



**India's Largest Interior Infrastructure Company**

## Analyst Meet Presentation

21st July, 2011

# Safe Harbor

*This presentation may contain statements which reflect Management's current views and estimates and could be construed as forward looking statements. The future involves certain risks and uncertainties that could cause actual results to differ materially from the current views being expressed. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.*

*Responses can only be given to questions which are not price sensitive.*

# Presentation Structure

- Environment & Growth Drivers
- Industry Overview
- Greenply at a glance
- Numbers Speak:
  - Segmental Review
  - Our Green Credentials
  - Capacity Review
  - Financials
  - Initiatives
  - Investment Highlights

# Environment

- Economy did well on the back of **strong domestic demand and buoyant exports**
- **GDP growth at around 8.5%** for FY 2010-11 vis-à-vis 8% FY 2009-10
- The **demand for interior infrastructure products in second half** of the year was better than demand during the first half of the year.
  - Demand from Tier-II towns was significantly higher than metros and larger cities
  - Value growth higher than volume growth due to Improved product mix as well as price increases

# Growth Drivers

- **Per Capita Income:**
  - Doubled in last 7 years
  - Expected to increase to US\$ 2000 by 2017 and US\$ 4000 by 2025
  - Increase in per capita income strengthen the consumption of life style products like furniture's & interiors.
- **Indian Real estate sector :**
  - Expected to grow from US\$14 Billion to US\$50 Billion by 2020
  - Increased share of real estate in GDP from 5% to 6% leading to increase share of Interior Infrastructure
- **Demand across segments 2010-14 ( source Cushman & Wakefield)**
  - Commercial Property: 240 mn sq.ft
  - Residential : 4,25mn units
  - Office space : 55mn sq.ft
  - Hospitality : 78mn room nights

# Growth Drivers

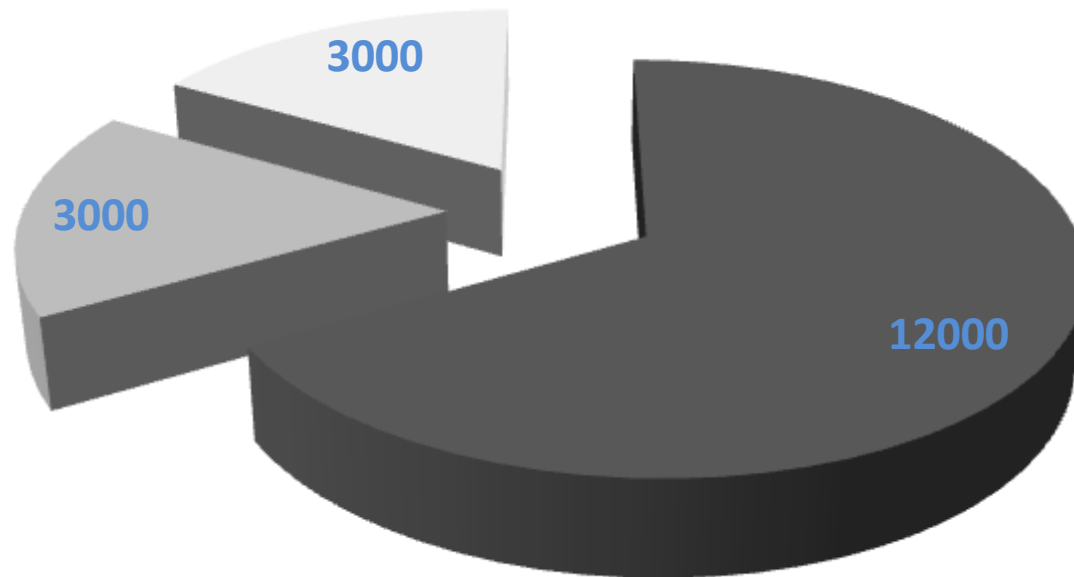
- **Organized Industry Growth:**
  - Due to rationalisation of taxes & duties, organized players secured a competing edge
  - Organized players are growing at 20% compared to industry growth of 5-7% over a five year period from FY 04-05 to FY09-10
- **Increasing Urbanization**
  - As per Crisil urban population would increase from 30%(10-11) to 33%(20-21)
- **More Satellite cities**
  - Due to increasing urbanization 25 more satellite cities to emerge with at least 1Mn population (McKinsey Global)
- **Housing Shortage**
  - Due to increased migration and rise in nuclear families shortage of housing units would increase from 19Mn in 2008 to 21.7 Mn by 13-14
  - Rural housing shortage is estimated at 53.8 Mn units by 13-14
- **Reduction in Renovation cycles**
  - From 10-15 yrs to 5 -7 yrs

# Industry Overview

# Industry at a glance

Rs. in Crores

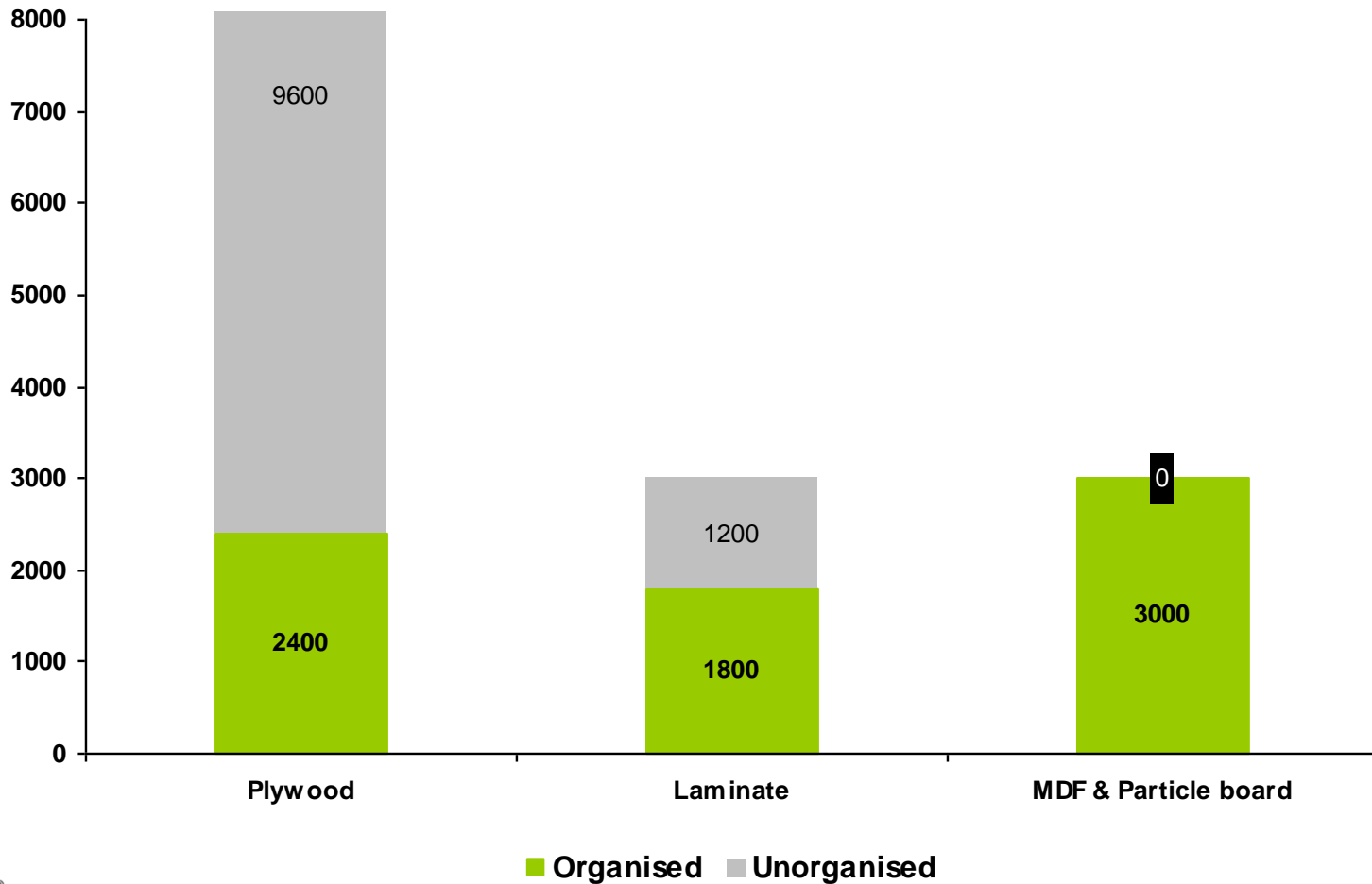
Industry Size: Rs. 18000 Cr



■ Plywood   ■ Laminate   ■ MDF & particle Board

# Organized vs Unorganized share

Rs. in Crores



# Industry Growth over Greenply Growth

- Preference for branded products has given a boost to the growth of organised players and led to a decline in market share of the unorganised sector.
- Industry has grown at 5-7% over the five years from FY 2004-05 to FY 2009-10.
- Organised players have grown at 15-20% over the same period.
- Greenply has recorded a CAGR of 25% during the same period.

# Greenply at a glance

# About Greenply

- With a consolidated turnover of **Rs.1420cr.** (\$322.7million) we are the largest company in the interior infrastructure space.
- We are the only integrated manufacturer in the industry catering to all the product segments of interior infrastructure industry.
- 7 State-of-art manufacturing facilities producing world class interior products.
- Entry into higher margin MDF Business and Greenfield expansion in Laminates with new sizes and dimensions have enabled access to the US and European markets.

# Our Capacities

## Plywood : 28.35 mn Sqm.

Tizit:	4.50 mn. Sqm
Kripampur:	6.00 mn. Sqm
Pantnagar:	10.50 mn. Sqm
Bamanbore:	7.35 mn. Sqm

## Laminate : 10.02 mn sheets

Behror:	5.34mn sheets
Nalagarh	4.68mn sheets

## Decorative Veneers: 4.20 mn.sqm

Behror

## MDF: 0.18 mn. Cbm

Pantnagar



# About Greenply (Contd.)

- With 38 Domestic offices, 8 International office and over 4000 employees Greenply offers the largest range of products to over 65 countries through largest network of 13000+ retail outlets.
- Greenply Industries is the undisputed Market leader with product offerings in both the Premium and Mid-segments.
- Enjoys the largest market share in the organised market
  - 36 % in plywood
  - 26% per cent in laminates
- Equity shares listed on NSE & BSE
- Promoter holding 55% ; Market capitalisation Rs 550 crores.

Today, Greenply has become the  
Largest Laminate company in Asia

&

5<sup>th</sup> largest Globally

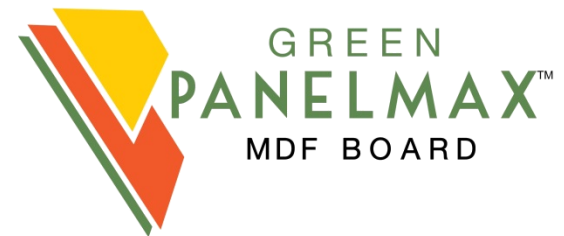
# Largest Brand Portfolio

# Brands & Products

catering to all segments of the market



# Flagship Brands



25 Years  
Trust & Relationship

# Space we add life to..



Residential



Hotel



Office Spaces

# Space we add life to..



Commercial



Retail



Hospitals

# Segmental Review

# Plywood & Allied Products

Rs. in Crores

Particulars	Q1FY12	Q1FY11	% Change	FY11	FY10	% Change
Gross Turnover	206.19	170.44	27.53	767.84	577.62	32.93
EBIDTA Margin (%)	13.29	13.81	20.98	13.03	10.89	

Particulars	Q1FY12	Q1FY11	% Change	FY11	FY10	% Change
Annual Capacity (mn.sq.m.)	28.35	24.00		26.55	24.00	
Production (mn.sq.m.)	7.48	7.39	1.22	29.70	26.36	12.67
Sales (mn.sq.m.)	8.50	8.16	4.17	34.58	28.67	20.61
Capacity Utilisation (%)	106	124		119	110	
Average Realisation (Rs. / Sq.ft.)	227	198	15	211	189	11.64

# Plywood & Allied Products

## (FY 11 HIGHLIGHTS)

- Grew **32.93%** in value terms and **20.61%** in volume terms.
- Enhanced overall capacity utilization from 110% in FY 2010 to 119% in FY 2011.
- Increased production from 26.36 mn. sq mtrs. In FY 2010 to 29.70 mn sq meters. in FY 2011.
- Added compreg plywood to the product basket.
- Increased sales in the Flush Doors vertical from Rs 30.12 crores in FY 2010 to Rs 43.90 crores in FY 2011.
- Increased rural revenues from Rs 30 crores in FY 2010 to Rs 63 crores in FY 2011 and
- Strengthened its spectrum wood veneer business by 96.93%.

# Laminates

Rs. in Crores

Particulars	Q1FY12	Q1FY11	% Change	FY11	FY10	% Change
Gross Turnover Laminates	120.12	103.09	16.52	459.50	320.90	43.19
Gross Turnover Decorative Veneers	24.06	23.70	1.52	104.51	80.98	29.06
EBIDTA Margin (%)	9.13	8.54		9.54	10.52	

Particulars	Q1FY12	Q1FY11	% Change	FY11	FY10	% Change
Annual Capacity in mn. sheets	10.02	10.02		10.02	10.02	
Production (mn. sheets.)	2.46	2.14	14.95	9.37	7.20	30.14
Sales (mn. sheets)	2.33	2.12	9.91	9.32	7.15	30.35
Capacity Utilisation (%)	98	86		94	107	
Average Realisation (Rs. / Sheet.)	505	471	7.22	480	436	10.09

# Laminates (FY 10-11 Highlights)

- Grew 30.35% in value terms and 30.14% in volume terms.
- Increased production from 7.20 mn sheets In FY 2010 to 9.37 mn sheets In FY 2011.
- Average Realisation increased from Rs 436 per sheet to Rs 480 per sheet.
- Capacity Utilisation at 94% on enhanced capacity of 10.02 mn sheets.
- Exports grew by 54.89% from Rs 101.59 crores in FY 2010 to Rs 157.35 crores in FY 2011.

# Laminate Plant at HP.

- The plant manufactures compact laminates in thickness ranging from 3 mm to 25 mm & in dimensions up to 6' x12' and laminates in different dimensions such as 5'X12', 4.25'x10', apart from the present (4' x 8'). This has opened up international markets like United States, Europe, Asia, South Africa, Australia as well as new markets in India.
- Laminate plant is operating at 90% utilisation and expected to reach 100% of capacity utilisation in FY 2012.
- Expected revenue from this laminate plant would be Rs.275 crores at full capacity.

# Decorative Veneers

Rs. in Crores

Particulars	Q1FY12	Q1FY11	% Change	FY11	FY10	% Change
Annual capacity in mn. Sqm	4.20	4.20		4.20	4.20	
Production (mn.sq.m.)	0.30	0.32	(6.25)	1.39	1.19	16.81
Sales (mn.sq.m.)	0.30	0.33	(9.09)	1.45	1.22	18.85
Capacity Utilisation (%)	29	31		33	28	
Average Realisation (Rs. / Sq. Meter.)	814	718	13.37	723	662	9.21

# Decorative Veneers (FY11 Highlights)

- Increased production by 16.81% from 1.19 mn sq meters in FY 2010 to 1.39 mn sq meters in FY 2011.
- Capacity Utilisation improved from 28% in FY 2010 to 33% in FY 2011.
- Increased average realisation from Rs 662 per sq meter in FY 2010 to Rs 723 per sq meter.
- Launched value-added products under the brand “Impression” called textured veneers and Sapwood.

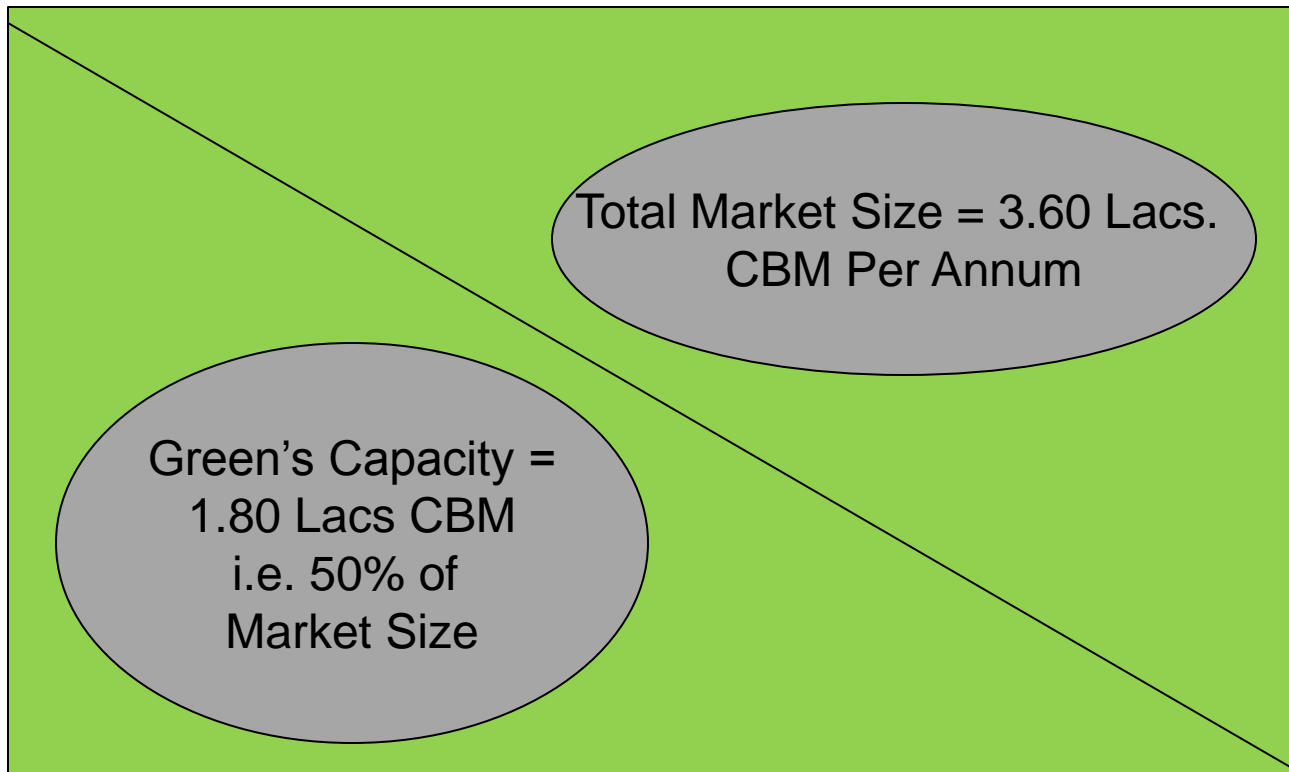
# About MDF

- MDF is a very versatile product with wide applications, primarily in paneling, wide range of furniture, windows & doors frames, handicraft industry, display or exhibition stands and signage's, false ceiling, toys, carving & molding panels, partitions, shoe industry and educational equipment
- 75% of MDF's domestic requirement is depended on imports due to low capacity in India
- MDF is easy to use in mechanised environment so the demand from organised furniture industry will boost the MDF growth.
- MDF will replace the demand of wood and cheap plywood due to high quality, easy availability and comparable cost.
- GIL will be making timber based MDF which has wide acceptance. Timber used in the process will be sourced from Agro forestry which is available in abundance in nearby areas.

# MDF – MARKET SIZE

## SCENARIO BEFORE GREEN'S INTRODUCTION

### MDF VS MDF




# Medium Density Fibreboards (MDF)

- Achieved a Gross Turnover of Rs 46.11 crores in FY 2011.
- Average capacity utilization of 36% during the period from Nov. 2010, to March 2011.
- Product accepted and appreciated, unit offered more sizes and options than competitors.
  - **Plain MDF**
    - **Thicknesses:** 2.3mm, 2.5mm, 3mm, 4mm, 5.5mm, 8mm, 11mm, 12mm, 15mm, 17mm, 18mm, 25mm, 30mm and 35mm.
    - **Sizes:** 8'X4'; 8'X6'; 7'X6'; 7'X4' and 6'X 4'.
  - **Pre-laminated MDF**
    - **Thicknesses:** 8mm, 11mm, 12mm, 15mm, 17mm, 18mm, 25mm
    - **Sizes:** 8'x 6' , 8' x 4', 6'X4'.

# Medium Density Fibreboards (MDF)

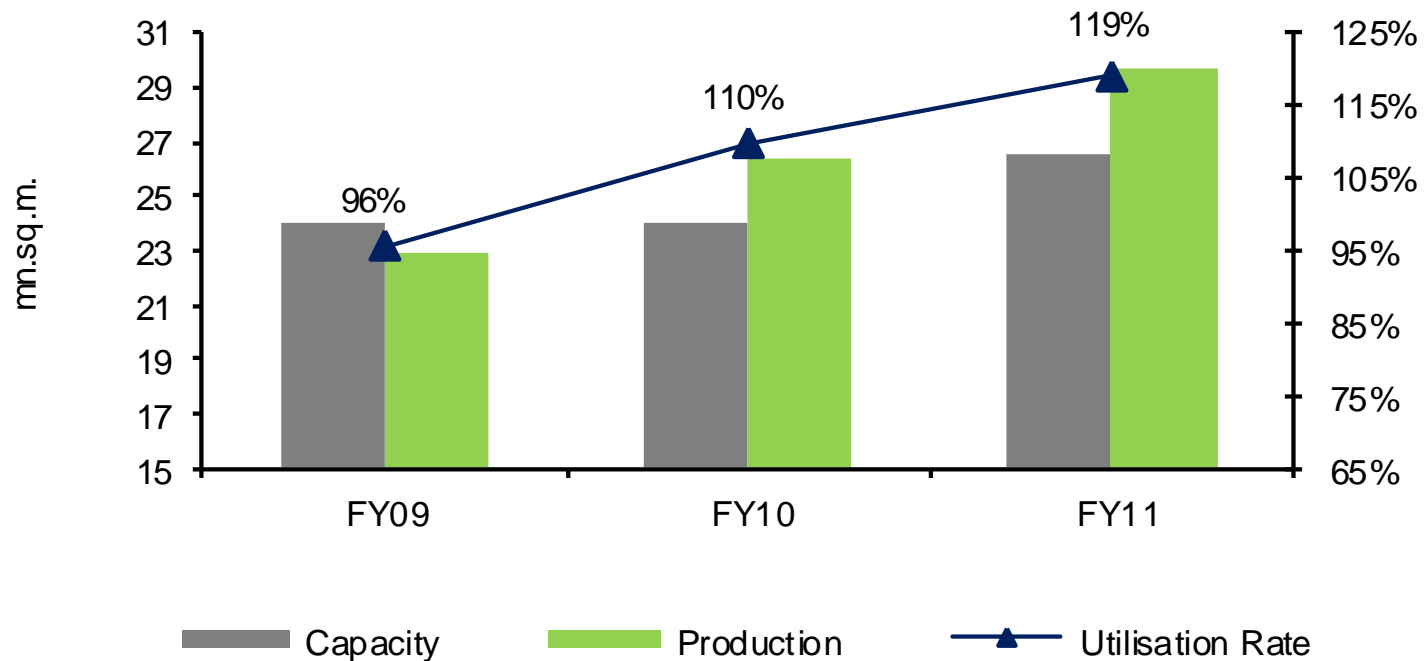
- Unit received FSC Certification of Controlled Wood and Chain of Custody, works on new resin technology meeting worldwide standards on formaldehyde emission and also obtained E-1 and CARB certifications.
- This plant is based on the latest **Continuous Press Technology** supplied by world leader M/s Dieffenbacher, Germany. Plant can produce MDF in the thickness ranging from 2.3mm to 35mm, width up to 6' and length as per customer preference.
- Expected revenue from MDF plant will be Rs. 375 crores at full capacity, expected to be achieved in FY 2013-14.

# Our Green Credentials

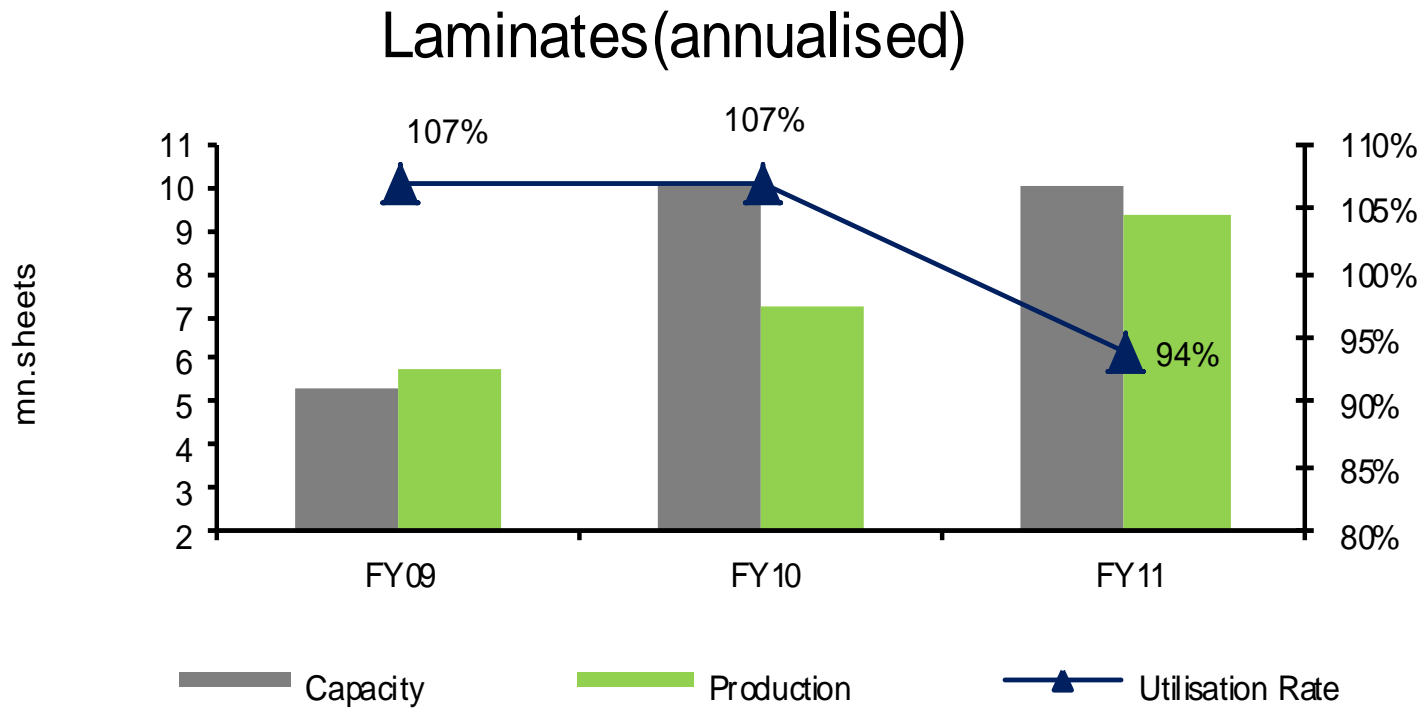
- First in Indian industry and the only non-US company to receive the coveted Greenguard Certificate for Indore Air Quality and Greenguard certificate for children and schools.
- Our initiatives on sustainability goes back till around a decade back, since when we have been working closely with native forest tribal's in dense forests to assist them in providing saplings, and to grow forestry.
- First in our industry to use Bio Mass in laminate manufacturing process.
- First in our industry to gain Carbon Credits in India.
- Our Manufacturing Facilities are ISO 14001, 18000 and OHSAS certified.
- Our laminates are also Green  id.

# Capacity Utilization

## Plywood

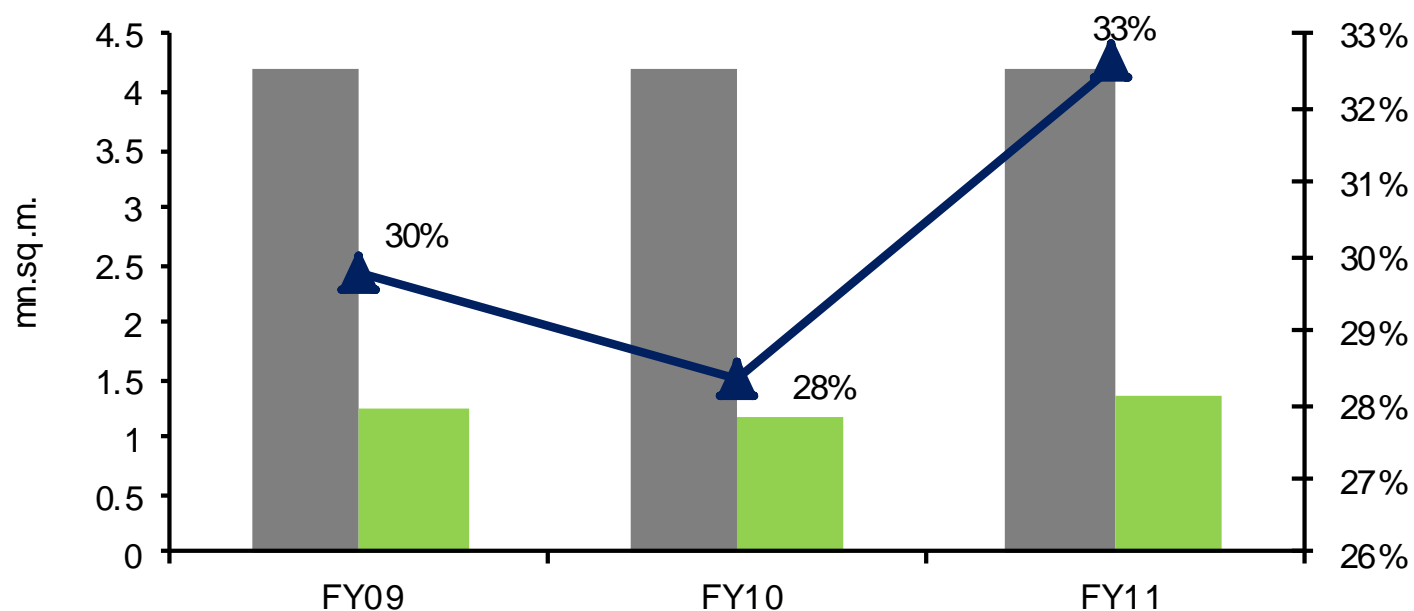


# Capacity Utilization



# Capacity Utilisation

## Decorative Veneer



Capacity Production Utilisation Rate



# Financial Highlights

# Highlights – Q1FY12

- Net Sales up by 34.44% at Rs. 352.32 crores
  - **Plywood & Allied Products** : Rs. 178.43 crores, up by 19%
  - **Laminates & Allied Products** : Rs. 127.73 crores, up by 1%
  - **Medium Density Fibre-Boards** : Rs. 46.14 crores.
- EBIDTA (excluding foreign currency gains) up by 76% at Rs. 42.36 crores
- EBIDTA Margin stood at 12.02 % Vs 9.17%
  - **Plywood & Allied Products** 13.29%
  - **Laminates & Allied Products** 9.13%
  - **Medium Density Fibre boards** 15.08%
- PAT up by 25% at Rs. 12.96 crores
- PAT Margin stood at 3.68% Vs 3.97%.

# Highlights – FY11

- Net Sales up by 39.55% at Rs. 1216.09 crores
  - Plywood & Allied Products : Rs. 674.32 crores, up by 30%
  - Laminates & Allied Products : Rs. 496.18 crores, up by 40%
  - Medium Density Fibre-Boards : Rs. 45.41 crores
- EBIDTA up by 24.44% at Rs. 116.44 crores
- EBIDTA Margin down by 117 bps at 9.57%
  - Plywood & Allied Products 13.03% Vs 10.89%
  - Laminates & Allied Products 9.54% Vs 10.52%
- PAT down at Rs 25.09 crores Vs Rs. 49.57 crores
- PAT Margin declined to 2.06% from 5.69%

# Financial Performance

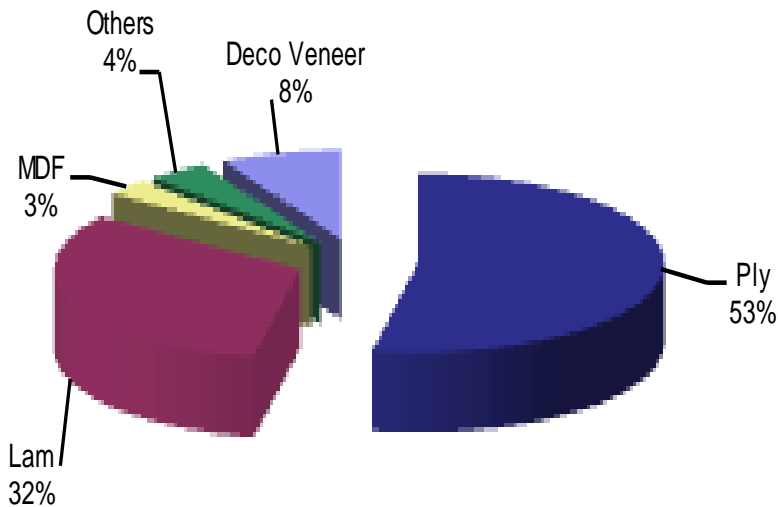
Rs. in Crores

	Q1FY12	Q1FY11	FY11	FY10
<b>Key Ratios</b>				
ROCE (%)	12.33	13.89	8.77	15.78
ROE (%)	15.46	14.79	7.79	18.32
Net Debt / Equity (x)	1.57	1.58	1.60	1.51
Inventory Days (Gross Sales)	58	79	61	74
Receivable Days (Gross Sales)	56	66	56	56
Payable Days	93	111	99	115

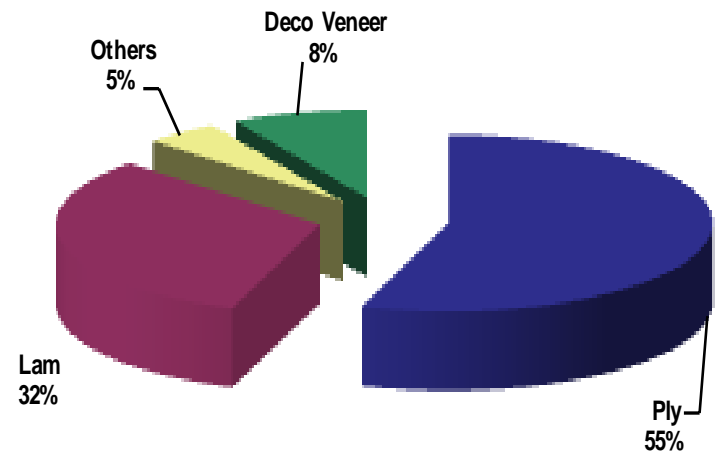
Update on Balance Sheet		
Particulars	FY11	FY10
Gross Block	727.79	634.97
Net Worth	321.98	270.51
Total Debt	519.80	407.40
Cash & Bank Balance	13.41	18.92

# Sales Break Up

FY11



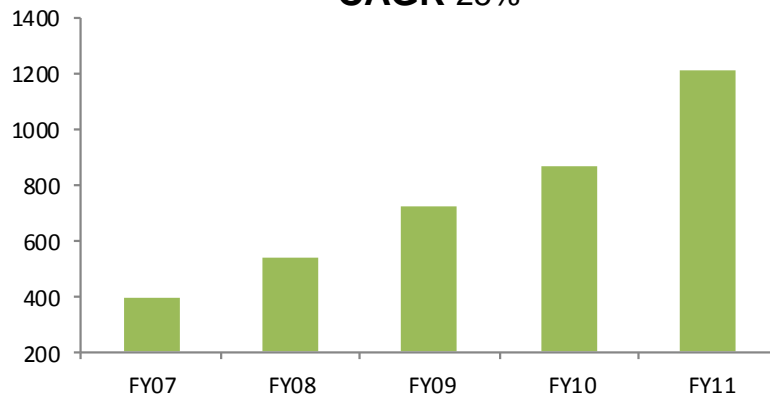
FY10



# Growth Momentum

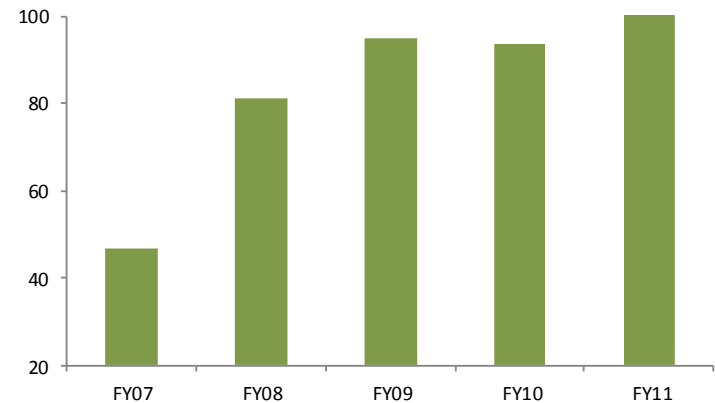
## Net Sales

**CAGR 25%**



## EBIDTA

**CAGR 20%**



# Initiatives

- Positioned our brands on the platform of Green through specific initiatives
- Launched 9 new Green Design Studios ( signature store) to give customer a world class shopping experience for interior related products
- On going investment in brand building
- Strengthened BTL drives to improve brand presence and visibility at the trade level & through various other activities like sponsorships, exhibitions, scheme etc.
- CRM program for architects under the banner of ALC
- Explored new avenue of digital media to engage & come closer to the end customers.

# Initiatives (Contd.)

- Launched anti-bacterial laminates and “Greenlam Xtraordinaire” brand of super premium laminates (digitally printed, customized and Unicore laminates).
- Introduced products in the technical plywood segment for transportation industry
- Implemented applications like Business Intelligence for faster and drilled down analysis; expanded its SAP domain with new roll-outs in various domains and invested in Unified Communications to enhance employee productivity and reduce telecom operation costs.
- Undertook HR Initiatives like Employee Connect, Reward and Recognition programs and Launch of E-newsletter with a ladies editorial team to enhance employee collaboration.

# Investment Highlights

- Established brands with strong presence and market share
- Further utilization at new plants would substantially boost revenues and profits in the next 3 years
- Existing business is expected to grow at 20-25%
- Recovery in residential and commercial property market and overall economy should drive the growth
- Further brand penetration adds considerable mass
- Improved realizations because of better product mix
- Able to pass on increase in input costs.

# Thank You

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