MIRAE ASSET Sharekhan

Stock Update

Result Update

Century Plyboards (India) Ltd

Strong Q2; seasonal rebound eyed in H2

Building Materials	Sharekhan code: CENTURYPLY

Reco/View: Buy	⇔	CMP: Rs. 793 (as on Nov 14, 2025)	Price Target: Rs. 945	↑

3R MATRIX

	+	=	-
Right Sector (RS)	✓		
Right Quality (RQ)	✓		
Right Valuation (RV)		✓	

\+ Positive = Neutral – Negative

What has changed in 3R MATRIX

	Old		New
RS	+	⇔	+
RQ	+	⇔	+
RV	=	⇔	=

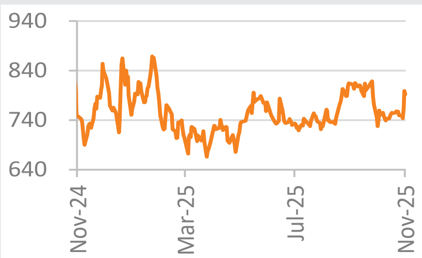
Company details

Market cap:	Rs. 17,609 cr
52-week high/low:	Rs. 93/6,309
NSE volume: (No of shares)	1.0 lakh
BSE code:	532548
NSE code:	CENTURYPLY
Free float: (No of shares)	21.1 cr

Shareholding (%)

Promoters	73
FII	4
DII	18
Others	5

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	6.9	4.1	7.4	7.6
Relative to Sensex	4.5	0.1	4.4	-1.4

Source: Mirae Asset Sharekhan Research, Bloomberg

Summary

- Consolidated revenue rose 17.1% y-o-y to Rs. 1,385.5 crore, while rose 57% y-o-y to Rs. 174.6 crore on broad-based volume momentum and improved premium mix across segments.
- Volume growth was strongest in MDF and plywood segments, on better utilisation, distribution expansion and premium SKUs.
- Management reiterated FY26 guidance: Plywood (over 13% revenue, 12-14% margin), Laminates (15–17% revenue, high single-digit margins), MDF (25% revenue, ~15% margins), Particleboard (40% revenue, low single-digit margins).
- We retain a Buy with a revised PT of Rs. 945, on strong multi-year earnings visibility led by capacity ramp-ups, improving product mix and robust cash generation.

Century Ply delivered a strong performance in Q2FY26, with consolidated revenue rising 17.1% YoY to Rs. 1,385.5 crore and EBITDA increasing 56.9% YoY to Rs. 174.6 crore, driving a 320 bps margin expansion to 12.6%. Adjusted net profit grew 72.4% YoY to Rs. 68.9 crore, supported by healthy volume growth, operating leverage, and continued premiumization across product categories. The Plywood/Laminates/MDF divisions reported revenue growth of 14.8%/16.6%/27.9% YoY to Rs. 764/188/343 crore, respectively, with corresponding volume growth of 15.2%/1.6%/20.8% YoY. MDF plants operated at a healthy 80–85% utilisation, and the planned south-based line extension—which will enhance MDF capacity by ~25% to ~600,000 CBM—is expected to come onstream in H1FY27. The Particle Board segment reported a revenue decline of 17.8% YoY to Rs. 33 crore with volumes down 5% YoY and an EBITDA loss of Rs. 1.26 crore, reflecting high fixed costs during the early ramp-up phase. However, management indicated strong customer response to product quality and expects a meaningful volume ramp-up over the coming quarters.

Key positives

- Q2FY26 consolidated revenue grew 17.1% YoY, supported by broad-based growth across segments, driven by higher volumes and premiumization.

Key negatives

- Weak Particle Board performance, as the segment remains in early ramp-up phase with high fixed-cost absorption.

Management Commentary

- Timber prices rose in North India on temporary supply constraints, while prices in the South remained stable to slightly softer. We expect timber costs to normalise in the coming quarters as supply improves.
- Plywood EBITDA margins stood at 13.7% vs 15% a year ago, laminate margins at 9.7% vs 4.7% a year ago, due to a better product mix and better demand. MDF margins stood at 13.6% versus 2.5% a year ago.
- Confident of achieving 40% revenue growth in particale board for FY26, despite a muted H1 as the new line is in a ramp-up phase. They expect a significant improvement in H2FY26 and maintain a steady-state margin outlook of ~15% in the medium term as utilisation improves.

Revision in estimates – We introduce FY28E in this note.

Our Call

Valuation – Retain Buy with a revised PT of Rs. 945: Demand is expected to improve from H2FY26, supported by multiple real estate projects under development. A surge in both residential and commercial construction is fuelling plywood consumption, with applications ranging from furniture manufacturing to structural use. Capacity expansion across segments is expected to generate significant cash flows, enabling steady debt reduction. The stock trades at 49x/36x /26x its FY2026E/FY2027E/2028E earnings, which we believe offers scope for further upside. We retain our Buy rating on Century Plyboards with a revised price target of Rs. 945.

Key Risks

Volatility in timber prices, dependence on raw material imports, delays in achieving optimal capacity utilisation and slower-than-expected real estate growth impacting demand.

Valuation (Consolidated) Rs cr

Particulars	FY25	FY26E	FY27E	FY28E
Revenue	4,528	5,178	6,069	7,278
OPM (%)	10.7	12.8	13.8	14.9
Adjusted PAT	199	362	494	679
y-o-y growth (%)	-38.2	82.3	36.3	37.6
Adjusted EPS (Rs.)	8.9	16.3	22.2	30.5
P/E (x)	88.8	48.7	35.7	26.0
P/B (x)	7.5	6.5	5.6	4.6
EV/EBITDA (x)	39.2	27.9	21.6	16.2
RoNW (%)	8.70%	14.30%	16.80%	19.40%
RoCE (%)	7.80%	10.70%	12.80%	15.20%

Source: Company; Mirae Asset Sharekhan estimates

Results (Consolidated) Rs cr

Particulars	Q2FY26	Q2FY25	% yoy	Q1FY26	% qoq
Income from operations	**1,385.5**	**1,183.6**	**17.1**	**1,169.4**	**18.5**
COGS	717.7	650.8	10.3	602.3	19.2
Gross profit	**667.9**	**532.8**	**25.3**	**567.1**	**17.8**
Gross margin (%)	48.2	45.0	319	48.5	(29)
Employee cost	205.6	173.3	18.6	191.9	7.1
Other expenditure	287.6	248.2	15.9	247.0	16.5
Total expenditure	1,210.9	1,072.3	12.9	1,041.2	16.3
Operating profit	**174.6**	**111.3**	**56.9**	**128.2**	**36.3**
Finance cost	31.1	17.2	80.6	22.2	40.1
Depreciation	47.6	33.6	41.6	36.7	29.6
Non operating income	1.9	(2.5)	NA	1.9	2.1
Extraordiary gain / loss	-	-	NA	-	NA
PBT	**97.9**	**58.0**	**68.6**	**71.1**	**37.6**
Tax	26.9	18.1	49.2	18.2	47.8
Reported PAT	70.9	40.0	77.4	52.9	34.0
Adjusted PAT	**68.9**	**40.0**	**72.4**	**51.9**	**32.9**
			BPS		**BPS**
OPM (%)	12.6	9.4	320	11.0	164
NPM (%)	5.0	3.4	160	4.4	54
Tax rate (%)	27.5	31.1	(359)	25.6	190

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

Sector Outlook – Expect operations to recover faster

The building materials industry was severely affected by the COVID-19-led lockdown during Q1FY2021, which In 2025, the Indian furniture market is forecasted to achieve a revenue of $6.19 billion and grow at a CAGR of 6.04% from 2025-29. The predominant sector within this market is home décor, expected to achieve a revenue $2.13 billion in 2025. The real estate sector's expansion and a growing inclination toward home renovation and interior decoration are further driving the demand for furniture products. Government initiatives such as Smart Cities, Housing for All, and Make in India are fostering sectoral growth, while evolving consumer preferences are accelerating the shift from unorganised to organised retail. The entry of global players like IKEA and the rapid scaling of domestic brands such as Wakefit and Pepperfry are reshaping the competitive landscape.

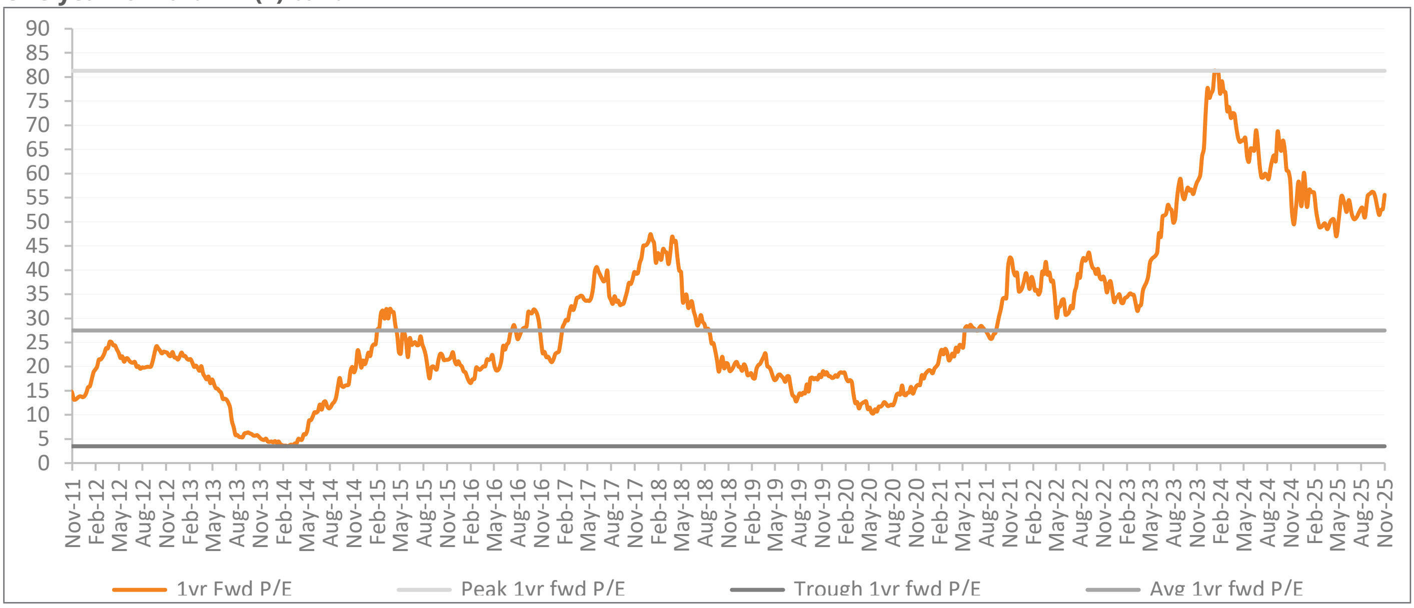
Company Outlook – Expect demand revival ahead

Century Plyboards is well positioned to benefit from rising demand in the wood panel industry, supported by structural tailwinds such as urbanisation, affordable housing and increasing preference for branded products. Ongoing capacity expansions in plywood, MDF, laminates, and particleboard are expected to drive strong revenue growth, while improving cash flows should aid in debt reduction. With steady margins, robust demand visibility, and a healthy capex pipeline, the company remains on track to deliver sustainable growth over the medium to long term.

Valuation – Retain Buy with a revised PT of Rs. 945

Demand is expected to improve from H2FY26, supported by multiple real estate projects under development. A surge in both residential and commercial construction is fuelling plywood consumption, with applications ranging from furniture manufacturing to structural use. Capacity expansion across segments is expected to generate significant cash flows, enabling steady debt reduction. The stock trades at 49x/36x /26x its FY2026E/FY2027E/2028E earnings, which we believe offers scope for further upside. We retain our Buy rating on Century Plyboards with a revised price target of Rs. 945.

One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

About company

Century was founded in 1986 by Sajjan Bhajanka and Sanjay Agarwal. Today, the company is the largest seller of multi-use plywood with a market share of ~25% and decorative veneers in the Indian organised plywood market. The company also has a laminate, particle board, and MDF division.

Investment theme

Century Plyboards offers a compelling growth story driven by multi-segment capacity expansions, steady margin profile, and rising demand from housing and real estate. With plywood, MDF, laminates, and particle boards all positioned for growth, the company is set to generate strong cash flows, enabling debt reduction and funding future expansion. Its leadership position, diversified product mix, and ability to capture market share make it well placed to deliver sustainable earnings growth over the medium term.

Key Risks

Key risks include volatility in timber prices, dependence on raw material imports, delays in achieving optimal capacity utilization, and slower-than-expected real estate growth impacting demand.

Additional Data

Key management personnel

Name	Designation
Sajjan Bhajanka	Chairman
Sanjay Agarwal	Managing Director
Arun Kumar Julasaria	Chief Financial Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Kotak Mahindra Asset Management Co	4.46
2	DSP Finance Pvt Ltd	4.18
3	Mirae Asset Financial Group	3.41
4	Nippon Life India Asset Management	1.51
5	PI Opportunities Aif V LLP	1.31
6	Vanguard Group Inc/The	1.13
7	Edelweiss Asset Management Ltd	0.97
8	L&T Mutual Fund Trustee Ltd/India	0.60
9	Blackrock Inc	0.49
10	Dimensional Fund Advisors LP	0.39

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and detoriating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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