

Greenlam likely to post 10-12% growth this fiscal: Saurabh Mittal

Interview with MD and CEO, Greenlam Industries



Saurabh Mittal Saurabh Mittal



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The demand scenario is not quite bright or positive and efforts on market penetration, new products and market expansion can fuel growth, said Greenlam Industries MD and CEO **Saurabh Mittal** in an interview with *Swati Khandelwal*.

How do you view the latest financial results?

If we have a look at the results of the previous year then there is a topline growth of around 11.50-12% and the profit after tax (PAT) has grown by 19-20%. However, last year, the market, especially domestic, has been a difficult one. So we grew less in the domestic market and our export business grew by 19-20%. We were able to maintain the gross margin and Ebitda (earnings before interest, taxes, depreciation and amortisation) margin but there was a slight reduction because of an increase in the cost of raw material, which went up due to rupee depreciation. So last year's business scenario was difficult, but we were able to maintain our numbers. We remained steady on the balance-sheet front in terms of working capital cycle, return on capital and return on equity. So we were able to maintain everything.

How was the volume growth across segments? What can we expect this fiscal?

In the laminate segment, the volume growth was largely flattish last year, but its value grew by almost 10%. We were focused primarily on premium products and premiumisation. The lower segment faced considerable price challenges due to increased competition intensity. Veneers segment grew by almost 10%. In case of flooring and doors, which had a small base, the volume grew by 50% and 35-40%, respectively. But this growth percentage doesn't have any major implications. Secondly, I can't say anything about the ongoing quarter but will be posting an overall growth of around 10-12%, including volume and value, in the financial year 2020.

Update us on expansion plans.

Capacity addition has been announced in the laminates segment. So, about 12% capacity will be added to the system and it will start producing in the third quarter of this fiscal. When it comes to other segments like veneers, floor and doors, then we have enough capacity and that's why we don't have any programme to add capacity in these segments.

How much capex have you planned to meet capacity addition?

Capex is around Rs 25 crore, which will be funded through internal accruals. In addition, we haven't announced any major expansion plans till date and that's why a routine capex will be utilised.

How will your acquisition of Decolan SA, a company incorporated in Switzerland, increase your revenue in the European market this fiscal?

I can't provide any specific number but can say that the acquisition will help us strengthen our distribution in the central European market and increase the number of customers. This acquisition will allow us to supply a few more product variants in the market. In addition, we are expanding laminate capacity at a large scale.

What is the position of debt and cash?

As on March 31, 2019, we had a debt of Rs 260 crore on our balance-sheet and debt-equity stands at 0.63.

Let us know the area where demand is visible and the products that are in demand?

Demand seems to be a difficult one in the domestic market. Last fiscal's growth almost remained muted as we were able to grow by 6-7%. So domestic market demand is tough but can see a positive demand in the domestic commercial market; the residential demand is still slow. In the export market, we will be able to grow by 10-12%. So overall, the demand scenario is not quite bright or positive. Our efforts of market penetration, new products and market expansion can fuel growth in our business.

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