

February 7, 2025

## Q3FY25 Result Update

☒ Change in Estimates | ☒ Target | ☒ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	<b>HOLD</b>		<b>BUY</b>	
<b>Target Price</b>	<b>373</b>		<b>427</b>	
Sales (Rs. m)	17,768	21,757	19,814	23,232
% Chng.	(10.3)	(6.4)		
EBITDA (Rs. m)	2,146	3,759	3,265	4,223
% Chng.	(34.3)	(11.0)		
EPS (Rs.)	8.9	18.3	15.8	21.0
% Chng.	(43.8)	(12.8)		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	15,673	14,670	17,768	21,757
EBITDA (Rs. m)	2,465	1,090	2,146	3,759
Margin (%)	15.7	7.4	12.1	17.3
PAT (Rs. m)	1,427	521	1,086	2,245
EPS (Rs.)	11.6	4.3	8.9	18.3
Gr. (Rs.)	(43.0)	(63.5)	108.3	106.7
DPS (Rs.)	0.3	0.3	0.3	0.3
Yield (%)	0.1	0.1	0.1	0.1
RoE (%)	11.4	3.9	7.9	15.0
RoCE (%)	13.2	3.6	9.5	17.8
EV/Sales (x)	2.8	3.0	2.4	1.9
EV/EBITDA (x)	17.6	40.9	20.2	11.0
PE (x)	30.3	82.8	39.7	19.2
P/BV (x)	3.3	3.2	3.1	2.7

### Key Data GREP.BO | GREENP IN

52-W High / Low	Rs.427 / Rs.268
Sensex / Nifty	77,860 / 23,560
Market Cap	Rs.43bn/ \$ 494m
Shares Outstanding	123m
3M Avg. Daily Value	Rs.58.35m

### Shareholding Pattern (%)

Promoter's	53.12
Foreign	3.00
Domestic Institution	28.47
Public & Others	15.40
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(3.5)	(4.1)	(9.2)
Relative	(3.1)	(2.1)	(15.9)

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## Higher timber prices result in poor performance

We are downgrading our recommendation to HOLD from BUY given the continued disappointing performance. We cut our FY25/FY26/FY27E EPS estimates significantly by 48.7%/43.8%/12.8% to factor in elevated timber prices and higher MDF capacity restricting realization to improve which we believe would continue for couple of quarters. Further, we revise TP to Rs373 (Rs427 earlier), based on 20x FY27E earnings. GREENP has guided for flat YoY domestic MDF volume growth for FY25, downward revised from 15-18% YoY for H2FY25 earlier. However, we have considered MDF volume growth at -3.8% for FY25. MDF domestic realization decreased 5.5% YoY in Q3FY25 due to competitive pricing. MDF exports were affected as the company operated on FOB basis and halted shipments to customers unwilling to absorb the significant rise in wood prices, resulting in reduced export revenue and volume.

We believe consolidated low EBITDA margin will continue in FY25 at 7.4% with 1) steep increase in timber prices (up 13.7% QoQ), 2) higher OEM vol in the MDF segment, 3) lower domestic volumes, and 4) lower realization with competition in MDF. Timber prices will continue to impact margins in coming quarters. The management has indicated moderation in timber prices only with new crop arrival from FY26. We estimate revenue/EBITDA/PAT CAGR of 11.6%/15.1%/16.3% over FY24-27E with MDF volume CAGR of 11.2%. Downgrade to HOLD.

**Revenue declines by 6.8%, adj PAT declines 69.3%:** Revenue was down 6.8% YoY to ~Rs3.6bn (PLe: Rs3.9bn). MDF segment revenue declined 5.8% YoY to Rs3.3bn. MDF volume declined by 1.9% YoY to 116k CBM (domestic volume declined by 0.6%, exports by 7.5%), blended realization stood at Rs28,079/CBM (-4.4% YoY), and domestic realization was Rs29,867/CBM (-5.5% YoY). Plywood segment reported revenue of Rs321.9mn, down 16.1% YoY. Plywood volume declined by 16.9% YoY and reported realization was Rs252/sqm. EBITDA declined by 71.1% YoY to Rs173mn (PLe: Rs464mn). EBITDA margin contracted by ~1072bps YoY to 4.8% (PLe: 12.0%). MDF EBITDA margin contracted to 5.1% due to increase in wood prices. PBT declined by 85.9% YoY to Rs52mn (PLe: Rs303mn). Adj PAT declined by 69.3% YoY to Rs85mn (PLe: Rs226mn).

**Concall highlights:** 1) GREENP has revised its domestic MDF volume growth guidance from 15-18% YoY for H2FY25 to flat in FY25. For FY26, the company is targeting volume growth of 8-10% in existing capacity plus utilization of 40-50% in the new plant. 2) MDF export volume declined as the company stopped exporting to customers unwilling to absorb the rise in wood prices. Additionally, 80% of exports were on FOB basis, resulting in lower realization. 3) Domestic realization was impacted as no price cuts were taken in Q3FY25, while the 4% price reduction in mid-Aug'24 had its full impact in the quarter. 4) Imports increased significantly to 20-22k CBM/month, from 10k in Q2, likely due to BIS implementation. 5) Timber prices in the North stood at Rs7.2/kg (vs Rs5.7/kg), up 25.2% YoY, & the South stood at Rs6.2/kg (vs Rs4.4/kg), up 40.3% YoY. Blended prices stood at Rs6.6/kg. 6) Contribution of VAP stood at 49% in volume terms and 61% in value terms. 7) GREENP is revamping its plywood business model,

including restructuring the sales team and dealer network, which will result in 15–20% volume improvement, from Q1FY26. **8)** Domestic industry demand for MDF is 2.7–2.8mn CBM, while capacity stands at 4.2–4.5mn CBM, indicating an oversupply in the industry.

**Exhibit 1: Q3FY25 Result Overview: Revenue declines by 6.8% YoY, adj PAT declines by 69.3% YoY**

Y/e March (Rs mn)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
<b>Net Sales</b>	<b>3,594</b>	<b>3,857</b>	<b>(6.8)</b>	<b>3,369</b>	<b>6.7</b>	<b>10,613</b>	<b>11,705</b>	<b>(9.3)</b>
Gross Profit	1,561	2,165	(27.9)	1,658	(5.8)	5,083	6,632	(23.3)
% of N S	43.4	56.1	-12.72	49.2		47.9	56.7	
Other Expenses	1,043	1,231	(15.3)	1,005	3.8	4,251	4,684	(9.3)
% of N S	29.0	31.9		29.8		40.1	40.0	
<b>EBITDA</b>	<b>173</b>	<b>600</b>	<b>(71.1)</b>	<b>299</b>	<b>(41.9)</b>	<b>833</b>	<b>1,948</b>	<b>(57.2)</b>
Margin (%)	4.8	15.6	-10.72	8.9		7.8	16.6	
Depreciation	194	179	8.2	193	0.5	576	546	5.5
Interest	-7	62	(111.3)	34	(120.7)	29	121	(75.9)
Other income	66	11	485.5	62	5.6	173	139	24.4
<b>PBT</b>	<b>52</b>	<b>370</b>	<b>(85.9)</b>	<b>134</b>	<b>(61.1)</b>	<b>400</b>	<b>1,419</b>	<b>(71.8)</b>
Tax	-33	105	(131.4)	-51	(35.5)	-27	377	(107.3)
ETR (%)	-63.3	28.4		-38.1		-6.9	26.5	
<b>Adj. PAT</b>	<b>85</b>	<b>277</b>	<b>(69.3)</b>	<b>185</b>	<b>(54.0)</b>	<b>427</b>	<b>1,043</b>	<b>(59.0)</b>

Source: Company, PL

**Exhibit 2: Segmental Breakup: MDF vol declines by 1.9% YoY with EBIT margin at 8.7%**

Y/e March (Rs mn)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
<b>Revenues</b>								
Plywood	321.9	384	(16.1)	369	(12.7)	1,014	1,266	(19.9)
MDF	3,272.5	3,474	(5.8)	3,000	9.1	9,598	10,441	(8.1)
<b>EBIT</b>								
Plywood	23.6	2	1,275.5	23	4.1	61	80	(22.9)
EBIT margin (%)	7.3	0.4		6.2		6.0	6.3	
MDF	285.7	702	(59.3)	353	(19.0)	1,195	2,294	(47.9)
EBIT margin (%)	8.7	20.2	(1,148.8)	11.8		12.5	22.0	

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Net Revenues</b>	<b>15,673</b>	<b>14,670</b>	<b>17,768</b>	<b>21,757</b>
YoY gr. (%)	(12.1)	(6.4)	21.1	22.5
Cost of Goods Sold	9,196	9,126	10,434	12,232
Gross Profit	6,477	5,543	7,334	9,525
Margin (%)	41.3	37.8	41.3	43.8
Employee Cost	1,406	1,484	1,652	2,023
Other Expenses	2,252	2,456	2,914	3,024
<b>EBITDA</b>	<b>2,465</b>	<b>1,090</b>	<b>2,146</b>	<b>3,759</b>
YoY gr. (%)	(40.8)	(55.8)	96.9	75.2
Margin (%)	15.7	7.4	12.1	17.3
Depreciation and Amortization	729	762	858	948
<b>EBIT</b>	<b>1,736</b>	<b>328</b>	<b>1,288</b>	<b>2,812</b>
Margin (%)	11.1	2.2	7.3	12.9
Net Interest	123	40	98	97
Other Income	219	239	239	239
<b>Profit Before Tax</b>	<b>1,832</b>	<b>527</b>	<b>1,429</b>	<b>2,954</b>
Margin (%)	11.7	3.6	8.0	13.6
Total Tax	405	6	343	709
Effective tax rate (%)	22.1	1.1	24.0	24.0
<b>Profit after tax</b>	<b>1,427</b>	<b>521</b>	<b>1,086</b>	<b>2,245</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>1,427</b>	<b>521</b>	<b>1,086</b>	<b>2,245</b>
YoY gr. (%)	(43.0)	(63.5)	108.3	106.7
Margin (%)	9.1	3.6	6.1	10.3
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>1,427</b>	<b>521</b>	<b>1,086</b>	<b>2,245</b>
YoY gr. (%)	(44.4)	(63.5)	108.3	106.7
Margin (%)	9.1	3.6	6.1	10.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,427	521	1,086	2,245
<b>Equity Shares O/s (m)</b>	<b>123</b>	<b>123</b>	<b>123</b>	<b>123</b>
<b>EPS (Rs)</b>	<b>11.6</b>	<b>4.3</b>	<b>8.9</b>	<b>18.3</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>15,471</b>	<b>16,971</b>	<b>18,971</b>	<b>20,571</b>
Tangibles	15,097	16,597	18,597	20,197
Intangibles	375	375	375	375
<b>Acc: Dep / Amortization</b>	<b>5,204</b>	<b>5,967</b>	<b>6,824</b>	<b>7,772</b>
Tangibles	5,204	5,967	6,824	7,772
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>10,267</b>	<b>11,005</b>	<b>12,147</b>	<b>12,800</b>
Tangibles	9,892	10,630	11,772	12,425
Intangibles	375	375	375	375
Capital Work In Progress	3,127	3,627	1,627	527
Goodwill	-	-	-	-
Non-Current Investments	218	218	218	218
Net Deferred tax assets	(1,010)	(1,010)	(1,010)	(1,010)
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	975	975	975	975
Inventories	2,016	2,219	2,504	2,938
Trade receivables	290	272	329	403
Cash & Bank Balance	1,404	210	1,106	2,845
Other Current Assets	610	594	644	707
<b>Total Assets</b>	<b>18,907</b>	<b>19,121</b>	<b>19,551</b>	<b>21,414</b>
<b>Equity</b>				
Equity Share Capital	123	123	123	123
Other Equity	13,049	13,202	13,921	15,797
<b>Total Networth</b>	<b>13,171</b>	<b>13,325</b>	<b>14,043</b>	<b>15,920</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	2,375	2,305	2,005	1,705
Provisions	89	89	89	89
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	304	304	304	304
Trade payables	1,094	1,026	1,242	1,521
Other current liabilities	647	645	650	656
<b>Total Equity &amp; Liabilities</b>	<b>18,907</b>	<b>19,121</b>	<b>19,551</b>	<b>21,414</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	1,832	527	1,429	2,954
Add. Depreciation	729	762	858	948
Add. Interest	123	40	98	97
Less Financial Other Income	219	239	239	239
Add. Other	(303)	(210)	(210)	(210)
Op. profit before WC changes	2,380	1,119	2,175	3,788
Net Changes-WC	(662)	(39)	(380)	(285)
Direct tax	(369)	(6)	(343)	(709)
<b>Net cash from Op. activities</b>	<b>1,349</b>	<b>1,074</b>	<b>1,452</b>	<b>2,794</b>
Capital expenditures	(3,474)	(2,000)	-	(500)
Interest / Dividend Income	189	210	210	210
Others	1,700	-	-	-
<b>Net Cash from Invst. activities</b>	<b>(1,585)</b>	<b>(1,790)</b>	<b>210</b>	<b>(290)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	1,054	(70)	(300)	(300)
Dividend paid	(184)	(368)	(368)	(368)
Interest paid	(264)	(40)	(98)	(97)
Others	(103)	-	-	-
<b>Net cash from Fin. activities</b>	<b>503</b>	<b>(478)</b>	<b>(766)</b>	<b>(765)</b>
<b>Net change in cash</b>	<b>268</b>	<b>(1,193)</b>	<b>896</b>	<b>1,739</b>
Free Cash Flow	(2,124)	(926)	1,452	2,294

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	11.6	4.3	8.9	18.3
CEPS	17.6	10.5	15.9	26.0
BVPS	107.4	108.7	114.5	129.8
FCF	(17.3)	(7.5)	11.8	18.7
DPS	0.3	0.3	0.3	0.3
<b>Return Ratio(%)</b>				
RoCE	13.2	3.6	9.5	17.8
ROIC	10.8	2.2	7.0	16.0
RoE	11.4	3.9	7.9	15.0
<b>Balance Sheet</b>				
Net Debt : Equity (x)	0.0	0.1	0.0	(0.1)
Net Working Capital (Days)	28	36	33	31
<b>Valuation(x)</b>				
PER	30.3	82.8	39.7	19.2
P/B	3.3	3.2	3.1	2.7
P/CEPS	20.0	33.6	22.2	13.5
EV/EBITDA	17.6	40.9	20.2	11.0
EV/Sales	2.8	3.0	2.4	1.9
Dividend Yield (%)	0.1	0.1	0.1	0.1

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
<b>Net Revenue</b>	<b>3,966</b>	<b>3,650</b>	<b>3,369</b>	<b>3,594</b>
YoY gr. (%)	(10.2)	(5.5)	(15.5)	(6.8)
Raw Material Expenses	1,834	1,785	1,711	2,034
Gross Profit	2,132	1,865	1,658	1,561
Margin (%)	53.8	51.1	49.2	43.4
<b>EBITDA</b>	<b>513</b>	<b>360</b>	<b>299</b>	<b>173</b>
YoY gr. (%)	(32.7)	(45.2)	(56.8)	(71.1)
Margin (%)	12.9	9.9	8.9	4.8
Depreciation / Depletion	182	189	193	194
<b>EBIT</b>	<b>331</b>	<b>171</b>	<b>106</b>	<b>(20)</b>
Margin (%)	8.3	4.7	3.1	(0.6)
Net Interest	2	2	34	(7)
Other Income	74	45	62	66
<b>Profit before Tax</b>	<b>403</b>	<b>214</b>	<b>134</b>	<b>52</b>
Margin (%)	10.2	5.9	4.0	1.4
Total Tax	105	57	(51)	(33)
Effective tax rate (%)	26.0	26.5	(38.1)	(63.3)
<b>Profit after Tax</b>	<b>298</b>	<b>157</b>	<b>185</b>	<b>85</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>298</b>	<b>157</b>	<b>185</b>	<b>85</b>
YoY gr. (%)	(56.8)	(57.9)	(54.9)	(69.3)
Margin (%)	7.5	4.3	5.5	2.4
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>298</b>	<b>157</b>	<b>185</b>	<b>85</b>
YoY gr. (%)	(56.8)	(57.9)	(54.9)	(69.3)
Margin (%)	7.5	4.3	5.5	2.4
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>298</b>	<b>157</b>	<b>185</b>	<b>85</b>
Avg. Shares O/s (m)	123	123	123	123
<b>EPS (Rs)</b>	<b>2.4</b>	<b>1.3</b>	<b>1.5</b>	<b>0.7</b>

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-25	BUY	427	361
2	29-Oct-24	Accumulate	450	376
3	08-Oct-24	Accumulate	450	390
4	31-Jul-24	Accumulate	390	356
5	07-Jul-24	Accumulate	359	330
6	03-May-24	Accumulate	355	310
7	11-Apr-24	BUY	420	325

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Astral Ltd.	BUY	1,808	1,470
2	Avalon Technologies	Hold	899	938
3	Bajaj Electricals	Reduce	647	733
4	Century Plyboard (I)	Hold	811	823
5	Cera Sanitaryware	Hold	7,712	7,188
6	Crompton Greaves Consumer Electricals	BUY	536	368
7	Cyient DLM	BUY	692	515
8	Finolex Industries	Accumulate	270	233
9	Greenpanel Industries	BUY	427	361
10	Havells India	BUY	1,890	1,578
11	Kajaria Ceramics	BUY	1,224	960
12	Kaynes Technology India	BUY	5,528	4,661
13	KEI Industries	BUY	5,041	4,128
14	Polycab India	BUY	8,233	6,251
15	R R Kabel	BUY	1,812	1,245
16	Supreme Industries	BUY	5,040	4,022
17	Syrma SGS Technology	BUY	629	505
18	Voltas	BUY	1,593	1,261

PL's Recommendation Nomenclature (Absolute Performance)

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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