

Rating: HOLD | CMP: Rs352 | TP: Rs373

February 7, 2025

Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

Change in Estimates

Rating	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		BUY	
Target Price	373		427	
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. (%)	(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. (%)
Net Sales	3,594	3,857	(6.8)	3,369	6.7	10,613	11,705	(9.3)
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	
EBITDA	173	600	(71.1)	299	(41.9)	833	1,948	(57.2)
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
PBT	52	370	(85.9)	134	(61.1)	400	1,419	(71.8)
Tax	-33	105	(131.4)	-51	(35.5)	-27	377	(107.3)
ETR (%)	-63.3	28.4		-38.1		-6.9	26.5	
Adj. PAT	85	277	(69.3)	185	(54.0)	427	1,043	(59.0)

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. (%)
Revenues								
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)
EBIT								
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
Net Revenues	15,673	14,670	17,768	21,757
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
EBITDA	2,465	1,090	2,146	3,759
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
EBIT	1,736	328	1,288	2,812
Margin (%)	11.1	2.2	7.3	12.9
Net Interest	123	40	98	97
Other Income	219	239	239	239
Profit Before Tax	1,832	527	1,429	2,954
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
Profit after tax	1,427	521	1,086	2,245
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,427	521	1,086	2,245
YoY gr. (%)	(43.0)	(63.5)	108.3	106.7
Margin (%)	9.1	3.6	6.1	10.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,427	521	1,086	2,245
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
Equity Shares O/s (m)	123	123	123	123
EPS (Rs)	11.6	4.3	8.9	18.3

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	15,471	16,971	18,971	20,571
Tangibles	15,097	16,597	18,597	20,197
Intangibles	375	375	375	375
Acc: Dep / Amortization	5,204	5,967	6,824	7,772
Tangibles	5,204	5,967	6,824	7,772
Intangibles	-	-	-	-
Net fixed assets	10,267	11,005	12,147	12,800
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	-	-	-	-
Current Assets				
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
Total Assets	18,907	19,121	19,551	21,414
Equity				
Equity Share Capital	123	123	123	123
Other Equity	13,049	13,202	13,921	15,797
Total Networth	13,171	13,325	14,043	15,920
Non-Current Liabilities				
Long Term borrowings	2,375	2,305	2,005	1,705
Provisions	89	89	89	89
Other non current liabilities	-	-	-	-
Current Liabilities				
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
Total Equity & Liabilities	18,907	19,121	19,551	21,414

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)
Net cash from Op. activities	1,349	1,074	1,452	2,794
Capital expenditures	(3,474)	(2,000)	-	(500)
Interest / Dividend Income	189	210	210	210
Others	1,700	-	-	-
Net Cash from Invt. activities	(1,585)	(1,790)	210	(290)
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)	-	-	-
Net cash from Fin. activities	503	(478)	(766)	(765)
Net change in cash	268	(1,193)	896	1,739
Free Cash Flow	(2,124)	(926)	1,452	2,294

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
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
Return Ratio(%)				
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
Balance Sheet				
Net Debt : Equity (x)	0.0	0.1	0.0	(0.1)
Net Working Capital (Days)	28	36	33	31
Valuation(x)				
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
Net Revenue	3,966	3,650	3,369	3,594
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
EBITDA	513	360	299	173
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
EBIT	331	171	106	(20)
Margin (%)	8.3	4.7	3.1	(0.6)
Net Interest	2	2	34	(7)
Other Income	74	45	62	66
Profit before Tax	403	214	134	52
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)
Profit after Tax	298	157	185	85
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	298	157	185	85
YoY gr. (%)	(56.8)	(57.9)	(54.9)	(69.3)
Margin (%)	7.5	4.3	5.5	2.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	298	157	185	85
YoY gr. (%)	(56.8)	(57.9)	(54.9)	(69.3)
Margin (%)	7.5	4.3	5.5	2.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	298	157	185	85
Avg. Shares O/s (m)	123	123	123	123
EPS (Rs)	2.4	1.3	1.5	0.7

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	Volta	BUY	1,593	1,261

PL's Recommendation Nomenclature (Absolute Performance)

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

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