

**BUY**

TP: Rs 735 | ▲ 27%

**CENTURY PLYBOARDS**

Construction Materials

21 July 2022

### Impressive sequential performance

- Q1 revenue/PAT came in at Rs 8.8bn/Rs 0.9bn led by healthy price realisations across segments (ex-plywood)
- EBITDA grew 137% YoY to Rs 1.5bn with 285bps margin expansion to 16.5% as employee cost/other expenses declined 670bps/480bps
- Maintain BUY with an unchanged TP of Rs 735, valuing the stock at 35x FY24E EPS

Ruchitaa Maheshwari  
research@bobcaps.in

**Strong demand and favourable base spur growth:** Despite weak seasonality, CPBI reported standalone Q1FY23 revenue growth of 96% YoY to Rs 8.8bn, aided by a low base due to Covid. In addition, despite Q4 being the strongest quarter, the company reported only a marginal sequential decline in revenue by 1.5% QoQ, pointing to the inherent strength in demand. Volumes in the plywood/particle board segments grew 0.8%/5% QoQ while MDF/laminates declined 5.9%/6.1%. Realisations increased 1.5% QoQ in MDF, 4% in particle boards and 1.4% in laminates, whereas plywood saw a ~1% decline.

**MDF continues to perform well:** MDF EBITDA margin expanded 215bps YoY to 35% backed by higher capacity utilisation and price hike benefits. Management expects stronger demand traction ahead due to (a) greater acceptance of MDF in the domestic market, and (b) lower imports owing to improved demand in respective geographies and higher shipping costs. As per management, work on its 350cbm/day MDF expansion at the existing Hoshiarpur unit is in full swing and commissioning is likely by October-end. The MDF project in Andhra Pradesh is on track to come online in H2FY24 with a capacity of 950cbm/day at a capex of Rs 6bn.

**Well placed to benefit from sustainable demand:** We expect CPBI's growth momentum to sustain over the near-to-medium term supported by (a) double-digit growth in plywood and laminates given a pickup in the housing sector alongside a gradual demand shift from unorganised to organised players, and (b) double-digit growth and sustainable margins in MDF and particle boards amid buoyant demand for readymade furniture and exports. Overall, we believe the company's EBITDA margin will expand backed by a higher MDF contribution, superior product mix, operating leverage and cost rationalisation.

**Valuations reasonable, BUY:** CPBI is trading at 27.6x FY24E EPS compared to its 5Y median of 34.1x. We find valuations attractive and retain our BUY rating with a TP at Rs 735, set at an unchanged 35x FY24E P/E multiple. In our view, CPBI's long-term growth story remains intact given its strong fundamentals, impressive return ratios and healthy balance sheet.

### Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	CPBI IN/Rs 580
Market cap	US\$ 1.6bn
Free float	27%
3M ADV	US\$ 1.1mn
52wk high/low	Rs 749/Rs 342
Promoter/FPI/DII	73%/7%/20%

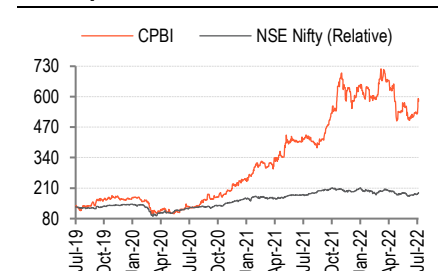
Source: NSE | Price as of 21 Jul 2022

### Key financials

Y/E 31 Mar	FY22A	FY23E	FY24E
Total revenue (Rs mn)	30,270	35,677	41,343
EBITDA (Rs mn)	5,308	6,407	7,420
Adj. net profit (Rs mn)	3,148	4,012	4,675
Adj. EPS (Rs)	14.2	18.1	21.0
Consensus EPS (Rs)	14.2	17.0	21.4
Adj. ROAE (%)	22.3	23.0	21.7
Adj. P/E (x)	40.9	32.1	27.6
EV/EBITDA (x)	24.5	20.1	17.4
Adj. EPS growth (%)	57.7	27.5	16.5

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance



Source: NSE



## Earnings call highlights

### Demand and RM outlook

- Management stated that plywood demand was impacted in May'22 but was normal in April and June. Real estate is booming and CPBI expects to achieve continued market share gains over its regional and unorganised counterparts in FY23.
- As per management, high timber prices in North India led the company to hike prices, albeit with a lag. Timber prices in South India were stable. Overall, these prices were passed on completely in Q1FY23.

### Price hikes and Capacity utilisation

- Management did not hike MDF prices in Q1 but raised plywood by 2%, the Sainik plywood brand by 3%, Sainik MR by 7%, laminates by 4-5% and particle board by ~9%. Full benefits of these hikes will be visible Q2 onwards.

**Fig 1 – Capacity utilisation**

Segments (%)	Q1FY23	Q4FY22
MDF	98	97
Particle Board	120	115
Plywood	82	84
Laminates	89	97

Source: Company and BOBCAPS Research

### MDF & allied products

- CPBI's Q1FY23 MDF volumes grew 42.3% YoY (-5.9% QoQ) and realisations were also up 20% YoY (+1.5% QoQ) to Rs 34,296/cbm, aiding 71% YoY (-4.5% QoQ) revenue growth to Rs 1.6bn. EBITDA margin improved 215bps YoY to 35% backed by benefits from price hikes taken during previous quarters.
- Apart from price increases, MDF margins were high due to strong demand, lower imports and an increasing contribution of prelaminated MDF which is a high-margin business. During Q1, the share of prelam MDF rose to 28.5% from 26.1% in Q1FY22 and 27.6% in Q4FY22.
- Management continues to guide for volume and value growth of +25% each for FY23. However, margins will be under pressure as several capacities are coming onstream – EBITDA margin is guided to be in the range of 25-30%.
- CPBI's MDF plant is currently running at 98% utilisation. Expansion at the Hoshiarpur unit is underway and should be completed by the end of Oct'22, adding new capacity of 350cbm/day to the current 600cbm/day. The MDF project at Andhra Pradesh is on track to be commissioned by H2FY24 with a capacity of 950cbm/day at a capex of Rs 6bn. This will take the company's total MDF capacity to 1,900cbm/day.

### Plywood & allied products

- Revenue in the plywood segment improved 113% YoY (-0.5% QoQ) to Rs 4.7bn in Q1 driven by 107%/97%/82% volume growth in the plywood/commercial veneer/deco-ply segments which was aided by a low base in the year-ago quarter. On a QoQ basis, plywood/deco-ply volumes grew 0.8%/7% but commercial veneer volumes dipped 9%.
- EBITDA margin for the plywood business contracted by 460bps QoQ to 10.5% due to higher A&P spends and a larger contribution of non-premium products.
- Management expects plywood margins to sustain at 13-15% in FY23 due to front-loading of A&P spends in Q1, full absorption of price hikes taken during the quarter and anticipated operating leverage.
- CPBI continues to guide for 15%/20% volume/value growth led by a boom in real estate and consistent branding in 'Sainik' and 'Century' for the past two years.
- The company is raising capacity via debottlenecking and expansion where possible.

### Particleboard & allied products

- Particleboard volumes increased by 72% YoY (+5% QoQ) and realisations by 25% in Q1 (+4% QoQ), leading to 115% higher revenue YoY (+9% QoQ). The segment earned an EBITDA margin of 36.1% vs. 25.1% in Q1FY22 and 28.8% in Q4FY22.
- There were no imports in the segment as freight costs remain high.
- The company is in talks to increase capacity.
- Management continues to guide for a +25% EBITDA margin and volume/value growth of 10%/20% in FY23.

### Laminates & allied products

- Volumes in the laminates segment grew 60% YoY but dipped 6% QoQ despite a 2% sequential rise in realisations. EBITDA margin improved by 110bps QoQ to 13.5% but was down 210bps YoY.
- CPBI has finalised the setup of a greenfield laminate manufacturing facility in two phases with an installed capacity of 4mn sheets for a capex of Rs 2bn. The first phase is to be commissioned by Q2FY24.
- Management continues to guide for 15% growth each in volumes and value with an EBITDA margin of 14-16% in FY23.

### Container freight station (CFS)

- CFS volumes grew 1.5% YoY in Q1 (-20% QoQ) but a 12% increase in realisations caused revenue to grow by 14% YoY (-3.5% QoQ). EBITDA increased 57% YoY and margins improved to 28.1% vs. 20.3% in Q1FY22 and 22.8% in Q4FY22.

### Working capital

- Working capital management improved by 5 days to 58 days in Q1FY23 vs. 63 days in FY22.

**Fig 2 – Standalone quarterly performance**

(Rs mn)	Q1FY23	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	FY22	FY21	YoY (%)
<b>Total revenues</b>	<b>8,815</b>	<b>4,489</b>	<b>96.4</b>	<b>8,953</b>	<b>(1.5)</b>	<b>30,009</b>	<b>21,135</b>	<b>42.0</b>
Total raw material consumed	4,656	1,982	134.9	4,595	1.3	15,216	10,594	43.6
% of sales	52.8	44.2	866bps	51.3	150bps	50.7	50.1	58bps
Employee exp	1,152	887	29.9	1,117	3.2	3,998	3,183	25.6
% of sales	13.1	19.8	(669bps)	12.5	60bps	13.3	15.1	(174bps)
Other exp	1,554	1,008	54.2	1,631	(4.8)	5,448	4,004	36.1
% of sales	17.6	22.4	(482bps)	18.2	(60bps)	18.2	18.9	(79bps)
Total expenditure	7,362	3,877	89.9	7,343	0.3	24,663	17,781	38.7
% of sales	83.5	86.4	(285bps)	82.0	150bps	82.2	84.1	(195bps)
<b>EBITDA</b>	<b>1,453</b>	<b>612</b>	<b>137.4</b>	<b>1,609</b>	<b>(9.7)</b>	<b>5,346</b>	<b>3,354</b>	<b>59.4</b>
EBITDA margin (%)	16.5	13.6	285bps	18.0	(150bps)	17.8	15.9	195bps
Depreciation	178	163	9.1	172	3.7	675	626	7.8
Other income	60	49	21.9	52	14.8	228	107	112.7
Interest cost	39	27	42.9	32	20.9	96	108	(11.0)
<b>PBT</b>	<b>1,296</b>	<b>471</b>	<b>175.2</b>	<b>1,458</b>	<b>(11.1)</b>	<b>4,802</b>	<b>2,726</b>	<b>76.1</b>
Taxes	331	132	151.0	532	(37.8)	1,549	694	123.2
Effective tax rate (%)	25.5	28.0	(247bps)	36.5	(1094bps)	32.3	25.5	681bps
<b>PAT before extraordinary</b>	<b>965</b>	<b>339</b>	<b>184.7</b>	<b>926</b>	<b>4.2</b>	<b>3253</b>	<b>2,032</b>	<b>60.1</b>
Less: extraordinary items	0	0	NA	0	NA	0	(112)	NA
<b>RPAT</b>	<b>965</b>	<b>339</b>	<b>184.7</b>	<b>926</b>	<b>4.2</b>	<b>3253</b>	<b>1,921</b>	<b>69.4</b>

Source: Company, BOBCAPS Research

**Fig 3 – Standalone segmental performance**

(Rs mn)	Q1FY23	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	FY22	FY21	YoY (%)
<b>Revenue</b>								
Plywood & Allied products	4,747	2,226	113.3	4,767	(0.4)	15,838	11,232	41.0
Laminates & Allied products	1,636	879	86.1	1,736	(5.8)	5,747	4,150	38.5
MDF & Allied products	1,556	910	70.9	1,628	(4.4)	5,609	3,594	56.1
Particle Board & Allied products	511	238	114.8	470	8.6	1,508	901	67.4
Container Freight Station	209	184	13.6	217	(3.7)	791	830	(4.7)
Others	170	63	171.9	149	13.9	568	459	23.7
<b>Total</b>	<b>8,829</b>	<b>4,500</b>	<b>96.2</b>	<b>8,967</b>	<b>(1.5)</b>	<b>30,061</b>	<b>21,166</b>	<b>42.0</b>
Less: Inter Segment revenue	14	11	29.2	15	(1.9)	53	31	67.0
<b>Net revenue</b>	<b>8,815</b>	<b>4,489</b>	<b>96.4</b>	<b>8,953</b>	<b>(1.5)</b>	<b>30,009</b>	<b>21,135</b>	<b>42.0</b>
<b>EBIT</b>								
Plywood & Allied products	501	142	251.9	769	(34.9)	2,231	1,285	73.7
Laminates & Allied products	219	120	83.3	216	1.4	863	696	24.1
MDF & Allied products	528	212	149.2	540	(2.2)	1,652	764	116.2
Particle Board & Allied products	179	49	266.9	136	31.3	376	139	170.7
Container Freight Station	32	9	242.5	25	27.3	77	134	(42.4)
Others	15	2	630.1	10	52.7	73	59	23.3
<b>Total</b>	<b>1,473</b>	<b>534</b>	<b>176.0</b>	<b>1,696</b>	<b>(13.1)</b>	<b>5,273</b>	<b>3,077</b>	<b>71.4</b>
<b>EBIT Margin (%)</b>								
Plywood & Allied products	10.5	6.4	416bps	16.1	(558bps)	14.1	11.4	265bps
Laminates	13.4	13.6	(20bps)	12.5	95bps	15.0	16.8	(174bps)
MDF	33.9	23.3	1,065bps	33.2	76bps	29.5	21.3	819bps
Particle Board	35.0	20.5	1,450bps	28.9	603bps	24.9	15.4	950bps
Container Freight Station	15.3	5.1	1,026bps	11.6	374bps	9.8	16.2	(640bps)

Source: Company, BOBCAPS Research

**Fig 4 – Consolidated quarterly performance**

(Rs mn)	Q1FY23	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	FY22	FY21	YoY (%)
<b>Total revenues</b>	<b>8,888</b>	<b>4,575</b>	<b>94.3</b>	<b>9,011</b>	<b>(1.4)</b>	<b>30,270</b>	<b>21,304</b>	<b>42.1</b>
Total raw material consumed	4,607	1,965	134.4	4,506	2.2	15,021	10,405	44.4
% of sales	51.8	43.0	888bps	50.0	183bps	49.6	48.8	78bps
Employee exp	1,192	930	28.2	1,163	2.5	4,176	3,316	25.9
% of sales	13.4	20.3	(691bps)	12.9	51bps	13.8	15.6	(177bps)
Other exp	1,657	1,078	53.7	1,734	(4.4)	5,765	4,228	36.4
% of sales	18.6	23.6	(492bps)	19.2	(60bps)	19.0	19.8	(80bps)
Total expenditure	7,456	3,973	87.7	7,403	0.7	24,962	17,949	39.1
% of sales	83.9	86.8	(295bps)	82.2	173bps	82.5	84.3	(179bps)
<b>EBITDA</b>	<b>1,431</b>	<b>602</b>	<b>137.8</b>	<b>1,607</b>	<b>(10.9)</b>	<b>5,308</b>	<b>3,355</b>	<b>58.2</b>
EBITDA margin (%)	16.1	13.2	295bps	17.8	(173bps)	17.5	15.7	179bps
Depreciation	191	181	5.6	189	1.0	743	687	8.2
Other income	60	52	14.8	54	11.8	231	173	33.2
Interest cost	43	31	37.2	37	16.9	114	128	(10.6)
<b>PBT</b>	<b>1,258</b>	<b>443</b>	<b>184.2</b>	<b>1,436</b>	<b>(12.4)</b>	<b>4,682</b>	<b>2,714</b>	<b>72.5</b>
Taxes	332	132	151.5	533	(37.7)	1,535	690	122.5
Effective tax rate (%)	26.4	29.8	(343bps)	37.1	(1,072bps)	32.8	25.4	736bps
<b>PAT</b>	<b>926</b>	<b>311</b>	<b>198.1</b>	<b>903</b>	<b>2.6</b>	<b>3,147</b>	<b>2,024</b>	<b>55.5</b>
Less: Extraordinary items	0	0	NA	0	NA	0	(112)	NA
Less: Minority interest	3	3	5.9	2	45.5	1	2	(58.4)
<b>PAT after minority interest</b>	<b>923</b>	<b>314</b>	<b>194.4</b>	<b>905</b>	<b>2.0</b>	<b>3,146</b>	<b>1,915</b>	<b>64.3</b>

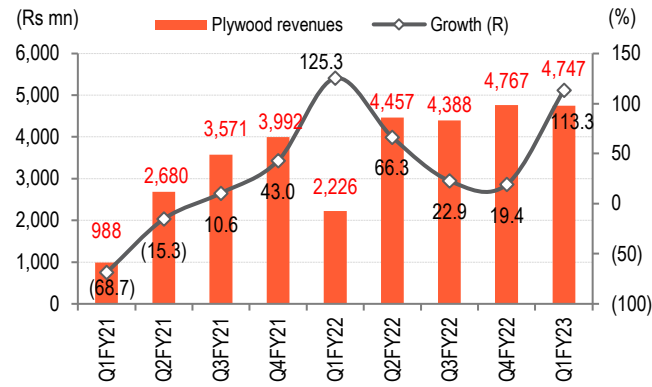
Source: Company, BOBCAPS Research

**Fig 5 – Consolidated segmental performance**

(Rs mn)	Q1FY23	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	FY22	FY21	YoY (%)
<b>Revenue</b>								
Plywood & Allied products	4,824	4,454	8.3	4,825	0.0	16,100	11,401	41.2
Laminates & Allied products	1,636	1,494	9.4	1,736	(5.8)	5,747	4,150	38.5
MDF & Allied products	1,556	1,797	(13.4)	1,628	(4.4)	5,609	3,594	56.1
Particle Board & Allied products	511	419	22.0	470	8.6	1,508	901	67.4
Container Freight Station	209	208	0.5	217	(3.7)	791	830	(4.7)
Others	167	188	(11.1)	149	11.9	568	459	23.7
<b>Total</b>	<b>8,902</b>	<b>8,560</b>	<b>4.0</b>	<b>9,025</b>	<b>(1.4)</b>	<b>30,323</b>	<b>21,335</b>	<b>42.1</b>
Less: Inter Segment revenue	14	12	21.4	15	(1.9)	53	31	67.0
<b>Net revenues</b>	<b>8,888</b>	<b>8,548</b>	<b>4.0</b>	<b>9,011</b>	<b>(1.4)</b>	<b>30,270</b>	<b>21,304</b>	<b>42.1</b>
<b>EBIT</b>								
Plywood & Allied products	467	586	(20.3)	757	(38.3)	2,133	1,293	64.9
Laminates & Allied products	219	177	24.1	216	1.4	863	696	24.1
MDF & Allied products	528	504	4.7	540	(2.2)	1,652	764	116.2
Particle Board & Allied products	179	102	74.4	136	31.3	376	139	170.7
Container Freight Station	32	37	(14.2)	25	27.3	77	134	(42.4)
Others	15	29	(49.5)	6	148.1	72	58	23.9
<b>Total</b>	<b>1,440</b>	<b>1,436</b>	<b>0.3</b>	<b>1,681</b>	<b>(14.3)</b>	<b>5,173</b>	<b>3,084</b>	<b>67.7</b>
<b>EBIT Margin (%)</b>								
Plywood & Allied products	9.7	13.2	(347bps)	15.7	(601bps)	13.2	11.3	190bps
Laminates & Allied products	13.4	11.8	158bps	12.5	95bps	15.0	16.8	(174bps)
MDF & Allied products	33.9	28.1	586bps	33.2	76bps	29.5	21.3	819bps
Particle Board & Allied products	35.0	24.5	1,052bps	28.9	603bps	24.9	15.4	950bps
Container Freight Station	15.3	18.0	(262bps)	11.6	374bps	9.8	16.2	(640bps)

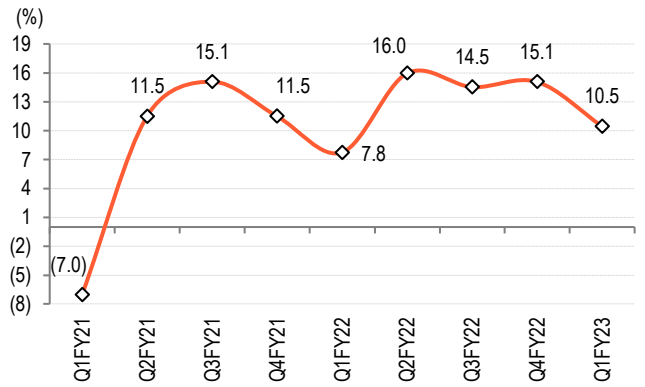
Source: Company, BOBCAPS Research

**Fig 6 – Standalone plywood revenue**



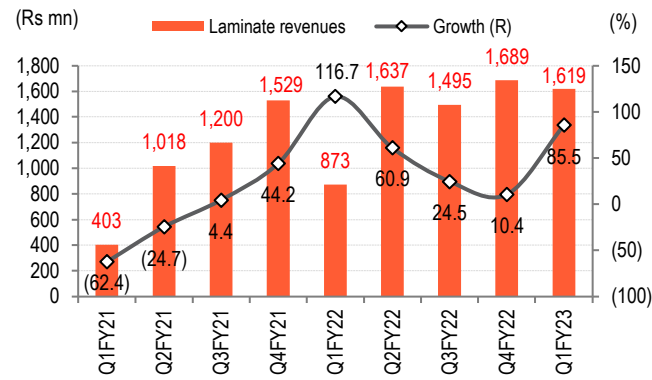
Source: Company, BOBCAPS Research

**Fig 7 – Standalone plywood EBITDA margin**



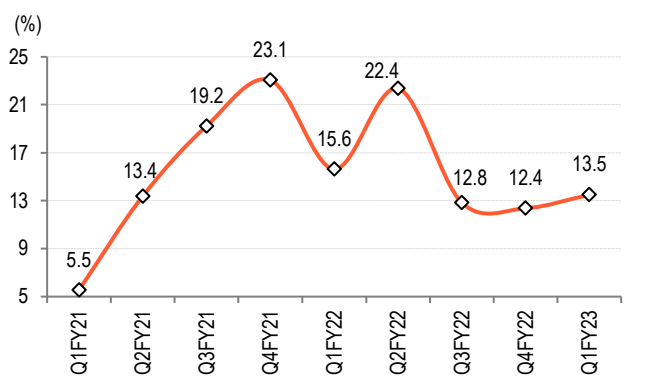
Source: Company, BOBCAPS Research

**Fig 8 – Standalone laminates revenue**



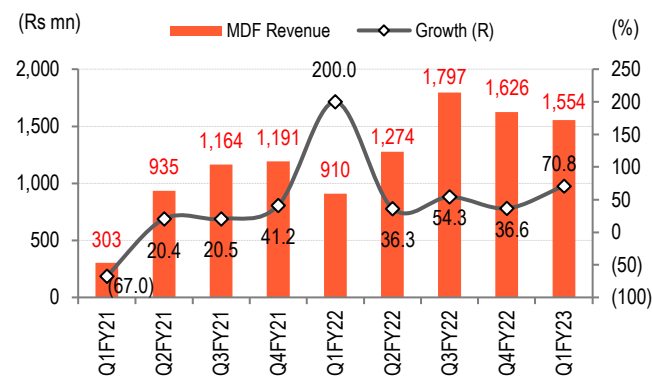
Source: Company, BOBCAPS Research

**Fig 9 – Standalone laminates EBITDA margin**



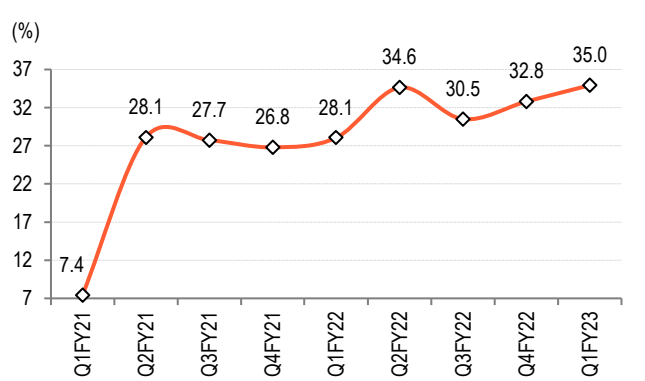
Source: Company, BOBCAPS Research

**Fig 10 – Standalone MDF revenue**



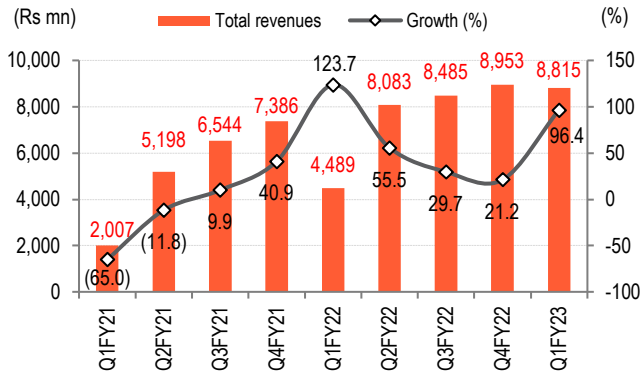
Source: Company, BOBCAPS Research

**Fig 11 – Standalone MDF EBITDA margin**



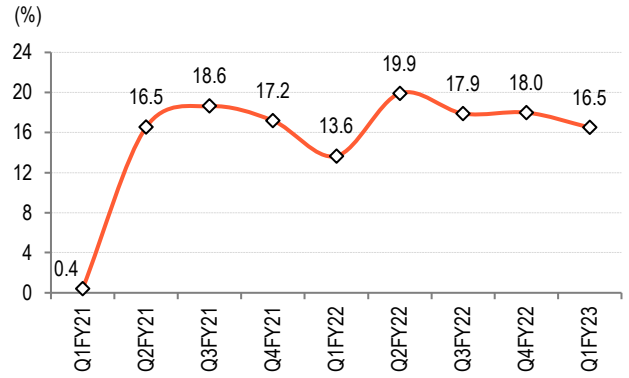
Source: Company, BOBCAPS Research

**Fig 12 – Standalone total revenue**



Source: Company, BOBCAPS Research

**Fig 13 – Standalone EBITDA margin**



Source: Company, BOBCAPS Research

## Valuation methodology

We expect CPBI's growth momentum to sustain over the near-to-medium term supported by (a) double-digit growth in plywood and laminates given a pickup in the housing sector alongside a gradual demand shift from unorganised to organised players, and (b) double-digit growth and better margins in MDF and particle boards amid buoyant demand for readymade furniture and exports.

CPBI is trading at 27.6x FY24E EPS compared to its five-year median of 34.1x. We find valuations attractive and retain our BUY rating with a TP at Rs 735, set at an unchanged 35x FY24E P/E multiple. In our view, CPBI's long-term growth story remains intact given its strong fundamentals, superior product mix, operating leverage, impressive return ratios and healthy balance sheet.

## Key risks

Key downside risks to our estimates are:

- increasing competition from the informal sector,
- slowdown in economic revival and in housing demand,
- significant pickup in MDF imports,
- steep fall in MDF margins and export realisations, and
- sharp uptick in chemical and wood costs.

## Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Century Plyboards	CPBI IN	1.6	580	735	BUY
Cera Sanitaryware	CRS IN	0.7	4,296	5,225	BUY
Greenpanel Industries	GREENP IN	0.8	504	595	BUY
Greenply Industries	MTLM IN	0.3	176	260	BUY
Kajaria Ceramics	KJC IN	2.1	1,074	1,460	BUY
Pidilite Industries	PIDI IN	15.0	2,362	1,870	SELL
Somany Ceramics	SOMC IN	0.3	619	835	BUY

Source: BOBCAPS Research, NSE | Price as of 21 Jul 2022



## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22A	FY23E	FY24E
<b>Total revenue</b>	<b>23,170</b>	<b>21,304</b>	<b>30,270</b>	<b>35,677</b>	<b>41,343</b>
EBITDA	3,308	3,355	5,308	6,407	7,420
Depreciation	(763)	(687)	(743)	(994)	(1,174)
EBIT	2,545	2,669	4,566	5,413	6,246
Net interest inc./(exp.)	(389)	(128)	(114)	(127)	(82)
Other inc./(exp.)	43	173	231	208	187
Exceptional items	0	0	0	0	0
EBT	2,199	2,714	4,682	5,494	6,351
Income taxes	(519)	(690)	(1,535)	(1,406)	(1,600)
Extraordinary items	(427)	(112)	0	0	0
Min. int./Inc. from assoc.	253	2	1	(75)	(75)
<b>Reported net profit</b>	<b>1,506</b>	<b>1,915</b>	<b>3,148</b>	<b>4,012</b>	<b>4,675</b>
Adjustments	73	82	0	0	0
<b>Adjusted net profit</b>	<b>1,579</b>	<b>1,996</b>	<b>3,148</b>	<b>4,012</b>	<b>4,675</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22A	FY23E	FY24E
Accounts payables	1,515	2,089	2,528	2,541	2,945
Other current liabilities	1,284	1,617	1,694	2,248	2,605
Provisions	227	325	191	357	367
Debt funds	2,681	1,422	2,182	1,450	900
Other liabilities	0	0	0	0	0
Equity capital	223	223	223	223	223
Reserves & surplus	10,684	12,451	15,346	19,096	23,454
Shareholders' fund	10,906	12,674	15,568	19,319	23,676
<b>Total liab. and equities</b>	<b>16,596</b>	<b>18,114</b>	<b>22,137</b>	<b>25,963</b>	<b>30,617</b>
Cash and cash eq.	248	908	2,610	1,287	2,580
Accounts receivables	2,568	3,027	3,524	4,203	4,871
Inventories	3,980	3,692	5,264	6,353	7,363
Other current assets	1,217	1,476	1,372	2,248	2,605
Investments	63	1,169	64	64	64
Net fixed assets	7,777	7,551	7,696	10,202	11,528
CWIP	160	285	1,766	1,766	1,766
Intangible assets	9	8	8	8	8
Deferred tax assets, net	573	(1)	(167)	(167)	(167)
Other assets	0	0	0	0	0
<b>Total assets</b>	<b>16,596</b>	<b>18,114</b>	<b>22,137</b>	<b>25,963</b>	<b>30,617</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22A	FY23E	FY24E
<b>Cash flow from operations</b>	<b>3,643</b>	<b>3,884</b>	<b>2,574</b>	<b>3,298</b>	<b>4,744</b>
Capital expenditures	(235)	(535)	(2,369)	(3,500)	(2,500)
Change in investments	1	(1,106)	1,105	0	0
Other investing cash flows	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(234)</b>	<b>(1,641)</b>	<b>(1,265)</b>	<b>(3,500)</b>	<b>(2,500)</b>
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(2,639)	(1,259)	760	(732)	(550)
Interest expenses	(389)	(128)	(114)	(127)	(82)
Dividends paid	(535)	(8)	(491)	(337)	(393)
Other financing cash flows	139	(187)	(1)	75	75
<b>Cash flow from financing</b>	<b>(3,424)</b>	<b>(1,582)</b>	<b>154</b>	<b>(1,121)</b>	<b>(950)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>(15)</b>	<b>661</b>	<b>1,463</b>	<b>(1,324)</b>	<b>1,294</b>
<b>Closing cash &amp; cash eq.</b>	<b>248</b>	<b>908</b>	<b>2,372</b>	<b>1,287</b>	<b>2,580</b>

### Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22A	FY23E	FY24E
Reported EPS	6.8	8.6	14.2	18.1	21.0
Adjusted EPS	7.1	9.0	14.2	18.1	21.0
Dividend per share	1.0	0.0	0.0	1.3	1.5
Book value per share	49.0	57.0	70.0	86.8	106.4

### Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22A	FY23E	FY24E
EV/Sales	5.8	6.2	4.3	3.6	3.1
EV/EBITDA	40.6	39.6	24.5	20.1	17.4
Adjusted P/E	81.6	64.6	40.9	32.1	27.6
P/BV	11.8	10.2	8.3	6.7	5.5

### DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22A	FY23E	FY24E
Tax burden (Net profit/PBT)	71.8	73.6	67.2	73.0	73.6
Interest burden (PBT/EBIT)	86.4	101.7	102.5	101.5	101.7
EBIT margin (EBIT/Revenue)	11.0	12.5	15.1	15.2	15.1
Asset turnover (Rev./Avg TA)	133.5	122.8	150.4	148.3	146.1
Leverage (Avg TA/Avg Equity)	1.7	1.5	1.4	1.4	1.3
Adjusted ROAE	15.3	16.9	22.3	23.0	21.7

### Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22A	FY23E	FY24E
<b>YoY growth (%)</b>					
Revenue	1.6	(8.1)	42.1	17.9	15.9
EBITDA	5.9	1.4	58.2	20.7	15.8
Adjusted EPS	2.4	26.4	57.7	27.5	16.5
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	14.3	15.7	17.5	18.0	17.9
EBIT margin	11.0	12.5	15.1	15.2	15.1
Adjusted profit margin	6.8	9.4	10.4	11.2	11.3
Adjusted ROAE	15.3	16.9	22.3	23.0	21.7
ROCE	13.5	14.4	19.3	20.9	20.5
<b>Working capital days (days)</b>					
Receivables	44	48	39	40	40
Inventory	135	135	109	118	120
Payables	29	37	34	32	30
<b>Ratios (x)</b>					
Gross asset turnover	2.1	1.9	2.6	2.6	2.4
Current ratio	1.5	1.8	1.9	2.5	2.8
Net interest coverage ratio	6.5	20.9	39.9	42.6	75.9
Adjusted debt/equity	0.2	0.0	0.0	0.0	(0.1)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

## Disclaimer

### Recommendation scale: Recommendations and Absolute returns (%) over 12 months

**BUY** – Expected return >+15%

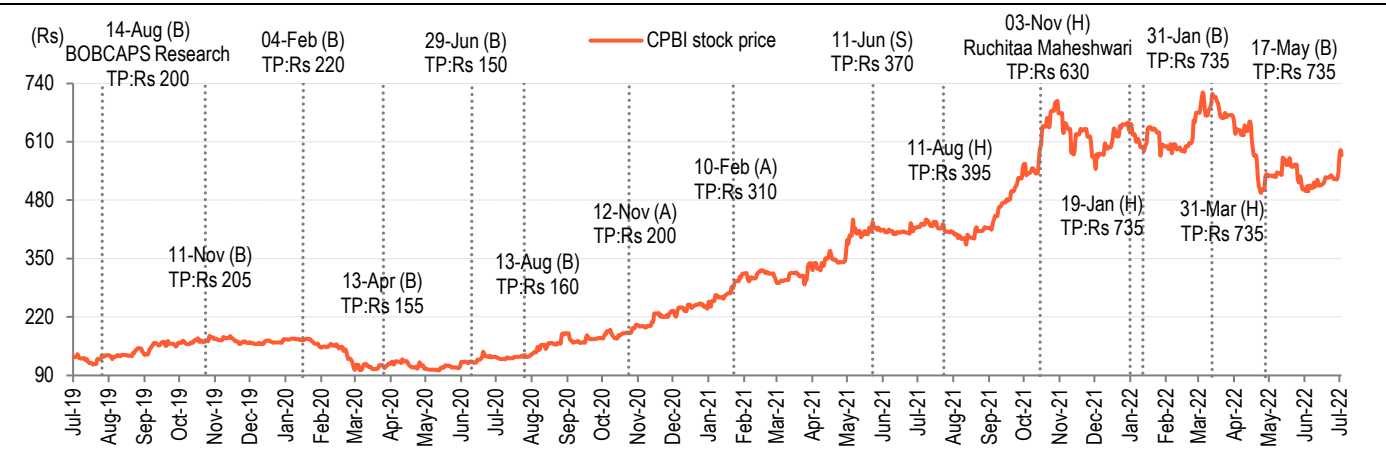
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

### Ratings and Target Price (3-year history): CENTURY PLYBOARDS (CPBI IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

### Rating distribution

As of 30 June 2022, out of 118 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 73 have BUY ratings, 23 have HOLD ratings, 5 are rated ADD\*, 1 is rated REDUCE\* and 16 are rated SELL. Of these, 2 companies rated BUY and 1 rated ADD have been investment banking clients in the last 12 months. (\*Our ADD and REDUCE ratings are in the process of being migrated to the new recommendation structure.)

### Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOBCAPS.

### General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS has obtained registration as a Research Entity under SEBI (Research Analysts) Regulations, 2014, having registration No.: INH000000040 valid till 03 February 2025. BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017. BOBCAPS CIN Number: U65999MH1996GOI098009.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have “long” or “short” positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may act as market makers or assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

In the US, this material is only for Qualified Institutional Buyers as defined under rule 144(a) of the Securities Act, 1933. No part of this document may be distributed in Canada or used by private customers in the United Kingdom.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

#### **Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014**

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company in the past 12 months. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.