

August 08, 2025

Greenpanel Industries Limited: Ratings reaffirmed; outlook revised to Negative from Stable and rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term - Fund-based – Working capital facilities	128.00	120.00	[ICRA]A+ (Negative); reaffirmed and outlook revised to Negative from Stable
Long term - Fund-based - Term Loans	0.00	80.00	[ICRA]A+ (Negative); assigned
Short-term - Non-fund based facilities	40.00	20.00	[ICRA]A1+; reaffirmed
Total	168.00	220.00	

*Instrument details are provided in Annexure I

Rationale

The revision in outlook to Negative on the long-term rating assigned to Greenpanel Industries Limited (GIL) reflects the expectation of a moderate operating performance in FY2026, following a weaker-than-anticipated operating performance in FY2025 and Q1 FY2026. The company has successfully commissioned its new medium density fibreboard (MDF) plant in Q4 FY2025, which has increased the existing capacity by ~35% to 891,000 cubic meters (CBM) per annum. Higher overheads at the new MDF plant, along with increased competition, relatively lower ratio of value-added products and discounts to dealers on industrial grade MDF, resulted in sharp correction in operating margins to 4% in Q1 FY2026 compared to 12% in Q1 FY2025 and 9% in FY2025. Softening of timber prices is expected to provide support to the operating profitability in the coming quarters. The company's ability to ramp-up new capacity, along with improvement its value-added products share remains crucial for meaningful improvement in operating profitability and coverage metrics and remains a key monitorable. The credit profile remains exposed to the vulnerability of the demand to real estate cycles, and exposure to volatility in raw material prices as well as forex exchange rates.

The ratings draw comfort from GIL's market leadership position in the domestic MDF industry with a market share of around 21%¹ as of March 2025, supported by its established brand, wide distribution network and the extensive experience of its promoters in the wood-based interior infrastructure and decorative segment. It has a production capacity of 8,91,000 CBM per annum and enjoys a strong brand image with products being sold under the brand, Greenpanel. The MDF business remains the mainstay of GIL's revenues and profitability, which accounted for 90% of its total revenues in FY2025. Its geographically diversified production base with manufacturing units in North (Uttarakhand) and South India (Andhra Pradesh) mitigates the risks arising from adverse demand environment in a particular region. Its plants are strategically located near the sources of raw materials. The operating profile is further strengthened by GIL's extensive network of 1,750 distributors and more than 12,000 retailers that are serviced by 7 branches across India. The ratings factor in the company's comfortable debt coverage metrics with DSCR of 4.3 times as of March 2025. Moreover, the comfort is derived from the strong liquidity position with unencumbered cash and cash equivalents of ~Rs. 150 crore as on June 30, 2025, and undrawn working capital limits of Rs. 120 crore.

¹ As per GIL's annual report of FY2025

Key rating drivers and their description

Credit strengths

Market leadership position in MDF segment – GIL is the market leader in the domestic MDF industry with a market share of 21% as of March 2025, supported by an established wide distribution network and the extensive experience of its promoters in the wood-based interior infrastructure and decorative segment. It has a production capacity of 8,91,000 CBM per annum and enjoys a strong brand image with products being sold under the brand, Greenpanel. The MDF business remains the mainstay of GIL's revenues and profitability, which accounted for 90% of its total revenues in FY2025. Its geographically diversified production base with manufacturing units in North (Uttarakhand) and South India (Andhra Pradesh) mitigates the risks arising from adverse demand environment in a particular region. Its plants are strategically located near the sources of raw materials. The operating profile is further strengthened by GIL's extensive network of 1,750 distributors and more than 12,000 retailers that are serviced by 7 branches across India.

Extensive experience of promoters in the wood-based interior infrastructure segment – GIL's promoters have more than two decades of experience in the wood-based interior infrastructure segment. The company was incorporated in December 2017 and remained dormant till the demerger of the MDF division and a part of the plywood division (effective July 1, 2019) of Greenply Industries Limited.

Comfortable debt coverage metrics and strong liquidity position – GIL's total debt stood at Rs. 386 crore as of June 2025. The company's coverage metrics are expected to remain comfortable on the back of long tenure of term loans. Moreover, comfort is derived from the strong liquidity position with unencumbered cash and cash equivalents of ~Rs. 150 crore as on June 30, 2025, and undrawn working capital limits of Rs. 120 crore.

Credit challenges

Weak operating performance in FY2025 due to pricing pressures and elevated input costs; expected to remain subdued in FY2026 – GIL's operating income declined to Rs. 1,436 crore in FY2025 (PY: 1,567 crore) owing to reduction in sales volumes and realisations, driven by heightened domestic competition with large capacity additions in the industry over the recent years and increased dumping of cheaper imports from Southeast Asian countries of Vietnam, Thailand, etc. The OPM dipped to 9% in FY2025 (PY: 16%) due to rise in timber prices and other operating overheads, lower volumes, and decline in sales realisations. GIL's performance further weakened in Q1 FY2026 on account of discontinuation of sales of commercial grade MDF, which was sold by the company prior to the implementation of BIS norms and lower exports amid geo-political tensions, especially in the West Asia, which disrupted global trade routes. The revenues fell by 10% to Rs. 328 crore in Q1 FY2026 from Rs. 365 crore in Q1 FY2025, along with further reduction in OPM to 4% in Q1 FY2026 due to low-capacity utilisation and higher fixed overheads at the new plant, lower ratio of value-added products and discounts to dealers on industrial grade MDF. While the performance is expected to remain subdued in FY2026, it is likely to improve in the medium term on account of commencement of operations in the new plant, BIS certification norms, healthy demand from end-user segments and softening of timber prices.

Exposure to volatility in raw material prices and foreign exchange rates – The company remains exposed to fluctuations in prices of key raw materials (timber), which have shown significant volatility and increased sharply over the last two years, impacting its operating profit margins in FY2025 and Q1 FY2026. It also faces forex risk for the outstanding foreign currency loan of Rs. 310 crore as on June 30, 2025, which is unhedged. The company reported Rs. 27.5 crore of forex loss on account of depreciation of Indian Rupee compared to Euro.

Environmental and social risks

Environmental considerations – Manufacturing of wooden panel products requires a substantial use of timber and wooden logs, primarily procured from timber plantations, along with some dependence on forest wood, which is imported. GIL also emits formaldehyde during manufacturing and consumes fuel with dependence on fossil fuels. Increasing regulatory requirements to reduce greenhouse gas emissions and stricter air pollution standards may lead to higher costs for GIL. The profitability and cash flows could be under pressure if it is not able to fully pass on the higher compliance costs to its customers.

Social considerations – The social risks relate to the safety of employees involved in manufacturing and transportation of wood panel products. GIL has made investments in mechanisation to enhance physical safety.

Liquidity position: Strong

The company's liquidity position is strong, with free cash and liquid investments of ~Rs. 150 crore as on June 30, 2025. It has repayment obligation of Rs. 69 crore for FY2026, which can be met comfortably by its estimated cash flow from operations. GIL has unutilised sanctioned fund-based working capital limits of Rs. 120 crore, which supports its liquidity.

Rating sensitivities

Positive factors – The outlook could be revised to Stable if material improvement in earnings with ramp-up of the recently commissioned facilities lead to healthy improvement in debt protection metrics.

Negative factors – ICRA could downgrade the ratings if there is a material decline in GIL's revenues or inability to improve its profitability or increase in indebtedness impacts its debt protection metrics and liquidity position on a sustained basis. Specific credit metric for a rating downgrade includes OPBITDA margin below 11% on a prolonged basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financials.

About the company

Greenpanel Industries Limited (GIL) was incorporated in December 2017 and remained dormant till the demerger of MDF segment and part of the plywood segment of Greenply Industries Limited into GIL. The demerger was effective from July 1, 2019.

The company manufactures wood-based panel products, which includes MDF boards, plywood and allied products. It has two manufacturing facilities located in Pantnagar, Uttarakhand and Chittoor, Andhra Pradesh, with a total capacity of 8,91,000 CBM of MDF and 9 million square metres of plywood as on June 30, 2025. The products manufactured by GIL are sold across the country under the brand name of Greenpanel.

Key financial indicators (audited)

GIL Standalone	FY2024	FY2025
Operating income	1,567.3	1,435.8
PAT	142.7	72.1
OPBDIT/OI	15.8%	9.1%
PAT/OI	9.1%	5.0%
Total outside liabilities/Tangible net worth (times)	0.4	0.5
Total debt/OPBDIT (times)	1.2	3.1
Interest coverage (times)	20.1	19.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	FY2026			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	Aug 08, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Long Term-Cash Credit-Fund Based	Long Term	120.00	[ICRA]A+ (Negative)	Oct 01, 2024	[ICRA]A+ (Stable)	Sep 12, 2023	[ICRA]A+ (Stable)	Jul 22, 2022	[ICRA]A (Positive)
				-	-	-	-	Aug 18, 2022	[ICRA]A+ (Stable)
Long Term-Term Loan-Fund Based	Long Term	80.00	[ICRA]A+ (Negative)	-	-	-	-	Jul 22, 2022	[ICRA]A (Positive)
				-	-	-	-	Aug 18, 2022	[ICRA]A+ (Stable)
Short Term- Others-Non Fund Based	Short Term	20.00	[ICRA]A1+	Oct 01, 2024	[ICRA]A1+	Sep 12, 2023	[ICRA]A1+	Jul 22, 2022	[ICRA]A1
				-	-	-	-	Aug 18, 2022	[ICRA]A1+
Long Term-Unallocated-Unallocated	Long Term			-	-	Sep 12, 2023	[ICRA]A+ (Stable)	Jul 22, 2022	[ICRA]A (Positive)
				-	-	-	-	Aug 18, 2022	[ICRA]A+ (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Fund-based – Working capital facilities	Simple
Long-term fund based – Term loan	Simple
Non-fund-based facilities	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based – Working capital facilities	NA	NA	NA	120.00	[ICRA]A+ (Negative)
NA	Term loans	FY2025	NA	FY2030	80.00	[ICRA]A+ (Negative)
NA	Non-fund based facilities	NA	NA	NA	20.00	[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis: Not Applicable

ANALYST CONTACTS

Ashish Modani

+91 22 6169 3300

ashish.modani@icraindia.com

Anupama Reddy

+91 40 6939 6427

anupama.reddy@icraindia.com

Abhishek Lahoti

+91 40 6939 6433

abhishek.lahoti@icraindia.com

Preeti Rana

+91 124 4545 887

preeti.rana@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.