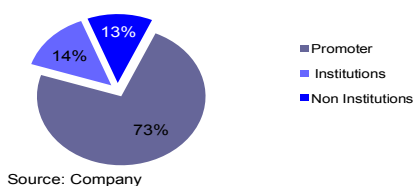


Key Share Data

Face Value (INR)	1.0
Equity Capital (INR Mn)	222.2
Market Cap (INR Mn)	39,324.6
52 Week High/Low (INR)	262/138
6 months Avg. Daily Volume (BSE)	116,649
BSE Code	532548
NSE Code	CENTURYPLY
Reuters Code	CNTP:NS
Bloomberg Code	CPBI: IN

Shareholding Pattern (as on 30th Sept 2015)



Key Financials (INR Million)

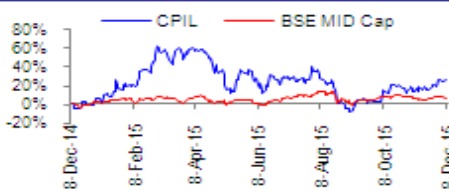
Particulars	FY14	FY15	FY16E	FY17E
Net Sales	13,476.6	15,884.4	17,434.1	20,198.8
Growth (%)	14.0%	17.9%	9.8%	15.9%
EBITDA	1,581.5	2,558.1	3,008.2	3,535.0
PAT	601.9	1,489.0	1,870.3	2,183.9
Growth (%)	9.2%	147.4%	25.6%	16.8%
EPS (INR)	2.7	6.7	8.4	9.8
BVPS (INR)	13.2	17.5	24.1	32.3

Key Financials Ratios

Particulars	FY14	FY15	FY16E	FY17E
P/E (x)	10.3	35.0	21.0	18.0
P/BVPS (x)	2.1	13.4	7.3	5.5
Mcap/Sales (x)	0.8	3.5	2.5	2.2
EV/EBITDA (x)	7.0	22.0	14.4	12.7
ROCE (%)	12.2%	19.8%	22.9%	22.3%
ROE (%)	23.1%	43.9%	40.7%	35.0%
EBITDA Mar (%)	11.7%	16.1%	17.3%	17.5%
PAT Mar (%)	4.7%	9.4%	10.8%	10.9%
Debt - Equity (x)	1.7	1.2	0.8	0.8

Source: Company, SKP Research

1 Yr price performance CPIL; vis-à-vis BSE Mid Cap



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Company Background

Century Plyboards (India) Ltd (CPIL), promoted by first generation entrepreneurs Mr. Sajjan Bhajanka, Mr. Sanjay Agarwal and Mr. Hari Prasad Agarwal is India's largest manufacturer of plywood with ~25% of organised market share. It has a production capacity of 2,10,000 CBM of plywood; 4.8 mn units of laminate sheets; 2.4 mn SQM of pre-laminated boards spread across six manufacturing units in India and one in Myanmar & Vietnam each. It is also engaged in Container Freight Station (CFS) business with 2 container freight stations (CFS) near Kolkata Port in West Bengal and has lately started a retail furniture chain under 'Nesta' brand.

Investment Rationale

Market leader with robust distribution network and strong brand pull

- ▶ CPIL is the market leader in the plywood industry with strong brands across product categories & robust distribution centers of nearly 1,500 dealers, 35 branch offices, & 6 regional distributions. Going forward, CPIL's strategy of penetrating into Tier 1/2 cities/towns, its sole focus on marketed/distributed its product through the price-inelastic retail network coupled with its strong brand equity (add spends accounts for ~3-4% of total revenue), will help in improving its market share & counter commoditisation of plywood.
- ▶ Furthermore, the Myanmar government's decision to ban export of face veneers (31% of raw material cost) further strengthens the competitive position of organised players.

GST – A potential game changer for the organised players

- ▶ Currently India's plywood sector is dominated by unorganised players, accounting ~70% of the overall market. Due to small scale industries (SSI) status enjoyed by unorganised players, presently they are not subjected to excise duty structure and enjoy a price differentiation of ~15%-50% in the premium & commercial grade plywood space vis-à-vis organised player.
- ▶ The proposed GST will remove the cascading effect of interstate transfers; will create a level playing field for organised players and will result in a huge shift from the unorganised market to the organised market.

Margins to scale up with better operating efficiencies & capacity utilization

- ▶ EBITDA margins have improved significantly from ~10.4% in FY13 to ~16.1% in FY15 and ~16.9% in Q2FY16 on account of better operating efficiencies, higher capacity utilization and steep fall in raw materials (face veneers, core/panel veneers, adhesives/chemicals) prices.
- ▶ Over the last few years, CPIL has undertaken several backward integration steps like installing timber peeling facility of 32,000 CBM, in an industrial zone in Rangoon, Myanmar and hitherto set up of peeling capacity, 4 lines of 8,000 CBM each in Laos will result into cost savings.
- ▶ CPIL is set to increase its plywood capacity utilization to ~87% by FY17E from ~72.3% in FY15, on its capacity of ~210000 CBM. CPIL is likely to maintain its margin supremacy over its peers backed by its scale & size, better capacity utilization, operational efficiency and lower raw material prices, we expect CPIL's EBITDA margins to improve to ~17.5% by FY17E.

Deleveraging Balance Sheet

- ▶ Over the last few years, CPIL has reduced its net debt from Rs 4.9 bn in FY14 to Rs 4.3 bn in FY15, bringing down net D/E ratio significantly to 1.1x in FY15 from 1.7x in FY14. In spite of an expansion plan, we do not expect any substantial increase in the leverage ratio.

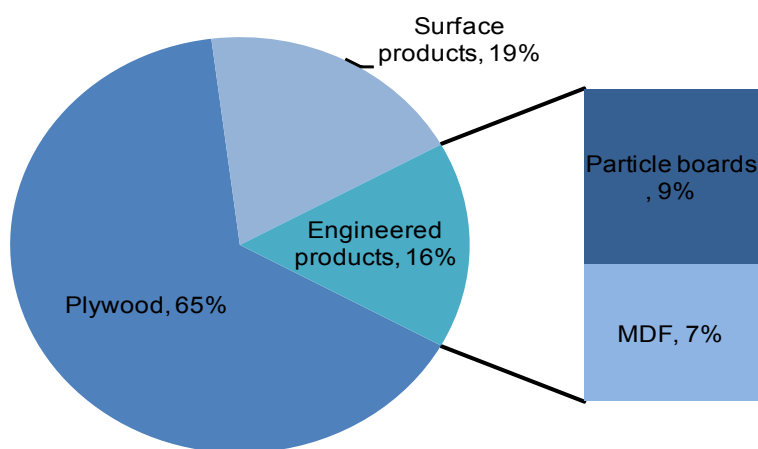
Valuation

- ▶ Better economic growth, leaving more disposable income for discretionary life style consumption, rapid urbanisation, changing customer preference towards quality branded products particularly amongst the growing mass affluent, increasing nuclear families and Government' thrust on "Housing for All" coupled with structural shift towards organised players post GST implementation, strong brand equity and distribution network, efficient working capital management and raw material security auger well for the company.
- ▶ We have valued the stock on the basis of P/E of 24x of FY17E EPS and recommend a BUY with a target price of Rs 236 (~33% upside) in 15 months.

Industry Snapshot – Wood Panel Sector

- ▶ India's wood panel products comprises of materials used in making furniture, such as plywood, laminates, medium density fibreboard (MDF) and decorative veneers which are emerging as an important sub-segment of internal home building materials. Plywood and MDF form the backbone material for furniture, whereas laminates and decorative veneers are surfacing products which are used for decorative purposes. The Indian timber products market is valued at Rs 285 billion of which, plywood has a share of 65%, whereas surface products (laminates) and engineered products (MDF) have a share of 19% & 16% respectively. Rapid urbanisation, favourable demographics, increasing per capita income, nuclear families and rise of the middle class in the country have been important growth drivers for the plywood and allied products.

Exhibit : Constituents of Indian wood market

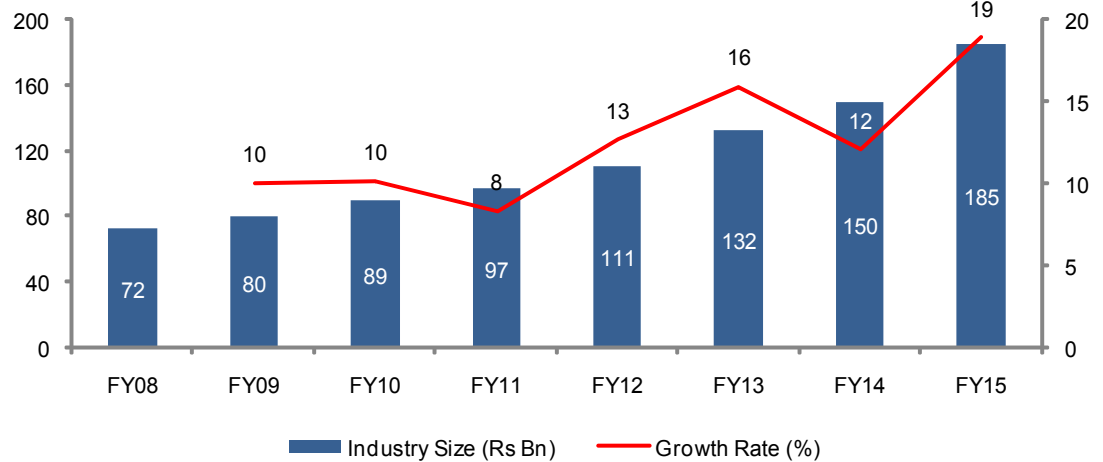


Source: Company, SKP Research

Plywood

- ▶ **Size and Growth Trends:** In the last six years the Indian plywood industry has more than doubled and is currently estimated at ~Rs 185 billion. The increased penetration of furniture in India coupled with reduction of furniture cost as a percentage of the overall interior cost bodes well and the industry is expected to grow at ~8-10%, while the organized sector is expected to grow at a faster pace of ~20-25%. Its product categories include veneer sheets, particle board (composite wood core with plastic laminate finish), panel products (fibre board), plywood made from both hard and softwood (veneered panels and laminated woods) and medium density fiber board.
- ▶ **Market share-organised v/s unorganized:** India's plywood market is largely dominated by unorganized players which account for ~70% market share while organized players account for the remaining ~30% vs ~10% in FY07. The organized industry has been growing at ~15-20% CAGR over the last decade, suggesting shift in consumer preference towards branded products. Plywood industry like other building materials industry (Paints, Tiles & Pipes) is promptly switching from unorganised to organised players and over the next 2-3 years, organised players are likely to consolidate their market share on the back of (1) unorganised players' raw material dependency on large domestic producers like Century and Greenply post Myanmar ban on timber exports, (2) GST implementation, which will eradicate the tax arbitrage enjoyed by the unorganised players, (3) superior quality and wide product range and (4) strong brand pull.

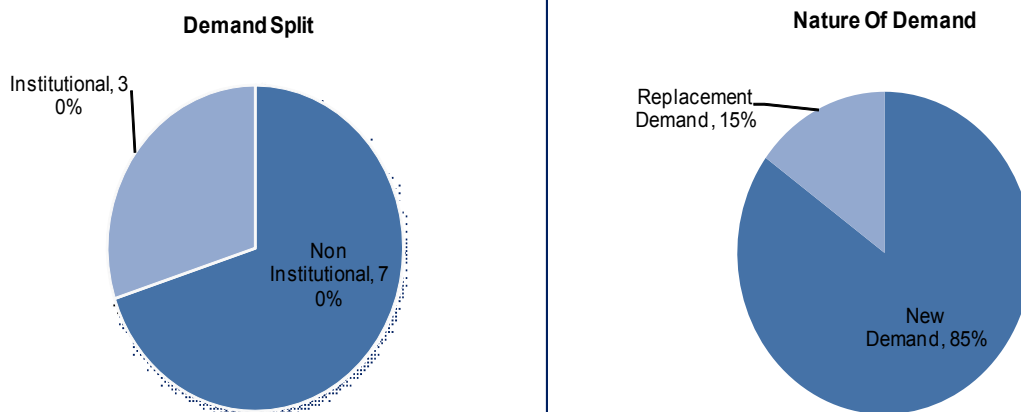
Exhibit : The Plywood Industry Size (Rs Bn)



Source: Company, SKP Research

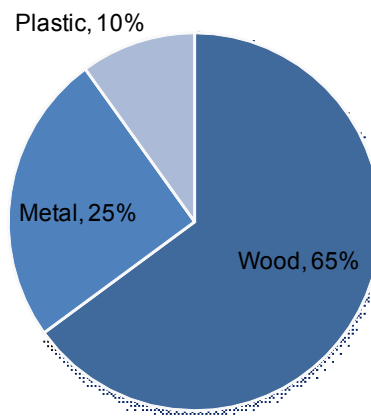
- ▶ **Distribution channel & demand split:** The plywood industry’s distribution channel is similar to that of cement industry wherein primary distribution channel partners are dealers (retail channels contribute 70% of sales). The plywood dealer maintains inventory, given the commoditised nature of the product and ~70% of the demand is from non institutional segment while remaining 30% is from institutional segment. A majority 85% is new demand, while, 15% is replacement demand.

Exhibit : Demand Split & Nature Of Demand



Source: Company, SKP Research

- ▶ **High entry barrier for raw material security:** For manufacturing of plywood, three critical raw materials are needed: **(1) Face Veneers:** The outermost layer of the plywood which forms ~31% of raw material cost and is predominantly sourced from Myanmar. Presently, Myanmar government’s ban on timber export has put Indian unorganised plywood players at a huge disadvantage as they were heavily dependent on Myanmar for face veneers (for organised players veneer prices surged by ~25-30%, putting strain on their working capital). Consequently, Century Plyboards and Greenply Industries have put up veneer plants in Myanmar, giving them access to high quality face timber. **(2) core/panel veneers:** low-quality timber below face timber, abundantly available in India and forms ~54% of overall raw material costs **(3) adhesives/chemicals:** forms ~15% of the overall raw material cost.

Exhibit : Raw material usage in Indian plywood industry


Source: Company, SKP Research

- GST – A potential game changer for the organised players:** Currently India's plywood sector is dominated by the unorganised players, accounting ~70% of the overall market. Due to SSI status enjoyed by the unorganised players, presently they are not subjected to excise duty structure and therefore enjoy a price differentiation of ~15%-20% in the premium plywood space and ~20%-50% in the commercial grade plywood space vis-à-vis organised player. Earlier small manufacturers who had avoided the excise ambit by maintaining a turnover below Rs 1.5 crores would end up paying taxes as the government mulling the idea of reducing the threshold limit in GST to Rs 0.25 crores. The proposed GST will remove the cascading effect of interstate transfers; which will create a level playing field for organised players in the inter-state indirect tax credit. Therefore, GST implementation will reduce the cost arbitrage enjoyed by the unorganised players and will result in a huge shift from the unorganised market to the organised market. **(Unorganised plywood market size is 2x the organized market)**. We believe, post the implementation of the GST, price differentiation of branded and unbranded players would lessen by ~12% (Assuming GST rate of 24% and base price of Rs 200).

Exhibit : Pre & Post GST Tax Structure

Pre GST Implementation - Tax Structure			Post GST Implementation - Tax Structure		
Current Tax Structure - Plywood Industry	Organised Player	Unorganised Player	Tax Structure - Plywood Industry	Organised Player	Unorganised Player
Base Price (Rs)	200	200	Base Price (Rs)	200	200
Excise Duty @ 12.36%	25	0	GST Rate @ 24%	48	48
Total Price (Basic + Excise Price)	225	200	Total Price (Basic + Excise Price)	248	248
Add: VAT @12.5%	28	25	Add: VAT - NIL	0	0
Wholesale Price (Rs)	253	225	Wholesale Price (Rs)	248	248
Add: Dealer Margin @ 20%	51	45	Add: Dealer Margin @ 20%	50	50
Add: VAT on Dealer Margin @ 12.5%	6	6	Add: VAT on Dealer Margin @ 12.5%	6	6
Retail Price	310	276	Retail Price	304	304
Price Differentiation (%)		12%	Price Differentiation (%)		0%

Source: Company, SKP Research

Laminates:

- ▶ Laminates are engineered materials made from paper and chemicals. Their utilisation has extended from furniture and cabinetry to decorative walls for an important reason: they are preferred over wood and paint for reasons of choice, aesthetics, installation ease, maintenance, durability and cost effectiveness. Laminates are stain-proof and resistant (to water, light acids, steam, moisture and abrasion). Laminates has been growing alongside the plywood industry as they have same client base and growth drivers as plywood's.
- ▶ The size of the Indian laminates industry is ~Rs 42 billion, which is growing at ~8-10% per annum. Total capacity of the industry in FY15 was estimated ~100-110 mn sheets per annum, with an average realisation of INR 400 per sheet. The industry comprises of organised players, making up for 65% of the market share which was 50% in FY09. Greenply is the largest player in this segment, followed by Merino and Century Plyboard.

Exhibit : Industry Snapshot - Laminates Industry

Industry Snapshot - Laminates Industry	
Market Size	Rs 42 Bn
Top laminate players	Greenply,Merino,Century Plyboard,Royal Touch
Industry Structure	Organised- 65% & Unorganised- 25%
Revenue CAGR: FY08-15	~11%
Distribution Channel	Distributor
Average realisation	Rs 400 per sheet

Source: Company, SKP Research

MDF:

- ▶ MDF is engineered wood made from wood (fibres), glued together using heat, resin and pressure. It is also a superior substitute for cheap unorganised plywood and faces competition from imports. Demand in this sector is driven by ready-made modular furniture, modular kitchen, ready-to-move into offices/retail outlets, a need to substitute low quality plywood, affordability, increasing awareness of customers for better alternatives, and shortage of time.
- ▶ The MDF market is estimated at ~Rs 35 billion in India, which is growing at a CAGR of ~5-8% over the last five years. The MDF market has been dominated by organised players with Greenply as the market leader. The Centre's hold on fresh licensing for the manufacture of plywood has led to an increasing gap between demand and supply. This will increase the use of engineered panel products, which is a positive development for the MDF industry.

Exhibit : Industry Snapshot - MDF Industry

Industry Snapshot - MDF Industry	
Market Size	Rs 35 Bn
Top laminate players	Greenply,Bajaj Hindustan,Mangalam timber
Industry Structure	Organised- 100% & Unorganised- 0%
Revenue CAGR: FY08-15	5-8%
Distribution Channel	Dealer

Source: Company, SKP Research

Opportunities & Demand Drivers

- ▶ **Revival in real estate demand & Urbanization to fuel growth:** Almost 33% of the total Indian population are 'urban'. According to the National Council for Applied Economic Research (NCAER), India's Mass Affluent segment grew from 11 million households in 2001-02 to 31 million households in 2010-11 and expected to reach 53 million in 2015-16. Over the years, there has been a shift in the employment pattern from agricultural to services. Increased manufacturing in India will fuel the rate of urbanization. Therefore, demand for housing is bound to increase coupled with government's thrust on 'Housing for all by 2022' initiative which will also drive investment into housing and will spur demand for modern interiors, along with modifications in the existing interiors.
- ▶ **Rapidly changing demographic profile plus aspirational buying:** India has young population with an average age of 24 years with rising per capita income (grew from Rs 80,388 in FY14 to Rs 88,533 in FY15). Nuclear families are the new normal in India, driving the need for quality housing. This demographic segment has recorded a 70% growth, has a higher disposable income, and a desire for a better lifestyle with stylish interiors. Central Government will also implement the recommendations of the 7th Pay Commission in FY16 and prompt implementation of OROP (one rank one pension) will result in substantial increment of ~30-40% in the current salary of the employees, translating into incremental demand for home interior products.
- ▶ **Increased investment in the office building segment:** GDP growth and relaxation of FDI in real estate is expected to result in burgeoning demand for office space. Office space supply in top eight Indian cities is expected to reach 180 million sq ft. during 2012-2016. Moreover, an increasing number of corporate offices, being set up in Tier II and Tier III cities will drive demand for office furniture.
- ▶ **Hospitality sector demand:** Hospitality segment in India is witnessing a robust demand growth, rising tourism business and leisure travel. This opportunity is being seized by hoteliers, and several hotel projects are in the pipeline. Demand for interior furniture is on rise. Hence, the demand for the wood industry is likely to grow as budget hotels, service apartments, spas and other niche centres get established.

Logistics

- ▶ Indian ports and shipping industry plays a vital role in sustaining growth in the country's trade and commerce. Around 95% of India's trade by volume and 70% by value takes place through maritime transport. Logistics business is directly correlated with economic activity and the industry is estimated to have grown at ~15% in the last five years. The industry is largely dominated by unorganized players due to complex tax structure and lack of world-scale infrastructure.

Company Profile

- ▶ Century Plyboards (India) Ltd. (CPIL) was incorporated in 1982, and promoted by first generation entrepreneurs Mr. Sajjan Bhajanka (Chairman), Mr. Sanjay Agarwal (MD), Mr. Hari Prasad Agarwal (Vice Chairman) and ably supported by Mr. Vishnu Khemani (Joint MD) and Mr. Prem Kumar Bhajanka (Joint MD).
- ▶ CPIL is currently engaged in the manufacturing of plywood, laminates, veneers, blockboards and doors among others. It is also engaged in Container Freight Station (CFS) business, managing the first ever private CFS at the Kolkata Port and has lately entered in retail furniture chain with brand Nesta and is setting up a 54,000 CBM greenfield particle board unit at its existing site of Chennai unit.
- ▶ CPIL first introduced borer proof plywood in 1997 and flexible plywood variety in 2002 in India. In 2004, it started production of laminates and commenced manufacturing of pre-lam particleboards. Currently, CPIL accounts nearly a third of branded plywood sold in India, with a price premium of ~5%-20% over its nearest competitors.
- ▶ In 2011, CPIL demerged its ferro alloys and cement division into a new wholly owned subsidiary Star Ferro and Cement Ltd (SFCL) which subsequently got listed in 2013. This demerger improved the quality of Century's core ply-board business earnings with efficient deployment of capital and had a dramatic re-rating of CPIL (CPIL's revenue and profits have grown at 16/64% CAGR over FY13-15, respectively).

Exhibit: Key Milestones

1986	Company incorporated and commenced manufacturing plywood
1997	Raised Rs 7.37 Cr through issuing shares at Rs 20 each (IPO) CPIL became the first company to introduce Borer-Proof Plywood in India.
2004	Century Laminates plant commenced operations.
2005	CPIL started production of pre-lam particleboards.
2006	CPIL achieved a market share of about 20% of the organized plywood sector. Acquired 51% shareholding in the equity of Century Star Shipping Ltd.
2007	Merged Shyam Century Ferrous Ltd with itself & acquired 51% stake in Auto Sundaram, Stock split 1:10 Acquisitions of Star Ferro and Cement Ltd.
2008	Amalgamated Century Panels Pvt Ltd, Sharon Veneers Pvt Ltd and Sharon Wood Industries Pvt Ltd with itself.
2009	CFS business becomes operational (Covering area 1lac sqm, having a capacity to handle 160,000 TEUs P.A.)
2010	Acquired 51% stake in Aegis business & establishes economy segment brand named 'Sainik'
2012	Increased Plywood and Veneer capacity by 30,000 CBM at Kandla plant, taking total capacity to 154820 Pre-laminated boards' capacity increased from 800000 SQM to 1600000 SQM at the Chennai plant.
2013	Demerger of Star Ferro and Cement Ltd. Ventured into ready made furniture business. Added capacity of 2.4 millions laminate sheets
2014	Acquired 50% stake in Century Infotech. Demerger of Aegis Business. Installed plyboard capacity in Gujarat, Myanmar and Uttarakhand. Launched a mid-segment brand named 'Maxima'. Increased Plywood capacity by 37,000 CBM to total capacity of 209420 CBM.

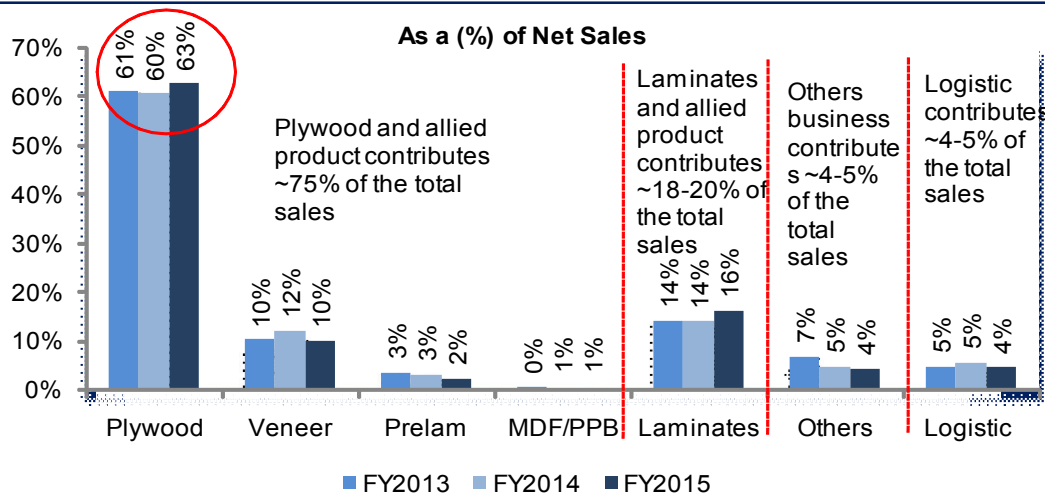
Source: Company, SKP Research

Exhibit: Key Subsidiaries/Associates

Particulars	Subsidiaries /Associates	Country	Voting Power (%)	Comments
Auro Sundaram Ply & Door Pvt. Ltd	Subsidiaries	India	51	Operating a plywood and allied products unit from eco-friendly agro-forestry timber at Raipur Industrial Area, Uttarakhand.
Ara Suppliers Pvt. Ltd Arham Sales Pvt. Ltd Adonis Vyaper Pvt. Ltd Apnapan Viniyog Pvt. Ltd	Subsidiaries	India	80	Engaged in trading of mineral and other commodities.
Centuryply Myanmar Pvt. Ltd	Subsidiaries	Myanmar	100	CMPL has set up a veneer and plywood unit near Yangon city in Myanmar.
Century MDF Ltd	Subsidiaries	India	100	CML will implement expansion plans of company's Medium Density Fibre (MDF) business.
Century Ply (Singapore) Pte. Ltd.	Subsidiaries	Singapore	100	Currently trades in timber and manufactures plywood & all wood products & materials.
PT Century Ply	Subsidiaries	Indonesia	100	Step-down subsidiaries of Century Ply (Singapore) Pte. Ltd.
Century Ply Laos Co. Ltd	Subsidiaries	Laos	100	
Century Infotech Ltd.	Associates	India	50	Engaged in business of e-commerce, online application integration including buying, selling, marketing, trading and dealing in various kinds of products and services on internet.

Source: Company, SKP Research

- **Business Segment and Revenue Mix:** CPIL has three business segments viz. Plywood and allied products, Laminates and allied products, Logistic services. Plywood vertical contributes ~75% of total sales and ~70-75% of total EBITDA whereas Laminates and Logistic vertical contributes ~18-20% and 4-5% of total sales respectively..

Exhibit: Business Segment


Source: SKP Research

Plywood and Allied Products:

- **Installed Capacity & Capacity Utilisation:** CPIL manufactures and markets plywood under different brands named Century Ply, Club Prime, Architect, PF, Sainik, Maxima, etc and constantly re-invested over the last 4-5 years in building scale and strengthened its distribution network to ensure long-term profitable growth. The company has adequate plywood (~210,000 CBM, ~72.3% capacity utilisation in FY15) and veneer capacity (~39% capacity utilisation in FY15).

- ▶ CPIL has been aggressively adding capacities over the last ~2-3 years, through a mix of greenfield and brownfield expansion. The company has expanded its plywood capacity by nearly ~22% to 210,000 CBM in FY15 from 172,420 CBM reported in FY13. CPIL has a pan-India presence with six plywood manufacturing facilities in strategic locations across India - Kandla (Gujarat), Karnal (Haryana), Joka (West Bengal), Guwahati (Assam), Roorkee (Uttarakhand), Chennai (Tamil Nadu).
- ▶ It has one unit in Myanmar and has recently commissioned a unit in Laos. All the plants are strategically located Vs traditional strategy of centralized location. This strategy has smoothed raw material procurement process plus ensure seamless delivery of goods to its dealers/distributors.

Exhibit: Plywood & Allied Products - (Plant Wise Installed Capacity & Utilization Level)

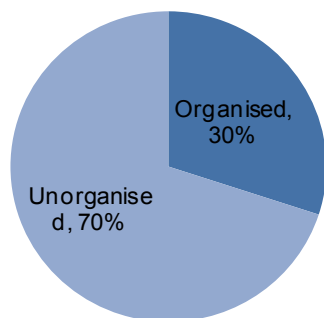
Particulars	FY13	FY14	FY15	Manufacturing Units	Installed Capacity
Capacities					
Plywood (CBM)	172,420	209,420	210,000	Joka, West Bengal	37,037
Veneer (CBM)	180,000	180,000	210,000	Chennai, Tamil Nadu	39,420
Prelam (SQM)	2,400,000	2,400,000	2,400,000	Guwahati, Assam	35,000
Utilization					
Plywood (CBM)	68%	64%	72%	Karnal, Haryana	36,000
Veneer (CBM)	49%	56%	39%	Kandla, Gujarat	31,000
Prelam (SQM)	72%	67%	52%	Rorkee, Uttarakhand	25,000

Source: Company, SKP Research

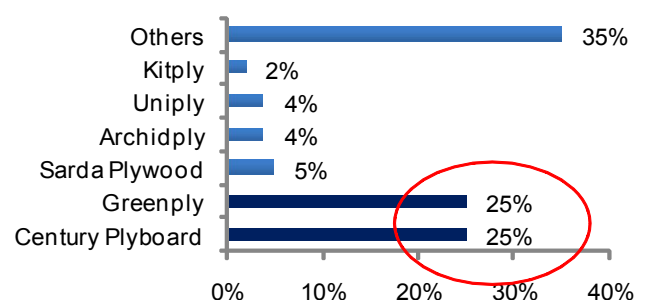
- ▶ **Duopoly market with strong headroom for growth:** The Indian plywood industry is dominated by unorganized players, making up for ~70% of the market share. At the pan-India level, the plywood market is virtual a duopoly market with strong headroom for growth. Top ~5-6 players constituting around ~60%+ of the total market and of which, ~50% of the market has been captured by Century Plyboard & Greenply Industries with ~25% market share each.

Exhibit : Market Share (Organised & Unorganised) & Organised Players Market Share

Market Share - Organised Vs Unorganised



Organised Players Market Share (%)




Source: Company, SKP Research


- ▶ **Extensive product portfolio:** CIL is well poised to cater customer needs through its multi-product strategy. CPIL competently facilitates cross-sale by leveraging its strong brand name and wide distribution network by extending its offerings across the value chain of interior decoration. Around 90% of CPIL's products are marketed through the retail network while only 10% was marketed through the discount driven institutional network.

Exhibit:Product Portfolio

Plywood Brands

Veneers Brands

			
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Blockboards Brands

			
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Doors Brands

			
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Laminates Brands

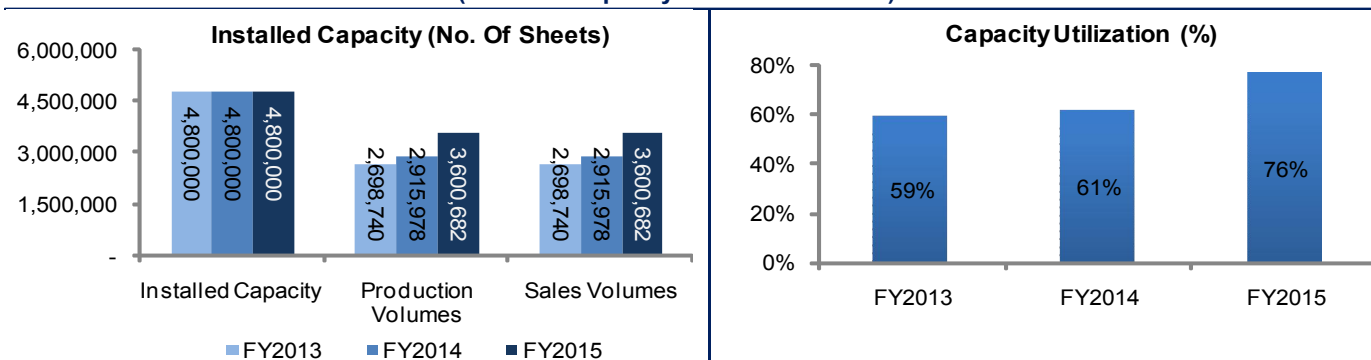
			
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Source: Company, SKP Research

Laminates and Allied Products:

- **Installed Capacity & Capacity Utilisation:** In India, laminates are used for providing an aesthetic look to plywood and both plywood and laminates have same customer base and growth drivers. However, key variation is, while plywood market is largely dominated by unorganized players, the laminates market is largely organized. CPIL has adequate laminates capacity (4.8 mn sheets, 76% capacity utilisation in FY15 and 61% capacity utilisation in FY14) and expanded its laminates capacity by nearly 100% to 4.8 mn sheets from 2.4 mn sheets in FY12. The key raw materials for laminates are paper and chemicals, which are easily available. Brown paper and Decorative paper soaked in phenolic and melamine resins are hard pressed together to form a stiff laminate sheet.

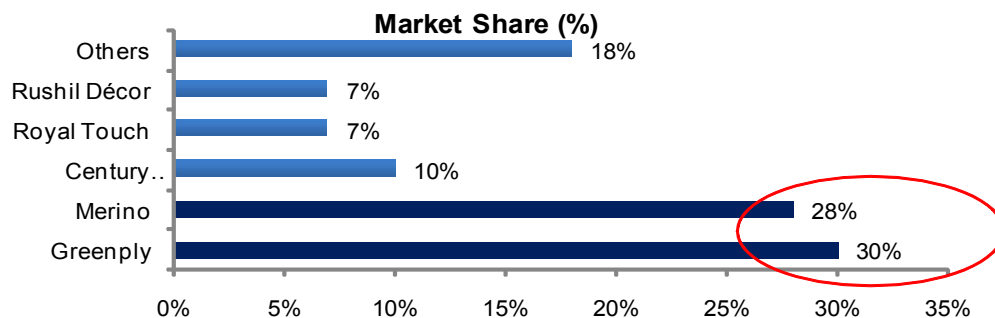
Exhibit: Laminates & Allied Products - (Installed Capacity & Utilization Level)



Source: Company,SKP Research

- ▶ **Market Share & Product Portfolio:** CPIL is the third largest producer of laminates in India. Currently, Greenply is the market leader in this segment with a market share of ~30% followed by Merino (~25%) and Century Ply (~10%). CPIL offers a wide range of decorative laminates and has portfolio of brands namely Slimline, Opulenza with ~700 SKUs and adding almost ~100 SKUs every year. Margins in the laminates business are lower than in plywood, led by surplus capacities in the industry plus competitive pressures among peers.

Exhibit : Laminates Industry - Market Share

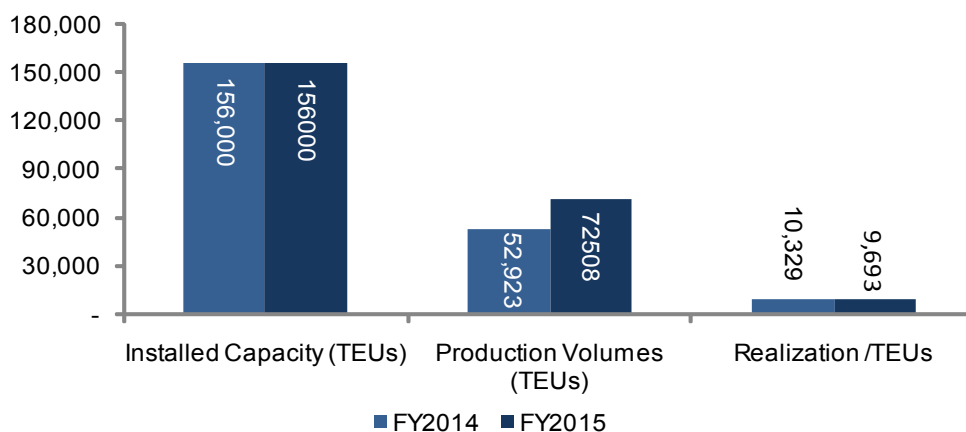


Source: Company, SKP Research

Logistic services:

- ▶ CPIL, with a cumulative capacity of 156,000 TEU at Sonai (36,000 TEU) and Jinjira Pole (120,000 TEU) operates two container freight stations (CFS). These two CFSs, spread across 1 lakh square metre accounts for almost 50% of the CFS capacity at the Kolkata Port. CPIL's CFS business is the only CFS division in India that works round-the-clock and undertakes a gamut of responsibilities including warehousing, bonded warehousing, stuffing, de-stuffing, handling project cargo and communicating with customs authorities.
- ▶ The company is planning to give its CFS divisions a pan-India presence by extending its services to major port locations such as Mumbai, Chennai and Mundra by 2016 end. Logistic business accounts for nearly ~4-5% of total revenues of Rs 0.74 bn (FY15). Segment's realizations were at ~Rs 9,693/TEUs and EBIT margins at ~30% in FY15, any increase in capacity utilization will be EBITDA accretive going forward.

Exhibit: Logistic - Installed Capacity



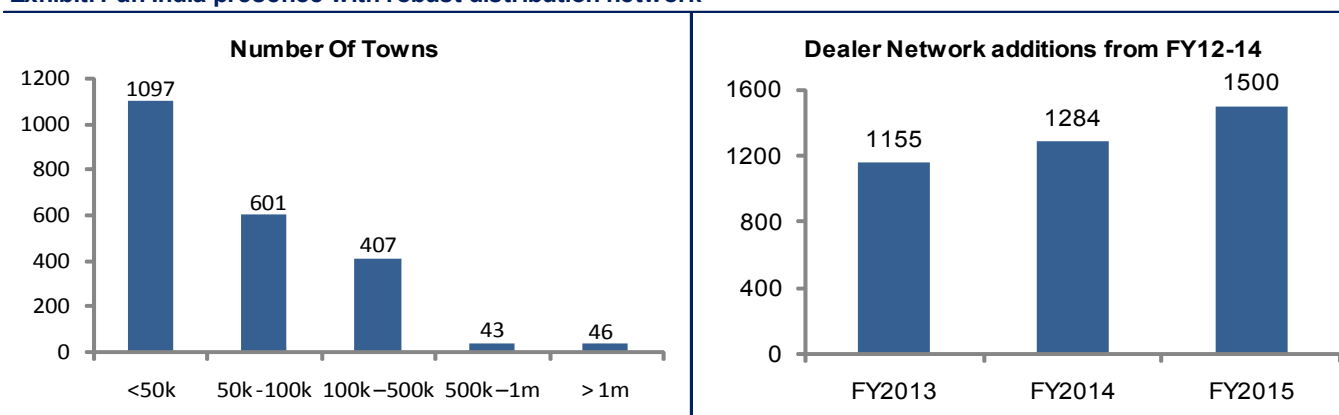
Source: Company, SKP Research

Investment Rationale

Market leader with robust distribution network, strong brand pull, focus on affordable range of products & raw material security augurs well

- ▶ **Market leader with pricing power:** CPIL is one of the leading domestic players and accounts for ~25% of branded plywood sold in India, with a price premium of ~5%-20% over its nearest competitors. It is also the third largest player in the laminates business.
- ▶ **Robust distribution network:** CPIL has a strong dealer network of nearly 1,500 dealers, 35 branch offices, 6 regional distribution centres and 7 manufacturing locations. Additionally, CPIL has expanded its presence from metros and large cities (top 90 towns with population over 500k) to Tier-1 towns (top 400 towns with population more than 100k); to widening its distribution reach. CPIL's business model is primarily retail driven, nearly 90% of its total product marketed to retail customers while only 10% is marketed through the through the discount-driven institutional network.

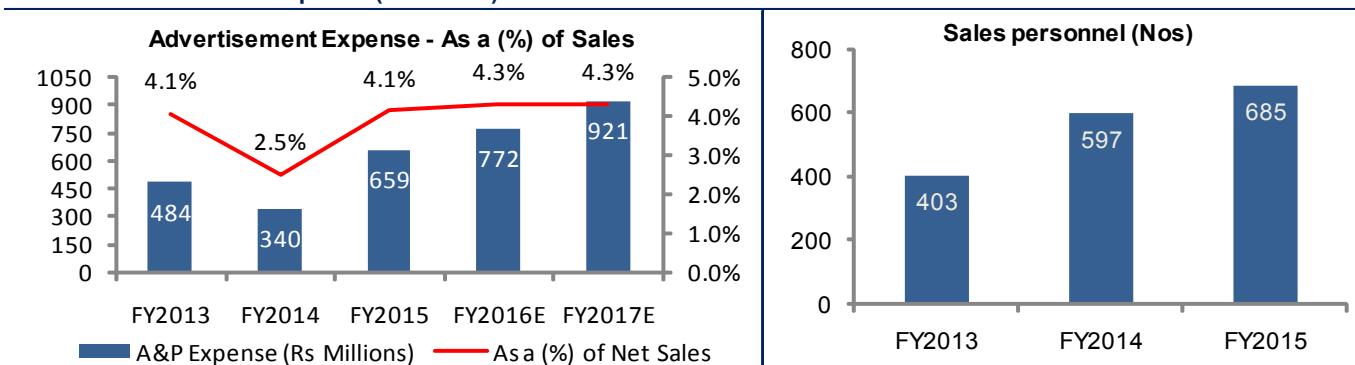
Exhibit: Pan India presence with robust distribution network



Source: Company, SKP Research

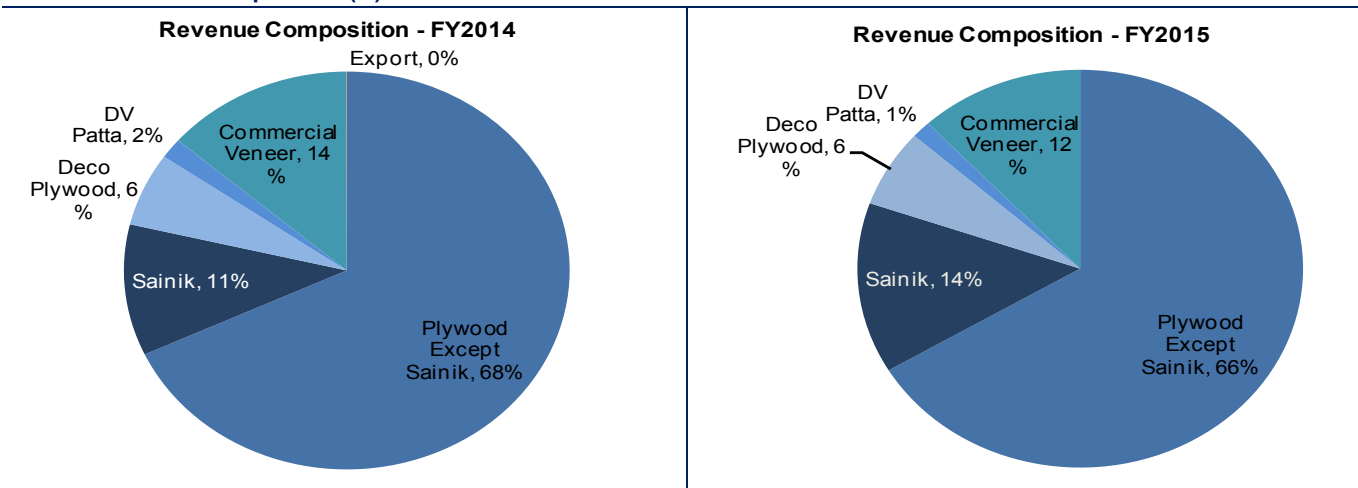
- ▶ **Brand pull led by aggressive advertising campaigns:** The Company's greatest asset is the recall value of its brands among customers. This is largely driven by its aggressive but strategic brand spends over the last 4-5 years with consistent focus on quality. Currently, ad spends expense accounts for ~3-4% of total revenues. As a result, over the years in a most severe situation, CPIL is able to counter commoditisation of plywood with increased average realisation of its brands.
- ▶ Over the years, CPIL has adopted a strategy of product premiumization, thereby offering value added products which are available at higher price points where competition is lesser and demands are price-inelastic. It has expanded its sales team at a CAGR of 30% over FY13-15, driving higher focus on retail sales.

Exhibit: Advertisement Expense (Rs Million) & Sales Personnel Nos



Source: Company, SKP Research

- ▶ **Focus on affordable range of products:** CPIL changed its strategy from being a premium brand to a brand franchise which offers the entire gamut of products to different price points to customers. Revenue contribution from affordable products (Sainik brands) has increased from 11% in FY14 to 14% in FY15. In the smaller towns, it has been penetrating the market with its more affordable range of products like Sainik and Maxima (who earlier bought non-branded plywood) which are driving growth. In FY15, 50-55% of Sainik volume was outsourced from local vendors, thus providing scale and growth without incremental capital deployment. Commercial veneers contributed ~12% of total plywood revenues in FY15, Going forward, we expect the segment to pick-up over FY15-17e, backed by incremental capacity addition in Myanmar and palpable sourcing arrangements from Laos.
- ▶ This model has helped the company to insulate itself from volatility in real estate markets. We expect, CPIL to maintain the existing sales mix over the next 2-3 years as this helps it to maintain a stable volumes and margins.

Exhibit: Revenue Composition (%)


Source: Company, SKP Research

- ▶ **Raw material security:** CPIL predominantly sourced face veneers (~31% of total raw material cost - the outermost layer) from Myanmar and in FY14; Myanmar government banned the export of raw timber logs, putting Indian plywood players at a huge disadvantage as they were heavily dependent on Myanmar for raw timber. Though, Myanmar government has allowed processing of raw timber in the country and exporting it.
- ▶ Consequently, CPIL had proactively set up 32,000 CBM peeling facility in an industrial zone in Dagon, Rangoon to bring face veneer to India, thereby becoming the first Indian company to get a licence for timber peeling. CPIL not only uses veneer for its own consumption but also sells the surplus quantity to other plywood players. Besides, this initiative helped CPIL to optimise logistic costs, replacing the transportation of bulky raw timber with lighter veneers.
- ▶ Over the next 2-3 years, CPIL is likely to consolidate its market share on the back of (1) unorganised players' raw material dependency on large domestic producers like Century as Myanmar ban on timber exports (2) GST implementation, which will eradicate the tax arbitrage enjoyed by the unorganised players (3) shifting consumer preference towards superior products with wide product range and strong brand pull (4) expansion of economical product range and sustaining advertisement spending on brands and (5) aggressively expanding distribution network, with key thrust on retail revenues.
- ▶ Going forward, CPIL will be focusing on increasing its capacity to the optimum level and recalibrating its outsourcing model for its economic products.

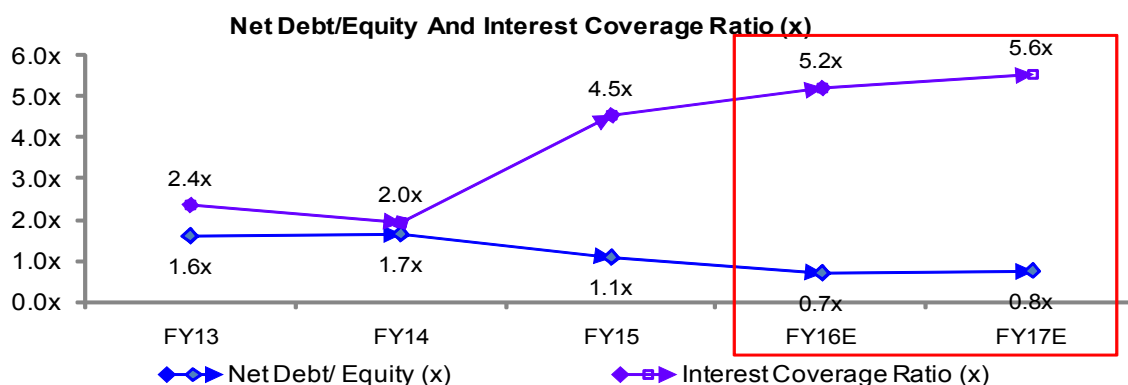
Capacity expansion plans to aid volumes

- ▶ After seeing the economic viability of the business, CPIL shifted its strategy in the MDF business from outsourcing model to building up its own scale. It is setting up 600 CBM capacity per day with a capex of Rs 2.4 bn and plans to purchase machinery from Yellen, China instead from Europe to benefit from cost efficiency. Recently, MDF prices have increased by existing players and are absorbed by the market plus raw material is abundantly available in India (basic raw material is left over of timber).
- ▶ CPIL is also setting up 54,000 CBM greenfield particle board unit at its existing site of Chennai unit with a capex of Rs 600 mn. Particle boards are a new type of engineered wood products that is generally made from gluing together small chips and saw dust. This plant will be integrated with its existing pre-lamination board units and will use wastage and leftovers (saw mill dust, timber wastage etc.) of pre-lamination board units.
- ▶ The total capex of Rs 3 bn is spread over FY16 and FY17 and will be financed through mix of debt & equity in the ratio of 2:1. Management expects the particle board & MDF capacity to get operational by March 2016 & April 2017 respectively.

De-leveraging balance sheet with low capex commitment:

- ▶ Unhedged forex positions were one of the major concerns as the company booked a loss of Rs 440 millions in FY14. CPIL imported raw timber from Myanmar substantially and instead of hedging its forex position, it used buyer's credit facility. The rationale for doing this arrangement is to deliberately lower the cost of funding as interest rate on buyers' credit is @ Libor + 0.4% to 1.5% and is repayable in 70-360 days. As INR depreciated materially in FY14, the company had to book losses on its open positions of the buyer's credit.
- ▶ In FY14, Myanmar banned export of raw timber. Currently, CPIL exports semi-finished veneer through its Myanmar subsidiary to the Indian entity. Modus operandi for this arrangement is, the Myanmar subsidiary invoices the Indian entity, and pays the creditors directly in USD not in buyer's credit, and therefore going ahead company's buyer's credit would come down extensively.
- ▶ Over the last few years, CPIL has reduced its net debt from Rs 489 crores in FY14 to Rs 430 crores in FY15, bringing down D/E ratio significantly to 1.1x in FY15 from 1.7x in FY14 on account of better operation performance and working capital management. On the back of better operational efficiency & lower capex commitment, we expect the net D/E ratio to further come down to 0.8x in FY17E.

Exhibit: Net Debt/Equity And Interest Coverage Ratio

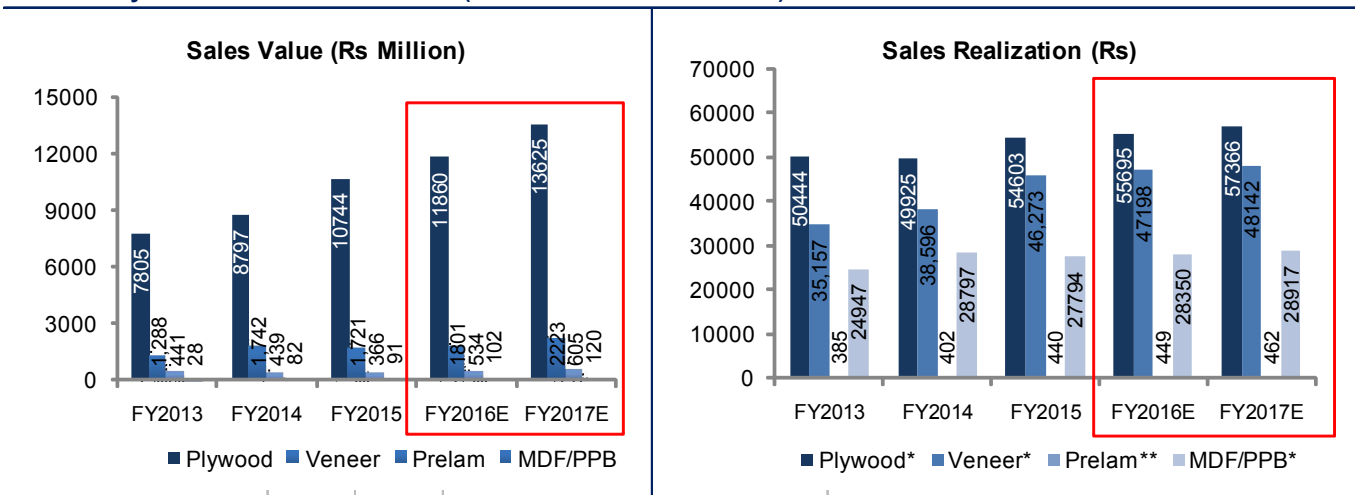


Source: Company, SKP Research

Strong Financial performance:

- ▶ **Plywood & Allied products revenue to grow at a CAGR of ~12.6% over FY15-17E:** Plywood & Allied products share of revenue grew at a CAGR of ~16.2% during FY13-15 and we expect this segment to maintain a share of ~75-76% in total sales over the next two years. Going forward, revenue of plywood & allied product business is expected to increase from Rs 12.9 bn to Rs 16.4 bn during FY15-17E, reporting a CAGR of ~12.6%.
- ▶ Among the sub-segment, plywood contributes 61-62% to the top-line; and on back of robust demand, we expect plywood's sales volume to increase at a CAGR of ~9.9% during FY15-17E to ~2,37,510 CBM. Currently, CPIL's plywood segment is operating at ~72% capacity utilization levels on its existing capacity of ~2,10,000 CBM and we expect it to improve its average capacity utilization to ~87% by FY17E.

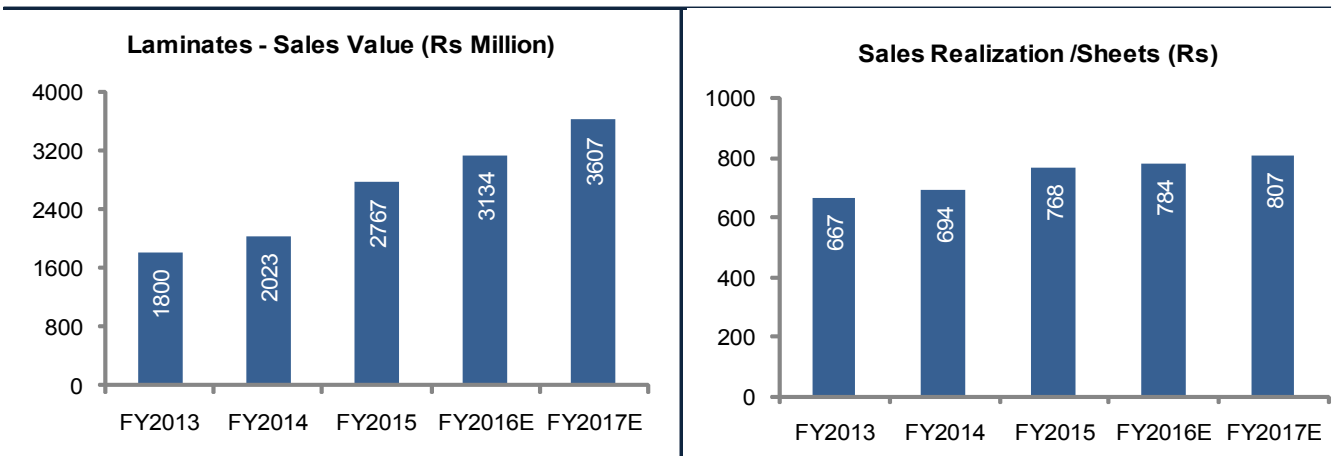
Exhibit: Plywood and Allied Products- (Sales Value & Realization)



Source: Company, SKP Research (*Rs/CBM & **Rs/SQM)

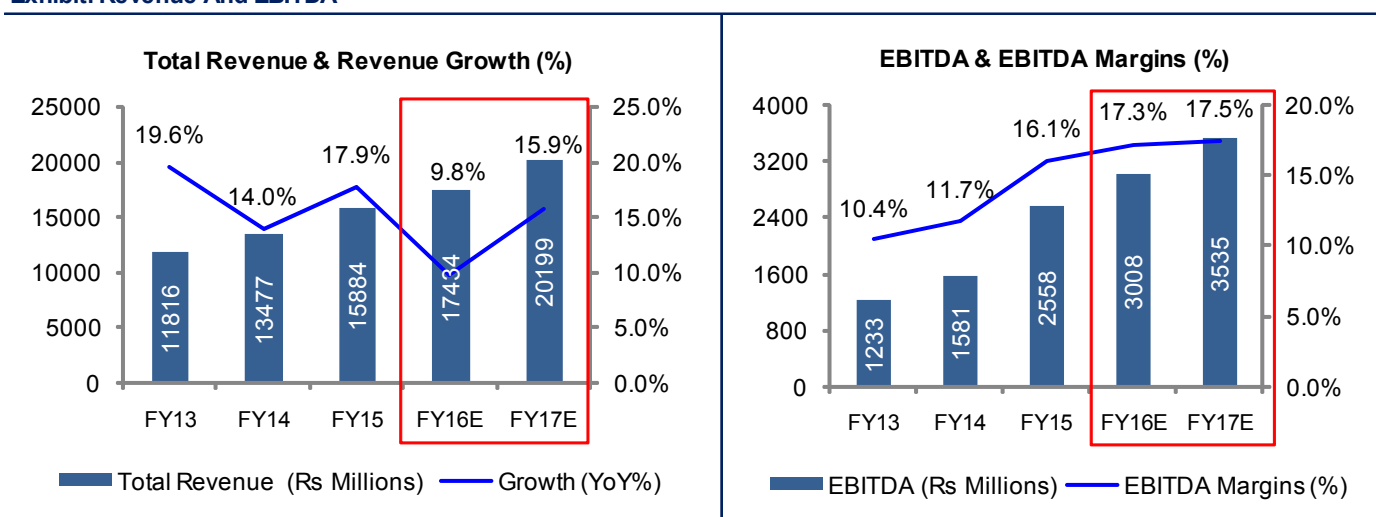
- ▶ **Laminates & Allied products revenue to grow at a CAGR of ~14% over FY15-17E:** This segment revenue grew at a CAGR of ~21.8% during FY12-15 and accounted for nearly ~14%-16% of total revenue in FY15. Going forward we expect, laminates segment to maintain a share of ~16-17% in total sales and revenue to grow at a CAGR of 14.2% over FY15-17E on back of higher capacity utilization & higher contribution from sale of value-added products.

Exhibit: Sales Value & Sales Realization



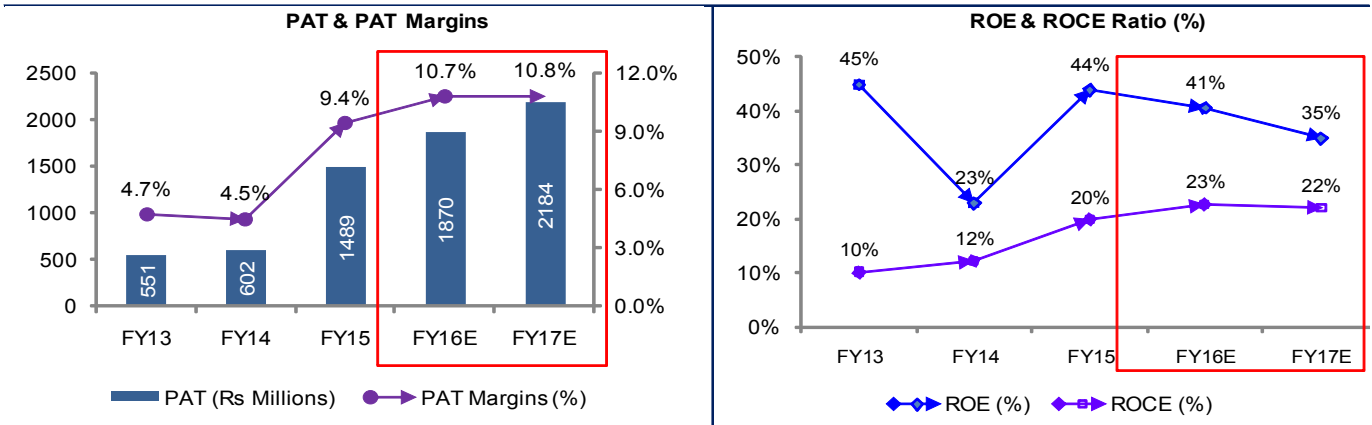
Source: Company, SKP Research

- ▶ **Logistic segment revenue to be margin accretive:** The CFS segment revenue grew at a CAGR of ~12.6% during FY12-15 and over the next two years, we expect CFS division to maintain a share of ~4-5% in total sales. Currently, the CFS business operates at ~46% capacity utilization and reported an average EBIT margin of ~31% and going forward, we expect the capacity utilization levels to improve to 55% & 65% respectively during FY16E and FY17E and revenue to grow at a CAGR of 20.6% during the same period to Rs 0.7 bn.
- ▶ **Overall top-line to grow at a CAGR of 12.8% over FY15-17E; EBITDA margins to improve on back of higher capacity utilization and better operating leverage:** In FY15, CPIL reported net sales of Rs 15.9 bn, registering a growth of ~18% y-o-y on account of robust volume expansion and better capacity utilizations at its laminate plant. Going forward, we expect CPIL revenue to grow at a CAGR of ~13% during FY15-FY17E with ~12.6% and ~14.2% CAGR in plywood & allied products and laminates products division, respectively.
- ▶ **CPIL enjoys higher margins vis-à-vis its peers on account of its** (1) scale and size, (2) integrated operations and (3) logistic advantage and (4) better raw material sourcing. EBITDA margins of the company were under pressure from FY13 to FY14 and remained in the range of ~10.4%-11.7% on account of on forex losses arising from INR depreciation (CPIL booked losses of Rs 440 millions on its unhedged open positions of buyer's credit). However, in FY15, the company has reported better capacity utilization and volumes which led a sharp margin recovery (~16.1%).
- ▶ Furthermore, CPIL's strong distribution network, brand equity and raw material security would help it to counter commoditisation of plywood with premium pricing vis-à-vis its peers which would help it to report increased realisation of its well established brands. Going forward, the company is likely to post margins of 17%+, led by fall in raw material prices, lower phenol prices coupled with better capacity utilization.

Exhibit: Revenue And EBITDA


Source: Company, SKP Research

- ▶ **PAT likely to grow at 21% CAGR in FY15-17E; return ratios to remain at elevated level:**
The Company is likely to post a PAT CAGR of 21% between FY15-17E to Rs2.2bn, led by higher capacity utilization, better realizations, strong margins and tax benefits. CPIL's CFS unit in Kolkata and its plywood unit in Guwahati enjoy tax exemptions, resulting in lower tax rate of 15-16%. CPIL achieved robust ROE and ROCE of 44% and 20% respectively in FY15. Going forward, the company is likely to post a robust return ratio, largely driven by an increase in PAT margin.

Exhibit: PAT & Return Ratios


Source: Company, SKP Research

Peer Comparison (Building Products):
Exhibit: Peer Valuation

Company	CMP	Mcap (Rs Mn)	Revenue (Rs Mn)			Revenue CAGR (%) FY13-15	EBITDA Margin (%)			PAT (Rs Mn)			PAT CAGR (%) FY13-15
			FY13	FY14	FY15		FY13	FY14	FY15	FY13	FY14	FY15	
Greenply Industries Ltd	912.0	22012.4	13140.0	13900.0	15610.0	9.0%	13.7%	13.2%	12.9%	829.0	772.8	1218.2	21.2%
Kajaria Ceramics Ltd	921.6	73238.6	15832.8	18363.1	21868.9	17.5%	15.5%	15.6%	16.2%	1045.1	1242.2	1756.0	29.6%
Somany Ceramics Ltd	358.7	13933.6	10538.7	12647.6	15431.3	21.0%	8.1%	6%	7.0%	325.8	258.7	441.3	16.4%
Cera Sanitaryware Ltd	1863.9	24241.0	4878.7	6636.9	8216.7	29.8%	15.4%	14.3%	14.3%	462.1	519.1	676.7	21.0%
Asian Paints Ltd	845.6	811049.7	114608.6	134138.4	150227.1	14.5%	16.2%	15.9%	16.1%	11138.8	12188.1	13951.5	11.9%
Berger Paints India Ltd	225.2	156162.8	33464.1	38697.2	43220.6	13.6%	11.1%	11.1%	11.8%	2184.0	2493.9	2647.0	10.1%
Astral Polytechnik Ltd	420.9	49813.9	8252.0	10796.4	14293.8	31.6%	14.0%	14.4%	11.7%	606.1	789.2	746.7	11.0%
Century Plyboards India Ltd	177.0	39324.6	11816.5	13476.6	15884.4	15.9%	10.4%	11.7%	16.1%	551.1	601.9	1489.0	64.4%

Source: Company, SKP Research

Company	ROE (%)			P/E			P/Bv			EV/EBITDA		
	FY13	FY14	FY15	FY13	FY14	FY15	FY13	FY14	FY15	FY13	FY14	FY15
Greenply Industries Ltd	28.6%	22.2%	23.2%	7.1x	7.7x	18.2x	1.8x	1.6x	4.6x	5.5x	5.9x	12.2x
Kajaria Ceramics Ltd	33.5%	30.4%	29.7%	13.5x	21.2x	36.4x	3.9x	5.2x	8.6x	7.0x	10.0x	18.2x
Somany Ceramics Ltd	23.4%	14.1%	19.1%	7.0x	22.0x	33.4x	1.5x	2.9x	6.0x	4.1x	9.2x	15.0x
Cera Sanitaryware Ltd	29.0%	25.7%	23.5%	12.2x	21.7x	47.8x	3.1x	5.0x	9.2x	6.9x	11.3x	26.4x
Asian Paints Ltd	38.1%	35.3%	33.9%	42.3x	43.0x	55.6x	13.9x	13.0x	16.4x	25.2x	24.5x	32.2x
Berger Paints India Ltd	25.1%	24.1%	22.3%	31.0x	31.9x	54.7x	7.1x	7.1x	11.5x	17.6x	18.0x	27.3x
Astral Polytechnik Ltd	28.8%	28.6%	16.8%	13.4x	33.1x	69.1x	3.4x	8.3x	8.5x	7.6x	17.5x	31.7x
Century Plyboards India Ltd	45.0%	23.1%	43.9%	22.0x	10.3x	35.0x	4.7x	2.1x	13.4x	13.2x	7.0x	22.0x

Source: Company, SKP Research

Key Concerns

- ▶ **Demand slowdown:** Currently, inventory piled up of real estate unit is the major concern for the industry as it slows down the demand for plywood and related products. In H1FY16, the building material industry reported slower demand growth. If the trend continues, it would be difficult for CPIL to report a double digit growth rate.
- ▶ **Volatile Dollar Rupee rate:** Any sharp Dollar Rupee volatility could adversely impact the profitability of the company as it imports most of its raw material requirement without entering into forward cover or hedging its forex exposure.
- ▶ **Delay in capacity addition for MDF segment:** CPIL has an aggressive capacity expansion plan for the MDF business which will bring new execution and competition challenges. Any delay of capacity expansion and demand slowdown of MDF business would adversely impact company's earning over the medium to longer time

Valuations

- ▶ Better economic growth, leaving more disposable income for discretionary life style consumption, rapid urbanisation, changing customer preference towards quality branded products particularly amongst the growing mass affluent, increasing nuclear families and Government' thrust on "Housing for All" coupled with structural shift towards organised players post GST implementation, strong brand equity and distribution network, efficient working capital management and raw material security augers well for the company.
- ▶ **We have valued the stock on the basis of P/E of 24x of FY17E EPS and recommend a BUY with a target price of Rs 236/- (~33% upside)**

Exhibit: PE Band



Source: Company, SKP Research

Q2 FY16 Result Update
Exhibit: Q2FY16 Result Review
Figs. in INR Million

Particulars	Q2FY16	Q2FY15	YoY %	Q1FY16	QoQ %	6MFY16	6MFY15	YoY %
Gross Sales	4,757.7	4,423.6	7.6%	4,001.0	18.9%	8,758.7	8,338.3	5.0%
Excise Duty	367.2	375.2		321.2		688.4	681.4	
Net Sales	4,390.6	4,048.4	8.5%	3,679.8	19.3%	8,070.3	7,656.9	5.4%
Other Operating Income	31.4	21.8	44.2%	29.4	6.9%	60.8	40.7	49.4%
Total Income	4,422.0	4,070.2	8.6%	3,709.2	19.2%	8,131.1	7,697.6	5.6%
Expenditure	3,674.3	3,455.7	6.3%	3,054.1	20.3%	6,728.4	6,629.4	1.5%
Material Consumed	1,626.0	2,049.4	-20.7%	1,567.0	3.8%	3,193.0	3,813.8	-16.3%
<i>(as a % of Total Income)</i>	36.8%	50.4%	1,358 Bps	42.25%	548 Bps	39.3%	49.5%	1,028 Bps
Increase/Decrease in stock in trade	444.6	471.8	-5.8%	429.9	3.4%	874.5	909.3	-3.8%
<i>(as a % of Total Income)</i>	10.1%	11.6%		11.6%		10.8%	11.8%	
Employees Cost	567.7	509.6	11.4%	517.4	9.7%	1,085.0	924.2	17.4%
<i>(as a % of Total Income)</i>	12.8%	12.5%		13.9%		13.3%	12.0%	
Changes in Inventories & WIP	273.2	(210.5)	-229.8%	(40.6)	-773.1%	232.6	(262.6)	-188.6%
<i>(as a % of Total Income)</i>	6.2%	-5.2%		-1.1%		2.9%	-3.4%	
Other Expenses	762.9	635.3	20.1%	580.4	31.4%	1,343.3	1,244.7	7.9%
<i>(as a % of Total Income)</i>	17.3%	15.6%		15.6%		16.5%	16.2%	
EBITDA	747.6	614.5	21.7%	655.1	14.1%	1,402.7	1,068.2	31.3%
EBITDA Margin (%)	16.9%	15.1%	181 Bps	17.7%	(75)Bps	17.3%	13.9%	337 Bps
Depreciation	107.4	109.1	-1.6%	100.8	6.6%	208.2	213.4	-2.4%
EBIT	640.2	505.4	26.7%	554.3	15.5%	1,194.5	854.8	39.7%
Other Income	4.9	14.9	-66.9%	3.4	47.3%	8.3	28.2	-70.7%
Interest Expense	134.7	124.4	8.3%	122.7	9.8%	257.4	198.0	30.0%
Loss/Gain on foreign exchange fluct	(9.2)	23.6		12.5		3.2	41.6	
Profit Before Tax	501.2	419.5	19.5%	447.5	12.0%	948.7	726.6	30.6%
Income Tax	38.6	61.9	-37.7%	50.6	-23.7%	89.2	111.8	-20.2%
<i>Effective Tax Rate (%)</i>	7.7%	14.8%	-	11.3%	-	9.4%	15.4%	-
Profit After Tax (PAT)	462.6	357.6	29.4%	396.9	16.5%	859.5	614.8	39.8%
PAT Margins (%)	10.46%	8.79%	168 Bps	10.70%	(24)Bps	10.57%	7.99%	258 Bps
Diluted EPS	2.08	1.61	29.4%	1.79	16.5%	3.87	2.77	39.8%

Source: Company Data, SKP Research

Exhibit: Income Statement
Figures in INR Million

Particulars	FY14	FY15	FY16E	FY17E
Total Income	13,476.6	15,884.4	17,434.1	20,198.8
<i>Growth (%)</i>	<i>14.0%</i>	<i>17.9%</i>	<i>9.8%</i>	<i>15.9%</i>
Expenditure	11,895.1	13,326.3	14,425.8	16,663.8
Material Cost	6,951.7	7,503.2	8,053.0	9,066.4
Traded goods	943.4	1,387.1	1,586.5	1,880.5
Employee Cost	1,612.3	2,009.2	2,222.8	2,625.8
Admin & Other Exp.	2,386.9	2,426.3	2,562.8	3,090.4
EBITDA	1,581.5	2,558.1	3,008.2	3,535.0
Depreciation	387.1	484.7	475.7	590.7
EBIT	1,194.4	2,073.3	2,532.5	2,944.3
Other Income	37.0	177.3	191.8	202.0
Interest Expense	603.4	455.7	483.1	530.5
Profit Before Tax (PBT)	627.9	1,794.9	2,241.2	2,615.8
Income Tax	-4.7	296.0	358.6	418.5
Profit After Tax (PAT)	601.9	1,489.0	1,870.3	2,183.9
<i>Growth (%)</i>	<i>9.2%</i>	<i>147.4%</i>	<i>25.6%</i>	<i>16.8%</i>
Diluted EPS	2.7	6.7	8.4	9.8

Exhibit: Cash Flow Statement
Figures in INR Million

Particulars	FY14	FY15	FY16E	FY17E
Profit Before Tax (PBT)	627.9	1,794.9	2,241.2	2,615.8
Depreciation	387.1	484.7	475.7	590.7
Finance Costs	603.4	455.7	483.1	530.5
Chg. in Working Capital	454.5	1,823.9	2,839.5	2,967.9
Direct Taxes Paid	(116.7)	(336.6)	(358.6)	(418.5)
Other Charges	-	-	-	-
Operating Cash Flows	337.8	1,487.3	2,480.9	2,549.4
Capital Expenditure	(665.4)	(751.3)	(300.0)	(2,000.0)
Investments	(725.8)	(33.4)	(33.4)	(33.4)
Others	(104.5)	85.3	85.3	85.3
Investing Cash Flows	(705.9)	127.9	(225.8)	(2,248.2)
Changes in Equity	-	-	-	-
Inc / (Dec) in Debt	(855.7)	(1,842.7)	(958.5)	(927.4)
Dividend Paid (inc tax)	(57.5)	(320.1)	(401.2)	(360.3)
Financing Cash Flows	(281.4)	(1,576.7)	(2,162.3)	(408.3)
Net Cashflow	(649.6)	38.4	92.8	(107.0)
Opening Cash Balance	983.3	333.7	372.2	465.0
Cashflow during the year	(649.6)	38.4	92.8	(107.0)
Closing Cash Balance	333.7	372.2	465.0	358.0

Source: SKP Research

Exhibit: Balance Sheet
Figures in INR Million

Particulars	FY14	FY15	FY16E	FY17E
Share Capital	222.2	222.2	222.2	222.2
Reserve & Surplus	2,708.3	3,671.3	5,140.4	6,964.0
Shareholders Funds	2,930.5	3,893.5	5,362.6	7,186.2
Total Debt	5,275.8	4,677.4	4,523.8	6,085.8
Minority Interest	114.5	55.2	55.2	55.2
Total Liabilities	8,320.8	8,626.1	9,941.6	13,327.2
Net Block inc. Capital WIP	3403.8	2781.8	2480.3	4189.6
Deferred Tax (Net)	10.8	70.3	80.0	70.0
Non-Current Assets	6,164.5	7,167.9	8,033.5	9,592.5
Inventories	3,029.0	3,322.1	3,703.4	4,304.9
Sundry Debtors	2,088.7	2,683.5	2,618.4	3,468.9
Cash & Bank Balance	386.9	374.2	465.0	358.0
Other Current Assets	189.1	90.3	90.3	90.3
Loans & Advances	470.9	697.9	1,156.3	1,370.4
Current Liabilities & Prov	1,258.3	1,394.0	652.2	524.9
Total Assets	8,320.8	8,626.1	9,941.6	13,327.2

Exhibit: Ratio Analysis

Particulars	FY14	FY15	FY16E	FY17E
Earning Ratios (%)				
EBITDA Margin (%)	11.7%	16.1%	17.3%	17.5%
PAT Margins (%)	4.7%	9.4%	10.8%	10.9%
ROCE (%)	12.2%	19.8%	22.9%	22.3%
ROE (%)	23.1%	43.9%	40.7%	35.0%
Per Share Data (INR)				
Diluted EPS	2.7	6.7	8.4	9.8
Cash EPS (CEPS)	1.0	4.5	6.3	7.2
BVPS	13.2	17.5	24.1	32.3
Valuation Ratios (x)				
P/E	10.3	35.0	21.0	18.0
Price/BVPS	2.1	13.4	7.3	5.5
EV/Sales	0.8	3.5	2.5	2.2
EV/EBITDA	7.0	22.0	14.4	12.7
Dividend Yield (%)	0.9%	0.8%	1.2%	1.1%
Balance Sheet Ratios				
Debt - Equity	1.7	1.2	0.8	0.8
Current Ratio	3.2	3.5	5.3	5.6
Fixed Asset Turn. Ratios	8.2	10.3	13.3	12.1

Notes:

The above analysis and data are based on last available prices and not official closing rates. SKP Research is also available on Bloomberg, Thomson First Call & Investext Myiris, Moneycontrol, Tickerplant and ISI Securities.

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