

Greenlam Industries | REDUCE

Strong quarter; maintained guidance for FY26

Greenlam Industries (Greenlam) reported strong operating performance in 2QFY26 with consolidated revenue increasing ~19% YoY and 20% QoQ to ~INR 8.1bn (JMF: INR 7.5bn) owing to strong momentum across all business segments in both domestic and international market. EBITDA rose 30% YoY/ 28% QoQ to ~INR 1bn (JMF: INR 632mn) with margin increased 95bps YoY/ 637bps QoQ to 12.9%. Adjusted PAT declined ~7% YoY to INR 323mn in 2Q. The company announced capacity expansion of 2mn sheets/boards at its existing laminate plant in Naidupeta, Andhra Pradesh at a capex of INR 700mn; expected to get commissioned by 4QFY27. The management reiterated its revenue growth guidance of ~18-20% for FY26 along with EBITDA margin of ~11-12%. Factoring in 2Q performance along with continued losses in the plywood and chipboard operations, we cut our EPS estimates by ~14-27% for FY26E-28E. In line with our new rating system, we change our rating from HOLD to REDUCE with a revised TP of INR 250/sh based on 27x Dec'27 P/E post quarterly roll-over.

- **Result summary:** Greenlam's consolidated revenue grew ~19% YoY and 20% QoQ to ~INR 8.1bn (JMF: INR 7.5bn) owing to strong momentum across all business segments in both domestic and international market. EBITDA rose 30% YoY/ 28% QoQ to ~INR 1bn. EBITDA margin expanded 95bps YoY/ 637bps QoQ to 12.9%. Adjusted PAT declined ~7% YoY to INR 323mn. Net debt increased INR 32mn YoY/ declined INR 446mn to ~INR 10bn as of Sep'25. In 1H, company has generated FCF of INR 299mn post working capital blockage of INR 26mn and capex spend of INR 602mn. Net working capital days declined 13 days YoY and QoQ to 46 days in 2Q.
- **What we liked:** Better than estimated profitability, improvement in working capital days, and decline in net debt
- **What we did not like:** Continued losses in plywood and chipboard operations
- **Earnings call KTAs:** 1) The management reiterated its revenue growth guidance of ~18-20% for FY26 and aims EBITDA margin of ~11-12% in FY26. 2) Laminates and allied segment: The company maintained EBITDA margin guidance of ~16% over the long term. It highlighted prices in the domestic market have increased, whereas raw materials cost broadly remained stable in 2Q. 3) Plywood and allied: It reported plywood EBITDA loss of INR 580mn in 2Q. 4) Panel and allied: Targets to achieve EBITDA breakeven by FY27. 5) Expansion updates: i) It announced 2mn sheets/boards capacity expansion at its existing laminate plant in Naidupeta, Andhra Pradesh at a capex of INR 700mn; expected to get commissioned by 4QFY27. Taking this, the plant's capacity will increase from current 24.5mn sheets/boards p.a (CU ~96% in 2Q) to 26.5mn sheets/boards. Company expects revenue contribution of INR 3.75-4bn. ii) Additionally, it has opportunities to increase its capacity by 3 more lines in Andhra Pradesh and another 3-4 lines in Gujarat at a capex of INR 450-500mn per line; civil cost already taken care of. 6) On exports business front, U.S. comprises ~6% of total exports. Considering the tariffs, it does not expect any cost benefits. Currently, 60% is being borne by the company and ~40% being passed to the markets.



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Recommendation and Price Target

Current Reco.	REDUCE
Previous Reco.	HOLD
Current Price Target (12M)	250
Upside/(Downside)	-5.2%
Previous Price Target	260
Change	-3.7%

Key Data – GRLM IN

Current Market Price	INR264
Market cap (bn)	INR67.4/US\$0.8
Free Float	49%
Shares in issue (mn)	255.1
Diluted share (mn)	255.1
3-mon avg daily val (mn)	INR121.8/US\$1.4
52-week range	325/187
Sensex/Nifty	83,535/25,574
INR/US\$	88.7

Price Performance

%	1M	6M	12M
Absolute	4.4	24.6	-5.0
Relative*	3.1	18.5	-9.6

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	23,063	25,693	30,268	33,550	38,384
Sales Growth (%)	13.8	11.4	17.8	10.8	14.4
EBITDA	2,947	2,746	3,337	4,342	5,454
EBITDA Margin (%)	12.8	10.7	11.0	12.9	14.2
Adjusted Net Profit	1,380	684	838	1,655	2,603
Diluted EPS (INR)	10.8	2.7	3.3	6.5	10.2
Diluted EPS Growth (%)	7.3	-75.2	22.6	97.4	57.4
ROIC (%)	9.8	5.2	6.8	10.1	13.6
ROE (%)	13.6	6.2	7.2	13.0	17.7
P/E (x)	24.4	98.5	80.3	40.7	25.9
P/B (x)	3.1	6.0	5.6	5.0	4.2
EV/EBITDA (x)	26.1	28.3	23.1	17.5	13.5
Dividend Yield (%)	0.6	0.2	0.2	0.2	0.2

Source: Company data, JM Financial. Note: Valuations as of 10/Nov/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. We cut our EPS estimates by ~14-27% for FY26E-28E

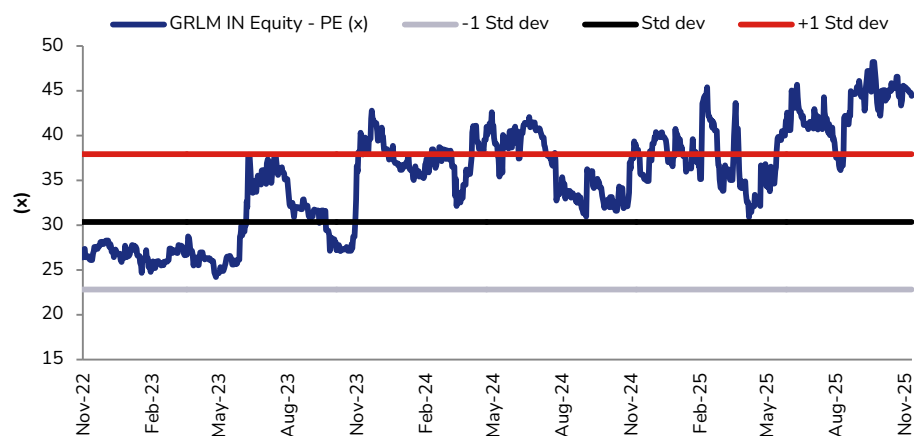
INR mn	Old			New			% Chg		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	28,747	33,385	38,935	30,268	33,550	38,384	5.3	0.5	(1.4)
EBITDA	3,533	4,537	5,738	3,337	4,342	5,454	(5.6)	(4.3)	(5.0)
EBITDA Margin (%)	12.3	13.6	14.7	11.0	12.9	14.2			
PAT	1,147	2,022	3,028	838	1,655	2,603	(26.9)	(18.2)	(14.0)

Source: JM Financial

Exhibit 2. Quarterly analysis – Consolidated

INR mn	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	1HFY26	1HFY25	YoY (%)
Revenue	8,083	6,808	18.7	6,738	20.0	14,821	12,855	15.3
EBITDA	1,044	814	28.2	441	136.8	1,485	1,454	2.1
EBITDA Margin (%)	12.9	12.0		6.5		10.0	11.3	
Depreciation	355	268	32.4	351	1.1	706	531	32.9
Other income	12	82	(85.0)	25	(50.2)	37	113	(67.5)
PBIT	701	628	11.7	114	514.5	815	1,036	(21.3)
Interest	240	155	54.6	259	(7.3)	499	293	70.2
PBT	461	473	(2.4)	(145)	NA	316	743	(57.4)
Exceptional item	-	-	NA	-	NA	-	-	NA
PBT	461	473	(2.4)	(145)	NA	316	743	(57.4)
Tax	144	128	12.1	12	1,066.7	156	200	(21.9)
Share of non-controlling interests	(6)	(2)	NA	(4)	NA	(9)	(6)	NA
Tax rate (%)	31.1	27.1		(8.5)		49.2	26.9	
PAT	323	346	(6.7)	(154)	NA	170	549	(69.1)
EPS (INR)	1.3	1.4	(6.7)	(0.6)	NA	0.7	2.2	(69.1)

Source: Company, JM Financial

Exhibit 3. One-year forward P/E

Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	23,063	25,693	30,268	33,550	38,384
Sales Growth	13.8%	11.4%	17.8%	10.8%	14.4%
Other Operating Income	0	0	0	0	0
Total Revenue	23,063	25,693	30,268	33,550	38,384
Cost of Goods Sold/Op. Exp	10,875	12,266	14,074	15,601	0
Personnel Cost	4,257	5,111	6,031	7,117	7,117
Other Expenses	4,985	5,570	6,825	6,491	25,814
EBITDA	2,947	2,746	3,337	4,342	5,454
EBITDA Margin	12.8%	10.7%	11.0%	12.9%	14.2%
EBITDA Growth	26.5%	-6.8%	21.5%	30.1%	25.6%
Depn. & Amort.	871	1,137	1,419	1,476	1,533
EBIT	2,076	1,609	1,918	2,866	3,921
Other Income	217	110	80	90	100
Finance Cost	443	655	878	744	540
PBT before Excep. & Forex	1,849	1,064	1,121	2,212	3,481
Excep. & Forex Inc/Loss(-)	0	0	0	0	0
PBT	1,849	1,064	1,121	2,212	3,481
Taxes	469	380	282	557	877
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	1,380	684	838	1,655	2,603
Adjusted Net Profit	1,380	684	838	1,655	2,603
Net Margin	6.0%	2.7%	2.8%	4.9%	6.8%
Diluted Share Cap. (mn)	127.6	255.1	255.1	255.1	255.1
Diluted EPS (INR)	10.8	2.7	3.3	6.5	10.2
Diluted EPS Growth	7.3%	-75.2%	22.6%	97.4%	57.4%
Total Dividend + Tax	190	102	128	128	128
Dividend Per Share (INR)	1.5	0.4	0.5	0.5	0.5

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	1,849	1,064	1,121	2,212	3,481
Depn. & Amort.	871	1,137	1,419	1,476	1,533
Net Interest Exp. / Inc. (-)	443	655	878	744	540
Inc (-) / Dec in WCap.	-619	-304	-714	-449	-702
Others	-136	-5	-80	-90	-100
Taxes Paid	-471	-498	-282	-557	-877
Operating Cash Flow	1,936	2,049	2,340	3,335	3,875
Capex	-6,332	-2,664	-750	-1,450	-1,000
Free Cash Flow	-4,396	-614	1,590	1,885	2,875
Inc (-) / Dec in Investments	972	959	0	0	0
Others	93	36	80	90	100
Investing Cash Flow	-5,267	-1,669	-670	-1,360	-900
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-190	-211	-128	-128	-128
Inc / Dec (-) in Loans	4,289	763	-1,000	-1,000	-2,000
Others	-599	-836	-878	-744	-540
Financing Cash Flow	3,500	-283	-2,005	-1,871	-2,668
Inc / Dec (-) in Cash	169	97	-335	104	308
Opening Cash Balance	160	329	427	91	195
Closing Cash Balance	329	427	91	195	503

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	10,772	11,269	11,980	13,507	15,983
Share Capital	128	255	255	255	255
Reserves & Surplus	10,644	11,014	11,725	13,251	15,727
Preference Share Capital	0	0	0	0	0
Minority Interest	-3	-16	-16	-16	-16
Total Loans	9,988	10,751	9,751	8,751	6,751
Def. Tax Liab. / Assets (-)	61	69	69	69	69
Total - Equity & Liab.	20,818	22,072	21,783	22,310	22,786
Net Fixed Assets	15,937	17,747	17,078	17,052	16,519
Gross Fixed Assets	15,737	24,510	25,331	26,834	27,873
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	5,910	7,047	8,465	9,941	11,474
Capital WIP	6,110	284	213	160	120
Investments	1,474	560	560	560	560
Current Assets	9,847	10,780	11,879	12,843	14,525
Inventories	6,091	6,647	7,801	8,461	9,539
Sundry Debtors	1,521	1,573	1,853	2,053	2,349
Cash & Bank Balances	329	426	91	195	503
Loans & Advances	7	7	7	7	7
Other Current Assets	1,899	2,126	2,126	2,126	2,126
Current Liab. & Prov.	6,442	7,014	7,734	8,145	8,818
Current Liabilities	3,479	4,146	4,866	5,278	5,950
Provisions & Others	2,962	2,868	2,868	2,868	2,868
Net Current Assets	3,406	3,765	4,145	4,698	5,707
Total - Assets	20,818	22,072	21,783	22,310	22,786

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	6.0%	2.7%	2.8%	4.9%	6.8%
Asset Turnover (x)	1.3	1.2	1.4	1.5	1.7
Leverage Factor (x)	1.8	1.9	1.9	1.7	1.5
RoE	13.6%	6.2%	7.2%	13.0%	17.7%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	84.4	44.2	47.0	52.9	62.7
ROIC	9.8%	5.2%	6.8%	10.1%	13.6%
ROE	13.6%	6.2%	7.2%	13.0%	17.7%
Net Debt/Equity (x)	0.9	0.9	0.8	0.6	0.4
P/E (x)	24.4	98.5	80.3	40.7	25.9
P/B (x)	3.1	6.0	5.6	5.0	4.2
EV/EBITDA (x)	26.1	28.3	23.1	17.5	13.5
EV/Sales (x)	3.3	3.0	2.5	2.3	1.9
Debtor days	24	22	22	22	22
Inventory days	96	94	94	92	91
Creditor days	63	66	66	66	66

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
28-May-21	Buy	132	
27-Jul-21	Buy	152	15.2
28-Oct-21	Buy	151	-0.7
13-Dec-21	Buy	156	3.0
20-Dec-21	Hold	155	-0.3
7-Mar-22	Hold	155	0.0
22-Apr-22	Hold	155	0.0
1-Jun-22	Hold	155	0.0
23-Jun-22	Hold	165	6.5
28-Jul-22	Hold	165	0.0
15-Nov-22	Hold	160	-3.0
4-Feb-23	Hold	165	3.1
29-May-23	Hold	170	3.0
30-Jul-23	Hold	215	26.5
5-Feb-24	Hold	300	39.5
25-Jul-24	Hold	312	3.8
30-Oct-24	Hold	305	-2.1
3-Feb-25	Hold	320	4.9
2-Jun-25	Hold	270	-15.6
11-Aug-25	Hold	260	-3.7

Recommendation History



APPENDIX I

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Corporate Identity Number: U67100MH2017PLC296081

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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