



Washout quarter, Remain Cautiously optimistic

Greenpanel Industries Q3FY25 operational performance was below our estimates led by muted demand, excess supply and contraction in margin on account of rising timber costs.

Considering how Q3 has panned out, we have tweaked our earnings downwards by 25/9% for FY26/27. We roll forward our estimates to FY27 and value the company at 18x FY27E, arriving at a target price of 347.

We continue to maintain ACCUMULATE rating.

Q3 Segmental Performance:

MDF

- Sales at 3594 Mn (+6.7% QoQ) (-6.8% YoY)
- Volumes at 1,16,077 CBM (+14% QoQ) (-2% YoY)
- Blended Realisations at 28,079/CBM (-4% QoQ) (-4% YoY)
- EBITDA margins at 5.1% (-800 bps QoQ) (-1450bps YoY)

Plywood

- Sales at 321 Mn (13.9% QoQ) (-14.7% YoY)
- Volumes at 1.47 Mn Sqm (-13% QoQ) (-17% YoY)
- Blended Realisations at 252/sqm (+1% QoQ) (+1% YoY)
- EBITDA margins at 3.1% (+60bps QoQ) (+720bps YoY)

Key Financial Highlights:

- Revenue at Rs 3,594Mn, +6.7% qoq/-6.8% yoy
- EBITDA (excl OI) at Rs 173Mn, -42% qoq/-71% yoy
- EBITDA margin at 4.83% vs 8.87% vs 15.55% in Q2FY25/Q3FY24
- PAT at Rs 85Mn, -54% qoq/-69.5% yoy
- EPS at Rs 0.69 vs 1.51/2.26 in Q2FY25/Q3FY24

Outlook:

- MDF domestic volume growth guidance for FY25 is targeted to be flat YoY from 10% growth
- FY26 Volume outlook: 8-10% volume growth on existing capacity & 40-50% capacity utilization for the new plant
- New MDF plant commercialization delayed to Mar'25 and EBITDA breakeven target is ~40% capacity utilization

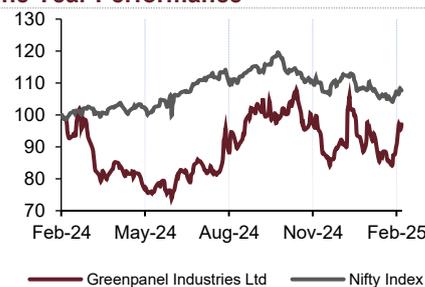
Rating	TP (Rs)	Up/Dn (%)
ACCUMULATE	347	-8

Market data

Current price	Rs	377
Market Cap (Rs.Bn)	(Rs Bn)	46
Market Cap (US\$ Mn)	(US\$ Mn)	528
Face Value	Rs	1
52 Weeks High/Low	Rs	427 / 267.95
Average Daily Volume	('000)	71
BSE Code		542857
Bloomberg		GREENP

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Dec-24	Sep-24
Promoters	53.13	53.13
Public	46.87	46.87
Total	100	100

Source: Bloomberg

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Financial Summary

Y/E Mar (Rs mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net sales	10,208	16,250	17,829	15,673	14,500	18,241	21,809
EBIDTA	2,034	4,304	4,165	2,465	1,020	2,530	4,019
Margins (%)	19.9	26.5	23.4	15.7	7.0	13.9	18.4
Adjusted net profit	688	2,405	2,565	1,427	457	1,247	2,369
EPS (Rs)	5.6	19.6	20.9	11.64	3.73	10.17	19.33
P/E (x)	67	19	18	32	101	37	19
EV/EBITDA (x)	25	11	11	19	47	18	11
RoCE (%)	11.44%	28.93%	24.89%	10.95%	1.43%	9.12%	16.31%
RoE (%)	9.42%	25.27%	21.49%	10.83%	3.40%	8.60%	14.19%

Source: Company, Dalal & Broacha Research

Valuations and Outlook:

Greenpanel Industries performance in the last 2 years has been impacted majorly due to significant capacity addition in the MDF segment, high timber costs along with elevated imports which led to a 23% CAGR de-growth in earnings.

We expect the operational performance to take a couple of quarters to improve however the performance can materially change from CY26 once timber costs start to settle and demand is robust enough to absorb the new capacity. If BIS norms are implemented from 11th Feb'25 it would provide a near term relief from imports and support domestic volume growth.

We continue with our recommendation of ACCUMULATE.

Considering how Q3 has panned out, we have tweaked our earnings downwards by 25/9% for FY26/27. We roll forward our estimates to FY27 and value the company at 18x FY27E, arriving at a target price of 347.

Concall Highlights:

MDF Division

- Value add products contribution is 49% of the domestic volumes vs 54% in Q2.
- MDF EBITDA margins was significantly impacted on account of increase in timber costs (+14% QoQ) and the full impact of the incentive scheme to dealers (~4% negative impact on realisations) and lower other income by 2.5% QoQ
- MDF demand was muted post Diwali.
- MDF realisations was down QoQ on account of 80% exports on FOB basis and negative impact of dealer incentive scheme.
- Export volumes were impacted due to the conscious effort of the company to restrict sale of products to customers who were not willing to take price hikes. MDF margins for export volumes is low single digit.
- Import of MDF has increased substantially in Q3 to 20,000-22,000 CBM/month from 10,000 CBM in Q2.
- OEM contributed ~21% of domestic volume vs 16% in Q2
- Target of 40-50% capacity utilization in FY26
- New MDF plant would have higher EBITDA margins as the incremental fixed costs is lower.

Ply Division

- Further Restructuring at dealer/distributor level
- Cost reduction initiatives were taken leading to improved EBITDA margins
- FY26 volume growth of 15 to 22%

Timber prices

- Timber has increased 14% QoQ sequentially. The blended timber cost for the company for Q3 is Rs 6.66/kg vs 5.86/kg in Q2.
- Timber pricing will cool off marginally from FY26 but CY26/FY27 will see material reduction in timber pricing due to better availability.

Quarterly Snapshot

Greenpanel Industries					
Particulars (Rs Mns)	Q3FY25	Q3FY24	YoY Growth	Q2FY25	QoQ Growth
Revenue from operations	3,594	3,857	-6.8%	3,369	6.7%
Other income	66	11	485.5%	62	5.6%
Total Income	3,660	3,868		3,431	
Cost of goods sold	2,034	1,692	20.2%	1,711	18.8%
Employee Benefit expenses	344	335	2.9%	354	-2.8%
Other Expenses	1,043	1,231	-15.3%	1,005	3.8%
EBITDA (excl of other income)	173	600	-71.1%	299	-41.9%
Less : Depreciation	194	179	8.2%	193	0.5%
PBIT	(20)	420		106	
Less: Interest cost	(7)	62		34	
PBT (before exceptional)	52	370	-85.9%	134	-61.1%
Exceptional	-	12		-	
PBT (after exceptional)	52	381	-86.3%	134	-61.1%
Less : Tax	(33)	105		(51)	
PAT	85	277	-69.3%	185	-54.0%
EPS	0.69	2.26	-69.5%	1.51	-54.3%
Gross Margins	43.42%	56.14%		49.20%	
EBITDA (excl OI) Margins	4.83%	15.55%		8.87%	
Net profit Margin	2.32%	7.15%		5.39%	
Revenue segment wise					
MDF	3,272	3,466	-5.6%	3,000	9.1%
Plywood	322	384	-16.1%	369	-12.7%
EBITDA margins					
MDF	5.10%	19.60%		13.1%	
Plywood	3.10%	-4.10%		2.5%	

* Consolidated P/L

Source: Company, Dalal & Broacha Research

FINANCIALS

	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	16,250	17,829	15,673	14,500	18,241	21,809
Total Operating Expenses	6,709	7,458	6,907	7,737	9,120	10,359
Employee Cost	1,284	1,397	1,406	1,426	1,483	1,542
Other Expenses	3,953	4,808	4,894	4,317	5,107	5,888
Operating Profit	4,304	4,165	2,465	1,020	2,530	4,019
Depreciation	734	720	729	793	1,008	1,023
PBIT	3,571	3,446	1,736	226	1,522	2,997
Other income	90	194	219	238	238	238
Interest	171	190	123	35	98	76
PBT (Before exceptional)	3,489	3,449	1,832	429	1,663	3,159
Exceptional	-	61	-	-	-	-
PBT (post exceptional)	3,489	3,510	1,832	429	1,663	3,159
Provision for tax	1,085	944	405	(27)	416	790
Reported PAT	2,405	2,565	1,427	457	1,247	2,369
MI	-	-	-	-	-	-
Net Profit	2,405	2,565	1,427	457	1,247	2,369
Adjusted Profit	2,405	2,565	1,427	457	1,247	2,369
Balance Sheet (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity capital	123	123	123	123	123	123
Reserves	9,394	11,816	13,049	13,321	14,385	16,570
Net worth	9,516	11,939	13,171	13,444	14,507	16,693
Non Current Liabilities	2,790	2,770	3,692	3,528	3,440	2,953
Current Liabilities	3,117	2,340	2,044	1,872	2,031	2,173
TOTAL LIABILITIES	15,424	17,048	18,907	18,844	19,978	21,819
Non Current Assets	10,561	10,709	13,613	15,030	14,682	13,977
Fixed Assets	10,382	9,965	12,949	14,344	13,918	13,127
Goodwill	-	-	-	-	-	-
Non Current Investments	-	-	-	-	-	-
Deferred Tax Asset	-	-	-	-	-	-
Other Financial Assets	170	215	218	240	264	291
Other Non Current Assets	9	529	446	446	499	559
Current Assets	4,863	6,339	5,294	3,814	5,297	7,842
Current investments	-	-	975	-	-	-
Inventories	1,658	1,525	2,016	1,867	2,349	2,808
Trade Receivables	414	444	290	278	350	418
Cash and Bank Balances	2,226	3,778	1,404	1,030	1,892	3,833
Short Term Loans and Advances	7	5	5	10	10	10
Other Current Assets	557	587	605	629	697	772
TOTAL ASSETS	15,424	17,048	18,907	18,844	19,978	21,819

FINANCIALS

Cash Flow St. (Rs. mn)	FY22	FY23	FY24	FY25E	FY26E	FY26E
Cash flow from operating activities						
Profit before tax	3,489	3,449	1,832	429	1,663	3,159
Depreciation & Amortization	734	720	729	793	1,008	1,023
Interest expenses	171	190	123	35	98	76
Operating profit before working capital change	4,394	4,359	2,683	1,258	2,769	4,258
Working capital adjustment	280	(163)	(354)	60	(297)	(418)
Gross cash generated from operations	4,674	4,195	2,329	1,318	2,471	3,840
Net Direct taxes paid	(580)	(623)	(405)	27	(416)	(790)
Others	436	198	22	11	(106)	(117)
Cash generated from operations	3,657	3,374	1,946	1,357	1,950	2,933
Cash flow from investing activities						
Capex	(336)	(803)	(3,712)	(2,189)	(582)	(232)
Investment	-	-	(975)	975	-	-
Others	(1,028)	(1,675)	-	-	-	-
Cash generated from investment activities	(1,364)	(2,478)	(4,687)	(1,214)	(582)	(232)
Cash flow from financing activities						
Proceeds from issue of share	-	-	-	-	-	-
Borrowings/ (Repayments)	(1,468)	(1,002)	685	(298)	(225)	(500)
Interest paid	(115)	(85)	(123)	(35)	(98)	(76)
Dividend paid	(184)	-	(184)	(184)	(184)	(184)
Others	(82)	(249)	-	-	-	-
Cash generated from financing activities	(1,849)	(1,336)	367	(517)	(507)	(759)
Ratios	FY22	FY23	FY24	FY25E	FY26E	FY27E
OPM	26.49%	23.36%	15.73%	7.03%	13.87%	18.43%
NPM	14.72%	14.23%	8.98%	3.10%	6.75%	10.75%
Tax Rate	31.09%	26.91%	22.10%	-6.38%	25.00%	25.00%
Growth Ratios (%)						
Net Sales	59.20%	9.71%	-12.09%	-7.48%	25.80%	19.56%
Operating Profit	111.65%	-3.23%	-40.83%	-58.63%	148.18%	58.84%
PBIT	245.58%	-1.16%	-46.89%	-76.56%	287.24%	90.01%
PAT	249.47%	6.68%	-44.38%	-67.99%	173.02%	90.01%
Per Share (Rs.)						
Net Earnings (EPS)	19.61	20.92	11.64	3.73	10.17	19.33
Cash Earnings (CPS)	25.60	26.79	17.58	10.20	18.39	27.67
Dividend	0.15	0.15	0.15	0.15	0.15	0.15
Book Value	77.62	97.38	107.43	109.66	118.33	136.16
Free Cash Flow	27.08	20.97	-14.41	-6.78	11.16	22.03
Valuation Ratios						
P/E(x)	19.17	17.97	32.31	100.92	36.97	19.46
P/B(x)	4.84	3.86	3.50	3.43	3.18	2.76
EV/EBIDTA(x)	10.85	10.62	19.22	46.56	18.33	10.93
Div. Yield(%)	0.04	0.04	0.04	0.04	0.04	0.04
FCFF Yield(%)	7.20	5.58	(3.83)	(1.80)	2.97	5.86
Return Ratios (%)						
ROE	25.27%	21.49%	10.83%	3.40%	8.60%	14.19%
ROCE	28.93%	24.89%	10.95%	1.43%	9.12%	16.31%

Source: Company, Dalal & Broacha Research

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