradual journey from selling low priced products (liners) to high value added products with the aim to scale the domestic market further with new appointments in the team.

With the new capacity coming onstream (~200crs capex) at the end of FY25 and a strong visibility from a few very large clients, the company should be able to deliver better growth going forward. The company is focusing on improving the product mix both in the export and domestic markets.

The company is aiming to double its revenue in 3-4 years with EBITDA margins to sustain in the range of 19-20%.

We have increased our EPS estimates for FY26/27 by 3% due to better visibility in export markets. We have been a bit conservative on our estimates as compared to management guidance as we await consistent improvement in quarterly revenue trajectory.

We roll forward our estimates to FY27 and change our target P/E multiple from 22x to 25x (~30% discount to Greenlam Industries) on account of enhanced visibility, industry leading EBITDA margins and best in class return ratios, arriving at a target price of Rs 2,725. We maintain our recommendation of HOLD.

FINANCIALS

P&L (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	6,593	9,521	9,141	9,775	11,954	14,351
Total Operating Expenses	3,755	5,310	4,741	5,205	6,366	7,642
Employee Cost	548	688	751	841	925	1,017
Other Expenses	1,255	1,976	1,804	1,857	2,331	2,870
Operating Profit	1,036	1,548	1,845	1,872	2,333	2,822
Depreciation	233	200	223	257	400	420
PBIT	803	1,348	1,622	1,615	1,933	2,402
Other income	80	14	57	40	40	40
Interest	78	82	25	25	25	25
PBT	805	1,281	1,655	1,630	1,948	2,417
Profit before tax (post exceptional)	805	1,281	1,655	1,630	1,948	2,417
Provision for tax	195	321	359	416	497	616
Reported PAT	610	959.8	1,296	1,214	1,451	1,800
MI	-	-	-	-	-	-
Net Profit	610	960	1,296	1,214	1,451	1,800
Balance Sheet (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity capital	85	85	85	85	85	85
Reserves	3,076	4,036	5,278	6,450	7,859	9,617
Net worth	3,161	4,121	5,363	6,535	7,944	9,702
Non Current Liabilities	230	180	111	116	122	104
Current Liabilities	1,498	1,080	599	622	722	832
TOTAL LIABILITIES	4,889	5,381	6,073	7,273	8,788	10,638
Non Current Assets	1,830	1,889	2,035	4,017	3,957	3,883
Fixed Assets	1,787	1,846	1,767	3,736	3,638	3,519
Goodwill	-	-	-	-	-	-
Non Current Investments	11	11	-	-	-	-
Deferred Tax Asset	-	-	-	-	-	-
Other Financial Assets	15	16	20	20	20	20
Other Non Current Assets	16	15	248	260	299	344
Current Assets	3,059	3,492	4,039	3,257	4,831	6,755
Current investments						
Inventories	1,329	1,598	1,451	1,634	1,998	2,398
Trade Receivables	1,188	1,258	1,621	1,286	1,572	1,887
Cash and Bank Balances	87	267	720	57	942	2,105
Short Term Loans and Advances	0	2	22	22	22	22
Other Current Assets	456	366	225	258	297	342
TOTAL ASSETS	4,889	5,381	6,073	7,273	8,788	10,638

FINANCIALS

Cash Flow St. (Rs. mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Cash flow from operating activities						
Profit before tax	805	1,281	1,643	1,630	1,948	2,417
Depreciation & Amortization	233	200	223	257	400	420
Interest expenses	78	82	25	25	25	25
Operating profit before working capital change	1,116	1,562	1,891	1,912	2,373	2,862
Working capital adjustment	(746)	(522)	(225)	166	(561)	(617)
Gross cash generated from operations	369	1,041	1,666	2,078	1,812	2,244
Direct taxes paid	(191)	(257)	(359)	(416)	(497)	(616)
Others	119	122	(276)	(31)	(62)	(96)
Cash generated from operations	59	662	1,030	1,631	1,253	1,532
Cash flow from investing activities						
Capex	(137)	(259)	(143)	(2,227)	(301)	(301)
Investment	-	-	7	-	-	-
Others	(159)	136	-	-	-	-
Cash generated from investment activities	(296)	(123)	(136)	(2,227)	(301)	(301)
Cash flow from financing activities						
Proceeds from issue of share	-	-	-	-	-	-
Borrowings/ (Repayments)	203	(325)	(367)	-	-	-
Interest paid	(78)	(82)	(25)	(25)	(25)	(25)
Dividend paid	(42)	-	(42)	(42)	(42)	(42)
Others	89	49	-	-	-	-
Cash generated from financing activities	171	(358)	(435)	(67)	(67)	(67)
Net cash increase/ (decrease)	(65)	181	460	(663)	885	1,163
Ratios	FY22	FY23	FY24	FY25E	FY26E	FY27E
OPM	15.71%	16.26%	20.18%	19.15%	19.51%	19.66%
NPM	9.14%	10.07%	14.09%	12.37%	12.10%	12.51%
Tax Rate	24.19%	25.05%	21.69%	25.50%	25.50%	25.50%
Growth Ratios (%)						
Net Sales	37.50%	44.41%	-4.00%	6.94%	22.29%	20.05%
Operating Profit	4.60%	49.43%	19.18%	1.46%	24.62%	20.96%
PBIT	13.39%	59.13%	29.20%	-1.49%	19.51%	24.07%
PAT	610	960	1,296	1,214	1,451	1,800
Per Share (Rs.)						
Net Earnings (EPS)	36.0	56.6	76.5	71.6	85.6	106.2
Cash Earnings (CPS)	13.7	11.8	13.1	15.2	23.6	24.8
Dividend	2.5	2.5	2.5	2.5	2.5	2.5
Book Value	187	243	316	386	469	572
Valuation Ratios						
P/E(x)	53.94	34.29	25.40	27.10	22.68	18.28
P/B(x)	10.41	7.99	6.14	5.04	4.14	3.39
EV/EBIDTA(x)	32.32	21.33	17.45	17.55	13.71	10.92
Div. Yield(%)	0.13	0.13	0.13	0.13	0.13	0.13
Return Ratios (%)						
ROE	19.30%	23.29%	24.16%	18.58%	18.27%	18.56%
ROCE	21.08%	30.04%	30.25%	24.71%	24.33%	24.76%

Source: Company, Company, Dalal & Broacha Research

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