



**Greenlam Industries Limited**

Annual Report 2019-20

**Forward-looking statement**

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Note: The figures in non-statutory section are based on consolidated financials unless stated otherwise.

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At Greenlam, our consistent focus has been on building an enduring company.

During the last financial year, when the Indian economic growth was slower by 190 bps, Greenlam reported higher numbers.

We believe that we possess the focus, products and Balance Sheet to do so once again when consumer sentiment revives and people begin to say ‘It’s time to build better homes and offices.’

*We will be there.*

# Greenlam. What makes us a distinctive company.

**THE LARGEST LAMINATE  
MANUFACTURER IN ASIA AND  
AMONG THE THREE LARGEST IN  
THE WORLD.**

**INDIA'S LARGEST LAMINATES  
EXPORTER FOR EIGHT  
CONSECUTIVE YEARS.**

**INDIA'S LEADING DECORATIVE  
VENEER BRAND.**

**INDIA'S ONLY ENGINEERED  
WOODEN FLOORING  
MANUFACTURER.**

**INDIA'S FIRST ORGANISED  
MANUFACTURER OF ENGINEERED  
WOODEN DOOR SETS.**

## **Taken measured yet consistent steps**

The Company commenced commercial production in 1993 with a laminate sheets manufacturing facility at Behror, Rajasthan. Within the space of 27 years, it graduated to the manufacture of compact panels, cladding solutions, restroom cubicle and locker solutions, kitchen solutions, decorative veneers, engineered wooden flooring, staircase solutions and engineered wooden door sets, in addition to providing a comprehensive range of decorative laminates.

## **Consistent focus on credible financials**

Greenlam has focused consistently on de-leveraging its Balance Sheet, strengthening its working capital management and trade terms, increasing proportion of value-added products and effective cost management. The result is that Greenlam has a demonstrated competitiveness across market cycles.

## **Enhanced accountability to business owners**

Greenlam is listed on the BSE Limited and National Stock Exchange of India Ltd. The Company enjoyed a market capitalisation of ₹1199.82 crore as on March 31, 2020 (regaining its position as one of the Top 500 companies listed on National Stock Exchange).

## **Created a professional organisation**

Greenlam Industries Limited is headed by Mr. Saurabh Mittal (Managing Director & CEO), who possesses more than two decades of rich experience in growing the laminates business. The Company is professionally managed, employs a strong sales team that has widened its Indian and global footprint and a design team that helps in introducing innovative designs in line with market dynamics. The Company employs 4500+ people (including contractual employees).

## **Built world-class manufacturing capabilities**

Greenlam manufactures products in two state-of-the art manufacturing facilities at Behror in Rajasthan and Nalagarh in Himachal Pradesh, possessing a manufacturing capacity of 15.62 million laminate sheets per annum. The Behror plant also manufactures melamine-faced chip boards, decorative veneers, engineered wooden flooring and engineered wooden door sets.

## **Addressed customer demand in every possible territory**

Greenlam has strengthened its market presence by providing products proximate to consumer consumption. The Company's products are marketed through nine large regional distribution centres, 21 branch offices, 5 warehouses and 14000+ distributors, dealers and retailers, possibly the largest footprint within the sector in India. The Company's products are available in 100+ countries, supported by 3 international distribution centres, 14 international offices, 5 overseas operational subsidiaries and 100+ multi-cultural employees.

## **Inculcated sectoral best practices**

Greenlam's environment commitment is showcased in confidence-enhancing certifications like FSC, PEFC, ISO 14001 and OHSAS 18001. The Company enjoys product-specific certifications like ISO 9001, CE, UL, NSF, SEFA, Greenlabel, Greenguard and NEMA (US and BS), reinforcing its respect as a quality-driven company. The Company also enjoys SEDEX certification for Ethical Trade Initiatives.

# Products portfolio

## Decorative Laminate & Allied Products

### Laminates



- Commodity to Premium products



### Compact Panels



- Standard Compact Panels
- Lab Guardian
- Restroom & Locker Solutions
- Clads – Façade Panels
- Stratus Kitchen Solutions



### MFC



- Melamine Faced Chip Board



## Veneer & Allied Products

### Decorative Veneer



- Natural Veneer
- Teak Veneer
- Engineered Veneer



### Mikasa Floor



- Engineered Wooden Flooring & matching accessories



### Mikasa Door



- Engineered Wooden Door and Door sets (Door + Frames)





# Our consolidated financial performance, FY2019-20



## Overview

Consolidated net revenues grew 3.1% to <b>₹1320.6</b> crore from <b>₹1280.7</b> crore in FY2018-19	EBIDTA grew 12.4% to <b>₹178.2</b> crore from <b>₹158.5</b> crore in FY2018-19.	PAT grew 12.4% to <b>₹86.7</b> crore from <b>₹77.1</b> crore in FY2018-19.
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## Business health

Gross margin improved 290 bps to <b>49.2%</b> in FY2019-20 from <b>46.3%</b> in FY2018-19	Gross margin in absolute terms increased 9.7% to <b>₹650.2</b> crore in FY2019-20 from <b>₹592.9</b> crore in FY2018-19	EBIDTA margin grew 110 bps to <b>13.5%</b> in FY2019-20 from <b>12.4%</b> in FY2018-19.
Working capital cycle increased by <b>3</b> days to <b>93</b> days in FY2019-20		

## Products

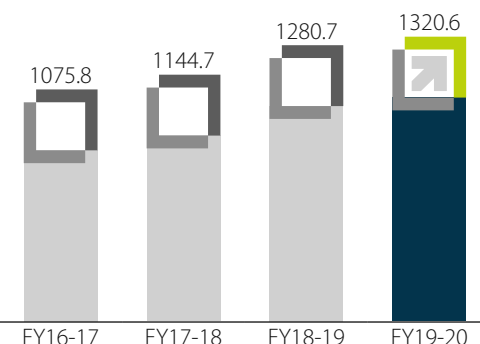
Laminate revenues grew 3.5% to <b>₹1122.2</b> crore from <b>₹1084.5</b> crore in FY2018-19	Domestic laminate revenues de-grew <b>3.7%</b> by value and <b>9.9%</b> by volume over FY2018-19	Laminate exports grew <b>11.0%</b> by value and <b>5.2%</b> by volume over FY2018-19
Decorative veneer revenues de-grew 13.7% to <b>₹112.7</b> crore in FY2019-20 from <b>₹130.7</b> crore in FY2018-19 (volume de-growth 12.2%)	Engineered wooden flooring revenues grew 18.9% to <b>₹51.2</b> crore in FY2019-20 from <b>₹43.0</b> crore in FY2018-19	Engineered wooden door revenues grew 53.3% to <b>₹34.5</b> crore in FY2019-20 from <b>₹22.5</b> crore in FY2018-19

# Values that drive Greenlam

				
Trust	Performance	Learning	Speed and agility	Team work
TRUST PEOPLE TO BE RELIABLE AND RESPONSIBLE AND EARN THEIR TRUST SIMILARLY.	WE VALUE PERFORMANCE ACROSS PRODUCTS, PEOPLE AND PROCESSES.	WE ENCOURAGE LEARNING, CREATING AND NURTURING TALENT.	WE ARE QUICK TO DECIDE, RESPOND AND EXECUTE.	WE ACHIEVE MORE BY COLLABORATION WITH ALL STAKEHOLDERS – INTERNAL AND EXTERNAL.
Our dealings as an organisation with the environment including individual employees, vendors, business partners, investors, customers and society at large would be in a premise of good faith. We would trust others and strive to earn the trust of others. We would thereby not deal with anybody who breaches our trust or the trust placed on us by our environment. We empower our employees by placing trust in them to take decisions in the best interest of the organisation and as per promulgated norms.	Performance is valued as the core ingredient for sustainability and would therefore be the underlying metric for selecting people, products or processes for the organisation. Other values would be additional to performance. Performance would mean delivering on commitment in every parameter. It would also entail effort and a continuing endeavour to improve the status quo in order to achieve excellence.	Our organisation facilitates the learning of our employees and continuously transforms itself. We also support formal learning through structured programs to empower people outperforming their individual potential.	We value decisions being made without undue procrastination and being implemented within the shortest possible time because we value this as a source of competitive advantage. Individuals will therefore be held accountable wherever any delays are attributable to them either in the decision making or implementation process. Similarly we shall respond to the market proactively rather than reacting when situation reaches a point where inaction becomes unaffordable.	Given the inter linkage of output of others with our performance, we nurture a sense of collective destiny with our environment. Internally, if a peer fails, the team cannot succeed and individual success means little in a failed team. Also, our customers, partners and investors need to succeed. Therefore, organisational goals precede departmental goals. Also, dealers, distributors and vendors are our partners.

# How we have grown over the years

## Revenues (₹ crore)



### Definition

Growth in sales net of taxes

### Why this is measured

It is an index that showcases the Company's ability to maximise revenues, which provides a basis against which the Company's success can be compared with sectoral peers.

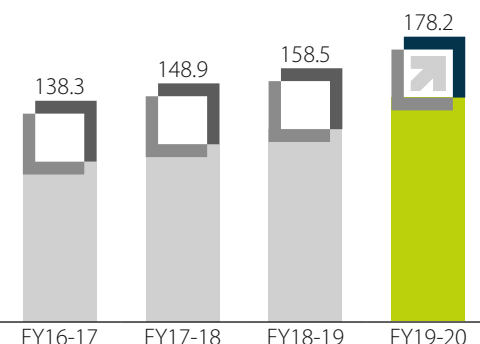
### What this means

The growth in revenues provides the Company with the critical mass to amortise fixed costs effectively.

### Value impact

Aggregate sales increased 3.1% to ₹1320.6 crore in FY2019-20 despite the slowdown in Q1 and Q4, owing to the ERP migration and COVID-19 disruption respectively.

## EBIDTA (₹ crore)



### Definition

Earnings before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax)

### Why this is measured

It is an index that showcases the Company's ability to generate a surplus after optimising operating costs, providing a base for comparison of its effectiveness with sectoral peers.

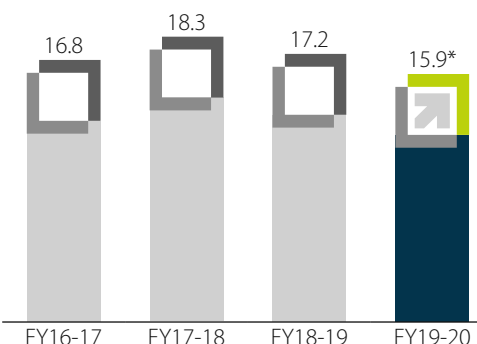
### What this means

Helps create a robust surplus-generating engine that enhances reinvestment.

### Value impact

The Company reported a 12.4% increase in EBIDTA in FY2019-20 (higher than the revenue percentage growth and the highest quantum increase in three years), an outcome of improving efficiency.

## RoCE (%)



### Definition

This is a financial ratio that measures efficiency with which capital is employed in the Company's business

### Why this is measured

RoCE is an insightful metric to compare profitability across companies based on their respective capital efficiency

### What this means

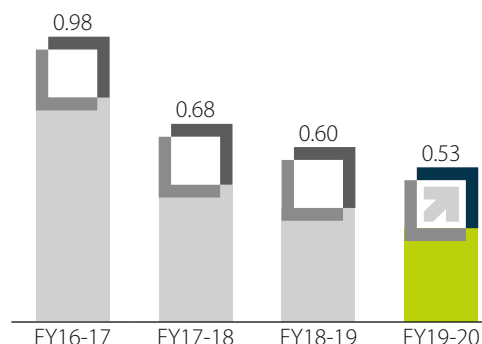
Enhanced RoCE can potentially drive valuations and market perception.

### Value impact

The Company reported a 130 bps decline in RoCE in FY2019-20 on account of capex made in growing the business.

*\*16.8% RoCE without considering investment in Greenlam South Limited (new capex)*

## Net debt-equity ratio (x)



### Definition

This is the ratio of debt to net worth (less revaluation reserves)

### Why this is measured

This is one of the defining measures of a company's financial health. This indicates the ability of the Company to remunerate shareholders over debt providers (the lower the gearing the better).

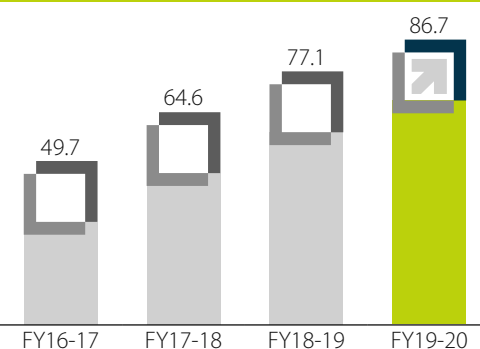
### What this means

This indicates whether the Company has enhanced shareholder value by moderating debt and enhancing net worth.

### Value impact

The Company's gearing stood at 0.53 in FY2019-20 compared to 1.0 in FY2016-17.

## Net profit (₹ crore)



### Definition

Profit earned during the year after deducting all expenses and provisions

### Why this is measured

It highlights the strength of the business model in enhancing value for shareholders.

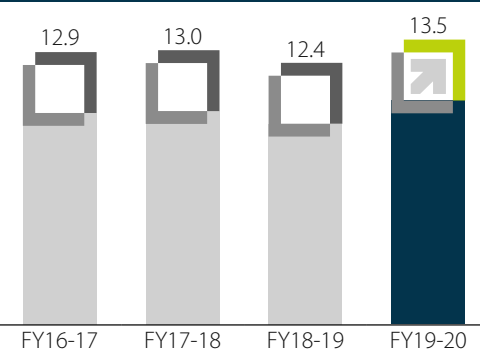
### What this means

This ensures that adequate cash is available for reinvestment, leading to business sustainability.

### Value impact

The increment in net profit by 12.4% indicates success in a challenging market cycle (especially in March 2020 following the pandemic impact).

## EBIDTA margin (%)



### Definition

EBIDTA margin is a profitability measure to ascertain a company's operating efficiency

### Why this is measured

The EBIDTA margin provides an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sales.

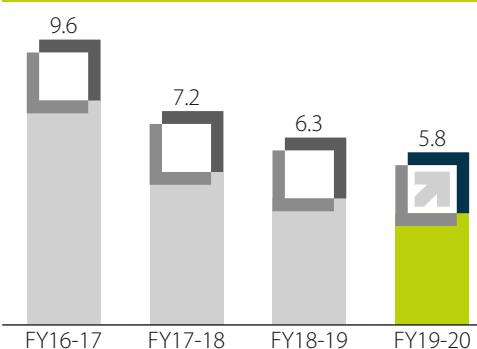
### What this means

This measure demonstrates the buffer in the business, which when multiplied by scale, can potentially enhance the surplus.

### Value impact

The Company reported a 110 bps increase in EBIDTA margin in FY2019-20, its highest in three years following all-round business tightening.

## Debt cost (%)



### Definition

This is derived through the computation of the average cost of the consolidated debt on the Company's books.

### Why this is measured

This indicates the Company's ability in convincing debt providers of the robustness of the business model and negotiating a lower debt cost (leading to higher margins).

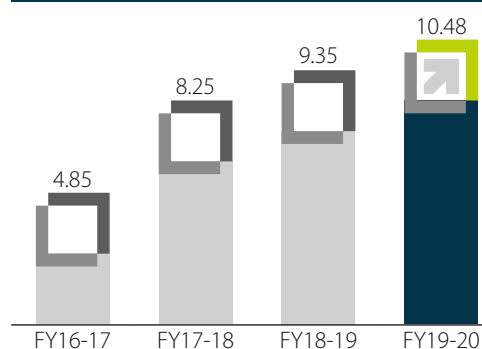
### What this means

This translates into enhanced cash flows and strengthens credit rating leading to successive probable declines in debt cost

### Value impact

The Company's debt cost declined from 6.3% in FY2018-19 to 5.8% in FY2019-20 (a mix of forex and rupee debt), its lowest in years.

## Interest cover (x)



### Definition

This is derived through the division of EBIDTA by interest outflow

### Why this is measured

Interest cover indicates the profit buffer available within the Company to service interest – the higher the better.

### What it means

A company's ability to meet its interest obligations, an aspect of its solvency; it is arguably one of the most important measures of shareholder returns.

### Value impact

The Company strengthened its interest cover from 9.35 in FY2018-19 to 10.48 in FY2019-20.

# The world of Greenlam.

Made in India. Marketed the world over.



## Bangkok, Thailand

**Ratchaneewan Sriraporn**  
needed to buy a laminate for a hospital. The dealer told her that he had just the product she may need. An anti-bacterial laminate. *Greenlam.*



## Dubai, UAE

**Rashid Al Halaki**  
needed premium laminates for his palatial 16-room mansion. The ordinary would not do. He reached out to the largest dealer in the region who showed him just what his wife loved. *Greenlam.*



## Cairo, Egypt

**Ayesha Issa**  
a young entrepreneur, needed synchro collection laminates for her new office. She had a simple need: no compromise. When the dealer heard this, he said, "Ohh, why didn't you say so earlier?" He recommended just one brand. *Greenlam.*



## Milan, Italy

**Alessandro Rossi**  
interior designer, needed to create an impression with his studio. He searched the net and found Greenlam. He located the Company's local representative. Studied the swatch. And got just what he wanted.



## Miami, US

**Emma Cruz**  
sought to renovate her Airbnb condo in Miami with premium laminates designed to resist the salty sea spray. She reached out to her trusted interior designer who recommended two names. One was *Greenlam.*



## Haifa, Israel

**Esther Horowitz**  
wished to restore her grandfather's old house. His requirement: anti-termite laminates. She turned to *Greenlam.*

Our  
product  
categories





## OUR PRODUCT CATEGORIES

Greenlam.  
A conviction to  
be better than  
yesterday.  
And the  
foresight to  
be better for  
tomorrow.



# Laminates and compact laminates



**15.62**

Million sheets a year  
of installed capacity

**1122.2**

Consolidated revenues,  
FY2019-20 (₹ in crore)

## Laminates and compact laminates

### Laminates

**10000+**

Decors collection

### Compact laminates

**100+**

Decors collection

### Veneered laminates

**200+**

Natural veneer  
species

### Veneered Compact laminates

**20+**

Natural veneer  
species

## Applications

Laminate business has witnessed an immense change in terms of design evolution and product performance.

It graduated from a commodity product into a lifestyle and low maintenance surfacing option. Greenlam offers variety of laminates catering to application

needs, starting from liners to specialised material for segments like hospitality, healthcare, education, retail, commercial and residential spaces.

Greenlam offers products across dimensions (3'x7', 4'x8', 4.25'x10', 5'x12', 6x12) and thickness (0.5mm -1.5mm). The Compact Laminates are available

from 3mm to 25mm thickness. The products can be used on vertical and horizontal surfaces. They are available in an array of designs, colours and textures. These can be applied on almost every surface - table tops, doors, shelves and counters to reception desks and furniture.