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The Manager
Listing Department
BSE Limited (BSE)
Corporate Relation Department,
Phiroze Jeejeebhoy Towers, 25TH Floor
Dalal Street, Mumbai-400001

The Manager,
Listing Department,
National Stock Exchange of India Ltd (NSE)
Exchange Plaza, C-1 Block G, Bandra Kurla
Complex, Bandra, Mumbai -400051

BSE Scrip Code: 526951

Trading Symbol: STYLAMIND

Sub: Results Earnings Call Q4-FY23-Transcript

Dear Sir/Madam,

In continuation of our letter dated May 02, 2023, we would like to inform that Transcript of the Conference Call held on Friday, May 05, 2023, at 3:30 pm (IST) for the audited Financial Results of the Company for the quarter & year ended March 31, 2023, 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
Company Secretary and Compliance Officer

Stylam Industries Limited

Regd. Office: SCO 14, Sector 7C, Madhya Marg, Chandigarh (INDIA)-160019, **T:** +91-172-5021555/5021666, **F:** +91-172-5021495

Works I: Plot No. 192-193, Industrial Area Phase-1, Panchkula (Haryana) INDIA - 134109, **T:** +91-172-2563907/2565387

Works II: Village Manak Tabra towards Raipur Rani, Mattewala Chowk, Distt. Panchkula (Haryana)

W: www.stylam.com, **CIN:** L20211CH1991PLC011732 (Govt. of India recognised Star Export House)



“Stylam Industries
Q4 FY2023 Earnings Conference Call”

May 05, 2023



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

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



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Moderator: Ladies and gentlemen, good day and welcome to Stylam Industries Q4 FY2023 Earnings Conference Call 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 an operator by pressing “*” then “0” 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. Over to you, Sir!

Ashish Poddar: Thank you Rico. Good afternoon everyone. I am Ashish Poddar from Systematix. It is a pleasure to host the management of Stylam Industries. From the management, we have Mr. Jagdish Gupta, the Managing Director and Mr. Kishan Nagpal, the Chief Financial Officer. The results and investor presentation is uploaded on the BSE exchange so you would have got a chance to look at it so without delay, we will straightaway go to Q&A session. Rico you can start.

Moderator: Thank you very much. We will now begin the question and answer session. Our first question is from the line of Manoj Bahety from Carnelian Capital. Please go ahead.

Manoj Bahety: Sir if you can give update on our acrylic surface business, how the ramp up is happening? How you are seeing the capacity utilization going forward and outlook for the same over the next two to three years? Basically Sir I wanted to understand how successful we are in terms of displacing imports? What are the early signs and early feedback on this?

Jagdish Gupta: No as I mentioned many times these same types of questions. We are doing our best in acrylic also like you see it is the first plant in India. There are so many peaking problems. Even if I go through old laminates business, it took so many years for us 15 to 20 years to be the first generation plant so acrylic plant is also now start doing excellent. Even last month we had a turnover of more than Rs.4 Crores. Domestically also it is increasing day by day. Export market we are starting to do many, many countries and new enquiries. We have an exhibition from Tuesday onwards in Germany where we had stand for acrylic as well as HPL so this you will see in the next quarter figures will totally change and very good future, 100% substitute. All Korean's are dumping acrylic in India on subsidy we are trying our best. We have already filed application with the government for antidumping and put the duty on this also. We are quite hopeful that they will accept our request so it is doing good. We are doing in a good way.

Manoj Bahety: And Sir how is the feedback on quality as well as how is...



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- Jagdish Gupta:** Excellent. Now you can ask the market now 100% like your Korean quality.
- Manoj Bahety:** No Sir I was getting definitively a good feedback when I was chatting with the market? How we are scaling up our distribution network on this and basically how we are targeting domestic market as well as export if you give some color on guidance what are your aspiration on this business over next two to three years?
- Jagdish Gupta:** See the distributor already we have many warehouses, C&F we already put in, you can understand sale is increasing. Now we export to USA, Israel, Philippines, Singapore, and Taiwan. Every month one or two new customer then the container will go to them they are satisfied. Their reputation will come. The same thing happens with HBL 15 years back when we started in export but we have very good traction. You can understand overall data.
- Manoj Bahety:** Any aspiration or any guidance would you like to share at this stage for next two to three years Sir for this business?
- Jagdish Gupta:** Two to years we are doing good. For this reason we go for a new machine which was installed in the last quarter. For this reason we are thinking that where the market is so big. For this reason we installed a new machine.
- Manoj Bahety:** Okay that is interesting Sir.
- Jagdish Gupta:** But there is no danger. No problem. It will be definitely you will see within one year you were mentioning one to two years you will see all together changes.
- Manoj Bahety:** Great Sir. Good to hear that. Sir the second question is on the laminate side since a large part of our revenues come from export so how you are seeing the global scenario? Are you seeing any challenges in terms of demand outlook?
- Jagdish Gupta:** I think we have no challenges. If you see our volumes are increasing in export and every year you can see exactly more than 50% increase in turnover from the last year. May be something good for someone there for someone. For us we are not seeing any problem at all.
- Manoj Bahety:** What is our current capacity utilization Sir?
- Jagdish Gupta:** It is 75% to 80%.
- Manoj Bahety:** Okay Sir thank you so much Sir for taking my questions. I will come back in the queue.



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Moderator: Thank you. Our next question is from the line of Nikunj Doshi from BAY capital. Please go ahead.

Nikunj Doshi: Hi good afternoon. Just wanted some clarity on the capex plan so what are we spending on this 150 Crores over what period. Means what kind of capacity additions are we looking at.

Jagdish Gupta: Already we have a land. We have already company. We are going for new product like value added product in the same field for export market as well as some quantity in maybe domestic also.

Nikunj Doshi: And over what period we are going to spend this capex 150 Crores.

Jagdish Gupta: 99% within this year hopefully.

Nikunj Doshi: What percentage of our capacity increase will happen because of this capex.

Jagdish Gupta: That is totally different product of course of HBL, a different value addition product different prices so turnover will be minimum 500 Crores from there.

Nikunj Doshi: So this 150 Crores will help us in getting 500 Crores turnover.

Jagdish Gupta: Yes.

Nikunj Doshi: Thanks.

Moderator: Thank you. Our next question is from the line of Keshav Lahoti from HDFC Securities Please go ahead.

Keshav Lahoti: So what is the acrylic revenue in Q4.

Jagdish Gupta: Approximately 9 Crores.

Keshav Lahoti: Okay and is it EBITDA breakeven as of now.

Jagdish Gupta: Yes.

Keshav Lahoti: Got it and the new laminate expansion which you are doing so it will be primarily focused on exports.

Jagdish Gupta: Mostly on exports.



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- Keshav Lahoti:** Okay and what sort of guidance is there for next year. What sort of volume growth you are looking at. Earlier you were guiding laminate margins will be back to 20% in Q1 are we there.
- Jagdish Gupta:** Hopefully everything we can see in the fourth quarter. Maybe from last year fourth quarter there is almost more than 50% increase. We are quite hopeful that if it is going domestically as well as export surely that you are mentioning we will be up to that hopefully.
- Moderator:** Thank you. Our next question is from the line of Nikhil Gada with Abakkus AMC. Please go ahead.
- Nikhil Gada:** Hi thanks for the opportunity and congrats Sir on great set of numbers. Sir my first question is regarding the capacity plan. Firstly Sir we were going to do some brown field expansion of close to 40% increase in capacity so is that done.
- Jagdish Gupta:** That is from the existing plant only. That is not an expansion. That is ongoing process.
- Nikhil Gada:** Sir let me ask it differently so we had a capacity of 14.4 million sheets.
- Jagdish Gupta:** Many time I mentioned you the 14 million sheets capacity is always on if you for value wise, 14 million sheets if we go for 0.67 and if you compare with compact laminate and higher laminate then it will go even for maybe 10 million only. Many times same question I am mentioning people as for balance sheet are direct report they are mentioning quantity but otherwise value figure will be more better for understanding.
- Nikhil Gada:** Sir if you can help me understand from your perspective with the current capacity that we have in place what is the total revenue potential we can achieve.
- Jagdish Gupta:** Absolutely correct. Many time I told you that this plant an HPL only not in acrylic, or MDS or hot coating, which is between Rs.1200 Crores to Rs.1300 Crores.
- Nikhil Gada:** And this includes the 40%.
- Jagdish Gupta:** Yes 40% yes like. Correct because we already going on.
- Nikhil Gada:** So now this 1200 Crores, 1300 Crores potential?
- Jagdish Gupta:** Minimum, minimum if there is a mix match like some commodity, some high value.



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- Nikhil Gada:** I understood. Got it sir and sir secondly in the margin front we are seeing the raw material correction especially on the chemical front. Are we passing it on the market or we are holding to it or we are just holding?
- Jagdish Gupta:** Actually you see passing on market first of all. There is no drastical decrease in prices of chemicals, not drastically, which is coming if it increase by 50% and they decrease by 20%, 25%, 30%, you cannot say it is in the same level number one. Number two, when the prices increase so much we have not increased the prices, we could not give customer same prices, so there is at the movement domestically of course people are forcing to reduce it, lot of market pressuring there, but not much pressure, because everybody knows it that we have increased 5% to 10% maximum where as raw material increased at that time for 40% to 50%, so I think you understand what I mean.
- Nikhil Gada:** Yes. Yes. I understood. Got it sir. Just couple of more question, so specifically FY2023, can you give the geographical mix of our export business?
- Jagdish Gupta:** Same thing is going on same domestic versus which we are more focusing on domestic, so we are hopeful that the figure will little bit change like now we are doing 65:35 like two third one third, so we are hopeful that it will be 60:40 in future.
- Nikhil Gada:** Sir I get that for export specifically. I am asking the breakup which you know we used to 40% to 45% Europe?
- Jagdish Gupta:** Okay. Everywhere if sale increased Europe people say every time we are in recession, but we have not seen any recession in our HBL maybe in other product there can be recession.
- Nikhil Gada:** Any new market you would like to call out?
- Jagdish Gupta:** Yes, yes. Now we have presence is everywhere almost going so maybe small quantities slowly we will increase more.
- Nikhil Gada:** Sir how much be US as of now?
- Jagdish Gupta:** US maybe 4% to 5% definitely total, if anything we will discuss specifically Mr. Nagpal will give the exact figure, but now we are doing good in US also.
- Nikhil Gada:** And sir just lastly on this 150 Crores capex you want to do raising any debt or it will be through internal accrual completely.



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- Jagdish Gupta:** I think no need for any debt. Most probably we will do it from our own.
- Nikhil Gada:** On internal accrual, right.
- Jagdish Gupta:** Okay sir. Got it. Thank you so much for answering all my question. All the best.
- Ashish Poddar:** Before we go to the next participant, I think he wanted to understand the current revenue potential is 1300 Crores without this 40 Crores capex on the Brownfield
- Jagdish Gupta:** No, it is including that, that is already going on. Half we have already done, maybe even 2 to 3 months that is a 40 Crores balancing of machinery.
- Ashish Poddar:** Okay so that includes that, that 1300 Crores potential is including that.
- Moderator:** Thank you. The next question is from the line of Aditya Sharma from Birla AMC. Please go ahead.
- Aditya Sharma:** Thanks for the opportunity. I wanted to understand more about the expansion plan that we talked about this 150 Crores of investment. Can you please help us understand what is the value added product that we are trying to manufacture and what is the end product demand if you could just elaborate on the product front, it would be really helpful, thank you?
- Jagdish Gupta:** You see it is in very initial stage. The reason being is it is in different sizes, market is very big, maybe small, but there is not of many big player in international market and different sizes, different thicknesses, so we are going for that and there is a very big market in export market. Next quarter, maybe next call we will explain you everything.
- Aditya Sharma:** Okay just wanted to understand if this manufacturing setup completely different from our existing setup?
- Jagdish Gupta:** Different and we will go for fully, we will try to go for fully automation and everything. It will be most modern plant better than our existing plant.
- Aditya Sharma:** Got it. Hoping to get more details on this sir.
- Jagdish Gupta:** Okay thank you.
- Moderator:** Thank you. The next question is from the line of Depesh Kashyap from Invesco AMC. Please go ahead.



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- Depesh Kashyap:** Hi sir. Thank you for taking my question. So my question is again on capex. The 150 Crores Capex are we doing is it at same location of the 28 acres as you said right now, that is going to be used for this.
- Jagdish Gupta:** Your voice is breaking, could not understand.
- Depesh Kashyap:** I am asking this new capex is going to come at the same location in Panchkula or some other locations?
- Jagdish Gupta:** Yes, yes same location. We have additional land already we have land everything, the company is there Stylam Pvt Limited already registered, everything is there.
- Depesh Kashyap:** Okay same location, alright and sir also you said just Rs.40 Crores capex you are going to do, is going to happen this year right.
- Jagdish Gupta:** No it is already, 50% is already spent.
- Depesh Kashyap:** 50% is already spent, so around 20 Crores will be spend.
- Jagdish Gupta:** Maybe I mentioned two three times it is only modernization and upgradation of machinery and balancing of equipment.
- Depesh Kashyap:** No I understand. I am just looking at the number, so around 20 Crores you are saying is pending and you are going to spend 99% of Rs.150 Crores this year, so it comes out 170 Crores capex kind of you are looking for FY2024 right and if I look at your operating cash it is 66 Crores right, so and you have also mentioned that you want to be net debt free so just wanted to understand how this all adds up.
- Jagdish Gupta:** Operating cash flow...
- Depesh Kashyap:** Sir your operating cash flow this year is around 66% right?
- Jagdish Gupta:** 95 Crores is our cash flow figure.
- Depesh Kashyap:** Okay. I will understand more of it offline sir.
- Jagdish Gupta:** If there is need we can take some part of loan also if need.
- Depesh Kashyap:** Got it, but one thing is clear everything is going to happen in FY2024 capex that is clear right?



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- Jagdish Gupta:** Yes. We are trying our best.
- Depesh Kashyap:** Second sir. You had excellent improvement in the working capital so just want to understand your receivable days has come down to 48 days right from 66, so this is lowest in your last 10 to 12 years of history, right so anything you want to call out is there any structural improvement that you have seen and any old receivables that were like pending for the last...
- Jagdish Gupta:** Yes you are right. We are doing our best. Domestically our receivable is going down, so we are trying our best you will see next quarter, it improving everyday which is good sign or bad sign?
- Depesh Kashyap:** No it is a very good sign sir. No you are absolutely doing a good job, but sir I wanted to understand the receivables which were under for 2 to 3 years pending right now, 15 Crores.
- Jagdish Gupta:** No already look, people are going to pay us when the company is going, brand name is established, people are...
- Depesh Kashyap:** Which already still to come or it has already booked in the numbers. I just wanted to clarify that?
- Jagdish Gupta:** 30% to 40% already booked.
- Depesh Kashyap:** Okay okay, got it. Sir you are saying the new plant which you will put 150 Crores capex that is mainly for the export market, but you have also said in the previous calls that going forward your focus is also on the domestic market, so how it?
- Jagdish Gupta:** Of course domestic are all on focus. We will sell in domestic market also.
- Depesh Kashyap:** Okay and sir lastly on the receivable days, our domestic and your export there will be difference in working capital so any deterioration we expect in working capital if the domestic ratio goes on?
- Jagdish Gupta:** In domestic what?
- Depesh Kashyap:** If domestic ratio goes up mixed, revenue mix, do you expect any deterioration in the working capital cycle?
- Jagdish Gupta:** We are bound everything on cash payment. There is no factor other there is still we have inventory, we are going to reduce that inventory also if there is any need, we are much



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focusing, then the sale is increasing your receivables all increasing, the expenses are decreasing, so I think everything is coming next year you will see God willing, balance sheet will be more better, but I can say not more than this.

Depesh Kashyap: Great. Sir last question sir just wanted to understand your thoughts on the demand scenario because your investing in a big way according to your balance sheet in the laminate market, but when I look at your peers right other bigger players, they are investing more towards the particle board so they are not investing so much in laminate. So what is that you are seeing and they are not seeing? Is there any export market opportunity that you have figured out or how is it?

Jagdish Gupta: Everyone has different perception about particle board, we did in plywood before, plywood anyone like you very intelligent person can guide us, maybe 90% he will be also on the line otherwise you are going for a backward class integration. You should go for a new thing. His advised we liked very much. The raw material and the unorganized sector 100% liked his idea, so it is their perception, they are going for MDF particular board, but for our main intention we are more focused on this laminates and different kind of products. You can see our figures, we are more focusing and our figures are going up and if you go for same thing particular MDF their cost is also not more than Rs.300 to Rs.400 Crores and turnover will be not more than Rs.500 Crores to Rs.600 Crores. Maybe they are right, maybe we are not right, but everybody has their own way of working.

Depesh Kashyap: Sir the 500 Crores turnover target you said in how many years can that be achieved?

Jagdish Gupta: Easily we can achieve in 2, 3 years very easily.

Depesh Kashyap: Great sir, great to know. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Manoj Bahety from Carnelian Capital. Please go ahead.

Manoj Bahety: Thanks for taking my follow-up question. Sir just a little clarification on the capex. You mentioned that 40 Crores capex will increase our capacity by up to 40%, so this plus 150 Crores so 40 Crores will take up our existing revenue capacity up by 40% and over and above that we are spending 150 Crores more to put the new capacity. Is it right?

Jagdish Gupta: Yes you are right, but this 40 Crores we mentioned 6 months back and it is ongoing process. We are already investing on it. 40% already invested.



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- Manoj Bahety:** Okay that you are telling 80% capacity utilization level is that already the announced capacity which included right?
- Jagdish Gupta:** The capacity is different like our press which be extendable, we are going for that. We are going for a different way. So more of balancing of equipment or something, but the figure is getting increase because of moderation capacity utilization we are doing that.
- Manoj Bahety:** Okay got it. Lastly about acrylic capacity if you can help me on that is what is our current capacity, how much revenue we can generate out of that capacity and now initially our focus will be domestic market only because lot of imports are happening in India.
- Jagdish Gupta:** Not so much, export also.
- Manoj Bahety:** Okay.
- Jagdish Gupta:** We have mentioned many times both our capacity, total capacity is up to minimum 400 Crores but we do not know whether how many year, whether 2 year it will take, 3 year we can achieve this, but market is growing both domestically as well as in export.
- Manoj Bahety:** Okay, so out of current capacity you can generate 400 Crores and your focus will be both export and domestic market right?
- Jagdish Gupta:** Both domestic and export.
- Manoj Bahety:** What kind of margins or contribution we can generate from this product. Is it better than laminates?
- Jagdish Gupta:** No that is very initial stage and that depends on many things again in that also there are white liner so are many other colour, when we will utilize the capacity, same manpower, expenses will go down, so that we will, but surely looks it will be better, if not better it should be same like.
- Manoj Bahety:** Okay got it.
- Jagdish Gupta:** Thank you.
- Moderator:** Thank you. The next question is from the line of Udit Gajiwala from Yes Securities. Please go ahead.



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- Udit Gajiwala:** Thank you for taking up my question sir. Majority of the questions have been answered just on the new capex that we are coming up with so just want to understand that on 500 Crores revenue what kind of realization could we expect on this kind of sheet that you are dedicating for export?
- Jagdish Gupta:** That will be certainly very good question. We hope that there margin should be more better than the existing, definitely it will be more, the reason being are size is different sizes and there will be no much competition in that.
- Udit Gajiwala:** Okay got it. Thank you sir and all the best.
- Jagdish Gupta:** Thank you.
- Moderator:** Thank you. The next question is from the line of Harsh Shah from Dalal & Broacha Stock Broking Pvt. Ltd. Please go ahead.
- Harsh Shah:** Thank you for the opportunity. Sir you said you can see acrylic in FY2024. Revenue from acrylic will come is 50 Crores like that, next year in FY2024?
- Jagdish Gupta:** Sorry.
- Harsh Shah:** In acrylic can you reach 50 Crores of revenue in FY2024?
- Jagdish Gupta:** Revenue yes of course so. If we cannot get Rs.50 Crores then there is no use. We will close down the plant.
- Harsh Shah:** Okay and could you give the volume split in domestic and export market for the quarter?
- Jagdish Gupta:** Overall.
- Harsh Shah:** No, no laminates?
- Jagdish Gupta:** Laminates quarter we have 86 Crores last quarter and 151 this quarter.
- Harsh Shah:** No no I am taking about the volumes, volume?
- Jagdish Gupta:** Volumes are 45 plus domestic market, approximately 67 let us say export.
- Harsh Shah:** So my question is within the domestic market where are we growing much faster, is it the northern region or the southern part of the country?



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- Company Speaker:** In India Stylam is growing better at south, we have a dominant position in south and we are concentrating more on south followed by north and then west and east. Overall if you look at the Indian domestic market building material wise, south market is more stronger in terms of sale.
- Harsh Shah:** So year-on-year would we have grown in the southern part?
- Company Speaker:** Southern we almost known by what we started a year ago, almost we have grown by 40% to 45%.
- Harsh Shah:** Okay great. Thanks.
- Company Speaker:** Thank you.
- Moderator:** Thank you. The next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.
- Darshil Jhaveri:** Good evening sir and thank you so much for taking my question. Firstly congratulations on a great set of results, so sir I just wanted to ask because we have been growing so fast what kind of revenue growth can we expect for the next 2 years since we are nearing very high capacity utilization and will the margins now has been stable this year so what kind of margin do we see going forward, those are my questions?
- Jagdish Gupta:** Production wise we are trying our best. We are quite hopeful that it should be 25% increase. There will be growth in sale automatically your expenses will reduce, not proportionately there will be no expenses, no much administrative cost and no much sale people so definitely we are expecting 20% to 30% increase this coming year when the capacity will increase in different sizes, then growth will be more next to next year but margin will also improve accordingly.
- Darshil Jhaveri:** Thank you, that says a lot. I just wanted to ask acrylic margins will be similar to our laminate margins or?
- Jagdish Gupta:** Yes I told you it looks similar, maybe more, now we are just capacity utilization only 5% to 6% only. When capacity increases, utilization will increase, automatically expenses will totally reduce.
- Darshil Jhaveri:** Okay. Thank you sir that is lot. All the best for the next year.



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- Jagdish Gupta:** Thank you.
- Moderator:** Thank you. The next question is from the line of Dipanshu from Vriddhii Capital. Please go ahead.
- Dipanshu:** I had a couple of question. One of the thing is that on a quarter on quarter basis, if we see from last quarter, we have seen a decline in volume, so any reason you want to call out for the same.
- Jagdish Gupta:** Product mix is a different ultimately this happens, so our quantity gets low number of volume becomes less.
- Dipanshu:** So from demand side there is nothing an issue, it is just a product mix?
- Jagdish Gupta:** No nothing an issue demand side whether it is better as we are going for a high value product in both way domestic and export.
- Dipanshu:** What I wanted to understand from you guys is what are the marketing initiatives, what you guys have taken in FY2023 and what are you going to spend on marketing or some other activities for expanding your domestic as well as export market. Any marketing initiatives?
- Jagdish Gupta:** No you see, I told you we are doing good domestically, export we do not need any marketing people. We already have 8, 9 people this is more than enough. We have no office anywhere just to marketing travelling from here, so domestically...
- Company Speaker:** In domestic we are close to more than 150 people all over India and all our structure is in place, so looking forward we do not feel that there will be a much addition of manpower in domestic sales business, so overall the structure as a whole for Stylam is already in place for sales team also.
- Dipanshu:** Okay, sir we have seen a good amount of increase in employee cost say last one year, we have seen almost say 4 Crores and half Crores kind of increase on a year-on-year basis, so do you think this to continue increasing or do you think that you have uploaded the employees expansion and now the results on the domestic market and so the margin expansion can play out this year?
- Company Speaker:** 100% as already that the increase in employee cost is because of the increase in sales people and overall if you look at the revenue increase, the revenue increase will happen this year and no more sales people will increase and overall if you look at the employee cost at the



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factory end, the manufacturing facility end, most of the people are in place and the administration cost does not increase so employee cost would no increase.

Dipanshu: So what are the other levers for increase in margin so because we used to operate at a 20% plus margin, now again we are seeing a recovery in margin, how do we see this trend to play out, what are the other levers which we have which can help us in increasing margins say the transportation cost or whatever is so from which point do we see that margin can expand in this financial year?

Company Speaker: In this financial year with better reach of the brand and more brand acceptability in the market and with more sale and more production, the cost will go down and we feel that the margin should improve, in domestic market overall you see the brand presence has increased and it should help us to increase the margin there also and if looking at the exports, the transportation cost they are going down, in container cost, so I think this all should help in increase in the margin for the next financial year hopefully.

Dipanshu: So can we expect a 100 to 150 basic point kind of increase in the full year?

Company Speaker: Yes, yes surely.

Dipanshu: Okay sir. One point on this expansion what we are trying to do, so we are spending almost 150 Crores so are you say fully committed that you want to do 18 say 1 year or it depends upon how is the cash flow situation were progress through the year?

Jagdish Gupta: No no. I am telling you very frankly, we are targeting to start it before March. We have already covered, going to cover under 1 section startup there is a benefit of income tax 15%, so our target is to start within this year.

Dipanshu: Okay sir. Very good. Thanks for taking my question. All the best.

Jagdish Gupta: Thank you.

Moderator: Ladies and gentleman due to time constraint, we will be only taking more two questions, those will be the last two questions. Thank you. Our next question is from the line of Alisha Mahawla from Envision Capital. Please go ahead.

Alisha Mahawla: Good afternoon. Thank you for taking my question. Sir wanted to understand about exports, last 3 to 4 quarter if you see in sequential basis, revenue is declining so is there is any seasonality or anyone.



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- Jagdish Gupta:** Sorry revenue is declining in export market, how?
- Alisha Mahawla:** Q1 it was 170 Crores, then it was 165, 155, and now 150 revenue?
- Jagdish Gupta:** Madam actually at that time ocean freight is almost 15 to 20%, now it has reduced to the same level almost pre-COVID level, but our total revenue is not declining.
- Alisha Mahawla:** Okay. Volume wise you are telling is not declined.
- Jagdish Gupta:** No no. volume is not declining, it is increasing.
- Alisha Mahawla:** This quarter which is 2.7 million sheets we have sold, in that how much domestic volume, laminates?
- Kishan Nagpal:** 45 domestic, 55 in export.
- Alisha Mahawla:** This is the 2.7 million sold in this quarter.
- Kishan Nagpal:** Talking about 2.7 fourth quarter only.
- Alisha Mahawla:** Sorry.
- Kishan Nagpal:** 12 lakhs domestic and 15 lakhs total exports.
- Alisha Mahawla:** Got it and sir as we are talking about 20% to 30% next year growth is that volume terms we are talking about?
- Jagdish Gupta:** Volume usually depends on, there is a noncommodity product volume can be more. If there is a value addition product then volume can less but revenue can be more.
- Alisha Mahawla:** So in which is our focus?
- Jagdish Gupta:** Every company's focus will go on value addition go if either quantity volume less but product mix also there and the volume will be value wise have to be more.
- Alisha Mahawla:** Okay for that reason we have confidence that margin will be better in next year.
- Jagdish Gupta:** Absolutely correct mam.
- Alisha Mahawla:** Okay. Thank you. All the best.



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- Moderator:** Thank you. The next question is from the line of Pooja Doshi from Praj Financial. Please go ahead.
- Pooja Doshi:** Thanks for taking my question and sir congratulations for good set of numbers, so my first question is that we are currently at 14.3 million laminate sheet capacity. Sir that will increase to how many million sheets with this Rs.500 Crores of capital expenditure that you are doing?
- Jagdish Gupta:** I told you that product is totally different, maybe if your going from this presentation and my speeches, I mentioned that sheet number is not matter, it is a mix product, like number is we are producing in the 0.6 and 0.7 then with the 40 million, if you go for more compact, more value addition 9 and 9 plus then quantity may go less than 10 million also, same thing in niche product which we are going. We can only explain you after next to next quarter or next quarter, so the volume wise I cannot tell you, but value I can confirm you that it can be minimum Rs.500 Crores.
- Pooja Doshi:** Okay and sir secondly there is a lot of competition in laminates segment, so I just wanted to understand what is the right to win there and if you could talk a little bit on the innovation, distribution, pricing and after sale in laminate?
- Jagdish Gupta:** If you go worldwide, everywhere there is competition, you have to go ahead with competition. We are selling not to Middle East country much, we are selling to Europe and USA. If our brand name is moving in that country, why not in India, so you can see our brand name presence or if you go anywhere in India you will find our brand presence, so obviously result in the coming time will come immediately that we have been working in it for many years and we were making value and had made it.
- Pooja Doshi:** Okay. Could you tell if you get new demand whether it is driven by replacement demand or new housing demand?
- Jagdish Gupta:** Coming from new housing, from the present market we are also getting that is domestic there is vacuum, they are people they know our brand name, now they have more confidence on Stylam brand. You can see in next quarter you will find dramatically change.
- Pooja Doshi:** Okay got it and thank you that is it from my side.
- Moderator:** Thank you that was the last question of our question and answer session. I now hand the conference over to Mr. Ashish Poddar for closing comments.



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Ashish Poddar: Thank you all the participants for joining us today, I hope you got answers of all your question, wish you good day ahead. Thank you so much.

Moderator: Thank you. On behalf of Systematix Institutional Equities that concludes this conference call. Thank you for joining us. You may now disconnect your lines.