

Subdued Operational Performance

Greenpanel's Q1FY25 results were below expectations due to the discontinuation of commercial-grade MDF, which comprised 38% of volumes. This shift, driven by BIS compliance, along with weak utilization at the new MDF plant and lower value-added mix, impacted margins. A forex loss of Rs 270 Mn on ECB loan revaluation further affected profitability.

Gross margins improved 240 bps QoQ, supported by a 7% reduction in timber prices. The implementation of BIS norms is expected to favor organized players, as import volumes have already declined sharply from April.

Segmental:

In MDF, sales declined 12% YoY to Rs 2,917 Mn, with volumes down 14% YoY to 1,02,096 CBM. EBITDA margins fell sharply to 4%.

Plywood also saw muted performance with a 3% YoY drop in sales to Rs 315 Mn and EBITDA margin at just 0.6%.

Outlook:

- MDF Volume Growth: ~5.5lac CBM (+25% growth YoY)
- MDF Margin guidance: ~12% excluding EPCG benefits (FY25: 8.7%)
- Breakeven of new MDF plant at 40% capacity utilisation as incremental fixed costs are very low
- Plywood vertical to see improvement in the remaining quarters

Valuations:

Considering how Q1 has panned out coupled with industry dynamics we don't think the management will be able to meet the FY26 guidance as of now leading to cutting down in our estimates by 39%/7% for FY26/FY27.

However the upside in our estimates can come in if management is able to meet the volume guidance and significant improvement in gross margins from reduction in timber prices especially in FY27. We will continue to monitor these parameters closely.

We value the company at 18x FY27E, arriving at a target price of 268.

Financial Summary

Y/E Mar (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Net sales	10,208	16,250	17,829	15,673	14,358	17,499	20,491
EBIDTA	2,034	4,304	4,165	2,465	1,312	2,356	3,588
Margins (%)	19.9	26.5	23.4	15.7	9.1	13.5	17.5
Adjusted net profit	688	2,405	2,565	1,427	721	1,077	1,949
EPS (Rs)	5.6	19.6	20.9	11.64	5.88	8.78	15.90
P/E (x)	67	13	12	22	43	29	16
EV/EBITDA (x)	25	7	7	13	26	14	8
RoCE (%)	11.44%	28.93%	24.89%	10.95%	3.03%	7.06%	12.96%
RoE (%)	9.42%	25.27%	21.49%	10.83%	5.21%	7.30%	11.81%

Source: Company, Dalal & Broacha Research



EQUITY RESEARCH DESK

1 August 2025

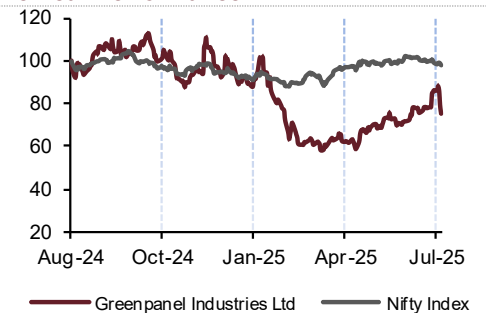
Rating	TP (Rs)	Up/Dn (%)
NEUTRAL	268	-4

Market Data

Current price	Rs	280
Market Cap (Rs.Bn)	(Rs Bn)	34
Market Cap (US\$ Mn)	(US\$ Mn)	393
Face Value	Rs	1
52 Weeks High/Low	Rs	427 / 202.81
Average Daily Volume	('000)	1,155
BSE Code		526797
Bloomberg		GREENP.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Jun-25	Mar-25
Promoters	51.69	51.69
Public	48.31	48.31
Total	100.00	100.00

Source: Bloomberg

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Concall Highlights:

MDF Division

- Focus is on gaining market share which was lost in last 2 years by chasing volume growth and not chasing higher margins by passing on the timber cost improvement to customers. Incentive schemes (3% in July) will be given to push volumes.
- Overall margin guidance remains intact driven by reduction in timber cost, operating leverage in both plants, marginal incremental fixed costs on the new MDF plant and strict control on variable costs. MDF margins bottomed out in Q1FY26.
- New MDF plant would have higher EBITDA margins as the incremental fixed costs is lower. Expecting breakeven at 40% capacity utilization.
- For every 10% decrease in timber prices, gross margins improve by 3%
- Additional power and fuel costs were incurred in the new MDF plant while stabilisation impacting margins by 3% which should normalise from Q2 onwards.
- Value add products contribution is 50% of the domestic volumes in Q1.
- MDF industry is growing at low to mid double digit CAGR.
- Last 9MFY25 sales volume included 43,000 CBM of commercial grade which was non-BIS compliant.
- Imported MDF which was non-BIS compliant is yet to be fully liquidated.
- Out of total MDF market, 60-70% is industrial grade.

Ply Division

- Expecting improvement in this vertical as all the efforts in improving the channel synergies have taken place.

Timber prices

- Blended timber costs at Rs 6/kg
- Timber cost has already seen a dip of 7% Q1FY26. Expecting further moderation.

Quarterly Snapshot

Greenpanel Industries					
Particulars (Rs Mns)	Q1FY26	Q1FY25	YoY Growth	Q4FY25	QoQ Growth
Revenue from operations	3,282	3,650	-10.1%	3,745	-12.4%
Other income	34	45	-24.2%	39	-12.3%
Total Income	3,316	3,695		3,784	
Cost of goods sold	1,708	1,729	-1.2%	1,878	-9.1%
Employee Benefit expenses	371	362	2.5%	340	9.0%
Other Expenses	1,359	1,142	18.9%	1,047	29.8%
EBITDA (excl other income)	(156)	416	-137.4%	480	-132.5%
Less : Depreciation	255	189	34.5%	198	28.8%
PBIT	(410)	227	-280.9%	282	
Less: Interest cost	95	2		24	
PBT (before exceptional)	(471)	270	-274.8%	297	-258.7%
Exceptional	(1)	(1)		-	
PBT (after exceptional)	(472)	269	-275.9%	297	-259.0%
Less : Tax	(128)	57		3	
PAT	(345)	212	-262.6%	294	-217.3%
EPS	(2.82)	1.28		2.40	
Margins					
Gross Margins	47.96%	52.63%	(467)	49.84%	(189)
EBITDA (excl OI) Margins	-4.74%	11.41%	(1,615)	12.80%	(1,755)
Net profit Margin	-10.39%	5.74%	(1,613)	7.77%	(1,816)
Revenue segment wise					
MDF	2,967	3,609	-17.8%	3,052	-2.8%
Plywood	315	357	-11.8%	338	-6.9%

FINANCIALS

Profit & Loss	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	16,250	17,829	15,673	14,358	15,623	19,045
Total Operating Expenses	6,709	7,458	6,907	7,408	7,781	9,237
Employee Cost	1,284	1,397	1,406	1,401	1,461	1,519
Other Expenses	3,953	4,808	4,894	4,237	4,549	4,868
Operating Profit	4,304	4,165	2,465	1,312	1,832	3,421
Depreciation	734	720	729	774	1,056	1,070
PBIT	3,571	3,446	1,736	538	776	2,351
Other income	90	194	219	212	212	212
Interest	171	190	123	53	165	132
PBT (Before exceptional)	3,489	3,449	1,832	697	822	2,431
Exceptional	-	61	-	-	-	-
PBT (post exceptional)	3,489	3,510	1,832	697	822	2,431
Provision for tax	1,085	944	405	(24)	164	608
Reported PAT	2,405	2,565	1,427	721	658	1,823
MI	-	-	-	-	-	-
Net Profit	2,405	2,565	1,427	721	658	1,823
Adjusted Profit	2,405	2,565	1,427	721	658	1,823
Balance Sheet (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity capital	123	123	123	123	123	123
Reserves	9,394	11,816	13,049	13,729	14,203	15,843
Net worth	9,516	11,939	13,171	13,852	14,326	15,965
Non Current Liabilites	2,790	2,770	3,692	4,730	4,638	3,897
Current Liabilites	3,117	2,340	2,044	2,778	2,792	3,095
TOTAL LIABILITIES	15,424	17,048	18,907	21,359	21,755	22,957
Non Current Assets	10,561	10,709	13,613	16,090	15,315	14,658
Fixed Assets	10,382	9,965	12,949	15,699	14,895	14,207
Goodwill	-	-	-	-	-	-
Non Current Investments	-	-	-	-	-	-
Deferred Tax Asset	-	-	-	-	-	-
Other Financial Assets	170	215	218	335	357	382
Other Non Current Assets	9	529	446	55	62	70
Current Assets	4,863	6,339	5,294	5,269	6,440	8,299
Current investments	-	-	975	1,208	1,208	1,208
Inventories	1,658	1,525	2,016	1,988	2,140	2,609
Trade Receivables	414	444	290	418	471	574
Cash and Bank Balances	2,226	3,778	1,404	1,049	1,951	3,166
Short Term Loans and Advances	7	5	5	8	8	8
Other Current Assets	557	587	605	598	663	734
TOTAL ASSETS	15,424	17,048	18,907	21,359	21,755	22,957

FINANCIALS

Cash Flow St. (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Cash flow from operating activities						
Profit before tax	3,489	3,449	1,832	697	822	2,431
Depreciation & Amortization	734	720	729	774	1,056	1,070
Interest expenses	171	190	123	67	165	132
Operating profit before working capital change	4,394	4,359	2,683	1,538	2,044	3,633
Working capital adjustment	280	(163)	(354)	(166)	(120)	(328)
Gross cash generated from operations	4,674	4,195	2,329	1,372	1,924	3,304
Net Direct taxes paid	(580)	(623)	(405)	(66)	(164)	(608)
Others	436	198	22	(528)	(32)	(34)
Cash generated from operations	3,657	3,374	1,946	778	1,728	2,662
-	-	-	-	-	-	-
Cash flow from investing activities						
Capex	(336)	(803)	(3,712)	(1,922)	(252)	(382)
Investment	-	-	(975)	304	-	-
Others	(1,028)	(1,675)	-	(38)	-	-
Cash generated from investment activities	(1,364)	(2,478)	(4,687)	(1,657)	(252)	(382)
-	-	-	-	-	-	-
Cash flow from financing activities						
Proceeds from issue of share	-	-	-	-	-	-
Borrowings/ (Repayments)	(1,468)	(1,002)	685	1,166	(225)	(750)
Interest paid	(115)	(85)	(123)	(53)	(165)	(132)
Dividend paid	(184)	-	(184)	(184)	(184)	(184)
Others	(82)	(249)	-	-	-	-
Cash generated from financing activities	(1,849)	(1,336)	367	822	(574)	(1,065)
Ratios	FY22	FY23	FY24	FY25	FY26E	FY27E
OPM	26.49%	23.36%	15.73%	9.14%	11.73%	17.96%
NPM	14.72%	14.23%	8.98%	4.95%	4.15%	9.47%
Tax Rate	31.09%	26.91%	22.10%	-3.47%	20.00%	25.00%
Growth Ratios (%)						
Net Sales	59.20%	9.71%	-12.09%	-8.39%	8.82%	21.90%
Operating Profit	111.65%	-3.23%	-40.83%	-46.76%	39.62%	86.73%
PBIT	245.58%	-1.16%	-46.89%	-61.95%	18.01%	195.63%
PAT	249.47%	6.68%	-44.38%	-49.46%	-8.76%	177.15%
Per Share (Rs.)						
Net Earnings (EPS)	19.61	20.92	11.64	5.88	5.37	14.87
Cash Earnings (CPS)	25.60	26.79	17.58	12.20	13.98	23.60
Dividend	0.15	0.15	0.15	0.15	0.15	0.15
Book Value	77.62	97.38	107.43	112.98	116.85	130.22
Free Cash Flow	27.08	20.97	-14.41	-9.33	12.04	18.60
Valuation Ratios						
P/E(x)	12.85	12.04	21.65	42.85	46.96	16.94
P/B(x)	3.25	2.59	2.35	2.23	2.16	1.94
EV/EBIDTA(x)	7.32	6.97	13.05	25.72	17.80	8.96
Div. Yield(%)	0.06	0.06	0.06	0.06	0.06	0.06
FCFF Yield(%)	10.75	8.32	(5.72)	(3.70)	4.78	7.38
Return Ratios (%)						
ROE	25.27%	21.49%	10.83%	5.21%	4.59%	11.42%
ROCE	28.93%	24.89%	10.95%	3.03%	4.31%	12.45%

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