



“Century Plyboards (India) Limited
4QFY2021 Post Results Analyst Conference Call”

June 11, 2021



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Moderator: Ladies and gentlemen, good day, and welcome to Century Plyboards (India) Limited 4QFY2021 Post Results Analyst 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 questions after the presentation concludes. Should you need assistance during this conference call, please signal 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 Mr. Dhruv Jain from Ambit Capital. Thank you, and over to you, Sir!

Dhruv Jain: Thank you. On behalf of Ambit, we welcome everyone to Century Plyboards 4QFY2021 Earnings Call. From the management today, we have with us Mr. Sanjay Agarwal, Managing Director and CEO; Mr. Keshav Bhajanka, Executive Director; Mr. Arun Kumar Julasaria, the CFO of the company, Ms. Nikita Bansal, Executive Director. Thank you team and over to you for your opening remarks.

Sanjay Agarwal: Good afternoon, everybody. This is Sanjay Agarwal, MD, and CEO of the company. I am here along with Mr. Keshav Bhajanka, Executive Director; Ms. Nikita Bansal, Executive Director; Mr. Arun Julasaria, CFO of the company and we are all here together to welcome you to the 4QFY2021 results call of Century Plyboards (India) Limited.

Friends although the year started with a lot of economic turbulence but gradually every quarter it became better and better and Q4 the quarter under review was best in the history of CenturyPly both in terms of revenue and profits.

All the segments did very well. Laminate division has shown a very good performance as margins have increased substantially. Various cost control initiatives across company led to higher profits. The company’s expansion plan on MDF is under progressive and hopefully it will be completed on time.

As you are aware that various initiatives like Salesforce, ViroKill branding, Fire-Proof Ply, Vector that are ongoing in the company since last one year or more. One of the important and crucial decisions was taken to engage BCG, Boston Consulting Group in our company for cost reduction, throughput enhancement, and that has given opportunities of savings in MDF division followed by logistics, power, and procurement.

Overall BCG has helped the company to identify possibilities of cost reduction by about 30 Crores annually. Now, we will be working on to implement this identified possibilities and we hope that this will help the company in times to come. Seeing their valuable contribution, management had decided to engage them further in boosting sales and production and cost reduction in laminate division for the next one year. Although Q4 was



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excellent and we thought the same momentum would continue in the first quarter entire financial year, but due to second wave of Corona Q1 has been affected badly as most of the states went into lockdown. Both April and May sales have suffered owing to second wave of pandemic, May was worst as most of the states were under complete lockdown. However, as seen last year also economy will rebound very soon and we are very hopeful that we will enter second quarter will full energy and show better number as vaccination drive across the country is in full swing and number of cases have also come down now.

Slowly the country will unlock in phases manner and so will be the economic activities will enter into normal or aggressive phase. With these remarks, I will hand over to our CFO, Mr. Arun Julasaria to take you through key financial figures post which we are open to your queries. Thank you.

Arun Kumar Julasaria: Good afternoon ladies and gentlemen. First of all, I would like to mention the customary disclaimer that this concall is to discuss the company's historical numbers and future outlook. In no way this should be construed as an invitation to invest in the company. Results for the quarter along with the detailed analysis has already been mailed to you and also hosted on the stock exchange and company websites.

So just taking you through the macro's numbers, for the quarter our topline YoY has grown up by 41% to 738.6 Crores amidst 524.19 Crores last year. EBITDA margin was 17.7% at 130.48 Crores amidst 17.18 Crores in the same quarter last year.

Profit after tax was 83.23 Crores as against 38.79 Crores. All the segments worked well and laminated had done exceptionally well. On an annual basis, although our topline was 7.4% less compared to the last year due to COVID effect, our EBITDA bearing exceptional item was 15.8% and their profit was 192.07 Crores which is all time highest.

On the balance sheet front, our networth is now back to 1264.8 Crores. All the ratios are favorable and improved compared to the last year. So far debt is concerned our trading assets are more than debts so practically we can say we are debt free. We are not repaying our debts because the cost of borrowing is less than income from treasury.

Working capital cycle is now comfortable at 69 days. With these words, I will open this conference call for questions and answers. Please go ahead with your questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Rahul Agarwal from InCred Capital. Please go ahead.



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Rahul Agarwal: Good evening. Congratulations for a very good set of results. I had two questions; firstly on the capacity and its utilization, the way I am looking at your fourth quarter run rate it looks like broadly above 100% utilization. Would you help me understand existing capacity across your four main segments, ply, MDF, particleboard and laminates? What is the peak production we should look at an annualized basis? That is my first question.

Keshav Bhajanka: Rahul basically, if you look at the capacity, overall segment wise, Plyboard we have seen that we have been able to ramp up capacity very quickly post the pandemic because in the initial few months, we suffered but right after than we were able to ramp up capacity to 100% plus, as you correctly pointed out. Having said that we had undertaken numerous exercises to add balancing equipment in the number of plants and I believe that this can easily give us 10% to or a little higher in further capacity and this will aid in the current financial year. We are also in aggressive discussions and advanced discussions to increase our capacity by adding a new location and we will update you on the same when we come with the conclusions. In Laminates we are not close to capacity utilization yet. I think there is more scope and as the MD has already mentioned we are partnering with Boston Consulting Group which I believe will enable us to unlock further capacities in the existing lines, but definitely next year onwards we will be looking to expand our laminates capacity as well. As far as MDF you are well aware that we have already pursuing two capacity expansions one in the north in our existing units in Hoshiarpur and one in the south in a location in Andhra Pradesh. So, with all the major segments, we do have capex plans. Some of them are very low capex plans as in the case of plywood, where we are just be adding balancing equipment and some of them such as MDF will be higher capital cost expansions.

Rahul Agarwal: And particleboard?

Keshav Bhajanka: Particleboard we have taken up an exercise to add certain balancing equipment and increase capacity and we have already seen the fruits of that in the last quarter. Again having said that it will take some time to stabilize but from Q2 onwards you should see additional capacity being unlocked in particleboard.

Rahul Agarwal: Related question was you were talking about capex on the TV interview about 700 Crores over next two years, broadly I understand 1100 CBM is going to get added purely in MDF in fiscal 2023, the 400 CBM which is Hoshiarpur will get added in April, May and 700 maybe in second half of fiscal 2023 overall, but on the plywood and laminate side could you quantify I mean what kind of capacity addition are you adding up because I am not sure about the units suppose to be added in those two segments.

Keshav Bhajanka: We are looking at close to 35% to 40% the last year expansion in plywood with the new unit that we are thinking about, and the balancing equipment being added in the existing



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units. In laminates there is headroom and I think we can expand by 15% to 20% easily in the current infrastructure and as I have already told you from next year we are already looking at a capacity expansion.

Rahul Agarwal: One small thing if I can squeeze in Sainik revenue share if you could help for the full year for fiscal 2021 that will be great? Thank you so much, all the best.

Nikita Bansal: Sainik we are at around usually 30% of our overall and we are hoping that this coming year our Sainik brand will grow as equal to our Century and Century will continue growing, but the growth in Sainik will be higher.

Rahul Agarwal: 30 is revenue or in volume?

Nikita Bansal: Revenue.

Rahul Agarwal: Thank you so much all the best great going and wish you all the best. Thanks.

Moderator: Thank you. The next question is from the line of Sneha Talreja from Edelweiss Securities. Please go ahead.

Sneha Talreja: Congratulations on great set of numbers. Just couple of questions from my end firstly with regards to laminate business, there is substantial improvement and congratulations for that. Just wanted to know the basic reasons for these improvements, one is that you said that you have of course brought into picture BCG who has brought in a lot of cost control measures apart from that is there any one off element which is there in the laminate business?

Keshav Bhajanka: Sneha, BCG, the majority of the benefit is not in laminates. What we are doing in laminates will actually start only from next quarter. The reason why laminates had an EBITDA of 23% last quarter was primarily low raw material cost and this was a onetime benefit that we have gotten. So these are not sustainable margins by any statutory imagination. As I have mentioned earlier for us sustainable margin should look anywhere between 16% and 18%, but last quarter due to the fact that there was substantial increase in raw material costs, and we took price increases, but we had inventory of raw material we were able to generate an additional EBITDA this was onetime exceptional results. Going forward we will be looking to maintain 16% to 18% EBITDA margin.

Sneha Talreja: That was helpful. With regards to other segments too, we have seen margins improving like for example in plywood also we have seen improvement. Is that also related to some kind of a low cost inventory or that is something to do with the cost saving measures which can



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continue and if at all there also you can highlight what will be more sustainable thing to look at it?

Keshav Bhajanka: In plywood our attempt has always been to be between 14% and 15% in terms of EBITDA margins and I think we are slowly working our way towards that. Long-term that is the base that you want to look at and I think in the current financial year we should be looking to hit that.

Sneha Talreja: Keshav, just one more thing from my end with respect to MDF so we are already operating at more than 100% utilization rate of course given that there is a second wave, and I am pretty sure that you also said that demand is impacted. Firstly are we utilizing this time to wakeup inventory given that whenever demand comes back, and we will be able to supply materials and second most important thing when will we be ready with a newer capacity addition so that if there is any kind of a pent-up demand and are we ready to capitalize on that.

Sanjay Agarwal: Sneha throughout these pandemic closures and all we have been running the plant fully except some time we have taken up for maintenance which we would have taken later on. So we are built in a lot of good stocks already so that we can, but then all those stocks I think will be less what kind of a demand we are going to see, and we will be seeing throughout sometime until unless the new production capacity comes into being before the next by end of this financial year actually. So I do not think we will have any possibility of meeting the demand per se after that expansion comes into yes I see some relief coming into, and the second plant which we are talking in the south I think Keshav can update on that plant better.

Keshav Bhajanka: I just want to take one addition. Last year we did about 147000 cubic meters of MDF. Our capacity is 18000 plus so even in the current financial year while as MD said we will in no way be able to meet demand which is far, far higher for our product. We have enough headroom to grow. With regards to the MDF expansions next year we will be able to feel the full benefit of the Hoshiarpur expansion and the year after that because after the new line is setup in new location it normally takes a few months to stabilize so in FY2024 we will see the full benefit of the south expansion as well.

Sneha Talreja: That was really helpful. One last one if at all I may ask with regards to laminates actually what is the current proportion of export business in the laminates business and if I am not wrong the domestic business might have definitely taken a hit because of COVID impact how are our export doing in laminates, is there any significant improvement that we are seeing with regards to shift in market share from other countries in India?



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Keshav Bhajanka: Last year as I said domestic was far more impacted than export as such exports is about 25% of our total basket but going forward we are looking at exports being close to 20% because domestic I believe will have a maximum recovery in the current financial year.

Sneha Talreja: All the very, very best.

Moderator: Thank you. The next question is from the line of Hrishikesh Bhagat from Kotak AMC. Please go ahead.

Hrishikesh Bhagat: Thank you for the opportunity. Congratulations to the team for good performance. My first question is related to what the revised guideline for the expansion will be, is there be any delay because of this I think COVID second wave and delay in ordering and workforce availability. So that is my first question and secondly my question is more to Mr. Sanjay sir I think in multiple interaction in past there was this aspiration of company of 1 Crore profit per day and is it fair to assume that the macro tailwind that we had in Q4 if that continues they are fairly on our way to meet that 1 Crores aspiration?

Sanjay Agarwal: Let Keshav reply to the first question I will reply then.

Keshav Bhajanka: We pride ourselves on our execution abilities, and I am very happy to tell you that even though the second wave has hit relates with the entire consequences we have been able to continue work on the expansion in our Hoshiarpur unit. Hopefully, we will be able to begin commercial production within Hoshiarpur unit within Q1 next year. Having said that yes we were hoping prior to this but we would have started production in Q4 itself so there has been a hit and that will not be more than a couple of months. With regards to the south plant the delay seems to be a little bit more severe because as you know the government is right now fully involved in firefighting with regards to COVID and as such the process of land acquisition etc., is taking a little bit longer, we are still completely hopeful that we will definitely start commercial production within H2 of next year.

Sanjay Agarwal: Regarding your question regarding 1 Crore per day, you see there always something we need to aspire for and CenturyPly has started very, very small and we use to be aspired for a Rs.25 Crores per annum turn over from there it was a 100 Crores then it was 1 Crores per day turnover and from there now we are looking at a 1 Crore profit per day and you can see that yes with well wishes of people and God's grace and hard work of our team I think we are reaching there and it seems that probably we will reach there ahead of my target probably I was thinking in a little longer-term but then it seems that it will reach the target even quicker and I can see a big smile on the face of Keshav.

Hrishikesh Bhagat: Congratulations Sir for this.



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- Sanjay Agarwal:** Thank you for all your good wishes.
- Moderator:** Thank you. The next question is from the line of Priyam Khemawat from Infinity Alternatives. Please go ahead.
- Priyam Khemawat:** While you have done exceptionally well in other categories like MDF and laminates over the last four, five years our plywood revenues have largely been flattish over the last four, five years, while I appreciate there was a general slowdown in real estate but now that it is picking up and we have done around 400 Crores plywood sales in one quarter do we think that in FY2023 when full recovery comes we can reach that 1600, 1700 plywood turnover itself?
- Nikita Bansal:** The thing is we were completely geared for replicating even higher growth than what we did in Q4 from Q1 itself. So definitely to answer your question, yes, we were geared but given Corona there might be a delay to our plan. There is a lot of pent-up demand, there is a lot of shift that we are feeling there is a continuous shift happening towards our brand because of the brand building activities that we are doing, and both these factors are really resulting in us getting more market share. I think going forward the future for plywood is very positive. We are doing a lot of other initiatives that will help us grow plywood more. But this year maybe that is not possible because Q1 has been pretty much lower sales that we anticipated.
- Priyam Khemawat:** Yes, pretty understandable about this year, but going forward from FY2023 onwards are we confident of achieving that 12% to 15% growth in plywood itself?
- Nikita Bansal:** Yes, very much.
- Priyam Khemawat:** Do not you think other categories like MDF will have a cannibalizing effect on the overall plywood turnover?
- Nikita Bansal:** No, not at all. Actually MDF is at, so there is a segment for each of these products and I do not think that they cannibalize each other. A person who wants to use the MDF furniture usually does not for a plywood furniture, and I think the entire India is growing and we are a very small percentage versus using plywood, so the growth is immense in the future. I do not think there is any scope at least in the next 10 to 15 years that I see that there could be any cannibalization.
- Priyam Khemawat:** My next question on MDF, Keshav we have done around 25000 CGM of prelam MDF this year which is the highest and our percentage of overall has increased. So do you think going



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forward when we commission new capacities, and we are at 1700 CGM capacity pre-lam would be much higher than the current level as a percentage of total?

Sanjay Agarwal: You see prelam as far as particleboard is concerned the prelam percentages are much, much higher because most of the particleboard is used by OEMs, but MDF is used by furniture makers and MDF is used in many of our products like packing, photo framing and many other products actually so it is used in furniture also so that is why actually the percentage of pre-lam in MDF will not go up really too much. It will remain that above that 20% I think it is the usual prelam MDF being consumed usually and here and there a little bit 2%, 3%, 4% here and there is a different thing. I really do not think that prelam percentage will go up yes, overall volumes, MDF goes up, the overall volume will go up but not the percentage.

Priyam Khemawat: Even of this current 15%, 17% of prelam MDF are we confident of maintaining that 27%, 28% EBITDA margins because our newer Brownfield capacity will be at a lower gross margin as suppose as we had eluded earlier?

Keshav Bhajanka: Overall, if you look at MDF their location is a big role because the transportation cost is a very substantial part of the overall cost. As such in the south the unit that we are looking at it could be 2% point lesser in terms of EBITDA margin, but I do not think the differential be more than that.

Priyam Khemawat: Thank you. That is all from my side. Thank you, all the best.

Moderator: Thank you. The next question is from the line of Chirag Lodaya from ValueQuest Investment Advisors. Please go ahead.

Chirag Lodaya: Sir my question was on MDF firstly if you can help us understand how is the situation on import front and what kind of margin do you expect this year is there any raw material inflation further or we would have taken price increase?

Sanjay Agarwal: You see imports of course are practically nil at the moment because of the logistic issues and there is a price rise across the world so imports at present are practically nil. Going forward I believe that Government of India we are working out very hard in that but then I see there will be import antidumping duties coming in. If they come in then I really do not expect much of imports happening in India and even if they come up even if import happens, it does not affect the normal market at all so us presently for next at least we can say next about 18 months at least I am really not bothered about our North Indian factory and the expansion actually and the next question you asked.



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- Chirag Lodaya:** What about pricing and margin?
- Sanjay Agarwal:** Pricing and margin yes, the raw material cost. Yes raw material cost have risen a little bit yes, a little bit it has risen and what is our pricing we had added actually it has most probably gone back to the original costs so the EBITDA we were now expecting a higher EBITDA this year which I do not think will come up it, will remain at the level we were and we have actually in MDF BCG has found out certain things and have suggested we are implementing them in the plant and in our selling practices also, so that will help us maintain at least our EBITDA margins.
- Chirag Lodaya:** Sir whether it was 26.8% margins in Q4 in MDF so is this margin sustainable or you are expecting higher margins for FY2022?
- Sanjay Agarwal:** At least I am not expecting higher margins we should be able to maintain or maybe 2% term here and there it all depends on the cost of raw material and then cost of melamine and then cost of all the raw materials actually most. So here and there little bit but I do not see many changes in those prices also because not many plants are coming up you see. The production is not really increasing too much, and we will be able to take up the price increase as much as at least the costs increase so I do not see much change.
- Chirag Lodaya:** Sir just lastly with this Hoshiarpur new capacity coming in, in Q1 how quickly you will be able to ramp up given the demand supply situation prevails in the market is it fair to assume that Q1 itself will be able to scale it up to 70%, 80% kind of utilization or it will be a gradual thing?
- Keshav Bhajanka:** See we are talking about Q1 next year so what we believe is that in the interim the demand that we have there will be a lot of latent demand that is going to be unserved. So that is definitely going to give us a push but having said that you cannot ramp any capacity to 100% from the first month itself, but what I can assure you is considering our expertise we will be able to ramp up capacity far faster than what others may be given to them.
- Chirag Lodaya:** Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Pranav Mehta from Equirus Securities. Please go ahead.
- Pranav Mehta:** Congratulations Sir on a very good set of numbers. Sir I wanted to understand on how the competitive scenario is playing out in plywood and laminates so if you can throw some light on the unorganized to organized shift which I think is definitely going to play out over next two years so can you throw some light on that.



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Sanjay Agarwal: As far as the plywood segment is concerned unorganized people are taking a bigger hit because of working capital issues because of the raw material procurement issues because there are lot of raw material which is being imported also so all those are hurting them very badly so the kind of growth you are seeing in organized sector like CenturyPly and others we are seeing because unorganized sector is taking a hit. So going forward I believe that yes slowly I do not say it will be very quick and very fast change but yes the change will stay and this conversion from unorganized to organized will keep on happening at its own phase actually.

Pranav Mehta: Sir what about laminates are you seeing the same pressure playing out in laminates as well because of the steep price increase on the raw materials of imported craft paper and even on the chemical side?

Keshav Bhajanka: As the MD said we have been debating on this for few years now and of course we do believe that the organized sector is going to continuously grow and the unorganized has been impacted far worse than the organized due to the pandemic and lockdown version 1, lockdown version 2. So lockdown version 2 in the last couple of months the one difference to be in last year and this year as you have rightly pointed out the raw material cost last year were at the perhaps lowest in five years. The raw material cost at this point in time for a number of raw materials are the highest ever segment for the industry as a segment. This is likely to hit the unorganized sector far more than us because we have been able to take the prerequisite price increases. We have been able to secure our inventory whereas most people were unable to do so. So going forward I am bullish on the organized sector.

Pranav Mehta: Sir can you throw some light on what the government is doing on the readymade furniture infrastructure creation in India because I think that is a far bigger opportunity for India to capitalize on export opportunity that is there?

Keshav Bhajanka: We have all been hearing murmurs of this for quite some time and here is actually; however, one thing I can tell you is that in the past year, the sort of interactions that we have had with the government and the sort of pressure we are seeing from the government on Atmanirbhar, make in Bharat furniture is very, very substantial. It is far, far higher than anything I have seen in the past while I have not seen any concrete benefit on the ground, yet I am sure the government keeps up this focus then the next few years we are going to get a substantial benefit from the same.

Pranav Mehta: Sir one last question what changes you have made on your let us say product portfolio in the laminate segment and what kind of distribution channel strategy you have been implementing in last year one and a half, two years can you just throw some light on how it



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would help you in further gaining market share and consolidating your position in your core markets?

Keshav Bhajanka: We have been focus is always on market share and that is percolated down to the team. The first thing that you need to get market share is to have your distribution channel in place and in the year we look at consolidating our existing channel and expanding to new locations to new geography and to new counters that we have not been able to serve. So this is a continuous focus, and this journey began a decade or so and it is still continuing today but yes at this point in time the opportunity to gain share from the unorganized because of the reason that there is a lack of availability of unorganized is far higher and we are putting a lot of focus on the same hopefully you will see the benefit of that going forward.

Pranav Mehta: Sir just a quick question on this Myanmar and Gabon so is the supply of our face veneer from Myanmar getting impacted because of the changes in the political scenario there or are you seeing that will not have a major impact because as Gabon has also started?

Sanjay Agarwal: Myanmar is getting impacted absolutely it is getting impacted Nikita you have more knowledge?

Nikita Bansal: But we actually build up stock and there is some stock that we have, and we are trying to put all stocks through other channel so we are safe for the next few months, and we are expecting that things will stabilize, and we will not have a problem with the raw material as of now. In case there is a problem we do have opportunities that we could shift to.

Pranav Mehta: Thank you very much and all the best.

Moderator: Thank you. The next question is from the line of Venkat Samala from Tata AMC. Please go ahead.

Venkat Samala: Thank you for the opportunity. Congratulations on a good set of numbers. Sir firstly I just wanted to understand if I just take a three to five year view how the revenue profile or the mix of the company could look like. Like for example now if I look at the company around 50%, 55% of the revenue mix comes from plywood, 15%, 20% comes from MDF around 20% comes from laminate right so just want to understand now that you are deploying more capital into MDF right since the growth opportunity is higher I just wanted to understand I mean how as a company are you thinking about this I mean how the revenue mix could look like three to five year hence?

Keshav Bhajanka: So you see instead of talking of percentages let me give you the broad vision plan that we have with regards to plywood as Nikita has already stressed out we are looking at a rate of



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growth between 10% and 15% and I think this is sustainable and I think this is easily achievable. So going forward plywood will continue to grow and considering it is our larger segment that growth is going to be substantial in terms of overall numbers. Laminates we are achieving, or we are trying to achieve a 15% plus growth in the same time period but in the case of MDF we are looking to more or less triple our revenue over the course of next three years it is not exactly triple I would say 2.75 times. So because of that in the next three years you will definitely see a shift towards MDF that the percentage of MDF in terms of turnover compared to the rest of products will be higher; however, I think plywood will continue to remain our larger segment, but MDF will soon become our second largest.

Venkat Samala: Now that you are scaling up on MDF right so then you will get some more benefit out of the operating leverage right. So maybe three years hence will the margins be any different or do you think that you expect the margins to be similar to what it is currently?

Sanjay Agarwal: I must tell you that three years hence what will be the situation I do not think anybody can say them now. I do not think this question actually appropriate. We certainly look forward that yes we will be, it is not a question of margins, margins will come on to actually we are looking at being the best the biggest in the industry in our country and in industry these things will keep on changing it is like it goes up and then comes down it goes up and comes down you have seen in the steel industry so the times are very, very good for last seven years it was very bad so if you have the capacity the time will come and it will give you the return. So you need to be ready with our canons and tanks and missiles and everything then we will get this two years time and at the time we will make the green actually that is how it work so there will be times in the industry when the EBITDA will go down and it may not been and whatever given 20% also at times, but yes the time will come when you will make 27% or 28% or so, so we depends on so many factors.

Venkat Samala: The new south plant that you are planning Sir would that be largely only for domestic consumption or initially you would also look at exports out of that factory.

Sanjay Agarwal: We are planning absolutely and only for domestic consumption. The rest will depend on the situation of the market like green actually started it only for domestic consumption, but they had to export a lot of quantity for a long time and now they are again going coming back to domestic area so same will be our position actually but yes we are planning absolutely only for domestic.

Venkat Samala: One last question if I may so if I look at the working capital sequentially it has gone up I know year-on-year it is flattish, but I just want to understand what should we expect in terms of the range that working capital could look like, yes so it was 51 days right in the last quarter so now it is around 70 days?



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Arun Kumar Julasaria: That one is exceptional and if you can see like that so far last quarter you said this is exceptional. We expect to maintain were about 70 days that is I think impact.

Venkat Samala: Thank you thanks a lot wish you all the best.

Moderator: Thank you. The next question is from the line of Achal Lohade from JM Financial. Please go ahead.

Achal Lohade: My question is just a clarification if I see the segmental reporting in the results we have a unallocable expense of almost 22 Crores, 23 Crores can you help us understand because basically that used to be 5 Crores, 6 Crores for quarter that is about 22 Crores in the fourth quarter can you help us understand what is it pertaining to?

Arun Kumar Julasaria: You see there has been certain expenses which actually have been booked in the Q4 only so like the commissions to directors and there are certain CSR and donations which have happened in Q4 and have been booked in Q4 only so they actually belong to the whole year what have happened in the Q4 so we have debited in Q4 only so now whatever way you may take it but yes. So that has actually depreciated the EBITDA little bit absolutely. The EBITDA like plywood if you take it is 12.8% actually it will be more than 15% and similarly in other divisions also actually.

Keshav Bhajanka: So if you look at it the incentivization is basically for the entire year but this year due to disruption somehow we had to book the entire expense in Q4 because it is a very uncertain time period. We did not do this...

Achal Lohade: And the allocation is basis the revenue mix right?

Keshav Bhajanka: We did not actually know whether we would make profit this year now think so, initially it was very difficult to provision.

Achal Lohade: It is allocated basis the revenue mix is that right?

Keshav Bhajanka: No there are two criteria some are allocated as per revenue mix others are allocated on the basis of where the expenses have been generated primarily.

Achal Lohade: My second question Keshav is with respect to the MDF what is the total industry capacity as of March 2021 given we are adding capacity addition, just added capacity in others, and we are adding some more capacities so how do you see like?



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Keshav Bhajanka: Let me tackle it this way. India's total capacity is less than 1.5 million cubic meters at this point in time with the new addition it will hit towards 2 million cubic meters. China is at 50 million plus so going forward we have a lot of scope for capacity addition and this market will continue to grow. The capacity addition by Rushil I think is going to be absorbed into the market without much skill because there is latent demand, and I am sure that we will face a similar scenario when our expansion come onboard.

Achal Lohade: You said imports are negligible would you have the number for FY2021 how much is the import?

Keshav Bhajanka: I do not have any authenticated numbers for the same, but I am sure our team can get back to you with the same.

Achal Lohade: Just one more question if I may with respect to the margin improvement if one were to look at if you look at the gross margins is there is broadly in that 49% kind of range for a while and the margin improvement is kind of driven by the cost reduction so if you could help us understand what kind of cost reductions, have we done in FY2021 where the scope is you have kind of highlighted the BCG work which can result to about 30 Crores of savings. So if you could give some clarity in the head which head we can see the cost reductions and to what extent?

Keshav Bhajanka: So you are talking about MDF?

Achal Lohade: No aggregate company.

Keshav Bhajanka: In aggregate company overall there have been reductions on account of travels. There has been reduction on account of employee expenses, and we have taken a number of steps whereby we have been able to deem out expenses where we felt that they would not required some branch offices have been cut down and there are a number of steps has been taken in the factory to optimize while since in laminates we have seen over 3% improvement or 3% reduction in rejection which is very substantial. So there has been steps that have been taken all across and these have helped us in improving our overall return.

Achal Lohade: Most of these are sustainable in your view? They are not likely to reverse so to say over next couple of years.

Keshav Bhajanka: Some of these expenses as things open up maybe the travel cost will increase but most of the expenses in my opinion most of the reductions are sustainable going forward. Once we have improved quality to say 98% we are not going to let it slip to 95%.



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Achal Lohade: Just last clarification with respect to, in the PPT we have mentioned ply capex at 50 Crores if you could give some in terms of where we are looking to add capacity and what is the number the capacity addition we could have post that?

Sanjay Agarwal: What we are doing right now is actually gear up certain blends in our qualitative and quantitative both kinds of machinery with the existing plants so we are adding up some machineries in Karnal and we are adding up some capacity in our South India plant so it is an approximate capex we have taken up actually and this will actually increase our I think total output by more than within the existing plant.

Achal Lohade: I could not hear you Sanjay Ji can you please repeat?

Sanjay Agarwal: Let Nikita answer this.

Nikita Bansal: The 50 Crores that is given in the release is for the plant that we are putting up in Punjab for plywood and the other additional that we have taken is within our existing it is a very small amount probably 4 Crores to 5 Crores somewhere we must have spent and at each plant level and we are expecting in this year that existing capacity will grow by another 25%. This Punjab plant will take time and that is additional of another 20%, 30% to our capacity.

Achal Lohade: Sorry I am bit lost, so you are saying 25% increase through whatever small addition at across the other plants and another 25% from Punjab plant have I got it right?

Nikita Bansal: Yes, actually what has happened is we have a lot of capacity within our plant, but they are not 100% utilized because of one machinery not being there or another machinery that is needed is missing so we are adding those machineries so making our current capacity to be actually 100% at its level and then it will go up to 120% or 125% in our existing plant, and we are spending only 45 Crores for that overall.

Achal Lohade: Punjab plant will add to that?

Nikita Bansal: The Punjab plant is a separate plant that is coming up which is a 51 Crores investment that will add another capacity but there is a chance in the future that one of our plants which is the Karnal plant may come in an area which is a residential area so there might be a chance that we do not technically end up adding capacity, so we are planning this plant only for Karnal.

Achal Lohade: So that is kind of a replacing Karnal effectively at the aggregate level. So what happens to Karnal plant?



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Keshav Bhajanka: I would like to add a caveat here. What Nikita is talking about when the plywood capacity at Punjab comes up our license is for the largest plant in the country by threefold. Right now we are only going to go for a capex of about 50 Crores and we are setting up a limited capacity unit but we are leading provisions to add on the capacity of Karnal because in case going forward the land prices shore up there to the extent that they are doing right now and there is a problem because it is coming more and more closer to a residential area we will have the option of moving there but right now the capacity that we are setting up is an additional capacity.

Achal Lohade: What happens to the Karnal let us say theoretically it was to move out what happens to the land and plant and machinery the plant and machinery gets moved and the land is available for sale?

Keshav Bhajanka: You see this is a point that we have been debating for quite some time now and as part of our risk margin strategy what we have thought of is there is a scope to continue running the existing plant by switching it from existing source of firewood etc., to natural gas. If you switch it to natural gas there is no problem in running it even in a residential area. We will have to do the cost benefit analysis at that point in time and then we will need to decide based on the impact on cost, so it is really premature to discuss this right now but whichever we need to provision in case something happens we are ready with the same. This scenario might be saying four years down the line approximately, or three to four years down the line.

Achal Lohade: Thank you.

Moderator: Thank you. The next question is from the line of Sonaal Kohli from Bowhead Investment Advisors. Please go ahead.

Sonaal Kohli: Congratulations on excellent numbers. My question pertains to one off cost in the quarter. I am just trying to understand just your PBT your PAT numbers so you have mentioned that there were lot of one off like CSR and the directors commission for the full year has been given in this quarter so is it fair to assume that since your cost went up by 18 Crores your PBT numbers would be 18 Crores above this quarter had these one offs was happened or if you can give some idea of the quantum of the one off cost whether write offs, political elections considering the elections in your state or any other one off activities or director's commission so what will be the total impact of all of these things?

Arun Kumar Julasaria: Usually every year we make provision for these all since in all the quarters. These expenditure maybe incurred in a particular quarter or the end of the quarter like commission, incentives of employees we keep on making provision in every quarter but this



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time because all these incentives are based on achievement of certain numbers but this time for Q1 and Q2 everything was impacted. In Q3 recovery started so there is no provision because we have not sure whether we will be paying same amount or not but in Q4 we achieved everything, so we have to provide.

Sonaal Kohli: Sir I understand the rationale behind this. What I am trying to understand is still you have the similar numbers let us say in other quarter, let us talk about Q2 hypothetically just to give you the rationale behind me asking this question at that point of time because many of these one off cost would not happened pertaining to the previous quarters what would be your recurring PBT so that is why I am trying to understand the impact of this one off cost for this particular quarter?

Keshav Bhajanka: Let me put it this way that a large chunk this were due to the incentivization of the incentive whatever you would call it so that would be split towards three quarter because the second quarter, third quarter and fourth quarter, first quarter was the write off so that could be split between three quarters, but two quarters loading has been done in this quarter. I think if the 18 Crores to be annualized which is the highest or the rather differential out of that, 10 odd Crores would be from earlier expenses and 8 Crores would be towards this quarter as it was the largest sales quarter in the year.

Sonaal Kohli: So are you seeing your PBT got under reported by 8 Crores because of is that what we are trying to say or am I missing something?

Keshav Bhajanka: I am saying it got under reported by 10 Crores and it would have been higher by 10 Crores if we had provisioned these expenses earlier but due to the uncertainty of this year that has not happened.

Sonaal Kohli: Sir you also mentioned about CSR cost etc., so the total impact is 10 Crores that it is only the salary impact is 10 Crores?

Keshav Bhajanka: There are multiple incentives and I think some of these for instance there were elections there are number of states that you are participating in, and I do not know how we classify them that the breakup that I have given you is more or less in line with what you will see going forward.

Sonaal Kohli: About a 10 Crores impact at PBT level. Thank you.

Moderator: Thank you. The next question is from the line of Aasim Bharde from Dam Capital. Please go ahead.



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Aasim Bharde: Good evening everyone. Sir you have mentioned that the working capital will be steady at about 70 days, but I wanted to ask about your thought process on debtor days in particular. Many companies in this state are focused sharply on this metric all through the year but for CenturyPly that is not the case even if I assume FY2020 was an aberration but even in FY2021 debtor days is higher than what we did in FY2019. Would you be looking to tighten this going forward or would you want to keep it at these levels and focus more on growth?

Sanjay Agarwal: As far as debtors are concerned we have a very standard policy and we do not allow to grow it beyond its norms at all but what happens like during last the first wave of the pandemic we have to allow an extra outstanding for about 60 to 90 days to everybody similarly right now if it is happening again you will see that this will go a little bit of a haywire but it will come into control within our parameters and all these parameters are opposite nobody in the company can do anything about that, nobody can change them, nobody can supply material to a person who is beyond those few days so it will come fall back into the norms every time.

Keshav Bhajanka: I would like to add one thing in 2019-2020 was actually an exception and I think you are very well aware over the last 10 days there were no sales that is going to impact the debtor days, otherwise we are extremely focus on this metrics and you will see it has varied only from 47 to 51 days despite whatever disruptions we have faced over the last two years. I think that this 50-days benchmark is something that we target every year, and we are going to be maintaining this regardless of what happens; having said that going forward our MDF has lower debtor days in our other product range as the MDF sales improve from the percentage of our turnover, these numbers would naturally fall. It depends on the product mix as well. Thank you.

Aasim Bharde: Thanks for that clarification. Secondly can you talk about what hit our particleboard margins in Q4 despite a very sharp improvement in realization?

Keshav Bhajanka: In particleboard, the impact of the cost of melamine which increased drastically and as MD as already stated that particleboard, the quantum of prelaminated is close to 65% to 67% but as in the case of MDF it is only 20% to 25%. So, the increase in the cost of melamine really impacted us. We have now provisioned to take increases going forward and you will see EBITDA recovering, but the basic cause of the same was to in raw material prices.

Aasim Bharde: Sir, lastly just can you talk about this Gabon space in your project? Would you be looking to use it internally only or would you want to start third party commercial veneer sales again like you should do three, four years?



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Keshav Bhajanka: Now, earlier, commercial veneer to be a very, very lucrative area and as such, it was a focused product for us, but if you look at the past few years, we have consciously reduced our percentage in commercial veneers, our sales in commercial veneer to a fraction of what they used to do. If you look at say three years ago or four years ago, in FY2016-2017 we had a 184 Crores sales of commercial veneer. Last year the sale was 26 Crores. This is because there is no profitability. The profit margins are very low. It will become out and out commodity market and we do not see a lot of potential in keeping this as a profitable business centre. So, our focus is going to be solely on internal consumption and whatever excess we generate, because we are only going to be taking the top grade of veneers and you are very well aware in veneers, there are multiple grades, the lower grades are going to be sold to the market.

Aasim Bharde: Thanks a lot. Congratulations on a very good performance. Wish you all the best.

Moderator: Thank you. The next question is from the line of Udit Gajiwala from YES Securities. Please go ahead.

Udit Gajiwala: Thank you for the opportunity. Sir, just one followup is that the laminates that we are talking about the capex over there of increasing our capacity, what would be the timeline for the same?

Keshav Bhajanka: Since it is not a frozen capex right now, it is difficult to give you, a lot. But we are looking at the next financial year. You see the capacities that we have had currently we are looking to ramp up sales as a case of 15% plus. This year we will be able to sustain the same; however, going forward from next year onwards we will not have enough capacity or spare capacity left towards the end of the year. So towards that we are looking at a capex whether it is going to be a Greenfield or Brownfield most likely it would be a Greenfield, maybe in Q3 to Q4 next year we should be looking at that capex becoming functional.

Udit Gajiwala: Thank you so much. Congratulations for the good set of numbers.

Moderator: Thank you. The next question is from the line of Karan Bhatelia from AMSEC. Please go ahead.

Karan Bhatelia: Thank you for the opportunity. Congratulations for a strong set of numbers. Sir, one question from my end. What kind of price hikes you have taken across the portfolio starting from April 1?

Keshav Bhajanka: From April 1, this year or from April 1 last year?



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- Karan Bhatelia:** No. Current quarter from April 1 of this year?
- Arun Kumar Julasaria:** These are Corona times, so I do not think there is much possibility of taking price increases, but yes in Plywood we have taken on different thicknesses we have taken 2% to 3% which have been implemented. We have taken some increases in MDF also, but very, very little actually and laminates I think Keshav can address better.
- Keshav Bhajanka:** We have taken between 3% and 4% price increase in laminates from April 1.
- Karan Bhatelia:** That is it from my end. Thank you.
- Moderator:** Thank you. The next question is from the line of Rahul Agarwal from InCred Capital. Please go ahead.
- Rahul Agarwal:** Thank you for the followup. Just one clarification, Keshav on the capex you mentioned 700 Crores over the next few years. In the PowerPoint presentation it says 250 Crores for next year. I am assuming that 700 includes the capex for the Greenfield in Andhra for MDF and the estimate capex for the entire plant, I believe was about 600 Crores. Could you please clarify this?
- Keshav Bhajanka:** No. The capex for the Andhra plant is between 450 Crores and 500 Crores. It is not 600 Crores.
- Rahul Agarwal:** Got it. 700 Crores is basically 250 plus 500 so that is about 700 Crores, 750 Crores over the next two years, is that correct?
- Keshav Bhajanka:** Keeping a bit of contingency because I do not know, the steel prices are going where they are you know vendors are renegotiating. There is a little bit of turmoil right now. But yes, ballpark, those are the figures.
- Rahul Agarwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Sonaal Kohli from Bowhead Investment Advisors. Please go ahead.
- Sonaal Kohli:** Thank you for taking my questions. Sir, what I wanted to understand is that you had a target of 1 Crores profit for, when do we see a new target of 1.5 Crores per day. Is it possible in a period of 2024 or 2025, if the payment to the real estate industry continues?



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Sanjay Agarwal: I really do not know how to. You know what we, as human mind works is about the mountain in front of you right now, so the mountain in front of us right now is actually 1 Crores per day and it seems that yes we are on the right track actually. When we are actually in a position to see that mountain being conquered at that time, it is better to set up the next target and next mountain actually. There is no point in going on taking new targets which do not have many foundations and in the meantime, we are of course laying the foundation for the future increase in whatever you are asking or thinking or dreaming. Yes, we are working on that and that is why all these capex plans have been taken. So, yes maybe very soon, you will hear us about what our next mountain or the next target is.

Sonaal Kohli: Sir, I have got a hypothetical question; assuming everything was to become normal, and there is no MDF capacities of Punjab would be there, would it be fair to assume that this Rs.1 Crore profit per target would easily be met in that situation?

Sanjay Agarwal: It will be met. Actually last year only, last financial year we have achieved, 240 Crores to 250 Crores PBT actually. So, to reach to 365 Crores is not far at all, but the plant in Hoshiarpur will start by the end of this financial year and in the next year we will ramp it up and we will utilize that capacity then in the next financial year the second plant will start. In the meantime, the plywood expansion capacity will start. So, you see any time in FY2023 this will happen. That is what we believe or maybe some time in 2024 because we do not have to do the whole year actually, but even if we do a quarter to that and that means we have achieved business.

Sonaal Kohli: Thank you so much.

Sanjay Agarwal: Thank you for being with us and thank you for thinking like this and pushing us harder.

Moderator: Thank you. The next question is from the line of Venkat Samala from TATA AMC. Please go ahead.

Venkat Samala: Thanks for the followup. Just one clarification, so the 30 Crores odd savings that the plant which was diversified is that already reflecting in the numbers or is that yet to get reflected?

Arun Kumar Julasaria: No. That is actually they have identified and now we have started implementing them, but we can see that there is a lot of possibilities, but this 30 Crores does not really mean a 30 Crores will be achieved actually, but yes, the possibility is there. We can see it and the Corona has to end and we have to get back on our fastest wheels, I am sure we will achieve those profits.



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Venkat Samala: If you could highlight which specific segment are we talking about here? Is it across the board in the company?

Sanjay Agarwal: You see, I have actually specified in my speech also which are the areas we have undertaken, some part of it is actually logistics, some part of it is in procurement and lot of it has been actually in MDF we have been. So, a better utilization of our capacity and better connection between the sales and manufacturing and what are the items which actually give us better profits or lesser profits, so maybe focus on that, focus on a particular kind of market or the focus on a particular buyer, who are not giving us profits, who are giving some profits, there are too much into it, but yes, these are the main areas where actually they will make impact.

Venkat Samala: Thank you. One last question now that you did mention that you are seeing Century gain market share from the unorganised players if you could specifically highlight, which segments of ply are we seeing an incrementally higher growth? Is it largely the mid and lower or even premium and also we do have a scope for growth because of this conversion from unorganised to organized? That will be my last question. Thanks.

Nikita Bansal: So, when you say unorganized to organized I think majority of that is happening at the Sainik level where it is waterproof as well as the water resistant that we give. We give two types of plywood in Sainik, but at the same time, we are also seeing that there are a lot of the B brands which are organized but there is a lot of movement from them to our brand at Century also that is happening. So, there might be a very small chunk of unorganized going to Century, but the other chunk will definitely be at Sainik's level.

Venkat Samala: How would be the margins for Sainik compared to the overall ply segment margins?

Nikita Bansal: I would not want to share that. It is definitely lesser, but I would not want to share that because we always compensate our Sainik brand with that, but we definitely ensure that we have a good margins that the target that we set we achieve that for sure.

Sanjay Agarwal: To add to that it is we talk about strategy here actually. We are looking at a long-term and that is the big fat belly of the market that is Sainik. So, the total I think about 15% of the market is lying with the higher cost branded market, but 40% to 45% is the belly of the market and which is the mid segment actually. So, we expect that in times to come the Sainik market will be much, much larger and it will give us much, much more profits because of our larger turnover, but this was an area where we were very, very skeptical that it will eat off, it will cannibalize us actually. So, for a three year or many years we were really looking at whether it will really cannibalize us, but now we are sure that the Sainik does not cannibalize CenturyPly. So that is why now we are going what we have been



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doing. The future is very good for this actually. Yes, it may have a little less percentage, but overall profits ultimately will be higher. Yes, it will take a few years to reach there.

Venkat Samala: Sure Sir. A large portion of this demand that we are catering here it is through outsourcing model.

Nikita Bansal: So, the Sainik MR which is the water resistant plywood is outsourced, but again with outsourcing with Century we have a complete quality control that we do. We do daily testing and we do not sell any product, which is deliver the testing parameter and the Sainik waterproof is 100% in-house from our factories.

Venkat Samala: What will be the mix between the two?

Nikita Bansal: If I just talk about March they have now reached 50%:50% like 50% is Sainik MR and now 50% is Sainik. The Sainik 710 is definitely having a much larger growth because India is a country which prefers waterproof plywood over water resistance plywood and that is why we see were also on television for a very brief time in IPL before it got suspended and this year you will see Sainik segment even on television because that is something that we believe we need to advertise and create a brand of Sainik.

Venkat Samala: Thank you. Thanks a lot. Wish you all the best.

Moderator: Thank you. The next question is from the line of Chirag Lodaya from ValueQuest Investment Advisors. Please go ahead.

Chirag Lodaya: Sir I had a question on plywood. Sir you mentioned like you will grow plywood business at around 10%, 15%. So if I look at FY2021 numbers it was obviously disrupted because of Q1 being impacted so now with this second wave etc., you are guiding for 10%, 15% growth which is like normalized sales which you use to do in FY2019, FY2020. Is that understanding correct?

Nikita Bansal: Can you just explain the last line again?

Chirag Lodaya: You still do 1250 Crores to 1300 Crores kind of topline in plywood business for last few years this year you have done around 1120 Crores and if I take 10% kind of revenue guidance which you have given 10% to 15% so you are saying that you will be able to do 1250 Crores to 1300 Crores topline in FY2022. I am just trying to get a sense because there is very good demand for housing products etc., so that bullishness is not translating into numbers.



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- Nikita Bansal:** Actually our aim for this year was around 1500 Crores plus but because of the first quarter obviously there will be a setback. I think that is the only factor that will come in but otherwise we were looking at our A&P planning was 1500 plus.
- Chirag Lodaya:** Second is similarly on margin. As Keshav Ji said that endeavor is to do 14% to 15% kind of margins in plywood business and if I look last two years our margins were in the range of say 10% to 11% so FY2022 you are saying EBITDA margins would be in the range of 14% to 15% is that understanding correct?
- Nikita Bansal:** Yes, 13.5% to 14% because see plywoods is a chunk of our business so majority of all our expenses also comes on plywood so because of that I think 13.5% to 14% is what that we can expect going forward.
- Chirag Lodaya:** I like to understand what would be the margin driver basically this 300 to 400 basis point improvement? What will drive this?
- Keshav Bhajanka:** One thing I would like to add we never had 10%, 11%. I think if you look at last year if you take out the extraordinary item we were at 12.4% and this year despite what happened in Q1 which should wash out we are at 11.8%. So we are not talking about a 300, 400 basis point improvement. We are talking about a 100 to 150 basis point improvement which as you know with operational leverage we will automatically come it is not something that the margins that you are referring to those margins are due to exceptional circumstances last year 10 days were washed out, last to last year, 10 days were washed out, which is a pure loss for the company and this is last month so you are looking at a substantial half a month being wiped out. If you look at we have gone by I do not need to tell you it is a difficult year, so overall I do not think with this 13.5% plus is very big change that we have undertaken here.
- Chirag Lodaya:** Sir in the initial part you mentioned I think 14%, to 15% is the long-term sustainable margins in plywood business?
- Keshav Bhajanka:** I am very, very optimistic that we will get that within this year itself but since again the first quarter has been impacted there is no two ways of that. I do not know whether we will hit that. This is something long-term 14% to 15% in my opinion is a bare minimum that we will be doing.
- Chirag Lodaya:** On a basically run rate basis we will exit year by 14% to 15% is that understanding correct I understand there is disruption for Q1 or Q2?



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- Keshav Bhajanka:** Definitely if you look at this I think two quarters we will be at that we will have a Q3, Q4 we will definitely do that.
- Chirag Lodaya:** In terms of capacity whatever additions we are doing in existing plant as well as new plant coming up in Punjab, what is the peak revenues you can generate in plywood business with recent upcoming capacity which we are adding in Punjab?
- Keshav Bhajanka:** I think we will be able to do 500 Crores turnover in plywood considering the outsourcing module that we have in place and considering the expansion that we are doing quarterly.
- Chirag Lodaya:** The 500 Crores quarterly revenue you are saying right?
- Keshav Bhajanka:** Yes, on an annualized basis.
- Chirag Lodaya:** So 2000 Crores is...
- Keshav Bhajanka:** Yes, that is the peak volume but again in this business there will be seasonality see we see certain quarters doing better and certain quarters doing a little lesser.
- Nikita Bansal:** I am just like to add one thing in plywood we are actually now not looking at a one-year plan or anything like that. We are looking at a very long-term plan where we want to double our capacity whether it will be through outsourcing or through our factories over the next three year period. So we will be taking because we think that the future in plywood is very bright so we will be taking capacities in the future but as of now if this is tough to really taking how much this will add because we are looking at a very holistic picture.
- Chirag Lodaya:** With that doubling in three years can that number would be like in excess of 3000 Crores is that understanding correct two, three years down the line?
- Nikita Bansal:** That is what we want to work towards. I am not saying we have a current plan. Now this is something we want to work towards.
- Chirag Lodaya:** I want to understand what is driving this bullishness?
- Nikita Bansal:** Sorry.
- Chirag Lodaya:** If I have to understand what is driving this bullishness?
- Keshav Bhajanka:** The fact that we have been able to do is if you look at the last quarter before lockdown we were at 10% growth, and you have seen the growth in the last two quarters. Now the proof



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of the pudding is in the eating. The fact that we have been able to do it gives us a lot of confidence that we will be able to do it going forward as well.

Chirag Lodaya: All the best. Thanks.

Moderator: Thank you. Ladies and gentlemen that was the last question for today. I now hand the conference over to the management for closing comments.

Sanjay Agarwal: Friends, it was wonderful talking to all of you. Thank you so much for joining us on the call and taking your time out, looking and listening to us and pushing us more for future. Look forward to seeing you next time on Q1 earnings call. Thank you so much.

Moderator: Thank you. Ladies and gentlemen on behalf of Ambit Capital that concludes this conference. Thank you for joining us. You may now disconnect your lines.