

Steady Growth; Margin Recovery Expected

Est. Vs. Actual for Q2FY26: Revenue - **INLINE**; EBITDA (Adj.) - **MISS**; PAT - **MISS**

Changes in Estimates Post Q2FY26 Result

FY26E/FY27E: Revenue: 3%/2%; EBITDA (Adj.): 3%/2%; PAT : 4%/2%

Recommendation Rationale

- **Operating Leverage from MDF Capacity Expansion:** The MDF business continues to be an important growth driver for Greenply. The company has increased its capacity from 800 to 1,000 CBM per day, and the plant is now running at higher utilisation levels. Management is focusing on using the plant more efficiently, reducing costs, and selling more industrial-grade MDF, which offers better margins. With fewer imports and strong demand in the domestic market, pricing conditions have also improved. As production and sales volumes increase, fixed costs will be spread over more units, helping to improve margins and profitability in the coming quarters.
- **Structural Growth in Organised Sector:** Greenply stands to benefit from the accelerating shift towards branded players, driven by BIS enforcement and a crackdown on unorganised trade. The company's dual-brand strategy — "Green" in premium and "Ecotec" in value — enables it to tap into multiple price segments. With stable raw material prices, operational efficiency, and volume-led growth, margins are poised to expand. Rising penetration of modular furniture and urban housing recovery further support long-term demand visibility.
- **Margin Recovery Ahead:** Greenply reported Q2FY26 revenue of Rs 689 Cr, up 7.5% YoY, with EBITDA at Rs 57 Cr (margin 8.2%). While margins were temporarily impacted by one-offs in MDF (liquidation at discounts) and a lower product mix in plywood, management expects a strong H2 recovery, guided H2 plywood margins near 10%, MDF margins above 16%, and steady volume growth above 10%. Overall FY26 margin guidance are at ~8.5% for plywood and the company expects full capacity utilisation for MDF by H2FY26 with ~15% margins. With improving utilisation and working capital reduction, EBITDA margins and cash flows are likely to improve meaningfully in H2FY26, setting up a better earnings trajectory into FY27.

Sector Outlook: **Positive**

Company Outlook & Guidance: Management expects business performance to improve in H2FY26. Demand for plywood should rise as housing activity picks up and the new BIS rules continue to support organised players. The company is targeting more than 10% growth in plywood volumes and margins close to 10% in the coming quarters. The MDF business is also expected to do better with full use of the 1,000 CBM per day capacity, helping margins move above 16% in the second half and around 14.5–15% for the full year. Greenply also plans to improve working capital and reduce debt through better collections and inventory management. Overall, it expects stronger margins, higher cash flows, and better profitability in the second half of FY26.

Current Valuation: 23X FY28E EPS (Earlier 25X FY27E EPS)

Current TP: Rs 385/share (Earlier TP: Rs 385/share)

Recommendation: We maintain our **BUY** recommendation on the stock.

Financial Performance

Greenply reported revenue of Rs 689 Cr, up 7.5% YoY, which is in line with our estimates. The overall demand scenario in the industry saw recovery for the first two months of the quarter. Gross margins were down by 525 bps YoY. The reported EBITDA stood at Rs 57 Cr, showing de-growth of 1.5% YoY, with a lower EBITDA margin of 8%. The company reported PAT of Rs 16 Cr, down 9% YoY. During the year, its MDF volumes saw growth of 16% YoY, whereas the plywood business saw a 7% YoY growth. Segment revenue for the Plywood business stood at Rs 542 Cr, up 5%YoY, and for the MDF business stood at Rs 147 Cr, which was flat YoY.

Key Financials (Consolidated)

(Rs Cr)	Q2FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	689	14.61	7.51	670	2.77
Adj. EBITDA	57	-7.86	-1.49	74	-23.31
EBITDA Margin	8%	-201bps	-75bps	11%	-280bps
Net Profit	16	-43.84	-9.00	35	-54.94
EPS (Rs)	1.28	-43.84	-9.00	2.84	-54.94

Source: Company, Axis Securities Research

(CMP as of 4th November, 2025)

CMP (Rs)	299
Upside /Downside (%)	29%
High/Low (Rs)	375/229
Market cap (Cr)	3,737
Avg. daily vol. (1m) Shrs.	1,52,576
No. of shares (Cr)	12.5

Shareholding (%)

	Mar-25	Jun-25	Sep-25
Promoter	51.7	51.7	51.7
FIIIs	5.4	4.5	4.5
MFs / UTI	29.7	31.0	30.9
Others	13.2	12.8	13.0

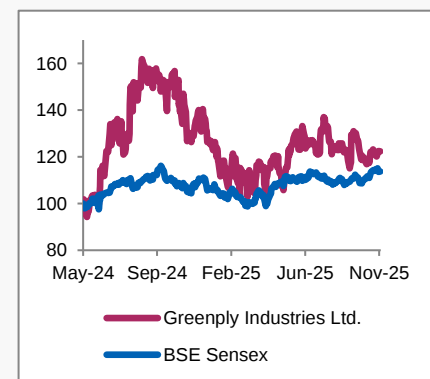
Financial & Valuations

Y/E Mar (Rs Cr)	FY26E	FY27E	FY28E
Net Sales	2,717	3,114	3,526
EBITDA	272	327	370
Net Profit	144	197	211
EPS (Rs)	12	16	17
PER (x)	24.89	18.25	17.07
EV/EBITDA (x)	15.76	16.33	14.87
P/BV (x)	3.77	3.12	2.64
RoE (%)	15	17	15

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Revenue	3%	2%
EBITDA	3%	2%
PAT	4%	2%

Relative Performance



Source: Ace Equity, Axis Securities Research

Result Gallery

[Q1FY26](#)

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Valuation & Recommendation

Our estimates are broadly in line with the company's low double-digit growth guidance for plywood and double-digit guidance for MDF. We believe a better product mix, combined with the liquidation of existing inventories, will lead to a gradual growth trajectory for the sector. **We continue to value the stock at a 23X FY28E to arrive at a TP of Rs 385/share and maintain our BUY rating on the stock, implying an upside of 29%.**

Key Highlights from Concall

- **Plywood Volumes:** Plywood volumes grew about 7% YoY in Q2, though average realisation dipped 3.5% due to a higher share of value-brand "Ecotec" sales.
- **Furniture and Fittings JV:** The JV reported Rs 11.4 Cr revenue in Q2 but remains in an investment phase; management targets Rs 25–30 Cr in H2 and Rs 100 Cr by FY27.
- **PVC door profiles:** The company's PVC door and frame segment is gaining steady traction, especially in Tier 2 and Tier 3 markets, driven by growing demand for ready-to-install, waterproof, and termite-resistant products. Greenply is focusing on expanding its product range and dealer network to strengthen its presence, with this category expected to contribute more meaningfully over the next few years.
- **Strategic rural penetration:** The company is planning on a growth-oriented approach towards Tier 2 and Tier 3 markets and driving demand at a dealer level.
- **Debt position:** Net debt stood at Rs 510 Cr, with plans to reduce it through tighter working capital management and liquidation of older inventory.
- **Working Capital:** It remained elevated in Q2FY26 due to higher receivables and inventory, but management expects improvement in H2 as collections strengthen and old MDF stock is liquidated, helping reduce debt levels.

Key Risks to Our Estimates and TP

- Muted plywood demand will be a key risk to the growth of the company moving forward.
- Weak domestic MDF pricing and increasing MDF competition can hamper Greenply's share in the market.
- Elevated timber prices will dampen the margin as the company may not be able to pass on the same to consumers.
- Price cuts by unorganised players will also hurt the company's bottom line.

Change in Estimates

(Rs Cr)

	Revised		Old		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	2,717	3,114	2,645	3,056	3%	2%
EBITDA (Adj.)	272	327	265	321	3%	2%
PAT	144	197	139	192	4%	2%

Source: Company, Axis Securities Research

Q2FY26 Results Review

(Rs Cr)

Particulars	Q2FY25	Q1FY26	Axis Sec Est (Rs Cr)	Q2FY26	% Change (YoY)	% Change (QoQ)	Variance (%)
Revenue	640	601	670	689	7.51	14.6	2.8
Expenses:							
COGS	390	344	382	429	9.8	24.7	12.2
COGS/Sales	1	1	1	1	2.1	8.8	9.2
Gross Profit	250	257	288	260	3.9	1.1	-9.8
Gross Margin	39%	43%	43%	38%	-3.3	-11.8	-12.2
Employee Benefits Expense	83	81	87	90	9.0	11.0	3.3
Other Expenses	110	114	127	113	2.9	-1.0	-10.9
Other Expense/ Sales (%)	0	0	0	0	-4.3	-13.6	-13.3
Total Expense	583	539	596	632	8.4	17.2	6.0
EBITDA	58	62	74	57	-1.5	-7.9	-23.3
EBITDA Margin	9%	10%	11%	8%	-8.4	-19.6	-25.4
Depreciation & Amortisation Expense	15	15	15	16	5.0	3.0	3.0
EBIT	43	46	59	41	-3.8	-11.5	-30.2
Finance cost	14	19	19	13	-6.7	-27.1	-27.1
Other Income	2	13	13	2	-11.5	-86.7	-86.7
EBT	30	41	53	29	-2.9	-28.6	-45.3
Share of (loss) of equity accounted investees	-4	-5	-5	-6	33.0	24.7	24.7
Profit Before Tax (PBT)	26	36	49	23	-9.1	-35.6	-52.0
Tax Expense	8	8	13	7	-9.3	-5.1	-44.2
Profit After Tax	18	28	35	16	-9.0	-43.8	-55.0

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar	FY25	FY26E	FY27E	FY28E
Revenue	2,488	2,717	3,114	3,526
Growth (%)	14.1	9.2	14.6	13.2
EBITDA	238	272	327	370
EBITDA margin (%)	10	10	11	11
Growth (%)	27	14	20	13
Depreciation & amortization	60	78	82	85
EBIT	194	210	262	301
EBIT margin (%)	7.8	7.7	8.4	8.5
Interest	43	27	16	35
Other income	16	16	16	16
Profit before tax	117	183	246	266
Total Tax	25	38	49	55
Profit After Tax	92	144	197	211
net margin (%)	3.7	5.3	6.3	6.0
EPS (Rs)	7	12	16	17
Growth (%)	31.12	57.51	36.37	6.90

Source: company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E Mar	FY25	FY26E	FY27E	FY28E
EQUITY & LIABILITIES				
EQUITY				
Equity share capital	12	12	12	12
Other equity	796	941	1,138	1,349
Total Equity	809	953	1,150	1,361
Non-Current Liabilities				
Financial Liabilities	388	388	388	388
Other non-current liabilities	12	12	12	12
<i>Total Non-Current Liabilities</i>	400	400	400	400
Current Liabilities				
Financial Liabilities	718	629	695	762
Other Current Liabilities	26	26	26	26
<i>Total Current Liabilities</i>	744	655	720	788
Total Equity & Liabilities	1,952	2,008	2,270	2,549
APPLICATION OF FUNDS				
Non-Current Assets				
Net Fixed Assets	962	939	912	897
Financial Assets	67	67	67	67
<i>Total Non-Current Assets</i>	1,029	1,006	979	964
Current Assets				
Inventories	518	521	555	589
Financial Assets	356	432	688	947
Other current assets	49	49	49	49
<i>Total Current Assets</i>	923	1,002	1,291	1,585
Total Assets	1,952	2,008	2,270	2,549

Source: company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E Mar	FY25	FY26E	FY27E	FY28E
PBT	117	183	246	266
Depreciation	60	78	82	85
Others	84	0	0	0
Tax Paid	-29	-38	-49	-55
Changes in Working Capital	-13	-74	-4	-12
Net Cash from Operations	219	149	274	284
Capex	-74	-55	-55	-70
Change in Investment	-76	0	0	0
Others	3	0	0	0
Net Cash from Investing	-147	-55	-55	-70
Change in debt	-43	0	0	0
Change in Equity	6	0	0	0
Others	-46	0	0	0
Net Cash from Financing	-83	0	0	0
Net Change in Cash	-11	94	219	214

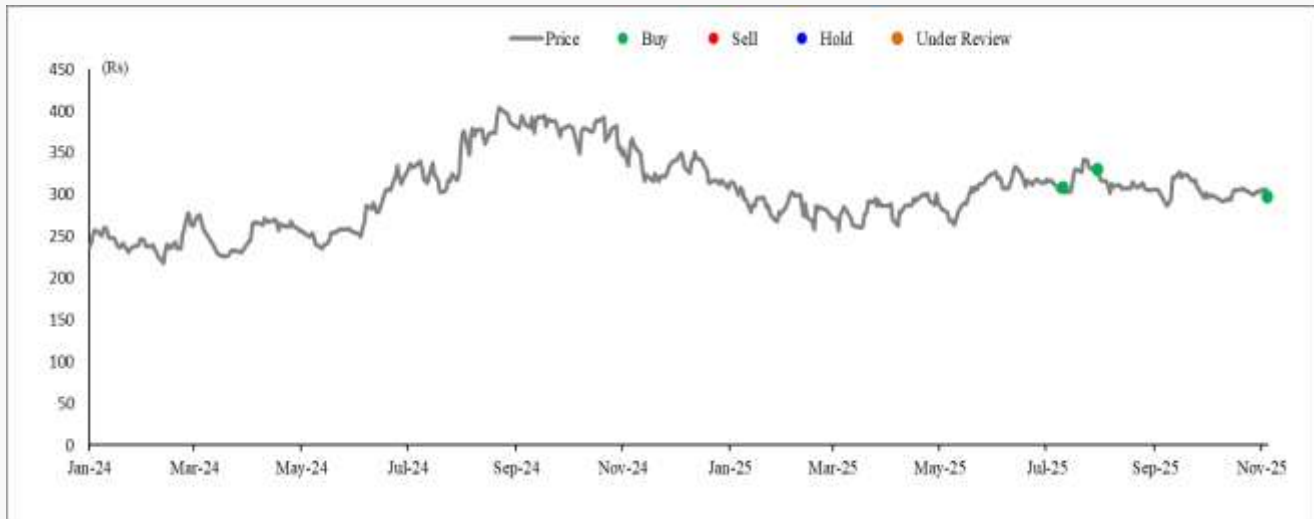
Source: company, Axis Securities Research

Ratio Analysis
(x) / (%)

Y/E Mar	FY25	FY26E	FY27E	FY28E
EBITDA Margin (%)	10	10	11	11
net margin (%)	4	5	6	6
Return on invested capital (%)	10	10	12	12
Return on equity (%)	11	15	17	15
EFFICIENCY RATIOS				
Fixed Asset Turnover	2.59	2.89	3.41	3.93
Debt to equity	0.60	0.51	0.42	0.36
Interest coverage	4.50	7.72	16.82	8.55
Debtor days	42	42	38	38
Inventory days	106	116	105	99
Payable days	107	110	94	94
PER SHARE DATA				
EPS (Rs)	7.35	11.57	15.78	16.87
Book value per share (Rs)	64.78	76.38	92.16	109.03
DPS (Rs)				
VALUATION RATIOS				
P/E	39.21	24.89	18.25	17.07
P/BV	4.45	3.77	3.12	2.64
EV/EBITDA	13.67	15.76	16.33	14.87

Source: company, Axis Securities Research

Greenply Industries Price Chart and Recommendation History



Date	Reco	TP	Research
11-Jul-25	BUY	385	Initiating Coverage
31-Jul-25	BUY	385	Result Update
06-Nov-25	BUY	385	Result Update

Source: Axis Securities Research.

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