

Greenlam sees recoveries in export markets

Tier-II markets in India faring better than urban ones, says MD Saurabh Mittal

ABHISHEK LAW

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Laminates and veneer maker, Greenlam Industries, has seen a quicker recovery in the export markets as India began unlocking while "business continues to be challenging on the domestic front". Tier-II markets are faring better as compared to urban ones.

Nearly 50 per cent of the company's revenues are from export markets while the remaining is from Indian operations.

In FY20, it reported a consolidated total income of ₹1,321 crore (3 per cent YoY growth) and a profit of ₹87 crore (13 per cent growth).

According to Saurabh Mittal, Managing Director and CEO, Greenlam Industries has seen export businesses come back to "80 per cent of the pre-Covid levels".

In case of domestic business, the outlook is varying on a State-to-State or market-to-market basis and businesses (till mid June) was at 40-50 per cent of pre-Covid levels. However, Greenlam is confident of gaining market share from the unorganised players that have had their businesses disrupted because of Covid-19 and the lockdown.

The company has two manufacturing facilities, Behror (Rajasthan) and Nalagarh (Himachal Pradesh), which restarted operations from April 21 and April 26.

"Tier-II markets

are doing better at the moment. I think there will be shift from the unorganised, mid-segment market to the organised players (for domestic markets). In international business, a few companies will take more market share from unorganised players. We are already experiencing that, although the numbers are still low," he told *BusinessLine*.

Margin expansion

According to Mittal, margin expansion in FY21 will largely depend on factors such as raw material costs and downtrading by users.

In the previous fiscal, Greenlam witnessed a near 290 basis point expansion in gross margins with be-

nefits accruing from benign raw material prices, better value mix and cost control measures. Gross margins stood at 49.2 per cent as against the 46.3 per cent in the year-ago-period.

EBITDA margins for the fiscal improved by 110 basis points to 13.5 per cent (12.4 per cent).

Capex plans

While routine cap-ex plans for FY21 would go on as planned to the tune of ₹25-30 crore, there could be some delay in beginning of construction work at its proposed facility in Andhra Pradesh. Nearly ₹175 crore will be invested towards the Andhra facility that includes ₹50 crore as land cost.

"We have approached the State government for necessary approvals around the January-February period. The outbreak of Covid-19 led to procedural delays. So we anticipate construction work to begin in FY22," Mittal said.



Saurabh Mittal,
MD and CEO,
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