Euro Pratik Sales

Operator: Ladies and gentlemen, good day and welcome to the Euro Pratik Sales Ltd. proposed acquisition of Fabwood Solutions LLP conference call. As a reminder, all participant lines will be in listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance during the conference call, please signal the operator by pressing star followed by zero on your touchtone telephone. Please note that this conference call is being recorded. I now hand the conference call over to Ms. Ayushi Gupta from MEFGL In-Time. Thank you, and over to you, ma'am.

Ayushi Gupta – MEFGL: Thank you. Good morning and welcome to the call of Euro Pratik Sales Ltd. to discuss the acquisition of Fabwood Solutions LLP. Today on the call, we have with us Mr. Pratik Singhvi, Chairman and Managing Director; Mr. Jay Singhvi, CFO and Executive Director; Mr. Pulkit Saggu, COO; and Mr. Alpesh Angolkar, Finance Controller.

Before we proceed with the call, I would like to give a small disclaimer that this call may contain forward-looking statements which are based on the beliefs, opinions, and expectations of the company as of today. We also request everyone to strictly restrict their questions to the acquisition. Now I would like to hand over the call to the management to initiate the proceedings. Thank you, and over to you, sir.

Pratik Singhvi – Chairman & Managing Director: Good morning, everyone. I am Pratik. Firstly, thank you for taking the time to be with us today. We are pleased to share an overview of the significant strategic progress made by Euro Pratik Sales Ltd. and the opportunities that lie ahead for our business.

The company has taken one more step in its growth journey by acquiring a controlling stake in Fabwood. Now I will request Mr. Pulkit Saggu, the COO of the company, to give you details about the acquisition. Over to you, Pulkit.

Pulkit Saggu – COO: Good morning, everybody. It is a pleasure talking to you all. Euro Pratik is one of the leading and fastest-growing players in the organized decorative wall panels and premium laminates industry, with a strong reputation for design, innovation, and fast-fashion interior surface solutions.

Today, the company holds a leading position in the organized decorative wall panel market and offers more than 3,750 SKUs across 30+ product categories. Our flagship brands, Euro Pratik and Gloria, cater to the upper-middle-class and luxury segments.

We have also built a strong distribution network spanning 25 states, 6 union territories, and 148 cities, with {? more than... and 205 distributors ?} as of date.

With this strong foundation, we are pleased to announce the acquisition of a 56% stake in the business of Fabwood for an investment of up to 42.7 crores, including a capital infusion of 8.4 crores. The transaction is expected to be completed by October 8, 2026, subject to customary closing conditions, and will be funded through internal accruals.

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Fabwood has established a strong market presence in the South Indian market and provides a scalable platform for future growth. We see this acquisition as an important step in our strategy to build a more diversified and integrated interior solutions platform.

Fabwood provides Euro Pratik with an entry into the timber and value-added wood products segment, including timber, engineered wood solutions, cladding products, doors, and architectural wood applications. The acquisition expands our product portfolio into adjacent categories and significantly broadens the company's addressable market, while creating opportunities to offer a more comprehensive range of interior solutions to our customers.

Established in 1999, Fabwood has built a strong market presence in South India and served a diversified customer base comprising architects, interior designers, furniture manufacturers, contractors, builders, OEMs, and homeowners.

Fabwood has established operating infrastructure, advanced processing capability, and experience in timber and architectural wood applications. We believe the combination of Fabwood's capabilities and Euro Pratik's existing strengths will create several meaningful opportunities.

First is a significant cross-selling opportunity. Fabwood brings established customer relationships, while Euro Pratik brings an extensive pan-India distribution network. By leveraging these complementary strengths, we can introduce a broader range of products to our existing customers while also expanding the Fabwood portfolio into newer markets.

Second, this acquisition strengthens our presence in South India.

Third, the acquisition expands our capability to address a larger share of customers' interior requirements with products spanning decorative surfaces, laminates, timber, veneers, engineered wood, cladding, and doors. We are moving towards a more comprehensive interior decorative solutions offering.

We also see an opportunity to combine Fabwood's timber processing and architectural wood expertise with Euro Pratik's design-led approach, brand-building capability, and distribution strength. This combination can support product development, improve market visibility, and help accelerate and scale up the businesses.

Importantly, we view this acquisition not merely as an addition of another product category, but as a step towards building a broader platform across the interior decorative solutions value chain. The acquisitions of Euro Veneer, {? Chawla Brothers ?}, and now Fabwood have strengthened Euro Pratik's position as an integrated interior solutions platform by expanding our product offerings, geographical reach, and value chain presence.

Looking ahead, we remain optimistic about the long-term opportunity in the interior and decorative solutions industry. Rapid urbanization, increasing infrastructure development, rising disposable incomes, and growing demand for premium and comprehensive interior solutions are creating attractive opportunities for organized players.

With a broad product profile, a strong portfolio, strong geographical presence, enhanced distribution capabilities, and the addition of complementary businesses, we believe Euro Pratik is

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building a stronger platform to address these opportunities.

Our focus will remain on integrating these businesses effectively, leveraging the available synergies, and continuing to build differentiated and trusted brands in the interior solutions space.

I would personally like to thank all of our stakeholders for their continued trust and support. Their confidence in our vision has been instrumental in our growth journey. Thank you very much. I will now open the floor for questions.

Operator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may enter star followed by one on their touchtone telephone. If you wish to remove yourself from the question queue, you may enter star followed by two. Participants are requested to use only handsets while asking a question. We will wait for a moment while the question queue assembles.

The first question is from the line of Vivek Gupta from Star Investments. Please go ahead.

Vivek Gupta – Star Investments: Hello, can you hear me?

Operator: Yes, we can. Please proceed, sir.

Vivek Gupta – Star Investments: Hi, thank you for the opportunity. Sir, I wanted to understand whether Euro Pratik will maintain Fabwood as an independent brand in South India or gradually integrate it into a unified national brand strategy.

Pratik Singhvi – Chairman & Managing Director: It will remain as an individual company. Hello, Pratik here. It will remain as an individual company as we have the majority controlling stake in the company. We would let Mr. Tushar Ganatra oversee it and take this company from its current presence in Southern India mainly to pan-India in the coming future.

Pulkit Saggu – COO: I wanted to add here that the Fabwood brand is well recognized in timber and related products. We want to take advantage of and benefit from the brand that Fabwood has created over a period of more than 26 years. We will keep leveraging that particular brand and extend it across India.

Vivek Gupta – Star Investments: Currently, we have a network of 205 distributors across 148 cities. I wanted to understand how quickly Fabwood's products can be introduced through this network and what proportion of the existing network is suitable for timber and value-added wood products.

Pulkit Saggu – COO: This is Pulkit. We already have a very established network, and Fabwood will very quickly penetrate the Indian market because they are pioneers in natural timber wood. They have a strong presence and warehousing infrastructure, and we intend to leverage our network and make sure that they can penetrate the Indian markets as soon as possible.

Vivek Gupta – Star Investments: Thank you, sir.

Operator: Thank you. The next question is from the line of Nachiket Kale. Please proceed.

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Nachiket Kale: Thank you for the opportunity. Picking up from the previous question, you said that you have targets and ambitions to increase your sales nationwide, since you are currently concentrated more in the South. Could you lay out a roadmap for this and explain how we can track the progress on that front?

Alpesh Angolkar – Finance Controller: This is Alpesh. In terms of Fabwood, it is a well-recognized brand in the southern part of India with a strong product portfolio. There is an identical synergy between Euro Pratik and Fabwood.

Euro Pratik has a pan-India presence through its distribution network. By combining both strengths, we will be able to expand the Fabwood portfolio and its products across India through the distribution network of the Euro Pratik group, including Gloria.

Nachiket Kale: Understood. My other question is on the recent acquisition. The total investment for the 56% stake is around {? 43 crores ?}, which includes {? 8.5 crores ?} for capital infusion. Could you explain the reasoning behind the valuation methodology and the parameters considered while arriving at this valuation?

Pratik Singhvi – Chairman & Managing Director: We are acquiring a 56% stake for consideration of 42.7 crore rupees precisely, which includes the capital infusion in the firm itself.

On a totality basis, in the last year, around FY26, Fabwood had achieved a turnover of 45 crore rupees, with profitability of around 5.5 crore rupees. Going forward this year, on a standalone basis, we would be targeting 50-53 crore rupees as their projected turnover for FY27. Going forward, we anticipate a PAT on a trailing 12-month basis of around 7.5 crore rupees.

Therefore, you can see that the valuation would be around an 11 P/E multiple, considering the profitability and the value of the company.

Nachiket Kale: Understood. That is great, sir. Thank you so much. Further on the 8.5 crore capital infusion, what is the intended utilization, and will there be a further capital infusion required going forward?

Pratik Singhvi – Chairman & Managing Director: The 8.4 crore capital infusion is intended for the additional working capital required by the firm for the expansion of the business.

We anticipate that going forward, we will not need to infuse more capital into the firm. The retained earnings and internal accruals will be sufficient to fuel the growth.

Having said that, Fabwood is also a completely debt-free entity. Going forward, we have headroom available to leverage the company's balance sheet if required.

Nachiket Kale: Thank you very much for this clarification.

Operator: Thank you. The next question is from the line of Nimesh Varma from Vixora Securities. Please go ahead.

Nimesh Varma – Vixora Securities: Good morning, sir. I have two questions. First, what is the key strategic rationale behind acquiring Fabwood, and what capabilities does it bring to Euro Pratik that

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could not have been developed organically?

Kuldeep: This is Kuldeep. To understand the synergy, on one side there is Fabwood, which has a 26-year legacy, a very good understanding of natural wood products, and a strong presence in South India.

On the other side, Euro Pratik has a pan-India network, as you know. Now we have a strong market presence in South India. Also, because Fabwood is directly connected to OEMs, architects, and interior designers, it has direct leverage with the influencers, so to speak.

We get direct access to expose our product line to those influencers on one end. On the other end, because these influencers are common across India, we are able to offer these products to them pan-India as well. Therefore, Fabwood will get pan-India exposure for its products.

These influencers currently go to two different vendors. We supply them decorative surfaces and designer laminates. On the other hand, when they have wood and timber requirements for their interior spaces, they have to go to another vendor to source those products.

They will now get both products on the same platform, and the same influencer can process them through us. This will help in brand building and will help us add one more category in which these current influencers, who are Euro Pratik buyers, will also get exposure to wooden products, which are part of interior construction.

It is going to become significant. This synergy is a win-win situation for both sides. We see substantial growth for Euro Pratik because we will have more products to offer within our range, and for Fabwood to get pan-India exposure directly from day one.

Nimesh Varma – Vixora Securities: My second question is whether the timber business typically has inventory-holding and procurement cycles that differ from your existing decorative product business. If so, how should investors think about the potential impact of Fabwood on the company's working capital requirements?

Pratik Singhvi – Chairman & Managing Director: Yes, the timber business, as you understand, is a natural product, similar to marble. It requires significant experience, knowledge, and bandwidth to operate a timber business, which Fabwood has demonstrated over the last 26 years.

We are confident that it can integrate well with our company. Regarding working capital, they are very efficient in that respect, and I believe the ROC is on a similar level to Euro Pratik. It is a high-profit, high-margin-accretive business. It will integrate well with our balance sheet as well.

Management: I wanted to add something regarding the actual numbers. If you review Fabwood's March 2026 numbers, the investment in the business is around 13-14 crore rupees, as Pratik said, and this is generating turnover of about 45-46 crore rupees.

Predominantly, the investment is in working capital. On a net working capital basis, the net working capital cycle is typically 85-95 days. The cash conversion cycle is 85-95 days, which gives almost 4 times the turnover on the investment in net working capital.

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Nimesh Varma – Vixora Securities: Correct, sir. Thank you for the clarification. That is all from my end. All the best.

Operator: Thank you. Participants with questions may enter star followed by one on their handset. The next question is from the line of Soumya Gupta from VR Advisors. Please go ahead.

Soumya Gupta – VR Advisors: Good morning. Congratulations on the acquisition. I have a couple of questions. Firstly, what proportion of Fabwood's timber requirement is imported, and how exposed is this business to timber price and currency fluctuations?

Pratik Singhvi – Chairman & Managing Director: The raw material is predominantly imported, approximately 90–95%. More precisely, it is imported from Europe, the US, and other continents.

The business is exposed to currency fluctuations, but the margins are well protected. Any currency fluctuations or increase in the relevant raw material prices are efficiently passed on to customers. This trend has been observed historically, and hence the margins are well protected.

Because these are natural products, people in India who want to use natural products are ready to pay the price. That price usually covers currency fluctuations, increases in raw material prices, or any other price increase in the manufacturing process.

Soumya Gupta – VR Advisors: To what extent is this increase passed on to customers?

Pratik Singhvi – Chairman & Managing Director: As I said, almost any increase in raw material prices, on account of both price increases and currency fluctuations, is passed on 100% to customers.

Soumya Gupta – VR Advisors: Secondly, what are the medium-term margin aspirations for Fabwood once procurement, distribution, and cross-selling synergies with Euro Pratik are fully realized?

Pratik Singhvi – Chairman & Managing Director: The synergy will come from leveraging the distribution network that Euro Pratik has. We anticipate starting with initial growth of 20% in the Fabwood business. Going forward, once we expand this on a pan-India basis, we are confident that we will be able to generate a higher growth rate in the Fabwood business.

Soumya Gupta – VR Advisors: Lastly, with this acquisition, what guidance are you targeting for FY27, and how is the company progressing against this target so far?

Pratik Singhvi – Chairman & Managing Director: This year, as you can see, in the first quarter we achieved our highest-ever revenue, and we are on a growth trajectory. We are confident of growing the top line by at least 35–40%.

Soumya Gupta – VR Advisors: Thank you. All the best.

Operator: Thank you. The next question is from the line of Harsh from Kabra Family Office. Please go ahead.

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Harsh – Kabra Family Office: Hi. I am Harsh from Kabra Family Offices. Firstly, congratulations to the company and management on the acquisition. My question is, how does Fabwood fit into Euro Pratik's growth strategy?

Kuldeep: Hi, Harsh. This is Kuldeep. Euro Pratik's growth strategy is focused on decorative surfaces and interior products, while Fabwood offers architectural and structural wood products. They are in sync with each other.

In the long term, Euro Pratik's vision is to be the leading brand in India and a one-stop solution for all interior products. This synergy works well for us.

Harsh – Kabra Family Office: Thank you.

Operator: Thank you. Participants with questions may enter star followed by one. The next question is from the line of Santosh Shetty from LGC Capital. Please go ahead.

Santosh Shetty – LGC Capital: My first question is about the company's net debt-free balance sheet. Should investors expect further acquisitions in adjacent categories, or will the near-term focus be on integrating the 3 acquisitions already completed?

Pratik Singhvi – Chairman & Managing Director: The company is net debt-free and generates consistent cash flow on a month-on-month basis.

Regarding the Fabwood acquisition, it will be funded entirely through internal accruals. A total infusion of 42.7 crore rupees is required, and the company has sufficient internal accruals to fund this acquisition.

Under the term sheet, there is also a payment schedule for paying this consideration, which extends to 120 days from the date of handover. The company has cash available on its balance sheet that is sufficient to be utilized for the acquisition.

Having said that, going forward, if an opportunity arises where the company requires a debt arrangement in the form of a bridge loan for an acquisition, we may consider it in the future.

Santosh Shetty – LGC Capital: That is great, sir. Just one more question. With 3 acquisitions completed in a short period, how has the organizational structure evolved to ensure adequate management attention across all businesses without diluting focus on the core franchise?

Pratik Singhvi – Chairman & Managing Director: The strength of all 3 acquisitions is that we have retained the management teams of the respective acquired entities. We have followed the concept of division of responsibility based on the expertise of each party.

Wherever Euro Pratik has expertise in a particular function, that function has been entrusted to Euro Pratik, and Euro Pratik is currently performing it.

The company has sufficient management bandwidth, including the COO and CSO, who are at the corporate level and supported by the team.

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At the front end, the marketing function is being taken care of by the respective acquired entities. They have become more focused, and that has produced very good results in our past 2 acquisitions.

Santosh Shetty – LGC Capital: Understood, sir. Thank you very much for answering my questions. All the best.

Operator: Thank you. Participants with questions, please enter star followed by one. The next question is from the line of Nirmal from Unique PMS. Please go ahead.

Nirmal – Unique PMS: Thank you for the opportunity. My first question is, what would be the market size or total addressable market for this timber and value-added wood products category?

Pratik Singhvi – Chairman & Managing Director: Pratik here. The timber market has existed for several decades. I believe that no interior construction can be completed without timber. My estimate is that the timber market should be around 3-4 billion dollars in the Indian market.

Nirmal – Unique PMS: The competition would comprise both organized and unorganized players in this market?

Pratik Singhvi – Chairman & Managing Director: Having said that, Fabwood's timber business involves a natural product. It has certain entry barriers, including the need for a proper understanding of the wood, suppliers, and customers.

It is not sold through catalogs; it is sold based on the gradation of the wood. Mr. Tushar Ganatra has rich experience of more than 26 years. He has been doing this day in and day out, and his experience will help us scale this business across India in the coming future.

Nirmal – Unique PMS: Regarding pan-India distribution, how will the distribution work? Will Fabwood have separate stores, or will these products be available in our existing stores? How would that work?

Pratik Singhvi – Chairman & Managing Director: Like all our Euro Pratik distributors and dealers, most of them are not currently promoting these solid wood panels. Therefore, it is a direct fit for them, and they would sell them in their own showrooms.

Currently, we do not require a special showroom to sell this solid wood. The integration can therefore happen much faster. Basically, the product complements premium projects, so it is a win-win for the distributors, the company, and Fabwood as well.

Nirmal – Unique PMS: Lastly, are there any other specific categories that we would be interested in entering? You mentioned that you want to be a comprehensive interior player. Are there any specific categories?

Pratik Singhvi – Chairman & Managing Director: We have kept all our options open. We would consider products that fit into the overall interior decorative or surface decorative industry and that have a natural synergy with the Euro Pratik business.

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Our expertise in procurement, our well-established distribution network, and our brand are the 3 important pillars that we want to leverage going forward for any decorative product in the interior decorative or surface decorative industry.

Nirmal – Unique PMS: Understood, sir. Thank you, and all the best. Thank you for the opportunity.

Operator: Thank you. The next question is from the line of Rahul Shako from Equentis. Please go ahead.

Rahul Shako – Equentis: Congratulations on the new acquisition. I would like to know whether it would be possible for you to provide the margin difference between the wood panel products and the other products in your portfolio.

Pratik Singhvi – Chairman & Managing Director: This wood panel business also has very good margins and is not currently a commoditized business. On a PBT level, the margins are around 24-25%.

Until now, Fabwood was a proprietary concern, so it was paying the highest tax rate. Going forward, we have converted it into an LLP structure, so there will also be tax savings. We anticipate earning approximately 15% at the PAT level from Fabwood.

Rahul Shako – Equentis: My second question is regarding the 30-35% guidance for FY27 revenue growth. What kind of margins are you currently expecting? Can we still expect margins above 30%, as in the previous year, at 35-36%?

Pratik Singhvi – Chairman & Managing Director: The core products of Euro Pratik and Gloria are operating at the same gross margin, and we will deliver the same gross margins from our core businesses.

The acquired entities are different. One is a retail business, another is a wholesale-cum-retail business, and Fabwood is a third vertical. Therefore, their margins will not be as high as those of Euro Pratik.

These are not inorganic acquisitions. They are more like semi-organic acquisitions that we have undertaken over the last year, through which a significant boost in sales is reflected at the Euro Pratik group level.

We will be able to maintain the margins that we have achieved in the past from the core businesses. The acquired entities will have margins that are not equivalent to those of the core businesses, but definitely, on a consolidated basis, we will be able to generate a PAT margin of around 20-22%.

Rahul Shako – Equentis: That answers my question. Thank you.

Operator: Thank you. To ask a question, you may enter star followed by one. The next question is from the line of Yash Mehta from SP Capital. Please go ahead.

Yash Mehta – SP Capital: Thank you for the opportunity. I have a couple of questions. While the company continues to report year-on-year improvement in EBITDA and profitability, and the quarterly performance appears to fluctuate sequentially, is this attributable to seasonality, product

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mix, or the timing of sales? How should we view the underlying earnings trajectory of the business?

Pratik Singhvi – Chairman & Managing Director: Certainly, the company's business in the interior decorative segment is not evenly spread across the year. There is an element of seasonality in all 4 quarters.

Generally, Q1 does not produce impressive numbers compared with the other quarters because of seasonality. Having said that, on an overall yearly basis, there will be guidance that we are following, or a growth strategy that we are pursuing, and we endeavor to achieve the same growth strategy.

Yash Mehta – SP Capital: Also, with the company's revenue contribution from wall panels gradually reducing and the contribution from other product categories increasing, how does management see the revenue mix evolving over the next few years? Are there any new product segments or adjacent categories that the company is looking to enter to further diversify its portfolio?

Pratik Singhvi – Chairman & Managing Director: The revenue from wall panels is not decreasing. It is just that the non-core products of the acquired entities are being sold directly by those acquired entities. Therefore, the revenue is not being captured at the parent level.

Secondly, in terms of products, we have been expanding our product range. Last month, we launched a few products that are directly installed on the wall, and another very promising product is being launched in the first week of October.

We are quite confident of growing the organic business, and we will continue adding new products through both organic and semi-organic acquisitions.

Yash Mehta – SP Capital: Understood. Thank you very much.

Operator: Thank you. The next question is from the line of Saumya Raghuvanshi from Nirva Securities. Please go ahead.

Saumya Raghuvanshi – Nirva Securities: Thank you very much. Good afternoon, sir. I have only one question. Do you expect future growth to be driven primarily by premiumization and higher-value products, or by deeper penetration into broader price segments across India?

Pratik Singhvi – Chairman & Managing Director: As far as Euro Pratik's growth is concerned, we are very clear that we want to be in the premium niche segment. We do not want to enter commodity products.

Secondly, the aspiration level of the country is growing, and the premium product market is growing. We are confident because we have a network of contract manufacturers and dealer-distributors, and we are one of the leading branded players in this segment.

We are quite confident of growing at a much faster pace than the market.

Saumya Raghuvanshi – Nirva Securities: Thank you very much, sir.

Operator: Thank you. Ladies and gentlemen, we will take that as the last question. I now hand the conference over to Ms. Ayushi Gupta for closing comments.

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Ayushi Gupta – MEFGL: I would like to thank the management for taking the time out, and I would also like to thank all the participants. If there are any queries, please feel free to contact us. We are {? Hem Securities ?} In-Time Private Limited, investor relations advisors for Euro Pratik Sales Ltd. Thank you.

Operator: Thank you. On behalf of Euro Pratik Sales Ltd., that concludes this conference call. Thank you all for joining us, and you may now disconnect your lines. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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