

May 30, 2017

Greenply Industries (GREIN)

₹ 281

Guides for moderate growth in FY18E...

- Greenply Industries' (GIL) topline remained flat YoY (down 0.3%) at ₹ 446.6 crore. However, it was above our estimate of ₹ 407.2 crore on account of the strong performance of MDF division. MDF revenues grew 8.3% YoY to ₹ 137.7 crore (our expectation: ₹ 110.4 crore)
- EBITDA margins expanded 155 bps YoY to 16.0%. It was above our expectation of 14.9% mainly on account of strong performance in the high margin MDF division, which reported an EBIT margin of 24.0% (our expectation: 14.7%)
- PAT remained flat with 0.5% YoY growth to ₹ 41.9 crore. However, it was way above our expectation of ₹ 32.7 crore mainly on account of EBITDA margin expansion and lower effective tax rate (31.0% in Q4FY17 vs. our expectation of 33.0%)
- The board has recommended a final dividend of ₹ 0.6/share for FY17

Plywood division reports de-growth...

Plywood division revenues de-grew 3.9% YoY to ₹ 306.4 crore of which 3.5% decline could be attributed to end of excise duty in Uttarakhand unit. Plywood volumes de-grew 1.9% YoY to 13.2 million square metre (MSM) while realisations fell 2.9% to ₹ 231/ sq mt. The company also reported strong EBITDA margin expansion of 70 bps YoY to 12.1% on the back of a price hike of 2% in March, 2017. In FY17, the plywood capacity operated at 108% capacity utilisation, which can be scaled up to 120% if demand picks up. Going ahead, we expect plywood revenues to grow at 7.7% CAGR to ₹ 1354.5 crore over FY17-19E.

MDF division reports strong recovery post demonetisation...

MDF division performed well with its revenues growing 8.4% YoY to ₹ 137.7 crore led by volume growth of 12.7% YoY to 53479 cubic metre (CBM). Once the new MDF plant gets commissioned, GIL would start exporting from there & existing plant would cater to domestic market. GIL also took a price hike in April, 2017. With demand recovery, GIL may face capacity constraint with its capacity operating at utilisation of 105% in FY17. The new plant is expected to be commissioned by Q3FY19E. Consequently, we expect MDF revenues to grow robustly at 17.0% CAGR to ₹ 652.7 crore in FY17-19E.

Capacity expansion on track...

GIL is expanding its plywood capacity by setting up a facility at Hardoi, UP with manufacturing capacity of 13.6 MSM. This would take its capacity to 46 MSM. It plans to spend ~₹ 115 crore and would manufacture premium plywood at the plant. The plant is expected to come on stream by Q3FY19E. GIL is also setting up a new unit adjacent to the existing unit in Gujarat to manufacture decorative plywood & decorative veneers. The new facility would cater to southern & western markets. It entails an investment of ~₹ 40 crore and is expected to be operational by Q3FY18.

Near-term growth to remain under pressure; maintain HOLD...

We are positive on GIL as the share of Indian organised plywood players (currently 30% of plywood market) is set to expand with anticipated GST rollout, higher brand aspirations and GIL's strong brand presence. However, the company is still recovering from demonetisation and has guided a moderate topline growth of 5-7% in FY18E. This is expected to pick up post commissioning of the new MDF unit. With near term growth to remain under pressure, we continue to maintain our **HOLD** recommendation on the stock with a revised TP of ₹ 300 (22x FY19E EPS).

Rating matrix		
Rating	:	Hold
Target	:	₹ 300
Target Period	:	12-18 months
Potential Upside	:	7%

What's changed?	
Target	Changed from ₹ 265 to ₹ 300
EPS FY18E	Changed from ₹ 12.2 to ₹ 12.4
EPS FY19E	Changed from ₹ 13.2 to ₹ 13.6
Rating	Unchanged

Quarterly performance					
(₹ crore)	Q4FY17	Q4FY16	YoY (%)	Q3FY17	QoQ (%)
Revenue	446.6	448.1	-0.3	358.8	24.5
EBITDA	71.3	64.6	10.4	47.6	49.9
EBITDA (%)	16.0	14.4	155 bps	13.3	271 bps
PAT	41.9	41.7	0.5	24.0	74.5

Key financials				
(₹ Crore)	FY16	FY17E	FY18E	FY19E
Net Sales	1,656.1	1,654.9	1,773.2	2,046.8
EBITDA	245.4	247.0	274.0	322.3
Net Profit	130.6	135.0	149.1	163.7
EPS (₹)	10.8	11.2	12.4	13.6

Valuation summary				
(x)	FY16	FY17E	FY18E	FY19E
P/E	26.0	25.1	22.7	20.7
Target P/E	27.7	26.8	24.3	22.1
EV / EBITDA	14.6	15.0	14.1	12.1
P/BV	5.6	4.3	3.7	3.2
RoNW (%)	21.6	17.3	16.2	15.3
RoCE (%)	22.8	17.7	15.7	15.4

Stock data	
Particulars	Amount (₹ crore)
Market Capitalization	3,391.2
Total Debt	189.8
Cash	31.6
EV	3,549.3
52 week H/L (₹)	309 / 205
Equity capital	12.1
Face value (₹)	1.0

Comparative Return Matrix (%)				
Return %	1M	3M	6M	12M
Greenply Industries	(3.5)	(5.3)	9.4	37.2
Century Plyboards	(5.7)	9.2	41.2	56.1

Research Analyst	
Deepak Purswani, CFA	deepak.purswani@icicisecurities.com

Vaibhav Shah
 vaibhav.shah@icicisecurities.com

Variance analysis

Particular	Q4FY17	Q4FY17E	Q4FY16	Chg (%)	Q3FY17	Chg (%)	Comments
Net Sales	446.6	407.2	448.1	-0.3	358.8	24.5	Topline was above our estimate of ₹ 407.2 crore on account of the strong performance of the MDF division. MDF revenues grew 8.3% YoY to ₹ 137.7 crore (our expectation: 110.4 crore)
Other Income	3.1	2.8	7.7	-59.9	2.8	11.6	
Material Consumed	172.8	166.2	184.3	-6.2	146.1	18.3	
Purchase of Stock in Trade	63.3	59.8	59.2	6.9	52.7	20.1	
Changes in Inventories of WIP	-3.7	0.0	10.9	-133.7	-11.6	-68.3	
Employee Benefit Expenses	42.6	45.5	39.8	6.8	40.1	6.1	
Other Expenses	100.3	76.0	89.2	12.4	83.9	19.5	
EBITDA	71.3	60.6	64.6	10.4	47.6	49.9	
EBITDA Margin (%)	16.0	14.9	14.4	155 bps	13.3	271 bps	EBITDA margin expansion was led by strong performance in the high margin MDF division, which reported an EBIT margin of
Depreciation	12.1	12.1	12.3	-2.2	12.1	-0.6	
Interest	2.1	3.3	6.2	-65.9	3.3	-35.8	
PBT	60.7	48.8	54.2	11.9	35.8	69.5	
Taxes	18.8	16.1	12.6	49.7	11.8	59.3	
PAT	41.9	32.7	41.7	0.5	24.0	74.5	PAT was way above our expectation of ₹ 32.7 crore mainly on account of EBITDA margin expansion and lower effective tax rate (31.0% in Q4FY17 vs. our expectation of 33.0%)

Source: Company, ICICIdirect.com Research

Change in estimates

Particulars (₹ crore)	FY17	FY18E			FY19E			Comments
		Old	New	% change	Old	New	% change	
Revenue	1,654.9	1,728.7	1,773.2	2.6	2,079.7	2,046.8	-1.6	
EBITDA	247.0	266.3	274.0	2.9	311.5	322.3	3.5	
EBITDA Margin (%)	14.9	15.4	15.4	3 bps	15.0	15.7	73 bps	
PAT	135.0	147.0	149.1	1.5	159.6	163.7	2.6	Margin expansion leads to earnings upgrade
EPS (₹)	11.2	12.2	12.4	1.3	13.2	13.6	2.8	

Source: Company, ICICIdirect.com Research

Assumptions

Volume Assumptions	FY15	FY16	FY17	Current		Earlier		Comments
				FY18E	FY19E	FY18E	FY19E	
Plywood (In million sq mt)	46.1	48.3	50.3	53.1	56.6	51.7	56.3	We have tweaked our estimates marginally
MDF (In CBM)	161,424	177,953	189,000	212,400	387,000	180,000	378,000	

Source: Company, ICICIdirect.com Research

Conference Call Highlights

- **Growth outlook:** The management expects topline growth to be ~5-7% and expects the margin to improve by ~50 bps in FY18E
- **MDF division performance:** The company reported a strong Q4FY17 performance. Export volumes were at 4770 CBM (realisation: ₹ 17824/CBM) while domestic volumes were at 48709 CBM (realisation @ ₹ 26655) for Q4FY17. Once the new MDF plant gets commissioned, the company would start exporting from there. The existing plant would completely cater to the domestic market. GIL took a price hike in April, 2017. Also, the company is currently facing a capacity constraint in the MDF division with the division already operating at capacity utilisation of 113% in Q4FY17. The new plant is expected to get commissioned by Q3FY19E
- **Plywood division performance:** The plywood division reported 3.9% YoY revenue decline of which 3.5% may be attributed to the end of excise duty at its Uttarakhand unit. The company took a price hike in the plywood segment to the tune of 2% in March, 2017. Currently, the company sources raw material domestically for its plywood units
- **Veneer facility at Gabon:** Post the one year ban on felling of trees by the Myanmar government, the company is setting up a veneer plant in Gabon with investment of ~₹ 100 crore in phases (phase 1 capex: ₹ 40 crore), which would be commissioned by H2FY18E. However, the Myanmar government lifted the ban on peeling of wood logs. Currently, the company outsources veneer from third party in Indonesia
- **Advertisement expenses:** It was at 5.1% for the quarter. However, going forward, it would be in the range of 3-3.5%
- **Tax rate:** The company expects the tax rate at ~29% in FY18E
- **Long-term growth outlook:** Over the next seven to 10 years, the management expects its plywood topline to grow at 5-6% CAGR while the MDF division is expected to grow at a quick pace of 12-15%
- **New plywood units:** The company is expanding its plywood capacity by setting up a facility at Hardoi, UP with manufacturing capacity of 13.6 MSM, which would take its total capacity to 46 MSM. The company plans to spend ~₹ 115 crore on the same and would manufacture premium plywood at the plant. GIL is also setting up a new unit adjacent to the existing unit in Gujarat to manufacture decorative plywood & decorative veneers. The new facility would cater to southern & western markets. It entails an investment of ~₹ 40 crore and is expected to be operational by Q3FY18.

GIL is well placed in the market along with Century Ply with both players together commanding ~50% share in the organised space

Company Analysis

Leading plywood player with 26% share of organised pie...

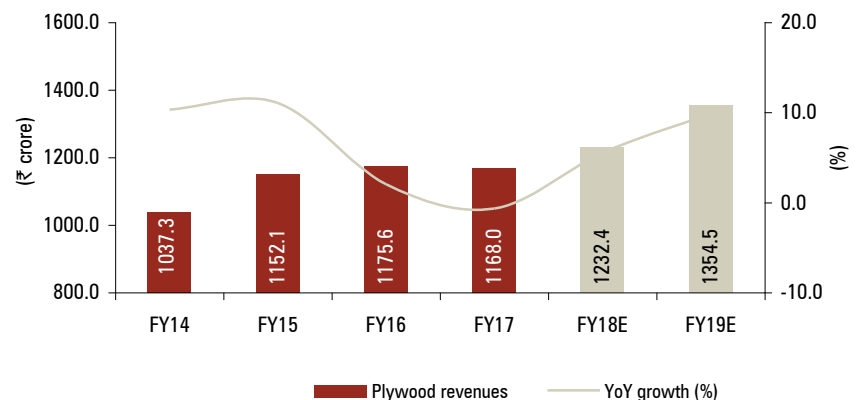
Greenply Industries (GIL) is one of the leading players in the Indian plywood industry commanding ~26% market share in the organised space. The company is well placed in the market along with Century with both together accounting for ~50% of organised market. Both companies have grown ahead of their peers due to their strong brand presence, well entrenched distribution network, balance sheet strength and raw material security enabling them to charge a premium to their peers.

Furthermore, currently, GIL is market leader in MDF segment with 30% market share. The company has a MDF capacity of 1,80,000 CBM, which is expected to triple to 5,40,000 CBM with its planned capacity expansion of 3,60,000 CBM in south. The new capacity is expected to come on stream by H2FY19E. It entails an investment of ~₹ 700-720 crore.

Plywood revenues to grow at 7.7% CAGR over FY17-19E

Plywood division revenues de-grew 3.9% YoY to ₹ 306.4 crore of which 3.5% decline could be attributed to end of excise duty in Uttarakhand unit. Plywood volumes de-grew 1.9% YoY to 13.2 million square metre (MSM) while realisations fell 2.9% to ₹ 231/ sq mt. The company also reported strong EBITDA margin expansion of 70 bps YoY to 12.1% on the back of a price hike of 2% it took in March, 2017. In FY17, the plywood capacity operated at 108% capacity utilisation, which can be scaled up to 120% if demand picks up. Going ahead, we expect plywood revenues to grow at 7.7% CAGR to ₹ 1354.5 crore in FY17-19E.

Exhibit 1: Plywood revenues to recover in FY19E



Source: Company, ICICIdirect.com Research

Exhibit 2: Plywood division performance...

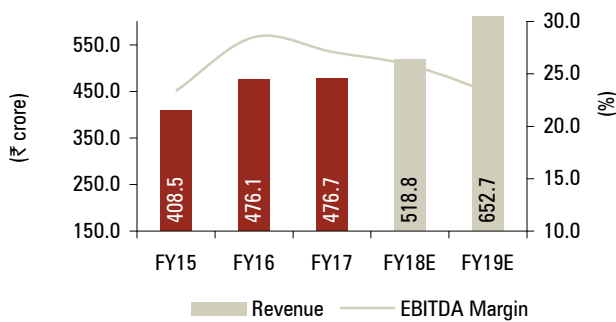
	FY13	FY14	FY15	FY16	FY17
Net sales (₹ crore)	940.2	1037.3	1152.1	1165.4	1168.0
EBITDA Margin (%)	11	10.3	9	9.4	11.2
EBIT Margin (%)	9	7.9	7	7.3	8.9
Annual Capacity (MSM)	32	32.4	32	32.4	32.4
Production (MSM)	34	35	33	33	35
Sales volume (MSM)	42	45	46	48	50
Capacity utilization	106	107	102	101	108
Average utilization (₹ / CBM)	215	222	241	239	229

Source: Company, ICICIdirect.com Research

MDF division growth to pick up post commissioning of new unit...

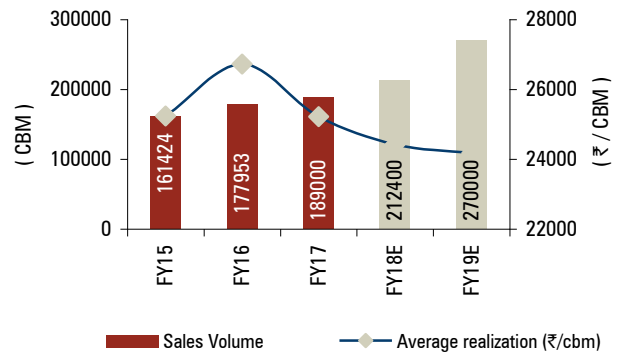
For GIL, sales volumes in MDF segment have grown at a healthy CAGR of 11.1% while revenue has grown robustly at 18.2% CAGR to ₹ 476.2 crore in FY12-16. However, revenues slumped in Q3FY17 post demonetisation. The company has recovered well with MDF division revenues growing 8.4% YoY to ₹ 137.7 crore led by volume growth of 12.7% YoY to 53479 CBM (cubic metre). Once the new MDF plant gets commissioned, GIL would start exporting from there & existing plant would cater to domestic market. GIL also took a price hike in April, 2017. With demand recovery, GIL may face a capacity constraint with its capacity operating at utilisation of 105% in FY17. The new plant is expected to be commissioned by Q3FY19E. Consequently, we expect MDF revenues to grow at 17.0% CAGR to ₹ 652.7 crore over FY17-19E.

Exhibit 3: MDF revenue & EBITDA margin trend...



Source: Company, ICICIdirect.com Research

Exhibit 4: Sales volume & average realisation trend...



Source: Company, ICICIdirect.com Research

Exhibit 5: MDF division performance...

	FY13	FY14	FY15	FY16	FY17
Net sales (₹ crore)	374.2	352.7	408.5	476.1	476.7
EBITDA Margin (%)	22	21.6	23	28.5	27.1
EBIT Margin (%)	18	17	19	24.6	22.7
Annual Capacity (MSM)	180,000	180000	180,000	180000	180000
Production (MSM)	157948	136723	161229	177382	189171
Sales volume (MSM)	153426	137932	161424	177953	184905
Capacity utilization	88	76	90	99	105
Average utilization (₹ / CBM)	24,386	25552	25,238	26723	25764

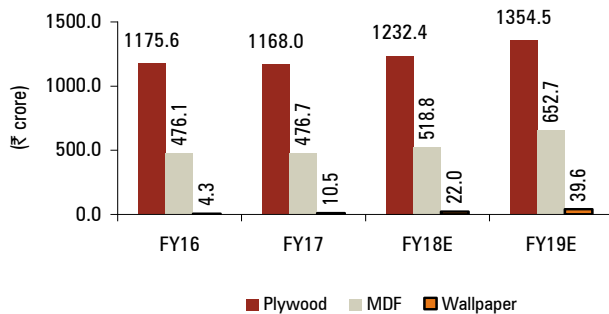
Source: Company, ICICIdirect.com Research

We expect GIL's standalone revenues to grow at a CAGR of 11.2% to ₹ 2046.8 crore in FY17-19E

Revenues to grow at 11.2% CAGR in FY17E-19E...

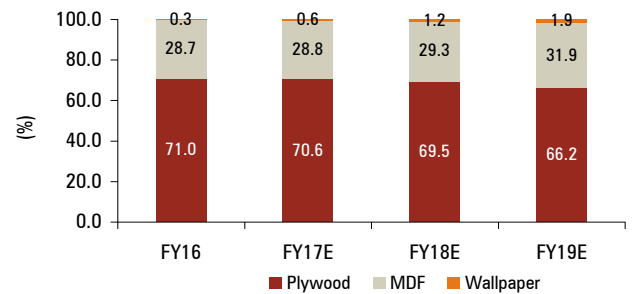
GIL's robust distribution network, raw material security and a shift in preference of the public towards the organised space can boost GIL's revenues, going ahead. With anticipated rollout of GST in July, 2017 & long term benefits of demonetisation, we expect GIL's standalone revenues to grow at a CAGR of 11.2% to ₹ 2046.8 crore over FY17-19E.

Exhibit 6: Segmental revenue trend...



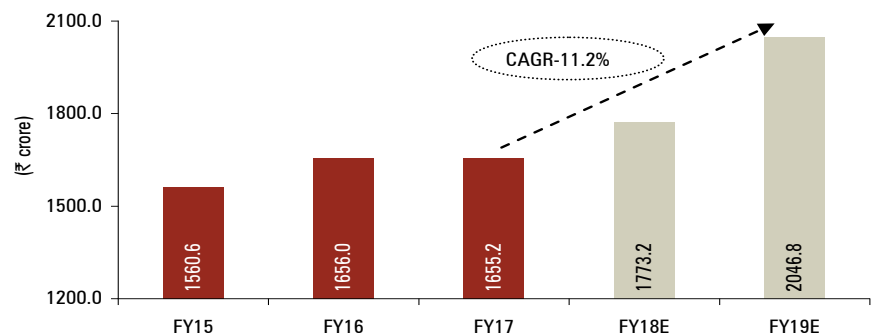
Source: Company, ICICIdirect.com Research

Exhibit 7: Percentage revenue contribution of segments



Source: Company, ICICIdirect.com Research

Exhibit 8: Standalone revenue trend...



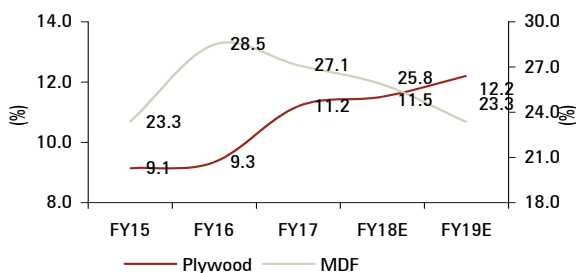
Source: Company, ICICIdirect.com Research

We expect a 80 bps expansion in margin to 15.7% in FY19E

EBITDA margin to expand 80 bps by FY19E...

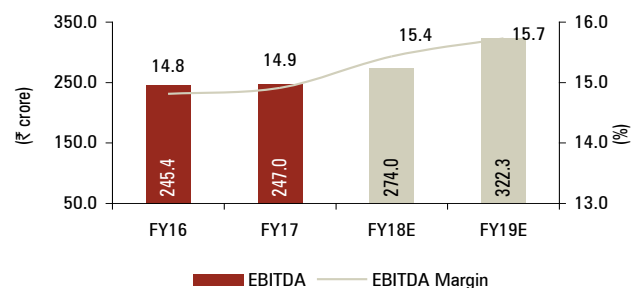
GIL is planning to export 40% of produce of its new facility which could keep margins under pressure. However, with company focussing on producing value added products like premium decorative plywood and veneers, we expect expansion of 80 bps in margins to 15.7% in FY19E.

Exhibit 9: Segmental EBITDA margin trend...



Source: Company, ICICIdirect.com Research

Exhibit 10: EBITDA margin trend...



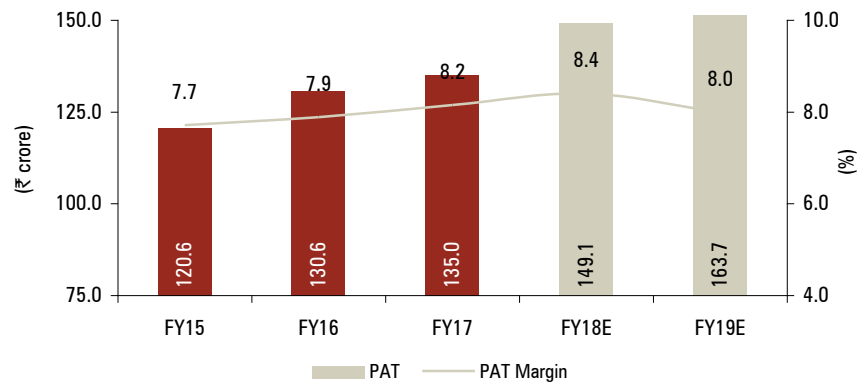
Source: Company, ICICIdirect.com Research

We expect the bottomline to grow at 10.1% CAGR in FY17-19E on the back of moderate topline growth and stable margins

PAT to grow at 10.1% CAGR in FY17-19E...

The gross debt of GIL reduced significantly post de-merger of its high debt decorative business. This led to a significant reduction in interest expenses. However, several GIL plants are going to lose tax benefits in FY16E, FY17E leading to a higher tax outgo, going ahead. Hence, with moderate topline growth and stable margins, we expect the bottomline to grow at 10.1% CAGR to ₹ 163.7 crore over FY17-19E.

Exhibit 11: PAT growth trend...

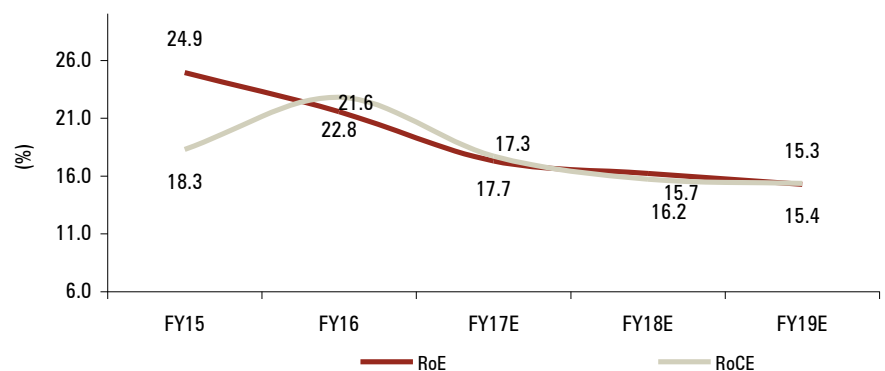


Source: Company, ICICIdirect.com Research

Return ratios to moderate...

Given the MDF capex lined up with significant investment in FY17E and FY18E, we expect RoCEs to drop from 22.8% in FY16 to 15.4% in FY19E. However, with several GIL plants losing tax benefits in FY17E leading to a higher tax outgo, we expect a drop in its RoE to moderate to 15.3% in FY19E. The return ratios in FY19E look suppressed as the new MDF facility is operating at 65% capacity utilisation.

Exhibit 12: Return ratio trend...



Source: Company, ICICIdirect.com Research

We maintain **HOLD** rating with a revised target price of ₹ 300 (22x FY19E EPS)

Valuation

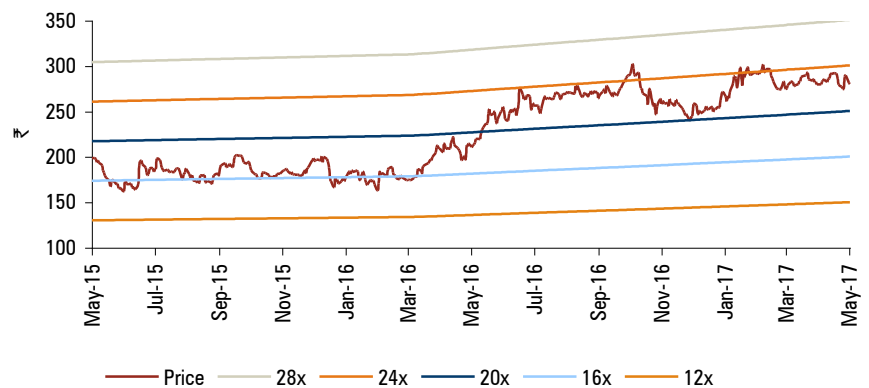
We are positive on GIL as the share of Indian organised plywood players (currently 30% of plywood market) is set to expand with anticipated GST rollout, higher brand aspirations and GIL's strong brand presence. However, the company is still recovering from demonetisation and has guided a moderate topline growth of 5-7% in FY18E. This is expected to pick up post commissioning of the new MDF unit. With near term growth to remain under pressure, we continue to maintain our **HOLD** recommendation on the stock with a revised TP of ₹ 300 (22x FY19E EPS).

Exhibit 13: Valuation Metrics

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY16	1656.1	6.1	10.8	8.3	26.0	14.6	21.6	22.8
FY17E	1654.9	-0.1	11.2	3.4	25.1	15.0	17.3	17.7
FY18E	1773.2	7.1	12.4	10.4	22.7	14.1	16.2	15.7
FY19E	2046.8	15.4	13.6	9.8	20.7	12.1	15.3	15.4

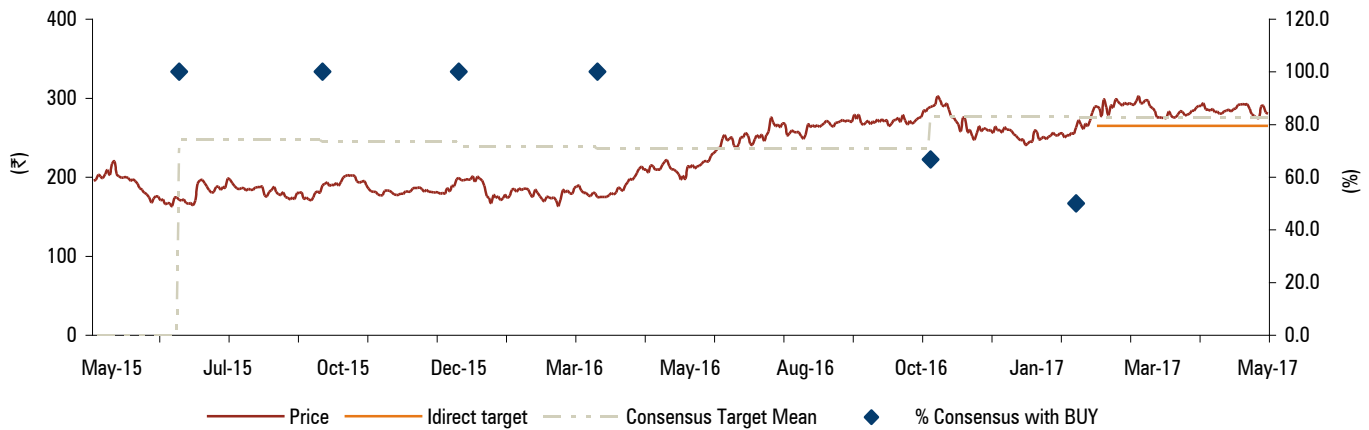
Source: Company, ICICIdirect.com Research

Exhibit 14: One year forward PE band



Source: Company, ICICIdirect.com Research

Recommendation History vs. Consensus...



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
Mar-15	Private equity firm WestBridge raises stake in Greenply to 12.8% for around \$10M
Sep-15	Credit ratings firm Credit Analysis & Research (CARE) upgrades long term banking facilities of Greenply Industries to CARE AA- and short term banking facilities of the company to CARE A1+. CARE also upgraded short term debt (including commercial paper) of Greenply Industries to CARE A1+.
Oct-15	Greenply announces a major modernisation of their data centre infrastructure by implementing SAP HANA, Cisco UCS C240 servers and Commvault's data protection and information management solution.
Oct-15	Greenply says the Board of Directors of the company has approved the sub-division of equity shares of the company from the face value of ₹ 5 to face value of ₹ 1 per equity share in compliance with applicable provisions of the Companies Act, 2013, to the extant rules notified
Mar-16	Greenply receives permission from excise authorities to avail benefit of exemption and consequential refund of excise duty under Notification dated April 25, 2007 for a period of 10 years from July, 2015, in respect of company's plywood unit situated at Tizit (Nagaland)
Mar-16	Greenply decided to sell its entire holding of 16.43% in Himalaya Granites, a listed company, and exit as one of its promoters.
Mar-16	GIL incorporates a private company in Singapore as a wholly owned subsidiary to cater to export markets of MDF & laminated flooring products

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	S M Management Pvt. Ltd.	30-Sep-16	14.5%	17.7	0.0
2	Mittal (Shiv Prakash & Shobhan)	30-Sep-16	12.6%	15.5	0.0
3	Greenply Leasing & Finance, Ltd.	30-Sep-16	11.1%	13.6	0.0
4	Prime Holdings Pvt. Ltd.	30-Sep-16	9.8%	12.0	0.0
5	Jwalamukhi Investment Holdings	30-Sep-16	9.7%	11.9	0.0
6	Trade Combines Partnership Firm	20-Mar-17	9.5%	11.7	11.7
7	HDFC Asset Management Co., Ltd.	30-Sep-16	8.9%	10.9	0.0
8	WestBridge Capital Partners, LLC	30-Sep-16	3.0%	3.6	0.0
9	Mittal (Rajesh)	30-Sep-16	2.8%	3.4	0.0
10	SBI Funds Management Pvt. Ltd.	30-Sep-16	2.5%	3.1	0.2

Shareholding Pattern

(in %)	Jun-16	Sep-16	Dec-16	Mar-17
Promoter	73.3	54.1	54.1	51.0
Public	8.8	45.9	45.9	49.0
Others	3.1	0.0	0.0	0.0
Total	14.7	100.0	100.0	100.0

Source: Reuters, ICICIdirect.com Research

Recent Activity

Buys			Sells		
Investor name	Value (m)	Shares (m)	Investor name	Value (m)	Shares (m)
Trade Combines Partnership Firm	50.36	11.70	L&T Investment Management Limited	(3.19)	(0.84)
HDFC Standard Life Insurance Company Limited	2.47	0.61	IDFC Asset Management Company Private Limited	(0.39)	(0.10)
SBI Funds Management Pvt. Ltd.	0.86	0.21	Kotak Mahindra Old Mutual Life Insurance, Ltd.	(0.33)	(0.08)
BlackRock Institutional Trust Company, N.A.	0.01	0.00	Tata Asset Management Limited	(0.35)	(0.08)
Mirae Asset Global Investments (India) Pvt. Ltd.	0.01	0.00	Edelweiss Asset Management Ltd.	(0.10)	(0.02)

Source: Reuters, ICICIdirect.com Research

Financial Summary

Profit and loss statement (₹ Crore)				
(₹ Crore)	FY16	FY17	FY18E	FY19E
Net Sales	1,656.1	1,654.9	1,773.2	2,046.8
Raw Material Expense	716.1	649.4	747.8	875.0
Purchase of Traded Goods	203.8	228.3	222.8	246.2
Employee benefit expenses	167.7	170.7	183.1	211.7
Other Expenses	323.0	359.4	345.6	391.5
EBITDA	245.4	247.0	274.0	322.3
Interest	28.3	18.1	22.1	33.1
Depreciation	49.4	48.5	53.5	71.5
Other income	4.1	10.6	11.6	12.8
PBT	173.9	190.9	210.0	230.6
Exceptional Items	-	-	-	-
Taxes	43.2	55.9	60.9	66.9
Effective tax rate (%)	24.9	29.3	29.0	29.0
PAT	130.6	135.0	149.1	163.7
PAT Growth rate	8.3	3.4	10.4	9.8
Adjusted EPS (Diluted)	10.8	11.2	12.4	13.6

Source: Company, ICICIdirect.com, Research

Balance Sheet (₹ Crore)				
(₹ Crore)	FY16	FY17E	FY18E	FY19E
Liabilities				
Equity Capital	12.1	12.3	12.3	12.3
Reserve and Surplus	593.8	768.9	907.3	1,059.2
Total Shareholders funds	605.9	781.2	919.5	1,071.4
Total Debt	221.4	347.7	505.4	593.5
Deferred Tax Liability	39.2	39.2	39.2	39.2
Total Liabilities	878	1,181	1,476	1,716
Assets				
Gross Block	767.5	782.5	862.5	1,582.5
Less Acc. Dep	225.2	273.7	327.2	398.7
Net Block	542.3	508.8	535.3	1,183.8
Net Intangibles Assets	2.8	2.8	2.8	2.8
Capital WIP	9.1	363.9	613.9	108.9
Total Fixed Assets	554.2	875.5	1,152.0	1,295.5
Investments	37.7	37.7	37.7	37.7
Inventory	138.6	138.5	148.4	185.1
Sundry Debtors	304.4	294.7	315.8	353.3
Loans & Advances	43.4	43.4	46.5	53.6
Cash & Bank Balances	31.6	21.8	23.9	90.0
Other Current Assets	1.4	1.4	1.4	1.5
Total Current Assets	519.4	499.8	536.0	683.4
Trade Payable	249.1	248.9	266.7	307.8
Other Current Liabilities	49.1	49.1	51.8	58.0
Provisions	30.2	30.2	32.4	37.3
Net Current Assets	191.0	171.6	185.1	280.2
Total Assets	878	1,180	1,476	1,716

Source: Company, ICICIdirect.com, Research

Cash Flow statement (₹ Crore)				
(₹ Crore)	FY16	FY17E	FY18E	FY19E
Profit after Tax	130.6	135.0	149.1	163.7
Depreciation	49.4	48.5	53.5	71.5
Interest	28.3	18.1	22.1	33.1
Taxes	43.2	55.9	60.9	66.9
Cash Flow before wc changes	252.8	247.0	274.0	322.3
Cash generated from operations	275.4	256.7	256.5	291.9
Income Tax paid	38.1	55.9	60.9	66.9
Net CF from operating activities	237.3	200.8	195.6	225.1
Capital Work-in-progress	-	(354.8)	(250.0)	505.0
(Purchase)/Sale of Fixed Assets (Net)	56.7	15.0	80.0	720.0
Net CF from Investing activities	(68.0)	(359.3)	(318.4)	(202.2)
Dividend	(8.7)	(9.5)	(10.8)	(11.8)
Interest paid	(28.5)	(18.1)	(22.1)	(33.1)
Inc / (Dec) in Loans	30.0	126.3	157.6	88.1
Net CF from Financing activities	(144.4)	148.7	124.8	43.2
Net Cash flow	25.0	(9.8)	2.1	66.1
Opening Cash	3.0	31.6	21.8	23.9
Closing Cash/ Cash Equivalent	28.0	21.8	23.9	90.0

Source: Company, ICICIdirect.com, Research

Key Ratios				
	FY16	FY17E	FY18E	FY19E
Per Share Data (₹)				
EPS - Diluted	10.8	11.2	12.4	13.6
Cash EPS	14.9	15.2	16.8	19.5
Book Value	50.2	64.7	76.2	88.8
Dividend per share	0.7	0.8	0.9	1.0
Operating Ratios (%)				
EBITDA / Net Sales	14.8	14.9	15.4	15.7
PAT / Net Sales	7.9	8.2	8.4	8.0
Inventory Days	31	31	31	33
Debtor Days	95	93	93	89
Creditor Days	70	70	70	70
Return Ratios (%)				
RoE*	21.6	17.3	16.2	15.3
RoCE*	22.8	17.7	15.7	15.4
RoIC*	23.4	25.0	26.3	16.5
Valuation Ratios (x)				
EV / EBITDA	14.6	15.0	14.1	12.1
P/E (Diluted)	26.0	25.1	22.7	20.7
EV / Net Sales	2.2	2.2	2.2	1.9
Market Cap / Sales	2.0	2.0	1.9	1.7
Price to Book Value	5.6	4.3	3.7	3.2
Dividend Yield	0.3	0.3	0.3	0.3
Solvency Ratios (x)				
Net Debt / Equity	0.3	0.4	0.5	0.5
Debt / EBITDA	0.9	1.4	1.8	1.8
Current Ratio	1.7	1.7	1.7	1.7
Quick Ratio	1.3	1.3	1.3	1.2

*Note: Return ratios in FY19E look suppressed as the new MDF facility is operating at 65% capacity utilization

Source: Company, ICICIdirect.com, Research

ICICIdirect.com coverage universe (Plywood)

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)	249	325	Buy	5548	7.6	8.4	10.0	32.9	29.8	25.0	21.1	20.6	15.8	10.5	8.0	6.5	31.8	27.0	26.0
Greenply (MTML)	281	300	Hold	3391	10.8	11.2	12.4	26.0	25.1	22.7	14.6	15.0	14.1	5.6	4.3	3.7	21.6	17.3	16.2

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;



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

**ICICIdirect.com Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com**

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