

Stylam Industries

Promoter sell-off: Clearing family dispute cloud

Stylam Industries has announced a stake sale by the promoter family to Aica Kogyo Co. Ltd., a Japan-based company. Mr. Manav Gupta and family will offload their complete 27.12% stake, followed by Aica Kogyo launching an open offer to public shareholders. Subsequently, Mr. Jagdish Gupta and family will contribute up to 12.88% of their stake, enabling Aica Kogyo to achieve 40% shareholding post the initial sale and open offer completion. The transaction consideration has been set at INR 2,250/share. Mr. Jagdish Gupta - Managing Director will oversee the company's day-to-day operations, including the domestic segment, while Mr. Manav Gupta will resign from the company's board. With the earlier strained relations between promoter families now resolved following one family's exit, the overhang of governance uncertainty has been removed—a development we view positively. Accordingly, we upgrade our valuation multiple to 20x (from 15x earlier), supported by Stylam's industry-leading growth, strong EBITDA margins of 18–20%, robust net cash balance sheet, and healthy return ratios (ROE of 20–25%). We have modelled 12/19/21/21% volume/revenue/EBITDA/APAT CAGR for FY25–28E. Considering muted demand in Q3 and the delay in the brownfield laminates expansion, we trim our FY26E/FY27E revenue and APAT estimates by 4–5% but raise FY28E revenue and APAT estimates by 2% each on account of this deal. We roll forward our valuation to Mar-28E from Sep-27E. We upgrade our rating to ADD with a revised target price of INR 2,555/share (20x its Mar'28E consolidated EPS).

- Background:** Stylam Industries has announced a stake sale by the promoter family to Aica Kogyo Co. Ltd., a Japan-based company. Promoters' families earlier had 54.1% total stake in company (1.9% stake in public), comprising ~28% by Mr. Manav Gupta and family and 26.1% by Mr. Jagdish Gupta and family. However, both families have now entered into a compromise-cum-settlement agreement regarding a disputed 4.55% stake, resulting in an increase in the shareholding of Mr. Jagdish Gupta and his family by ~0.9%. Pursuant to the share purchase agreements, Mr. Manav Gupta and family will offload their complete 27.12% stake, followed by Aica Kogyo launching an open offer to public shareholders. Subsequently, Mr. Jagdish Gupta and family will contribute up to 12.88% of their stake, enabling Aica Kogyo to achieve the full 40% shareholding post the initial sale and open offer completion. The transaction consideration has been set at INR 2,250/share.
- Terms of the agreement:** (i) Mr. Jagdish Gupta - Managing Director - will oversee the company's day-to-day operations, including the domestic segment previously handled by Mr. Manav Gupta, while Mr. Manav Gupta will resign from the company's board. (ii) Upon completion of the transaction, Mr. Manav Gupta and his family will cease to hold any equity shares in the company and will be declassified from the promoter group. (iii) The Board will consist of up to 15 directors. The Aica Kogyo will have the right to nominate up to eight directors, who may be either executive or non-executive (non-independent), and to recommend one independent director in accordance with the Agreement. The chairperson of the Board will be an independent director nominated by the Aica Kogyo. The existing promoter group will be entitled to nominate two directors to the Board. (iv) The Aica Kogyo shall have the right to exercise a call option to purchase additional equity shares from members of the Existing Promoter Group, enabling it to consolidate its holding into a Majority Shareholding. This right may be exercised upon the occurrence of (a) an Event of Default by the Existing Promoter Group, (b) any Unresolved Deadlock Event, or (c) at any time after five years from the execution date of the agreement.

ADD

CMP (as on 26 Dec 2025)	INR 2,250
Target Price	INR 2,555
NIFTY	26,042

KEY CHANGES	OLD	NEW
Rating	REDUCE	ADD
Price Target	INR 1,790	INR 2,555
EPS revision %	FY26E (5.2)	FY27E (4.7)

KEY STOCK DATA

Bloomberg code	SYIL IN
No. of Shares (mn)	17
MCap (INR bn) / (\$ mn)	38/418
6m avg traded value (INR mn)	134
52 Week high / low	INR 2,473/1,441

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	34.1	36.6	(7.3)
Relative (%)	28.4	35.1	(15.6)

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	52.19	52.19
FIs & Local MFs	12.31	13.63
FPIs	2.79	2.77
Public & Others	32.71	31.41
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Stylam Industries: Company Update

- About Aica Kogyo:** Aica Kogyo Co., Ltd. is a Japanese chemical and materials company specializing in adhesives, laminates and building products. Aica Kogyo develops decorative boards, architectural films, non-combustible panels, adhesives, resins, and countertops for construction, furniture, automotive, and electronics uses. It holds the top Japanese HPL brand position and pioneered urea resin adhesives, with operations in 13 countries and over 11,000 international customers. Aica entered India in 2011 via AICA Laminates India Pvt. Ltd., producing 'Sunmica' and 'AICA' laminates. Its Indian subsidiary has reported ~INR 2.3bn revenue, 13.8% EBITDA margin, and an 8.6% PAT margin in FY24.
- Valuation and recommendation:** Mr. Jagdish Gupta and Mr. Manit Gupta, who earlier managed Stylam's export business, will now oversee overall operations, including the domestic segment previously handled by Mr. Manav Gupta. With the earlier strained relations between promoter families now resolved following one family's exit, the overhang of governance uncertainty has been removed—a development we view positively. Accordingly, we upgrade our valuation multiple to 20x (from 15x earlier), supported by Stylam's industry-leading growth, strong EBITDA margins of 18–20%, robust net cash balance sheet, and healthy return ratios (ROE of 20–25%). We have modelled 12/19/21/21% volume/revenue/EBITDA/APAT CAGR for FY25–28E. Considering muted demand in Q3 and the delay in the brownfield laminates expansion, we trim our FY26E/FY27E revenue and APAT estimates by 4% and 5%, respectively, but raise FY28E revenue and APAT estimates by 2% each on account of this deal. We roll forward our valuation to Mar-28E from Sep-27E. We upgrade our rating to ADD with a revised target price of INR 2,555/share (20x its Mar'28E consolidated EPS).

Financial Summary

Particulars	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	9,521	9,141	10,251	11,786	14,638	17,171
EBITDA	1,548	1,845	1,852	2,208	2,790	3,257
EBITDAM (%)	16.3	20.2	18.1	18.7	19.1	19.0
APAT	960	1,296	1,219	1,405	1,837	2,165
Diluted EPS (Rs)	56.6	76.5	71.9	82.9	108.4	127.8
EV / EBITDA (x)	24.8	20.3	20.5	16.9	13.4	11.6
P/E (x)	39.7	29.4	31.3	27.2	20.8	17.6
RoE (%)	26.4	27.3	20.4	19.5	21.2	20.7

Source: Company, HSIE Research

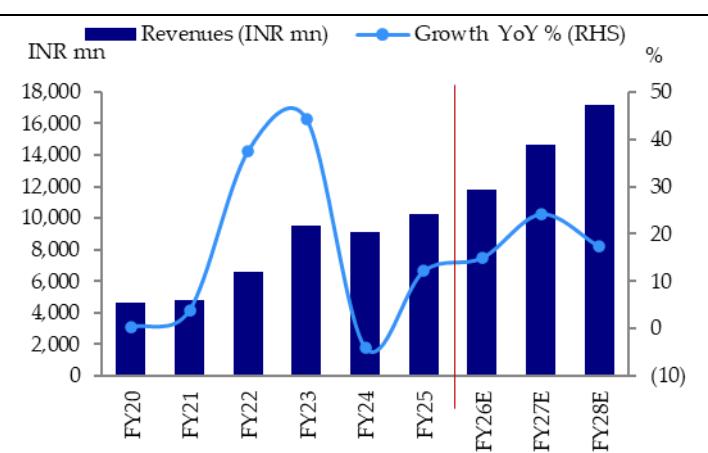
Estimates revision summary (consolidated)

Year End (March) - INR mn	Old			New			Change %		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	12,291	15,265	16,816	11,786	14,638	17,171	(4.1)	(4.1)	2.1
EBITDA	2,313	2,914	3,197	2,208	2,790	3,257	(4.5)	(4.3)	1.9
EBITDAM %	18.8	19.1	19.0	18.7	19.1	19.0			
APAT	1,482	1,929	2,120	1,405	1,837	2,165	(5.2)	(4.7)	2.1
EPS (INR)	87	114	125	82.9	108.4	127.8	(5.2)	(4.7)	2.1

Source: Company, HSIE Research

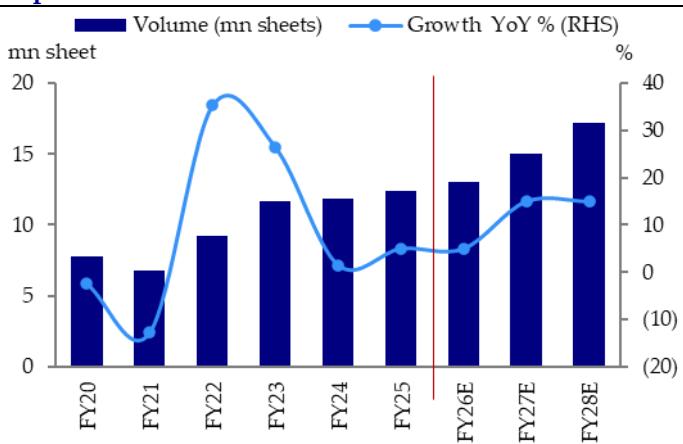
Stylam Industries: Company Update

FY25-28E consolidated revenue CAGR: 19% (volume-led)



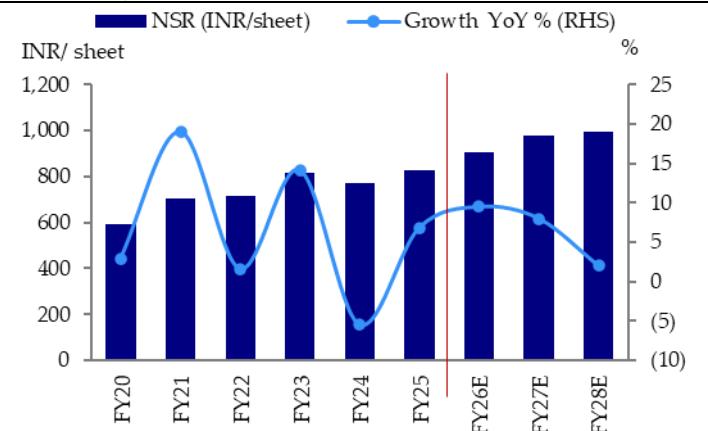
Source: Company, HSIE Research

FY25-28E consolidated volume CAGR is 12% (demand revival and ramp-up of sales from brownfield expansion)



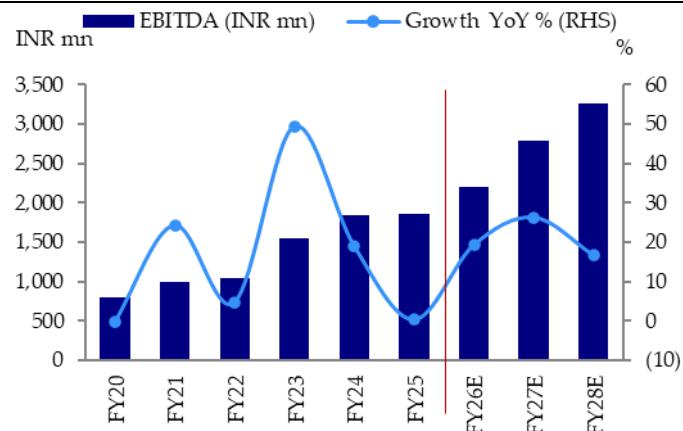
Source: Company, HSIE Research

FY25-28E consolidated NSR CAGR: 6% (increase in price and change in mix)



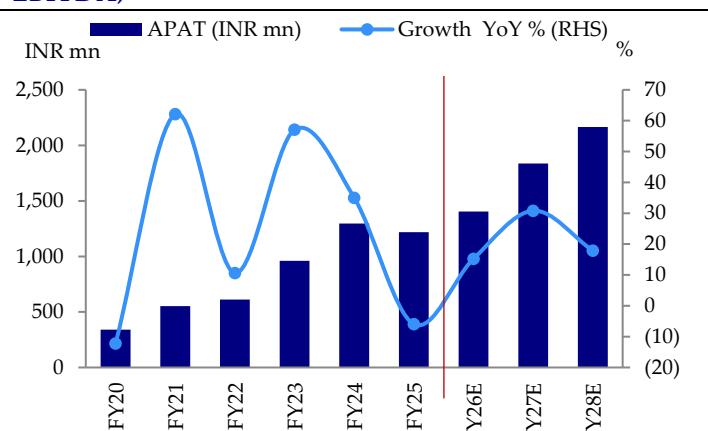
Source: Company, HSIE Research

FY25-28E consolidated EBITDA CAGR: 21% (volume-led)



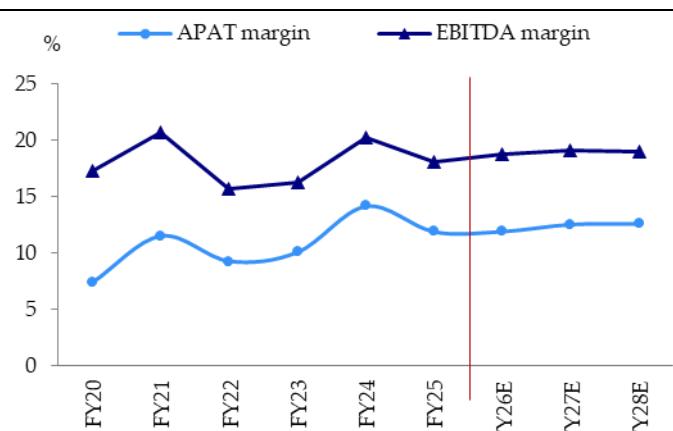
Source: Company, HSIE Research

FY25-28E consolidated APAT CAGR: 21% (higher EBITDA)



Source: Company, HSIE Research

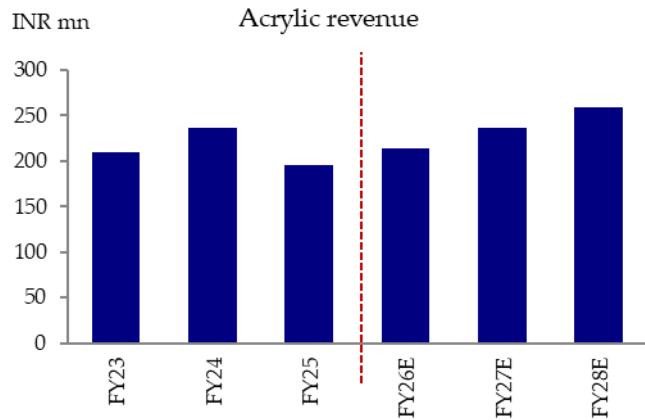
Margins to remain healthy



Source: Company, HSIE Research

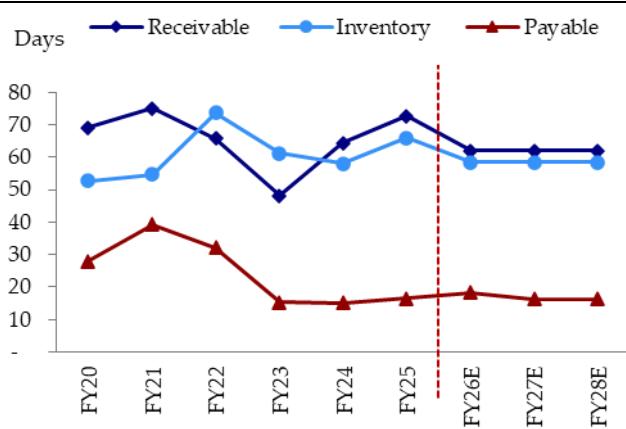
Stylam Industries: Company Update

Acrylic will remain small part of business, we don't expect big jump in growth rates for this segment



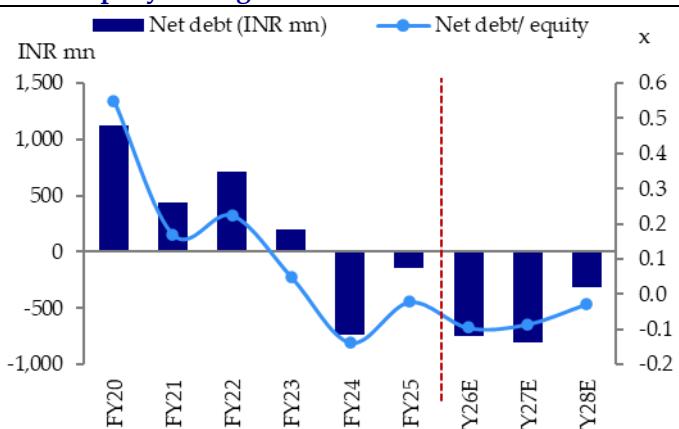
Source: Company, HSIE Research

Debtor days will decline (still high). No major change in inventory and payable days



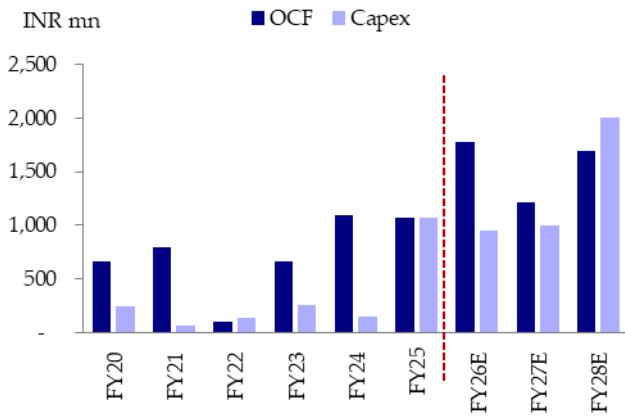
Source: Company, HSIE Research

Owing to its healthy OCF, we expect Stylam to remain net cash company during FY26-28E



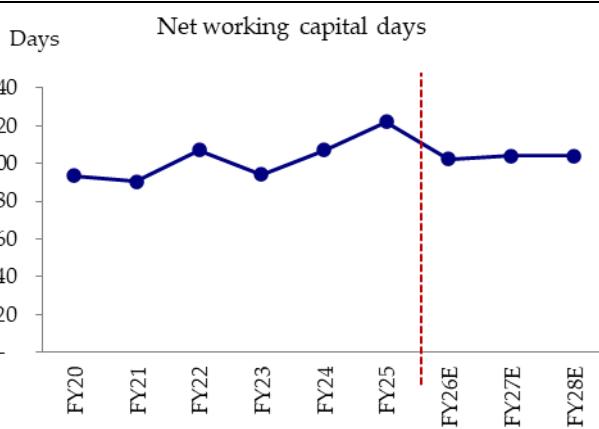
Source: Company, HSIE Research

OCF to remain strong from FY26-28E; so balance sheet will remain strong



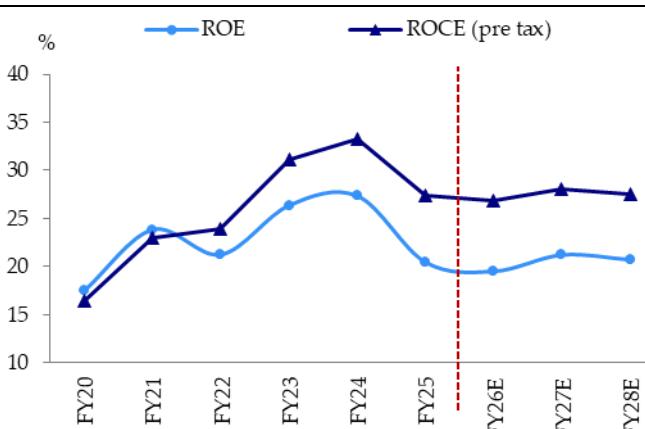
Source: Company, HSIE Research

Net working capital days to remain ~3 months



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	FY26E	FY27E	FY28E
Revenues	9,521	9,141	10,251	11,786	14,638	17,171
Growth %	44.4	(4.0)	12.1	15.0	24.2	17.3
Raw Material	5,310	4,741	5,574	6,438	8,144	9,740
Power & Fuel	527	443	465	503	607	733
Freight Expense	912	756	751	828	1,000	1,208
Employee cost	688	751	835	919	1,029	1,112
Other Expenses	536	605	774	890	1,068	1,121
EBITDA	1,548	1,845	1,852	2,208	2,790	3,257
EBIDTA Margin (%)	16.3	20.2	18.1	18.7	19.1	19.0
EBITDA Growth %	49.3	19.2	0.4	19.3	26.3	16.7
Depreciation	200	223	239	223	335	361
EBIT	1,348	1,622	1,613	1,985	2,456	2,897
Other Income	14	57	75	50	80	80
Interest	82	25	39	135	50	50
PBT	1,281	1,655	1,649	1,900	2,486	2,927
Tax	321	359	430	496	649	762
Minority Int	-	-	-	-	-	-
RPAT	960	1,307	1,219	1,405	1,837	2,165
EO (Loss) / Profit (Net Of Tax)	-	11	-	-	-	-
APAT	960	1,296	1,219	1,405	1,837	2,165
APAT Growth (%)	57.1	35.0	(5.9)	15.2	30.8	17.9
AEPS	56.6	76.5	71.9	82.9	108.4	127.8
AEPS Growth (%)	57.1	35.0	(5.9)	15.2	30.8	17.9

Source: Company, HSIE Research

Consolidated Balance Sheet

YE Mar (INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
SOURCES OF FUNDS						
Share Capital	85	85	85	85	85	85
Reserves And Surplus	4,036	5,278	6,489	7,753	9,407	11,348
Total Equity	4,121	5,363	6,574	7,838	9,491	11,433
Long-term Debt	110	-	-	-	-	-
Short-term Debt	362	-	361	361	361	361
Total Debt	472	-	361	361	361	361
Deferred Tax Liability	100	25	12	12	12	12
TOTAL SOURCES OF FUNDS	4,692	5,387	6,947	8,211	9,864	11,806
APPLICATION OF FUNDS						
Net Block	1,718	1,750	1,772	3,999	4,165	4,304
Capital WIP	128	16	831	(670)	(170)	1,331
Total Non-current Investments	11	-	-	-	-	-
Total Non-current Assets	1,858	1,767	2,603	3,330	3,995	5,635
Inventories	1,598	1,451	1,853	1,886	2,342	2,747
Debtors	1,258	1,611	2,039	2,004	2,488	2,919
Cash and Cash Equivalents	267	735	507	1,109	1,168	674
Other Current Assets (& Loans/adv)	400	493	782	869	954	1,054
Total Current Assets	3,524	4,290	5,180	5,867	6,952	7,395
Creditors	398	379	465	589	659	773
Other Current Liabilities & Provs	291	291	372	397	425	451
Total Current Liabilities	690	669	836	986	1,083	1,224
Net Current Assets	2,834	3,621	4,344	4,881	5,869	6,171
TOTAL APPLICATION OF FUNDS	4,692	5,387	6,947	8,211	9,864	11,806

Source: Company, HSIE Research

Stylam Industries: Company Update

Consolidated Cash Flow

YE Mar (INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	1,281	1,643	1,649	1,900	2,486	2,919
Non-operating & EO Items	(4)	(39)	(51)	(50)	(80)	(80)
Interest Expenses	33	25	39	135	50	50
Depreciation	200	223	239	223	335	361
Working Capital Change	(591)	(326)	(362)	65	(929)	(796)
Tax Paid	(257)	(434)	(440)	(496)	(649)	(762)
OPERATING CASH FLOW (a)	662	1,091	1,074	1,778	1,213	1,692
Capex	(259)	(142)	(1,071)	(950)	(1,000)	(2,000)
Free Cash Flow (FCF)	403	950	4	828	213	(308)
Investments	132	(215)	(240)	-	-	-
Non-operating Income	4	(4)	47	50	80	80
INVESTING CASH FLOW (b)	(123)	(361)	(1,264)	(900)	(920)	(1,920)
Debt Issuance/(Repaid)	(325)	(14)	-	-	-	-
Interest Expenses	(33)	(25)	(39)	(135)	(50)	(50)
FCFE	45	910	(35)	693	163	(358)
Share Capital Issuance	-	-	-	-	-	-
Dividend	-	-	-	(140)	(184)	(216)
FINANCING CASH FLOW (c)	(358)	(39)	(39)	(275)	(234)	(266)
NET CASH FLOW (a+b+c)	181	691	(228)	602	59	(494)
Closing Cash & Equivalents	267	958	507	1,109	1,168	674

Source: Company, HSIE Research

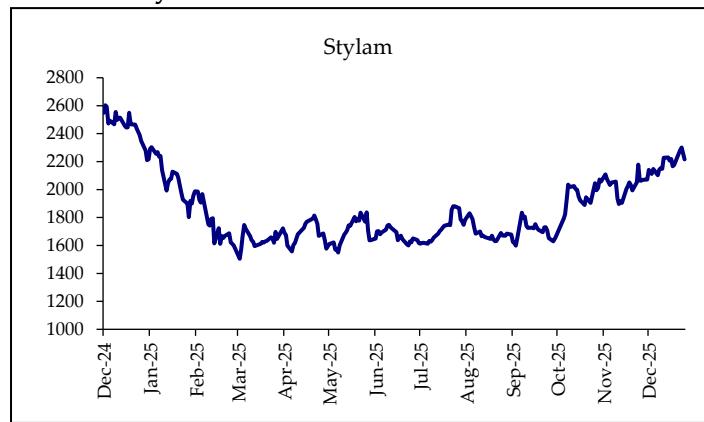
Key Ratios

	FY23	FY24	FY25	FY26E	FY27E	FY28E
PROFITABILITY %						
EBITDA Margin	16.3	20.2	18.1	18.7	19.1	19.0
EBIT Margin	14.2	17.7	15.7	16.8	16.8	16.9
APAT Margin	10.1	14.2	11.9	11.9	12.6	12.6
RoE	26.4	27.3	20.4	19.5	21.2	20.7
RoIC (pre tax)	32.5	36.3	31.5	29.7	29.5	31.0
RoCE (pre tax)	31.1	33.3	27.4	26.9	28.1	27.5
EFFICIENCY						
Tax Rate %	25.1	21.7	26.1	26.1	26.1	26.0
Fixed Asset Turnover (x)	3.0	2.7	2.8	2.4	2.3	2.5
Inventory (days)	61	58	66	58	58	58
Debtors (days)	48	64	73	62	62	62
Other Current Assets (days)	15	20	28	27	24	22
Payables (days)	15	15	17	18	16	16
Other Current Liab & Provns (days)	11	12	13	12	11	10
Cash Conversion Cycle (days)	98	115	137	117	117	117
Net Debt/EBITDA (x)	0.1	(0.4)	(0.1)	(0.3)	(0.3)	(0.1)
Net D/E	0.0	(0.1)	(0.0)	(0.1)	(0.1)	(0.0)
Interest Coverage	16.5	64.9	41.2	14.7	49.1	57.9
PER SHARE DATA (Rs)						
EPS	56.6	76.5	71.9	82.9	108.4	127.8
CEPS	68.4	89.6	86.0	96.0	128.1	149.0
Dividend	-	2.5	-	8.3	10.8	12.7
Book Value	243.1	316.4	387.9	462.5	560.0	674.6
VALUATION						
P/E (x)	39.7	29.4	31.3	27.2	20.8	17.6
P/Cash EPS (x)	32.9	24.9	26.2	23.4	17.6	15.1
P/BV (x)	9.3	7.1	5.8	4.9	4.0	3.3
EV/EBITDA (x)	24.8	20.3	20.5	16.9	13.4	11.6
Dividend Yield (%)	-	0.1	-	0.4	0.5	0.6
OCF/EV (%)	1.7	2.9	2.8	4.8	3.2	4.5
FCFF/EV (%)	1.1	2.5	0.0	2.2	0.6	(0.8)
FCFE/M Cap (%)	0.1	2.4	(0.1)	1.8	0.4	(0.9)

Source: Company, HSIE Research

Stylam Industries: Company Update

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

Stylam Industries: Company Update

Disclosure:

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