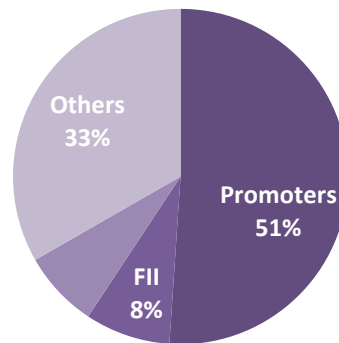




Stock Metrics	
BSE Group	B
BSE Code	526797
Market Capitalization	Rs. 554 cr.
Face Value	Rs. 5
52 Wk High (BSE)	Rs. 245.20 (18 Jul 11)
52 Wk Low (BSE)	Rs. 158.30 (9 Mar 11)
CMP as on 1st August 2011	Rs.231.00
Accumulation Level	Rs. 170 – 190
Target Price & Potential Upside	Rs. 308 (33%)

Share Holding pattern as of June 2011**"Public" and holding more than 1% of the Total No. of Shares**

Name of the Shareholder	No. of Shares	Shares as % of Total No. of Shares
Emerging Markets Management LLC A/C The Emmumb Rella Funds Emerging Markets South Asianstars Fund	1,120,412	4.64%
Volrado Venture Partners	465,000	1.93%
Jai-Vijay Resources Pvt Ltd	1,294,245	5.36%
Morgan Stanley Mauritius Company Ltd	677,059	2.81%
Ashish Kacholia	877,758	3.64%
Ashish Dhawan	2,391,927	9.91%
Lata Bhanshali	443,331	1.84%
Total	7,269,732	30.12%



About Greenply

- This is the only integrated manufacturer in the industry catering to all the product segments of interior infrastructure industry.
- 7 State-of-art manufacturing facilities producing world class interior products.
- With 38 Domestic offices, 8 International office and over 4000 employees Greenply offers the largest range of products to over 65 countries through largest retail network of 13000+retail outlets.
- Greenply Industries is the undisputed Market leader.
- Enjoys the largest market share in the organised market.
 1. 36 % in plywood
 2. 26% per cent in laminates
- Greenply is the largest laminate company in Asia and 5th largest globally.
- Greenlam, the flagship decorative laminate brand from Greenply is exported to more than 65 countries including Thailand, Indonesia, Taiwan, Canada, Bahrain, Hong Kong, Malaysia, Singapore, Kenya, Dubai, Russia, USA, Australia, Mexico, Saudi Arabia, China and Europe.
- Greenply products range are Decorative Laminates, Decorative Veneers, Plywood & Block Board, Medium Density Fibreboard & Restroom Cubicles
- First in Indian industry and the only non-US company to receive the coveted Greenguard Certificate for Indore Air Quality and Greenguard certificate for children and schools.
- First in Indian industry to gain Carbon Credits.



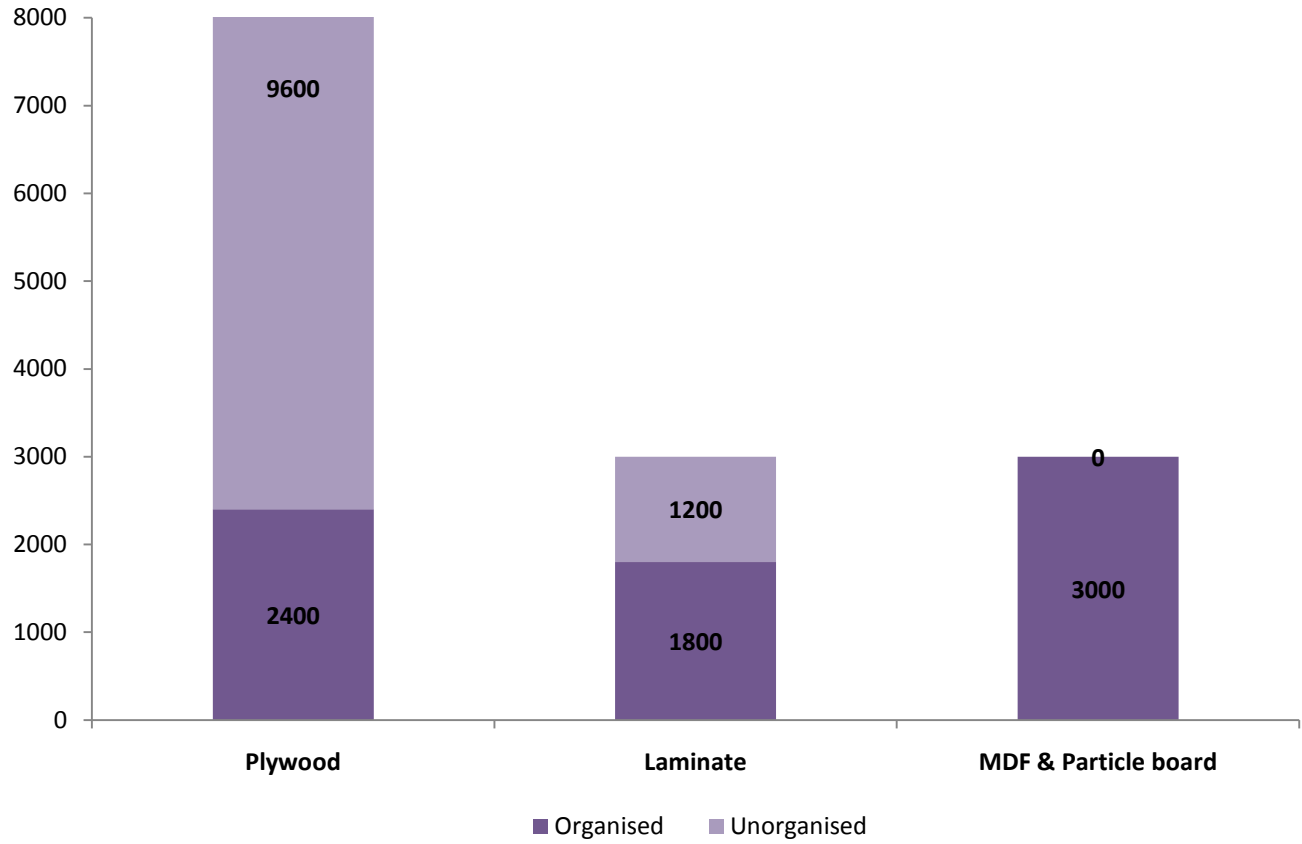
Industry Overview

- Per Capita Income:
 - Doubled in last 7 years
 - Expected to increase to US\$ 2000 by 2017 and US\$ 4000 by 2025
 - Increases in per capita income strengthen the consumption of life style products like furniture's & interiors.
- Indian Real estate sector :
 - Expected to grow from US\$14 Billion to US\$50 Billion by 2020
 - Increased share of real estate in GDP from 5% to 6% leading to increase share of Interior Infrastructure
- Demand across segments 2010-14 (source Cushman & Wakefield)
 - Commercial Property: 240 mn sq.ft
 - Residential : 4,25mn units
 - Office space : 55mn sq.ft
 - Hospitality : 78mn room nights
- Organized Industry Growth:
 - Owing to excise reduction from 16% to 10%,, organized player got competing edge
 - Owing to new taxation policy, unorganized sector is showing a decline
 - Organized players are growing at 20% compared to industry growth of 5% over Fy04-05 to FY09-10
- Increasing Urbanization
 - As per Crisil urban population would increase from 30%(10-11) to 33%(20-21)
- More Satellite cities
 - Due to increasing urbanization 25 more satellite cities to emerge with at least 1Mn population (McKinsey Global)
- Housing Shortage
 - Due to increased migration and rise in nuclear families shortage of housing units would increase from 19Mn in 2008 to 21.7 Mn by 13-14
 - Rural housing shortage is estimated at 53.8 Mn units by 13-14
- Reduction in Renovation cycles
 - From 10-15 yrs to 5 -7 yrs



Organized v/s unorganized share

(Rs. crores)





arm research

outperform

Brands & Products

ECOTECH
PLYWOOD & BLOCKBOARD

Club
PREMIUM PLY
The best a ply can be

Club
Green+
PLUS
A Total Solution Plywood

Greenply
PLYWOOD

GREENDOORS



GREEN
Naturals
100% BURMA TEAK VENEERS

GREEN
SPECTRUMWOOD
VENEERS



NEW
WOOD DECOR
DECORATIVE VENEERS



green touch
LAMINATES

GREEN decoliner
PERFECT FINISH - INSIDE OUT

GreenGloss
Decorative Laminates



VAASTU INSPIRED RANGE FROM
NEW MIKA
Decorative Laminates



GREENLAM Xtraordinaire
SUPER-PREMIUM LAMINATES

Flagship brands

Greenply
PLYWOOD





Plant Capacities

Plywood: 28.35mn sqm.

Tizit	4.5mn. Sqm
Kriparampur	6mn.sqm
Pantnagar	10.5 mn. Sqm
Bamanbore	7.35mn. Sqm

Laminate: 10.02 mn sheets

Behror	5.34mn sheets
Nalagarh	4.68mn sheets

Decorative Veneers:

Behror	4.20 mn.sqm
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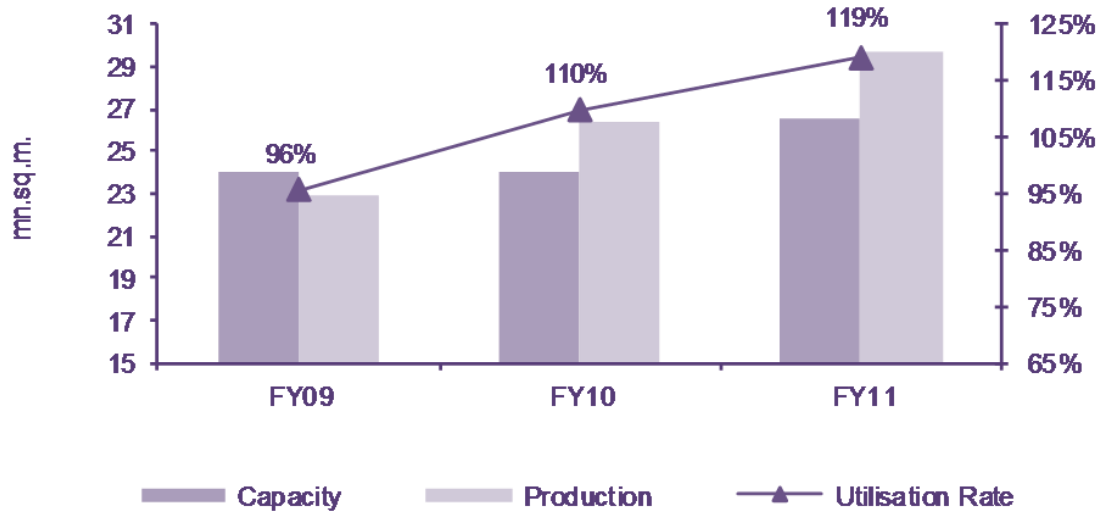
MDF

Pantnagar	0.18 mn. Cbm
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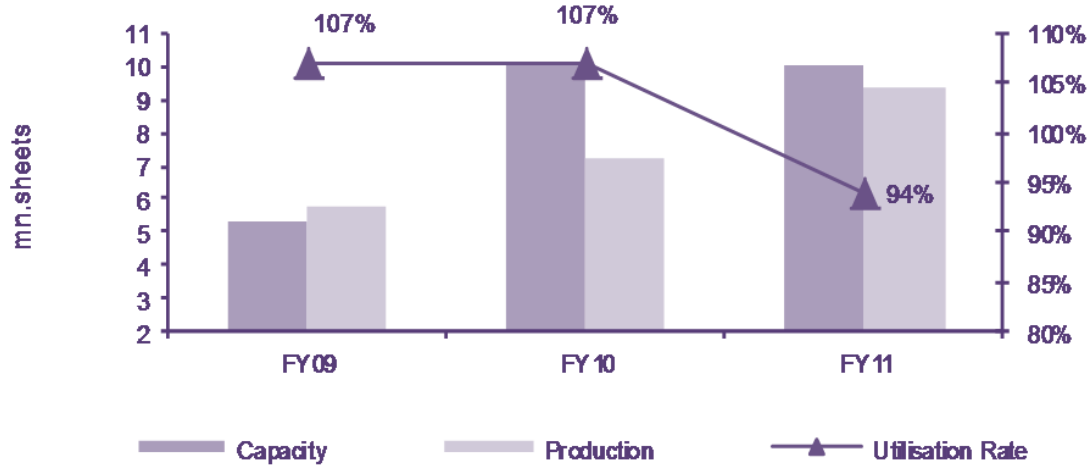


Capacity Utilization

Plywood

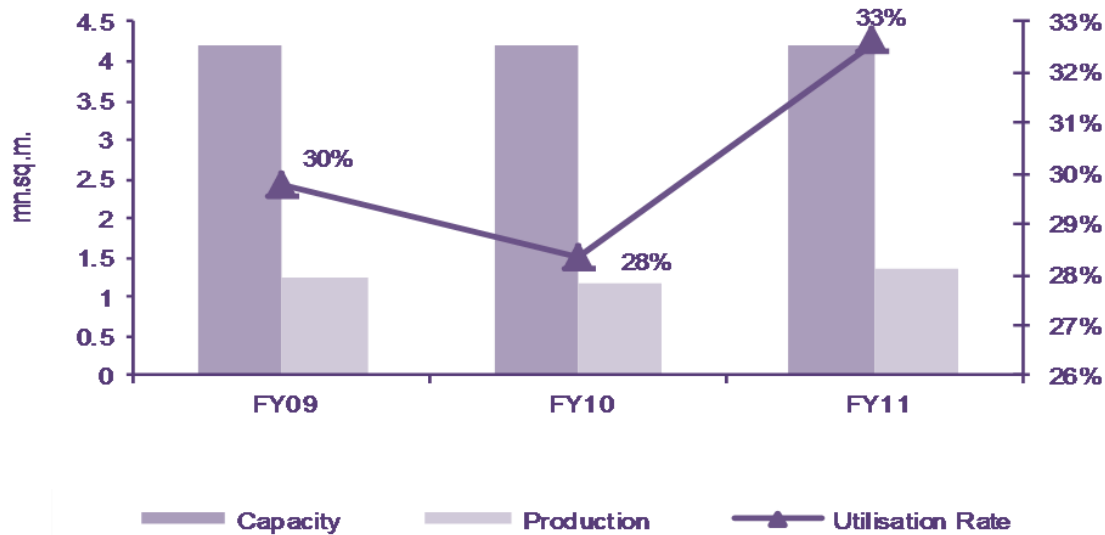


Laminates(annualised)





Decorative Veneer



Material Density Fibre Board

Greenply established a Rs. 255-cr MDF manufacturing unit in Uttarakhand with an annual production capacity of 1, 80,000 cubic meters. The manufacturing unit commenced its operations in March 2010 and is expected to achieve 45% capacity by end 2010 – 2011, 60% IN 2011 – 2012 and 100% capacity by 2012 – 2013.

Medium density fibre board (MDF) finds application largely in panelling and is used in a wide range of furniture, windows, doors, frames, handicraft items, display or exhibition stands and signs, ceiling, toys, carving, partitions and educational equipment, among others.

MDF v/s plywood

- Cost-effective: MDF costs less than half of branded plywood.
- Quality: MDF possesses uniform surface and homogeneous construction suitable for machine-made furniture and panels.
- Customization: MDF surfaces can be laser etched, moulded and curved.
- Acceptability: MDF shapes well with a router, making it a preferred option for carpenters.

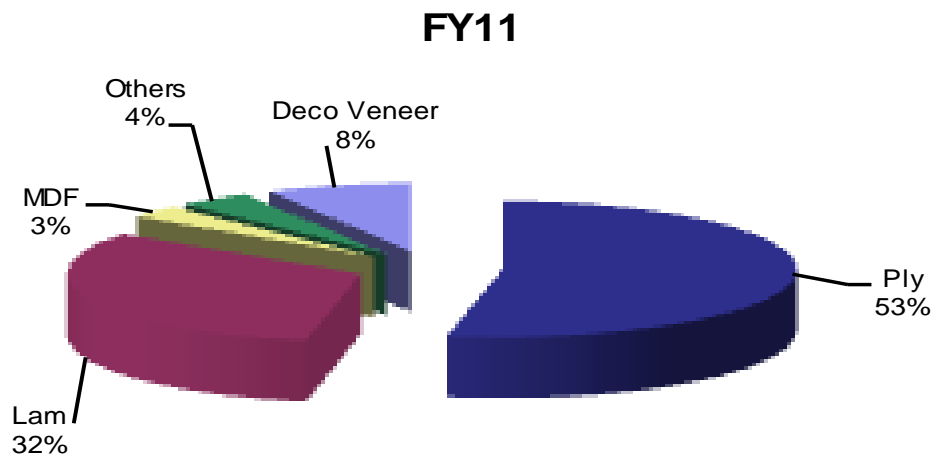
The plywood segment will not be affected by MDF because the plywood segment targets only premium and mid-segment where the cost is Rs. 45 - Rs. 65 per sq. ft. MDF costs less than half and will target consumers using low-quality, non-branded plywood.



Q1FY12Analyst Meet Update

- The MDF plant faced a technical problem due to which the plant operated from November 2010 to March 2011 and declining the PAT from Rs. 40.66 cr. in FY 10 to Rs. 23.70 cr. in FY 2011.
- All the major CAPEX is over no plans major plans of expansion in near future.
- Plywood & Allied Products grew 32.93% in value terms and 20.61% in volume terms.
- Added compreg plywood to the product basket.
- Laminates grew 30.35% in value terms and 30.14% in volume terms.
- Decorative Veneer's increased production by 16.81% from 1.19 mn sq meters in FY 2010 to 1.39 mn sq meters in FY 2011.
- Launched value-added products under the brand "Impression" called textured veneers and Sapwood.
- MDF achieved a Gross Turnover of Rs 46.11 crores in FY 2011.
- Launched 9 new Green Design Studios (signature store) to give customer a world class shopping experience for interior related products.
- Launched anti-bacterial laminates for the first time in India.
- Launched "Greenlam Extraordinaire" brand of super premium laminates (digitally printed, customized and Unicore laminates).
- Existing business is expected to grow at 20-25%
- Recovery in residential and commercial property market and overall economy should drive the growth

Sales Break- up



Income Statement

(Rs in Cr)

Particulars	FY 09	FY 10	FY 11	FY 12 E
Net Sales	773.16	899.02	1258.66	1375.00
Other Operating Income	2.16	2.42	2.52	2.6
Total Income	775.32	901.44	1261.18	1377.60
Expenditure				
a) (Inc)/dec in stock-in-trade	-15.26	-0.83	-18.39	-3.25
b) RMC	408.56	478.49	691.63	726.21
c) Purchase of traded goods	76.9	53.88	90.56	95.09
d) Employees cost	63.56	82.72	114.98	124.18
e) Administrative & Selling Expenses	107.28	148.60	174.96	190.71
f) Exchange Fluctuation Loss / (Gain)	16.87	-7.67	9.28	8.25
g) Other expenditure	37.51	51.86	88.89	93.33
Total	695.42	807.05	1151.91	1234.52
EBIDTA	79.9	94.39	109.27	143.08
Depreciation	17.29	22.37	41.83	46.013
EBIT	62.61	72.02	67.44	97.07
Interest	19.93	24.02	38.28	30.34
Other Income	0.012	0.10	0.012	0.012
PBT	42.69	48.10	29.172	66.73
Tax	7.07	7.44	5.47	12.01
PAT	35.62	40.66	23.702	54.72
Equity Share Capital (FV-Rs. 5)	8.5	11.04	12.07	12.07
EPS (Rs.)	20.95	21.05	10.6	22.67

Balance Sheet

(Rs in Cr)

Particulars	FY 09	FY 10	FY 11	FY 12 E
Sources Of Fund				
Share Capital	8.5	11.05	12.07	12.07
R&S	172.42	261.41	311.03	388.79
	180.92	272.46	323.1	400.86
Loan Funds				
Secured Loan	192.72	366.56	434.49	404.49
Unsecured Loan	65.27	40.83	85.3	75.3
Total Debt	257.99	407.39	519.79	479.79
Deferred Tax Liability	12.58	18.92	24.7	24.7
Total	451.49	698.77	867.59	905.35
Particulars	FY 09	FY 10	FY 11	FY 12 E
Application of Funds				
Fixed Assets				
Gross Block	272.95	634.97	727.8	742.36
Less: Depreciation	73.74	92.21	123.86	154.83
Net Block	199.21	542.76	603.94	587.53
Add: Capital WIP	51.68	13.49	10.53	8.42
	250.89	556.25	614.47	587.53
Investments	2.21	4.13	8.75	15.75
Current Assets, Loans & Advances :				
Inventories	166.08	199.75	229.28	252.21
Sundry Debtors	135.41	151.12	212.75	244.66
Cash & Bank Balances	16.21	18.92	13.41	23.16
Loans & Advances	68.65	55.92	74.14	81.55
	386.35	425.71	529.58	601.58
Less : Current Liabilities & Provisions	188.09	288.32	285.99	300.29
Net Current Assets	198.26	137.39	243.59	301.30
Miscellaneous Expenditure	0.11	1	0.77	0.77
Total	451.49	698.77	867.59	905.35



FY11 Financials

- Net Sales up by 39.55% at Rs. 1216.09 crores
 - Plywood & Allied Products : Rs. 674.32 crores, up by 30%
 - Laminates & Allied Products : Rs. 496.18 crores, up by 40%
 - Medium Density Fibre-Boards : Rs. 45.41 crores
- EBIDTA up by 24.44% at Rs. 116.44 crores
- EBIDTA Margin down by 117 bps at 9.57%
 - Plywood & Allied Products 13.03% Vs 10.89%
 - Laminates & Allied Products 9.54% Vs 10.52%
- PAT down at Rs 25.09 crores Vs Rs. 49.57 crores
- PAT Margin declined to 2.06% from 5.69%

Ratios

Particulars	FY 09	FY 10	FY 11	FY 12 E
ROCE%	14.26%	10.59%	8.00%	11.02%
ROE %	19.69%	14.92%	7.34%	13.65%
Interest Coverage Ratio	3.14	3.00	1.76	3.20
Debt/Equity	1.43	1.50	1.61	1.20
Operating Margin	10.31%	10.47%	8.66%	10.39%
Net Profit Margin	4.59%	4.51%	1.88%	3.97%
Inventory Days	124.87	136.95	106.99	112.09
Debtor Days	63.75	61.19	61.57	64.82
Creditor Days	80.49	107.16	72.93	64.25
BVPS	106.42	123.29	134.07	166.33
Div Payout %	7.16%	7.13%	9.43%	6.62%
Current Ratio	2.05	1.48	1.85	2.00
EV	317.43	815.11	979.70	1033.95
EV/Sales	0.41	0.90	0.78	0.75
EV/ EBITDA	3.97	8.64	8.97	7.23
PE ratio	2.12	9.17	18.53	10.19
Price/Book Value	0.42	1.57	1.46	1.39
Price/Revenue per share	0.10	0.47	0.38	0.40
Asset Turnover Ratio	1.72	1.29	1.45	1.52

**Q1 FY12 – Performance Highlights**

Particulars (Rs.Cr)	Q1 FY12	Q1 FY11	YoY (%)	Q4 FY11	QoQ (%)
Net Sales	352.31	262.06	34.44%	348.76	1.02%
Other Operating Income	0.36	0.30	20.00%	0.8	-55.00%
Total Income	352.67	262.36	34.42%	349.56	0.89%
Expenditure					
a) (Inc)/dec in stock-in-trade	-14.71	-7.76	89.56%	4.12	-457.04%
b) RMC	207.62	150.86	37.62%	192.96	7.60%
c) Purchase of traded goods	19.95	15.34	30.05%	15.18	31.42%
d) Employees cost	27.76	24.68	12.48%	28.14	-1.35%
g) Admin & selling expenses	39.88	37.43	6.55%	44.71	-10.80%
f) Loss/(gain) in foreign exchange	4.68	-6.33	-173.93%	8.83	-47.00%
h) Other expenditure	29.47	17.44	68.98%	27.29	7.99%
Total	314.65	231.66	35.82%	321.23	-2.05%
EBIDTA	38.02	30.70	23.84%	28.33	34.20%
Depreciation	11.34	9.86	15.01%	10.61	6.88%
EBIT	26.68	20.84	28.02%	17.72	50.56%
Interest	12.04	8.74	37.76%	10.88	10.66%
Other Income	0	0		0	
PBT	14.64	12.10	20.99%	6.84	114.04%
Tax	1.65	1.68	-1.79%	0.92	79.35%
PAT	12.99	10.42	24.66%	5.92	119.43%
Equity Share Capital (FV-Rs.5)	12.06	11.04		12.08	
EPS (Rs.)	5.39	4.72		2.45	

Analysis

- Top line has increased 34.44% YoY but has increased marginally by 1.02% QoQ during Q1 FY12 this was mainly due to laminate capacity expansion, higher capacity utilization in the MDF segment and increased realizations.
- Operating Profits have increased 23.84% YoY & 34.20% QoQ during Q1 FY12.
- Operating profit margins have decreased from 11.71% in Q1 FY11 to 10.76% in Q1 FY12.
- The overall expenditure as a percentage of sales increased marginally from 88.30% in Q1 FY11 to 89.22% in Q1 FY12. As a result operating margin declined by 95 bps.
- Net profit margins have decreased marginally from 3.98% in Q1 FY11 to 3.69% in Q1 FY12.
- In line with the operating performance, net profits increase 24.66% YoY. However, increase in depreciation & interest restricted profit growth.

**Valuation:**

We believe with the improvement in MDF sales the overall GIL's revenue will be benefitted which will help in improving the margins overall. At Rs. 231, the stock trades at 10.19x of FY12E earnings of Rs 22.67/-

The financial of the company looks too stretched so 'Accumulation' between Rs. 170 – 190 is advisable. With upside target of Rs. 308 in next 12 – 18 months.

Disclaimer:

Analyst Holding: Yes

Recommended to Clients: Yes

Relationship with Management: No

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Contact us: research@armresearch.in

arm@armresearch.in

Tel No 022- 26394073/97