



UNEXPLORED MULTIBAGGER SMALL CAP STOCKS

EQUITY RESEARCH REPORT

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| STYLAM INDUSTRIES LTD. | BSE CODE: 526951 |
| Industry: Furniture & Furnishing | CMP: Rs. 217.80 (08/05/2016) |
| Market Cap: 159.35 (INR in Crore) | Target Price: Rs. 430 |
| Date: May 08, 2016 | Time Period: 12 – 24 months |



Saral Gyan Capital Services

An Independent Equity Research Firm

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1. Company Background



Stylam Industries Limited (Stylam) manufactures high pressure laminates for home and industry use, under the brand name 'STYLAM'. It offers decorative, compact industrial, fire retardant, fabric based, post forming, cabinet liner and metal laminates. These products constitute basic interior building materials responsible for residential and commercial space attractiveness, safety and security.

Company is the pioneer in up-bringing the decorative laminates in India. Company's capability to provide end-to-end high quality decorative laminate designs has helped company to consistently innovate and create value-added products for its clients.

Stylam was set up by late Mr. N R Aggarwal in 1991, by the name of Golden Laminate Pvt Limited. Later in 1995, company got listed on BSE as a public limited company. The company changed its name from Golden Laminates Ltd. to Stylam Industries Ltd. in January 2010.

Stylam is promoted by Jagdish Gupta and Satish Gupta. Jagdish Gupta is the managing director and Satish Gupta, executive director, manages production and marketing operations of the company. Stylam headquarter is at Chandigarh and the company has its manufacturing facility in Panchkula (Haryana).

Stylam manufactures high pressure decorative environmental friendly laminates. The organization specializes in manufacturing premium quality wide array of laminates and adhesives. Over the years, Stylam has developed products that have become benchmark in the laminate and adhesive industry. Stylam become foremost manufacturing company of high pressure laminates, adhesives, exterior cladding, exterior flooring and door skins throughout PAN India and across the globe.

Stylam today has state-of-the-art manufacturing plant of laminate and adhesive at Panchkula near to Chandigarh with installed capacity of around 7 million (60 lakhs) sheets per annum. The company has witnessed remarkable growth from past 25 years of excellence in producing high quality laminates.

Stylam is well equipped with advanced technology machines with latest sophisticated moulds of various finishes from France & Germany to assure maximum production of laminates in minimum time. The back sanding of the laminates is done by the ITALIAN IMEAS Machine, one of the best manufacturers of sanding machines in the world.

Product Range

Stylam decorative laminates: These are suitable for a wide range of applications in both home furniture and professional environment like wooden claddings/lining of walls and columns, lift linings, doors, shelves, vanity units, table tops, work-tops, office partitions, counters, cubicles, store fittings, desks, storage units etc. Stylam decorative laminates are available in wide range of colours in Solids and Woodgrains designs and in many evergreen and new texture finishes and are available in 5 different sizes to cater to varying needs.

Stylam Metallic (metal foil) laminates: These laminates provide a modern decorative and innovative appeal to interiors. Stylam Metallic laminates have bright and reflective surface aspects which render the ambience a modern and sleek look. These laminates are ideal for use in the hospitality, interior design, gaming, entertainment, retail, display and furniture industries.

Stylam Compact laminates: These are formulated with inner core of celluloid fibres impregnated with special thermosetting resins. These resins and the special heat and pressure cycles impart properties of a solid, load bearing hard laminate, which is resistant to wide range of atmospheric and chemical agents for use in internal and external atmospheric conditions. High values of flexural strength and tensile strength ensures that these laminates are suitable for saw cutting, drilling, machining and punching as per requirement.

Stylam Exterior laminates: These laminates are manufactured by European technique to withstand adverse action of atmospheric Ultra Violet Rays and to withstand exterior atmospheric effects with minimum fading of colours.

Adhesives: Company has developed adhesives with decades of understanding and expertise in the furnishing industry. Company offers highly specialized range of adhesives suited for decorative laminates, wood and other industrial uses. Laminates and wood are extremely versatile mediums. Therefore, only specialized and high quality adhesives will ensure their application.

Stylam has recently launched the pre-laminated particle boards on wood base. They are laminated on both surfaces with imported design paper by short cycle lamination. The products are known for color-fastness and being eco-friendly and conforming to the above standards.

Globally Renowned Quality Credentials

The company has ISO 9001:2008, FSC, Greenguard and many more environmental related credentials for manufacturing laminates and adhesives. Today, Stylam has a strong brand presence in all over India and around the world. Stylam is recognized as Star Export House from the Govt. of India; company exports to more than 80 countries across globe including important markets - USA, Asia, Australia, Middle East, Europe, Russia and Africa.

i) Greenguard – By using Greenguard certified laminates, one can substantially reduce or eliminate the negative effect of toxic emissions on the nature and the health of occupants and habitants. This ensures superior indoor air quality and increased work productivity of staff in case of commercial establishments as it is healthier for the people living in it.



ii) FSC - The Forest Stewardship Council (FSC) is an international not for-profit, multi-stakeholder organization established in 1993 to promote responsible management of the world's forests. As part of its corporate responsibility towards sustainable forest development, Stylam is among the very few laminates manufacturer who has been awarded the FSC certification by Rain Forest Alliance, Indonesia.



iii) CE - Stylam Industries Limited has achieved pioneer European CE Certification for both Internal and External application Compact laminates range by ITC Inc., Czech Republic and has fulfilled all the requirements as applicable as per the harmonized standard EN 438-7:2005. Stylam is the first laminate manufacturer in India and among very few in the world to be awarded this coveted certification.



iv) Green Label - The Singapore Green Labelling Scheme Secretariat has granted Stylam Industries Limited the right to use the Singapore Green Label for Stylam High Pressure Laminates for environmentally improved low emission low toxicity.



v) ISO 9001:2008 - Stylam Industries Limited being awarded the latest ISO 9001:2008 certification for the complete range of laminates manufactured from certification agency accredited with reputed certification agency JAS-ANZ.



vi) ISO 14001 - World's most recognized environmental management certification standard. Environmental management system certification, ISO 14001, basically requires the organization to monitor and manage its impact on the environment.



vii) OHSAS 18001 - Includes Policy and commitment, Hazard identification, risk assessment & risk controls, Legal requirements, Objectives and Programs, Organization and personnel, Training, Communication and Consultation, Documentation and records, Operational Controls, Emergency Readiness, Measurement and monitoring, Accident and incident investigation, corrective and preventive action, Audit and Review, and Application and Relevance in the Industry.



viii) BIS - Stylam Industries has achieved ISI certification as per IS:2016-1995 from Bureau of Indian Standards for its thin laminates range of 0.8 mm and 1.0 mm thickness.



ix) Biocote – Stylam Industries HPL laminate has achieved the Biocote minimum antibacterial performance requirement of 95% “Reduction against the initial for E.Coli and MRSA” according to ISO 22196: 2011 (certificate of antibacterial) analysis.



x) EXOVA - This determines the performance if product subject to its specifications. The test is performed in according to a specified procedure for measuring the lateral spread of flame along the surface of a product oriented in vertical position.



Understanding Laminates as a Product

Laminates, also known as Sunmica, is commonly used for furniture fabrication purpose. Because of excellent durability, these Laminates can be used as substitutes to veneer, melamine, paints, varnish and furniture foil.

Laminates are broadly classified into 2 types - High Pressure Laminates (HPL) and Low Pressure Laminate (LPL), the actual difference in these 2 type of laminates is mainly due to the manufacturing process that goes into developing these products.

HPL is manufactured under pressures of 70 to 100 bars and temperatures of 270 to 320 degrees Fahrenheit using adhesives. On the other hand LPL is developed under pressures of 20 to 30 bars and temperatures of 330 to 375 Fahrenheit with no adhesives.

The main difference between the two products is the price & durability. LPL is available for much cheaper prices than HPL. On the other hand, high pressure products score high on durability as compared to LPL.

Materials used for developing HPL and LPL include impregnating layers of Kraft paper. It can be defined as a cardboard or firm paper. The paper is generally impregnated with melamine resins to create a laminate. After that, the product is merged with a decorative film layer. The final straw is to attach it to a wooden substrate. The bases widely used include fiberboard or particle boards. Thus, the final product is on the table for use. These products are widely used for designing furniture, walls, floors, countertops, kitchen tops and much more.

Types based on Usage - Based on the final or intended use of the product, the laminates are of two types viz. Decorative and Industrial. For decorative laminates the look and feel are the important aspects as they are commonly used to decorate and protect wooden furniture, while for industrial laminates the focus is more on having a surface that has higher strength, higher resistance to scratches and wear and tear, and which is very durable. Industrial use products such as circuit boards are made using industrial laminate materials.

The High Pressure Laminates (HPL) drives the market mainly due to three key features:

- Design & Style Trends – New colours and patterns representing style and panache must continue to hit the market. These products must also score high on longevity and usability.
- Global Accessibility – Many companies are looking to target the international markets by developing unique collection of product range for Europe, Asia and North America.
- Technology – Various companies that produce High Pressure Laminates are now looking to implement various technologies to create products where solid colours coordinate with patterns to provide a better end product.

Laminate Industry Outlook

Rebounding construction activity, high credit availability, increased interest in home decor and interior improvement options, and a surge in demand for non-residential upgrades, will provide ample opportunities for decorative laminates industry to grow by leaps and bounds. High Pressure Laminates are put to use for churning out a large variety of building components such as cabinets, countertops, store fixtures and wall panels. The enhancement of this industry and continuous evolution and implementation of these products will always open doors for sales growth amongst the people that consider value for money. In addition, laminate manufacturers continue to focus on improved textures and printing techniques that rival the aesthetics of solid wood, natural stone and other materials, but at a lower cost.

The growth of laminate industry is mainly driven by increasing demand from housing market and growing significance of new construction industry. The Indian real estate market is expected to touch US\$ 180 billion by 2020. The housing sector alone contributes 5-6 per cent to the country's Gross Domestic Product (GDP).

In construction, after cement, plywood laminate and steel related products are essential part right from initial brick to final stage of furnishing; the demand for these products is directly related to the growth of infrastructure and real estate sector, the demand for company's products is expected to remain buoyant.

In the period FY08-20, the market size of this sector is expected to grow at a CAGR of 11.2 per cent. Retail, hospitality and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs.

Laminates have become an indispensable part of big and evolving segment in housing sector, it is widely used in furniture, modular kitchen as well as in flooring. The increasing demand of better interiors are major triggers for demand of laminates.

The domestic laminates industry is highly fragmented with majority of sector comprising unorganized players leads to pricing pressure for the players in the industry. However, the implementation of goods and service tax (GST) in the near future will provide an impetus to organized players in the laminate industry. In the exports segment, demand has been stable on account of shift from the wood based panel products to engineered panel like MDF and particle board.

India is the one of the largest exporters of the laminates in the world. Players with the establish track record of delivering quality products in the export markets, including Stylam have been consistently able to register growth in turnover over the years despite the global slowdown though the prospects of the company will be primarily driver by the demand from the real estate sector and its ability to manage currency fluctuations.

2. Recent Developments

i) Stylam Industries wins Power Brand Rising Star Award 2016 – 11th Apr 2016

Planman Media – a journalism, through its 'Power Brand Rising Stars' platform recognizes promising brands that have shown sustained growth over the past and have been able to create a huge impact etching a strong impression to 'elevate' and capture the imagination of a resurgent India.

Given the unmatched capabilities and competitiveness of Stylam Industries Ltd. amidst decorative laminate & adhesive industry, the organization was selected for the Power Brands Rising Star Award 2016 on account of its superior Brand Equity assessed through research on Brand Image & Perception, Brand Performance, Brand Loyalty, Brand Awareness and Brand Association. The award was conferred at a scintillating ceremony held in the Capital, New Delhi presided over by Dr. Najma A. Heptullah Hon'ble Union Minister of Minority Affairs, Sh. Syed Shahnawaz Hussain with others of India Inc. in attendance.

ii) Stylam Industries emerges as a leading exporter of laminates in Italy – 31st Jan 2016

Stylam Industries has emerged as country prominent exporter of laminates in Italy. The demand of products of company in Italy is on rise due to their astonish designs and quality. Stylam is specialist in manufacturing avant-garde premium quality wide array of laminates, exterior cladding, exterior flooring and adhesives. The company is also a leader in manufacturing high quality environment-friendly decorative laminates in India.

Stylam has established itself as a strong Indian player with great significance on exports. Being a star export house of laminates and having realized the demands of international markets, company has expertise in understanding the global design requirement and fulfilling them respectively. Company has developed products that have become benchmark in the laminate industry. At present, Stylam laminate has a strong brand presence in more than 80 countries and company intent to take this number to 100 plus countries in this fiscal year.

Moreover, Stylam has a committed R&D division which takes constant steps to evolve with global markets. The company has been investing heavily in the R&D.

Recently, the company has also introduced anti bacteria and chemical resistant laminates in the country. The company has a passionate group of workforce who travel round the world to develop and innovate with laminates designs with global suitability.

iii) Development of New Building at Panchkula IT Park, Haryana – 2nd Sept 2015

To put all the inventiveness measures under one roof, this includes development of new designs, finding of new vendors, to study product dynamics and to explore market for export and domestic business; at their separate location at Panchkula Technology Park, Haryana. The construction of building having built-up areas of 20697.200 sq. mtrs is almost complete.

The company has planned to lease out portion of constructed building to other players for commercial office space and for service sector businesses. The building will be operational before the close of this financial year.

iv) Stylam Industries embarks on Expansion Plan – 8th Jun 2015

The company is putting up an 8,000-tonne hydraulic press of 6 x 14 feet, and three 4 x 8 feet production lines, which would be the first of its kind in terms of technology and innovation in the world of laminates. As per management, this environment-friendly and energy conservation know-how will result in less carbon emission and less power consumption.

After this expansion, Stylam's production capacity will increase by 6 million (60 lakh) sheets a year. The automated cutting edge technology will boost the quality of products and increase efficiency with less human intervention. This will help company to extend its outreach in the Indian market with the aim of growing the domestic business along with exports as the total production will increase to match the demand on both fronts.

The new hydraulic press would be fully operational by this year and this will make Stylam one of the largest manufacturers of laminates in Asia. The company is one of the world's top exporters, with a major presence in European markets.

Stylam Industries has one unit each at Panchkula and Ramgarh in Haryana and the new facility is coming at Raipur Rani, in the vicinity of the existing units with an approximate cost outlay of Rs. 45 crore.

3. Financial Performance

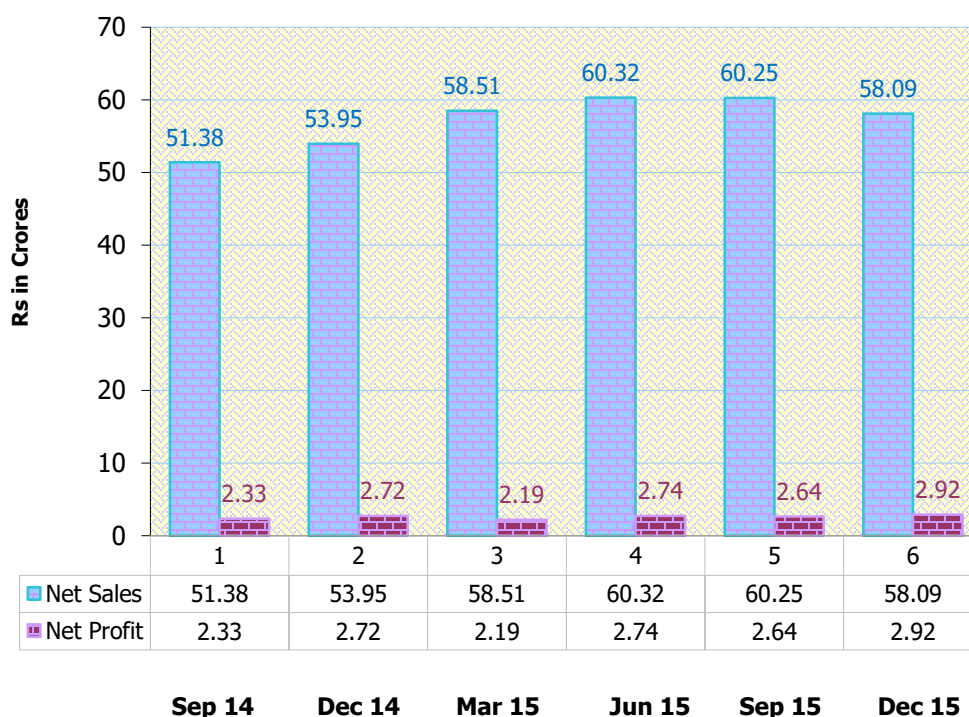
Stylam Industries standalone net profit rises 7.35% in the December 2015 quarter

Net profit of Stylam Industries rose 7.35% to Rs 2.92 crore in the quarter ended December 2015 as against Rs 2.72 crore during the previous quarter ended December 2014. Sales rose 7.67% to Rs 58.09 crore in the quarter ended December 2015 as against Rs 53.95 crore during the previous quarter ended December 2014.

Stylam Industries standalone net profit rises 13.30% in the September 2015 quarter

Net profit of Stylam Industries rose 13.30% to Rs 2.64 crore in the quarter ended September 2015 as against Rs 2.33 crore during the previous quarter ended September 2014. Sales rose 17.26% to Rs 60.25 crore in the quarter ended September 2015 as against Rs 51.38 crore during the previous quarter ended September 2014.

Last 6 Quarters Net Sales & Profit



Current & Expected Earnings

Quarterly Ended Profit & Loss Account (Standalone)

| Particulars (Rs in Crores) | Mar 2015 | Jun 2015 | Sep 2015 | Dec 2015 | Mar 2016 E | Jun 2016 E |
|---------------------------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Audited / UnAudited | UA | UA | UA | UA | UA | UA |
| Net Sales | 58.51 | 60.32 | 60.25 | 58.09 | 64.79 | 72.85 |
| Other Operating Income | -- | -- | -- | -- | -- | -- |
| Total Income – Operations | 58.51 | 60.32 | 60.25 | 58.09 | 64.79 | 72.85 |
| Raw Materials Consumed | 34.25 | 35.2 | 38.31 | 29.06 | 36.63 | 42.55 |
| Purchase of Traded Goods | 2.23 | 0.99 | 4.8 | 1.84 | 2.2 | 1.68 |
| Increase/Decrease in Stocks | -1.49 | 1.18 | -6.93 | 1.8 | -1.32 | 1.41 |
| Power & Fuel | -- | -- | -- | -- | -- | -- |
| Employees Cost | 3.87 | 3.77 | 4.13 | 5.04 | 5.35 | 5.62 |
| Depreciation | 1.28 | 1.14 | 1.17 | 1.17 | 1.27 | 1.42 |
| Provisions And Contingencies | -- | -- | -- | -- | -- | -- |
| Other Expenses | 14.74 | 12.91 | 12.52 | 12.96 | 15.55 | 13.45 |
| P/L Before Other Income | 3.64 | 5.14 | 6.26 | 6.2 | 5.11 | 6.72 |
| Other Income | 0.01 | 0.28 | 0.54 | 0.2 | 0.13 | 0.21 |
| P/L Before Int., E. Items & Tax | 3.64 | 5.42 | 6.8 | 6.4 | 5.24 | 6.93 |
| Interest | 0.4 | 1.36 | 2.23 | 1.66 | 1.67 | 1.95 |
| P/L Before E. Items & Tax | 3.24 | 4.06 | 4.57 | 4.75 | 3.57 | 4.98 |
| Exceptional Items | -- | -- | -- | -- | -- | -- |
| P/L Before Tax | 3.24 | 4.06 | 4.57 | 4.75 | 3.57 | 4.98 |
| Tax | 1.05 | 1.32 | 1.93 | 1.83 | 1.16 | 1.62 |
| P/L After Tax – Ord. Activities | 2.19 | 2.74 | 2.64 | 2.92 | 2.41 | 3.36 |
| Prior Year Adjustments | -- | -- | -- | -- | -- | -- |
| Extra Ordinary Items | -- | -- | -- | -- | -- | -- |
| Net Profit/(Loss) | 2.19 | 2.74 | 2.64 | 2.92 | 2.41 | 3.36 |
| Equity Share Capital | 7.32 | 7.32 | 7.32 | 7.32 | 7.32 | 7.32 |
| Calculated EPS | 2.99 | 3.74 | 3.61 | 3.99 | 3.29 | 4.59 |
| Calculated EPS (Annualised) | 11.96 | 14.96 | 14.44 | 15.96 | 13.16 | 18.36 |
| Public Shares Holding (Crores) | 0.3 | 0.3 | 0.3 | 0.3 | NA | NA |
| Public Share Holding (%) | 41.17 | 41.17 | 41.17 | 41.17 | NA | NA |

With growing demand of HPL (High Pressure Laminates) globally, Stylam achieved revenue of Rs. 178 crores from exports in FY 14-15, which is 78.25% of its total revenue. This is expected to increase significantly as company plans to increase its exports to almost 100 countries in this fiscal year.

As company has doubled its capacity recently, we believe company will post decent growth sales and profits in coming quarters.

4. Peer Group Comparison

| PEER GROUP | STYLAM INDUSTRIES | GREENLAM INDUSTRIES | CENTURY PLYBOARDS |
|----------------------------|-------------------|---------------------|-------------------|
| CMP | 217.80 | 600.00 | 189.25 |
| 52 W L/H | 82.10/227.50 | 301.00/694.00 | 135.45/219 |
| Market Cap | 159.35 | 1448.18 | 4211.32 |
| Results (in Crores) | Dec-15 | Dec-15 | Dec-15 |
| Net Sales | 58.09 | 240.93 | 388.58 |
| PAT | 2.92 | 11.68 | 41.60 |
| Equity | 7.32 | 12.07 | 22.25 |
| EPS (TTM) | 14.33 | 13.26 | 7.89 |
| P/E | 15.20 | 45.25 | 23.99 |

On valuation parameters, we find Stylam Industries trading at significant discount compared to other listed players in the Industry. Moreover, important financials like OPM (operating profit margin) and ROE (return on equity) of Stylam are better compared to Greenlam Industries. Also once recent capacity expansion is completed, Stylam Industries Laminate capacity will be at par with Greenlam Industries.

5. Key Concerns / Risks

i) Competition from Unorganized Players – The domestic laminates industry is highly fragmented with majority of sector comprising unorganized players though there has been increasing shift in consumer preference from unbranded to branded goods. Competition from both organised as well as unorganised players leads to pricing pressure for the players, hence impacting margins of the company.

ii) Delay in GST Implementation – Implementation of GST will be a positive for Stylam as it would bring in a shift of consumers from the unorganised to organised space with a reduction in the price differential, going ahead. GST will address inefficiencies in the current tax system. However, any delay in implementation of GST could impact Stylam, as it would be difficult for company to gain market share in domestic market.

iii) Change in Consumer preference & trend – Currently, in the furniture industry, products like plywood, MDF, particle board and laminates are being widely used. However, going ahead, with a change in consumer preference or trend, substitutes like plastic or steel could evolve and pose a challenge to the plywood and laminate industry.

6. Saral Gyan Recommendation

- ✚ With recent expansion, Stylam production capacity will get almost doubled to 13 million sheets from existing capacity of 7 million (70 lakh) sheets per annum. As per management, the automated cutting edge technology implementation will boost the quality of products and increase efficiency with less human intervention. This will help company to extend its outreach in the Indian market with the aim of growing the domestic business along with exports as the total production will increase to match the demand on both fronts. The company currently exports to more than 80 countries and plans to expand its reach to 100 countries in this fiscal year.
- ✚ Stylam is investing heavily on R&D to stay ahead on the innovation curve in the global Laminate Industry to develop with global markets. The company has showcased its products in major exhibitions in strategically important markets. Company is exporting its products in European and Southeast Asian countries. More than 80% of the products are being exported to more than 80 countries around the world, along with exports to 20 countries in Europe which is testimony to best in class quality products manufactured by the company. Moreover, Stylam enjoys strong reputation for its products with globally renowned quality credentials.
- ✚ Stylam continues to explore markets to understand product dynamics for exports and domestic business. The company has developed HPL exterior grade premium flooring product, under the brand name of 'Walkon'. The company is the first to manufacture this product in India. Beside this, the company has enhanced production of Exterior Cladding which is marketed under the brand 'Fascia'. Moreover, the interior grade laminates for premium and standard grades are marketed under brand name 'Violam' and 'Wakalam' respectively. Company is aiming for healthy growth which will be achieved through an appropriate mix of international and domestic business. The Company is also trying to add a new product segment in Laminates which will help to penetrate into newer markets.
- ✚ In last 5 years, OPM increased from 5.37% to 10.96% and company managed to sustain OPM above 10% in 2015 which is good indication about operating efficiency of the company. Company also managed to bring Debt to Equity ratio below 2 from 2.38 in FY13. However with recent expansion, debt may be high on books for this fiscal but can be managed with strong cash flows from operations. Working Capital Days also reduced from 140 days to almost 100 days which is another positive.

| Key Financial Parameters | Mar 2011 | Mar 2012 | Mar 2013 | Mar 2014 | Mar 2015 |
|-----------------------------|----------|----------|----------|----------|----------|
| Return on Equity (%) | 8.45 | 12.07 | 16.58 | 25.48 | 23.87 |
| ROCE (%) | 4.78 | 8.37 | 8.84 | 12.51 | 10.99 |
| Operating Profit Margin (%) | 5.37 | 9.75 | 8.90 | 10.96 | 10.47 |
| Net Profit Margin (%) | 2.03 | 2.58 | 3.05 | 4.25 | 4.39 |
| Debt to Equity (%) | 1.67 | 1.87 | 2.38 | 2.12 | 1.86 |
| Working Capital Days | 140 | 148 | 139 | 112 | 103 |

- ✚ Apart from Laminate business, Stylam has also set up a new building having built up areas of 2.23 Lacs square foot at Panchkula IT Park, Haryana. Company has planned to lease out the major portion of this built up areas to other players for commercial office space and for service sector business which will boost company's revenue growth and profitability going forward.
- ✚ As of Mar'16, promoter's shareholding in the company is at 58.83% out of which promoters have pledged 10 lakhs shares i.e. 23.23% of their holding since Dec 2011. In Public shareholding, 4.86% stake of Stylam is held by Mr. Manav Gupta, who is the son of Mr. Satish Gupta. Hence, promoters total in direct holding in the company is at 63.69%. Institution shareholding is negligible at 0.91%.
- ✚ In view of continuous expansion and investment strategies, company has not paid dividend to its shareholders during last 5 years. The last dividend paid by the company was in 2010, since then Stylam is retaining its profits to continuously increase its capacity. With significant expansion, the company has achieved revenue CAGR of 27.3% and profit CAGR of 25.2% during last 5 years. As company has taken aggressive expansion by doubling its capacity with outlay of almost 45 crores recently, we expect company may continue retaining its profit in near future.
- ✚ As per our estimates, Stylam Industries can deliver PAT of 13.75 crores for full financial year 2016-17, annualized EPS of Rs 18.80 with forward P/E ratio of 11.6X for FY16-17. Company's valuation looks discounted compared to peer group companies on account of better financials. With completion of recent capacity expansion and increase in value added products, we believe company will continue to deliver strong revenue growth and profitability going forward.
- ✚ On equity of Rs. 7.32 crore, the estimated annualized EPS for FY 16-17 works out to Rs. 18.80 and the Book Value per share is Rs. 71.55. At current market price of Rs. 217.80, stock price to book value is 3.04.

Considering high earning visibility and attractive valuations of the company compared to other peer companies, growing demand of decorative laminates globally and company's plan to extend its outreach to domestic market along with exports with recent capacity expansion, Saral Gyan team recommends **"Buy"** on **Stylam Industries Ltd** at current market price of Rs. 217.80 for target of Rs. 430 over a period of 12 to 24 months.

Buying Strategy:

- 75% at current market price of 217.80
- 25% at price range of 190 - 195 (in case of correction in stock price in near term)

Portfolio Allocation: 3% of your equity portfolio.

7. Disclaimer

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