Greenply/2026-27
July 27, 2026

The Manager	**The Manager**
BSE Limited	National Stock Exchange of India Limited
Department of Corporate Services	Exchange Plaza, Bandra Kurla Complex
Floor 25, P. J. Towers, Dalal Street	Bandra (E)
Mumbai - 400 001	Mumbai - 400 051
Scrip Code: 526797	Symbol - GREENPLY

Dear Sir / Madam,

Sub: Conference Call Transcript

Please find enclosed Conference Call Transcript in respect of conference call for Investors and Analysts held on July 24, 2026 on the financial results of Greenply Industries Limited for the quarter ended 30th June, 2026.

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

Thanking you,

Yours faithfully,
For GREENPLY INDUSTRIES LIMITED

KAUSHAL KUMAR AGARWAL
Digitally signed by KAUSHAL KUMAR AGARWAL
Date: 2026.07.27 19:01:10 +05'30'

KAUSHAL KUMAR AGARWAL
COMPANY SECRETARY &
VICE PRESIDENT-LEGAL

Encl.: As above

"Greenply Industries Limited
Q1 FY27 Earnings Conference Call"
July 24, 2026

MANAGEMENT: **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**

Moderator: Ladies and gentlemen, good day, and welcome to the Greenply Industries Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen mode only and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Karan Bhatelia from Asian Markets. Over to you.

Karan Bhatelia Welcome to 1Q FY27 Investor Call of Greenply Industries. From the management, we have Mr. Sanidhya Mittal, JMD; and Mr. Sanjiv, CFO. I now hand over the call to Sanidhya for his opening remarks, post which we can open up for Q&A. Over to you, Sanidhya. Thank you.

Sanidhya Mittal Thank you, Karan, and good evening, everyone. It is a pleasure to welcome you all to Greenply Industries earnings conference call to discuss our performance for the first quarter of financial year '27.

As highlighted during our previous earnings call, we were witnessing encouraging demand momentum across our businesses, and I'm pleased to share that this trend continued through the first quarter. In Q1 FY27, we delivered double-digit volume growth in both segments, in line with our guidance. On the marketing front, we continue to strengthen our brand presence and reinforce our commitment to sustainability during the quarter.

We launched our One Sheet, One Tree campaign, a long-term sustainability commitment under which we plant one tree for every plywood sheet supplied for infrastructure and interior projects across India. This is not a time-bound campaign, but a continuing promise that reflects our vision of contributing to a greener India alongside our business growth.

The ongoing geopolitical tensions and the recent conflict in the Middle East resulted in elevated imported chemical prices, extending the sharp cost pressures observed towards the end of Q4 FY26. This necessitated price increase across the industry, as this situation gradually improved and supply chains normalized during the second half of first quarter FY27, input costs began to moderate.

Consequently, the effective price increase currently stands at approximately 7% to 9% in the MDF business and 3% to 5% in the Plywood business. We are regularly monitoring the situation and will take corrective measures as required.

Now I would like to update you on Greenply Q1 FY27 financial and operational performance. Consolidated revenue for Q1 FY27 stood at INR724.9 crores, registering a robust 20.7% Y-o-Y increase. Our consolidated core EBITDA was INR78.3 crores, with a core EBITDA margin of 10.8%, representing an expansion of 50 basis points year-on-year.

Let me share the highlights of our individual business segments. In our plywood business segment, we have achieved a volume growth of 13.8% on a Y-o-Y basis in Q1 FY27, with a revenue of INR526.6 crores, value growth of about 16% on a Y-o-Y basis. Realization stood at

INR265 per square meter, a growth of 4.3% on a Q-on-Q basis. On the margin front, our core EBITDA margin stood at 8.4% for Q1 FY27, a growth of 50 basis points Y-o-Y.

Moving to MDF business, we've achieved a quarterly revenue of INR195.7 crores with volumes reaching approximately 58,000 cubic meters. This reflects a strong Y-o-Y growth of 32.8% in value and 24.7% in volume terms. This realization improvement -- the realization improved from INR33,525 per CBM, a growth of 9.9% on a Q-on-Q basis. Margins for the quarter stood at 17.3%, supported by higher sales and operating leverage.

Moving on to the furniture and fittings JV. We achieved a sale of INR13.61 crores in Q1 FY27. The JV reported a PAT loss of INR11.48 crores in Q1 FY27, with our share of loss amounting to INR5.74 crores. I'm pleased to announce that in the MDF segment commercial production of new flooring manufacturing line commenced successfully on 20 July 2026.

This is marking another significant milestone in our growth journey. Our expansion projects, including the new MDF facility at Vadodara and the new greenfield plywood manufacturing facility in Orissa are progressing as planned and remain on track for commissioning within the committed timelines.

On the balance sheet front, we continue to maintain a prudent financial position while investing for future growth. As of the end of the quarter, our consolidated net debt stood at 533 crores with a debt-equity of 0.57x. This remains well within our guidance for the range of 0.7 to 0.75, reflecting our strong disciplined capital allocation and healthy financial position even as we continue to execute our planned capital expenditure program.

Overall, we remain optimistic about the demand outlook and the momentum across our businesses. With our expanding manufacturing footprint, strengthened brand portfolio, and unwavering focus on operational excellence, we are confident of sustaining our growth trajectory. We are confident to achieve the target of 10% volume growth in plywood and 25% to 30% volume growth in MDF segment for the full year and remain committed to delivering consistent profitable growth while creating a long-term value for all stakeholders.

With this, I would like to open the floor for Q&A session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sneha from Nuvama. Please go ahead.

Sneha: Hi, good evening team and thanks a lot for the opportunity. Just a couple of questions from my end. Firstly, just wanted to, you know, understand on the plywood margins front. While your gross margins have improved on a quarter-on-quarter basis, what could be the reason for, you know, a drop in your EBITDA margins? That's first.

Sanidhya Mittal: So, I think the major reason for a drop is even though, you know, the volume growth we've been able to achieve, but I think the absolute number was very low and the base in Q1 FY26 was kind of low. So even though we achieved the volume, but the absolute numbers far away from the number we did in Q4. So, you know, if absolute so the moment we start reaching the Q4 numbers, which is anywhere close to 600 and 600 plus every quarter, I think 10% plus is very easily achievable.

Sneha: Could we aim that from coming quarter or for annual number are you comfortable giving 10% as the margin guidance?

Sanidhya Mittal: I think we still are very confident on the 10% margin guidance that we've given. The only challenge that, you know, we had in Q1 was that, you know, we lost out on sales. If you look at our overall, you know, utilization level in the capacity of the plants also it was only 92%, 93%, which last quarter was about 98%, 99%.

Yes, sorry, we were answering Sneha's question and the line got disconnected. So, the absolute number in this quarter was much lower than Q4. And I'm quite confident that, you know, once we do the numbers, much higher numbers in coming quarters, I think we'll easily be able to achieve the 10% guidance. Also, typically April, May, there's always a, you know, plywood being a very manual business, I think the labour force availability in April, May is lower.

And there was election this time, so you know, that's the reason our plant availability was utilization was lower and even outsource utilizations were lower. So that kind of did not help us achieve the ideal turnover. We could have done much better number. Going forward, I think we will get this 10%.

Sneha: Similarly, on the MDF business, while your volumes now have again dropped on a quarter-on-quarter basis, definitely there's an increase on your gross margins have actually improved and your EBITDA margins -- actually your gross margins have fallen while your EBITDA margins have improved. Can I just get the connection here also in the MDF side?

Sanidhya Mittal: I think if you compare from the previous quarter last year, we were sitting at about 46,000. So again, that I think we've done 57,805 cubic meters, right?

Sanjiv Keshri: Yes.

Sanidhya Mittal: So, our volume is kind of gone up by 24.7% Y-o-Y.

Sneha: No, I'm again trying to compare quarter-on-quarter. Quarter-on-quarter definitely there's a dip in MDF, which is seasonality I understand. But if I look at your gross margins, they have gone up and your -- so basically let me just put it other way. In case of your EBITDA, you know, EBITDA percentage margins of MDF, with whatever value-added share that you're doing, what could be the, you know, EBITDA margin movement that could -- that we can see even from these levels?

Sanidhya Mittal: It's very difficult to tell you, but I think Sanjiv will come back to you that what will be the range.

Sanjiv Keshri: So see, as per the capacity right now we have, the EBITDA margin will be around the 16% to 17% on a sustainable basis. Once the other line will come up, where we are doing around 70% extra capacity we are adding, so there will get some operating leverage on that time, the EBITDA margin may increase by 1% further.

Sneha: Understood. So that time it can actually reach up to even 18% is what you're trying to say?

Sanidhya Mittal: Yeah, because, you know, one manufacturing location, no? People are not going to double with the capacity doubling. So the cost won't double in that tune.

Sneha: Understood. I'll get back in the queue. Thanks, thanks team. All the best.

Moderator: Thank you. The next question is from the line of Jeeval Shah from VVD Asset Managers. Please go ahead.

Jeeval Shah: Hi, thank you for the opportunity. Could you please provide us an update on the trend in wood prices, particularly for the timber procured from South India?

Sanidhya Mittal: Can you please repeat?

Jeeval Shah: Can you provide us an update on the trend in wood prices, particularly from the timber procured from South India?

Sanidhya Mittal: So Greenply is honestly not very heavy in South and, you know, we're hardly procuring anything from South India. So, it's very difficult for me to comment about the South Indian timber prices. But very soon, you know, once we have the Odisha facility up and ready, we are very physically close to Vizag. So, there'll be some amount of influence of the South Indian pricing on the pricing in Odisha also at that part of Odisha where we are going. But today we have no connection to the South Indian timber prices because we are not treating that as our catchment to source timber.

Jeeval Shah: Fine, no problem. That's it.

Moderator: Thank you. The next question is from the line of Disha Chhabria from Trinetra Asset Managers. Please go ahead.

Disha Chhabria: Hello, am I audible?

Sanidhya Mittal: Yes, please.

Disha Chhabria: Yeah, thank you for the opportunity. My question was about of this plywood volume growth. How much was the genuine demand recovery versus how much was actually from the market share gain from the unorganized players?

Sanidhya Mittal: So I think if you look at the overall plywood numbers, I think 13.8% was a volume growth and value growth was about 16%. I think this is, you know, whatever green shoots we are seeing as a category post-COVID, I think definitely we are eating the share of the unorganized, that's why we are seeing these green shoots.

And our numbers could have been much better than this, as I mentioned earlier in Sneha's question, that A, there was a lot of disruption because of elections in manpower across all plants, so April, May the utilization levels were lower than expected, and also the outsourcing didn't work very well for us in Q1.

So, you know, honestly these two things work, the number could have been even better. So to be very honest, I think we've lost sales in Q1. So we are very seriously building Odisha and probably even after that we won't stop. We'll yet again build another plywood facility.

Disha Chhabria: Okay. And another was on the plant, you said the commissioning would be starting from 20th July, am I right?

Sanidhya Mittal: Yes, 20th July we did the first production for the flooring, for the HDF flooring. And from this month end itself, I think it'll be in the market. So there should be some revenues in the MDF numbers starting this month for the flooring segment.

Disha Chhabria: Okay. And if I can get the utilization level that you see for the next quarter or maybe H2 FY27, how do you see this plant going on?

Sanidhya Mittal: You're talking about the plywood business or the MDF business utilization levels?

Disha Chhabria: Both, sir. Both.

Sanidhya Mittal: I think in plywood honestly, we've even gone up to 98, 99, or 100. So obviously the target will be to, you know, max out our, you know, available capacity. And in MDF I don't think it's practical to go above 80%, 82%. So that will be the kind of target that, you know, at this year we'll want to operate our plant at full capacity, assuming that, you know, next year will be the new capacity addition and we should be already ready to kind of sell the new capacity we're going to bring in.

Disha Chhabria: Okay, so the demand is really strong, we missed a bit of the demand, let's say in this year, this quarter, and the same will be utilized in the next quarter am I seeing it right, sir?

Sanidhya Mittal: Sorry, you're not very clear. Your voice is a little muffled. Can you please repeat?

Disha Chhabria: Yeah, so I hope it is clear now.

Sanidhya Mittal: Yes, please.

Disha Chhabria: So, my question was that this year we -- I mean this quarter we kind of missed the demand and from the next quarter with the coming up upcoming capacity, we will also cater to the demand that we missed and the utilization will pan up according to however you said by this year?

Sanidhya Mittal: Right, right, right.

Disha Chhabria: Okay, thank you sir. That's all. I'll come back to the queue.

Sanidhya Mittal: Thank you.

Moderator: Thank you. The next question is from the line of Resha Mehta from GreenEdge Wealth. Please go ahead.

Resha Mehta: Yes, thank you. So first just a clarification. I think you called out some numbers, ply 3% to 5% and MDF some 7% to 9%. So what was that being referred to, the price hikes taken?

Sanidhya Mittal: The effective price hike taken. So in MDF industry, the industry had taken about a 15% price hike and in Q1 I think we've enjoyed about 7% to 9% rise and the balance got passed on in the form of schemes. So that was the reference to MDF and in plywood category about 3% to 5% was the price hike from different product categories and brands.

Resha Mehta: Understood. And then what is the reason for, you know, decline in gross margins in MDF? If I look at it Q-on-Q, there's a 300 bps decline.

Sanidhya Mittal: I think the sharp rise in the timber cost. Typically, you know, when there's monsoon and, you know, the timber you start getting wet and the cutting stops happening, there's always a slight price rise that happens during this period. So that's the reason.

Moderator: Please go ahead with your question.

Resha Mehta: Yeah. The other bit was, you know, on the ROCEs for MDF. So, you know, I think last year FY26 we were at around 8% kind of a ROCE based on the capital employed numbers and the margins that you gave, right? So how do we go to, you know, 17%, 18% targeted ROCEs for the MDF segment?

Sanidhya Mittal: I think it is a multiple approach that we are trying to take at Greenply. So we are trying to be very cautious of the capex that we're doing in for the line two. So over there we are working on improving the asset turn ratio. So the capex that we've announced for the second plant is much lower capex per cubic meter compared to the capex we've done for line one. So that on a long-term basis will help us achieve better numbers.

Also, the first two, three years, you know, we were kind of, you know, setting up our business, so the numbers were very bad and right when we started I think there was a lot of competition. But I think Greenply is a very strong player, we've been around for four decades and ready for the next four. And I think, you know, on a long-term and a medium-term basis I'm very confident that we'll do 17%, 18%.

Also, you know, when Greenply was one entity, we've seen MDF business perform between 2008 and 2018, you know, till Greenply demerged and on a long-term period we've seen great ROCEs in this business.

So there'll be times where people will be putting too much capacity, then everybody will get demotivated, and industry the market's going to catch up with the capacity, everybody will make money, then again bad times, good times. But every five-year, seven-year period if we see it, I'm very confident that we will be at that 17%, 18% level. And honestly, that's not like the best level, it's a basic acceptable level.

Resha Mehta: So at what margins, at what utilizations, you know, what are the three, four, you know, milestones which we will hit will lead to, you know, the 17%, 18% ROCE which you are probably targeting?

Sanidhya Mittal: I think we'll have to sell 100% of our capacity profitably and then only we can get closer to that number. And we have to be very careful in all the capex initiatives that we are doing in the future so that once there's scale in this business -- today this business is very small for us -- eventually when there's scale in this business it should make sense.

Resha Mehta: Right. And I think you did mention that, you know, you all are being cautious in your capital outlays for future capex in MDF. So -- and I think for this newer plant we are, you know, we've gone ahead with Chinese machinery. So if Chinese machinery were cheaper and, you know, probably it had lesser downtime, then, you know, why wouldn't we have gone ahead with Chinese machinery back in the day when we actually set up our greenfield MDF facility?

Sanidhya Mittal: I think it was a honestly being very honest is a learning curve for the organization number one. And number two also the first time around we didn't want to take a chance. We were announcing Greenply's entry into this category. The day we were investing into the MDF line, our net worth and the investment was the same. So we wanted to be very, very careful. We wanted to go for a sure-shot thing.

And honestly, technology is changing every day. So, you know, in the last two, three years honestly there's been a better development on the Chinese machine side. And even the new line is a combination of Chinese and European. So where the heart of the plant is where we manufacture the fibre, that's still 100% European. And the press is converted from German to Chinese because honestly we found better merits in this Chinese press, specifically on the four-feet line which we are investing in currently.

Resha Mehta: Right. And you know, on the ply side, right? So just a legacy question here. So, you know, if I look back at, you know, your last three years' ply growth, average ply growth for us has been around 8% and for Century that's been at around 13% CAGR. Right?

So what have been the reasons for this gap and, you know, have we tried and fixed those because I see that of course, you know, since the last two, three quarters our ply volumes are up with our focus on Ecotec, but historically like what were the reasons for, you know, lower revenue growth in ply versus let's say the leader years?

Sanidhya Mittal: So honestly, you know, I think we were busy implementing and, you know, setting up an MDF business. We were getting into furniture JV and we were expanding categories and trying to, you know, make a big change from Calcutta to Mumbai. And when we were doing all of this, I think they were busy in planning their hyper-growth in plywood. So you know, our growth stage planning or the hyper-growth planning I think we missed that out by two years. Honestly, we paid that price in the last three years. But I'm quite confident that going forward we're not going to pay that price.

Resha Mehta: Okay, right. And lastly, you know, on the ply margins. Again, you know, if I compare our margins with Century, right? We've been at around 8.5% average EBITDA margins over the last three years and versus Century at 13.5%, 14%. So now we are guiding for around 10% margins, but do we think that, you know, with scale, with the kind of 600 crores quarterly revenue run rate that we are targeting, can we also reach 13%, 14% kind of EBITDA margins?

Sanidhya Mittal: So honestly, I mean if I do Century type of number I would do probably higher than even 13, 14. But anything 600 plus if I'm doing at today's cost base, I will be at double-digit for sure, 10 plus. So if I start doing a 800 crores number in plywood for the quarter, even I would do about 13%, 14%, 15%. It's not a challenge. So beyond a point, I think they're getting the advantage of scale.

Also, you know, for us the business got demerged long ago. So you know, all the cost gets loaded into the largest business plywood on turnover basis. So once our scale in the MDF business and we enter newer categories and there's enough scale there, automatically the apportionment of cost would improve on the plywood side and 1% or 2% should improve from there as well.

Resha Mehta: Got it. Thank you so much.

Moderator: Thank you. The next question is from the line of Parth Bhavsar from Investec. Please go ahead.

Parth Bhavsar: Hi sir, so thank you for the opportunity. So I had a couple of questions. The first one related to employee cost. If we look at our employee cost on quarter-on-quarter basis, both in terms of absolute number as well as percentage of sales, it has gone up substantially. So what has -- can you throw some colour on this, like what has led to this?

Sanidhya Mittal: I think I don't think there's a substantial increase. I think the main must be the provision for increment that will be given from 1st April onwards. So that's the provision and a lower sales. So I think these are the reasons why, you know, percentage terms the cost is looking out and absolute terms the cost is higher because you've taken the provision for increment already.

Parth Bhavsar: So sir, what would be the normalized number? Again, it would be 89 crores sort of a number? Or what would be the provision that you've made and if that is available?

Sanjiv Keshri: So this quarter we have given around 98.88. So this 100 crores would be the I think for the year is the quarterly number would be.

Parth Bhavsar: Okay, so it will be in this range only?

Sanjiv Keshri: Yeah.

Parth Bhavsar: Got it, got it. And sir, the second question, that you've commissioned this flooring MDF, right? So wanted to, you know, get some sense on, you know, what is the capacity like or you can, you know, give us a sense on, you know, what could -- what is the, you know, potential peak revenue basically for this business?

Sanidhya Mittal: The potential peak revenue from this would be at about 75 crores, 80 crores, I think. Somewhere between 75 crores and 80 crores is a potential peak revenue. However, when we start achieving potential peak revenue, we'll miss some of the plain board sales because today that same panel is getting sold as a plain board at say about 24,000, 25,000 realization and that would get sold after getting converted into a flooring at about INR60,000, INR70,000 -- INR70,000 per cubic meter. So definitely value terms overall we are going to grow and in cubic meters, the plain board will get replaced by flooring.

Parth Bhavsar: Got it, got it. Perfect, sir. And in terms of capex, hello?

Sanidhya Mittal: Yeah.

Parth Bhavsar: Yeah, sir, just wanted to get a sense on your capex for '27 and '28.

Moderator: Please go ahead with your question.

Sanidhya Mittal: Yeah, so you were talking about the capex for this financial year, right?

Parth Bhavsar: Yes, yes, yes.

Sanidhya Mittal: So for the current financial year, I think in the parent standalone GIL we would have about 47 crores of total capex including loss funding for SAMET. In GSPL we would have at around 100 crores and in GSPPL we would have around 300 crores of capex. So approximately 500 crores of total capex for this financial year.

Parth Bhavsar: Got it, so that was very helpful. Thank you for answering my questions.

Moderator: Thank you. The next question is from the line of Utkarsh Nopany from Anand Rathi. Please go ahead.

Utkarsh Nopany: Hi, good evening, sir. Sir, my first question is regarding the timber price movement. So if you can just help us out what has been the change in the timber price for plywood and MDF in this June quarter on both Y-o-Y and Q-on-Q basis and what is the outlook for the next two to three quarters here, please add?

Sanidhya Mittal: I think it's going to be quite stable and, you know, currently also there's not a big change. I think whatever change has happened is because of the seasonality. So, it is kind of understood that in this season because when it's monsoon and peak monsoon across India, even if the farmer cuts the timber, they can't drag it out. It's very difficult for them to load onto a truck. So typically, in this season both moisture increases, which means you're paying more for the same material, and also slightly the price goes up.

So it's a very standard kind of increase which has happened which is cyclic. And honestly, we are not assuming that there will be any price, you know, fall. We are assuming that it'll remain stable at these levels. If there's any fall of price then that should be a windfall gain that the organization should enjoy. So whatever comments we are making or projections we are giving, we are assuming that timber price will remain stable and basis that we are giving our projections.

Utkarsh Nopany: Okay. And sir on the chemical side like as the crude oil price has gone up sharply over the past one month, are we seeing any cost inflation pressure on chemical side?

Sanidhya Mittal: To be very honest, April, May, June we had kind of started stabilizing in June and again this month things are going crazy. So yes, you are absolutely right, crude's going up and chemicals also seeing a new high every day. But availability challenge is not there. when the West Asia war broke out, that time people were scared that we won't get material. Now at least that fear is not there. Prices have gone up but we will get raw material.

Utkarsh Nopany: Okay. So, like is there any possibility of price hike in plywood and MDF because of rising chemical prices in near future?

Sanidhya Mittal: Maybe, it's very difficult to comment today. Maybe, maybe. Maybe that maybe we stop discounting the way we are discounting in MDF, we pull back those schemes and in plywood if it continues this way maybe we take another small increase.

Utkarsh Nopany: Okay, that's it from my side. Thanks a lot.

Moderator: Thank you. The next question is from the line of Karan Bhatelia. Please go ahead.

Karan Bhatelia: Hi Sanidhya, just wanted to update ,just wanted some update on the benefits we are getting from this some technology advancement we've done at the plywood units. So any colour you want to give out here?

Sanidhya Mittal: Yeah, sure. So in plywood I think we've moved to a new technology which we are calling as the ContiRoll Tech. Unfortunately, you know, we had planned a meet also at our factory which we could not do but we're very keen to do that meet for all the investors and the analysts where we will show the new technology.

So today in India plywood is pressed at a low moisture. The new plywood that we are trying to press will be at global standards where we'll be pressing the plywood at a much higher moisture level, which basically means that the material will look much better and will have a much better surface finish. And in this process, we also get a by-product which is material saving and human resource saving.

So these two savings will also help us achieve a much better margin. So as of now four factories in India, two factories process fully implemented, two factories during H1 of this year the implementation will happen. Major implementation planned in this month and the next and the next. And quarter four onwards you should start seeing some gain on the P&L because of that as well.

Karan Bhatelia: Right, right, right. And any -- can you revise guidance on to this hardware business for this year and maybe next?

Sanidhya Mittal: Sorry, sorry, please come again?

Karan Bhatelia: In the hardware business, you know, any changes.

Moderator: Sorry to interrupt, sorry to interrupt Mr. Karan. Could you please come closer to the mic? There's a lot of disturbance. Are you using a handset?

Karan Bhatelia: Yeah, is it better now?

Moderator: Yes, yes, much better. Please go ahead.

Karan Bhatelia: Yeah, Sanidhya, any changes in guidance for the hardware business vis-a-vis what we spoke over the Q4 call?

Sanidhya Mittal: I think hardware business I mentioned it earlier, I think somewhere around next year mid is when we'll, you know, the losses will become zero and going forward from there I think it'll be positive. Today the biggest challenge is because of the currency, all the traded goods which is about 60% of the turnover, we make negative gross margins on it. Or you know, we make zero gross margin on it, so basically, we lose money every time we achieve higher sales on the traded goods because of the Euro and the Dollar and the way the costs have gone up for importing.

While the two products that we're producing in India, the interest depreciation for the entire business is loaded on those two products because for the factory we've built the entire infra on day zero. So now this year and next year as, you know, phase two capex happens, I think there'll be a huge drop in prices for the imported products which will give us better sales and in spite of a huge drop in prices we'll make a much higher and a substantial gross margin.

So I think things should start improving from there. And also I think there are green shoots if you see even if we compare, you know, the last year same period to this year, I think we've almost doubled our domestic number. So yes, there are green shoots but I think long way to go. But we are very confident that we'll zero our losses for sure.

Karan Bhatelia: Right, right. And on the debt repayment part for next two years, what's the plan?

Sanidhya Mittal: Sorry, come again?

Karan Bhatelia: Any clarity on the debt repayment once we are done with all our capex?

Sanidhya Mittal: Yes, so debt I think we've given a very clear guidance that in spite of all the capex that we've taken, at the end of this fiscal year which is 31st March '27, we will hit peak debt around in absolute value anything between 710 to 725, 730 something like that. And if you talk about debt equity that day we'll be at 0.75x. So, I think immediately six months after that we should come below 0.7 and the year ending we should be at 0.7, 0.65 something like that.

Karan Bhatelia: Yeah, thank you. that's it from my end.

Moderator: Thank you. The next question is from the line of Adit Kamath from Android Share & Stock Brokers. Please go ahead.

Adit Kamath: Hi, thank you for the opportunity. Am I audible?

Sanidhya Mittal: Yes.

Adit Kamath: So my question is regarding the MDF segment. Can you throw some clarity on what geographies have seen this MDF volume growth?

Sanidhya Mittal: I think we are trying to focus pretty much pan-India. So, we've seen this growth across India, whether it is South, East, West, North. I think almost every area we've done decently well and we've grown across.

Adit Kamath: Okay, yeah. Thank you.

Sanidhya Mittal: Thank you.

Moderator: Thank you. The next question is from the line of Guru Darshan D from Kitara Capital. Please go ahead.

Guru Darshan D: Hi, am I audible?

Sanidhya Mittal: Yes.

Guru Darshan D: Am I audible? Hello?

Sanidhya Mittal: Yes, you are audible. I can hear you.

Guru Darshan D: Hello? Yes, thanks for the opportunity. My question was on the furniture business. What revenue you're targeting for FY27 and FY28?

Sanidhya Mittal: I think we'll share that with you. I think should be around 120 crores to 150 crores, that range. But I think the major shift in the losses will come only once, you know, the imported bit is zeroed end product -- I mean the finished goods and all of that converted to domestic manufacturing. That's when the business, you know, will be firstly zero loss and then eventually positive.

Guru Darshan D: Okay. And how do you expect the business move towards, you know, manufacturing? Currently we produce only two products, right? Hinges and one more product. When do we start manufacturing, you know, products which are being imported currently?

Sanidhya Mittal: I think somewhere at the end of this financial year and beginning of next is when this capex will be done. And once this capex is done, I think we can easily start producing everything here because the larger infra whether it is the plating line, the polishing line, the civil building, the office, the workers' accommodation, the engineers' accommodation, everything is built to full scale. And the interest depreciation for that is only loaded on the two products that we are producing today.

So you know, both ways you're getting hit and plus Dollar and Euro has been so against us that import on a daily basis for this JV from the day this JV started, it kept getting expensive as the day passed. So each quarter our gross margin kept shrinking and that is the reason, you know, why the losses are so big for the size of the business.

Guru Darshan D: Got it. Just one last question. Let's say in FY28 we start manufacturing all the products, do you see any export opportunities, we being the, you know, cost-efficient manufacturer? Do you see export opportunities for this business?

Sanidhya Mittal: So even today this JV was always formed to sell the material to India, it was never meant to export. But honestly looking at the Indian expertise of manufacturing, the availability of steel, the quality of steel available, and the overall Indian cost and scheme of things, our partner is very motivated to take the products back to their home market.

So they are actually not utilizing certain capacity of their own and supplying material back to their home market from here simply because of the cost that they are enjoying here compared to Europe where they are producing the rest of the goods. So yes, I think it makes a lot of sense in the future also to continue to export.

Guru Darshan D: All right. Thank you so much and all the best.

Sanidhya Mittal: Thank you.

Moderator: Thank you. The next question is from the line of Varun Julasaria from 360 ONE Capital. Please go ahead.

Varun Julasaria: Yeah hi, sir. Sir, just wanted to understand on the finance cost. I mean this quarter against last quarter we saw a drop. I mean I know there's some bit of forex gain that we booked. But other than that, like did we repay substantial amount this quarter?

Sanjiv Keshri: So see, if you see the finance cost, the -- it is equivalent to the last quarter mostly because in the last quarter there is a forex loss was there. And second that the debt has increased but we have taken the disbursement on the second half of the June. So that's the reason it is not impacting on the finance cost.

Varun Julasaria: Okay. But otherwise, what is our blended like interest cost that we have on our debt?

Sanjiv Keshri: See, on the term loan side, it is around the 7% to 7.25% on a quarterly basis and on the working capital side it is around 7%.

Varun Julasaria: Okay, okay. And next on the sir furniture fitting business, sir last three quarters we've been doing similar kind of revenue. Just wanted to check like, you know, even though we have added a lot of new dealers and but still our revenue is almost like flat for last two, three quarters. So just want to understand is it a, you know, a deliberate attempt because we are making gross margin loss or is it we still not finding the right kind of demand there for our product?

Sanidhya Mittal: It's not about the right type of demand. I think, you know, some of the imported products the prices also need to be slashed once they're produced in India. And also on the BIS side, the implementation is very poor.

So even today random Chinese hinges are available from China. But if you look at our other business plywood or MDF, I think BIS has a phenomenal control and, you know, it's really given us a tailwind. But in furniture fittings, the BIS implementation has been very poor and I don't think we're getting much of a traction due to lack of import because import continues and anybody and everybody continues to import.

Varun Julasaria: Okay. So but I mean are we seeing any green shoots there? I mean in terms of -- I mean like obviously our product is premium and like in plywood, you know, our competitor is more of the branded segment. So here also we are competing since we are only branded. So I mean see even if among the.

Sanidhya Mittal: So even though we would like to compete with the Hettich Hafele, but for example a Godrej is a 100% Chinese hardware which is imported from China. So like we end up competing with them also even though we would want to only compete with Hettich Hafele. But by default we would end up competing with others as well and the China imports are really helping them.

Varun Julasaria: Okay. Sir and how is our pricing versus say Hettich or Hafele? Like?

Sanidhya Mittal: So typically, if you see our MRP levels, we are very, very close to Hettich. But if you see a dealer landing, we would typically be 8% to 10% more beneficial than Hettich's landing. So the dealer here enjoys a better margin. So hence it becomes a preferable brand for the dealer to push in terms of margin.

Varun Julasaria: Okay. Okay, sir. That's it. Thank you.

Sanidhya Mittal: Thank you.

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

Sanidhya Mittal: Thank you all for taking time to participate in this call. In case of any further clarification or queries, please feel free to reach to us. Thank you so much.

Moderator: Thank you. On behalf of Greenply, that concludes this conference. Thank you for joining us and you may now disconnect your lines.