



Subdued Operational Performance, Remain Cautiously optimistic

Greenpanel Industries Q4FY25 operational performance was below our estimates led by muted demand, excess supply and contraction in margin on account of rising timber costs. Overall margins appear to be higher on account of Government grant - EPCG benefits of ~Rs 350Mn received during the quarter which was adjusted against COGS.

However the outlook has improved but we will maintain a close watch on the performance especially the gross margins.

We currently recommend a HOLD rating with a TP of 286.

Key Financial Highlights:

- Revenue at Rs 3,745Mn, +4.2% qoq/-5.6% yoy
- EBITDA (excl OI) at Rs 480Mn, +176% qoq/-6.5% yoy
- EBITDA margin at 12.8% vs 4.83% vs 12.94% in Q3FY25/Q4FY24
- PAT at Rs 294Mn, +245% qoq/-1% yoy
- EPS at Rs 2.4 vs 0.69/2.43in Q3FY25/Q4FY24

Segmental Performance:

MDF

- Sales at 3051 Mn (-6% QoQ) (-15.3% YoY)
- Volumes at 1,01,858 CBM (-12% QoQ) (-20% YoY)
- Blended Realisations at 29,961/CBM (-6.7% QoQ) (-5.8% YoY)
- EBITDA margins at 16.3% (+1120 bps QoQ) (-10bps YoY)

Plywood

- Sales at 337 Mn (+5% QoQ) (-5.3% YoY)
- Volumes at 1.25 Mn Sqm (-2% QoQ) (-12% YoY)
- Blended Realisations at 270/sqm (+7% QoQ) (+8% YoY)
- EBITDA margins at 12.1% (+900bps QoQ) (+2260bps YoY)

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

Rating	TP (Rs)	Up/Dn (%)
HOLD	286	14

Market data

Current price	Rs	252
Market Cap (Rs.Bn)	(Rs Bn)	31
Market Cap (US\$ Mn)	(US \$ Mn)	360
Face Value	Rs	1
52 Weeks High/Low	Rs	427 / 202.81
Average Daily Volume	('000)	206
BSE Code		542857
Bloomberg		GREENP

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Mar-25	Dec-24
Promoters	53.13	53.13
Public	46.87	46.87
Total	100	100

Source: Bloomberg

Outlook:

- MDF Volume Growth: ~5.5lac CBM (+25% growth YoY)
- New MDF plant to contribute from Q2FY26, targeting ~35% utilization for full year
- MDF Margin guidance: ~12% excluding EPCG benefits (FY25: 8.7%)
- Plywood Margin guidance: ~7-8%
- ~510Mn EPCG benefits to be recorded over the next 6-8 quarters
- Timber cost to reduce by atleast 5-7% in FY26 impacting margins positively
- BIS norms implementation will benefit organized players leading to higher market share. Imports have already seen a steep decline in April.

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 see gradual improvement with volumes set to improve QoQ on account of thrust provided by implementation of BIS norms and capacity addition which is set to contribute from Q2FY26. Although management has guided for improved margin profile we will be very watchful for the same. **Our estimate is that from H2FY26 onwards there is a possibility of much improved gross margin which will set the tone for FY27 leading to revision of estimates.**

Considering how Q4 has panned out, we have tweaked our earnings downwards by 14/18% for FY26/27.

We value the company at 18x FY27E, arriving at a target price of 286.

We recommend investor to HOLD the stock.

Concall Highlights:

MDF Division

- Targeting 11-12% volume growth in existing MDF plants and 35% utilization in the new plant for FY26.
- Value add products contribution is 50% of the domestic volumes and 62% of the overall value.
- MDF: Q4FY25 was operationally weak with MDF volumes in domestic market seeing a de-growth of 25% YoY mainly on account of commercial grade MDF sales being completely stopped post BIS norms (40,000 CBM impact) partly negated by higher value add mix leading to better realisations (+7.4% YoY). Margins excluding EPCG benefits remains flat QoQ (+1146bps positive impact of EPCG in reported margins)
- Realisation increased on account of better product mix and NIL sales of commercial grade MDF.
- Export Margins for Q4 was at 1.75%. Targeting 80,000CBM sale for export markets in FY26.
- MDF industry is growing at 15-20%.
- Company is confident of higher volumes sales in Thin MDF as majority was being imported (non BIS compliant) and gaining market share from unorganized players.
- Realisation in Thin MDF is higher by 25-30% in export markets.
- New MDF plant would have higher EBITDA margins as the incremental fixed costs is lower.

Ply Division

- Cost reduction initiatives were taken leading to improved EBITDA margins

Timber prices

- **Timber cost: 6.44/kg in North and 6.22/kg in South**
- Timber cost has already seen a dip in April with anticipation of 5-7% deduction in FY26.

Quarterly Snapshot

Greenpanel Industries				YoY	
Particulars (Rs Mns)	Q4FY25	Q4FY24	Growth	Q3FY25	QoQ Growth
Revenue from operations	3,745	3,966	-5.6%	3,594	4.2%
Other income	39	74	-47.3%	66	-40.6%
Total Income	3,784	4,040		3,660	
Cost of goods sold	1,878	1,834	2.4%	2,034	-7.6%
Employee Benefit expenses	340	385	-11.6%	344	-1.2%
Other Expenses	1,047	1,234	-15.2%	1,043	0.4%
EBITDA (excl other income)	480	513	-6.5%	173	176.4%
Less : Depreciation	198	182	8.4%	194	2.0%
PBIT	282	331	-14.8%	(20)	
Less: Interest cost	24	2		(7)	
PBT (before exceptional)	297	403	-26.2%	52	470.3%
Exceptional	-	(1)		-	
PBT (after exceptional)	297	402	-26.0%	52	470.3%
Less : Tax	3	105		(33)	
PAT	294	297	-1.0%	85	245.5%
EPS	2.40	2.43		0.69	
Margins					
Gross Margins	49.84%	53.75%		43.42%	
EBITDA (excl OI) Margins	12.80%	12.94%		4.83%	
Net profit Margin	7.77%	7.35%		2.32%	
Revenue segment wise					
MDF	3,052	3,609	-15.4%	3,272	-6.7%
Plywood	338	357	-5.3%	322	4.9%
EBITDA margins					
MDF	16.30%	16.40%		13.1%	
Plywood	12.10%	-10.50%		2.5%	

* Consolidated P/L

FINANCIALS

Profit & Loss	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	16,250	17,829	15,673	14,358	17,499	20,491
Total Operating Expenses	6,709	7,458	6,907	7,408	9,006	9,925
Employee Cost	1,284	1,397	1,406	1,401	1,461	1,519
Other Expenses	3,953	4,808	4,894	4,237	4,677	5,458
Operating Profit	4,304	4,165	2,465	1,312	2,356	3,588
Depreciation	734	720	729	774	1,056	1,070
PBIT	3,571	3,446	1,736	538	1,300	2,519
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	1,346	2,599
Exceptional	-	61	-	-	-	-
PBT (post exceptional)	3,489	3,510	1,832	697	1,346	2,599
Provision for tax	1,085	944	405	(24)	269	650
Reported PAT	2,405	2,565	1,427	721	1,077	1,949
MI	-	-	-	-	-	-
Net Profit	2,405	2,565	1,427	721	1,077	1,949
Adjusted Profit	2,405	2,565	1,427	721	1,077	1,949
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	14,622	16,387
Net worth	9,516	11,939	13,171	13,852	14,745	16,510
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	2,925	3,198
TOTAL LIABILITIES	15,424	17,048	18,907	21,359	22,307	23,605
Non Current Assets	10,561	10,709	13,613	15,976	15,067	14,411
Fixed Assets	10,382	9,965	12,949	15,699	14,761	14,073
Goodwill	-	-	-	-	-	-
Non Current Investments	-	-	-	-	-	-
Deferred Tax Asset	-	-	-	-	-	-
Other Financial Assets	170	215	218	221	244	268
Other Non Current Assets	9	529	446	55	62	70
Current Assets	4,863	6,339	5,294	5,269	7,127	9,080
Current investments	-	-	975	1,208	1,208	1,208
Inventories	1,658	1,525	2,016	1,988	2,397	2,807
Trade Receivables	414	444	290	418	527	618
Cash and Bank Balances	2,226	3,778	1,404	1,049	2,324	3,706
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	21,245	22,194	23,491

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	1,346	2,599
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	2,567	3,800
Working capital adjustment	280	(163)	(354)	(166)	(300)	(287)
Gross cash generated from operations	4,674	4,195	2,329	1,372	2,268	3,513
Net Direct taxes paid	(580)	(623)	(405)	(66)	(269)	(650)
Others	436	198	22	(528)	(32)	(34)
Cash generated from operations	3,657	3,374	1,946	778	1,967	2,829
Cash flow from investing activities						
Capex	(336)	(803)	(3,712)	(1,922)	(118)	(382)
Investment	-	-	(975)	304	-	-
Others	(1,028)	(1,675)	-	(38)	-	-
Cash generated from investment activities	(1,364)	(2,478)	(4,687)	(1,657)	(118)	(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%	13.46%	17.51%
NPM	14.72%	14.23%	8.98%	4.95%	6.08%	9.41%
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%	21.88%	17.09%
Operating Profit	111.65%	-3.23%	-40.83%	-46.76%	79.53%	52.32%
PBIT	245.58%	-1.16%	-46.89%	-61.95%	93.16%	93.05%
PAT	249.47%	6.68%	-44.38%	-49.46%	49.34%	80.99%
Per Share (Rs.)						
Net Earnings (EPS)	19.61	20.92	11.64	5.88	8.78	15.90
Cash Earnings (CPS)	25.60	26.79	17.58	12.20	17.40	24.62
Dividend	0.15	0.15	0.15	0.15	0.15	0.15
Book Value	77.62	97.38	107.43	112.98	120.27	134.66
Free Cash Flow	27.08	20.97	-14.41	-9.33	15.08	19.96
Valuation Ratios						
P/E(x)	12.85	12.04	21.65	42.85	28.69	15.85
P/B(x)	3.25	2.59	2.35	2.23	2.10	1.87
EV/EBIDTA(x)	7.32	6.97	13.05	25.72	13.69	8.39
Div. Yield(%)	0.06	0.06	0.06	0.06	0.06	0.06
FCFF Yield(%)	10.75	8.32	(5.72)	(3.70)	5.98	7.92
Return Ratios (%)						
ROE	25.27%	21.49%	10.83%	5.21%	7.30%	11.81%
ROCE	28.93%	24.89%	10.95%	3.03%	7.06%	12.96%

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