

Century Plyboards (I) Ltd

BUY



Asian Markets Securities Pvt. Ltd.

Core plywood vertical a laggard..

Institutional Research

CMP (Rs)	250
Target (Rs)	305

Nifty: 11,132; Sensex: 36,858

Key Stock Data

BSE Code	532548
NSE Code	CENTURYPLY
Bloomberg	CPBI IN
Shares O/s mn (FV Rs1)	222.5
Market cap (Rs bn)	55.6
52-week High/Low	364/223
3-m daily avg vol.	2,89,312

Price Performance

(%)	1m	3m	12m
CENTURYPL	(4.8)	(25.9)	(12.8)
NIFTY	3.4	5.3	11.7
Sensex	3.9	6.8	14.4

Shareholding Pattern

(%)	Dec17	Mar18	Jun18
Promoter	72.0	72.0	72.3
FII	11.2	11.2	10.3
DII	4.7	4.7	4.8
Others	12.2	12.2	12.7

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CENTURYPLYBOARDS (INDIA) LIMITED (CPIL) recorded topline growth of 23% primarily on the back of new MDF vertical which contributed to 16% of growth. Core plywood division sale stood flattish, while Laminates continue the good show. On the margins front, plywood witnessed expansion led by lower veneer costs while higher RM costs (glue, paper) dent laminates margin. Capacities in MDF have doubled in last one year, while demand haven't really gathered pace, which resulted in price cuts across the industry. EBITDAM in MDF for 1Q dipped to as low as 13%. CPIL backed out from setting up a veneer facility in Gabon and halted capacity expansion in MDF to 1000/CBM/day. CPIL faced forex loss of Rs131mn during the quarter and have trimmed the forex exposure by 33%. The company has been making use of WDV method of depreciation, but now on resorted to SLM method to avoid the impact of higher depreciation (for the new MDF plant) on the segmental profitability in initial years. Overall, the management guided for healthy topline growth (25%) with margin of 16% for FY19. We expect relatively weak margin profile given the pain in Laminates and MDF vertical. However lower depreciation and trimming of forex loans to bolster earnings growth. Upgrade to BUY

Mixed performance across vertical

CPIL posted 23% increase in revenue at Rs5373mn. Core Plywood segment (59% of revenue) witnessed flattish topline growth impacted by lower sales (-40%) of the commercial veneer, while DV record healthy 25%/22% revenue and volume growth. Cheap sourcing of face veneer from Salomon Island coupled with lower prices of core veneer resulted in margin expansion of 540bps to 17.3% vis-à-vis 16.1/12.9% qoq/yoy.

Laminates (contributing 17% to revenues) witnessed sales growth of 30%, led by strong volume growth of 27% to 1.31mn sheets, on the back of 35% jump in domestic volumes. EBITDAM dipped 390bp to 9.4% impacted by higher RM prices (glue & paper) along with 25/30% lower export of high grade laminates.

MDF plant started on October 4, 2017 contributed sales of 29,659 CBM/Rs699mn volume/value for the quarter compared to 27,250/CBM/Rs648mn qoq. EBITDAM fell to as low as 13% compared to 16% qoq. Realization and margin to remain under pressure due to new capacity additions by industry players. Management guided for 80% CU by FY19 and margin profile to the tune of 15/17%

Blended EBITDA was up 42% to Rs685mn, with EBITDAM of 16.1%. Interest costs was up 114% yoy to Rs134mn led by foreign exchange loss of Rs66mn. Depreciation was down 18%/61% yoy/qoq to Rs108mn due to change in depreciation policy. Tax rate stood high at 27.8% vis-vis 19% yoy as Assam unit came out of tax exemption. PAT was up 33% to Rs454mn yielding an EPS of Rs2.

MDF on back foot

MDF industry possess capacity of 4400CBM/day, of which 2000CBM/day has come up in last 3 to 4 month. Production has doubled however the demand hasn't grown at similar pace leading to massive price cuts and low margins. Competition has resorted to cut prices by 6/6.5%, while CPIL too have gone for price cut of 5%. Margins for CPIL have gone for hammering from 19% in FY19 to 13% for 1QFY19 because of lower utilization and pricing. Also the company put a halt on capacity expansion from 600CBM/day to 1000CBM/day

Limited room for margin uptick, however lower depreciation and interest to boost bottom line, upgrade to BUY

Given the pain in Laminates and MDF, we built in a meagre 40bps (blended) margin expansion over FY18-20E to 16%. We forecast sales, EBITDA and PAT to grow at a CAGR of 15%, 17% and 27% respectively over FY18-20E. Profit growth to be bolstered by change in depreciation policy and lower exposure to foreign loans. We upgrade estimates by 12/17% for FY19/20E and assign a BUY rating with TP of 305 (27x on FY20EEPS)

Exhibit 1: Key Financials

Y/E Mar (Rsmn)	FY16	FY17	FY18	FY19E	FY20E
Sales	16357	17825	19672	22861	26012
yoy (%)	4.5	9.0	10.4	16.2	13.8
EBITDA	2835	2921	3060	3588	4155
yoy (%)	13.5	3.0	4.8	17.2	15.8
PAT	1698	1856	1566	2069	2510
yoy (%)	12.6	9.3	-15.6	32.1	21.3
Equity	223	223	223	223	223
EPS (Rs)	7.6	8.3	7.0	9.3	11.3

Exhibit 2: Key Indicators

Y/E Mar	FY16	FY17	FY18	FY19E	FY20E
EBITDAM (%)	17.3	16.4	15.6	15.7	16.0
NPM (%)	10.3	10.4	7.8	9.0	9.6
PER (x)	32.8	30.0	35.5	26.9	22.2
P/BV (x)	10.6	7.9	6.6	5.5	4.5
EV/Sales (x)	3.7	3.4	3.1	2.7	2.3
EV/EBITDA (x)	21.1	20.9	19.8	16.9	14.4
RoCE (%)	26.0	23.0	17.3	22.0	23.1
RoE (%)	36.0	30.1	20.3	22.3	22.2

Source: Company, AMSEC Research

Exhibit 3: Key Assumptions

Key Assumptions	FY17	FY18	FY19E	FY20E
Revenue Rs mn				
Plywood	12609	12633	13144	14699
yoy%	7.4%	0.2%	4.0%	11.8%
Laminates	3635	3700	4375	5222
yoy%	8.4%	1.8%	18.3%	19.3%
MDF	0	1128	2873	3316
yoy%	-	-	154.7%	15.4%
Particle Board	165	729	781	916
yoy%		342.5%	7.1%	17.3%
Others	1415	1482	1688	1858
yoy%	-	4.7%	13.9%	10.1%
Total Revenues	17825	19672	22861	26012
Revenue Breakup (%)				
Plywood	71	64	57	57
Laminates	20	19	19	20
MDF	0	6	13	13
Particle Board	1	4	3	4
Others	8	8	7	7
Total	100	100	100	100
EBITDA Rs mn				
Plywood	2164	1812	2169	2425
Laminates	586	596	481	627
MDF	0	213	287	365
Particle Board	52	139	195	238
Others	120	301	456	500
Total EBITDA	2921	3060	3588	4155
EBITDAM%				
Plywood	17.2	14.3	16.5	16.5
Laminates	16.1	16.1	11.0	12.0
MDF	-	18.9	10.0	11.0
Particle Board	31.3	19.0	25.0	26.0
EBITDAM%	16.4	15.6	15.7	16.0

Source: Company, AMSEC Research

Exhibit 4: 1QFY19 Financials (Standalone)

Y/E Mar (Rs.mn)	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	yoy (%)	qoq (%)	FY17	FY18	yoy%
Net Sales	4386	4746	5099	5441	5373	22.5	(1.3)	17825	19672	10.4
Total Expenditure	3775	4005	4222	4610	4507	19.4	(2.2)	14903	16612	11.5
(Increase) / Decrease In Stocks	8	57	-273	-244	63	732.2	(125.7)	16	-452	(2,905.2)
Purchase of Finished Goods	892	870	840	710	515	(42.3)	(27.4)	3155	3313	5.0
Cost of Services & Raw Materials	1439	1617	2040	2273	2176	51.2	(4.3)	6010	7369	22.6
Operating & Manufacturing Expenses	747	784	892	1119	963	28.8	(14.0)	3156	3543	12.3
Employee Cost	689	676	723	752	790	14.7	5.1	2567	2839	10.6
EBIDTA	611	741	878	832	865	41.7	4.1	2921	3060	4.8
Other Income	5	6	42	13	6	5.9	(55.4)	226	67	(70.4)
Operating Profit	616	747	920	845	871	41.4	3.2	3147	3127	(0.6)
Interest	63	79	63	122	134	113.6	10.3	286	327	14.1
PBDT	553	668	857	723	737	33.2	2.0	2861	2801	(2.1)
Depreciation	132	138	263	277	108	(17.9)	(61.0)	524	810	54.7
PBT	421	529	594	445	628	49.1	41.1	2337	1990	(14.8)
Tax	80	128	128	88	175	117.9	98.3	481	424	(12.0)
Profit After Tax	341	401	467	357	454	33.0	27.0	1856	1566	(15.6)
Equity Capital	222.5	222.5	222.5	222.5	222.5			222.5	222.5	
EPS (Adjusted)	1.5	1.8	2.1	1.6	2.0			8.3	7.0	
EBIDTA (%)	13.9	15.6	17.2	15.3	16.1	218bp	83bp	16.4	15.6	(83bp)
PATM (%)	7.8	8.5	9.2	6.6	8.4	67bp	188bp	10.4	8.0	(245bp)
Tax / PBT (%)	19.0	24.2	21.5	19.8	27.8	878bp	802bp	20.6	21.3	70bp
Raw material / Net sales (%)	53.3	53.6	51.1	50.3	51.3	(207bp)	94bp	51.5	52.0	49bp
Other exp/Net sales	17.0	16.5	17.5	20.6	17.9	88bp	(265bp)	17.7	18.0	31bp
Employee cost / Net Sales (%)	15.7	14.2	14.2	13.8	14.7	(100bp)	89bp	14.4	14.4	3bp

Source: Company, AMSEC Research

Exhibit 5: 1QFY19 Segmental Financials (Standalone)

Particulars, Rs mn	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	yoy (%)	qoq (%)	FY17	FY18	yoy%
Segment Revenue										
Plywood and Allied Business	3173	3059	3227	3230	3179	0.2	(1.6)	13561	12689	(6.4)
Laminate and allied products	719	1246	999	1194	915	27.2	(23.3)	4123	3780	(8.3)
MDF	6	1	476	648	699	11,393.9	7.9	36	1131	3,080.1
Particle Board	161	145	100	109	182	13.2	67.5	252	729	189.5
Container Freight station services	239	250	276	233	304	27.3	30.7	884	997	12.7
Others	94	110	75	98	99	5.2	1.5	436	378	(13.4)
Total segment revenue	4393	4811	5153	5511	5378	22.4	(2.4)	19291	19704	2.1
Less: Intersegment Revenue	7	66	53	70	6	(17.1)	(91.6)	88	32	(63.6)
Income from operation	4386	4745	5099	5441	5373	22.5	(1.3)	19203	19672	2.4
Segment Result										
Plywood and Allied Business	385	403	422	480	554	44.1	15.5	2144	1689	(21.2)
Laminate and allied products	94	210	122	115	78	(16.9)	(31.7)	519	541	4.1
MDF	-2	0	1	-24	47	(2,662.1)	(292.8)	-2	-25	1,469.3
Particle Board	-40	2	8	-12	38	(196.8)	(409.2)	-69	-41	(40.3)
Container Freight station services	67	68	85	62	103	53.7	66.3	235	282	19.8
Others	-4	1	3	-14	0	(111.2)	(103.1)	-77	-14	(81.5)
EBIT	500	684	642	606	821	64.1	35.6	2751	2431	(11.6)
Less: Finance cost	63	79	63	122	134	113.7	10.3	286	327	14.1
Other Unallocable Expenditure	16	76	-15	38	58	265.3	51.5	128	115	(10.3)
Total Profit/(Loss) before tax	421	529	594	445	628	49.1	41.1	2337	1990	(14.8)
Capital Employed										
Plywood and Allied Business	5427	5715	5399	4427	4286	(21.0)	(3.2)	5397	4427	(18.0)
Laminate and allied products	1569	1919	1932	2013	1924	22.6	(4.4)	1603	2013	25.6
MDF	3258	3570	3307	3635	3671	12.7	1.0	2645	3635	37.4
Particle Board	713	506	502	502	680	(4.6)	35.4	567	502	(11.5)
Container Freight station services	446	455	428	400	427	(4.2)	6.8	495	400	(19.3)
Others	46	70	78	93	88	89.4	(5.4)	56	93	66.8
Total	11460	12235	11646	11070	11076	(3.4)	0.1	10764	11070	2.8
EBIT/Sales (%)										
Plywood and Allied Business	12.1	13.2	13.1	14.9	17.4	532bp	257bp	15.8	13.3	(250bp)
Laminate and allied products	13.1	16.9	12.2	9.6	8.5	(454bp)	(105bp)	12.6	14.3	170bp
MDF	-29.9	27.0	0.2	-3.7	6.7	3661bp	1041bp	-4.4	-2.2	223bp
Particle Board	-24.7	1.7	8.3	-11.4	21.1	4577bp	3253bp	-27.6	-5.7	-
Container Freight station services	28.1	27.1	30.9	26.7	33.9	582bp	726bp	26.6	28.3	166bp
Others	-4.2	0.5	4.6	-14.6	0.4	461bp	1502bp	-17.6	-3.8	1386bp
EBIT	11.4	14.2	12.5	11.0	15.3	388bp	428bp	14.3	12.3	(192bp)
EBIT/Capital Employed (%)										
Plywood and Allied Business	7.1	7.1	7.8	10.8	12.9	584bp	209bp	39.7	38.2	(157bp)
Laminate and allied products	6.0	10.9	6.3	5.7	4.1	(193bp)	(162bp)	32.4	26.9	(554bp)
MDF	-0.1	0.0	0.0	-0.7	1.3	133bp	194bp	-0.1	-0.7	(62bp)
Particle Board	-5.6	0.5	1.7	-2.5	5.7	1123bp	813bp	-12.2	-8.3	398bp
Container Freight station services	15.1	14.9	19.9	15.5	24.2	910bp	865bp	47.5	70.5	2298bp
Others	-8.5	0.8	4.4	-15.4	0.5	900bp	1587bp	-138.0	-15.3	12271bp
EBIT	4.4	5.6	5.5	5.5	7.4	305bp	194bp	25.6	22.0	(359bp)
Volume data										
Volume										
Plywood (CBM)	62,990	61,858	62,366	66,712	63,734	1.2	(4.5)	2,51,720	2,53,926	0.9
Laminates (No's)	10,34,746	15,44,859	13,34,656	14,92,657	13,14,619	27.0	(11.9)	49,25,024	54,06,918	9.8
CFS (TEU's)	20,970	20,950	20,866	18,150	20,035	(4.5)	10.4	80,153	80,936	1.0
MDF (CBM)			20,639	27,250	29,659	-	8.8	-	48,307	-
Net sales (Rs.mn)										
Plywood	3,172	3,045	3,204	3,212	3,163	(0.3)	(1.5)	12,609	12,633	0.2
Laminates	683	1,065	873	1,026	879	28.7	(14.3)	3,241	3,615	11.5
CFS	238	249	275	231	268	12.6	16.1	876	993	13.3
Prelam & Extra Grade laminates	14	145	111	24	25	75.7	3.8	394	84	(78.8)
MDF	-	-	473	648	698	-	7.8	-	1,128	-
Particle Board	161	84	54	190	182	13.2	(4.0)	165	729	342.5
Others	118	157	109	112	158	33.1	40.8	539	490	(9.1)
Total	4,386	4,746	5,099	5,441	5,373	22.5	(1.3)	17,825	19,672	10.4
Average realization										
Plywood (Rs/CBM)	50,352	49,230	51,381	48,141	49,623	(1.4)	3.1	50,092	49,751	(0.7)
Laminates (Rs/No.)	660	689	654	687	669	1.3	(2.7)	658	669	1.6
CFS (Rs/TEU)	11,354	11,890	13,184	12,722	13,382	17.9	5.2	10,933	12,271	12.2
MDF (Rs/CBM)			22,908	23,765	23,544	-	(0.9)		23,351	
EBITM										
Plywood	12.1	13.2	13.2	14.9	17.5	540bp	258bp	17.0	13.4	(363bp)
Laminates	13.5	17.4	12.4	10.9	8.7	(485bp)	(226bp)	14.3	14.6	33bp
CFS	28.2	27.2	30.9	26.9	38.5	1028bp	1161bp	26.9	28.4	153bp
MDF			0.2	-3.7	6.7	668bp	1041bp	-	-2.2	-
EBIDTAM										
Plywood	12.9	14.0	14.1	16.1	17.3	440bp	120bp	16.6	14.2	(240bp)
Laminates	13.3	18.4	14.8	12.6	9.4	(390bp)	(320bp)	14.4	15.2	80bp
CFS	38.4	37.2	40.1	37.7	40.2	180bp	250bp	39.1	38.4	(70bp)
MDF			20.0	16.0	13.0	-	(300bp)	-	19.0	-

Source: Company, AMSEC Research,

1Q Concall Highlights

Financial updates

- Sales for the quarter grew 22.5% to Rs5373mn with 16% incremental revenues coming from the new MDF division
- GST and E way have finally stabilized, although some challenges are yet faced. Alternative methods are adopted by some players to go away with E way system
- Earlier the company adopted WDV method for depreciation, however have now resorted to SLM method, as higher depreciation on new MDF/particle plant would have dragged the profitability. This led to lower depreciation by Rs170mn qoq.
- Company managed to cut down forex exposure on loans by 33% to Rs2430mn. 88% of which is USD denomination, while rest is Euro.
- Currency depreciation led to forex loss amounting to Rs131mn of which Rs66.2mn is accounted in interest while rest is included in EBITDA.
- Tax rate was higher at 28% for the quarter and expecting to be below 28% for FY19 as production picks pace in new Assam unit.

Plywood

- Plywood sales stood flat to Rs3163mn impacted by lower sales in commercial/face veneer (-40%) with export hiccups from Laos and Myanmar. It plans to exit Myanmar market and get the machines in other locations. In Laos, Government is rethinking the ban on exports and have gradually started exports some categories of wood and panel sector.
- CPIL is no more coming up with a plant in Gabon as already over capacities have built in there. Competition make use of veneer from Gabon, however CPIL is only into trading of veneers from there.
- Core veneer prices have slashed as purchase power of unorganized players have impacted post structural reforms (GST, E way). Plenty of plantations in North and South have resulted in abundant supplies PAN India
- 70% of cost of plywood is Veneer, of which 95% is core veneer and 5% is face veneer.
- Despite flattish sale EBITDAM rebound 440bp to 17.3% led by lower cost of core veneer and import of face veneer from Salomon Island which is relatively cheap
- Despite flattish sales for 1Q, management is optimistic of sales growth of 10% yoy with EBITDAM to the tune of 16/16.5% for FY19.
- Commercial veneer imported from Myanmar and Laos were primarily for captive consumption and the residual was then sold off in open market. It was never a margin accretive vertical

Laminates

- Volume growth was healthy at 27%, thanks to domestic market where volume growth was ~35%. Exports pace slowed down.
- Margins nosedived 390bps to 9.4% due to upward pricing trajectory of paper and glue.
- Have resorted to price hike of 3%. Expecting profitability to improve from 2Q
- Aiming to achieve 20% revenue growth with 85% utilization and margin to the tune of 13/15%

MDF

- Excess capacities have led to market consolidation, while demand haven't gathered strong pace. Domestic market production has gone up to 4400CBM/day of which 2000CBM have been added in last three months.
- Competitors have gone for price cut to the tune of 6-6.5%, while CPIL have gone for 5% price cut. Further pricing pressure can be expected in South with Green ply's plant with 1200/CBM capacity.
- Company has decided not go ahead with capacity expansion by 400CBM to 1000CBM/day as of now
- Imports are expected to curb with rupee depreciating and higher logistics costs
- EBITDAM stood 13% compared to 16% qoq. Margins are expected to be in range of 15/17% led by costs cutting exercises (power and glue)
- 70% of company's sales come from North, while south account for only 10%. Going ahead it expects further lower sales from South. CPIL's MDF pricing falls between Greenply and Action
- In South the imported prices is higher by 10/13%. International prices of MDF have come down by 10%, while Rs depreciation has further made imports expensive by 6%. So net still there exists 4% realization gap

Outlook

- Optimistic of achieving revenue growth of 25% growth, EBITDA & PAT of 16% and 10% respectively for FY19

Exhibit 6: Quarterly Net Revenue Trend

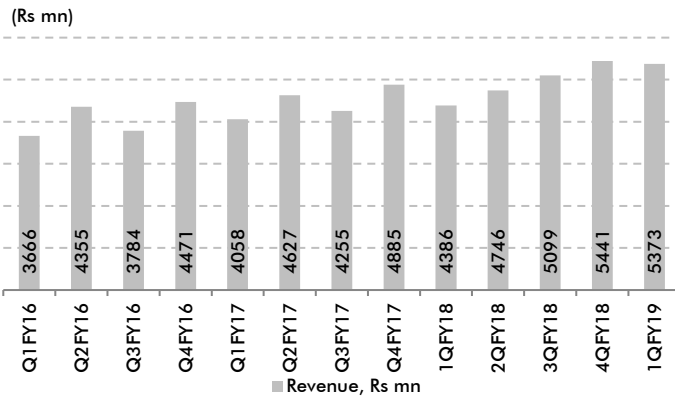


Exhibit 7: Quarterly EBITDA Trend

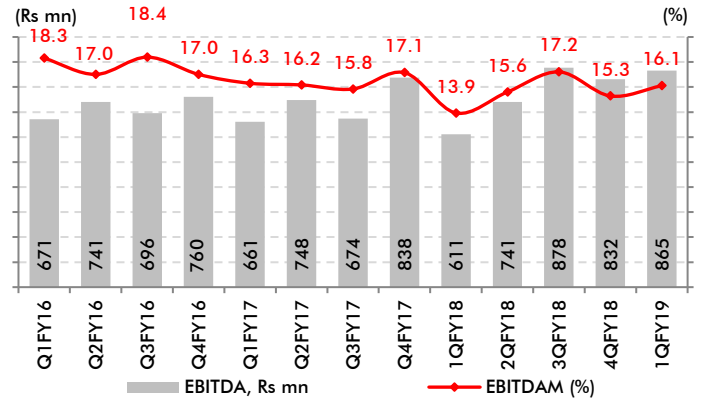


Exhibit 8: Quarterly PAT Trend

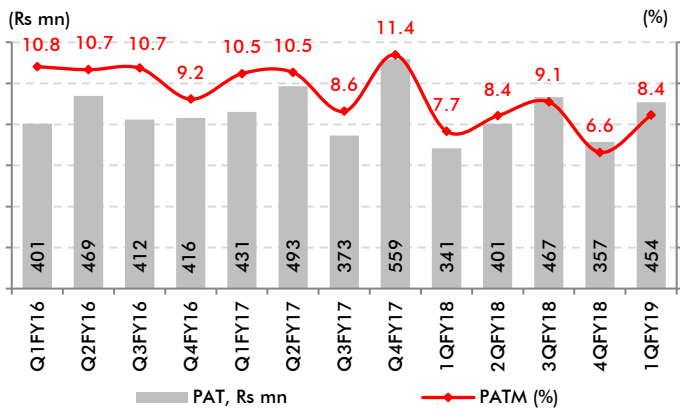
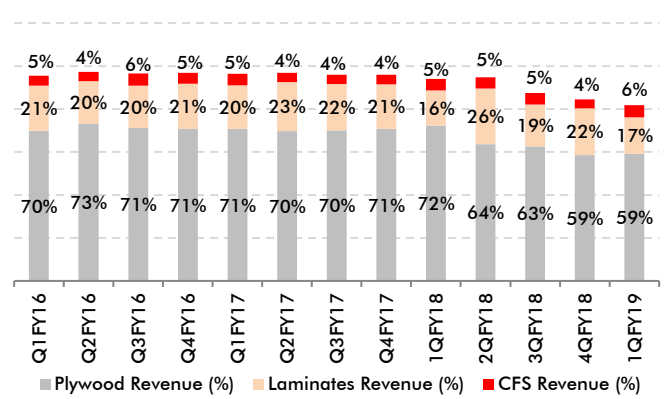


Exhibit 9: Segment Revenue Contribution



Source: Company, AMSEC Research

Quarterly Segment performance-Plywood

Exhibit 10: Net Revenue

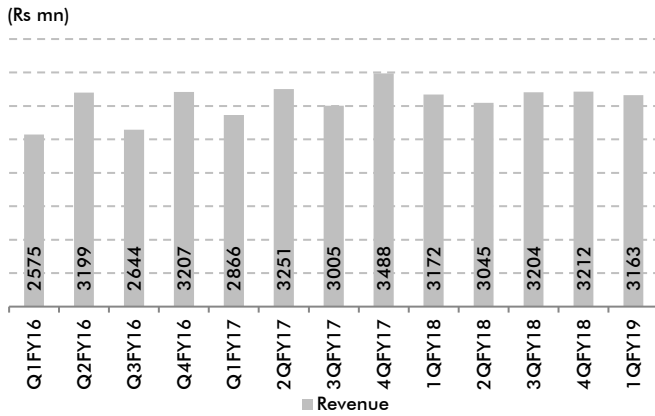


Exhibit 11: EBIT

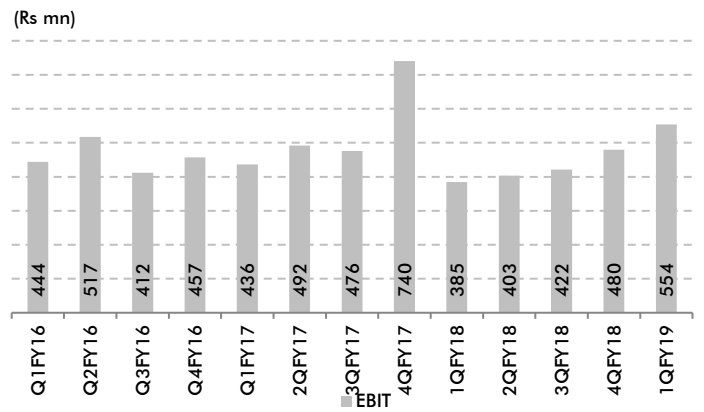


Exhibit 12: EBIT/Sales

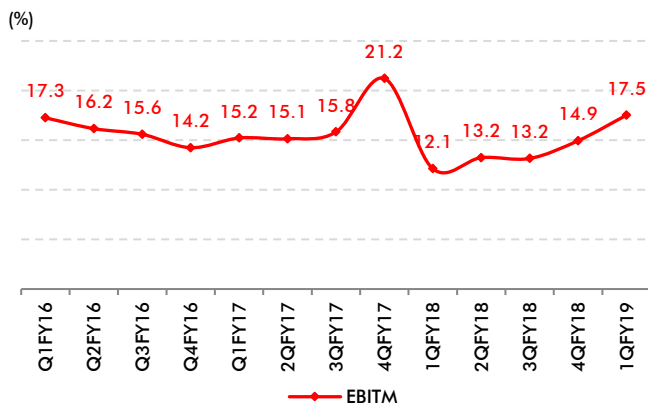
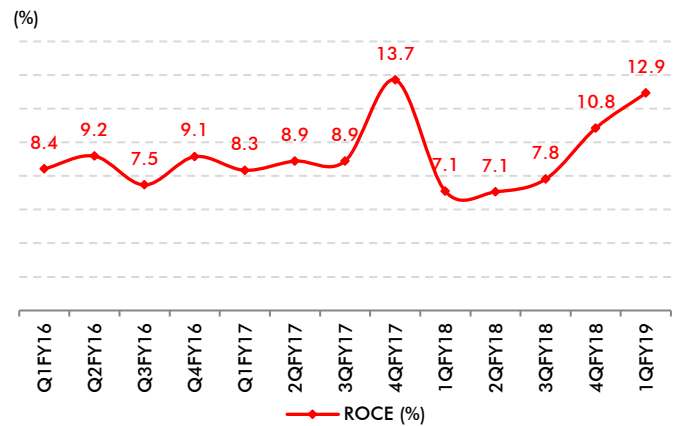


Exhibit 13: ROCE



Source: Company, AMSEC Research

Quarterly Segment performance -Laminates

Exhibit 14: Net Revenue

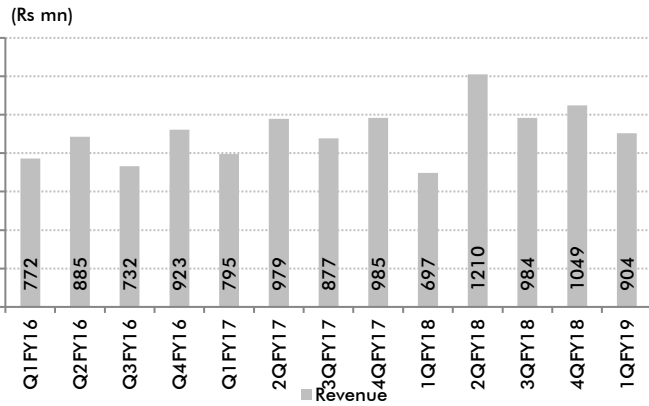


Exhibit 15: EBIT

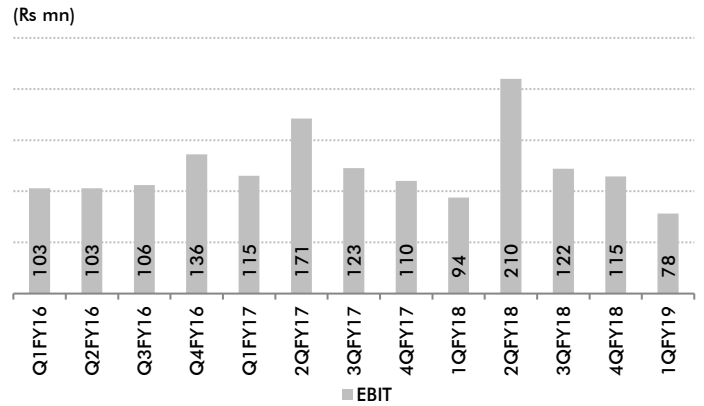


Exhibit 16: EBITM/Sales

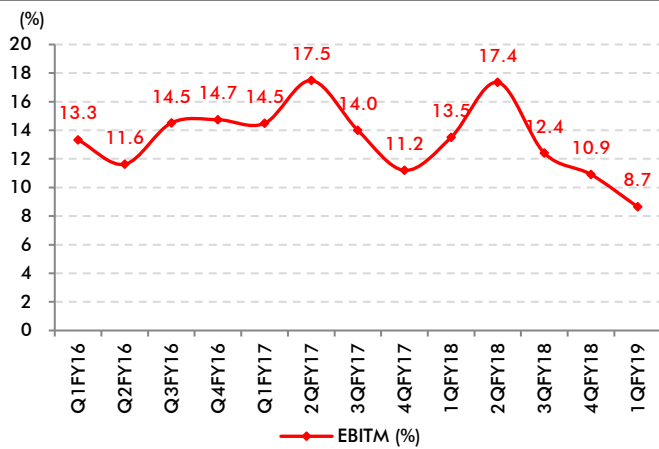
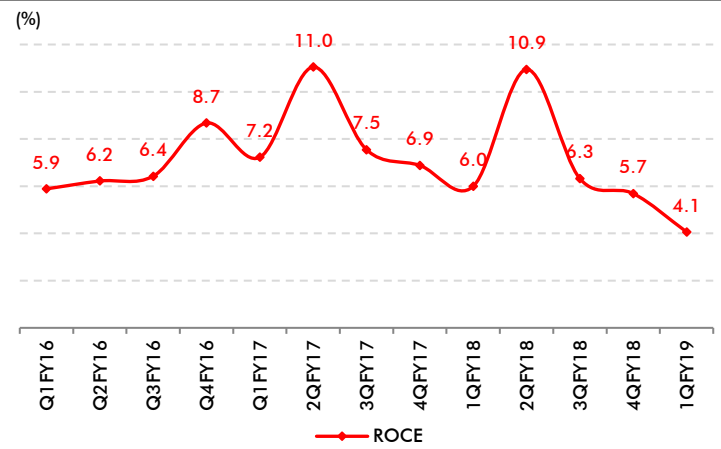


Exhibit 17: ROCE



Source: Company, AMSEC Research

Quarterly Segment performance -CFS

Exhibit 18: Net Revenue

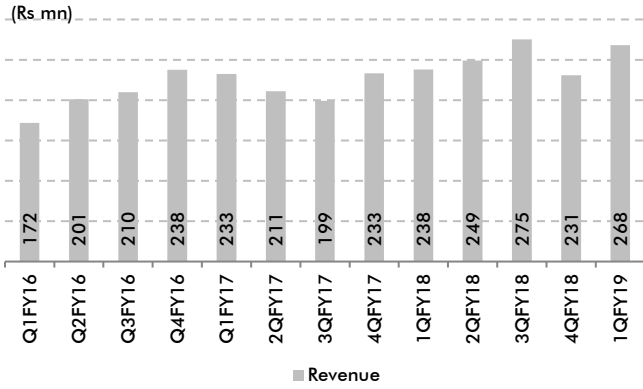


Exhibit 19: EBIT

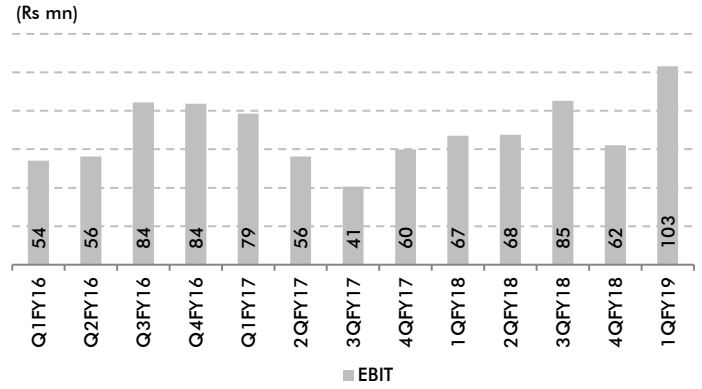


Exhibit 20: EBIT/Sales

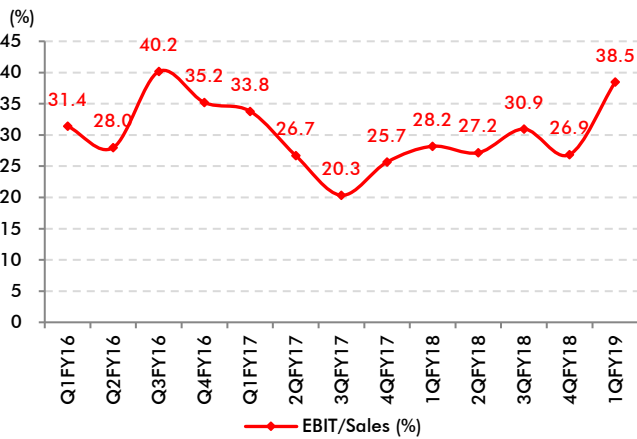
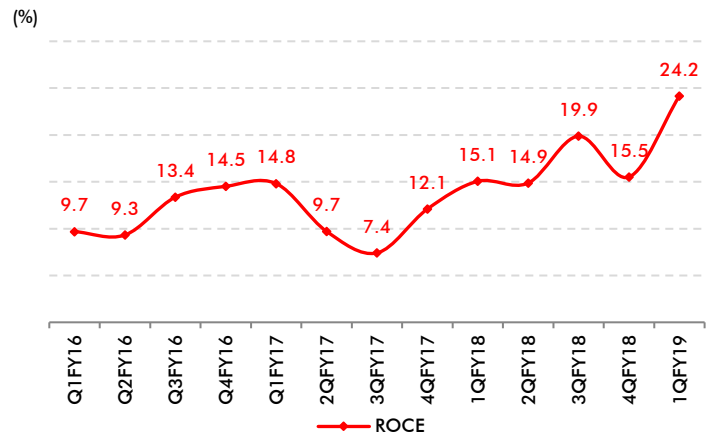


Exhibit 21: ROCE



Source: Company, AMSEC Research

Financial snapshot (Standalone)

Exhibit 22: Revenue

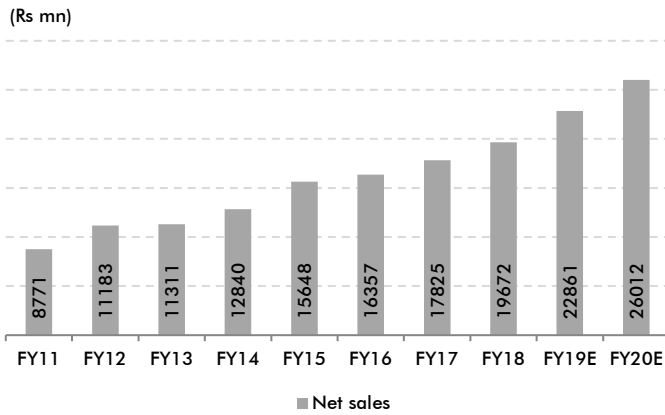


Exhibit 23: EBIDTA&EBIDTAM (%)

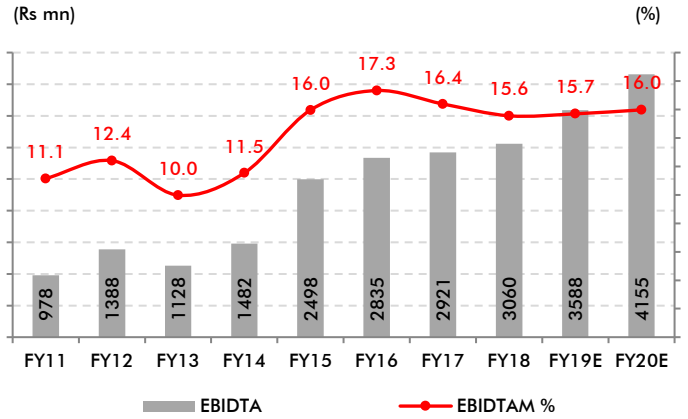


Exhibit 24: PAT & PATM (%)

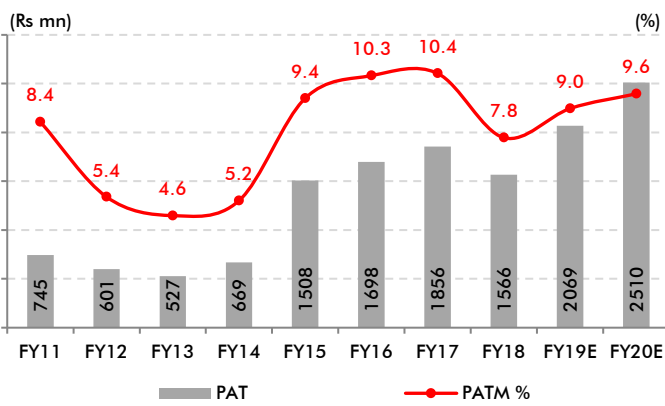


Exhibit 25: Return Ratios

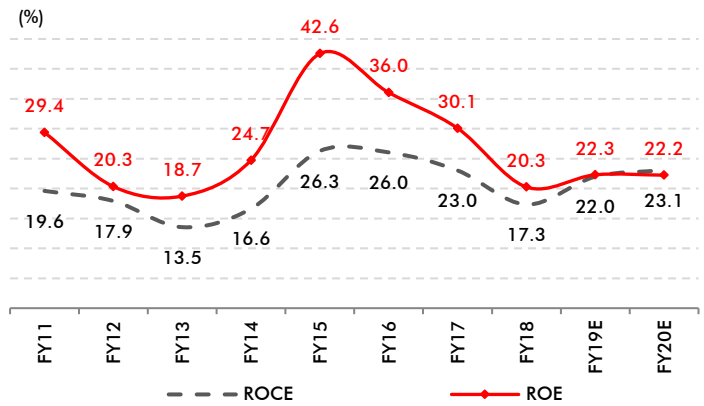


Exhibit 26: Dividend and Dividend payout ratio

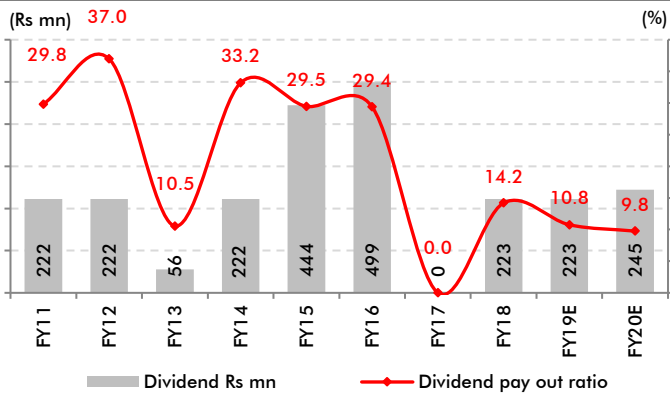
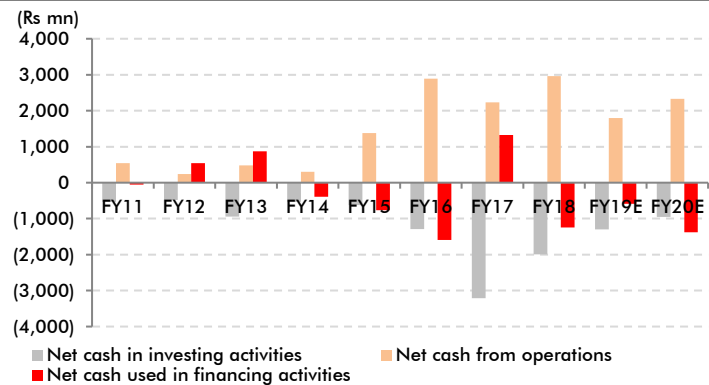


Exhibit 27: Cash Flow

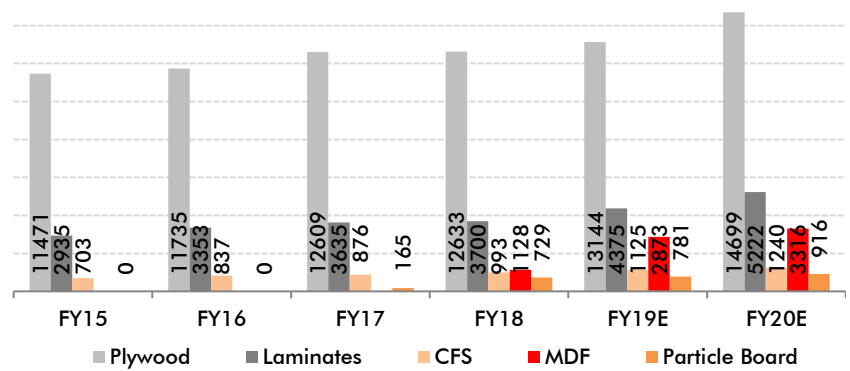


Source: Company, AMSEC Research

Yearly Segment performance

Exhibit 28: Segment revenue trend

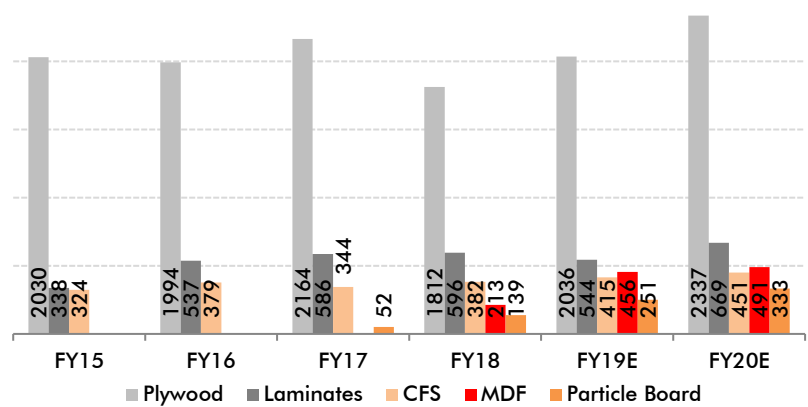
(Rs mn)



Source: Company, AMSEC Research

Exhibit 29: Segment EBITDA trend

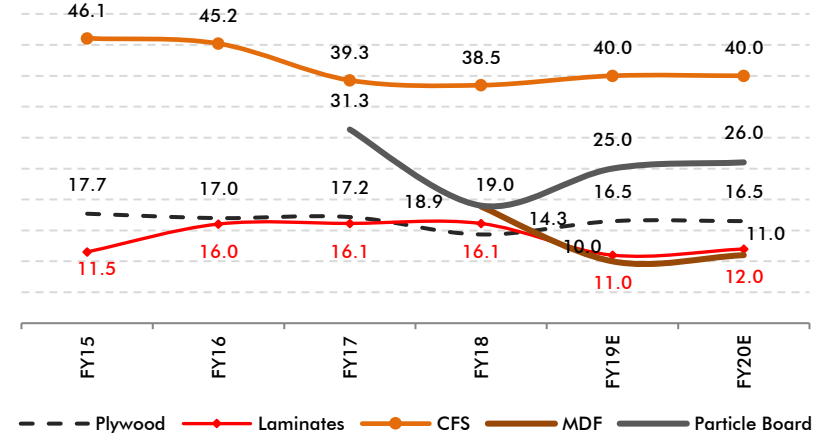
(Rs mn)



Source: Company, AMSEC Research

Exhibit 30: Segment EBITDAM trend

(%)



Source: Company, AMSEC Research

Century Plyboards (India) Ltd. Financials (Standalone)

(Rs mn)

Profit and Loss Account

Y/E (Mar)	FY16	FY17	FY18	FY19E	FY20E
Net sales	16357	17825	19672	22861	26012
Inc./(Dec.) in Stock	81	-16	452	175	177
Raw material cons.	8514	9165	10170	11705	13292
Power & Fuel cost	301	374	449	512	589
Employee cost	2278	2567	2839	3265	3755
Other mfg Exp.	896	996	1175	1340	1541
General & Adm. Exp.	302	312	368	420	474
Selling & Advt.Exp.	779	907	1070	1230	1415
Misc. Expenses	579	768	973	976	969
Total expenditure	13603	14887	17064	19447	22034
Operating profit	2835	2921	3060	3588	4155
Other income	65	226	67	74	81
Interest expense	465	286	327	373	298
Gross Profit	2435	2861	2801	3288	3938
Dep. & Amortization	437	524	810	454	500
PBT	1998	2337	1990	2834	3439
Provision for Tax	300	481	424	765	928
Reported Net Profit	1698	1856	1566	2069	2510
Share O/s mn	223	223	223	223	223
EPS Rs	7.6	8.3	7.0	9.3	11.3

Balance Sheet

Y/E (Mar)	FY16	FY17	FY18	FY19E	FY20E
SOURCES OF FUNDS :					
Share Capital	223	223	223	223	223
Reserves Total	5028	6864	8157	9958	12174
Total Shareh. Funds	5251	7086	8379	10181	12396
Non-Current Liab.					
Long term borrowings	640	1467	1669	1670	1504
Deferred tax liability	0	0	0	-40	-80
Other long term liab.	3	2	7	8	9
Long-term provisions	0	104	101	119	136
Long-term trade pay.	0	0	0	0	0
Current Liabilities					
Short term borrowings	3410	4103	3353	3353	2682
Trade payables	843	1411	1764	1988	2258
Other current liabilities	1183	1291	1303	1538	1753
Short term provisions	90	82	15	58	109
Total Equity & Liab.	11420	15547	16593	18876	20768
APPLICATION OF FUNDS :					
Non Current Assets					
Fixed Assets					
Gross Block	2397	3427	7062	9459	10409
Less: Accum Dep.	421	931	1741	2195	2695
Net Block	2608	2497	5320	7264	7714
Capital WIP	297	2839	1198	100	100
Noncurrent Investment	497	960	960	960	960
Long term loans & adv.	730	789	807	937	1068
Other non-current ass.	553	343	260	301	344
Current Assets					
Current investment	0	0	0	0	0
Inventories	2752	2638	3382	3923	4472
Sundry Debtors	2868	3353	3145	3758	4276
Cash and Bank	191	539	265	176	173
Short Loans & Adv.	48	46	139	161	184
Others Current Assets	878	1543	1117	1295	1477
Total Assets	11420	15547	16593	18875	20768
Net working capital	1018	693	1346	2200	3606
Total Gross Debt	4496	5955	5307	5359	4569
Total Net debt	4306	5416	5042	5183	4396
Total capital employed	9747	13041	13686	15500	16885

Cash Flow Statement

Y/E (Mar)	FY16	FY17	FY18	FY19E	FY20E
PBT	1998	2337	1990	2834	3439
Non-cash adjust.	995	633	1130	827	797
Chg. in working cap.	365	-283	263	-1056	-938
Tax & Interest Paid	-463	-457	-422	-805	-968
Cashflow from op.	2895	2230	2961	1800	2330
Capital expenditure	-1253	-2880	-1992	-1300	-950
Change in invest.	-33	-328	0	0	0
Cashflow from inv.	-1287	-3208	-1992	-1300	-950
Issue of equity	0	0	0	0	0
Issue/repay debt	-518	1613	-648	52	-790
Interest Paid	-261	-239	-327	-373	-298
Dividends paid	-601	0	-268	-268	-295
Other fin. Cash flow	-208	-47	0	0	0
Cash flow from fin.	-1588	1326	-1243	-589	-1382
Chg cash & cash eq	20	349	-274	-89	-2
Open. cash eq	170	190	539	265	176
Clsq cash & cash eq	191	539	265	176	173
CashFlow to firm	1642	-650	969	500	1380

Key Ratios

Y/E Mar	FY16	FY17	FY18	FY19E	FY20E
PER SHARE					
EPS Rs	7.6	8.3	7.0	9.3	11.3
CEPS Rs	9.6	10.7	10.7	11.3	13.5
Book Value Rs	23.6	31.8	37.7	45.8	55.7
VALUATION					
EV / Net Sales	3.7	3.4	3.1	2.7	2.3
EV / EBITDA	21.1	20.9	19.8	16.9	14.4
P / E Ratio	32.8	30.0	35.5	26.9	22.2
P / BV Ratio	10.6	7.9	6.6	5.5	4.5
GROWTH YOY%					
Sales Growth	4.5	9.0	10.4	16.2	13.8
EBITDA Growth	13.5	3.0	4.8	17.2	15.8
Net Profit Growth	12.6	9.3	-15.6	32.1	21.3
Gross Fixed Asset Growth	-1.7	43.0	106.0	34.0	10.0
PROFITABILITY					
Gross Profit/ Net sales (%)	30.4	30.9	27.6	29.9	29.9
EBITDA / Net Sales (%)	17.3	16.4	15.6	15.7	16.0
NPM / Total income (%)	10.3	10.4	7.8	9.0	9.6
Raw Material/Net Sales (%)	52.0	51.4	51.7	51.2	51.1
Int/PBIT (%)	19.4	11.9	14.5	11.9	8.1
ROE (%)	36.0	30.1	20.3	22.3	22.2
ROCE (%)	26.0	23.0	17.3	22.0	23.1
ROIC (%)	26.3	24.8	20.1	22.6	22.8
Tax / PBT (%)	15.0	20.6	21.3	27.0	27.0
TURNOVER (Days)					
Net Working Cycle	106	88	74	75	75
Debtors Velocity	64	69	58	60	60
Inventory	74	65	74	74	75
Creditors Velocity	36	56	63	62	62
Gross Asset Ratio	6.8	6.1	3.8	2.8	2.6
Total Asset Ratio	1.5	1.3	1.2	1.3	1.3
LIQUIDITY (x)					
Gross Debt-Equity Ratio	0.9	0.8	0.6	0.5	0.4
Net Debt-Equity Ratio	0.8	0.8	0.6	0.5	0.4
Interest Coverage	5.2	8.4	6.9	8.4	12.3
Current Ratio (x)	1.2	1.2	1.3	1.3	1.6
Quick Ratio (x)	0.7	0.8	0.7	0.8	0.9
PAYOUT					
Payout (%)	29.4	0.0	14.2	10.8	9.8
Dividend (%)	100%	100%	100%	110%	115%
Yield (%)	0.4	0.4	0.4	0.4	0.5

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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