



Headwinds still persist

Greenpanel Industries Q1FY25 performance was largely impacted by election related disruptions, increased domestic supply and rise in timber costs.

Q2FY25 performance will improve on account of improved demand scenario leading to higher volume growth but realisation and margins will remain under check owing to excess supply and higher timber costs. We maintain our NEUTRAL stance on the company which we had given since Q2FY24.

What could go against our Neutral Call?

BIS norms to kick in from Feb'25 restricting cheap quality imports and reduction in timber costs from CY25 leading to improvement in overall margin profile.

Q1 Segmental Performance:

MDF

- Sales at 3650 Mn (-8% QoQ) (-5.5% YoY)
- Volumes at 1,19,071 CBM (-6.4% QoQ) (+2.8% YoY)
- Blended Realisations at 27,864/CBM (-2% QoQ) (-5% YoY)
- EBITDA margins at 12.1% (-430 bps QoQ) (-830bps YoY)

Plywood

- Sales at 323.7 Mn (-9% QoQ) (-28% YoY)
- Volumes at 1.22 Mn Sqm (-14% QoQ) (-23% YoY)
- Blended Realisations at 266/sqm (+6% QoQ) (-6% YoY)
- EBITDA margins at -2.2% (+830bps QoQ) (-810bps YoY)

Financial Summary

Y/E Mar (Rs mn)	FY21	FY22	FY23	FY24	FY25E	FY26E
Net sales	10,208	16,250	17,829	15,673	17,496	21,723
EBIDTA	2,034	4,304	4,165	2,465	2,418	3,525
Margins (%)	19.9	26.5	23.4	15.7	13.8	16.2
Adjusted net profit	688	2,405	2,565	1,427	1,206	1,952
EPS (Rs)	5.6	19.6	20.9	11.64	9.84	15.92
P/E (x)	62	18	17	30	36	22
EV/EBITDA (x)	23	10	10	18	18	12
RoCE (%)	11.44%	28.93%	24.89%	10.95%	9.25%	13.88%
RoE (%)	9.42%	25.27%	21.49%	10.83%	8.50%	12.23%

Source: Company, Dalal & Broacha Research

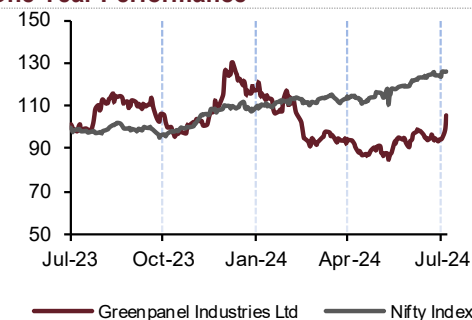
Rating	TP (Rs)	Up/Dn (%)
NEUTRAL	318	-9

Market data

Current price	Rs	350
Market Cap (Rs.Bn)	(Rs Bn)	44
Market Cap (US\$ Mn)	(US\$ Mn)	522
Face Value	Rs	1
52 Weeks High/Low	Rs	449.9 / 267.95
Average Daily Volume	('000)	305
BSE Code		542857
Bloomberg		GREENP.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Jun-24	Mar-24
Promoters	52.0	52.0
Public	48.0	48.0
Total	100	100

Source: Bloomberg

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Key Financial Highlights:

- Revenue at Rs 3,650Mn, -8% qoq/-5.5% yoy
- EBITDA (excl OI) at Rs 360Mn, -45.2% qoq/-29.7% yoy
- EBITDA margin at 9.88% vs 17.04% vs 12.94% in Q1FY24/Q4FY24
- PAT at Rs 157Mn, -57.9% qoq/-47.3% yoy
- EPS at Rs 1.28 vs 3.04/2.43 in Q1FY24/Q4FY24

Outlook:

- MDF overall volume guidance for FY25 is targeted at 15%
- Plywood volume guidance for FY25 is targeted at 8%
- MDF EBITDA margin guidance for the year @16%
- New MDF plant to start commercial production in Q3FY25

Valuations and Outlook:

Greenpanel Industries Q1FY25 performance was largely impacted by election related disruptions, increased domestic supply and rise in timber costs.

Q2FY25 performance will improve on account of improved demand scenario leading to higher volume growth but realisation and margins will remain under check for the full year owing to excess supply and higher timber costs. **We maintain our NEUTRAL stance on the company which we had given since Q2FY24. At CMP of Rs 350, the company is trading at 36x FY25E EPS of Rs 9.84 and 22x FY26E EPS of Rs 15.92. We have reduced our EPS estimates in FY26 by 8% and arrive at a target price of Rs 318.**

Concall Highlights:

MDF Division

- **Already improvement in demand is seen in Q2 with YoY growth**
- Operating margins were impacted due to lower overall volumes, higher timber cost and higher export share. *Management believes that MDF operating margins have bottomed out*
- OEM contributed ~25% of domestic volume
- New thin MDF plant will start commercial production in Q3FY25, expect volume to shift from smaller players. At current pricing, EBITDA positive would be achieved at ~55% capacity utilisation
- Demand in this segment continues to be robust but excess supply is taking away market share
- The volume based incentive scheme was mainly for the value added products and it was effective even in Q1 in order to maintain volume trajectory.
- Target of 60-65% volume as value add in next 2 years, currently at 47%
- Imported landed MDF price is ~21,000/CBM (~5% lower to domestic pricing)

Ply Division

- Management remains confident for ply volumes to improve and possibility of price hike in Q2.
- The company is targeting to be EBITDA positive by year end
- Deco veneers segment is discontinued
- Change in sale strategy has led to more distributors selling plywood and this has resulted in a lot of savings in other expenses

Timber prices

- Timber has increased 6% sequentially. The blended timber cost for the company for Q1 is Rs 6/kg
- The new plantation will see its output in June/July'25 wherein the timber supply might improve and the gross margins could see an improvement.

Working Capital

- Working capital days increased by 8 days to 36 days mainly due to increase in inventory days (at 58 days vs 47 days QoQ)

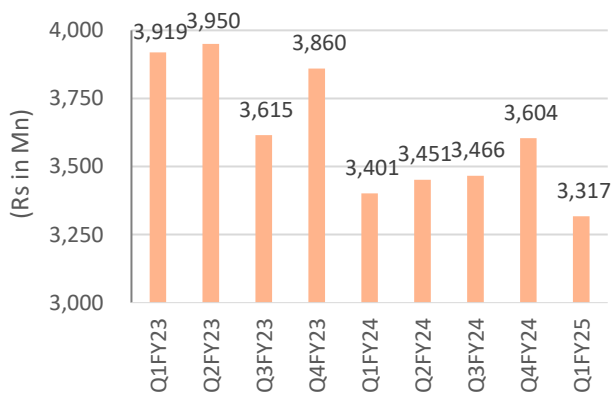
Quarterly Snapshot

Greenpanel Industries				YoY		
Particulars (Rs Mns)	Q1FY25	Q1FY24	Growth	Q4FY24	QoQ Growth	
Revenue from operations	3,650	3,862	-5.5%	3,966	-8.0%	
Other income	45	64	-29.2%	74	-39.0%	
Total Income	3,695	3,926		4,040		
Cost of goods sold	1,785	1,612	10.7%	1,834	-2.7%	
Employee Benefit expenses	362	333	8.8%	385	-6.0%	
Other Expenses	1,142	1,259	-9.3%	1,234	-7.4%	
EBITDA (excl other income)	360	658	-45.2%	513	-29.7%	
Less : Depreciation	189	182	4.0%	182	3.8%	
PBIT	171	476		331		
Less: Interest cost	2	40	-94.1%	2	34.3%	
PBT (before exceptional)	214	500	-57.2%	403	-46.9%	
Exceptional	-	-		-		
PBT (after exceptional)	214	500	-57.2%	403	-46.9%	
Less : Tax	57	127		105		
PAT	157	373	-57.8%	298	-47.3%	
EPS	1.28	3.04	-57.9%	2.43	-47.3%	
Gross Margins	51.10%	58.26%		53.75%		
EBITDA (excl OI) Margins	9.88%	17.04%		12.94%		
Net profit Margin	4.25%	9.49%		7.38%		
Revenue segment wise						
MDF	3,326	3,412	-2.5%	3,604	-7.7%	
Plywood	324	450	-28.1%	357	-9.3%	
EBITDA margins						
MDF	12.1%	20.40%		16.40%		
Plywood	-2.2%	5.90%		-10.50%		

* Consolidated P/L

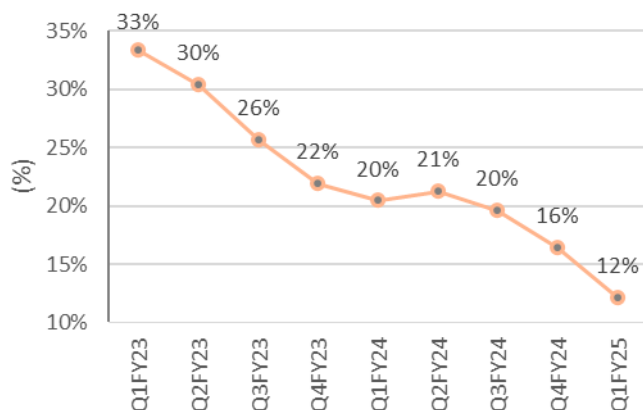
Focus Charts

Exhibit 1: MDF sales



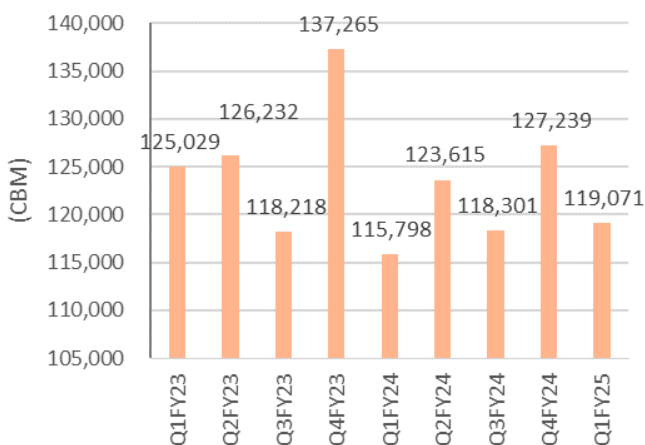
Source: Company, Dalal & Broacha Research

Exhibit 2: MDF EBITDA margins



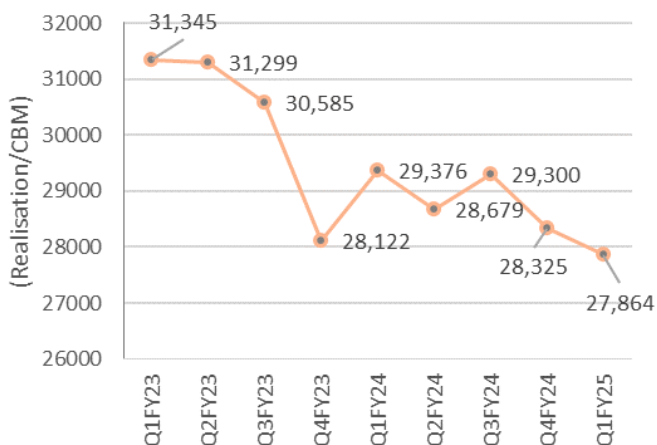
Source: Company, Dalal & Broacha Research

Exhibit 3: MDF Sales volume



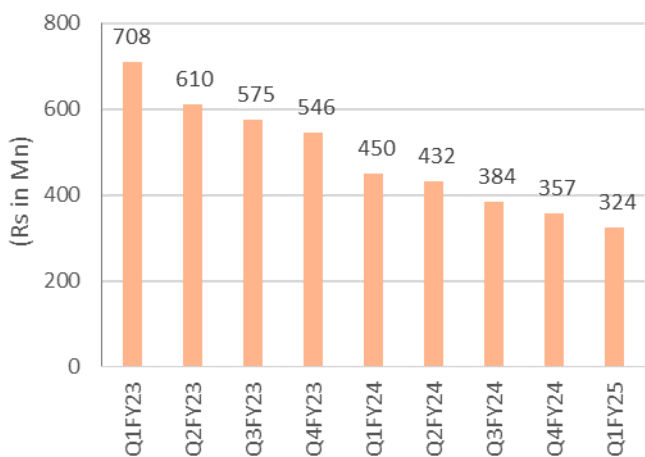
Source: Company, Dalal & Broacha Research

Exhibit 4: MDF Blended Realisation



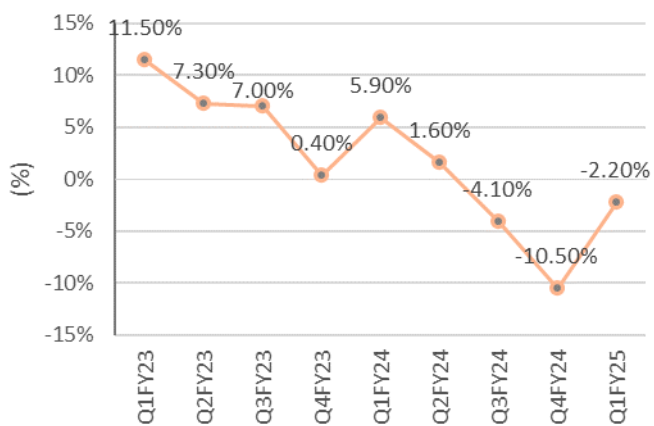
Source: Company, Dalal & Broacha Research

Exhibit 5: Plywood Sales



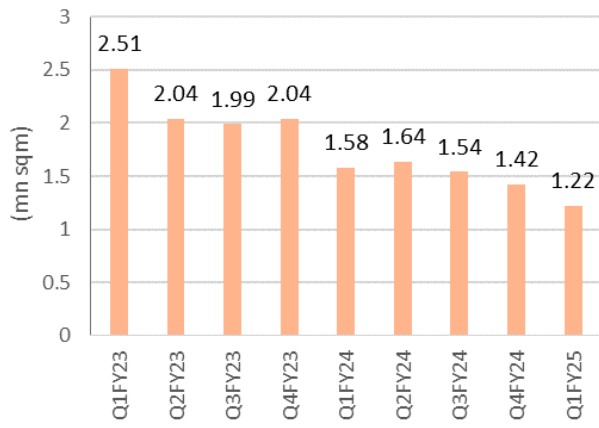
Source: Company, SSL

Exhibit 6: Plywood EBITDA margins



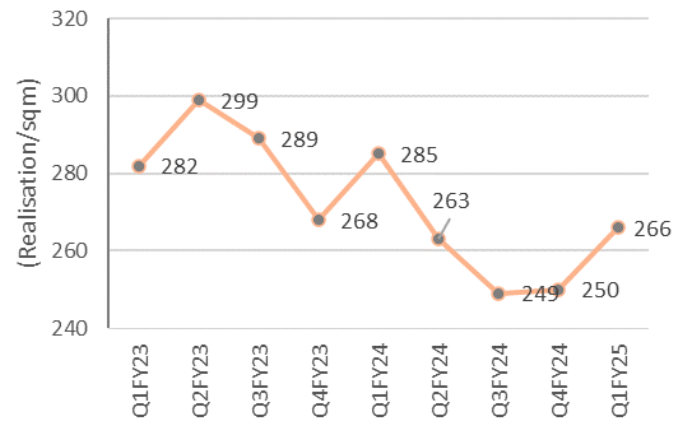
Source: Company, SSL

Exhibit 7: Plywood Sales volume



Source: Company, Dalal & Broacha Research

Exhibit 8: Plywood Realisation



Source: Company, Dalal & Broacha Research

FINANCIALS

P&L (Rs mn)	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	10,208	16,250	17,829	15,673	17,496	21,723
Total Operating Expenses	4,629	6,709	7,458	6,907	8,398	10,210
Employee Cost	979	1,284	1,397	1,406	1,519	1,580
Other Expenses	2,566	3,953	4,808	4,894	5,161	6,408
Operating Profit	2,034	4,304	4,165	2,465	2,418	3,525
Depreciation	686	734	720	729	882	1,008
PBIT	1,347	3,571	3,446	1,736	1,536	2,518
Other income	34	90	194	219	219	219
Interest	372	171	190	123	146	134
PBT (Before exceptional)	1,010	3,489	3,449	1,832	1,608	2,602
Exceptional	-	-	61	-	-	-
PBT (post exceptional)	1,010	3,489	3,510	1,832	1,608	2,602
Provision for tax	322	1,085	944	405	402	651
Reported PAT	688	2,405	2,565	1,427	1,206	1,952
MI	-	-	-	-	-	-
Net Profit	688	2,405	2,565	1,427	1,206	1,952
Adjusted Profit	688	2,405	2,565	1,427	1,206	1,952
Balance Sheet (Rs mn)	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity capital	123	123	123	123	123	123
Reserves	7,181	9,394	11,816	13,049	14,071	15,838
Net worth	7,304	9,516	11,939	13,171	14,193	15,961
Non Current Liabilites	4,388	2,790	2,770	3,692	3,528	3,440
Current Liabilites	2,860	3,117	2,340	2,044	2,077	2,270
TOTAL LIABILITIES	14,552	15,424	17,048	18,907	19,799	21,671
Non Current Assets	11,000	10,561	10,709	13,613	15,030	14,682
Fixed Assets	10,778	10,382	9,965	12,949	14,344	13,918
Goodwill	-	-	-	-	-	-
Non Current Investments	-	-	-	-	-	-
Deferred Tax Asset	-	-	-	-	-	-
Other Financial Assets	146	170	215	218	240	264
Other Non Current Assets	76	9	529	446	446	499
Current Assets	3,553	4,863	6,339	5,294	4,768	6,989
Current investments	-	-	-	975	-	-
Inventories	1,494	1,658	1,525	2,016	2,253	2,797
Trade Receivables	778	414	444	290	336	417
Cash and Bank Balances	725	2,226	3,778	1,404	1,541	3,069
Short Term Loans and Advances	4	7	5	5	10	10
Other Current Assets	552	557	587	605	629	697
TOTAL ASSETS	14,552	15,424	17,048	18,907	19,799	21,671

FINANCIALS

Cash Flow St. (Rs. mn)	FY21	FY22	FY23	FY24E	FY25E	FY26E
Cash flow from operating activities						
Profit before tax	1,010	3,489	3,449	1,832	1,608	2,602
Depreciation & Amortization	686	734	720	729	882	1,008
Interest expenses	372	171	190	123	146	134
Operating profit before working capital change	2,068	4,394	4,359	2,683	2,636	3,744
Working capital adjustment	63	280	(163)	(354)	(178)	(336)
Gross cash generated from operations	2,131	4,674	4,195	2,329	2,459	3,408
Net Direct taxes paid	(164)	(580)	(623)	(405)	(402)	(651)
Others	421	436	198	22	11	(106)
Cash generated from operations	1,546	3,657	3,374	1,946	2,068	2,652
	-	-	-	-	-	-
Cash flow from investing activities						
Capex	(127)	(336)	(803)	(3,712)	(2,277)	(582)
Investment	-	-	-	(975)	975	-
Others	18	(1,028)	(1,675)	-	-	-
Cash generated from investment activities	(109)	(1,364)	(2,478)	(4,687)	(1,302)	(582)
	-	-	-	-	-	-
Cash flow from financing activities						
Proceeds from issue of share	-	-	-	-	-	-
Borrowings/ (Repayments)	(1,117)	(1,468)	(1,002)	685	(298)	(225)
Interest paid	(222)	(115)	(85)	(123)	(146)	(134)
Dividend paid	-	(184)	-	(184)	(184)	(184)
Others	(80)	(82)	(249)	-	-	-
Cash generated from financing activities	(1,419)	(1,849)	(1,336)	367	(628)	(543)
	-	-	-	-	-	-
Net cash increase/ (decrease)	18	444	(440)	(2,375)	138	1,527
Ratios	FY21	FY22	FY23	FY24E	FY25E	FY26E
OPM	19.92%	26.49%	23.36%	15.73%	13.82%	16.23%
NPM	6.72%	14.72%	14.23%	8.98%	6.81%	8.89%
Tax Rate	31.85%	31.09%	26.91%	22.10%	25.00%	25.00%
Growth Ratios (%)						
Net Sales	16.45%	59.20%	9.71%	-12.09%	11.63%	24.16%
Operating Profit	47.61%	111.65%	-3.23%	-40.83%	-1.90%	45.82%
PBIT	347.81%	245.58%	-1.16%	-46.89%	-12.22%	61.83%
PAT	375.84%	249.47%	6.68%	-44.38%	-15.48%	61.83%
Per Share (Rs.)						
Net Earnings (EPS)	5.61	19.61	20.92	11.64	9.84	15.92
Cash Earnings (CPS)	11.21	25.60	26.79	17.58	17.03	24.14
Dividend	0.00	0.15	0.15	0.15	0.15	0.15
Book Value	59.57	77.62	97.38	107.43	115.77	130.19
Free Cash Flow	11.57	27.08	20.97	-14.41	-1.71	16.89
Valuation Ratios						
P/E(x)	62.36	17.84	16.73	30.07	35.58	21.99
P/B(x)	5.88	4.51	3.59	3.26	3.02	2.69
EV/EBIDTA(x)	22.94	10.11	9.85	17.93	18.11	11.92
Div. Yield(%)	-	0.04	0.04	0.04	0.04	0.04
FCFF Yield(%)	3.31	7.74	5.99	(4.12)	(0.49)	4.82
Return Ratios (%)						
ROE	9.42%	25.27%	21.49%	10.83%	8.50%	12.23%
ROCE	11.44%	28.93%	24.89%	10.95%	9.25%	13.88%

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