



# RUSHIL

DECOR LIMITED

WE'LL MAKE IT

RDL/064/2021-22

Date: 11.11.2021

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  
SCRIPT CODE: 533470

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Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sub.: Transcript of Q2 FY2022 Earnings Conference Call held on 08<sup>th</sup> November, 2021

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and with reference to our earlier intimation No. RDL/059/2021-22 dated 28.10.2021, we are enclosing herewith the transcript of Q2 FY2022 Earnings Conference Call with Investors and analysts held on Monday, 08<sup>th</sup> November, 2021.

The above information will also be available on the website of the Company at [www.rushil.com](http://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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OFF SINDHU BHAVAN ROAD, SHILAJ, AHMEDABAD-380058, GUJARAT, INDIA.

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**“Rushil Decor Limited  
Q2 & H1 FY2022 Earnings Conference Call”**

**November 08, 2021**



**ANALYST: MR. KARAN BHATELIA – ASIAN MARKET SECURITIES  
PRIVATE LIMITED**

**MANAGEMENT: MR. VIPUL S. VORA – CHIEF FINANCIAL OFFICER –  
RUSHIL DECOR LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the Q2 FY2022 Earnings Conference Call of Rushil Decor Limited hosted by Asian Markets Securities 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 “\*” 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 Markets Securities. Thank you and over to you, Sir!

**Karan Bhatelia:** Thanks Rutuja. Ladies and gentlemen, good afternoon, and welcome all to the Rushil Decor Q2 and First Half FY2022 Earnings Conference Call hosted by Asian Market Securities. From the management side we have with us Mr. Vipul Vora – CFO. Now I hand the conference to Vipul bhai for his opening remarks and then we shall open the floor for question-and-answer. Over to you Vipul bhai! Thank you.

**Vipul S. Vora:** Okay Karan. Thank you very much for organizing such meeting. Good evening everyone, welcome to Rushil Decor Limited’s earnings conference call for the second quarter and half year ended September 30, 2021 of the financial year 2021-2022. I would like to begin by expression my gratitude to you all for taking the time to join us today. On the call with me today is Bridge IR our Investor Relations Team also.

Rushil Decor Limited was incorporated in 1993 and has been in this industry for over 25 years and currently having the fourth generation involved in the business. The business is divided into three segments mainly laminates, MDF and PVC. Amongst one of the largest players in the laminates industry and third largest manufacturer of MDF boards.

On the laminates we manufacture single sided decorative as well as double sided industrial laminates with wide range of designs, colors and finishing spread across 3 manufacturing plants located at Gujarat with capacity of 34.92 lakh sheets per annum

As for MDF Boards we manufacture thin and thick boards and pre-lam boards with thickness ranging from 2mm to 30mm. the manufacturing facility for MDF board is at Chikmagalur, Karnataka with capacity of 300 cubic meter per day or 90000 cubic meter per annum. Recently a second and new manufacturing facility for MDF has commenced its operations from March 2021 at Vishakhapatnam, Andhra Pradesh having installed capacity of 800 CBM per day or 240000 CBM per annum. This new facility has added a strategic location advantage as it is setup in Southern India which is one of the prominent markets for MDF and closer to southern parts making with easier to facilitate exports.

*Rushil Decor Limited*  
*November 08, 2021*

The company has over 120 of its own unique marketing platform on the brand Vir Studio across country displaying entire product range at one location. It is like a showroom or display center where it showcases all its products at a single location apart from this we also create brand awareness through advertisements, marketing networks like dealers, distributors, branch offices, etc.

Now as per business updates we would like to inform you that the company planned a shutdown for Medium Density Fiberboard manufacturing unit at Chikmagalur, Karnataka for approximately 45 days from October 9, 2021 for preventive maintenance activities to be undertaken as well as to replace some of the major parts of the plant. This plant contributes roughly over 45% to the total revenue subsequently shutdown will have an impact on third quarter topline. From an overall business perspective that is all.

Now we will take you all through financial performance of the company for the second quarter and half year ended September 30, 2021 following which we will be happy to respond to your queries.

In Q2 FY2022 our company has achieved net revenues of Rs.171.32 Crores with a year-on-year growth of 80.18% from Rs.95.09 Crores in the same quarter last year. This is mainly due to substantial increase in sales of laminates and MDF boards. It also includes the additional sales from new facility at Vizag.

EBITDA stood at Rs.21.90 Crores in Q2 FY2022 increase of 67.82% as compared to Rs.13.05 Crores in Q2 FY2021. Our EBITDA margin stood at 12.78%. Net profit for Q2 FY2022 is 7.68 Crores as compared to Rs.6.82 Crores in Q2 FY2021.

The company recently commenced operations at AP plant leading to higher cost which will gradually taper down with increasing utilization. Our EPS in Q2 FY2022 stood at Rs.3.86.

Our company has achieved net revenues of Rs.262.41 Crores with a year-on-year growth of 81.96% from Rs.144.16 Crores in the same quarter last year. This is mainly due to a substantial increase in sales of laminates and MDF boards it also includes the additional sales from new facility at Vizag.

EBITDA stood at Rs.23.40 Crores in H1 FY2022 increase of 62.57% as compared to Rs.14.40 Crores in H1 FY2021. Our EBITDA margin stood at 8.92%. The net profit for half year FY2022 is positive at 10 Crores as compared to positive Rs.3.30 Crores in H1 FY2021.

The company recently commenced operations at AP plant leading to a higher cost which will gradually taper down with increasing utilization. Our EPS in half year FY2022 stood at 0.05. Thank you. Let us have questions now.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Krishna S from Vihav Ventures. Please go ahead.

**Krishna S:** Good afternoon to you Sir and good afternoon to all the members. So actually I was looking at the financials so there is other expense has gone up to Rs. 45.73 Cr. so you have explained it as it is because of the new plant commissioning and due to the EV because of operating leverage later on it may not increase. So is that the case or is there any inflation?

**Vipul S. Vora:** No. That is only the case as the new setup has come up and that requires this expenditure so it all whatever it will get classified is to be classified here know it is a residual thing.

**Krishna S:** Sir is there any major change in the realizations because the topline seems to be quite good so is there any change in because of that front?

**Vipul S. Vora:** No, the topline see basically that now because of the Vizag plant being operative as physically we are crossing the level so it will increase the layout and realization is identical or little lesser.

**Krishna S:** The realization is as compared to Q2 FY2021 the realization will be slightly lesser per CBM?

**Vipul S. Vora:** Yes, only thing is that in next six months it should be turnout to be positive for the company the turnover should be on an identical side then there will be the profitability also continued.

**Krishna S:** So Sir if possible can you give us a breakup of the turnover into say CBM of this both the plants separately and the PVC and this laminates?

**Vipul S. Vora:** See as far as the new plants turnover is for this quarter is about Rs. 65 Crores and existing plant would have given about Rs.50 Crores from existing plant. So in totality the total turnover is around Rs.121 Crores from MDF side.

**Krishna S:** Yes right and then the PVC and the laminates?

**Vipul S. Vora:** Laminates it has crossed the level of this Rs. 50 Crores normally this would have come in quarter, Rs. 45 Crores only so Rs. 5 Crores to Rs. 6 Crores is incremental so that is showing

that like the sales price would have realized more or the product value is business is more there right now instead of Rs. 15 Crores for a month we have now doing about Rs. 17 Crores.

**Krishna S:** So Rs. 51 Crores is the approximately and the rest is from the PVC right?

**Vipul S. Vora:** Yes.

**Krishna S:** So maybe because of this also the turnover is showing a little bit this Rs. 5 Crores, Rs. 6 Crores is addition?

**Vipul S. Vora:** Yes, definitely this contributes that is why in my speech laminates and MDF both have contributed these topline higher.

**Krishna S:** Our capacity utilization on an average for quarter two for the new plant would be roughly around 50% or like it will be little less or more?

**Vipul S. Vora:** 55% around roughly you can say 55% in August it has gone 65% also but now six months we have a plan of at least to be done 65%.

**Krishna S:** Okay so but the technical thing like so the engineers have been able to come or you are able to do it offline itself?

**Vipul S. Vora:** Engineers have operated sitting in Germany online only they have worked then it has been operative.

**Krishna S:** Okay so this is possible, it is possible to scale it up like this to 100%?

**Vipul S. Vora:** Of course they have proved it.

**Krishna S:** Okay so then that so it is coming like as a good blessing in disguise for us that we need not rely on them coming here we can even do it offline?

**Vipul S. Vora:** Yes.

**Krishna S:** In the current presentation that you have shared it is very excellent so I would like to congratulate you for the commendable work you have done on putting the presentation together and in that service the PVC business so you have also given a little bit means about the PVC business so PVC business taken separately so how much do you think is it scalable or like because right now there is not much of traction in the PVC in India but it seems to be a good environment friendly product?

- Vipul S. Vora:** Yes, see I will tell you and we will see the scale of operations gained the momentum we achieved certain scales. It will turn out to be positive only it is initial stage we are it is all learning stage then we say it is all investment whatever the loss we have incurred in it, it is an investment.
- Krishna S:** So PVC the market size approximately would be how much like India if you see approximate breakup.
- Vipul S. Vora:** It should be very great market because I think we are only in the PVC panel board only PVC per se you look at the PVC pipes and all these. PVC market people are doing very very big business and the big companies are there into this business and Reliance is also there.
- Krishna S:** Yes that is true Sir. PVC board business like means how why is it that PVC board like what is the plus and minus like advantage, disadvantage vis-à-vis the MDF boards and the plywood?
- Vipul S. Vora:** See what we have looked into it, it is a substitute to the marine boards.
- Krishna S:** Marine ply.
- Vipul S. Vora:** Yes marine ply and marine board wherever the requirement of these PVC material is there where there is water is coming in a way and there as these PVC boards can be utilized. So, in the market particularly the customer will go to buy the board, can also know about PVC boards along with the MDF boards.
- Krishna S:** So PVC board probably may be used somewhere in may be ships or something?
- Vipul S. Vora:** May be the ships also but majority is the household if you look at see it can be utilized in kitchen area.
- Krishna S:** Kitchen area okay and what is the cost of PVC board vis-à-vis the MDF it is slightly more expensive right?
- Vipul S. Vora:** Yes, it is very expensive see if you see the realization as against Rs 22000 of MDF this is turning out to be around Rs 50000 plus and there too wherever we are having activity in earning if we see these perhaps it can go up we share the value.
- Krishna S:** Thank you.

- Moderator:** Thank you. The next question is from the line of Achal Lohade from JM Financial. Please go ahead.
- Achal Lohade:** Good evening Sir. Thank you for the opportunity. My first question was is it possible to share the volume numbers I am sorry I missed the presentation part can you share the volume number for the MDF for the new plant and the old plant please?
- Vipul S. Vora:** Out of Rs 121Cr about Rs 50 Cr from Karnataka and rest is from this new plant Vizag.
- Achal Lohade:** Yes, in terms of volume Sir.
- Vipul S. Vora:** Yes, volume wise you can say about 33000 cubic meters being sold from Vizag and from the Karnataka it could be around 17000 to 18000 cubic meters.
- Achal Lohade:** Is it possible to share the utilization you said 65% was the utilization for 55% for new plants what would be utilization for the old plant?
- Vipul S. Vora:** Old plant is always running at above 80% capacity. Old Chikmagalur plant is operated normally on 85% capacity last year, this year too is running 80% to 85% capacity throughout. As regards Vizag plant is concerned it operates in couple of months it is operated on 55% capacity but in the month of August in this quarter it has run 65% capacity and henceforth we have a plan of running at minimum 65% capacity if not going up till March.
- Achal Lohade:** Okay you are saying up till March it may not go up beyond 65% is that right Sir?
- Vipul S. Vora:** We have added 65% in H1, but given the situation we will try to increase in the percentage of capacity utilization there. Only some sort of hiccups are there know or sort of that can be say right now in Diwali vacation then some stoppage is there so we may not achieve that 100% within short time but we will have a target of running this Vizag plant or the more than 90% capacity throughout.
- Achal Lohade:** Okay more than 90% throughout minimum 65%.
- Vipul S. Vora:** Yes.
- Achal Lohade:** How is the demand situation Sir? Are you seeing a further improvement in this December quarter or you think September quarter has an element of pent-up because the first quarter was impacted because of the lockdown?

**Vipul S. Vora:** That will get improve. See this demand situation if you look at whatever we have produced that we were capable of selling. So I think that will continue and it is acceptable in the market right now.

**Achal Lohade:** What is the extent of price increase we have taken in the MDF?

**Vipul S. Vora:** Around 5% to 10% incremental value what I see there right now.

**Achal Lohade:** Sorry I am just probing into it so when did you take and since when it is effective?

**Vipul S. Vora:** I think now it will be effective.

**Achal Lohade:** From 1st of October?

**Vipul S. Vora:** From November onwards it will be effective. What happens the marketing guys have booked orders suppose if somebody else book what the thickness of 50000 boards then we agreed to sell those boards at a lower rate as earlier committed. what is happening is right now price increase in raw material is there so we would like to have new supply to be at a new rate, but in case of these sustainable measures with a good relationship we may have to honor the commitment so that is the situation now. Henceforth we have increased the prices so that increment will be effective from this month itself.

**Achal Lohade:** Got it. Any exports we have done or we plan to take sir for the MDF business?

**Vipul S. Vora:** Yes, we have done some exports in this quarter and earlier quarter also. Those exports was being done there and right now. We did export only there so export is ongoing there because our legal EPCG obligation is there. So we were continuing exports over there.

**Achal Lohade:** Understood. Thank you. I will come back in the queue Sir.

**Moderator:** Thank you. The next question is from the line of Kaustav Bubna from Rare Enterprises. Please go ahead.

**Kaustav Bubna:** Basically I wanted to understand what is the current total MDF capacity in this country domestically produced and over the next two, three years how much more capacities expected to come up and by whom?

**Vipul S. Vora:** See, right now you can say the current capacity is going to be very high and in the year to come. See total capacity would be if you take these four giants around then it will be around 5500 to 6000 cubic meters per day capacity by only four players and raised others if you make it then also another 3000 to 4000 cubic meter capacity maybe already in existence. In

coming year, I think three to four more big players maybe there in the field but I think as MDF products are being looked at in this China market is to be looked at or global practice of using MDF in view of this plywood then I think it will be acceptable that there is never going to a demand constraint.

**Kaustav Bubna:** Basically wanted to understand before COVID happened realizations had really saying great because demand had not really demand was going in those mid teens but supply and all come in at ones. So is there that type of a situation that can repeat itself in the near future or we do not have to worry about that type of situations and realizations can stay at these levels for a while?

**Vipul S. Vora:** See, in both ways we have suffered in the first quarter because of the COVID first quarter 2021 and first quarter 2022 both were under COVID so in spite of having COVID the profitability was there and I do not think that there was any impact on the margins.

**Kaustav Bubna:** I am not talking about that I am saying before COVID a lot of supply had come in at once right a lot of supply Green had come?

**Vipul S. Vora:** I will tell you if you are concentrating on where is coming to these lines first examine those persons those who are already there in the field. Only those who have added the capacity and new to MDF they have not entered. So experienced players have increased the capacity that proves that there is sufficient market otherwise nobody will venture because it is a high capital intensive industry. But even in case of Balaji had still being partnership firm now converted into Private Limited Company if they have added 600 cubic meter so another 600 cubic meter same way Century has come with the capacity, same way the Green has also added capacity and to the great extent doubled the capacity. So we are seeing that already those who were there in the field. We are also there in the field since 2010 onwards. Now everybody came around these 2010 era and everybody increased the capacity within these time only so having experience of a particular product in the market having capturing the market those only experience there have come in these markets.

**Kaustav Bubna:** Thank you so much Sir.

**Moderator:** Thank you. The next question is from the line of Akshay Chheda from Canara Robeco. Please go ahead.

**Akshay Chheda:** Sir how do you see the imports shaping on in the near-term and going forward also because I understand that the CVD that was applied by the industry has been rejected so and assuming that the container freight rates are high for some time and once they normalize do you see a risk that the imports come back to the country in a big way?

**Vipul S. Vora:** See right now the situation is there. The landing cost is not affordable by any of the player right now. See if importers want to import it will be at an landed cost so going through that in near-future we were seeing that in spite of having all constraints suppose the logistic issues are not there, if global pricing it is being seen of utilizing capacity so if I am having excess capacity utilization to be done compulsorily then I will do my export obligation complete and thereafter also if I am having excess capacity in that scenario I am supposed to do export at a global pricing. Thereby I will have a lower contribution. So I do not foresee that this logistic cost will come all of sudden lower or it will be comfortable to have import of MDF in to India. It is right now landing cost will be very high duty maybe 5% here and there that is only it was not only factor which was considered. in that yes there they are importing, affording system of buying huge goods that they can procure from local supply at a lower cost.

**Akshay Chheda:** Understood Sir. Thank you.

**Moderator:** Thank you. The next question is from the line of Chirag Lodaya from Value Quest. Please go ahead.

**Chirag Lodaya:** Thank you for the opportunity. Sir my question was on what is the annual volumes you are targeting for this year as well as next year both plants put together?

**Vipul S. Vora:** As far as the Karnataka plant is concerned we will be operating at 80% to 90% capacity throughout the time and Vizag from I think financial year 2023 we will have to operate on and average 80% capacity.

**Chirag Lodaya:** And sir in terms of the realizations how do you see realization for both these plant going ahead what could be the average realization for both the plants?

**Vipul S. Vora:** Right now if you looked in to see in the first quarter it was around Rs. 24000 per CBM right now this quarter it has come Rs. 22000 per CBM so I think it should be ending within that range only subject to our other raw material prices increase then it should increase.

**Chirag Lodaya:** Can you help us with split between the realization AP plant as well as Karnataka plant?

**Vipul S. Vora:** See that question is that this material is being sold at thickness basis so we have just planning to have certain thicknesses at Karnataka which is possible and certain thickness at Vizag. So low thickness sheets are being manufactured at Vizag and the thicker material is being produced at Karnataka. So there is no differentiation between two plants the pricing difference is not there.

- Chirag Lodaya:** No. The reason I was asking if you look their realization is in excess of 24000, 25000 for the south plant?
- Vipul S. Vora:** No, see what is the problem is we will do value added things in Karnataka whereby value added things are to be added in Vizag and now they will be in initial stage. So those at the moment we start bring them got to be sold from Vizag plants also automatically there is realization will increase here also and there already we are realizing at a higher end, because we sell at least some large quantity that there is the product mix is there.
- Chirag Lodaya:** In terms of overall margins how you look the margin for this year as well as next year with improving utilization?
- Vipul S. Vora:** It will improve like anything. See the moment scale of operations are more, automatically it will increase. If you look at it around 13% EBITDA margin automatically will shoot up to the 16% to 17% margin.
- Chirag Lodaya:** Sir at peak utilization 16%, 17% margin is possible in MDF that is what you are guiding?
- Vipul S. Vora:** Right now conservatively we would be expected that only.
- Chirag Lodaya:** In terms of capex what is the capex left now or we have done with the overall capex?
- Vipul S. Vora:** No capex is being done, it is an execution and that is already being planned. It was already there so that will be done. There is no any issue on any impact on the revenue side.
- Chirag Lodaya:** What is the debt position?
- Vipul S. Vora:** Debt is till date total that is already there. It is there on the book so the Rs. 400 Crores is there.
- Chirag Lodaya:** And the prepayment planned or scheduled?
- Vipul S. Vora:** No it is the prepayment is already there. This ten year plan by debt more than 60%, we have debt in foreign currency. Now one loan repayment starts from this December and another one will start in June onwards.
- Chirag Lodaya:** Got it. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Rohan, an Individual Investor. Please go ahead. As there is no response from the line, we will move to the next question is form the line of Parvez Baria, an Individual Investor. Please go ahead.

**Parvez Baria:** Good evening Sir. It is good to speak to you again. Just wanted to ask you a question about your export product what is the ratio of exports as of now compared to domestic market, and what is the rate?

**Vipul S. Vora:** See in exports particularly if you asking me question on laminates my laminate sheets is about 60%.

**Parvez Baria:** MDF.

**Vipul S. Vora:** MDF is at minimum. You can say it could be hardly 3% to 4% of total sales.

**Parvez Baria:** What is the margin Sir on exports is it comfortable to the local numbers you are getting for MDF?

**Vipul S. Vora:** Export margins are very less rather you can say. If you see the global pricing there is no much left out only there is the EPC obligation that is why compulsorily you have to export. Domestic market margin is best on the MDF, As right now the logistic cost is very high. If I am going to export one container half of the material cost will go in the freight. So export is not affordable.

**Parvez Baria:** Once you run at full capacity for the MDF and anything else over and above that you are not able to sell in the local market. Is export possible?

**Vipul S. Vora:** At that time exports can be looked at. But as far as logistic cost if it comes for a November level then it is affordable to export. The material right now export is not affordable.

**Parvez Baria:** Why are we running at such a low capacity when the people in Germany are able to get the operation in full operation why are we coming with such low capacity?

**Vipul S. Vora:** Just try to understand what I am saying that we started we succeeded after the machinery which was already installed in advance in March 2020. We succeeded in operating these in March 2021 and now we are gearing up with all hiccups at the particular place and basically is that as far as the technology is concerned we people are not that much used to operate so we need engineers to assist us. The plant is totally automatic, no human intervention is there.

**Parvez Baria:** So what is keeping them from coming and assisting you here Sir?

- Vipul S. Vora:** See basically that company is ready to send the persons but those persons are not willing to come. They cannot compel their persons. If they do not want to come voluntarily and our situation was so worst that people were not willing to come here.
- Parvez Baria:** Sir last question is do you have any large contracts like somewhere in your material earlier I had read that you had some deal with IKEA and big furniture makers like IKEA do you have any bulk deals like IKEA that are on the book.
- Vipul S. Vora:** No. Let me clarify I do not have any such contract with me and I being a finance person I do not come into this marketing operations so perhaps if now come into any contractor or if you have any idea which I definitely look through my marketing persons but as of today we do not have any things like this.
- Parvez Baria:** Now the only idea is that IKEA is a very large furniture maker and seller in the world market and whoever is catering to them to give most of their products are made with MDFs and so may be that can be look at form that point in time?
- Vipul S. Vora:** Agreed yes. All OEMs supplying to IKEA and they are buying from us but we do not know that they are supplying to IKEA and that is why they are buying from them all material is being bought by these all OEM suppliers furniture manufacturers. What I know from this IKEA side IKEA is giving not less than 1 million units order for each furniture whatever they want to sell it and it should be full packed box which containing all the materials inside so those only readymade furniture manufacturers can purchase it that they are buying MDF from us also.
- Parvez Baria:** Yes that is the reason why I was asking sir is because you have mentioned that your marketing people had already made some capacity that we took?
- Vipul S. Vora:** The question is that this is for MDF supply. We do not know that it is going to IKEA only.
- Parvez Baria:** Right so most of this is to your dealers itself?
- Vipul S. Vora:** Yes.
- Parvez Baria:** Sir the last question is the PVC I was little bit concerned of the margins in there you said this is negative is it or just to clarify that maybe I heard it wrong if you could clarify the margins on PVC?
- Vipul S. Vora:** Right now this scale of operations is at a lower level that is why there is a loss. Capacity is increased automatically these loss will be wiped out.

- Parvez Baria:** What is the capacity of PVC boards that you have Sir?
- Vipul S. Vora:** Right now I think it is operated at 14% to 15% capacity only.
- Parvez Baria:** The demand is quite a bit as good?
- Vipul S. Vora:** Yes, for the scale of operations and the market and you should gear up with the sell capacity. We have a massive provision right now we saw it but the thing is that we need to look at the market.
- Parvez Baria:** I think it is a great market I have use it from my own kitchen I think it is fantastic product so I think it is a great marketability. You are doing a great job Sir. Thank you very much that was my last question. Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Gaurav Agarwal, an Individual Investor. Please go ahead.
- Gaurav Agarwal:** Thank you for the opportunity Sir. My wishes of Diwali to you. Sir on your MDF business for Q3 the Chikmagalur plant will not contribute so are you expecting an overall utilization on MDF to come down from 65% that you have done in Q2?
- Vipul S. Vora:** No, see as long as this 45 days shutdown is there, there can be some sort of volume down but whatever the finished goods we had like over there that we have sold it. At least I think for 45 days we will have about 50% turnover form them and the rest as the year we will start to accelerate it. So it should not give much lesser value see if in total volume 10 Crores, 20 Crores lesser.
- Gaurav Agarwal:** Sir for the new plant for Q3 and Q4 what kind of utilization are we expecting?
- Vipul S. Vora:** Minimum 65%.
- Gaurav Agarwal:** So 65% you are expecting Sir I am asking about the Vizag plant not the...
- Vipul S. Vora:** Yes, I am also saying Vizag only. 65% is the minimum target what we have kept if it is fully operated at upper capacity that will be done.
- Gaurav Agarwal:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Krishna S from Vihav Ventures. Please go ahead.

**Krishna S:** Sir thank you for taking my question again Sir. Sir this new plant repair that you are going to do so is it what is the capex you will be incurring there so is it very significant and whether there can be some balancing done and if the capacity going to be enhanced or it will be the same?

**Vipul S. Vora:** No. See it is mere doing repairs in our old plant so we felt after having this fully automated plant, it requires lot many corrections in the plant. We have planned these sort of shut downs in couple of years. we had been ready with material being purchased to replace it so there is not going to be much capex now. It is not going to add any capacity it will produce the same thing what it was producing over there. So no additional capacity and no additional capex also.

**Krishna S:** So it is more or less like a routine maintenance kind of stuff.

**Vipul S. Vora:** Yes, preventive. It is a preventive we would not have to see another ten years life for repair. And go ahead with the same kind of production so that it runs plant efficiently.

**Krishna S:** Sir you have told that in the presentation somewhere that the raw material prices have also slightly increased so like what is the scenario like what do you foresee will there be an increase further increase in raw materials and others like even other services and all those things the inflation part?

**Vipul S. Vora:** See whatever market can absorb that can be passed over. We are passing to the market the 5% to 10% incremental value it can be increased. So what happens in the market is if you have taken in your order book earlier at the old rate, so you do not have outgo otherwise to supply at the old rate. In that scenario you have to supply at an old rate and new rate will be applicable to the new customers.

**Krishna S:** So do you foresee any price increases like because there are almost many industries which are going for a price rise so do you foresee any increase then will it be initiated by you or will it be initiated like how does it work?

**Vipul S. Vora:** Everybody's question is to increase the price. In this situation entrepreneur unites. They also come with the price rise. It becomes cartel like and people are increasing the prices. So same way it is all going 5% to 10% rise.

**Krishna S:** So across the board there will be an increase based on the feedback from the trade?

**Vipul S. Vora:** Yes, see what you can pass is what is the market accepting.

- Krishna S:** One primary question is that like we saw that the export that is the export realization and generally like we feel that in the international market so suppose we have got an international market price that international market price is much lower than the local market price so where is actually the inefficiencies in the Indian industry coming from in your particular industry because the labor and other costs are quite low so it just keeps us guessing why is it that the international prices are low?
- Vipul S. Vora:** The international pricing is based on raw material pricing. If you go to the nearby or neighboring countries the wood is available half of the cost. So there it is possible for them to throw the goods into global market whereby it is not possible for us to throw the goods in the global market.
- Krishna S:** Is there any way or may be the government may be thinking or is there any way in which the raw material prices can be made internationally competitive like is it because if you see that is also an industry by itself?
- Vipul S. Vora:** I think in agricultural market see if we want to do that than competitors or the raw material availability for this such large plants if we go on that is going to be against farmers. So that is not permissible in our country. We will not succeed there. If you go to Thailand or other countries like Vietnam, Laos their wood cost is half of our cost.
- Krishna S:** So can something import like this the wood?
- Vipul S. Vora:** No. That is not permissible. Finished goods you can take it from there not raw wood.
- Krishna S:** So there are regulations and you are saying that because it is an agri product it is difficult to reduce the prices?
- Vipul S. Vora:** Yes, we cannot do that. We will be thrown away.
- Krishna S:** So we have to take whatever price is there and then work on that, right.
- Vipul S. Vora:** Maximum domestic market is more profitable. Do not look at the export market.
- Krishna S:** On this anti-dumping duty front so right now the government has not accepted it so like do you think that in future like what will be the scenario that you expect?
- Vipul S. Vora:** Right now we are not entertaining.
- Krishna S:** So the duty has been lifted right the antidumping duty?

- Vipul S. Vora:** Yes, what was being imposed is now no more there.
- Krishna S:** So even then but we are not seeing an impact in terms of reduction in sales and all.
- Vipul S. Vora:** No, at a point what has happened see the global pricing is low but the importing and landing cost of the same material is very high.
- Krishna S:** Correct so because of the increase in the freight cost that has offset that is all benefit?
- Vipul S. Vora:** Yes, on logistic not possible. The containers are not available to bring in India.
- Krishna S:** That is all from my side Sir. Thank you all the best.
- Moderator:** Thank you. The next question is from the line of Aadesh Mehta from Mehta. Please go ahead.
- Aadesh Mehta:** Sir just wanted to understand that given that they have forced to come with a lower utilization in our Vizag plant despite the plant being operational, it could have been operational long back and there are vendor issues because of this so are there any liquidated damages which we can claim from our vendors because this is coming at a significant opportunity cost to us/
- Vipul S. Vora:** Force majeure applied everywhere.
- Aadesh Mehta:** Yes the plants are operating right we think reasonable in India?
- Vipul S. Vora:** Whatever the liquidated damages see if you know the legal terminology force majeure wherever it is even you put in the COVID situation that you cannot do it so you cannot do anything to it, on that not even a law of land even globally also will not succeed this is what I have done this is why I am telling you.
- Aadesh Mehta:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Rupesh Tatiya from IntelSense Capital. Please go ahead.
- Rupesh Tatiya:** Congratulations for the good results. Most of my questions have been answered. I just have one question most of the laminates players have taken price hike in domestic market so I just wanted to know and also exports I just wanted to know in Q3 what kind of price hikes you have taken in laminate markets both domestic and export?

- Vipul S. Vora:** In export I think we are trying to pass whatever is the incremental cost in this petroleum chemical, such as phenol, methanol and melamine. Whatever the price rise is there we try to pass that much material cost in the pricing. And locally we have tried to increase around 6% to 10% incremental value.
- Rupesh Tatiya:** Sir locally 6% to 10% in domestic, exports can you give the numbers it will be 3% to 4%?
- Vipul S. Vora:** In laminate we have about more or less 60%.
- Rupesh Tatiya:** Exports is 60%?
- Vipul S. Vora:** Laminate 60% is export 40% is domestic, MDF you can say 3% to 4% is export value and rest is domestic.
- Rupesh Tatiya:** I am asking in laminate exports can you put a number of what percentage price hike have you taken?
- Vipul S. Vora:** It will be about, see if you have seen my data past five years it will be ranging 100 Crores to 110 Crores rupee value.
- Rupesh Tatiya:** Thank you.
- Moderator:** Thank you. The next question is from the line of Himesh from Sequent Investments. Please go ahead.
- Himesh:** Congratulations for a great set of numbers. I just wanted a clarification at what capacity is the new MDF plant running at?
- Vipul S. Vora:** Right now around 55% to 60%.
- Himesh:** By when can we expect this to reach around 85% to 90%?
- Vipul S. Vora:** Post March it will be done on that capacity.
- Himesh:** Could you give some light on the financial impact of the shutdown like what kind of revenue loss can we expect or we have enough of inventory that can take care of the shutdown?
- Vipul S. Vora:** About 50% of that plant are over so if I can take 15 Crores to 30 Crores turnover so about 15 Crores to 20 Crores turnover loss will be there.



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**Himesh:** Thank you.

**Moderator:** Thank you. Ladies and gentlemen as this was the last question for today. I would now like to hand the conference over to the management for closing comments.

**Vipul S. Vora:** I thank the entire team of Rushil Decor for their untiring efforts, hard work, sincerity and high dedication. Also I appreciate all of you for participating in our conference call and do get in touch with our IR team for any further questions. I am thankful to our IR agency also. Thank you.

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