Greenply Industries Limited

July 07, 2025

Facilities	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	30.00	CARE AA-; Stable	Reaffirmed
Long-term bank facilities	118.00 (Enhanced from 103.00)	CARE AA-; Stable	Reaffirmed
Long-term / Short-term bank facilities	62.00	CARE AA-; Stable / CARE A1+	Reaffirmed
Short-term bank facilities	137.00 (Reduced from 152.00)	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Greenply Industries Limited (Greenply) continue to derive comfort from its long track record of operations with strong brand positioning in the domestic plywood industry and foray in high margin medium density fibreboard (MDF) segment through its subsidiary resulting increase in scale of operations and diversification in the product portfolio. Ratings continue to get strength from its pan-India presence through a strong distribution network and marketing support, strong presence in the rural markets, and strategic location of all its manufacturing units with strong raw material linkages. The company's financial performance improved in FY25 (refers to April 01 to March 31) with stabilisation of newly set up MDF unit and improved profitability from plywood segment. Comfort is drawn from large unutilised working capital limits, providing liquidity cushion.

Capital structure and debt coverage indicators also improved in FY25. While the company has planned for further expanding capacity of the MDF unit in FY26 from 800 CBM to 1000 CBM, overall debt addition is likely to remain low. CARE Ratings Limited (CareEdge Ratings) expects its debt coverage indicators to improve with no major debt funded capex at a consolidated level.

However, ratings continue to be constrained by Greenply's exposure to raw material price volatility apart from intense competition in the plywood and MDF industry from organised and unorganised sector players and its linkages to demand from the cyclical real estate industry.

The rating also takes note of Greenply, reducing its shareholding in Greenply Middle East Limited (GMEL) from 49% as on March 31, 2025, to 19% owing to sustained losses and challenges in management. The raw material arrangement between Greenply and Greenply Gabon S.A (subsidiary of GMEL) are likely to remain unaffected over the medium term.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant growth in its scale of operations through greater product diversification in its revenue mix along with improvement in its operating (profit before interest, lease rentals, depreciation, and taxation [PBILDT]) margin beyond 15% and return on capital employed (ROCE) above 20% on a sustained basis.
- Improvement in its leverage with overall gearing below 0.5x and total debt/PBILDT below 1.25x on a sustained basis.

Negative factors

- Total debt/PBILDT above 3.5x and overall gearing above 1.25x on a sustained basis.
- ROCE below 12% on a sustained basis.

Analytical approach: Consolidated

CareEdge Ratings has taken a consolidated view of Greenply and all its subsidiaries, as they operate in similar business and have strong operational and managerial linkages. Greenply has also extended standby line of credit and corporate guarantee for debt availed by some of its subsidiaries, associates and joint ventures. Entities considered in consolidation with Greenply are listed in **Annexure 6**.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Outlook: Stable

The 'stable' outlook reflects Greenply is expected to sustain its business risk profile given its strong market position in the domestic plywood industry and diversification in the high-margin MDF business. CareEdge Ratings expects the financial risk profile to remain satisfactory, supported by growing domestic demand.

Detailed description of key rating drivers:
Key strengths

Long track record of operations in the plywood industry

Incorporated in 1990, Greenply has a long track record of operations in the plywood industry. The current promoter, Rajesh Mittal –chairman and managing director (CMD), has experience of over three decades in the interior infrastructure industry. The promoter group is ably supported by the senior management team, who also have extensive experience in the industry.

Strong position in domestic organised plywood industry

Greenply is one of the largest players in the domestic interior infrastructure sector aided by its quality product and strong brand image. Greenply's brands including 'Green Club 500', Green Club plus 700' and 'Green Gold platinum' in the plywood segment which are among leading brands in the premium segment. Greenply has also captured the lower segment and mid-segment plywood through outsourcing route with three brands: 'Ecotec', 'Bharosa', 'Jansathi' and 'Wood Crest'. The company also ventured in MDF, where it is expanding its presence, gradually.

Pan-India presence through a strong distribution network and marketing support

The company has a robust dealer network of over 3,000 dealers who are present in over 1,100 cities, towns, and villages in 27 states and six union territories. They are served by 56 branches, which are prudently positioned between urban and contemporary construction hubs. As a result, the company can market its products all over the nation.

Strategic location of manufacturing units of Greenply with strong raw material linkage

Adequate availability of raw material is a key driver for the plywood industry. Key raw materials required for manufacturing plywood include face veneer, core timber and chemicals. Greenply's existing plants are strategically near the source of its major raw material (West Bengal, Nagaland, Gujarat and Uttar Pradesh in India), which ensures adequate availability of raw material at competitive cost. Its plants being adjacent to the port (Kandla and Kolkata) also benefit it logistically. While face veneer is a high-quality premium timber, usually derived from matured trees and largely imported, core timber is an agro-forestry timber and is mainly sourced from the domestic market. Greenply imports face veneer largely from its associate entity (Greenply Gabon S.A Limited) and other local manufacturers in Gabon. It imports veneer from China and European Countries.

The MDF unit is also strategically near the source of its major raw material (in Gujarat), which ensures adequate availability of raw material at competitive cost. The plant is near the port, which will facilitate the export of MDF. Greenply Speciality Panels Private Limited's (GSPPL) MDF plant is among the first such plants in Western India, entailing cost benefits in logistics, while catering the market in its geographical vicinity.

Improved capacity utilisation (CU) in FY25

The CU for plywood segment improved from an average of 76% in FY24 to ~88% in FY25. This improvement was backed by increased production in Gujarat unit and further ramp up in UP Unit. For the MDF unit, in its first full year of operation, capacity utilisation stood at 68% in FY25. The CU for plywood and MDF are expected to improve going forward.

Improvement in financial performance in FY25 marked by growth in total operating income (TOI) and improved operating margin

On a consolidated basis, Greenply's TOI grew by 14% year-over-year (y-o-y) in FY25 largely supported by higher sales in MDF segment. The sales volume in MDF segment grew by ~35% and average sales price realisation by~7% in FY25, being first full year of operation. For the plywood segment, the sales volume grew by ~3% and average sales realisation by ~1% on a y-o-y basis.

PBILDT margin for FY25 improved to 9.56% from 8.52% in FY24 primarily due to stabilisation of the MDF plant, leading to optimised operating overheads and higher production alongside steady performance of plywood division. Gross cash accrual (GCA) improved from ₹119.53 crore to ₹149.90 crore against debt repayment obligation of ₹52.10 crore in FY25. CareEdge Ratings expects performance to sustain with expected rationalisation of timber cost and increase in overall scale of operations in the medium term. The share of losses from group companies is anticipated to decrease in the future. This is due to the loss-making associate, Greenply Middle East Limited, ceasing to be an associate following the disinvestment, and Greenply Samet Private Limited (JV) expected to break even by FY27. These changes will lead to improved profitability at a consolidated level.

Improved capital structure and debt coverage indicators

The overall gearing ratio improved to 0.71x as on March 31, 2025, from 0.85x as on March 31, 2024. The debt coverage indicators also improved with interest coverage of 5.52x in FY25 against 4.31x in FY24 and TD/PBILDT of 2.36x as on March 31, 2025, against 3.13x as on March 31, 2024. The capital structure and debt coverage indicators are expected to further improve, with no major debt funded capex in the medium term.

Liquidity: Strong

The company has strong liquidity position marked by unencumbered cash and cash equivalents of ₹24.31 crore as on March 31, 2025. Utilisation of its sanctioned fund-based working capital limits has also been low at ~17% in 12-months ended April 2025. With MDF product added to its portfolio and its strong brand presence in plywood, it is expected to generate adequate cash accruals at a consolidated level to meet repayment obligations of ₹65-80 crore in FY26 and FY27. Even with growth in its scale of operations in FY25, it has maintained its operating cycle at 50 days reflecting tight control over its working capital. In the absence of major capex plan, the liquidity position is expected to remain strong in the near term.

Key weaknesses

Intense competition

The Indian plywood market is dominated by unorganised sector players. Although Greenply enjoys a strong market share in the organised market, there are number of players operating in organised and unorganised plywood segments. While increasing brand awareness is expected to result in better market share for the organised sector going forward. The impact of the pandemic in raw material sourcing, labour issues and stretch in working capital also impacted competitiveness in the unorganised sector, which augurs well for organised plywood manufacturers.

The demand for MDF has been significantly growing and the company ventured in this product to achieve product diversification in its revenue mix and to drive growth in its scale. Significant capacity additions in the MDF sector by other industry players has increased competitive intensity with all capacities coming onstream. Influx of cheap imports has also led to pressure on prices of MDF. However, with implementation of BIS norms from February 2025, the organised sector players are expected to benefit and lower imports of cheaper material.

Exposure to raw material price volatility and cyclical real estate industry

Prices of key raw materials (such as different types of wood and crude-oil-based chemicals) required by the interior infrastructure industry are inherently volatile, which make the sector's profitability margins susceptible to significant rise in cost of these inputs, especially in an inflationary economic scenario. This could limit the sector's ability to fully pass-on cost increases by price hikes in end-products without having an adverse impact on demand. As the real estate sector is a key end-user, demand for products of the interior infrastructure sector is also susceptible to inherent cyclicality associated with the real estate sector.

Environment, social, and governance (ESG) risks

In FY25, Greenply distributed saplings to reduce its carbon footprint. The company has planted over 60 million saplings. The company also actively contributes to water conservation and management by reducing groundwater extraction.

In terms of energy management, Greenply uses renewable energy in its energy mix to mitigate greenhouse gas emissions. Following ISO 50001, the company continuously monitor and optimise energy usage. Units at Bamanbore, Sandila and Vadodara have Solar rooftop plants. The MDF plant near Vadodara also has a power purchase agreement with a hybrid power producer for supply of renewable power. A significant portion of the Vadodara MDF plant is running on renewable energy, and boilers are operating on biofuel and agri-waste.

Total CSR amount spent in FY25 was ₹3.05 crore (against a total obligation of ₹2.55 crore).

Greenply's Board of directors consist of seven members, of which, four are independent directors. There have been no whistle blower complaints and penalties, no fines or strictures have been imposed on the company by regulatory authorities on matters related to capital markets in the last three financial years.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Plywood Boards/ Laminates

Incorporated in November 1990, Greenply is one of India's largest interior infrastructure companies. It is engaged in manufacturing plywood and allied products. The company has four manufacturing facilities of plywood, one each in Nagaland, West Bengal, Gujarat and Uttar Pradesh with a combined installed capacity of 52.80 million square metre.
Greenply ventured in MDF through its wholly owned subsidiary GSPPL, by commissioning its MDF unit in May 2023 at Vadodara, Gujarat with an installed capacity of 2,40,000 CBM per annum.

Brief Financials (₹ crore) (Consolidated)	FY24 (A)	FY25 (A)
Total operating income	2191.53	2,487.67
PBILDT	186.79	237.74
PAT	69.95	91.72
Overall gearing (times)	0.85	0.71
Interest coverage (times)	4.31	5.52

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of facilities

Name of the Bank Facility	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	118.00	CARE AA-; Stable
Fund-based - LT-Term Loan		-	-	March 2029	30.00	CARE AA-; Stable
Fund-based/Non-fund-based-LT/ST		-	-	-	62.00	CARE AA-; Stable / CARE A1+
Fund-based/Non-fund-based-Short Term		-	-	-	20.00	CARE A1+
Non-fund-based - ST-BG/LC		-	-	-	112.00	CARE A1+
Non-fund-based - ST-Letter of credit		-	-	-	5.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	118.00	CARE AA-; Stable	-	1)CARE AA-; Stable (23-Sep-24)	1)CARE AA-; Stable (09-Oct-23)	1)CARE AA-; Stable (06-Sep-22)
2	Term Loan-Long Term	LT	-	-	-	1)Withdrawn (23-Sep-24)	1)CARE AA-; Stable (09-Oct-23)	1)CARE AA-; Stable (06-Sep-22)
3	Non-fund-based - ST-BG/LC	ST	112.00	CARE A1+	-	1)CARE A1+ (23-Sep-24)	1)CARE A1+ (09-Oct-23)	1)CARE A1+ (06-Sep-22)
4	Fund-based/Non-fund-based-Short Term	ST	20.00	CARE A1+	-	1)CARE A1+ (23-Sep-24)	-	-
5	Fund-based/Non-fund-based-LT/ST	LT/ST	62.00	CARE AA-; Stable / CARE A1+	-	1)CARE AA-; Stable / CARE A1+ (23-Sep-24)	-	-
6	Non-fund-based - ST-Letter of credit	ST	5.00	CARE A1+	-	1)CARE A1+ (23-Sep-24)	-	-
7	Fund-based - LT-Term Loan	LT	30.00	CARE AA-; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based/Non-fund-based-LT/ST	Simple
4	Fund-based/Non-fund-based-Short Term	Simple
5	Non-fund-based - ST-BG/LC	Simple
6	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Greenply Holdings Pte. Ltd (GHPL)@	Full	Subsidiary
2	Greenply Sandila Pvt Ltd	Full	Subsidiary
3	Greenply Speciality Panels Pvt Ltd	Full	Subsidiary
4	Alishan Panels Private Limited	Full	Subsidiary
5	Greenply Middle East Limited, Dubai, UAE	Proportionate	Associate
6	Greenply Gabon SA, Gabon, West Africa	Proportionate	Associate
7	Greenply Alkemal (Singapore) Pte. Ltd (GASPL) (*Investment of GHPL) @*	Proportionate	Joint Venture
8	Greenply Industries (Myanmar) Private Limited (*Wholly owned subsidiary of GASPL) @*	Proportionate	Joint Venture
9	Greenply Samet Private Limited	Proportionate	Joint Venture

@Greenply Holding Pte. Ltd. (Singapore) has invested in a joint venture (50% ownership interest) company namely Greenply Alkemal (Singapore) Pte. Ltd. Further Greenply Alkemal (Singapore) Pte. Ltd has invested in a wholly owned subsidiary company Greenply Industries (Myanmar) Private Limited.

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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