Century Plyboards India

Margin expansion ahead, return ratios to improve

We interacted with Century Plyboards India management. The company indicated that following a strong Q1, demand momentum has remained healthy, with July emerging as the best month so far. Channel inventories exited Q1 at normalized levels. Management highlighted that it has onboarded Aamir Khan for advertising campaign, which will step up company advertisement spending. While this is expected to enhance brand visibility and support growth, but the elevated ad spend intensity will exert some near-term pressure on margins. Consequently, plywood margins are unlikely to sustain at the high level seen in Q1FY27, owing to increased marketing spends. In ply, capacity expansions underway to move to fully inhouse manufacturing. Currently, ply outsourcing has been reduced to single digit in overall mix. We like Century's strong franchise (pan-India distribution, aggressive marketing, and a wide range of SKUs) and leadership presence in most wood panel segments. The company is consistently demonstrating strong execution across segments and gaining market share. With meaningful incremental plywood capacity coming onstream, we expect Century to continue outperforming peers and further consolidate its market-leading position. We model a healthy revenue/EBITDA/APAT CAGR of 15/23/30% over FY26–29E. Considering the expected increase in advertisement spending, we trim our FY27E APAT by 4%, while we maintain our FY28/29E estimates. We maintain BUY and value the stock at 40x Sep-28E EPS, arriving at a target price of INR 990/sh.

- **Demand remains robust:** Management indicated that following a strong Q1, demand momentum has remained healthy, with July emerging as the best month so far. Channel inventories exited Q1 at normalized levels. In plywood, the company currently holds a 9.5-10% market share and is targeting an expansion to 15% over the next five years. While the industry is growing at 5–7%, the company is targeting a significantly higher growth rate of at least 10–15%, driven by share gains and stronger execution.
- **Ad spending to see surge; ply margin may not sustain:** Management highlighted that it has onboarded Aamir Khan as a brand ambassador, which will step up the company's advertisement spending. While this is expected to enhance brand visibility and support growth, the elevated ad spend intensity will exert some near-term pressure on margins. Consequently, plywood Q1FY27 margins are unlikely to sustain owing to increased marketing spends.
- **Ply expansions underway; outsourcing reduced to single digit:** In ply, capacity expansions are underway to move to fully in-house manufacturing. Currently, outsourcing has been reduced to single digit in overall mix. Its ply capacity stood at 406.8K CBM at Mar-26. The company plans to increase it by 30% this year, with Hoshiarpur (48K CBM) expected to be commissioned by Oct-26. Additionally, debottlenecking at Kandla, Guwahati, and Chennai (~80K CBM) will be completed in FY27. The Chennai brownfield expansion has increased capacity from 8K CBM/month to 10K CBM/day, which will further increase to 12.5K CBM/month from Q3FY27. Management further aims for a 15% capacity increase in FY28.
- **MDF and particle board industry remains competitive:** Management noted that with incremental capacities coming onstream across MDF and particle board segments, industry competitiveness has intensified. As a result, holding margins at past levels in both the segments will be challenging, given increased supply and aggressive pricing behavior. However, the company emphasized that its focus is not on adding new capacity, given the current industry oversupply. Instead, it plans to concentrate on fully utilizing existing capacity and increasing the share of value-added products to support margin improvement.

BUY

CMP *(as on 17 Aug 2026)*	INR 756
Target Price	INR 990
NIFTY	24,288

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 990	INR 990
EPS revision %	FY27E	FY28E
	(4.0)	*0.0*

KEY STOCK DATA	
Bloomberg code	CPBI IN
No. of Shares (mn)	222
MCap (INR bn) / ($ mn)	168/1,756
6m avg traded value (INR mn)	62
52 Week high / low	INR 859/619

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(1.5)	(0.8)	3.8
Relative (%)	(4.8)	6.1	7.3

SHAREHOLDING PATTERN (%)	Mar-26	Jun-26
Promoters	71.83	71.83
FIs & Local MFs	19.17	19.41
FPIs	4.10	3.86
Public & Others	4.90	4.90
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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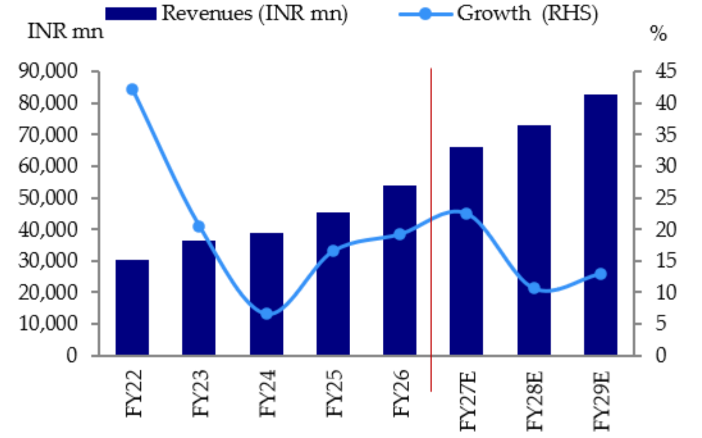
- **Laminate strong growth ahead with gradual margin recovery**: For the laminates segment, the company implemented a 10% price increase in the domestic market, while the hike was more modest in the export markets. The business mix is increasingly shifting toward large-format laminates (12 mm boards), and management expects robust growth in this segment through the year. Looking ahead, the company expects gradual margin improvement in the segment; however, margins are still projected to remain below historical levels despite the positive trajectory
- **Focus on scaling hardware; furniture plans on hold:** Management indicated plans to expand the hardware business under the trading vertical, acknowledging that the segment could stay loss-making in its early phase. In contrast, the furniture segment entry plan has been put on hold, with the company choosing to prioritize execution and resources toward strengthening the hardware portfolio.
- **Outlook and valuation**: We like Century's strong franchise (pan-India distribution, aggressive marketing, and a wide range of SKUs) and leadership presence in most wood panel segments. The company is consistently demonstrating strong execution across segments and gaining market share. With meaningful incremental plywood capacity coming onstream, we expect Century to continue outperforming peers and further consolidate its market-leading position. We model a healthy revenue/EBITDA/APAT CAGR of 15/23/30% over FY26–29E. Considering the expected increase in advertisement spending, we trim our FY27E APAT by 4%, while we maintain our FY28/29E estimates. We maintain BUY and value the stock at 40x Sep-28E EPS, arriving at a target price of INR 990/sh.

Annual financial summary

YE Mar (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Sales	38,860	45,278	53,972	66,122	73,170	82,623
EBITDA	5,319	4,866	6,504	8,676	10,533	11,992
EBITDAM (%)	13.7	10.7	12.1	13.1	14.4	14.5
APAT	3,375	1,987	2,704	3,927	5,101	5,926
AEPS (INR)	15.2	8.9	12.2	17.6	22.9	26.6
EV/EBITDA (x)	33.0	38.3	28.3	21.3	17.5	15.4
P/E (x)	49.5	84.1	61.8	42.6	32.8	28.2
RoE (%)	16.4	8.7	10.8	13.9	15.7	15.7

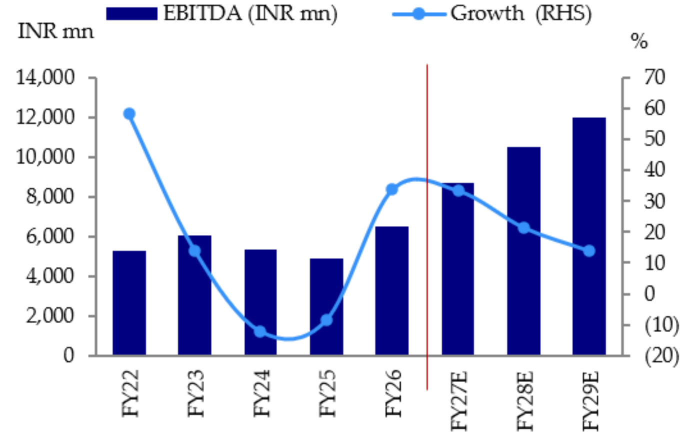
Source: Company, HSIE Research

Revenue to grow at a healthy 15% CAGR over FY26-29E



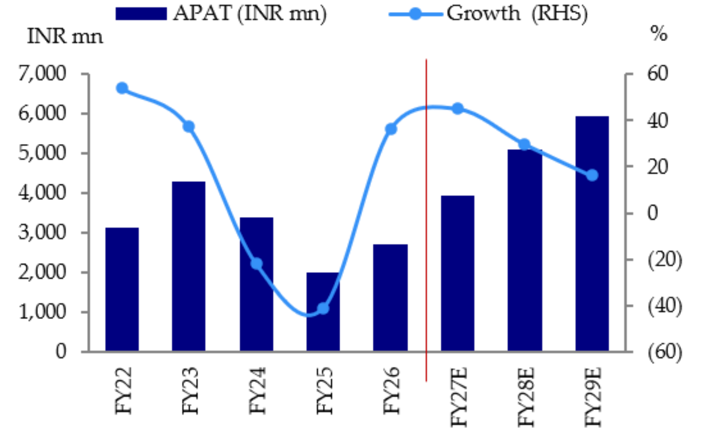
Source: Company, HSIE Research

EBITDA to grow at 23% CAGR over FY26-29E



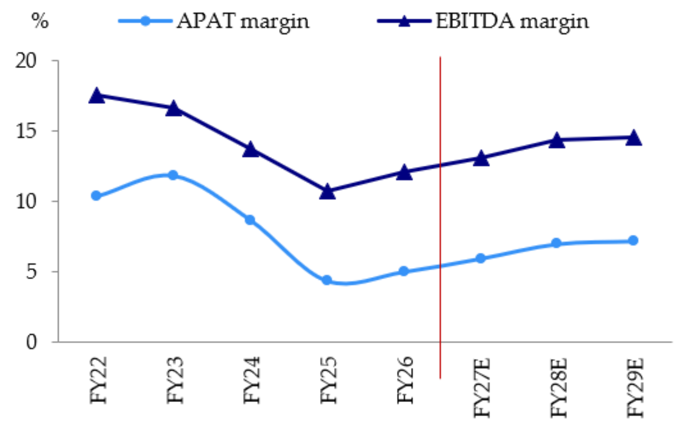
Source: Company, HSIE Research

APAT to grow at 30% CAGR over FY26-29E



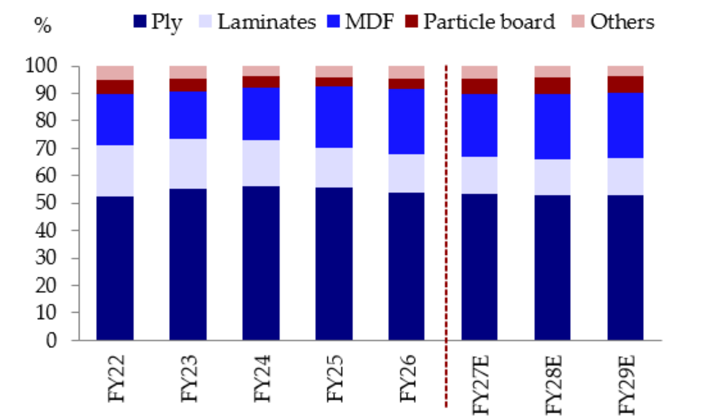
Source: Company, HSIE Research

Margins should improve on the back of op-lev gains



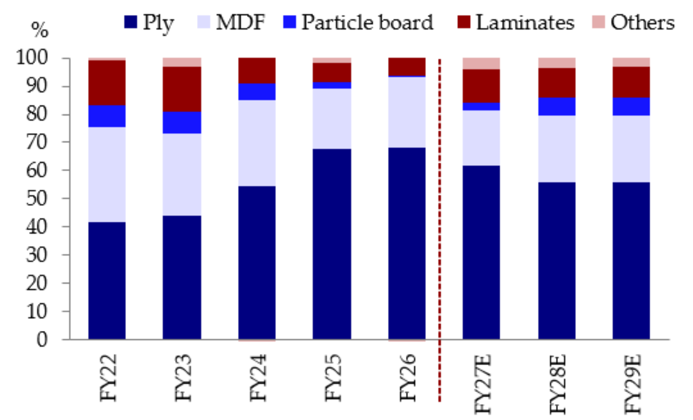
Source: Company, HSIE Research

Segmental revenue mix to remain broadly similar over FY26-29E



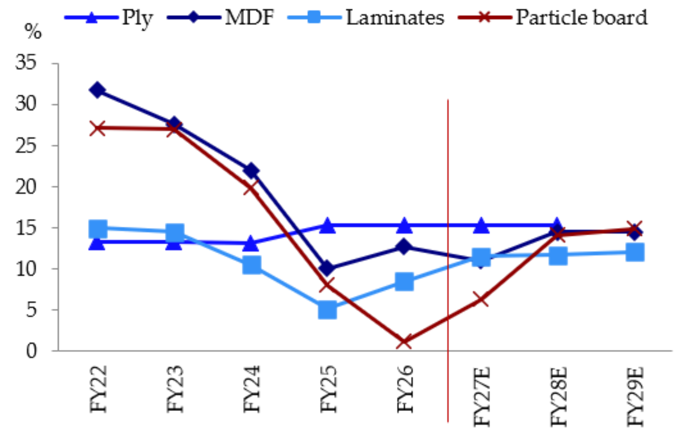
Source: Company, HSIE Research

Ply EBITDA share will reduce as particle board share expands over FY26-29E



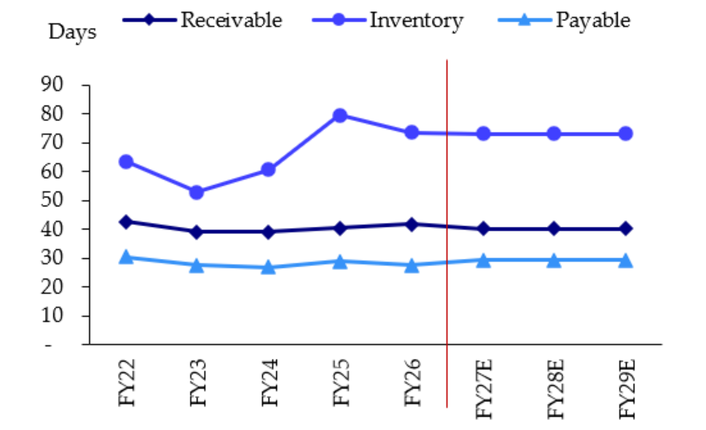
Source: Company, HSIE Research

MDF, particle board, and laminates to see improvement in margins from low levels



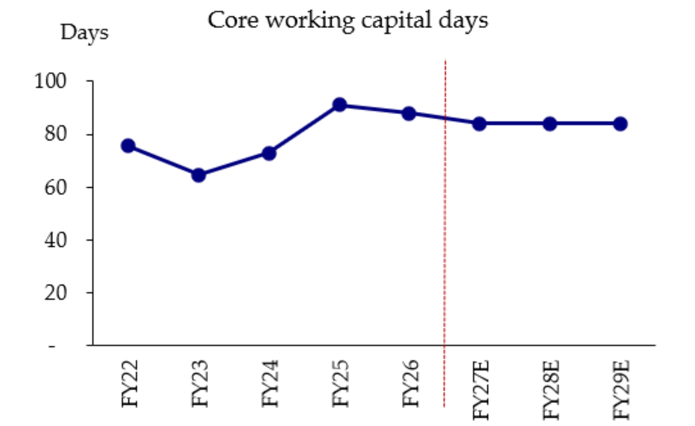
Source: Company, HSIE Research

Receivable, inventory and payable day to remain broadly stable, going forward…



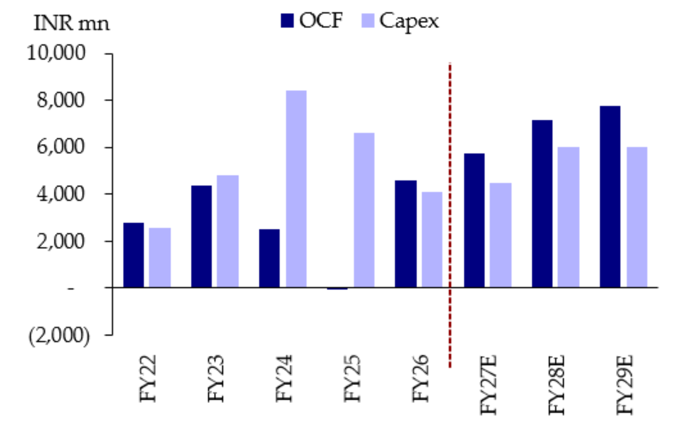
Source: Company, HSIE Research

…so do the net working capital



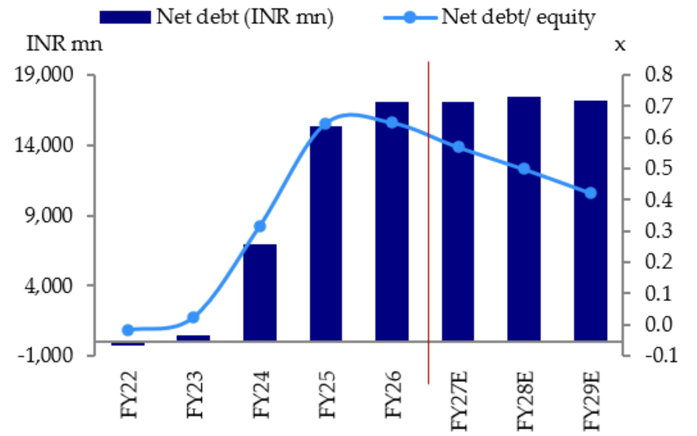
Source: Company, HSIE Research

OCF will outpace Capex as focus is on asset sweating



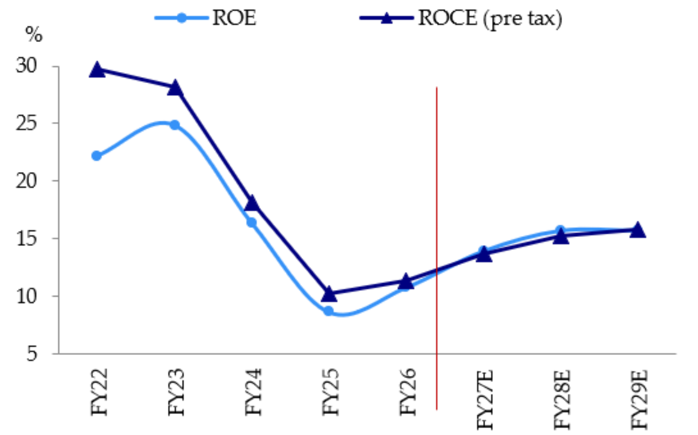
Source: Company, HSIE Research

Net debt remains within comfortable levels



Source: Company, HSIE Research

Return ratios to continue to improve, going forward



Source: Company, HSIE Research

Key operational assumptions (consolidated)

Segmental performance (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Plywood						
Sales vol (K CBM)	383	435	507	583	641	706
YoY %	6.1	13.4	16.6	15.0	10.0	10.0
Revenue	21,739	25,219	29,152	35,201	38,721	43,871
YoY %	8.0	16.0	15.6	20.8	10.0	13.3
EBITDA	2,886	3,300	4,440	5,362	5,898	6,682
YoY %	7.9	14.3	34.6	20.8	10.0	13.3
OPM %	13.3	13.1	15.2	15.2	15.2	15.2
Laminates						
Sales vol (mn sheets)	7.91	7.44	7.25	7.25	7.47	7.92
YoY %	5.8	-6.0	-2.5	-	3.0	6.0
Revenue	6,566	6,529	7,435	8,921	9,557	10,839
YoY %	-0.1	-0.6	13.9	20.0	7.1	13.4
EBITDA	693	336	633	1,031	1,113	1,307
YoY %	-27.2	-51.5	88.1	63.0	7.9	17.4
OPM %	10.6	5.2	8.5	11.6	11.6	12.1
MDF						
Sales vol (K CBM)	220	350	431	495	545	599
YoY %	18.7	59.3	22.9	15.0	10.0	10.0
Revenue	7,483	10,224	12,845	15,362	17,236	19,718
YoY %	16.9	36.6	25.6	19.6	12.2	14.4
EBITDA	1,643	1,028	1,630	1,691	2,499	2,859
YoY %	-7.0	-37.5	58.6	3.8	47.8	14.4
OPM %	22.0	10.1	12.7	11.0	14.5	14.5
Particle Boards						
Sales vol (K CBM)	77	70	108	172	206	217
YoY %	5.0	-8.6	53.4	60.0	20.0	5.0
Revenue	1,571	1,450	2,004	3,687	4,646	5,122
YoY %	-9.8	-7.7	38.2	84.0	26.0	10.3
EBITDA	312	116	23	233	654	763
YoY %	-33.5	-62.7	-80.1	907.2	181.0	16.7
OPM %	19.9	8.0	1.2	6.3	14.1	14.9

Source: Company, HSIE Research

Estimates revision summary (consolidated)

INR mn	FY27E Old	FY27E Revised	*Change %*	FY28E Old	FY28E Revised	*Change %*	FY29E Old	FY29E Revised	*Change %*
Net Sales	66,122	66,122	-	73,170	73,170	-	82,623	82,623	-
EBITDA	8,892	8,676	-	10,534	10,533	-	11,989	11,992	-
APAT	4,089	3,927	*(4.0)*	5,101	5,101	-	5,924	5,926	-

Source: Company, HSIE Research

Financials

Consolidated Income Statement

YE Mar (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenues	**38,860**	**45,278**	**53,972**	**66,122**	**73,170**	**82,623**
Growth %	6.6	16.5	19.2	22.5	10.7	12.9
Raw Material	20,354	24,338	27,765	32,463	35,977	40,691
Power & Fuel	1,449	2,089	2,298	2,815	3,115	3,518
Freight Expense	1,708	2,225	2,447	2,998	3,318	3,747
Employee cost	5,398	6,913	8,245	9,482	10,904	12,539
Other Expenses	4,632	4,848	6,713	9,689	9,323	10,137
EBITDA	**5,319**	**4,866**	**6,504**	**8,676**	**10,533**	**11,992**
EBITDA Margin (%)	**13.7**	**10.7**	**12.1**	**13.1**	**14.4**	**14.5**
EBITDA Growth %	**(12.2)**	**(8.5)**	**33.7**	**33.4**	**21.4**	**13.8**
Depreciation	947	1,372	1,821	2,266	2,469	2,817
EBIT	4,372	3,494	4,683	6,409	8,064	9,174
Other Income	439	103	102	108	113	119
Interest	308	690	1,135	1,206	1,301	1,317
PBT	4,502	2,906	3,651	5,311	6,876	7,976
Tax	1,138	912	890	1,328	1,719	1,994
Minority Int	(11)	8	56	56	56	56
RPAT	**3,264**	**1,853**	**2,627**	**3,927**	**5,101**	**5,926**
EO (Loss) / Profit (Net Of Tax)	(111)	(133)	(77)	-	-	-
APAT	**3,375**	**1,987**	**2,704**	**3,927**	**5,101**	**5,926**
APAT Growth (%)	**(21.6)**	**(41.1)**	**36.1**	**45.2**	**29.9**	**16.2**
AEPS	15.2	8.9	12.2	17.6	22.9	26.6
AEPS Growth %	(21.6)	(41.1)	36.1	45.2	29.9	16.2

Source: Company, HSIE Research

Consolidated Balance Sheet

YE Mar (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS						
Share Capital	223	223	223	223	223	223
Reserves And Surplus	21,894	23,429	25,876	29,607	34,452	40,082
Total Equity	**22,117**	**23,651**	**26,099**	**29,829**	**34,675**	**40,304**
Long-term Debt	2,094	5,331	5,482	3,482	3,482	3,482
Short-term Debt	5,615	10,532	12,166	17,166	17,166	17,666
Total Debt	7,709	15,863	17,649	20,649	20,649	21,149
Deferred Tax Liability	398	179	134	134	134	134
Long-term Liab+ Provisions	117	123	122	134	147	162
TOTAL SOURCES OF FUNDS	**30,290**	**39,959**	**44,206**	**50,948**	**55,807**	**61,951**
APPLICATION OF FUNDS						
Net Block	19,073	20,363	28,041	29,775	30,306	36,488
Capital WIP	2,666	7,299	1,881	2,381	5,381	2,381
Other Non-current Assets	959	602	1,168	562	618	680
Total Non-current Investments	89	89	56	56	56	56
Total Non-current Assets	**22,788**	**28,353**	**31,146**	**32,774**	**36,360**	**39,605**
Inventories	6,456	9,866	10,871	13,224	14,634	16,525
Debtors	4,168	5,000	6,176	7,273	8,049	9,089
Cash and Cash Equivalents	719	491	590	3,531	3,227	4,002
Other Current Assets (& Loans/adv)	1,430	1,972	1,935	2,076	2,231	2,402
Total Current Assets	**12,773**	**17,329**	**19,572**	**26,105**	**28,141**	**32,018**
Creditors	2,856	3,572	4,054	5,290	5,854	6,610
Other Current Liabilities & Provns	2,415	2,152	2,459	2,641	2,841	3,062
Total Current Liabilities	**5,270**	**5,723**	**6,512**	**7,931**	**8,695**	**9,672**
Net Current Assets	**7,502**	**11,606**	**13,059**	**18,174**	**19,446**	**22,346**
TOTAL APPLICATION OF FUNDS	**30,290**	**39,959**	**44,206**	**50,948**	**55,807**	**61,951**

Source: Company, HSIE Research

Consolidated Cash Flow

YE Mar (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Reported PBT	4,392	2,773	3,574	5,254	6,820	7,920
Non-operating & EO Items	5	217	361	(108)	(113)	(119)
Interest Expenses	308	690	1,135	1,206	1,301	1,317
Depreciation	947	1,372	1,821	2,266	2,469	2,817
Working Capital Change	(1,958)	(3,978)	(1,309)	(1,555)	(1,619)	(2,172)
Tax Paid	(1,177)	(1,101)	(1,011)	(1,328)	(1,719)	(1,994)
OPERATING CASH FLOW (a)	**2,517**	**(27)**	**4,570**	**5,736**	**7,139**	**7,770**
Capex	(8,446)	(6,635)	(4,095)	(4,500)	(6,000)	(6,000)
Free Cash Flow (FCF)	(5,929)	(6,662)	475	1,236	1,139	1,770
Investments	2,349	(188)	(177)	-	-	-
Non-operating Income	315	42	24	108	113	119
INVESTING CASH FLOW (b)	**(5,781)**	**(6,781)**	**(4,249)**	**(4,392)**	**(5,887)**	**(5,881)**
Debt Issuance/(Repaid)	4,027	7,501	997	3,000	-	500
Interest Expenses	(274)	(676)	(996)	(1,206)	(1,301)	(1,317)
FCFE	(2,177)	163	476	3,030	(162)	953
Dividend	(222)	(222)	(222)	(196)	(255)	(296)
FINANCING CASH FLOW (c)	**3,530**	**6,603**	**(221)**	**1,597**	**(1,556)**	**(1,113)**
NET CASH FLOW (a+b+c)	**266**	**(205)**	**100**	**2,941**	**(304)**	**775**
Closing Cash & Equivalents	**3,048**	**514**	**591**	**3,531**	**3,227**	**4,002**

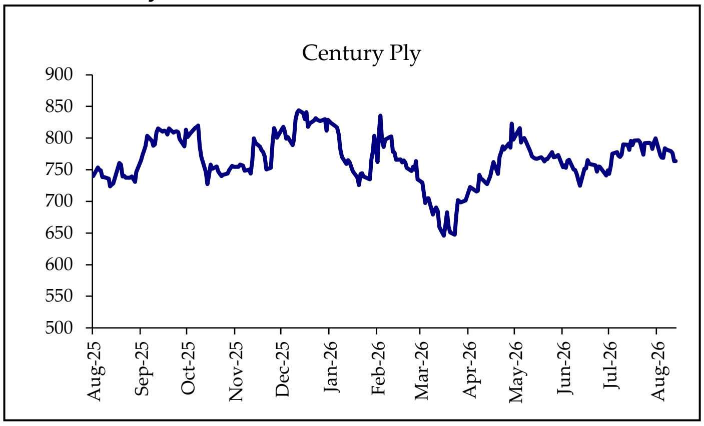
Source: Company, HSIE Research

Key Ratios

	FY24	FY25	FY26	FY27E	FY28E	FY29E
PROFITABILITY %						
EBITDA Margin	13.7	10.7	12.1	13.1	14.4	14.5
EBIT Margin	11.2	7.7	8.7	9.7	11.0	11.1
APAT Margin	8.7	4.4	5.0	5.9	7.0	7.2
RoE	16.4	8.7	10.8	13.9	15.7	15.7
RoIC (pretax)	19.7	11.8	9.3	10.6	12.1	12.5
RoCE (pretax)	18.1	10.2	8.5	10.3	11.5	11.8
EFFICIENCY						
Tax Rate %	25.3	31.4	24.4	25.0	25.0	25.0
Fixed Asset Turnover (x)	1.9	1.7	1.7	1.7	1.7	1.7
Inventory (days)	61	80	74	73	73	73
Debtors (days)	39	40	42	40	40	40
Other Current Assets (days)	22	21	21	15	14	14
Payables (days)	27	29	27	29	29	29
Other Current Liab & Provns (days)	24	18	17	15	15	14
Cash Conversion Cycle (days)	73	91	88	84	84	84
Working Capital Cycle (days)	72	93	91	83	83	83
Net Debt/EBITDA (x)	1.3	3.2	2.6	2.0	1.7	1.4
Net D/E	0.3	0.6	0.6	0.6	0.5	0.4
Interest Coverage	14.2	5.1	4.1	5.3	6.2	7.0
PER SHARE DATA (INR)						
EPS	15.2	8.9	12.2	17.6	22.9	26.6
CEPS	19.4	15.1	20.3	27.8	34.0	39.3
Dividend	1.0	1.0	1.0	0.9	1.1	1.3
Book Value	99.2	106.9	118.2	135.0	156.7	182.0
VALUATION						
P/E (x)	49.5	84.1	61.8	42.6	32.8	28.2
P/Cash EPS (x)	39.7	51.8	37.6	27.0	22.1	19.1
P/BV (x)	7.6	7.1	6.4	5.6	4.8	4.1
EV/EBITDA (x)	33.0	38.3	28.3	21.3	17.5	15.4
EV/Sales (x)	4.51	4.11	3.42	2.79	2.52	2.23
Dividend Yield (%)	0.1	0.1	0.1	0.1	0.2	0.2
OCF/EV (%)	1.4	(0.0)	2.5	3.1	3.9	4.2
FCFF/EV (%)	(3.4)	(3.6)	0.3	0.7	0.6	1.0

Source: Company, HSIE Research

Price History



Rating Criteria

BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: >10% Downside return potential

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