

Greenpanel Industries Limited

August 07, 2025

S. No.	Facilities	Amount (₹ crore)	Rating ¹	Rating Action
1.	Long-term bank facilities	80.00	CARE A+; Negative	Assigned
2.	Long-term / Short-term bank facilities	140.00 (Enhanced from 125.00)	CARE A+; Negative / CARE A1+	Reaffirmed; Outlook revised from Stable
3.	Long-term bank facilities	-	-	Withdrawn

Details of facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Greenpanel Industries Limited (Greenpanel) continue to draw strength from its strong position in the domestic medium-density fibreboard (MDF) industry, strong brand image, extensive distribution network, and marketing support. Ratings continue to derive significant comfort from its large surplus liquidity and robust capital structure, despite considering the recently completed debt-funded capex. Ratings also factor in the strategic location of its manufacturing units with raw material linkages and experience of its promoters in the interior infrastructure industry.

CARE Ratings Limited (CareEdge Ratings) further notes the subdued financial performance in FY25 (refers to April 01 to March 31) and Q1FY26, largely due to increased competition with commissioning of new capacities by new and existing players, high imports and rising timber cost. The demand-supply gap in MDF market is expected to improve, as all the major capacities have come on-line and BIS norm has been implemented from February 2025. The company's ability to arrest decline in its sales volume and improve its sales volume shall remain key monitorable.

Ratings are further constrained by exposure of profitability to foreign exchange fluctuation and input price volatility, stabilisation of large-size brownfield expansion project, intense competition, and reduction in capacity utilisation of existing unit.

CareEdge Ratings has withdrawn the rating assigned to the long-term bank facilities (S. No. 3), as the company has surrendered the bank facilities.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Achieving the volume-driven growth in its total operating income (TOI) through sustained high-capacity utilisations (CU) while improving its operating profitability (profit before interest, lease rentals, depreciation, and taxation [PBILDT]) margins and healthy return on capital employed (ROCE).
- Improving total debt/PBILDT to below 0.50x while maintaining its comfortable overall gearing ratio at ~0.30x on a sustained basis.

Negative factors

- Inability to improve sales volume of MDF with sales realisation at below ₹25,000/CBM putting pressure on its profitability on a sustained basis.
- Delay in stabilisation of newly implemented project, adversely impacting its ROCE and capital structure beyond envisaged levels (overall gearing over 0.75x and net debt/PBILDT over 2x on a sustained basis) adversely impacting its liquidity.

Analytical approach: Standalone

Outlook: Negative

The outlook has been revised to 'Negative' from 'Stable' in view of anticipated continued pressure on profitability margins in the MDF segment, driven by intense competition from domestic players and loss of market share. The outlook may be revised to 'Stable' upon increase in overall capacity utilisation accompanied by meaningful improvement in PBILDT margin.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Strong position in domestic organised MDF industry with strong brand image

Greenpanel is currently one of India's largest MDF manufacturing company commanding an established position in the organised MDF market and a strong brand presence. Greenpanel sells its entire product range under the brand 'Greenpanel'. It enjoys healthy market share due to its superior product quality and continuous brand awareness initiatives. Unlike plywood, the MDF sector has fewer un-organised players, given the high capital requirement for setting up new plant.

Extensive distribution network and marketing support; though significantly downsized

Greenpanel has a PAN-India marketing network with seven branches, 1,753 distributors/stockists and 12,500 retailers (sales through dealers accounted for ~88% of total sales in FY25). Over the last 2-3 years, Greenpanel has strategically reduced its dealer/distributor network from over 2,500 due to merging its sales teams for plywood and MDF and with a view to focus on dealers who have good payment track record, ensuring efficient working capital management. Moreover, the sale to top 10 dealers accounted for only 16% of total sales in FY25, signifying diversified dealer network base. Greenpanel also has a presence in export markets with two overseas branches, which support for better exports to seven countries.

Strategic location of manufacturing units with raw material linkage

Adequate availability of raw material is a long-term driver for plywood and MDF manufacturers. Key raw materials required for manufacturing plywood include face veneer, outer and back layer of plywood, core timber, and chemicals. For MDF, timber accounts for ~65% of the total raw material cost (which is domestically available) and chemicals account for the balance 35%. Greenpanel's existing plants are strategically near its raw material source (Uttarakhand and Andhra Pradesh) and adjacent to the port (Krishnapatnam), making the plant preferable for catering to export markets.

Comfortable capital structure despite moderation witnessed in debt protection metrics

The company has a comfortable capital structure with an overall gearing of 0.30x as on March 31, 2025 and June 30, 2025. Though moderated from the earlier level of 0.23x as on March 31, 2024, overall gearing continues to remain comfortable. The moderation has been owing to increase in term debt for the recently completed project. The capital structure is expected to continue to be robust due to the gradual repayment of debt and healthy net worth base, despite the planned drawdown of ~₹20 crore in forex loan in November 2025 for payment to capital vendors. The interest coverage ratio stood comfortable at 19.27x in FY25 (20.27x in FY24). However, total debt to gross cash accruals (TD/GCA) also witnessed moderation from 1.40x as on March 31, 2024, to 2.70x as on March 31, 2025 considering higher term debt and lower profitability. Net debt / Adjusted PBILDT (excluding EPCG grant) moderated to 2.01x as on March 31, 2025 from 0.25x as on March 31, 2024.

Experienced promoters with satisfactory track record in operations

Although incorporated in December 2017, Greenpanel remained as an inactive company till the demerger of the MDF division and part of plywood division of Greenply into it. The MDF division was in operation under Greenply since 2010. Being the first major MDF manufacturer in India, Greenpanel's business has a satisfactory track record of operations in manufacturing plywood and MDF. The company continues to benefit from the experience of over two decades of its promoters in the interior infrastructure sector. They are ably supported by the senior management of Greenpanel, which has extensive experience in the industry.

Liquidity: Strong

The liquidity of the company continued to remain strong with cash and liquid investment of ₹153.14 crore as on June 30, 2025, and undrawn working capital limits of ₹120 crore as on June 30, 2025. The company has debt repayment obligation of ~₹42 crore in balance part of FY26. The company is expected to generate adequate cash accruals to meet its debt repayment obligations and capex requirement, with repayment of Q1FY26 met out of surplus liquidity.

There is no major capex plan in the medium term, as the company has recently completed implementation of its thin MDF unit. The company shall draw down ~₹20 crore from available undrawn limit of foreign currency loan for payment to capital vendors in November 2025. Strong liquidity and a robust capital structure are anticipated to support its financial profile despite near-term pressures on profitability.

Key weaknesses

Moderation in financial performance in FY25 and Q1FY26

Greenpanel's TOI witnessed degrowth of ~8.65% year-on-year (y-o-y) in FY25 compared to FY24 largely due to decline in sales volume of MDF and Plywood. The lower sales volume in MDF was largely owing to increased competition with large capacity

addition by new and existing players and high imports. The TOI of plywood division witnessed a degrowth of ~15.53% in terms of volume y-o-y basis, while the average realisation fell by 1.15%. The adjusted PBILDT margin (excluding EPCG grant) moderated to 6.69% in FY25 from 15.84% in FY24 due to lower sales volume, increased competition putting pricing pressure, high imports, and rising timber cost. The company had implemented cost-cutting measures in the form of reduction in sales promotion expenses and consolidation of sale teams for plywood and MDF.

The sales volume further reduced by 14.26% in Q1FY26 y-o-y on account of discontinuance of sale of commercial grade MDF from Q4FY25, which contributed to ~31% of sales volume in Q1FY25. The adjusted PBILDT margin further moderated in Q1FY26 to 1.82%, despite ~7% decrease in timber prices owing to lower capacity utilisation (31%) in new MDF facility at Andhra Pradesh, lower share of value-added products and incentive scheme on industrial grade MDF for a month.

The company's ability to improve sales volume and profitability margin in a meaningful manner from Q2FY26 amidst intense competition will be key monitorables in the near term.

Decline in CU in FY25 and Q1FY26

The CU for MDF plant witnessed an increasing trend over the years from FY19 to FY22, however, moderated from FY23 at 78% to FY25 at 65% and further declining to 47% (annualised) in Q1FY26 post capacity addition of 231,000 CBM from March 29, 2025. The moderation was largely owing to changing industry scenario where there has been significant expansion in domestic capacities in FY24 and FY25 and higher imports in FY24 compared to FY23. The company's ability to arrest further decline in sale volume and improve its CU and overall sales volume shall remain key monitorable as the demand-supply gap in MDF market is expected to improve; as major capacities have come on-line and BIS norm has been implemented in February 2025.

Project stabilisation risk

Greenpanel has concluded a brownfield expansion of its MDF capacity by 700 CBM per day at its existing Andhra Pradesh plant at a cost of ₹613.16 crore on March 29, 2025. The project is funded by debt to the tune of ~₹372 crore (higher-than-envisaged debt of ₹290 crore) out of which ~₹20 crore of foreign currency loan is expected to be drawn in November 2025. The management has past experience of successfully ramping up of a large scale MDF plant which offsets the risk of project stabilisation to an extent. The company already has an established customer base and distribution network to market the products. However, given low CU in existing unit, the ramp up of new unit is expected to be slower than envisaged.

Foreign exchange fluctuation risk

Greenpanel is exposed to the foreign exchange fluctuation risk due to limited exports, dependency on import of raw materials (face veneer and thin laminates) and high reliance on foreign currency borrowings (Euro denominated).

In FY25, the company exported finished goods worth ₹147.63 crore and imported raw materials amounting to ₹8.43 crore. The company has foreign currency borrowing amounting to EUR 32.32 million as on June 30, 2025 (~₹310 crore), which is currently unhedged by the company (generally the company hedges itself for servicing of upcoming one to two instalments). Given that a significant portion of the company's borrowings is denominated in Euros, depreciation in the Indian Rupee (INR) is expected to adversely impact the debt position and increase cash outflow for unhedged debt repayments instalments for the company. Greenpanel earned forex gain of ₹1.68 crore in FY25 (₹1.34 crore in FY24). However, the company incurred forex loss of ₹27.54 crore in Q1FY26 due to sharp appreciation of Euro in Q1FY26.

Supply glut due to increased capacity in domestic MDF market; expected to improve

The Indian MDF segment, valued at ₹7,000-7,500 crore in FY24, has grown at a compounded annual growth rate (CAGR) of 15% and is expected to grow at the similar rate in the medium-term. MDF is acting as a substitute for low-quality unorganised sector plywood segment. MDF is 25-30% cheaper than mid-range plywood and is even denser than it. With increasing nuclearisation, urbanisation, and a growing preference for readymade furniture, the demand for the product is expected to remain healthy. MDF also has non-furniture applications such as flooring and decorative items where the acceptability of the product is increasing.

In the recent past, the domestic MDF market witnessed substantial capacity addition across existing and new players. Demand supply scenario is expected to gradually improve, as all the major capacities have come on-line, and BIS norms have been implemented from February 2025, further narrowing the supply-demand gap.

Environment, social, and governance (ESG) risks

Greenpanel is exposed to tightening environmental compliance and emission norms since it uses wood-based raw materials and chemicals. In Q1FY26, the company received a notice from Uttarakhand Pollution Control Board (UKPCB) imposing compensation of ₹0.35 crore for exceedance of discharge/emission standard and other activity which cause damage to the environment. The company is also taking initiatives to preserve the environment, including tree plantation and maintain environmental compliance.

It expended ₹5.44 crore for corporate social responsibility (CSR) initiatives in FY25 and further an amount of ₹0.35 crore remained unspent on account of shortfall for previous years. Of the six directors on the company's board, four are independent directors.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Plywood boards/ laminates

Although incorporated in December 2017, Greenpanel remained as an inactive company till the demerger of the MDF business segment and part of plywood segment of Greenply into Greenpanel. Greenpanel is primarily engaged in manufacturing wood-based panel products used in interior infrastructure, which includes plywood, MDF boards, and allied products. Greenpanel has two manufacturing facilities for MDF - one each in Pantnagar, Uttarakhand, and Chittoor, Andhra Pradesh, with combined installed capacity of 891,000 CBM per annum (increased from 660,000 CBM in March 2025). The company also has a manufacturing facility for plywood with installed capacity of 9 million square metres at Pantnagar, Uttarakhand (reduced from 10.5 million square metre on closure of decorative veneer business). Apart from domestic market, the company also has presence in the export markets (for MDF) in around seven countries. Exports comprised ~11% of its total sales in FY24 and FY25.

Brief Financials (₹ crore)	March 31, 2024* (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	1,568.79	1,433.11	328.19
PBILDT	248.56	128.55	10.98
PAT	142.68	72.11	-34.62
Overall gearing (times)	0.23	0.30	0.30
Interest coverage (times)	20.27	19.27	0.33

* Consolidated Financials; A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	28/01/2030	80.00	CARE A+; Negative
Fund-based/Non-fund-based-LT/ST		-	-	-	120.00	CARE A+; Negative / CARE A1+
Non-fund-based - LT-Letter of credit		-	-	-	0.00	Withdrawn
Non-fund-based - LT/ ST-BG/LC		-	-	-	20.00	CARE A+; Negative / CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE A+; Stable (07-Aug-24)	1)CARE A+; Stable (06-Mar-24) 2)CARE A+; Stable (23-Aug-23)	1)CARE A+; Stable (02-Aug-22) 2)CARE A; Positive (07-Apr-22)
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	20.00	CARE A+; Negative / CARE A1+	-	1)CARE A+; Stable / CARE A1+ (07-Aug-24)	1)CARE A+; Stable / CARE A1+ (06-Mar-24) 2)CARE A+; Stable / CARE A1+ (23-Aug-23)	1)CARE A+; Stable / CARE A1+ (02-Aug-22) 2)CARE A; Positive / CARE A1 (07-Apr-22)
3	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (23-Aug-23)	1)CARE A+; Stable

								(02-Aug-22) 2)CARE A; Positive (07-Apr-22)
4	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	-	-	-	-	1)Withdrawn (23-Aug-23)	1)CARE A+; Stable / CARE A1+ (02-Aug-22) 2)CARE A; Positive / CARE A1 (07-Apr-22)
5	Non-fund-based - ST-Letter of credit	ST	-	-	-	-	1)Withdrawn (06-Mar-24) 2)CARE A1+ (23-Aug-23)	1)CARE A1+ (02-Aug-22) 2)CARE A1 (07-Apr-22)
6	Non-fund-based - LT-Letter of credit	LT	-	-	-	1)CARE A+; Stable (07-Aug-24)	1)CARE A+; Stable (06-Mar-24) 2)CARE A+; Stable (23-Aug-23)	1)CARE A+; Stable / CARE A1+ (02-Aug-22) 2)CARE A; Positive / CARE A1 (07-Apr-22)
7	Fund-based/Non-fund-based-LT/ST	LT/ST	120.00	CARE A+; Negative / CARE A1+	-	1)CARE A+; Stable / CARE A1+ (07-Aug-24)	-	-
8	Fund-based - LT-Term Loan	LT	80.00	CARE A+; Negative				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated facilities – Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based/Non-fund-based-LT/ST	Simple
4	Non-fund-based - LT-Letter of credit	Simple
5	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Hardik Manharbhai Shah Director CARE Ratings Limited Phone: +91-22-6754 3591 E-mail: hardik.shah@careedge.in
Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in	Richa Bagaria Associate Director CARE Ratings Limited Phone: +91-033-4018 1600 E-mail: richa.jain@careedge.in Gulshan Agarwal Analyst CARE Ratings Limited E-mail: Gulshan.agarwal@careedge.in

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**