

GREENPANEL

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	257
12 month price target (INR)	368
52 Week High/Low	427/203
Market cap (INR bn/USD bn)	31/0.4
Free float (%)	46.9
Avg. daily value traded (INR mn)	48.1

SHAREHOLDING PATTERN

	Mar-25	Dec-24	Sep-24
Promoter	53.13%	53.12%	53.12%
FII	2.92%	3.00%	2.70%
DII	28.62%	28.47%	27.70%
Pledge	0%	0%	0%

FINANCIALS

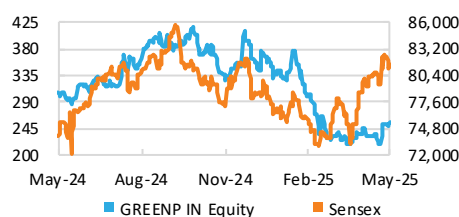
(INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Revenue	15,673	14,358	17,435	20,437
EBITDA	2,465	1,312	2,031	3,168
Adjusted profit	1,427	721	978	1,960
Diluted EPS (INR)	11.6	5.9	8.0	16.0
EPS growth (%)	(44.4)	(49.5)	35.6	100.4
RoAE (%)	11.4	5.3	6.8	12.4
P/E (x)	21.7	43.0	31.7	15.8
EV/EBITDA (x)	13.1	25.8	15.8	9.3
Dividend yield (%)	0	0	0	0

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	17,435	20,437	-12%	-14%
EBITDA	2,031	3,168	-33%	-24%
Adjusted profit	1,960	2,803	-43%	-26%
Diluted EPS (INR)	8	16	-43%	-26%

PRICE PERFORMANCE



Optical illusion — MDF margins decline

Greenpanel Industries reported weak Q4FY25 results, with domestic MDF volumes down 25% YoY and exports up 34% YoY. Overall volumes fell 12% QoQ as it discontinued commercial MDF before BIS norms kicked in. Realisations rose 6% YoY/7% QoQ. Adjusted MDF margin fell to 4.8% due to operating deleverage and high timber costs. Plywood volumes fell 12% YoY with margins at 12.1%, pushed up by one off.

Continuing disappointment in results compels us to slash FY26E/27E EPS by 43%/26%. However, given we are at the fag end of an earnings cut cycle and reckon a revival from FY26 with valuation now closer to replacement value, we maintain 'BUY' with a revised TP of INR368 (earlier INR451) at an unchanged multiple of 23x Q3FY27E EPS.

Domestic MDF hurt by slowdown; exports soar

MDF revenue declined 5% YoY on the back of volumes decreasing 12% and realisations improving 8% YoY. While domestic volumes plunged 25% due to the discontinuance of commercial grade MDF, exports surged 25% as the company shifted focus to its EPCG exports obligation. Domestic/export realisation improved 7%/10% YoY. The quarter was affected by a demand slowdown, but with BIS kicking in demand is anticipated to improve.

Margin pressure persists; targeting 12% MDF margins in FY26

MDF margins slipped 1160bp YoY to 5.1%, adjusted for EPCG gains due to a 20% fall in volumes. Consequently, MDF EBITDA was down 16% YoY to INR497mn. The company expects MDF EBITDA margins to revive to 12% on the back of easing timber prices in FY26. While plywood margins seem to have improved to 12.1%, these too were pushed higher by lower provision for turnover discounts at the year-end. The company expects margins to improve once the new line stabilises over the next two quarters. Greenpanel is targeting capacity utilisation of 35–40% in FY26. Management said thin MDF from this line should push realisations 15–20% higher than current levels. Export margins in Q4FY25 came in at 1.75% (similar in Q3FY25); higher contribution of thin MDF should yield better margins in future.

Capacities in place; return ratios deteriorate

The company anticipates the new thin MDF line to be fully operational post-installation. It has guided for 10–12% volume growth from existing lines, 35% utilisation at its third line and 80,000CBM of exports, targeting 550,000CBM volumes in FY26. However, a steep fall in profitability has driven RoCE/RoE down to 4.5%/5.3%. The company failed to generate FCF in FY25 and with a debt/EBITDA ratio at 3x, its leverage position appears risky.

Financials

Year to March	Q3FY25	Q4FY24	% Change	Q2FY25	% Change
Net Revenue	3,594	3,965	(9.4)	3,369	6.7
EBITDA	173	512	(66.1)	299	(41.9)
Adjusted Profit	85	298	(71.4)	185	(54.0)
Diluted EPS (INR)	0.7	2.4	(71.4)	1.5	(54.0)

Financial Statements

Income Statement (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Total operating income	15,673	14,358	17,435	20,437
Gross profit	8,765	6,950	9,141	11,435
Employee costs	1,406	1,401	1,583	1,789
Other expenses	850	1,696	1,918	2,248
EBITDA	2,465	1,312	2,031	3,168
Depreciation	729	774	908	930
Less: Interest expense	123	67	172	112
Add: Other income	219	226	271	325
Profit before tax	1,832	697	1,223	2,450
Prov for tax	405	(24)	245	490
Less: Other adj	0	0	0	0
Reported profit	1,427	721	978	1,960
Less: Excp.item (net)	0	0	0	0
Adjusted profit	1,427	721	978	1,960
Diluted shares o/s	123	123	123	123
Adjusted diluted EPS	11.6	5.9	8.0	16.0
DPS (INR)	0	0	0	0
Tax rate (%)	22.1	3.5	20.0	20.0

Important Ratios (%)

Year to March	FY24A	FY25E	FY26E	FY27E
MDF Vol growth	(4.3)	(9.6)	23.4	17.5
MDF Real growth	(4.5)	(0.7)	2.5	0.1
MDF Rev growth	(8.7)	(10.2)	26.5	17.7
EBITDA margin (%)	15.7	9.1	11.7	15.5
Net profit margin (%)	9.1	5.0	5.6	9.6
Revenue growth (% YoY)	(12.1)	(8.4)	21.4	17.2
EBITDA growth (% YoY)	(40.8)	(46.8)	54.8	55.9
Adj. profit growth (%)	(44.4)	(49.5)	35.6	100.4

Assumptions (%)

Year to March	FY24A	FY25E	FY26E	FY27E
GDP (YoY %)	5.5	6.3	6.3	6.3
Repo rate (%)	6.0	5.3	5.3	5.3
USD/INR (average)	84.0	82.0	82.0	82.0
Ply Vol growth	(28.0)	(15.5)	10.0	10.0
Ply Real growth	(7.7)	(1.3)	2.0	2.0
Ply Rev growth	(33.5)	(16.7)	12.2	12.2
MDF EBITDA Margin	19.3	11.8	12.0	16.0
Ply EBITDA Margins	(1.2)	3.9	8.0	10.0
Tax rate as % of PBT	22.1	(3.5)	20.0	20.0

Valuation Metrics

Year to March	FY24A	FY25E	FY26E	FY27E
Diluted P/E (x)	21.7	43.0	31.7	15.8
Price/BV (x)	2.4	2.2	2.1	1.8
EV/EBITDA (x)	13.1	25.8	15.8	9.3
Dividend yield (%)	0	0	0	0

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Share capital	123	123	123	123
Reserves	13,171	13,852	14,830	16,790
Shareholders funds	13,171	13,852	14,830	16,790
Minority interest	0	0	0	0
Borrowings	2,680	3,898	2,698	1,498
Trade payables	1,094	1,028	1,250	1,356
Other liabs & prov	1,746	2,443	2,696	2,991
Total liabilities	18,907	21,360	21,613	22,775
Net block	9,819	15,246	14,838	14,407
Intangible assets	2	11	11	11
Capital WIP	3,127	111	111	111
Total fixed assets	12,949	15,368	14,960	14,529
Non current inv	0	0	0	0
Cash/cash equivalent	1,404	1,049	1,594	2,929
Sundry debtors	290	418	478	560
Loans & advances	6	8	8	8
Other assets	3,813	3,908	3,964	4,139
Total assets	18,907	21,360	21,613	22,775

Free Cash Flow (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Reported profit	1,832	471	952	2,125
Add: Depreciation	729	774	908	930
Interest (net of tax)	123	67	172	112
Others	(397)	0	0	0
Less: Changes in WC	(662)	373	359	144
Operating cash flow	1,255	1,709	2,146	2,822
Less: Capex	(3,474)	(3,185)	(500)	(500)
Free cash flow	(2,218)	(1,476)	1,646	2,322

Key Ratios

Year to March	FY24A	FY25E	FY26E	FY27E
RoE (%)	11.4	5.3	6.8	12.4
RoCE (%)	13.4	4.5	7.9	14.3
Inventory days	94	99	89	86
Receivable days	9	9	9	9
Payable days	58	52	50	53
Working cap (% sales)	14.5	13.3	8.9	6.9
Gross debt/equity (x)	0.2	0.3	0.2	0.1
Net debt/equity (x)	0.1	0.2	0.1	(0.1)
Interest coverage (x)	14.2	8.1	6.5	20.0

Valuation Drivers

Year to March	FY24A	FY25E	FY26E	FY27E
EPS growth (%)	(44.4)	(49.5)	35.6	100.4
RoE (%)	11.4	5.3	6.8	12.4
EBITDA growth (%)	(40.8)	(46.8)	54.8	55.9
Payout ratio (%)	0	0	0	0

Q4FY25 conference call: Key highlights

Guidance

- Export volumes up 13% YoY.
- Exports clocked 9% YoY growth.
- MDF EBITDA margins were higher due to EPCG scheme incentives.
- Commercial production has started in the expansion project.
- BIS/QCO implementation for Feb-26 shall yield better results for the industry.

Imports

- Imports have come down significantly in recent months.

Export

- Export margins were ~1.75%.
- Export realisation should improve as thin MDF commands a higher price. USD/INR movement should also result in better realisations.

Raw material

- Wood prices have started reporting some reduction from April; this is an indication of a trend of falling timber prices.
- Purchase pricing
 - North: INR6.44/kg
 - South: INR 6.22/ kg
- Consumption pricing
 - North: INR6.67/Kg
 - South: INR6.38/kg
- Expecting 6–8% reduction in wood prices next year.

MDF

- AP plants have been operating at a lower utilisation.
- Line 1 and 2 shall yield 11–12% growth in volumes. Expecting another 72,000CBM volumes from the new line.
- Targeting 35% utilisation at the new plant producing thin MDF.
- Additional volumes of 80,000 likely from exports.
- Total volume likely to be in the range of: 550,000CBM.
- No significant improvement anticipated in realisation in FY26.
- Greenpanel's large distribution network, which was earlier selling thin MDF for other brands, shall sell Greenpanel's products.
- Talks are ongoing regarding Action Tesa putting up a greenfield MDF plant in south India.
- Domestic manufacturing ends up being about 8–12% more expensive than imported products depending upon the thickness of the MDF board (excluding transportation costs). This difference at the peak used to be 18–20%.

- The new lines should be handed over to the company once the installation is complete from the supplier's side as it is a very high-technology line, which runs at a very high speed.
- Margins expected to be 12% for MDF excluding EPCG benefits as the utilisation improves, wood prices to ease out and a very small increase in fixed costs for the new plant (INR 50-60mn).
- Domestic volumes have contracted as the company discontinued the commercial grade MDF when BIS kicked in. Customers using these would now have to shift to BIS-compliant MDF.
- MDF is more B2B focused in consumption terms as it mostly used for ready-made furniture.
- New thin MDF line realisation should be 15–20% higher than the current INR30,000/CBM realisation.
- However initially most of the sales would for the commercial grade MDF. It would be better to benchmark it to commercial grade thick MDF products.
- Commercial grade MDF volumes were 70,000CBM in FY24 and FY25.

Demand

- Import-focused segments are shifting to domestic manufacturers now.
- No major additional capacities are coming up and imports are curtailed due to BIS. This should benefit existing producers.
- South India:
 - Supply: 1.3mn CBM
 - 35–40% demand of the country is generated from South India

Miscellaneous

- One off income in the MDF division was to the tune of INR350mn. As a result of EPCG incentives, total incentive is expected at INR860mn. The balance is likely to be accounted for in FY26 and FY27. These would be accounted as and when the sales are done over the next six–eight quarters.
- Value-added product mix for Q4FY25:
 - 50% in volume terms
 - 62% in value terms
- The company had received an income tax refund, which was shared by Greenply and that came in October. The new plant started commercial production recently (less than six months); therefore, the company has been able to charge higher income tax depreciation. Tax for FY26 should be close to 20%.
- Depreciation should be in the range of INR1–1.02bn.
- By importing the machinery under the EPCG scheme, the company has saved on customs duty and has in turn completed its export obligation.
- Sales and marketing expenses for the year gone by were INR200mn.
- Total INR250mn for the balance line and another INR100–150 mn maybe for the rest of the business.

Plywood

- Margins are likely to be in the range of 7–8%.

Exhibit 1: Financial snapshot (INR mn)

Consolidated					
Year to Date	Q4FY25	Q4FY24	% change	Q3FY25	% change
Revenues	3,745	3,965	(5.6)	3,594	4.2
Raw material	1,878	1,834	2.4	2,034	(7.6)
Staff costs	340	385	(11.6)	344	(1.2)
Others	1,047	1,234	(15.2)	1,043	0.4
Total expenditure	3,266	3,453	(5.4)	3,421	(4.5)
EBITDA	480	512	(6.4)	173	176.4
Depreciation	198	182	8.4	194	2.0
EBIT	282	330	(14.6)	-20	(1,474.9)
Less: Interest Expense	24	2	1,248.3	-7	(436.0)
Add: Other income	39	74	(47.3)	66	(40.6)
Add: Prior period items					
Add: Exceptional items					
Profit Before Tax	297	402	(26.1)	52	470.3
Less: Provision for Tax	3	105	(96.9)	-33	(417.6)
Less: Minority Interest					
Add: OCI	-4	-11		0	
Add: Exceptional items (net of tax)	0	0		0	
Reported Profit	290	287	1.1	85	240.9
Adjusted net profit	290	287	1.1	85	240.9
No. of Diluted shares outstanding (mn)	123	123		123	
Adjusted Diluted EPS	2.4	2.3	1.1	0.7	240.9
As % of net revenues					
Raw material	50.2	46.3		56.6	
Staff expenses	9.1	9.7		9.6	
Other expenses	28.0	31.1		29.0	
EBITDA	12.8	12.9	11.9	4.8	(797.7)
Net profit	7.7	7.2		2.4	

Source: Company, Nuvama Research

Exhibit 2: Segmental snapshot (INR mn)

Year to Date	Q4FY25	Q4FY24	% change	Q3FY25	% change
Revenues					
Plywood	337.7	356.8	(5.3)	321.9	4.9
MDF	3,407.3	3,609.2	(5.6)	3,272.5	4.1
Volumes					
Plywood (Sqm)	1.3	1.4	(12.0)	1.3	(2.3)
MDF (Cbm)	1,01,857.6	1,27,239.0	(19.9)	1,16,077.0	(12.2)
EBITDA					
Plywood	40.9	(37.5)	(209.1)	10.0	309.5
MDF	497	591.8	(15.9)	166.2	199.3
EBITDA Margins					
Plywood	12.1	(10.5)	22.6	3.1	9.0
MDF	14.6	16.4	(1.8)	5.1	9.5
EBIT					
Plywood	55.7	(16.9)	(429.3)	23.6	136.0
MDF	520.7	745.5	(30.2)	285.7	82.2
EBIT Margins					
Plywood	16.5	(4.7)	21.2	7.3	9.2
MDF	15.3	20.7	(5.4)	8.7	6.6

Source: Company, Nuvama Research

Exhibit 3: Operational data

Volumes	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Plywood (million sqm)	1.6	1.6	1.5	1.4	1.2	1.5	1.3	1.3
MDF (CBM)	1,15,798	1,23,615	1,18,301	1,27,239	1,19,071	1,01,546	1,16,077	1,01,858
Volumes growth YoY (%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Plywood	-37.05	-19.61	-22.61	-30.39	-22.78	-10.37	-16.88	-11.97
MDF	-7.38	-2.07	0.07	-7.30	2.83	-17.85	-1.88	-19.95
Realisations	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Plywood (INR/sqm)	285	263	249	250	266	250	252	270
MDF (INR/CBM)	29376	28769	29300	28325	27864	29130	28079	29961
Realisation growth YoY (%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Plywood (INR/sqm)	1.06	-12.04	-13.84	-6.72	-6.67	-4.94	1.20	8.00
MDF (INR/CBM)	-6.28	-8.08	-4.20	0.72	-5.15	1.57	-4.17	5.78
EBITDA (INRmn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Plywood	27	7	-16	-37	-7	9	10	41
MDF	694	752	679	591	401	388	166	497
EBITDA Margins (%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Plywood	5.90	1.60	-4.10	-10.50	-2.20	2.50	3.10	12.10
MDF	20.40	21.20	19.60	16.40	12.10	13.10	5.10	16.30

Source: Company, Nuvama Research

Exhibit 4: MDF data

Detailed data					
Year to Date	Q4FY25	Q4FY24	% change	Q3FY25	% change
MDF Volumes					
Domestic	87,399	1,16,434	(24.9)	96,098	(9.1)
Exports	14,458	10,804	33.8	19,978	(27.6)
Total	1,01,857	1,27,238	(19.9)	1,16,076	(12.2)
MDF Revenues					
Domestic	2,728	3,383	(19.4)	2,870	(5.0)
Exports	324	221	46.7	389	(16.8)
MDF Realisations					
Domestic	31,213	29,058	7.4	29,866	4.5
Exports	22,389	20,430	9.6	19,479	14.9
Plant Wise MDF Volumes					
Utrakhand	44,578	43,736	1.9	44,635	(0.1)
AP	57,280	83,502	(31.4)	71,441	(19.8)
Plant Wise Revenues					
Utrakhand	1,403	1,352	3.8	1,402	0.1
AP	1,649	2,252	(26.8)	1,858	(11.2)
Plant Wise MDF Realisations					
Utrakhand	31,475	30,904	1.9	31,404	0.2
AP	28,781	26,974	6.7	26,000	10.7
Plant Wise MDF Utilisation					
Utrakhand	79.7	79.6		82.2	
AP	50.1	76.9		58.5	

Source: Company, Nuvama Research

Additional Data

Management

Ex. Chairman	Mr. Shiv Prakash Mittal
MD & CEO	Mr. Shobhan Mittal
Director	Mr. Salil Kumar Bhandari
Director	Mr. Arun Kumar Saraf
Auditor	S. S. Kothari Mehta & Company

Holdings – Top 10*

% Holding		% Holding	
IDFC MF	5.28	Sundaram AMC	1.76
TATA AMC	4.92	Nippon Life AMC	1.60
HDFC AMC	4.61	Canara Robeco A	1.48
UTI AMC	3.08	Dimensional fun	0.67
ICICI AMC	2.51	Mirae asset glo	0.39

*Latest public data

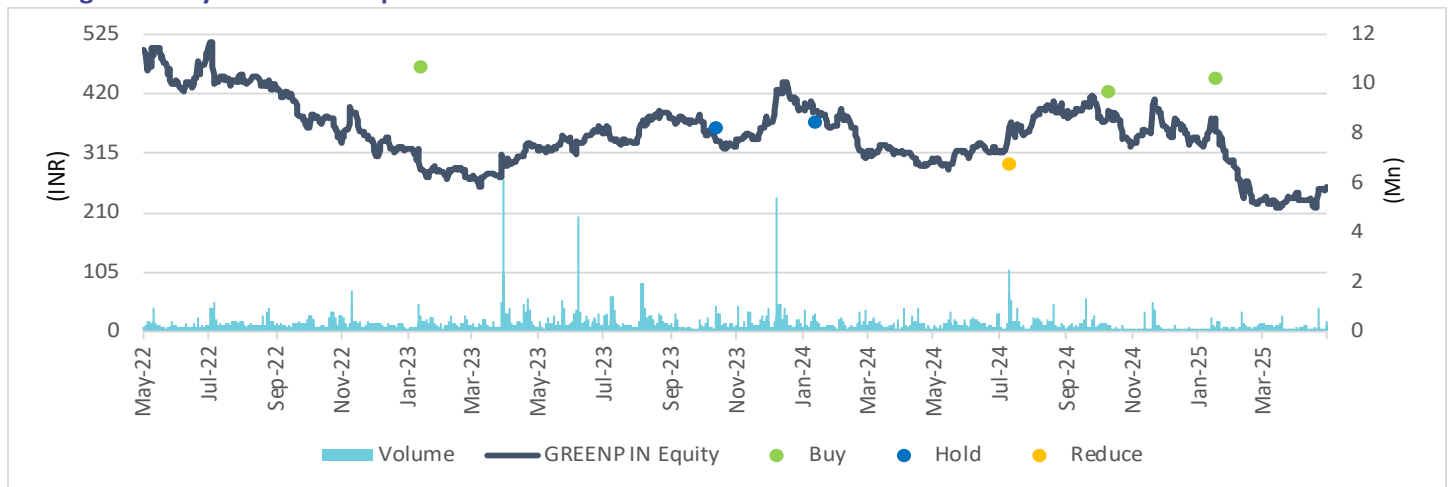
Recent Company Research

Date	Title	Price	Reco
06-Feb-25	Pressure on demand; margins plummet; <i>Result Update</i>	376	Buy
16-Dec-24	Greenpanel Industries (GREENP IN, INR 39; <i>Visit Note</i>	410	Buy
29-Oct-24	Volumes and margins both disappoint; <i>Result Update</i>	376	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
22-May-25	Prince Pipes	Volumes dip; margins improve; <i>Result Update</i>
19-May-25	Home Decor	Q1FY26 on track; high spreads to be watc; <i>Sector Update</i>
12-May-25	Apollo Pipes	Good showing despite tough backdrop; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	204
Hold	<15% and >-5%	63
Reduce	<-5%	34

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Abneesh Roy

Head of Research Committee

Abneesh.Roy@nuvama.com
