Stylam Industries Limited

January 07, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	90.50	CARE A+ (RWD)	Placed on Rating Watch with Developing Implications
Short-term bank facilities	10.10	CARE A1 (RWD)	Placed on Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Stylam Industries Limited (SIL) are placed under 'Credit Watch with Developing Implications' following the stock exchange announcement dated December 26, 2025, regarding significant acquisition of stake in SIL by Aica Kogyo Company Limited (AKCL), Japan. AKCL has entered a definitive agreement with promoters of SIL to acquire ~40% equity stake in SIL, subject to regulatory and customary approvals. The acquisition is proposed to be executed in various tranches through a combination of secondary purchase from existing promoters and an open offer to public shareholders in accordance with SEBI (SAST) Regulations, 2011. CARE Ratings Limited (CareEdge Ratings) shall review ratings for bank facilities of SIL once all necessary approvals are in place and the transaction is completed in entirety.

Ratings of SIL continue to derive strength from the experienced promoters, long track record of operations, and its established presence in export markets. Ratings also take comfort from the stable operational performance as reflected by sustained scale of operations and healthy profitability margins in FY25 (refers to April 01, 2024, to March 31, 2025) and H1MFY26 (refers to April 01, 2025, to September 30, 2025), with comfortable financial risk profile as marked by negligible term debt and healthy net worth base. However, ratings continue to remain constrained owing to elongated operating cycle, fragmented nature of industry, and profitability margins susceptible to fluctuation in raw material prices and foreign exchange (forex) rates.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained growth in scale of operations, as marked by total operating income (TOI) above ₹1,500 crore, while sustaining return on capital employed (ROCE) above 17%.
- Steady cash flows from operations (CFO) leading to further improvement in liquidity profile on a sustained basis.

Negative factors

- Decline in scale of operations, marked by TOI below ₹600 crore and/or profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin falling below 13% on a sustained basis.
- Major un-foreseen debt-funded capex undertaken, resulting in deterioration of capital structure, as marked by overall gearing above 0.50x on a sustained basis.

Analytical approach: Standalone

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

Experienced promoters with long track record of operations

The company has been operational since 1991. Its operations continue to be managed by Jagdish Gupta (Managing Director), who has been associated with SIL since inception. The board comprises five independent directors, supported by a professional management team overseeing day-to-day operations, providing stability and continuity in strategic decision-making.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Growth in scale of operations with sustained healthy profitability
In FY25, SIL reported a growth in scale of operations with income from operations increasing to ₹1,025 crore (FY24: ₹914 crore), driven by strong export demand and healthy domestic sales traction. Export sales continued to contribute a significant portion of overall revenues.

Profitability margins, though moderating from the levels of FY24, remained healthy. PBILDT margin stood at 18.07% in FY25 (FY24: 20.07%), while profit after taxation (PAT) margin moderated to 11.88% (FY24: 14.05%), mainly due to relatively higher operating expenses and cost normalisation. However, absolute profitability remained healthy with PBILDT and PAT of ₹185 crore and ₹122 crore, respectively, in FY25.

The company's operating performance in H1FY26 (refers to April 01, 2025, to September 30, 2025) remained healthy, with TOI of ₹575.38 crore and PBILDT margins sustaining at ~19–20%. Going forward, CareEdge Ratings expects SIL to maintain PBILDT margins in the range of ~17%–19% over the medium term.

Comfortable financial risk profile supported by strong net worth
SIL's financial risk profile continues to remain comfortable. Net worth improved to ₹655 crore as on March 31, 2025 (FY24: ₹533 crore), supported by healthy internal accruals. The company remained largely debt-free in FY25, with only working capital borrowings of ₹36 crore outstanding as on March 31, 2025.

Debt coverage indicators continued to remain comfortable, with PBILDT interest coverage of 47.28x in FY25 (FY24: 73.47x) and total debt to PBILDT of 0.19x. Liquidity also remained strong, supported by healthy cash accruals of ~₹145 crore in FY25 and cash and liquid investments of ~₹50 crore, resulting in low reliance on external borrowings.

Key weaknesses

Elongated operating cycle
SIL's operating cycle continued to remain elongated at 128 days in FY25 (FY24: 125 days). The company's wide product portfolio, comprising over 1,200 laminate designs, necessitates maintaining high inventory levels, resulting in an average inventory holding period of 82 days in FY25.

Additionally, competitive industry dynamics require offering extended credit periods to customers, leading to an average collection period of 64 days in FY25 (FY24: 57 days). Although supplier credit remains limited, the elongated operating cycle is mitigated by the company's strong liquidity position and low dependence on working capital borrowings.

Fragmented and competitive nature of the laminates industry
The domestic laminates industry remains highly fragmented, with the presence of numerous unorganised players exerting pricing pressure. However, the export segment continues to offer relatively better demand prospects, supported by a structural shift towards engineered wood products globally. SIL's established brand presence and track record in export markets partially mitigate competitive intensity.

Vulnerability to forex fluctuation
Approximately two-thirds of SIL's revenues are derived from exports, exposing profitability to foreign exchange volatility. While imports constitute ~60% of raw material consumption, providing a natural hedge, and the company uses forward contracts and foreign currency borrowings to partially mitigate risk, complete hedging is not undertaken. As a result, margins remain susceptible to adverse forex movements for the unhedged portion.

Liquidity: Strong
SIL's liquidity profile continues to remain strong, as reflected by nil term debt obligations. Average utilisation of working capital borrowings stood between 50% and 60% for the trailing 12 months ending December 2025. SIL is expected to generate gross cash accruals (GCA) of ~₹150 crore in FY25 and had free cash and bank balance of ~₹49 crore as on March 31, 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks:
Environmental: The products manufactured by the company are ecologically friendly. SIL holds necessary certifications from National Sanitation Foundation (NSF) and international organisation for standardization (ISO) 14001: 2015, which ensures that it adheres to stringent environmental management practices.

Social: In FY25, SIL expended ₹2.88 crore on Corporate Social Responsibility (CSR) activities such as infrastructural development in government schools, healthcare support for people with disabilities, and setting up old age homes and day care centres for senior citizens.
Governance: SIL's senior leadership comprises of five independent directors. The Board of directors, through its committees, oversee the ESG initiatives and performance. They are also responsible for ensuring that the company adheres to the statutory and regulatory compliances as applicable.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Plywood boards/ laminates

SIL was set up by late N.R. Aggarwal in 1991, and his sons, Jagdish Gupta and late Satish Gupta. It was listed on BSE in 1995 and on NSE in 2021. SIL is mainly engaged in manufacturing decorative laminates and allied products. It manufactures solid acrylic surfaces. SIL sells its products under brand name "STYLAM", majorly in overseas markets of Europe, the Middle and Far East, and North America.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	914.08	1,025.09	575.38
PBILDT*	183.49	185.18	111.21
Profit after tax (PAT)	128.40	121.83	65.58
Overall gearing (x)	0.00	0.06	0.00
Interest coverage (x)	73.47	47.28	11.88

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	6.00	CARE A+ (RWD)
Fund-based - LT-Line Of Credit		-	-	-	0.50	CARE A+ (RWD)
Fund-based - LT-Working Capital Limits		-	-	-	84.00	CARE A+ (RWD)
Non-fund-based - ST-BG/LC		-	-	-	5.10	CARE A1 (RWD)
Non-fund-based - ST-Forward Contract		-	-	-	5.00	CARE A1 (RWD)

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (25-Mar-25)	1)CARE A+; Stable (12-Mar-24)	1)CARE A; Stable (06-Mar-23)
2	Fund-based - LT-Working Capital Limits	LT	84.00	CARE A+ (RWD)	-	1)CARE A+; Stable (25-Mar-25)	1)CARE A+; Stable (12-Mar-24)	1)CARE A; Stable (06-Mar-23)
3	Fund-based - LT-Cash Credit	LT	6.00	CARE A+ (RWD)	-	1)CARE A+; Stable (25-Mar-25)	1)CARE A+; Stable (12-Mar-24)	1)CARE A; Stable (06-Mar-23)
4	Non-fund-based - ST-BG/LC	ST	5.10	CARE A1 (RWD)	-	1)CARE A1 (25-Mar-25)	1)CARE A1 (12-Mar-24)	1)CARE A2+ (06-Mar-23)
5	Fund-based - LT-Line Of Credit	LT	-	-	-	-	1)Withdrawn (12-Mar-24)	1)CARE A; Stable (06-Mar-23)
6	Fund-based - LT-Line Of Credit	LT	0.50	CARE A+ (RWD)	-	1)CARE A+; Stable (25-Mar-25)	1)CARE A+; Stable (12-Mar-24)	1)CARE A; Stable (06-Mar-23)
7	Non-fund-based - ST-Forward Contract	ST	5.00	CARE A1 (RWD)	-	1)CARE A1 (25-Mar-25)	1)CARE A1 (12-Mar-24)	1)CARE A2+ (06-Mar-23)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Line Of Credit	Simple
3	Fund-based - LT-Working Capital Limits	Simple
4	Non-fund-based - ST-BG/LC	Simple
5	Non-fund-based - ST-Forward Contract	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Contact us

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About us:

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