



Building Materials Structural, Sustainable & Scalable!

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Key Financials

INRm	FY12	FY13	FY14
Revenues	16,674	11,816	13,477
EBITDA	2,903	1,306	1,619
PAT(INRm)	1,704	576	633
EPS (INR)	5.4	2.5	2.7
P/E(x)	15.2	33.1	30.3

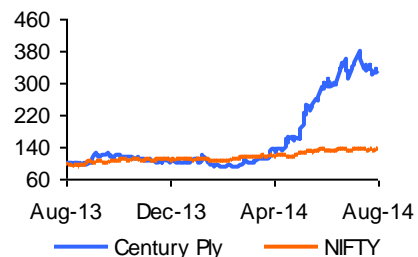
Market Data

Sector	:	Midcap
Market Cap (INRbn)	:	18.3
Market Cap (USDbn)	:	0.3
O/S Shares (m)	:	222.2
Free Float (m)	:	37
52-wk HI/LO (INR)	:	97/22
Avg Daily Vol ('000)	:	328
Bloomberg	:	CPBI IN

Shareholding pattern

Promoters	:	74%
FIIs	:	3%
DII	:	1%
Others	:	22%

Price performance vs Nifty



Growth momentum to accelerate!

- Century Plyboards, the second largest player in the wood panel market space in India, is expected to reap benefits from i) management's renewed focus in its two core business segments - plywood and laminates post hiving off cement and ferro alloys businesses into a separate company through a scheme of arrangement in FY13; ii) scaling up of sub-category brands in plywood segment; iii) recent expansion in plywood and laminates segments; iv) Expected lower capex going forward and higher free cash flow resulting in reduction of debt; and v) higher return ratios.
- Leading manufacturer of quality plywood:** CPIL is India's leading plywood manufacturer, well known in the trade for its precision in quality. Both CPIL as well as Greenply are near to each other in plywood revenues and command also 50% market share of the organised plywood market in India. The company largely relies on the manufacturing model for its brands 'Century ply' and its premium brand 'Architect Ply' expect for its economic brand 'Sainik' which is outsourced from third party domestic vendors.
- Management confident of growing both the segments in excess of 25% CAGR:** CPIL has increased its plywood capacity from 147,456 CBM to 209,456 CBM in the past two years through greenfield expansion in Kandla, Gujarat and expansion in Myanmar. In laminates too, it has doubled its capacity to 4.8m sheets in the past two years. With the expansions in place coupled with the commensurate increase in distribution network and better demand prospects post the formation of strong and stable Government, we expect the company to post strong volume growth in both the segments over the next two years. The management expects both the segments to grow in excess of 25% CAGR over FY14-16e.
- Myanmar face veneer unit – a strategic advantage:** In India cutting of matured timber is not allowed or is subject to stringent regulations. The industry is thus heavily dependent on import of face veneer primarily from Myanmar. With Myanmar banning export of raw timber w.e.f. Apr-14, the unorganised players are at a disadvantage compared to CPIL. CPIL is the first Indian player to set up a unit in Myanmar, thus ensuring uninterrupted supply of quality raw material to all its units.
- Increasing cash flows to deleverage balance sheet over FY14-16e:** With major capex completed and capacity available to increase revenue in excess of 25% for the next two years, return ratios are likely to expand going forward. With forex volatility expected to considerably reduce, CPIL could see higher ROE's going which was impacted by huge forex loss of Rs440m in FY14 because of INR depreciation. This could be a potential trigger for re-rating going forward.

Financials

Profit and Loss Account

Year ended 31st March	2010	2011	2012	2013	2014
Revenues	11,625	13,601	16,674	11,816	13,477
Expenses	9,169	11,107	13,821	10,583	11,894
Operating Profit	2,456	2,493	2,853	1,234	1,582
Other income	296	85	50	72	37
EBIT	2,752	2,578	2,903	1,306	1,619
Depreciation	452	508	556	280	387
Interest expense	252	232	585	404	603
Profit before tax	2,048	1,838	1,762	622	629
Taxes incl deferred taxation	216	(59)	58	46	(5)
PAT before MI & EO Items	1,832	1,897	1,704	577	633
Extra ordinary Items	0	-	-	-	-
Minority Interest	-	-	(0)	0	0
Profit after tax	1,832	1,897	1,704	576	633
Reported EPS (INR)	6.4	6.8	5.4	2.5	2.7

Balance Sheet

Year ended 31st March	2010	2011	2012	2013	2014
Share Capital	228	228	228	223	223
Reserves & Surplus	4,639	6,061	7,038	2,336	2,708
Networth	4,867	6,289	7,266	2,558	2,931
Minority Interest	1,240	1,558	1,794	86	114
Debt	4,204	5,847	10,482	5,419	5,801
Deferred Tax Liability	14	7	0	25	(7)
Capital Employed	10,325	13,700	19,542	8,088	8,839
Gross Fixed Assets	5,455	6,756	7,385	4,123	4,895
Accumulated Depreciation	1,960	2,494	3,091	1,396	1,731
Net Assets	3,495	4,262	4,295	2,728	3,164
Capital work in progress	1,677	3,546	7,460	467	240
Goodwill	0	0	0	0	0
Investments	5	56	88	77	31
Current Assets					
Inventory	2,105	2,517	3,105	2,293	3,029
Debtors	1,286	1,522	1,951	1,793	2,089
Cash & Bank balance	495	368	685	1,020	387
Loans & advances and others	2,754	3,618	4,289	980	1,289
Current Liabilities & Prov					
Creditors	731	943	1,340	858	753
Other liabilities & provisions	763	1,249	991	411	636
Net Current Assets	5,146	5,833	7,699	4,817	5,404
Misc. Expenses	2	2	-	-	-
Application of Funds	10,325	13,700	19,542	8,088	8,839

Per share data

Year ended 31st March	2010	2011	2012	2013	2014
No. of shares (m)	228	228	228	223	223
BVPS (INR)	21.4	27.6	31.9	11.5	13.2
CEPS (INR)	10.0	10.6	9.9	3.8	4.6
DPS (INR)	0.2	1.0	1.0	0.2	1.0

Source: Company, Antique

Cash Flow Statement

Year ended 31st March	2010	2011	2012	2013	2014
EBT	1,678	1,487	1,286	598	598
Depreciation & amortisation	452	508	556	280	387
Interest expense	252	232	585	404	603
Interest / Dividend received	(10)	(43)	(31)	(9)	(24)
Other Adjustments	(12)	161	48	48	(22)
(Inc)/Dec in working capital	(344)	(823)	(1,553)	(968)	(1,253)
Tax paid	(216)	59	(58)	(46)	5
CF from operating activities	1,800	1,581	834	306	294
Capital expenditure	(1,588)	(3,170)	(4,544)	(1,581)	(544)
Net Investments	(1)	(51)	(32)	12	45
Income from investments	10	43	31	9	24
CF from investing activities	(1,579)	(3,178)	(4,544)	(1,560)	(475)
Inc/(Dec) in share capital	-	-	-	(5)	-
Inc/(Dec) in debt	138	1,643	4,635	1,967	382
Dividends & Interest paid	(521)	(491)	(844)	(469)	(863)
Other Adjustments	267	318	236	95	29
CF from financing activities	(116)	1,470	4,028	1,588	(453)
Net cash flow	105	(127)	317	335	(633)
Opening balance	390	495	368	685	1,020
Closing balance	496	368	685	1,020	387

Growth Indicators (%)

Year ended 31st March	2010	2011	2012	2013	2014
Revenue	12.0	16.5	22.4	(29.1)	13.7
EBITDA	31.8	1.5	14.4	(56.8)	28.3
PAT	155.6	5.7	(20.6)	(55.1)	9.2
EPS	155.6	5.7	(20.6)	(54.0)	9.2

Valuation (x)

Year ended 31st March	2010	2011	2012	2013	2014
PE	12.8	12.1	15.2	33.1	30.3
P/BV	3.2	2.4	2.1	7.4	6.4
EV/EBITDA	9.1	9.7	10.0	18.4	15.0
EV/Sales	1.9	1.8	1.7	1.9	1.8
Dividend Yield (%)	0.3	1.2	1.2	0.3	1.2

Financial Ratios

Year ended 31st March	2010	2011	2012	2013	2014
RoE (%)	27.2	22.2	14.5	9.4	21.2
RoCE (%)	24.2	17.2	13.9	7.3	14.5
Debt/Equity (x)	0.3	0.4	0.3	2.0	1.9
EBIT/Interest (x)	9.1	8.9	4.0	2.5	2.0

Margins (%)

Year ended 31st March	2010	2011	2012	2013	2014
EBITDA	21.1	18.4	17.2	10.5	11.8
EBIT	19.8	15.3	14.2	8.7	9.2
PAT	12.6	11.4	7.4	4.7	4.5

Source: Company, Antique

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