

CENTURY

PLYBOARDS (I) LIMITED



CENTURYPLY[®]

INVESTOR PRESENTATION, 2014

A Quick Word About Century

- Incorporated in the year 1982
- Listed on the NSE and BSE. Present Market Cap over Rs. 1300 cr
- India's leading plywood manufacturing company with six manufacturing units in India and one in Myanmar.
- India plants: Haryana (North), Tamil Nadu (South), West Bengal (East), Assam (North-east), Gujarat (West) and Uttarakhand (Central).
- Pan-India presence with 33 marketing offices and 5000+ dealer outlets
- Century is India's highest selling plywood brand
- Governed by professional Board with balanced mix of promoters and Independent Directors (qualified and respected)
- Managed by a team of qualified and experienced professionals
- Strong IT support system with SAP ERP
- Aggressive approach with asset light model

A Quick Word About Promoters - 1

- Promoted by first-generation promoters; professionally owned by 5 unrelated promoters
- Mr. Sajjan Bhajanka and Mr. Sanjay Agarwal are key promoters
- Widely-owned promoter holdings: Promoter groups consist of five non-related groups.
- Mr. Vishnu Khemani, Mr. Prem Bhajanka and Mr H.P. Agarwal are other promoters
- Total promoter holding of 74.46%. Mr Sajjan Bhajanka - 26.71%, Mr. Sanjay Agarwal - 26.54%, Mr Vishnu Khemani - 8.59%, Mr. Prem Bhajanka - 6.24% and Mr. H.P. Agarwal - 6.38%. Promoters maintaining their shareholding
- All promoters are first-generation entrepreneurs with over 30 years experience in plywood and related products

A Quick Word About Promoters - 2

- All promoters are actively involved in day-to-day management under the leadership of Mr. Sajjan Bhajanka
- Mr. Sajjan Bhajanka is considered as an industry icon
- Mr. Sajjan Bhajanka is the President of Federation of Indian Plywood & Panel Industry and All India Veneer Manufacturers Association. He is also the Governing Body Member of Indian Plywood Industries Research & Training Institute (government body).
- All promoters have philanthropic background . Mr. Sajjan Bhajanka heads Friends of Tribal Society, an NGO running over 60,000 schools in tribal belts. Also founder trustee and Secretary of Kalyan Bharti Trust, running an engineering college and day boarding school in Kolkata.

Our People

- Century is a professionally managed company
- Over 5500 employees
- Cordial relations; zero manpower loss
- Highest per man productivity in industry

Core team`

Name	Designation	Qualification	Experience	Past employer
Ajay Baldawa (57)	Head (Technical)	M. Tech (IIT)	30	Sarda Plywood
Arun Julasaria (52)	CFO	FCA,FCS	30	Mani Group
Anoop Hoon (58)	Head (Marketing)	PGDM (XLRI)	35	Asian Paints
Asutosh Jaiswal (55)	Head (CFS Business)	B Sc	30	Engser India P Ltd
Sugata Halder (45)	Head (Human Resources)	B Sc. PGDM	22	Bharati Airtel

Core team assisted by qualified Chartered Accountants, Cost Accountants, Company Secretaries, IIM graduates and others. `

Century: Capital Evolution - 1

- Investor friendly: Nearly 6000% capital appreciation to investors since IPO (1997-98) in addition to uninterrupted dividend
- Company floated IPO in 1997-98; raised Rs. 7.37 cr by issuing 36.83 lac shares of Rs.10 each at a premium of Rs. 10
- Came out with a rights issue in 2004-05 and raised Rs. 5.85 cr by issuing shares of Rs.10 each at a premium of Rs. 30
- Till date company has raised Rs. 13.86 cr with more than 75% contribution from promoters
- Bonus in the ratio of 1:2 in the year 2004-05

Century: Capital Evolution - 2

Date	Event	No	FV Rs.	Issue Rs.	Rs.Crores	Rs.Crores
1982-1993	Initial shares to promoters	240100	10	10	0.24	0.24
31.03.1994	Merger of Ramkrishna Veneer	93110	10	-	0.09	-
05.01.1996	Bonus Issue 3 for 1 held	999630	10	-	1.00	-
27.05.1997	Maiden Public Issue Rs.10 premium	3683040	10	20	3.68	7.37
27.05.2004	Right Issue 40% at (Rs. 30 premium)	1951152	10	30	1.95	5.85
30.07.2004	Bonus Issue 1 for 2 held	3414516	10	-	3.41	-
19.02.2007	Merger of Shyam Century Ferrous Ltd	9521865	10	-	9.52	-
16.04.2008	Merger of Century Panel and Sharon	2451886	10	-	2.45	-
	Total	22355299			22.36	13.46
	Less shares forfeited	-138000	10	10	(0.14)	-
	Total	22217299			22.22	13.46
02.05.2008	Sub Division into Rs. 1 from Rs. 10	222172990				

Century: Robust Growth

Rs. in crores

	2003-04	2013-14	CAGR %
TOTAL INCOME	124.55	1293.45	26.37%
EBIDTA	11.27	157.66	30.19%
Cash Profit	10.45	102.55	25.66%
EBIT	9.84	124.42	28.88%
PBT	9.01	69.30	22.63%
PAT	7.31	66.94	24.79%
TOTAL FIXED ASSETS	22.79	230.73	26.05%
TOTAL CAPITAL EMPLOYED	54.75	641.99	27.91%
LONG TERM DEBT	27.75	119.87	15.76%
SHARE CAPITAL	4.91	22.25	16.31%
NET WORTH	31.63	291.41	24.86%
ROE	23%	23%	-
ROCE	18%	19%	-
ASSETS TURNOVER RATIO	5.47	5.61	-
DEBT (LONG TERM)/EQUITY	0.88	0.41	-

Century: The Brand - 1

- Century Ply is India's leading plywood brand (highest turnover)
- Other brands are Sainik Ply, Sharon Ply and Nesta Furniture
- Among India's 100 most valuable brands (ICMR and 4Ps B&M survey)
- One of nation's top 200 Power Brands - 'Legacy', 'Recall' & 'Trust'
- Acknowledged as 'Master Brand' by the CMO council
- Enjoyed Top of Mind Awareness of 98% (Source: Synovate)
- Brand endorsed by celebrities like Nawab Pataudi/Sharmila Tagore/Shahrukh Khan (Billu Barber & My Name is Khan), Amitabh Bachchan (Arakshan) and Nana Patekar (brand ambassador)

Century: The Brand - 2

- 25 years old - the competitive survivor
- Enduring recall of 'innovation', 'premium' and 'protection'
- Annual brand investment 4 per cent of turnover
- Aggregate brand investment of Rs 224 cr. in the last decade
- Commands price premium over peers

Century: The Product

- Manufacturer of all variants of plywood, decorative veneer, laminate and pre-lam boards
- Product quality superior than industry average
- 5% premium over nearest brand; 20% over un-organised products
- Quality defined by endurance and borer-resistance
- Glue-lined protection (GLP) product and Flexoply pioneering in India
- Boiling Water Resistance (BWR) decorative veneer
- Seven-year powder proof guaranteed PF plywood
- Evolved from product warranty to product guarantee
- **0.05%** product complaints received in 17 years

0.05

percentage of
product complaints
received in
17 years

Business Overview

Plywood

- India's leading plywood manufacturer
- Pan-India: six manufacturing facilities spread over all parts of India
- Overseas: one in Myanmar
- Capacity : 210000 CBM Plywood

Logistics

- Running Two container freight stations at Kolkata port
- Eastern India's 1st privately owned container freight stations
- Capacity : 150000 TEUs

Laminates

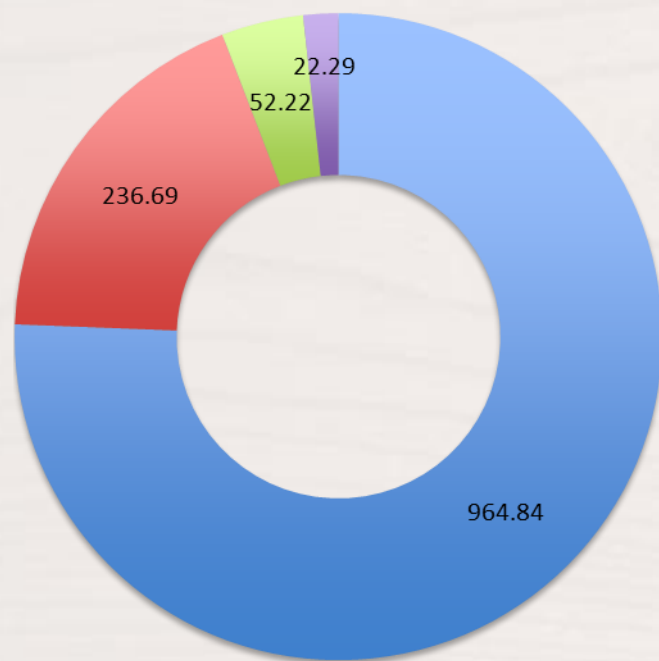
- Among India's top three laminate manufacturers
- Focus on Niche Segment
- Capacity 4.8 mn sheets with short cycle pre-laminating facilities

Others

- Mainly trading in furniture, chemicals and shipping
- Recently entered furniture business with two pilot showrooms and introduction of modular kitchen Now plan to expand through franchise model
- Subsidiary owns one Super Max vessel

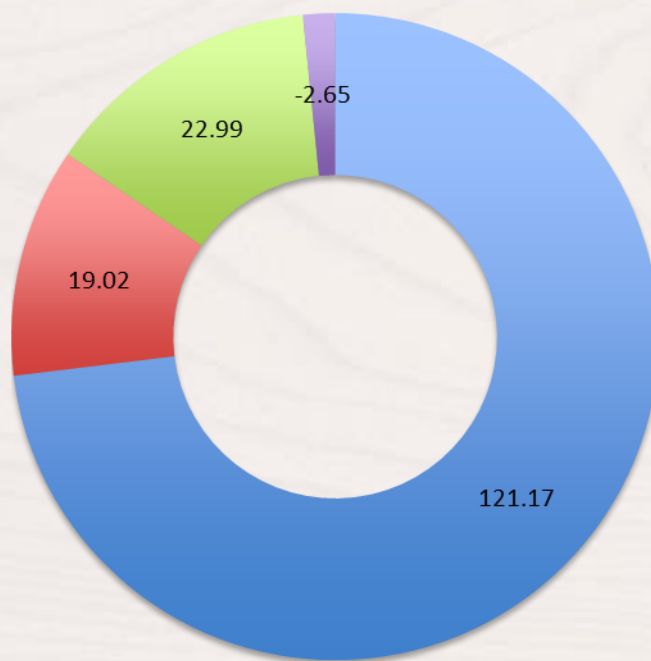
Revenue Mix

Revenue mix table with pie chart (2013-14)



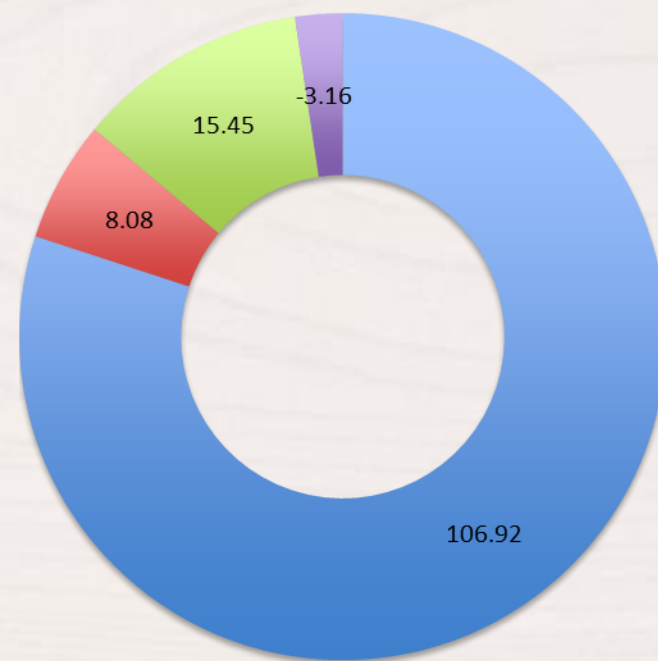
■ Plywood ■ Laminate
■ Logistic ■ Others

EBIDTA mix table with pie chart (2013-14)



■ Plywood ■ Laminate
■ Logistic ■ Others

EBIT mix table with pie chart (2013-14)



■ Plywood ■ Laminate
■ Logistic ■ Others

PLYWOOD

Plywood: Market

- Indian Plywood and Panel market is estimated to be Rs 15000 cr
- Market divided into organized (branded) and unorganized sectors. Unorganized sector dominating with higher market share of 70%
- Rs 4500 cr organized market dominated by two national players
- Century dominate with almost 25% of organized market share
- Apart from nearest peer, rest 5-6 organized players are region based
- Overall Industry expected to grow at 6%
- Organized sector is poised to grow at 25-30%

4500

Size of India's
branded plywood
market (Rs/cr)

Plywood: Growing Organized Sector

- Unorganized sector dominated due to high excise duty and sales tax regime

- Reasons for growth of organized sector

Reduction of excise duty from 16% (2006) to 8% (now 12%)

Introduction of VAT regime

Brand and Quality awareness

Economy of Scale

Introduction of GST will be beneficial to Organized sector

Product Innovation, Wider Choice and Warranty

Plywood 50% of interior investment 20 years ago;
less than 20% of interior investment now

Reduction in Excise
Duty
And VAT Regime

Plywood: Growth Drivers

- Growing Real Estate and Construction Sector
- Rising Per Capita Income
- Urbanization
- Spread of education and growing employment opportunities
- Increased affordability
- Reduced home renovation cycle from around 15 years to 5 years
- Affordable Housing Loans (EMI equal or less than rent)
- New Government's emphasis on infrastructure and housing
- Finally "Aachhe Din" (Modi Factor)

REAL ESTATE AND
HOUSING

Plywood: Challenges

- Raw- Material ; Industry require both matured and short cycle timber.
- In India short cycle timber is grown as agro-forestry and available, but cutting of matured timber not allowed or subject to strigent regulations
- Industry is heavily dependent on import of matured timber (From Myanmar)
- Myanmar has already banned export of raw timber w.e.f. 1st April,2014
- Industry is yet to explore a reliable and suitable substitute of Myanmar timber and there is pre-existing ban on export of timber in several countries
- Competition from other penal products (MDF, Particle Board)
- Foreign Exchange volatility
- Environmental Laws

Plywood: Century Position

- Century Ply is India's largest and leading plywood company
- Century Ply is most preferred and respectable brand
- Century Ply is first to introduce seven year guarantee (not warranty) for plywood
- Century Ply is first to introduce Glue Lined Protection (GLP) technology, which revolutionized plywood quality
- Century Ply has all varieties of plywood and has introduced innovative products like Flexo Ply (Flexibly mouldable), Kleanwud (Low emission), Boiling water resistant decorative veneers, natural teak veneers, Recon veneers, etc
- Century Ply has its manufacturing facilities in all regions of country
- Century Ply is first to set up unit in Myanmar, ensuring un-interrupted supply of quality raw material to its all units

Plywood: The Great Indian Opportunity

- Larger segment in the world's second largest consumer market relatively unexplored
- 69% of Indian population (rural) consumes only 8-10% of India's plywood. Prospective rural boom yet to be factored in
- Industry grew 15% (by value) during challenging FY14 - 3x GDP. FY-15 Expected 25%+ .
- Stronger home financing driving home ownership. Probable decline in interest rates in the offing
- Landed cost of imported quality plywood more expensive than local cost
- Large inventory of completed homes in metro cities
- Industry likely to respond better to economy rebound. Worst is over.
- Larger volume off take + higher realizations
- Relatively limited competition among existing players

Century: Profitable Business Engine

- Capital cost of Rs 41 cr for 31000 cbm /annum plywood plant (Kandla)
- Rs 200 cr of projected annual sales from this plant in a full year
- Projected payback less than 24 months, attractively for a mature business
- Large volumes, high entry barriers, attractive returns

LAMINATE

Growing Laminate Exposure

- We are India's third largest laminate producer
- Accounted for 19 % of Century revenues, FY14
- Perceived as India's best quality laminate brand
- Addressing niche segment
- Adding almost 100 SKUs per year to existing folder of 700
- Supported RDC-based distribution to ensure fast supply
- First time introduced Exteria grade laminate in India. Used for outside façade.
- Doubled capacity from 2.4 mn sheets to 4.8 mn
- Business synergy as same customer base

LOGISTICS

CFS OPERATION

Century: Logistics

- Running two container freight stations near Kolkata Port. Area 1 lac sqm.
- First privately owned CFS of eastern India
- Complete new facilities with state of art technology , compared to peers
- RFID/GPS/GPRS based container tracking system
- Commissioned operations in the year 2008-09
- Can handle 150000 TEUs (15 days dwelling time)
- High EBIDTA business. Profitability multiply with volume increase.
- Stable foreign exchange scenario will lead to increased import/export and growth of CFS revenue. Kolkata Port container traffic expected to grow at a CAGR of 25%

OTHERS

Century: Other Businesses

- Mainly furniture and trading of plywood related chemicals
- Aegis Business Limited (51% Subsidiary) own and run a super max vessel on time charter basis
- Entered furniture business in 2012 with two pilot retail show-rooms at Kolkata and Bangalore.
- Recently introduced modular kitchen made of our plywood with all-proof warranty
- Planning to expand through franchisee module
- Trading in plywood related chemicals, glues and resins

CENTURY

Competitive Advantages

Century: Leader of Market

- India's leading plywood producer with highest volume and revenue
- India's 3rd largest laminate producer catering to niche segment
- Six pan-India units; highest in sector
- Units in all parts of Country addressing specific zone
- Plants leveraging raw material and market proximity (logistics)
- First Indian company with an overseas plant (Myanmar, June 2013)
- Indian plywood industry heavily dependent upon Myanmar timber and Myanmar already banned export of raw-timber.
- Myanmar facility semi-process timber and export to Indian facilities
- 33 marketing branches with warehousing facilities ensuring customer connect and fastest supply chain

Century: Economies of Scale

- Largest plywood installed capacity in India: 210,000 cbm
- Kolkata unit largest standalone unit in India
- Added two units in FY14 (Gujarat and Myanmar)
- Capital cost per cbm around Rs 10,000 (Prevailing ind. avg. Rs 13,000)
- Largest single Indian timber buyer - economies of purchase

Century: Retail-driven business model

- 90% of production marketed through retail network
- 10% marketed to OEM network
- High retail loyalty; resistance to price erosion; wider customer attrition de-risking
- Positive correlation between branding and realizations
- Also focusing on e-marketing
- Recently launched a portal 'Nestopia' for consumer guidance, connect and e-marketing
- In close touch with influencers (Architects, Interior designers, Carpenters)

90%
of production
marketed through
retail network

Century: The Solid Dealer Network

- Increase in dealers from 1450 (2008] to 5000(FY14)
- Dealers in almost every Indian city / town with 1 lac population
- **Most of** dealers associated with the company since inception
- Almost all dealers financially sound . Negligible Bad Debt
- Working with plan to add 30% dealers every year
- Focus on dealers in small towns to increase direct proximity to consumer
- Royal Club for big dealers (sense of proud)

Century: Marketing Initiatives & Strategy 2015

- New Marketing team of Senior Management Roles of LOB Head. Each one with 20+ experience and from premiere Business Schools
- 200+ new recruits in frontline sales force to augment business plan
- IT focus to automate sales force and CRM
- Aggressive plan for communication of the brand (TVC from June, 14)
- TVC Road map June-July Khushiyon Ka Rangmanch (Corporate), Aug-Sept-Laminate, Nov-Dec Khushiyon Ka Rangmanch
- Huge thirst on retail visibility
- New look catalogue for laminates and decorative veneers
- Build equal amount of end consumer pull in a heavily influencer driven category



खुशियों
का रंगमंच



Century: Segment Wise Results

	PLYWOOD		LAMINATES		CFS		OTHERS		TOTAL	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
REVENUE										
Net Sales	964.84	826.12	236.69	210.86	52.22	55.85	22.29	31.50	1,276.04	1,124.33
Operating Incomes	1.40	1.93	5.78	4.19	0.74	0.69	0.01	0.01	7.93	6.82
Sub Total	966.24	828.05	242.47	215.05	52.96	56.54	22.30	31.51	1,283.97	1,131.15
Total Operating Expenditure	845.07	756.09	223.45	187.51	29.97	27.33	24.95	34.14	1,123.44	1,005.07
Segmental Forex (Loss)/Gain	(9.74)	1.10	(2.97)	1.39	(0.21)	0.19	(0.46)	-	(13.38)	2.68
Operating Exp Excl. Forex loss	835.33	757.19	220.48	188.90	29.76	27.52	24.49	34.14	1,110.06	1,007.75
EBIDTA (EXC FOREX LOSS)	130.91	70.86	21.99	26.15	23.20	29.02	(2.19)	(2.63)	173.91	123.40
EBIDTA % (EXC FOREX LOSS)	14%	9%	9%	12%	44%	51%	-10%	-8%	14%	11%
EBIDTA	121.17	71.96	19.02	27.54	22.99	29.21	(2.65)	(2.63)	160.53	126.08
EBIDTA %	13%	9%	8%	13%	43%	52%	-12%	-8%	13%	11%
DEPRECIATION	14.25	10.50	10.94	8.32	7.54	7.62	0.51	0.28	33.24	26.72
EBIT	106.92	61.46	8.08	19.22	15.45	21.59	(3.16)	(2.91)	127.29	99.36
EBIT %	11%	7%	3%	9%	29%	38%	-14%	-9%	10%	9%
UNALLOCABLE EXP/(INCOME)										
Exp / (Income)									(0.50)	5.94
Forex Loss									3.37	-
Sub Total									2.87	5.94
BORROWING COST										
Interest									27.84	18.81
Forex Loss									27.28	20.24
Sub Total									55.12	39.05
PBT									69.30	54.37
PBT %									5%	5%
PBT (W/O FOREX LOSS)									113.33	71.93
PBT % (W/O FOREX LOSS)									9%	6%
Tax									2.36	1.72
PAT									66.94	52.65

Century: Balance Sheet

	2013	2014
Share Capital	22.25	22.25
Reserves & Surplus	227.42	269.16
Net Worth	249.67	291.41
Long Term Debt	155.66	117.98
Short Term Debt (Bank CC)	10.48	113.98
Buyers' Credit	278.78	213.91
Total	694.59	737.28
Fixed Assets	221.68	230.73
Investments	15.62	37.89
Current Assets		
-Inventories	217.67	292.66
-Sundry Debtors	181.62	204.63
-Cash & Bank	79.74	18.04
-Other Current Assets	13.67	18.81
-Loans & Advances	47.5	43.69
Current Liabilities		
-Sundry Creditors	80.81	74.23
-Others	61.18	103.72
Net Current Assets	398.21	399.88
Non Current Assets	59.08	68.78
Total	694.59	737.28

Century: Higher Fiscal Efficiency

- Solid Balance Sheet
- Asset Light business
- Low gearing
- High ROE
- Stable Profitability

Century: Opportunities

- New plants with unutilized space; high operating leverage
- Quick capacity commissioning capabilities; three months for brown-field and six months for green-field
- Strengthening rupee; lower raw material costs; higher margin possibilities
- 40% capacity increase to come into play in FY15
- The attractive Myanmar opportunity

Century's Competitive Advantage Summary

- Enduring brand
- Superior product
- Established market leadership

- Retail-driven business
- Attractive financials
- Strengthening fiscal efficiency

- Expansive dealer coverage
- Economies of scale
- Increasingly value-added

- Investing in sales competence
- Strengthening HR capabilities
- Investing in IT capabilities

Century

Game Changer

Gamechangers in India

- New government, fresh optimism
- Stronger rupee
- Housing sector push (especially LIG)
- GST implementation optimism
- High apartment inventory to be progressively liquidated
- Increased hospitality, healthcare and government spending

Gamechangers at Century

- Adequate raw material security
- Projected forex gain against Forex loss in FY 14
- First mover advantage at Myanmar
- Unaffected by Myanmar timber export ban
- In Myanmar all tax exemptions for 6 years with timber supply assurance
- Recent Capacity expansions can take care of 25% YOY growth for FY-15 and 16
- Targeting revenue growth of 25%+ in all segments
- Profitability to grow substantially with revenue growth and probable forex gain
- Overall a robust FY-15 (to continue)

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