



RUSHIL

DECOR LIMITED

WE'LL MAKE IT

RDL/062/2024-25

Date: 08.08.2024

**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 Unaudited Standalone and Consolidated Financial Results for the Quarter ended 30th June, 2024

With reference to our earlier intimation No. RDL/046/2024-25 dated July 22, 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 Friday, August 02, 2024 in respect of the Unaudited Standalone and Consolidated Financial Results for the Quarter ended 30th June, 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
Q1 FY’25 Investor Conference Call”
August 02, 2024



**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 Rushil Decor Limited Q1 FY'25 Earnings Conference Call hosted by Asian Market Securities Limited. This conference call may contain forward-looking statements about the company which are based on beliefs, opinions and expectations of the company as on date of this call. These statements are not guarantees of future performance and involve risk and uncertainties that are difficult to predict.

Actual result may differ from such expectation, projection, 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 the star, then zero on your touch-tone 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, Steve. A very warm afternoon and welcome all to the Rushil Decor Limited Q1 FY '25 Earnings Conference Call hosted by Asian Market Securities. From the management side, we have Mr. Rushil Thakkar, Executive Director, Keyur Gajjar, CEO, and Hiren Padhya, CFO. I now hand the call to Rushil Bhai for his opening comments, post which we can open the floor for Q&A. Thank you and over to you.

Rushil Thakkar: Good afternoon, ladies and gentlemen. Welcome to Rushil Decor Limited Earnings Conference Call for the first quarter ended 30th June 2024. I would like to extend my gratitude to Asian Market Securities for organizing this call and to all participants for joining us today. I am joined by Mr. Keyur Gajjar, Chief Executive Officer, and Mr. Hiren Padhya, Chief Financial Officer. We have shared and uploaded the investors' presentation on the exchange and we hope you have reviewed the material.

Let me begin with an overview of our performance in the first quarter of FY'25. Starting with the MDF segment. We recorded a total volume of 74,079 cubic metres, reflecting a 25% increase year-on-year, while there was a minor 1.2% decline quarter-on-quarter. Our export volume performed exceptionally well, showing a 26.1% increase year-on-year and a 13.7% rise quarter-on-quarter. The positive performance in the export has been a key factor in our overall financial success in this quarter. The value-added MDF products also performed strongly, contributing 45% of the total volume and 55% to the revenue.

Further enhancing our growth, our improved realization in the MDF, particularly in the export market, have positively impacted our financial outcome. This improvement is partly due to the successful completion of our export obligation and the rising demand for Indian wood panel products driven by the high freight charges on import. This factor has collectively contributed to the better pricing and revenue in our export segment.

Turning to the laminate segment, we achieved a total volume of 7,64,682 sheets, which represents a 25.7% increase year-on-year, although there was a 3.1% decline quarter-on-quarter. The export volume grew by 35.8% year-on-year and 4.5% quarter-on-quarter, mitigating the impact of the domestic market slowdown. Domestic volume, however, experienced a decline of 13.8% quarter-on-quarter.

Blended realization in this segment decreased by 9.8% year-on-year, with exports seeing relatively stable pricing compared to the domestic market. Regarding our laminate division, the expansion is progressing as planned. We have received the board approval for the preferential funding amounting INR 122.66 crores through the issuance of convertible warrants. To date, we have secured 40% of this funding, with 75% of the total allocated to developing the new facility for jumbo-sized laminate sheets. The new facility is set to commence the operation by the third quarter of the financial year 2025.

This will significantly enhance our production capacity and enable us to meet growing market demand both domestically and internationally. The expansion is expected to add approximately 2.8 million sheets annually and strengthen our market position.

In addition to the expansion, we are implementing a stock split at a 10:1 ratio. This decision aims to enhance the liquidity and encourage wider participation from the retail investors, making our stock more accessible and attractive. In conclusion, our strategic initiative is expanding production capacity, improving operational efficiency and focusing on a sustainable growth, our position in Rushil Decor for continued success. We remain committed to leveraging the industry trends and opportunities to drive the value creation.

Thank you for your attention and I will now hand over the call to our CFO, Mr. Hiren Padhya, who will provide you the further details on our financial performance.

Hiren Padhya:

Good afternoon, everybody. Thank you, Mr. Rushil. I am pleased to present an overview of our company's performance for the first quarter of FY'25. Despite facing certain challenges, our team has been committed to maintaining operational efficiency and exploring avenues for growth. For the quarter, our revenue from operations amounted to INR 223.5 Crores, reflecting a 15.9% year-on-year increase, albeit a slight decline of 4.3% quarter-on-quarter.

EBITDA for Q1 FY'25 was recorded at INR 25.57 Crores, i.e., 11.4%. Our profit before tax was INR16.49 crores, with a marginal growth of 0.43% year-on-year and 3.9% quarter-on-quarter. The PBT margin was 7.4%. And the profit after tax amounted to INR12.31 crores, marking a 0.91% year-on-year increase and a significant 36.8% rise quarter-on-quarter.

The PAT margin stood at 5.5%. In our MDF segment, total revenue reached INR169.2 crores, reflecting a year-on-year increase of 15.3% and a slight quarter-on-quarter decline of 4.1%. Revenue from the Indian market contributed INR130.69 crores, i.e. a growth of 10.9% year-on-year but declining by 9% quarter-on-quarter. Export revenue reached INR38.49 crores, i.e. showing strong growth of 33.1% year-on-year and 17.1% quarter-on-quarter. MDF EBITDA stood at INR21 crores, with an EBITDA margin of 12.4%.

In the laminate segment, total revenue stood at INR47.1 crores, i.e., an increase of 13.5% year-on-year but decreasing by 5.7% quarter-on-quarter. Revenue from the Indian market was INR14.31 crores, i.e. a showing decline of 6.1% year-on-year and almost 20% quarter-on-quarter, while export revenue was strong at INR32.83 crores, which is up 25% year-on-year and 2.1% quarter-on-quarter. EBITDA for laminate was INR4.3 crores, with an EBITDA margin of 9.1%. We also made a significant stride in our capital management strategy. The company raised INR122.66 crores through preferential allotment on warrants. We have already received INR48.76 crores, of which INR32.78 crores has been utilized for the jumbo-sized laminate project, INR1.28 crores for MDF operational capex and INR3.32 crores for general corporate purpose.

The remaining INR11.38 crores is currently held either in bank account or in FD. Additionally, we have strengthened our financial position by further deleveraging, with our net debt-to-equity ratio now at 0.45x. This improvement reflects our ongoing commitment to enhancing financial stability and optimizing our capital structure. In summary, while we encountered challenges this quarter, we have demonstrated resilience in maintaining our financial metrics.

We remain focused on optimizing our operations and leveraging growth opportunities in the market. We appreciate the continued support of our stakeholders as well as work towards sustainable growth and profitability. That concludes my remarks. 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 Parth Bhavsar from Investec. Please go ahead.

Parth Bhavsar: Hi, sir. Thank you for the opportunity. I have a few questions. So, the first thing, sir, how is the demand sentiment like for both laminates and MDF segment in the domestic market, and how do you see it going ahead for the rest of the year? What do you focus for the industry and what do you focus for yourself?

Keyur Gajjar: So, hi, Parth. We believe that now the festive season started, so laminate demand will move on from now. And it looks pretty good in coming days. And as long as MDF market is concerned, yes, it is also going good. Because in Q4, people have to finish their financial targets for 23-24. So, Q1 was a bit slow, but now onwards it will be again on track.

Parth Bhavsar: Okay. So, sir, what sort of growth are we expecting in the laminates business in terms of volumes and the same for MDF as well?

Keyur Gajjar: From 89%, we have achieved 91% capacity in this financial year. I mean, in this quarter only. If you see our production capacity in Q4, it was 89%. This quarter, it's almost 91%. And this financial year, we are targeting 95%.

Parth Bhavsar: This is for MDF?

Keyur Gajjar: MDF. And just want to update one more thing. In Q4, our Chikmagalur plant was running at 107% and in Q1, we did 113%.

- Parth Bhavsar:** Okay. So, you can take it up to like 113, 115 as well?
- Keyur Gajjar:** Yes, we are doing it so far.
- Parth Bhavsar:** Okay. And the target is like for the full year, we will operate at 95% utilization?
- Keyur Gajjar:** That's our target.
- Parth Bhavsar:** Okay. And sir for laminate?
- Keyur Gajjar:** Yes, for laminate, we are also targeting because we are also waiting for the new capacity addition as well as from existing capacity. We believe that certain domestic markets, there will be certain demand which will increase. And in export market, you can see we are growing at a very good pace.
- Parth Bhavsar:** So, end of the year, utilization levels would be including the new plant on an average?
- Keyur Gajjar:** If I talk about existing capacity, we are almost running around 88%-90%. I'm talking about laminates. So, we can go up to 95%, something like that.
- Rushil Thakkar:** It more or less also depends on the product mix we are selling across the month. Because if we sell the thinner laminates, the capacity utilization goes higher. If we sell the industrial or compact laminates, the volume goes down. So, average blended capacity for laminate can be maintained around 88% to 95%.
- Parth Bhavsar:** Okay. And sir, since we are planning to operate at 95% utilization in the MDF segment, do we have any plans to expand in the MDF space?
- Rushil Thakkar:** So, as of now, still we are under the internal discussions for what next project we should keep up on. So, we will be opening up to that once internally we have been discussed what we are expanding on.
- Parth Bhavsar:** And sir, like in the laminate space, have we witnessed any slowdown in the, you know, European or US markets for us? Or is there like a slowdown expected in coming quarters?
- Rushil Thakkar:** As of now, we don't see any kind of a slowness in the market because as long as the business is concerned, this is all going to be a new area for us. So, we have ample number of space, we have ample number of distribution points where we can enter. So, this is not going to be a constant for us. We are entering with the jumbo size in this market. So, the opportunities are bigger for us than our peer competitors.
- Parth Bhavsar:** But sir, like even at the current capacity, do we export in the laminates.
- Rushil Thakkar:** Yes, but the export what we do to these countries are negligible amount to these countries which are developed. Okay.
- Parth Bhavsar:** So, which ones would the top three countries be at present?

- Rushil Thakkar:** So, for us, Far East has always been a strong area, then comes the Gulf and then later on the rest of the world we do currently.
- Parth Bhavsar:** Got it. Thank you, sir. Those are my questions for now. I'll join back the queue.
- Moderator:** Thank you. The next question is from the line of Praveen Sahay from PL Capital. Please go ahead.
- Praveen Sahay:** Thank you for taking my question and congratulations for good set of numbers. So, first question is related to the MDF. As you are operating at a 91% plant utilization and also your value-added mix reached to 55%. And like you mentioned that the mix in the product changes the utilization level. So, considering both the things, is it a peak or you can go beyond 55% in the value-added mix and 91% of utilization?
- Keyur Gajjar:** Praveenji, so far, we have an ample phase to grow because we have not achieved our target and I think we can reach up to 60-65% because right now from AP plant we have quite a good capacity. At present, if I give you an example of pre-laminated MDF shades, on an average we are doing around 1,30,000-1,40,000 shades. We can go up to 1,80,000 shades. So, we have a good space to grow.
- Rushil Thakkar:** And also I would like to add here that, our target is to reach 50% in terms of quantity. The like current capacity utilization of VAP is 45% in blended and we are targeting to reach 50%. So, that would also add our revenues by another levels because of having this all new value addition in place.
- Hiren Padhya:** And further I would like to add in terms of capacity you are saying that we are at 91%. So, considering the technology we have, we can go up to 115% or 120% also. Even I will just give you the example in case of Chikmagalur, we had achieved in one of the month of this quarter, it was 126%. So, as Keyurbhai mentioned, we have ample scope in terms of both, in terms of capacity and in terms of additional value-added product which we can sell.
- Keyur Gajjar:** And our preference will be to offer more of a value-added product than the interior grade. So, slowly gradually we will reduce our interior grade business and we will increase our value-added business.
- Praveen Sahay:** Okay, very helpful sir. So, basically free laminated or a value-added mix can go up as well as the utilization can go up from here. So, the next question sir is related to the export and if I look at your number, you had done very well, whether it's a laminate or MDF, the export number better. But in the industry scenario is like container availability or freight rate is on the higher side, the export and import both are impacting. So, how have you been able to manage very good number in the export?
- Rushil Thakkar:** So, first of all, we had an export obligation which we duly fulfilled by the end of last financial year. So, the pressure over the exports or making the export target oriented was not a pressure this time. So, we healthily picked up the customers who are able to give us a good realization.

And that is a key strategy for now and we will be doing same strategy for the upcoming quarters as well.

Praveen Sahay: So, is there any issue related to the container? Like are you getting it very easily?

Rushil Thakkar: Yes, availability is a problem at some point of time, but at some point of time we also get a big volume numbers from the port.

Praveen Sahay: Okay. Okay. Yes, that's it, sir. Thank you. Thanks a lot.

Moderator: Thank you. The next question is from the line of Kaustav from BMSPL Capital. Please go ahead.

Kaustav: Yes, hi. Thank you for taking my question. I had one simple question over the price stability of your value-added product in MDF versus raw board. So, just wanted to understand. So, let's say for every INR1,000 fall in pricing of raw board per cubic meter, how much would a value-added product fall? So, what I am trying to understand is how stable is your pricing for value-added product when raw board falls INR1,000, INR2,000 per cubic meter?

Keyur Gajjar: Usually it is between 30% to 50% extra, that's the premium for value-added. Suppose you are talking about thousand rupees per square meter, in that case value-added will be starting from INR1,300, INR1,200 and up to INR1,500 to INR1,600.

Kaustav: Correct. So, that is the premium to which the premium it gets...

Keyur Gajjar: Motherboard, suppose there is a change in raw material price, sorry, raw board pricing, usually value-added pricings are not affected much because that's a very premium segment. So, for example, if there is a one or two percent changes in price of interior grade, basic board, it doesn't affect all the time to value-added prices.

Kaustav: Not one or two, so basically what we have seen, we have seen raw board over the last few years go all the way up to INR27,000, INR28,000 come down to INR20,000. So, my question was more like if raw board comes down from INR25,000 to INR20,000, does that affect, how much does that affect your value-added board?

Keyur Gajjar: Honestly, we don't see any further reduction in this price base. Whatever the realization going on at present, they are, I think, good realizations. There is a very least chance of going further below.

Kaustav: Okay, thank you.

Moderator: Thank you. The next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

Darshil Jhaveri: Hello. Good evening, sir. Thank you so much for taking my question. Firstly, congratulations on a great set of results. So, just wanted to ask, like in terms of right now, we could see, you know, recent volume growth as capacity increases. So, what kind of revenue growth target would

we have for FY'25? And once the laminate board's capacity comes on play, what kind of growth would we see in FY'26?

Hiren Padhya:

Okay see, compared to last year, this year we have projected the turnover in terms of the present capacity would be, see, the first year, first quarter, it is already 225 around. So, we will definitely cross 900 that is for sure. Coming to the additional project, I mean, in terms of Ply, this is already started, but the numbers which, what it can be, we may not be able to give the exact number, but INR 900 crores plus, almost I think INR 50 crores can be added in terms of Ply and the additional project of laminates.

As mentioned in the earlier speech, the laminate new project will start around the third quarter of this financial year. So, both together will have at least INR50 more crores. So, broadly we can say this financial year we are targeting around INR950 crores.

And coming to next financial year, over and above what we are achieving this financial year, the normal growth of 10% to 12% will be there in terms of the existing capacity. And for the new project of Ply and laminate, we can expect around INR250 to INR270 crores turnover next year additional. So, accordingly you can consider the figure for '25-26'.

Darshil Jhaveri:

Great. That's very great to hear, sir. And sir, so with this kind of revenue, just wanted to ask, like, our margins last year, I think we were around 14%-15% mark. In Q1, we have gone to 11%. So, right now with maybe like new capacities coming in, what would be our EBITDA margin? what is the target for us in terms of EBITDA margin?

Hiren Padhya:

As you said, 14% was the last year EBITDA margin. We will definitely achieve around same margin. We can say in terms of MDF, it would be 14% to 15% and overall margin would be in the range of 14%.

Darshil Jhaveri:

Okay. On the consol level, it will be 14%. And sir, because ply is being, you know, I think value-added as well as laminate for export. So FY'26, we can have higher than 14%, right? Because they'll be all more - and plus MDF will also get more value-added. Correct?

Hiren Padhya:

Yes. As I said, in terms of laminate, present margin, I mean, EBITDA margin is in the range of 9%. I mean, after having the production started in terms of Jumbo, the normal margin would be in the range of 13% to 15% for that particular part. So overall, laminate margin would improve to maybe around 12% to 13%. Coming to MDF, again, on one side, export obligation completed. So export-wise, we have got flexibility in terms of taking orders. Secondly, a couple other continents are already open in terms of MDF. And the Ply is also added.

So putting all together, so including the new project, additional capacity utilization, and also the value-added proportion to increase further 5% to 10%, all put together, I think we'll definitely improve margin compared to current financial year, so far as FY' 25-26 is concerned.

Darshil Jhaveri:

Okay, fair enough, sir. With this, I know you've already answered it that capacities can go more than 100%. But we would want some kind of a new expansion in MDF, or how is the market

scenario? Like, is there oversupply or is there more room for MDF to also grow? So you would consider a capex maybe not this year, but next year for sure in terms of MDF?

Keyur Gajjar: Yes, first and foremost, we need to consider two factors. One is this MDF market is growing CAGR 15% to 20%. Okay? And second thing, whenever there is one plan coming, they are coming up with some capacity. So it takes some time to absorb that capacity. The good part at present import is almost 20% of last quarter.

I think I was going through data in the month of July, only 2,000 CBM came from Vietnam, so import is drastically down. So there will be space for a new player also, and we'll be able to manage our volume. As I said earlier in our call, our major focus is to achieve capacity. That's very important. And that's our focus, and we are working strongly about it.

Darshil Jhaveri: Okay. Great, sir. Just one last question from my side. I think we said that U.S. and Europe, we don't export much. So is it because our realizations are lower? How are the realizations in that market? In case if you want to shift exports towards the Western world, like I'm assuming Vietnam...

Keyur Gajjar: I think that was in context of laminate exports.

Darshil Jhaveri: Okay.

Keyur Gajjar: But in Europe and America and Oceanica, they have a different size requirement. So after launching the Jumbo Laminates, we'll be able to have this new market.

Darshil Jhaveri: Okay.

Rushil Thakkar: We have seen the commodity, so export is possible to that continent as well, but the freight plays a major role. So if we see the current freight scenario, it is very viable for them to take either from Latin America or USA itself.

Darshil Jhaveri: Okay. Understood, sir. And just like last one, in terms of industry dynamics, we don't see any kind of risk, right? In terms of realizations or volume demand becoming lower, like any kind of, a macro trend or something, you could, just take it. Is there a risk that can act as a speed bump for us?

Rushil Thakkar: As mentioned by Keyur bhai, this industry is growing at 20% CAGR. If we see the world analysis today, MDF and particle board plays at 80% of the total capacity installed in other nations, while 20% is taken care by Finger Joint Board and Plywood. In India, the scenario is different. Currently, the MDF market share is roughly around 20% to 22%. So, we have ample space to grow, and we don't see any threat in the capacity addition or in terms of any new capacity coming.

Darshil Jhaveri: Thank you so much for answering all the questions. All the best.

Moderator: Thank you. The next question is from the line of Hemanth Soni, an individual investor. Please go ahead.

- Hemanth Soni:** Thank you for providing me the opportunity, and congratulations on a good set of numbers at a difficult time, when the peers are reporting subdued numbers. So, my first question is like, how confident are we in reaching INR2,500 crores milestone, the target which we had set around a couple of quarters back?
- Rushil Thakkar:** So, yes, we have already been planning and accordingly we are acting, and we are very confident that the target which we have set for ourselves as a company, we are already on the track to achieve it.
- Hemanth Soni:** And so, one more thing I wanted to ask you is like, how is the rising freight rate affecting us? Are we into FOB kind of contracts?
- Rushil Thakkar:** No, it depends on country to country and customer to customer. In some cases, we have CIF values as well. In some cases, we have FOB cases as well. So, in that scenario, the freight plays a role, but ultimately, every market needs the good at whatever rate possible. So, if we just talk about MDF in Dubai, the freight rate has increased by, I would say, 20%. But the customers are willing to pay because they are in the need of the material.
- Hemanth Soni:** So, is it fair to assume that the EBITDA margin would have been much higher, if the freight rate has not gone up?
- Rushil Thakkar:** I would not say no, it won't be higher because we are already putting to our customers, we are already charging that to our customers. We are not keeping that to ourselves, or we are not booking any kind of profit from transportation.
- Hemanth Soni:** So, basically, it's a pass-through kind of thing, right?
- Rushil Thakkar:** Yes.
- Hemanth Soni:** Okay, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Parth Bhavsar from Investec. Please go ahead.
- Parth Bhavsar:** Hi, sir. So, thank you for the opportunity again. Sir, I wanted to understand the timber cost for you in South on per kg basis. So, how much was it in Q1? And what was it last year? And where do we see it, the pressure is coming because of, low timber supply. So, when do we see this, going down?
- Keyur Gajjar:** As such, we don't feel any supply pressure for this subject. Maybe because of rain, there may be some problem, but not a big problem.
- Rushil Thakkar:** Our wood prices for this quarter was increased by 1% to 2%, not more.
- Parth Bhavsar:** Okay, sir. And any idea in terms of, can you give us some idea on per kg basis? How much was it?
- Rushil Thakkar:** We can share that to you across later.

- Parth Bhavsar:** Okay, sir. Those were my questions. Thank you.
- Moderator:** Thank you. The next question is from the line of Yash Mittal from Beyond Capital. Please go ahead.
- Yash Mittal:** Congratulations on a good set of numbers. So, my first question is like, what is the realization currently in the July month for MDF? And have we seen any growth on MOM basis?
- Keyur Gajjar:** I think it's quite stable.
- Yash Mittal:** And like we are now, we don't have any obligatory to export. So are we focusing to increase our volumes in the domestic market? And how we see domestic market demand going forward and mix changing domestic and export?
- Keyur Gajjar:** Yes, we can see that in coming quarters, domestic demand will be good compared to Q1, I'm sure. And yes, we are focusing equally and product mix is important part of our strategy. So export is also equally important and we are focusing on that part where I just want to share that we did almost 30%, 35% value-added exports in last quarter. So, we are also focusing on increasing value-added exports in coming quarters.
- Yash Mittal:** And the margins for the value-added export will be similar to the domestic margins or how lower we are?
- Keyur Gajjar:** It's very difficult to say. But yes, the value-added exports margin are much better than the export margin of Plain Grade.
- Yash Mittal:** So can we say going forward also the mix will be 75-25 in the volume terms?
- Hiren Padhya:** As of now, your question was like how you will strategize in terms of completion of export obligations. So I would put it differently. We are now in a better position to take very specific export order. Rather than just doing export for the sake of export obligation. So now we have got option to take export order considering our pre-decided margins.
- And we are also going for other continents also. So domestic, definitely we have better margins. But in export also, if you see current quarter we have improved in both angles. In terms of quantity also we have improved. And in terms of realization also it has improved. So just by completion of export obligation doesn't mean that we will just stop doing export. So now we are in better position to decide whether to go for export or not depending upon the exact situation and the margins available.
- Yash Mittal:** Got it. And one last question. Like on domestic side, what would be the mix of value-added and majorly what is the mix of pre-LAM in domestic sales?
- Keyur Gajjar:** It's very difficult for us to say pre-LAM. But I would say we are almost like 45% in terms of quantity and 55% in terms of value. So 45%-55% is our value-added to commercial grade ratio.
- Yash Mittal:** Got it. Thanks a lot. Best of luck for the coming quarter. That's all from my side.

- Moderator:** Thank you. The next question is from the line of Hemant Soni an individual investor. Please go ahead.
- Hemant Soni:** Thank you for providing me the opportunity. Again, I actually missed the guidance for FY 26 which you gave just couple of minutes back.
- Hiren Padhya:** So you need guidance in terms of turnover?
- Hemant Soni:** Yes. In terms of turnover. As well as margin if you can specify.
- Hiren Padhya:** I had already said turnover-wise this year we are targeting 900 plus or 950 approximately. Next year will be added turnover of around INR250 crores plus 10% normal increase. In terms of margin, whatever margin we are earning this particular year that is around 14.
- So in terms of turnover, we are saying 950 plus for this financial year. Next year, FY'25-'26 at least 10% increase in existing turnover plus INR250 crores from additional projects. In terms of margins, we are targeting around 14% EBITDA for this financial year and at least better than that in the next financial year.
- Hemant Soni:** Okay, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Rishikesh Oza from Robo Capital. Please go ahead.
- Rishikesh Oza:** Yes, hi. Thank you for the opportunity. So, my first question is with respect to our domestic realization for MDF they are trending down at quarter-on-quarter basis. So how do we see them trending going ahead few quarters going ahead?
- Keyur Gajjar:** I think, yes, there was minor change in realization around 2% to 3%. But as I say, we don't see much price pressure on road in coming quarters. So probably we'll be able to maintain these realizations.
- Rushil Thakkar:** Also would like to add here, as mentioned earlier the imports have also decreased in this quarter. Yes, so imports have also decreased because of the freight component. So it is a good opportunity for us to have an extra part of market over here in terms of gathering more volumes in the number.
- Rishikesh Oza:** So is there any opportunity for us to increase the realization getting maybe back to what they were before one or two years before?
- Rushil Thakkar:** I would say may be yes.
- Rishikesh Oza:** Okay. And also we have our EBITDA margin that we indicated around 14%, which currently in Q1, which is around 12%. So what would lead to this additional margin gain in coming quarters?
- Hiren Padhya:** See, as already mentioned on first is like export obligation completed. So now we'll have better margin in terms of export. And volume-wise also there's a possibility that we'll get extra volume

with extra margin. That is first part. Secondly, capacity utilization any additional capacity utilization will definitely improve our margin in terms of MDF specifically. And third is like value-added products, which we have been improving over the last three to four quarters.

So every quarter we are improving by 3% to 4% in terms of value-added proportion. So as we already mentioned earlier that value-added product has a better margin. Third, new project of laminate as I said in terms of current margin of 9% to 10%, the new project will have margins of around 14%, 15%. So all put together, we'll have a better margin. That is for sure.

Rishikesh Oza: Thank you very much. Okay, got it.

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

Rushil Thakkar: Thank you very much, ladies and gentlemen.

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

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