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BSE Scrip Code: 526951

Trading Symbol: STYLAMIND

**Sub: Results Earnings Call Q3-FY23-Transcript**

Dear Sir/Madam,

In continuation of our letter dated January 16, 2023, we would like to inform that Transcript of the Conference Call held on Thursday, January 19, 2022, at 1.00 pm (IST) for the unaudited Financial Results of the Company for the quarter & nine months ended December 31, 2022, has been made available on the exchange website at <https://nseindia.com/>, <https://bseindia.com/> & <https://stylam.com/investors-2/>

You are requested to please take above information on your record

Thanking You,

For Stylam Industries Limited

Sanjeev Kumar Sehgal  
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“Stylam Industries Limited  
Q3 FY '23 Earnings Conference Call”  
January 19, 2023



**MANAGEMENT:** **MR. JAGDISH GUPTA – MANAGING DIRECTOR –  
STYLAM INDUSTRIES LIMITED**  
**MR. MANIT GUPTA – EXECUTIVE DIRECTOR –  
STYLAM INDUSTRIES LIMITED**  
**MR. KISHAN NAGPAL – CHIEF FINANCIAL OFFICER –  
STYLAM INDUSTRIES LIMITED**

**MODERATOR:** **MR. ASHISH PODDAR – SYSTEMATIX INSTITUTIONAL  
EQUITIES**



*Stylam Industries Limited*  
*January 19, 2023*

**Moderator:** Ladies and gentlemen, good day, and welcome to the Q3 FY '23 Earnings Conference Call of Stylam Industries Limited, hosted by Systematix Institutional Equities. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ashish Poddar from Systematix Institutional Equities. Thank you, and over to you.

**Ashish Poddar:** Yes. Thank you, Michelle. Good afternoon, everyone. I'm Ashish Poddar from Systematix. I welcome you all for this conference call of Stylam Industries to discuss Q3 FY '23 earnings. So, from the management side, we have Mr. Jagdish Gupta, the Managing Director; Mr. Manit Gupta, Executive Director; and Mr. Kishan Nagpal, the Chief Financial Officer.

Without much ado, I'll request moderator to straightaway go for the Q&A session.

**Moderator:** We have first question from the line of Nikhil Gada from Abakkus Asset Managers LLP.

**Nikhil Gada:** Sir, my first question is regarding the overall demand scenario. I mean, our 3Q has been really, really good in terms of the volume growth. And considering the other sort of categories, we are seeing some amount of slowdown. So, do we expect that this can also reflect in our business as well for the upcoming quarters? Or you think that we are on a strong footing?

**Jagdish Gupta:** No, no. We will be definitely on strong footing. Even in quarter 3, we had some challenges of logistics. We could not get a few containers, 20, 30 containers from Russia, and to this Uzbekistan and Ukraine, which we are selling through via Poland. So that reduced our sales a little bit by 2%, 3% a quarter. Otherwise, we are very quiet hopeful. Domestically, also we are increasing not like export but exporting products every month. So it will be better than this quarter, surely.

**Nikhil Gada:** And just, sir, as you just reflected on the domestic part of the business, I mean, for now past 2 quarters, you are doing somewhere around INR 80 crores to INR 82 crores run rate on a quarterly basis. And I remember maybe 6 months like you had said that we would be close to INR 350 crores to INR 400 crores of total sales in domestic...

**Jagdish Gupta:** Maybe not INR 400 crores, INR 325 crores to INR 350 crores.

**Nikhil Gada:** INR 325 crores to INR 330 crores you think is possible?

**Jagdish Gupta:** So actually the reason we are trying our best, and very hopeful, brand is already there, we are getting good response from the new distributors. Surely, it will grow.

**Nikhil Gada:** And sir, just firstly, on the acrylic panel, can you give us the number as in how much sales was done in 3Q?



- Jagdish Gupta:** Very good. You see when something is starting new in India, we are an import substitute. You will see, even up to now, we have INR 16 crores turnover already, last quarter. Last quarter, we have made almost INR 7.5 crore, which is beginning and you can understand everywhere now the availability is 3, 4 months, you will see brand name will be in the market, Granex.
- Nikhil Gada:** So sir, just if you can sort of give us some amount of guidance because I think you had mentioned that we'll do somewhere around INR 15 crores to INR 20 crores quarterly from second half, and we have done close to INR 7.5 crores to INR 8 crores. I understand it takes some amount of time to...
- Jagdish Gupta:** That is due to -- there is a new brand. You see, first plant in India for this sector. And when it will grow, it will grow multiple, same thing will happen with 20 years back in laminates. It means quality is acceptable. And we do not export also.
- Nikhil Gada:** Sir, just lastly, 2 more questions from my end. Just on the margin front, we are seeing a very steady improvement in our -- both in our gross as well as the EBITDA margins. So, do you see further scope of improvement both from maybe RM side as well as from our product mix?
- Jagdish Gupta:** Yes, yes, yes. You see our RM old -- this material, which will be used in third quarter, mostly is from the old prices. And we have to book, accept on both we have to plan minimum 3 to 6 months. So now with new product, new raw material is coming from our] on reduced prices. So definitely, it will improve.
- Nikhil Gada:** And sir, just lastly, I think we have done some restatement in our previous year's 3Q numbers. Can you help us what this restatement was?
- Kishan Nagpal:** There was a currency fluctuation amount which was booked in other income, but we have included that later. That was INR 8.16 crore that was showed on 21 December in other income.
- Nikhil Gada:** Sir is there impact of this in the coming quarters?
- Kishan Nagpal:** No, no, there is no impact at all. These currency fluctuation impact are related to sales.
- Moderator:** We have the next question from the line of Pritesh Chheda from Lucky Investment Managers.
- Pritesh Chheda:** Yes. Congratulations for continuous improvement in numbers. Sir, just a couple of questions. One, you mentioned about this new RM. So, when should this new RM start flowing in your P&L? And does it mean that we go back to the growth of the EBITDA margins, which you were making before this whole RM price rise of about 20% margin number?
- Jagdish Gupta:** Hopefully, maybe not in current quarter, maybe next quarter, surely.
- Pritesh Chheda:** Okay. And -- but we'll start seeing the improvement and the journey towards 20%?
- Jagdish Gupta:** You can see the improvement in every month, first, second. You can see first difference, second difference, third difference, you will see more difference.



- Pritesh Chheda:** Sir, the solid surface business of INR 7.5 crores, which you mentioned is the annual number or quarterly number you gave?
- Jagdish Gupta:** No, no, no, quarterly. Now it is improving every...
- Pritesh Chheda:** And lastly, sir, I wanted to know the 9-month laminate volume number and the realization number or the quarterly volume number and the realization?
- Kishan Nagpal:** 9-month laminate is INR 86 lakhs.
- Pritesh Chheda:** This is which? This is for 9-month?
- Kishan Nagpal:** 9-month period.
- Pritesh Chheda:** Okay. And for the quarter?
- Kishan Nagpal:** 30.01 million.
- Pritesh Chheda:** Your 86 lakh sheet, what was it last year in nine months?
- Kishan Nagpal:** Approximately, around INR 91 lakhs around, INR 89 lakhs for 12 month.
- Pritesh Chheda:** So basically, the full growth that we see is all value-driven?
- Jagdish Gupta:** No, no, no, no. You see, INR 86 lakhs is for 9-month. Last year was INR 89 lakhs.
- Kishan Nagpal:** INR 89 lakhs for 12-month.
- Jagdish Gupta:** That is why our sales will 15% increase than last year.
- Pritesh Chheda:** Okay. Sir, I thought it was for 9-month.
- Kishan Nagpal:** 9-month INR 65 lakhs.
- Pritesh Chheda:** And on the plant utilization side, where are we?
- Jagdish Gupta:** About 75% to 80%.
- Kishan Nagpal:** 80%.
- Pritesh Chheda:** Okay. And what is your capex plan now you are...
- Jagdish Gupta:** I already mentioned many times, the capex plan right now, just adjustment, you can say, modernization of machinery, some automation like that, already going on.
- Pritesh Chheda:** Are you adding any laminate line?



- Jagdish Gupta:** No, no, no. Still, we have too much -- rather it is utilization, we are going from automation that will also increase 30%, 40% more capacity from the existing things.
- Pritesh Chheda:** So you have scrapped the ply and the MDF and all those capacities?
- Jagdish Gupta:** No, no, no. We have never told, plywood not scrapped, that's for -- somebody people like you mentioned, they will go to some other products, not in plywood.
- Pritesh Chheda:** And what is the maintenance or the automation capex that you'll spend in...
- Jagdish Gupta:** That will be not more than INR 30 crores, INR 40 crores in -- it's already started.
- Pritesh Chheda:** INR 30 crores, INR 40 crores?
- Jagdish Gupta:** Not in 1 year, 3, 4 years.
- Pritesh Chheda:** So basically INR 10 crores per annum.
- Jagdish Gupta:** INR 10 crores, INR 15 crores.
- Moderator:** We move on to the next participant. The question is from the line of Rishab Bothra from Anand Rathi.
- Rishab Bothra:** I just wanted to check, in our presentation, we have mentioned 9-month sales volume figure as 9.4 million sheets. Whereas in...
- Kishan Nagpal:** In the presentation we have revised the figure, sir. We've revised the figure.
- Rishab Bothra:** So what is the figure now for 9-month?
- Jagdish Gupta:** 8.6 million.
- Rishab Bothra:** 8.6 million. But when we look at the 3 quarters, Q1, Q2, Q3, it's coming at 8.9 million. So I think there is some...
- Kishan Nagpal:** 24 crore, I think 32 and 30 crore, 86 crore.
- Rishab Bothra:** 2.7 million, 3.2 million and 3.01 million.
- Kishan Nagpal:** Where are seeing these numbers?
- Rishab Bothra:** From your Q1, Q2 presentation, first half was your 5.9 million sheets. 2.7 million and 3.2 million.
- Kishan Nagpal:** 5.6 crore. 24 crore plus 32 and 30 crore, 86 crore.



- Rishab Bothra:** And sir, your depreciation reduced considerably this quarter and interest has increased. So any clarity on that?
- Kishan Nagpal:** Because of the Euro rate increase, the term loan we have taken has been revised.
- Rishab Bothra:** Okay. And depreciation?
- Kishan Nagpal:** We have some assets whose life has end, so on 5% value we have left. We will not charge depreciation.
- Rishab Bothra:** So this will be the normalized depreciation going forward?
- Kishan Nagpal:** Definitely. If there will be no addition to the fixed assets. This will your depreciation.
- Rishab Bothra:** Just now you have told, 40 crore expansion that is 10 crore assured...
- Jagdish Gupta:** It can be 5, it can be 15 also.
- Rishab Bothra:** When you get that capacity?
- Jagdish Gupta:** It is increasing as the order sales are increasing, as well as demand increases. No need for any build capex.
- Moderator:** We have the next question from the line of Udit Gajiwala from YES Securities.
- Udit Gajiwala:** Sir, you mentioned in the that there were some nations where we could not supply due to logistics issues. So what would be that amount, what shares are differed or it is cancelled order?
- Jagdish Gupta:** We have already deposited with us. We are not producing anything without advance payment.
- Udit Gajiwala:** And what would be quantum which hasn't recorded in this quarter?
- Jagdish Gupta:** It can come in this month, already start growing.
- Udit Gajiwala:** In margin what you said t we'll see 20% growth map, so that will see from FY '24 supposedly if there no fluctuation raw material.
- Jagdish Gupta:** Not '24, in the fourth quarter. From next -- it will improve every quarter. The reason being, when your sales will increase, overhead will decrease, so there are so many parameters. Ocean freight is already going to the normal level of two years back.
- Udit Gajiwala:** Got it. And sir, could you just reexplain the decision taken in currency for last year's quarter? Q3 reinstated figure, can you please explain again.
- Moderator:** We have the next question from the line of Achal Lohade from JM Financial.



- Achal Lohade:** Sir, just wanted to understand how is the domestic scenario looking like in terms of the demand situation? And also, how are the pricing moving in terms of the realization for the domestic segment?
- Jagdish Gupta:** As I said, domestic, we are doing our best. Now network increasing every month. Realization is in part, realization is due to this raw material cost a little more. Now everyone has domestically reduced little, little prices. So we are very quiet hopeful every month, there will be increase of INR 3 crores, INR 5 crores turnover, domestic turnover increasing if you go through whole data.
- We are doing good in domestic market, not as compared to export. Our export is growing more. But we've been proud that when our product is accepted in European country, US country. It is why -- not in India, and we are quite hopeful. If you see -- you can see from third quarter, second quarter is INR 82 crores, third quarter or fourth, same.
- Achal Lohade:** Correct. Is it possible to get some more sense with respect to the domestic volume? How much was the domestic volume in 3Q?
- Jagdish Gupta:** We are working hard. There are more than 200 people working on the metallic front. And let's say there's 3 years to establish in international market. Domestic is also growing.
- Achal Lohade:** Correct. Sir, in terms of the volume number of sheets sold in 3Q for -- in the domestic market?
- Kishan Nagpal:** Domestic volumes?
- Achal Lohade:** Yes.
- Kishan Nagpal:** 12.15 lakhs...
- Achal Lohade:** Last year same quarter, sir?
- Kishan Nagpal:** 9.05 lakhs.
- Jagdish Gupta:** 0.9 million. That means you can understand it has already increased almost 25.
- Achal Lohade:** Significant increase, correct. And for the second quarter, sir?
- Kishan Nagpal:** Second quarter this year, 11.9 lakhs. And last year it was 12.15 lakhs.
- Achal Lohade:** And for 9 months, sorry, I'm asking too many numbers, but just to get a sense in terms of the breakup, 9 months FY '23?
- Kishan Nagpal:** 9 months 33 lakhs...
- Jagdish Gupta:** 3.3 million. The sheets number is matter. The reason begin, when we are going for value resell and higher thickness, then value more and the quantity may be there.





- Achal Lohade:** Correct. And sir, if you can tell me, you said 200 people you have in the domestic segment. In terms of the distributors, retailers, any color as to where we are, where we want to be eventually? What is the number of distributors we have in the domestic...
- Jagdish Gupta:** You see distributors we have many, maybe more than 200. That do not matter. If you have more distributor, there should not be quantity. There should be quality distributors. You have a distributor selling only 200 sheets per month. There is one distributor who is selling 3,000, so that not much matter.
- Achal Lohade:** So sorry, I joined a bit late. So what is the volume growth outlook we are talking about and the margin, sir, for us for FY '23?
- Jagdish Gupta:** Growth you can see from the last year, it is growing 50% this year. And margins also, even in spite of the fact that raw material prices, ocean rates, everything drastically increased even then we are doing our best and doing good. This quarter, we are around about 17 -- near to 17% EBITDA.
- Achal Lohade:** Correct, correct. And what's the capacity utilization, if I were to ask you at this point in time?
- Jagdish Gupta:** That would be 75% to 80%, again, depend on the capacity utilizing also not matter. If you are selling a high-value product, current capacity utilization may be more. If you are just selling a potato or commodities, then it can be more.
- Achal Lohade:** Great, sir. Any update on the acrylic...
- Jagdish Gupta:** Acrylic is doing good. We are established in the market. And even we are getting in the quarter almost INR 7.5 crores to INR 8 crores, so it means we are happy. When there is a new product and market is accepting it.
- Moderator:** We have the next question from the line of Shubham Agarwal from Axis Capital.
- Shubham Agarwal:** Sir, just one question. If we look at our export revenue of INR 487 crores in the first 9 months of this year. How much of this would be -- sir, I'm saying that if you look at the export revenue alone from the first 9 months of this year, which is about INR 487 crores. How much of this number would be from white label export products?
- Jagdish Gupta:** Could not understand -- what is the -- out of the INR 487 crore, what is the question?
- Shubham Agarwal:** How much would be from -- yes, from this INR 487 crores, how much would be from white-labeled exports, white label products export?
- Kishan Nagpal:** White label products.
- Jagdish Gupta:** White label, what is the meaning of white label?
- Shubham Agarwal:** I mean, where you are not stamping a brand on the laminate and selling it to...



- Jagdish Gupta:** Okay, okay, branded. I told many times...
- Shubham Agarwal:** Unbranded, yes.
- Jagdish Gupta:** 60% of our turnover is on our brand name, many countries. 35% to 40% is OEM. OEM and end user, which are end user like Thyssenkrupp is our customers. They are using in their elevators and escalators. So, they don't need any brand.
- Shubham Agarwal:** So this 65% is only sold with your brand name in the foreign markets?
- Jagdish Gupta:** Many countries, UK, Netherlands...
- Moderator:** We have the next question from the line of Pranav from Equirus Securities. I'm sorry to interrupt, Mr. Pranav, your voice is breaking. We couldn't hear you. No, sir. I would request you to please rejoin the queue. We have the next question from the line of Pritesh Chheda from Lucky Investment Managers.
- Pritesh Chheda:** Sir, on the export side, we continue to hear in lot of other building material products about channel inventory and about slower growth in lot of these exporting nations. But when we look at your numbers, it's fairly stable on a quarter-on-quarter basis. So, if you could give some color on what exactly we are doing on the export...
- Jagdish Gupta:** It is good or better. It is good that we are...
- Pritesh Chheda:** It is, sir, very good. And we've just wanted...
- Jagdish Gupta:** And sale is improving in Europe and all developed countries, not in Middle East. You can understand that our quality, like Modji's slogan, Make in India, or Made in India community is established by talents in these countries. And we are quite hopeful that it will increase more in every month. In our core, we are finding a very -- more partners over there.
- Pritesh Chheda:** So you are adding more customers and more countries...
- Jagdish Gupta:** Customer and country also. Customers, mostly we are working as a partner, not a customer, buyer and supplier. This is the reason that our sales is increasing.
- Pritesh Chheda:** And you see this trend continuing, and that's the reason why you talked about 15%, 20% top line growth next year?
- Jagdish Gupta:** Yes, yes. Definitely, surely.
- Pritesh Chheda:** And just lastly here, what new countries have you added?
- Jagdish Gupta:** No. We never disclose. We are very weak in USA and in North and South America, we see increasing. You see, there is no matter of country, we are already covering most of the countries.



In some country, we have new products are coming, new customers, we can find more customers. And that our old customer is also improving their sales.

**Moderator:** We have the next question from the line of Pranav from Equirus Securities.

**Pranav:** Sir, I would like to know the other expense as per last quarter this time it is low, so any particular reason?

**Jagdish Gupta:** As the sales increase, hence other expenses will be less.

**Kishan Nagpal:** Distribution expenses is now less, so you can see other expenses on a lower side.

**Pranav:** So mainly it is because of freight rate only.

**Jagdish Gupta:** Freight also, but other parameters also when the sales will increase. Overall, expenses will definitely decrease. It is not increasing proportionately.

**Moderator:** Yes. Pranav, I would request you to go to the network area and then call us back, please. We are not able to hear you at all now. We have the next question from the line of Harsh Shah from Dalal & Broacha Stock Broking Private Limited.

**Harsh Shah:** I have a couple of questions. Firstly, sir, what is the guidance for the acrylic surface for the next quarter? So can we do say, around INR 10 crores to INR 15 crores?

**Jagdish Gupta:** Yes. You see I mentioned that our network is increasing every month and when we -- almost INR 8 crores -- INR 7.5 crores to INR 8 crores this quarter. So it will definitely double in this quarter.

**Harsh Shah:** Sorry, I think probably I missed one of the data points that you mentioned earlier. So what is the export volume of Q3 of last year? Q3 of FY '22?

**Jagdish Gupta:** Q3 last year.

**Kishan Nagpal:** 37 lakhs.

**Jagdish Gupta:** Amount. You are talking about the value?

**Harsh Shah:** No, the volume data.

**Kishan Nagpal:** Volume is 37 lakhs, sir.

**Jagdish Gupta:** 37 lakh. 3.7 million.

**Harsh Shah:** No. Sir, I want for one quarter, export volumes.

**Jagdish Gupta:** It is export quantity.



- Kishan Nagpal:** For 9 months?
- Jagdish Gupta:** For 9 months
- Harsh Shah:** No. I want export volume data for 3 months, not the 9-month. For only Q3.
- Kishan Nagpal:** 13.17 lakhs.
- Harsh Shah:** Okay. And sir, any color on why our receivable days are increasing? Is it that some -- so would that account for these lower -- difficult to get money in the domestic market, so the receivable days are higher in domestic market?
- Jagdish Gupta:** No, no, it is higher right now as we are going for this acrylic. So, we have to keep the stock in the C&FI. So there is -- domestically, yes, you are right.
- Harsh Shah:** Sir, domestic, the days are increasing.
- Jagdish Gupta:** Yes.
- Harsh Shah:** And if you could have the data, what is the cash flow from operations for 9 months?
- Kishan Nagpal:** Cash flow?
- Harsh Shah:** From operations for 9 months? The cash flow from operations for 9 months of FY '23?
- Kishan Nagpal:** Cash flow INR 31 crores of net profit, -- INR 35 crores, INR 36 crores cash flow.
- Moderator:** We have the next question from the line of Nikhil Gada from Abakkus Asset Managers LLP.
- Nikhil Gada:** Sir, just a couple of queries on the data front itself. Our employee expenses, if I see from 2Q to 3Q, we have seen a decent jump of around close to INR 2 crores. Has there been any -- and basically, the sales have not moved so much from 2Q to 3Q?
- Jagdish Gupta:** No, no. The reason being, we are now expanding our different team formation, solid surface. For that reason, the result will come in the next 3, 4 months. That is the reason for the increase. Overall expenses, you will see is reduced.
- Nikhil Gada:** So is this cost going to go up further or we have made most of our...
- Jagdish Gupta:** No, no, no. We are already established. Now the sales will come. You will see, when you start something, you have to put and the result is not coming in a one day. This is the reason.
- Nikhil Gada:** And sir, secondly, just on the finance cost was not able to capture what you said as in -- if you can once again mention it, please, what was the reason for the jump in the finance cost?
- Kishan Nagpal:** There is a currency fluctuation impact. As the euro rate has increased the value is pre-cupped. Now you have seen Euro is been near to INR 90.



- Nikhil Gada:** Sir can you tell us what is the currency impact?
- Kishan Nagpal:** INR 3.20 crores.
- Nikhil Gada:** Okay. Sir, normal finance cost is the same INR 1 crore to INR 1.25 crores?
- Jagdish Gupta:** We are reducing the credit Maybe now it is lost, but overall, but overall export market is very good for us.
- Kishan Nagpal:** Overall currency fluctuation has benefited us, approximately INR 5.61 crores, if we term loan is deducted.
- Nikhil Gada:** And you were talking about depreciation, this INR 4 crores will be continuing, right?
- Kishan Nagpal:** If yearly addition is not there. Addition will be definitely, depreciation will increase in the coming quarter.
- Moderator:** We have the next question from the line of Vinayak Mohta from Stallion Asset Managers.
- Vinayak Mohta:** Congrats on a great set of numbers. I have 2, 3 questions. The first one was, in the value-added segment, but the value-added finance, what share of revenue was it currently and what share was it like 2, 3 years back, pre-COVID times?
- Jagdish Gupta:** Sorry, again, what is your question, what is again for export market, right?
- Vinayak Mohta:** No, I'm saying the value-added products which are in your basket, what is the revenue share of that?
- Jagdish Gupta:** Now is not much. it was enabled during COVID time, whose share won't be more than 5% to 7%. But we are hopeful, every quarter it is increasing.
- Vinayak Mohta:** And how much percent would it be in two to three years?
- Jagdish Gupta:** It can be 25% to 30%
- Vinayak Mohta:** And sir acrylic sheet is in the existing capacity or is there other capacity for it? What is the peak revenue for it?
- Jagdish Gupta:** Total revenue is nearly INR 2 million, INR 1 million is acrylic. Total revenue both machines INR 400 crores to INR 500 crores.
- Vinayak Mohta:** 400 crores to INR 500 crores is from acrylic and your existing laminate what is peak revenue? You have 80% utilization?
- Jagdish Gupta:** 80% what we said, we are going for capacity – 80% is our commodity product for 20 years. And we are going for small modernization and automation. So, our capacity in laminate, we can go



minimum INR 1,200 crores to INR 1,400 crores, again, depending on the valuation of the product.

**Vinayak Mohta:** Understood. So now the capacity which you have is by adding INR 40 crores which will be done now. So INR 2,000 crores revenue can be done by you?

**Jagdish Gupta:** INR 18000 to INR 2,000 crores we can do.

**Vinayak Mohta:** So this is for FY '25/26 target?

**Jagdish Gupta:** The way we are growing, you can see for the last 3 years, almost 50% increase every year. We will hope and we trust that it should continue and we will try our best.

**Vinayak Mohta:** Sir, last question, your margin which was consistent before approximately 20%, 21% range for few quarters. Even if valued added product share is going up then margin will be 20% to 21% or is there scope to up further?

**Jagdish Gupta:** It can increase. There is not only one parameter, there are so many parameters, it depends.

**Moderator:** The question is from the line of Karan Surana from Monarch AIF.

**Karan Surana:** I just wanted to ask, our operating cash generation for the nine months. I think I missed that the last time the last participant ask that question. So, what has been our OCF generation of operating cash generation for the 9 months? And sir, the follow-up would be what has been our debtor days as well as inventory days for the 9 months, sir?

**Kishan Nagpal:** So working capital is coming to around 96 days.

**Karan Surana:** What is the operating cash flow generated in nine months?

**Kishan Nagpal:** Near to INR 106 crores cash flow has been generated. INR 91 crores is property and INR 15 crores of depreciation.

**Moderator:** We have the next question from the line of Resha Mehta from GreenEdge.

**Resha Mehta:** So I'm new to the company. So I just had one basic question. If I look at your 9 months quarterly run rate in terms of top line, that's INR 240 crores, which if I look at 9 months FY '22, that quarterly run rate then was around INR 170-odd crores. So just wanted to understand that structurally, what are the changes that have happened?

So what I understand, obviously, the laminate segment has grown. But as a company, what are the initiatives that we have taken, let's say, in the export market or in the domestic market, which has led to this kind of revenue growth? So, be in terms of adding new geographies, new customers and domestic market expanding our footprint, etcetera, if you could just elaborate on that?



- Jagdish Gupta:** Yes. You see, first of all, our new plant which we started it from 2018 after that 2-year COVID plus, it is one of the second largest plant in the world after in USA. Any customer from overseas came here to see, you can see our plant on YouTube. And you can understand.
- Second thing, we have a new machinery, new product, new changes. So of course, it will increase -- when there is a market, there is still in the -- where is the demand for -- we are still weak in domestic market. International market is very big for So this is the reason -- everyone is growing. We are also growing in the same way.
- Resha Mehta:** So domestic market, if you could just elaborate that, was it that you were present in certain geographies and then over the last course of, let's say, the last 1, 1.5-odd years, you've put in a sales team or expanded your distribution in the domestic market? Anything of that sort?
- Jagdish Gupta:** Yes, of course, for that reason last year we participated in IPL, now we are also planning again for advertisement and we're sure that -- before that two years back, we had no much capacity from our old plants. So we are more concentrated on export. Now we are going for both with domestic and export also.
- Resha Mehta:** Right. And on the export front, if you could please elaborate that whether you added any new geographies, new sizeable...
- Jagdish Gupta:** Last time also somebody asked me this question. We are almost, where our laminate is required we are present there. Few countries, new countries we are locating, our people are travelling. We are already exporting. There is also our customer base is increasing there. So you can see the figure this year also. Figure will be more than 50% increase than last year.
- Moderator:** We have the next question from the line of Rajat Setiya from iThoughtPMS.
- Rajat Setiya:** Sir what is capex for railing sheet?
- Jagdish Gupta:** It is 4 years now, we have done the capex total. Maybe INR 50 to INR 65 crores.
- Rajat Setiya:** And in that you are saying there can be INR 400 crores to 500 crores?
- Kishan Nagpal:** Yes.
- Rajat Setiya:** Now everybody is importing. Now this market is all importing?
- Jagdish Gupta:** Yes, yes, mostly for import. Small, small plants of -- with Chinese machinery, yes. And demand will increase, people awareness for this product will increase.
- Rajat Setiya:** Is there any big player in board marketing? Who imports and sell in India or there is only small players?
- Jagdish Gupta:** Everybody has made their own offices, LG, Samsung, Dupont. They have their own offices.



- Rajat Setiya:** So LG, Samsung, Dupont these are three big names, what are their share and how big is the market in India?
- Jagdish Gupta:** It is INR 700 crores to INR 800 crores. Price is very high. Export is with same quality so prices are growing competitive and demand awareness is there. When some new thing get started, you go to any airport, you will see all are acrylic. You will see this is available there.
- Rajat Setiya:** As compared to others what is our prices, are we selling on discount?
- Jagdish Gupta:** There cost is more high, we are paying custom duty also. Our brand value is increasing every day.
- Rajat Setiya:** So you are saying they are better quality-wise or same product?
- Jagdish Gupta:** We have all certification. We have same certification from USA, from European countries. Quality is 100%.
- Moderator:** We have the next question from the line of Pranav from Equirus Securities.
- Pranav:** Just wanted to know what is there on the working capital side, receivables? Your inventory days are on the higher side, so by when we can expect some positive movement on this side? When will it come down?
- Jagdish Gupta:** No, no. We have no much problem for debtors. So only we are facing a problem in domestic market, whenever the brand will establish in domestic market. So this credit period will be reduced. Whichever maybe the brand it can go 30 days, even on fully advanced payment after some time, like in acrylic, we have no credit, 100% advance payment. So maybe then in laminates after few months, whenever brand will more established, then there will be reduction in the credit period.
- Pranav:** And sir, my next question was on raw material front. So chemical prices has started coming down, are paper prices also coming down?
- Jagdish Gupta:** It's coming down, but not in -- see just before this call, we had a Zoom meeting with our suppliers from Germany. We are asking them. We are still saying that this -- actually problem is from Ukraine and this war. Our raw material is mostly from Europe. Energy crisis, we are reducing with government support and German government is also supporting them. But we are sure it will reduce very soon.
- Moderator:** Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Ashish Poddar for closing comments.
- Ashish Poddar:** Before closing this call, I have a few questions. So sir, if you can give some guidance about the next year or the next few years volume growth in laminate, which you are foreseeing today in the domestic and exports market? And also, you have always talked about a big number for





*Stylam Industries Limited*  
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acrylic solid surface revenue of INR 300 crores to INR 400 crores. Do you still believe that it is achievable in the next 2, 3 years?

**Jagdish Gupta:**

Yes. It is definitely, the way we are moving, we are still very behind. Sometimes we are feeling proud in the export market. New, new customers, we never expected that big company, big customers are coming to us thinking the metrics, yes, of course, I am not telling lie. It is gradually -- not increasing the way we're investing and the way we are growing in export.

The acrylic in India and we are the first company to produce. And I heard that the government is also looking after anti-dumping duty on this product. So, we are flooding the market. That will also help us in terms of -- we are surely -- this quarter when we will meet after three months again, you will see the ways will be changing the sales figure and other parameters.

**Ashish Poddar:**

And one more thing, on the logistics issues you mentioned, have things still challenging or normalized?

**Jagdish Gupta:**

There is no challenge. You see, there are some countries where there are some restrictions from the shipping company. Other -- everywhere you see, no problem in container availability, nothing.

**Ashish Poddar:**

So you see that Q4, the current quarter will be a normal quarter for you?

**Jagdish Gupta:**

Yes. Better, normal and better.

**Ashish Poddar:**

Thank you so much for answering all the questions of the participants, sir.

**Jagdish Gupta:**

Thanks to everyone. Thank you.

**Ashish Poddar:**

Yes, we can close the call now. Thank you, everyone.

**Moderator:**

Thank you. On behalf of Systematix Institutional Equities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.