

### About the Company

Greenply Industries Limited is primarily involved in the manufacturing of plywood and trading of plywood and allied products. Its products include plywood and blockboards, doors, speciality plywood, polyvinyl chloride (PVC) products, decorative veneers, medium-density fiberboard (MDF) and furniture hardware.

### Investment Rationale

- **Improving Growth Visibility:** Greenply delivered 12.5% YoY plywood volume growth in Q3FY26, with segment revenue up 7% YoY to Rs 502 Cr despite a 4.9% YoY realisation dip. Management expects double-digit volume growth in H2 and mid-teens going forward, driven by deeper distribution reach and rising traction in the sweet price point brand 'Ecotech'. Supply-chain fixes have improved dealer servicing, supporting market share gains even in a competitive pricing environment.
- **MDF Expansion & Balance Sheet Comfort:** Greenply approved a Rs 425 Cr (spent over 18 months) second MDF line production in Vadodara with proposed expansion of 700 CBM/day, with Rs 600 Cr revenue potential. The plant is expected to be commissioned by FY28. This new line will enable efficiency gains and mix optimisation between thin and thick MDF, with management targeting 16–18% ROCE. Net debt stood at Rs 528 Cr in Q3FY26; even post-capex, and a net debt/EBITDA is guided below 2x at peak, trending toward ~1x thereafter. Capex is expected to be largely funded via internal accruals.
- **MDF Recovery Driving Earnings Upside:** MDF posted 14.5% YoY volume growth and 12% value growth to Rs 152 Cr in Q3FY26. Margins for MDF dipped to 10% due to temporary production vs traded volumes, driven by production disruptions, against a normalised 16%+ guidance. With the plant now stabilised and January seeing record output, management expects 20%+ YoY MDF growth in Q4 and margin recovery, creating strong operating leverage as utilisation improves.

### Valuation & Recommendation

Greenply's outlook remains positive, with management guiding sustained double-digit volume growth in both plywood and MDF, and seeing potential for mid-teen growth in plywood. This will be driven by distribution expansion, brand investments, and supply-chain improvements. MDF margins are expected to rebound to over ~16% as production stabilises, and utilizations rise, supporting stronger operating leverage. Over the medium term, the upcoming 700 CBM/day MDF expansion is aimed at scaling revenues while maintaining disciplined leverage (net debt/Equity at ~0.5-0.6x), positioning the company for healthier profitability. Strong revenue visibility enhances our confidence in the company's growth prospects. Consequently, we recommend a **BUY rating on the stock with a TP of Rs 248/share, implying an upside of 10% from the CMP.**

### Financial Summary

Y/E	Sales	EBITDA	PAT	EPS	P/E	EV/EBITDA	P/BV	ROE
March	(Rs Cr)	(Rs Cr)	(Rs Cr)	(Rs)	(x)	(x)	(X)	(%)
FY25	2,488	238	92	7.4	39.2	13.7	4.5	11.3
FY26E	2,624	236	94	7.5	38.2	13.7	4.0	10.4
FY27E	2,937	303	135	10.8	26.7	13.9	3.5	13.0
FY28E	3,327	349	182	14.6	19.7	15.0	3.0	14.9

Duration: 3-6 Months

CMP (Rs)	226
Target Price (Rs)	248
Upside (%)	10%

### Why Greenply Industries Ltd

- ✓ **Ply & MDF to Show Double-digit Growth**
- ✓ **Improved Utilisation to Meet Demand**
- ✓ **Samet JV Ramping Up**

### Key risks

- ✓ **Price Fluctuation in Key Raw Materials**
- ✓ **Delay in Demand Recovery**
- ✓ **Oversupply Affecting Margins**

### MARKET DATA

No. of Shares	12 Cr
Market Cap	2,809 Cr
52-week High / Low	352/215
BSE Code	526797
NSE Code	GREENPLY

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## | OBJECTIVE



Axis Punch is designed to generate solid returns in the short to medium term based on High Conviction Stock Ideas for both investors and traders. This fundamental medium-term product targets a return of 10% plus with an investment horizon of 3 to 6 months. Recommendations under Axis Punch are driven by various business and economic events, company valuations, market direction, or a mix of these factors.

## | Axis PUNCH is a strong, research-based idea based on



**Events-Based:** Our recommendations are based on the following critical factors, providing a comprehensive approach to medium-term investment opportunities:

- **Company-Specific Events:** Recommendations consider significant company-specific events such as new orders, product launches, acquisitions, management changes, and the commissioning of new plants.
- **Commodity Price Fluctuations:** We analyse changes in commodity prices, including metals, cement, chemicals, and pharmaceutical materials.
- **Macro-Economic Events:** Key macroeconomic events such as RBI Monetary Policy, US Fed decisions, inflation rates, GDP figures, budget announcements, and changes in government policies are factored into our recommendations.
- **Sector Developments:** Material developments within sectors, including monthly production and sales numbers in industries like Auto, Cement, and Steel, as well as competitive landscape changes due to business actions or new entrants/exits, are considered.
- **Earnings Surprises:** We identify companies expected to report better-than-anticipated earnings in upcoming quarters.
- **Corporate Actions:** Corporate actions such as mergers and acquisitions, capital raising programs, and regulatory announcements that impact a company or its industry form crucial elements for our recommendations.

**Strategic Insights:** Benefit from insights based on a blend of critical business events, economic trends, and thorough company valuations.

**Informed Decisions:** Make well-informed investment decisions backed by the expertise of our dedicated research team.

**Medium-term Horizon:** Enjoy the medium-term investment strategy, perfectly suited for those looking to optimise returns over 3 to 6 months.

## | Why to choose Axis PUNCH



These medium-term recommendations are crafted by the fundamental research team of Axis Securities, ensuring a rigorous analysis of developments around the company. Please note that Axis Punch recommendations may differ from our long-term company recommendations. Key investment rationale and risks are clearly highlighted in stock ideas.

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