

CENTURY PLYBOARDS (I) LTD

Result Update (PARENT BASIS): Q4 FY17

CMP: 307.00

JUNE 15th, 2017

Overweight

**ISIN:
INE348B01021**

Index Details

Stock Data

Sector	Forest Products
BSE Code	532548
Face Value	1.00
52wk. High / Low (Rs.)	310.00 / 154.50
Volume (2wk. Avg.)	45000
Market Cap (Rs. in mn.)	68316.71

Annual Estimated Results(A*: Actual / E*: Estimated)

Years (Rs. in mn)	FY17A	FY18E	FY19E
Net Sales	19203.32	21027.63	22920.12
EBITDA	3147.08	3496.26	3805.00
Net Profit	1855.58	2011.55	2241.11
EPS	8.34	9.04	10.07
P/E	36.82	33.96	30.48

Shareholding Pattern (%)

	As on Mar 2017	As on Dec 2016
Promoter	72.00	72.00
Public	28.00	28.00
Others	--	--

1 Year Comparative Graph



CENTURY PLYBOARDS (I) LTD

S&P BSE SENSEX

SYNOPSIS

- Century Plyboards (India) Ltd is primarily engaged in manufacturing and sale of plywood, laminates, decorative veneers, pre-laminated boards and flush doors and providing container freight station services.
- Revenue for the 4th quarter stood at Rs. 5258.41 mn from Rs. 4824.04 mn, when compared with the prior year period higher by 9.00%.
- For the quarter ended Q4 FY17, EBITDA stood at Rs. 979.25 mn as against Rs. 773.98 mn in the corresponding period of the previous year, an increase of 26.52%.
- During Q4 FY17, Profit before tax stood at Rs. 798.15 mn against Rs. 552.55 mn in Q4 FY16.
- During Q4 FY17, the company's net profit stood at Rs. 559.07 mn as compared to Rs. 416.00 mn in the corresponding quarter ending of previous year
- EPS of the company stood at Rs 2.51 during the quarter, as against Rs. 1.87 per share over previous year period.
- Century Plyboards (India) Ltd has recommended a dividend @ of Rs. 1 per share of face value of Rs. 1/- each.
- For the year ended March 31, 2017, Net Sales increased to Rs. 19203.32 mn from Rs. 17702.13 mn in the corresponding period of last year, higher by 8.48%.
- During FY17, Net Profit increased by 9.27% to Rs. 1855.58 mn from Rs. 1698.11 mn over the year ended March 31, 2016.
- Net sales & PAT of the company are expected to grow at a CAGR of 10% each over 2016 to 2019E.

PEER GROUPS	CMP	MARKET CAP	EPS(TTM)	P/E (X)(TTM)	P/BV(X)	DIVIDEND
Company Name	(Rs.)	Rs. in mn.	(Rs.)	Ratio	Ratio	(%)
Century Plyboards (I) Ltd	307.00	68316.71	8.34	36.82	9.64	100.00
Greenply Industries Ltd	271.00	33232.00	11.01	24.61	4.48	60.00
Uniply Industries Ltd	353.00	8439.20	3.05	115.74	14.83	0.00
Oriental Veneer Products Ltd	271.00	1460.80	14.32	18.92	4.32	20.00

QUARTERLY HIGHLIGHTS (PARENT BASIS)

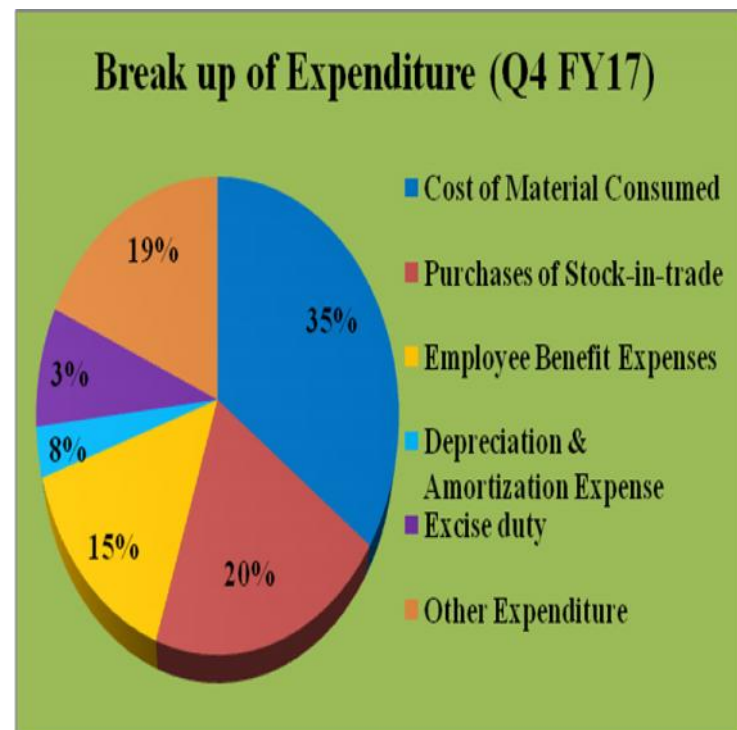
Results updates- Q4 FY17,

(Rs. in million)	Mar-17	Mar-16	% Change
Revenue	5258.41	4824.04	9.00
Net Profit	559.07	416.00	34.39
EPS	2.51	1.87	34.39
EBIDTA	979.25	773.98	26.52

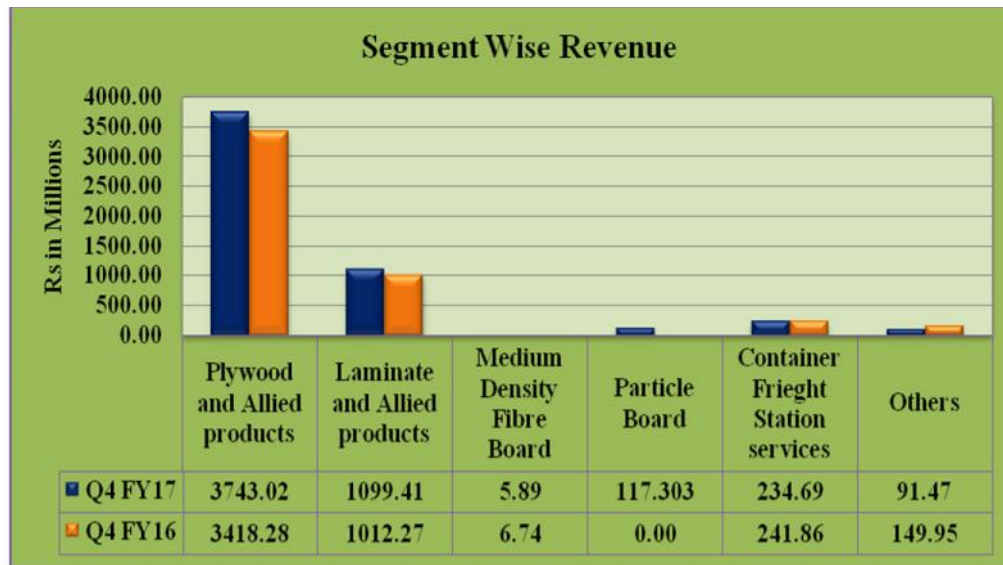
Revenue for the 4th quarter stood at Rs. 5258.41 million as against Rs. 4824.04 million, when compared with the prior year period, an increase of 9.00%. EBIDTA is Rs. 979.25 million as against Rs. 773.98 million in the corresponding period of the previous year, up by 34.39%. The company's net profit stood at Rs. 559.07 million from Rs. 416.00 million in the corresponding quarter ending of previous year. Reported earnings per share of the company stood at Rs. 2.51 during the quarter as against Rs. 1.87 per share over previous year period.

Break up of Expenditure

Break up of Expenditure	Value in Rs. Million		
	Q4 FY17	Q4 FY16	% Change
Cost of Material Consumed	1597.09	1611.06	-1%
Purchases of Stock-in-trade	920.16	689.83	33%
Employee Benefit Expenses	667.33	620.86	7%
Depreciation & Amortization Expense	155.55	119.75	30%
Excise duty	373.03	353.50	6%
Other Expenditure	849.52	794.77	7%



Segment Revenue



COMPANY PROFILE

Century Plyboards (India) Limited is a plywood manufacturer. The Company's segments include plywood, laminate, CFS services and Others. The Company's geographical segments are demarcated into India and overseas. The plywood segment includes plywood, block-board, veneer and timber. The laminate segment includes decorative laminates and pre-laminated boards. The CFS services segment includes container freight station services. The Others segment includes mainly trading of chemicals, minerals, readymade furniture and equipments. The Company's product portfolio includes doors, decorative veneer, new age products (NAP), fiber cement boards, particle boards, look book, slimline, mono core, magnetic laminates and prelaminated boards. The Company is also engaged in the logistics business through the management of a container freight station. The Company's units are spread across India in Joka (West Bengal), Guwahati (Assam), Kandla (Gujarat), Chennai (Tamil Nadu) and Karnal (Haryana).

FINANCIAL HIGHLIGHT (PARENT BASIS)

(A* - Actual, E* - Estimations & Rs. In Millions)

Balance Sheet as of March 31, 2016 -2019E

	FY16A	FY17A	FY18E	FY19E
ASSETS				
1) Non-Current Assets				
a) Property, plant and equipment	1963.18	2486.94	3422.49	4146.57
b) Capital Work in Progress	928.61	2839.77	3180.54	3657.62
c) Other Intangible assets	11.52	7.14	6.96	7.31
d) Intangible assets under development	1.55	2.46	2.65	2.81
e) Investments in subsidiaries	496.56	960.22	1032.24	1130.30
f) Financial assets				
i) Investments	0.18	0.01	0.01	0.01
ii) Loans	74.15	100.04	125.05	145.06
iii) Other financial assets	237.24	99.85	121.82	141.31
g) deferred tax assets(net)	655.40	688.69	798.88	918.71
h) Other non -current assets	315.73	243.51	231.34	252.16
Sub - Total Non- Current assets	4684.12	7428.63	8921.98	10401.86
2) Current Assets				
a) Inventories	2751.51	2638.31	2506.39	2619.18
b) Financial assets				
i) Trade receivables	2867.64	3352.74	3604.19	3874.51
ii) Cash and bank equivalents	163.77	529.93	567.02	595.37
iii) Bank balances	26.65	8.51	10.39	12.15
iv) Loans	47.99	46.12	54.42	63.13
v) Other financial assets	481.71	825.20	915.98	1025.89
c) Other current assets	396.21	717.79	760.86	810.32
Sub - Total current assets	6735.47	8118.60	8419.25	9000.55
Total Assets (1+2)	11419.58	15547.23	17341.23	19402.41
EQUITY AND LIABILITIES				
1) EQUITY				
a) Equity Share Capital	222.53	222.53	222.53	222.53
b) Other equity	5028.06	6863.74	7961.94	9235.85
Total Equity	5250.58	7086.27	8184.47	9458.38
2) Non Current Liabilities				
a) Financial liabilities				
i) Borrowings	639.65	1467.49	1555.54	1695.53
ii) Other financial liabilities	2.69	2.29	2.11	2.00
Sub - Total Non Current liabilities	642.34	1469.78	1557.64	1697.54
3) Current Liabilities				
a) Financial liabilities				
i) Borrowings	3409.65	4103.39	4431.66	4830.51
ii) Trade payables	843.26	1410.97	1566.18	1707.14
iii) Other financial liabilities	872.63	910.97	983.85	1042.88
b) Other Current liabilities	310.74	380.49	399.51	419.49
c) Provisions	67.78	115.27	126.80	134.41
d) Current tax liabilities	22.60	70.09	91.11	112.07
Sub - Total current liabilities	5526.66	6991.18	7599.11	8246.49
Total Equity and Liabilities (1+2+3)	11419.58	15547.23	17341.23	19402.41

Annual Profit & Loss Statement for the period of 2016 to 2019E

Value(Rs.in.mn)	FY16A	FY17A	FY18E	FY19E
Description	12m	12m	12m	12m
Net Sales	17702.13	19203.32	21027.63	22920.12
Other Income	64.94	226.77	236.98	252.38
Total Income	17767.06	19430.09	21264.61	23172.50
Expenditure	-14867.06	-16283.01	-17768.35	-19367.50
Operating Profit	2900.00	3147.08	3496.26	3805.00
Interest	-464.59	-286.42	-272.10	-258.50
Gross profit	2435.42	2860.65	3224.16	3546.50
Depreciation	-437.30	-523.76	-542.09	-558.35
Profit Before Tax	1998.11	2336.90	2682.07	2988.15
Tax	-300.01	-481.32	-670.52	-747.04
Net Profit	1698.11	1855.58	2011.55	2241.11
Equity capital	222.53	222.53	222.53	222.53
Reserves	5028.06	6863.74	7961.94	9235.85
Face value	1.00	1.00	1.00	1.00
EPS	7.63	8.34	9.04	10.07

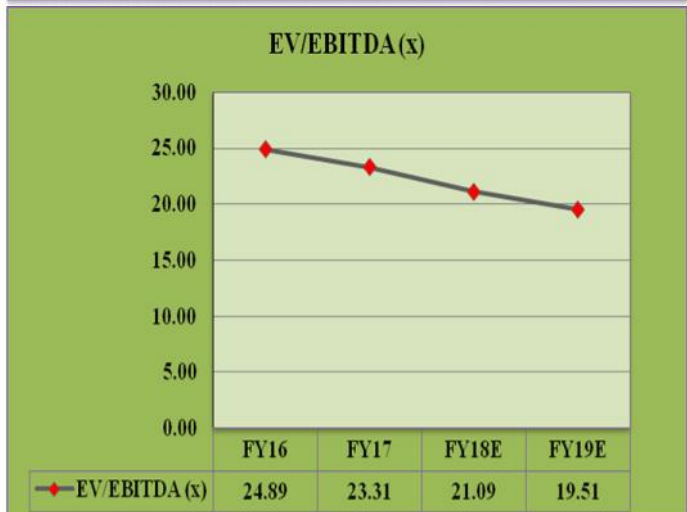
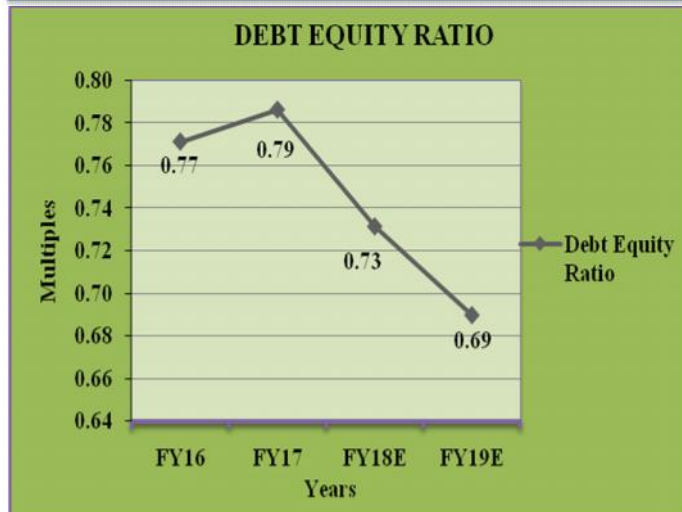
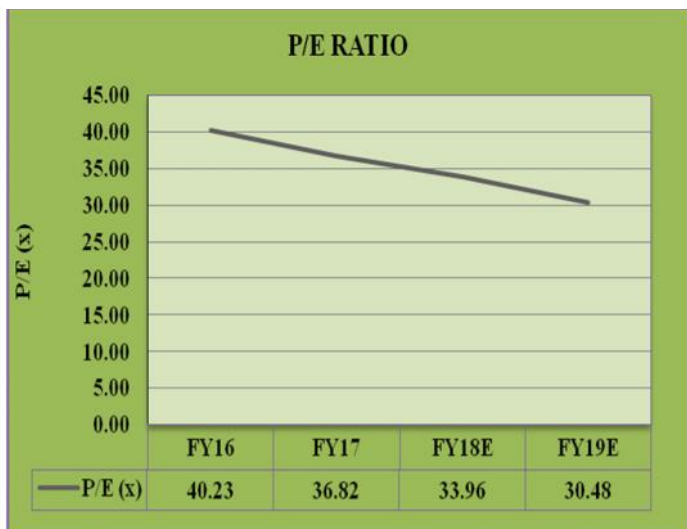
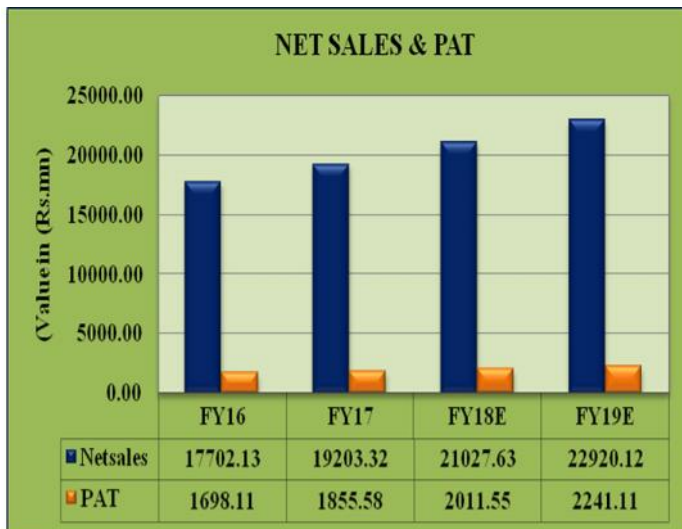
Quarterly Profit & Loss Statement for the period of 30th Sep, 2016 to 30th Jun, 2017E

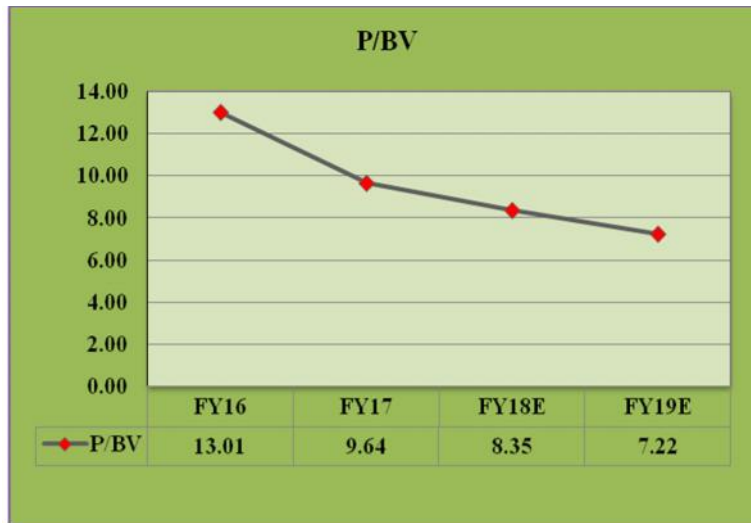
Value(Rs.in.mn)	30-Sep-16	31-Dec-16	31-Mar-17	30-Jun-17E
Description	3m	3m	3m	3m
Net sales	4960.64	4587.11	5258.41	4969.20
Other income	13.14	33.11	141.48	135.82
Total Income	4973.78	4620.22	5399.89	5105.02
Expenditure	-4203.57	-3914.10	-4420.64	-4198.97
Operating profit	770.21	706.12	979.25	906.05
Interest	-60.26	-111.92	-25.55	-26.57
Gross profit	709.95	594.20	953.70	879.48
Depreciation	-126.19	-149.48	-155.55	-147.78
Profit Before Tax	583.76	444.72	798.15	731.70
Tax	-90.85	-71.66	-239.07	-208.53
Net Profit	492.91	373.06	559.07	523.17
Equity capital	222.53	222.53	222.53	222.53
Face value	1.00	1.00	1.00	1.00
EPS	2.22	1.68	2.51	2.35

Ratio Analysis

Particulars	FY16A	FY17A	FY18E	FY19E
EPS (Rs.)	7.63	8.34	9.04	10.07
EBITDA Margin (%)	16.38%	16.39%	16.63%	16.60%
PBT Margin (%)	11.29%	12.17%	12.75%	13.04%
PAT Margin (%)	9.59%	9.66%	9.57%	9.78%
P/E Ratio (x)	40.23	36.82	33.96	30.48
ROE (%)	32.34%	26.19%	24.58%	23.69%
ROCE (%)	35.89%	29.00%	28.50%	27.30%
Debt Equity Ratio	0.77	0.79	0.73	0.69
EV/EBITDA (x)	24.89	23.31	21.09	19.51
Book Value (Rs.)	23.59	31.84	36.78	42.50
P/BV	13.01	9.64	8.35	7.22

Charts





OUTLOOK AND CONCLUSION

- At the current market price of **Rs. 307.00**, the stock P/E ratio is at 33.96 x FY18E and 30.48 x FY19E respectively.
- Earning per share (EPS) of the company for the earnings for FY18E and FY19E is seen at Rs. 9.04 and Rs. 10.57 respectively.
- Net Sales and PAT of the company are expected to grow at a CAGR of 10% each over 2016 to 2019E.
- On the basis of EV/EBITDA, the stock trades at 21.09 x for FY18E and 19.51 x for FY19E.
- Price to Book Value of the stock is expected to be at 8.35 x and 7.22 x for FY18E and FY19E respectively.
- Hence, we say that, we are Overweight in this particular scrip for Medium to Long term investment.

INDUSTRY OVERVIEW

Wood panel products

Wood panel products comprise materials used in making furniture, such as plywood, laminates, medium density fiber boards and decorative veneers. Plywood and medium density fiber boards form the backbone of the Indian furniture space, whereas laminates and decorative veneers are surfacing products which are used for decorative purposes and are being increasingly embraced across socioeconomic milieus. The Indian wood panel market is valued at Rs. 28,500 crore. Plywood has a share of 63% (Rs.18,000 crore).

Plywood

The Indian plywood industry is over 75 years old. From producing tea chests, it has evolved over the years to emerge as a versatile interior decoration solution. A 70% share of the Rs.18,000 crore industry is held by unorganized players and the rest by organized ones. The organized segment has been growing at a CAGR of 12-15% while the overall plywood industry has grown at a CAGR of 4-6% over the last five years.

Plywood demand is all set to get a boost following a number of decisive initiatives undertaken by the Central Government like 'Smart Cities'. As against a 5-6% growth seen in 2016, a double-digit growth is expected to transpire during the current year. India's plywood industry is likely to reach a market value of Rs. 479.7 billion by 2019. This growth in the plywood market is expected to be led by a surge in the growth of commercial and domestic developments.

Laminates

The past few years have been witness to the growing ubiquity of laminates for furniture and cabinetry. They are preferred over wood and paint for the wide range of choices on offer, their aesthetic appeal, ease of installation and maintenance and their cost-effectiveness. Furthermore, laminates are stain-proof and resistant to light acids, steam, moisture and abrasion. Indian laminates market is pegged at around Rs. 3,500 crore and exports amounts to nearly Rs. 800 crore.

MDF

MDF is a superior substitute for cheap unbranded plywood and demand for it is being driven by a penchant for readymade modular furniture among the young and the aspiring who are eager on aestheticising their interiors. Moreover, with ready-to move in offices and retail outlets mushrooming across the country, the prospects for this sector look brighter than ever.

The MDF, market is estimatedly worth~ Rs 35 bn in India and has grown at a CAGR of ~5-8% over the last five years. The Central Government's decision to with hold fresh licenses for the manufacture of plywood has widened the gap between demand and supply. This is a positive development for the MDF industry and will increase the use of engineered panel products.

Furniture Industry

The Indian furniture industry is estimated to be worth ~Rs 48000 crore and is growing at a rate of 25%annually. ~85% share of the home furnishing industry is held by unorganized players. However, According to a study by World Bank, India's organized furniture industry is expected to grow by 20% per annum over the next few years and is expected to cross US\$32 bn by 2019. Moreover, the anticipated increase in tourism, hospitality retail and medical sectors is also expected to spur furniture demand in the country.

The expected rise in demand in the residential realty vertical is pegged as high as 20%. The home furniture market will witness concurrent levels of growth over the next five years, with office and institutional segments remaining not too far behind.

Out Look

Revival of the real estate segment: Over the years, there has been a steady shift in employment patterns –from agriculture to manufacturing, which in turn has fuelled the rate of urbanization and demand for real estate. The demand for housing will receive a shot in the arm with Central Government's 'Housing for all by 2022' initiative which will also drive investment and spur demand for modern interiors.

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