

Initiation

Century Plyboards (I) Ltd.

Durability carved out

BUY

Century Plyboards (Century) is one of the leading domestic players with ~25% share in the organized plywood industry. It is also the third largest player in the laminates business. We believe increasing demand for timber products along with preference for branded ones would drive revenue growth. Further, implementation of Goods and Services Tax (GST) could be a game changer in favor of organized players like Century. Post the export ban by Myanmar, Century ensured smooth supply of raw materials by commissioning its peeling plant in the country, thereby getting an edge over peers. We estimate revenue and profit CAGR of 22% and 47% over FY2014-17E. RoE is expected to improve to 39% in FY2017E from 25% in FY2014. The stock currently trades at 15.7x its FY2017E EPS of Rs9.6. We recommend BUY on Century with target price of Rs192.

Higher demand for branded products, GST implementation potential game changers: India's plywood market is largely dominated by unorganized players which account ~70% of the market share while the organized players account for the remaining ~30%. The overall Plywood industry is growing at 5-7% p.a. while organized players are expected to grow at a healthy rate of 15-20% going forward considering changing preference of consumers towards branded products. Currently, product prices of the unorganized players are available at a discount of 20-25% to that of organized players (due to tax structure), which we believe would be narrowed down post the implementation of GST.

Access to raw material – a key competitive advantage: Face timber, a key raw material for manufacturing plyboards (accounts for ~50% of its raw material cost) was earlier imported from Myanmar. However, in FY2013, Myanmar government banned the export of raw timber, which affected the prospects of all Indian timber importers. In order to overcome the issue, Century set up its subsidiary, Century Myanmar and commissioned a captive peeling unit which supplied veneer (semi processed timber logs) in India, thereby ensuring smooth production process.

Strong brand recall and large distribution network: Century is one of the leading players in the domestic plywood industry with ~7-8% market share. It also is the third largest player in the domestic laminates segment. It has consistently invested in building its brand and on an average has invested 3.3% of sales on advertisement and sales promotion. Retail network currently contributes ~90% of revenue while furniture manufacturers (OEM) contribute the remaining 10%. Century has pan India presence with over 10,000 sales points and has expanded its dealer network from 1,106 in FY2012 to 1,424 in FY2014.

Healthy financial performance: Over FY2009-14, Century's revenue, EBITDA and profit witnessed a CAGR of 15%, 23% and 9% respectively. With major capacity already in place (Century increased plywood and laminate capacity by 1.7x and 2x respectively over FY2011-14). We expect the RoE to improve to 39.1% in FY2017E from 25% in FY2014. We believe strong return ratios, improving free cash flows and constant payouts would drive growth for Century.

Risk factors: 1) Delay in recovery of demand; 2) INR depreciation; 3) Product substitute risk as medium density fiberboard (MDF) gaining momentum could affect its business prospects; 4) Any change in policy from Myanmar Government could impact raw material sourcing.

Valuation: At CMP, the stock trades at 15.7x its FY2017E EPS of Rs9.6. Considering its leadership position coupled with the favorable industry dynamics (higher demand for timber products and GST implementation) is likely to result in higher growth going forward. We initiate coverage with a BUY rating and a target price of Rs192, valuing it at 20x on its FY2017E EPS.

Financial Summary - Standalone

Y/E Mar (Rs Cr.)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj. PAT	YoY (%)	EPS (Rs)	P/E (x)	EV/EBITDA (x)	RoE (%)
FY2013A	1,131	1.1	113	10.0	53	-27.6	2.37	63.7	33.0	18.7
FY2014A	1,284	13.5	148	11.5	67	27.1	3.01	50.1	25.5	24.8
FY2015E	1,587	23.6	201	12.7	106	57.8	4.76	31.8	19.0	32.2
FY2016E	1,932	21.7	258	13.4	154	46.2	6.95	21.7	14.8	36.8
FY2017E	2,318	20.0	327	14.1	213	38.0	9.59	15.7	11.5	39.1

Source: Company, Centrum Wealth Research

Recommendation

Current Market Price (Rs)	151
Target Price (Rs)	192
Potential upside (%)	27.1
Sector Relative to Market	Outperform
Stock Relative to Sector	Outperform

Stock Information

BSE Code	532548
NSE Code	CENTURYPLY
Face Value (Rs/share)	1.0
No. of shares (Cr.)	22.2
Market Cap (Rs. Cr.)	3,355
Free float (Rs. Cr.)	858
52 Week H / L (Rs.)	164/22
Avg. Daily turnover (12M, Rs cr.)	5.3

Shareholding Pattern (%)

	Sept-14	Sept-13
Promoters	74.5	72.9
FII	5.9	1.2
DII	2.0	0.0
Others	17.6	25.9

1 year Indexed Performance



Price Performance (%)

	1M	3M	6M	12M
Century	35.5	75.4	173.4	534.8
BSE Small Cap	5.5	9.5	26.4	87.3

Source: Bloomberg, Centrum Wealth Research

Rijul Gandhi, Research Analyst
Siddhartha Khemka, VP Research

About the company

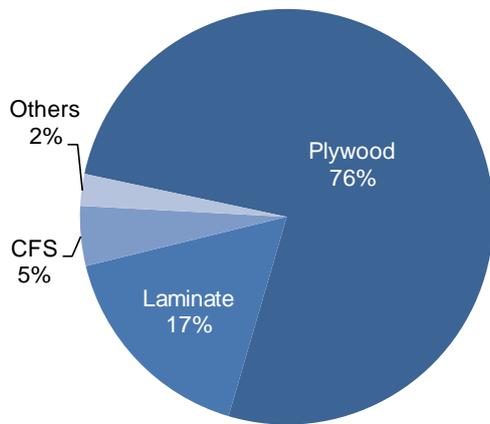
Century Plyboards (I) Ltd. (Century) is one of the leading plywood manufacturing companies in India with 25% share in the organized plywood industry. It has a capacity of 210,420 cubic meters (cbm) spread across six manufacturing units in India and one in Myanmar. Century is also the third largest player in the domestic laminates business after doubling its laminate capacity at its West Bengal plant from 2.4 million sheets to 4.8 million sheets.

Century is also present in the logistics services space with 2 container freight stations (CFS) near Kolkata Port in West Bengal. The CFS operation, started in FY2009 was the first privately owned CFS in Eastern India. The combined area of both the CFS is ~100,000 sqm having a capacity to handle 160,000 TEUs p.a.

It recently launched two new retail furniture chains under the brand 'Nesta' and plans to expand this business through a franchisee model. Century also introduced modular kitchen made of plywood with all-proof warranty.

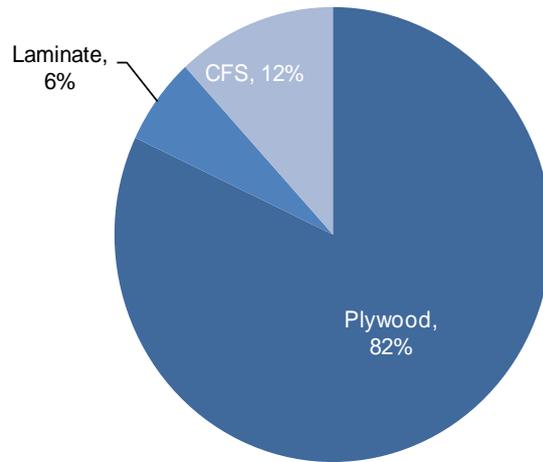
Plywood is the major segment for Century, contributing 76% to overall revenue (FY2014) and 82% of EBIT. Laminates contributes 17% of revenue and 6% of EBIT while Container Freight Station (CFS) segment contributes 5% of revenue and 12% of EBIT.

Exhibit 1: Revenue break-up (FY2014)



Source: Company, Centrum Wealth Research

Exhibit 2: EBIT break-up (FY2014)



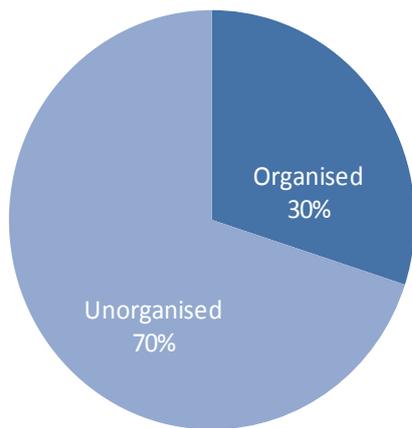
Source: Company, Centrum Wealth Research

Favorable Industry Dynamics

1) Increasing preference towards branded products to aid growth going ahead:

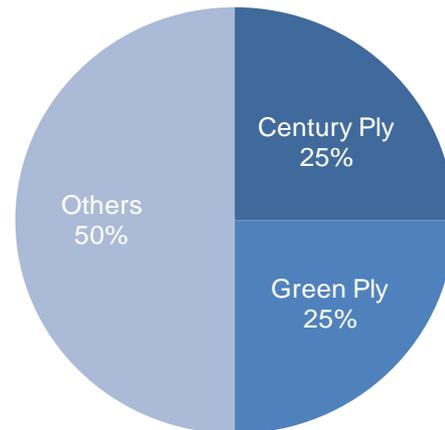
India’s plywood industry, estimated at ~Rs15,000 crore is largely dominated by unorganized players which account for ~70% of the plywood industry while the organized players account for the remaining 30%. According to industry reports, the domestic plywood industry is expected to grow at 5-7% p.a. and create an incremental opportunity worth Rs1,000 crore p.a. However, with the changing preference of consumers towards branded products, organized players are expected to grow at a healthy rate of 15-20% going forward and the unorganized share is expected to reduce to 50% over the next 8-10 years. The organized plywood market in India is mainly dominated by two players Century and Greenply which command ~25% market share each. The remaining 50% is held by regional players like Sarada Plywood, National Ply, Kitply etc. We believe the shifting preference of consumers towards branded products is likely to benefit organized players like Century.

Exhibit 3: Plywood industry in India



Source: Company, Centrum Wealth Research

Exhibit 4: Organised player share (%) in India



Source: Company, Centrum Wealth Research

2) Higher demand for timber products in home building material:

India’s increasing per capita income, urbanization coupled with the government’s added impetus on housing (launched ‘National Housing Mission’ in order to provide housing for all by CY2022) is likely to augur well for increase in housing demand going ahead. Further, increase in disposable income has led to a higher spending towards other household needs such as durables, interior décor and entertainment. Home building / improvement materials have witnessed a sharp growth across segments (paints, light, electrical, pipes, tiles, plyboards etc.). Considering increasing investment in interior décor, we expect a good demand for wood based products. According to industry reports, the Indian furniture market is likely to witness a CAGR of 25% over FY2015-2019E to Rs2,708 billion. Apart from its standardized plywood and other wood based offerings, we believe Century’s recent foray into retail furniture chain (under the brand Nesta) will also aid revenue growth going ahead.

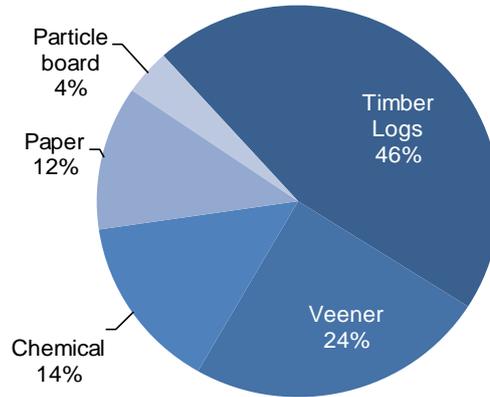
3) GST implementation likely to be game changer:

With the government’s thrust on the policy and reforms, we expect Goods and Services Tax (GST) to get implemented soon. GST would narrow the large indirect tax differential in the wood based products, bringing organized and unorganized players on an even platform. Product prices of the unorganized player are at a 20-25% discount to that of organized peers, mainly due to tax structure. The narrowing of pricing differential is likely to result in higher demand for branded products.

Access to raw material – a key competitive advantage:

Key raw materials for manufacturing plyboards include - face timber (accounts for ~50% of its cost), core timber (~30% of cost), and chemical and other materials (remaining of 20% of the cost). Myanmar is the biggest manufacturer of face timber and in the past most of the Indian players including Century imported timber from the country. Considering the interest of its country, Myanmar government in FY2013 banned the export of raw timber, which affected the prospects of all Indian timber importers. In order to overcome the issue, Century set up a subsidiary in Myanmar (Centuryply Myanmar Pvt Ltd) and commissioned a captive peeling unit which supplied veneer (semi processed timber logs) in India, thereby ensuring that its production is not affected. Further it is also likely to optimize logistic costs by replacing the transportation of bulky raw timber with lighter veneers. After meeting its own requirement, Century supplies veneer to unorganized local players thereby getting an edge over peers in terms of gross margins.

Exhibit 5: Raw material break-up (FY2014)



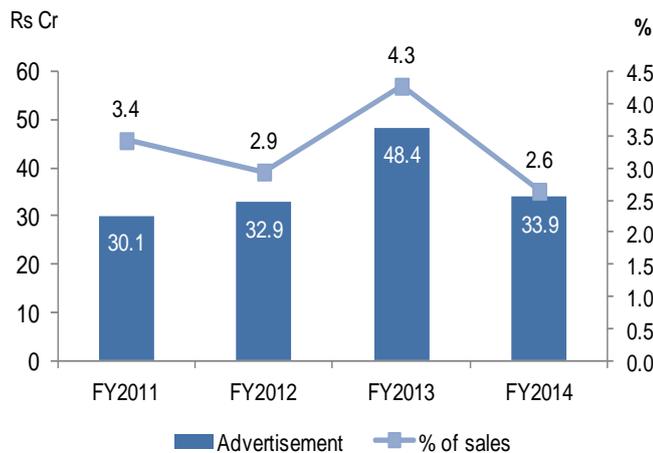
Source: Company, Centrum Wealth Research

Strong brand recall and large distribution network to drive market share gains

Century is one of the leading players with 25% share in the organized plywood industry. It is also the third largest player in the domestic laminates segment (after Greenply and Merino). The company has consistently focused on building its brand has cumulatively invested Rs145 crore over FY2010-14 on advertisement and promotion expenses. Over the years, Century has roped in celebrities like Nawab Pataudi, Sharmila Tagore, Nana Patekar as its brand ambassador, resulting into strong brand recall.

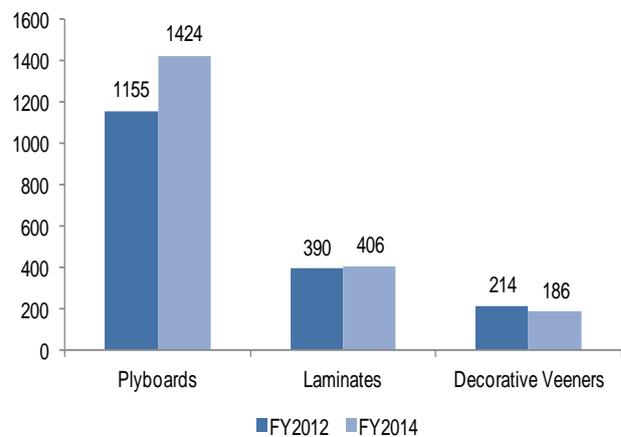
The company has pan India presence with over 10,000 sales points and has expanded its plywood dealer network from 1,106 in FY2012 to 1,424 in FY2014. Further, ~90% of its products are sold through the price-inelastic retail network and only 10% is sold through the discount-driven OEM network. With the industry witnessing shift from unbranded to branded products, we believe Century is likely to be a key beneficiary considering its strong brand and large distribution network.

Exhibit 6: Advertisement as a % of sales



Source: Company, Centrum Wealth Research

Exhibit 7: Dealer network



Source: Company, Centrum Wealth Research

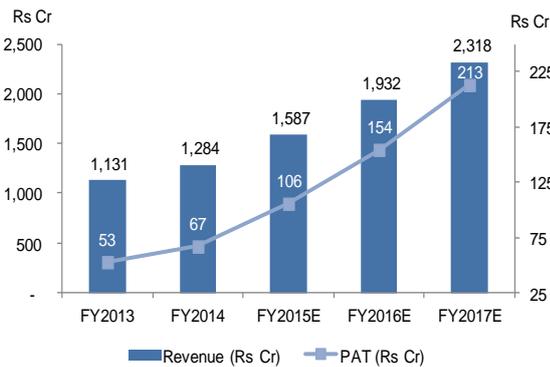
Healthy Financial Performance

Over FY2010-2014 Century's revenue, EBITDA and net profit witnessed a CAGR of 15%, 23% and 9% respectively. EBITDA margins of the company improved from 8.1% in FY2009 to 11.5% in FY2014. Rising disposable income, increasing demand for timber products in home building material and shift from unbranded to branded products is likely to drive company's growth going forward. We estimate Century's revenue and net profit CAGR of 22% and 47% over FY2014-2017E. EBITDA margins are also expected to improve gradually to 14.1% by FY2017E from 11.5% in FY2014.

With major capacity already in place (Century increased plywood and laminate capacity by 1.7x and 2x respectively over FY2011-2014) we believe company is likely to generate free cash flow from FY2015E onwards. We expect RoE and RoCE to 39.1% and 23.8% in FY2017E from 25% and 16% respectively in FY2014.

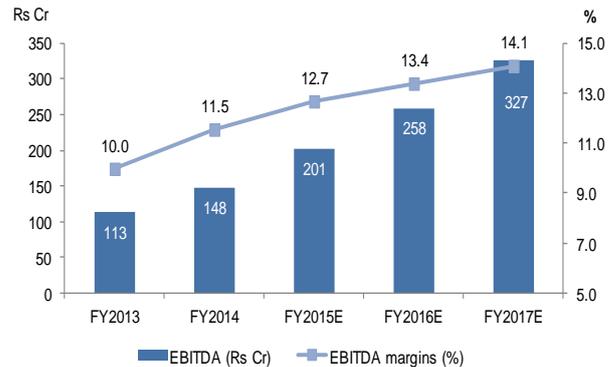
Management in its vision FY2020, has guided revenue and PAT CAGR of 25% and 40% to Rs5,000 crore and Rs500 crore, mainly on the back of high growth and EBITDA margin expansion.

Exhibit 8: Revenue and profit



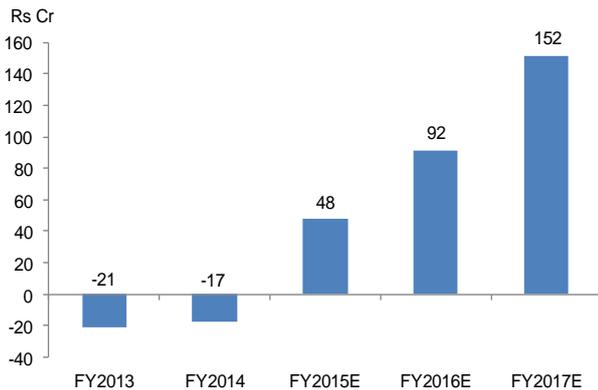
Source: Company, Centrum Wealth Research

Exhibit 9: EBITDA and EBITDA margins



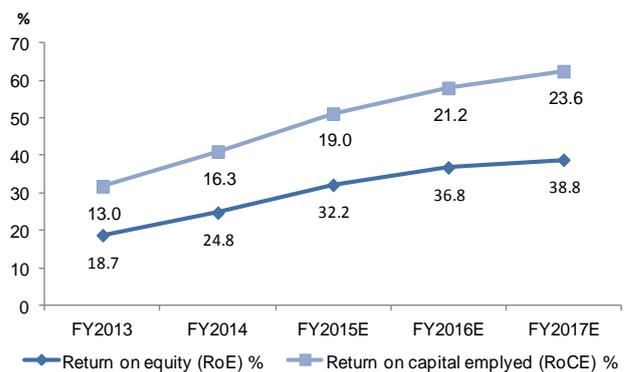
Source: Company, Centrum Wealth Research

Exhibit 10: Free cash flow



Source: Company, Centrum Wealth Research

Exhibit 11: Return ratios



Source: Company, Centrum Wealth Research

Exhibit 12: Quarterly Performance – Standalone

Y/E Mar (Rs Cr)	Q2FY2014	Q3FY2014	Q4FY2014	Q1FY2015	Q2FY2015
Revenue	352	306	343	363	407
YoY Growth (%)	26.3	10.1	14.0	27.9	15.7
Raw Material	204	182	205	215	231
% of sales	58.1	59.4	59.9	59.3	56.8
Personnel expenses	39	40	39	41	51
% of Sales	11.1	12.9	11.5	11.4	12.5
Manufacturing & Other Exp.	65	48	38	59	61
% of Sales	18.4	15.8	11.1	16.3	15.0
EBIDTA	43	36	60	47	64
EBIDTA margin %	12.3	11.8	17.5	13.0	15.7
Depreciation	8	9	9	10	11
Interest	13	8	21	7	12
Other Income	1	1	1	1	1
PBT	23	21	31	31	42
Provision for tax	1	1	2	5	6
Effective tax rate %	4.3	4.5	5.7	16.2	14.8
Net Profit	22	20	29	26	36
YoY Growth %	1.5	NM	(30.6)	NM	62.4
Net profit margin %	6.3	6.5	8.6	7.1	8.8

Source: Company, Centrum Wealth Research

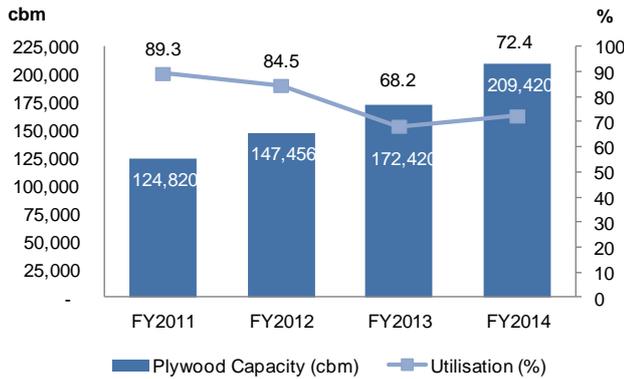
Segmental performance

1) Plywood Segment

Century is the largest manufacturer of plywood with a capacity of 210,420 cubic meters (cbm) in India. In FY2014, Plywood segment contributed 76% and 84% of its revenue and PBIT respectively. Its prominent brands include CenturyPly Club Prime Plywood, Architect Plywood, and Century Marine Plywood etc.

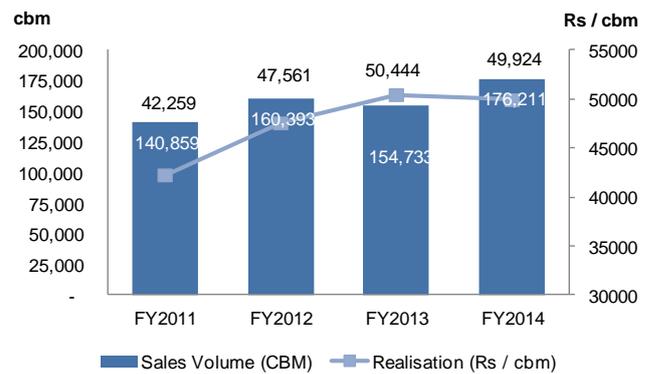
Century's plywood sales volume grew by 13.9% YoY to 176,211 cbm in FY2014. The company commissioned a new unit in Myanmar with a capacity of 6,000 cbm in FY2013. The overall utilization level stood at 72.4% in FY2014 as against 79.8% in FY2013. We believe the company's capacity expansion is in line with the rising demand and expect the utilization level to improve going forward. The company has focused on brand building and has recently roped in Nana Patekar as its brand ambassador for a new TV commercial - 'Khusiyon Ka Rangmanch'.

Exhibit 13: Plywood capacity & Utilization



Source: Company, Centrum Wealth Research

Exhibit 14: Plywood volumes & realization

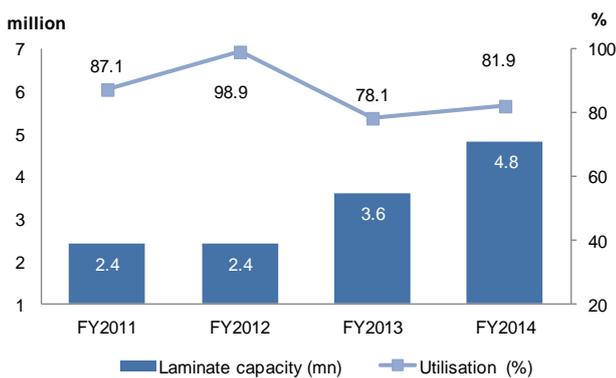


Source: Company, Centrum Wealth Research

2) Laminate Segment

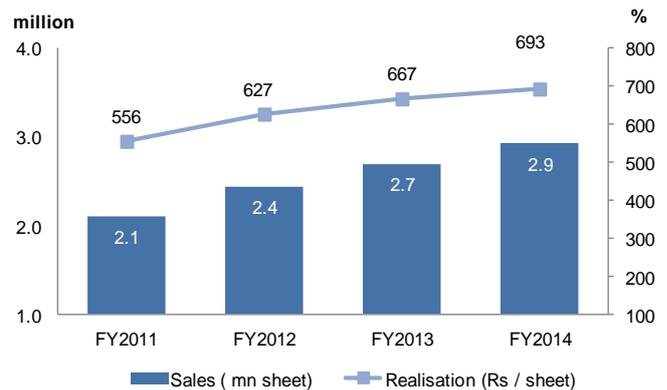
Century is the third largest player in India after Greenply's (Greenlam brand) and Merino. In FY2014, laminate segment contributed 17% and 6% of its revenue and PBIT respectively. Century doubled its manufacturing capacity from 2.4 million sheets in FY2012 to 4.8 million sheets in FY2014. The management plans to focus on the laminate segment which is likely to drive its revenue growth going forward. At present, the company has 700 stock keeping units (SKU's) and is likely to add 100 SKU's every year. Top brands of the company in the segment include Slimline, Opulenza, Magnetic, Flexo, Monocare etc. It offers laminates sheets ranging from 0.8 mm to 1.5mm in thickness which are scratch and abrasion resistant.

Exhibit 15: Laminate capacity & Utilization



Source: Company, Centrum Wealth Research

Exhibit 16: Laminate volumes & realization

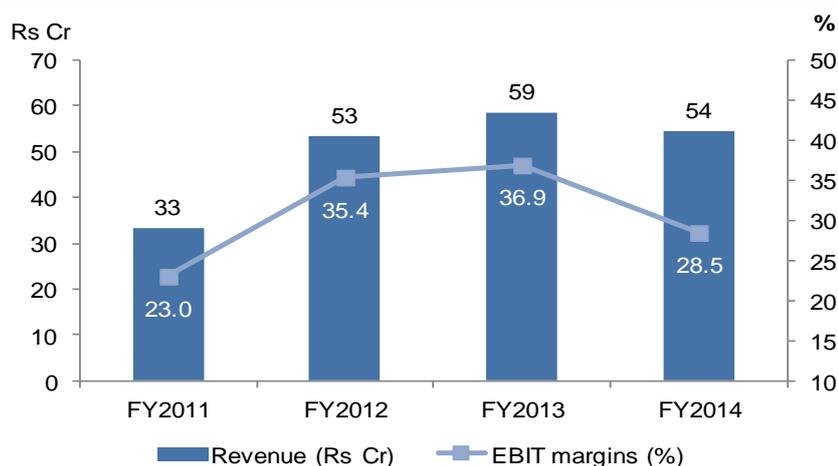


3) Container Freight Station (CFS)

Century accounts for 50% of the CFS capacity at the Kolkata Port. It has a cumulative capacity of 156,000 twenty foot equivalent unit (TEU) across two container freight stations (CFS) at Sonai (36,000 TEUs) and Jinjira Pole (120,000 TEUs). Both the CFS are spread across an area of 1 lakh square meters. Kolkata port has witnessed a consistent traffic growth in the past and management expects the container traffic to grow by 25% going forward. With Century holding 50% of the total capacity of Kolkata port, we estimate revenue from its CFS segment to grow by 25% over the next three years. Further the company is planning to establish a PAN India presence by extending port location to cities like Mumbai, Chennai and Mundra by the end of CY2015.

The Government of India has allowed 100% FDI under the automatic route for port development. A 10-year tax holiday has been given to enterprises engaged in the business of developing, maintaining and operating ports, inland waterways and inland ports. We believe Century is likely to benefit from the governments initiatives in developing the overall sector.

Exhibit 17: Container Freight Station (CFS) revenue and EBIT margins



Source: Company, Centrum Wealth Research

Subsidiaries and associates yet to contribute meaningfully

The company has five subsidiaries namely Auro Sundram (holds 51% stake and is engaged into manufacturing of plywood and allied products), Aegis Business and Aegis Overseas (where Century holds 51% stake and 100% stake respectively and are engaged in logistics and trading of mineral and other commodities), Century MDF (100% stake) and Century Myanmar (100% stake). The company's subsidiaries and associates contributed a meager 4% of the consolidated revenue in FY2014. We believe the company would continue to drive majority of its revenue from its standalone business and the subsidiaries would take time to scale up.

Century has 7 associates namely Ara Suppliers, Arham Sales, Adonis Vyaper, Apnapan Viniyog, Aegis Siam and Aegis Siam resources. During FY2013, Century acquired 50% stake in Century Infotech, thereby making it its associate company. Century Infotech is engaged in business of e-commerce, e-shopping, online information services, online application integration including buying, selling, marketing, trading and dealing in various kinds of products and services on internet.

Exhibit 18: Details of subsidiaries companies

Subsidiaries holding and performance of FY2014 (Rs Cr)					
Company	Country	Stake (%)	Total Assets	Revenue	Profit / Loss
Auro Sundram	India	51	22.7	57.5	0.7
Aegis Business	India	51	96.3	31.6	-2.9
Aegis Overseas	UAE	100	5.0	36.2	3.9
Century MDF	India	100	0.3	0.0	0.0
Century Myanmar	Myanmar	100	37.1	11.0	-5.0

Source: Company, Centrum Wealth Research

Valuations

At CMP, the stock trades at 15.7x its FY2017E EPS of Rs9.6. Considering its leadership position coupled with the favorable industry dynamics (higher demand for timber products and GST implementation) is likely to result in higher growth going forward. We initiate coverage with a BUY rating and a target price of Rs192, valuing it at 20x on its FY2017E EPS.

Century Plyboards and Greenply Industries both are the market leaders in the plywood segment in India. They are well placed to benefit from the strong industry dynamics like higher demand for timber products in home building material, shift from the unorganized to organized brands going ahead and are likely to benefit from the implementation of GST going ahead. Century's segment revenue mix between plywood / laminate / others stood at 76% / 17% / 7% respectively in FY2014 while that of Greenply stood at 48% / 36% / 16% respectively. Century undoubtedly is the largest player in plywood manufacturing while Greenply is the largest laminate player in India. It is because of higher contribution from the laminate segment, Greenply's EBITDA margins are comparatively higher to that of Century. Century's management has increased its focus on laminates segment by doubling its capacity to 4.2 million sheets over the past two years. Hence we expect Century to grow at faster rate compared to Greenply, on the back of capacity expansion and higher focus on brand building activities. EBITDA margins of Century are also expected to improve on the back of raw material security and higher contribution from laminate segment going forward.

Exhibit 19: Business Comparison

Company	MKT CAP (Rs Cr.)	Rev Growth (%)		OPM (%)		PAT Growth (%)	
		FY2016E	FY2017E	FY2016E	FY2017E	FY2016E	FY2017E
PIDILITE INDS	21,736	18.2	19.1	16.7	17.1	22.5	22.5
ASIAN PAINTS LTD	65,959	17.4	18.1	16.7	16.9	22.1	21.1
BERGER PAINTS	12,592	17.9	19.0	12.3	12.5	26.5	24.1
KAJARIA CERAMICS	4,808	24.3	16.8	16.0	16.1	30.4	23.9
CERA SANITARYWAR	2,202	21.9	30.7	15.1	14.6	24.5	36.2
HSIL LTD	2,573	17.7	19.6	15.8	15.2	64.2	33.3
GREENPLY INDUS	2,715	10.5	17.4	13.8	13.7	(10.1)	16.9
CENTURY PLYBOARD	3,226	21.7	20.0	13.4	14.1	46.2	38.0

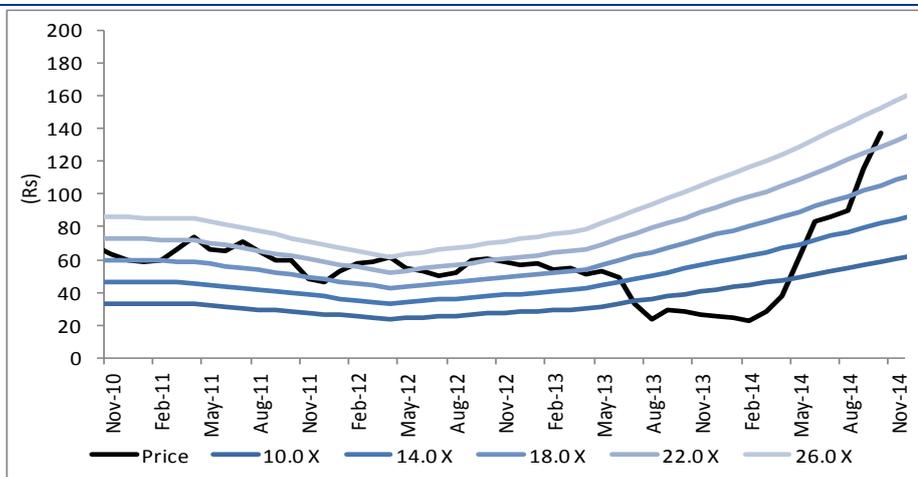
Source: Bloomberg, Centrum Wealth Research

Exhibit 20: Relative Valuation

Company	M Cap to sales - FY14	P/E (x)		EV/EBITDA		RoE (%)	
		FY2016E	FY2017E	FY2016E	FY2017E	FY2016E	FY2017E
PIDILITE INDS	5.1	32.5	26.6	22.1	18.1	26.5	27.4
ASIAN PAINTS LTD	5.2	35.7	29.5	22.5	18.8	35.0	35.9
BERGER PAINTS	3.3	32.9	26.5	20.0	16.5	26.1	27.3
KAJARIA CERAMICS	2.6	22.1	17.8	11.3	9.6	26.4	27.4
CERA SANITARYWAR	3.3	25.1	18.4	14.5	11.4	27.1	28.0
HSIL LTD	1.4	20.1	15.1	9.1	7.9	11.5	13.7
GREENPLY INDUS	1.2	20.2	17.2	8.8	7.5	11.2	21.3
CENTURY PLYBOARD	2.4	18.2	14.5	12.1	9.6	34.0	33.0

Source: Bloomberg, Centrum Wealth Research

Exhibit 21: P/E trend (one year forward)



Source: Bloomberg, Centrum Wealth Research

Risk Factors:

- **Delay in recovery of demand:** The delay in recovery of housing demand coupled with lower discretionary spending by the consumers is likely to impact growth prospects of the company.
- **Raw material sourcing risk:** In order to protect the interest of its country, Myanmar had banned export of raw timber logs in FY2013. Century has set up subsidiary in the country which processes the raw timber into veneer and then exports to India. Any regulatory or policy change by Myanmar Government could impact Century's raw material availability.
- **INR depreciation:** The company imports majority of its raw material from Myanmar. Any adverse movement of the INR against the USD is likely to impact margins. Company in the past has suffered forex losses and does not have a hedging policy.
- **Product substitute:** Medium Density Fiberboard (MDF) has started gaining popularity in recent times. MDF is cheaper than Plywood and is made from small fibers which have a hard surface. MDF is not as strong as plywood however looks smooth and attractive (similar to that of laminates). Currently Century derives majority of the revenue from plywood business hence a change in consumer preference might impact company's business going forward.

Technical View on Century Plyboards Ltd

- Century Ply has witnessed a near vertical move up since the start of 2014 but is also guided by a clear upward sloping trend-line that has been in place since the mast many weeks.
- Traders can look to buy into declines with the trend-line as a stop loss which is currently near 135. As long as above the same, a move towards 175 remains open in the coming 6-8 weeks.
- With respect to medium term trend, while at the current juncture the oscillators are looking over-stretched, the scrip can be bought on declines towards 115-125 for 8 month price target of 210 with 100 as the stop loss for long term trades.

Exhibit 22: Technical Chart



Source: Company, Centrum Wealth Research

Financial Summary – Standalone

Income statement

Y/E March (Rs Cr)	FY2013	FY2014	FY2015E	FY2016E	FY2017E
Revenue	1,131	1,284	1,587	1,932	2,318
Growth (%)	1.1	13.5	23.6	21.7	20.0
Raw Material	706	759	925	1,117	1,329
% of sales	62.4	59.1	58.3	57.8	57.3
Personnel exp	118	151	184	222	264
% of Sales	10.5	11.8	11.6	11.5	11.4
Other Exp.	194	225	276	334	399
% of Sales	17.2	17.5	17.4	17.3	17.2
EBIDTA	113	148	201	258	327
EBIDTA margin %	10.0	11.5	12.7	13.4	14.1
Depreciation	27	33	37	40	44
Interest	39	55	59	57	52
Other Income	7	9	10	11	11
PBT	54	69	115	172	242
Provision for tax	2	2	9	17	29
Effective tax rate %	3.1	3.4	8.0	10.0	12.0
Net Profit	53	67	106	154	213
Growth %	-27.6	27.1	57.8	46.2	38.0
Net profit margin %	4.7	5.2	6.7	8.0	9.2

Source: Company, Centrum Wealth Research

Balance Sheet

Y/E March (Rs Cr)	FY2013	FY2014	FY2015E	FY2016E	FY2017E
Share capital	22	22	22	22	22
Reserves & surplus	227	269	343	451	594
Shareholder's fund	250	291	366	473	616
Loan fund	445	446	476	496	471
Capital employed	695	737	841	969	1,087
Net fixed assets	222	231	238	236	227
Investments	16	38	38	38	38
Cash and bank	80	18	15	34	57
Inventories	218	293	361	435	519
Debtors	182	205	246	299	348
Loans and advances	122	133	158	192	223
Total current assets	601	648	780	960	1,146
Current lia. & prov	144	180	216	265	325
Net current assets	457	468	565	695	821
Deferred tax asset	0.2	1	1	1	1
Total assets	695	737	841	969	1,087

Source: Company, Centrum Wealth Research

Cash Flow

Y/E March (Rs Cr)	FY2013	FY2014	FY2015E	FY2016E	FY2017E
Net Profit Before Tax	54	69	115	172	242
Depreciation	27	33	37	40	44
Others	39	50	49	47	41
Change in working capital	(62)	(110)	(99)	(112)	(103)
Tax expenses	(10)	(11)	(9)	(17)	(29)
Cash flow from Ops	48	31	93	130	194
Capex	(69)	(48)	(45)	(38)	(35)
Other investing activities	(25)	(5)	10	11	11
Cash flow from Invest	(94)	(53)	(35)	(28)	(24)
Proceeds from Eq capital	-	-	-	-	-
Borrowings/ (Repayments)	128	22	30	20	(25)
Dividends paid	(0)	(6)	(31)	(47)	(70)
Interest paid	(41)	(56)	(59)	(57)	(52)
Cash flow from financing	87	(39)	(60)	(84)	(147)
Net Cash Flow	41	(62)	(3)	19	23

Source: Company, Centrum Wealth Research

Key Ratios

Y/E March	FY2013	FY2014	FY2015E	FY2016E	FY2017E
Return ratios (%)					
ROE	18.7	24.8	32.2	36.8	39.1
ROCE	13.0	16.3	19.0	21.2	23.8
ROIC	15.3	18.7	22.5	26.0	29.9
Turnover Ratios (days)					
Inventory	66.8	72.5	75.2	75.2	75.1
Debtors	56.2	54.9	51.8	51.5	50.9
Creditors	27.0	22.1	19.7	20.1	20.1
Fixed asset turnover (x)	3.5	3.7	4.0	4.4	4.9
Solvency Ratio (x)					
Debt-equity	1.8	1.5	1.3	1.0	0.8
Interest coverage	2.4	2.3	2.9	4.0	5.7
Per share (Rs)					
Adj EPS	2.4	3.0	4.8	6.9	9.6
BVPS	11.2	13.1	16.5	21.3	27.7
CEPS	3.6	4.5	6.4	8.8	11.6
Dividend Ratios					
DPS (Rs)	0.2	1.0	1.3	1.9	2.8
Dividend Yield (%)	0.2	0.7	0.8	1.2	1.9
Dividend Payout (%)	10.5	33.2	26.3	26.6	29.2
Valuation (x)					
P/E	63.7	50.1	31.8	21.7	15.7
P/BV	13.4	11.5	9.2	7.1	5.4
EV/EBIDTA	33.0	25.5	19.0	14.8	11.5
EV/Sales	3.3	2.9	2.4	2.0	1.6

Source: Company, Centrum Wealth Research

Appendix A

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