HOLD

TP: Rs 840 | ⮝ 7%

CENTURY PLYBOARDS | Building Materials | 06 February 2026

Volume-led growth continues; incremental capex planned

- **Beats revenue estimates, miss on margins. Revenue grew a robust 18% YoY, led by Plywood (+15% YoY), MDF (+19% YoY) and PB (+84% YoY)**
- **Volume growth was well supported by improving realisations across segments, excluding PB where realisations declined (-15% YoY)**
- **Revise estimates, roll forward to Dec-27EPS, ascribe unchanged 1YF multiple of 40x and arrive at TP of Rs 840. Maintain HOLD**

Vineet Shanker
Research Analyst
research@bobcaps.in

Beats topline (7% above our est.), slight miss on margin (-40bps below estimates): CPBI beats our estimate for Q3FY26 (Revenue: +7%; EBITDA: +4%) driven by strong performance of the plywood & MDF segments. Overall, CPBI revenue/EBITDA/APAT grew by 18%/32%/16% YoY during the quarter, supported by healthy volume growth; though higher depreciation and interest expenses capped earnings upside; adjusted PAT grew 16% YoY.

Robust volume growth: CPBI delivered a strong volume growth for its plywood (+17% YoY) and MDF (+13%) segments in Q3FY26, due to its focus on dealer expansion. While PB reported a robust 2x volume growth, Laminate segment volume performance declined (-7% YoY). Particleboard segment delivered the highest-ever quarterly revenue of Rs 650mn, supported by higher volumes and improving capacity utilisation. MDF reported margin contraction on account of product mix and cost pressures. Laminates reported a sharp improvement in margin, due to premiumisation drive.

Broadly maintains guidance, optimistic for FY27; capex on cards for FY28-29: Management guided for double-digit volume growth across the plywood and MDF segments. MDF volumes expected to grow >20% YoY in Q4FY26 and EBITDA margins are expected to recover to ~16% from Q4FY26 onwards, as operations stabilise and utilisation improves. The company is adding a second MDF line of ~700 CBM/day, with commissioning targeted in ~18 months; while incremental growth will continue being funded through internal accruals, keeping the leverage in check. FY26 capex is expected to be Rs 4bn, though the phasing beyond FY26 remains contingent on land acquisition timelines.

Revise estimates, maintain HOLD: CPBI has been reporting a strong operating performance for the plywood segment, for the past 6 consecutive quarters. We have revised our FY26-28 estimates to reflect a robust volume growth in Ply/MDF/PB and also factors in CPBI's capex plans. Roll forward to Dec-27EPS and ascribe unchanged 40x 1YF multiple to arrive at TP of Rs 840 per share (Rs 800 earlier). maintain HOLD on limited upside.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	CPBI IN/Rs 786
Market cap	US$ 1.9bn
Free float	27%
3M ADV	US$ 0.9mn
52wk high/low	Rs 897/Rs 650
Promoter/FPI/DII	73%/4%/18%

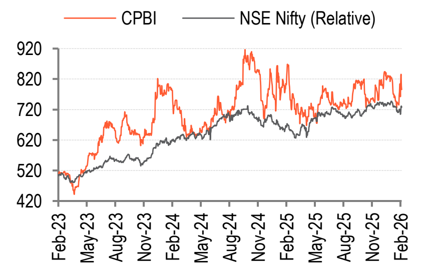
Source: NSE | Price as of 5 Feb 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	45,278	52,694	59,118
EBITDA (Rs mn)	4,866	6,502	8,146
Adj. net profit (Rs mn)	1,731	2,702	3,701
Adj. EPS (Rs)	7.8	12.1	16.6
Consensus EPS (Rs)	7.8	13.5	21.0
Adj. ROAE (%)	7.6	10.8	13.3
Adj. P/E (x)	101.0	64.7	47.2
EV/EBITDA (x)	38.1	29.0	23.3
Adj. EPS growth (%)	(48.3)	56.1	37.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly performance - Consolidated

Particulars (Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)	BOBCAPS Q3FY26E	Variance (%)
Total operating income	13,501	11,405	18.4	13,855	(2.6)	39,050	33,295	17.3	12,603	7.1
Raw-Material expense	6,849	6,070	12.8	7,177	(4.6)	20,048	17,960	11.6		
Gross Profit	6,652	5,335	24.7	6,679	(0.4)	19,001	15,335	23.9		
Employee expense	2,078	1,767	17.6	2,056	1.0	6,054	5,097	18.8		
Other expense	2,871	2,272	26.3	2,876	(0.2)	8,217	6,719	22.3		
EBITDA	1,702	1,295	31.5	1,746	(2.5)	4,730	3,520	34.4	1,637	4.0
D&A	483	340	42.1	476	1.5	1,326	1,012	31.0		
EBIT	1,219	955	27.7	1,270	(4.0)	3,404	2,508	35.8		
Interest cost	313	179	74.6	311	0.5	845	501	68.8		
Non-operating expense/(income)	59	(23)	(353.7)	(19)	(408.3)	21	51	(58.3)		
PBT	848	799	6.1	979	(13.4)	2,538	1,956	29.7		
Tax	197	211	(6.5)	269	(26.7)	649	627	3.5		
Reported PAT	650	588	10.6	709	(8.3)	1,889	1,329	42.1		
Adjusted PAT	682	588	16.0	709	(3.8)	192	141	36.4	651	4.9
As % of net revenues			**chg (bps)**		**chg (bps)**			**chg (bps)**		
Gross margin	49.3	46.8	249	48.2	106	48.7	46.1	260		
Employee cost	15.4	15.5	(11)	14.8	55	15.5	15.3	20		
Other cost	21.3	19.9	134	20.8	51	21.0	20.2	86		
EBITDA margin	12.6	11.4	125	12.6	1	12.1	10.6	154		
Tax rate	23.3	26.4	(312)	27.5	(424)	25.6	32.0	(649)		
APAT margin	5.1	5.2	(10)	5.1	(7)	0.5	0.4	7		

Source: Company, BOBCAPS Research

Fig 2 – Segment financials

Particulars	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Revenue (Rs mn)								
Plywood	7,102	6,181	14.9	7,636	(7.0)	21,241	18,511	14.7
Laminates	1,830	1,669	9.6	1,883	(2.8)	5,450	4,825	13.0
MDF	3,258	2,736	19.1	3,432	(5.1)	9,282	7,515	23.5
Particleboard	654	356	83.5	329	98.5	1,325	1,123	17.9
CFS	421	310	35.9	341	23.7	1,139	900	26.7
Others	242	176	38.0	239	1.3	679	472	43.9
Total	**13,507**	**11,428**	**18.2**	**13,860**	**(2.5)**	**39,116**	**33,346**	**17.3**
Volumes								
Plywood (CBM)	1,20,813	1,03,133	17.1	1,28,617	(6.1)	3,57,745	3,13,991	13.9
Laminates (mn sheets)	1.7	1.8	(7.5)	2.0	(14.8)	5.5	5.5	1.4
MDF (CBM)	1,11,152	98,104	13.3	1,13,748	(2.3)	3,08,999	2,62,926	17.5
Particleboard (CBM)	36,158	16,788	115.4	18,858	91.7	71,318	55,104	29.4
Realization								
Plywood (Rs/CBM)	58,471	58,006	0.8	58,198	0.5	59,375	58,955	0.7
Laminates (Rs/sheet)	1,058	917	15.4	955	10.8	986	885	11.4
MDF (Rs/CBM)	29,095	27,887	4.3	29,888	(2.7)	30,037	28,581	5.1
Particleboard (Rs/CBM)	17,755	20,801	(14.6)	17,033	4.2	18,573	20,386	(8.9)
Adjusted EBITDA (Rs mn)								
Plywood	1,011	723	39.9	1,065	(5.1)	3,002	2,384	25.9
Laminates	118	69	69.5	163	(28.0)	368	271	35.6
MDF	318	433	(26.5)	528	(39.8)	1,089	613	77.7
Particleboard	202	16	1,194.1	(43)	(569.7)	155	103	50.9
Total	**1,702**	**1,295**	**31.5**	**1,746**	**(2.5)**	**4,730**	**3,520**	**34.4**

Particulars	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Adjusted EBITDA margin (%)								
Plywood	14.2	11.7	254	13.9	29	14.1	12.9	125
Laminates	6.4	4.2	227	8.7	(224)	6.8	5.6	113
MDF	9.8	15.8	(606)	15.4	(563)	11.7	8.2	358
Particleboard	30.8	4.4	2646	(13.0)	4387	11.7	9.2	257
Total	**12.6**	**11.3**	**127**	**12.6**	**0**	**12.1**	**10.6**	**154**

Source: Company, BOBCAPS Research

Earnings Call Highlights

- **Plywood:** Plywood segment delivered revenue growth of 14.9% YoY in Q3FY26, supported by healthy volume growth and continued expansion of the distribution network. EBITDA margins expanded by 39 bps YoY to 13.9%, aided by operating leverage and relatively stable input costs. On capacity, CPBI has phased additions with 60,000 CBM annually (phase 1) to be added by Q3FY and 30,000 CBM annually (phase 2) to be added by Q2FY29. Management reiterated confidence in sustaining 15% growth, materially above an industry growth of 6-7%, driven by continued market-share gains for FY26.

- **Laminates:** Segment revenue grew by 9.6% YoY in Q3FY26 mainly driven by improved realisation (+15.4%) on improved mix and better cost absorption. However, laminate volume de-grew by 7.5% YoY in Q3FY26. Segment EBITDA margin improved by 227 bps YoY to 6.4% in Q3FY26. Management highlighted ongoing premiumisation, higher contribution from export-oriented large-size laminates, and expectations of double-digit margin normalisation over the medium term. Demand is expected to improve from Q4FY26 onwards, with management guiding for ~20%+ growth over the next year, driven by both domestic recovery and export traction.

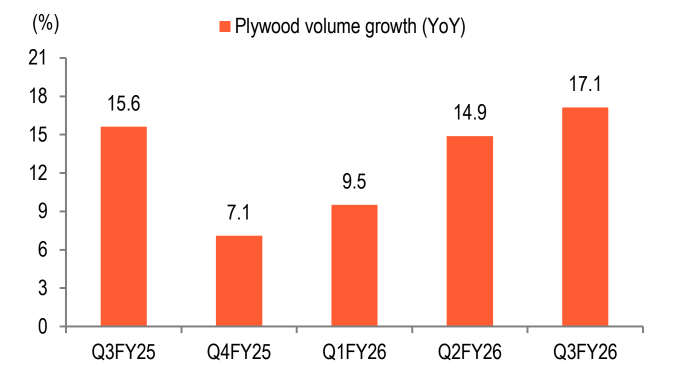
- **MDF:** revenue grew sharply by 19.1% YoY in Q3FY26, driven by volume expansion (+13.3%) and improved utilisation across plants (86% in Q3FY26 vs 63% in Q3FY25). MDF realisation grew by 4.3% YoY during the quarter. However, EBITDA margin contracted by 606bps YoY to 9.8% in Q3FY26 due to seasonality, temporary timber cost inflation given the Punjab flooding, and lower operating leverage. CPBI will be adding capacity, current total MDF capacity stands at ~0.56mn CBM, with the Andhra Pradesh plant at ~0.25mn CBM. The AP plant will be expanded to ~0.32mn CBM via a line extension (~70,000 CBM addition) in Q1FY27. Additionally, a large greenfield MDF project in Uttar Pradesh (capacity in excess of 0.3mn CBM) is planned, with commissioning targeted ~2-2.5 years post land acquisition. Management reiterated 25%+ MDF volume growth guidance, with margin aspirations of ~15% in the near term and ~20% over a normalised cycle.

- **Particleboard:** segment revenue significantly grew by 83.5% YoY, on higher volumes (+115.4%) and improving capacity utilisation in Q3FY26, with EBITDA at a breakeven in Q3FY26. Management indicated that recent losses were largely start-up related and reiterated confidence in margin normalisation, as utilisation improves. Steady-state margins are expected to materialise by Q4FY27.

- **Timber Prices:** Management indicated that timber prices remained largely stable in Q3FY26, with no material inflationary pressure. Short-term volatility, if any, was manageable.

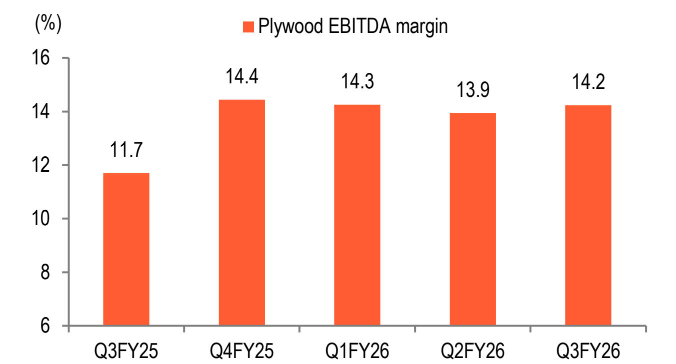
- **Capex:** FY26 capex is expected to be Rs 4bn, though the phasing beyond FY26 remains contingent on land acquisition timelines. Management reiterated a large multi-year capex pipeline (Rs 11bn), spanning MDF (UP greenfield and AP brownfield), plywood (Hoshiarpur, Chennai, and UP), and ongoing debottlenecking projects.

Fig 3 – CPBI's plywood volumes grew at a healthy 17.1% YoY in Q3FY26 in a weak market environment



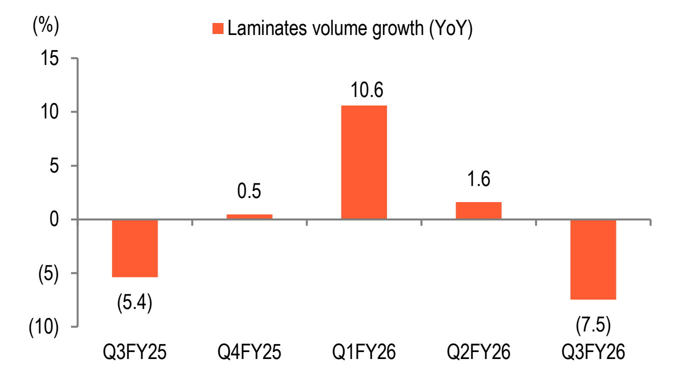
Source: Company, BOBCAPS Research

Fig 4 – Plywood margin slightly improved by 256bps YoY to 14.2% in Q3FY26



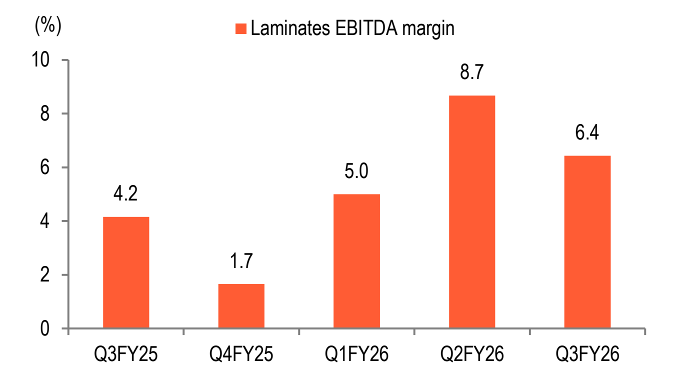
Source: Company, BOBCAPS Research

Fig 5 – Laminate volume de-grew by 7.5% YoY in Q3FY26



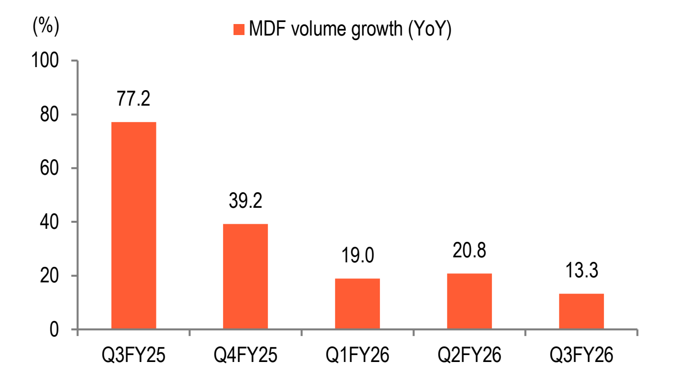
Source: Company, BOBCAPS Research

Fig 6 – Laminate EBITDA margin improved in Q3FY26 on premiumization drive



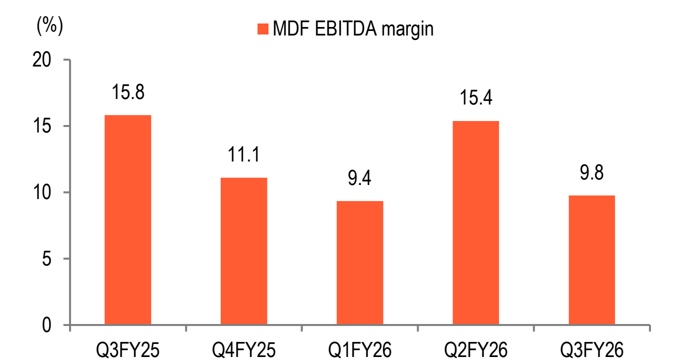
Source: Company, BOBCAPS Research

Fig 7 – MDF volume grew by 13.3% YoY in Q3FY26 over a strong base



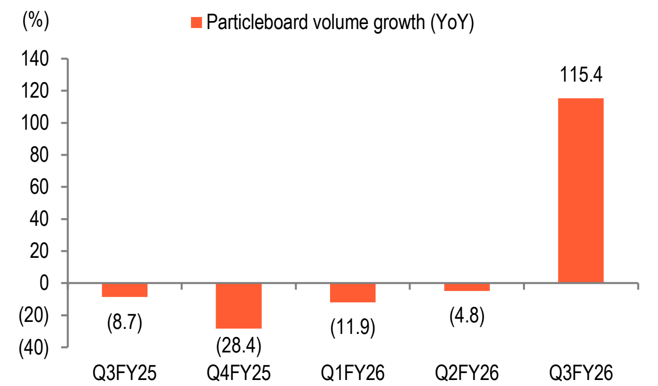
Source: Company, BOBCAPS Research

Fig 8 – MDF EBITDA margin contracted by 606bps YoY to 9.8% in Q3FY26



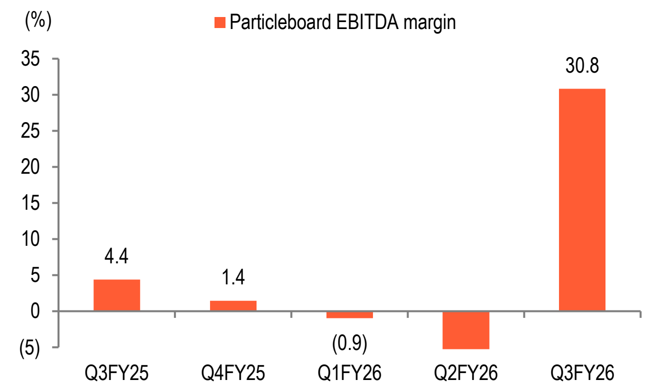
Source: Company, BOBCAPS Research

Fig 9 – Particleboard volumes significantly grew by 115.4% YoY in Q3FY26 over a weak base



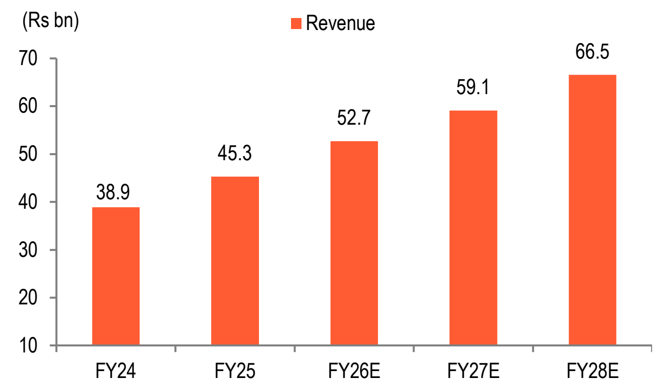
Source: Company, BOBCAPS Research

Fig 10 – Particleboard reported operating profit in Q3FY26



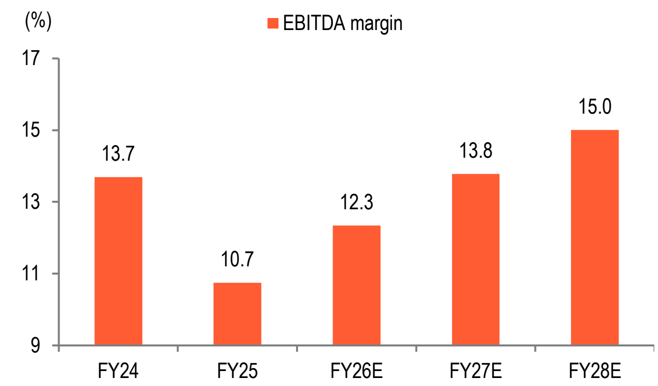
Source: Company, BOBCAPS Research

Fig 11 – CPBI's revenue is projected to grow at a 13.7% CAGR over FY25-FY28E



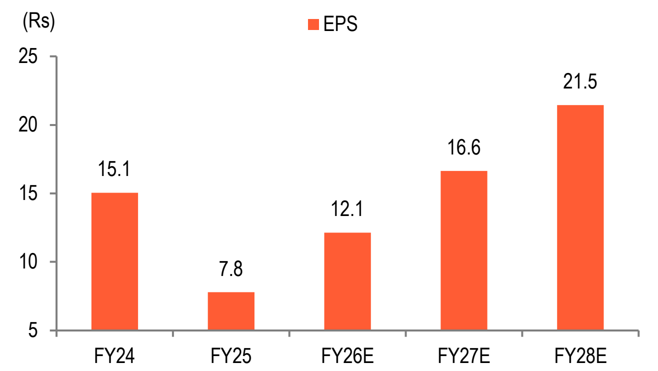
Source: Company, BOBCAPS Research

Fig 12 – CPBI EBITDA margin is projected to improve from 10.7% in FY25 to 15.0% in FY28 over a weak base



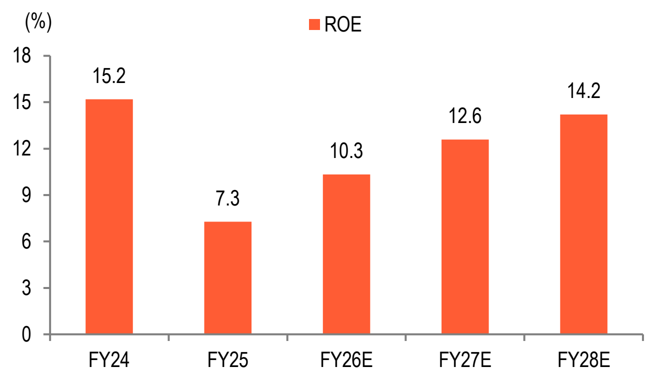
Source: Company, BOBCAPS Research

Fig 13 – CPBI's EPS is forecast to grow at a strong 40.2% CAGR over FY25-FY28E over a low base



Source: Company, BOBCAPS Research

Fig 14 – ROE is projected to gradually improve from 7.3% in FY25 to 14.2% in FY28E



Source: Company, BOBCAPS Research

Valuation Methodology

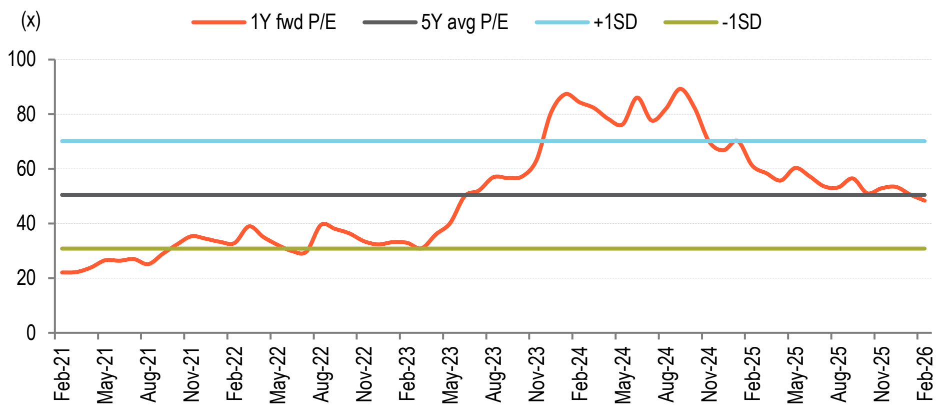
CPBI has been reporting a strong operating performance for the plywood segment for the past 6 consecutive quarters. We have revised our FY26-28 estimates to reflect robust volume growth in Ply/MDF/PB and also factor in CPBI's capex plans. Roll forward to Dec-27EPS and ascribe unchanged 40x 1YF multiple to arrive at TP of Rs 840 per share (Rs 800 earlier). Maintain HOLD, on a limited upside.

Fig 15 – Revised estimates

Consolidated (Rs bn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	52.7	59.1	66.5	51.7	58.0	65.2	2	2	2
EBITDA	6.5	8.1	10.0	6.4	8.0	9.8	2	2	2
EBITDA Margin (%)	12.3	13.8	15.0	12.3	13.8	15.0	2	(4)	(3)
Adjusted PAT	2.7	3.7	4.8	2.6	3.7	5.1	5	(1)	(6)
EPS (Rs)	12.1	16.6	21.5	11.6	16.8	22.7	5	(1)	(6)

Source: BOBCAPS Research

Fig 16 – Trading at 48.4x on 1YF P/E vs 5Y pre-Covid average of 27.0x



Source: Bloomberg, BOBCAPS Research

Fig 17 – Key assumptions

Particulars (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue mix					
Plywood	55.9	55.7	54.0	52.2	50.9
Laminates	16.9	14.4	14.7	15.8	15.5
MDF	19.3	22.6	24.0	25.3	26.9
Particleboard	4.0	3.2	3.3	4.0	4.2
Others	3.8	4.1	4.0	2.7	2.5
Sales volume growth					
Plywood	4.4	13.5	14.1	9.7	9.8
Laminates	6.5	(4.5)	4.9	15.0	10.0
MDF	18.7	59.3	20.6	16.0	15.0
Particleboard	5.0	(8.6)	36.0	25.1	15.0
Adjusted EBITDA margin					
Plywood	11.6	13.3	14.1	14.0	14.0
Laminates	12.2	4.6	7.7	11.8	13.0
MDF	20.8	8.9	12.3	15.6	18.0
Particleboard	20.2	7.4	9.4	6.5	15.3

Source: Company, BOBCAPS Research

Key risks

- Better-than-expected pickup in the real estate market and faster ramp-up of new projects are key upside risk to our estimates.
- Sharp corrections in MDF or particleboard prices and slow ramp-up of new projects represent key downside risks.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**38,860**	**45,278**	**52,694**	**59,118**	**66,544**
EBITDA	5,320	4,866	6,502	8,146	9,982
Depreciation	947	1,372	1,811	2,060	2,434
EBIT	4,372	3,494	4,691	6,086	7,548
Net interest inc./(exp.)	(308)	(690)	(1,164)	(1,243)	(1,312)
Other inc./(exp.)	439	103	72	103	143
Exceptional items	1	0	0	0	0
EBT	4,502	2,906	3,598	4,946	6,379
Income taxes	1,138	912	896	1,245	1,606
Extraordinary items	111	133	0	0	0
Min. int./Inc. from assoc.	11	(8)	0	0	0
Reported net profit	**3,264**	**1,853**	**2,702**	**3,701**	**4,774**
Adjustments	87	(122)	0	0	0
Adjusted net profit	**3,351**	**1,731**	**2,702**	**3,701**	**4,774**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	2,861	3,572	4,157	4,664	5,249
Other current liabilities	2,278	2,062	2,062	2,062	2,062
Provisions	93	167	194	218	245
Debt funds	7,184	14,737	15,737	18,737	19,737
Other liabilities	1,043	1,598	1,598	1,598	1,598
Equity capital	223	223	223	223	223
Reserves & surplus	21,894	23,429	25,806	29,063	33,263
Shareholders' fund	22,066	23,793	26,171	29,427	33,628
Total liab. and equities	**35,526**	**45,928**	**49,918**	**56,705**	**62,519**
Cash and cash eq.	671	491	2,130	2,952	1,973
Accounts receivables	4,168	5,000	5,630	6,317	7,110
Inventories	6,456	9,866	8,075	8,834	9,943
Other current assets	1,554	1,972	2,295	2,575	2,898
Investments	28	28	28	28	28
Net fixed assets	19,117	20,405	29,892	34,133	38,698
CWIP	2,666	7,299	1,000	1,000	1,000
Intangible assets	17	19	19	19	19
Deferred tax assets, net	4	249	249	249	249
Other assets	844	599	599	599	599
Total assets	**35,526**	**45,928**	**49,918**	**56,705**	**62,519**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**3,268**	**85**	**7,055**	**5,706**	**6,763**
Capital expenditures	(9,198)	(6,964)	(5,000)	(6,300)	(7,000)
Change in investments	(27)	0	0	0	0
Other investing cash flows	328	(31)	72	103	143
Cash flow from investing	**(8,897)**	**(6,995)**	**(4,928)**	**(6,197)**	**(6,857)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	4,049	7,554	1,000	3,000	1,000
Interest expenses	(308)	(690)	(1,164)	(1,243)	(1,312)
Dividends paid	(223)	(223)	(324)	(444)	(573)
Other financing cash flows	0	89	0	0	0
Cash flow from financing	**3,518**	**6,730**	**(489)**	**1,312**	**(885)**
Chg in cash & cash eq.	**(2,111)**	**(180)**	**1,639**	**822**	**(979)**
Closing cash & cash eq.	**671**	**491**	**2,130**	**2,952**	**1,973**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	14.7	8.3	12.1	16.6	21.5
Adjusted EPS	15.1	7.8	12.1	16.6	21.5
Dividend per share	1.0	1.0	1.5	2.0	2.6
Book value per share	99.4	106.3	117.0	131.6	150.5

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	4.6	4.1	3.6	3.2	2.9
EV/EBITDA	33.5	38.1	29.0	23.3	19.2
Adjusted P/E	52.2	101.0	64.7	47.2	36.6
P/BV	7.9	7.4	6.7	6.0	5.2

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	74.4	59.6	75.1	74.8	74.8
Interest burden (PBT/EBIT)	103.0	83.2	76.7	81.3	84.5
EBIT margin (EBIT/Revenue)	11.3	7.7	8.9	10.3	11.3
Asset turnover (Rev./Avg TA)	109.4	98.6	105.6	104.3	106.4
Leverage (Avg TA/Avg Equity)	1.6	1.9	1.9	1.9	1.9
Adjusted ROAE	15.2	7.3	10.3	12.6	14.2

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	6.6	16.5	16.4	12.2	12.6
EBITDA	(10.2)	(8.5)	33.6	25.3	22.5
Adjusted EPS	(18.0)	(48.3)	56.1	37.0	29.0
Profitability & Return ratios (%)					
EBITDA margin	13.7	10.7	12.3	13.8	15.0
EBIT margin	11.3	7.7	8.9	10.3	11.3
Adjusted profit margin	8.6	3.8	5.1	6.3	7.2
Adjusted ROAE	16.3	7.6	10.8	13.3	15.1
ROCE	16.4	9.3	11.4	12.9	14.4
Working capital days (days)					
Receivables	39	40	39	39	39
Inventory	61	80	56	55	55
Payables	27	29	29	29	29
Ratios (x)					
Gross asset turnover	1.9	1.7	1.6	1.4	1.4
Current ratio	1.2	1.1	1.0	1.1	1.2
Net interest coverage ratio	14.2	5.1	4.0	4.9	5.8
Adjusted debt/equity	0.3	0.6	0.5	0.5	0.5

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Name of the Research Entity: **BOB Capital Markets Limited**
Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
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BUY – Expected return >+15%

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

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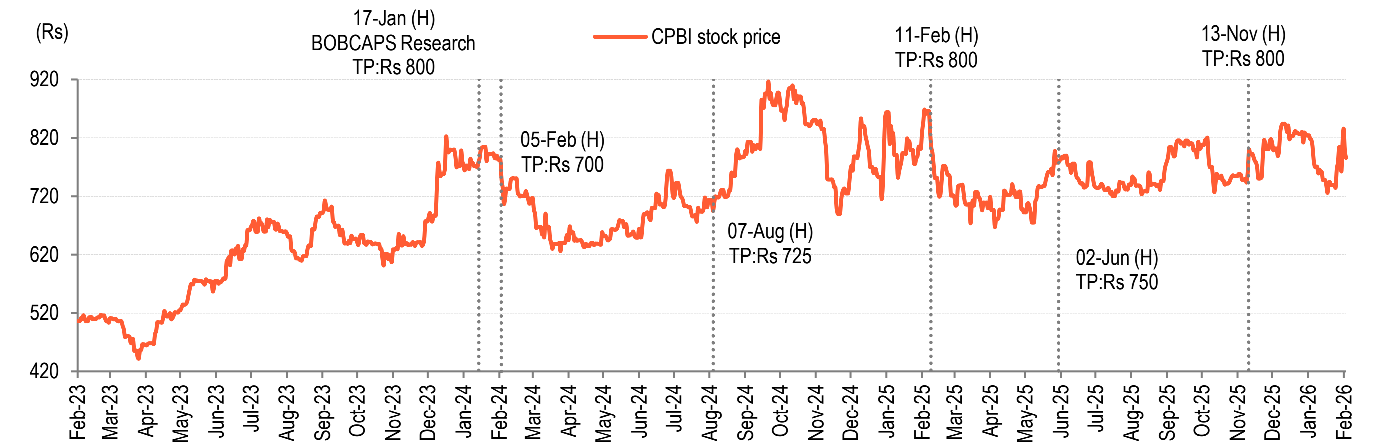
Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): CENTURY PLYBOARDS (CPBI IN)



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