

Greenply Industries (GREIN)

₹ 175

Numero uno player in MDF space...

Greenply Industries (GIL) is a leading plywood player (~26% market share) and a market leader in the MDF segment (30% market share) in the organised segment of the wood panel industry. With a strong pan-India presence, well entrenched distribution network, GIL is likely to ride the transition towards the organised space with expected roll-out of GST. Consequently, we expect topline/bottomline to grow at 11.5%/16.5% CAGR, respectively, in FY16-18E. Hence, we initiate coverage on GIL with a BUY recommendation and target price of ₹ 225 (16x FY18E EPS).

Structural movement towards organised pie...

While the movement toward the organised segment has been slow (share of organised pie has improved to 25% only in CY14 vs. 20% in CY10), we expect organised pie to grow bigger post roll out of GST as it is expected to narrow down pricing difference between organised unorganised to 5-7% from 15-20% currently with elimination of tax inefficiencies. GIL, being the leading player in plywood, MDF space along with a lean balance sheet (net debt to equity at ~0.5x currently) is likely to be a key beneficiary.

Asset light model with better utilisation to improve plywood RoCE...

GIL is a leading organised plywood player (~26% market share) with a capacity of 32.4 MSM, 129600 CBM, currently operating at full capacity. Going ahead, the company is looking to improve capacity utilisation to 115% with optical product size mix and follow an outsourcing model (35-40% RoCE in outsourcing vs. 18-20% in own manufacturing) to cater incremental demand. Consequently, we expect RoCEs of the plywood division to improve to 19.4% in FY18E vs. 16.3% in FY15.

Solidifying its numero uno position in MDF division ...

GIL is the numero uno player in MDF (~30% market share) with capacity of 1,80,000 CBM. We anticipate MDF division revenues will grow at 10.3% CAGR to ₹ 586.3 crore in FY16-18E. GIL is also setting up capacity of 3,60,000 CBM in AP (estimated cost: ₹ 700-750 crore) and is expected to be commissioned in H2FY19 providing a fillip to revenues post FY18E.

GIL to benefit from transition towards organised pie; initiate with BUY

At the CMP, GIL is trading at 12.4x FY18E EPS. With its strong brand presence, well established distribution network coupled with increasing brand aspiration, the company is all set to ride the structural shift towards the organised market with expected GST implementation. Going ahead, we anticipate GIL's topline/bottomline will grow at a CAGR of 11.5%/16.5%, respectively, in FY16-18E with a comfortable balance sheet. Hence, we initiate coverage on GIL with a **BUY** recommendation.

Exhibit 1: Financial Summary

(₹ Crore)	FY15	FY16E	FY17E	FY18E
Net Sales	1564.3	1633.3	1826.8	2032.0
EBITDA	204.3	243.1	277.9	316.2
Net Profit	121.8	125.5	148.4	170.4
EPS (₹)- Diluted	10.1	10.4	12.3	14.1
P/E (x)	17.3	16.8	14.2	12.4
Price/book (x)	4.4	3.5	2.9	2.4
EV/EBITDA (x)	11.8	9.8	8.6	8.4
RoCE (%)	18.3	19.3	19.1	16.6
RoE (%)	25.2	20.9	20.1	19.0

Source: Company, ICICIdirect.com Research

Rating matrix		
Rating	:	Buy
Target	:	₹ 225
Target Period	:	12-18 months
Potential Upside	:	29%

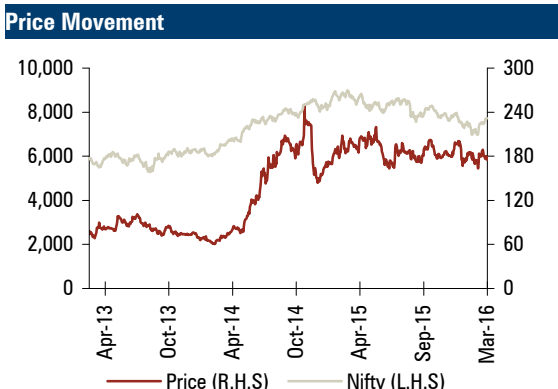
YoY Growth (%)			
(%)	FY16E	FY17E	FY18E
Net Sales	4.4	11.8	11.2
EBITDA	19.0	14.3	13.8
Net Profit	3.0	18.2	14.8
EPS (₹)	3.0	18.2	14.8

*FY15 numbers not comparable due to demerger

Valuation summary				
(x)	FY15	FY16E	FY17E	FY18E
P/E	17.3	16.8	14.2	12.4
Target P/E	22.3	21.6	18.3	15.9
EV / EBITDA	11.8	9.8	8.6	8.4
P/BV	4.4	3.5	2.9	2.4
RoNW (%)	25.2	20.9	20.1	19.0
RoCE (%)	18.3	19.3	19.1	16.6

Stock data	
Particular	Amount (₹ crore)
Market Capitalization	2,111.9
Total Debt	272.0
Cash	7.2
EV	2,376.7
52 week H/L (₹)	226 / 152
Equity capital	12.1
Face value (₹)	1.0

Comparative Return Matrix (%)				
(%)	1M	3M	6M	12M
Greenply Industries	2.6	(5.2)	2.6	(7.1)
Century Plyboard	15.0	(3.4)	6.1	(31.1)
Archidply Industries	14.9	(16.2)	15.1	81.2
Sarda Plywood	2.7	(2.6)	24.8	28.7



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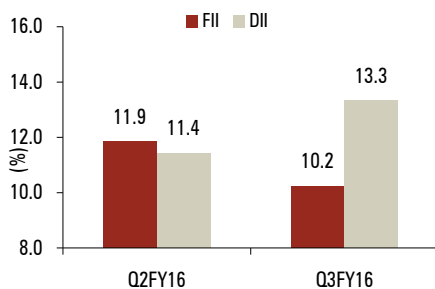
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Shareholding pattern (Q3FY16)

Shareholder	Holding (%)
Promoter	55.0
FII	10.2
DII	13.3
Others	21.4
Total	100.0

Source: BSE Filing, ICICIdirect.com Research

Shareholding pattern (Q3FY16)



Source: BSE Filing, ICICIdirect.com Research

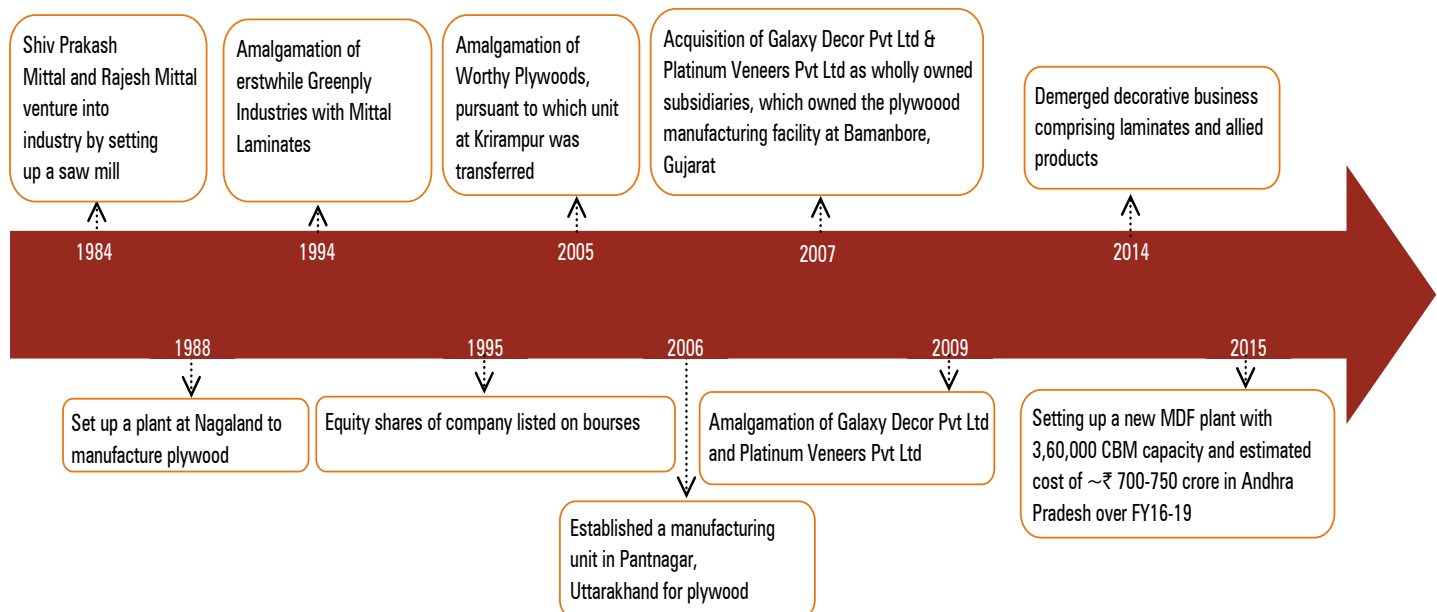
Company background

Incorporated in 1984, Greenply Industries (GIL) is a leading player in the organised plywood and medium density fibreboard (MDF) market. The company has a strong pan-India presence with 33 plywood branches and 15 MDF branches. GIL has a distributor and stockist strength of 1170 and 600 in the plywood and MDF segments, respectively. This strong brand presence helps it to increase its market penetration in this highly fragmented wood panel industry. In 2014, the company demerged its decorative business comprising laminates and allied products into Greenlam Industries, mainly to focus on its plywood and MDF business.

Over the past two decades, GIL has grown significantly resulting in 26% market share in the organised plywood market and 30% market share in the domestic MDF industry. Furthermore, the company's strong brand presence and a well entrenched distribution network have helped GIL to evolve with changing times and cater to rising customer expectations. Moreover, to support its growth, GIL has built four plywood manufacturing facilities across the country with total capacity of 1,29,600 cubic metre (CBM) and an MDF facility with capacity of 1,80,000 CBM. With MDF demand on the rise, the company is undertaking a greenfield expansion to build an MDF facility in Andhra Pradesh with an annual capacity of 3,60,000 CBM.

The company entered into a joint venture with a Singapore based company to control and run a veneer manufacturing facility in Myanmar in the wake of the expected ban on timber export by the Myanmar government. The subsidiary commenced production of commercial veneers in October, 2014. It has over 16 brands under it viz. - Greenply Plywood, Optima Red, Ecotec, Green Panelmax, Green Floormax, etc.

Exhibit 2: Greenply Timeline...



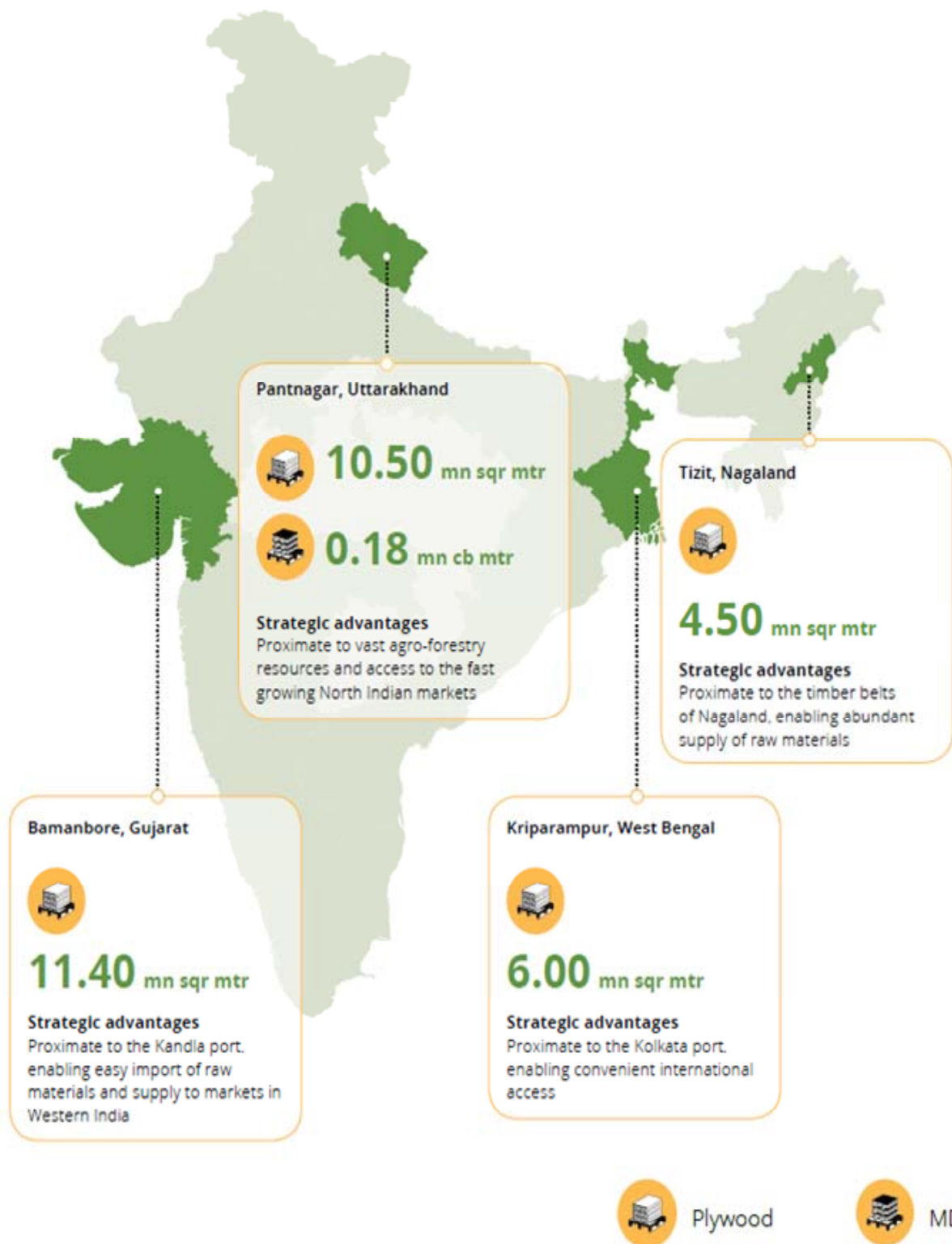
Source: Company, ICICIdirect.com Research

Exhibit 3: GIL - Segmental view...

	Plywood	MDF
Capacity	1,29,600 CBM / 32.4 MSM	1,80,000 CBM
Average realisation (FY15)	₹ 62468/CBM / ₹ 241/ sq. mt.	₹ 25238/CBM
Revenue share (As on FY15)	~74% ₹ 1152 crore	~26% ₹ 409 crore
Capacity utilisation (As on FY15)	102%	90%
Distribution reach	33 branches, 1170 distributors and stockist, retailer network of 6000	15 branches, 600 distributors and stockist, retailer network of 4000
Demand drivers	Housing demand, corporate offices	Ready to move office furnitures, modular kitchens
Competitors	Century Ply, Sarda, Archidply, Uniply	Rushil Décor, Action Tesa, Mangalam, Shirdi Ind

Source: Company, ICICIdirect.com Research
 MSM: million square metre;
 CBM: cubic metre

Exhibit 4: Strategically located manufacturing facilities...



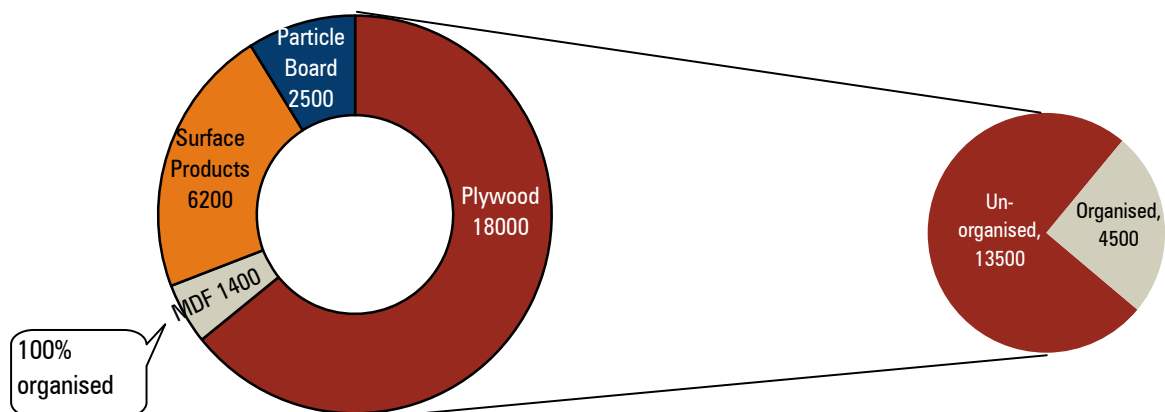
Source: Company, ICICIdirect.com Research

Indian wood panel industry overview

The Indian wood panel industry is pegged at ~₹ 28500 crore. The industry primarily consists of materials used to make furniture. They include: plywood, surface products (laminates and veneer) and engineered products (MDF & particle board). While plywood and MDF form the backbone material for furniture, laminates and veneers are used for decorative purposes.

Going ahead, the foremost demand drivers for the industry would be higher disposable income, rising urbanisation and growth of the real estate sector, particularly in Tier II and Tier III cities.

Exhibit 5: Wood panel industry



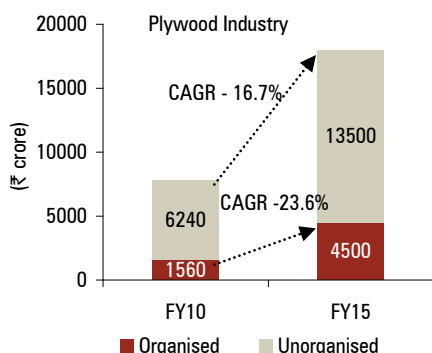
Source: Company, ICICIdirect.com Research

Note: All figures are indicative since, one of the major market segment i.e. plywood segment is highly unorganised

Top 5 plywood players in organised space

Company	Revenue (FY15)
Greenply	1152.1
Century Plyboard	1147.1
Archidply	260.1
Sarda	203.4
Uniply	107.4

Source: Company, ICICIdirect.com Research



Source: Company, ICICIdirect.com Research

Plywood industry

Plywood comprises several thin layers of wooden veneers stacked one over the other. Core veneer is abundantly available from domestic sources while face veneer is imported from countries like Myanmar, Laos, Indonesia, Vietnam, Thailand, China, etc. The chemicals are either imported or procured domestically depending on their prices.

The Indian plywood industry is pegged at ₹ 18000 crore. As seen in the wood panel industry, the plywood industry is also dominated by unorganised players, which account for ~75% share worth ₹ 13500 crore. The organised pie comprises only ~25% of the plywood market worth ₹ 4500 crore and has been increasing steadily at 11.6% CAGR in FY10-15 vs. the unorganised plywood industry, which is growing at a slower pace of 5.4% CAGR during the same period. Going ahead, with the implementation of GST, organised players would be able to capture more market share from unorganised players.

The industry has come a long way and has been expanding its product base since inception. Apart from well known types of plywood like commercial, waterproof and marine plywood, various new products have come into the market. They include: flexible, fire-retardant and structural plywood.

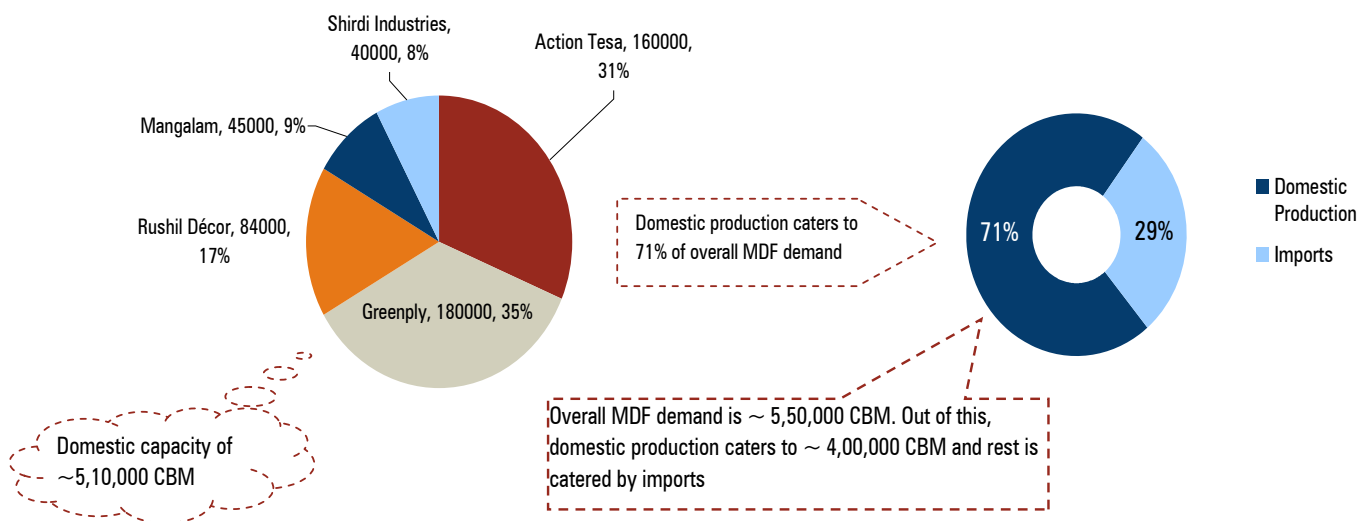
Exhibit 6: New plywood products...

New Plywood Products	Feature
Flexible	This type of plywood is not stiff and can be easily rolled up. Useful for creating rounded shapes in furniture
Fire retardant	The surface of this type of plywood is treated with chemicals that delay the burning process of wood. Used where fire risks have to be reduced. eg: Restaurant Kitchens, shopping malls, public theatres
Structural	It is suitable for construction applications where structural stability is required. Eg: Roofs, wall cabinets, etc

Source: Company, ICICIdirect.com Research

MDF Industry

Exhibit 7: MDF industry snapshot



Source: Company, ICICIdirect.com Research

Top 4 MDF players

Company	Revenue (FY15)
Greenply	408.5
Rushil Décor	105.1
Shirdi Industries	32.3
Mangalam Timber Products	39.6

Source: Company, ICICIdirect.com Research

Medium density fibreboard (MDF) is a relatively newer type of engineered wood product, which acts as a substitute superior to cheap unorganised plywood. It comprises fine particles. Hence, its surface grain is not affected by paint. MDF is used in a variety of applications like shelves, decorative moulding, doors, furniture and laminated flooring.

The MDF industry in India accounts for a mere 5% share of the wood panel industry and is worth ~₹ 1400 crore. The industry is completely organised with only about five MDF manufacturers in India and the remaining players trading in MDF. MDF is not as strong as plywood but looks quite attractive on account of its smooth surface finish.

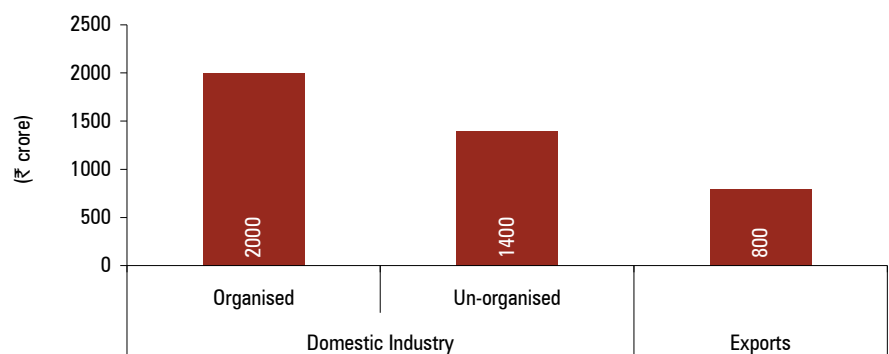
MDF has gained market share over the years with its advantages like its eco-friendly nature with 90% wood to MDF conversion ratio, its affordability and readymade product nature. Going ahead, the demand driver for the segment would be office furniture, modular kitchens, replacement of low quality plywood and increasing consumer awareness. Furthermore, the Centre's decision on fresh licensing for manufacture of plywood has led to an increasing gap between demand and supply of plywood. This could increase the use of engineered panel products and is a positive development for the MDF industry.

Surface products industry

The surface products industry in India is pegged at ~₹ 6200 crore. The industry primarily comprises laminates and decorative veneers.

Laminates: Laminates are engineered materials manufactured by using paper and chemicals as raw material. Their utilisation has extended over time from furniture and cabinetry to decorative walls. They are preferred over wood and paint for reasons of variety, aesthetics, durability and cost effectiveness. The laminate industry in India is pegged at ₹ 4200 crore of which exports comprise ₹ 800 crore. Further, within the domestic market worth ₹ 3400 crore, ~59% is organised. Major players in the organised industry include Greenlam Industries, Century Plyboards, Stylam and Merino Laminates with Greenlam being the market leader.

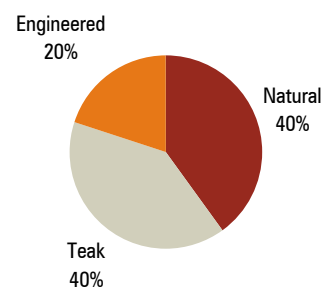
Exhibit 8: Laminates industry...



Source: Greenlam Investor presentation, ICICIdirect.com Research

Decorative veneer: Veneer is a thin layer of material, usually fine grained wood overlaid on a surface material. They can be found on everything from furniture to domestic fittings like doors and flooring, commercial fittings like fire doors, office furniture and panelling. The veneer industry is pegged at ₹ 2000 crore comprising products like natural veneer (₹ 800 crore), teak veneer (₹ 800 crore) and engineered veneer (₹ 400 crore). The natural veneer industry is dominated by organised players commanding 69% market share.

Exhibit 9: Decorative veneer industry...



Source: Greenlam Investor presentation, ICICIdirect.com Research

Top five Laminate players

Company	Revenue (FY15)
Greenlam	804.0
Merino	703.7
Century	321.3
Stylam	213.8
Rushil	163.1

Source: Company, ICICIdirect.com Research

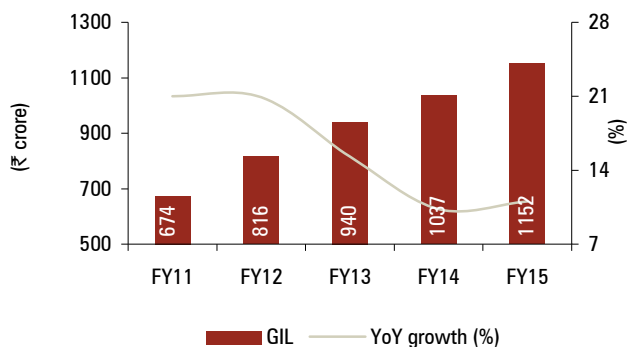
Investment Rationale

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

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

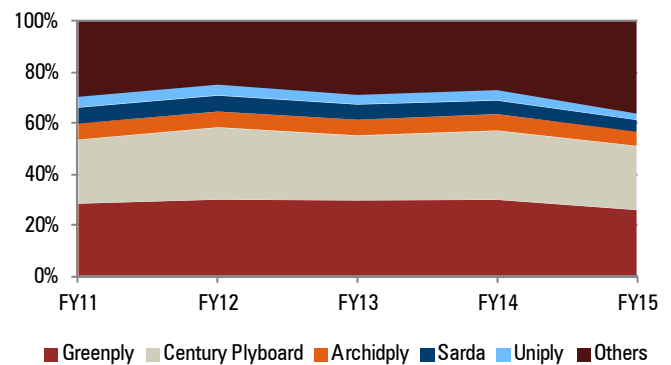
Greenply Industries (GIL) is one of the leading players in the Indian plywood industry commanding ~26% market share in the organised space. GIL's plywood revenues have grown at a CAGR of 14.3% in FY11-15. The company is well placed in the market along with Century with both together accounting for ~50% of organised market. Both companies have grown ahead of their peers due to their strong brand presence, well entrenched distribution network, balance sheet strength and raw material security enabling them to charge a premium to their peers.

Exhibit 10: Plywood net revenues & YoY growth



Source: Company, ICICIdirect.com Research

Exhibit 11: Plywood market share trend...



Source: Company, ICICIdirect.com Research

In terms of brands, over the past 31 years, GIL has been able to establish over 16 brands under its umbrella over the past 31 years to cater to the varied needs of customers at every price point. Hence, the company becomes a one-stop shop for customers with different choices. GIL provides plywood, MDF at various price points from economy segment (via its brand Ecotec) to luxury segment (via brand Green Club Plywood).

Exhibit 12: GIL's major brands

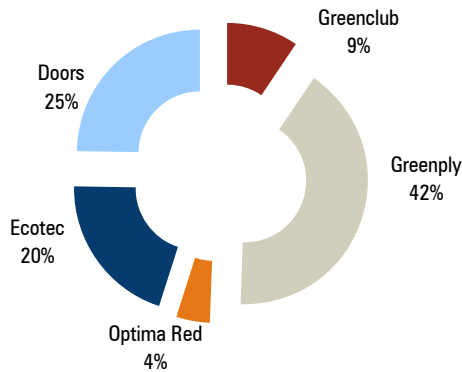


Brand	Product	Segment
Green Club Plywood	Plywood	Luxury
Greenply Plywood	Plywood	Premium
Optima Red	Plywood	Mid-premium
Ecotec	Plywood	Economy segment
Green Panelmax	MDF	
Green Floormax	Wooden Flooring	

Source: Company, ICICIdirect.com Research

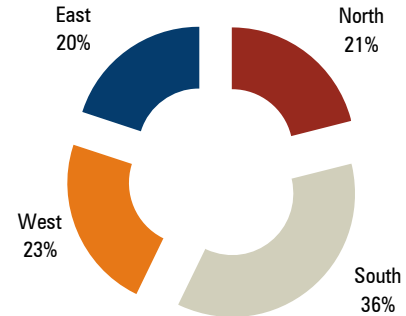
In terms of product mix, ~51% of plywood revenue is derived from the luxury and premium segment of GIL's plywood division. The company's luxury brand 'Greenclub' contributes 9% whereas its premium brand 'Greenply' contributes ~42% of plywood division revenues. In terms of regional revenue mix for the plywood segment, revenues from the southern market contributed 36% followed by western (23%), northern (21%) and eastern markets (20%).

Exhibit 13: Brand-wise plywood revenue distribution...



Source: Company, ICICIdirect.com Research

Exhibit 14: Region-wise plywood revenue distribution...

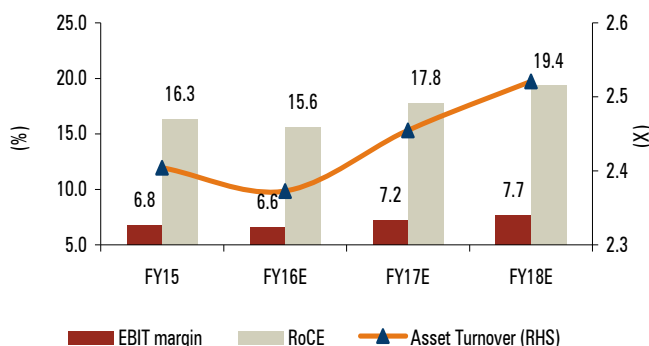


Source: Company, ICICIdirect.com Research

Asset light model with better utilisation to improve plywood division RoCEs

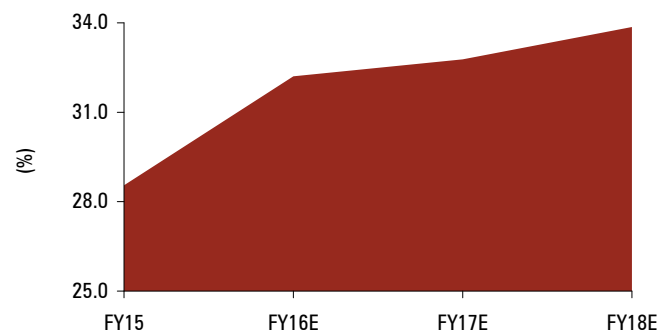
GIL is currently operating at full capacity in the plywood division. Going ahead, with the optimal use of the product size mix (with higher proportion of products of 12-19 mm size), we expect the company's capacity utilisation to improve to 115% in FY18E. Furthermore, GIL has been following an outsourcing model in its plywood segment to cater to incremental demand. In FY15, outsourcing/trading accounted for ~28% of total sales volume of 46.1 MSM. Going ahead, we expect outsourcing/trading as percentage of total sales volumes to increase to ~34% in FY18E. With better capacity utilisation coupled with higher proportion of outsourcing/trading (35-40% RoCE in outsourcing vs. 18-20% in own manufacturing), we expect the RoCE of the plywood division to improve to 19.4% in FY18E vs. 16.3% in FY15.

Exhibit 15: Plywood division RoCE, asset turnover trend...



Source: Company, ICICIdirect.com Research

Exhibit 16: Trading as percentage of sales volume



Source: Company, ICICIdirect.com Research

Myanmar JV, clonal plantations to ensure raw material sustainability...

In the past two decades, GIL has sourced timber mainly from Myanmar with the objective of peeling it, using as face veneer in manufacturing plywood. However, in April, 2014, the Myanmar government banned export of raw timber logs (though export of processed veneer is allowed). This came as a big blow to the industry as players were dependent heavily on Myanmar for sourcing face timber. However, remaining upbeat, GIL entered into a 50% JV in Myanmar with an investment of ~₹ 25 crore for veneer production to provide raw material security. The JV partner would be familiar with local laws and regulations benefiting GIL. The facility has veneer peeling capacity of 12600 CBM of which 60% is face veneer and used for captive consumption while 40% is core veneer that is sold to other players. In FY15, the subsidiary recorded a topline of ~₹ 26.7 crore with EBITDA of ₹ 3.9 crore and bottomline of ₹ 1.5 crore.

Saplings ready for plantation



A farmer's comment

My association with GIL has been rewarding. We share a win-win relationship. I use saplings provided by GIL to grow high yielding plants that the company subsequently uses to make plywood and MDF.

Consistent supply of raw materials remains key for growth of GIL's business. To achieve this, it has integrated backwards by investing in ~100 acre timber plantation that will start generating returns after a seven year gestation period. Further, GIL has already planted over 2 million clonal saplings in 2014-15 in areas around its existing manufacturing facilities. It is promoting large-scale clonal plantations of fast growing, short-rotation plywood species on marginal and degraded farm lands (that can be replenished) to meet its raw material requirements in the next 10 years. Consequently, this will not only reduce its dependence on overseas timber but also bring down its logistic costs incurred in procurement of local timber. In addition, GIL started clonal propagation of Melia Dubia, in collaboration with Rain Forest Research Institute. It is an excellent raw material for plywood production on account of its higher yield as it takes only six to seven years for it to get ready for harvest.

Exhibit 17: Clonal plantations across manufacturing facilities...

Plant location	Clones/saplings in 2014-15	
	Developed (in lacs)	Distributed/Planted (in lacs)
Pantnagar, Uttarakhand	9	5.5
Tizit, Nagaland	3	3
Bamanbore, Gujarat	-	1
Kripampur, West Bengal	-	0.5

Source: Company, ICICIdirect.com Research

Numero uno player in MDF segment...

The MDF business in India dates back to the late 1980s when Mangalam Timber Products set up an MDF plant in 1985. In 2010, when GIL entered the market, there were only two players in the MDF space viz. Nuchem (which has now shut down) and Mangalam Timber Products. In spite of entering the segment in 2010, GIL has managed to become the market leader in the MDF industry. Currently, major players in the market include Rushil Décor, Action Tesa, Mangalam and Shirdi Industries. GIL has set up an MDF manufacturing facility in Pantnagar, Uttarakhand with an annual capacity of 1,80,000 cubic metre (CBM). The MDF market in India has grown steadily over the years and has a 5% share (₹ 1400 crore) in the Indian wood panel industry. On account of MDF's advantages over other wood products and reduced price differential between MDF and cheap unorganised plywood, a shift towards MDF is seen, going forward. In a market where prices of cheap plywood are on the rise amid a strain on raw material supply from Myanmar, GIL launched its economy grade MDF 'Ecolite'. Consequently, we expect Ecolite to gain market share from cheap unorganised plywood, going ahead.

MDF board



Exhibit 18: MDF's advantages over other wood based products

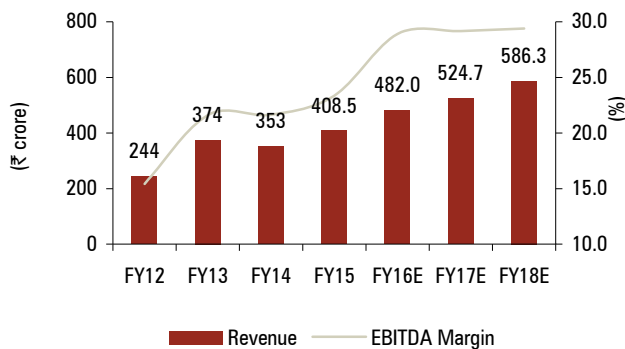
Features	Description
Flat & Dense	MDF produces a smooth surface when painted
Versatile usage	MDF can be used in various applications such as shelves, decorative moulding, doors, furniture and laminated flooring.
Eco-friendly	MDF is an eco-friendly product as the conversion ratio from wood to MDF is in excess of 90%.
Affordable	MDF is a cost-effective solution for furniture making and home building.

Source: Company, ICICIdirect.com Research

GIL's MDF business prospering...

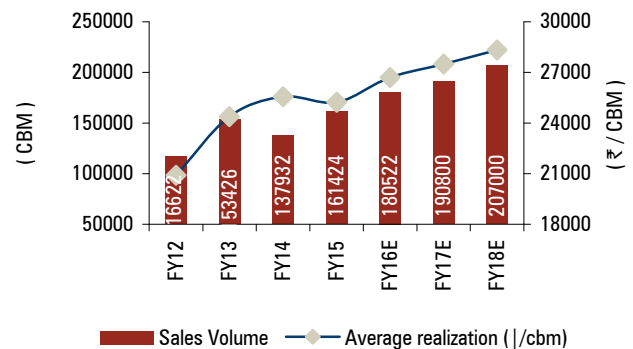
For GIL, sales volumes in MDF segment have grown at a healthy CAGR of 11.3% while revenue has grown robustly at 18.6% CAGR to ₹ 408.5 crore in FY12-15. Further, EBITDA margins have improved significantly from 15.4% in FY12 to 28.9% in 9MFY16 with the plant operating at 98% capacity utilisation. With MDF being the building material of future, we are quite confident of its growth prospects, going ahead.

Exhibit 19: MDF revenue & EBITDA margin trend...



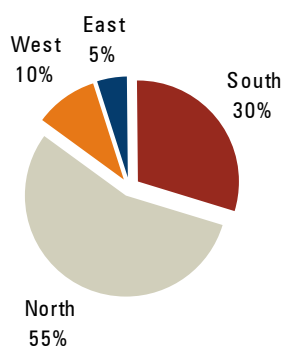
Source: Company, ICICIdirect.com Research

Exhibit 20: Sales volume & average realisation trend...



Source: Company, ICICIdirect.com Research

MDF Region wise Revenues mix (FY15)



Source: Company, ICICIdirect.com Research

Solidifying capacity in MDF division...

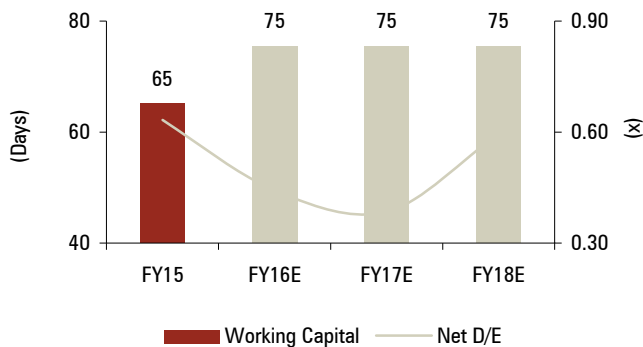
GIL currently has a pan-India presence with the northern market contributing 55% of total MDF revenue and the southern market contributing 30%. Total 55% of GIL's MDF revenue comes from the northern region as its MDF plant is located in north leading to lower freight costs. However, to cater to its southern market, it had to incur high freight costs (~13-14% of MDF revenues). As a result, GIL is commissioning a greenfield MDF facility in South at Chittoor district in Andhra Pradesh with an annual capacity of 3,60,000 CBM. Post commissioning of the new plant, freight costs will significantly reduce to ~3-4% from 13-14% making its MDF more competitive in the market.

The plant is expected to entail an investment of ~₹ 700-750 crore. It would be 60% funded via debt and 40% via internal accruals. Further, as the major equipment is to be imported from Germany, the company is planning to tie up with a German bank to meet its debt requirements. Commercial production is likely to commence in FY19E. Further, out of the ~₹ 450 crore debt to be raised, the company plans to raise ~₹ 300 crore from a German bank and ~₹ 150 crore from India. The cost of borrowing from Germany would be ~7-8% (including hedging cost) while from India it would be ~10%.

Balance sheet strength lends comfort...

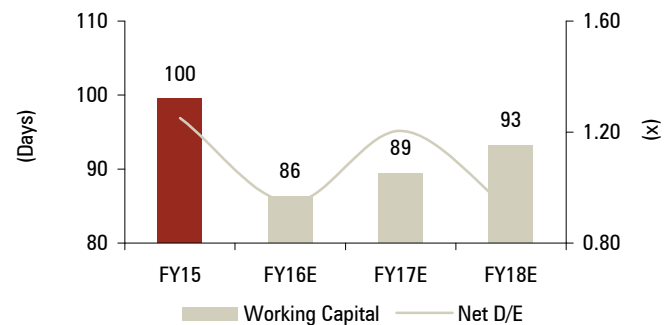
GIL has been able to keep its balance sheet under check with an improvement in working capital. The management took a conscious decision to reduce additional credit given to dealers, negatively impacting its topline. However, GIL managed to improve its working capital cycle with net working capital days at 52 days in FY15 vs. 68 days in FY14. It has reduced its debt significantly after hiving off its high debt laminates business in 2014. As a result, its net debt to equity is at 0.5x as on FY15 vs. 1.13x in FY14 and against a peak level of 1.8x in FY12.

Exhibit 21: GIL debt-equity & working capital trend...



Source: Company, ICICIdirect.com Research

Exhibit 22: CPIL debt-equity & working capital trend...



Source: Company, ICICIdirect.com Research

Greenply Wallpaper under brand Greenteriors



New business avenues...

GIL is exploring newer value-added products in the decorative segment viz. wallpaper, laminated flooring and natural veneer. The wallpaper business has a small unorganised market size of ₹ 800 crore in India. The company will be trading in wallpaper of different categories and has tied up with 10-12 manufacturers globally. Wallpapers would be imported from some US and European suppliers and will be sold under the brand 'Greenteriors'. The major entry barrier in the industry is the high design and manufacturing cost on account of which manufacturing it is unviable. So far, the wallpaper business has contributed ~₹ 2 crore to the topline in Q3FY16. Going ahead, the management aims to garner a topline of ~₹ 200 crore from this segment by FY20 with operating margins of ~23-24%. Further, the company has launched natural veneer, which is a high margin business compared to its plywood business. It is included in the plywood segment as a value added product. GIL also launched laminated flooring in its MDF segment.

GIL has a strong pan-India presence with 33 branches of plywood and 15 branches of MDF. It has a distributor and stockist strength of 1170 and 600 in plywood and MDF, respectively, giving it access to 300 cities across 21 states

Strong distribution network to boost revenues...

In the plywood industry, we have seen a constant shift in market share from unorganised players to organised players over the years. The trend is expected to continue, going forward. GIL has been a key beneficiary of this shift and has ridden this shift by leveraging its strong distribution network. It has a strong pan-India presence with 33 branches of plywood and 15 branches of MDF. It has a distributor and stockist strength of 1170 and 600 in plywood and MDF, respectively, giving it access to 300 cities across 21 states.

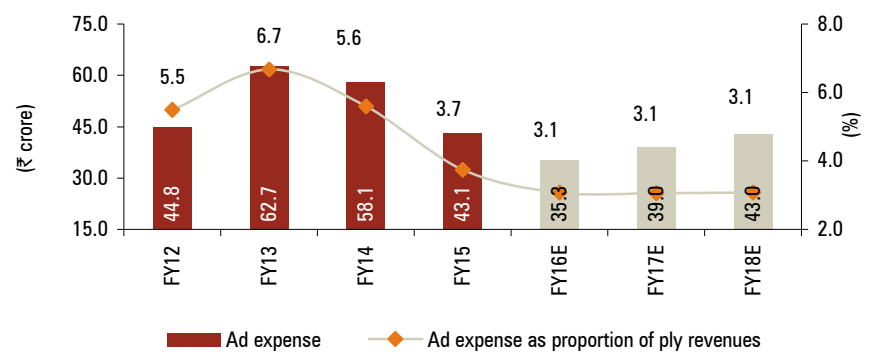
Exhibit 23: Strong distribution network...

Company	Distributors	Retailers	Branches
Greenply Industries	1770	10000	48
Century Plyboards	1500	14500	35

Source: Company, ICICIdirect.com Research

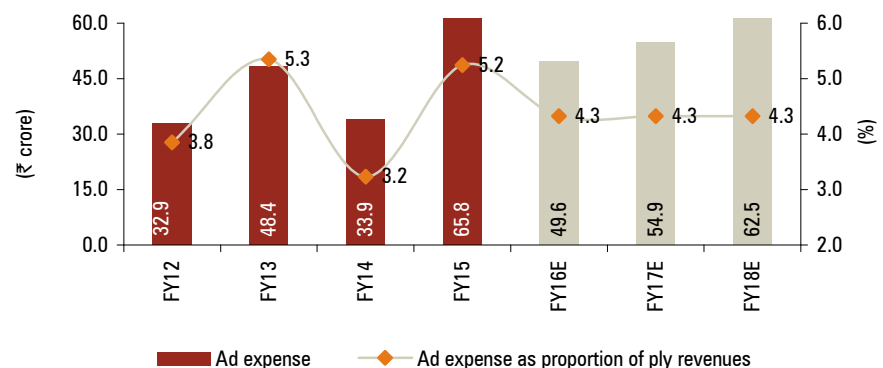
Furthermore, over the past seven years, GIL has spent over ~₹ 305 crore on advertisement and sales promotion. Consequently, the company has been able to create a strong brand equity in this highly fragmented plywood industry. In FY15, GIL's advertisement and sales promotion expense as a percentage of plywood revenues was 3.7%.

Exhibit 24: Greenply ad expense as percentage of plywood revenues...



Source: Company, ICICIdirect.com Research

Exhibit 25: Century ad expense as percentage of plywood revenues...



Source: Company, ICICIdirect.com Research

Potential growth drivers...

GST to provide level playing field to organised players...

The implementation of GST is expected to lead to a structural shift for organised players in the plywood industry. GST is expected to simplify the taxation structure and allow tax credit across the supply chain thereby making it more efficient. It is also expected to reduce the burden of taxes on the end consumer. Currently, organised players are at a disadvantage. The pricing of organised players is higher by 15-20% compared to unorganised players (refer exhibit 26 for details) as unorganised players resort to tax evasion and clandestine sales. GST is expected to benefit organised plywood manufacturers for the following reasons:-

- In the current tax structure, plywood dealers pay excise Duty @12.5% (for which they do not get input credit) and VAT @5-12.5% (for which they get input credit). Unorganised players are able to evade excise duty due to clandestine sales practices. However, once GST is implemented, excise duty is going to be replaced by central GST & VAT while other state levies are expected to be replaced by state GST. In the GST structure, the dealer is expected to get input credit for both CGST & SGST vs. only VAT in the current tax structure. This will reduce dealer cost by 10% for purchases from organised/branded plywood. Hence, the pricing gap between organised and unorganised players is expected to reduce to 5-7% vs. the current level of 15-20%
- Secondly, GST is expected to reduce the exemption limit currently enjoyed by small unorganised plywood manufacturers. Currently, unorganised plywood manufacturers are able to evade excise duty by maintaining their annual turnover below ₹ 1.5 crore. With the implementation of GST, the exemption limit for GST is expected to come down significantly to ₹ 25 lakh. This will ensure that most unorganised plywood manufacturers come under the ambit of GST thereby increasing their costs and further reducing the price gap between branded and unorganised manufacturers
- Thirdly, the committee set up by the government for GST has suggested GST (including central + state) rate of 17-18%. Currently, organised plywood players pay combined levy (excise + VAT) of ~24-25% in most states. Hence, once GST is implemented it should lead to a sharp reduction in pricing of branded players

Exhibit 26: Pricing matrix...

Type of Plywood	Organised		Unorganised	Price Differential between GIL and Unorganised player
	GIL	CPIL		
Commercial	NA	NA	68	NA
Semi-Marine	80-85	80-85	68-80	15-20%
Marine	120	125	105	15-20%

Source: Company, ICICIdirect.com Research

Exhibit 27: Illustration of GST benefits with assumed GST (central +state) rate of 18%...

Current Tax Structure		
Particulars	Organised Player	Unorganised Player
Basic Price (₹)	100.0	100.0
Excise Duty @ 12.36% (₹)	12.4	0.0
Wholesale Price (₹)	112.4	100.0
Add: Dealer Margin (₹)	25.0	25.0
Wholesale Price including Dealer Margin (₹)	137.4	125.0
Add: VAT @12.5%	17.2	15.6
Less: Input Credit for Central GST	0.0	0.0
Retail Price (₹)	154.5	140.6

Post GST Implementation		
Particulars	Organised Player	Unorganised Player
Basic Price (₹)	100.0	100.0
Central GST @ 9% (₹)	9.0	9.0
Wholesale Price (₹)	109.0	109.0
Add: Dealer Margin (₹)	25.0	25.0
Wholesale Price including Dealer Margin (₹)	134.0	134.0
Add: State GST @9%	12.1	12.1
Less: Input Credit for Central GST	9.0	9.0
Retail Price (₹)	137.1	137.1

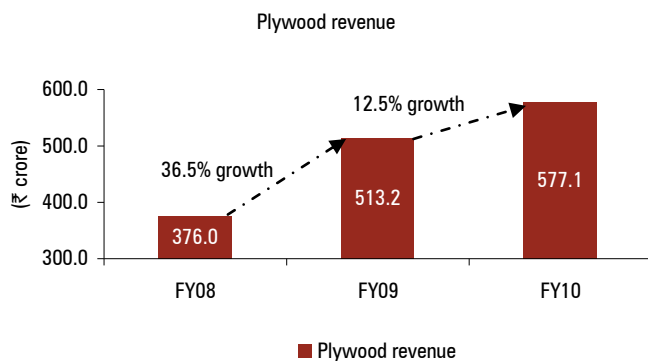
Source: Company, ICICIdirect.com Research

*currently unorganised players get away with excise through clandestine sales practices as threshold for excise duty is annual turnover of / 1.5 crore

Seventh Pay Commission to boost demand...

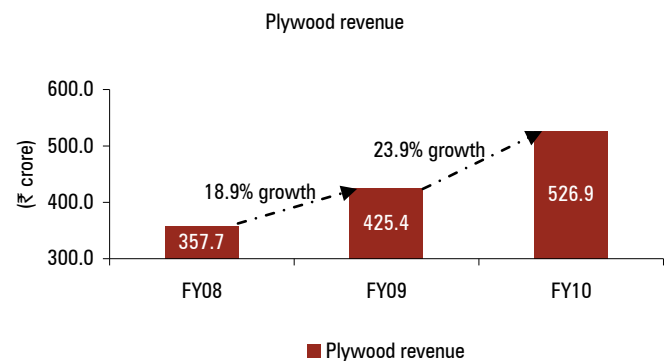
Recently, the Seventh Pay Commission has recommended an overall hike of 23.6%. This would benefit ~1.4 crore employees across the government. This should lead to higher disposable income in the hands of government employees and could lead to a spurt in demand for tiles & plywood in the building material segment. Last time, when the Sixth Pay Commission recommended a 35% salary hike, we had seen a sharp up-tick in sales volume for branded player like CPIL, GIL. GIL recorded sales growth of 36.5% & 12.5% to ₹ 513.2 crore & ₹ 577.1 crore in FY09-10, respectively. Century Plyboard reported sales growth of 18.9% & 23.9% to ₹ 425.4 crore & ₹ 526.9 crore, respectively, in FY09-10. Hence, going ahead, with a 23.6% hike in the Seventh Pay Commission, we anticipate a boost in demand for plywood players boding well for GIL, which is a leading player in the organised plywood and MDF space.

Exhibit 28: GIL plywood revenue growth post Sixth Pay Commission



Source: Company, ICICIdirect.com Research

Exhibit 29: CPIL plywood revenue growth post Sixth Pay Commission



Source: Company, ICICIdirect.com Research

GIL vs. CPIL -- Virtual duopoly in organised space.....

Top 5 Plywood players in organised space

Company	Revenue (FY15)
Greenply	1152.1
Century Plyboard	1147.1
Archidply	260.1
Sarda	203.4
Uniply	107.4

Source: Company, ICICIdirect.com Research

The Indian plywood market is currently dominated by unorganised players, which account for ~75% market share with the organised space accounting for the balance ~25% share. Major players in the organised space include GIL, CPIL, Sarda Ply, Archidply and Uniply. There is a virtual duopoly in the organised space as GIL and CPIL together command more than ~50% market share. This is on account of their strong brand presence and well entrenched distribution network, which allows them a higher customer reach.

Exhibit 30: GIL vs. CPIL

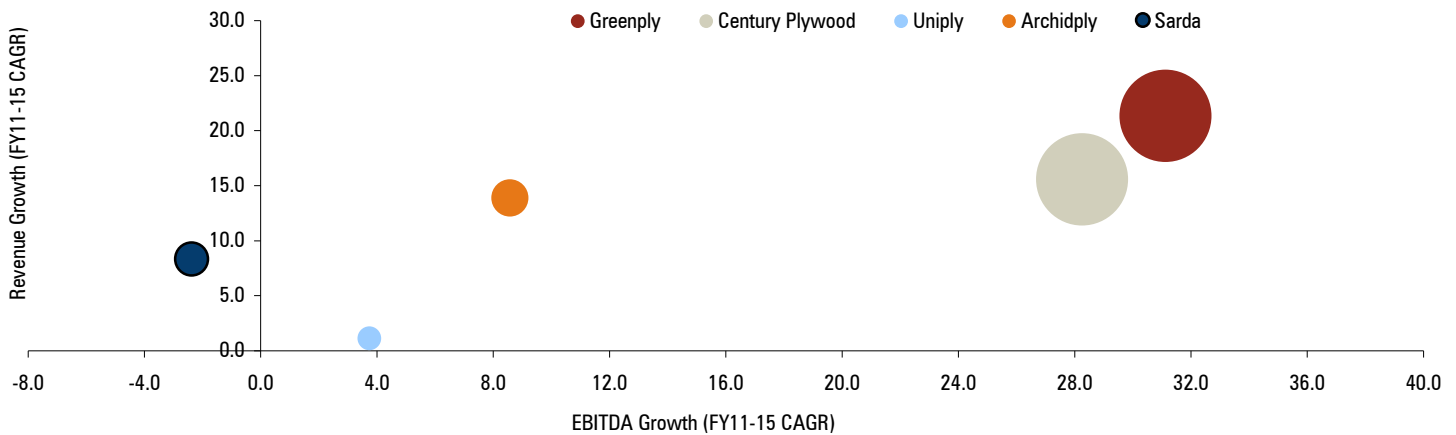
Parameters (As on FY15)		
Segments of operations	Plywood and MDF	Plywood, Laminates and Logistics
Revenue Mix	Plywood (74%) and MDF (26%)	Plywood (74%), Laminates (19%) and Logistics (5%)
Plywood division revenue	₹ 1152 crore	₹ 1147 crore
Plywood capacity details	Rudrapur: 48102 CBM Rajkot: 36748 CBM Kripampur: 29291 CBM Tizit: 18171 CBM Total: 132312 CBM	Chennai: 39420 CBM Joka: 37000 CBM Kamal: 36000 CBM Guwahti: 35000 CBM Kandla: 31000 CBM Roorkee: 25000 CBM Myanmar: 6000 CBM Total: 210000 CBM
Plywood Sales Volume	184424 CBM	198466 CBM
Capacity Utilization (%)	102	72
Plywood Realizations	₹ 62468/CBM	₹ 50907/CBM
Distribution Network	1170 Distributors 10000 Retailers 48 branches Pan India	1500 Distributors 14500 Retailers 35 branches Pan India
Advertisement spend	3.7% of plywood revenue	5.2% of plywood revenue
Plywood Brands:-		
Luxury Brand		
Premium Brand		
Midtier Brand		
Commercial Brand		

Source: Company, ICICIdirect.com Research

*CPIL uses different methodology for calculating volume which leads to a higher difference in realization. However, on a like to like basis, the difference is ~2-3%

Peer group analysis

Exhibit 31: Peer analysis

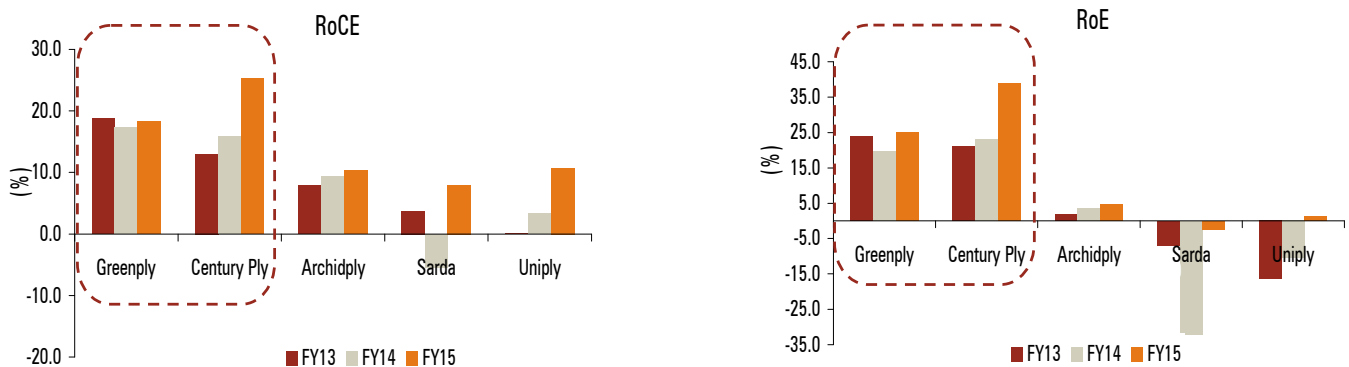


* GIL's revenues adjusted for de-merger

Source: Company, ICICIdirect.com Research

GIL has performed well among its peers in FY11-15. It posted robust revenue growth of 21.3% CAGR from ₹ 719.9 crore in FY11 to ₹ 1560.6 crore in FY15.

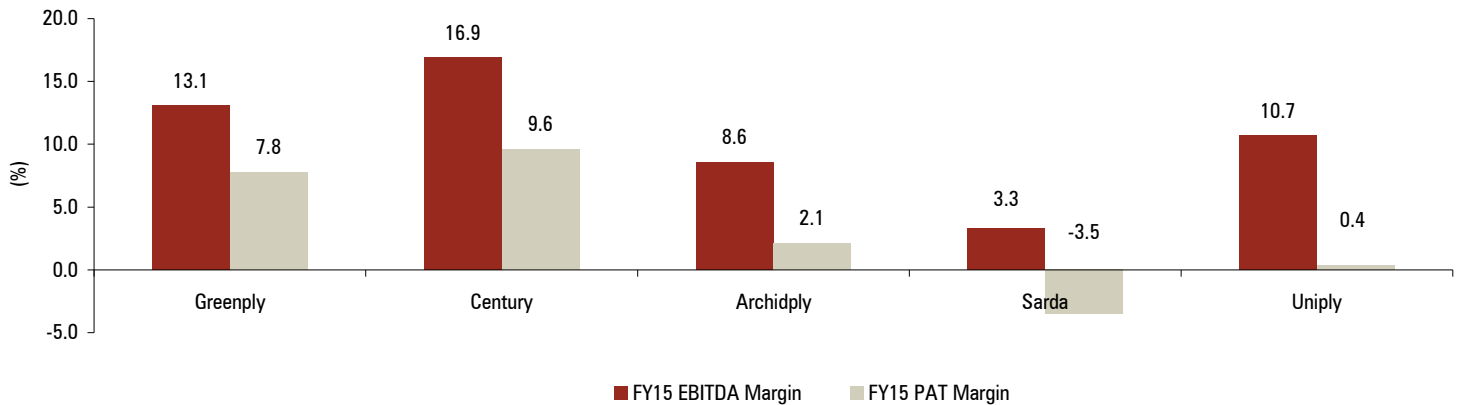
Exhibit 32: Return ratios....



Source: Company, ICICIdirect.com Research

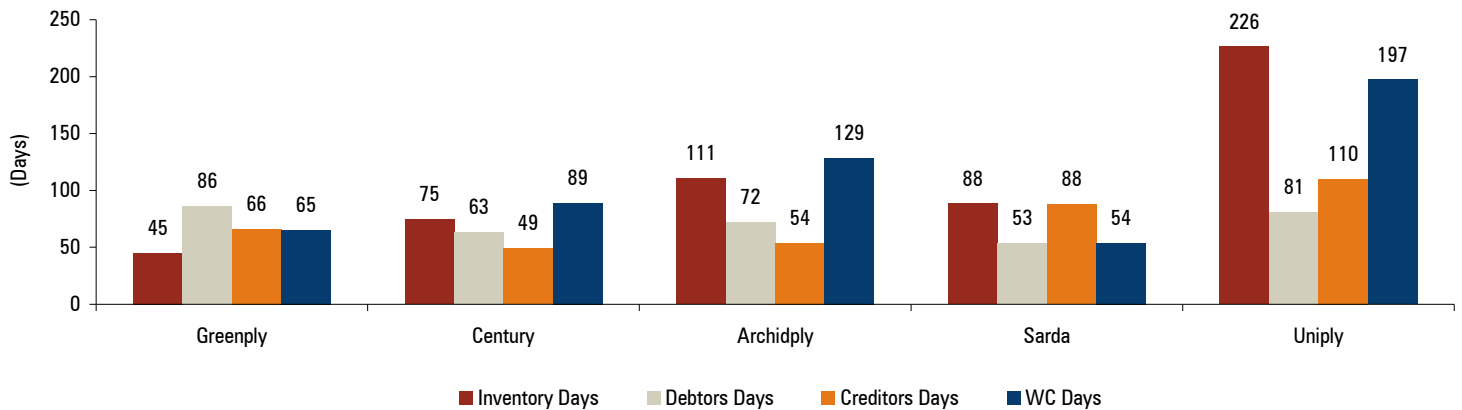
GIL and Century Ply lead the industry with superior return ratios in comparison to their peers given their better topline and bottomline show coupled with better balance sheet control through WC management.

Exhibit 33: EBITDA & PAT margin...



Source: Company, ICICIdirect.com Research

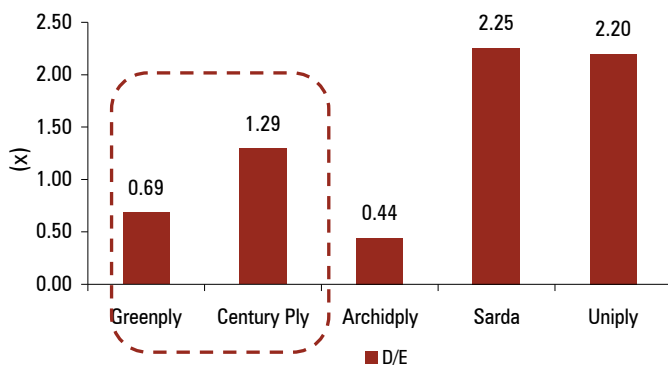
Exhibit 34: Working capital comparison in FY15...



Source: Company, ICICIdirect.com Research

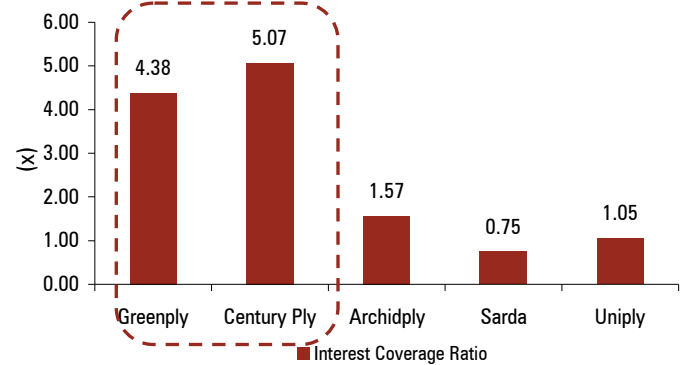
Post de-merger of its laminates business, GIL has been able to reduce its debt-equity ratio significantly from 1.2x in FY14 to 0.67x in FY15. It is well below its peers.

Exhibit 35: Debt-equity comparison in FY15...



Source: Company, ICICIdirect.com Research

Exhibit 36: Interest coverage comparison in FY15...



Source: Company, ICICIdirect.com Research

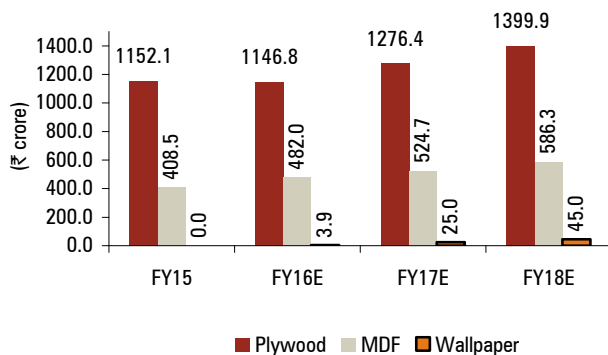
Financials

Revenues to grow at 11.5% CAGR in FY16E-18E...

We expect GIL's standalone revenues to grow at a CAGR of 11.5% to ₹ 2031.2 crore in FY16E-18E

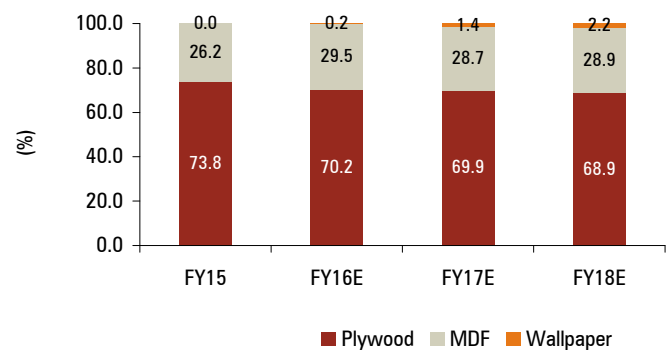
GIL's strong brand presence, robust distribution network, raw material security and a shift in preference of the public towards the organised space can boost GIL's revenues, going ahead. Further, MDF's advantages over other wood-based products could lead to a demand shift towards the MDF segment. We expect MDF revenues to grow at 10.3% CAGR to ₹ 586.3 crore in FY16E-18E. Though we have built in modest growth, we expect a significant growth in revenues post commissioning of its new MDF capacity in FY19E. Further, GIL's plywood revenues are expected to grow at 10.5% CAGR in FY16E-18E amid a tepid demand environment. Consequently, we expect GIL's standalone revenues to grow at a CAGR of 11.5% to ₹ 2031.2 crore during FY16E-18E.

Exhibit 37: Segmental revenue trend...



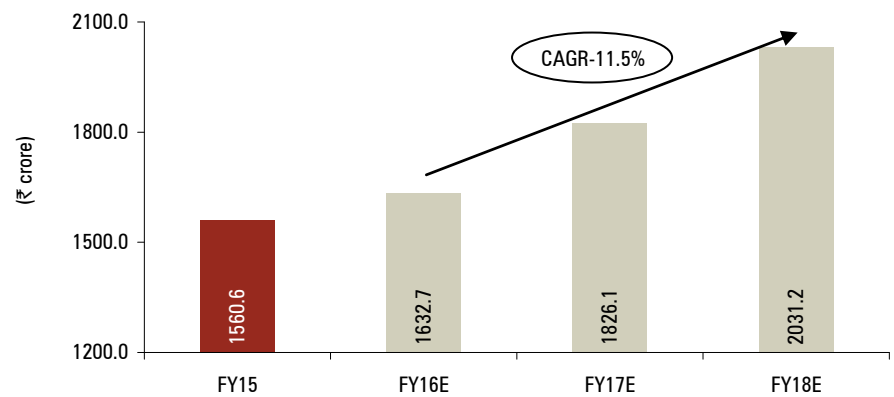
Source: Company, ICICIdirect.com Research

Exhibit 38: Percentage revenue contribution of segments



Source: Company, ICICIdirect.com Research

Exhibit 39: Standalone revenue trend...



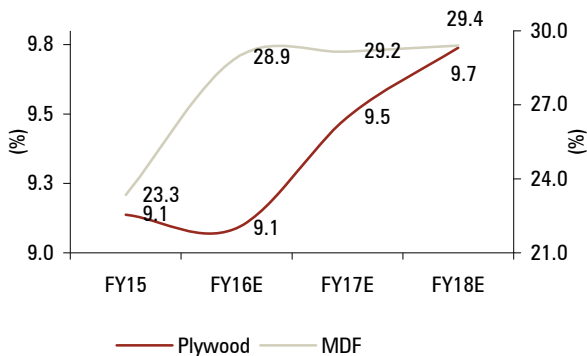
Source: Company, ICICIdirect.com Research

We expect a 70 bps expansion in margin to 15.6% in FY18E from 14.9% in FY16E

EBITDA margin to expand 70 bps by FY18E...

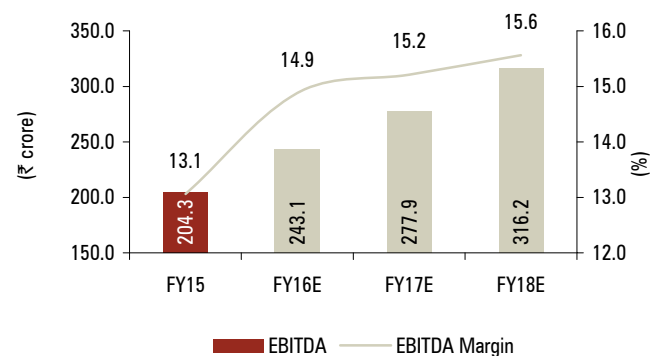
The EBITDA margin for the MDF division is expected to expand 560 bps YoY to 28.9% in FY16E due to a change in GIL's product mix with the MDF division expected to contribute 29.5% of total revenues in FY16E vs. 26.2% in FY15. Consequently, it is expected to lead to a 180 bps YoY expansion in overall EBITDA margin to 14.9% in FY16E. However, going ahead, we expect MDF margins to remain at similar levels with MDF capacity operating at peak utilisation levels. Therefore, we expect a 70 bps expansion in margins to 15.6% in FY18E from 14.9% in FY16E.

Exhibit 40: Segmental EBITDA margin trend...



Source: Company, ICICIdirect.com Research

Exhibit 41: EBITDA margin trend...



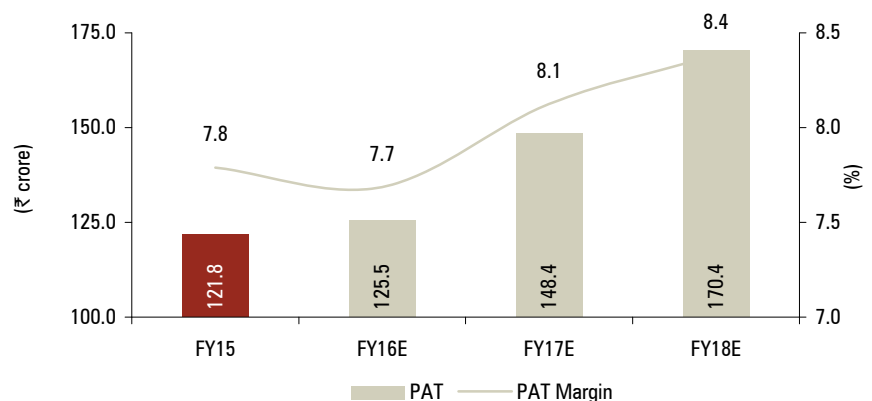
Source: Company, ICICIdirect.com Research

We expect the bottomline to grow at 16.5% CAGR in FY16-18E on the back of moderate topline growth and stable margins

PAT to grow at 16.5% CAGR in FY16E-18E...

The gross debt of GIL reduced significantly post de-merger of its high debt decorative business. This led to a significant reduction in interest expenses. However, several GIL plants are going to lose tax benefits in FY16E, FY17E leading to a higher tax outgo, going ahead. Hence, with moderate topline growth and stable margins, we expect the bottomline to grow at 16.5% CAGR to ₹ 170.4 crore in FY16-18E.

Exhibit 42: PAT growth trend...

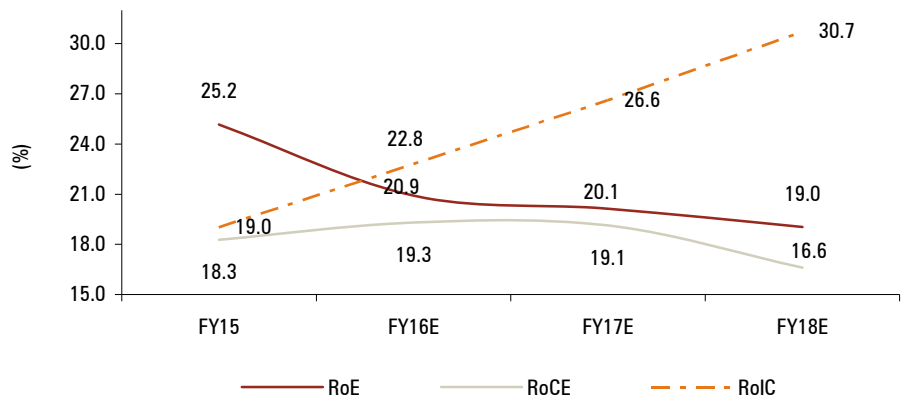


Source: Company, ICICIdirect.com Research

Return ratios to moderate...

Given the MDF capex lined up with significant investment in FY17E and FY18E, we expect RoCEs to drop from 19.3% in FY16E to 16.6% in FY18E. Consequently, we expect RoICs to improve to 30.7% in FY18E from 22.8% in FY16E. However, with several GIL plants losing tax benefits in FY16E, FY17E leading to a higher tax outgo, we expect a drop in its RoE in FY16 to 20.9%. Going ahead, we expect its RoE to moderate to 19.0% in FY18E.

Exhibit 43: Return ratio trend...



Source: Company, ICICIdirect.com Research

Risks & Concerns

Tax, excise duty exemptions to end at certain facilities...

GIL enjoys tax benefits and excise duty exemptions at its manufacturing units in Nagaland and Uttarakhand (plywood & particle board unit and MDF unit). However, at some locations, these benefits are either being phased out or reducing, going ahead. Consequently, it is expected to lead to a higher tax outgo impacting GIL's bottomline negatively. Though we have already factored in a higher tax rate of 25% in FY16E, 28% in FY17E and 30% in FY18E vs. 13.8% in FY15E, any higher-than-expected tax implication may impact its earnings growth significantly.

Exhibit 44: Tax, excise duty benefits...

Plant	Product	Benefits
Tizit, Nagaland	Plywood	100% corporate tax exemption from FY06-15. Excise duty exemption from FY16-25
Pantnagar, Uttarakhand	Plywood	100% corporate tax exemption for FY07-11 30% corporate tax exemption for FY12-16. Excise duty exemption for FY07-16
Pantnagar, Uttarakhand	MDF	100% corporate tax exemption for FY10-14 30% corporate tax exemption for FY15-19 Excise duty exemption till FY20

Source: Company, ICICIdirect.com Research

Lack of raw material availability...

The industry procures majority of its raw material from Myanmar as well as countries like Vietnam, Indonesia, Thailand, Germany, etc. We believe the biggest risk for GIL as well as industry is their inability to procure raw material on the back of any unforeseen regulation in the respective jurisdiction e.g. Myanmar's ban on raw timber export. However, we believe GIL is well placed in terms of raw material security after setting up a peeling unit in Myanmar to facilitate the sourcing of face veneers. Any such respective jurisdiction changes in regulation may impact GIL's business significantly.

Delay in GST implementation...

GST will be a huge positive for GIL as it would bring in a shift of consumers from the unorganised to organised space with a reduction in the price differential, going ahead. GST will address inefficiencies in the current tax system. However, any delay in implementation of GST could impact GIL, as it would be difficult for GIL to gain market share, going ahead.

Slowdown in real estate...

The real estate sector has been a key driver for the wood panel industry generating huge demand from the end user. However, recently, a slowdown was witnessed in the sector. Going ahead, if this slowdown persists, this could affect the demand scenario for the wood panel industry.

Change in consumer preference & trend...

Currently, in the furniture industry, wood-based products like plywood, MDF, particle board, blockboard, etc, are being widely used. However, going ahead, with a change in consumer preference or trend, substitutes like plastic or steel could evolve and pose a challenge to the wooden industry.

We initiate coverage on GIL with a **BUY** recommendation and a target price of ₹ 225/share (16x FY18 EPS). Our target multiple is in line with the historical average and also implies 1x PEG as earnings are expected to grow at a CAGR of 16.5% in FY16-18E

Valuation

At the CMP, GIL is trading at 12.4x FY18E EPS. With its strong brand presence, well established distribution network coupled with increasing brand aspiration, the company is all set to ride the structural shift towards the organised market with the expected roll out of GST. Going ahead, we expect topline/bottomline to grow at a CAGR of 11.5%/16.5%, respectively, in FY16-18E. We also like GIL due to its comfortable balance sheet with net debt to equity remaining at 0.5x and expect its RoIC to expand 790 bps to 30.7% in FY16-18E. We also anticipate revenue growth will gather further pace from FY19E onwards post commissioning of the new MDF plant in Andhra Pradesh and full fledged impact of GST roll-out. Furthermore, we also highlight that its FCFE yield is expected to remain healthy at ~8% post commissioning of the new MDF plant. Hence, we initiate coverage on Greenply with a **BUY** recommendation. We value the stock at ₹ 225/share. We assign a target multiple of 16x. This is in line with historical average of 16.6x since December, 2014 when it de-merged its laminate business from GIL. Furthermore, our target multiple also largely implies 1x PEG ratio based on earning CAGR of 16.5% in FY16-18E.

Exhibit 45: Financial matrix

Company	Mcap (₹ crore)	Revenue (₹ crore)				FY10-15 CAGR	FY15-18E CAGR	EBITDA Margin (FY15)	PAT (₹ crore)				FY10-15 CAGR	FY16E-18E CAGR
		FY15	FY16E	FY17E	FY18E				FY15	FY16E	FY17E	FY18E		
Wood Industry														
Greenply	2187	1564.26	1625.095	1799.7	2031.2	12.4%	11.8%	13.1%	121.8	122.5	144.7	170.4	19.7%	17.9%
Centuryply	3702	1564.8	1607.9	1863.8	2316.1	17.2%	20.0%	16.9%	150.8	169.6	195.6	241.2	13.3%	19.2%
Greenlam	1140	925.6	1035.7	1172.6	1327.6	NA	13.2%	10.6%	28.5	34.75	53.1	92.6	NA	63.2%
Tiles Industry														
Kajaria	7520	2174.6	2401.5	2862.8	3282.3	24.2%	16.9%	15.7%	175.6	217.5	281.2	331.0	37.4%	23.4%
Somany	1545	542.3	713.9	876.1	1049.9	23.1%	21.3%	6.5%	45.9	62.1	77.8	92.1	17.7%	21.8%
HSIL	2066	1980.6	2086.6	2329.0	2603.0	56.9%	11.7%	17.0%	85.4	111	133.8	174.3	14.4%	25.3%

Source: Company, ICICIdirect.com Research

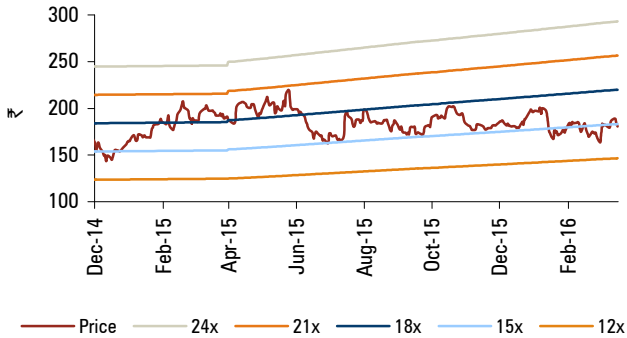
Exhibit 46: Valuation matrix

Company	RoE				P/E				P/BV				EV/EBITDA			
	FY15	FY16E	FY17E	FY18E	FY15	FY16E	FY17E	FY18E	FY15	FY16E	FY17E	FY18E	FY15	FY16E	FY17E	FY18E
Wood Industry																
Greenply	25.2	20.9	20.1	19.0	18.1	17.6	14.9	12.9	4.6	3.7	3.0	2.5	12.3	10.2	9.0	8.7
Centuryply	38.9	34.1	31.3	30.9	24.8	22.0	19.1	15.5	9.6	7.5	6.0	4.8	16.0	14.8	13.6	10.4
Greenlam	13.0	14.7	18.8	24.9	20.4	33.5	21.9	12.8	5.3	4.6	3.8	2.8	15.6	14.0	10.5	9.5
Average	25.7	23.2	23.4	24.9	21.1	24.4	18.6	13.7	6.5	5.3	4.3	3.4	14.6	13.0	11.0	9.5
Tiles Industry																
Kajaria	24.7	24.9	25.9	24.8	42.2	34.1	26.4	22.4	10.4	8.5	6.8	5.6	22.3	17.4	13.6	11.5
Somany	17.8	14.6	15.8	16.1	31.3	25.2	20.2	17.0	5.6	3.7	3.2	2.7	17.4	13.1	11.0	9.2
HSIL	6.5	9.2	10.3	12.0	22.1	18.2	15.1	11.8	1.4	1.6	1.5	1.4	8.5	8.3	7.2	6.2
Average	16.3	16.2	17.4	17.6	31.9	25.8	20.5	17.1	5.8	4.6	3.8	3.2	16.1	12.9	10.6	9.0
Overall Average	21.0	19.7	20.4	21.3	26.5	25.1	19.6	15.4	6.1	4.9	4.0	3.3	15.3	13.0	10.8	9.2

Source: Company, ICICIdirect.com Research

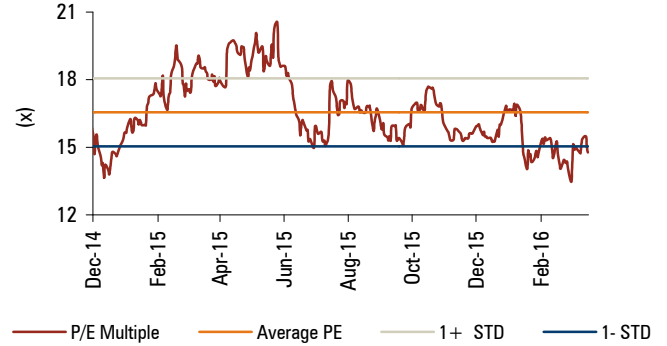
GIL has traded at an average PE multiple of 16.6x since December, 2014 when GIL de-merged its laminates business into a different company called Greenlam. Currently, it is trading at 13.2x FY18 EPS. We have also assigned a target multiple of 16x based on the historical multiple average and PEG ratio of 1x (GIL's earning are expected to grow at 16.5% CAGR in FY16-18E).

Exhibit 47: One year forward PE band



Source: Company, ICICIdirect.com Research

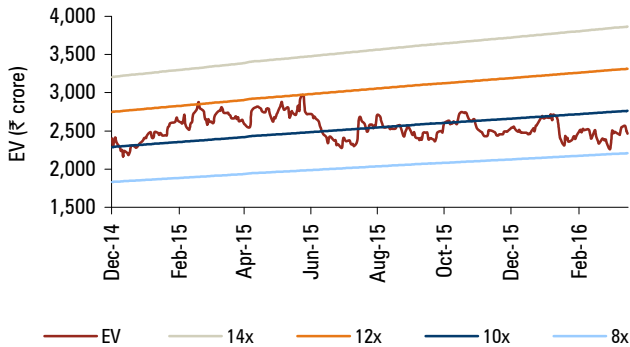
Exhibit 48: Average one year forward PE multiple



Source: Company, ICICIdirect.com Research

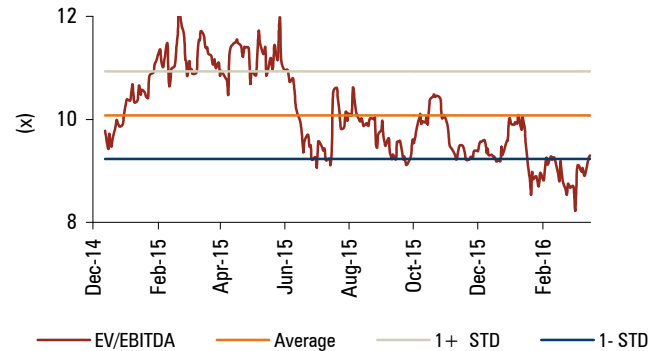
In terms of EV/EBTDA multiple, GIL has traded at average EV/EBITDA of 10.1x since December, 2014 (post implementation of demerger). Currently, it is trading at 8.7x FY18 EV/EBITDA. Our target PE multiple of 16x also implies target EV/EBITDA of 9.6x, largely in line with historical average EV/EBITDA.

Exhibit 49: One year forward EV/EBITDA band



Source: Company, ICICIdirect.com Research

Exhibit 50: Average one year forward EV/EBITDA multiple



Source: Company, ICICIdirect.com Research

Tables

Exhibit 51: Profit & loss account (Standalone)

(₹ Crore)	FY15	FY16E	FY17E	FY18E
Net Sales	1,560.6	1,632.7	1,826.1	2,031.2
Raw Material Expense	714.9	703.7	777.7	852.3
Purchase of Traded Goods	190.6	196.9	220.7	247.9
Employee benefit expenses	145.0	172.4	197.6	223.4
Other Expenses	305.9	316.7	352.2	391.4
EBITDA	204.3	243.1	277.9	316.2
Interest	35.9	28.7	25.8	26.0
Depreciation	47.1	48.6	49.6	50.6
Other income	1.1	1.1	3.7	3.7
PBT	123.0	167.4	206.1	243.4
Exceptional Items	(15.8)	-	-	-
Taxes	17.0	41.8	57.7	73.0
PAT	121.8	125.5	148.4	170.4
PAT Growth rate	6.4	3.0	18.2	14.8
Adjusted EPS (Diluted)	10.1	10.4	12.3	14.1

Source: Company, ICICIdirect.com Research

Exhibit 52: Balance sheet (Standalone)

(₹ Crore)	FY15	FY16E	FY17E	FY18E
Liabilities				
Equity Capital	12.1	12.1	12.1	12.1
Reserve and Surplus	471.9	588.0	725.3	882.9
Total Shareholders funds	484.0	600.1	737.4	895.0
Total Debt	331.5	362.4	424.5	675.8
Deferred Tax Liability	40.3	40.3	40.3	40.3
Total Liabilities	866.1	1,013.1	1,212.4	1,621.4
Assets				
Gross Block	716.4	731.4	746.4	761.4
Less Acc. Dep	186.3	235.0	284.6	335.2
Net Block	530.1	496.4	461.8	426.2
Net Intangibles Assets	3.0	3.0	3.0	3.0
Capital WIP	13.9	63.9	213.9	613.9
Total Fixed Assets	547.0	563.3	678.7	1,043.0
Investments	32.9	32.9	32.9	32.9
Inventory	190.3	223.7	250.2	278.3
Sundry Debtors	257.2	290.8	325.2	361.7
Loans & Advances	28.7	30.1	33.6	37.4
Cash & Bank Balances	7.2	78.7	122.7	124.9
Other Current Assets	0.8	0.8	0.8	0.9
Total Current Assets	484.3	624.1	732.5	803.2
Trade Payable	224.9	235.3	263.2	292.8
Other Current Liabilities	36.8	38.0	41.3	44.7
Provisions	29.0	30.4	34.0	37.8
Net Current Assets	193.6	320.4	394.1	427.9
Total Assets	866.0	1,013.1	1,212.4	1,621.3

Source: Company, ICICIdirect.com Research

Exhibit 53: Cash flow statement (Standalone)

(₹ Crore)	FY15	FY16E	FY17E	FY18E
Profit after Tax	121.8	125.5	148.4	170.4
Depreciation	47.1	48.6	49.6	50.6
Interest	35.9	28.7	25.8	26.0
Taxes	17.0	41.8	57.7	73.0
Cash Flow before wc changes	223.7	243.6	277.9	316.2
Cash generated from operations	214.8	184.5	237.9	273.8
Income Tax paid	27.7	41.8	57.7	73.0
Net CF from operating activities	187.1	142.7	180.2	200.8
Capital Work-in-progress	-	(50.0)	(150.0)	(400.0)
(Purchase)/Sale of Fixed Assets (Net)	85.8	15.0	15.0	15.0
Net CF from Investing activities	(104.2)	(63.9)	(161.3)	(411.3)
Dividend	(8.5)	(9.4)	(11.1)	(12.8)
Interest paid	(36.7)	(28.7)	(25.8)	(26.0)
Inc / (Dec) in Loans	50.0	30.9	62.0	251.4
Net CF from Financing activities	(82.4)	(7.2)	25.1	212.7
Net Cash flow	0.6	71.6	44.0	2.2
Opening Cash	3.1	7.2	78.7	122.7
Closing Cash/ Cash Equivalent	3.0	78.7	122.7	124.9

Source: Company, ICICIdirect.com Research

Exhibit 54: Ratio Analysis

	FY15	FY16E	FY17E	FY18E
Per Share Data (₹)				
EPS - Diluted	10.1	10.4	12.3	14.1
Cash EPS	14.0	14.4	16.4	18.3
Book Value	40.1	49.7	61.1	74.2
Dividend per share	0.8	0.8	0.9	1.1
Operating Ratios (%)				
EBITDA / Net Sales	13.1	14.9	15.2	15.6
PAT / Net Sales	7.8	7.7	8.1	8.4
Inventory Days	45	50	50	50
Debtor Days	86	91	91	91
Creditor Days	66	66	66	66
Return Ratios (%)				
RoE	25.2	20.9	20.1	19.0
RoCE	18.3	19.3	19.1	16.6
RoIC	19.0	22.8	26.6	30.7
Valuation Ratios (x)				
EV / EBITDA	11.8	9.8	8.6	8.4
P/E (Diluted)	17.3	16.8	14.2	12.4
EV / Net Sales	1.5	1.5	1.3	1.3
Market Cap / Sales	1.4	1.3	1.2	1.0
Price to Book Value	4.4	3.5	2.9	2.4
Dividend Yield	0.4	0.4	0.5	0.6
Solvency Ratios (x)				
Net Debt / Equity	0.6	0.4	0.4	0.6
Debt / EBITDA	1.6	1.5	1.5	2.1
Current Ratio	1.9	2.1	2.1	2.1
Quick Ratio	1.3	1.3	1.3	1.3

Source: Company, ICICIdirect.com Research

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