



## “Greenlam Industries Limited Q2 & H1 FY 2026 Results Conference Call”

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**Moderator:** Ladies and gentlemen, good day, and welcome to the Greenlam Industries Limited Q2 and H1 FY '26 Results.

This conference call may contain forward-looking statements about the company which are based on the belief, opinions and expectations of the company as on date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone.

I now hand the conference over to Mr. Saurabh Mittal, MD and CEO of Greenlam Industries Limited. Thank you, and over to you, sir.

**Saurabh Mittal:** Thank you. Good afternoon, friends, and a very, very warm welcome to the quarterly calls of Greenlam Industries Limited. And I am pleased to have Ashok, our CFO, Samarth from the Finance Team, and SGA on this call.

I will take you through the performance and updates for the quarter.

As you probably have seen, we have crossed Rs. 800 crores of revenue in Q2 FY '26 and the business has grown by about 18.7% on a year-on-year basis. And even at the gross margin levels, we have done about 54.6%, it is one of the highest we have done in terms of gross margins.

EBITDA also, we did, we crossed Rs. 100 crores. And obviously EBITDA was impacted due to products losses and still small losses in the Chipboard and the Plywood business. And PAT was impacted also due to the FOREX and higher depreciation, interest, considering the fact that we have plants capitalized in FY '25 and FY '24 and FY '23.

If you go segment-wise, in the Laminates business, revenue, gross margins, EBITDA, I think across all the categories, we did very well in Q2. And both domestic and international markets have done well. I think international markets have done slightly better than domestic for us in Q2.

So, on the Laminates business, we have also announced a Brownfield expansion of 2 million sheets and boards. This is two lines of Laminates we are expanding at our facility at Andhra Pradesh, Naidupeta. And these two lines of 2 million sheets and boards will generate about, in the range of Rs. 375 crores to Rs. 400 crores of revenue. We are expecting commercial production in Q4 of FY '27. So, that is on the Laminates business.

In the Chipboard business, like we said previously, our product has been very well received in the market. So, from a product quality, performance, decor range, I think there is very good feedback from the market. The plant site is quite well settled. And we continue to build this Chipboard business. So, we are focusing on completing the channel appointment wherever there are gaps, focusing on secondary sales specifications, streamlining or expanding business with the furniture makers and the OEMs. And we are hopeful that the business will keep improving in the time to come.

On the Plywood business too, I think we said this earlier, the product feedback is very well. And we have added a few more markets in FY '26 in eastern India and western India. And gradually we are seeing traction. The growth in Plywood business in Q2 has been pretty decent also. I think it is gone up about 45% - 50%.

In the Flooring business also we have become EBITDA positive. The door business also has grown in Q2. The veneer business also has become EBITDA positive.

So, by and large, if you see in Q2, I think across the three large categories and even the smaller categories, I think there is improvement in revenues, volumes, realization, gross margins. On the product side things have also gone well with the various launches we have done in Q2 and in H1.

The working capital days have also, we have done reasonably well there. We had about 47 days in Q2, despite the fact that in plywood and Chipboard we still have slightly disproportionate working capital days because sales are yet to settle in. We have managed to reduce about Rs. 50-odd crores of debt. Cash flow from operations have also been healthy.

So, by and large, I think across the business, I think we have moved ahead. Like we said earlier, this year is a year of execution for us because we are free from all the expansion which we did over the last three years. And there is complete focus on execution. And I think things are going in a decent direction.

On the market side too, I think while there has always been challenges, there still are challenges on both exports and domestic. I think the teams are continuing to stride well and we hope to keep winning market share and keep growing the business in a profitable manner.

So, that is it from my side. I will hand over the call to Ashok. Ashok will take you through all the financial details and numbers, post which, we will have an open house question. Ashok, over to you.

**Ashok Sharma:**

Thank you, sir. Good afternoon, everyone.

Let me take you through the financial performance for the quarter and for the half year:

First, to the quarterly performance on a consolidated basis:

Net revenue grew by 18.7% on year-on-year basis and grew by 20% on sequential basis to Rs. 808 crores in this quarter as compared to Rs. 681 crores in Q2 last year.

Gross margin grew by 300 basis points to 54.6% in this quarter from 51.6% in Q2 last year and grew by 150 basis points on a sequential basis. Gross profit in absolute terms grew by 25.5% on year-on-year basis to Rs. 441 crores as compared to Rs. 351 crores in Q2 last year.

EBITDA margin before FOREX fluctuation was up by 130 basis points and stood at 13.2% in this quarter as compared to 12% in Q2 last year. On a sequential basis, EBITDA margin grew by 510 basis points.

EBITDA before FOREX fluctuation in absolute terms grew by 32% to Rs. 107 crores in this quarter as compared to Rs. 81 crores in Q2 last year. Net profit for the quarter stood at Rs. 31.8 crores as against Rs. 34.4 crores in Q2 last year.

Moving on to half yearly performance:

On a consolidated basis, net revenue grew by 15.3% on year-on-year basis to Rs. 1,482 crores as compared to Rs. 1,285 crores last year. Gross margin was up by 210 basis points to 53.9% in this H1 from 51.8% in last year. Gross profit in absolute terms grew by 20% to Rs. 799 crores as compared to Rs. 666 crores in H1 last year.

EBITDA margin before FOREX fluctuation was down by 40 basis points at 10.9% in this H1 from 11.3% in last year. EBITDA before FOREX fluctuation in absolute terms grew by 11% to Rs. 161 crores as compared to Rs. 145 crores in last year.

Net profit was down to Rs. 16 crores in this half year as against Rs. 54 crores in last year due to higher interest and depreciation and foreign currency losses on new project which was commissioned in Q4 of last year.

Moving on to segmental performance:

First Laminate and allied, which continues to be our biggest segment. For the quarter, the revenue grew by 10.2% on year-on-year basis and grew by 18.6% on sequentially to Rs. 658 crores from Rs. 597 crores in Q2 last year. Volumes saw growth of 7.4% on year-on-year basis and 17.2% on a sequential basis.

EBITDA margin, after FOREX fluctuation stood at 18.7%, a growth of 400 basis points on year-on-year basis and a growth of 450 basis points on quarter-on-quarter basis. Products and volumes were the highest in this quarter and stood at 5.9 million sheets and both with a utilization level

of 96%. Sales volume for the quarter stood at 5.79 million sheets and board, with an average realization of Rs. 1,104 in this quarter.

For the half-year, Laminate revenue grew by 7.2% on year-on-year basis to Rs. 1,213 crores from Rs. 1,131 crores in last year. Volume grew by 6.7%. EBITDA margin stood at 16.6%, a growth of 240 basis points on year-on-year basis.

Production volumes were at 11.06 million sheets with a utilization level of 90%. Sales volume in this half year stood at 10.73 million sheets with an average realization of 1,098 per sheet and board

Moving on to another segment:

Plywood and allied segment:

This segment consists of plywood, decorative veneer, engineered doors and engineered floors. Revenue of this vertical grew by 22.2% on year-on-year basis and grew by 16.4% on a sequential basis to Rs. 102 crores from Rs. 83.9 crores in Q2 last year.

EBITDA loss for this quarter before FOREX reduced to Rs. 3.9 crores in comparison to Rs. 6.2 crores loss in Q2 last year. Revenue for the half year grew by 23.5% to Rs. 190 crores from Rs. 154 crores last year. EBITDA loss for the quarter reduced to Rs. 12.5 crores as compared to Rs. 14.9 crores in H1 last year.

Moving on to another segment, Panel and Allied, which is having Chipboard as of now. For the quarter, revenue grew by 54.2% on quarter-on-quarter basis to Rs. 47.8 crores in this quarter from Rs. 31 crores in Q1 in FY '26. Volumes saw growth of around 80%.

Average realisation stood at 18,187 per cubic meter. Production volumes were at 26,571 cubic meter and at a utilization level of 36%. Sales volume for the quarter stood at 26,287 cubic meter.

In this quarter, working capital improved by 12 days and stood at 47 days as compared to 59 days in Q2 last year. Net debt as on 30th September stood at Rs. 995 crores as against Rs. 1,040 crores in the June quarter with a reduction of Rs. 45 crores in this quarter.

That is all from my side. Thank you. We will now open the floor for the questions.

**Moderator:** Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Keshav Lahoti from HDFC Securities. Please go ahead.

**Keshav Lahoti:** Hi, thank you for the opportunity. Firstly, congratulations for a strong set of numbers. First, I want to get a sense on Laminate's margin which is 18% - 19% for this quarter. How will you see this in the upcoming quarter and what is the guidance for the team?

**Ashok Sharma:** Hi, Keshav. So, Laminate's margin in this quarter is around 18% before the FOREX fluctuation. We have given a guidance of around 16% on a longer tenure basis. This quarter, apart from the volume, if you saw, there is an increase and this quarter we had a launch of our flagship brand of Greenlam also.

So, as of now, we will continue with the around 16% growth. It can go up also depending upon the volume, but let us say we continue with the 16% guidance on a yearly basis kind of a thing. As of now, on H1 basis margin is 15.7% before FOREX fluctuation.

**Keshav Lahoti:** Got it. Laminate's prices and raw material prices are stable. That is a fair understanding.

**Ashok Sharma:** Yes. For the domestic, yes, Laminate's prices were. But in the export side, because of the currency movement, there is some bit of realization. Raw materials remain stable.

**Keshav Lahoti:** Got it. And particle board plans to possibly break-even next year on EBITDA front and plywood possibly would break-even by the end of this year.

**Saurabh Mittal:** So, Chipboard, really, I think the way things are moving, we think we should be able to break even EBITDA in FY '27. And ply also, again, we are very close. You see a little bit of more push on the numbers and it should happen. So, yes, maybe be around there.

**Keshav Lahoti:** So, plywood, when you talk about breaking even, you talk for the FY '26 as a whole or possibly you talk by Q4 FY '26 just for a quarter? And on Chipboard, any sense on FY '27 you are talking H1 or H2? And last question, what has been the ply's loss for this quarter?

**Saurabh Mittal:** Obviously we cannot say anything with certainty, but I think the revenues are going up each quarter more or less for plywood. And we are quite close to a break-even point at EBITDA level in plywood. Chipboard also, the endeavor will be to do it quicker. So, we just have to see how the business progresses. And versus Q1, EBITDA loss has reduced in Q2 in Chipboard too. So, I think, at about 45% to 50% utilization, we do EBITDA break-even. We are now at about 36% utilization. But you can run the numbers.

**Keshav Lahoti:** Yes, okay. Got it. And what was the ply's loss for this quarter?

**Ashok Sharma:** It is Rs. 5.8 crores.

**Keshav Lahoti:** And sir, what is the reason not to report ply's loss in presentation which earlier you used to report?

**Ashok Sharma:** Actually, too many things are coming in terms of that. There is nothing such not to put kind of a thing.

**Keshav Lahoti:** Okay.

**Saurabh Mittal:** But having said that, even for competition, they also report decorative veneer in the plywood segment itself. So, yes, our addition is pouring in doors. And most of the competition also discloses their flush door business or Laminate flush door business in the plywood segment. So, it is not anything different we are doing. Maybe just the flooring gets added on.

But otherwise, the plywood reporting segment is all kinds of plywood, decorative plywood, flush door, Laminate flush door. We are more or less in the same.

**Ashok Sharma:** So, instead of product level, we are giving at the segment level because the number of products are increasing. So, we are putting on a segment level which is like three segment mainly. So, we are doing at a segment level kind of thing.

**Keshav Lahoti:** Got it. Thank you, sir. That is it from my side.

**Moderator:** Thank you. The next question is from the line of Rudraksh Raheja from Ithought Financial Consulting. Please go ahead.

**Rudraksh Raheja:** Yes, thanks for the opportunity, sir. So, my question pertains to the Laminate segment. Last quarter also, we have seen some revenue growth coming back and this quarter also some 10% - 11% growth in revenues. So, could you give us an outlook on both domestic and international markets? Like what is generating this kind of a growth with segment?

**Saurabh Mittal:** So, Laminates, we do not have anything very special. So, actually, if you look at H1, the growth in Laminates is 7.2% only. So, and I think, yes, okay, the revenue was about 7.2%. And volume was?

**Ashok Sharma:** 6.7%.

**Saurabh Mittal:** 6.7%, so I think, it is more like a routine growth in Laminates.

**Rudraksh Raheja:** And, sir, how do you see this going forward for the rest of the year or maybe next four quarters?

**Saurabh Mittal:** So, I think we should be able to, our endeavor is to keep growing the business the way it is done. So, cannot say much certainty, but at the overall level, we said we should be able to grow 18% -20% at an organization consolidated level basis. And I think we have maintained that. So, I think Laminates growth should also continue at the same, most likely may be better pace versus what we did in H1.

**Rudraksh Raheja:** Got it, sir. And so one thing on the US tariff front, the cost benefit that Laminates had before tariffs, and if I compare it to that, to the current situation when US has imposed the tariffs, could you help us understand, like, India still has that cost advantage that it used to have or like?

**Saurabh Mittal:** So, the way to look at it is that of the increase, as far as we are concerned, our business in US is about, I think, 4% - 5% of our export business, maybe 6%. So, that is just the number you should know. In terms of the increase of tariff, if you take the entire tariff increase, clearly the cost benefit, will not be there unless it is a specified item by an architect ideally.

So, what we have done, of the increase which is impacted to us because we ship to our subsidiary, which then does custom clearance and ships to the customers, of the increase, about 40% is something we are passing on to the market, and we are absorbing about 60% of the cost. And we are obviously all hopeful that something, gets resolved with a tariff issue. So, if you take a entire 50%, then the cost competitiveness is not there.

**Rudraksh Raheja:** Understood. So, have we seen some capacities coming back in the US? Like, have we started doing more production in-house or maybe outsourcing to some other countries?

**Saurabh Mittal:** So, I do not know with certainty, but like, if I talk about ourselves, in Q2 our sales in the US has been maintained. But I do hear in the market that local production has increased, and there are other countries, who have been imposed with lower tariffs, like Turkey and maybe Italy and some other markets.

So, I do not know with much certainty. But clearly, other countries where tariff percentages are lower, do get an opportunity to kind of win some more customers or get some market share.

**Rudraksh Raheja:** Understood, sir.

**Moderator:** A reminder to all participants, you may press star and one to ask a question. The next question is from the line of Souvik from Nuvama Wealth. Please go ahead.

**Souvik:** Hi, sir. Congratulations on a great set of numbers. Continuing with the question about export volumes, I was just looking at the Laminates export volumes. They have increased sharply for both Y-on-Y and sequential basis. And continuing with what you said, do we think we should see a little bit of cooling off coming across?

**Saurabh Mittal:** When you say sharply, like the value of exports has not gone up sharply. I do not know which data you are referring to.

**Souvik:** Volume specifically.

**Saurabh Mittal:** Okay. So, we are only referring to volume.

**Souvik:** Yes.

**Saurabh Mittal:** Volume, Q2 will be something like a 12% - 13% volume growth. But in Q1, we did not do so well. So, are you referring Q-on-Q or you are referring year-on-year?

So, I think it is a routine. If you see a six month basis, we had about 6.5 - 7% kind of a volume growth, which is more like normal course of doing business. So, I do not think anything has gone up sharply, unless I am not able to understand what you are trying to ask.

**Souvik:** No, that is...

**Saurabh Mittal:** You are talking about volume, right?

**Souvik:** Yes.

**Saurabh Mittal:** So, volume, year-on-year, on an H1 basis, 6.8%. In Q2, it is about 13%, 13.2%.

**Souvik:** Okay. Fair enough. So, this is a normal course of business and we should probably just continue with the same run rate and not look at it at a quarterly basis.

**Ashok Sharma:** Yes. You can believe so. Because on a quarter-on-quarter, there can be some ups and downs can happen. But if you see more on a longer term, like H1 basis, it is 6% - 7%. So, I believe it is a normal as of now.

**Souvik:** Okay. Understood. So, second point would be in terms of realization. We have seen a drop in realization for both plywood and our particle board division. Is there any particular...

**Saurabh Mittal:** It is about realization of particle board and plywood. So, I will explain that to you. So, in particle boards, there is no reduction in pricing because this was our second quarter of operation of the business. It is just a mix of orders between melamine Chipboard and plain boards. So, I think it is still in settling period.

While melamine Chipboard, in absolute volume, the numbers have been better than quarter one. But because, as you see, there is been a significant volume growth. So, we have had more plain board sales also in quarter two. So, just the value mix, which is kind of got a bit altered in percent. All the volumes, both the numbers have gone up.

So, I think it will still take some time to settle this mix of melamine Chipboard and plain Chipboard. So, I think for maybe a few more months or quarters, this might be a bit here and there, then we will kind of settle it. So, that is on the Chipboard.

Even plywood, the realization has been down by, if I can see, it is a small dip. It is again some mix of orders because volume has gone up Q-on-Q by nearly 50%-odd. So, it is again a mix of orders. So, I think it is pricing. And I think, I see the realization has gone down by 1.3% precisely. But it is more routine actually.

**Souvik:** Okay. Thank you, sir. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Payal Shah from Billion Securities. Please go ahead.

**Payal Shah:** Yes. Thank you so much for the opportunity. So, I have a few questions. First being, just wanted to understand how do you see our engineered wooden floor and door business going forward? And then how is the demand scenario?

**Saurabh Mittal:** So, the business is growing. Obviously, we want it to grow at a faster pace. The door business has grown okay in terms of volume. Flooring has been a bit flattish in this quarter. So, I think it is like we are trying to do better each time. But typically, with hospitality business is taking off and multiple hotels, housing coming up in the country. We hope this gets better.

**Payal Shah:** Okay. So, my next question is with respect to our Chipboard segment. So, how do you see Chipboard demand going forward? Like, do we have a good demand for Chipboard in international market? And how is our pricing in Chipboard business as compared to peers?

**Saurabh Mittal:** So, but again, like it is a very open-ended question. So, clearly there is a market opportunity which exists in Chipboard. And market opportunity exists to win more market share from the unorganized market and from bagasse board manufacturers. And also, win some business from the other panel products because at the price point, the quality, the physical performance, the dimensions with the Chipboard product offers brings in more value for the customers.

So, in general, it is not as if demand is more and the supply is less. I think, we are winning market share from different segments and also, with the large furniture manufacturing hopefully coming into India and furniture players expanding capacities in India. The demand for Chipboard should go up because Chipboard is the number one raw material.

As far as a panel product is concerned for furniture making, especially commercial furniture, which is offices and shop fit outs, etc. So, yes, a demand, a market exists, but we have to still make our own place for our product, for our offering. As far as international market is concerned, a few markets will have some opportunity where there is a level playing field where other players also exported to that market. So, there will be some opportunity there.

As you probably are aware, freight is a very important factor in the Chipboard business because it is voluminous and low value. So, yes, it is not as it will not be as widespread as we have done in Laminates business to be very specific to fewer geographies.

**Payal Shah:** Sure, sir. Thank you so much for the elaborate answer. My last question is how much revenue contribution do you see from Laminates?

**Saurabh Mittal:** So, Laminates, in H1 we have done about Rs. 1,200 crores. And when you say revenue, like Q2 we have done about Rs. 650 crores - Rs. 658 crores. And so, I think our revenue about 80% is

Laminates. So, it depends on how the other business scale up. So, I think Laminates will still be a core part of the business.

**Payal Shah:** Okay, that is quite helpful. Thanks so much.

**Moderator:** Thank you. The next question is from the line of Bhavin Rupani from Investec. Please go ahead.

**Bhavin Rupani:** Hi, sir. Bhavin, this side. So, first question on Laminates. So, you had mentioned about the Brownfield opportunities that we had. So, currently we are at 24 million sheets right now and we are adding another 2 million sheets. So, what is the additional total capacity that we can add at our existing locations?

**Saurabh Mittal:** So, space wise, we can add multiple lines in Andhra Pradesh and in our factory in Gujarat. But for these two lines, we do not need to do any civil construction also. Because we have already built a larger space when we set up the factory.

So, you can assume, but then the expansion process might involve civil construction in both the factories. But for the land space, we can comfortably add another three lines in Andhra Pradesh factory and maybe three lines to four lines in the Gujarat factory also. So, after these two lines, another nearly six lines - seven lines can also get added.

**Bhavin Rupani:** All right. And Capex will be somewhere around Rs. 35 crores to Rs. 40 crores per line?

**Saurabh Mittal:** So, Capex, if you do civil, might go up. Because for this line, we do not need civil. We do not need the energy plant. We do not need to construct a resin plant because we already built that in the Phase I. So, while it is looking attractive now, but those investments have already been done earlier. So, it might, let us say, be in the range of, depending on what we do, about Rs. 45 crores - Rs. 50 crores going ahead.

**Bhavin Rupani:** All right. And, sir, since we are running at almost 96% utilization at our Laminates plant, so, do we see our volume growth limited in near term as we peak near utilization, or we have any plans for outsourcing?

**Saurabh Mittal:** No. So, there is no plan for outsourcing because the product spec and the quality standards we need, we have tried in the past, does not work out. But since we have already announced expansion and in the past also, we have been able to utilize plants at a higher level. So, our sense is that we should be okay with our volume. There could be a tightness for a few months, maybe. But by and large, we should be under control.

**Bhavin Rupani:** And what is the peak utilization that we can pull off, sir? More than 100%?

**Saurabh Mittal:** It depends on the line. So, let us say, off the line, number of lines in the past, we have gone up to 110% utilization also and 115% also, I am being correct.

- Bhavin Rupani:** All right, sir. Got it. Thank you so much.
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.
- Ashok Sharma:** Thank you, friends. Thank you for taking up the time and attending the conference. In case you have any other query, you can reach out to us or SGA, our investor relation advisor. Thank you once again. Thank you, everyone.
- Saurabh Mittal:** Thank you, everyone.
- Moderator:** On behalf of Greenlam Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.