

Date: 4<sup>th</sup> June, 2025

BSE Ltd. Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400 001 <b>Scrip Code: 532548</b>	National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra (E) Mumbai- 400 051 <b>Scrip Name- Centuryply</b>
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**Dear Sir(s)/ Madam(s)**

**Sub: Transcript of the conference call for Audited Financial Results for the Quarter and year ended 31<sup>st</sup> March, 2025**

In terms of Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we forward herewith the transcript of the conference call with Investors and analysts held on Monday, 2<sup>nd</sup> June, 2025 in respect of Audited Financial Results for the Quarter and year ended 31<sup>st</sup> March, 2025.

This is for your information and record.

Thanking you,  
Yours faithfully,  
**For Century Plyboards (India) Ltd.**

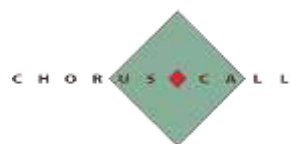
**Company Secretary**





“Century Plyboards India Limited  
Q4 FY25 & FY25 Results Conference Call”

June 02, 2025



**MANAGEMENT:** **MR. SANJAY AGARWAL – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – CENTURY PLYBOARDS INDIA LIMITED**  
**MR. KESHAV BHAJANKA – EXECUTIVE DIRECTOR – CENTURY PLYBOARDS INDIA LIMITED**  
**MRS. NIKITA BANSAL – EXECUTIVE DIRECTOR – CENTURY PLYBOARDS INDIA LIMITED**  
**MR. ARUN JULASARIA – CHIEF FINANCIAL OFFICER – CENTURY PLYBOARDS INDIA LIMITED**  
**MR. SUMANT WATTAS – CHIEF EXECUTIVE OFFICER – MDF BUSINESS – CENTURY PLYBOARDS INDIA LIMITED**  
**MR. VISHU GOEL – CHIEF EXECUTIVE OFFICER - DECORATIVE BUSINESS – CENTURY PLYBOARDS INDIA LIMITED**

**MODERATOR:** **MR. NAVIN AGRAWAL – HEAD INSTITUTIONAL EQUITIES – SKP SECURITIES LIMITED**

**Moderator:** Good day, ladies and gentlemen. Welcome to Century Plyboards Limited's Q4 FY '25 and FY '25 Result Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the management opening remarks. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Navin Agrawal, Head, Institutional Equities. Thank you and over to you, sir.

**Navin Agrawal:** Good afternoon, ladies and gentlemen. I'm pleased to welcome you to this financial results conference call on behalf of Century Plyboards and SKP Securities. We have with us; Mr. Sanjay Agarwal, MD and CEO; along with Mr. Keshav Bhajanka, Executive Director; Mrs. Nikita Bansal, Executive Director; Mr. Arun Julasaria, Chief Financial Officer; Mr. Sumant Wattas, CEO, MDF Business; and Mr. Vishu Goel, CEO, Decorative Business. We'll have the opening remarks from Mr. Sanjay Agarwal followed by a Q&A session.

Thank you and over to you, Sanjayji.

**Sanjay Agarwal:** Thank you, Navin. Good afternoon, ladies and gentlemen. Welcome to Century Ply's FY '25 Q4 Earnings Call. Before we begin, please note the standard disclaimer. Today's discussion will cover the company's past performance and future outlook and is not intended as a solicitation to invest. The earnings result and analytical presentation have been shared with you and are also available on the stock exchange website. The Q4 result for FY '25 are better on both year-on-year and quarter-on-quarter basis.

On a year-on-year stand-alone basis, revenue rose from INR1,026 crores to INR1,049 crores while consolidated revenue increases from INR1,061 crore to INR1,198 crores representing a growth of 2.3% on a stand-alone basis and 13% on consolidated basis. The Plywood segment is performing quite well and stands out as one of the fastest growing areas in the whole building material industry. Revenue increased by 9.8% year-on-year for Q4 with an EBITDA margin of 15.4% for the quarter primarily driven by higher volumes.

Revenue for the full year '24-'25 has grown by 16%. The revenue from Laminate segment at the consolidated level increased by 1.9% while stand-alone EBITDA margin stood at 5.6% with margin pressure resulting from higher schemes and increased sales overhead on account of employee cost.

Our facility in Andhra Pradesh is scaling up and is expected to support sales growth in this segment in the coming quarters. MDF revenue at the consolidated level grew by 37.5% with an EBITDA margin of 13.2%. Our facility in Andhra Pradesh turned EBITDA positive in Q4.

I'm also happy to report that both the segments, Laminate and MDF, at our Badvel plant has achieved nearly 60% of capacity utilization in Q4. The Particle Board segment continues to be under pressure and revenue declined by 23.2% in Q4 with an EBITDA margin of 5.6%. The new

plant at Tamil Nadu is expected to be operational from this quarter and will help in improving the EBITDA margin on account of lower cost of production.

With this, I conclude my opening remarks. Thank you. I now welcome your questions.

**Moderator:** The first question is from the line of Bhavin Rupani from Investec.

**Bhavin Rupani:** First question is related to MDF plant. Sir, I wanted to understand on the EPCG scheme benefits from the MDF plant. Last time we specified that we have some obligations of exports going ahead. Can you please specify the quantum of exports and the timelines under which we have to export from this plant?

**Keshav Bhajanka:** Normally EPCG benefit can be availed over the course of 6 years and the quantum of exports, the obligation will depend on whether we take GST into account or not. So the obligation can be between INR150 crores to INR400 crores. This detail we'll be figuring out because, as you know, the export scenario has changed, but this is something that takes place sporadically. A couple of years exports may not be viable and a couple of years they may be extremely viable. So we are figuring that out.

**Bhavin Rupani:** So have we started exports on our new plant?

**Keshav Bhajanka:** Yes, we have. Right now the quantum is limited because, as you know, in the international market, there has been substantial pressure on the prices of MDF. Alongside that, raw material prices in India have increased drastically. So because of this phenomena, exports aren't as viable as they used to be, but we have already started exports, currently predominantly we export to the Middle East.

**Bhavin Rupani:** Okay. And is it possible for you to specify what are the margins in our exports business?

**Keshav Bhajanka:** We never share numbers even in laminates and even in other products between domestic and exports unfortunately.

**Bhavin Rupani:** Got it. And sir, any price hikes, price cuts that we expect or we have taken during the quarter or we expect going ahead in MDF?

**Keshav Bhajanka:** Going forward we are all expecting price hikes in MDF, but it is a little too early for that to play out. I think over the course of next couple of quarters, there'll be a wait and watch scenario. But the expectation is towards the end of the year, there should be certain price rises in MDF.

**Bhavin Rupani:** Got it, sir. Sir, second question is related to plywood. What we have heard is some associations in southern part of the country have taken some price hike of 7%. Does it give us more leeway to increase the prices going ahead in Plywood segment as well?

**Nikita Bansal:** So the thing is with respect to these association news that come, they are flyers that go out every quarter. So it's not something new. But when you'll actually see at ground what is effective, it is never effective at 7%. So usually it's not even effective at 1%.

Associations say that they want to take it to just create a pressure. But ultimately like right now I can tell you that in the Yamunanagar, there is no increase. So I don't think there is any price increase that we can take, but we ourselves have taken a price increase in April of 2% in our Century brand.

**Bhavin Rupani:** Very much clear, ma'am. And last question is related to working capital spend specifically on inventory days. We have seen significant jump in March. Any specific reason behind it and when do we expect this to normalize?

**Keshav Bhajanka:** I think raw material prices have moved up substantially over the course of the past quite a few quarters now. So in line with the same, we have built up an inventory so that we would not face the constant pressure of increasing prices from the market. Having said that, I think now there has been a bit of stability. So because of the same, over the course of this and the next quarter, we will be able to liquidate some amount of raw material inventory. So this benefit we will get over the course of, say, H1.

Alongside that, 1 structural change that is taking place is that we have definitely increased raw material inventory of coal in particular because we have started importing it. As you know earlier, it was predominantly domestic sourcing. Now since it is imported, that change is likely to continue for the near future. But overall, inventory will start to reduce from this quarter onwards.

**Moderator:** The next question is from the line of Rudraksh Raheja from ithoughtpms.

**Rudraksh Raheja:** Sir, my question pertains to the Laminate segment. So if I look at the industry, one of the organized players in this market has recently secured a white labeling business from Wilsonart, which is a global player from U.S. So do you see this as a normal course of business or is this a strategic shift where other global players might look towards India as a destination to outsource their manufacturing needs?

**Keshav Bhajanka:** I think you're absolutely right. India is likely to remain one of the best destinations for export of laminates for the foreseeable future. And companies like ourselves have also been white labeling for a number of international brands over the course of the last two decades. But the opportunity now, particularly in compact laminates, is proving to be substantial. I think going forward, you will see many more such agreements coming from organized players within the country, ourselves included.

**Rudraksh Raheja:** Sir, what exactly changed that triggered this huge opportunity opening for Indian players?

**Keshav Bhajanka:** I think a number of changes that have taken place. Firstly, in the case of compact laminates, the cost of labor is a major deterrent. Compact laminates, as you know, cannot be manufactured in any meaningful way through mechanization. It requires a labor intensive process. As such, I think a structural benefit for India is likely to persist for the foreseeable future.

Secondly, I think overall, the efficiency of Indian manufacturers to manufacture thin HPL has also helped us substantially. This again is likely to continue going forward.

**Rudraksh Raheja:** And sir, are we looking forward to any such opportunities?

**Keshav Bhajanka:** A few.

**Rudraksh Raheja:** Okay. Sir, could you quantify the production cost differential like you mentioned in India versus a market like U.S.?

**Keshav Bhajanka:** Sorry, could you repeat the question?

**Rudraksh Raheja:** I wanted to ask about production cost differential.

**Keshav Bhajanka:** The production cost differential between India and, say, Europe or U.S.A. is going to only keep widening. You see labor cost there has increased substantially and environmental norms there are also getting more and more stringent. So India will continue to have this advantage for the foreseeable future.

**Rudraksh Raheja:** So at this stage, what's the amount; a ballpark figure, how much differential does exist?

**Keshav Bhajanka:** I would put it this way that a number of U.S. companies have stopped their manufacturing operations in the U.S., a number of European companies have stopped manufacturing operations for laminates and compact for HPL and compact in Europe. So that should give you a sense.

**Moderator:** The next question is from the line of Praveen Sahay from PL Capital.

**Praveen Sahay:** My first question is related to the plywood. If you can share what is the capacity of the plywood currently? And also as per the presentation, you are going through capex in all of your facilities especially in the plywood. So what increase in the capacity you are expecting by end of FY '26?

**Nikita Bansal:** So the capacity utilization currently is about 90% for this entire year and already we've announced the Hoshiarpur plant, which will come about in the next 15 months, which will help us with our futuristic growth and we are expecting that to be about 48,000 CBM more.

**Praveen Sahay:** So 48,000 CBM from the Hoshiarpur and others facility also, if I look at, whether it's in the Joka or Gandhidham, et cetera, there also you had done a capex and doing, like '26 also you had a plan for.

**Nikita Bansal:** That will continue. So that will be another 50,000 CBM for this year. So we are sorted for this year. Even at the end of this year with the growth numbers we have in mind, we will still be at a decent capacity utilization. Still not at 100%, but yes, we will need another plant next year.

**Praveen Sahay:** Okay. Second question related to the laminate because the laminate this quarter, if I look at, that's because of higher scheme discount or a sales overhead, the margin were on the lower side on the consolidated basis. So can you give some indicative the way forward because already you

had given in the presentation for the guidance? But how to achieve the improvement in the margin the way forward? And also if you could talk about the export sales numbers for this year or the coming years, how that's going to play out?

**Keshav Bhajanka:** So normally we do not give guidance particularly in export. Like you have said, our Andhra unit is predominantly designed towards exports and that will lead to a substantial increase in our overall export base. If you look at the margins for the current quarter, they have been impacted because we have invested substantially; whether it is in terms of plant, whether it is in terms of manpower; and the growth has not come.

Because the growth has not come, the cost base has increased. This year we are very confident of a 20% growth and in line with that, we have seen a good April and a good May. So I am confident that with increasing economies, with increasing operational utilities, with increasing volumes; we shall see a recovery to higher margins. For the current year, we are looking at 8% to 10% EBITDA margin towards the end of H2 and I think we will be online to achieve the same.

**Praveen Sahay:** Okay, sir. And also if you can share the timber pricing for a quarter, how has been North and South?

**Keshav Bhajanka:** Sumant, would you like to take that up?

**Sumant Wattas:** So for the MDF business, our timber prices for Q4 consumption prices in North was about INR6.7 per kg and South was about INR6.3 per kg. That's quarter 4. In quarter 1, we've seen some decline in both North and South in the range of 5% to 10% in both.

**Praveen Sahay:** And both the places, South and North, both the places you have seen decline?

**Sumant Wattas:** Yes, yes. There's been a marginal decline of 5% to 10%. Hopefully it continues, but monsoon is also coming so let's see. I think they'll remain stable or there will be a minor correction.

**Moderator:** We'll take the next question from the line of Keshav Lahoti from HDFC Securities.

**Keshav Lahoti:** We can see your particle board capex has increased by [INR57 crores 0:18:14]. And secondly, your particle board margin, which is just 5% when a small plant is operating at optimum utilization. How you will see the particle board margin to be in this year and possibly FY '27? What are the ramp-up plans?

**Keshav Bhajanka:** I think if you look at the current capacity versus the upcoming capacity, there will be a structural difference. The current capacity is a multi light press, which has inherent disadvantages. Of course the capacity has served us very well and we have had a very good return on it.

But given today's competitive landscape, we had to go for a continuous line where you have close to 7% saving in terms of sanding and trimming, where you have 2% to 3% saving in terms of overhead, a further 2% saving in terms of resin.

So on a steady state basis, this plant should definitely give us a 15% plus EBITDA margin. This year and the first half of next year will depend on capacity ramp-up. But I think that going forward, the new unit is likely to lead to a good EBITDA for particle board.

**Keshav Lahoti:** Got it. So 15% is a normalized margin you are saying or earlier we were expecting...

**Keshav Bhajanka:** Steady state you have a decent capacity utilization. Steady state at given prices, yes, that is a good EBITDA number. Of course it does have fluctuation. There is volatility in terms of margins in this industry. If prices rise going forward for particle board, you will see an increase in our margins as well.

**Keshav Lahoti:** Got it. And one thing in particle board, earlier the small press we used to make 20%, 25% margin, which is down to 5% to 6%. It's purely because of timber cost or there are other reasons also attached to it?

**Keshav Bhajanka:** There are two reasons. Firstly, timber cost increase has impacted cost. But at the same time, realizations have not moved up. Now there are a number of reasons that have put pressure on realizations, both overcapacity in domestic as well as imports.

Imports even though not very high in terms of quantum, but they do act as a limitation for the domestic industry to take correct pricing positions. With BIS coming in, we should see a benefit there, but it is still early days. So let us wait for that to play out.

**Keshav Lahoti:** Got it. And what about the MDF line rebalancing we wanted to do, the expansion plan? When should that happen?

**Keshav Bhajanka:** Between September and December of this year we should go for the expansion. However, we have not taken a concrete date yet. It will depend on how utilizations take place and when we can build up sufficient inventory. It is going to be a shutdown that is in excess of 30 to 40 days. So we will have to plan it out. But I think in quarter 3, latest maybe by quarter 4, we'll have to go for the expansion.

**Keshav Lahoti:** Normally the demand is heavy in Q4. So whether Q4 it will be possible because people ideally then target the monsoon time.

**Keshav Bhajanka:** There are a number of factors that go into it. I think our ability to build up inventory, to build up the correct inventory, get a sense of what we will require and availability from the OEMs who is going to also lead to that expansion, who is also going to work towards the expansion; all of these factors need to be taken into account. Whenever we go for it, we are going to ensure continuous servicing of the market.

The advantage we have of course is that we have multiple units. So even if one goes under shutdown, there is always the likelihood to feed it from the other at the loss of maybe slight amount of margin. So I do not think it will be a very big challenge for us. But you're absolutely correct, the planning needs to be impeccable and that is what we are working on.



- Moderator:** We'll take the next question from the line of Tanmaiy Mohta from Locus Investment Group.
- Tanmaiy Mohta:** So actually I have two questions. So the first was on the line of the MDF business. So broadly if you look at your margins, margins have declined substantially. So I just wanted to understand is this only because of the wood prices and what do you see margins going ahead? And secondly, on the demand side given there's significant overcapacity in the industry, what do you see?
- What's your sense on sort of demand growth at the industry level? And the second question is on the plywood side. So just wanted to understand, I mean if we just look at your sort of sales volume breakup, your commercial veneer business I think the volumes have fallen substantially. So within your plywood business, what do you expect sort of is going to drive your 20% growth going forward?
- Keshav Bhajanka:** So for MDF, there are two things that have played out. There has been overcapacity in the market, a lot of new capacity that has come in. Because of that, you see the pricing in the market has also changed.
- Over the course of the past year, there has been close to 8% reduction in realization for us and far higher for competition. So I think this is definitely a factor that together with the increase in raw material has led to lower margins. Having said that, last quarter on a stand-alone basis, we have already clocked close to 20% EBITDA margin. So I think margins will look on the way up going forward.
- Sanjay Agarwal:** Second question is regarding commercial veneer or decorative units?
- Tanmaiy Mohta:** Commercial veneer basically understanding your sales?
- Sanjay Agarwal:** We are technically not in commercial veneer anymore. We have a unit in Gabon, which serves as a raw material supplier to us. So whatever high grade material is consumed by us and the lower grade material we sell in the market and it's not much. It's very little. And we are no more in the business of commercial veneer practically.
- Tanmaiy Mohta:** Sir, just a follow-up just on the demand side. What do you think on the demand side in the industry that is going forward? Do you think the industry could grow at about 10%, 15%?
- Sanjay Agarwal:** Demand for plywood?
- Tanmaiy Mohta:** MDF?
- Keshav Bhajanka:** MDF demand is likely to continue to grow at 20% plus. The market has been growing at close to 20% and I believe that the market is likely to continue growing at 20%.
- Moderator:** We'll take the next question from the line of Amit Purohit from Elara Capital.
- Amit Purohit:** Sir, just on the MDF part on a stand-alone basis, we saw a volume decline of almost 13%. What would you attribute this to?

- Keshav Bhajanka:** You see there is a catchment that we are serving from our North plant where it is more profitable to serve from our South plant. So obviously that rebalancing has taken place and that has led to higher EBITDA. But when you are catering to the South from the North and you have a plant in the South, then of course that change will take place.
- Amit Purohit:** Okay. So you think that the outlook for the next year, this should keep on happening for some time or you think this was just a 1 quarter thing and now things should stabilize?
- Keshav Bhajanka:** Like I said, for the year, our target will be 20% growth and we very well in line to achieve that depending on two or three factors such as relative price of timber, depending on the logistic costs. We will keep balancing between the plants to come to optimum EBITDA levels.
- Amit Purohit:** Okay. And on the plywood side while you highlighted two things, one that the timber prices have come down and it looks to be a bit more stable and may probably come down.
- Keshav Bhajanka:** Sorry, timber prices have come down for MDF. That was indicated for MDF by Sumant, who is our CEO for MDF, not for plywood.
- Amit Purohit:** Okay. And not for plywood. So plywood, the number is broadly similar, right, on a sequential basis or on a Y-o-Y basis? What is that?
- Nikita Bansal:** You're talking about raw material prices?
- Amit Purohit:** Yes, timber.
- Nikita Bansal:** So currently because we are very dependent on import and even the quality is far better so currently, there's not been much change in the import prices.
- Amit Purohit:** Okay. And I'm just -- the reason I'm asking this is that we have guided for 12% to 14% plywood margins. If I look at our FY '25 margins is close to about 14.5%. And generally, I mean there's an outlook that timber prices have probably peaked out and things should improve from here on. In that context, do you think that we are a bit more conservative in our guidance or how do you think about it?
- Nikita Bansal:** No, I think we are not conservative. We always aim for 12% to 14%. But when the volume is phenomenal in a year, it always gives you some EBITDA advantage because your fixed overheads are already the same. So this year has been very good for us in plywood because of which we have delivered this type of EBITDA. Going forward also I will still maintain we will try to deliver a 12% to 14%.
- Amit Purohit:** Okay. And sir, lastly, on laminate. When I look at other players also, listed ones who have displayed, almost all of them have reported a decline in volumes. So just curious I mean from an industry perspective, I mean we have -- I know it's not rightly correlated, but we have plywoods, which is doing well, but laminates somehow we thought there is some bit of lower penetration and hence laminate demand should also kind of should pick up. Why would it...?

- Keshav Bhajanka:** For plywood, I would not say that the industry has done particularly well. For plywood, I say that Century Plyboards (India) Limited has done well. And if you look at overall, the demand scenario in building materials isn't great if you look right across the building materials segment.
- So in plywood, our gain has been on the basis of market share gains and substantial market share gains of that. So laminate, the demand scenario is muted. Hopefully, it will recover as the building material cycle recovers, new launches come into the market and so on and so forth. But currently, I don't think domestic at least there's a very healthy demand scenario for plywood.
- Amit Purohit:** Okay. And lastly, on the BIS norm implementation, anything that you've seen on the ground? I know these are too early days, but I mean you think that when is the time that you think maybe the imported inventory gets utilized and things? If you could share some insights on what is the state of the industry in terms of giving the licenses to international companies and all.
- Sanjay Agarwal:** So I think BIS, it is too early to reply very frankly. Yes, even for smaller guys, they have permitted till I think August and they are not permitting anybody abroad till now. In Nepal, yes, they have allowed one or two companies. They have given BIS permission. So I really see that, yes, there is a positive notion as far as plywood or MDF, both are concerned.
- But yes, it will take some more time to really affect the market in India. But I really believe that this time BIS and even the Commerce Ministry is very strong and they are very decisive about protecting Indian industry as a whole. So I believe that yes, they will certainly see to it that Indian industry benefits out of it.
- Moderator:** The next question is from the line of Ritesh Shah from Investec.
- Ritesh Shah:** Sir, my first question is on the distribution side. Can you highlight where our distributor dealer count is, how it has improved over last one year? A related question over here is are we looking to rejig or have we already rejigged our CDC/RDC network to improve supply chain optimization? So that's the first question.
- Sanjay Agarwal:** Okay. So as far as supply chain is concerned, you see from the day GST came in, we were very quick to assess what changes are required and accordingly though not much, not very big, but yes, some changes have been done. And as far as -- you asked only for supply chain, isn't it?
- Ritesh Shah:** Yes, sir. Sir, my question was basically, we have I think a CDC at Joka and we had some RDC. So have there been any changes over the last year or 2?
- Sanjay Agarwal:** So that's for laminate. So I will ask Keshav to this.
- Keshav Bhajanka:** With regards to laminates, I think you're absolutely correct. We have a CDC at our Joka facility and we have RDCs located pan-India. We have opened two new RDCs and we are constantly looking to improve our service time to the market. So although there are no significant changes that are taking place at this current point in time, but the objective is always to provide the best possible service to the customer. So we are always exploring the same.

- Ritesh Shah:** Right. Keshav, would you like to highlight any other initiatives specifically on laminates? I was just looking at the Century e-shop expansion solutions initiative. Anything on the distribution basically which can actually help on laminates moving forward?
- Keshav Bhajanka:** I think there are a substantial number of initiatives. If you look at in laminates, we have tweaked our GTM. We have increased our sales team to include a number of team members who will focus exclusively on specifications.
- I think that these coupled with new digital tools that we are adding to our portfolio coupled with a new catalog and a far better and expanded range should help us and improve our position in laminates and domestic in particular.
- For exports, like I've already said, with the larger sizes, we have come up with a number of product categories for markets where we are never present. So all of these put together should help in laminates.
- Ritesh Shah:** Specifically for exports, do we have any firm order book right now?
- Keshav Bhajanka:** Yes, we have a substantial order book. And in fact I'm very happy to share that last month was the highest turnover that the Badvel plant has ever done for laminates. So I think we are on the right trajectory. We will see improvements in laminates exports on account of the new capacities over the course of the current year.
- Ritesh Shah:** That's great. And how confident are we on laminates for the local sales?
- Keshav Bhajanka:** I think laminates, a number of things that we have tried out have not panned out as we had expected. But now there are a number of initiatives that are showing some traction on the ground and with a change in leadership and with a very senior and experienced sales professional coming in as the CEO of Laminates, I think that there will be further growth impetus that comes out in the domestic laminate space.
- Ritesh Shah:** Sorry, just to stretch this a bit, but is there anything specific that we are trying different locally into laminates?
- Keshav Bhajanka:** Like I said, we have already increased our sales footprint substantially. We have improved our range and our catalog and there are a number of GTM changes that we have brought about. So once the go-to-market changes, it brings inherent advantages alongside the same provided it is implemented well. So I think all of these are going to lead to a higher share for us in the domestic market. We should recover the position that we have lost over the course of the past couple of years.
- Ritesh Shah:** Sure. This is very helpful. And just last question, again a question for Keshav. You indicated in a couple of prior questions that we are hopeful for MDF pricing to move up, but we haven't given any timeline to it. You did indicate that the growth is, say, at around 20%. Would you like to put some numbers on what is the demand and supply at the country level right now? And any

capacity additions that you foresee at the industry level that you are aware of? If you could just flag that, that would be quite useful.

**Keshav Bhajanka:**

The reason that I try not to give guidance for the same is every time I've given guidance in the past, I've been wrong. But having said that, I think that there is overcapacity in the market. As you know, a substantial amount of capacity has been added by ourselves, by Green, by Action, by all of the organized players and even some of the unorganized players have come in with continuous line presses.

So because of that, there is still overcapacity position. However, like you said, the demand growth has been sustained and has been strong. BIF has been implemented, which should lead to a greater share of domestic production as a part of the overall domestic demand. So it should play out.

But again it is difficult for me to give you a time span or give you a percentage increase. It's very easy to say that it will increase, but I cannot say that it will increase by 5% in Q3 and 6% in Q4 and so on and so forth because to be honest, we have no clarity on that.

**Moderator:**

We'll take the next question from the line of Rahul Agarwal from IKIGAI Asset.

**Rahul Agarwal:**

Sir, two questions. I think both of them have been discussed. Just wanted to understand a different perspective. More from a longer term, I understand you've given the guidance in the presentation.

But just let's say if we think about three to four years, right, the company is essentially now peaking out on capex, peaking out on debt as well. So most of the capex should now be complete, let's say, by March '26. If we take a 3- to 4-year view, would you like to share and make us understand maybe on a consol basis or segment-wise, whatever is comfortable, in terms of where should the company stand in terms of peak revenues, peak EBITDA, steady state

What are you looking at internally if there is a plan? And that is the first question. And second was on the net working capital. I think the cycle has expanded, as Keshav explained, because of some inventory things.

Just wanted to know if you could quantify how much of the inventory reduction we should expect let's say, by March of 2026. If that's the balance sheet, should we expect it to completely come back and if you could quantify that? That's all, sir.

**Keshav Bhajanka:**

I think that going forward, like you rightly put it, the peak of the current capex is likely to be over by FY '26. There will be some additions that we'll plan in various units and so on and so forth going forward.

But post that, I think that the balance sheet will strengthen substantially. We'll be repaying debt and so on and so forth until and unless we go for new projects, which will depend of course on

capacity utilization. Having said that, we have given a guidance of INR12,000 crores turnover by FY '31 and I think we are very well on line for the same.

Today, all our units put together I think peak turnover would not exceed INR7,000 crores or INR7,500 crores. So I think that we will need to invest over the course of the next few years to reach that INR12,000 crores target. That we will have to plan, say, by the year-end plan as and when capacity utilization keeps increasing and we keep gaining market share.

For the working capital cycle, you're absolutely correct. Our working capital cycle has expanded due to certain calls that we have taken in inventory particularly for MDF. I think going forward, like Sumant has already hinted, that raw material price increases in MDF have I would say peaked out and they are starting to normalize again. So going forward I'm hopeful that over the course of the current year, we will reduce inventory days by close to 10 days.

**Moderator:** The next question is from Souvik Mohanty from Nuvama Wealth Management Limited.

**Sneha:** Sneha here from Nuvama. Just a couple of questions from my end. You've been go through a lot of times on the raw material correction taking place. Just wanted to take a view in terms of what percentage of raw material prices can ease in FY '26 and FY '27. Some sense there could be helpful.

**Keshav Bhajanka:** Sneha, I think that again it's very difficult to say. I think that the peak of raw material prices particularly in terms of timber for MDF and particle board is behind us, but predicting this is difficult. I think that as new supply hits because it's simple and logical. When the price was INR2, INR2.5, at that point farmers stopped doing agroforestry, prices went up to INR7, the quantum of agroforestry taking place increased substantially. So it will play out at equilibrium and I think prices should go down, but giving a time frame on that is extremely difficult.

**Sneha:** Understood. Secondly, on the MDF front although you said that there is currently oversupply situation and while we may, maybe FY '26 we may not see lot of capacity additions, we are hearing of some new players entering in FY '27.

Would you be able to suggest to us what sort of a capacity addition is taking place in FY '27 and how much is the oversupply situation currently according to you in percentage terms would also be helpful?

**Keshav Bhajanka:** I think there are one or two new capacities that have been announced. So as of now, I don't have a clear sense of what is the total quantum of addition. However, like I said, demand is increasing by 20% year-on-year.

And the current capacity levels, I think that towards the end of the year the industry should be at a far higher capacity utilization than what it was as of last year. So going forward, I don't think that the quantum of capacity that is coming in is going to lead to a further oversupply escalation. That is based on current data that we have.

- Sneha:** So still we would be at around 15%, 20% oversupply at this point of time?
- Keshav Bhajanka:** Yes.
- Sneha:** Understood. See, on the particle board front, in case you have given margin guidance on the particle board side. How is your utilization likely to go up? Any sense there that what could be the first year operating rate at and what level do we plan to break even?
- Keshav Bhajanka:** You see in particle board once the new capacity starts, we will have to shut down the old capacity. Like I've already explained, the new capacity gives us far more economies of scale, gives us far lower cost of production and so on and so forth. But I think in H2, we should be at 50% capacity utilization of the capacity of the new plant. So I think that gives us a bit of a sense. Next year the objective will be to increase capacity utilization to substantially higher.
- Sneha:** And breakeven would be at?
- Keshav Bhajanka:** I think breakeven would be achieved at 60% plus.
- Moderator:** The next question is from Shivkumar Prajapati from Ambit Investment Advisors.
- Shivkumar Prajapati:** My question is on the furnitures and fitting segment that we have planned to enter.
- Keshav Bhajanka:** Your voice is not clear. I'm sorry, but I can't hear you clearly.
- Shivkumar Prajapati:** So my question was on the furniture and fitting segment that you have planned to enter. Could you please share some more details regarding the same like what are our strategies and what products we are trying to enter and what are the market segments that we'll try to target and some more insight?
- Keshav Bhajanka:** So I think if you look at the history of Century Plyboard, we are a very prudent company and such decisions take a long time for us. So currently, we are in the process of exploring. We don't have concrete plans for exactly how we'll enter exactly which space we are going to enter, which products and the manner of entry. So we will keep you updated as time progresses. For the time being, we are in exploration mode, but we will take some time. Our process is quite intense and we will deep dive on the same and then we'll come to a conclusion.
- Moderator:** The next question is from the line of Utkarsh Nopany from BOB Capital Markets Limited.
- Utkarsh Nopany:** Sir, my first question is for MDF segment. So like two listed players have recently indicated that they have taken a price cut of 4% to 5% in April month. So just wanted to know whether we have also taken any price cut in the current June quarter?
- Keshav Bhajanka:** We have taken no price cuts. There are schemes that we give to the market periodically. Typically if you look at it, Q1 isn't a great quarter for MDF. So it might be that certain schemes have been given out in the market, but there are no rate cuts whatsoever.

- Utkarsh Nopany:** Okay. And sir, second question is for your Particle Board segment like we have seen a sharp decline in the volume in the past two quarter period and your margin has also come under significant pressure. So can you please help us understand what is the reason for that?
- Keshav Bhajanka:** You see cost has increased substantially. Timber prices have increased, which you very well know. Because of that, servicing a number of accounts does not make sense to us anymore. So the number of accounts we are servicing currently or we have the capability to service with the multi light press has reduced.
- But going forward with the new capacity, like I mentioned again, and with the different economics as far as cost of production goes, we will be increasing our market share. In the new capacity, we are also going to be catering to the 8x4 market.
- As you know, 8x4 is the predominant size in India as far as MDF, plywood and laminates. That size we will never aim for particle board because our press was a 9x6 press. So with the Conti line, we can manufacture 8x4. It will be a different segment where we are absent from today. So considering all of these factors, going forward, I think there is ample scope for volume growth in particle board.
- Utkarsh Nopany:** Okay. And sir, lastly on the capex side, can you please help us understand the reason for upward revision in our MDF and particle board project cost?
- Keshav Bhajanka:** I think when the projects were envisioned, the cost structures were quite different. As you know in the interim, prices of pretty much all commodities and all raw materials, whether it's steel, cement, whether it is everything else have gone up substantially. So for us, the increase has not been so much. I think the two, three aspects that have led to it is higher cost of basic building material.
- Secondly, there has been an upward revision in the dollar and the euro and most of our machinery has been bought in these currencies. And thirdly, normally we expect that we complete our plants well within guidance. This time we have completed it just about guidance. So that means that any savings that come due to a lower time, due to a lower setup time, that hasn't been there.
- Utkarsh Nopany:** Okay. For MDF like our cost has gone up from INR600 crore to INR730 crore and like we already commissioned this project in last March quarter. So whether this increase in cost is related to the brownfield expansion or it is related to our earlier project only?
- Keshav Bhajanka:** No, no. It is only related to the Greenfield in Andhra Pradesh.
- Utkarsh Nopany:** Okay. It is not covering the brownfield expansion cost?
- Keshav Bhajanka:** The brownfield expansion was done earlier. That is a separate line item.



- Utkarsh Nopany:** No, sir, like what I wanted to understand that we were looking to do some line balancing for our MDF project in AP to increase our capacity. So it doesn't include that cost from INR600 crores to INR730 crores.
- Keshav Bhajanka:** No, it does. The machinery has already been ordered. The cost of setting it up, I mean there will be some cost in terms of manpower and so on and so forth. But other than that, the machinery cost is very well included in this figure.
- Moderator:** We'll take the next question from the line of Tanmai Mohta from Locus Investment Group.
- Tanmai Mohta:** So actually there was some confusion. So I just wanted to ask you if you could just mention your capacities amongst your sort of 4 divisions so it just helps give us a clear idea of what capacity is on board and what's yet to come. And the second thing is regarding your debt levels. So you said that you have peaked out. So could you quantify any sort of debt repayment you will have, say, over '26 and '27. That will just help us.
- Sanjay Agarwal:** You are looking for capacity on each item; plywood, laminate, MDF?
- Tanmai Mohta:** Yes. Yes. The existing capacity and what's coming up and your debt repayment schedule.
- Sanjay Agarwal:** Okay. So in plywood, we have a capacity of 3.40 lakh cubic meters and we will be adding about 48,000 or 50,000 cubic meters in the year. And next year we'll be again adding about 48,000 cubic meters, 50,000 cubic meter next year also. So in two years maybe about 100,000 cubic meter will be added in plywood.
- And laminate; Joka, we have capacity of 87.70 lakh sheets and Badvel capacity is 8.80 lakh sheets. MDF Hoshiarpur is 3,13,500 cubic meter and Badvel is 2,14,500 cubic meter. You want to know the capacity utilization also?
- Tanmai Mohta:** Utilization is fine. We can drive that from your production.
- Moderator:** The next question is from the line of Keshav Lahoti from HDFC Securities.
- Keshav Lahoti:** Sir, this year you said 48,000, 50,000 addition in ply so it's through debottlenecking entirely?
- Sanjay Agarwal:** Yes, through some extra capacities within the existing plants and some debottlenecking, yes. This is a continuous process. You have seen it in Century Plyboard from the very beginning. In the existing plants, we have been creating capacities and we have gone even double the capacity within the plant actually in few years.
- Keshav Lahoti:** Yes, I agree. But in FY '27, you're not factoring any debottlenecking because Hoshiarpur will be coming that year also.
- Sanjay Agarwal:** Yes. In that year, internal capacity planning we have not done as yet, but we can be sure that, yes, there will be some capacity addition in next year also, in FY '27 also in the existing plant also. Yes, it will be there. But that planning we have not done because that actually happens, it's

a continuous rolling kind of a thing. So you don't require much of a planning for that. Wherever we see a possibility, we just go ahead and do it.

**Keshav Lahoti:** Understood. And laminates, earlier we are expecting the AP plant to break even in Q2 FY '27. Is that on track or possibly that is delayed?

**Keshav Bhajanka:** No. I think it is pretty much on track.

**Sanjay Agarwal:** Regarding laminate, I think everybody seems to be a little bit this thing. I must tell you that in last about two years' time, we have changed a lot of things and all the experiments, et cetera, have now finished.

As you have seen in plywood also, earlier we were doing so many experiments and all those experiments ceased in the beginning of this year. And this year, we have done a good job I think.

So in laminate also, I personally believe that all the experiments have ceased. The management also internally, manpower also, everything has now really settled down well. And I really expect this year to be much, much better than all other years, yes.

**Keshav Lahoti:** Sir, normally in laminates earlier, we used to do 15% kind of a margin also. Should we expect in the next two or three years or possibly how should we look at that?

**Sanjay Agarwal:** This year I think we are looking at 10% and I'm sure by next year we will be confident enough to tell you. But then yes, I cannot and I should not tell you what we will be able to do next year.

**Keshav Bhajanka:** No. But you're correct. Going forward, like MD has said, we will strive to achieve higher and higher EBITDA margins. This year we have given guidance. Next year of course the endeavor will be to do even better.

**Keshav Lahoti:** Got it. And then what would be the consol laminate margin for this year? Stand-alone is 8% to 10%, consol would be how much? And what sort of utilization you're expecting for the new laminates plant in this year?

**Keshav Bhajanka:** Like we said, we are going to look at high single-digit consol margins toward H2 of this year. In capacity utilization, we will have to get back to you.

**Moderator:** The next question is from Rishab Bothra from Anand Rathi Shares and Stock Brokers Institutional Equities.

**Rishab Bothra:** Sir, just wanted to understand the guidance which you mentioned sales growth percentage, is it for volume or value?

**Keshav Bhajanka:** It's for value.

**Moderator:** The next question is from Tanmai Mohta from Locus Investment Group.

- Tanmai Mohta:** Just two bookkeeping questions. So one was you mentioned that you are hiring more people in your sales team, et cetera. So just wanted to understand your employee cost going forward. Do you think it's going to be at a similar level? And the second was regarding my previous question, which sort of didn't get answered, regarding the debt repayment schedule.
- Keshav Bhajanka:** So employee cost definitely will go down now because we have done the bulk of hiring and going forward with increasing scale, we will see a lower percentage of employee cost. With regards to debt, I think we are at peak debt like I had already mentioned. And over the course of the next two years, we'll be repaying the majority of debt. So I think we'll be at very, very low long-term debt by the end of FY '27.
- Moderator:** Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Mr. Sanjay Agarwal for closing comments. Thank you and over to you, sir.
- Sanjay Agarwal:** Thank you. Thank you, ladies and gentlemen. It was great talking to you, connecting to you. Looking forward to a great Q1 -- Q2 and we'll be back with great results. Q1, I'm getting confused. But yes, looking forward to a great Q1 and getting back to you with better results as expected by you. Thank you.
- Moderator:** Thank you, members of the management. On behalf of SKP Securities Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.