

**HOLD**

TP: Rs 250 | ▼ 2%

**GREENLAM INDUSTRIES**

Building Materials

02 June 2025

## Dismal Q4; recovery underway but stretched valuations

- Dismal Q4 on weak performance of core laminate segment and slow ramp-up of plywood & particleboard plant
- Revenue projected to grow at 18-20% in FY26; along with slight improvement in laminate margin (13.8% in FY25 to 14-15% in FY26)
- Upgrade from SELL to HOLD with unchanged TP of Rs 250 as positive earnings growth prospects quite well baked in current valuations

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**Dismal Q4:** GRLM again reported a dismal performance as it sharply misses our estimates (Revenue/EBITDA/APAT: -8%/-23%/-92%) for Q4FY25 due to weak performance across segments. Overall, GRLM revenue grew by 9% YoY, but EBITDA/APAT was down 23%/95% YoY in Q4FY25.

**Key highlights:** Laminates segment EBITDA de-grew by 11.4% YoY in Q4FY25 due to weak volumes (-5.4%) and margin pressure (-289bps to 13.7%). Plywood segment reported operating loss for the eight consecutive quarter due to the slow ramp-up of the plant (operated at 31% in Q4FY25). Veneer segment EBITDA fell sharply by 35.0% YoY in Q4FY25. Particleboard segment reported operating loss of Rs 118mn in Q4FY25. Net debt/EBITDA ratio has gone up from 1.3x in FY23 to 3.6x in FY25. ROE has also fallen sharply from 15.2% in FY23 to 6.6% in FY25.

**Outlook:** GRLM targets its revenue to grow at 18-20% YoY in FY26. The company aims to achieve revenue of Rs 45bn over the next three to four years based on existing capacity. The management expects healthy demand for its laminate segment from both domestic as well as export markets with EBITDA margin of 14-15% in FY26. The company expects plywood segment operating profit to reach close to breakeven level in FY26. Particleboard segment is expected to operate at 35-40% rate in FY26 (breakeven point is 50%). Net debt has peaked out at Rs 9.8bn in FY25 and it is projected to come down to around Rs 9.5bn in FY26.

**Upgrade from SELL to HOLD with unchanged TP of Rs 250:** We expect GRLM's EPS to grow at 57.7% CAGR over FY25-FY27E due to a low base. We upgrade our rating on the stock from SELL to HOLD as we believe its positive earnings growth prospects (over a weak base) is quite well baked in the current valuation. At CMP, the stock trades at a P/E of 69.4x/35.7x on FY26E/FY27E vs 5Y avg of 47.4x. We have cut our EPS estimates by 21.5%/11.5% for FY26E/FY27E based on weak Q4FY25 results, but we have kept our TP unchanged at Rs 250 per share due to roll forward of our valuation from Dec'26E to Mar'27E. Our target P/E remains unchanged at 35x on Mar'27 EPS.

## Key changes

Target	Rating
◀ ▶	▲

Ticker/Price	GRLM IN/Rs 255
Market cap	US\$ 761.5mn
Free float	49%
3M ADV	US\$ 0.2mn
52wk high/low	Rs 560/Rs 197
Promoter/FPI/DII	51%/2%/16%

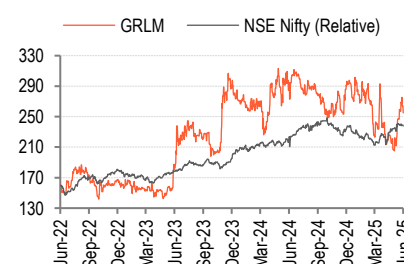
Source: NSE | Price as of 2 Jun 2025

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	25,693	31,426	36,355
EBITDA (Rs mn)	2,746	3,314	4,564
Adj. net profit (Rs mn)	732	937	1,819
Adj. EPS (Rs)	2.9	3.7	7.1
Consensus EPS (Rs)	2.9	6.5	10.1
Adj. ROAE (%)	6.6	8.0	14.2
Adj. P/E (x)	88.8	69.4	35.7
EV/EBITDA (x)	21.6	16.9	12.1
Adj. EPS growth (%)	(47.1)	28.0	94.2

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**Fig 1 – Quarterly performance - Consolidated**

Particulars (Rs mn)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)	BOBCAPS Q4FY25E	Variance (%)
Total operating income	6,818	6,241	9.2	6,020	13.2	25,693	23,063	11.4	7,434	(8.3)
Raw-Material expense	3,363	2,935	14.6	2,710	24.1	12,266	10,875	12.8		
Gross Profit	3,455	3,306	4.5	3,310	4.4	13,427	12,189	10.2		
Employee expense	1,305	1,133	15.1	1,264	3.2	5,111	4,257	20.1		
Other expense	1,510	1,338	12.9	1,411	7.1	5,587	4,986	12.1		
EBITDA	640	835	(23.4)	635	0.7	2,730	2,946	(7.4)	829	(22.8)
D&A	333	258	29.4	273	22.2	1,137	871	30.6		
EBIT	307	578	(46.9)	363	(15.4)	1,593	2,075	(23.3)		
Interest cost	199	134	48.8	163	22.5	655	443	47.9		
Non-operating expense/(income)	0	(87)	(100.0)	(13)	(100.0)	(126)	(217)	(41.9)		
PBT	108	531	(79.8)	213	(49.6)	1,064	1,849	(42.5)		
Tax	93	124	(24.8)	88	5.7	380	477	(20.2)		
Reported PAT	15	408	(96.4)	125	(88.3)	683	1,373	(50.2)		
Adjusted PAT	20	387	(94.8)	155	(87.0)	718	1,351	(46.8)	247	(91.9)
<b>As % of net revenues</b>			<b>(bps)</b>		<b>(bps)</b>			<b>(bps)</b>		
Gross margin	50.7	53.0	(230)	55.0	(431)	52.3	52.8	(59)		
Employee cost	19.1	18.2	97	21.0	(186)	19.9	18.5	143		
Other cost	22.2	21.4	72	23.4	(128)	21.7	21.6	13		
EBITDA margin	9.4	13.4	(400)	10.6	(117)	10.6	12.8	(215)		
Tax rate	86.3	23.2	6309	41.2	4513	35.8	25.8	997		
APAT margin	0.3	6.2	(590)	2.6	(228)	2.8	5.9	(306)		

Source: Company, BOBCAPS Research

**Fig 2 – Segment financials**

Segment Performance	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
<b>Segment Revenue (Rs mn)</b>								
Laminate	5,754	5,368	7.2	5,197	10.7	22,264	20,397	9.2
Veneer	626	610	2.6	519	20.7	2,152	2,087	3.1
Plywood	386	263	47.0	304	26.9	1,227	579	111.7
Particleboard	51	-	-	-	-	51	-	-
<b>Total</b>	<b>6,818</b>	<b>6,241</b>	<b>9.2</b>	<b>6,020</b>	<b>13.2</b>	<b>25,693</b>	<b>23,063</b>	<b>11.4</b>
<b>Segment Volume</b>								
Laminate (mn sheets)	4.9	5.2	(5.4)	4.8	3.4	19.8	19.0	4.2
Decorative veneer (msm)	0.4	0.4	(4.8)	0.3	53.8	1.2	1.4	(12.9)
Plywood (msm)	1.5	1.0	45.2	1.2	30.2	4.8	2.4	98.7
Particleboard (CBM)	2395	-	-	-	-	2,395	-	-
<b>Segment Realisation</b>								
Laminate (Rs/sheet)	1,167	1,030	13.3	1,090	7.1	1,127	1,076	4.7
Decorative veneer (Rs/msm)	869	862	0.8	988	(12.0)	1,779	1,502	18.4
Plywood (Rs/msm)	256	253	1.3	262	(2.5)	254	238	6.6
Particleboard (Rs/CBM)	21,294	-	-	-	-	21,924	-	-
<b>Segment EBITDA (Rs mn)</b>								
Laminate	790	892	(11.4)	684	15.5	3,080	3,254	(5.3)
Veneer	13	20	(35.0)	14	(7.1)	5	(7)	(171.4)
Plywood	(45)	(76)	(40.8)	(62)	(27.4)	(235)	(300)	(21.7)
Particleboard	(118)	-	-	-	-	(118)	-	-
<b>Total</b>	<b>640</b>	<b>835</b>	<b>(23.4)</b>	<b>636</b>	<b>0.6</b>	<b>2,730</b>	<b>2,946</b>	<b>(7.3)</b>

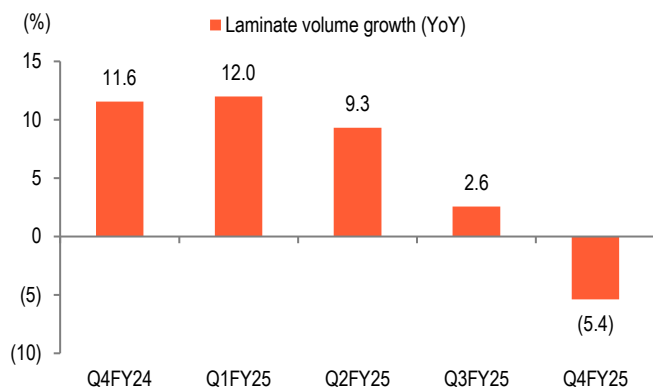
Segment Performance	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
<b>Segment EBITDA margin (%)</b>								
Laminate	13.7	16.6	(289bps)	13.2	57bps	13.8	16.0	(212bps)
Veneer	2.1	3.3	(120bps)	2.7	(62bps)	0.2	(0.3)	57bps
Plywood	(11.6)	(28.9)	1,728bps	(20.4)	872bps	(19.2)	(51.8)	3,262bps
Particleboard	(230.5)	-	-	-	-	(230.5)	-	-
<b>Total</b>	<b>9.4</b>	<b>13.4</b>	<b>(400bps)</b>	<b>10.6</b>	<b>(118bps)</b>	<b>10.6</b>	<b>12.8</b>	<b>(215bps)</b>

Source: Company, BOBCAPS Research

## Earnings call highlights

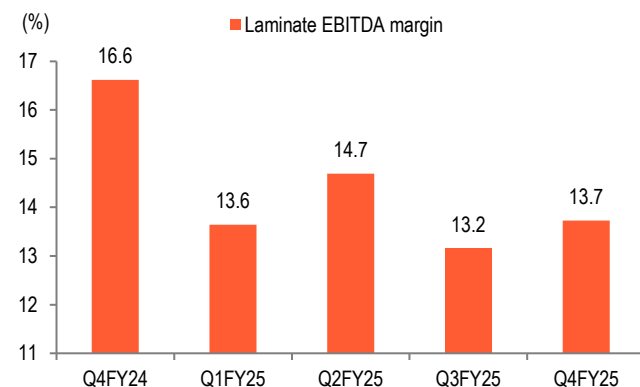
- **Guidance:** GRLM targets its revenue to grow at 18-20% YoY in FY26. The company aims to achieve revenue of Rs 45bn over the next three to four years based on existing capacity.
- **Laminate:** Segment revenue grew by 7.2% YoY in Q4FY25 as improved realisation (+13.3%) more than offset the impact of lower volumes (-5.4% on account of weak demand in the domestic market). Laminates exports volume grew by +5.8% YoY vs +2.8% in domestic market for FY25. Segment EBITDA margin contracted by 289bps YoY to 13.7% in Q4FY25 mainly due to gross margin compression. Going ahead, the company expects positive demand from both domestic as well as export market with EBITDA margin of 14-15% in FY26.
- **Plywood:** The segment operating loss has gone down slightly from Rs 62mn in Q3FY25 to Rs 45mn in Q4FY25 due to gradual ramp-up of its capacity (from 24% in Q3FY25 to 31% in Q4FY25). The company expects the plywood segment operating profit to reach close to breakeven level in FY26. The company would continue to operate in premium range and would enter into new states to increase its sales over the next two years.
- **Veneer:** Segment revenue grew by 2.6% YoY in Q4FY25. However, segment EBITDA was down sharply by 35.0% YoY in Q4FY25 due to margin contraction (-120bps YoY to 2.1%). Veneer segment margin is expected to improve in FY26.
- **Particleboard:** The particleboard project (292,380 CBM) has been commissioned in Jan'25. The project cost is estimated to be Rs 8.75bn, of which the company has incurred Rs 7.75bn till Mar'25 and the remaining amount (Rs 1bn) is expected to be spent in FY26. The segment is expected to operate at a low operating rate of 35-40% rate in FY26 due to excess capacity got added in the domestic market. Breakeven point is 50% rate - which is expected to achieved in FY27.
- **Capex:** The company plans to spend on particleboard project and routine capex in FY26; and multiple brownfield expansion to be executed for laminates in FY27.
- **Net debt:** peaked out at Rs 9.8bn in FY25 and it is projected to come down to around Rs 9.5bn in FY26.

**Fig 3 – GRLM's laminate volumes de-grew by 5.4% YoY (6Y CAGR: +4.7%) in Q4FY25**



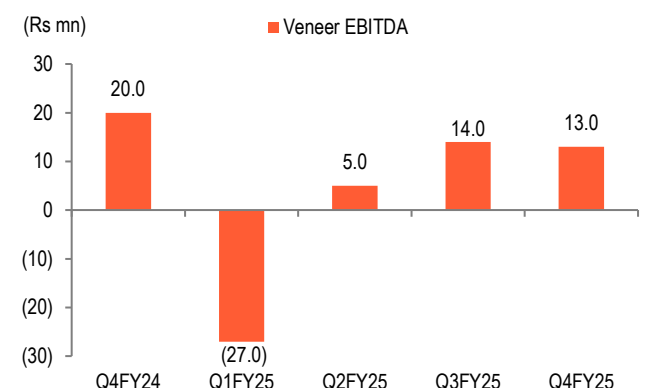
Source: Company, BOBCAPS Research

**Fig 4 – Laminate EBITDA margin down 289bps YoY to 13.7% in Q4FY25**



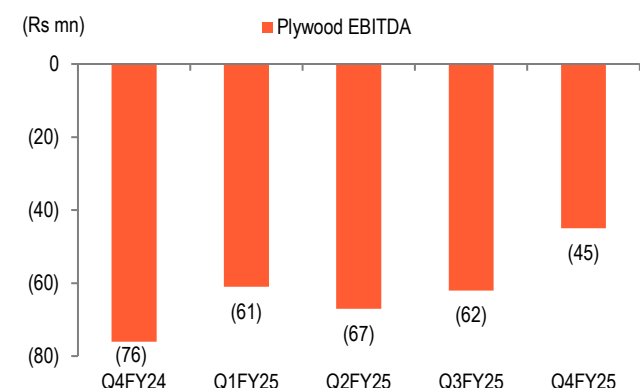
Source: Company, BOBCAPS Research

**Fig 5 – Veneer segment EBITDA was down sharply by 35.0% YoY in Q4FY25**



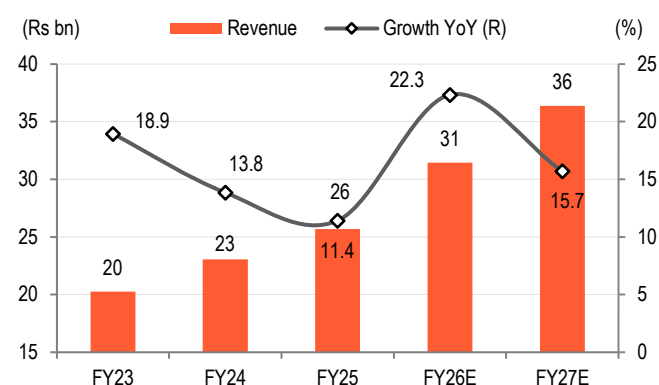
Source: Company, BOBCAPS Research

**Fig 6 – Plywood segment reported operating loss for the eight straight quarter due to slow ramp-up of the plant**



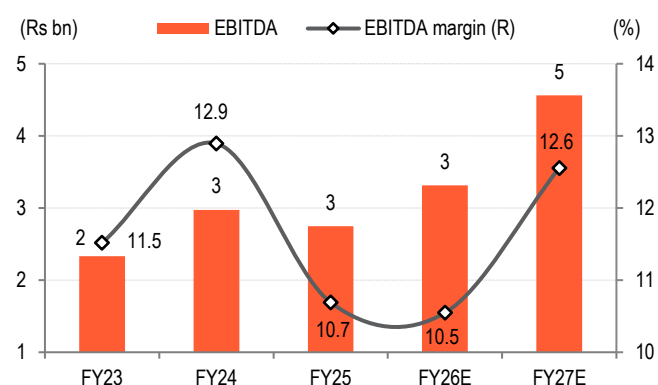
Source: Company, BOBCAPS Research

**Fig 7 – GRLM revenue is projected to grow at 19.0% CAGR over FY25-FY27E**



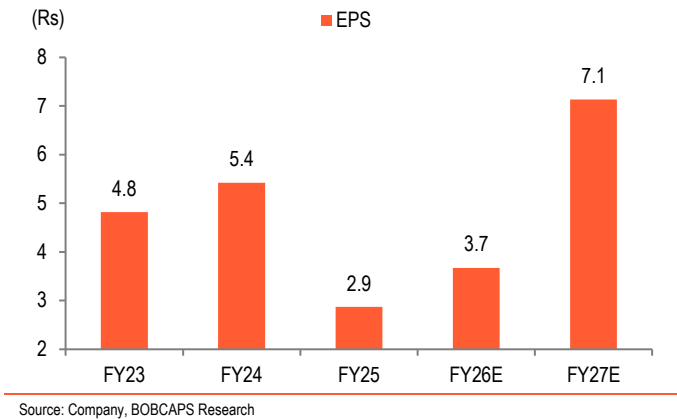
Source: Company, BOBCAPS Research

**Fig 8 – GRLM EBITDA margin is forecast to gradually improve from 10.7% in FY25 to 12.6% in FY27E**

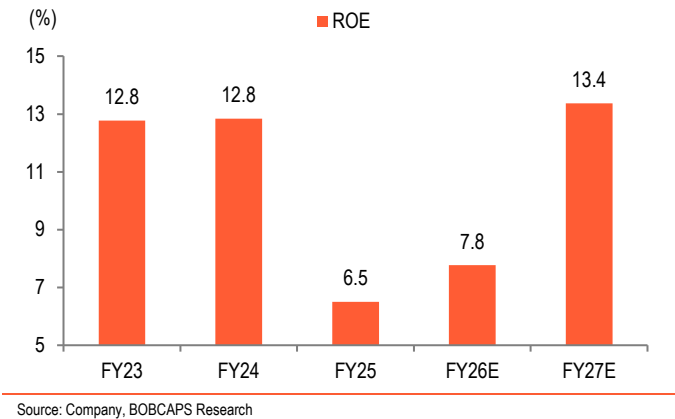


Source: Company, BOBCAPS Research

**Fig 9 – GRLM’s EPS to grow at 57.7% CAGR over FY25-FY27E mainly due to a low base**



**Fig 10 – ROE projected to remain under pressure over the next few quarters due to weak industry outlook**



## Valuation methodology

We expect GRLM's EPS to grow at 57.7% CAGR over FY25-FY27E due to a low base. We upgrade our rating on the stock from SELL to HOLD as we believe its positive earnings growth prospects (over a weak base) is quite well baked in the current valuation. At CMP, the stock trades at a P/E of 69.4x/35.7x on FY26E/FY27E vs 5Y avg of 47.4x.

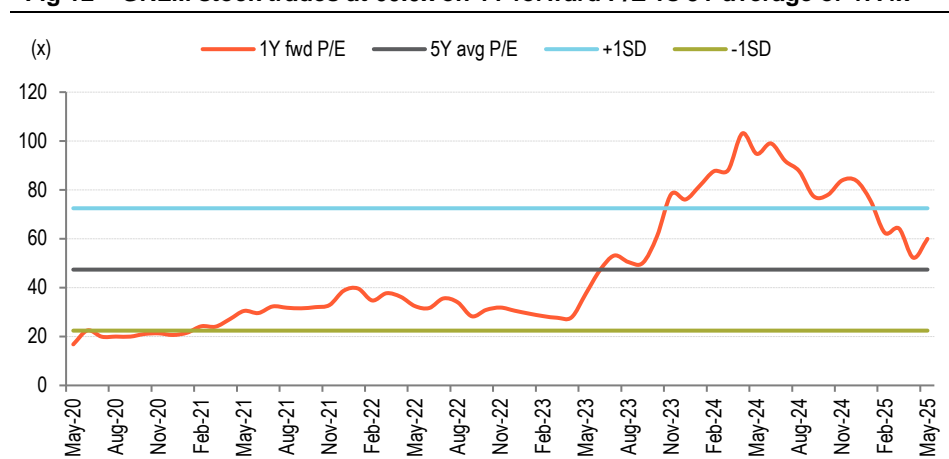
We have cut our EPS estimates by 21.5%/11.5% for FY26E/FY27E based on weak Q4FY25 results, but we have kept our TP unchanged at Rs 250 per share due to roll forward of our valuation from Dec'26E to Mar'27E. Our target P/E remains unchanged at 35x on Mar'27 EPS.

**Fig 11 – Revised estimates**

Change in Estimates Consolidated (Rs bn)	New		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Total operating income	31.4	36.4	31.1	36.4	1.0	(0.2)
EBITDA	3.3	4.6	3.6	4.7	(9.2)	(3.0)
EBITDA Margin (%)	10.5	12.6	11.7	12.9	(118bps)	(36bps)
Adjusted PAT	0.9	1.8	1.2	2.1	(21.5)	(11.5)

Source: BOBCAPS Research

**Fig 12 – GRLM stock trades at 60.0x on 1Y forward P/E vs 5Y average of 47.4x**



**Fig 13 – Key assumptions**

Particulars (%)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Revenue mix</b>					
Laminates	91.4	88.4	86.7	80.7	76.8
Veneer	8.6	9.0	8.4	7.7	7.3
Plywood	NA	2.5	4.8	5.7	7.8
Particleboard	NA	-	0.2	5.9	8.1
<b>Sales volume growth</b>					
Laminates	4.7	9.5	4.2	10.0	10.0
Plywood	NA	NM	98.7	44.0	59.6
Particleboard	NA	NA	NM	NM	58.3

Particulars (%)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>EBITDA margin</b>					
Laminates	13.2	16.0	13.8	14.2	15.0
Veneer	(5.1)	(0.3)	0.2	3.2	3.8
Plywood	NA	(51.8)	(19.2)	0.2	7.7
Particleboard	NA	NA	(231.4)	(20.5)	2.0

Source: Company, BOBCAPS Research

### Key risks

- A sharp recovery in laminates demand 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)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Total revenue</b>	<b>20,260</b>	<b>23,063</b>	<b>25,693</b>	<b>31,426</b>	<b>36,355</b>
EBITDA	2,333	2,974	2,746	3,314	4,564
Depreciation	632	871	1,137	1,347	1,402
EBIT	1,701	2,103	1,609	1,967	3,163
Net interest inc./(exp.)	(235)	(443)	(655)	(715)	(731)
Other inc./(exp.)	180	217	110	0	0
Exceptional items	4	27	0	0	0
EBT	1,641	1,849	1,064	1,252	2,431
Income taxes	361	469	380	315	612
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	4	4	13	0	0
<b>Reported net profit</b>	<b>1,284</b>	<b>1,384</b>	<b>697</b>	<b>937</b>	<b>1,819</b>
Adjustments	(61)	(1)	35	0	0
<b>Adjusted net profit</b>	<b>1,224</b>	<b>1,383</b>	<b>732</b>	<b>937</b>	<b>1,819</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Accounts payables	2,753	3,479	4,146	5,071	5,867
Other current liabilities	1,653	1,914	1,690	1,690	1,690
Provisions	35	48	45	56	64
Debt funds	5,699	9,988	10,751	11,251	11,251
Other liabilities	692	1,160	1,201	1,201	1,201
Equity capital	127	128	255	255	255
Reserves & surplus	9,455	10,644	11,014	11,814	13,367
Shareholders' fund	9,582	10,769	11,253	12,052	13,606
<b>Total liab. and equities</b>	<b>20,414</b>	<b>27,358</b>	<b>29,086</b>	<b>31,321</b>	<b>33,679</b>
Cash and cash eq.	2,580	1,803	986	1,158	1,847
Accounts receivables	1,440	1,521	1,573	1,924	2,225
Inventories	5,135	6,091	6,647	8,320	9,756
Other current assets	952	1,426	1,730	2,117	2,448
Investments	0	0	0	0	0
Net fixed assets	4,916	9,725	17,388	17,042	16,640
CWIP	3,801	6,110	281	281	281
Intangible assets	145	137	110	110	110
Deferred tax assets, net	62	99	98	98	98
Other assets	1,381	445	273	273	273
<b>Total assets</b>	<b>20,414</b>	<b>27,358</b>	<b>29,086</b>	<b>31,321</b>	<b>33,679</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Cash flow from operations</b>	<b>2,537</b>	<b>2,368</b>	<b>1,806</b>	<b>1,524</b>	<b>2,687</b>
Capital expenditures	(5,660)	(6,986)	(2,642)	(1,000)	(1,000)
Change in investments	0	0	0	0	0
Other investing cash flows	175	189	110	0	0
<b>Cash flow from investing</b>	<b>(5,484)</b>	<b>(6,796)</b>	<b>(2,532)</b>	<b>(1,000)</b>	<b>(1,000)</b>
Equities issued/Others	6	1	128	0	0
Debt raised/repaid	2,246	4,289	763	500	0
Interest expenses	(235)	(443)	(655)	(715)	(731)
Dividends paid	(381)	(421)	(107)	(137)	(266)
Other financing cash flows	2,126	226	(220)	0	0
<b>Cash flow from financing</b>	<b>3,763</b>	<b>3,652</b>	<b>(91)</b>	<b>(352)</b>	<b>(998)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>815</b>	<b>(777)</b>	<b>(818)</b>	<b>172</b>	<b>690</b>
<b>Closing cash &amp; cash eq.</b>	<b>2,580</b>	<b>1,803</b>	<b>986</b>	<b>1,158</b>	<b>1,847</b>

### Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25A	FY26E	FY27E
Reported EPS	5.1	5.4	2.7	3.7	7.1
Adjusted EPS	4.8	5.4	2.9	3.7	7.1
Dividend per share	1.5	1.7	0.4	0.5	1.0
Book value per share	37.7	42.2	44.2	47.3	53.4

### Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25A	FY26E	FY27E
EV/Sales	3.1	2.7	2.3	1.8	1.5
EV/EBITDA	27.2	21.1	21.6	16.9	12.1
Adjusted P/E	52.9	47.0	88.8	69.4	35.7
P/BV	6.8	6.0	5.8	5.4	4.8

### DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25A	FY26E	FY27E
Tax burden (Net profit/PBT)	74.6	74.8	68.8	74.8	74.8
Interest burden (PBT/EBIT)	96.5	87.9	66.1	63.7	76.9
EBIT margin (EBIT/Revenue)	8.4	9.1	6.3	6.3	8.7
Asset turnover (Rev./Avg TA)	99.2	84.3	88.3	100.3	107.9
Leverage (Avg TA/Avg Equity)	2.1	2.5	2.6	2.6	2.5
Adjusted ROAE	12.8	12.8	6.5	7.8	13.4

### Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25A	FY26E	FY27E
<b>YoY growth (%)</b>					
Revenue	18.9	13.8	11.4	22.3	15.7
EBITDA	24.2	27.5	(7.7)	20.7	37.7
Adjusted EPS	23.6	12.5	(47.1)	28.0	94.2

### Profitability & Return ratios (%)

EBITDA margin	11.5	12.9	10.7	10.5	12.6
EBIT margin	8.4	9.1	6.3	6.3	8.7
Adjusted profit margin	6.0	6.0	2.8	3.0	5.0
Adjusted ROAE	15.2	13.6	6.6	8.0	14.2
ROCE	12.3	11.2	7.8	8.4	12.7

### Working capital days (days)

Receivables	26	24	22	22	22
Inventory	93	96	94	97	98
Payables	50	55	59	59	59

### Ratios (x)

Gross asset turnover	2.2	1.9	1.3	1.3	1.4
Current ratio	1.5	1.2	1.2	1.3	1.5
Net interest coverage ratio	7.2	4.7	2.5	2.8	4.3
Adjusted debt/equity	0.3	0.8	0.9	0.8	0.7

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



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**BUY** – Expected return >+15%

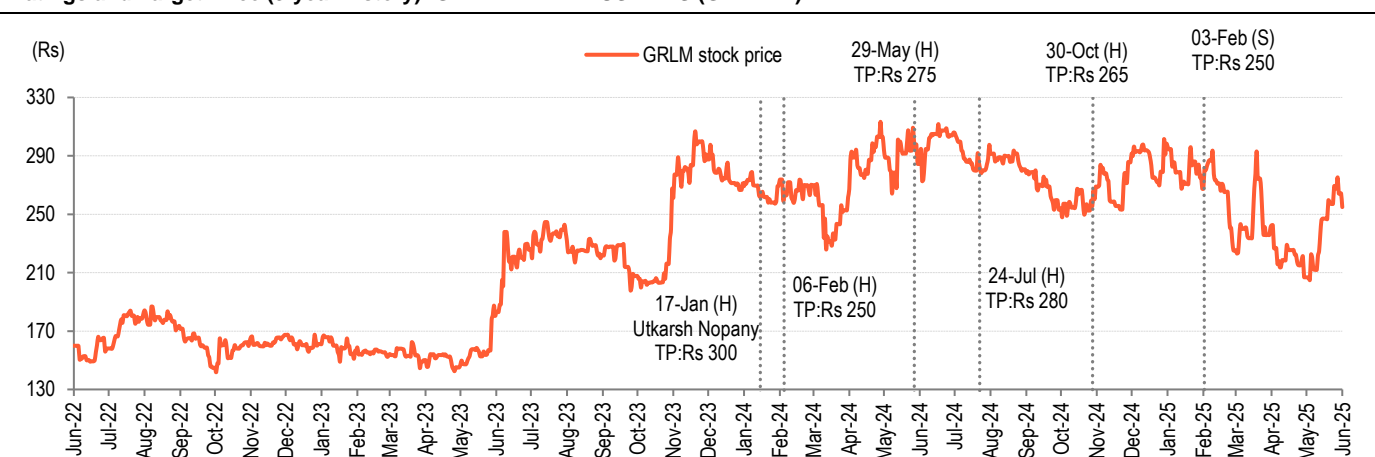
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

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

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