GIL/2016-17
January 24, 2017

**The Manager**
BSE Limited
Department of Corporate Services
Floor 25, P. J. Towers, Dalal Street
Mumbai - 400 001
Fax No. 022-2272-3121/1278/1557/3354
Scrip Code: 526797

**The Manager**
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E)
Mumbai - 400 051
Fax No. 022-2659-8237/8238/8347/8348
Symbol - GREENPLY

Dear Sir/Madam,

**Sub: Presentation on un-audited financial results for the quarter and nine months ended 31st December, 2016**

With reference to the captioned subject, please find enclosed Presentation on un-audited financial results for the quarter and nine months ended 31.12.2016 in respect of Greenply Industries Limited.

Thanking you,

Yours faithfully,
**For GREENPLY INDUSTRIES LIMITED**

**KAUSHAL KUMAR AGARWAL**
**COMPANY SECRETARY &**
**VICE PRESIDENT-LEGAL**

Encl: As above

# GREENPLY INDUSTRIES LIMITED

## FINANCIAL RESULTS PRESENTATION
## 9M & Q3 FY 2017

# DISCLAIMER

Certain statements in this communication may be 'forward looking statements' within the meaning of applicable laws and regulations. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Important developments that could affect the Company's operations include changes in the industry structure, significant changes in political and economic environment in India and overseas, tax laws, import duties, litigation and labour relations.

Greenply Industries Limited (GIL) will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

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# FINANCIAL HIGHLIGHTS – Q3 FY 2017

- **Net Sales down by 14% YoY to Rs. 358.78 crores**
  - Plywood revenues down by 9.1% YoY to Rs. 260.25 crores, contributing 72.5% of net sales
  - MDF revenues fell by 25.6% YoY to Rs 95.85 crores, contributing 26.7% to net sales
  - Wallpaper sales at Rs 2.68 crores, contributing 0.8% to net sales
- **Gross margins expand 410 bps YoY to 47.8%**
  - Led by better product mix, improvement in yield and fall in raw material prices
- **EBITDA margins down by 133 bps YoY to 14.3% due to significant de-growth in topline**
  - Ad expenditure to sales at 3.1% in Q3FY17 compared to 2.8% YoY
- **PAT fell by 31.7% YoY to Rs. 24.00 crores**
  - EPS of Rs. 1.96 in Q3FY17 on enhanced equity (post QIP in August 2016) compared to Rs. 2.91 in Q3FY16 (after adjusting Q3 FY16 EPS for stock split in Q4 of FY16)
- **Working capital cycle decreased by 9 days YOY to 53 days**
- **Net debt to equity at 0.40 as on 31st December, 2016 as compared to 0.53 as on 31st December, 2015. Debt includes Rs 71.69 crores on account of new MDF plant.**

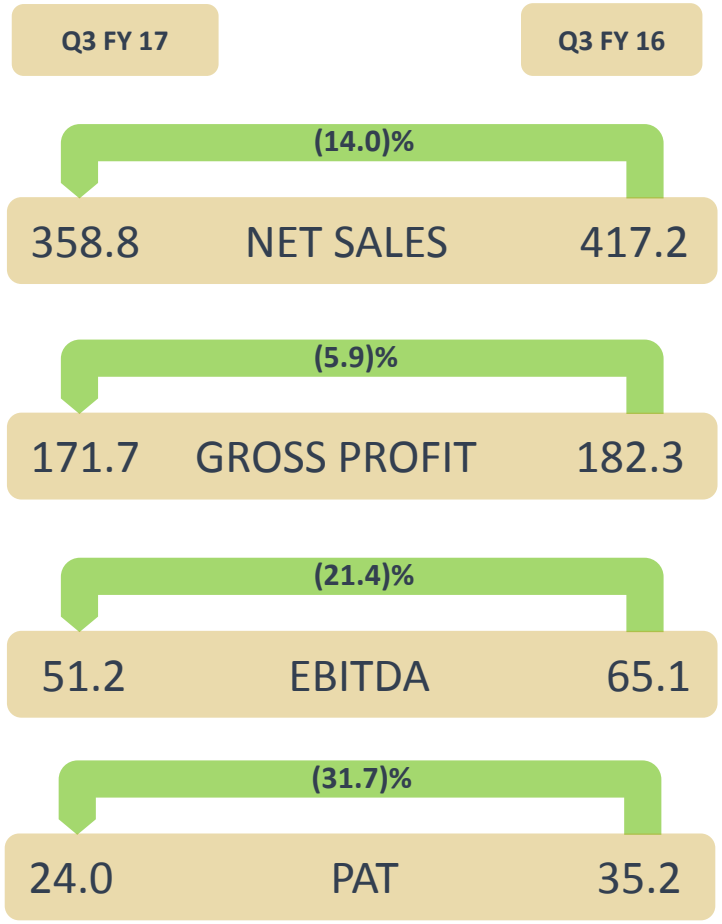
# DEMONETISATION EFFECT

- The Real estate segment is seen to have been impacted reflected in a correction in prices and anticipation by buyers of further downside
- Replacement market which primarily is in cash has been impacted to a larger extent than the primary market
- These two factors have led to a slowdown for Building materials too
- Greenply's performance for the quarter under review has consequently been impacted across both its operating segments
    - Plywood has witnessed a relatively lower impact
    - MDF on the other hand has been more severely impacted and has recorded a significant de-growth. This is believed to be a result of demonetisation combined with price cuts being offered across the industry

# FINANCIAL HIGHLIGHTS – Q3 FY 2017

| Key ratios (%) | Q3 FY17 | Q3 FY16 |
|---|---|---|
| Gross Margin | **47.8%** | 43.7% |
| EBITDA Margin | **14.3%** | 15.6% |
| EBIT Margin | **10.9%** | 12.6% |
| Net Margin (*) | **6.7%** | 8.4% |
| Ad and promotions / Net Sales | **3.1%** | 2.8% |
| Staff Cost/ Net Sales | **11.2%** | 10.1% |
| Logistics cost / Net Sales | **6.0%** | 5.6% |
| EPS (Rs.) | **1.96(*)** | 2.88(**) |

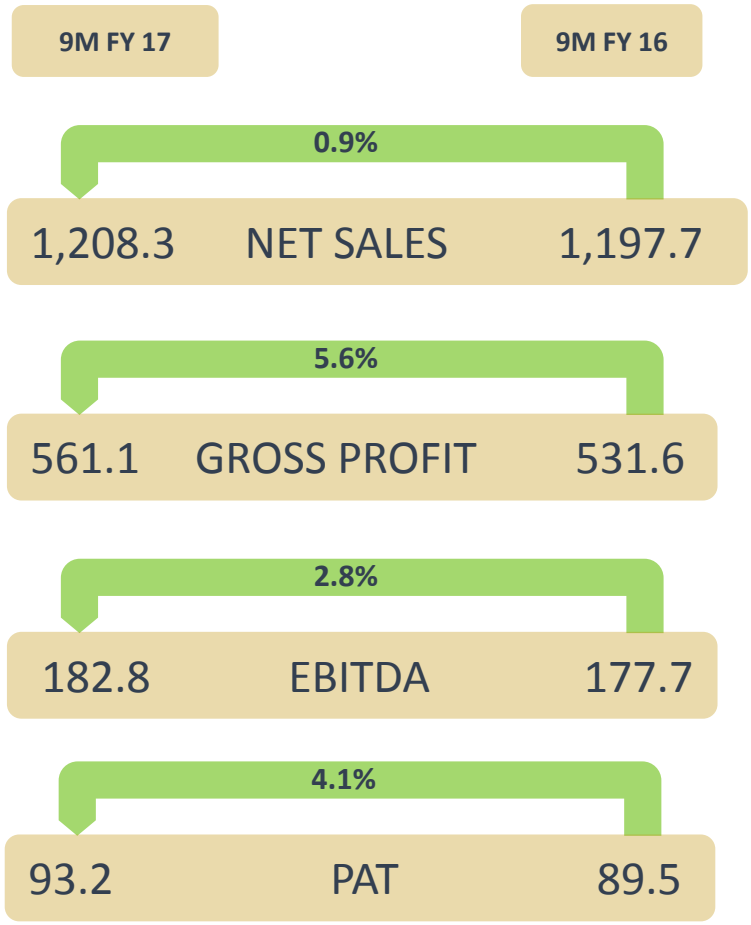
**(*) EPS adjusted for QIP issue in August 2016.**
**(**) EPS adjusted for stock split in Q4 FY16**



# FINANCIAL HIGHLIGHTS – 9M FY 2017

| Key ratios (%) | 9M FY17 | 9M FY16 |
|---|---|---|
| Gross Margin | **46.4%** | 44.4% |
| EBITDA Margin | **15.1%** | 14.8% |
| EBIT Margin | **12.1%** | 11.8% |
| Net Margin (*) | **7.7%** | 7.5% |
| Ad and promotions / Net Sales | **3.3%** | 3.1% |
| Staff Cost/ Net Sales | **10.6%** | 10.5% |
| Logistics cost / Net Sales | **5.9%** | 5.7% |
| EPS (Rs.) | **7.66(*)** | 7.42(**) |

**(*) EPS adjusted for QIP issue in August 2016.**
**(**) EPS adjusted for stock split in Q4 FY16**



# FINANCIAL HIGHLIGHTS – B/S PERSPECTIVE

| Balance Sheet Snapshot (Rs. crore) | Dec 31, 2016 | Dec 31, 2015 | March 31, 2016 |
|---|---|---|---|
| Net worth | **745.78** | **572.21** | **613.50** |
| Total debt | **297.40** | **302.57** | **258.81** |
| ▪ Long Term Debt (Including Current Maturity) | **197.31** | **141.82** | **161.81** |
| ▪ Short Term Debt | **100.09** | **160.75** | **97.00** |
| Capital Employed | **1,051.50** | **871.72** | **871.72** |
| Cash and cash equivalents | **13.91** | **6.32** | **31.60** |
| Fixed Assets | **567.49** | **540.50** | **539.66** |
| Receivables | **324.68** | **339.88** | **332.92** |
| Payables | **249.35** | **226.33** | **249.03** |
| Inventories | **159.06** | **155.63** | **138.53** |

# FINANCIAL HIGHLIGHTS – RATIOS

| Key Ratios | Dec 31, 2016 | Dec 31, 2015 | March 31, 2016 |
|---|---|---|---|
| Inventory (days) | 36 | 36 | 31 |
| Debtor (days) | 74 | 78 | 74 |
| Creditor (days) | 57 | 52 | 55 |
| Working Capital Turnover (days) | 53 | 62 | 50 |
| RoE (%) | 16.7% | 20.9% | 21.4% |
| RoCE – Pre-Tax | 18.5% | 21.6% | 23.1% |
| RoCE – Post-Tax | 13.8% | 17.2% | 18.4% |
| RoCE – Pre-Tax (Excl New Investments) | 24.6% | 22.6% | 24.6% |
| RoCE – Post-Tax (Excl New Investments) | 18.4% | 17.9% | 19.5% |
| Net Debt / Equity (x) | 0.40 | 0.53 | 0.42 |

# FINANCIAL RESULTS 9M & Q3 FY 2017

(Rs. in lacs)

| Sl. No. | Particulars | QE 31.12.2016 | QE 30.09.2016 | QE 31.12.2015 | 9M 31.12.2016 | 9M 31.12.2015 | YE 31.03.2016 |
|---|---|---|---|---|---|---|---|
| 1 | Income from Operations | | | | | | |
| | (a) Gross Sales/Income from Operations | 38,449.76 | 46,648.61 | 43,372.30 | 129,252.62 | 124,717.59 | 171,349.48 |
| | (b) Other Operating Income | 85.47 | 54.09 | 14.56 | 156.91 | 30.38 | 76.04 |
| | **Total income from operations** | **38,535.23** | **46,702.70** | **43,386.86** | **129,409.53** | **124,747.97** | **171,425.52** |
| 2 | Expenses | | | | | | |
| | a) Cost of materials consumed | 14,608.56 | 18,843.16 | 17,553.23 | 51,667.58 | 51,721.09 | 70,149.64 |
| | b) Purchase of Stock-in-trade | 5,268.86 | 6,177.90 | 5,014.31 | 16,503.11 | 14,460.08 | 20,381.91 |
| | c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | (1,164.12) | (1,566.50) | 921.38 | (3,440.10) | 425.27 | 1,519.18 |
| | d) Excise Duty Expense | 2,571.62 | 3,185.13 | 1,650.07 | 8,420.16 | 4,950.64 | 6,776.51 |
| | e) Employee benefits expense | 4,010.79 | 4,310.64 | 4,230.44 | 12,818.38 | 12,559.94 | 16,543.24 |
| | f) Depreciation and amortisation expense | 1,212.59 | 1,220.20 | 1,243.73 | 3,647.35 | 3,668.00 | 4,900.94 |
| | g) Other Expenses | 8,393.45 | 9,271.70 | 7,567.58 | 25,914.81 | 23,052.94 | 31,968.82 |
| | Total Expenses | 34,901.75 | 41,442.23 | 38,180.74 | 115,531.29 | 110,837.96 | 152,240.24 |
| 3 | Profit from operations before other income, finance costs and exceptional Items | 3,633.48 | 5,260.47 | 5,206.12 | 13,878.24 | 13,910.01 | 19,185.28 |
| 4 | Other income | 276.62 | 244.05 | 63.78 | 749.00 | 194.23 | 964.10 |
| 5 | Profit /(Loss) from ordinary activities before finance costs and exceptional items | 3,910.10 | 5,504.52 | 5,269.90 | 14,627.24 | 14,104.24 | 20,149.38 |
| 6 | Finance costs | 329.72 | 687.09 | 671.89 | 1,599.43 | 2,268.79 | 2,891.07 |
| 7 | Profit/(Loss) from ordinary activities after finance costs but before exceptional items | 3,580.38 | 4,817.43 | 4,598.01 | 13,027.81 | 11,835.45 | 17,258.31 |
| 8 | Exceptional items | - | - | - | - | - | - |
| 9 | **Profit/ (Loss) from ordinary activities before tax** | **3,580.38** | **4,817.43** | **4,598.01** | **13,027.81** | **11,835.45** | **17,258.31** |
| 10 | Tax Expenses | | | | | | |
| | for Current | (754.81) | (1035.92) | (987.51) | (2798.24) | (2537.29) | (3693.83) |
| | for Earlier Years | (107.59) | - | - | (107.59) | - | - |
| | for Deferred | 113.80 | 222.22 | (0.07) | 563.99 | 103.26 | 181.87 |
| | for MAT Credit | (431.65) | (494.28) | (93.84) | (1365.64) | (451.14) | (629.70) |
| 11 | Net Profit/(Loss) from ordinary activities after tax | 2,400.13 | 3,509.45 | 3,516.59 | 9,320.33 | 8,950.28 | 13,116.65 |
| 12 | Extraordinary items (net of tax expense Rs. Nil) | - | - | - | - | - | - |
| 13 | **Net Profit / (Loss) for the period** | **2,400.13** | **3,509.45** | **3,516.59** | **9,320.33** | **8,950.28** | **13,116.65** |
| 14 | Other Comprehensive Income, net of tax (OCI) | (103.84) | (14.72) | (37.74) | (92.14) | (113.24) | (150.98) |
| 15 | **Total Comprehensive Income for the period, net of Tax** | **2,296.29** | **3,494.73** | **3,478.85** | **9,228.19** | **8,837.04** | **12,965.67** |
| 16 | Paid-up equity share capital (Face value Rs. 1/- per share) | 1,226.27 | 1,226.27 | 1,206.82 | 1,226.27 | 1,206.82 | 1,206.82 |
| 17 | Reserves excluding Revaluation Reserves | - | - | - | - | - | 60142.92 |
| 18 | **i) Basic EPS (Rs.) before and after extraordinary items (of Rs. 1/- each)** | **1.96*** | **2.88*** | **2.91*** | **7.66*** | **7.42*** | **10.87** |
| | **ii) Diluted EPS (Rs.) before and after extraordinary items (of Rs. 1/- each)** | **1.96*** | **2.88*** | **2.91*** | **7.66*** | **7.42*** | **10.87** |

* Not annualised

# SEGMENTAL PERFORMANCE – 9M & Q3 FY 2017

(Rs. in lacs)

| Particulars | QE 31.12.2016 | QE 30.09.2016 | QE 31.12.2015 | 9M 31.12.2016 | 9M 31.12.2015 | YE 31.03.2016 |
|---|---|---|---|---|---|---|
| **1. Segment Revenue (Gross)** | | | | | | |
| a) Plywood & Allied Products | 28,669.17 | 34,019.44 | 30,303.94 | 94,686.89 | 89,632.03 | 123,362.61 |
| b) Medium Density Fibreboards | 9,597.99 | 12,383.86 | 12,885.76 | 33,954.29 | 34,918.67 | 47,633.71 |
| c) Unallocated | 268.07 | 299.40 | 197.16 | 768.35 | 197.27 | 429.20 |
| **Total** | **38,535.23** | **46,702.70** | **43,386.86** | **129,409.53** | **124,747.97** | **171,425.52** |
| Less: Inter Segment Revenue | - | - | - | - | - | - |
| **Gross Sales/Income from Operations** | **38,535.23** | **46,702.70** | **43,386.86** | **129,409.53** | **124,747.97** | **171,425.52** |
| **2. Segment Result [Profit/(Loss) before tax and interest]** | | | | | | |
| a) Plywood & Allied Products | 3,087.63 | 3,295.55 | 2,444.18 | 9,242.73 | 7,111.62 | 10,777.86 |
| b) Medium Density Fibreboards | 1,559.24 | 3,287.98 | 3,407.62 | 8,180.12 | 9,230.66 | 12,618.97 |
| c) Unallocated | (92.86) | (30.47) | (65.47) | (197.18) | (65.47) | (85.79) |
| **Total** | **4,554.01** | **6,553.06** | **5,786.33** | **17,225.67** | **16,276.81** | **23,311.04** |
| Less: (i) Interest | 329.72 | 687.09 | 671.89 | 1,599.43 | 2,268.79 | 2,891.07 |
| (ii) Other Unallocable expenditure net of unallocable Income | 643.91 | 1,048.54 | 516.43 | 2,598.43 | 2,172.57 | 3,161.66 |
| **Total Profit before Tax** | **3,580.38** | **4,817.43** | **4,598.01** | **13,027.81** | **11,835.45** | **17,258.31** |
| **3. Segment Assets** | | | | | | |
| a) Plywood & Allied Products | 70,633.82 | 72,845.27 | 71,439.95 | 70,633.82 | 71,439.95 | 70,942.96 |
| b) Medium Density Fibreboards | 59,943.47 | 52,689.76 | 40,542.91 | 59,943.47 | 40,542.91 | 42,175.79 |
| c) Unallocated | 6,995.29 | 6,036.40 | 4,404.43 | 6,995.29 | 4,404.43 | 5,657.98 |
| **Total** | **137,572.58** | **131,571.43** | **116,387.29** | **137,572.58** | **116,387.29** | **118,776.73** |
| **4. Segment Liabilities** | | | | | | |
| a) Plywood & Allied Products | 24,082.93 | 25,775.62 | 20,839.91 | 24,082.93 | 20,839.91 | 23,833.78 |
| b) Medium Density Fibreboards | 6,457.99 | 5,785.62 | 6,433.49 | 6,457.99 | 6,433.49 | 6,026.94 |
| c) Unallocated | 1,881.63 | 2,460.19 | 1,808.84 | 1,881.63 | 1,808.84 | 1,744.19 |
| **Total** | **32,422.55** | **34,021.43** | **29,082.24** | **32,422.55** | **29,082.24** | **31,604.91** |
| **5. Capital Employed** | | | | | | |
| a) Plywood & Allied Products | 46,550.89 | 47,069.65 | 50,600.04 | 46,550.89 | 50,600.04 | 47,109.18 |
| b) Medium Density Fibreboards | 53,485.48 | 46,904.14 | 34,109.42 | 53,485.48 | 34,109.42 | 36,148.85 |
| c) Unallocated | 5,113.66 | 3,576.21 | 2,595.59 | 5,113.66 | 2,595.59 | 3,913.79 |
| **Total** | **105,150.03** | **97,550.00** | **87,305.05** | **105,150.03** | **87,305.05** | **87,171.82** |

# SEGMENT WISE PERFORMANCE

**Plywood**

| Particulars | Q3FY17 | Q3FY16 | Var (%) | FY16 | FY15 | Var (%) |
|---|---|---|---|---|---|---|
| Net sales (Rs. crore) | 260.25 | 286.42 | (9.1)% | 1165.36 | 1152.07 | 1.2% |
| EBITDA margin (%) | 12.6% | 9.6% | | 9.7% | 9.1% | |
| EBIT margin (%) | 10.0% | 7.1% | | 7.3% | 6.8% | |
| Annual capacity (million sqm.) | 32.4 | 32.4 | | 32.4 | 32.4 | |
| Production (million sqm.) | 7.70 | 7.90 | (2.0)% | 32.6 | 33.1 | -1.5% |
| Sales volume (million sqm.) | 11.00 | 11.80 | (6.8)% | 48.3 | 46.1 | 4.6% |
| Utilisation (%) | 95% | 97% | | 101% | 102% | |
| Average realisation (Rs./sqm.) | 233 | 242 | (3.7)% | 237 | 241 | |

**MDF**

| Particulars | Q3FY17 | Q3FY16 | Var (%) | FY16 | FY15 | Var (%) |
|---|---|---|---|---|---|---|
| Net sales (Rs. crore) | 95.85 | 128.83 | (25.6)% | 476.08 | 408.51 | 16.5% |
| EBITDA margin (%) | 20.3% | 29.1% | | 29.0% | 23.3% | |
| EBIT margin (%) | 14.7% | 25.0% | | 24.7% | 18.5% | |
| Annual capacity (cubic metre) | 180,000 | 180,000 | | 180,000 | 180,000 | |
| Production (cubic metre) | 41,673 | 50,002 | (16.7)% | 177,382 | 161,229 | 10.0% |
| Sales volume (cubic metre) | 37,764 | 48,961 | (22.9)% | 177,953 | 161,424 | 10.2% |
| Utilisation (%) | 93% | 111% | | 99% | 90% | |
| Average realisation (Rs./cum.) | 25,348 | 26,334 | (3.7)% | 26,719 | 25,238 | |

# PROFIT RECONCILIATION AS PER IND AS & I-GAAP

(Rs. in lacs)

| Reconciliation of Net Profit as per Ind AS & I-GAAP | Q1 30.06.2015 | Q2 30.09.2015 | Q3 31.12.2015 | Q4 31.03.2016 | 12M 31.03.2016 |
|---|---|---|---|---|---|
| **Net Profit after tax for the period as per I-GAAP** | **2,670.32** | **2,723.92** | **3,534.44** | **4,130.44** | **13,059.12** |
| | | | | | |
| Derecognition of Depreciation on Leasehold Land being Operating Lease | 5.27 | 5.34 | 5.33 | 19.07 | 35.01 |
| Recognition of Amortisation of Leasehold Land being Operating Lease in Other Expenses | (4.63) | (4.68) | (4.68) | (4.64) | (18.63) |
| Gain/(Loss) on Fair Valuation of Quoted Investments | (2.24) | 1.99 | 19.20 | (0.03) | 18.92 |
| Increase/(Decrease) in Profit on sale of Quoted Investments due to Fair Valuation | - | - | - | (43.53) | (43.53) |
| Gain/(Loss) on Fair Valuation of Biological Assets | 9.22 | 0.62 | (2.54) | (11.17) | (3.87) |
| Recognition of Foreign Exchange Fluctuation Gain/(Loss) as MTM of Forward & IRS Contracts | (40.80) | (35.16) | 43.03 | (50.90) | (83.83) |
| Recognition of Provision for Expected Cash Discounts of Outstanding Debtors | 20.35 | 6.77 | (52.97) | 10.57 | (15.28) |
| Recognition of Provision for Expected Credit Losses of Outstanding Debtors | (70.24) | 6.16 | (82.57) | 123.83 | (22.82) |
| Capitalisation of Finance Cost to Plant, Property & Equipment & Capital Work in Progress | 6.64 | 3.66 | 14.46 | 1.76 | 26.52 |
| Derecognition of Administrative Expenses & Exchange Gain from Capital Work in Progress | (2.87) | (5.42) | (9.12) | 25.44 | 8.03 |
| Derecognition of Unamortised Expenses pertaining to Scheme of Arrangement | 5.04 | 5.05 | 5.05 | (70.61) | (55.47) |
| Recognition of Finance Cost from Prepaid Processing Fees accounted on transition date | (26.54) | (23.34) | (22.03) | (18.71) | (90.62) |
| Actuarial loss on Defined Benefit plans reclassified to Other Comprehensive Income | 57.72 | 57.73 | 57.72 | 57.72 | 230.89 |
| Deferred Tax impact of Ind AS adjustments | 70.46 | (6.65) | 11.27 | (2.87) | 72.21 |
| **Net Impact of Ind AS adjustments** | **27.38** | **12.07** | **(17.85)** | **35.93** | **57.53** |
| | | | | | |
| Actuarial loss on Defined Benefit plans reclassified from Employee Benefit Expense | (57.72) | (57.73) | (57.72) | (57.72) | (230.89) |
| Deferred Tax impact of Ind AS adjustments | 19.98 | 19.97 | 19.98 | 19.98 | 79.91 |
| **Net Impact of Ind AS adjustments in OCI** | **(37.74)** | **(37.76)** | **(37.74)** | **(37.74)** | **(150.98)** |
| | | | | | |
| **Net Impact of Ind AS adjustments in Total Comprehensive Income** | **(10.36)** | **(25.69)** | **(55.59)** | **(1.81)** | **(93.45)** |
| | | | | | |
| **Total Comprehensive Income for the period as per Ind AS** | **26,59.96** | **2,698.23** | **3,478.85** | **4,128.63** | **12,965.67** |

# EQUITY RECONCILIATION AS PER IND AS & I-GAAP

(Rs. in lacs)

| Reconciliation of Shareholders Funds as per Ind AS & I-GAAP | As at 01.04.2015 |
|---|---|
| Share Capital as per I-GAAP | 1,206.82 |
| Reserves & Surplus as per I-GAAP | 47,190.91 |
| **Shareholders Funds as at 01.04.2015 as per I-GAAP** | **48,397.73** |
| | |
| Recognition of Depreciation on Leasehold Land | (16.38) |
| Gain/(Loss) on Fair Valuation of Quoted Investments | 24.83 |
| Gain/(Loss) on Fair Valuation of Biological Assets | 3.87 |
| Recognition of Foreign Exchange Fluctuation Gain/(Loss) as MTM of Forward & IRS Contracts | 81.40 |
| Recognition of Provision for Expected Cash Discounts of Outstanding Debtors | (285.22) |
| Recognition of Provision for Expected Credit Losses of Outstanding Debtors | (244.85) |
| Derecognition of Unamortised Expenses pertaining to Scheme of Arrangement | (80.74) |
| Recognition of Prepaid Processing Fees | 172.14 |
| Derecognition of Proposed Dividend and Tax on Distribution of Proposed Dividend | 871.50 |
| Actuarial loss on Defined Benefit plans reclassified to Other Comprehensive Income | 92.55 |
| Deferred Tax impact of Ind AS adjustments | 331.30 |
| **Net Impact of Ind AS adjustments in Reserves & Surplus** | **950.40** |
| | |
| Actuarial loss on Defined Benefit plans reclassified from Retained Earnings | (92.55) |
| **Net Impact of Ind AS adjustments in Other Comprehensive Income (OCI)** | **(92.55)** |
| | |
| **Net Impact of Ind AS adjustments in Reserves & Surplus** | **857.85** |
| | |
| Share Capital as per Ind AS | 1,206.82 |
| Reserves & Surplus as per Ind AS | 48,048.76 |
| **Shareholders Funds as at 01.04.2015 as per Ind AS** | **49,255.58** |

# SALES RECONCILIATION AS PER IND AS & I-GAAP

(Rs. in lacs)

| Reconciliation of Net Sales as per Ind AS & I-GAAP | Q1 30.06.2015 | Q2 30.09.2015 | Q3 31.12.2015 | Q4 31.03.2016 | 12M 31.03.2016 |
|---|---|---|---|---|---|
| Net Sales for the period as per I-GAAP | 38,074.83 | 40,077.48 | 42,174.41 | 45,282.68 | 165,609.40 |
| Reclassification of Advertisement & Sales promotion Expenses | - | (14.25) | (399.22) | (13.89) | (427.36) |
| Reclassification of Excise Duty refund to Other Income | (120.45) | - | - | (473.34) | (593.79) |
| Recognition of Provision for Cash Discount | 20.35 | 6.76 | (52.96) | 10.57 | (15.28) |
| **Net Sales for the period as per Ind AS** | **37,974.73** | **40,069.99** | **41,722.23** | **44,806.02** | **164,572.97** |

# Joint Managing Director's Message

**Commenting on the performance for Q3 FY2017, Mr. Shobhan Mittal, Joint Managing Director and CEO, Greenply Industries Ltd. said,**

"Demonetisation has had a strong negative impact on our performance during this quarter. Our topline fell by 14% overall. Impact on Plywood business was much lower at 6% (the balance 3% impact on plywood topline was due to end of excise exemption at the Rudrapur Plywood Unit) whereas it had a negative impact of 26% on MDF topline. However, we were able to maintain our Gross Margins and Working Capital days during the quarter.

We expect a better performance in Q4. However, we are revising our topline guidance from 6-8% to 1-2% for FY 2017."

# COMPANY OVERVIEW

| | |
|---|---|
| **CAPACITY UTILIZATION** | • Plywood 101% utilization; further demand to be catered through outsourcing<br>• MDF 99% utilization; to undertake greenfield expansion in Andhra Pradesh over FY16-19 to cater to future demand |
| **PRODUCTION MODEL** | • Plywood – 70% in-house, moving towards an asset light set-up by increasing proportion of outsourcing<br>• MDF – 100% in-house |
| **RAW MATERIAL SUSTAINABILITY** | • Plantation of fast growing and improved species of clonal plantations to improve quality of wood availability and plywood manufactured<br>• Backward integration through 50% JV in Myanmar for production of face veneers<br>• Setting up of a manufacturing unit for veneer, lumber and panel products in Gabon SEZ in West Africa |
| **FINANCIAL PERFORMANCE** | • Net Sales, EBIDTA and PBT CAGR of 11.6%, 20.8% and 42.3% respectively over FY12-16 |
| **STRONG RETURN RATIOS** | • Pre-tax ROCE of 23.1% and Post-tax ROCE and ROE of 18.4% and 21.4% in FY16 |

# COMPANY OVERVIEW

**BUSINESS SEGMENTS**

- Wood based products - Plywood and allied products, Medium Density Fibreboards (MDF)
- Demerged the Decorative Business –listed as separate entity

**STRONG INDUSTRY POTENTIAL**

**Plywood industry size –** Rs. 180 billion

**MDF industry size –** Rs. 16 billion

- Strong demand drivers – rising residential/ commercial construction, increasing urbanization, high disposable incomes, GST Implementation and Government Announcement regarding construction of 100 smart cities

**STRONG BRAND PRESENCE BUILT OVER 30 YEARS**

- Largest pan-India player with 26% share of organized plywood market; 30% share of domestic MDF market
- Large investments in advertisements and promotional activities over the years

**WELL ENTRANCHED DISTRIBUTION NETWORK**

**Distributors/stockists**
- Plywood 1,170
- MDF 600

**and retailers**
- Plywood 6,000
- MDF 4,000

- Serviced by 29 branches for ply and 14 branches for MDF pan-India

**MANUFACTURING FACILITIES**

- 4 state–of-the-art manufacturing facilities for Plywood
- 1 facility for MDF – largest in the country

# GROWTH OUTLOOK

### INDUSTRY DRIVERS

- Rising demand from the real estate sector
- Increasing urbanisation, higher disposable incomes and a growing middle class
- Rollout of GST to facilitate faster shift from unorganised to branded products in the plywood space

### PRODUCT PROFILE

- To improve mix of plywood through increase in mix of value-added products like Green Defender, Green Gold Prima and Natural Veneers
- To increase ratio of value-added products in MDF like Exterior grade MDF, Pre-Laminated MDF and Laminated Flooring / Veneer flooring

### ADVERTISING & PROMOTIONAL SPENDS

- Continued investments in increasing brand visibility pan-India
- Maintain Ad spends at around 3% of Net Sales

### FINANCIAL PERFORMANCE

- Expect a 1-2% growth in FY17
- Margins expected to improve by 50-70 bps in FY17 driven by better product mix and cost control

### DISTRIBUTION NETWORK

- To increase the number of distributors and retailers going forward

### IT INITIATIVES

- Upgrading IT infrastructure – implemented SAP Hana to strengthen overall supply chain
- Implemented Microsoft CRM Module

### EXPANSION PLANS

**Plywood**
- Optimise utilisation in existing facilities
- Increase outsourcing proportion to 30% from 22% presently over the next 3 years

**MDF - Setting up of a new plant in Andhra Pradesh over FY16-19**

# ANNEXURE

# MANUFACTURING FACILITIES / PRODUCTION MODEL

## PLYWOOD

### Facilities

| Location | Capacity (mn sqm.) |
|---|---|
| Tizit, Nagaland | 4.50 |
| Kriparampur, West Bengal | 6.00 |
| Pantnagar, Uttarakhand | 10.50 |
| Bamanbore, Gujarat | 11.40 |
| **Total Capacity** | **32.40** |

### Production Model

70% in-house, 30% outsourced in volume terms

To increase proportion of outsourcing to 30% (in value terms) from 22% currently over next 3 years

- Asset light model generating higher ROCE's
- Mid-segment variants to be outsourced freeing existing capacities for premium variants
- Quality Team on vendor's site to monitor quality of inputs and ensure consistent quality of finished product

## MDF

### Facilities

| Location | Capacity (cum) |
|---|---|
| Pantnagar, Uttarakhand | 1,80,000 |

Largest facility in India

### Production Model

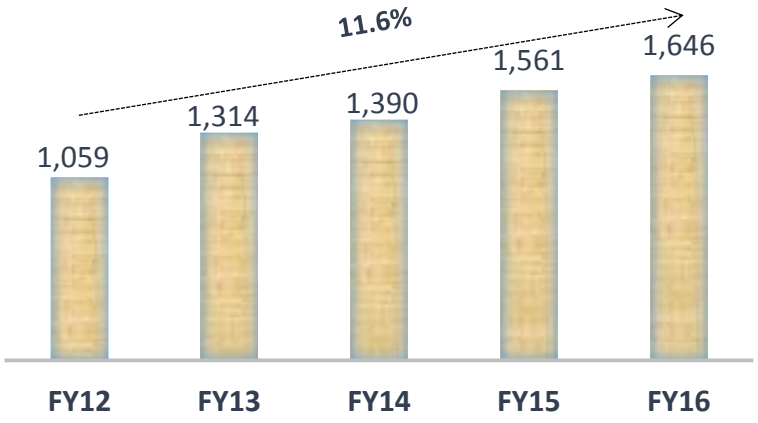
100% in-house

To undertake greenfield expansion in Andhra Pradesh – abundance of plantation wood

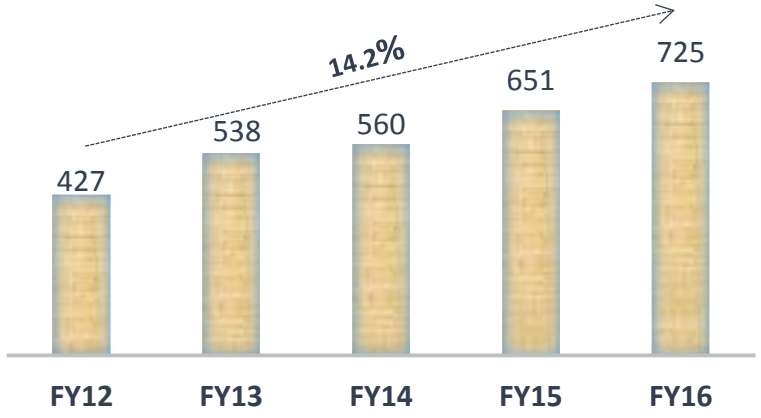
Expansion to take place over FY16-FY19

# STRONG PERFORMANCE TRACK RECORD

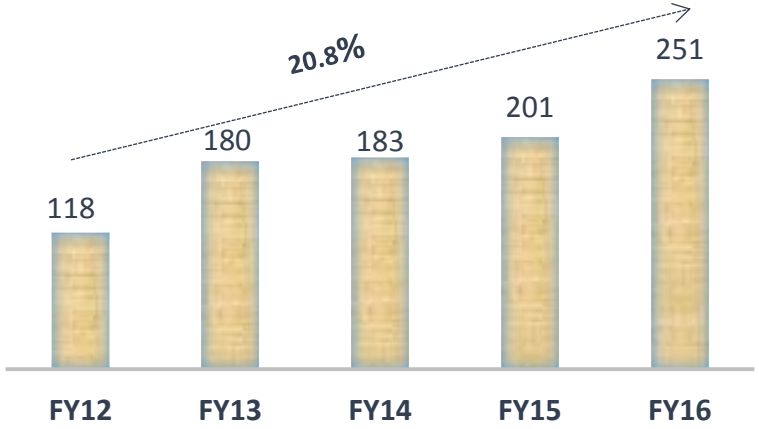
## NET SALES



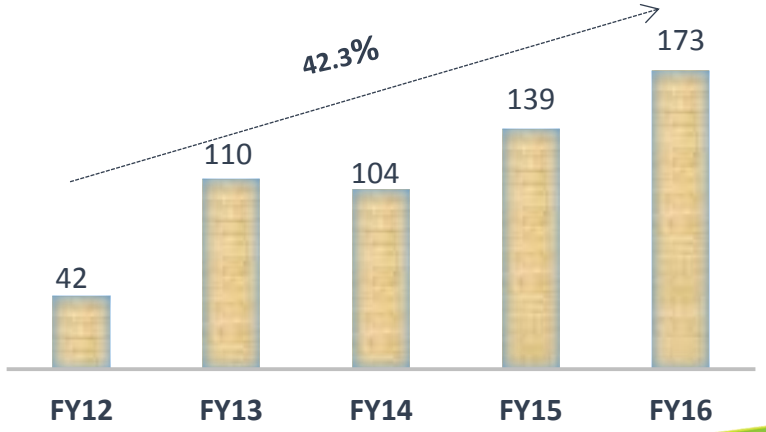

## GROSS PROFIT




## EBITDA




## PBT



# SEGMENT-WISE PERFORMANCE

**Plywood**

| Particulars | FY12 | FY13 | FY14 | FY15 | FY16 | CAGR |
|---|---|---|---|---|---|---|
| Net sales (Rs. crore) | 815.58 | 940.17 | 1,037.30 | 1,152.07 | 1,165.36 | 9.3% |
| EBITDA margin (%) | 9.8% | 10.6% | 10.3% | 9.1% | 9.7% | - |
| EBIT margin (%) | 7.2% | 8.9% | 7.9% | 6.8% | 7.3% | - |
| Annual capacity (million sqm.) | 28.35 | 32.4 | 32.4 | 32.4 | 32.4 | - |
| Production (million sqm.) | 32.14 | 34.28 | 34.68 | 33.08 | 32.60 | 0.4% |
| Sales volume (million sqm.) | 38.02 | 41.54 | 44.51 | 46.11 | 48.25 | 6.1% |
| Utilisation (%) | 113% | 106% | 107% | 102% | 101% | - |
| Average realisation (Rs./sqm.) | 203 | 215 | 222 | 241 | 237 | 3.9% |

**MDF**

| Particulars | FY12 | FY13 | FY14 | FY15 | FY16 | CAGR |
|---|---|---|---|---|---|---|
| Net sales (Rs. crore) | 243.72 | 374.18 | 352.72 | 408.51 | 476.08 | 18.2% |
| EBITDA margin (%) | 15.4% | 21.6% | 21.6% | 23.3% | 29.0% | - |
| EBIT margin (%) | 9.0% | 17.5% | 17.0% | 18.5% | 24.7% | - |
| Annual capacity (cubic metre) | 180,000 | 180,000 | 180,000 | 180,000 | 180,000 | - |
| Production (cubic metre) | 116,898 | 157,948 | 136,723 | 161,229 | 177,382 | 11.0% |
| Sales volume (cubic metre) | 116,622 | 153,426 | 137,932 | 161,424 | 177,953 | 11.1% |
| Utilisation (%) | 65% | 88% | 76% | 90% | 99% | - |
| Average realisation (Rs./cum.) | 20,898 | 24,386 | 25,552 | 25,238 | 26719 | 6.3% |

# OUR BRANDS

Green Greenply PLYWOOD

GREEN CLUB Plus PLYWOOD

GREEN PANELMAX MDF BOARD

GREEN FLOORMAX WOOD FLOORS

GREEN CLUB PLYWOOD

GREEN DEFENDER

optima Plywood & Blockboard

ECOTEC PLYWOOD & BLOCKBOARD

GREEN Naturals 100% BURMA TEAK VENEERS

GREEN SPECTRUMWOOD VENEERS

Naturemax DECORATIVE VENEERS

BLACK FOREST

GREEN COMPREG

GREEN Flexiply

GREEN READY LINES

GREEN CLUB DOORS

# ABOUT GREENPLY INDUSTRIES LIMITED

Greenply Industries Limited (GIL) enjoys leadership position in plywood and medium density fibreboards (MDF) accounting for almost 26 percent of the organized plywood and 30 percent of the MDF market in India.

GIL has four state–of-the-art manufacturing facilities for Plywood and one facility for MDF spread across the country producing world class interior products for the domestic and global markets. The company has a presence in over 300 cities across 21 states serviced through a well-entrenched distribution network of 1,800 distributors and 10,000 retailers and 48 branches pan-India.

GIL is the preferred partner of choice for a large number of office and home builders having a comprehensive product portfolio servicing clients at every point of the price spectrum under brand names of Greenply Plywood, Green Club Premium Ply, Optima Red, Ecotec, Green Panelmax and Green Floormax, to name a few.

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