



# Brand Greenpanel

How it outperformed  
in Q2, FY 2021-22

A brief report for stakeholders

Greenpanel Industries Limited

## Disclaimer

Certain statements in this communication may be ‘forward looking statements’ within the meaning of applicable laws and regulations. These forward-looking statements involve 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.

Greenpanel Industries Limited (GPL) 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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# A snapshot of our company

● 1

**Brand vision:** Every organisation in the world, irrespective of its size and domain, strives towards building a prosperous future for itself. We believe in innovating products and satisfying our customers wants to achieve this target.

● 2

**About us:** Greenpanel is a prominent wood panel player in India with a national leadership in Medium Density Fibreboard (MDF).

● 3

**Management:** Greenpanel is led by Mr. Shiv Prakash Mittal, Executive Chairman, and Mr. Shobhan Mittal, Managing Director and CEO, supported by experienced professionals and workers (1816 as on March 31, 2021).

● 4

**Listing:** The Company was listed on October 23, 2019 and enjoyed a market capitalisation of Rs. 3,797 crores as on September 30, 2021 (NSE closing price of Rs. 309.65).

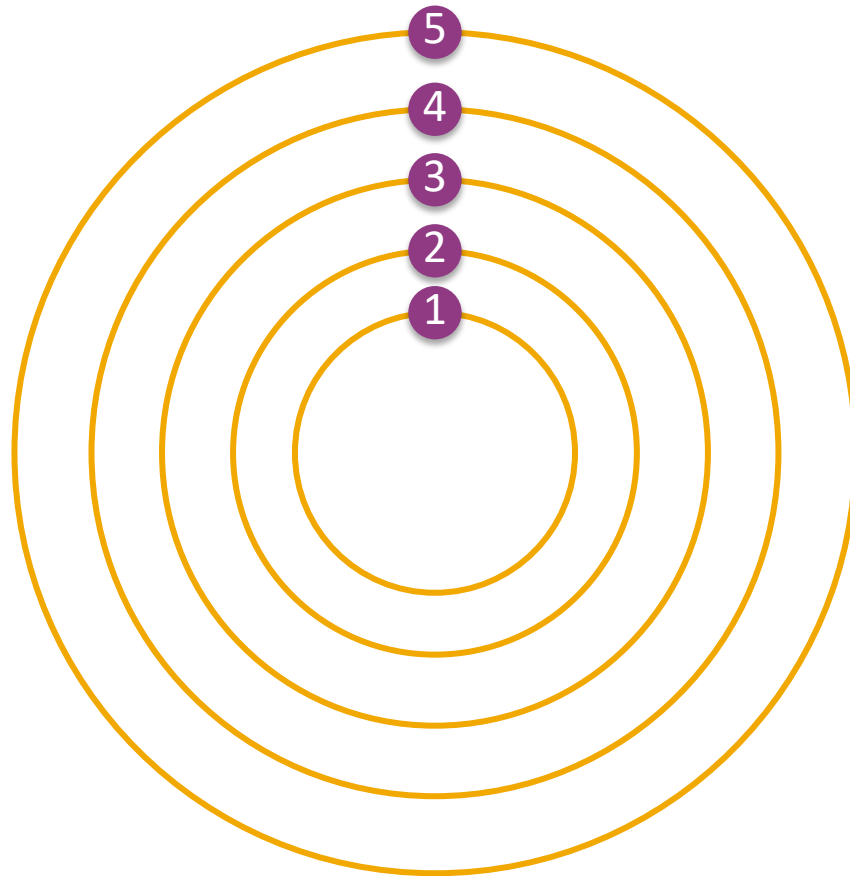
● 5

**Locations:** The Company is headquartered in Kolkata (West Bengal), supporting offices in Gurgaon and Singapore and state-of-the-art manufacturing facilities in Rudrapur (Uttarakhand) and Srikalahasti (Andhra Pradesh); the latter is arguably the largest MDF plant in Asia.



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## Product offerings



- 1 Greenpanel MDF
- 2 Greenpanel wood floors
- 3 Greenpanel plywood
- 4 Greenpanel veneers
- 5 Greenpanel doors



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Part one \_\_\_\_\_

## Our performance in Q2, FY 2022



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# 5

highlights of Brand  
Greenpanel's  
performance, Q2 of  
FY 2021-22

- 1 Best quarter in the company's existence
- 2 Profitable growth (265% profit growth > 87% revenue growth)
- 3 Sharp increase in capacity utilization, offtake and realisations
- 4 Superior working capital hygiene
- 5 Stronger Balance Sheet



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Overview by the **MD and CEO**

"**Our** business accelerated momentum in Q2 following increased vaccinations."



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*Continued.....*

"**Our** business accelerated momentum in Q2 following increased vaccinations."

"**MDF** volumes grew 66.9% year-on-year; operating margins improved 860 basis points to 31.4%."

"**Plywood** volumes grew 22.4% although operating margins fell 275 basis points to 13.6% due to increased raw material costs."

"**Consolidated** operating margins increased 697 basis points to 28.2% due to our superior product mix, cost optimization and operational leverage."

"**Working** capital investment reduced 21 days year-on-year to 14 days as on 30th September 2021."

"**Net debt** reduced Rs 129 crores during Q2 to Rs 229 crores as on 30th September

2021. We prepaid four German Bank loan instalments amounting to Euro 8.91 Mn (INR 78 crores) in October 2021; we are targeting to be net debt-free for our existing business in FY 2023."

"**The widening** of our distribution reach and focus on small urban clusters is helping increase volumes and reduce working capital outlay."

"**We are optimistic** of sustainable growth in the coming quarters."

#### **Shobhan Mittal**

Managing Director and CEO,  
Greenpanel Industries Limited



# Our financial performance in brief

## Our revenue growth

**408.51**

Rs crore, Net Sales,  
Q2 FY 2021-22

**218.50**

Rs crore, Net Sales,  
Q2 FY 2020-21

**86.96%** ↑

## Our profit growth

EBITDA

**115.29**

Rs crore, Earnings before  
interest, depreciation, taxes and  
amortization, Q2 FY 2021-22

**46.43**

Rs crore, Earnings before  
interest, depreciation, taxes and  
amortization, Q2 FY 2020-21

**148.31%** ↑

Profit after tax

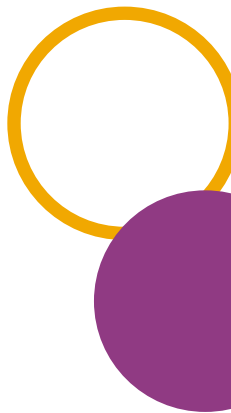
**67.06**

Rs crore, Profit after tax,  
Q2 FY 2021-22

**18.40**

Rs crore, Profit after tax,  
Q2 FY 2020-21

**264.46%** ↑



# Our financial performance in brief

## Our shareholder value growth

Earnings per share

**5.47**

Rs, Earnings per share,  
Q2 FY 2021-22

**1.50**

Rs, Earnings per share,  
Q2 FY 2020-21

**264.67%** ↑

## RoCE (Post Tax) %

**22.8**

% Return on capital  
employed, Q2 FY 2022

**10.6**

% Return on capital  
employed, Q2 FY 2021

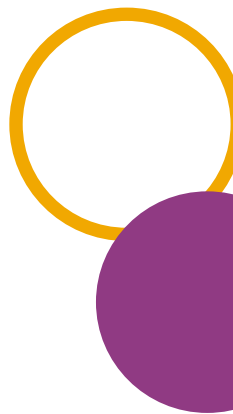
## Return on equity (RoE)

**32.4**

% Return on equity,  
Q2 FY 2022

**11.4**

% Return on equity,  
Q2 FY 2021





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Part two \_\_\_\_\_

## **The Greenpanel Brand: Attributes**



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## The Greenpanel Brand: Attributes

**Evangelist:** Championing the cause of MDF over cheap plywood

**Value-enhancing:** Enhancing ease of access, availability and affordability

**Service-driven:** Extending beyond product manufacture to superior customer service

**Carpenter-friendly:** Highlight functional; enhancing carpenter's ease of working

**Stakeholder-driven:** Committed to enhance overall stakeholder value

## What Brand Greenpanel successfully demonstrated in Q2 FY 22

**Resilience:** Ability to absorb unexpected shocks (slowdown and lockdown)

**Rebound:** Ability to outperform during a sectorial rebound

**Scale up:** Energised; reported rapid strides from scratch

**Strength:** Ability to pass cost increases to customers, validating a superior value proposition

We grew  
revenues faster  
than the growth  
of the Indian  
economy

**7.9**

% (projected), growth of  
the Indian economy in  
Q2, FY 2022.

*Source: Live Mint*

**87**

%, YoY growth of  
Greenpanel  
revenues in  
Q2, FY 2022.



## The health of the real estate sector

**59**

%, YoY growth in residential real estate sales, Q2 FY 2022

*(Source: Moneycontrol, Statista)*

## Sector performance and reforms

**29**

INR billion, Indian MDF market size, 2021

**225**

INR billion, Indian plywood market size, 2021

## Regulatory and consumption triggers



Stricter GST  
implementation



100 Smart Cities in the  
pipeline



Engineering  
exports of a record  
USD 9.14 billion in July  
2021 (42.5% growth YOY)

*(Source: Business Standard)*



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## MDF preference over plywood

1

**Increased MDF resources:** Grown on commercial plantations, enhancing quality and availability.

2

**Safety from COVID-19:** Consumer shift from traditional plywood to engineered wood readymade furniture

3

**Competitive:** MDF as good as plywood; better price-value proposition; upfront 40% saving and total 70% saving

4

**Durable:** MDF treated against borer and termites; enhanced durability

5

**Robustness:** No hollowness in MDF; consistent density and absence of air grain

6

**Smoothness:** MDF smoother than plywood





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Part three \_\_\_\_\_

## **Brand Greenpanel's health**

How our brand acceptance has  
helped create a stronger  
company



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# We strengthened realisations across both product lines

## MDF

**24,446**

Rs / cubic meter,  
Average realization,  
Q2, FY 2021-22

**22**

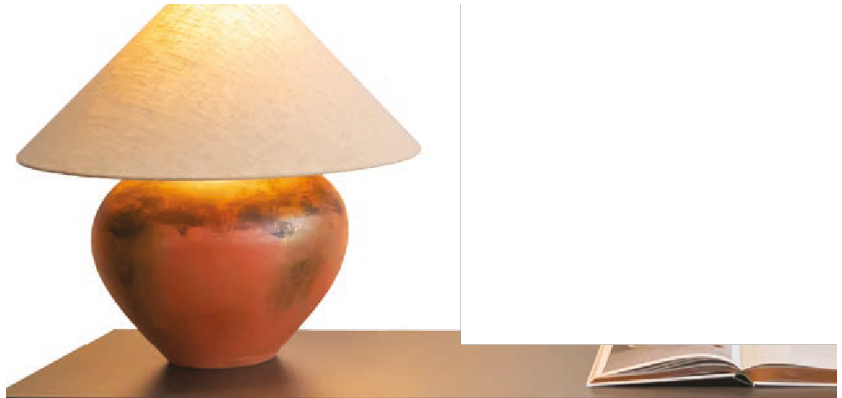
%, Growth in  
average MDF  
realisations

**20,030**

Rs / cubic meter,  
Average realization,  
Q2, FY 2020-21

**13.4**

%, Growth in  
average  
Plywood  
realisations



## Plywood

**279**

Rs / cubic meter,  
Average realization,  
Q2, FY 2021-22

**246**

Rs / cubic meter,  
Average realization,  
Q2, FY 2020-21

# We widened our margins by building a stronger business

We widened our margins by building a stronger business

**28.2**

% EBITDA margin, Q2, FY 2021-22

**21.3**

% EBITDA margin, Q2, FY 2020-21

**23.1**

% EBITDA margin, Q1, FY 2021-22

**697** bps

YoY growth in EBITDA margin over Q2 FY 2020-21.

Highest EBITDA margin in the company's existence

We continued to remain principally an MDF-driven company

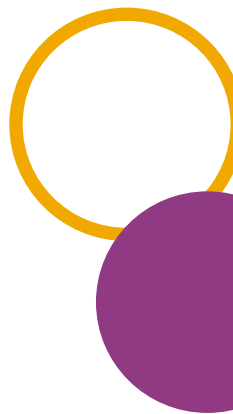
**82**

% of revenues drive from MDF, Q2 FY 2022

**76**

% of revenues drive from MDF, Q2 FY 2021

*Note. We are considered to be the most attractive listed MDF proxy in India*



# We strengthened our working capital hygiene

## Working capital cycle

**14**

Days, working capital cycle from resource purchase to sales receipt, Q2, FY 2022

**35**

Days, working capital cycle from resource purchase to sales receipt, Q2, FY 2021

## Working capital productivity

**6.44**

Revenue generated from every rupee of working capital deployed, Q2, FY 2022

**2.65**

Revenue generated from every rupee of working capital deployed, Q2, FY 2021

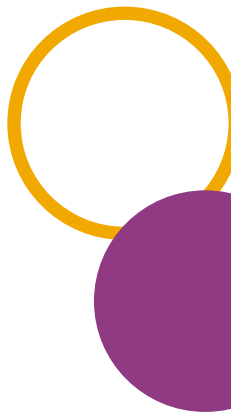
## Inventory

**36**

Days, finished goods inventory expressed in days of turnover equivalent, Q2, FY 2022

**61**

Days, finished goods inventory expressed in days of turnover equivalent, Q2, FY 2021



## Receivables

**11**

Days, receivables expressed in days of turnover equivalent, Q2, FY 2022

**20**

Days, receivables expressed in days of turnover equivalent, Q2, FY 2021

## Payables

**33**

Days, payables expressed in days of turnover equivalent, Q2, FY 2022

**46**

Days, payables expressed in days of turnover equivalent, Q2, FY 2021

## We utilized our superior performance to draw debt down

**344**

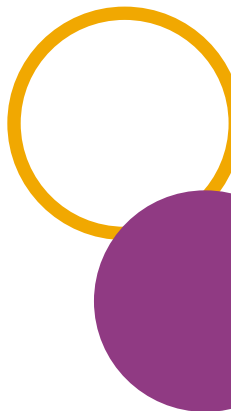
Rs crores, consolidated debt, end of Q2, FY 2022

**405**

Rs crores, consolidated debt, end of Q1, FY 2022

**510**

Rs crores, consolidated debt, end of Q2, FY 2021



## How we strengthened our liquidity

**54.95**

Times or x, interest cover, Q2, FY 2022

**2.29**

Times or x, interest cover, Q2, FY 2021

## We strengthened our capacity utilization

MDF

**95%**

MDF capacity utilisation, Q2 FY 2021-22

**59%**

MDF capacity utilisation, Q2 FY 2020-21

## We strengthened our capacity utilization

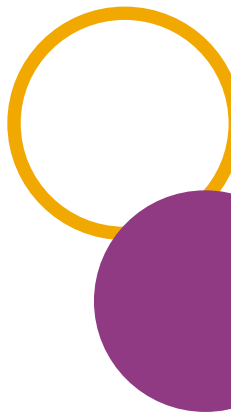
PLYWOOD

**92%**

Plywood capacity utilisation, Q2 FY 2021-22

**78%**

Plywood capacity utilisation, Q2 FY 2020-21



### Our segment-wise financial growth

**50%**

YoY growth in plywood  
volumes, H1 FY 2021-  
22

**113%**

YoY growth in MDF  
volumes, H1 FY 2021-  
22

### We enhanced the value-added proportion of our business

SUPERIOR REALISATIONS

**240**

Rs per sq m, Average  
realization for normal  
plywood variety

**602**

Rs per sq m, Average  
realization for decorative  
vener plywood variety

### We enhanced the value-added proportion of our business

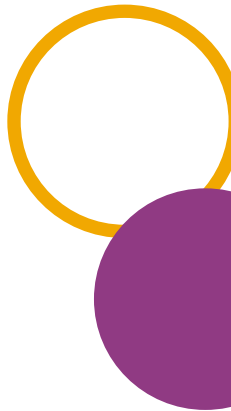
SUPERIOR PRODUCT MIX

**11%**

of revenues derived from  
decorative veneers  
(plywood business), Q2,  
FY 2022

**8%**

of revenues derived from  
decorative veneers  
(plywood business), Q2,  
FY 2021





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Part four \_\_\_\_\_

## **Brand Greenpanel: Strengths and attributes**



# Brand credentials



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**Scaled** from scratch to leadership in just three years – unprecedented success

**Arguably** the fastest growing brand in India's interior infrastructure sector

**Possessed** the foresight to be present in a space marked by extensive over-capacity

**Demonstrated** a leap

of faith to invest in the best manufacturing technologies

**Positioned** itself as a global MDF brand operating out of India

**Invested** in the largest MDF single location capacity in Asia

**Leveraged** the Greenply brand (from which the company was spun off)

Largest Indian MDF brand by capacity

## 5,40,000

Cubic meters per annum, installed capacity as on 31 March 2021

## 14,80,500

Cubic meters per annum, installed capacity of India's organized sector as on 31 March 2021

*Note: Capitalising on superior economies of scale, on-tap product availability and market visibility*

### Pureplay brand positioning

**82**

Per cent of revenues derived from MDF, Q2, FY 22

**76**

Per cent of revenues derived from MDF, Q2, FY 21

*Note: Distinctive personality; recognized as the purest listed MDF proxy in India; positioned to capitalize on MDF upside*

### Large addressable market

**22**

USD billion, estimated size of India's interior design market, 2021

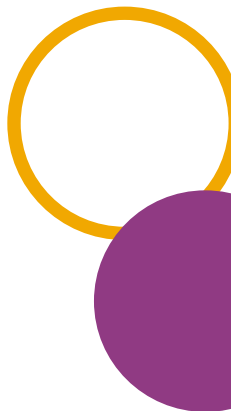
*(Source: PRNewsWire)*

**783**

Rs crores, MDF revenues reported by Greenpanel in FY 21

**7.50**

Number of times companies of Greenpanel's size can address the estimated market size based on available capacity (organised and unorganized)



**Our widened  
distribution network**

**2,084**

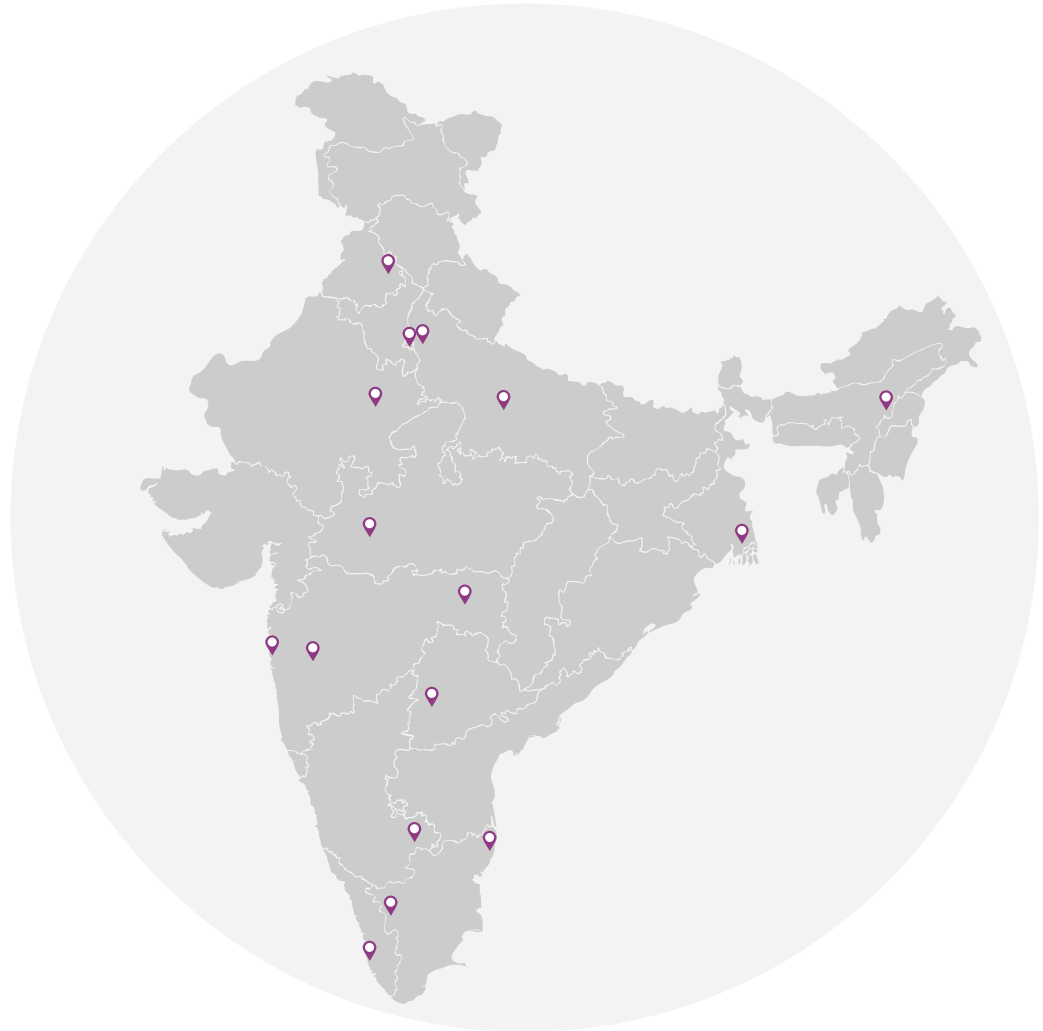
Number of dealers as on  
31<sup>st</sup> March 2021

**10,000+**

Number of retailers as on  
31<sup>st</sup> March 2021

**15**

Branches pan-India



**Name of physical branches**

**West & Central:** Mumbai, Nagpur, Pune, Indore

**South:** Bangalore, Hyderabad, Kochi, Coimbatore, Chennai

**North:** Jaipur, Chandigarh, Lucknow, Ghaziabad, Delhi

**East:** Kolkata, Guwahati

# Addressing a penetration mismatch



**20,762**

million cubic meters, estimated  
size of China's MDF market, 2019

*(Source: Globenewswire)*

**105.16**

million cubic meters, estimated  
size of India's MDF market, 2020

*(Source: Mordor Intelligence)*



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# 130,000

Cubic metres, Total  
rainwater harvesting  
capacity (Andhra  
Pradesh plant)

**The** Company implemented 5S and trained employee in stronger house-keeping

**The** Company supplied fly ash (generated from the energy plant) to brick manufacturers

**The** Company developed a green belt at various locations.

**The** Company measured energy consumption through meters.

**The** Company replaced CFLs with LED lights, consuming lower power

## 4.6

Logistics cost as a %  
of overall revenues,  
Q2, FY 22

## 4.9

Logistics cost as a %  
of overall revenues,  
Q2, FY 21

*Note. Superior technology  
resulting in lower resource  
consumption and wastage;  
driven by lower carbon  
footprint*



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Part five \_\_\_\_\_  
**How we intend  
to grow Brand  
Greenpanel**

● 1

### **Evangelise MDF**

- Capitalise on the growing preference of MDF (over plywood)
- We are not merely marketing MDF; we are MDF evangelists
- We will continue to highlight MDF superiority over lower priced plywood

● 2

### **Expand our manufacturing capacity**

- We intend to enhance our manufacturing capacity from 540,000 cubic m to 660,000 cu m in Q3, FY 22
- We expect to fund the expansion at a relatively low capital cost per cubic meter
- We expect to take a call on a major expansion by the end of FY 22

● 3

### **Leverage the SAP network**

- We intend to leverage our existing SAP network
- The SAP network will be leveraged for informed decision making
- The SAP network will help leverage a scalable foundation without corresponding costs increase

● 4

### **Sustain advertising and promotional spends**

- We will invest prudently in enhancing the recall for MDF and Greenpanel
- We expect to sustain consumer pull, protecting realisations

● 5

### **Reduce debt**

- We intend to repay debt with accruals
- We intend to emerge net debt-free for existing scale in FY 23



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Part six

## What stakeholders can expect



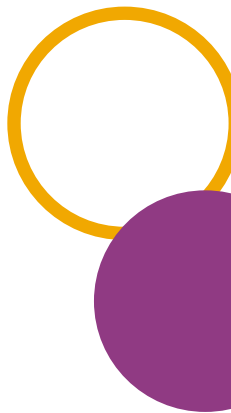
# What stakeholders can expect

## Real estate fit-outs to grow

- Sustained MDF traction based on a buying preference for engineered furniture products
- Protected realisations based on demand growth and lower imports
- Sustained or improved margins based on economies of scale
- Lower debt, protected terms of trade, stronger liquidity
- Greater propensity to fund business growth through accruals

## Our value-creation journey

- Near-rated utilization of MDF capacity
- Increased brand-driven offtake of value-added products
- Aggressive debt draw-down for existing operations
- Accruals-driven capacity growth
- Growing capacity at a capital cost per unit lower than greenfield costs





Thank  
you

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