Greenlam Industries Limited

July 04, 2025

Facilities	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	92.65 (Reduced from 280.60)	CARE AA-; Negative	Reaffirmed; Outlook revised from Stable
Long-term / Short-term bank facilities	10.00	CARE AA-; Negative / CARE A1+	Assigned
Long-term / Short-term bank facilities	267.50 (Enhanced from 110.00)	CARE AA-; Negative / CARE A1+	Reaffirmed; Outlook revised from Stable
Short-term bank facilities	220.00	CARE A1+	Assigned
Short-term bank facilities	110.00 (Reduced from 235.00)	CARE A1+	Reaffirmed
Short-term bank facilities	-	-	Withdrawn

Details of facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Greenlam Industries Limited (Greenlam) continue to draw strength from its promoters' experience in the laminate business and its long track record and established market position. Greenlam continues to be among the largest domestic players in the organised laminate business with growing presence in the exports markets in the last few years. Ratings also factor the extensive distribution network, quality certifications from agencies, and healthy capacity utilisation (CU) of the laminate division. Ratings continue to derive strength from the growth in its total operating income (TOI) in FY25 (refers to April 01 to March 31), driven by growth in sales volume.

Ratings also take note of recently completed large-scale diversification project for setting up plywood, laminates, and chipboard (or particle board) plants. The plywood unit commenced operations in June 2023, laminates unit commenced operations in September 2023 and chipboard unit commenced operations in January 2025. Ratings factor in the slower-than-anticipated growth in revenue due to delay in implementation and stabilisation of these projects.

Apart from inherent post-project implementation risks, the large size debt availed for projects led to moderation in overall gearing ratio and debt coverage indicators. Ratings remain constrained by the company's profitability susceptible to volatile raw material prices, low capacity utilisation (CU) for its veneer, engineered wood flooring and engineered doors segment, dependence on the cyclical real estate industry, working capital intensive operations, and exposure to foreign exchange fluctuation risk.

The withdrawal of rating for short-term bank facilities is considering reclassification of these facilities.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significantly growing scale of operations through greater product diversification in its revenue mix and improvement in its profit before interest, lease rentals, depreciation and taxation (PBILDT) margin beyond 18% and return on capital employed (ROCE) beyond 20% on a sustained basis.
- Improving leverage with overall gearing below 0.50x and total debt (TD)/PBILDT below 1.25x on a sustained basis.

Negative factors

- Decline in scale of operations, marked by TOI below ₹2500 crore and/or PBILDT margin falling below 10% on a sustained basis.
- Total debt/PBILDT remaining higher than 4.50x on a sustained basis.

Analytical approach: Consolidated

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

CARE Ratings Limited (CareEdge Ratings) has adopted a consolidated analytical approach with its subsidiaries mainly set up either as overseas marketing outfits or for manufacturing laminates and chipboard having have strong operational, financial and managerial linkages. The list of companies consolidated with Greenlam as on March 31, 2025, is placed in **Annexure-6**.

Outlook: Negative
The outlook has been revised to 'Negative' from 'Stable' in view of expectation of sustained pressure on its profitability especially from plywood and chipboard segments leading to pressure on the debt coverage and return indicators.

Detailed description of key rating drivers:

Key strengths
Promoter's experience and long track record in laminates industry
Greenlam was incorporated in August 2013 and remained an inactive company until the demerger of the decorative business division (comprising decorative laminates, decorative veneers, and allied products) through a court-approved demerger process, transferred to Greenlam in October 2014. The decorative laminate business has a long operational track record since 1993. The promoter, Shiv Prakash Mittal, is well-known in the wood panel industry with experience of over three decades. Saurabh Mittal, son of Shiv Prakash Mittal, is the managing director and CEO and manages the company's day-to-day affairs. He is ably supported by the senior management team of Greenlam, which has extensive industry experience.

Established brand in domestic organised laminate industry
Greenlam is among the top two laminate manufacturers in the country's organised segment and commands an established position in the organised laminate and veneer segments. Greenlam's brands including Greenlam, New Mika, and Decowood are leading brands in laminate and veneer segments. Greenlam also launched engineered wood flooring and engineered door segments and recently ventured into plywood segment, which are branded under 'Mikasa' and are expected to further strengthen Greenlam's position in the interior infrastructure sector. The company has also ventured into chipboard business which is marketed under the brand "Greenlam MFC".

Established presence in export markets
Greenlam is India's largest exporter of laminate and has an established presence in the quality stringent export markets, with the same increasing in the last few years. The company's export revenue (on a consolidated level) improved and stood at ₹1178 crore (comprising ~45.85% of gross sales) in FY25 as against ₹1026 crore (comprising ~44.50% of gross sales) in FY24. Since, the company is equally present in domestic and export markets, it is well placed to withstand downturns in one of its markets.

Extensive distribution network and marketing support
Greenlam has a pan-India marketing network with 10 company-owned regional distribution centres, 21 branch offices, seven warehouses, two experience centres and over 30,000 distributors, dealers, sub-dealers and retailers across the country. It has subsidiary companies engaged in exploring market opportunities for laminates in South-East Asia, the US and Europe. Globally, Greenlam has presence in over 120 countries through its four international distribution centres and 16 international offices.

Healthy CU for laminates division albeit low CU for other divisions
The CU of laminate division slightly improved to 82% in FY25 from 81% in FY24 driven by increase in sales volume. The CU of the veneer division (32% in FY25 and 34% in FY24) and engineered wood flooring (13% in FY25 and 12% in FY24), continued to remain on the lower side owing to the products being luxury items and high manual labour required for polishing and finishing. The CU remain low at 25% for the engineered door segment in FY25 improving from 15% in FY24. The CU for plywood division which was commissioned in June 2023 remained low at 26% in FY25 (14% in FY24). The company added capacity of 2,92,380 CBM for chipboard at Naidupeta, Andhra Pradesh which commenced production from January 2025.

Growth in TOI with moderate profitability in FY25
On a consolidated basis, Greenlam's TOI grew by 11.40% year-over-year (y-o-y) in FY25 to ₹2,569.34 crore. The increase in revenue is marked by higher sales volume of laminates, with increasing contribution from plywood segment. In laminate segment, domestic and export revenues increased by 4% and 14.20%, respectively, in FY25 on a y-o-y basis. The sales realisation for laminates improved to ₹1081/sheet in FY25 against ₹1034/sheet in FY24. The sales value of all products, except decorative veneer and prelam MFC board increased during the year. However, its PBILDT margin declined from 12.83% in FY24 to 10.69% in FY25 mainly due to recently commenced operations of plywood and chipboard.

Key weaknesses

Project stabilisation risk, despite envisaged benefits of diversified product profile
The company took up three greenfield projects, which includes a plywood and allied products unit (in erstwhile HG Industries Ltd; now merged in Greenlam) and chipboard unit and laminate unit (fourth unit for laminate production) under its subsidiary Greenlam Limited. Greenlam's foray in these projects aimed at making it an integrated wood panel player from it mainly being a decorative surfacing company, and thus, broad base its product portfolio by leveraging its wide distribution network and established brand. The company's laminate and chipboard projects had a total estimated cost of ₹1,150 crore (revised from ₹1,050 crore).
The chipboard facility in Naidupeta, Andhra Pradesh commenced production from January 2025 with a delay compared to its initial timelines. The project's cost also increased to ₹875 crore from ₹775 crore, attributed to capacity enhancement (from earlier envisaged capacity of 231,000 cbm to 292,380 cbm), cost inflation, additional equipment, currency depreciation, and increased interest cost in construction. The management had spent ~₹775 crore for this facility and expects further ₹100 crore to be spent on pending civil work in FY26. The ramping-up of production will be key rating monitorable for generating adequate returns on such large investment. The management expects the chipboard segment to achieve break-even in FY27. The company's prospects are also linked to demand from the cyclical real estate industry.

Moderation in capital structure and debt coverage indicators
Owing to large size capex in recent years, there is moderation in the capital structure and debt coverage indicators. Greenlam's overall gearing ratio moderated to 1.09x as on March 31, 2025 (1.06x in FY24 and 0.70x in FY23), due to debt availed for funding its projects. Debt coverage indicators also moderated, with total debt/PBILDT of 4.42x for FY25 (3.82x for FY24 and 2.88x for FY23), and interest coverage ratio of 4.19x in FY25 (6.68x in FY24 and 9.93x in FY23). CareEdge Ratings expects the overall gearing ratio and debt coverage indicators to remain at similar level as at end-FY26 and improve thereafter. Healthy liquidity built-up and cash flows from stabilised projects is expected to provide adequate cushion for debt servicing.

Raw material price fluctuation risk
Raw material cost (including traded goods) formed ~53% (FY24: ~54%) of the total cost of sales for Greenlam in FY25. The primary raw materials utilised in the production of laminates include paper and chemicals, for plywood manufacturing, timber is essential, while chipboard production relies on sawdust and waste wood. About 47% of the value of raw materials consumed in FY25 were met through imports against ~54% in FY24. As melamine and phenol are primary chemical requirements, their availability and price have a significant impact on the company's operating margins. Prices of these products in the international market are highly volatile (phenol being a crude oil derivative). However, the company tries to pass on the increase in raw material prices to customers to an extent and with a time lag, simultaneously cushioning its impact on demand.

Exposure to foreign exchange rate fluctuations
The company imported ₹531 crore (43%) of inputs in FY25 against ₹612 crore (55%) in FY24, while its exports revenues stood at ₹1178 crore in FY25 (~46%) against ₹1026 crore in FY24 (~44% of TOI). As a result, the company is partially insulated against foreign exchange fluctuation by way of natural hedging.
For managing foreign exchange risks, Greenlam hedges the net outstanding of foreign currency exposures on a fortnightly basis through derivatives such as forward contracts.

Working capital-intensive operations
The company's operations are working capital intensive considering its high inventory period due to numerous product variants and raw materials stocking with a significant proportion of raw materials imported with a long lead time. Greenlam has tightened its credit norms, improving its average collection period to ~22 days, while it avails average credit from its suppliers for ~60 days in FY25. The company's operating cycle improved from 83 days in FY24 to 62 days in FY25.

Liquidity: Adequate
The liquidity of the company continued to remain adequate with healthy cash accruals. The company had free cash & liquid investment of ₹98.47 crore as on March 31, 2025 which is expected to be largely utilised for payment of balance capex payments in FY26. The company has term debt principal repayment obligations of about ₹109 crore in FY26 and is expected to generate adequate cash accruals for meeting the same. The utilization of working capital limits remains high at ~86% for fund-based limits and 73% for non-fund-based limits over the last 12 months ended April 2025 considering sizeable internal accruals in the last few years been deployed towards its capex.

Environment, social, and governance (ESG) risks
Greenlam is exposed to tightening environmental compliance and emission norms as it uses raw materials such as paper and chemicals. However, the company has made efforts towards environment sustainability which is demonstrated by its use of

recycled and agro-based papers, development of risk mitigation policies, and engagement in modern technology and replenishment projects (including rainwater harvesting). The company has also started using biofuels in boilers and undertaken several steps and measures such as installation of electrostatic precipitator for dust free environment. The company has quality certifications for its products, mitigating the risk to an extent. The company also emphasises employee safety and development. Greenlam spent ₹3.18 crore for corporate social responsibility (CSR) initiatives in FY25. Of eight directors on the company's board, four are independent directors.

Applicable criteria

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

Greenlam was incorporated in August 2013 and remained an inactive company until the demerger of the decorative business comprising decorative laminates, decorative veneers, and allied products ins Greenlam. The decorative laminates business was operational since 1993.

Greenlam is among the largest laminate manufacturing companies in the country and commands an established position in the organised laminate and veneer segments. 'Greenlam Laminates' is the flagship brand of Greenlam, under which its decorative laminates are marketed. The company markets its decorative veneers under brand 'Decowood'. The engineered wood flooring segment and engineered doors segment (marketed under brand 'Mikasa') were introduced in 2014 and 2015, respectively. The company has recently ventured in the plywood segment, also marketed under the 'Mikasa' brand. It has five manufacturing facilities (including manufacturing units of subsidiaries) in Rajasthan, Himachal Pradesh, Gujarat, Tamil Nadu, and Andhra Pradesh. It has also undertaken a Chipboard project in Andhra Pradesh, which will enable it to further diversify its product profile and geographical presence with FY26 being its first full year of operations.

Brief Financials - Consolidated (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Abr)
Total operating income	2,306.35	2,569.34
PBILDT	295.98	274.64
PAT	138.01	68.34
Overall gearing (times)	1.06	1.09
Interest coverage (times)	6.68	4.19

A: Audited; Abr: Abridged; 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 Instrument	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		-	-	-	15.00	CARE AA-; Negative
Fund-based - LT-Term Loan		-	-	June 2029	77.65	CARE AA-; Negative
Fund-based - LT/ ST-Working Capital Demand loan		-	-	-	10.00	CARE AA-; Negative / CARE A1+
Fund-based - ST-EPC/PSC		-	-	-	75.00	CARE A1+
Fund-based - ST-Purchase Invoice Financing		-	-	-	0.00	Withdrawn
Fund-based - ST-Working Capital Demand loan		-	-	-	20.00	CARE A1+
Fund-based - ST-Working Capital Limits		-	-	-	85.00	CARE A1+
Fund-based/Non-fund-based-LT/ST		-	-	-	267.50	CARE AA-; Negative / CARE A1+
Fund-based/Non-fund-based-Short Term		-	-	-	115.00	CARE A1+
Non-fund-based - ST-BG/LC		-	-	-	35.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/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-Term Loan	LT	77.65	CARE AA-; Negative	-	1)CARE AA-; Stable (05-Jul-24) 2)CARE AA-; Stable (25-Apr-24)	1)CARE AA-; Stable (07-Jul-23)	1)CARE AA-; Stable (07-Jul-22)
2	Fund-based - LT-Cash Credit	LT	15.00	CARE AA-; Negative	-	1)CARE AA-; Stable (05-Jul-24) 2)CARE AA-; Stable (25-Apr-24)	1)CARE AA-; Stable (07-Jul-23)	1)CARE AA-; Stable (07-Jul-22)
3	Non-fund-based - ST-BG/LC	ST	35.00	CARE A1+	-	1)CARE A1+ (05-Jul-24) 2)CARE A1+ (25-Apr-24)	1)CARE A1+ (07-Jul-23)	1)CARE A1+ (07-Jul-22)
4	Fund-based - ST-EPC/PSC	ST	75.00	CARE A1+	-	1)CARE A1+ (05-Jul-24) 2)CARE A1+ (25-Apr-24)	1)CARE A1+ (07-Jul-23)	1)CARE A1+ (07-Jul-22)
5	Fund-based/Non-fund-based-LT/ST	LT/ST	267.50	CARE AA-; Negative / CARE A1+	-	1)CARE AA-; Stable / CARE A1+ (05-Jul-24)	-	-

6	Fund-based - ST-Purchase Invoice Financing	ST	-	-	-	1)CARE A1+ (05-Jul-24)	-	-
7	Fund-based - LT/ ST-Working Capital Demand loan	LT/ST	10.00	CARE AA-; Negative / CARE A1+				
8	Fund-based/Non-fund-based-Short Term	ST	115.00	CARE A1+				
9	Fund-based - ST-Working Capital Limits	ST	85.00	CARE A1+				
10	Fund-based - ST-Working Capital Demand loan	ST	20.00	CARE A1+				

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 - LT/ ST-Working Capital Demand loan	Simple
4	Fund-based - ST-EPC/PSC	Simple
5	Fund-based - ST-Purchase Invoice Financing	Simple
6	Fund-based - ST-Working Capital Demand loan	Simple
7	Fund-based - ST-Working Capital Limits	Simple
8	Fund-based/Non-fund-based-LT/ST	Simple
9	Fund-based/Non-fund-based-Short Term	Simple
10	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view 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	Greenlam Asia Pacific Pte Ltd., Singapore (GAP)	Full	Subsidiary
2	Greenlam America Inc., Florida (USA)	Full	Subsidiary
3	Greenlam Limited (GL) - India	Full	Subsidiary
4	GRLAM Trading, Egypt	Full	Subsidiary
5	Greenlam Overseas Bengal Limited, Bangladesh	Full	Subsidiary
6	Greenlam Europe (UK) Ltd., United Kingdom	Full	Step down subsidiary
7	Greenlam Decolan SA – Switzerland	Full	Step down subsidiary
8	Greenlam Asia Pacific (Thailand) Co Ltd	Full	Step down subsidiary
9	Greenlam Holding Co. Ltd, Thailand	Full	Step down subsidiary
10	PT Greenlam Asia Pacific, Indonesia	Full	Step down subsidiary
11	PT Greenlam Indo Pacific – Indonesia	Full	Step down subsidiary
12	Greenlam Rus LLC – Russia	Full	Step down subsidiary
13	Greenlam Poland Sp.Z.o.o	Full	Step down subsidiary
14	Greenlam Industries SDN.BHD, Malaysia	Full	Step down subsidiary
15	Greenlam Industries SL,Spain	Full	Step down subsidiary
16	Greenlam GMBH, Germany	Full	Step down subsidiary

Note on complexity levels of rated instruments: CareEdge 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:
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