

HOLD

TP: Rs 270 | ▲ 13%

GREENLAM INDUSTRIES

| Building Materials

| 31 January 2026

Core biz steady, new segments continue to drag margins

- Misses estimates; topline grew 17% YoY driven by the newly added particleboard segment, while core laminates revenue grew 8% YoY
- Laminates revenue growth was entirely price-led (+9% YoY), as volumes declined 0.4% YoY on weaker export demand
- Roll forward our valuation to Dec'27E with an unchanged 1YF multiple of 35x, arrive at TP of Rs 270. Maintain HOLD

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Estimates miss; core biz (laminates) revenue/EBITDA grew 8% /27% YoY respectively: GRLM's Q3FY26 consolidated revenue grew 17.3% YoY, but came in 5.9% below our estimate, driven by sequential weakness in laminate volumes. EBITDA increased 7.4% YoY but missed our estimate by ~15%, with EBITDA margin contracting 89 bps YoY to 9.7%. This is because higher employee and other expenses offset gross margin expansion. Consequently, APAT was sharply below our estimates and declined to a loss of Rs 13mn in Q3FY26 (vs Rs 155mn profit in Q3FY25); impacted by higher depreciation, elevated interest costs, and continued losses in plywood and particleboard segments.

Laminate profitability remains structurally strong; drag from loss-making segments persists: Laminate segment delivered EBITDA growth of 26.9% YoY, with margins improved by 228 bps YoY to 15.4%, supported by pricing-led realisation growth (+8.6% YoY) despite flat volumes in Q3FY26. However, margins moderated 249 bps QoQ from the elevated Q2FY26 base. Plywood segment continued reporting operating losses (11th consecutive quarter), while particleboard losses narrowed sequentially but remained negative due to sub-optimal utilisation. Net debt stood at ~Rs 10.1bn as of Dec'25; broadly stable YoY.

Outlook: GRLM reiterated keeping the guidance for FY26 revenue growth broadly intact, indicating full-year growth may land ~1% lower than earlier 18-20% guidance, depending on Q4 performance. Plywood and particleboard businesses are expected to break even in FY27, aided by higher utilisation and operating leverage.

Maintain HOLD with unchanged TP of Rs 250: We forecast GRLM's EPS to grow at a strong 45% CAGR over FY25–FY28E, albeit on a weak base. However, we maintain HOLD, given a weak return profile with ROE likely to remain in the 6–15% range over FY25–FY28E. We have cut our FY27E/FY28E EPS estimates by 8%/2% to reflect a slower-than-expected turnaround in the plywood and particleboard businesses. We roll forward our valuation to Dec'27E and, applying an unchanged 1YF multiple of 35x, arrive at a target price of Rs 270. With limited upside, we maintain HOLD.

Key changes

	Target	Rating
Ticker/Price	GRLM IN/Rs 240	
Market cap	US\$ 665.7mn	
Free float	49%	
3M ADV	US\$ 0.3mn	
52wk high/low	Rs 593/Rs 197	
Promoter/FPI/DII	51%/2%/15%	

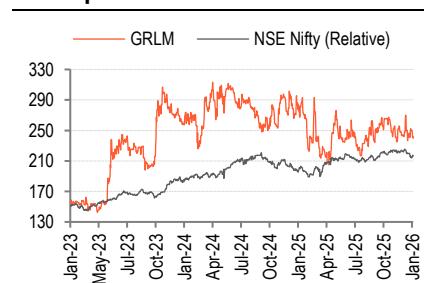
Source: NSE | Price as of 30 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	25,693	29,893	35,476
EBITDA (Rs mn)	2,746	3,169	4,171
Adj. net profit (Rs mn)	732	654	1,460
Adj. EPS (Rs)	2.9	2.6	5.7
Consensus EPS (Rs)	2.9	3.2	7.1
Adj. ROAE (%)	6.6	5.7	11.7
Adj. P/E (x)	83.6	93.7	41.9
EV/EBITDA (x)	25.6	22.4	16.9
Adj. EPS growth (%)	(47.1)	(10.7)	123.4

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance - Consolidated

Particulars (Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)	BOBCAPS Q3FY26E	Variance (%)
Total operating income	7,064	6,020	17.3	6,738	4.8	21,884	18,876	15.9	7,508	(5.9)
Raw-Material expense	3,141	2,710	15.9	3,163	(0.7)	9,973	8,903	12.0		
Gross Profit	3,923	3,310	18.5	3,575	9.7	11,912	9,972	19.4		
Employee expense	1,539	1,264	21.7	1,527	0.8	4,603	3,806	20.9		
Other expense	1,702	1,411	20.7	1,501	13.4	5,036	4,076	23.5		
EBITDA	682	635	7.4	547	24.7	2,273	2,090	8.8	802	(14.9)
D&A	357	273	31.0	351	1.7	1,064	804	32.3		
EBIT	325	363	(10.4)	196	66.0	1,210	1,286	(5.9)		
Interest cost	233	163	43.4	177	31.6	650	456	42.6		
Non-operating expense/(income)	36	(13)	(376.3)	164	(77.9)	188	(126)	(248.8)		
PBT	56	213	(73.8)	(145)	(138.5)	372	956	(61.1)		
Tax	62	88	(29.8)	12	401.6	218	288	(24.3)		
Reported PAT	(6)	125	(104.7)	(157)	(96.2)	155	669	(76.9)		
Adjusted PAT	(13)	155	(108.7)	47	(128.6)	351	698	(49.7)	179	(107.5)
As % of net revenues				chg (bps)					chg (bps)	
Gross margin	55.5	55.0	55	53.1	248	54.4	52.8	160		
Employee cost	21.8	21.0	78	22.7	(88)	21.0	20.2	87		
Other cost	24.1	23.4	67	22.3	182	23.0	21.6	142		
EBITDA margin	9.7	10.6	(89)	8.1	154	10.4	11.1	(68)		
Tax rate	110.6	41.2	6,936	(8.5)	11907	58.4	30.1	2,837		
APAT margin	(0.2)	2.6	(276)	0.7	(89)	1.6	3.7	(209)		

Source: Company, BOBCAPS Research

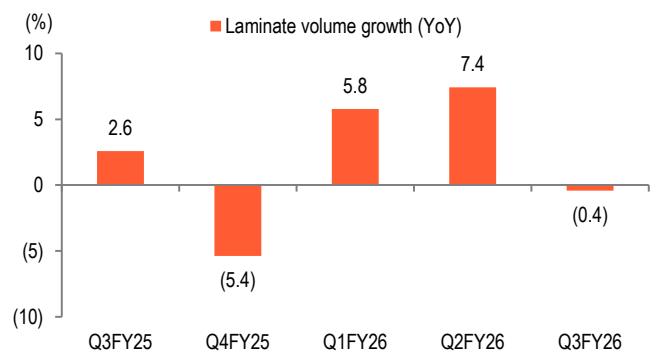
Fig 2 – Segment financials

Segment Performance	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Segment Revenue (Rs mn)								
Laminate	5,621	5,197	8.1	6,580	(14.6)	17,748	16,510	7.5
Plywood (incl Veneer)	902	823	9.5	1,025	(12.1)	1,115	840	32.7
Particleboard	542	0	-	478	13.3	1,329	0	-
Segment Volume								
Laminate (mn sheets)	4.8	4.8	(0.4)	5.8	(18.0)	15.5	14.8	4.4
Plywood (msm)	1.3	1.2	12.1	1.6	(17.7)	4.3	3.3	28.3
Particleboard (CBM)	28,954	0	-	26,287	10.1	69,850.0	0.0	-
Segment Realisation								
Laminate (Rs/sheet)	1,183	1,090	8.6	1,136	4.1	1,147	1,113	3.0
Plywood (Rs/msm)	273	262	4.0	247	10.5	262	253	3.4
Particleboard (Rs/CBM)	18,719	0	-	18,184	2.9	19,032	-	-
Segment EBITDA (Rs mn)								
Laminate	868	684	26.9	1,180	(26.4)	2,779	2,282	21.8
Plywood (incl Veneer)	(361)	(48)	651.2	(37)	877.9	(104)	(190)	(45.1)
Particleboard	(32)	0	-	(73)	(56.2)	(203)	0	-
Segment EBITDA margin (%)								
Laminate	15.4	13.2	228	17.9	(249)	15.7	13.8	184
Plywood (incl Veneer)	(40.0)	(5.8)	(3417)	(3.6)	(3640)	(9.4)	(22.6)	1326
Particleboard	(5.9)	-	-	(15.3)	937	(15.3)	-	-

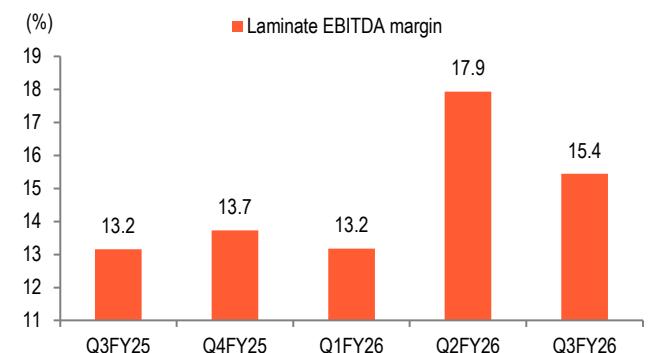
Source: Company, BOBCAPS Research

Earnings call highlights

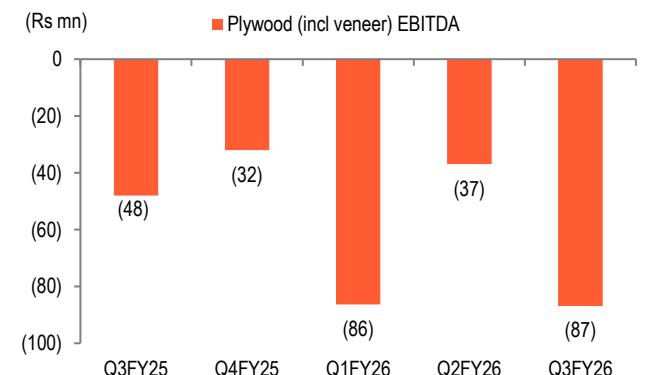
- **Guidance:** Management reiterated keeping the guidance for FY26 revenue growth broadly intact, indicating that a full-year growth may land ~1% lower vs the earlier 18-20% guidance, depending on Q4 performance. Plywood and particleboard businesses are expected to break even in FY27, aided by higher utilisation and operating leverage. No change to long-term margin trajectory was indicated.
- **Laminate:** Laminate revenue rose 8.1% YoY in Q3FY26. EBITDA margin improved 228 bps YoY to 15.4%, supported by value mix and pricing stability. Capacity utilisation stood at 83%. Naidupeta brownfield expansion remains on track, with two additional lines expected to be operational in Q4FY27.
- **Exports:** Export volumes declined in Q3FY26 due to shipment deferrals in Dec'25, leading to a sharp increase in inventory in transit; these volumes have shifted to Jan'26. US tariffs remain applicable to GRLM; management indicated partial price pass-through, with the impact shared among customers and the company, partly offset by INR depreciation.
- **Plywood (including veneer):** Revenue grew 9.5% YoY, but EBITDA margin dropped sharply by 3,417 bps YoY to 40%, due to operational de-leverage and higher RM costs (import-linked, INR depreciation) in Q3FY26. Utilisation remains low at ~35%, though management targets 55-60% utilisation in FY27. Break-even timeline remains FY27.
- **Particleboard:** Segment revenue grew 13.3% QoQ. However, EBITDA margin contracted by 937 bps QoQ to 15.3% in Q3FY26, with utilisation improving to 41% in Q3FY26. Management targets 55-60% utilisation in FY27, supported by value-added products. Pricing remains competitive with limited scope for near-term hikes.
- **Capex:** Most of the planned capex has already been incurred. Residual capex of Rs 500-750mn is expected to be spent by Q1FY27.
- **Net debt:** has slightly gone up from Rs 9.8bn in Mar'25 to Rs 10.1bn in Dec'25.

Fig 3 – GRLM's laminate volumes de-grew by 0.4% YoY in Q3FY26


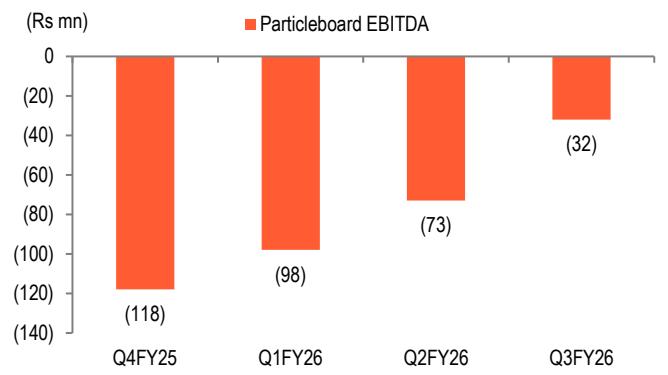
Source: Company, BOBCAPS Research

Fig 4 – Laminate EBITDA margin trend: peak in Q2FY26, normalisation in Q3FY26


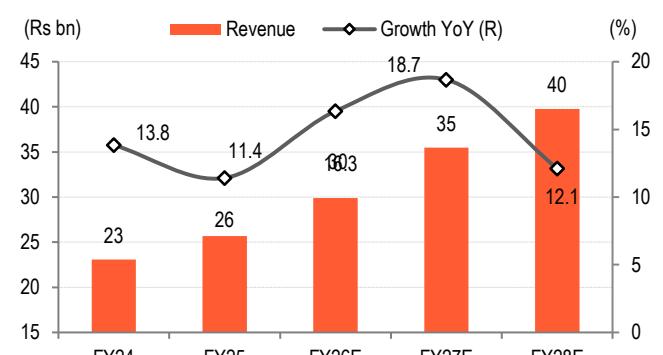
Source: Company, BOBCAPS Research

Fig 5 – Plywood segment reported operating loss for the 11th straight quarter, due to slow ramp-up of the plant


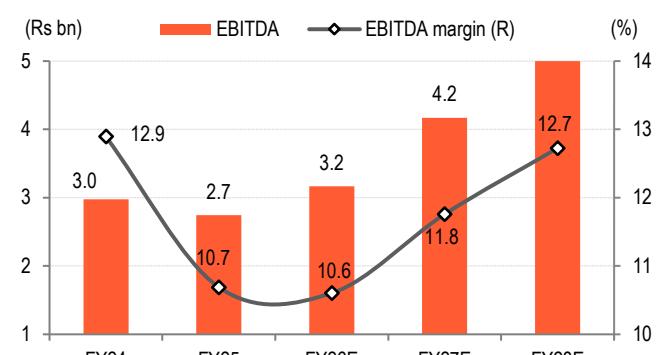
Source: Company, BOBCAPS Research

Fig 6 – Particleboard segment reported operating loss for the 4th quarter in a row, on low operating rate


Source: Company, BOBCAPS Research

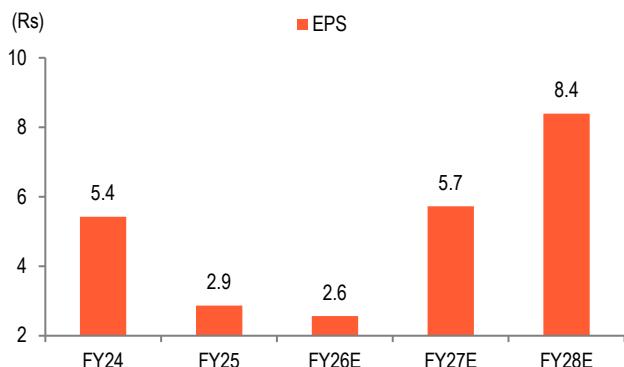
Fig 7 – GRLM revenue is projected to grow at 15.7% CAGR over FY25-FY28E


Source: Company, BOBCAPS Research

Fig 8 – GRLM EBITDA margin is forecast to improve from 10.7% in FY25 to 12.7% in FY28E


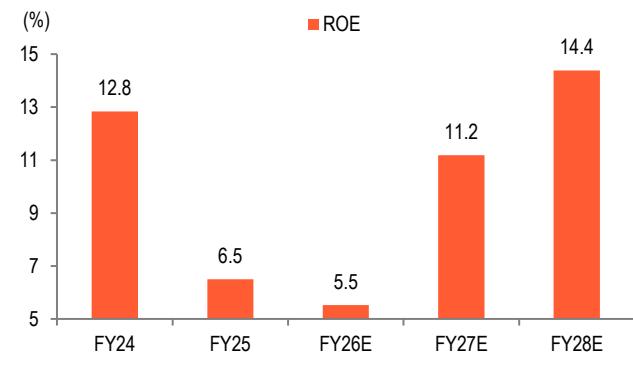
Source: Company, BOBCAPS Research

Fig 9 – GRLM's EPS to grow at 43% CAGR over FY25-FY28E, mainly due to a low base



Source: Company, BOBCAPS Research

Fig 10 – ROE projected to improve from 6.5% in FY25 to 14.4% in FY28E, due to ramp-up of existing plant



Source: Company, BOBCAPS Research

Valuation Methodology

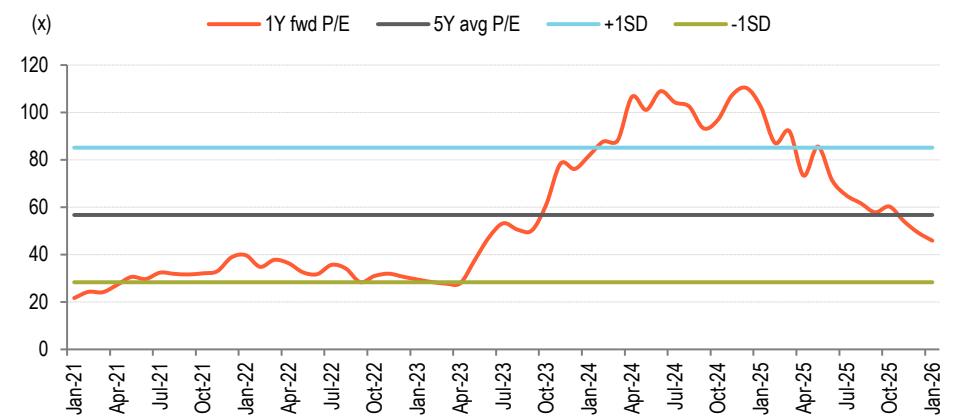
We forecast GRLM's EPS to grow at a strong 45% CAGR over FY25-FY28E over a weak base. However, we maintain HOLD due to weak return ratio profile (ROE is likely to be 6%-15% over FY25-FY28E due to higher capex cost incurred for particleboard project compared to industry benchmarks). We have cut our EPS estimates by 8%/2% for FY27E/FY28E based on slow turnaround of plywood and particleboard projects. Roll forward of our valuation to Dec'27E and ascribing unchanged 1YF multiple of 35x to arrive at TP of Rs 270. Given the limited upside, we maintain HOLD.

Fig 11 – Revised estimates

Consolidated (Rs bn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Total operating income	29.9	35.5	39.8	30.5	36.3	40.9	(1.9)	(2.2)	(2.9)
EBITDA	3.2	4.2	5.1	3.3	4.4	5.2	(3.9)	(4.9)	(2.2)
EBITDA Margin (%)	10.6	11.8	12.7	10.8	12.1	12.6	(21)	(33)	9
Adjusted PAT	0.7	1.5	2.1	0.8	1.6	2.2	(15.1)	(7.6)	(2.0)
EPS (Rs)	2.6	5.7	8.4	3.0	6.2	8.6	(15.1)	(7.6)	(2.0)

Source: BOBCAPS Research

Fig 12 – Trading at 45.8x on 1YF P/E vs 5Y pre-Covid average of 27.0x



Source: Bloomberg, BOBCAPS Research

Fig 13 – Key assumptions

Particulars (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue mix					
Laminates	88.4	86.7	79.9	75.9	73.1
Plywood	11.6	13.1	13.4	14.9	15.7
Particleboard	-	0.2	6.7	9.2	11.2
Sales volume growth					
Laminates	9.5	4.2	4.5	9.0	8.0
Plywood	NM	98.7	27.3	57.5	26.8
Particleboard	NA	NM	4,342.5	61.4	31.9
EBITDA margin					
Laminates	16.0	13.8	15.5	15.0	15.0
Plywood	(51.8)	(19.2)	(8.2)	1.3	6.9
Particleboard	NA	(231.4)	(10.3)	4.1	10.6

Source: Company, BOBCAPS Research

Key Risks

- Sharp recovery in laminates demand and quick ramp-up of new facilities are the key upside risks to our estimates.
- Market share loss in the laminate division and weak demand sentiments in the domestic market are the key downside risks.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	23,063	25,693	29,893	35,476	39,774
EBITDA	2,974	2,746	3,169	4,171	5,061
Depreciation	871	1,137	1,434	1,492	1,522
EBIT	2,103	1,609	1,734	2,678	3,540
Net interest inc./exp.)	(443)	(655)	(867)	(829)	(781)
Other inc./exp.)	217	110	88	102	102
Exceptional items	27	0	0	0	0
EBT	1,849	1,064	955	1,951	2,860
Income taxes	469	380	301	491	720
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	4	13	0	0	0
Reported net profit	1,384	697	654	1,460	2,140
Adjustments	(1)	35	0	0	0
Adjusted net profit	1,383	732	654	1,460	2,140

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	3,479	4,146	4,950	5,875	6,586
Other current liabilities	1,914	1,690	1,690	1,690	1,690
Provisions	48	45	54	64	72
Debt funds	9,988	10,751	10,658	10,065	9,471
Other liabilities	1,160	1,201	1,201	1,201	1,201
Equity capital	128	255	255	255	255
Reserves & surplus	10,644	11,014	11,572	12,818	14,645
Shareholders' fund	10,769	11,253	11,810	13,057	14,883
Total liab. and equities	27,358	29,086	30,363	31,951	33,904
Cash and cash eq.	1,803	986	728	1,230	2,593
Accounts receivables	1,521	1,573	1,830	2,171	2,434
Inventories	6,091	6,647	7,524	8,874	9,927
Other current assets	1,426	1,730	2,066	2,452	2,749
Investments	0	0	0	0	0
Net fixed assets	9,725	17,388	17,454	16,462	15,440
CWIP	6,110	281	281	281	281
Intangible assets	137	110	110	110	110
Deferred tax assets, net	99	98	98	98	98
Other assets	445	273	273	273	273
Total assets	27,358	29,086	30,363	31,951	33,904

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	2,368	1,897	2,211	2,536	3,449
Capital expenditures	(6,986)	(2,733)	(1,500)	(500)	(500)
Change in investments	0	0	0	0	0
Other investing cash flows	189	110	88	102	102
Cash flow from investing	(6,796)	(2,623)	(1,413)	(398)	(398)
Equities issued/Others	1	128	0	0	0
Debt raised/repaid	4,289	763	(93)	(593)	(593)
Interest expenses	(443)	(655)	(867)	(829)	(781)
Dividends paid	(421)	(107)	(96)	(214)	(313)
Other financing cash flows	226	(220)	0	0	0
Cash flow from financing	3,652	(91)	(1,056)	(1,636)	(1,688)
Chg in cash & cash eq.	(777)	(818)	(258)	502	1,362
Closing cash & cash eq.	1,803	986	728	1,230	2,592

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	5.4	2.7	2.6	5.7	8.4
Adjusted EPS	5.4	2.9	2.6	5.7	8.4
Dividend per share	1.7	0.4	0.4	0.8	1.2
Book value per share	42.2	44.2	46.4	51.2	58.4

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	2.9	2.7	2.4	2.0	1.7
EV/EBITDA	22.5	25.6	22.4	16.9	13.6
Adjusted P/E	44.3	83.6	93.7	41.9	28.6
P/BV	5.7	5.4	5.2	4.7	4.1

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	74.8	68.8	68.4	74.8	74.8
Interest burden (PBT/EBIT)	87.9	66.1	55.1	72.8	80.8
EBIT margin (EBIT/Revenue)	9.1	6.3	5.8	7.6	8.9
Asset turnover (Rev./Avg TA)	84.3	88.3	98.5	111.0	117.3
Leverage (Avg TA/Avg Equity)	2.5	2.6	2.6	2.4	2.3
Adjusted ROAE	12.8	6.5	5.5	11.2	14.4

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	13.8	11.4	16.3	18.7	12.1
EBITDA	27.5	(7.7)	15.4	31.6	21.4
Adjusted EPS	12.5	(47.1)	(10.7)	123.4	46.6
Profitability & Return ratios (%)					
EBITDA margin	12.9	10.7	10.6	11.8	12.7
EBIT margin	9.1	6.3	5.8	7.6	8.9
Adjusted profit margin	6.0	2.8	2.2	4.1	5.4
Adjusted ROAE	13.6	6.6	5.7	11.7	15.3
ROCE	11.2	7.8	8.1	12.0	15.0
Working capital days (days)					
Receivables	24	22	22	22	22
Inventory	96	94	92	91	91
Payables	55	59	60	60	60
Ratios (x)					
Gross asset turnover	1.9	1.3	1.2	1.4	1.5
Current ratio	1.2	1.2	1.2	1.3	1.5
Net interest coverage ratio	4.7	2.5	2.0	3.2	4.5
Adjusted debt/equity	0.8	0.9	0.8	0.7	0.5

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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SEBI Research Analyst Registration No: INH000000040 valid till 03 February 2025

Brand Name: **BOBCAPS**

Trade Name: www.barodaetrade.com

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

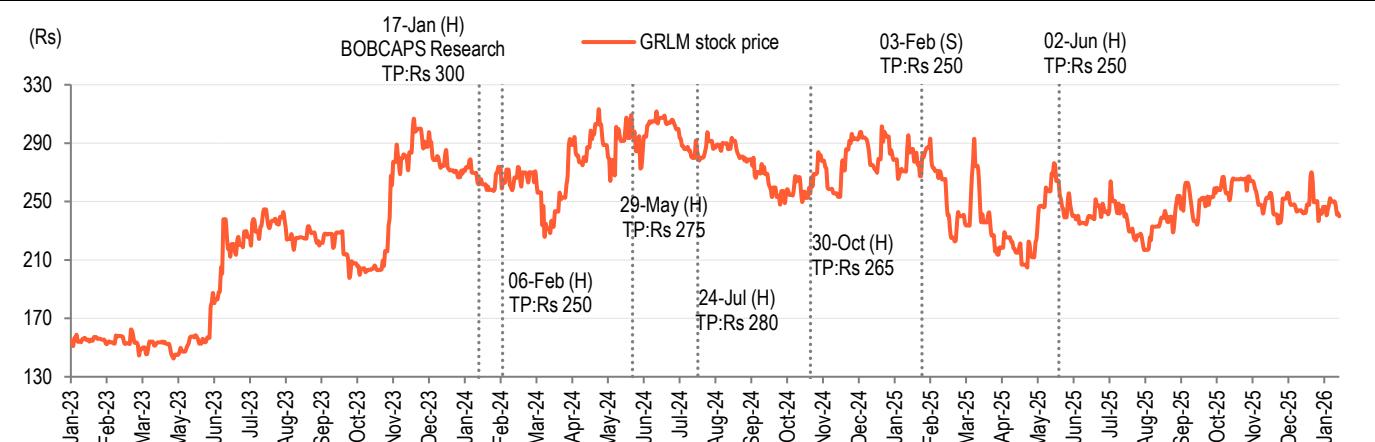
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): GREENLAM INDUSTRIES (GRLM IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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