

Greenpanel Industries Ltd

Guidance seems unachievable, management to focus on volume share over margins; maintain SELL!

Key take aways from Q1FY26 Earnings:

Poor start to FY26 – Volumes in-line with estimates; Profitability disappoints: Revenue stood at Rs3.28Bn, a decline of 10%YoY, owing to lackluster performance from MDF division. EBITDA loss stood at Rs158Mn (Vs est of Rs280Mn profit) due to contraction in margins for MDFs lead by low volume off take and higher cost driven by commencement of new plant. Furthermore, company recorded forex loss of Rs275Mn which dragged profitability. Net loss stood at Rs346Mn for the quarter Vs profit of Rs157Mn/Rs294Mn in Q1FY25/Q4FY25 respectively.

MDF – Volumes in-line with estimates; margins steeply lower: Volumes stood at 102,000cbm, a decline of 14%YoY wherein domestic volumes (87% of total) stood at 89,000cbm, a degrowth of 9%YoY lead by intense competition & discontinuance of industrial grade MDFs which constituted ~37% of domestic volumes in Q1FY25. Exports (13% of total) came in at 13,000cbm, a decline of 40%YoY. Revenue stood Rs2.91Bn, a degrowth of 12%YoY. Domestic revenue declined by declined by 9%YoY & export revenue witnessed a degrowth of 36%YoY. ASP came in at Rs28,529/cbm, an improvement of 2%YoY. Domestic ASP remained flattish YoY while export realization increased by 7%YoY. EBITDA% stood at 4.4% (excl forex loss) Vs 12.1%/16.3% in Q1FY25/Q4FY25 (incl EPCG benefit). Accounting for forex loss; EBITDA loss would be ~Rs147Mn for the quarter). Notably, timber pricing for MDFs has declined 7%on sequential basis.

Plywood – Benign performance continues: Volumes stood at 1.17msqm, a decline of 3%YoY owing to soft demand scenario. Revenue stood at Rs315Mn, a degrowth of 3%YoY. Realization remained flattish at Rs267/sqm. EBITDA% stood at 0.6% Vs -2.2%/12% in Q1FY25/Q4FY25 respectively.

Snapshot Overview

Parameter	Q1 FY26	QoQ (%)	YoY (%)	vs Est	vs Bloom
Revenue	3,282	-12.4%	-10.1%	Miss	Miss
EBITDA	(158)	-133.0%	143.9%	Miss	Miss
EBITDA Margin (%)	-4.8%	-1763 bps	-1470 bps	Miss	Miss
PAT	(346)	-217.7%	-320.2%	Miss	Miss
EPS	(2.8)	-217.5%	-320.3%	Miss	Miss

Source: Company, YES Sec

Key Data points

MDF	Q1 FY26	QoQ (%)	YoY (%)	vs Est	vs Bloom
Volume (cbm)	102,000	0%	-14%	In-line	In-line
Asp (Rs/cbm)	28,529	-5%	2%	In-line	In-line
EBITDA Margin (%)	4.4%	-1190 bps	-770 bps	Miss	Miss
EBITDA/cbm (Rs)	1,255	-74%	-63%	Miss	Miss

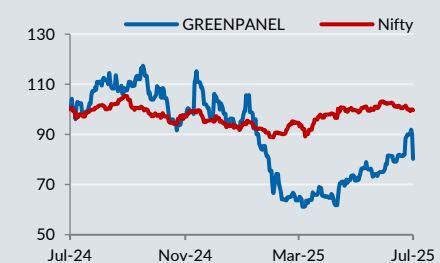
Source: Company, YES Sec

Reco	: SELL
CMP	: Rs 286
Target Price	: Rs 243
Potential Return	: -15%

Stock data (as on Aug 01, 2025)

Nifty	24,622
52 Week h/l (Rs)	427 / 203
Market cap (Rs/USD mn)	39,235 / 449
Outstanding Shares (mn)	123
6m Avg t/o (Rs mn):	72
Div yield (%):	0.5
Bloomberg code:	GREENP IN
NSE code:	GREENPANEL

Stock performance



	1M	3M	1Y
Absolute return	5.2%	23.0%	-23.1%

Shareholding pattern (As of Jun'25 end)

Promoter	53.1%
FII+DII	30.4%
Others	16.5%

Δ in stance

(1-Yr)	New	Old
Rating	SELL	SELL
Target Price	243	230

Δ in earnings estimates

	FY26E	FY27E
EPS (New)	1.0	12.1
EPS (Old)	6.9	11.5
% change	-85%	6%

Financial Summary

(Rs mn)	FY25	FY26E	FY27E
Net Revenue	14,358	14,704	17,087
YoY Growth	-8%	2%	16%
EBITDA	1,313	1,109	2,940
EBITDA (%)	9%	8%	17%
PAT	722	123	1,488
YoY Growth	-47%	-83%	1109%
ROE	5%	1%	10%
EPS	5.9	1.0	12.1
P/E	38.5	284.6	23.5
BV/Share	113.0	113.7	125.5
P/BV	2.0	2.5	2.3

UDIT GAJIWALA

Lead Analyst

📞 +91 22 6992 2934 / 35 / 36



SHALIN DAMANI, Associate

ANALYST VIEW & INVESTMENT THESIS

1-year View:

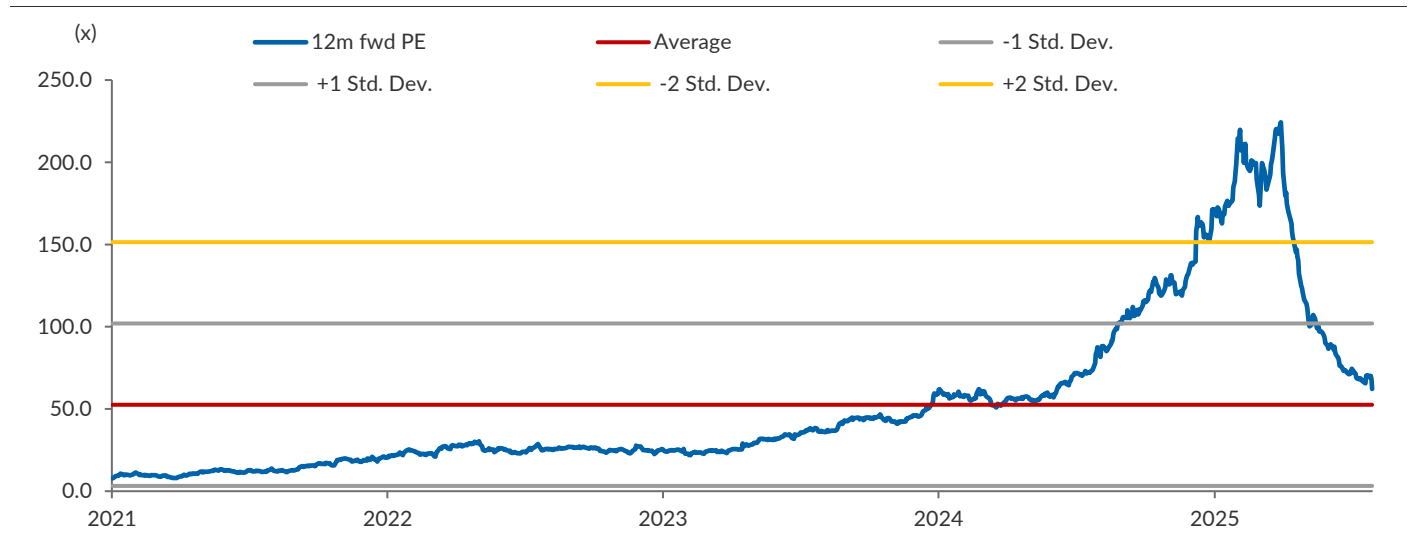
We believe GREENPANEL will witness headwinds for more 1-2quarters with Commercial grade volume contribution in base of ~43,000cbm. Though we expect volume growth trajectory to improve post FY26; with company's focus more on volume share Vs margins; we expect margins to remain under pressure Vs peers as higher incentive schemes and discounting offered will keep pricing lower. With lackluster performance in Q1FY26 and no meaningful improvement expected in coming quarters; we have witnessed sharp downwards revision in our FY26E EPS.

3-years View:

Going ahead, we reckon volume trajectory should improve from FY27 onwards- with ramp-up of new Thin MDF plant along with steady domestic demand. Moreover, with major domestic capacities already installed and no new major capacity coming up; pricing should expand which will enable the company to register better margins going head. Incrementally, timber prices are likely to contract from coming fiscal which will further aid in margin improvement. Hence, we have upgraded our EPS estimate for FY27E to Rs12 (Vs Rs11).

We continue to value the company at P/E(x) of 20x on FY27E EPS of Rs12, arriving at target price of Rs243/share. We downgrade the stock to SELL. (We continue to prefer GREENPLY INDUSTRIES from Woodpanel segment).

Exhibit 1: 1-year forward P/E (x) chart



Source: Company, YES Sec

CONCALL SUMMARY

- Management maintained FY26 guidance of MDF volumes of 550,000CBM from existing and new plant, a 25%YoY growth (9MFY26 ask rate stands at 40-45%YoY). MDF margin guidance maintained at 11-12%. Management expects to counter pricing pressure by improved cost optimization and lower RM cost.
- Management is focusing on regaining market share and not margins. Schemes have been in place in July where the average discount offered was 3%. In Q1FY26, company offered discount of 5% for 45-60 days.
- MDF volumes declined primarily due to discontinuation of commercial grade MDF due to implementation of BIS norms that had volumes of 37,500CBM in Q1FY25. Commercial grade MDF was a low cost, low quality product started by Greenpanel to compete with unorganized segment and imports. Q2FY25 and Q3FY25 combined had volumes of 43,000CBM from the segment and Q4FY25 was nil.
- Company's main offering now is industrial grade MDF. Of the total 2.4-2.8Mn CBM India demand 60-70% is industrial grade. ASP for industrial grade is 6-8% higher than commercial grade MDF and margins are higher by 2.5-3%.
- Domestic MDF industry capacity is 4.25Mn CBM of which 60-65% is organized. Total demand in FY25 was 2.8Mn CBM of which imports catered to ~10% of demand (at a monthly run-rate of 20-22,000CBM). Domestic capacity operated at 60-65% utilization.
- Management does not see any major capacity addition in MDF from the organized segment. With lower imports, existing utilization is expected to improve.
- Currently, channel partners are sitting on non-BIS inventory as MSMEs will fall under BIS from Aug'25.
- MDF imports have declined from monthly run-rate highs of 40-50,000CBM to 1-1,500CBM in Q1FY26 with BIS implementation.
- 2 players have received certification and license to continue to supply to India.
- Timber costs have declined by ~7%QoQ in Q1FY26. Average timber cost was Rs6/Kg with North being 50p/Kg higher than South. Management expects the same to reduce further and help improve GM by another 2-3%. A 10% reduction in timber prices would improve EBITDA margins by 3% for Greenpanel.
- In Q1FY26, company had higher costs related to stabilization of the new thin panel plant in AP. Higher P&F costs dented overall MDF margins by 3%. Margins were further impacted by higher interest and depreciation as the plant was capitalized in the quarter. The stabilization is expected to be complete, and plant will normalize in Q2FY26. The plant operated at 33% utilization in Q1FY26 but not everything was sold. Company expects plant utilization for FY26 to be 30-35%.
- New plant is expected to breakeven at 40% utilization. Normally for MDF, breakeven is at 55-60% utilization however, company has incurred lower fixed expenses for line 3 at the plant.
- VAP contributed to 50% of domestic volumes from old plant which remained flat Vs Q1FY25 and Q4FY25. VAP will commence at new plant Q3FY26 onwards.
- Company received EPCG of Rs51Mn in Q1FY26.
- Company was expecting to receive Rs1.16Bn subsidy from old line in AP plant of which Rs0.35Bn is accounted.
- No new capex is planned for the company. Management plans to expand plywood capacity only after achieving 80% utilization.
- Company has not hedged full exposure to the foreign currency loan but only near-term tranches that were to be paid.

Estimate Revisions

Metric (Rs Mn)	Old Est (FY27E)	New Est	% Change	Reason
Revenue	20,209	17,087	-15%	Lower volumes than expected
EBITDA	2,580	2,940	14%	Lower timber cost coupled with better cost efficiencies
EPS	11	12	6%	

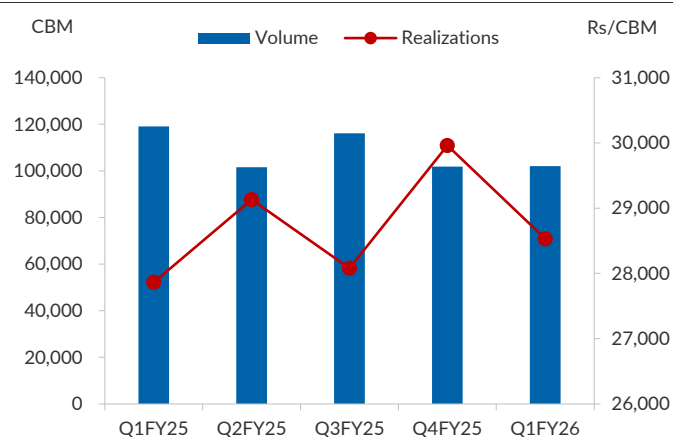
Source: Company, YES Sec

Valuation Snapshot

Valuation Metric	FY25	FY26E	FY27E
P/E (x)	38.5	284.6	23.5
EV/EBITDA (x)	27.6	32.0	11.4
ROCE (%)	4.3	2.1	11.4

Source: Company, YES Sec

Exhibit 2: MDF volume and realization



Source: Company, YES Sec

Exhibit 3: Plywood volume and realization

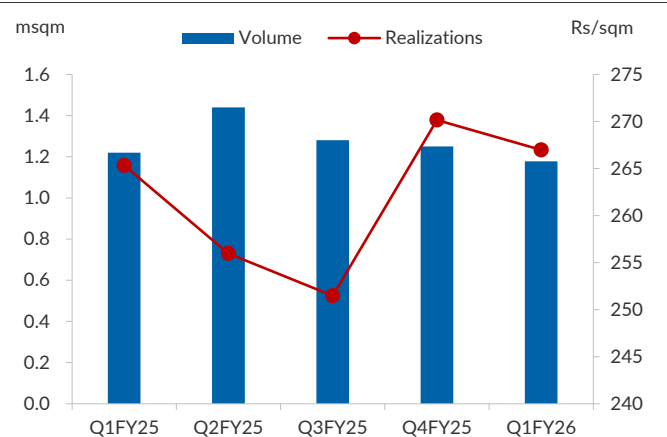
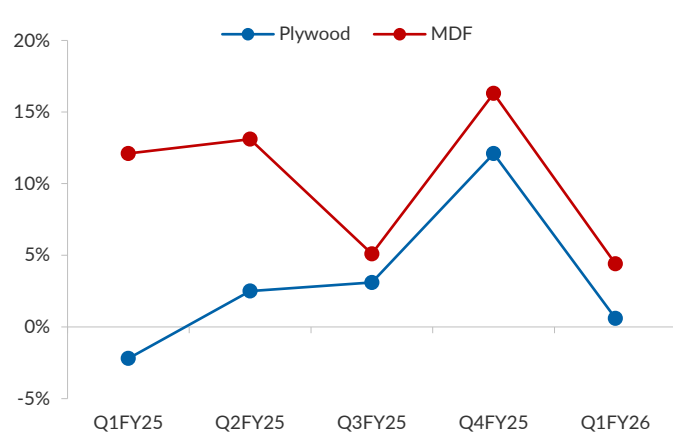
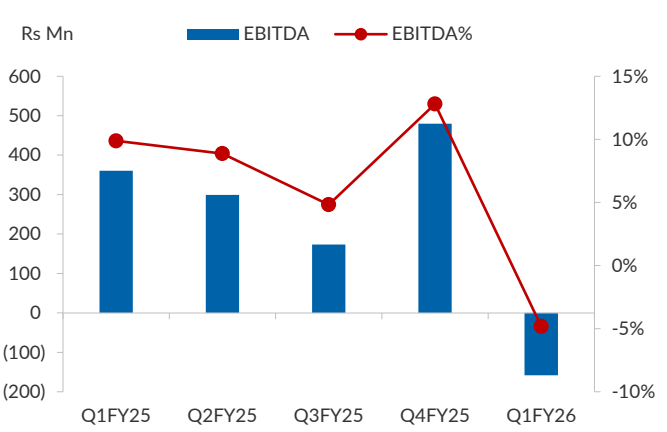


Exhibit 4: Segmental EBITDA margin



Source: Company, YES Sec

Exhibit 5: Blended EBITDA and margin



FINANCIALS

Exhibit 6: Quarterly snapshot

Particulars (Rs Mn)	Q1FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)
Net Sales	3,650	3,745	3,282	(10.1)	(12.4)
COGS	1,785	1,878	1,711	(4.2)	(8.9)
% of sales	48.9	50.2	52.1	322.0	197.0
Gross margin %	51.1	49.8	47.9	(322.0)	(197.0)
Employee costs	362	340	371	2.5	9.0
% of sales	9.9	9.1	11.3	138.8	221.8
Other expenses	1,142	1,047	1,359	18.9	29.8
% of sales	31.3	28.0	41.4	1,009.1	1,344.2
EBITDA	361	480	-158	(143.9)	(133.0)
EBITDA margin %	9.9	12.8	(4.8)	(1,469.8)	(1,762.9)
Depreciation	189	198	255	34.5	28.8
EBIT	171	282	-413	(341.2)	(246.5)
EBIT margin %	4.7	7.5	(12.6)	(1,727.2)	(2,010.8)
Interest expense	2	24	95	4,030.4	304.3
Other income	45	39	34	(24.2)	(12.3)
PBT	214	297	-474	(321.5)	(259.4)
Tax	57	3	-128	(325.2)	(4,065.8)
Effective tax rate %	26.5	1.1	27.0	44.5	2,586.9
Adj.PAT after Share of Assc & JV	157	294	-346	(320.2)	(217.7)
PAT margin %	4.3	7.9	(10.5)	(1,485.3)	(1,839.8)

Source: Company, YES Sec

Exhibit 7: Income statement

Particulars (Rs Mn)	FY23	FY24	FY25	FY26E	FY27E
Revenues	17,828	15,670	14,358	14,704	17,087
Growth (%)	9.7%	-12.1%	-8.4%	2.4%	16.2%
EBITDA	4,166	2,463	1,313	1,109	2,940
EBITDA margin (%)	23.4%	15.7%	9.1%	7.5%	17.2%
Growth (%)	-3.2%	-40.9%	-46.7%	-15.6%	165.2%
Depreciation & Amortization	719	729	774	923	935
Other income	194	211	226	204	214
EBIT	3,640	1,946	765	390	2,218
EBIT margin (%)	20.4%	12.4%	5.3%	2.7%	13.0%
Interest	190	123	67	234	234
PBT	3,511	1,834	698	156	1,984
Tax	944	481	(24)	33	496
Net profit	2,566	1,353	722	123	1,488
Net profit margin (%)	14.4%	8.6%	5.0%	0.8%	8.7%

Particulars (Rs Mn)	FY23	FY24	FY25	FY26E	FY27E
EPS	20.9	11.0	5.9	1.0	12.1
Growth (%)	6.7%	-47.3%	-46.6%	-83.0%	1109.0%

Source: Company, YES Sec

Exhibit 8: Balance sheet

Particulars (Rs Mn)	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	123	123	123	123	123
Reserves	11,816	13,049	13,729	13,815	15,267
Total Shareholders' Funds	11,939	13,171	13,852	13,938	15,389
LT Borrowings	1,271	2,375	3,207	3,207	3,207
Deferred tax liabilities	1,020	1,010	1,046	1,046	1,046
ST Borrowings	702	304	692	692	692
Trade payables	1,111	1,094	1,028	1,016	994
Provisions	526	647	1,058	1,058	1,058
Total equity and liabilities	17,048	18,907	21,358	21,433	22,863
Non-current assets					
PPE	9,453	9,447	15,246	14,623	13,988
CWIP	49	3,127	111	111	111
Current assets					
Inventories	1,525	2,016	1,988	1,966	1,924
Trade receivables	444	290	418	428	497
Cash and cash equivalents	133	401	340	1,759	3,797
Loans and advances	5	5	8	8	8
Other current assets	587	1,580	1,919	1,919	1,919
Total assets	17,048	18,907	21,358	21,433	22,863

Source: Company, YES Sec

Exhibit 9: Cash flow statement

Particulars (Rs Mn)	FY23	FY24	FY25	FY26E	FY27E
PBT	3,510	1,832	697	156	1,984
Add: Depreciation	720	729	774	923	935
Add: Interest	190	123	67	234	234
Less: WC changes	(254)	(662)	(153)	1	(49)
Less: taxes paid	(623)	(369)	(66)	(33)	(496)
Cash flow from operations	3,374	1,349	778	1,280	2,608
Capital expenditure	(803)	(3,441)	(1,871)	(300)	(300)
Cash flow from investing activities	(2,478)	(1,585)	(1,657)	(300)	(300)
Movement in borrowings	(1,002)	(968)	(310)	-	-
Interest paid	(85)	(264)	(145)	(234)	(234)
Cash from financing activities	(1,336)	503	822	(271)	(271)
Change in cash balance	(441)	268	(57)	710	2,038
Opening cash balance	574	133	397	1,049	1,759
Closing cash balance	133	401	340	1,759	3,797

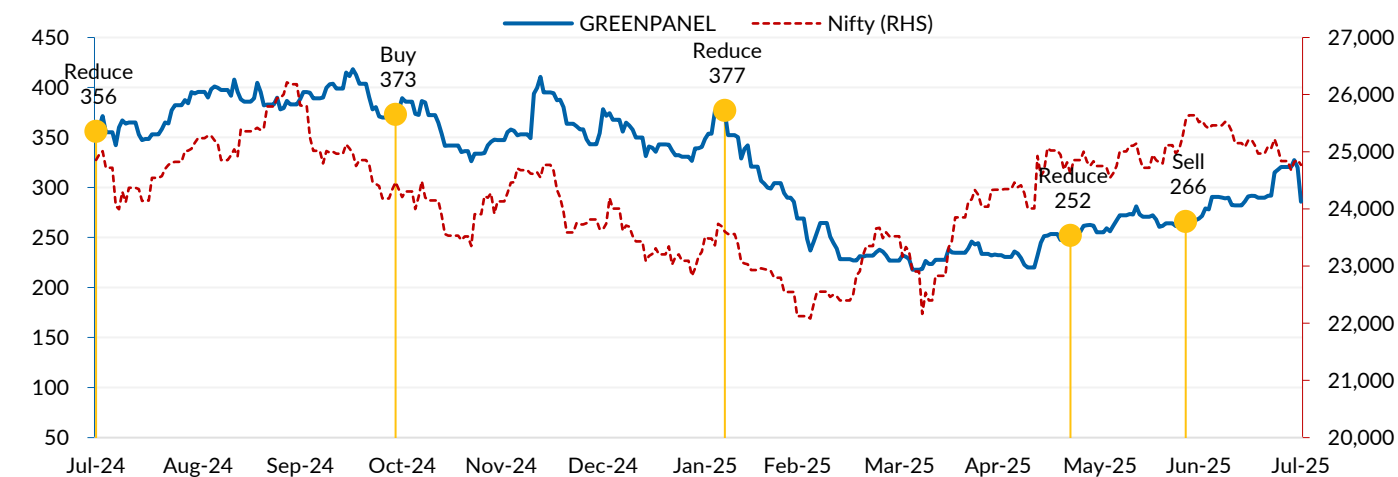
Source: Company, YES sec

Exhibit 10: Ratio analysis

Particulars	FY23	FY24	FY25	FY26E	FY27E
Growth (%)					
Total Sales	9.7%	-12.1%	-8.4%	2.4%	16.2%
EBITDA	-3.2%	-40.9%	-46.7%	-15.6%	165.2%
EBIT	-0.6%	-46.5%	-60.7%	-49.0%	469.2%
PAT	6.7%	-47.3%	-46.6%	-83.0%	1109.0%
Profitability (%)					
EBITDA Margins	23.4%	15.7%	9.1%	7.5%	17.2%
EBIT Margins	20.4%	12.4%	5.3%	2.7%	13.0%
PAT Margins	14.4%	8.6%	5.0%	0.8%	8.7%
ROCE	26.9%	12.3%	4.3%	2.1%	11.4%
ROE	23.9%	10.8%	5.3%	0.9%	10.1%
Per Share Data (Rs)					
EPS	20.9	11.0	5.9	1.0	12.1
CEPS	27.0	16.9	12.2	8.5	19.8
BVPS	97.4	107.4	113.0	113.7	125.5
Valuations (x)					
P/E (x)	13.0	28.5	38.5	284.6	23.5
P/CEPS (x)	10.1	18.6	18.6	33.5	14.5
P/BV (x)	2.8	2.9	2.0	2.5	2.3
EV/EBITDA	7.6	14.1	27.6	32.0	11.4
Gearing Ratios					
\Debt/Equity	0.2	0.2	0.3	0.3	0.3
Net Debt/Equity	(0.2)	0.1	0.2	0.2	0.0
Net Debt/EBITDA	(0.4)	0.5	2.2	1.9	0.0
Int Coverage	19.1	15.9	11.5	1.7	9.5
WCC Days					
Debtors	9	7	11	11	11
Inventory	75	107	98	98	98
Creditors	54	58	51	51	51

Source: Company, YES sec

Recommendation Tracker



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Analyst signature

Analyst signature

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