



Greenply/2025-26
August 01, 2025

The Manager
BSE Limited
Department of Corporate Services
Floor 25, P. J. Towers, Dalal Street
Mumbai - 400 001
Scrip Code: 526797

The Manager
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E)
Mumbai - 400 051
Symbol - GREENPLY

Dear Sir / Madam,

Sub: Conference Call Transcript

Please find enclosed Conference Call Transcript in respect of conference call for Investors and Analysts held on July 30, 2025 on the financial results of Greenply Industries Limited for the quarter ended 30th June, 2025.

The same is also available on the website of the Company viz. www.greenply.com/investors

Thanking you,

Yours faithfully,
For GREENPLY INDUSTRIES LIMITED

KAUSHAL KUMAR AGARWAL
COMPANY SECRETARY &
VICE PRESIDENT-LEGAL

Encl.: As above

Greenply Industries Limited

'Madgul Lounge', 5th & 6th Floor, 23 Chetla Central Road, Kolkata - 700027, West Bengal, India

T : +91 33 24500400, 30515000 | E : kaushal.agarwal@greenply.com | www.greenply.com | CIN : L20211WB1990PLC268743

Registered Office : 'Madgul Lounge', 6th Floor, 23 Chetla Central Road, Chetla, Kolkata - 700027, West Bengal, India



**“Greenply Industries Limited
Q1 FY '26 Earnings Conference Call”
July 30, 2025**



**MANAGEMENT: MR. MANOJ TULSIAN – JOINT MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER – GREENPLY
INDUSTRIES LIMITED**

**MR. SANIDHYA MITTAL – JOINT MANAGING
DIRECTOR – GREENPLY INDUSTRIES LIMITED**

**MR. SANJIV KESHRI – CHIEF FINANCIAL OFFICER –
GREENPLY INDUSTRIES LIMITED**

**MODERATOR: MR. KARAN BHATELIA – ASIAN MARKETS SECURITIES
LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Greenply Industries Q1 FY '26 Earnings Call.

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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Karan Bhatelia, Thank you, and over to you.

Karan Bhatelia: Hi, everyone. Good morning. On behalf of Asian Markets Securities, we thank you for joining us on the Greenply Industries 1Q FY '26 Conference Call. In the panel today, we have Mr. Manoj Tulsian, Joint Managing Director and CEO; Mr. Sanidhya Mittal, Joint Managing Director; and new CFO, Sanjiv Keshri .

I now invite Manoj ji to begin the proceedings of the call. Thank you, and over to you, sir.

Manoj Tulsian: Thank you, Karan, and good morning, everyone. It is a pleasure to have you all on this call. I will be updating you on Greenply's operating and financial performance for Q1 FY 2026. This quarter, we continued to face some liquidity challenges, which also somehow resulted into a delay of commencement of a few new projects.

While our performance in April and May aligned with our expectations, but June was relatively subdued compared to even historical trends of last 4 or 5 years. Even some of our regular channel partners faced challenges and could not pay us on time in the month of June.

Having said that, we have seen a decent recovery in the month of July, and we are confident that Q2 FY '26 will definitely outperform Q1 FY '26. I would like to share with you that we have achieved a consolidated quarterly revenue of INR601 crores with a growth of 2.9% on a Y-o-Y basis. Our consolidated core EBITDA for the quarter was at INR62 crores, a growth of 6.4% on a Y-o-Y basis.

The core EBITDA margin for the quarter was at 10.3% as compared to 9.9% in Q1 FY '25. PBT before the losses on equity accounted investees, Foreign exchange gain loss as an adjustment to finance cost, and exceptional item is at INR50 crores for Q1 FY '26, which is a 33% Y-o-Y growth as against PBT of INR38 crores in Q1 FY '25.

Remember, last year in Q1, we also had a one-off income on account of income tax refund to the extent of INR12 crores. Hence, we just thought we will also educate on the numbers at PBT level, removing that exceptional item.

Let me now share the highlights of our individual business segments. As mentioned earlier, June was a relatively subdued month, which resulted in a marginal volume degrowth of 3.1% year-on-year in our Plywood segment. However, we remain optimistic towards the later part of the year, supported by favorable industry tailwinds, such as the implementation of BIS norms and softening in timber prices going forward.

The realization for the Plywood segment grew by 4.1% on Y-o-Y basis, reaching INR255 per/sqm. On the margin front, our core EBITDA margin for Q1 FY '26 was 7.9% as against 7.8% in Q1 FY '25. The margin improved on a Y-o-Y basis by 10 bps.

I'm pleased to announce the rollout of our first ever television commercial campaign on Ecotec, 'Kaam Sahi. Daam Sahi', where our objective is to drive deeper brand preference in the plywood segment by connecting with the budget-conscious yet quality-seeking Indian consumers.

With this campaign, our aim is to build stronger awareness for Ecotec as a reliable value-for-money plywood solution, especially in markets where the prices play a major role. We want to reinforce that good quality doesn't have to come at a high cost, and Ecotec delivers the right balance of performance and affordability that today's customer expects. It's a strategic approach to grow penetration in Tier 2, Tier 3 markets and drive demand at the dealer level.

Moving on to MDF business. Our revenue in Q1 FY '26 was INR147.3 crores and volume at 46,350 CBM. While our realizations improved to INR31,763 per CBM, which is an increase of 3.1% on a Y-o-Y basis, our EBITDA margins also improved to 17.4% as against 15% in the previous quarter, and we are confident of achieving double-digit volume growth and 16% plus margin guidance in FY '26. More details on the MDF business will be shared by Sanidhya.

Moving on to our Furniture and Fittings JV. We have started making sales from this quarter, achieving a minimalistic revenue of INR6.5 crores. The JV reported a PAT loss of INR10.8 crores for the quarter with our share of loss amounting to INR5.4 crores. Our net debt stood at INR538 crores during the quarter, primarily elevated due to inventory buildup, mainly in the Plywood segment in response to import restriction and in MDF ahead of a plant shutdown.

Both inventories are expected to be liquidated by the end of H1 FY '26. And hence, we remain confident that our net debt will decline and return to the guided level of 0.5 by the end of the year.

With respect to our operations at Greenply Middle East Limited, we have successfully reduced our stake from 49% to 19% now, reducing the exposure from USD5.8 million to USD3.8 million on the guarantee front. As a result, our contingent liability in rupee terms reduced from INR50 crores to INR32 crores.

With this statement, I would like to hand it over to Sanidhya to provide more insights on the MDF business.

Sanidhya Mittal:

Thank you, Manoj ji, and good morning to everyone on the call. In our MDF business, we have done exceptionally well in this quarter. Our sales in the quarter have shown an 11.7% year-on-year improvement over the last quarter in terms of values. Our EBITDA margins improved to 17.4% from 15% in the previous quarter, which was mainly achieved due to an increase in sales and optimizing operating overheads efficiently.

Our Vadodara plant is operating at full capacity, and hence, we plan to expand our capacity in the month of August 2025. Construction of the HDF flooring line is completed and trials are ongoing. We'll be starting production of the same in September 2025. Going forward, our focus

will be on sales of more value-added products and improving operating efficiencies further. With this, I would like to open the floor for Q&A session.

Moderator: Thank you very much. The first question is from the line of Pranav Mehta from Equirus Securities. Please go ahead.

Pranav Mehta: Sir, I wanted to understand on the Plywood business a bit more. So basically, if you see you have built up inventory during...

Moderator: Mr. Pranav give me a moment. Actually, the management line has got disconnected. Let me reconnect them again, then you can ask the same question. The next question is from the line of Praveen Sahay from PL Capital.

Praveen Sahay: Yes, Praveen from PL Capital. So, my question is related to the MDF. As you had said, you are taking an expansion in the capacity. So, if I look at your utilization, which is last year nearly around 70% or even for this quarter, it's around 75%, 77% of utilization. So, in that utilization and in the last year, we had seen that's quite a lot of capacity came in. In that juncture, why is the decision to expand the capacity, why not improve the utilization more or at what level you can reach to?

Sanidhya Mittal: So I think when you look at the utilization, you are directly going to the capacity of MDF versus what we are producing. Actually, the capacity keeps changing depending on what product mix you're producing. So, with the current product mix that we are producing, we are almost utilizing 90% capacity. That's one.

Secondly, when we are expanding or going for capacity expansion, we are not doing capex to build another line. So, our existing line with a very small capex will be able to churn 25% more output. So that was already planned from day 1 and all the balancing equipment in the factory other than the press is already planned for 1,000 cubic meters. So, we'll have a 2, 2.5, 3-week shutdown where quickly we'll ramp up the production by 25% by expanding the press.

Praveen Sahay: How much of the capex you are doing for this?

Sanidhya Mittal: Around -- if I'm not wrong, it will be in the range of INR10 crores to INR12 crores, not more than that.

Praveen Sahay: Okay. Okay. Next question, sir, related to the timber pricing. If you can give a color on the Plywood timber and the MDF timber prices, how has been and what your expectation for the rest of the year?

Manoj Tulsian: So Plywood timber prices are almost stable, whether we see it from last year, quarter 1 or actually, last year, most of the time, the Plywood timber prices was more or less stable, except I remember in quarter 3, it bumped up again. And then in quarter 4, it slightly softened. It's in the same range. MDF, the timber prices have slightly reduced in quarter 1, I think by around 2% to 3% approximately.

Praveen Sahay: So, plywood price is nearly around INR9.5 per kg and the MDF prices reduced to some INR6 per kg around. And any guidance for the rest of the quarter, sir?

Manoj Tulsian: See, guidance we have given is an annual guidance. And going forward, it looks like now that with the new supplies coming in, the prices, as we mentioned, either will stabilize or will start coming down. But I think my team is saying that we're going to only expect that around quarter 3 and quarter 4 of this year.

Again, like in quarter 2, because of the rainy season and other issues, it slightly goes up, but then within the quarter only, it also comes back. So there is a movement which happens within the quarter, but by the end of the quarter, it is back to like the same levels.

Praveen Sahay: And if I may, last question related to the Plywood volume because on the Y-o-Y side, we had seen a degrowth there. And even if I compare the last year, you are a single digit of a growth versus a peer of double digit of a growth. What your expectation for the next 3 quarters? It is expected to improve from here or the guidance what we had given so that double-digit of a growth, it's going to met? And what's your take on that?

Manoj Tulsian: See, I think guidance will make more sense after quarter 2 because quarter 1, which I mentioned in my opening speech, June was a big surprise. We have not seen this type of a poor June in almost last 4, 5 years. So otherwise, we were well on track even for a growth but yes, having said that, July is definitely looking better. July has picked up. We had a lot of challenges in the month of June in terms of even collecting our receivables from our channel partner.

That also has improved quite a bit. So, I think for the full year, double digit looks difficult now in terms of volume growth in Plywood. But I still feel that we will be able to give you better guidance by end of Q2 FY26, because I'm very hopeful that maybe we'll really bounce back very well, one in H2 for this year and even quarter 2 will be much better than quarter 1. So, I'm just holding my guidance for a quarter because at this point, if I say that, yes, we will do 10% volume growth, it will look very irrational, okay?

And on the margin front, for sure, even if we are going to miss on 10%, but, sure, for the full year, if we are able to do a decent volume growth, we will still be able to do a double-digit margin in Plywood because of the operating efficiencies. In MDF for sure, we are on track for a double-digit growth. And on the margin front, for the full year, we have given a guidance of 16% plus. This quarter, we were at 17.5%. So I'm very sure that we'll be able to meet our guidance for MDF.

Moderator: The next question is from the line of Sneha Talreja from Nuvama.

Sneha Talreja: Congratulations on good set of numbers. A couple of questions from my end. Firstly, just speaking about MDF, you mentioned about raw material prices going down. Is it getting passed on in the domestic market? Are you seeing players passing that on? Or are the prices being reserved and everyone is trying to gain on margins? That's one thought.

Sanidhya Mittal: If you talk about quarter 1, I think prices were quite in control. People were not passing on. But if you talk about the current quarter, yes, people are passing on. There is a lot of fight for price

in the market. But I think we have the smallest capacity compared to anybody else compared to our peers to sell. So, the desperation at our end should be lower than anybody else's end. So hence, in spite of a fight and in spite of the price going down and the timber benefit getting passed on, we still feel that we'll maintain our guidance.

Sneha Talreja:

Understood. But when do you, so the question is more broader now. We were assuming that this time when raw material prices fall, there will be some retention which will be happening, which is probably not being seen in the case of even our channel checks. So the idea was to understand when do we see this coming up that finally, there is less of competition and pricing coming into play because these margins for sure in the long run for everyone is not sustainable.

So some thoughts here from you would be helpful that when can you actually see that bottom getting hit and margins improving? Probably not for us, but the question has been from the industry level.

Sanidhya Mittal:

I don't know. Maybe the unorganized needs to shut shop. Some of the smaller players need to die and the larger players need to be satisfied with their capacity getting sold in the market. I think that's when the industry can come to a conclusion and everybody start making better margins. Till then, honestly, everybody is equally affectable and everybody is getting affected as far as margins are concerned.

Sneha Talreja:

Are you seeing any of these things happening?

Manoj Tulsian:

So just to add to that, I think when you look at the overall capacity today versus utilization for the industry, there is a gap. And see, in this business, it will always happen because when the margins start shooting up, you will see suddenly too many capacities.

Moderator:

Sneha give us a moment, the management line has got disconnected. Let me reconnect them. The line is reconnected now. Ms. Sneha you can ask your question now.

Sneha Talreja:

Manoj sir was answering. Manoj, sir, you were answering MDF part of it.

Manoj Tulsian:

Yes, yes. So, what I was saying, that in this business, it will always happen that when the margins actually start going up, slightly goes on the irrational side, you will see new capacity commitments coming in, which is exactly what happened around 1.5, 2 years back. So, when you see most of the capacities now in place, there will remain a pressure on the margin. But I think this margin pressure because of possibly reduction in the raw material prices will be able to get absorbed.

Yes, it doesn't look like that in the immediate future, like we are talking about 16% plus. Today, we are not in a capacity to talk about 19% or 20% plus. Seems by next year, when, because the growth is there in this business in MDF, for sure, a 15% to 20% growth. So by the time we enter the next year, you will see a lot of semblance in terms of capacity versus demand.

And then according to me, the prices should start moving up. And then again, you will see a cycle after 2, 3 years that new capacity again starts hitting the market maybe after 3 years. So

there will be a good period of 24 to 30 months again after a year when you will see margins will be much better in this business. That is what our take on the whole thing.

Sneha Talreja:

I absolutely agree. Just one last bit on the hardware front in case I mean. How has progress been in that particular business? Of course, we are seeing losses at this level. But where do we see this breakeven happening in the hardware part of it? And how is your entrenchment been with respect to OEMs versus retail? Some color would be helpful.

Manoj Tulsian:

So too early. We just did around INR6-odd crores only in quarter 1, less than INR6 crores, okay? So for this year, we had, in any case, as per the business plan also, there is a level of loss would be there in this business. But by next year, there will be a sizable growth, which will happen. While we speak, we have already onboarded more than 200-plus dealers with whom we have started interacting.

Then again, there is a Phase 1 and Phase 2. Phase 1 manufacturing has started and then there is a Phase 2 and Phase 3, which will set up the machine and everything. So those things will also happen in the next mostly 12 months. Those things will also happen. So once that happens, the margins will look much better because right now, we are also dependent on a lot of imports, which is happening, that is one.

Second, by next year, the business will also get strengthened because possibly the dealer base will cross 500 or 600 numbers. So, the numbers will also start looking good. Yes, I can clearly say that the product acceptability in the market is very good. The report on the quality, on the life cycle and everything has been very, very encouraging from the dealer, even from some of the OEMs at this point of time. So, I think we are on track. But yes, we'll have to give this business another 4 to 6 quarters for it to really start showing some good decent numbers.

Sneha Talreja:

Understood. Understood. Sorry, sir, one last one. Since you just spoke about this new hardware business, you have again initiated one more new business, which is the wooden, which is the doors and the profiles part of it. Just a couple of things here. What is the logic of getting into this particular business? That's one. How big is the opportunity size according to you? What's our right to win here? So a couple of these aspects would be helpful.

Sanidhya Mittal:

So I think I'll answer that question. So in WPC and in PVC, firstly, we're not entering this category newly. As far as production is concerned, yes, we are trying to enter. If you look at our existing volume, we are almost selling annually about INR65 crores of PVC products. So the idea is to have our own manufacturing and give our entire dealer distributor network the confidence of the quality manufacturing that we do in-house.

That is one. Number 2, with in-house manufacturing and quality focus, we'll also be able to increase sales. So, and also all the products that we're trying to manufacture in PVC, whether it is foam board, whether it is WPC doors or WPC door frames. I think all these products are products which are eating into our core products. So a PVC foam board today is replacing a Plywood in the market to a small extent. So Greenply wants to innovate and ensure that any conversion that's happening in Plywood or in the flush door segment comes back to Greenply.

So I think this is always our focus. We've been in this category for 5 years now. We fairly understand how the sales works. I think now we want to learn the manufacturing as well. And if you look at the asset turn and if you look at the total capex, I think it's very, very small miniscule, so we don't look at that as a challenge. We look at that as an opportunity that we can really create a segment of PVC products and further help our ply and board business keep growing.

Moderator: The next question is from the line of Guru Darshan from Kitara Capital.

Guru Darshan: Just wanted to understand, is there any specific reason for realization growth in ply the volumes decline?

Manoj Tulsian: Sorry, your voice is breaking. We are not able to get your question properly. You are audible, but the voice is not clear. So we are not able to pick up your question.

Guru Darshan: Yes, sir. I just wanted to understand, is there a specific reason for realization growth in Plywood and had the Plywood volumes declining in the current quarter?

Manoj Tulsian: No. So we had taken price increase even in quarter 4, which we had mentioned, okay? So, this is, when you are looking at the realization, the realization with respect to Q1 of last year. And last year, we had taken maybe 2 or 3 price increase. So now that the entire thing is factored in, that is, to some extent, visible in the overall numbers.

Guru Darshan: Okay. Okay. Sir, in the current quarter, you have recorded around INR4 crores loss from the GMEL. What would be the further impact for the rest of the quarter from this one?

Manoj Tulsian: Well, so the good part is that during the quarter, we were able to reduce our stake further. We were able to sell another 30%. While those 30% was being sold, it was at a price which was slightly lower than the book value, carrying value. So, there is a loss which has got booked on account of the same. Also, since the transaction took place during the quarter, we had to pick up till the date of the transaction, the losses, our proportionate losses in that business.

But now that we are at 19% equity, we don't need to pick up any further losses from that business. So we are now fully away from that business, except the value of 19% of our equity, which is like, I think, close to around INR2.5 crores to INR3; and the other thing which I mentioned in my opening call, that we had a corporate guarantee, which was at the time of our first deal when we had actually sold 49%, sorry, 51%, we were at a counter guarantee liability of \$5.8 million.

Sanidhya Mittal: \$6.1 million.

Manoj Tulsian: So we had given a corporate guarantee of \$6.1 million at that point of time, which is now also reduced to \$3.8 million.

Guru Darshan: Okay. Okay. Got it, sir. Just one last question. Is there any other one-off gain apart from INR4 crores stake sale in other income?

Manoj Tulsian: Sorry?

- Guru Darshan:** Is there any one-off gains recorded in the other income apart from INR4 crores stake sale of GMEL.
- Manoj Tulsian:** I think there is something more also on this, 1 minute. Maybe our team can explain. So, I think there is a reconciliation which can be shared separately because of these transactions at stand-alone level and at consol level, there are 3 or 4 different treatments, which has happened. So, I would say that maybe our team can reach out to you and they can share the reconciliation with you for your understanding.
- Guru Darshan:** Yes. Just one quick last question. Net debt, I'm sorry, gross debt has already increased like 11% in the current quarter. What is it used for? Is it for funding working capital?
- Manoj Tulsian:** Yes. Mostly, it has gone for working capital. 2, 3 reasons. One, we had built up inventories in plywood also, okay? That we had a plan that most of it will get liquidated by Q2. So there will be a level of liquidation, which will happen. That is one. Second, we also mentioned that we have planned a shutdown in MDF in the month of August, September.
- So for that, so that we are not out of market, we have already created an inventory, a decent inventory. That will also get liquidated mostly by end of September. Third, as I mentioned, that liquidity in terms of collection side from our channel partner was also slightly tough. So you will see that our number of days on receivables, both in MDF and Plywood has gone up.
- I believe that there is enough liquidity, which is, even where RBI has also taken a lot of measures to put back the liquidity into the market. So that also will improve in quarter 2. And I'm sure by quarter 3, we'll be reducing our number of days on receivables.
- Guru Darshan:** Payables have gone down?
- Manoj Tulsian:** Payables have gone down, yes, you are right because some of these imported purchase, which was being done in the month of around December, January, February, all of them, the money became due to be paid in the month of April, May, June. So that was against LC. So we had to pay off those LC payments. This was all planned. I think somewhere in the month of March itself in that call, I had mentioned also that the debt will go up. But by end of September, it will come down significantly.
- Moderator:** The next question is from the line of Ritesh Shah from Investec.
- Ritesh Shah:** A couple of questions. Sir, first is, I'm a bit confused on corporate guarantee. I think there are 3 parts to it. One was Gabon, I think, which you explained in brief. I think the second, we have something again in SAMET JV. And third is we have something at the Singapore entity. Sir, can you please highlight, I think, specifically with respect to Gabon, you indicated that the residual is 19% equity and it's close to INR2.5 crores to INR3 crores. Did I pick it right, sir?
- Manoj Tulsian:** Yes, yes. So whatever I said was only on account of our Gabon entity, okay? The other corporate guarantees, which you are right, which is extended for loans even for our MDF business as well as for SAMET business. Those corporate guarantees are separate. But this was a liability. This was a sword which was hanging on us because when we signed off this deal with the buyer, they

were very clear that if in case we withdraw these guarantees, the bank loan, which was, this was a collateral to that bank loan and the bank loan was around INR240 crores, INR250 crores in that business, Gabon business.

So if you would have withdrawn that at that point of time, the deal, one, the deal would have never happened. Second, in that case, this was a liability; the whole liability was on us, which was like INR50-odd crores at that point of time.

So one of the clause which we mentioned and which we agreed with the buyer was they will take all the endeavor to help us to reduce this corporate guarantee going forward. So in the last 1 year, we have been able to reduce this from a level of INR6.1 crores to now INR3.8 crores. So to that extent also, it is a gain to us. And now for the 19%...

Ritesh Shah: You mean million \$6.3 million to \$3.8 million.

Manoj Tulsian: Yes, yes, \$6.1 million to \$3.8 million. And this 19% now has an equity carrying value in our books to the extent of around INR2.8 crores or something. So at worst scenario, if we are not able to sell this off and this remains, then maybe at some point of time, we might have to take this hit of INR2.8 crores in our books. But no more operating losses will now get, you will be able to see from quarter 2. So that sword is over. That risk is over now from us.

Ritesh Shah: That's helpful. Sir, the corporate guarantee versus SAMET, is it same INR65 crores? Or has that number changed?

Manoj Tulsian: No. It's not INR65 crores, it's INR55 crores, and that remains same.

Ritesh Shah: And sir, specifically with Singapore entity?

Manoj Tulsian: I don't think for Singapore entity. Guarantee linked with 0.

Sanidhya Mittal: We had outstanding of around \$2.5 million, \$3 million. So, Guarantees given, but...

Manoj Tulsian: There is 1 minute. I think there is a guarantee. But if you want the details, again, the team can share with you the details on the corporate guarantees. What my team is saying that there is a guarantee still, but there is no outstanding against that guarantee now. So in a way, that guarantee will also get released, which is how much now?

Sanidhya Mittal: \$3 million.

Manoj Tulsian: \$3 million. There is a guarantee of \$3 million, but I think it's a banking process and everything because there is no utilization of the same, it will get released.

Ritesh Shah: And sir, what was the end use for this particular guarantee with respect to the Singapore entity?

Manoj Tulsian: Working capital.

Ritesh Shah: Okay. So this was one bookkeeping. Sir, my question specifically on MDF is, and also to some extent on Ply, how are we looking at the implementation of BIS and QCO? Based on our checks

on ground, what we understand, I think the norms under BIS has actually got diluted. Does it put a risk on our product offerings in the marketplace? And will it necessarily force us to down trade further?

Manoj Tulsian:

I don't know, I mean, about your information, but see, there are 2 legs. I mean, I don't know the basis of your statement. So if you can exemplify the basis of your statement, then maybe I will be in a better position. I look at this as a very positive thing, okay? Wherever I'm talking in the industry, in even other categories, there's a lot of effort which is being taken by the government already.

There are raids which is being conducted in the market, in the factories. So things are moving in a positive direction. And that's why I still maintain that I'm quite bullish on our H2 and even going forward because this is a big change, which is taking place in the country. Even imagine if BIS doesn't get implemented properly, why would the government go ahead and even declare BIS on furniture from February 26. The intent of the government is absolutely clear.

They want India as a Make in India hub for furniture for export purpose. The confidence will only come in the importers worldwide when they will see that India has significantly improved both from the governance perspective, which means there is a pressure from the government also. And then the companies also follow that as a discipline. So I don't see any reason that these things are getting diluted or will get diluted. At least I'm not aware of it. Can you be more specific on why are you getting that??

Ritesh Shah:

Sir, I'll call you separately for that. We have a published a report I'll send it across as well. Sir, I just want to move to the next question on QCO. In the prior quarter, you had indicated with respect to MDF, there's a lot of inventory in the system. And the hopes were basically it will get traded off by Q1. Sir, any commentary over here and any hopes on price increases given this inventory will be done away with?

Manoj Tulsian:

Inventories for sure, my understanding is that it is mostly done away with. Sanidhya can add color to that. And Sanidhya, pricing, if you want to comment anything on pricing also.

Sanidhya Mittal:

So you are talking about the import inventory getting over and then the pricing?

Manoj Tulsian:

Yes. Yes, Sanidhya.

Sanidhya Mittal:

Yes. So I think the import inventory has obviously come to an end, but still domestic oversupply continues. I honestly don't see any price increase going further. But neither do I see the existing scenario as a challenge for Greenply. We have only one line of capacity to sell. We have such a huge brand name and such a large network of dealer distributors.

I think we need to spread our wings further and further penetrate the market and ensure that our numbers in terms of capacity utilization as well as margins are at least fair, if not great. So that's what our target is in the current scenario.

Ritesh Shah:

Perfect. Just 2 last quick questions. Sir, how should we look at the impact of Lira versus INR, specifically with respect to the SAMET JV? Does it change the underlying economics? And I

think we had plans wherein we will cater to certain global orders with SAMET had from the base facility. That is one. And second question is for Sanidhya. You indicated PVC is around INR55 crores. How should we see this business, say, 3 years out, right? Do we have big plans over here? How should we understand the scope of this business?

Sanidhya Mittal:

I think for PVC, I'll answer first. At least we would look at the top line of anything between INR200 crores, INR225 crores in the next 3 years. That should be our internal target. And honestly, the machines that we are investing in at peak should give us around INR170-odd crores, and we'll obviously continue a little bit of outsource that we're doing currently.

So at peak, hopefully, 3 years from today, this business should give us INR225 crores of top line. That's one. Secondly, you asked what was the other question?

Manoj Tulsian:

So on the Turkish thing, lira depreciation or appreciation is not really going to make much difference to us because, one, this business is in India. We have manufacturing facility in India. We have some imports from them, where also, of course, they are also extending all their support to make sure that we remain competitive in this country. This is the price which operates in the market.

So we are not worried on the same. And third, in terms of export opportunity, yes, we have already got a trial order from them. Because they are still finding that the manufacturing cost in India is much cheaper compared to their country. So they have already placed one order. And I'm sure that the export side of the business will grow significantly.

Moderator:

The next question is from the line of Utkarsh Nopany from BOB Capital.

Utkarsh Nopany:

Sir my first question is for your Plywood segment. So I wanted to know our Plywood inventory has almost doubled to INR400 crores now at the end of June. And we are saying that we are expecting the inventory to go down in September quarter. So how much reduction in our inventory we are envisaging at the end of September? And do we see our Plywood inventory again going back to the previous level of INR200 crores to INR225 crores, say, by the end of March '26 quarter?

Manoj Tulsian:

So I won't be able to comment on INR200 crores or INR225 crores. That will depend a lot in terms of how we are able to balance everything, okay? We are making a few changes in our business model also. I may not be able to share all the details at this point of time on the same, because of which there will be a natural increase in inventory in our system.

Now whether that will be around INR40 crores, INR50-odd crores, the way it looks like, okay? So that is one. Second, the inventory will come down in quarter 2. It also depends in terms of the demand supply. If by chance, the demand is still slightly tepid, then maybe the reduction may not be that much more. But if the demand, normally, Q2s are always very good, okay, in which case, because somewhere we'll have to see then the inventory which we are carrying versus our plant production also. So a lot will depend on how the month go, how these 3 months fare.

Utkarsh Nopany:

Okay. And sir, like despite steep increase in our plywood inventory, our own manufactured plywood volume was down by 10% in this June quarter, whereas our outsourced sales volume was up 10%; so can you please explain the rationale why we are witnessing a steep decline in our own manufactured plywood volume versus trading volume?

Manoj Tulsian:

So what is happening is that there are certain products which actually we are still, as a model, it's an outsourced model. So, if my sales on those categories will go up, then suddenly, overnight, I will not change it from a trading source material to manufactured source material, okay? So definitely, all our premium products and everything is what we make in our plant.

And the premium product sales was not so exciting in quarter 1. Though the real estate data is very, very encouraging on that front at least. I mean, otherwise, the real estate has shown a 20% decline in volume across the metros if you compare on a Y-o-Y basis.

But the premium housing sales is showing a very upward trend. But that is not reflected at least in our numbers in quarter 1. So because of that, if my demand on products which we are sourcing from the market is high, you will still see that the trading volumes are higher. That is primarily the reason.

Utkarsh Nopany:

Okay. And sir, lastly, like if you can give some idea, like what would be our estimated revenue and loss for the furniture hardware business for FY '26? And what would be our capex guidance for FY '26?

Manoj Tulsian:

For the hardware business, see, I think this run rate at first quarter, we have lost around INR5.5 crores our share. Looks like it can be anything between INR15 crores to INR18 crores for the full year. It's a very early guidance because, look, we are also now pushing our range is complete. Everything is done now. The team is also in place. We are adding more people to the sales side also because we had started with a very miniscule sales team initially because the entire product range was also not there.

So on one side, certain level of cost will get added. On the other side, we'll continue to invest on the branding side. Last year also, we invested. This year also, there will be a decent investment on the branding side. I can only give you this as a ballpark number. I might still go wrong on these numbers, but I think INR18 crores to INR20 crores is something which still might be there for this year as a loss. Max.

Utkarsh Nopany:

And on your capex, sir, capex side?

Manoj Tulsian:

capex side, some INR40 crores. So we will have Odisha this year, right? We have the Plywood upgradation. So that is there, okay? We also have this WPC, right? So yes, I think our total capex during the year, including Odisha plant can be in the range of INR150 crores, around INR150-odd crores. Less than that? See, so there will be some spillover of Odisha plant. I don't know the cash flow. But for sure, anything between INR100 crores to INR140 crores would be the number.

Moderator:

The next question is from the line of Mithun Aswath from Kivah Advisors.

Mithun Aswath: Just wanted to understand any other areas that you're looking for where, which could be adjacencies where you want to enter like laminates or any other higher growth categories since Plywood and MDF, there's quite a lot of competition. So just wanted to understand, like you've got into the furniture and fittings area, any other categories like laminates that you would want to embark upon?

Sanidhya Mittal: I think currently we have a lot on our plate. So I think we'll focus on really streamlining the hardware business and setting it the way we had from day 1 in our head. So I think we'll take another 2 years to get the business there. MDF is also a very new business. We need to keep building capacity, keeping our balance sheet and our debt in check. So Plywood business also brand is very, very strong.

There's no reason why we'll not get into a growth trajectory or a higher margin. So I think currently on our plate, we have a lot. But obviously, the brand is very strong. So maybe 3 years, 4 years later, we can start thinking of other things. But today, I think our focus has to be what we are already doing and we have to just keep doing that in a better way.

Moderator: The next question is from the line of Keshav Lahoti from HDFC Securities.

Keshav Lahoti: Sir, firstly, if we see about MDF industry growth, which you are talking about 15%, 20%. But while guiding the growth for this year, you are guiding a double digits. So how should we read possibly how will you grow in line with the industry? And how are the things on the capacity expansion side, mainly possibly apart like Action, what action and possibly the smaller players are doing?

Manoj Tulsian: So let me answer this and then Sanidhya can add on this. So when we gave the guidance, first thing, we were conservative. We said 10% plus for the full year, okay? Yes, I mean, 10% plus 15%, 18%, there is a lot of gap, but we wanted to be slightly cautious on the same. This quarter also, though we have grown at 7.5%, but June was again somewhere not so great even for MDF.

Otherwise, for sure, we were in, we were well on target to grow at maybe around 13% or plus in MDF. When we are saying 15%, 20%, we are saying mostly we are able to see that level of growth in MDF business. But I can for sure tell you that, yes, we will mostly be because now once we add the capacity, we will mostly be in line with the industry growth for sure. Sanidhya, you want to add something on this?

Sanidhya Mittal: Yes, I think the industry will grow. And maybe this is another quarter where we'll have a plant shutdown. And again, it might be slightly lower double-digit kind of a number. But going forward, especially in H2, we will target a higher double-digit number.

For the full year, we'll still maintain our guidance, we want to do double digit. But obviously, the internal target is to do the higher double digit than the lower double digit. So maybe closer to 15, closer to 20%, between 15% and 20%, that's the internal target. But we'll still maintain our guidance at double digit.

Keshav Lahoti: Got it. Sir, on this, which capacities are possibly will be added in the industry in FY '26 and FY '27, what sort of industry capacity will be added, including the unorganized?

Sanidhya Mittal:

Honestly, we are not competing with the unorganized in this segment. So we are not seeing them at all. But as far as the 4 large players are concerned or the 5 large players, including us are concerned, obviously, Action is the only one who's announced a capacity in South India.

And at some point, when our balance sheet allows us to go for the next new line, we would also like to come up. But at the moment, it doesn't look like in the next 6, 8 months, it doesn't look like we'll be able to announce another line. Once our existing line, the debt is slightly lower as we are prepared, then we'll definitely put up the next as well.

Keshav Lahoti:

Got it. One last question from my side. So normally, we used to talk sort of a 25% normalized margin for MDF industry. So how you see the path when the industry or possibly, I would say, Greenply will reach the 20% number and when you expect whether 25% number is achievable? What is the sense as of now?

Sanidhya Mittal:

I think that 25% EBITDA is history. It was a seller's market for a very long time when there were not too many players. There were only 2 or 3 large lines in the country. So it is a very different scenario. I think all of us have got too used to those numbers. But I think anything between 20%, 21% EBITDA will give us a very healthy ROCE of about 20%. So I think if we can make 20% ROCE in the MDF business over a 10-year average, where there will be certain years where the margins will be low because of overcapacity, etc.

And then when the capacity gets absorbed, certain years we make slightly higher margins. But we have to ensure that on a 10-year average, the ROCE has to be more than 20%. So if we can ensure that, I think we'll sail through.

Manoj Tulsian:

See, this type of 25% margin and this is again a possibility because now you will not see anybody announcing any new capacity in MDF. Hardly anybody will announce. So what happens is because there is a level of growth, when this capacity starts getting absorbed, you will see definitely the margins again started going up.

Yes, it can go up maybe for a period of 1 year, even to '23, '24, '25 months. But then again, once the new capacities gets operational, you will again see the margin coming back to 15%, 16%. So it will straddle between these 2 numbers in a cycle of 4 to 5 years always. And the average over this period, you will see will be between 18% to 20% over a 5-year period.

Moderator:

The next question is from the line of Udit Gajiwala from YES Securities.

Udit Gajiwala:

Just one thing on MDF and the new line that you are setting up. So from next year, say, FY '27, when we'll have the full capacity, how can we see the share of value-added products moving in terms of volume, if you can give some light on that, please?

Sanidhya Mittal:

I think it will be difficult to give you a value-added product mix, but definitely it's going to substantially increase because next year, our flooring business will be fully operational. Obviously, the pre-lam and HMR is quite a high proportion even today, but we are further trying to grow that.

I think all our efforts are in the right direction, but it's very difficult to give you a number. But it's fair to say that next year will be substantially higher from this year because the flooring will be in full swing, and we'll get a full year turnover of the flooring business.

Udit Gajiwala:

And currently, sir, when you mentioned that the pricing is being passed on into the market, so are you seeing substantial price discounting that has been done in this quarter? Or average, have you seen 3%, 4% kind of a decline?

Sanidhya Mittal:

I would say maybe a 3%, 4% type of a decline for players like us, but obviously, players where the desperation is very high and the capacity to sell is very high. I think there's even 5% and 7% drop. So, but again, it keeps changing month-to-month. You can't consider this for the quarter. So that's how July looks like. I don't know how August and September will be.

Moderator:

The next question is from the line of Vandit Shah from Abakkus Asset Management. The participant has got disconnected. Should we end the call here?

Management:

Yes.

Moderator:

Okay. Ladies and gentlemen, we will take this as our last question. I now hand over the conference to Mr. Karan for closing remarks.

Karan Bhatelia:

Sir, just one question from my end. How is the split between retail and B2B for us? And how has been the growth, if I have to look at from last 6 to 9 months?

Sanidhya Mittal:

I'll answer this question. I think we had a B2B focus, but it was very small as a company. Now the fact that we are getting into hardware and we've got into MDF in a big way. So the OEM segment is growing for us. So I think in times to come, the B2B growth can be much higher. Our focus on retail was very, very high, and the B2B focus was much smaller than retail.

I think in the years to come, the B2B proportion overall on the consol Greenply business will increase substantially. And also, if you see as a market share, I think slowly the business, certain business from retail will also move to B2B because the way the trend is changing and people are moving towards ready-made. So ultimately, the materials will move through OEMs to the end consumer instead of shops to the end consumer. So we are gearing up for that.

Karan Bhatelia:

Right. And last question from my end. Are you satisfied with the MDF reach in terms of channel partners, what you were expecting before the commissioning of the project and how you stand now? Or you think there's much more that you can do in terms of adding the channel partners, adding new SKUs, mostly on the value-added side?

Sanidhya Mittal:

So I think at our end, the problem is we are never satisfied. So even though the set of numbers are quite decent, but if I'm satisfied, my entire team will be satisfied. So I'm never satisfied. We're always trying to push more and market and marketing is such that no matter how much number you do, your goalpost keeps moving.

So I think a long way to go, our MDF business is very, very small, and it's only 3 years now, 2.5 years, 2 years. So I think a long way to go in terms of penetration, appointing dealers and setting up many lines.

Manoj Tulsian:

Just to add to this, Karan, what happens is that our strategy in terms of moving from one product line, which was plywood to MDF and hardware gives us a lot of leeway in the entire channel, whether it is OEM or whether it is our KAT business, the project business or whether it is retail. Because today now, the brand being so strong, the channel partners also starts looking at reducing the transaction cost.

So where they also believe that if they have to deal with lesser number of companies to cater to all their product segments, they are also happy. So that gives us a lot of leeway in terms of cross-selling. So our Plywood dealers have now the opportunity to also start selling MDF stock hardware and the same for our MDF as well as hardware dealers. So this opens up the opportunity for us when we have this line of product basket. Yes, it takes time. But once it matures, you will definitely see much better traction as Greenply as a company overall.

Karan Bhatelia:

Understood. Understood. Since there are no further questions, any closing remarks that you want to make?

Sanidhya Mittal:

Yes. Thank you all for taking time to participate in this call. In case of any further clarifications or queries, please feel free to reach us. Thank you.

Moderator:

Thank you. On behalf of Asian Markets Securities Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.