

## Century Plyboards (India) (CENPLY)

₹ 230

### Laminate division shines...

- Century Plyboards' (CPIL) topline grew 5.5% YoY to ₹ 459.3 crore (our estimate: ₹ 459.0 crore) on the back of 10.7% YoY growth in laminate & allied division revenues to ₹ 97.9 crore
- EBITDA margins fell 52 bps YoY to 16.4% (our estimate: 17.5%)
- PAT grew 5.1% YoY to ₹ 49.3 crore below our estimate of ₹ 52.0 crore due to higher-than-expected depreciation expense (₹ 12.6 crore in Q2FY17 vs. our expectation of ₹ 10.0 crore)

### Plywood division revenues flat in Q2FY17...

Plywood & allied division revenues stayed flat with 1.6% YoY growth to ₹ 325.1 crore mainly due to volume de-growth. Plywood & allied division volumes de-grew 0.8% YoY to 66075 CBM. On the positive side, blended realisations grew moderately by 2.4% YoY to ₹ 49194/CBM. Furthermore, sales volumes of its mid-category brand 'Sainik' were at 13400 CBM while premium plywood volumes were at 37667 CBM. We expect plywood & allied segment revenues to grow at 20.6% CAGR to ₹ 1707.9 crore in FY16-18E. Further, its EBIT margin is expected to contract 60 bps to 15.0% in FY16-18E with rising share of relatively lower margin 'Sainik'.

### Laminate division delivers a strong performance...

Laminates and allied division performed better than our expectations after clocking its highest ever quarterly revenues & EBIT margin. Revenues grew 10.7% YoY to ₹ 97.9 crore. While domestic revenues grew 14.7% YoY to ₹ 67.7 crore, export revenues grew 14.2% YoY to ₹ 22.4 crore. Revenue growth was led by volume growth of 28.5% YoY to 1 million (mn) sheets in domestic market & 32.0% YoY growth in export volumes to 0.4 mn sheets. However, realisations for both markets fell 10.7% & 13.5% YoY to ₹ 672 & ₹ 565 per sheet. Further, EBIT margins expanded 590 bps YoY to 17.5%. We expect laminate revenues to grow at 14.0% CAGR to ₹ 435.6 crore & EBIT margins to expand 270 bps to 16.0% over FY16-18E.

### New MDF capacity on track to be commissioned by Q4FY17E...

CPIL is setting up an MDF facility in Punjab with annual capacity of 1,80,000 CBM and investment of ₹ 380 crore (already spent ~₹ 158 crore). It has fast-tracked the construction and expects to commission the plant by Q4FY17E. The management expects the plant to operate at 50% capacity utilisation in Q1FY18E and expects it to rise to 80% by year end. However, we have built in capacity utilization of 70% in FY18 & expect revenues of ₹ 315 crore & sales volumes of 1,26,000 CBM from MDF division. Further, CPIL would not only sell MDF directly in markets but will also use it in-house for making doors, pre-laminated boards & wooden flooring. The management is quite bullish about the growth prospects of MDF and expects a rise in MDF demand, going forward.

### MDF division to drive future growth; maintain BUY...

The pie of Indian organised plywood market is set to expand (currently: 30%) with anticipated GST rollout & high brand aspirations. CPIL, being a leading player would be a major beneficiary as it could leverage its strong brand presence & wide distribution network to capture the demand shift towards organised sector. Further, good monsoon & 7<sup>th</sup> Pay Commission could result in higher spending translating into higher plywood, laminates & MDF demand. Overall, we expect CPIL's revenues, bottomline to grow at 19.0%/17.8% CAGR to ₹ 2350.2 crore/₹ 233.4 crore, in FY16-18E driven mainly by MDF division. Hence, we continue to maintain our **BUY** recommendation on CPIL with a TP of ₹ 255 (24x FY18E EPS).

Rating matrix	
Rating	Buy
Target	₹ 255
Target Period	12-18 months
Potential Upside	11%

What's Changed?	
Target	Unchanged
EPS FY17E	Unchanged
EPS FY18E	Changed from ₹ 10.6 to ₹ 10.5
Rating	Unchanged

Quarterly Performance					
(₹ crore)	Q2FY17	Q2FY16	YoY (%)	Q1FY17	QoQ (%)
Revenue	459.3	435.5	5.5	403.6	13.8
EBITDA	75.7	74.1	2.2	68.3	10.8
EBITDA (%)	16.5	17.0	-52 bps	16.9	-45 bps
PAT	49.3	46.9	5.1	43.1	14.5

Key Financials				
(₹ Crore)	FY15	FY16	FY17E	FY18E
Net Sales	1,564.8	1,658.5	1,818.1	2,350.2
EBITDA	264.3	282.8	317.4	409.4
Net Profit	150.8	168.1	185.7	233.4
EPS (₹)	6.8	7.6	8.4	10.5

Valuation summary				
(x)	FY15	FY16	FY17E	FY18E
P/E	33.9	30.5	27.6	21.9
Target P/E	37.6	33.7	30.5	24.3
EV / EBITDA	21.2	19.6	18.2	14.3
P/BV	13.2	9.7	7.9	6.4
RoNW (%)	38.9	31.8	28.6	29.1
RoCE (%)	25.2	25.1	20.8	22.4

Stock data	
Particular	Amount (₹ crore)
Market Capitalization	5,117.8
Total Debt	455.4
Cash	17.0
EV	5,556.2
52 week H/L (₹)	244 / 136
Equity capital	22.3
Face value (₹)	1.0

Price performance (%)				
Return %	1M	3M	6M	12M
Greenply Industries	4.9	6.1	38.3	45.8
Century Plyboards	(0.3)	7.5	41.1	39.0

Research Analyst	
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## Variance analysis

Particular	Q2FY17	Q2FY17E	Q2FY16	YoY Chg (%)	Q1FY17	QoQ Chg (%)	Comments
Net Sales	459.3	459.0	435.5	5.5	403.6	13.8	Topline grew 5.5% YoY to ₹ 459.3 crore (our estimate: ₹ 459.0 crore) on the back of 10.7% YoY growth in laminate & allied division revenues to ₹ 97.9 crore
Other Income	1.3	1.0	0.6	127.0	0.8	63.5	
Material Consumed	143.2	174.5	162.6	-11.9	153.3	-6.6	
Purchase of Stock in Trade	89.2	69.0	44.5	100.5	60.6	47.0	
Changes in Inventories of WIP	8.1	-10.7	27.3	-70.4	-9.4	-185.8	
Loss/(Gain) on Forex Fluctuation	-0.9	0.0	0.9	-196.4	-2.2	-59.6	
Employee Benefit Expenses	62.4	72.6	56.0	11.5	63.8	-2.1	
Other Expenses	85.0	81.2	73.3	16.1	71.3	19.2	
EBITDA	75.7	80.7	74.1	2.2	68.3	10.8	
EBITDA Margin (%)	16.4	17.5	16.9	-52 bps	16.8	-48 bps	The EBITDA margin contracted 52 bps YoY to 16.4% and was below our expectation of 17.5% mainly due to higher raw material & cost of manufacturing (up 640 bps YoY to 56.3%)
Depreciation	12.6	10.0	10.5	20.3	9.3	36.4	
Interest	6.0	10.0	13.1	-53.8	8.9	-32.1	
PBT	58.4	61.7	51.1	14.2	51.0	643.2	
Taxes	9.1	9.6	4.2	116.8	8.0	14.0	
PAT	49.3	52.0	46.9	5.1	43.1	14.5	Net profit grew 5.1% YoY to ₹ 49.3 crore and was below our estimate of ₹ 52.0 crore partly due to higher-than-expected depreciation expense (₹ 12.6 crore in Q2FY17 vs. our expectation of ₹ 10.0 crore) and partly on EBITDA margin miss

Source: Company, ICICIdirect.com Research

## Change in estimates

Particulars (₹ crore)	FY17E			FY18E			Comments
	Old	New	% change	Old	New	% change	
Revenue	1,825.4	1,818.1	-0.4	2,354.6	2,350.2	-0.2	We maintain our estimates
EBITDA	310.6	317.4	2.2	411.7	409.4	-0.6	
EBITDA Margin (%)	17.0	17.5	46 bps	17.5	17.4	-8 bps	
PAT	181.1	185.7	2.5	235.7	233.4	-1.0	
EPS (₹)	8.2	8.4	1.9	10.6	10.5	-0.9	

Source: Company, ICICIdirect.com Research

## Assumptions

Volume Assumptions	FY17E			Current		Earlier		Comments
	FY14	FY15	FY16	FY17E	FY18E	FY17E	FY18E	
Plywood & Veneer(In CBM)	221,355	234,000	241,794	260,195	279,187	254,319	274,856	
MDF (CBM)	0	0	0	0	126,000	0	117,000	
Laminate Sheets (In Mn)	2.9	3.6	4.3	5.2	5.9	4.9	5.4	We have factored in strong performance in laminate division in Q2FY17
Pre-laminated Boards (In Mn SQM)	1.1	1.3	1.0	0.7	0.8	1.2	1.4	

Source: Company, ICICIdirect.com Research

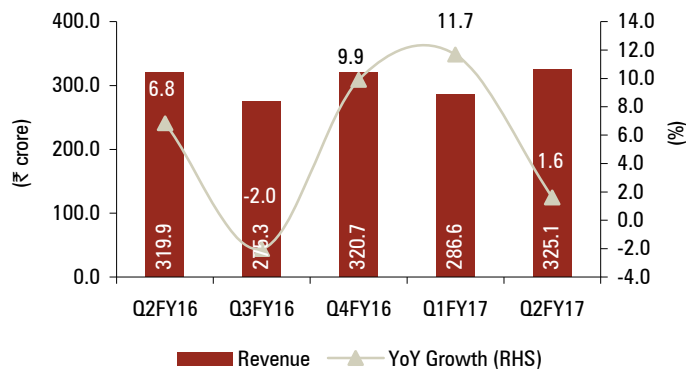
## Company Analysis

### Leading plywood player in India...

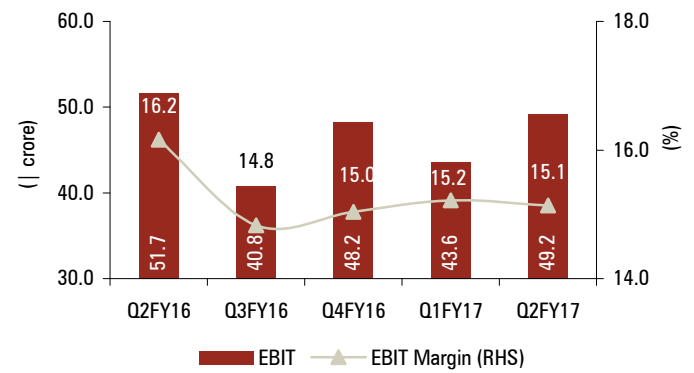
CPIL, with seven manufacturing plants and an aggregate capacity of 209,420 CBM, is a leading plywood player in India. At CPIL, one of the principal initiatives that was taken was the prudent addition to the capacity of respective businesses. This decision to increase production capacity in the midst of an economic slowdown was CPIL's conviction in long-term prospects, relatively better equipment value during such periods and quicker delivery.

In Q2FY17, the plywood and allied division revenues remained flat with 1.6% YoY growth to ₹ 325.1 crore mainly due to volume de-growth. The plywood & allied division volumes de-grew 0.8% YoY to 66075 CBM. On the positive side, blended realisations grew moderately by 2.4% YoY to ₹ 49194 per CBM.

**Exhibit 1: Quarterly plywood & allied products revenue**



**Exhibit 2: Quarterly plywood and allied products EBIT & EBIT margin**

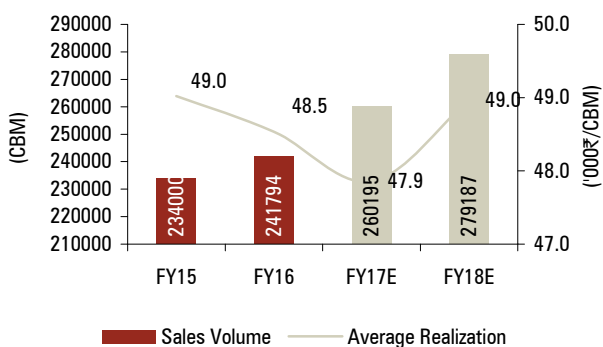


Source: Company, ICICIdirect.com, Research

Source: Company, ICICIdirect.com, Research

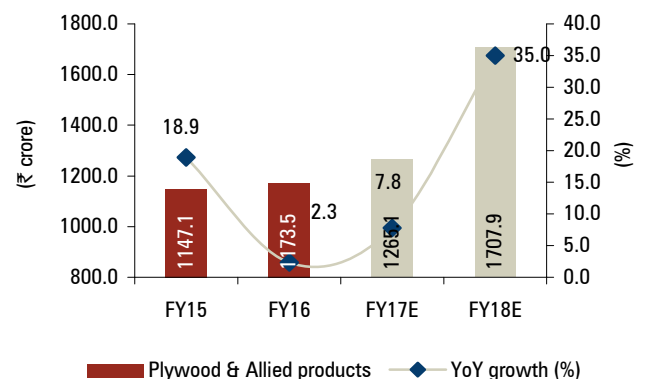
Going ahead, we expect plywood sales volume at 279187 CBM in FY18E with average realisation of ₹ 50,994 per CBM. This would lead to revenue CAGR of 20.6% in FY16-18E to ₹ 1707.9 crore.

**Exhibit 3: Plywood sales volume and average realisation**



Source: Company, ICICIdirect.com, Research

**Exhibit 4: Plywood revenue and growth trend**



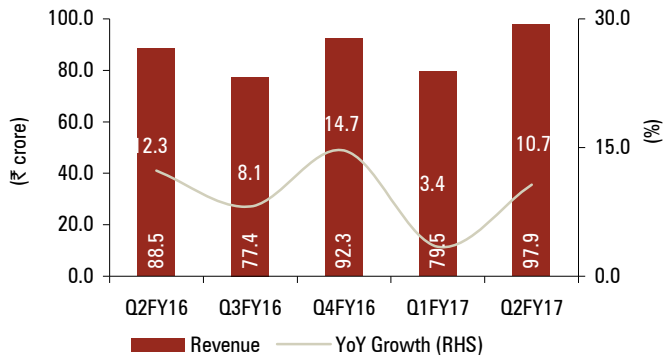
Source: Company, ICICIdirect.com, Research

### Laminate business: well poised in terms of capacity...

At a very early stage, CPIL recognised the need to cater to customers with a growing supply of varied interior products. Hence, the company extended from manufacture of plywood to laminates, decorative veneers etc. facilitating cross sale, superior leverage of existing brand and a better use of a robust dealer network. After creating a strong brand recall in plywood and leveraging it, going ahead, CPIL would now be focusing on the laminate segment through aggressive brand spending. Going ahead, we expect enhanced capacity and branding to lead to an increase in market share and, in turn, robust revenue growth. Operating leverage would lead to an increase in margins and, in turn, higher profitability.

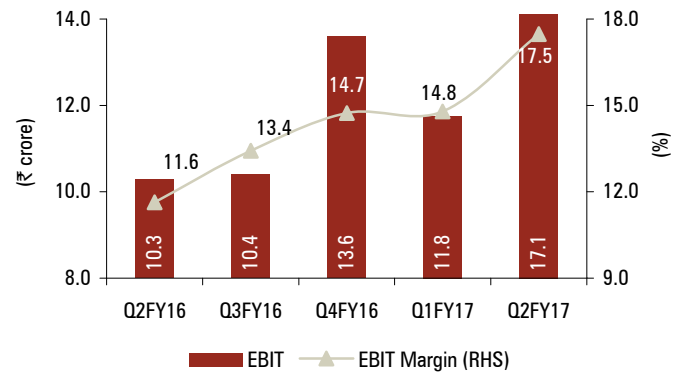
The laminates & allied division posted strong revenue growth of 10.7% YoY, clocking its highest ever quarterly revenue of ₹ 97.9 crore. While domestic revenues grew 14.7% YoY to ₹ 67.7 crore, export revenues grew 14.2% YoY to ₹ 22.4 crore. The revenue growth was mainly led by volume growth of 28.5% YoY to 1 mn sheets in the domestic market and 32.0% YoY growth in export volumes to 0.4 mn sheets. However, realisations for both markets fell 10.7% & 13.5% YoY to ₹ 672 & ₹ 565 per sheet, respectively. Further, EBIT margins expanded 590 bps YoY to 17.5%. In FY16, the company registered robust 26% YoY growth in exports to ₹ 82.4 crore. Going ahead, we expect revenues to grow at 14.0% CAGR to ₹ 435.6 crore in FY16-18E.

**Exhibit 5: Quarterly laminate & allied products revenue**



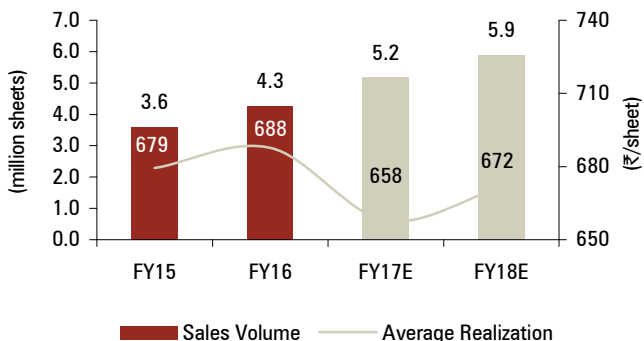
Source: Company, ICICIdirect.com, Research

**Exhibit 6: Quarterly laminate & allied products EBIT & EBIT margin**



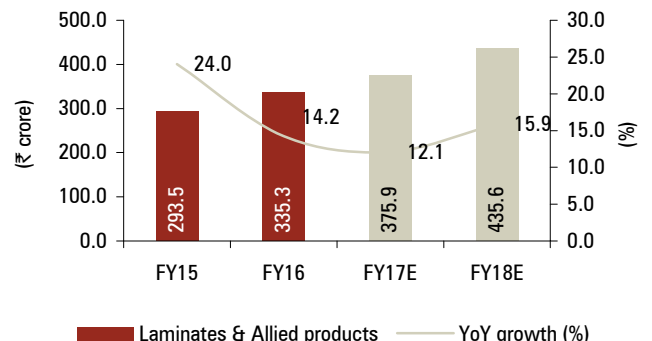
Source: Company, ICICIdirect.com, Research

**Exhibit 7: Laminate sales volume and average realisation trend**



Source: Company, ICICIdirect.com Research

**Exhibit 8: Laminate revenue and growth trend**



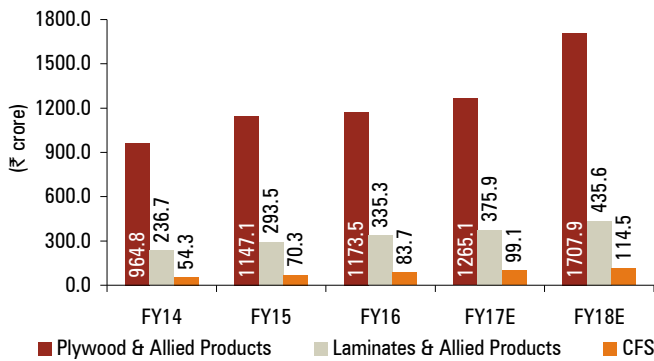
Source: Company, ICICIdirect.com Research

We expect revenues to witness robust growth of 19.0% CAGR to ₹ 2350.2 crore in FY16-18E

**Net revenues to grow at 19.0% CAGR in FY16-18E...**

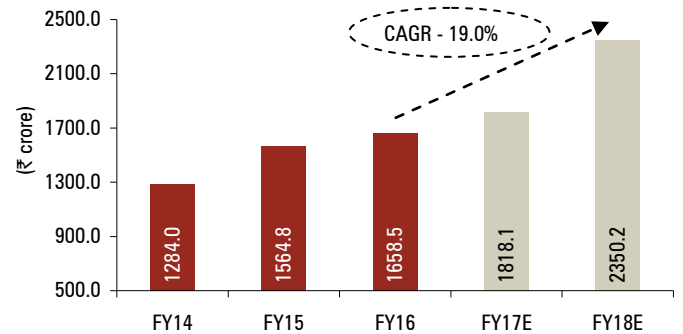
On the basis of our demand drivers, we expect the plywood and panel industry to grow at a decent rate. With the structural shift in the industry, we believe CPIL would be a key beneficiary, going ahead. CPIL's strong brand equity, raw material security and robust distribution network would give a significant boost to its revenues in coming years. The company has been able to counter a progressive commoditisation of plywood with increased realisation of its well established brands. Hence, CPIL's products command 15-30% premium over other products. Consequently, we estimate CPIL's net revenue will grow at 19.0% CAGR to ₹ 2350.2 crore over FY16-18E.

**Exhibit 9: Segmental net revenue trend**



Source: Company, ICICIdirect.com Research

**Exhibit 10: Total net revenue trend**



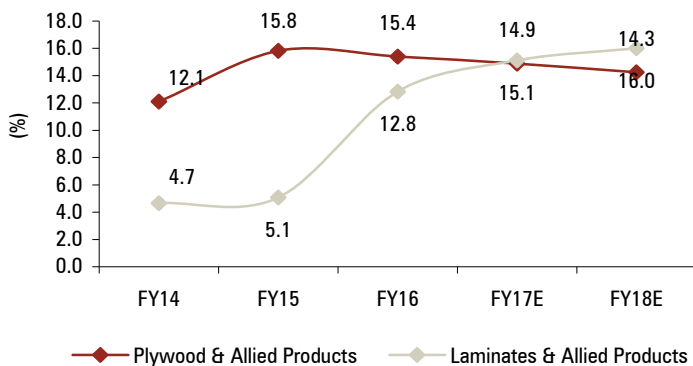
Source: Company, ICICIdirect.com Research

We expect EBIT margins to remain flat at 14.8% in FY18E. Consequently, EBIT is expected to grow at 19.2% CAGR to ₹ 347.1 crore during FY16-18E

**EBIT margin expected to expand on the back of operating leverage...**

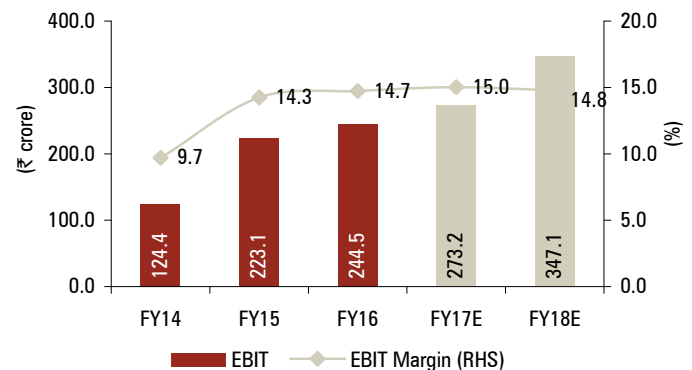
CPIL's prudent strategy to augment the capacity in both plywood and laminates in challenging times for the business would benefit in times of a rebound. The plywood division and laminate division were operating at 85% and 89% of their respective capacities as on FY16. Hence, going ahead, we expect operating leverage to play out well for CPIL. Consequently, EBIT is expected to grow at 19.2% CAGR to ₹ 347.1 crore in FY16-18E. We expect EBIT margins to remain flat at 14.8% in FY18E.

**Exhibit 11: Segmental EBIT trend**



Source: Company, ICICIdirect.com Research

**Exhibit 12: EBIT margin trend**



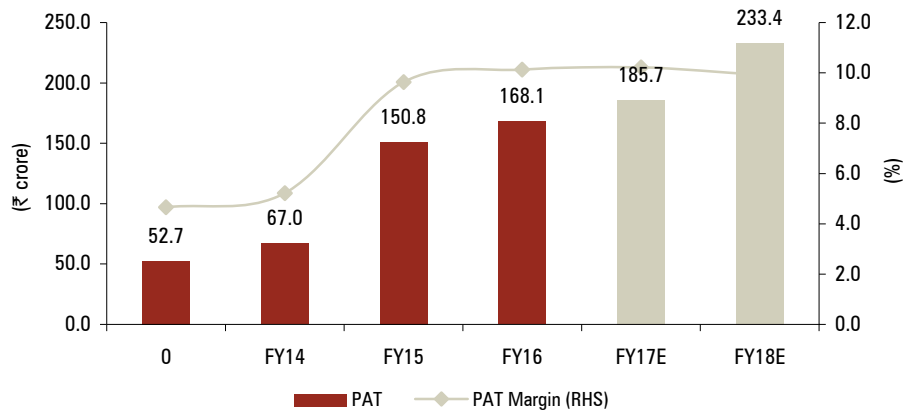
Source: Company, ICICIdirect.com Research

We envisage healthy bottomline growth of 17.8% CAGR during FY16-18E to ₹ 233.4 crore aided mainly by the strong topline performance and margin show

**PAT to grow at 17.8% CAGR in FY16-18E...**

CPIL imports substantially for its raw material requirements. The company reviews foreign currency risk periodically and takes hedging initiatives accordingly. In FY14, due to forex volatility, CPIL had to book losses worth ~₹ 44 crore on its unhedged open positions of buyer's credit, which impacted its bottomline substantially. With a strong brand recall, robust distribution network, structural change in raw material procurement method and expansion in margin on account of operating leverage, we expect earnings to grow at a faster pace, going ahead. Hence, we anticipate bottomline will grow at 17.8% CAGR to ₹ 233.4 crore on the back of strong revenue growth and margin show.

**Exhibit 13: PAT growth trend**

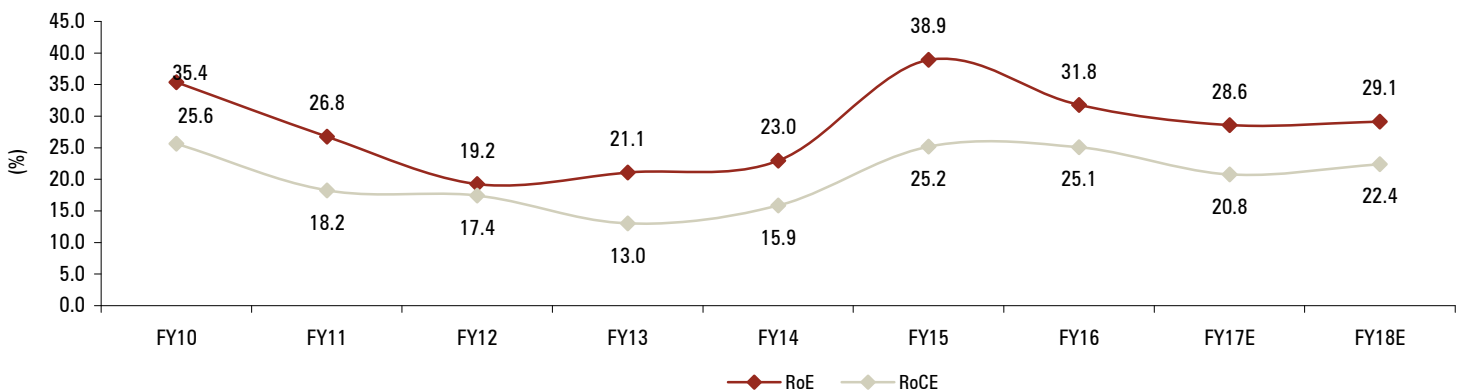


Source: Company, ICICIdirect.com Research

**Healthy return ratios...**

Average RoE and RoCE of CPIL in FY09-15 have remained at the level of 24.4% and 18.8%, respectively. Going forward, RoE and RoCE should moderate to 29.1% and 22.4%, respectively, in FY18E.

**Exhibit 14: RoE and RoCE trend**



Source: Company, ICICIdirect.com Research

## Conference Call Highlights

- **Future outlook:** the management expects revenue growth of ~10% for FY17E with margins in the range of ~16.0-16.5%
- **MDF plant:** CPIL's 600 CBM/day capacity MDF plant is expected to come on stream by Q4FY17. It entails an investment of ₹ 380 crore with ₹ 158 crore spent till September, 2016. The company would also use the MDF produce to make doors, pre-laminated boards and wooden flooring
- **Laminates capacity expansion:** The company is planning to ramp-up its laminates capacity by 50% to 7.2 mn sheets. By August 2017, 1.2 mn sheets would be added while the remainder would be added by January 2018
- **Particle board plant:** The company has commenced operations of its 180 CBM/day capacity particle board plant in existing facility at Chennai in July, 2016. The company incurred a capex of ~₹ 66.5 crore for the plant. It is expected to operate at ~70% capacity utilisation in Q3FY17 and ~80% in Q4FY17
- **Sales & volume details:** Sales volume for the Sainik brand (mid-category) came at 13400 CBM while its premium plywood volumes came at 34150 CBM. In value terms, Sainik revenues came at ~₹ 45.7 crore while its premium plywood revenues came at ~₹ 215.1 crore
- **Timber prices.** The raw timber prices have significantly come down to ~₹ 2000/ ton in North India
- **Margin performance:** In the plywood division, the EBITDA margin was lower for the quarter on account of drop in realisations of commercial veneer due to over supply
- **Marketing strategy:** The company has a strong distribution network of 18000 retail outlets and 2000 dealers/distributors. The company would be largely using the same channel for marketing its MDF and particle board business
- **GST rate:** The management expects a GST rate of either 18% or 28%. Post GST implementation, a level playing field would be established and organised players are set to benefit

We maintain **BUY** recommendation on CPIL with a target price of ₹ 255/share. Our target price implies 24x FY18 EPS.

## Valuation

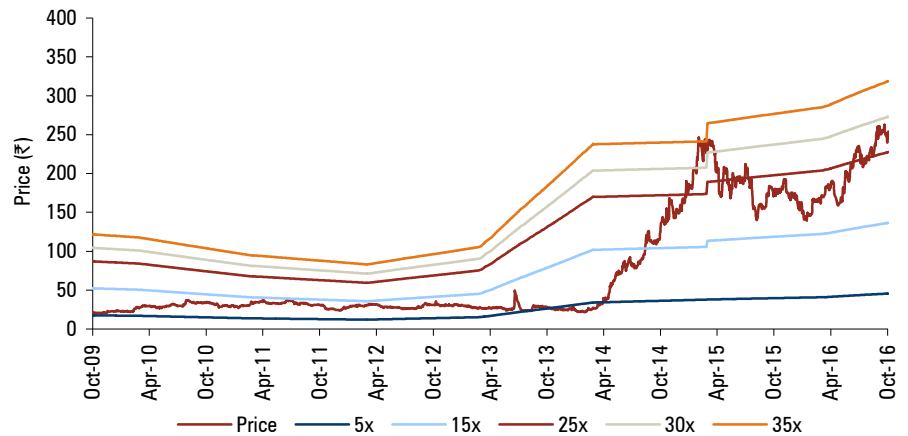
The pie of Indian organised plywood market is set to expand (currently: 30%) with anticipated GST rollout & higher brand aspirations. CPIL, being a leading player would be a major beneficiary as it will be able to leverage its strong brand presence & wide distribution network to capture the demand shift towards organised sector. Further, good monsoon & 7<sup>th</sup> Pay Commission could result in higher spending translating into higher plywood, laminates & MDF demand. Consequently, we expect CPIL's revenues, bottomline to grow at 19.0%, 17.8% CAGR to ₹ 2350.2 crore, ₹ 233.4 crore, respectively, in FY16-18E. Hence, we continue to maintain our **BUY** recommendation on CPIL with a TP of ₹ 255 (24x FY18E EPS).

**Exhibit 15: Valuation Metrics**

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY15	1564.8	21.9	6.8	125.3	33.9	21.2	38.9	25.2
FY16	1658.5	6.0	7.6	11.4	30.5	19.6	31.8	25.1
FY17E	1818.1	9.6	8.4	10.5	27.6	18.2	28.6	20.8
FY18E	2350.2	29.3	10.5	25.7	21.9	14.3	29.1	22.4

Source: Company, ICICIdirect.com Research

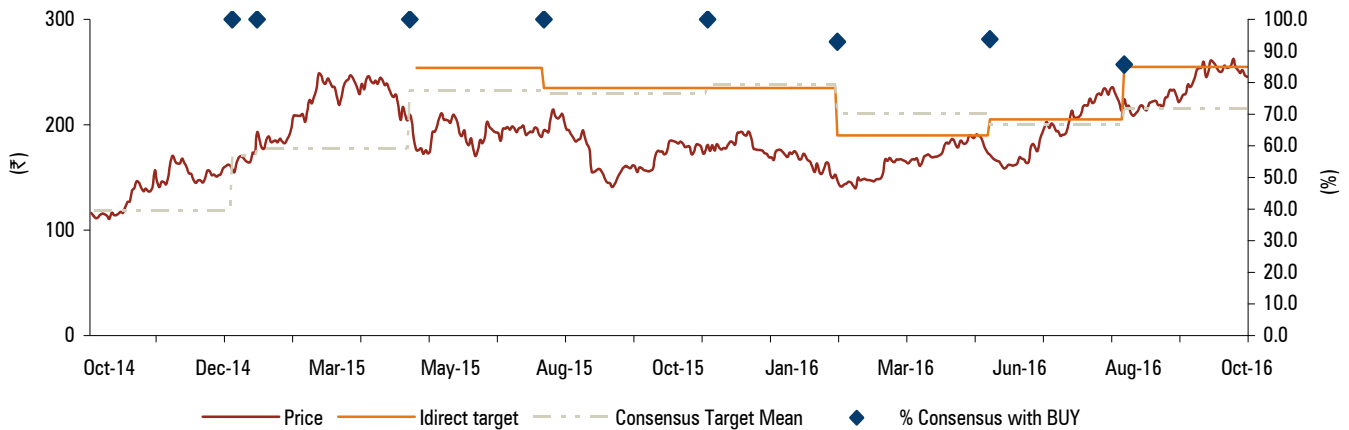
**Exhibit 16: Century one year forward P/E**



Source: Company, ICICIdirect.com Research



### Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICIdirect.com Research

### Key events

Date	Event
FY04	Rights issue 40% at ₹ 30 premium
FY04	Bonus 1:2 ratio
FY07	Acquires 51% stake in Auro Sundaram
FY08	Stock split 1:10
FY08	Acquisition of Star Ferro & Cement Ltd
FY09	CFS business becomes operational
FY10	Acquires 51% stake in Aegis Business
FY13	Demerger of Star Ferro and Cement Ltd
FY13	Ventures into readymade furniture business
FY14	Acquires 50% stake in Century Infotech
FY14	Demerger of Aegis business
Nov-15	Plans to build an MDF facility in Punjab with annual capacity of 1,80,000 CBM with capital expenditure of ~₹ 400 crore

Source: Company, ICICIdirect.com Research

### Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Bhajanka (Sajjan)	30-Sep-16	11.4%	25.2	0.0
2	Agarwal (Sanjay)	30-Sep-16	10.9%	24.2	0.0
3	Agarwal (Divya)	30-Sep-16	7.5%	16.7	0.0
4	Bhajanka (Santosh)	30-Sep-16	7.0%	15.6	0.0
5	Khemani (Vishnuprasad)	30-Sep-16	5.7%	12.6	0.0
6	Norges Bank Investment Management (NBIM)	30-Sep-16	3.9%	8.6	3.1
7	Sriram Vanijya Pvt. Ltd.	30-Sep-16	3.8%	8.5	0.0
8	Brijdham Merchants Pvt. Ltd.	30-Sep-16	3.5%	7.7	0.0
9	Sumangal International Pvt. Ltd.	30-Sep-16	3.5%	7.7	0.0
10	Sumangal Business Pvt. Ltd.	30-Sep-16	3.1%	6.8	0.0

### Shareholding Pattern

(in %)	Dec-15	Mar-16	Jun-16	Sep-16
Promoter	73.34	73.34	73.34	72.21
Public	26.66	26.66	26.66	27.79
Others	0.00	0.00	0.00	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Reuters, ICICIdirect.com Research

### Recent Activity

Buys			Sells		
Investor name	Value (m)	Shares (m)	Investor name	Value (m)	Shares (m)
Norges Bank Investment Management (NBIM)	11.7	3.1	Franklin Templeton Asset Management (India) Pvt. Ltd.	-3.2	-1.0
Agarwal (Hari Prasad) HUF	5.7	1.6	Bhajanka (Prem Kumar)	-1.8	-0.5
BNP Paribas Asset Management, Inc.	2.5	0.8	Wellington Management Company, LLP	-0.5	-0.2
Canara Robeco Asset Management Company Ltd.	1.2	0.3	Robeco Hong Kong Limited	-0.3	-0.1
Tata Asset Management Limited	0.2	0.1	ICON Advisers, Inc.	-0.2	-0.1

Source: Reuters, ICICIdirect.com Research

## Financial summary

### Profit and loss statement (₹ Crore)

(₹ Crore)	FY15	FY16	FY17E	FY18E
Net Sales	1,564.8	1,658.5	1,818.1	2,350.2
Raw Material Expense	658.4	625.7	716.9	971.4
Purchase of Traded Goods	192.7	217.6	218.2	282.0
Employee benefit expenses	193.3	230.6	252.8	326.8
Other Expenses	256.2	301.7	312.8	360.6
Total Expenses	1,300.6	1,375.6	1,500.7	1,940.8
EBITDA	264.3	282.8	317.4	409.4
Interest	43.3	46.7	52.1	62.5
Depreciation	44.8	44.6	50.5	69.2
Other income	3.7	6.3	6.3	6.9
PBT	179.8	197.7	221.1	284.6
Exceptional Items	-	-	-	-
Taxes	29.0	29.7	35.4	51.2
PAT	150.8	168.1	185.7	233.4
PAT Growth rate	125.3	11.4	10.5	25.7
Adjusted EPS (Diluted)	6.8	7.6	8.4	10.5

Source: Company, ICICIdirect.com Research

### Balance sheet (₹ Crore)

(₹ Crore)	FY15	FY16	FY17E	FY18E
<b>Liabilities</b>				
Equity Capital	22.3	22.3	22.3	22.3
Reserve and Surplus	365.3	506.6	627.3	779.0
Total Shareholders funds	387.6	528.9	649.6	801.3
Minority Interest	-	-	-	-
Total Debt	501.9	455.4	675.0	758.2
Deferred Tax Liability	(7.0)	(13.6)	(13.6)	(13.6)
Total Liabilities	882.0	971.0	1,311.0	1,546.0
<b>Assets</b>				
Gross Block	409.2	444.1	502.1	882.1
Less Acc. Dep	201.7	241.1	298.8	368.0
Net Block	207.5	202.9	203.3	514.1
Net Intangibles Assets	1.4	1.2	2.7	4.8
Capital WIP	22.7	93.2	394.1	113.1
Total Fixed Assets	231.6	297.3	600.1	632.0
Investments	45.1	49.7	59.7	59.7
Inventory	320.0	275.2	298.9	386.3
Sundry Debtors	271.9	289.8	313.8	412.1
Loans & Advances	145.9	176.8	175.4	226.8
Cash & Bank Balances	17.0	19.0	19.7	30.1
Other Current Assets	11.3	24.5	26.8	34.6
Total Current Assets	766.2	785.2	834.7	1,089.9
Trade Payable	65.2	84.8	99.6	128.8
Other Current Liabilities	52.7	67.8	73.9	94.2
Provisions	42.6	9.0	9.9	12.8
Net Current Assets	605.7	623.6	651.2	854.2
Total Assets	882.0	971.0	1,311.0	1,546.0

Source: Company, ICICIdirect.com Research

### Cash flow statement (₹ Crore)

(₹ Crore)	FY15	FY16E	FY17E	FY18E
Profit after Tax	150.8	168.1	185.7	233.4
Depreciation	44.8	44.6	50.5	69.2
Interest	43.3	46.7	52.1	62.5
Others	36.6	(16.0)	(30.4)	17.9
Cash Flow before wc changes	304.5	273.1	293.3	434.2
Net Increase in Current Assets	(76.1)	(25.4)	(11.3)	(76.0)
Net Increase in Current Liabilities	(90.7)	41.7	(35.0)	(163.5)
Net CF from operating activities	137.8	289.5	247.0	194.7
(Purchase)/Sale of Fixed Assets	(53.3)	(125.3)	(50.8)	(380.0)
Net CF from Investing activities	(62.4)	(128.7)	(348.8)	(123.4)
Dividend	(46.0)	(60.1)	(65.0)	(81.7)
Interest paid	(42.5)	(46.9)	(52.1)	(62.5)
Inc / (Dec) in Loans	12.1	(51.8)	219.6	83.2
Net CF from Financing activities	(76.4)	(158.8)	102.5	(61.0)
Net Cash flow	(1.0)	2.0	0.7	10.3
Opening Cash	18.1	17.1	19.0	19.7
Closing Cash/ Cash Equivalent	17.1	19.0	19.7	30.1

Source: Company, ICICIdirect.com Research

### Key ratios

	FY15	FY16	FY17E	FY18E
<b>Per Share Data (₹)</b>				
EPS - Diluted	6.8	7.6	8.4	10.5
Cash EPS	8.8	9.6	10.6	13.6
Book Value	17.4	23.8	29.2	36.1
Dividend per share	1.3	1.0	2.9	3.7
<b>Operating Ratios (%)</b>				
EBITDA / Net Sales	16.9	17.1	17.5	17.4
PAT / Net Sales	9.6	10.1	10.2	9.9
Inventory Days	74.7	60.6	60.0	60.0
Debtor Days	63.4	63.8	63.0	64.0
Creditor Days	15.2	18.7	20.0	20.0
<b>Return Ratios (%)</b>				
RoE	38.9	31.8	28.6	29.1
RoCE	25.2	25.1	20.8	22.4
RoIC	26.0	25.7	29.6	24.2
<b>Valuation Ratios (x)</b>				
EV / EBITDA	21.2	19.6	18.2	14.3
P/E (Diluted)	33.9	30.5	27.6	21.9
EV / Net Sales	3.6	3.3	3.2	2.5
Market Cap / Sales	3.3	3.1	2.8	2.2
Price to Book Value	13.2	9.7	7.9	6.4
Dividend Yield	0.5	0.4	1.3	1.6
<b>Solvency Ratios (x)</b>				
Net Debt / Equity	1.3	0.8	1.0	0.9
Debt / EBITDA	1.9	1.6	2.1	1.9
Current Ratio	4.2	4.2	4.0	4.0
Quick Ratio	2.2	2.4	2.3	2.4

Source: Company, ICICIdirect.com Research

### ICICIdirect.com coverage universe (Building Materials)

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			P/B (x)			RoE (%)		
	(₹)	TP(₹)	Rating		FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E
Century Plyboard (CENPLY)	230	255	Buy	5118	7.6	8.4	10.5	30.5	27.6	21.9	19.6	18.2	14.3	9.7	7.9	6.4	31.8	28.6	29.1
Greenply (MTML)	287	300	Hold	3465	10.8	11.9	13.7	26.5	24.2	20.9	14.9	13.5	13.0	5.7	4.4	3.7	21.6	18.2	17.6

Source: Company, ICICIdirect.com Research

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Buy: > 10%/15% for large caps/midcaps, respectively;

Hold: Up to +/-10%;

Sell: -10% or more;



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