



RUSHIL
DECOR LIMITED

“Rushil Decor Limited
Q4 FY'22 Earnings Conference Call”

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**MANAGEMENT: MR. RUSHIL THAKKAR - EXECUTIVE DIRECTOR, RUSHIL
DECOR LIMITED**

MR. KEYUR GAJJAR, CEO - RUSHIL DECOR LIMITED

MR. HIREN PADHYA - CFO - RUSHIL DECOR LIMITED

MODERATOR: MR. KARAN BHATELIA FROM ASIAN MARKETS SECURITIES

Moderator: Ladies and gentlemen, good day and welcome to the Rushil Décor Limited Conference Call, hosted by Asian Market Securities Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company. As on date of this call, these statements are not guaranteed of future performance and involve risk and uncertainties that are difficult to predict. Actual results may defer from such expectations, projections, et cetera, 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'll 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 "*" and then "0" 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.

Karan Bhatelia: Thanks Myron. Very warm afternoon and welcome all to the Rushil Décor Q4 and FY '22 earnings conference call; hosted by Asian Market Securities. From the management side we have Mr. Rushil Thakkar, Executive Director; Mr. Keyur Gajjar, CEO; and Mr. Hiren Padhya, CFO.

I now handover the conference to Mr. Rushil Bhai, for his opening remarks, post which we shall open the floor for Q&A. Over to you Rushil Bhai. Thank you.

Rushil Thakkar: Thank you Karan. Good evening everyone. Welcome to the Rushil Décor Limited earning conference call for the quarter four and the full year ended on the March 31st, of the financial year '21-'22.

I would like to begin by expressing my gratitude to you all for taking out the time to join us today. On the call with me today is, Mr. Keyur Gajjar, CEO and Mr. Hiren Padhya, CFO, and bridge IR, our investor relations team.

Let me start with a brief overview about the Rushil Décor Limited. The company was incorporated in 1993 and has been in the industry over 29 years. And currently having the fourth generation involved in the business. We have been mainly focused on the two segments, Laminates and MDF. We are one of the largest players in laminate industry and the third largest in the MDF board industry in India. We have Laminate manufacturing facility in Gujarat, with the annual capacity of 34.92 lakh sheets per annum. We manufacture single side and double side decorative sheets in industrial Laminates with the wide range of design, colors and finishes.

In MDF segment, our Karnataka facility has an annual capacity of 90,000 cubic meters per annum; and Andhra Pradesh plant has a capacity of 2,40,000 cubic meters per annum. As you all are aware that Karnataka plant had a major shutdown in quarter three. The plant has been running now and at the optimum capacity, and achieved 105% utilization in the quarter four of the financial year '22.

With regards to the AP plant, with every passing month, the utilization has been gradually growing and we achieved the utilization of nearly 70% in Q4, financial year '2022. Andhra Pradesh facility has added a strategic location advantages. We have already built a strong position in south India market, and now we plan to expand pan India. After the commencement of the production from this plant, we have started ramping up our exports of MDF board also.

The MDF volume for the financial year '22 has increased by over 127%. During the year, our strategy was to build our value added portfolio in MDF segment. We have been successful in this, and this is evident from the fact; the value added products contributed 31% of the overall revenue of the MDF boards in the terms of value in the financial year '22 and 32% during the quarter four, financial year '22. At the same time, we have also built on our laminate portfolio stronger, with 1,200 plus designs or SKUs. During the year, we have also concentrated on increasing our sales by marketing network with a multi-prong strategy. We have significantly increased the number of dealers and distributors. Our presence with OEM space has also strengthened, the number of studios has also increased over 150 during this year. So this is all from an overall business perspective.

Now I would request Mr. Keyur Gajjar, our CEO, to take over the call for the recent developments.

Keyur Gajjar:

Thank you, Mr. Rushil. As evident from the results, the year gone by has been a very important year in the journey of Rushil Décor. We established ourselves as a formidable player in fast growing MDF market. We were able to ramp up our Andhra Pradesh productions within a target area. We were also able to develop a strong marketing network that is going to be strengthened for our future growth. At the same time, we also invest in building a team and our employee strength to grow significantly.

Now that we have strengthened our position in lucrative Southern India market, we are also equally giving importance to PAN India market. For this, as stated earlier, we have already developed necessary infrastructures like warehousing, branch and team.

On the product side value edition is our key focus. We have added several brands in the value added category like PROMAX, PROPLUS which are now a high value products in MDF segments. And this will start bearing fruits gradually. We will continue to grow our value added product portfolio in coming future. Additionally, our strategy is to keep increasing the capacity utilizations for our AP plant, which will bring in additional efficiency. I'd like to state that every member of Rushil has been a contributor to the recent developments and growth.

This is all from my side. Once again, thank you very much, everyone for joining this phone call. I would like to request Mr. Hiren Padhya, our CFO to take us through the financial performance of the company, for the fourth quarter, full year ended 31st March, 2022. Following which, we will be happy to respond to their queries. Thank you very much again.

Hiren Padhya:

Good afternoon everybody. Before starting with the numbers, this particular quarter and year end results are there. So I would like to focus onto one part, and that is last March, 2020-'21, we have started this AP plant. MDF plant was there. Now if you compare this financials year on year or even on quarterly basis also, then the plant has commissioned and the Capex has been put to use in the month of March 2021. So if you compare all the figures, right from revenue, capacity utilization, profitability, any number in terms of financials; I think that will have some impact because it is not a comparable, because last year only one plant that was Chikmagalur which was operational. And during the last financial year, this new plant had come up. So I would like to just request you, that whenever you compare figures with last year you have to keep in mind that figures are very high compared to last year, but the main reason for high numbers is basically the additional turnover of almost INR 250 crore, which has come up in this particular new plant. And this additional turnover has cascading impact in terms of stock level, debtors, creditors, provisions or certain other numbers which have increased comparatively.

So keeping in mind this particular aspect, I'd like to start with the numbers. First, in quarter four, FY 2022 our company achieved net revenue of INR 195 crore with a year on year growth of 97.58%. In the same quarter last year, it was INR 98.75 crore. Revenue growth has been driven by higher volume sales from MDF segment and better realizations across all segments.

Coming to EBITDA, which is INR 31.58 crore in Q4 FY2022. There's an increase of 190%, as compared to INR 10.88 crore in Q4 FY '21. This improvement is on account of better realization, higher capacity utilization and greater operational efficiency. Our EBITDA margin stood at 16.18% against 11.01% in the same quarter last year. Profit after tax for Q4 is INR 15.41 crore, as compared to INR 5.19 crore in Q4 FY '21. That means growth of almost 200%. The EPS in Q4 has stood at INR 7.74, as compared to around INR 4.

Now coming to annual financials, the company achieved net revenues of INR 624 crore in FY '22, with a year on your growth of 86%. Last year, it was INR 335 crore. So this is again, mainly due to combination of higher volume from MDF segment and better realization across the segments. In annual financial also EBITDA has increased from INR 35 crore to almost INR 74 crore. That means it is increase of almost 111%. EBITDA margin, again stood at 11.85%, year over your growth of 142 basis point. Profit after tax for FY 2022 is at INR 22.8 crore, compared to INR 13.72 crore in FY '21.

EPS is stood at INR 11.45. Now I would like to request for opening the floor for questions and answers.

- Moderator:** Thank you, sir. We will now begin the question and answer session. We have the first question from the line of Karana Bhatelia. Please go ahead, sir.
- Karan Bhatelia:** Hi, thank you for the opportunity. Sir, I just wanted to understand the utilization levels at both the MDF plants for fourth quarter and for the entire year FY '22.
- Keyur Gajjar:** Hi Karan. Our AP utilization was 68.95%. So almost we reached to 70% and Chikmagalur plant was 105%. And altogether we were almost like 79%.
- Karan Bhatelia:** Right. And for the full year?
- Keyur Gajjar:** Sorry?
- Karan Bhatelia:** And for the full year as well?
- Keyur Gajjar:** Yes, this is -- the full year we have almost 80%, the same ratio for laminate also.
- Karan Bhatelia:** Right. All right. And also we were planning for introducing the valued portfolio at the Andhra Pradesh facility. So how are things if we compare?
- Keyur Gajjar:** See if we talk about in terms of value, which already Mr. Rushil mentioned that it has contributed more than 30% in our revenue. And if we talk about Q3 to Q4, in Q3 we sold almost 14% value added product in terms of volume, which now in Q4, we have reached to 23% to 24%. So if we talk about our realization, it's almost like 38,000 for value added product, which was previously like 33,000 or 34,000.
- Karan Bhatelia:** Right. And what kind of --?
- Keyur Gajjar:** There's almost like a 10% to 15% growth in value added product realization as well.
- Karan Bhatelia:** Right. And last bit on the price hike. So what kind of price hike we've taken in the fourth quarter and for the full year FY '22, in the MDF and laminates?
- Keyur Gajjar:** In fourth quarter, we didn't take any price hike for MDF division. However, we took like 5% price hike in laminate division because of the price increase of raw material. And if we talk about altogether financially, then it's more than 18% to 20% in MDF division, for last financial year.
- Karan Bhatelia:** Right. And similar 15% to 20% for laminates as well?
- Keyur Gajjar:** Yes, I think around 15% to 20% in laminate division as well.
- Moderator:** Thank you. We have the next question from the line of Manan Shah From Moneybee Securities. Please go ahead.
- Manan Shah:** Yes. Hi, thanks for the opportunity. Sir, our capacity on a quarterly basis translates into around 82,500 CBM. And the reported sales volume is around 53,000 CBM, which translates into around 65% utilization. However, you mentioned Q4 utilization to be around 79%. So can you just help me understand the disconnect?
- Keyur Gajjar:** What I said is 80% is our production that we've produced in last quarter around 64,953 CBM.
- Manan Shah:** Okay.
- Keyur Gajjar:** And you know there is always certain inventories, like for example, exports. Now we export somewhere in end of December or end of March, however, the B/L will come in the month of April, then according to our accounting law, we have to book that sales in this quarter.
- Manan Shah:** Right, right. Got it. Sir, and in Q3, I believe we had a onetime maintenance expense, of around INR 5 crore to INR 6 crore. And then when I look at the other expense on a quarter on quarter basis, there is a further increase in the expense by around INR 5 crore. So are there any one-offs that are there in the current quarter or if you can just mention that?

- Hiren Padhya:** Yes, actually, as you said, the quarter three, we have taken that expense. Now the whole exercise was completed, but then couple of things which was pending and though production has started in Q4, but couple of crores, in terms of value, it would be around INR 1 crore odd, that was pending in terms of stores related cost. That was one time cost, and that has affected. And secondly, as Keyur Bhai mentioned, last moment, container crisis were there. In case of such export, that has also affected the margin directly or indirectly. And the third part, which is related to again the exceptional item. And it is one time, which is related to sales. We have incentive schemes, which was committed in the earlier time, considering the target achievements by the customers. Now this again has accrued in the quarter four, which has been accounted for. So considering this, all three items, which was one time item and we are very sure that this will not continue in the coming quarters. So far as the scheme is concerned management has internally already discussed and decided that such scheme may not be continued in the coming quarters, rather than giving directly. We may be addressing the same thing in the pricing part. So because of these three things, the margin was impacted.
- Rushil Thakkar:** And also I would like to add here that the transportation problem was going on from the locations where we are located, because of which we are also affected in terms of stocks.
- Manan Shah:** Okay. And sir, can you give the volume mix between -- volume and the value mix between the two plants for the MDF segment?
- Keyur Gajjar:** So you mean to say production value, volume, right?
- Manan Shah:** The sales volume and the sales value for the MDF, between the two plants for the quarter and the year.
- Keyur Gajjar:** Okay. For the quarter four, we produced -- we sold around 19,875 CBM, and from AP plant we sold around 33,853 CBM. So altogether we sold 53,728 CBM. If we compared it with the Q3 '22, it was around 47,081 CBM. So almost like 15% growth in our volume sales.
- Manan Shah:** Right. And what would this be for Q4 for the year?
- Keyur Gajjar:** Say it again for,
- Manan Shah:** For the full year, the same difference, same bifurcation.
- Keyur Gajjar:** I would say 1,34,921 and 68,461, so altogether 2.03 L.
- Manan Shah:** And for the value mix?
- Keyur Gajjar:** Sorry?
- Manan Shah:** The value mix; the sales mix?
- Keyur Gajjar:** Sales mix. I need to check one second.
- Manan Shah:** Okay. And lastly, only value added, what are we targeting the value added volume for FY '23. So we've already achieved 23% to 22% in Q4, which we were earlier targeting for FY '23. So what are we targeting for only value add side volume for the coming year?
- Keyur Gajjar:** Yes, for coming year, we are actually very -- I am very optimistic about reaching between 40% to 50%.
- Manan Shah:** We would be doing any Capex for this?
- Keyur Gajjar:** No, not exactly. We have enough capacity for pre-lamination, MDF production, and we do, I think for HDF and exterior grade, we really don't need to have any Capex. We can use it, our existing technology, it's the same for everybody.
- Manan Shah:** Okay. And if you can just lastly throw some light on your demand side, looking at the current inflationary scenario, how is the demand shipping up for the MDF segment?

- Keyur Gajjar:** Gentleman, I can say only that, previous financial year, we used to have capacity of 90,000 CBM only. And this year we have sold almost 100,000 CBM plus from AP plant. So we have almost doubled our selling part. So we are quite optimistic about selling this product with our CAGR between 15% to 20%.
- Manan Shah:** So, what sort of volumes are we targeting for next year in the MDF segment?
- Keyur Gajjar:** We are targeting -- we have two priorities. First priority is to reach our AP plant at 75%. And we are going to use our Chikmagalur plant almost like 95% to 100%, provided, there is no unwanted shutdown.
- Moderator:** Thank you. We have the next question from the line of Amit Agrawal from Burman Capital. Please go ahead.
- Amit Agrawal:** Hi, thank you for taking my question. First is around the demand -- taught on, if you can speak about how was the demand in April and May month so far?
- Keyur Gajjar:** Yes, demand is quite stable. I would say that in the month of January after say 15 January, there was a lot of festival season in India, Ugadi and Onam and Uttarayan and Lori and all these things. And then COVID three started, Omicron; and February was a bit dull, then March has regained its momentum and April looks good too.
- Amit Agrawal:** Got it, and in terms of monthly trend, would April and May be higher than let's say Q4 run rate, on month on month basis?
- Rushil Thakkar:** It's very premature to say about this quarter, but yes, because we see that demand is quite good now.
- Amit Agrawal:** Got it. So in terms of our raw material, How are the timber prizes holding up? Are we seeing any challenges from wooden price increases?
- Rushil Thakkar:** As of now, there's no challenge in the wooden prices, the prices of the wood are stable. And also would like to add that a few of the raw material, the prices have also started going down. So we may see a good trend in coming quarter.
- Amit Agrawal:** Got it sir. And in terms of our realization with respect to other players in the similar market, for example, green panel and others, what would be a difference in terms of realization currently?
- Keyur Gajjar:** See, I would say that if you see our Chikmagalur realizations, it is almost like 31,000 plus. So we are pretty close to that industry realization. As we said that in Andhra Pradesh, we have just started offering the product mix, like value added products and we have exports and other activities. That's one of the reason why our AP realization is comparatively low, but if we talk about our AP realizations compared to last Q3, we have grown 9%. And if we talk about Chikmagalur average realization, we have grown almost 12% and altogether our Q3 to Q4 from 24,037 to 27,410. So it's almost like 14% to 15% growth in our realizations, compared. And also our volume is also 15% grown.
- Amit Agrawal:** But in terms of export demand, how are we looking at the export demand in terms of April and May again? Are we seeing continuous of orders?
- Rushil Thakkar:** Yes. Positively yes. We have gotten good orders for the month of April and May.
- Amit Agrawal:** So theoretically it should not be a problem for us to operate at the full capacity, right? If the export of orders are there.
- Keyur Gajjar:** No, not at all. Actually in fact, we can operate at any capacity because this plant returned at 100%, but we can go beyond that also.
- Amit Agrawal:** And in terms of prices again, is there any improvement in terms of prices in the export market?
- Keyur Gajjar:** Yes, definitely. And I would say our export realization last quarter was 19,758. And this quarter it's almost like 21,295. So we have grown almost 7% to 8%.

- Amit Agrawal:** So it would make sense for us to make it right, because it would be contribution positive, especially with the expert incentive that we would have.
- Keyur Gajjar:** Yes. And then you can always think of marginal costing also, that if you have a surplus capacity or something, which you can export because, you know the finance cycle is pretty fast in exports as well. And they have always like a very good product mix. Like their order is always in one thickness, two thickness. So just make it and ship it, that's all.
- Amit Agrawal:** Got it. And sir last question from my side. In terms of the capacity that is expected to come from our competition, are we seeing any risk in terms of volume or do you think there can be potentially a case where we would need to operate at lower utilization?
- Keyur Gajjar:** So what I suggest is, you know major businesses in Southern region where we are really doing well. And we see only one capacity in this financial year, I believe. So we really don't see much because, there's again growth in industry as well, few years back import used to be like 60% or 70%. Now it's less than 10%.
- Amit Agrawal:** And the one capacity that you mentioned is, I'm assuming is the Century one you're talking about.
- Keyur Gajjar:** Yes. And also I think in previous calls, gentleman asked about my '21-'22 sales in terms of CBM. From CBM, Chikmagalur we have sold almost 64,000 CBM and from Andhra Pradesh, we have sold 110,000 CBM. So altogether it was 175,000 CBM.
- Moderator:** Thank you. We have the next question from the line of the Agastya Dave from CAO Capital. Please, go ahead.
- Agastya Dave:** Thank you for the opportunity sir. Congratulations, absolutely great performance. Most of my questions you already answered. So just one question on the inflation part. You mentioned that some of the raw material prices have started coming down. So can you elaborate that point a bit further? What kind of inflation you saw for the quarter? What kind of inflation you saw for the year and which raw materials are coming off? Is resin coming off more or the other stuff is coming down more? What are you seeing on the inflation side, and then given the strong demand, if the raw material prices come down, how much of it will you actually, you and the industry will actually end up -- and how much of the additional margins can you retain?
- Keyur Gajjar:** Actually raw material is more of stable as of date. It's not inflated anymore.
- Agastya Dave:** Okay. So can you elaborate a bit more, what has seen the maximum inflation? And --
- Keyur Gajjar:** Like if you'll see today's position, we are almost contributing 55% cost in good and 45% cost in chemicals. And you know what is the situations of crude, and other situations. So these are the best prices we are having right now. And we really don't see much of that increase in coming quarters. So I don't see much of a change in raw material price, or there may be some decrease. Now when it comes to the pass on to the customer, it depends on several other factors. Like we have to see what is the cost of imports, we have to see what is the demand and considering all the aspect accordingly, we have to act for the pricings.
- Agastya Dave:** In terms of power and fuel. Are you facing any challenges there in terms of availability?
- Keyur Gajjar:** Can you speak a little louder gentleman?
- Agastya Dave:** Sir, is there any problem you're facing on the power side in terms of availability or costs?
- Rushil Thakkar:** No, actually we are not facing any kind of a problem because of the power shortage as of now. We are buying it from the private exchange and we are optimizing our production at the best possible way.
- Moderator:** Thank you. We have the next question from the line of Devender Singhal from Kotak AMC. Please go ahead.
- Devender Singhal:** Yes, hi. Thank you for the question. So you basically mentioned that you had seen a volume growth, quarter on quarter, which is -- in double digit. And you also mentioned that the

reservations are moving up. Now, if we then look at the margins in this quarter, it looks like it's pretty less, while you did mention a few one offs, which have being there. My request would be, if you could elaborate the quantum of these one-off expenses and why do you think the margins don't have a bigger upside than what it has been with other players? And if you look up the peers also, I mean, the have actually gone in and are thrown into the bottom line, which is not the case with us. Your thoughts on this, please?

Hiren Padhya: See. I think, as you said, the overall margin wise, as you are saying, little decrease, or you are saying that it is compared to the peer it is the lesser?

Devender Singhal: Yes, I mean the realizations are comparable and not very different, bagging the 10% to 15% differential, but QoQ, you have seen your realization moving up. There has the extent of margin increase, which we have seen in the company's result. QoQ, not to that extent. Can you please share your thoughts on that, as to what exactly hampered this quarter's numbers, and what can we expect going forward? Can it be comparable to the industry place?

Hiren Padhya: Okay. As mentioned in earlier answer also, so far as Chikmagalur is concerned, I had already mentioned couple of things, which was exceptional items, that has affected the margins. But I think we are very sure that this will not come up in the next quarter. So far as the AP plant is concerned, as informed by Keyurbhai also, this plant is a new plant and we are in the process of improving. So if you see quarter by quarter; the realization and everything is improving. We are also in the process of adding the capacity and along with that, our focus would be to have better realization in terms of value addition. So we have been doing the same thing for the last couple of quarters and way forward, also our focus would be to add more items in terms of value addition, and maybe the ratio, which is there as of now, which will definitely increase in terms of overall quantity. So that will again improve the overall margin, but that in terms of Chikmagalur, it is a one-off items. And in terms of AP we are committed for better realization in terms of every quarter.

Devender Singhal: For Chikmagalur, can you give us the quantum of the one-off which was being there in this quarter?

Hiren Padhya: Quantum in terms of values, I think?

Devender Singhal: Yes, the total one-off items. You said three items were there in this quarter, which would not be getting repeated, can you --

Hiren Padhya: These are single digit crore rupees, but not very high?

Devender Singhal: Sorry. How much?

Hiren Padhya: Single digit crore. In terms crore, its single digit, higher single digit.

Devender Singhal: Highest and single.

Hiren Padhya: Couple of things covering value of single higher digit crores.

Devender Singhal: Okay. And sir you had also mentioned that your value added is increasing quarter on quarter, still it is not leading to a bigger margin jump. So can we expect, and the utilizations also are improving; so as in, when you reach 75, do you think that your margin will actually jump in 20s and not in early?

Keyur Gajjar: Yes, I would like to answer this question. So if we talk about the value added product, currently, we are almost like 45% to 50% value addition product we are supplying from Chikmagalur.

Devender Singhal: Okay.

Keyur Gajjar: And if we talk about Andhra Pradesh, it is very negligible; however, we have grown 5% from last quarter to this quarter. So in coming months, quarters, we have pretty big, pretty good chances to improve this value added MDF cells from AP segments. And 75% capacity, that's our core objective, and that's not a problem. However we want to also -- we are also equally focusing on achieving these targets for value addition sales also. And once we have, we will reach to that part. Definitely our things will be changed.

- Devender Singhal:** So if I put it in a very good context, our competitors whose numbers are also being available in a public domain, their numbers in the margins are in mid 30s, now whereas we are currently in around early 20s, deposition there. Now I do understand that we have been ramping up our value add and our utilizations, but where do you think the margin differential would settle over the course of this year? If you could help that, that would be really good.
- Keyur Gajjar:** Look, if we talk about our Chikmagalur realization, it is around 31,780. And if we see the product mix, it's a 50% and 50% almost. And when it comes to Andhra Pradesh, I would say it's 95% and 5%. And our realization is around average 24,800 something. So definitely it'll jump up. If I talk about my value added realizations from Andhra Pradesh, it is an INR 38,300.
- Moderator:** Thank you. We have the next question from the line of Darshil Zaveri from Crown Capital. Please go ahead.
- Darshil Zaveri:** Hello. Congratulations on a good set of numbers. So I just wanted to understand, going forward in Q4, going forward in FY '23, will we see numbers and margins similar to Q4? Will that be the perfect comparable or how much growth can we expect in FY '23 in terms of revenue and margins?
- Hiren Padhya:** I think this was already discussed in the earlier question. I would just reiterate the same thing. We are not just struggling for profit actually. If you see our numbers compared to last quarters, also as suggested by Keyurbhai, the realization is already increasing quarter by quarter. So I would rather say that on a conservative side also, we will not only be keeping this number, but will definitely have some improvement in the numbers, in terms of profitability and revenue, both.
- Moderator:** Thank you. We have the next question from the line of Bajrang Bafna from Sunidhi Securities. Please go ahead.
- Bajrang Bafna:** Congratulations for good set of numbers. My first question pertains to, I think I missed that, what is the capacity utilization that you are guiding for AP plant for MDF in FY '23?
- Keyur Gajjar:** We are planning almost 75% plus.
- Bajrang Bafna:** Okay. And if I get it right, you are seeing that in '23, the value added products proportion will move up to almost 40% to 50% on an overall basis, putting both plants together. So, right now, EBITDA per CBM is working out close to INR 5,000 per CBM in the Q4. Can we work with, since this will result into, if everything being the same, even if you don't take any price hike. The proportion should go to almost INR 30,000 to INR 31,000 per CBM, just by assuming that you start contributing 40% to 50% from the value added products. So can we work with this INR 3,000 to INR 4,000 additional that you are getting, just because of value addition, can flow to your EBITDA numbers? Most of it can flow to EBITDA numbers. Maybe can we work with, let's say to put it --?
- Keyur Gajjar:** Yes, I want to --
- Bajrang Bafna:** 7,000.
- Keyur Gajjar:** I want to say something that when we produce any value added product, whether it is a pre laminated MDF board or exterior grade, or HDF grade; the cost of addition is low compared to the realization. And that's one of the reason why we are very optimistic about targeting higher realizations and higher numbers when it comes to the high value products.
- Bajrang Bafna:** So what would be the margin difference just to sense from that perspective? Like if --
- Keyur Gajjar:** It's totally difficult, because I have to calculate what will be the product mix, how much pre-lam we will sell, how much HDF we will sell?
- Bajrang Bafna:** No, I'm not asking from that perspective, if you sell a simple product without any value edition and a product, when you sell with the value edition the realizations are almost, let's say -- you indicated INR 38,000. And without value addition, let's say it is at INR 24,000. So when we talk

about contribution EBITDA or the contribution margin, what would be that number in terms of per CBM in both the cases? Just a ballpark number to work better.

Hiren Padhya: See, I think you have already answered the questions of INR 24,000 versus INR 38,000. That itself suggests that there's a considerable difference in terms of margin. So I think the initial question that you are saying that, 3,000 to 4,000 additional margin I think is possible. So we can even go up to 5,000 also. It is possible.

Moderator: Thank you. We have the next question from the line of Hrishikesh Bhagat from Kotak Mutual Fund. Please go ahead.

Hrishikesh Bhagat: Yes, good evening. Thank you for the opportunity. So first question is, see if I look at the entire building for wood panel space and when I speak to the competitors, it is believed that MDF is supposed to be one of the low working capital product, in sense that the working capital deployment is fairly low. Now, if I look at your FY '22 performance, when we had the benefit of plant ramp up and large part of incremental profitability coming from MDF, against that, if I look at your cash flow, it is remain negative rather. So how should we reconcile that? What is the reason for this negative cash flow from operation? That is my first question.

Hiren Padhya: Okay. Now see, I understand, I think the cash flow part, you must be knowing that in the initial period of any project where the operations are being stabilized and compared to last year, this year we suddenly increased in terms of debtors and stock also. So I think that will take some time and the impact of cash flow, which is negative as of now, compared to last year is really because of this AP plant. So next year you'll have some positive cash flow. That is for sure. And this whole impact was mainly because of working capital changes only. Otherwise it is positive. Next year, I think it'll further improve. That is for sure.

Hrishikesh Bhagat: Sir if I may add to that, in the sense, if I look at your blended realization and what you commented in the initial part of the call that your Chikmagalur plant is already at say 31,000 realization. And if I look at your blended realization, those are somewhere around 27,000. And obviously you spoke about export realization being 21,000 to 22,000, somewhere around that. So that effectively means that your AP plant export product has largely gone into the export and that brought your realization down. And in the initial part of the call, you did mention that the export working capital and payment are pretty fast. So then how do we reconcile this negative cash flow from operation?

Keyur Gajjar: No, export is just only 20%. We have supplied around 7,000 CBM to 8,000 CBM only exports. 7,000 CBM. So it's not that most of the production going to exports. It's a domestic production as well. But as I said, that we are more of selling interior grade products in, from our AP plant. And its overall realization is 25,000 around. So that's one of the reason.

Moderator: Thank you. We have the next question from the line of Krishna S. from Vihas Advisors. Please go ahead.

Krishna S.: Yes, so first of all, I would like to congratulate your entire team because having undertaken a very large Capex and having scaled it up to a good level. It's not easier said than done. So first of all, congratulations to the entire team from top to bottom and like all the best for the future as well.

And most of the questions have been answered by you. So just a couple of questions, further questions. Like one is on the, we have already been discussing more on the MDF, but essentially laminates businesses, also an important business. So why is it that we are not having any strategies or any growth which we are aligning up for the laminate part of the business?

Keyur Gajjar: Gentleman, we have certain internal discussions are in process, but we cannot discuss at present, but yes, all these products are our priorities; laminates, MDF, and every product.

Krishna S.: Okay, got it.

Keyur Gajjar: Because laminate is our pillar, so we cannot ignore it.

Krishna S.: Okay. So can we just, from this can we infer that we are always on the lookout for opportunities for growth in terms of, even in the laminates business as well?

- Keyur Gajjar:** We always look for an opportunity in panel industry in general. So laminate, MDF, any other products, it could be our interest, but yes, at present, we don't have anything to declare here.
- Krishna S.:** Okay. And similarly now having ramped up the production at the AP plant and having come to almost 70% odd, the capacity utilization. So how are we looking at, so now like maybe in FY '23, we would be reaching like a stage where further growth from here would be difficult in the sense that really the capacity would've been utilized and the price rises also would've been taken to a considerable extent. So what is the way forward if we look at the next five year strategy.
- Rushil Thakkar:** So if we talk about the capacity utilization of 70%, in last financial year; now if you see that the plants of the German State of Facilities run at 105%, 110%. So at this financial year, if we are targeting at 75% of utilization, so we have enough capacity with us to play for next three years as well.
- Krishna S.:** Okay. Got it. So that's 105%, that means like you can go even above the rated capacity, right?
- Rushil Thakkar:** Perfect, these plants are always designed with upper capacities.
- Krishna S.:** Okay. And one last question, like generally we can see an inflation in the economy throughout for all the products, like general inflation. So how do you feel that, you have any sense of whether the inflation can impact the bottom line for the next year, say '22-'23, or you do not have -- you feel that that may not impact the bottom lines much?
- Keyur Gajjar:** No, we really don't see much of the effects of inflation because during the COVID period, also, there was a huge increase in price and other products, not only panel in general, but we didn't see any de growth in demand. And we really don't see that part in our segment at least.
- Moderator:** Thank you. We have the next question from the line of Sneha Talreja from Edelweiss Securities. Please, go ahead.
- Sneha Talreja:** Good evening, sir. And thanks a lot for the opportunity. I'm sorry. For the previous time, I couldn't -- my call dropped. I had two questions from my end. Firstly, just wanted to understand your working capital requirement has increased a lot, specifically want to understand on the receivable day site that what was the reason for such a sharp increase in receivables and inventory, and where do you see sustainable levels? So that's first question of mine.
- Hiren Padhya:** Okay. I think as I mentioned in the initial part of my speech if you compare the working capital, in absolute terms compared to last year, and this year, I think '21 versus '22, the whole plant has been made operational. So naturally there's an increase in terms of all the working capital component, right from these stock level, debtors, creditors and even to the extent that expenses part, provisions, everything has increased. Now if you compare these results with next year result, I think we will have some apple to apple comparison. So this is an impact of additional capacity, which has put into use and additional operations, which has started. Of course, there is a 100% scope for improvement, in terms of efficiency and other things. So that will take one or two quarters, but I think next year's figures will be comparable.
- Sneha Talreja:** Sure. Got that. Sir secondly, I just wanted to understand once your plant stabilizes now, what will be your next step, whether it will be kind of going for debt payment, or will you be looking for expansion given that the space is growing at a very fast pace? That's second.
- Hiren Padhya:** I think you must have known, we have got finance from a couple of places in terms of foreign currency finance as well as rupee also, so far as foreign currency is concerned, one of the loan is, we have got at rate of 0.85%, which is very good rate so far as our company is concerned. So if you see overall cost of finance, as of now, if I consider including the working capital part, it comes to around 5% to 6%. So we would not like to repay as of now in terms of the repayment, the normal term, which is there in terms of all the term loan, our normal period is seven years. So we'll just go by the same terms, which has been agreed with the finance institutions. We will not make any hurry in terms of repayment of loan. But yes, I think after review of one or two quarters, if we can have a better position in terms of cash and other things, we may plan for some repayment, but considering the rate which is available, which is very competitive. So we did not go for prepayment as of now.

- Sneha Talreja:** Understood. Lastly, and the reason for you guiding 75% given that you're already operating at around 70% utilization from AP plant and plus you're looking at higher value addition also in this particular plant, any specific reason why you are being constrained with 75% overall utilization next year, and why can't you go further?
- Keyur Gajjar:** Yes. We actually said that we will use more than 75%. We'll try 75% plus, because as I said, we are trying to focus on value added product. And when you are producing high density product compared to medium density, definitely the production speed and everything will be all over down. So considering this part 800 CBM per day, we have -- take this 75% plus target.
- Sneha Talreja:** Understood.
- Keyur Gajjar:** But it doesn't mean that we are going to restrict ourselves here for that 75% or any other.
- Moderator:** Thank you. We have the next question from the line of Pranav Mehta from Equirus Securities. Please go ahead.
- Pranav Mehta:** Hello. Yes, thank you for taking your question. Sir so basically I wanted to understand on how you are planning to let's say increase your capacity whether you're planning to increase your capacity in the laminate business, or are you trying to let's say increase your quantum of growth in PVC business, or are you trying for a new addition of any new let's say segment over next one or two years, if you can throw some light on the same?
- Rushil Thakkar:** As of now we earlier also discussed that we are under the internal discussions of what we do next. So once we are gone through our discussion and we'll make the announcement, we can take up the questions in the further quarters.
- Pranav Mehta:** And sir, since the laminate exports from India are growing quite well, any reason why we are not able to grow?
- Rushil Thakkar:** As we say that if you compare the exports, we are the fourth or fifth largest exporter for India. And as long as the export business is concerned, we are doing more than INR 100 crore plus business in exports, just for export, just by the laminates.
- Keyur Gajjar:** And we have added a couple of new countries in this financial year. Laminate is something like customer build the inventory and then reorders and everything will start. So now we have developed a couple of new countries and aggressively we are working on South East Asia market, also we are working in some of the Eastern Europe market, some talks going for Russian market because there is a huge demand.
- Pranav Mehta:** Yes, sir. And on MDF side, have you done any tariff with any, let's say readymade furniture maker or someone like that or OEMs?
- Keyur Gajjar:** Yes, we are supplying a couple of OEMs, like as earlier I said that we are supplying to product like Livspace and all this furniture online portals and furniture makers. And second thing, there are so many unorganized OEM, actually they are working for online portals. These online portals are not producing material for themselves. They are sourcing from local OEMs. So we are supplying to those OEMs as well. Then we have a couple of big OEMs like Spacewood, Livspace, and all these people, they are also buying from us. Because OEM has very well equal role in coming days, we cannot ignore OEM business. OEM furniture industry's growth is totally dependent on OEM. Today we are focusing almost like 30% volume on OEM business, though our realization maybe slightly lower 1% compared to trade, but that's the future.
- Pranav Mehta:** Okay, sir, I just wanted to understand on the MDF part. So as you said that you are servicing the OEM business. So how are things shaping up for the OEM, let's say, on the export business particularly? So they have got others for exports.
- Keyur Gajjar:** Very honestly their Indian export is less than 1%, if we compare with the world trade. And I think government expecting 10% to 15% growth in this segment. So in coming days, we will see more of OEMs. And if you see there is a lot of furniture park like Tuticorin they are setting up a new furniture park in Chennai; sorry, in Tuticorin, Tamil Nadu. So in coming days, we will see a lot of furniture park in Madhya Pradesh also, they have some furniture hub or kind of

productions going to take place. So in coming days, government is also very keen to focus on furniture exports and furniture productions.

- Moderator:** Thank you. We have the next question from the line of Pranav Gala from iWealth Management. Please, go ahead.
- Pranav Gala:** Sir I was seeing on a volume side. So for the last two or three quarters if I aggregate out, we've not seen any volume growth. We at around 53,000 CBM or 54,000 CBM, both capacities combined. So is it that we are seeing a slow down in the demand side of it for us?
- Keyur Gajjar:** As such, we really don't see demand constraint. If we take Q3, Q3 we sold 47,000 CBM.
- Pranav Gala:** Correct. That was because of the Chikmagalur plant being shut, right?
- Keyur Gajjar:** Yes. But in Q4, we reached to 53,000 CBM.
- Pranav Gala:** Right? Exactly. So if I see the last three quarters, we've been there at 53,000 CBM to 54,000 CBM only. I mean, it's a pure 65% utilization, if I would say. So how are we planning to ramp this up? When we are saying that we want to ramp up the production side, last three quarters have really been good on the demand side as well, like suggested on the earlier call. So there is no lag here.
- Keyur Gajjar:** See, sir if we talk about our entire rated capacity per quarter, it comes around 82,500 CBM.
- Pranav Gala:** Correct.
- Keyur Gajjar:** And what till date we have reached 70%, but we are trying this year is 75%. So we are talking of almost like 60,000 CBM sales.
- Pranav Gala:** Okay. And also sir --
- Keyur Gajjar:** And as I said, there are so many untapped markets so far we have not entered; like HDF, exterior grade, Prelam grade, and all these materials. Now we are trying to enter into the other part of the India, like north India, east India.
- Pranav Gala:** Right.
- Keyur Gajjar:** I think achieving capacity and selling the capacity will not be an issue.
- Pranav Gala:** Okay. Got it. And sir can I have the sales figure for the Andhra Pradesh plant for Q4 FY '22?
- Keyur Gajjar:** Sorry, say it again.
- Pranav Gala:** Oh, I just wanted the sales figure of MDF for Q4 FY '22 in Andhra Pradesh.
- Keyur Gajjar:** Volume or rupee?
- Pranav Gala:** Value, rupee term sir.
- Keyur Gajjar:** Rupee terms. It is almost like INR 84,09,85,000; INR 84 crore.
- Pranav Gala:** Okay. INR 84 crore. So sir, previous quarter would be--
- Keyur Gajjar:** Previous quarter was almost same.
- Pranav Gala:** Okay. Got it. Could you tell me the previous quarter volume as well, sir, in the Andhra Pradesh plant?
- Keyur Gajjar:** Previous quarter was 36,000, and current quarter this is 33,000.
- Pranav Gala:** Okay. Thank you, sir. Thank you so much. And all the best.

- Keyur Gajjar:** As I said that in the month of January, we sold highest in terms of MDF. And then in February we faced the COVID situations and in March we regained the momentum.
- Pranav Gala:** Okay. And are we continuing to see the momentum now as well?
- Keyur Gajjar:** Yes. MDF we don't see any issue.
- Moderator:** Thank you. We have the next question from the line of Ravindra Nayak from Sunidhi Securities. Please go ahead.
- Ravindra Nayak:** Thank you for the opportunity sir, I've got questions regarding these value added and non value added products, in MDF side. So can you please tell me in an aggregate term -- So I'm asking this value added product and non value added products in aggregate basis, so whatever the, 1,74,000 we have done, sold in this year FY '22. So what is the contribution from value added and non value added in percentage terms and aggregate the price of value added products and non value added product for FY '22 and what is it going to be in FY '23 in terms of percentage terms and what is the price you are expecting on the value term value added and non value added product. And that is my first question. And the second question regarding these other three products, like if I have a PVC board and also the laminates, that is up to some extent stagnant, there is a decline in margin from the year to year basis in the laminate. And what is the plan? You have mentioned something that we have some plan, whether we need from Capex for this new product, the other products going ahead. That is my second question and the third question regarding the decline in trade tables, there is a significant trade decline in the trade tables. So what is the reason for that? That is the third question. And how do you see the import competition from MDF in the current --.
- Rushil Thakkar:** Gentlemen, can we go question by question? Because you are asking too many questions all together and we are not able to --
- Ravindra Nayak:** Okay first question regarding the value added and non value added products in aggregate basis and what you are expecting in FY '23.
- Rushil Thakkar:** Okay, so we go with the first question.
- Keyur Gajjar:** So if I talk about the value added product, as I said, that we are almost like 23% to 25% in last financial year, but please understand in Q1 and Q2, our AP plant was just gearing up.
- Ravindra Nayak:** Okay.
- Keyur Gajjar:** We stabilized in Q3 and Q4 very well compared to Q1 and Q2, and entire supply from AP plant was more or less interior grade and exports.
- Ravindra Nayak:** Okay.
- Keyur Gajjar:** We have reached 5% value addition in the last quarter, and the realization is around INR 38,000, which used to be INR 33,000 plus in Q3.
- Ravindra Nayak:** So you are talking about value added products, right?
- Keyur Gajjar:** Yes. I'm talking about value added products.
- Ravindra Nayak:** It is an entire year basis.
- Keyur Gajjar:** Yes. I'm talking about entire year '21-'22.
- Ravindra Nayak:** Okay. What is the contribution for that, in percentage terms and value products, in entire 1,74,000?
- Keyur Gajjar:** As I said, we sold almost 24% to 25% of the volume.
- Ravindra Nayak:** Okay. 25% of the volume. Okay.
- Keyur Gajjar:** It was a very negligible sales from AP plant, I would say.

Ravindra Nayak: Okay. And rest is what is the price of the non value added products then?

Keyur Gajjar: Non-value added productions. See if we take the last financial, last quarter, it comes around 25,000.

Ravindra Nayak: Okay. 25,000, yearly basis, I'm just asking in yearly basis.

Keyur Gajjar: Yearly basis there's no point. The reason is since last two quarters, there was a price increase.

Ravindra Nayak: Okay.

Keyur Gajjar: Which is still prevailing now.

Ravindra Nayak: Okay.

Keyur Gajjar: So in Q1 and Q2, there was no much price. I mean the total price hike. We took around 18% to 20% in last financial year, especially in third quarter.

Ravindra Nayak: Okay. How the sales mix is going to change in FY '23.

Keyur Gajjar: Definitely. As I said, that our target is to reach 40% to 50%. That's what our target is. We are really working hard on this product mix. At present it is 23% to 25%.

Ravindra Nayak: Okay. So do you think that the realizations that 38,000 will remain same or it'll go further?

Keyur Gajjar: Definitely it'll increase our realizations. Definitely. You can see that in last quarter itself only our realization increased almost 15%.

Ravindra Nayak: Okay. Got it. Okay. And sir, regarding the other products view and how you are seeing the PVC board, and the laminates in your plan what is the -- whether there we require any Capex for that, for going ahead, can you please guide something on that?

Keyur Gajjar: Sir, we have really not taken any decision on Capex part so far, certain internal discussions are on way, but I am not sure when we will be able to inform that part, but yes, we are working very hard on promoting our laminate business in export market because we feel that export growth is almost 10% to 15% and we are taking that growth very seriously.

Ravindra Nayak: Okay, sir regarding the trade payable side, why there is a decline in trade payable, in the last financial year FY '22?

Hiren Padhya: So your question is that trade payables has increased or decreased; what exactly are you saying?

Ravindra Nayak: It is percentage terms, it is declined. Your turnover is increased, but in a turnover percentage terms, it has declined. So whether it is one of a kind of a thing or it is going to increase further?

Hiren Padhya: So It is basically--

Ravindra Nayak: That's maybe the reason why your working capital is--

Hiren Padhya: No, I understood your question, you are saying compared to last year payables have decreased. So yes, it has decreased, but then see it'll stabilize in between. So this time it has decreased, that is for sure. That is fact also, but next year --

Keyur Gajjar: And second thing in our MDF part, we have a very good increase of trade receivable also, that cycle is very effective. Previously it used to be a laminate and Chikmagalur plant. Now with the AP plant, we have a very good trade receivable cycle also, we receive payment also very fast compared to the other products.

Ravindra Nayak: Okay.

Hiren Padhya: Okay. So if you see the overall working capital cycle also, in that case also we are in the range of around 10 to 12 days. So it is a practically improvement in terms of efficiency of handling the

- working capital. But I'm saying that once the volume increases, it may increase or decrease by 10% -15%, but it'll stabilize now.
- Ravindra Nayak:** Okay. And sir regarding the competition with export from the MDF particle situation, can you please guide something on that?
- Keyur Gajjar:** Sorry. Regarding--? Competiton?
- Ravindra Nayak:** Import of MDF.
- Keyur Gajjar:** Yes. Again, I would say that another couple of quarters we really don't see because this supply chain is really disrupted and freights are still like, if we talk about Vietnam or Indonesia, Vietnam freights are still 1,500 or 1,600 USD per 20 feet of container. And of course their import cost is also there. And they have a very good realization in domestic market demand in local market, like Vietnam, Indonesia is also there because a lot of U.S. and European furniture importers are replacing furniture with China. So we don't seem much because it's less than even 10%. It's very negligible now.
- Moderator:** Thank you. We have the next question from the line of Dwiti Shah from Molecule Ventures. Please go ahead.
- Dwiti Shah:** Hi, sir. Congratulations on a very good set of numbers. Sir my question is regarding the sustainability of your realization. So lately I've observed every company in the MDF industry has been giving out really good safe numbers because of realization being very strong for the last couple of quarter. So I just wanted to get a sense on how sustainable are these realization given that right now, we are basically benefited from the lesser imports coming into our country. So when the imports eventually start coming again and the realizations might go down. So what's your take on the sustainability part?
- Keyur Gajjar:** We really don't know about the import situations because it has been two years because we are exporting laminate as well. We are exporting MDF as well, and we really don't see the change in freight. I mean, freight is just either same or they increase. And second part is availability of container. MDF is a commodity. You cannot import one or two container you need 50 or 100 containers. So we really don't see. And as long as demand supply is concerned, we see the realizations and pricings and everything will remain stable for some quarters.
- Moderator:** Thank you. We have the next question from the line of Sachin Pandya an individual investor. Please, go ahead.
- Sachin Pandya:** Good afternoon, sir. Thank you for the opportunity and congratulations on great set of numbers.
- Sachin Pandya:** Yes. So I want to ask you about the right issue that during the quarter ended March 31, 2022, the company has demanded the balance outstanding call money from the shareholders, for which the payment period was March 14 to April 11, 2022. I just want to ask you about that money has we -- do we received that money?
- Hiren Pandhya:** They have received money or not?
- Hasmukh:** Yes, actually calls pending was on total 8,847 shares, out of that company had received the balance calls for 6,665 shares. So I think nearly on 2,000 shares calls are pending. So for 6,665 shares company has received full money for balance call money.
- Moderator:** Thank you. We have the next question on the line of Govind Raj an investor. Please go ahead.
- Govind Raj:** Sir congrats for your good set of numbers. Regarding to the realization, in Q4, we had 27000 per cubic meter and in Q3 it was 23622, whereas our competitor Greenply is getting a realization of 33, 320. Why so much of difference is there, sir?
- Keyur Gajjar:** Sir if I'm not mistaken, your question is about the realizations, why our realization is less; as I said that our Chikmagalur mix 50% and 50% almost and over there our realization is 31,000 plus, but as we said that our Q3 as our AP plant regularized in the quarter three and quarter four only; quarter one, quarter two; of course we were there only, but now we are focusing to supply more of value added product from AP plant, and this will definitely increase our realizations.

- Govind Raj:** Okay. What was the mix in Q4, with regard to the --?
- Keyur Gajjar:** If I say about my AP plant, we have just 5% of value added and 95% is regular, in Q3, it was almost 1%.
- Govind Raj:** Okay. And how would do they ramp up suppose by March of '23?
- Keyur Gajjar:** Definitely, as I said today, if we talk about our total contribution, it is almost 23% to 25% value added from the both plants and we want to take it to 40% to 50%.
- Govind Raj:** Okay. And one last question. I think we have only two bigger plans in -- one is GreenPanel and one is ours and what will be the geographical mix of sales, for example, how much of the sales is happening in south as well as how much is happening to be in North, or East or West?
- Keyur Gajjar:** If we talk about the north market, the demand is almost 25% to 30%. If we talk about east and west market together, it is again, 25% to 30% and south market is between 40% to 50%. At present there are two main organized players, GreenPanel and Rushil Décor; and there is another player called Paralam.
- Govind Raj:** Okay. Only three players in South India.
- Moderator:** Thank you. We have the next question from the line of Nirvana, an individual investor, please, go ahead.
- Nirvana:** Yes. Hi, thank you so much for giving me the opportunity. My question sir, is regarding the capital structure of the company. So right now the debt to equity is around, I think 1.46, and the annual EBITDA coverage ratio I think is less than four. So my question is, I already heard you saying that because the interest rates are comfortable, you will take your time to pay down the loans, but I think if I'm not wrong, a lot of the debt is the secure debt, which is tied to your receivables or your assets. So that might be interpreted as risky by the market. So how do you see that and what is your target capital structure going forward?
- Hiren Padhya:** See, I think what you said is correct; as of now the debt equity ratio is around 1.4 odd. Now see issue is like we have already had this term loan, etc. We also have working facilities now just to repay it'll take some time and given the current positions and the way we are planning, I think after one year, maybe after a couple of quarters, we'll have a better understanding in terms of cash accrual, etc. At that time we can take a call for prepayment of loan. But as of now, as I said earlier, we are continuing with this thing only. Now so far as your probable capital structure in the future, I think it would be too early to say. So I would simply say that for next couple of quarters, I think it'll remain same and we will just repay the term loan as per the schedule payment.
- Nirvana:** Okay. So what percentage of our term loan -- I think we have around 280 odd term loan. What percentage of them are secured loans, if you can give that figure.
- Hiren Padhya:** See practically whatever loan we have out of this -- so far I think the term loan is concerned. It is 100% secured only, and we have got couple of financial institutions, in terms of various banks. And we also have a combination of INR and the foreign currency. But, all term loans are 100% secure.
- Nirvana:** Right. Okay. And you are comfortable with it to continue and decide on the capital structure after a couple more quarters.
- Hiren Padhya:** Yes, exactly. It will be too early to say as of now.
- Nirvana:** Okay. And last question from my side, why is the interest expense for this quarter is suddenly INR 3 crore, it was INR 6 crore for the last three quarters? That hasn't come down, so --?
- Hiren Padhya:** See actually there are a couple of things. One is the -- see you are comparing with the third quarter versus fourth quarter, right?

Nirvana: No, even first, second and third quarter, you have paid INR 6 crore of interest in the three quarters, if I'm not wrong.

Hiren Padhya: Yes, if you can see third versus fourth quarter, there's a decrease in terms of interest cost. This is basically -- see, we got rate reduction in terms of finance cost from the bank in various cases. Now the reduction was effective from October some date, but then actual, the intimation had come from the bank, which was received in the fourth quarter. So in the current quarter, that is quarter four. We have given impact of that interest reduction for the two quarters. Similarly there is an export benefit in terms of EPC facility, that benefit was given to us, and this was related to previous, the whole financial year, but they again, it was pending from RBI side, so though RBI has given an intimation for giving those benefits with effect from I think from 1st of October, but again, as per the normal process in the banks, they got final instruction in the bank in the fourth quarter only. So again, here also, we got total benefit of two quarters, which we have taken impact in the same quarter only, but I think a way forward, I can tell you that maybe it'll remain in the range of maybe INR 5 crore odd. So it'll normalize in the coming quarter. It is a one off impact in this particular quarter.

Moderator: Thank you. I would not like to hand the conference over to Mr. Karan Bhatelia for closing comments, please.

Karan Bhatelia: Hi. Thank you for the detailed answers. Sir any closing comments that you want to make?

Rushil Thakkar: Yes, I would thank the entire team of Rushil Decor for their untiring efforts, hard work, sincerity and high dedication. Also, I appreciate all of you, for the participating in the conference call and do get in touch with our IR team for any other questions.

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