Early Warning System

IFC-45943

Greenlam South Limited

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Quick Facts

Countries	India
Specific Location	Naidupeta, Nellore, Andhra Pradesh
Financial Institutions	International Finance Corporation (IFC)
Status	Completed
Bank Risk Rating	B
Borrower	GREENLAM SOUTH LIMITED
Sectors	Agriculture and Forestry
Investment Type(s)	Loan
Investment Amount (USD)	$ 25.00 million
Loan Amount (USD)	$ 25.00 million
Project Cost (USD)	$ 111.00 million

Project Description

According to IFC, the proposed investment is a loan to support Greenlam South Limitied in establishing a greenfield processing plant with a capacity for 231,000 CBM per annum for particle board and 3,500,000 sheets/boards per annum for laminates along with 188.75 TPD captive resin plant at Naidupeta in Nellore District, Andhra Pradesh.

The proceeds of the loan provided by IFC shall be used specifically for the construction, equipping, and placing into operations (including working capital requirements) of a greenfield manufacturing High-Pressure Laminate and Wood Based Particle Board Plant in Naidupeta Industrial Park managed by Andhra Pradesh Industrial Infrastructure Corporation Ltd (APIIC). The Naidupeta plant has obtained Consent to Establish in February 2022 and other relevant applicable permits required for the start of construction. The EPC contract for the laminate unit, captive resin plant and common facilities like the Effluent Treatment Plant (ETP), Sewage Treatment Plant (STP) and boilers have been awarded. The construction is at a very early stage with foundations and earthwork activities going on at the site. The Company is in discussion with the equipment suppliers and a contractor for particle board units. The Company will continue to source kraft paper and chemicals from its existing suppliers of Greenlam for laminate production. For particle board, it intends to get into agroforestry operations through a farmer engagement model. The project envisages decentralized agroforestry in the catchment area (through open market, farmers and aggregators) of the manufacturing plant to meet majority of the core wood requirement for the particle wood segment. The remaining requirement of the wood supply will be sourced from existing private tree growers beyond the catchment area and Industrial Plantations of Andhra Pradesh Forest Development Corporation Ltd (APFDC). The Company envisages taking off the plantation development program from 2023 onward. It intends to develop the Centralized Clonal Production Center for mass propagation of the required quantum of quality planting stock and the Tree Improvement Program through applied R&D initiatives in collaboration with research institutes and agriculture universities to introduce new varieties and higher productivity in the agroforestry operations.

Investment Description

- International Finance Corporation (IFC)

The total cost of setting up the greenfield manufacturing facilities for high-pressure laminates and particleboard (the Project) is US$111 million, of which US$39 million will be financed via equity from Greenlam. The balance will be funded through debt from IFC (up to US$25 million), Export Credit Agency Financing (EUR 25.459 million), and other local and international lenders in India.

Private Actor Relationship

Greenlam is headed by Mr. Saurabh Mittal (Sponsor), the Managing Director and CEO, who possesses more than two decades of experience in the wood panel industry. The Company is a listed on the Bombay and National Stock exchanges of India and has a market capitalization of US$ 510 million as of October 07, 2022. As of June 30, 2022. the Sponsor and his family members own 53.8965% of Greenlam and the balance is owned by public shareholders.

Private Actors Description

Greenlam Industries Limited (“Greenlam”) is one of the leading decorative laminates brands in Asia. Greenlam is also India’s leading decorative-veneer brand and the only manufacturer of engineered wooden flooring and doors. It currently has two laminates manufacturing plants in Northern India (Rajasthan & Himachal Pradesh) with a total capacity of 15.6 million sheets/boards per annum.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Greenlam Industries Limited	Parent Company	-

Contact Information

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ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://disclosures.ifc.org/#/inquiries

If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org

Bank Documents

- Environment and Social Review Summary