RUSHIL
DECOR LIMITED
WE'LL MAKE IT

RDL/019/2025-26
Date: 21.05.2025

To,
National Stock Exchange of India Ltd.
Exchange Plaza,
Bandra – Kurla Complex,
Bandra (E), Mumbai – 400051
NSE EQUITY SYMBOL: RUSHIL

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001
SCRIP CODE: 533470

ISIN: INE573K01025

Subject: Transcript of the conference call for Audited Standalone and Consolidated Financial Results for the Quarter and Year ended 31st March, 2025

With reference to our earlier intimation No. RDL/009/2025-26 dated May 08, 2025 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 15, 2025 in respect of the Audited Standalone and Consolidated Financial Results for the Quarter and Year ended 31st March, 2025.

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
MODI HASMUKH KANUBHAI
Digitally signed by MODI HASMUKH KANUBHAI
Date: 2025.05.21 15:44:49 +05'30'

Hasmukh K. Modi
Company Secretary

Encl.: a/a

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"Rushil Decor Limited

Q4 FY25 Earnings Conference Call"

May 15, 2025

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

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

Moderator: Ladies and gentlemen, good day and welcome to the Rushil Decor Investor Q4 FY '25 Earnings Conference Call hosted by Asian Markets Securities Private Limited. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Karan Bhatelia. Thank you, and over to you, sir.

Karan Bhatelia: Thank you, Anushka. A very good afternoon and welcome all to Rushil Decor's Fourth Quarter FY '25 Earnings Conference Call hosted by Asian Market Securities. From the management side, we have Mr. Rushil Thakkar, Executive Director; Keyur Gajjar, CEO; Hiren Padhya, CFO.

I now hand over the call to Rushil bhai for his opening remarks, post which we can open the floor for Q&A. Thank you, and over to you, Rushil bhai.

Rushil Thakkar: Good afternoon, ladies and gentlemen. Welcome to Rushil Decor Limited's earnings conference call for the fourth quarter and the full year ended 31st March 2025. I would like to express my gratitude to everyone for joining us today. I am joined by Mr. Keyur Gajjar, our CEO; and Mr. Hiren Padhya, our CFO. The investor presentation has been shared and uploaded on the exchanges and we hope you had an opportunity to review the material in advance.

Let me begin by reflecting on our performances in the quarter 4 financial year 2025. In the MDF business, we reported a strong growth in exports with the export revenue increasing by 52.8% year-over-year and 9.8% quarter-over-quarter. The growth reflects our strong position in international markets with the volume rising 37% year-over-year. The total revenue from the MDF business reached to INR1,688 million with 9.6% increase quarter-over-quarter.

EBITDA in this segment was INR 181 million with an EBITDA margin of 10.7% despite challenges in the domestic market. Export volumes and realization remained robust, helping offset the decline in the domestic revenue. For the financial year 2025, MDF business showed a 5.2% year-over-year growth in revenue, driven by 42.8% growth in export revenues. We remain focused on expanding our international footprint and optimizing operations to sustain growth.

Turning to the laminate business. We saw a 9.1% increase in revenue quarter-over-quarter with 5.9% growth year-over-year. Our export revenue increased by 10.3% year-over-year with the blended realization improving by 9.5%. This performance reflects the growing demand of our premium laminate in international markets. In FY 2025, our laminate division reported 4.7% year-over-year revenue growth, supported by 7% increase in export sales.

Export demands continue to be strong, contributing in significant share to overall revenue and strengthening our presence in international market. We are also pleased to share the Phase 1 of our Jumbo laminate facility began commercial production in April 2025 with an annual capacity of 1.2 million sheets. We have already received export order utilizing 15% of order pick of this capacity, indicating encouraging market response. Furthermore, we are on track to commence the Phase 2 production by the month of October this year.

On the profitability front, our PAT for quarter 4 financial year 2025 reached INR 126 million, showing a 40% increase year-over-year and 9.7% growth quarter-over-quarter with a PAT margin of 5.5%. For the FY 2025, PAT increased by 11.1% year-over-year to INR 479 million with a PAT margin of 5.3%. This performance reflects ongoing focus on improving the profitability and maintaining the cost efficiency.

In conclusion, we remain confident in our growth path ahead. We are aiming to cross INR 11,000 million in consolidated revenues in the financial year 2026. Our strong export performance, new product introductions and well-executed expansion strategy has positioned us for the future. We remain dedicated to delivering consistent value to our investors and stakeholders. Thank you for your continued trust and support.

I will now hand over call to Mr. Hiren Padhya, our CFO who will provide you with further insights into our financial performance. Thank you.

Hiren Padhya: Good afternoon, everybody. Thank you, Mr. Rushil. I am pleased to present an overview of Rushil Decor Limited financial performance for the quarter 4 and full year ended 31st March 2025. For Q4 FY '25, our revenue from operations amounted to INR 2,307 million, representing a 1.2% decline year-over-year, but 0.9% increase quarter-over-quarter. Our gross profit for the quarter was INR1,011 million with a gross profit margin of 43.8%.

Our EBITDA for the quarter 4 was INR 230.6 million, 21.1% down year-over-year and 15.6% quarter-on-quarter with an EBITDA margin of 10%. Although EBITDA has declined, we remain focused on maintaining operational efficiency and profitability, particularly through our strong export growth. PAT for the quarter 4 was INR 126 million, a 40% increase year-over-year and 9.7% increase quarter-over-quarter with a margin of 5.5%.

Now coming to full year performance. Revenue from operations was INR 8,979 million, marking a 6.4% year-over-year growth. The gross profit was INR 4,165 million that is a growth of 3.8% year-over-year with a gross profit margin of 46.4%. EBITDA for the same period was INR1,057 million, that is a decline of 11.8% year-over-year. Despite the decrease in EBITDA, our PAT for the year 2025 increased by 11.1% year-over-year to INR479 million and PAT margin was 5.3%.

Now coming to MDF business. Q4 FY '25 revenue for MDF was INR1,688 million, that is 4.4% decline year-over-year, but 9.6% improvement quarter-over-quarter. Our export revenue in this segment grew significantly by 52.8% year-over-year, driven by 37% increase in export volumes. MDF EBITDA for Q4 stood at INR181 million with a margin of 10.7%. For FY 2025, MDF revenue grew by 5.2% year-over-year to INR 6,637 million with export revenue growing by 42.8% year-over-year.

MDF EBITDA for the year 2025 reached INR 8,051 million with an EBITDA margin of 12.8%. In the Laminates section, again, Q4 FY '25, revenue increased by 5.9% year-over-year and 9.1% increase quarter-over-quarter to INR 530 million. The export revenue grew by 10.3% year-over-year and blended realization increased by 9.5% year-over-year. Laminate EBITDA for Q4 was INR 45 million with an EBITDA margin of 8.5%.

Laminate revenue was INR1,989 million for the whole year, 4.7% increase year-over-year and export revenue grew by 7% year-over-year. Laminate EBITDA for the year was 190 million with a margin of 9.5%. In terms of capital structure, our net debt-to-equity ratio stands at 0.41x as of 31st March 2025, which is reflecting our financial discipline and commitment to maintaining a strong balance sheet.

In conclusion, while we face certain challenges in the domestic market, but our strong export performance and strategic investment continue to support our growth trajectory. We remain focused on driving operational efficiency and capitalizing on new opportunities in both domestic and international markets. Thank you for your kind attention. I would now like to open the floor for questions and answers.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Sandy Mehta from Evaluate Research. Please go ahead.

Sandy Mehta: Yes. So for this new fiscal year, fiscal year '26, can you help us understand the new capacity that is coming online? How much will that enhance your revenues and profitability? And then also with your strong export outlook, what is your outlook for this full year, new year in terms of sales and profits? I think you had mentioned the revenue number, I missed that, but could you just help us understand the outlook for this year?

Rushil Thakkar: Yes. Thank you for the question. So I'll first answer your question about the new line in place. So we are targeting the new countries like America, Australia, New Zealand and European section where this kind of jumbo laminates are being exported, and they are the developed countries. So we have specific products running over there, which has a higher margin. So currently, we are targeting about INR90 crores of exports to be done in this financial year, which will be having an EBITDA margin of, I would say, roughly around 14% to 16%. And adding to the other part of the revenue, our target is to reach INR1,100 crores of revenue this year.

By improving our MDF sales in value addition part and utilizing the capacity ahead, then we will be jumping over the 10% revenue growth in the current laminate plant. Till now, our PVC unit, which was slightly on the lower side of the revenue was not so a big performer. But now this year, it has given us the positive EBITDA margins as well as we are looking forward to take a growth in that line as well.

And coming back to the last point about the plywood, which is the latest JV, the JV which we did last year, we are aiming at revenue of somewhere around INR 15 crores to INR 18 crores in that as well. So altogether, we'll be reaching somewhere around INR 1,100 crores by the end of this financial year.

Sandy Mehta: And what is your margin expectation, EBITDA margin percentage for this year, please?

Rushil Thakkar: So across the group, if I speak, then our EBITDA margin would remain between 12% to 14%.

Sandy Mehta: 12% to 14%. Okay. Thank you so much.

Moderator: Thank you. The next question is from the line of Moksh Ranka from Aurum Capital. Please go ahead.

Moksh Ranka: We recently announced a JV for entering into the plywood business. Could you provide more color on it? And is there any regulatory changes, because of which we thought that this is a lucrative?

Rushil Thakkar: So first of all, we are already into this business for quite a long time now. And to make sure our distributors and our retail network has the complete product basket, we have done this JV in plywood to make sure that we have our loyal distributors, loyal retailers working with us. And talking about the business, for the last year, we were just setting up the quality of the plant and we were just making sure that we deliver the right product in the market.

So we were not able to achieve much of the revenues in this financial year. But yes, this year, the target is really high. We are aiming at somewhere around INR 15 crores of sales this year with a margin of somewhere around 5% to 8%.

Moksh Ranka: Okay. Recently in March 2025, there was BIS guidelines amongst NPC guidelines. So do you see because of that the organized players should gain market share from unorganized because plywood has a very large unorganized market?

Keyur Gajjar: Yes, I agree, a lot of plywood factories, they are probably affected. But I think we still have to wait for the results.

Moksh Ranka: Okay. And could you please help me understand the competitive intensity in the plywood business because recently one conglomerate has just discontinued their plywood business because of continuous losses. So I understand it's very competitive. Could you just help me understand this?

Keyur Gajjar: I think everyone has a different business model. And I agree there is a discontinuation of plywood business by one company, but then there are a lot of our competitors are in still the same business. We have a different model because we have a studio policy, VIR studio.

As on date, we have 100+ studios operational in country where we display -- I mean, sort of our experience center for VIR laminate, VIR MDF, and I'm sure this will help us to push plywood also from this market, from this store. And also, we have 4,000+ dealers and distributors in our network. We can always take advantage of this channel.

Moksh Ranka: And in the plywood segment, are we targeting the more premium version of it? Because I think with MDF, the lowest quality plywood, I think, is no longer consumed. Is my understanding correct?

Rushil Thakkar: Yes. So already, we have just targeted the premium versions of plywood that is ISO 301 and 710. So we are just focusing on that, and we are not into the commercial plywood as of now.

Moksh Ranka: Okay. I will get back in the queue for further questions.

Moderator: Thank you. The next question is from the line of Rudraksh Raheja from ithought PMS. Please proceed.

Rudraksh Raheja: Thanks for the opportunity. Considering that there has been capacity addition going on in Jumbo or, let's say, large-sized laminate segment by both organized and unorganized players, how would you see the prices and henceforth margins in this product going forward?

Rushil Thakkar: So firstly, I would say there are not many manufacturers who are manufacturing the Jumbo size laminate boards that is 14 x 6, 12 x 6 or 14 x 4.15 and other sizes. Very few of the organized players are only one who has this kind of capacities. And talking about the margins, this product has a widely good margins.

I have already answered this in my earlier question that because of such a fantastic product line coming up, we'll be having an EBITDA margin into the positive side from 9% to somewhere around 14% in laminate or maybe I would say 13% to 15% in laminates.

There would be a positive jump in this business because of coming -- with the jumbo laminates coming into the basket.

Rudraksh Raheja: In this segment, sir, do we face competition from other countries like, let's say, China, Vietnam or Turkey?

Rushil Thakkar: See, in the laminate business, yes, we have the competition, but India dominates the world in the manufacturing of high-pressure laminates across the globe because of several reasons. So yes, there is a competition from countries like Turkey, some countries, some of the part of Europe, but we don't see them as a threat because our cost of manufacturing is way far more lucrative than the other manufacturers in these countries.

Rudraksh Raheja: So even China or Vietnam, our cost of manufacturing is lower?

Rushil Thakkar: China just manufactures the HPL for its own consumption. It does not export the HPL to other countries in large numbers. India is the dominator of high-pressure laminate across the globe. I would repeat this again.

Rudraksh Raheja: Okay. Sir, since you mentioned pricing, considering tariffs imposed by U.S., does it still make sense to outsource manufacturing to countries like India? How much is the cost difference?

Rushil Thakkar: Of course, because the biggest part in manufacturing of laminate is the labor. And labor in India is quite not so expensive in comparison to countries like U.S.A., where the labor laws are very strict where getting the labor per hour is somewhere around $8, $9 a rate. So this makes a sense that the cost difference would be somewhere around 20% to 25% minimum in manufacturing something in U.S. for HPL and something to manufacture in India.

Rudraksh Raheja: Understood, sir. One quick question, sir. One of the other organized players in the market has just secured a white labelling business from Wilsonart, which is a global laminates player. So do you see this as a normal course of business or this is a strategic shift where other global players might look towards India as a destination to outsource their manufacturing needs?

Rushil Thakkar: Yes, it's a strategic shift because Wilsonart has been always a pioneer in this business for a couple of decades now and slowly shifting their focus from manufacturing to trading has been their new strategic shift. So yes, it can be a good opportunity for people in India or the factories in India to do some of the white labelling and conquer some larger volumes across the globe.

Rudraksh Raheja: Are we seeing any traction from other global players for this business?

Rushil Thakkar: Not yet because we have our own customer base ready with us. And as I mentioned in my opening speech, we have already done a tie-up for 15% of our capacity of the jumbo laminates with one of the customers in Russia. And slowly and steadily, we'll be now signing the contract in other part of the globe as well.

Rudraksh Raheja: Understood, sir. And considering that we have just expanded and set up a new plant, would this satisfy the quality and testing that these global players would impose on us, let's say, hypothetically, if we get into such a contract. Would we be able to meet their needs with this current plant?

Rushil Thakkar: Yes, of course. We have set up this plant like one of the state-of-the-art manufacturing facility in India. So it is -- of course, we see this as a good opportunity for us as well.

We have already started securing a few of the licenses which are required for exporting the HPLs to Europe and U.S. and like other countries.

Rudraksh Raheja: Understood, sir. Sir thank you for your detailed answers. I will come back in the queue.

Moderator: Thank you. The next question is from the line of Yash Sonthaliya from Edelweiss Public Alts. Please proceed.

Yash Sonthaliya: Hi, teams. Congrats for a good set of numbers. So I have a couple of questions regarding MDF business. So maybe first, you can help me understand like what is the outlook and how has been the first few months of Q1 from the demand perspective and how the realizations are moving? Are we planning any price cut or price hike in MDF business?

Keyur Gajjar: Yes, demand is now getting normal. From February, March, it is consistent. Price cut, yes, some of the players in some grade taking the price cut between 2% to 4% or 5%. And we see huge opportunity in coming days as far as value-added business is concerned because of implementation of BIS standard, we see a lot of local OEMs who were dependent on imports are now shifting to local player.

Yash Sonthaliya: And sir, follow-up on the same, like, what will be the current price difference between domestic value-added or normal MDF compared to which is currently imported by the OEMs?

Keyur Gajjar: Nowadays, there is no much or I would say, almost 0 import from these players because of BIS standard. So it's completely local.

Yash Sonthaliya: Understood. But once the importers will also comply with BIS standards, broadly, what could be the difference?

Keyur Gajjar: It could be between 10% to 15%.

Yash Sonthaliya: Understood. Any outlook going forward when we are planning to take price hike because the timber prices are still rising, right?

Keyur Gajjar: I think we don't have any plan for price hike in near future. But yes, probably we are considering the scheme, which was given in the market for 2% to 5% that will be withdrawn in coming days.

Yash Sonthaliya: Understood. Thanks. That's all from my side. Best of luck for the upcoming quarters.

Moderator: Thank you. The next question is from the line of Krishna S from Vihas Advisor. Please go ahead.

Krishna S: Good evening to the management of Rushil Decor. So congratulations, first of all, on a set of decent numbers considering the market conditions, which have been pretty challenging overall. So just 2 questions from my side. One is that the jumbo laminates is a good, is a step, in my opinion, in the right direction in terms of focusing on exports of jumbo laminates.

But because of the tariff environment, because of the U.S. tariff environment, so do you think that the tariffs will impact the sales to U.S. market? And if yes, then what is the plan? Will we still be able to export even with the higher tariffs or if not, if it would be difficult, whether we are planning to rethink on our strategy and probably change or probably move to some other countries. So that is the first question.

And the second question would be on the unfortunate fire incident, which had happened. And so like whether we have fully recovered? And what is the plan for mitigating some risk management measures in the future? So these are the two questions from my side?

Rushil Thakkar: Thank you very much for the question. First question regarding the Jumbo laminate and the tariffs. As I told in my earlier question, India dominates the market across the globe for HPL. So putting the tariff number won't be an issue because already the current manufacturers who are manufacturing the jumbo sized boards for the American market have been still exporting in the same volume. There has not been a dip in the number as we analyze.

So we also don't see a kind of a threat that the new duties getting imposed on India would affect much in the sales of our -- or we need to change the strategy over this. This is very clear from our side that, yes, all the developed countries and the markets are -- each and every country has a huge market potential in it.

So yes, if there will be a further any kind of a tariff and we need to change the strategy, then yes, we'll be focusing on the other part of globe as well. But ultimately, the main agenda is to make sure that the revenue which has to be achieved has to be achieved.

And talking about the fire incident, yes, it was very unfortunate for us that during the starting of the year on very first quarter, this incident happened. So after a long battle amongst recovering the machines and everything, we started our production yesterday. And coming back to the recovery part, I think Mr. Hiren Padhya would answer much better than me.

Hiren Padhya: Okay. See, the first part, like so far as insurance is concerned, we have taken adequate insurance in terms of loss of material. And secondly, the FLOP, that is a loss of profit policy is also there. So now we have already started the operations. The process for this insurance will start. And we are just expecting that we will definitely recover in terms of material 100%, in terms of profit also. It is a process. So, in due course of time, we'll be able to know the exact amount which we are going to recover.

Krishna S: Okay, sir. And the follow-up is that like in the future, like what are the learnings because in such kind of things, the more important thing would be to learn and so that it can be mitigated in like there could be some risk mitigation measures?

Rushil Thakkar: Yes. So already those risk mitigation measures have been taken, and this was very unfortunate because generally, the census does not kind of escalate this kind of temperature, which was escalated. So we have already taken the measures. And yes, we have made sure that the risk can be mitigated because of this kind of incidents.

Hiren Padhya: As an information, I would have to tell you that in the history of Rushil, I think this would be a one-off incident. Otherwise, for the last so many years, we have never witnessed such incidents. I think I have answered the question.

Krishna S: Yes. The question has been answered. I'm much satisfied with the answer. So good luck to you, sir. And keep up the tempo. Thank you.

Moderator: Thank you. The next question is from the line of Ashutosh Khetan from Asian Markets Securities. Please proceed.

Ashutosh Khetan: I just have a couple of questions. So first is on the capex side. So what will be the capex for the current year and FY '27 in both of the segments on the company level?

And the second question is the debt repayment, how it will be and the net debt to equity target going forward?

Hiren Padhya: So see, if you consider this financial year, that is '25-'26, as of now, we don't have any additional capex which is required only because of the fact that the Jumbo plant has already started. Phase 1 has already started. Phase 2 is already in the pipeline. And if you see the actual position of our warrant where almost INR 44 crores is still pending. So in due course of time, the fund will come. The last date for receipt is 22nd June. So we will definitely receive the pending amount. And this will be specifically for the Jumbo Phase 2 project only.

In terms of normal operational capex is concerned, I think that will be taken care from internal accrual only. In case of any new project, which we are considering, but as of now, we have not finalized anything. So in case of new project, the question will come up in terms of means of finance. But as of now, everything is already planned and no further capex is required for the current financial year.

So far as debt to equity is concerned, as of now, in terms of debt, it is being reduced every year by at least INR 52 crores to INR 55 crores as a part of scheduled repayment of loan. So, debt will definitely further reduce. Equity will increase in terms of financing this warrant part and profit, I think you know it. So considering all 3 parameters, which is relevant for debt equity, we are in positive side. So if you consider that if we make payment of INR 50 crores, INR 55 crores in the current financial year and normal profit will remain, then the debt to equity ratio will further reduce to around 0.35.

Ashutosh Khetan: Got it. So sir, on the capex side, you told that operational capex will be this. So any quantum like how much will be that operational capex?

Hiren Padhya: Operational capex would be in the range of INR 15 crores to INR 20 crores max.

And if you know the warrant part out of INR 122 crores, INR 10 crores is for MDF operational capex only. So that is also a resource for us.

Moderator: Thank you. The next question is from the line of Resha Mehta from Greenedge Wealth Services. Please go ahead.

Resha Mehta: Sir, one is on the gross margin. So gross margin sequentially has seen a sharp dip of close to 400 bps. So how do you see the input price pressure going ahead?

Hiren Padhya: See, you're right. I think if you compare a couple of quarters along with the last quarter, there's a decline in terms of gross margin. That is only because of the fact that the timber price has increased. I would simply say that for next financial year, we, as a management are expecting that there may not be further increase in terms of timber. We are expecting that the prices of timber will be stable. And maybe after a couple of quarters, there might be a downward trend also.

So far as the other chemical is concerned, we had seen and witnessed for the last couple of years that there is a here and there, 5%, 10% increase decrease, but there is no, I mean, substantial change in terms of pricing. So we are expecting that considering the couple of things which we are planning for next financial year. First is like the wood price will be remaining stable. Second, the new project of Jumbo has already, I mean, planned and started. Then the export, we are already on the path of not only, I mean, improving the quantity, but the realization has also increased. Fourth is like value-added proportion also we are targeting to increase further. And then the positive impact of the BIS standard, I think all put together, we should be not only maintaining but will definitely improve this gross margin and the overall margin in the next financial year.

Resha Mehta: Sir, when you say we expect timber prices to be stable for the next financial year, meaning '25-'26, right?

Hiren Padhya: Yes.

Resha Mehta: Okay. And see, there would be some other reasons also which would be attributed to the decline in gross margins, at least on a sequential basis because just in Q3, we had a 48% kind of gross margin and now it's down to something like a 44% kind of gross margin. So what would be the other reasons besides the timber price increase?

Hiren Padhya: See, there are one more thing, if you compare the last quarter, then of course, there is a decline in terms of value-added product proportion. So far, for the whole year, we have been targeting and we have been achieving the increase in the proportion of value added, I mean, in terms of MDF. For the first time in this quarter, there was a decline. So any decline in terms of ratio of value-added will definitely affect the margin. So that is one of the reasons for this decrease in margin.

Keyur Gajjar: Only because there was some maintenance part during in our prelamination machinery, but now things are good.

Resha Mehta: Okay. And the next question is on your laminates volume. So for Q4, there has been a marginal decline in the volumes. It's degrown by around 3%. So what can that be attributed to?

Rushil Thakkar: So we talk about when the manufacturing of laminates, the laminates capacity is always measured with a 1 millimeter thickness. And the production in this quarter of higher thicknesses than 1 mm has taken place because of which the capacity remains the same, but the number is slightly declined because when we produce 6 millimeters or maybe around 10 millimeters, the press cycle for that goes a little higher.

So we don't see any decline in production capacity. We just see that there is no 1 millimeter. There is higher thicknesses being produced. If you compare the revenue compared to last financial year, it's increased.

Resha Mehta: Right. No, understood. Lastly, on the MDF business. So again, over here, the domestic volumes, largely, they have been kind of in a declining trend if I look at the past 5, 6 quarters. So with all of this, with the current demand and the pricing pressure, etc., how do you see the volumes here shaping up along with the EBITDA margin? So for FY '25-'26, what would be your volume growth expectation and your EBITDA margin expectation from MDF?

Keyur Gajjar: See, if you compare last quarter, it was 43,400 CBM and this quarter, it is almost like 45,700 CBM. So compared to last quarter, we have little bit 2,000+ CBM growth. I agree if we compare with the previous quarter, it used to be 50,000+. And likely in this quarter, we'll be able to make it.

Resha Mehta: But sir, full year, how do you see the MDF business shaping up '25-'26 in terms of volume growth as well as in terms of EBITDA margin?

Keyur Gajjar: I just want to say one thing in '24-'25, our domestic volume is almost 1.97 lakh compared to last year, it was 1.98 lakh. And we are pretty sure that we want to cross this mark this financial year.

Rushil Thakkar: And also, I would give some guidance over here on the value-added business also. So in the current financial year, the average was somewhere around 43% in terms of quantity and I think somewhere around 53% in terms of revenue.

So we are targeting this year that we'll be doing 50% of VAP in this year in terms of quantity. And in terms of revenue, we'll be contributing 60% roughly on the value-added business, which will increase the profitability into the business. And we would take an expected growth somewhere around 8% to 10% in the business of MDF.

Resha Mehta: Okay. So MDF revenue value growth would be around 8% to 10%. And in terms of EBITDA margins, would you like to give some kind of an indication...

Rushil Thakkar: Again, as I earlier told, the margins across the group would be somewhere around 13% to 16% across the all product ranges what we are providing now.

Resha Mehta: All right. And lastly, on the other income, so that's seen a sharp increase. So from INR 3 crores in FY '24 to INR 12 crores in FY '25. I see there is a INR 2 crores exceptional item in terms of a land sale. What would the other -- the balance other income be?

Hiren Padhya: The other income mainly includes the Karnataka government subsidy, which is almost for the whole year is around INR 6 crores. Then second part is like forex gain, which is again more than INR 2 crores. And third is like we had a small incidence of fire in the last year in terms of a go down, where the again, that claim which has been received, that was also in the range of INR 2 crores. So these are the three things which was there, which was not there in the last year. So this is an exceptional item. And that is how the figure has increased.

Resha Mehta: And the subsidy will continue, the government subsidy?

Hiren Padhya: Every year, it is based on the export part. Sorry, it is a -- total turnover, which is being -- I mean, operated in that particular region that is Karnataka.

Resha Mehta: Okay. All right. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Karan Bhatelia from Asian Market Securities. Please proceed.

Karan Bhatelia: Yes. Rushil bhai, I wanted to understand how is the demand and supply for MDF category? Are we done with majority of the capex? And how do we see our export contribution growing because today it is 30%. So how do you want to see your export shaping, especially in the MDF?

Rushil Thakkar: So I'll just speak about export first for MDF. We have been targeting some of 7,000 cubic meters a month from the plant to be dispatched for the exports of MDF. And firstly, from last year, once we completed the export obligation, we have been always focusing on the new geographical countries and also we have been focusing on exporting of the value addition product, which has given the significant growth in terms of realization in this quarter and this financial year as well.

Karan Bhatelia: But, Rushilbhai what we understand, export is not a very margin accretive product compared to domestic market. So how different is your export profitability compared to the peer sets?

Rushil Thakkar: So when we talk about just the last financial year, the export realization was standing somewhere around INR 19,724, which has now increased to INR 21,280.

Karan Bhatelia: Right. And on the margin side?

Hiren Padhya: Karan, when we are saying that realization has improved, so whatever margin was there in the previous year, it has definitely improved because last year was the year where we were just focusing on that export obligation where we had got some obligation, we were compelled to do some export. But for the last almost three, four quarters, now there is no obligation.

So we are very much flexible in terms of taking orders where the margin should be as per our -- I mean, expectation. And there are a couple of countries which has now started giving inquiries also. So it is not only Middle East, it is now going beyond that. So now any other continent is the market for us. And then any other continent other than the Middle East, the margins will definitely high.

Karan Bhatelia: Which destinations are you referring to out here?

Rushil Thakkar: So we recently started our exports of MDF to countries like Israel, then we just did in Portugal, then we just did an export to Canada. So these are the 3 countries we started this quarter.

Karan Bhatelia: Right. And some color on the domestic demand-supply scenario, today and 2 years from here?

Keyur Gajjar: See, from 2 years, if we talk about -- we don't see any major capacity announcement. So now we see that if you want to put up a new plant, it usually take 2 years to 2.5 years minimum. As on date, we don't see any much major capacity announcement in pipeline. So I think capacity is almost now 3.5 million to 4 million. And because of BIS, we see there is a huge shift from OEM business to local player from import to local player. This will definitely increase.

Karan Bhatelia: And just to continue on BIS, my channel check suggests a few Malaysian players and Thailand players have already received the BIS?

Keyur Gajjar: I think, yes, two to three players, they got the BIS. But so far, we have not received any news about India.

Rushil Thakkar: Yes. I would also add, Karan bhai, here that the BIS standards are more stricter than the product which we used to get imported earlier. The ratios of wood are predefined now, the ratios of chemicals are predefined now.

So it is going to be a slightly higher production cost for them as well to make sure that they enter into the India market. So it is also bit challenging for them just to get license won't solve that problem because the prices what they used to quote is not at all acceptable to the Indian market as well.

Karan Bhatelia: Right. And a few listed players have gone ahead with price cuts in the domestic MDF market. Are we participating too?

Rushil Thakkar: Yes. So in Q1, we took a slightly dip for the prices to make sure we be competitive to the unorganized players currently in the market.

Moderator: Thank you. The next question is from the line of Moksh Ranka from Aurum Capital. Please proceed.

Moksh Ranka: Our export realization has been rising every quarter. So what is the structural reason behind the rise in export realization for our MDF?

Rushil Thakkar: So typically, the order booking, what we used to do for just the normal MDF has changed -- we have changed the ratio of booking the normal MDF. If anyone needs the normal MDF, then he has to give a certain portion for value addition, which gives the higher realization in terms. You can notice that for the Q1, the realization stood somewhere around INR 20,200.

In the Q2, it increased by INR 21,300. In Q3, it increased by INR 21,400. Today, we are standing at somewhere around INR 22,000. So this strategy is playing a good role in improving our MDF realization in terms of export market. And we have been focusing in the countries where we also get a value addition that Israel is a complete value addition product we are serving. We are not serving the normal MDF in that. So we are focusing on the right markets where we can get the volumes as well as the prices.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Mr. Rushil sir for closing comments.

Rushil Thakkar: Thank you all for taking the time to join us today for your continued interest in Rushil Decor Limited. As we continue to navigate opportunities ahead, we remain committed to achieving our strategic objectives and delivering the consistent value to our stakeholders. For any further questions, please reach out to our Investor Relations team at Churchgate Partners. Thank you once again.

Moderator: On behalf of Asian Market Securities Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Notes: 1. This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings.

2. Figures have been rounded off for convenience and ease of reference.