

**BUY**

TP: Rs 195 | ▲ 17%

**GREENPLY INDUSTRIES**

Construction Materials

19 March 2021

## Demand trends strong

We recently interacted with the management of Greenply Industries (GIL).

Following are the key takeaways:

- Demand continues to improve every month and GIL is on track to achieve mid-double-digit growth YoY in Q4FY21.
- Post unlocking, demand from metro and tier-1 cities has returned from Q3, aiding growth.
- The company remains focused on enhancing its dealer network, especially in semiurban and rural markets where its presence is limited. It has added ~350 dealers in 9MFY21, taking the total count to ~2,200.
- Management believes current demand trends are sustainable considering increased demand from housing and expansion of its distribution network.
- GIL has taken price hikes of 1-3% from Feb'21 due to an increase in raw material cost. These hikes will fully offset the higher cost burden.
- Management expects steady margin improvement and indicated that the company is on track to achieve the guided 300-400bps expansion by FY23.
- Working capital discipline undertaken from early-FY21 will continue. Debtor days which have reduced by ~17 days to ~73 in Dec'20 are targeted at 60-65 days in FY22.
- The company is already net debt-free on a standalone basis and will achieve this status on a consolidated basis by FY23.
- GIL is exploring opportunities to enter other products in the building material segment and will take a final decision by H1FY22.
- Gabon operations are still facing logistical issues on account of a dearth of ships and containers.
- Europe remains a major market for GIL's face veneer exports from Gabon, accounting for ~53% of its veneer revenues in 9MFY21.

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Ticker/Price	MTLM IN/Rs 166
Market cap	US\$ 280.9mn
Shares o/s	123mn
3M ADV	US\$ 2.2mn
52wk high/low	Rs 204/Rs 73
Promoter/FPI/DII	52%/2%/46%

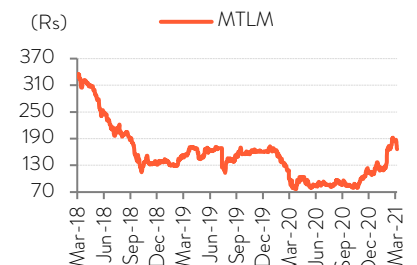
Source: NSE

## KEY FINANCIALS

Y/E 31 Mar	FY21E	FY22E	FY23E
Total revenue (Rs mn)	11,651	14,533	15,952
EBITDA (Rs mn)	1,192	1,806	2,038
Adj. net profit (Rs mn)	626	1,129	1,320
Adj. EPS (Rs)	5.1	9.2	10.8
Adj. EPS growth (%)	(25.6)	80.4	16.9
Adj. ROAE (%)	15.4	23.5	22.9
Adj. P/E (x)	32.6	18.0	15.4
EV/EBITDA (x)	19.1	12.2	10.3

Source: Company, BOBCAPS Research

## STOCK PERFORMANCE



Source: NSE

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### Recommendations and Absolute returns (%) over 12 months

**BUY** – Expected return >+15%

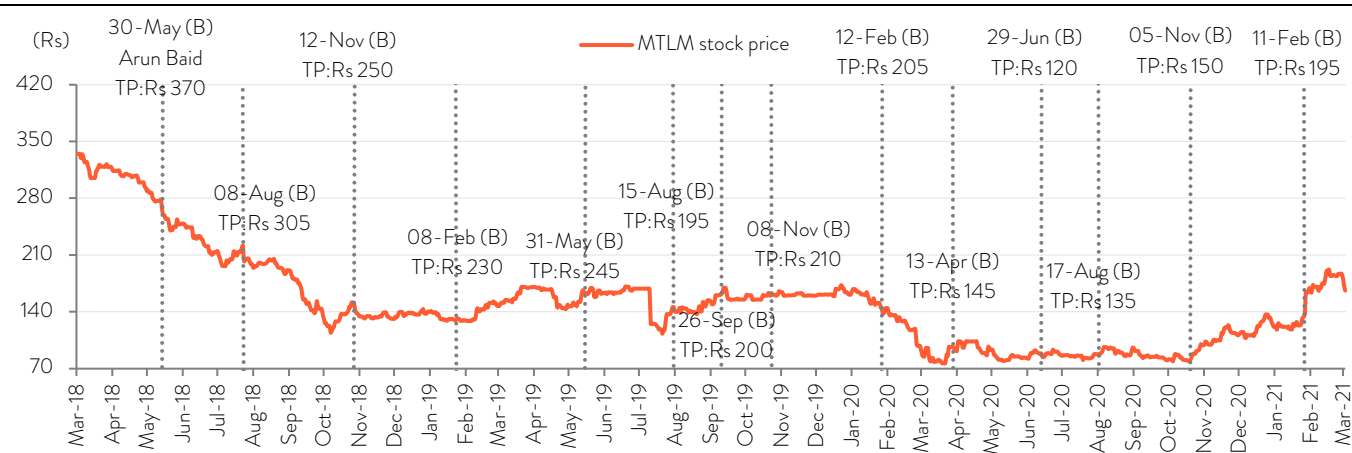
**ADD** – Expected return from >+5% to +15%

**REDUCE** – Expected return from -5% to +5%

**SELL** – Expected return <-5%

**Note:** Recommendation structure changed with effect from 1 January 2018 (Hold rating discontinued and replaced by Add / Reduce)

### RATINGS AND TARGET PRICE (3-YEAR HISTORY): GREENPLY INDUSTRIES (MTLM IN)



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

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