GPIL/2026-27
November 5, 2026

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400001

Scrip Code: 542857

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

Symbol: GREENPANEL

Dear Sir,

Sub: Transcripts of conference call held on November 2, 2026

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the conference call of the investors and analysts held on Monday, November 2, 2026, at 5:00 P.M. on the unaudited financial results of Greenpanel Industries Limited for the quarter and half year ended September 30, 2026.

Please take the above on records.

Thanking you,

Yours Faithfully,

For **Greenpanel Industries Limited**

Lawkush Prasad

Digitally signed by Lawkush Prasad
Date: 2026.11.05 18:25:24 +05'30'

Company Secretary & VP - Legal
ACS : 18675

Encl. As above

Greenpanel Industries Limited
Q2 FY27 Earnings Conference Call
November 02, 2026

Moderator: Ladies and gentlemen, good day, and welcome to Greenpanel Industries Limited Q2 FY27 Earnings Conference Call. I now hand the conference over to Mr. Gavin Desa from CDR India. Thank you, and over to you, sir.

Gavin Desa: Good day, everyone, and thank you for joining us on Greenpanel Industries Q2 and H1 FY27 Earnings Conference Call. We have with us today Mr. Shobhan Mittal, the Managing Director; and Mr. Himanshu Jindal, the CFO. Before we begin, I would like to state that some statements made in today's discussion may be forward-looking in nature and may involve risks and uncertainties. A detailed statement in this regard is available in the results presentation, which was shared with you earlier.

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

Shobhan Mittal: Good evening, ladies and gentlemen, and welcome to our Q2 & H1 FY27 earnings call. Our endeavor continues to be towards enhancing our sales volume across categories, and results of these initiatives are gradually becoming visible. On the retail front, volume growth remains strong both for MDF and plywood, building on the momentum of Q1. The retail MDF sales made during Q2FY27 were the highest ever for Greenpanel in a single quarter. Furthermore, if the pre-festive season pickup is anything to go by, we look forward to a much improved third quarter and second half of the current fiscal.

Our annual foreign trip scheme meet with our top 150-plus channel partners in Hong Kong and Macau in August has helped to further reinforce our connect with our partners and gives me confidence in our ability to further drive this growth as we enter the second half of the year. Price-sensitive OEM segment was slow to respond initially. Also, due to price increases taken in Q1, many OEMs had made alternate import arrangements, impact of which continued into Q2FY27. Pricing realignment with major counterparties has been undertaken, which has helped volume recovery month-on-month.

Abnormal conditions in the Middle East continue to persist, impacting the availability of containers and vessels, leading to higher delivery costs for our end consumers. Export salience still grew month-on-month despite further hikes in sea freight at the end of September. Our opening export order pipeline as of start of October is higher versus the total sales made during Q2FY27, reflecting the increasing inclination of customers in the region to again view us to be the dependable partner from

both a price and volume perspective. The spiraling freight costs have also made imports a less feasible proposition for the domestic markets.

Consequent to the late recovery in OEM sales and export sales remaining neutral due to the geopolitical situation and sea freight challenges, despite retail sales growing 17% year-on-year, the total volume degrew by 3.4%, while sequentially versus quarter 1 growth was 23%. Plywood sales also remained strong, growing 8.4% year-on-year, while sequentially the growth was 16.5% versus quarter 1. The total revenue for Q2 FY27 was INR407 crore, which implies growth of 4.6% versus last year and 16.4% sequentially over Q1 FY27.

For the first half of the year, our total revenues grew by 6.3% year-on-year to INR757 crore. Moving to expectations, the domestic demand drivers are intact. We expect 15% to 17% CAGR to continue for MDF. The recent implementation of Furniture Quality Control Order 2025 is expected to further support growth of wood panel demand in the country. The QCO is now in place for more than 6 months. The transitional relief period provided for imports and the exemption period granted to MSMEs has also lapsed in Q2FY27.

Large furniture makers have already commenced or announced fresh capacity additions to fill the potential vacuum created due to restrictions imposed by the QCO on import of substandard furniture. With the Line 3 at Andhra already in operation, there is sufficient organic headroom available to Greenpanel to capitalize on this opportunity. We also expect the current supply-demand gap to reduce as well going forward. Cost inefficient multi-daylight lines are increasingly becoming unviable in the present pricing conditions. The pace of capacity additions hereon is also expected to moderate as well going forward.

Imports too are no longer cheaper versus domestic supplies, recent container freight increases has added to the complexity. Greenpanel will continue to drive on picking up relative market share. We are aiming to achieve mid-teen MDF volume growth for the full year. Retail MDF business is expected to grow strong year-on-year, while we aim to recover the first half shortfall of MDF OEM and export MDF volume during the balance half of the year.

On the margin front, while pricing challenges are still impacting margins temporarily due to the current competitive pressures, chemical cost inflation is expected to moderate in the second half, while cost efficiencies and operating leverage advantage should play out as well with additional volumes to support margin expansion going forward.

Additionally, we are focused on minimizing gaps and inefficiencies, enabling us to be leaner and better prepared to leverage our scale and capabilities. With this, I request our CFO, Himanshu Jindal, for financial and other updates. Thank you.

Himanshu Jindal: Good evening all. I am sure you have seen the numbers in our earnings presentation. There are a few points I would like to highlight. First, on the margin front. While the prices were realigned to counter competition and gain market share, on the back of the softening of the chemical cost, our cost of production also reduced sequentially by 5%. However, considering that Q2FY27 still has the

disadvantage of more expensive opening inventory from Q1FY27, the full impact of the reduced cost is yet not visible on the Q2FY27 result.

Price reduction with the cost of goods staying a bit elevated optically is what led to margin contraction in Q2FY27. Some portion of this was obviously offset by the better fixed cost absorption sequentially given the thrust in volumes. As a result of this, the consolidated operating EBITDA margin for the quarter was 7.5% versus 9.6% in Q1FY27 and 10.2% last year.

For the first half, operating EBITDA margin improved by 100 basis points to 8.4%. Second, on the balance sheet front, we continue to remain disciplined with working capital and leverage in check. The working capital cycle has improved by 5 days versus the 30th of June numbers, while the net debt has further reduced to INR133 crore. We can open the floor for questions please.

Moderator: Thank you very much. We will now begin the question and answer session. First question is from the line of Praveen Sahay from Prabhudas Lilladher Capital. Please go ahead.

Praveen Sahay: Thank you for the opportunity. My question is related to the domestic volume. As you had mentioned, retail has done well, but it is still like OEM not picked up. Can you give the reason for OEM volume impact? And do you believe this OEM volume to improve in the rest of the year?

Shobhan Mittal: Yes, Praveen. If you look year-on-year Q2 last year, we have taken substantial corrective measures in terms of pricing to push OEM volumes. From Q1 of last year to Q2, we have almost doubled the OEM volumes. So, the base Q2 last year was almost 28,000 cubic meters, and then quarter 1 this year, we took a substantial price increase. Any benefit that the OEMs were getting in terms of pricing was removed and they were bought at par to the retail price levels, primarily on account of the war and the chemical costs going up.

So that did hamper the OEM volumes. And OEMs because they also do long-term planning in case a supplier is no longer viable for them. So, they did go ahead and place orders for imports, etcetera, which has affected the Q2FY27 volumes also. Going forward, of course, our hope and strategy is to regain as much market share back from the OEMs. So, we are hoping Q3FY27 to be a lot better than the Q2FY27 numbers in terms of OEM volumes.

Praveen Sahay: And have you seen this reflection so far in October?

Shobhan Mittal: It is moving in that direction, I would say. It is not to the levels that we hope it to be, but it is moving in that direction.

Praveen Sahay: Okay. Coming to the growth of the full year. As you are asking given 15% to 17% CAGR in the domestic volume. And if your OEM is not picking up, your number would be below than that. Is that fair to understand?

Shobhan Mittal: Yes. We want to make that up from the retail side and also pick up the OEM volumes again. Also, we want to have renewed focus on the export side as well. I mean the company's objective at this point of time is to at least grow in line with the market size.

Praveen Sahay: Next question is on the margin, because as Himanshu sir has highlighted that 5% of a chemical correction, which has not reflected. So, do we expect this in the coming Q3FY27, Q4FY27, this 5% of a correction in the chemical will reflect in our gross margin improvement?

Shobhan Mittal: See, in my opinion, the situation still remains quite volatile. Crude prices have again gone up. People are expecting the geopolitical situation to get disrupted again very soon. It is very hard to say where the chemical prices will stand at this point of time. It is impossible to predict that…

Praveen Sahay: If your utilization is improving, that is also not reflecting in your margin…

Shobhan Mittal: Of course. If the utilization is improving, the operating leverage will come to play, and that will definitely improve margins. No doubt about that.

Praveen Sahay: But Q1FY27 to Q2FY27, it is not reflected. From 51% to 55% of the utilization, which has improved, your margin has gone down.

Shobhan Mittal: Please understand that there was across the industry price correction as well.

Himanshu Jindal: Please appreciate quarter 1, we had a very steep increase coming into play, right? We increased our prices by close to 15%. If you see my domestic ASPs also, they moved up by 13.5% sequentially. Now I also had an opening inventory advantage. So anything which was produced or procured till quarter 4 end, right, which was I was sitting on 50,000 cubes of inventory, right, which was consumed in a way in quarter 1, right? So the full cost impact was not visible in quarter 1.

The price increase was definitely visible because of which there was a gross margin going up very, very clearly by almost 5%. Now on the contrary, in this quarter, what is happening is we have seen a sharp decline in pricing, right? Our ASPs have contracted by 6%, 7%. But more importantly, also along with that, the full cost of production piece is still missing. Why?

Because I was still carrying 50,000 cubes from the last quarter to this quarter, which was in a way manufactured at a higher cost. So those are the reasons because of which optically you cannot see differences or you see these kind of variations very honestly. Operating leverage is playing out. If you look at our fixed cost per cubic meter, that has come down for sure, but it is not enough. We need to do more volume.

Praveen Sahay: Thank you, sir for answering.

Moderator: Thank you. Next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Sir, I am trying to understand the market leader, it seems that our realizations are lower than the competitors who are smaller than us, for example, if you look at Greenply has also given Q2FY27 numbers, their MDF realization seems to be significantly higher than our realization. So why is there this dichotomy that despite the market leader...

Shobhan Mittal: I understand what you are asking. You see that situation prevails primarily because there is a certain value-added mix that everyone is chasing. Now because I have a larger base of sales, my value-added mix of the higher-priced product will be smaller as a percentage. It does not go in tandem based on your capacity or your sales volume.

So, the HDHMR grade or the HDWR grade as we call it, everyone has a finite volume that they are first targeting. That is the priority. Greenply with a lower base of capacity obviously has a much higher percentage of that particular product compared to the percentage that we will enjoy of that product. And on a sort of average basis, my per cubic meter realization would look different. But if you take a specific product to product realization, I am at par or even better than what Greenply would be.

Madhur Rathi: Understood. So basically, is it safe to say that for the like-to-like product, our base product versus competition base products and our value-added versus competitors' value-added, are we at a premium or are we selling at par versus...

Shobhan Mittal: So, it depends which competitor you are talking about. I would like to say that I think we are at par with a player like Action. With Greenply, I believe that we are definitely at a premium. With Century also, we are at premium in most markets on an apple-to-apple like-to-like product basis. Now of course, I am not going to compare with the Tier 2 companies because I am very sure we are at a much higher premium than those also.

Madhur Rathi: Sure, of course. But if we look at especially Century, they have really been able to scale up their MDF revenues so much so that in the first quarter, their volumes were marginally higher than our margin. Their volumes are marginally higher than our volumes. I am talking only of MDF. And despite that, their realizations were higher than us?

Shobhan Mittal: As a large player, we have always had a bigger mix of, let us say, OEMs and interior products. We are servicing the entire country in that format. We had a much larger share of the OEMs also compared to what Century has. And that is why now our focus has increased also on the retail side. And we are trying to get growth from the retail side to improve the overall cubic meter utilization – but it is basically a play value mix, I would say...

Madhur Rathi: Sir, even if I consider the past 5 years, our absolute volume growth in the domestic market has been lower than a smaller competitor like Rushil Decor. So where are we losing because our competitors are scaling up their volumes at a much faster rate than us. Where is this leakage coming from, if you can help us understand?

Shobhan Mittal: As I said for a few quarters, I have been maintaining that at one point of time, we were undercut in terms of pricing, but now we have taken a decision to be price aggressive and which is what you are seeing for the past couple of quarters, resulting in volume growth for us as well.

Madhur Rathi: Got it. So, when we consider our cost of production versus any player, how much cheaper would cost of production for Greenpanel versus any other player in this industry?

Shobhan Mittal: I would not know the cost of production of the others. But for example, my cost of production between the two different plants is very different as well because raw material costs vary quite drastically zone-to-zone.

Madhur Rathi: Got it. And just one final question, how is the import of MDF panel from Thailand and other geographies post the BIS that was implemented a few years ago...

Shobhan Mittal: I think what has impacted imports in recent quarters is basically more the freight side and the chemical cost going up due to the geopolitical situation. I do not think BIS to a very large extent has supported restriction of volumes also. Post BIS, what also happened was domestic pricing became competitive enough to stop imports coming in because of internal domestic competition. To pinpoint that how much has BIS benefited the domestic industry is very hard to say because many of the larger suppliers are already BIS certified as well, I mean the import companies.

Madhur Rathi: Got it. Sir, that was from mine. Thank you so much and all the best.

Shobhan Mittal: Thank you.

Moderator: Thank you very much. Next question is from the line of Keshav Lahoti from HDFC Securities. Please go ahead.

Keshav Lahoti: Thank you for the opportunity. Sir, I want to understand one thing. In Q1FY27 call, you highlighted OEM things are settling. We have done the pricing realignment in last con call, but still OEM numbers are weak. I just want to understand how confident we are that OEM seems to pick up in next Q1?

Shobhan Mittal: So, you see OEM business will always be more threatened from what the import prices are prevailing. Also, because in the OEM business, it is a very commoditized business. Quality is not of the prime concern. A Tier 2 or Tier 3 company also is able to undercut and enter that business. It is a business that is threatened by many more factors as opposed to the retail business.

It has always been like, you know, you see we took some pricing correction last year between quarter 1 and quarter 2, we were able to double the volumes. It is an opportunistic and, I would say, a cyclical business in that manner. But we are confident and focusing on bringing, I mean, of course, retail continues to be the prime focus. But OEM business also we are trying to bring back the volumes we were enjoying last year.

But as I mentioned earlier on the call, Q1FY27 OEM got affected because of the price increases we took in the market, removing the benefits of the OEM pricing. And Q2FY27, of course, was a lingering effect because they had already planned from alternate sources the volumes that they required.

Especially when it comes to importing products, it is longer-term planning, larger volumes are placed into orders. And with the freight situation, their arrivals were not as planned as they had thought it would be. The effect was lingering on for a longer period.

Keshav Lahoti: In this quarter where MDF margin is 8%, can you give us some sense what is the margin you will be making in retail business, what sort of margin in export and what will be the margin in OEM business, a broader area of business?

Himanshu Jindal: See, it obviously depends on the geography, the product, the size, all of these factors count in. But on a broader basis, yes, retail makes more money. This is very clear. The margin differential can be anything between 5% to 20% also depending on how the pricing is and the costs are.

So it is very difficult to answer in a single sentence, Keshav. It all depends on how much volumes am I getting when I do OEMs or export. One good thing which happens is I get a very consistent run, right? So these are large bulk orders which are getting serviced out of our lines. There is an operating efficiency play also which comes into play. But still, I make more money on retail. This is super clear.

Keshav Lahoti: And normally OEM is for domestic or export also? Can you use the word OEM?

Shobhan Mittal: No, OEMs would be primarily for domestic. These are basically converters who are buying local material and processing it in some way. As per our company policy, they are not allowed to trade our material. They have to process it in some way and value add to it. They might be selling the value-added products in the export market. That is possible. There are certain OEMs who do that.

Keshav Lahoti: One last question from my side. I understand things are quite volatile, but possibly is it fair to assume MDF margin will be at least double-digit in the upcoming quarters?

Shobhan Mittal: Well, that is definitely our aim and our hope, and we are hopeful that will happen, yes.

Keshav Lahoti: Okay. Thank you so much. All the best.

Moderator: Thank you very much. Next question is from the line of Vishal Shah from Pravin Ratilal Wealth. Please go ahead.

Vishal Shah: Can you please quantify the first October export order in terms of the cubic meter value and market? And what will be our H2 export volume expectation? And like what share now goes outside the Middle East for exports?

Shobhan Mittal: I would say about 85% of the exports is going into the Middle East at this point of time. We do have certain exports to Southeast Asia and also to Sri Lanka. But the volume of that is not so large. If I give you a number to what my opening order book at the beginning of October was, I had about 13,000 cubic meters of export orders that were pending.

But because of the freight situation being volatile on a week-to-week basis and apart from the fact that the customers are willing to pay higher freight, availability is even a bigger concern. The container situation changes on a very drastic basis. And availability has been a bigger concern than just the cost of the freight.

Even if the customer is willing to avail or accept the higher sea freight, we have not been able to source the containers from the shipping lines. And because of that, we have not been able to execute

the entire quantity that we had at the beginning of the month in October. Does that sort of answer your question?

Vishal Shah: In terms of the export order book, you have mentioned 13,000 cubic meter as in 1st October. But in terms of value, you can already quantify per cubic meter?

Shobhan Mittal: You are talking about value?

Vishal Shah: Yes.

Shobhan Mittal: Value on a per cubic meter basis, I will tell you on an FOB basis. Again, there is a product mix involved etcetera. Let us say, basic product, 18 millimeter interior grade, today's market price would be anywhere between about $200 to $220 per cubic meter, FOB.

Vishal Shah: And what will be the EBITDA per cubic meter for export versus domestic for the Q2FY27?

Shobhan Mittal: Himanshu, I do not think we have a separate number for that?

Himanshu Jindal: No, no, at this point in time. See, the dynamics are very different, Vishal. There is also you get export incentives coming into play, you get an EPCG benefit, etcetera. More importantly, you are able to run your lines like tech consistency. So it is a value accretive proposition and with the pricing where it is today, I think we are making sufficient amount of money there on export. So that is fine.

Vishal Shah: But in terms of margin, if you can quantify?

Himanshu Jindal: I do not think I would want to do that at this point in time. But yes, I think it is relatively better than where we were, let us say, in quarter 4. The markets are changing. You know, the costs are changing every day. Like Shobhanji mentioned, it is also product specific, region specific, certain regions making more money, certain not, right? So a lot has to be looked into. There is no blended answer specifically on this at this point in time.

Vishal Shah: Okay. Thanks. Thank you so much, sir.

Moderator: Thank you. Next question is from the line of Saurabh Beria from Sameeksha Capital. Please go ahead.

Saurabh Beria: Hi, thanks for the opportunity. From the capex point of view, I know the fact that for the next years, we do not have any capex in line. But on a sustainable basis, if you can guide us what is the GFA or the net asset turns that you think would be in the business going forward?

Shobhan Mittal: Yes, Saurabh, I think optimistically with the current product mix, and optimizing a little bit with the value addition coming into play and operating leverage coming into play, I think we should be able to reach 1.3x to 1.5x number, I would say.

Saurabh Beria: GFA or net asset turn numbers?

Shobhan Mittal: I would say net asset turn.

Saurabh Beria: Okay. 1.5, okay. This is a sustainable number that you speak of, right?

Shobhan Mittal: Yes, at capacity.

Saurabh Beria: Okay, perfect. And like, do you have any number on what is our current market share in the mix that we operate in? Or do we do any working on that?

Shobhan Mittal: Yes. So I would say, I think our market share should be anywhere around 23% to 25% at this point of time. You are talking domestic, right? I am assuming you are talking domestic.

Saurabh Beria: Yes, domestic, right. Just last question on the part of, so what is the capex that the other players are bringing in both in the organized and unorganized space, like for the next two to three years, if you have?

Shobhan Mittal: I have done a calculation. A very concrete number, I would say over the next 2 years is an additional -- when you say capex ramp up, I am going to answer in volumes. According to me, there would be an addition of about 800,000 to 900,000, which is over the next 2 years, cubic meters per year.

Saurabh Beria: Perfect. And do you see any beat on the realization as a whole given the massive supply which comes in?

Shobhan Mittal: See, I would say because realization is already at a low level that it is not going to be sustainable for price reductions further by anyone to that matter. And especially with the new company entering with the probably a debt load to service, I do not think selling at lower prices beyond today would be practical.

What has happened over the past 2 years is the capacity addition has been at astronomical sort of levels, right? But now that is sort of toning down. It is not going to be in the same way. So yes, there will be oversupply for the next 2 years at least which will result in pricing pressures or oversupply. But that gap is going to narrow down as we go forward.

Saurabh Beria: Okay. Thank you. And all the best.

Moderator: Thank you. Next question is from the line of Sneha from Nuvama Wealth Management. Please go ahead.

Sneha: Good evening, sir and thank you for the opportunity. Just a couple of questions from my end. One is with respect to industry. We have seen the bottom you just said that you do not see pricing sustaining beyond a couple of quarters, but despite that in Q2FY27, we saw steep correction in prices, whatever price increases we saw in Q1FY27 that was almost passed on. How do we read this industry? Are you even seeing any exits happen by the smaller players or is there still the balance sheet trend which can up for a couple of more quarters? How should we read into it?

Shobhan Mittal: Sneha, I would say smaller multi-daylight presses are finding it increasingly difficult to sustain. There are some sort of malpractices in the industry, especially with the unorganized segment where they are

simply adding color to a standard grade product and selling it as moisture resistant or high-density product, which in turn is helping them survive at this point of time.

Right but with the various initiatives the industry is taking the BIS coming into play, these are not long-term sustainable sort of practices. And this will result in certain players either getting absorbed by the bigger players or going out of business.

But outright, if you are asking me, I know like, for example, a company which has a multi-daylight press and a continuous press at the same time has chosen to stop production in the multi-daylight press and continued production in the continuous press. So, instances like that are happening. Is that your question? Is that what you were asking me?

Sneha: Somewhat yes. But still trying to picture how long this can further take for those capacities to completely get out of the system. And by when can we expect some stability in terms of pricing? Even if I look at the top players, I see the competitive intensity very high. At what percentage of utilization can we actually see that easing out is the primary thing that we all are trying to look for?

Shobhan Mittal: Different companies have different sort of, I would say, breakeven levels and my utilization levels even with the mix that I have today of customers, OEMs and exports, which are less lucrative, I am at about a 50% to 55% utilization, right, with whatever margins I am enjoying. Certain companies at a much higher utilization are not that far off for that matter in terms of margins.

Sneha: And any impact of cyclone could actually quantify in terms of sales numbers?

Shobhan Mittal: No. The only thing that impacted us was that the quantity of raw material that we had planned to procure this month in order to build inventory we were not able to achieve because of disturbance in supplies.

Sneha: But no impact on sales?

Shobhan Mittal: No impact on sales, I would say. It did not affect our production in any way. We were lucky enough to be holding enough inventory.

Sneha: Got that, sir. All the best team.

Moderator: Thank you very much. Next question is from the line of Anu Parekh from Anand Rathi. Please go ahead.

Anu Parekh: I just have one question. What is the share of OEM in Q2 FY27? And where do you see the share of OEM going in H2 FY27 and FY28?

Himanshu Jindal: See, last year OEMs were between 25%, 30%, right? In this particular year, the first half , OEMs were at 15% only. How we see it, maybe we should get back to the normalized numbers pretty soon, you know, with the focus around pricing, etcetera. Does that answer, Anu?

Anu Parekh: So last year, you said for H1 FY26 was 25%?

Himanshu Jindal: Yes. It was 25%, even a little higher in certain quarters and I think we can get back to those normalized numbers. Today, we are at 15% with retail growing the way it is, yes, I think 20% - 25% is something which is possible.

Anu Parekh: Yes, understood. Thank you so much.

Moderator: Thank you. Next question is from the line of Arun Baid from ICICI Securities. Please go ahead.

Arun Baid: Just wanted to have this clarity. When can we see the volume growth be equal to industry growth because it is bifurcation between OEM and, the retail business comes up when numbers are not in line with expectations. It is very important for us to understand, when we tell our counterparts, look at this stock. As a company, when can we see that 15% at least industry growth?

Shobhan Mittal: I mean Arun, our hope is that next quarter or the quarter subsequent to that, we should be at that level. We have been focusing strongly on the retail side, OEM there were multiple factors why there was a degrowth, which we mentioned earlier. But of course, the aim is hopefully, this coming quarter or the next quarter, we should be at those levels.

Arun Baid: And assuming we are there, that 15% growth, and today's pricing scenario and raw mat, because, wood has, is not going to go up much and chemical hopefully comes out, or at least stay stable the way it is. Then, at that 15%, can we expect the margins to be at least be the teens?

Shobhan Mittal: Sorry, margins to be?

Arun Baid: In the teams if we do that 15% volume growth?

Shobhan Mittal: I will not say very high teens, but yes, we can.

Arun Baid: Early teens?

Shobhan Mittal: Yes.

Arun Baid: And second thing is from the OEM side because 15% of the business is getting affected. Do you see at least by end of this quarter, that number to show growth? I do not have numbers of Q3 last year business, I do not know the base?

Shobhan Mittal: Actually, Arun, last year OEM numbers starting quarter 2 were substantial. We were at 28,000 in quarter 2. We were at, I think, around 25,000 to 26,000 in quarter 3. So the numbers were substantial last year…

Arun Baid: It will be 15%-20% of sales, right? Am I correct?

Shobhan Mittal: I think Himanshu mentioned we were close to 25% of sales last year.

Arun Baid: No, no. That was Q2. He mentioned that for Q2. If I am correct?

Shobhan Mittal: Yes.

Arun Baid: So, what I am trying to say is, Shobhan, last year, our volumes in Q3 was 1,14,000 CBM. So assuming we did 25%-30% in that range, we will be at 20%-25%. Am I correct?

Shobhan Mittal: Yes.

Arun Baid: In that case, can we expect that number, the degrowth there to be zero…

Shobhan Mittal: You see what has also happened is, you know now for example, new entrants coming into South India with new plants coming up, they are also vying for this business, right? So there is definitely increased competition in that segment. So, for me to tell you that we will be back at that level, I think it is a bit hard to predict at this point of time.

Arun Baid: And Shobhan just on the realization front, I just saw that our realization from Q1FY27, I am talking about domestic business only down by about 7%-odd percent as per the PPT against the price fall of 15%. Any particular reason because it looks to be decent...

Shobhan Mittal: Blended lower percentage of OEM sales has contributed towards that. We have grown in the retail side…

Arun Baid: Yes, in Q1 the OEM would be similar, right? Or the OEM was much different. So our de-growth in Q1 was 15%.

Shobhan Mittal: But Q1, we were also having that price increase, no, Arun?

Arun Baid: No, I am just trying to say the fall between Q1 and Q2 is just about 6.8%. The prices came down by about ballpark 15%, let us say 10%...

Shobhan Mittal: So Arun, that is also a function of, I would say, product mix. We have been focusing on increasing pre-lam sales. So multiple things have gone on.

Arun Baid: Okay great. Best of luck Shobhan Ji. Thank you.

Moderator: Thank you. Next question is from the line of Anubhav Goel from Cosma Ventures. Please go ahead.

Anubhav Goel: Sir, you mentioned more competition in South like we always had Rushil Décor's plant next. And now we have action, their first plant commissioned in Gujarat in October. So, sir, this would mean like pressure for us specifically would be higher than what we have faced so far. I mean that pressure will get much harder for us in 3Q and 4Q?

Shobhan Mittal: And not just for us, it will be for everyone. Increased volume in a certain zone would definitely mean pressure. No doubt about that.

Anubhav Goel: Correct, sir. Correct.

Shobhan Mittal: Wwill that translate to pricing pressure? I mean I do not know yet because of the current levels that we are at. I generally feel Action is not a company that engages much into undercutting, etcetera you know.

Anubhav Goel: Price is fair enough, but volumes probably will take some time for us to get...

Shobhan Mittal: Correct.

Anubhav Goel: Okay, sir. Okay.

Shobhan Mittal: See even today we are at 50, certain companies are at 60, 70. So oversupply is prevailing even today for that matter. Volume pressure is across the country, everywhere even today for that matter. You know…

Anubhav Goel: And sir, what would be your share currently of VAP volumes like HDMR pre-lam, because what I understand cracking these channels of architects and contractors is like it takes time and is a little hard to do.

Shobhan Mittal: You see today as a company, of course, our focus is let us increase value-added products. But today, the focus is increase anything we can in terms of volumes because as a company, we have surplus volumes. Everything that gives me contribution, I want to sell. That is my focus at this point of time as a company.

Anubhav Goel: So, right now, this number would be like maybe 30%, 40% of...

Himanshu Jindal: For the first half, I remember this was 43%, 44% by volume. By value, this must have been close to 55%.

Anubhav Goel: Okay. Perfect. Perfect. And sir, this number will probably stay. We expect this 55% number to stay?

Shobhan Mittal: The volume number to stay, or improves yes…

Anubhav Goel: Got it. Got it.

Anubhav Goel: Thank you, sir.

Moderator: Thank you. The next question is from the line of Praveen Agarwal, Individual Investor. Please go ahead.

Praveen Agarwal: Hi sir. Just wanted to ask a couple of questions. A, I just wanted to understand if somebody would set up our capacity of facility, what would be the cost of setting up this kind of facility. I am just trying to understand what is the replacement cost of that?

Shobhan Mittal: Okay. So when you say our capacity, so we are today currently at almost, about 2,800, 2,900 cubic meters per day, which translates to almost 900,000 cubic meters per annum. What I hear at this point of time, for example, the plant that a company like Elixir has recently set up for about 250,000 cubic meters. That cost about INR800 crore to INR850 crore...

Praveen Agarwal: Okay. So, would 3x be a good number to think for 900 or 2.5x at least at the minimum?

Shobhan Mittal: Sorry, I did not understand. 3x means?

Praveen Agarwal: I am saying basically for every 100,000 CBM 2.5x...

Shobhan Mittal: Also depends on the configuration of the line, right? If you make a single line larger, then the cost does not go up on a pro rata basis. For example, my 1,200 cubic meter line as opposed to 600 cubic meter line did not cost me double. May have possibly about 25%, 30% more on, let us say, at the same time of the year. The larger the product line gets the, let us say, cheaper per unit of output it gets. Am I making sense…

Praveen Agarwal: Yes. You are just saying because of the economies of scale is that why…?

Shobhan Mittal: Yes.

Praveen Agarwal: So that is one part of the question. The second part, if you just compare ourselves larger players may not be large in terms of their MDF capacity but say larger overall like reasonably the organized players, their margins have not fallen as much as ours. You know even, Greenply reported results just last week at 15% margins at EBITDA level. Why would so much variation? I can understand 1% or 2% here and there, but why would that be so much of a gap...?

Shobhan Mittal: The gap is on 2 accounts, I would say, much higher capacity utilizations for Greenply and B, a much higher percentage of value-added products as opposed to me because end of the day, they are at about 17,000 - 18,000 cubic meters per month, if I remember the numbers correctly, for example, if I am selling 15,000 cubic meters of HDWR theoretically, right? Out of the 40,000 domestic which I am selling compared to them selling 8,000 or 9,000 of that 18,000, that makes a big difference in terms of margins. And of course, they are enjoying their operating leverage because it is a smaller plant, so they are running at a higher capacity.

Himanshu Jindal: So Praveen you see apart from the player that you named, there are 2 more players within the listed space, for which the results come in. If you look at quarter 1 numbers, this is what has come out. While we reported what we reported for MDF, which was 10% - 10.5%, these other 2 players with larger capacities than the players that you mentioned were operating at 7% - 8% - 8.5% EBITDA margins on MDF. This is what is there in their own investor presentations.

So, there is definitely some bit of pressure which is there on account of the costs, you know, which are fairly elevated at this point in time. Please do remember all the other 3 players that are there in the listed space are operating at a much higher capacity utilization than us. Even with that if we were there. And now with things happening now more in quarter 2 in terms of price drops, etcetera.

There is obviously some pressure on margins, which we hope to negate via additional volumes and whatever we can do at our end in terms of consumption parameters, efficiencies, etcetera. Does this answer your question, Praveen?

Praveen Agarwal: Yes, yes, it does. Can I ask one more question?

Himanshu Jindal: Yes, please.

Praveen Agarwal: Yes. So this is more in terms of industry volumes as a whole. I understand that when somebody plans facility, it takes a couple of years at least to set it up. And all these whether it is Cross Bond or Elixir these facilities must have been planned at the peak of the cycle. And now since we are closer to the bottom of the cycle, do you see anybody, I mean if I do the simple math to me ROCE, I cannot even see 10%. So I could see why put up new facility?

Shobhan Mittal: I think everyone is scratching their heads and thinking why did we set up plants to be honest at this point of time, even guys who are coming online. So you are right to assume that at this point of time, people will think multiple times before deciding to set up an MDF plant.

Praveen Agarwal: Just on the continuation of that. If we do not see in terms of next 2 years, let us say, if we take a slightly 2-year view, what do you think the industry utilization levels would get to? I would imagine right now we are at 3.5 million CBM annually, something like that?

Shobhan Mittal: Yes.

Praveen Agarwal: For the industry as a whole?

Shobhan Mittal: Yes.

Praveen Agarwal: And can we expect 15% to 20% growth in volumes to continue in the industry?

Shobhan Mittal: Correct. Yes I think that is sustainable.

Praveen Agarwal: The volume, which is coming from industry, you mentioned the 800,000 CBM new is coming. Apart from that, anything else coming in next 2 years?

Shobhan Mittal: I would say nothing substantial.

Praveen Agarwal: Thank you. That answers my questions. Thank you.

Shobhan Mittal: Thanks, Praveen.

Moderator: Thank you Next follow-up question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Sir, thank you for the opportunity. Sir just one clarification at what capacity utilization is the industry operating right now?

Shobhan Mittal: I would assume that on an average, it should be somewhere around the 70% level.

Madhur Rathi: Got it. Sir, on the import which country is India importing MDF from currently?

Shobhan Mittal: Mostly from Southeast Asia, Thailand and Vietnam.

Madhur Rathi: Got it. And sir, how is the raw material sourcing there versus what it is in India because what I understand is post COVID, there was a lot of hardwood pulp that was planted in India and that benefit

should come out by this year or next year. So how should we look at gross margin for Greenpanel going forward? Can we reach the previous high 40s cost of goods sold, if you can help us understand?

Shobhan Mittal: Raw materials we are noticing that it has stabilized over the past few months. And also the fact that the industry has moved on to different species of raw materials and moved away from the dependency on a singular species like eucalyptus, which has also resulted in sort of lesser price escalation of raw material in general. Our estimation is that going forward, raw mat prices should remain stable or even to a certain extent start correcting a little bit. That is what our estimation is and I do not know if you ask me about raw material situation for the import companies or the exporting countries.

Madhur Rathi: No, sir. So you answered my question. And it seems that the imports from Thailand their raw material is rubber plant. So how is there an issue there or if you can help us understand on that as well?

Shobhan Mittal: Thailand has abundance of rubber plantations and acacia and things like that. And it has been fairly sustainable their raw material supply. There is not been any substantial capacity additions in terms of manufacturing. Hence, their prices have been relatively stable compared to the volatility that we see in India or we have seen in India rather.

Madhur Rathi: Got it. Sir that is from my end. Thank you so much and all the best.

Moderator: Thank you. We take the next follow-up question from the line of Keshav Lahoti from HDFC Securities. Please go ahead.

Keshav Lahoti: Yes. So just need a data point, what is the OEM sales for H1FY27 and in Q2FY27 and what is the EPCG benefit for this quarter?

Himanshu Jindal: Yes. So 15% of the domestic volume, you have the domestic volume for both the quarter 2 and the first half, which is 100,000 for quarter 1,13,000. So total 223 of that 15% is OEM. The second question was what?

Keshav Lahoti: EPCG benefit for the quarter?

Himanshu Jindal: EPCG for the quarter was roughly INR4 crore.

Keshav Lahoti: Got it. That is it. Thank you.

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

Shobhan Mittal: Thank you, everyone, for joining this call. We look forward to speaking to everyone in the next call. And if anyone has any further questions or clarifications, please do feel free to reach out to us. Thank you, and happy Diwali to everyone.

Moderator: Thank you very much. On behalf of Greenpanel Industries Limited, that concludes this conference. Thank you for joining us.

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