Twitter Thread by JST Investments

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Greenpanel Industries FY21 Annual Report Takeaways.

'27% market share of the Indian MDF market & growing'

Hit the 'retweet' & help us educate more investors.

A Thread ■■

1/ Basic facts about the business:

- Leader in wood panels in which their principal product is MDF (Medium Density Fibreboard)
- Demerged from Greenply in 2018
- 2 plants in UP & AP (this one being the largest MDF plant in the world.

2/ Product Offerings are dispersed over multiple types of wood panels: From MDF to specialty plywood to veneers.

3/ Challenges faced by the company in FY21 (Pic 1)

& How they tackled them (Pic 2)

4/ Financials: Performed better on all metrics.

Rev up 20%
Expanded EBITDA margin by 420bps
Net profit up 370%
Strong Cashflows
Receivables cycle down to 28
Paid back 157crs of debt

Talks of sustainable growth with a focus on cashflows & lower working capital.

5/ From the desk of the Chairman

- Committed to producing only as much as the market can absorb (can they control their competitors?)
- Did not & will not discount to push sales
- Get a better credit profile.
- Will do Capacity growth at lower capital cost than greenfield.

6/ From the desk of the CEO

- Gained market share in MDF: As the broad MDF market de-grew by 37% while they grew by 20%
- Q1 of FY21 showed 57% regrowth in revenues which bounced back leading to the highest ever sales in Q4
- No big capex in the next 3yrs | Peak rev at 1600crs

7/ Macroeconomic trends that benefit the MDF Industry

Economic growth
Attractive social fundamentals
Vast under consumption
Increase in incomes and aspirations
Lifestyle priorities
Atmanirbhar Bharat
Urban real estate growth
Rural emergence

8/ Various risks & how the management is controlling them.

- Demand risk: depends on increased construction of real estate & people's willingness to spend on upgrading.
- Import risk: In the past few years, cheap imports were dumped all over ■■

& many others.

9/ Different ways in which the management is trying to increase their shareholder's value.

10/ Reasons why MDF is a preferred furniture fabrication resource.

78% of the company's revenue comes from MDF.

Current capacity utilisation at 69% (up from 60% in FY20)

11/ Brand investments to educate customers of the positive attributes of MDF over lower-priced plywood continue with full force.

12/ Consumption for the co's products would grow at double digits in the upcoming yrs.

One of the most detailed annual reports out there

The products are commodities so supply-side dynamics (imports & domestic capacities) should always be taken into account.

End of Thread.