

June 3, 2024

**RESULT REPORT Q4 FY24** | Sector: Building Materials

# Stylam Industries Ltd.

**Expect 17% Revenue CAGR, assign BUY!**

## Result Synopsis

Stylam Industries Ltd (SYIL), registered a revenue of Rs2.39Bn, remaining flattish on YoY basis & growth of 12%QoQ, wherein domestic revenue (30% of sales) declined by 15%YoY while export (70% sales) biz grew by 10.6%YoY. Volumes for the quarter stood at 3mn sheets, a growth of 11.4%YoY & 8.6%QoQ (2-year CAGR stood at 15%), ASP came in at Rs789 Vs Rs835/Rs766 in Q4FY23/Q3FY24, respectively. EBITDA margins came in at 20% as compared to 17%/22% in Q4FY23/Q3FY24, respectively. On YoY basis, operating margins improved due to reduction in input cost, wherein COGS as %sales stood at 48% Vs 55% in Q4FY23. However, on sequential basis the margins contracted owing to higher other expenses.

Going ahead we expect Laminates revenue to grow by 15%CAGR over FY24-FY26E which will largely be driven by volume growth on account of healthy demand in export markets and company's growing presence in domestic market. We expect domestic revenue to increase by 18%CAGR & Export biz to grow by 13%CAGR over FY24-FY26E. We believe mix of domestic-export to come in at 35%-65% by FY26E as compared to 33%-67% in FY24. Moreover, the acrylic segment should contribute materially from FY25E and is likely to accelerate growth. We reckon with stable input cost; the operating margins are likely to remain at 20% over FY24-FY26E.

At CMP, the stock trades at P/E(x) of 18x/16x on FY25E/FY26E EPS of Rs88/Rs102, respectively. We continue to value the company at 20x on FY26E EPS, arriving at a target price of Rs2,034. Hence, we assign a BUY rating to the stock.

## Result Highlights

- Revenue for Q4FY24 stood at Rs2.4Bn, a growth of 12%YoY & flattish QoQ. FY24 revenue degrew by 4%YoY to Rs9.1Bn.
- EBITDA margins for the quarter came in at 19.9% Vs 17.1%/22.3% in Q4FY23/Q3FY24, respectively. Absolute EBITDA for the quarter improved by 17.6%YoY & remained flattish QoQ to Rs477Mn. FY24 EBITDA came in at Rs1.8Bn, a growth of 19%YoY with an EBITDA margin of 20.2% Vs 16.3% in FY23.
- Net profit increased steeply by 40%YoY & 20%QoQ to Rs376Mn in Q4FY24 on account of a deferred tax rebate of Rs80Mn. FY24 net profit stood at Rs1.3Bn, a growth of 34%YoY.
- Volume for Q4FY24 stood at 3.04Mn sheets, a growth of 11.4%YoY & 8.6%QoQ and was 11.8Mn sheets for FY24 flat on a YoY basis. Average realization for Q4FY24 came in at Rs789, a decline of 5.4%YoY & an increase of 3%QoQ.

## Exhibit 1: Actual vs estimates

Rs mn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	2,399	2,487		(3.5)		
EBITDA	477	522		(8.7)		
EBITDA Margin (%)	19.9	21.0		-112 bps		Below our estimate. PAT is higher due to tax rebate.
Adjusted PAT	376	359		4.6		

Source: Company, YES Sec

Reco	: BUY
CMP	: Rs 1,574
Target Price	: Rs 2,034
Potential Return	: +29.2%

## Stock data (as on June 3, 2024)

Nifty	23,264
52 Week h/l (Rs)	1,971 / 1,440
Market cap (Rs/USD mn)	26,873 / 323
Outstanding Shares (mn)	17
6m Avg t/o (Rs mn):	66
Div yield (%):	-
Bloomberg code:	SYIL IN
NSE code:	STYLAMIND

## Stock performance



	1M	3M	1Y
Absolute return	-1.5%	-1.0%	-4.3%

## Shareholding pattern (As of Mar'24 end)

Promoter	54.6%
FII+DII	14.8%
Others	30.6%

## Δ in stance

(1-Yr)	New	Old
Rating	BUY	ADD
Target Price	2,034	1,767

## Δ in earnings estimates

	FY25E	FY26E
EPS (New)	88.5	101.7
EPS (Old)	88.4	-
% change	0.1%	-

## Financial Summary

(Rs Mn)	FY24	FY25E	FY26E
Net Revenue	9,141	11,023	12,601
YoY Growth	(4.0)	20.6	14.3
EBIDTA	1,845	2,205	2,520
EBIDTA (%)	20.2	20.0	20.0
PAT	1,285	1,498	1,723
YoY Growth	33.8	16.6	15.0
ROE	27.1	24.6	22.5
EPS	75.8	88.5	101.7
P/E	20.6	17.8	15.5
BV/Share	317	403	502
P/BV	4.9	3.9	3.1

## UDIT GAJIWALA

Lead Analyst

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SHALIN DAMANI, Associate

## Exhibit 2: Quarterly Snapshot:

Rs Mn	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	% yoy	% qoq	FY23	FY24	% yoy
Revenue	2,340	2,368	2,257	2,339	2,146	2,399	1.3	11.8	9,521	9,141	(4.0)
Expenditure	1,946	1,963	1,839	1,867	1,668	1,922	(2.1)	15.2	7,973	7,295	(8.5)
- RM	1,307	1,296	1,254	1,245	1,092	1,151	(11.2)	5.4	5,310	4,741	(10.7)
- Staff Cost	179	186	186	187	190	188	0.9	(1.4)	687	750	9.2
- Other cost	460	481	399	435	386	584	21.5	51.3	1,975	1,804	(8.7)
Operating Profit	394	405	418	473	478	477	17.6	(0.3)	1,548	1,845	19.2
OPM(%)	16.8	17.1	18.5	20.2	22.3	19.9	276 bps	-240 bps	16.3	20.2	393 bps
Other Income	2	7	5	19	20	13	92.8	(32.3)	14	57	297.4
Depreciation	38	44	51	53	56	63	43.5	13.9	200	223	11.4
Interest	41	6	7	6	7	5	(17.9)	(35.1)	82	25	(69.6)
PBT	317	363	365	433	435	411	13.3	(5.6)	1,281	1,644	28.3
Tax	77	95	87	115	122	35	(63.1)	(71.3)	321	359	11.9
PAT	240	268	278	318	313	376	40.3	20.0	960	1,285	33.8

Source: Company, YES Sec

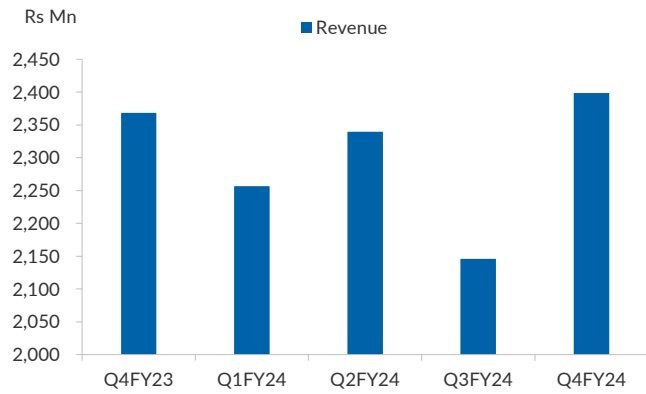
## Exhibit 3: Operational Numbers:

Particulars	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	% yoy	% qoq	FY23	FY24	% yoy
Volumes (MnTe)	3.0	2.7	2.8	3.2	2.8	3.0	11.4	8.6	11.6	11.8	1.3
ASP (Rs/Te)	752	835	772	711	766	789	(5.4)	3.0	818	775	(5.2)
EBITDA (Rs/Te)	131	148	149	150	171	157	5.6	(8.1)	133	157	17.7
<b>Revenue Mix</b>											
Export sales (Rs Mn)	1540	1510	1490	1510	1440	1670	10.6	16.0	6380	6110	(4.2)
% of sales	66%	64%	66%	65%	67%	70%			67%	67%	66%
Domestic sales (Rs Mn)	800	860	770	830	710	730	(15.1)	2.8	3140	3040	(3.2)
% of sales	34%	36%	34%	35%	33%	30%			33%	33%	34%

Source: Company, YES Sec

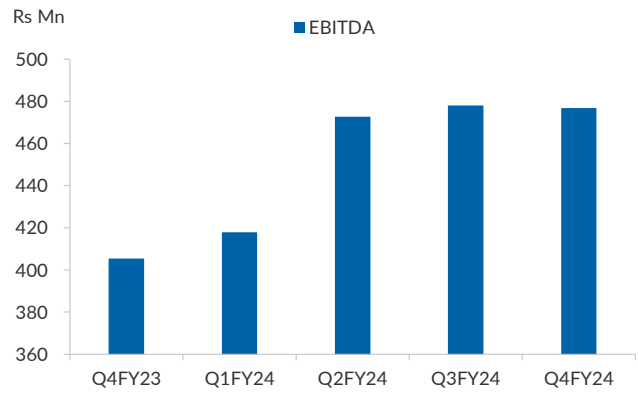
## QUARTERLY TRENDS

**Exhibit 4: Revenue declined by 4%YoY...**



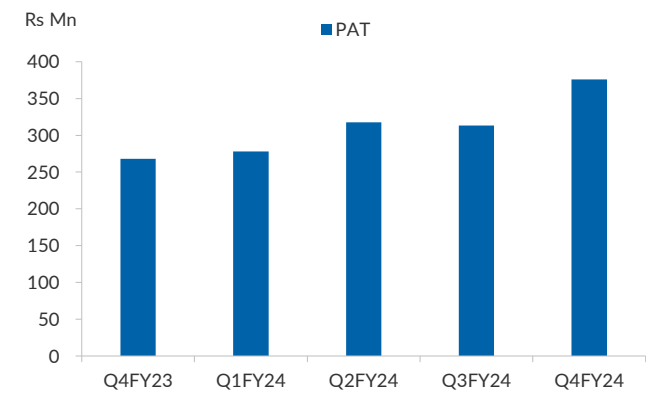
Source: Company, YES Sec

**Exhibit 5: EBITDA stood at Rs477Mn...**



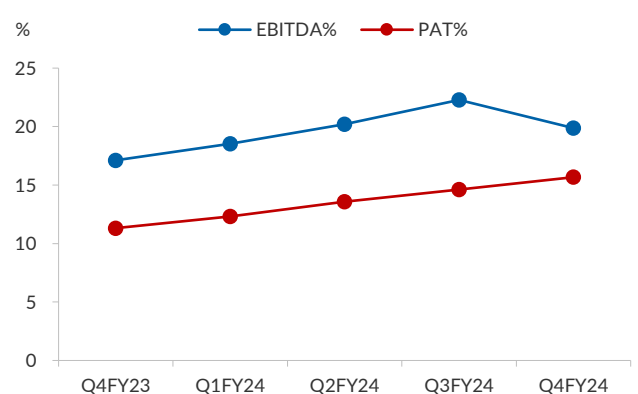
Source: Company, YES Sec

**Exhibit 6: Net profit sharply grew by 40%YoY...**



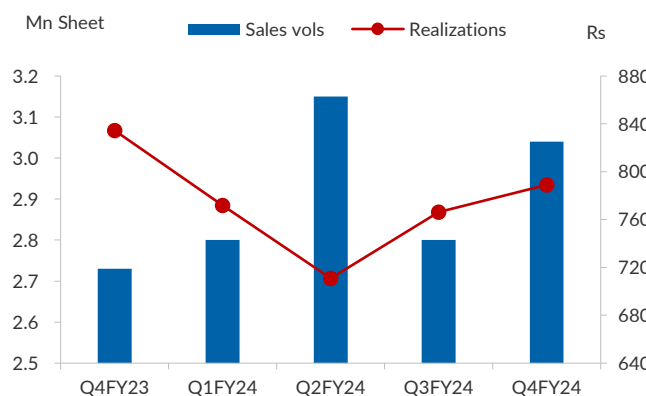
Source: Company, YES Sec

**Exhibit 7: OPM & NPM came in at 19.9% & 15.7%...**



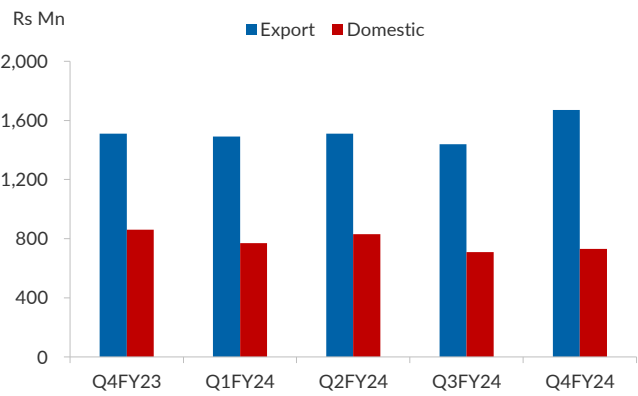
Source: Company, YES Sec

**Exhibit 8: Volume increased by 11.4%YoY...**



Source: Company, YES Sec

**Exhibit 9: Exports contributed 70% to revenues...**



Source: Company, YES Sec

## FINANCIALS

### Exhibit 10: Income Statement

Y/e 31 Mar (Rs Mn)	FY22	FY23	FY24	FY25E	FY26E
Sales	6,593	9,521	9,141	11,023	12,601
COGS	3,755	5,310	4,741	5,753	6,403
COGS %sales	57.0%	55.8%	51.9%	52.2%	50.8%
GP	2,838	4,211	4,400	5,270	6,198
GP%	43.0%	44.2%	48.1%	47.8%	49.2%
EBITDA	1,037	1,548	1,845	2,205	2,520
EBITDA%	15.7%	16.3%	20.2%	20.0%	20.0%
Depreciation	231	200	223	247	263
Finance Cost	78	82	25	20	20
Other Income	80	14	57	60	60
PBT	807	1,281	1,655	1,998	2,297
Tax	196	321	359	499	574
PAT	611	960	1,285	1,498	1,723
PAT%	9.3%	10.1%	14.1%	13.6%	13.7%

Source: Company, YES Sec

### Exhibit 11: Balance Sheet

Y/e 31 Mar (Rs Mn)	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	85	85	85	85	85
Reserves	3,076	4,036	5,278	6,734	8,415
Total Shareholders' Funds	3,161	4,121	5,363	6,819	8,499
Long term borrowings	651	367	-	-	-
Trade payables	580	398	388	471	524
Provisions	11	12	15	15	15
Other current liabilities	347	308	196	237	264
<b>Total equity and liabilities</b>	<b>4,888</b>	<b>5,380</b>	<b>6,073</b>	<b>7,654</b>	<b>9,414</b>
Gross block	3,106	3,237	3,459	3,709	3,959
Acc Dep.	1,319	1,519	1,741	1,988	2,251
Net block	1,787	1,718	1,717	1,721	1,707
CWIP	-	128	16	16	16
Other non-current assets	43	43	281	338	387
Inventories	1,329	1,598	1,451	1,761	1,960
Trade receivables	1,188	1,258	1,621	1,954	2,234
Cash	87	267	720	1,545	2,749
Other current assets	456	368	247	297	340
<b>Total assets</b>	<b>4,889</b>	<b>5,380</b>	<b>6,073</b>	<b>7,654</b>	<b>9,414</b>

Source: Company, YES Sec

## Exhibit 12: Cash Flow

Y/e 31 Mar (Rs Mn)	FY22	FY23	FY24	FY25E	FY26E
PBT	806	1,281	1,643	1,998	2,297
Depreciation & Amortization	233	200	223	247	263
Finance cost	78	33	8	20	20
(Incr)/Decr in Working Capital	(708)	(591)	(270)	(627)	(490)
Taxes	(191)	(257)	(406)	(499)	(574)
Cash from ops.	107	662	1,129	1,095	1,474
(Incr)/ Decr in PP&E	(137)	(259)	(143)	(250)	(250)
Cash Flow from Investing	(296)	(123)	(209)	(250)	(250)
(Decr)/Incr in Borrowings	(146)	(127)	(98)	(0)	(0)
Finance cost	(78)	(33)	(8)	(20)	(20)
Cash Flow from Financing	124	(358)	(468)	(20)	(20)
Incr/(Decr) in cash	(65)	181	453	825	1,204
Cash and cash equivalents at beginning of year	151	87	267	720	1,545
Cash and cash equivalents at end of year	87	267	720	1,545	2,749

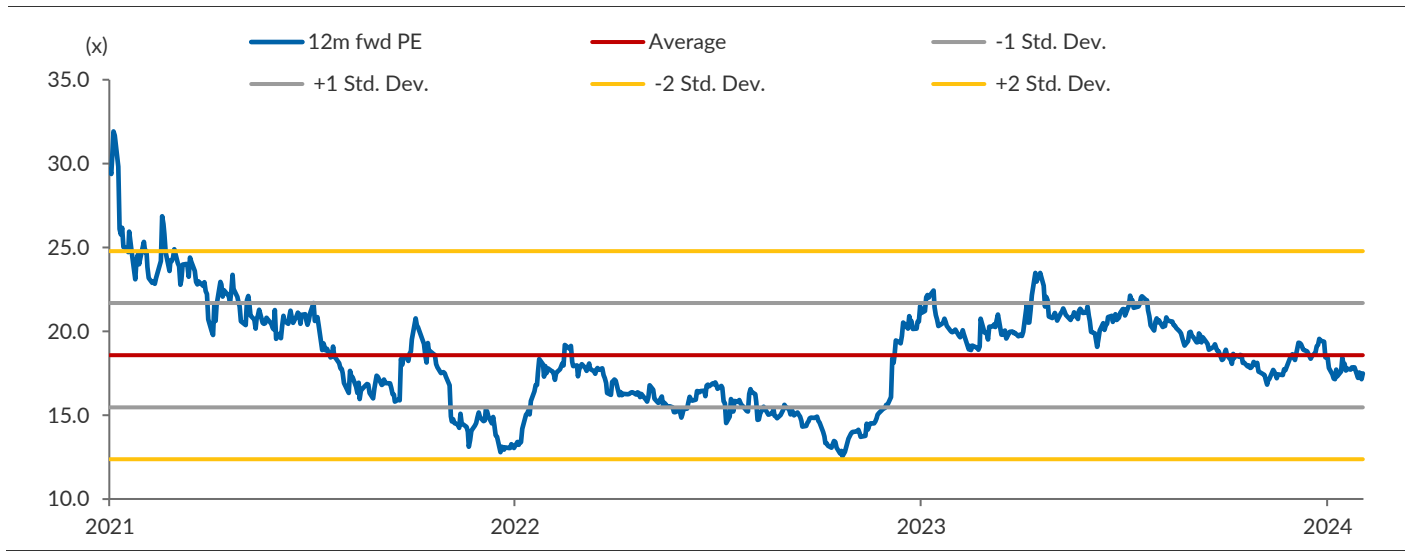
Source: Company, YES Sec

## Exhibit 13: Ratios

Key Ratios	FY22	FY23	FY24	FY25E	FY26E
<b>Growth Matrix (%)</b>					
Revenue growth	37.5%	44.4%	-4.0%	20.6%	14.3%
EBITDA growth	4.7%	49.4%	19.2%	19.5%	14.3%
EBIT growth	15.0%	54.0%	23.3%	20.1%	14.8%
PAT growth	10.2%	57.9%	33.7%	16.7%	15.0%
<b>Profitability ratios (%)</b>					
EBITDA margin	15.7%	16.3%	20.2%	20.0%	20.0%
EBIT margin	13.4%	14.3%	18.4%	18.3%	18.4%
PAT margin	9.3%	10.1%	14.1%	13.6%	13.7%
RoCE	27.6%	35.4%	34.4%	32.5%	29.8%
RoE	21.2%	26.4%	27.1%	24.6%	22.5%
<b>Per share values</b>					
EPS	36.1	56.7	75.8	88.5	101.7
CEPS	49.8	68.5	89.0	103.0	117.2
BVPS	186.6	243.2	316.6	402.5	501.7
<b>Valuation ratios (x)</b>					
P/E	26.3	19.0	20.6	17.8	15.5
P/B	5.1	4.4	4.9	3.9	3.1
EV/EBITDA	16.1	11.8	13.9	11.4	9.5
Marketcap/sales	2.4	1.9	2.9	2.4	2.1
<b>Leverage ratios (x)</b>					
Debt/ Equity	0.2	0.1	-	-	-
Net debt/Equity	0.2	0.0	(0.1)	(0.2)	(0.3)
Net debt/EBITDA	0.5	0.1	(0.4)	(0.7)	(1.1)
Int coverage	11.3	16.7	67.8	100.9	115.8
<b>NWC days</b>					
Receivables	66	48	65	65	65
Inventory	129	110	112	112	112
Payables	56	27	30	30	30

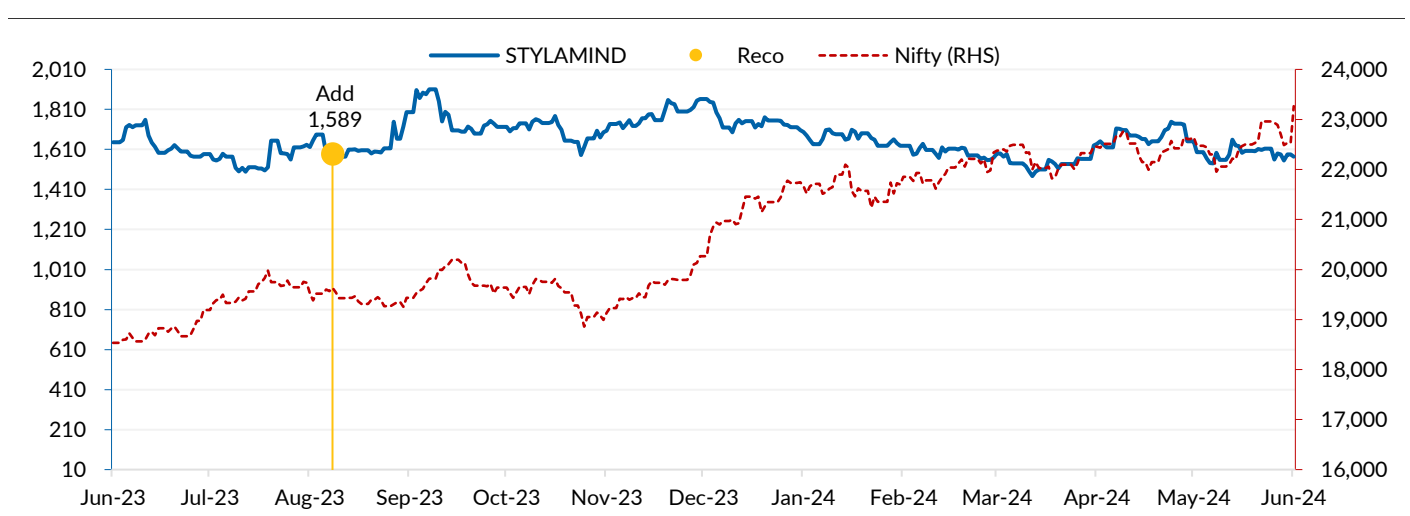
Source: Company, YES Sec

**Exhibit 14: 1-year forward P/E (x) chart**



Source: Company, YES Sec

## Recommendation Tracker



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RESEARCH ANALYST: INH000002376 | INVESTMENT ADVISER:  
INA000007331 | Sponsor and Investment Manager to YSL Alternates  
Alpha Plus Fund (CAT III AIF) SEBI Registration No.: IN/AIF3/20-21/0818 |  
AMFI ARN Code - 94338.

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Name of the Research Analyst : Udit Gajiwala, Shalin Damani

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**ADD:** Upside between 10% to 20% over 12 months

**NEUTRAL:** Upside between 0% to 10% over 12 months

**REDUCE:** Downside between 0% to -10% over 12 months

**SELL:** Downside greater than -10% over 12 months

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