

HOLD

TP: Rs 750 | ▲ 2%

CENTURY PLYBOARDS

| Building Materials

| 09 August 2025

Strong show in a challenging environment; maintain HOLD

- EBITDA beat by 4.4% on better-than-expected Plywood performance
- Near-term pain to persist due to weak demand conditions and supply side issues; medium-term outlook remains positive
- Maintain HOLD on expensive valuations with unchanged TP of Rs 750 per share

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Beats estimate: CPBI slightly beats our Q1 estimate (Revenue: +6.3%; EBITDA: +4.4%), driven by a strong performance of the plywood segment. Overall, CPBI revenue/EBITDA/APAT grew by 16.3%/15.3%/26.0% YoY in Q1FY26.

Highlights: Despite weak demand environment, CPBI has again delivered strong volume growth for its plywood (+9.5% YoY) & MDF (+19.0%) segment in Q1FY26. Laminate segment performance has also turned around in Q1 (posted volume growth of 15.0% YoY with sequential improvement in margin) due to the appointment of a new division head. Particleboard segment was the only exception, which reported operating loss in Q1 due to supply side issues and high timber prices.

Outlook: CPBI has maintained its revenue and margin guidance for each of its segment for FY26. The company has reported a record-high volume for its plywood segment in Jul'25. Timber prices have corrected by 8-10% QoQ in Q1FY26, but have slightly gone up in Jul'25 due to the seasonality factor (monsoon). Timber prices are expected to remain stable over the medium term. The company has revised up its budgeted capex to Rs 4.54bn (Rs 3.7bn earlier) for FY26. Net debt is expected to come down gradually over the next two years in the anticipation of repayment of long-term loan.

Maintain HOLD; with unchanged TP of Rs 750: CPBI has been reporting a strong operating performance for the plywood segment for the past 5 consecutive quarters. The company has also shown strong execution in quickly ramping up its new MDF facility in a profitable manner, in an oversupplied market. However, we maintain our HOLD rating on the stock as we believe the stock is fully valued (trades at 51.2x on 1Y forward P/E vs pre-COVID average of around 27x) even if we assume strong volume growth and sharp improvement in margin for each of the segments over the next 3 years. We have cut our EPS estimates (-8.6%/-5.3% for FY26E/FY27E) due to slower-than-expected margin recovery in MDF & particleboard segments, but we have kept our TP unchanged at Rs 750 per share due to roll forward of our valuation from Mar'27 to Jun'27. Our target P/E remains unchanged at 40x.

Key changes

Target	Rating
◀ ▶	◀ ▶

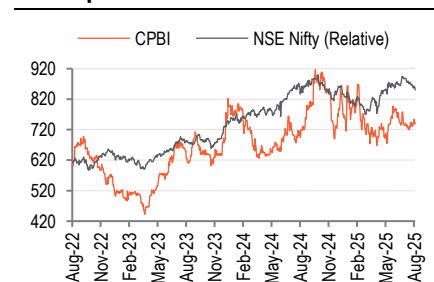
Ticker/Price	CPBI IN/Rs 738
Market cap	US\$ 1.9bn
Free float	27%
3M ADV	US\$ 0.7mn
52wk high/low	Rs 935/Rs 631
Promoter/FPI/DII	73%/4%/18%

Source: NSE | Price as of 8 Aug 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	45,278	51,189	57,412
EBITDA (Rs mn)	4,866	6,212	8,050
Adj. net profit (Rs mn)	1,731	2,676	3,948
Adj. EPS (Rs)	7.8	12.0	17.7
Consensus EPS (Rs)	8.3	18.4	26.5
Adj. ROAE (%)	7.6	10.7	14.2
Adj. P/E (x)	94.9	61.4	41.6
EV/EBITDA (x)	33.1	24.8	18.7
Adj. EPS growth (%)	(48.3)	54.6	47.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance

Source: NSE



Fig 1 – Quarterly performance - Consolidated

Particulars (Rs mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	BOBCAPS Q2FY25E	Variance (%)
Total operating income	11,694	10,054	16.3	11,983	(2.4)	11,004	6.3
Raw-Material expense	6,023	5,382	11.9	6,378	(5.6)		
Gross Profit	5,671	4,672	21.4	5,605	1.2		
Employee expense	1,919	1,596	20.3	1,816	5.7		
Other expense	2,470	1,964	25.7	2,444	1.1		
EBITDA	1,282	1,112	15.3	1,346	(4.8)	1,228	4.4
D&A	367	336	9.1	360	2.0		
EBIT	915	776	17.9	986	(7.2)		
Interest cost	222	150	48.4	190	17.0		
Non-operating expense/(income)	-19	49	(138.0)	-20	(6.9)		
PBT	711	577	23.4	817	(12.9)		
Tax	182	235	(22.6)	285	(36.1)		
Reported PAT	529	341	55.2	532	(0.4)		
Adjusted PAT	529	420	26.0	597	(11.3)	471	12.3
As % of net revenues			(bps)		(bps)		
Gross margin	48.5	46.5	203	46.8	172		
Employee cost	16.4	15.9	54	15.2	126		
Other cost	21.1	19.5	158	20.4	73		
EBITDA margin	11.0	11.1	(10)	11.2	(27)		
Tax rate	25.6	40.8	(1523)	34.9	(930)		
APAT margin	4.5	4.2	35	5.0	(45)		

Source: Company, BOBCAPS Research

Fig 2 – Segment financials

Segment Analysis	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Revenue (Rs mn)					
Plywood	6,503	5,679	14.5	6,707	(3.0)
Laminates	1,737	1,540	12.8	1,704	1.9
MDF	2,591	2,095	23.7	2,709	(4.4)
Particleboard	342	367	(6.8)	326	4.7
CFS	378	246	53.6	364	3.9
Others	197	140	40.9	187	5.1
Total	11,748	10,066	16.7	11,998	(2.1)
Volumes					
Plywood (CBM)	108,315	98,913	9.5	111,010	(2.4)
Laminates (mn sheets)	2.0	1.7	15.0	1.9	5.4
MDF (CBM)	84,099	70,696	19.0	87,549	(3.9)
Particleboard (CBM)	16,302	18,505	(11.9)	14,970	8.9
Realization					
Plywood (Rs/CBM)	58,815	56,286	4.5	58,817	(0.0)
Laminates (Rs/sheet)	855	873	(2.1)	875	(2.3)
MDF (Rs/CBM)	30,419	29,567	2.9	30,521	(0.3)
Particleboard (Rs/CBM)	20,396	19,784	3.1	21,222	(3.9)

Segment Analysis	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Adjusted EBITDA (Rs mn)					
Plywood	927	758	22.3	969	(4.3)
Laminates	87	135	(35.8)	28	208.8
MDF	243	118	105.5	301	(19.5)
Particleboard	-3	65	(104.9)	5	(168.2)
Total	1,282	1,112	15.3	1,346	(4.8)
Adjusted EBITDA margin (%)					
Plywood	14.3	13.3	91	14.4	(19)
Laminates	5.0	8.8	(379)	1.7	335
MDF	9.4	5.6	373	11.1	(176)
Particleboard	(0.9)	17.8	(1877)	1.4	(238)
Total	10.9	11.0	(14)	11.2	(31)

Source: Company, BOBCAPS Research

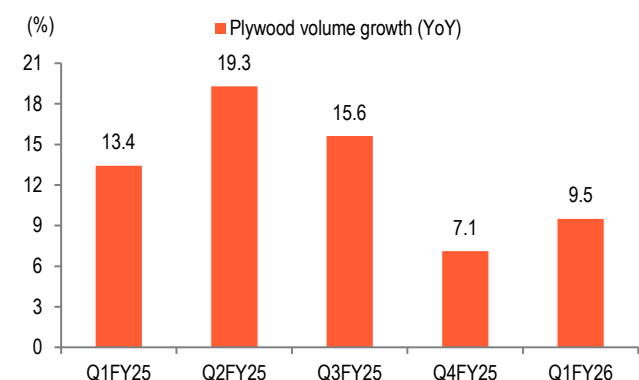
Earnings Call Highlights

- Plywood:** Segment revenue grew by 14.5% YoY driven by higher volumes (+9.5% YoY). EBITDA margin improved by 91bps YoY to 14.3% in Q1FY26. CPBI took 2% price hike for plywood in Apr'25. Ad-spend was 5.1% of sales (vs 4% usual) in Q1. CPBI imports timber for its superior quality and has no plans to switch to domestic timber in near term. Going ahead, the company maintains guidance of growing segment revenue at a 10%+ rate with EBITDA margin of 12-14% in FY26. The plywood capacity is 366,000 CBM with an operating rate of 91% in Q1FY26. Plans to ramp up capacity by 30,000 CBM in H2FY26. Greenfield Hosiarpur plant is expected to become operational by Sep'26.
- Laminates:** Revenue grew sharply by 12.8% YoY in Q1FY26 driven by higher volumes (+15.0%) in both domestic and exports markets. Segment EBITDA margin contracted by 379bps YoY to 5.0% in Q1FY26. The segment showed early signs of turnaround; management is optimistic on the gradual margin recovery led by cost optimisation. CPBI took a price hike of 2.5% in the 1mm portfolio for domestic market in Q1FY26. Plans to launch Acrylic Laminates in Aug'25, a superior-quality product with a warranty, addressing a gap in the Indian market. Going ahead, the company has maintained guidance of growing the segment revenue at 20% (consolidated) with EBITDA margin of 8-10% (standalone) in FY26. Consolidated EBITDA margin is targeted to improve to high-single-digit by Q4FY26.
- MDF:** Revenue grew sharply by 23.7% YoY in Q1FY26 due to quick ramp-up of its new unit in AP (operated at 41% rate in Q1FY26 vs 11% in Q1FY25) and cost optimisation. However, segment EBITDA margin fell by 176bps QoQ to 9.4% in Q1FY26 due to forex loss. Going ahead, the company has maintained its guidance of growing segment revenue at a 20% rate with EBITDA margin of 15% in FY26 on a consolidated basis.
- Particleboard:** Revenue de-grew by 11.9% YoY and reported operating loss in Q1FY26 due to weak realisation (-3.9% QoQ). Segment EBITDA margin was under pressure due to high timber costs and pricing challenges. CPBI has commenced the production at its new Tamil Nadu plant at the end of Q1FY26 and has observed

favourable market response from OEMs for its products. The company expects a rapid volume scale-up in H2FY26 due to superior product quality vs old plant and also offers new range (8x4 boards), which would expand its market coverage going ahead. Management expects new plant peak revenue to be around Rs 5bn with 15%+ EBITDA over the next 3 years. Going ahead, the company has maintained its guidance of growing the segment revenue at 40% rate (due to commencement of new greenfield plant towards end of Q1FY26) with low-single-digit EBITDA margin in FY26.

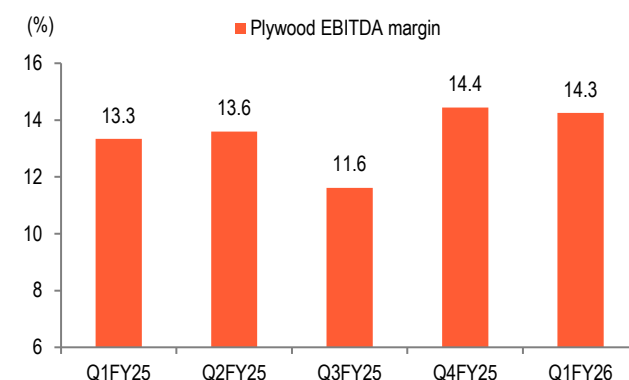
- **Timber Prices:** Timber prices for MDF and particle board declined 8-10% QoQ in Q1FY26. A slight price increase is expected in Q2FY26 due to monsoon, but prices are likely to be stable over the medium term. Plywood timber prices remain stable and do not expect any significant rise or fall before the end of FY27, given the longer tree mature cycles.
- **Capex:** CPBI has revised its budgeted capex program upwards from Rs 3.7bn to Rs 4.54bn for FY26.

Fig 3 – CPBI's plywood volumes grew at a healthy 9.5% YoY in Q1FY26 in a weak market environment



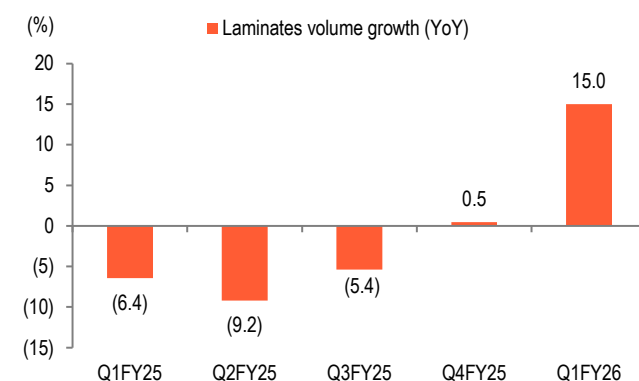
Source: Company, BOBCAPS Research

Fig 4 – Plywood margin improved by 91bps YoY in Q1FY26



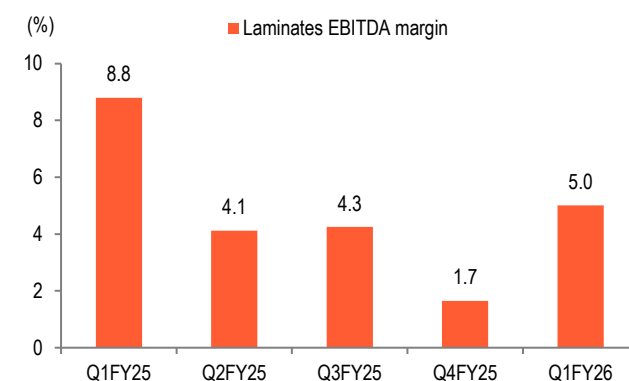
Source: Company, BOBCAPS Research

Fig 5 – Laminate volume grew by 15.0% YoY in Q1FY26

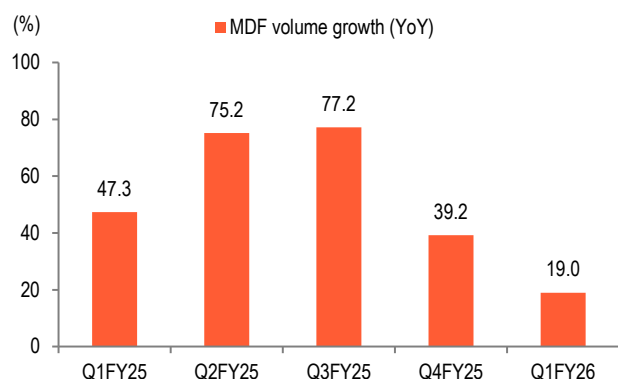


Source: Company, BOBCAPS Research

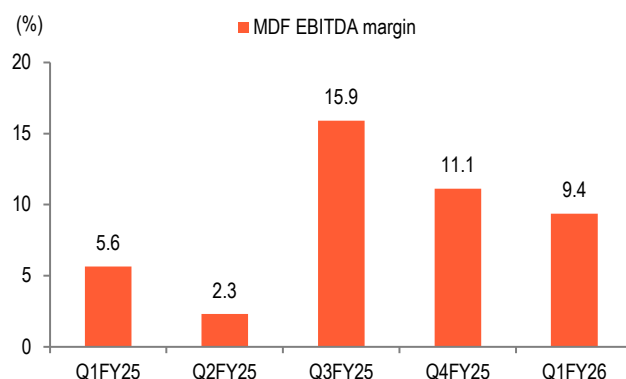
Fig 6 – Laminate EBITDA margin also improved on QoQ basis in Q1FY26



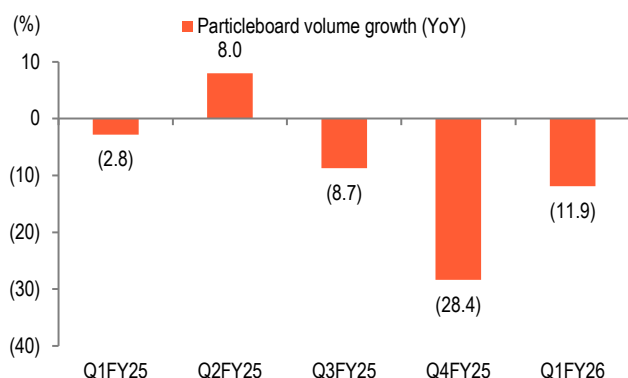
Source: Company, BOBCAPS Research

Fig 7 – MDF volume grew sharply by 19.0% YoY in Q1FY26


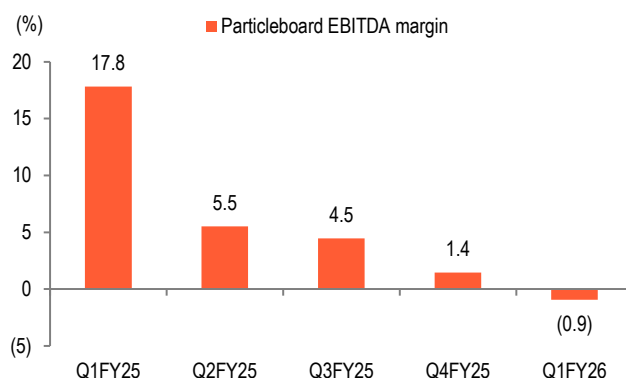
Source: Company, BOBCAPS Research

Fig 8 – MDF EBITDA margin fell on QoQ basis in Q1FY26 on forex loss


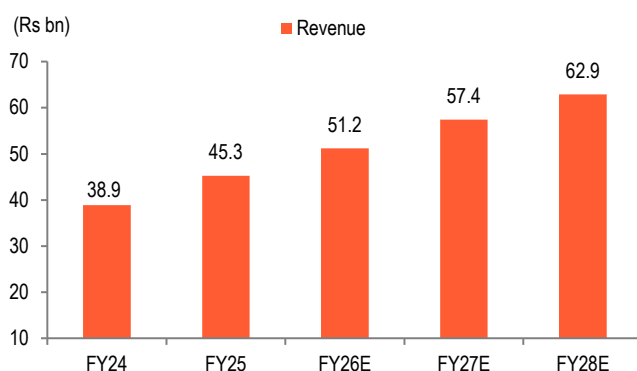
Source: Company, BOBCAPS Research

Fig 9 – Particleboard volumes de-grew by 11.9% YoY in Q1FY26


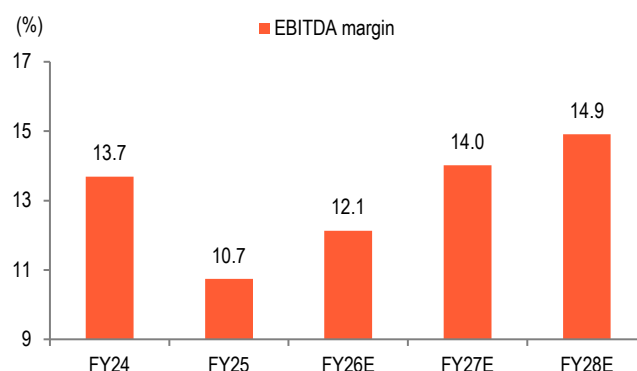
Source: Company, BOBCAPS Research

Fig 10 – Particleboard EBITDA margin fell sharply in Q1FY26 on supply side issues in the domestic market


Source: Company, BOBCAPS Research

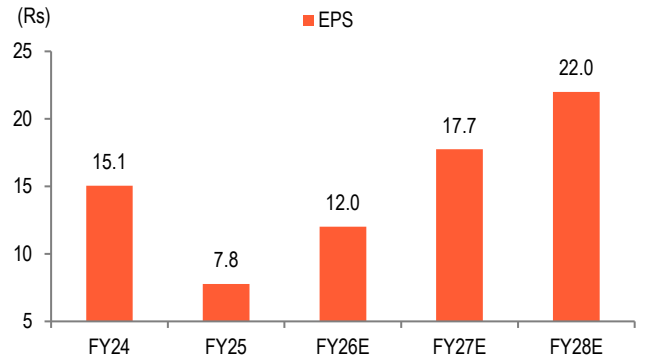
Fig 11 – CPBI's revenue is projected to grow at a 11.6% CAGR over FY25-FY28E


Source: Company, BOBCAPS Research

Fig 12 – CPBI EBITDA margin is projected to improve from 10.7% in FY25 to 14.9% in FY28 over a weak base


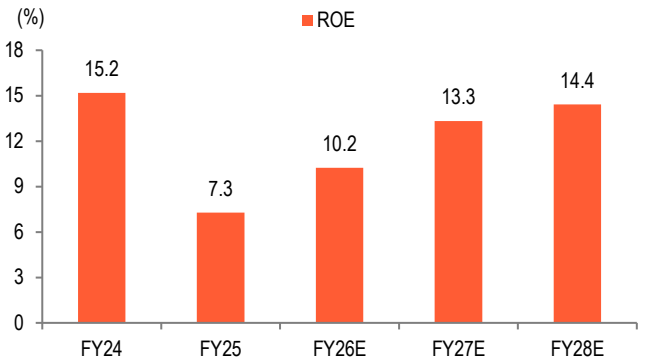
Source: Company, BOBCAPS Research

Fig 13 – However, CPBI’s EPS is forecast to grow at a strong 41% CAGR over FY25-FY28E over a low base



Source: Company, BOBCAPS Research

Fig 14 – ROE is projected to gradually improve from 7.3% in FY25 to 14.4% in FY28E



Source: Company, BOBCAPS Research

Valuation Methodology

CPBI has been reporting strong operating performance for plywood segment for the past five consecutive quarters. The company has also shown strong execution in quickly ramping up its new MDF facility in a profitable manner in an oversupplied market. However, we maintain HOLD rating on the stock as we believe the stock is fully valued (trades at 51.2x on 1Y forward P/E vs pre-COVID average of around 27x), even if we assume strong volume growth and sharp improvement in margin for each of the segments over the next 3 years.

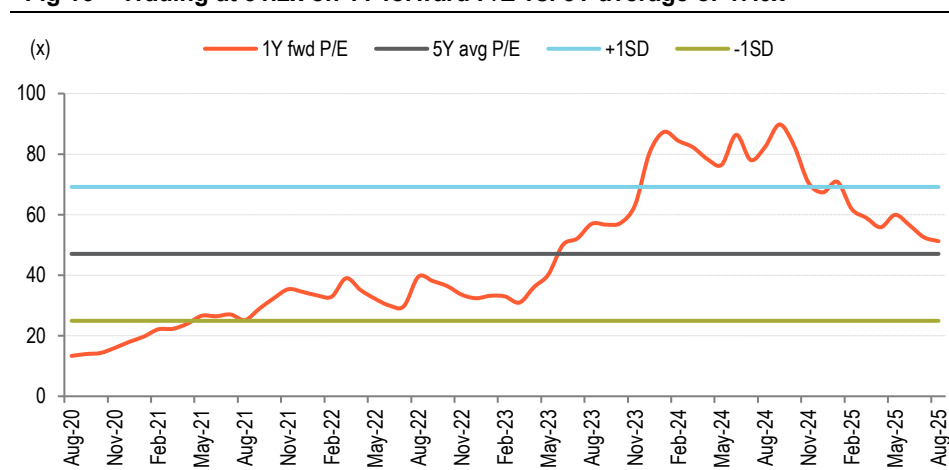
We have cut our EPS estimates (-8.6%/-5.3% for FY26E/FY27E) due to slower-than-expected margin recovery in MDF & particleboard segment, but we have kept our TP unchanged at Rs 750 per share due to the roll forward of our valuation from Mar'27 to Jun'27. Our target P/E remains unchanged at 40x.

Fig 15 – Revised estimates

Particulars Consolidated (Rs bn)	New		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	51.2	57.4	49.3	55.4	3.9	3.6
EBITDA	6.2	8.0	6.4	8.2	(2.8)	(1.6)
EBITDA Margin (%)	12.1	14.0	13.0	14.8	(84bps)	(75bps)
Adjusted PAT	2.7	3.9	2.9	4.2	(8.6)	(5.3)
EPS (Rs)	12.0	17.7	13.2	18.7	(8.6)	(5.3)

Source: BOBCAPS Research

Fig 16 – Trading at 51.2x on 1Y forward P/E vs. 5Y average of 47.0x



Source: Bloomberg, BOBCAPS Research

Fig 17 – Key assumptions

Particulars (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue mix					
Plywood	55.9	55.7	54.0	52.7	51.4
Laminates	16.9	14.4	14.7	14.3	14.4
MDF	19.3	22.6	24.7	26.6	27.6
Particleboard	4.0	3.2	3.5	3.9	4.3
Others	3.8	4.1	3.1	2.5	2.4
Sales volume growth					
Plywood	4.4	13.5	9.9	9.8	7.0
Laminates	6.5	(5.2)	20.1	10.0	10.0
MDF	18.7	59.3	18.3	15.0	10.0
Particleboard	5.0	(8.6)	24.9	25.6	15.0
Adjusted EBITDA margin					
Plywood	11.6	13.3	14.1	14.0	13.5
Laminates	12.2	4.6	7.3	11.8	13.3
MDF	20.8	9.0	12.3	15.6	18.0
Particleboard	20.2	7.5	2.0	11.1	17.6

Source: Company, BOBCAPS Research

Key risks

- Better-than-expected pickup in the real estate market and faster ramp-up of new projects are key upside risk to our estimates.
- Sharp corrections in MDF or particleboard prices and slow ramp-up of new projects represent key downside risks.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	38,860	45,278	51,189	57,412	62,912
EBITDA	5,320	4,866	6,212	8,050	9,382
Depreciation	947	1,372	1,662	1,898	2,039
EBIT	4,372	3,494	4,550	6,152	7,342
Net interest inc./(exp.)	(308)	(690)	(1,105)	(1,030)	(955)
Other inc./(exp.)	439	103	135	155	155
Exceptional items	1	0	0	0	0
EBT	4,502	2,906	3,580	5,276	6,542
Income taxes	1,138	912	904	1,328	1,647
Extraordinary items	111	133	0	0	0
Min. int./Inc. from assoc.	11	(8)	0	0	0
Reported net profit	3,264	1,853	2,676	3,948	4,896
Adjustments	87	(122)	0	0	0
Adjusted net profit	3,351	1,731	2,676	3,948	4,896

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	2,861	3,572	4,038	4,529	4,963
Other current liabilities	2,278	2,062	2,062	2,062	2,062
Provisions	93	167	188	211	232
Debt funds	7,184	14,737	13,737	12,737	11,737
Other liabilities	1,043	1,598	1,598	1,598	1,598
Equity capital	223	223	223	223	223
Reserves & surplus	21,894	23,429	25,783	29,257	33,565
Shareholders' fund	22,066	23,793	26,148	29,622	33,930
Total liab. and equities	35,526	45,928	47,771	50,759	54,521
Cash and cash eq.	671	491	(17)	(56)	952
Accounts receivables	4,168	5,000	5,653	6,340	6,948
Inventories	6,456	9,866	7,968	8,935	9,880
Other current assets	1,554	1,972	2,229	2,501	2,740
Investments	28	28	28	28	28
Net fixed assets	19,117	20,405	30,042	31,144	32,105
CWIP	2,666	7,299	1,000	1,000	1,000
Intangible assets	17	19	19	19	19
Deferred tax assets, net	4	249	249	249	249
Other assets	844	599	599	599	599
Total assets	35,526	45,928	47,771	50,759	54,521

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	3,268	85	6,783	5,311	6,396
Capital expenditures	(9,198)	(6,964)	(5,000)	(3,000)	(3,000)
Change in investments	(27)	0	0	0	0
Other investing cash flows	328	(31)	135	155	155
Cash flow from investing	(8,897)	(6,995)	(4,865)	(2,845)	(2,845)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	4,049	7,554	(1,000)	(1,000)	(1,000)
Interest expenses	(308)	(690)	(1,105)	(1,030)	(955)
Dividends paid	(223)	(223)	(321)	(474)	(588)
Other financing cash flows	0	89	0	0	0
Cash flow from financing	3,518	6,730	(2,427)	(2,504)	(2,543)
Chg in cash & cash eq.	(2,111)	(180)	(509)	(38)	1,008
Closing cash & cash eq.	671	491	(17)	(56)	952

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	14.7	8.3	12.0	17.7	22.0
Adjusted EPS	15.1	7.8	12.0	17.7	22.0
Dividend per share	1.0	1.0	1.4	2.1	2.6
Book value per share	99.4	106.3	116.9	132.5	151.8

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	4.2	3.6	3.0	2.6	2.4
EV/EBITDA	30.9	33.1	24.8	18.7	16.1
Adjusted P/E	49.0	94.9	61.4	41.6	33.6
P/BV	7.4	6.9	6.3	5.6	4.9

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	74.4	59.6	74.7	74.8	74.8
Interest burden (PBT/EBIT)	103.0	83.2	78.7	85.8	89.1
EBIT margin (EBIT/Revenue)	11.3	7.7	8.9	10.7	11.7
Asset turnover (Rev./Avg TA)	109.4	98.6	107.2	113.1	115.4
Leverage (Avg TA/Avg Equity)	1.6	1.9	1.8	1.7	1.6
Adjusted ROAE	15.2	7.3	10.2	13.3	14.4

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	6.6	16.5	13.1	12.2	9.6
EBITDA	(10.2)	(8.5)	27.7	29.6	16.5
Adjusted EPS	(18.0)	(48.3)	54.6	47.6	24.0

Profitability & Return ratios (%)

EBITDA margin	13.7	10.7	12.1	14.0	14.9
EBIT margin	11.3	7.7	8.9	10.7	11.7
Adjusted profit margin	8.6	3.8	5.2	6.9	7.8
Adjusted ROAE	16.3	7.6	10.7	14.2	15.4
ROCE	16.4	9.3	11.7	14.9	16.4

Working capital days (days)

Receivables	39	40	40	40	40
Inventory	61	80	57	57	57
Payables	27	29	29	29	29

Ratios (x)

Gross asset turnover	1.9	1.7	1.5	1.4	1.5
Current ratio	1.2	1.1	0.9	1.0	1.2
Net interest coverage ratio	14.2	5.1	4.1	6.0	7.7
Adjusted debt/equity	0.3	0.6	0.5	0.4	0.3

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**

Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

CIN: **U65999MH1996GOI098009**



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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

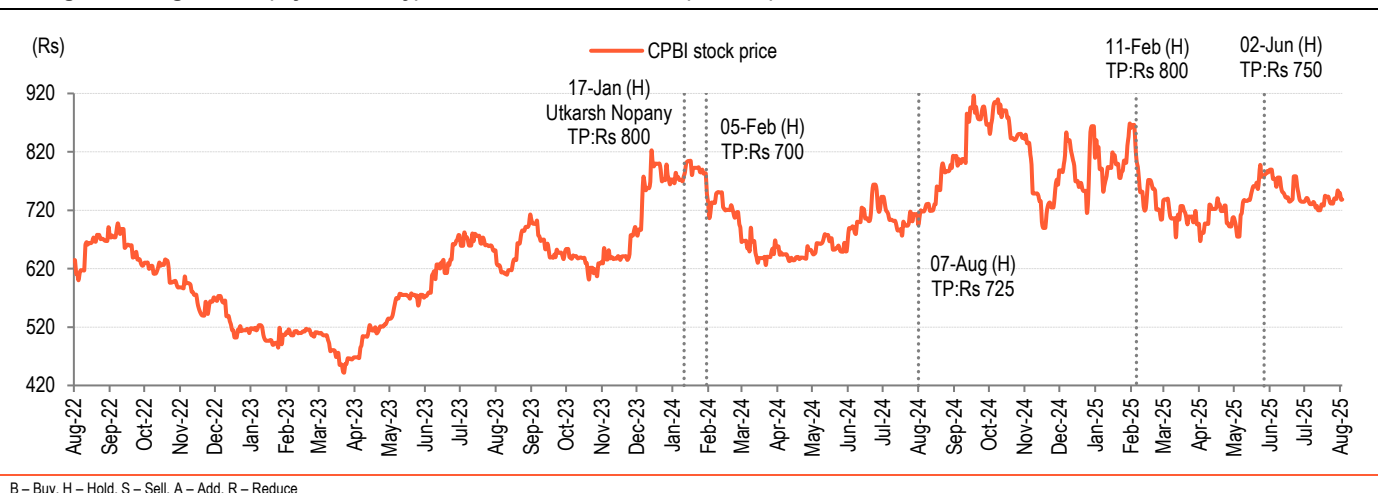
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): CENTURY PLYBOARDS (CPBI IN)



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