

**BUY****TP: Rs 300 | ▲ 19%****GREENPANEL  
INDUSTRIES**

| Building Materials

| 23 May 2025

**Dismal Q4; U/G from HOLD to BUY on reasonable valuation**

- Sharp contraction in GREENP EBITDA (-6.5% YoY) for tenth straight quarter on supply overhang in MDF industry and high timber prices
- MDF volume targeted to grow at 30% YoY and margin (ex EPCG benefit) projected to improve from 2.6% in Q4FY25 to 12% in FY26
- Upgrade from HOLD to BUY on reasonable valuation at the bottom of the cycle; TP cut by 17% to Rs 300 per share

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**Dismal Q4FY25:** GREENP Q4FY25 top line came below our estimate (-5.6% YoY to Rs 3.75bn vs Rs 4.2bn estimate), due to lower-than-expected MDF sales volume (-20% YoY vs +3% estimate), on discontinuation of commercial grade MDF sales. However, the company beats our EBITDA estimate (-6.5% YoY to Rs 480mn vs Rs 410mn estimate), due to recognition of EPCG benefit of Rs 350mn in Q4FY25.

**Highlights:** GREENP reported a sharp YoY contraction in EBITDA for the tenth straight quarter, due to supply overhang in the MDF industry. The company is struggling to grow MDF (-20% YoY)/plywood (-12% YoY) sales volume for the 18<sup>th</sup>/11<sup>th</sup> consecutive quarter. Ex-EPCG benefits, the MDF segment adjusted EBITDA margin contracted 253bps QoQ to 2.6% in Q4FY25. Excluding the impact of a one-time write-back of provision for turnover discount of Rs 12.5mn, the plywood-adjusted EBITDA margin improved by 686bps QoQ to 8.1% in Q4FY25, due to the benefit of internal restructuring.

**Guidance:** GREENP expects MDF sales volume to grow at 30% YoY in FY26. MDF margin (ex-EPCG benefit) to improve to 12% in FY26 in anticipation of better mix, reduction in wood cost by 6-8%, and operating leverage benefits. The new MDF plant is expected to operate at 35% rate in FY26. The pace of MDF imports has come down in Apr'25 and is likely to remain low in near future; but the company does not expect any sharp improvement in MDF realisation as it would prefer growing volume at a better pace in FY26. Plywood EBITDA margin is expected to improve to 7-8% in FY26. Capex is estimated to be Rs 350mn for FY26.

**Upgrade from HOLD to BUY; TP cut by 17% to Rs 300:** We upgrade our rating from HOLD to BUY, as valuation has now become quite reasonable after a steep correction in the stock price (-29%) over the past 3 months. At CMP, the stock trades at a P/E of 35.7x/16.6x on FY26E/FY27E EPS vs 5Y average of 32.5x. We cut TP to Rs 300 per share (Rs 360 earlier), due to earnings downgrade (-21%/-23% for FY26E/FY27E), based on weak Q4FY25 result as well as a cut in our target P/E multiple (from 22x to 20x) on Mar'27 estimate. (Dec'26 earlier).

**Key changes**

Target	Rating
▼	▲

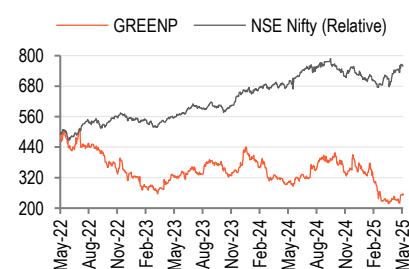
Ticker/Price	GREENP IN/Rs 252
Market cap	US\$ 358.8mn
Free float	47%
3M ADV	US\$ 0.5mn
52wk high/low	Rs 427/Rs 203
Promoter/FPI/DII	53%/3%/29%

Source: NSE | Price as of 22 May 2025

**Key financials**

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	14,358	17,920	21,144
EBITDA (Rs mn)	1,312	2,225	3,539
Adj. net profit (Rs mn)	634	855	1,838
Adj. EPS (Rs)	5.2	7.0	15.0
Consensus EPS (Rs)	5.9	10.0	18.5
Adj. ROAE (%)	4.7	6.0	11.9
Adj. P/E (x)	48.7	36.1	16.8
EV/EBITDA (x)	24.1	13.4	8.4
Adj. EPS growth (%)	(55.6)	34.9	115.0

Source: Company, Bloomberg, BOBCAPS Research

**Stock performance**

Source: NSE



**Fig 1 – Quarterly performance - Consolidated**

Particulars	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)	BOBCAPS Q2FY25E	Variance (%)
Total operating income	3,745	3,966	(5.6)	3,594	4.2	14,358	15,673	(8.4)	4,195	(10.7)
Raw-Material expense	1,878	1,834	2.4	2,034	(7.6)	7,408	6,907	7.2		
Gross Profit	1,867	2,132	(12.4)	1,561	19.6	6,950	8,765	(20.7)		
Employee expense	340	385	(11.6)	344	(1.2)	1,401	1,406	(0.4)		
Sales Promotion	30	87	(65.7)	25	19.1	193	355	(45.7)		
Other expense	1,017	1,147	(11.3)	1,018	(0.1)	4,044	4,540	(10.9)		
EBITDA	480	513	(6.5)	173	176.4	1,312	2,465	(46.8)	411	16.6
D&A	198	182	8.4	194	2.0	774	729	6.2		
EBIT	282	331	(14.8)	(20)	NM	538	1,736	(69.0)		
Interest cost	24	2	1,248.3	(7)	(436.0)	53	123	(57.0)		
Non-operating expense/(income)	(39)	(74)	(47.3)	(66)	(40.6)	(212)	(219)	(3.2)		
PBT	297	403	(26.2)	52	470.3	697	1,832	(62.0)		
Tax	3	105	(96.9)	(33)	NM	(24)	405	NM		
Reported PAT	294	298	(1.4)	85	245.5	721	1,427	(49.5)		
Adjusted PAT	294	298	(1.4)	86	242.9	634	1,428	(55.6)	214	37.1
<b>As % of net revenues</b>			<b>(bps)</b>		<b>(bps)</b>			<b>(bps)</b>		
Gross margin	49.8	53.8	(391)	43.4	642	48.4	55.9	(752)		
Employee cost	9.1	9.7	(62)	9.6	(49)	9.8	9.0	78		
Sales Promotion	0.8	2.2	(140)	0.7	10	1.3	2.3	(92)		
Other cost	27.2	28.9	(176)	28.3	(116)	28.2	29.0	(80)		
EBITDA margin	12.8	12.9	(13)	4.8	798	9.1	15.7	(659)		
Tax rate	1.1	26.0	(2491)	(63.3)	6433	(3.5)	22.1	(2558)		
APAT margin	7.8	7.5	33	2.4	546	4.4	9.1	(470)		

Source: Company, BOBCAPS Research

**Fig 2 – Segment financials**

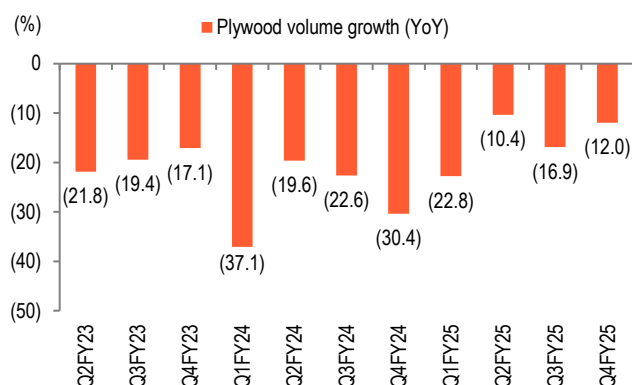
Particulars	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
<b>Revenue (Rs mn)</b>								
Plywood	338	357	(5.3)	322	4.9	1,352	1,622	(16.7)
MDF	3,407	3,609	(5.6)	3,272	4.1	13,006	14,050	(7.4)
<b>Volumes</b>								
Plywood (mn sqm)	1.3	1.4	(12.0)	1.28	(2.3)	5.2	6.2	(15.5)
MDF (CBM)	101,858	127,239	(19.9)	116,077	(12.2)	438,552	484,953	(9.6)
<b>Realization</b>								
Plywood (Rs/sq ft)	270	251	7.5	251	7.4	259	263	(1.3)
MDF (Rs/CBM)	29,960	28,325	5.8	28,079	6.7	29,656	28,972	2.4
<b>Adjusted EBITDA (Rs mn)</b>								
Plywood	40	(44)	(191.6)	4	881.3	4	-5	(180.3)
MDF	439	556	(21.2)	168	161.2	127	250	(49.1)
<b>Adjusted EBITDA margin (%)</b>								
Plywood	11.8	(12.2)	2404	1.3	1056	0.3	(0.3)	56
MDF	12.9	15.4	(254)	5.1	774	1.0	1.8	(80)

Source: Company, BOBCAPS Research

## Earnings Call Highlights

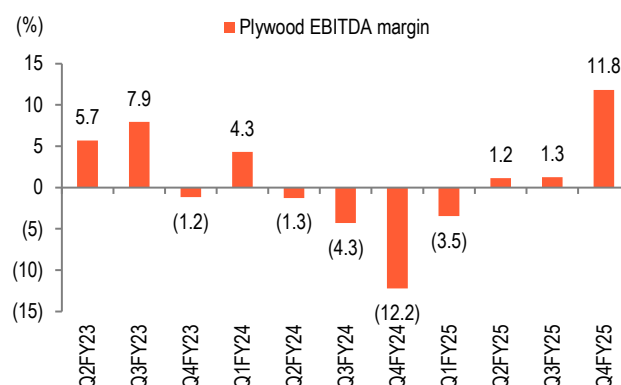
- **MDF industry dynamics:** Management believes the pace of MDF imports has come down sharply in Apr'25 and is expected to remain low in the near future. However, the company does not anticipate any sharp improvement in MDF prices as it would prefer to grow volume at a better pace in FY26.
- **MDF segment:** Sales volume fell by 20% YoY in Q4FY25, since higher exports (+34%) were more than offset by steep decline in domestic volumes (-25% on account of discontinuation of commercial grades MDF sales. Domestic MDF realisation improved by 4.5% QoQ in Q4FY26 due to a better product mix. Excluding EPCG benefits, the MDF-adjusted EBITDA margin fell 253bps QoQ to 2.6% in Q4FY25. Exports margin was at 1.75% in Q4FY25.
- **MDF outlook:** MDF sales volume targeted to grow at 30% YoY in FY26, will be driven by 11-12% growth from the existing capacity and a contribution of 70,000 CBM from the new MDF unit. The new MDF unit is expected to operate at 35% rate in FY26. MDF export is targeted to grow at 18% YoY in FY26.
- **EPCG:** The company is eligible to book an incentive of Rs 860mn pertaining to custom duty waiver related to imported plant & machinery of the new MDF unit. Of this, the company has booked an incentive of Rs 350mn in Q4FY25 and the remaining is expected to be booked over the next 6-8 quarters.
- **Timber:** Timber prices in the North region were down by 9.9% QoQ; stable in the South on QoQ basis in Q4FY25. Management expects timber prices to come down by 6-8% in FY26.
- **Capex:** The company plans to spend Rs 350mn in FY26 (of which Rs 250mn is related to the new MDF unit).
- **Value-added product (VAP):** Share of value-added products in volume terms was 50% in Q4FY25 vs 44% in Q4FY24.
- **Plywood:** Volume de-grew by 12% YoY in Q4FY25, due to the impact of restructuring its team and distribution network. The company has written back provision for a turnover discount of Rs 12.5mn in Q4FY25. Excluding the impact of a one-time write-back of provision, the plywood-adjusted EBITDA margin improved by 686bps QoQ to 8.1% in Q4FY25, due to the benefit of internal restructuring. Plywood EBITDA margin is expected to be in the 7-8% range in FY26.
- **Net debt:** GREENP net debt has gone up from Rs 1.04bn in Dec'24 to Rs 1.64bn in Mar'25.

**Fig 3 – GREENP reported a sharp decline in plywood volumes for the 11<sup>th</sup> consecutive quarter**



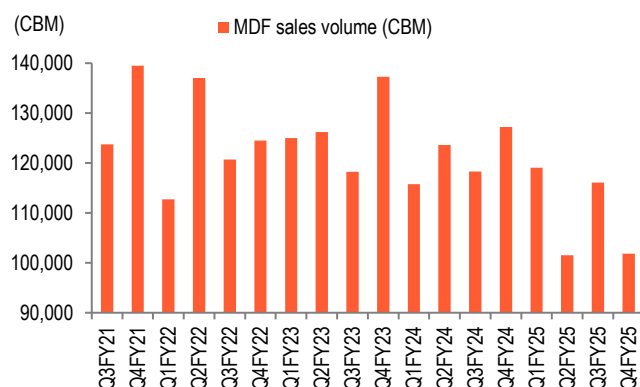
Source: Company, BOBCAPS Research

**Fig 4 – Plywood segment posted positive operating margin on cost-saving benefits from restructuring**



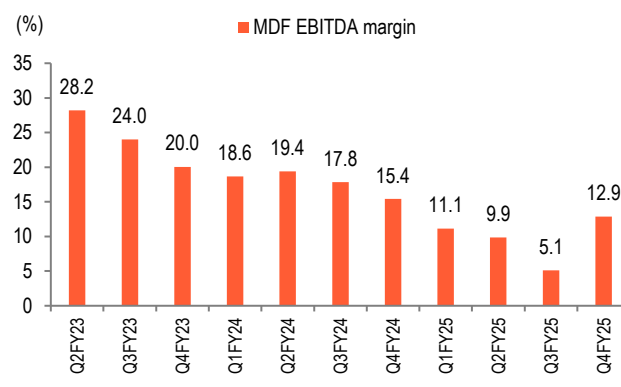
Source: Company, BOBCAPS Research

**Fig 5 – GREENP has struggled to grow its MDF volumes over the past 18 consecutive quarters...**



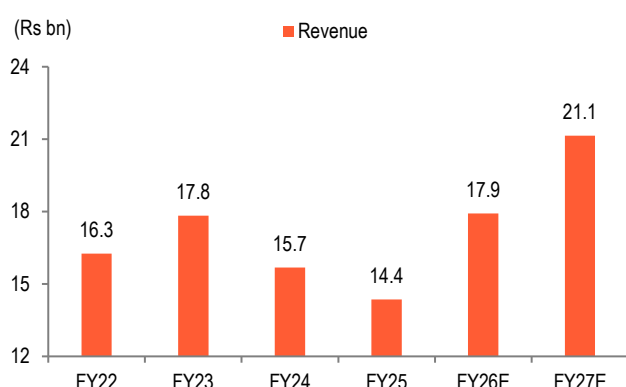
Source: Company, BOBCAPS Research

**Fig 6 – ... and margins have come under severe stress over the past few quarters on supply-side pressure**



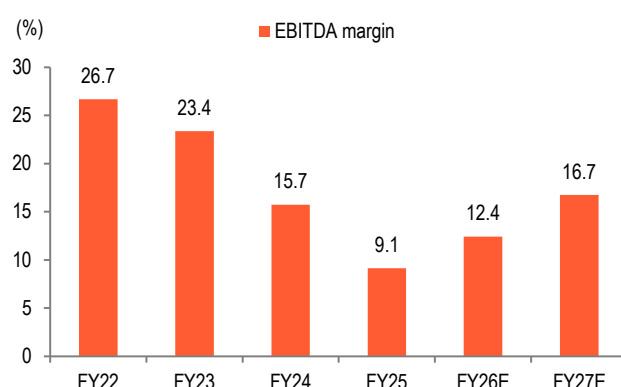
Source: Company, BOBCAPS Research

**Fig 7 – GREENP's revenue is projected to grow at 21% CAGR over FY25-FY27E**



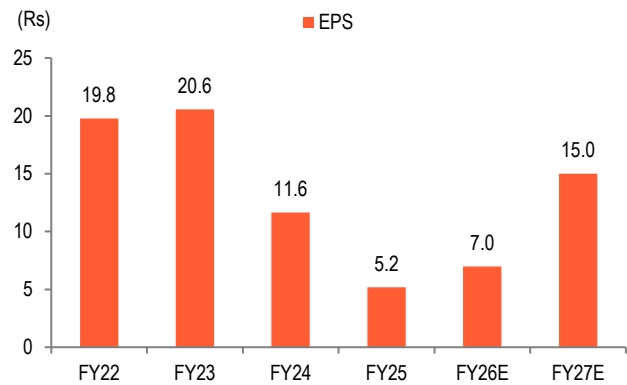
Source: Company, BOBCAPS Research

**Fig 8 – EBITDA margin to gradually improve over the next 4-6 quarters with the ramp-up of new MDF capacity**



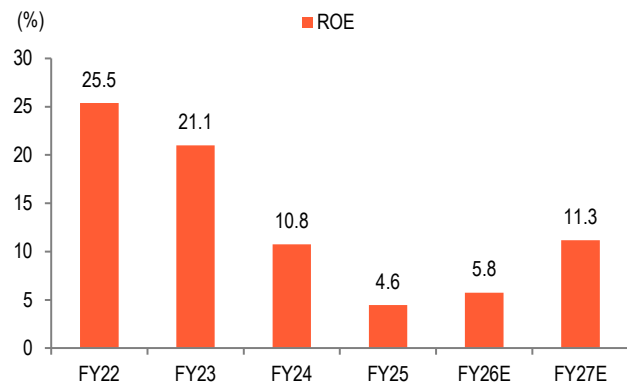
Source: Company, BOBCAPS Research

**Fig 9 – EPS is projected to grow at 70% CAGR over FY25-FY27E due to a low base...**



Source: Company, BOBCAPS Research

**Fig 10 – ... and ROE is expected to improve gradually from 4.6% in FY25 to 11.3% in FY27E**



Source: Company, BOBCAPS Research

## Valuation Methodology

We upgrade our rating from HOLD to BUY as valuation has now become quite reasonable after a steep correction in the stock price (-29%) over the past 3 months. At CMP, the stock trades at a P/E of 35.7x/16.6x on FY26E/FY27E EPS vs 5Y average of 32.5x.

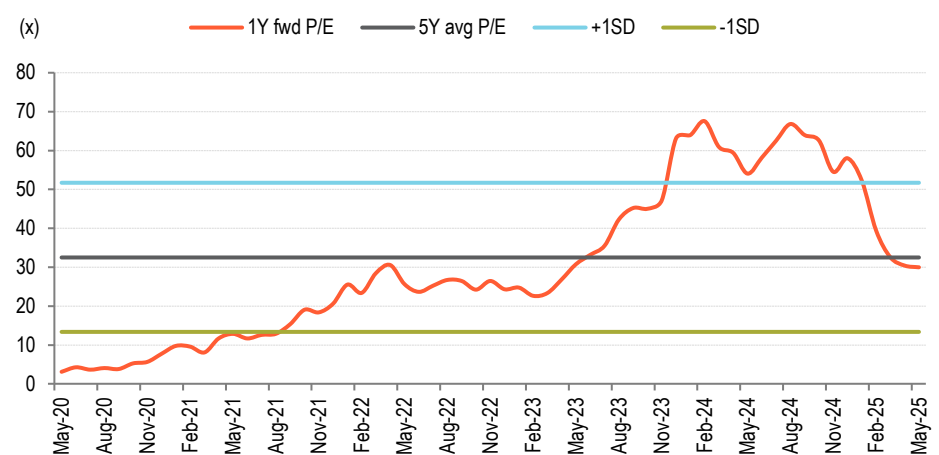
We cut our TP to Rs 300 per share (Rs 360 earlier), due to earnings downgrade (-21%/-23% for FY26E/FY27E) based on weak Q4FY25 result as well as cut in our target P/E multiple (from 22x to 20x) on Mar'27 estimate (Dec'26 earlier).

**Fig 11 – Revised estimates**

Particulars	New		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Consolidated (Rs bn)						
Total operating income	17.9	21.1	18.9	22.8	(5.4)	(7.3)
EBITDA	2.2	3.5	2.2	4.0	(0.8)	(11.4)
EBITDA Margin	12.4	16.7	11.8	17.5	58bps	(78bps)
Adjusted PAT	0.9	1.8	1.1	2.4	(20.5)	(22.7)
EPS (Rs)	7.0	15.0	8.8	19.4	(20.5)	(22.7)

Source: BOBCAPS Research

**Fig 12 – Trading at 30.0x on 1Y forward P/E vs. 5Y average of 32.5x**



Source: Bloomberg, BOBCAPS Research

**Fig 13 – Key assumptions**

Particulars (%)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Revenue mix</b>						
MDF	84.2	86.3	89.6	90.3	91.1	91.5
Plywood	15.8	13.7	10.4	9.7	8.9	8.5
<b>Sales volume growth</b>						
MDF	30.1	2.4	(4.3)	(9.6)	24.6	15.0
Plywood	9.5	(7.7)	(28.0)	(15.5)	10.0	10.0
<b>EBITDA margin</b>						
MDF	30.5	26.0	17.8	10.1	12.5	17.3
Plywood	9.9	5.0	(1.8)	1.4	6.6	7.1

Source: Company, BOBCAPS Research

## Key risks

Key downside risks to our estimates are:

- Steep increase in MDF imports in India and higher domestic wood prices
- Market share loss in Indian MDF industry
- Slow ramp-up of new MDF capacity

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Total revenue</b>	<b>17,829</b>	<b>15,673</b>	<b>14,358</b>	<b>17,920</b>	<b>21,144</b>
EBITDA	4,165	2,465	1,312	2,225	3,539
Depreciation	720	729	774	986	1,006
EBIT	3,445	1,736	538	1,240	2,533
Net interest inc./(exp.)	(190)	(123)	(67)	(273)	(252)
Other inc./(exp.)	194	219	226	176	176
Exceptional items	0	0	0	0	0
EBT	3,449	1,832	697	1,143	2,457
Income taxes	944	405	(24)	288	618
Extraordinary items	(61)	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
<b>Reported net profit</b>	<b>2,565</b>	<b>1,427</b>	<b>721</b>	<b>855</b>	<b>1,838</b>
Adjustments	(45)	1	(87)	0	0
<b>Adjusted net profit</b>	<b>2,521</b>	<b>1,428</b>	<b>634</b>	<b>855</b>	<b>1,838</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Accounts payables	1,111	1,094	1,028	1,283	1,513
Other current liabilities	578	622	1,021	1,021	1,021
Provisions	17	25	37	46	55
Debt funds	1,904	2,680	3,898	3,598	3,098
Other liabilities	1,499	1,316	1,523	1,523	1,523
Equity capital	123	123	123	123	123
Reserves & surplus	11,816	13,049	13,729	14,523	16,177
Shareholders' fund	11,939	13,171	13,852	14,645	16,300
<b>Total liab. and equities</b>	<b>17,048</b>	<b>18,907</b>	<b>21,359</b>	<b>22,117</b>	<b>23,511</b>
Cash and cash eq.	3,778	2,379	2,257	3,092	4,430
Accounts receivables	444	290	418	522	615
Inventories	1,525	2,016	1,988	2,305	2,693
Other current assets	592	610	720	808	887
Investments	0	0	0	0	0
Net fixed assets	9,453	9,447	15,246	14,660	14,154
CWIP	49	3,127	111	111	111
Intangible assets	463	375	342	342	342
Deferred tax assets, net	0	0	0	0	0
Other assets	744	664	277	277	277
<b>Total assets</b>	<b>17,048</b>	<b>18,907</b>	<b>21,359</b>	<b>22,117</b>	<b>23,511</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Cash flow from operations</b>	<b>3,376</b>	<b>1,553</b>	<b>1,674</b>	<b>1,680</b>	<b>2,585</b>
Capital expenditures	(823)	(3,629)	(3,132)	(400)	(500)
Change in investments	0	0	0	0	0
Other investing cash flows	255	219	226	189	189
<b>Cash flow from investing</b>	<b>(569)</b>	<b>(3,411)</b>	<b>(2,907)</b>	<b>(211)</b>	<b>(311)</b>
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(922)	775	1,219	(300)	(500)
Interest expenses	(190)	(123)	(67)	(273)	(252)
Dividends paid	(184)	(184)	0	(61)	(184)
Other financing cash flows	41	(11)	(41)	0	0
<b>Cash flow from financing</b>	<b>(1,255)</b>	<b>458</b>	<b>1,111</b>	<b>(634)</b>	<b>(936)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>1,552</b>	<b>(1,399)</b>	<b>(122)</b>	<b>835</b>	<b>1,338</b>
<b>Closing cash &amp; cash eq.</b>	<b>3,778</b>	<b>2,379</b>	<b>2,257</b>	<b>3,092</b>	<b>4,430</b>

### Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25A	FY26E	FY27E
Reported EPS	20.9	11.6	5.9	7.0	15.0
Adjusted EPS	20.6	11.6	5.2	7.0	15.0
Dividend per share	1.5	1.5	0.0	0.5	1.5
Book value per share	97.4	107.4	113.0	119.4	132.9

### Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25A	FY26E	FY27E
EV/Sales	1.6	2.0	2.2	1.7	1.4
EV/EBITDA	6.9	12.8	24.1	13.4	8.4
Adjusted P/E	12.2	21.6	48.7	36.1	16.8
P/BV	2.6	2.3	2.2	2.1	1.9

### DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25A	FY26E	FY27E
Tax burden (Net profit/PBT)	73.1	77.9	90.9	74.8	74.8
Interest burden (PBT/EBIT)	100.1	105.5	129.6	92.2	97.0
EBIT margin (EBIT/Revenue)	19.3	11.1	3.7	6.9	12.0
Asset turnover (Rev./Avg TA)	104.6	82.9	67.2	81.0	89.9
Leverage (Avg TA/Avg Equity)	1.4	1.4	1.5	1.5	1.4
Adjusted ROAE	21.1	10.8	4.6	5.8	11.3

### Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25A	FY26E	FY27E
<b>YoY growth (%)</b>					
Revenue	9.7	(12.1)	(8.4)	24.8	18.0
EBITDA	(3.9)	(40.8)	(46.8)	69.6	59.0
Adjusted EPS	3.9	(43.4)	(55.6)	34.9	115.0

### Profitability & Return ratios (%)

EBITDA margin	23.4	15.7	9.1	12.4	16.7
EBIT margin	19.3	11.1	3.7	6.9	12.0
Adjusted profit margin	14.1	9.1	4.4	4.8	8.7
Adjusted ROAE	23.5	11.4	4.7	6.0	11.9
ROCE	26.3	12.3	4.3	7.8	14.0

### Working capital days (days)

Receivables	9	7	11	11	11
Inventory	31	47	51	47	46
Payables	23	25	26	26	26

### Ratios (x)

Gross asset turnover	1.3	1.1	0.8	0.8	1.0
Current ratio	2.7	2.6	1.9	2.1	2.5
Net interest coverage ratio	18.1	14.2	8.1	4.5	10.1
Adjusted debt/equity	(0.2)	0.0	0.1	0.0	(0.1)

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



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## Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**

Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

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

Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

CIN: **U65999MH1996GOI098009**

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Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

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

**BUY** – Expected return >+15%

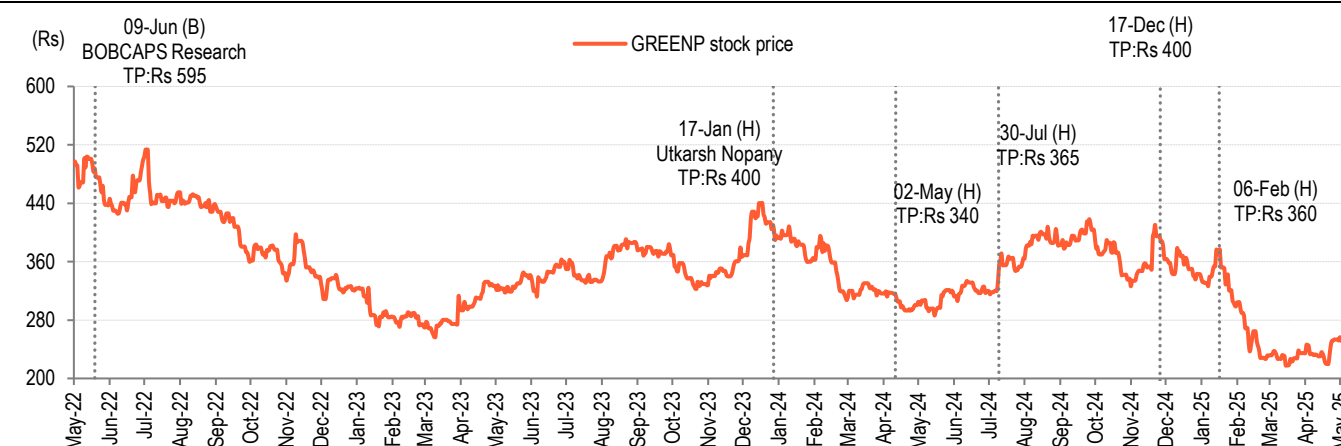
**HOLD** – Expected return from -6% to +15%

**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): GREENPANEL INDUSTRIES (GREENP IN)



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

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