

26 June 2025

India | Equity Research | Company Update

Greenpanel Industries

Wood Panel

Softening RM to aid margin improvement

We recently meet with management of Greenpanel Industries (GREENP). Takeaways: 1) Demand trend in the MDF industry is expected to remain healthy and GREENP is targeting volumes of ~0.56mn CBM in FY26 (~+29% YoY) aided by the commissioning of its new thin MDF line in end-Q4FY25. Thin MDF was primarily imported in India and with BIS norms being implemented in Feb'25, imports should dry up ahead, and thus, help drive GREENP's volumes. 2) Management guides for ~12% OPM in FY26 for the MDF segment aided by lower RM cost and operating leverage due to higher volumes. 3) GREENP aims to be net debt free again in the next 4–6 quarters. We maintain our estimates and **ADD** rating with an unchanged Mar'26E target price of INR 284.

MDF volume growth to be driven by new thin MDF line

GREENP's management guides for ~0.56mn CBM (~+29% YoY) of MDF volumes in FY26, which shall be aided by its newly commissioned thin MDF line (1.5–5.5mm) in end-FY25. Thin MDF constitutes ~55–60% of total MDF imports, and now, with the implementation of BIS in Feb'25, MDF imports are expected to remain muted; thus, enabling higher growth for domestic manufactures. GREENP expects volume growth of 10–12% YoY from its existing lines and ~35% utilisation (~84,000CBM) of the new thin MDF line, whereby enabling blended volume growth of ~29% in FY26. Management indicated that vol. growth in Q1FY26 may be tepid due to a gradual ramp-up of the new MDF line. We model a MDF volume CAGR of 23.9% over FY25–27E.

MDF timber prices' softening trend to aid margins

MDF timber prices (~50% of total RM cost) have fallen by ~8–10% QoQ in Q1FY26 in southern Indian markets; whereas, the northern markets have seen a ~2–3% QoQ dip. Timber prices shall remain soft due to higher availability, which should thus enable margin improvement going ahead (from Q2). Management does not foresee any price cuts in the MDF market going ahead, as when timber prices were soaring, no price hikes were taken by the industry. Also, operating leverage is expected to play out due to better volumes, which should result in margin improvement. Management guides for MDF margins of 12% in FY26. We believe MDF margins for GREENP should improve; accordingly, we model MDF margins of 12.7%/15.5% in FY26E/FY27E.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	15,673	14,358	19,140	22,155
EBITDA	2,470	1,312	2,605	3,571
EBITDA %	15.8	9.1	13.6	16.1
Net Profit	1,423	642	1,116	1,741
EPS (INR)	11.6	5.2	9.1	14.2
EPS % Chg YoY	(44.9)	(54.9)	73.9	56.0
P/E (x)	23.0	50.9	29.3	18.8
EV/EBITDA (x)	13.3	26.1	12.8	8.9
RoCE (%)	8.5	2.7	6.8	10.0
RoE (%)	11.3	4.7	7.8	11.2

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Market Data

Market Cap (INR)	33bn
Market Cap (USD)	379mn
Bloomberg Code	GREENP IN
Reuters Code	GREP BO
52-week Range (INR)	427 /203
Free Float (%)	47.0
ADTV-3M (mn) (USD)	0.8

Price Performance (%)	3m	6m	12m
Absolute	11.9 (25.7)	(15.6)	
Relative to Sensex	5.8 (31.2)	(21.6)	

ESG Score	2023	2024	Change
ESG score	NA	68.6	NA
Environment	NA	54.3	NA
Social	NA	69.1	NA
Governance	NA	79.4	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

23-05-2025: [Q4FY25 results review](#)

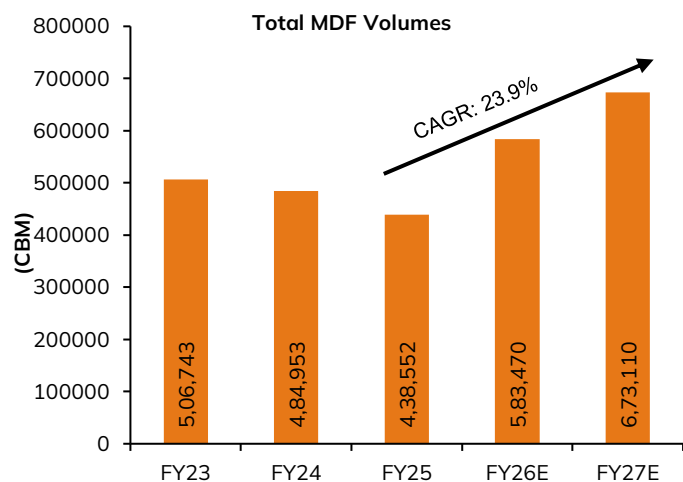
07-02-2025: [Q3FY25 results review](#)

Valuation and view

GREENP is expected to witness high revenue/EBIDTA CAGRs of 24.2%/65% over FY25–27E enabled by new MDF line addition, low base and margin improvement due to falling raw material prices and operating leverage. We like GREENP due to its healthy balance sheet and market leadership in the fast-growing MDF category. We maintain our estimates and **ADD** rating on the stock with an unchanged Mar'26E target price of INR 284; set at 20x PER FY27E.

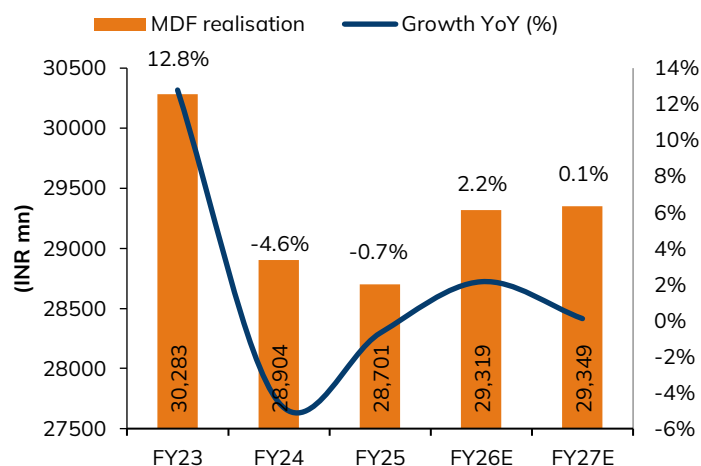
Key Charts

Exhibit 1: MDF volume to witness volume CAGR of 23.9% over FY25-27E



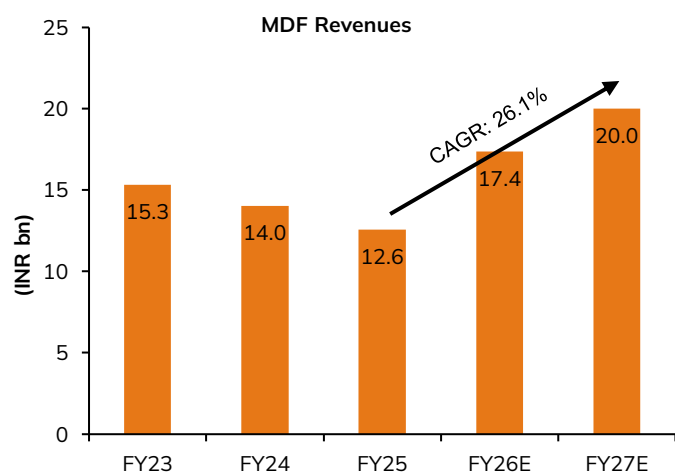
Source: I-Sec research, Company data

Exhibit 2: Blended MDF realisation to remain stable over FY25-27E



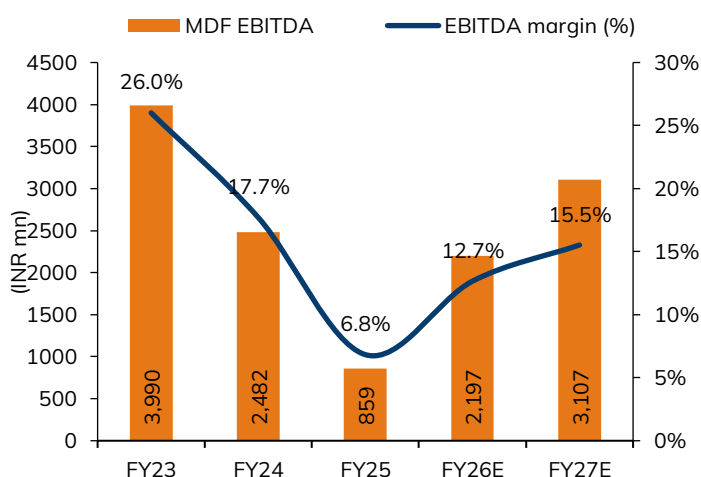
Source: I-Sec research, Company data

Exhibit 3: MDF revenue to witness CAGR of 26.1% over FY25-27E



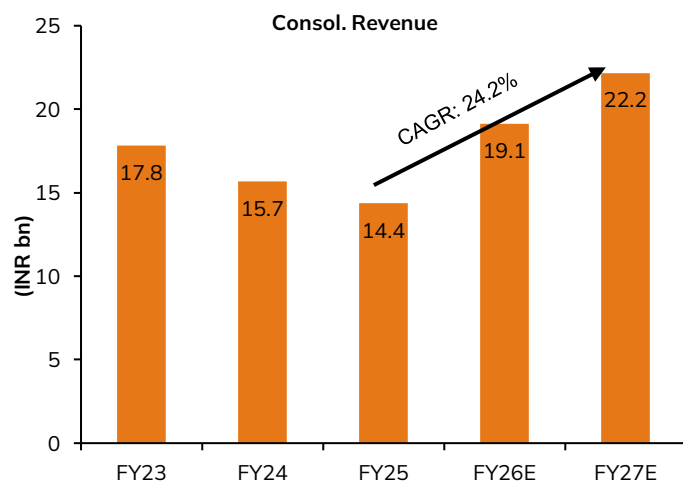
Source: I-Sec research, Company data

Exhibit 4: MDF EBITDA and EBITDA margin to improve over FY25-27E



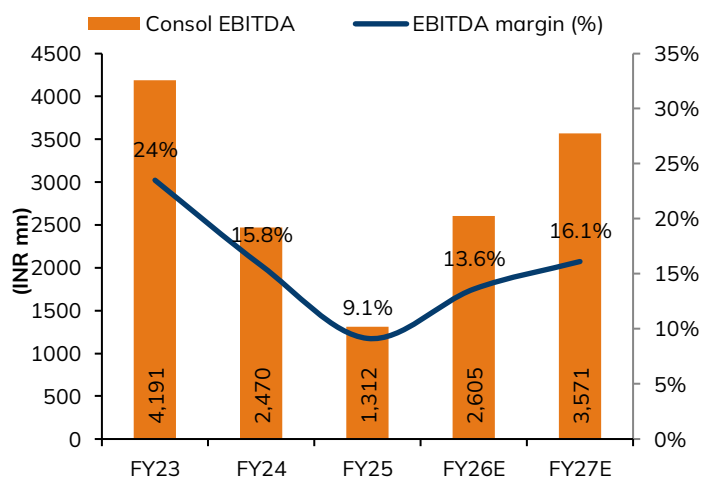
Source: I-Sec research, Company data

Exhibit 5: Consolidated revenue CAGR of 24.2% over FY25-27E



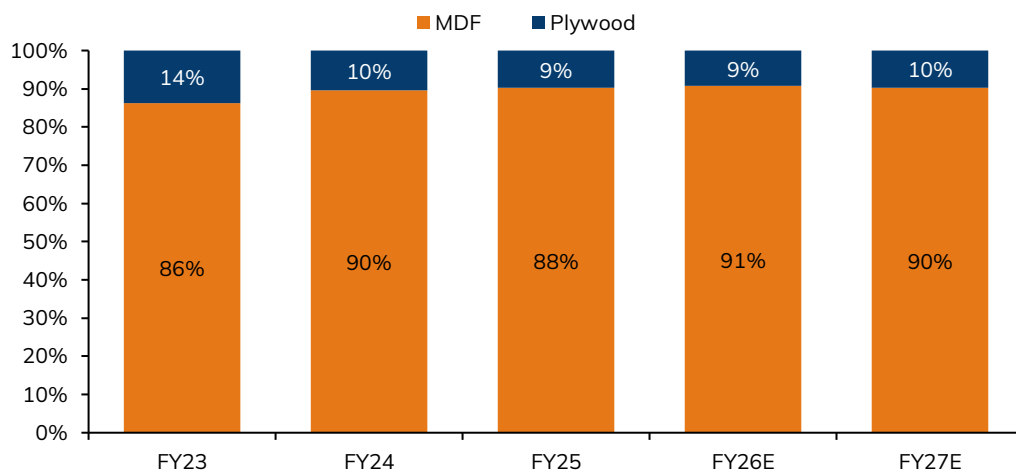
Source: I-Sec research, Company data

Exhibit 6: Consolidated EBITDA margin to improve



Source: I-Sec research, Company data

Exhibit 7: MDF-plywood revenue mix



Source: I-Sec research, Company data

Valuation

GREENP is the demerged entity of Greenply Industries (MTLM IN), carved out primarily to house the latter's MDF business. The company was demerged in Jul'19 and listed on 23 Oct'19. It is the largest MDF player in the country with an installed capacity of 891,000cbm p.a., spread across two facilities (in Uttarakhand and Andhra Pradesh).

GREENP is a play on the growing shift in market towards MDF in India; we reckon, it will likely witness revenue/EBIDTA CAGRs of 24.2%/65% over FY25-27E. We like GREENP for its leadership position in the fastest-growing segment of the wood panel market and maintain **ADD** with an unchanged Mar'26E target price of INR 284, set at 20x PER FY27E.

Key downside risks

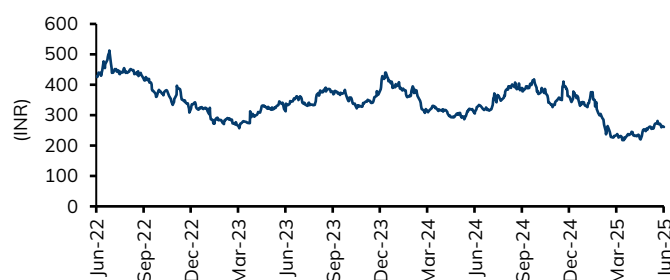
- Slowdown in housing and commercial real estate sectors.
- Fall in international MDF prices, resulting in higher imports and pressure on domestic markets.
- Lower capacity utilisation in domestic MDF markets, resulting in price cuts by competition, thus, hurting the company's profitability.

Exhibit 8: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	53.1	53.1	53.1
Institutional investors	30.3	31.4	31.6
MFs and others	27.4	28.3	28.5
FIs/Banks	0.1	0.1	0.1
Insurance	0.1	0.1	0.1
FIIIs	2.7	3.0	2.9
Others	16.6	15.5	15.3

Source: Bloomberg, I-Sec research

Exhibit 9: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 10: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	15,673	14,358	19,140	22,155
Operating Expenses	13,202	13,046	16,535	18,584
EBITDA	2,470	1,312	2,605	3,571
EBITDA Margin (%)	15.8	9.1	13.6	16.1
Depreciation & Amortization	729	774	1,025	1,060
EBIT	1,741	538	1,580	2,512
Interest expenditure	104	67	161	138
Other Non-operating Income	189	226	226	214
Recurring PBT	1,826	697	1,645	2,587
Less: Taxes	(404)	(63)	(329)	(652)
PAT	1,422	634	1,316	1,935
Profit / (Loss) from Associates	-	-	-	-
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	5	87	(250)	(260)
Net Income (Reported)	1,427	721	1,316	1,935
Net Income (Adjusted)	1,423	642	1,116	1,741

Source Company data, I-Sec research

Exhibit 11: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Assets				
Inventories	2,016	1,988	2,310	2,648
Cash & cash eqv.	2,379	2,257	1,783	2,902
Sundry Debtors	290	418	557	645
Other Current Assets	1,274	997	1,329	1,538
Trade payables	1,094	1,028	1,375	1,537
Other Current Liabilities	671	1,308	876	984
Net Current Assets	4,194	3,325	3,728	5,212
Investments	-	-	-	-
Net Fixed Assets	12,574	15,357	14,571	14,011
Other Non Current Assets	375	342	342	342
Total Assets	17,143	19,024	18,641	19,565
Liabilities				
Borrowings	2,680	3,898	2,557	2,057
Other Non Current Liabilities	1,292	1,274	1,274	1,274
Total Liabilities	3,971	5,172	3,831	3,331
Equity Share Capital	123	123	123	123
Reserves & Surplus	13,049	13,729	14,688	16,112
Total Net Worth	13,171	13,852	14,811	16,235
Minority Interest	-	-	-	-
Total Liabilities & Net Worth	17,143	19,024	18,641	19,565

Source Company data, I-Sec research

Exhibit 12: Quarterly trend

(INR mn, year ending March)

	Jun-24	Sep-24	Dec-24	Mar-25
Net Sales	3,650	3,369	3,594	3,745
% growth (YOY)	-5.5	-15.5	-6.8	-5.6
EBITDA	360	299	173	480
Margin %	9.9	8.9	4.8	12.8
Other Income	45	62	66	39
Extraordinaries	0	88	18	350
Adjusted Net Profit	157	121	67	33

Source Company data, I-Sec research

Exhibit 13: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	1,823	2,278	1,213	2,371
Working Capital Changes	(323)	748	(877)	(364)
Capital Commitments	(3,800)	(3,565)	(239)	(500)
Free Cashflow	(1,976)	(1,287)	974	1,871
Other investing cashflow	-	-	-	-
Cashflow from Investing Activities	(3,800)	(3,565)	(239)	(500)
Issue of Share Capital	-	-	-	-
Inc (Dec) in Borrowings	775	1,219	(1,342)	(500)
Dividend paid	(184)	(37)	(107)	(251)
Others	(14)	(16)	0	0
Cash flow from Financing Activities	577	1,165	(1,448)	(751)
Chg. in Cash & Bank balance	(1,399)	(122)	(474)	1,119
Closing cash & balance	2,379	2,257	1,783	2,902

Source Company data, I-Sec research

Exhibit 14: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	11.6	5.9	10.7	15.8
Adjusted EPS (Diluted)	11.6	5.2	9.1	14.2
Cash EPS	17.5	11.5	17.5	22.8
Dividend per share (DPS)	1.5	0.3	0.9	2.0
Book Value per share (BV)	107.4	113.0	120.8	132.4
Dividend Payout (%)	12.9	5.7	9.6	14.4
Growth (%)				
Net Sales	(12.1)	(8.4)	33.3	15.8
EBITDA	(41.1)	(46.9)	98.5	37.1
EPS (INR)	(44.9)	(54.9)	73.9	56.0
Valuation Ratios (x)				
P/E	23.0	50.9	29.3	18.8
P/CEPS	15.2	23.0	15.2	11.6
P/BV	2.5	2.4	2.2	2.0
EV / EBITDA	13.3	26.1	12.8	8.9
EV / Sales	2.1	2.4	1.7	1.4
Dividend Yield (%)	0.6	0.1	0.3	0.8
Operating Ratios				
Gross Profit Margins (%)	55.9	48.4	49.8	51.5
EBITDA Margins (%)	15.8	9.1	13.6	16.1
Effective Tax Rate (%)	22.1	9.1	20.0	25.2
Net Profit Margins (%)	9.1	4.5	5.8	7.9
NWC / Total Assets (%)	9.6	5.0	9.3	10.5
Net Debt / Equity (x)	0.0	0.1	0.1	(0.1)
Net Debt / EBITDA (x)	0.1	1.3	0.3	(0.2)
Profitability Ratios				
RoCE (%)	8.5	2.7	6.8	10.0
RoE (%)	11.3	4.7	7.8	11.2
Cash Conversion Cycle (on net sales)				
Inventory Turnover Days	47	51	44	44
Receivables Days	7	11	11	11
Payables Days	25	26	26	25

Source Company data, I-Sec research

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