

Greenlam Industries faces uncertainty in domestic markets


Abhishek Law | Kolkata | Updated on June 09, 2021





Overseas export market witnesses recoveries despite Covid second wave

Even as the second wave of Covid infections lead to regional lockdowns and uncertainty in domestic markets for surfacing solutions company Greenlam Industries; the overseas export market, however, continues to witness recoveries as they "open-up again".

Foreign markets like Europe, United Kingdom and the USA have begun operating post opening-up. Asian markets – Thailand, Singapore, Indonesia among others – though “strong” continue to see slower recoveries as re-surgence in fresh Covid cases happen.

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Exports account for over 51 per cent of Greenlam Industries topline, with the remaining coming from India.

According to Saurabh Mittal, MD and CEO, Greenlam Industries, business in Asian nations still continue to be at pre-Covid levels, while elsewhere (Europe, Middle East & the USA) growth is being witnessed.

For FY21, the export business witnessed “near flattish” volume growth but top-line grew YoY.

“Exports face some challenges. There are issues like container availability, delays in clearing at port, disruption of consignments and so on, which have a bearing on volume. The first wave of the pandemic led to closures in most markets and subsequent ones continue to create backlogs,” he told *BusinessLine*.

Domestic business

Mittal says, outlook for the India business remains "unpredictable". Markets are closed, leading to loss of retail sales and only supplies to construction/project sites in the real estate sector are happening. More than re-opening, recoveries will depend on consumer sentiments in upcountry markets that saw a surge in cases.

“As of now it is a little difficult to comment on the domestic business. There's a bit of unpredictability and uncertainty in recoveries,” he said adding that “April-May sales were majorly hit”.

“Yes, there will be pent up demand that drives recoveries like last fiscal, but its extent is not yet known,” Mittal said even as States like UP, Haryana, Gujarat and some of the other markets start unlocking.

In FY21, despite the strong recoveries in H2 (post-September) and demand being up at pre-Covid levels, the company saw a 2.5 per cent rise in volume sales; while top-line shrunk 10 per cent.

The decorative wood and allied businesses that are largely focused towards residential segment has seen de-growth of about 35 per cent in FY21. But the company is eyeing "long term investments" in the vertical.

Margin worries continue as there has been a substantial increase in both raw material – most imported – and non-raw material related costs. A 10-12 per cent price hike in laminates have been made for the domestic market, while for overseas markets, costs are mostly up due to a 2-5 per cent increase in material price and freight charges.