

Farm to furniture



Rushil: building a culture of innovation

Rushil Decor is looking at smarter living solutions, expanding its capacity to replace wood

When Rushil Thakkar, Director, Rushil Décor Limited (RDL), the third generation of a storied trading family from the western Indian city of Ahmedabad, joined the clan in 2014, he was not thinking of their traditional plywood, laminates or MDF (medium density fibreboard) business. Instead, he envisioned building a purpose-driven global brand, offering new age 'Smarter living solutions' driven by next-generation technology, and modern surface engineering innovations that redefine the 'future of wood' for shaping a smarter planet, and transforming contemporary residential and commercial spaces.

Meanwhile, analysts are upbeat about the growth prospects of RDL, given that the firm operates in the growing construction material sector. "We believe RDL should continue its growth momentum in the coming 2 years led by the prospects of the

MDF segment. Moreover, with value added product contribution likely to go up from 25 per cent to 40 per cent, MDF margins will expand further. Even in laminates, the company expects healthy growth in the same span, which should accelerate overall growth. We do not have a rating on the stock, but we remain positive on the company's growth owing to key industry tailwinds coupled with RDL's strong brand equity," says an analyst report from Yes Securities.

"RDL became the third largest MDF company in India in FY22, post its greenfield expansion in Vizag. It also has a laminate business. In FY22, revenue from MDF soared to 70 per cent and the rest came in mainly from laminates. Rushil expects to deliver more than 30 per cent revenue growth in FY23 along with a more than 20 per cent EBITDA margin, driven by continued ramp-up of its MDF plant. This should continue to reduce gearing in

FY23," says an analyst at HDFC Securities in a recent report.

The firm's revenues have grown exponentially in the past 3 years to ₹642.6 crore in FY22, which is a healthy compounded annual growth of 22 per cent over the past 3 years. In addition, due to an increase in operating leverage, Rushil Décor also increased its operating margin from 10.7 per cent in FY19 to 11.8 per cent in FY22, which shows that the firm has been able to expand margins even during inflationary times. On the other hand, RDL has seen a good net profit growth of 16.5 per cent CAGR over the last three years. RDL's stock has still to reflect the upbeat performance, but nevertheless it has gained about 13.4 per cent in the past one year, currently trading at ₹400, accounting for a market cap of ₹800 crore.

Founded in 1993 by Krupesh Thakkar it has today emerged as a global company which deals in modern interior infrastructure, and versatile, eco-friendly, composite wood panels. Leveraging global best practices, inspiring designs, novel innovations, and a people-first, purposeful approach, RDL is passionate about setting new industry standards and superior experiences, ensuring high productivity. The company has five manufacturing plants with an annual capacity of 3,30,000 CBM MDF and 3.49 million laminates, which have a global footprint in approximately 45-plus countries.

With a strong network of branches, distributors, thousands of dealers, and a rich talent pool of experts, RDL is focused on redefining the future of wood. What makes the firm special is its unmatched quality, design, customer centricity, value-led DIY green engineered products from agroforestry, and a range of high-performance surface solutions which are driven by automated plants, world-class German technologies and global standards.

"We have been building a culture of innovation for the last three decades, and delivering exceptional customer value through consistent quality and our novel products. We are pivoting very fast towards becoming an innovative company rather than being a traditional laminate, or

MDF company,” explains Rushil Thakkar, 30, who joined the company in 2014. While in the 12th grade, Rushil saw his destiny in growing the family business and decided to visit factories and spend time with workers and machinery while completing his graduation. He fondly remembers spending time at each desk in the offices and examining every machine in the factory. This led Krupesh Thakkar to change the business structure of RDL and expand capacity.

There has been no looking back since then as Rushil was focused on and committed to the creation of a future and indigenous ‘Make-in-India’ wood material that met international standards. A strong testament of this – RDL recently expanded its operations with the setting up of a first-of-a-its-kind, world-class, state-of-the-art, agroforestry-based, sustainable, environment-friendly future MDF-making plant in Atchutapuram, Andhra Pradesh, and invested over ₹500 crore in an automated plant. The investment illustrates RDL’s long-term vision to boost indigenous production capacity and operational efficiency, expanding the range of value-added solutions and strengthening its commitment to the sustainability of the business and the planet. Driven by smart manufacturing, and fully-automated robotic production, the plant is strategically located close to raw material sourcing agroforestry plantations, creating sustainable livelihoods, reducing the transportation impact, and lowering emissions.

Boosting climate protection

With the help of this plant RDL has the potential to generate a revenue of ₹1,000 crore topline in the MDF segment on full capacity utilisation. “We are reimagining the contemporary spaces and nurturing this market for advanced building materials in India and abroad,” says Rushil.

The company is committed to boost climate protection in the region, and its latest, 1.2 million-sheet-per-annum decorative laminate, (including the bigger ie Jumbo size) proposed manufacturing plant in Gujarat is a further step in that direction and will consolidate the company’s leadership in the wood panel and surface decor industry



Thakkar: changing business structure

and expand its margin profile. The investment in the fully-integrated plant may amount to approximately ₹60 crore,

RDL’s product portfolio includes VIR Laminates, VIR MDF boards, VIR MAXPRO (HDFWR) boards, VIR Prelaminated Decorative MDF, HDFWR boards, VIR PVC and VIR WPC boards, doors etc. Over the years the company has successfully leveraged optimal supply chain efficiencies, utilisation of resources, and strategic local plantations which offer the firm cost advantage in raw material sourcing, and manufacturing excellence, enabling higher output to cover global market demand. Versatile, adaptable, economical and flexible in function – MDF has been the material of choice for the furniture industry globally, being the ideal substitute for solid wood panels.

MDF is a composite product engineered by agro forestry wood into fibres, wax and a resin binder, forming panels by applying high temperature and pressure for strength. Compact, dense, and homogenous, MDF panels are an ideal replacement for wood, plywood and particle boards, as they can be routed, cut and perforated in any direction.

RDL has embarked on a transformational journey and its Vizag plant, which was set up with a vision to capture the growing demand in the MDF market and boost make-in-India

manufacturing, has enabled the company to gain both scale and market share in the industry. Committed to the Make in India mission, and open collaborations, RDL is passionate about making the firm a national asset, through agroforestry, creation of jobs, rural uplift, sustainable livelihood, and smart living.

“We planted over 120 million agroforestry trees in Karnataka and Andhra Pradesh, over the past 4 years and committed to further strengthen our agroforestry capacity initiatives in an integrated manner with crops and livestock to improve productivity, employment, income and livelihoods of rural households, impacting small holder farmers and offering 20,000 skilled and unskilled employment opportunities (farmers, agricultural labour),” says Krupesh G Thakkar, CMD at RDL.

The fast growing, short-rotational crops, and responsible farming – a force multiplier of rural economic growth – boosts economic growth, catalysing national sustainability goals, and improving productivity. Over 50 million trees have been planted in Chikmagalur, Hassan and Shimoga districts of Karnataka and 70 million trees in Visakhapatnam, East Godawari and Vizianagaram districts of Andhra Pradesh. The fast growing, short rotational crops – Eucalyptus, Casuarina, Silver Oak and Acacia used as raw materials in the industry, offer direct income to farmers, others who work in agriculture as well as women labourers. Rushil’s modern, future board (MDF) plants in Karnataka and Andhra Pradesh procure agroforestry wood, ensuring the livelihood of millions. This includes 3 rotation cycle in 10 years of renewable resources to keep the rural economy rolling.

Assuring a consistent supply of raw material, RDL’s team regularly engages with rural farmers to extend advanced technical support for agroforestry, offering seeds and seedlings of different agroforestry species through nurseries, the necessary subsidies and transportation support, training and guidance at factory and district centres, distribution of materials, price updates for harvesting, along with market support.

RDL helps nurture local ancillary



RDL's MDF plant was set up with a vision to capture the growing demand

industries like furniture, panel, transport and local artisans, leading to significant employment opportunities. The plants are strategically located close to raw material sourcing agroforestry plantations and hence create sustainable livelihoods, reduce transportation impact and lower emissions; all this driven by smart manufacturing and automated robotic production. RDL is in touch with Indian Plywood Industries Research & Training Institute (IPIRTI), Institute of Wood Science and Technology (IWST); Association of Indian Panel board Manufacturer (AIPM) to enhance its capabilities in agroforestry and the strategic sourcing of raw materials from farmers, creating mutual and beneficial relationships.

Promoting agroforestry

Agroforestry is defined as a land use system which integrate trees and shrubs on farmlands and rural landscapes to enhance productivity, profitability, diversity and ecosystem sustainability. It is a dynamic, ecologically based, natural resource management system that, through integration of woody perennials on farms and in the agricultural landscape, diversifies and sustains production and builds social institutions.

"Trees are one of our best investments against the climate crisis. As a responsible organisation, we at RDL are committed to promoting agroforestry

to sequester carbon and to broaden the social, economic and environmental sustainability of rural development. The smart use of trees in agricultural land systems can also make substantial contributions to the conservation of biodiversity. Agroforestry can also help diversify and sustain (food) production and provide vital social, economic and environmental benefits for land use at scale-shaping a greener planet and better future for all," says Rushil whose agroforestry-based plants enhance marginal and small farmers with minimal land holding capacity of less than five acres. This initiative has been directed to generate economic momentum, sustainable livelihood and ensure job opportunities to thousands of skilled and unskilled people in Andhra Pradesh and Karnataka.

What strengthens this is Rushil's touch with local bodies like the Agriculture Market Committee and Karnataka Forest Development Corporation (KFDC). He is able to procure locally grown agroforestry wood by farmers. With the rise in living standards, the need for wood is encouraging agro farming which results in the 'farm to furniture' vision of a successful layout for the industry. Trees provide a way forward for sustainable farming and the world must embrace innovative options to maximise agroforestry productivity for mitigating climate change, thereby leading to a

sustainable ecosystem.

According to industry insights, empowering agroforestry at the national level can offer significant benefits to the economy and composite panel industries can create employment opportunities for approximately 2 to 2.5 million people. The full value chain from 110-115 million CBM timber (timber to furniture) can create value-added produce of \$150 billion. An important benefit is that of carbon sequestration: the increase in forest cover – and that too of younger trees – will have a 2 billion metric tonne carbon sequestration potential by 2050.

Growing consumer awareness and a range of applications is driving increased consumption of MDF in India, and the industry is expected to grow at a CAGR of 15-20 per cent from an estimated ₹3,000 crore in 2021 to ₹6,000 crore by 2026. India is a significant player of MDF, and it is used as a leading interior infrastructure material. Discerning consumers (including office-owners) who look for responsible products that reduce the carbon footprint; rapid urbanisation; a rebound in realty and the rising number of nuclear families, will boost MDF growth. Unlike the 70 per cent market share in the developed nations, MDF has just 30 per cent market share in India, reflecting the high potential for MDF, which augurs well for RDL. ♦

LANCELOT JOSEPH

lancelot.joseph@businessindia.com