

Greenlam/2022-23 February 08, 2023

The Manager

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Dear Sir/Madam.

The Manager

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NSE Symbol: GREENLAM

Sub: Transcript of Earnings Call

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript of Earnings Call held on February 03, 2023 to discuss operational and financial performance for Q3 9M FY 23.

Kindly take the above information on records.

Thanking you, Yours faithfully,

For GREENLAM INDUSTRIES LIMITED

PRAKASH KUMAR BISWAL COMPANY SECRETARY & VICE PRESIDENT – LEGAL

Encl. A/a



"Greenlam Industries Limited Q3 and 9M FY '23 Earnings Conference Call" February 03, 2023

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MANAGEMENT: MR. SAURABH MITTAL – MANAGING DIRECTOR & CHIEF

EXECUTIVE OFFICER - GREENLAM INDUSTRIES LIMITED

Mr. Ashok Sharma – Chief Financial Officer – Greenlam

INDUSTRIES LIMITED

MR. SAMARTH AGARWAL - FINANCE - GREENLAM INDUSTRIES

LIMITED



Moderator:

Ladies and gentlemen, good day, and welcome to the Greenlam Industries Limited Q3 and 9M FY '23 Conference Call. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode, and 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 star then zero on your touchtone phone. Please note that this call is being recorded. I now hand the conference over to Mr. Saurabh Mittal from Greenlam Industries. Thank you, and over to you, Mr. Mittal.

Saurabh Mittal:

Thank you. Good afternoon, friends, and welcome to the Greenlam Industries call. I'll give you a brief update of what's happened on the business, and then Ashok will take you through the financial details. I'm sure by this time, you've seen the presentations on the website and the investor presentation, too.

So on the business front, as you saw Q3, we grew the business by about 12% in top line. The domestic business grew about 13.5% and the export business grew about 10% to 11%. The gross margin of the business improved to about 48-odd percent. We had slightly higher operating costs in Q3, mainly on account of manpower, on hiring additional teams for the new business. We also had the full cost of the Gujarat plant. So I think this all contributed to higher operating costs, thereby not showing a significant improvement on the EBITDA front.

The working capital management was in control. We improved working capital year-on-year by 8 to 10 days, and we also improved working capital on a Q-on-Q basis by 1 odd days. We continue our focus on the domestic and export businesses on driving more market share in both the geographies. The challenges we had in certain markets in the international space is more or less settle now, and we are seeing business coming back from those markets. Even from the Western markets of Europe and US, while people are talking about a little bit of a slowdown, but we think in the coming quarters, our numbers should look recently good in those markets too.

As for the new projects are concerned, the Gujarat factories third production line will be operational in Q4 of FY '23. The plywood plant at Tamil Nadu should be operational by the end of Q4 of FY '23. The Andhra Pradesh plant, the laminate part should start in Q1 of FY '24, and the particle board plant to start by Q4 of FY '24. So, we are having a close watch on the projects. The execution is more or less going on schedule.

The teams of the manufacturing plants are also by and large in place, and the teams for sales marketing on the ply piece is WIP as we talk -- so by and large, things look to be within our control, and we are driving for successful execution of these projects. And we hope the business



as we move forward now, each quarter, we think there should be improvement in terms of revenues and profitability.

So that's it from my side at the moment. Ashok will take you through the financial highlights, post which I'm available -- the team is available for any queries of yours. Ashok ji over to you.

Ashok Sharma:

Good evening, I'll take you through the financial performance.

For Q3 FY '23, on a consolidated basis, net revenue for the quarter grew by 12% on a year-onyear basis and degrew by 2.8% on a sequential basis and stood at INR 503 crores.

The gross margin grew by 400 basis points to 48.3% in Q3 FY '23 from 44.3% in Q3 FY '22. On a sequential basis, gross margin grew by 370 basis points. Gross margin in absolute terms grew by 22.1% on a Y-o-Y basis, and 5.4% on a sequential basis to INR 243 crores this quarter.

EBITDA margin was down by 100 basis points to 10.9% this quarter as compared to 11.9% in Q3 FY '22. On a sequential basis, EBITDA margin was up by 50 basis points. EBITA in absolute terms grew by 2.7% on a Y-o-Y basis and 2% on a sequential basis and they stood at INR 54.8 crores in Q3 this year.

Net profit for the quarter stood at INR 28.2 crores as against INR 26.9 crores in Q3 FY '23. Moving on to 9 months performance

Consolidated net revenue for the 9MFY23 grew by 20.3% on a Y-o-Y basis to INR 1,492 crores as against INR 1,240 crores in 9MFY22. Gross margin was up by 150 basis points to 46% in 9MFY23, from 44.5% in 9MFY22.

Gross margin in absolute terms grew by 24.5% to INR 686 crores in 9MFY23 as compared to INR 551 crores in 9MFY22.

EBITDA margin was down by 50 basis points at 10.6% in 9MFY23, from 11.1% in 9MFY22. EBITDA in absolute terms grew by 15.5% to INR 158.8 crores in 9MFY23 as compared to INR 137.5 crores in 9MFY22.

Net profit grew by 26% to INR 81.9 crores in 9MFY23 as against INR 64.9 crores in 9MFY22.

Now I'll move on to segmental performance.

Laminates. Laminate revenue in Q3 FY '23 grew by 12.5% on a year-on-year basis and degrew by 2.6% on a sequential basis and stood at INR 459 crores in Q3FY23.

Volume growth stood at 7.1% on year-on-year basis. Domestic laminate revenue grew by 13.3% on a Y-o-Y basis and degrew by 0.8% on a sequential basis.



Volume growth stood at 19.1% on a year-on-year basis. International laminate revenue grew by 11.7% on year-on-year and grew by 4.4% on a sequential basis. In value terms.

volume de-grew by 6.8% on a year-on-year basis.

EBITDA margin stood at 12.4%, a degrowth of 90 basis points on a year-over-year basis and a growth of 30 basis points on sequential basis.

Production volume were at 4.34 million seats and utilization level we are at 91%. This after taking into account the Prantij capacity addition.

Sales volume for the quarter stood at 4.26 million sheets, and our average realization for the quarter was at 1,030 per sheet.

Moving on to 9-month performance for Laminate.

Revenue grew by 20.2% on a year-on-year basis. to INR 1,360 crores as compared to INR 1,132 crores in 9MFY22. However, volume degrew by 1.6% on a year-on-year basis. Domestic laminate revenue grew by 30.9% in value terms on a year-on-year basis, and volume growth stood at 10.8% for the period. International laminate revenue grew by 11% in value terms, but the volume degrew by 13.5% on a year-on-year basis.

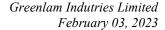
EBITDA margin stood at 12.2%, a de-growth of 40 basis points in comparison to previous year. Production volumes were at 12.85 million sheets at a utilization level of 99%. Sales volume for 9MFY23 stood at 12.38 million sheets and our average realization for 9MFY23 was at INR 1,048 per sheet.

Now I'll move on to Veneer and Allied segment, which consists of decorative veneer, engineered floors and engineered doors.

In decorative veneer segment, revenue remained flattish on a Y-o-Y basis and degrew on a sequential basis to INR 24.5 crores this quarter, volume degrew by 22% on a year-on-year basis. Revenue of decorative veneer business grew by 28.8% on a year-on-year basis to INR 79.4 crores in 9MFY23 from INR 61.7 crores in 9MFY22.

Volume grew by 10.3% and on a year-on-year basis. Sales volume for the Q3 FY '23 stood at 0.23 million square meters, and for 9MFY23, it stood at 0.92 million square meters. Capacity utilization for the Q3FY23 was 26%, and for 9MFY23 months it was 29%. Average realization for the Q3FY23 was INR 1,042 per square meter. And for 9MFY23, it was INR 862 per square meter.

Moving on to engineered wood flooring. Revenue of the flooring business grew by 1.3% on a Y-o-Y basis and degrew by 7.6% on a sequential basis to INR 10.9 crores this quarter.





Revenue in 9MFY23 grew by 30.6% on a year-on-year basis to INR 34.2 crores as against INR 26.2 crores in 9MFY22.

Capacity utilization was 11% in the Q3FY23 and 12% for the 9MFY23.

Moving on to engineered doors.

Revenue for the business grew by 37% on a year-on-year basis and grew by 68.8% on a sequential basis to INR 9 crores in Q3FY23. Revenue for the 9MFY23 degrew by 9.9% on a year-on-year basis and stood at INR 17.9 crores as against INR 19.8 crores in 9MFY22 . Capacity utilization for Q3FY23 was 21% and for the 9MFY23 stood at 15%.

Net debt for the quarter ended 31st December was INR 147 crores as against INR 75 crores at the end of last quarter. Increase in debt is primarily on account of debt raised for our new projects.

Net working capital for the Q3FY23 stood at 68 days and for the 9MFY23 stood at 69 days. That's all from our side.

Now I'd like to open the floor for question and answers.

Moderator: The first question is from the line of Udit Gajiwala from Yes Securities.

Udit Gajiwala: Two parts. You earlier mentioned today on interview that the growth for 'FY23 could be close

to 22% for the full year. So what are the projections for Q4? And can you throw some light for

'FY24 growth and margins.

Ashok Sharma: Udit, for this whole year, we are expecting the growth in the range of around 20%. So you can

say that for the Q4, in the range of around INR 550 crores, that's what -- which it looks as of

now.

Udit Gajiwala: Any projections for 'FY24 on top line and margins?

Ashok Sharma: Margin will be similar to the current month margin -- current quarter margin, which is in the

range.

Udit Gajiwala: This is 'FY23 right,

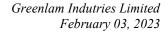
Ashok Sharma: You asked for this year? Yes, '23.

Udit Gajiwala: Okay. And sir, I'm asking also for 'FY24 if you have any internal projections, or any guidance

that management wants to give.

Saurabh Mittal: So 'FY24 revenue should be like a 20%, 25% growth.

Ashok Sharma: And margin will be difficult to say as of now because we are starting 2 new projects.





Udit Gajiwala: And sir, similarly, can you give volumes for the doors, veneer and laminates for the quarter?

Samarth Agarwal: So this was overall margins, not specific to laminate or veneer division. This was overall

consolidated margins and top line growth.

Udit Gajiwala: Yes, that is clear. And just the volume side, if you can share the flooring and doors for the

quarter.

Ashok Sharma: We can share that offline.

Udit Gajiwala: Sure, sir. I'll come back in the que.

Moderator: The next question is from the line of Abhishek Ghosh from DSP Mutual Funds.

Abhishek Ghosh: Sir, just a couple of questions. In terms of the export volumes -- they seemed a little muted, but

all the freight-related costs have eased off and other things have come down. So how should one

expect the export volumes from here on in terms of the improvement?

Saurabh Mittal: Export volumes should come back, we think from Q4 onwards right? And so if you see export

of Q3, the volume has gone down by about 7-odd percent, but value is up about 13.5%, 14%. But I think as we move back, it should kind of get normalized and both volume and value are

looking up.

Abhishek Ghosh: Okay. And sir, this value thing which you spoke about because you rightly mentioned the

realization has gone up -- so is it that you are now getting a better product mix? How should we

look at it going forward for the export market?

Saurabh Mittal: Yes. So certain export markets which have come back now, and maybe towards the second half

of Q3, so those are more volume markets. So because the denominator has changed, realization looking better, while it's a constant endeavor to keep driving improved value mix in certain markets. So I think it's more of the denominator as the volumes go up, probably realizations will

kind of settle down a bit. So I think that's what -- that's how we should look at this.

Abhishek Ghosh: Okay, okay. And sir, in this quarter, your gross margins have recovered very sharply. You think

from here on there is further scope of this gross margin improvement from here on?

Saurabh Mittal: We don't think so because post that some cost increases will happen, although very minor in

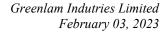
chemicals, kraft paper or so. I don't think a significant change will happen. So there could be some basis point movements here and there. I don't think any significant movements will happen

from here, at least in this quarter.

Abhishek Ghosh: And sir, just one last question in terms of the domestic laminates, how is the volume traction

that you've seen a good growth, but there's also will be the Gujarat plant element over there. So

how should one look at the domestic demand traction? Because in some of the other building





material categories you are seeing slackness as far as the demand growth is concerned, so just your thoughts on the domestic laminates market.

Saurabh Mittal:

The domestic market, year-on-year, there's been about 19-odd percent volume growth and Q-on-Q has been about 10% volume. So in domestic, as you actually mentioned, with the Gujarat plant, we've also entered the commodity segment, the lower end of the market segment where we're not present in. So those volumes are getting added to the revenues and to the volumes. So while volume growth is 19-odd percent, realization has dipped by about 6-odd percent even if you see Q2 sequential basis, volume has grown, but realization has come down.

So I think we'll keep -- I think the volumes will keep inching up, right? And the mix, although we'll keep pushing up the other premium segment also, we don't see much improvement on the realization front on the domestic market now, but I think volume should keep inching up as we move ahead.

Abhishek Ghosh:

And sir, the competitive intensity in domestic market, any meaningful change or is it stable?

Saurabh Mittal:

All has been competitive. So I don't know it's got any worse or better, but laminates as you know, the installed capacity is more than the demand, which is not unusual in our category. It's always been that way for since I have known. So supply is always more than demand. So clearly -- by just creating capacity, you can't sell, you need a lot of marketing, distribution, specification work to be done. So I think it remains the way it is.

Moderator:

The next question is from the line of Abhishek Getam from Alpha Invesco.

Abhishek Getam:

Sir, I wanted to know for our particle board plant and plywood plant, what will be our source of procurement of timber strategy? Or are we planning for our own plantations.

Saurabh Mittal:

So for both our plants, the raw materials -- the raw material for plywood would be plantation wood, and the face veneer, you either import or you buy of traders who stock imported face veneer. For particle boards, it will again be waste wood, plantation wood, any form of wood chips available, sawmill waste. So this will be the format. So we are not planning our own plantation as we talk.

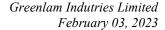
But that is something we are actively discussing internally of not having our own plantations, but working with local farmers and encouraging them to plant more of these species, high-yielding species, that's something which we're actively discussing. But we are not looking at doing our own plantations. It's more working with the farmers, encouraging them to plant.

Abhishek Getam:

And just one more question. On smaller categories like 1.25 mm laminate or acrylic sheet. So markets are sort of expanding also there in Tier 1, Tier 2. Do we think we sort of expand in that area or not going to...

Saurabh Mittal:

Can you please repeat your question please, I didn't follow? Are you talking about us getting into acrylic sheets?





Abhishek Getam: Yes, acrylic and 1.25 mm sheets of laminate.

Saurabh Mittal: So acrylic, something which we are not at the moment considering. 1.25 is just like a brand

extension or a category extension -- we don't need anything special to do that. It is just more of

getting the distribution setup to stop that category. But at the moment, there is no plan to do.

Abhishek Getam: So but if we want to do 1.25 mm. Can we repurpose our existing plant, existing lines? Or is

there...

Saurabh Mittal: Nothing -- same line. To do 1.5 -- yes, it's just a thicker laminate. It can all be done in existing

line. We don't need any fresh investments in terms of equipment or handling materials or raw

materials for that matter.

Abhishek Getam: So that's not a big concern. But acrylic, we don't have big market right now or -- extension of

laminate, right? same distribution channels.

Saurabh Mittal: It depends. So not necessarily distribution, maybe the end channel, which is channel partner

dealers, probably could be common. But it depends on what you mean by acrylic. There are different products with acrylic resins, there are acrylic sheets. There's is acrylic solid surface, there are different kinds of products, but that's not the space we are looking at. So our expansion right now is more in the plywood, prelam particle board, in that space. And within laminates, obviously, we're continuously innovating on range and new launches, et cetera. So acrylic is not

something we are considering at the moment.

Moderator: The next question is from the line of Aman Agrawal from Equirus Securities.

Aman Agrawal: I wanted to understand on your branding strategy for the upcoming plywood segment, sir?

Saurabh Mittal: So we're getting that ready. I will not be able to talk much about it at the moment. So yes, the

team is actively working on it.

Aman Agrawal: Okay. And sir, secondly, on the deco veneer business, what are we thinking about the business

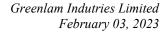
or how we are thinking to take it up in terms of profitability?

Saurabh Mittal: So we're not too far from profitability, but I think we're not getting the revenues right. So like in

Q3, in flooring, we are nearly at EBITDA breakeven, in doors also we are nearly at EBITDA breakeven, but the veneer business, we had raw material cost issues in veneer where we were importing the face ply and the veneers, we increased some prices. So realization improved, but volumes fell down. So it's more like a borderline case of just turning around the corner, so it's not so far. So the EBITDA loss in Q3 cumulatively is like INR 1.6 crores. So I think we just moving it down corner with some RM cost softening and some more sales push, we should be

there.

Aman Agrawal: So this can be expected in Post H2FY24 -- or maybe FY '25?





Saurabh Mittal: I'm not giving a time, and it's just around the corner type. It's not happened.

Aman Agrawal: Sure. And sir, lastly on the pricing action, I wanted to understand what was -- for the laminate

segment per se what is the pricing action that we took in 3Q? And are we expecting anything in

current quarter?

Saurabh Mittal: So there were no price increases in Q3, and we are not envisaging any further price increases. In

some categories, there could be a slight correction rather. So but no increases, clearly.

Moderator: The next question is from the line of Alisha Mahawla from Envision Capital.

Alisha Mahawla: Sir, my first question is with respect to volumes. 9 months Y-o-Y, we've not see any significant

volume growth. In fact, there's a slight degrowth. You did mention that export volume degrowth,

but on the domestic side, also, are we going at pace lower than the industry?

Ashok Sharma: Alisha, there was a growth of around 11% in domestic in terms of that. We don't think that

market is growing more than that. This is coming on top of the previous year growth in terms of that, which was like last year, the growth was 33% overall. So we believe that 11% growth, yes,

this could have been higher, but in our opinion, it is more than the industry growth.

Alisha Mahawla: And 11% you're saying is sir, the domestic volume growth?

Saurabh Mittal: Yes. 7% volume growth and about 17% realization.

Alisha Mahawla: Okay. And so while volume growth for the current year may look slightly limited, but for FY

'24, because now we have Gujarat as the new capacity coming in Q1. Also, there are other players in the industry adding capacity, so how are we seeing the volume growth for us for the

industry in the laminate segment for FY '22?

Saurabh Mittal: Are you talking about our potential growth or are you talking about the industry growth.

Alisha Mahawla: Your growth and also with respect to industry. Will it be in line with the industry? Or we are in

a better position to outpace the industry in terms of domestic side?

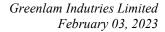
Saurabh Mittal: I don't have exact details about what others are doing so much of the industry number

cumulative. But I think we should be able to do well over next year if you're talking about FY '24 because the capacity expansions will kind of debottleneck certain segments of the products we do, so we do a bigger size laminate in the 6 feet x 12 feet line, where the capacities have been

running choked. And with the new capacity Andhra Pradesh will be more than doubling the

capacity in that segment.

We're also adding one line for the larger size of laminate, which serves certain European and other international markets and some other domestic market. The Gujarat plant will get fully operationalized by this quarter, which is also serving independent segment of market. So I think the way the capacity expansion is happening, it's also serving certain strategic advantages in





segments where we were choked capacity. So we think we should be able to have a decent quantity growth in the current financial.

Alisha Mahawla: Is it possible to give some direction of color on how much are we expecting this volume growth

to be.

Saurabh Mittal: So if you see versus this year, I think if we add the full capacity of Gujarat and Andhra Pradesh,

the capacity is expanding by nearly 40% to 50%, and I think probably we should be looking at

a 12%, 15% kind of a volume growth, I guess, next year.

Alisha Mahawla: And as realizations have gone up sharply, I do understand that large part of it could happened

with RM inflation, which is now seeing from softness. So how much of this will be sticky? And

how much of it is because of product mix?

Saurabh Mittal: Hard to give you a number, but I can say it's a mix of both. Price increases and product mix

improvements for both international and the domestic market.

Alisha Mahawla: So for the longest time, you were doing about -- INR 750 and INR 800 realization, now it's

closer to INR 1,000. All I'm trying to understand is how much of this INR 1,000 is sticky?

Saurabh Mittal: How much of INR 1,000 is...?

Alisha Mahawla: Sticky -- will we go back to INR 750 or is that price somewhere going to be in between?

Saurabh Mittal: So if you look at the next year or so, both volume and value, both are -- will be driving both

volume and value. So one part of the expansion is happening in the volume segment, one part of expansion is happening in the value side. So I would like to believe that we should be in a similar range in terms of price realization. This is what I tend believe -- we could also have product

launches.

Moderator: The next question is from the line of Mohit Agrawal from IIFL.

Mohit Agrawal: My first question is on particle board segment. So have you seen an increase in imports of bare

particle board? And has that impacted realizations and margins.

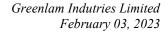
Saurabh Mittal: At the moment since we are not into importing particle board, but we do believe certain boards

from Southeast Asia have started coming in, into South India. This is a feedback we have. And netting off currency, currency depreciation and rate reduction because there was no proper base of particle boards, bare boards in the country. Plants were very small, so there is no direct comparison between what others were selling and what is coming in right now. But we do

believe imports have started coming in.

Mohit Agrawal: Okay. But any sort of approximation how much pricing would have been impacted in the last

couple of quarters?





Saurabh Mittal: I'm not hands-on with that data, but I can say if you are trying to compare in relation to what we

will do. Our model is going to be largely laminated board basis, although we will produce plane boards, but largely it will be -- nearly all of particle boards get laminated and sold, and they don't get sold as bare board. But yes, if imports do come in at lower costs, there could be some impact on the laminated price sales in the market. How much percent? I don't have an exact sense at the

moment. But if they do come in, there will be some correction in the realizations of the product.

Mohit Agrawal: Sure. And my second question is on the capex expansion. Could you share how much of capex

has been incurred so far? And how much is pending?

Ashok Sharma: This is -- Mohit, I believe you are asking more in terms of the project, new project.

Mohit Agrawal: Yes, the new projects, yes.

Ashok Sharma: Yes. So as on 31st December, we have spent close to around INR 325 crores on both the project,

which is plywood and this laminate and particle board project. And out of which, as we have mentioned that plywood is going to start in Q4 of this year, Q4 of FY '23 and laminate in Q1 of FY '24. So Rs. 325 Crs of the total announcement of around INR 950 crores, INR 325 crores is

the amount spent so far.

Mohit Agrawal: And how much do you expect to spend in next year? Largely the remaining will be spent in next

year, right?

Ashok Sharma: No. Some amount may spill over into the next -- into the FY '25 also. But most part of it will be

spent by end of next year.

Moderator: The next question is from the line of Ritesh Shah from Investec Capital.

Ritesh Shah: Sir, I'm audible?

Saurabh Mittal: Yes.

Ritesh Shah: I had a very generic question. Sir, what do we see -- which companies would we classify as of a

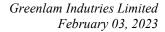
competition when it comes to the global laminates markets -- so that's the first question. And the company has done phenomenally well in the past. What would you attribute this to? Is it

distribution, designs, distribution, how should one understand this, sir?

Saurabh Mittal: So global competitors, if you will take like global competitors would be Wilsonart, which is an

American-based company. But now they got split into various regions, so that's another point. Then there would be for Formic worldwide. There would be an Italian company called Abet Laminati. And there will be regional players in Southeast Asia, South America, in U.K. and Europe, so there'll be the more regional players across various parts of the world. So that's on

the global competition. And the next question was regarding? What will you attribute to?





Ritesh Shah:

Yes. Sir, we have done pretty well on the export side. What would you attribute that to? Or what is it that success apart versus the peers? Is it design, sizes, cost? How should one understand that?

Saurabh Mittal:

Everything you said we've not done very well, but thank you for the compliment. I guess, it's a mix of everything right from manufacturing, right product quality, supply chain, sales teams in the market and international market working with channel partners, architects, IDs, design, adding the every single piece and the attention and focus to build plan -- I think it will be probably bits and pieces of lot of small and large things and not just one particular part of the business.

Ritesh Shah:

Sir, I will just rephrase the question. I'll put it the other way round. What would be the entry barrier, so if one has no cap on land, labor and capital then what is it -- that would be an entry barrier for somebody to make a dent in those markets?

Saurabh Mittal:

Entry barrier would be the brand, the distribution network, would be specification with architects, interior designers, engagement with the furniture manufacturers. So it will be more on the sales marketing distribution piece as an entry barrier.

Ritesh Shah:

Sir, would it be possible for you to detail something on that side, specifically on the distribution side or how we are engaging with the end markets, specifically on the exports? And if you can indicate which are the key regions, which constitute like 60% of our export revenues, that would be great, sir.

Saurabh Mittal:

So I think it's going to be a long-ish conversation. Maybe you can setup a time with Ashok and Samarth can take you through the geographies and key markets and distribution factor and all that stuff...

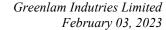
Ritesh Shah:

Sure. And then my second question was sir, how do you see the evolution of the company. We understand that the company is getting into different categories -- so what is the thought process behind it? Is it more bundling? Or is it the limitation on growth that we see in laminates as a segment which actually forced us to dive into other wood categories. So sir, how does this fit into your overall vision, say, 5 years, 10 years out?

Saurabh Mittal:

So in our next corporate presentation, we have said that, that besides -- along with surfacing products in our category, we also want to get in the substrate products. So again, 2 parts to it. The international business is going to be still like largely only laminates, by and large, right?

If you look at the domestic piece because there is a lot of channel overlap in terms of architecture, IDs, homeowners, specifiers, dealers, distributors. So we need to have more products in the same channel. And so every category has their own strategy. So if you buy particleboard because you are able to match the deco paper of particleboard with laminate, with compact laminate, you're able to offer a complete solution to customers while plywood, plywood, veneers, flooring, doors all go to the similar residential segment.





So I think in the domestic space, the strategy is to be across the wood panel segment because of the channel overlap and customer being common. In the international market, it is going to be largely laminates only. The wood products are more of a domestic story rather than exports. Well, so your next question was the limitation of growth.

So really, there's no limitation of growth in laminates, but you can't -- at the scale price, we've reached -- the growth cannot be like 30%, 40%, it will be more like a 12%, 15% quantity, 15%, 18% value, high quality growth. It will be a steady growth.

So, I think that was the idea behind adding plywood and particleboards. And this is not so uncommon if you see globally also, laminate companies who have done well over several years also have pre-lam particleboard, pre-lam MDF. They are flooring in the business of the whole wood panel segment, eventually kind of merges with various products and you're going to offer an entire solution to customers.

Ritesh Shah:

Sir, I just squeeze in one question. You used the word to make good of the channel overlap. So possible to give some numbers over here if you're looking at a market sizing from a retail touch point standpoint, what percentage of our touch points would -- we will automatically be fungible for the new product categories that we are in -- because when we visit the marketplace, we see laminates is something which is very, very niche and everything else, it's more commoditized, which has changed in recent years. Like to hear your thoughts and say that basically, the perception is wrong and basically, when we get to the marketplace, bundling is something which is actually a proposition which is actually implementable.

Saurabh Mittal:

When I said channel overlap, the dealers are common for all categories. So dealers in our trade would carry plywood, MDF, particleboards, laminates hardware, maybe timber. So clearly, that's -- so they are a common point to serve to the contractors, customers and carpenters. So, if you talk about what's fungible? So mathematically, the counters that sells laminates also sell ply, also sell MDF particleboards. They all like to sell every kind of -- most kind of wood product or wood panel products along with some industrious hardware So that's how it works.

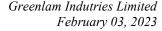
As far as a question about commoditization and specialization concerns; so yes, so in laminates certain segment of the market is more -- really more design, brand, supply chain oriented. Some bottom line of market is commoditized. In plywood also, plywood probably is more commodity than laminate. Prelam particle board, again, have the design element to it. You have to go to architect to get the specification done, to work with the OEMs, those OEMs also buy laminate from us. So it's all kind of interrelated, and there's a significant amount of overlap through the entire value chain.

Ritesh Shah:

This is helpful. Sir, can I squeeze in one question, last one?

Saurabh Mittal:

Sure. That's last one, yeah?





Ritesh Shah: Yes, last one. Sir, anything specific that we are doing on the technology side when it comes to,

say, if I'm a carpenter and I'm very loyal to you on laminates and you want to push the other products as well. So is there something on the last mile loyalty technology that we are doing,

which will help us to cross-sell the product categories?

Saurabh Mittal: Yes, that's right, we are.

Moderator: The next question is from the line of Jenish Karia from Antique Stock Broking.

Jenish Karia: So, my first question is with regards to the newer segments that we are entering. So what kind

of utilization levels are we targeting for the initial level target micro market that we want to enter and the pricing strategy. Will it be at a discount or at par with the market leader. So that will be

my first question.

Saurabh Mittal: So on the pricing, we're still working out on what the strategy will be, so we won't be able to

answer much on that. But clearly, the products will do -- obviously, as you know, is all inhouse manufactured, will be at the bit more premium end of the market alongside the other national brands. So right in that pricing strategy, something we are working on. And what was your first

question, please?

Ashok Sharma: In terms of capacity utilization? Yes, in terms of capacity utilization, we are looking at around

50% to 60% in the first year of operation for the laminate and plywood both. And in second to

third year, we are looking at nearly around optimum utilization of this.

Jenish Karia: And any specific micro market will be entering first or it will be Pan India...

Saurabh Mittal: So we are not looking at doing a Pan India operation from the Tamil Nadu plant. Exact that we're

working on will be limited to a certain region of the country, from a logistics trade point. It will

be more like a settling in certain parts of the market and focusing on that business factory.

Jenish Karia: Sir, second question would be regarding the employee cost or like we have added certain sales

force. So what pace will be expanding our sales force, just to understand at what rate can the

employee cost grow and what would be the impact on the margins?

Saurabh Mittal: So, like I said in my opening remarks, we have additional employee cost in Gujrat plant and it's

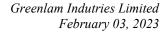
part of it is not yet fully operationalized, which will happen in this quarter. We've already started building the team for the plywood sales. So, I believe most of the team members will come on

board within this quarter, post that we think not significant increase on that front will happen in

the coming year on account of plywood.

We will start building the team of particle boards in the next financial year, so probably there we'll have people and no sales for a certain period. So that's on how the people story will look like. As far as the cost is concern, I think with revenues rising, the cost should get normalized

over the next maybe 2 quarters or something, that's all.





Jenish Karia: That's helpful. And sir, my last question. If you can help with the geographical change mix, how

much of your Laminate sales currently will come from East, West, North and South region.

Saurabh Mittal: I think maybe -- we will touch base this on a one-on-one basis.

Moderator: The next question is from the line of Nikhil Agrawal from Vt Capital.

Nikhil Agrawal: So apologies for any repeat questions since I missed the beginning. Sir, I just wanted to know

like how has the international demand win and what volume and value contribution that was

there in Q3 versus what it was in FY '22?

Saurabh Mittal: Yes. So, demand, if you look at the numbers of international business, 9 months to 9 months,

our revenues are up by about 9-odd percent. That's right, in laminates overall. So demand has been pretty okay in certain markets, certain markets we've announced earlier struggled in Q2 and part of Q3 where there were currency problems. And as you talk right now, it's more like a mixed bag. Some markets are doing well and have a little bit of challenge, which is usual, so I think we haven't seen any significant challenges besides what we saw already earlier in Q2 and

part of Q3.

Ashok Sharma: And to answer your next question, in terms of contribution, the international market has

contributed around 45% in terms of value, and around 45% in terms of laminate in volume.

Nikhil Agrawal: So this was in Q3, right?

Ashok Sharma: This was for the 9 months, it is 45% value.

Nikhil Agrawal: And what number in FY '22?

Saurabh Mittal: Yes. It was about 50-odd percent.

Nikhil Agrawal: And sir, the drop in realizations quarter-on-quarter, is it largely because of freight costs? Or is it

because of the product mix or any other reason?

Ashok Sharma: It's a mix of both. Actually, the last year, we did increase the prices because of the raw material

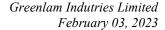
inflation. And so in this year, we didn't do any price increase. So it is a mix of both, the price

increase, which we did last year, and improvement in the value mix.

Saurabh Mittal: Yes. So, answering your question of freight. So, freight is not included in the prices. So, all

additional freight, which came in the international market was charged as a surcharge into the customers and with reduction has been passed on to the customer as a benefit. So, we agreed on a baseline with customers on a pre-COVID cost and post that whatever increases came in was a separate line item as a surcharge and with reduction now. So that's a -- that's a write-back they're getting, so we're not charging any surcharge or charging the reduced surcharge basically, agreed baseline. So that's what we did. So that's not falling part of the price. The price is a function of

price increases and value mix.





Nikhil Agrawal:

And sir, just one last question. This is on the particle board market in India. You said earlier that imports are happening in the particle board segment. So, what percentage of the market would be that out of the -- at least the market size in India is around INR 3,000 crores currently. So, what percentage of the imports are taking place out of that?

Ashok Sharma:

According to our estimates, the market size is approximately around INR 5,000 crores. The whatever data which is available in the public domain from the government side, it was somewhere around -- last year, it was somewhere around 15% to 17% was the import. Even though earlier than that, it used to be higher. But last year, it is like 17%, 18%, the import was there, approximately.

Nikhil Agrawal:

But like are you -- as a company, Greenlam is not much concerned about these imports because these are the lower-quality products, right?

Ashok Sharma:

So, these are not the lower quality product, but these are the bare boards, which are mostly imported. And our focus will be on the pre-lam particle good.

Moderator:

Next question is from the line of Rahul Picha from Multi-Act PMS.

Rahul Picha:

I had a broad question on the export market. So I wanted to understand what are the key drivers of demand in that market? is it cost competitiveness? As a country, we are more competitive right now. And so that is why the demand has been there over the last few years? Or there has been any other country which used to earlier export a lot and that has kind of vacated the market or any other similar kind of trends that are playing out in the export segment.

Saurabh Mittal:

So it's a mix of everything. There's no one single element which goes into this. So, our sustainability on the export market is not necessarily on cost efficient manufacturing only. It's also a lot on marketing, distribution, our sales teams in various international markets represented through subsidiaries and a few directly working in the market towards demand creation with architects, IDs, joineries, cabinet companies, OEMs, kitchen producers, et cetera.

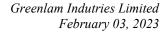
So I think it's a mix of everything. What's happened over the last several years, one could say that international competitors or several laminate companies who are having manufacturing abroad have not necessarily added any meaningful capacity. So, a lot of growth in the market probably came to us. That could be one way to put it. But this depends on geography to geography. So has someone gone out of business? So yes, maybe one or 2 companies have gone out of business, but not that they were very significant in the whole scheme of things.

Rahul Picha:

And sir, within exports, our businesses largely on our own brand? Or are we doing any white labeling kind of...

Saurabh Mittal:

So most of it is on our own brand. So we don't work for some other brand. We used to do several decades -- like 1.5 decades back. But now it's all our own Greenlam flagship brand and our subbrand just with own brands.





Moderator: The next question is from the line of Udit Gajiwala from Yes Securities.

Udit Gajiwala: Just wanted to check that you mentioned that we might have to take price correction in a few

pockets for laminate. Is it only because of the RM cost which is coming down? And secondly, on the blended business further contraction because our new unit of Gujarat is more towards the

mass market product, so would that impact the blended realization and the margin?

Saurabh Mittal: So while Gujarat could be on the mass market, then south plant is actually on the opposite

spectrum where you have the larger size laminates and more value items are going to be produced there. So I think eventually it will be a set up as far as the per sheet per board realization

is concerned. It could be a month or a quarter here and there.

But by and large, we are driving both volume and the value mix. So I think probably will kind

of get set off. On the prices, I said, in certain segments, there could be a minor correction. I just

said that -- so yes, there could be some corrections in certain segments of the market. but nothing

very significant as we envisage right now?

Udit Gajiwala: And just lastly, when you say value-added product, could you quantify that, what would be the

revenue mix of the total? And what are those margins or value-added products?

Ashok Sharma: I can't do that right now, Udit.

Ashok Sharma Individually, it will be difficult, Udit, also in terms of that to exactly pinpoint what is the margin

difference.

Moderator: As there are no further questions, I would now like to hand the conference over to Mr. Saurabh

Mittal for closing comments.

Saurabh Mittal: Thank you, friends. Thank you for your time and attention and for your several intelligent

questions. And Ashok and Samarth are available for any further queries or questions to be responded. Ashok will kindly talk to the participants to whom we agreed to do an off-line

conversation. And thank you once again. Have a great evening ahead, thank you.

Ashok Sharma: Thank you.

Moderator: Thank you. On behalf of Greenlam Industries Limited, that concludes this conference. Thank

you for joining us, and you may now disconnect your lines.