

GPIL/2025-26
November 12, 2025

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400001

Scrip Code: 542857

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot no. C/1, G Block
Bandra – Kurla Complex , Bandra (E),
Mumbai – 400051

Symbol: GREENPANEL

Dear Sir,

Sub: Transcripts of conference call held on November 10, 2025

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the conference call of the investors and analysts held on Monday, November 10, 2025, at 5:00 P.M. on the unaudited financial results of Greenpanel Industries Limited for the quarter and half year ended September 30, 2025.

Please take the above on records.

Thanking you,

Yours Faithfully,

For **Greenpanel Industries Limited**

Company Secretary & VP - Legal

ACS : 18675

Encl. As above



Greenpanel Industries Limited

Q2 & H1 FY'26 Earnings Conference Call

November 10, 2025

Rishab Barar:

Good day everyone and thank you for joining us on the Greenpanel Industries Ltd. Q2 and H1-FY26 Earnings Conference Call. With us today, Mr. Shobhan Mittal, Managing Director, Mr. V. Venkatramani, President Finance and Mr. Himanshu Jindal CFO. Before we begin, I would like to state as some statements made in today's discussion may be forward looking in nature and may involve risks and uncertainties. A detailed statement in this regard is available in the results presentation that was sent to you earlier.

I would now like to invite Mr. Shobhan Mittal to begin the proceedings of the call. Over to you, sir. Thank you.

Shobhan Mittal:

Good evening, ladies and gentlemen, and welcome to our Q2FY26 Earnings Call. While Q1FY26 was a tough quarter, happy to share with you that the change of strategies to drive volume growth and simultaneously improve cost base played well for us, leading to the turnaround of both operational and financial parameters in Q2FY26. The year began with re-energizing our sales team and the channel by rewarding the top performers with a gathering in Bali, Indonesia.

This was followed up actively by increasing our outreach through both digital and conventional means, ground activation and branding amplified across the 7,000-plus dealers and sub-dealer outlets. And broadening our trade engagements, cumulatively more than 13,000 participants have engaged with us so far during H1. The revamped loyalty program app has now been in play for the last five months and provides a more seamless experience for our partners and the associated carpenter fraternity.

New product offerings launched during H1 include HCW Outdoors, ThinMDF, and Fire Retardant MDF, and were supported with product-specific campaigns across the country. As a result, our domestic MDF volumes grew by 30.5% year-on-year and 26.8% sequentially, while export volumes were almost flat during Q2FY26. We did realign the pricing premium in MDF with our relevant peers.

This was more of a product-cum-customer-level interjection to maximize throughputs instead of a pan-India approach. Overall realization was lower by 4% year-on-year. Just to qualify this further, almost half of this was attributable to the change in product-wise salience post-addition of the new plant at AP and also increase in OEM sales, implying a net reduction of only 2% on account of price realignment.



On the plywood side, while the volumes were still lower by 5% year-on-year, we did have 18% growth sequentially. Consolidated revenues for the quarter thus grew to INR389.4 crore, a growth of 17.1% year-on-year and 20.7% on a sequential basis versus Q1. Consolidated operating EBITDA, excluding the impact of currency movement on the Euro borrowing for the new plant and other one-offs impacting the quarter, was stronger sequentially and almost at par with last year at INR39.7 crore or 10.2% of revenues.

MDF at 10.7% and plywood at 4.6%. On the industry front, the operating environment continues to evolve. Realizations are stable at the moment and we do not expect any material change at least immediately. With improved supplies, timber costs continue to soften sequentially. With every passing quarter albeit, cost of chemicals remain elevated for now.

This is expected to moderate from end quarter 3FY26. The expected green shoots remain intact to support domestic demand growth on MDF. No further meaningful capacity additions in the sector. Stricter implementation of BIS norms is continuing with QC on furniture to be expected early next year. MDF imports slowed down. Run rate for Q2FY26 was less than 1,000 cubic meters versus 20,000 cubic meters per month averaged during second half of the last fiscal year.

On the revised guidance for the year, counting the developments so far in Q1, we now expect domestic MDF volumes to grow in the high teens this year and operating EBITDA, excluding FX and one-offs, of high single-digit to early double-digit average for the full year FY26. With this, I request the CFO, Mr. Himanshu Jindal, for the financial and other updates. Over to you, Himanshu. Thank you.

Himanshu Jindal:

Good evening, all. Quarter 2 was way stronger than the preceding quarter, and this was primarily due to the double-digit volume growth that we have seen in our domestic MDF business.

Additionally, there were concerted efforts on the operational front which helped improve profitability and cash generation for this quarter. So we revisited our organizational structures, we strengthened our processes, and reworked on our procurement and operational strategies. As a result of this, sequentially, we were able to significantly reduce our operating cost of production, the impact of which is 5.5% on our margins in this quarter versus the last Q1.

Half of these savings came in from raw material optimization, while the balance was a result of improved consumption efficiencies, largely power and fuel across our three plants. Certain exceptions continued to weigh in on our financial results, though.

The biggest being the adverse exchange rate movement on our outstanding Euro-denominated borrowings, the impact of which is INR12.5 crore during the quarter. On a cumulative basis for the first half, this is roughly INR40 crore. Most of this is unrealized MTM non-cash loss. Apart from this, there is also an impact of INR20 crore in the form of the incremental interest and depreciation in the first half results on account of capitalization of the new plant.

Counting these in, the reported EBITDA was INR27.8 crore or 7.1%. The PBT was negative INR8.9 crore and the PAT was negative INR6.1 crore. Apart from the positive cash flow generation from



operations, there has been a significant cash release from our working capital as well in this quarter. Our cash conversion cycle has reduced by 17 days versus 30th June, which is largely on account of lower inventories, both finished goods and raw materials.

As a result, the net debt has reduced by INR60 crore versus where we were on 30th June to INR173 crore. If we count out the non-cash FX change, which is largely mark-to-market at this point in time, the actual net reduction was INR71 crore during quarter 2. With a comfortable cash net debt position, zero utilization of our funded working capital lines, our balance sheet remains healthy to be able to support scale-up going forward. On that positive note, I think we can open the Q&A.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from Praveen Sahay from PL Capital. Please go ahead.

Praveen Sahay: Thank you for the opportunity. My first question is related to the MDF volume guidance, which was nearly around 550 KCBM for 26. So, you are maintaining that and even on the margin front?

Shobhan Mittal: As mentioned in my comments, we revised the guidance to say that our domestic business growth will be in the high teens compared to last year's volumes. Export business, of course, has been quite opportunistic for us, primarily on account of it being a commoditized business and margins, being much slimmer than the domestic business. So as of now, the export business, we have not satisfied the requirements purely due to pricing pressure and due to the geopolitical disturbances in the Middle East, which is our primary market.

And we are still not seeing a complete recovery of that segment. That is why we are saying that on the domestic side, we will have a high teen growth. And also mentioned in my comments was on the margin front, we will have a, high single digit to a low-double digit margin for the rest of the year on an average basis.

Praveen Sahay: Okay. Secondly, on the new capacity, how is the new capacity in the South ramping up? How is the utilization right now, if you can indicate?

Himanshu Jindal: Yes, it is around 40. It is picking up. And, you know, I think, Praveen, what we need to understand, today, all the three lines are capable to produce everything that I need for the markets. So, we try and optimize wherever we can based on economics. This is the way we should look at. I think 40 is the number where we were in this quarter. And let us see how things shape up.

Shobhan Mittal: I think for everyone's clarification, because this question might come up going forward as well. The thin line is capable of producing thin MDF, but also capable of producing thick MDF. So, what we are now trying to do is to divide our entire production in the most optimum manner, both geographically and technically, among the three lines. So, it is possible that certain products from the older lines may shift to the new lines as well, in that sense, to run all three lines efficiently. So, it is like now fungible, you know, the capacities across the three lines.



Praveen Sahay: Okay. Thank you, sir, for this clarification. The next thing is related to the EPCG benefit for a quarter, if you can indicate how much is that?

Himanshu Jindal: So, that is INR6 crore in this quarter, you know, and prior to that, in quarter 1, it was INR5.1 crore.

Praveen Sahay: Yes. Also, on the forex loss, apart from the INR40 crore of the forex loss, do we expect later in the quarter also such kind of numbers to come in?

Himanshu Jindal: What we saw was kind of unprecedented. See, I think we have been hit more on euro, Yes, euro-dollar exposure. Dollar-rupee actually works in our favor. So, dollar going up is actually helping me do more exports and insulates us from imports,

I think the euro-dollar, euro appreciating by 15%, 16% in six, seven months due to whatever was happening in the US is primarily contributing to all of this. At this point in time, for us to take a position on how euro is going to move is going to be very speculative, right? To the best of my understanding, whatever little I have seen over the last 25-odd years, currencies have to follow a basic rule, which is, you know, there is an interest rate differential.

So, one, there is an interest, Yes, which we know is what it is in euro terms, which is 2%, 2.5%, which is something that we absorb in our financials. The other is this FX piece, right? And traditionally, given the way things are, given the way the basic fundamentals work, interest rate differentials, inflation differentials should guide FX movements. Today, this is something which is very unprecedented. At best, both of these factors put together should not be more than 5%, 6%, which is better than borrowing onshore.

Praveen Sahay: Okay.

V. Venkatramani: Right. So, I think any which way there is a reversal happening right now, if you see, euro has come off from those levels.

Praveen Sahay: Right. One clarification, in the opening statement, you had made that whatever the realization correction, there are two part to that. One of them is a price impact, and that is a half of that. So, do we believe that whatever the rationalization across the market of the prices you were doing, that is over? We will not see the way forward, you know, if there is a correction sequentially of around, from 29,500 to 28,500 we had seen in domestic. Such kind of a movement, at least from the price correction, we will not see way forward.

Shobhan Mittal: Well, Yes, the current market condition, you know, we are not foreseeing any major corrections. And as we mentioned that the company's focus now is on volume growth and these corrections are end of the day targeted on a customer to customer basis. It is not a pan India or a product pan across the entire product range. So, where we see opportunity for some correction, but in a much higher contribution, overall contributing to better margins, we may take such calls. But as such, there is no plans per se to have any, price correction per se in the immediate term.

Himanshu Jindal: Can I add to what Shobhanji said? I think, you know, what we also need to realize, I think, the basic fundamentals on price movements are obviously linked to supply demand, your underlying cost and the competition behavior. So, we will continue to monitor all of this and then take our necessary calls, right? Rest is something that Shobhanji has already explained.

Moderator: Thank you. We take the next question from Balaji Vaidyanath from NAFA Asset Managers. Please go ahead.

Balaji Vaidyanath: Good evening. It is nice to see growth return after a few quarters. Congratulations to the team. I was just wondering, Shobhanji mentioned about 20,000 cubic meters imports on an average same time last year. I was just wondering how spread out were these imports, or is it like a Pareto rule where three, four guys were contributing to 80% of imports, because just trying to assess how effective this bias could be, because if the three, four guys are able to obtain the license, and if you could throw some light on whether they have been able to obtain, that will be useful. And if that is the case, then..

Shobhan Mittal: Yes, sure. So, when you are saying how spread out, are you referring to the importers or the manufacturers?

Balaji Vaidyanath: Yes, I am referring to the importers, I would say.

Shobhan Mittal: Importers. So it was definitely spread out across geographies and a classification of importers. There were OEMs who were importing, who were consuming the products directly. And then there was also various traders, especially, or importers who were trading the material.

And when it comes to the current price points, with the current foreign currency rates, the dollar rates, the current domestic price points, and BIS implementation, we are not foreseeing this to come back in a very sort of strong manner, going on an immediate basis. Because the QC has been in place for quite a few months now.

A handful of the manufacturers have been able to obtain the BIS certification. And then now the standards are going to become even more stringent when the new BIS standards comes in. So, it is not an easy barrier to cross. So, we foresee the imports to continue to remain muted in the coming quarters, you know.

Balaji Vaidyanath: Okay.

Shobhan Mittal: I do not know if that answers your question.

Balaji Vaidyanath: Yes, it does, Shobhanji. So, when do you expect the new standards to come in?

Shobhan Mittal: The draft is already being prepared by BIS. And, I mean, we are just waiting for the official notification of the same. Could be a month, could be a couple of months. But BIS is already in place. It is just a correction of the quality standards that BIS has to issue to us.

Balaji Vaidyanath: So, in the current quarter, the kind of reduction that we have seen in imports, have we already seen the full benefit of that in Q2? Or do you expect the benefit to kind of slow?

Shobhan Mittal: Because imports are already almost, as good as negligible. And, you know, we do not get any further feedback, from importers that there is any competition that we are facing. Our team does not give any feedback about competition being faced due to imports. We are already catering to various OEMs who used to import and are now buying domestically produced products. So, let us say that imports, for the time being, is not really a threat and not in the competition scenario.

V. Venkatramani: And the total imports for the quarter were only 3,000 cubic meters, which translates to 1,000 cubic meters. So, if you look at, you know, last year's average of around 20,000 cubic meters per month, it is only about 5% of what it was last year.

Balaji Vaidyanath: Okay, great. My one last question is on the raw material side. You mentioned, you are expecting benign timber prices, but elevated chemical prices. So, do you expect, these two to kind of offset each other? Or how do you see this situation playing out?

Shobhan Mittal: I think the chemical prices, again, is a sort of a temporary phenomenon. It should correct itself. We do not see this to be a long-term challenge, per se. And in timber prices, what we are seeing is that they seem to remain, they will seem to remain stable for, going forward. There will not be any major price hikes.

Moderator: Next question is from Keshav Lahoti from HDFC. Please go ahead.

Keshav Lahoti: The EBITDA margin guidance for MDF, which is low single digit to low double digit to high single digit, does it include EPCG benefit also?

Himanshu Jindal: It does,.

Keshav Lahoti: Okay, got it. And secondly, so, what I understand possibly, there is some capacity addition by unorganized also happening. And possibly, so it would be difficult to take MDF price hike at least for next couple of quarters. Is this understanding fair?

Shobhan Mittal: Well, it is hard to say, but on an immediate term basis, it is where we do not foresee any price hikes coming in. I think value addition will contribute to better margins, hopefully. Our focus is increasing the percentage of the value-added products, which the unorganized segment is not catering to. So, but it should not result in any additional price correction. But it will also, if you ask me, do we foresee any price increase happening on an immediate basis, I would say no.

Moderator: Thank you. Next question is from Shivkumar Prajapati from Ambit Investment Managers. Please go ahead.

Shivkumar Prajapati: Yes, hi, sir. Thanks for having my question. If we adjust the provision and the forex, so does the EBITDA margin goes beyond the 10% for the quarter?



Himanshu Jindal: No, we have already given that bridge out in our investor presentation where we have adjusted the FX and other one-offs impacting results. How is my operational EBITDA? That is INR40 crore, Yes, which is 10.2%.

Shivkumar Prajapati: I will have a look at it. And, what would be the commercial grade volume in Q2 FY '25? I mean, just to eliminate the base effect, if there is any...

Himanshu Jindal: Zero, zero. Last quarter was 26,000.

Shivkumar Prajapati: Okay, understood, sir. And, sir, if you can share the current timber prices, for the quarter, and how is the price so far in this 40 days of the Q3 as well?

Shobhan Mittal: Perhaps the average purchase price, because there is multiple scenarios here.

Himanshu Jindal: It is pretty much similar to where we were. But, I think what we need to appreciate, I think, Shivkumar, I think, today we are the market leaders in a rapidly growing but small, and, there is a lot of new players coming into our sector, right? And we have added capacity, they have added capacities as well.

So, a lot more granular details that we were sharing in the past, sometimes they become prejudicial to our own business interests. I think, figuratively, giving a lot of figures out is becoming a little challenging at this point in time.

But, Yes, directionally, Shobhan ji has already mentioned, timber prices are stable to correcting sequentially, and chemicals have gone up, which is only a temporary blip, right? It is not changing so much, there are seasonal variations on account of things like rain, the rain setting in between. And, now the winter setting in is a different thing altogether.

Shivkumar Prajapati: Got it. What sort of discount are we offering right now?

Shobhan Mittal: Sorry, what do you mean, what sort of discount?

Shivkumar Prajapati: Discounts are like ramp up of new plant, or maybe if we are not taking the price hike, then in order to boost our volumes.

Shobhan Mittal: So, again, I think that was mentioned in our calls that, realizations are down by 4%, which is a mix of price corrections as well as, value mix of the product. So, we have not offered any Pan-India standard discount or additional discounts for that matter. They are all opportunistic in nature, depending on the business in front of us, and how much you are willing to offer to obtain that business. But this is how that averages out.

Shivkumar Prajapati: Thank you.

Moderator: The next question is from Kaustav Bubna from BMSPL Capital. Please go ahead.

Kaustav Bubna: Thanks for taking my question. Just wanted some industry data. In 2025, to the full year calendar year 2025, what is the expected domestic MDF demand in cubic meters? And what is the expected domestic MDF supply in cubic meters?

Shobhan Mittal: Venkat ji, I think you have those numbers, right?

V. Venkatramani: No, anyhow, I will not have them on a calendar year basis. For the financial year, I think demand would be somewhere between 2.75 to 2.8 million cubic meters. And capacity would be around 4.2 million cubic meters.

Kaustav Bubna: And what is this capacity expected to go to with all the capacities coming up next financial year?

V. Venkatramani: We have not heard of any major capacities coming in FY '26 or '27.

Kaustav Bubna: So this 4.2 million cubic meters, which was in FY '25, should be around in the 4 to 5 million range only, you are saying, for FY '26, FY '27?

V. Venkatramani: Yes, probably yes. There could be some capacity additions, but unorganized manufacturers. But since those are not in the public domain, we are not updated as of now. But nothing from the major organized players.

Kaustav Bubna: And if domestic supplies around 4.2 to 4.5 million cubic meters, how much would imports be in addition to that in FY '25?

V. Venkatramani: So the monthly average is around 1000 cubic meters.

Shobhan Mittal: Is negligible. For the first 6 months.

Kaustav Bubna: Okay, understood. And just one last question, Shobhan, I just wanted to understand, till today, we have also discussed earlier, because this, the industry is being so nascent in terms of supply base, whenever a lot of supplies come in, it is led to a relatively drastic reduction in realizations, because supply base has been higher than demand, demand going at double digits, but 15%-20%, let us say, but supply going much faster. By when can this whole supply demand dynamic change to a more stable basis, to a more stable one, where realizations do not get affected so much?

Shobhan Mittal: Well, I think, we have already seen probably the sort of downturn in the industry, it is come to a point where many manufacturers are finding it hard to survive already. So I do not foresee, like I mentioned earlier, also, any additional or major price corrections happening going forward, because the current cost structures will not permit that for any manufacturer anymore. Especially the unorganized guys.

There has been correction in terms of the difference between our, the organized players pricing and the unorganized players pricing as well. So I do not see any, further pricing pressure coming in or in terms of it being sustainable for anyone, any manufacturer going forward.

Kaustav Bubna: Okay, that makes sense. Thank you.

Moderator: Thank you. Next question is from Sneha Talreja from Nuvama. Please go ahead.

Sneha Talreja: Thanks a lot for this opportunity. Just wanted to understand, when could the industry actually see any amount of price improvement? Well, I understand the raw material prices will be softening. Eventually, that could lead to margin improvement. But any understanding of the price hike also which can actually happen?

Shobhan Mittal: Sneha, it is very difficult to estimate that. And on an immediate basis, honestly, I do not foresee any price increases coming in, in the near-term, to be honest with you. The focus at the moment is to gain market share, improve volumes, which should contribute to better margins. Because the moment we talk about increased pricing will allow other manufacturers to take further space in the market. I mean, I do not foresee a price increase coming in anytime very soon.

Sneha Talreja: Understood. So the entire idea would be to, you know, have that operating efficiency coming up with operating...

Shobhan Mittal: Absolutely.

Sneha Talreja: Costs, which will continue till the time we reach what level of margin when we can see normalization of the cost coming up?

Shobhan Mittal: Well, I think safely, with the current price points and with improvement in volumes, I think high teens margins are possible.

Sneha Talreja: Understood. Understood. That was really helpful. Thanks. Thanks a lot, sir. And all the very best.

Shobhan Mittal: Thank you.

Moderator: Thank you. Next question is from Pankaj Parab from Molecule. Please go ahead.

Pankaj Parab: Thank you, sir, for the opportunity. My first question is on the working capital. We have seen tremendous improvement in our working capital, especially in the inventory days. So just wanted our strategy. Is it for the quarter only or we are planning to maintain the same 40 days kind of inventory level going out?

Himanshu Jindal: I think it should be broadly similar. So wherever we have opportunities to be able to optimize working capital for going forward, we will continue to do so. This time, bulk of the reduction is inventory, right. So since the costs have come down, we wanted to get rid of inventory, which was produced or procured at a higher rate. This is exactly what we have done. Right. So we will continue to see this going forward.

Shobhan Mittal: Also, please keep in mind that working capital for us is affected by due to seasons as well. You know, during rainy season when timber availability is low, we tend to increase our inventories because the harvesting of the trees reduces. So we tend to increase our inventory. So, there is a there is a seasonal effect to our working capital as well.



Pankaj Parab: Okay. Understood. And, a clarification just quantify, if you could, the raw materials reduction in this quarter and what is your expectation for the next two quarters for the raw material --timber price mostly?

Shobhan Mittal: I think it is again hard to speculate that. And we are foreseeing the timber prices to sort of remain stable or have slight correction. But it is very hard to put a number to that at the moment.

Pankaj Parab: But for this quarter if you can provide for the quarter 2 only, quarter on quarter comparison just.

Shobhan Mittal: For quarter 2?

Pankaj Parab: Yes.

Shobhan Mittal: I would say they would probably remain stable or at par.

Pankaj Parab: Okay, sir. Understood. Understood. That is it from us. Thank you, sir.

Moderator: Thank you. Next question is from Arun Baid from Isec. Please go ahead.

Arun Baid: Hi, Shobhan ji. Just one clarification. You mentioned that our growth for the full year will be in the teens, right, in the MDF domestic business? Am I correct?

Shobhan Mittal: High teens, Yes.

Arun Baid: So, because when I look at numbers, last year Q3 and Q4 were very tough for us. We dequeued by, you know, in the fourth quarter by about 25%-odd. So if we do a backward calculation, roughly if I take 13%, 14% growth, you will do, let us say, what you have done in the first half, more or less similar to first half numbers you will do. Is that the right way to look at things? Because demand was much better, right?

Shobhan Mittal: Arun, we are seeing on an annualized basis.

Arun Baid: Yes. So on an annualized basis, if I assume a 13% growth, you have to do about 2,14,000 CVM roughly for the second half.

Shobhan Mittal: Yes.

Arun Baid: That is pretty low because we did the same number in FY24 second half. Exactly the same number. And obviously FY25 second half, we had the growth of 25% in Q4. So, if I look at your Q2 numbers, it is 1,12,000 CBM or like 1,13,000 CBM. If I double it, it is like 2,026 itself. Am I missing something or?

Shobhan Mittal: So we should be at about, I would say, a 420, 430 level domestically.

Arun Baid: Okay. So that you did 2,000. So basically around 2,18,000, you are saying? Exactly, sir. That is what the point Shobhan ji because the numbers would not add up. It is lower than Q2 numbers. Even if I



extrapolate Q2 numbers, double it for the next two quarter, it is 225000 without any incremental base up because our strategy is to get more volumes, right?

Himanshu Jindal: Arun are you here? Okay. We did 116 in Q3 and we did 102 in Q4 last year, same time. I do not have numbers handy for FY24. Overall, what Shobhan ji was trying to say, I think holistically, high teen growth is possible for FY26.

Arun Baid: Is that for combined business or domestic, it is combined or domestic?

Himanshu Jindal: No, combined. So going from where we are, export is something that we keep modulating based on how the markets are, right? If we get more volumes at good margins, we will take that, right? Because this also ensures that we are running lines more effectively, we are getting the EPCG benefits, etcetera. But overall, I think high teens is what he has guided and which seems to be possible.

Arun Baid: Just to clarify, Himanshu it is high teens on a total volume. So last year we did combined volumes of 4,38,000 CBL. On that, we are talking of high teens. Is that a right way?

Himanshu Jindal: Yes.

Moderator: Thank you. Next question is from Bhargav from Ambit Asset Management. Please go ahead.

Bhargav: Yes, good afternoon team and thank you for the opportunity. So is it possible to share what was the contribution of commercial grade in Q3? I believe it would be a very small number?

Himanshu Jindal: Yes, last year it was 17,000.

Bhargav: And Q4, it would be fairly miniscule, right?

Himanshu Jindal: Zero last year.

Bhargav: Q4 was nil?

Himanshu Jindal: Yes.

Bhargav: Secondly, sir, you mentioned the chemical prices going up, but relative to our peers are we better placed because we are slightly backward integrated as well?

Shobhan Mittal: No, actually when you say backward integrated, action is more backward integrated than us. We are purely outsourcing everything.

Bhargav: Okay, understood. So on the adhesive side, we do not benefit if the adhesives prices continue to remain elevated?

Shobhan Mittal: Our costs of chemicals primarily are driven by methanol, formaldehyde, urea and melamine.



Bhargav: Okay, understood. And lastly, in terms of capacity utilization, we are at about 50% right now as on funding. In terms of exit quarter, do you think we can reach to about 60% capacity utilization, exit quarter, fourth quarter?

Shobhan Mittal: Yes, I think that should be possible.

Bhargav: Okay. In which case, I think your guidance looks a bit conservative as far as maybe we can take it offline, but thank you for listening.

Shobhan Mittal: Sure. Thank you.

Moderator: Thank you. Next question is from Udit Gajiwala from Yes Securities. Please go ahead.

Udit Gajiwala: Hi, sir. Thank you for taking my question. Given that you do not see price hikes coming up and we are going to focus more on volume share, do we see margins to consistently remain under pressure for, at least, say a few quarters from here still? I mean, excluding all the forex impact and everything, there is the pure operating margins.

Himanshu Jindal: So the way we should look at it, when we gave you that guidance out when Shobhan ji mentioned high single digit to early double digit, I think we are assuming that things are not changing materially, whether it is on pricing or on cost at the moment, right, barring whatever he explained on chemicals, etcetera., which in our opinion is a temporary blip.

So if things continue to be the way they are, with the operating leverage playing out, etcetera., I think the margins should be where we are, right? If there is something more coming in, that should either add or could come off from our margins. But operationally, like we spoke in the quarter one earnings call, and during the multiple conversations thereafter, bilaterally, we were mentioned that every single quarter should be sequentially better than the previous quarter. And we were targeting that we will try and achieve, at least the guided early double digit margins by quarter 4. What we need to appreciate, we are already there, right, on the operating margins, the core operating EBITDA margins are 10% plus. We will try to build it up this way throughout the next two quarters. Does that answer?

Udit Gajiwala: Yes, sir. And what will be the total EPCG benefit that we have already taken into account and how much balance can we still take?

Himanshu Jindal: So there is 11, which has already been accounted for in this year, five in the first quarter, six in the second quarter, we still have 40 more to take.

Udit Gajiwala: All right. Thank you.

Moderator: Thank you. Next question is from Ritesh Shah from Investec. Please go ahead.

Ritesh Shah: A couple of questions. So first is, in the presentation slides, we have indicated a raw material mix rationalized and improved consumption efficiencies. Can you detail this possible to quantify some variables over here?

Himanshu Jindal: It is a little challenging, specifically in this quarter, Ritesh and there are multiple reasons you will appreciate. I think we spoke about inventory changes already. So there is some portion of that cost because of a decrease in inventory, which is impacting my overall results. So this was, raw material or finished goods that we are digesting in this quarter, which was perhaps purchased or procured at a higher cost.

And you know that everything gets valued at weighted average, which means, there are distortions on a quarter-to-quarter basis. It does not reflect in a particular month or in a particular quarter directly. Now, beyond that, there is raw material timber costing, which is obviously sequentially softer than where it was. And chemicals have gone up slightly, yes.

So all of that put together is what we indicated was, roughly 2%, 2.5% and the balance is all on account for operational synergies coming into play in this quarter over quarter 1. So that is the way to look at it. Anything more that you wish to ask here?

Ritesh Shah: Yes, specifically on raw material mix, I think I was assuming something with respect to the species of wood that we use, besides the accounting thing, what you mentioned. So are there any changes over there wherein we have optimized based on how the market is behaving and we need to get due to that?

Himanshu Jindal: No see, we work with very basic raw material, which is timber and chemicals etcetera. Now, there are recipes akin to a particular product or a particular requirement. And we keep changing based on what makes more sense. The larger pieces are still the same. It is just that, you optimize wherever you can. So, yes, there is a role of raw material mixes, there is a role of your own efficiencies.

How do you deliver the same product at a better economics is something which is always on our minds, something that we have been debating about in the last four or five months that I have been here. So everything is playing a role. Maybe over a quarter to quarters, few quarters, you will get a good understanding of how things are maturing.

Ritesh Shah: Sure. My second question is, I think Venkat ji indicated demand at 2.75, 2.8 and capacity at 4.2 million. I just wanted to understand what is the thickness that we are looking at? Is it normalized to something when we give this numbers? How should one understand that? Is this 17MM ?

Himanshu Jindal: Venkat ji is kind of reconfirming what you are saying.

Ritesh Shah: So my third question is, when we look at our sales mix, how should we dissect it between the thin and thick and would one qualify thin as less than 5 mm and thick higher than that and how do we dissect the market also when we say demand is 2.75 to 2.8? Is there a way to look at it? So that was the first question. And a related second question is, when we have our sales mix, is it possible to bifurcate it broadly between commercial, industrial and everything above that when we look at the density?



Himanshu Jindal: I will try and answer the second question first. And the first question we can put up to Shobhan ji. I think the sales, you know, so when you look at industrial. So there are three segments where we operate on the plane board side, which is industrial, exterior, or HDWR. Now, industrial is still a lion's share of the entire thing.

If I count everything including OEMs and exports, I think we are still doing something between 60%, 65% industrial. On a value mix basis, which is what we think is more relevant because there is Prelam also being produced out of plane board. So on a pure value added basis, the high value proportion is roughly 44% for us. Ritesh, does that give you an understanding of how things are?

Ritesh Shah: Yes. So that 65% of volumes what you indicate, that would be what value?

Himanshu Jindal: I think rather than looking at industrial or exterior or club or HDWR, I think we look at value additions more. I think we are currently at 44%, which is basically nothing, but exterior plus club, plus HDWR, plus anything which is high value in the product mix. That is the way to look at it.

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Ritesh Shah: Sure. That helps. And on the basis of thickness, where is the market below 5mm and above 5mm and how is our sales mix positioned over there?

V. Venkatramani: Yes up to 5.5mm is thin and beyond that is thick.

Moderator: Thank you. We move to the next question. The next question is from Mohammed Patel from Edelweiss Public Alternatives. Please go ahead.

Mohammed Patel: So domestic realization has fallen both Y-o-Y and Q-o-Q. You mentioned that there is a contribution of price correction and value mix. So what is the break-up?

Himanshu Jindal: It is roughly, you know, 50% of this is on account of product mix and the balance is on account of actual price, rationalization with relevant payers.

Mohammed Patel: To understand this realization trend better, can you highlight this, between North and South?

Shobhan Mittal: You mean the correction, is it?

Mohammed Patel: Yes.

Shobhan Mittal: So I would say the North is higher than the South. It is across more products in the North than it is in the South.

Mohammed Patel: Okay. What is the share of value-added products in the new plant?

Shobhan Mittal: In the new plant, well, like I said, we are treating the three capacities, quite synchronized across the three lines. So at the moment, we are trying to optimize production in a way that wherever it is most efficient to produce a certain product is where we will produce that.

So, it is hard to give you a different number for a separate production line, you know. Because, like I said, we are also producing certain products from the older lines on the new line now, just to make the plants running more efficient.

Moderator: Thank you. Next question is from Sonal Gupta from Citibank. Please go ahead.

Sonal Gupta: I wanted to know what is the steady state maintenance capex of the existing facility which we have? And what is it after the new capacity being put in now? Yearly maintenance capex?

Himanshu Jindal: Yes. Okay. So, see, Sonal, first, let me give you a number for this year. We should be between 35-40. Some bit of it is related to the previous year MDF-3 capex, Yes? Because there are still certain things which are being done, right?

On a steady state basis, I count all my lines in. I think we should be doing anything between 20 to 30, Yes? That is, steady state, you can say, replacement sustenance capex that we do every year.

Sonal Gupta: Steady state is 20-30, and for this year, it will be a little higher. It is around 40, you are saying?

Himanshu Jindal: Yes, overall.

Sonal Gupta: Okay. Thank you.

Moderator: Thank you. The next question is from Mahesh from HDFC Securities. Please go ahead.

Mahesh: Sir, you have mentioned increasing resin and chemical prices. My question is, the price increase has been fully factored in Q2, or we may see a margin impact in Q3 also?

Himanshu Jindal: This is largely factored in already. I do not think there should be anything more. We are already mid of November, and, we do think this is more like a temporary thing, like Shobhan ji mentioned. It should ease off in a matter of months.

Mahesh: Okay. My second question is, you have mentioned that due to cost optimization, we have improved margins by 5.5% impact on margins. So, is there any further room for improvement?

Himanshu Jindal: There is always. You are operating at 52% capacity utilization. So, there is always something more that we can accrue, from the system. We just need to see how does it come into play with volumes coming up.

There is still some more power savings that I can factor in, some more fuel efficiencies that can be driven. So, we are doing that, and I think whatever changes we have done, we are doing some more changes in fact on our procurement. All of that should play out.



Hopefully, at least from a purely operational basis, on a quarter-to-quarter basis, you should see some improvement or the other. Now, how much of that will be with us, and how much will be passed on to the markets in case we have to, that is something that we need to see.

Maresh: Yes. So, my last question is, so what will be our tax rate going forward?

Himanshu Jindal: We are on the new tax regime, so we will be at 25%. But please do remember, we have a depreciation tax shield available this year because of the new plant, which is significant. So, that should play. Yes. So, overall, in reality, versus what we accrue in books, there will be a difference. The actual cash outflow is going to be different.

Maresh: Okay, sir. Thank you.

Moderator: Thank you. The next question is from Karan Bhatelia from AMSEC. Please go ahead.

Karan Bhatelia: On the domestic realizations, sir, you mentioned that 2% is because of pricing and 2% because of change in product mix. But, sir, if I assume, last year we had commercial grade, which is entirely translated into industrial grade in this quarter. So, ideally, our realization should have seen some improvement. So, what is it that I am missing out here?

Himanshu Jindal: There are two, three things playing out, Karan. You are right, absolutely. Commercial grade coming down and, -- or let me say, eaten up by industrial for now. There was a price differential, because of which we get an upside there on product mix.

But I think, simultaneously, please do remember there is a new plant that we have started, which is producing thin largely, yes, as what we are selling. We are doing more and more, you know, so thin has more interior or industrial grade. Yes.

The second piece that you should appreciate, we are doing much more OEM sales this year, this quarter. Yes. So, with OEM, largely what you sell is, you know, when you sell to end consumers, it is largely industrial again, right? So, therefore, the full benefit of what should have accrued, ideally, has not come in.

But please do remember, on an absolute basis, all my high value items in terms of volumes are actually going up in absolute terms, but not as percentages, correct? So, therefore, you are still not seeing that impact in my realization so far.

Karan Bhatelia: Right, right. And if I could continue on the same question, earlier we mentioned that 70%-80% of the commercial grade has already translated to industrial. So, when can we see the 100% replacement?

Himanshu Jindal: It is already 100% replaced.

Karan Bhatelia: Right. Okay. Thank you. That is it from my end.

Moderator: Next question is from Ritesh Shah from INVESTEC. Please go ahead.



Ritesh Shah: A question. At what utilization levels will we shift our focus to pricing?

Shobhan Mittal: Ritesh, see at the moment, even though we have a higher, even if we are at a certain level optimization, utilization, at the same time, we are still catering to certain segments of the market which are not as profitable, right? So, we are catering to OEMs which are catering to the export market. At the moment, the idea is to focus on margin improvement by bringing in the more lucrative segments and getting more market share as opposed to price hikes. Because that is going to affect us adversely at the moment. So, there is still a long way for us to go where we talk about, you know, we are reaching capacity and we should start considering price hikes.

Because I think the segment mix is also important for us. And, you know, OEMs is a much lower margin business. We would like to convert that to the retail market. Exports is also a much lower segment business. Barring the EPCG obligation, which is easily dischargeable, we, you know, of course, the domestic market is much more lucrative. The retail market is much more lucrative.

So, at the moment, even those utilizations have to be converted to the retail segment. So, focus is on that and not, you know, so we have not come to a point where we are deciding at what capacity utilization we will start thinking about price hikes.

Ritesh Shah: So, if I just have to flip the question around, say OEM exports, I presume the density would be lower than 740, 750. And...

Shobhan Mittal: No, compared to industrial, the products are almost identical. Because now we are for OEMs, the BIS compliance very much applies.

Ritesh Shah: Okay. Then how do we gauge our market share? So, there will be some number in your mind, right? Say, a market share on the high value added side. So, I do not know what the TAM is over there and what our market share is there? If you could help explain that, that would be great. That would be the optimum thing, right, that we would target. So, how should one understand that?

Shobhan Mittal: Well, at the moment, with the new line coming in, there is substantial surplus capacity available with us. As Mr. Venkat has also mentioned that, the domestic demand is far lower than the domestic supply. And, you know, what we foresee on a realistic basis, the growth that we can achieve is what, you know, we have already mentioned. And on an immediate basis, that is our focus.

Ritesh Shah: Sure. Thank you so much. Thank you.

Moderator: Thank you. The next question is from Mohammed Patel from Edelweiss Public Alternatives. Please go ahead.

Mohammed Patel: What is the domestic volume for Q2 FY25 adjusted for non-BIS?

Himanshu Jindal: Q2 last year. See, we sold, I think, 86 minus 26. That is the number, 60.

Mohammed Patel: Thank you.

Moderator: Thank you very much. That was the last question. I would now like to hand the conference back to the management team for any closing comments.

Shobhan Mittal: We thank everyone for joining this call, and we look forward to speaking to everyone in the next call. Thank you and have a good evening. If anyone has any further follow-up questions, please feel free to reach out to us. Thank you.

Himanshu Jindal: Thank you very much.

Moderator: Thank you. On behalf of Greenpanel Industries, that concludes the conference. Thank you for joining us.

Please note: *We have edited the language, made minor corrections, without changing much of the content, wherever appropriate, to bring better clarity*