



RUSHIL

DECOR LIMITED

WE'LL MAKE IT

RDL/020/2024-25

Date: 15.05.2024

To,
National Stock Exchange of India Ltd.
Exchange Plaza,
Bandra – Kurla Complex,
Bandra (E), Mumbai – 400 051
NSE EQUITY SYMBOL: RUSHIL

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001
SCRIP CODE: 533470

ISIN: INE573K01017

Dear Sir / Madam,

Subject: Transcript of the conference call for Audited Financial Results for the Quarter and Year ended 31st March, 2024

With reference to our earlier intimation No. RDL/009/2024-25 dated May 02, 2024 and in terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of the conference call with Investors and analysts held on Thursday, May 09, 2024 in respect of the Audited Financial Results for the Quarter and Year ended 31st March, 2024.

The same will also be available on the website of the Company at www.rushil.com.

This is for your information and record.

Thanking you,

Yours faithfully,

For Rushil Decor Limited

Hasmukh K. Modi
Company Secretary

Encl.: a/a



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“Rushil Decor Limited Q4 FY'24 Earnings Conference Call”

May 09, 2024



MANAGEMENT: **MR. RUSHIL THAKKAR – EXECUTIVE DIRECTOR, RUSHIL DÉCOR LIMITED**
MR. KEYUR GAJJAR – CHIEF EXECUTIVE OFFICER, RUSHIL DÉCOR LIMITED
MR. HIREN PADHYA – CHIEF FINANCIAL OFFICER, RUSHIL DÉCOR LIMITED

MODERATOR: **MR. KARAN BHATELIA – ASIAN MARKET SECURITIES LIMITED**

Moderator: Ladies and Gentlemen, Good Day and Welcome to Rushil Decor Limited Q4 FY'24 Earnings Conference Call hosted by Asian Market Securities Limited.

This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a result, may differ from such expectations, projections, etc., whether expressed or implied. Participants are requested to exercise caution while referring to such statements and remarks.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Karan Bhatelia from Asian Market Securities Limited. Thank you and over to you, sir.

Karan Bhatelia: Thank you, Sagar. A Very Good Afternoon and Welcome all to the Rushil Décor Fourth Quarter FY'24 Earnings Conference Call hosted by Asian Market Securities.

From the Management side, we have Mr. Rushil Thakkar – Executive Director and Mr. Keyur Gajjar – CEO and Mr. Hiren Padhya – CFO.

I hand over the call to Rushil bhai for his Opening Comments, post we shall open the floor for Q&A. Thank you. And over to you, sir.

Rushil Thakkar: Hello, everyone and welcome to Rushil Decor Q4 Call for the Financial Year ended 2024.

I would like to thank AMSEC for arranging this call and all participants for taking the time out to join the call. With me, I have Mr. Keyur Gajjar, Chief Executive Officer and Mr. Hiren Padhya, Chief Financial Officer.

We shared and uploaded the “Investors Presentation” on the exchange and hope you all have gone through the same.

We will start the call with some remarks on the performance of the company and discuss the promising opportunities we foresee for the next few years, post which we will open up the floor for Q&A.

The year has posed many obstacles by increasing imports and uptrend in raw material pricing and a decrease in realization, but we stood strong and ensured that the challenges couldn't curb

the growth that we have projected. Our quarterly revenues grew strongly by 9% quarter-on-quarter and year-on-year. This performance was primarily attributed to the growth in the volumes and increase in utilization level we saw in both the segments. Our Q4 volumes for the MDF and Laminate grew 13% and 6% year-on-year owing to the operational efficiency at our plants. In Q4, the blended realization for the Laminate and MDF stood at Rs.634 and Rs.23,535. Raw material costs, especially timber prices during the year, have been fluctuating overall on the higher side, which had an impact on our margins. Our EBITDA margins for financial year '24 stood at 14.21%. Going forward with the current expansion plan across the geographies, we shall continue to target our EBITDA margin in the range of 14% to 16%.

In the rapidly expanding MDF sector, we solidified our position as a significant contender by efficiently boosting our production capabilities and expanding our footprints to meet the surging MDF product demanding nationwide. We have made a substantial stride. Our average capacity utilization for the Q4 financial year '24 stood at 89%, reflecting our robust operational performance. However, in the month of March '24, our MDF segment utilization level went up to 96%. Also, our Chikmagalur plant sold 116% of its production capacity during the quarter. For the year Financial Year '25, we look to maintain the healthy utilization levels to 90% and 95% for the MDF plants.

Over the course of the year, our technical focus was to enhance our offerings within the value added spectrum of the MDF segment. Our efforts are bearing fruits, as an evidence by value-added product contributing 42% in terms of quantity.

Our MDF export volumes for the year '24 rose 61% year-on-year to 61,716 CBM. And now with our export obligations being fulfilled, we are positioned to sell our products at the better pricing and achieve better realization, offerings us the flexibility to manage exports activity with the desirable margins. In the month of April, we have increased our price by 7% and have received orders at the revising price for exports as well.

In the Laminate segment, we have witnessed a significant progress in the Q4, with the volumes increasing by 6% year-on-year, utilization levels for our laminate rose to 90% in Q4, up to 80% in Q3. Demonstrating the strong operational performance, additionally, we managed to maintain the solid EBITDA margins for our laminate segment which reached to 10% for financial year '24.

As our Greenfield project approaches completion with the machinery now being received at our facility, we are poised to further boost up our growth in the segment. We project EBITDA margins for the laminate to be in the range of 12% to 15%. The project will focus on the Jumbo Laminates and aims to penetrate the premium market such as Europe, USA, Australia, New Zealand, etc., enhancing our global footprint and market reach.

Financial Year '24 was also notable for our strategic entry into the Plywood segment, thus broadening our product portfolio and offering our distributors more comprehensive range of the options.

As we are in transition into 2025, we are set to significantly boost our production capabilities. Starting with the initial capacity of 300 boards per day, we plan to scale up to 1000 boards per day by September 2024 and then further to 3000 boards per day by September 2025. This expansion will enhance our market penetration and as we are positioned ourselves as a one step, one stop solution for wood panel industry, our product, our dealers and distributors are now better equipped to the market and set all product ranges under the VIR brand providing a cohesive and a robust offering to consumer. This integration strengthens our brand presence and appeal, allowing us to capture the larger market share.

PVC segment has grown by 96% year-on-year to 23 crores for the financial year 2024. We expect to grow in that segment over the year.

During the year, we have made substantial stride in increasing our brand presence, successfully covering an extensive area of approximately 45,000 sq.ft. plus through retail branding efforts. This initiative have significantly boosted our brand visibility in the market, aligning our goals for continued growth and market penetration. In the recognition of the importance of these efforts, we have allocated approximately 1% to 2% of our total revenues to support this activity. We also intend to continue investing in our strategic marketing initiatives to further enhance our market presence and drive the business growth.

As we look to financial year '24-25, we are energized by the prospect in front of us. India's real estate market is booming and the demand of the quality interior infrastructure products is also in rise. The company is poised for a dynamic period of expansion, driving a favorable industry trend and a strong demand outlook in both domestic and international markets.

As we move into Financial Year '25, we are strategically positioned to capitalize on the opportunities, leveraging our robust market presence and operational excellence. We are well equipped to navigate and thrive in the evolving market landscape, maximizing our potential for the growth and profitability.

Thank you for the continued support and believing in Rushil Decor Limited. We are excited about what the future holds and committed to achieving a new height in the financial year '24-25.

I would now hand over the call to Mr. Hiren Padhya for the Financial Updates.

Hiren Padhya:

Good evening, everybody. Thank you, Mr. Rushil. I am pleased to provide you with an overview of our performance for the Q4 and Year-ended FY'2024.

During this quarter, our company recorded revenue of Rs. 233.42 crores, an increase of over 9% year-over-year.

Our EBITDA for the quarter stood at Rs.29.23 crores as against Rs.28.20 crores in Q4 FY'23. Our PAT for the quarter stood at Rs.9 crores as against Rs.13.60 crore in Q4 FY'23. Here, I would like to mention that Rs.9 crores is the figure which has been reflected in P&L; however, in current tax of Q4 and for the 12 months 2024 includes short provision of income tax of earlier years, that is FY'22-23 of Rs.2.57 crores. If we include this amount or may be ignore this provision, then our PAT stands at Rs.11.57 crores, which is slightly better than the previous quarter. The sales volume for MDF segment stood at 74,982 CBM which is up by 13% year-over-year. Average capacity utilization level for Q4 stood at 89% as compared to 79% in Q4 FY'23 and 72% in Q3 FY'24.

The MDF segment revenues contributed Rs.176.47 crores, that is an increase of almost 11% year-over-year with an EBITDA margin at almost 16%. Domestic volumes stood at 58,281 and export volumes at 16,701 with blended realizations at 23,535 per CBM. The sales volume for Laminate segment stood at 7.89 lakh sheet which is up by 7% year-over-year. Average capacity utilization levels for Q4 stood at 90% as compared to 84% in Q4 FY'23 and 80% in Q3 FY'24.

The Laminate segment revenue contributed to the Rs.50 crores slightly better than the previous quarter with good EBITDA margin of 8.36%. Domestic volumes stood at 3.26 lakh sheets and export volume at 4.62 lakh sheets with blended realization at Rs.634 per sheet.

Coming to yearly performance:

Our company recorded revenue of Rs.844 crore, a marginal increase of 0.66% year-over-year. Our EBITDA for the same period stood at Rs.119.91 crores as against Rs.149.39 crores in FY'23. EBITDA margins stood at 14.21%, that is lower than FY'23, that was mainly on account of rising raw material cost and specifically the wood cost and heightened sales and marketing expenditure. We aim to keep the margin levels in the range of 14% to 16% in the year FY'25.

Our PAT stood at Rs.43.10 crores as against Rs.77.67 crores in FY'23. As mentioned earlier, if we remove the provision for the previous year, that is '22-23 of Rs.2.57 crores, the PAT will stand at 45.67 crores.

The sales volume for MDF segment stood at 2,60,380 CBM which is up by 10% year-over-year. Average capacity utilization level for FY'24 stood at 77%. The MDF segment revenue contributed Rs.630 crores with EBITDA margin at 14.31%. Domestic volumes stood at 1,98,664 CBM and export volume at 61,716 CBM with blended realization at Rs. 24,225 per CBM.

Volume for the Laminate segment stood at 29.08 lakh sheets which is up by 0.89% year-over-year. Average capacity utilization level for FY'24 stood at 83%. The laminate segment revenue

contributed Rs.190 crores with better EBITDA margin of 10%. Domestic volume stood at 11.93 lakh sheets and export volume at 17.14 lakh sheets with a blended realization at Rs. 653 per sheet. Our net debt profile stands at Rs.286 crores which has been reduced from almost Rs.400 crores in FY'23. Our debt-to-equity ratio stands at 0.53 times. We are actively focusing on further reducing our debt-to-equity ratio level, mainly to ensure strengthen financial positions.

Regarding our inventory levels, we are committed to reducing them by 10% annually and we're also in the process of implementing robust system to monitor and optimize our resource utilizations. This targeted approach is designed to enhance our operational efficiency and streamline our supply chain management, which will further ensure more streamlined operations and effective use of resources which will finally leading marginal improvement in EBITDA also.

During the year, we have also converted our present USD loan in Bank of Baroda amounting to \$10 million into INR at the rate of 83.36 in March '24 which also reduced our FOREX exposure substantially.

Now the floor is open for questions and answers.

- Moderator:** We will now begin the question-and-answer session. The first question is from the line of Parth Bhavsar from Investec. Please go ahead.
- Parth Bhavsar:** I have a couple of questions. The first one is on guidance. So for FY'25 for MDF and Laminates, what sort of volume growth are we looking at?
- Keyur Gajjar:** I think in MDF we are almost like planning around increasing in our value added business equally and may be this 96% utilization is our target in March whatever we achieved.
- Parth Bhavsar:** 96% realization for the entire year?
- Keyur Gajjar:** Not realization. Our utilization was 96%. So we want to achieve this as our target 96% and probably 50% we want to reach to value-added product. At present we are around 42% in terms of volume.
- Parth Bhavsar:** For laminates?
- Keyur Gajjar:** Yes, laminates I think you can see in that segment also move very great in the last quarter, almost 90% capacity utilizations and of course there will be some new capacity addition in this financial year. So possibly, we are planning to have some additional revenue from new capacity as well, could be I can say around 25% or something.
- Parth Bhavsar:** 25% volume growth for laminates, right?

- Keyur Gajjar:** Yes, in terms of value.
- Parth Bhavsar:** Volume?
- Keyur Gajjar:** In laminates, it's very difficult, in new plant, it's jumbo laminate, so it has a different size and different quantity and all this. So, all the product mix are different. Current product mix, new capacity, you will have a different product mix. But yes, I can say that we are planning to target around. 20% to 25% growth in terms of value.
- Parth Bhavsar:** In terms of margin, what are we looking at both MDF and laminates?
- Hiren Padhya:** See, in terms of Laminate, as we said earlier also, the present margin for the last financial year is in the range of 10% which will further improve in terms of the present product also and the new project of that jumbo, that will also add margin because the laminate has the better margin compared to the present one. So presently we are at 10% around, new project will have around 12% to 15% margin. So overall there is an increase in terms of margin by one or two percentage. In terms of MDF, again whatever the EBITDA we have achieved as also mentioned in the speech, overall, we are just targeting to achieve EBITDA level of 14% to 16%. So here in terms of laminate, it would be in the range of 12% and then the balance part would be in MDF. So overall the guidance would be around 14% to 16% EBITDA for Rushil Décor as a whole.
- Parth Bhavsar:** There's a news around that post-April that MDF players have taken in price cuts. So, what would be a price cut if any compared to Q4 FY'24 average?
- Keyur Gajjar:** I mean, if we compare with the last quarter as such, we didn't see much of a price cut. It's going consistent whatever the Q4 pricings, it's going to be same I believe.
- Parth Bhavsar:** Since the BIS norms have been delayed, so is there any pressure coming in the form of imports from the month of -?
- Keyur Gajjar:** Imports are there because probably in February it was low, but now it's again back, 25,000 CBM per month import is there. But you can see our volume business is consistent. So we don't see much a problem. Import is a very separate segments.
- Rushil Thakkar:** I would like to add here something. See, it's not about just the imports, it's also about providing service to the end consumers, right? In imports you have a minimum quantity that has to be ordered. Here, the quantities are not to be defined and we can give the service to our customers as we want. And as long as we are targeting our sales by 50% OEM and 50% to the retail network, we can easily balance the cycle in terms of realization.
- Parth Bhavsar:** In terms of timber cost, what it was in Q4 for you and what it is now, any increase seen over there?

- Rushil Thakkar:** So yes, in comparison to Q3, Q4, we have got a price hike of 10% in the timber prices, but in this current quarter, we don't see any kind of a price hike, we are trying to maintain our blended wood cost.
- Parth Bhavsar:** The timber cost increased by 10%, but maybe because of the inventory you won't see any impact in Q1?
- Rushil Thakkar:** Yes.
- Parth Bhavsar:** So maybe Q2, Q3 this impact will be felt?
- Rushil Thakkar:** Yes.
- Parth Bhavsar:** What was the per Kg cost if you could help me with that number?
- Rushil Thakkar:** Our Q4 cost was 4,222 per ton blended cost.
- Parth Bhavsar:** What would it would be now? Okay, 10% increase. No worries. I got.
- Rushil Thakkar:** No, no. 10% increase was from Q3 to Q4. Now, our current cost is at stable. As of now, we don't see any price hike in the wood cost. We are trying to maintain our wood cost as we are maintaining it now.
- Parth Bhavsar:** But there is no price like even in the market because green panel said there is some price like in April, 7% approximately.
- Rushil Thakkar:** We have not seen yet.
- Keyur Gajjar:** In our region, it's not there.
- Moderator:** The next question is from the line of Kaustav Bubna from BMSPL Capital. Please go ahead.
- Kaustav Bubna:** So basically one of your competitor of yours in the call was saying that in FY'25 regarding MDF capacity out of the estimated 800,000 cubic meters that's supposed to come up in FY'25, around 200,000 of this is unorganized competition. So, like from organized players, this is the first time I'm hearing this that unorganized competition is setting up capacities in a big way in MDF. So what I really wanted to understand is what type of machinery will this unorganized competition be buying and will they actually compete with the same product that the likes of Rushil, green panel, green ply selling and how does this really change the market for MDF over the next 3-5 years, how much unorganized competition do you expect coming in and how does that disrupt, if it does so the market for MDF and pricing?

Rushil Thakkar: So first of all, I would say about the machinery part. So this unorganized, they are mainly by the machineries from Chinese and those are all second hand plants. Those are not the new plants. So they have the older technology. So the overhead what they have are slightly higher than what we have. And they have a bottleneck of producing only 7 millimetres to 25 millimetres of the raw woods. And we having a newer technology, newer machinery, we can produce the SKUs from 2mm to 30mm. Adding to this, having a continuous press gives an advantage in savings in terms of wood usage and in terms of resin usage. This is an advantage what we get by buying the new machineries rather buying the second hand machineries. And all the majority of the lines are coming in north. So we being placed in South still we see our better competition as an organized market.

Kaustav Bubna: Correct, but being in the industry, what sense are the organized players getting in terms of in the next three to five years, how much capacity will these unorganized guys come with? Because right now the industry as per the numbers brought out to us analysts is that by FY'25, the industry size of MDF will be around 3 mn.cbm. So what I'm trying to understand is that how big will unorganized become as a percentage of organized in three to five years of capacity, would you have any sense of this?

Keyur Gajjar: I believe ratio will remain the same because by that time organized player will also keep adding their capacity. If you talk about the unorganized segment around 800 to 900 CBM, I think 600 CBM is from organized here and I think 200 to 300 CBM is from an unorganized player. So I think that ratio will be maintained, even today the ratio is same. I believe the capacity by the end of '24-25, it will be around 3.5.

Kaustav Bubna: So as of today, we see Rushil Decor as a company being mainly an MDF player with 75% business coming from MDF and then now laminate capacity has increased and laminate contribution will increase. I'm just trying to understand what is your vision for this company over the next five years, what will Rushil look like over the next five years, Are you planning on being on improving your proposition in laminates, are you planning on becoming a top two leading MDF player, do you plan to maintain your position as it is, do you want to get into new products, could you just explain your vision on where you want to take this company over the next five years in terms of product basket and revenue potential?

Rushil Thakkar: So talking about our vision in next five years, I've already been telling that we want to be a 2,500 crore company by financial year '29, right? And for that, we are aggressively striving for new product developments as well as the efficiencies and developing the new value added products, that's what we are striving and that's how we see our company. As a vision we are, we want to be the #1 wood panel company. So we are striving for that, yes. In terms of product, yes, we have been always developing new products, we have been seen as one of the players for setting up the new markets in the organized way, we have been seen as a customer-centric company. So

yes, we want to pursue that and we'll be pursuing through our expansion in the product basket as well.

Kaustav Bubna: But are you going to be in laminate and MDF or do you plan to get into forward integration?

Rushil Thakkar: Yes, we are scrutinizing several products. We have already announced the plywood, right. So, we are already into one more segment now. We are already doing PVC boards. It was under R&D for several years. Now, we have given a growth of I think 96% year-on-year from last year. So yes, we are aggressively focusing on our new products as well.

Moderator: The next question is from the line of Nikhil Agrawal from VT Capital. Please go ahead.

Nikhil Agrawal: Just a clarification. You said MDF exports you had taken a price hike of 7% in Q4, right?

Rushil Thakkar: Yes.

Nikhil Agrawal: And what could be the reason? I mean we're hearing a price hike after a very long time.

Rushil Thakkar: Yes, so as I mentioned, we have just completed our export obligation by the end of this financial year. So, now we are targeting to move towards uplifting our realizations and by selling more value added products rather selling more of a commodity.

Nikhil Agrawal: So you're saying the value added products in the export segment. Have you started doing that?

Rushil Thakkar: Yes, we were already doing it. If you see in our last quarter almost we have done around 4,817 cubic meters of value addition out of total exports. Yes, we are we are already doing it, but now we have started focusing to expand that range as well like we are doing it in domestic, we did around 42% of our value addition business in terms of blended capacity. Now, we are striving that for 50% by this year-end. So that's what we'll be having the same strategy for exports as well.

Nikhil Agrawal: Regarding the price cuts taken by any of the players in April, you said that there have been no price cuts in the domestic market taken by any of the organized players as such in April.

Keyur Gajjar: No, I said. I think so far things are going... time-to-time we all launch sales promotion scheme. So I think that's a continuous process in MDF market, so like a quarterly discount, annual discount kind of things going on.

Nikhil Agrawal: So how much is the schemes lead to I mean in terms of price cuts indirectly for you?

- Keyur Gajjar:** So if you see our realization of last quarter and this quarter, it's more or less same. So, I think we don't see much increase in this promotion expenses, I mean, in terms of percentage of price cut.
- Moderator:** The next question is from the line of Karan Kamdar from Deven Choksey. Please go ahead.
- Karan Kamdar:** Sir, I wanted to understand with the export obligation getting over, what kind of leverage and price does it give us?
- Hiren Padhya:** Can you just repeat the question? Sorry.
- Karan Kamdar:** As our export obligation is over, what kind of leverage does it give us on price when we are exporting in the future?
- Rushil Thakkar:** So currently we have taken a price hike for 7% and simultaneously goes for all the products for value addition as well. So currently for this year, yes, we are seeing a price hike of around 7% to 9% for exports.
- Karan Kamdar:** So does that mean that we can reject orders below the price also going forward -?
- Rushil Thakkar:** Yes, we've been doing that from a month of April. So we are very choosy about picking up the orders which have got a good value and good value addition in terms of volume as well.
- Karan Kamdar:** Second is on inventory. So inventories as on March were about 225 crores, if I'm not mistaken. So how do we plan to bring those down and what is our strategy regarding rationalizing the inventory days?
- Hiren Padhya:** Yes, I think actually this particular aspect we are already working on for the last couple of months. And yes, there is an increase in terms of value so far as the overall inventory is concerned. See, sometimes when we have got very good pricing in terms of wood which is the main component of raw material where there are a period we would like to store this particular part in terms of wood quantity, right? And secondly, we plan and do direct monitoring on a weekly or monthly basis where we would like to reduce overall quantity and value by at least 10% within the next couple of quarters.
- Karan Kamdar:** So would it be correct to understand that out of 225 crores, the major chunk would be raw material or wood as you say?
- Hiren Padhya :** Yes.
- Moderator:** The next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

- Darshil Jhaveri:** Just first one clarification. We were saying that in terms of MDF volumes, we want to have a 95%-plus utilization. So on an average I think for the full year we had around 78% utilization. So does that mean we see like a 15%, 18% jump in utilization levels?
- Keyur Gajjar:** That's our target that we want to reach, like in the month of March, we almost reached 26,000 plus CBM production. So we want to reach that 96% and we want to try to achieve a maximum possible production.
- Darshil Jhaveri:** And we have further demands for such and with the blended realization we have currently will it remain stable for MDF then like because you're producing so -?
- Keyur Gajjar:** Yes. If we talk about our quantity what we sold in the last quarter it's around 74,983 CBM including exports, and if we talk about our production, it was 73,489. So our production capacity was utilized together 89% for Q4 and we sold around 90%-plus in the market. And as long as this blended realization is concerned, last quarter it was 23,900 something and this quarter also it is 23,500 something. So, there is no much difference in realization as well. If we talk about like in last quarter, we only sold 59,000 CBM and this quarter, we have reached to 73,000.
- Darshil Jhaveri:** I just wanted to ask like with a more value added coming in MDF, so our realization should see some uptick, maybe a single digit, right, if that would be a fair assessment?
- Keyur Gajjar:** Yes, it will definitely increase over the period because at present we have reached to 42% now and now our target is to reach at around 50%.
- Darshil Jhaveri:** So on a broad basis, any revenue guidance that we can look at currently like we are around 880 crores, so maybe for FY'25 a broad-based revenue guidance, anything that you would like to share sir?
- Hiren Padhya:** See, I didn't get you exactly. You are just asking for the guidance in terms of what?
- Darshil Jhaveri:** Revenue by total value.
- Hiren Padhya:** Value wise? See, as per our internal budget, etc., we are just targeting to cross 1,000 crores turnover. Of course, with the same product which is already there in terms of MDF and laminate plus two projects which we are already talking in terms of jumbo size laminate and secondly the ply business. So after considering these two projects in process, I mean, first project operation will start in the third quarter of this financial year, and so far as ply is concerned, it has already started. So overall we're just targeting 1,000-plus crores turnover in the year '24-25.
- Darshil Jhaveri:** And on EBITDA we have said 14%, 15%, correct?
- Hiren Padhya:** Yes, exactly. And then when I am saying 14% to 16%, that is overall combined EBITDA.

- Darshil Jhaveri:** Any risk that you see that can maybe impact our business, maybe domestic demand that we see currently or as a month of April has also gone by, so any pressure on demand or realizations or something that you could see at your level?
- Keyur Gajjar:** Yes, April is always a bit slow in this industry, but I think we are now seeing in May it's picking up.
- Moderator:** The next question is from the line of Ketan Athavale from RoboCapital. Please go ahead.
- Ketan Athavale:** Firstly, I wanted to know on the value added MDF side, what is our volume and realization for this quarter?
- Keyur Gajjar:** It's around 42% and the realization was 30,333. It's more or less 1% down. Last quarter it was 30,678. If we compare with the last financial year, it was 27%. Now, this is overall 42%.
- Ketan Athavale:** How do we see this prices moving in FY'25-26 -- do we expect them to move like in higher range?
- Keyur Gajjar:** I think as I said, we don't see any much price cut in this year.
- Ketan Athavale:** And in FY'26 as well, so these are likely to stay in this range itself, right?
- Keyur Gajjar:** I think hopefully in '25-26 we'll have some more factors for the consideration I believe.
- Ketan Athavale:** And since you're targeting like 50% of our volume to be coming from value added in FY'25, so how much can we do the same number in FY'26?
- Keyur Gajjar:** Actually, 65%, 70% we want to reach that part and we are consistently working hard on that part of value added quantity.
- Ketan Athavale:** Coming to the non- value added side, so again what was the realization and volume in this quarter?
- Keyur Gajjar:** Non-value added was around 20,000 and it was altogether and volume was 31,977.
- Ketan Athavale:** On a total basis, how much utilization did we have in MDF?
- Keyur Gajjar:** So you mean to say production capacity?
- Ketan Athavale:** Yes, I mean, in MDF, how much capacity did we utilize in Q4?
- Keyur Gajjar:** Both the plants together it was 89.1% production capacity.

Ketan Athavale: You have of course given the guidance for FY'25 to cross 1,000 crores. Can you give guidance for FY'26 as well in terms of revenue?

Hiren Padhya: I think it is too early to give guidance for '25-26 because we are just working on this new project. So may be, after a couple of quarters we'll be able to give you that guidance. As of now, I don't think it is possible.

Moderator: The next question is from the line of Yash Tedia from Maximal Capital. Please go ahead.

Yash Tedia: I just wanted to know if our targeted capacity is 96% and so basis that we would be growing at say 15%, 20% low volume for MDF, then what is the kind of expansion for MDF we are looking at for two to three years down the line, post 96% there is a strain and limit to our capacity and the growth in the market is always there for the MDF?

Rushil Thakkar: Talking about the further expansion in capacity, we are internally scrutinizing for the several products and the several projects. So, as of now, once we are ready with what kind of product we are looking at, then we can really give you an idea for further expansion or not, but talking about the MDF, yes, our strive is for next 15% and next year we see that our machines are built for producing more than 100% capacity. If you see our Chikmagalur plant in the month of January, I think it produced around 120% of the production and the same way our Visakhapatnam plant is also equipped for 100%-plus production. So we don't see any kind of a quantity or the volume submerge we can consider. But yes, we are internally scrutinizing several products. And yes, once we are ready with the announcement we'll let you know.

Yash Tedia: May I know the reason for the increase in trade receivable this time around? It has increased from 119 crores to 164 crores.

Hiren Padhya: See, in terms of values you are saying then yes, though turnover wise it is almost same compared to last year, but there are couple of time slots where generally the trade receivables are increasing. But as I said we are already working on in terms of working capital where there are mainly two parts first part would be the inventory and second part is the receivable. So as per our internal target, within one quarter, we'll again have a normalized picture in terms of receivable also.

Yash Tedia: In our exports currently, our realization are around 19,000 to 20,000 which is correlated with the non-value added MDF. So going ahead, 7% hike is for non-value added or you are seeing in combined blended realization that you are projecting by blending in value added and non-value added and then the realization would be say 21,000, 22,000 kind of?

Rushil Thakkar: We are considering the price like for all the products including value added and non-value added. So the 7% hike in exports are considering in all the products.

- Yash Tedia:** So the realization would increase more than 7% because the value added product would also come into the play?
- Rushil Thakkar:** Yes.
- Moderator:** We have a question from the line of Mr. Karan Bhatelia from AMSEC. Please go ahead, Sir.
- Karan Bhatelia:** Sir, this is with respect to industry level capacity expansion. So can you share with us what could be the FY'24 industry level capacity and the average capacity utilization at the industry level?
- Keyur Gajjar:** I think in last financial year, it was around 2.8 or 2.9 million and now I think on an average it was around 78% to 80% utilization and we are probably talking about another addition of 800,000. So, it would be around 3.5, 3.6 million per annum. New capacity may not come from April or May or something, maybe in Q2, Q3, Q4 and the utilization level will not be 100%, so it will be 40%, 50% depending on the things.
- Karan Bhatelia:** After '25, there is no major CAPEX planned, right, or we keep hearing of new names entering this market?
- Keyur Gajjar:** So far we are talking about, these are the confirmed source, 800.
- Moderator:** So as there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Rushil Thakkar:** Thank you for your continued support and belief in Rushil Décor Limited. We are excited about what the future holds and are committed to achieving the new heights in the financial year '24-25. Thank you.
- Moderator:** On behalf of Asian Market Securities Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.