



Greenply/2025-26  
February 07, 2026

**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 February 05, 2026 on the financial results of Greenply Industries Limited for the quarter and nine months ended 31st December, 2025.

The same is also available on the website of the Company viz. [www.greenply.com/investors](http://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**

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“Greenply Industries Limited  
Q3 FY26 Earnings Conference Call”  
February 05, 2026



**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  
PRIVATE LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Greenply Industries Q3 FY '26 Earnings Conference Call hosted by Asian Market Securities Private Limited. 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 from Asian Market Securities Private Limited. Thank you, and over to you, sir.

**Karan Bhatelia:** Thank you, Rudra. Good morning to all participants logging to the call. On behalf of Asian Market Securities, we welcome all to Greenply's Third Quarter and 9 months FY '26 Investor Call. From the management side, we have Mr. Manoj Tulsian, Joint Managing Director and CEO; Mr. Sanidhya Mittal, Joint Managing Director; and Mr. Sanjiv, CFO. I would like to hand over this call to Manoj ji for his opening comments, post which we can open the floor for Q&A. Over to you, Manoj ji. Thank you.

**Manoj Tulsian:** Thank you, Karan, and good afternoon, 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 quarter 3 and 9 months FY 2026. As discussed in our previous call, the three brand communication strategy aimed at enhancing product visibility across key market segments is working well for us and showing very encouraging initial outcomes.

This strategy has enabled us to deliver consistent growth in our plywood and MDF business on a year-on-year basis as well as steady ramp-up in our hardware business, too. Also mentioned in our previous call, we guided double-digit volume growth in H2 FY '26 across both segments and I'm happy to report that we are on track, having delivered double-digit year-on-year growth in quarter 3 FY '26, both in plywood and MDF.

We remain confident of sustaining this momentum in quarter 4 FY '26 and in the periods ahead. In our MDF business, we successfully expanded capacity from 800 to 1,000 CBM. While initial operational challenges impacted growth during the quarter, these issues have now been fully addressed.

The plant is currently stable and operating efficiently. Production in the month of January was highest ever, and we are confident of a strong rebound going forward in line with our growth expectations. Now I'd like to share with you that we have achieved a consolidated quarterly revenue of INR673.4 crores, which is a growth of 9.6% on a Y-o-Y basis.

Our consolidated core EBITDA for the quarter was INR58.9 crores with a core EBITDA margin of 8.7% compared to 8.2% in corresponding quarter, an increase of 50 basis points. On a 9-month basis, our consolidated revenue was at INR1,962.8 crores, which is a growth of 6.7% on a Y-o-Y basis.

Our consolidated core EBITDA was at INR177.3 crores, which is a growth of 4.5% on a Y-o-Y basis. The core EBITDA margin was 9% as compared to 9.2% in 9 months FY '25. PBT before the losses on equity accounted investees, foreign exchange gain loss as an adjustment to finance

cost and exceptional items is at INR117 crores for 9 month FY '26, which is a 13% Y-o-Y growth as against PBT of INR104 crores in 9-month FY '25.

Let me now share the highlights of our individual business segments. As mentioned above about our go-to-market strategy, we continue to experience the demand for mid-value products during this quarter also, resulting in an average realization per square meter of INR244, a 4.9% decrease on a Y-o-Y basis.

However, on a Q-o-Q basis, there is a marginal increase from INR242 to INR244 per square meter. In quarter 3 FY '26, we achieved a volume growth of 12.5% on a Y-o-Y basis with a revenue of INR521.7 crores, a value growth of 8.9% on a Y-o-Y basis. On the margin front, our core EBITDA margin remained intact at 8.4% for both quarter 3 FY '26 and quarter 3 FY '25, even though there is a drop in the realization on a Y-o-Y basis.

On 9-month basis, we have achieved revenue of INR1,517 crores, a growth of 5% on a Y-o-Y basis. Our volume growth on a 9-month basis is 5.8% Y-o-Y despite having a negative growth of 3.1% in quarter 1 FY '26. Our core EBITDA grew by 4.7% on a Y-o-Y basis to INR124 crores in 9-month FY 2026. The EBITDA margin stood at 8.2% as against similar margin of last year 9-months FY '25.

Moving to our MDF business. Revenue in quarter 3 FY '26 stood at INR152 crores with volume at 48,383 CBM, reflecting year-on-year growth of 11.7% in value terms and 14.5% in volume terms. We had a good traction on demand side in quarter 3 FY '26, but because of deficit in production during initial months of the quarter.

We had to resort to limited trading activities to fulfil the orders in hand, which resulted in a moderated margin of 10.1%, which could have been otherwise in the range of 12% for this quarter itself. With operations now fully stabilized and running efficiently, we expect a strong rebound and are confident of achieving our margin guidance in the coming quarters, including quarter 4 FY '26.

We are happy to share that the Board has approved an investment of INR400 crores towards expansion of second line of MDF in line with our earlier commentary and our preparedness for future growth. More details on the MDF business and the expansion will be shared by Sanidhya later.

Moving on to our Furniture and Fitting JV. We have achieved a sales of INR13.4 crores in quarter 3 FY '26, achieving total revenue of INR31 crores on a 9-month basis. The JV reported a PAT loss of INR15 crores in quarter 3 FY '26 with our share of the loss amounting to INR7.7 crores.

And on a 9-month basis, PAT loss of INR37.9 crores with our share of the loss amounting to INR19 crores. Losses for the quarter increased on a sequential basis due to increase in marketing spend as we participated in 2 exhibitions. Our consolidated net debt stood at INR528 crores at the end of the current quarter, in line with the guided capex plans. Construction of the plywood Odisha facility is progressing at full pace with all major orders already being placed and the project remains on track.

We are confident that our debt-to-equity ratio will be within the guided range of 0.5x to 0.6x by year-end despite the announcement of new capex. With respect to our operations at Greenply Middle East Limited, we have further reduced exposure from USD 2.7 million to USD 1 million.

As a result, our contingent liability has also decreased from INR24 crores to INR10 crores now as on 31st December '25. Just to mention, at the time of divestment, this liability stood at USD 6.1 million. With these statements, I would like to hand it over to Sanidhya to provide more insight on the MDF business.

**Sanidhya Mittal:**

Thank you, Manoj ji, and good afternoon to everyone on the call. Our sales performance for this quarter delivered 11.7% year-on-year growth in value terms and 14.5% year-on-year growth in volume terms. However, during the quarter, we encountered some initial production challenges in the month of October and November, which had a temporary impact on sales and ultimately on the margins.

Looking ahead to the fourth quarter, we expect a growth of more than 20% in sales on a year-on-year basis, supported by improved margins. As mentioned earlier by our CEO about the announcement of the second MDF line at Vadodara, I will share some updates on the same. The second line will be a 700 cubic meter per day capacity with a cost of INR400 crores and a revenue potential of INR600 crores.

The plant is expected to be commissioned in the next 15 months and commercial operations to start in the next 18 months, which means Q2 FY '28. Trial production of the HDF flooring line started in the month of December, and we executed a few orders also. But after that, we faced some glitches, and we are in the mode of correction phase.

And we are confident of starting commercial production by March '26. Construction of PVC and WPC plant is going as per plan, and we are confident that the commercial production will start by March '26 as per our plan. With this, I would like to open the floor for the Q&A session. Thank you.

**Moderator:**

Thank you very much. We will now begin the question and answer session. Our first question comes from the line of Sucrit D Patil from Eyesight Fintrade Private Limited.

**Sucrit D Patil:**

Good afternoon to the team. I have two questions. The first question to Mr. Manoj is the plywood and board market continues to evolve, how is the management thinking about prioritizing growth levers such as distribution expansion and capacity over the medium term? Among this, which do you believe will be most critical in strengthening Greenply's competitive position and long-term value creation? That's my first question. I'll ask my second question after this?

**Manoj Tulsian:**

Okay. Sucrit see, we are -- last 1 year, we are clearly working on 2 or 3 major initiatives. And I think that is what gave us a lot of confidence also that we will start now growing in double digit in volume terms. In fact, the way things have happened, we are even looking at a better growth in mid-teens also going forward in the plywood business because we suffered a lot in between.

But anyway, there are corrections which were underway in the last 12 months. So one, on the distribution side, when you are saying, there is a two-pronged strategy, which continuously will

work in the plywood business. One, depth and reach. So there has been a lot of work which has now started in the past 6 months for which there was a preparatory period of almost 6 to 9 months.

And that's where we were confident that now we will be able to see the results. And we are happy to see the results in quarter 3 that finally, we have grown at double digit in terms of volumes. Maybe possibly we could have even done better, but I'm sure that in quarter 4 and in the year to come, we'll look at even better numbers in the volume growth.

So one, clearly, yes, I mean, your question has the answer that distribution is key in this business, and we are working a lot in terms of the depth of distribution and then the range of products, both because we have a range of products, but we are somewhere we have not been able to justify our range of products distribution across the depth.

And the second thing, the business today is at a very sweet price point, which is anywhere around INR100 or so. Somehow, we were missing this. And we realized this during this year, we started branding our mid-segment brand, which is Ecotec. And we have seen good positive green shoots the moment we have started investing on the same, not only in terms of the body line of our team, but also the way the market has responded.

So that is the next growth driver for many more years to come. And we'll continue to invest larger money on the second brand. I mean in some time, we'll be able to see that this brand for us will become the largest brand in the whole kitty.

**Sucrit D Patil:**

My second question to Mr. Sanjiv is, on the similar lines, from a financial standpoint, can you elaborate on the key trade-offs managed during the period between growth investments, cost discipline and working capital efficiency? How do these decisions influence your outlook on cash creation and return metrics as the business continues to scale? I just want to understand your plan session on this?

**Sanjiv Keshri:**

So yes, thanks, Patil. See, we are working on the working capital. If you see the working capital utilization is very low in our case. We are working on the -- with the dealers also to reduce their working capital, and we are also introducing the dealer finance. So in that sense, increasing the return -- ROI of the dealers also working on that increasing the working capital cycle of the dealers.

So these are the initiatives we have already taken on our sales side. We are also reducing our -- the debts. On the expansion side, we have taken the steps for the -- now the internal accruals are there. We are adding that good number of the cash internal accruals. On capex, we have already announced. So -- and as Manoj ji said that our debt equity ratio will not increase more than the 0.6X at any point of the time. So we are managing our debt in that way.

**Manoj Tulsian:**

I think just to add to that, I would say that as an organization in the last 3 to 4 years, where we have concentrated, yes, maybe partially we are successful and partially we may not be because everything the way we think sometimes doesn't work out. But we clearly look at incremental capital output ratio, okay? That finally, the investment should go into the pockets where finally I'm making better buck compared to my investment, which is going.

So Sanidhya will explain more on the strategy of why now we are investing for the second plant of MDF and why in West Vadodara because we see a lot of efficiencies, which will get built up further. Today, like from our first plant, because of the mix, maybe we will somewhere we not be able to do more than 88% or 89% of the capacity.

But the moment we put the second plant, the first plant also against 88%, 89% can start giving us an efficiency of maybe 93%, 94%. So clearly, the I call is something which we keep looking at. And the justification on investments also gets driven from the same. On the working capital side, in any case, if you go on the operating side, we need to improve further.

We were much better. But yes, in fact, in the Board level also, we had discussion yesterday a lot on the same that we need to be more efficient on the working capital and take out that money and invest more efficiently in the business. So somewhere you will see in our announcement also, we have mentioned that most of our -- this investment which we are doing should come out of internal accruals.

Because this is that one large investment MDF, what we have, except the plywood investment, which we are talking about, which is already on the way. And if you look at the next 3 years cash generations, which will happen, it will automatically take care of our existing debt as well as the new investments. So there's a lot of semblance which we have tried to create now in the business, and we are following those disciplines as a company.

**Moderator:** Our next question comes from the line of Hrishikesh Bhagat from Kotak Mutual Funds.

**Hrishikesh Bhagat:** So since you spoke about that you do look at the incremental return on capital. But when I look at it, what the ROCE was when you were only solely green plywood. And post that, if I look at the MDF capital allocation, clearly, the returns have diluted. Now against that backdrop, how do we justify the incremental capacity addition because we are still at 71%, 72% utilization, the margins are pretty low?

So that's question one in terms of that. Sir, second is on the capex also. If I look at the capital cost, it's largely similar to what it was on the past. So kudos to that. But just wanted to check, is there -- considering these are largely imported, is there no impact of rupee depreciation on the capital cost?

**Manoj Tulsian:** So I will answer the first question, Hrishikesh. And the second question, I'll leave Sanidhya to explain largely on the same. So when you look at the history of last 5 years, the first thing, yes, if you look at Greenply, definitely at that point in time, only with plywood business was showing better ROCE. But is that the future product? Is that the level of risk which we should carry in our business by being just in one product?

So these last 4-5 years for us were a lot of formative years where we have not gone to raise any level of capital. We have not even thought about diluting any level of capital. The whole objective was that whatever money was there in the business, how we can get more efficient. On the one side, where you asked this question, yes, I think it's quite valid that if I only look at plywood business, my ROCE was better.

But when you look at a combined entity today, I think we have really made us risk-free by getting into 3-line of business. And two lines of our business are now well established. In MDF in no time has really got well established. Today, at least we have 7% to 7.5% of market share also in that. Not raising capital.

Again, it's something for sure was a discipline to take out money from the existing business. So I think from here on, when you will see incrementally, you will see that my ROCE overall and ROI will continue to invest because we have absolutely no plans, at least at this point of time to dilute equity or raise any level of capital.

So we understand that whatever are the means, whatever is the cash flow we are generating, we must make best utilization of the cash flow. Now imagine if I generate cash flow in my plywood business and I don't do any investments in MDF, which is a future-led business, what will happen. Finally, my ROCE will continue to drop. The only other thing what we can do is to continue to maybe distribute dividends.

**Hrishikesh Bhagat:** I'm not debating your question in terms of that MDF is wrong. My point is, isn't it that the margins, current margins, do they justify the investment? My question was more on that front.

**Manoj Tulsian:** No, totally appreciate. And that is where I'm saying the margins you will start seeing on MDF also, we'll get back to 16%. Yes, there are certain market realities also. But MDF, again, is like a business where you will see seesaw. Margins, maybe we will see times when it will go back to 20%, 21% and then again, it will come back to around 13%, 14%.

So we are actually quite happy that we have gone into MDF as a business. It's a futuristic product. More and more applications we are able to see today in the market. And I think with these two line of business, which is our significant line of business, plywood and MDF, the company will do very well going forward. Next question, I would request Sanidhya to answer.

**Sanidhya Mittal:** Yes. I'll just add to what Manoj ji said. I think we are seeing the ROCE of the MDF business on a short-term basis. And currently, yes, there is overcapacity. There is a price fight in the market. There is a margin bar where all the top players, the margins of the -- at least the listed players, peers have come down.

But if you look at this on a 3-year or a 5-year or a 7-year period, I'm quite confident that the ROCEs will come to a justified and respectable level. And if it does not come on a long-term basis, it is obviously very clear that people are not going to continuously invest neither us. And at Greenply, for us to be dominant in the wood panel space, I think it was a very, very important move.

Moving on to my second -- moving on to your second question, I think you were concerned about the capex cost with the current euro going up and the dollar going up. I think we are quite confident on the INR400 crores capex that we've announced and the capacity, and we are looking at a very similar technology where we are looking at a German manufacturer, we're looking at 8 feet wide continuous line. So with our cost that we have given, we are very confident that we'll be able to achieve a 700 cubic meter German quanti line at that cost. And yes, we have taken into account the euro cost.

**Moderator:** Our next question comes from the line of Rehan Saiyyed from Trineta Asset Managers.

**Rehan Saiyyed:** First question from my side. I just want understand regarding segment sales strategy. In the plywood business, trading sales volumes has decreased from 43% in quarter 3 in FY '25 to 34% in quarter 3 FY26. So is this a deliberate strategic shift towards a more asset-light trading model? And how does it impact your long-term consolidated EBITDA margin target of 9%? Just one more clarification on this side?

**Manoj Tulsian:** Rehan, your voice was not totally clear. Are you saying on the sales side? Is the question related to your sales volume between the premium and the economy?

**Rehan Saiyyed:** Yes. Like manufacturing and trading model?

**Manoj Tulsian:** You're saying manufacturing and trading? Yes. So look, clearly, it is visible that -- and we have suffered this into the past, okay? That when we were very high on our trading model, we were suffering in terms of supplies, we were suffering in terms of price escalations on a regular basis. Of course, that was a period when the raw material timber prices were also moving up continuously.

Now at least the raw material prices are much more stable. But over a period of time, we have also learned that if we are able to cater to larger supply from our factories, that makes much more sense. And of course, when -- in the short term, when we will have a larger demand and our capacities, internal capacities are not adequate.

We can always look at ramping up the trading model. So somewhere we are carrying that as an additional space for ourselves to mitigate short-term challenges in terms of hyper growth versus our own capacity. That is where we are looking at that model.

**Rehan Saiyyed:** Okay. And last one, just confirmation that you have said about your Orrisa expansion. Is it working -- still work in progress or there commenced started?

**Manoj Tulsian:** Which one? Sorry, again, actually, your voice is not very clear.

**Sanjiv Keshri:** Your voice seems to be very muffled.

**Rehan Saiyyed:** Is it clear now?

**Manoj Tulsian:** Maybe slightly better, but yes, please repeat the question.

**Rehan Saiyyed:** Yes. Just one last question on the update that you have given about Orrisa expansion capacity. Is this still in work in progress or is that commence -- had commenced?

**Manoj Tulsian:** For the MDF, you are saying?

**Sanjiv Keshri:** Odisha plywood, I think you are asking.

**Rehan Saiyyed:** Yes, Odisha plywood.

**Manoj Tulsian:** For the plywood in Orissa, there is already a work in progress.

**Rehan Saiyyed:** Okay. And can we get a guidance that expected commission date or project capital expenditure remain for this project for the FY '26 and FY '27?

**Manoj Tulsian:** So our project commencement right now, we have kept it as Q4 of FY '27. And the total investments, which we speak about this plant was close to around INR130-odd crores. And I think we will be in that range only. Maybe we would have invested by this time already how much we have invested already, around INR30-odd crores. Sanjiv, you have the numbers? How much? We would have invested around INR25 crores, INR30 crores by this time.

**Sanjiv Keshri:** Yes, INR25 crores to INR30 crores already invested.

**Moderator:** Our next question comes from the line of Sneha Talreja from Nuvama.

**Sneha Talreja:** Just an extension to the question of Hrishikesh. What is the realization and the margins now we are assuming on the new capex?

**Manoj Tulsian:** What is that?

**Sanidhya Mittal:** What is this for?

**Sneha Talreja:** Realization in MDF, yes.

**Sanidhya Mittal:** I think we are targeting a similar level of realization in the new plant also, and it's quite soon to say this plant -- this capacity will come up for us in -- in 18 months from now. So yes, we are assuming that will be at similar levels.

**Manoj Tulsian:** This capacity will come in second -- by end of second quarter of FY '28. So we still have a good time actually. But yes, right now, we are only assuming that -- and we are able to grow our business at our current realization. We are able to grow well. In quarter 4, actually, we are looking at a much higher growth.

So I mean, at this point of time, this is a fair assumption that we will continue to get this realization, assuming that the market also behaves similarly. In case there is price increase which happens in the market by 4%, 5%, 6% in the next 12 months, then of course, the realizations will also change.

**Sneha Talreja:** Sir, actually, exactly my point. So the kind of ROCEs that you're expecting on the new line of business won't be strong again as per your current realization number, right?

**Manoj Tulsian:** You see, the investment is only INR400 crores now, okay, on a 700 CBM line despite the increase in the rupee, euro and everything. So I think that is a big, big advantage, which we are going to create in this. So yes, the ROCE would be similar around anything between 16% and 18%, not more than that.

**Sneha Talreja:** Right. Understood. And what are the other capex plans that you have for FY '27?

**Manoj Tulsian:** FY '27 now the major plan is only this plywood Orissa unit, which will get completed. So the balance investments will go there. And this investment of INR400 crores over 18 months. So it will actually start from quarter 4 itself. Some amount of investments will happen in quarter 4, and then it will continue up to quarter 1 or quarter 2 of FY '28.

**Sneha Talreja:** Understood. And the Orrisa plant, you said will commission by quarter 1 or quarter 2 by '27?

**Manoj Tulsian:** No, quarter 4 of FY '27. So January, February, March -- sometime in January, February, March of calendar year '27.

**Sneha Talreja:** Understood. And sir, if I heard you correctly, you also said from now on, would be looking at mid-teens sort of growth for plywood division. What's changed precisely between the first half to now that we are in double digit at this point of time, and incrementally, we can look at the amount of growth continuing?

**Manoj Tulsian:** So I think, Sneha, we mentioned this in the last call that we had taken support of a consulting house, which is now with us almost for last more than 18 months, actually, maybe 21 months. And initially, we worked on first thing first on our factory side availability of stock. We found that there were a lot of gaps at times when we were not able to deliver on time to our customer despite having orders in place.

So once you are not able to deliver on time or there is a delay, of course, either you lose some amount of sales because my dealer is not going to wait, right? Plywood is not a category where specifically, he will only wait for a Greenply. So he can always -- and you know that all of them are MBOs, correct?

So keeping that in mind, the first thing -- first initial time, we only worked on correcting the supply side issues and everything on the factory side. Having done that, then we came back to what we need to do on the sales side. So there was a lot of preparatory work which was going in terms of reach and distribution that where are the gaps on reach and distribution.

Second, of course, how do we do a better management in terms of our SFA, the sales force automation and we get and extract better throughput from every salesperson who is working -- whose feet is on the street. So we have created metrics, we have created KPIs and those things started its trial run in quarter 2.

Good part, the best part, which I even mentioned in my last call is that the adaptability of the same -- from the team was very, very smooth. Normally, it's a big change management, but kudos to our team that they wholeheartedly took this in their stride. And we started working now on those metrics.

So there is granularity, there is depth in terms of the daily working also. And aided by that, a bit tweak in our strategy, which was we started investing on Ecotec as a brand. So this was something which was the third support, which as an organization which we provided to our overall strategy. So keeping all those things in mind, now you can see in quarter 3, we have actually grown at 12.5% in volume, which is after a long time, I think maybe after a couple of years or so. So we are pretty confident and then rest time will only tell.

**Sneha Talreja:** Noted, sir. And lastly on the furniture hardware business?

**Moderator:** Sorry to interrupt you.

**Sneha Talreja:** Sure. I will get back.

**Moderator:** If you have a follow-up question, please rejoin the queue. Our next question comes from the line of Utkarsh Nopany from Anand Rathi.

**Utkarsh Nopany:** Sir, my first question is on your MDF segment. So if we see the value-added product revenue share in that category has gone down from 22% in Q1 of FY '25 to 17% in Q3 of FY '26. So I wanted to know what challenges we are facing that we are not able to grow the value-added revenue mix over the past 7 quarter period?

**Sanidhya Mittal:** I think the number you're referring to here is, I think the pre-lam sales, there are times that the company does some certain projects or certain orders where the pre-lam proportions are very high and then there are some times when those orders are not available. But if you look at our overall mix in terms of HMR, Boil Pro, exterior grade versus interior grade, I think we are very, very well placed.

And as a strategy, we do not want to provide that number and make it so easy for the competition. So I don't think we should be worried looking at the pre-lam numbers going up and down. That is how we look at it internally. Obviously, that does not mean -- I don't mean to say that we don't want the pre-lam numbers to grow.

Obviously, we want it to continuously keep growing. But overall, in terms of value-added versus non-value-added, we are very comfortable and happy with our performance so far. And we think that in times to come, this will not be a challenge. Maybe up to the second line, this won't be a challenge. Starting the third line will be a challenge because then the capacity will be too high to sell maximum value-added products.

**Utkarsh Nopany:** Okay. And sir, like on the margin front as we see, it has turned out to be significantly lower in December quarter compared to our guidance of 16% plus, which we are targeting in the H2 of FY '26. So wanted to know what is the reason for such inferior margin compared to our guidance, which we have shared in the first week of November? And by what time frame we are expecting the margin to go up to our targeted level of 16% going forward?

**Sanidhya Mittal:** Right. So, we are targeting that we should have a similar -- that kind of a margin profile in quarter 4 itself, number one. Number two, in quarter 3, we did not get the entire benefit of the increased capacity. We disturbed ourselves in quarter 2 to expand the capacity, and we did not get the full output in quarter 3. That was one of the reasons why we could not achieve the margin.

The second reason, I think Manoj ji mentioned very clearly in his speech was that we had to do some kind of sourcing to ensure that our dealers, distributors do not suffer. They continue to get the material. And obviously, the sourcing comes at an extra cost. It does not come at your own cost of manufacturing.

Hence, a 2% margin hit over -- in the entire quarter was faced due to that reason. So given these scenarios in quarter 3 that we could not ramp up completely for the reason that we could not give you the projected result. Fingers crossed, hopefully, in quarter 4, we'll give you that result for sure. That is one. And number two, I think Manoj ji also mentioned that January production was ever highest. So we are very confident and looking at the same, we feel that quarter 4 will be in the lines of what we have committed.

**Manoj Tulsian:**

So let me just add to that. In quarter 3, when we spoke about 16% margin, now at least we can share that we felt that we'll get the added advantage of the production, and we will do a 20% plus growth in quarter 3. If you have hit that number, for sure, we would have been at 16% margin. We would not have been troubled at all. But since we lost that much of value sales, it also impacted the margin. January has been excellent in terms of -- on the production side. And that's why this level of confidence that we'll be back to our 16% plus margin from quarter 4.

**Utkarsh Nopany:**

And sir, lastly on the balance sheet side, like at the time of Q4 of FY '25 earnings call, we guided that we are looking forward to reduce our net debt position from INR455 crores in March '25 to INR250 crores by March '27. But now we believe that our net debt is likely to go up to close to around INR650 crores by March '27 since we have undertaken new growth capex. So sir, I wanted to know with this capex announcement, our net debt to EBITDA is likely to remain at elevated level of more than 2x. And are we comfortable at such high net debt to EBITDA on a sustained basis, sir?

**Manoj Tulsian:**

So net debt to EBITDA on -- no, first of all, it will not be more than 2 for even the coming year, okay? We have looked at our numbers. I'm not diverging all the numbers, but it will be less than 2. But that will only be for 1 year, okay? Because that will possibly -- and we are not very sure that whether we'll be at INR650 crores or INR600 crores. We're just assuming because INR400 crores will get spent over the next 18 months.

So maybe it may happen that there are payments which goes to the last quarter also, which is the sixth quarter. But we are assuming that, okay, yes, fair basis, we should be somewhere around INR650 crores. At INR650 crores, we are much less than INR2, but that is just for 1 year. The next year itself, we will be at one the subsequent year.

**Moderator:**

Our next question comes from the line of Parth Bhavsar from Investec.

**Parth Bhavsar:**

I have two questions. One is a clarification on the capex number. So sir mentioned that the capex for the new MDF capacity would be INR400 crores versus the media release, it says INR425 crores for 600 to 700 CBM capacity. So can we just confirm INR400 crores for 700 CBM capacity?

**Sanidhya Mittal:**

Sorry, I stand corrected, the number is INR425 crores and the difference is on account of GST. When we did the internal calculation, the operating team always calculate INR400, but when the CFO does the calculation, he takes the GST also into account, which will get capitalized. The rest of the GST is only a cash flow item, but this INR25 crores.

**Manoj Tulsian:**

Cash flow item, it's a cash flow item. So I mean, yes, Board, of course, will have to take along with the GST, yes.

**Parth Bhavsar:** Fair enough. Fair enough. And sir, one other thing on input costs, like if you could throw some light on how the timber costs are trending? And what was your consumption cost in Q3? And what is it right now? Are we seeing any moderation over here?

**Manoj Tulsian:** Timber cost almost has remained stable in the last quarter. Slightly, it bumped up in the month of December for some period. But again, in January, it is back to like the same October-November levels. So yes, we were expecting that the timber prices to be stable or it will start coming down. It is stable. It has not started coming down.

**Parth Bhavsar:** Okay. And sir, just one last question. So what sort of brownfield optionality would we have at this Baroda facility post this new expansion? Do we have any optionality in terms of land that is available to put up another line?

**Sanidhya Mittal:** I think after MDF 2, we will not have any spare land to expand further our capacity over there, for sure. Maybe something small is a very different thing, but not a large capex or a large plan.

**Moderator:** Our next question comes from the line of Fenil Brahmabhatt from Choice Institutional Equities.

**Fenil Brahmabhatt:** I have a couple of questions. Sorry if something repeating again, but yes, just to confirm. So could you be able to share a revised guidance for volume and margin for both plywood and MDF business for FY '26 and FY '27, if you have any handy number?

**Manoj Tulsian:** You're saying for the full year?

**Fenil Brahmabhatt:** Yes, full year, I'm saying for FY '26, '27, our volume or margin guidance?

**Manoj Tulsian:** So we have not given any such guidance. But yes, while we were speaking, we have mentioned that in plywood, we have now started looking at double-digit growth from quarter 3. We mentioned this earlier that in our last call, previous call that in H2, we will look at a double-digit growth in volumes in plywood as well as MDF.

And at this point of time, we will only maintain the same statement because we have been able to deliver in quarter 3. We can see that happening in quarter 4. And even for going forward, this is what internally we are looking at as a company. And we feel pretty confident that, yes, from here on, we'll be able to deliver those numbers. But however, yes, the full FY '26, do we have any working for FY '26 full year? Maybe you can reach out to the team and the team can let you know afterwards.

**Fenil Brahmabhatt:** Or any quantify margin difference between MDF boards and pre-lam boards? Like do we have any different numbers for these two in MDF business? Like what is the margins over there?

**Sanidhya Mittal:** You want margins separately for pre-lam and separate plain boards?

**Fenil Brahmabhatt:** Right. Do we have that number with us?

**Sanidhya Mittal:** I don't think we have it handy. Maybe you can get in touch with Jay or the CFO. I don't know if you all can share this.

**Sanjiv Keshri:** We will share it, right.

**Fenil Brahmbhatt:** Okay. Great. And considering this current market and the oversupply in MDF, so what are -- what's the management strategy for the MDF business and considering this price war and steady demand and oversupply? And do we looking for any export opportunity as well?

**Sanidhya Mittal:** If you look at the export mix, which existed for most players, I think people export at cost or slightly lower than cost to keep their plants running. That is what we've understood looking at certain other listed players. So definitely, export is not an option with the Europe FDA or the U.S. deal now if that -- those markets open up, I'm not sure how the scenario will be.

But the current scenario, if you look at any other listed player who's exporting, I don't think they really make any money in exports. So our focus is definitely the domestic market. If you look at our brand and our brand strength and our distribution strength, I think the capacity we have for MDF is very, very small today, even though there is an oversupply in the market. But as Manoj Ji mentioned, we are only looking at 7.5% of the market installed capacity today or that is our only market share today.

So for the second line also, we are not worried as the management of the company. We feel that with our brand, we'll easily sell through. And also, you have to see the competitive advantage in terms of the regional strength. So given that we are the only player producing MDF in Western India, that is definitely giving us a strength. And we want to continue to be dominant there. And hence, we've announced our second facility there as well.

**Fenil Brahmbhatt:** Okay. And that INR400 crores MDF plant, new plant, which we are talking about, that is for which location Baroda only or is this something else?

**Sanidhya Mittal:** Yes. It's the same location. And we plan to take many advantages having the second line in the same location. We feel that on a long-term basis, there will be raw material advantage. On a long-term basis, there will be fixed cost advantage in terms of manpower and management. And also, we are going to dedicate both lines for different purposes. So we are going to run our existing line in the future only to make thick boards, and we're going to run the new line only to make thin boards. That way, we'll be able to churn out maximum capacity from each line.

**Fenil Brahmbhatt:** Okay. And the last question from my side. Management outlook for share of PAT from Furniture Hardware JV, if you have any outlook on that?

**Manoj Tulsian:** On the Furniture Hardware JV?

**Fenil Brahmbhatt:** Yes. So right now, we are making a loss?

**Manoj Tulsian:** Yes. So the ramp-up has been good. We are happy with the ramp-up, okay? And next year also, we are seeing that we would be able to grow at around 30%, 35% for the next year. But even with a 30%, 35% growth, somewhere we will not be able to make profits. The year subsequent, we will be able to make profit for two reasons.

One, there will be another growth of maybe 35% to 40% for sure. Second, they are part of the products right now, which we are importing. We are importing from Turkey where my import costs are high. And we have a plan now to do the expansion of Phase 2.

So once that is being done, then the margins improve significantly, the moment we start manufacturing those in India. So we'll get this dual advantage. One, there will be a lot of improvement in the overall margin. And second, the growth will also propel us in terms of bringing down the losses. So FY '28, for sure, we will be into profits.

**Moderator:** Our next question comes from the line of Karan Bhatelia from Asian Market Securities Private Limited.

**Karan Bhatelia:** Yes, just to continue on the new capex. So correct to assume the new capex will be for thin line and the existing infra will be for the thick line. So I wanted to understand on the product profile, how better could be the realization profile of thin MDF and thick and also on the margin side? And if I have to break up the domestic market into thin and thick, how much is the share of each?

**Sanidhya Mittal:** So honestly, today, whatever realization you see is a blended realization of thin and thick. But today, given that we have one line and we have to produce all grades, all thicknesses, we have frequent stopovers and changeovers on that line. The moment we have 2 facilities in the same premise, we will dedicate each line for each category of product.

So one line will only make thin all grades, one line will only make thick all grades. So in that case, what happens is that the total output of each line can be increased with the fixed cost remaining the same. That's the way we can really increase our operating margins and leverage the efficiencies. So that is the major change which will come in. And answering your question about the thin thick, I think about 35%, 40% of the market easily should be thin boards and the rest is thick according to me. But there's no authentic data to back this and the experience we've gained over the years.

**Karan Bhatelia:** Right. And on the MDF side, again, we've seen players getting into aggressive capex mode. So what's the current installed base as on '26 end? And how do we see the industry level CAGR over next 2-3 years from all branded and small molecular brands?

**Sanidhya Mittal:** I think we are looking at -- I think that the industry -- the MDF industry in India will grow at a 15% CAGR is what we internally feel. This was the same question asked by our Board yesterday. And that is the numbers that we feel and even our Board feels confident. And looking at the history, Greenply was involved in this category long back even when Greenply was one entity. So we've seen this kind of a high growth CAGR over almost a decade now, as an organization.

**Karan Bhatelia:** And the only worry is if supply grows by 15% plus, we may not really have days where we can take price hikes or can see meaningful improvement in the margins or the regeneration profile?

**Sanidhya Mittal:** So I think we'll have to see the ROCE or the margin or how good an investment is over 3 years, 5 years and 7 years. So if we check the investments and returns on those intervals, I think we'll

be satisfied fairly. But if we see it on a short-term basis, yes, it might look like a very bad decision or a bad choice that currently, there's oversupply.

People are not making money, should we invest or not invest, but looking at Greenply's future and wanting to be dominant in the wood panel space, I think we need to continue to grow and dominate the space. And I'm very confident that on a long-term basis, we'll create enough value to satisfy us and each and every stakeholder.

**Manoj Tulsian:**

Also, Karan, what happens, there is -- so the installed capacity in MDF, we mentioned there in the call also. We are not able to -- most of the players, they are not able to operate on 100% of the installed capacity at any point of time. So there's already a gap of, let's say, 10% or 15%. Most of us will be able to operate because of the mix. So the installed capacity when it comes from the German manufacturer, they speak about certain thicknesses, certain sizes met in that proportion.

The moment we have the real mix, which we are today selling in the market, we also find that like we are talking about 71%. I think the moment we go beyond 85%, 86%, somewhere we will start feeling that heat, okay? So technically speaking, though we are saying 1,000 CBM, but we will not be able to manufacture 1,000 CBM with the present mix what we are selling, and that is true for most of the players.

So the capacity which is there in the market also, when we do our calculation, we feel that, that capacity should mostly get utilized in the next 12 months. Whatever capacities are already in place and also remember which you have mentioned earlier that these are plants that they don't operate at 85%, 90% capacity on day 1. It takes a cycle of 2 years to 3 years for them to reach that maturity of start delivering between 85% and 90% throughput.

So I think there is a level of balancing which has already happened. And for us, we clearly see that going into West is an advantage because there is a good market. There is no clutter there. We didn't want it to go into that space where there are already so many plants in South and North.

So even last time, like there were concern, but we've been able to prove to everybody that we took a good decision at that point of time and I'm sure this time also, we'll be able to prove this that what we have taken the call, both in terms of location and in terms of the pricing at which we will be able to establish this plant and the time line, possibly this will turn out to be good only.

**Karan Bhatelia:**

Thanks. Since there are no further questions, any closing remarks, management team would like to make.

**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:**

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