

MARCH 16, 2016

CARE REVISES THE LT RATING AND REAFFIRMS THE ST RATING ASSIGNED TO THE BANK FACILITIES OF STYLAM INDUSTRIES LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	68.09 [Enhanced from Rs.38.46 crore]	CARE BBB+ (Triple B Plus)	Revised from CARE BBB [Triple B]
Short term Bank Facilities	64.10 [Enhanced from Rs.51 crore]	CARE A3+ (A Three Plus)	Reaffirmed
Total Facilities	132.19 (Rupees One Hundred Thirty Two crore and Nineteen lakh only)		

Rating Rationale

The revision in the long-term rating of Stylam Industries Limited (SIL) takes into account increasing scale of operations in FY15 (refers to the period April 1 to March 31) and 9MFY16, improvement in the overall solvency position and additional fund infusion by the promoters. The ratings further derive strength from its experienced promoters and management team, long track record of operations and its established presence in the export segment. The ratings are, however, constrained by working capital intensive nature of operations, project implementation risk, fragmented nature of the industry and susceptibility of SIL's profitability margins to fluctuations in the raw material prices and foreign exchange rates.

Going forward, the ability of the company to efficiently manage its working capital requirements and sustain the profitability margins, along with completion of the proposed projects within the time and cost estimates will remain the key rating sensitivities.

Background

Stylam was set up by late Mr NR Aggarwal in 1991 along with his sons, Mr Jagdish Gupta and Mr Satish Gupta, by the name of Golden Laminate Pvt Limited. It was converted into a Public Limited Company in the year 1992, and was listed on BSE in 1995. The company changed its name from Golden Laminates Limited to Stylam Industries Limited in January 2010. The company is engaged in manufacturing of decorative laminates under the brand name "STYLAM" and exports its products primarily to European and South East Asian countries. The products of the company find application in furniture and real estate industry. Stylam has its manufacturing unit in Panchkula, Haryana, having an installed capacity of 6,400,000 sheets p.a., as on March 31, 2015. The overall management of the company is being looked after by Mr Jagdish Gupta (Managing Director) and Mr Satish Gupta (Executive Director).

SIL registered a total operating income of Rs.214.85 crore during FY15 with PAT of Rs.9.39 crore as against a total operating income of Rs.187.97 crore with PAT of Rs.6.83 crore in FY14. In 9MFY16 (Provisional), the company has achieved a total operating income of Rs.178.67 crore with PAT of Rs.8.30 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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