Twitter Thread by The Tycoon Mindset



The Tycoon Mindset
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Greenpanel Industries conducted their earnings con-call today at 4:00 pm

"One of the major MDF player in India"

Here are the key highlights of the call ■■

@varinder_bansal @nid_rockz

- MDF segment has margin of 24% during the quarter. There was price hike during the quarter as some raw material prices also went up. Company is planning 200 bps improvement in margins

- The current quarter looks good so the company is planning for 100 percent to 110 percent capacity utilization for both plants.

- The company have divided forex loss in 2 parts: 7 crore in interest and 1 crore above EBITDA.

- Company have sold out some assets of subsidiaries and also faced operational loss which can be experienced again.

- Exports market: Anti dumping which was announced couple of weeks back has been confirmed by the government. This will improve the margins.

- Capex of 55 crore. One part of the capex is for increasing capacity by adding additional machinery at the existing plants. The second part of the capex is for reducing the cost of operation.

- Company has taken one price hike of 3% in December. Another price hike of 3.5% was taken in January.

- Company has witnessed larger growth in towns and cities and things are slow in urban areas specially in western states.

- Most of the players in this industry had optimum capacity utilization.

- Extent of industrial growth from company point of view is that it have grown above 25 percent in previous times and further

it can growth above 15 percent next quarter

- Growth drivers: People have shifted from Unorganized to organized players.

- Non availability of containers for shipment is impacting imports.

- Company have sufficient space in Andhra Pradesh to do brownfield expansion

- No major expansion has been announced by any of the key players in MDF segment. Even if it is started now, it will be ready by 2023-2024. There will be sufficient time for company to utilize their current capacity.

- Apart from century no player is planning for Capex plans and the company looks forward to have stable pricing.

- Value added MDF contribution has gone up this quarter.

- Company have seen a great increase of 230 dealers in MDF and 50 in plywood.

- For next couple of years growth can be of 15 to 20% in MDF segment. In plywood in bad times 3 to 4% and in good period 6 to 8%.

- Company is more focused on MDF as margins and demand is better in this segment as compared to plywood.

- Net debt: 452 crore at end of current quarter, 400cr by 31 March 2021 and Around 200 crore by 2022.

- Exports were between 25 to 30 percent in FY 20 but have reduced significantly in current situation.

-There have been a change in the product mix for the company. There is a dip in plywood realization as people shifted to other alternative.

- On brown field expansion on Andhra Pradesh plant the company don't have any accurate number to quote in relation to expansion costs.

- After MDF full capacity expansion there will not be a lot of Marketing expenditure

- Margins is based on capacity utilization, product mix and export and import and a change in them will impact margins

- North plant margins are higher then south plant but if brought at equal levels south plant may out perform