Greenply/2021-22
November 16, 2021

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
Security 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 November 10, 2021 on the financial results of Greenply Industries Limited for the quarter and half year ended 30th September, 2021.

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

Thanking you,

Yours faithfully,
For GREENPLY INDUSTRIES LIMITED

KAUSHAL KUMAR AGARWAL
COMPANY SECRETARY &
VICE PRESIDENT-LEGAL

Encl.: As above

"Greenply Industries Limited
Q2 FY2022 Earnings Conference Call"

November 10, 2021

ANALYST: **MR. KARAN BHATELIA – ASIAN MARKET SECURITIES LIMITED**

MANAGEMENT: **MR. MANOJ TULSIAN — JOINT MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – GREENPLY INDUSTRIES LIMITED**
MR. SANIDHYA MITTAL - JOINT MANAGING DIRECTOR – GREENPLY INDUSTRIES LIMITED

MR. MUKESH AGARWAL — CHIEF FINANCIAL OFFICER – – GREENPLY INDUSTRIES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY2022 Earnings Conference Call of Greenply hosted by Asian Market Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Karan Bhatelia from Asian Market Securities. Thank you and over to you Sir!

Karan Bhatelia: Thanks. Very good morning, everyone, and thank you for joining us on the Greenply Industries 2Q FY2022 conference call. In the panel today, we have Mr. Manoj Tulsian, Joint MD and CEO; Mr. Sanidhya Mittal, Joint Managing Director; and Mr. Mukesh Agarwal, 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 risk and uncertainties. A detailed statement in this regard is available in the results presentation that was sent to you earlier. So now, I would like to invite Mr. Manoj Tulsian to begin the proceedings of the call. Thank you, and over to you, Sir!

Manoj Tulsian: Thank you, Karan. Very warm welcome to everyone present and thank you very much for joining us today to discuss Greenply's operating and financial performance for quarter two FY2022. After the slow uptake in quarter one due to second wave of COVID, we have bounced back in quarter two and achieved highest-ever quarterly sales. Assuming no major shock in external environment, we are more than confident to continue this trend for second half as well. The improvements are all across the operating parameters, that is improvement in operating margins, working capital management and even debt reduction. The reported margins have also absorbed non-cash cost of ESOP of around Rs.3 Crores, due to the same reported margins got impacted by 70 basis points. As per the accounting policy, this cost would continue for another six to eight quarters; however, the quantum may vary. During the previous quarter, we have taken further price increase to pass on cost increases, but we all know due to continuous increase in raw material cost price, it is not fully reflecting in the reported numbers. Assuming all such variations get stabilized, we should report improved margins in the coming quarters.

To achieve long-term growth plan, we are investing heavily in enhancing our efficiencies by strengthening management bandwidth, making strong processes and systems through IT and automations. Including these additional costs, non-cash ESOP cost and raw material cost price pressures, we are committed to achieve 13% to 14% level of operating margins by the end of next fiscal. I am glad to announce that we are on the fast-track mode in implementing our new projects. Construction activities at Greenfield plywood plant in Lucknow is under full swing. We should be able to achieve COD by quarter four this year. In our new MDF plant in Vadodara, all the major machineries has been ordered, land has been acquired and preliminary civil activities has also started. The project should achieve COD by quarter four of next year as promised.

In our asset-light model, we have two JVs for the manufacturing of plywood and allied products. The first project has started production of plywood during last year and now we are fully utilizing this capacity. The second project has started partial production in the last quarter and balance will start in Q4 of this fiscal year. These capacity additions will provide fillip to our growth journey in the next few years. On the overall sustainability of this demand outlook, there might be some pent-up demand, but structurally we are witnessing a long uptrend in housing and related furnishing industry.

The other macroeconomic indicators also, which we have seen, are all positive and we feel the market will remain very buoyant for our industry. In addition, the supply side bottlenecks reducing business visibility for unorganized players and consumer shift towards branded products, leading to growth of organized segment at the cost of unorganized segment is also another parameter. We feel with this outlook of infrastructure sector, along with improving consumer optimism will support and enhance business growth in next few years.

With this, I would like to hand over the call to Mr. Mukesh, to discuss our financial performance. Mukesh ji!

Mukesh Agarwal: Thank you, Sir. Good morning, everyone. I thank everybody for joining us to discuss the Q2 FY2022 financial performance of Greenply Industries Limited. To continue which Manoj ji's remarks, we have achieved very strong business traction in previous quarter. Our consolidated entities net sales for the quarter stood at Rs.430.8 Crores, compared to Rs.294.6 Crores in Q2 FY2021, an increase of 46.2% on Y-o-Y basis and up by 65.6% on Q-o-Q basis. Consolidated gross margins remained at similar level with Q2 FY2021 at 39.6% and EBITDA margin stood at 12.0% versus 11.4% in Q2 FY2021.

Revenue includes GST refund of Rs.1.6 Crores in the quarter. For H1 FY2022, revenue includes GST refund of Rs.2.3 Crores. This is from one of the units, which is an operating income.

Net sales for the half year ended September 21 stood at Rs.690.9 Crores, compared to Rs.426.8 Crores in H1 FY2021, an increase of 61.9%. Consolidated gross margin stood at 41% in H1 FY2022, compared to 41.7% in H1 FY2021 with an marginal decline of 78 BPS on Y-o-Y basis. EBITDA margin stood at 9.7% as compared to 7.2% in H1 FY2021. Standalone net sales in Q2 FY2022 stood at Rs.374.6 Crores versus Rs.237.4 Crores in Q2 FY2021, an increase of 57.8% on Y-o-Y basis and up by 76.1% on Q-on-Q basis.

Standalone gross margin for the quarter declined by 133 BPS to 38.3% on Y-o-Y basis and EBITDA margin stood at 12.8% as compared to 10.6% in Q2 FY2021. PAT stood at Rs.29.5 Crores as against Rs.14.3 Crores in Q2 FY2021. Our average realization in plywood came at Rs.233 per square meters in Q2 FY2022 as against Rs.211 per square meters in corresponding period last year.

Standalone net sales in H1 FY2022 stood at Rs.587.3 Crores as against Rs.344.5 Crores in H1 FY2021, an increase of 70.4%. Gross margin stood at 40% in H1 FY2022 compared to 40.1% in H1 FY2021 with marginal decline of 13 BPS on Y-o-Y basis. EBITDA margin stood at 9.8% as compared to 5.8% in H1 FY2021.

On consolidated basis, debtor days have reduced to 48 days from 53 days as on June 2021 and 90 days as on September 2020. Working capital days reduced to 38 days when compared to 63 days and 80 days at the end of the sequential and corresponding quarters, respectively.

Quarterly sales for our subsidiary, Greenply Middle East, declined marginally by 1.7% on Y-o-Y basis for half year ended September 2021, net sales for our subsidiary increased by 25.9% with expectation of improvement in freight cost and container availability, we are expecting better result than posted. We hope normalcy will return for our Gabon operations in coming quarters. We incurred plywood maintenance capex of Rs.8.17 Crores for India business and maintenance capex of Rs.1.7 Crores for Gabon business in H1 FY2022.

Our balance sheet continues to be robust, consolidated total debt is at Rs.186 Crores as on September 2021 from Rs.186.8 Crores as on June 2021. Consolidated net debt ratio continues to decline and standing at rupees at 0.12 as on September 2021 from 0.19 as on June 2021.

I would like to hand over the call to the moderator to open the floor for Q&A session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask the question may press "*" and "1"on your touchtone phone. If you wish to remove yourself from the question queue you may press"*"and "2". Participants are requested to use handset to ask the question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Shreyans J from Quest Investment Advisors. Please go ahead.

Shreyans J: Just wanted some sense on the industry, a large part of the market is unorganized, so could you help us understand on how the unorganized players are behaving? Is there any come back from them or do you think a large part of the growth is market share gains?

Manoj Tulsian: Well, yes, I think if you look at quarter two per se, there is some pent-up demand, which is like a follow up demand because we all know quarter one, there was a disturbance. But more so I would agree to your second point that there is definitely a shift which is happening from unorganized to organized market. There was the IMF report also which tracks how the Indian economy is performing on an informal economy basis, which I think SBI conveyed and used data published sometime in early this year. That clearly shows that there is a big shift, which has happened in the last 10 years. And in the last four years itself if you look at construction business, which used to be around 75% informal is around now 35% to 40% informal. That shows there is a big shift from informal to formal. If you see the real estate side of it, their data shows that 53% informal in 2017-2018 is now close to around only to 20%, 25% in 2021. So these are lead indicators, which clearly show that. Coming to the ground level, I can only say that one of the market, which is a hub of manufacturing for these small players, we found out that there is a 30% reduction or shutdown of manufacturing units. Now, whether they bounce back, whether they open is something, which remains to be seen, but that is where we stand today after the second wave.

Shreyans J: Okay. Sir, continuing, so FY2022 will be good on a lower base of FY2021 so do you think this kind of growth rate will be sustainable going ahead? Like so you have given your commentary for H2 but what I am trying to understand is, FY2023, FY2024, do you think these kind of growth rates can sustain or do we try to taper down our expectations?

Manoj Tulsian: These kinds of growth rate means what number you are talking about? The growth what we have got in quarter two?

Shreyans J: Yes.

Manoj Tulsian: No, of course, not because these are numbers, which also, as I said, is also because of the pent-up demand and a follow-up of what we could not sell in quarter one. So it is a mix of both. But I think, yes, it looks like if you look at organized players, the way things are changing, a good double-digit growth is very much possible. If we do the things in the right perspective, companies which do the things in the right perspective can continue to grow at double-digit even if the overall business does not expand in double-digit. So we are very bullish to that extent, and we are gearing up ourselves. On a daily basis, we are keeping track of all the parameters which can affect us or which can affect our future growth and we are working on all the dimensions to make sure that, yes, if the opportunity is there, we do grab that opportunity. That is why, if you will see we started our Sandila plant, also we announced it around almost six to eight months back with a clear intention that by the time we are able to use our entire capacity for this year, we have another capacity of another 20-25% in our hand to cater to the demand for next year, and next to next year. And, of course, we do not stop there. We continue to still look at what we need to do in terms of enhancing our supply side capacity going forward.

Shreyans J: Okay. Sir, I am not trying to get any guidance, but just a rough-cut basis, if I do your trailing 12 months' topline, it comes to about Rs.1,500-odd Crores and now next year, your UP plant also comes into operation. So I think that could do about Rs.250-odd Crores. So is my understanding, correct when I try to think that we could do about Rs.1,800 crores to Rs.2,000 crores of topline for FY 2023?

Manoj Tulsian: I wish we do these numbers. All our efforts would be in that direction. But it is slightly early. I am sure that we would be planning things that way. But it is still early days. We have to see quarter-by-quarter but we are geared up from the supply side, at least to cater to a demand like that.

Shreyans J: Sir, last year Q3 you had spoken about improving your margins about 300 basis points to 400 basis points and that is visible so just wanted to understand the sustainability of that front. So we have improved some of our expenses. Do you think that is sustainable going ahead, in the sense that, when I am looking at your staff cost, there is not much operating leverage that is coming into play, your staff costs have also gone up by 40-odd-percent Y-o-Y and so it has been 14-odd-percent Q-o-Q. So just wanted to get some sense on the sustainability of the margins?

Manoj Tulsian: See, there are two, three things in that: one, for sure, we mentioned that we will improve our margin by 3% to 4%. We are still very gung-ho about the same that it is a sustainable improvement, which can happen by the end of next fiscal and having said that, I also mentioned at that point of time that we are investing. So investing does not only mean capex. It also means a lot of opex expenditure, which is going on, hiring of new talent investment, lot of investment on opex is going on the IT platform also even on the marketing side, on product innovation. So all the fronts we are spending money also and that is what you are trying to refer. Despite all those, we clearly still feel that reaching around 13%-plus by next fiscal end and sustaining that margin should not be difficult.

Shreyans J: Alright, thanks a lot, Sir. Thank you.

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

Sneha Talreja: Good morning, Sir, and thank you all for the opportunity. Sir, just a clarity to the margins part that you mentioned here is, talking about 14%-plus by FY2023 end, not for the complete year, right?

Manoj Tulsian: Yes. So we are talking about a stable margin base of around 13% to 14% in Q4 of next FY, which means the subsequent year. For the full year, we can see that type of margin base.

Sneha Talreja: Right. And eventually, you want to take this to around 14% to 15%, which was your previous guidance?

Manoj Tulsian: Well, the wish list is always there. I think we are taking baby steps and I said that we continue to invest in our business and the whole idea is to be future prepared for next 10-year cycle. There are humongous opportunities which we are able to see, and I am sure you people are able to see it across the sector for the branded goods. So, maybe I can still compromise 0.5% on the margin, but on the initiatives, which we need to take and reinvest on the business, those will all continue. So, this is guidance where if expenditure side improves further, it may happen that I am still short of maybe 50 basis points or something. But to protect that guidance, we will not stop taking any initiatives, which we need to take to build up the organization.

Sneha Talreja: Got that, Sir. Sir just wanted to understand one thing, after a long time we have started seeing capacity additions happening in the plywood space, whether it be you or the other leader or, in fact, some even smaller guys that we are hearing of and you also mentioned that one part of the place, which is a hub for plywood manufacturing around 30% of the production is impacted. Are you seeing some smaller players also trying to, in that case, throw some capex or they absolutely impacted and no capex going on there?

Manoj Tulsian: We have not heard anything major as of this time and it is actually very fragmented. So at least I have not heard any such things on the larger platform. And there is always a distance in the risk-taking ability also for those people because they are not selling branded goods, and when they see in that market that there are already closures, which is happening and what is then differentiates between the organized player and the unorganized player. We all know that it is the cash economy which majorily differentiates. And I have been advocating this, the way things are transforming in our country, including the GST compliances and the other IT platforms, which the government has been adopting everywhere. I only see the a lot of correction going forward, which means that the differential pricing what they were enjoying will only cut down and which does not really give them a reason to increase their production output, unless they also eventually try to convert themselves and start billing everything on full price basis.

Sneha Talreja: Sir, anything that you are hearing on the MDF front apart from you and the major leaders who have already announced capacity additions? Are you also seeing some aggression happening from more of the smaller player's side? We already have seen huge amount of capacity additions coming from even smaller players this particular year, which accounts maybe closer to 25% to 30% of the overall capacity already. Are you seeing some amount of aggression even coming from there or some other larger players trying to enter the industry, some insights on that?

Manoj Tulsian: Look, there are limitations we look at on the MDF business in terms of scaling up operations. Either there is German technology or there is a Chinese technology. So most of the major players are trying to use the German technology only and I think now that we are into this and we are already in touch with one of the major German supplier, we know all their lines and capacities are full up to FY2024. Okay? So we do not see anything major coming up. Something small in bits and pieces may come up but that technology can be very, very different and nowhere near the technologies, which the major players are using. So that can become some small quantities in a few pockets, but we do not see any major thing coming. At least in the public domain we do not have any such knowledge.

Sneha Talreja: Sure, that is helpful. I will get back in the queue. Thanks, Sir.

Moderator: Thank you. The next question is from the line of Venkat Samala from Tata AMC. Please go ahead.

Venkat Samala: Sir, thanks for the opportunity. So, I am just trying to understand if I compare the volume numbers with FY2022 figures.

Moderator: Sir, your voice is breaking in between.

Venkat Samala: I will just join back in the queue then.**Moderator**: Yes, please. The next question is from the line of Akshay Chheda from Canara Robeco. Please go ahead.

Akshay Chheda: Thank you for the opportunity. So you did mention about the price differential between the unorganized and the organized sector coming down. So, sir, can you quantify it like how it was, say, five years back, two years back and what is it currently?

Manoj Tulsian: Well, I think if you look at around five years back that gap was almost around 20% to 25%, okay, which today post the GST implementations and everything another structures, which has happened, it has reduced to somewhere around 8% to 10% now.

Akshay Chheda: Got it, thank you, Sir.

Moderator: Thank you. The next question is from the line of Achal Lohade from JM Financial. Please go ahead.

Achal Lohade: Good morning. Thank you for the opportunity. Sir, my first question was just a clarification; you mentioned that the German vendors have indicated that their capacities are booked in FY2024. Did I hear it right?

Manoj Tulsian: Yes, that is what we have been given an impression. With all the orders which are already there in the hand, I mean, I am not talking only from an India perspective, but that is what they are trying to mention to us that we are full till FY2024. Whatever orders have come they are full up to FY2024.

Achal Lohade: Got it. Sir, my second question was, I think, Venkat was asking the same, while on a Y-o-Y, it appears massive growth. If I look at compared to FY2020, 2Q FY2020 the growth is just 2%. So I wanted to check is that, in terms of the backdrop of significant reduction in the ready-made furniture imports, a significant pickup in terms of real estate inventory absorption and a significant impact on the unorganized, do you see that this is probably the wrong bottom number and we can only improve significantly from here on and go back to double-digit growth?

Manoj Tulsian: Yes. The indicators shows that yes, we can go to double-digit growth and which is actually — so we are again not talking about the market expansion, we are talking about growth for the organized players. That is one. Second, when you are saying readymade furniture, readymade furniture is still a lot of business is shifting to MDF, right, rather than plywood, and that is the category, which, where we are getting entry and from FY2024 we are also there. And so, yes, I would say that a double-digit volume growth is possible. We were also talking about 6% to 7% growth that is what internally we were targeting. Looking at the way the things are, we can even target a double-digit growth.

Achal Lohade: Understood. If I compare last whatever 12, 18 months, cumulatively, would we say that we have gained market share compared to the other organized players or it could be just static or modest market share loss? I am talking within the organized player, Sir.

Manoj Tulsian: No, I think how we are looking at it is, as I said, we are looking at it is the opportunity which is here this time for conversion of the market from informal to formal. Okay? And there are only few large players into that. I think there is a good opportunity for all of us to do the right things and grow and gain share from the informal economy.

Achal Lohade: Understood. If you could just help us with the mix in terms of the mid- and the low-end volume mix for the quarter and same time last year?

Mukesh Agarwal: Yes. Achal, in quarter two FY2022, in the volume terms, from the manufacturing, we have 56% and from the trading activity, we have 44%, in the volume terms. And in the value term, 65% contributed by the manufacturing facility and trading facility contributed around 35% for the quarter. And for the half year ended 58% from the manufacturing in terms of volume and 42% in terms of trading activity and in terms of value, 67% contributed by manufacturing facility and 33% contributed by the trading activities.

Manoj Tulsian: And I would offer one clarification, which I think this is a change, which we will make from our next time presentation. The trading number also includes the contribution of the JV sales. I know it is trading activity, but within trading activity we should differentiate between what we are buying from our JV because they are 100% for us, right? So it is like a back-to-back full manufacturing. So this trading number what you are seeing also includes the impact of the buying what we do from JV, which is 100% back-to-back arrangement.

Achal Lohade: Thank you.

Moderator: Thank you. The next question is from the line of Hrishikesh Bhagat from Kotak AMC. Please go ahead.

Hrishikesh Bhagat: Morning, Sir. Thank you for the opportunity. Just on the employee cost increase, I believe there was some impact of ESOP, what was the ESOP charges in this quarter? And how long will they continue?

Manoj Tulsian: Rs.3 crores is the cost for this quarter and it is a variable number, which is calculated basis the market price and other factors. And this will taper down going forward. This year, I think it will continue at a run rate of Rs. 3 Crore per annum, next year it will be slightly lower and the year subsequent it will be lower. And that is basis the existing ESOP what has been given, a new ESOP which will be given will again bring in new costs.

Mukesh Agarwal: This quarter, as Manoj Ji said, is Rs.3 Crore and full year it will be around Rs.12 Crores. And next year it will be around Rs.5 Crores and in subsequent year another Rs.2 Crores to Rs.3 Crores.

Manoj Tulsian: But by the time, if you really see, new ESOPs also will get issued. So that number will be there in that range itself.

Hrishikesh Bhagat: Okay. Okay. Another clarification is just on margin. This margin guidance is largely should be read as like plywood plus Gabon operation, what you gave, 13%, 14%, right? It does not include MDF or anything?

Manoj Tulsian: No.

Hrishikesh Bhagat: Thank you.

Moderator: Thank you. The next question is from the line of Sonaal Kohli from Bowhead. Please go ahead.

Sonaal Kohli: Sir, when you are talking about the double-digit growth rate possibility because of so many days impact extra, I just wanted to really clarify it in absolute terms. So should I analyze this Rs.375 Crores number and then take a double-digit growth on that? So basically from a Rs.1,500 Crores base a double-digit growth possibility is that what you are referring in the answers to the previous participants?

Manoj Tulsian: Well, we are already growing at around 3% to 4% and I would say that the 3%, 4% growth can go up to 10% growth.

Sonaal Kohli: Sir, by that you mean revenue or do you mean volume because you have been taking continuous price hike?

Manoj Tulsian: Sorry?

Sonaal Kohli: Are you referring to volume or value growth when you talk about this growth?

Manoj Tulsian: Volume growth.

Sonaal Kohli: On the base of Q2, right?

Manoj Tulsian: Yes. You can take that. That opportunity I am sure will open up. And we definitely are looking at that type of an opportunity.

Sonaal Kohli: Sir, our growth rate has been relatively lower than competition and a few quarters back you said that because of your credit policy we are seeing an impact of that and there is enough demand in the market and you could have showed much more. Does that still continue? And if so, when do you see the impact of that relatively reducing? Are you tightening further as we tightened further in last one, two quarters? Has it been stable? And when do we stop seeing the impact of this, if this is still continuing on a steady sale basis? And lastly, what will be fixed debt at the end of 2023 and end of 2024, net debt post cash considering your capex needs of MDF and your working capital needs? Thank you.

Manoj Tulsian: So, sorry, what was your first question on. No. So I think that most of that correction has already happened. Okay? And today, whatever performance you see in quarter two has not got influenced at all by any such corrective actions. We have done most of those things. So basis the same we stand where we stand. And in terms of debt profile, I think by next year end, FY2023, our debt equity can be somewhere around 0.75, 0.8 what we look at is the maximum debt equity ratio we will reach to, that will be the peak and then we again start coming down. So the point, we are assuming that it can be close to around Rs.500 crores of debt, max.

Sonaal Kohli: Sir, this is net debt or gross debt, are you referring to? Just to reclarify?

Manoj Tulsian: No, this is net because see in the next 12 plus 6, 18 months or 16 months, we would also be investing on the equity side close to around Rs.150-odd crores to Rs.160-odd crores.

Sonaal Kohli: And, sir, considering your credit policy has stopped, why are competition growing more than us? Do we have any capacity constraints or what is it? I mean, considering there are only two large, organized players and if I compare your revenues, the other player has grown much faster. Is there something we need to do or is it something you are doing about it to reduce the gap because the gap has increased considerably in last few quarters? We thought it was led by credit policy. But as you yourself said that that has no more having an incremental impact. If you could tell us what is happening on that front and what are we doing about it? Thank you.

Manoj Tulsian: Look, every company has their own way of looking at their own strategy. Okay? So it is not fair enough for us to really comment on the other player. They have their own strategy, how they want to grow, because they have different line of businesses also and on which business what strategy they adopt is something which remains with them. In terms of our own business, we were definitely after doing so much of correction, you should know that there is always a pressure, which is still there. So it is a hidden pressure which continues. The people who are still watching us because old habits die hard-type situation when you have done something for ages and when you change those things you are always being challenged on every moment. Keeping those things in mind, I think the type of numbers what we have done in Q2, gives us a good reflection that we are on the right direction. And the way we are working on major parameters, which I said, whether it is technology, whether it is innovation, whether it is IT, whether it is logistics, whether it is marketing, branding and distribution. So, I think they are on the right path. And two large players, we have enough opportunity to grow so if you really ask me, it is actually organized versus unorganized. It is a smaller pie itself in the organized market. We should look beyond and we should see that how we can grow at a healthy pace. And then like we are doing many things which we are trying to correct now, so I am sure that these things will reflect in the future. Our growth can be phenomenally different. So I would not look at very short term-ish things and jeopardize my own strategy.

Sonaal Kohli: Great, thank you so much, Sir.

Moderator: Thank you. The next question is from the line of Venkat Samala from Tata AMC. Please go ahead.

Venkat Samala: Sir, it is just a follow-up of the previous participant's question. It is just that if I compare our growth in Q2 FY2022 versus Q2 FY2020, in volume terms, we have grown of around 4%, 5% versus competitor we have grown upwards of 14%. So there is a large divergence, right? And in terms of opportunity size, it is the same, right, for both of us. So I was just trying to understand, so broadly what you are saying is this divergence should narrow down moving forward?

Manoj Tulsian: Well, actually, I do not know about the other number what you are talking. I know what my number for sure.

Venkat Samala: Right, right. No, I am just talking about the ply growth, whatever is the reported number, I am just quoting that.

Manoj Tulsian: So we have not looked at it that way. And one now that you have given this feedback, still maybe we will look at it we can come back to you. But I, for sure, see that if you really see a trend of plywood industry in the last 10 years, the growth has been minimal if you see in terms of volume. If I see our own numbers, we have just grown at around 1%, 1.5% CAGR. Okay. From there now, suddenly, I also know that people were just writing off plywood as a industry by saying, all the growth will come in MDF only, whereas we definitely had the view that plywood is such a large business and the way if you see the product differentiation between plywood and MDF, still today the stability and the strength of plywood is much of MDF. For the MDF varied applications, which is an advantage when you look at MDF as a product, it goes beyond furniture also. I think this is the industry, which is there to grow and with corrections which is happening within the country and the macro economy also showing many of those parameters, which is very positive, like real estate, where we are seeing some of the data of real estate. Real estate is also bouncing back. They are showing some good, I think, maybe a growth of 25%, 30% is something which we are assuming. So that growth will also happen because maybe in Tier 2, Tier 3 cities that growth will happen. Second, the growth will also happen there, possibly because the prices have stabilized. The prices will not move the way it was moving upwardly in the last one or two phases, which means more volume gain there also. It gives us an opportunity to see more sale of plywood. In this work from home concept also, which is getting traction, especially in the IT is also something which will push house sales and will push better refurbishment, and better furnishing, where again plywood will an application rather than maybe MDF because when you try to do something long-term in your house, you will always prefer plywood over MDF. When you look at a short term-ish thing or when you are trying to furbish your rental house or your investment house, you will try to look at MDF. So, we see that this is an opportunity clearly, which is visible. But look, we cannot really foresee everything. I mean then we would have been got. Actually, it would have been Right? it is our optimism and it is getting reflected and then there are those indicators basis, which we feel that the opportunities are going to be humongous. We are preparing ourselves for all these opportunities. We shall miss out on a few, but we try to grab maximum opportunity, which we get in the next three to four years.

Venkat Samala: Right. Fair enough. So the double-digit growth that you are foreseeing to grow in the near-term, medium-term, at least versus the pre-COVID numbers so would that to be visible starting next quarter, meaning would there be an acceleration now in the growth that you are seeing?

Manoj Tulsian: No. I would say that we will be able to see that next year. Okay, because suddenly when you see that everywith is so gung-ho and I said, we are also trying to do too many things at the same point of time. We are on the transformation journey, right? We are preparing ourselves for the next decade. So when you do so many things, at times you will miss out on a few things in the short run. But as a unit, we are all happy because directionally we are right.

Venkat Samala: Understood, understood. Right and you have added a lot of new dealers, right, in the last 12 to 18 months. So could you quantify what could be the contribution from these new dealers added in the current revenue?

Manoj Tulsian: Well, see, we have done I would say, around 6% to 7% additional sales from the new dealers which we have added. While we have done that we have also had a lot of learnings that, though, we did so, there were some operational issues which we faced. We are correcting many of those things. So we also realize other challenges while we were doing so. So we are correcting some of those operational issues. I think it is a good job, which our team has done in the past 12 to 15 months. And with those corrective actions we can improve that percentage further going forward.

Venkat Samala: Understood, understood. And my last question would be, now we are expecting the MDF plant a little earlier than what we had originally planned, right?

Manoj Tulsian: No. We initially also given a guidance that we will do it in Q4 of FY2023.

Venkat Samala: Okay. I was thinking H1 FY2024. So then the plant will be operational for the entire 2024? Is that right?

Manoj Tulsian: Well, yes. But it actually there is a ramp up always which happens in the same. From day one you cannot run at full capacity. So it minimum take anything between six to nine months to ramp up properly, so it moves from a 50-60% utilization to around 80%, 85% utilization if everything goes well, over a period of six to nine months.

Venkat Samala: Right. So what could be the effective capacity utilization levels that we can expect for FY2024 for MDF and margins?

Manoj Tulsian: Well, margins, very difficult to say right now. We have done all our projections in the margin, which was much lower than what the industry is today getting. Okay? We have seen all our viability basis, the margin, which was almost one year back. Today, if you really see, I think, these are golden period for MDF business. So if same trend continues, I think our decision will be more than correct and justified and getting into MDF at the right point of time. And in terms of capacity utilization, I think year one, for full year, if you really look at, we should be around 50% to 60% capacity utilization. Quarter four of that year we might be sure on 80%, but for the full year, it will only be around 50% to 60%.

Venkat Samala: Understood. For the full-year will a mid-single-digit EBITDA be possible or it will be close to breakeven only?

Manoj Tulsian: In the first year, at 50, 60% utilization, we will only be breakeven.

Venkat Samala: Thanks a lot and wish you all the best.

Moderator: Thank you. The next question is from the line of Romil Jain from Electrum Portfolio Managers. Please go ahead.

Romil Jain: Sir, my question is, we were doing some channel checks across Mumbai. So what we are seeing is that the retailers which are there, they do not seem to kind of sell branded products, be it your company or be it any other branded products and they are still selling a lot of unorganized products and they are trying to somehow persuade the customers to buy those. And I think people are kind of buying that. So any reason why they are not selling these products in spite of better product tested, it is better product usability, quality, everything, I mean, obviously, there is a big price difference which we see. So any thought how we can change that perception?

Manoj Tulsian: Look, the answer is simple. I mean, I am sure you would have done such channel check even for other products, where the unorganized market is much, much larger than the organized market. It is a basic tendency, which you will always see. So the branded goods pulls basis the consumer demand because in any case, they see slightly better margin when they look at. In terms of percentage when we look at, they find that they are making better margin by selling unorganized. When they will look at price conceptually, they will find that they are making almost similar margins as dealing with the organized players. So that is the mindset issue, right? Today, where we stand I mean if we talk about our industry its all about consumer demand generation. If you know or if you are convinced that you only need to buy a branded plywood for your next house furnishing, whatever the dealer may say you will still stick to your own wisdom. Something then they will always push because they see better margins there.

Romil Jain: Right, right. So yes, of course, I mean, from the organized players, I think there needs to be a lot of more push on the retailer side, they also sell these products.

Manoj Tulsian: Well, absolutely it has happened. The industry is so large. Okay? If you totality see, what is the size of the organized market to the total market. That is the reason it is miniscule. So your analysis is absolutely right. It is out of 10 counters you will visit, you will find in eight counter today also with the same sample size that 80% of the market is unorganized, so you will see eight counters persuade you to buy the unorganized stuff of what they are carrying branded ones.

Romil Jain: Right. Sir, the commissions that they earn, are they really different between, let us say, organized or unorganized player?

Manoj Tulsian: So as I said that there are lot of ifs and buts everything. So I cannot tell you here on such a large forum there are lots of ifs and buts which they have tried to play with, to add some additional margin. The way things are happening in this country, GST regulations, other things, which is happening, say, you will see slowly and the last rate to them can be reduction of GST rate, which I am sure will happen, whether in next 12 months or 24 months. We see that the GST rate reduction is possible. Once that happens, then that differential gap reduces significantly and then that the industry shrinks further. It will still remain, but it will shrink further.

Romil Jain: Got it. Got it. Sir, second question is on the MDF side. So I just want to understand your thoughts on branding, because obviously once we split and we formed a GreenPanel, so they are also there. So what are your thoughts on how the brand is will it be Greenply MDF or some other name? And would not there be any confusion later on? Any thoughts on that, Sir?

Manoj Tulsian: No, there is no confusion on that. We are allowed to use Greenply as a brand also. That is a clear understanding in the family. Okay? However, we are still contemplating what is the brand name which we are going to be use. But there is no restrictions and no conclusions either in the family or within the house.

Romil Jain: Okay. And lastly, on the blended margins, post the MDF comes through and operates at maybe 60%, 70% utilization in 2024. Any sense you can guide on that?

Manoj Tulsian: Look, today, if you really look at MDF is growing a margin of 30%-plus to the players. Okay? And we are in plywood category, which is throwing us a margin of, let us say, around 12% today, 12.5%, we are looking at 13% to 14% margin. As a blending margin, in any case, after MDF, almost reaching 80%, 90% will improve further only. At this point of time, we have not done those calculations. I think in future also it is always better to look at it that way.

Romil Jain: Yes, it will and it should improve. Correct? It is more higher margin business, but higher capex business also.

Manoj Tulsian: Yes.

Romil Jain: Right. And the ROCE also incrementally will improve, right?

Manoj Tulsian: So ROCE, I think even plywood business will throw very good ROCE. If you look at standalone, I am sure, today we are close to around 28%, 30%. Even today, we are at around 28%, 30% ROCE. And at that EBITDA margin continued at 30%, I am sure, even that business will throw us similar type of ROCE.

Romil Jain: Thanks a lot and all the best.

Moderator: Thank you. 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. Sir, on MDF, do we see any cost escalation as we have seen all commodities peak in the room?

Manoj Tulsian: Very interesting question. You have touched some cords, okay. We are trying our best to do everything within the number, which we have given to the Street and to all of you. We are trying our best. I think, still there are no major surprises, which we see. In fact, we were trying to cut down on the same that we would be able to save something which for sure does not looks like any possibility. And some of the commodities, we all know, have gone crazy, even the manufacturers, machine manufacturers are slightly risk averse, how the international market works. It is a challenge but I think we will be able to manage with no major surprises on the upside.

Karan Bhatelia: Right, right. That was very helpful. And Sir, one more thing, we have seen solid advertisements for our products like zero emission or firewall, for that matter. So how has been the contribution for first half? If you can quantify compared to two years back?

Manoj Tulsian: Can you repeat the question?

Karan Bhatelia: Sir, we have seen good acceptance of technologically superior products like a firewall technology or a zero-emission kind of products so how has been our premium portfolio growth rate compared to the mid and the lower category growth rates?

Manoj Tulsian: So in terms of mix, if you will see, there is a shift, which we said, our trading mix has gone up. So these are certain things when your unorganized, market is so huge, these are certain things which has to be pushed continuously because there is a humongous amount of dealer voice which is there in the unorganized market, it is so big, the retailer voice. And when a customer goes half-heartedly with not that conviction and wisdom, as I mentioned some time back, they can always tell them, sir, these are nothing. I am telling you; I am sitting here; I am giving you this feet by this. So this is something, which has to be hammered over the period of time. It is a sea change with some of the large, organized players are bringing in into this industry. I would say that we have to continue to strive on the same. And we will see changes happening in next 12 months, 18 months. We cannot see a big, large change, though, the impact is very positive . today, when we talk to the architect community, they are very, very gung-ho that Greenply has done a great thing by bringing in zero emission as the first Company in the country in plywood segment. And so, this conversion will happen slowly. You will not see a major impact of this in a quarter or two. It is a incremental advantage, which will keep building on.

Karan Bhatelia: Right, thank you, that was very helpful.

Moderator: Thank you. The next question is from the line of Pritesh Chheda from Lucky Investment. Please go ahead.

Pritesh Chheda: Sir, on the ply side, what is the capacity utilizations that we have? And are we constrained by any chance, by any capacity or which will get resolved post Lucknow capacity coming in?

Manoj Tulsian: We are almost today if you see, our numbers on table, we are at 100%. Okay? But then we are doing some more line balancing because we could foresee this situation. So for the next two quarters, we do not see a real challenge. And by that time, we will have our new facility in place. So for next year, again, also we do not see any major challenge to cater to our requirements.

Pritesh Chheda: So this line balancing and all can add what 10-odd-percent to your run rates of Rs.370 Crores, Rs.350 Crores?

Manoj Tulsian: Yes. So, as in the opening speech I mentioned one of my JVs, the second JV has just started production in quarter two and that also only on 50% line. So the balance 50% line will become operational in Q4. Maybe it might be December by the time. So at Q3 by the time we get the impact of the same, it will be Q4 in terms of production. So we have that as an additional capacity. We also have additional capacity, unused capacity of the second plant first line and then some more balancing what we are doing intermittently. So we can still grow by 10% to 12% in these two quarters if the demand is there.

Pritesh Chheda: And the Ply expansion, so you mentioned this 250 Crores revenue potential for the Ply expansion so the asset turn there on the capex that you are doing is how much?

Manoj Tulsian: See, if you look at on the P&L base other than the land it will be like 3 to 3.5 times.

Pritesh Chheda: But what is the capex number?

Manoj Tulsian: 70 to 80 Crores other than land.

Pritesh Chheda: Other than land, but you have the land?

Manoj Tulsian: See, this land chunk we already had since many years and that is a large chunk of land, we are hardly using maybe only 20% to 25% of the land, so 25% to 30% right now only for this production line.

Pritesh Chheda: Thank you very much, Sir and all the best. Thank you very much.

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

Nikhil Agarwal: Good morning, Sir. Sir, you have given the volume growth guidance. So anything on the revenue growth guidance with the price hikes you are expected to take going forward?

Manoj Tulsian: Look, I think enough price hike has happened this year and we do not see raw material prices further going up. So, as it looks like today for next year we do not see that there will be further price hikes, okay, 1% or 2% may be depending on how the market behaves. So the overall growth will be in double-digit, as we said, anything between 10% and 12%, 13%, right. Anything between 10-15% for sure.

Nikhil Agarwal: Okay, Sir. Sir, this is for the second half of 2022 as well?

Manoj Tulsian: No, second half of quarter this year you are saying H2?

Nikhil Agarwal: Yes, H2 FY2022.

Manoj Tulsian: H2, as I said that we are trying to see that if we can replicate Q2 multiply by 2 that is what we are trying to.

Nikhil Agarwal: Sir, there is one more question, can I ask?

Manoj Tulsian: Yes.

Nikhil Agarwal: Sir, could you help me with the cost of wood like that you have to pay for one kg wood, what is the cost that you pay now and what you paid in Q1?

Manoj Tulsian: Your voice is not clear?

Nikhil Agarwal: Sir, I wanted to understand the cost of wood. What is the cost of wood that you are paying now and what was the cost that you are paying in Q1?

Manoj Tulsian: There is a 6% to 7% increase, which we are seeing between Q1 and Q2.

Nikhil Agarwal: Okay. Sure. Could you help me with the cost per kg right now?

Manoj Tulsian: Well, I do not have the exact numbers at this point of time. We can get back to you on this later.

Nikhil Agarwal: That is it from me. Thank you, Sir.

Moderator: Thank you. The next question is from the line of Sonaal Kohli from Bowhead. Please go ahead.

Sonaal Kohli: Sir, first of all, the questions, you mentioned that you expect to breakeven in MDF in 2024. My query was, when you are saying breakeven did it imply EBITDA, EBIT or PBT?

Manoj Tulsian: That is PBT breakeven.

Sonaal Kohli: Including the working capital needs for the plant?

Manoj Tulsian: Yes. See, and then actually speaking, again, what we are talking is basis a 22%, 23% EBITDA margin. If it continues at 30%, at maybe 60% also will end up being positive on PBT.

Sonaal Kohli: Sir, secondly, what will be the average debt costs you are expecting? You said your peak debt will be Rs.500 crores, but what will be the average interest cost based on today's rate, you expect for this debt?

Manoj Tulsian: Average debt can be anywhere around 7% to 7.5%. 7%, I would say. But I think this rate will also go up in next six quarters or so. So by the time we get our entire funding and this, may be slightly the rates will go up. That is why I am around 7%, 7.5%.

Mukesh Agarwal: So we are adding the forex fluctuation. So, for this MDF project, we will take foreign borrowing also. So we are considering the fluctuation in forex cost.

Sonaal Kohli: Sir, between now since your balance is out now and end of 2023 what is the total cash you are going to spend on your capex?

Manoj Tulsian: What is the total cash?

Sonaal Kohli: Capex you are going to do between September 30, 2021, and March 31, 2023, what is the total capex we are going to spend?

Manoj Tulsian: Well, see, Rs.550-odd crores we said for our MDF. For Sandila, most of the capex will go now which is close to around another Rs.70-odd Crores, right so Rs.620 Crores and then my regular maintenance capex of around Rs.20 Crores to Rs.30 Crores.

Mukesh Agarwal: For India business and Gabon business.

Manoj Tulsian: So around 650 Crores odd I think would be the capex as of date the plan what we have in front.

Sonaal Kohli: We would not spent much on MDF as of now, so 550 Crores is the incremental capex for MDF not the total capex?

Manoj Tulsian: No, I am saying the total capex, what we have invested right now is only around 20-25% that is for land only because we have ordered the machine and we have given some advances only, most of it will go through LCs initially.

Sonaal Kohli: Sir, considering the kind of cash flow you are making why would your net debt be 500 Crores would not it be little lower than that or we are taking the working capital to 500 Crores?

Manoj Tulsian: Because see if today look at it our gross debt is close to around 186 Crores and we also have a cash of around 120 Crores to 130 Crores, now all this cash will get absorbed in terms of my equity investment in these two projects, so there would not be any cash let us say 130 Crores cash, which is there today plus the incremental cash which we will make in the next two quarters is like the equity investment which will go from our side for in both these plants . so next year whatever cash accumulation I will have and the cash which I have in hand and the debt will be somewhere around, if you take 180 plus around 370 and 80, 450 plus 180, so it is around 650 Crores of debt, 650 Crores debt minus around 121 to 130 Crores of cash that is what we are talking around 500 Crores to 520 Crores of net debt.

Mukesh Agarwal: So this net debt what Manoj ji is saying includes working capital for Lucknow plant and for MDF .

Sonaal Kohli: Thank you so much.

Moderator: Thank you. The next question is from the line of Vijay Karpe an Individual Investor. Please go ahead.

Vijay Karpe: Thank you for giving me this opportunity. I will quickly congratulate the Greenply management. I think you all have done a very nice job on the working capital side, and now we are on track to double our gross block in the next two years. My first question is our current plywood capacity is 35 million square meters. Is there any scope of debottlenecking here, if any, what can the capacity go through by modernizing the equipment? The second question is, what is the rationale of going for the new UP plant? Because in our own manufacturing plant we have a lower ROCE versus outsourcing plant. That is the second question. The third question is, what will be the outsourcing mix post the operationalization of the UP plant?

Manoj Tulsian: Vijay, one your voice was not totally audible. So we have not been able to totally follow all your queries. First question which I understand, you are saying is, by doing some line balancing and all those, how much we can add to my existing 35 million of capacity, right?

Vijay Karpe: Correct.

Manoj Tulsian: So, I think it will not be something major basis the project what we have, we can add maybe around 2 to 3 million it is nothing beyond that and your second question, we could not follow.

Sanidhya Mital: I think I heard the second question; I will answer the second question, I think your second question was, what was the rationale behind us putting our own capacity in UP when the ROCE is higher in outsource, right?

Vijay Karpe: Right.

Manoj Tulsian: So, the idea behind that was that the outsource facility where we have equity participation it has only being two years since we have started the factory and it is still too early to decide that how successful it is, in another year or two you will understand that. And also rather than determining the success it is also very important for us to find the right outsource partner because at the end of the day we are putting our brand there and it is the third party location where the facility is managed by an outsource partner, so you know it is very important for us to get the right partner and we could foresee this demand and good phase for the industry, growth phase to come so we could'nt wait but invest in a capacity because we could not compromise on our growth plans.

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

Gaurav: Hi, Sir. Thank you for the opportunity. Sir, the debt, which you mentioned of Rs.500 Crores, that is on the consol level you have said, right, including the Gabon debt?

Manoj Tulsian: Yes, net debt.

Gaurav: Sir, if I were to ask on standalone, only for the India business, sir, for the stand-alone, how much would that be if you just take the India business?

Manoj Tulsian: Well, net debt, if you will look at it, you can reduce it by around Rs.110-odd crores from the same. So actually stand-alone when you will look at it sorry, it will be slightly different because, see, we have opened two new subsidiaries.

Gaurav: No, Sir. I understood. That is why, as I mentioned, India business. So, I am not talking about standalone. It is the India business I am talking about. Okay and, sir, just another clarification.

Manoj Tulsian: Including the new Indian subsidiaries.

Gaurav: Sir, just a small clarification on your cash flow statement six monthly. Sir, in the cash flow from investing activities, there is an item of Rs.31 Crores, which is investment in acquisition of investments. So this Rs.31 Crores is for the Gujarat subsidiary that we have acquired. Is that correct?

Manoj Tulsian: No, we have acquired land. So basically, the company was very small, and new company. So the acquisition cost of company was not much, it was in lakhs only. But after that, we acquired the land in the company.

Gaurav: Okay, sir. So that Rs.31 Crore's pertains to that, right?

Manoj Tulsian: Yes.

Gaurav: Thank you so much.

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

Nikhil Agarwal: Sir, your plywood realizations has gone down, is it because of the increasing mix of your trading activity?

Manoj Tulsian: You are right, Nikhil.

Nikhil Agarwal: Okay. It is because of the mix of trading activity. And sir, you said that the German vendors, their capacities are full completely booked till FY2024. So because of that, you said the organized players, the major players use German vendors for their plants. So does this mean that we cannot expect any more capacity to come up from the organized players?

Manoj Tulsian: Well, look, I mean, ultimately these are words what we have heard from them. And what is the real truth that we do not know. But this, for sure, we feel gives us that comfort that whatever capacities are already announced by all the major players is something which is done by the time and the new capacities after that can only come in FY2025 or 2026.

Nikhil Agarwal: That's it from me, thank you so much.

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

Karan Bhatelia: Thank you for the follow-up. Sir just wanted your views with respect to Gabon. business. So how are things shaping up there with respect to logistics and how do we see margin shaping up, because we are still far from the historic highs? So what is the update over there?

Manoj Tulsian: So, Karan, two things, the historic high is actually become historical only. After that there was a big drop in the operating price itself. So we are thinking about a margin of 18%, 20% looks to be like a distant dream. And currently, the challenges are almost similar as of what we are talking in the last three to four quarters. The challenge is only from the shipment side, not getting the vessels and we always have a good amount of containers, which is waiting for the vessels. So keeping that in mind, and working capital involvement, though, the order book is very good from Europe and India and Southeast, we are limiting ourselves so that we do not end up blocking too much of working capital also based on this factor. Keeping all these things in mind, we also assume that our H2 performance will also be something similar like H1 performance, which means we will not be able to fully utilize our capacities also. And in terms of margin, I think the margins can be slightly better in H2. That is what we see, because in H1 also, as you know, the freight costs have gone up significantly. We were also caught on the wrong foot in some of our arrangements where there were CIF orders. We have negotiated some of them to convert them into FOBs. I hope that there are no fresh incremental cost which comes in there. So we might slightly improve in margins in H2 there. And the sales may almost remain similar as H1 sales or slightly better.

Karan Bhatelia: Right and just one thing, we send out first shipment to US, so any concrete signal from them?

Manoj Tulsian: Well, the initial feedback was good, but then that was just before the pandemic. And then as I said, there are so many limiting factors, especially the shipment side. So that first consignment itself took us almost more than six to seven months for them to even receive it. So we are slightly not very gung-ho at this point of time. Let things stabilize we definitely see that also has an market. But today, if you really ask me, we are full of orders even from Europe. As I said, we are cutting down on our order book, so that we do not get caught on the wrong side of adding up too much of production and then all of them lying somewhere at the docking station.

Karan Bhatelia: Right, thank you for the detailed explanation. That is it from my end. Any followups?

Moderator: No.

Karan Bhatelia: With this, we conclude the call. Thank the management team of Greenply for answering each question in detail. With this, we conclude the call. Any closing remarks, management, do you want to make?

Sanidhya Mittal: Yes. Just to reinforce whatever has been discussed in this call till now, the entire industry is at the cusp of transformation in terms of technology, product adaptation, consumer behaviors, consolidation, etc. As an industry leader, we are gearing up ourselves to stay ahead in this journey by several initiatives like product innovation, business sustainability, product category expansions, IT infrastructure and automation, etc. With this perspective, I would like to thank you all for taking the time to participate in this call. In case of any further clarifications or queries, please feel free to reach Mr. Gautam or Mr. Mukesh. We look forward to speaking to you in the next concall post our Q3 FY2022 results announcement. Thank you.

Moderator: Thank you. On behalf of Asian Market Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.