

September 24, 2010

CARE ASSIGNS 'PR1' RATING TO STD (WITHOUT EARMARKING WORKING CAPITAL FACILITY) AND REAFFIRMS RATING ASSIGNED TO THE STD (BY EARMARKING WORKING CAPITAL FACILITY) OF GREENPLY INDUSTRIES LTD.

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Short-term debt (including Commercial Paper)	15.0	'PR 1' (PR One)	Assigned
Short-term debt (including Commercial Paper*)	30.0 (enhanced from Rs.20.0 crore)	'PR 1' (PR One)	Reaffirmed

**earmarking tied-up fund-based working capital bank limit*

Rating Rationale

The above rating continues to draw strength from long & satisfactory track record of the company, rich experience of the promoters, satisfactory capacity utilisation, extensive distribution network with established brands, leadership position in the domestic organised plywood & laminate industry, strategic location of all the manufacturing units leading to cost advantages, satisfactory financial position and high entry barrier in the domestic plywood industry. The rating also factors in the dominance of unorganised sector players in domestic plywood sector leading to intense competition, post-implementation risk in recently completed Medium Density Fibreboard (MDF) project, moderate gearing ratios, high susceptibility to raw material price fluctuations and significant dependence on the prospect of the real estate sector. Marketability & acceptance of GIL's new line of product (MDF) in the market and sustainability of selling prices of GIL's products in future vis-à-vis the prospect in domestic & global real estate sector scenario will remain the key rating sensitivities.

Company Profile

Greenply Industries Limited (GIL) was incorporated in August, 1984, to manufacture veneer (ply) at Tizit, Nagaland. Currently, it is engaged in manufacturing of plywood, laminates, decorative veneers and allied products with manufacturing units located in six states (Nagaland, West Bengal, Uttaranchal, Rajasthan, Himachal Pradesh and Gujarat). GIL is the leader in the domestic plywood, laminate, decorative veneers & particle board industry. 'Greenlam', the flagship decorative laminate brand, is exported to more than 60 countries.

In March, 2010, GIL has commenced commercial operation at its MDF unit (1,80,000 cu. Mt p.a), at Pantnagar (Uttrakhand), at an aggregate cost of Rs.266.2 crore.

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

On total income of Rs.880.5 crore (Rs.727.0 crore in FY09), GIL earned PBILDT and PAT (after defd. tax) of Rs.98.0 crore (Rs.99.9 crore in FY09) and Rs.49.6 crore (Rs.37.3 crore in FY09) respectively in FY10. Long term debt-equity & overall gearing ratio deteriorated as on Mar.31, 2010 from Mar.31, 2009 due to availment of term loans for the recently completed projects (MDF unit at Pantnagar), despite accretion of profits to reserve and equity infusion by the promoters. The unaudited working results for Q1FY11, were also satisfactory.

Analyst Contact

Name: Saurav Chatterjee/Sumit Chakraborty

Tel # 033-22831800

Mobile # 98307 14920/98308 68107

Email: saurav.chatterjee@careratings.com / sumit.chakraborty@careratings.com

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's PlaceNo. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr. Pradeep Kumar Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 98407 54521 E-mail :Pradeep.kumar@careratings.com</p>	<p>Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar Hyderabad - 500 029 Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail :swati.agrawal@careratings.com</p>