

## Century Plyboards (I) Ltd

BUY



Asian Markets Securities Pvt. Ltd.

Building blocks in place, macro environment improving

### Institutional Research

CMP (Rs)	213
Target (Rs)	263

Nifty: 8,551 ; Sensex: 27,714

### Key Stock Data

BSE Code	532548
NSE Code	CENTURYPLY
Bloomberg	CPBI IN
Shares O/s mn (FV Rs1)	222.2
Market cap (Rsbn)	47.4
52-week High/Low	244/135
3-m daily avg vol.	5,42,461

### Price Performance

(%)	1m	3m	12m
CENTURYPL	(0.1)	14.1	2.6
NIFTY	2.2	11.0	0.4
Sensex	1.6	10.4	(1.3)

### Shareholding Pattern

(%)	Dec15	Mar16	Jun16
Promoter	73.3	73.3	73.3
FII	10.6	12.1	8.5
DII	3.4	3.3	4.4
Others	12.7	11.3	13.8

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**CENTURY PLYBOARDS (INDIA) LIMITED (CPIL)** reported reasonably good set of results for 1QFY17. Plywood volume/ revenue grew at healthy pace of 18%/12% though margin squeezed while laminates volume/revenue grew 16%/10% though margins expanded. Lower finance cost though supported the bottom-line. The Company strategically focused on promoting the mid-market plywood brand SAINIK (grown by 30%) sensing the shift in demand from premium plywood to mid-market segment. While underlying demand scenario remains challenging over the medium term, CPIL's investments in MDF and Particle Boards and strengthening RM sourcing overseas provides promising growth visibility over the long term. The management highlighted issues regarding ban on export of veneer from LAOS is resolved. Passage of GST will further bolster CPIL's prospects as the current organized/unorganized market segmentation of 30/70 will undergo a sea-change cannibalizing small players over the coming years. We remain positive on CPIL in the backdrop of its superior brand and aggressive marketing strategy that will work well in garnering increased market share. Reiterate BUY.

### Revenue growth of 10% aided by Plywood (+12%), laminate up 3.4%

Century ply reported healthy 10% revenue growth at Rs4036mn. Plywood volume/ revenue grew by 18% / 12% aided by 30% jump in mid-market SAINIK brand and 44% jump in commercial veneer. Overall realisation dipped by 5% to Rs46416/ CBM due to 15% drop in commercial veneer realization (imports from Myanmar and LAOS). At Rs2865mn plywood constituted 71% of the total revenue. Laminates segment volume/revenue grew by 16% /10%. Export volume declined 10% due to Ramzan while domestic volume surged by 27% though realization dipped 8% due to change in product mix. Laminate revenue at Rs795mn constituted 20% of the total revenue. CFS division revenue grew 35% yoy to Rs 234mn (6% of revenue).

### Margin squeeze in plywood business led to flat EBIDTA though PAT up 7%

EBIDTA was flat yoy at Rs683mn. Sharp decline in plywood EBITM at 15.2% (17.3% yoy and 15% qoq) was partially offset by improved profitability in laminates business at 14.8% (13.4% yoy and 14.7% qoq). CFS margins remained healthy at 33.6% (31% yoy and 36.6% qoq) led by improved utilization. Lower interest cost (-27%) helped boost PAT by 7% at Rs431mn. Overall EBIDTAM marginally dipped to 16.8% (18.2% yoy and 17% qoq) while PATM was strong at 10.5% (10.8% yoy and 9% qoq).

### Building blocks in place, macro environment improving with GST, BUY

While underlying demand scenario remains challenging for plywood and panel products over the medium term, CPIL's investments in MDF and Particle Boards and strengthening raw material sourcing overseas (Laos and Myanmar) provides promising growth visibility over the long term. Passage of GST will further bolster CPIL's prospects as the current organized/unorganized positioning of 30/70 will undergo a sea-change cannibalizing small players over the coming years. We remain positive on CPIL in the backdrop of its superior brand, entry in mid-market (SAINIK brand) and aggressive marketing strategy that will work well in garnering increased market share. We forecast sales, EBITDA and PAT to grow at a CAGR of 18%, 23% and 18% respectively over FY16-18E. At CMP, the stock is trading 25.8x and 20.3x FY17/18 EEPS respectively. Reiterate BUY.

### Exhibit 1: Key Financials

Y/E Mar (Rs mn)	FY14	FY15	FY16	FY17E	FY18E
Sales	12840	15648	16585	18712	23343
yoy (%)	13.5	21.9	6.0	12.8	24.7
EBITDA	1482	2498	2829	3227	4274
yoy (%)	31.3	68.6	13.2	14.1	32.4
PAT	669	1508	1681	1836	2340
yoy (%)	27.1	125.3	11.4	9.2	27.5
Equity	223	223	223	223	223
EPS (Rs)	3.0	6.8	7.6	8.3	10.5

Source: Company, AMSEC Research

### Exhibit 2: Key Indicators

Y/E Mar	FY14	FY15	FY16	FY17E	FY18E
EBITDAM (%)	11.5	16.0	17.1	17.2	18.3
NPM (%)	5.2	9.4	10.1	9.8	9.9
PER (x)	53.9	22.4	28.2	25.8	20.3
P/BV (x)	12.4	8.7	9.0	7.1	5.6
EV/Sales (x)	3.2	2.5	3.1	2.8	2.3
EV/ EBITDA (x)	27.5	15.5	18.3	16.5	12.5
RoACE (%)	16.6	26.9	26.4	23.7	24.5
RoANW (%)	24.7	44.4	36.7	30.6	30.7

**Exhibit 3: 1QFY17 Financials (Standalone)**

Y/E Mar (Rs.mn)	1QFY16	2QFY16	3QFY16	4QFY16	1QFY17	yoy (%)	qoq (%)	FY16
Gross Sales	3987	4758	4189	4866	4376	9.7	-10.1	17800
Less: Excise Duty	321	367	303	353	340	5.7	-3.9	1345
Net Sales	3666	4391	3886	4512	4036	10.1	-10.6	16455
Other operating income	29	31	20	35	21	-27.4	-38.8	116
<b>Net Sales &amp; Other Operating Income</b>	<b>3695</b>	<b>4422</b>	<b>3906</b>	<b>4547</b>	<b>4058</b>	<b>9.8</b>	<b>-10.8</b>	<b>16571</b>
Total Expenditure	3024	3684	3210	3774	3374	11.6	-10.6	13692
(Increase) / Decrease In Stocks	-41	273	-308	-6	-94	132.1	1,367.1	-81
Purchase of Finished Goods	430	445	612	690	606	41.1	-12.1	2176
Cost of Services & Raw Materials	1567	1626	1534	1611	1533	-2.2	-4.8	6338
Operating & Manufacturing Expenses	570	763	808	866	713	25.0	-17.7	3007
Employee Cost	510	568	595	626	638	25.1	1.9	2299
Loss on Foreign Exchange	-12	9	-30	-13	-22	76.9	71.8	-46
<b>EBIDTA</b>	<b>671</b>	<b>738</b>	<b>696</b>	<b>773</b>	<b>683</b>	<b>1.8</b>	<b>-11.6</b>	<b>2879</b>
Other Income	4	5	7	1	8	97.3	823.0	17
Operating Profit	675	743	703	774	691	2.4	-10.7	2896
Interest	122	135	107	103	89	-27.4	-14.0	467
PBDT	553	609	596	671	603	9.0	-10.2	2429
Depreciation	99	107	116	122	93	-6.6	-24.2	445
PBT	454	501	480	549	510	12.4	-7.0	1984
Tax	53	39	64	144	80	51.0	-44.5	299
<b>Profit After Tax</b>	<b>401</b>	<b>463</b>	<b>416</b>	<b>405</b>	<b>431</b>	<b>7.3</b>	<b>6.3</b>	<b>1685</b>
Other comprehensive	-5	0	0	0	-6	14.2	-	-5
<b>Net Profit (after Extraordinary Items)</b>	<b>396</b>	<b>463</b>	<b>416</b>	<b>405</b>	<b>425</b>	<b>7.2</b>	<b>4.8</b>	<b>1680</b>
Equity Capital	222.5	222.5	222.5	222.5	222.5			222.5
EPS (Reported)	1.8	2.1	1.9	1.8	1.9			7.5
EPS (Adjusted)	1.8	2.1	1.9	1.8	1.9			7.6
EBIDTA (%)	18.2	16.7	17.8	17.0	16.8	(132bp)	(16bp)	17.4
PATM (%)	10.8	10.5	10.7	9.0	10.5	(29bp)	155bp	10.2
Tax / PBT (%)	11.6	7.7	13.3	26.2	15.6	399bp	(1055bp)	15.1
Raw material / Net sales (%)	54.5	47.2	55.2	51.0	53.0	(146bp)	202bp	51.7
Employee cost / Net Sales (%)	13.9	12.9	15.3	13.9	15.8	190bp	192bp	14.0

Source: Company, AMSEC Research

**Exhibit 4: 1QFY17 Segmental Financials (Standalone)**

Particulars, Rs mn	1QFY16	2QFY16	3QFY16	4QFY16	1QFY17	yoy (%)	qoq (%)	FY16
<b>Segment Revenue</b>								
Plywood and Allied Business	2566	3199	2753	3207	2866	11.7	-10.6	11735
Laminate and allied products	768	885	774	923	795	3.4	-13.8	3353
Container Freight station services	174	201	235	238	234	34.6	-1.6	848
Others	165	114	134	150	148	-10.2	-1.4	563
Total segment revenue	3673	4399	3896	4517	4042	10.1	-10.5	16499
Less: Intersegment Revenue	7	9	10	5	6	-11.6	22.1	31
<b>Net sales/Income from operations</b>	<b>3666</b>	<b>4390</b>	<b>3886</b>	<b>4512</b>	<b>4036</b>	<b>10.1</b>	<b>-10.6</b>	<b>16469</b>
<b>Segment Result</b>								
Plywood and Allied Business	444	507	408	482	436	-1.8	-9.6	1841
Laminate and allied products	103	106	104	136	118	14.2	-13.5	449
Container Freight station services	54	56	84	87	79	45.5	-9.8	282
Others	-1	-4	-1	-11	-4	150.0	-65.3	-17
Total	600	665	596	695	629	4.8	-9.5	2555
Less: Finance cost	122	135	107	103	89	-27.4	-14.0	467
Other Unallocable Expenditure net of Unallocable income	23	29	9	43	30	27.4	-30.8	104
<b>Total Profit/(Loss) before tax</b>	<b>454</b>	<b>501</b>	<b>480</b>	<b>549</b>	<b>510</b>	<b>12.4</b>	<b>-7.0</b>	<b>1984</b>
<b>Capital Employed</b>								
Plywood and Allied Business	5277	5732	5600	5017	5232	-0.8	4.3	5017
Laminate and allied products	1748	1767	2310	1572	1594	-8.8	1.4	1572
Container Freight station services	558	618	631	595	531	-4.8	-10.8	595
Others	143	102	153	118	54	-62.4	-54.2	118
<b>Total</b>	<b>7726</b>	<b>8220</b>	<b>8694</b>	<b>7302</b>	<b>7411</b>	<b>-4.1</b>	<b>1.5</b>	<b>7302</b>
<b>EBIT/Sales (%)</b>								
Plywood and Allied Business	17.3	15.8	14.8	15.0	15.2	(209bp)	18bp	15.7
Laminate and allied products	13.4	12.0	13.4	14.7	14.8	140bp	6bp	13.4
Container Freight station services	31.0	28.0	35.9	36.6	33.6	253bp	(303bp)	33.2
Others	-0.9	-3.7	-0.4	-7.0	-2.5	(158bp)	456bp	-3.0
<b>Total</b>	<b>16.3</b>	<b>15.1</b>	<b>15.3</b>	<b>15.4</b>	<b>15.6</b>	<b>(78bp)</b>	<b>17bp</b>	<b>15.5</b>
<b>EBIT/Capital Employed (%)</b>								
Plywood and Allied Business	8.4	8.8	7.3	9.6	8.3	(8bp)	(128bp)	36.7
Laminate and allied products	5.9	6.0	4.5	8.6	7.4	149bp	(127bp)	28.5
Container Freight station services	9.7	9.1	13.4	14.6	14.8	512bp	17bp	47.3
Others	-1.0	-4.2	-0.4	-8.9	-6.8	(575bp)	218bp	-14.3
<b>Total</b>	<b>7.8</b>	<b>8.1</b>	<b>6.9</b>	<b>9.5</b>	<b>8.5</b>	<b>72bp</b>	<b>(103bp)</b>	<b>35.0</b>

Volume data	1QFY16	2QFY16	3QFY16	4QFY16	1QFY17	yoy (%)	qoq (%)	FY16
<b>Volume</b>								
Plywood (CBM)	52,516	68,127	57,955	64,745	61,735	17.6	-4.6	2,41,915
Laminates (Sheets)	9,09,079	12,53,629	10,56,528	12,10,639	10,52,660	15.8	-13.0	42,60,499
<b>Net sales (Rs.mn)</b>								
Plywood	2,566	3,199	2,753	3,207	2,866	11.7	-10.6	11,735
Laminates	768	885	774	923	795	3.4	-13.8	3,353
<b>Average realization</b>								
Plywood	48,859	46,956	47,501	49,531	46,416	-5.0	-6.3	48,509
Laminates	845	706	732	762	755	-10.7	-0.9	787

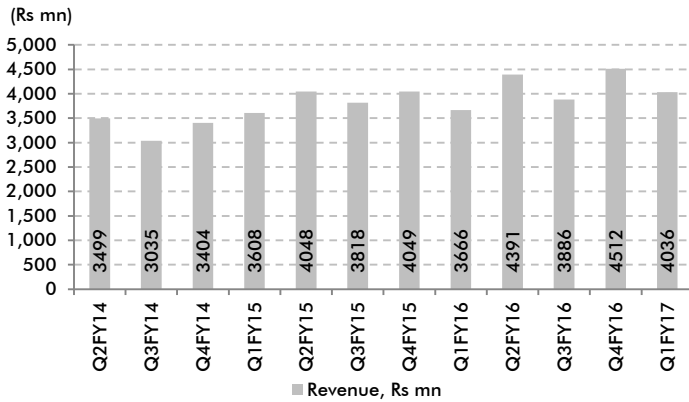
Source: Company, AMSEC Research

## Concall Takeaways

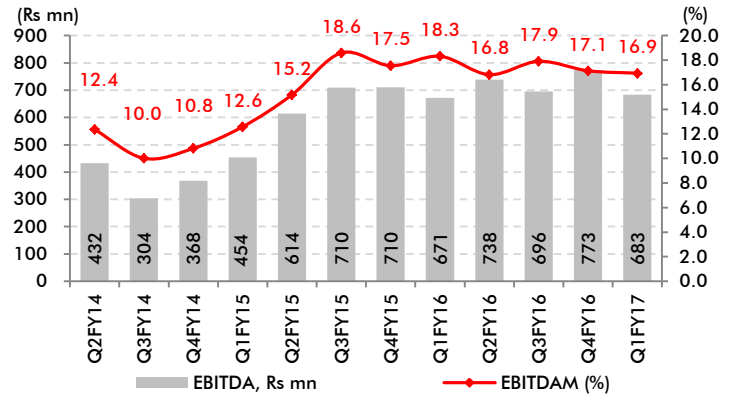
### Business operations:

- **Plywood:** SAINIK, the mid-market brand is growing at fast pace. In 1Q the brand grew by 30% constituting 20% of volume and 18% of plywood revenue. With GST coming in, the Company is expecting the brand to catch well against unorganised players.
- **Particle board plant** (200CBM/day) is stabilized since July 2016. Expecting 70% plus utilization by end of FY17 and 30% EBITM @ Rs12000 realisation. Setting up two lines for pre-laminated particle board plant soon.
- **MDF:** The plant (600CBM/day) will be commissioned by February 2017. Expecting strong growth for MDF industry over next three to five years. MDF will also cannibalize lower quality plywood.
- **Laminates:** Domestic realisation declined due to change in product mix due to higher quantity of 0.8mm products sold compared to 1mm products. Exports declined due to non-shipment of goods due to Ramzan. Will be made up in Jul-Sept quarter. Pre-lam business was down 35% during the quarter. The company stopped pre-laminating of imported particle board. Post commissioning of two pre-laminated particle board lines, the business will improve significantly.
- **Strong reach:** Current network is 2,000 Dealers and 18,000 Distributors. Besides leveraging existing network, working on exclusive dealers and distributors for sale of pre-lam and MDF products
- **Total capex over FY16-19** Rs6.2bn.
- Targeting to become Rs 50bn revenue Company by 2021.
- Passage of GST will be positive for the company on three counts: 1. Will reduce the tax incidence on the company by 10/12% assuming GST rate is 18/20%. 2. Bring the unorganised players under tax net there by reducing the price gap between organised and unorganised players. 3. Will bring transparency in the business there by dealers will prefer to work with organised players.  
The company will partly pass on the benefit to end-customer to enhance its competitiveness. It will also help improve margins.
- **International Operations:** The issues in **LAOS** relating to ban on timber and veneer export have been resolved. Post discussion with the new government, the company is allowed to export veneer from LAOS though core timber will be have to be used there. The company is setting up two plywood units (one in one under FDI route, total 20,000CBM capacity) that will consume entire core produced by its six peeling units (peeling capacity: 64000CBM operational and 48000CBM under installation). Many players exited LAOS due to uncertainty, getting Century an edge. Total investment in LAOS is Rs1bn plus Rs200mn to be invested in two plywood units.
- **Myanmar:** Invested Rs435mn in Myanmar for face veneer (peeling capacity 40000CBM). Myanmar government may also consider imposing ban on export of timber / veneer.

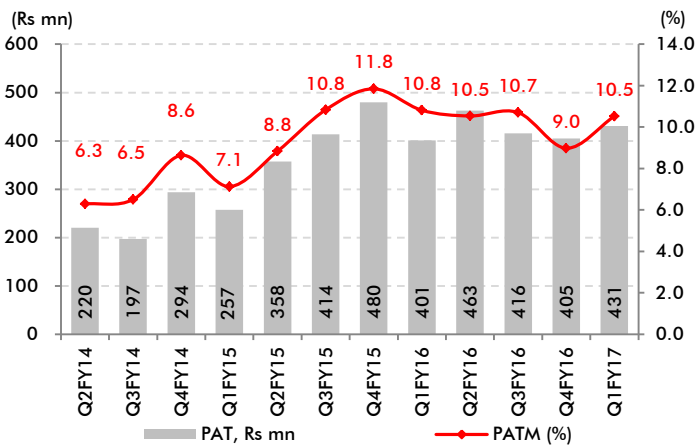
**Exhibit 5: Quarterly Revenue Trend**



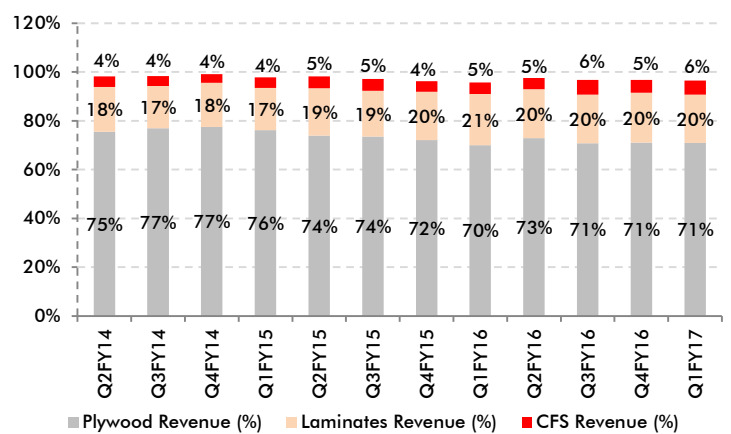
**Exhibit 6: Quarterly EBITDA Trend**



**Exhibit 7: Quarterly PAT Trend**



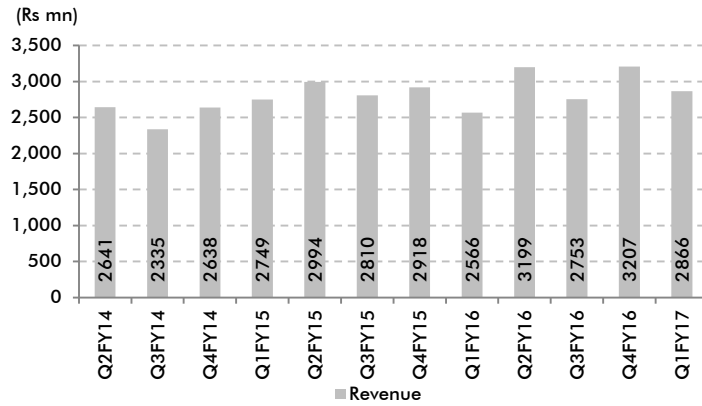
**Exhibit 8: Segment Revenue Contribution**



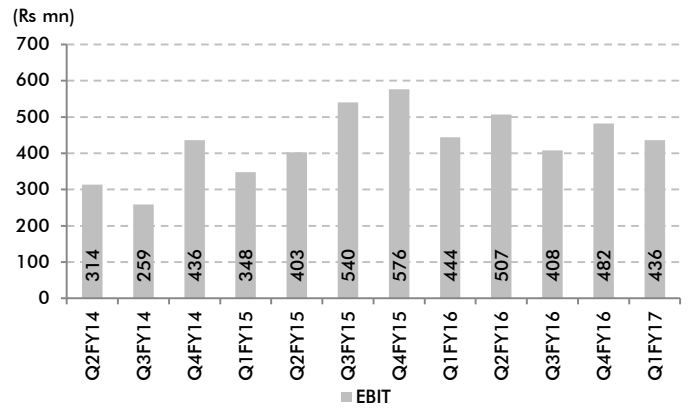
Source: Company, AMSEC Research

**Quarterly Segment performance-Plywood**

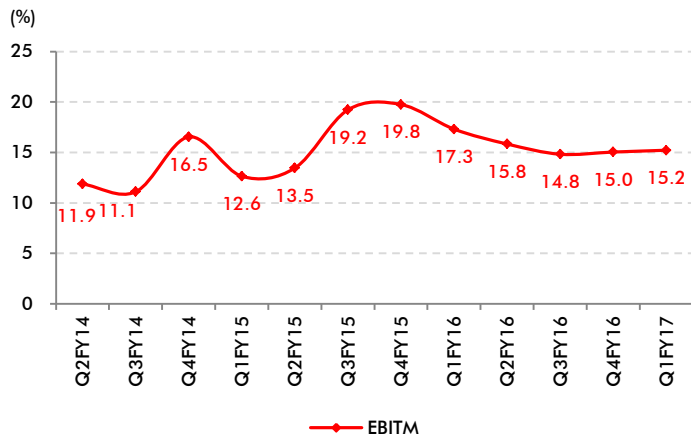
**Exhibit 9: Revenue**



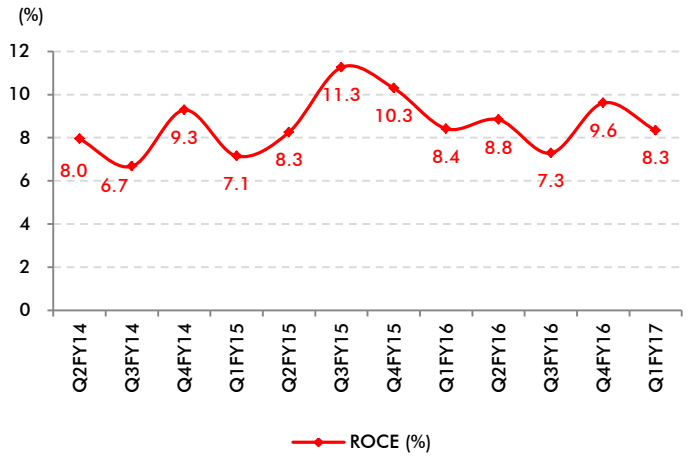
**Exhibit 10: EBIT**



**Exhibit 11: EBIT/Sales**



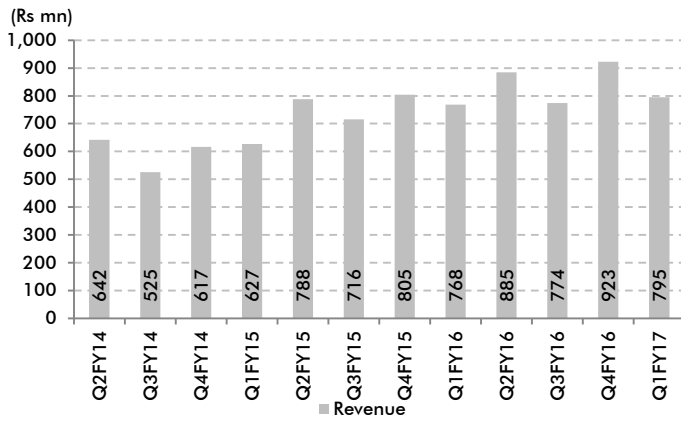
**Exhibit 12: ROCE**



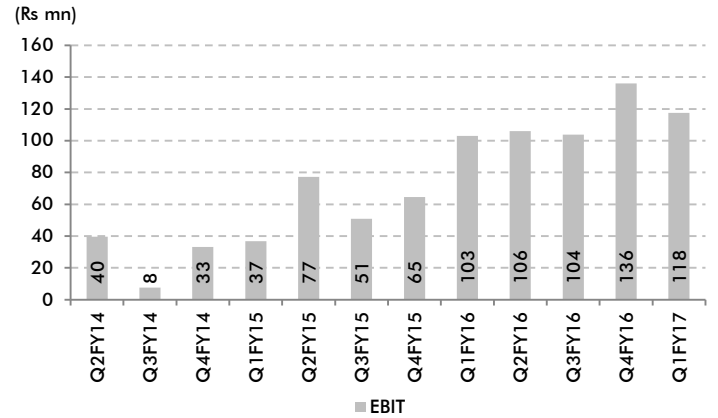
Source: Company, AMSEC Research

**Quarterly Segment performance -Laminates**

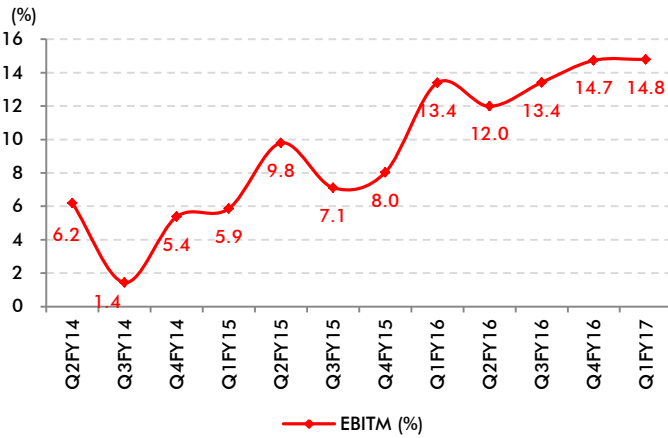
**Exhibit 13: Revenue**



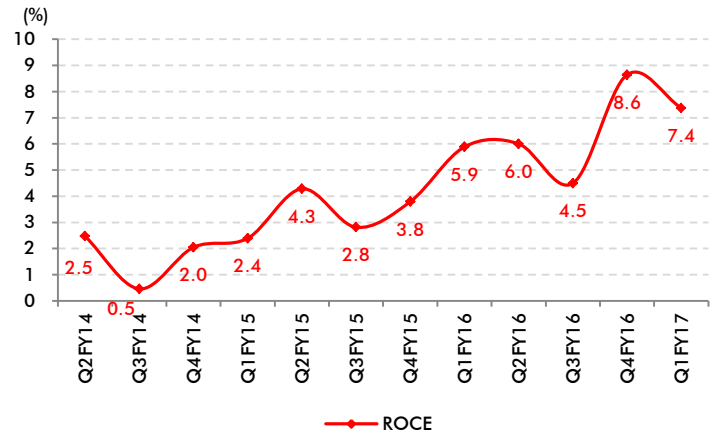
**Exhibit 14: EBIT**



**Exhibit 15: EBIT/Sales**



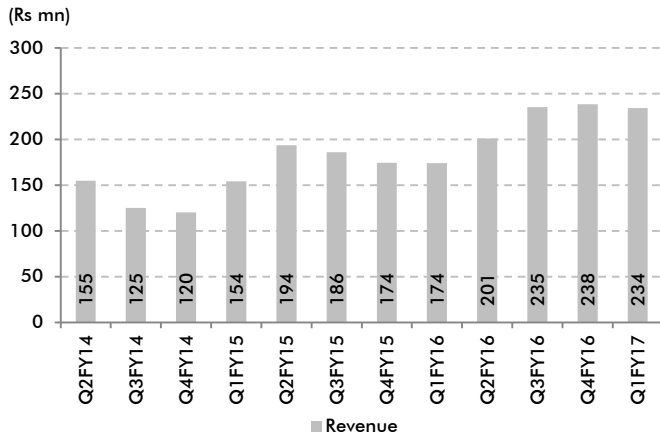
**Exhibit 16: ROCE**



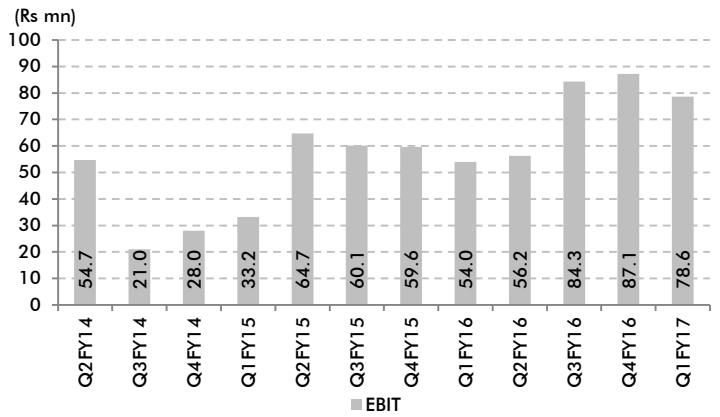
Source: Company, AMSEC Research

**Quarterly Segment performance -CFS**

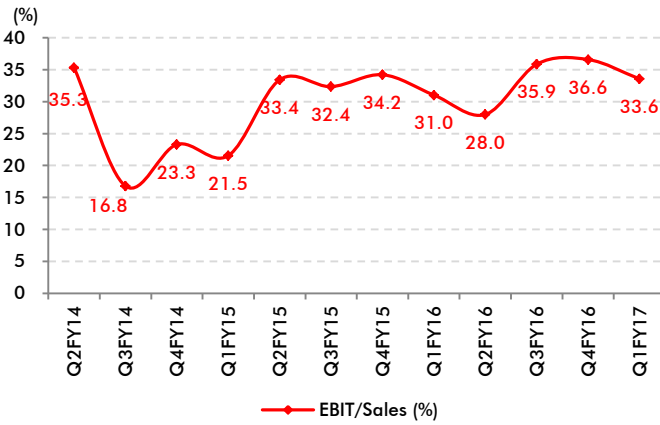
**Exhibit 17: Revenue**



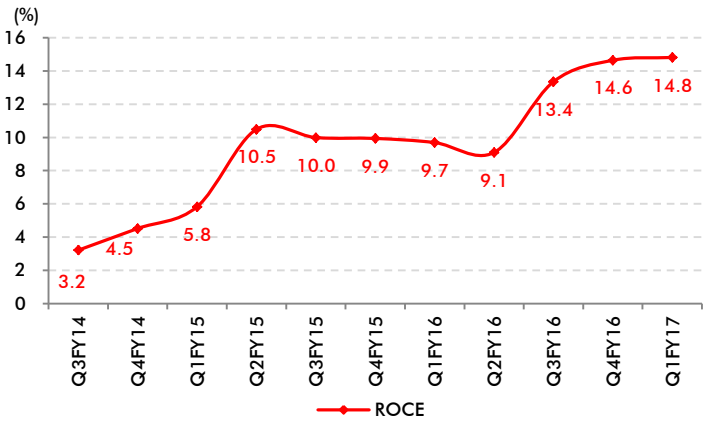
**Exhibit 18: EBIT**



**Exhibit 19: EBIT/Sales**



**Exhibit 20: ROCE**

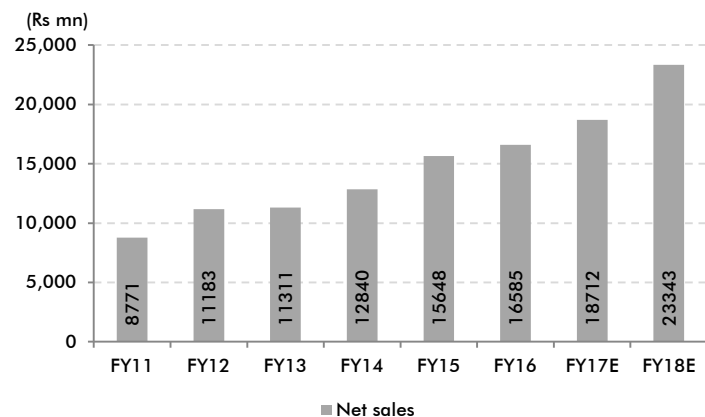


Source: Company, AMSEC Research

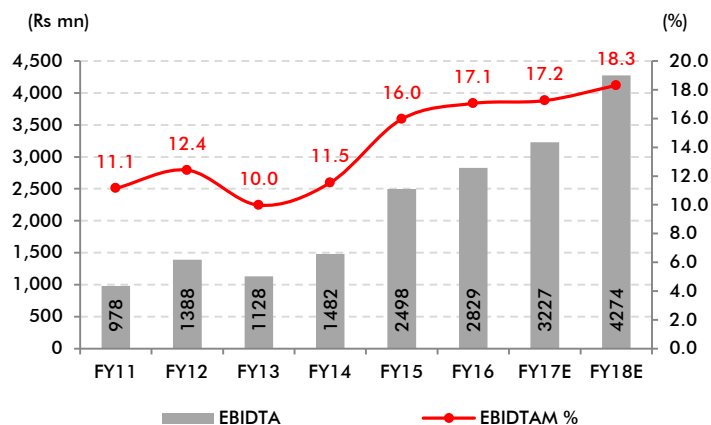


**Financial snapshot (Standalone)**

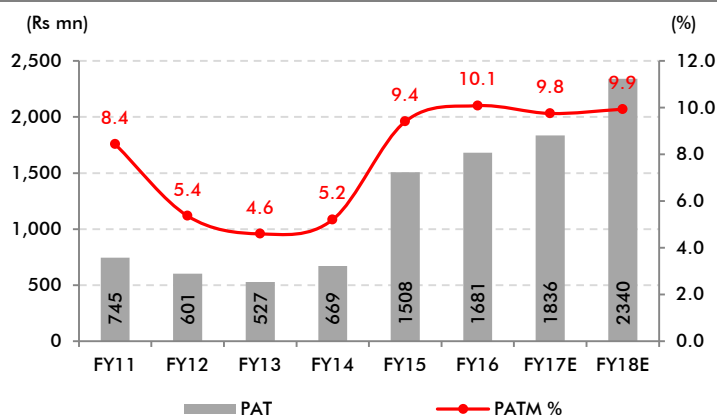
**Exhibit 21 : Revenue**



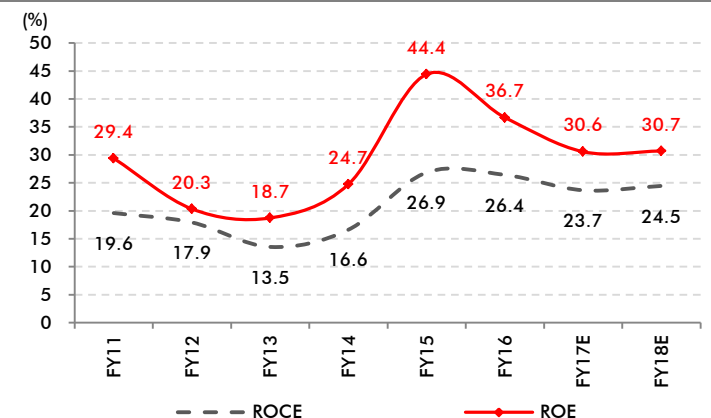
**Exhibit 22 : EBIDTA & EBIDTAM (%)**



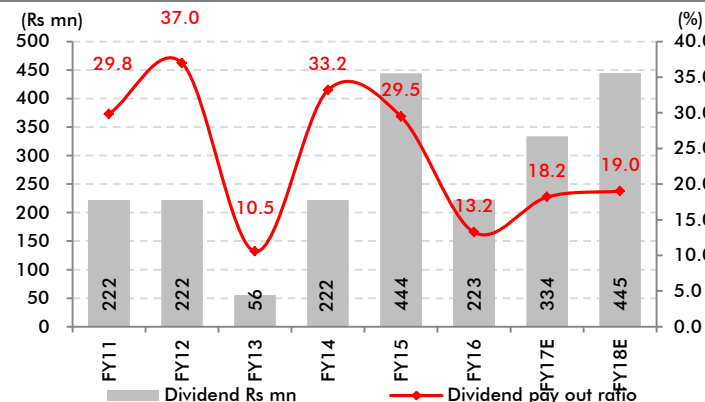
**Exhibit 23: PAT & PATM (%)**



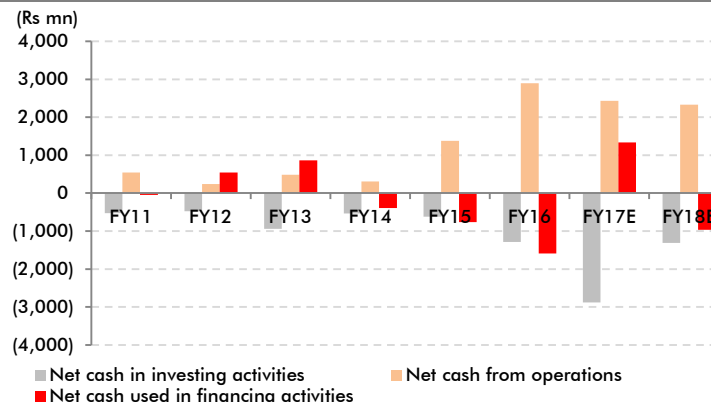
**Exhibit 24: Return Ratios**



**Exhibit 25: Dividend and Dividend payout ratio**



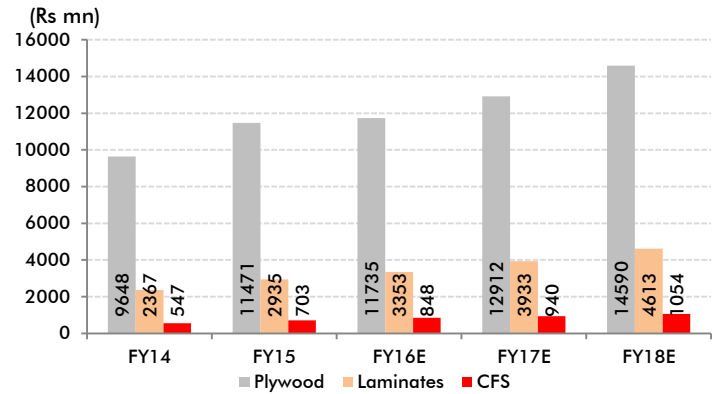
**Exhibit 26: Cash Flow**



Source: Company, AMSEC Research

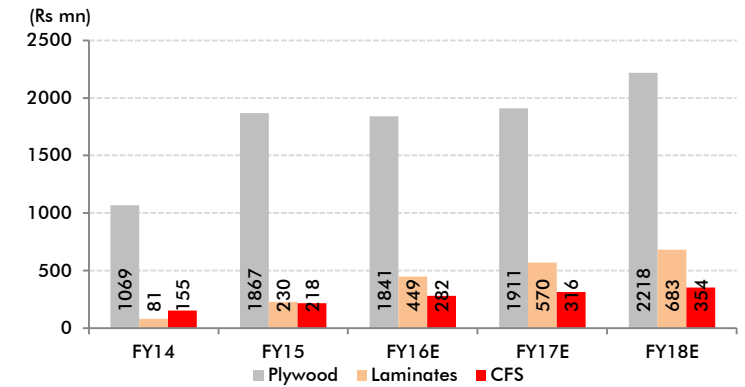
**Yearly Segment performance**

**Exhibit 27: Segment revenue trend**



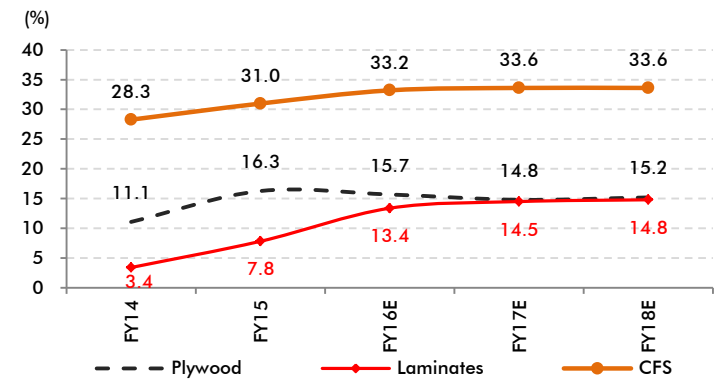
Source: Company, AMSEC Research

**Exhibit 28: Segment EBIT trend**



Source: Company, AMSEC Research

**Exhibit 29: Segment EBITM trend**



Source: Company, AMSEC Research

## Century Plyboards (India) Ltd. Financials (Standalone)

(Rs mn)

## Profit and Loss Account

Y/E (Mar)	FY14	FY15	FY16	FY17E	FY18E
<b>Net sales</b>	<b>12840</b>	<b>15648</b>	<b>16585</b>	<b>18712</b>	<b>23343</b>
Inc./(Dec.e) in Stock	-24	389	81	116	216
Raw material cons.	7633	8946	8514	9693	12138
Power & Fuel cost	270	311	301	331	397
Employee cost	1514	1933	2306	2583	3151
Other manufact. Exp.	830	951	1042	1146	1375
General & Adm. Exp.	194	202	220	237	280
Selling & Adm Expen.	412	764	970	1086	1325
Misc. Expenses	530	576	485	524	618
<b>Total expenditure</b>	<b>11382</b>	<b>13539</b>	<b>13837</b>	<b>15600</b>	<b>19285</b>
<b>Operating profit</b>	<b>1482</b>	<b>2498</b>	<b>2829</b>	<b>3227</b>	<b>4274</b>
Other income	95	181	63	69	79
Interest expense	551	433	467	547	661
Gross Profit	1025	2246	2424	2750	3692
Dep. & Amortization	332	448	446	564	838
PBT	693	1798	1978	2186	2854
Provision for Tax	24	290	297	350	514
<b>Reported Net Profit</b>	<b>669</b>	<b>1508</b>	<b>1681</b>	<b>1836</b>	<b>2340</b>
Share O/s mn	223	223	223	223	223
<b>EPS Rs</b>	<b>3.0</b>	<b>6.8</b>	<b>7.6</b>	<b>8.3</b>	<b>10.5</b>

## Cash Flow Statement

Y/E (Mar)	FY14	FY15	FY16	FY17E	FY18E
PBT	693	1798	1978	2186	2854
Non-cash adjust.	829	842	999	1112	1498
Chg. in working cap.	-1104	-918	382	-470	-1464
Tax & Interest Paid	-112	-344	-463	-400	-554
<b>Cashflow from oper.</b>	<b>306</b>	<b>1378</b>	<b>2895</b>	<b>2428</b>	<b>2335</b>
Capital expenditure	-482	-546	-1266	-2804	-1256
Change in invest.	-227	-65	-44	-75	-57
<b>Cashflow from inv.</b>	<b>-533</b>	<b>-624</b>	<b>-1287</b>	<b>-2879</b>	<b>-1313</b>
Issue of equity	0	0	0	0	0
Issue/repay debt	0	0	0	2283	234
Interest Paid	-253	-296	-467	-547	-661
Dividends paid	-56	-389	-499	-334	-445
Other fin. Cash flow	-305	-129	-2	0	0
<b>Cash flow from fin.</b>	<b>-391</b>	<b>-764</b>	<b>-1588</b>	<b>1335</b>	<b>-962</b>
<b>Chg cash &amp; cash eq</b>	<b>-617</b>	<b>-10</b>	<b>20</b>	<b>884</b>	<b>60</b>
<b>Open. cash eq</b>	<b>797</b>	<b>180</b>	<b>170</b>	<b>190</b>	<b>1075</b>
<b>Clsq cash &amp; cash eq</b>	<b>180</b>	<b>170</b>	<b>190</b>	<b>1075</b>	<b>1134</b>
<b>CashFlow to firm</b>	<b>-175</b>	<b>832</b>	<b>1629</b>	<b>-376</b>	<b>1079</b>

## Key Ratios

Y/E Mar	FY14	FY15	FY16	FY17E	FY18E
<b>GROWTH YOY%</b>					
Sales Growth	13.5	21.9	6.0	12.8	24.7
EBITDA Growth	31.3	68.6	13.2	14.1	32.4
Net Profit Growth	27.1	125.3	11.4	9.2	27.5
Gross Fixed Asset Growth	17.0	11.1	8.7	78.2	15.6
<b>PROFITABILITY</b>					
Gross Profit/ Net sales (%)	23.9	23.6	30.3	30.0	30.0
EBITDA / Net Sales (%)	11.5	16.0	17.1	17.2	18.3
NPM / Total income (%)	5.2	9.4	10.1	9.8	9.9
Raw Material/Net Sales (%)	59.4	57.2	51.3	51.8	52.0
Int/PBIT (%)	47.9	21.1	19.6	20.5	19.2
ROE (%)	24.7	44.4	36.7	30.6	30.7
ROCE (%)	16.6	26.9	26.4	23.7	24.5
ROIC (%)	17.1	23.3	23.3	20.8	21.0
Tax / PBT (%)	3.4	16.1	15.0	16.0	18.0
<b>TURNOVER (Days)</b>					
Net Working Cycle	129	130	105	125	122
Debtors Velocity	58	63	64	65	65
Inventory	94	89	73	74	74
Creditors Velocity	28	27	36	35	35
Gross Asset Ratio	3.7	4.0	3.8	3.0	2.7
Total Asset Ratio	1.4	1.6	1.5	1.4	1.4
<b>LIQUIDITY (x)</b>					
Gross Debt-Equity Ratio	1.7	1.3	0.9	1.0	0.8
Net Debt-Equity Ratio	1.6	1.2	0.8	0.9	0.7
Interest Coverage	2.1	4.7	5.1	4.9	5.2
Current Ratio (x)	1.1	1.2	1.2	1.4	1.5
Quick Ratio (x)	0.6	0.6	0.7	0.9	0.9
<b>PAYOUT</b>					
Payout (%)	33.2	29.5	13.2	18.2	19.0
Dividend (%)	1.0	2.0	1.0	1.5	2.0
Yield (%)	0.6	1.3	0.5	0.7	0.9
<b>Du Pont Analysis</b>					
NP / PBT (%)	96.6	83.9	85.0	84.0	82.0
PBT / EBIT (X)	0.6	0.9	0.8	0.8	0.8
EBIT / Sales (X)	9.0	13.1	14.4	14.2	14.7
Sales / Assets (X)	1.3	1.5	1.5	1.2	1.3
Assets / Equity (X)	3.3	2.7	2.1	2.3	2.1
ROE (%)	24.7	44.4	36.7	30.6	30.7

## Balance Sheet

Y/E (Mar)	FY14	FY15	FY16	FY17E	FY18E
<b>SOURCES OF FUNDS :</b>					
Share Capital	223	223	223	223	223
Reserves Total	2692	3653	5066	6500	8305
<b>Total Shareh. Funds</b>	<b>2914</b>	<b>3876</b>	<b>5289</b>	<b>6723</b>	<b>8528</b>
<b>Non-Current Liab.</b>					
Long term borrowings	1180	814	641	2669	2717
Deferred tax liability	-5	-70	-136	-186	-226
Other long term liab.	16	28	47	53	64
Long-term provisions	237	0	0	0	0
Long-term trade pay.	3	0	0	0	0
<b>Current Liabilities</b>					
Short term borrowings	3279	3744	3410	3610	3710
Trade payables	592	652	848	929	1164
Other current liabilities	870	959	1135	1266	1508
Short term provisions	661	426	90	519	696
<b>Total Equity &amp; Liab.</b>	<b>9746</b>	<b>10429</b>	<b>11324</b>	<b>15583</b>	<b>18160</b>
<b>APPLICATION OF FUNDS :</b>					
<b>Non Current Assets</b>					
<b>Fixed Assets</b>					
Gross Block	3744	4159	4520	8057	9313
Less:Accumulated Dep.	1624	2070	2480	3044	3882
Capital Work in Prog.	188	227	301	200	200
Non current Investment	379	451	497	571	628
Long term loans & adv.	914	789	1076	1206	1471
Other non-current ass.	24	23	0	0	0
<b>Current Assets</b>					
Current investment	0	0	0	0	0
Inventories	2927	3200	2752	3137	3858
Sundry Debtors	2046	2719	2898	3332	4157
Cash and Bank	180	170	190	1075	1134
Short Loans & Adv.	721	624	692	775	945
Others Current Assets	246	137	244	274	334
<b>Total Assets</b>	<b>9746</b>	<b>10429</b>	<b>11324</b>	<b>15583</b>	<b>18160</b>
<b>Valuation Matrix</b>					
EPS Rs	3.0	6.8	7.6	8.3	10.5
CEPS Rs	4.5	8.8	9.6	10.8	14.3
Book Value Rs	13.1	17.4	23.8	30.2	38.3
EV / Net Sales	3.2	2.5	3.1	2.8	2.3
EV / EBITDA	27.5	15.5	18.3	16.5	12.5
P / E Ratio	53.9	22.4	28.2	25.8	20.3
P / BV Ratio	12.4	8.7	9.0	7.1	5.6

## Recommendation rationale

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

## Sector rating

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

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