Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS

INDIAN ECONOMIC OVERVIEW

The Indian economy slowed down to 11-year low of 4.2% in Financial Year 2019-20, compared to 6.1% in Financial Year 2018-19. Retail inflation climbed to a six-year high of 7.59% in January, 2020, breaching the Reserve Bank of India's (RBI) upper band of 6% while settling at 5.91% in March, 2020. The Wholesale Price Index (WPI) inflation stood at 1% at the year end and the core inflation hardened in a sustained manner from a historic low of 3.4% in October, 2019 to 4.3% in January, 2020. The nominal exchange rate (the Indian rupee or INR vis-à-vis the US dollar) exhibited sizable two-way movements during October-December 2019. The INR came under intensified and sustained depreciation pressures beginning mid-January, reflecting a generalized weakening of emerging market currencies amidst flights to safety. Accordingly, the baseline assumes an average of INR 75 per US dollar.

The combined expenditure of Central and State Governments exceeded revenues, translating into a greater level of public debt-to-Gross Domestic Product (GDP) ratio. At around 69% of GDP for the Financial Year 2019-20, India's public debt was relatively large in comparison with other major emerging market economies.

The Monetary Policy Committee under RBI reduced the policy repo rate to 4.40% from 6.25% in Financial Year 2018-19 to mitigate the risks arising amidst the deteriorating economic conditions. Crude oil prices softened to reach US$51 per barrel in March while the price of Brent crude crashed to US$23 per barrel in late March 2020.

With food inflation hitting 14% in December 2019, rural India was among the worst hit by the current economic slowdown. Growth in nominal rural wages, both for agricultural and non-agricultural labourers, remained subdued averaging around 3.4% and 3.3%, respectively, during Financial Year 2019-20 (up to January 2020) mainly reflecting a continued slowdown in the construction sector. The nominal per capita net national income was estimated at ₹135,050 in Financial Year 2019-20, up 6.8% from ₹126,406 in Financial Year 2018-19. The Government's fiscal deficit widened to 4.6% against the revised target of 3.8% because of low GST and custom collection along with declining revenues caused by a cut in corporate tax rates.

The share of Gross Fixed Capital Formation (GFCF) in GDP dropped to 30.2% in Financial Year 2019-20 from 31.90% a year ago. The gross fiscal deficit of 22 states increased to 2.9% of their Gross State Domestic Product (GSDP) in Financial Year 2019-20 from the budgeted 2.5%. The deviation was mainly caused by lower revenue – both own and central transfer – due to the slowdown in economic activity, which, in turn, induced states to cut both revenue and capital expenditure in an adverse feedback loop that weakened aggregate demand.

India emerged as the fifth-largest world economy in 2019, overtaking the UK and France with a GDP of $2.94 trillion. India jumped 14 places to 63 in the 2020 World Bank's Ease of Doing Business ranking, riding on reforms in seven areas and a substantial bump-up from the insolvency law rolled out in 2016. The country climbed 79 positions in the past five years and was among the top 10 performers for the third year running. India moved down 10 places to rank 68th on the annual global competitiveness index, largely due to improvements by other economies.

The outbreak of COVID-19 and the subsequent lockdown are expected to moderate aggregate demand and to create economic challenges. Along with some major economies around the world India was bound to be affected not only because of its domestic slowdown but also because of international recession. India's estimated gross domestic product (GDP) for the fourth and final quarter of FY2019-20 fell to 3.1 per cent which indicated the initial impact of COVID 19 on the economy . To mitigate the reality, the Government announced the Prime Minister Gareeb Kalyan scheme worth ₹1.7 trillion, providing relief to the poor and migrant workers through measures like direct cash transfer to farmers, increased wages under MGNREGA scheme and the utilisation of welfare funds for construction workers. The Government also announced an economic package of ₹20 Lakh Crore, benefitting the MSME segment, agrarian sector and provision for free rations to migrant workers.

The intensification of social distancing measures is expected to lead to supply side as well as demand side shocks. Supply chain disruptions could hurt domestic production in sectors dependent on imported inputs like pharmaceuticals, autos, chemicals, power, etc. Disruption to the services sector could affect sectors like transportation, hotels and entertainment – as containment measures limit travel. Fiscal and monetary stimulus measures undertaken by the Government and Central Bank are expected to provide reasonable support to the economy. Despite linkage with global economies, India's macroeconomic situation remains considerably strong as compared to other emerging economies. Falling crude oil prices are expected to favor the Balance of Payment situation. Benign inflation that allows room for monetary easing and comfortable forex reserves levels could add to the economy's resilience. In a new set of measures to mitigate the impact of coronavirus lockdown on the economy, the RBI reduces the repo rate by 40 basis points from 4.4% to 4% and the reverse repo rate reduced by 40 basis points from 3.75% to 3.35 %.

GROWTH OF INDIA'S GDP IN FINANCIAL YEAR 2019-20

	Q1, FY20	Q2, FY20	Q3, FY20	Q4,FY20
Real GDP growth (%)	5.2	4.4	4.1	3.1

KEY GOVERNMENT INITIATIVES

National infrastructure pipeline: To achieve a GDP of US$ 5 trillion by 2025, the Government announced National Infrastructure Policy with an investment plan worth ₹102 trillion in five years.

Corporate tax relief: Indian companies were unable to compete globally, with the cost of capital and corporate income tax (CIT) being significantly higher than overseas competitors. In view of this, the Government slashed the corporate tax rate to 22% from 30% to promote investment, subject to condition they will not avail any incentive or exemptions. Further, in order to boost the Make-in-India initiative, a new tax rate of 15% has been introduced for newly set up domestic, manufacturing companies. The new effective CIT would be 25.17%, inclusive of a new lower surcharge of 10% and cess of 4%. India's CIT is now closer to the worldwide average statutory CIT of 23.03%.

Economy relief package: To counter the challenges arising owing to the COVID-19 outbreak, the Government of India announced a relief package worth ₹20 lakh crore.

INDIAN PLYWOOD SECTOR OVERVIEW

The manufacture of plywood involves assembling thin layers of wood veneers bonded together using powerful adhesives. Softwoods, hardwoods, or a combination of the two, is used, such as several varieties of Gurjan, Keruing, Eucalyptus, Poplar and Beech among others in the production of plywood for various applications. Usually, softwood plywood sheets are designed for exterior application on a structure. The hardwood plywood is used in the production of furniture and other interior applications. In India, plywood is popular for its use in furniture manufacturing, accounting for two-thirds of the wood consumption. The latest IMARC Group report finds that the Indian plywood market is valued at US$ 4.5 billion in 2019.

The furniture market in the past few years witnessed strong growth owing to strong GDP growth leading to a growth in per capita income, increasing urbanization, growing nuclearisation, higher investments in real estates, greater access to global lifestyle trends owing to higher accessibility to internet. With the entry of organized players, introduction of new and latest designs have also helped in creating strong demand among consumers in the country. Besides increase in consumption in the Tier II and III markets have also impacted the growth of the furniture market positively. Driven by these realities, the market is expected to grow to US$ 5.9 billion by 2025.

India has always been a predominantly plywood consuming country. The ratio of plywood versus other panels (MDF, particle boards) demand in India is 80:20 where as it is almost the opposite (20:80) in developed and mature markets. However, unavailability of certain raw material for plywood manufacturing is expected to adversely impact manufacturing cost is expected to be one of the key factors to act as a barrier to the growth of the India plywood industry.

LAMINATES MARKET

The laminates manufacturing sector is expected to see a lower number of new plants in 2019. With reports of many struggling plants and brands and few already closed, the decorative laminates industry is set to consolidate in 2019. With a change in management and growing number of plants on sale, capacity addition could almost freeze, leading to market stability and consolidation.

The size of the laminates and decorative veneers market in India was pegged at ₹7,000 crore with the unorganised players accounting for a ~30% share of the market.

The growth of the industry can be attributed to a number of reasons, the major reason being people shifting from remote rural areas to urban clusters. Supported by a growing economy and rising household disposable incomes there has been a growth in the demand for furniture and modern wooden products. The low and affordable housing projects supported by the Government of India are expected to drive furniture demand. Reforms in the taxation system with the implementation of Goods and Service Tax (GST), a declining price difference between the organized and unorganized sectors could catalyse the laminates market.

MEDIUM DENSITY FIBER-BOARD (MDF) MARKET IN INDIA

With the rise in awareness and application of MDF, there has been a sizeable growth in the consumption of MDF in India. Thanks to designers using MDF in different applications, the category is growing at 22% annually despite odds. With the present installed capacity of 2400 cbm per day, the Indian MDF market is pegged at around ₹1800 crore. The market is also populated by imports from Thailand, Vietnam, Malaysia, Indonesia, Australia and New Zealand among others. With the organized furniture sector reporting growth, it is expected that the demand for MDF will grow further. The price of MDF boards remains under check thanks to over supply. The overall MDF capacity utilization in India has improved marginally in the last few months. India is likely to add MDF production capacity of 1500 cubic meters per day from Financial Year 2020-21. India Ratings and Research (Ind-Ra) believes that the overcapacity in the MDF industry could persist till Financial Year 2021-22 at least. The Government has supported the MDF industry by levying an anti-dumping duty up to US$ 64.35 per CBM on imports of thick MDF till July 2021 from China, Indonesia, Sri Lanka, Malaysia, Thailand and Vietnam, which have together accounted for a major proportion of India's thick MDF imports.

Further, India consumes huge quantity of thin MDF (below 6 mm) because of its increasing applications and usages. Its demand grew multifold during the last four years. Thin MDF is a suitable all-rounder substrate for multiple applications in surface decor, unique creative design in furniture, routing and other surfacing requirements. The commencement of new lines in thin MDF manufacturing segment will boost the prospects for 'Make in India' at the same time it will require more wood resource for such industries.

FURNITURE MARKET IN INDIA

Engineered wood furniture is gradually gaining popularity in Indian cities. This is largely driven by a rise in demand for ready to assemble furniture in cities. The convenience of buying from the e-commerce platforms is also driving the growth of modular and multifunctional furniture for home decoration and convenience purposes. India's furniture market is multiplying and expected to be valued more than US$ 27 Billion by 2023.

Key factors for the growth of India's furniture market comprise a growing middle-class population, rising disposable income and the increasing number of urban households. Small and unorganized local players dominate the market even as organized players are emerging (like IKEA). The growth of the market is also driven by the tourism, hospitality and corporate sector.

KEY GROWTH DRIVERS OF INDIA'S WOOD PANEL INDUSTRY

Population growth: India is the second most populous country with a population of 1.36 billion, creating a large market for wood panel products.

Demographics: India has the largest population of youth in the world with 66% of the population aged below 35 years and a median age of ~28 years compared to a global average age of 30 in 2019. This large young population is expected to drive real estate consumption and drive the demand for wood panel products.

Rising per capita income: The nominal per capita net national income in 2019-20 was estimated at ₹134,226, a rise of 6.09% as compared to ₹1,26,521 in 2018-19, thereby increasing purchasing power.

Pradhan Mantri Awas Yojana: The Government of India launched the Housing for All scheme under the Pradhan Mantri Awas Yojana (PMAY) in June, 2015. Pradhan Mantri Awaas Yojana-Gramin (PMAY-G) and Pradhan Mantri Awaas Yojana-Urban (PMAY-U) are two important schemes for achieving the target of housing for all by 2022. During the period 2014-20, more than 34 lakh houses were built under PMAY -U (as on 8th June 2020) and more than 1.05 crore houses were completed under PMAY-G. The Government approved under the scheme to over 1 crore houses in the urban region.

Booming real estate: The real estate market is expected to grow from US$ 120 billion in 2017 to US$ 1 trillion by 2030 and is expected to contribute 13% to India's GDP. Real estate attracted around US$ 6.26 billion of investments in 2019.

Increasing commercialisation: The office leasing volume in India grew 27% y-o-y to an all-time high of 60.6 million square feet in 2019, indicating a robust commercialization across the country. This is expected to drive furniture demand in the country.

Growth of online platforms: The online furniture sales, which is just a fraction of the total furniture sales, is expected to report strong growth, driven by increasing internet and smartphone penetration in the country. This is expected to boost demand for the engineered wood panel products.

Hotel industry: India's hotel market is projected to grow from around US$7.5 billion in 2019 to US$16.8 billion by 2025, exhibiting a CAGR of nearly 15% during the forecast period. The growing industry requires higher room inventory which in turn is expected to catalyse the wood panel industry.

Growing replacement demand: With disposable income in India is increasing, improving the standard of living of the people. There has been increasing trend among people in adopting the modern ways of living. This has resulted in the shortening of the furniture replacement cycle which has in turn led to an increase in the demand for wood panel products.

Urbanization: India's urban population, currently over 34% of the total population, is expected to reach 40% by 2030 and cross 50% by 2050. Increased migration to urban areas and the population growth would require increased number of residential spaces which in turn is also expected to drive the demand for furniture.

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

STRENGTHS	WEAKNESSES
*Present in India with superior macroeconomic prospects *A wide range of product portfolio servicing various kinds of customer segments *Well-penetrated distribution channel ensuring product availability *Strong brand presence enjoying leadership in the organized market *Present in diverse product segment, making it a one-stop shop for panel products *Strategically located plants enabling it service pan-India markets with ease *High-entry cost specifically for the MDF business	*Highly competitive market especially in the lower segment from the unorganized players *Decision making still influenced by influencers like architects, carpenters among others *Oversupply in the MDF is putting margins under pressure
OPPORTUNITIES	**THREATS**
*Shift from unorganized to organized sector post GST implementation *Growing per capita income *Increased in demand for engineered wood products *A growing young population *Increased penetration of the organized furniture sector *Low per capita consumption	*Cheaper products availability * Non- availability of some raw materials *Tight control over raw materials from neighboring countries *Prevailing competition from the unorganized sector *Overcapacity in the MDF industry *Increase in raw material prices

LOGISTICS INDUSTRY OVERVIEW

Strong growth prospects supported by government reforms, transportation sector development plans, growing retail sales, and the burgeoning e-commerce sector are likely to be the key drivers of the logistics industry in India. After being awarded infrastructure status in 2017, investment inflows into the sector was made easier. It's expected the sector will employ up to 40 million people by the end of 2020. The logistics market in India is forecasted to grow at a CAGR of 10.5% between 2019 and 2025. Increasing investments and trades point toward a healthy outlook for the Indian freight sector. Port capacity is expected to grow at a CAGR of 5% to 6% by 2022, thereby, adding a capacity of 275 to 325 MT. Indian Railways aims to increase its freight traffic from 1.1 billion tons in 2017 to 3.3 billion tons in 2030. Freight traffic on airports in India has the potential to reach 17 million tones by FY40.

Despite these encouraging numbers, the sector continues to be challenged by the cost of transportation. Currently, the Indian logistic cost is about 14% of GDP, considerably higher compared to logistic costs in developed countries, impacting India's global competitiveness. The sector is dominated by transportation, comprising 85% share in terms of value, followed by warehousing.

In Budget 2020, the Finance Minister declared release the National Logistics Policy, clarifying the role of the Union Government, State governments and key regulators. The policy would create a single window e-logistics market and focus on generation of employment, skills and make MSMEs competitive. The aim is to reduce the logistics cost from 14% of the GDP to less than 10% by 2022.

The Indian logistics sector provides livelihood to more than 22 million people and improving the sector will facilitate 10% decrease in indirect logistics cost, leading to a growth of 5 to 8% in exports. Further, it is estimated that the worth of Indian logistics market would be around US$215 billion in the next two years, compared to about US$160 billion at present.

OUTLOOK

The COVID-19 pandemic has caused an unprecedented global recession with adverse consequences on unemployment and poverty. Rolling lockdowns and social distancing restrictions on account of the pandemic are expected to significantly impact economic activity in all major markets, and cause demand compression. Despite the threat posed by COVID-19 pandemic, the Company apprehends to retain a competitive position in the market by leveraging its brand image and quality products. Further, based on the latest report of UNCTAD it is expected that the course correction of economic recovery in India will be smoother and faster than that of many other advance countries..

CENTURYPLY®

SEGMENTAL OVERVIEW

Plywood	Laminates	MDF	Particle boards	Logistics
*Revenue at ₹1,234.29 crore, a de-growth of 3% over 2018-19 *Maintained market leadership *Introduced new products	*Revenue at ₹463.34 crore, a growth of 6% over 2018-19 *Introduced new designs during the year under review	*Revenue at ₹ 350.52 crore, a growth of 19 % over 2018-19 *Capacity utilisation at 82 %	*Revenue at ₹99.11 crore, a growth of 2 % over 2018-19 *capacity utilisation at 116% against 107 % in 2018-19	*Revenue at ₹86.50 crore, a de-growth of 16% over 2018-19 *EBITDA margin increased to 33.8% against 32.4% in 2018-19

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE, FINANCIAL YEAR 2019-20

REVIEW OF THE FINANCIALS

Centuryply followed the accrual basis of accounting under the historical cost convention, except for certain financial assets measured at fair value as described in accounting policies regarding financial instruments. Its accounts were prepared in accordance of Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014 and comply with the Companies (Indian Accounting Standards) (Ind AS) Rules, 2015.

BALANCE SHEET

- Total Borrowings including buyers' credit for FY2019-20 stood at ₹253.12 crore compared to ₹518.91 crore during FY2018-19
- Total net fixed assets for FY2019-20 stood at ₹721.10 crore compared to ₹728.60 crore in FY2018-19
- Net worth stood at ₹1069.71 crore as on 31st March 2020 compared to ₹965.45 crore as on 31st March 2019, an increase of 11 %.
- Inventories decreased by 12% from ₹400.97 crore as on 31st March 2019 to ₹354.10 crore as on 31st March 2020.

PROFIT & LOSS STATEMENT

- Revenues from operations increased 1% from ₹2263.83 crore in FY2018-19 to ₹2282.68 crore in FY2019-20
- EBITDA increased to ₹315.18 crore in FY2019-20 compared to ₹306.42 crore in FY2018-19
- Profit after tax remained flattish and was ₹158.17 crore in FY2019-20
- Depreciation and amortisation stood at ₹67.55 crore in FY2019-20 compared to ₹49.99 crore in FY2018-19

KEY FINANCIAL RATIO- SIGNIFICANT CHANGES AND EXPLANATIONS

Ratio	FY2019-20	FY2018-19
Debtors Turnover (Days)	41	47
Inventory Turnover	57 (30 days for raw material and 27 days for finished goods)	65 (36 days for raw material and 29 days for finished goods)
Interest Coverage Ratio	6.65 times	5.75 times
Current Ratio (with short term borrowings)	1.49	1.32
Debt Equity Ratio	0.18	0.48
Operating Profit Margin (%) (EBIT Margin)	10.85%	11.30%
Net Profit Margin (%) / PAT	6.90%	7.00%
Return on Net Worth/ Average Equity	15.49%	17.58%
EBITDA Margin	13.80%	13.50%
Earnings per share (₹)	7.12	7.15
Fixed Asset Turnover Ratio	3.13	3.03
Return on Average capital employed	17.60%	17.88%

There has been a change of more than 25% in Debt Equity Ratio in FY 2019-20 as compared to FY 2018-19 due to prepayment of loan in FY 2019-20. Apart from this, there has not been a change of 25% or more in any of the aforesaid key financial ratios.

RISKS AND CONCERNS

RISK MANAGEMENT

Risks are integral part for a business to grow. However, effective risk management is fundamental to the business activities of a company. Effective risk management comprises reducing the element of surprise, improve services, ensure proactive change management, source resources efficiency, optimize utilisation levels, prevent leakages and reduce wastages. While we remain committed to increasing shareholder value by developing and growing our business within our board-determined risk appetite, we are mindful of achieving this objective in line with the interests of all stakeholders. The Risk Management process evaluates each risk associated with various business transactions and undertakes effective mitigation strategies to minimize impact.

We seek to achieve an appropriate balance between risk and achievements in our business, and continue to build and enhance the risk management capabilities that assist in delivering our growth plans in a controlled environment. Risk management is at the core of the operating structure of the Company. We seek to limit adverse variations in earnings and capital by managing risk exposures within agreed levels of risk appetite.

Our risk management approach includes minimising undue concentrations of exposure, limiting potential losses from stress events and ensuring the continued adequacy of all our financial resources.

Responsibility and accountability for risk management resides at all levels within the company, from the Board down through the organisation to each business manager and risk specialist.

RISK MANAGEMENT PROCESS

RISK IDENTIFICATION

The Company identifies risks through appropriate systems and indicators (quantitative component). Besides, its inbuilt reporting protocol makes it possible for the executives to report risks as and when they perceive.

RISK ASSESSMENT AND EVALUATION

The Company prioritizes the identified risks against its strategy and risk appetite. The Company continuously strengthens its risk evaluation tools pertaining to each business function and compares the results developed by its risk model with those recommended by supervisory authorities and prevailing industry standards.

RISK REPORTING

The Company periodically reports the effectiveness of our risk management to our Risk Management and other Committees covering category-wise risk and the overall risks. We recognise that this can potentially generate early alerts that make it possible to engage proactively in initiatives to counter the risks.

RISK MITIGATION

Risks to achieving business objectives are key inputs to the formulation and development of strategy and business planning. The Company identifies the key strategies and develops and implements measures and strategies to mitigate the specific risks in an effective way.

RISK MONITORING

Mitigation plans are finalized, supervisors are identified and the progress of mitigation actions are monitored and reviewed. The Risk Management Committee periodically examines the scope and effectiveness of mitigation plans and provides feedback to mitigation teams.

OUR PRINCIPAL RISKS AND MITIGATION MEASURES

Key risks	Explanation	Mitigation measures
Economy	The Company's performance could be adversely affected in the event of economic slowdown.	India's economy slowed down to 4.2% in 2019-20, yet the Company reported a 1 % revenue increase and PAT remained flat, signifying robustness of the business model. Also increasing consumer focus towards owning homes and Government's focus on boosting real estate demand is expected to drive the business.
Human capital	There is always a requirement of skilled and talented manpower to look after day-to-day operations.	The Company defined career paths to ensure talent retention and offered best compensation packages in the industry. The Company reported decent employee retention more than 95% as on March 31, 2020.
Finance / Funding risk	Rising interest rates could affect the Company's profitability.	The Company is able to raise further capital at a very low rate of interest, owing to timely repayments of debt. The Company's debt equity stood at 0.18 as on March 31, 2020 and the interest coverage ratio improved from 5.75x in 2018-19 to 6.65x in 2019-20.

Key risks	Explanation	Mitigation measures
Regulatory & compliance	Frequently changing regulatory requirements and inability to comply with the same, norms could result in penalties being levied.	The Company is an ethical player, responding with a sense of governance. Over the years, the governance has reflected in complete alignment with the certification and compliance needs of its business, no injury related to operations, workplace safety, commitment to customer interests and addressing statutory obligations.
Product	Products may not be accepted by the market and also inconsistent quality would steal the market share.	The Company is respected in the industry. The Company was the first in the country to introduce borer-proof plywood. Also, the Company's superior product quality ensures steady offtake.
Innovation	Inability to introduce new and innovative products could lead to slowdown in growth.	The Company's in house R&D team works on a continuous basis to improve quality of product and its properties. The Company was the first in India to introduce innovative products like borer-resistant, termite-resistant, water-proof and fire-proof plywood. The Company has popularised revolutionary products like particle boards, MDF, value-added decorative laminates, doors and fibre cement boards among others, in India.
Competition	An increasing number of players could intensify competition and impact market share.	The Company possesses extensive scale, strong brand recall and operational efficiency, enabling the Company to become a strong competitor. Century's quality emphasis has translated into enhanced competitiveness.
Customer attrition	Losing customers could impact revenues and profits.	Centuryply is among the handful players within the industry to offer five to lifetime years of warranty for plywood. This increases the confidence of the consumers on the company.
Geography	Dependence on any particular geography could impact the Company's performance owing to a slowdown in a particular geography.	The Company's products enjoy PAN-national availability through 30 marketing offices covering 630 cities and townships, addressing 2100 dealers and over 25000 retailers. Also, the Company enjoys strong presence in several countries.
Raw material	Volatile raw material costs could impact business.	The Company's manufacturing units are proximate to sources of raw material and it also procures raw materials directly from suppliers at competitive price. Sufficient stock of utilities is maintained to ensure continuous supply.

Key risks	Explanation	Mitigation measures
Logistics	Improper logistics management could impact the Company's operations.	The Company's well-structured logistics management processes starting from raw material procurement to final product delivery to customers, ensuring smooth operations. Centuryply has more than 2100 dealers across the country selling its products. The Company's products are available in most cities and towns of the country.
Quality	Lower product quality and weak manufacturing efficiency could impact revenues.	The company is respected for its enduring and consistent quality. The Joka plant, an ISO 9001-certified unit, was the first plywood manufacturing facility in India to be correspondingly certified. The Company is also ISO14001-certified, validating its environment friendly practices.
Forex fluctuations	Volatility in currency valuations could impact the bottom-line.	The Company manages the currency risk by monitoring exposures and then hedging the forex exposure. The Company avails overseas buyers' credit, on a case-to-case basis to benefit from extended credit periods as well as manage long-term fluctuations.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Centuryply understands that to drive sustainable growth, quality human resource is necessary. The Company has created an enabling working environment where employees are regularly trained and provided with superior career growth opportunities. During the year, the Company organised training programmes in different areas such as technical skills, behavioural skills, business excellence, general management, advanced management, leadership skills, customer orientation, safety, values and code of conduct. Besides, the Company enjoys harmonious relationship with its factory workers. The Company has a rich blend of millennial and experienced employees. The Company's employee strength stood at 6,704 as on 31st March 2020.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has put in place an effective internal control system which undergoes continuous review. Additionally, corrective measures are taken to enhance efficiency levels, if and when required. The Company has been accredited with ISO 9001 and ISO 14001 certifications, indicating the keen emphasis it has laid on quality management and ecofriendly processes. The Company's SAP-based ERP system has been upgraded to SAP HANA which offers inexhaustible possibilities to define queries for detection of exceptions and/or detection of deviating transactions, real-time analytics on transactional data, unmatched flexibility when changing reporting structures and even instantaneous simulation of business scenarios.

CAUTIONARY STATEMENT

The statements in the 'management discussion and analysis' section describing the Company's objectives, projections, estimates and prediction may be considered as forward looking statements. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market positioning, expenditures and financial results are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statement on the basis of any subsequent developments, information or events.