



Greenpanel Industries Limited
Q1-FY21 Earnings Conference Call Transcript
August 7, 2020

Moderator: Ladies and gentlemen, good day and welcome to the Greenpanel Industries Limited's Q1 FY21 earnings conference call. As a reminder, all participants' 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 would now like to hand the conference over to Mr. Rishab Barar from CDR India. Thank you and over to you, sir.

Rishab Barar: Good day everyone and thank you for joining us on Greenpanel Industries' Q1 FY2021 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 discussions 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. A very warm welcome to everyone present and thank you for joining us to discuss Greenpanel's operating and financial performance for Q1 FY21. I do hope that all of you and your loved ones are safe and well. We all pray for an early end to this pandemic.

The financial numbers were significantly impacted in this quarter due to lockdown during April and May. I will now give you a quick brief on the financial numbers. Net sales were down by 56.5% at Rs. 86.25 crores. Gross margins were down by 590 basis points over the year-on-year quarter due to change in domestic, export mix and sales from inventories.



EBITDA margins were negative 7.4%. Our post-tax profits for the quarter was also impacted by foreign exchange mark-to-market losses of Rs. 6.95 crores on long term borrowings of our Andhra MDF plant. There is a lot of uncertainty at this point with the changing nature of the pandemic. Hence, we are not providing any guidance for FY2021 at this point of time. However, we are confident of achieving sales of Rs. 180 crores in Q2 which was the sales value in Q2 last year.

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

V Venkatramani: Good afternoon everyone. I thank you for joining us to discuss the Q1 FY21 financial performance of Greenpanel Industries. In Q1, our topline was down by 56.5% compared to the year-on-year quarter. Net sales stood at Rs. 86.25 crores compared to Rs. 198.44 crores in Q1 FY20. MDF sales volumes at 35,086 cubic meters degrew by 54.3% while plywood business had volume degrowth of 62.9%.

In Q1 gross profit fell by 62% at Rs. 38.2 crores versus Rs. 99.6 crores in the corresponding quarter. EBITDA fell by 123.3% in value terms at negative Rs. 6.41 crores compared to Rs. 27.53 crores in the corresponding quarter. Gross margins were down by 590 basis points while EBITDA margins were down by 2,131 basis points due to very low capacity utilization. Capacity utilization was 22% in plywood and 21% in MDF.

Net loss for the quarter stood at Rs. 34.07 crores compared to PAT of Rs. 2.7 crores in the corresponding quarter due to reasons mentioned earlier in the call.

Our debt to equity ratio was 0.80% as on 30th June 2020 compared to 0.83% as on 30th June 2019. We had taken moratorium of some installments falling due between March and June 2020 aggregating to Rs. 27 crores in order to preserve liquidity. We are confident of paying the remaining installments falling due in the current financial year.

On the working capital front, although the working capital net days stood at 89 days, it was purely due to the fact that lockdown was prevalent for about half the quarter and that has exaggerated the working capital days. If we consider that the lockdown was there for half the quarter, net working capital days remained almost constant at about 43 days compared to 45 days in the corresponding year-on-year quarter.

That concludes my presentation. I will now request you to 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.

We take the first question from the line of Achal Lohade from JM Financial. Please go ahead.

Achal Lohade: Sir, can you help us with how have been the months of May, June and July? If you could give some color in terms of recovery compared to the last year three months for domestic and export? Would that be possible?

V Venkatramani: As far as July is concerned, there was an improvement in the performance in terms that we achieved a top line of close to Rs. 60 crores compared to Rs. 66 crores in the corresponding month last year and markets are improving although many markets are still in recovery mode due to lockdown happening in various parts of the country and major metros are the ones, which have been the most impacted and so we are trying to penetrate deeper into the network, enter more small towns and cities to expand the network.

Achal Lohade: So July you said Rs. 60 crores compared to Rs. 66 crores last year, is that aggregate business or just a domestic business?

V Venkatramani: This is a mix of domestic and exports. MDF domestic sales was Rs. 36 crores and exports about Rs. 6.5 crores. Plywood had a top line of about Rs. 16.5 crores.

Achal Lohade: Would you have the corresponding months of last year?

V Venkatramani: MDF domestic we did almost similar number. We had Rs. 35.5 crores last year and exports were down in July primarily because our major shipment got delayed, which will now be shipped in August. So MDF export was Rs. 6.5 crores compared to Rs. 12.5 crores in July last year and on the plywood front like I mentioned we achieved Rs. 16.5 crores in July compared to Rs. 18 crores in July last year.

Achal Lohade: In terms of the mixed, you said metros have been impacted, would you be able to give us some split in terms of how much is the metro or tier 1, tier 2, tier 3 towns?

V Venkatramani: Not immediately, I will come back to you on that.

Achal Lohade: Secondly, I see the gross margin seemed to have impacted quite a bit and looks like it is more to do with the inventory liquidation because if I look at the first half calendar year 2020 compared to calendar year 2019 first half, the margins have improved. So is there any one-off in the margins apart from this understanding, is there any one-off which impacted the gross margin?

- V Venkatramani:** Not really, like I mentioned it was partly due to the fact that we were selling significant volumes from the existing inventory, which also contained the factory overhead. And secondly there was significant change in the domestic export mix in MDF. If we look at Q4 last year, we had a mix of 68% domestic and 32% export whereas in this quarter it was 55% domestic and 45% exports. So I think once the mix improves in Q2, margins should be back to normal.
- Achal Lohade:** Understood and with respect to value added mix, can you help us with what has been the mix for the quarter and compared to the same quarter last year?
- V Venkatramani:** Plain was 87% in this quarter compared to 89% in the corresponding quarter and value added products were 13% compared to 11% last year.
- Achal Lohade:** Okay and in terms of the cash flow, how has been the cash flow for the quarter?
- V Venkatramani:** Cash flow is improving. Like I mentioned it was significantly impacted due to the lockdown, which was there till almost the middle of May. So collections have definitely improved and are improving further in July and August. So I think as far as the working capital front is concerned, we should be back to normal in Q2.
- Achal Lohade:** But if we were to look at absolute what has been the cash flow from operation, would you have that number handy now?
- V Venkatramani:** For Q1?
- Achal Lohade:** Yes.
- V Venkatramani:** Yes, we had a positive cash flow from operating activities of Rs. 17.5 crores.
- Achal Lohade:** If you could help us with the debt as of 30th June? What has been the debt and what is the commitment for the next nine months in terms of interest plus debt outflow?
- V Venkatramani:** I could not get you, could you please repeat that?
- Achal Lohade:** As of 30th June, what is the debt we have on the book? Gross debt as well as the net debt?
- V Venkatramani:** Okay as on 30th June gross debt was about Rs. 527 crores and net debt would be almost similar and we would be repaying approximately Rs. 52 crores during the current year. I think possibly we should be close to Rs. 500 crores by the end of the year.

Achal Lohade: Right and the interest, how much would be interest outflow?

V Venkatramani: The interest should remain similar.

Achal Lohade: Sorry, if you could give us some numbers?

V Venkatramani: Yes we had interest payments of about Rs. 6.5 crores in this quarter and it is likely to remain almost similar in the remaining quarters because debt repayment is only about Rs. 50 crores, so that should not have any significant impact on the interest numbers for the year.

Achal Lohade: Any updates you could share on the debt if you were planning to kind of rework with the lenders?

V Venkatramani: Not really, like we have scheduled repayments of about Rs. 52 crores in this year after considering the moratorium that we have taken between March and June. So we would be quite comfortable in repaying those debts.

Achal Lohade: Got it and in terms of the Forex loss, you mentioned that Forex loss was about Rs. 6.9 crores mark-to-market loss. Is that part of the other expenses or is it part of the?

V Venkatramani: It is part of the interest cost.

Moderator: Thank you. The next question is from the line of Balaji Vaidyanathan from Crest Wealth Management. Please go ahead.

Balaji Vaidyanathan: Just wanted to understand that in your previous conference call for the Q4 results, just on a macro level you had mentioned that you are getting a lot of enquiries from American importers of furniture after this sort of a global diversification away from China. If you could throw some more light on that as to how things have been in Q1 and whether we are seeing any substantial export possibility in that regard?

That is question number 1. Question number 2, we also given to understand that Turkey is now the second largest manufacturer of MDF in Europe. So if there were to be any tailwinds due to US-China trade war or this COVID related issue and therefore supply diversification away from China, do not you think countries like Turkey would get more benefits compared to India?

Shobhan Mittal: I will answer that, Venkatramani. What we are seeing, some positivity of course with regards to this trade restriction on China, is that, yes, export business for us may be not directly but there is a lot of additional demand coming in for furniture or handicrafts made out of India, which consume MDF. So sales domestically are being benefitted for furniture makers or exporters who are selling materials to the US are in turn

now seeing an additional demand, which in turn is resulting in additional demand for us as well.

With regards to Turkey, I do not foresee that to be a challenge for us because MDF is a very regional business and even today if you see like Middle East is one of our major markets for exports, we do not see much material from Turkey coming in because (a) their domestic market is a lot more lucrative for them. Turkey is a very big consumer domestically for MDF and (b) the freight element from Turkey does not work out economical for them to sell material to places like Southeast Asia.

Also the cost of production in Turkey is higher because they are heavily dependent on raw material that is imported. So they are bringing in chips from countries like North American countries and Latin American countries. So their MDF business model is not very big on exports. It is primarily for the domestic market because it is very, very lucrative.

Moderator: Thank you. We take the next question from the line of Jignesh Kamani from GMO. Please go ahead.

Jignesh Kamani: Hi Venkatji. You mentioned it in July, we are almost flat on YOY on the domestic MDF sale. How is the scenario in the June month?

V Venkatramani: It was improving compared to the performance in April and May, which was significantly impacted during the lockdown. So in June we achieved sales of about Rs. 51 crores.

Jignesh Kamani: Versus last June of?

V Venkatramani: About Rs. 57 crores.

Jignesh Kamani: So trend is pretty sustainable since last two months?

V Venkatramani: Yes, that is right.

Jignesh Kamani: And how is the channel inventory and the secondary sale? It is also almost 90% to 100% of last year in June-July month?

V Venkatramani: Yes, I think there is not much channel inventory in the MDF business. I would say channel inventory would probably be in the range of about 10 days to 15 days and that is also evidenced by the fact that we realize our payments within one month between 20 days to 25 days in MDF. So channel inventories are at very moderate level.

Jignesh Kamani: How is the current pricing environment, it is just the pricing or are we able to hold back our pricings, which was there in the fourth quarter and the first quarter?

V Venkatramani: Pricings are stable, I would say. We have not gone for any price increases at this point of time. We are primarily concentrating on volume growth, so we have not gone for increase in prices, but prices have been stable for almost a year now.

Shobhan Mittal: Just to add to that, we have taken a very slight price increase in the OEM segment where we are replacing import. So because of the foreign exchange cost going up, we have taken a slight price increase in that very small OEM segment that we cater to.

Jignesh Kamani: And is it safe to assume MDF is reviving faster than the plywood in your case?

Shobhan Mittal: Sorry can you repeat that?

Jignesh Kamani: Is it safe to assume revival in MDF is faster than the plywood in our case because plywood is still lacking, we can say, the growth in the plywood is slightly weaker than the MDF since last few weeks?

Shobhan Mittal: At a company level, yes, for us recovery on MDF is faster than plywood I would say, yes.

Jignesh Kamani: That is the same feedback from the industry?

Shobhan Mittal: A bit too premature for me to comment on other plywood manufacturers because many of them the results are not even out yet.

Moderator: Thank you. The next question is from the line of Nehal Shah from ICICI Securities. Please go ahead.

Nehal Shah: Sir, my question here is, is there any update on the likely CVD coming and also anti-dumping duty on the thin MDF side?

Shobhan Mittal: The CVD investigation is ongoing. We recently had a hearing as well. There have been some delays on account of COVID and also there have been some changes. We estimate the investigation to get completed because on a CVD investigation there is a lot of responses required by foreign governments and foreign companies, so we foresee some delays on that. But what we are requesting the authorities now is to have some sort of an interim product protection in the meanwhile while the investigation is ongoing,

We are hoping that we would have some concrete decision towards the end of the year, but in the meantime we are seeking, as an applicant, some interim protection. There is a form of interim duty which can be implemented and we are requesting the DGTR for that at the moment.

Nehal Shah: Right and on anti-dumping duty on thin MDF?

Shobhan Mittal: The anti-dumping duty you mean on thick MDF?

Nehal Shah: No, on thin.

Shobhan Mittal: That is a new ongoing case, which is going on.

Nehal Shah: Yes because the investigation is on right for initiation of?

Shobhan Mittal: No, it is also taking its own course of time and action.

Moderator: Thank you. The next question is from the line of Subhash Nayak, individual investor. Please go ahead.

Subhash Nayak: I have couple of questions. First question is how comparable are the margins in export market vis-à-vis domestic margins?

V Venkatramani: Export margins are significantly lower compared to domestic because the international prices are about 30% lower than the domestic market. So we do exports primarily to have absorption of the fixed overheads on a higher capacity utilization. So I think if I say that domestic margins are around 20%, export margins would probably be in the range of about 7% to 8% at the operating level.

Subhash Nayak: Second question is on looking at our capital employed and gross block , what is the optimum turnover we are looking at from the existing capacity?

V Venkatramani: I think from the existing capacity considering both the plywood and MDF business with the current capacities we can achieve a top line of about Rs. 1,250 crores.

Subhash Nayak: Okay, but will that meet your ROE, ROC targets for the business?

V Venkatramani: Yes, sure.

Subhash Nayak: At the current margins?

V Venkatramani: Margins will improve with capacity utilization. If you look at the last financial year we had about 18% operating margins in the MDF business and about 11.8% in the plywood business. So with capacity utilizations improving would probably achieve higher margins, which would enable us to reach the ROC targets.

Subhash Nayak: What is your targeted ROE, ROC if any you wish to achieve?

V Venkatramani: Yes, we are targeting a ROC of 18%.

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

Karan Bhatelia: Sir, we have had Rs. 6.5 crores of loss in this quarter compared to what numbers on a comparable basis?

V Venkatramani: I could not get your point, could you please repeat that?

Karan Bhatelia: So we had Rs. 6.5 crores M2M loss this quarter, so what was the number last year?

V Venkatramani: We had nominal gain of about Rs. 40 lakhs to Rs. 50 lakhs last year.

Karan Bhatelia: And also if you can breakup this Rs. 6.5 crores above the EBITDA and below the EBITDA line item?

V Venkatramani: It is entirely below the EBITDA. It is included in interest cost.

Karan Bhatelia: Okay and sir, now that the currency has devaluated, what is the difference between imports and domestic realizations on the thick and thin MDF?

V Venkatramani: Excuse me, could you repeat that please?

Karan Bhatelia: Now that the currency has devaluated. So what is the price gap between domestic MDF and import MDF on the thick and the thin MDF side?

V Venkatramani: Okay the gap would be about 6% to 8% on the thick MDF side and about 25% on the thin MDF side.

Karan Bhatelia: Okay and sir last question if I may chip in. Even Rushil is coming up with plants in South and also we are hearing small players, four, five players in North to come up in some time once the demand scenario revise. So do we see any pressure on realizations going ahead?

V Venkatramani: No, we do not see any pressure on realizations even with the entry of new players.

Moderator: Thank you. The next question is from the line of Arun Baid from BOB Capital. Please go ahead.

Arun Baid: In the beginning of the call you mentioned that you were expecting at least Rs. 180 crores turn over in Q2. Assuming we achieve that, will we be having margins of at 15% to 16% for the quarter?

V Venkatramani: Yes, I should expect that.

- Arun Baid:** Okay and sir second thing is what was the export number you mentioned got spilled over to August, that order which got spilled over, sir?
- V Venkatramani:** That would be approximately about Rs. 13 crores.
- Moderator:** Thank you. The next question is from the line of Gaurav Agrawal from Bowhead Capital. Please go ahead.
- Gaurav Agrawal:** Sir, wanted to check about plywood like all the real estate construction either in metro or in Tier 1, Tier 2 cities it is completely in halt. So what proportion of these plywood sales for you or for the industry is from this year's new real estate projects which get completed and what is to the existing real estate projects or to the existing households? If you can give some idea about how the consumption happens of plywood?
- V Venkatramani:** Okay plywood is primarily purchased by carpenters and contractors since it goes into the backbone of the furniture, so customer involvement in the product is very low. So they normally outsource the job to a carpenter or contractor and in our case the majority of our plywood sales I would say more than 80% comes from the residential segment and we are not facing any significant pressure primarily because our plywood business is very small. We did about Rs. 215 crores last year and probably at peak we would be about Rs. 300 crores to Rs. 325 crores, so we are not seeing any pressure on the plywood business.
- Gaurav Agrawal:** Okay, but sir for the industry let us say like plywood would be more impacted as compared to MDF right because it being of a higher price first and second it is more pertaining to residential?
- V Venkatramani:** Yes, it is correct. I think at this point of time it is correct to say that plywood is significantly impacted as compared to MDF. Two reasons. One, MDF is at a much lower price point compared to plywood and the second point is significant volumes of MDF are consumed by small manufacturers of readymade furniture across the country. At this point of time, people would be hesitant to allow carpenters into their house to do their furniture. I think probably the trend would be to go in for a MDF where there is no involvement of carpenters entering your residences.
- Gaurav Agrawal:** Okay. Sir, last year you said for FY20 you did around Rs. 230 crores of plywood sales. Am I correct?
- V Venkatramani:** Rs. 215 crores.

Gaurav Agrawal: Rs. 215 crores, so for this year any broad indication like how much are you expecting even in your let us say severe case it is very difficult to predict as of now so?

V Venkatramani: I think plywood sales would be impacted to a greater degree as compared to MDF. So at a very rough estimate I think probably we would do about Rs. 160 crores to Rs. 170 crores of plywood sales this year compared to the Rs. 215 crores we did last year.

Gaurav Agrawal: Okay. Sir, can you give the similar kind of indication for MDF business?

V Venkatramani: At this point of time, it is very difficult to give an annual number, but I think probably 10% degrowth is what we are looking at in MDF.

Gaurav Agrawal: Total, right, export, domestic put together?

V Venkatramani: That is correct, yes.

Moderator: Thank you. The next question is from the line of Vijay Karpe, individual investor. Please go ahead.

Vijay Karpe: I just wanted to know what are the cost cutting measures that we have undertaken during the quarter? How much of these are sustainable and have we taken any more cost cutting measures in Q2 as well?

V Venkatramani: We have taken pay cuts, which would be about Rs. 6.5 crores for the first six months, although we had not taken decision on whether we would be retaining the pay cuts beyond Q2. So I would say the savings on that account would probably be somewhere about Rs. 6 crores for the first six months. We have done some cost reductions on the power side where we are not purchasing wood for running our energy plant.

We are currently using the wastage from the raw material for running the energy plant and we have also taken some reductions on the admin expenses. Part of that is also due to the fact that there have been extensive reductions on travelling side and also some general admin expenses. So yes, I would say on a yearly basis, cost reductions could be in the range of about Rs. 18 crores to Rs. 24 crores.

Vijay Karpe: Okay and most of them are temporary, right?

V Venkatramani: No, apart from the employee expenses, I would say the savings that we are expecting on the power side and admin expenses side would be of a longer term nature.

Vijay Karpe: Okay and coming back to the moratorium that we had taken, Venkatji, do you think that taking a moratorium will impact our reputation in front of the lenders?

- V Venkatramani:** Not really. I think it was primarily to preserve liquidity that we took the moratoriums. We had the funds in the bank to repay those borrowings on time, but since we were not aware of how long the lockdown would last, it was basically a precautionary measure that we took to take the moratorium.
- Moderator:** Thank you. The next question is from the line of Karan from Asian Market Securities. Please go ahead.
- Karan Bhatelia:** Sir, one more doubt I had. On the gross debt numbers, you mentioned we had Rs. 527 crores of debt. So can you break that into domestic loans and foreign loans along with the rate of interest?
- V Venkatramani:** Okay we had about Rs. 475 crores of long-term debt and about Rs. 52 crores of working capital debt and rate of interest on a blended basis would be about 5%.
- Karan Bhatelia:** That is ex of currency fluctuations?
- V Venkatramani:** This is exclusive of currency fluctuations.
- Karan Bhatelia:** Correct. So earlier you used to give some kind of breakup, Euro loan, USD loan along with some rate of interest. So can you throw some light on it?
- V Venkatramani:** Okay sure. We have about €38 million loan from a German bank which is at 0.5%. Then we have borrowing in \$9.9 million, which is at 9.2% and domestic borrowings would be in the range of 9% to 9.25%.
- Karan Bhatelia:** Sir, also if I breakup our plywood portfolio so how do we see that, mid category, mass category and premium end of plywood?
- V Venkatramani:** We are entirely in the premium range. We do not manufacture plywood for the mid-market or the cheap segment plywood.
- Karan Bhatelia:** Sir, how steep was the fall for the decorative veneers segment if I say?
- V Venkatramani:** Could you repeat that?
- Karan Bhatelia:** How steep was the fall in the decorative veneers, which is more of a luxury good?
- V Venkatramani:** Okay, if we compare to the corresponding quarter of last year, we sold about 187,500 square meters of decorative veneers and in this quarter the sales was about 55,000 square meters.

- Karan Bhatelia:** Okay and how has been the raw material prices that is timber cost in the last six months because we believe there were some uptake in that?
- V Venkatramani:** No, there have been no changes in timber cost. Prices have remained stable.
- Karan Bhatelia:** And sir, with no major capacity expansion at least for next two years, how much of maintenance CAPEX do we factor in?
- V Venkatramani:** I think approximately about Rs. 5 crores a year for the current year and the next year.
- Moderator:** Thank you. Next question is from the line of Achal Lohade from JM Financial. Please go ahead.
- Achal Lohade:** Yes, in terms of MDF industry at the industry level, how much would be residential, how much would be commercial as we hear the commercial real estate there might be a slowdown. So just wanted to get a sense?
- V Venkatramani:** Shobhanji, can you take that question?
- Shobhan Mittal:** Yes. See at the moment it is a bit hard for us to estimate that I would say majority consumption of MDF directly in residential is not very high barring some states like Kerala or Andhra Pradesh. However, residential consumption happens by way of, like Venkat mentioned earlier, by way of furniture makers, small furniture makers, etc. and then of course commercial is obviously a much larger component of MDF consumption.
- So it is a bit hard for us to pin down on a number because a lot of the residential consumption is happening in an indirect manner, but commercial consumption is definitely a much higher percentage as on date compared to residential on a pan India basis.
- Achal Lohade:** Could it be like 70%, 80% is commercial compared to...?
- Shobhan Mittal:** I will say, if I have to put a number, I will say may be yes, 60% to 70% would be commercial and may be 30% to 40% would be residential.
- Achal Lohade:** Right and just for us, in terms of the mix, how much would be the mix coming from the small OEMs compared to the large OEMs, what would be that split?
- Shobhan Mittal:** Well for us, the smaller OEMs is a higher percentage because larger OEMs tend to depend also on imports, and timely payments is an issue with the large formant OEMs. So at company level smaller OEMs are

a much larger percentage for us, but we could deal with some large OEMs as well because factoring in payment security and as long as they can work our credit terms etc.

Achal Lohade: If I may ask what is the typical difference in terms of the credit terms for the small and the large OEMs?

Shobhan Mittal: Well, in most cases, we are working within the 28-day credit period with most of the parties. There may be a few where we extend may be a 10 day, 15 day or a 20 day extra credit period. From the top of my memory, I do not think we have any customer who we extend beyond 50 days to 60 days and that would be a very small number on its own in terms of the number of people who avail that benefit.

Achal Lohade: And secondly, with respect to the export opportunity like what are the key market for us in terms of where we are competitive and what would be our market share at aggregate level for those markets?

Shobhan Mittal: Well, I would say I mean the key markets for us at the moment are countries like the Middle East is one of our critical markets, Sri Lanka is an important market for us and Southeast Asia we are catering two countries like Malaysia and Indonesia little bit, but Middle East is one of the primary markets for us. Recently we have been able to obtain a very large order with the client with the customer in Iran as well, who we will be catering to for the first time in the month of August.

In Sri Lanka we have a very large market shares. I would say we are probably the market leaders in Sri Lanka, but the other countries I do not really have a percentage number on what our market share is because the market is very large and due to our own limitation and willingness to allocate quantities to these markets, I will not say that we are a very prominent player because we are playing by, the limit is our own capacity and also pricing is always challenging when it comes to export business.

Achal Lohade: For the import, which countries do we import typically from?

Shobhan Mittal: At the moment, you see that thick MDF has anti-dumping in place from most of the countries. So majority of the thick MDF coming into the country would be from Indonesia and some would be from Vietnam. But when it comes to thin MDF at the moment, which is completely open, it would be coming in from countries like Thailand is one of the major ones, then Vietnam and some from Indonesia and also from Malaysia, like so mostly the Southeast Asian countries. Sri Lanka is also supplying some material to India as well.

Achal Lohade: And what would be the mix? How much percentage would be thick and how much would be thin?

- Shobhan Mittal:** Well, I think thin obviously has a higher share percentage, but generally the demand is I would say it is may be 60:40 between thick and thin. So ratio would be similar, but when it comes to imports, I mean thin has a higher dominance because there is no anti-dumping on it.
- Achal Lohade:** So if any ballpark number you can put, Shobhanji?
- Shobhan Mittal:** On what? On the percentage?
- Achal Lohade:** On thin, thick what could that be 70%, 80%?
- Shobhan Mittal:** What do you mean thin over thick, is it? No, I do not think it would be 70%, 80%. I would like to say between 60% and 40%.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference back to the management for their closing comments.
- Shobhan Mittal:** Thank you everyone for attending the call. And we are very hopeful for an improved performance in the forthcoming quarters. And if anyone has any further questions, please do feel free to get in touch with us. And we look forward to again speaking to you for our next quarter call. Thank you so much.
- Moderator:** Thank you. On behalf of Greenpanel Industries Limited, that concludes this conference. Thank you all for joining. You may now disconnect your lines.