

August 1, 2025

## Healthy MDF segment performance ...

**About the stock:** Greenply Industries (GIL) is one the leading players in the plywood business in India with capacity of 52.8 mn sq. mt. per annum. It has a dealer distribution network of 3000+ pan-India.

- It has MDF boards business with manufacturing at Vadodara, Gujarat of 800 CBM/day. It plans to increase manufacturing capacity to 1000 CBM/day for value added products capability.

**Q1FY26 Performance:** Greenply's topline at ₹600.8 crore, was up 2.9% YoY. MDF revenues at ₹147.3 crore, was up 11.7% YoY with volumes of 46,350 CBM, up 8.5% YoY, and realization up 3.1% YoY. The plywood volumes were down 3.5% YoY to 17.1 MSM with revenues at ₹454 crore, flattish YoY (0.4% YoY). EBITDA was at ₹ 61.6 crore with margins of 10.3 % (up + 40 bps YoY), driven by MDF margins at 17.4%, up 80 bps, while the Plywood margins at 7.9% were up 10 bps YoY. PAT at ₹28.4 crore, down 14.3% YoY, given the losses in Samet JV and forex losses.

## Investment Rationale

- MDF healthy performance; margin to remain in a band amid supply:** The management indicated that import led dumping of MDF has come to an end but domestic over supply continued. While MDF segment is expected to ramp up, supply will keep the pricing lower (peers undertook 3-7% price cut in July, 2025) and margins in a narrow band. The management has guided for double digit volume growth in MDF along with EBITDA margins of 16%+ for FY26. We bake in MDF revenues to reach ₹ 765 crore in FY27 with margins of 16%.
- Plywood, earlier guidance looks challenging amid muted Q1:** The management attributed the Plywood weakness to steep decline in the month of June 2025 impacted by liquidity challenges and slower channel payments. Thus, achieving double digit volume growth (as guided earlier) in plywood segment in FY26 looks difficult. Nonetheless, it maintained its guidance of 10% EBITDA margins in FY26. We have baked in Plywood revenues at 7.7% CAGR over FY25-27 to ₹ 2273 crore, with margins reaching 9.5% in FY27.
- Improving Margins profile/earnings to drive return ratios expansion over medium term:** Given the higher MDF growth in the mix, overall margins are likely to expand to 11.1% in FY27 vs. 9.6% in FY25. The earnings CAGR of ~43% over FY25-27 to drive improvement in return ratios with ROCE likely to expand to 20.6% in FY27 vs. 15.1% in FY25.

## Rating and Target Price

- The implementation of BIS norms and consumer preference for branded products should aid growth of MDF and plywood segments in medium term
- We maintain BUY with a TP of ₹ 380, valuing at 25x FY27 P/E

## Key Financial Summary

(₹ Crore)	FY22	FY23	FY24	FY25E	5 yr CAGR (FY20-25)	FY26E	FY27E	2 yr CAGR (FY25-27E)
Net Sales	1562.8	1845.6	2179.9	2487.6	11.9%	2728.9	3038.4	10.5%
EBITDA	150.3	169.1	186.8	237.7	8.8%	291.3	338.7	19.4%
Net Profit	94.7	91.4	70.0	91.6	14.2%	146.6	187.7	43.1%
EPS (₹)	7.7	7.4	5.7	7.3		11.7	15.0	
P/E (x)	42.5	44.1	58.0	44.7		27.9	21.8	
EV/EBITDA (x)	28.7	28.0	24.6	19.2		15.3	12.7	
RoCE (%)	16.4	11.5	12.0	15.1		17.9	20.6	
RoE (%)	17.6	12.7	10.1	11.3		14.9	16.4	

Source: Company, ICICI Direct Research



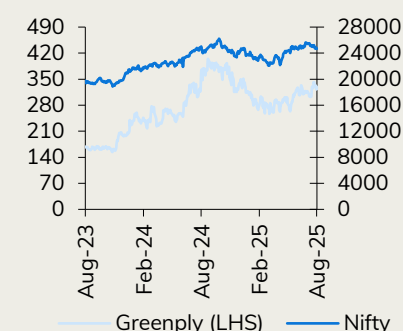
## Particulars

Particulars	(₹ crore)
Market Cap	4,096
Total Debt	446
Cash	15
EV	4,527
52 week H/L (₹)	392 / 149
Equity capital	12.3
Face value (₹)	1.0

## Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoters	52.0	51.7	51.7	51.7
DII	30.7	30.9	31.1	32.4
FII	5.6	5.8	5.4	4.5
Other	11.7	11.7	11.8	11.4

## Price Chart



## Key risks

- Slowdown in demand;
- Continued high imports of MDF

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## Performance highlights and outlook

- **Guidance** – The management stated that achieving double digit volume growth (as guided earlier) in plywood segment in FY26 looks difficult, albeit it would aspire for the same. Nonetheless, it maintained its guidance of 10% EBITDA margins for the Plywood segment in FY26. The management retained its guidance of double-digit volume growth in MDF along with EBITDA margins of 16%+ for FY26.
- **Plywood Business** – In the Plywood business, volume de-growth was attributable to steep decline in the month of June 2025 impacted by liquidity challenges and slower channel payments, which led to inventory build-up. However, management also stated that it saw a decent recovery in July, 2025, and thus Q2 is expected to be better with inventory reduction by end of the Q2.
- **MDF Business** - The MDF segment reported core EBITDA margin of 17.4%, was up 80 bps YoY due to increase in sales and optimizing operating overheads efficiently. The management indicated that import led dumping of MDF has come to an end but domestic over supply continued. While MDF segment is expected to ramp up, supply will keep the pricing and margins in a narrow band. The management reiterated that it continues to focus on sale of more value-added products with improving operational efficiencies. The MDF segment utilization stood at ~90%. The company is planning capacity expansion with capex of ~₹10 crore - ₹12 crore which will result into 25% more output. This will entail a plant shutdown for 2-3 weeks in Aug/Sep. Construction of HDF flooring line is completed with production expected to commence from Sep, 2025.
- **Timber prices** – The company indicated that timber prices in the MDF segment was down by ~2-3% QoQ. It also indicated Plywood timber prices were stable at ~₹ 9.5/kg. The company is expecting stability or slight decrease in timber prices in the second half of FY26 on account of increased timber plantation which should improve timber availability.
- **Pricing** – The company passed on the timber price decline (of 2-3%) benefit in July, albeit it was lower MDF price cut than peers which saw 5-7% price reduction. It also indicated that MDF prices are expected to remain under pressure in the near term due to surplus capacity, but expect the pricing to stabilize by H2FY26.
- **Investment in JV with Samet** - Greenply has reduced its stake in the joint venture with Samet from 49% to 19%, thereby lowering its exposure from USD 5.8 million to USD 3.8 million on the guarantee front. The remaining equity value on the company's books stands at approximately ₹2.5-3 crore. As a result of this stake reduction, the contingent liability associated with the JV has decreased from ₹50 crore to ₹32 crore. Additionally, a corporate guarantee of around USD 3 million (approximately ₹25 crore) remains currently.
- **Strategic Expansion into WPC and PVC Segment**: Greenply, already generating ₹65 crore annually from PVC products, is now setting up in-house manufacturing for WPC and PVC boards, doors, and frames. The move protects its core plywood segment from substitution while expanding into a growing category, with minimal capex. The management is targeting a topline of ₹200-220 crore over the next 3 years from the segment.
- **Furniture and Fittings JV** – In Q1 FY26, the JV reported ₹6.5 crore revenue and a ₹10.8 crore loss, with Greenply's share at ₹5.4 crore in line with the planned first-year investment phase with management looking at ₹15 crore – ₹18 crore loss for FY26. Over 200 dealers have been onboarded, with the base expected to reach 500-600 by next year. Phase 1 manufacturing is underway, while Phase 2 and 3 involving additional machinery will roll out over the next 12 months. The business currently relies partly on imports, affecting margins, but is expected to scale significantly from FY27.

- **Capex** – The company plans ₹100-₹140 crore capex for FY26. This includes ₹40 crore for an Odisha plywood plant and ₹10-₹14 crore for the MDF business.
- **Debt** – The company's net debt as of Q1 FY26 stood at ₹538 crore, which elevated due to inventory build-up, mainly in the plywood segment (in response to import restrictions) and in MDF, ahead of a plant shutdown. The management is confident of reduced inventory by H1FY26 end.

**Exhibit 1: Quarter Performance**

Particular	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Comments
Net Sales	600.8	583.9	2.9	648.8	-7.4	MDF revenues at ₹147.3 crore, was up 11.7% YoY with volumes of 46,350 CBM, up 8.5% YoY, and realization up 3.1% YoY. The plywood volumes were down 3.5% YoY to 17.1 MSM with revenues at ₹454 crore, flattish YoY (0.4% YoY).
Other Income	13.2	5.7	129.3	6.1	115.6	
Material Consumed	267.2	223.1	19.8	258.0	3.6	
Purchase of Stock in Trade	110.5	106.7	3.5	161.2	-31.5	
Changes in Inventories of WIP	-33.9	16.3	-308.1	-39.9	-15.1	
Employee Benefit Expenses	81.1	73.4	10.5	79.0	2.7	
Other Expenses	114.3	106.5	7.3	122.3	-6.6	
EBITDA	61.6	57.9	6.4	68.1	-9.5	
EBITDA Margin (%)	10.3	9.9	34 bps	10.5	-24 bps	
Depreciation	15.4	15.0	2.6	15.0	2.7	
Interest	18.5	10.4	77.9	13.1	41.1	
PBT	40.9	38.3	6.9	46.1	-11.3	
Taxes	7.7	0.5	1,374.1	7.9	-1.8	
PAT	28.4	33.1	-14.0	16.5	72.4	
Plywood Volume (MSM)	17.1	17.7	-3.4	19.7	-13.2	
Realisation (₹/sq mt)	255.0	245.0	4.1	253.0	0.8	
MDF Volume (CBM)	46,350	42,724	8.5	42,688	8.6	
Realisation (₹/MSM)	31,763	30,817	3.1	31,759	0.0	

Source: Company, ICICI Direct Research

## Financial Summary

### Exhibit 2: Profit and loss statement ₹ crore

(₹ Crore)	FY24	FY25	FY26E	FY27E
Net Sales	2,179.9	2,487.6	2,728.9	3,038.4
Gross Profit	864.4	1,003.4	1,092.5	1,218.7
Employee expenses	279.1	316.0	327.5	364.6
Other Expenses	398.5	449.8	451.7	490.4
EBITDA	186.8	237.7	291.3	338.7
Interest	43.3	43.1	44.8	37.0
Depreciation	54.5	60.1	63.9	67.8
Other income	13.9	16.5	22.0	25.0
PBT	102.8	150.9	204.5	259.0
Taxes	29.8	25.3	52.4	66.3
PAT	70.0	91.6	146.6	187.7
EPS (Diluted)	5.7	7.3	11.7	15.0

Source: Company, ICICI Direct Research

### Exhibit 3: Cash flow statement ₹ crore

(₹ Crore)	FY24	FY25E	FY26E	FY27E
Profit after Tax	70.0	91.6	146.6	187.7
Depreciation	54.5	60.1	63.9	67.8
Interest	43.3	43.1	44.8	37.0
Taxes	29.8	25.3	52.4	66.3
CF before wc changes	175.0	204.0	285.7	333.7
Cash generated from op.	163.9	166.0	249.7	287.4
Income Tax paid	29.8	25.3	52.4	66.3
Net CF from op. activities	134.2	140.7	197.3	221.1
Others	13.9	16.5	22.0	25.0
(Purchase)/Sale of FA	29.5	(83.1)	(70.0)	(70.0)
Net CF from Inv. activities	43.3	(66.6)	(48.0)	(45.0)
Others	(4.4)	7.5	-	-
Interest paid	(43.3)	(43.1)	(44.8)	(37.0)
Inc / (Dec) in Loans	(138.8)	(36.3)	(40.0)	(140.0)
Net CF from Fin. activities	(186.5)	(71.8)	(84.8)	(177.0)
Net Cash flow	(9.0)	2.3	64.5	(0.9)
Opening Cash	31.4	22.4	24.7	89.1
Closing Cash	22.4	24.7	89.1	88.3

Source: Company, ICICI Direct Research

### Exhibit 4: Balance Sheet ₹ crore

(₹ Crore)	FY24	FY25E	FY26E	FY27E
Liabilities				
Equity Capital	12	12	12	12
Reserve and Surplus	697	796	943	1,130
Total Shareholders funds	709	809	955	1,143
Total Debt	525	488	448	308
Deferred Tax Liability	1	1	1	1
Total Liabilities	1,250	1,313	1,420	1,468
Assets				
Gross Block	1,053	1,104	1,174	1,244
Less Acc. Dep	244	304	368	435
Net Block	810	801	807	809
Net Intangibles Assets	19	19	19	19
Capital WIP	12	44	44	44
Total Fixed Assets	841	864	870	872
Investments	43	67	67	67
Inventory	348	518	568	633
Sundry Debtors	249	323	355	395
Loans & Advances	8	7	4	4
Cash & Bank Balances	22	25	89	88
Other Current Assets	135	136	64	72
Total Current Assets	763	1,009	1,080	1,191
Trade Payable	333	535	587	654
Other Current Liabilities	85	104	89	89
Provisions	11	14	3	3
Net Current Assets	334	355	394	439
Total Assets	1,250	1,313	1,420	1,468

Source: Company, ICICI Direct Research

### Exhibit 5: Key ratios

	FY24	FY25	FY26E	FY27E
Per Share Data (₹)				
EPS - Diluted	5.7	7.3	11.7	15.0
Cash EPS	10.1	12.2	16.9	20.5
Book Value	57.4	64.8	76.5	91.5
Dividend per share	-	-	-	-
Operating Ratios (%)				
EBITDA / Net Sales	8.6	9.6	10.7	11.1
PAT / Net Sales	3.3	3.7	5.2	6.2
Inventory Days	55	58	76	76
Debtor Days	49	45	49	49
Creditor Days	69	69	94	94
Return Ratios (%)				
RoE	10.1	11.3	14.9	16.4
RoCE	12.0	15.1	17.9	20.6
RoIC	11.0	14.5	17.9	20.7
Valuation Ratios (x)				
EV / EBITDA	24.6	19.2	15.3	12.7
P/E (Diluted)	58.0	44.7	27.9	21.8
EV / Net Sales	2.1	1.8	1.6	1.4
Market Cap / Sales	1.9	1.6	1.5	1.3
Price to Book Value	5.7	5.1	4.3	3.6
Dividend Yield	-	-	-	-
Solvency Ratios (x)				
Net Debt / Equity	0.7	0.6	0.4	0.2
Net Debt / EBITDA	2.7	2.0	1.2	0.6
Current Ratio	1.6	1.4	1.4	1.5
Quick Ratio	0.8	0.6	0.6	0.6

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

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Sell: <-15%



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