

Incorporated in 1986, Century Plyboards India Ltd (CPIL) is the largest domestic player in the plywood and decorative veneers space in the organized plywood market, catering to both residential as well as commercial consumers.

Key Events

Well-diversified product portfolio:

The company possesses one of the widest and diversified product portfolio ranging from plywood, MDF, laminates, veneers, among others, catering to 78% of plywood market demand. It is the third largest laminate player with over 650 designs available across price points and application types and enjoys a unique brand identity as the market leader, with offerings that are considered industry benchmark. After becoming a dominant player in the plywood & laminates space, the company expanded its product portfolio in other segment of the wood panel industry like particle boards, MDF and composite boards, among others. This has led the company to become a one-stop interior products brand.

Strong brand equity with a wide spread distribution network:

CPIL enjoys strong brand recall in both Plywood & Laminates. CPIL is a leading player in the plywood market in India with a market share of ~25% in the organized plywood industry and an aggregate capacity of 2,10,000 cubic metres (cbm) per annum. The company is also the third largest manufacturer of laminates in India with a capacity of 4.8 mn sheets. CPIL spends around 3-4% of its revenue on ad spends to increase brand visibility. Its consistent focus on innovation has further strengthened its brand equity. Besides, it has a robust distribution network with 31 marketing offices covering over 630 cities and townships addressing 1,800 dealers and nearly 16,500 retailers.

On an expansion spree:

The company has scaled its capacities prudently in the past. Over the last six years, CPIL has increased its plywood capacity by 42%. The company is setting an additional facility in Punjab with a capex of Rs 64 cr (to be completed in FY19). In laminates, while the company has doubled its laminate capacity over the past five years. With its foray in the MDF segment, it is setting up a new MDF plant in Punjab with a capacity of 1,98,000 cubic metre per annum which is expected to be fully operational by Q3FY18.

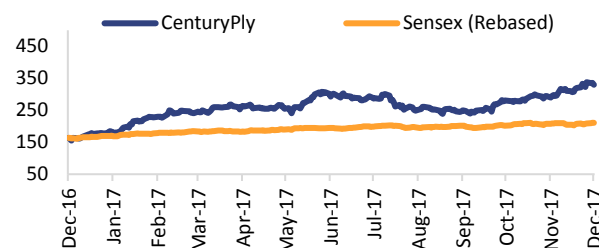
Market Data

CMP (Rs.)	339
Face Value (Rs.)	1
52 week H/L (Rs.)	354/169
Decline from 52WH (%)	4.2
Rise from 52WL (%)	100.6
Beta	0.4
Mkt. Cap (Rs.Cr)	7,545
Enterprise Value (Rs.Cr)	8,082

Fiscal Year Ended

	FY15	FY16	FY17
Net sales (Rs.Cr)	1,588	1,641	1,819
Adj. profit (Rs.Cr)	149	169	190
EPS (Rs.)	6.7	7.6	8.6
P/E (x)	50.6	44.7	39.6
P/BV (x)	19.4	14.3	10.6
ROE (%)	43.7	36.8	30.6

One year Price Chart



Shareholding

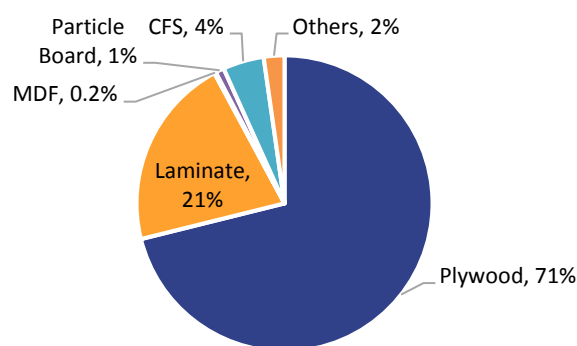
	Sep-17	Jun-17	Diff.
Promoters (%)	72.0	72.0	-
Public (%)	7.7	6.7	1.0
FII's	11.4	12.2	-
Others (%)	5.1	4.6	0.5
MFs/Insti	3.8	4.5	-0.7

Century Plyboards Ltd.: Business overview

Incorporated in 1986, Century Plyboards India Ltd (CPIL) is the largest domestic player in the plywood and decorative veneers space in the organized plywood market, catering to both residential as well as commercial consumers. The company is also the third largest laminate player with more than 650 designs available across price points. It is also engaged in manufacturing MDF, particle boards, doors, PVC boards, veneers, among others. The company markets these products through a wide spread network available across the country through 31 marketing offices covering over 630 cities and townships addressing 1,800 dealers and nearly 16,500 retailers. Besides, it also caters to global markets by exporting its range of premium products to over 20 countries.

The Company is also engaged in container freight station (CFS) business that includes managing container freight stations (India's first privately-held CFS at the Kolkata Port).

Century Plyboards' revenue mix



Source: Company, In-house research

Well-diversified product portfolio straddling across segments

The company over the years has broadened its product portfolio from a focused premier plywood player to a manufacture of laminates (third-largest laminate producer in the country with several design variants), veneers, MDFs, blockboards and doors, making it a one-stop destination for interior infrastructure products. As a result, the company enjoys attractive premium over competitors for its plywood products. Further the company has cubic metre particle board manufacturing facility at a entered into the particle board business by commissioning a 54,000 capex of Rs.60 cr in FY17 and reported gross revenues of ~Rs. 25 cr in FY17. This further reinforcing its reputation as a one-stop panel products shop.

Centuryply's brands across products

Plywood	• CenturyPly • CenturyPly Architect • CenturyPly Marine • CenturyPly Elasto • CenturyPly 710+ BWP Marine • Sharonply • Maxima • Century Win MR • Sainik • Technopine • Fire Safe
Laminates	• CenturyLaminates • Starline • Monocore • CenturyVenLam
Veneers	• NatzuraWoods • SenzuraStyles
Blockboards	• Sainik • Century Club Prime • Century 710+ • Maxima • Technopine
Doors	• Architect Door • Club Prime • Pro • Sainik • Hector WPC Doorframes • Technopine
Prelams	• CenturyPrelams
FaceVeneers	• Century FaceVeneers
New-age products	• Starke (PVC Sheets) • Zykron (Fibre Cement Board)

Source: Company, In-house research

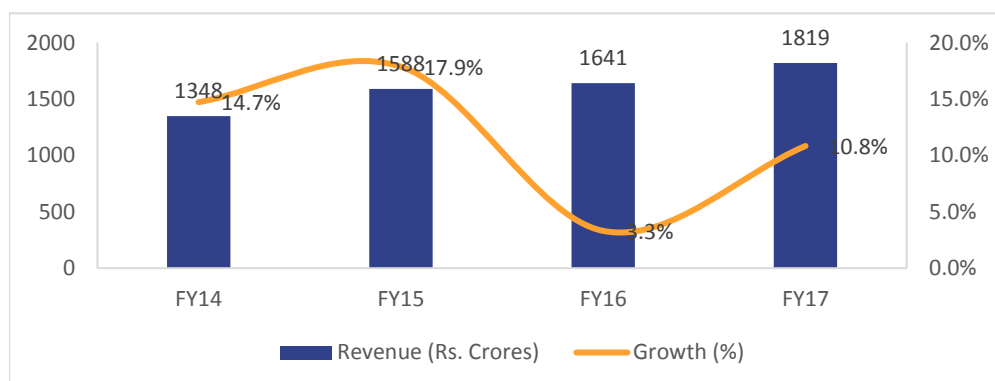
Strong brand recall

Centuryply enjoys a strong brand recall with a sturdy market share of 25% in the domestic organised plywood market. The company spends around 3-4% of its revenue on ad spends to increase brand visibility. Further its robust distribution network also drives its brand equity. After entering into the business of laminates in 2004, it has since emerged as a leading domestic player with its specialised technology that makes laminates extra-resistant to scratches and abrasions. Besides, Centuryply products are known for their colour-fastness and bonding properties across available substrates. The company has further extended its strength towards panel products like particle boards, MDF and composite boards, among others indicating its sharp focus on innovation. The company's spending on advertisement & promotion has grown at a CAGR of 12% over FY13-17.

Financial Performance

CPIL's overall revenue has grown at a CAGR of ~11% over FY14-17 primarily driven by healthy growth in volumes mainly in the laminates business. While, Plywood business volumes has grown at a modest 4% CAGR over FY14-17, laminates business volumes witnessed a tremendous growth of 19% during the same period. As a result, the company's revenue from both plywood & laminates business grew by 10% & 17% respectively over FY14-17.

Revenue performance trend



Source: Company, In-house research

Balance Sheet (Consolidated)

(Rs.Cr)	FY15	FY16	FY17
Paid up capital	22	22	22
Reserves and Surplus	367	507	693
Net worth	389	529	715
Minority interest	6	9	12
Total Debt	514	464	605
Other non-current liabilities	3	1	1
Total Liabilities	912	1,003	1,332
Total fixed assets	245	319	556
Capital WIP	33	39	55
Goodwill	0.2	0.3	0.3
Investments	0.4	0.2	0
Net Current assets	562	539	619
Other non-current assets	65	39	35
Deferred tax assets (Net)	6	65	67
Total Assets	912	1,003	1,332

Cash Flow (Consolidated)

Y/E (Rs. Cr)	FY15	FY16	FY17
Net profit/loss before tax & extraordinary items	180	200	245
Net cashflow from operating activities	149	293	221
Net cash used in investing activities	13	(139)	(304)
Net cash used from financing activities	(157)	(153)	112
Net inc/dec in cash and cash equivalents	4	1	28

Profit & Loss Account (Consolidated)

(Rs.Cr)	FY15	FY16	FY17
Total Operating income	1,588	1,641	1,819
Expenses	1,333	1,351	1,507
EBITDA	256	289	312
Depreciation	48	47	59
EBIT	207	242	253
Interest Cost	46	48	30
Other income	18	6	23
Profit before tax	180	200	245
Tax	30	30	51
PAT	150	170	193
Minority Interest	1	1	3
P/L from Associates	-	-	-
Adjusted PAT	149	169	190
E/o income / (Expense)	-	-	-
Reported PAT	149	169	190

Key Ratios (Consolidated)

	FY15	FY16	FY17
EBITDA Margin (%)	16.1	17.6	17.2
EBIT Margin (%)	13.1	14.7	13.9
NPM (%)	9.4	10.3	10.5
ROE (%)	43.7	36.8	30.6
ROCE (%)	25.1	26.0	23.6
EPS (Rs.)	6.7	7.6	8.6
P/E (x)	49.3	43.5	38.6
BVPS (Rs.)			
P/BVPS (x)	18.9	13.9	10.3
EV/EBITDA (x)	30.6	26.9	25.3



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