July 26, 2013
CARE REVISES THE LONG-TERM RATINGS AND REAFFIRMS SHORT-TERM RATINGS ASSIGNED TO GREENPLY INDUSTRIES LTD

Ratings

<table>
<thead>
<tr>
<th>Facilities/Instruments</th>
<th>Amount (Rs. crore)</th>
<th>Ratings¹</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term Bank Facilities</td>
<td>600.45 (enhanced from 478.4)</td>
<td>CARE A (Single A)</td>
<td>Revised from CARE A- (Single A Minus)</td>
</tr>
<tr>
<td>Short-term Bank Facilities</td>
<td>565 (enhanced from 490)</td>
<td>CARE A1 (A One)</td>
<td>Reaffirmed</td>
</tr>
<tr>
<td>Total Bank Facilities</td>
<td>1,165.45</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term Debt (including Commercial Paper)*</td>
<td>45</td>
<td>CARE A1 (A One)</td>
<td>Reaffirmed</td>
</tr>
</tbody>
</table>

*by earmarking fund-based working capital limit

Rating Rationale

The revision in rating of the long-term facilities of Greenply Industries Ltd (GIL) takes into account the improvement in the financial risk profile of the company in FY13 (refers to the period April 1 to March 31), on the back of stabilization of operations of the Medium Density Fiber (MDF) division.

The above ratings also continue to derive strength from the experienced promoters, long track record of GIL, leadership position in the interior infrastructure sector and improving capacity utilization across the three divisions – plywood, laminates and MDF. Furthermore, Forest Stewardship Council (FSC) Certification, empanelment with Military Engineers Services (MES) for supply of MDF products, extensive distribution network & marketing support, strategic location of all the manufacturing units leading to cost advantages and increasing presence in export market also support the ratings. The ratings also factor in the dominance of unorganised sector players in the domestic plywood sector, leading to intense competition, exposure to foreign exchange fluctuation risk, risk associated with implementation of the ongoing projects and significant dependence on the prospects of the real estate sector. The ability of GIL to improve its profitability as envisaged, while maintaining its capital structure, complete the projects within the envisaged timelines & cost and sustainability of selling prices of its products in future vis-à-vis the prospect in the domestic and global real estate sector scenario would remain the key rating sensitivities.

Background

GIL was incorporated in August 1984, to manufacture veneer (ply) at Tizit, Nagaland. It is currently engaged in the manufacturing of plywood, laminates, decorative veneers, MDF and allied products with manufacturing units located in six states (Nagaland, West Bengal, Uttarakhand, Rajasthan, Himachal Pradesh and Gujarat).

GIL is the leader in the domestic plywood, laminate, decorative veneers & MDF industry and is the only integrated manufacturer in India. GIL’s brands like ‘Greenply’ & ‘Green Club’, in the plywood segment, ‘Greenlam’ & ‘Green Decowood’ in the laminate segment and “Green Panel Max” in the MDF segments are the leading brands.

In FY13 (refers to the period April 1 to March 31), on net sales of Rs.1,997.7 crore (Rs.1,642.2 crore in FY12), GIL has earned PBILDT and PAT (after defd tax) of Rs.275.4 crore (Rs.195.3 crore in FY12) and Rs.114.2 crore (Rs.53.4 crore in FY12), respectively.

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¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications
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