

Century Plyboards (I) Ltd

Accumulate



Asian Markets Securities Pvt. Ltd.

Disruption on account of GST, veneer imports weigh...

Institutional Research

CMP (Rs)	275
Target (Rs)	255

Nifty: 10,014; Sensex: 32,238

Key Stock Data

BSE Code	532548
NSE Code	CENTURYPLY
Bloomberg	CPBI IN
Shares O/s mn (FV Rs1)	222.5
Market cap (Rsbn)	61.0
52-week High/Low	313/155
3-m daily avg vol.	2,87,433

Price Performance

(%)	1m	3m	12m
CENTURYPLY	(6.3)	7.5	25.0
NIFTY	4.1	7.5	17.2
Sensex	3.3	7.8	16.4

Shareholding Pattern

(%)	Dec16	Mar17	Jun17
Promoter	71.2	71.3	71.2
FII	5.7	8.7	10.9
DII	6.5	8.5	8.7
Others	16.6	11.6	9.2

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CENTURY PLYBOARDS (INDIA) LIMITED (CPIL) weak results for 1QFY18 led by subdued volume growth and lower margins due to higher RM cost, decline in sale of commercial veneer (due to ban in Myanmar) and price decline in laminates as an entry strategy in new export markets. Destocking by dealers ahead of GST roll out and unabated competition from unorganised players during the transitional period impacted the volume. The management cited 2Q also will be slow in terms of demand uptick and volume growth with price increase will be visible from 2HFY18. The MDF plant is delayed and is expected start commercial production by October 2017. While margins will remain under pressure over the medium term, higher contribution from laminate, MDF and value added particle board products will drive the growth over the long term. We remain positive on CPIL considering its multi faceted expansion, superior brand and aggressive marketing strategy in the backdrop of promising market opportunity. ACCUMULATE.

Revenue growth of 8% aided by higher realisation in plywood though volume growth subdued at 2% for plywood and 2% de-growth in laminate, margins blip

CPIL posted 8% increase in revenue at Rs44386mn. Plywood segment volume/revenue/realisation. Commercial Veneer volume dipped 32% though realisation vaulted by 25%. Destocking by dealers ahead of GST roll out and unabated competition from unorganised players during the transitional period impacted the volume. Ban on export of face veneer from Myanmar and LAOS led to increase in RM cost and lower sales of commercial veneer resulting in to EBITDAM declining to 12.9% (15.9% yoy and 20.2% qoq). Laminates segment volume/revenue/realisation declined by 2%/3%/1%. Laminate export volume surged 29% though with lower realization by 13% led by strategy to enter in new export markets. This resulted in to segment EBIDTA declining by 19% with EBITDAM at 13.3% (16.6% yoy/12.4% qoq).

Overall, 1QFY18 EBIDTA declined by 7.7% to Rs611mn with EBITDAM at 13.9% (16.3% yoy and 17.1% qoq). Lower Other income (-82%) and higher tax outgo 19% (15.6% yoy) led to 21% drop in net earnings at Rs341mn.

Laminate business on strong footing, commissioning of MDF plant key monitorable, ACCUMULATE

The Company has invested Rs4.68bn over last two years and earmarked further capex of Rs2.9bn over next two years. The investment is across businesses viz. green field plant for MDF, expansion of laminate and plywood, particle board and door project (in JV with a Chinese Company) which will start fructifying 2HFY18 onwards. The commissioning and ramp up of MDF plant from October 2017 is key monitorable. Implementation of GST will further bolster CPIL's prospects over the long run as the current organized/unorganized positioning of 30/70 will undergo gradual change cannibalizing small players.

We remain positive on CPIL considering its multi faceted expansion, superior brand and aggressive marketing strategy in the backdrop of promising market opportunity. We estimate plywood / laminate volume growth of 7% and 15% CAGR over FY17/20 and strong growth in new businesses of MDF and particle board contributing 13%/15% to the revenue in FY19/FY20. We forecast sales, EBITDA and PAT to grow at a CAGR of 17%, 20% and 15% respectively over FY17-20E. Lower margins and higher fixed cost on MDF plant will weigh on FY18 earnings and the real earnings growth in MDF business will start flowing in from FY19. At CMP, the stock is trading 39x/27x/22x FY18/19/20 EEPS respectively. ACCUMULATE.

Exhibit 1: Key Financials

Y/E Mar (Rsmn)	FY16	FY17	FY18E	FY19E	FY20E
Sales	16357	17825	20575	24698	28383
yoy (%)	4.5	9.0	15.4	20.0	14.9
EBITDA	2835	2920	3029	3995	4708
yoy (%)	13.5	3.0	3.7	31.9	17.8
PAT	1698	1856	1410	2097	2645
yoy (%)	12.6	9.3	-24.0	48.8	26.1
Equity	223	223	223	223	223
EPS (Rs)	7.6	8.3	6.3	9.4	11.9

Source: Company, AMSEC Research

Exhibit 2: Key Indicators

Y/E Mar	FY16	FY17	FY18E	FY19E	FY20E
EBITDAM (%)	17.3	16.4	14.7	16.2	16.6
NPM (%)	10.3	10.4	6.8	8.4	9.3
PER (x)	32.4	33.0	43.4	29.2	23.1
P/BV (x)	10.5	8.3	7.2	5.9	4.9
EV/Sales (x)	3.6	3.7	3.3	2.7	2.3
EV/EBITDA (x)	20.9	22.9	22.3	16.9	14.2
RoACE (%)	26.5	22.5	15.6	19.3	21.4
RoANW (%)	37.2	29.4	17.8	22.3	23.1

Exhibit 3:Key Assumptions

Key Assumptions	FY16	FY17	FY18E	FY19E	FY20E
Revenue Rsmn					
Plywood	11747	12609	13767	15166	16706
yoy%	2.4%	7.3%	9.2%	10.2%	10.2%
Laminates	3353	3635	4203	4973	5885
yoy%	14.2%	8.4%	15.6%	18.3%	18.3%
MDF	105	24	900	2475	3402
yoy%	15.5%	-77.2%	3650.0%	175.0%	37.5%
Particle Board	-	165	302	540	669
yoy%			83.5%	78.5%	23.9%
EBITDA Rsmn					
Plywood	1994	2164	1927	2199	2422
Laminates	537	586	609	758	912
MDF	-	-36	90	495	748
Particle Board	-	25	30	108	147
EBITDAM%					
Plywood	17.0	17.2	14.0	14.5	14.5
Laminates	16.0	16.1	14.5	15.3	15.5
MDF	-	-	10.0	20.0	22.0
Particle Board	-	15.0	10.0	20.0	22.0

Source: Company, AMSEC Research

Exhibit 4: 1QFY18 Financials (Standalone)

Y/E Mar (Rs.mn)	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	yoy (%)	qoq (%)	FY16	FY17	yoy%
Gross Sales	4397	4926	4587	5258	4734	7.7	(10.0)	17702	19203	8.5
Less: Excise Duty	340	334	332	373	348	2.5	(6.6)	1345	1379	2.5
Net Sales	4058	4593	4255	4885	4386	8.1	(10.2)	16357	17825	9.0
Other operating income	0	34	0	0	0	-	-	0	0	-
Net Sales & Other Oper. Income	4058	4627	4255	4885	4386	8.1	(10.2)	16357	17825	9.0
Total Expenditure	3396	3870	3582	4048	3775	11.2	(6.7)	13522	14904	10.2
(Increase) / Decrease In Stocks	-94	81	16	14	8	(108.0)	(44.2)	-81	16	(119.8)
Purchase of Finished Goods	606	892	737	920	892	47.1	(3.0)	2176	3155	45.0
Cost of Raw Materials	1533	1432	1448	1597	1439	(6.1)	(9.9)	6338	6010	(5.2)
Operating & Manufacturing Exp.	713	850	744	850	747	4.8	(12.0)	2811	3157	12.3
Employee Cost	638	624	637	667	689	8.0	3.2	2278	2567	12.7
Loss on Foreign Exchange	0	-9	0	0	0	-	-	0	0	-
EBIDTA	661	757	673	838	611	(7.7)	(27.1)	2835	2920	3.0
Other Income	30	13	33	141	5	(81.9)	(96.1)	65	227	249.2
Operating Profit	691	770	706	979	616	(10.9)	(37.1)	2900	3147	8.5
Interest	89	60	112	26	63	(29.0)	146.3	465	286	(38.3)
PBDT	603	710	594	954	553	(8.2)	(42.0)	2435	2861	17.5
Depreciation	93	126	149	156	132	42.5	(15.2)	437	524	19.8
PBT	510	584	445	798	421	(17.4)	(47.2)	1998	2337	17.0
Tax	80	91	72	239	80	0.6	(66.5)	300	481	60.4
Profit After Tax	431	493	373	559	341	(20.8)	(39.0)	1698	1856	9.3
Other comprehensive items	-6	-6	-6	-3	-5	(8.4)	96.2	-19	-20	6.6
Equity Capital	222.5	222.5	222.5	222.5	222.5			222.5	222.5	
EPS (Reported)	1.9	2.2	1.7	2.5	1.5			7.6	8.3	
EPS (Adjusted)	1.9	2.2	1.7	2.5	1.5			7.6	8.3	
EBIDTA (%)	16.3	16.4	15.8	17.1	13.9	(238bp)	(322bp)	17.3	16.4	(95bp)
PATM (%)	10.6	10.7	8.8	11.4	7.8	(283bp)	(366bp)	10.4	10.4	3bp
Tax / PBT (%)	15.6	15.6	16.1	30.0	19.0	340bp	(1093bp)	15.0	20.6	558bp
Raw material / Net sales (%)	52.7	50.6	51.3	51.5	53.2	43bp	163bp	52.0	51.4	(63bp)
Other exp/Net sales	17.6	18.5	17.5	17.4	17.0	(53bp)	(35bp)		17.7	1771bp
Employee cost / Net Sales (%)	15.7	13.6	15.0	13.7	15.7	(2bp)	204bp	13.9	14.4	47bp

Source: Company, AMSEC Research

Exhibit 5: 1QFY18 Segmental Financials (Standalone)

Particulars, Rs mn	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	yoy (%)	qoq (%)	FY16	FY17	yoy%
Gross Segment Revenue										
Plywood and Allied Business	3116	3465	3235	3743	3427	10.0	(8.4)	12615	13561	7.5
Laminate and allied products	891	1110	994	1099	891	0.1	(18.9)	3623	4123	13.8
MDF	14	12	2	6	6	(56.2)	3.2	71	34	(52.8)
Particle Board	0	32	103	117	111	-	(5.3)	0	252	-
Container Freight station services	235	211	202	235	239	1.7	1.8	860	884	2.8
Others	148	113	83	91	94	(36.1)	3.3	564	438	(22.4)
Total segment revenue	4403	4943	4618	5292	4769	8.3	(9.9)	17733	19291	8.8
Less: Intersegment Revenue	6	17	31	33	35	469.5	5.1	31	88	185.3
Income from operation	4397	4926	4587	5258	4734	7.7	(10.0)	17702	19203	8.5
Segment Result										
Plywood and Allied Business	436	492	476	740	385	(11.8)	(48.1)	1830	2144	17.1
Laminate and allied products	115	171	123	110	92	(20.4)	(16.9)	442	519	17.5
MDF	2	3	0	-6	-2	(175.5)	(71.4)	4	-2	(136.1)
Particle Board	-	-12	-24	-33	-37	-	12.4	0	-69	-
Container Freight station services	79	56	41	60	67	(14.6)	12.1	278	235	(15.4)
Others	-4	-24	-28	-21	-4	7.9	(81.5)	-17	-77	356.0
EBIT	629	686	587	850	500	(20.4)	(41.1)	2538	2751	8.4
Less: Finance cost	89	60	112	26	63	(29.0)	146.3	465	286	(38.3)
Other Unallocable Expenditure	30	42	30	26	16	(46.5)	(38.6)	75	128	69.6
Total Profit/(Loss) before tax	510	584	445	798	421	(17.4)	(47.2)	1998	2337	17.0
Capital Employed										
Plywood and Allied Business	5232	5539	5352	5397	5427	3.7	0.6	4992	5397	8.1
Laminate and allied products	1594	1550	1628	1603	1741	9.2	8.6	1568	1603	2.3
MDF	587	1502	2110	2645	3258	455.1	23.2	428	2645	518.3
Particle Board	559	687	607	567	542	(3.0)	(4.5)	511	567	11.2
CFS	531	580	547	495	446	(16.0)	(10.0)	576	495	(14.1)
Others	54	84	69	56	46	(14.1)	(16.7)	118	56	(52.7)
Total	8557	9942	10313	10764	11460	33.9	6.5	8192	10764	31.4
EBIT/Sales (%)										
Plywood and Allied Business	14.0	14.2	14.7	19.8	11.2	(278bp)	(856bp)	14.5	15.8	130bp
Laminate and allied products	12.9	15.4	12.4	10.0	10.3	(264bp)	25bp	12.2	12.6	40bp
MDF	17.4	21.1	-8.4	-108.0	-29.9	(4730bp)	7805bp	6.0	-4.6	(1063bp)
Particle Board	-	-37.3	-23.6	-28.3	-33.6	-	(531bp)	-	-27.6	-
CFS	33.5	26.7	20.1	25.5	28.1	(535bp)	258bp	32.4	26.6	(573bp)
Others	-2.5	-21.1	-33.5	-23.3	-4.2	(170bp)	1913bp	-3.0	-17.5	(1456bp)
Overall	14.3	13.9	12.7	16.1	10.5	(379bp)	(557bp)	14.3	14.3	(5bp)
EBIT/Capital Employed (%)										
Plywood and Allied Business	8.3	8.9	8.9	13.7	7.1	(125bp)	(663bp)	36.7	39.7	306bp
Laminate and allied products	7.2	11.0	7.5	6.9	5.3	(196bp)	(161bp)	28.2	32.4	421bp
MDF	0.4	0.2	0.0	-0.2	-0.1	(47bp)	18bp	1.0	-0.1	(106bp)
Particle Board	-	-1.7	-4.0	-5.9	-6.9	-	(104bp)	0.0	-12.2	(1224bp)
CFS	14.8	9.7	7.4	12.1	15.1	25bp	296bp	48.3	47.5	(74bp)
Others	-6.8	-28.5	-40.4	-38.3	-8.5	(173bp)	2980bp	-14.3	-138.0	(12370bp)
Overall	7.3	6.9	5.7	7.9	4.4	(298bp)	(353bp)	31.0	25.6	(542bp)
Volume data										
Volume										
Plywood (CBM)	61,735	66,075	58,562	65,348	62,990	2.0	(3.6)	2,41,794	2,51,720	4.1
Laminates (No's)	10,52,660	13,19,016	11,94,006	13,59,342	10,34,746	(1.7)	(23.9)	42,60,499	49,25,024	15.6
Domestic	8,07,149	9,22,483	8,17,267	9,58,560	7,18,918	(10.9)	(25.0)	29,89,034	35,05,459	17.3
Export	2,45,511	3,96,533	3,76,739	4,00,782	3,15,828	28.6	(21.2)	12,71,465	14,19,565	11.6
CFS (TEU's)	21,848	20,233	19,068	19,004	20,970	(4.0)	10.3	84,404	80,153	(5.0)
Net sales (Rs.mn)										
Plywood	2,866	3,251	3,005	3,488	3,172	10.7	(9.1)	11,735	12,609	7.4
Laminates	705	900	762	874	685	(2.8)	(21.6)	2,930	3,241	10.6
Domestic	538	676	558	647	500	(7.2)	(22.8)	2,106	2,420	14.9
Export	166	224	205	227	186	11.6	(18.2)	824	822	(0.3)
CFS	233	211	199	233	238	2.4	2.0	837	876	4.7
Prelam & Extra Grade laminates	90	79	115	110	99	10.1	(10.1)	423	394	(6.8)
Others	165	186	173	179	191	16.0	6.8	432	704	62.9
Total	4,058	4,627	4,255	4,885	4,386	8.1	(10.2)	16,357	17,825	9.0
Average realization										
Plywood (Rs/CBM)	46,416	49,194	51,311	53,380	50,352	8.5	(5.7)	48,533	50,092	3.2
Laminates (Rs/No.)	669	682	638	643	662	(1.1)	3.0	688	658	(4.3)
Domestic	667	733	682	675	695	4.2	2.9	705	690	(2.0)
Export	677	565	543	566	588	(13.2)	3.8	648	579	(10.7)
CFS (Rs/TEU)	10,646	10,429	10,452	12,282	11,354	6.7	(7.6)	9,920	10,933	10.2
EBITM										
Plywood	15.2	15.1	15.8	21.2	12.1	(310bp)	(910bp)	15.6	17.0	141bp
Laminates *	14.5	17.5	14.0	11.2	11.7	(280bp)	48bp	13.2	14.3	110bp
CFS	33.8	26.7	20.3	25.7	28.2	(561bp)	253bp	33.2	26.9	(638bp)
EBIDTAM										
Plywood	15.9	15.6	16.6	20.2	12.9	(300bp)	(730bp)	17.2	17.1	(10bp)
Laminates *	16.6	18.3	16.0	12.4	13.3	(330bp)	90bp	16.3	15.8	(50bp)
CFS	44.3	39.2	34.7	37.6	38.4	(590bp)	80bp	44.6	39.1	(550bp)

Source: Company, AMSEC Research, * Including Pre Lam & Exteria Grade Laminates

1QFY18 Conference Call takeaways

Aggressive marketing led to topline surge of 8%, overcoming GST hiccups faced across industry

Outlook- Management guided 20% volume growth in FY18

Plywood

- EBIDTAM were healthy to the tune of 15-16% for last couple of quarters, thanks to cheap sourcing of face veneer from Laos & Myanmar. However in 1QFY18, there was dip of 310bp to 12.1% as these Government but brakes on exports, making it expensive
- Glue and other chemicals costs were also on upward trajectory. Increase in costs were not passed on to end users. In a quarter or two, company will resort to price hike.
- Company expected strong volume growth post GST, however in July sales growth was just 5-6% yoy, as unorganized players continue to operate hassle free. Unorganized players have resorted to price hike of 5% in northern belt
- Domestic core veneer has dipped with plenty supplies coming from Northern Belt.
- 25 units enjoyed full exemptions up to Rs15mn revenue, however with GST implementation these players will come under tax bracket (@28%), thereby reducing price difference
- In Laos, converted the facility for plywood and exported 250 containers to India
- Sainik volumes stood 13,682cbm vis-a-vis 12,331

MDF

- Trial production started from 29th July 2017 at Punjab plant (capacity 600cbm/day) and from Sept commercial production will take place
- India is way behind in term of usage of MDF as compared to China. This is evident from the fact that plywood account for 95% of total wood and panel industry in India compared to 25% in China.
- MDF will be put to use for multiple application and will cannibalize plywood demand in long run. Also, it is available at half the cost of plywood.
- In India, as many as 25 plants will come up in MDF, of which 5 will be of Century
- In FY18, MDF plant in Punjab to generate Rs1700mn revenues with margins northwards of 30%

Particle Board

- Century is expected to benefit from financial turmoil faced by biggest competitor Associated Wood Ltd. In July, sales were as high as 5500cbm, of which 1,500cbm could be catered via backlog inventory.
- Again, particle board is margin accretive unlike plywood. Cost of manufacturing comes up to Rs6000 per tonne (Rs2000 - timber, Rs2000 - glue and chemicals, Rs1000 - power, Rs1000-employee exp), while selling price is Rs12,000cbm
- Company missed the revenue target of Rs500-600mn (including pre lam) for FY17, however confident of doing sales of Rs750-800mn in current year

Laminates

- With introduction of GST, duties were reduced from 29-30% to 18%. sales in domestic market was low and have decreased the selling price by 10%
- in 1QFY18, blended realizations dipped 1% to Rs662/sheet owing to sharp fall in export realization (-13% yoy to Rs588/sheet)
- On the rosy side, July production is at all time high and so is the sales in domestic and export market
- Capacity expansion by 50% is on track, machines have arrived, production to commence from Oct 2017
- Margins are expected to improve with dip in selling price owing to GST.

Exhibit 6: Quarterly Net Revenue Trend

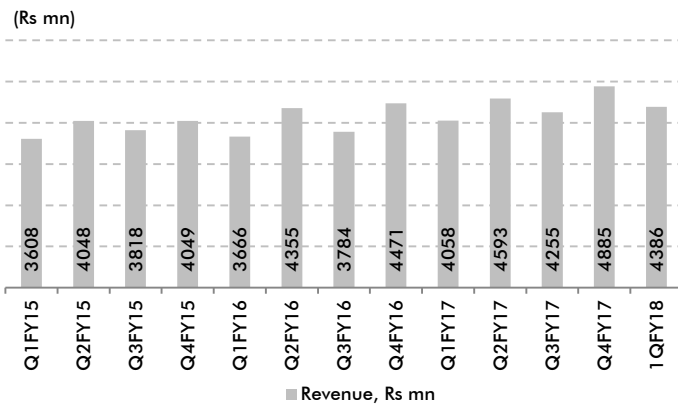


Exhibit 7: Quarterly EBITDA Trend

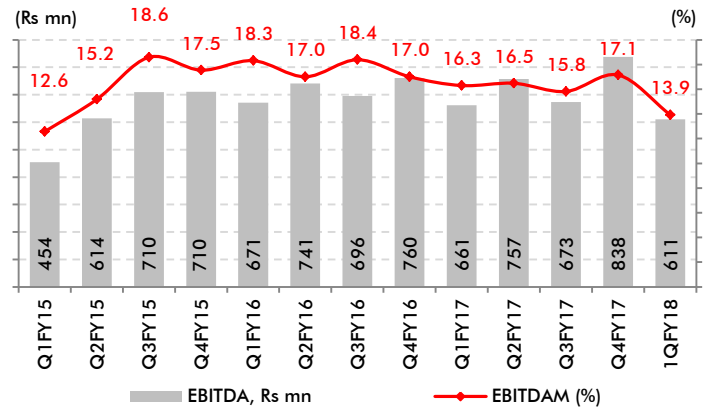


Exhibit 8: Quarterly PAT Trend

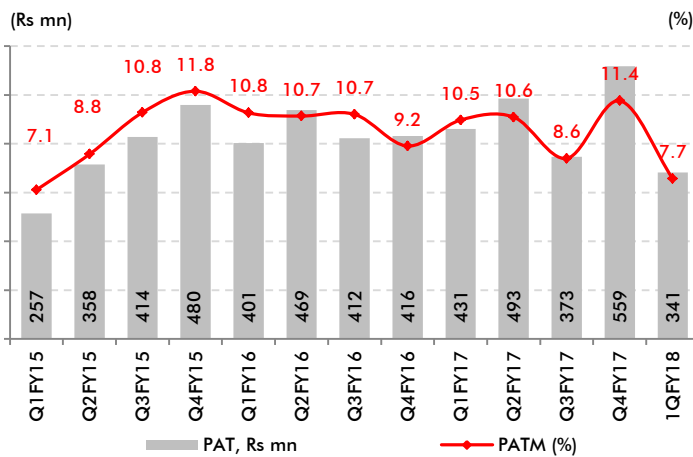
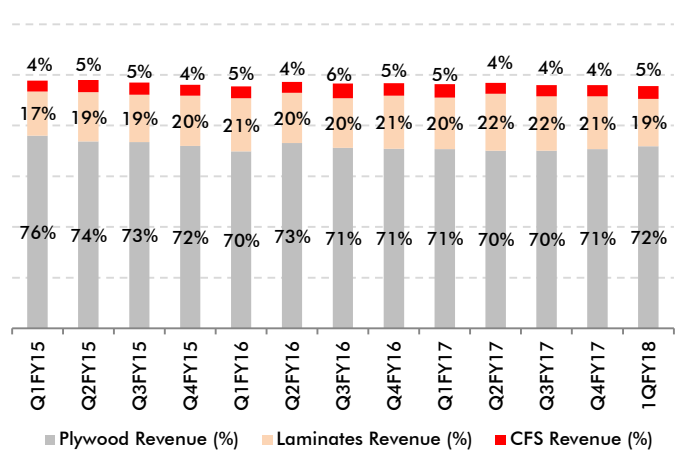


Exhibit 9: Segment Revenue Contribution



Source: Company, AMSEC Research

Quarterly Segment performance-Plywood

Exhibit 10: Net Revenue

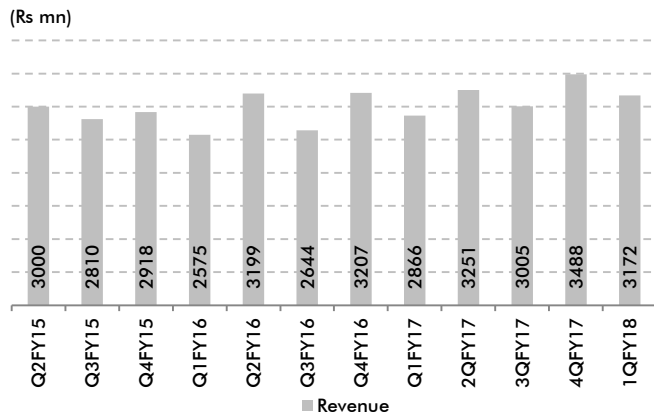


Exhibit 11: EBIT

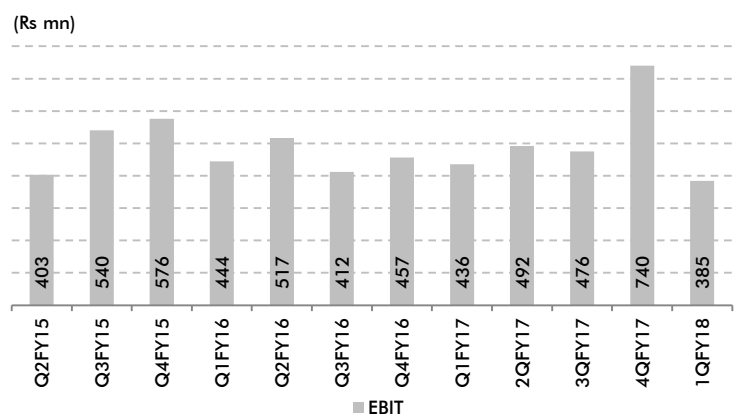


Exhibit 12: EBIT/Sales

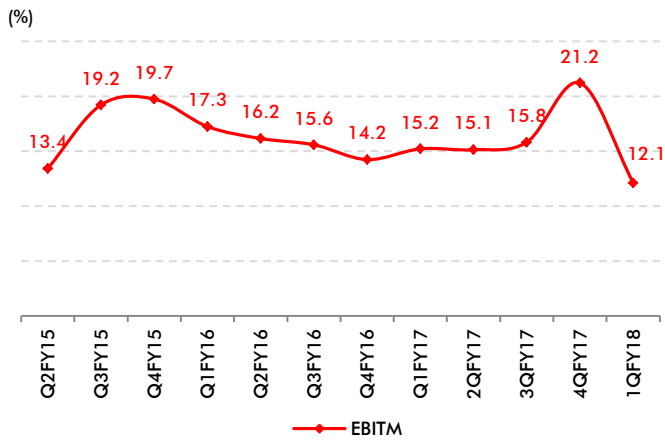
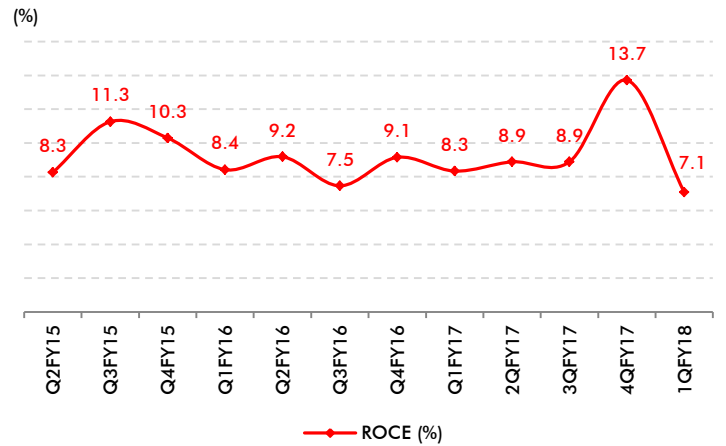


Exhibit 13: ROCE



Source: Company, AMSEC Research

Quarterly Segment performance -Laminates

Exhibit 14: Net Revenue

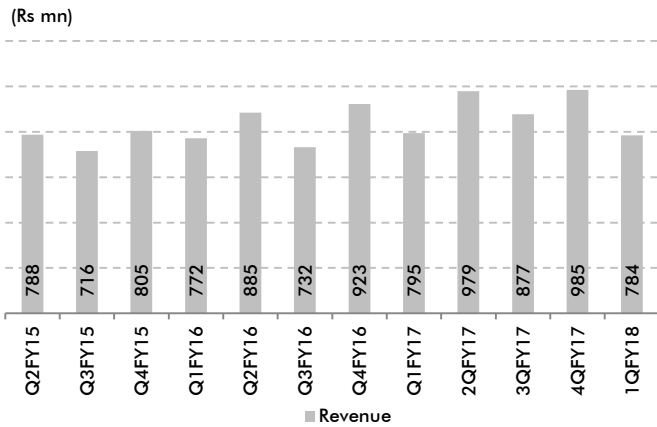


Exhibit 15: EBIT

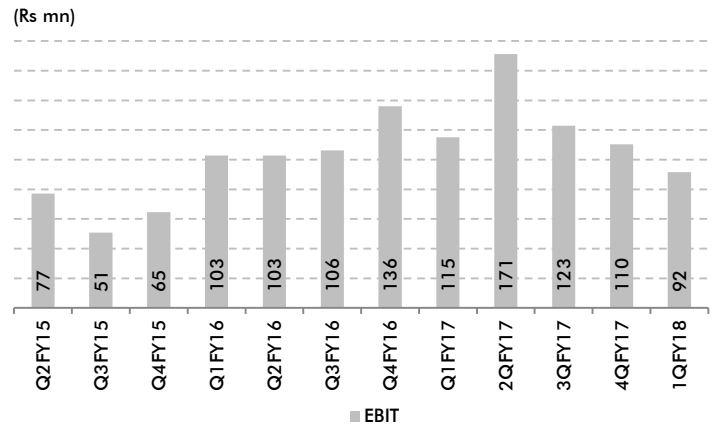


Exhibit 16: EBIT/Sales

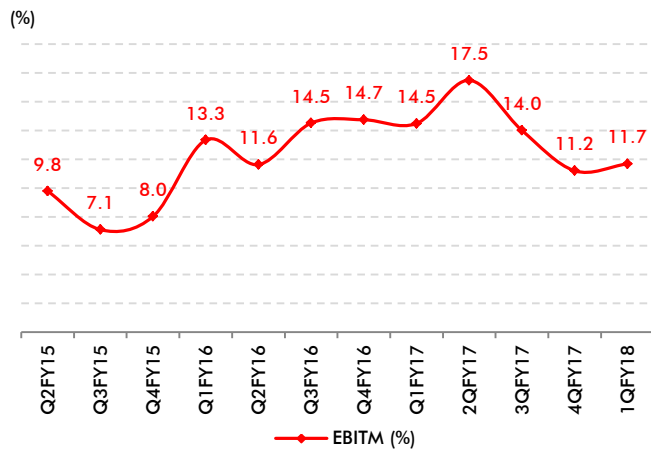
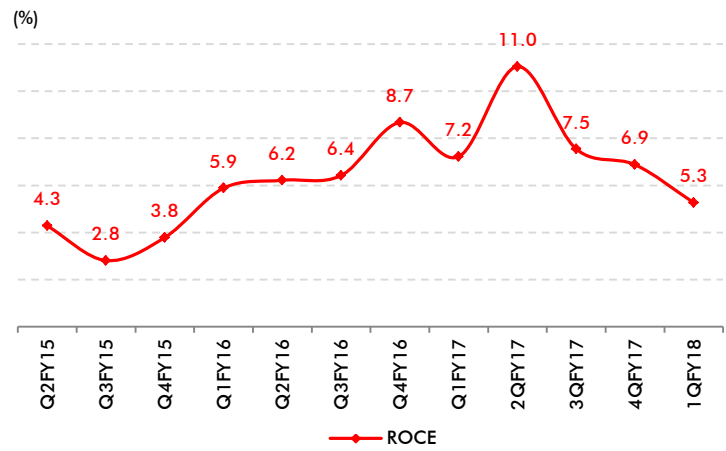


Exhibit 17: ROCE



Source: Company, AMSEC Research

Quarterly Segment performance -CFS

Exhibit 18: Net Revenue

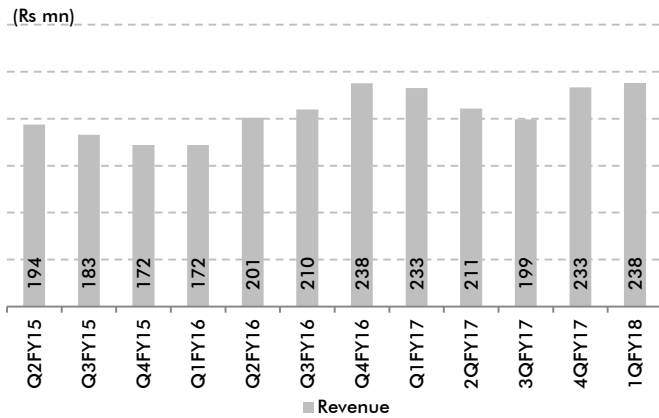


Exhibit 19: EBIT

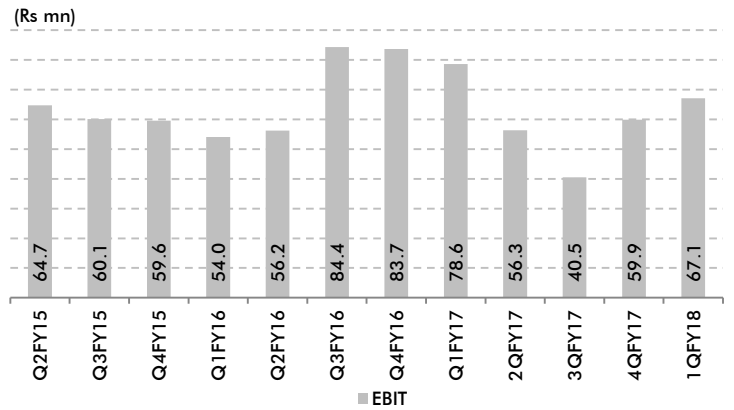


Exhibit 20: EBIT/Sales

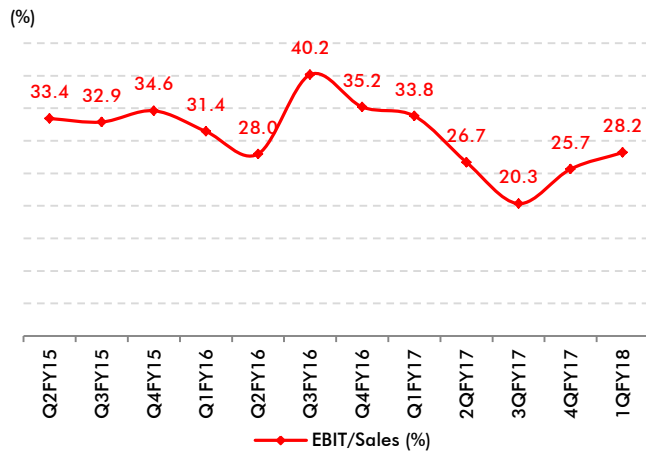
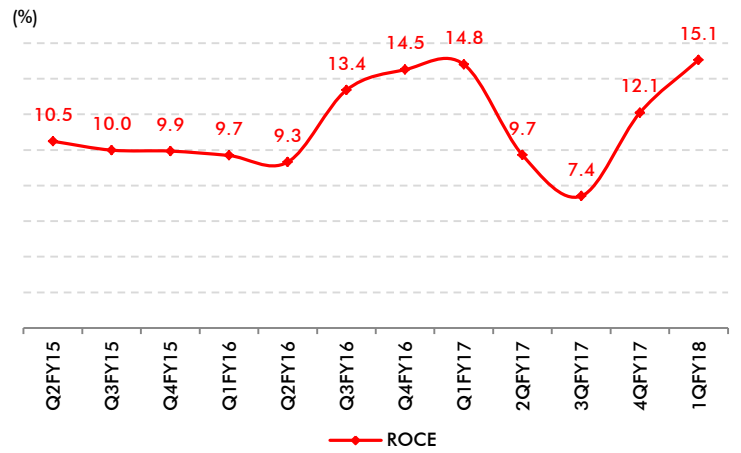


Exhibit 21: ROCE



Source: Company, AMSEC Research

Financial snapshot (Standalone)

Exhibit 22: Revenue

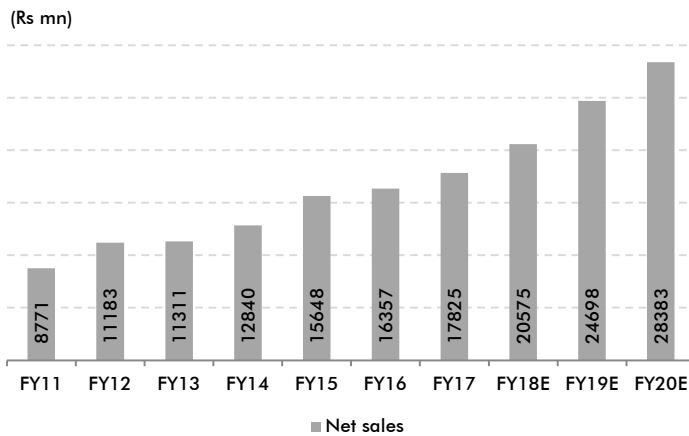


Exhibit 23: EBIDTA&EBIDTAM (%)

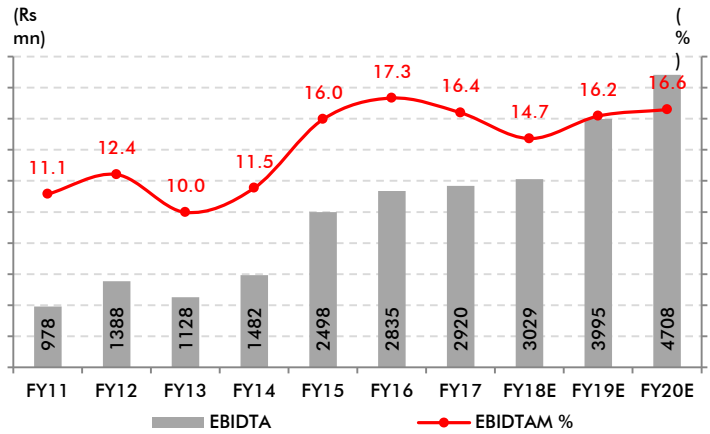


Exhibit 24: PAT & PATM (%)

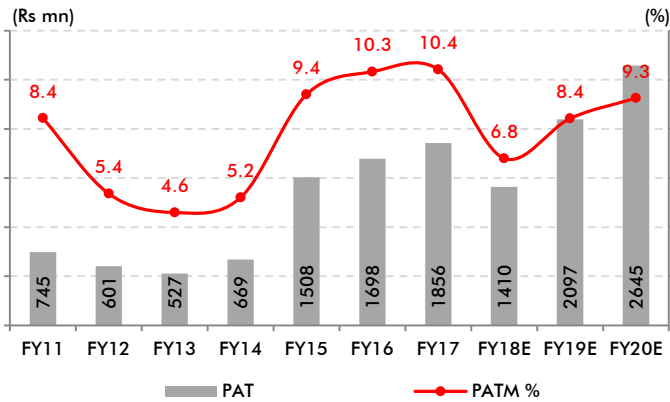


Exhibit 25: Return Ratios

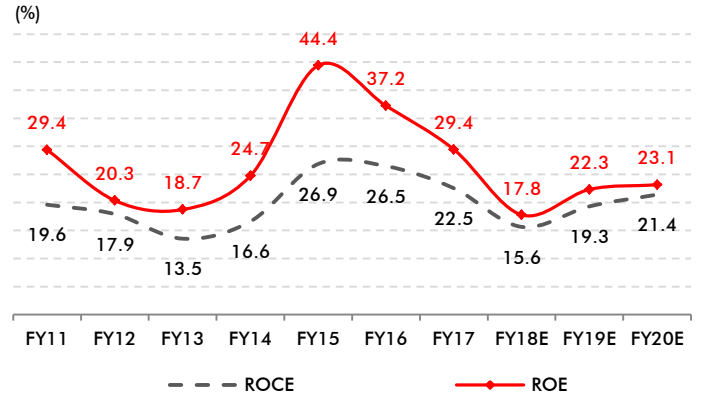


Exhibit 26: Dividend and Dividend payout ratio

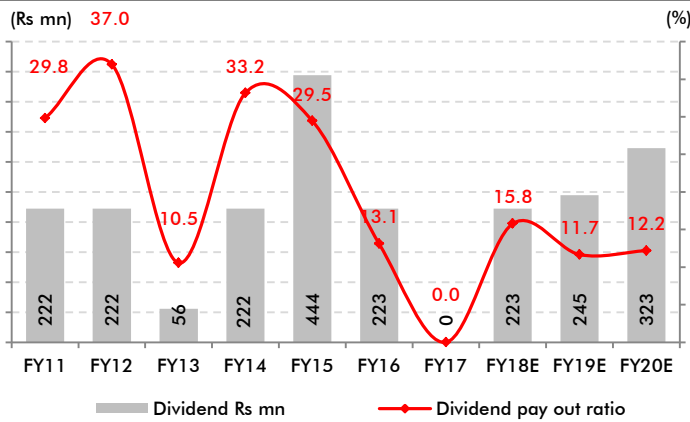
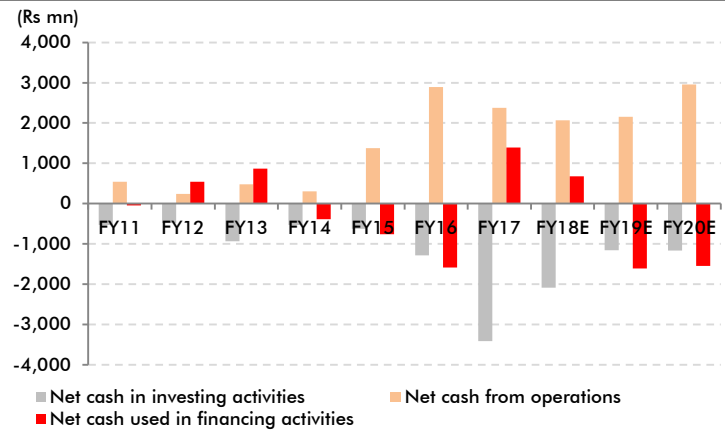


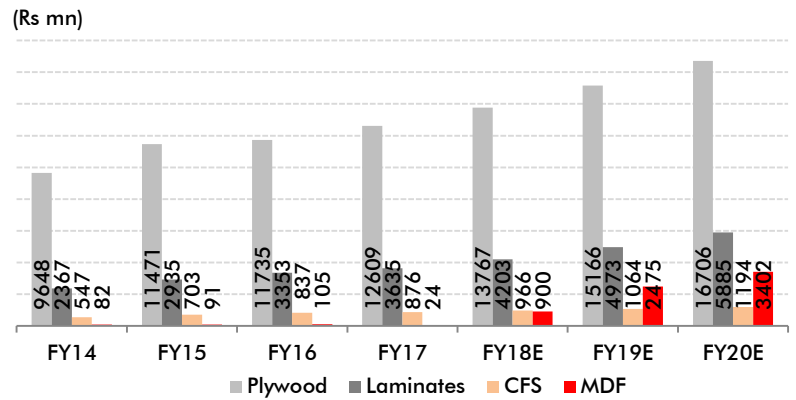
Exhibit 27: Cash Flow



Source: Company, AMSEC Research

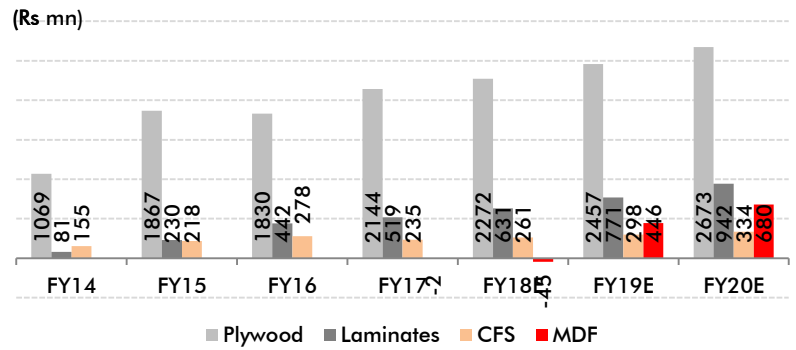
Yearly Segment performance

Exhibit 28: Segment revenue trend



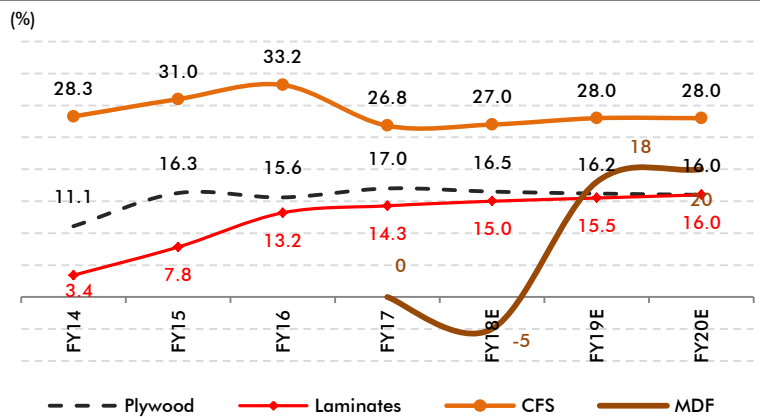
Source: Company, AMSEC Research

Exhibit 29: Segment EBIT trend



Source: Company, AMSEC Research

Exhibit 30: Segment EBITM trend



Source: Company, AMSEC Research

Century Plyboards (India) Ltd. Financials (Standalone)

(Rsmn)

Profit and Loss Account

Y/E (Mar)	FY16	FY17	FY18E	FY19E	FY20E
Net sales	16357	17825	20575	24698	28383
Inc./(Dec.) in Stock	81	-16	162	202	190
Raw material cons.	8514	9165	10761	12793	14646
Power & Fuel cost	301	316	386	443	488
Employee cost	2278	2567	3131	3664	4213
Other mfg Exp.	1042	1146	1375	1596	1787
General & Adm. Exp.	220	242	290	337	377
Selling & Advt. Exp.	970	1047	1278	1508	1734
Misc. Expenses	279	405	486	564	621
Total expenditure	13603	14888	17707	20905	23865
Operating profit	2835	2920	3029	3995	4708
Other income	65	227	186	201	217
Interest expense	465	286	550	581	526
Gross Profit	2435	2861	2665	3615	4398
Dep. & Amortization	437	524	903	993	1093
PBT	1998	2337	1762	2622	3306
Provision for Tax	300	481	352	524	661
Reported Net Profit	1698	1856	1410	2097	2645
Share O/s mn	223	223	223	223	223
EPS Rs	7.6	8.3	6.3	9.4	11.9

Cash Flow Statement

Y/E (Mar)	FY16	FY17	FY18E	FY19E	FY20E
PBT	1998	2337	1762	2622	3306
Non-cash adjust.	975	981	1452	1574	1619
Chg. in working cap.	382	-437	-753	-1479	-1268
Tax & Interest Paid	-463	-504	-392	-564	-701
Cashflow from op.	2892	2377	2069	2152	2956
Capital expenditure	-1266	-2953	-1995	-1050	-1050
Change in invest.	-44	-464	-96	-106	-116
Cashflow from inv.	-1287	-3416	-2091	-1156	-1166
Issue of equity	0	0	0	0	0
Issue/repay debt	0	1577	1496	-733	-635
Interest Paid	-465	-286	-550	-581	-526
Dividends paid	-499	0	-223	-245	-323
Other fin. Cash flow	-2	100	0	0	0
Cash flow from fin.	-1585	1390	678	-1608	-1550
Chg cash & cash eq	20	351	656	-612	240
Open. cash eq	170	190	541	1197	585
Clsq cash & cash eq	190	541	1197	585	825
CashFlow to firm	1626	-576	74	1102	1906

Key Ratios

Y/E Mar	FY16	FY17	FY18E	FY19E	FY20E
GROWTH YOY%					
Sales Growth	4.5	9.0	15.4	20.0	14.9
EBITDA Growth	13.5	3.0	3.7	31.9	17.8
Net Profit Growth	12.6	9.3	-24.0	48.8	26.1
Gross Fixed Asset Growth	7.1	23.4	82.5	11.5	10.3
PROFITABILITY					
Gross Profit/ Net sales (%)	29.5	30.4	27.7	28.7	29.3
EBITDA / Net Sales (%)	17.3	16.4	14.7	16.2	16.6
NPM / Total income (%)	10.3	10.4	6.8	8.4	9.3
Raw Material/Net Sales (%)	52.0	51.4	52.3	51.8	51.6
Int/PBIT (%)	19.4	12.0	25.9	19.3	14.6
ROE (%)	37.2	29.4	17.8	22.3	23.1
ROCE (%)	26.5	22.5	15.6	19.3	21.4
ROIC (%)	24.2	21.7	14.4	16.0	17.5
Tax / PBT (%)	15.0	20.6	20.0	20.0	20.0
TURNOVER (Days)					
Net Working Cycle	106	88	101	89	91
Debtors Velocity	64	69	65	65	65
Inventory	74	65	65	65	66
Creditors Velocity	36	56	50	50	50
Gross Asset Ratio	3.8	3.6	2.6	2.3	2.4
Total Asset Ratio	1.5	1.3	1.2	1.3	1.3
LIQUIDITY (x)					
Gross Debt-Equity Ratio	0.9	0.8	0.9	0.7	0.5
Net Debt-Equity Ratio	0.8	0.8	0.8	0.6	0.4
Interest Coverage	5.2	8.4	3.9	5.2	6.9
Current Ratio (x)	1.2	1.2	1.5	1.7	1.9
Quick Ratio (x)	0.7	0.8	1.0	1.1	1.2
PAYOUT					
Payout (%)	13.1	0.0	15.8	11.7	12.2
Dividend (%)	1.0	1.0	1.1	1.5	1.8
Yield (%)	0.4	0.4	0.4	0.5	0.7
Du Pont Analysis					
NP / PBT (%)	85.0	79.4	80.0	80.0	80.0
PBT / EBIT (X)	0.8	1.0	0.8	0.9	0.9
EBIT / Sales (X)	14.7	13.4	10.3	12.2	12.7
Sales / Assets (X)	1.4	1.1	1.1	1.2	1.3
Assets / Equity (X)	2.2	2.1	2.2	2.0	1.8
ROE (%)	37.2	29.4	17.8	22.3	23.1

Balance Sheet

Y/E (Mar)	FY16	FY17	FY18E	FY19E	FY20E
SOURCES OF FUNDS :					
Share Capital	223	223	223	223	223
Reserves Total	5028	7132	8274	10076	12333
Total Shareh. Funds	5251	7354	8496	10299	12555
Non-Current Liab.					
Long term borrowings	640	1467	3700	3331	2999
Deferred tax liability	0	0	-40	-80	-120
Other long term liab.	3	2	3	3	4
Long-term provisions	0	0	0	0	0
Long-term trade pay.	0	0	0	0	0
Current Liabilities					
Short term borrowings	3410	4103	3283	2790	2372
Trade payables	843	1411	1474	1753	2006
Other current liabilities	915	1087	1249	1499	1724
Short term provisions	358	122	421	493	638
Total Equity & Liab.	11420	15547	18586	20088	22177
APPLICATION OF FUNDS :					
Non Current Assets					
Fixed Assets					
Gross Block	4454	5497	10032	11182	12332
Less: Accum Dep.	2480	3003	3906	4899	5992
Net Block	1975	2494	6126	6283	6340
Capital WIP	930	2840	300	200	100
Noncurrent Investment	497	960	1056	1162	1278
Long term loans & adv.	967	889	1022	1226	1410
Other non-current ass.	316	244	280	336	386
Current Assets					
Current investment	0	0	0	0	0
Inventories	2752	2638	3113	3705	4261
Sundry Debtors	2868	3353	3664	4398	5055
Cash and Bank	190	541	1197	585	825
Short Loans & Adv.	530	871	1002	1202	1382
Others Current Assets	396	718	825	991	1139
Total Assets	11420	15547	18586	20088	22177
Valuation Matrix					
EPS Rs	7.6	8.3	6.3	9.4	11.9
CEPS Rs	9.6	10.7	10.4	13.9	16.8
Book Value Rs	23.6	33.0	38.2	46.3	56.4
EV / Net Sales	3.6	3.7	3.3	2.7	2.3
EV / EBITDA	20.9	22.9	22.3	16.9	14.2
P / E Ratio	32.4	33.0	43.4	29.2	23.1
P / BV Ratio	10.5	8.3	7.2	5.9	4.9

Recommendation rationale

Buy: Potential upside of	> +15% (absolute returns)
Accumulate:	> +5 to +15%
Reduce:	+5 to -5%
Sell:	< -5%
Not Rated (NR):	No investment opinion on the stock

Sector rating

Overweight:	The sector is expected to outperform relative to the Sensex.
Underweight:	The sector is expected to underperform relative to the Sensex.
Neutral:	The sector is expected to perform in line with the Sensex.

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