

**HOLD**

TP: Rs 300 | ▲ 7%

**GREENPANEL  
INDUSTRIES**

| Building Materials

| 01 August 2025

**Dismal Q1; D/G from BUY to HOLD**

- **Weak Q1** on discontinuation of commercial grade MDF sales and negative contribution from thin MDF plant
- **Maintained MDF volume growth guidance of 30% YoY for FY26** – which implies a high ask rate of 69% YoY for the remaining 9MFY26
- **Downgrade from BUY to HOLD** on limited upside potential; TP remains unchanged at Rs 300 per share

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**Dismal Q1FY26:** GREENP sharply missed our EBITDA estimates (-61%) for Q1FY26 due to lower-than-expected MDF sales volume (-14% YoY vs +3.5% estimated). The company has reported a forex loss of Rs 0.28mn in Q1FY26 related to an unhedged Euro loan for its new thin MDF plant. The company has posted adjusted loss of Rs 145mn in Q1FY26 vs profit of Rs 157mn in Q1FY25, due to steep decline in EBITDA (-68%) on account of negative contribution from recently commissioned thin MDF plant (as it operated at a low 31% rate), negative operating leverage and higher capital charge for its new thin MDF plant.

**Highlights:** GREENP reported a sharp YoY contraction in EBITDA for the 11th straight quarter on supply overhang in the MDF industry. The company is struggling to grow MDF (-20% YoY)/plywood (-12% YoY) sales volume for the 19<sup>th</sup>/12<sup>th</sup> consecutive quarter. Ex-commercial grade sales, MDF volume grew at 47% YoY in Q1FY26. Ex-EPCG benefits, MDF segment adjusted EBITDA margin contracted 49bps QoQ to 2.3% in Q1FY26.

**Guidance:** GREENP maintained its MDF volume growth guidance of 30% YoY for FY26 – which implies a very high ask rate of 69% for the remaining 9MFY26 after excluding the impact of discontinuation of commercial grade sales in base period. No price hike is expected in MDF in near future as the company plans to follow an aggressive pricing strategy to regain lost market share. The new MDF plant is expected to operate at a 30-35% rate in FY26. MDF segment margin profile is expected to improve in anticipation of better-mix, improvement in gross margin of 2-3% due to further correction in timber prices, positive contribution from thin MDF plant once its capacity gets ramped up to 40% mark and operating leverage benefits.

**Downgrade from BUY to HOLD with unchanged TP of Rs 300:** We downgrade our rating from BUY to HOLD due to limited upside potential. We have cut our EBITDA estimate (-52.6%/-14.1%) for FY26/FY27 based on weak Q1 result, but we have kept our TP unchanged at Rs 300 per share due to roll forward of our valuation from Mar'27 to Jun'27. At CMP, the stock trades at a P/E of 22.7x/14.0x on FY27E/FY28E. Our target P/E multiple remains intact at 20x.

**Key changes**

Target	Rating
◀ ▶	▼

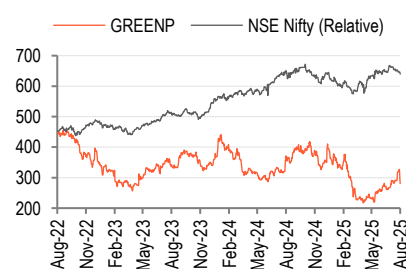
Ticker/Price	GREENP IN/Rs 280
Market cap	US\$ 392.8mn
Free float	47%
3M ADV	US\$ 1.1mn
52wk high/low	Rs 427/Rs 203
Promoter/FPI/DII	53%/2%/29%

Source: NSE | Price as of 1 Aug 2025

**Key financials**

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	14,358	15,338	19,092
EBITDA (Rs mn)	1,312	1,054	3,040
Adj. net profit (Rs mn)	634	(94)	1,512
Adj. EPS (Rs)	5.2	(0.8)	12.3
Consensus EPS (Rs)	5.9	10.0	18.5
Adj. ROAE (%)	4.7	(0.7)	10.7
Adj. P/E (x)	54.3	(366.2)	22.7
EV/EBITDA (x)	26.8	31.7	10.8
Adj. EPS growth (%)	(55.6)	(114.8)	(1710.6)

Source: Company, Bloomberg, BOBCAPS Research

**Stock performance**

Source: NSE



**Fig 1 – Quarterly performance - Consolidated**

Particulars (Rs mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Total operating income	3,282	3,650	(10.1)	3,745	(12.4)
Raw-Material expense	1,711	1,785	(4.1)	1,878	(8.9)
Gross Profit	1,571	1,865	(15.7)	1,867	(15.8)
Employee expense	371	362	2.5	340	9.0
Sales Promotion	49	124	(60.3)	30	64.3
Other expense	1,034	1,018	1.5	1,017	1.7
EBITDA	117	360	(67.5)	480	(75.6)
D&A	255	189	34.5	198	28.8
EBIT	(138)	171	(180.5)	282	(148.9)
Interest cost	95	2	3,948.9	24	303.4
Non-operating expense/(income)	241	(45)	NM	(39)	NM
PBT	(474)	214	NM	297	NM
Tax	(128)	57	NM	3	NM
Reported PAT	(346)	157	NM	294	NM
Adjusted PAT	(145)	157	NM	294	NM
<b>As % of net revenues</b>			<b>(bps)</b>		<b>(bps)</b>
Gross margin	47.9	51.1	(322)	49.8	(197)
Employee cost	11.3	9.9	139	9.1	222
Sales Promotion	1.5	3.4	(190)	0.8	70
Other cost	31.5	27.9	360	27.2	435
EBITDA margin	3.6	9.9	(631)	12.8	(923)
Tax rate	26.9	26.5	45	1.1	2587
APAT margin	(4.4)	4.3	(872)	7.8	(1,227)

Source: Company, BOBCAPS Research

**Fig 2 – Segment financials**

Particulars	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
<b>Revenue (Rs mn)</b>					
Plywood	315	324	(2.8)	338	(6.9)
MDF	2,967	3,326	(10.8)	3,407	(12.9)
<b>Total</b>	<b>3,282</b>	<b>3,650</b>	<b>(10.1)</b>	<b>3,745</b>	<b>(12.4)</b>
<b>Volumes</b>					
Plywood (mn sqm)	1.2	1.2	(3.3)	1.25	(5.6)
MDF (CBM)	102,096	119,071	(14.3)	101,858	0.2
<b>Realization</b>					
Plywood (Rs/sq ft)	267	265	0.5	270	(1.4)
MDF (Rs/CBM)	28,519	27,864	2.4	29,960	(4.8)
<b>Adjusted EBITDA (Rs mn)</b>					
Plywood	(2)	(10)	(84.9)	35	(104.4)
MDF	119	371	(68.0)	444	(73.3)
<b>Total</b>	<b>117</b>	<b>360</b>	<b>(67.5)</b>	<b>480</b>	<b>(75.6)</b>
<b>Adjusted EBITDA margin (%)</b>					
Plywood	(0.5)	(3.2)	268	10.4	(1088)
MDF	4.0	11.1	(715)	13.0	(904)
<b>Total</b>	<b>3.6</b>	<b>9.9</b>	<b>(631)</b>	<b>12.8</b>	<b>(923)</b>

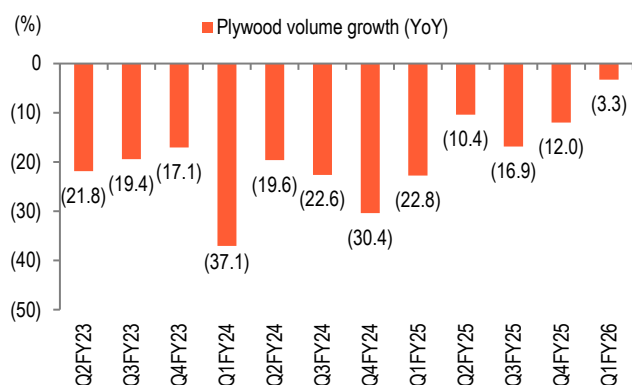
Source: Company, BOBCAPS Research

## Earnings Call Highlights

- **MDF industry dynamics:** Management believes the Indian MDF industry operated at around 65% rate in FY25 (capacity: 4.25 mn CBM; demand: 2.8 mn CBM). Going ahead, the industry dynamics is expected to improve as demand is projected to grow at a low-to-mid double-digit rate along with no major capacity addition planned by the organized players (which controls 65% market share). In the near future, the industry demand is expected to improve due to liquidation of excess imported MDF inventories (which was build before BIS implementation) in Q1FY25, imports to remain at low rate in future and anticipation of benefit from BIS implementation for small MDF players from Aug 12, 2025 and QCO on imported furniture from Feb'26 onwards.
- **MDF pricing scenario:** No price hike is expected in near future as the company plans to follow an aggressive pricing strategy to regain lost market share. The company offered 3% discount to its dealers in Jul'25 vs 5% on industrial grade for 45-60 days in Q1FY26.
- **MDF segment:** Sales volume fell by 14.0% YoY in Q1FY26 due to lower domestic demand (-9% on account of discontinuation of commercial grade MDF sales from Q4FY25) as well as weak exports (-40%). Excluding the impact of commercial grade MDF, MDF sales volume was up 47% YoY in Q1FY26. Domestic MDF realisation fell by 4.8% QoQ in Q1FY26, due to inferior product mix (value-added product share fell by 600bps QoQ to 44%) and discount of 5% offered to dealers on industrial grade products for 45-60 days. The company has booked EPCG benefit of Rs 51mn in Q1FY26. Excluding the impact of EPCG benefit, MDF segment adjusted EBITDA margin contracted by 49bps QoQ to a record low level of 2.3% in Q1FY26, mainly on account of negative contribution from its recently commissioned thin MDF plant.
- **MDF outlook:** The company has maintained its MDF sales volume growth guidance of 30% YoY for FY26. Excluding the impact of commercial grade sales, the company needs to grow its volume at 69% YoY for the remaining 9MFY26. The new MDF unit is expected to operate at 30-35% rate in FY26. Production of value-added product from the new thin MDF plant is expected from Q3FY25 (i.e. post completion of the stabilisation phase of the plant by Sep'25). Breakeven point for new MDF unit at EBITDA level is estimated to be 40%.
- **EPCG:** The company is eligible to book an incentive of Rs 860mn pertaining to custom duty waiver related to imported plant & machinery of the new MDF unit. Of this, the company has booked an incentive of Rs 51mn in Q1FY26 and the remaining is expected to be booked over the next 5-7 quarters.
- **Timber:** Timber prices in the North/South region were down by 2.8%/10.9% QoQ in Q1FY26. This has helped improve GREENP's gross margin by 250bps QoQ; in Q1FY26 and it is expected to further improve by 2-3% in the anticipation of more correction in timber prices in near future.
- **Capex:** The company has no major capex plan for FY26. The company plans to undertake plywood expansion project once the operating rate of its existing capacity gets ramped up to 80% mark in future (operated at 36% rate in Q1FY26).

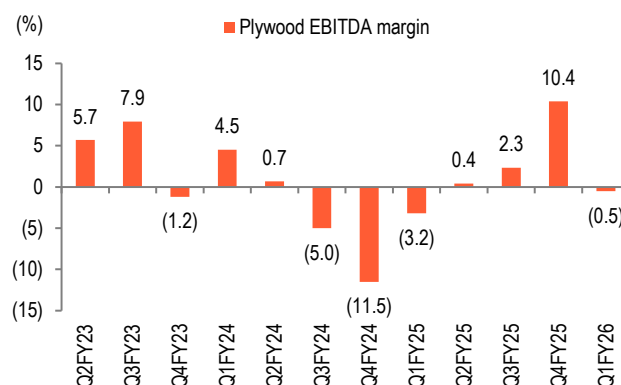
- **Value-added product (VAP):** Share of value-added products in volume terms was 44% in Q1FY26 vs 50% in Q4FY25.
- **Non-commercial grade MDF products:** are priced at a 6-8% premium to commercial grade products and could earn 2.5-3.0% higher margin compared to commercial grade products.
- **Plywood:** Volume de-grew by 3.3% YoY in Q1FY26 over a weak base (-23% YoY in Q1FY25). Segment reported operating loss of Rs 2mn in Q1FY26 (vs Rs 10mn in Q1FY25).
- **Net debt:** GREENP net debt has gone up from Rs 1.64bn in Mar'25 to Rs 2.33bn in Jun'25, due to forex loss of Rs 0.28bn and incremental working capital requirement for new thin MDF plant.

**Fig 3 – GREENP reported a sharp decline in plywood volumes for the 12<sup>th</sup> consecutive quarter**



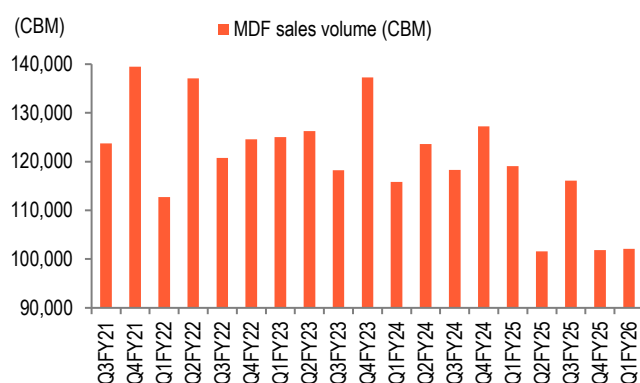
Source: Company, BOBCAPS Research

**Fig 4 – Plywood segment posted EBITDA loss in Q1FY26 due to negative operating leverage**



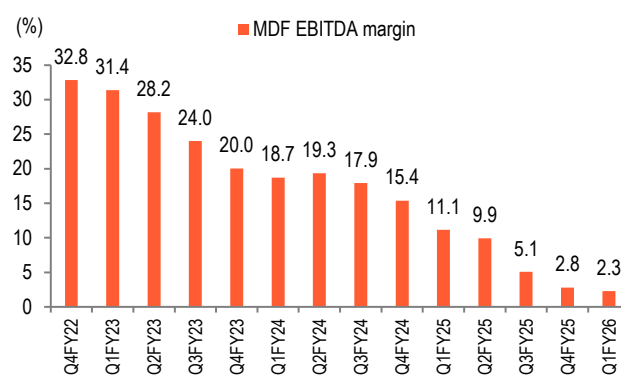
Source: Company, BOBCAPS Research

**Fig 5 – GREENP has struggled to grow its MDF volumes over the past 19 consecutive quarters...**



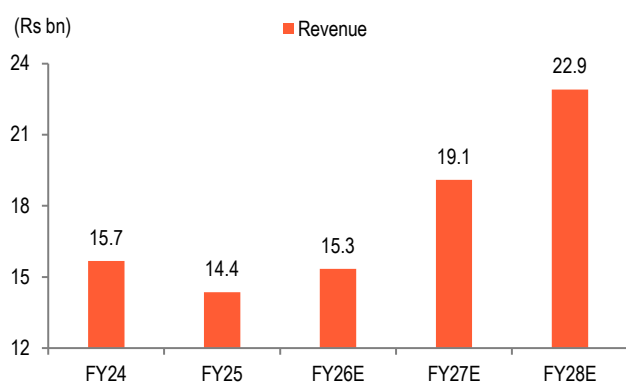
Source: Company, BOBCAPS Research

**Fig 6 – ... and margins have come under severe stress over the past few quarters on supply-side pressure**



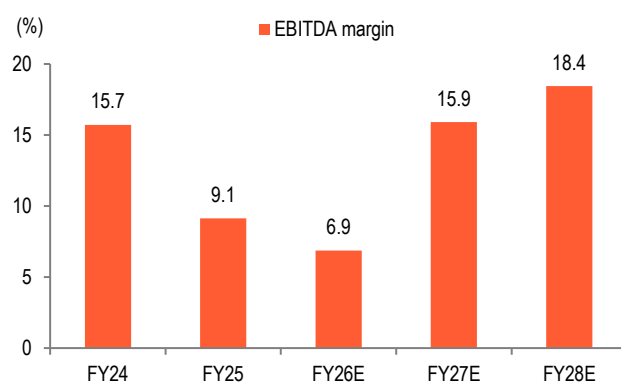
Source: Company, BOBCAPS Research

**Fig 7 – GREENP's revenue is projected to grow at 17% CAGR over FY25-FY28E**



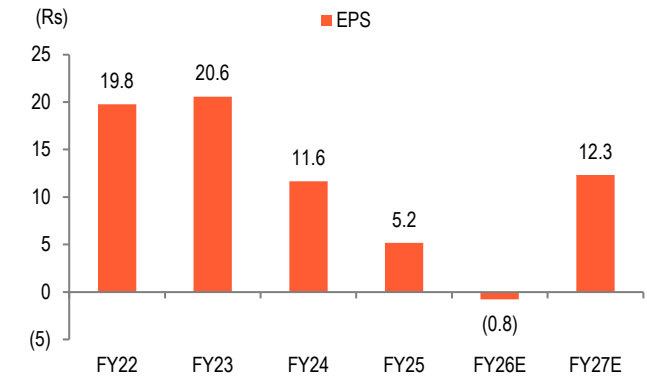
Source: Company, BOBCAPS Research

**Fig 8 – EBITDA margin to improve over the next 4-6 quarters on ramp-up of existing & new MDF capacity**



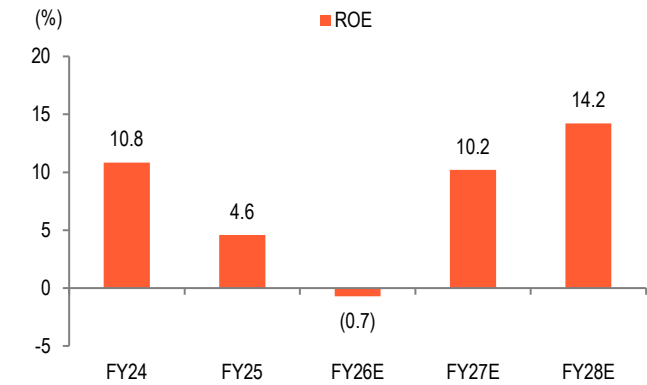
Source: Company, BOBCAPS Research

**Fig 9 – EPS is projected to grow at a 57% CAGR over FY25-FY28E due to a low base...**



Source: Company, BOBCAPS Research

**Fig 10 – ... and ROE is expected to improve gradually from 4.6% in FY25 to 14.2% in FY27E**



Source: Company, BOBCAPS Research

## Valuation Methodology

We downgrade our rating from BUY to HOLD due to limited upside potential. We have cut our EBITDA estimate (-52.6%/-14.1%) for FY26/FY27 based on weak Q1 result, but have kept our TP unchanged at Rs 300 per share due to roll forward of our valuation from Mar'27 to Jun'27. At CMP, the stock trades at a P/E of 22.7x/14.0x on FY27E/FY28E. Our target P/E multiple remains intact at 20x.

While we have downgraded our rating on the stock, we believe long-term investors could still maintain constructive view on the stock, as we believe the worst is behind for GREENP and operating profit could sharply improve over the medium term on multiple levers: 1) gross margin could improve in the coming quarters in anticipation of improvement in product-mix (due to discontinuation of commercial grade MDF sales) and falling timber prices 2) positive contribution from thin MDF plant to start from FY27 onwards (in anticipation of improvement in its operating rate to more than breakeven point of 40% mark) 3) pricing power in MDF sector is expected to come in FY27 (as no major capacity addition is planned for FY26 & FY27) 4) benefit of operating leverage due to high gross margin in MDF business (operated at 47% rate in Q1FY26).

**Fig 11 – Revised estimates**

Particulars	New		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Consolidated (Rs bn)						
Total operating income	15.3	19.1	17.9	21.1	(14.4)	(9.7)
EBITDA	1.1	3.0	2.2	3.5	(52.6)	(14.1)
EBITDA Margin	6.9	15.9	12.4	16.7	(554bps)	(82bps)
Adjusted PAT	(0.1)	1.5	0.9	1.8	NM	(17.7)
EPS (Rs)	(0.8)	12.3	7.0	15.0	NM	(17.7)

Source: BOBCAPS Research

**Fig 12 – Key assumptions**

Particulars (%)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Revenue mix</b>					
MDF	89.6	90.3	90.7	91.4	91.8
Plywood	10.4	9.7	9.3	8.6	8.2
<b>Sales volume growth</b>					
MDF	(4.3)	(9.6)	9.6	21.5	17.0
Plywood	(28.0)	(15.5)	2.5	15.0	15.0
<b>EBITDA margin</b>					
MDF	17.8	10.2	7.4	16.9	19.4
Plywood	(1.4)	1.3	1.3	3.5	5.3

Source: Company, BOBCAPS Research

## Key risks

Key upside/downside risks to our estimates:

- Quick ramp-up of existing plywood and MDF capacities, low MDF imports pressure, and sharp decline in wood prices are key upside risks to our estimates.
- Loss of market share in MDF and weak domestic MDF prices are the key downside risks.

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Total revenue</b>	<b>15,673</b>	<b>14,358</b>	<b>15,338</b>	<b>19,092</b>	<b>22,909</b>
EBITDA	2,465	1,312	1,054	3,040	4,226
Depreciation	729	774	1,020	1,011	1,011
EBIT	1,736	538	34	2,029	3,215
Net interest inc./(exp.)	(123)	(67)	(348)	(288)	(278)
Other inc./(exp.)	219	226	184	280	360
Exceptional items	0	0	0	0	0
EBT	1,832	697	(129)	2,021	3,297
Income taxes	405	(24)	(110)	509	837
Extraordinary items	0	0	275	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
<b>Reported net profit</b>	<b>1,427</b>	<b>721</b>	<b>(294)</b>	<b>1,512</b>	<b>2,459</b>
Adjustments	1	(87)	200	0	0
<b>Adjusted net profit</b>	<b>1,428</b>	<b>634</b>	<b>(94)</b>	<b>1,512</b>	<b>2,459</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	1,094	1,028	1,098	1,367	1,640
Other current liabilities	622	1,021	1,021	1,021	1,021
Provisions	25	37	40	50	59
Debt funds	2,680	3,898	3,598	3,098	2,598
Other liabilities	1,316	1,523	1,523	1,523	1,523
Equity capital	123	123	123	123	123
Reserves & surplus	13,049	13,729	13,373	14,702	17,161
Shareholders' fund	13,171	13,852	13,496	14,824	17,284
<b>Total liab. and equities</b>	<b>18,907</b>	<b>21,359</b>	<b>20,776</b>	<b>21,883</b>	<b>24,126</b>
Cash and cash eq.	2,379	2,257	2,154	3,262	5,344
Accounts receivables	290	418	446	556	667
Inventories	2,016	1,988	1,976	2,283	2,750
Other current assets	610	720	744	837	931
Investments	0	0	0	0	0
Net fixed assets	9,447	15,246	14,726	14,215	13,703
CWIP	3,127	111	111	111	111
Intangible assets	375	342	342	342	342
Deferred tax assets, net	0	0	0	0	0
Other assets	664	277	277	277	277
<b>Total assets</b>	<b>18,907</b>	<b>21,359</b>	<b>20,776</b>	<b>21,883</b>	<b>24,126</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Cash flow from operations</b>	<b>1,553</b>	<b>1,674</b>	<b>1,381</b>	<b>2,581</b>	<b>3,359</b>
Capital expenditures	(3,629)	(3,132)	(500)	(500)	(500)
Change in investments	0	0	0	0	0
Other investing cash flows	219	226	(275)	0	0
<b>Cash flow from investing</b>	<b>(3,411)</b>	<b>(2,907)</b>	<b>(775)</b>	<b>(500)</b>	<b>(500)</b>
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	775	1,219	(300)	(500)	(500)
Interest expenses	(123)	(67)	(348)	(288)	(278)
Dividends paid	(184)	0	(61)	(184)	0
Other financing cash flows	(11)	(41)	0	0	0
<b>Cash flow from financing</b>	<b>458</b>	<b>1,111</b>	<b>(709)</b>	<b>(972)</b>	<b>(778)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>(1,399)</b>	<b>(122)</b>	<b>(103)</b>	<b>1,109</b>	<b>2,081</b>
<b>Closing cash &amp; cash eq.</b>	<b>2,379</b>	<b>2,257</b>	<b>2,154</b>	<b>3,262</b>	<b>5,344</b>

### Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	11.6	5.9	(2.4)	12.3	20.1
Adjusted EPS	11.6	5.2	(0.8)	12.3	20.1
Dividend per share	1.5	0.0	0.5	1.5	0.0
Book value per share	107.4	113.0	110.1	120.9	140.9

### Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	2.2	2.4	2.2	1.7	1.5
EV/EBITDA	14.2	26.8	31.7	10.8	8.0
Adjusted P/E	24.1	54.3	(366.2)	22.7	14.0
P/BV	2.6	2.5	2.5	2.3	2.0

### DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	77.9	90.9	72.7	74.8	74.6
Interest burden (PBT/EBIT)	105.5	129.6	(376.0)	99.6	102.6
EBIT margin (EBIT/Revenue)	11.1	3.7	0.2	10.6	14.0
Asset turnover (Rev./Avg TA)	82.9	67.2	73.8	87.2	95.0
Leverage (Avg TA/Avg Equity)	1.4	1.5	1.5	1.5	1.4
Adjusted ROAE	10.8	4.6	(0.7)	10.2	14.2

### Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
<b>YoY growth (%)</b>					
Revenue	(12.1)	(8.4)	6.8	24.5	20.0
EBITDA	(40.8)	(46.8)	(19.6)	188.3	39.0
Adjusted EPS	(43.4)	(55.6)	(114.8)	(1710.6)	62.6

### Profitability & Return ratios (%)

EBITDA margin	15.7	9.1	6.9	15.9	18.4
EBIT margin	11.1	3.7	0.2	10.6	14.0
Adjusted profit margin	9.1	4.4	(0.6)	7.9	10.7
Adjusted ROAE	11.4	4.7	(0.7)	10.7	15.3
ROCE	12.3	4.3	1.3	12.9	18.0

### Working capital days (days)

Receivables	7	11	11	11	11
Inventory	47	51	47	44	44
Payables	25	26	26	26	26

### Ratios (x)

Gross asset turnover	1.1	0.8	0.7	0.9	1.0
Current ratio	2.6	1.9	1.7	2.1	2.7
Net interest coverage ratio	14.2	8.1	0.1	7.0	11.6
Adjusted debt/equity	0.0	0.1	0.1	0.0	(0.2)

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



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## Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**

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

Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

CIN: **U65999MH1996GOI098009**



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

**BUY** – Expected return >+15%

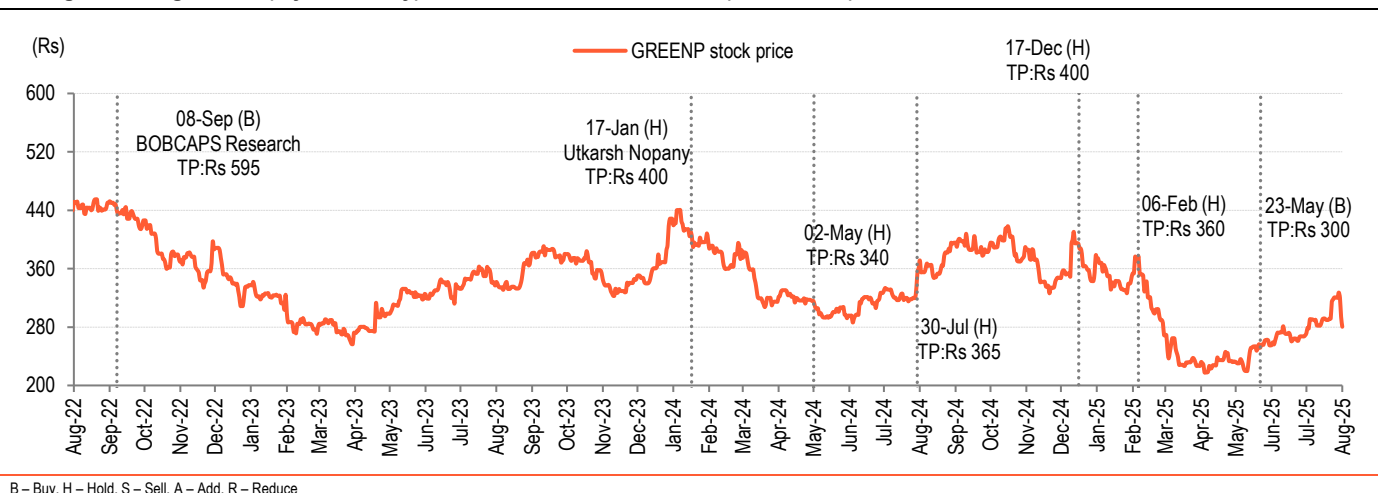
**HOLD** – Expected return from -6% to +15%

**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): GREENPANEL INDUSTRIES (GREENP IN)



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