

HOLD**TP: Rs 800 | ▲ 0%****CENTURY PLYBOARDS**

| Building Materials

| 13 November 2025

Another strong show in a challenging environment

- Beats estimate for Q2FY26 on continued strong performance for plywood and MDF segments
- Revenue growth guidance for plywood and MDF has been revised up for FY26; margin outlook for each segment remains intact for FY26
- Maintain HOLD on expensive valuations; TP raise by 7% to Rs 800 per share

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Strong Q2: CPBI beats our estimate for Q2FY26 (Revenue: +5.6%; EBITDA: +14.0%) driven by the strong performance of plywood & MDF segments. Overall, CPBI revenue/EBITDA/APAT grew by 17.1%/56.9%/77.4% YoY in Q2FY26.

Highlights: Despite weak macro environment, CPBI has again delivered strong volume growth for its plywood (+14.9% YoY) & MDF (+20.8%) segment in Q2FY26. Laminate segment performance has also reported a sharp improvement in margin due to the premiumisation drive. Particleboard segment was the only exception, which reported operating loss in Q2 due to the initial cost associated with new unit.

Outlook: CPBI has revised up the revenue growth guidance for plywood (from 10+ to 13+) and MDF (from 20% to 25%+) for FY26, whereas it has lowered the revenue growth guidance for laminate (from 20% to 15-17%) for FY26. The company has maintained margin outlook for each segment for FY26. The company plans to come up with a greenfield plywood plant in Hosiarpur, Punjab (with 80,000 CBM capacity) and plans to ramp up MDF capacity by 25% in South plant through debottleneck by Sep'26. CPBI has revised up its budgeted capex to Rs 4.69bn (Rs 4.54bn earlier) for FY26.

Maintain HOLD; TP raise by 7% to Rs 800: CPBI has been reporting a strong operating performance for the plywood segment for the past 6 consecutive quarters. The company has also shown strong execution in quickly ramping up its new MDF facility in a profitable manner. However, we maintain our HOLD rating on the stock as we believe the stock is fully valued (trades at 53.1x 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 slightly tweaked our EPS estimates based on the Q2FY26 result. We have raised our TP to Rs 800 per share (Rs 750 earlier) mainly due to roll forward of our valuation multiple to Sep'27 (Jun'27 earlier). Our target P/E remains unchanged at 40x.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	CPBI IN/Rs 799
Market cap	US\$ 2.0bn
Free float	27%
3M ADV	US\$ 1.0mn
52wk high/low	Rs 897/Rs 631
Promoter/FPI/DII	73%/4%/18%

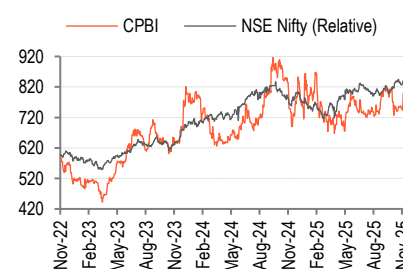
Source: NSE | Price as of 13 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	45,278	51,672	57,989
EBITDA (Rs mn)	4,866	6,366	8,015
Adj. net profit (Rs mn)	1,731	2,581	3,732
Adj. EPS (Rs)	7.8	11.6	16.8
Consensus EPS (Rs)	8.3	14.8	22.4
Adj. ROAE (%)	7.6	10.4	13.5
Adj. P/E (x)	102.8	68.9	47.7
EV/EBITDA (x)	38.7	30.1	23.9
Adj. EPS growth (%)	(48.3)	49.1	44.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance - Consolidated

Particulars (Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)	BOBCAPS Q2FY26E	Variance (%)
Total operating income	13,855	11,836	17.1	11,694	18.5	25,549	21,890	16.7	13,118	5.6
Raw-Material expense	7,177	6,508	10.3	6,023	19.2	13,199	11,890	11.0		
Gross Profit	6,679	5,328	25.3	5,671	17.8	12,350	10,000	23.5		
Employee expense	2,056	1,733	18.6	1,919	7.1	3,976	3,329	19.4		
Other expense	2,876	2,482	15.9	2,470	16.5	5,346	4,446	20.2		
EBITDA	1,746	1,113	56.9	1,282	36.3	3,028	2,225	36.1	1,532	14.0
D&A	476	336	41.6	367	29.6	843	672	25.4		
EBIT	1,270	777	63.5	915	38.9	2,185	1,553	40.7		
Interest cost	311	172	80.6	222	40.1	533	322	65.6		
Non-operating expense/(income)	(19)	25	(178.0)	(19)	2.1	(38)	74	(151.3)		
PBT	979	580	68.6	711	37.6	1,690	1,157	46.1		
Tax	269	181	49.2	182	47.8	451	416	8.5		
Reported PAT	709	400	77.4	529	34.0	1,239	741	67.2		
Adjusted PAT	709	400	77.4	529	34.0	124	82	51.1	658	7.8
As % of net revenues			(bps)		(bps)			(bps)		
Gross margin	48.2	45.0	319	48.5	(29)	48.3	45.7	265		
Employee cost	14.8	14.6	20	16.4	(157)	15.6	15.2	35		
Other cost	20.8	21.0	(21)	21.1	(36)	20.9	20.3	61		
EBITDA margin	12.6	9.4	320	11.0	164	11.9	10.2	169		
Tax rate	27.5	31.1	(359)	25.6	190	26.7	36.0	(925)		
APAT margin	5.1	3.4	174	4.5	59	0.5	0.4	11		

Source: Company, BOBCAPS Research

Fig 2 – Segment financials

Particulars	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Revenue (Rs mn)								
Plywood	7,636	6,652	14.8	6,503	17.4	14,139	12,330	14.7
Laminates	1,883	1,615	16.6	1,737	8.4	3,621	3,156	14.7
MDF	3,432	2,684	27.9	2,591	32.4	6,023	4,779	26.0
Particleboard	329	401	(17.8)	342	(3.6)	671	767	(12.5)
CFS	341	344	(0.9)	378	(9.8)	718	589	21.8
Others	239	156	53.0	197	21.5	436	296	47.3
Total	13,860	11,851	17.0	11,748	18.0	25,608	21,918	16.8
Volumes								
Plywood (CBM)	128,617	111,945	14.9	108,315	18.7	236,932	210,858	12.4
Laminates (mn sheets)	2.0	1.9	1.6	1.9	2.9	3.9	3.6	5.8
MDF (CBM)	113,748	94,126	20.8	84,099	35.3	197,847	164,822	20.0
Particleboard (CBM)	18,858	19,811	(4.8)	16,302	15.7	35,160	38,316	(8.2)
Realization								
Plywood (Rs/CBM)	58,198	57,949	0.4	58,815	(1.0)	59,677	58,477	2.1
Laminates (Rs/sheet)	955	838	13.9	890	7.3	938	865	8.4
MDF (Rs/CBM)	29,888	28,437	5.1	30,419	(1.7)	30,444	28,994	5.0
Particleboard (Rs/CBM)	17,033	19,913	(14.5)	20,396	(16.5)	19,082	20,020	(4.7)

Particulars	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Adjusted EBITDA (Rs mn)								
Plywood	1,060	904	17.3	927	14.4	1,987	1,662	19.6
Laminates	165	67	147.5	87	89.5	252	202	24.6
MDF	531	62	760.2	243	118.8	773	180	330.2
Particleboard	(43)	22	(293.3)	(3)	1,230.0	(46)	87	(152.5)
Total	1,746	1,113	56.9	1,282	36.3	3,028	2,225	36.1
Adjusted EBITDA margin (%)								
Plywood	13.9	13.6	29bps	14.3	(37bps)	14.1	13.5	58bps
Laminates	8.8	4.1	463bps	5.0	375bps	7.0	6.4	55bps
MDF	15.5	2.3	1317bps	9.4	611bps	12.8	3.8	908bps
Particleboard	(13.0)	5.5	(1847bps)	(0.9)	(1202bps)	(6.8)	11.4	(1824bps)
Total	12.6	9.4	321bps	10.9	169bps	11.8	10.2	167bps

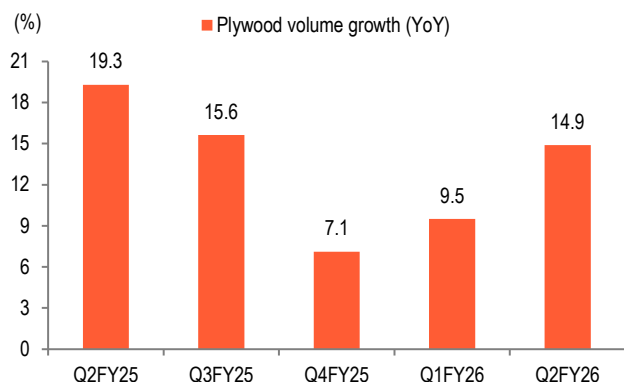
Source: Company, BOBCAPS Research

Earnings Call Highlights

- Plywood:** Segment revenue grew by 14.8% YoY in Q2FY26, driven by higher volumes (+14.9% YoY). The company has not taken any price hike in Q2FY26. Segment EBITDA margin improved by 29bps YoY to 13.9% in Q2FY26, due to operating leverage benefits. Going ahead, CPBI has revised up its revenue growth guidance to 13%+ (vs 10%+ earlier) and maintained EBITDA margin outlook of 12-14% for FY26. Greenfield Hosiarpur plant is expected to become operational by Sep'26.
- Laminates:** Segment revenue grew by 16.6% YoY in Q2FY26 mainly on the back of improved realisation (+13.9% due to premiumisation). Laminate volume grew at a tepid rate of 1.6% YoY in Q2FY26. Segment EBITDA margin improved by 463bps YoY to 8.8% in Q2FY26. This was due to a weak base effect and increased focus on marketing high-margin premium products in both domestic and export markets. Going ahead, the company has revised down its revenue growth guidance to 15-17% (vs 20%+ earlier) for FY26. EBITDA margin is targeted to improve to high-single-digit by Q4FY26.
- MDF:** revenue grew sharply by 27.9% YoY in Q2FY26, driven by higher volumes (+20.8%). MDF realisation was down by 1.7% QoQ in Q2FY26 due to inferior mix, but segment EBITDA margin improved by 611bps QoQ to 15.5% in Q2FY26, due to operating leverage benefit. Going ahead, the company has revised up its revenue growth guidance to 25%+ (vs 20% earlier) and maintained EBITDA margin outlook of 15% for FY26. The company plans to increase its South MDF capacity by 25% through debottleneck route by H1FY27, which will help raise the total MDF capacity from 5.25 lakh CBM at present to 6.0 lakh CBM by Sep'26. The company also plans to come up with a new MDF plant in future.
- Particleboard:** segment revenue de-grew by 17.8% YoY and reported operating loss in Q2FY26 due to high fixed cost associated with recently commissioned project. Going ahead, the company has maintained its guidance of growing segment revenue at 40% rate with low-single-digit EBITDA margin in FY26. Steady state margin is expected to be 15%.

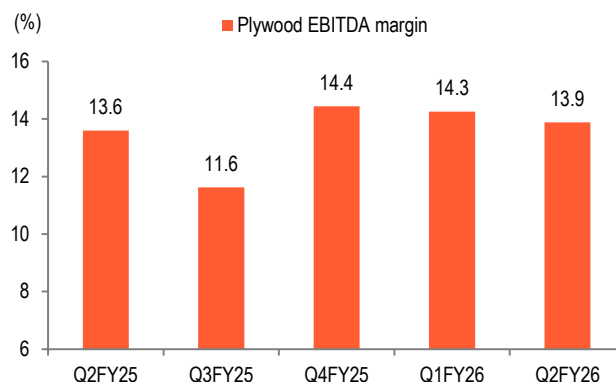
- **Timber Prices:** for plywood remained stable on QoQ basis in Q2FY26, but for MDF has gone up in Q2FY26 due to supply constraints on account of heavy rain and flood situation in Punjab.
- **Capex:** CPBI has revised its budgeted capex program upwards from Rs 4.54bn to Rs 4.69bn for FY26.

Fig 3 – CPBI's plywood volumes grew at a healthy 14.9% YoY in Q2FY26 in a weak market environment



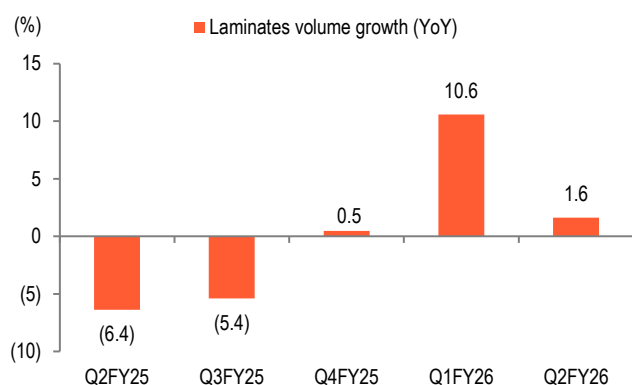
Source: Company, BOBCAPS Research

Fig 4 – Plywood margin slightly improved by 29bps YoY to 13.9% in Q2FY26



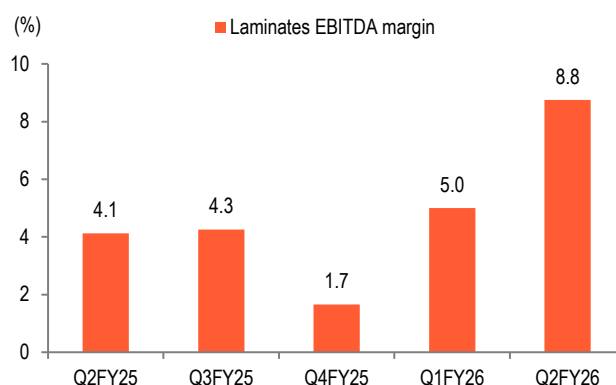
Source: Company, BOBCAPS Research

Fig 5 – Laminate volume grew at a tepid pace of 1.6% YoY in Q2FY26 over a weak base



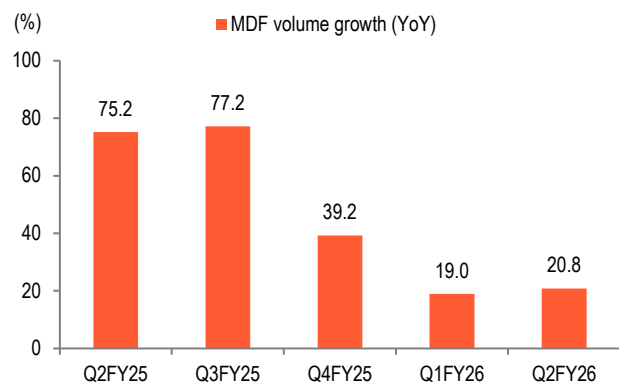
Source: Company, BOBCAPS Research

Fig 6 – Laminate EBITDA margin improved sharply in Q2FY26 on premiumization drive



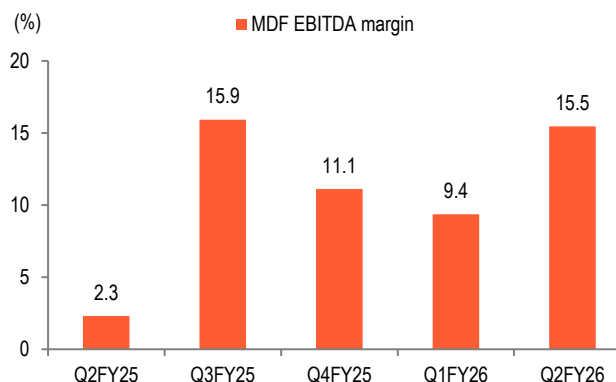
Source: Company, BOBCAPS Research

Fig 7 – MDF volume grew sharply by 20.8% YoY in Q2FY26 over a strong base

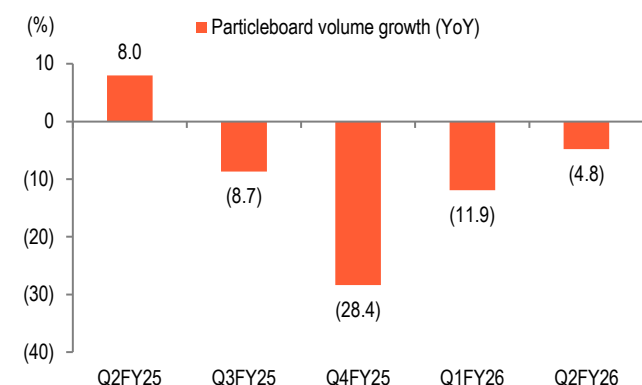


Source: Company, BOBCAPS Research

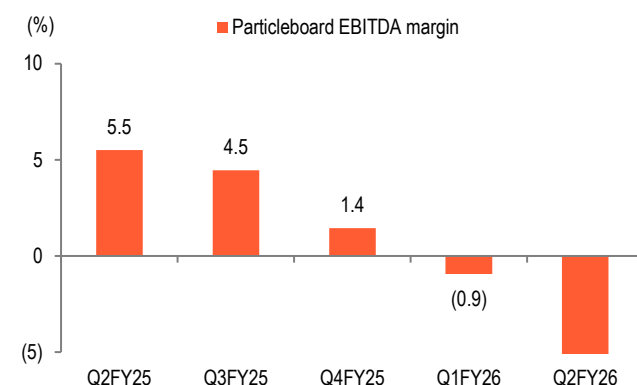
Fig 8 – MDF EBITDA margin improved sharply YoY in Q2FY26 over a weak base



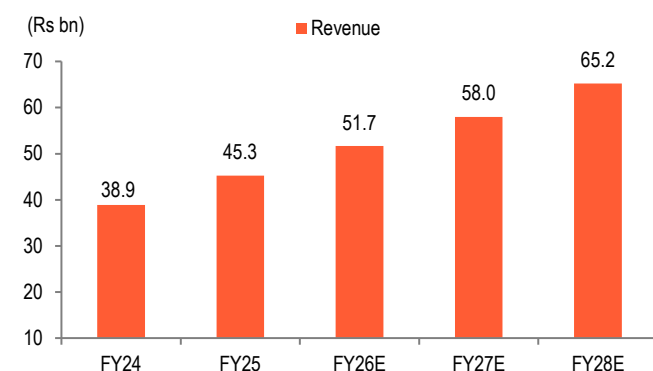
Source: Company, BOBCAPS Research

Fig 9 – Particleboard volumes de-grew by 4.8% YoY in Q2FY26


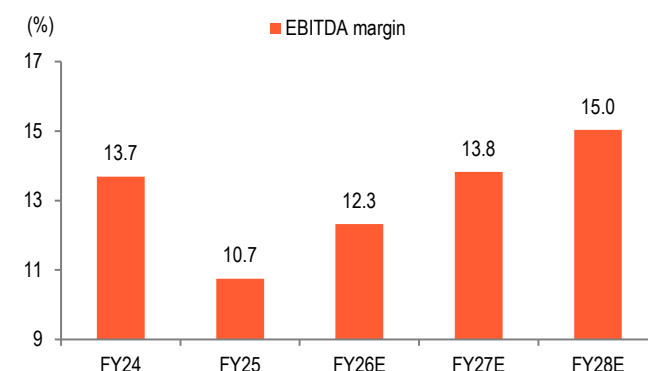
Source: Company, BOBCAPS Research

Fig 10 – Particleboard reported operating loss in Q2FY26 due to initial cost associated with new plant


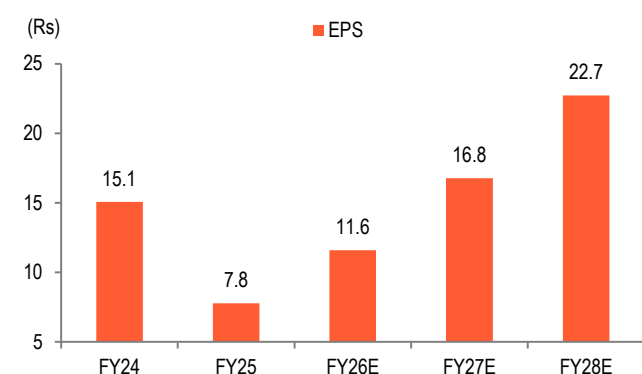
Source: Company, BOBCAPS Research

Fig 11 – CPBI's revenue is projected to grow at a 12.9% CAGR over FY25-FY28E


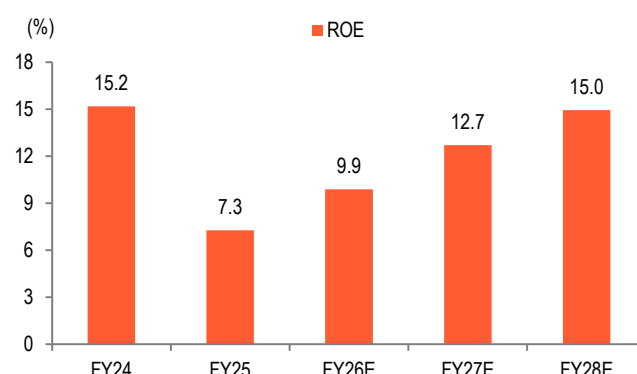
Source: Company, BOBCAPS Research

Fig 12 – CPBI EBITDA margin is projected to improve from 10.7% in FY25 to 15.0% in FY28E over a weak base


Source: Company, BOBCAPS Research

Fig 13 – CPBI's EPS is forecast to grow at a strong 43% 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 15.0% in FY28E


Source: Company, BOBCAPS Research

Valuation Methodology

CPBI has been reporting a strong operating performance for the plywood segment for the past 6 consecutive quarters. The company has also shown strong execution in quickly ramping up its new MDF facility in a profitable manner. However, we maintain our HOLD rating on the stock as we believe the stock is fully valued (trades at 53.1x 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.

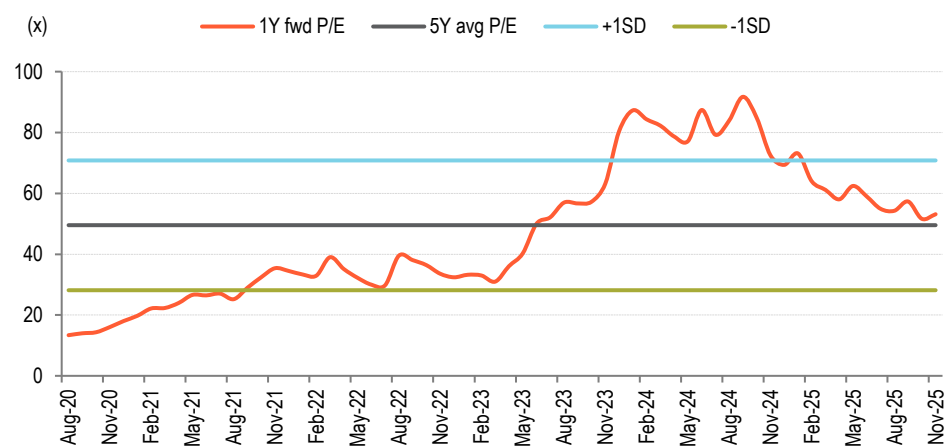
We have slightly tweaked our EPS estimates based on Q2FY26 result. We have raised our TP to Rs 800 per share (Rs 750 earlier), mainly due to the roll forward of our valuation multiple to Sep'27 (Jun'27 earlier). Our target P/E remains unchanged at 40x.

Fig 15 – Revised estimates

Consolidated (Rs bn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	51.7	58.0	65.2	51.2	57.4	62.9	0.9	1.0	3.7
EBITDA	6.4	8.0	9.8	6.2	8.0	9.4	2.5	(0.4)	4.5
EBITDA Margin (%)	12.3	13.8	15.0	12.1	14.0	14.9	18bps	(20bps)	12bps
Adjusted PAT	2.6	3.7	5.1	2.7	3.9	4.9	(3.6)	(5.5)	3.3
EPS (Rs)	11.6	16.8	22.7	12.0	17.7	22.0	(3.6)	(5.5)	3.3

Source: BOBCAPS Research

Fig 16 – Trading at 53.1x on 1Y forward P/E vs 5Y pre-Covid average of 27.0x



Source: Bloomberg, BOBCAPS Research

Fig 17 – Key assumptions

Particulars (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue mix					
Plywood	55.9	55.7	53.9	52.1	50.9
Laminates	16.9	14.4	14.8	15.3	15.0
MDF	19.3	22.6	24.7	26.2	27.8
Particleboard	4.0	3.2	3.0	3.7	3.9
Others	3.8	4.1	3.5	2.6	2.4
Sales volume growth					
Plywood	4.4	13.5	11.4	9.8	9.9
Laminates	6.5	(4.5)	10.4	15.0	10.0
MDF	18.7	59.3	21.1	16.0	15.0
Particleboard	5.0	(8.6)	17.9	25.9	15.0
Adjusted EBITDA margin					
Plywood	11.6	13.3	14.0	14.0	14.0
Laminates	12.2	4.6	8.3	11.8	13.0
MDF	20.8	9.0	13.2	15.6	18.0
Particleboard	20.2	7.5	(2.1)	6.5	15.2

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	51,672	57,989	65,216
EBITDA	5,320	4,866	6,366	8,015	9,803
Depreciation	947	1,372	1,795	2,019	2,169
EBIT	4,372	3,494	4,571	5,996	7,634
Net interest inc./(exp.)	(308)	(690)	(1,164)	(1,085)	(955)
Other inc./(exp.)	439	103	76	77	77
Exceptional items	1	0	0	0	0
EBT	4,502	2,906	3,483	4,987	6,755
Income taxes	1,138	912	903	1,255	1,700
Extraordinary items	111	133	0	0	0
Min. int./Inc. from assoc.	11	(8)	0	0	0
Reported net profit	3,264	1,853	2,581	3,732	5,055
Adjustments	87	(122)	0	0	0
Adjusted net profit	3,351	1,731	2,581	3,732	5,055

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	2,861	3,572	4,076	4,574	5,145
Other current liabilities	2,278	2,062	2,062	2,062	2,062
Provisions	93	167	190	213	240
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	25,699	28,983	33,431
Shareholders' fund	22,066	23,793	26,064	29,348	33,796
Total liab. and equities	35,526	45,928	47,727	50,532	54,577
Cash and cash eq.	671	491	54	(91)	774
Accounts receivables	4,168	5,000	5,706	6,404	7,202
Inventories	6,456	9,866	7,912	8,908	10,144
Other current assets	1,554	1,972	2,251	2,526	2,840
Investments	28	28	28	28	28
Net fixed assets	19,117	20,405	29,909	30,890	31,720
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	47,727	50,532	54,577

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	3,268	85	6,960	5,312	6,351
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)	76	77	77
Cash flow from investing	(8,897)	(6,995)	(4,924)	(2,923)	(2,923)
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)	(1,164)	(1,085)	(955)
Dividends paid	(223)	(223)	(310)	(448)	(607)
Other financing cash flows	0	89	0	0	0
Cash flow from financing	3,518	6,730	(2,474)	(2,533)	(2,562)
Chg in cash & cash eq.	(2,111)	(180)	(438)	(144)	865
Closing cash & cash eq.	671	491	54	(91)	774

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	14.7	8.3	11.6	16.8	22.7
Adjusted EPS	15.1	7.8	11.6	16.8	22.7
Dividend per share	1.0	1.0	1.4	2.0	2.7
Book value per share	99.4	106.3	116.5	131.2	151.2

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	4.7	4.2	3.7	3.3	2.9
EV/EBITDA	34.1	38.7	30.1	23.9	19.4
Adjusted P/E	53.1	102.8	68.9	47.7	35.2
P/BV	8.0	7.5	6.9	6.1	5.3

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	74.4	59.6	74.1	74.8	74.8
Interest burden (PBT/EBIT)	103.0	83.2	76.2	83.2	88.5
EBIT margin (EBIT/Revenue)	11.3	7.7	8.8	10.3	11.7
Asset turnover (Rev./Avg TA)	109.4	98.6	108.3	114.8	119.5
Leverage (Avg TA/Avg Equity)	1.6	1.9	1.8	1.7	1.6
Adjusted ROAE	15.2	7.3	9.9	12.7	15.0

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	6.6	16.5	14.1	12.2	12.5
EBITDA	(10.2)	(8.5)	30.8	25.9	22.3
Adjusted EPS	(18.0)	(48.3)	49.1	44.6	35.5

Profitability & Return ratios (%)

EBITDA margin	13.7	10.7	12.3	13.8	15.0
EBIT margin	11.3	7.7	8.8	10.3	11.7
Adjusted profit margin	8.6	3.8	5.0	6.4	7.8
Adjusted ROAE	16.3	7.6	10.4	13.5	16.0
ROCE	16.4	9.3	11.7	14.4	16.9

Working capital days (days)

Receivables	39	40	40	40	40
Inventory	61	80	56	56	57
Payables	27	29	29	29	29

Ratios (x)

Gross asset turnover	1.9	1.7	1.6	1.4	1.5
Current ratio	1.2	1.1	0.9	1.0	1.2
Net interest coverage ratio	14.2	5.1	3.9	5.5	8.0
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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BUY – Expected return >+15%

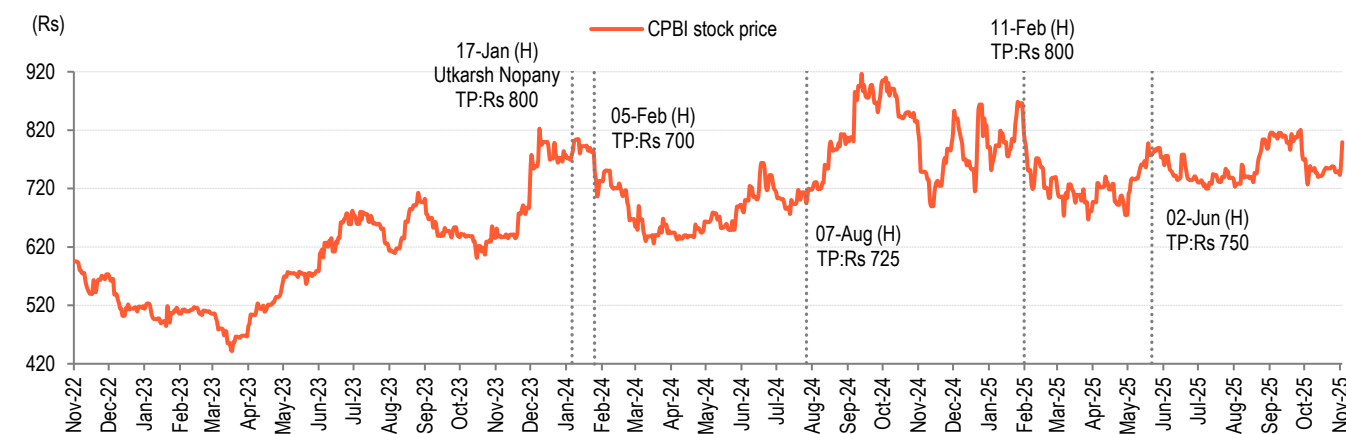
HOLD – Expected return from -6% to +15%

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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