



EXPERIENCE MEETS EXPERTISE

ANNUAL REPORT 2016-17

Contents

ABOUT GREENPLY

Experience meets Expertise **01**
Greenply at a Glance **08**
Consistent Performance **10**
Chairman's Perspective **12**
Operational Highlights **14**
Management Q&A **16**
Robust Value Creation Model **18**
Stronger and Sustainable Greenply **20**
India's Beloved Brand **26**
Simple. Transparent. Agile. **34**

GOVERNANCE REPORTS

Management Discussion and Analysis **36**
Directors' Report **55**
Business Responsibility Report **92**
Corporate Governance Report **100**

FINANCIAL STATEMENTS

Standalone Financials **123**
Consolidated Financials **183**

NET SALES

₹ **1,654.9** cr

EBIDTA

₹ **257.6** cr

POST-TAX PROFIT

₹ **135.1** cr

CASH PROFIT

₹ **183.6** cr

EARNINGS PER SHARE

₹ **11.08**

EQUITY SHARE INFORMATION

Market capitalisation
₹ **3,422 crore**
(31st March, 2017)

BSE Limited (BSE)
526797

Proposed dividend
₹ **0.60 per share**
(Face value ₹ 1)

Bloomberg Code
MTLM:IN

Promoters holding
51.03%

Reuters Code
GRPL.NS

National Stock Exchange
of India Limited (NSE)
GREENPLY



Find out more on www.greenply.com

Forward Looking Statement

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take 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 realised, although we believe we have been prudent in our assumptions. The achievements of results are 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 statement, whether as a result of new information, future events or otherwise.

Experience. Expertise.

One complements the other.

Therefore, when they come together, they
create a force multiplier.

A happy harmony of Experience and
Expertise is Greenply.

EXPERIENCE (E)

It is more than just a word for us. It encapsulates diverse aspects of our achievement over the years.

BRAND PROMINENCE

MARKET LEADERSHIP

INTEGRATED OPERATIONS

STRONG STAKEHOLDER
RELATIONSHIPS

TALENTED TEAM

PRODUCT RANGE

EXPERTISE (E)

It's the operative word at Greenply. The reason is not far to seek:

MANUFACTURING EFFICIENCY

QUALITY BENCHMARKS

RAW MATERIAL STRATEGY

DISTRIBUTION NETWORK

TECHNOLOGY EXCELLENCE

SUSTAINABLE VALUE
CREATION

E*E = Encouraging Outcomes

25+

Over twenty-five years of experience in the interior infrastructure industry

Trusted

Greenply is one of India's most trusted premier interior infrastructure brand.

26%+

Market share in the organised plywood segment

30%

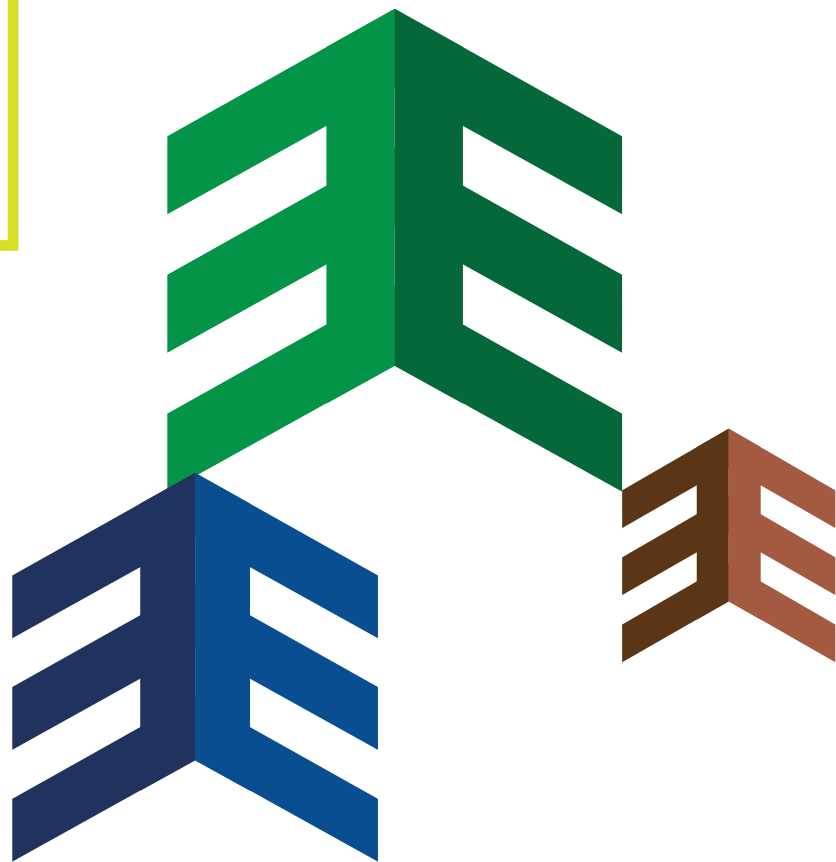
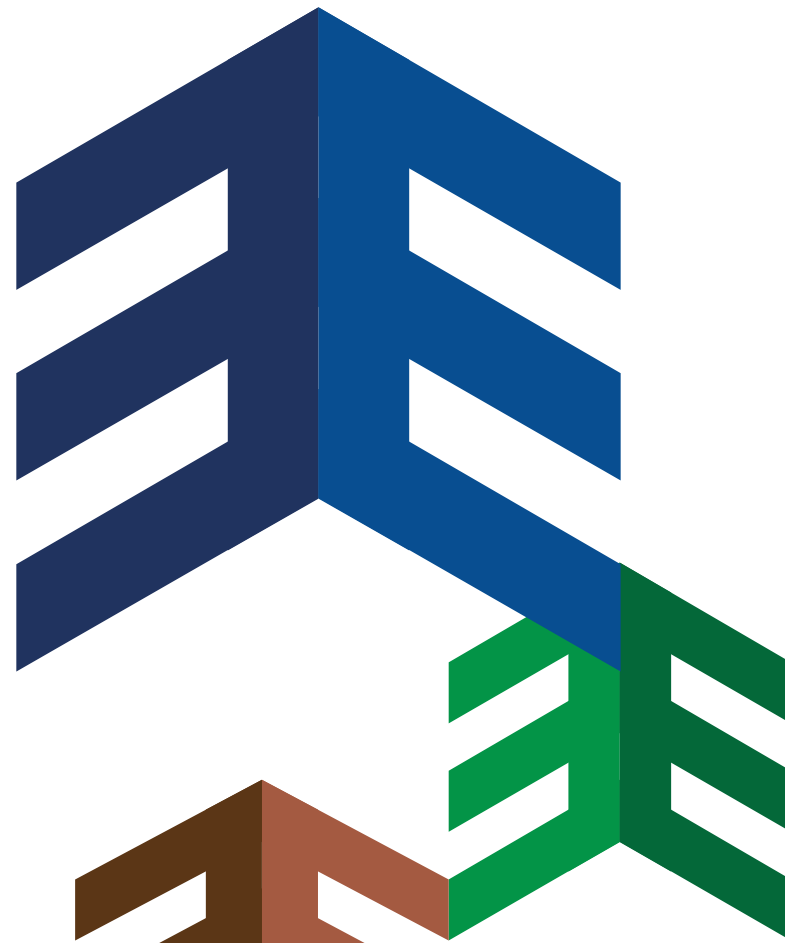
Market share in the domestic MDF market

16+

Cumulative premium plywood and MDF product brands

15+

Countries in which we export



5

World-class manufacturing facilities

39

Pan-India branches for plywood and MDF across 21 states

10,000+

Distributors, stockists, dealers, sub-dealers, and retailers

3,400+

Dynamic team

108%

Plywood capacity utilisation in 2016-17

105%

MDF capacity utilisation in 2016-17

At Greenply, we are identifying high potential markets and accordingly sharpening strategies, resource allocation and expansion plans.

We enhanced our outreach across cities, towns and villages through bespoke branding and marketing initiatives. We are engaging more with architects, carpenters, and key market influencers to enhance product awareness.

Not just this. We steadily enhanced our operational efficiency to ensure that the capacities were optimally utilised throughout the year.

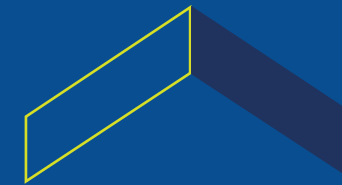
We also implemented a rational cost structure to instil a culture of zero tolerance to wastage. At the same time, we are empowering our people through various training initiatives to build a dependable talent pool for the future.

We are using our experience and expertise to create value for the long-term, and we believe that our best days are ahead of us.

Societal trends! Growth catalysts! Simply, both.



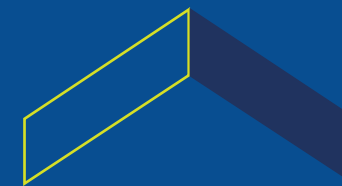
FASTER URBANISATION



MORE CONSUMPTION HUBS
BEYOND METROS



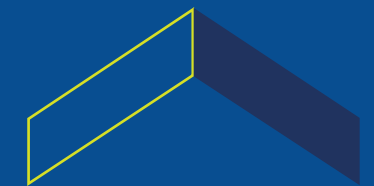
ENHANCED GOVERNMENT
IMPETUS IN
INFRASTRUCTURE CREATION



HUGE YOUTH BULGE IN
POPULATION



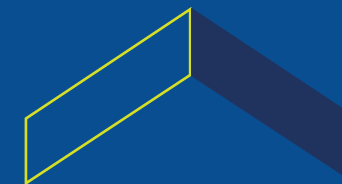
RISING DISCRETIONARY
INCOME



GROWING MIDDLE CLASS
POPULATION



INCREASING NUCLEAR
FAMILIES



GROWING DEMAND FOR
RESIDENTIAL AND
COMMERCIAL SPACES



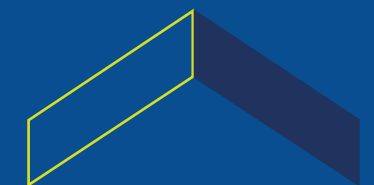
MORE USE OF PANEL
PRODUCTS AT HOME AND
OFFICE BUILDINGS



SHIFTING CUSTOMER
PREFERENCE TOWARDS
BRANDED BUILDING
PRODUCTS



GROWING CUSTOMER
PREFERENCE FOR MDF OVER
LOW-END PLYWOOD
PRODUCTS



RISING DEMAND FOR
READYMADE FURNITURE

Greenply at a Glance

Greenply Industries Limited (GIL) primarily engaged in the manufacture of an array of wood-based panel products, which include plywood, medium density fibre (MDF) boards and allied products.

We recently ventured into the business of trading of wallcovers in different categories, sourced from various overseas suppliers and marketed in India under the brand name 'Greenteriors'.

We address different price points to cater to customers across high-end, mid-market and economical segments. We believe this pan-India dealer network ensures that our products are easily available in almost any part of India.

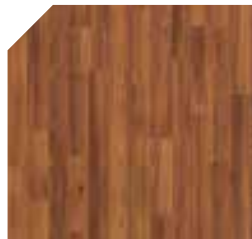
PRODUCT SEGMENTS



PLYWOOD AND BLOCK BOARD



MEDIUM DENSITY FIBREBOARD (MDF)



WOOD FLOORS



GREEN DOORS



DECORATIVE VENEERS AND RECONSTITUTED VENEERS



WALLCOVERS

CORE BRANDS



PLYWOOD



MEDIUM DENSITY FIBREBOARDS (MDF)



WOOD FLOORS



WALLCOVERS

STAYING TRUE TO OUR VISION

Transform every house to a home

DRIVEN BY OUR MISSION

Ensure on-time delivery of high-quality products
Create a cordial atmosphere within the organisation
Implement environmentally and socially considerate decisions for ourselves and the community

QUALITY ASSURANCE

We have ISO 9001:2008, ISO 14001:2004 and OHSAS 18001 certifications for the manufacture and supply of all the products manufactured in our plants (located at Pantnagar, Uttarakhand and Kriparampur, West Bengal).

We have an ISO 9001:2008 certification for the manufacture and supply of all the products manufactured at our plant located at Bamanbore, Gujarat.

BUSINESS ENABLERS

Nurturing a growth-oriented environment where passionate, skilled, problem solvers can uncork their potential

Offering right products through a deep understanding of one's own requirement

Adopting ground-breaking measures that reshaped the plywood industry

STRONG PAN-INDIA NETWORK

Our sales and marketing team periodically reviews new products, assesses market trends and develops business relations. We have a pan India marketing network of:

- Pan-India branches:**
24 for plywood and 15 for MDF
- Distributor, Dealer and Stockist:**
Plywood - 1,656 and MDF - 472
- Retailer network:**
Plywood - 3,042 and MDF - 5,000

MANUFACTURING FACILITIES & CAPACITIES

FACILITY	PRODUCT	CAPACITY	
Tizit, Nagaland	Plywood	4.50 mn. sq. mts.	32.4 mn. sq. mts. Cumulative plywood capacity
Kriparampur, West Bengal	Plywood	6.00 mn. sq. mts.	
Pantnagar, Uttarakhand	Plywood	10.50 mn. sq. mts.	0.18 mn. cubic mts. Medium Density Fibreboard capacity
	MDF	0.18 mn. cubic mts.	
Bamanbore, Gujarat	Plywood	11.40 mn. sq. mts.	



UPCOMING PLANTS

Bamanbore, Gujarat	Decorative Veneers/Decorative Plywood	2.25 mn. sq. mts.
Sandila, Uttar Pradesh	Plywood	13.5 mn. sq. mts.
Routhu Suramala, Chittoor, Andhra Pradesh	MDF	0.36 mn. cubic mts.

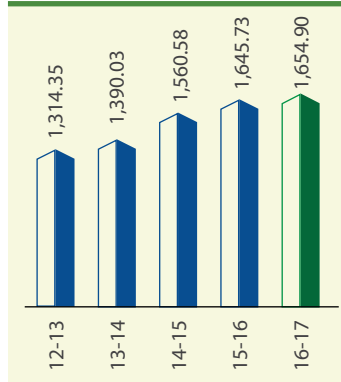
mn. sq. mts.: million square metres | mn. cubic mts.: million cubic metres

- EXISTING PLANTS
- UPCOMING PLANTS

Map not to scale

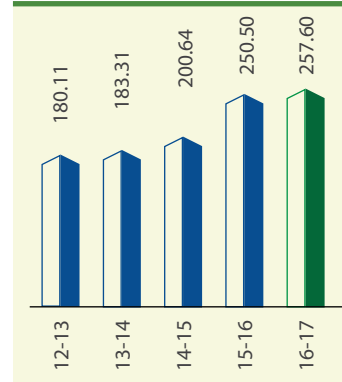
E*E = Consistent Performance

Net Sales (₹ in crore)



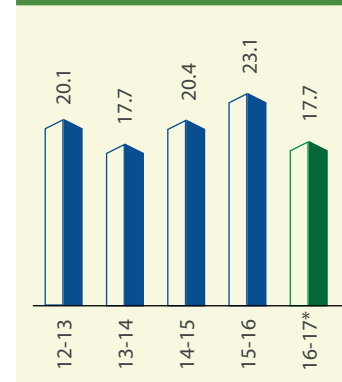
Y-O-Y 0.6%
5-YEAR CAGR 5.9%

EBIDTA (₹ in crore)



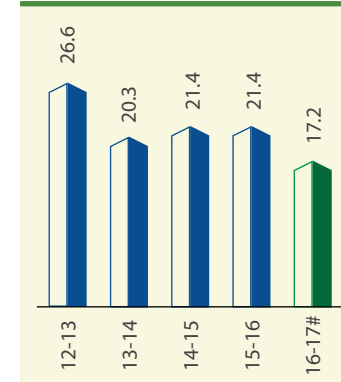
Y-O-Y 2.8%
5-YEAR CAGR 9.4%

ROCE (%)



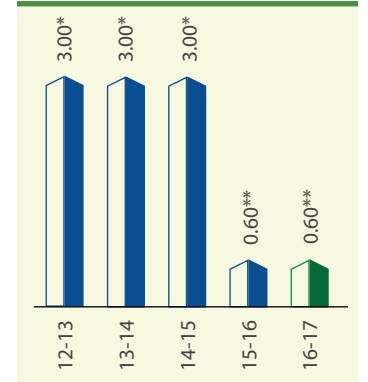
*Capital employed includes investments of ₹ 416 crores in expansion projects

ROE (%)



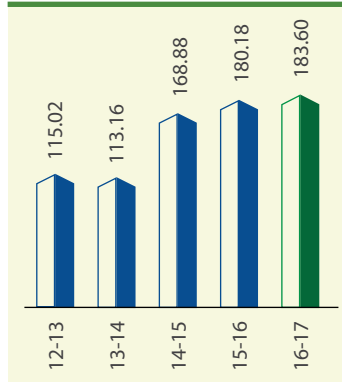
#equity includes equity of ₹ 226 crores invested in expansions

Dividend per share (₹)



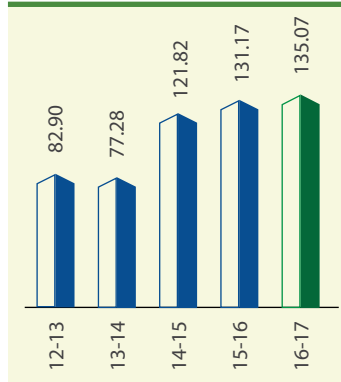
*Face Value ₹ 5 per share
** Face Value ₹ 1 per share

Cash profit (₹ in crore)



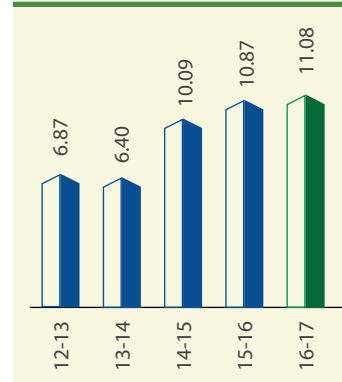
Y-O-Y 1.9%
5-YEAR CAGR 12.4%

Post-tax profit (₹ in crore)

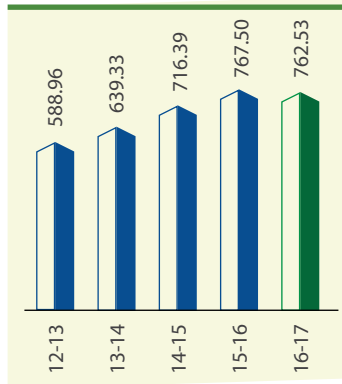


Y-O-Y 3.0%
5-YEAR CAGR 13.0%

Earnings per share (₹)

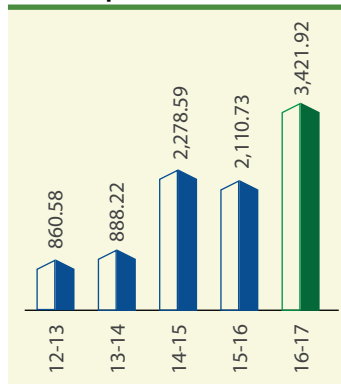


Gross block (₹ in crore)



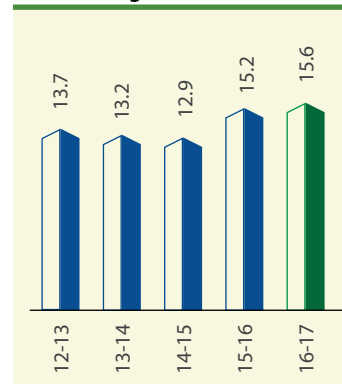
Y-O-Y -0.6%
5-YEAR CAGR 6.7%

Market capitalisation (₹ in crore)

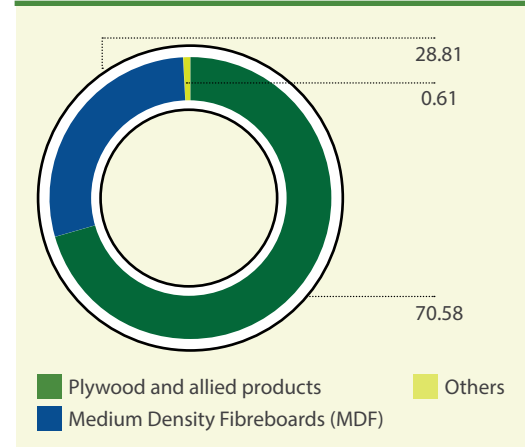


Y-O-Y 62.12%
5-YEAR CAGR 41.21%

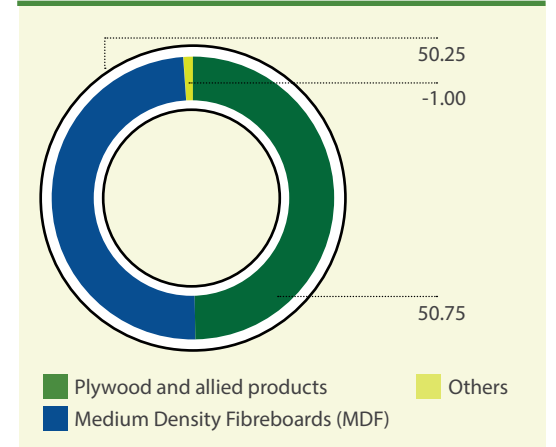
EBIDTA margin (%)



Revenue by division (%)



EBIDTA by division (%)



Key ratios

	2012-13	2013-14	2014-15	2015-16	2016-17
Debt equity ratio	1.30	1.00	0.70	0.42	0.48
Fixed assets turnover ratio	2.31	2.27	2.15	2.16	2.15
Current ratio	1.06	1.06	1.21	1.33	1.34
Quick ratio	0.62	0.59	0.81	1.01	0.98
Inventory turnover ratio	6.09	5.64	8.20	11.88	10.46
Interest coverage ratio	3.45	3.74	4.28	6.97	11.54

Chairman's Perspective



In its seventh decade of Independence, over US\$1 trillion has been added to the national GDP, lifting tens of millions to the middle class. Our objective is to make the most of this opportunity with speed and precision, using our brand respect and recall.

DEAR FRIENDS,

Our experience and expertise, powered by the support and guidance of all our stakeholders have enabled us to reach the stature that we have attained today. While over twenty-five years of experience in the interior infrastructure industry have enriched our market insight and sharpened our capabilities, a lot more needs to be achieved, going forward. I believe, it is an opportunity for us to be operating at a time when the economic and business landscape of India is radically changing; and policymakers are creating enablers for strong and sustainable growth. India is evolving fast. In its seventh decade of Independence, over US\$1 trillion has been added to the national GDP, lifting tens of millions to the middle class. Our objective is to make the most of this opportunity with speed and precision, using our brand respect and recall.

Against the backdrop of either sluggish or fragile economic growth across large parts of the world, India shines as an outpost of opportunity and a harbour of hope. The country's GDP for FY 2016-17 touched 7.1%, and is expected to touch 8% with the implementation of GST. Another seminal reform

during the year was the demonetisation initiative of the government. This was done with the avowed purpose of formalisation and digitisation of the economy.

As India turns digital, we must also enhance our digital presence, going forward. We will be able to reach more markets and customers through digital channels. Following the implementation of GST and more focus on formalisation of the economy, established brands like Greenply will get a level playing field vis-à-vis unorganised players.

GOODS AND SERVICES TAX (GST)

If we look at the plywood industry now, it is heavily taxed with overall taxes in the range of 25-30%, including taxes such as excise, VAT and Octroi. Most unorganised players evade taxes and sell their products through under-pricing vis-à-vis organised counterparts. The price differential can range up to 30-50%.

Many unorganised players also avail of the Small Scale Industry (SSI) benefit by keeping their turnover artificially below the prescribed limit. Under the new GST regime, the exemption limit is expected to be ₹ 2 million, which would bring all unorganised players within the tax ambit, forcing them to increase prices and narrow the price differential.

Moreover, currently there is no credit that a dealer can avail of for the excise duty paid, but under GST this will be allowed, reducing the price for both dealers and consumers by around 10%. Thus, the overall price differential between branded and unbranded plywood players is expected to fall by 10-20% under GST, thereby accelerating the shift from the unorganised to the organised segment.

ANTI-DUMPING DUTY

During 2016-17, the Government imposed anti-dumping duty of up to US\$ 64.35/cbm on the import of MDF board on thick boards (with thickness of over 6 mm) from Vietnam and Indonesia. Today, around 70% of our capacity is based on the thick MDF board. The government decision will create a level playing field for us vis-à-vis foreign producers. Going forward, we hope to enhance our volumes further.

GROWING RELEVANCE OF MDF

MDF is the preferred choice of ready-made furniture manufacturers and the transition of the Indian wood furniture industry towards ready-made furniture

will propel MDF's demand. Commercial property is another key demand driver as around 80% of MDF is used in this segment. The shift from cheap plywood to MDF will gain momentum once low-end/cheap plywood becomes costlier following the implementation of GST.

INVESTING IN THE FUTURE

We remain bullish on our core businesses. Hence, we are constantly focusing on growing our capacities across both our businesses. We are setting up our new state-of-the-art MDF plant in Chittoor, Andhra Pradesh. We are likely to commence operations in FY 2019. A significant part of the production from this plant will cater to export markets.

We also planning to set up a Decorative Veneer/Decorative Plywood unit in Bamanbore, Gujarat (2.25 mn. sq. mts.) and a Plywood unit in Sandila, Uttar Pradesh (13.5 mn. sq. mts.).

QUALIFIED INSTITUTIONAL PLACEMENT (QIP)

During 2016-17, we raised ₹ 49.99 crore through issuance of equity shares under qualified institutional placement (QIP). The amount raised has been utilised for part funding of our new MDF unit in Andhra Pradesh.

ACHIEVERS AT GREENPLY

Greenply is geared for greater success and our teams are inspired to build a brand that New India can rely on. We will continue to invest in enhancing the skills of our people, so that we can continue to deliver products that are in line with international standards. We offer various employee engagement and coaching programmes to inform and motivate our people.

As responsible corporate citizens, we promote various community well-being programmes through the Greenply Foundation. The Foundation works in the realms of healthcare, education, vocational skill development among others.

We are committed to build a great company, which consistently grows in step with aspirational India, and I seek the support of all our stakeholders in this endeavour.

Warm regards,

S. P. MITTAL
Executive Chairman
(DIN: 00237242)

Operational Highlights

(QUARTER-ON-QUARTER FY 2016-17)

PLYWOOD

	Q1	Q2	Q3	Q4
Net sales (₹ Crore)	293.31	308.03	260.25	306.40
EBITDA Margin (%)	9.8	10.4	12.6	12.1
Production (million sqm.)	8.94	9.36	7.7	8.93
Sales Volume (million sqm.)	12.54	13.04	11.00	13.15
Utilisation (%)	111	116	95	110
Average Realisation (₹/sqm.)	231	233	233	231

MDF

	Q1	Q2	Q3	Q4
Net sales (₹ Crore)	119.59	123.61	95.85	137.69
EBITDA Margin (%)	30.2	28.7	20.3	27.9
Production (cubic meter)	47,478	49,067	41,673	50,954
Sales Volume (cubic meter)	45,802	47,860	37,764	53,479
Utilisation (%)	106	109	93	113
Average Realisation (₹/cum)	26,098	25,802	25,348	25,737

Management



We can see a larger opportunity landscape, unfolding before us as more aspirational consumers and consumption hubs are emerging beyond metros. Responding to these megatrends, we have launched multiple products for a wide consumer cross-section across many price points.

Q HOW WOULD YOU JUDGE YOUR COMPANY'S PERFORMANCE IN 2016-17?

A We are satisfied to report another successful year for Greenply. We reported a higher net sales of ₹ 1654.90 Crores in 2016-17, compared to ₹ 1645.73 Crores in 2015-16. Simultaneously, our EBITDA increased to ₹ 257.60 Crores in 2016-17 against ₹ 250.50 Crores in 2015-16. Our net profit stood at ₹ 135.07 Crores in 2016-17 against ₹ 131.17 Crores in 2015-16 and our earnings per share stood at ₹ 11.08 in 2016-17 compared to ₹ 10.87 in 2015-16.

We continued to consolidate our operations across both Plywood and MDF businesses. Our cost-efficient manufacturing and efficient supply chain management enabled us to keep our operational costs under control.

Our dealer network ensured our product availability to our customers, translating into efficient supply chain, focused customer service and short turnaround times for product delivery. Our sales and marketing team periodically reviews products, assesses market trends, and builds business relations.

Our gross debt equity ratio was 0.48 as on March 31, 2017.

Q HOW DID THE COMPANY'S PLYWOOD BUSINESS PERFORM DURING THE YEAR UNDER REVIEW?

A Our plywood and allied products sales grew by 0.2% from ₹ 1165.36 Crores in 2015-16 to ₹ 1167.99 Crores in 2016-17. Plywood's EBITDA margin from the division stood at 11.2% in 2016-17 (9.4% in 2015-16). The average capacity utilisation was at 108% in 2016-17 (101% in 2015-16). The average realisation reduced to ₹ 229 per square metre in 2016-17 from ₹ 239 per square metre in 2015-16 consequent to the end of excise exemption at the Pantnagar unit.

Face veneer is a critical component in plywood manufacturing. Face veneers (visible ends of the plywood) are extracted from hardwood trees which have had a lifecycle of more than 15 years, whereas core and panel veneers (embedded between face veneers) are extracted from hardwood trees which have had a life cycle of more than 7 years. While

domestic plantation timber is good enough for producing core and panel veneers we are dependent on imports for face veneers. During 2016-17, we broad-based our supply bandwidth to minimise risks and ensure smooth availability of the raw material.

We are also setting up a veneer unit in Gabon, West Africa. Around 25-35% of production will be used captive, and the rest will be sold in open markets.

We continued to strengthen our outsourcing model for our mid-segment variants, freeing up existing capacities for premium variants. Our teams monitor vendor's site to ensure quality of inputs and consistent quality of finished product.

We focus on elevating the point-of-sale experience of our plywood customers through enhanced in-shop branding and better dealer-retailer-salesman connect with customer as solution provider.

We can see a larger opportunity landscape unfolding before us as more aspirational consumers and consumption hubs are emerging beyond metros. Responding to socio-economic megatrends, we have launched multiple products for a large consumer cross-section across many price points.

Q HOW DID THE COMPANY'S MDF BUSINESS PERFORM DURING THE YEAR UNDER REVIEW?

A Our MDF division's sales growth was stagnant due to the impact of demonetisation in Q3 FY 2017. MDF's EBITDA margin stood at 27.1% in 2016-17. Average capacity utilisation stood at 105% in 2016-17 and average realisation stood at ₹ 25,764 per cubic metre in 2016-17.

During the year, we primarily focused on educating our key influencers (dealers and retailers among others) about the benefits of MDF. We also expanded our network base of dealers and retailers across semi-urban and rural markets. To stay connected with our influencers, we launched an android-based application. In addition, we offered health insurance for carpenters as incentives. This is a first-of-its-kind initiative in the domestic industry.

We focused on the low-end furniture segment (primarily uses cheap plywood) and convinced potential customers to shift to MDF for better and cost-effective output.

We witnessed growing consumption of MDF among commercial and furniture Original Equipment Manufacturers (OEM). Moreover, demand from government departments saw steady growth.

Our dedicated project team stayed connected to the fraternity of architects and decorators to promote our products.

We also focus on expand our product basket across both conventional and value-added products.

Q PLEASE WALK US THROUGH YOUR NEW BUSINESSES?

A We launched natural veneers and expect these products to improve the product mix. We have entered the wallcover segment through the outsourcing model and will leverage our distribution network to increase its share in overall revenue.

Q WHAT ARE YOUR FOCUS AREAS FOR THE FUTURE?

A Our key priorities comprise the following:

- Ensure timely completion of all expansion plans;
- Improve the mix of value-added products in both plywood and MDF;
- Strengthen market penetration, especially in rural markets for both plywood and MDF;
- Continued investments in increasing brand visibility across India;
- Increase the number of distributors and retailers;
- Optimise utilisation across existing facilities.

With regards,
Rajesh Mittal
Managing Director
(DIN: 00240900)

Shobhan Mittal
Joint Managing Director & CEO
(DIN: 00347517)