

GPIL/2021-2022
January 25, 2022

The Manager
BSE Limited
Department of Corporate Services
Floor 25, P. J. Towers, Dalal Street
Mumbai-400001
Scrp Code: 542857

The Manager
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E),
Mumbai - 400051
Symbol - GREENPANEL

Dear Sir/Madam,

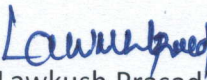
Sub: Conference call transcript

Please find enclosed Conference Call Transcript in respect of conference call for Investors and Analysts held on January 24, 2022, on the unaudited financial results of Greenpanel Industries Limited for the quarter and nine months ended December 31, 2021.

The same is also being made available on the website of the Company at www.greenpanel.com/investor-conference-call-transcript/.

Thanking You,

Yours faithfully,
For **GREENPANEL INDUSTRIES LIMITED**


(Lawkush Prasad)

Company Secretary & AVP – Legal
ACS:18675



Encl.: As above

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Greenpanel Industries Limited

Earnings Conference Call Transcript

January 24, 2022

Moderator: Ladies and gentlemen, good day and welcome to Greenpanel Industries Limited Q3 and Nine Months FY '22 Earnings Conference Call. As a reminder, all participant lines will be in the listen only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rishab Barar of CDR India. Thank you and over to you, sir.

Rishab Barar: Good day, everyone. And thank you for joining us in the Greenpanel Industries' Q3 and nine months FY2022 conference call. We have with us today, Mr. Shobhan Mittal, Managing Director and Mr. V Venkatramani, 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 result presentation that was sent to you earlier.

I would now like to invite Mr. Shobhan Mittal to begin the proceedings of the call. Thank you and over to you, sir.

Shobhan Mittal: Thank you, Rishab. Good evening, everyone. I wish all of you a happy, healthy and safe New Year and thank you for joining us to discuss Greenpanel's operating and financial performance for quarter three FY '22.

Business Environment improved in quarter three with the retail segment picking up. However, the Uttarakhand MDF plant remain inoperative for nearly half the quarter, initially for the debottlenecking and then due to the breakdown of a refiner component, which impacted MDF volumes.



Net sales were up 34% year-on-year at INR 417.44 crore. Gross margins were up 220 basis points year on year at 57%, as we took price hikes to compensate for increase in raw material costs. EBITDA margins were up by 510 basis points at 27.2% due to price increases, continuous focus on superior product mix and cost optimization. PAT is up 107% year-on-year to INR 63.07 crore. Net working capital days at 13 days has shown a reduction of 20 days compared to the year earlier quarter.

Net debt has reduced by INR 85 crore during the quarter and stands at INR 144 crore as on 31st December 2021. We have prepaid four installments of the German Bank loan amounting to EUR 8.91 million, which equates to INR 78 crores during October 2021 and are targeting to be net debt free for the existing business by September 2022.

I will now request Mr. Venkataramani to run you through the financials in greater detail.

V. Venkatramani:

Good afternoon, everyone. I wish you and your families a very happy and healthy New Year. And thank you for joining us to discuss the Q3 FY '22 financial performance of Greenpanel Industries.

In Q3, our top line increased by 34% at INR 417.44 crore. MDF sales grew by 40.2% at INR 350.40 crore and contributed 84% of the top line. MDF sales volumes degrew by 2.4% at 1,20,724 cubic meters since the Uttarakhand plant remained inoperative for almost half the quarter. MDF domestic revenues were INR 307.35 Crore while exports contributed INR 43.05 crore.

MDF domestic volumes were 100,275 cubic meters, while export volumes were 20,449 cubic meters. Domestic realizations were up by 42.6% at INR 30,651 per cubic meter and export realizations were up by 49% at INR 21,051 per cubic meter. Blended MDF realizations were up by 44.1% at INR 29,025 per cubic meter. Uttarakhand MDF unit operated at 56% and AP plant operated at 101% with blended capacity utilization of 86% for both the plants.

Plywood sales grew by 8.1% at INR 67,044. Plywood sales volumes were down by 2% at 2.47 million square meters and the unit operated at 89% capacity utilization during the quarter. Plywood sales realizations were up by 11.5% at INR 272 per square meter.

In Q3, gross margin increased by 220 basis points year-on-year at 57%. Gross profit increased 39% at INR 238.05 crore as compared to INR 171.01 crore in the year-on-year quarter. EBITDA margins were up by 510 basis points at 27.2% compared to 22.1% during the



corresponding quarter. EBITDA in value terms grew by 64.8% at INR 113.37 crore compared to INR 68.81 crore during the corresponding quarter. Profit after tax increased by 107% at INR 63.07 crore.

I'll now update you on the performance details for nine months FY '22. During the nine months period net sales grew by 82.5% at INR 1,125.47 crore compared to INR 616.64 crore in nine months FY '21. MDF sales increased by 94.9% at INR 939.99 crore, while plywood sales grew by 38% of INR 185.48 crore.

Gross margins were up by 277 bps at 56.6% compared to 53.9% in nine months FY '21. Gross margin in value terms was up by 91.9% at INR 637.24 crore compared to INR 332.06 crore in the year-on-year period. EBITDA margins are up by 899 basis points at 26.5% compared to 17.5% in the corresponding period. EBITDA in value terms increased by 176% at INR 297.90 crore against INR 107.81 crore in the corresponding period. Post-tax profits were up by 1194% at INR 159.88 crore.

MDF sales volumes were up 53.8% at 370,503 cubic meters with blended capacity utilization of the two plants at 90% compared to 57% in nine months FY '21. Dispatches for plywood increased by 25.8% at 6.83 million square meters with capacity utilization at 80% compared to 62% in the corresponding period.

Gross debt to equity ratio now stands at 0.28 as of 31 December 2021 compared to 0.70 as on 31 December, 2020. Net debt has reduced by INR 232 crore during the period and stands at INR 144 crore as on 31, December 2021.

That concludes my presentation. Please open the floor for the Q&A session. Thank you.

Moderator:

Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press '*' and '1' on their touchtone telephone. If you wish to remove yourself from the question queue you may press '*' and '2'. Participants are requested to use handset while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Chirag Lodaya from ValueQuest. Please go ahead. Chirag, your line is unmuted, request you to please unmute yourself and go ahead.

Chirag Lodaya: Yes. Congratulations on great set of numbers. Sir, if you can just provide us plant wise volume value and margins? And also export as well as domestic margins? That would be helpful.

V. Venkatramani: Okay. Just a moment, for quarter three domestic volumes were 100275 cubic meters of which Rudrapur plant contributed 29,677 cubic meters at an average realization of INR 31,854 per cubic meter. AP plant contributed 70,598 cubic meters at INR 30,145 per cubic meter. Export realizations on volumes of 20,449 cubic meters were INR 21,051 per cubic meter.

Coming to the margins. Uttarakhand MDF plants had an EBITDA margin of 19.72% and Andhra Pradesh plant had an EBITDA margin of 34.53%.

Chirag Lodaya: Sir, can you just split South plant margins into domestic as well as export or overall export margin, if you can help us?

V. Venkatramani: Difficult to give you an exact figure, but I would say export margin is probably in a range of about 15% to 18%.

Chirag Lodaya: Okay. Sir, again two follow up questions. So, one, how is the overall demand environment currently? And how sustainable are these margins? Last two quarters our margins have been much better led by improved realization. So, how should we look at it, going ahead?

V. Venkatramani: So, the third wave of COVID had an impact on volumes during the first 12, 13 days of January, but thereafter, the volumes have started to pick up. I think, probably we should be somewhere around Q2 numbers in terms of MDF volumes, which were disturbed in Q3 due to the closure of the Uttarakhand plant for about 43 days. And I think yes, we are on track to maintain the margins for Q4 as well as the next financial year.

Chirag Lodaya: Sir, what is driving margins in North plant, because, if I just exclude export margins from North, South plant, then domestic South margins would look much higher? So, what exactly is driving this margin, sir?

V. Venkatramani: Yes. So, the North margin -- North plant margin was impacted like I mentioned, the plant was closed for approximately 43 days during the quarter. So, the margin is much lower compared to the South plant at 19.72%.

Chirag Lodaya: No, but sir, South domestic margins look like 35%, 36% plus. So, what is driving this such a high margins?

- V. Venkatramani:** I think, if we look at Q3, I think, what has contributed to a substantial increase in the margin is the change in the mix of domestic and export. If we look at the first two quarters, the split between domestic and exports was around 67%, 68% domestic and about 32%, 33% exports, whereas in the current quarter the split has been about 84% domestic and 16% exports.
- So, that has contributed and also the price increases that we have taken. So, that has not only helped us to maintain the gross margins, we have even been able to slightly improve on the gross margins. So, with the volumes increase and I think this is probably the first quarter when the South plant has operated at full capacity. So, all these factors have contributed to the improvement in the South plant margins.
- Chirag Lodaya:** Right. So, just lastly, any further price hikes expected?
- Shobhan Mittal:** Sorry, one thing to note here is that the South plant actually catered to the North market domestically because of the closure of the North plant. So, it wasn't additional volume domestically generated from its own market. Because of the closure of the North plant, the South market actually -- the South plant catered for the North plant. Hence, the domestic volumes were higher for the South plant.
- Chirag Lodaya:** Got it. Sir, just lastly, is there any further price hike you are looking to take? How is overall RM situation currently?
- V. Venkatramani:** We are not looking at any further price increases immediately. We are monitoring the RM situation and we'll take a call, because it's still too early. We just had about 20 odd days of operation in the current month. So, we will maintain a watch on the raw material situation and then take a call on price increases.
- Chirag Lodaya:** Okay. Thank you and all the best.
- V. Venkatramani:** Thank you.
- Moderator:** Thank you. Before we take the next question, I'd like to remind our participants to limit their question to three per participant, if time permits, you may join the queue for any follow up. The next question is from the line of Karan Bhatelia from Asian Market Securities. Please go ahead.
- Karan Bhatelia:** Hi, sir. Thank you for the opportunity. Am I audible?
- Shobhan Mittal:** Yes, yes, yes.
- Moderator:** You are.

Karan Bhatelia: Yes. Sir, once we are done with the debottlenecking at the South location, what are we planning next in terms of capacity additions?

V. Venkatramani: We are still working on that, we are in technical discussions with the vendors. And we'll probably take a decision by the end of the current financial year.

Karan Bhatelia: Right. And what kind of revenue mix have we seen in terms of retail versus the institution? And are we on track with respect to what your targets were?

V. Venkatramani: Yes, we have seen a significant improvement in the mix between retail and institutions. And, I think in future that will become irrelevant, because we have removed the price difference between retail and OEM. So, now they're being billed on the same price. This has been made effective from 1st December.

Karan Bhatelia: Superb. And one last question from my end.

V. Venkatramani: And just for information, the mix in this quarter was about 95% retail and 5% OEM.

Karan Bhatelia: Superb. And last question from my end is, what kind of dealer distribution addition have we seen for the nine months? And what have we targeted for next three years?

V. Venkatramani: Okay. Basically, we had a target of adding about 2,200 dealers -- sorry, 800 dealers during this two year period of FY '22, and FY '23. During the current financial year, we have added about 316 dealers in MDF. Although the number was significant low in the December quarter, but over the nine months period, we have added 316 in MDF against a target of 400. So, possibly we should be on track to achieve the dealer increase in the current financial year.

Karan Bhatelia: Okay, okay. That's it from my end. Thank you.

V. Venkatramani: Thank you.

Moderator: Thank you. The next question is from the line of Sanskar Singhla from Edelweiss Securities. Please go ahead.

Sanskar Singhla: Hello, sir. Congratulations on good set of numbers. So, my first question is why there is a drop in the plywood volumes and margins, like what do you see in this segment? And when the margins will be returned back to the normal?

- V. Venkatramani:** Regarding the drop in the volumes, normally the festive months of October and November do see a drop in plywood volumes every year. And I think the fact that we also took a 4% increase in this quarter that also had an impact on the plywood volumes. So, we have taken a 4% increase in this quarter, and we'll be taking another 3% increase in the current quarter. So, hopefully that should help improve the plywood margins in Q4.
- Sanskar Singhla:** And what about volumes, sir?
- V. Venkatramani:** Volumes, again, like I mentioned the first 12, 13 days have been impacted in January. So, I think probably we'll do slightly better than Q3 in terms of plywood volumes.
- Sanskar Singhla:** Okay, okay. That's great, sir. My second question is, like your margins in the MDF segment is 30%, despite the business having been impacted due to shut down. So, what could be the peak margin here and how long it could sustain?
- V. Venkatramani:** I think we are close to the peak margin. So now our effort will be to keep the margin stabilized at these levels rather than go for any further price increases and thereby increase the margins, but which could also impact our volumes. So, I think we are happy with the current levels of pricing and margins.
- Sanskar Singhla:** Okay. Sir, last question, any finalization on the CapEx part, where do you want to invest like in the MDF or in the other segments you are looking forward?
- V. Venkatramani:** I think probably our first investment will be in MDF. But we are likely to finalize the plans in the March quarter.
- Sanskar Singhla:** Okay. Thank you so much, sir. That's all.
- V. Venkatramani:** Thank you.
- Moderator:** Thank you. The next question is from the line of Prashant Kutty from Sundaram Mutual Fund. Please go ahead.
- Prashant Kutty:** Sir, firstly, with regard to the overall value performance, and you highlighted that this quarter was impacted because of the Uttarakhand being down. But in general, the industry volumes, how would they be tracking? Because nine month number obviously looks very good because we had a COVID impact and all of that, but in general, how does the industry track volumes right now?
- V. Venkatramani:** I think the industry has been doing better because they did not have the loss that we suffered due to the closure of the plant. So, definitely

industry volumes would have been significantly better than us in this quarter.

Prashant Kutty: Any number to put, sir, I mean, would it have been growing at the past rates of last year, which you've been growing at? Because that kind of gives us confidence that the volume has actually not been impacted despite the price increases.

V. Venkatramani: Yes, Yes, I definitely think so.

Prashant Kutty: Okay, okay. Any number in terms of what the industry would have grown?

V. Venkatramani: No, not for this particular quarter.

Prashant Kutty: Okay, sure. Sir, second question is while you did highlight that, obviously, we would be pretty much at peak margins right now and the effort is to keep the margins stable. So, just want to understand, typically, when the raw material, if it starts reversing, if and when, how much of this pricing, we would be actually able to retain or is it because it's a competitive market you'll have to kind of give back again, all of that to the market? How does that typically work in let's say, in a falling market scenario? I'm sure we've tested this in the past as well, but what's your thoughts on that?

V. Venkatramani: Yes. Whenever there's a significant downtrend in raw material costs, I think we'll be passing on the benefits to the market albeit with a time gap, just because whenever we face raw material cost pressures price increase to the market happens after time lag of about 15 days to a month. So, on the downward journey also, I think, price reductions will happen with a time gap. Although, we would probably pass on most of the benefits to the consumers.

Prashant Kutty: Okay. Most is passed on, there's no way we can retain any part of it, like?

V. Venkatramani: Yes. I said, most, I didn't say all.

Prashant Kutty: Correct. Understood. Just a clarification on this part, sir, is the raw material situation right now pretty much under control as in -- because you said you don't want to take any more further price increases? So, have we kind of covered for most of our raw material inflation, or with all this pricing, right?

V. Venkatramani: Yes, we have covered everything up to December. In fact, our realisations should further improve in this quarter. Because in Q3, we took three price increases at different points of time aggregating to 17%. So, not everything is reflected in this quarter's realization.



So, probably, you'll see a further improvement in Q4 realizations, which should probably help us to sustain some of the raw material cost pressures, which might go up again in this quarter.

Prashant Kutty: Understood.

V. Venkatramani: So, I think, if there's any significant increase in raw material prices, then we might be forced to look at an increase in selling prices. But otherwise, we are happy to maintain the selling prices at this level.

Prashant Kutty: But barring the fact that there was this Uttarakhand plant impact otherwise because of price increases, there was no volume impact as such. So had it been a normalized quarter, we were looking at a good volume number as well, that's what I'm trying to understand.

V. Venkatramani: Yes, I think so. Because like I mentioned competitions generally, the report has been that they had a very good quarter. So, I think yes, if we had been up and running, we would have also improved on the volume front, although possibly we would have slightly increased the allocation to exports also. Not all the increase would have gone into the domestic segment.

Prashant Kutty: Understood. My last question, sir is on the investment side, like you said, you will probably make a decision on -- in the month of March about it. But you're also highlighting about that there might be bottlenecking in the AP plant as well. How much would that be leading to capacity expansion for us? And again, in terms of CapEx, are we kind of not looking at probably a Greenfield because the balance sheet is much more stronger? Or is the thoughts still on kind of maybe is there again, some more space to expand in your Brownfield as well?

V. Venkatramani: Okay. First on the AP plant the debottlenecking is currently in process. So, I think we'll probably resume production at the AP plant on Monday or Tuesday next week. And with regard to the expansion, I think we'll probably look at a Brownfield expansion in Andhra Pradesh initially because we have a lot of land availability. So, I think first efforts would be to do a brownfield expansion in Andhra Pradesh.

Prashant Kutty: Understood. But this week -- this quarter also you'll have an impact of the debottlenecking because of AP, right?

V. Venkatramani: Yes, I think probably for about -- Yes it won't be as significant as the Uttarakhand plant where we had a shutdown for almost 43 days, here it will probably be for a period of about seven to eight days.

Prashant Kutty: Sure,. Thank you so much, sir. I shall come back. All the very best.



V. Venkatramani: Sure. Thank you.

Moderator: Thank you. The next question is from the line of Hitesh Jain from Birla Mutual Fund. Please go ahead.

Hitesh Jain: Hi, good evening, sir. So, basically, I want to ask you, what is the situation on the MDF import side? Since the domestic prices have now gone up, do you think that the imports can start again into the country or you think they will remain soft only?

V. Venkatramani: So, Shobhanji, can you please take that?

Shobhan Mittal: Yes, I'll take that, I think the situation worldwide is that there is acute shortage of MDF across the world and a lot of the markets are booming currently. So, I don't foresee imports to have a kickstart so soon. Also, there has been a breakage of the regular sort of channels of imports coming into the market, because for the past two years, a lot of the importers have moved their business model to working with domestic producers and prices continue to remain high, freight continues to be a challenge and expensive at the same time.

So, also the domestic market has moved on to MDF acceptance in the form of various value-added products. In fact, almost 50% of our sales in today's date is of value-added products, which is not being imported at all. So, I don't foresee imports becoming an immediate threat in the near future to be honest with you.

V. Venkatramani: To add to that, Vietnam, which was one of the major exporters of MDF to India is now seeing a lot more significant increase in domestic consumption, because they are replacing China as one of the major furniture exporters to U.S. and Europe. So, I think a lot of exports to India have also dropped because of this fact.

Hitesh Jain: Fine, sir. Thank you. And my second question is on the MDF pricing, differential pricing. So, if I heard you correctly, during the call before, you mentioned that there is no significant difference between the retail and the OEM price, right? Did you mention the same thing?

Shobhan Mittal: Yes, I said there is no difference.

Hitesh Jain: Okay. So, my question is, since I don't have any background of this pricing scenario for both the customer bucket, would you believe that in last nine months, since there is not major difference now, the price increase in the OEM segment is much higher than the retail segment?

Shobhan Mittal: Yes, that's definitely true. Because OEM segments used to get discounts of around 6% compared to retail, so now that difference has been removed. So, the price increase is much higher for the OEM segment.

Hitesh Jain: Okay, fine. So, thank you very much, sir. These are two questions from my side. Appreciate it. Thank you.

Shobhan Mittal: Thank you.

Moderator: Thank you. Before we take the next question, like to remind our participants to limit their question to two per participant, if time permits you may join the queue. Thank you. The next question is from the line of Balaji Vaidhyanath from NAFA Asset Managers. Please go ahead.

Balaji Vaidhyanath: Good evening, sir.

Shobhan Mittal: Good evening.

Balaji Vaidhyanath: Sir, just wanted to understand few aspects this 43 odd days of sales that we lost from the Uttarakhand plant, some of it were compensated because of the South plant, but what about the lost market share? Because those distributors would have taken competitor products given the high demand scenario. So, how does it work? It reverts to normalcy now, or -- I mean, we have to once again kind of look to capture the lost market share?

Shobhan Mittal: No, we wouldn't have lost market share, because generally dealers rotate between all the three, four major manufacturers. They like to keep their options open. So, they do their purchases, most of the dealers purchase from all the major manufacturers. So, I think now that we will be able to supply and in fact, we are already seeing, like I mentioned, the first 10, 12 days volumes were impacted due to the third wave of COVID. But now the volumes have come back to normal at the Uttarakhand plant. So, I don't think we have lost any permanent market share.

Balaji Vaidhyanath: Great to know. And what is the kind of insurance claim that one can expect due to this component breakdown that you had mentioned?

Shobhan Mittal: Yes, we are still in the process of submitting the claim. So at a very rough guess, I think it would probably be in the range of about INR 8 crore to INR 10 crores, but we will account for it once the claim is accepted by the insurance company.

Balaji Vaidhyanath: Okay. And one slightly macro question is there has been a lot of importance given to manufacturing of toys in India, many toy

clusters are being set up all over the country, including West Bengal, UP, Karnataka and all these places. So, a lot of wooden toys also getting manufactured. So, is there some scope for MDF to also look at this particular segment of toys? And in the future would it be a tracking parameter to see the MDF volumes, wherein you split between the furniture and the non-furniture part?

Shobhan Mittal:

I mean, that segment is important. I mean, even today, toys and handicrafts continue to be a very important element of our business. And with the growth of these toy manufacturing clusters, I'm sure we will see some benefit coming to us as well.

As far as the segregation of sales in the furniture and non-furniture segment is concerned, unfortunately, because majority of our sales is being routed through our retail partners, we unfortunately don't receive such data directly. And we don't have the IT infrastructure installed at our partners' facilities in order to be able to obtain that data. So, I think that data is best estimated, will be very rough, but very hard to get very accurate numbers.

Balaji Vaidhyanath:

Okay. Lastly, Venkatji, on the working capital of around 13 days, so this is arguably the best that would be possible in terms of number of days, right?

V. Venkatramani:

Yes, I think so. You can never rule out small improvements. But looking at the immediate future, I think yes, we'll probably go in for some increase in wood inventory in the quarter. So, probably we could see a small increase in working capital days in Q4.

Balaji Vaidhyanath:

Okay. Thank you and wish you all the best.

V. Venkatramani:

Thank you.

Moderator:

Thank you. The next question is from the line of Jignesh Kamani from GMO and Company. Please go ahead.

Jignesh Kamani:

Hi, Shobhanji and hi, Mr. Venkatramani. Congratulations on the good set of numbers.

Shobhan Mittal:

Hello. Thank you.

Jignesh Kamani:

This quarter we lost close to around INR 58 crore revenue as you mentioned on MDF, which is around 16.5% of our quarterly MDF revenue, despite that, we are able to do 35% kind of MDF margins. So, if you include the gross revenue, we could have done easily 35% plus MDF margins, is math correct?

- V. Venkatramani:** I don't think we can really estimate what could have happened, but yes, considering that we were able to achieve a 30% margin in this quarter. Yes, for this particular quarter if the Uttarakhand plant had operated normally we would still have lost a few days because of the debottlenecking exercise. But yes, I think yes, in this particular quarter, margins could definitely have improved by about 300 basis points.
- Jignesh Kamani:** So, just want to understand, considering from February when you were 20% more volume where overhead has remained more or less similar compared to earlier. You've already taken three price hikes in December full impact will be there in the first quarter. Or already we are seeing 35% kind of normal margin ex., all the one-off. So, why are we conservative on the guidance and the margins, if current environment and our facility infrastructure can easily do 35% to 37%, 38% kind of EBITDA margins?
- V. Venkatramani:** See you can't really estimate whether in future you will be able to pass on the raw material cost increases. The fact that we have been successful so far does not guarantee that we are able to do it in future also. I think just on account of price increases, realizations have improved by more than 30% over the past 12 months. So, I think, as we get into more raw material cost increases, it will be difficult to pass on the full impact of those increases.
- Jignesh Kamani:** Thank you. But from the competitive point of view, nobody is you can say now aggressive in terms of sizing and the undercutting on the margin, right? Everybody's playing very smartly.
- V. Venkatramani:** Yes, I think if that was not the case, we would not have been able to implement so many price increases.
- Jignesh Kamani:** Sure. And so, and for next six, nine months, there is no additional volume coming from the industry, right?
- V. Venkatramani:** I think so, but I'm not very sure about when Century's brownfield expansion in Punjab will start operations.
- Jignesh Kamani:** Understood. Sure. Okay. Thanks a lot.
- V. Venkatramani:** Thank you.
- Moderator:** Thank you. The next question is from the line of Ayush Agarwal from Mittal Analytics. Please go ahead. Ayush, your line is unmuted. Please go ahead.
- .

Ayush Agarwal: Yes. Thank you for the opportunity, sir and congratulations on a great set of numbers. Sir, my first question is that in the last quarter, and MDF realizations in the South were around 25,500, and this quarter, they have jumped to more than 30,000, if I heard it correctly. But we don't see any subsequent increase in margin. So one, what led to this realization? Was it all because of raw materials? And two, is there any product mix changed as well? This is my first question.

V. Venkatramani: Yes, it's a mix of two, three factors. One, like I mentioned, we took an aggregate of three price increases aggregating to 17%. From 1st December, we have also eliminated the price difference between retail and OEM. And the third factor was, we have also seen an improvement in product mix. So, all these have together contributed to an improvement in realizations. On the margin front, there's been no significant improvement, primarily because the Uttarakhand plant was shut for about 43 days. So we lost about, I would say, almost 18,000 cubic meters in volume which would have led to a significant improvement in the margins.

Ayush Agarwal: I was talking about margins in the South particularly.

V. Venkatramani: If you look at the south plant, in Q2 our margins were about 33.49%.

Ayush Agarwal: Right.

V. Venkatramani: So, there's been a marginal improvement of about 100 basis points. But what we also must look at is, we were also supplying to areas which are traditionally serviced by the North plant. Hence, we also saw a steep increase in, domestic freight costs, because almost the entire supplies for the northern region were happening from the South plant. So, I think that is probably contributed about 1% impact on EBITDA margins.

Ayush Agarwal: Okay, that makes sense. And sir, right now what would be our premium in realization over competition in the South or AP, particularly?

V. Venkatramani: I think in the South our major competitor is Rushil Decor. So, I think we would be at a premium of

Shobhan Mittal: About 3% like I said.

V. Venkatramani: Yes, about 3% to 3.5% percent compared to Rushil.

Ayush Agarwal: Right. And this 17% hike that we took was mostly in December as you mentioned, so can we see realizations...

- V. Venkatramani:** No, it was not mostly in December, it was the mix of October and November.
- Ayush Agarwal:** All right. So this will be the base, at least for Q4.
- V. Venkatramani:** I think there will be some impact in the current quarter realization.
- Ayush Agarwal:** Alright. And sir, my last question is that, given that MDF prices have gone up a lot in the last one, one and a half years, at what price point will MDF be non-remunerated for the homeowners to installers, or probably look at other alternatives? So I mean, MDF, one of the selling point also was that it was cheaper, and it was better and could replace cheap plywood. So at what price point, will retailers start looking at alternatives?
- Shobhan Mittal:** Well, I mean, I don't think that is a justified price point to that extent because as acceptance grows of MDF, and it starts becoming the preferred material of choice. For example, historically, plywood has every year, gone up in price, but there hasn't been a very close substitute at that point of time with the way we manufacture furniture. I think the same would apply to MDF. Obviously, the only threat that will continue to linger on would be an alternative source, which would be important. But as long as that is addressed, I don't foresee that there would be an easy replacement of MDF as of material return.
- V. Venkatramani:** And the plywood industry has also been taking price increases. I think, it was probably about two or three days back, that the Yamunanagar Plywood Association announced price increase of 8% with immediate effect. So, probably, that would not lead to a substantial difference between the MDF and cheap plywood prices.
- Ayush Agarwal:** Right. That was helpful, sir. Thank you so much for your answers. And good luck ahead.
- V. Venkatramani:** Thank you.
- Moderator:** Thank you. The next question is from the line of Akshay Chheda from Canara Robeco. Please go ahead.
- Akshay Chheda:** Yes, thank you for the opportunity. Sir, just one question, like you did mention that you will be taking the final call in the March quarter for the Brownfield expansion, but any rough cut estimates like what could be the intensity of the CapEx and the timeline for the same?
- Shobhan Mittal:** It's too premature to answer that. We are exploring multiple options with the vendors, also looking at current scale of operations and what kind of investment would balance that out for us to offer the

most optimal product portfolio. So, I think it's too premature to give you an answer in terms of capacity or the CapEx size. We will need another three, four months before we have some clarity on that.

Akshay Chheda:

Okay. Thank you.

Moderator:

Thank you. The next question is from line of Venkat Samala from Tata AMC. Also, participants are requested to limit their questions to two per participant. If time permits, you may join the queue for follow up. Mr. Samala, please go with your question.

Venkat Samala:

Hi, sir. Thanks. Thanks a lot for the opportunity. Sir, my question is just a follow up of the previous participant's question. I understand that you are still kind of thinking about what the right CapEx should be, and the product mix should be, but assuming you do take a call of Brownfield expansion by Q4 exit, so when will it get commissioned?

V. Venkatramani:

I mean, we can take a period of about 18 to 24 months.

Shobhan Mittal:

Right.

Venkat Samala:

Okay, okay. Okay. Sure, sure, sure. And this is a follow up, I mean, we have seen some of the other wood panel companies thinking about how should the company look like three or five years hence from here and therefore, formulate three to five year plans. So are you also thinking on the same lines, obviously, if the demand environment looks very good, right, so are you also thinking about that, I mean, putting more investment into use and expanding across different categories, including MDF, of course?

Shobhan Mittal:

Well, I think our immediate focus is, optimizing our existing operations and obviously, I think with the new expansions that we are planning, I think we will have our sort of projections cut out for us for the next three, three and a half year because there is a investment period, then there is gestation period and then there is the optimization phase of the plant. So I think that already would put us on track for the next three, four years, sort of targets for our company. So internally we have those sort of planned, but obviously, these would become more concrete when we've decided on the exact expansion numbers and plans.

Venkat Samala:

Right, right, right, right, right. Sir, and if the Brownfield expansion, say, would take 18 to 24 month, so then I mean, seeing the demand that we are, so then we would largely running out of capacity, right? There could be several instances of lost demand, right? I mean, even after the capacity expansion that we are undertaking.

Shobhan Mittal: No, I think that may not be the case if we are assuming about a 15% sort of market growth for MDF, and given the fact that the existing plants being European supply can optimally run at 110% to 115% capacity plus the 20-odd percent that we get from the debottlenecking, I think we are -- we should be quite comfortable in terms of additional capacity available to us over the next few odd years before the new plants come online. So, we don't foresee a very big sort of gap between before the new plants come online.

Moderator: Mr. Shobhan, actually your line is slightly flickering and it's breaking a bit.

Shobhan Mittal: Sorry. Is it better now?

Moderator: Yes. More or less the same, but Yes, still better. Can you -- go ahead, please, sir. Thank you.

Shobhan Mittal: Yes, so, what I'm trying to say is that we don't foresee a very big sort of gap between when the plants come on and we won't be constrained by capacity.

Venkat Samala: Right, right, right. So sir, as you said, I mean, you could operate at 115% to 120%, so, could you also put out a figure? I mean, what could be the -- I mean, when you operate the plants post capacity expansion at the limit, when you push all the limits, what could be the max volumes that can be delivered out of the current facilities?

Shobhan Mittal: So you mean to say from our existing locations?

Venkat Samala: Yes, Yes, existing locations, after increasing -- after the debottlenecking exercise.

Shobhan Mittal: See, in an MDF plant, a lot of it boils down to the product mix. If I'm producing a certain thickness, I may be getting a certain output, but as the market demands a different thickness, there is a different output based on every thickness, every density. So it will pretty much boil down to the product mix that we finally get in terms of demand from the market. So -- but, I would say some comfortably that it's easy to output maybe between 650,000 to 700,000 cubic meters from our existing two plants.

Venkat Samala: Okay, okay.

Shobhan Mittal: After the debottlenecking.

Venkat Samala: Okay, okay. Okay. So 700,000 would be kind of possible?

Shobhan Mittal: Yes. And of course, the disclaimer here is the product mix, because, now like I said, we're going into a lot of value added products, which are higher density nature and which like, for example, a club or exterior grade product. Although operating margin on that are much higher than our standard product, but obviously the production goes down to a certain mix. So, we are still able by producing those value added products, because although they are lower in volumes, but margins are far higher than the standard product.

Venkat Samala: Understood, understand. And my last question would be, this time, obviously, we've seen the export mix kind of come down to one of the lowest in the history. So how much sustainable would this be in the near-term Q4 and Q1?

Shobhan Mittal: Well, the export volumes have come down -- you're talking about the export volumes, right?

Venkat Samala: Yes, correct.

Shobhan Mittal: So, actually, the reason for the export volumes coming out was because of the Uttarakhand plant shutting down. And we did not want to sort of give a too much of a gap in the domestic supply. Hence, we diverted the export allocation to the domestic plant, to the Andhra plant, as we mentioned before. But now the Uttarakhand plant is up and running, I think we would go back to normalcy on the export side as well.

V. Venkatramani: So we'll try to give the export mix at between 15% to 20% of the total volume.

Venkat Samala: Okay, okay. So then it is permanently coming down, right? I mean, we used to do 30% to 35%, so...

V. Venkatramani: See, I wouldn't say permanently because it will always depend upon demand conditions in the domestic market. So, if there is any drop in demand in the domestic market, we'll increase allocation to export. And if the domestic markets are doing good, we will increase allocation to the domestic market. Again, when we come up with an expansion, initially the domestic markets will not be able to absorb all the increased production. So, at that time again, we'll increase the allocation to the export market, because it will take time to build the retail network to take on the additional volumes in the domestic market.

Venkat Samala: Understood...

V. Venkatramani: There will always be, depending upon certain factors, we'll always see differences between allocation to domestic and export, but our

target is to keep the mix at around 80% to 85% domestic and 15% to 20% export.

Venkat Samala: Understood. And near-term is the domestic strong enough to keep the domestic mix at 80% to 85%?

V. Venkatramani: Yes, so in January again, the retail segment was disturbed due to the third wave of COVID. So, we saw a fall in volumes in the first 10 to 12 days, but it started to return to almost normal from around the 13th and 14th. If that continues, I think, we will continue to keep the export mix between 15% to 20%.

Venkat Samala: Okay, sir. Thank you. Thanks a lot. Wish you all the best. Thank you.

V. Venkatramani: Thank you.

Moderator: Thank you. The next question is from the line of Udit Gajiwala from YES Securities. The participants are requested to please limit their question to two per participant. Thank you.

Udit Gajiwala: Yes. Hi, sir. Congratulations on a great set of numbers. Sir just one follow up, when we were talking about the Brownfield expansion, I believe that in previous call, we had mentioned that the MDF machineries across the globe are not available or some -- there's some constraint over there. So how we'll be able to source for our Brownfield expansion going ahead?

V. Venkatramani: Okay...

Shobhan Mittal: I mean – sorry, go ahead.

V. Venkatramani: Yes, please continue.

Shobhan Mittal: No, there is no I mean, there's no challenge in sourcing the material, it's only the lead times that are challenging. So, it's not that machinery is not available, it's just a matter of agreeing on an acceptable lead time. The lead times have been prolonged now, because of the sort of restart of investments across the board. So once we've chosen the supplier, once we've chosen the configuration of the line that is when we will have a clearer picture on the lead times for the gravies of the plant. But as Venkat mentioned 18 to 24 months commissioning time, I think that is very much still possible.

Udit Gajiwala: Got it. Got it, sir. Thank you for the clarification, sir. That's it from my end.

Shobhan Mittal: Sure.

Udit Gajiwala: Thank you.

Moderator: Thank you. The next question is from the line of Nikhil Agarwal from VT Capital. Please go ahead.

Nikhil Agrawal: Yes. Good evening, sir. Sir, could you just explain why the plywood realizations have gone down? You said you've taken some prices hikes, but in the presentation it was 279 in the last quarter, and it's 272 in this quarter. So any reason for that?

V. Venkatramani: Yes. So basically, normally, October to December is possibly not a very good quarter for plywood because most people prefer to complete their interior work before Diwali. So Q3 is one of the weak quarters in a year. And secondly, there was also a fall in the mix of decorative veneers as compared to the earlier quarter. So that's the reason for a fall in realization, due to the product mix, and not due to any price reductions.

Nikhil Agrawal: Okay. But you did -- you've taken price hikes in the -- in one segment, in the plywood segment as well.

V. Venkatramani: Yes, we have taken a price increase of 4% from 1st November, but that was implemented only from 1st December. So, we got the benefit of that only for one month in this quarter. Further, in the current quarter, we'll be getting the full benefit of that 4% hike, and we have taken a further price increase of 3% from 1st January which will be implemented from 1st February. We will also get the benefit of that for about two months. So, I think, yes, that should help to improve both realizations and margins in Q4.

Nikhil Agrawal: Perfect, sir. Sir, like, what was the total price hike in the -- on the raw material front? I mean, this chemical prices and wood prices in Q3?

V. Venkatramani: There were different price increases, and it would be very difficult to quantify, because normally the impact of that comes after sometime, because we are carrying about 30 to 45 days of wood inventory. So, I'll not be able to give you the impact of the price increase in this quarter. But overall, if we look at the nine months period, I think we have seen a hike of about 10% in wood prices in the North, about 5% in South and chemicals, there have been different range of price increases in different chemicals. So about 25% in some, about 40% in some, about 100% in some chemicals. So I think probably about, on an average about 35% increase in chemical prices over the past one year.

Nikhil Agrawal: Okay. 35%. Okay, sir. And sir, like, just one last question, I know you said that you will be announcing CapEx plans in quarter four, but like is there -- can you give any idea of which segment are you really targeting? Is it plywood, is it laminates, or is it -- will it be particleboard, given that particleboard is a higher margin product? So, anything on that?

V. Venkatramani: I couldn't get you. Could you please repeat that?

Nikhil Agrawal: So am I audible now?

V. Venkatramani: Yes.

Nikhil Agrawal: Sir, you said -- I know you said that your -- you will be announcing your capacity expansion plans in Q4. But I just wanted to get an idea which segments will you be getting into? Will it be MDF or will it be any other segment of the plywood sector, like plywood or laminates or particleboard?

V. Venkatramani: The first expansion will definitely be in MDF. At the moment, we are not considering any expansions in plywood or entry into the particleboard segments.

Moderator: Thank you. The next question is from the line of Nikhil Vora from Abaqus AMC. Please go ahead.

Nikhil Vora: Yes. Hi, sir. Thanks for the opportunity. Just one data point specifically, I wanted to know, what is the share of our value-added products right now? And if you can help me, what would be the blended realization that we make in value added products?

V. Venkatramani: Okay. So, value added products contribute about 48% in volume terms. I'm saying this only for the domestic market. So about 48% in volume terms and about 59% in value terms. And basically, the value-added products are Club grade MDF, exterior grade MDF, pre-laminated MDF, and wood floors.

Nikhil Vora: Understood.

V. Venkatramani: So these are the value added products. And they comprise about 48% in volume terms and about 59% in value terms.

Nikhil Vora: Understood. And this is specifically for this quarter, you're saying, right?

V. Venkatramani: That's correct.

Nikhil Vora: And sir, just in terms of an understanding from this value added products, is it possible -- how much more can we scale this value added products? It can become 100% of our overall business, MDF business?

V. Venkatramani: No, I don't think so because many of the consumers would not be going for the value-added products. I think although we would see an increase in volume of value added products, I don't think the percentages would go beyond this level.

Nikhil Vora: Understood, sir. And I understand you alluded to the import question. But specifically, this is more broad based in terms of not just currently how the situation is panning out but over the next one or two years, do you think this situation that is panning out in Vietnam, specifically because of replacement demand from China, do you think it is any way structural in nature and we might not see the same level of imports we used to see in the past?

V. Venkatramani: Yes, I think that's definitely the case for Vietnam and Indonesia. Thailand, we have to wait and watch how it pans out. But if international prices remain at this level, I don't see any significant threat to the domestic manufacturers.

Nikhil Vora: Understood, understood. Thank you so much, sir. Thanks.

V. Venkatramani: Thank you.

Moderator: Thank you. The next question is from the line of Pranav Gala from iWealth Management. Please go ahead.

Pranav Gala: Am I audible?

V. Venkatramani: Yes.

Moderator: Yes, you are.

V. Venkatramani: Please go ahead.

Pranav Gala: Hi, sir. Happy New Year to the Greenpanel team and great set of numbers, sir. Sir, just a little clarification that I wanted from your end. You said that the volumes in the industry were much better. And that if the Rudrapur plant would have been up and running, we would have done better in terms of volume, is that right?

V. Venkatramani: That's correct.

Pranav Gala: So this is the top manufacturers of MDF, who have done better -- really well in terms of volume. Correct?

V. Venkatramani: Yes, in terms of capacity utilization.

Pranav Gala: Capacity utilization. Okay. Okay. Thank you, sir. And the other thing, sir, looking at our current realization of 29,000, the blended realization that we have in MDF, should now -- do you see that staying at this range for the near future, or do we -- will we take a call on it based on the raw material pricing, depending on the increase or decrease in the price?

V. Venkatramani: Yes, that's correct. We'll take a call depending upon raw material prices.

Pranav Gala: Okay. So it could be both...

V. Venkatramani: Which could be both upwards and downwards.

Pranav Gala: So, what is the trend that you're seeing now, when it comes to the raw material as to sustainability of this current realization?

V. Venkatramani: I think the current realizations are sustainable, unless there's a steep drop in raw material prices, which does not appear possible at this point of time, because most of the chemicals are derivatives of crude and wood prices are going up. So, I don't see any major fall in chemical prices.

Pranav Gala: Correct. And also, Shobhan Ji also mentioned that there was a -- there's a shortage going on in the MDF side in the -- on a worldwide basis.

V. Venkatramani: That's correct.

Pranav Gala: Okay. Okay, okay, sir. Great, sir. Thank you so much. And all the best.

V. Venkatramani: Thank you. Thank you.

Moderator: Thank you. The next question is from the line of Anika Mittal from Invest Research. Please go ahead.

Anika Mittal: Hello. Am I audible?

Moderator: Yes, please go ahead.

V. Venkatramani: Yes, please go ahead.

- Anika Mittal:** Sir, actually I wanted to know what is the impact on revenue due to the closure of MDF facility in terms of quintals, can you tell with how many quintals we have lost into the closer of MDF facility?
- V. Venkatramani:** Yes, we have lost approximately 18,000 cubic meters in this quarter. And at current realizations for the North plant, that would have been approximately INR 58 crore.
- Anika Mittal:** Okay. Thank you, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Utkarsh Ramaya as an individual investor. Please go ahead.
- Utkarsh Ramaya:** Thank you for the opportunity, sir. So I just had one question on the market. Given that a lot of capacities are coming on in FY '24, I just wanted your view on how do you think the supply-demand dynamics will play out? If any -- if that will affect price realizations, and please if you can give just like numbers, the estimated demand and supply which is coming on screen against that? It will be very helpful.
- V. Venkatramani:** Yes, sure. At the end of FY '21, we had domestic capacities of approximately 1.9 million cubic meters. And by the end of the current year, considering Rushil Decor's expansion in South India, we should have about 2.3 million cubic meters of domestic MDF capacities. And I think we'll probably be at capacity utilization of around 75% for the industry as a whole by the end of this year. And over the next two to three years domestic capacities could increase from 2.3 million to 3 million cubic meters, based on expansions which have already been announced by listed or unlisted players. Of course, any capacity expansion by Greenpanel would be in addition to that. And we estimate based on a 14% to 15% annual growth, demand should be around 2.5 million cubic meters. So, I think yes, we won't see any significant reduction in capacity utilization, and that's what gives stability to the prices.
- Utkarsh Ramaya:** Okay. And sir, today's demand stands at? As of today, the industry demand?
- V. Venkatramani:** Excuse me?
- Utkarsh Ramaya:** Today's industry...
- V. Venkatramani:** I won't be able to give you the figures for today. I can give you the figures for FY '21. So, for FY '21, against domestic capacities of 1.9 million cubic meters demand was about 1.5 million cubic meters, which is about a 77% capacity utilization. And for the current year, we estimate that on a capacity of 2.3 million cubic meters demand

should be somewhere between 1.7 million to 1.8 million cubic meters. So roughly around the same level of capacity utilization as last year.

Utkarsh Ramaya: Okay. Understood. So, is it fair to say that when demand is at approximately 75% of the industry supply, the market stays at equilibrium and in a good condition? Is it a good price?

V. Venkatramani: Yes, you can say that, because the organized players, the three, four organized players in the industry operate on a much higher level of capacity utilization. Like last year, the industry's capacity utilization was 77%. But if you look at the organized players, it was probably 90% plus.

Utkarsh Ramaya: Okay. Understood, sir. That was very helpful. And just one more question, sir, as of today, how much of a debottleneck capacity is commissioned? Like from 540, how much have we reached to, as of today?

V. Venkatramani: So there has been a marginal increase at Uttarakhand plant where capacity has increased from 180,000 to 216,000. But like Shobhanji mentioned earlier during the call, this will also depend upon the density and thicknesses of the products manufactured and also the mix of value-added products. So, it's not a number we would say that this is the absolute capacity of the plant. Depending upon product thicknesses, product density, and the mix of value-added products, this number could increase or reduce.

Utkarsh Ramaya: Okay. And will this debottlenecked capacity will be entirely utilized in Q4?

V. Venkatramani: Yes, for the Uttarakhand plant, we should be close to optimum capacity utilization. For the Andhra plants, this is happening in the current month. So, there will also be testing phase in February. Hence, I think probably we'll have the benefits of that for about 45 days in this quarter.

Utkarsh Ramaya: So sir, given these two points you made of the utilization of both new capacities -- debottlenecked capacity, our volume should ideally be higher than Q2 volumes, right?

V. Venkatramani: Yes. In a normal market, I would agree with you, but like, in reply to another question, I had said that there was an impact on MDF volumes in January because of the third wave of COVID. So, I think we lost volumes during the first 12, 13 days of this quarter, and then the market has started to improve. So, I think, yes, we should be above Q2 levels, but maybe not very big difference above Q2.

Moderator: Thank you. The next question is from the line of Chirag Lodaya from ValueQuest. Please go ahead.

Chirag Lodaya: Yes, sir, just two questions. One, what should be the tax rate going ahead? And second, how much the EPCG commitment left to export -- export related?

V. Venkatramani: I don't remember the exact number, but our export commitments should be completed in the current quarter. And as far as the tax rate, I think, for FY '22 and FY '23, we can consider a tax rate of 30%. And then probably once our old tax benefits are exhausted, we'll probably move into that new tax rate from FY '24, which would mean a 25% tax rate.

Chirag Lodaya: Okay. And just, sir, on interest, how to look at now interest run rate? You have repaid lot of foreign debt also. So in this quarter also I'm sure there would be some ForEx gains, which would have led to reduced interest. So on an absolute basis or run rate basis how we should look at?

V. Venkatramani: See, at present we have net debt of about INR 144 crore. I think we should be something between INR 90 crore to INR 100 crore at the end of this year. So, interest will not be a major factor in the next financial year.

Chirag Lodaya: Got it, sir. Got it. Thank you, and all the best.

V. Venkatramani: Thank you.

Moderator: Thank you. The next question is a follow up question from the line of Karan Bhatelia from Asian Market Securities. Please go ahead.

Karan Bhatelia. Hi. Sir, thank you for the opportunity. Sir, how do you view particleboard as a market? Can you see the similar success story we've seen in MDF in the last three years?

V. Venkatramani: Particleboard has been in the country for a much longer period than MDF. But we don't see it has gained a huge market probably because it has lesser number of applications as compared to plywood and MDF, primarily because it has a lower density, so it is more suitable for vertical applications rather than horizontal applications where a higher load bearing density would be required. But we have not really evaluated particleboards, so I won't be able to give you a very detailed reply to that.

Karan Bhatelia: Right, right, right. And one more thing, sir, we keep hearing of new plants coming, once we see a better capacity utilization at the next

level. So hearing of any new players coming into the market, somewhere in North?

V. Venkatramani: No, there could be some very small expansion by unorganized players, but I've not heard of any new player entering the MDF industry in northern India.

Karan Bhatelia: That was helpful. Thank you.

V. Venkatramani: Thank you.

Moderator: Thank you. We'll take the last question from the line of Balaji Vaidyanath from NAFA Asset Managers. Please go ahead.

Balaji Vaidyanath: Sir, now that our retail mix is in excess of 95%, and both plants at significantly high-capacity utilization, would you be thinking in the lines of marketing and brand building starting from this year, or that is still some more time?

V. Venkatramani: No, I think we'll definitely start brand building activities in a much more significant manner from FY '23 onwards. I think you'll probably see that activity starting from the beginning of the next financial year.

Balaji Vaidyanath: And ballpark, what kind of -- as a percentage of sales, what kind of number we would be thinking of?

V. Venkatramani: See, I think just in terms of MDF revenues, we should be doing 2% to 2.5% spend comprising of both ATL and BTL.

Balaji Vaidyanath: Okay, sir. Thank you so much. All the best.

V. Venkatramani: Thank you.

Moderator: Thank you. Ladies and gentlemen, that would be our last question for today. I now hand the conference over to the Management for their closing comments. Thank you, and over to you.

Shobhan Mittal: We thank everyone for joining this call. And we look forward to speaking to you again post the next quarter and for the end of the financial year results. Thank you, everyone. And if anyone has any further questions, please feel free to get in touch with us. Thank you.

V. Venkatramani: Thank you everyone and wish you all a very happy and healthy New Year.

Moderator: Thank you very much. Ladies and gentlemen on behalf of Greenpanel Industries Limited, that concludes this conference.



Thank you all for joining us, and you may now disconnect your lines.