

HOLD**TP: Rs 250 | ▼ 6%****GREENLAM INDUSTRIES**

Building Materials

10 November 2025

Solid core performance; continued drag from new segments

- Beats EBITDA estimate by 26.2% on unexpected sharp improvement in the Laminate segment margin to a record high at 17.9% in Q2FY26
- Maintains consolidated revenue growth guidance at 18-20% for FY26; Laminate margin is targeted to be 16.0% over long term
- Maintain HOLD with unchanged TP of Rs 250 on weak return ratio profile and stretched valuations

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Beats estimate: GRLM topline came slightly better than our estimate (+1.6%) for Q2FY26, but sharply beats our EBITDA estimate by 26.2% due to unexpected improvement in the laminate segment EBITDA margin to a record high level for September quarter period (+338bps YoY to 17.9% vs 15.0% estimated). Overall, GRLM revenue/EBITDA grew by 19%/28% YoY, but APAT was down 8% YoY in Q2FY26, due to a high loss incurred in the new particleboard project.

Highlights: Laminates segment EBITDA grew by 35.8% YoY in Q2FY26, driven by higher volumes (+7.4%) and sharp improvement in margin (+338bps YoY to 17.9%). Plywood segment reported operating loss for the 10th consecutive quarter due to slow ramp-up of the plant (operated at 35% rate in Q2FY26). Particleboard segment reported operating loss for the third consecutive quarter due to low operating rate (at 36% in Q2FY26). Net debt has gone up from Rs 9.8bn in Mar'25 to Rs 9.95bn in Sep'25, despite sharp increase in creditors.

Outlook: GRLM maintained its revenue growth guidance at 18-20% YoY for FY26. Laminate segment EBITDA margin is targeted to be 16% over long-term. The company expects plywood to reach EBITDA breakeven by Q4FY26 and particleboard to breakeven in FY27.

Maintain HOLD with unchanged TP of Rs 250: We forecast GRLM's EPS to grow at a strong 41.7% CAGR over FY25-FY28E over a weak base. However, we maintain HOLD due to a) weak return ratio profile (ROE is likely to be 6.3%-13.9% over FY25-FY28E on higher capex cost incurred for particleboard project vs industry benchmark) b) expensive valuations (the stock trades at a P/E of 45.3x/32.6x on FY27E/FY28E vs pre-Covid average of ~27x). We have cut our EPS estimates by 10.1%/8.3% for FY27E/FY28E based on slow turnaround of plywood and particleboard project but we have kept our TP unchanged at Rs 250 per share, due to roll forward of our valuation to Sep'27E (Jun'27 earlier). Our target P/E remains unchanged at 35x.

Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	GRLM IN/Rs 266
Market cap	US\$ 764.1mn
Free float	49%
3M ADV	US\$ 0.5mn
52wk high/low	Rs 601/Rs 197
Promoter/FPI/DII	51%/2%/15%

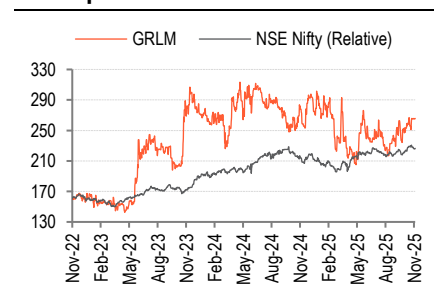
Source: NSE | Price as of 10 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	25,693	30,478	36,051
EBITDA (Rs mn)	2,746	3,262	4,274
Adj. net profit (Rs mn)	732	744	1,498
Adj. EPS (Rs)	2.9	2.9	5.9
Consensus EPS (Rs)	2.9	3.5	7.5
Adj. ROAE (%)	6.6	6.4	12.0
Adj. P/E (x)	92.6	91.2	45.3
EV/EBITDA (x)	28.0	23.8	18.0
Adj. EPS growth (%)	(47.1)	1.6	101.4

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance - Consolidated

Particulars (Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)	BOBCAPS Q2FY26E	Variance (%)
Total operating income	8,083	6,808	18.7	6,738	20.0	14,821	12,855	15.3	7,959	1.6
Raw-Material expense	3,669	3,293	11.4	3,163	16.0	6,832	6,193	10.3		
Gross Profit	4,414	3,515	25.6	3,575	23.5	7,989	6,662	19.9		
Employee expense	1,537	1,313	17.0	1,527	0.7	3,064	2,542	20.5		
Other expense	1,833	1,388	32.0	1,501	22.1	3,334	2,666	25.1		
EBITDA	1,044	814	28.2	547	90.8	1,591	1,454	9.4	827	26.2
D&A	355	268	32.4	351	1.1	706	531	32.9		
EBIT	689	546	26.1	196	251.8	885	923	(4.2)		
Interest cost	240	155	54.5	177	35.5	417	293	42.2		
Non-operating expense/(income)	(12)	(82)	(85.0)	164	(107.5)	151	(113)	(234.0)		
PBT	461	472	(2.4)	(145)	(418.5)	316	743	(57.4)		
Tax	144	128	12.1	12	1,066.7	156	200	(21.9)		
Reported PAT	318	344	(7.8)	(157)	(302.2)	161	543	(70.4)		
Adjusted PAT	318	344	(7.8)	47	577.8	365	543	(32.9)	253	25.4
As % of net revenues			(bps)		(bps)			(bps)		
Gross margin	54.6	51.6	297	53.1	155	53.9	51.8	208		
Employee cost	19.0	19.3	(27)	22.7	(364)	20.7	19.8	90		
Other cost	22.7	20.4	229	22.3	39	22.5	20.7	176		
EBITDA margin	12.9	12.0	95	8.1	480	10.7	11.3	(58)		
Tax rate	31.1	27.1	402	(8.5)	3961	49.2	26.9	2237		
APAT margin	3.9	5.1	(113)	0.7	324	2.5	4.2	(177)		

Source: Company, BOBCAPS Research

Fig 2 – Segment financials

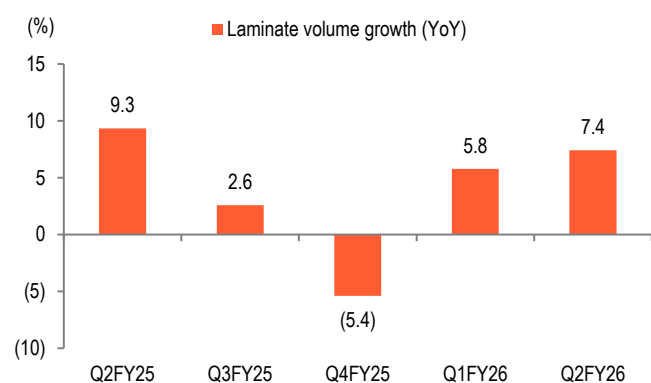
Segment Performance	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Segment Revenue (Rs mn)								
Laminate	6,580	5,969	10.2	5,548	18.6	12,127	11,313	7.2
Plywood (incl Veneer)	1025	839	22.2	880	16.4	760	536	41.9
Particleboard	478	0	-	310	54.2	788	0	-
Segment Volume								
Laminate (mn sheets)	5.8	5.4	7.4	4.9	17.2	10.7	10.1	6.7
Plywood (msm)	1.6	1.0	54.9	1.4	14.5	3.0	2.2	37.0
Particleboard (CBM)	26,287	0	-	14,609	79.9	40,896	0	-
Segment Realisation								
Laminate (Rs/sheet)	1,136	1,107	2.6	1,123	1.2	1,130	1,125	0.5
Plywood (Rs/msm)	247	255	(3.0)	268	(7.8)	257	248	3.5
Particleboard (Rs/CBM)	18,184	0	-	21,220	(14.3)	19,263	-	-
Segment EBITDA (Rs mn)								
Laminate	1,180	869	35.8	731	61.4	1,911	1,598	19.6
Plywood (incl Veneer)	(37)	(62)	(40.5)	(86)	(57.3)	(51)	(128)	(60.1)
Particleboard	(73)	0	-	(98)	(25.5)	(171)	0	-
Segment EBITDA margin (%)								
Laminate	17.9	14.6	338bps	13.2	476bps	15.8	14.1	163bps
Plywood (incl Veneer)	(3.6)	(7.4)	380bps	(9.8)	620bps	(6.7)	(23.9)	1717bps
Particleboard	(15.3)	-	-	(31.6)	1635bps	(21.7)	-	-

Source: Company, BOBCAPS Research

Earnings Call Highlights

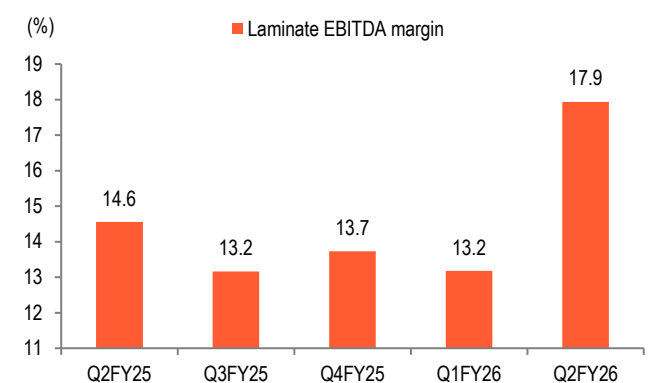
- **Guidance:** GRLM has maintained its guidance of growing revenue at 18-20% YoY in FY26.
- **Laminate:** Revenue grew by 10.2% YoY in Q2FY26, driven by higher volume (7.4% led by higher exports). Laminate segment EBITDA margin improved by 338bps YoY to 17.9% in Q2FY26 owing to better product mix. Capacity utilisation stood at 96% in Q2FY26. Naidupeta brownfield expansion of 2 mn sheets is expected to be commissioned by Q4FY27. Going ahead, segment margin is expected to be 16% on a long-term basis.
- **Laminate exports:** Exports to US account for 4-5% share of laminates revenue. Of the total tariff increase imposed, GRLM has passed on ~40% to the market and absorbed 60% internally to maintain competitiveness. Management observed that some US customers started sourcing locally and from certain geographies with lower tariff rates (such as Turkey and Italy).
- **Plywood (including veneer):** Revenue grew by 22.2% YoY in Q2FY26, on the back of higher plywood volume (+54.9%). However, the segment reported operating loss for the 10th consecutive quarter, due to slow ramp-up of the plywood plant (operated at 35% in Q2FY26 vs 23% in Q2FY25). GRLM has added new markets in East and West regions. Management expects EBITDA breakeven by end-FY26.
- **Particleboard:** The segment reported operating loss for the past third consecutive quarters due to low operating rate (36% in Q2FY26 vs 29% in Q1FY26). The business is expected to achieve EBITDA once utilisation reaches ~45–50% level (likely to happen in FY27).
- **Capex:** Given the existing laminate plant is operating at a high 96% rate in Q2FY26, the company has announced brownfield expansion of laminate capacity (2mn sheets per annum) at Naidupeta, Andhra Pradesh at a cost of Rs 0.70bn by Q4FY27.
- **Net debt:** has slightly gone up from Rs 9.8bn in Mar'25 to Rs 9.95bn in Sep'25, despite sharp increase in creditors (from Rs 4.15bn in Mar'25 to Rs 5.11bn in Sep'25).

Fig 3 – GRLM's laminate volumes grew by 7.4% YoY in Q2FY26



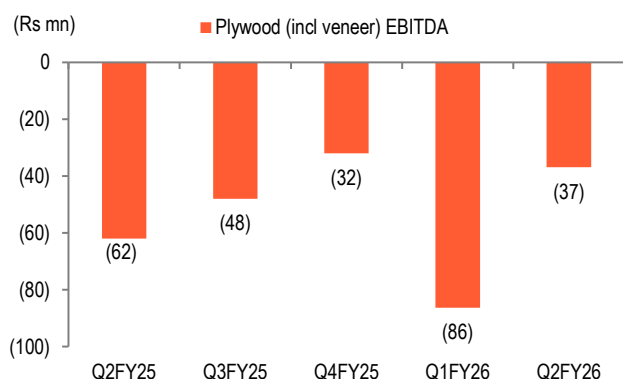
Source: Company, BOBCAPS Research

Fig 4 – Laminate EBITDA margin improved to a record high level in Q2FY26



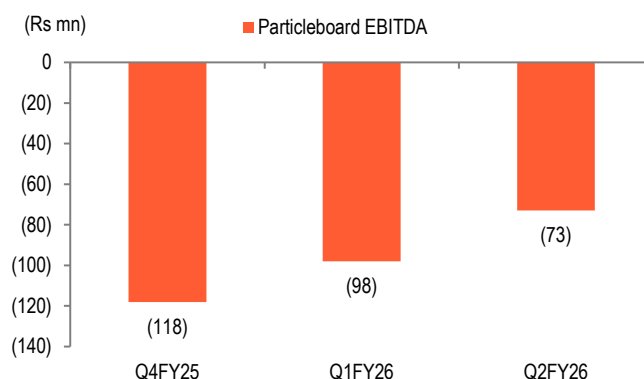
Source: Company, BOBCAPS Research

Fig 5 – Plywood segment reported operating loss for the 10th straight quarter given slow ramp-up of the plant



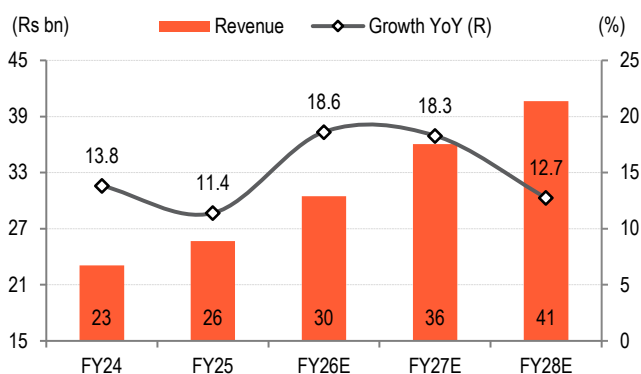
Source: Company, BOBCAPS Research

Fig 6 – Particleboard segment reported operating loss for the 3rd straight quarter on a low operating rate



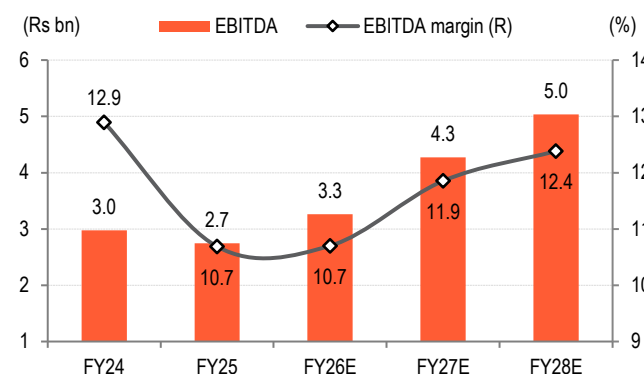
Source: Company, BOBCAPS Research

Fig 7 – GRLM revenue is projected to grow at 16.5% CAGR over FY25-FY28E



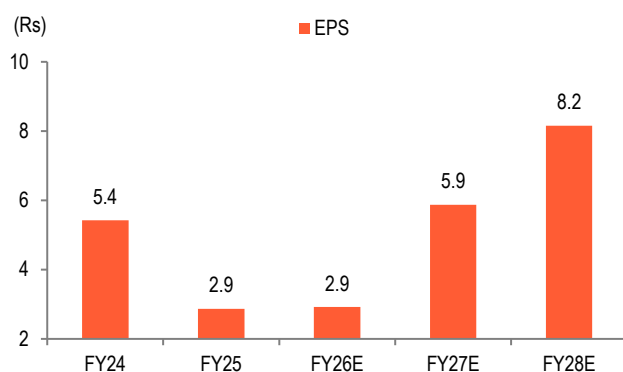
Source: Company, BOBCAPS Research

Fig 8 – GRLM EBITDA margin is forecast to improve from 10.7% in FY25 to 12.4% in FY28E



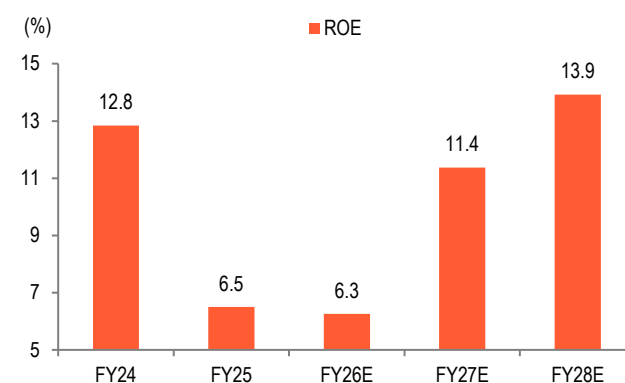
Source: Company, BOBCAPS Research

Fig 9 – GRLM's EPS to grow at 41.7% CAGR over FY25-FY28E mainly due to a low base



Source: Company, BOBCAPS Research

Fig 10 – ROE projected to improve from 6.5% in FY25 to 13.9% in FY28E due to ramp-up of existing plant



Source: Company, BOBCAPS Research

Valuation Methodology

We forecast GRLM's EPS to grow at a strong 41.7% CAGR over FY25-FY28E. However, we maintain HOLD due to a) weak return ratio profile (ROE is likely to be 6.3%-13.9% over FY25-FY28E due to higher capex cost incurred for particleboard project vs industry benchmark) b) expensive valuations (the stock trades at a P/E of 45.3x/32.6x on FY27E/FY28E vs pre-Covid average of ~27x).

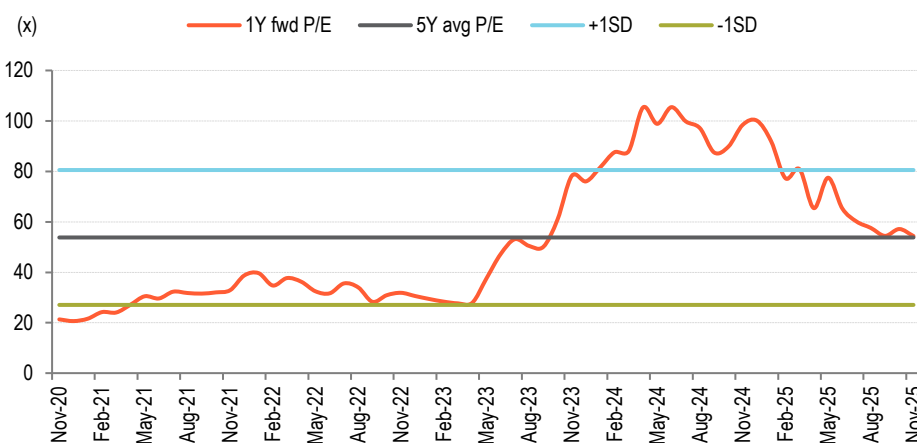
We have cut our EPS estimates by 10.1%/8.3% for FY27E/FY28E, based on slow turnaround of plywood and particleboard projects, but we have kept our TP unchanged at Rs 250 per share due to the roll forward of our valuation to Sep'27E (Jun'27 earlier). Our target P/E remains unchanged at 35x.

Fig 11 – Revised estimates

Consolidated (Rs bn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Total operating income	30.5	36.1	40.6	30.7	36.0	40.7	(0.8)	0.2	(0.1)
EBITDA	3.3	4.3	5.0	3.1	4.2	5.0	4.5	1.7	0.8
EBITDA Margin (%)	10.7	11.9	12.4	10.2	11.7	12.3	54bps	18bps	11bps
Adjusted PAT	0.7	1.5	2.1	0.9	1.7	2.3	(13.5)	(10.1)	(8.3)
EPS (Rs)	2.9	5.9	8.2	3.4	6.5	8.9	(13.5)	(10.1)	(8.3)

Source: BOBCAPS Research

Fig 12 – Trading at 54.4x on 1Y forward P/E vs 5Y pre-Covid average of 27.0x



Source: Bloomberg, BOBCAPS Research

Fig 13 – Key assumptions

Particulars (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue mix					
Laminates	88.4	86.7	79.6	75.1	73.3
Plywood	11.6	13.1	13.5	15.1	14.9
Particleboard	-	0.2	6.9	9.8	11.8
Sales volume growth					
Laminates	9.5	4.2	8.3	10.0	10.0
Plywood	NM	98.7	41.5	62.5	12.8
Particleboard	NA	NM	NM	61.0	31.9

Particulars (%)	FY24A	FY25A	FY26E	FY27E	FY28E
EBITDA margin					
Laminates	16.0	13.8	15.4	15.0	15.0
Plywood	(51.8)	(19.2)	(4.2)	5.8	7.9
Particleboard	NA	NM	(11.9)	3.6	7.6

Source: Company, BOBCAPS Research

Key Risks

- A sharp recovery in the demand for laminates and quick ramp-up of new facilities are the key upside risks to our estimates.
- Market share loss in the laminate division and weak demand sentiments in the domestic market are the key downside risks.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	23,063	25,693	30,478	36,051	40,648
EBITDA	2,974	2,746	3,262	4,274	5,035
Depreciation	871	1,137	1,434	1,492	1,522
EBIT	2,103	1,609	1,828	2,782	3,513
Net interest inc./(exp.)	(443)	(655)	(856)	(829)	(781)
Other inc./(exp.)	217	110	61	49	49
Exceptional items	27	0	0	0	0
EBT	1,849	1,064	1,032	2,002	2,780
Income taxes	469	380	289	504	700
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	4	13	0	0	0
Reported net profit	1,384	697	744	1,498	2,081
Adjustments	(1)	35	0	0	0
Adjusted net profit	1,383	732	744	1,498	2,081

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	3,479	4,146	5,047	5,970	6,731
Other current liabilities	1,914	1,690	1,690	1,690	1,690
Provisions	48	45	55	65	74
Debt funds	9,988	10,751	10,658	10,065	9,471
Other liabilities	1,160	1,201	1,201	1,201	1,201
Equity capital	128	255	255	255	255
Reserves & surplus	10,644	11,014	11,649	12,927	14,703
Shareholders' fund	10,769	11,253	11,887	13,166	14,942
Total liab. and equities	27,358	29,086	30,538	32,157	34,109
Cash and cash eq.	1,803	986	1,011	1,184	2,071
Accounts receivables	1,521	1,573	1,865	2,207	2,488
Inventories	6,091	6,647	7,339	9,051	10,539
Other current assets	1,426	1,730	2,106	2,491	2,809
Investments	0	0	0	0	0
Net fixed assets	9,725	17,388	17,454	16,462	15,440
CWIP	6,110	281	281	281	281
Intangible assets	137	110	110	110	110
Deferred tax assets, net	99	98	98	98	98
Other assets	445	273	273	273	273
Total assets	27,358	29,086	30,538	32,157	34,109

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	2,368	1,897	2,523	2,265	3,018
Capital expenditures	(6,986)	(2,733)	(1,500)	(500)	(500)
Change in investments	0	0	0	0	0
Other investing cash flows	189	110	61	49	49
Cash flow from investing	(6,796)	(2,623)	(1,439)	(451)	(451)
Equities issued/Others	1	128	0	0	0
Debt raised/repaid	4,289	763	(93)	(593)	(593)
Interest expenses	(443)	(655)	(856)	(829)	(781)
Dividends paid	(421)	(107)	(109)	(219)	(305)
Other financing cash flows	226	(220)	0	0	0
Cash flow from financing	3,652	(91)	(1,058)	(1,641)	(1,679)
Chg in cash & cash eq.	(777)	(818)	25	173	887
Closing cash & cash eq.	1,803	986	1,011	1,184	2,071

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	5.4	2.7	2.9	5.9	8.2
Adjusted EPS	5.4	2.9	2.9	5.9	8.2
Dividend per share	1.7	0.4	0.4	0.9	1.2
Book value per share	42.2	44.2	46.7	51.7	58.6

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	3.2	3.0	2.5	2.1	1.9
EV/EBITDA	24.7	28.0	23.8	18.0	15.1
Adjusted P/E	49.0	92.6	91.2	45.3	32.6
P/BV	6.3	6.0	5.7	5.1	4.5

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	74.8	68.8	72.0	74.8	74.8
Interest burden (PBT/EBIT)	87.9	66.1	56.5	72.0	79.1
EBIT margin (EBIT/Revenue)	9.1	6.3	6.0	7.7	8.6
Asset turnover (Rev./Avg TA)	84.3	88.3	99.8	112.1	119.2
Leverage (Avg TA/Avg Equity)	2.5	2.6	2.6	2.4	2.3
Adjusted ROAE	12.8	6.5	6.3	11.4	13.9

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	13.8	11.4	18.6	18.3	12.7
EBITDA	27.5	(7.7)	18.8	31.0	17.8
Adjusted EPS	12.5	(47.1)	1.6	101.4	38.9

Profitability & Return ratios (%)

EBITDA margin	12.9	10.7	10.7	11.9	12.4
EBIT margin	9.1	6.3	6.0	7.7	8.6
Adjusted profit margin	6.0	2.8	2.4	4.2	5.1
Adjusted ROAE	13.6	6.6	6.4	12.0	14.8
ROCE	11.2	7.8	8.4	12.2	14.6

Working capital days (days)

Receivables	24	22	22	22	22
Inventory	96	94	88	92	95
Payables	55	59	60	60	60

Ratios (x)

Gross asset turnover	1.9	1.3	1.2	1.4	1.6
Current ratio	1.2	1.2	1.2	1.3	1.5
Net interest coverage ratio	4.7	2.5	2.1	3.4	4.5
Adjusted debt/equity	0.8	0.9	0.8	0.7	0.5

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

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CIN: **U65999MH1996GOI098009**



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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

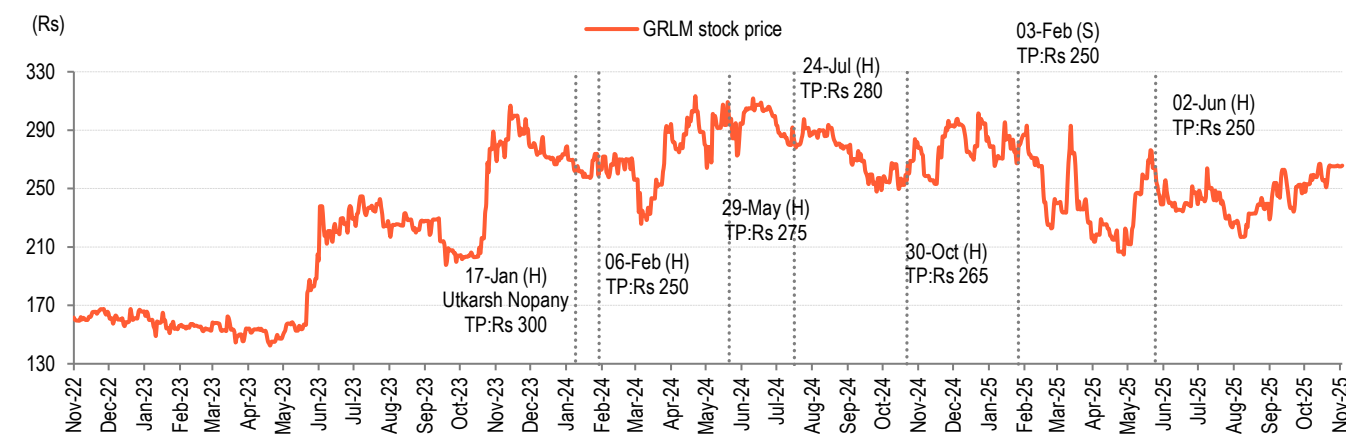
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): GREENLAM INDUSTRIES (GRLM IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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