



Challenging time, carving growth

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Sector Report

July 13, 2023

Century Plyboard (I) (CPBI IN)

Rating: BUY | CMP: Rs671 | TP: Rs800

Key Financials - Consolidated

| Y/e Mar | FY22 | FY23 | FY24E | FY25E |
|----------------|--------|--------|--------|--------|
| Sales (Rs. m) | 30,270 | 36,466 | 41,233 | 49,259 |
| EBITDA (Rs. m) | 5,324 | 5,587 | 6,522 | 7,977 |
| Margin (%) | 17.6 | 15.3 | 15.8 | 16.2 |
| PAT (Rs. m) | 3,146 | 3,833 | 4,190 | 5,088 |
| EPS (Rs.) | 14.1 | 17.2 | 18.8 | 22.9 |
| Gr. (%) | 54.7 | 21.8 | 9.3 | 21.4 |
| DPS (Rs.) | 0.2 | 0.1 | 0.2 | 0.3 |
| Yield (%) | 0.0 | 0.0 | 0.0 | 0.0 |
| RoE (%) | 22.3 | 22.1 | 19.9 | 20.2 |
| RoCE (%) | 30.2 | 26.4 | 22.7 | 22.1 |
| EV/Sales (x) | 4.9 | 4.1 | 3.7 | 3.1 |
| EV/EBITDA (x) | 28.0 | 26.8 | 23.7 | 19.3 |
| PE (x) | 47.5 | 39.0 | 35.6 | 29.3 |
| P/BV (x) | 9.6 | 7.8 | 6.5 | 5.4 |

Greenpanel Industries (GREENP IN)

Rating: BUY | CMP: Rs355 | TP: Rs455

Key Financials - Consolidated

| Y/e Mar | FY22 | FY23 | FY24E | FY25E |
|----------------|--------|--------|--------|--------|
| Sales (Rs. m) | 16,250 | 17,829 | 18,546 | 21,094 |
| EBITDA (Rs. m) | 4,334 | 4,165 | 3,747 | 4,392 |
| Margin (%) | 26.7 | 23.4 | 20.2 | 20.8 |
| PAT (Rs. m) | 2,434 | 2,504 | 2,208 | 2,598 |
| EPS (Rs.) | 19.8 | 20.4 | 18.0 | 21.2 |
| Gr. (%) | 248.4 | 2.9 | (11.8) | 17.7 |
| DPS (Rs.) | 0.2 | 0.2 | 0.3 | 0.3 |
| Yield (%) | 0.0 | 0.0 | 0.1 | 0.1 |
| RoE (%) | 28.9 | 23.3 | 17.1 | 17.4 |
| RoCE (%) | 30.6 | 27.8 | 20.8 | 21.1 |
| EV/Sales (x) | 2.7 | 2.3 | 2.4 | 2.0 |
| EV/EBITDA (x) | 10.2 | 10.0 | 11.8 | 9.5 |
| PE (x) | 17.9 | 17.4 | 19.7 | 16.8 |
| P/BV (x) | 4.6 | 3.6 | 3.1 | 2.7 |

Challenging time, carving growth

In continuation to our Home building materials report on Plastic pipes ([link](#)) and Tile & Bathware ([link](#)), we are initiating coverage on Woodpanel sector. Home building materials (plastic pipes, tiles, wood panel, sanitaryware and faucets) is estimated to touch Rs 2.7tn by FY26 from Rs 1.3tn in FY22. Woodpanel sector reported 6.9% CAGR over FY16-23, in which Plywood /MDF /Laminate/Particle Boards segment (value) reported 5.7%/21.2%/3.8%/9.2% CAGR respectively. Considering strong underlying demand along with healthy growth momentum, we initiate coverage on Century plyboard (CPBI) and Greenpanel (GREENP) underpinned by (a) healthy growth in real estate sector, (b) strong growth prospects from increase in MDF demand (likely 15-20% growth) especially from readymade furniture; (c) extensive pan-India distribution network & marketing support; and (d) shift from non-branded to branded market, due to geographical expansion of large organized players. We expect CPBI/GREENP to clock Revenue/EBITDA/PAT CAGR of 16.2%/19.5%/15.2% and 8.8%/2.7%/0.6% over FY23-25E. Initiate 'BUY' with TP of Rs800 (35x FY25E EPS) for CPBI and TP of Rs455 (21x FY25E EPS) for GREENP.

Wood panel industry at 7.2% CAGR over FY23-26E: At present the Indian wood panel industry is valued at ~Rs. 430bn. While the industry experienced slowdown in 5-year CAGR, dropping from around 16% over FY11-16 to ~4% over FY16-21, this can be attributed to slower growth in downstream sectors and macroeconomic disruptions. However, domestic wood panel market is projected to report ~10% CAGR over FY21-FY26 and 7.2% over FY23-26 given expected revival in the end-user industries, particularly real estate and furniture markets. Plywood/MDF /Laminate/Particle Boards segment valued at Rs 265bn/Rs50bn/Rs65bn/Rs50bn (FY23) are expected to report 5.0%/6.3%/11.5%/13.6% CAGR over FY23-26.

We initiate coverage on CPBI with 'BUY' rating. The company is well-positioned for growth and value creation given its 1) leading position in Indian wood panel sector with diversified product portfolio and strong market presence, 2) reduced dependency on plywood while expanding in non-plywood segments, 3) solid brand equity and 4) robust distribution network.

We initiate coverage on GREENP with 'BUY' rating given its leading position in domestic organized MDF segment (~26% market share) and benefits from an extensive distribution network. With strong growth prospects in MDF demand, especially in ready-made furniture, and a planned capacity increase of 35% over FY23-25, GREENP is poised to capitalize on emerging opportunities and thrive in the years ahead.

Praveen Sahay

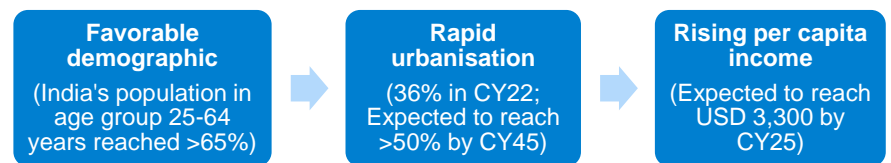
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Woodpanel sector – Growth story intact

Indian wood panel sector is valued at Rs 430bn as on FY23

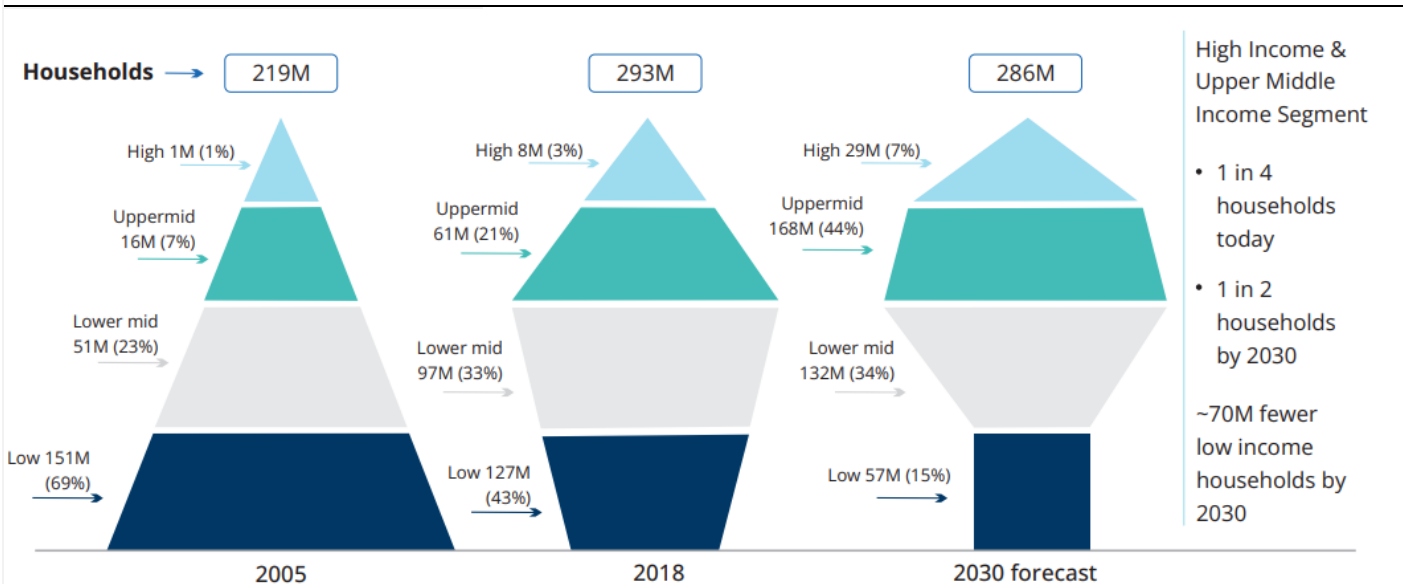
Wood panel sector is broadly segmented on the basis of product type into **Plywood, Medium density fiberboard (MDF), Laminates, Particleboards etc.** Indian wood panel sector is valued at Rs 430bn as on FY23 and estimated to reach Rs 530bn by FY26 at 7.2% CAGR over FY23-26. Wood panel being a main component for furniture manufacturing in India has shown tremendous growth over past years and there is huge headroom for evolution in terms of modernization and upgradation. Demand is mainly driven by both residential & commercial real estate sector where impetus is given on 1) increasing urbanization, 2) rising disposable income, 3) growing housing demand, 4) product premiumisation and 5) preference to branded products. We expect organized players to grow faster, given rising demand for branded products led by favorable macro factors and increasing penetration of organised players in mass premium segments.

Exhibit 1: Macro growth drivers



Source: Company, PL

Exhibit 2: Increasing share of middle-class households



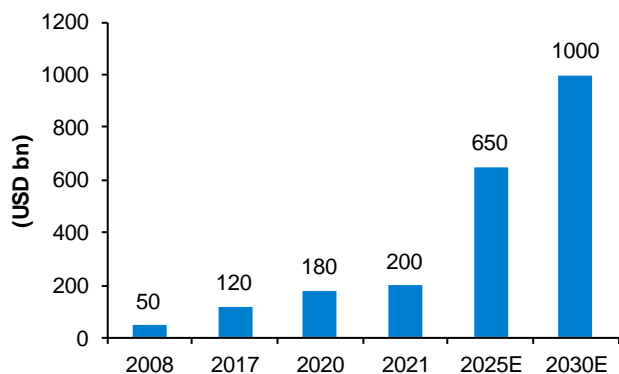
Source: Company, PL

Real estate drives home building products

Major eight cities in India reported 34%/41% growth in sales/launches in CY22

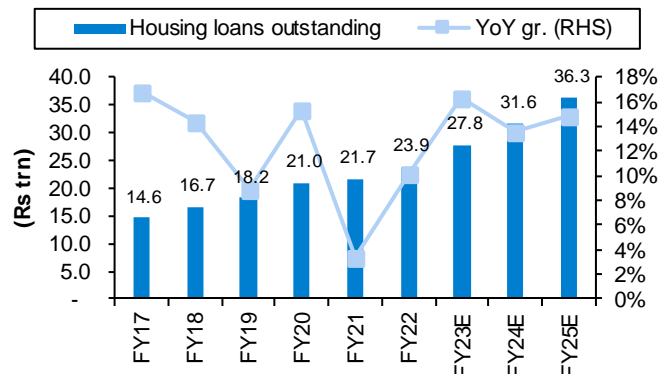
Indian real estate sector has now turned positive after a lag of nearly 8 years and shown healthy growth in sales, prices and launches (major eight cities in India reported 34%/41% growth in sales/launches in CY22). Since mid CY17 housing prices have mostly been stagnant (as per RBI statistics). This stagnant price trend, has resulted in strong housing demand during CY21-22. Despite the recent increase in prices (reflected in All-India Home Price Index (HPI) of the Reserve Bank of India rose by 4.57% in CY23) with rising interest rates, the outlook for housing demand remains robust. Additionally, according to HDFC data, India is experiencing the highest level of housing affordability in the past 2.5 decades, which augurs well for growth of the real estate sector. Accordingly, real estate sector expects ~20% CAGR over CY21-30E to reach USD1trn in market size, thereby, increasing requirement of apartment fit-outs and eventually a strong offtake of wood panel industry.

Exhibit 3: Indian real estate at ~20% CAGR over CY21-30E



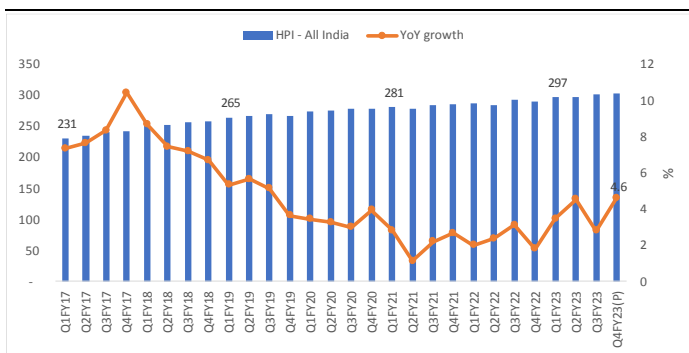
Source: Anarock, PL

Exhibit 4: Indian Housing Finance exp. 15% CAGR FY22-25E



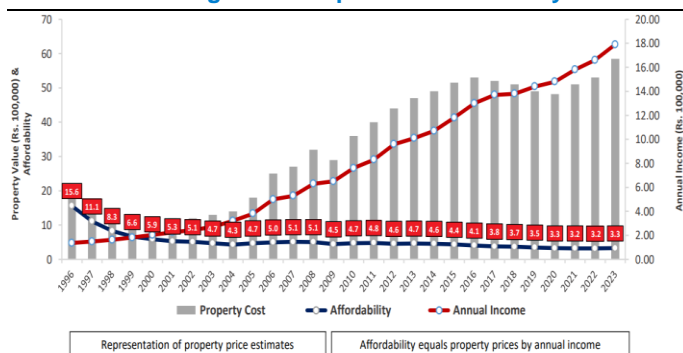
Source: ICRA, Company, PL

Exhibit 5: RBI House Price Index



Source: RBI, PL *HPI based on transaction-level data received from housing registration authorities & base year FY11=100

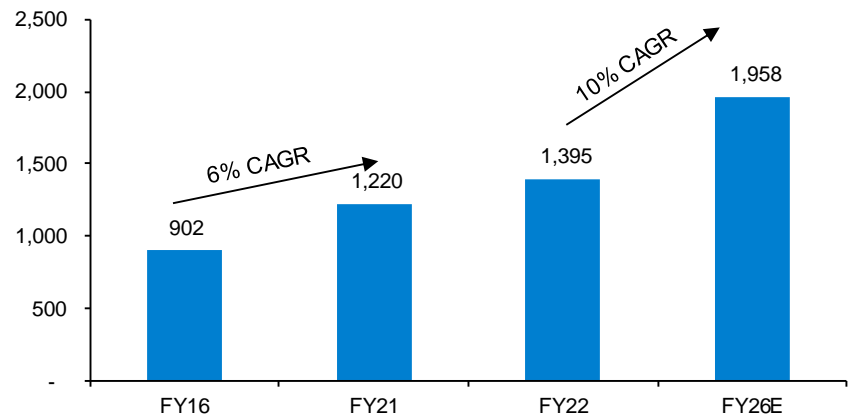
Exhibit 6: Housing Price - Improved Affordability



Source: HDFC, PL

India's furniture market CAGR at 6% over FY21-27

Exhibit 7: Building Materials at 10% CAGR over FY22-26E

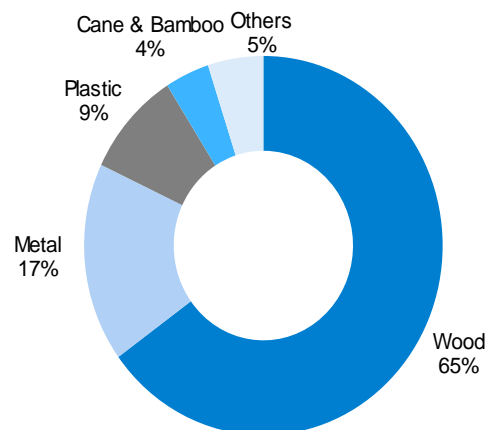


Source: Company, Industry, PL

Indian furniture market boosts Wood panel sector growth

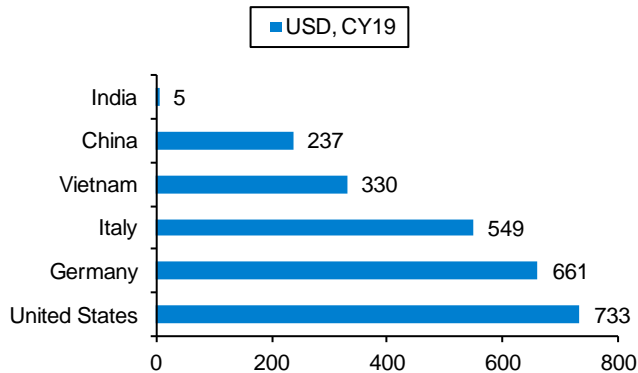
India's furniture market is broadly categorized into Residential projects, Commercial projects and Institutional projects valued at USD 23.3bn in FY21 with **expected CAGR of 6.0% over FY21-27 to reach USD 32.75bn**. The market is mainly growing on account of 1) urbanization, 2) large scale young population, 3) rising disposable income and 4) healthy growth in tourism & hospitality industry. Other major drivers include increased investments in infrastructure development activities, rising population, increased demand for home-office set up essentials and improved living standards of consumers. Overall, healthy growth in furniture market will accelerate wood panel industry's growth, in our view.

Exhibit 8: Indian Furniture market breakup (Material type) – Wood dominates



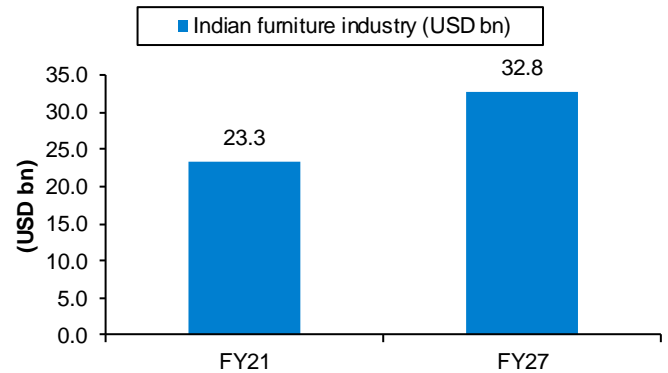
Source: IKEA strategic roadmap for Furniture sector of India, PL

Exhibit 9: Low per capita consumption of furniture



Source: Company, PL

Exhibit 10: Indian furniture ind. at CAGR of 6% over FY21-27



Source: Company, PL

Wood panel sector CAGR at 7.2% over FY21-FY26

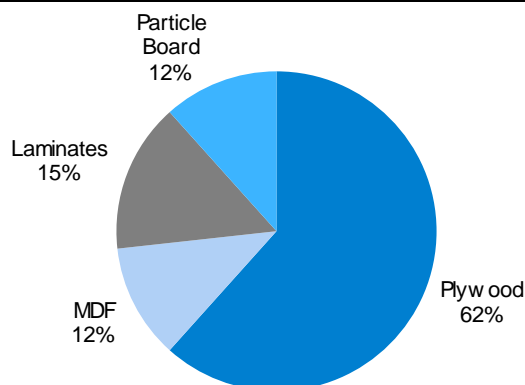
Wood panel industry CAGR at 7.2% over FY23-26E

Wood panel industry is now getting progressively organized with highly growing organized segments like MDF and laminates. Following a period of subdued demand over the last five years, there has been a notable increase in the demand for wood panel products. This rise in demand can be attributed to the growing demand of residences and offices, indicating a positive shift in the market dynamics.

Indian wood panel industry is currently pegged at ~Rs 430bn (FY23). However, 5-year CAGR slowed down from ~16% over FY11-16 to ~4% over FY16-21, owing to decelerated growth in downstream sectors and convergence in number of macroeconomic disruptions. Nevertheless, domestic wood panel market is expected at 7.2% CAGR over FY23-FY26 in anticipation of revival in end user industry i.e. 1) Real estate and 2) Furniture market.

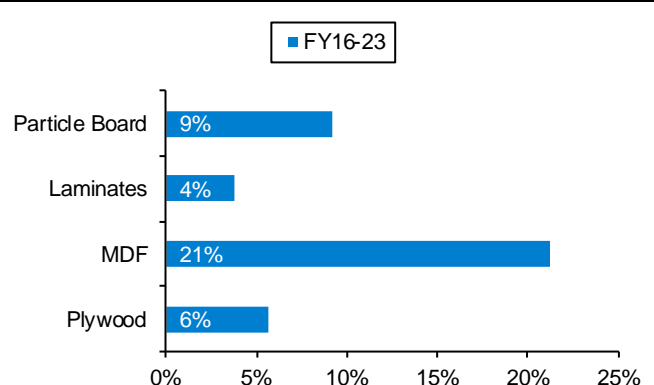
Real estate market in India is expected to grow at ~20% CAGR over CY21-30E and reach USD1tn by 2030. Furniture market, on the other hand, was valued at USD23.3bn in FY21 and expected to grow at 6% CAGR over FY21-27.

Exhibit 11: Classification of India's wood panel industry



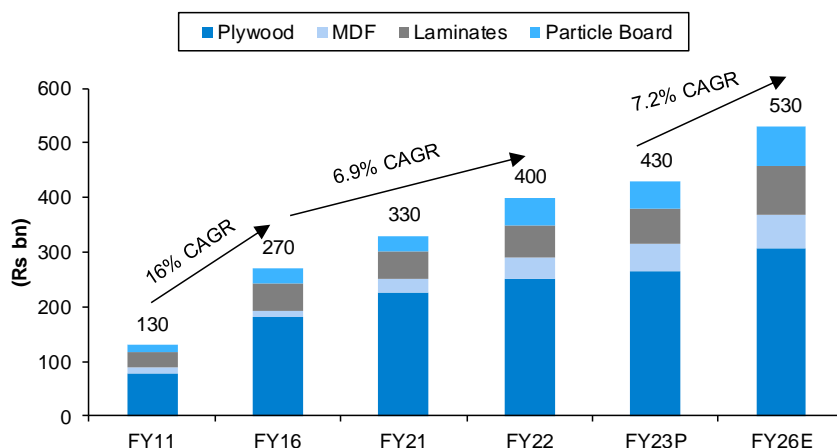
Source: Company, PL

Exhibit 12: Wood panel segment growth over FY16-23E



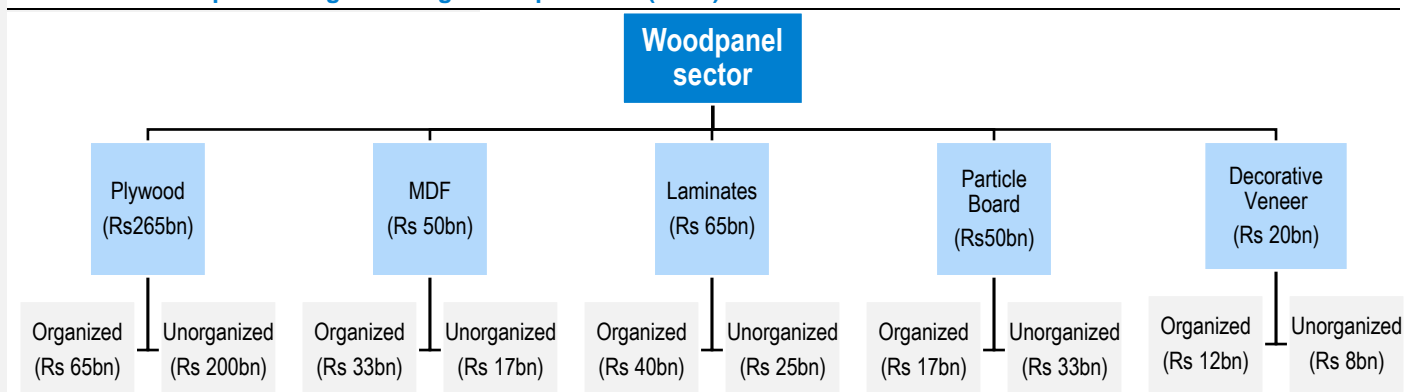
Source: Company, PL

Exhibit 13: Wood panel industry at 7.2% CAGR over FY23-26E



Source: Company, PL

Exhibit 14: Wood panel – Higher unorganised presence (FY23)



Source: Company, PL

Exhibit 15: Wood panel players tapping into adjacent categories to capitalise on growth opportunities

| Companies | Plywood & Block Board | Doors | Décor Vanner/Ply | Laminates | Particle Board | MDF | Flooring |
|------------------|-----------------------|-------|------------------|-----------|----------------|-----|----------|
| Century Ply | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ |
| Greenply | ✓ | ✓ | ✓ | ✗ | ✗ | ✓ | ✗ |
| Greenlam | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ |
| Greenpanel | ✓ | ✓ | ✓ | ✗ | ✗ | ✓ | ✗ |
| Merino laminates | ✓ | ✓ | ✗ | ✓ | ✗ | ✗ | ✓ |
| Stylam | ✗ | ✗ | ✗ | ✓ | ✗ | ✗ | ✗ |
| Rushil Décor | ✗ | ✗ | ✗ | ✓ | ✗ | ✓ | ✓ |
| Action TESA | ✗ | ✓ | ✗ | ✗ | ✓ | ✓ | ✓ |

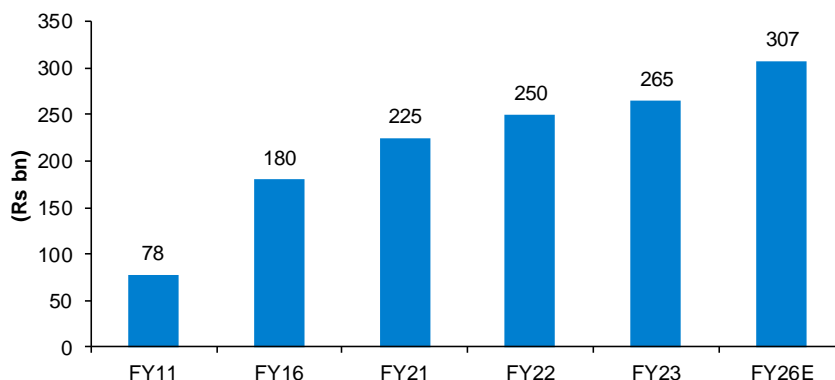
Source: Company, PL

Plywood - Organised players constitute ~25% of the market

Plywood segment CAGR at 5.0% over FY23-26E

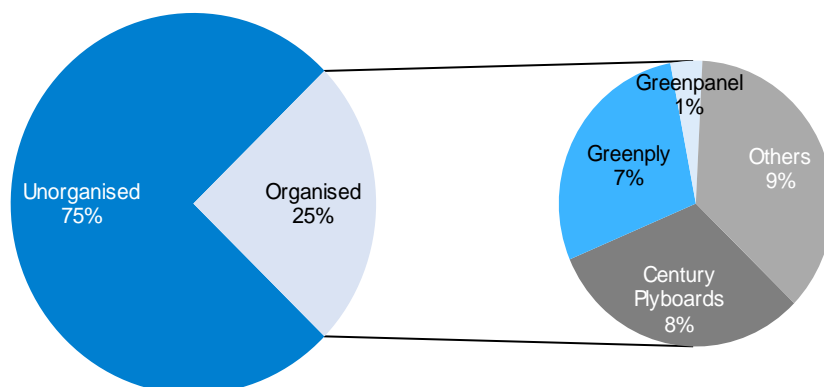
Plywood is a biggest segment in wood panel sector valued at Rs 265bn (FY23) divided into 3 categories 1) low end segment (price <Rs 40-70/sq ft), 2) mass-premium segment (Rs 70-100/sq ft) and 3) premium segment (>Rs100-170/sq ft). Organised players constitute ~25% of the market where top 2 players (Century and Greenply) control ~60% of organized markets.

Exhibit 16: Plywood segment at 5.0% CAGR over FY23-26E



Source: Company, PL

Exhibit 17: Plywood segment reached market size of Rs 265bn (FY23)



Source: Company, PL

Exhibit 18: Plywood sector – Premium segment dominated by Century Plyboard & Greenply

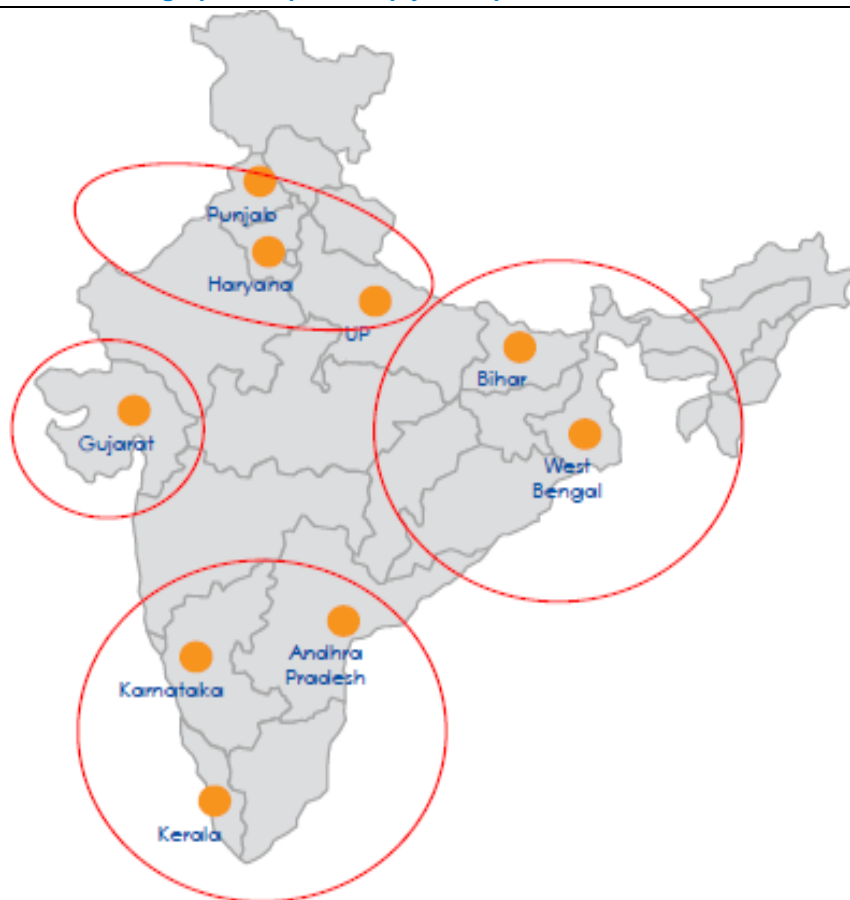
| Plywood | Premium/Luxury | Mid/Commercial | Low |
|---------------------------------|---|--|---|
| Size (Rs bn) | 53 | 133 | 80 |
| % of over all industry | 20% | 50% | 30% |
| Organised share | 70% | 15% | 0% |
| CAGR Growth | 10-12% | 5-7% | Flat/De-growth |
| Price (Assuming 19mm thickness) | 100-170 per sq ft | 70-100per sq ft | 40-70 per sq ft |
| Biggest Players | Century and Greenply have 65% share | None | None |
| Key Brands | Century Architect, Club Prime, Marine Green Platinum, Green Club, Optima G | Sainik Ecotec, Jansathi | None |
| Current Scenario | Pick up in last couple of years with residential growth in Tier-I cities which is the main market. Greenply and Century Ply are leading brands in this segment. | Although current growth rate is around 5-7%, affordable housing could result in an uptick for this segment. Century and Greenply are late entrants but gaining their market shares fast. | MDF is replacing this category at fast pace, increase in raw material cost impacting segment with thin margins, unavailability of raw material impacting small unorganised players. |

Source: Company, PL

Exhibit 19: Plywood sector – Price comparison sub-segment

| Century Plyboard | Price (Rs per sq ft) | Greenply | Price (Rs per sq ft) |
|---|----------------------|-----------------|----------------------|
| Category Premium/Luxury (19mm Thickness) | | | |
| Century Architect | 180 | Green club 700 | 170 |
| Club Prime | 138 | Green Club 500 | 158 |
| Bond 710 | 126 | Green GOLD | 129 |
| Category Mid/Commercial (19mm Thickness) | | | |
| Sainik 710 | 107 | Ecotec 710 | 102 |
| Sainik MR | 90 | Ecotec MR Grade | 84 |

Source: Company, PL

Exhibit 20: Geographical spread of plywood production clusters in India

Source: Company, PL

MDF- Demand surge & capacity expansion drive growth

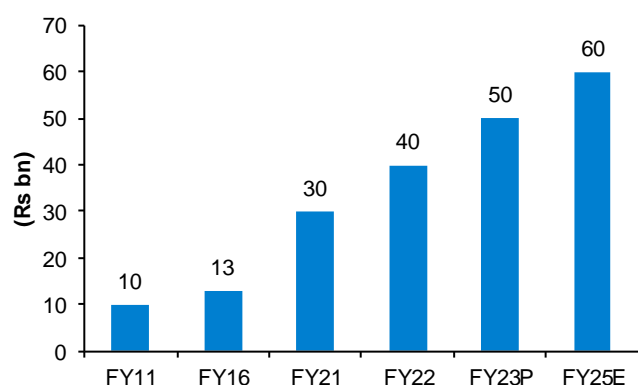
MDF - organised players accounts for 65% of the market

India's MDF industry valued at ~Rs50bn is growing at faster pace against others. Organised players account for 65% of the market and capture share from imports. MDF is increasingly being used as a substitute for low to medium quality plywood, as it is 30-35% cheaper. Currently MDF, Plywood ratio across the world is nearly ~70:30, whereas in India it is ~20:80 expected to become 50:50 soon thereby indicating strong growth potential for this industry.

- Production capacity grown by more than 15x from 0.15mn CBM in 2010 to 2.30mn CBM in 2022.

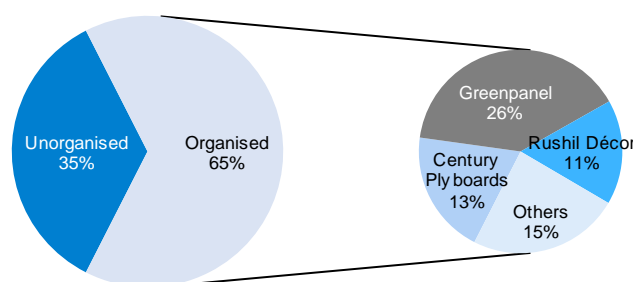
- Indian MDF market expected to reach Rs 60bn by FY25 at 19% CAGR over FY21-26E.
- Aids in cannibalizing the Rs 80bn low-cost plywood market. It also finds its use in other applications like footwear, home décor etc.
- Organised players increasingly focusing on value-added MDF products like pre-lam, high density, moisture-resistant and fire-retardant MDF to protect share and margins.

Exhibit 21: MDF segment at 6.3% CAGR over FY23-26E



Source: Company, PL

Exhibit 22: MDF segment – Higher organized market share



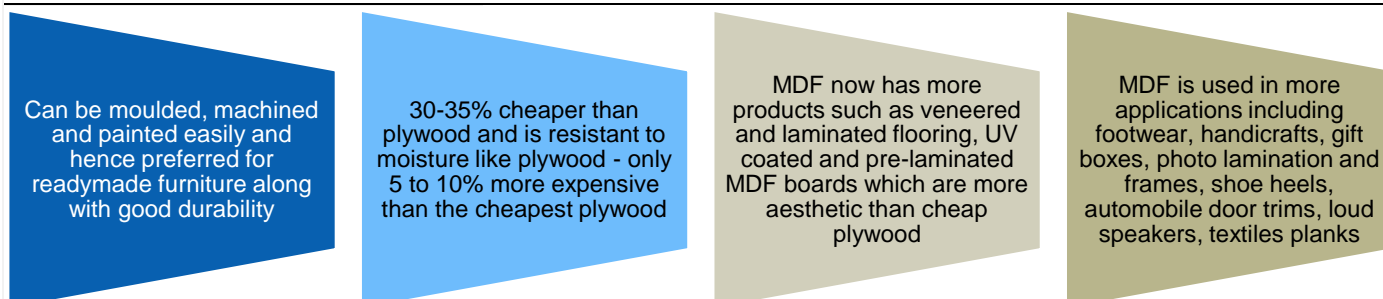
Source: Company, PL

MDF industry is ~Rs 50bn, CAGR at 6.3% over FY23-26E

MDF- Most promising segment in India

Why MDF? MDF industry which is around Rs 50bn, reported CAGR of 11% over FY11-23 in value terms & expected to reach Rs60bn by FY26 and grow at 15-20% in volume terms on account of its inherent advantages such as - it can be moulded, machined and painted easily. Hence it is preferred for readymade furniture. Besides being 30-35% cheaper than plywood, MDF also finds its use in other applications like footwear, home décor etc.

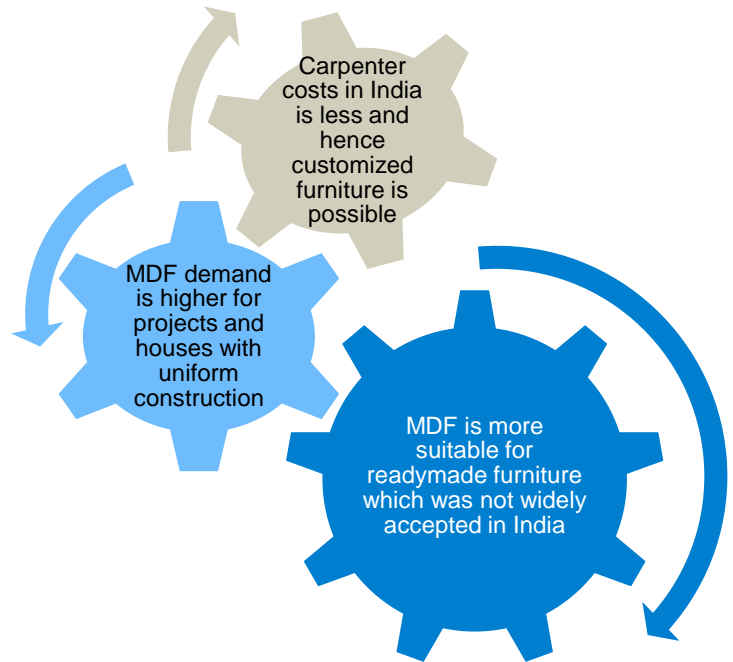
Exhibit 23: Reasons for MDF growth



Source: Company, PL

MDF was not popular some years ago, as it was not widely accepted in India. Mass preference always remained towards plywood.

Exhibit 24: Reasons why MDF was not been popular in India



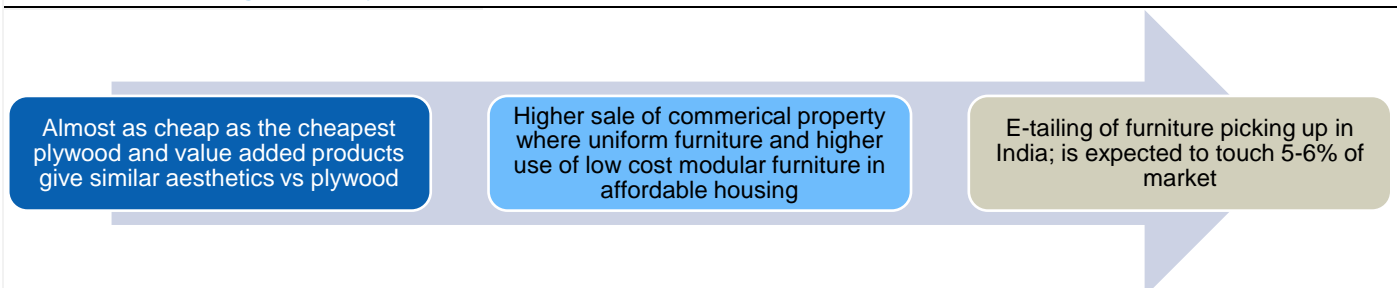
Source: Company, PL

Growing popularity of MDF in India

MDF's demand is majorly correlated to the furniture industry

Readymade furniture players like Pepperfry in India and IKEA globally use MDF for their products. Over last 3-5 years we have seen rising preference for readymade furniture. MDF demand is majorly correlated to furniture industry which is valued at USD 23.3bn (FY21) and expected to grow at 6% CAGR over FY21-27. E-tailing has further increased demand for furniture with online interface reaching 5-6% of Indian furniture industry by FY27 from around 3% currently. We believe that superior personalisation, consultation services and faster delivery time are driving growth for furniture e-tailers. Similarly, high growth in commercial properties will also benefit MDF industry in India growing at 15-20% p.a. in volume and this trend to continue over next few years.

Exhibit 25: Increasing popularity of MDF in India

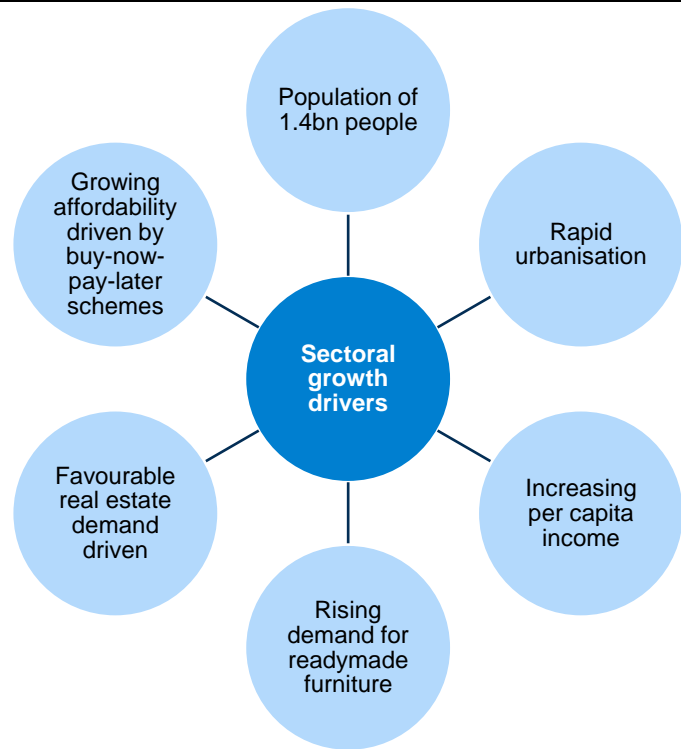


Source: Company, PL

Wide uses of MDF beyond furniture

Globally MDF forms over 70% of the wood panel market

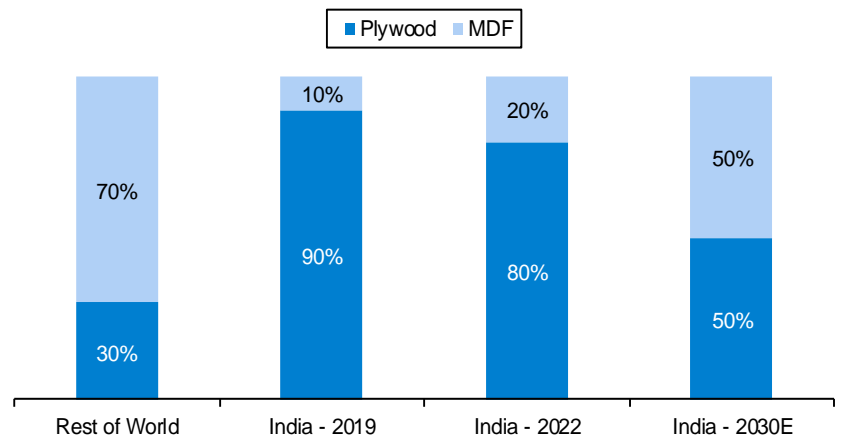
Exhibit 26: MDF growth drivers in India



Source: Company, PL

Globally MDF is more popular than plywood: Globally MDF forms over 70% of the wood panel market, while plywood forms only 30% because of 1) Cost effective, 2) easy to use (cutting, machining and drilling without producing any sort of splinters), and 3) environment friendly (MDF is considered eco-friendly as it uses plantation wood and Plywood is made out of wood veneer). However, in India it is diametrically opposite with 80% of the wood panel market dominated by plywood & laminates and only 20% by MDF. The MDF share in India has increased from 10% 5-6 years back to 20% currently, which is further expected to increase to 50% by 2030.

Exhibit 27: Wood panel market - MDF share in India expected to reach 50%



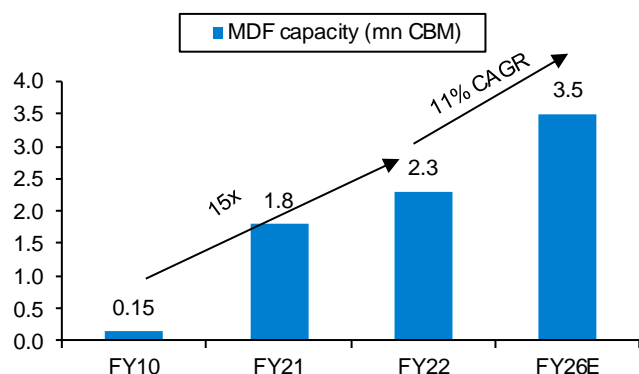
Source: Company, PL

MDF players ramped up capacity by 15x in a span of 12 years

MDF industry revived after supply glut in 2019

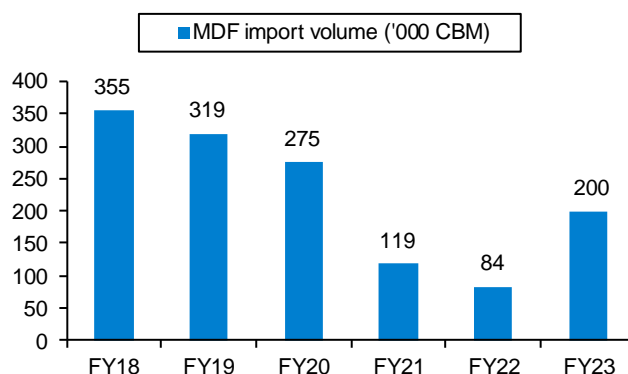
As demand of MDF started increasing, existing MDF players ramped up capacity by 15x in a span of 12 years from 0.15 mn CBM in 2010 to 2.3 mn CBM in 2022. Due to increase in domestic production, domestic pie has increased significantly, but imports remain similar on an absolute basis till 2019. Thus, realisation crashed for MDF in domestic market. However, domestic demand for MDF was continued to grow at 15-20% and with 76% reduction in import over FY18-22, resulted improvement in realisation. GREENP being largest domestic producer of MDF, received major benefit.

Exhibit 28: India MDF production capacity rising



Source: Company, PL

Exhibit 29: MDF imports declined by 29% in FY22

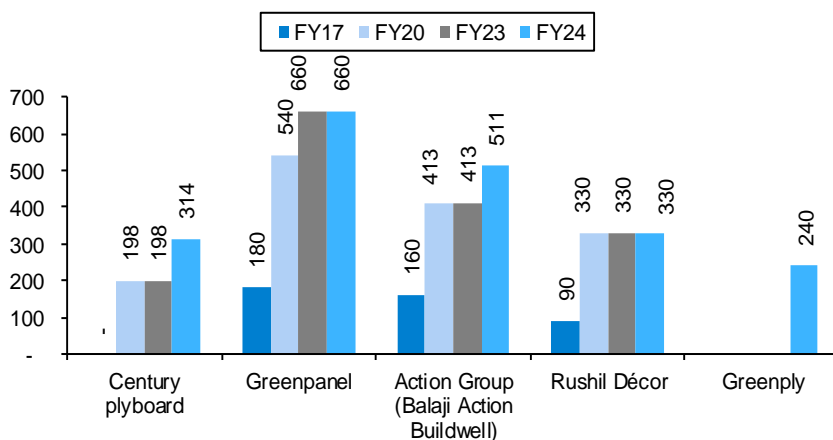


Source: Company, PL

MDF is largely organized market, dominated by 4 key players

Higher domestic capacity expansion in FY24: As MDF has Asset Turnover of close to 1x and typically needs a larger sized capex of Rs 3bn to gain operating leverage, the unorganised pie is very small. Hence expansion in MDF production was driven mainly by 4-5 major players. In FY24, again domestic players have planned for higher capacity increase in industry, previously happened during FY17-20.

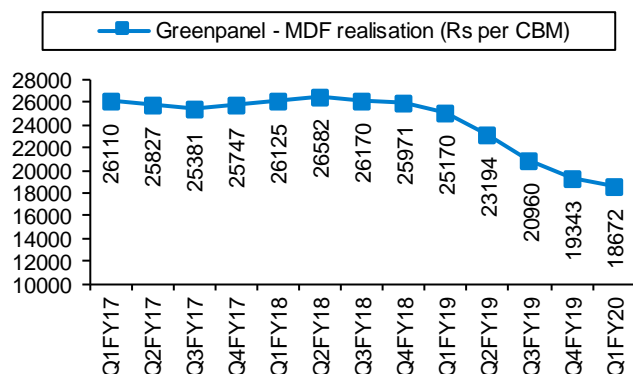
Exhibit 30: MDF capacity expansion by major players over FY17-24E



Source: Company, PL

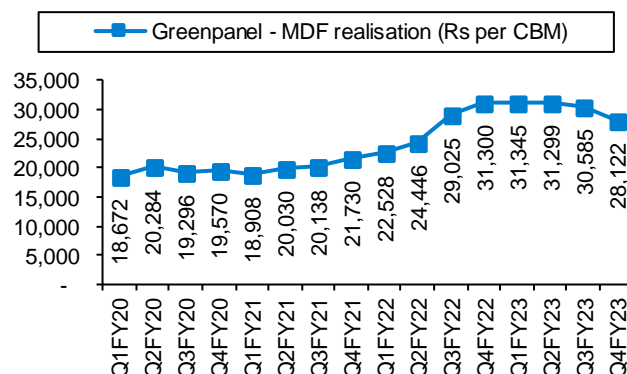
MDF realization affected in FY21-22; currently at higher level: Most of the new supply came between FY18-20, which led to a steep correction in MDF prices on account of price war started by peers. However, below certain prices, the business became untenable and thus prices slightly recovered. Eventually with no new capacity addition in 2020-21 and reduction in imports, price recovered. Again, with increasing import and increase in domestic capacity MDF realisation started falling but not as severe as past.

Exhibit 31: MDF realisations impacted over FY17-20



Source: Company, PL

Exhibit 32: MDF realisation recovered over FY21-22

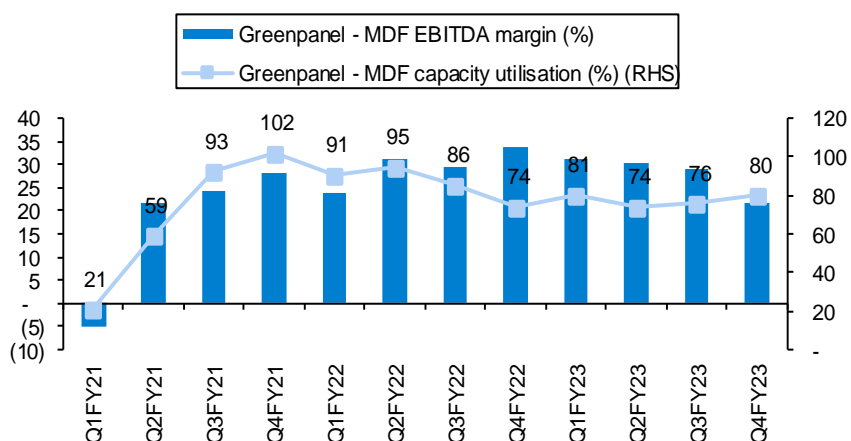


Source: Company, PL

Bounceback in prices with increase in demand and reduction in import in FY22, scenario changing again

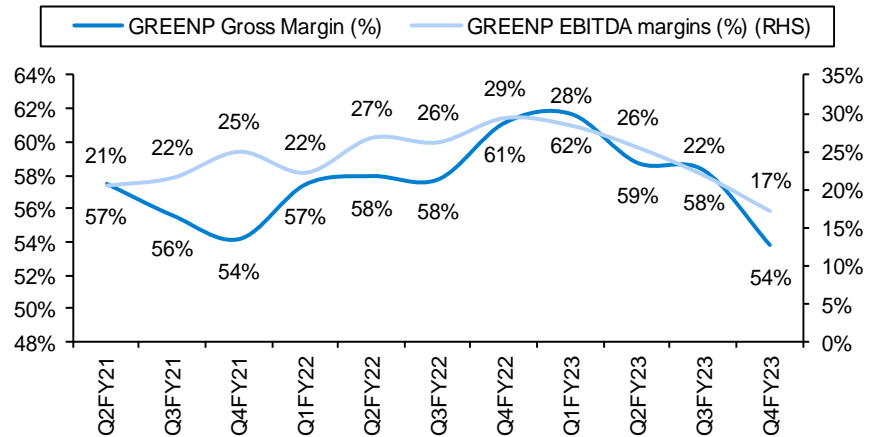
Rebound prices & capacity utilisation boosted margin since FY21-22: With improvement in realization and increase in capacity utilization, margin recovery has been strong as can be seen by GREENP's MDF margins in FY22, while again corrected with RM pressure in FY23.

Exhibit 33: GREENP's MDF EBITDA margin recovered over FY21-22



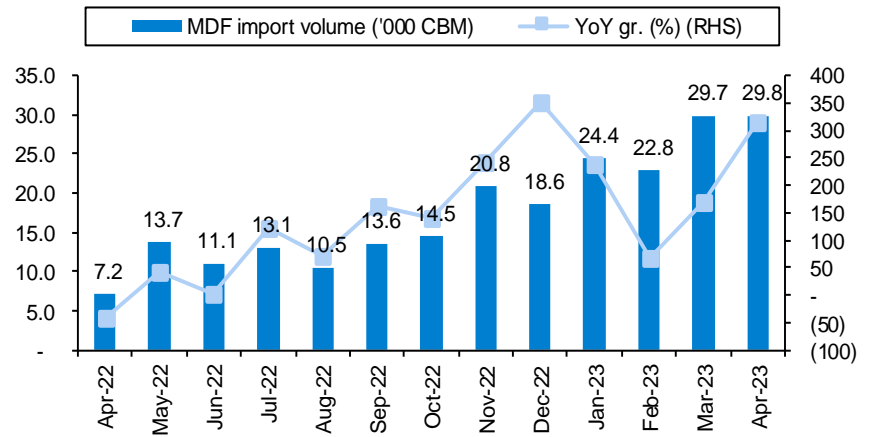
Source: Company, PL

Exhibit 34: Higher RM prices impacted margins; EBITDAM down 330bps FY23



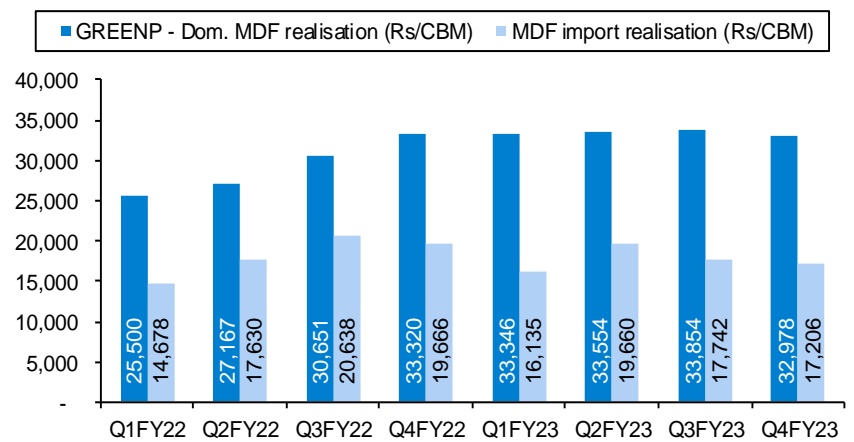
Source: Company, PL

Exhibit 35: Imports back to pre-COVID level (Apr-23 up ~6% over Apr-20)



Source: Company, PL

Exhibit 36: MDF realisation difference - Domestic (GREENP) vs Import



Source: Company, PL

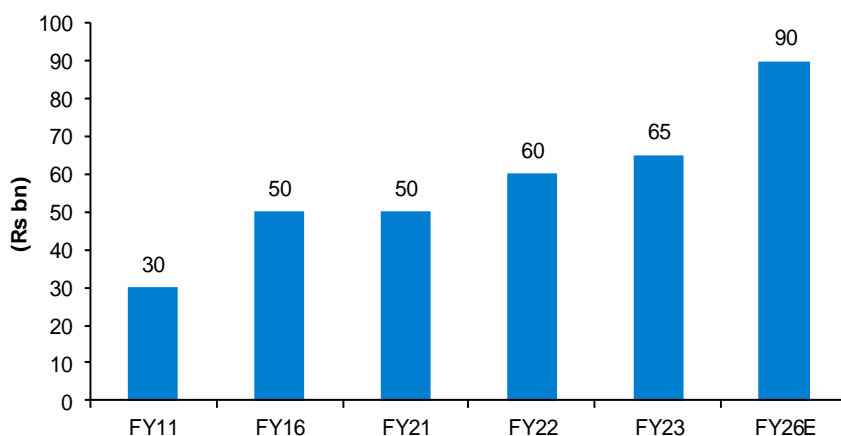
Laminates - organised players is 65%

Laminates to grow with wood panel industry

Laminates segment has grown faster than plywood, but slower than MDF. While domestic laminates industry is estimated at Rs65bn, decorative veneers industry is at Rs20bn; share of organised players is ~62% in laminate segment. Indian laminates market is expected to reach Rs 90bn by FY26 at 11.5% CAGR over FY23-26E.

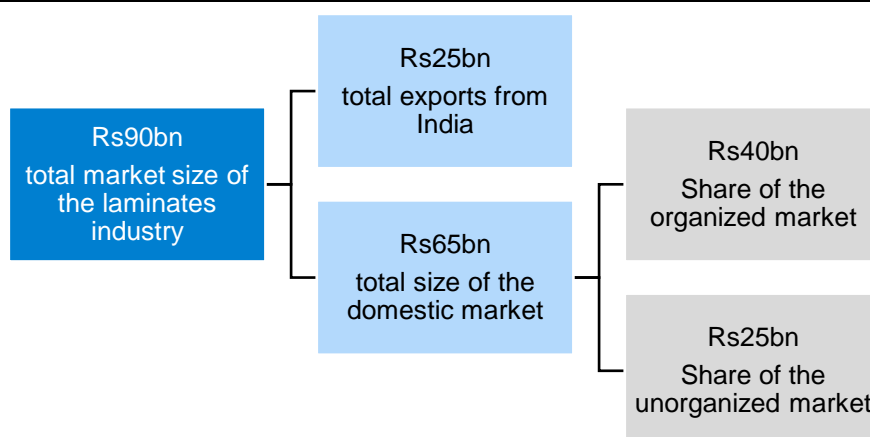
- Growth of laminates market is attributed to adoption of higher living standards, shifting preference for modern home furnishings and growing urbanization.
- Laminates offer many advantages over veneers and hardwood such as being waterproof and scratch resistant. Laminates offer choice in colors, while veneers and hardwood color depends on the wood from which it comes. All these advantages, while being almost 1-2x cheaper than veneers.

Exhibit 37: Laminates business at 11.5% CAGR over FY23-26E



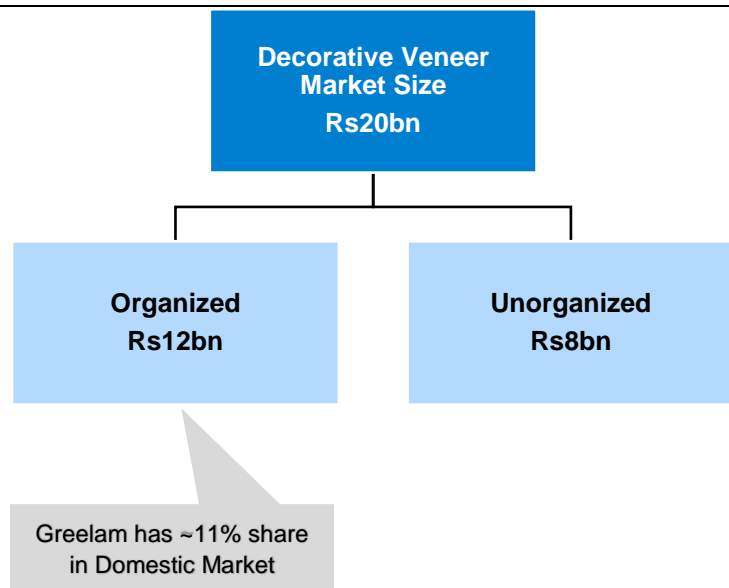
Source: Company, PL

Exhibit 38: Laminates business – 62% organised



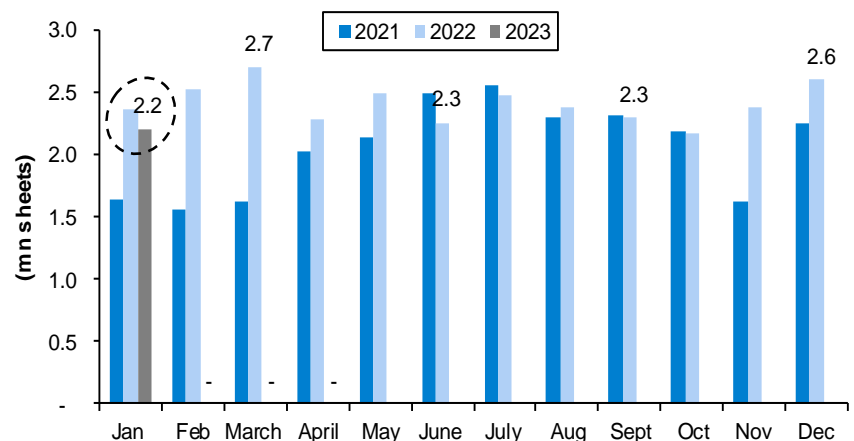
Source: Company, PL

Exhibit 39: Decorative veneer – 60% organised



Source: Company, PL

Exhibit 40: M-o-M laminates export trend – up 3.5% YoY in FY23



Source: Ministry of Commerce & Industry, PL

Exhibit 41: Manufacturing process of Laminate Sheets



Source: Company, PL

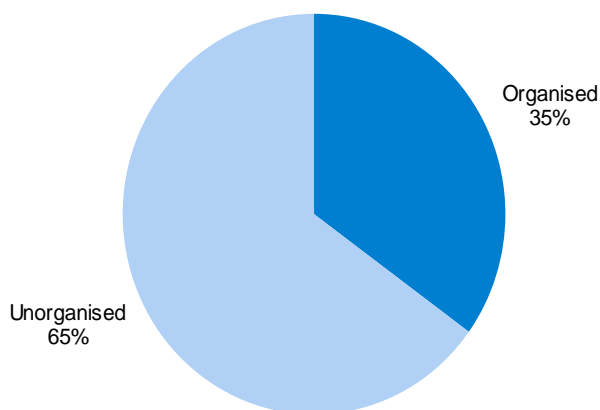
Particle board valued at CAGR of 13.6% over FY23-26E

Particle board (PB) is also known as low-density fiber board, owing to its low weight (compared to MDF). It is preferred for its ease to install, lightweight, environment friendly properties, and uniformity, which increases its machinability.

PB industry, valued at ~Rs 50bn, is growing at around 10-15% with significant upswing in both commercial and residential real estate. Organised players account for ~35% of the market and capture share from imports. However, large part of sector is unorganized or fragmented because of numerous small businesses.

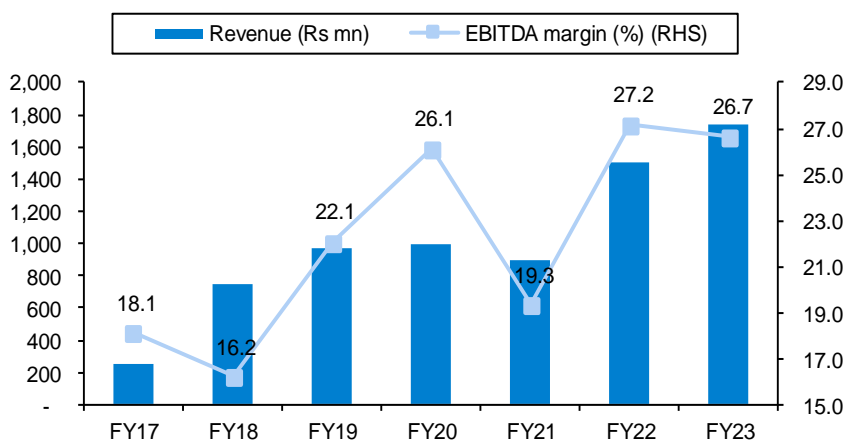
PB import increased by 30% in FY23 in India, which is 15-17% of domestic market largely bare boards.

Exhibit 42: Particle board (Rs 50bn) – Higher unorganized market share

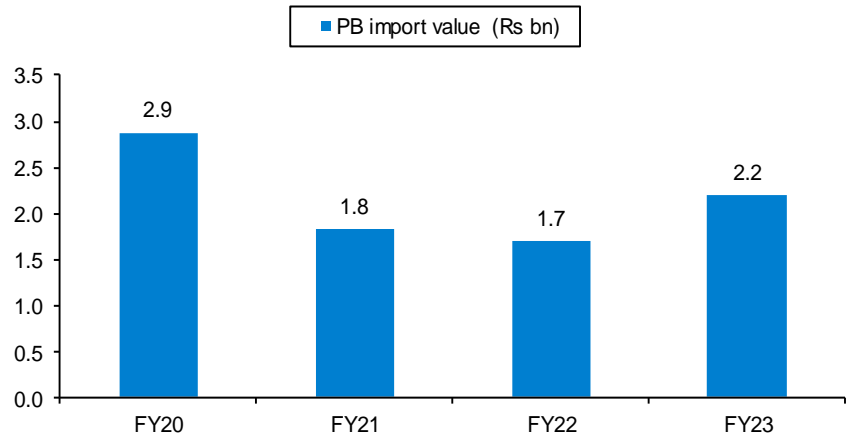


Source: Company, PL

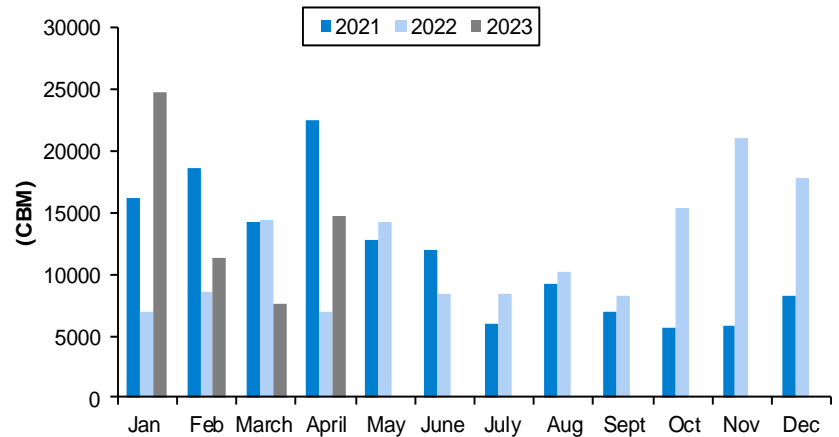
Exhibit 43: Century Plyboards – 3% market share



Source: Company, PL

Exhibit 44: Particle board – Import CAGR of 9.8% over FY21-23

Source: Ministry of Commerce & Industry, PL

Exhibit 45: Particle board – Imports increased by 30% in FY23

Source: Ministry of Commerce & Industry, PL

Outlook & valuation

We believe the pace of demand growth for wood panel products in India is likely to accelerate in coming years with growth in real estate and housing. For eg – CPBI is expected to deliver healthy growth across wood panel segment (plywood/laminates/MDF revenue CAGR of 12.2%/16.7%/35.6% over FY23-25E) and GREENP is expected to deliver 8.9% revenue CAGR over FY23-25E on account of a) healthy growth in housing demand, and b) market share gains from unorganized players. **We initiate coverage on both Century Plyboard (I) Ltd (CPBI) and Greenpanel Industries Ltd (GREENP) with 'BUY' rating.** However, we believe that MDF and particleboard segment is expected to see margin contraction in the near-future; demand continue to be strong. We have assigned target multiple of CPBI at 35x vs 21x for GREENP because 1) CPBI has strong presence across entire gamut of wood panel products vs GREENP largely in MDF segment, 2) CPBI has mix of B2B & B2C presence vs GREENP largely in B2B segment, and 3) CPBI has consistent return profile over last 5 years (FY19-23).

Exhibit 46: Woodpanel - Peer Comparison

| Companies | Revenue (Rs mn) | | | | EBITDA (Rs mn) | | | | EBITDAM (%) | | | | EPS (Rs) | | | |
|-------------------------|-----------------|--------|--------|--------|----------------|-------|-------|-------|-------------|------|-------|-------|----------|------|-------|-------|
| | FY22 | FY23 | FY24E | FY25E | FY22 | FY23 | FY24E | FY25E | FY22 | FY23 | FY24E | FY25E | FY22 | FY23 | FY24E | FY25E |
| Century Plyboards India | 30,270 | 36,466 | 41,233 | 49,259 | 5,324 | 5,587 | 6,522 | 7,977 | 17.6 | 15.3 | 15.8 | 16.2 | 14.1 | 17.2 | 18.8 | 22.9 |
| Greenpanel Industries | 16,250 | 17,829 | 18,546 | 21,094 | 4,334 | 4,165 | 3,747 | 4,392 | 26.7 | 23.4 | 20.2 | 20.8 | 19.8 | 20.4 | 18.0 | 21.2 |
| Greenply Industries | 15,628 | 18,456 | 22,669 | 26,171 | 1,542 | 1,946 | 2,353 | 2,999 | 9.9 | 10.5 | 10.4 | 11.5 | 7.7 | 7.4 | 7.2 | 11.5 |
| Stylam Industries | 6,593 | 9,521 | 11,663 | 13,730 | 1,036 | 1,548 | 1,990 | 2,352 | 15.7 | 16.3 | 17.1 | 17.1 | 36.0 | 56.6 | 73.3 | 89.9 |
| Greenlam Industries | 17,034 | 20,260 | 25,020 | 31,531 | 1,971 | 2,329 | 2,992 | 3,986 | 11.6 | 11.5 | 12.0 | 12.6 | 7.5 | 10.1 | 11.0 | 14.6 |
| Rusil Décor | 6,169 | 8,384 | - | - | 739 | 1,494 | - | - | 12.0 | 17.8 | - | - | 10.2 | 34.6 | - | - |

Source: PL, Bloomberg

Exhibit 47: Woodpanel – Valuation comparison

| Company | M Cap (Rs bn) | CMP (Rs) | Rating | TP (Rs) | PER (x) | | | Target PER (x) FY24E | RoE (%) | | | Sales CAGR (%) FY23-25E | EPS CAGR (%) FY23-25E | Return Expectation |
|------------------|---------------|----------|--------|---------|---------|-------|-------|----------------------|---------|-------|-------|-------------------------|-----------------------|--------------------|
| | | | | | FY23 | FY24E | FY25E | | FY23E | FY24E | FY25E | | | |
| Century Plyboard | 149 | 671 | BUY | 800 | 39 | 36 | 29 | 35 | 22.3 | 22.1 | 19.9 | 16.2 | 15.2 | 19% |
| GreenPanel | 44 | 355 | BUY | 455 | 17 | 20 | 17 | 21 | 28.9 | 23.3 | 17.1 | 8.8 | 1.9 | 28% |
| Greenply | 24 | 180 | NA | NA | 24 | 25 | 16 | NA | 16.9 | 14.5 | 18.4 | 18.8 | 14.0 | NA |
| Stylam | 26 | 1503 | NA | NA | 27 | 21 | 17 | NA | 26.3 | 23.8 | 23.0 | 27.7 | 35.7 | NA |
| Greenlam | 59 | 472 | NA | NA | 47 | 43 | 32 | NA | 15.8 | 13.6 | 15.9 | 22.8 | 24.6 | NA |
| Rusil Décor | 9 | 295 | NA | NA | 9 | - | - | NA | 23.9 | - | - | - | - | NA |

Source: PL, Bloomberg

Exhibit 48: Building Material Coverage – Peer comparison

| Companies | Revenue (Rs mn) | | | | EBITDA (Rs mn) | | | | EBITDAM (%) | | | | EPS (Rs) | | | |
|-----------------------------|-----------------|--------|----------|----------|----------------|--------|--------|--------|-------------|-------|-------|-------|----------|-------|-------|-------|
| | FY22 | FY23E | FY24E | FY25E | FY22 | FY23E | FY24E | FY25E | FY22 | FY23E | FY24E | FY25E | FY22 | FY23E | FY24E | FY25E |
| Plastic Pipe | | | | | | | | | | | | | | | | |
| Astral | 43,940 | 51,585 | 60,188 | 71,066 | 7,553 | 8,099 | 10,352 | 12,792 | 17.2 | 15.7 | 17.2 | 18.0 | 24.1 | 17.0 | 24.3 | 31.0 |
| Finolex Industries | 46,473 | 43,971 | 44,652 | 49,500 | 10,385 | 3,119 | 7,189 | 7,950 | 22.3 | 7.1 | 16.1 | 16.1 | 17.4 | 4.1 | 8.4 | 9.4 |
| Prince Pipe | 26,568 | 27,109 | 30,335 | 34,313 | 4,188 | 2,503 | 4,106 | 4,999 | 15.8 | 9.2 | 13.5 | 14.6 | 22.6 | 11.0 | 22.2 | 28.3 |
| Supreme Ind. | 77,728 | 92,016 | 1,03,269 | 1,16,270 | 12,421 | 11,997 | 14,449 | 17,057 | 16.0 | 13.0 | 14.0 | 14.7 | 76.3 | 68.1 | 79.4 | 94.9 |
| Tiles & Bathware | | | | | | | | | | | | | | | | |
| Cera Sanitaryware | 14,458 | 18,035 | 20,808 | 23,792 | 2,287 | 2,930 | 3,479 | 3,963 | 15.8 | 16.2 | 16.7 | 16.7 | 122.0 | 166.1 | 195.2 | 223.0 |
| Kajaria Ceramics | 37,052 | 43,819 | 49,826 | 56,772 | 6,107 | 5,920 | 7,823 | 8,970 | 16.5 | 13.5 | 15.7 | 15.8 | 23.7 | 21.6 | 30.8 | 36.1 |
| Woodpanel | | | | | | | | | | | | | | | | |
| Century Plyboard | 30,270 | 36,466 | 41,233 | 49,259 | 5,324 | 5,587 | 6,522 | 7,977 | 17.6 | 15.3 | 15.8 | 16.2 | 14.1 | 17.2 | 18.8 | 22.9 |
| GreenPanel | 16,250 | 17,829 | 18,546 | 21,094 | 4,334 | 4,165 | 3,747 | 4,392 | 26.7 | 23.4 | 20.2 | 20.8 | 19.8 | 20.4 | 18.0 | 21.2 |

Source: PL

Exhibit 49: Building Material Coverage – Valuation comparison

| Company | M Cap (Rs bn) | CMP (Rs) | Rating | Target Price (Rs) | PER (x) | | | Target PER (x) FY25E | RoCE (%) | | | Sales CAGR (%) FY23-25E | EPS CAGR (%) FY23-25E | Return expectation |
|--------------------|------------------|-------------|------------|-------------------------|---------|-------|-------|----------------------------|----------|-------|-------|-------------------------------|-----------------------------|-----------------------|
| | | | | | FY23 | FY24E | FY25E | | FY23 | FY24E | FY25E | | | |
| Plastic Pipe | | | | | | | | | | | | | | |
| Astral Ltd | 495 | 1,840 | HOLD | 1,955 | 108 | 76 | 59 | 63 | 23.9 | 26.3 | 27.6 | 17.4 | 34.9 | 6.3 |
| Finolex Industries | 107 | 172 | Accumulate | 194 | 42 | 21 | 18 | 19 | 4.6 | 11.3 | 12.0 | 6.1 | 51.3 | 12.4 |
| Prince Pipe | 70 | 634 | Accumulate | 718 | 58 | 29 | 22 | 25 | 12.4 | 22.1 | 24.0 | 12.5 | 60.5 | 13.3 |
| Supreme Industries | 411 | 3,237 | Accumulate | 3,245 | 48 | 41 | 34 | 34 | 23.4 | 25.3 | 26.5 | 12.4 | 18.0 | 0.2 |
| Tiles & Bathware | | | | | | | | | | | | | | |
| Cera Sanitaryware | 93 | 7,141 | HOLD | 7,805 | 43 | 37 | 32 | 35 | 26.4 | 26.2 | 25.4 | 14.9 | 15.9 | 9.3 |
| Kajaria Ceramics | 210 | 1,320 | HOLD | 1,264 | 61 | 43 | 37 | 35 | 20.6 | 25.0 | 25.6 | 13.8 | 29.2 | -4.3 |
| Woodpanel | | | | | | | | | | | | | | |
| Century Plyboard | 149 | 671 | BUY | 800 | 39 | 36 | 29 | 35 | 30.2 | 26.4 | 22.7 | 16.2 | 15.2 | 19.3 |
| GreenPanel | 44 | 355 | BUY | 455 | 17 | 20 | 17 | 21 | 30.6 | 27.8 | 20.8 | 8.8 | 1.9 | 28.3 |

Source: PL



COMPANIES

July 13, 2023

Company Initiation

Key Financials - Consolidated

| Y/e Mar | FY22 | FY23 | FY24E | FY25E |
|----------------|--------|--------|--------|--------|
| Sales (Rs. m) | 30,270 | 36,466 | 41,233 | 49,259 |
| EBITDA (Rs. m) | 5,324 | 5,587 | 6,522 | 7,977 |
| Margin (%) | 17.6 | 15.3 | 15.8 | 16.2 |
| PAT (Rs. m) | 3,146 | 3,833 | 4,190 | 5,088 |
| EPS (Rs.) | 14.1 | 17.2 | 18.8 | 22.9 |
| Gr. (%) | 54.7 | 21.8 | 9.3 | 21.4 |
| DPS (Rs.) | 0.2 | 0.1 | 0.2 | 0.3 |
| Yield (%) | 0.0 | 0.0 | 0.0 | 0.0 |
| RoE (%) | 22.3 | 22.1 | 19.9 | 20.2 |
| RoCE (%) | 30.2 | 26.4 | 22.7 | 22.1 |
| EV/Sales (x) | 4.9 | 4.1 | 3.7 | 3.1 |
| EV/EBITDA (x) | 28.0 | 26.8 | 23.7 | 19.3 |
| PE (x) | 47.5 | 39.0 | 35.6 | 29.3 |
| P/BV (x) | 9.6 | 7.8 | 6.5 | 5.4 |

Key Data

CNTP.BO | CPBI IN

| | |
|---------------------|---------------------|
| 52-W High / Low | Rs.710 / Rs.436 |
| Sensex / Nifty | 65,394 / 19,384 |
| Market Cap | Rs.149bn/ \$ 1,813m |
| Shares Outstanding | 222m |
| 3M Avg. Daily Value | Rs.99.97m |

Shareholding Pattern (%)

| | |
|-------------------------|-------|
| Promoter's | 73.04 |
| Foreign | 6.95 |
| Domestic Institution | 12.50 |
| Public & Others | 7.51 |
| Promoter Pledge (Rs bn) | - |

Stock Performance (%)

| | | | |
|----------|------|------|------|
| | 1M | 6M | 12M |
| Absolute | 10.4 | 29.7 | 25.3 |
| Relative | 5.9 | 19.0 | 3.3 |

Praveen Sahay

praveensahay@plindia.com | 91-22-66322369

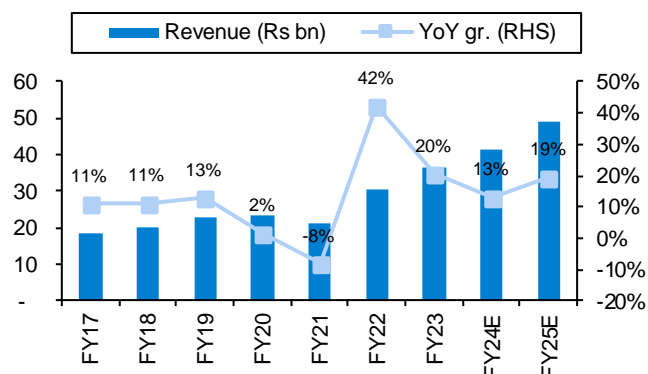
Consistent leader in India's wood panel industry

We initiate coverage on Century Plyboards (CPBI) with a 'BUY' rating and TP of Rs.800. We expect CPBI to outperform the wood panel sector given 1) strong presence across entire gamut of wood panel products like plywood, MDF, particleboard, laminates, veneers, etc. with wide product basket (18000+ SKUs), 2) market leader in plywood, third largest in MDF, among top five players in laminate and respectable size amongst particleboards, 3) reduced dependency on plywood (from 72% in FY15 to 56% in FY23), 4) continuous capacity expansion in non-plywood segments, 5) solid brand equity through consistent brand spending (~4% of revenue) and 6) robust pan-India distribution network of 2,700+ dealers & 19,100+ retailers. We expect Revenue/EBITDA/PAT CAGR of 16.2%/19.5%/15.2% over FY23-25E and accordingly value the stock at 35x FY25 earnings. Initiate 'BUY'.

- Leader in wood panel industry, capacity addition leads to healthy growth:** CPBI is leader in plywood industry with total capacity of over 330,000 CBM currently; expanding by 60,000 CBM. We expect Sales volume/revenue CAGR of 10.1%/12.2 over FY23-25E, on the back of capacity enhancement, wide distribution reach and new product launches. Over years, CPBI also diversified its portfolio across all wood-panel products like plywood, veneer, laminates, MDF etc. and today stands amongst top 5 organized players in every segment. The company gradually reduced its dependence on plywood while continuously expanding capacities in non-plywood segments. In FY23, plywood/laminates/MDF/PB contributed 56%/18%/18%/5% to CPBI's revenue.
- MDF - Revenue CAGR of 44.4% over FY23-25E:** Domestic demand for MDF is expected to be healthy (15-20%) backed by increasing use of ready-made furniture and good demand in real estate & housing sector. Companies are holding MDF realization even after increase in MDF imports. We believe correction in realizations will be in range of 5-7% and will not be like FY19-20. We estimate revenue/volume CAGR of 35.6%/44.4% over FY23-25 through its quality product, wide channel network and capacity expansion
- Laminates – Driven by expansion in Andhra Pradesh:** CPBI is increasing its capacity in laminates from 8.8mn sheets to 12.8mn sheets through greenfield expansion in Andhra Pradesh, which will be commissioned by Q3FY24. We expect revenue CAGR of 16.7% from FY23-FY25E on the back of increased capacity, new product launches, and improvement in export. Higher EBITDA margin (14-15%) is expected to be maintained.
- Healthy distribution network with strong brand presence:** CPBI has created a robust brand and built large distribution network, which enhances product availability and helps grow faster. The company has highest adv. spends at ~4% of sales in the industry. Also, there are sizable additions of dealers & distributors in smaller cities and towns to gain market share.

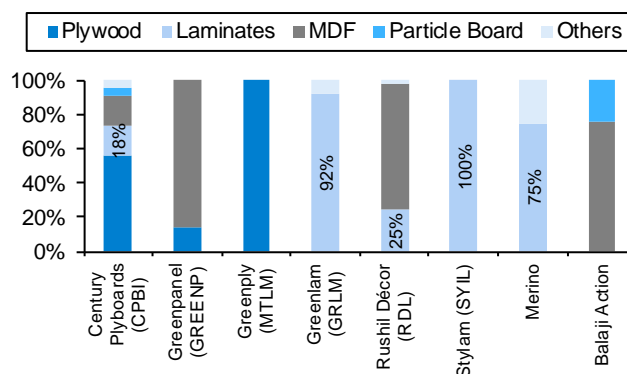
Story in Charts

Exhibit 50: Revenue CAGR of 16.2% over FY23–25E



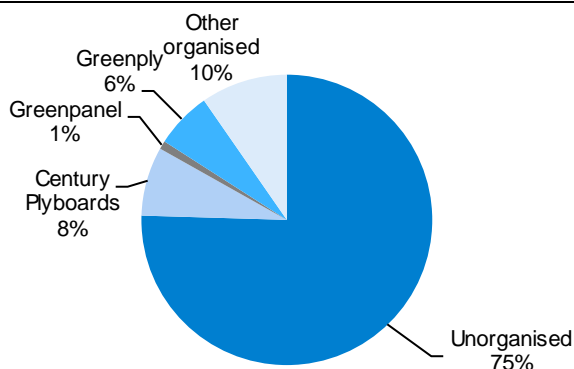
Source: Company, PL

Exhibit 51: CPBI better placed among peer - Revenue mix



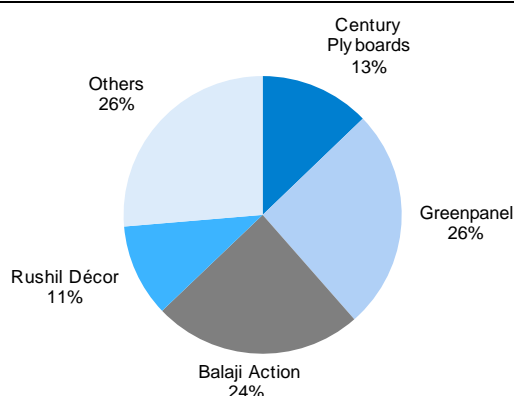
Source: Company, PL

Exhibit 52: Leader in plywood segment in value terms



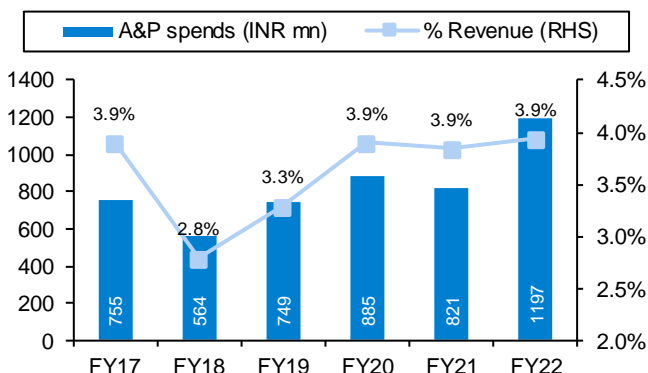
Source: Company, PL

Exhibit 53: MDF – CPBI 3rd largest despite being late entrant



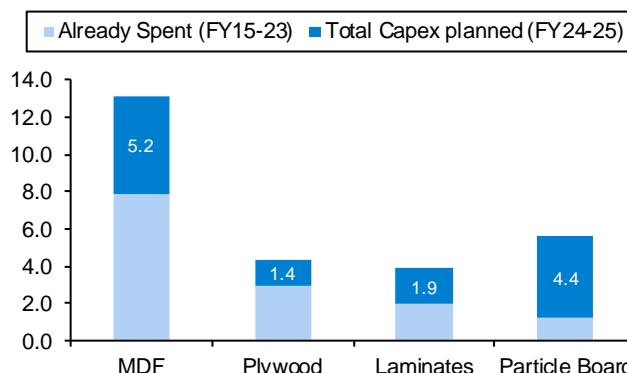
Source: Company, PL

Exhibit 54: A&P spends – Highest among peers



Source: Company, PL

Exhibit 55: Century's capex programme to drive growth



Source: Company, PL

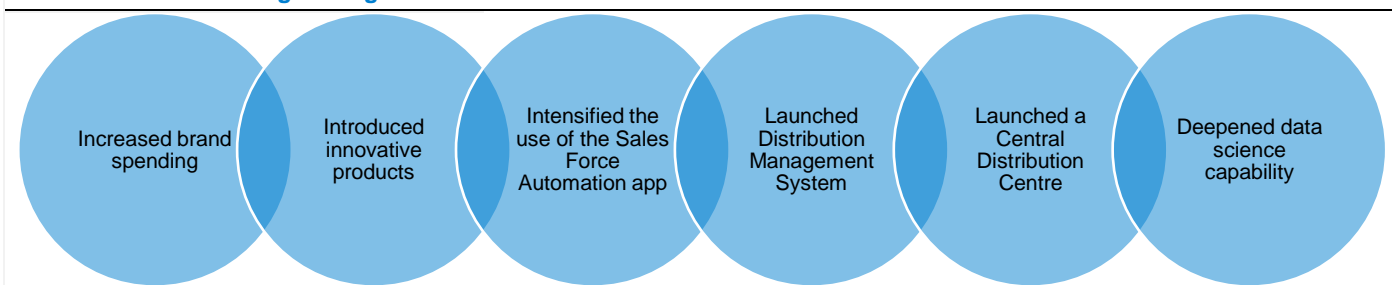
CPBI - Largest plywood & veneers seller in India

Incorporated in 1982, Century Plyboards (India) Ltd (CPBI), is an only integrated player in India present in plywood, laminates, MDF and particle boards. CPBI was formed by Mr. Sajjan Bhajanka and Mr. Sanjay Agarwal. It manufactures plywood, veneer, laminates, medium density fibre (MDF), particleboard and allied products. It also operates two container freight stations in Kolkata.

Company markets its products under the brand name 'Centuryply'. It commenced production of its laminate plant in the year 2004. Century Ply also started manufacturing 'Centuryply Mica', which is one of the flagship brands.

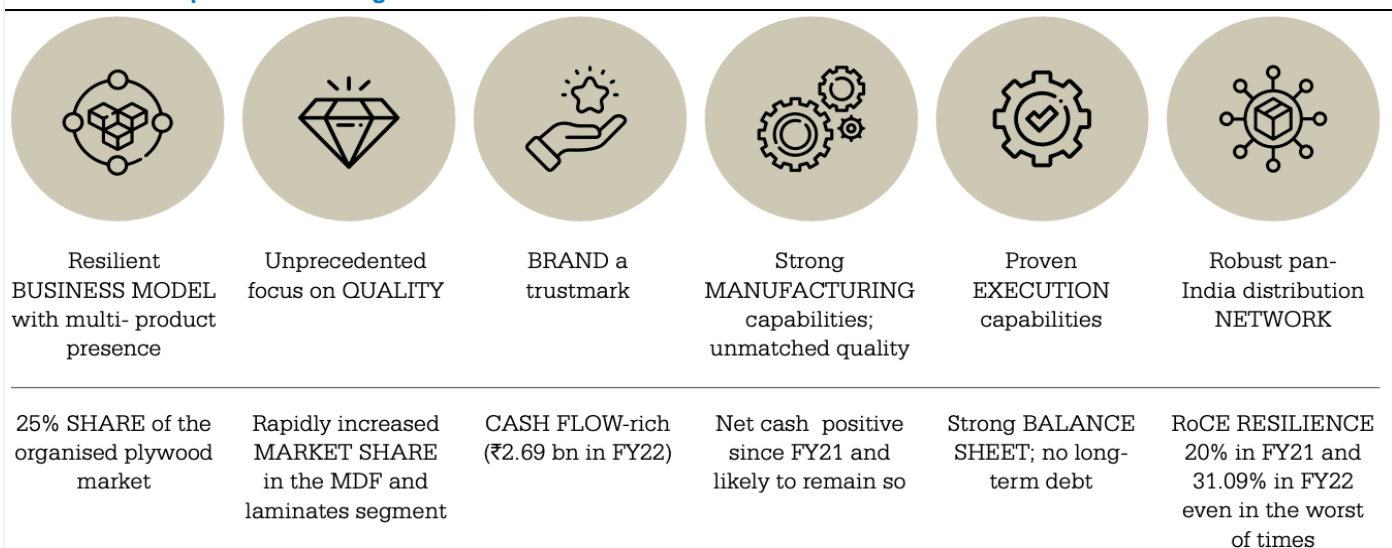
CPBI exports its products to 20 countries that include UAE, China, Taiwan, Bangladesh, Singapore, Hong Kong, Saudi Arabia, France, UK, Germany, Mexico, Canada and Switzerland, among others.

Exhibit 56: CPBI - Strengthening Business Model



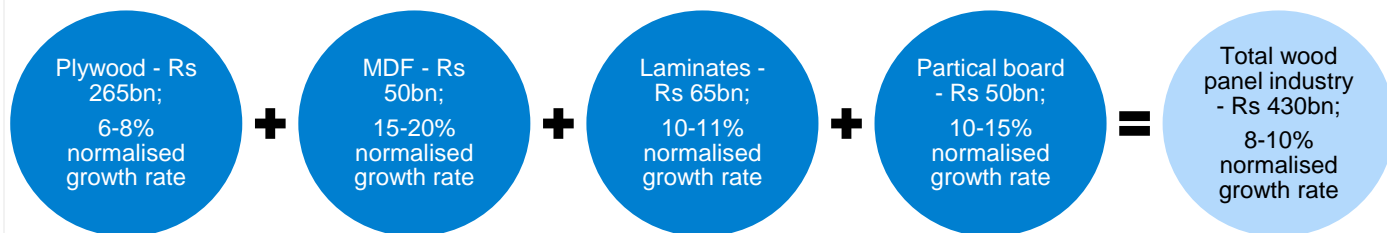
Source: Company, PL

Exhibit 57: Competitive advantage



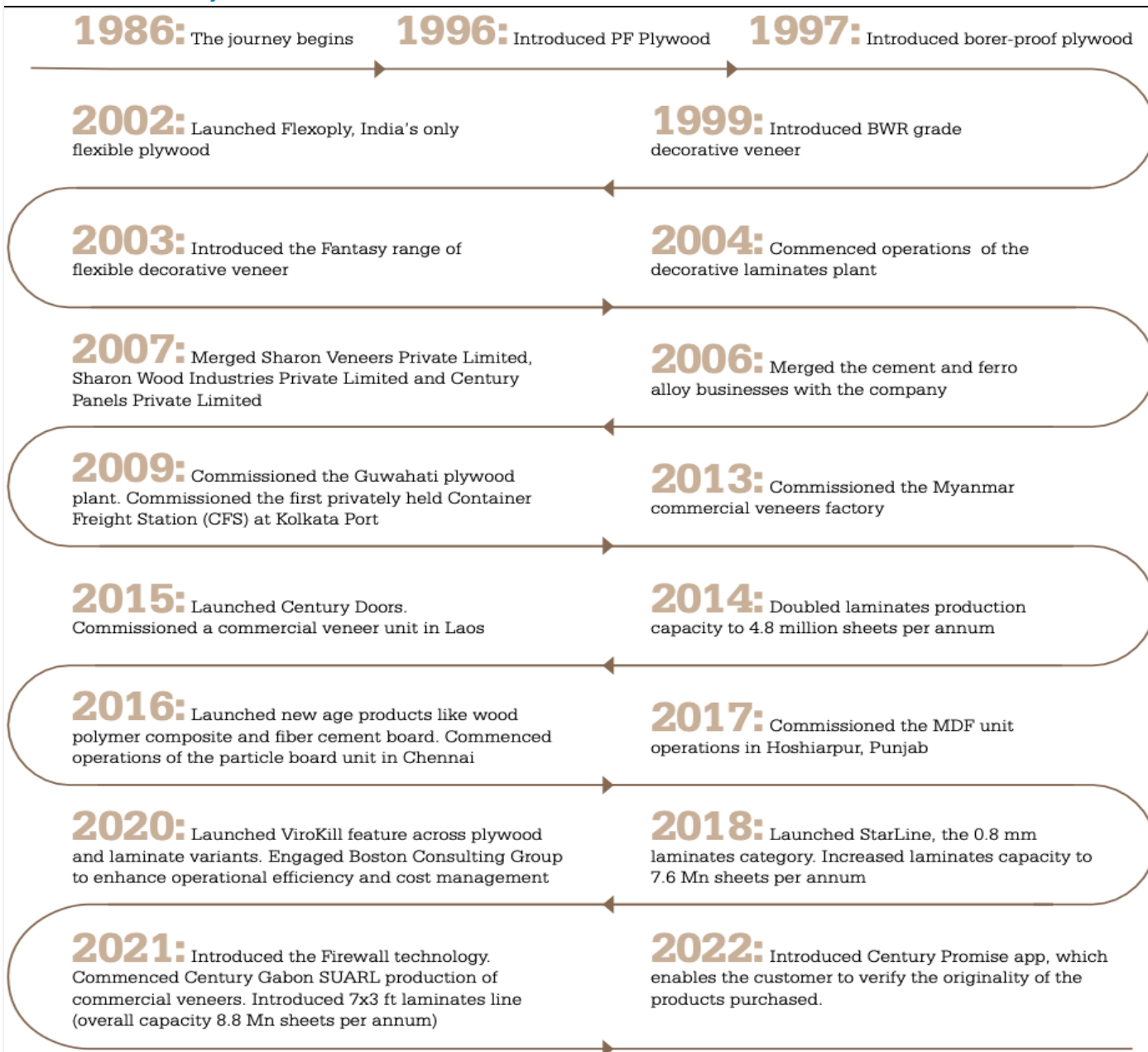
Source: Company, PL

Exhibit 58: CPBI – Wide addressable market



Source: Company, PL

Exhibit 59: CPBI – Major milestones



Source: Company, PL

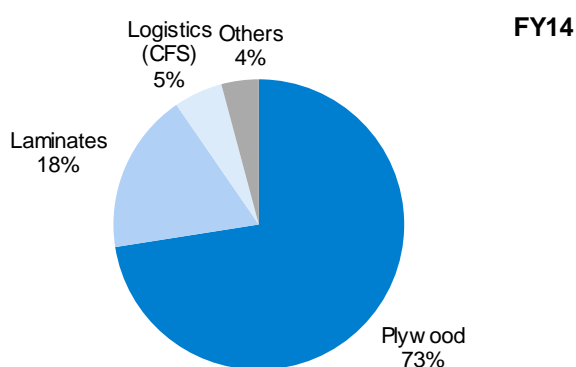
Plan to touch Rs 50bn revenue by FY26

Investment Arguments

Leader in wood panel industry, wide product portfolio

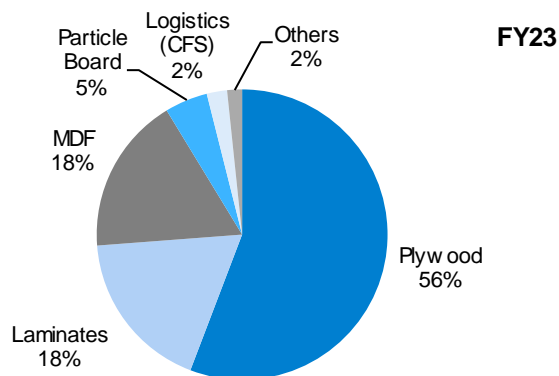
- Over the years CPBI has diversified its portfolio across all wood-panel products - plywood, veneer, laminates, MDF etc. and today ranks amongst top 3 organized players in every segment.
- The company has gradually reduced dependence on plywood with continuous expansion of capacities in non-plywood segments. In FY23, plywood/laminates/MDF/PB contributed 56%/18%/18%/5% to CPBI's revenue. Accordingly, the company plans to increase its MDF and laminates capacities to further improve contributions.
- CPBI also plans to touch Rs 50bn revenue by FY26. In order to achieve its goal CPBI has appointed agencies such as Vector Consultants and BCG (Boston Consultancy Group) to improve supply chain, distribution efficiency and cost optimization.
- The company has also introduced programmes like influencer loyalty programme, sales force automation and distribution management system to strengthened its distribution network and drive sales.

Exhibit 60: CPBI's revenue largely from plywood in FY14



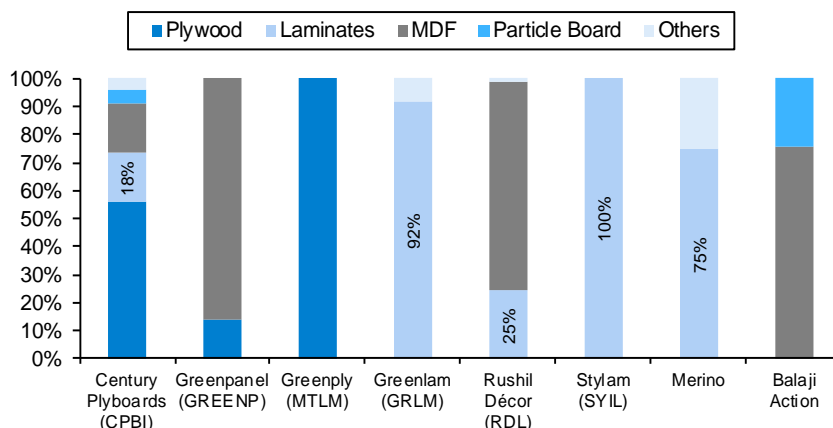
Source: Company, PL

Exhibit 61: CPBI's revenue diversification in FY23



Source: Company, PL

Exhibit 62: CPBI better placed among peer - Revenue mix (FY23)



Source: Company, PL

Exhibit 63: CPBI - Only player across wood panel segments

| Companies | Plywood & Block Board | Doors | Deco Veneer / Plywood | Laminate | Particle Board | MDF |
|-----------------------------|-----------------------|-------|-----------------------|----------|----------------|-----|
| CENTURYPLY | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Greenply | ✓ | ✓ | ✓ | ✗ | ✗ | ✗ |
| Greenlam Industries Limited | ✗ | ✓ | ✓ | ✓ | ✗ | ✗ |
| GREENPANEL | ✓ | ✓ | ✓ | ✗ | ✗ | ✓ |
| MERINO | ✓ | ✓ | ✗ | ✓ | ✗ | ✗ |
| STYLAM | ✗ | ✗ | ✗ | ✓ | ✗ | ✗ |
| RUSHIL | ✗ | ✗ | ✗ | ✓ | ✗ | ✓ |

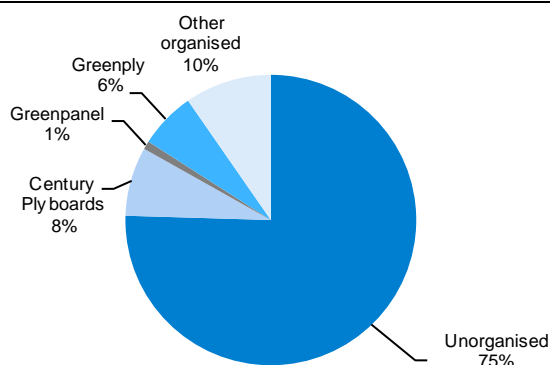
Source: Company, PL

Exhibit 64: Sizable organised market share in each segment of Indian wood panel sector

| Segment (FY23) | Market size (Rs bn) | CPBI overall market share | CPBI's organised market share |
|----------------|---------------------|---------------------------|-------------------------------|
| Plywood | 265 | 8% | 31% |
| Laminates | 65 | 10% | 16% |
| MDF | 50 | 13% | 20% |
| Particle Board | 50 | 3% | 10% |

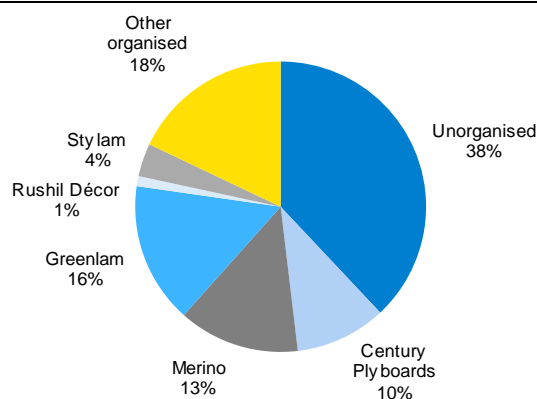
Source: Company, PL

Exhibit 65: Leader in plywood segment in value terms



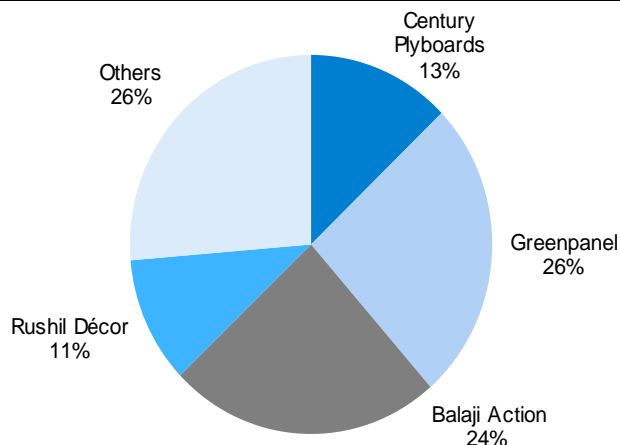
Source: Company, PL

Exhibit 66: Among top three in laminates (value share)



Source: Company, PL

Exhibit 67: MDF – CPBI is third largest despite being late entrant in revenue



Source: Company, PL

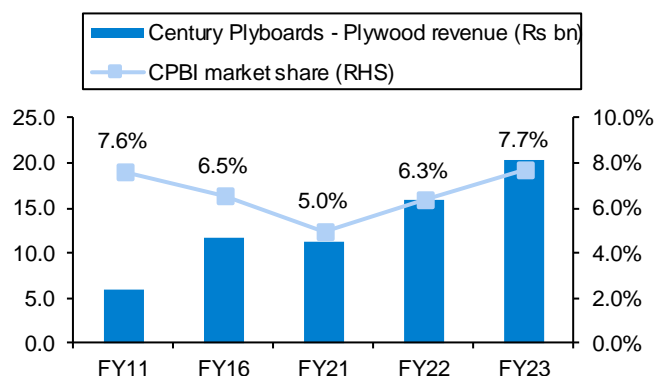
CPBI expected to continue with healthy growth along with double digit margin in its major segment

Plywood - Largest Manufacturer in India

The Indian plywood industry is a biggest segment in wood-panel industry with total market size of Rs 265bn, of which organized segment accounts for around 25%. The two players CPBI and Greenply control around ~60% of the organized market.

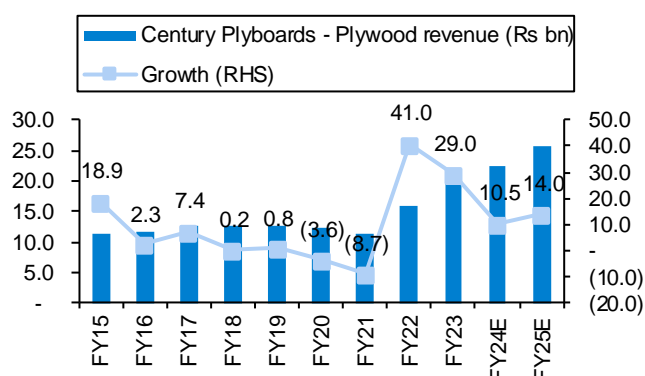
- CPBI has six plywood manufacturing units spread across the country to gain benefit of geographical diversification and cost optimization as plywood is a bulky product. These units currently have a combined capacity of over 330,000 CBM expanding through greenfield capacity expansion in Hoshiarpur, Punjab at 60,000 CBM by FY24, which will take its total capacity to 390,000 CBM.
- CPBI has delivered 7.3%/10.0% sales volume/revenue CAGR over FY18-23 and is expected to deliver 10.1%/12.2% Sales volume/revenue CAGR over FY23-25E, on the back of capacity enhancement, wide distribution reach and new product launches (Virokill, Firewall etc).
- Plywood segment reported average EBITDA margin of 12.5% over FY18-23 and we expected average EBITDA margin of ~11.1% over FY24-FY25 as the cost inflation pressure continues.

Exhibit 68: Sizable market share in plywood



Source: Company, PL

Exhibit 69: Plywood CAGR of 12.2% over FY23-25E



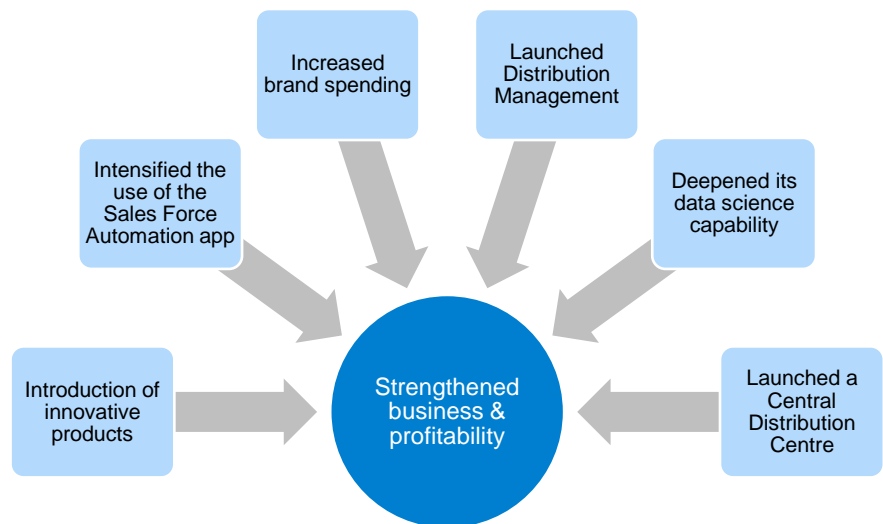
Source: Company, PL

Exhibit 70: Plywood Manufacturing Capacity wide coverage

| Manufacturing Unit | Location |
|--------------------|---------------------------|
| Kolkata Unit | Bishnupur, West Bengal |
| Chennai Unit | Gummidipoondi, Tamil Nadu |
| Karnal Unit | Taraori, Haryana |
| Guwahati Units | Kamrup, Assam |
| Kandla Unit | Bhachau-Kachchh, Gujarat |
| Roorkee Unit | Roorkee, Uttarakhand |

Source: Company, PL

Exhibit 71: CPBI - Initiatives to strengthen business



Source: Company, PL

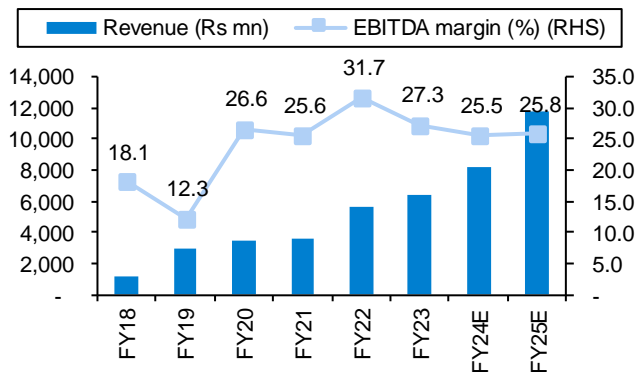
MDF - Revenue CAGR of 44.4% over FY23-25E

Domestic demand for MDF is expected to be healthy (15-20%) backed by increasing use of ready-made furniture & furniture industry is moving towards organized players for better quality and good demand in real estate & housing sector.

- CPBI's management also guided MDF volume growth of 30% in coming years on account of robust traction in end user segments and capacity enhancement.
- Upcoming domestic capacities in MDF segment and increasing imports are expected to rise competitive intensity in the sector. However, many companies are holding MDF realisation (CPBI reported MDF realisation of Rs34k+ in Q4FY23) even after increase in MDF imports (up 5% in Q4FY23 vs Q4FY19 pre-COVID period and up 6% in Apr-23 vs Apr-19).
- We believe correction in realisation will be in range of 5-7% and will not be like FY19-20. Also branded large players such as CPBI who have better pricing power through their quality product, high brand value, wide channel network, better after sales services and capacity expansion are expected to report healthy growth in the segment. We estimate CPBI's MDF segment to report 35.6%/44.4% revenue/volume CAGR over FY23-25.

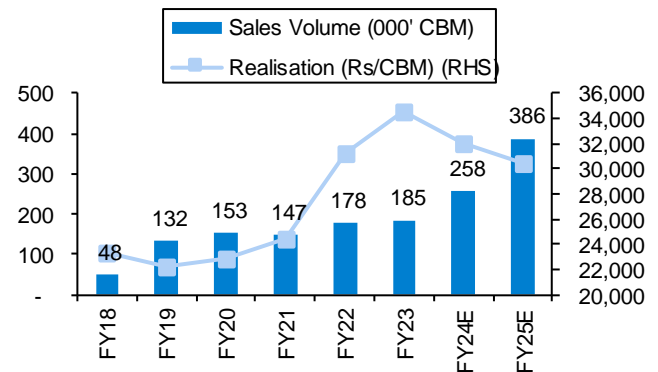
CPBI's management also guided MDF volume growth of 30% in coming years

Exhibit 72: MDF Rev. CAGR 44.4%; EBITDAM contraction



Source: Company, PL

Exhibit 73: MDF volume & realisation remain steady



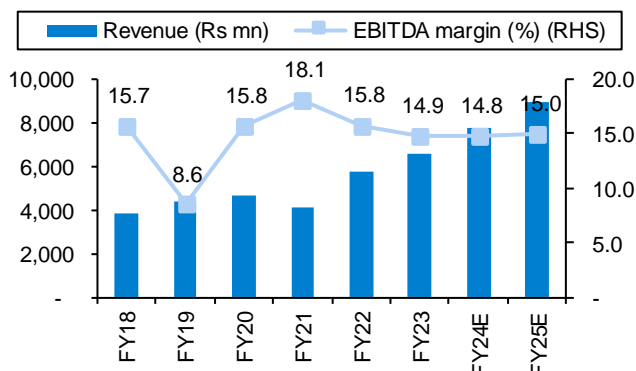
Source: Company, PL

Management expects 25% volume and value growth in its laminate segment

Laminates Revenue CAGR of 16.7% over FY23-25

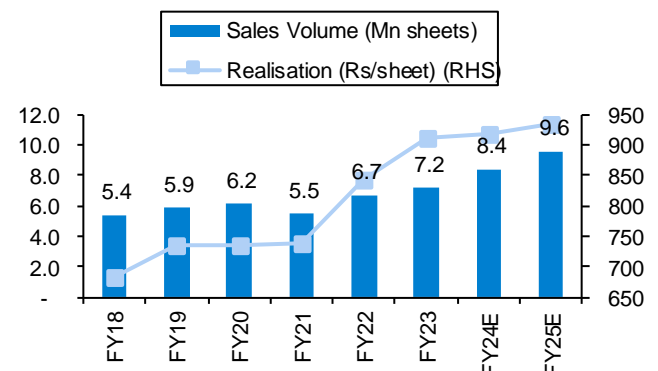
- CPBI is increasing its capacity in laminates segment from 8.8mn sheets to 12.8mn sheets through greenfield expansion in Andhra Pradesh which will be commissioned by Q3FY24.
- Management expects 25% volume and value growth in its laminate segment on account of capacity expansion and launch of Sainik laminate which will cater to economy segment being 10-15% cheaper than its existing laminates and manufacturing of 10'x4' & 14'x6' size laminates at AP plant to cater export market.
- CPBI reported average EBITDA margin of 14.5% over FY16-23 and is expected to be in range 12-14% in coming years. We expect laminates division to exhibit a revenue CAGR of 16.7% from FY23-FY25E on the back of increased capacity, new product launches and improvement in export.

Exhibit 74: Laminates Rev. CAGR 16.7% flat EBITDA margin



Source: Company, PL

Exhibit 75: Laminate volume CAGR of 15.4% over FY23-25E



Source: Company, PL

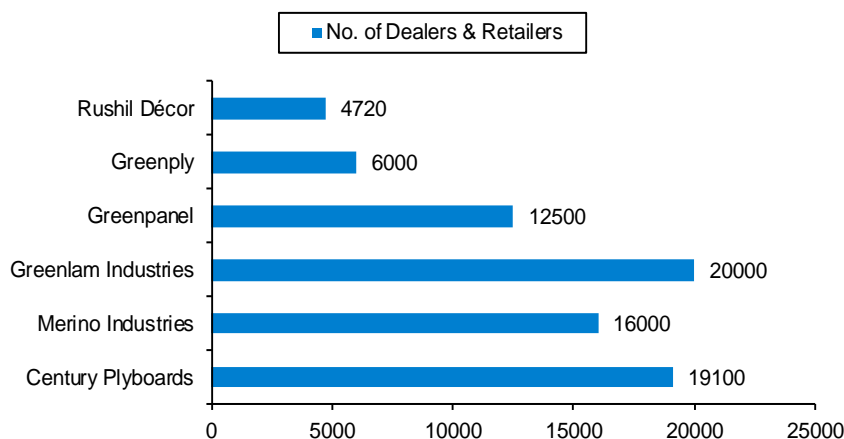
Highest advertisement spends at ~4% of sales

Healthy distribution network with strong brand presence

Over the years, CPBI created a robust brand and built large distribution network which enhanced product availability and helped grow faster than the industry.

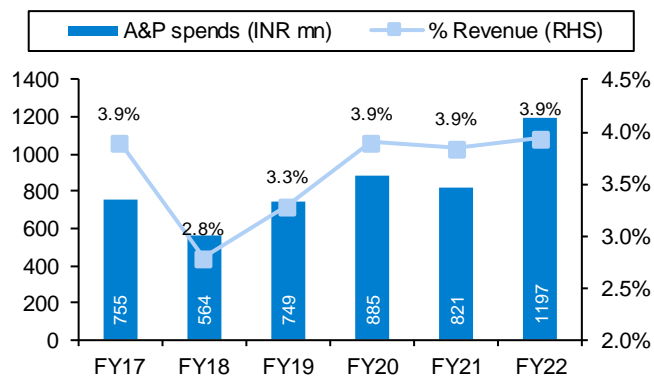
- Currently CPBI has highest advertisement spends at ~4% of sales in the industry and this number has been increasing every year.
- There are also sizable additions of dealers & distributors in smaller cities and town (with a population of >10 million) apart from Tier-I cities, in order to gain market share (by penetrating deeper into newer territories).
- CPBI has also launched Distribution Management System, which helps them track consumer sales – what they purchased, where they purchased, when they purchased and with what they purchased, leading to deeper market insights and better sales planning. All this has resulted in CPBI's superior sales CAGR of 16.2% (FY23-25) over the industry.

Exhibit 76: CPBI's wide distribution reach



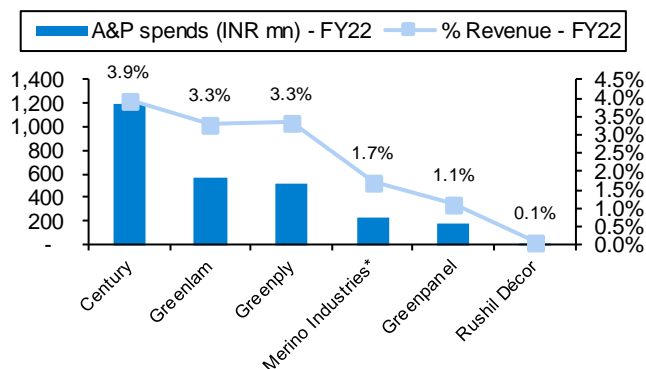
Source: Company, PL

Exhibit 77: CPBI's aggressive brand spends



Source: Company, PL

Exhibit 78: A&P spends – Highest among peers



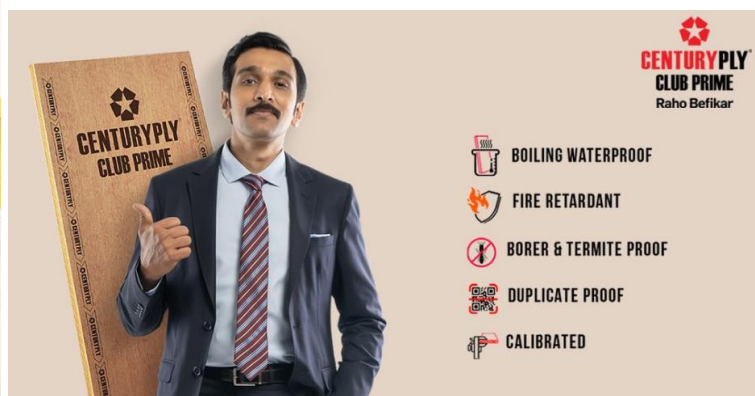
Source: Company, PL

Exhibit 79: CPBI adv. – Connect to people “Khushiyaon Ka Rangmanch”



Source: Company, PL

Exhibit 80: CPBI adv. – Innovative Product



Source: Company, PL

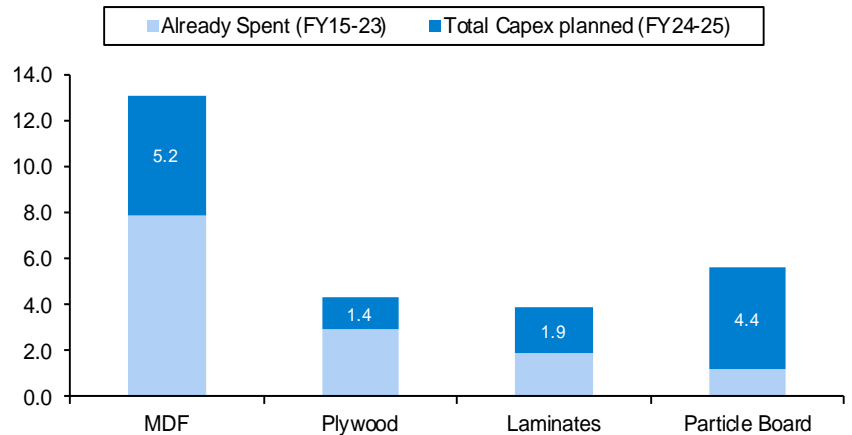
Planned Capex to generate healthy cash flow

Plans to invest Rs 19bn over next 3 years (FY23-25), allocated ~41% of its capex to MDF segment

Consumption driven growth will widen the market for plywood, laminates and MDF, in our view. CPBI is prepared for this unprecedented growth through adequate capacity, competence and cash on its books.

- Company planned to invest Rs 19.0bn over FY23-25 - amount more than its existing gross block.
- It has also allocated ~41% of its capex to MDF segment which will increase MDF revenue contribution from 17% in FY21 to 24% in FY25. This may lead to disproportionate increase in profitability in coming years.
- Further, reduced gross debt by Rs 3.0bn in last six years and net debt reduced from Rs5.4bn in FY17 to Rs0.35mn in FY23.
- CPBI is expected to report improvement in cash flow from operation (Rs 3.5bn in FY23 to Rs 5.0bn in FY25).

Exhibit 81: CPBI's capex programme for FY24-25E to drive growth



Source: Company, PL

Note: Plywood - Hoshiarpur greenfield project.

Exhibit 82: Multi-geographic plant locations



Source: Company, PL

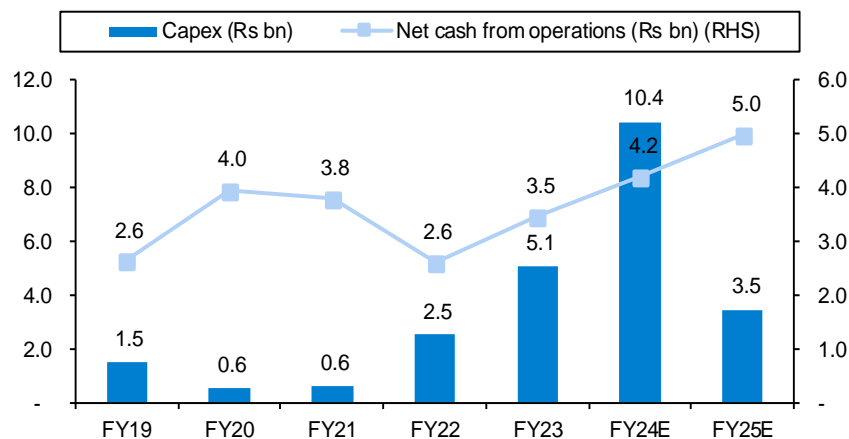
Exhibit 83: CPBI capex details

| Particulars (Rs bn) | 2014-15 to 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | Total |
|--|--------------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|--------------|
| MDF - Hoshiarpur Plant | 3.36 | 0.14 | 0.05 | 0.01 | - | - | - | - | 3.55 |
| MDF - Expansion at Hoshiarpur | - | - | - | 0.16 | 1.30 | 1.10 | - | - | 2.55 |
| MDF - Greenfield at Andhra Pradesh | - | - | - | - | 0.36 | 1.46 | 5.00 | 0.18 | 7.00 |
| Laminates - Greenfield at Andhra Pradesh | - | - | - | - | - | 0.66 | 1.25 | 0.09 | 2.00 |
| Plywood at Punjab | - | - | - | - | - | 0.10 | 1.40 | - | 1.50 |
| Particle Board - Greenfield at Chennai | - | - | - | - | - | 0.59 | 2.00 | 2.41 | 5.00 |
| Solar plant | - | - | - | - | 0.09 | 0.01 | - | - | 0.09 |
| Particle Board | 0.61 | - | - | - | - | - | - | - | 0.61 |
| Laminates | 0.48 | 0.16 | 0.10 | 0.17 | 0.11 | 0.26 | 0.30 | 0.30 | 1.87 |
| Gabon - Veneer Unit | - | 0.06 | 0.10 | 0.03 | 0.03 | - | - | - | 0.22 |
| Solar Panel Project | 0.05 | 0.23 | 0.01 | - | - | - | - | - | 0.29 |
| CFS | 0.20 | 0.13 | 0.31 | 0.00 | 0.01 | 0.19 | - | - | 0.83 |
| Corporate Office + Interior Work | 0.75 | 0.35 | -0.15 | 0.02 | 0.06 | - | - | - | 1.02 |
| Joka Unit | 0.23 | 0.10 | 0.03 | 0.08 | 0.17 | 0.17 | - | - | 0.78 |
| Gandhidham Unit | 0.18 | 0.02 | 0.01 | 0.01 | 0.05 | 0.08 | - | - | 0.34 |
| Karnal Unit | 0.07 | 0.05 | 0.02 | 0.01 | 0.07 | 0.11 | - | - | 0.32 |
| Guwahati Unit | 0.25 | 0.06 | 0.02 | 0.07 | 0.07 | 0.07 | - | - | 0.54 |
| Chennai Unit | 0.16 | 0.23 | 0.05 | 0.07 | 0.16 | 0.20 | - | - | 0.86 |
| Others | 0.07 | 0.02 | 0.04 | 0.01 | 0.06 | 0.12 | 0.50 | 0.50 | 1.31 |
| Total | 6.40 | 1.53 | 0.58 | 0.63 | 2.53 | 5.10 | 10.45 | 3.48 | 30.69 |

Source: Company, PL

Note: *MDF and Laminate greenfield project shall be undertaken through Century Panels Ltd., 100% subsidiary of CPBI

Exhibit 84: CPBI's improvement in cash flow from operations



Source: Company, PL

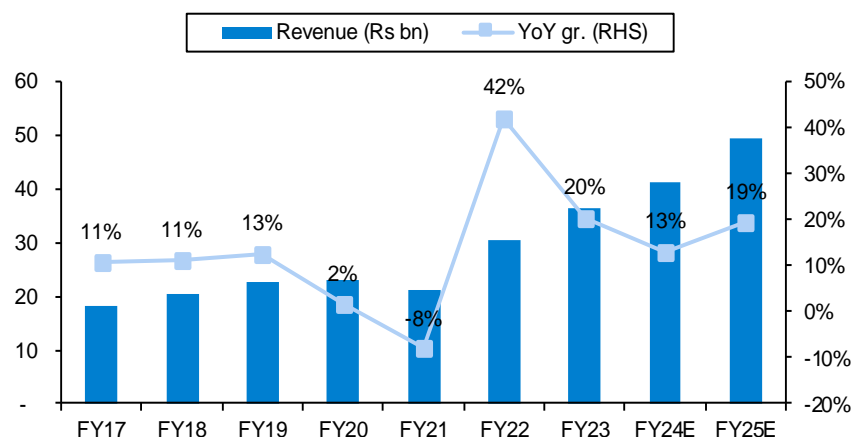
Financial Analysis

Healthy volume growth across segments to drive revenue

Expect revenue CAGR of 16.2% over FY23-25

CPBI reported Revenue CAGR of 12.5% over FY18-23, was moderate due to real estate slowdown. With pickup in demand and shift towards organised players, CPBI reported 30.8% revenue CAGR over FY21-23. We expect revenue CAGR of 16.2% over FY23-25 mainly to be driven by strong growth in volumes across segment (volume growth in plywood: 10.1%; laminates: 15.4%; MDF: 44.4%) on the back of aggressive capex plan and market share gain.

Exhibit 85: Revenue CAGR of 16.2% over FY23–25E



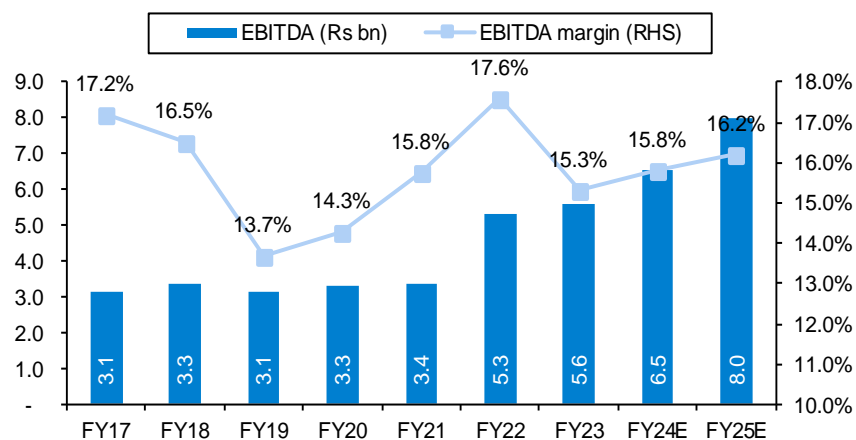
Source: Company, PL

EBITDA margin expected to reach 16.2% by FY25E

Gradual improvement in EBITDA margin to 16.2%

We expect EBITDA CAGR of 19.5% over FY23-25E with improvement in EBITDA margin, mainly led by increase in contribution from MDF segment which was 31.3% in FY23; expected to reach to 38% by FY25.

Exhibit 86: EBITDA CAGR of 19.5% over FY23–25E

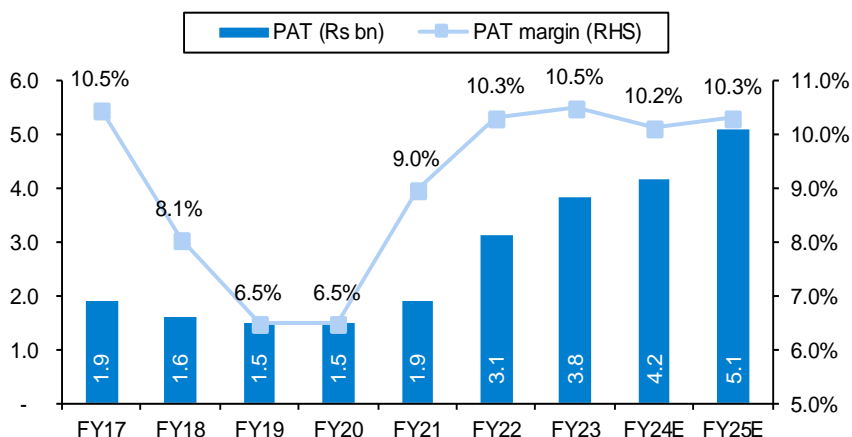


Source: Company, PL

PAT CAGR of 15.2% over FY23-25E

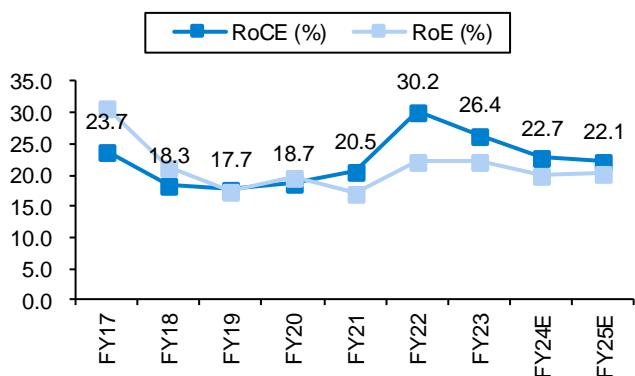
We expect PAT CAGR of ~15.2% over FY23-FY25E on account of healthy growth in operating profit and reduction in effective tax rate (from 32.8% in FY22 to around 24.5% in FY23-FY25 due to transition to new tax regime).

Exhibit 87: PAT CAGR of 15.2% (FY23-25) with improvement in margin



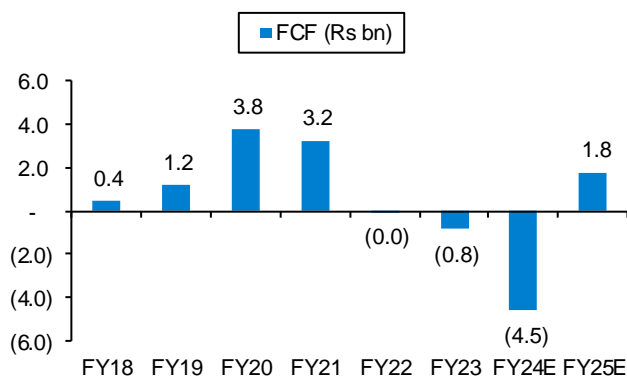
Source: Company, PL

Exhibit 88: Healthy returns to continue



Source: Company, PL

Exhibit 89: Positive FCF even after large capex



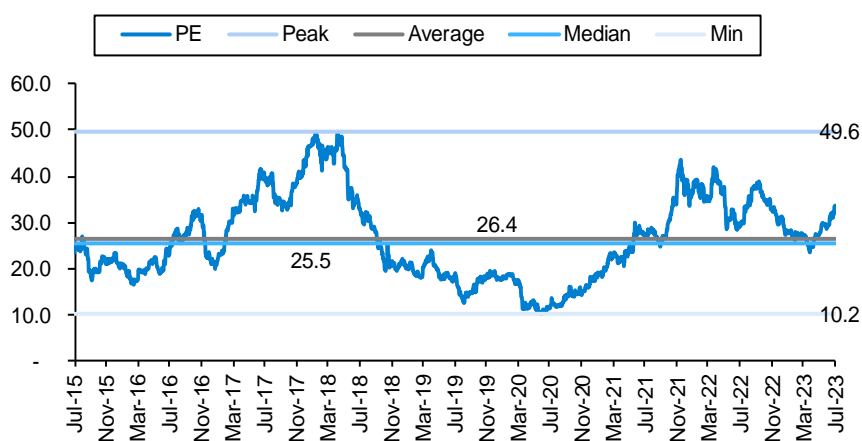
Source: Company, PL

Outlook and Valuation

We estimate healthy revenue growth across segments (12.2%/16.7%/35.6%/-0.8% CAGR over FY23-25 in Plywood/Laminates/MDF/PB, respectively) driven by strong volume growth, on account of healthy business scenario and visibility in real estate sector along with capacity enhancement and improvement in plywood/laminate realisation.

- CPBI's EBITDA margin in MDF and PB segments expected to contract by ~150bps and ~510bps YoY over FY23-25, due to sustained input cost inflation and opening of imports.
- We expect market share gain in MDF and Laminates segments owing to strong volume growth with capacity enhancement and market consolidation. Management aims to achieve volume growth of 13%/25%/30%/flat and value growth of 15%/25%/30%/-1% in plywood/laminates/MDF/PB in FY24E. They had earlier guided for revenue of Rs50bn by FY26, implying a CAGR of 13% over FY22-26, along with planned capex of Rs1.9bn over FY23-25 funded through internal accruals.
- CPBI has maintained healthy balance sheet with net debt of Rs 0.35bn in FY23 and controlled working capital of 65days in FY23.
- We expect 16.2%/19.5%/15.2% Revenue/EBITDA/PAT CAGR over FY23-25E v/s 11.9%/16.1%/20.9% over FY13-23, post divestment of Star Ferro and Cement in FY13.
- We initiate coverage on the stock with a 'BUY' rating and target price of Rs 800 per share, valuing at 35x FY25 earnings (27% premium to average 1yr fwd PE).

Exhibit 90: One year forward Price / Earnings



Source: Company, PL

Key Risks

- Slowdown in end user industry in real estate and housing.
- Fluctuation in raw material prices.
- Increase in competitive intensity in MDF and increased import, may lead to contraction in margin and realisations.
- Forex movement may impact company financials.

KMP and Board of Directors

Exhibit 91: KMP & Board of Directors

| | |
|------------------------------|----------------------|
| Chairman & Managing Director | Sajjan Bhajanka |
| CEO & Managing Director | Sanjay Agarwal |
| Managing Director | Prem Kumar Bhajanka |
| Managing Director | Vishnu Khemani |
| Executive Directors | Keshav Bhajanka |
| Executive Directors | Nikita Bansal |
| Executive Directors | Rajesh Kumar Agarwal |
| Executive Directors | Ajay Baldawa |
| Independent Directors | Amit Kiran Deb |
| Independent Directors | Debanjan Mandal |
| Independent Directors | J.P. Dua |
| Independent Directors | Probir Roy |
| Independent Directors | Sunil Mitra |
| Independent Directors | Vijay Chhibber |
| Independent Directors | Naresh Pachisia |
| CFO | Arun Kumar Julasaria |

Source: Company, PL

Financials

Income Statement (Rs m)

| Y/e Mar | FY22 | FY23 | FY24E | FY25E |
|-------------------------------|---------------|---------------|---------------|---------------|
| Net Revenues | 30,270 | 36,466 | 41,233 | 49,259 |
| YoY gr. (%) | 42.1 | 20.5 | 13.1 | 19.5 |
| Cost of Goods Sold | 16,474 | 20,913 | 24,257 | 30,021 |
| Gross Profit | 13,796 | 15,553 | 16,976 | 19,238 |
| Margin (%) | 45.6 | 42.7 | 41.2 | 39.1 |
| Employee Cost | 4,176 | 4,749 | 5,111 | 5,601 |
| Other Expenses | 2,981 | 3,632 | 3,552 | 3,520 |
| EBITDA | 5,324 | 5,587 | 6,522 | 7,977 |
| YoY gr. (%) | 58.7 | 4.9 | 16.7 | 22.3 |
| Margin (%) | 17.6 | 15.3 | 15.8 | 16.2 |
| Depreciation and Amortization | 743 | 775 | 1,094 | 1,448 |
| EBIT | 4,582 | 4,812 | 5,428 | 6,529 |
| Margin (%) | 15.1 | 13.2 | 13.2 | 13.3 |
| Net Interest | 114 | 170 | 232 | 232 |
| Other Income | 231 | 477 | 340 | 440 |
| Profit Before Tax | 4,698 | 5,119 | 5,536 | 6,737 |
| Margin (%) | 15.5 | 14.0 | 13.4 | 13.7 |
| Total Tax | 1,550 | 1,278 | 1,346 | 1,648 |
| Effective tax rate (%) | 33.0 | 25.0 | 24.3 | 24.5 |
| Profit after tax | 3,148 | 3,841 | 4,190 | 5,088 |
| Minority interest | 1 | 8 | - | - |
| Share Profit from Associate | - | - | - | - |
| Adjusted PAT | 3,146 | 3,833 | 4,190 | 5,088 |
| YoY gr. (%) | 54.7 | 21.8 | 9.3 | 21.4 |
| Margin (%) | 10.4 | 10.5 | 10.2 | 10.3 |
| Extra Ord. Income / (Exp) | (16) | - | - | - |
| Reported PAT | 3,131 | 3,833 | 4,190 | 5,088 |
| YoY gr. (%) | 63.5 | 22.4 | 9.3 | 21.4 |
| Margin (%) | 10.3 | 10.5 | 10.2 | 10.3 |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 3,131 | 3,833 | 4,190 | 5,088 |
| Equity Shares O/s (m) | 223 | 223 | 223 | 223 |
| EPS (Rs) | 14.1 | 17.2 | 18.8 | 22.9 |

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

| Y/e Mar | FY22 | FY23 | FY24E | FY25E |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Non-Current Assets | | | | |
| Gross Block | 12,605 | 16,303 | 25,928 | 29,128 |
| Tangibles | 12,585 | 16,286 | 25,911 | 29,111 |
| Intangibles | 20 | 17 | 17 | 17 |
| Acc: Dep / Amortization | 4,381 | 5,156 | 6,250 | 7,698 |
| Tangibles | 4,381 | 5,156 | 6,250 | 7,698 |
| Intangibles | - | - | - | - |
| Net fixed assets | 8,224 | 11,147 | 19,678 | 21,430 |
| Tangibles | 8,204 | 11,130 | 19,661 | 21,413 |
| Intangibles | 20 | 17 | 17 | 17 |
| Capital Work In Progress | 1,766 | 2,362 | 1,487 | 1,487 |
| Goodwill | - | - | - | - |
| Non-Current Investments | 148 | 124 | 124 | 1,124 |
| Net Deferred tax assets | (167) | (277) | (277) | (277) |
| Other Non-Current Assets | 13 | 582 | 582 | 582 |
| Current Assets | | | | |
| Investments | - | - | - | - |
| Inventories | 5,264 | 5,290 | 6,042 | 7,198 |
| Trade receivables | 3,524 | 3,903 | 4,519 | 5,398 |
| Cash & Bank Balance | 2,610 | 2,782 | 393 | 2,333 |
| Other Current Assets | 755 | 969 | 1,091 | 1,304 |
| Total Assets | 22,305 | 27,163 | 33,919 | 40,860 |
| Equity | | | | |
| Equity Share Capital | 223 | 223 | 223 | 223 |
| Other Equity | 15,346 | 18,921 | 22,650 | 27,178 |
| Total Network | 15,568 | 19,143 | 22,872 | 27,401 |
| Non-Current Liabilities | | | | |
| Long Term borrowings | 20 | 19 | 19 | 19 |
| Provisions | 120 | 70 | 70 | 70 |
| Other non current liabilities | 15 | 9 | 9 | 9 |
| Current Liabilities | | | | |
| ST Debt / Current of LT Debt | 2,162 | 3,115 | 5,615 | 7,115 |
| Trade payables | 2,528 | 2,749 | 3,094 | 3,699 |
| Other current liabilities | 1,617 | 1,704 | 1,886 | 2,194 |
| Total Equity & Liabilities | 22,305 | 27,163 | 33,919 | 40,860 |

Source: Company Data, PL Research



Cash Flow (Rs m)

| Y/e Mar | FY22 | FY23 | FY24E | FY25E |
|---------------------------------------|----------------|----------------|----------------|----------------|
| PBT | 4,682 | 5,119 | 5,536 | 6,737 |
| Add. Depreciation | 743 | 775 | 1,094 | 1,448 |
| Add. Interest | 114 | 170 | 232 | 232 |
| Less Financial Other Income | 231 | 477 | 340 | 440 |
| Add. Other | (215) | (477) | (340) | (440) |
| Op. profit before WC changes | 5,324 | 5,587 | 6,522 | 7,977 |
| Net Changes-WC | (1,156) | (827) | (962) | (1,336) |
| Direct tax | (1,550) | (1,278) | (1,346) | (1,648) |
| Net cash from Op. activities | 2,618 | 3,482 | 4,214 | 4,992 |
| Capital expenditures | (2,622) | (4,294) | (8,750) | (3,200) |
| Interest / Dividend Income | 231 | 477 | 340 | 440 |
| Others | (16) | 2 | - | (1,000) |
| Net Cash from Invt. activities | (2,407) | (3,816) | (8,410) | (3,760) |
| Issue of share cap. / premium | - | - | - | - |
| Debt changes | 752 | 952 | 2,500 | 1,500 |
| Dividend paid | (334) | (223) | (461) | (560) |
| Interest paid | (114) | (170) | (232) | (232) |
| Others | 82 | (54) | - | - |
| Net cash from Fin. activities | 386 | 506 | 1,807 | 708 |
| Net change in cash | 596 | 172 | (2,389) | 1,941 |
| Free Cash Flow | (4) | (813) | (4,536) | 1,792 |

Source: Company Data, PL Research

Key Financial Metrics

| Y/e Mar | FY22 | FY23 | FY24E | FY25E |
|----------------------------|------|-------|--------|-------|
| Per Share(Rs) | | | | |
| EPS | 14.1 | 17.2 | 18.8 | 22.9 |
| CEPS | 17.5 | 20.7 | 23.7 | 29.4 |
| BVPS | 70.0 | 86.0 | 102.8 | 123.1 |
| FCF | 0.0 | (3.7) | (20.4) | 8.1 |
| DPS | 0.2 | 0.1 | 0.2 | 0.3 |
| Return Ratio(%) | | | | |
| RoCE | 30.2 | 26.4 | 22.7 | 22.1 |
| ROIC | 23.0 | 21.0 | 16.4 | 16.9 |
| RoE | 22.3 | 22.1 | 19.9 | 20.2 |
| Balance Sheet | | | | |
| Net Debt : Equity (x) | 0.0 | 0.0 | 0.2 | 0.2 |
| Net Working Capital (Days) | 75 | 65 | 66 | 66 |
| Valuation(x) | | | | |
| PER | 47.5 | 39.0 | 35.6 | 29.3 |
| P/B | 9.6 | 7.8 | 6.5 | 5.4 |
| P/CEPS | 38.4 | 32.4 | 28.3 | 22.8 |
| EV/EBITDA | 28.0 | 26.8 | 23.7 | 19.3 |
| EV/Sales | 4.9 | 4.1 | 3.7 | 3.1 |
| Dividend Yield (%) | 0.0 | 0.0 | 0.0 | 0.0 |

Source: Company Data, PL Research

Quarterly Financials (Rs m)

| Y/e Mar | Q2FY23 | Q3FY23 | Q4FY23 | Q1FY24E |
|-----------------------------------|--------------|--------------|--------------|--------------|
| Net Revenue | 9,086 | 8,837 | 9,654 | 9,621 |
| YoY gr. (%) | 11.7 | 3.4 | 7.1 | 8.3 |
| Raw Material Expenses | 4,850 | 4,703 | 5,002 | 5,215 |
| Gross Profit | 4,236 | 4,134 | 4,653 | 4,406 |
| Margin (%) | 46.6 | 46.8 | 48.2 | 45.8 |
| EBITDA | 1,230 | 1,287 | 1,638 | 1,501 |
| YoY gr. (%) | (23.0) | (14.3) | 1.9 | 4.9 |
| Margin (%) | 13.5 | 14.6 | 17.0 | 15.6 |
| Depreciation / Depletion | 191 | 193 | 200 | 220 |
| EBIT | 1,039 | 1,093 | 1,438 | 1,281 |
| Margin (%) | 11.4 | 12.4 | 14.9 | 13.3 |
| Net Interest | 38 | 44 | 45 | 48 |
| Other Income | 61 | 53 | 160 | 70 |
| Profit before Tax | 1,062 | 1,102 | 1,554 | 1,303 |
| Margin (%) | 11.7 | 12.5 | 16.1 | 13.5 |
| Total Tax | 260 | 279 | 408 | 328 |
| Effective tax rate (%) | 24.5 | 25.3 | 26.2 | 25.2 |
| Profit after Tax | 802 | 823 | 1,146 | 975 |
| Minority interest | - | - | - | - |
| Share Profit from Associates | - | - | - | - |
| Adjusted PAT | 1,087 | 823 | 1,146 | 975 |
| YoY gr. (%) | 9.8 | (12.5) | 27.2 | 5.6 |
| Margin (%) | 12.0 | 9.3 | 11.9 | 10.1 |
| Extra Ord. Income / (Exp) | - | - | - | - |
| Reported PAT | 1,087 | 823 | 1,146 | 975 |
| YoY gr. (%) | 9.8 | (12.5) | 27.2 | 5.6 |
| Margin (%) | 12.0 | 9.3 | 11.9 | 10.1 |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 1,087 | 823 | 1,146 | 975 |
| Avg. Shares O/s (m) | 223 | 223 | 223 | 223 |
| EPS (Rs) | 4.9 | 3.7 | 5.2 | 4.4 |

Source: Company Data, PL Research

July 13, 2023

Company Initiation

Key Financials - Consolidated

| Y/e Mar | FY22 | FY23 | FY24E | FY25E |
|----------------|--------|--------|--------|--------|
| Sales (Rs. m) | 16,250 | 17,829 | 18,546 | 21,094 |
| EBITDA (Rs. m) | 4,334 | 4,165 | 3,747 | 4,392 |
| Margin (%) | 26.7 | 23.4 | 20.2 | 20.8 |
| PAT (Rs. m) | 2,434 | 2,504 | 2,208 | 2,598 |
| EPS (Rs.) | 19.8 | 20.4 | 18.0 | 21.2 |
| Gr. (%) | 248.4 | 2.9 | (11.8) | 17.7 |
| DPS (Rs.) | 0.2 | 0.2 | 0.3 | 0.3 |
| Yield (%) | 0.0 | 0.0 | 0.1 | 0.1 |
| RoE (%) | 28.9 | 23.3 | 17.1 | 17.4 |
| RoCE (%) | 30.6 | 27.8 | 20.8 | 21.1 |
| EV/Sales (x) | 2.7 | 2.3 | 2.4 | 2.0 |
| EV/EBITDA (x) | 10.2 | 10.0 | 11.8 | 9.5 |
| PE (x) | 17.9 | 17.4 | 19.7 | 16.8 |
| P/BV (x) | 4.6 | 3.6 | 3.1 | 2.7 |

Key Data

GREP.BO | GREENP IN

| | |
|---------------------|-------------------|
| 52-W High / Low | Rs.523 / Rs.255 |
| Sensex / Nifty | 65,394 / 19,384 |
| Market Cap | Rs.44bn / \$ 529m |
| Shares Outstanding | 123m |
| 3M Avg. Daily Value | Rs.203.83m |

Shareholding Pattern (%)

| | |
|-------------------------|-------|
| Promoter's | 53.10 |
| Foreign | 4.43 |
| Domestic Institution | 21.18 |
| Public & Others | 21.29 |
| Promoter Pledge (Rs bn) | - |

Stock Performance (%)

| | | | |
|----------|-----|------|--------|
| | 1M | 6M | 12M |
| Absolute | 6.5 | 10.0 | (23.5) |
| Relative | 2.2 | 0.8 | (37.0) |

Praveen Sahay

praveensahay@plindia.com | 91-22-66322369

Greenpanel Industries (GREENP IN)

Rating: BUY | CMP: Rs355 | TP: Rs455

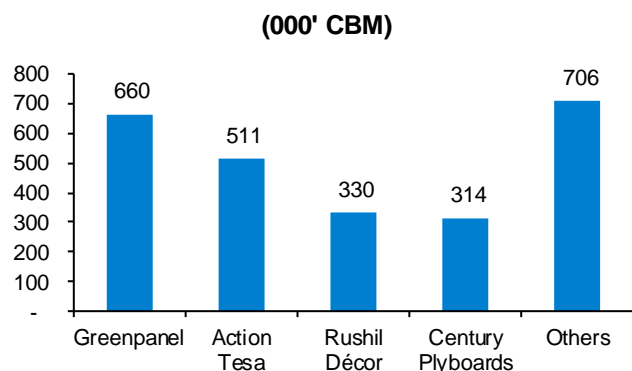
Healthy growth story to continue

We initiate coverage on Greenpanel Industries Ltd (GREENP) with 'BUY' rating and TP of Rs455 (valuing at 21x FY25 earnings). GREENP is structurally placed to benefit from 1) leadership position in domestic organized MDF segment (~26% market share), 2) extensive pan-India distribution network & marketing support, 3) strong growth prospects from increase in MDF demand (likely 15-20% growth) especially ready-made furniture and 4) capacity expansion (expected 35% increase in its capacity over FY23-25). MDF is India's fastest growing segment in wood panel industry. The sector reported robust vol. growth, high realisations and margins over FY20-22, given favourable demand-supply dynamics. However, we expect it to soften after pickup in import and new capacity commissioning. We estimate Revenue/EBITDA/PAT CAGR of 8.8%/2.7%/0.6% over FY23-FY25 driven by MDF volume CAGR of 16.4%. Initiate 'BUY'.

- MDF demand on an upsurge:** Indian MDF market expected to reach Rs 60bn by FY25 at 19% CAGR over FY21-25E. MDF has substituted the market of low and medium end plywood as it can be moulded, machined and painted easily. Hence, it is highly preferable for readymade furniture. Globally MDF forms over 70% of wood panel market, while in India it is diametrically opposite with 80% wood panel market dominated by plywood and laminates. With healthy growth of ~6% in Indian furniture market and aggressive entry of Ikea (global furniture maker) and players like Pepperfry in India, who largely use MDF for furniture making, along with increase in MDF applications including handicrafts, gift boxes, photo lamination and frames, shoe heels, automobile door trims, loud speakers, etc. We expect GREENP, India's largest MDF player, to maintain its growth momentum in MDF by ~35% capacity enhancement over FY23-25E.
- Increase in capacity/import to soften MDF realisation:** GREENP benefited in last two years with increase in domestic MDF realisation to Rs 33k+. We believe improvement in capacity utilization from 80% in Q4FY23 to 100% in Q4FY24 will drive long term margins and profitability given 1) company's execution track record, 2) improving growth trajectory of MDF (volume up 2.4% in FY23 and expected 16.4% volume CAGR over FY23-25), 3) scattered capacity additions across South, North & West India, and 4) pickup in MDF exports, from 25k CBM in FY20 to 173k CBM in FY23.
- Focus on distribution network and advertisement:** GREENP is a pioneer and largest player in MDF along with strong distribution network of 2,300+ distributors and 12,000+ retailers pan India. It has a competitive edge in domestic distribution through its exclusive distribution network, which is driving volume for the company. Focus is on creating a brand and expanding its geographies to boost revenue growth, thus, advertisement and promotion spends are >2% sales. GREENP has created pan India branches to capture entire country's demand by associating with Delhi Capitals, an IPL Franchise, as principal sponsor for 3 years.

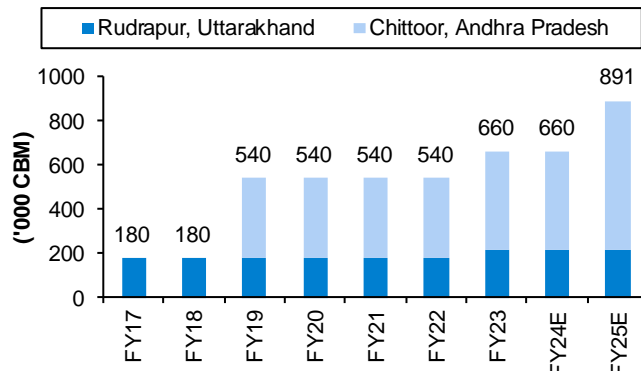
Story in Charts

Exhibit 92: GREENP - Largest MDF capacity in India



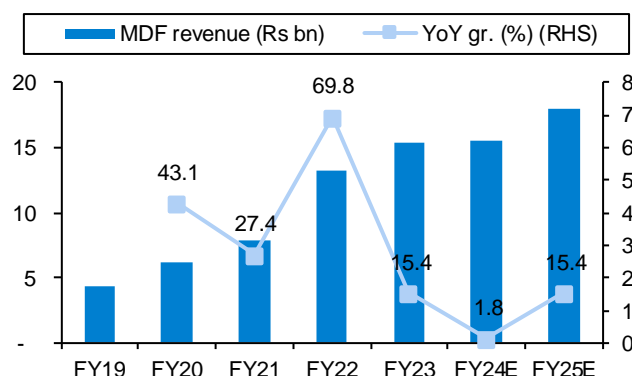
Source: Company, PL

Exhibit 93: MDF cap. expansion up 35% over FY23-25E



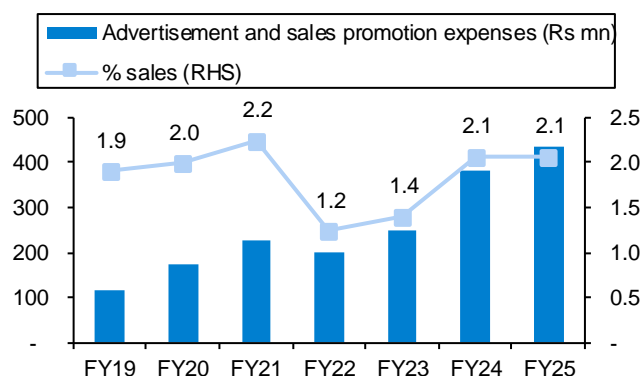
Source: Company, PL

Exhibit 94: MDF Revenue CAGR at 8.4% over FY23-25E



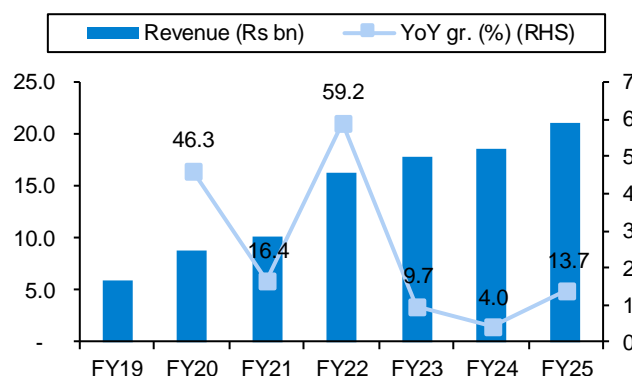
Source: Company, PL

Exhibit 95: Higher adv. expenses to drive growth



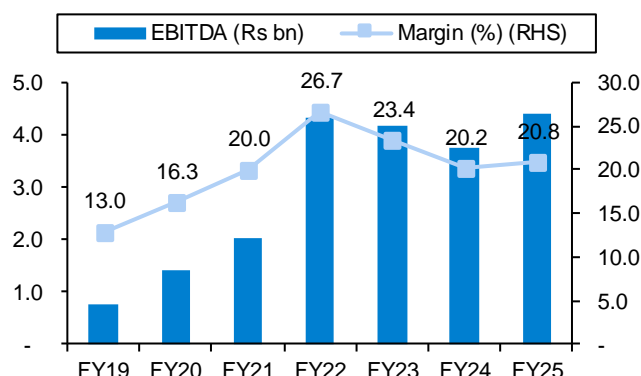
Source: Company, PL

Exhibit 96: Revenue CAGR of 8.8% over FY23-25E



Source: Company, PL

Exhibit 97: EBITDA margin to contract 250bps over FY23-25E



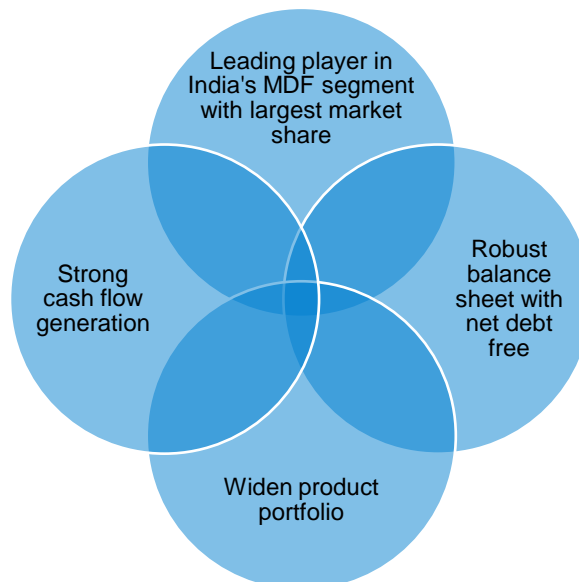
Source: Company, PL

GREENP is the largest MDF manufacturer in India with a ~26% market share

GREENP – Largest MDF player in India

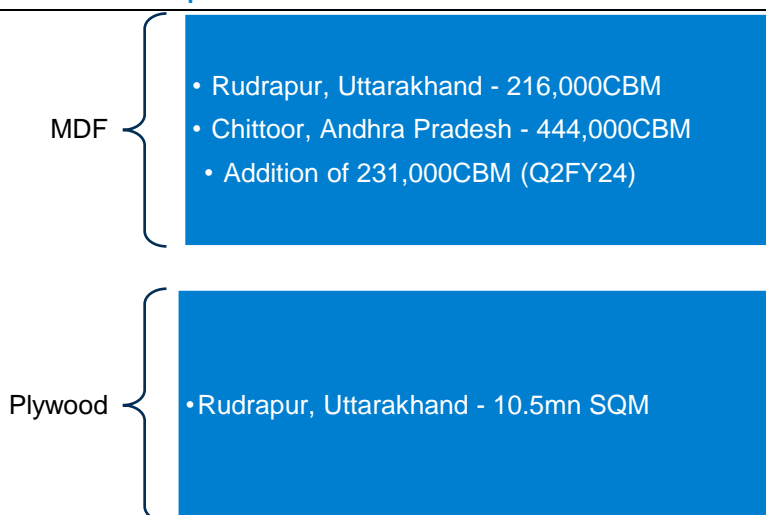
Greenpanel Industries (GREENP) incorporated in Dec-17 remained inactive till demerger of MDF segment and part of plywood segment of Greenply into Greenpanel. GREENP is primarily engaged in the manufacture of wood-based panel products used in interior infrastructure which include plywood, MDF boards and allied products. It has two MDF plants in North and South India with a combined annual capacity of 6,60,000 CBM, further adding 231,000CBM at Chittoor-AP, an increase of 35% over existing capacity. The company also has wide distribution network of 2,535 dealers and 12,500+ retailers spread across the country. GREENP is the largest MDF manufacturer in India with a ~26% market share. The company also manufactures premium-grade plywood along with wood floors, pre-laminated MDF boards, veneers, etc.

Exhibit 98: GREENP poised for healthy growth



Source: Company, PL

Exhibit 99: GREENP's capacities



Source: Company, PL

GREENP increasing its MDF capacity by 35% over FY24-25

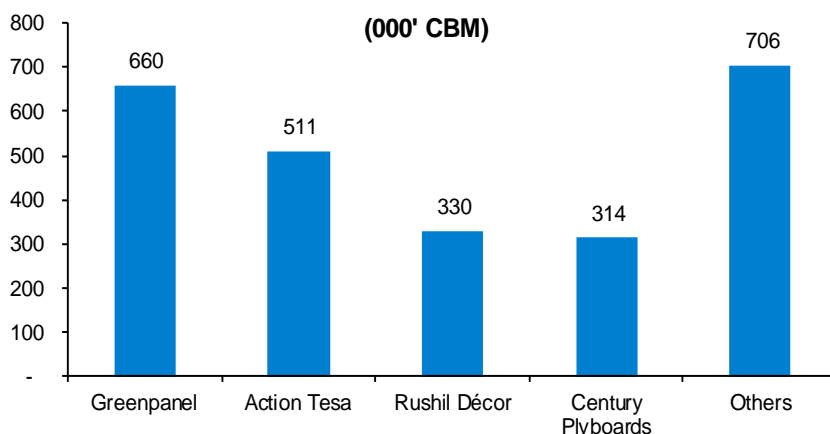
Investment Arguments

GREENP - Biggest beneficiary of MDF growth in India

GREENP is the largest MDF player with pan India presence: GREENP has 2 MDF units – 216,000 CBM in Uttarakhand and 444,000 CBM in Andhra Pradesh (Total of 660,000 CBM) making it the biggest MDF player in India.

- All of India's other MDF players are only in one specific region. While Century plyboard is expecting its South plant to commission in H2FY24. Other big players in MDF - Balaji Action and Rushil Décor are present in North India and South India, respectively, but GREENP has presence in both North and South India, giving an advantage to cater to the entire nation.
- The company has leading market share of ~26% in domestic MDF market and is also largest exporter of MDF from India. MDF contributed about 86% to GREENP's revenue in FY23 and plywood contributed remaining ~14%. Indian MDF market is highly under-penetrated v/s global MDF market. MDF sector is expected report 15–20% CAGR over FY23–26E and GREENP will increase its capacity by 35% which augurs well for the company.

Exhibit 100: GREENP – Largest MDF capacity in India



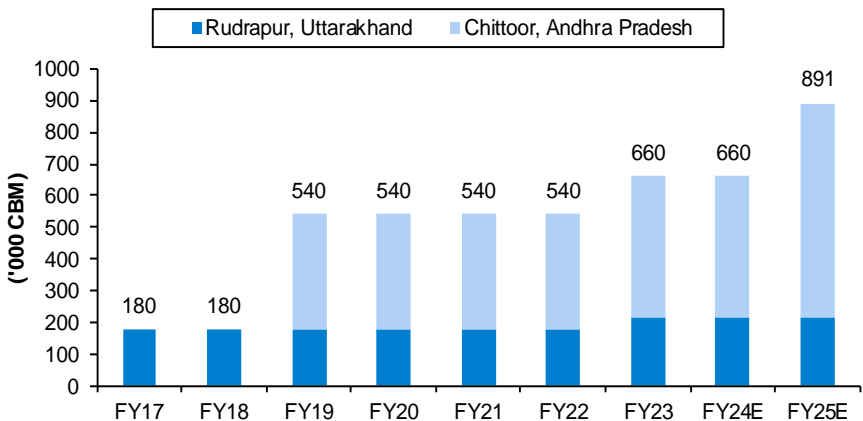
Source: Company, PL

Exhibit 101: GREENP's capacity details

| | MDF Capacity ('000' CBM) | Plywood capacity (sqm) |
|----------------------------------|--------------------------|------------------------|
| Pantnagar, Rudrapur, Uttarakhand | 216 | 10.5 |
| Chittoor, Andhra Pradesh | 444 | |

Source: Company, PL

Exhibit 102: GREENP – MDF capacity expansion up ~35% over FY23-25E



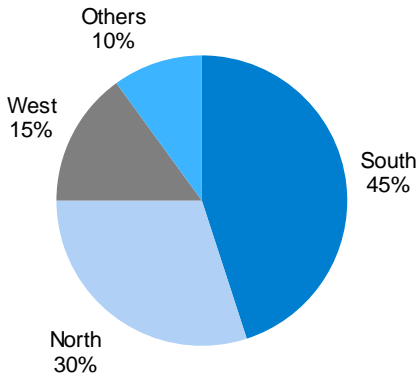
Source: Company, PL

South plant reach to utilisation of 96%/75% in FY22/FY23

GREENP-South Expansion to replace imports: South India is the biggest consumer of MDF in India, but was predominantly serviced by imports. As MDF transportation costs are high, transporting from North India to South India or vice versa became unviable.

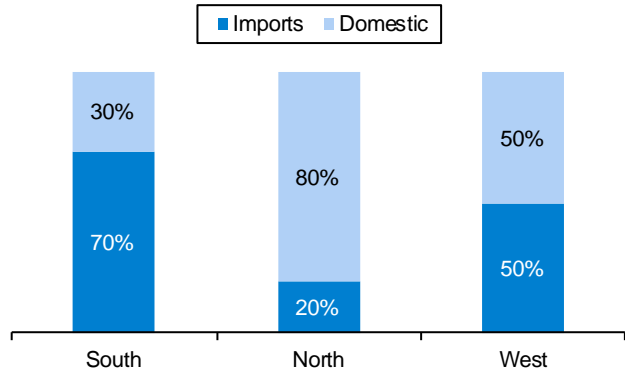
- Given big opportunity to replace imports (which are considered lower quality), GREENP set up a plant in South India in FY19, 2x the size of its North plant. The plant reached utilisation of 96%/75% in FY22/FY23.
- Reduction in imports directly benefited the company which reflected in its South plant utilisation that moved to 101% in Q3FY22. However, utilization of that plant moderated with import pickup and enhancement in its capacity from 360,000 CBM to 444,000 CBM in FY23.
- Yet South India plant's proximity to ports helped GREENP in exploring export markets conveniently and export contributes ~24% (FY23) in its MDF sales volume.

Exhibit 103: MDF regional demand in India



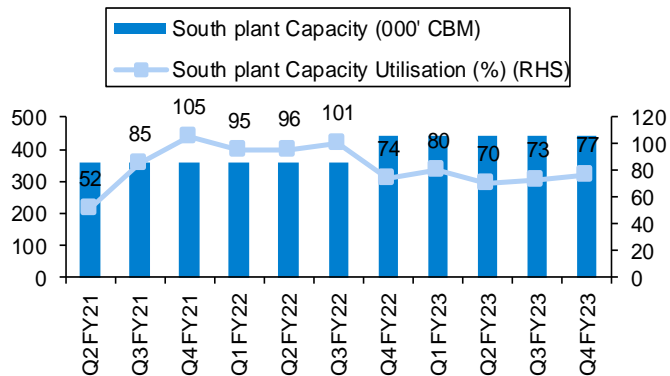
Source: Company, PL

Exhibit 104: South & West India get highest MDF imports



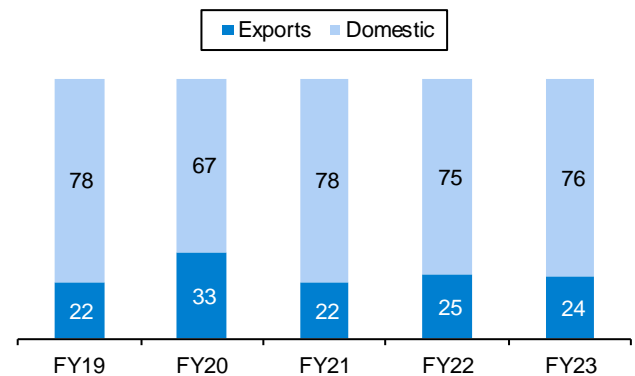
Source: Company, PL

Exhibit 105: Imports/cap. expansion impacted utilization



Source: Company, PL

Exhibit 106: MDF exports account ~24% sales volume in FY23

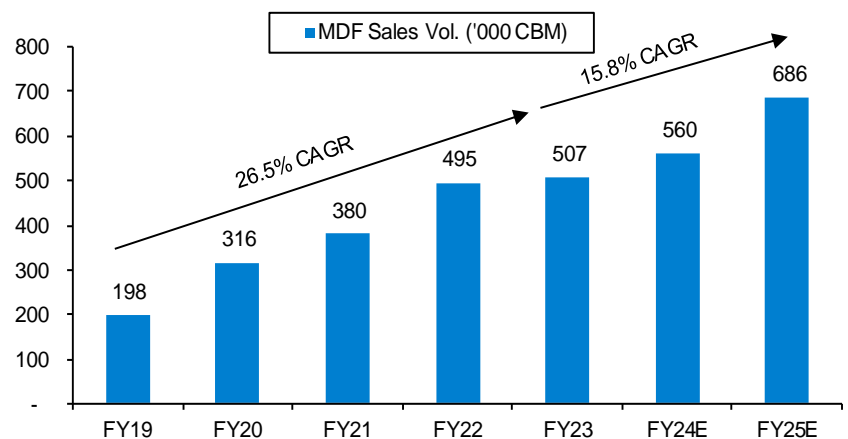


Source: Company, PL

GREENP increasing its capacity by 35% over FY23-25

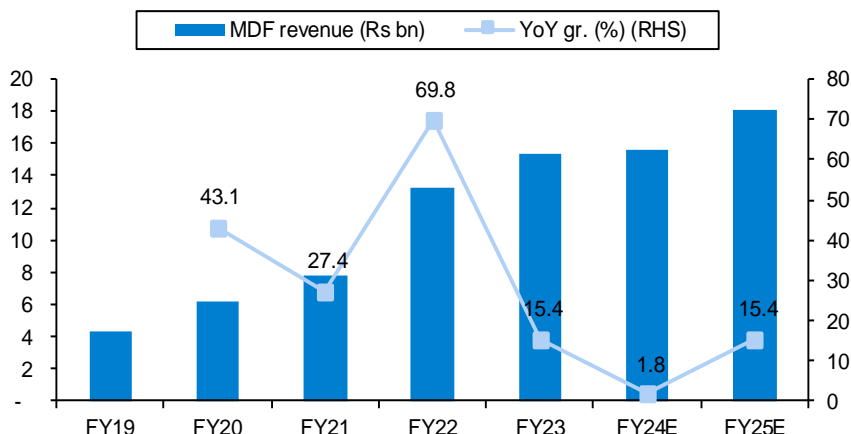
Brownfield expansion to boost volume/revenue: GREENP completed expansion at Rudrapur (Uttarakhand) MDF unit in FY22 (capacity reach to 216,000CBM), which reached 83% utilisation in FY23. The company has also expanded its Andhra Pradesh plant from 3,60,000CBM to 4,40,000CBM at the same time, which further increased to 675,000CBM by Q2FY25. The enhancement in capacity is likely to lift volume CAGR by >15% over FY23-25.

Exhibit 107: MDF sales volume CAGR of 15.8% over FY23-25E



Source: Company, PL

Exhibit 108: GREENP – MDF revenue CAGR of 8.4% over FY23-25E



Source: Company, PL

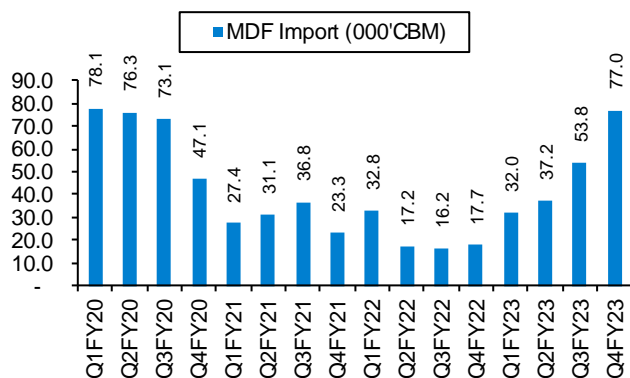
Softness in MDF realization to minimize with VAP

GREENP MDF realization expected
Rs28k/Rs 26k per CBM in
FY24/FY25

MDF demand is not going to be impacted in the near future in India. However, sudden rise in domestic supply and imports is putting a temporary pressure on the sector.

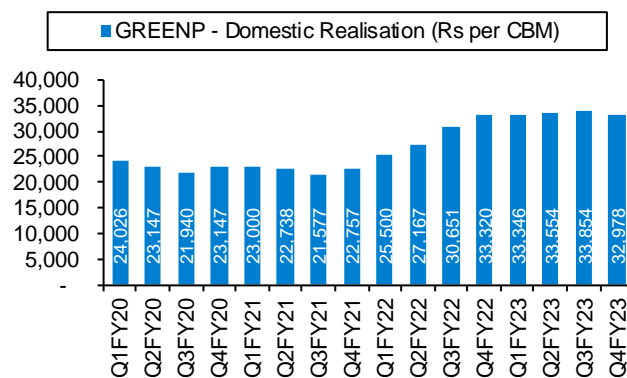
- In FY23 overall realisation of MDF improved to Rs 30k per CBM from Rs 19.5k per CBM in FY20, expected to be soft in coming years (PLe: ~Rs28k/Rs 26k per CBM in FY24/FY25).
- Correction in realisation will not be sharper like FY19, as GREENP is focusing more on its value added products (VAP) to increase MDF applications.
- Import in India, on the other hand, has come back to pre-COVID number in Q4FY23, while GREENP has maintained its domestic realisations. Yet MDF capacity is expected to grow at ~17% over FY22-26E from 2.1mn CBM to 4.0mn CBM. Thus correction in realisation will not be like 2019, as capacity addition is at controlled level.

Exhibit 109: MDF import in India – Back to pre-COVID level



Source: Company, PL

Exhibit 110: MDF realization maintained > Rs30k per CBM



Source: Company, PL

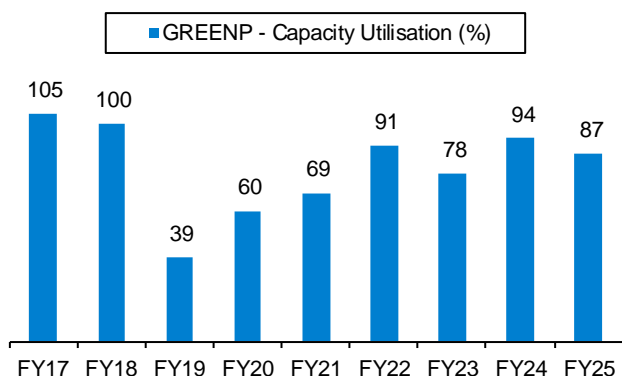
Expecting MDF EBITDA margin at ~23% over FY24-25

GREENP – MDF EBITDA margin of 23% by FY24-25E

GREENP reported gradual improvement in MDF EBITDA margins from 14.5% to 30.5% over FY19–22; however, EBITDA margin corrected to 26.0% with RM price inflation in FY23 mainly timber prices. Timber prices are expected to remain at elevated level for next 12 months, while softness in chemical prices is expected to offset it. We expect MDF EBITDA margin at ~23% in FY24-25.

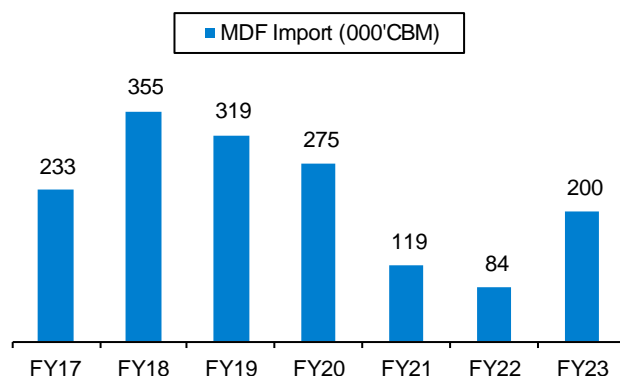
- Sharp drop in EBITDA margin in FY19 was on account of lower capacity utilisation due to increase in domestic capacity which created mismatch in demand-supply (industry level utilisation fell to 55% in FY19 from >90% in FY17) and high fixed cost. Post that, margins gradually picked up and most companies reported all-time high margins in FY22 with lower import and high capacity utilisation.
- We believe, this time, with large capacity additions again in FY23/24, margins will not see a similar fall, given supply is likely to be more scattered (capacity additions across south, north and west India) and overall industry utilisation is unlikely to fall considering domestic demand continues to be healthy; export has also picked up.

Exhibit 111: GREENP's capacity utilization to improve



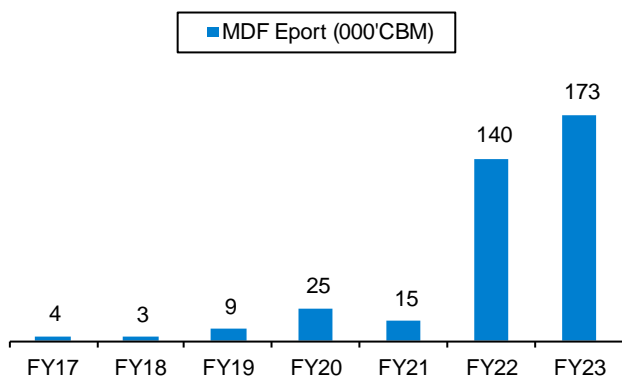
Source: Company, PL

Exhibit 112: ...MDF import back to pre-COVID level



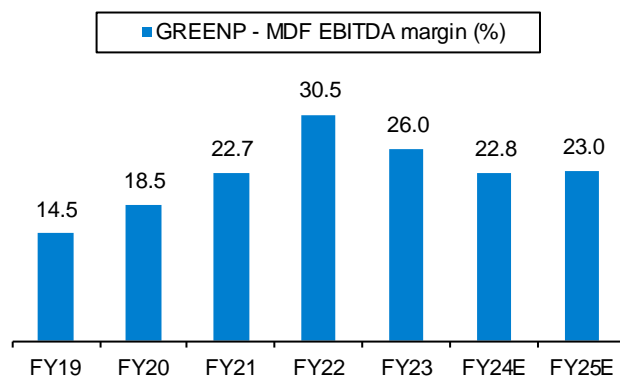
Source: Company, PL

Exhibit 113: MDF export gradual improving



Source: Ministry of Commerce and Industry, PL

Exhibit 114: GREENP MDF EBITDA margin expected at 23%



Source: Company, PL

GREENP - strong distribution network of 2,300+ distributors pan India

Focused on distribution network and advertisement

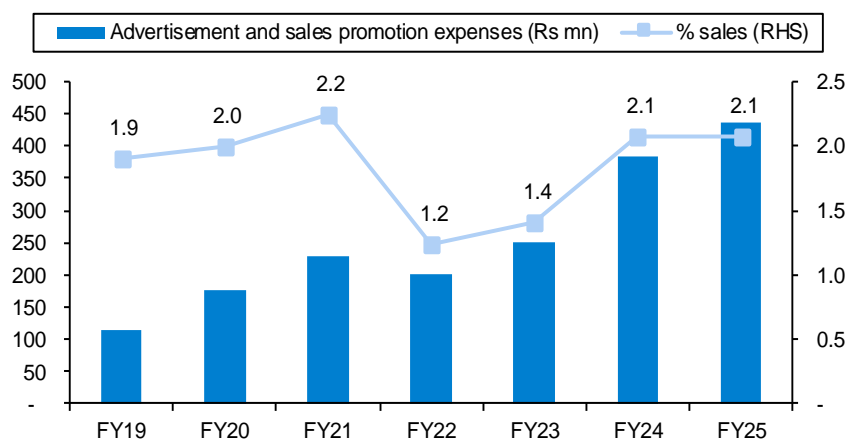
GREENP has a strong distribution network of 2,300+ distributors pan India and 12,000+ retailers across the country continuously focus on increasing network. The company also has a competitive edge in domestic distribution through its exclusive distribution network. Focus is on creating a brand and expanding its geographies to boost revenue growth, thus, advertisement and promotion spends are >2% sales. GREENP has created pan India branches to capture entire country's demand by associating with Delhi Capitals, an IPL Franchise, as principal sponsor for 3 years.

Exhibit 115: GREENP's Pan India branches – Focus on entire India demand

| | |
|----------------------|--|
| West & Central India | Mumbai, Pune, Indore, Ahmedabad |
| South India | Bangalore, Hyderabad, Kochi, Coimbatore, Chennai, Vijayawada |
| North India | Jaipur, Chandigarh, Lucknow, Ghaziabad, Delhi |
| East India | Kolkata, Guwahati |

Source: Company, PL

Exhibit 116: Higher adv. & promotion expenses to drive growth



Source: Company, PL

Exhibit 117: Advertisement - associating with Delhi IPL Franchise



Source: Company, PL

Financial Analysis

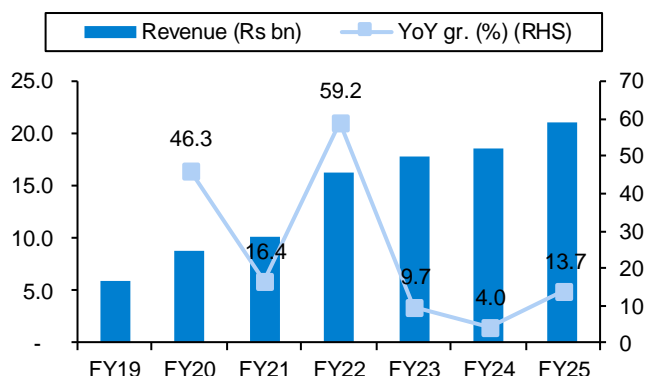
MDF sales volume CAGR of 16.4% over FY23-25E

Revenue CAGR of 8.8% over FY23-25 with plywood segment CAGR of 12.3%

We expect Revenue CAGR of 8.8% over FY23-25 with MDF segment sales CAGR of 8.4% and plywood segment CAGR of 12.3%.

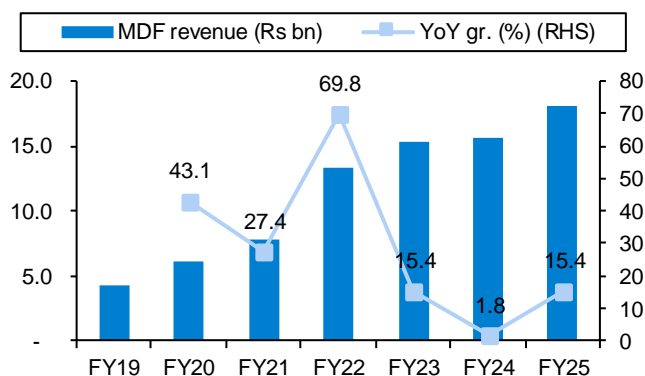
- We expect MDF segment sales CAGR of 8.4% over FY23-25 led by improvement in sales volume (16.4% CAGR) with increase in its capacity and robust demand outlook. The segment's revenue contribution is still at higher side of ~85%.
- Plywood segment: GREENP continues to focus on premium grade plywood and calibrated (uniform thickness) plywood, as consumers and dealers are gradually moving towards calibrated plywood. GREENP is expected to deliver sales volume CAGR of 11.2% over FY23-25, contributes ~15% sales.

Exhibit 118: Revenue CAGR of 8.8% over FY23-25E



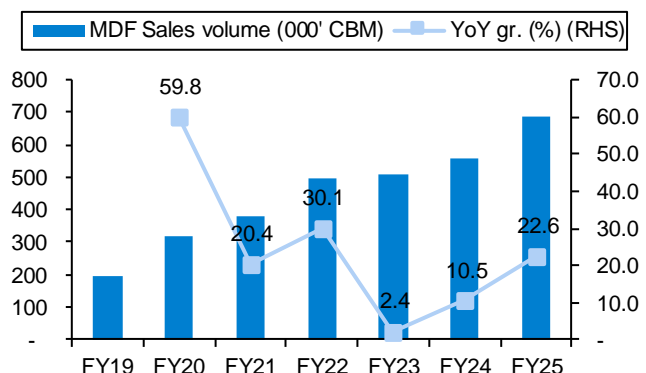
Source: Company, PL

Exhibit 119: MDF rev. CAGR of 8.4% over FY23-25E



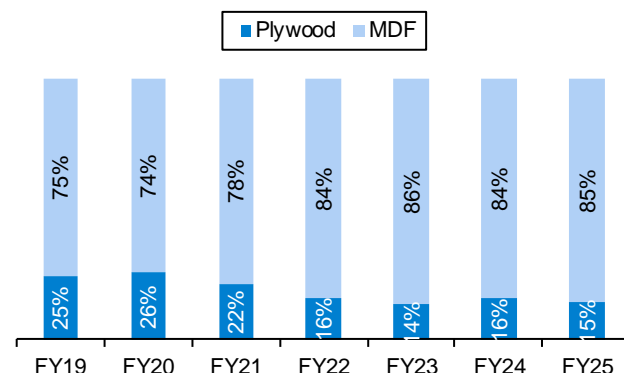
Source: Company, PL

Exhibit 120: Healthy growth in MDF volume over FY23-25E



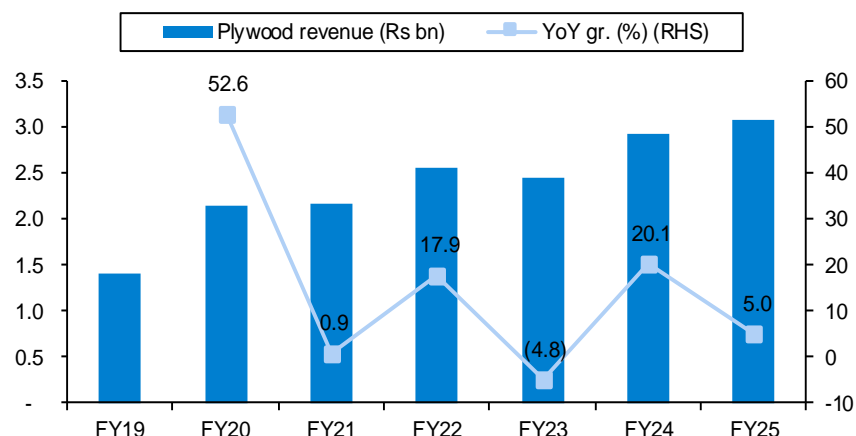
Source: Company, PL

Exhibit 121: MDF continues to be largest sales contributor



Source: Company, PL

Exhibit 122: Estimated Plywood Revenue CAGR of 12.3% over FY23-25E

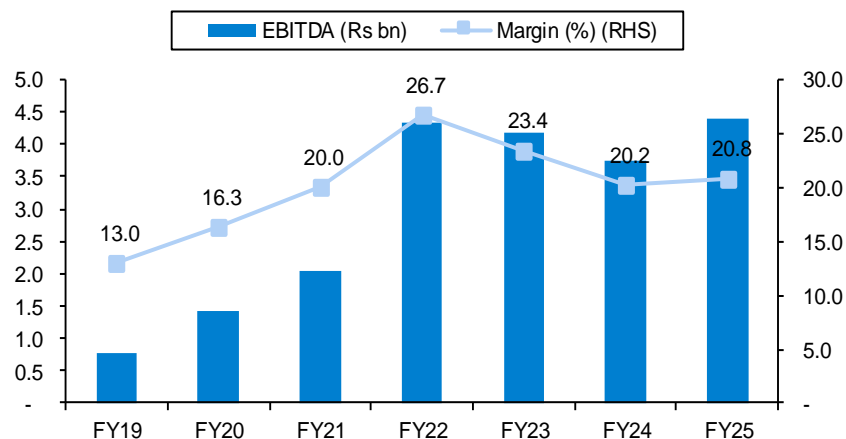


Source: Company, PL

EBITDA and PAT CAGR of 2.7% and 0.6 % over FY23-25E

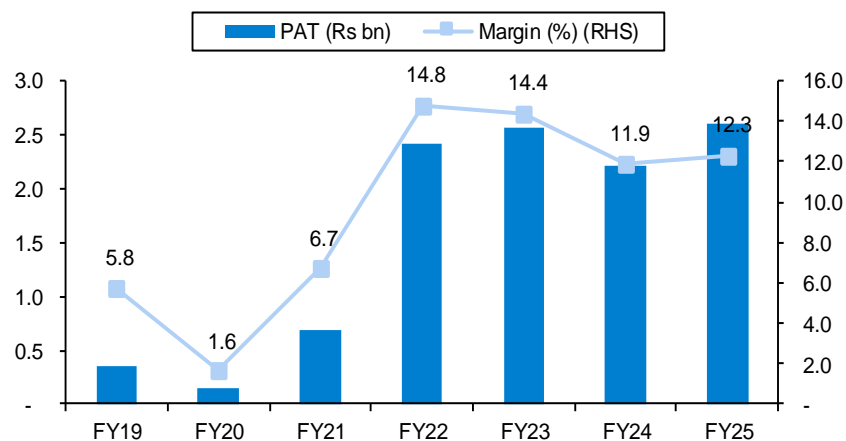
We estimate EBITDA CAGR of 2.7% over FY23-25 due to contraction in EBITDA margin by 250bps over FY23-25. PAT is expected to be flat over FY22-25, due to higher depreciation and interest expenses with capacity enhancement.

Exhibit 123: EBITDA margin to contract 250bps over FY23-25



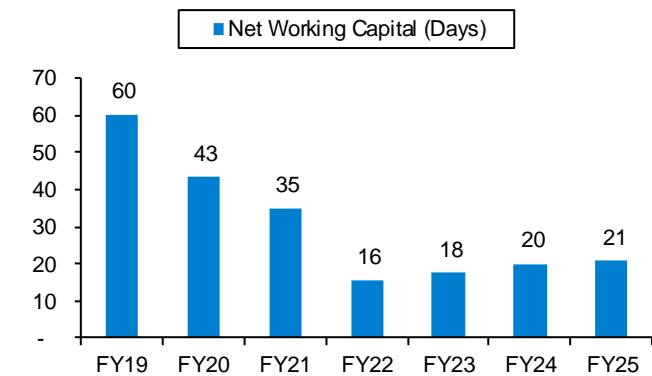
Source: Company, PL

Exhibit 124: PAT CAGR of 0.6% over FY23-25E



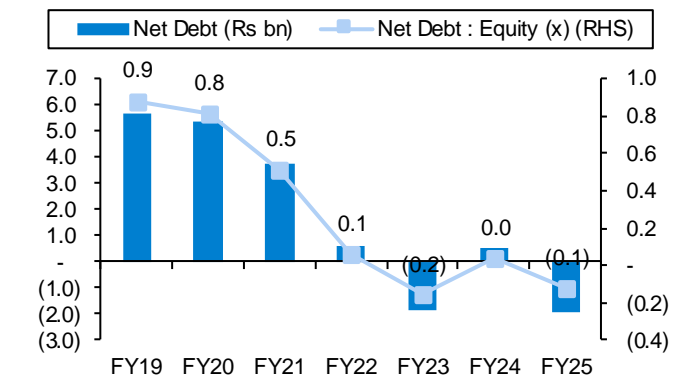
Source: Company, PL

Exhibit 125: Net working capital to reach 21days



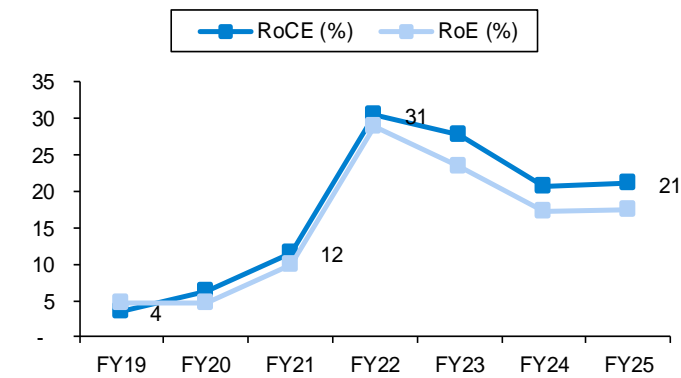
Source: Company, PL

Exhibit 126: Expected net cash of Rs 1.9bn by FY25E



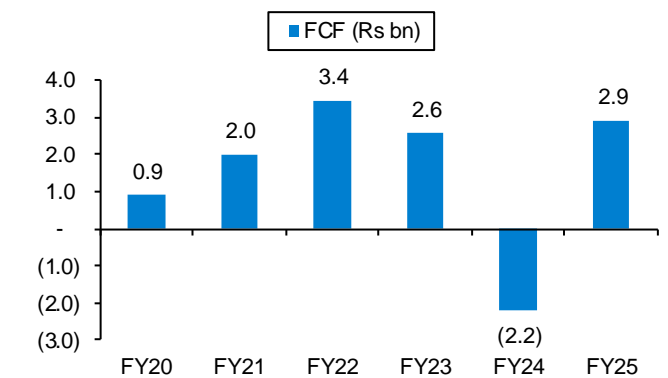
Source: Company, PL

Exhibit 127: Healthy RoCE of 21% over FY24-25E



Source: Company, PL

Exhibit 128: Positive FCF of Rs 2.9bn by FY25E

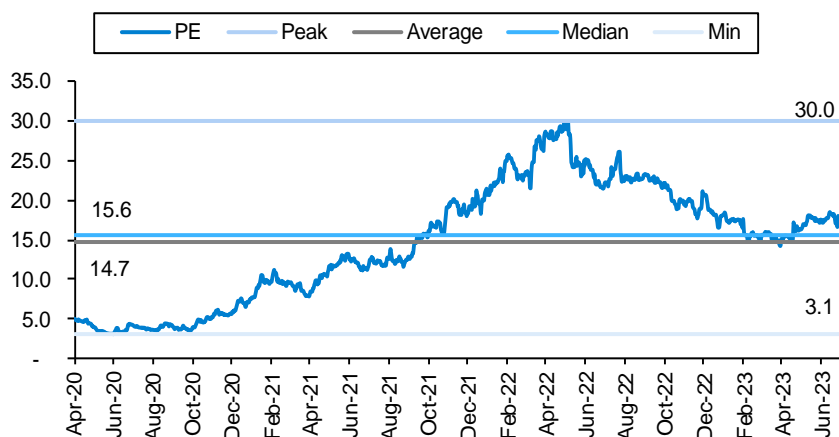


Source: Company, PL

Outlook & valuation

- MDF segment in the entire wood panel industry is growing at fastest rate of 15-20% in India and GREENP being leading player in Indian MDF sector is expected to be major beneficiary.
- We estimate GREENP's Revenue/EBITDA/PAT CAGR of 8.8%/2.7%/0.6% over FY23-FY25 driven by MDF volume CAGR of 16.4%. We expect healthy growth for a long term with capacity additions and improvement in utilisation through demand pick up. However, near term challenges related to maintaining MDF realisation and margins with import pick up and increase in domestic capacity, may be a cause of concern.
- We initiate coverage on the stock with a 'BUY' rating with TP of Rs455 per share, valuing at 21x FY25 earnings.

Exhibit 129: GREENP – 1 year fwd PE band



Source: Company, PL

Key Risks

- **Demand slowdown:** Slowdown in demand from downstream sectors e.g. furniture and real estate.
- **Increase in competitive intensity:** There could be increased competition with increasing MDF demand, which may lead to contraction in realisations and margins.
- **Availability of raw materials:** There could be a decline in availability of plantation wood or impediments in raw material access.

Board of Directors and KMP

Exhibit 130: Board of Directors and KMP

| Name | Designation |
|-------------------------------|--|
| Mr. Shiv Prakash Mittal | Executive Chairman- Promoter Director |
| Mr. Shobhan Mittal | Managing Director & CEO- Promoter Director |
| Mr. Salil Kumar Bhandari | Non-Executive - Independent Director |
| Mr. Mahesh Kumar Jiwrajka | Non-Executive - Independent Director |
| Ms. Sushmita Singha | Non-Executive - Independent Director |
| Mr. Arun Kumar Saraf | Non-Executive - Independent Director |
| Mr. Vishwanathan Venkatramani | Chief Financial Officer |

Source: Company, PL

Financials

Income Statement (Rs m)

| Y/e Mar | FY22 | FY23 | FY24E | FY25E |
|-------------------------------|---------------|---------------|---------------|---------------|
| Net Revenues | 16,250 | 17,829 | 18,546 | 21,094 |
| YoY gr. (%) | 59.2 | 9.7 | 4.0 | 13.7 |
| Cost of Goods Sold | 8,336 | 9,617 | 10,071 | 11,111 |
| Gross Profit | 7,915 | 8,212 | 8,475 | 9,983 |
| Margin (%) | 48.7 | 46.1 | 45.7 | 47.3 |
| Employee Cost | 1,284 | 1,397 | 1,573 | 2,004 |
| Other Expenses | 2,096 | 2,399 | 2,770 | 3,151 |
| EBITDA | 4,334 | 4,165 | 3,747 | 4,392 |
| YoY gr. (%) | 112.0 | (3.9) | (10.0) | 17.2 |
| Margin (%) | 26.7 | 23.4 | 20.2 | 20.8 |
| Depreciation and Amortization | 734 | 720 | 843 | 971 |
| EBIT | 3,600 | 3,445 | 2,905 | 3,421 |
| Margin (%) | 22.2 | 19.3 | 15.7 | 16.2 |
| Net Interest | 171 | 190 | 203 | 213 |
| Other Income | 90 | 194 | 294 | 294 |
| Profit Before Tax | 3,519 | 3,449 | 2,996 | 3,503 |
| Margin (%) | 21.7 | 19.3 | 16.2 | 16.6 |
| Total Tax | 1,085 | 944 | 788 | 904 |
| Effective tax rate (%) | 30.8 | 27.4 | 26.3 | 25.8 |
| Profit after tax | 2,434 | 2,504 | 2,208 | 2,598 |
| Minority interest | - | - | - | - |
| Share Profit from Associate | - | - | - | - |
| Adjusted PAT | 2,434 | 2,504 | 2,208 | 2,598 |
| YoY gr. (%) | 248.4 | 2.9 | (11.8) | 17.7 |
| Margin (%) | 15.0 | 14.0 | 11.9 | 12.3 |
| Extra Ord. Income / (Exp) | (29) | 61 | - | - |
| Reported PAT | 2,405 | 2,565 | 2,208 | 2,598 |
| YoY gr. (%) | 249.5 | 6.7 | (13.9) | 17.7 |
| Margin (%) | 14.8 | 14.4 | 11.9 | 12.3 |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 2,405 | 2,565 | 2,208 | 2,598 |
| Equity Shares O/s (m) | 123 | 123 | 123 | 123 |
| EPS (Rs) | 19.8 | 20.4 | 18.0 | 21.2 |

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

| Y/e Mar | FY22 | FY23 | FY24E | FY25E |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Non-Current Assets | | | | |
| Gross Block | 14,712 | 15,114 | 20,114 | 20,163 |
| Tangibles | 14,279 | 14,651 | 19,651 | 19,700 |
| Intangibles | 434 | 463 | 463 | 463 |
| Acc: Dep / Amortization | 4,325 | 4,672 | 5,514 | 6,485 |
| Tangibles | 4,325 | 4,672 | 5,514 | 6,485 |
| Intangibles | - | - | - | - |
| Net fixed assets | 10,387 | 10,442 | 14,599 | 13,677 |
| Tangibles | 9,953 | 9,979 | 14,136 | 13,215 |
| Intangibles | 434 | 463 | 463 | 463 |
| Capital Work In Progress | - | 49 | 49 | 500 |
| Goodwill | - | - | - | - |
| Non-Current Investments | 170 | 215 | 215 | 215 |
| Net Deferred tax assets | (682) | (1,020) | (1,020) | (1,020) |
| Other Non-Current Assets | 4 | 3 | 3 | 3 |
| Current Assets | | | | |
| Investments | - | - | - | - |
| Inventories | 1,658 | 1,525 | 1,715 | 1,993 |
| Trade receivables | 414 | 444 | 462 | 525 |
| Cash & Bank Balance | 2,226 | 3,778 | 2,582 | 4,085 |
| Other Current Assets | 564 | 592 | 602 | 636 |
| Total Assets | 15,424 | 17,048 | 20,227 | 21,634 |
| Equity | | | | |
| Equity Share Capital | 123 | 123 | 123 | 123 |
| Other Equity | 9,394 | 11,816 | 13,718 | 15,948 |
| Total Networth | 9,516 | 11,939 | 13,840 | 16,071 |
| Non-Current Liabilities | | | | |
| Long Term borrowings | 1,652 | 1,271 | 2,500 | 1,515 |
| Provisions | 111 | 109 | 109 | 109 |
| Other non current liabilities | - | - | - | - |
| Current Liabilities | | | | |
| ST Debt / Current of LT Debt | 1,175 | 634 | 634 | 634 |
| Trade payables | 1,378 | 1,111 | 1,159 | 1,318 |
| Other current liabilities | 564 | 595 | 596 | 598 |
| Total Equity & Liabilities | 15,424 | 17,048 | 20,227 | 21,634 |

Source: Company Data, PL Research



Cash Flow (Rs m)

| Y/e Mar | FY22 | FY23 | FY24E | FY25E |
|--------------------------------------|----------------|----------------|----------------|----------------|
| PBT | 3,489 | 3,510 | 2,996 | 3,503 |
| Add. Depreciation | 734 | 720 | 843 | 971 |
| Add. Interest | 171 | 190 | 203 | 213 |
| Less Financial Other Income | 90 | 194 | 294 | 294 |
| Add. Other | (60) | (255) | (294) | (165) |
| Op. profit before WC changes | 4,334 | 4,165 | 3,747 | 4,521 |
| Net Changes-WC | 499 | 155 | (169) | (213) |
| Direct tax | (1,085) | (944) | (788) | (904) |
| Net cash from Op. activities | 3,748 | 3,376 | 2,790 | 3,404 |
| Capital expenditures | (302) | (823) | (5,000) | (500) |
| Interest / Dividend Income | 90 | 194 | 294 | 165 |
| Others | (29) | 61 | - | - |
| Net Cash from Inv. activities | (241) | (569) | (4,706) | (335) |
| Issue of share cap. / premium | - | - | - | - |
| Debt changes | (1,642) | (922) | 1,229 | (985) |
| Dividend paid | (184) | (184) | (307) | (368) |
| Interest paid | (171) | (190) | (203) | (213) |
| Others | (8) | 41 | - | - |
| Net cash from Fin. activities | (2,005) | (1,255) | 720 | (1,565) |
| Net change in cash | 1,501 | 1,552 | (1,196) | 1,503 |
| Free Cash Flow | 3,446 | 2,552 | (2,210) | 2,904 |

Source: Company Data, PL Research

Key Financial Metrics

| Y/e Mar | FY22 | FY23 | FY24E | FY25E |
|----------------------------|------|-------|--------|-------|
| Per Share(Rs) | | | | |
| EPS | 19.8 | 20.4 | 18.0 | 21.2 |
| CEPS | 25.8 | 26.3 | 24.9 | 29.1 |
| BVPS | 77.6 | 97.4 | 112.9 | 131.1 |
| FCF | 28.1 | 20.8 | (18.0) | 23.7 |
| DPS | 0.2 | 0.2 | 0.3 | 0.3 |
| Return Ratio(%) | | | | |
| RoCE | 30.6 | 27.8 | 20.8 | 21.1 |
| ROIC | 25.3 | 26.9 | 16.7 | 18.8 |
| RoE | 28.9 | 23.3 | 17.1 | 17.4 |
| Balance Sheet | | | | |
| Net Debt : Equity (x) | 0.1 | (0.2) | 0.0 | (0.1) |
| Net Working Capital (Days) | 16 | 18 | 20 | 21 |
| Valuation(x) | | | | |
| PER | 17.9 | 17.4 | 19.7 | 16.8 |
| P/B | 4.6 | 3.6 | 3.1 | 2.7 |
| P/CEPS | 13.7 | 13.5 | 14.3 | 12.2 |
| EV/EBITDA | 10.2 | 10.0 | 11.8 | 9.5 |
| EV/Sales | 2.7 | 2.3 | 2.4 | 2.0 |
| Dividend Yield (%) | 0.0 | 0.0 | 0.1 | 0.1 |

Source: Company Data, PL Research

Quarterly Financials (Rs m)

| Y/e Mar | Q2FY23 | Q3FY23 | Q4FY23 | Q1FY24E |
|-----------------------------------|--------------|--------------|--------------|--------------|
| Net Revenue | 4,573 | 4,202 | 4,414 | 4,457 |
| YoY gr. (%) | 8.3 | (1.0) | (6.1) | (4.0) |
| Raw Material Expenses | 1,887 | 1,753 | 2,040 | 1,937 |
| Gross Profit | 2,686 | 2,449 | 2,374 | 2,520 |
| Margin (%) | 58.7 | 58.3 | 53.8 | 56.5 |
| EBITDA | 1,167 | 920 | 762 | 891 |
| YoY gr. (%) | 3.3 | (17.2) | (44.7) | (32.2) |
| Margin (%) | 25.5 | 21.9 | 17.3 | 20.0 |
| Depreciation / Depletion | 182 | 183 | 172 | 214 |
| EBIT | 985 | 737 | 590 | 678 |
| Margin (%) | 21.5 | 17.5 | 13.4 | 15.2 |
| Net Interest | 18 | 114 | 32 | 35 |
| Other Income | 76 | (40) | 85 | 74 |
| Profit before Tax | 1,043 | 583 | 643 | 717 |
| Margin (%) | 22.8 | 13.9 | 14.6 | 16.1 |
| Total Tax | 380 | 208 | (46) | 180 |
| Effective tax rate (%) | 36.4 | 35.6 | (7.2) | 25.2 |
| Profit after Tax | 664 | 375 | 689 | 536 |
| Minority interest | - | - | - | - |
| Share Profit from Associates | - | - | - | - |
| Adjusted PAT | 725 | 375 | 689 | 536 |
| YoY gr. (%) | 8.1 | (40.5) | (14.5) | (30.9) |
| Margin (%) | 15.8 | 8.9 | 15.6 | 12.0 |
| Extra Ord. Income / (Exp) | - | - | - | - |
| Reported PAT | 725 | 375 | 689 | 536 |
| YoY gr. (%) | 8.1 | (40.5) | (14.5) | (30.9) |
| Margin (%) | 15.8 | 8.9 | 15.6 | 12.0 |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 725 | 375 | 689 | 536 |
| Avg. Shares O/s (m) | 123 | 123 | 123 | 123 |
| EPS (Rs) | 5.9 | 3.1 | 5.6 | 4.4 |

Source: Company Data, PL Research

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| Sr. No. | Company Name | Rating | TP (Rs) | Share Price (Rs) |
|---------|---------------------------------------|------------|---------|------------------|
| 1 | Astral Ltd. | Hold | 1,955 | 1,924 |
| 2 | Bajaj Electricals | Accumulate | 1,326 | 1,219 |
| 3 | Cera Sanitaryware | Hold | 7,805 | 7,690 |
| 4 | Crompton Greaves Consumer Electricals | BUY | 338 | 286 |
| 5 | Finolex Industries | Accumulate | 194 | 175 |
| 6 | Havells India | BUY | 1,460 | 1,287 |
| 7 | Kajaria Ceramics | Hold | 1,264 | 1,255 |
| 8 | KEI Industries | Hold | 2,319 | 2,329 |
| 9 | Polycab India | Hold | 3,476 | 3,553 |
| 10 | Prince Pipes and Fittings | Accumulate | 718 | 657 |
| 11 | Supreme Industries | Accumulate | 3,245 | 3,245 |
| 12 | Voltas | Hold | 813 | 767 |

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| | |
|--------------------------|-----------------------------------|
| Buy | : > 15% |
| Accumulate | : 5% to 15% |
| Hold | : +5% to -5% |
| Reduce | : -5% to -15% |
| Sell | : < -15% |
| Not Rated (NR) | : No specific call on the stock |
| Under Review (UR) | : Rating likely to change shortly |

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