Angel Top Picks – December 2017

Top Picks

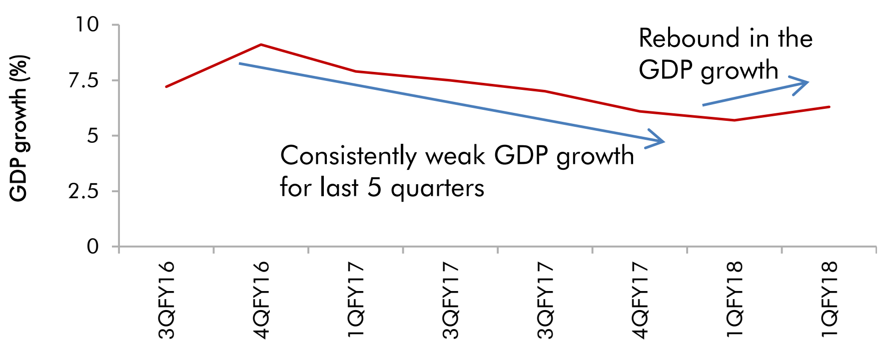
Company	CMP (₹)	TP (₹)
Banking/NBFC		
Dewan Housing	585	712
GIC Housing Finance	408	655
Karur Vysya Bank	113	161
Consumption		
Asian Granito	490	570
Blue Star	760	867
Siyaram Silk Mills	721	757
LT Foods	73	96
Century Plyboards	308	400
Media/Automobiles		
Maruti Suzuki	8,600	9,495
Music Broadcast	384	434
TV Today	392	435
Real Estate/Infra/Logistics/Power		
KEI Industries	384	425
Navkar Corp.	181	265
Pharmaceutical		
Alkem Laboratories	2,080	2,287

Source: Angel Research;
Note: CMP as of December 06, 2017

The 6.3% GDP growth in 2QFY2018 indicates that growth in the economy is rebounding, and we believe that, Indian economy is primed for growth with implementation of GST reform, strong macros and uptick in the global economy. Our belief in the India story continues to remain strong with positive sales data reported by the automobile companies (strong consumption trend) as well as change in the FII's position on India. Angel Broking's Top Picks Portfolio continues to perform well with 38% alpha generated over BSE 100 during the last two years.

GDP data indicates rebound in the economy – The 2QFY18 GDP growth came in at 6.3%% vs. cons. of 6.4%. While this was slightly below the consensus expectations, the data clearly shows rebound in the domestic economy. India's GDP growth has been consistently weak for the last five quarters, particularly the last three quarters due to demonetization and GST implementation. we believe that with 6.3% growth in the economy, the growth trajectory is ahead of us and in our view, we are gearing up for a 7-8% GDP growth from FY2019 onwards.

Exhibit 1: Rebound in domestic economy



Source: Company, Angel Research

Rating upgrade, key highlight of the year - With the slew of reforms and strong improvement in the macros, India's sovereign rating upgrade was due for some time now. A one notch rating upgrade by Moody's Investors Service (*from Baa3 to Baa2*), stamps the strengthening of the Indian economy. Though this does not change anything drastically, this, we believe is likely to result in improved investor sentiment. Underlying thought remains that the economy is in well shape, which is positive to support the market valuations.

Auto sales indicate strong domestic consumption demand - The November auto sales lay a clear picture of strong consumption demand in the country. The PV sales of top seven companies grew by 18.5% yoy while CV sales of the top three companies grew by 64.2% yoy. The 2W+3W sales of top four companies grew by 21.5% yoy. The tractor volumes also grew in double digits. Overall, auto sector witnessed strong performance in all quarters.

Reversal in FIIs mood – While DIIs had continued to buy domestic equities, FII inflows had not shown big revival since March-17, when they invested ₹30,906cr in the single month. The November FII inflows were at ₹19,728cr (highest since March-17), which would have been triggered due to sovereign rating upgrade by Moody's. This we believe improves the sentiment in the market further.

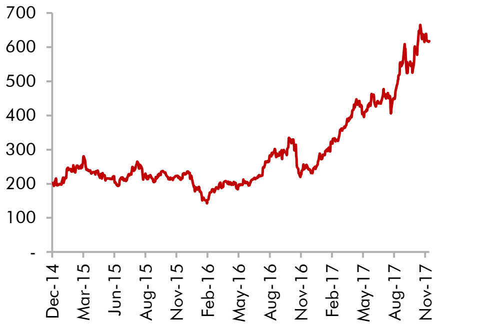
We continue to remain bullish on the markets and accordingly we retain our stock recommendations. We add Century Plyboards in the portfolio, as we believe it will benefit from its MDF plant due to the affordable housing scheme.

Top Picks

Dewan Housing

Stock Info	
CMP	585
TP	712
Upside	21.7%
Sector	Financials
Market Cap (₹ cr)	18,367
Beta	1.6
52 Week High / Low	679 / 213

3 year-Chart



Source: Company, Angel Research

- **Loan growth to remain strong going ahead:** Backed by healthy capital adequacy and increasing demand for home loans DHFL's loan book is expected to report 23% loan growth over next two three years.
- **Strong Capital adequacy lends visibility for growth:** DHFL sold 50% stake held by it in DFHFL Pramerica Life Insurance Co Ltd which added ₹1,969 cr to its net worth and increases its CAR by 400 bps, to 19.3% which should fuel growth for next 2-3 years.
- **Asset quality has been strong:** Strong NIM on the back of lower cost of funds and lower credit cost will ensure healthy return ratios for the company. Despite strong growth the company has maintained stable asset quality and we expect the trend to continue.
- **Outlook:** We expect the company's loan growth to remain 23% over next two years and earnings growth is likely to be more than 28%.The stock currently trades at 1.9x FY2019E ABV. **We maintain Buy on the stock with a target price of ₹712.**

Key Financials

Y/E March	Op. Inc (₹ cr)	NIM (%)	PAT (₹ cr)	EPS (₹)	ABV (₹)	ROA (%)	ROE (%)	P/E (x)	P/ABV (x)
FY2018E	2,279	2.4	1,171	37.4	268	1.3	13.8	15.6	2.2
FY2019E	2,927	2.7	1,556	49.7	305	1.5	16.2	11.8	1.9

Source: Company, Angel Research

Karur Vysa Bank

Stock Info	
CMP	113
TP	161
Upside	42.5%
Sector	Banking
Market Cap (₹ cr)	8,260
Beta	0.9
52 Week High / Low	150 / 74

3 year-Chart

Source: Company, Angel Research

- **Loan growth to pick up from FY18 onwards:** KVB had a fairly strong loan CAGR of 14.9% over FY11-17.However, FY17 was year of consolidation and loan book grew by only 4.7%. We expect loan growth to pick up to 11% over FY17-19. Deposit growth is expected at 9% during the period.
- **Asset quality likely to stabilize going ahead**: KVB's slippages remained high during FY17 and hence GNPAs % went up to 3.58% vs 1.3%. However, large part of the troubled accounts has been classified as NPAs and hence gradually we expect the asset quality to improve. While in Q1FY18 we saw some pressure on asset quality, it still remained fairly under control.
- **NIM likely to see further improvement:** There were 25 bps improvements in NIM during FY17, with share of CASA growing and cost of fund coming down NIM is expected to improve further going ahead.
- **Outlook:** We expect KVB to post a strong loan book & earnings CAGR of 11% & 22% over FY2017-19E. The stock currently trades at 1.3x FY2019E ABV. **We have a BUY rating on the stock.**

Key Financials

Y/E March	Op. Inc (₹ cr)	NIM (%)	PAT (₹ cr)	EPS (₹)	ABV (₹)	ROA (%)	ROE (%)	P/E (x)	P/ABV (x)
FY2018E	2,388	3.7	660	10.8	77.8	1	12.5	10.5	1.5
FY2019E	2,757	3.9	858	14.1	89.6	1.2	14.7	8.1	1.3

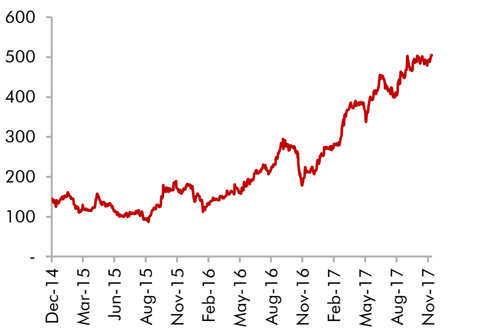
Source: Company, Angel Research

Asian Granito

Stock Info

CMP	490
TP	570
Upside	16%
Sector	Cons. Durable
Market Cap (₹ cr)	1,475
Beta	1.2
52 Week High / Low	532 / 176

3 year-Chart



Source: Company, Angel Research

- AGIL's current, vitrified sales (35%) are lower as compared to its peers like Somany Ceramics (47%) and Kajaria Ceramics (61%). Recently, AGIL has launched various products in premium segment. Going forward, we expect AGIL's profit margin to improve due to increase in focus for higher vitrified product sales, which is a high margin business.
- AGIL is continuously putting efforts to increase the B2C sales from the current level (35-36% in FY17). It is expected to reach up to 50% in next 2-3 years on the back of various initiatives taken by AGIL to increase direct interaction with customers like strengthening distribution network, participation in key trade exhibition, etc.
- In July FY2016, AGIL acquired Artistique Ceramic which has a better margin profile. Going forward, we expect the company to improve its operating margin from 7.5% in FY16 (excluding merger) to 13-13.5% in coming financial year. Artisique Ceramics has a contract with RAS GAS to supply quality natural gas at a discounted rate of 50% to current market rate, which would reduce the overall power & fuel cost of the company.
- We expect AGIL to report a net revenue CAGR of ~10% to ~₹1,286cr and net profit CAGR of ~29% to ₹65cr over FY2017-19E. **We recommend a Buy rating on the stock.**

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2018E	1,140	13.1	49	16.3	10.9	30.1	3.3	11.6	1.5
FY2019E	1,286	13.3	65	21.6	12.6	22.7	2.9	9.9	1.3

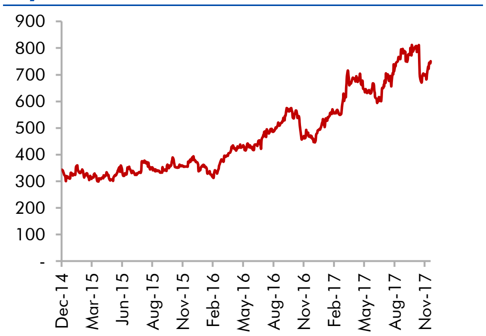
Source: Company, Angel Research

Blue Star

Stock Info

CMP	760
TP	867
Upside	14%
Sector	Cons. Durable
Market Cap (₹ cr)	7,280
Beta	0.4
52 Week High / Low	826 / 436

3 year-Chart



Source: Company, Angel Research

- BSL is one of the largest air-conditioning companies in India. With a mere 3% penetration level of ACs vs 25% in China, the overall outlook for the room air-conditioner (RAC) market in India is favourable.
- BSL's RAC business has been outgrowing the industry by ~10% points over the last few quarters, resulting in the company consistently increasing its market share. This has resulted in the Cooling Products Division (CPD)'s share in overall revenues increasing from~23% in FY2010 to ~45% in FY2017 (expected to improve to ~47-48% in FY2018E). With strong brand equity and higher share in split ACs, we expect the CPD to continue to drive growth.
- Aided by increasing contribution from the Unitary Products, we expect the overall top-line to post a revenue CAGR of ~19% over FY2017-19E and margins to improve from 5.8% in FY2017 to 6.6% in FY2019E. **We recommend a buy rating on the stock.**

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2018E	5,220	6.3	161	16.8	19.0	45.2	9.0	23.3	1.5
FY2019E	6,207	6.6	214	22.3	23.3	34.1	7.9	18.7	1.2

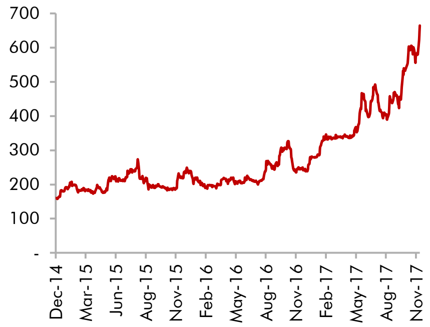
Source: Company, Angel Research

Siyaram Silk Mills

Stock Info

CMP	721
TP	757
Upside	5%
Sector	Textile
Market Cap (₹ cr)	3,379
Beta	0.7
52 Week High / Low	222/782

3 year-Chart



Source: Company, Angel Research

- SSML has strong brands which cater to premium as well as popular mass segments of the market. Further, SSML entered the ladies' salwar kameez and ethnic wear segment. Going forward, we believe that the company would be able to leverage its brand equity and continue to post strong performance.
- The company has a nationwide network of about 1,600 dealers and business partners. It has a retail network of 160 stores and plans to add another 300-350 stores going forward. Further, the company's brands are sold across 3,00,000 multi brand outlets in the country.
- Going forward, we expect SSML to report a net sales CAGR of ~12% to ~₹1,981cr and adj.net profit CAGR of ~16% to ₹123cr over FY2017-19E on back of market leadership in blended fabrics, strong brand building, wide distribution channel, strong presence in tier II and tier III cities and emphasis on latest designs and affordable pricing points. At the current market price, SSML trades at an inexpensive valuation. **We have an accumulate recommendation on the stock and target price of ₹757.**

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2018E	1,769	12.7	106	22.6	15.4	31.9	4.9	16.4	2.1
FY2019E	1,981	12.7	123	26.2	15.5	27.5	4.3	14.4	1.8

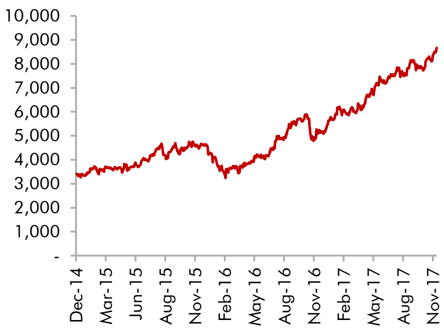
Source: Company, Angel Research

Maruti Suzuki

Stock Info

CMP	8,600
TP	9,495
Upside	10.5%
Sector	Automobiles
Market Cap (₹ cr)	2,59,808
Beta	1.0
52 Week High / Low	8,696/5,040

3 year-Chart



Source: Company, Angel Research

- The Automobile sector is expected to benefit from the GST implementation. The sector has seen a pick up in the volumes in FY17 as there were several positive factors like normal monsoon and lower interest rates.
- Maruti Suzuki continues to hold ~52% market share in the passenger vehicles. The launch of exciting models has helped the company to ride on the premiumization wave that is happening in the country. In the last two years, company has seen improvement in the business mix with the pie of the utility vehicles growing from ~4% to current 15%. The 2-3 months of waiting period of new models, launch of Swift Hatchback in January-2018 and headroom for more capacity utilization at Gujarat plant are the near term earning triggers.
- Due to the favorable business mix, company has also been seeing improvement in the margins. Company has already moved from ~11-12% EBITDA margin range in FY14 to current ~17% margin range in 2QFY18. Together with higher operating leverage at Gujarat plant, increasing Nexa outlets, and improving business mix, we believe that company has further room to improve its margins. We have an accumulate rating on the stock.

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2018E	80,815	15.6	8,506	281.7	21.7	30.5	6.6	18.5	2.9
FY2019E	96,680	16.9	10,991	364.0	22.8	23.6	5.4	13.7	2.3

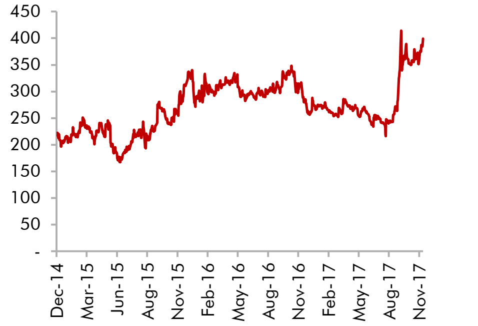
Source: Company, Angel Research

TV Today Network

Stock Info

CMP	392
TP	435
Upside	11%
Sector	Media
Market Cap (₹ cr)	2,334
Beta	0.9
52 Week High / Low	434 /210

3 year-Chart



Source: Company, Angel Research

- TTNL enjoys a strong viewership ranking in the Hindi and English news channel categories. The company's Hindi news channel – Aaj Tak has maintained its market leadership position occupying the No.1 rank for several consecutive years in terms of viewership. Its English news channel - India Today too has been continuously gaining viewership; it has now captured the No. 2 ranking from No. 4 earlier. Its other channels like Dilli Aaj Tak and Tez are also popular among viewers.
- TTNL is a play of higher operating leverage that would be visible as advertisement revenues gain traction. Going ahead, we expect EBITDA margins would improve.
- We expect TTNL to report a net revenue CAGR of ~11% to ~₹727cr and net profit CAGR of ~14% to ₹122cr over FY2017-19E. **We have an accumulate rating on the stock**

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2018E	669	26.9	109	18.3	15.3	21.4	3.2	11.3	3.0
FY2019E	749	26.9	122	20.5	17.5	19.1	3.4	10.2	2.8

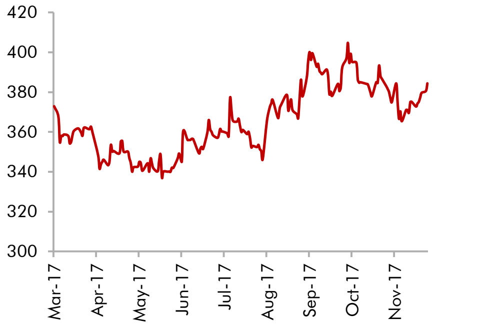
Source: Company, Angel Research

Music Broadcast

Stock Info

CMP	384
TP	434
Upside	13%
Sector	Media
Market Cap (₹ cr)	2,192
Beta	0.6
52 Week High / Low	415/333

3 year-Chart



Source: Company, Angel Research

- Radio Industry is protected by licenses for 15 years, thereby restricting the entry of new players. This would support the existing companies to strengthen their position and maintain a healthy growth rate.
- It has grabbed the Number 1 position in Mumbai, Bengaluru and Delhi in terms of number of listener. This is helping MBL to charge premium rate, which resulting into higher EBITDA margin (33.6%) compare to 22% of ENIL.
- MBL outperformed its closest peer with 18.4% CAGR in revenue over FY2013-17 (ENIL reported 13.2% CAGR in revenue). On the profitability front too, MBL, with 32.3% CAGR in PAT over FY2013-17, has performed much better than ENIL (-5.2% CAGR in PAT). Moreover, Radio City posted a six year CAGR of 12.1% v/s. 9.1% of industry owing to higher advertising volumes.
- Capex for 39 licenses have been done for the next 15 years, hence no heavy incremental Capex requirement would emerge. Moreover, the maintenance Capex would be as low as ₹5-10cr. This would leave sufficient cash flow to distribute as dividend. **We have a Buy recommendation on the stock and target price of ₹434.**

Key Financials

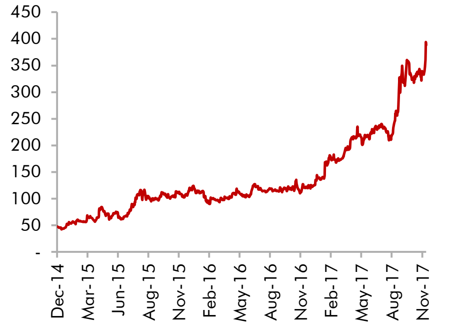
Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2018E	317	34.4	56	9.8	9.3	39.6	3.7	18.6	6.4
FY2019E	372	34.9	80	14.0	12.0	27.8	3.3	15.1	5.3

Source: Company, Angel Research

Stock Info

CMP	384
TP	425
Upside	11%
Sector	Cable
Market Cap (₹ cr)	3,009
Beta	1.3
52 Week High / Low	412/106

3 year-Chart



Source: Company, Angel Research

KEI Industries

- KEI's current order book (OB) stands at ₹2,780cr (segmental break-up: ₹1,990cr in EPC, ₹560cr in Cable & ₹230cr in EHV). Its OB grew by ~28% in the last 3 years due to strong order inflows from State Electricity Boards, Power grid, etc.
- KEI's consistent effort to increase its retail business from 30-32% of revenue in FY17 to 40-45% of revenue in the next 2-3 years on the back of strengthening distribution network (currently 926 which is expect to increase ₹1,500 by FY19) and higher ad spend (increased from ₹2cr in FY13 to ₹7.5cr in FY17 and expected to spend).
- KEI's export (FY17 – 8-10% of revenue) is expected to reach a level of ~14-15% in next two years with higher order execution from current OB and participation in various international tenders. We expect a strong ~26% growth CAGR over FY2017-19 in exports. We expect KEI to report net revenue CAGR of ~13% to ~₹3,392cr and net profit CAGR of ~19% to ₹140cr over FY2017-19E. **Hence we have an accumulate rating on the stock.**

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2018E	3,001	10.0	119	15.5	21.0	22.7	4.8	10.3	1.1
FY2019E	3,392	10.0	140	18.1	20.0	19.4	3.9	9.2	0.9

Source: Company, Angel Research

Stock Info

CMP	408
TP	655
Upside	60%
Sector	Financials
Market Cap (₹ cr)	2,197
Beta	1.3
52 Week High / Low	623 /251

3 year-Chart

Source: Company, Angel Research

GIC Housing Finance Ltd

- Backed by the new management, GICHF is aiming for 2.0x growth in the loan book over the period of FY16-FY19E to ₹16,000cr. GICHF has healthy capital adequacy, and is seeing an increase in demand for home loans. GICHF's loan book is expected to report 24.3% loan growth over next two years.
- GICHF is consistently decreasing bank borrowing and increasing high yield loan book which is expected to boost its Net Interest Margin. The share of bank borrowing was 75% in FY15, which fell to 55% in FY17. In our opinion, the impetus on lower bank borrowings and increasing high yield loan book is likely to result in 17bps NIM over FY16-FY19E.
- GICHF's asset quality is on the higher side compared to other HFCs (As on FY17 GNPA-2.3% and NPA-0.3%). This is primarily due to GICHF has not written off any bad asset and has not sold any bad assets to ARC. New Management is expediting asset quality improvement.
- We expect the GICHF's loan growth to grow at a CAGR of 24.3% over next two years and RoA/RoE to improve from 1.7%/19.0% in FY17 to 2.0%/23.0% in FY19E.The stock is currently trading at 1.9x FY2019E ABV. **We have a Buy rating on the stock.**

Key Financials

Y/E March	Op. Inc (₹ cr)	NIM (%)	PAT (₹ cr)	EPS (₹)	ABV (₹)	ROA (%)	ROE (%)	P/E (x)	P/ABV (x)
FY2018E	376	3.6	180	33	184	1.7	20	12	2.2
FY2019E	477	3.7	215	40	219	1.9	23	10	1.9

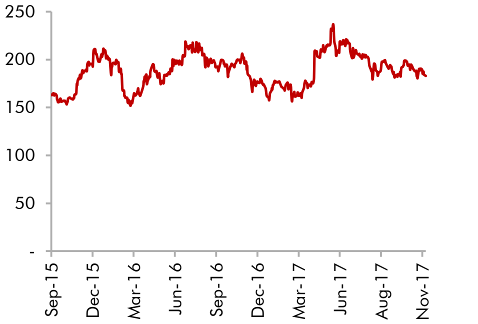
Source: Company, Angel Research

Navkar

Stock Info

CMP	181
TP	265
Upside	46%
Sector	Logistics
Market Cap (₹ cr)	2,728
Beta	0.8
52 Week High / Low	247 / 155

3 year-Chart



Source: Company, Angel Research

- NCL is one of the largest and one of the three CFS at JNPT with rail connectivity, helping it garner high market share at the port. NCL is in a massive expansion mode where it is increasing its capacity by 234% to 1,036,889 TEUs at JNPT and coming up with an ICD at Vapi (with Logistics Park).
- The ICD with rail link should benefit from first mover advantage in a region that has huge market potential and accounts for ~27% of volumes at JNPT. The ICD should be able to capture the EXIM volumes from the region through rail link that till now was being custom cleared at JNPT (Import) or being transported via road and consolidated at JNPT (Export). South Gujarat volumes will now head straight to the Vapi ICD; thus the company can now cater to bulk commodities and domestic traffic that it had been rejecting owing to capacity constraints at CFS.
- We expect NCL to successfully use its rail advantage and scale up its utilizations at both JNPT and Vapi ICD. **We have a Buy rating on the stock.**

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2018E	400	41.5	104	7.3	6.9	22.5	1.8	17.8	7.4
FY2019E	530	41.5	142	9.9	8.6	15.4	1.6	13.3	5.5

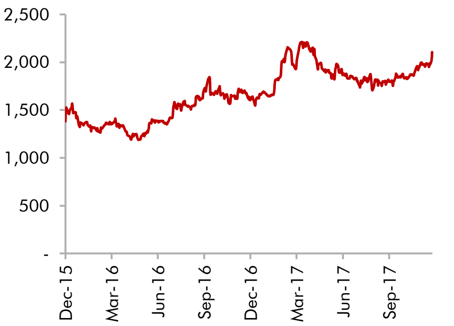
Source: Company, Angel Research

Alkem Laboratories

Stock Info

CMP	2,080
TP	2,287
Upside	10%
Sector	Pharmaceutical
Market Cap (₹ cr)	24,869
Beta	0.4
52 Week High / Low	2,238 /1,535

3 year-Chart



Source: Company, Angel Research

- Alkem is 5th largest pharma company is the domestic market and also has presence in US. It derives 73% of its revenues come from the Indian markets while rest come from the other countries. Alkem has leadership position in the domestic anti infective segment and it is ranked #3 in Gastro-Intestinal and Pain/Analgesics segments. Company holds ~3.6% and ~7.9% market share in the formulations and overall prescriptions in the country.
- In the domestic market, company operates in acute and chronic segments. It is a prominent player in acute segment has forayed in chronic segment from which it expects faster growth. Alkem has been outperforming the domestic industry growth which is likely to continue. Company is focusing on monetization of its pipeline (92 ANDAs) in the US with high single digit ANDA launches to grow the US revenues at ~20% growth rate from FY17-FY19E.
- Overall outlook remains strong with 9% CAGR in the topline and 13% CAGR in the bottom-line. **We have an accumulate rating on the stock.**

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2018E	6,272	17.5	862	72.1	17.6	28.9	5.1	22.3	3.9
FY2019E	7,254	19.8	1,139	95.3	19.6	21.8	4.3	16.7	3.3

Source: Company, Angel Research

LT Foods

Stock Info

CMP	73
TP	96
Upside	31%
Sector	Food Processing
Market Cap (₹ cr)	1,943
Beta	1.0
52 Week High / Low	84 / 21

3 year-Chart

Source: Company, Angel Research

- LT Foods LTD (LTFL) is branded specialty Foods Company engaged in milling, processing and marketing of branded/non-branded basmati rice and manufacturing of rice food products in the domestic and overseas markets.
- LTFL's flagship brand Daawat enjoys 22% market share in the branded rice market of India. It also has strong market share in North America selling Basmati rice under the brand 'Royal'. Currently it has access to 1,40,000 traditional retail outlets, 93% reach of towns with over 2 lakh population,and a access to 3000 Wholesalers. It has also strong network in modern trade. LTFL is the 1st Rice company to place Brown Basmati Rice in Medical Chains.
- The company has a well-diversified product basket catering to consumers of all income groups. The company is present in segments like Basmati rice, Specialty rice (non-Basmati) and Other food products.
- Outlook remains strong with 14%/20% CAGR in the top-line/bottom-line. **We recommend Buy on the stock with Target Price of ₹96 (15x FY2019E EPS).**

Key Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2018E	3,747	11.5	139	5.2	17.5	14.0	2.4	8.2	0.9
FY2019E	4,234	11.5	170	6.4	17.6	11.4	2.0	7.2	0.8

Source: Company, Angel Research

Century Plyboards India

Stock Info

CMP	308
TP	400
Upside	30%
Sector	Miscellaneous
Market Cap (₹ cr)	6,854
Beta	1.0
52 Week High / Low	326/154

3 year-Chart

Source: Company, Angel Research

- Century Plyboards India Ltd (CPIL) is a plywood manufacturer dealing in plywood, laminates, MDF (Medium Density Fibreboard) and others with presence across India and overseas. CPIL is also engaged in logistics business through management of a container freight station.
- Indian plywood industry is estimated at ₹18,000cr and is largely unorganised (~75% share of revenues). However, with the implementation of GST, the share of organized players is expected to improve, which would be beneficial for branded players like CPIL.
- CPIL has recently added new MDF plant (1,98,000 m^3, to generate ~₹450-500cr revenue), laminates (4.8 mn sheets by scaling ~50%, to generate ~₹250-300cr revenue), particle boards (₹100cr of revenue). Capacity addition across segments would boost revenue and profitability going ahead.
- We expect CPIL to report net revenue & PAT CAGR of ~17% & 16% respectively. **We have a Buy recommendation with Target Price of ₹400.**

ey Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
FY2018E	450	41.5	124	8.7	8.4	22.5	1.8	16.6	6.9
FY2019E	617	41.5	181	12.7	11.0	15.4	1.6	12.0	5.0

Source: Company, Angel Research

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Ratings (Based on expected returns over 12 months investment period):	*Buy (> 15%)*	*Accumulate (5% to 15%)* *Reduce (-5% to -15%)*	*Neutral (-5 to 5%)* *Sell (< -15)*