

HOLD

TP: Rs 320 | ▲ 7%

GREENPLY INDUSTRIES

Building Materials

04 November 2025

Weak Q2: margin pressure offset demand recovery

- Posted weak Q2FY26 result on inferior plywood mix and sharp MDF margin compression (which is one-off due to maintenance shutdown)
- Guided positive outlook across segments as plywood/MDF volume targeted to grow at a double-digit rate in H2FY26
- Maintain HOLD as strong earnings prospects quite well baked in the valuation; TP cut by 7% to Rs 320 per share

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Weak Q2: MTLM missed our Q2FY26 estimates (Revenue: -3.0%; EBITDA: -21.7%) due to a) lower-than-expected plywood realisation (-5.9% QoQ vs -0.8% estimated on inferior mix) b) sharp EBITDA margin contraction for MDF segment (-940bps QoQ to 8.3% vs 16.0% estimated due to liquidation of slow-moving inventories at a higher discounts and maintenance shutdown impact). Overall, MTLM revenue grew by 7.5% YoY, but EBITDA/APAT fell by 1.5%/9.0% YoY in Q2FY26.

Highlights: MTLM has reported the highest plywood volume growth over the past five quarters due to demand recovery in the mid-value segment. Plywood segment EBITDA grew by 4.0% YoY in Q2FY26, driven by higher volumes (+7.4%). Despite higher volume (+15.9%), MDF EBITDA was down 18.8% YoY in Q2FY26, on sharp margin contraction due to the liquidation of slow-moving inventories at higher discounts and maintenance shutdown impact. The share of loss from the furniture JV business has slightly gone up from Rs 54mn in Q1FY26 to Rs 59 mn in Q2FY26. Net debt has gone down from Rs 5.38bn in Jun'25 to Rs 5.1bn in Sep'25.

Guidance: The company has guided positive outlook for each of its segments for H2FY26. Plywood volume is targeted to grow at +10% rate in H2FY26 and margin is expected to be better in H2FY26 over H1FY26. MDF volume is aimed to grow at a double-digit rate with EBITDA margin of 16%+ for H2FY26. Timber price has remained stable in Q2FY26 and expected to decline from Q4FY26. The furniture fittings JV revenue is targeted to be Rs 250-300mn in H2FY26 and Rs 1,000mn for FY27. Capex guidance revised up to Rs 1.55-1.6bn (Rs 1.0-1.4bn earlier).

Maintain HOLD; TP cut by 7% to Rs 320: We maintain our HOLD rating as we believe the positive earnings prospects (EPS projected to grow at 23.7% CAGR over FY25-FY28E) is quite well factored in the current valuation (the stock trades at 29.0x on 1YF P/E – which is in line with its 5Y average multiple). We have cut our TP to Rs 320 per share (Rs 345 earlier) due to downward revision of our EPS estimates (-17.6%/-9.7%/-7.6% for FY26E/FY27E/FY28E), based on weak Q2FY26 result. Our target P/E multiple remains unchanged at 25.0x on Sep'27 est (vs Mar'27 earlier).

Key changes

Target	Rating
▼	◀ ▶

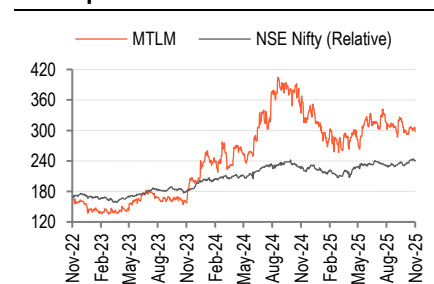
Ticker/Price	MTLM IN/Rs 298
Market cap	US\$ 419.2mn
Free float	48%
3M ADV	US\$ 0.4mn
52wk high/low	Rs 375/Rs 245
Promoter/FPI/DII	52%/4%/32%

Source: NSE | Price as of 4 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	24,876	26,072	28,329
EBITDA (Rs mn)	2,377	2,633	3,249
Adj. net profit (Rs mn)	916	967	1,438
Adj. EPS (Rs)	7.3	7.7	11.5
Consensus EPS (Rs)	7.3	12.0	16.4
Adj. ROAE (%)	12.1	11.3	14.9
Adj. P/E (x)	40.6	38.5	25.9
EV/EBITDA (x)	17.7	16.1	13.1
Adj. EPS growth (%)	19.9	5.5	48.8

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	6,886	6,405	7.5	6,008	14.6	12,894	12,244	5.3	7101	(3.03)
Raw-Material expense	4,287	3,904	9.8	3,438	24.7	7,725	7,364	4.9		
Gross Profit	2,599	2,501	3.9	2,570	1.1	5,169	4,879	5.9		
Employee expense	900	825	9.0	811	11.0	1,711	1,559	9.7		
Other expense	1,132	1,100	2.9	1,143	(1.0)	2,275	2,165	5.1		
EBITDA	568	576	(1.5)	616	(7.9)	1,184	1,155	2.5	725	(21.7)
D&A	158	151	5.0	154	3.0	312	301	3.8		
EBIT	409	425	(3.8)	462	(11.5)	872	855	2.0		
Interest cost	135	145	(6.7)	185	(27.1)	320	249	28.7		
Non-operating expense/(income)	41	24	69.1	(85)	(148.8)	(43)	12	(449.2)		
PBT	233	256	(9.1)	362	(35.6)	595	594	0.2		
Tax	73	81	(9.3)	77	(5.1)	150	86	74.9		
Reported PAT	160	176	(9.0)	285	(43.8)	444	508	(12.4)		
Adjusted PAT	160	176	(9.0)	250	(36.0)	410	379	7.9	311	(48.7)
As % of net revenues			(bps)		(bps)			(bps)		
Gross margin	37.7	39.1	(130)	42.8	(503)	40.1	39.9	24		
Employee cost	13.1	12.9	18	13.5	(43)	13.3	12.7	53		
Other cost	16.4	17.2	(73)	19.0	(259)	17.6	17.7	(4)		
EBITDA margin	8.2	9.0	(75)	10.3	(201)	9.2	9.4	(26)		
Tax rate	31.4	31.5	(8)	21.3	1009	25.3	14.5	1080		
APAT margin	2.3	2.7	(42)	4.2	(184)	3.2	3.1	8		

Source: Company, BOBCAPS Research

Fig 2 – Segment financials

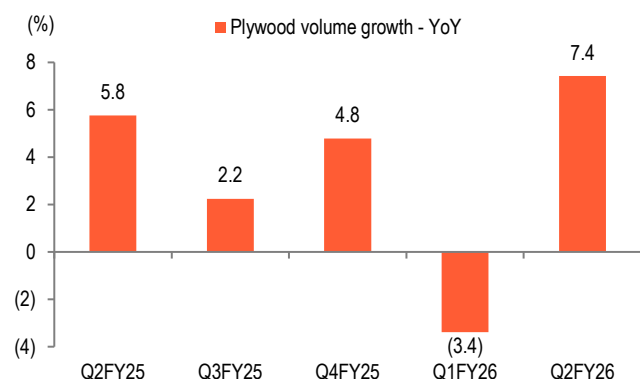
Particulars	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Revenue (Rs mn)								
Plywood	5,417	5,141	5.4	4,538	19.4	9,955	9,660	3.1
MDF	1,469	1,265	16.1	1,473	(0.3)	2,942	2,586	13.7
Volumes								
Plywood (mn sqm)	21.7	20.2	7.4	17.1	26.9	39	38	2.4
MDF (CBM)	47,018	40,553	15.9	46,350	1.4	93,368	83,277	12.1
Realization								
Plywood (Rs/sqm)	242	251	(3.6)	255	(5.1)	257	255	0.7
MDF (Rs/CBM)	31,241	31,197	0.1	31,777	(1.7)	31,507	31,058	1.4
EBITDA (Rs mn)								
Plywood	446	429	4.0	360	23.9	806	784	2.8
MDF	121	149	(18.8)	260	(53.5)	381	369	3.3
Total	568	576	(1.5)	616	(7.9)	1,184	1,155	2.5
EBITDA margin (%)								
Plywood	8.2	8.3	(11bps)	7.9	30bps	8.1	8.1	(2bps)
MDF	8.2	11.8	(354bps)	17.7	(942bps)	13.0	14.3	(132bps)
Total	8.2	9.0	(75bps)	10.2	(201bps)	9.2	9.4	(26bps)

Source: Company, BOBCAPS Research

Earnings Call Highlights

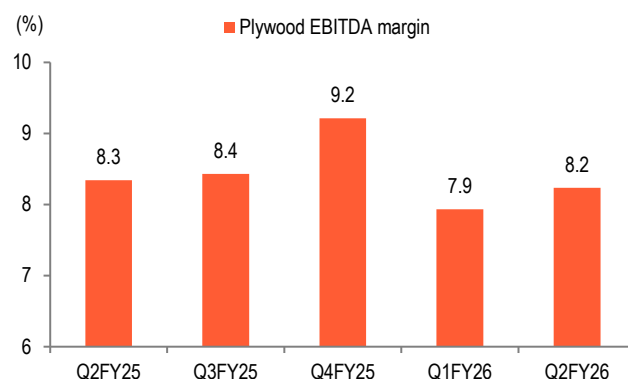
- **Demand scenario:** Demand conditions have improved in the mid-value segment in Q2FY26. BIS implementation has also curbed supplies to an extent from unorganised players and restricted imports of sub-par quality products. The company expects the positive demand momentum to continue in H2FY26.
- **Plywood:** Sales volume grew by 7.4% YoY in Q2FY26. Plywood realisation was down 5.1% QoQ in Q2FY26 due to inferior product mix. Segment EBITDA margin slightly contracted by 11bps YoY to 8.2% in Q2FY26. Going ahead, plywood volume is targeted to grow at +10% rate in H2FY26 and margin would be better in H2FY26 over H1FY26. For FY26, plywood volume growth is expected to be at 5-6% level.
- **MDF:** Sales volume grew by 15.9% YoY in Q2FY26. Realisation fell by 1.7% QoQ in Q2FY26 due to liquidation of slow-moving inventories at higher discount. Segment EBITDA margin fell sharply by 942bps QoQ to 8.2% in Q2FY26 given the sharp gross margin pressure because of the under-absorption of fixed cost overhead (on account of liquidation of built-up inventories), higher incentives offered on the sale of slow-moving inventories, and higher share of traded revenue. The company has increased its MDF capacity from 800 CBM/day to 1,000 CBM/day through debottleneck route in Q2FY26. Going ahead, MTLM expects MDF volume to grow at a double-digit rate with EBITDA margin of 16%+ in H2FY26.
- **Furniture fittings (Samet JV):** The company has reported share of loss from furniture fittings of Rs 59 mn (vs Rs 54 mn in Q1FY26) in Q2FY26, due to the low scale of operations. MTLM has invested Rs 865 mn in this JV business till Sep'25. The company has appointed 149 dealers in Q2FY26, and total active dealers stood at 374 at the end of Sep'25. The JV revenue run rate has improved to Rs 40mn/month at present. Going ahead, the JV revenue is targeted to be Rs 250-300mn in H2FY26 and Rs 1,000mn for FY27. MTLM expects margins to improve once domestic manufacturing replaces imported SKUs (45-50% share of imports).
- **Timber Prices:** Plywood timber prices remained stable in Q2FY26 and expected to correct from Q4FY26 onwards.
- **Capex:** guidance has been revised up to Rs 1.55-1.6bn (Rs 1.0-1.4bn earlier) in FY26. The company has incurred capex of Rs 0.56bn in H1FY26. The company will take a decision for next round of MDF expansion project at the existing site or Odisha over the next 5-6 months.
- **Net debt:** has decreased from Rs 5.38bn in Jun'25 to Rs 5.1bn in Sep'25. The company plans to further reduce borrowings with the help of inventory liquidation over H2FY26. Debt-to-equity is targeted to be ~0.5x in FY26.

Fig 3 – Plywood volume grew by 7.4% YoY in Q2FY26 on demand recovery in mid-value segment



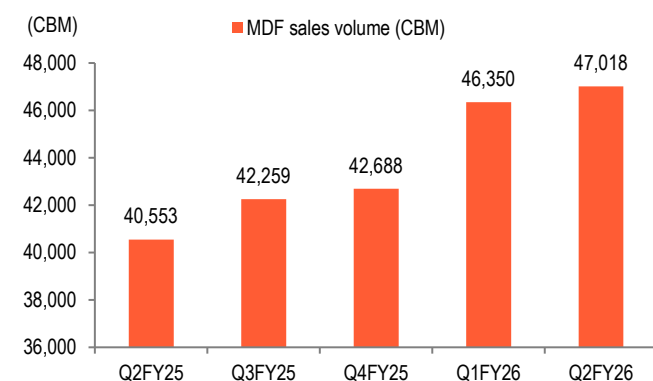
Source: Company, BOBCAPS Research

Fig 4 – Plywood EBITDA margin slightly contracted by 11bps YoY to 8.2% in Q2FY26



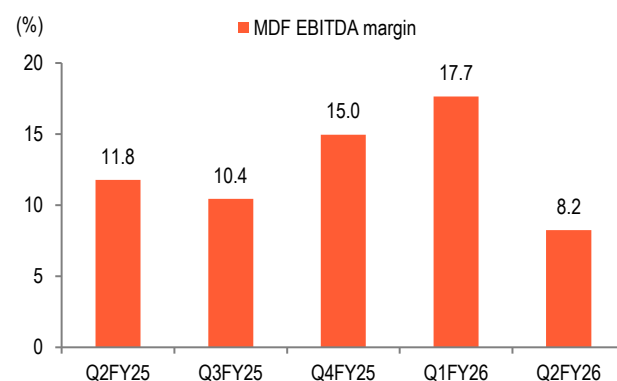
Source: Company, BOBCAPS Research

Fig 5 – MDF sales volume grew at a healthy rate of 15.9% YoY in Q2FY26



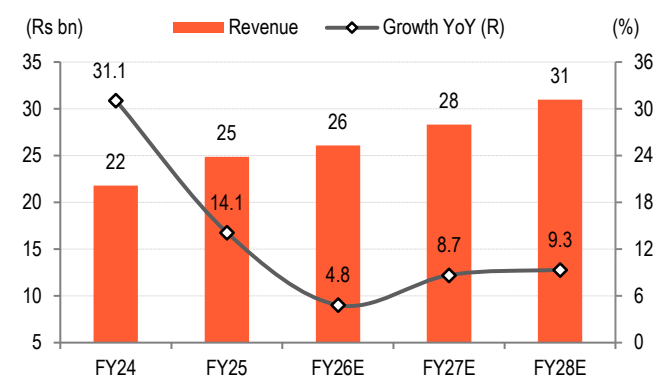
Source: Company, BOBCAPS Research

Fig 6 – MDF EBITDA margin fell sharply in Q2FY26 on liquidation of old inventory at a higher discount



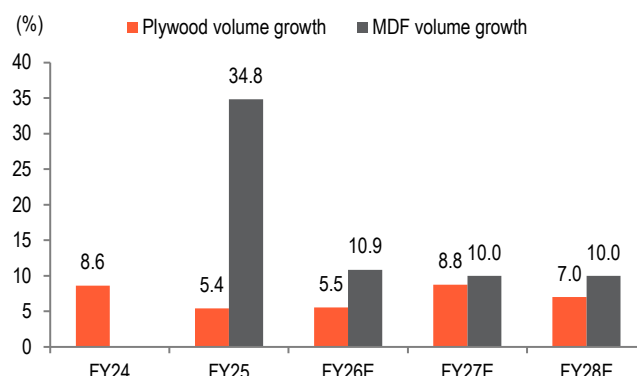
Source: Company, BOBCAPS Research

Fig 7 – MTLM revenue to grow at 7.5% CAGR over FY25-FY28E..



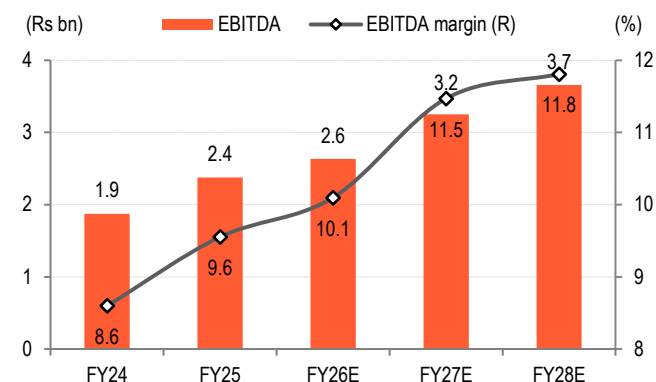
Source: Company, BOBCAPS Research

Fig 8 – ..to be driven by higher plywood and MDF sales volume



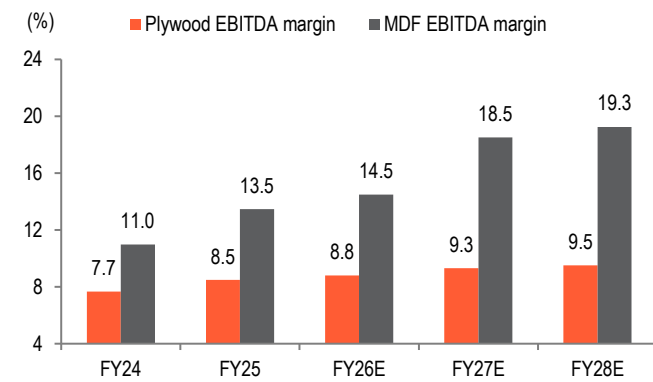
Source: Company, BOBCAPS Research

Fig 9 – MTLM EBITDA margin is forecasted to improve from 9.6% in FY25 to 11.8% in FY28E..



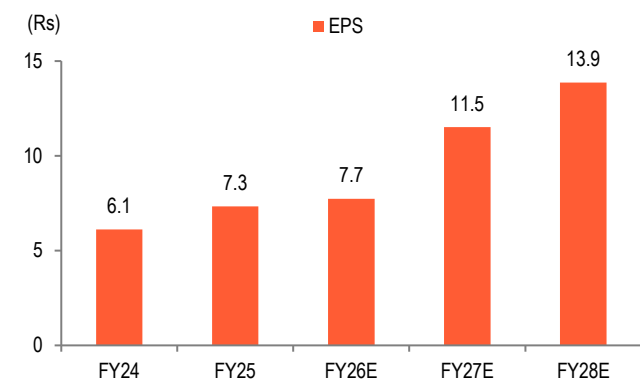
Source: Company, BOBCAPS Research

Fig 10 – ..in anticipation of margin improvement for Plywood as well as MDF segments



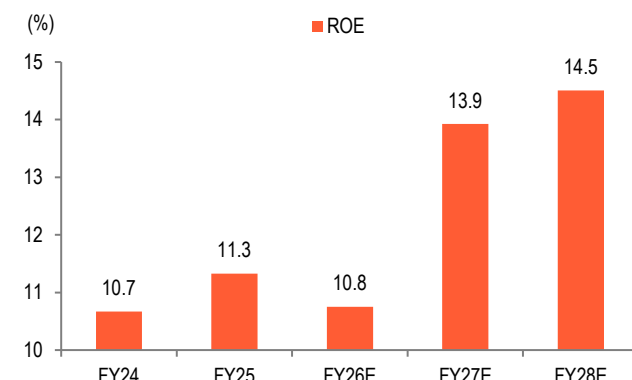
Source: Company, BOBCAPS Research

Fig 11 – MTLM's EPS is projected to grow at a strong 23.7% CAGR over FY25-FY28E over a low base



Source: Company, BOBCAPS Research

Fig 12 – ROE is also expected to improve from 11.3% in FY25 to 14.5% in FY28E



Source: Company, BOBCAPS Research

Valuation Methodology

We maintain our HOLD rating as we believe the positive earnings prospects (EPS projected to grow at 23.7% CAGR over FY25-FY28E) is quite well factored in the current valuation (the stock trades at 29.0x on 1YF P/E – which is in line with its 5Y average multiple).

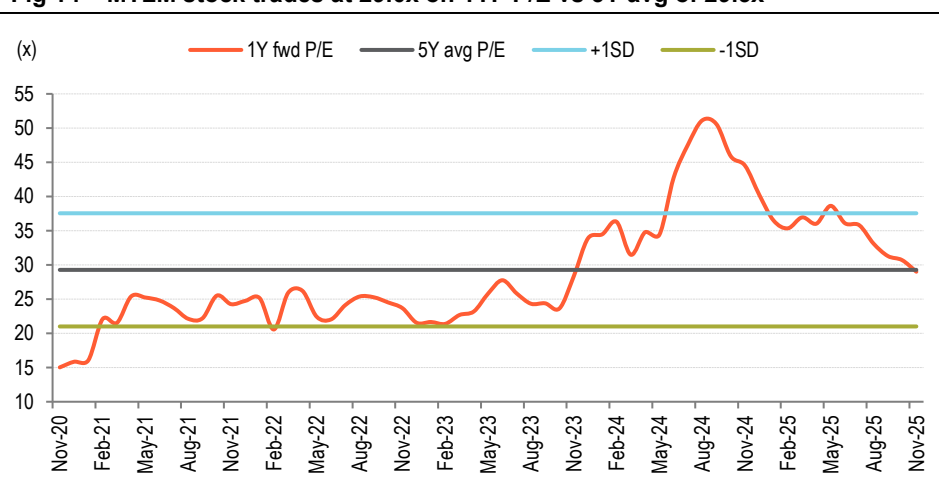
We have cut our TP to Rs 320 per share (Rs 345 earlier), due to downward revision of our EPS estimates (-17.6%/-9.7%/-7.6% for FY26E/FY27E/FY28E), based on the weak Q2FY26 result. Our target P/E multiple remains unchanged at 25.0x on Sep'27 estimate (vs Mar'27 earlier).

Fig 13 – Revised estimates

Consolidated (Rs bn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Total operating income	26.1	28.3	31.0	26.7	29.2	31.9	(2.4)	(3.0)	(2.9)
EBITDA	2.6	3.2	3.7	2.8	3.3	3.7	(4.8)	(0.1)	(0.4)
EBITDA Margin	10.1	11.5	11.8	10.4	11.1	11.5	(26bps)	34bps	29bps
Adjusted PAT	1.0	1.4	1.7	1.2	1.6	1.9	(17.6)	(9.7)	(7.6)
EPS (Rs)	7.7	11.5	13.9	9.4	12.8	15.0	(17.6)	(9.7)	(7.6)

Source: BOBCAPS Research

Fig 14 – MTLM stock trades at 29.0x on 1YF P/E vs 5Y avg of 29.3x



Source: Bloomberg, BOBCAPS Research

Fig 15 – Key assumptions

Particulars (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue mix					
Plywood	84.7	78.7	77.1	76.5	76.4
MDF	15.3	21.3	22.9	23.5	23.6
Sales volume growth					
Plywood	8.6	5.4	5.5	8.8	7.0
MDF	NA	34.8	10.9	10.0	10.0
EBITDA margin					
Plywood	7.7	8.5	8.8	9.3	9.5
MDF	11.0	13.5	14.5	18.5	19.3

Source: Company, BOBCAPS Research

Key risks

Key upside/downside risks to our estimates:

- Sharp recovery in plywood demand and MDF prices and quick turnaround of furniture hardware JV business are key upside risks
- Muted plywood demand, weak domestic MDF prices and elevated timber prices are key downside risks to our call

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	21,799	24,876	26,072	28,329	30,975
EBITDA	1,875	2,377	2,633	3,249	3,658
Depreciation	545	601	648	727	791
EBIT	1,329	1,775	1,984	2,522	2,867
Net interest inc./(exp.)	(433)	(431)	(609)	(570)	(536)
Other inc./(exp.)	139	165	184	70	70
Exceptional items	7	0	0	0	0
EBT	1,028	1,509	1,560	2,022	2,401
Income taxes	298	253	340	484	583
Extraordinary items	(135)	0	0	0	0
Min. int./Inc. from assoc.	(13)	(340)	(253)	(100)	(86)
Reported net profit	852	916	967	1,438	1,732
Adjustments	(95)	0	0	0	0
Adjusted net profit	757	916	967	1,438	1,732

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	3,329	5,354	3,928	4,268	4,667
Other current liabilities	700	890	890	890	890
Provisions	23	34	36	39	43
Debt funds	5,246	4,883	5,268	5,095	4,650
Other liabilities	246	272	272	272	272
Equity capital	124	125	125	125	125
Reserves & surplus	6,970	7,962	8,862	10,202	11,817
Shareholders' fund	7,096	8,087	8,988	10,328	11,943
Total liab. and equities	16,639	19,520	19,381	20,892	22,464
Cash and cash eq.	224	247	(257)	(203)	(198)
Accounts receivables	2,490	3,233	3,389	3,682	4,026
Inventories	3,478	5,179	4,259	4,597	5,049
Other current assets	724	574	601	653	714
Investments	435	673	923	923	923
Net fixed assets	8,096	8,007	8,858	9,631	10,341
CWIP	124	442	442	442	442
Intangible assets	555	561	561	561	561
Deferred tax assets, net	131	178	178	178	178
Other assets	384	429	429	429	429
Total assets	16,639	19,522	19,383	20,894	22,465

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	1,461	1,650	1,352	2,325	2,534
Capital expenditures	402	(837)	(1,500)	(1,500)	(1,500)
Change in investments	(371)	(238)	(250)	0	0
Other investing cash flows	267	165	184	70	70
Cash flow from investing	298	(910)	(1,566)	(1,430)	(1,430)
Equities issued/Others	1	1	0	0	0
Debt raised/repaid	(1,374)	(363)	385	(173)	(445)
Interest expenses	(433)	(431)	(609)	(570)	(536)
Dividends paid	(62)	(62)	(66)	(98)	(118)
Other financing cash flows	19	137	0	0	0
Cash flow from financing	(1,850)	(718)	(290)	(841)	(1,099)
Chg in cash & cash eq.	(90)	22	(504)	54	5
Closing cash & cash eq.	224	246	(258)	(204)	(199)

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	6.9	7.3	7.7	11.5	13.9
Adjusted EPS	6.1	7.3	7.7	11.5	13.9
Dividend per share	0.5	0.5	0.5	0.8	0.9
Book value per share	57.4	64.8	72.0	82.7	95.6

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	2.0	1.7	1.6	1.5	1.4
EV/EBITDA	22.9	17.7	16.1	13.1	11.6
Adjusted P/E	48.6	40.6	38.5	25.9	21.5
P/BV	5.2	4.6	4.1	3.6	3.1

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	73.7	60.7	62.0	71.1	72.1
Interest burden (PBT/EBIT)	77.3	85.0	78.6	80.2	83.8
EBIT margin (EBIT/Revenue)	6.1	7.1	7.6	8.9	9.3
Asset turnover (Rev./Avg TA)	131.0	127.4	134.5	135.6	137.9
Leverage (Avg TA/Avg Equity)	2.3	2.4	2.2	2.0	1.9
Adjusted ROAE	10.7	11.3	10.8	13.9	14.5

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	31.1	14.1	4.8	8.7	9.3
EBITDA	17.3	26.8	10.8	23.4	12.6
Adjusted EPS	(26.7)	19.9	5.5	48.8	20.5

Profitability & Return ratios (%)

EBITDA margin	8.6	9.6	10.1	11.5	11.8
EBIT margin	6.1	7.1	7.6	8.9	9.3
Adjusted profit margin	3.5	3.7	3.7	5.1	5.6
Adjusted ROAE	11.2	12.1	11.3	14.9	15.6
ROCE	11.9	15.0	15.2	16.8	17.7

Working capital days (days)

Receivables	42	47	47	47	47
Inventory	58	76	60	59	59
Payables	56	79	55	55	55

Ratios (x)

Gross asset turnover	2.7	2.4	2.3	2.2	2.2
Current ratio	1.3	1.2	1.4	1.4	1.4
Net interest coverage ratio	3.1	4.1	3.3	4.4	5.3
Adjusted debt/equity	0.7	0.6	0.6	0.5	0.4

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

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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%

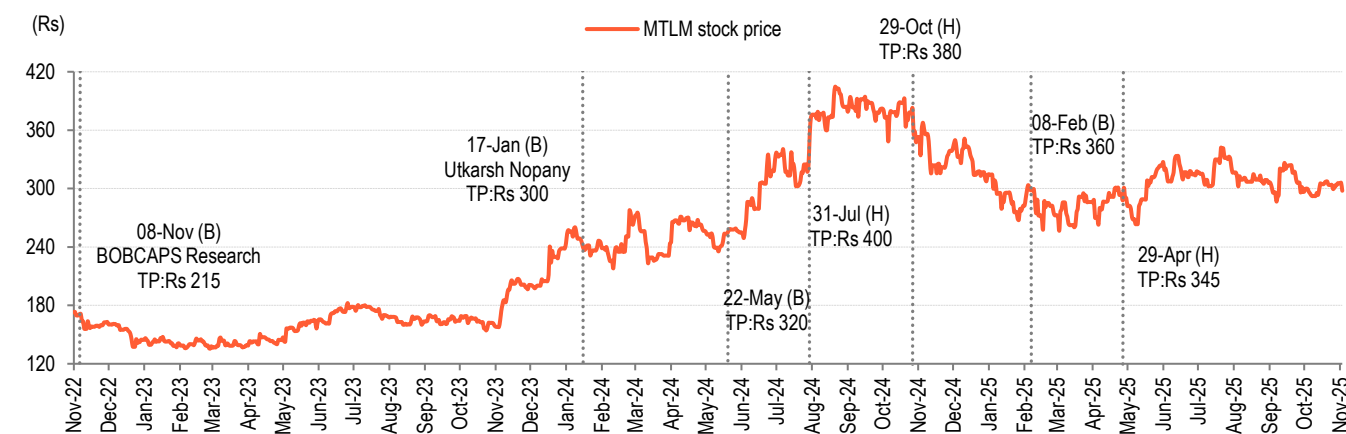
HOLD – Expected return from -6% to +15%

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): GREENPLY INDUSTRIES (MTLM IN)



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

Analyst certification

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