interior infrastructure company

Greenply Industries Limited

Annual Report 2006-07

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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 'anticipate', 'estimate', '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 realized, 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 materialize, 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.

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Any business that integrates closely into the lives of a people and a nation assumes the role of critical infrastructure.

Over the years, core building products like steel and cement have played a supporting role in reinforcing India's infrastructure.

There is a greater realization now that plywood and laminates complement the responsible contribution of the other two building products; they provide interior infrastructure solutions that make millions of homes and offices robust, secure and attractive.

At Greenply, we are proud to introduce ourselves as one of India's largest interior infrastructure companies, accounting for 35 per cent of its organized plywood and 25 per cent of its organized laminate markets.

In addition to our size, we are also one of the most profitable interior infrastructure companies in India, reporting a turnover of Rs 188.40 cr and a post-tax bottomline of Rs 5.28 cr in 2004-5.

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PRODUCTS

- All types of plywood, laminate and decorative veneer.
- One of the highest market share in India for plywood, laminate and decorative veneer.
- Number of pioneering brands like Greenply, Green Club, Green Decowood in the plywood segment and Greenlam, Greengloss, Greentouch, Green Lam with Metashield in the laminate segment.

PLACE

Greenply's presence in the plywood and laminate industries with an estimated consolidated turnover of Rs 5000 cr, growing annually at around 15-20 per cent.

PRESENCE

- 210 dealers across the country, comprising 17 branches, among the largest Indian distribution networks in the business.
- Export of products to 15 countries.
- Exports at about 17 per cent of turnover.

PLANTS

- Installed annual capacity for timber products and laminates at 55,500 cu.m and 19,60,000 sheets respectively (2004-5).
- Plywood unit in Tizit (Nagaland) and laminate unit in Behror (Rajasthan).
- Plywood unit strategically close to a rich raw material source; laminate unit close to the largest consumption market in India.

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PUBLIC HOLDING

- 129 per cent increase in market capitalisation to Rs 26.37 cr (31 March, 2005) on the BSE.
- 90 per cent increase in market capitalization to Rs 25.69 cr (31 March, 2005) on the NSE.
- Listing of the company's shares on the NSE, BSE, CSE and Gauhati Stock Exchange.

PERFORMANCE

- 11 years profit-making and uninterrupted dividend record.
- 8.35 per cent CAGR in revenues over the last five years ending 2004-5.
- 8.50 per cent CAGR in EBIDTA over the last five years, ending 2004-5.
- 11.10 per cent CAGR in profit after tax over the last five years, ending 2004-5.

PRIDE-ENHANCING CERTIFICATIONS

ISO 9001 (Quality Management System) for the laminate unit.

ISO: 14001 (Environmental Management System) for the laminate unit.

OHSAS: 18001 (Occupational Health and Safety Management System) for the laminate unit.

Two star Export House.

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WHAT THE NUMBE[illegible]

18 per cent growth in revenue to Rs 189.30 cr

25 per cent increase in EBIDTA to Rs 18.01 cr

15 per cent growth in post tax profit to Rs 5.28 cr

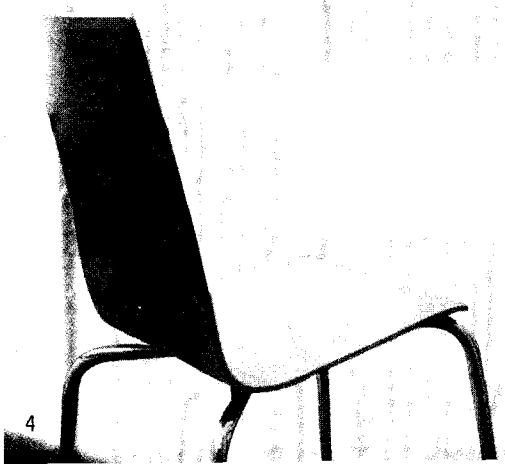
1200 basis point increase in EBIDTA margin to 20 per cent

45 per cent value growth in exports to Rs 31.37 cr

3 per cent increase in the average realization for timber products

15 per cent increase in the average realization for laminates, one of the highest in the industry

15 countries exported to



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Year	2001-2	2002-3	2003-4	2004-5
Timber products (cu.m)	18553	17415	21666	22231
Laminates (pcs)	2433017	2750437	2781041	3396356
Revenue (Rs in cr)	140.30	147.04	160.34	189.30
EBIDTA (Rs in cr)	12.37	13.30	14.38	18.01
Cash profit (Rs in cr)	5.77	7.88	9.12	9.44
PAT (Rs in cr)	2.06	3.73	4.59	5.28
EPS (Rs.)	2.21	4.17	5.60	10.41
DPS (Rs.)	0.80	0.80	1.10	2.50
Book value (Rs.)	36.53	37.54	41.90	75.49

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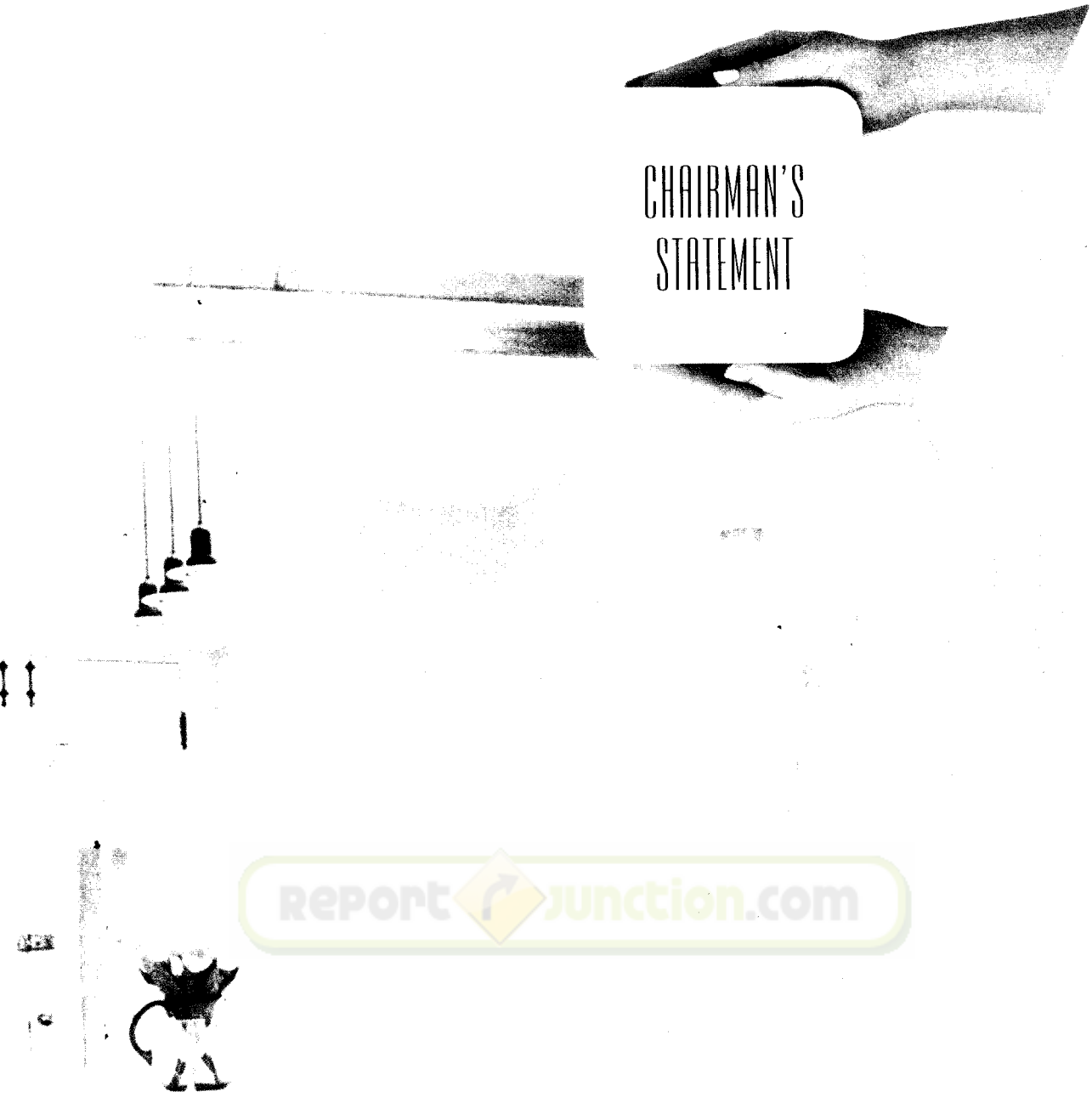

CHAIRMAN'S STATEMENT

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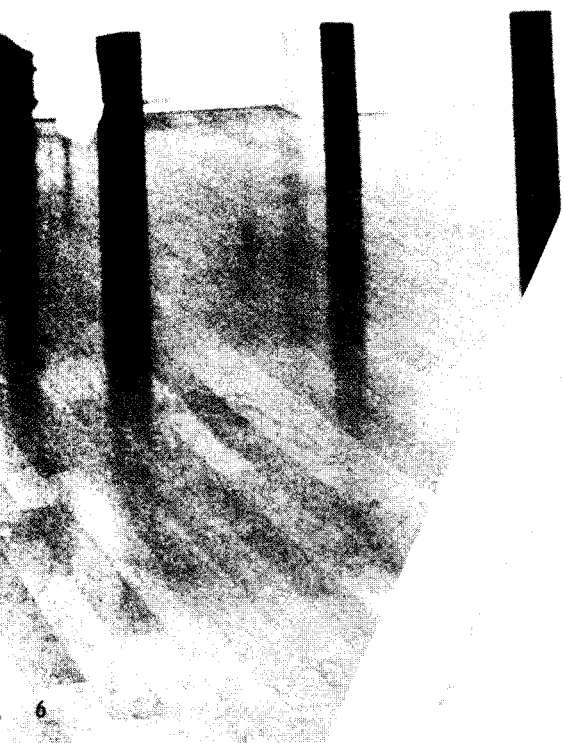

"URGENT NEED FOR PARTNERSHIP BETWEEN FARMER, INDUSTRY AND GOVERNMENT FOR A SUSTAINABLE GROWTH OF THE INDUSTRY"

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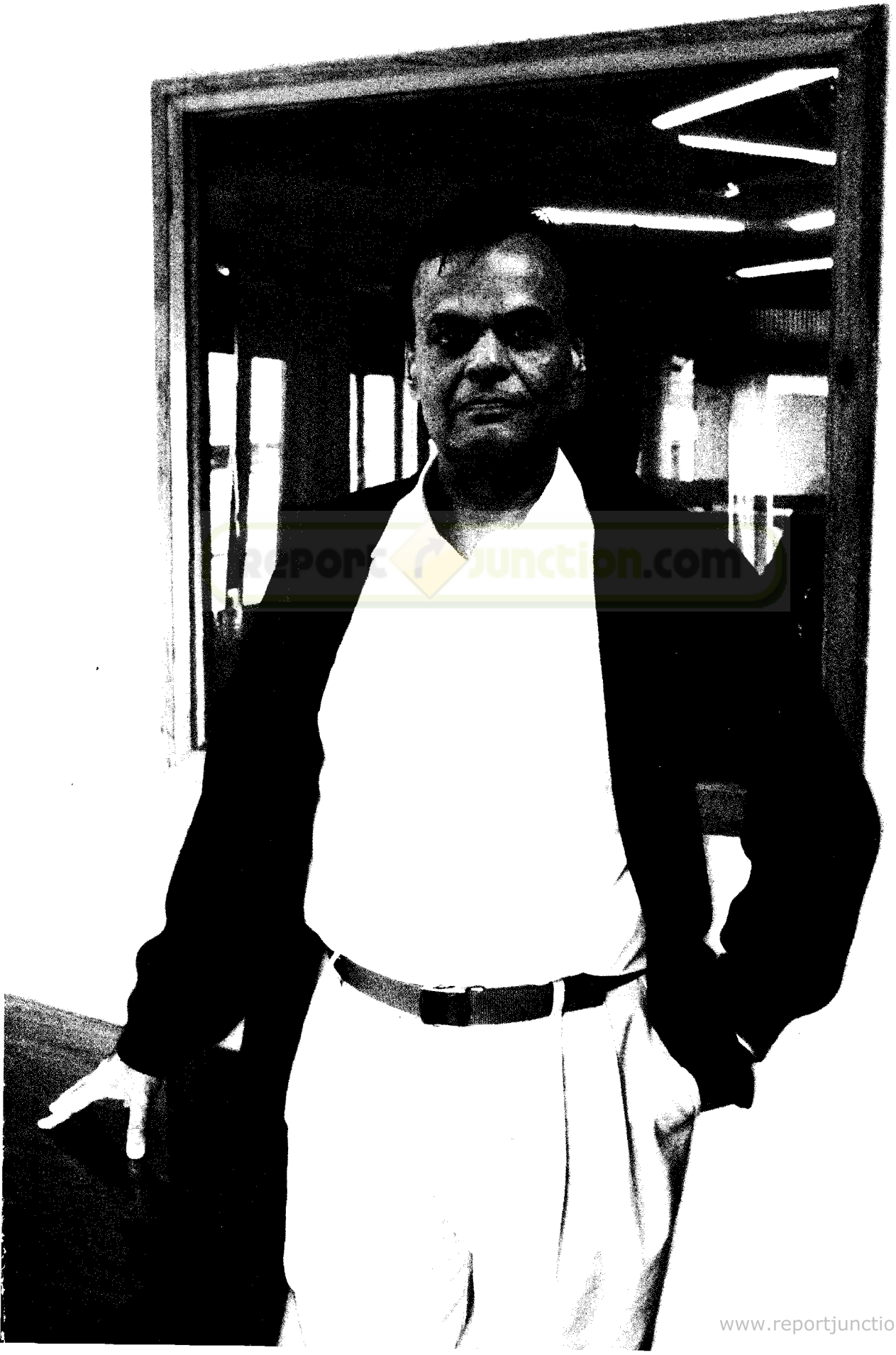

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If one looks at the immediate, then I am more than delighted to present our record performance in 2004-5:

- An increase in turnover by
18 per cent to Rs 188.40 cr
- An increase in profit before tax by
53 per cent to Rs 7.71 cr
- An increase in profit after tax by
15 per cent to Rs 5.28 cr
- An increase in EBIDTA margin by
1200 basis points to 20 per cent

These results are even more heartwarming as they were derived in the face of a considerable increase in the average price of our raw materials, increasing competition from the industry and competition from alternative materials.

However, I have no intention of discussing the fine print of our performance as it has been documented extensively in the later pages of this annual report.

My concern is how a declining wood availability and increasing price could impact our performance from a narrow perspective and affect national material security from a wider point of view.

Consider the following points:

- India requires 25 million rural homes with timber or panel products accounting for 25 per cent of the building cost.
- India is disadvantageously placed in this regard: It must support 16 per cent of the world's population and 14 per cent of the world's livestock on only 2.5 per cent of the earth's area.
- Of India's total recorded forest area of 7,65,210 sq km (23.28 per cent of geographical area), nearly 6,39,600 sq km (19.46 per cent) is under forests while the remaining 1,25,610 sq km is barren.
- Over the last three decades, about 39 million hectares of India's tree-covered land (area greater than Japan) has been laid bare.
- As a result, even as the National Forest Policy (1952) states that for ecological stability, one-third of India's land area stay forested, the effective forest cover is now less than 11 per cent of the geographical area (Ministry of Environment and Forests, 1987).
- Some Rs. 67,000 is required to transform one degraded hectare into a forested region across 10 years, the eleventh year yielding Rs. 200,000 per hectare.

However, the country's monthly investment is a meagre 84 paise per hectare across 75 million forested hectares.

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