



## “Century Plyboards 3QFY2017 Earnings Conference Call”

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**Moderator:** Ladies and gentlemen good day and welcome to Century Plyboards 3QFY2017 earnings conference call hosted by Ambit Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask the questions after the presentation concludes. Should you need assistance during the conference call, please signal for an operator by pressing ‘\*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Girisha Saraf of Ambit Capital. Thank you and over to you!

**Girisha Saraf:** Good afternoon everyone thanks for joining into the 3QFY2017 earnings conference call of Century Plyboards. We have with us the management of the company Mr. Sajjan Bhajanka, the Chairman, Mr. Keshav Bhanjanka, Executive Director and Mr. Arun Julasaria, the CFO. I request the management to give us brief highlight and then we can open the floor for questions.

**Sajjan Bhajanka:** Good afternoon friends. I am Sajjan Bhajanka, Keshav, my son, an Executive Director in the company and Mr. Arun Julasaria, our CFO they are with me in welcoming you to this 3Q results conference. Before we interact, I would request Mr. Julasaria to give you a brief about the financial results. Mr. Julasaria.

**Arun Julasaria:** Good afternoon ladies and gentlemen. Before I start I would like to state that this concall is just to discuss the company’s historical numbers and future outlook. It should in no way be taken as an invitation to invest in the company. The financial results along with analytical presentation is already uploaded on our website and mailed to most of you. So I will just take you through macro figures.

On a year-on-year (YoY) basis, we booked 11.8% topline growth in 3Q. The YoY growth for nine months is 8.9%. EBITDA margins are slightly lower from 18.5% to 16.6% for the quarter and from 17.9% to 16.8% for nine months.

PBT for the quarter is down from 12.6% to 10.5% and for nine months it is down from 12.2% to 11.9%. You can appreciate that 3Q was a challenging quarter due to demonetisation effect and as such our orientation was more towards holding market share rather than maintaining profitability. You will also notice that financial results like RoE, RoC etc., are slightly on the adverse side but that is due to the ongoing MDF project and recently started particle board unit, both of which are yet to contribute to profitability of the company.

With this I will rest my statement and open conference for questions and answers.

**Moderator:** Thank you very much. We will now begin with the question-and-answer session. We take the first question from the line of Basudev Banerjee from Antique Finance. Please go ahead.

**Basudev Banerjee:** Congrats Sir for the good set of numbers. So just wanted to know within the plywood volume, what has been the Sainik volume break-up?

**Arun Julasaria:** I would just tell you. The volume of the Sainik for the quarter was almost great. I will tell you the exact number. It is 11,819 cubic meter against 12,037 cubic meter in correspondent last year.

**Basudev Banerjee:** Second thing Sir, like broadly if you see overall ply volume in a demonetisation quarter, QoQ has been exemplary, much, much better than even the past two quarters. So now how to look at the quarter that is coming? Whether it was some after effect of demonetization-led pre-buying etc., or how to look at the volume down the line, assuming demonetisation effect is broadly over?

**Sajjan Bhajanka:** Yes, we can presume that the impact of demonetisation is over on our product because our January figures are equally good. It is better than the last January, we have just concluded day before yesterday so that is also positive so what we can conclude is that the unorganised sector that is more in this space and somehow they are not able to maintain their productivity and that is why there is some scarcity in the market. So the people like we are retaining our customers in organised sector and there is some migrations from the buyers of the unorganised sector also.

**Basudev Banerjee:** Sir, last time on media interaction you said that there were some price rationalisation in this kind of environment so are you in a situation to reverse that price cut or this kind of pricing environment will continue?

**Sajjan Bhajanka:** There was some price benefits so we adjusted the cost increase during the last one year because the prices were going up, the electricity and others is like all the costs are increasing like time-to-time and every year the increase we take some price increase but this year so far we have retained and because due to challenge of demonetisation we thought it is better to retain our market customers even if we lose a percent or two in EBITDA or in PAT but our first priority should be retaining the customer. So now, I think we are contemplating on this and may be we may have to increase our prices.

**Basudev Banerjee:** Anyhow Sir irrespective of that you have maintained your margin north of 16% despite all these things?

- Sajjan Bhajanka:** Yes.
- Basudev Banerjee:** Last question Sir; about the MDF project. How it is panning out in terms of timelines and how to look at the production in FY2018?
- Sajjan Bhajanka:** Yes, it is on track and still we are maintaining our due date to be March two months on so within March we are likely to complete the project so obviously in the month of March it will be like may be for the formal inauguration only but actual action would start from April.
- Basudev Banerjee:** Sir, broadly what kind of volume we were expecting out of the plant in FY2018?
- Sajjan Bhajanka:** We are planning so many things and along with starting the plant in MDF, we are planning pre-laminated MDF, we are planning **flooring** also, we are planning on doing some furniture made out of this and we are also planning to start manufacturing those using the MDF and may be we were also planning to bring some cheap decorative veneer using thin MDF as a **mase**. So we shall press Recon veneer on the MDF so this all are in planning. So may be within a year, within the very first year, April to March next year within that we shall introduce all these products. So, to a large extent we shall go for value addition.
- Basudev Banerjee:** Sure Sir. So basically I am thinking from the angle that your competitors' MDF volumes have declined quite substantially and even before demon their outlook on domestic MDF market was not that great for the near term so under that background you are adding capacity and having a much more positive outlook. So on that angle I am just trying to understand?
- Sajjan Bhajanka:** Particularly in North India there was no competition from the unorganised sector in the MDF. So there were very limited producers, only three producers. So, Green is almost catering to the 50% production and demand and 50% was shared by **Shirdi** and National. So in North India that was the scenario. The large impact of demonetisation, the sales and everything has come down for many manufacturers. This fund was not available so that is why the impact and because there was no other cushion available for plywood we had unorganised sector. There was some migration from unorganised to us. But, historically, if I go like earlier there were only two plants Mangalam and **Nu** Chem. These were manufacturing only 200 cubic meters then this three-four people, Bajaj Hindustan, Green and National started almost together and the production has started from 200 cubic meter to 1,200 cubic meter. The market absorbed everything and for two-three years everybody was selling 100% of their production and still, in terms of imports, they are increasing at the rate of 50%. So there is immense possibility. The Indian market is very big and availability was

constant and may be even more material would be available then MDF would be used for many more applications.

**Basudev Banerjee:** Sure Sir, hopefully when GST comes in the middle of next year, your capacity would also come on stream. So that will be the proper timing.

**Sajjan Bhajanka:** Yes.

**Basudev Banerjee:** Thanks and that is all.

**Moderator:** Thank you. We take the next question from the line of Anshuman Atri from Haitong Securities. Please go ahead.

**Anshuman Atri:** Thank you for the opportunity and congratulations on the results. So my first question is regarding market-share gain for the Century during the quarter, how much do you have seen market-share gain and how much of the unorganised would have shut down and what portion of it is with respect to the market?

**Sajjan Bhajanka:** You know unorganised is unorganised and there is no data officially available. I will share one information which you could get from the National Data Bank that there are around 3,300 plywood units in the country and out of 3,300 units, 2,500 are totally exempted, the turnover is less than Rs1.5 crore, 700 units are under the partial exemption their turnover is Rs1.5-5 crore and only 100 units are there which are in the full duty paying sector from the day one. So that is the scenario but in market we are seeing the stress. In the market we are seeing non-availability of the product and the people migrating with their customers for the cheap products they are now turning towards us.

**Anshuman Atri:** In terms of pricing, Sir you said you are going to hike prices. Is there any quantum you can specify as to how much the price hike would be?

**Sajjan Bhajanka:** We are also overcoming this situation and I think Sanjay Agarwal is also there with me our MD. So he can give you more idea.

**Sanjay Agarwal:** As far as, see in this situation, if you increase price, I do not think it is a right signal to the market. For the moment, actually, this is the first year probably in so many years that we have not increased any prices and right now also there is a need but we believe that whatever cost has gone up because of whatever had happened I do not think that the cost will get there, I expect the cost to go down. At the moment we do not plan to increase the prices.

**Sajjan Bhajanka:** I think we shall take the call on the introduction of GST because at what rate GST would be applicable on our product if it is 18%, it is likely to be 18% because after 18% there is a slab of 28% and that is for luxury and other things so no way we qualify for that luxury. So we sell, in most likelihood, in 18% slab and if we are in 18% slab then may be without increasing the price also we shall have substantial margin so we will hold this decision for another three months, may be three-four months and after the certainty of GST and if the rate is advanced in that case we will decide and if it is 18% may be we will be comfortable enough without increasing the price also.

**Anshuman Atri:** Okay, one last question is regarding the hardwood log prices. So you have seen prices moving up from October onwards what is your outlook on hardwood prices for next year?

**Sajjan Bhajanka:** This hardwood is little misnomer also because of two timber **species** available in plenty in India. One is Eucalyptus and one is Poplar. So both of these are timber plantation but Eucalyptus is the hardwood and now the availability of the Eucalyptus is quite big. So most of the units they have converted from the imported hardwood to the Eucalyptus to the hardwood part and for an alternative layer may be people or using only hardwood that is Eucalyptus and may be alternative layer of Poplar also. Imported there is space because Burma export of timber the Malaysia and Laos, our traditional supplier countries most of them had done the export of timber. But fortunately core is available. We are importing core in big way from China, Vietnam, from some other countries and from even Laos and even Myanmar where our own manufacturing kilns are there so we are getting some Garjan Core through those and we are importing from China and Vietnam. And then there is plenty of plywood core because demand is less in India and plantation has grown so there is a pressure also on the plantation timber, prices are substantially come down.

**Anshuman Atri:** Can you give some price as to how it has changed?

**Sajjan Bhajanka:** Minimum 25% prices have come down from average of 700 to 800 it has come down to 500 to 600.

**Anshuman Atri:** Okay, thank you and all the best.

**Moderator:** Thank you. We take the next question from the line of Nehal Shah from ICICI Securities. Please go ahead.

**Nehal Shah:** Sir, congratulations for very good set of numbers. Sir a few things, just a repeat I just missed out the number of Sainik? What was that 11,819 CPM versus 12,000?

**Sajjan Bhajanka:** 12,037.

**Nehal Shah:** 12,037. Okay, now coming back to the questions. Sir, the PLPB unit has shown up obviously the initial losses now how far you will think and what volumes are we likely to continue with the losses. Can you give some colour on that?

**Sajjan Bhajanka:** There is no loss on the EBITDA level but it was, usually, the first quarter for the particle board plant and being introduction of material and there were some the customers existing elements for supply most of them they were importing the material and so on the EBITDA level there is profit but it takes some time to reach optimum production so I think from April onwards, we shall be operating at the full capacity and there is a requirement in the market of the pre-laminated because we are like maintaining our production in 9/6 size so this 9/6 pre-laminating companies are very less and the customers they need the OEMs they need the pre-laminated material so for 8/4 there are many companies working there buying their board and pre-laminated and sell to the OEMs but for 9/6 there are not many people, we have our own pre-laminating line, but that capacity is of only 1,000 boards per day and we have imported one line which will take may be another two-three months to commission. So that will have another 2,000 capacity per day. With 3,000 capacity of pre-lamination then we sell with very comfortable position to meet the requirement of the OEMs directly.

**Nehal Shah:** So now, the other question is with respect to realisation in **face** veneer, now the **face** veneer realisation has gone up remarkably more than 100%. I believe that is because of a sale of external high-grade veneers. So, has the strategy changed from selling of external low-grade material to high-grade material? Or is it just a one-off quarter where we have seen a sale of external high-grade veneers?

**Sajjan Bhajanka:** There are two-three factors for this one thing that Keruing is not being imported anymore in India and we import Keruing in the veneer form only and that comes from Laos and Myanmar. So, this is one thing, then for our domestic peeling, we have introduced one new team that is Pencil Cedar/PQ it is being imported from Solomon Islands and the price of the timber is less and that gives equally good material to us, so partly, we have started using PQ material in our own production and partly we are using like imported Keruing veneer from our own units but as we are using high-grade veneers of Keruing for our own production and low-grade we are selling but now as we have started using PQ also so we have surplus of PQ also and surplus of Keruing also. So both the 'A' grade partially we are using for our own production and partially we have also started marketing.

**Nehal Shah:** And going forward also is this realisation going to sustain or will come back?

- Sajjan Bhajanka:** Yes it should sustain because in Myanmar when the cutting of logs lasts for the whole year because they had excess inventory and again they have announced from April 1, they are allowing the cutting of trees again so temporarily there would be some scarcity and that may be a good opportunity for us because we have built substantial stock in Myanmar we have taken some space from Myanmar government in their empty timber yard we have dug and we stored that timber. So that basically, we shall use, we cannot maintain the production what we used to maintain but at the lower capacity we sell and carry it over to the next December. So, we shall maintain but there would be some stress on Keruing this thing and the price would be on the upside and at the same time we shall be increasing the production of Pencil Cedar/PQ.
- Nehal Shah:** Sir my last question is in the other section I believe you have reported a PBT loss of Rs2.73 crore. Now, is this largely related to phasing out of the furniture business and are we done with these losses?
- Sajjan Bhajanka:** In the furniture business, we are continuously losing money for the last five years and the total loss may be Rs25 crore plus and finally we have taken a call to close that division so temporarily we have closed in the month of September and as we are closing there were so many franchise and other peoples, so we satisfied each and everybody. There is no legal case nothing whatever compensation we had to pay to anybody we have done it and amicably we have abandoned that division and then the leftover stock also we have 100% diluted. May be at a lower realisation, may be at a loss but now we do not have single penny stock left in our furniture division so that very successfully we could wind up but we incurred some loss in that.
- Nehal Shah:** Right, so henceforth we are now going to see...?
- Sajjan Bhajanka:** That chapter is closed and now our motto is that there must not be any loss-making item in the Century Plywood.
- Nehal Shah:** Great Sir. That is all from my side.
- Moderator:** Thank you. We take the next question from the line of Nakul Manaktala from Samaira Investments. Please go ahead.
- Nakul Manaktala:** Congratulation on good set of results. Now three questions, the first is on working capital, I know you guys are not at a cash investment cycle of 70 days so there has been improvement YoY but what else are you doing now to improve your matrix and what is the level of cash investment cycle which you could be comfortable at?



- Sajjan Bhajanka:** I think this is a technical question, so I will take help of Julasaria.
- Arun Julasaria:** Now, in working capital cycle, major elements are debtors only and this is an industry practice. Although we are trying our best to reduce the quantum of debtors by introducing channel financing etc., yet those things are likely to take time. So, we cannot say what is going to be in the next quarter but of course we are trying to reduce to the extent possible, whatever we could do in inventory we have already done, we find that our inventory level has come down in 2013-2014 from 62 days to now 30 days. So, wherever it was possible we are doing our best but on debtors' part of course. We are working hard but let us hope the best will happen but this is industry practice. So we cannot say in definite sense what is going to happen.
- Sajjan Bhajanka:** Generally, we are happy giving credit because if we sell for cash then we have to give 3-4% cash discount for two months' credit. So, there we indirectly lose money.
- Nakul Manaktala:** Okay, understand. Now in terms of GST, I am trying to understand what is the price differential between your product specifically for plywood and laminates versus the unorganised sector and with the GST what type of market-share gains can we expect based on the fact assumption that the price differences between their product and your product will reduce?
- Sajjan Bhajanka:** In response to some earlier question, I have explained about the mechanism of this thing the exemption and other thing. So far, the exemption was if your previous year's production is less than Rs5 crore then this year you will get 100% exemption up to Rs1.5 crore and then from Rs1.5-5 crore you have to pay duty and if he has not crossed Rs5 crores then you are again available for exemption next year. But in GST, the threshold limit has come down to Rs20 lakh. So that means all the existing players who were operating Rs1.5 crore now they will not be available for exemption because they have to give a declaration that their previous year's turnover was not more than Rs20 lakh. So this cannot be case in relation to even a single unit so that means the entire sector will go out of exemption then they will lose the benefit of exemption from data keeping, from filing their returns and everything would be under the record under GST domain. The GST is little different than the VAT. Here, the credit would be available to bill-to-bill, item-to-item. So it will not be that you can take credit in cement against steel that is not possible. For plywood you would be able to take credit in plywood. So our problem was that all the unorganised players they were not returning the benefit. So removal all other things they were reducing the cost but they were passing on that cost to the market. So creating the artificial, the low price is basically stealing the duty. So, this will no more be the case and there would be more level-playing field in future, so that will help us.

- Nakul Manaktala:** Okay understood. One final question, so you said obviously the prior quarter because of demonetisation your focus was on holding market share versus maintaining profitability so what steps did you take to kind of achieve some level of normalcy in a tough quarter?
- Sajjan Bhajanka:** Yes, our people were working hard to increase the material in the market so it should be available at every dealer and sub-dealer and there was requirement in the market whether this January 31, we had order in excess of demand around 8 lakh square meters material we could not supply, we had the order but that material was not readily available with us. So, we are augmenting our production in different units and now we are preparing ourselves for bigger demand and at the same time more there was demand there was introduction of GST.
- Nakul Manaktala:** Okay thank you so much.
- Moderator:** Thank you. We take the next question from the line of Rahul Agarwal from ICICI Prudential Life Insurance. Please go ahead.
- Rahul Agarwal:** Good set of numbers. My first question actually I missed this, how is the January sales been exactly?
- Sajjan Bhajanka:** Yes, it is better than the last year January.
- Rahul Aggarwal:** And how about this quarter?
- Sajjan Bhajanka:** Around 5% more.
- Rahul Aggarwal:** Okay and second Sir, I wanted to understand on the ground dealer-level liquidity and inventory situation?
- Sajjan Bhajanka:** Yes, because Century was dealing in the 100% cheque domain and like although there is some cash crunch in the market but mostly our clients because earlier also they were paying by cheque or they were paying the official money so we do not think there is much problem in that.
- Rahul Aggarwal:** But so broader industry-level dealer-level and what are they sitting on huge inventories or as it has all been absorbed?
- Sajjan Bhajanka:** Yes, it is absorbed. Every level inventory has been diluted.
- Rahul Aggarwal:** Okay. So Sir secondly on this can you give a sense on the retailer demand and the builder demand? How has it panned out?

- Sajjan Bhajanka:** I think Sanjay is with me I would request Sanjay.
- Sanjay Agarwal:** In January, our data is very clear, even cities like Mumbai or Kolkata where actually we are selling to wholesalers, the wholesaler gives to carry a large amount of stock but in January most of their stocks have been diluted and we have procured orders from smaller retailers and given to our wholesaler so that means the movement at the ground level is much, much better right now than what we had probably in the last nine months actually. So this actually is the most important and most I could say, the best time we have received in the last two months actually.
- Rahul Aggarwal:** And this is for both the builder segment and the retailer segment?
- Sanjay Agarwal:** Mostly, Century Ply is a product which is bought by customers, we would go on a branded segment but with that segment, yes, **builder** segment, there is a problem of payment. We have always been very cautious. We sell mostly I think 10% to 12% in products. We do not sell more than 10% to 12% products.
- Rahul Aggarwal:** Okay, so secondly Sir, can you give us some sense of this divergence between different geographies? How are they behaving like north or south something different or all are in sync?
- Sajjan Bhajanka:** I think the best geographies, which are behaving best, is the south right now. For us this is a great area. According to me west is an area which is behaving so well for sometime, you can say for about a year or a little more. North is also okay, but east and south are really doing very well.
- Rahul Aggarwal:** Sir my last question, how is our branding and advertising going to be going forward?
- Sajjan Bhajanka:** Have you seen our Advertisement on television?
- Rahul Aggarwal:** Yes, Sir, I have seen definitely.
- Sajjan Bhajanka:** How did you like it?
- Rahul Aggarwal:** It was very good.
- Sajjan Bhajanka:** May we convey any message to you?
- Rahul Aggarwal:** So just on the numbers front our A&P percentage should be expected to go up from there?

- Sajjan Bhajanka:** No we have a very, very clear-cut and fixed percentage of spending on advertisements. Next year we are looking at a big growth because of GST so may be we will cut a little bit of cost as far as advertisement is concerned because if the growth is higher we will not be spending more than what we are spending now. So the ultimate percentage of expenses on Ads will be little better. We are not going to reduce advertising, and advertisement expense % will go down.
- Rahul Aggarwal:** Thanks a lot Sir and all the best.
- Moderator:** We take the next question from the line of Prashant Kutty from Sundaram Mutual Fund. Please go ahead.
- Prashant Kutty:** Thank you for the opportunity Sir. Sir, my first question is on the market-share side, sorry to repeat it again, but if you typically look at the competitor's number they reported actually a decline as well while you highlighted one point about gaining market share probably from the unorganised guys as well. Could you help us would you actually gained shares in the organized as well because it seems to be the cases of a simple example and what I also got to hear from concall was that that they said they have not really extended any kind of credit or any kind of freebies to the trade which probably the other market would have actually. So just if you could help me understand this particular thing and incrementally how is the organized market been in January-February?
- Sajjan Bhajanka:** Usually, we meet our peers on the different platforms in the marriage or party these things so almost everybody was positive about the market. Whenever I ask anybody, some other player in the organised sector, but all were jubilant, yes, there is a very good demand, demand is there so I assume for the organised players there is come casualty in the organised sector. So say the overall demand is set to be 10% less and the unorganised production is say 15% less so there is still 5% gap in the demand supply and that is coming to us. So this is my assumption and may be there are so many problems of the availability and other things may be they have exhausted the case. In the process when they had to deposit the money and other things and they had to prepare their creditors so there the entire cash money available to with them they have exhausted and put the unorganized sector means of trade by the cash for the organized sector there are so many instruments like cheques, bank guarantee and other things, we give credit, but unorganized sector the only instrument was cash and that is badly impacted. So may be that is creating some problem for them and so I do not say overall market is grown, there is better numbers, but yes, for us it is better.

**Prashant Kutty:** Just an extension to this Sir, so incrementally if I am looking at it we were hearing between that unorganised we are looking at increasing the prices and things like that and obviously because of the demonetisation they would have suffered a lot of setback as well, just wanted to understand are there any instances, which you have heard that unorganised traders would partially come back or are they still remaining under pressure or I mean or probably are they ready for GST regime, what is the tone that you are hearing on that side?

**Sajjan Bhajanka:** Here now they have another challenge that is of GST so they know almost there are certainty of GST coming from July 1, so now unorganised players they have to reorganise in the light or post-demonetisation era so now they are contemplating because exemption will be gone and they will have to compete these and they have to organise the finance and if they have to now deal with the official money and through the bank credit and that cost would be there at the same time. There would be cost of excise and wait until the GST is introduced so they are like there are so many challenges and then they were getting some credit from the market and they were getting the plantation timber in credit and other things so seeing the situation that availability of credit also little jeopardized so that is the scenario. So I think they are under tremendous stress and because the challenge was not one time but it was not show time, it will be followed by demonetisation this thing GST so I think that is may be they are also preparing themselves for the post GST period.

**Prashant Kutty:** My second question is on the unorganised part of it. So I understand our base is very small but that business continues to really do well. Sir, my assumption is that may be it is widely been interacting the plywood growth itself, how do we expect the growth a year forward and what is the plan going to look like?

**Sajjan Bhajanka:** This overall market, may be there would be traditional growth 5% to 10% but I think for the organised sector it would be better there would be some migration from unorganised to organised.

**Prashant Kutty:** For laminates?

**Sajjan Bhajanka:** Yes, laminates we are very positive.

**Keshav Bhajanka:** In the domestic market, you see even laminates has not grown at a very big base and I think if you look at the past couple of years the industry as a whole is may be growing by 5% or 10%; however, we have been able to do slightly better in that, the reason is that I think as of now we have largest cushion base. We have a very established brand and we are being able to find, utilise the same to generate more sale. This is being showing in the past few quarters this year I think we had 20% plus in terms of value growth and going forward we

are expanding our capacity by 50% so I think we will maintain that 50% plus growth regardless with GST coming in we should be able to accelerate on that further.

**Prashant Kutty:** Okay, just one last part here, in terms of particleboard what is the EBITDA margin that you just referred? I missed that am sorry.

**Arun Julasaria:** These are 17% near about.

**Prashant Kutty:** This can actually obviously they have not completely scaled up so this probably goes up to what level?

**Arun Julasaria:** We are about 30% plus. EBITDA level there will not be much difference with capacity utilisation. They can go up to 30% because this is distorted by higher depreciation.

**Prashant Kutty:** And last just to clarify, you just said that the other division incrementally will not be there now right, because they have completely...?

**Arun Julasaria:** Yes, others we can call that was a terminal loss, furniture was the biggest space and larger segment that we have already closed and some other small business these are also being closed but terminal losses in those will not be much and may be for another quarter only but those will be less only.

**Prashant Kutty:** But we could see a similar kind of loss in the next quarter also?

**Arun Julasaria:** Not very. Minimal amount.

**Prashant Kutty:** Thank you very much Sir and all the best.

**Moderator:** Thank you. We take the next question from the line of Gunjan Prithyani from JP Morgan. Please go ahead.

**Gunjan Prithyani:** Sir, thanks for taking my question. Sir really impressive numbers especially given this such a challenging quarter but I just wanted to get some sense from you I could see that realization for the plywood segment has come more sequentially from 2Q to 3Q and when I look at that for the other organised peer listed it is not so much and they also did talk about some price increases which unorganised market has taken and they are also considering so is that that we are actually discounted or provided incentives to the dealers, which helped the market-share gain and in any sense on what is the price difference versus the competitor now because it seems that they did not take any price hikes whereas our realisation seems to have weakened in December quarter?

**Keshav Bhajanka:** Our realisation weakened may be a very, very little percentage but what the competition has done I cannot really give any remark on that but as far as we are concerned you have seen our advertisement, the advertisement is absolutely bang on this time, the only problem the people are facing termite proof and that is one area which we are now trying to own absolutely essentially means we are termite proof. So probably that is also driving home the sale, we have not reduced prices whether it would have increased prices but because of demonetisation we have actually made a resistance and we will not increase the prices.

**Gunjan Prithyani:** So Sir what kind of support are we providing to the channel? I mean of course in terms of receivable days, I do not see such a huge movement so I am just trying to understand what is the kind of support that we have given during this period to the channel?

**Sanjay Agarwal:** Whether we have become very, very difficult as far as our outstanding is concerned in the month of January probably I could have sold 200,000 and more but we have stopped that sale because the opportunities were more than our system, SAP system, so we did not allow that sale. I could have allowed but I did not allow, so very frankly we have not gone out of the way or we have not given anything except those advertisement in television but yes, I think the demand is a little more because of the unorganised sector being little compressed under derisk and they are unable to transact and the person who has started making his furniture he has to make his furniture he has got no choice, he is now under force to buy Century Ply or a Green Ply.

**Gunjan Prithyani:** Sir on this entire value chain of course there is lot of plywood usually bought in cash. Now I do understand from you to the channel it is largely non-cash transaction but at the channel level there are a lot of cash transactions, what happens? Have you seen that this has incrementally changed very significantly? I mean the industry is still declining a lot. I mean you have reported good numbers but what are the kinds of changes that the channel has already started bringing about?

**Sajjan Bhajanka:** We think that the industry as a whole in last year 3Q may have shrunk a little bit. I think many, many industries might have but otherwise the channel is telling us that yes they are selling in cheque, which we really do not believe we will have to wait for some more time to have real facts known to us because it is not necessarily that the channel will give us the right or the facts also. But yes, lots of transactions have started in cheque now.

**Gunjan Prithyani:** Okay and Sir last thing, did the unorganised players take a hike and was that absorbed in the market in prices?

**Sajjan Bhajanka:** Unorganised have increased a little bit of prices, of course they are in the duration of course, their transaction used to be all their purchases used to be in cash. Now because they have to pay some duties and all that they have increased some prices but I think they had to reduce their production.

**Gunjan Prithyani:** Okay how much price increase would that be?

**Sajjan Bhajanka:** I think around 5% to 6% that is the kind of increase they have taken actually. That is not enough, very frankly that is not enough, but yes.

**Gunjan Prithyani:** I understand because what we were hearing was they would need to take much sharper hikes but of course the demand has been so weak so I am sure that is difficult to get absorbed in such environment. That is it from my side. Thank you so much.

**Moderator:** Thank you. We take the next question from the line of Rukund Tarachandani from Kotak Asset Management. Please go ahead.

**Rukund Tarachandani:** My question is why this depreciation expenditure increased from last quarter to this quarter, I mean last quarter it was about Rs12.6 crore and this quarter nearly about Rs15 crore so that has led to this increase?

**Arun Julasaria:** Can you please repeat your question Sir?

**Rukund Tarachandani:** I am saying that depreciation expenses have increased from about Rs12.6 crore in the last quarter to about Rs15 crore in this quarter. So what has led to this increase?

**Arun Julasaria:** That was because of our particle board plant, which has started last quarter, latter part of the last quarter. In this quarter, the depreciation is for whole of the quarter.

**Rukund Tarachandani:** Thank you.

**Moderator:** We take the next question from the line of Rohan Advant from Multi Ad. Please go ahead.

**Rohan Advant:** Thank you for taking my question and congratulations on a good set of numbers in a challenging environment. Sir my question is on the long-term trajectory of margins in the plywood segment. Now, if I look at our margins from 2015, the segmental operating profit margins are 15% and upwards, 2015-2016 and three quarters of this year, but if I look at your margins before 2015 say 2007 to 2014 they have averaged around 5%/7%/8%. So could you just walk us through the reasons why margins have sustainably improved is there some structural shape that has happened, large part of it is a gross margin levels so is it only



because of timber prices or adhesive prices coming down or there are reason and why is there new margin post 2014 the sustainable margin going forward?

**Sajjan Bhajanka:** The prime reason was like our arrangement for raw materials many of our competitors there could not establish units for the veneer procurement outside India but we could do it and again because of large capacity and our presence at most of the major ports in India like Chennai, Kandla and Kolkata. So we could import timber also from the new sources and which was generally not possible for other people. We have combining one ship load timber, we bring, we take it to all the three ports, Kolkata, Chennai and Kandla, so this was not possible for other players that way like we could manage our timber cost and at the same time veneer cost at a reasonable level and again the adhesive prices have come down due to the oil price collapse and then you know our turnover comfortably is the multiples are more here so we have sufficient money like Rs650 crore is **NET WORTH** with the company. Whereas our net block is only Rs350 crore, so that way that is helping us by reducing the interest cost and then raw material price is reasonable in our case and earlier it was not so and last two-three years we have successfully utilised our overseas resources.

**Rohan Advant:** Okay and so going forward even if say oil goes up or timber prices go up, you're confident that we could do a 15% EBITDA margin at a consolidated level?

**Sajjan Bhajanka:** Yes, our target is that and now like we are expecting that with the GST and with the seamless movement of the goods in the country like there would not be any state boundaries for our supply chains and logistic cost would reduce substantially. So in our case we still be able to maintain our profitability with the reduction in the logistic cost with our overseas presence, with low finance cost and with the very strong brand equity like we fetch minimum 5%/7% more or nearest level, so that is our biggest advantage.

**Rohan Advant:** Thank you so much for the answer. Best of luck.

**Moderator:** Thank you. We take the next question from the line of Achal Lohade from JM Financial. Please go ahead.

**Achal Lohade:** Good evening. Thank you for the opportunity. Sir just two questions, one what I wanted that you said January month has been pretty good and you also indicated that those who had started the work had to complete so they would come out, they may require the plywood and other materials. What I am trying to understand is given the stress on the informal economy and consequently impact on the income of those who are earning out of the formal economy would not it impact the demand scenario as such. I am more curious to know at

the industry level whether you see some amount of further demand slowdown at the industry level?

**Sajjan Bhajanka:** When we look at the macro along with the micro there are lot of changes that are coming into the country and with the Prime Minister's announcement like house for everybody, low-cost housing so a whole there is a bigger market of the plywood. There are different segments. Suppose at the lower segment if the low-cost housing they will buy from them so their material would be consumed there so this will have a bigger space and the higher data of income in that zone and we shall be able to find more bias there and little vacuum on the supply side. So I think the future because the way the government has planned on the infrastructure on the spending of the government and public spending also will come. So along with that in the country and particularly there is a thrust of the government in housing sector that is precisely our sector so this is going to lead our growth in future.

**Achal Lohade:** Understood. So effectively you were saying that there will be more segmentation for the market where unorganised probably cater to the lower priced product?

**Sajjan Bhajanka:** Yes, there would be a huge demand in the lower price segment, with this 4 crore houses coming in next two-three years and with lot of incentives, low interest subsidy, the interest money available at 4-5% interest as a subsidy so that will lead to huge demand. The only question is that like the construction and this will take some time may be another three four months but by the time GST is in place I think this demand would be created.

**Achal Lohade:** Sir, second question I had was about the MDF business, you said that you would be commissioning in March and earlier we had indicated that we would be looking a full utilisation probably in a year's time, given the demonetisation and consequent scenario would be still look at that utilisation level within the first year itself and secondly would we be looking at any exports kind of a market in terms of the supply?

**Sajjan Bhajanka:** Exports, I do not see much of the opportunities because we are there in north India and we are in land lock part of the country so it will be whether like we shall have less competition from imports because imports would not be much costlier to reach in Northern India because nearest port could be Kandla or Kolkata so they have to move the material to North India would be much costly. So we had to create a demand locally and we have to introduce this product for so many new like uses, like in the domestic furniture in the ceiling in the partition, indoors and other things so Green did that, when they first introduced so before that only 200 cubic meter was sold in the country and on the daily basis and then it was augmented to 1200 cubic meter daily and the entire material was sold, it was by virtue creating more demand. So if we are the player. Green will continue there are some other

players so together we shall create more demand for our product and it is a cost competitive. The price of MDF in comparison to plywood is only 50%.

**Achal Lohade:** Right, so would you also see that you know part of the unorganised could actually go into MDF products at the industry level?

**Sajjan Bhajanka:** There is a limitation scale. MDF cannot be like plywood. We can start a plywood factory by investing Rs1 crore at the lowest level, you put only hot press, buy veneer from other people only press it and cut it and sell in the market but that is not possible for MDF and now MDF is not viable in the small places so in the future all will be there. I anticipate that may be within five years there would be minimum ten more MDF units in the country so it is like on the good trajectory and there would be huge growth in MDF.

**Achal Lohade:** Sir, on the demand side I was seeing would the demand for the unbranded plywood they would prefer buying a MDF from the customers?

**Sajjan Bhajanka:** Yes, because so far availability was the constraint. MDF was not available in plenty and only last quarter was the exception otherwise prior to that everybody was selling their 100% production, all the people in India and in addition to that even though there was an anti-dumping duty on MDF but still it was being imported and South India was mainly depended on the imported MDF and the North and Central India was based on the domestic production.

**Achal Lohade:** Okay but for the near term, you could use some over capacity and hence pricing pressure on the MDF business?

**Sajjan Bhajanka:** Yes, we shall be adding almost 50% of the capacity but we shall reach the optimum level gradually may be it will take say two to three months and within that period we shall try to create more market we will try to introduce it to many new products and I think economy will pickup and for the low cost housing and for the readymade furniture or for the furniture do it yourself for that it is ideal material, for carpentry still plywood would be preferred because the traditional carpenters they do not want to deviate but now more and more modular furniture and more organized furniture in this industry will come up and they will be using MDF and particleboard.

**Achal Lohade:** And what is the potential turnover out of this particular MDF plant? What is the potential turnover overall?

**Sajjan Bhajanka:** First year in the 2017-2018 it should be **Rs400** crore.

- Achal Lohade:** And at full utilisation how much would that be?
- Sajjan Bhajanka:** Full utilisation with full value addition it could reach even Rs600 crore.
- Achal Lohade:** Thank you so much Sir. Wish you all the best.
- Moderator:** Thank you. We take the next question from the line of Anand Bhavnani from Sameeksha. Please go ahead.
- Anand Bhavnani:** Congratulations for the number. Sir just wanted to check yesterday in the budget a MAT extension was announced. So Sir does it impact us in anyway given that we have tax exempt units so just wanted to understand the aspect?
- Sajjan Bhajanka:** Yes, it will help us. Because we are availing exemptions at our Guwahati unit and then we are putting up another unit in Guwahati that will also be exempted for another ten years and with our CFS that is also exempted so every year we carry forward some MAT, to tax is less than the MAT this thing 4%-5% difference is always there so this extension would help us because other unit in Guwahati that would be exempted for another ten years. But the CFS will go out of exemption may be in next two years so with that we shall be start utilizing the previous MAT.
- Anand Bhavnani:** Sir, can you guide us how would your tax exemption now change? I think earlier until FY2021 it was supposed to be around 21% and then the normal tax so how does it change now after the yesterday?
- Sajjan Bhajanka:** The effective tax last couple of years used to be around 15%-16% and we were paying 20% so 5% MAT credit we are always carried forward so now with CFS going out of the exemption may be our payment requirement would be around the MAT. So there would not be any carry forward and maybe in another two-three years if we could not start any other exempted unit or the new government is coming out with any new policy for exemption so may be we will stop getting this tax credit.
- Anand Bhavnani:** Okay but the utilisation of tax credit so now when do we expect our tax rate to normalise so does it get extended may be earlier we were expecting FY2021 for tax rate to normalise now does it happen after let us say 2022 to 2025?
- Sajjan Bhajanka:** To my knowledge like in Uttarakhand and Himachal in 2010 they have discontinued all the incentives and this schemes, it is available for northeast only and northeast still it is available only they have done away the transport subsidy but the other subsidies are intact and with the income tax exemption is there excise exemption is there and the state

government sales tax exemption is there and they have declared that there would be adequate measures so that there is no disruption for VAT to GST so whatever benefits they have announced would continue in the GST regime also.

**Anand Bhavnani:** Sir just wanted to double check the capex details that you have shared in the presentation do these include maintenance capex or these are just fresh capex?

**Arun Julasaria:** I think maintenance capex is like booked with the expenditure, this we do not capitalise.

**Anand Bhavnani:** So maintenance capex what is the ballpark capex from here?

**Arun Julasaria:** I mean to say maintenance capex is such is micro mini the investment in plywood expense is so micro and if maintenance capex would be so micro mini but we have not so specifically mentioned it.

**Sajjan Bhajanka:** There is good news that due to the fast implementation our projected completion date was July 2018, but we are likely to complete in March 2018 and we are likely to commission fully from April so with these we could reduce some capital expenditure on our MDF plant. So now we are sourcing Rs40-50 crore savings in project cost.

**Anand Bhavnani:** Sir for our MDF plant one of the expectations when we conceived the plant was that we would be selling it to OEMs so Sir any development on that front which you can share with us any tie-up or any off-take equipment that you might have discussed or signed already?

**Sajjan Bhajanka:** That is not the practice in our industry. Everybody keeps open. So when we would be there like one big manufacturer and big like furniture trading firm is coming in the way of IKEA and they are already like helping the people to start manufacturing MDF-based furniture, particle wood based furniture so that would be the factored and along with them so many other manufacturers are coming in furniture so that way this is enlarging.

**Anand Bhavnani:** Sir one small question, in your presentation you mentioned the Deco-ply is separate from plywood so can you just help us understand why and what is so special about it and what do we sort of look at the number separately?

**Sajjan Bhajanka:** The decorative plywood is a plywood covered with the adhesive and decorative sheets so that is like teak, rose other things so these are like with the very beautiful grains and other things so that is a separate state pasted over the ordinary plywood so that is called decorative plywood and in normal language that is called veneer, but in technical may be veneer is a single layer of plywood. It is core veneer and it is decorative veneer so plywood especially the decorative veneer is decorative plywood and decorative also there are two

grades like one is natural decorative veneer and another the re-engineered decorative veneer so this re-engineered category also is growing very fast.

**Anand Bhavnani:** Okay and we manufacture both of these?

**Sajjan Bhajanka:** Yes, we manufacture both of this and we also manufacture only decorative veneer, which we sell to the market also.

**Anand Bhavnani:** That is it from my side.

**Moderator:** Thank you. We take the next question from the line of Gaurav Nagori from Spark Capital. Please go ahead.

**Gaurav Nagori:** Sir I have two questions one is do we having any tax duty exemption in our MDF plant in Punjab?

**Sajjan Bhajanka:** Yes, we have sales tax I mean the rate exemption to the extent of 70% of our capex in plant and machinery.

**Gaurav Nagori:** Okay and for how many years?

**Sajjan Bhajanka:** It is 70% of the value and the sale tax rate exemption in Punjab is for 10 years. But the either of two 70% or ten years whichever finishes first.

**Gaurav Nagori:** Sir second question is as you said we are expecting about 400 Crore revenue from this MDF plant in 2017-2018 it is about 60%-65% utilization so what are the margins?

**Sajjan Bhajanka:** It is not 65% utilisation. Utilisation would be higher but later on value addition would be more. In the first year, we shall be selling much more the plain particleboard and later on we shall add value by pre-laminating it or laminated flooring or doors made of laminate, the furniture made of laminates and the decorative veneer on the MDF so these all things together will add value and the value addition later on would be like over and above the plain particle board it may be up to 50% more.

**Gaurav Nagori:** Okay, so Sir do we have to incur any for the capex for example as you said you will be manufacturing the doors engineered doors or going for the other products and the specialties so do we have to incur some more capex in 2018-2019 for that?

**Sajjan Bhajanka:** Some capex is part of the planning, like we are importing pre-laminating unit and this is **(inaudible) 01.09.16** that the leading European company and were high capacity pre-

laminating unit. So we are importing it and that would commission may be somewhere in April or May so that will be the first value addition and the second we have acquired a place just opposite to our factory. There we may start the door unit. To give a very good quality and other things so we are contemplating some joint ventures so we are working with the people who are pioneers, who are very experienced in door making so we are negotiating with them may be this should materialize and then for the wooden flooring laminated flooring with the HDF high density fiber board which we can manufacture in the same plant. So that also we are planning.

**Gaurav Nagori:**

Okay, so any guidance on what would be the capex for all this value addition?

**Sajjan Bhajanka:**

If there would be a joint venture for doors so that would be a separate capex and there may be joint venture and there may be some other investment, our role would be only to supply the plain MDF board to that joint venture so that would be one thing so that would not be direct to value addition to this unit, but may be to the another unit we sell we will be promoting in joint venture and we are part of that and our share would be bigger in joint venture may be 60% to 70% would be our share and our collaborator would have minority share.

**Gaurav Nagori:**

Okay, so Sir in next fiscal year we are expected to sell only plain MDF boards correct?

**Sajjan Bhajanka:**

No this pre-laminated we shall be selling and we are also working on making furniture where basically it would be only MDF and a very low range, like for the **MASSES**, bed or the table and other things it may be the clear MDF either painted or polished.

**Gaurav Nagori:**

So what are the margins what we are expecting this utilization from MDF plants in next year?

**Sajjan Bhajanka:**

For the next year the basic would be the plain particle board, which only 25% in the form of pre-laminated and rest would be this to start with and gradually when we move on one by one we shall introduce the different items of value addition.

**Gaurav Nagori:**

Okay so 25% margin?

**Sajjan Bhajanka:**

Yes 25% would be the pre-laminated part, which would start may be somewhere in April or May so for say remaining three quarters that will give us some value addition.

**Gaurav Nagori:**

Okay and Sir last question, laminates realisation have fallen on Q-o-Q basis so any reason for that?

- Keshav Bhajanka:** There will be slightly lower realisation in our exports because we have been exporting a varied grade of material in last quarter the majority of material that went out was lower grade materials or lower price material the profitability of that is similar to higher price material; however, the realization is slightly less in this quarter you will see an upturn in that.
- Gaurav Nagori:** Thanks a lot for answering the questions Sir. Thank you.
- Sajjan Bhajanka:** Thank you.
- Moderator:** Ladies and gentlemen, we will take the last question from the line of Rohan Gupta from Edelweiss. Please go ahead.
- Rohan Gupta:** Sir good evening. Sir first question you mentioned that during the quarter there was a lot of supply side issues from unorganised that would have been affected because of the cash crunch so how do you see the situation now and has it improved all those manufacturing units have come back or there is still some problem?
- Sajjan Bhajanka:** I think there are still some problems because for our products, demand is more and rather we are expecting some demand crunch and in between in the month of November or something we reduced our production anticipating that there would be less demand and may be we have reduced few shifts so now we are reorganising everything. We are gearing up for again normal or more-than-normal production so there was some disruption on our side also and on the unorganised side the disruption was much bigger.
- Rohan Gupta:** Okay and Sir you mentioned that January month you have seen orders coming even more than what you could have supplied?
- Sajjan Bhajanka:** Now we are happy with say 5% growth over the corresponding quarter or corresponding month but originally we were maintaining a CAGR of 25% so partly around 15% was the volume growth and 10% was the value growth so that way it is much below normal like practice so we shall definitely like to achieve our earlier trend and to keep on growing at 25% plus.
- Rohan Gupta:** That includes 15% volume and 10% price?
- Sajjan Bhajanka:** Yes, so earlier by increasing the dollar price and other things so there were many ingredients which were compulsorily increasing the price but last say two years there was constant on price increase so prices were more or less flat, so whatever growth we had that was in terms of volume.



- Rohan Gupta:** So Sir the 15% volumes, which were guiding again is for I believe for FY2018 not for current year because this nine month growth has only been 5% in terms of volume right?
- Sajjan Bhajanka:** But next year we shall get additional sale from the MDF and we shall get additional sale from particleboard.
- Rohan Gupta:** Overall topline growth not just plywood.
- Sajjan Bhajanka:** Yes, overall topline growth would be there, in company we have maintained like that sometimes we acquired the new unit we expand the existing unit like somewhere in September we shall commission two more laminating line, so that will increase our production of laminates.
- Rohan Gupta:** Yes Sir that we understand; Sir to be more specific what kind of growth in volumes we were looking for next year in plywood segment only?
- Sajjan Bhajanka:** Next year because our thrust are more on different items so may be the volume growth on plywood but it will depend very much on GST, the impact of GST, if what we are anticipating that there would be huge migration from unorganized to organized and being the leading organized player we shall get a very big share of that so if that happens there would be because we have capacity, we have almost 20% ideal capacity with all the plants together and like creating more capacity in plywood it is very easy and it is not very capital incentive, you need a rise within three months we can add more production capacity. So it will depend on the GST in the overall scenario and how competitive this unorganized could be after demonetization.
- Rohan Gupta:** Given a weak base of current year do you see that next year the plywood volume growth can be in a double digit or may be 15% upward or will it be 10%?
- Sajjan Bhajanka:** July onwards definitely it will be 10% plus.
- Rohan Gupta:** And we are also expecting a 5% to 10% price increase?
- Sajjan Bhajanka:** Yes, but that again probability increase would be there, price increase I am not sure if the GST our bracket is 18% and presently we are like incurring a cost of around 29% then we do not need to increase price, whether we may have to pass on some benefit by reducing the price.

- Rohan Gupta:** If it is maintained it will be expected by the government all the benefit of the price reduction will be passed on to the end customer, so if we are talking 20% if it is 18% bracket then we are supposed to passed on the whole benefit to the end customer?
- Sajjan Bhajanka:** See there are many other costs wages are increasing every year. Government is notifying minimum wages, which are usually 20%-25% more than the previous year so government knows it, and the electricity cost other cost these are also increasing, so we shall be able to explain that if we have 10% benefit 5% we are passing on and for 5% we are absorbing the increased cost.
- Rohan Gupta:** While the unorganized segment has already taken and do we have to take a significant price increase?
- Sajjan Bhajanka:** Yes, they have to because as I explained to you out of the total 3,300 units only 100 units are in full duty paying sector so unit wise it is only 3% but volume wise it may be 80% and value wise it may be like 70% but we have like volume share of only 20% with value share of 30% the organized to unorganized.
- Rohan Gupta:** Sir when you say that next year along with the GST implementation you are looking at 10% plus sort of volume growth what kind of industry growth in a normal scenario you are expecting?
- Sajjan Bhajanka:** The plywood industry has been growing at a rate of more than 15% last so many years.
- Rohan Gupta:** So it will grow by same percent in next year also.
- Sajjan Bhajanka:** Only certain thing would complicate it for us like we shall be able to maintain our plywood growth because of migration from unorganized but there are challenges from the other panel products, like MDF and particleboard and there are some other boards also, so these will pose challenge to us and but again we shall like to grow overall, our plywood should grow, our MDFs should grow, other value added products should grow, laminates should grow so we shall try to maintain the overall growth of the company.
- Rohan Gupta:** Yes, Sir definitely the growth in other businesses which are relatively new for us can compensate for the growth as far as the plywood is concerned if we are looking at an industry itself can grow 12% to 15% are we looking slightly...
- Sajjan Bhajanka:** But in future there may be little question mark, because when the MDF gets popularity in India then it will like partly may be it will impact plywood because it has been done all over the world, in Europe, in China.

- Rohan Gupta:** That is slightly longer term in nature.
- Sajjan Bhajanka:** Yes, it is longer term not in one year.
- Rohan Gupta:** So if you look at just near couple of years, are we looking that we are going to lose the market share or we are not be able to gain the market share from unorganised are we looking from that scenario?
- Sajjan Bhajanka:** I should summarise it the plywood may continue growing at 10% but the other panels will grow at 20-25% like MDF and particle board and then the overall panel growth may be 15%.
- Rohan Gupta:** That is all from my side Sir. Thank you so much.
- Moderator:** Thank you. Ladies and gentlemen that was the last question. I would now like to hand the conference over to the management of Century Plyboards for closing comments.
- Sajjan Bhajanka:** Thank you very much all the investors, stakeholders for your keen interest in the company and we really enjoyed talking with you some valuable questions and all were very relevant questions. I should say not a single question was irrelevant and we have tried our best to satisfy your query with our senses irrespective of whether somewhere desired some answers, we should have evaded but we have not done it so I hope you are fully satisfied. Thank you very much. My other colleagues they join me in thanking you.
- Moderator:** Thank you very much. On behalf of Ambit Capital that concludes this conference. Thank you for joining us. You may now disconnect you lines.