Greenlam Industries Ltd (GREEIN)

CMP: ₹207 | Target ₹ 225 (9%) | Target Period: 12 months | HOLD

November 11, 2026

Muted quarter, waiting for execution and utilisations to improve!

About the stock: Greenlam Industries manufactures a wide range of products spanning Laminates, particleboard, plywood, decorative veneers, engineered wooden floors & Doors for customers in over 120 countries.

- It is India's leading global laminate manufacturer, with 17.8% market share in organised laminate market and >29% share in laminate exports.

Q2FY27 performance: Revenues at ₹875.2 crore, were up 8.3% YoY. However, operating performance remained weak, with EBITDA declining 19.0% YoY to ₹84.7 crore and EBITDA margin contracting 325bps to 9.7%. PAT declined 24.2% YoY to ₹24.5 crore. Segmentally, Laminates remained flat at ₹658 crore (with a 12% volume decline offset by similar increase in realisation) and a 590bps margin contraction to 12% at ₹79.3 crore. Plywood & Allied revenues grew 7.5% YoY to ₹110.2 crore with reduced operational losses. The Chipboard remained the key growth driver, with revenue surging 123.9% YoY to ₹107 crore and reported its second consecutive quarter of positive EBITDA at ₹8.7 crore with a margin of 8.1%.

Investment Rationale:

- **Revenue growth revised given the geopolitical uncertainties:** Geopolitical tensions and associated logistical disruptions constrained export shipments during Q2. Container shortages, longer transit times and elevated freight costs affected Laminates volumes, while a high domestic base and crude-linked input volatility further weighed on performance. Consequently, revenue growth of 8.3% YoY fell short of management's expectations. Management **revised its FY27 consolidated revenue growth guidance to 16-18% (vs. 18%, earlier), acknowledging the impact of export-related logistical disruptions in Q2**. H2FY27 is expected to be stronger than H1, supported by improving export shipments, easing freight constraints and a recovery in domestic volume. **We expect revenues to grow at 13.9% CAGR over FY26-28 to ₹3,964 crore.**
- **Margins under temporary pressure:** EBITDA margin contracted 325bps YoY to 9.7%, reflecting lower operating leverage in Laminates, elevated freight costs and input cost volatility. The impact was particularly pronounced in the Laminates segment, where pre-forex EBITDA margin declined 590bps to 12.0%. **Management expects sequential improvement in profitability during H2FY27, aided by easing logistical constraints, lower crude prices and improved capacity utilization. While no specific margin guidance was provided, the outlook remains contingent on normalisation of export operations and input costs. We build in EBITDA Margins of 10.7%/12.5% in FY27E/FY28E.**

Rating and Target Price: Given persistent uncertainty around crude prices, export logistics and freight costs, we retain a cautious stance on near-term earnings visibility. While the Chipboard business is scaling up and management expects a stronger H2, a sustained recovery in Laminates volumes and operating margins is necessary for a meaningful earnings upgrade. We downgrade to **HOLD rating (vs. Buy, earlier)** with a revised **price target of ₹225** valuing it at **28x its FY28E EPS**.

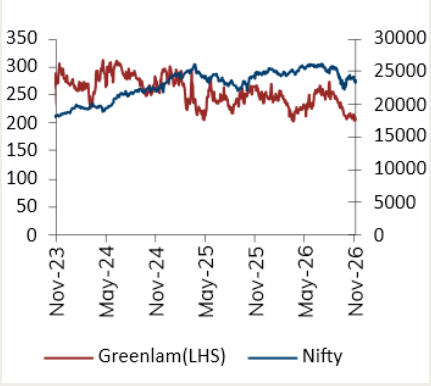
Particulars

(₹ Crore)	Amount
Market Capitalization	5,282
Debt (FY26)	1,055
Cash (FY26)	115
EV	6,213
52-week H/L (₹)	279 / 196
Equity Capital	25.5
Face Value (₹)	1

Shareholding pattern

	Dec-24	Mar-26	Jun-26	Sep-26
Promoters	51.0	51.0	51.0	51.0
FII	1.7	1.8	1.5	1.4
DII	14.6	14.0	10.9	10.8
Other	32.7	33.3	36.6	36.8

Price Chart



Key risks

(i) Impact on Laminate Exports amid Geopolitical uncertainties.

(ii) Faster than expected ramp up in new segment improving margins.

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Key Financial Summary

(₹ Crore)	FY24	FY25	FY26	5-year CAGR (FY21-26)	FY27E	FY28E	2-year CAGR FY26-28E)
Operating Revenues	2,306	2,569	3,054	20.6%	3,400	3,964	13.9%
EBITDA	295	275	333	13.9%	363	495	22.0%
EBITDA Margin (%)	12.8	10.7	10.9		10.7	12.5	
PAT	138	70	56	-5.3%	106	205	91.0%
EPS (₹)	5.4	2.7	2.2		4.2	8.0	
P/E (x)	38.2	75.8	93.9		49.7	25.7	
RoCE (%)	9.9	7.1	7.9		9.4	14.0	
RoNW (%)	12.9	6.2	4.8		8.4	14.4	

Source: Company, ICICI Direct Research

Result Update

ICICI Securities – Retail Equity Research

Q2FY27 – Key Performance highlights

- **Management Guidance:** Management **revised its FY27 consolidated revenue growth guidance to 16-18% (vs. 18%, earlier), acknowledging the impact of export-related logistical disruptions in Q2. H2FY27 is expected to be stronger than H1, supported by improving export shipments, easing freight constraints and a recovery in domestic volumes. Management expects sequential improvement in profitability but refrained from providing specific margin guidance**. Key priorities remain execution, improving capacity utilization across manufacturing facilities and restoring profitable revenue growth
- **Laminates and allied segment:** The core **Laminates segment revenues remained flat YoY at ₹658 crore. Production stood at 4.83 million sheets, implying 79% capacity utilisation. Sales volumes declined 12.0% YoY to 5.09 million sheets, primarily due to container shortages**, extended transit times and a high domestic base following the previous year's catalogue launch. Average realisations improved 12.4% YoY to ₹1,241 per sheet/board, partly offsetting the volume decline. Pre-forex EBITDA margin contracted 590bps YoY to 12.0%. **Management expects domestic and export volumes to recover over the coming quarters as logistical constraints ease**
- **Plywood segment:** The Plywood and Allied revenue grew 7.5% YoY to ₹110.2 crore, while pre-forex EBITDA loss narrowed to ₹1.4 crore. **Veneer, engineered flooring and doors turned EBITDA positive, with standalone plywood remaining marginally loss-making. Production stood at 2.15 MSM, translating into 46% capacity utilisation. Sales volumes increased 22.8% YoY to 1.94 MSM, while realizations improved 4.2% to ₹257/sq. m.** Greenlam launched a Tier-2 plywood brand in October to expand its presence in the competitive South Indian market. Management is targeting optimal capacity utilisation by FY29
- **Particleboard segment:** The Panel and Allied (chipboard) segment **revenues increased 123.9% YoY and 13.1% QoQ to ₹107 crore.** Pre-forex EBITDA stood at ₹8.7 crore, translating into an 8.1% margin, marking the second consecutive quarter of positive operating profitability. Production reached 44,241 CBM at 61% capacity utilisation, **while sales volumes grew 78.3% YoY to 46,871 CBM. Average realizations increased 24.2% YoY to ₹22,591/CBM, supported by product mix improvement and higher value-added offerings.** High Moisture Resistance boards currently account for 15-20% of volumes. The company plans to introduce additional premium products to improve the segment's profitability.
- **Capacity expansion and utilization:** Greenlam is adding **two brownfield HPL lines at Naidupeta, Andhra Pradesh, with incremental capacity of 2.0 million sheets. Commercial production is expected by Q4FY27.** The site has long-term expansion potential for up to eight laminate lines and two chipboard lines. Current capacity utilisation stands at 79% for Laminates, 46% for Plywood and 61% for Chipboard. **Management estimates that optimal utilisation across the consolidated manufacturing base, including upcoming capacity, could support annual revenue of ₹4,800-5,000 crore.**
- **Price hikes:** Despite the absence of broad-based price hikes, average realisations improved across all three segments. **Laminates realisations increased 12.4% YoY to ₹1,241 per sheet/board, Plywood realisations rose 4.2% to ₹257/sq. m., and Chipboard realisations grew 24.2% to ₹22,591/CBM. Improvement was driven primarily by product mix, value-added offerings and premium product penetration rather than broad-based pricing actions.** Continued premiumisation and new product introductions remain central to improving segment profitability.
- **Domestic market update:** Laminates revenue remained flat, partly due to a high base from the previous year's catalogue launch. **Greenlam is expanding its plywood distribution footprint, having established a presence in the South, expanded into Western markets and recently entered Eastern markets.** The Tier-2 brand launch is aimed at widening market reach and improving capacity utilization

- **Export market update:** Export performance was the key drag on Q2 growth. **Container shortages, higher freight costs and extended transit times constrained shipment volumes, with Middle East geopolitical tensions exacerbating disruptions.** European demand remains subdued; however, Greenlam continues to gain share from local manufacturers. **Management views the current competitive environment as an opportunity to strengthen its European market position over the longer term**
- **Debt:** Consolidated **net debt stood at ₹921.8 crore as of Q2 end, down ₹18 crore from FY26 levels**. Gross borrowings were ₹1,001.1 crore, comprising ₹787.0 crore of long-term and ₹214.1 crore of short-term debt, against liquidity of ₹79.3 crore. **Debt reduction was slower than anticipated due to weaker operating performance and cash generation in Q2. Management remains confident of achieving its full-year net debt reduction target of ~₹100 crore, supported by an expected recovery in H2 revenue and cash flows**.
- **Working capital: Net working capital cycle improved to 53 days in Q2FY27 from 56 days in Q1FY27, with absolute net working capital at ₹504 crore**. Inventory stood at 84 days, receivables at 25 days and payables at 56 days. Management indicated that working capital remains under control despite longer export transit times and supply-chain disruptions, with further scope for efficiency gains as operations normalise.

Exhibit 1: Quarter performance

	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Comments
Net Sales	**875.2**	**808.3**	**8.3**	**796.7**	**9.9**	Revenue growth primarily driven by particleboard segment which grew ~124% YoY on a low base
Other Income	6.9	1.2	463.1	6.0	15.3	
Net Purchase of Stock in Trade	20.4	-23.2	-188.0	-28.4	-171.9	
Cost of Materials Consumed	404.3	390.1	3.6	403.7	0.1	
Staff cost	163.1	153.7	6.1	168.4	-3.1	
Other expenditure	202.7	183.3	10.6	173.2	17.1	
EBITDA	**84.7**	**104.4**	**-18.9**	**79.9**	**6.0**	
EBITDA Margin (%)	**9.7**	**12.9**	**-325 bps**	**10.0**	**-35 bps**	Margin decline due to inflationary pressures on input costs and logistical charges
Depreciation	35.6	35.5	0.3	35.4	0.6	
Interest	19.7	24.0	-18.0	19.5	1.0	
PBT	36.3	46.1	-21.4	30.9	17.2	
Taxes	11.8	14.4	-18.0	9.7	21.5	
PAT	**24.5**	**32.3**	**-24.2**	**21.3**	**14.9**	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

	FY27E			FY28E			Comments
(₹ Crore)	Old	New	% Change	Old	New	% Change	
Revenue	3532	3400	-3.8	4030	3964	-1.6	Realigned estimates
EBITDA	435	363	-16.6	550	495	-10.0	
EBITDA Margin (%)	12.3	10.7	-164 bps	13.7	12.5	-116 bps	
PAT	158	106	-32.6	251	205	-18.4	
EPS (₹)	6.2	4.2	-32.6	9.9	8.0	-18.4	

Source: Company, ICICI Direct Research

Financial summary

Exhibit 3: Profit and loss statement ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Net Sales	**2,569**	**3,054**	**3,400**	**3,964**
YoY Growth	14.3	18.9	11.3	16.6
Gross Profit	1,343	1,642	1,736	2,069
Purchase of Traded Goods	47	38	38	38
Employee benefit expenses	511	616	663	761
Other Expenses	557	692	711	813
EBITDA	**275**	**333**	**363**	**495**
YoY Growth	(6.8)	21.2	9.0	36.6
Interest	65	96	88	80
Depreciation	114	142	146	157
Other income	11	-	15	18
PBT	106	89	143	277
Exceptional Items	-	(6)	-	-
Total Tax Expense	38	33	37	72
PAT	**70**	**56**	**106**	**205**
PAT Growth rate	(49.6)	(19.3)	88.9	93.1
Adjusted EPS (Diluted)	**2.7**	**2.2**	**4.2**	**8.0**

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
PAT	**70**	**56**	**106**	**205**
Interest paid	44	65	96	88
Depreciation	87	114	142	146
Other Income	(31)	(28)	(6)	(15)
Cash Flow before wc changes	170	208	338	424
Cash generated from operations	39	(38)	(62)	(100)
Net cash flow from operating activities	**210**	**170**	**276**	**324**
(Purchase)/Sale of Fixed Assets (Net)	(268)	(55)	(120)	(90)
Others	57	3	6	15
Net Cash flow from Investing Activities	**(211)**	**(52)**	**(114)**	**(75)**
Interest paid	(44)	(65)	(96)	(88)
Proceeds from Long Term Borrowings	76	(28)	(38)	(59)
Others	(21)	(2)	(26)	(38)
Net Cash flow from Financing Activities	11	(96)	(159)	(185)
Net Cash flow	**10**	**21**	**3**	**64**
Opening Cash and Cash Equivalent	**33**	**43**	**64**	**67**
Closing cash and cash equivalents	**43**	**64**	**67**	**131**

Source: Company, ICICI Direct Research

Exhibit 5: Balance sheet ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Liabilities				
Share Capital	26	26	26	26
Reserves & Surplus	1,101	1,154	1,234	1,401
Net Worth	1,125	1,179	1,260	1,427
Total Debt	1,075	1,047	1,009	950
Deferred Tax Liability	7	5	5	5
Total Liabilities	**2,909**	**3,004**	**3,112**	**3,325**
Gross Block	2,387	2,478	2,603	2,703
Less Accumulated Depreciation	651	780	926	1,082
Net Block	1,737	1,698	1,677	1,621
Net Intangibles	11	10	10	10
Capital WIP	28	9	9	9
Total Fixed Assets	1,737	1,698	1,677	1,621
Non-current Investments	0	1	1	1
Inventory	665	764	850	991
Sundry Debtors	157	219	243	284
Long-term loans and advances	1	1	1	1
Cash & Bank Balances	43	64	67	131
Other Current Assets	2	2	2	2
Total Current Assets	867	1,050	1,164	1,409
Trade Payable	415	507	565	658
Other Current Liabilities	53	64	71	83
Short term provision	5	6	6	6
Net Current Assets	395	472	521	661
Total Assets	**2,909**	**3,004**	**3,112**	**3,325**

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios

(₹ Crore)	FY25	FY26	FY27E	FY28E
Per share Data (₹)				
Adjusted EPS (Diluted)	2.7	2.2	4.2	8.0
Cash EPS	7.2	7.8	9.9	14.2
BV per share (Diluted)	44.1	46.2	49.4	55.9
Dividend per share	10.2	10.2	25.5	38.3
Operating Ratios (%)				
EBITDA / Net Sales	10.7	10.9	10.7	12.5
PAT / Net Sales	2.7	1.8	3.1	5.2
Debtor Days	22.3	26.1	26.1	26.1
Creditor Days	58.9	60.6	60.6	60.6
Return Ratios (%)				
RoNW	6.2	4.8	8.4	14.4
RoCE	7.1	7.9	9.4	14.0
RoIC	7.0	8.4	9.3	14.3
Valuation Ratios (x)				
EV / EBITDA	24.5	20.1	18.3	13.1
P/E (Diluted)	75.8	93.9	49.7	25.7
EV / Net Sales	2.6	2.2	2.0	1.6
Market Cap / Sales	2.2	1.9	1.7	1.4
Price to Book Value	11.0	12.0	13.0	14.0
Solvency ratios (x)				
Net Debt / Equity	1.0	1.0	1.0	1.0
Net Debt / EBITDA	3.6	2.8	2.5	1.6
Current Ratio	2.1	1.9	1.9	1.9
Quick Ratio	0.7	0.6	0.6	0.6

Source: Company, ICICI Direct Research

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