

# Century Plyboards | BUY

## Weak quarter, after a while

Century Plyboards' (Century) 3QFY24 print was weaker than our expectation, as Revenue/EBITDA was 4%/27% below JMFe. Weak consumer demand has been seen across key building and home improvement products such as Tiles, Plywood, Appliances and House wires. Ply volume grew 3% YoY/-1% QoQ to 90k cbm in 3QFY24 (+9% 4-year CAGR; +4%/+10% on YoY/4-year CAGR respectively for 9MFY24). Century's MDF /Laminates segment volume grew 15%/16% YoY (+3%/-7% QoQ) respectively led by capacity addition in MDF and product launches in laminates (Sainik Laminates). The management is hopeful on BIS implementation to restrict imports of MDF and improve profitability. Timber prices remained high; however, that was offset by softening in key chemical prices, leading to gross margin expanding by 70bps YoY (-130bps QoQ to 46.1%). One-time expenses such as – 1) dealer meet expense of INR 70mn (once in 2 years) and 2) engagement of Mckinsey for advising the company on boosting sales of premium products (amount not disclosed) led to a sharp decline in EBITDA 18% YoY (-24% QoQ, 27% below JMFe). We note that Century has been outperforming peers in plywood with its 12% CAGR in volume vs. Greenply's 4% over FY19-23. We cut our FY25-26 estimates by 8% and 2% respectively and maintain BUY with a revised Mar'25 TP of INR 880, basis 32xMar'25EPS (earlier INR900). Lower-than-expected ply/MDF volume is a key risk.

- 3QFY24 summary:** Revenue grew 7% YoY (+12%, 4-year CAGR; 4% below JMFe) largely due to modest revenue growth in the plywood segment of 6% YoY (-5% QoQ, +12% 4-year CAGR). MDF segment revenue grew 13% YoY (+18% 4-year CAGR, 1% above JMFe). Laminates grew 8% YoY (+10% 4-year CAGR) while particle board revenue declined 4% YoY (+10% 4 years CAGR, in line with JMFe). Gross margin expanded 70bps YoY (-130bps QoQ) to 46.1% as higher timber prices were marginally offset by softening in key chemicals. Higher other expenses on account of higher spend towards A&P and dealer meet (INR 70mn) led to EBITDA margin contracting by 330bps YoY to 11.3% (-270bps QoQ, 350bps below JMFe). EBITDA declined 18% YoY (-24% QoQ, +3% 4-year CAGR, 27% below JMFe) to INR 1.1bn. Adj. PAT declined 25% YoY/29% QoQ (+5%, 4-year CAGR) to INR 628mn (33% below JMFe).
- Ply performance weak (volume grew 3% YoY), challenging near-term outlook:** Plywood revenue grew 6% YoY (+12% 4-year CAGR, 5% below JMFe) driven by 3% YoY growth in volume/realisation (+9%/+3% 4-year CAGR). Higher other expenses of ~INR 70mn due to the company's exclusive dealer meet (Royal Club dealer meet), and engagement of Mckinsey for advice on boosting sales of prime products led to EBITDA decline of 16% YoY (-32% QoQ, +5% 4-year CAGR) as margin contracted 250bps YoY (-390bps QoQ, 380bps above JMFe) to 9.7%. Timber prices remained elevated in 3QFY24 and are expected to remain high for a few more quarters.
- MDF imports hurt Century's volume/realisation, likely to see some relief from BIS implementation:** MDF revenue grew 13% YoY (+18% 4-year CAGR; 8% below JMFe) as volume rose 15% YoY (+4% 4-year CAGR, 3% QoQ, 12% below JMFe) while realisation declined 2% YoY/ -4% QoQ (+10% 4-year CAGR). Higher timber prices led to EBITDA margin contracting 340bps YoY/840 bps QoQ to 19.2% as cost inflation was not passed



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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	880
Upside/(Downside)	12.4%
Previous Price Target	900
Change	-2.2%

### Key Data – CPBI IN

Current Market Price	INR783
Market cap (bn)	INR174.0/US\$2.1
Free Float	27%
Shares in issue (mn)	222.5
Diluted share (mn)	222.5
3-mon avg daily val (mn)	INR232.0/US\$2.8
52-week range	850/436
Sensex/Nifty	72,086/21,854
INR/US\$	82.9

### Price Performance

%	1M	6M	12M
Absolute	2.5	20.3	54.6
Relative*	2.4	9.6	30.5

\* To the BSE Sensex

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Financial Summary					(INR mn)
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	30,009	36,207	38,446	45,806	55,686
Sales Growth (%)	42.0	20.7	6.2	19.1	21.6
EBITDA	5,346	5,743	5,234	6,683	9,034
EBITDA Margin (%)	17.8	15.9	13.6	14.6	16.2
Adjusted Net Profit	3,171	3,954	3,341	4,256	6,132
Diluted EPS (INR)	14.3	17.8	15.0	19.1	27.6
Diluted EPS Growth (%)	61.8	24.7	-15.5	27.4	44.1
ROIC (%)	25.0	25.0	14.8	15.2	20.6
ROE (%)	22.4	22.8	16.2	17.4	20.7
P/E (x)	54.9	44.1	52.1	40.9	28.4
P/B (x)	11.1	9.2	7.8	6.6	5.3
EV/EBITDA (x)	32.6	30.4	34.6	26.6	19.0
Dividend Yield (%)	0.1	0.1	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 02/Feb/2024

on. Nonetheless, the company is set to improve the segment profitability through a higher mix of value-added/ premium products to 40% (current 34%). According to the management, BIS implementation in MDF will substantially reduce imports and benefit domestic producers both in terms of volume and profitability. The company's greenfield expansion in South India is on the fast track and is expected to be commissioned in FY24.

- **Laminates seeing steady volume, margins to recover from here on:** Laminate revenue grew 8% YoY (+10% 4-year CAGR, 1% above JMFe) led by volume growth of 16% YoY (+5% 4-year CAGR) while realisation declined 6% YoY (+8% QoQ, +5%, 4-year CAGR, 7% above JMFe). Laminates EBITDA margin contracted 330bps YoY (+40bps QoQ, 40bps below JMFe) to 11.6% on account of higher employee cost for creating a new team for the newly launched Sainik Laminate, which is expected to take some time to ramp up. The company's 1<sup>st</sup> phase of greenfield expansion in laminates commenced operations during the quarter.
- **Particle boards' performance continues to be impacted by high imports; hopeful on BIS implementation:** Particle board revenue declined 4% YoY (-4% QoQ, +10% 4-year CAGR, in line with JMFe) on account of lower realisation (-19% YoY/ -4% QoQ, 2% below JMFe) as competitive intensity remained high due to higher imports. Volume grew 16% YoY (-7% QoQ, +5% 4-year CAGR). Higher raw material cost led to EBITDA margin contracting 470bps YoY to 15.7%. The management highlighted that BIS implementation in particle board will substantially reduce imports and benefit domestic producers both in terms of volume and profitability. The company's greenfield particle board manufacturing unit in Tamil Nadu is expected to be commissioned by 4QFY25.
- **Cut estimates; maintain BUY:** We have cut our FY24-26 estimates by 13%/8%/2% respectively and maintain BUY with a revised Mar'25 TP of INR 880 (earlier 900), basis 32xMar'26EPS. We like Century for its a) comprehensive product offering in wood panels, b) strong brand recall, c) robust pan-India distribution network, d) continuous product innovation, e) robust balance sheet and return ratios, f) industry leading performance, and g) most importantly, significant improved balance sheet construct. (RoE/RoCE>20% post tax). Notwithstanding the near-term challenging outlook, we believe Century's capex plan will drive significant growth over the medium term. We maintain BUY.
- **Other highlights:**
  - Working capital days increased to 67 in Dec'23 (54 days Mar'23) on account of rise in inventories (from 20 days to 26 days) while debtor days reduced from 39 days in Mar'23 to 38 days.
  - On the scheme of hiving off of the logistics (CFS) division to SPV, the company is awaiting a certified copy of the order sanctioning the scheme. Once the certified copy of the order is filed with the Registrar of Companies the scheme will be effective retrospectively from the appointed date (1<sup>st</sup> Apr'22).

## Exhibit 1. Quarterly performance

INR mn	3Q23	3Q24	YoY	4yr CAGR	2Q24	QoQ	3Q24E	Var	9MFY23	9MFY24	YoY	4yr CAGR
<b>Net Sales</b>	<b>8,772</b>	<b>9,343</b>	<b>7%</b>	<b>12%</b>	<b>9,879</b>	<b>-5%</b>	<b>9,753</b>	<b>-4%</b>	<b>26,588</b>	<b>28,046</b>	<b>5%</b>	<b>13%</b>
MDF	1,668	1,876	12%	18%	1,887	-1%	2,038	-8%	4,771	5,428	14%	20%
Ex-MDF	7,104	7,468	5%	11%	7,993	-7%	7,715	-3%	21,817	22,618	4%	12%
Raw Material Cost	4,788	5,035	5%	13%	5,199	-3%	5,023	0%	14,326	14,879	4%	15%
<b>Gross Profit</b>	<b>3,984</b>	<b>4,308</b>	<b>8%</b>	<b>10%</b>	<b>4,680</b>	<b>-8%</b>	<b>4,730</b>	<b>-9%</b>	<b>12,262</b>	<b>13,167</b>	<b>7%</b>	<b>11%</b>
Gross Margin	45.4%	46.1%	70 bps	-280 bps	47.4%	-130 bps	48.5%	-240 bps	46.1%	46.9%	80 bps	-300 bps
Employee cost	1,089	1,291	19%	11%	1,300	-1%	1,197	8%	3,379	3,860	14%	10%
% of sales	12.4%	13.8%	140 bps	-40 bps	13.2%	70 bps	12.3%	150 bps	12.7%	13.8%	110 bps	
Other expenses	1,615	1,965	22%	15%	2,000	-2%	2,097	-6%	4,625	5,607	21%	14%
% of sales	18.4%	21.0%	260 bps	210 bps	20.2%	80 bps	21.5%	-50 bps	17.4%	20.0%	260 bps	
Total Expenditure	7,491	8,291	11%	13%	8,498	-2%	8,317	0%	22,330	24,346	9%	14%
<b>EBITDA</b>	<b>1,281</b>	<b>1,052</b>	<b>-18%</b>	<b>3%</b>	<b>1,381</b>	<b>-24%</b>	<b>1,436</b>	<b>-27%</b>	<b>4,258</b>	<b>3,701</b>	<b>-13%</b>	<b>10%</b>
EBITDA margin	14.6%	11.3%	-330 bps	-450 bps	14.0%	-270 bps	14.7%	-350 bps	16.0%	13.2%	-280 bps	-180 bps
MDF EBITDA	373	360	-4%	10%	521	-31%	510	-29%	1,336	1,317	-1%	20%
MDF margin	22.4%	19.2%	-320 bps		27.6%	-840 bps	25.0%	-580 bps	28.0%	24.3%	-370 bps	
Ex-MDF EBITDA	908	692	-24%	0%	860	-20%	926	-25%	2,922	2,384	-18%	6%
Ex-MDF margin	12.8%	9.3%	-350 bps		10.8%	-150 bps	12.0%	-270 bps	13.4%	10.5%	-290 bps	
Depreciation	180	216	20%	6%	221	-2%	225	-4%	537	655	22%	7%
EBIT	1,101	836	-24%	2%	1,160	-28%	1,211	-31%	3,722	3,045	-18%	10%
Other Income	61	88	44%	62%	88	0%	80	9%	173	274	59%	75%
Interest	40	77	94%	-1%	57	36%	50	54%	113	191	69%	-1%
<b>PBT</b>	<b>1,122</b>	<b>847</b>	<b>-25%</b>	<b>5%</b>	<b>1,191</b>	<b>-29%</b>	<b>1,241</b>	<b>-32%</b>	<b>3,782</b>	<b>3,129</b>	<b>-17%</b>	<b>14%</b>
Tax Expense	277	219	-21%	50%	310	-29%	298	-26%	866	814	-6%	26%
Tax Rate	24.7%	25.9%	110 bps	1970 bps	26.1%	-20 bps	24.0%	190 bps	22.9%	26.0%	310 bps	
XO Inc/-Exp	-31	0			0		0		-376	0		
<b>Reported Net Profit</b>	<b>814</b>	<b>628</b>	<b>-23%</b>	<b>35%</b>	<b>880</b>	<b>-29%</b>	<b>943</b>	<b>-33%</b>	<b>2,540</b>	<b>2,315</b>	<b>-9%</b>	<b>20%</b>
<b>Adjusted Net Profit</b>	<b>837</b>	<b>628</b>	<b>-25%</b>	<b>5%</b>	<b>880</b>	<b>-29%</b>	<b>943</b>	<b>-33%</b>	<b>2,822</b>	<b>2,315</b>	<b>-18%</b>	<b>14%</b>
<b>Reported EPS</b>	<b>3.7</b>	<b>2.8</b>	<b>-23%</b>	<b>35%</b>	<b>4.0</b>	<b>-29%</b>	<b>4.2</b>	<b>-33%</b>	<b>11.4</b>	<b>10.4</b>	<b>-9%</b>	
<b>Adjusted EPS</b>	<b>3.8</b>	<b>2.8</b>	<b>-25%</b>	<b>5%</b>	<b>4.0</b>	<b>-29%</b>	<b>4.2</b>	<b>-33%</b>	<b>12.7</b>	<b>10.4</b>	<b>-18%</b>	

Source: Company, JM Financial

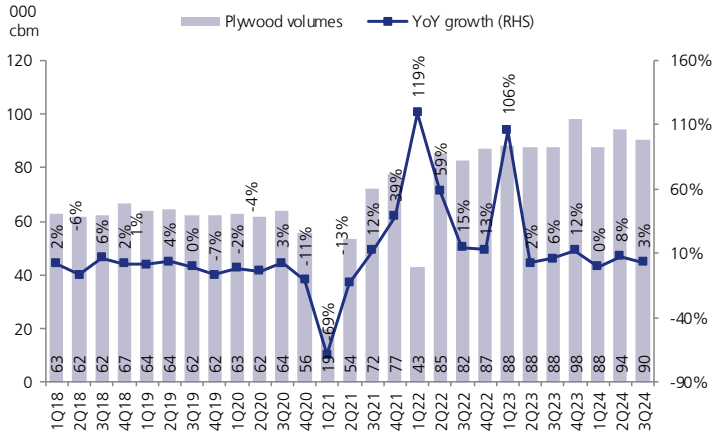
## Exhibit 2. Segment performance

INR mn	3Q23	3Q24	YoY	4yr CAGR	2Q24	QoQ	3Q24E	Var	9MFY23	9MFY24	YoY	4yr CAGR
<b>Net revenues</b>	<b>8,772</b>	<b>9,343</b>	<b>7%</b>	<b>12%</b>	<b>9,879</b>	<b>-5%</b>	<b>9,753</b>	<b>-4%</b>	<b>26,588</b>	<b>28,046</b>	<b>5%</b>	<b>13%</b>
Plywood and Allied	4,814	5,111	6%	12%	5,390	-5%	5,402	-5%	14,405	15,375	7%	14%
Core Plywood	4,375	4,718	8%	15%	4,928	-4%	4,956	-5%	12,948	14,135	9%	16%
Deco Ply	397	350	-12%	-1%	450	-22%	428	-18%	1,301	1,170	-10%	1%
Commercial Veneer	43	21	-50%	-36%	12	84%	17	26%	156	49	-69%	-38%
Laminates	1,563	1,690	8%	10%	1,702	-1%	1,676	1%	5,044	4,939	-2%	9%
MDF	1,654	1,874	13%	18%	1,887	-1%	2,038	-8%	4,771	5,428	14%	20%
Particle Board	384	368	-4%	10%	384	-4%	369	0%	1,368	1,146	-16%	11%
Logistics- CFS	195	252	29%	4%	262	-4%	168	50%	577	722	25%	3%
Others	119	136	14%	-1%	134	2%	100	36%	431	378	-12%	0%
<b>Volume</b>												
Plywood and Allied (cbm)	87,606	90,229	3%	9%	94,361	-4%	95,156	-5%	263,168	272,459	4%	11%
Core Plywood	83,592	87,209	4%	11%	91,410	-5%	91,951	-5%	249,482	263,642	6%	13%
Deco Ply	2,352	1,992	-15%	-7%	2,429	-18%	2,540	-22%	7,662	6,595	-14%	-4%
Commercial Veneer	1,662	1,028	-38%	-27%	522	97%	665	55%	6,024	2,222	-63%	-31%
Laminates (mn Nos)	1.64	1.89	16%	5%	2.05	-7%	1.97	-4%	5.39	5.77	7%	5%
MDF (cbm)	48,100	55,376	15%	7%	53,724	3%	58,682	-6%	138,518	157,088	13%	9%
Particle Board	15,595	18,386	18%	3%	18,350	0%	18,000	2%	56,289	55,776	-1%	4%
<b>Realisation</b>												
Plywood and Allied (INR/cbm)	54,945	56,642	3%	3%	57,121	-1%	56,765	0%	54,736	56,432	3%	3%
Core Plywood (INR/cbm)	52,332	54,096	3%	3%	53,914	0%	53,902	0%	155,701	160,806	3%	3%
Deco Ply (INR/cbm)	168,580	175,502	4%	6%	185,303	-5%	168,580	4%	508,993	530,906	4%	5%
Commercial Veneer (INR/cbm)	25,572	20,817	-19%	-12%	22,222	-6%	25,572	-19%	25,830	22,052	-15%	-10%
Laminates (INR/sheet)	907	854	-6%	5%	793	8%	800	7%	884	819	-7%	4%
Exteria	5,949	5,961	0%	-8%	6,434	-7%	5,949	0%	6,030	6,123	2%	4%
MDF	34,391	33,836	-2%	10%	35,118	-4%	34,735	-3%	34,444	34,555	0%	11%
Particle Board	24,649	19,991	-19%	7%	20,899	-4%	20,500	-2%	0	0	#DIV/0!	#DIV/0!
<b>Segmental EBITDA</b>	<b>1,281</b>	<b>1,052</b>	<b>-18%</b>	<b>3%</b>	<b>1,381</b>	<b>-24%</b>	<b>1,436</b>	<b>-27%</b>	<b>4,258</b>	<b>3,701</b>	<b>-13%</b>	<b>10%</b>
Plywood and Allied	588	495	-16%	5%	730	-32%	729	-32%	1,769	1,892	7%	15%
Laminates	234	196	-16%	6%	192	2%	201	-2%	745	532	-29%	2%
MDF	373	360	-4%	10%	521	-31%	510	-29%	1,336	1,317	-1%	20%
Particle Board	79	58	-26%	-1%	87	-33%	77	-26%	401	234	-42%	6%
Logistics- CFS	56	24	-58%	-25%	8	195%	8	181%	153	73	-52%	-24%
Others	15	18	18%	5%	20	-13%	10	75%	38	49	27%	28%
<b>EBITDA Margins</b>	<b>14.6%</b>	<b>11.3%</b>	<b>-330 bps</b>	<b>-450 bps</b>	<b>14.0%</b>	<b>-270 bps</b>	<b>14.7%</b>	<b>-350 bps</b>	<b>16.0%</b>	<b>13.2%</b>	<b>-280 bps</b>	<b>-180 bps</b>
Plywood and Allied	12.2%	9.7%	-250 bps	-270 bps	13.6%	-390 bps	13.5%	-380 bps	12.3%	12.3%	0 bps	60 bps
Laminates	14.9%	11.6%	-330 bps	-190 bps	11.3%	40 bps	12.0%	-40 bps	14.8%	10.8%	-400 bps	-330 bps
MDF	22.6%	19.2%	-340 bps	-670 bps	27.6%	-840 bps	25.0%	-580 bps	28.0%	24.3%	-370 bps	-40 bps
Particle Board	20.4%	15.7%	-470 bps	-800 bps	22.6%	-690 bps	21.0%	-530 bps	29.3%	20.4%	-890 bps	-460 bps

Source: Company, JM Financial

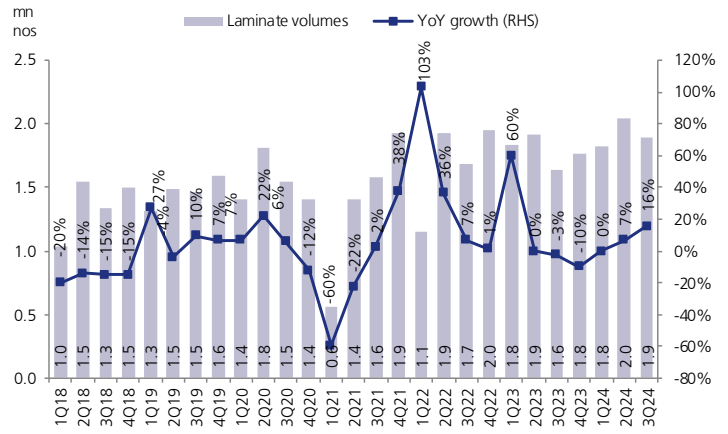
# Quarterly charts

**Exhibit 3. Plywood volume growth trend**



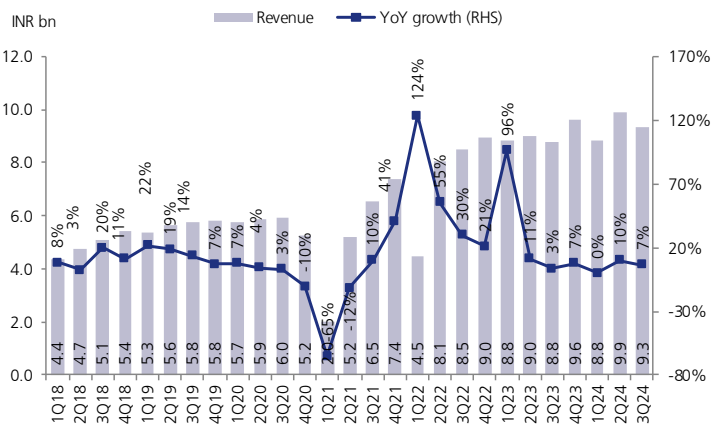
Source: Company, JM Financial

**Exhibit 4. Laminates volume growth trend**



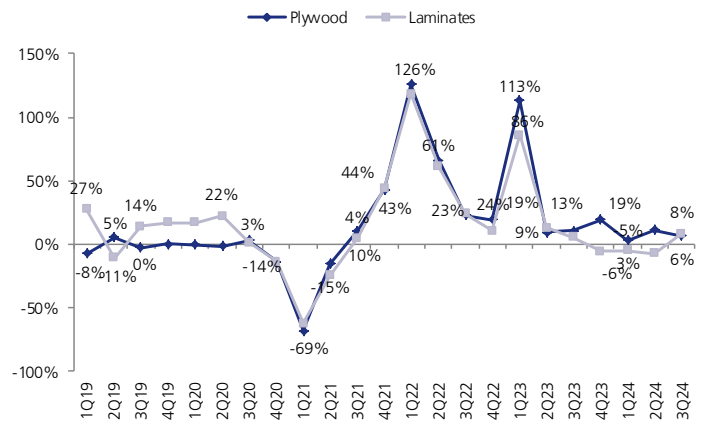
Source: Company, JM Financial

**Exhibit 5. Overall revenue growth trend**



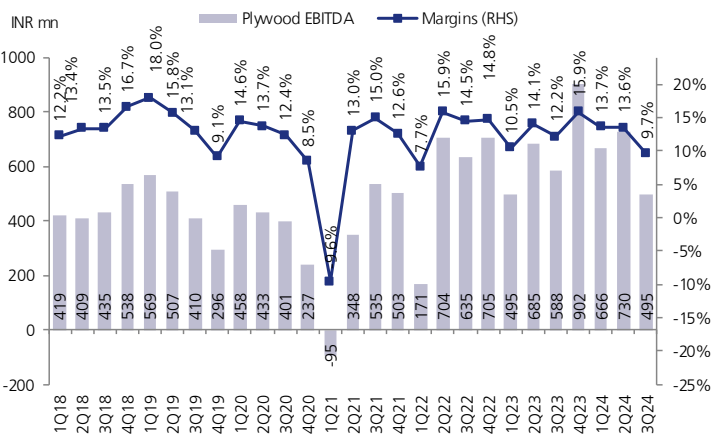
Source: Company, JM Financial

**Exhibit 6. Plywood and Laminates revenue growth trend**



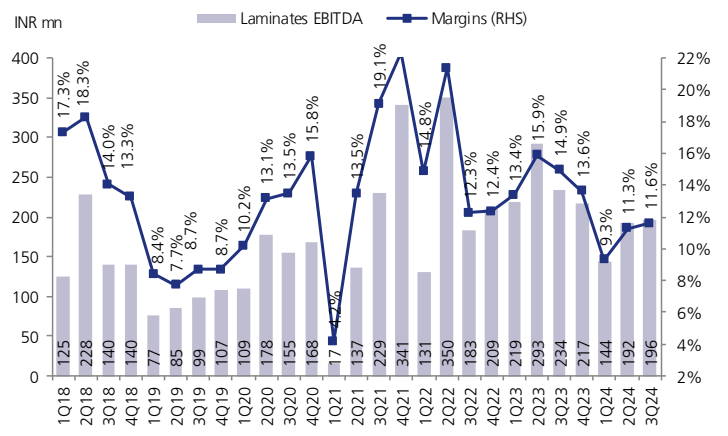
Source: Company, JM Financial

**Exhibit 7. Plywood EBITDA and margin trend**



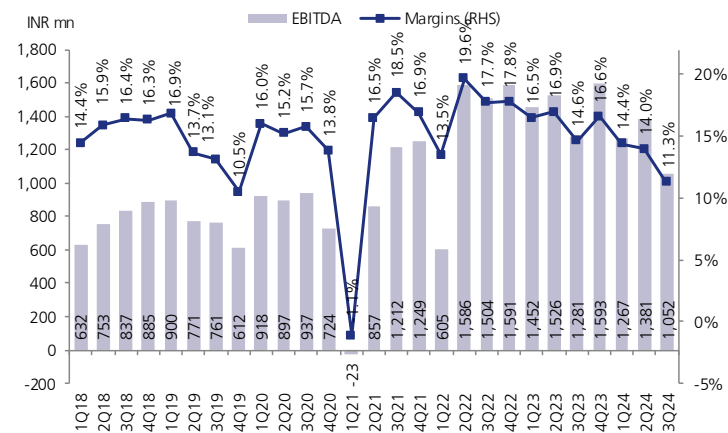
Source: Company, JM Financial

**Exhibit 8. Laminates EBITDA and margin trend**



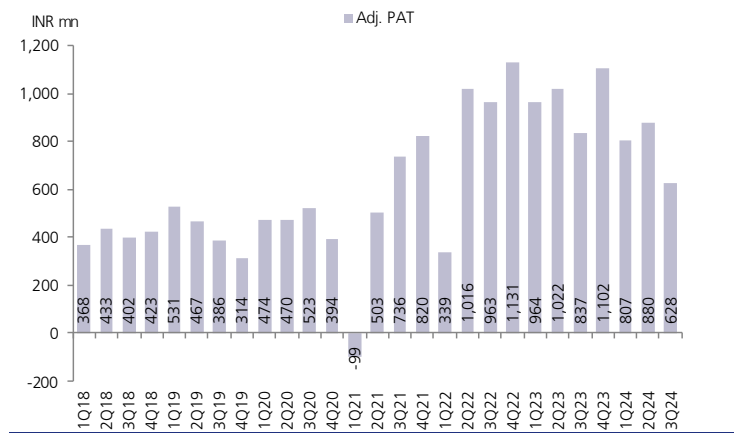
Source: Company, JM Financial

Exhibit 9. Overall EBITDA and margin trend



Source: Company, JM Financial

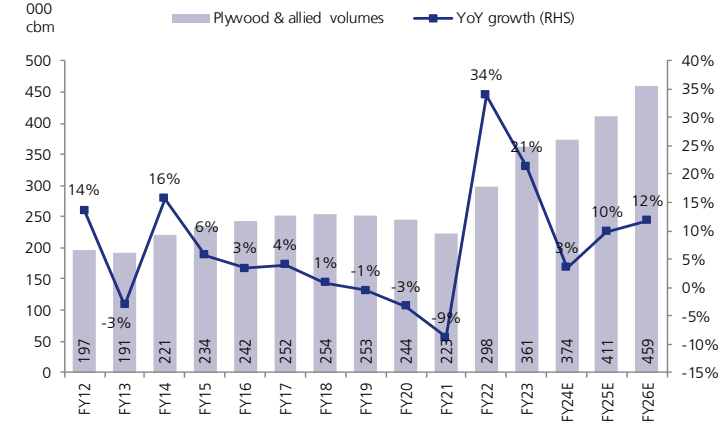
Exhibit 10. Profitability growth trend



Source: Company, JM Financial

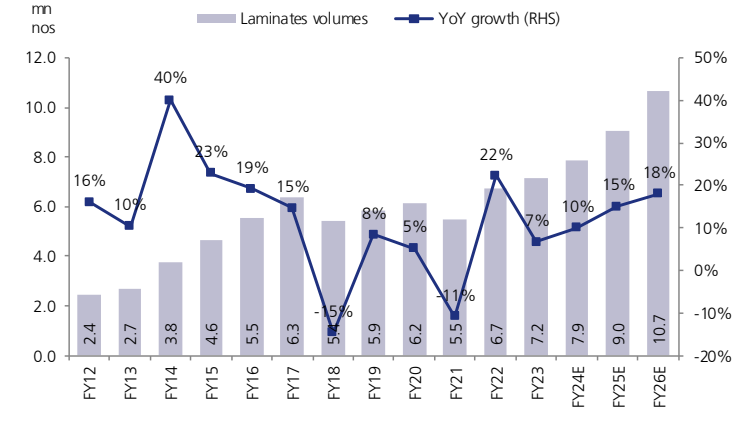
## Annual charts

Exhibit 11. Plywood volume growth trend



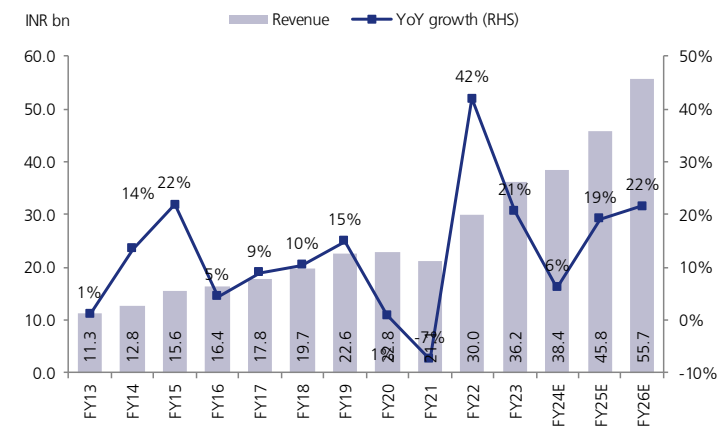
Source: Company, JM Financial

Exhibit 12. Laminates volume growth trend



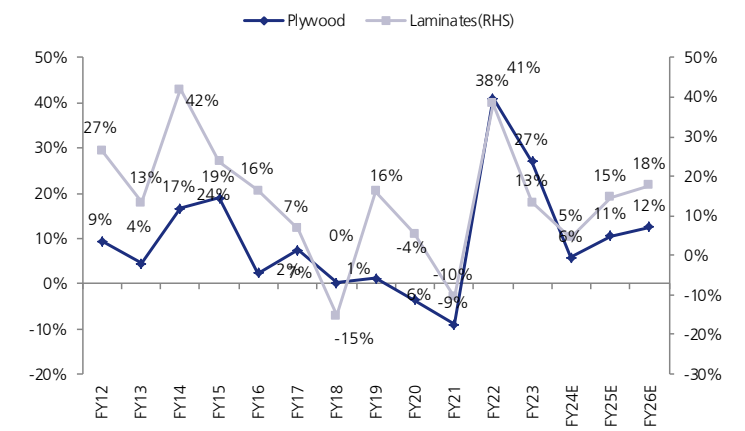
Source: Company, JM Financial

Exhibit 13. Overall revenue growth trend



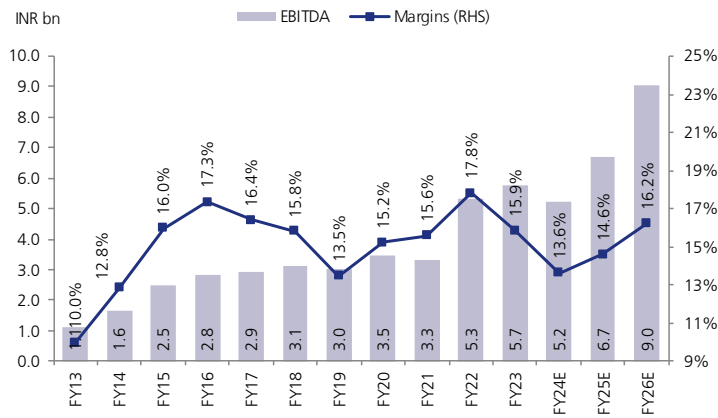
Source: Company, JM Financial

Exhibit 14. Plywood and Laminates revenue growth trend



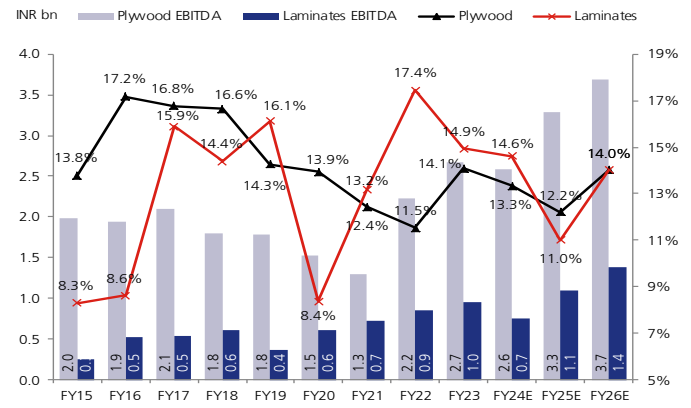
Source: Company, JM Financial

Exhibit 15. Overall EBITDA and margin trend



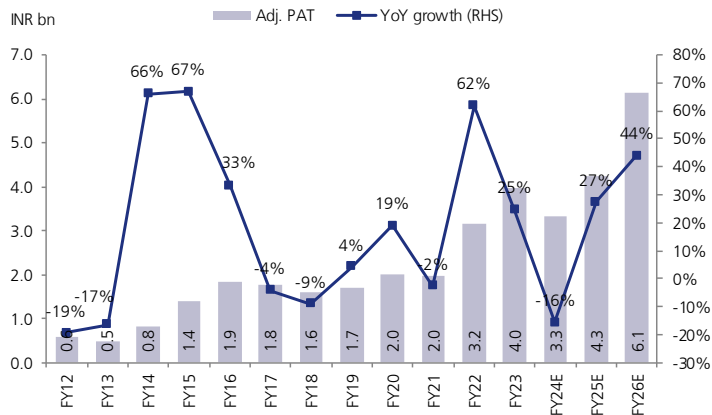
Source: Company, JM Financial

Exhibit 16. Plywood and Laminate EBITDA and margin trend



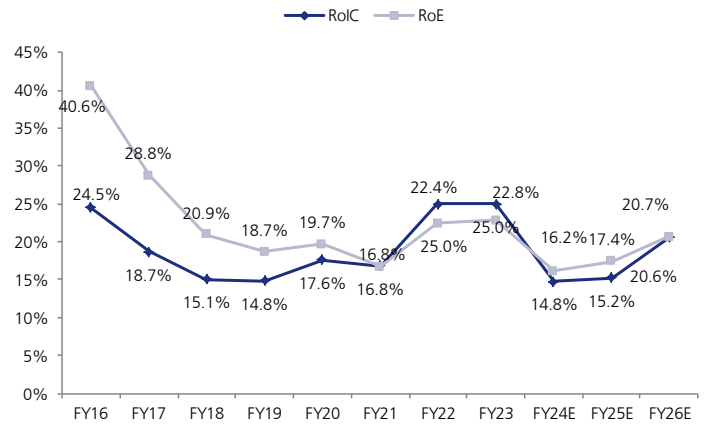
Source: Company, JM Financial

Exhibit 17. Profitability growth trend



Source: Company, JM Financial

Exhibit 18. Return ratios



Source: Company, JM Financial

## Financial Tables (Standalone)

Income Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Sales	30,009	36,207	38,446	45,806	55,686	
Sales Growth	42.0%	20.7%	6.2%	19.1%	21.6%	
Other Operating Income	0	0	0	0	0	
<b>Total Revenue</b>	<b>30,009</b>	<b>36,207</b>	<b>38,446</b>	<b>45,806</b>	<b>55,686</b>	
Cost of Goods Sold/Op. Exp	15,216	19,421	20,376	24,277	27,843	
Personnel Cost	3,998	4,575	5,170	5,687	6,256	
Other Expenses	5,448	6,467	7,666	9,159	12,553	
<b>EBITDA</b>	<b>5,346</b>	<b>5,743</b>	<b>5,234</b>	<b>6,683</b>	<b>9,034</b>	
EBITDA Margin	17.8%	15.9%	13.6%	14.6%	16.2%	
EBITDA Growth	62.3%	7.4%	-8.9%	27.7%	35.2%	
Depn. & Amort.	675	724	899	1,207	1,300	
EBIT	4,670	5,019	4,335	5,477	7,734	
Other Income	228	451	380	450	550	
Finance Cost	96	154	200	400	320	
PBT before Excep. & Forex	4,802	5,317	4,515	5,527	7,964	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	4,802	5,317	4,515	5,527	7,964	
Taxes	1,549	1,273	1,174	1,271	1,832	
Extraordinary Inc./Loss(-)	-252	-375	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	3,001	3,669	3,341	4,256	6,132	
<b>Adjusted Net Profit</b>	<b>3,171</b>	<b>3,954</b>	<b>3,341</b>	<b>4,256</b>	<b>6,132</b>	
Net Margin	10.6%	10.9%	8.7%	9.3%	11.0%	
Diluted Share Cap. (mn)	222.5	222.5	222.5	222.5	222.5	
<b>Diluted EPS (INR)</b>	<b>14.3</b>	<b>17.8</b>	<b>15.0</b>	<b>19.1</b>	<b>27.6</b>	
Diluted EPS Growth	61.8%	24.7%	-15.5%	27.4%	44.1%	
Total Dividend + Tax	222	222	0	0	0	
Dividend Per Share (INR)	1.0	1.0	0.0	0.0	0.0	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Shareholders' Fund	15,649	18,980	22,321	26,576	32,709	
Share Capital	223	223	223	223	223	
Reserves & Surplus	15,426	18,757	22,098	26,354	32,486	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	0	0	0	0	
Total Loans	1,964	2,647	7,145	6,395	5,645	
Def. Tax Liab. / Assets (-)	168	279	505	781	1,179	
<b>Total - Equity &amp; Liab.</b>	<b>17,780</b>	<b>21,905</b>	<b>29,971</b>	<b>33,752</b>	<b>39,533</b>	
Net Fixed Assets	8,607	10,325	20,226	22,720	21,920	
Gross Fixed Assets	11,124	14,890	25,047	29,347	29,847	
Intangible Assets	0	0	0	0	0	
Less: Depn. & Amort.	4,164	4,888	5,621	6,828	8,128	
Capital WIP	1,648	323	800	200	200	
Investments	1,547	2,087	2,087	500	500	
Current Assets	11,992	13,957	12,443	16,211	23,967	
Inventories	4,895	5,033	5,344	6,367	7,740	
Sundry Debtors	3,489	3,847	3,769	3,863	4,696	
Cash & Bank Balances	2,493	2,596	849	3,500	9,050	
Loans & Advances	1,115	2,481	2,481	2,481	2,481	
Other Current Assets	0	0	0	0	0	
Current Liab. & Prov.	4,366	4,463	4,785	5,678	6,854	
Current Liabilities	2,545	2,836	3,012	3,588	4,362	
Provisions & Others	1,820	1,627	1,774	2,090	2,492	
Net Current Assets	7,626	9,494	7,657	10,533	17,113	
<b>Total - Assets</b>	<b>17,780</b>	<b>21,905</b>	<b>29,971</b>	<b>33,752</b>	<b>39,533</b>	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Profit before Tax	4,550	4,942	4,515	5,527	7,964	
Depn. & Amort.	675	724	899	1,207	1,300	
Net Interest Exp. / Inc. (-)	-8	-51	-180	-50	-230	
Inc (-) / Dec in WCap.	-1,714	-295	89	-225	-1,030	
Others	278	302	226	276	398	
Taxes Paid	-1,092	-1,214	-1,174	-1,271	-1,832	
<b>Operating Cash Flow</b>	<b>2,689</b>	<b>4,408</b>	<b>4,375</b>	<b>5,464</b>	<b>6,570</b>	
Capex	-2,302	-2,652	-10,800	-3,700	-500	
Free Cash Flow	387	1,756	-6,425	1,764	6,070	
Inc (-) / Dec in Investments	742	-973	0	1,587	0	
Others	-1,499	-882	380	450	550	
<b>Investing Cash Flow</b>	<b>-3,059</b>	<b>-4,507</b>	<b>-10,420</b>	<b>-1,663</b>	<b>50</b>	
Inc / Dec (-) in Capital	0	0	0	0	0	
Dividend + Tax thereon	-223	-333	0	0	0	
Inc / Dec (-) in Loans	654	646	4,498	-750	-750	
Others	-95	-189	-200	-400	-320	
<b>Financing Cash Flow</b>	<b>337</b>	<b>124</b>	<b>4,298</b>	<b>-1,150</b>	<b>-1,070</b>	
<b>Inc / Dec (-) in Cash</b>	<b>-33</b>	<b>25</b>	<b>-1,747</b>	<b>2,650</b>	<b>5,550</b>	
Opening Cash Balance	755	2,493	2,596	849	3,500	
Closing Cash Balance	721	2,517	849	3,500	9,050	

Source: Company, JM Financial

Dupont Analysis		FY22A	FY23A	FY24E	FY25E	FY26E
Y/E March						
Net Margin	10.6%	10.9%	8.7%	9.3%	11.0%	
Asset Turnover (x)	2.0	1.8	1.5	1.4	1.5	
Leverage Factor (x)	1.1	1.1	1.3	1.3	1.2	
RoE	22.4%	22.8%	16.2%	17.4%	20.7%	

Key Ratios		FY22A	FY23A	FY24E	FY25E	FY26E
Y/E March						
BV/Share (INR)	70.3	85.3	100.3	119.4	147.0	
ROIC	25.0%	25.0%	14.8%	15.2%	20.6%	
ROE	22.4%	22.8%	16.2%	17.4%	20.7%	
Net Debt/Equity (x)	0.0	0.0	0.3	0.1	-0.1	
P/E (x)	54.9	44.1	52.1	40.9	28.4	
P/B (x)	11.1	9.2	7.8	6.6	5.3	
EV/EBITDA (x)	32.6	30.4	34.6	26.6	19.0	
EV/Sales (x)	5.8	4.8	4.7	3.9	3.1	
Debtor days	42	39	36	31	31	
Inventory days	60	51	51	51	51	
Creditor days	38	34	33	33	34	

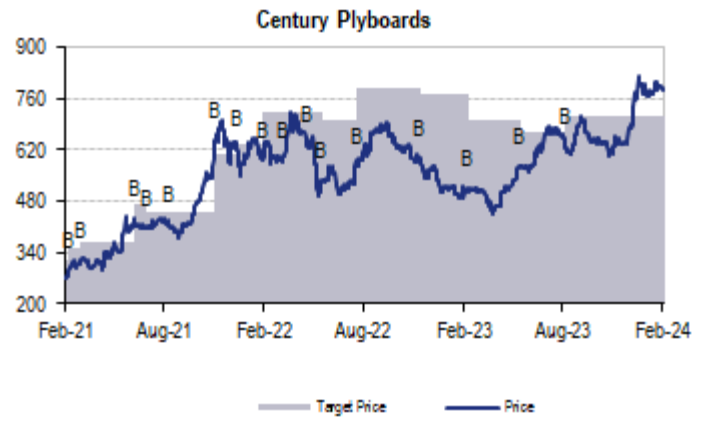
Source: Company, JM Financial



History of Earnings Estimate and Target Price

Date	Recommendation	Target Price	% Chg.
2-Jul-20	Buy	140	
20-Aug-20	Buy	155	10.7
11-Nov-20	Buy	220	41.9
15-Jan-21	Buy	320	45.5
10-Feb-21	Buy	350	9.4
4-Mar-21	Buy	370	5.7
10-Jun-21	Buy	470	27.0
30-Jun-21	Buy	450	-4.3
11-Aug-21	Buy	450	0.0
4-Nov-21	Buy	610	35.6
13-Dec-21	Buy	635	4.1
31-Jan-22	Buy	720	13.4
7-Mar-22	Buy	720	0.0
22-Apr-22	Buy	720	0.0
18-May-22	Buy	700	-2.8
22-Jul-22	Buy	790	12.9
12-Nov-22	Buy	770	-2.5
9-Feb-23	Buy	700	-9.1
16-May-23	Buy	670	-4.3
7-Aug-23	Buy	710	6.0

Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd., National Stock Exchange of India Ltd. and Metropolitan Stock Exchange of India Ltd.

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Rating	Meaning
Buy	Total expected returns of more than 10% for large-cap stocks* and REITs and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for large-cap* stocks and REITs and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

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