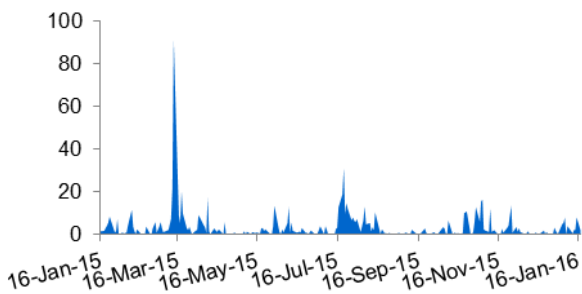


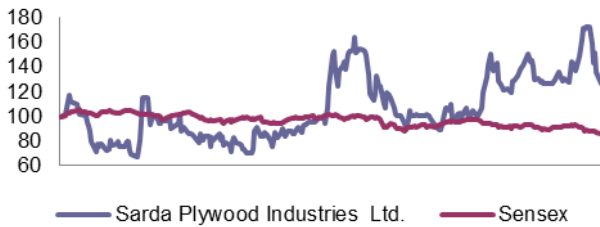
**Equity Statistics**

Current Market		
Price	Rs.	53.1
52 Week		
High/Low	Rs.	75.00/26.60
Market Capitalisation	Rs.	
	Crores	24.0
Free Float	Crores	8.64
Dividend Yield	%	0.0
One Year		
Regression Beta	Times	0.6

BSE Volumes Trend - Average = 3.65 Thousand

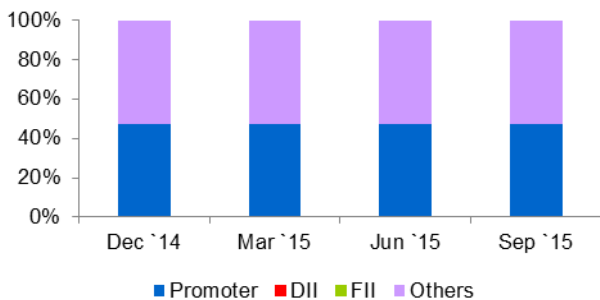


**Relative Returns**



Returns	1M	3M	6M	1Y
Absolute	-3%	25%	1%	27%
Rel. to Sensex	3%	41%	19%	47%

**Shareholding Pattern**



Source: CARE, BSE and ACE Equity

**Business Summary**

Sarda Plywood Industries Limited (SPIL) is an India-based company engaged in manufacturing and producing a range of plywood products and tea. The Company's principal products include plywood, veneer and black tea. Its product range includes plywood, decorative plywood, block board, doors, furniture, paper and tea. The Company operates through two business segments: Plywood and Tea. The Company's plywood products are sold under DURO range of brands across the nation. Its Duro brand range includes Duro Titanium, Duro Pumaply, Duroply, Duroflex, Duroboard, Duro Fireshield and Durodoor Elegance, among others. It offers products for various applications, such as homes, offices, banks and hotels. The Company also owns a bought leaf tea-processing factory in Assam. In FY15, SPIL reported net sales of Rs. 203.36 crores and net loss of Rs.0.49 crores.

During the year under review, the Company has achieved a gross turnover of Rs. 203.52 Crore as against Rs. 183.34 Crore in the preceding financial year, an increase of 11% and has incurred a net loss of Rs. 0.49 Crore as against a net loss of Rs. 6.47 Crore in the preceding year. The Company has achieved the growth during the year in comparison to the preceding financial year but the result are less than expected due to less growth in Indian Economy in the last financial year. Sluggish economic development resultant to slow down of upcoming Housing Project has adversely impacted the performance of the Plywood Division. In spite of adverse operating conditions, the Company has been able to substantially reduce its losses due to effective cost control mechanism and low volatile foreign exchange during the year under consideration. Lower availability, frequent change in climatic condition and high cost of green leaf causes less growth of tea production. However the Tea Division of the Company has been able to achieve operating profits due to higher realization during the year.

SPIL is currently trading 1.25 times FY15 adjusted book value.

**Board of Directors**

Person	Role	Qualification
Dr. Kali Kumar Chaudhury	NED, I	NA
Sujit Chakravorti	NED, I	NA
Sudeep Chitlangia	MD	NA
Ratan Lal Gaggar	NED, I	NA
Probir Roy	NED, I	NA
Sheela Chitlangia		
Sohan Lal Yadav	ED	NA

Source: AR and CARE Research

Note: MD: Managing Director, ED: Executive Director, NED: Non Executive Director, P: Promoter Director, I: Independent Director

## Background

Sarda Plywood Industries Limited (SPIL) is an India-based company engaged in manufacturing and producing a range of plywood products. The Company's principal products include veneer and plywood. Its product range includes plywood, decorative plywood, block board, doors, furniture and paper. The Company's plywood products are sold under DURO range of brands across the nation. Its Duro brand range includes Duro Titanium, Duro Pumaply, Duroply, Duroflex, Duroboard, Duro Fireshield and Durodoor Elegance, among others. It offers products for various applications, such as homes, offices, banks and hotels. The company's plywood manufacturing units are located at Jeypore in Upper Assam and Rajkot. Further, the company made its debut in the Tea business in 1998 and the focus from the beginning was on producing premium quality Black Tea, the most popular among the four main varieties of tea. PURMA, DURO, CHITPERI and BAGHMORA are a few popular brands of Sarda Tea. The Company has a capacity to produce 4 million kgs of tea annually. The Company has its Tea Processing plant close to the gardens at Jeypore. The facility produces high quality Pure Assam CTC Tea after processing the best leaves from co-operative growers in the Tinsukhia belt. SPIL has a total permanent employee of 745 as on Mar 31, 2015.

## Business overview

SPIL derives its revenue primarily from manufacturing of plywood & allied products which includes plywood, decorative plywood, block board, doors, furniture and paper. Total revenue consists of revenue from sale of manufacturing goods (approx. 95.56% of total revenue) and sale of traded goods.

Raw Material, i.e. timber, veneer, planks & beams, green leaves etc (formed around 92.76% of the total cost of raw materials consumed in FY15) for SPIL in the manufacturing of plywood products and tea.

## Strengths and growth drivers

The strengths and opportunities observed are based on the trends noticed in past couple of years, which continues to be relevant. Some of the key ones are as follows:

- Domestic market to get boosted due to Government focus on “Digital India” and “make in India”
- The Company is looking forward to the expansion of the market in the upcoming areas of the country.
- Company has sufficient spare capacity to cater the increase demand of its products (if any).

## Risk and concerns

**Raw Materials:** Timber is a sensitive product as far as environmental policy is concerned world over, the availability of timber depends on the licenses given by local authorities. Any delay or problem in issuing licenses by the Governments of the countries from where timber is imported may affect the availability of raw material. The availability of raw material i.e. green leaf depends upon the weather conditions and as such it varies every year. Also prices vary depending upon availability of green leaves

**Forex Risk:** Since a major portion of raw material is imported, fluctuation in forex rate is also a risk to business.

**Credit Risk:** Company's products are sold on credit and as such credit risk is an inherent risk to the business.

**Cost of Capital Risk:** The Company has substantial borrowings, both term loan and working capital loan from banks, an increase in interest rates will affect profitability

## Future strategy and expansion plans

The Company is looking forward to the expansion of the market in the upcoming areas of the country.

## Industry outlook

### Plywood

The global recession and/or slowdown has adversely affected the Indian plywood manufacturing sector. Signs of recovery are not clearly visible and it is expected that growth in the housing and infrastructure sector will not gain momentum in the days ahead. Consequently, the demand for plywood and allied products is not expected to grow quickly. Other than above factors, there is no significant threat to the industry and/or Company from any product and/or sector. During the year 2014-15, segment revenue increased from Rs. 162.20 Crore to Rs.178.05 Crore i.e. a growth of 10%. The Company has earned segment profit before tax and interest of Rs. 5.53 Crore as against segment loss before tax and interest of Rs.1.90 Crore in the preceding financial year. Since the major portion of the raw materials is imported by the Company, volatile foreign exchange rate and availability of Raw materials is a matter of concern and all possible efforts are taken to minimize these risks.

### Tea

Tea Industry is doing much better as compared to previous year with revival of demand for CTC tea and increased sales realization leading to higher operating margins. Segment revenue during the year was Rs. 24.81 crore as against Rs. 20.67 Crore in the preceding financial year representing a growth of 20%. Segment profit before tax and interest increased from Rs. (0.12) Crore loss to Rs. 0.78 Crore profit. Outlook for the tea industry is expected to remain positive in the days ahead. Tea industry is directly dependent on weather conditions. Although demand for Tea has increased, there is no improvement in raw material availability. Lower availability and high cost of raw materials is a matter of concern.

Peer comparison		Year ended March 31, 2015			
Income statement (Rs. crore)	SPIL	Avanti	Lactose	UFM Ind	
Total income	203.66	1785.28	24.03	37.54	
Net sales	203.52	1776.26	23.69	37.39	
EBITDA	6.92	191.32	5.46	0.99	
Ordinary PAT	-0.49	116.58	0.50	0.22	
Adjusted PAT	-0.49	116.58	0.50	0.22	
Per share data (Rs.)					
Adjusted BVPS	42.30	57.26	18.87	22.13	
Diluted EPS*	-1.09	25.67	0.59	0.37	
Growth (Y-o-Y) (%)					
Growth in Total income	11.05	57.25	5.56	11.09	
Growth in Net sales	11.01	56.97	6.52	10.93	
Growth in EBITDA	-466.09	66.20	230.26	14.11	
Growth in Adjusted PAT	-92.38	67.14	1806.50	-31.07	
Growth in EPS*	-92.38	67.14	1711.61	-31.07	
Profitability ratio (%)					
EBITDA margin	3.40	10.77	23.03	2.66	
Adjusted PAT margin	-0.24	6.56	2.11	0.58	
Valuation ratios (Times)					
Price/EPS (P/E)	0.00	11.98	43.40	0.00	
Price/Book value (P/BV)	0.99	5.37	1.36	0.00	
Enterprise value (EV)/EBITDA	9.13	7.57	11.03	6.19	

Source: BSE, ACE Equity and CARE Research

Note: Avanti: Avanti Feeds Ltd., Lactose: Lactose (India) Ltd., UFM Ind: Elpro UFM Industries Ltd.

Quarterly financials		Quarter ended September 30, 2015				
Income statement (Rs. crore)	Sep 2015	June 2015	Mar 2015	Dec 2014	Sep 2014	
Total income	48.13	40.91	50.46	53.23	57.65	
Net sales	48.10	40.90	50.41	53.18	57.59	
EBITDA	0.93	0.21	2.70	1.20	2.63	
Ordinary PAT	-1.05	-1.05	1.05	-0.68	0.34	
Adjusted PAT	-1.05	-1.05	1.05	-0.68	0.34	
Growth (Q-o-Q) (%)						
Growth in Net sales	17.59	-18.86	-5.21	-7.66	36.53	
Profitability ratio (%)						
EBITDA margin	1.93	0.50	5.35	2.25	4.56	
Adjusted PAT margin	-2.17	-2.58	2.08	-1.28	0.60	

### Financial analysis

- In FY15, SPIL reported net sales of Rs.203.52 crores – up 11.00% y-o-y. Total income witnessed a growth of same % during the same period.
- Raw materials form the largest portion of cost for CFPL. In FY15, raw materials cost as a percentage of net sales was at around 58.27%.
- The company reported EBITDA margins of 3.40% FY15. However, the company incurred net loss of Rs. 0.49 crore during FY15.
- SPIL had significant levels of leverage as on March 31, 2015. The total debt as on March 31, 2015 was at Rs. 45.24 crores compared to an adjusted networth of Rs. 19.11 crores.
- SPIL had moderately high inventory period and receivables period with 85.39 days of inventory days and 46.73mdays of receivables period.

Annual financial statistics	FY11	FY12	FY13	FY14	FY15
<b>Income statement (Rs. crore)</b>					
Total income	148.73	168.58	187.91	183.40	203.66
Net sales	148.07	168.47	187.58	183.34	203.52
EBITDA	7.70	-3.27	4.29	-1.89	6.92
Depreciation and amortisation	1.67	1.55	1.57	1.62	1.70
EBIT	6.02	-4.82	2.72	-3.51	5.21
Interest	3.20	4.26	5.43	6.86	6.87
PBT	2.83	-9.08	-2.71	-10.36	-1.66
Ordinary PAT	2.62	-5.69	-1.87	-6.47	-0.49
Adjusted PAT	2.62	-5.69	-1.87	-6.47	-0.49
<b>Balance sheet (Rs. crore)</b>					
Adjusted networkth	32.24	27.27	26.23	19.86	19.11
Total debt	28.93	29.41	42.31	50.80	45.24
Cash and bank	1.99	1.06	2.13	2.09	0.92
Investments	10.57	8.56	8.07	8.07	8.06
Net fixed assets (incl. CWIP)	15.65	15.78	15.70	14.94	14.05
Net current assets (excl. cash, cash equivalents)	10.47	3.94	4.64	-8.23	-9.29
<b>Per share data (Rs.)</b>					
Adjusted BVPS	78.96	63.53	58.06	43.95	42.30
Diluted EPS*	6.42	-13.25	-4.14	-14.33	-1.09
DPS	0.00	0.00	0.00	0.00	0.00
<b>Growth (Y-o-Y) (%)</b>					
Growth in Total income	24.66	13.35	11.46	-2.40	11.05
Growth in Net sales	26.88	13.78	11.35	-2.26	11.01
Growth in EBITDA	30.40	-142.49	-231.24	-144.03	-466.09
Growth in Adjusted PAT	69.80	-316.83	-67.14	246.36	-92.38
Growth in EPS*	69.80	-306.23	-68.78	246.36	-92.38
<b>Key financial ratio</b>					
EBITDA margin (%)	5.20	-1.94	2.29	-1.03	3.40

Adjusted PAT margin (%)	1.77	-3.38	-1.00	-3.53	-0.24
RoCE (%)	10.58	-8.16	4.34	-5.04	7.72
RoE (%)	8.43	-19.11	-6.99	-28.09	-2.53
Gross debt - equity (times)	0.90	1.08	1.61	2.56	2.37
Net debt - equity (times)	0.84	1.04	1.53	2.45	2.32
Interest coverage (times)	1.88	-1.13	0.50	-0.51	0.76
Current ratio (times)	1.22	1.07	1.07	0.94	0.91
Inventory days	78.07	85.68	94.34	103.27	85.39
Receivable days	44.80	47.89	49.52	52.12	46.73