Prabhudas Lilladher
POWERING YOUR FINANCIAL GROWTH

Greenpanel Industries (GREENP IN)

Rating: ACCUMULATE | CMP: Rs310 | TP: Rs355

May 3, 2024

Q4FY24 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	ACCUMULATE		BUY	
Target Price	355		420	
Sales (Rs. m)	16,593	20,428	18,632	22,108
% Chng.	*(10.9)*	*(7.6)*		
EBITDA (Rs. m)	2,570	3,566	3,539	4,519
% Chng.	*(27.4)*	*(21.1)*		
EPS (Rs.)	12.2	17.6	17.5	23.2
% Chng.	*(30.2)*	*(24.1)*		

Key Financials - Consolidated

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. m)	17,829	15,672	16,593	20,428
EBITDA (Rs. m)	4,165	2,464	2,570	3,566
Margin (%)	*23.4*	*15.7*	*15.5*	*17.5*
PAT (Rs. m)	2,504	1,427	1,495	2,159
EPS (Rs.)	20.4	11.6	12.2	17.6
Gr. (%)	*2.9*	*(43.0)*	*4.8*	*44.4*
DPS (Rs.)	0.2	0.3	0.3	0.3
Yield (%)	*0.0*	*0.1*	*0.1*	*0.1*
RoE (%)	*23.3*	*11.4*	*10.9*	*14.2*
RoCE (%)	*27.8*	*13.2*	*12.3*	*16.5*
EV/Sales (x)	2.0	2.4	2.3	1.8
EV/EBITDA (x)	8.7	15.5	15.1	10.5
PE (x)	15.2	26.6	25.4	17.6
P/BV (x)	3.2	2.9	2.7	2.4

Key Data	GREP.BO | GREENP IN
52-W High / Low	Rs.450 / Rs.296
Sensex / Nifty	74,611 / 22,648
Market Cap	Rs.38bn/ $ 455m
Shares Outstanding	123m
3M Avg. Daily Value	Rs.102.62m

Shareholding Pattern (%)

Promoter's	53.10
Foreign	4.43
Domestic Institution	21.18
Public & Others	21.29
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(3.9)	(8.9)	2.9
Relative	(4.6)	(22.3)	(15.7)

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Disappointing performance continue…

We downward revise our FY25/FY26E earnings estimates by 30.2%/24.1% to account weak commentary related increasing import and domestic competition, expected to impact MDF realisations. We downgrade the stock to 'Accumulate' from Buy with revised TP of Rs355 (Rs 420 earlier), valuing at 20x FY26 earnings. Greenpanel (GREENP) guided MDF volume growth of 18%/flat in existing domestic capacity/export with blended volume growth of 15% for FY25E. MDF dom. realizations (down 11.9% YoY) were impacted from increase in OEM direct sales, contributed 27% dom. MDF volume (which management expects to go down in coming years). Plywood expected 6% vol. growth in FY25E vs guided of 8%. Consolidated low EBITDA margin to continue in FY25 at 15.5% with 1) steep increase in RM cost, 2) higher OEM vol. in MDF segment, 3) increase in brand spends, and 4) increased competition in domestic MDF market. Timber prices will continue to impact margins in coming quarters and management indicated moderation in timber prices only when new crop come FY26 onwards. We estimate FY24-26E Revenue/EBITDA/PAT CAGR of 14.2%/20.3%/22.7% with MDF volume CAGR of 17.1%.

Revenues decline by 10.2%, PAT decline 56.8%: Rev. down 10.2% YoY to ~Rs3.9bn (PLe:Rs4.4bn). MDF segment decline 6.5% YoY to Rs3.6bn. MDF vol. was decline by 7.3% YoY to 127kCBM (domestic volume increased 23.4%, export volume declined 74.8%) and reported blended realization of Rs 28,325/CBM (0.7% YoY) and domestic realization was Rs 29,058/CBM (-11.9% YoY) due to increase in OEM segment and low value MDF (~32% vol. contribution). Plywood segment reported a revenue of Rs357mn down 34.6% YoY. Plywood vol. decline by 30.4% YoY and reported realization was Rs249/sqm, down 7.0% YoY primarily due to lower volumes in the decorative veneers segment. EBITDA decline by 32.7% YoY to Rs513mn (PLe:Rs751mn). EBITDA margin contracted by 430bps YoY to 12.9% (PLe:16.7%). In MDF segment, EBITDA margin contracted to 16.4% impacted by reduction in domestic realisations due to launch of volume-based schemes in Q4 due to increased competition and higher wood prices. PBT decline by 37.4% YoY to Rs403mn (PLe:Rs519mn). PAT decline by 56.8% YoY to Rs298mn (PLe:Rs38.8mn) due to deferred tax write-off in Q4FY23 and margin contraction.

Concall highlights: **1)** The total capacity of the MDF industry surged by 26% from 2.3mnCBM to 2.9mnCBM in FY24. An additional 850k CBM capacity increase is anticipated in FY25, with Greenpanel/ Century Ply contributing 230k/310k CBM, and the remainder from other players, **2)** In Q4FY24, OEM sales accounted for 27% of domestic vol. which expected at 20% in the future, **3)** Timber Prices: in Q4FY24, North prices stood at Rs6.29/kg (vs Rs5.6/kg) up 12% yoy & South prices stood at Rs5.28/kg (vs Rs3.9/kg) up 35% yoy. Prices for North/South increased 10/19% qoq. The blended prices for Q4 stood at Rs5.65/kg, **4)** BIS norms in MDF have been delayed for a year, **5)** Vol. growth of 15% is expected in MDF segment with domestic volumes growing at 18% and exports to remaining flattish in FY25. Plywood segment is expected to grow at 8% in volumes, **6)** Brownfield capex at the AP plant is expected to start by Q3FY25. This will majorly be thin MDF. The capex for FY25/26 to be Rs2bn & Rs500mn respectively, **7)** The borrowings repayment to be Rs270mn in FY25 and the repayment of new borrowings to start from May'25.

Exhibit 1: Q3FY24 Result Overview: Revenue decline by 10.2% YoY; Adj. PAT decline by 56.8% YoY

Y/e March (Rs mn)	Q4FY24	Q4FY23	YoY gr. (%)	Q3FY24	QoQ gr. (%)	FY24	FY23	YoY gr. (%)
Net Sales	**3,966**	**4,414**	***(10.2)***	**3,857**	***2.8***	**15,672**	**17,829**	***(12.1)***
Gross Profit	**2,132**	**2,374**	***(10.2)***	**2,166**	***(1.6)***	**7,144**	**8,212**	***(13.0)***
% of N S	*53.8*	*53.8*		*56.1*		*45.6*	*46.1*	
Other Expenses	1,234	1,293	*(4.6)*	1,228	*0.5*	4,680	4,047	*15.6*
% of N S	*31.1*	*29.3*		*31.8*		*29.9*	*22.7*	
EBITDA	**513**	**762**	***(32.7)***	**603**	***(14.9)***	**2,464**	**4,165**	***(40.8)***
Margin (%)	*12.9*	*17.3*	*-4.3*	*15.6*		*15.7*	*23.4*	
Depreciation	182	172	*6.2*	179	*1.8*	729	720	*1.3*
Interest	2	32	*(94.6)*	62	*(97.2)*	123	190	*(35.6)*
Other income	74	85	*(13.3)*	13	*465.9*	219	194	*14.8*
PBT	**403**	**643**	***(37.4)***	**374**	***7.5***	**1,831**	**3,449**	***(46.9)***
Tax	105	-46	*(327.5)*	28	*269.4*	405	944	*109.2*
ETR (%)	*26.0*	*-7.2*		*7.6*		*22.1*	*27.4*	
Adj. PAT	**298**	**689**	***(56.8)***	**347**	***(14.1)***	**1,427**	**2,504**	***(43.0)***

Source: Company, PL

Exhibit 2: Segmental Breakup: MDF vol. decline by 7.3% YoY with EBIT margin of 20.7%

Y/e March (Rs mn)	Q4FY24	Q4FY23	YoY gr. (%)	Q3FY24	QoQ gr. (%)	FY24	FY23	YoY gr. (%)
Revenues								
Plywood	356.8	545	*(34.5)*	384	*(7.0)*	1,622	2,440	*(33.5)*
MDF	3,609.2	3,870	*(6.7)*	3,474	*3.9*	14,050	15,388	*(8.7)*
EBIT								
Plywood	(17.0)	22	*(176.1)*	2	*(1,087.1)*	63	236	*(73.5)*
EBIT margin (%)	*(4.8)*	*4.1*		*0.4*		*3.9*	*9.7*	
MDF	745.5	880	*(15.2)*	702	*6.1*	3,040	4,146	*(26.7)*
EBIT margin (%)	*20.7*	*22.7*		*20.2*		*21.6*	*26.9*	

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Net Revenues	**17,829**	**15,672**	**16,593**	**20,428**
YoY gr. (%)	*9.7*	*(12.1)*	*5.9*	*23.1*
Cost of Goods Sold	9,617	8,528	9,033	11,101
Gross Profit	8,212	7,144	7,560	9,327
Margin (%)	*46.1*	*45.6*	*45.6*	*45.7*
Employee Cost	1,397	1,406	1,567	1,839
Other Expenses	2,399	3,053	2,843	3,207
EBITDA	**4,165**	**2,464**	**2,570**	**3,566**
YoY gr. (%)	*(3.9)*	*(40.8)*	*4.3*	*38.8*
Margin (%)	*23.4*	*15.7*	*15.5*	*17.5*
Depreciation and Amortization	720	729	740	794
EBIT	**3,445**	**1,735**	**1,830**	**2,772**
Margin (%)	*19.3*	*11.1*	*11.0*	*13.6*
Net Interest	190	123	154	158
Other Income	194	219	219	219
Profit Before Tax	**3,449**	**1,831**	**1,894**	**2,833**
Margin (%)	*19.3*	*11.7*	*11.4*	*13.9*
Total Tax	944	405	399	674
Effective tax rate (%)	*27.4*	*22.1*	*21.1*	*23.8*
Profit after tax	**2,504**	**1,427**	**1,495**	**2,159**
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**2,504**	**1,427**	**1,495**	**2,159**
YoY gr. (%)	*2.9*	*(43.0)*	*4.8*	*44.4*
Margin (%)	*14.0*	*9.1*	*9.0*	*10.6*
Extra Ord. Income / (Exp)	61	-	-	-
Reported PAT	**2,565**	**1,427**	**1,495**	**2,159**
YoY gr. (%)	*6.7*	*(44.4)*	*4.8*	*44.4*
Margin (%)	*14.4*	*9.1*	*9.0*	*10.6*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,565	1,427	1,495	2,159
Equity Shares O/s (m)	**123**	**123**	**123**	**123**
EPS (Rs)	**20.4**	**11.6**	**12.2**	**17.6**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Non-Current Assets				
Gross Block	**15,114**	**15,668**	**17,468**	**17,968**
Tangibles	14,651	15,293	17,093	17,593
Intangibles	463	375	375	375
Acc: Dep / Amortization	**4,672**	**5,401**	**6,141**	**6,935**
Tangibles	4,672	5,401	6,141	6,935
Intangibles	-	-	-	-
Net fixed assets	**10,442**	**10,267**	**11,327**	**11,033**
Tangibles	9,979	9,892	10,952	10,658
Intangibles	463	375	375	375
Capital Work In Progress	49	3,127	3,627	4,127
Goodwill	-	-	-	-
Non-Current Investments	215	218	218	218
Net Deferred tax assets	(1,020)	(1,010)	(1,010)	(1,010)
Other Non-Current Assets	3	-	-	-
Current Assets				
Investments	-	975	975	975
Inventories	1,525	2,016	2,152	2,644
Trade receivables	444	290	307	379
Cash & Bank Balance	3,778	1,404	1,283	2,218
Other Current Assets	592	610	624	685
Total Assets	**17,048**	**18,907**	**20,515**	**22,280**
Equity				
Equity Share Capital	123	123	123	123
Other Equity	11,816	13,049	14,176	15,967
Total Networth	**11,939**	**13,171**	**14,298**	**16,089**
Non-Current Liabilities				
Long Term borrowings	1,271	2,375	2,305	2,005
Provisions	109	89	89	89
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	634	304	789	789
Trade payables	1,111	1,094	1,158	1,425
Other current liabilities	595	647	648	654
Total Equity & Liabilities	**17,048**	**18,907**	**20,515**	**22,280**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	3,510	1,831	1,894	2,833
Add. Depreciation	720	729	740	794
Add. Interest	190	123	154	158
Less Financial Other Income	194	219	219	219
Add. Other	(255)	(219)	-	-
Op. profit before WC changes	4,165	2,464	2,788	3,785
Net Changes-WC	155	(503)	(103)	(350)
Direct tax	(944)	(405)	(399)	(674)
Net cash from Op. activities	**3,376**	**1,556**	**2,287**	**2,761**
Capital expenditures	(823)	(3,633)	(2,300)	(1,000)
Interest / Dividend Income	194	219	-	-
Others	61	(975)	-	-
Net Cash from Invt. activities	**(569)**	**(4,389)**	**(2,300)**	**(1,000)**
Issue of share cap. / premium	-	-	-	-
Debt changes	(922)	775	415	(300)
Dividend paid	(184)	(307)	(368)	(368)
Interest paid	(190)	(123)	(154)	(158)
Others	41	112	-	-
Net cash from Fin. activities	**(1,255)**	**458**	**(107)**	**(825)**
Net change in cash	**1,552**	**(2,374)**	**(121)**	**935**
Free Cash Flow	2,552	(2,076)	(13)	1,761

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Net Revenue	**3,862**	**3,987**	**3,857**	**3,966**
YoY gr. (%)	*(16.8)*	*(12.8)*	*(8.2)*	*(10.2)*
Raw Material Expenses	1,612	1,770	1,692	1,834
Gross Profit	2,250	2,218	2,166	2,132
Margin (%)	*58.3*	*55.6*	*56.1*	*53.8*
EBITDA	**658**	**691**	**603**	**513**
YoY gr. (%)	*(50.0)*	*(40.8)*	*(34.5)*	*(32.7)*
Margin (%)	*17.0*	*17.3*	*15.6*	*12.9*
Depreciation / Depletion	182	185	179	182
EBIT	**476**	**506**	**424**	**331**
Margin (%)	*12.3*	*12.7*	*11.0*	*8.3*
Net Interest	40	19	62	2
Other Income	64	68	13	74
Profit before Tax	**500**	**555**	**374**	**403**
Margin (%)	*13.0*	*13.9*	*9.7*	*10.2*
Total Tax	127	145	28	105
Effective tax rate (%)	*25.4*	*26.1*	*7.6*	*26.0*
Profit after Tax	**373**	**410**	**346**	**298**
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	**373**	**410**	**346**	**298**
YoY gr. (%)	*(51.9)*	*(43.4)*	*(7.8)*	*(56.8)*
Margin (%)	*9.7*	*10.3*	*9.0*	*7.5*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**373**	**410**	**346**	**298**
YoY gr. (%)	*(51.9)*	*(43.4)*	*(7.8)*	*(56.8)*
Margin (%)	*9.7*	*10.3*	*9.0*	*7.5*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**373**	**410**	**346**	**298**
Avg. Shares O/s (m)	123	123	123	123
EPS (Rs)	**3.0**	**3.3**	**2.8**	**2.4**

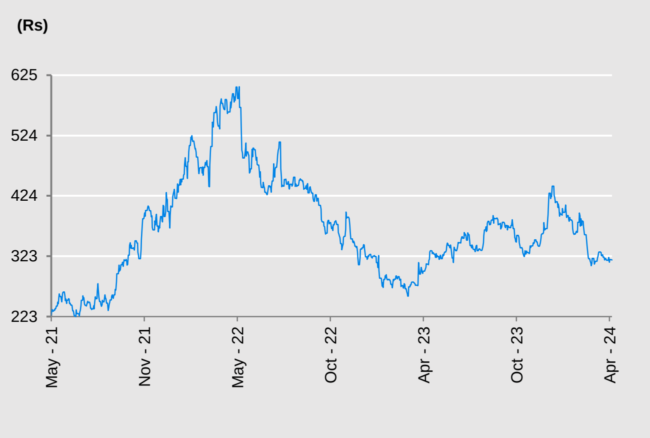
Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY23	FY24	FY25E	FY26E
Per Share(Rs)				
EPS	20.4	11.6	12.2	17.6
CEPS	26.3	17.6	18.2	24.1
BVPS	97.4	107.4	116.6	131.2
FCF	20.8	(16.9)	(0.1)	14.4
DPS	0.2	0.3	0.3	0.3
Return Ratio(%)				
RoCE	27.8	13.2	12.3	16.5
ROIC	26.9	10.8	10.1	14.1
RoE	23.3	11.4	10.9	14.2
Balance Sheet				
Net Debt : Equity (x)	(0.2)	0.0	0.1	0.0
Net Working Capital (Days)	18	28	29	29
Valuation(x)				
PER	15.2	26.6	25.4	17.6
P/B	3.2	2.9	2.7	2.4
P/CEPS	11.8	17.6	17.0	12.9
EV/EBITDA	8.7	15.5	15.1	10.5
EV/Sales	2.0	2.4	2.3	1.8
Dividend Yield (%)	0.0	0.1	0.1	0.1

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	11-Apr-24	BUY	420	325
2	02-Feb-24	BUY	481	388
3	02-Jan-24	BUY	498	424
4	02-Nov-23	BUY	464	345
5	09-Oct-23	BUY	495	374
6	31-Jul-23	BUY	459	341
7	13-Jul-23	BUY	455	355

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Astral Ltd.	Accumulate	2,244	1,995
2	Bajaj Electricals	Hold	997	996
3	Century Plyboard (I)	BUY	848	644
4	Cera Sanitaryware	Accumulate	8,486	7,190
5	Crompton Greaves Consumer Electricals	BUY	359	281
6	Finolex Industries	Hold	251	259
7	Greenpanel Industries	BUY	420	325
8	Havells India	Accumulate	1,774	1,664
9	Kajaria Ceramics	Accumulate	1,445	1,242
10	KEI Industries	Hold	3,692	3,574
11	Polycab India	BUY	6,065	5,317
12	R R Kabel	BUY	1,857	1,558
13	Safari Industries (India)	BUY	5,188	4,338
14	Supreme Industries	BUY	5,094	4,110
15	Voltas	Hold	1,199	1,232

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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