

## "Century Plyboards 4QFY2017 Earnings Conference Call"

May 24, 2017







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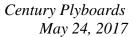
MANAGEMENT: MR. SAJJAN BHAJANKA – CHAIRMAN –

**CENTURY PLYBOARDS** 

MR. ARUN JULASARIA - CHIEF FINANCIAL

OFFICER - CENTURY PLYBOARDS

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**Moderator:** 

Good day ladies and gentlemen and a very warm welcome to Century Plyboards 4QFY2017 Post Results Analyst Conference Call hosted by Ambit Capital. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "\*"followed by "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Girisha Saraf from Ambit Capital. Thank you and over to you!

Girisha Saraf:

Good afternoon, welcome to the Century Plyboards 4QFY2017 earnings conference call. We have with us the management of Century Plyboards, Mr. Sajjan Bhajanka, Mr. Keshav Bhanjanka, Mr. Arun Julasaria, and Mr. Sanjay Agarwal. We will start the concall with some management highlights post which we will open the floor for questions. Thanks.

Sajjan Bhajanka:

Good afternoon friends. I am Sajjan Bhajanka, Chairman of the Company. Our MD, Sanjay Agarwal, Keshav, Executive Director and our CFO, Arun Julasaria, they all are with me. First I will ask CFO, Arun Julasaria to give you some financial highlights and after that we are available to you for your queries.

Arun Julasaria:

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

Year-on-year basis, for the whole year we booked 9% net turnover growth. Turnover has gone up from Rs1,636 crore to around Rs1,783 crore. EBITDA margins maintained at a sustained level of 17-18%. Profit before tax rose by 17% from here about Rs200 crore to Rs234 crore. Profit after tax showed an increase of 9.3% over the previous year to Rs186 crore around and this year tax burden was more because of mix of revenue.

FY2017 was a year of excitement. Lots of ups and downs were caused by demonetization, wide foreign exchange fluctuations and political changes in the country. The temporary results of all these were apprehensive but ultimate results were positive. Our company successfully sailed through disturbed waters and booked consistent and sustained financial results. With these words I open the conference for discussion.

Sajjan Bhajanka:

Before that I will also brief you about the estimates of the last year. Last year first we have completed our particleboard plant and it is fully commissioned and now we are



commissioning prelaminating land there so maybe after a month we shall be in a position to sell the entire product at the value-added products prelaminated. Our MDF plant is also almost ready and as per the original projection, we shall commission the same within the month of July we are trying to advance it, but may be either by June end or early July we shall be able to commission it.

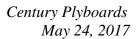
We have also established one plywood factory at Guwahati. Along with our Guwahati plant, this factory will get all the northeast benefits for another ten years so that was the idea because northeast incentive policy was expiring on March 31, 2017 so before that we have commissioned that plant. So we shall get income tax benefit, excise and transport subsidy benefits. Along with the MDF plant, we have envisaged many forward integrations like we are planning to add flooring, doors, we have tied up with the largest door manufacturer in China the Goldea Doors so maybe that would be s joint venture with them and raw material base would be mainly MDF produced in our Hoshiarpur plant.

Then we are going for pre-laminating MDF and sell as a pre-laminated board. We are also contemplating to produce furniture or something as a forward integration.

On the laminates also because now we are facing capacity constraint we are not able to meet the entire requirement of our customers and exports requirements, so we are expanding our capacity by another 50% and this expansion we will be completed within September so commissioning in September and maybe by October, we shall be able to stabilize the plant so these are the our projects in hand.

With all these, we expect substantial growth in the revenue in the next financial year because this year we are starting somewhere in between so MDF and laminates will give us additional revenue of around Rs350 crore and there is a huge demand for plywood now, because the unorganised sectors that is under stress and this will increase more with the GST, which has been finally settled at 28% for plywood. So we were already paying 28% so neither we have to pass on the benefit to the customers because it is more or less same level but the SSI sectors they are very badly impacted because in plywood number-wise 95% units are in the SSI sector so out of 3,300 units, 2,500 are SSI enjoying the 100% exemption, 700 SSI units are partially exempted. They do not cross Rs5 crore turnover so that they can keep on enjoying Rs1.5 crore but now these all things are history and a matter of past because under GST there would not be any exemption.

The threshold limit of 220 lakhs has already been surpassed by everybody so none of them will get any exemption. So for them it will be and we are pressing to the government and I am in my personal capacity, I am also the President of the CP Federation of the Indian





Plywood and Panel Industry. So we are taking up matter with the Government and the various forms we are trying to impress about the Government to reduce this GST from 28% to 18%, but personally like for the Century Plywood it is more or less the same because in the past we have survived with this almost 28% duty structure whereas our competitors from the SSI sector were almost managing without any duty.

There would be very big-level playing field if it is reduced through the whole industry to the 18% that will be a welcome and the SSI sector they will have their life little easier or otherwise we have to live with this and in that case maybe the production from the SSI would be badly hampered and it will give a bigger opportunity to the organised sector but we shall prefer reduction of duty to 18% and we shall prefer that SSI also survives along with us. Now I welcome your questions and queries.

**Moderator:** 

Thank you very much. Ladies and gentlemen we will now begin the question and answer session. We will take the first question from the line of Nakul Manaktala from Samaira Investments. Please go ahead.

Nakul Manaktala:

Good afternoon. First congratulations on a good set of results. Sir, two questions. First, in terms of your plywood margins, since your margins were expanded considerably by 500bps so can you throw some commentary on how that expansion has taken place? The second question is that on your other income that seems presently increased considerably as well from that Rs1 crore in last year-on-year from that Rs1.4 crore to Rs14 crore so if you can throw some color behind that?

Sajjan Bhajanka:

First, other income that is basically the forex gain because during this period dollar depreciated and rupee depreciated and we are in the matter of principle we never hedge our forex outstanding so this is due to that mainly. Last time also I think it was the forex gain and this time also it is forex gain but it is much more in comparison to last year and plywood the demand is more. Now demand is there and we had some surplus capacity in all our plants so we could improve the productivity and I think more specifically Arun Ji will reply to this question.

Arun Julasaria:

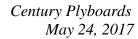
I think you are specifically talking about jump in EBITDA margins from 17% for the whole year to 20% in the particular quarter, am I right?

Nakul Manaktala:

No sir, if I just look at your EBITDA margins for the plywood and allied products?

Arun Julasaria:

Yes, in plywood allied products you will find in this particular 4Q quarter, EBITDA margins are higher by almost 3% so this is partially due to 1% difference hit due to forex





gain, which is segmental in nature and captured in the segment. The (inaudible) 12.55 which is not segmental in nature is captured in other incomes apart from this we keep on making provision for discounts for the whole year but discounts are passed on at the year end because those are yearly discounts so we make provisions based on some assumptions and we conservatively provide more discounts so this year what happened at the end of the year either we provide the balance sheet discount, write-back the balance sheet discounts so this year there was a write-back. So that has resulted in jump in EBITDA margins in 4Q specifically otherwise sustainable EBITDA margins I should say are near about 17% of this.

Nakul Manaktala: Just like the EBITDA it is sustainable going forward. For consolidated are just in the

plywood kind of it.

**Arun Julasaria:** Are you asking something Sir?

**Nakul Manaktala:** Yes you are saying 17% EBITDA margins sustainable going forward. So, is that just for

plywood or consolidated?

**Arun Julasaria:** No. We are talking of plywood now 17% is the EBITDA sustainable margin.

Nakul Manaktala: Thank you so much.

Moderator: Thank you. We will take the next question the line of Anand B from Sameeksha Capital.

Please go ahead.

Anand B: Good afternoon Sir. First question is about our tax rate. So this quarter it has been much

higher than a regular tax rate. Can you help us understand the reason for it?

**Arun Julasaria:** This quarter, we had substantial forex gain and that is fully taxable so there is no exemption

on forex gain because this forex gain relates to our tax-paying units.

Anand B: Sir, in terms of developments in the timber market in Haryana there was some news that

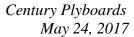
wood processing units 500 licences will be given which is after a period of a decade so do you think in general these licenses it will impact the overall supply of plywood and the prices of timbers like I was reading the article it mentioned prices of timber have fallen to 400 per quintal in Haryana from a high of levels in 2003-2004. So do you see new licences

increase the cost of timber in the other markets?

**Arun Julasaria:** Actually, because for the last so many years no new lands licences were given and the area

under plantation was always growing. But recently, the situation is that there is a big

mismatch in demand and supply so supply of plantation timber is much in excess than the





demand. So prices have come down and it is a matter of worry for the Government also and for farmers also. So now the licencing authority has been again given to the states. Earlier there was a central empowered committee, which used to give licence but now all the state governments they have been empowered to give licence as per the availability of the material. So now the Government of Punjab is willing to give licence but there are not many takers because of this GST or this impact and the withdrawal of the SSI exemption. So, even the existing players they are very much apprehensive that whether they would be able to continue or what is the situation because earlier whatever the benefit they were getting they were passing on to the market they were not retaining it so there was a gap say of around 40% between us and the unorganised player. They were selling at 40% cheaper so that has become a market trend. So they cannot increase or reduce the gap and increase their price to almost 10%, 12% lower than us in that case people will prefer material from us, from the organised player, with better quality, with better after sales service. So these are the challenges. So yes, timber availability is very much in excess. Prices have come down and even for our MDF plant what we earlier projected, timber is available at a 50% price of our earlier projection. So that is the scenario.

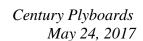
Anand B:

Sir, last question, in terms of veneer I think there are lot of veneer imports now from Gabon in this year FY2018 there is likelihood because of competitor is setting up a unit and I read that Gabon veneer is of higher quality. So do you see the margin for us sharply contracting in FY2018 in the veneer business?

Arun Julasaria:

In the veneer business, Gabon veneer, this more particularly, it is known as Okoume. So it is like it is some sort of compulsion because they are not getting Keruing veneer which was the main phase veneer used by the Indian plywood industry. So there is a scarcity of that and gradually the sourcing countries are either weaning the exports of veneer or they are weaning the cutting of the timber of that is constraint but for our own requirement we are getting for a Myanmar there we have unit and now our priority is to meet our own requirement and only the inferior grades if available in surplus we are selling and similarly so far we are also getting from Laos some veneer but as a matter of policy they have also banned exports of veneer so maybe the old stock we have been we are in the end position because we have been able to clear but in future maybe if they do not change policy so from Laos also phased veneer may not come, but there are units in Laos, the main unit, we have converted into the plywood unit. So we have already started one press and another press we are starting and the Gabon veneer is not preferred and the price is almost 50% of Keruing veneer and even the people who have started in Gabon they are facing problem in selling the veneer in the Indian market.

**Anand B:** Sir, this price is 50% cheaper?





Arun Julasaria:

Yes, the Okoume is available at 50% price of the Keruing veneer and in Century we have located another source we are importing timber this known as PQ/Pencil Cedar from the Solomon Island. So in our group we, are mainly importing so that veneer is in between Keruing and Okoume. That is much better than Okoume and inferior to Keruing. So that is also placed in market accordingly so the highest price range is for Keruing then the PQ is next and the Okoume is the cheapest.

Anand B:

Thank you Sir. I will join back in the queue for any.

Moderator:

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

**Anshuman Atri:** 

Thank you for the opportunity. Congratulations on the performance. My question is regarding the veneer so we have seen good improvement in realization. Is this because of change in product mix or increase in the veneer prices?

Arun Julasaria:

Yes this is mainly due to increase in the veneer prices and that is the main reason.

**Anshuman Atri:** 

How much we have seen increase in the veneer prices and how it is impacting the unorganized players?

Arun Julasaria:

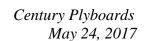
Now unorganised, they have either shifted as to the lower grade of Keruing veneer or the Okoume from Gabon and there are very few players who are still active in Keruing. So there are only five-six companies who have units in Myanmar because in Myanmar last year they stopped cutting of timber so only the units with good financial background they could store timbers for a whole year. So Century is one of them. We still have timber and we will be in a position to continue our production in Myanmar up to may be till the next season that is September-October and now the Government has allowed cutting of timber in Myanmar. That permission they have given from April 1. So the material is expected somewhere in October-November or say around that time. So then onwards there would be some easiness in availability of veneer when the new timber will come in Myanmar because there are more than 30 units now but all the units except five-six units have exhausted that timber stock.

**Anshuman Atri:** 

Second question is regarding these projects, which you have announced. So what would be the total capex in next year and FY2018 and 2019?

Arun Julasaria:

The MDF, almost, we have completed. So the projected capex was at Rs390 crore but hopefully we shall be able to complete the project within Rs350-360 crore because





everything is on time and because of reduction like depreciation of dollars. So our project cost has come down a bit and then the laminates expansion so that will cost close to Rs60 crore. We shall be spending on laminate expansion and maybe around Rs40 crore we have spent on the Guwahati unit so this Guwahati is complete. MDF is almost complete. Only next year would be expansion of the laminate unit by another 50% that would cost around Rs60 crore.

**Anshuman Atri:** Next year capex would be around Rs60 crore?

Arun Julasaria: Yes, for the present and then there would be further capex that would be for the forward

integration of our MDF plant so that we will undertake once MDF is fully commissioned

then one-by-one we will add some-value added products.

**Anshuman Atri:** What is the Guwahati unit capacity?

**Arun Julasaria:** That capacity is almost equal to all other units that are around 120 cubic meters per day.

Anshuman Atri: Last question. How much of all these projects would add to the revenue next year? All the

projects?

**Arun Julasaria:** These projects would contribute to may be, in this current financial year, more than Rs500

crore in addition to our existing turnover and which also because there is some capacity available in our all the existing plants so there also we shall improve, so existing like production lines they will give us 15-20% extra revenue and this around Rs500 crore would

come from the new projects.

**Anshuman Atri:** Thanks and all the best.

Moderator: Thank you. We will take the next question from the line of Nihal Shah from ICICI

Securities. Please go ahead.

**Nihal Shah:** Sir a couple of things. One is, is there any GST clarity on the timber?

Arun Julasaria: Timber is 18%, wood in rough. Timber is in the category of wood and rough. So there it is

18% but there would be some relaxations because timber is coming from extra countries that are Asians so where the custom duty is exempted but this GST would be applicable.

**Nihal Shah:** So for domestic timber would it be applicable?

**Arun Julasaria:** Domestic timber yes it would be applicable.



Nihal Shah: So is this a good sign for the industry for the plywood industry because earlier it was

completely exempt?

Arun Julasaria: Yes this one way there would be a level-playing field. We do not have any competition in

timber because the use of timber and plywood is totally different. It is no substitute to each other. So timber is used for the doors, door frames and other things and some timber is used for making plywood so that is a different thing and now for that we are using plantation

timber in the whole country.

**Nihal Shah:** Plantation timber also, GST is applicable right? 18% on utilization?

**Arun Julasaria:** Plantation timber I do not think GST is applicable. There is no clarity so far because in

Punjab, Haryana each has been described as the agri product. So agri products are exempted. So plantation timber, I think it is exempted, but it does not make any difference because either timber would be used for veneer or used for this on timber or would be used for the plywood and even if some duty is there it will be like more beatable so we will get

the refund of that.

Nihal Shah: Sir another question is, do this plywood industry face and threat from new products like

cement fiberboard? Is there any pressure on the industry, because you guys also have gone

into cement fiberboard?

**Arun Julasaria:** Yes at the moment we are importing and marketing it.

**Nihal Shah:** Can you see dynamics between the two products and what is your likelihood of each of

them sustaining way forward?

Arun Julasaria: Nowadays, it is the interiors they try various options and sometimes it is for I think Nihal,

Sanjay Ji also with me so he is dealing with these products he will be in better position to

explain.

Sanjay Agarwal: Nihal, this cement fiberboard has been there for more than ten years in the market in India.

So there is no problem it has taken may be some very, very small percentage and it has carved out its own needs in the market but we have introduced it will also carve out some percentage of the market, but the main influencer or the main product which is taking out the plywood market is MDF itself. So we are getting into MDF. We expect MDF to grow

much bigger than the whole industry actually.

**Nihal Shah:** But you do not see fiberboard as a threat to the plywood industry?



Sanjay Agarwal: No it has been there for the last ten-twelve years. It has really not done much.

Nihal Shah: What is the pricing differential between the same cement fiberboard and the same sheet of

plywood?

**Sanjay Agarwal:** Differential is about 20-25%.

**Nihal Shah:** Cement fiberboard would be cheaper by 25%?

Sanjay Agarwal: Yes, because that is cement. The product is not as good as we even feel. The cement is not

so esthetically, also it will not excessively be acceptable but timber is timber. So I think

MDF or a particle board is more acceptable than the cement fiberboard.

Sajjan Bhajanka: Like all the timber products, they have some breathing quality so in the room where the

furniture is made of timber, it may be anything particleboard or MDF or plywood or solid wood so even still some change there is some breathing is there some temperature control is there so this is on the synthetic product cement product that is not available. So esthetically

it is totally different.

Nihal Shah: But Sir, also if you look at plywood you do have expansion contraction happening whereas

in cement fiber board you would not have that.

Sajjan Bhajanka: The plywood also expansion contraction is not happening. It is only in solid wood.

**Nihal Shah:** Okay, only in solid wood.

**Sajjan Bhajanka:** Yes, plywood there is a biggest quality that it does not expand or contract.

**Nihal Shah:** Sir in GST so basically laminate has been one of the biggest beneficiaries. So is that a call

you are taking basically to expand by 50% just to take the benefit of that?

Sajjan Bhajanka: No, we took the decision. We ordered machines and all long back so now the machines

have come, the construction is going on and we still commission in three months.

Nihal Shah: But do you think the GST coming in laminate growth will supersede plywood growth at

least for some time?

Sajjan Bhajanka: I think Keshav is with me, he will explain.



Keshav Bhanjanka: With regards laminate, see we were earlier a very small player in the market and as such the

growth rate that you have seen have been much faster when we are the market leader the dynamics are quite different. This year also we are very bullish on laminates even though we have grown to a larger size. We still believe that we can do 20% plus growth and I am sure that we will achieve a higher growth at the period but this year plywood should degrow at either similar pace or higher pace. So I think the company overall is going to be growing

that way, all divisions put together.

Nihal Shah: No, that is fine. What my question is when the GST rate of 18% in laminates will be

truthful for the laminate industry and it declared?

**Sajjan Bhajanka:** It definitely will be true for the laminate industry.

Sajjan Bhajanka: Nihal as per the Government directive, the first thing we have to pass on the entire benefit

to the customers. So that we are doing it but yes the cost reduction in cost would make the

product more acceptable. This is the message.

Nihal Shah: Sir, my last question is for Mr. Julasaria. What would be the tax rate possibly in FY2018

and 2019 considering the mix of products and the mix of factories we have?

**Arun Julasaria:** Nihal, it is very difficult to assume at the moment.

**Nihal Shah:** Just a broad range.

Arun Julasaria: Because our new factory at Guwahati is also starting, I think it will be somewhere in about

17-18%.

**Nihal Shah:** For both the years?

**Arun Julasaria:** It is a very rough estimate.

Nihal Shah: Yes sure and Sir your Guwahati unit which you said we were already having one unit in

Guwahati right? So that is also continuing you have another unit?

**Arun Julasaria:** Yes, that is also continuing and that is still exempted for may be another two years.

**Nihal Shah:** So, since that was expiring you guys have put up another unit?



Sajjan Bhajanka: Yes, that was the main idea and I think now we are expecting a new incentive policy for the

northeast. So maybe there would be some scope for expanding the old unit also and then to

retain the benefit if it comes then maybe we will take a call.

**Nihal Shah:** Thanks a lot.

Moderator: Thank you. We will take the next question from the line of Gunjan Pritvani from JP

Morgan. Please go ahead.

Gunjan Pritvani: Thanks for taking my question. Just two questions. Firstly on the GST; you still are

sounding quite optimistic of the market-share gains which can happen in the plywood sector. Now given that the GST rate is fairly high at 28%, what will be in there will be more incentive for these unorganised players to stay out of the formal economy as much as

possible. So don't you think given the rate is so high, the argument that the shift from the

unorganised sector will happen faster now, take a backseat?

Sajjan Bhajanka: But earlier, our biggest problem why not the higher rate of GST or the taxes because earlier

also together excise and VAT it was around that amount only so we were surviving with that but our problem was the unleveled playing field because they were enjoying all the benefits, we were not enjoying and then very heavy votes were there against us so with the higher GST rate and with the level playing field because there would be any excise

exemption or any duty exemption would be available to exercise so that level playing field

is created so that will help us but if it would have been 18%.

Gunjan Pritvani: What I mean to say is that you could see in fact larger usage of cash in this environment?

Sajjan Bhajanka: Yes, if it would have been 18%, it would have been better. The compliance from the

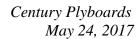
unorganised sector would have been better and with this again vast cap of 28% people will try to continue the clandestine removal and other things but lot of checks and measures have been incorporated in GST like the way we will show validity meaning life would not be that easier because earlier until 1.5 Crores they were not require to maintain any documents anything so they could have destroyed the earlier challenges other things so I think those things would not be possible but yes in the local area the clandestine removal may be

continued because 28% is too high an amount for them to migrate from 0%.

**Gunjan Pritvani:** Especially in a segment where actually I mean there is a lot of cash you said?

Sajjan Bhajanka: Yes, I agree with you and we are trying our best persuade the Government to still reconsider

recategorising plywood from 28% to 18%.





**Gunjan Pritvani:** Sir, MDF also it has been classified in 28%?

Sajjan Bhajanka: Yes all MDF, particleboard everything, but MDF there is no problem because there are no

unorganised players so level-playing strategy is already there.

Gunjan Pritvani: Just second question on this commercial veneer. I am just a bit confused here because when

I look at your volumes clearly this decline in the volumes but the realization seem to be up almost 50% and this is the one segment which is being fairly volatile in terms of sometimes revenue contribution or sometimes realizations. So first, if I can just understand what

happened in this quarter and how should I look at this segment for FY2018?

Sajjan Bhajanka: We are amongst very few players who have still access to timber and we are manufacturing

in our Myanmar unit and still we are importing from Laos. Last week also veneer was exported from Laos to India but yes in future if until the Government changes their policy so veneer exports from Laos, I think would not continue. Myanmar, yes it is permitted. We are getting only constant-wise non-availability of timber so we have stored timber in huge quantity and we shall be able to continue veneer production until their next seasons material arrives. For next season, the Government has again allowed. The main idea was there, there was a huge inventory of timber so the new Government in Myanmar they have banned the timber cutting for one year and which they have again relaxed from April this year. So October-November onwards timber would come, veneer would come from Myanmar and Laos we have established plywood units so almost our timber and veneer and whatever is available now we shall convert into plywood. There would be demand for plywood. Now

also there is a huge demand. We are not able to supply. We are not able to meet the requirement of the market. So that situation is there and because we are present all over

India and there are very limited areas which are producing plywood under SSI or exempted

sector in India like one is North India, Haryana, Punjab and Western UP, Uttarakhand or to since in Jammu and in south it is Mangalore or Kerala so except the local areas where they

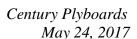
will be able to market with or without duty or something but the Rest of India they want to be able to sell the material without excise duty or the new rate of GST and we have demand

from all over India.

Gunjan Pritvani: These realizations which are sharply essentially because this scarcity or lesser number of

players who are able to feed into the market?

**Sajjan Bhajanka:** The veneer price has gone up.





**Gunjan Pritvani:** 

So this should normalise when the Myanmar thing, the December supply comes and you see more players out there in the market so the prices should come off right now because the ban is being removed?

Sajjan Bhajanka:

One year disruption the lot of units in Myanmar they lost heavily and now because they are all closed down so many of them will not revive. They will be stock and many of to my knowledge the promoters they have already closed the units so the scale would be lowered down and maybe the demand also in India because people they have already shifted like the unorganized sector, the lower price product plywood they are started using alternative products like Okoume from Gabon and even the PQ from Solomon so there is shift in the market so all level will never revive again because Laos it is not likely to permit veneer in future.

**Gunjan Pritvani:** 

Thank you so much Sir.

**Moderator:** 

Thank you. We will take the next question from the line of Gaurang Ved from Ved Capital Advisors. Please go ahead.

Gaurang Ved:

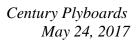
Thanks for the opportunity. Sir congratulations for a good set of numbers. Sir you have shared a vision for the company that is by 2020 your aspiration is to reach a Rs5,000-crore revenue with PAT margin of 10% plus. And Sir I understand that this aspirational guidance was built keeping in mind the GST rollout in 2016-2017. Sir, now as the GST rollout is almost a certain thing and our MDF plant will be operational soon so all building blocks for the company are in place and during 1Q conference call of 2016-2017 you said that instead of 2020 we will try to achieve this Rs5,000 crore revenue target by 2021. So just I want to understand the guidance still holds and how confident you are on achieving this number as it will imply indicatively 30% revenue CAGR for the next four years. Any colour on that will be highly appreciated Sir?

Keshav Bhanjanka:

You see these are factors in the GST we are talking about this growth rate and in the past in earlier tax revisions may take place. We know the rate at exceeds this and if you are asking by 2021 definitely we will be Rs5,000 crore, volume and value and we will be at 10% PAT by the year 2021 because factoring into account MDF, plywoods, laminate and all that are like to have that we shall enter maybe in November.

Sajjan Bhajanka:

I would also like to add to this one another module we are contemplating because now due to this hike of GST on the unorganised sector, many of them will not be in a position to produce and market directly. So many of them are likely to tie-up with us and the requirement is there in the market. The people all over the country either the requirement





for plywood would increase with the interest, incentive and other things for housing so under that light maybe another module we are developing we have developed some more brands like one is the bond ply and then Sainik is there so with all these things there would be some traded commodity which we shall get manufactured in this unorganized player and we shall source from them and we shall market it. So that may not be that much profitable because that would be more or less a trading activity. We have traded a module of low margin in that high turnover no frail no credit nothing, the cash payment and these all so that maybe gross margin of 7%, 8% and maybe the net margin will be 4%, 5% so that module will give us a very big turnover. Then in our opinion the requirement for MDF in the country will grow. Now all the existing players they are booked for next two months so any fresh booking we are accepting for a delivery after two months so that is the situation and in spite of hefty antidumping duty the imports are growing in India imports of MDF so we feel that we shall be in position to add at least two, three more MDF plants in next four years.

Gaurang Ved:

That was very helpful and just Sir on this MDF plant so what will be the capacity utilization you are projecting for the 2Q basically assuming that it will be operational in July and for the second half of this year?

Sajjan Bhajanka:

This year, we are projecting around Rs250 crore revenue from MDF segment so the first month or two we shall have some problem because some teething problems and others but next six months this will be good.

**Gaurang Ved:** 

On a normalized basis what will be the EBITDA margin for the MDF plant?

Sajjan Bhajanka:

EBITDA margin should be quite high because the raw material percent is very less. Timber we should be spending maybe Rs4,000-5,000. Rs4,000 only per tonne and glue cost would also be another say Rs3,000 so the raw material cost would be only Rs6,000-7,000 and the electricity would be another factor so it is much less than 50% so the main cost is the interest and depreciation. So EBITDA margin would be very high on MDF.

Gaurang Ved:

So it will be 30-35% high as I think?

Sajjan Bhajanka:

More than that.

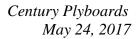
Gaurang Ved:

Thank you very much Sir and wishing you very all the best.

**Moderator:** 

Thank you. We will take the next question from the line of Akshit Gandhi from Kotak

Mutual Fund. Please go ahead.





**Akshit Gandhi:** Sir if you can kindly share the Sainik volumes and value Sir.

Arun Julasaria: Which one.

**Akshit Gandhi:** The Sainik volumes and value for the quarter? How much was Sainik?

**Arun Julasaria:** I can give you the volume at the moment because we have to derive and it is to make a note

of discounts etc., so we have to allocate and find out the value just in the course the discounts are mixed so volume I can give you this Sainik volume for the whole year was

around 52,000 cubic meter.

**Akshit Gandhi:** Sir one question, due to the GST and all are we seeing any destocking impact at the dealer

level that is in the plywood and laminate segment?

Sajjan Bhajanka: We have taken some precaution for that what we have done like all our godowns we have

registered for exchange. So now along with the debt challans we are also giving excise mention on the challan so as per the policy of this whatever material they have with the valid document for excise and VAT they will get the full credit while migrating to GST and without the documents they would get only 40% credit so just to what that situation we have registered all our 43 godowns with the excise and now we are giving excise challan

also rate challan.

**Akshit Gandhi:** That is great to hear and Sir one question why did the laminate margins fall this quarter?

**Sajjan Bhajanka:** Keshav is taking it up.

Keshav Bhajanka: Basically in this quarter, there is a static increase in raw material cost so there is the

increase in cost of other raw material cost input as such you are unable to pass on the rates of the market because of a very, very competitive market scenario. We have been the first company who has taken an increase with the market leader and from this quarter onwards

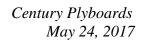
margins will stabilize.

**Sajjan Bhajanka:** Like the total profit from the laminate there we have improved. The overall profit is more.

**Keshav Bhanjanka:** One more point, there will be capacity limitation and this is the way that export orders what

we service, in export we have slightly higher margins than domestic markets as such this quarter our volumes are back on track. We have been able to increase our capacity utilization beyond 103% which is what we achieved last year so you will see an increase in

margins on that front and all.





**Akshit Gandhi:** So should we assume around 16% that is sustainable margin?

Keshav Bhanjanka: Yes.

Akshit Gandhi: Sir, two-three things you indicated that the input in the MDF is actually coming lower than

what you had expected that is the raw material prices are falling so are we seeing a MDF

from prices also falling in the market or they are at similar levels?

Keshav Bhanjanka: The more determining factors for price are demand and supply. So now demand is huge

because all the existing players they have rather increased price by 5% this last month or

two the price of MDF increased by 5%.

Akshit Gandhi: Sir, if you could kindly comment what is currently our gross debt and the cash on the

balance sheet.

**Arun Julasaria:** You are talking about the total debt?

Akshit Gandhi: Yes.

Arun Julasaria: Yes, including the MDF debt, you will find that as on March 2017 my long-term debt was

Rs147 crore near about short-term debt in the form of bank takes to nearly Rs167 crore and the buyers credit was near about Rs233 crore and total wise say the debt equity ratio is

around the debt is around 0.8 of the equity.

**Akshit Gandhi:** How much is the MDF debt in this roughly around Rs150 crore or something is that the

right number?

**Arun Julasaria:** In the MDF, there are two types of growth rates we have availed. One is from the term-loan

the cash and another we have like our buyer credit for the machines imported because buyer's credit is credit available. They are like it is labour plus may be 30, 40 points so for three years we are entitled to utilize against the imported machines so maybe around Rs100-crore something is buyer's credit we are availing and Rs100 crore or something we have

availed. So we have drawn around Rs200 crore.

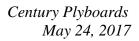
Akshit Gandhi: What would be the interest rate on this entire debt because next year once MDF plant

commercialises we will have the entire interest coming in the profit and loss account so

what kind of interest rate can we expect on this debt.

**Arun Julasaria:** May be one-third is the rupee loan, which is attracting an interest of 8.35% and the rates is

buyer's credit so buyers credit part is at the moment is less than 3% and you have seen on





the dollar front we have gained something so, so far the interest rate effect is rather negative on imports due to the depreciation of dollar.

**Akshit Gandhi:** Sir two last questions. When I look at your working capital it has, and a very good job on

that, reduced from 70 to 65 days versus FY2016 to 2017 the cash conversion cycle is that

sustainable or are there any changes expected in that?

**Sajjan Bhanjanka:** I think that is sustainable. We have entered with the State Bank for the channel finance. So

if the channel finance that picks up in that case we shall get money immediately after the invoicing and the State Bank would give them credit at the rate of 9% for two or three months whatever is agreed with them and so they will get cash discount from us but the interest outgo would be much less than the cash discount. So that would be win-win they will get at the cheaper rate, we will get money from the bank and at the cheaper rate and at

the same time we shall get the cash. So, I think this cycle would improve further.

**Akshit Gandhi:** One last question if I look on your capex details where you have given very detailed capex

plans it indicates FY2018 has a RS222-crore capex plan in FY2019 it is Rs60 crore so with

is that the number which we should assume.

Sajjan Bhanjanka: Yes at the moment frozen figures are these only if anything comes in addition to that we

shall keep on some.

**Akshit Gandhi:** Congratulations on a good set of numbers. That is it from my side.

**Moderator:** Thank you. We will take the next question from the line of Prashant Kutty from Sundaram

Mutual Fund. Please go ahead.

Prashant Kutty: Thank you for the opportunity Sir. I just logged in a little late into the conference call. Just

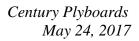
want a couple of clarifications. One is if you look at the volume growth in plywood that seems to be pretty muted against that if you could just probably help us understand what is really happened on that front? Is it because of the a bit of a channel filling system which you saw in the last quarter and probably not so much happening in the sort of the quarter

anything on account of that?

Sajjan Bhanjanka: Actually as far as plywood volume is concerned every quarter we have been discussing

about it, we expected it to grow about a little more but ultimately by the second quarter or third quarter we knew that we will be growing single digit but our figures in the month of April and May are very, very high spirited and we have crossed about in 19% growth in

April and May also. So that is okay. I do not think it will need because we had already





understood and we already as a company we have already decided that we are not be going on volume but bottom-line is our more important areas in our company so we have been actually not reducing the prices and piping in the market to scale more volumes.

**Prashant Kutty:** Just again because you spoke about focus on bottomline just wanted to understand over here

again in terms of the realization increase is almost about 8%, 9% in the plywood segment again is it to do with the premium products being sold more is it a function of mix or have

we actually taken a price hike in that sense actually?

**Sajjan Bhanjanka:** No it is a function of mix only. We have not taken any price hike.

**Prashant Kutty:** But I believe Sir on account of GST would we be required to take any price hike now or the

rates pretty much simpler for us in India?

**Arun Julasaria:** But it is I think technically it is reduced. The implication is reduced by 1% or 2% because

earlier we were paying around 2% CST while it was not being refunded to us so that was another cost while the manufacturing or buying the raw material so that impact was there neither in the selling to some customers were giving against CST so CST 2% either on purchase on sale then excise 12.5% then VAT on an average 14%, 15% so all together it

was around 30% and the CST has come the 28% so we are selling something.

Prashant Kutty: Also in line with if you look at the margin side of it Sir you said that plywood margins are

little higher because there was a forex gain correct me Sir. Is that right? I mean you said

about 1% was on account of that, that is what I have heard if I am not wrong?

**Arun Julasaria:** Yes 1% is on account of forex gain.

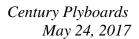
Prashant Kutty: Apart from that Sir if you look at it the margin increase is pretty steep so just wanted to

understand what are the sustainable level of margin in plywood?

**Arun Julasaria:** Here now, we have taken many new initiatives. One thing is the core prices have come

down substantially internationally so we have shifted to more to imported core so that is one thing we are importing usually from Vietnam that is one thing. Second thing we have replaced costly timber like Keruing. It is no more available. So earlier we are importing Keruing at \$550, \$600 per cubic meter now we have replaced this from the PQ timber from Solomon Island so the price of PQ is around 340, 350 so there we are saving money and the phase of PQ also we are raising in our product and the yield and everything is better and like petroleum prices have come down so the adhesive prices are again prevailing at the

lower level.





**Prashant Kutty:** 

One last question from my end on the GST part of it, obviously we were expecting an 18% rate earlier, and obviously we are hoping that probably the competitiveness as compared to an unorganised player would actually become a better (inaudible) 1.00.19 that you might have to take a price cut and the size differential would be much lower. Given that that particular activity is not happening right now, how do we really look at it? I mean I understand obviously GST that shift will definitely happen, but is there a fear over here that that might probably happen at a much slower pace than expected before. What are your thoughts on the same Sir?

Sajjan Bhajanka:

Here you have to look from two different angles. One is like our earlier prolonged voice, not the higher or lower duty. It was non-level playing field, because 90% you need to have SSI say 80% volume was under SSI, 70% value was under SSI, so we had to compete with them with the big handicap. So that was our bigger problem. We would have loved if the duty would have been 18% on plywood then the like challenges and that would have been easier for them to comply, compliance would have been better from them but now at 28% level, many of them may not be in a position to survive and many of them again will continue unfair means, I understand removal and other things wherever possible. But I have been given the impression that this is a very robust system. They have incorporated many checks and means in this new system where really which is valid for only 24 hours for small distance and the highest validity is 15 days and there are a lot of other things, crosschecking on the computer, the checking would be challan to challan not the overall quantity. So all these things will make it difficult may be at small distance they can manage within the state or something, but interstate and long distance, it would be difficult for them to manage. So even if we do not get higher volumes and producing states but the other states, which are consuming states, there we shall have much better demand.

**Prashant Kutty:** 

Thank you very much and all the very best to you.

Moderator:

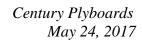
Thank you. We will take the next question from the line of Achal Lohade from JM Financial. Please go ahead.

**Achal Lohade:** 

Thank you for the opportunity Sir. If you could clarify a bit on the MBF what is the demand, what is the production capacity? We do hear that a few other players are also setting up the capacities. If you could talk a little bit about on that.

Sajjan Bhajanka:

We are very much behind. In India like in the MDF sectors like world capacity of MDF is around 100 million cubic meters, total world capacity and China commands 50% of that. Around 50 million cubic meter of MDF and there are around 400 units in China and small country like Turkey they have production of more than 5 million tonnes, but India's total





production as on the date, is around half million tonnes. So there could be a migration because IKEA and other people going for readymade furniture they cannot use plywood. They have to use MDF or particleboard. So in times to come the MDF and particleboard would grow like anywhere in the world now the plywood share is 25% or less similarly that situation may not come that fast in India, maybe another 10 years, but gradually plywood would decline and MDF would grow.

**Achal Lohade:** Correct, what is the current capacity you said in India and what are the imports?

Sajjan Bhajanka: In India now the current capacity is around half million tonne and the import is I think may

be 40% of that may be another 0.2 or 0.3 million tonne.

Achal Lohade: What is the capacity going up to let us say in the next three years because I believe we are

adding capacities and a couple of other companies are also adding?

Sajjan Bhajanka: Whatever has been announced is 0.2 million by us, may be 0.3 million tonnes by Green in

South India, and in the next two to three years it is less than 1 million tonnes.

Achal Lohade: So you think there would not be any pricing pressure or anything of that situation. We do

not envisage any of that?

Sajjan Bhajanka: The first causality would be imports and more particularly in North India not big capacities

are coming up. That capacities are coming up in South India and the import competition or the pressure is also on South India because North India is land locked and even the logistic cost of the imported material will be taken to the North India would be much higher so I

think we are competitively safe in North India.

Achal Lohade: Secondly, you mentioned that the forex gain has kind of boosted the EBITDA across

segments, if you could just give the number would it be possible to segregate that.

Sajjan Bhajanka: So forex gain was around Rs14 crore and that was mainly in the last quarter so against a

turnover of plywood may be forex gain was also on plywood and laminate also because

there is also import component so on the overall segment it was around 1%.

Achal Lohade: Right, I was wondering if you could provide an absolute number for the segments for the

ply, laminates and the others?

Arun Julasaria: You can just see our updated presentation. There you will find detailed figure segment-

wise, year-wise, quarter-wise everything you will find there.



Achal Lohade: Sure, and my last question was for the MDF. Earlier we were talking of Rs350 crore kind of

a revenue for FY2018, if I understand correctly, we are talking about Rs250 crore revenue

for FY2018 with July commissioning is that right Sir?

Sajjan Bhajanka: Yes, earlier we thought that we shall be in a position to commission it somewhere in March

or April, but now already 1,000 people are working in the plant side and still it is taking some more time to complete so now I think advancing may not be possible and as per our original schedule of July we shall be able to commission it so we lost three months which we are contemplating that we shall be able to advance. So that is no more available and for the remaining period when the initial teething trouble and all other things, so we are

expecting that this year it will be around Rs250 crore.

Achal Lohade: Sure and just the last question if you could talk about the revenue growth or volume growth

for plywood and laminates for FY2018-2019?

Sajjan Bhajanka: From the new Guwahati factory, the new laminate capacity coming up and the MDF we are

expecting a contribution of around Rs500 crore and then the existing units the plywood factories they have also some surplus capacities and seeing the robust demand I am expecting minimum 15% to 20% growth from the existing lands also, so may be this year

we shall have Rs700 crore plus revenue contribution.

**Achal Lohade:** That is like 35% kind of an incremental number is that right?

Sajjan Bhajanka: Yes. It should be that.

**Achal Lohade:** And what kind of margin outlook you could talk about?

Sajjan Bhajanka: The turnover there is one more thing that would contribute that is trading items like

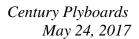
sourcing plywood from the unorganised source and for the lower segment and lower brands and selling in the market so their margin would be less because the module would be different that would not be a manufactured product so that may add to value, but we still have to assess and judge that but that would be a totally new field and for the existing we

shall maintain the same margin levels.

**Achal Lohade:** That is great Sir. Wish you all the best. Thank you so much.

**Moderator:** Thank you. We will take the next question from the line of Dhavan Shah from KR Choksey.

Please go ahead.



**CENTURYPLY**°

**Dhavan Shah:** 

Just one question that is related to plywood, so if I look at the gross margins of plywood for this quarter so it has been expanded by around 300bps on a quarter-on-quarter basis and realization has also been improved by 9% on QOQ so you have already highlighted that we have shifted our product mix, I mean, we were importing Keruing timber earlier and now we are importing the cheap timber, so may be that has led some improvement in the gross margin, but this question is in regards to the realization per cubic meters, so this 50000 per cubic meter is sustainable in FY2018-2019?

Sajjan Bhajanka:

Otherwise it is our endeavor to reduce cost wherever possible without compromising on quality. So this particularly it was blessing in disguise that we are not getting Keruing timber so we are exploring the availability of other timbers and we got a good timber that was almost equally good as Keruing from Solomon and at a much cheaper price. So that has reduced our cost but that would be there because you know we always try and now our financial costs are also coming down due to various cheaper products overall interest rates are also falling and recently we have taken ECB at 1.25%, labour plus 1.25% so that is quite low. So with that interest cost is coming down whatever profit we have we are adding to our capital so that way borrowing is being reduced. We hardly borrow anything in CC account. It is always much less which is highest costing money. So that way we are trying to reduce the cost wherever possible and like all the plants and all are getting older, so interest depreciation that is also coming down.

Dhavan Shah:

Right but you know we were like earlier importing the higher cost of timber so may be we could pass on that increases to our end users but now we have transferred our product base to the others?

Sajjan Bhajanka:

You might have noticed one thing that dealer realization has increased because now the earlier the high quality veneer we were using for our own products only but now as we have shifted to some other timbers so whatever veneer we get from like Laos or Myanmar a part of that we are selling, the higher grade veneers also in the market. So the overall realization has increased in the veneer segment per cubic meter because this time we are selling higher grades also.

Dhavan Shah:

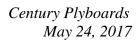
Thank you.

**Moderator:** 

Thank you. We have the next question from the line of Ronald Siyoni from Sharekhan Limited. Please go ahead.

Ronald Siyoni:

Actually I had a few bookkeeping questions; for the year 2017 and 2016 like for FY2017 the interest was about Rs30-odd crore for the full year so there was a forex gain of Rs2





crore included in this? The interest part of FY2017 the interest was about 30-odd Crores so which includes about 2 Crores odd forex income?

Arun Julasaria: In fact as per accounting standard, we cannot take or give as a part of borrowing cost. We

cannot reduce it from borrowing cost, we can take only forex loss in that. So last year there was forex loss which was part of the borrowing cost, this year for nine months we had forex loss, but at the end of the year we had a forex gain. So we have to reduce 12 months by nine

months when we published the result. So that is why gain was reversed.

**Ronald Siyoni:** Okay, so overall...

**Arun Julasaria:** The loss was reversed and the additional gain was shown as other income.

Ronald Siyoni: So interest component has Rs2 crore of forex loss in FY2017 and about Rs18-odd crore

forex loss in FY2016?

Arun Julasaria: Yes. Rs2 crore is also reversed. Because there is net gain in forex so for nine months there

was Rs2 crore but now I think there is net gain in forex.

**Ronald Siyoni:** So about Rs30-odd crores interest on about Rs560-odd crore debt?

Arun Julasaria: At the end of the year whatever is the interest that is vanilla interest. There is no forex gain

or loss included in that.

**Ronald Siyoni:** Because in your press release in the sixth note the note says that the finance cost is arrived

after considering forex in difference, which is shown in table. So that is why I am saying

that it was adjusted in the borrowing cost.

Arun Julasaria: Yes. That is why we have given the figure just to avoid the confusion, we are doing it by

way of mouth. If you see March 31, 2017 this is quarter ended figure where you will find minus Rs2 crore figure instead that is the reversal of the loss, not gain. It is the reversal of annual loss, which was content in line. Even you will find in the year end figure there is a small amount included in the loss in the total borrowing cost because we cannot take the net of figures for the whole year transactions planning you have to calculate. In certain transactions, we can have loss and certain transactions we have profit. So we cannot take the balances. Those you will have to take it in the borrowing cost, profit you will have to

take as balance.



Ronald Siyoni: Okay understood. Say about Rs32-odd crore interest cost was there in about Rs560-odd

crore debt for FY2017 so with since only about 5% interest rate overall. So that should

continue going ahead?

**Arun Julasaria:** The highest interest we are paying that is MCLR rate for certain items so there is below 9%

and then a big chunk of it is buyer's credit. So where the total cost is 2.2% or 2.4% and in between also we take commercial papers, so now we have taken Rs100 crore or something at 6.75%. That commercial paper and then we have taken some export credit also, so that

way overall cost is much less.

Ronald Siyoni: Again, you plan to take about say RS150-odd crore debt in FY2018 so FY2018 would see a

peak level of debt and from FY2019 you should get lower debt, right?

**Arun Julasaria:** Yes. We try our best all the time to reduce the interest cost, to reduce even the borrowing.

**Ronald Siyoni:** Then the last question on the other income part, can you just quantify for the full year how

much was the gain you had booked in other income?

**Arun Julasaria:** I will just get it. If you have another query.

Ronald Siyoni: One last thing was that the MDF part would be included in the standalone, right?

Standalone result there is Rs250-odd crore income you are saying?

**Arun Julasaria:** Yes. MDF is very much part of that.

**Ronald Siyoni:** Thank you very much Sir.

Moderator: Thank you. Ladies and gentlemen due to time constraints we will take the last question

from the line of Rohan Adhvan from Multi-Act. Please go ahead.

**Rohan Adhvan:** Thank you for taking my question. Sir I had one question on depreciation. What would that

be post capitalization of MDF?

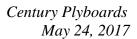
Sajjan Bhajanka: Debt would be as per the norms only because as and when we commission the project after

that we have to provide depreciation. Because it is a Greenfield project then I think we are

allowed some additional depreciation for income tax purpose.

**Rohan Adhvan:** I will get the number offline then for depreciation. Sir, what would be the Rs350 crore of

capex without doing value ad what would be the maximum turnover we could do on that?





**Sajjan Bhajanka:** Without value ad the maximum turnover possible is around Rs450 crore.

**Rohan Adhvan:** And with value ad how much capex would be done and how much would be the additional

turnover?

Sajjan Bhajanka: We have not yet calculated everything because one thing is the doors, so there we shall be

using MDF panels from our own production and then there would be a lot of value additions and additional cost also on the value addition and similarly prelaminating that would incur may be another 20% cost and say 30% returns. So that would be another prelaminating the boards and then furniture that would be a new segment, so it depends what would be the levels. Suppose IKEA is coming in a big way. If we tie up with them, so there could be a huge volume or otherwise we may go for do it yourself type of furniture and selling it online, but first we are concentrating on completing this plant and after that

we shall take up value additions one by one.

**Rohan Adhvan:** Sir, lastly you said that the EBITDA margins on MDF right now are upwards of 35% but

with such capacities coming up are these margins likely to be more temporary and over a three-year period, five year period these are more likely to trend towards the plywood margins or you think that this is a long steady margin that you think would be maintained in

MDF?

Sajjan Bhajanka: MDF the demand of MDF is very heftily growing in North India and North India not much

capacity is coming because only two three existing players are there, Green is there, the AXON is there, and the CDX is there. These are the three major existing players and we are the fourth one. So for coming few years may be two to three years that would be the same. Now nobody has announced new project. We were very fast so we could reach this stage and maybe we shall be able to commission the plant in 15 months but usually it is two and a half years. So maybe if anybody taking up the MDF project fresh would take another two and a half years to complete it. So that is the thing and South India yes that is the capacity is less and South India is only depending on the imports. So like Green is coming up there so first causality would be imports. If more capacity is added in South India so that will impact the imports. There is antidumping duty around \$100 in China then even other manufacturing countries there is antidumping duty so to some extent that will add as a duty barrier and import barrier. Now demand is more. The margins are more so import is also very well but in future when sufficient capacities would be generated indigenously then

import would reduce but I foresee rich future for MDF may be after five to ten years there

would be 20 times capacity in comparison to the present capacity.



Arun Julasaria: In other income for the whole year which is Rs22.67 crore around Rs20 crore is forex gain

in that. That question I was holding.

**Sajjan Bhajanka:** That is against the earlier query.

Rohan Adhvan: Thank you.

Moderator: Thank you very much. Ladies and gentlemen due to time constraints that was the last

question. I now like to hand the conference over to the management for their closing

comments.

Sajjan Bhajanka: Again we thank all of you for always supporting us and always taking interest in our

company and like in all the sectors whatever our growth we give credit to you because the encouragements and other things appreciating the better results, so that increases us and

thank you very much.

Moderator: Thank you very much. Ladies and gentlemen on behalf of Ambit Capital that concludes this

conference call for today. Thank you for joining us. You may now disconnect you lines.