

Greenply Industries

6 February 2015

Reuters: GRPL.BO; Bloomberg: MTLM IN

Healthy Balance Sheet with Strong Return Ratios; Retain Buy

Greenply Industries (GIL) posted a healthy 32.6% rise in net profit to Rs261mn for 3QFY15 on account of a 38.4% growth in high-margin MDF (medium density fibre) board division, a 20.6% increase in EBITDA, control over interest costs and a lower tax rate. GIL reported strong growth in MDF boards division with capacity utilisation of 100% (it used to be a drag on overall profitability of the company for the past six quarters). Hence, operating margin improved 221bps to 24.1%. GIL had a high D/E ratio of 1.3x in FY14, which post demerger of Greenlam Industries in November 2014, declined to 0.7x. Even the working capital cycle improved to 51 days post demerger as against 74 days earlier. As laminate has the lowest RoCE among the three business divisions at 12.4%, GIL had reported a RoCE of 13.2% in FY14, but with demerger it improved to 16.2%. With inventory lower by 16 days, the working capital cycle improved YoY by 4 days in 3QFY15. Healthy revenue/PAT CAGR of 12.4%/22.7% to Rs19,755mn/1,476mn, respectively, lower working capital requirement at 9.2% of sales, demand improving for MDF boards, a 285bps improvement in RoCE to 19.1%, healthy operating cash flow of Rs3.9bn likely over FY15E-FY17E and a falling D/E ratio from 0.7x in FY14 to 0.3x in FY17E are all expected to drive up GIL's valuation. We have retained Buy rating on GIL with a target price of Rs1,407 (Rs1,248 earlier) based on 23x/12.9x FY17E P/E and EV/EBITDA, respectively.

Healthy revival in MDF boards: GIL reported a strong 38.4% growth in MDF board division led by a 40.2% volume growth on account of the shift from cheap plywood usage to MDF board, although price realisation fell 1.4%. EBITDA margin improved 221bps to 24.1% with a higher capacity utilisation rate of 100% as against 73.3% earlier. We expect the MDF board business to provide better growth and healthy return ratios/cash flows in the coming years because of: 1) Likely improvement in the commercial realty sector, a key market for MDF boards, 2) No new MDF board capacity addition in the next two years, thereby restricting supply, 3) GIL has introduced low density, cheap MDF boards, thereby preventing the consumers' migration to cheap plywood. In order to be the first mover to grab this opportunity, GIL plans to set up a new plant in Andhra Pradesh over FY16-FY19. MDF has achieved a 100% capacity utilisation rate in 3QFY15 and with an increased visible improvement in demand for MDF boards, we expect the utilisation level to increase further. MDF board is a high RoCE business (26.7% in 3QFY15) and with improved revenue growth, we expect the overall return ratios to improve going forward.

Healthy balance sheet, return ratios post demerger: GIL has de-merged its laminate business into a separate company called Greenlam Industries in November 2014, which is likely to be listed on stock exchanges in early March 2015. GIL had a high D/E ratio of 1.3x in FY14, which post demerger stood at 0.7x. Even the FY14 working capital cycle improved to 51 days post demerger as against 74 days earlier. As laminate has the lowest RoCE among the three business divisions at 12.4%, GIL had reported a RoCE of 13.2% in FY14. Post demerger, it improved to 16.2%.

BUY

Sector: Building Products

CMP: Rs967

Target Price: Rs1,407

Upside: 46%

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Key Data

| | |
|--------------------------|------------|
| Current Shares O/S (mn) | 24.1 |
| Mkt Cap (Rsbn/US\$m) | 23.3/377.7 |
| 52 Wk H / L (Rs) | 1,277/300 |
| Daily Vol. (3M NSE Avg.) | 10,411 |

Price Performance (%)

| | 1 M | 6 M | 1 Yr |
|---------------|------|------|-------|
| Greenply Ind. | 12.4 | 6.6 | 197.5 |
| Nifty Index | 4.0 | 12.5 | 44.7 |

Source: Bloomberg

| Y/E March (Rsmn) - standalone | 3QFY14 | 2QFY15 | 3QFY15 | YoY (%) | QoQ (%) | 9MFY14 | 9MFY15 | YoY (%) |
|---|--------------|--------------|--------------|-------------|--------------|---------------|---------------|-------------|
| Net sales | 3,287 | 4,108 | 3,933 | 19.7 | (4.3) | 10,138 | 11,352 | 12.0 |
| Net raw material costs and finished goods purchases | 1,910 | 2,401 | 2,253 | 17.9 | (6.2) | 5,977 | 6,572 | 10.0 |
| % of sales | 58.1 | 58.4 | 57.3 | - | - | 59.0 | 57.9 | - |
| Employee expenses | 307 | 352 | 361 | 17.6 | 2.7 | 908 | 1,057 | 16.4 |
| % of sales | 9.3 | 8.6 | 9.2 | - | - | 9.0 | 9.3 | - |
| Other expenses | 630 | 828 | 789 | 25.3 | (4.7) | 2,017 | 2,214 | 9.7 |
| % of sales | 19.2 | 20.1 | 20.1 | - | - | 19.9 | 19.5 | - |
| Operating profit | 440 | 528 | 531 | 20.6 | 0.6 | 1,236 | 1,510 | 22.2 |
| OPM (%) | 13.4 | 12.9 | 13.5 | - | - | 12.2 | 13.3 | - |
| Interest costs | 95 | 92 | 96 | 0.8 | 4.6 | 281 | 275 | (2.1) |
| Depreciation | 94 | 115 | 121 | 29.0 | 5.6 | 266 | 347 | 30.5 |
| Other income | 3 | 2 | 1 | (60.8) | (32.1) | 29 | 3 | (89.9) |
| PBT | 254 | 322 | 314 | 24.0 | (2.5) | 718 | 891 | 24.1 |
| Provision for tax | 57 | 54 | 53 | (6.1) | (1.7) | 170 | 128 | (24.8) |
| Effective tax rate (%) | 22.3 | 16.8 | 16.9 | - | - | 23.7 | 14.4 | - |
| Adjusted PAT | 197 | 268 | 261 | 32.6 | (2.6) | 547 | 763 | 39.3 |
| NPM (%) | 6.0 | 6.5 | 6.6 | - | - | 5.4 | 6.7 | - |
| EPS (Rs) | 8.2 | 11.1 | 10.8 | 32.6 | (2.6) | 28.5 | 34.5 | 21.0 |

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 1: Financial summary

| Y/E March (Rsmn) standalone | FY13 | FY14 | FY15E | FY16E | FY17E |
|-----------------------------|--------|--------|--------|--------|--------|
| Revenue | 1,3148 | 13,908 | 15,630 | 17,542 | 19,755 |
| YoY (%) | NA | 5.8 | 12.4 | 12.2 | 12.6 |
| EBITDA | 1,770 | 1,733 | 2,119 | 2,433 | 2,802 |
| EBITDA margin (%) | 13.5 | 12.5 | 13.6 | 13.9 | 14.2 |
| Reported PAT | 829 | 773 | 980 | 1,222 | 1,476 |
| Diluted EPS (Rs) | 34.4 | 32.1 | 40.6 | 50.7 | 61.2 |
| YoY (%) | NA | (6.8) | 26.8 | 24.6 | 20.8 |
| RoE (%) | 53.2 | 22.3 | 22.0 | 23.2 | 22.6 |
| RoCE (%) | 35.3 | 16.2 | 17.7 | 18.8 | 19.1 |
| RoIC (%) | 33.2 | 15.1 | 16.4 | 17.5 | 17.5 |
| P/E (x) | 28.1 | 30.2 | 23.8 | 19.1 | 15.8 |
| EV/ EBITDA (x) | 14.9 | 15.0 | 12.1 | 10.5 | 9.1 |

Source: Company, Nirmal Bang Institutional Equities Research

Working capital cycle improves in 3QFY15: In core business, post demerger, GIL reduced its absolute inventory by 26.2% or by 12 days to 45 days in 3QFY15, as against revenue growth of 19.7%. Hence, core working capital requirement reduced 7.7%. Because of lower receivable and inventory days, MDF board division has a lower working capital cycle compared to the laminate business. With de-merger and a rise in contribution from MDF board division, we expect the ex-cash working capital cycle to reduce from 10.6% of sales in FY14 to 9.2% of sales in FY17E. Thus, we expect the valuation matrix to improve for GIL post-demerger, leading to a re-rating of the company.

Recovery in plywood margin likely in 4QFY15: The company reported a subdued revenue growth of 12.6% to Rs2,787mn, mainly because of single-digit volume growth although an improvement in price realisation by 7% supported revenue growth. EBITDA margin declined 367bps to 8.1% for the quarter. The management stated that the company makes a quarterly provision under its 'lifting scheme' (the number of truckloads lifted by dealers) and accordingly dealers get margins on the same. With the real estate sector remaining weak during the quarter and sluggish secondary sales at dealer level, many dealers have not picked up their respective truckloads, as provisioned by the company. As these provisions get reversed by the year-end, the plywood division is expected to report a higher margin in 4QFY15.

New MDF board plant in Andhra Pradesh likely by FY19: GIL has acquired ~105 acres of land in Chittoor district of Andhra Pradesh at a cost of Rs185mn and is awaiting statutory approvals/licences to set up a MDF board unit. The installed capacity is expected to be in the range of 0.3mn cbm – 0.36mn cbm, almost twice the size of its existing capacity. GIL is expected to incur a capex of ~Rs6,500mn over FY16E-FY19E, of which ~Rs2,000mn/~Rs3,000mn/~Rs1,500mn capex will be incurred in FY16E-FY17E/FY18E/FY19E, respectively. The plant is expected to be commissioned by October 2018 if everything works out to be as planned. As major capex is expected to be incurred in FY18, we expect the D/E ratio to improve to 0.4x in FY17E from 0.7x in FY14.

Exhibit 2: Production/sales details

| Y/E March | 3QFY14 | 2QFY15 | 3QFY15 | YoY (%) | QoQ (%) | 9MFY14 | 9MFY15 | YoY (%) |
|-----------------------------------|--------------|--------------|--------------|-------------|--------------|---------------|---------------|------------|
| Production details | | | | | | | | |
| Plywood (mn sqm) | 8.48 | 9.15 | 8.10 | (4.5) | (11.5) | 26.32 | 25.11 | (4.6) |
| MDF board (mn cbm) | 0.03 | 0.04 | 0.04 | 35.8 | 25.9 | 0.10 | 0.11 | 5.7 |
| Sales volume | | | | | | | | |
| Plywood (mn sqm) | 10.27 | 12.29 | 11.10 | 8.1 | (9.7) | 32.55 | 33.60 | 3.2 |
| MDF board (mn cbm) | 0.03 | 0.04 | 0.04 | 40.2 | 18.0 | 0.10 | 0.11 | 8.5 |
| Realisation (Rs/unit) | | | | | | | | |
| Plywood | 229 | 241 | 245 | 7.0 | 1.7 | 231 | 251 | 8.6 |
| MDF board | 25,522 | 26,158 | 25,172 | (1.4) | (3.8) | 25,380 | 25,922 | 2.1 |
| Total gross revenue (Rsmn) | | | | | | | | |
| Plywood | 2,475 | 2,964 | 2,786 | 12.6 | (6.0) | 7,513 | 8,419 | 12.1 |
| MDF board | 808 | 985 | 1,120 | 38.6 | 13.6 | 2,619 | 2,903 | 10.8 |
| Total revenue | 5,213 | 6,046 | 5,836 | 11.9 | (3.5) | 15,569 | 16,902 | 8.6 |

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 3: Margin/capital efficiency details

| Y/E March (Rsmn) | 3QFY14 | 2QFY15 | 3QFY15 | YoY (%) | QoQ (%) | 9MFY14 | 9MFY15 | YoY (%) |
|-----------------------------|--------------|--------------|--------------|-----------------|-----------------|--------------|---------------|--------------|
| Segment-wise revenue | | | | | | | | |
| Plywood | 2,475 | 3,121 | 2,787 | 12.6 | (10.7) | 7,513 | 8,422 | 12.1 |
| MDF board | 809 | 988 | 1,120 | 38.4 | 13.3 | 2,619 | 2,904 | 10.9 |
| Unallocated | - | - | 27 | | | - | 27 | |
| Less: Inter-segment | 119 | 90 | 38 | (67.6) | (57.2) | 255 | 232 | (9.0) |
| Total | 3,165 | 4,019 | 3,868 | 22.2 | (3.8) | 9,877 | 11,121 | 12.6 |
| EBITDA margin (%) | | | | | | | | |
| Plywood | 11.8 | 9.5 | 8.1 | (367) | (141) | 8.4 | 9.0 | 62 |
| MDF board | 21.9 | 23.2 | 24.1 | 221 | 93 | 17.8 | 20.5 | 267 |
| Total | 13.4 | 12.9 | 13.5 | 10 | 65 | 12.2 | 13.3 | 111 |
| Capital employed | | | | | | | | |
| Plywood | 3,845 | 3,996 | 4,374 | 13.7 | 9.5 | 3,845 | 4,374 | 13.7 |
| MDF board | 3,464 | 3,345 | 3,312 | (4.4) | (1.0) | 3,464 | 3,312 | (4.4) |
| Unallocated | 454 | 568 | 620 | 36.7 | 9.3 | 454 | 620 | 36.7 |
| Total | 7,763 | 7,909 | 8,306 | 7.0 | 5.0 | 7,763 | 8,306 | 7.0 |
| Pre-tax RoCE (%) | | | | | | | | |
| Plywood | 24.1 | 24.1 | 17.9 | (615)bps | (622)bps | 21.5 | 18.7 | (279)bps |
| MDF board | 15.8 | 20.8 | 26.7 | 1,088bps | 587bps | 16.6 | 21.9 | 531bps |
| Total | 17.6 | 22.9 | 15.5 | (210)bps | (740)bps | 18.1 | 18.6 | 53bps |

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 4: Pre-demerger and post-demerger change in matrix

| | FY14 | FY15E | FY16E | FY17E |
|-----------------------------|------|-------|-------|-------|
| Pre-demerger | | | | |
| Ex-cash working capital (%) | 24.6 | 22.1 | 22.1 | 22.1 |
| D/E ratio (x) | 1.3 | 1.0 | 0.8 | 0.7 |
| RoCE (%) | 13.2 | 14.4 | 14.7 | 14.9 |
| Post-demerger | | | | |
| Ex-cash working capital (%) | 10.6 | 10.3 | 10.3 | 9.2 |
| D/E ratio (x) | 0.7 | 0.5 | 0.4 | 0.3 |
| RoCE (%) | 16.2 | 17.7 | 18.8 | 19.1 |

Source: Company, Nirmal Bang Institutional Equities Research

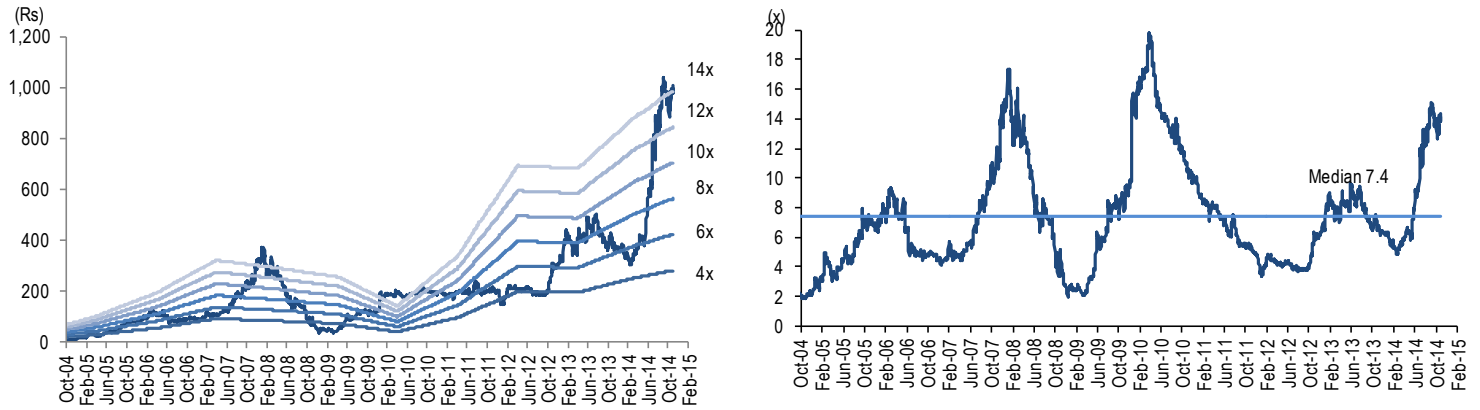
Exhibit 5: Our estimates versus actual performance (consolidated)

| (Rsmn) | 3QFY14 | 2QFY15 | 3QFY15 | YoY (%) | QoQ (%) | NBIE est. | Variation (%) | BBG cons. estimate | Variation (%) |
|--------------|--------|--------|--------|---------|---------|-----------|---------------|--------------------|---------------|
| Revenue | 5,245 | 6,234 | 6,081 | 15.9 | (2.4) | 5,675 | 7.2 | 5,000 | 21.6 |
| EBITDA | 669 | 762 | 760 | 13.6 | (0.3) | 777 | (2.2) | 639 | 19.0 |
| EBITDA (%) | 12.8 | 12.2 | 12.5 | (26) | 27 | 13.7 | (120) | 12.8 | (27) |
| Adjusted PAT | 285 | 370 | 309 | 8.4 | (16.4) | 325 | (4.8) | 311 | (0.5) |

Note: For calculating 3QFY15 numbers, we have combined the results of both Greenply Industries and Greenlam Industries. The numbers are broadly comparable.

Source: Company, Nirmal Bang Institutional Equities Research

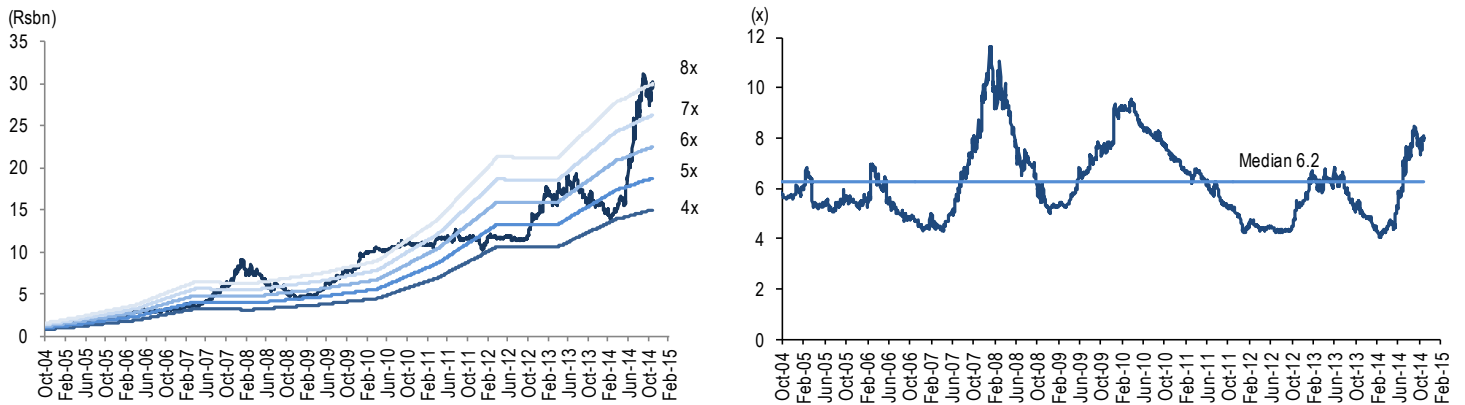
Exhibit 6: One-year forward P/E



Note: As the company's laminate business got demerged in November 2014, the historical price is not comparable

Source: Nirmal Bang Institutional Equities Research

Exhibit 7: One-year forward EV/EBITDA



Note: As the laminate business got demerged in November 2014, the historical price is not comparable

Source: Nirmal Bang Institutional Equities Research

Financials (standalone)

Exhibit 8: Income statement

| Y/E March (Rsmn) | FY13 | FY14 | FY15E | FY16E | FY17E |
|------------------------|--------|--------|--------|--------|--------|
| Net sales | 13,148 | 13,908 | 15,630 | 17,542 | 19,755 |
| Growth (%) | NA | 5.8 | 12.4 | 12.2 | 12.6 |
| Raw material costs | 6,935 | 7,001 | 8,950 | 9,989 | 11,188 |
| Staff costs | 966 | 1,194 | 1,578 | 1,771 | 1,994 |
| Power & fuel costs | 833 | 1,294 | 734 | 824 | 928 |
| Other costs | 2,645 | 2,685 | 2,249 | 2,525 | 2,843 |
| Total expenditure | 11,378 | 12,175 | 13,511 | 15,108 | 16,953 |
| EBITDA | 1,770 | 1,733 | 2,119 | 2,433 | 2,802 |
| Growth (%) | NA | (2.0) | 22.3 | 14.8 | 15.1 |
| EBITDA margin (%) | 13.5 | 12.5 | 13.6 | 13.9 | 14.2 |
| Other income | 47 | 39 | 39 | 37 | 40 |
| Extra-ordinary income | - | - | - | - | - |
| Interest costs | 396 | 376 | 346 | 303 | 296 |
| Gross profit | 1,421 | 1,396 | 1,812 | 2,167 | 2,546 |
| Growth (%) | NA | (1.8) | 29.8 | 19.6 | 17.5 |
| Depreciation | 321 | 359 | 496 | 527 | 565 |
| Profit before tax | 1,099 | 1,037 | 1,316 | 1,640 | 1,981 |
| Growth (%) | NA | (5.7) | 26.9 | 24.6 | 20.8 |
| Tax | 270 | 264 | 336 | 418 | 505 |
| Effective tax rate (%) | 24.6 | 25.4 | 25.5 | 25.5 | 25.5 |
| Net profit | 829 | 773 | 980 | 1,222 | 1,476 |
| Growth (%) | NA | (6.8) | 26.8 | 24.6 | 20.8 |
| Extra-ordinary items | - | - | - | - | - |
| Adjusted PAT | 829 | 773 | 976 | 1,204 | 1,283 |
| Growth (%) | NA | (6.8) | 26.2 | 23.4 | 6.6 |

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 10: Balance sheet

| Y/E March (Rsmn) | FY13 | FY14 | FY15E | FY16E | FY17E |
|---------------------------|--------------|--------------|--------------|--------------|---------------|
| Equity | 121 | 121 | 121 | 121 | 121 |
| Reserves | 2,997 | 3,685 | 4,580 | 5,718 | 7,109 |
| Net worth | 3,118 | 3,805 | 4,701 | 5,838 | 7,230 |
| Short-term loans | 1,347 | 1,376 | 1,076 | 776 | 976 |
| Long-term loans | 1,921 | 1,438 | 1,438 | 1,538 | 1,438 |
| Total loans | 3,267 | 2,814 | 2,514 | 2,314 | 2,414 |
| Deferred tax liability | 340 | 431 | 536 | 667 | 826 |
| Liabilities | 6,726 | 7,050 | 7,751 | 8,819 | 10,469 |
| Gross block | 6,012 | 6,532 | 7,520 | 8,783 | 9,414 |
| Depreciation | 1,220 | 1,525 | 2,021 | 2,548 | 3,113 |
| Net block | 4,792 | 5,007 | 5,498 | 6,234 | 6,301 |
| Capital work-in-progress | 172 | 487 | 413 | 632 | 2,241 |
| Long-term Investments | 1 | 1 | 1 | 1 | 1 |
| Inventories | 1,674 | 1,960 | 1,877 | 2,098 | 2,355 |
| Debtors | 2,163 | 2,199 | 2,605 | 2,924 | 3,292 |
| Cash | 152 | 82 | 232 | 146 | 100 |
| Other current assets | 856 | 1,033 | 1,179 | 1,323 | 1,490 |
| Total current assets | 4,844 | 5,275 | 5,893 | 6,492 | 7,237 |
| Creditors | 1,812 | 2,176 | 2,665 | 2,980 | 3,391 |
| Other current liabilities | 1,272 | 1,545 | 1,389 | 1,559 | 1,921 |
| Total current liabilities | 3,084 | 3,721 | 4,054 | 4,539 | 5,311 |
| Net current assets | 1,760 | 1,554 | 1,839 | 1,953 | 1,926 |
| Total assets | 6,726 | 7,050 | 7,751 | 8,819 | 10,469 |

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 9: Cash flow

| Y/E March (Rsmn) | FY13 | FY14 | FY15E | FY16E | FY17E |
|---------------------------------------|----------------|--------------|--------------|--------------|--------------|
| EBIT | 1,449 | 1,375 | 1,623 | 1,906 | 2,237 |
| Inc./(dec.) in working capital | (1,608) | 137 | (135) | (200) | (20) |
| Cash flow from operations | (160) | 1,511 | 1,488 | 1,707 | 2,217 |
| Other income | 47 | 39 | 39 | 37 | 40 |
| Depreciation | 321 | 359 | 496 | 527 | 565 |
| Deferred liabilities | 340 | 91 | 105 | 131 | 158 |
| Interest paid (-) | (396) | (376) | (346) | (303) | (296) |
| Tax paid (-) | (270) | (264) | (336) | (418) | (505) |
| Dividend paid (-) | (60) | (60) | (60) | (60) | (60) |
| Extra-ordinary items | - | - | - | - | - |
| Net cash from operations | (177) | 1,299 | 1,387 | 1,620 | 2,119 |
| Capital expenditure (-) | (5,285) | (889) | (913) | (1,482) | (2,241) |
| Net cash after capex | (5,463) | 410 | 474 | 139 | (122) |
| Inc./(dec.) in short-term borrowing | 1,347 | 29 | (300) | (300) | 200 |
| Inc./(dec.) in long-term borrowing | 1,921 | (483) | - | 100 | (100) |
| Inc./(dec.) in preference capital | - | - | - | - | - |
| Inc./(dec.) in borrowings | 3,267 | (454) | (300) | (200) | 100 |
| (Inc.)/dec. in investments | (1) | - | - | - | - |
| Minority interest | - | - | - | - | - |
| Equity issue/(buyback) | 121 | - | - | - | - |
| Cash from financial activities | 3,387 | (454) | (300) | (200) | 100 |
| Others | 2,228 | (26) | - | - | 24 |
| Opening cash balance | - | 152 | 82 | 232 | 146 |
| Closing cash balance | 152 | 82 | 232 | 146 | 100 |
| Change in cash balance | 152 | (70) | 150 | (86) | (46) |

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 11: Key ratios

| Y/E March | FY13 | FY14 | FY15E | FY16E | FY17E |
|-------------------------------|-------|-------|-------|-------|-------|
| Per share (Rs) | | | | | |
| EPS | 34.4 | 32.1 | 40.6 | 50.7 | 61.2 |
| Book value | 129.3 | 158 | 195 | 242 | 300 |
| Valuation (x) | | | | | |
| P/E | 28.1 | 30.2 | 23.8 | 19.1 | 15.8 |
| P/sales | 1.8 | 1.7 | 1.5 | 1.3 | 1.2 |
| P/BV | 7.5 | 6.1 | 5.0 | 4.0 | 3.2 |
| EV/EBITDA | 14.9 | 15.0 | 12.1 | 10.5 | 9.1 |
| EV/sales | 2.0 | 1.9 | 1.6 | 1.5 | 1.3 |
| Return ratios (%) | | | | | |
| RoIC | 33.2 | 15.1 | 16.4 | 17.5 | 17.5 |
| RoCE | 35.3 | 16.2 | 17.7 | 18.8 | 19.1 |
| RoE | 53.2 | 22.3 | 22.0 | 23.2 | 22.6 |
| Margins (%) | | | | | |
| EBITDA margin | 13.5 | 12.5 | 13.6 | 13.9 | 14.2 |
| PBIT margin | 11.0 | 9.9 | 10.4 | 10.9 | 11.3 |
| PBT margin | 8.4 | 7.5 | 8.4 | 9.3 | 10.0 |
| PAT margin | 6.3 | 5.6 | 6.3 | 7.0 | 7.5 |
| Turnover ratios | | | | | |
| Asset turnover ratio (x) | 2.0 | 2.0 | 2.0 | 2.0 | 1.9 |
| Avg. inventory period (days) | 53 | 58 | 50 | 50 | 50 |
| Avg. collection period (days) | 59 | 57 | 60 | 60 | 60 |
| Avg. payment period (days) | 57 | 64 | 71 | 71 | 72 |
| Solvency ratios (x) | | | | | |
| Debt-equity | 1.0 | 0.7 | 0.5 | 0.4 | 0.3 |
| Debt/EBITDA | 1.8 | 1.6 | 1.2 | 1.0 | 0.9 |
| Interest coverage | 3.7 | 3.7 | 4.7 | 6.3 | 7.6 |
| Growth (%) | | | | | |
| Sales | NA | 5.8 | 110.7 | 12.2 | 12.6 |
| EBITDA | NA | (2.0) | 116.4 | 14.8 | 15.1 |
| PAT | NA | (6.8) | 95.6 | 24.6 | 20.8 |

Source: Company, Nirmal Bang Institutional Equities Research

Rating track

| Date | Rating | Market price (Rs) | Target price (Rs) |
|-----------------|--------|-------------------|-------------------|
| 25 July 2013 | Buy | 493 | 645 |
| 7 October 2013 | Buy | 367 | 645 |
| 25 October 2013 | Buy | 409 | 607 |
| 7 January 2014 | Buy | 348 | 607 |
| 31 January 2014 | Buy | 327 | 536 |
| 11 April 2014 | Buy | 400 | 536 |
| 30 May 2014 | Buy | 521 | 704 |
| 30 June 2014 | Buy | 666 | 1,075 |
| 4 July 2014 | Buy | 766 | 1,075 |
| 21 July 2014 | Buy | 810 | 1,075 |
| 5 November 2014 | Buy | 1,042 | 1,248 |
| 6 February 2015 | Buy | 967 | 1,407 |

Note: Laminate division got demerged from Greenply Industries in November 2014 and, therefore, historical price is not comparable.

Disclaimer

Stock Ratings Absolute Returns

BUY > 15%

ACCUMULATE -5% to 15%

SELL < -5%

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