Stylam Industries Limited (STYIND)

CMP: ₹3105 | Target ₹3750 (21%) | Target Period: 12 months | BUY

November 5, 2026

New capacity to drive revenue growth!

About the stock: Founded in 1991 and headquartered in Chandigarh, India, Stylam Industries Limited manufactures decorative laminates and premium surfacing solutions for residential, commercial, and infrastructure applications.

- Over the years, the company has evolved from a regional manufacturer into an international surface solutions player, with a presence in more than 80 countries. Its export-led business model, manufacturing capabilities, and expanding product portfolio position it to participate in the growing global demand for premium decorative surfaces.

Q2FY27 performance: Stylam Industries reported its Q2FY27 results with revenues growing 16.5% YoY and 4.6% QoQ to ₹340.5 crore. The overall sales volume reached ~3.6 million sheets during the quarter (comprising 1 million domestic sheets and ~2.6 million export sheets), up from ~3.4 million sheets in Q1 (with 1.3 million being domestic and 2.1 million exports) and 3.1 million sheets in Q2FY26. EBITDA margins took a hit of 254 bps YoY due to 40.8% surge in other expenses leading to a margin of 16.8% at ₹57.2 crore. PAT for the quarter stood at ₹42 crore, up 13.5% YoY, though it registered a slight decline of 12.5% sequentially, due to external freight and fuel overheads. Operational efficiencies drove contribution margins up to 47.6% (₹163 crore), up 150 bps YoY and 55 bps QoQ.

Investment Rationale:

- **New capacity to drive revenue growth:** The management projects **revenue contribution of ₹250-₹300 crore in FY27 from the newly operational plant**. The new plant is expected to achieve 25% to 30% capacity utilization during its first year of operation, with plans to ramp utilization up to 60%-70%+ in FY28. With this **we revise our revenue growth estimates upwards ₹1423 crore for FY27 and ₹1628 crore for FY28 respectively, implying a CAGR of 20.1% over FY26-28E**.
- **Margins under pressure from transitory external factors:** In Q2FY27, EBITDA margins contracted to 16.8% vs 19.4% in Q2FY26. **This margin erosion was owing to a spike in "other expenses", given the** external global factors, specifically surging ocean freight rates and elevated fuel/energy costs driven by Middle East regional tensions and global vessel shortages. **Management views these costs as transitory external pressures** and notes that operational margins remain among the highest in the global HPL industry**. We revise our margin estimates downwards to 18% and 18.6% for FY27 and FY28 respectively, to account for near term volatility.**

Rating and Target Price: We maintain a **BUY** rating for Stylam Industries with a revised price target of ₹3750, valuing it at 31x its FY28E EPS.

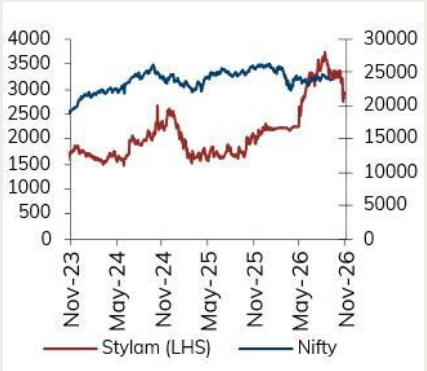
Particulars

(₹ Crore)	Amount
Market Capitalization	5,232
Debt (FY26)	29
Cash (FY26)	69
EV	5,192
52-week H/L (₹)	4160 / 1603
Equity Capital	8.5
Face Value (₹)	5

Shareholding pattern

	Dec-25	Mar-26	Jun-26	Sep-26
Promoters	52.2	54.1	56.9	56.9
FIIs	2.1	2.8	2.6	2.6
DII	13.2	13.3	12.1	10.8
Other	32.5	29.8	28.4	29.7

Price Chart



Key risks

(i) Raw material inflation and margin pressure.

(ii) Geopolitical uncertainty, forex rate fluctuations and global supply chain disruptions.

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

(₹ Crore)	FY24	FY25	FY26	5-year CAGR (FY21-26)	FY27E	FY28E	2-year CAGR FY26-28E)
Operating Revenues	914	1,025	1,129	18.7%	1,423	1,628	20.1%
EBITDA	183	185	221	17.4%	256	303	17.3%
EBITDA Margin (%)	20.1	18.1	19.5		18.0	18.6	
PAT	128	122	150		170	202	
EPS (₹)	75.8	71.9	88.4	22.1%	100.4	119.3	16.1%
P/E (x)	40.7	42.9	34.9		30.8	25.9	
RoCE (%)	30.7	24.0	24.3		22.7	22.7	
RoIC (%)	34.6	28.5	35.8		25.5	27.9	
RoNW (%)	24.0	18.5	18.6		17.4	17.3	

Source: Company, ICICI Direct Research

Q2FY27 – Key Performance highlights and outlook

- **Management Guidance:** Management refrained from guiding on near term margins, given the crude-linked volatility. For the newly commissioned third laminate plant, management **projects a revenue contribution of ₹250 crore to ₹300 crore in FY27. The new plant is expected to achieve 25% to 30% capacity utilization during its first year of operation, with plans to ramp utilization up to 60%-70%+ in FY28**. Domestically, the team anticipates a visible structural turnaround over Q3/Q4 as revamping efforts take effect. Over the medium to long term, management through its Vision 2030 strategy aims to leverage its scale, new product sizes, and debt-free status to strengthen global market share.
- **Realization Improvements:** Management highlighted that looking purely at realization per sheet can be misleading due to the product mix variation across thin laminates, compact panels, and acrylic surfaces. Going forward, the company intends to report sales volume figures in tonnage/kilograms alongside sheet counts to better reflect actual value realization and operational throughput. **As per the management, the realizations are up ~18.6% YoY to ₹191/kg in Q2FY27 (up ~2.7% QoQ).**
- **Margin Contraction:** During Q2, **EBITDA margins contracted to 16.8%**, down 428 bps QoQ and 254 bps YoY. This margin erosion was **not caused by raw material cost inflation, as contribution margins expanded to 47.8% due to manufacturing efficiencies, but by a spike in "other expenses", given the** external global factors, specifically surging ocean freight rates and elevated fuel/energy costs driven by Middle East regional tensions and global vessel shortages. Management views these costs as transitory external pressures and notes that operational margins remain among the highest in the global HPL industry.
- **Demand Commentary:** Demand across key international markets remains robust, allowing Stylam to continue capturing market share from European and local overseas manufacturers who face severe cost pressures regarding energy, labor, and raw materials. **Export sales reached ₹272 crore in Q2FY27 with volume of 2.57 million sheets, supported by strong positioning across North America, Europe, and the Middle East. While vessel availability and container delays in Q2 caused a minor 2%-3% volume drag on export shipments**, demand fundamentals remain solid. Domestically, underlying retail and commercial market conditions have been quiet, but Stylam's internal shift away from lower-value commodity liners toward premium finishes is nearing completion, positioning the company for a recovery in domestic demand across Q3 and Q4.
- **Acrylic Solid Surfaces Segment:** The Acrylic Solid Surfaces division operates with a total installed **annual capacity of 300,000 panels, representing over ₹300 crore in revenue potential**. While the segment contributed modestly to overall financial results in recent years due to limited commercial push during internal restructurings, management has targeted a comprehensive revamping of this vertical. Armed with India's first fully European-equipped acrylic solid surface production line, Stylam is integrating these offerings directly into its broader domestic distribution revamp and resuming sales efforts in key export markets. **Management expects a gradual, visible improvement in revenue generation and channel placement from this high-margin segment starting in Q3FY27**.
- **Other Important highlights:**
    - Stylam continues to maintain a strong, zero-net-debt balance sheet, which provides financial flexibility during volatile macroeconomic phases.
    - Regarding its strategic partnership with AICA Kogyo Japan (initiated in mid-2026), four months into the association, ongoing collaborative dialogues are exploring technical, product, and geographical distribution synergies.

Exhibit 1: Quarter performance

Particular	Q2FY27	Q2FY26	YoY (Chg %)	Q1FY27	QoQ (Chg %)	Comments
Net Sales	340.5	292.4	16.5	326.5	4.3	Revenue growth driven by increasing exports, though restricted by geopolitical headwinds
Other Income	4.3	0.9	362.8	1.2	248.7	
Raw Material Expense	177.7	157.2	13.1	172.3	3.1	
Purchase of stock in trade	0.2	0.0	1,978.8	0.0	12,950.0	
Employee benefit expenses	28.0	23.7	18.1	27.1	3.4	
Other Expenses	77.4	54.9	40.8	58.2	33.0	
EBITDA	57.2	56.6	1.2	68.8	-16.9	
EBITDA Margin (%)	16.8	19.4	-254 bps	21.1	-428 bps	
Depreciation	5.2	4.8	7.6	4.4	17.3	
Interest	0.9	1.9	-53.6	0.6	46.1	
PBT	55.5	50.8	9.1	65.1	-14.8	
Taxes	13.1	13.5	-2.8	16.9	-22.4	
PAT	42.3	37.3	13.4	48.2	-12.1	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY27E Old	FY27E New	% Change	FY28E Old	FY28E New	% Change	Comments
Revenue	1,375.5	1,422.9	3.4	1,608.7	1,627.8	1.2	Revised revenue growth given the commencement of new plant operations
EBITDA	261.6	256.1	-2.1	322.1	303.4	-5.8	
EBITDA Margin (%)	19.0	18.0	-102 bps	20.0	18.6	-138 bps	
PAT	175.1	170.1	-2.8	216.5	202.1	-6.6	
EPS (₹)	103.3	100.4	-2.8	127.7	119.3	-6.6	

Source: Company, ICICI Direct Research

Financial summary

Exhibit 3: Profit and loss statement ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Net Sales	**1,025.1**	**1,129.3**	**1,422.9**	**1,627.8**
YoY Growth	12.1%	10.2%	26.0%	14.4%
Cost of goods sold	557.4	603.9	754.1	860.5
Gross Profit	467.7	525.4	668.8	767.3
Employee benefit expenses	83.5	95.9	116.7	133.5
Other Expenses	199.0	208.8	296.0	330.4
EBITDA	**185.2**	**220.6**	**256.1**	**303.4**
YoY Growth	1.0%	19.2%	16.1%	18.4%
Interest	3.9	3.4	4.6	5.2
Depreciation	23.9	20.7	30.9	35.4
Other income	7.5	6.8	6.8	7.5
PBT	164.9	203.3	227.4	270.2
Exceptional Items	-	-	-	-
Total Tax Expense	43.0	53.4	57.3	68.1
PAT	**121.9**	**149.9**	**170.1**	**202.1**
PAT Growth rate	-5.1%	23.0%	13.5%	18.8%
Adjusted EPS (Diluted)	**71.9**	**88.4**	**100.4**	**119.3**

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
PAT	**121.9**	**149.9**	**170.1**	**202.1**
Interest paid	3.9	3.4	4.6	5.2
Depreciation	23.9	20.7	30.9	35.4
Other Income	(8.7)	(5.7)	(6.8)	(7.5)
Cash Flow before wc changes	140.9	168.3	198.8	235.3
Cash generated from operations	(75.1)	8.5	(101.8)	(64.3)
Net cash flow from operating activities	**65.8**	**176.8**	**97.0**	**170.9**
(Purchase)/Sale of Fixed Assets (Net)	(107.5)	(182.7)	(29.6)	(50.0)
Others	(20.0)	27.7	(0.0)	(0.0)
Net Cash flow from Investing Activities	**(120.0)**	**(148.2)**	**(22.8)**	**(42.5)**
Interest paid	(3.9)	(3.4)	(4.6)	(5.2)
Proceeds from Long Term Borrowings	36.1	(7.0)	-	-
Dividend paid	-	-	-	(8.5)
Others	(0.8)	(0.3)	(0.0)	0.0
Net Cash flow from Financing Activities	**31.4**	**(10.7)**	**(4.6)**	**(13.7)**
Net Cash flow	**(22.8)**	**17.9**	**69.6**	**114.7**
Opening Cash and Cash Equivalent	**73.5**	**50.7**	**68.6**	**138.2**
Closing cash and cash equivalents	**50.7**	**68.6**	**138.2**	**253.0**

Source: Company, ICICI Direct Research

Exhibit 5: Balance sheet ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Sources of Funds				
Share Capital	8.5	8.5	8.5	8.5
Reserves & Surplus	648.9	798.5	968.6	1,162.3
Net Worth	657.4	807.0	977.1	1,170.7
Total Debt	36.1	29.1	29.1	29.1
Other Liabilities/ DTL	8.7	13.7	13.7	13.7
Total	**702.1**	**849.7**	**1,019.9**	**1,213.5**
Application of Funds				
Gross Block	366.7	407.4	658.9	708.9
Less Accumulated Depreciation	191.8	207.1	238.0	273.4
Net Block	174.9	200.4	420.9	435.5
Net Intangibles and Cap WIP	85.4	221.9	-	-
Total Fixed Assets	**260.3**	**422.2**	**420.9**	**435.5**
Non-current Investments	50.8	28.5	28.5	28.5
Inventory	185.3	218.4	252.8	289.2
Debtors	203.9	208.4	265.4	303.6
Current Investments	-	-	-	-
Cash & Bank Balances	50.7	68.6	138.2	253.0
Other Current Assets	27.4	33.2	33.2	33.2
Total Current Assets	467.2	528.6	689.6	878.9
Trade Payable	46.5	82.0	71.6	81.9
Other Current Liabilities	22.9	38.8	38.8	38.8
Provision	6.8	8.7	8.7	8.7
Net Current Assets	391.1	399.0	570.5	749.5
Total	**702.1**	**849.7**	**1,019.9**	**1,213.5**

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios

(₹ Crore)	FY25	FY26	FY27E	FY28E
Per share Data (₹)				
Adjusted EPS (Diluted)	71.9	88.4	100.4	119.3
Cash EPS	86.0	100.6	118.6	140.2
BV per share (Diluted)	387.9	476.1	576.5	690.8
Dividend per share	-	-	5.0	7.0
Operating Ratios (%)				
EBITDA / Net Sales	18.1	19.5	18.0	18.6
PAT / Net Sales	11.9	13.3	12.0	12.4
Debtor Days	72.6	67.3	68.1	68.1
Creditor Days	16.5	26.5	18.4	18.4
Return Ratios (%)				
RoNW	18.5	18.6	17.4	17.3
RoCE	24.0	24.3	22.7	22.7
RoIC	28.5	35.8	25.5	27.9
Valuation Ratios (x)				
EV / EBITDA	28.0	23.5	20.3	17.1
P/E (Diluted)	42.9	34.9	30.8	25.9
EV / Net Sales	5.1	4.6	3.6	3.2
Market Cap / Sales	5.1	4.6	3.7	3.2
Price to Book Value	8.0	6.5	5.4	4.5
Solvency ratios (x)				
Net Debt / Equity	(0.0)	(0.0)	(0.1)	(0.2)
Net Debt / EBITDA	(0.1)	(0.2)	(0.4)	(0.7)
Current Ratio	5.5	3.6	4.6	4.8
Quick Ratio	3.0	1.9	2.5	2.6

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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