

Century Plyboards (India) (CENPLY)

₹ 193

Rating matrix		
Rating	:	Buy
Target	:	₹ 235
Target Period	:	18-24 months
Potential Upside	:	22%

What's Changed?	
Target	Changed from ₹ 254 to ₹ 235
EPS FY16E	Changed from ₹ 8.1 to ₹ 8.4
EPS FY17E	Changed from ₹ 10.6 to ₹ 10.2
Rating	Unchanged

Quarterly Performance					
(₹ crore)	Q1FY16	Q1FY15	YoY (%)	Q4FY15	QoQ (%)
Revenue	368.0	360.8	2.0	404.9	-9.1
EBITDA	66.8	47.2	41.5	79.4	-15.9
EBITDA (%)	18.1	13.1	507 bps	19.6	-145 bps
PAT	39.7	25.7	54.2	48.0	-17.3

Key Financials				
(₹ Crore)	FY14	FY15E	FY16E	FY17E
Net Sales	1,284.0	1,564.8	1,796.7	2,098.9
EBITDA	148.2	264.2	314.9	370.9
Net Profit	67.0	150.8	187.0	225.9
EPS	3.0	6.8	8.4	10.2

Valuation summary				
(x)	FY14	FY15E	FY16E	FY17E
P/E	63.5	28.2	22.7	18.8
Target P/E	81.0	36.0	29.0	24.0
EV / EBITDA	31.9	17.8	15.0	13.0
P/BV	14.6	10.9	8.3	6.5
RoNW (%)	23.0	38.7	36.6	34.3
RoCE (%)	14.7	25.6	25.6	24.2

Stock data	
Particular	Amount
Market Capitalization	₹ 4294.3 Crore
Total Debt	₹ 469 Crore
Cash	₹ 10.9 Crore
EV	₹ 4752.3 Crore
52 week H/L (₹)	262 / 35
Equity capital	₹ 22.3 Crore
Face value	₹ 1

Price performance (%)				
(%)	1M	3M	6M	12M
Century Plyboard	(2.7)	(15.5)	14.5	128.7
Greenply Industries	8.0	(6.0)	11.6	16.7
Archidply Industries	15.1	14.6	(10.0)	167.2
Sarda Plywood	69.0	90.3	40.4	160.8

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Improved margins boost bottomline...

- Century Plyboards India's (CPIL) net sales posted muted growth of 2.0% YoY to ₹ 368.0 crore mainly on account of the poor performance of plywood & allied products. Revenues of the plywood & allied products business declined 6.3% YoY to ₹ 257.6 crore mainly due to a slowdown in the housing sector. On the brighter side, the laminate & allied products business grew 23.1% YoY to ₹ 77.2 crore
- The EBITDA margin improved significantly by 507 bps to 18.0% YoY beyond our expectation of 15.7%. While the EBIT margin of the plywood & allied division improved 440 bps to 17.0%, the EBIT margin of the laminates & allied division expanded 650 bps to 13.1% mainly due to softening of raw material prices
- The net profit grew 54.2% YoY to ₹ 39.7 crore mainly on account of a sharp EBITDA margin expansion and lower effective tax rate of 11.3% in Q1FY16 against 16.2% in Q1FY15

Leading plywood player with strong brand equity & distribution network...

The Indian plywood industry is worth ~₹ 15,000-16,000 crore where the organised segment accounts for ~25-30% of the overall market. CPIL, with a capacity of 209,420 cubic metres (CBM), is the leading player in the plywood industry. The company enjoys ~23-30% share of the organised plywood market with strong brands across product categories and a robust pan-India distribution network comprising 33 marketing offices, 1424 dealers, 6333 employees and 13,000 retail outlets.

Laminate business: healthy support to plywood business...

CPIL has augmented its laminate capacity from 2.4 to 4.8 million sheets, making it the third largest producer of laminates in India. Going ahead, we expect revenues from the laminate business to grow at 21.9% CAGR to ₹ 380.9 crore in FY15-17E. Furthermore, with better capacity utilisation, its EBIT margin may improve from 7.8% in FY15 to 13.0% in FY17E.

Myanmar ban, GST roll-out – structurally positive for organised pie...

In April, 2014, Myanmar banned the export of raw timber logs, putting Indian plywood players at a huge disadvantage as they were heavily dependent on Myanmar for raw timber. However, CPIL had proactively set up a plant in Myanmar to process raw timber providing security on face veneer (key component for plywood). This has helped the company to gain a first mover advantage over others. Secondly, with the rollout of GST, the pricing difference between organised and unorganised players due to tax inequalities is likely to narrow down providing a level playing field to organised players. Hence, we believe CPIL will reap the benefits of a structural shift towards organised players.

Set to ride on expanding organised pie; maintain BUY...

Like other building materials such as tiles, we envisage the Indian organised plywood player's pie (currently at ~₹ 3500-4500 crore) will expand in the coming years on the back of structural changes like rollout of GST, ban on raw material from Myanmar and higher brand aspirations. CPIL is likely to see exponential earnings growth of 22.4% in FY15-17E with a significant improvement in return ratios and leverage making a strong case for a further re-rating. Hence, we maintain our BUY recommendation on CPIL with a target price of ₹ 235 (23x FY17E EPS implying a PEG of 1.0x in FY15-17E).

Variance analysis

Particular	Q1FY16	Q1FY16E	Q1FY15	YoY (Chg %)	Q4FY15	QoQ (Chg %)	Comments
Net Sales	368.0	399.0	360.8	2.0	404.9	-9.1	Net sales growth of 2.0% YoY was below our expectation mainly on account of the plywood & allied division, which declined 6.3% YoY to ₹ 257.6 crore due to a slowdown in the housing sector
Other Income	0.3	1.0	1.3	-74.8	0.9	-61.0	
Material Consumed	156.7	174.3	176.4	-11.2	151.7	3.3	
Purchase of Stock in Trade	43.0	48.1	43.8	-1.7	59.7	-28.0	
Changes in Inventories of WIP	-4.1	0.0	-5.2	-22.1	-1.1	259.3	
Loss/(Gain) on Forex Fluctuation	-1.3	0.0	-1.8	-30.6	-8.3	-84.9	
Employee Benefit Expenses	51.7	51.3	41.5	24.8	52.4	-1.3	
Other Expenses	58.0	60.9	60.9	-4.7	75.4	-23.0	
EBITDA	66.8	62.8	47.2	41.5	79.4	-15.9	
EBITDA Margin (%)	18.1	15.7	13.1	507 bps	19.6	-145 bps	Higher-than-expected EBITDA margin was mainly on account of better margin in the plywood business. The EBIT margin of the plywood business came in at 17.0% while that of the laminate business came in at 13.1%
Depreciation	10.1	11.0	10.4	-3.3	11.9	-14.9	
Interest	12.3	12.0	7.4	66.7	9.0	36.2	
PBT	44.7	40.8	30.7	45.6	59.4	-3,711.2	
Taxes	5.1	7.4	5.0	1.4	11.4	-55.4	
PAT	39.7	33.4	25.7	54.2	48.0	-17.3	

Source: Company, ICICIdirect.com Research

Change in estimates

Particulars	FY16E			FY17E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	1,847.1	1,796.7	-2.7	2,262.2	2,098.9	-7.2	We have now factored in a slowdown in sales volume in our estimates
EBITDA	305.4	314.9	3.1	373.6	370.9	-0.7	
EBITDA Margin %	16.5	17.5	99 bps	16.5	17.7	116 bps	We now incorporate a better-than-expected EBIT margin in plywood & laminates
PAT	180.3	187.0	3.7	235.4	225.9	-4.0	
EPS	8.1	8.4	3.7	10.6	10.2	-4.0	

Source: Company, ICICIdirect.com Research

Assumptions

Volume Assumptions	FY16E		Current		Earlier		Comments
	FY14	FY15E	FY16E	FY17E	FY16E	FY17E	
Plywood (In CBM)	176,211	197,356	221,039	254,195	221,039	265,247	Given the sharp slowdown in Q1FY16, we have tweaked our assumption
Veneer (In CBM)	45,142	46,496	46,496	46,496	51,146	58,818	
Laminate Sheets (In Mn)	2.9	3.6	4.5	4.8	4.5	5.0	The company is doing very well in the laminates division and expects FY16 laminates volume to be in the range of 4.5-4.9 million sheets
Pre-laminated Boards (In Mn SQM)	1.2	1.2	1.3	1.5	1.3	1.5	

Source: Company, ICICIdirect.com Research

Company Analysis

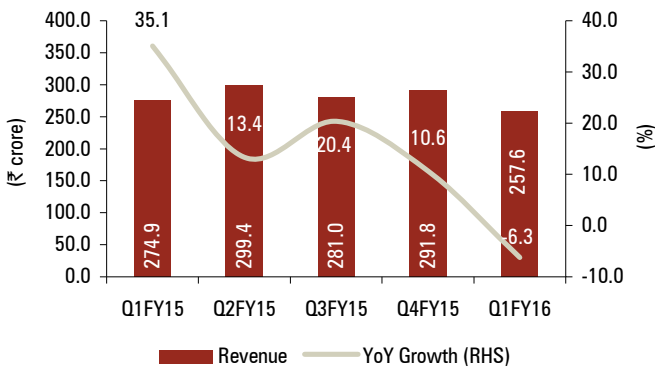
Largest producer of plywood in India...

CPIL, with seven manufacturing plants and an aggregate capacity of 209,420 CBM, is the largest producer of plywood in India. At CPIL, one of the principal initiatives that were 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. Consequently, the company recently commissioned two plants i.e. one in Kandla and another in Myanmar.

The plywood & allied products division de-grew 6.3% YoY to ₹ 257.6 crore chiefly on account of a slowdown in the housing sector. However, the EBIT grew significantly by 25.9% YoY to ₹ 43.8 crore in Q1FY16. CPIL reported an EBIT margin of 17%, which improved 440 bps YoY mainly on account of softening of raw material prices.

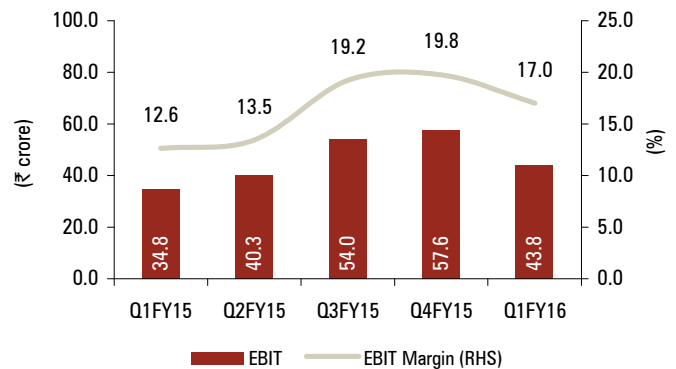
We believe the recent capacity expansion along with high operating leverage will result in strong growth, going ahead

Exhibit 2: Quarterly plywood & allied products revenue



Source: Company, ICICIdirect.com Research

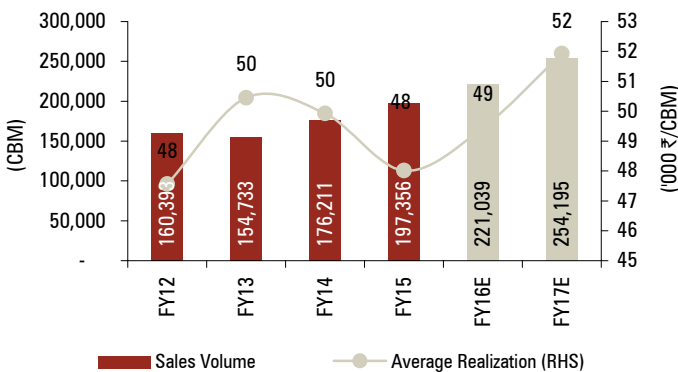
Exhibit 3: Quarterly plywood & allied products EBIT & EBIT margin



Source: Company, ICICIdirect.com Research

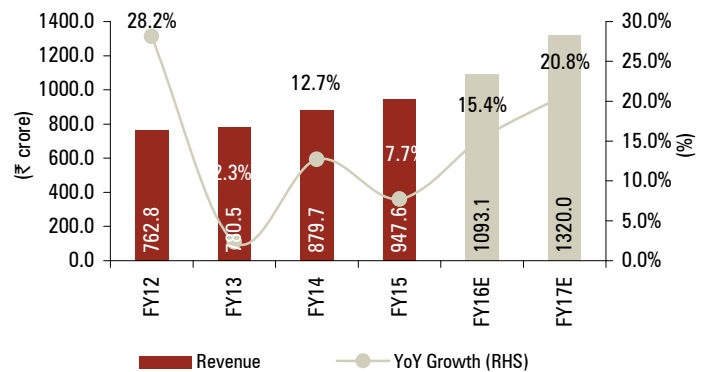
Going ahead, we expect plywood sales volume at 254,195 CBM in FY17E with average realisation of ₹ 52,000 per CBM. This may lead to revenue CAGR of 18.0% during FY15-17E to ₹ 1320.0 crore.

Exhibit 4: Plywood sales volume, average realisation



Source: Company, ICICIdirect.com Research

Exhibit 5: Plywood revenue, growth trend



Source: Company, ICICIdirect.com Research

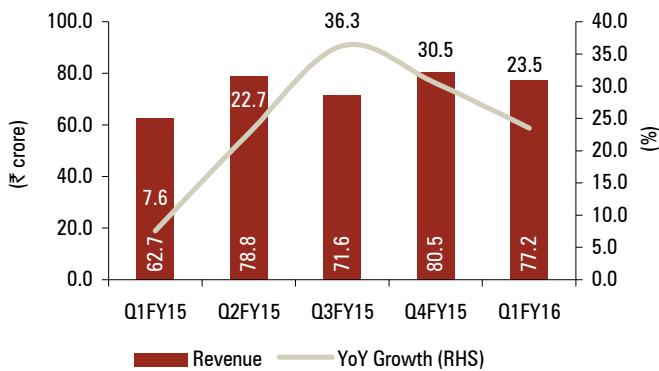
Laminate business: well poised in terms of capacity...

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 itself 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. Recently, CPIL augmented its laminate capacity from 2.4 to 4.8 million sheets, making it the third largest producer of laminates in India. The company is continuously making efforts to widen its product offering in the laminate segment, which can be seen from an increase in stock keeping units (SKU) to 700 in FY14 and expects to add 100 every year. Consequently, a wide product choice has made it possible to address varied consumer preference across different states and locations through regional distribution centres.

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 is expected to lead to an increase in margins and, in turn, higher profitability.

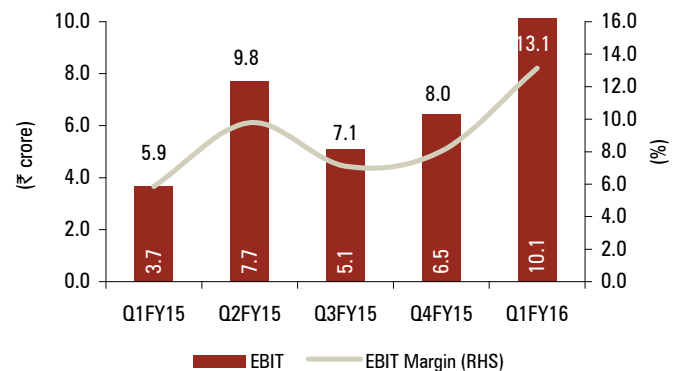
In Q1FY16, CPIL reported strong growth of 23.1% YoY to ₹ 77.2 crore in the laminate & allied products business while the EBIT margin came in at 13.1% in Q1FY16. In FY15, the laminate & allied products business has grown 24.0% YoY to ₹ 293.5 crore with EBIT margin of 7.8%. Going ahead, we expect 21.9% revenue CAGR to ₹ 380.9 crore in FY15-17E in the laminate business and EBIT margin to inch up to 13.0% in FY17E.

Exhibit 6: Quarterly laminate & allied products revenue



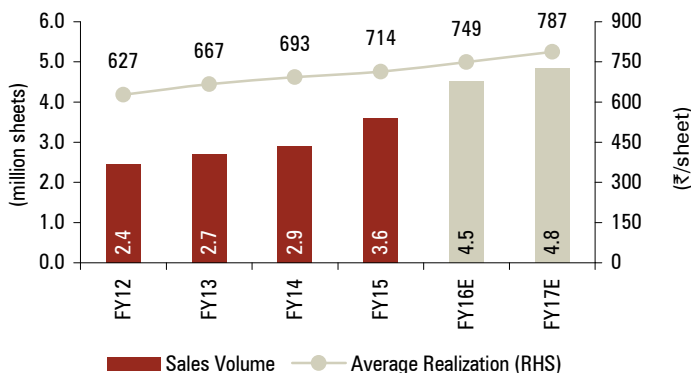
Source: Company, ICICIdirect.com Research

Exhibit 7: Quarterly laminate & allied products EBIT & EBIT margin



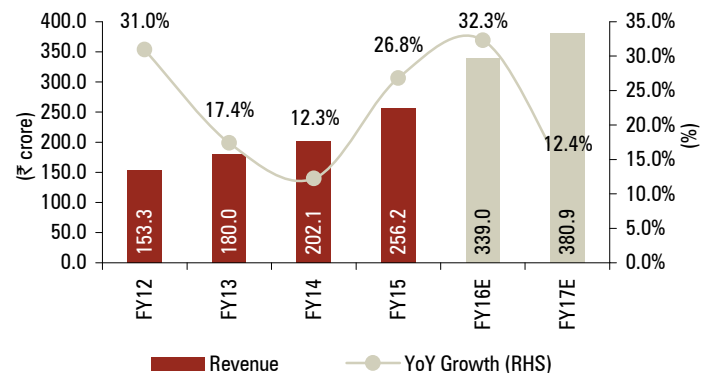
Source: Company, ICICIdirect.com Research

Exhibit 8: Laminate sales volume and average realisation trend



Source: Company, ICICIdirect.com Research

Exhibit 9: Laminate revenue and growth trend



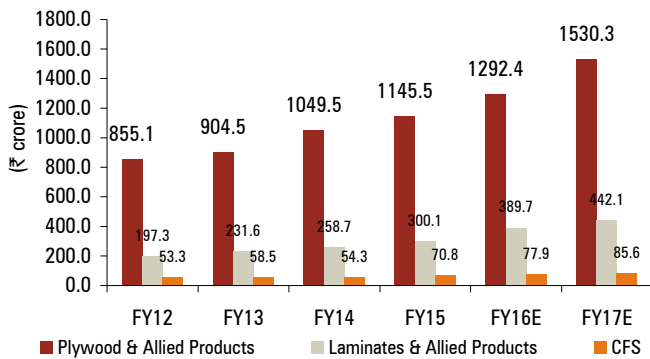
Source: Company, ICICIdirect.com Research

Revenues to grow at 15.7% CAGR during FY15-17E...

We expect revenues to witness robust growth of 15.7% CAGR to ₹ 2098.9 crore during FY15-17E

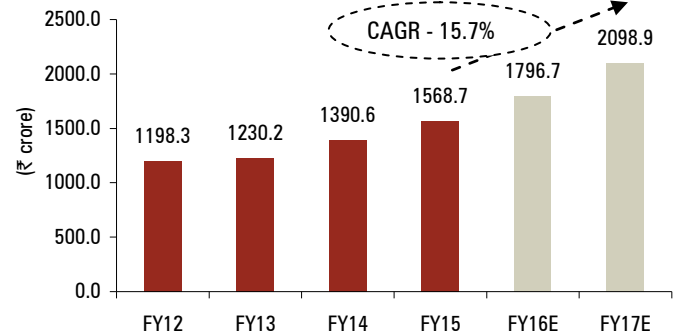
On the basis of our demand drivers, we expect the plywood and panel industry to grow at a decent rate. With the structural shift in the industry, we believe CPIL would be a key beneficiary, going ahead. CPIL's strong brand equity, raw material security and robust distribution network are expected to give a significant boost to its revenues in the 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 revenue will grow at 15.7% CAGR to ₹ 2098.9 crore during FY15-17E.

Exhibit 10: Segmental gross revenue trend



Source: Company, ICICIdirect.com Research

Exhibit 11: Total gross revenue trend



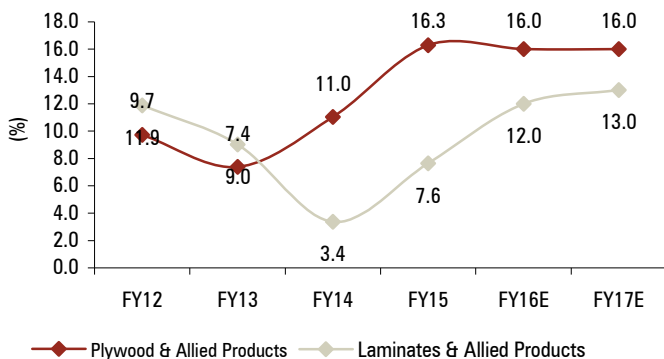
Source: Company, ICICIdirect.com Research

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

We expect an EBIT margin expansion by 120 bps to 15.5% in FY17E. Consequently, EBIT is expected to grow at 20.7% CAGR to ₹ 325.0 crore during FY15-17E

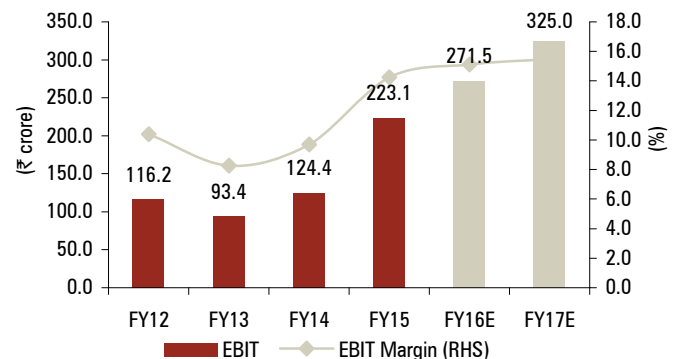
CPIL's prudent strategy to augment the capacity in both plywood and laminates in challenging times for the business would benefit in times of a rebound. The plywood division and laminates division were operating at ~72% and 65% of their respective capacities. Hence, going ahead, we expect operating leverage to play out well for CPIL. Consequently, EBIT is expected to grow at 20.7% CAGR to ₹ 325.0 crore in FY15-17E. We expect the EBIT margin to expand to 15.5% in FY17E from 14.3% in FY15.

Exhibit 12: Segmental EBIT trend



Source: Company, ICICIdirect.com Research

Exhibit 13: EBIT margin trend



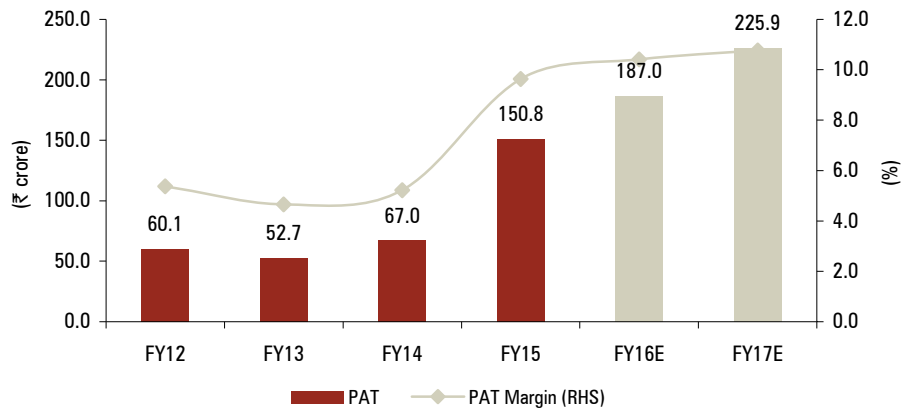
Source: Company, ICICIdirect.com Research

We envisage healthy bottomline growth of 22.4% CAGR during FY15-17E to ₹ 225.9 crore aided mainly by the strong topline performance and margin expansion

PAT to grow at 22.4% CAGR in FY15-17E...

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 22.4% CAGR to ₹ 225.9 crore on the back of strong revenue growth and margin expansion.

Exhibit 14: PAT growth trend

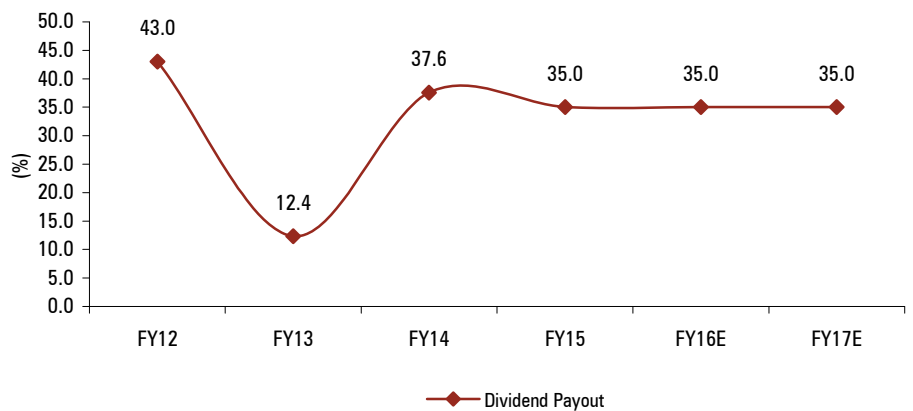


Source: Company, ICICIdirect.com Research

Consistent dividend payer....

In the last five years, CPIL's average dividend payout ratio was 30.8%. Going ahead, we expect it to remain at more or less the same level. Hence, we have considered a dividend payout ratio of 35% till FY17E.

Exhibit 15: Dividend payout track record...



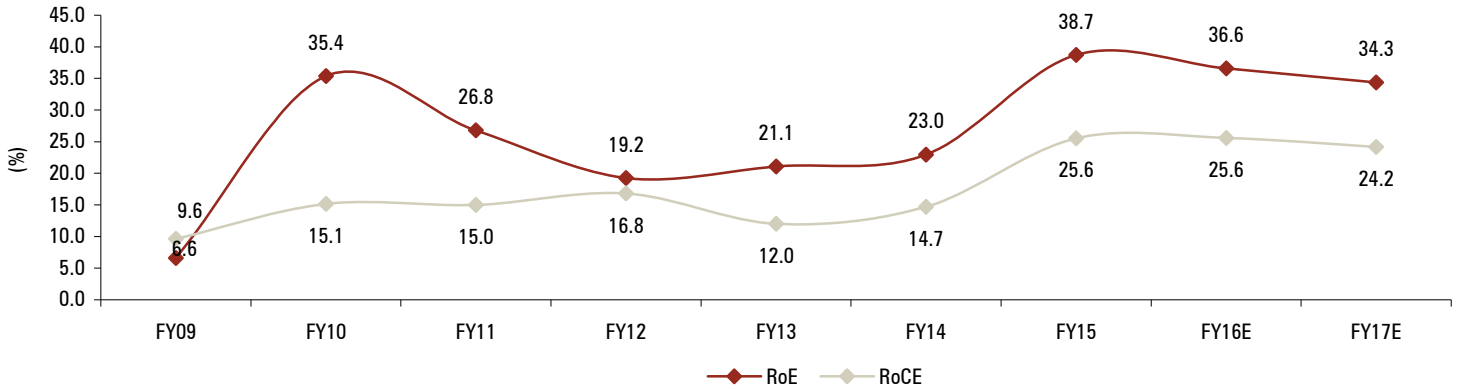
Source: Company, ICICIdirect.com Research

We anticipate an increase of 1570 bps in RoE from FY14 level mainly driven by an increase in PAT margins

Healthy return ratios...

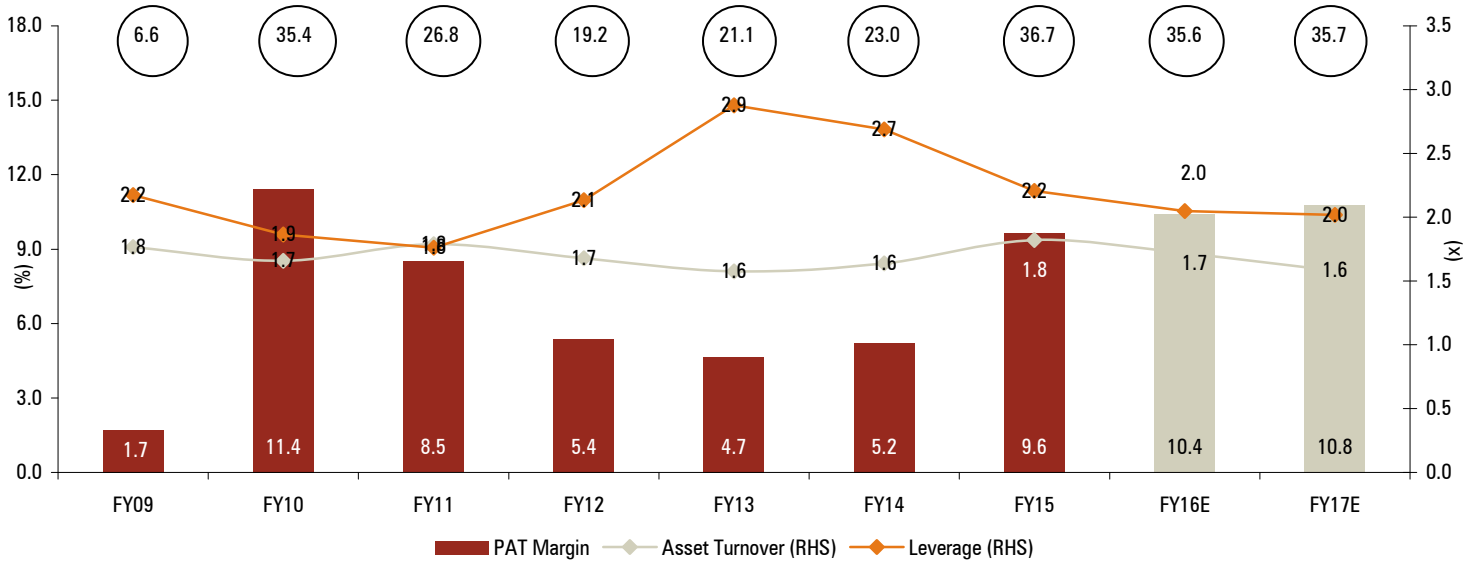
The average RoE and RoCE of CPIL during FY09-15 have remained at the level of 24.4% and 15.5%, respectively. With the strong revenue performance, expansion in margin and consequent increase in PAT, we expect CPIL's return ratio profile to increase significantly, going ahead. Our DuPont analysis concludes that an increase in RoE to 34.3% in FY17E would largely be driven by an increase in PAT margin.

Exhibit 16: RoE and RoCE trend



Source: Company, ICICIdirect.com Research

Exhibit 17: DuPont Analysis



Source: Company, ICICIdirect.com Research

Bubble value represents RoE

Conference Call Highlights

- Two plants in Laos have started getting commissioned. Consequently, CPIL received two consignments of veneer from Laos in July, which will increase further in future. This veneer would compensate for CPIL's existing veneer demand
- The management feels that MDF demand in India has improved. Currently, the company has licences to set up an MDF plant at Uttarakhand, Andhra Pradesh and Gujarat. CPIL is looking to set up a plant at either of the above locations and expects the plant to get commissioned in 12-15 months
- For the MDF plant, it is looking at a capex of ₹ 300 crore and is looking out to fund with debt to equity of 2:1
- In Q1FY16, supply of veneer was unsatisfactory from Myanmar as the plant remained shut for three weeks owing to a labour shortage. Consequently, they moved to countries like Solomon and Papua New Guinea to compensate for veneer demand

We maintain our **BUY** recommendation on CPIL with a target price of ₹ 235/share. Our target price implies 23x FY17 EPS and 1.0x PEG ratio. At the CMP, the stock is trading at 10.2x FY17E P/E and 29.7x FY17E P/BV

Valuation

Why re-rating???...structural play akin to Kajaria Ceramics...

At the CMP, CPIL is trading at 23.0x FY16 EPS and 18.9x FY17 EPS. With its strong brand recall and distribution network, the company is likely to be a key beneficiary in the plywood segment, which is going through a structural shift towards an organised market due to roll out of GST, ban on timber export by Myanmar and brand aspiration. Beside this, CPIL's earnings are now less susceptible to forex volatility due to lower dependence on buyer credit facilities. Consequently, we expect earnings to grow at a healthy 22.4% CAGR during FY15-17E. We also envisage an improvement in return ratios with better utilisation of its capacity. Therefore, on account of the above-mentioned factors, CPIL is well placed among its peers. Hence, this is expected to lead to a re-rating of the stock. Therefore, we initiate coverage on the stock with a **BUY** recommendation and a target price of ₹ 235. We have ascribed a target multiple of 23x FY17 EPS, which is at a PEG of ~1.0x considering the earnings CAGR of 22.4% during FY15-FY17E.

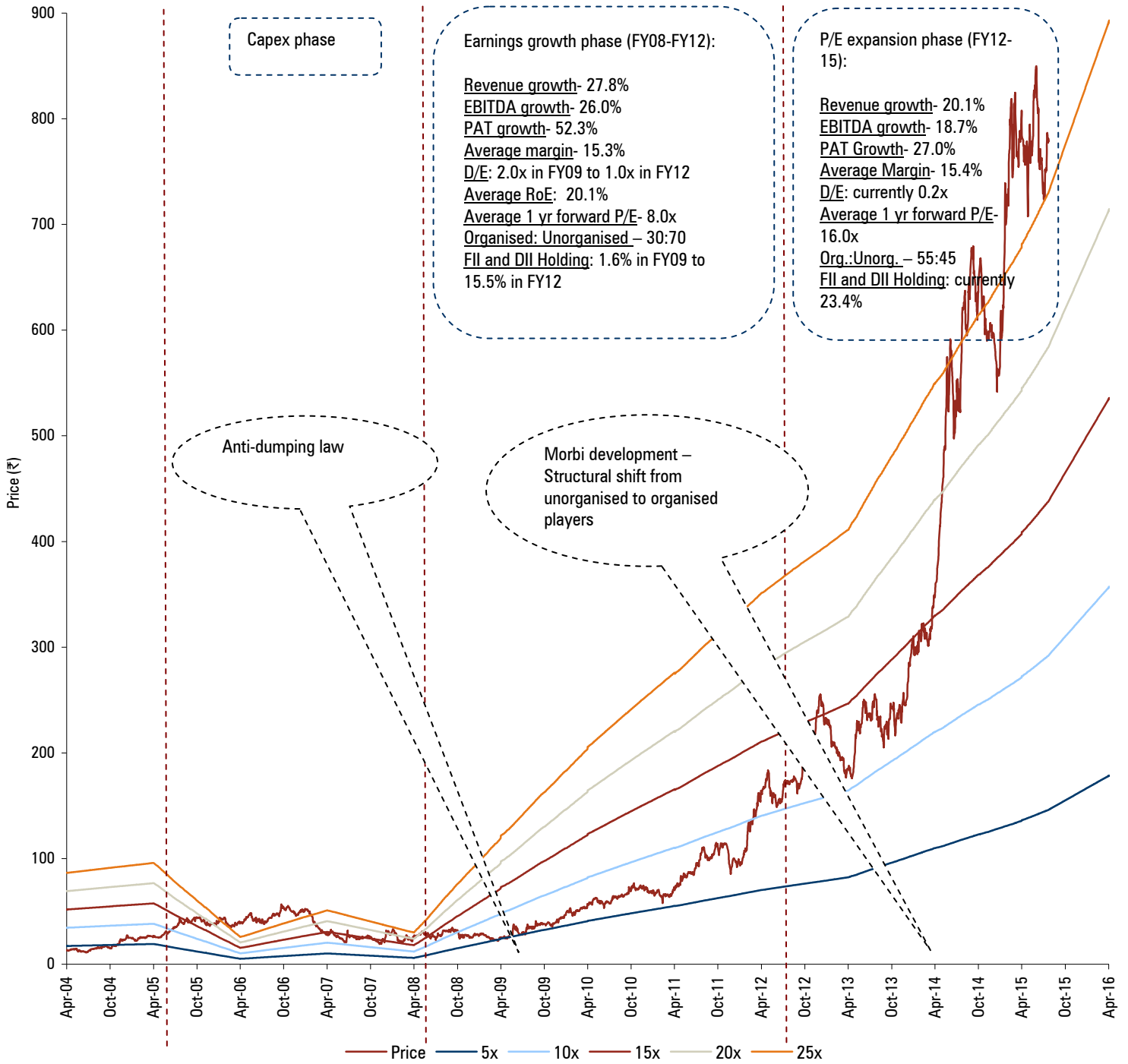
We also derive comfort in re-rating CPIL's multiples in the range of 20-25x over the next few years by comparing it with other building material segments such as tiles where the organised market share increased to 55% currently from ~30% in FY10. During the same period, leading players in tiles such as Kajaria saw a re-rating of multiples from single digit multiples in FY10 to 20-25x in FY15E with a significant improvement in earnings, return ratio and reduction in leverage. We believe that as the plywood industry is currently dominated by unorganised players (~70% market share), it is also seeing a structural shift towards organised players given brand aspiration, rollout of GST and ban of timber export by Myanmar. With a strong brand equity and distribution network, CPIL is expected to be a key beneficiary of this transition phase and would see a significant improvement in financials & multiples, going ahead. Hence, we are bullish on CPIL.

Exhibit 18: Valuation metrics

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY14	1284.0	13.5	3.0	27.1	64.1	32.2	23.0	14.7
FY15E	1564.8	21.9	6.8	125.3	28.5	18.0	38.7	25.6
FY16E	1796.7	14.8	8.4	24.0	23.0	15.1	36.6	25.6
FY17E	2098.9	16.8	10.2	20.8	19.0	13.1	34.3	24.2

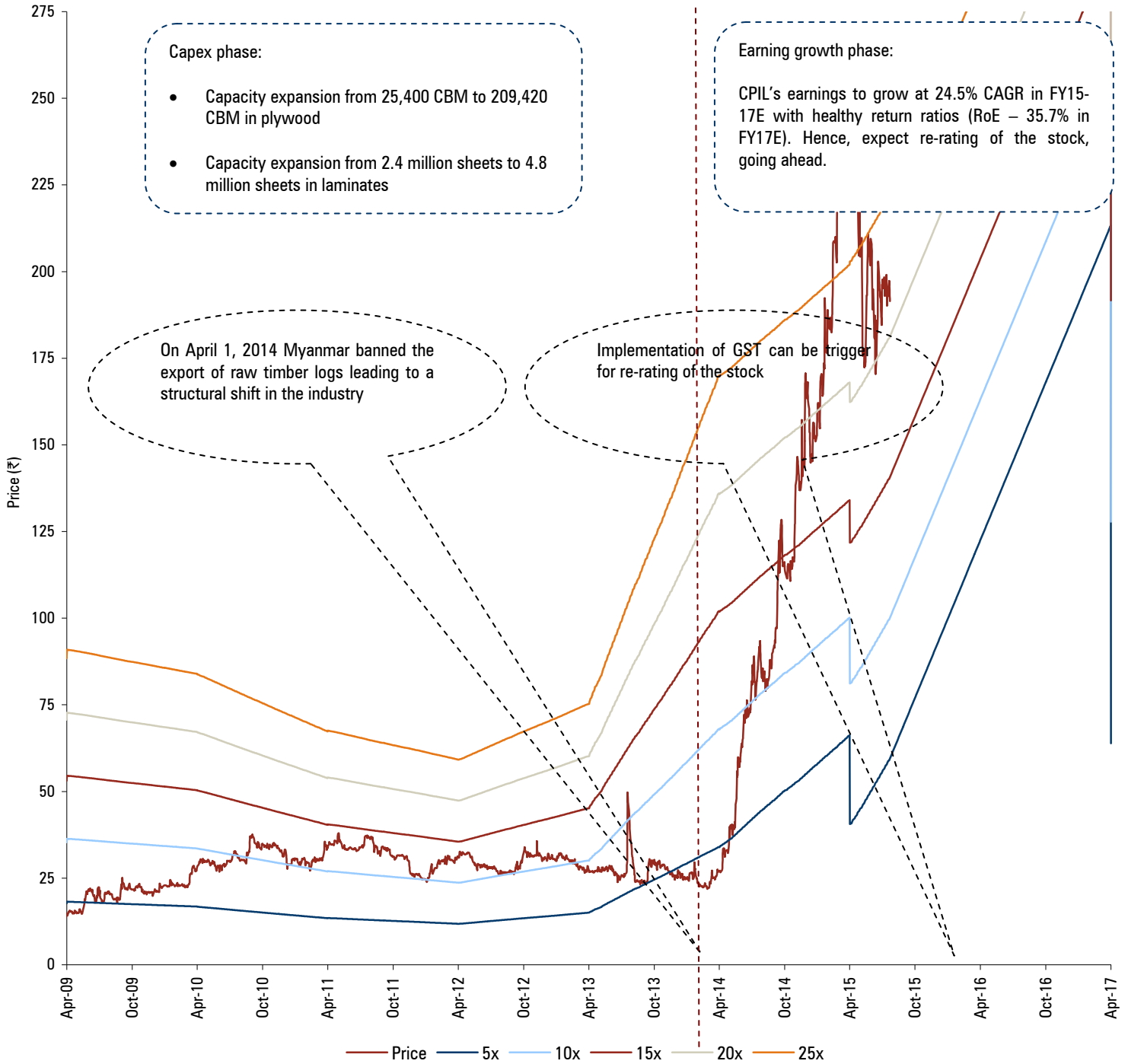
Source: Company, ICICIdirect.com Research

Exhibit 19: Kajaria one year forward P/E



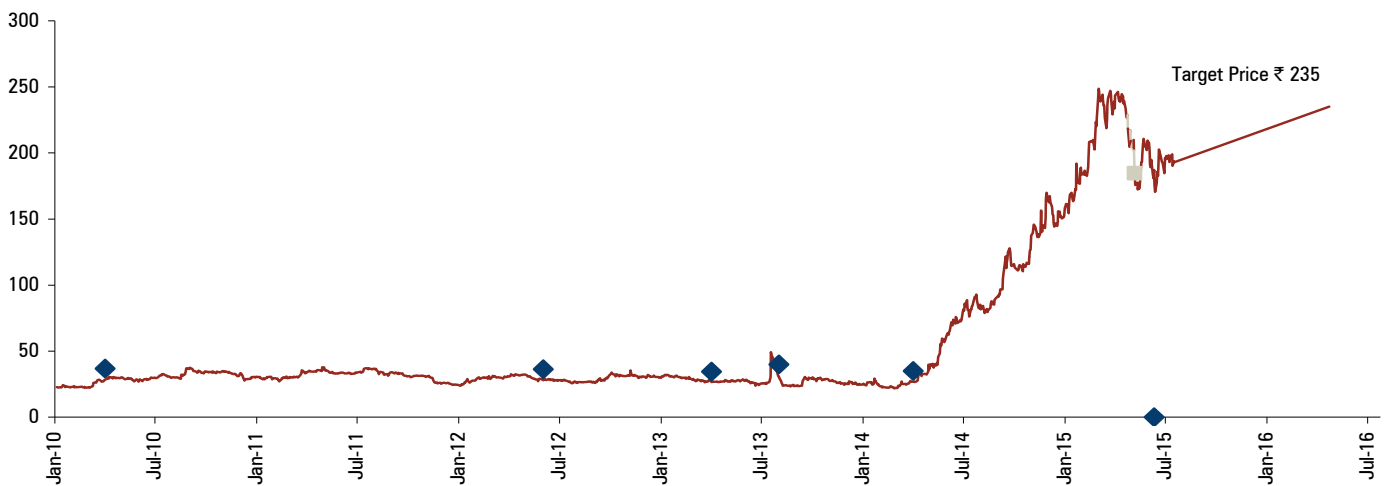
Source: Company, ICICIdirect.com Research

Exhibit 20: Century one year forward P/E



Source: Company, ICICIdirect.com Research

Company snapshot



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
FY97	IPO of ₹ 20 crore at fixed price of ₹ 20
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

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Bhajanka (Sajjan)	30-Jun-15	11.9	26.4	0.0
2	Agarwal (Sanjay Kumar)	30-Jun-15	11.4	25.3	0.0
3	Agarwal (Divya)	30-Jun-15	7.5	16.8	0.0
4	Bhajanka (Santosh)	30-Jun-15	7.0	15.7	0.0
5	Khemani (Vishnuprasad)	30-Jun-15	5.7	12.6	0.0
6	Sriram Vanijya Pvt. Ltd.	30-Jun-15	3.8	8.5	0.0
7	Brijdham Merchants Pvt. Ltd.	30-Jun-15	3.5	7.7	0.0
8	Sumangal International Pvt. Ltd.	30-Jun-15	3.5	7.7	0.0
9	Sumangal Business Pvt. Ltd.	30-Jun-15	3.1	6.8	0.0
10	Sriram Merchants Pvt. Ltd.	30-Jun-15	3.0	6.7	0.0

Shareholding Pattern

(in %)	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
Promoter	74.46	74.46	74.46	73.34	73.34
FII	2.89	5.87	6.02	8.54	8.83
DII	0.50	1.98	2.83	3.28	3.12
Others	22.15	17.69	16.69	14.84	14.71

Source: Reuters, ICICIdirect.com Research

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Canara HSBC Oriental Bank of Commerce Life Insurance Co., Lt	8.95m	2.90m	GMO LLC	-3.92m	-1.27m
Sundaram Asset Management Company Limited	0.59m	0.18m	Kotak Mahindra Asset Management Company Ltd.	-0.70m	-0.21m
Gupta (Surender Kumar)	0.35m	0.13m	IDFC Asset Management Company Private Limited	-0.43m	-0.15m
Bhajanka (Keshav)	0.31m	0.10m	L&T Investment Management Limited	-0.41m	-0.13m
Canara Robeco Asset Management Company Ltd.	0.27m	0.09m	Sahara Asset Management Company Pvt. Ltd.	-0.05m	-0.01m

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement				
	₹ Crore			
(₹ Crore)	FY14	FY15E	FY16E	FY17E
Net Sales	1,284.0	1,564.8	1,796.7	2,098.9
Other Income	9.5	3.7	4.0	4.4
Total Revenue	1,293.4	1,568.5	1,800.7	2,103.3
Raw Material Expense	638.8	701.9	759.7	893.7
Purchase of Traded Goods	124.4	192.7	215.6	251.9
(Increase)/Decrease in Inventories	(3.9)	(43.5)	-	-
Employee Benefit Expenses	151.4	193.3	230.0	268.7
Other Expenses	225.1	256.2	276.5	313.7
Total Operating Expenditure	1,135.8	1,300.6	1,481.8	1,727.9
EBITDA	148.2	264.2	314.9	370.9
Interest	55.1	43.3	47.3	50.7
PBDT	102.6	224.6	271.6	324.7
Depreciation	33.2	44.8	47.4	50.4
Less: Exceptional Items	-	-	-	-
PBT	69.3	179.8	224.3	274.3
Total Tax	2.4	29.0	37.3	48.3
PAT	67.0	150.8	187.0	225.9
EPS	3.0	6.8	8.4	10.2

Source: Company, ICICIdirect.com Research

Balance sheet				
	₹ Crore			
(₹ Crore)	FY14	FY15E	FY16E	FY17E
Equity Capital	22.3	22.3	22.3	22.3
Reserve and Surplus	269.2	367.2	488.7	635.6
Total Shareholders funds	291.4	389.5	511.0	657.9
Secured Loan	491.2	469.0	534.0	669.0
Unsecured Loan	-	-	-	-
Total Debt	491.2	469.0	534.0	669.0
Other Non Current Liabilities	1.6	1.6	1.6	1.6
Deferred Tax Liability	(0.5)	(0.5)	(0.5)	(0.5)
Source of Funds	783.7	859.5	1,046.0	1,327.9
Total Gross Block	374.4	416.4	434.2	452.8
Less: Accumulated Depreciation	162.5	208.1	256.6	308.4
Net Block	211.9	208.4	177.6	144.4
Capital Work In Progress	18.8	18.8	118.8	318.8
Total Fixed Assets	230.7	227.1	296.4	463.1
Investments	37.9	36.0	36.0	36.0
Long term loans and advances	67.8	77.2	88.6	103.5
Inventory	292.7	300.1	334.7	373.8
Debtors	204.6	257.2	285.5	316.3
Loans and Advances	43.7	77.2	83.7	92.0
Cash	18.1	10.9	66.4	113.3
Other Current Assets	18.8	12.9	14.8	17.3
Total Current Assets	577.8	658.3	785.1	912.6
Creditors	74.5	90.0	103.4	120.8
Provisions	31.8	12.9	14.8	17.3
Other Current Liabilities	26.6	38.6	44.3	51.8
Total Current Liabilities	132.9	141.5	162.4	189.8
Net Current Assets	445.0	516.8	622.7	722.8
Other non-current assets	2.4	2.4	2.4	2.4
Application of Funds	783.7	859.4	1,046.0	1,327.8

Source: Company, ICICIdirect.com Research

Cash flow statement				
	₹ Crore			
(₹ Crore)	FY14	FY15E	FY16E	FY17E
Profit after Tax	67.0	150.8	187.0	225.9
Add: Depreciation	33.2	44.8	47.4	50.4
Add: Interest Paid	55.1	43.3	47.3	50.7
Cash Flow before WC changes	155.3	238.9	281.7	327.0
Net Increase in Current Assets	(99.3)	(87.6)	(71.3)	(80.6)
Net Increase in Current Liabilities	13.3	8.6	21.0	27.3
Net CF from Operating Activities	69.3	159.9	231.3	273.7
Inc/ (Dec) in Deferred Tax Liability	(0.4)	-	-	-
(Purchase)/Sale of Fixed Assets	(42.3)	(41.2)	(116.6)	(217.2)
(Inc)/Dec in LT loans and advances	(9.3)	(9.4)	(11.4)	(14.9)
(Inc)/Dec in Other Investments	(22.3)	1.9	-	-
Inc/(Dec) in Other Non Current Liab.	0.5	(0.0)	-	-
Net CF from Investing Activities	(74.1)	(48.8)	(128.1)	(232.1)
Proceeds from issues of Equity	-	-	-	-
Dividend and Dividend Tax Paid	23.4	(22.2)	65.0	135.0
Dividend and Dividend Tax Paid	(25.2)	(52.8)	(65.4)	(79.1)
Interest Paid	(55.1)	(43.3)	(47.3)	(50.7)
Net CF from Financing Activities	(56.9)	(118.3)	(47.7)	5.2
Net Cash flow	(61.7)	(7.1)	55.5	46.9
Opening Cash / Cash Equivalent	79.8	18.1	10.9	66.4
Closing Cash / Cash Equivalent	18.1	10.9	66.4	113.3

Source: Company, ICICIdirect.com Research

Key ratios				
	FY14	FY15E	FY16E	FY17E
Per Share Data (₹)				
EPS	3.0	6.8	8.4	10.2
Cash EPS	4.5	8.8	10.5	12.4
BV	13.1	17.5	23.0	29.6
Operating profit per share	6.7	11.9	14.2	16.7
Cash per Share	0.8	0.5	3.0	5.1
Operating Ratios (%)				
EBITDA Margin	11.5	16.9	17.5	17.7
PAT Margin	5.2	9.6	10.4	10.8
Return Ratios (%)				
RoE	23.0	38.7	36.6	34.3
RoCE	14.7	25.6	25.6	24.2
Valuation Ratios (x)				
P/E	64.1	28.5	23.0	19.0
EV / EBITDA	32.2	18.0	15.1	13.1
EV / Net Sales	3.7	3.0	2.7	2.3
Sales / Equity	4.4	4.0	3.5	3.2
Market Cap / Sales	3.3	2.7	2.4	2.0
Price to Book Value	14.7	11.0	8.4	6.5
Turnover Ratios (%)				
Asset turnover	1.7	1.9	1.9	1.8
Debtors Turnover Ratio	6.3	6.1	6.3	6.6
Creditors Turnover Ratio	17.2	17.4	17.4	17.4
Solvency Ratios (x)				
Current Ratio	4.3	4.7	4.8	4.8
Quick Ratio	2.1	2.5	2.8	2.8

Source: Company, ICICIdirect.com Research

ICICIdirect.com coverage universe (Building Materials)

Sector / Company	CMP		Rating	M Cap (₹ Cr)	EPS (₹)				P/E (x)			EV/EBITDA (x)			P/B (x)			RoE (%)		
	(₹)	TP(₹)			FY15E	FY16E	FY17E	FY15E	FY16E	FY17E	FY15E	FY16E	FY17E	FY15E	FY16E	FY17E	FY15E	FY16E	FY17E	
Kajaria Ceramics (KAJCER)	767	900	Buy	6,067	22.1	27.1	35.2	35.3	28.8	22.2	18.8	15.2	11.9	0.7	0.9	1.1	24.7	24.7	25.9	
Somany Ceramics (SPLIND)	377	440	Buy	1,463	11.9	15.9	22.0	33.0	24.8	17.9	15.8	12.9	10.2	5.9	5.0	4.1	18.0	20.2	22.6	
Century Plyboard (CENPLY)	193	254	Buy	4,294	6.8	8.4	10.2	28.5	23.0	19.0	18.0	15.1	13.1	11.0	8.4	6.5	38.7	36.6	34.3	

Source: Company, ICICIdirect.com Research

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