Academic Research Project- Not a Recommendation

Equity Research Report

Greenply Industries Ltd

About the Company

Greenply Industries Ltd (hereafter referred to as 'the company' or 'Greenply') is a leading brand of plywood and allied products headquartered in Kolkata, West Bengal. The company saw its initial development in 1984 to commissioning it's first plywood manufacturing plant in Nagaland in 1988.

The company has four manufacturing facilities of plywood in India and one in Gabon, West Africa of Veneer peeling. Greenply is adding another manufacturing unit in Hapur (Uttar Pradesh). A major Milestone was achieved by the company with successful production initiation at MDF unit in Vadodara, Gujrat, marking an entry into the MDF segment. Recently Greenply entered in a JV with a company in the Netherlands for manufacturing and selling of functional furniture hardware. The company is focused on asset light growth model to cater growing plywood demand.

Greenply has a 28% share of the organized market, only second to Century Plyboards. The company is one of the largest players in the domestic interior infrastructure sector. Greenply has a strong distribution network of over 2,300 dealers spread across over 1,100 cities, towns and villages.

Greenply generates 51% revenue from Own Manufacturing, 39% from Trading and 9% from manufacturing partners. The company is developing a healthy mix of manufacturing and trading portfolios to yield better ROE.

Brief View

The company has posted growth of 28% in top-line during Q2FY24 and expects to grow at a CAGR of 22%. The consolidated EBITDA Margin stands at 8.4% in Q2FY24, which has improved from the previous quarter, however reduced by 200 bps on YoY basis. The plywood EBITDA margins for Q2 FY24 stood at 7.9%, which are down by 260 bps on a YoY basis.

Prices for Raw materials such as Timber, Resins have seen significant increase in the previous quarters, due to which price hikes have been taken by the company. The full impact of the same may be visible in H2 of FY24. Considering above, company expects margin improvements in H2 FY24.

The stock currently trades at a P/E of 47.0x. EPS of the company has decreased to 7.4 in FY23 from 7.7 in FY22 (consensus basis) the price of stock is expected to reach xxx.

Key Highlights and Outlook

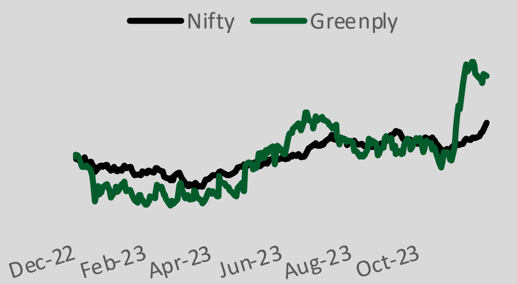
- Top-line growth of 18% on YoY basis was achieved for FY23 and growth of 28% on QoQ basis in Q2FY24. Company crossed Rs. 600cr in consolidated revenue, which is highest ever for Greenply. The consolidated sales for FY23 is expected to approximately grow at a CAGR of 22% over FY22 and CAGR of 13% over FY2020.
- The recent expansion of plywood capacity at Sandila is now operating at 60% capacity in Q4FY23. The plywood business revenue growth was 9.7% on a YoY, majorly driven by 11% volume growth. However, the EBITDA margins has dropped by 260 bps on a YoY basis to 7.9%, which includes a one-time expense relating to entry tax of Rs. 3.3cr, which is non-recurring in nature. The reason for subdued performance of the plywood business is due to escalation in raw material prices, especially Timber costs. The company expects the prices of Timber to stabilize in H2 of FY24.
- The MDF business achieved cash positive performance in its first full quarter of operation, with EBITDA margin at 15.5% in Q2FY24. The company expects to achieve 1 Lakh cbm sales volume for FY24. In a full year of operations of the MDF unit, the company expects to target 700 cr of sales or around 22% Margin.

Recommendation	**: BUY**
CMP	**: INR 199.2**
Target Price	**: INR 280**

Stock Data (as on Dec 05, 2023)

NIFTY	: 20,820.9
52 Weeks H/L (INR)	: 211.9/134.5
Market Cap (INR Crs)	: 2,490
O/S (Crs)	: 12.33
Dividend Yield (%)	: 0.25%
NSE Code	: GREENPLY

Relative Stock Performance- 1Y



Absolute Returns

1 Year	: 24.16%
2 Years	: 64.75%
5 Years	: 47.9%

Shareholding Pattern (as of Sep 2023)

Promotors	: 52.1%
FII	: 2.1%
DII	: 33.1%
Public	: 12.7%

Financial Summary

In INR Crs	FY23	FY24E	FY25E
Net Revenue	1,845.6	2,319.4	2,627.0
YoY Growth %	***18.0%***	***25.7%***	***13.3%***
EBITDA	148.4	247.1	302.4
EBITDA Margin (%)	8.0%	10.6%	11.5%
PAT	91.4	110.7	149.2
YoY Growth %	***-3.00%***	***21.1%***	***34.8%***
ROE	16.0%	15.9%	18.3%
EPS (In INR)	7.4	9.0	12.1
EV/EBITDA	15.99x	9.40x	7.20x

Prepared by: Ashutosh Soni

Guided by: Parth Verma (The Valuation School)

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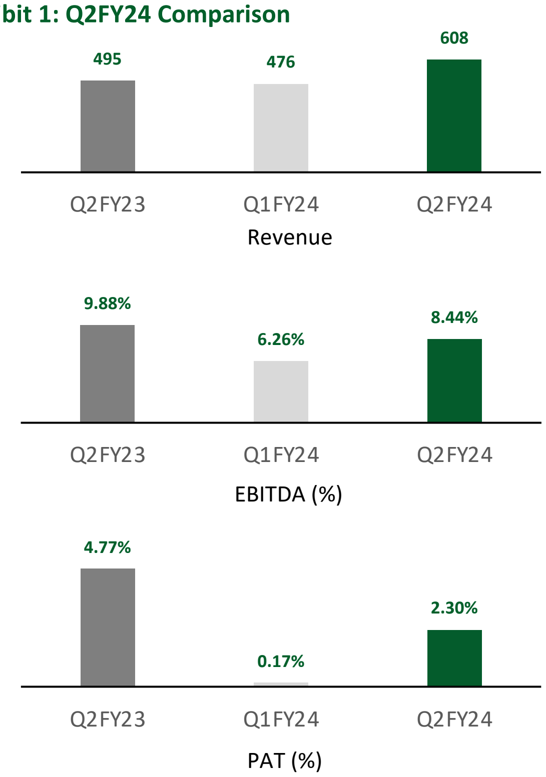
- Prices for key raw materials such as timber and chemicals (including melamine and Phenol) required to manufacture wood panel and related products have significantly increased over the past couple of years. The chemical prices softened during the previous quarters; however, timber prices continues to remain elevated.
- The company did a major Capex of Rs 600cr in FY23 which was fully utilized for the MDF plant. For the FY24, the company has planned for maintenance capex of around RS 25cr-30cr for the plywood business. In the upcoming Quarters the company will be making investments in the Furniture hardware JV.
- On a consolidated basis, the company's Net Debt levels are at Rs. 713 cr, which is well within the management guided peak net debt level of Rs. 750 cr.
- The Gabon business in West Africa continues to be in under pressure due to severe political unrest and faces supply-side challenges. The management does not see an immediate turnaround.
- Greenply being strategically focused on the premium segment has launched value-added product categories like CARB and Boil Pro. In Q1FY24, the company sold 31000 cbm with blended realization of 28000 per cbm. The company expects to increase this realization by increasing their value-added portfolio.
- The working capital days for Q2FY24 stood at 48 days with a decrease of 15 days from Q1FY24 of 63 days. This was led by lower payable days. Growth in Revenue and growth in receivables is positively correlated. The receivable days has been drastically decreased and are even below the industry average.

Exhibit 1: Q2FY24 Comparison



Source: Quarterly presentation, Company Analysis

Global Economy

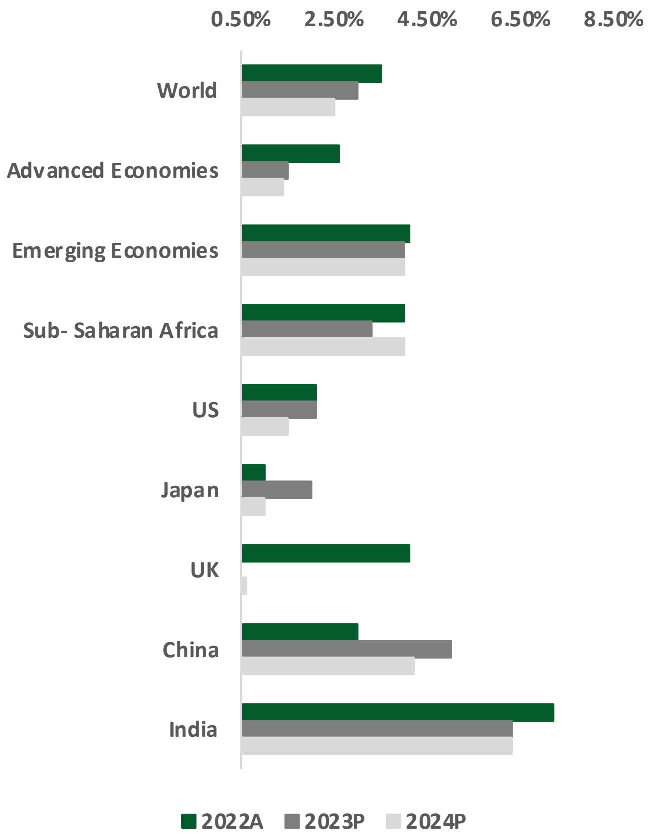
More than three years have passed since the global economy faced its biggest challenge in the last 75 years. Recovery is happening, but there are differences in how well different parts of the world are doing. Tensions between Russia and Ukraine have caused problems for trade and supply chains, especially for Western countries. High inflation and ongoing efforts by central banks to control it are holding back economic growth. The recent conflict between Israel and Gaza could make it harder to manage energy costs and keep supply chains running smoothly.

Here's a breakdown of the numbers:
Global Inflation: It has decreased significantly from 11.6% in the second quarter of 2022 to 5.3%. This means that prices are still going up, but at a slower pace.
Advanced Economies: They are expected to experience a slowdown in economic growth from 2.6% in 2022 to 1.5% in 2023 and 1.4% in 2024. The US is doing better than expected, but growth in the euro area is weaker than anticipated.
Emerging and Developing Economies: Growth is expected to decline from 4.1% in 2023 to 4% in 2024, with a downward revision of 0.1 percentage point.
Global Economic Growth: It is expected to slow down from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024. This is below the historical average from 2000 to 2019, which was 3.8%.
Global Inflation Forecast: It is predicted to decline steadily from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024. This decline is due to tighter monetary policies and lower international commodity prices.

These numbers help paint a clearer picture of the challenges and trends in the global economy. Despite improvements, there are still concerns, especially regarding inflation and varying growth rates across different regions.

Source: IMF WEO

Exhibit 2: Global GDP Projections (%)



Source: IMF WEO, Company Analysis

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Exhibit 3: India vs Global GDP Growth (%)

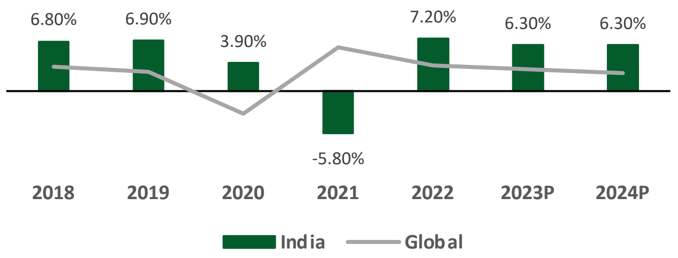
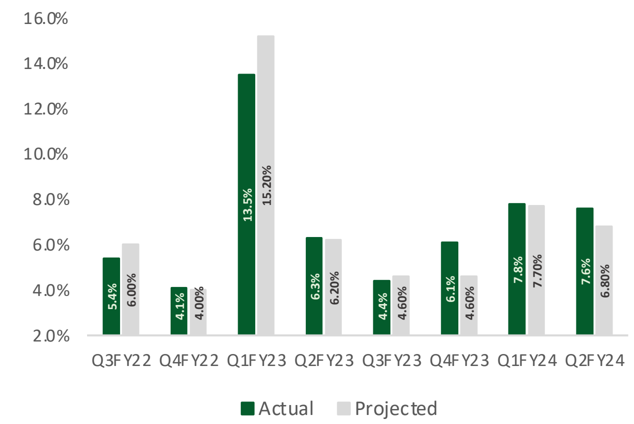


Exhibit 4: India GDP Quarterly Growth- Actual vs Projected



Source: IMF World Bank, RBI, Investing.com

Indian Economy

India's economy did well in FY23, even with challenges from the pandemic and global conflicts. India became the world's fifth-largest economy, growing at 7.2%, much higher than the global average of 3.5%. The IMF sees India as a positive force in the world economy.

For the next fiscal year, FY24, India is expected to grow around 6-6.6%. The government spending more on infrastructure is likely to boost investments, and growth may also come from expanding credit, using resources better, and improving trade.

Even though India got a record $84.8 billion in foreign investment (FDI) in FY21-22, it saw a 16% decrease to $71 billion in FY22-23. The income per person almost doubled in nine years to Rs 172,000, going up by 15.8% from the previous year. People spending more has also helped industries produce more and use resources better.

Inflation started going down and went below 5% in April 2023. But challenges like a weaker rupee, high-interest rates, a global economic downturn, and the impact of El Nino on crops might affect India's growth.

In a nutshell, India's economy is doing well despite challenges, with positive signs like growth, recognition from the IMF, and more income for people. Looking ahead, the government's investments and positive trends are expected to continue, but there are still some challenges.

Source: IMF WEO, Company Analysis

Global Real Estate Sector

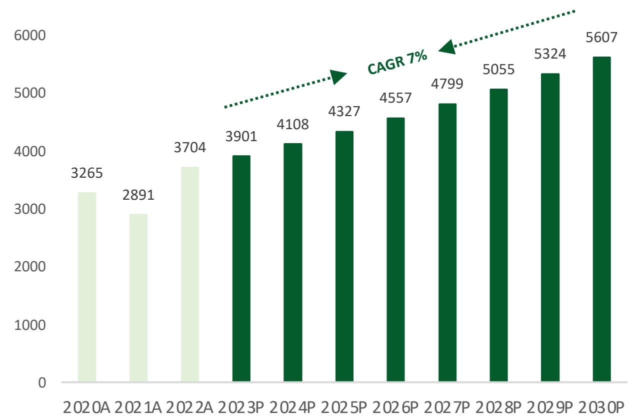
The global real estate market grew from $3694.47 billion in 2022 to $3976.18 billion in 2023 at a compound annual growth rate (CAGR) of 7.6%. The real estate market is expected to grow to $4279.84 billion in 2027 at a CAGR of 7.0%. Commercial property is projected to register a CAGR of 5.1% from 2022 to 2030. The expanding urbanization, low interest rates, evolving lifestyle trends, e-commerce growth, sustainability, remote work, demographic shifts, and government policies are some of the major factors propelling the market. The market is booming at an exceptional pace because of the growth of the tourism sector. Moreover, the growing number of hotels and resorts is expected to drive the demand for bathroom furniture. The COVID-19 pandemic has changed consumer perception towards owning a property, as result, there has been a rise in demand for luxury homes, villas, and second homes.

Global commercial real estate investment volume fell by 55% year-over-year in Q1 2023 to US$147 billion. Volume fell by 56% in the America, 64% in Europe and 20% in Asia-Pacific. European retail investment fell by 46% year-over-year in Q1 to US$7 billion. Asia-Pacific (APAC) investment volume fell by 20% year-over-year in Q1 to US$24 billion. Strong investment activity in Japan and mainland China led to APAC having the smallest decline in Q1 investment volume of the three global regions.

The Asia Pacific real estate market is experiencing a dynamic growth trajectory driven by rapid urbanization in emerging economies across India, China, and Southeast Asian countries, creating an unprecedented demand for residential and commercial properties.

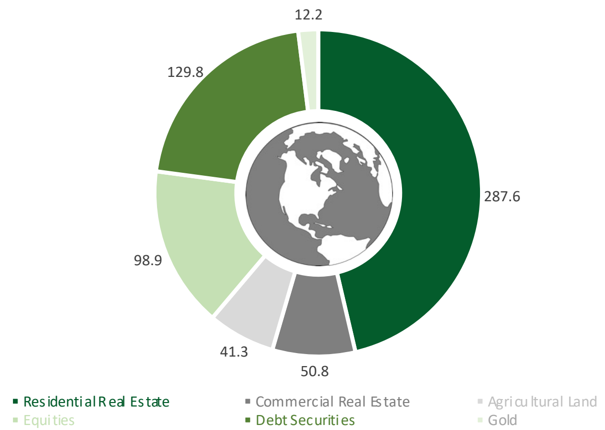
Source: IMARC, Statista, CBRE,

Exhibit 5: Real estate Market Size (USD Billion)



Source: Multiple reports

Exhibit 6: Global Real Estate Universe in comparison (USD Trillion)



Source: savillis.com

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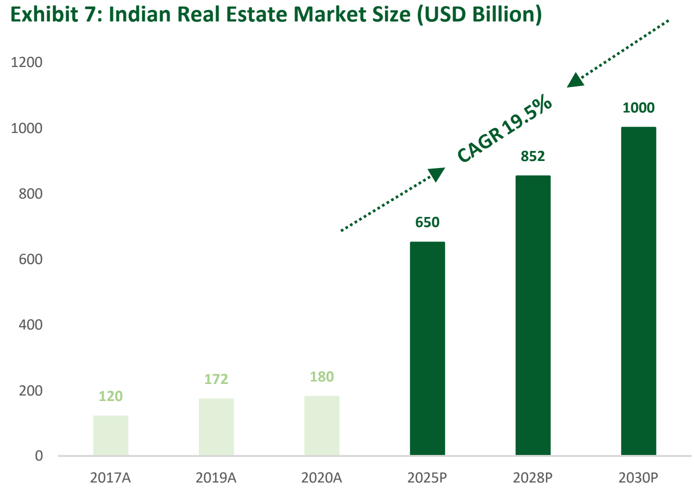
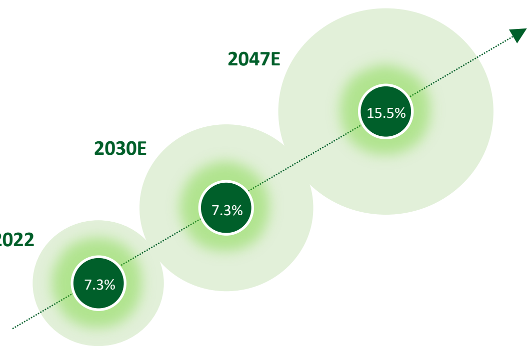
Exhibit 7: Indian Real Estate Market Size (USD Billion)



Source: IBEF, Knight Frank Report

Exhibit 8: Real Estate contribution to Total Economic Output (%)



Source: IBEF, Knight Frank Report

Indian Real Estate Sector

Real estate is the second-largest employer in India after agriculture. Being a crucial sector of the Indian economy, it is estimated to account for approximately 13% of India's GDP by FY25 and reach USD 1 trillion by FY30, up from $200 billion in 2021. India's real estate market is estimated to increase at 19.5% CAGR during 2017-2028. The market is forecasted to reach $650 billion by 2025.

In FY23, India's residential property market witnessed with the value of home sales reaching an all-time high of Rs. 3.4 Lakh crores ($42 billion), marking a robust 48% YoY increase. The volume of growth also showed a strong growth trajectory, with a 36% rise to 379,605 units sold. Home sales across top 8 cities in India surged 68% YoY, signifying a healthy recovery in the sector. Real estate demand for data centres is expected to increase by 15-18 million sq. ft. by 2025.

Thus far India has been categorised as a low-middle income country. However, in the last few years there has been a shift in the size of housing demand. There has been a growing demand for luxury housing across top 8 cities across India. Luxury housing comprised 16% of the total sales, estimated to increase to 27%.

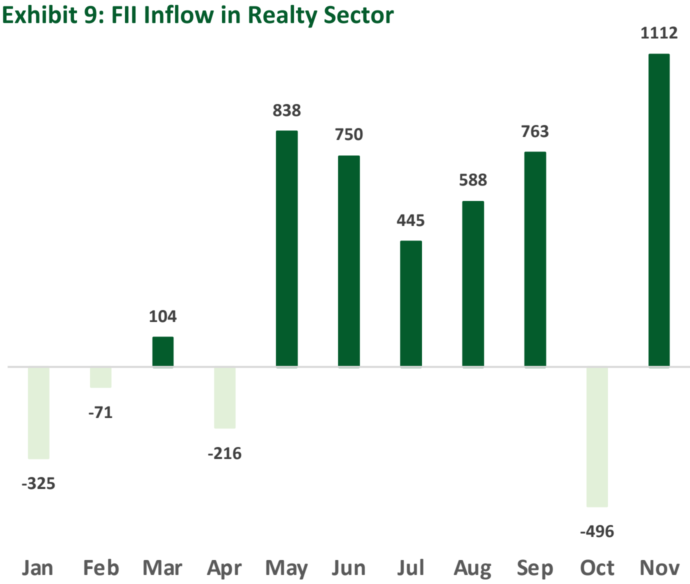
Trends such as co-living spaces, senior living communities, and mixed-use developments are gaining popularity, reflecting changing lifestyle preferences and demographics.

The demand drivers are rapid urbanisation, growing population, increasing disposable income, various government incentives. There is also increasing need for office spaces, data centres, data storage facilities. This rebound in real estate sector will act as a key growth driver for the Furniture, Wood panel, Plywood Industry.

Sector- FII Inflow	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Total
Construction	1591	437	2224	607	-344	2988	2167	750	-2097	-2750	-898	**4675**
Building Materials	-261	106	1423	452	1353	1851	467	386	-1293	397	797	**5678**
Realty	-325	-71	104	-216	838	750	445	588	763	-496	1112	**3492**

Source: NSDL

Exhibit 9: FII Inflow in Realty Sector



Source: Analysis, NSDL

If we analyse the FII capital inflow data for the CY23, we can see a steady capital inflow of INR 3492 crores in the Realty sector. The International Investors are eyeing opportunities in both residential and commercial projects, contributing to the sectors growth.

The Real estate inventory stood at a record high in CY23, which seems a good opportunity for its proxy industries. Realty inventory has increased by 28 percent in the first half of the current financial year, propelling the combined value of unsold homes of leading listed companies to a record high of more than Rs 1 lakh crore. This amount is equivalent to 33 months of sales. So, we can see this as an opportunity and not a concern.

So, from above we can analyse that, in 2023, the real estate sector has experienced significant growth, resulting in a high inventory of houses available for possession. This can act as tailwind and present an opportunity for industries involved in building materials, such as plywood. Companies like Greenply and Century Ply, which are leaders in the market, are likely to see increased demand as people begin moving into their new homes. This growth is attributed to the surge in housing construction, indicating a positive trend for companies in the plywood segment.

Source: IBEF, Knight Frank Report

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Global Wood Panel Industry

Wood based panels are made from wood chips, strips, veneers, strands or fibres. They comprise particleboard, medium-density fibreboard (MDF), high-density fibreboard (HDF), plywood, softboard, hardboard, laminates. Increase in demand for residential and commercial construction activities across different geographies are expected to boost the demand for wood panels.

The global wood-based panels market size reached US$ 165.2 Billion in 2022. Global Wood-panel industry is expected to reach US$ 236.8 Billion by 2028, exhibiting a growth rate (CAGR) of 6% during 2023-2028.

Wood-based panels have diverse applications across various end-user industries. In construction, they are used for structural elements, flooring, roofing, and interior panelling. In furniture manufacturing, they are the primary material for cabinets, shelves, and tabletops. The automotive industry utilizes them in vehicle interiors. They are also utilized in packaging, shipbuilding, retail fixtures, and other sectors requiring cost-effective, versatile, and sustainable panelling solutions.

Growing investments in domestic and commercial development activities across major areas are likely to fuel demand for wood-based panels. Other growth drivers are Inexpensive commodity costs, growing consumer spending. Increase in demand for commercial real estate.

Source: IMARC, Grandviewresearch.com

Exhibit 10: Wood panel Industry Size (USD Billion)

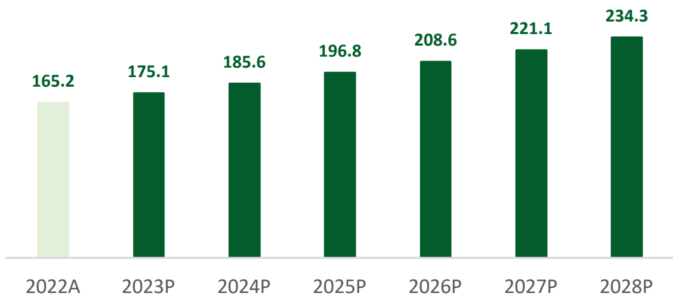
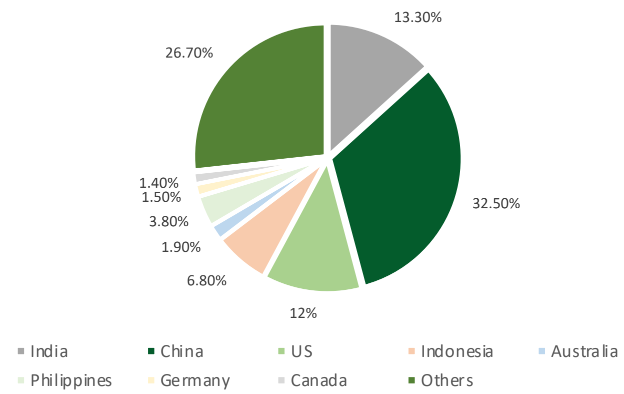
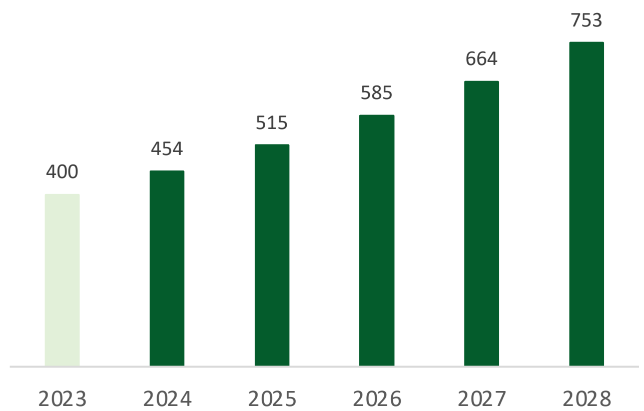


Exhibit 11: Wood panel Global Share



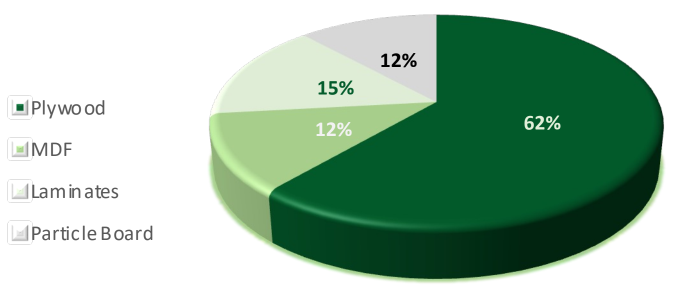
Source: IMARC, Grandviewresearch.com

Exhibit 12: Indian Wood Panel Market Size (INR Billion)



Source: IBEF, Mordor Intelligence report

Exhibit 13: Sub categories of Wood Panel



Source: IBEF, Mordor Intelligence report

Indian Wood Panel Industry

India's wood panel industry includes Plywood, MDF, particle board and Laminates. This segment is estimated to be worth INR 40,000 cr in FY23 and is anticipated to grow at a CAGR of 13.5% from 2023-2028.

Based on products, plywood accounts for the largest share in India of 54% to Rs. 250bn followed by laminates of 20% to Rs. 90 bn, MDF 11% to Rs. 50bn, Veneer 4% to Rs. 20 bn. India's wood panel industry is high fragmented and unorganised given the low entry to barriers, 30% is organised and 70% is unorganised. Recently, the industry is moving towards organised sector with growth coming from segments like MDF, Laminates and due to strict GST regulations.

Replacement demand continues to be a dominant growth driver for the industry. The key growth factors are Growing population, development of furniture cluster, growth of real estate sector, Rapid urbanisation, Growth in rural India, Shifting consumer preference towards comfortable and aesthetic furniture, growth of premium furniture, Make in India initiatives.

The industry has been adapting to market trends, including the increased demand for sustainable and eco-friendly products. Some companies focus on offering environmentally friendly wood panels with certifications such as Forest Stewardship Council (FSC). Greenply is the first company to obtain FSC Certificate.

If we look at the FII investment data for the CY23, we can see a high capital inflow of INR 5678 crores in the building material segment. With the continued growth of the real estate and interior design sectors in India, the wood panel industry is likely to see promising demand and growth.

Source: IBEF, Company Analysis

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Global Plywood Industry

The global plywood market is a crucial part of the construction and interior design industries worldwide, currently showing steady growth and technological advancements. Plywood, being versatile and widely used, plays a vital role in various applications.

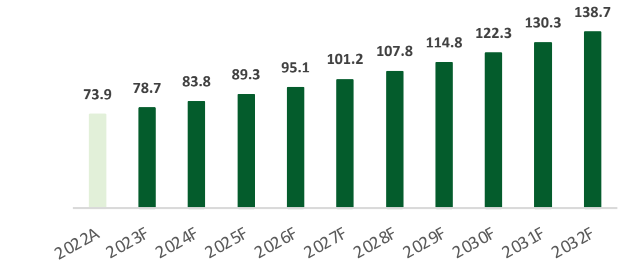
The global plywood market has seen consistent growth and is expected to grow at a CAGR of 6.5% from 2022 to 2032. The global plywood market size was valued at USD 73.9 billion in 2022 and is expected to reach USD 138.7 billion in 2032. North America is expected to grow the fastest during the forecasted period.

The softwood segment is dominating the market with the largest revenue share of 38.6%. Soft plywood is constructed from softwoods such as pine, redwood, cedar, and others. They are appropriate for outside framing, roof sheathing, and subflooring. Other than Softwood, the MR grade segment is witnessing significant CAGR growth. Mr Grade is an internal grade plywood.

Asia Pacific is dominating the market with more than 47.2% market share. Rapid growth in the economy rates, expanding manufacturing sectors, inexpensive labour, and a global movement of goods and manufacturing capacity from established countries to developing nations in the region are driving the expansion of the Asia Pacific plywood market.

Source: Spherical Insights, Market Research Future

Exhibit 14: Global Plywood Market Size ($ Billion)

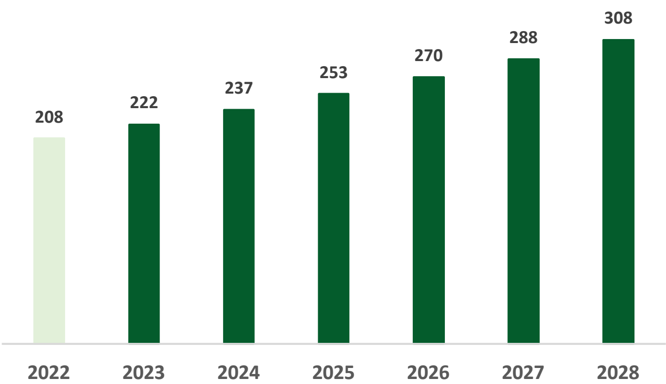


Source: Spherical Insights, Market Research Future

Exhibit 15: Plywood Regional Share

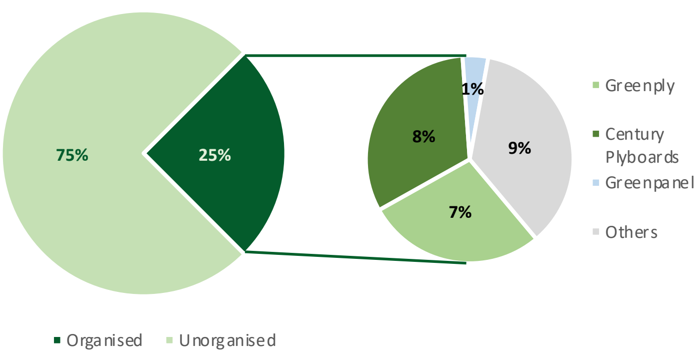
Source: Spherical Insights, Market Research Future

Exhibit 16: Indian Plywood Industry Size (INR Billion)



Source: IBEF

Exhibit 17:Indian Plywood Segment



Source: IBEF, Prabhudas Lilladhar, Market Analysis

Indian Plywood Industry

Plywood is a panel product manufactured by assembling thin layers of wood veneers bonded together using strong adhesives. The primary raw material required are timber and chemical resins. This Industry is estimated at Rs. 208 bn in FY22 and is expected to reach Rs. 306.5 bn by 2028, growing at a CAGR of 6.74%.

This industry mainly produces engineered wood products, with plywood being a crucial part because it's versatile and used in many ways. It is largely dominated by the unorganised sector which constitutes of 75% share. However, the organised sector is growing more rapidly than unorganised and expected to reach 25% share in 2025. Century Plyboards Ltd and Greenply ltd dominate the organised market with a combined market share of 50%.

The critical growth drivers are rising demand for re-novation activities, popularity of fully furnished apartments, Govt. low cost housing schemes, growing number of distribution networks and outlets. In addition, the furniture industry in India is also expected to grow significantly in the coming years, and plywood is a vital raw material for furniture production. As the middle-class population continues to expand, the demand for furniture will rise, further driving the need for plywood. Technology is also playing an important role in India's Plywood industry growth. Advanced manufacturing technologies like computer controlled cutting machines and automated production lines are being introduced in the Industry, which will improve the productivity and quality.

However, the industry faces several challenges such as lack of quality of raw materials, impact of cheap imports by the unorganised sectors, skilled manpower. By focusing on developing efficient supply chains and producing value added products can help overcome these challenges.

Source: IBEF, Prabhudas Lilladhar, Company Analysis

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Global MDF Industry

Medium-Density Fibreboard (MDF) is a versatile engineered wood product that has gained prominence in the construction, furniture, and interior design industries. MDF is composed of wood fibres, wax, and a resin binder. The manufacturing process involves breaking down hardwood or softwood residuals into wood fibres, which are then combined with wax and resin.

The Global MDF market size was valued at USD 39.7 Billion in the year 2022 and is expected to reach USD 72.4 Billion by 2032 expanding at a CAGR of 6.9%. The global MDF consumption is expected to grow from 113.09 million cubic meters in 2023 to 136.34 million cubic meters by 2028, at a CAGR of 3.81% during the forecast period (2023-2028).

The Asia-Pacific region dominated the MDF global market, holding a share of more than 60%. China accounted for almost 40% of the the global share. Japanese construction industry is expected to be blooming as the country will host the World Expo in 2025 in Osaka, Japan, which may drive growth for Global MDF.

Key companies profiled in the medium density fibreboard (MDF) market report include Arauco and Constitution Pulp Inc., Century Plyboards (India) Limited), Dare Panel Group Co., Ltd., Egger Holzwerkstoffe GmbH, Greenpanel Industries Limited, Kastamonu Entegre, Korosten MDF manufacture, Kronospan Limited.

Source: alliedmarketresearch, Mordor Intelligence

Exhibit 18: Global MDF Consumption (million CBM)

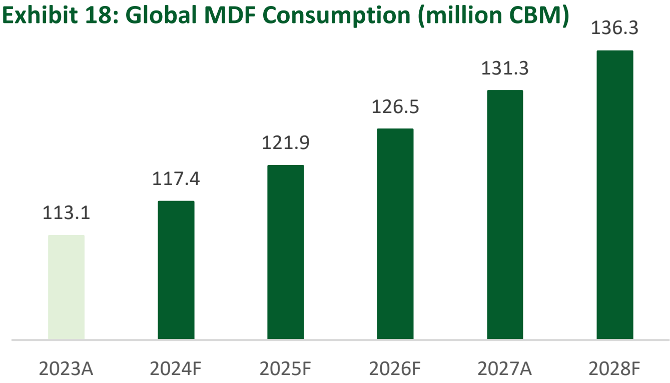
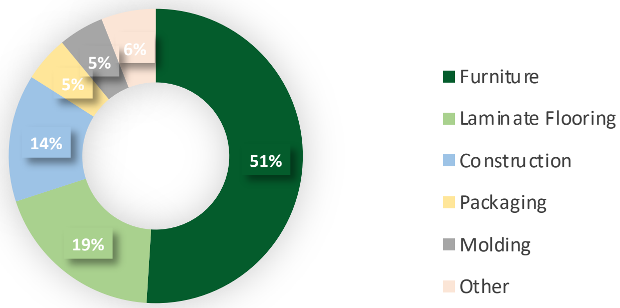
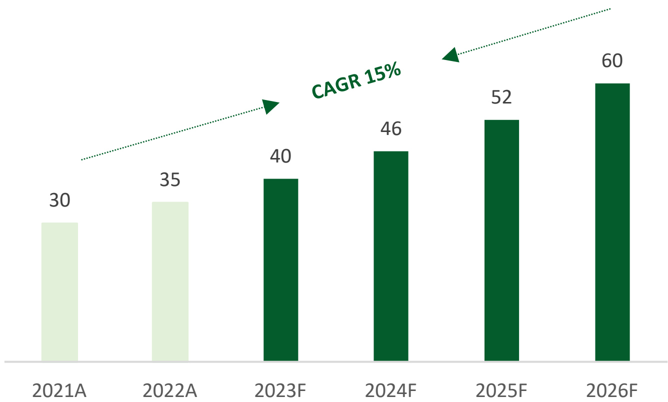


Exhibit 19: Global MDF Application Share (%)



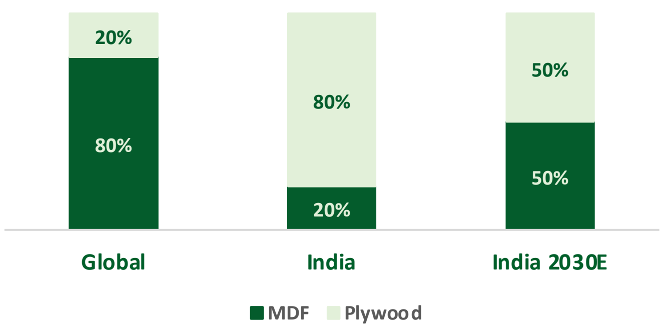
Source: alliedmarketresearch, Mordor Intelligence

Exhibit 20: Indian MDF Market Size (billion Rs)



Source: Niveshaay, Annual reports FY23

Exhibit 21: Consumption of MDF vs Plywood



Source: Niveshaay, Annual reports FY23

Indian MDF Industry

MDF has become preferred choice of furniture manufacturers because it gives high quality finishing, it is low maintenance furniture, usually denser than plywood, priced 40%-50% cheaper than premium plywood.

Indian MDF industry is estimated to be at Rs. 30 bn in FY21 and anticipated to grow to Rs. 60 bn by FY26 at a CAGR of 15%. These higher margins have attracted announcements of capacity additions from major existing players. As per industry experts, the MDF:Plywood ratio is estimated to improve to 50:50 from the current 20:80 by 2030. However, there can be likelihood of pricing pressure due to increasing imports and new capacity additions by the players.

MDF is extensively used in furniture, sports equipment, and shoe heels with lower structural defects than plywood, which is produced in a labour- intensive environment. MDF has proved to be excellent material for formation of partitions in offices, public places, to ensure privacy, social distance, which has been a key reason for the sustenance of the material demand in the time of coronavirus. MDF share is further expected to increase with the rising prices of “Poplar Timber”, a chief source of economy grade plywood in North India.

Unlike Plywood industry, MDF is less likely to face competition from the unorganised segment due to strong entry barriers like; High fixed & working capital requirement, Licensing requirements for Greenfield and Brownfield expansion, Higher gestation period of appx. 2.5 years, strong dealer network. Due to this MDF will result in larger market share for the organised players and higher growth potential

The growth drivers for MDF are Growth in real estate, increasing demand for ready-made furniture, Reduction in furniture cycle time, Growth of online home décor platforms.

Source: Niveshaay, Annual reports FY23, CARE Ratings

Greenply Industries Ltd

Products of the Company

Product	Overview	Key features	Utilities	Types
Plywood and Blockboard	Plywood & Blockboard is used for a wide range of applications, spanning from wardrobes and tables to shelves and cabins.	Lifetime warranty on premium offerings. Anti-Viral + Anti-Bacterial - Kills 99.9% viruses & 99.7% bacteria 4 Press Technology for defect free product. Negligible emissions. Borer & Fungus proof, Anti-termite guarantee	**Plywood-** Furniture, Panelling, Partitions, Cabins, Kitchen. **BlockBoard-** Wardrobes, Shelves, Shutters, Partitions, Load Bearing horizontal panels.	**Green Gold Plywood-** specially curated for interior applications**.** **Green 710-** Waterproof ply ideal for bathroom, kitchen, cabinets. **Green BWP Blockboard-** 252 months warranty, used for shutters, shelves, doors. **Optima G BWP Ply-** perfect against threats of water. High strength. **Ecotec Platinum-** plywood with 100% composed core **Ecotec Mr Grade-** increased durability, reasonable price. **Bharosa Ply -** Moisture resistant, perfect for interiors **Bharosa Ply Mr Blockboard-** **Janasathi Mr Plywood-** Cost effective **Green Club 500-** Flagship product, 500% lifetime warranty. **Green Platinum-** 2 times as boiling waterproof, zero emissions, 30 yr warranty. **Green Club 700-** durability, quality and performance.
Doors	Flush doors are tailor-made to suit the varying needs of the consumers, be it for residential or commercial purpose. These doors have provision for lock on both sides and are available in three varieties	Water Resistant Dimensionally stable Borer proof and termite resistant Negligible Emission IS:2202 (Part-1)	Commercial Residential	**GreenClub-** Lifetime warranty on manufacturing defect. **Ecotec-** tough and 5 yr warranty
Decorative Veneers	Greenply veneers are made of exotic species specially handpicked from across the globe such as America, Brazil, Europe, and Africa adding the inherent beauty of timber to your furniture. each flitch of veneer has a distinct pattern, is durable, and is also E1 compliant.	Borer Proof & Termite Resistant Negligible emissions Exotic Natural Veneer Preservative Treated Conforms to IS:1328	Bedroom Living Room Dining Room Hotel Interiors Office Spaces Gym	**Royal Crown Regal-** Made from burma teak, **Deco Real-** **Leatherette-** luxury veneers **Burma Teak Horizontal-** horizintal grains. **Lacandon-** Mix n match of medium tan veneers **Symphony-** A duet of perspectives **Engineered Veeners-** Blaze, light **Engineered Veeners-** Median, Light and shade **Engineered Veeners**- Twilight,
PVC Products	Waterproof, fire retardant and economical, Green Ndure promises to make your living space wholesome & appealing. Its ease of use & installation makes it a suitable choice for interior décor.	Termite Proof Anti-Bacterial & Anti-Fungal Waterproof Fire Retardant Lead-free makes it non-toxic and family-friendly	Modular Kitchen Facades Wall Panels Wardrobe Doors Office Furniture	**Green Ndure-** asthetic appeal and durability. **Green Ndure Rokoko Doors-** Stylish finish **Green Ndure Commando Doors-**
Speciality Plywood	Designed for a variety of requirements, Green Compreg serves several applications ranging from the automobiles to construction-specific uses for building structures.	Dimensionally Stable Conforms to IS:4990 Balanced Construction Emission Level E1 Borer Proof & Termite Resistant	Building Structures Rail Coach Furnishings Automobile Body Parts General Engineering Chemical plants Power Generation System	**Shuttering Plywood-** used in various construction-specific applications for building structures, materials for rail coach furnishing, automobile body & platforms, materials meant for general engineering, chemical plants, power generation system etc.
MDF	Greenply MDF is rendered with cutting edge PROD-IQ NEO TECH* which uses Artificial Intelligence to analyze microfibers to deliver each board with utmost precision.	Autonomous process control Zero defects Excellent Sturdiness-to-lightness ratio.	interior purposes Handicraft Items/Toys Cabinets, Wall Cladding, Wall Panelling, False Ceiling, Wardrobes Machining, Carving, Packaging, Laminate substrates, Tabletops etc.	**Interior MDF-** perfect for a wide range of applications in dry interiors. distinctive woody to brownish colour. **Exterior MDF-** perfect solution for highly humid environments where dimensional stability is non-negotiable. pink-to-reddish hue ensures easy identification. **HDMR 710-** Designed to be used in high humidity situations. grade can simply be identified by Green colour. **Pre- Laminated MDF-** high-quality pre-laminated MDF boards. The high melamine-coated décor paper makes these boards highly abrasive and resistant to stains, cracks, and cigarettes.

Source: Company Website, Annual Report

Greenply Industries Ltd

Procurement, Production and Distribution

Procurement:

- The company has nurtured over over 12 million seedlings and transform more than 14,000 acres of land into thriving forests. The entirety of company's raw material base, from timber to fuel wood, is sourced from these agroforestry initiatives, helps in safeguarding the natural resources and contributing to their vision of sustainable manufacturing.
- The manufacturing facilities are strategically located in close proximity to company's plantations. This reduces the logistics delivery time, further increasing manufacturing efficiency and cost-effectiveness. This integration ensures a seamless flow of raw materials, which further enhances the operational capabilities of the company.
- Greenply distribute high-quality clonal plants to farmers to improve raw material productivity. A team of experts provides regular advice to farmers, recommending land specific clones that maximise yield. The company also promotes intercropping, a practice that optimises land use and increases crop yield.

Production: Manufacturing Facilities:

Plywood Manufacturing Facilities	Capacity (Mn Sqm pa)	Specifications
Kriparampur, West Bengal	11	Near to Kolkata Port; Serves East and South Indian Markets
Tizit, Nagaland	8.1	Near to Nagaland timber belts; Rich source of Raw Materials
Bamanbore, Gujrat	15.8	Near to Kandla Port; Serves West and North Indian Markets
Sandila, Uttarpradesh	13.5	Commissioned production in FY23
Total Plywood Capacity	**48.4**	

Plywood Domestic Partner	Capacity (Mn Sqm pa)	Specifications
Bareilly, Uttar Pradesh	10	
Hapur, Uttar Pradesh (upcoming)	7.5	To meet the increasing demand
Total capacity	**17.5**	

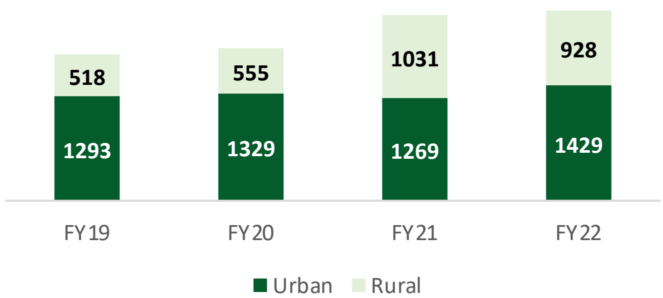
Face Veneer Manufacturing Capacity	Capacity (CBM pa)	Specifications
Gabon, West Africa	96000	Access to global markets, located near to abundant Okume species & to Port

MDF Manufacturing Capacity	Capacity (CBM pa)	Specifications
Vadodara, Gujrat	2,40,000	Capitalize growing demand of MDF, Produce value added products and diversify revenue

Distribution

- Greenply has a pan-India distribution network with 2300 dealers spread across over 1100 cities and towns across 27 states servicing through 56 branches prudently between urban and new age construction hubs. Greenply is also tapping into rural areas to increase its presence.
- In addition to company's strategic network design, they leverage advanced technology platforms to further enhance operational efficiency. Company implemented QR code across its product portfolio. The QR code will enable to ensure end-to-end tracking of every Greenply product through the entire supply chain- from manufacturing to the end consumer; to facilitate a more streamlined logistic system, with time-bound and secure delivery processes.

Exhibit 22: Number of Dealers



Source: Company Website, Annual Report

Plywood- Operating Metrics	FY2023	FY2022
Annual Capacity (million. Sq.m)	34.9	34.9
Production (million. Sq.m)	29.8	31.3
Sales Volume (million. Sq.m)	65.4	57.5
Capacity Utilization (%)	86	90

Source: Company Website, Annual Report

Greenply Industries Ltd

What makes Greenply a leading interior Infrastructure brand

- **Strong position in Domestic organized Plywood Industry:**

Greenply is the second largest plywood company in India. It has 25% market share in the organized plywood industry. It's brands like "Green club 500" and "Green club plus 700" are leading in the premium segment.

- **Entry into high growth MDF segment and expansion into plywood:**

Company is entering into high growth MDF segment under its wholly owned subsidiaries, and Bahu Panels Pvt Ltd which is now renamed as Greenply Specialty Panels Pvt ltd.

- **State-of-the-Art Manufacturing facilities with Asset light business models for expansion:**

Greenply has four manufacturing facilities in India, one in each Nagaland, West Bengal , Gujrat and Uttar Pradesh with total existing capacity of 48.4 million sq.m.

- **Strategically located Manufacturing Facilities:**

The company's Manufacturing facilities are strategically located close to raw material sources. This guarantees a necessary raw material supply at reasonable cost.

Key Risks:

- **Slowdown in Demand:** Any slowdown from real estate segment may have an impact on the sales and earnings of the company.
- **Delay in Ramp-up of capacities:** Any delay in commissioning or ramp-up of the announced expansion into MDF or the Joint Venture may affect the earnings of the company.
- **Raw Material Risk:** Any significant increase in the raw material prices, especially timber and adhesives may impact the margins of the company.
- **Competition Risk:** Increased competition in both Plywood and MDF segment, especially from the unorganized sector can reduce the volumes and put pressure on the margins.
- **Regulatory Risk:** Wood is a key Raw Material for Plywood. Any regulatory restrictions on sourcing of wood or face veneers may have an impact on the business. Currently Greenply is facing this from the Gabon business in West Africa.

Opportunities:

- Exploring opportunities for carbon offsetting, aiming to become a carbon neutral Company.
- Due to the resilient demand in the residential sector and the shift towards organized segments. The government's continued focus on infrastructure activities further opens opportunities for growth.
- Rural areas- Company has a large opportunity to penetrate rural areas as it is still an unorganised market. The company has slowly started to increase distribution networks into rural areas .

Source: Company Website, Annual Report

Milestones of the Company

1980s

Mr. Rajesh Mittal established first Sawmill and Plywood plant in Nagaland.

1990s

Incorporation of Mittal Laminates Pvt Ltd.

Listing of Equity Shares

Renaming as Greenply Industries Ltd.

Launch of Green 710, flagship Brand.

Merger with Worthy Plywood Ltd, transfer of the West Bengal Unit.

2000s

Acquisition of Galaxy Decors and Platinum Veneers.

Launch of Optima Brand

Introduction of Green Club Plus.

Introduction of Eco-tec Brand.

2010s

Recognition as the leading Indian Company in Plywood Industry

Establishment of a veneer manufacturing unit in Myanmar.

Commencement of face veneer production in Gabon

2020s

Commencement of Decorative Veneers unit in Gujarat.

Introduction of Green Club 5 Hundred product.

Launch of a range of CARB certified E0 plywood, Green Club 500 and Green Gold Platinum

Expansion into the Medium Density Fibreboard (MDF) segment

Source: Company Website, Annual Report

Greenply Industries Ltd

Quarterly Result Analysis- Q2FY24 and Q1FY24

Plywood Business:

- The plywood business has achieved marginal growth in sales volume and 3% growth in realizations in the last quarter Q4FY23.
- The company aims to achieve 10% volume growth on full year basis.
- The Gross margin increased to 39.5% in Q1FY24 from 36.3% in Q4FY23. However, EBITDA margin declined by 50 bps to 8.7%.
- Decline in EBITDA margin is mainly due to enhanced branding and marketing activities done like, sponsoring the IPL team, TV ad featuring actor Junior NTR. The advertisement expense was 4.8% which went above the average spend of 3.5% of sales.
- The company maintained a guidance of double-digit margins in plywood. But company has come down to single digit in Q1FY24, due to subdued market conditions. The company expects to bounce back from Q2FY24.
- The management guides to increase the margins using Operating leverage and Price hikes. The reason for such price hikes is continuous increase in raw material prices, especially timber. The company intends to pass on the increased raw material cost to the customers.
- If analysed, this type of margin expansion may benefit in the short term, but it is not healthy for long term growth. So, to see healthy growth in the plywood business, there should be some capacity expansion plans from the company or growth shall be led by volume expansion. The company also states that the shift from unorganised to organised may help to increase the volume growth.
- In Q2FY24 for the Plywood segment, the company still expects to achieve 8- 10% volume growth on a YoY basis. If we look at the demand scenario in Q2FY24, there has been a drag in the premium end products and the total growth that has happened in the plywood, is from the value segment only. Due to price increase it may slightly increase the margins. The growth in the value segment is 46% in Q2FY24. The Bureau of Indian standards may come up with a notification regarding import of wood products. So, if that happens, it would be an advantage for the Indian manufacturers.

MDF Business:

- Greenply has become the only MDF producing company in India to have FSC FM certification. MDF facility has started operations in this quarter Q1FY24. In Q1FY24, the MDF business made sales of INR 18.1 cr with a net loss of INR 14.8cr.
- For the full year, the company is expected to achieve a sales of INR 275 cr to INR 300 cr, i.e. 1 Lakh CBM material and aims to sell everything they produce. Next year the company expects to do 1.6 to 1.8 lakhs CBM.
- The company is currently focusing on Value added products (anything other than interior grade is the preference to sell). As an entry strategy, the prices have been kept 2%-2.5% cheaper than competition. The company is primarily focused on the West and the north region as 75% of sales is from West & North, remaining 25% is from South & East.
- Currently they have more than 250-300 dealers /distributors/ wholesalers and target to reach 800-900 dealers/ distributors/ wholesalers. Out of existing dealer network of 300, 80% of them have newly joined with the brand.
- Greenply launched value-added products like CARB and Boil Pro. The production line in Baroda can produce Boilo, which nobody else supplies in the market. So, the management claims that this Boilo is a low hanging fruit for them and will encash it soon. The realisation for Boilo is Rs. 65,000 per CBM.
- In Q2FY24, the MDF business achieved cash positive performance in the first full quarter of operation and recorded EBITDA Margins of 15.5%. The company expects 22% margins from MDF next year after full year of operation.
- The reason for the volume growth in MDF market share gain is due to the Greenply Brand, its unique and strong geographical location in the west and aggressive marketing and strategies as explained by the management.
- However, currently there is a lot of import in the MDF segment, hence the market is oversupplied. Import of MDF can be threat for all the players but import only takes place on the interior grade, whereas Greenply focus on value added MDF products.
- Greenply has zero export liability. It will not be a focus area of the company.
- For MDF raw material, 60% dependency is on the local raw material, which are within 200km areas of the factory. If we look at raw material cost, the company is in par with the competitors. To understand the cost structure for the MDF, the industry takes anywhere between 9-12 months to mature on the cost side.
- CVD developments by the gov can be additional tailwinds for the MDF business.
- If we compare MDF and Plywood, then cannibalisation can happen in a very small amount as a slightly higher attraction can be seen for the MDF products, as these would be preferred by OEM's, high end contractors, because if we look at plywood it is a natural product and some level of variation in thickness can be seen. However, for home users, who mainly want reliability, strength, durability, then plywood will always be their first choice.

Furniture Hardware Business:

- The company announced a 50:50 Joint Venture with Turkish partner Samet and will be bringing the products in 80-20 concept.
- 80% selling products will be manufactured in India and the remaining 20% slow moving products will be imported.
- The project will come over a period of next 4-5 years. The company will be investing around 300-350 cr for the project in equal portion of Debt and Equity.
- The company will be able to commission the plant by the end of Q1FY25 and expects to do a turnover of 100 cr in the beginning and another 100 cr in the remaining 9 months.
- Since it is a 50:50 Joint Venture, the top line sales will not get added, as it would be a line-item consolidation. On the entire capex of 350cr, the company expects to generate revenue of approx. INR800cr.

Gabon Business:

- The Gabon business continued to remain under pressure to demand side challenges and severe political tensions and the company does expect the condition to improve for further quarters.
- The company is not able to do anything from last 6-7 quarters that might give them visibility about Gabon. They are measuring on QoQ basis.
- The company is not bullish on the business from Gabon and even find it difficult to reach the breakeven level on QoQ basis. The demand side is not exciting for Gabon business even in Q2FY24.
- The total capital invested in for Gabon, West Africa facility is around INR 260 cr.

Greenply Industries Ltd

Raw Material Availability Concern:

- The company is facing challenges due to escalation in raw material prices, since Q42023.
- The major component of raw material consists of Timber and Resins. The prices for Resins have declined in Q1FY24, however, the prices for timber are still on a rise.
- Due to such continuous increase of prices, the company took price hikes in certain products. The company does not see the timber prices to come down for the next 5-6 quarters.
- Hence, availability of raw material would be a challenge, so increase in prices for products would continue. Increase of 10% in Timber price is expected.
- To solve this issue Greenply is working hard to ensure its own raw material sustainability by conducting its aggressive plantation drives.

Debt & Borrowings and other cost:

- On a consolidated basis, the company’s Net Debt levels are at Rs. 713 cr, which is well within the management guided peak net debt level of Rs. 750 cr.
- The debt levels are elevated due to investments in MDF business and other working capital requirements. The debt will reduce once the MDF business starts generating cash flows.
- The annual interest cost on a consolidated basis will be be around INR 53 cr. The Debt repayment schedule for the next 3 years would be INR42cr, INR 56 cr, INR 64cr.
- The depreciation is estimated to be around INR 62-63 cr for the entire FY24, due to initiation of commercial production of MDF.

Other Highlights:

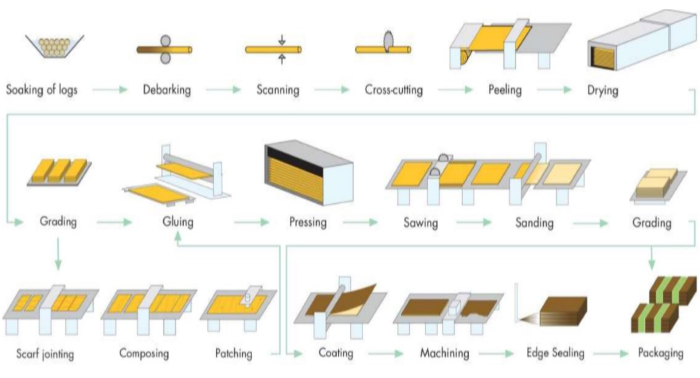
- The company crossed Rs. 600cr consolidated revenue, which is highest ever in a single quarter.
- The company believes Q3FY24 may not be good as Q2FY24 as the performance is always subdued in Q3, due to the festive season. Hence, we can see increase in working capital days, due to lower sales days. However, from Q4FY24 sales may again go up and the working capital days will normalise.
- As compared to Greenply's biggest competitor “Century Plyboards”, Greenply has been underperforming for past 4 years. The reason for such is that that company had faced issues in its capacity platforms. Due to continuous price increases, the company's Trading platform created lots of challenges.
- Further, the Bareilly plant which is into manufacturing of door, created capacity enhancement issues, i.e. the facility could not produce the product. Hence, the company further faced supply side issues.

Guidance:

- The company further expects to grow at a CAGR of 22% over FY22 on a consolidated basis.
- The company expects to achieve 10% volume growth for the full year in the plywood business, However, one should note the margin expansion can happen due to price hikes and play of operating leverage, which may not be considered healthy for long term growth prospect.
- The company is focusing more on value added products for both the Plywood and MDF business.

Source: Company Analysis

Exhibit 23: Plywood Value Chain Analysis



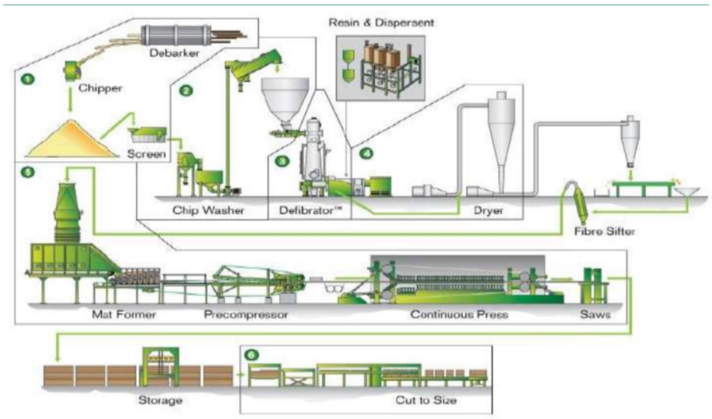
Source: SMIFS Research

Plywood manufacturing involves selecting logs, debarking them, and obtaining veneer through peeling or slicing. The veneer is dried, sorted, and graded before being coated with adhesive. The glued Veneers are pressed under heat, making them stick together. After cooling, we trim, sand, and grade the plywood to check its quality. We might fix any imperfections, like patching up a cake. Additional steps include coating for protection, machining for precision, and edge sealing for a neat finish.

In the journey of making Medium Density Fibreboard (MDF), we start by using a chipper to break down wood into small pieces. The wood bits then go through a Debarker to remove the outer layer. After that, they get washed in a chip washer to clean them up. The cleaned chips go to a defibrator, where they become tiny fibres. These fibres are then dried in a dryer to get rid of any extra moisture. The dried fibres go to a Mat former, where they mix with glue and turn into a flat mat, a bit like making a batter for pancakes.

Next, the mat goes through a pre-compressor to get it ready for the big squeeze. It enters a continuous press, which is like a giant hot press that squeezes and heats up the mat to make the fibres stick together well. After this, the pressed MDF panel is cooled down, and any extra bits are trimmed off with saws to get the right shape and size.

Exhibit 24: MDF Value Chain Analysis



Source: SMIFS Research

Greenply Industries Ltd

Management Analysis

Leadership

Below are the details and experience of the Management and Independent Directors:

Sr no.	Name	Designation	Profiling	Comments	Political Nexus Found?
1	Mr Rajesh Mittal	Chairman cum M.D	Mr. Rajesh Mittal, the Managing Director of Greenply Industries Limited (GIL), is popularly known as the plywood manufacturing baron of India. Since 1984, he has been working towards spreading the company's wings in different pockets of India and abroad including Myanmar and Gabon, Africa. He received an undergraduate degree from Dibrugarh University. BCom and has 30 years of experience.	Mr. Rajesh Mittal seems well-suited to lead Greenply Industries Limited. With over 30 years of experience and a focus on expanding the company's presence nationally and internationally, he brings a wealth of knowledge to his role as Managing Director. His educational background and proven track record suggest he is qualified to navigate the complexities of the plywood manufacturing industry.	NO
2	Mr Sanidhya Mittal	Joint MD	Mr. Sanidhya is a BCom graduate with 5 years of experience. He is focused on strengthening branding. Sanidhya Mittal's journey with Greenply Industries Limited started in the year 2012. He is also on the board of Dholka Plywood Industries Pvt Ltd., RS Homcon Ltd., Mastermind Shoppers Pvt Ltd. and Brijbhumi Merchants Pvt Ltd.	Mr. Sanidhya Mittal shows promise in his focus on branding for Greenply Industries Limited. His decade-long tenure and diverse board roles indicate a well-rounded engagement in the industry.	NO
3	Mr Manoj Tulsian	Joint MD & CEO	With a strong educational background as a Chartered Accountant, Company Secretary, and Cost & Works Accountant, Manoj brings stability and expertise to the company. He is also on the board of Kurukshetra Expressway Pvt Ltd., Brij Bhoomi Expressway Pvt Ltd., Vindhyachal Expressway Pvt Ltd. and Wainganga Expressway Pvt Ltd. and Joint Managing Director & Chief Executive Officer at Greenply Industries Ltd. In his past career he occupied the position of Chief Financial Officer of V.I.P. Industries Ltd., Chief Financial Officer for Gabriel India Ltd. and Chief Financial Officer & Executive Director at JMC Projects (India) Ltd.	Mr Manoj, with a robust background brings stability and expertise to Greenply Industries Ltd. He appears well-suited to handle the financial aspects of the business, adding valuable experience to the company's leadership.	NO
4	Mr Sushil Kumar Pal	Independent Director	Mr. Pal received a graduate degree and an undergraduate degree from the University of Calcutta. Susil Kumar Pal is on the board of Greenply Industries Ltd., Metsil Exports Pvt Ltd. and Hasimara Industries Ltd.	Mr Pal's educational background and board positions suggest a level of expertise.	NO
5	Mr Vinod Kumar Kothari	Independent Director	Vinod Kumar Kothari is Member of The Institute of Chartered Accountants of India and Member of Institute of Company Secretaries of India and on the board of 14 other companies. Age is 62 years	Vinod Kumar Kothari has extensive board positions in 14 companies which reflects a wealth of expertise. At 62 years old, his experience and dual qualifications make him well-equipped to navigate complex business matters.	NO
6	Ms Sonali Bhagwati Dalal	Independent Director	Sonali Bhagwati Dalal is President for Designplus Architecture Pvt Ltd. She is also on the board of Greenply Industries Ltd., Spazzio Projects & Interiors Pvt Ltd. and Fade to Black Design & Media Pvt Ltd. and Member of Conservation Society of Delhi and Member of Delhi Urban Arts Commission. Ms. Dalal received an undergraduate degree from Centre for Environmental Planning & Technology University. In her career spanning 30 years, she has been acknowledged amongst the top 20 architects of India.	Sonali Bhagwati Dalal's profile is highly commendable. She brings a wealth of experience and leadership to the table. Her membership in prestigious organizations reflects a commitment to the industry and community. With an impressive 30-year career she appears exceptionally well-suited to handle business challenges.	NO

Greenply Industries Ltd

Sr no.	Name	Designation	Profiling	Comments	Political Nexus Found?
7	Mr Upendra Nath Challu	Independent Director	Mr. Challu received an undergraduate degree from Chaudhary Charan Singh University.	Mr Upendra's educational background and board positions suggest a level of expertise.	NO
8	Ms Vinita Bajoria	Independent Director	Vinita Bajoria is on the board of Greenply Industries Ltd., Continental Valves Ltd. and Sourenee Leaves Pvt Ltd.	Ms Vinita's educational background and board positions suggest a level of expertise.	NO
9	Mr. Nitinkumar Dagdulal Kalan	CFO	Nitin is having domestic as well as significant international experience of about eighteen years across diverse industries with organisations such as Varroc Group, Credit Suisse, RPG Group, Rabobank, Kalpataru Group, and Tata Motors. Prior to joining Greenply, Nitin was associated with Varroc, where he held the position of Head of Group Treasury, FP&A and Investor Relations. In this last assignment, Nitin has played a key role in transactions such as Initial Public Offering (IPO) in 2018, Qualified Institutional Placement (QIP) last year, various local and international fund raise transactions and M&As. Nitin is a Chartered Accountant with an all-India merit rank, a CFA charter holder from The CFA Institute, USA and a qualified Company Secretary.	Mr Nitin's impressive qualifications position him as an asset for handling complex financial matters at Greenply. His track record suggests a professional well-suited to contribute to the company's growth and success.	NO
10	Mr. Kaushal Kumar Agarwal	CS & VP- Legal	Kaushal Kumar Agarwal is the Sr. VP of Legal, Compliance Officer & Company Sec. at Greenply Industries.	Mr Kaushal is likely well-suited to navigate the complexities of legal and regulatory frameworks, contributing to the overall success and integrity of Greenply Industries.	NO

Commentary

1. The leadership team at Greenply come from different areas of expertise. This is a team where each person brings something unique to the table, like wide range of expertise and backgrounds from manufacturing and finance to architecture and legal affairs. This mix of skills and experiences will help them to take important decisions.
2. The team led by Mr. Rajesh Mittal demonstrates a forward-looking strategy. They're not just focusing on today but also on tomorrow and beyond. They are growing the company in different places and making smart decisions about money to ensure the company keeps getting better.
3. Mr. Manoj being the Joint Managing Director and CEO as well as the Chairman of the Risk Management committee, plays a crucial part in ensuring that Greenply is well-prepared to handle potential challenges.
4. People like Mr. Manoj and Mr. Nitin are experts in handling the company's financials wisely. They're like financial wizards, making sure the company's piggy bank stays healthy. They have been successful in smart money moves, like when the company went public in 2018.
5. Ms. Sonali Bhagwat Dalal, the design expert is adding a creative touch to Greenply's projects. Her creative ideas and guidance make sure Greenply's work stands out.

Committees of the Board

Audit Committee	Designation	Nomination Committee	Designation	Stakeholder Relationship Committee	Designation	CSR Committee	Designation	Risk Management Committee	Designation
Mr. Susil Kumar Pal	Chairman	Mr. Susil Kumar Pal	Chairman	Mr. Susil Kumar Pal	Chairman	Mr Sanidhya Mittal	Member	Mr. Manoj Tulsian	Chairman
Mr. Vinod Kumar Kothari	Member	Mr. Vinod Kumar Kothari	Member	Mr Sanidhya Mittal	Member	Mr. Vinod Kumar Kothari	Member	Mr. Vinod Kumar Kothari	Member
Mr. Upendra Nath Challu	Member	Mr. Upendra Nath Challu	Member	Mr. Rajesh Mittal	Member	Mr. Upendra Nath Challu	Member	Mr. Upendra Nath Challu	Member
Mr. Rajesh Mittal	Member	Mr. Rajesh Mittal	Member			Mr. Rajesh Mittal	Member	Mr. Rajesh Mittal	Member
						Ms Vinita Bajoria	Member	Ms Vinita Bajoria	Member

Greenply Industries Ltd

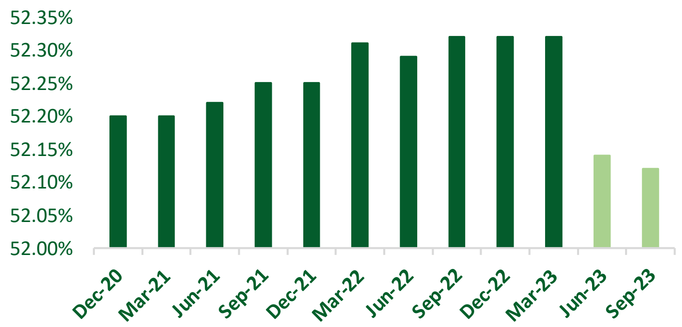
Shareholding Pattern

The company has majority of its shareholding with the Promotors of the company to the total of 52.12% as on September 31, 2023. FIIs are holding 2.07%, DIIs are holding 32.39% and Public holding is at 13.41% respectively. As of Q2FY24, there are no pledged shares by the promotors of the company. Promotors holding has increased from 51.03% in March 2017 to 52.12% in quarter ended September 2023. If we look the FIIs holding, it has been decreased from 12.22% in March 2017 to 2.07% on September 2023. While on the other hand, DII holding has increased from 20.26% in March 2017 to 32.39% on September 2023.

Yearly Shareholding pattern of company is as under:

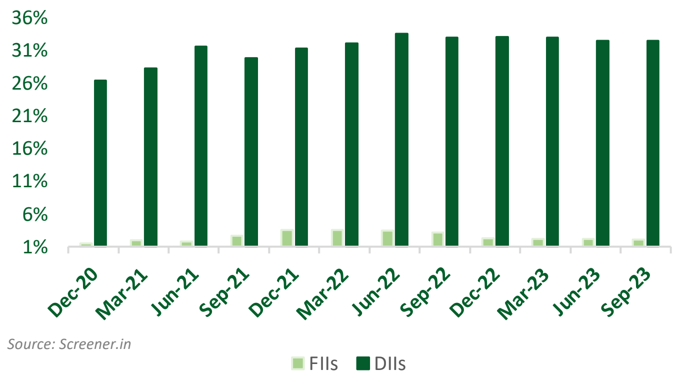
Particulars	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Promoters	51.03%	51.03%	51.03%	52.01%	52.20%	52.31%	52.32%
FIIs	12.22%	11.69%	10.90%	10.82%	1.99%	3.58%	2.16%
DIIs	20.26%	19.32%	20.51%	22.88%	28.16%	31.98%	32.87%
Public	16.49%	17.96%	17.56%	14.28%	17.65%	12.14%	12.65%

Exhibit 25: Quarterly Promotor Holding



Source: Screener.in

Exhibit 26: Quarterly FII vs DII Holding

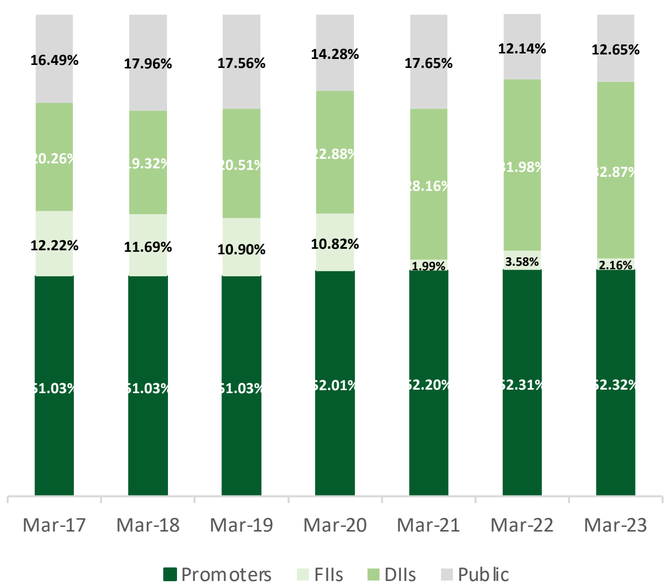


Source: Screener.in

Quarterly shareholding pattern of the company

Particluar	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23
Promoters	52.20%	52.20%	52.22%	52.25%	52.25%	52.31%	52.29%	52.32%	52.32%	52.32%	52.14%	52.12%
FIIs	1.54%	1.99%	1.77%	2.68%	3.55%	3.58%	3.40%	3.18%	2.32%	2.16%	2.15%	2.07%
DIIs	26.27%	28.16%	31.51%	29.77%	31.25%	31.98%	33.41%	32.91%	32.94%	32.87%	32.41%	32.39%
Public	19.99%	17.65%	14.50%	15.30%	12.95%	12.14%	10.90%	11.57%	12.42%	12.65%	13.29%	13.41%

Exhibit 27: Shareholding Pattern (2017-2023)



Source: Annual Report

Exhibit 28: Top Shareholders of the company

Shareholder Name	Holding (%)
Showan Investment Private Limited	37.74%
Mirae Asset Great Consumer Fund	9.97%
Rajesh Mittal on behalf of Trade Combines Partnership Firm	9.49%
HDFC Trustee Company Ltd. A/C HDFC Multi-Asset Fund	8.94%
TATA Mutual Fund - TATA Small Cap Fund	4.88%
Rajesh Mittal and Sanidhya Mittal on behalf of Mittal Business holdings trust	4.76%
HSBC Small Cap Fund	2.31%
Bandhan Hybrid Equity Fund	2.25%
Canara Robeco Mutual Fund A/C Canara Robeco Small Cap Fund	1.67%
SBI Contra Fund	1.57%

Greenply Industries Ltd

Commentary

Management Remuneration

Basis our research we found that company's remuneration policy for its executive and non- executive directors is higher than its peers. During FY23 the company incurred managerial remuneration of INR 15.9 Crores as against INR 13.53 crores in FY22. There was a 28% hike in Joint MD & CEO Mr. Manoj Tulsian's remuneration which stood at INR 6.7 crores. The reason for the hike in Managing Director's remuneration is due to increase in perquisites because of exercise of 1,43,000 stock options under the Greenply ESOP plan 2020. The details are as under:

Name	Designation	Ratio of remuneration to median remuneration of employees	Remuneration FY23	Remuneration FY22	Growth in remuneration	Sales Growth YoY (%)	Net Profit Growth YoY (%)
Mr. Rajesh Mittal	Chairman cum M.D	285.63x	6.05	5.96	1.5%	18.3%	-4.21%
Mr. Sanidhya Mittal	Joint M.D	111.40x	3.15	2.37	32.9%	18.3%	-4.21%
Mr. Manoj Tulsian	Joint M.D and CEO	320.95x	6.7	5.2	28.8%	18.3%	-4.21%
Total		**717.98x**	**15.9**	**13.53**	**63.3%**	**18.3%**	**-4.21%**

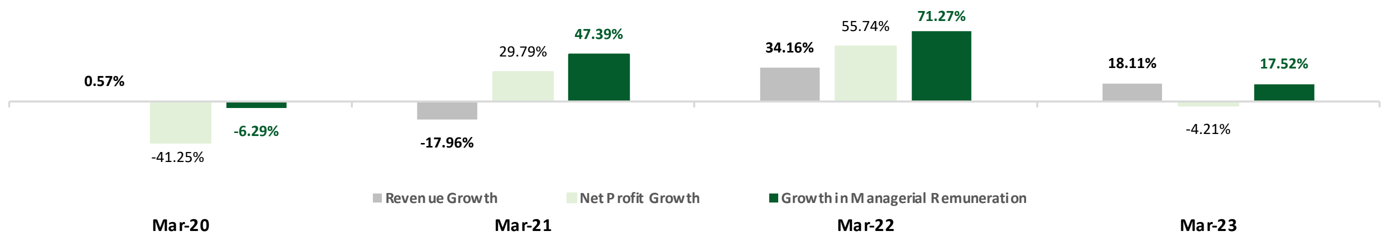
Median ratio of Managing Director's remuneration with median employee salary is 320.95x, whereas the median of the same for the peers stood at 153.47x. The remuneration of M.D as a percentage of Profit Before Tax (PBT) for FY23 is 6.04%, whereas the median of the same for the peers is 3.78%. However, there is a decrease in median remuneration of employees in FY23 by 1.99%. In FY23, the total managerial remuneration of INR 15.9 cr exceeds the prescribed 11% limit of the Net Profit (INR 10 cr) as per the Companies Act, 2013. However, the Board of Directors has approved it. The number of employees on the rolls of the company are 2596. If we compare with our direct competitor, "Century Plyboards", Greenply's M.D has a very high remuneration as a % of PBT. The details are as under:

Comparison of Peer's Remuneration:

Company Name	Name of Executive	Designation	Ratio to median remuneration of employees	Remuneration (in Crores)	PBT (in Crores)	Remuneration. (% of PBT)
Greenply Industries Ltd	**Mr Manoj Tulsian**	**Joint MD and CEO**	**320.95x**	**6.70**	**111**	**6.04%**
Greenpanel Industries	Mr Shobhan Mittal	MD and CEO	230.49x	9.18	351	2.61%
Century Plyboards limited	Mr Prem Kumar Bhajanka	MD	160.93x	4.86	512	0.95%
Greenlam Industries	Mr Saurabh Mittal	MD and CEO	186.24x	8.19	164	5.00%
Sheela Foam Limited	Mr Rahul Gautam	MD	146.00x	4.25	273	1.56%
Kajaria Ceramics	Mr Ashok Kajaria	Chairman & MD	92.00x	5.67	462	1.23%
Duroply	Mr Sudeep Chitlangia	MD	13.71x	0.72	8	9.05%
		Mean	**138.23x**	**5.65**	**268.71**	**3.78%**
		Median	**153.47x**	**5.67**	**273.00**	**2.61%**

We have observed variation in revenue growth of the company and growth in managerial remuneration. The revenue grew at 9% CAGR over the last 3 years, whereas the managerial remuneration grew at 44% CAGR over the last 3 years. The details are as under:

Particulars	Mar-20	Mar-21	Mar-22	Mar-23
Revenue Growth	0.57%	-17.96%	34.16%	18.11%
Net Profit Growth	-41.25%	29.79%	55.74%	-4.21%
Growth in Managerial Remuneration	-6.29%	47.39%	71.27%	17.52%



Board Efficiency

The efficiency of the Board can be analyzed by their contribution in various important meetings held in FY23. The details are as under:

Name of Directors	Category of Diretorship	No. of Board Meetings Held	Attended	Attendance at Last AGM
Mr. Rajesh Mittal	Promotor & Exec.	6	6	Yes
Mr. Manoj Tulsian	Non- Promotor & Exec.	6	5	Yes
Mr. Sanidhya Mittal	Promotor & Exec.	6	6	Yes
Mr. Susil Kumar Pal	Non-Exec.	6	6	Yes
Mr. Vinod Kumar Kothari	Non-Exec.	6	4	Yes
Ms. Sonali Bhagwati Dalal	Non-Exec.	6	5	Yes
Mr. Uppendra Nath Challu	Non-Exec.	6	6	Yes
Ms. Vinita Bajoria	Non-Exec.	6	6	Yes

Greenply Industries Ltd

Quarterly Snapshot

Particulars (INR Crores)	FY23Q2	FY23Q3	FY23Q4	FY24Q1	FY24Q2	FY24Q3E	FY24Q4E
Net Revenue	**494.75**	**428.19**	**469.16**	**476.14**	**607.73**	**577.37**	**604.76**
Change (QoQ %)		*-13.5%*	*9.6%*	*1.5%*	*27.6%*	-5.0%	*4.7%*
Total Expenditure	445.86	395.63	421.59	446.32	556.45	534.73	561.918
EBITDA	**48.89**	**32.55**	**47.57**	**29.82**	**51.28**	**42.64**	**42.84**
Change (QoQ %)		*-33.4%*	*46.1%*	*-37.3%*	*72.0%*	-16.9%	*0.5%*
EBITDA Margin (%)	9.9%	7.6%	10.1%	6.3%	8.4%	7.4%	7.1%
Depreciation	8.88	9.64	10.32	13.32	16.17	17.14	18.97
Finance cost	7.33	6.21	7.6	12.97	17.75	18.65	21.412
Other Income	1.43	3.07	9.29	1.4	3.65	4.60	4.876
Profit Before Tax	**34.1**	**29.4**	**38.95**	**4.93**	**21.01**	**11.44**	**7.334**
Tax	9.15	-8.83	11.25	3.78	6.97	7.20	5.49
Effective tax rate (%)	*26.82%*	*-30.04%*	*28.89%*	*76.71%*	*33.17%*	*62.95%*	*74.89%*
Net Profit	**23.59**	**36.04**	**11.07**	**0.82**	**13.91**	**4.24**	**1.84**
Change (QoQ %)		*52.8%*	*-69.3%*	*-92.6%*	*1596.3%*	-69.53%	*-56.6%*
Net Profit Margins (%)	4.8%	8.4%	2.4%	0.2%	2.3%	0.7%	0.3%
EPS	1.92	2.93	0.9	0.07	1.13	0.06	0.386

Yearly Snapshot

Particulars (INR Crores)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Net Revenue	**1,416.50**	**1,422.50**	**1,173.70**	**1,572.70**	**1,861.20**	**2294.60**	**2620.80**
Change (QoQ %)		*0.4%*	*-17.5%*	*34.0%*	*18.3%*	*23.3%*	*14.2%*
Operating Expenses	1269.2	1264.8	1050.3	1412.5	1,676.70	2035.30	2299.4
EBITDA	**143.00**	**155.60**	**115.10**	**150.30**	**168.90**	**259.30**	**321.4**
Change (QoQ %)		*8.8%*	*-26.0%*	*30.6%*	*12.4%*	53.5%	*23.9%*
EBITDA Margin (%)	10.1%	10.9%	9.8%	9.6%	9.1%	11.3%	12.3%
Depreciation	22.4	25.7	23.1	25.8	36.5	63.40	69.2
Finance cost	18.6	20.8	16.6	11.9	26.2	53.10	40.9
Other Income	4.4	2	8.4	9.9	15.6	6.70	7.2
Profit Before Tax	**106.2**	**111.2**	**83.7**	**122.4**	**121.7**	**149.50**	**218.5**
Tax	30.16	24.58	21.01	29.62	21.05	34.50	50.90
Effective tax rate (%)	*28.40%*	*22.10%*	*25.10%*	*24.20%*	*17.30%*	*23.08%*	*23.30%*
Net Profit	**79.70**	**47.3**	**60.9**	**94.7**	**91.4**	**115.00**	**167.60**
Change (QoQ %)		*-40.7%*	*28.8%*	*55.5%*	*-3.5%*	25.82%	*45.7%*
Net Profit Margins (%)	5.6%	3.3%	5.2%	6.0%	4.9%	5.0%	6.4%
EPS	6.5	3.9	5	7.7	7.4	9.0	14.0

Source: Screener.in, Consensus Estimate

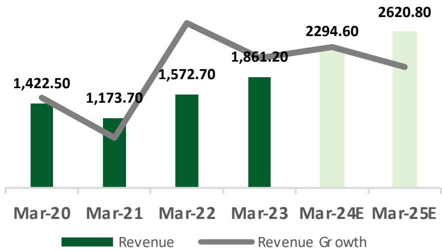
Greenply Industries Ltd

Commentary

Revenue

In recent Quarterly Results, the company posted highest consolidated revenue of 600 cr, 27% growth in Q2FY24. On YoY basis company achieved 18% revenue growth. The company achieved cash positive performance from the MDF segment. Examining the Plywood segment, it experienced a growth rate of 9.7%. However, this falls short of the double-digit growth initially indicated by the management. The company intends to increase the Top-line margin by use of Operating leverage and Price hikes.

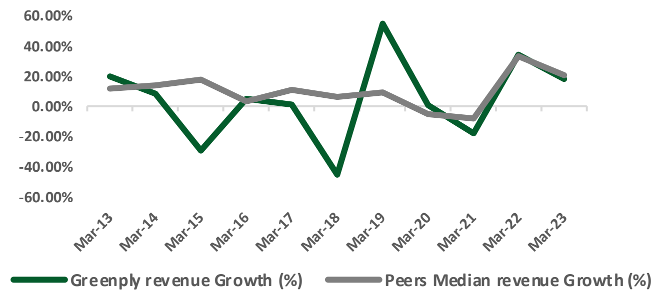
Exhibit 29: Greenply's Revenue



Peer Analysis	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Greenply revenue growth	19.85%	8.30%	-29.32%	5.04%	1.34%	-45.32%	54.82%	0.57%	-17.96%	34.16%	**18.11%**
Peers Median revenue Growth (%)	11.90%	14.04%	17.80%	3.34%	10.79%	6.31%	9.04%	-5.01%	-8.07%	33.23%	**20.48%**
Peers average revenue growth (%)	1.12%	9.12%	15.95%	1.11%	10.07%	7.65%	8.76%	-4.20%	-7.20%	26.95%	**32.29%**

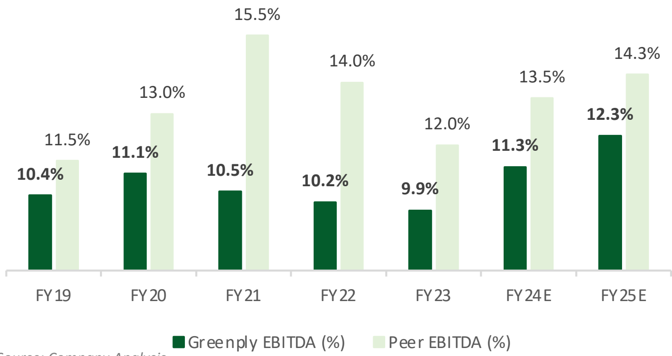
When examining Greenply's revenue growth in comparison to its peers, a notable characteristic is its historical volatility and inconsistency. Nevertheless, there appears to be a trend towards correlation starting from FY21. The reason for such inconsistency is that the company had been facing issues in its capacity platforms, due to continuous price hikes, the trading platform created challenges, Gabon business faced political problems, and Bareilly plant failed to produce the required products. Further, the company expects the company to grow at a CAGR of 22%.

Exhibit 30: Greenply vs Peers Revenue Growth



Source: Company Analysis

Exhibit 31: Greenply vs Peers EBITDA Margin



Source: Company Analysis

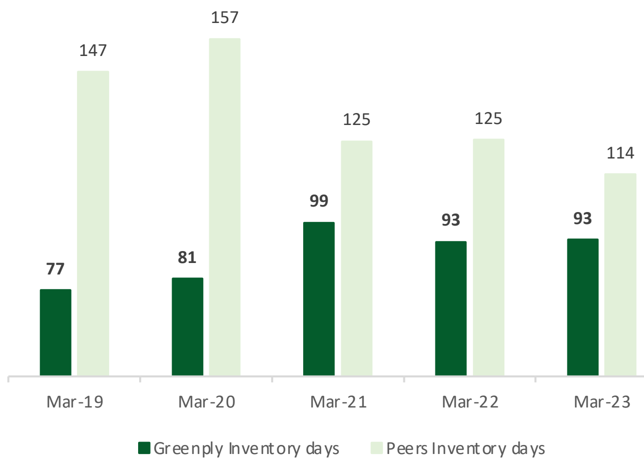
EBITDA Margins

In recent Quarterly Results, the company posted the consolidated EBITDA at INR 168.9 cr with margin of 9.1% (QoQ growth of 72%). In plywood business, the EBITDA Margin for Q2FY24 stood at 7.9%, which declined by 9% from Q1FY24 of 8.7%. For the MDF business, the company recorded an EBITDA margin of 15%. The decline in margins within the plywood business can be attributed to the rising costs of raw materials, particularly timber, coupled with a slowdown in the demand for premium products and as well the Gabon operations. The overall growth observed is primarily driven by the value-added segment, accounting for 46% in Q2FY24. Greenply's EBITDA Margins are lower than its Peers Median EBITDA Margins. The company expects Margin improvements in the H2 FY24.

Inventory

The company's Growth in revenue and Growth in Inventory are positively correlated, while a marginal decline in Inventory days can be witnessed in FY23 (99 days in FY21 to 93 days in FY23). The Average inventory as % of Revenue for FY23 stood at 13.7%, which is below the company median of 15%. This indicates, the inventory is equivalent to 13.7% of its total revenue. By comparing Greenply's Inventory Days of 93 to the median Inventory Days of 114 among its peers, it can be concluded that Greenply maintains a more efficient inventory management approach by keeping a lower inventory level. The decrease in inventory levels can be attributed to the industry's increased focus on discipline, and the company's adoption of a new working style in recent years. As a result, the company experiences no working capital pressure. Furthermore, the broader industry is witnessing a trend where more players are emphasizing effective working capital management. Even with an increase in raw material costs, the company has sustained its Inventory as a percentage of COGS at 25.6%, aligning closely with the company's median of 26%.

Exhibit 32: Greenply vs Peers Inventory days



Source: Company Analysis

Greenply Industries Ltd

Commentary

Exhibit 33: Greenply vs Peers Debtor Days

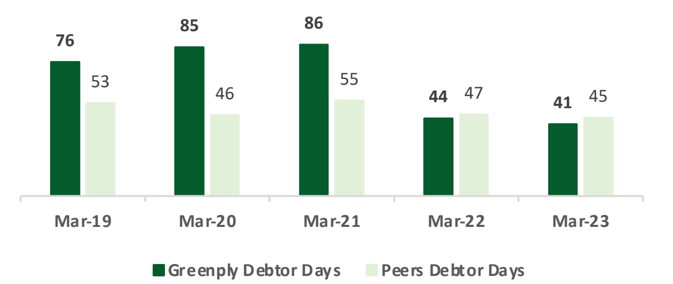
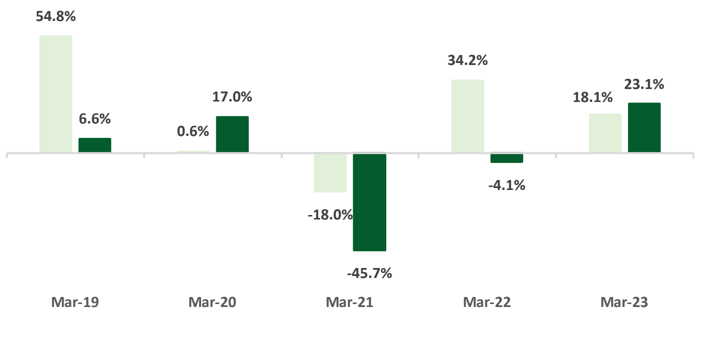


Exhibit 34: Revenue Growth vs Receivables Growth



Source: Company Analysis

Trade Receivables

Following the impact of Covid, the company has experienced a significant reduction in Trade Receivables, indicating that there have been no delays in payments from debtors. The company's average receivables days stood at 41 days in FY23 as compared to the company's median debtor days of 69. The decrease in debtor days is not because of a relaxed credit line but comes from the company putting more focus on its institutional line of business. Notably, the Trading business shows a shorter time debtor days compared to the institutional business. If we compare Greenply's debtor days of 41 to the median debtor days of 45 among its peers, we can conclude that Greenply is efficient in collecting payments from its debtors.

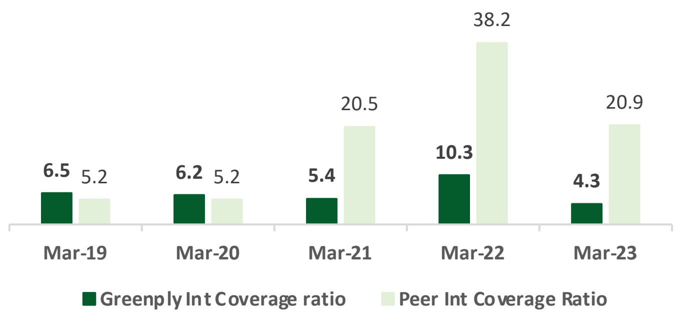
The company's receivable ageing analysis reflects that 94% of the outstanding debtors are less than 6 months. The top 5 customers contribute 7.27% revenue in FY23. The proportion of receivables as a percentage of total assets has decreased, declining from 21% in FY21 to 13.6% in FY23. The Cash Conversion Cycle has gone up to 57 in FY23.

FY23 shows increased trade receivables and a higher Cash Conversion Cycle (CCC) compared to FY22, indicating challenges in working capital management. While sales grew by 18% and debtor days remained steady, the rise in CCC reflect difficulties in converting earnings into cash. Customer contributions is diverse, but focus should be on to improve cash flows.

Interest Coverage Cost

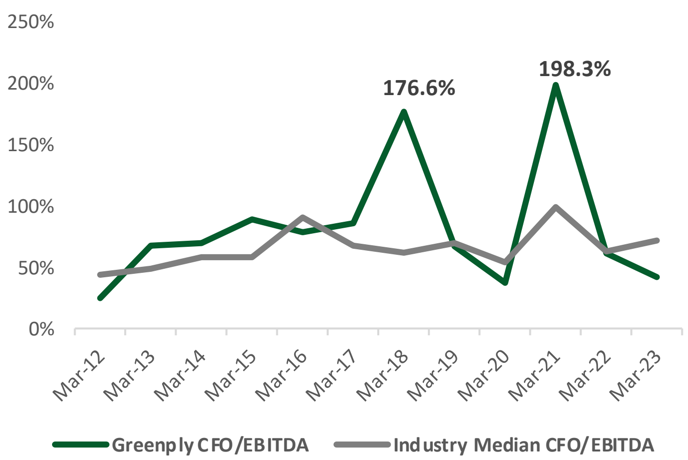
In the fiscal year 2023, the company's interest expense rose significantly by 117% to Rs. 26 crore compared to the previous year's expense of Rs. 12 crore. Due to this increase, the current interest coverage ratio stands at 4.3x, which is below the company's median ratio of 6x. The rise in interest costs over the period is attributed to the company's debt raise for the capital expenditure on commissioning the MDF capacity. The impact of the interest cost will become more apparent starting from Q2 onwards Comparing Greenply's interest coverage ratio of 4.3x to its peers' median ratio of 20.9x, it can be observed that Greenply is less effective in covering its interest payments compared to the industry benchmark. The weighted average Interest rate for all the borrowings can be estimated to be 6.81%.

Exhibit 35: Greenply vs Peers Int Coverage Ratio



Source: Company Analysis

Exhibit 36: Greenply v/s Industry Median



Source: Company Analysis

Cash Flows

The company's Cash Flow from Operations (CFO) for the FY23 is Rs 62 cr, which has declined by 32% from FY22. Greenply's CFO/EBITDA ratio stands at 41.9%, notably lower when compared with the industry median CFO/EBITDA ratio of 71.4%. This represents a decline from the previous year and exhibits considerable volatility over the years. The persistently low CFO/EBITDA ratio indicates that the company faces challenges in consistently converting its earnings into cash flows. We can see two spikes in the ratio, where it went above 100%. In March 2021, the ratio reached 198% because the trade receivables declined significantly by 45%. This led to a highly effective conversion of earnings into cash flow for that particular year. And Why did the Receivables drop in FY21? It was due to company's introduction of new set of policies.

A favourable CFO/EBITDA ratio for B2B companies is around 60%, whereas B2C companies find a 70% ratio favourable. Additionally, a higher CFO/EBITDA ratio signifies a robust Return on Invested Capital (ROIC), which is not in case of Greenply.

Greenply Industries Ltd

DUPONT ANALYSIS

ROE	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Median	Mean
Net Profit	117.60	124.20	128.30	123.20	118.20	74.70	47.70	63.30	94.70	91.40		
Average Shareholder Equity	528.86	535.03	550.32	693.49	825.08	606.36	356.57	407.08	480.42	570.88		
ROE	**22.24%**	**23.21%**	**23.31%**	**17.77%**	**14.33%**	**12.32%**	**13.38%**	**15.55%**	**19.71%**	**16.01%**	***16.89%***	***17.78%***

ROE- Dupont	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23		
Net Profit	117.6	124.2	128.3	123.2	118.2	74.7	47.7	63.3	94.7	91.4		
Revenue	2225.2	1568.5	1657.3	1671.7	1715.4	1416.5	1422.5	1173.7	1572.7	1861.2		
Net Profit Margin (A)	**5.28%**	**7.92%**	**7.74%**	**7.37%**	**6.89%**	**5.27%**	**3.35%**	**5.39%**	**6.02%**	**4.91%**	***5.71%***	***6.02%***
Revenue	2225.2	1568.5	1657.3	1671.7	1715.4	1416.5	1422.5	1173.7	1572.7	1861.2		
Average Total Asset	1696.05	1484.67	1174.69	1387.34	1928.51	1679.83	1014.45	930.23	1030.13	1414.91		
Asset turnover Ratio (B)	**1.31**	**1.06**	**1.41**	**1.20**	**0.89**	**0.84**	**1.40**	**1.26**	**1.53**	**1.32**	***1.29***	***1.22***
Average Total Asset	1696.05	1484.67	1174.685	1387.335	1928.505	1679.83	1014.45	930.225	1030.13	1414.91		
Average Shareholder Equity	528.86	535.03	550.32	693.49	825.08	606.36	356.57	407.08	480.42	570.88		
Equity Multiplier (C)	**3.21**	**2.77**	**2.13**	**2.00**	**2.34**	**2.77**	**2.85**	**2.29**	**2.14**	**2.48**	***2.41***	***2.50***
ROE (A*B*C)	**22.24%**	**23.21%**	**23.31%**	**17.77%**	**14.33%**	**12.32%**	**13.38%**	**15.55%**	**19.71%**	**16.01%**	***16.89%***	***17.78%***

Peer Analysis	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Greenply	**22.24%**	**23.21%**	**23.31%**	**17.77%**	**14.33%**	**12.32%**	**13.38%**	**15.55%**	**19.71%**	**16.01%**
Century PlyBoards	21.50%	38.56%	32.14%	26.99%	19.51%	15.28%	11.47%	15.07%	20.10%	20.06%
DuroPly	-28.57%	0.00%	-42.86%	-4.08%	-6.41%	1.30%	-5.56%	-2.86%	-9.52%	5.62%
Rushil Décor	4.05%	-1.35%	8.75%	20.00%	18.13%	6.80%	10.09%	5.30%	8.01%	21.49%
Kajaria Ceramics	25.99%	24.97%	24.28%	21.62%	16.95%	14.54%	14.82%	16.53%	18.05%	14.87%
Peers Median	**12.78%**	**12.49%**	**16.52%**	**20.81%**	**17.54%**	**10.67%**	**10.78%**	**10.19%**	**13.03%**	**17.47%**
Peers Average	5.74%	15.55%	5.58%	16.13%	12.05%	9.48%	7.71%	8.51%	9.16%	15.51%

Exhibit 36: ROE Dupont Analysis

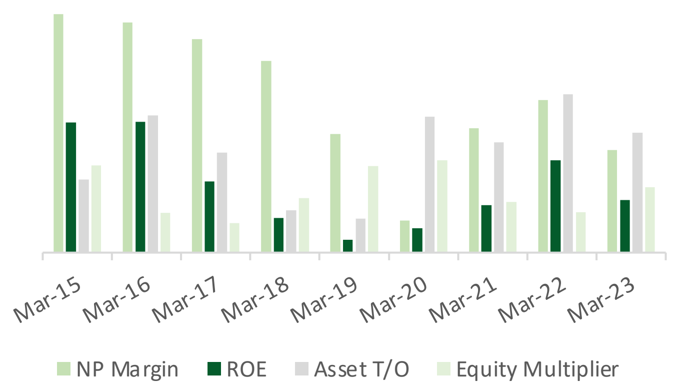
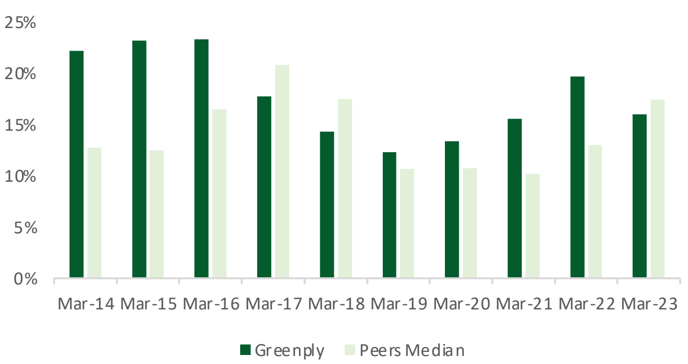


Exhibit 37: Greenply vs Peers ROE



Source: Company Analysis

The Return on Equity (ROE) of the company has decreased from 19.71% in FY22 to 16.01% in FY23. The ROE is also below the Company's median ROE of 16.9%.

The likely cause for the decrease in Return on Equity (ROE) is the decline in net profit margins. The company's net profit has decreased due to various factors, including rising raw material costs, particularly in Timber, ongoing challenges in the Gabon business stemming from political issues and demand-side challenges, reduced margins in the Plywood segment due to a slowdown in demand for premium products, challenges in the company's trading platform, and capacity enhancement issues at the Bareilly plant.

Further reason for decrease in ROE can be due to increase in the Equity Multiplier, it has increased to 2.48x in FY23 from 2.14X in FY22. The increase in leverage is attributed to a 260% rise in long-term borrowings, escalating from Rs. 143 crore in FY22 to Rs. 515 crore in FY23. The company secured additional debt to fund the commissioning of the MDF facility in Gujarat, perform maintenance capital expenditures for other facilities, and establish a Joint Venture for the furniture hardware business in Sandila.
As per the management guidance, the company is within its overall peak debt level of 750 cr and will continue to maintain the same for H2 FY24. The repayment schedule of the following debt will take place in FY24.

Comparing Greenply's FY23 ROE of 16.01% to the median ROE of its peers at 17.47%, it indicates that Greenply has a slightly lower Return on Equity. However, in a broader context, it aligns consistently with the industry median.

Greenply Industries Ltd

ROCE	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Median	Mean
EBIT	209	162	189.5	194.2	180.9	120.5	129.9	92	124.4	132.4		
Avg Capital Employed	1245.86	1075.03	851.32	1051.49	1404.08	1087.36	621.07	648.08	736.42	1073.38		
ROCE	**16.78%**	**15.07%**	**22.26%**	**18.47%**	**12.88%**	**11.08%**	**20.92%**	**14.20%**	**16.89%**	**12.33%**	***15.92%***	***16.09%***

ROCE- Dupont	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23		
EBIT	209	162	189.5	194.2	180.9	120.5	129.9	92	124.4	132.4		
Revenue	2225.2	1568.5	1657.3	1671.7	1715.4	1416.5	1422.5	1173.7	1572.7	1861.2		
EBIT Margin (A)	**9.39%**	**10.33%**	**11.43%**	**11.62%**	**10.55%**	**8.51%**	**9.13%**	**7.84%**	**7.91%**	**7.11%**	***9.26%***	***9.38%***
Revenue	2225.2	1568.5	1657.3	1671.7	1715.4	1416.5	1422.5	1173.7	1572.7	1861.2		
Avg Capital Employed	1245.86	1075.025	851.32	1051.485	1404.08	1087.36	621.065	648.075	736.42	1073.38		
Capital Turnover Ratio (B)	**1.79**	**1.46**	**1.95**	**1.59**	**1.22**	**1.30**	**2.29**	**1.81**	**2.14**	**1.73**	***1.76***	***1.73***
ROCE (A*B)	**16.78%**	**15.07%**	**22.26%**	**18.47%**	**12.88%**	**11.08%**	**20.92%**	**14.20%**	**16.89%**	**12.33%**	***15.92%***	***16.09%***

Peer Analysis	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Greenply	**16.78%**	**15.07%**	**22.26%**	**18.47%**	**12.88%**	**11.08%**	**20.92%**	**14.20%**	**16.89%**	**12.33%**
Century PlyBoards	15.00%	25.00%	26.00%	23.00%	18.00%	17.00%	14.00%	20.00%	30.00%	27.00%
DuroPly	-5.00%	8.00%	-2.00%	2.00%	2.00%	7.00%	3.00%	-2.00%	3.00%	11.00%
Rushil Décor	11.00%	12.00%	16.00%	22.00%	21.00%	10.00%	6.00%	5.00%	8.00%	17.00%
Kajaria Ceramics	32.00%	34.00%	34.00%	31.00%	25.00%	23.00%	18.00%	21.00%	24.00%	20.00%
Peers Median	**13.00%**	**18.50%**	**21.00%**	**22.50%**	**19.50%**	**13.50%**	**10.00%**	**12.50%**	**16.00%**	**18.50%**
Peers Average	13.25%	19.75%	18.50%	19.50%	16.50%	14.25%	10.25%	11.00%	16.25%	18.75%

Exhibit 38: ROCE Dupont Analysis

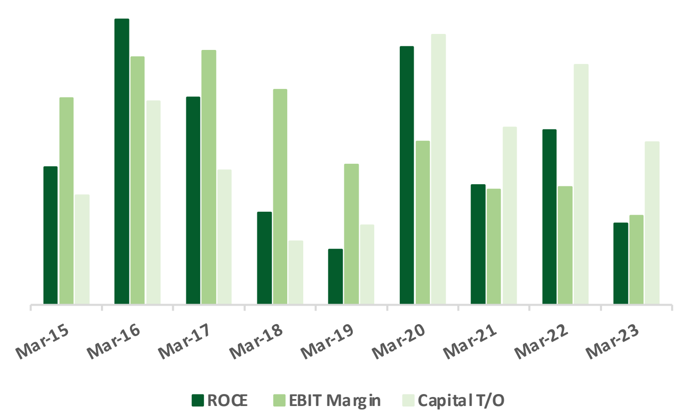
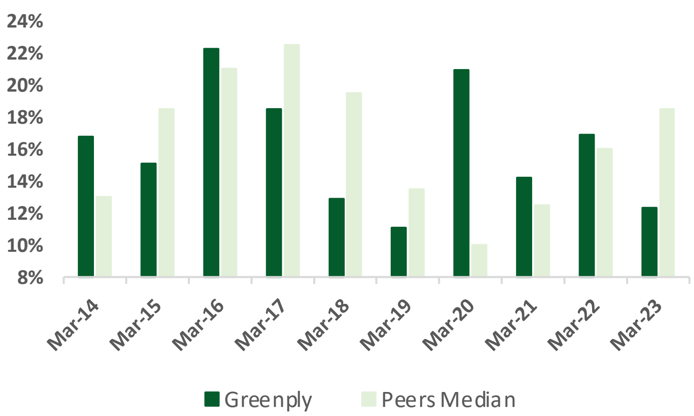


Exhibit 39: Greenply vs Peers ROCE



Source: Company Analysis

The Return on Capital Employed (ROCE) is a critical financial metric that reflects the efficiency with which a company utilizes its capital to generate profits. In the case of Greenply, the ROCE experienced a notable decrease from a peak of 20.92% in FY20 to 12.33% in FY23. This decline is substantial, especially when considering that the current ROCE falls below the company's own median ROCE of 15.92%.

The reason for drop in ROCE is due to drop in EBIT margins (EBIT margin fell from 7.9% to 7.11%), mainly due to increase in raw material prices. To solve this issue, Greenply plans to increase the product prices and pass the price hikes onto the customers. The company further intends to pursue volume growth through increasing capital expenditure. The increase in capex has resulted in increase in average capital employed, without an immediate rise in profits, which contributed to the decline in ROCE. It may take some time for the new investments to start generating returns. In the short term, increased capex may lead to a decline in ROCE, but if the investments contribute to increased profitability and efficiency over time, ROCE may improve.

The ROCE has been declining since FY20 and the company is increasing its sales by using additional capital, but still experiencing decline in margins, which may indicate a potential quality issue in the use of capital.

Comparing Greenply's ROCE of 12.33% to the industry peers' median of 18.5% suggests that Greenply's capital utilization is less efficient than that of its peers. Lower ROCE compared to peers may indicate areas for improvement in terms of operational efficiency.

Despite these challenges, the management remains optimistic. They foresee no further escalation in raw material prices and expect margins to rebound to double digits in the second half of FY24.

Greenply Industries Ltd

ROA	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Median	Mean
Net profit	117.6	124.2	128.3	123.2	118.2	74.7	47.7	63.3	94.7	91.4		
Average Total Assets	1696.05	1484.67	1174.685	1387.335	1928.505	1679.83	1014.45	930.225	1030.13	1414.91		
ROA	**6.93%**	**8.37%**	**10.92%**	**8.88%**	**6.13%**	**4.45%**	**4.70%**	**6.80%**	**9.19%**	**6.46%**	***6.87%***	***7.28%***

ROA- Dupont	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23		
Net Profit	117.6	124.2	128.3	123.2	118.2	74.7	47.7	63.3	94.7	91.4		
Revenue	2225.2	1568.5	1657.3	1671.7	1715.4	1416.5	1422.5	1173.7	1572.7	1861.2		
Net Profit Margin (A)	**5.28%**	**7.92%**	**7.74%**	**7.37%**	**6.89%**	**5.27%**	**3.35%**	**5.39%**	**6.02%**	**4.91%**	***5.71%***	***6.02%***
Revenue	2225.2	1568.5	1657.3	1671.7	1715.4	1416.5	1422.5	1173.7	1572.7	1861.2		
Average Total Assets	1696.05	1484.67	1174.685	1387.335	1928.505	1679.83	1014.45	930.225	1030.13	1414.91		
Asset Turnover ratio (B)	**1.31**	**1.06**	**1.41**	**1.20**	**0.89**	**0.84**	**1.40**	**1.26**	**1.53**	**1.32**	***1.29***	***1.22***
ROA (A* B)	**6.93%**	**8.37%**	**10.92%**	**8.88%**	**6.13%**	**4.45%**	**4.70%**	**6.80%**	**9.19%**	**6.46%**	***6.87%***	***7.28%***

Peer Analysis	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Greenply	**6.93%**	**8.37%**	**10.92%**	**8.88%**	**6.13%**	**4.45%**	**4.70%**	**6.80%**	**9.19%**	**6.46%**
Century PlyBoards	6.15%	14.06%	14.47%	12.18%	9.63%	8.23%	7.53%	10.55%	14.04%	14.14%
DuroPly	-4.92%	0.00%	-5.22%	-1.21%	-2.51%	0.49%	-1.87%	-0.96%	-2.93%	2.22%
Rushil Décor	1.01%	-0.38%	2.65%	8.45%	8.22%	2.42%	2.93%	1.73%	2.59%	7.82%
Kajaria Ceramics	11.14%	11.87%	12.30%	12.45%	10.70%	9.65%	10.42%	12.24%	12.83%	10.40%
Peers Median	**3.58%**	**5.94%**	**7.48%**	**10.32%**	**8.93%**	**5.33%**	**5.23%**	**6.14%**	**7.71%**	**9.11%**
Peers Average	3.35%	6.39%	6.05%	7.97%	6.51%	5.20%	4.75%	5.89%	6.63%	8.65%

Exhibit 40: ROA Dupont Analysis

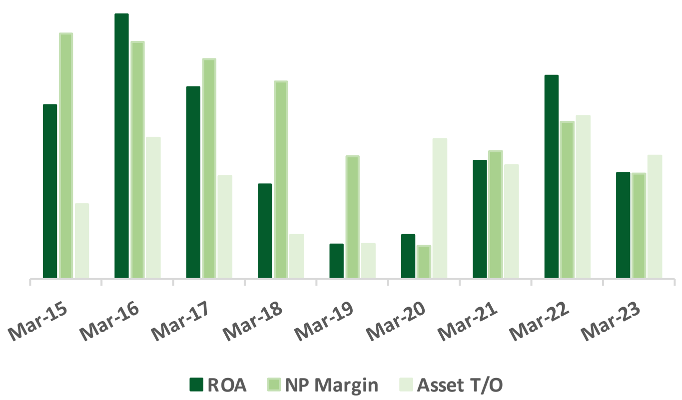
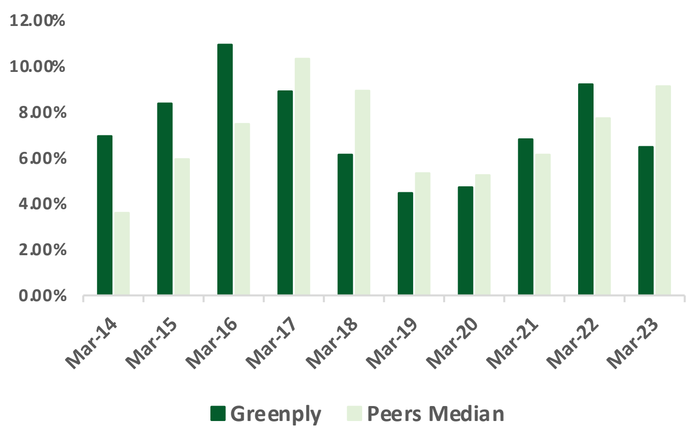


Exhibit 41: Greenply vs Peers ROA



Source: Company Analysis

The Return on Asset (ROA) ratio is a critical indicator of a company's efficiency in generating profits in relation to its total assets. In Greenply's financial performance, there has been a noticeable decline in ROA from 9.19% in FY22 to 6.46% in FY23. A Dupont analysis reveals that this reduction is primarily due to a decline in the Net Profit Margin, reflecting that the company is earning less profit for every unit of revenue generated. This indicates decrease in pricing power of the company.

An additional factor contributing to the overall decline in ROA is the slight reduction in the Asset Turnover ratio, dropping from 1.53x in FY22 to 1.32x in FY23. However, despite this decrease, the Asset Turnover ratio remains above the company's median of 1.29x, indicating continued efficiency in generating revenue from its assets.

Even after the decline in ROA, Greenply has witnessed an increase in average total assets due to increased capex, growing from Rs. 1030 crore in FY22 to Rs. 1414 crore in FY23. This expansion in assets, however, has not been met with a proportional increase in returns.

Comparing Greenply's ROA to industry benchmarks, the industry median ROA stands at 9.11%, highlighting a performance gap. A more direct competitor and industry leader, Century Plyboards, boasts an ROA of 14.14%, reflecting that Greenply is comparatively less efficient in managing its assets to generate profits

Greenply Industries Ltd

ROIC	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Median	Mean
NOPAT	160.721	142.56	143.262	133.6096	124.4592	84.7115	101.322	69.552	94.2952	109.4948		
Invested Capital	1318.84	810.19	849.32	1140.27	1556.14	564.67	646.53	511.66	775.06	1308.64		
ROIC	**12.19%**	**17.60%**	**16.87%**	**11.72%**	**8.00%**	**15.00%**	**15.67%**	**13.59%**	**12.17%**	**8.37%**	***12.89%***	***13.12%***

ROIC- Dupont	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23		
NOPAT	160.721	142.56	143.262	133.6096	124.4592	84.7115	101.322	69.552	94.2952	109.4948		
Revenue	2225.2	1568.5	1657.3	1671.7	1715.4	1416.5	1422.5	1173.7	1572.7	1861.2		
NOPAT Margin (A)	**7.22%**	**9.09%**	**8.64%**	**7.99%**	**7.26%**	**5.98%**	**7.12%**	**5.93%**	**6.00%**	**5.88%**	***7.17%***	***7.11%***
Revenue	2225.2	1568.5	1657.3	1671.7	1715.4	1416.5	1422.5	1173.7	1572.7	1861.2		
Invested Capital	1318.84	810.19	849.32	1140.27	1556.14	564.67	646.53	511.66	775.06	1308.64		
Capital Turnover ratio (B)	**1.69**	**1.94**	**1.95**	**1.47**	**1.10**	**2.51**	**2.20**	**2.29**	**2.03**	**1.42**	***1.94***	***1.86***
ROIC (A) * (B)	**12.19%**	**17.60%**	**16.87%**	**11.72%**	**8.00%**	**15.00%**	**15.67%**	**13.59%**	**12.17%**	**8.37%**	***12.89%***	***13.12%***

Peer Analysis	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Greenply	**12.19%**	**17.60%**	**16.87%**	**11.72%**	**8.00%**	**15.00%**	**15.67%**	**13.59%**	**12.17%**	**8.37%**
Century PlyBoards	15.00%	22.00%	22.00%	17.00%	14.00%	12.00%	11.00%	15.00%	21.00%	20.00%
DuroPly	-4.00%	2.00%	0.00%	5.00%	2.00%	6.00%	7.00%	2.00%	5.00%	7.00%
Rushil Décor	5.00%	-2.00%	7.00%	15.00%	14.00%	5.00%	6.00%	4.00%	5.00%	12.00%
Kajaria Ceramics	22.00%	21.00%	21.00%	21.00%	17.00%	17.00%	16.00%	20.00%	21.00%	17.00%
Peers Median	**10.00%**	**11.50%**	**14.00%**	**16.00%**	**14.00%**	**9.00%**	**9.00%**	**9.50%**	**13.00%**	**14.50%**
Peers Average	9.50%	10.75%	12.50%	14.50%	11.75%	10.00%	10.00%	10.25%	13.00%	14.00%

Exhibit 42: ROIC Dupont Analysis

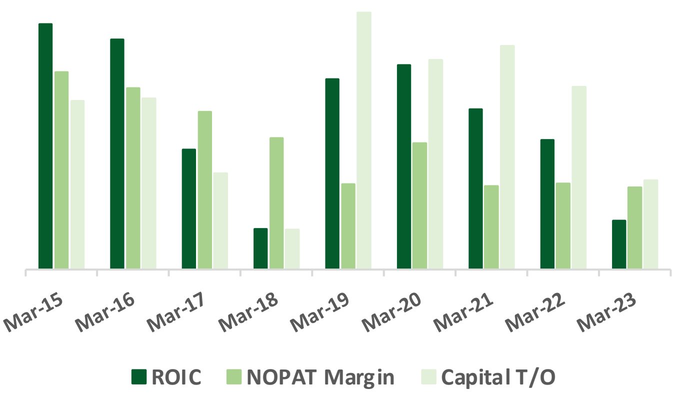
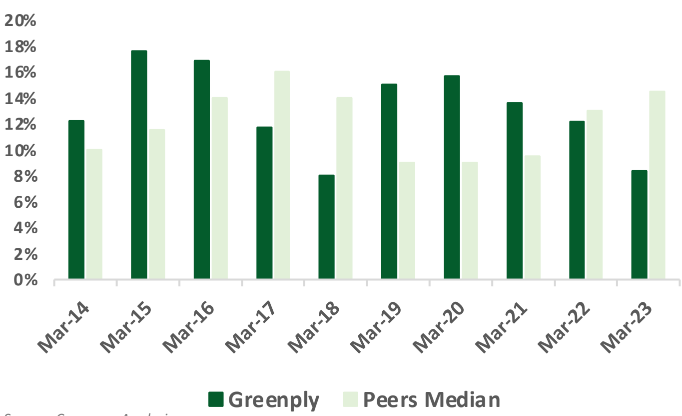


Exhibit 43: Greenply vs Peers ROIC



Source: Company Analysis

The Return on Invested Capital (ROIC) is an Important metric that assesses a company's ability to generate returns from the capital invested in its operations. In the case of Greenply, there has been a decrease in ROIC from 12.17% in FY22 to 8.37% in FY23. A closer examination using Dupont analysis indicates that the likely reason for this decline is a reduction in the Net Operating Profit After Tax (NOPAT) Margin.

The NOPAT Margin, a key component of ROIC, reflects the percentage of revenue that translates into operating profit after taxes. The decline in this margin suggests that the company is earning a lower profit for each rupee of revenue generated.

Furthermore, the Capital Turnover ratio has slightly reduced from 2.03x in FY22 to 1.42x in FY23. It is also below the company's median of 1.9x. It's important to note that this reduction in Capital Turnover indicates a decrease in the efficiency of utilizing capital to generate sales. The invested capital has concurrently increased from Rs. 775 crore in FY22 to Rs. 1308 crore in FY23, reflecting a substantial expansion in the capital base.

Comparing Greenply's ROIC of 8.37% to the industry median ROIC of 14.5% reveals a performance gap. Additionally, when compared with a direct competitor and industry leader, Century Plyboards, boasting an ROIC of 20%, it becomes evident that Greenply is comparatively less efficient in generating returns from its invested capital.

Greenply Industries Ltd

Unlocking Financial Potential : (1/1)

Exhibit 44: Revenue Growth at &% CAGR

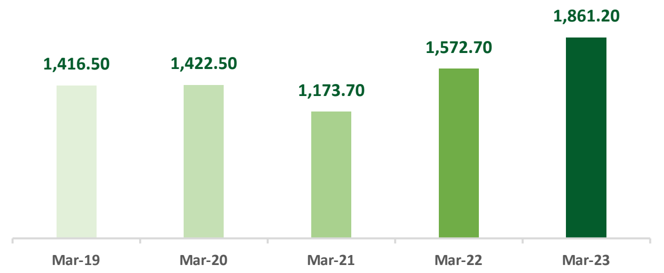


Exhibit 45: Net Profit & Net Profit Margins (%)

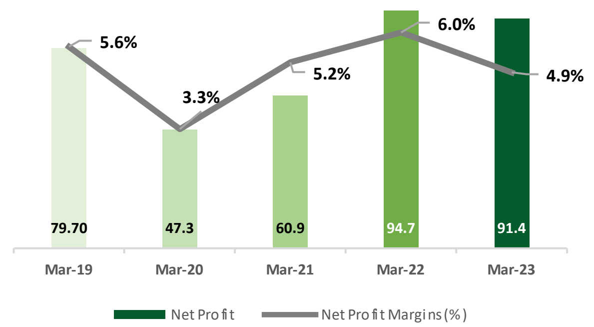


Exhibit 46: EBITDA Growth at 4% CAGR

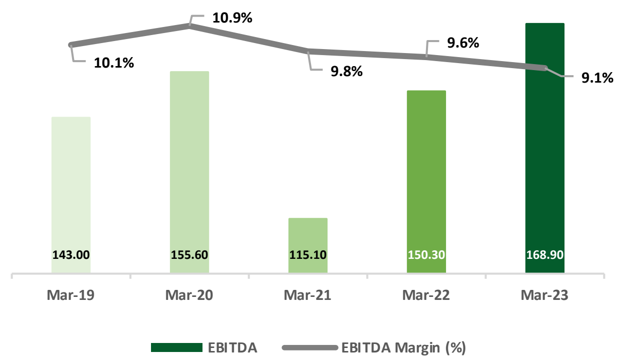


Exhibit 47: Peers EBITDA Comparison– Lowest growth

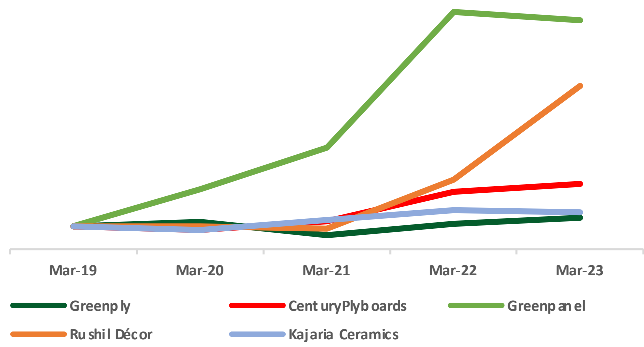


Exhibit 48: Net Capex – Capacity Utilization (In Crores)

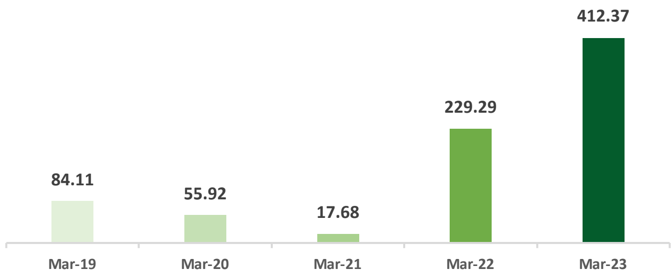


Exhibit 49: FCFF – Deteriorating (In Crores)

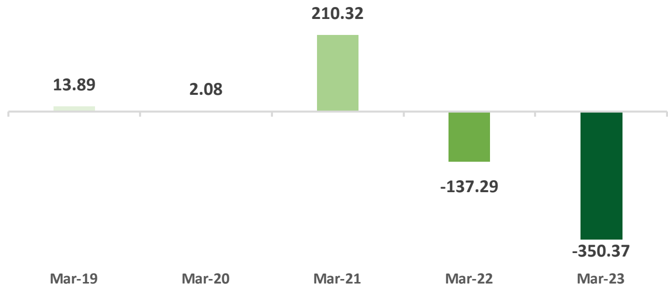


Exhibit 50: Net worth & Net Debt, Net Debt / Equity

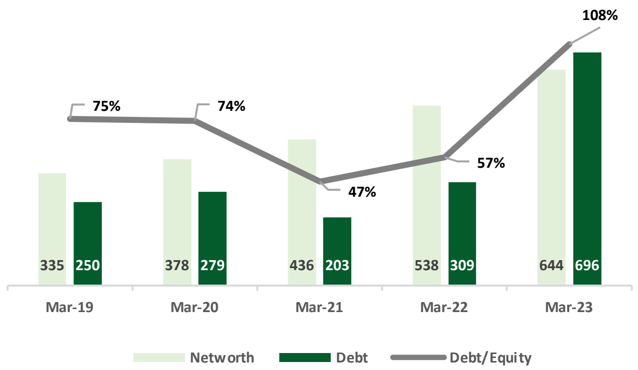
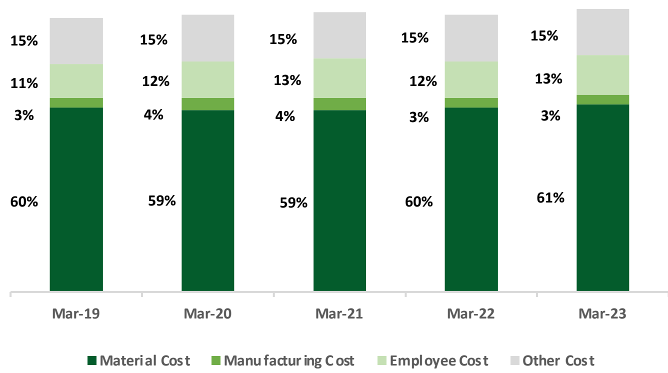


Exhibit 51: Expenditure as % of Sales



Source: Company Analysis

Greenply Industries Ltd

Key Financial Ratios

Profitilibilty Ratios	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Median	Mean
Sales Growth		-29.5%	5.7%	0.9%	2.6%	-17.4%	0.4%	-17.5%	34.0%	18.3%	*0.9%*	*-0.3%*
Expenses Growth		-30.3%	3.6%	1.1%	4.2%	-14.4%	-0.3%	-17.0%	34.5%	18.7%	*1.1%*	*0.0%*
Gross Profit Growth		-29.5%	10.4%	8.1%	4.2%	-31.6%	4.6%	-17.7%	30.4%	14.6%	*4.6%*	*-0.7%*
EBITDA Growth		-22.5%	14.4%	2.4%	-5.8%	-38.0%	8.8%	-26.0%	30.6%	12.4%	*2.4%*	*-2.6%*
EBIT Growth		-22.5%	17.0%	2.5%	-6.8%	-33.4%	7.8%	-29.2%	35.2%	6.4%	*2.5%*	*-2.6%*
PBT Growth		-17.9%	35.3%	5.5%	-4.1%	-38.1%	4.7%	-24.7%	46.2%	-0.6%	*-0.6%*	*0.7%*
Net Profit Growth		5.6%	3.3%	-4.0%	-4.1%	-36.8%	-36.1%	32.7%	49.6%	-3.5%	*-3.5%*	*0.8%*
Dividend Growth		0.0%	0.0%	1.7%	0.0%	-33.4%	0.0%	0.0%	25.1%	0.2%	*0.0%*	*-0.7%*
Dividend Payout	6%	6%	6%	6%	7%	6%	10%	8%	6%	7%	*6.0%*	*6.8%*
Gross Margin	41.9%	41.9%	43.8%	46.9%	47.7%	39.5%	41.1%	41.0%	39.9%	38.6%	*41.5%*	*42.2%*
Operating Margin	12.1%	13.3%	14.4%	14.7%	13.4%	10.1%	10.9%	9.8%	9.6%	9.1%	*11.5%*	*11.7%*
PBT Margin	6.9%	8.0%	10.2%	10.7%	10.0%	7.5%	7.8%	7.1%	7.8%	6.5%	*7.8%*	*8.3%*
Net Margin	5.3%	7.9%	7.7%	7.5%	6.5%	5.6%	3.3%	5.2%	6.0%	4.9%	*5.8%*	*6.0%*

Peers Median Ratios	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Sales Growth	14.05%	17.87%	3.31%	10.81%	6.31%	9.06%	-5.01%	-8.06%	33.24%	20.47%
Expenses Growth	14.15%	15.17%	3.92%	8.27%	11.15%	13.87%	-0.63%	-8.55%	37.75%	22.65%
EBITDA Growth	16.19%	23.69%	30.42%	7.99%	6.07%	-2.76%	-8.20%	21.33%	18.83%	-3.10%
EBIT Growth	18.72%	34.55%	32.11%	10.84%	-10.14%	-1.32%	-11.23%	26.77%	23.64%	-6.39%
Net Profit Growth	8.62%	53.57%	27.57%	13.53%	-9.84%	0.00%	10.92%	23.71%	23.95%	-7.31%
Gross Margin	38.5%	41.0%	43.0%	49.5%	48.5%	48.0%	47.5%	51.0%	48.5%	44.0%
Operating Margin	10.0%	12.0%	16.0%	18.0%	17.0%	16.0%	13.0%	14.0%	16.0%	17.0%
Net Margin	4.7%	8.5%	9.8%	10.0%	8.2%	6.5%	9.1%	9.9%	10.3%	7.9%

Commentary

- The topline ratios of the company such as Revenue growth, Gross margin, EBIT growth are maintained above the median of the company. Greenply has positive and healthy EBITDA and EBIT growth if compared with its peers. However, the company lags in terms of Sales growth, Operating Margin and Net Margin by comparing to its peers.
- In FY23, the bottom-line ratios such as Pat, NP Margin, OP Margin have declined below the company median, due to subdued conditions, but are performing better than its peers.

Efficiency Ratios	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Median	Mean
Debtor Turnover	6.2x	5.0x	5.6x	5.3x	3.1x	4.8x	4.3x	4.2x	8.2x	8.9x	*5.1x*	*5.6x*
Inventory Days	126	80	58	69	151	77	81	99	93	93	*87*	*93*
Debtor Days	59	73	65	69	117	76	85	86	44	41	*71*	*72*
Inventory Turnover	2.9x	4.6x	6.3x	5.3x	2.4x	4.7x	4.5x	3.7x	3.9x	3.9x	*4.2x*	*4.2x*
Total Asset Turnover	61.3%	69.9%	70.1%	88.8%	249.4%	76.7%	67.2%	78.2%	73.9%	91.1%	*75.3%*	*92.7%*
Sales/Cap Employed	1.67	1.92	1.87	1.37	1.08	2.42	2.17	1.84	1.89	1.42	*2*	*2*

Peers Median Ratios	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Debtor Turnover	8.5x	8.7x	8.7x	8.9x	8.1x	8.7x	9.5x	7.6x	9.2x	9.8x
Inventory Days	120	143	153	146	146	147	157	125	125	114
Debtor Days	45	44	42	42	49	43	39	49	40	38
Inventory Turnover	3.1x	2.6x	2.4x	2.5x	2.5x	2.5x	2.3x	2.9x	2.9x	3.2x
Total Asset Turnover	1.53	1.60	1.49	1.25	1.22	1.26	1.22	1.14	1.23	1.33
Sales/Cap Employed	2.51	2.67	2.34	1.91	1.72	1.78	1.65	1.44	1.60	1.67

Commentary

- In FY23, Debtors turnover of Greenply is above the company median as well as it is in line with its Peers median Debtors turnover ratio, reflecting efficient collection tactics. Greenply's Inventory turnover ratio is also performing better than the industry median of the same.
- However, when examining the Sales/Capital Employed ratio, Greenply demonstrates a lower ratio in comparison to the median ratio of its peers. This discrepancy indicates a potential area for improvement in capital utilization and sales generation efficiency.

Greenply Industries Ltd

Leverage Ratios	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Median	Mean
Debt/Equity	1.28	0.68	0.44	0.58	0.81	0.75	0.74	0.47	0.59	1.13	*0.71*	*0.75*
Debt/Assets	0.41	0.29	0.22	0.28	0.31	0.23	0.29	0.22	0.27	0.41	*0.29*	*0.30*
Debt/EBITDA	2.77	1.59	1.13	1.82	3.09	1.75	1.79	1.76	2.06	4.12	*1.81*	*2.19*
Debt/Capital	0.56	0.41	0.31	0.37	0.45	0.43	0.42	0.32	0.37	0.53	*0.42*	*0.42*
CFO/Debt	25%	56%	71%	48%	16%	39%	21%	112%	30%	9%	*34.4%*	*42.7%*
Debt Burden	0.02	0.31	0.45	-0.35	-0.3	0.06	0.01	1.03	-0.44	-0.5	*0.02*	*0.03*
Interest Coverage	3.3x	4.3x	6.2x	10.3x	5.8x	6.5x	6.2x	5.4x	10.3x	4.3x	*6.0x*	*6.3x*
Operating Leverage		0.76	3.00	2.85	-2.62	1.92	18.42	1.67	1.04	0.35	*1.67*	*3.04*
Financial Leverage	3.12	2.36	1.95	2.04	2.60	3.21	2.52	2.08	2.20	2.72	*2.44*	*2.48*

Peers Median Ratios	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Debt/Equity	1.44	1.30	0.93	0.73	0.51	0.37	0.20	0.11	0.25	0.23
Debt/Assets	0.39	0.36	0.35	0.30	0.24	0.20	0.13	0.07	0.15	0.14
Debt/EBITDA	2.50	2.34	1.23	1.78	0.65	1.09	0.71	0.38	0.74	0.40
Debt/Capital	0.58	0.57	0.48	0.42	0.33	0.25	0.16	0.10	0.19	0.19
CFO/Debt	0.15	0.30	0.64	0.55	0.80	1.05	1.38	2.45	0.84	1.05
Debt Burden	-0.02	0.065	0.18	0.05	0.13	0.39	0.83	1.805	0.07	0.28
Interest Coverage	1.8x	3.6x	4.0x	6.9x	9.3x	9.0x	10.7x	20.5x	18.6x	25.0x
Operating Leverage		2.84	2.11	1.14	5.81	1.60	-4.95	-0.16	3.30	-0.59
Financial Leverage	3.71	3.13	2.76	2.50	2.18	1.92	1.67	1.55	1.61	1.59

Commentary

- Greenply's elevated leverage ratios (Debt/Equity, Debt/EBITDA, Debt/Capital, Financial Leverage) surpass its peers, suggesting higher financial risk. Additionally, its Interest Coverage ratio is significantly below the industry median, indicating potential challenges in meeting debt obligations. The company can cover its interest expenses only for 4 yr. appx with its earnings as compared to Industry median of 25 yr.

Valuation Ratios	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Median	Mean
Price/Earnings	6.2	15.4	14.1	22.8	28.3	20.1	20.4	34.1	24.29	18.68	*20.25*	*20.43*
Price/Book	1.24	3.93	2.93	3.69	3.58	4.80	2.54	4.78	4.29	2.64	*3.64*	*3.44*
Price/CashFlow	32.00	85.00	78.00	110.00	226.00	133.00	135.00	74.00	204	224	*121.50*	*130.10*
Price/Sales	0.33	1.22	1.09	1.71	3.44	1.14	0.68	1.79	1.48	0.92	*1.18*	*1.38*
Enterprise Value	725.00	1911.00	1800.00	2852.00	3140.00	1608.00	959.00	2082.00	2,308	1,699	*1855.50*	*1908.40*
EV/EBITDA	2.67	9.06	7.41	11.55	49.06	11.01	6.15	18.11	15.39	11.48	*11.25*	*14.19*

Peers Median Ratios	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Price/Earnings	5.0	17.1	11.1	33.5	41.6	43.7	19.7	38.0	44.6	37.6
Price/Book	1.21	8.82	4.44	8.05	7.63	5.40	2.64	6.48	8.54	5.77
Price/CashFlow	40.00	185.50	28.50	317.00	399.00	321.00	291.00	129.50	331.00	412.50
Price/Sales	0.25	1.50	1.22	3.25	3.46	2.51	1.48	3.59	4.61	3.13
Enterprise Value	317.50	2565.00	1892.50	5678.50	7342.00	5403.00	3912.00	8248.50	15417.50	10079.00
EV/EBITDA	1.98	9.21	12.97	23.40	20.83	18.04	10.63	23.43	27.02	23.12

Commentary

- Greenply's P/E (Price-to-Earnings) and P/B (Price-to-Book) ratios are lower than the industry median. This suggests that the market values Greenply's earnings and book value at a relatively lower level compared to the industry average, which may possibly indicate that investors expect either lower growth prospects or higher risk associated with Greenply in comparison to the broader industry.
- The company has lower Price/Cash Flows, Price/Sales, and EV/EBITDA ratios, indicating a lower valuation compared to industry benchmarks. This suggests that the investors value the company's cash flows, sales, and Enterprise value by EBITDA at a lower level, reflecting a cautious assessment of its financial performance or growth potential. Such lower valuation means that the investors find Greenply a bit riskier to invest than other companies in the industry.
- However, on the other side, it could present an opportunity for value investors who believe that the market is undervaluing Greenply's sales and cash flows, possibly due to temporary factors or market sentiment.

Greenply Industries Ltd

ROIIC Profiling

Particular	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Net Income	57	120	117.6	124.2	128.3	123.2	118.2	74.7	47.7	63.3	94.7	91.4
Invested Capital	1053	1142	1318.84	810.19	849.32	1140.27	1556.14	564.67	646.53	511.66	775.06	1308.64
ROIIC		**70.8%**	**-1.4%**	**-1.3%**	**10.5%**	**-1.8%**	**-1.2%**	**4.4%**	**-33.0%**	**-11.6%**	**11.9%**	**-0.6%**
Cumulative Net Income	57	177	294.6	418.8	547.1	670.3	788.5	863.2	910.9	974.2	1068.9	1160.3
Incremental Capital Deployed		89	176.84	-508.65	39.13	290.95	415.87	-991.47	81.86	-134.87	263.4	533.58
Reinvestment Rate		**50.3%**	**60.0%**	**-121.5%**	**7.2%**	**43.4%**	**52.7%**	**-114.9%**	**9.0%**	**-13.8%**	**24.6%**	**46.0%**
Intrinsic Compounding rate		**35.6%**	**-0.8%**	**1.6%**	**0.7%**	**-0.8%**	**-0.6%**	**-5.0%**	**-3.0%**	**1.6%**	**2.9%**	**-0.3%**

ROIIC Profiling - Mar-12 to Mar- 23	
Cumulative Net Income	1160.3
Incremental Capital deployed	255.64
Reinvestment Rate	**22.03%**
ROIIC	13.46%
Intrinsic Compounding rate	**3.0%**
Stock Price (10 Year CAGR)	9.26%
Stock Price (5 Year CAGR)	-11.40%

- Over the 12-year period , the company achieved a ROIIC of 13.46%, which suggests a reasonable efficiency in generating returns on capital reinvested. However, reinvestment rate of 22% raises concern as low level of capital is being efficiently reinvested in the company.
- The Intrinsic compounding rate of 3% suggest that company's ability to grow its intrinsic value is restricted. It can be due to lower ROIIC and lower reinvestment rate. This says that Greenply may face challenges in deploying capital to generate high returns.
- The 10yr stock price CAGR of 9.6% suggest reasonable long-term appreciation, while 5yr CAGR of -11.4% indicate concerns about recent performance.
- The low Reinvestment rate may indicate limited growth opportunities, capital constraints, or challenges in identifying projects with good returns. The lower ROIIC than ROCE suggest that the company may face difficulties in generating higher returns on the capital it reinvests.

Forensic Analysis

Key Findings:

Dealer Incentives and Audit Concerns:

The company's practice of providing incentives to dealers through various schemes is a key audit matter, as highlighted by the auditors. Due to various schemes and a large variety of contractual terms across dealers, the computation of these incentives involves judgement. The amount of such incentives is also significant.

Unaudited subsidiaries and Joint Ventures

The financial statements of four subsidiaries, including one step-down subsidiary, representing significant total assets, revenues, and net cash outflows, have not been audited by the company's auditors. The financial statements of these subsidiaries and JV reflect total assets (before consolidation adjustments) of Rs. 54,723.48 lakhs as of 31 March 2023, total revenues (before consolidation adjustments) of Rs. 32,598.07 lakhs and net cash outflows (before consolidation adjustments) amounting to Rs. 2,982.16 lakhs for the year ended on that date. Additionally, the consolidated financial statements include the Group's share of net loss in two joint ventures, which also remains unaudited. This lack of audit scrutiny raises transparency concerns regarding the financial health and performance of these entities.

Managerial Remuneration Breach

The company has reported a total managerial remuneration of INR 15.9 crores in FY23, exceeding the prescribed 11% limit of the net profit as per Section 197 of the Companies Act, 2013. Further as per the act, the remuneration payable to anyone managing director or wholetime director or manager shall not exceed 5% of the net profits of the company and if there are more than one such director remuneration shall not exceed 10% of the net profits to all such directors and manager taken together.
Notably, the remuneration of Mr. Rajesh Mittal and Mr. Manoj Tulsian, totalling Rs. 12.75 crores, surpasses the allowable limit of Rs. 9.1 crores (10% of net profit).

Source: Annual Report FY2023

Greenply Industries Ltd

Relative Valuation

Amount in crores

Comparable Company Valuation

Company	Market Data					Financials			Valuation		
	Share Price	Shares Outstanding	Equity Value	Net Debt	Enterprise Value	Revenue	EBITDA	Net Income	EV/Revenue	EV/EBITDA	P/E
Greenply	238.5	12.37	2950.25	725.15	3687.50	1981.22	141.95	61.84	1.86x	25.98x	47.71x
Greenpanel Industry	419.4	12.26	5141.84	-195.56	5015.13	1646.49	303.13	184.72	3.05x	16.54x	27.84x
Century Plyboard	798.4	22.22	17740.45	205.24	18176.85	3737.03	569.98	381.2	4.86x	31.89x	46.54x
Rushil Decor	386	2.65	1022.90	302.44	1326.79	821.66	112.58	46.54	1.61x	11.79x	21.98x
Archidply Industry	103.26	1.99	205.49	110.93	316.10	429.64	23.49	10.07	0.74x	13.46x	20.41x
Greenlam Industry	540.25	12.76	6893.59	933.12	7813.94	2156.19	268.77	145.9	3.62x	29.07x	47.25x
Kajaria Ceramics	1297.75	15.93	20673.16	-225.36	20319.37	4481.8	657.63	404.28	4.53x	30.90x	51.14x
High									4.86x	31.89x	51.14x
75th Percentile									4.08x	29.99x	47.48x
Average									**2.90x**	**22.80x**	**37.55x**
Median									**3.05x**	**25.98x**	**46.54x**
25th Percentile									1.74x	15.00x	24.91x

Greenply Comparable Valuation	EV/Revenue	EV/EBITDA	P/E
Implied Enterprise Value	6034.70	3687.50	2152.79
Net Debt	725.15	725.15	725.15
Implied Market Value	5309.55	2962.35	2877.94
Shares Outstanding	12.37	12.37	12.37
Implied Value Per Share	**429.23**	**239.48**	**232.65**
	Undervalued	**Undervalue**	**Overvalued**

Commentary

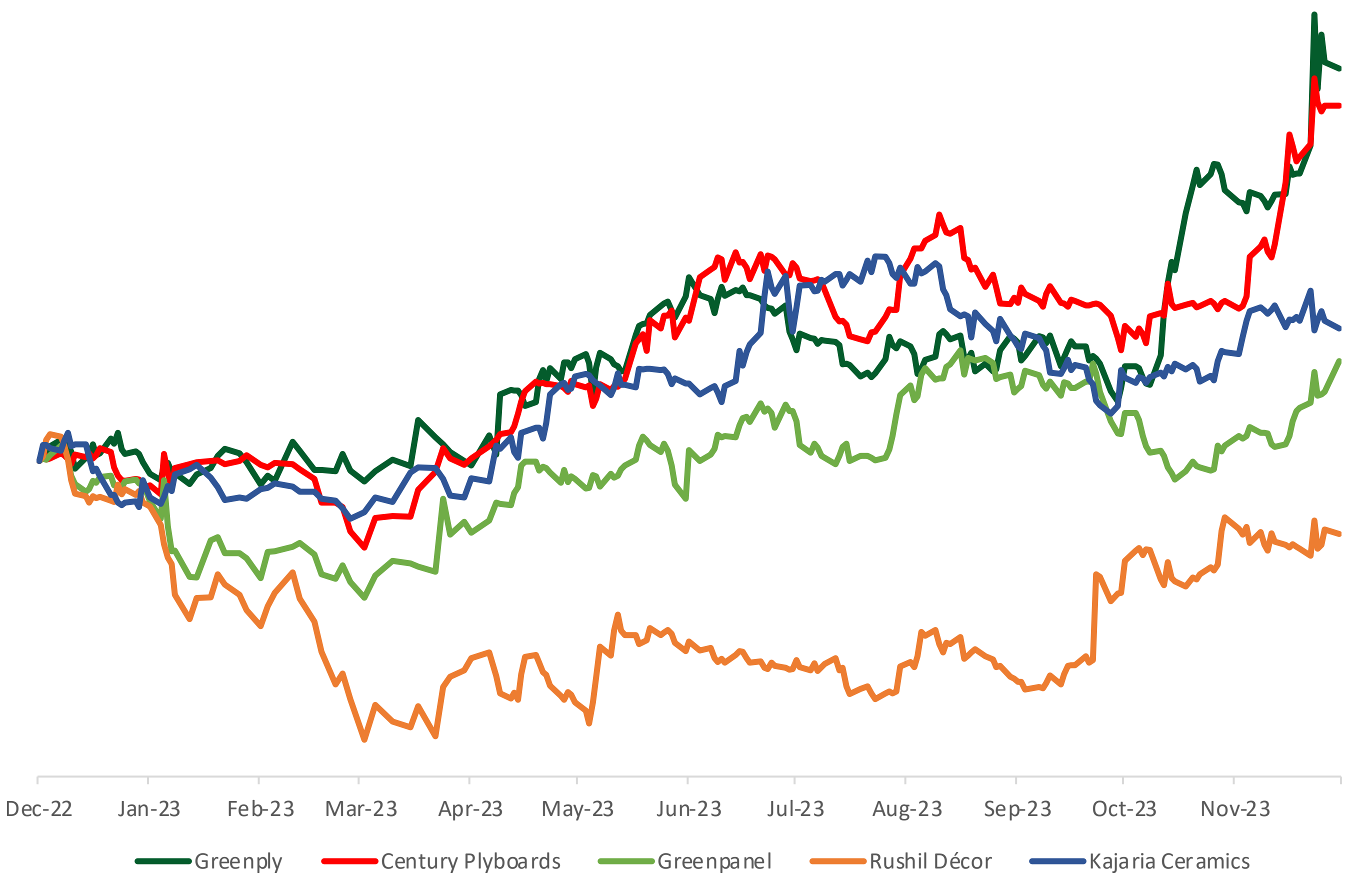
- To establish a benchmark, the median values of these ratios from the peer group was used. This approach will provide a balanced comparison.
- The EV/Revenue ratio indicates that Greenply is undervalued relative to its peers. The implied value per share derived from this category suggests that the market is not fully rewarding the company's revenue generation potential.
- The analysis using the EV/EBITDA ratio also depicts that Greenply is undervalued compared to its industry peers. The implied value per share suggests that the investors may not be fully recognizing the company's EBITDA generation capabilities.
- On the other hand, the P/E ratio implies that Greenply is overvalued when compared to the median of its peers. The higher P/E ratio suggests that the investors have priced Greenply at higher levels as compared to its peers in case of earnings growth.

Greenply Industries Ltd. appears to present an attractive opportunity, considering its undervaluation in terms of revenue and EBITDA metrics. However, the overvaluation indicated by the P/E ratio suggests a cautious approach.

Greenply Industries Ltd

Peer Comparison

Peer Stock Performance (1Y) - Indexed



Source: Yahoo Finance

Peers Financial Performance

Sr No.	Name	CMP	Mktcap	PEG	P/E	Debt	Int Coverage	EBITDA (%)	ROCE	ROE	CFO/EBITDA
1	Greenply	236	2917	-8.9	55.0	757	2.5	7.2%	11.6%	14.1%	0.42
2	Century Plyboards	794	17641	2.4	46.3	483	25.4	15.3%	27.1%	22.8%	0.75
3	Greenpanel	382	4683	0.1	25.4	182	12.1	18.4%	27.2%	23.6%	0.81
4	Rushil Décor	375	995	1.1	21.4	308	3.1	13.7%	16.9%	23.9%	0.77
5	Kajaria Ceramics	1353	21544	6.0	53.8	168	22.3	14.7%	19.7%	15.8%	0.50

Source: Screener.in

Greenply Industries Ltd

Analyst Coverage Estimate

#	Date	Research House	Price at Reco	Type	Target
1	26-Jul-23	ICICI Securities Limited	170.3	Buy	239
2	01-Jun-23	ICICI Securities Limited	156.25	Buy	229
3	06-Mar-23	IDBI Capital	138.7	Buy	171
4	15-Feb-23	ICICI Direct	142.45	Hold	155
5	14-Feb-23	ICICI Securities Limited	139.75	Buy	236
6	08-Nov-22	ICICI Securities Limited	171.15	Buy	266
7	08-Nov-22	BOB Capital Markets Ltd.	163.8	Buy	215
8	08-Nov-22	ICICI Direct	171.15	Hold	195
9	09-Aug-22	ICICI Securities Limited	179.5	Buy	254
10	08-Aug-22	BOB Capital Markets Ltd.	179.5	Buy	235
11	17-May-22	ICICI Direct	185.55	Hold	200
12	17-May-22	Yes Securities	176.65	Buy	237
13	16-May-22	BOB Capital Markets Ltd.	180.15	Buy	260
14	16-Feb-22	BOB Capital Markets Ltd.	198.55	Buy	260
15	15-Feb-22	ICICI Securities Limited	192.2	Hold	215
16	15-Feb-22	BOB Capital Markets Ltd.	198.55	Buy	260
17	11-Nov-21	ICICI Securities Limited	232.3	Hold	250
18	06-Aug-21	BOB Capital Markets Ltd.	187.8	Hold	210
19	05-Aug-21	ICICI Securities Limited	187.8	Hold	215
20	16-Jun-21	ICICI Securities Limited	210.05	Hold	230
21	15-Jun-21	BOB Capital Markets Ltd.	210.05	Buy	230
22	19-Mar-21	BOB Capital Markets Ltd.	174.9	Buy	195
23	12-Feb-21	ICICI Securities Limited	164.4	Hold	180
24	11-Feb-21	BOB Capital Markets Ltd.	164.4	Buy	195
25	08-Dec-20	BOB Capital Markets Ltd.	114.9	Buy	150
26	06-Nov-20	ICICI Securities Limited	88.2	Hold	95
27	05-Nov-20	BOB Capital Markets Ltd.	88.2	Buy	150
28	17-Sep-20	BOB Capital Markets Ltd.	91.65	Sell	70
29	17-Aug-20	Anand Rathi	91.4	Buy	110

Source: Trendlyne