



Greenply/2025-26
May 2, 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 April 29, 2025 on the financial results of Greenply Industries Limited for the quarter and financial year ended 31st March, 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
Q4 FY '25 Earnings Conference Call”
April 29, 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. NITIN KALANI – 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 Q4 FY '25 Earnings Conference Call hosted by Asian Market Securities. As a reminder, all participant line will be in listen only mode and there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Karan Bhatelia from Asian Market Securities. Thank you, and over to you, sir.

Karan Bhatelia:

Thanks, Sejal. Hi, everyone. A very good morning. On behalf of Asian Market Securities, we thank you for joining us on the Greenply Industries fourth quarter and FY '25 conference call. In the panel today, we have Mr. Manoj Tulsian, Joint Managing Director and CEO; Mr. Sanidhya Mittal, Joint Managing Director; and Mr. Nitin, CFO. May 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's such a pleasure to have you all on this call. I'll be updating you on Greenply's operating and financial performance for quarter 4 and full year FY 2025. I'd like to share with you that we have achieved the highest ever consolidated quarterly revenue of INR649 crores, which is a growth of 8.2% on a Y-o-Y basis.

Our consolidated core EBITDA for the quarter was at INR68 crores, a growth of 18.1% on a Y-o-Y basis. The core EBITDA margin for the quarter was at 10.5% as compared to 9.6% in quarter 4 FY '24. PBT before the losses on equity accounted investees is at INR46 crores for quarter 4 FY '25, which is a 22% Y-o-Y growth as against PBT of INR38 crores, excluding the exceptional gain in quarter 4 FY '24.

Our PAT for the quarter was at INR17 crores. The quarterly PAT had an impact of, A, share of loss of equity accounted investees amounting to INR22 crores, which included one-off impairment loss of INR6 crores of our Singapore operations, share of loss of INR7 crores for the minority investment in Middle East business, and share of loss of INR9 crores in Greenply Samet JV; B, MTM loss of INR3.1 crores on forex loan taken for MDF business.

On a full year basis, our consolidated revenue was at INR2,488 crores, which is a growth of 14.1% on a Y-o-Y basis. Our consolidated core EBITDA was at INR238 crores, which is a growth of 27.2% on a Y-o-Y basis. The core EBITDA margin was at 9.6% as compared to 8.6% in FY '24.

PBT before the losses on equity accounted investees stood at INR151 crores for FY '25, which is a 47% Y-o-Y growth as against PBT of INR103 crores, excluding the exceptional gain in FY '24, which means we are just talking about the operating profits for our 2 line of business, plywood and MDF. The profit after tax was INR92 crores post considering the losses on equity accounted investees of INR34 crores.

Now I'll share highlights of the individual businesses. In the Plywood business, our volume growth for the quarter was 4.9% Y-o-Y and value growth for the quarter was around 9.8%. On

the margin front, our core EBITDA margin for quarter 4 FY '25 was 9.2% as against 8.7% in quarter 4 of FY '24. The margin improved on a Y-o-Y basis by 50 basis points.

On a full year basis, we have achieved a revenue of INR1,959 crores, a growth of 8.1% on a Y-o-Y basis. Our core EBITDA grew by 13.3% on a Y-o-Y basis to INR166 crores. The EBITDA margin stood at 8.5%. On the product innovation front, we are happy to share that we have launched a new product, which is named as water repellent plywood during this quarter.

Moving on to MDF business. Our revenue in quarter 4 FY '25 was INR135.6 crores and volume at 42,688 CBM. While our realizations improved to INR31,759 per CBM, which is an increase of 10% on a Y-o-Y basis, our EBITDA margins improved to 15% as against 10.4% in the previous quarter. More details on the same will be shared by Sanidhya later.

Moving on to our Furniture and Fittings JV. The Phase 1 product range manufacturing is in full swing. However, sales has not picked up as expected during quarter 4, quarter 4 being the first quarter where at least we had the range of products to go to the market. We are quite confident in scaling up the same in the current financial year. Our net debt is at INR464 crores, in line with our guided range, and our debt equity ratio is 0.57. We are confident of improving this further during FY '26.

I'm also happy to announce that we are in the process to reduce the USD 5.8 million funding granted to Greenply Middle East Limited by almost USD 2 million, and hence, the contingent liability will also get reduced by a similar amount. In FY '26, we aim to achieve a double-digit revenue growth on a consolidated basis, contributed equally by both the businesses and EBITDA margin of 10% plus in Plywood business and 16% plus in MDF business.

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

Sanidhya Mittal:

Thank you, Manoj, and good morning to everyone on the call. In our MDF business, we are progressing steadily. Our sales in the quarter showed an improvement over the last quarter, both in volume and value terms. We have also started to increase our finished goods inventory to prepare ourselves to enhance our capacity by 25% in the coming year.

During the quarter, our EBITDA margins improved to 15%, and this was achieved as we optimized our operating overheads and improved our production. The production was disturbed in the prior 2 quarters due to breakdown and other issues. Construction of our HDF flooring line is likely to be completed in this quarter, and the equipment is already in transit. Construction of glue plant is completed.

Going forward, our focus will be on sale of more value-added products and improving operating efficiencies further. With this, I would like to open the floor for Q&A session. Thank you.

Moderator:

Thank you very much. The first question is from the line of Praveen Sahay from PL Capital. Please go ahead.

Praveen Sahay: So a couple of questions from my side. The first is related to the MDF. So in the MDF, you reached a utilization of around 70% plus. And the margin profile for a full year has been around 13.5% or I can say in terms of the rupees per CBM around INR4,200, INR4,300. And the way forward, you are also giving a guidance to improve margin to 16% plus.

So what kind of a utilization you are expecting in this capacity? Or is it only because of a value-added mix improvement in the MDF you are looking at and to improve the margin profile? If you can give some detailed color on that?

Sanidhya Mittal: I think it is to do with both. We will obviously improve our utilization levels, and we will further improve on our product mix as well. So a combination of the 2 will help us achieve 16% margin.

Praveen Sahay: Sir, at what level of utilization you can reach to maximum in this unit?

Sanidhya Mittal: What the current -- what is the full year number, utilization?

Manoj Tulsian: INR74%.

Sanidhya Mittal: So currently, we are at 74% and

Manoj Tulsian: INR800 crores revenue.

Sanidhya Mittal: So I think almost INR800 crores of revenue -- annualized revenue we can easily reach in this plant.

Manoj Tulsian: With the flooring line being there. And then the 25% capacity addition would take you to INR950 crores, INR1,000 crores.

Sanidhya Mittal: Exactly. Yes, that's INR1,000 crores.

Manoj Tulsian: That is post extension.

Sanidhya Mittal: Yes.

Praveen Sahay: Okay. So the capacity expansion with the utilization improvement will reach to a certain level. Second question is related to the timber pricing. If you can give the numbers for the plywood and MDF timber pricing, how it has been? And currently, at what level or improvement increase you are seeing or stability there you are expecting? Any color on that?

Manoj Tulsian: So on plywood side, timber prices in quarter 4, it actually went up compared to quarter 3. So, on the plywood front, we normally benchmark the Yamuna Nagar price. The Yamuna Nagar price actually went up in quarter 4 by almost 60 to 70 basis points. But as we talk today, it has almost come back to the same level.

And in terms of MDF also, it went up almost from INR6 to around INR6.26, INR6.30. But when we are talking as of today, it is slightly less than INR6. So both the places, it went up in quarter 4, but slightly has come down. Normally, that is the trend in quarter 1. And then again, the price picks up in quarter 2 as a normal cycle trend.

- Praveen Sahay:** Okay. Got it. And any color on the new crop coming in, which will stabilize or reduce the prices. Is there any....?
- Manoj Tulsian:** Yes. No. So what we mentioned is still getting the same filler from my plantation team that come quarter 3, the new crop supplies should start and which means that the prices should either come down or at least it will remain stable because the demands have also gone up in the last 3, 4 years significantly and with a lot of restrictions, which will be there because of BIS. But for sure, yes, quarter 3 is what my team is telling us.
- Praveen Sahay:** Okay, sir. And the last question, sir, clarification on the Plywood segment, because there, the inventory level has gone up from 54 days to 79 days. So is that room for a further reduction from here? Or we are going to see such kind of inventory level to continue?
- Manoj Tulsian:** No, no. So I think in last quarter Con Call, I clearly mentioned that we are building up inventory, okay, because we were also not very sure about how things will pan out post this QCO implementation. So we have built up a large inventory. And most of this will get liquidated by September. So there would be a significant reduction in the inventory in this next 6 months.
- Maybe again, during the year-end, we might plan because year-end quarter, normally, the sales is always very high. So there can be -- but compared to the inventory what we are carrying today on 31st March, the next year number will be much lower number. Almost INR70 crores to INR80 crores of additional inventory is there on the raw material front, which will come down in the next 6 months.
- Moderator:** The next question is from the line of Karan Bhatelia from Asian Market Securities.
- Karan Bhatelia:** Just a follow-up on Praveen's question, while you mentioned the Yamuna Nagar prices. But if you can give some flavor on the South prices for timber for plywood and MDF, that will be helpful.
- Manoj Tulsian:** So actually, we are not a big buyer from South for plywood, okay? In MDF, at times, we get some material from South. But I think, Sanidhya, last quarter, predominantly, we have got the material from West only, right?
- Sanidhya Mittal:** Yes.
- Manoj Tulsian:** At this point of time, we are buying most of our material for MDF also from West only.
- Karan Bhatelia:** So correct to assume what pattern we saw for Yamuna Nagar prices, the similar pattern could be replicated for the South or it's also at a different ball game?
- Manoj Tulsian:** There can be some different ball game also because both these markets slightly operate in a different way.
- Karan Bhatelia:** Right.
- Manoj Tulsian:** Yes.

Karan Bhatelia:

And just to continue with your BIS comment, so how stringent are the norms both for plywood and MDF? And how are we seeing imports now? That's from my end.

Manoj Tulsian:

So at this point of time, though we have not seen any imports, okay? But only thing what has happened, first of all, so clearly, it looks like that the government is very serious about implementation of this. They have been visiting many factories to test the product in their lab, and they have been taking action also, which we have come to know. And then imports in any case at this point of time has almost become zilch.

But what has happened is because of this QCO, there's a lot of imports and holding, which has happened in -- by the end of quarter 3. And that is something which is temporarily putting some pressure on the numbers also in quarter 4 as well as maybe I think that inventory will get liquidated within quarter 1. I don't think that will last anything beyond quarter 1.

So that has happened temporarily that there is excess inventory in the system. But I think government will do a good job the way they are right now working on the same. So like last time I said, we are ourselves very bullish now that for all branded goods players, this will really be a great tailwind.

Just to add on the same because for the MSME since the time lines allowed is up to the month of August. So you will start seeing quarter-on-quarter improvements going forward.

Moderator:

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

Ritesh Shah:

And congratulations on good set of numbers. A couple of questions. First is on MDF. If you look at the quarterly numbers, we see volume decline. However, realization has increased and margins are also very healthy. We have given some bifurcation on MDF and prelam. But would it be possible to refine MDF Boards segment further?

Just wanted to appreciate the margin profile because realizations have also moved up. So is it a commodity MDF? Or is it more value-added part which has increased? And if it is value-added part, what exactly does this value-added part mean?

Sanidhya Mittal:

I think obviously, the product mix is better because of which in spite of the volume going down, the realization is higher. As far as prelam and the plain board breakup is concerned, I think we have already providing the same. But within the plain board, as of now, we don't have the number.

And honestly, we don't want to even share those numbers because our focus is really only on the premium. So we really don't want to share our data as to how much premium material we could sell. But definitely, product mix seems to keep improving. And I think there's a huge scope going further as well.

Ritesh Shah:

Right. So if not for quantification, is it possible to explain qualitatively basically what exactly helped improve realizations as well as margins? Is it like thinner grades or higher grades?

Sanidhya Mittal: Well, I'll tell you, we are producing every grade of MDF, which is required in the country. So starting with the commodity, which is interior grade and then moving up to exterior grade, then moving up to HDMR 710. That is what our brand is called in the HDF category. And then we have another higher category HDF called Boil Pro 500, where the realizations are substantially higher, and it's a true value-added product.

Manoj Tulsian: The density of the product is more than 1, yes.

Sanidhya Mittal: Even though the segment is much smaller, in those segments, we don't have the fight with other players. There are very limited players in the value-added segment focusing on it.

Ritesh Shah: Great. Sir, would you like to qualify any guidance for next fiscal along with volume growth? And basically, if you could bifurcate the margin profile into what is the underlying assumption on MDF price increases? And what could be attributed to the value-added part of it?

Sanidhya Mittal: I don't think there is any price increase planned in MDF. I hope that the industry does not further reduce the price. But as far as we are concerned, I mentioned this in the past as well, since we have only one line to sell, we are not that worried compared to others. The day we have maybe the second, third line, the scenario will be more challenging. Until then, we are not worried.

Manoj Tulsian: The growth guidance is already given in the opening speech. And so we are looking at a double-digit growth for this year and the margins also for the full year to improve to somewhere around 16%.

Ritesh Shah: That's helpful. And sir, any plans on shutdown and basically debottlenecking the capacity? I think there is inventory build. Is it a lead indicator for that?

Sanidhya Mittal: I think yes, we really want to do that. So if you see we really increased our inventory as well. And even in the current month, we're trying to [inaudible 0:19:22]. Yes. Please continue.

Ritesh Shah: Yes. We have sir. We missed you somewhere in between.

Sanidhya Mittal: Right. So we continue with that question. So I think you were talking about the value -- the volume growth in MDF, the guidance. I think it was part of our opening speech where we are looking at a double-digit kind of a volume growth in MDF as well as plywood.

Ritesh Shah: And sir, the plant shutdown and the incremental debottlenecking, any time lines?

Sanidhya Mittal: It's very difficult to give a time line, but typically, monsoon is a time when there's a slight lull in the market where MDF movement is slightly slower. So ideally, we would like to catch the monsoon. And monsoon in Gujarat for us is typically slightly late. So it's between June and September, the monsoon. So sometime during that period, somewhere in the middle would be ideal.

Ritesh Shah: Sure. And last question on the balance sheet. Do we have any further corporate guarantees that one needs to be worried about? Because we see exceptions like there are 3 one-offs which are there. So if you could provide some color over here, I think that would be good like corporate guarantees or anything else that we have. So I understand for Dubai...

Sanidhya Mittal: Yes. I think, Manoj ji, you want to speak on this.

Manoj Tulsian: No. So see, the major guarantee, corporate guarantee is with respect to the Gabon facility, which we had mentioned earlier also, while we had done the transaction at that point of time, that was a precondition of doing the transaction. The guarantee value at that point of time stood at USD 6.3 million. And that was a precondition with the buyer mentioning that they will, of course, try and help to reduce that guarantee, but we, at any point of time, just cannot withdraw the guarantee.

So over a period of time, like around -- in the last year only, they reduced first by USD 0.5 million. And now it is getting further reduced by USD 2 million. So which means the revised guarantee from USD 6.3 million from the time of transaction will now come down to USD 3.8 million. And other than that I --

Sanidhya Mittal: There's one more corporate guarantee, which is for Greenply Samet JV, and that is INR 55 crores.

Manoj Tulsian: The other guarantee which is there is we have taken recently only for the Greenply Samet JV, which is INR 55 crores. And the equal amount of guarantee was also extended by our JV partners for the same.

Sanidhya Mittal: Basically, there is a guarantee in the Singapore entity also. But given that the business is now reduced and the outstanding value of equity is only INR 1 crore, we don't see incremental risk on that.

Manoj Tulsian: How much is the value of that guarantee?

Sanidhya Mittal: That will be about USD 3 million. That should get reduced now. It will close then. It will close.

Manoj Tulsian: Yes. See, Singapore, I think probably in this quarter, whatever was any level of liability where we felt that possibly there will be a difficulty in realizing the same, we have provided for the same. And that is why the one-off hit has come, though we will still try to realize that. But there is now nothing left in the Singapore books also in terms of any future liability.

Sanidhya Mittal: The borrowing will also be enough.

Manoj Tulsian: So this CG also will get cleared now. \$3 million.

Ritesh Shah: And sir, with respect to -- Yes. Sir, with respect to the 6.3 reducing by 0.5, which will reduce further by 2 and this going to 3.8. Was this anticipated? What is the thought process, right? It's a stiff number actually if one looks at.

Manoj Tulsian: Anticipated in the means?

Ritesh Shah: Sir, technically, this number is big, right? Basically, we are taking from 6.3 to 3.8. So what were the underlying variables that were considered?

- Manoj Tulsian:** No. See, as I said, it was a prerequisite for the transaction because at that point in time, the buyer said that this is like the oxygen. And if you withdraw this, then we will not be able to even sustain the business. But they said that, okay, we'll try to see that how we can help you to reduce this. So as they are reducing the utilization, the limit gets free. And to that extent, they are allowing us to further surrender the counter guarantee -- corporate guarantee value also.
- Ritesh Shah:** Okay. Sir, just last one.
- Manoj Tulsian:** Otherwise, this was a given liability on our head at that point.
- Ritesh Shah:** Sir, what part of this INR21 crores is cash and noncash, if you could just help on that. Last question from my side.
- Sanidhya Mittal:** The Samet JV portion is cash in the JV books essential and none other things are in cash essential.
- Moderator:** The next question is from the line of Akash from UTI Mutual Fund.
- Akash:** Sir, just wanted to check on discount front. I mean, if we compare our products pricing with our peers, is the discounting at steady state level? Or it has -- I mean, has it increased, decreased, whatever is the on-ground feedback, will you please share?
- Manoj Tulsian:** About which line of -- you're talking about which line of business, plywood?
- Akash:** I'm referring specifically to MDF, sir.
- Sanidhya Mittal:** Okay. I think margins are pretty much -- sorry, the prices or the realizations product to product is pretty much the same. However, starting 15th April, there has been some sort of incremental price cuts taken by competition. Even we have taken some revision there, but not to the tune others have taken simply because our focus on the commodity segment is lower compared to others.
- Akash:** Sir, if you can also quantify please, that will help you with.
- Sanidhya Mittal:** Market in the commodity segment post 15th April has done a 5% scheme increase or a price cut, whatever you want to call it. But Greenply is operating within the 1.5%, 2% range. We are not operating in the full 5%.
- Akash:** Sir, I mean it's a bit surprising. I mean, sir, in terms of industry overall capacity, still -- I mean, you believe even after the imports reducing drastically in MDF, still you believe there is overcapacity situation continuing and people are undercutting each other to push volumes in the market?
- Sanidhya Mittal:** Yes. But see, if you talk -- I think, yes, there is an overcapacity still even after import has reduced. And honestly, the import reduction, none of us have tested it yet, because see, till February 12, import of MDF happened and every importer tried to import 3 months, 4 months of extra inventory. So by end of April, early May is when we will start feeling the import

disappearing from the market, even though it has already disappeared, but the products are still in the market.

So, a, we'll start understanding that, and we'll have a better picture in 1 or 2 months. But I still feel that the Indian capacity itself is not less. Obviously, it will make the scenario easier with import being out, but the capacity in India is also very high, especially the smaller unorganized who put up a quanti line, they can be a threat in the long run. The unorganized multi-delight, I mean, their capacities are too small and their technology is too outdated.

Moderator:

The next question is from the line of Sneha Talreja from Nuvama Wealth Management.

Sneha Talreja:

Just a couple of questions. While you have answered half of a bit of it, I just wanted to understand reasons for working capital days increase. Inventory, I understood. But receivables also, there is a considerable increase. There is payables also considerable increase. What I understand is moving towards MDF has meant lower working capital requirements. In case you can elaborate the same.

Manoj Tulsian:

So okay, let's take business-wise. On the MDF side, as we said that since we are desperately trying to see that how we can fix that increased capacity. And for that, we need to take a shutdown. So we are consciously trying to build up inventory, okay? And that inventory buildup can still continue for the next 2, 3 or 4 months till we are able to -- get the extension line done. That is one side on the strategy.

On the plywood side, last quarter only we mentioned that in quarter 4, we are building up inventories because we were also not very clear about how things will pan out after QCO. So a lot of inventory on the raw material side also got added, okay? And that inventory, we will be able to liquidate in the next 6 months.

Same level payables have gone up because, again, just not to put the pressure on the cash flows, most of it has been taken against LC. So by the time we liquidate the inventories at the same point of time, the payment obligations will also come. So actually, typically, it will not hit the cash flows.

Receivables, yes, I maintained this even in the last call that there is a challenge in the market in terms of collection in quarter 4 also, just to share a perspective with all of you, some of the dealers where they were always on a discipline in terms of paying within a certain time frame, they also delayed their payments. So there is iota of delay, which we have seen even from cases which were always very disciplined. So we assume that this will be temporary, and we are very careful and conscious.

I mean, we would have always done higher growth also, but we respect that we need to maintain this discipline on the receivable side. So we compromised with a few percent of growth, while keeping the receivables in mind.

Despite of that, as I said, that certain cases where we would not have assumed that the money will not come on time, they got delayed. That is some amount of pressure which you are seeing. Also, when we do institutional business with this QCO coming in, you will see more and more

institutional OEM business also going up. There, the payment cycle is always slightly higher than the trade payment cycle. So you may see a few days of receivables going up and then stabilizing at a certain level.

Sneha Talreja:

Understood, sir. Sir, secondly, on the one-off expenses, while you have given certain clarity on the Dubai-related one-off expenses, what I wanted to understand is what portion of these one-off expenses will be recurring in nature, especially what I want to understand is what could be the losses Samet could incur, let's say, in FY '26 and at what utilization can we see breakeven there?

Manoj Tulsian:

Sneha, 2 things on the Samet side. First, I would say that a lot will depend on how the mix of the selling goes through, okay? It's very earlier days. If you really see, we have hardly done any sales in quarter 4. And quarter 1, we will get to understand maybe some amount of discipline on the mix side. Quarter 2, possibly we'll get a better comfort. Then we will be able to tell you the breakeven.

But for sure, I think the numbers what we are taking at this point of time, we, of course, have a detailed budget meeting in the coming week again on the sale. The best what is visible right now this year is that maybe we will be very near to the cash breakeven, which means my interest and depreciation cost will still reflect as a loss -- and next year, for sure, we will be able to do a PBT level of breakeven. And the year subsequent, it will start showing good profitability.

One-off expenses, can you specifically ask which one you're talking about? No, it's not recurring in nature. Singapore, as I said, this was the last few liabilities on the asset side, which we felt is not coming. And on the insistence of the auditors, we said let's provide this. So we'll continue to change it. So the only thing is it can -- there can only be upside on the same from the Singapore subsidiary side. And on the Gabon side, again, now I think the equity pickup, which is there...

Sanidhya Mittal:

INR3.6 crores on a consolidated basis and --

Manoj Tulsian:

That is the total -- that is the total equity pickup, which is left now in the books for Gabon, INR3.6 crores or INR4 crores, let's say, so that can be possibly the maximum damage that can happen on account of Gabon going forward.

Sneha Talreja:

That was helpful. That was really helpful. Lastly, on the MDF segment, if I may. Generally, Q4 has assumed for the entire building material sector to be the strongest quarter. But this particular quarter, we have not seen a very sharp increase in terms of the volumes. We understand the market was weak.

But coming on the low base of this year, what is the -- I know you've given a double-digit volume growth for next year, but that's too broad of a range given that MDF is still a newer business for us compared to the other established players there. What sort of a range can we assume, if not an absolute number there? Or if at all, you can let us know that what the utilization that you can achieve without expansion in this particular segment?

Sanidhya Mittal:

So basically, I'll answer your first question first. So her first question was on --

- Manoj Tulsian:** Growth in quarter 4, volume growth in quarter 4.
- Sanidhya Mittal:** Growth in -- okay. So if you see our volume, it was kind of a de-growth in quarter 4, mainly a couple of reasons. A, there was too much import. So if you look at the interior grade segment, practically the entire market was flooded with imports. So obviously, selling in quarter 4 was very, very difficult. Also, in spite of the market being flooded and there being overcapacity, all of that, we had many problems in Q2 and Q3 as far as our line was concerned.
- And for us, as we mentioned, it is very important for us to build our inventory. So for us, it was very important to ensure that even 31st March, usually, we will try to reduce inventory. But this year, as per our strategy, we wanted to keep our inventories high on 31st March as well. So that in the coming monsoon, we are in a situation where we have 1 month of inventory and we can take a 20-day shutdown. So that is what we are trying to achieve. That's one.
- The second question was on the growth percentage for the current year. So I think we are looking at a double-digit growth percentage in MDF. Absolute number is very difficult. And I think the growth will be really dependent on whether we are able to do this extension or not. So if we are able to do this extension, obviously, then the number will be very, very high. If we are not able to do the extension, then it will be just a double-digit kind of a number.
- Sneha Talreja:** And what's the maximum utilization of the current capacity that we can run this plant, sir?
- Sanidhya Mittal:** Given that, we answered that in first question.
- Manoj Tulsian:** I think 74% is the utilization for this year, which for sure can go up to 87% to 88% in the coming year -- in the current year.
- Sanidhya Mittal:** On top of it, there is a value-added products, which will give additional revenue.
- Manoj Tulsian:** Yes. So product mix, Sneha, that is one. Second, in terms of capacity utilization, 13% to 14% incremental utilization. Third, we'll definitely try to see that this extension is being done. If this is done, then we are sorted out for the next 2 years also in terms of meeting our growth obligations.
- Moderator:** The next question is from the line of Udit Gajiwala from FE Securities.
- Udit Gajiwala:** Firstly, great work on the plywood segment. And overall, sir, if you can guide what kind of capex will be incurred for this fiscal? And if you can break it up into your MDF and what investment will go into the Samet?
- Manoj Tulsian:** You are talking about FY '26?
- Udit Gajiwala:** Yes, sir.
- Manoj Tulsian:** Okay. In FY '26, we are looking at a total capex again of around INR60 crores, INR65 crores, which will be very similar to our depreciation, consol depreciation. In MDF, it will be around INR25 crores to INR30 crores.

And similar would be in plywood also because we are working on some process improvements, and that will call for, again, a change in a few of the machines. So around INR30-odd crores or INR35-odd crores in plywood and INR25-odd crores in MDF. That adds up to INR60 crores. In terms of our investments in Samet, we are looking at around INR25 crores for the current year.

Udit Gajiwala: Got it. And sir, plywood that you were planning to set up a separate line or some expansion. So is that on the drawing board? Because I guess we'll require the capex by H2 of FY '27, if not earlier by the growth rate. So any further capex that we are planning?

Manoj Tulsian: So you're talking about Odisha?

Udit Gajiwala: Yes.

Manoj Tulsian: Okay. So there are certain delays which is happening in terms of getting certain approvals, right? So once we get those approvals, then we will again let you know in terms of what would be our capex cycle for the Odisha project.

Udit Gajiwala: Got it, got it. And sir, fair to assume that this year from Samet, we can see accretion of a loss of around, say, INR15-odd crores in our books for '26 since you are aiming to be PBT -- I mean, you are aiming to be cash positive for this fiscal?

Manoj Tulsian: I think we'll be able to give you a slightly better picture by the end of quarter 1 because the first thing first, now we are looking at in terms of ramping up the sales. The initial feedback in quarter 4 when we had a very large dealer meet at our factory and showcasing all our products was very, very healthy.

But normally, what happens is most of the dealers also mentioned that being the year-end and they had obligations and other things for other brands, they didn't want it to sign up for a new product range. So that's how now we are working from April to see that how we are able to create and enhance the dealer base. And by the end of quarter 1, we'll also get some sense on mix, as I said, that the different products have different margin profile also. So a lot of clarity will come by the next quarter.

Moderator: The next question is from the line of Rishab Bothra from Anand Rathi Institutional Equity.

Rishab Bothra: Congratulations on good set of numbers. I wanted to understand what will be our capacity for FY '26 and '27 for plywood and MDF -- capacity -- the expansion which we are including in up to what level?

Manoj Tulsian: Okay. So in the MDF, right now, we say that 800 CBM plant, that will go to 1,000 CBM. So a 25% increase in capacity?

Rishab Bothra: And for plywood, since currently also, we have a large portion of trading activity. So how we are planning to scale up there?

Manoj Tulsian: So plywood, for sure, last year also, we did a lot of line balancing. So that way, we are adequately covered for the growth for this particular year. Of course, we have that trading platform also. So the growth is also happening equally on the trading platform. So the dependence only on in-

house manufacturing is like 50% to 60%-odd. The balance all comes in any case from the trading side also.

On the trading side, we have enough arrangements. So that side will not be a challenge at all. In the meanwhile, to meet the obligation of our manufactured products in-house, I think easily this year, for sure, we don't see any challenge. Maybe part of the next year also, we don't see a challenge to meet our growth.

Rishab Bothra: So 52.8 million will remain 52.8 million more or less?

Manoj Tulsian: Well, 53.5 million MSM. And so as I said, we announced Odisha project. We were very hopeful that all the approvals will come. And if they come, we had given another capacity expansion of 13.5 million there, but we are seeing delays. So once the delays are there, we are not very sure whether the capacity gets operational now in quarter 1 of next year or whether it takes more time. So as and when we get more clarity, we will come back to you.

Rishab Bothra: Got it. And on input cost, sir, what is the price for plywood input cost and MDF input cost? And what is the timber in both cases, timber or it's based also in MDF case?

Manoj Tulsian: No, no. In both cases, it is timber only. The only thing is for plywood, you need a better girth, better dia of material, so that is more pricey. And in MDF, I mean, a lower dia also works. So that is where is the difference in the prices of both. Plywood is -- I mean.

Moderator: Yes. Sir, he got disconnected. The next question is from the line of Patanjali Srinivasan from Sundaram Mutual Fund.

Patanjali Srinivasan: Yes. Sir, I have a couple of questions. One is on the industry profitability. Like now if we look at Greenply also, I think last couple of years, if we look at where the industry has gone, profitability has kind of come off meaningfully. So can you tell me like in your sense, like have we kind of reached a scenario where there is a possibility that a cycle could improve and there could be much better profitability in '26 and '27. Do you get any sense of this, how things stand today?

Manoj Tulsian: So one of the biggest tailwind, which I see from the standpoint of view of industry discipline is the QCO implementation. As we all know that in plywood, the unorganized sector is humongous. While we speak, we may still say that maybe 75% to 80% is unorganized. And controlling price as well as quality aspects there is not so easy.

So with the QCO implementation, there would be a lot of discipline, which will come in terms of sanity in terms of the products which will be available in the market. The products will conform to what is written on the face of the ply, which means that for the unorganized many of the players, the cost of their production will go up if they have to meet the standards.

And if that happens, then automatically, you will see that many of those players will not be able to sustain because then for them selling it to the market or for a dealer, buying a brand versus not buying an unbranded thing, they will always prefer to buy a brand and sell a brand. So if that

happens, which means a level of rationalization can happen in the industry and a consolidation can happen. That can lead to better price on the selling side.

Second, if you will see the trend in the last 4 years has been increasing input prices continuously. So now we are saying that possibly we'll get better crop cycle from this year. So once that happens, the input prices will reduce. And once the input prices reduce, definitely, there would be incremental margins for the good players. So we see all the reasons now for the margins again to inch up.

Patanjali Srinivasan: Sure, sir. Just related to that, when you say input prices will reduce, any time line where you see that you will start seeing this benefit from?

Manoj Tulsian: So we have been mentioning since last quarter that we have a large plantation team, which also works on helping the farmers to plant the eucalyptus. From their side, their view is that by quarter 3, we should start seeing that movement. So the new crop should start hitting the market from quarter 3. Let's say, I mean, quarter 3 can be in November or December or plus or minus 1 or 2 months. But that is what is the visibility at this point of time.

Patanjali Srinivasan: Sure, sir. And just a couple of questions. One is this imports in MDF, BIS implementation, you said that it's kind of come to 0. Is there a possibility of a price increase in the industry? Do you see that happening in the near term?

Sanidhya Mittal: I don't think we see a price increase scenario because as I mentioned that there is a significant unorganized other than the 4, 5 large players, there is a significant unorganized also. We are not worried about the multi-delight unorganized, but maybe 2 or 3 smaller players who've managed to put a second-hand quanti line. On the long run, there will definitely be an errant. And till then, any kind of abnormal price increase is not possible, I think.

Patanjali Srinivasan: Sir, -- so here, when do we expect -- what is our general expectation here? Because today, we are a top line of almost INR500 crores, but our profitability is very weak there. So it is kind of not doing well for us in terms of our P&L or even on our balance sheet. So what is our expectation here going forward?

Sanidhya Mittal: I think if you look at the panel industry and for Greenply to remain dominant, we have to be present in the MDF space. And as of now, if you look at the returns or if you look at the profitability, obviously, it's not idealistic. But in our experience, when we've seen like a 10-year, 15-year period, if you see that kind of a period in that period, I don't think MDF will do bad in the long run.

So I can easily look at the ROCE of 18%, 20% in that range on the long term in the MDF business. So directionally, I'm not worried about the MDF business. Obviously, the debt being so high and interest cost being so high, depreciation being so high and the PBT almost being nothing for the year bothers us as well. But I think it's part of the long-term strategy, and we are quite aligned on it.

Patanjali Srinivasan: Sure, sir.

- Manoj Tulsian:** And this year's growth -- I mean so the breakeven for the business is near on the numbers what we have reached. And there's always a gestation period in MDF because it's a large investment. So this year, incrementally, whatever additional growth will come with that profitability. And that will then start showing up this year and the year to follow.
- Patanjali Srinivasan:** So you're saying that there will be some bit of operating leverage that will be visible in the current year as in '26?
- Manoj Tulsian:** Yes, of course. Yes, yes, yes.
- Patanjali Srinivasan:** Sure, sir. Sir, just last question. Samet, the market size and opportunity for us. Could you help me with that? The market size that we have for this for the next couple of years in terms of sales or anything like that? Yes, yes, please go ahead, sorry.
- Manoj Tulsian:** So the market size is almost close to around \$2 billion. But there also the organized market is again, 20%, right? And the product line, what we have, we compete with the best of the players like Hettich and Hafele and other players who are the best in the market in terms of precision engineering products. So one, we are there in the premium segment along with these players.
- Second, in terms of ramp-up, we have just implemented Phase 1. And the products in Phase 2 and Phase 3 right now, we are importing from our JV partner. We have a plan also to implement Phase 2 and Phase 3 in terms of the capex. The basic utility and other things, everything has been done while we did our Phase 1, including all civil construction and this. So for Phase 2 and 3, we'll only have to get the machine at the right point of time.
- Our own expectation is that in year 1 itself, we should be doing anything around INR70 crores to INR80 crores first year. And then we built up around another INR80 crores to INR100 crores every year in this business. But this is too early to say. Maybe if this year, we are able to do INR70 crores, INR80 crores. Maybe next year itself, we might cross INR200 crores. So we'll not pre-empt too many things. One thing at a time. This year, first thing, we'll try to see that how we are able to cross this number of around INR80 crores.
- Moderator:** The next question is from the line of Utkarsh from BOB Capital Markets Limited.
- Utkarsh:** My first question is regarding the MDF segment gross margin. So we have seen a sharp improvement in MDF gross margin from, say, 45% to 55% on a Q-on-Q basis. So can you please explain what is the reason for the same? And what would be your gross margin guidance for FY '26 for MDF segment?
- Sanidhya Mittal:** I think let us stick to the EBITDA margin guidance we've already provided. And the sharp increase, I think, is mainly on operational efficiencies. And even within the raw material, we use a better mix to ensure right cost and optimum cost.
- Moderator:** The next question is from the line of Parth Bhavsar from Investec.
- Parth Bhavsar:** Congratulations on a good set of numbers. Sir, I just had one question about the MDF -- competition in the MDF space. So basically, I wanted to understand what sort of demand are we

looking at -- did we have in FY '25? And what sort of capacity do we have in India, domestic supply?

Manoj Tulsian: MDF capacity overall? INR6,400 crores.

Sanidhya Mittal: Around INR7,000 crores the number is annualized capacity for the country.

Moderator: The next question is from the line of Rahul Agarwal from Ikigai Asset Manager.

Rahul Agarwal: A couple of questions on balance sheet and cash flows. This working capital cycle, both for MDF and plywood, largely on inventory and debtors especially, where should it settle down once this QCO and the higher raw materials and finished goods are liquidated? That's question number one.

And second is on your balance sheet debt, the INR500 crores peak debt, which we see right now, how is the repayment plan in your mind given where -- what kind of cash flows and higher margins you expect over the next 2 years? Those are my questions, sir.

Manoj Tulsian: So in terms of inventory, Rahul, I already mentioned that we'll have a reduction of inventory on the plywood business almost by around INR80 crores to INR100 crores -- and if you see even payables, there would be a corresponding payable of maybe around INR50 crores, INR60-odd crores against the same, which means a net reduction of INR40 crores, INR45 crores on the plywood side for sure.

And I believe that the receivable cycle, one will improve, which is on the trade side. But at the same point of time, as I said, that on the growth because of this QCO, we also see that there would be chances that the OEM and the Cat business will also grow, the key account business, the large institutional businesses, where the receivable cycle is slightly higher.

So give us a quarter or 2, we'll be able to tell you, and we'll all get a much clear picture. But looking at the cash flows and the growth, what we are looking at, for sure, by the end of this year, the debt will get reduced by around INR100 crores, INR120-odd crores. And the year subsequent also for sure, the debt can reduce by INR100 crores to INR150-odd crores.

So in the next 2 years, the debt will reduce by around INR250-odd crores. Any new investments which comes -- for that, we'll have to see that, that might be the incremental debt, which will get added on. Right now, at this point of time, we only have in mind the Odisha project, which we have declared. So for that, whatever would be the incremental debt, if you have to take, that will be additional.

Nitin Kalani: On the debt repayment side, every year, I think next 2 years, our repayments will be in the range of INR50 crores to INR55 crores each year.

Manoj Tulsian: And on the MDF side also, right now, we are building up extra inventory. So once the line extension is done, even on MDF side, there will be a reduction of inventory partially going forward. So all in all, you will see that we'll be able to generate by the year-end at least INR60 crores to INR70 crores or INR75 crores of free cash flow again from the working capital side.

- Moderator:** The next follow-up question is from the line of Rishab Bothra from Anand Rathi Institutional Equities.
- Rishab Bothra:** Sir, I wanted to understand on the MDF side, who are our major clients? Is it institutional clients? Or is it through dealers network? Large OEMs?
- Sanidhya Mittal:** I think it's a fair mix, but obviously, the trade component for us will be slightly higher because Greenply enjoys a very strong brand in the trade. So in MDF, we are trying to clearly use our advantage and use the advantage the brand or the word Greenply has -- so that player that advantage comes in trade business, not an OEM business.
- Moderator:** The next follow-up question is from the line of Utkarsh from BOB Capital Markets Limited.
- Utkarsh:** Sir, my question is again on the MDF segment margin. So we see that whatever the margin improvement for MDF has happened in this quarter, it was largely driven by better gross margin. And we could not understand the rationale for that. And a connecting question to that is that like you are guiding the margin to improve in FY '26 further. And you have also mentioned that the industry has taken some price cut in April month. So how you are so confident the margin is going to improve further in FY '26 when the industry has taken a price cut of around 5% in April month?
- Sanidhya Mittal:** So, if you look at our guidance for the year which has just got over, that year also, our guidance was around 16%. But because of 2 unplanned shutdowns, we are at about 13%, 13.5% annualized margins. So a, we're not looking at that type of a challenge this coming year. So we do not see that margin coming down because of some unplanned shutdowns, number one. Number two, we look at further getting in efficiencies, whether it is production efficiency, whether it is selling better product mix efficiency on account of all of this, we feel that for us.
- Manoj Tulsian:** And the benefit of operating leverage also.
- Sanidhya Mittal:** Yes.
- Manoj Tulsian:** So if we are able to grow in double digit this year, we'll get a significant operating leverage benefit also. So it's a combination of all these points where we are quite confident that we'll be able to touch around 16% margin for the full year.
- Moderator:** The next follow-up question is from the line of Ritesh Shah from Investec.
- Ritesh Shah:** A quick question for Sanidhya. Sir, we had this ESOP policy last in 2020. Are there further plans to roll something similar to ensure that the attrition is less or basically critical employees stick with us for longer duration. So one is the quantum and second is the spread of ESOPs amongst key management persons?
- Sanidhya Mittal:** I think the major bit is kind of done. Obviously, people were promised ESOP over a period. So some people are yet to vest what they've already been given. So because of that, a small cost will continue, but there's no major new plan coming in with some major new quantity.

Obviously, whenever the management or the operating team feels -- all of us feel that we need to get in more talent or we need to grow the organization. And that time, if we have to offer, we'll take a call then. But as of now, there's no further commitment to the existing people other than what we've already given them, and they have not vested.

Moderator: The next question is from the line of Mohammed Sheikh from IDBI Capital Markets and Securities Limited.

Mohammed Sheikh: Congratulations on a good set of numbers. I just had a quick question on the debt side. So what led to the jump of finance cost during this quarter?

Manoj Tulsian: During the quarter?

Sanidhya Mittal: Yes. During the quarter, the utilization of our working capital lines was high because of the inventory which we had ordered basically. So that was the only reason. And that's the only reason.

Manoj Tulsian: Working capital, mainly the working capital buildup what we have done in quarter 4.

Moderator: The next question is from the line of Tanya from Anand Rath Institutional Equity.

Tanya: So my question is for the ply business, how much do we...

Moderator: Sorry to interrupt ma'am. I would request you to please use your handset. Your audio is not clear.

Tanya: Yes. So for the ply business, how much do we depend on the real estate inventory handover? Like does it have an impact on the sales of plywood as per se?

Manoj Tulsian: Yes, yes, of course. I mean, new houses, of course, brings an opportunity for the fit-outs, which means a substantial amount of plywood will go into those -- in the fit-outs and doing the interiors. At the same point of time, there is again, refurbishment also which happens. So these are the 2 major drivers for sale of plywood.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

Sanidhya Mittal: 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 Market Securities, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.