

January 06, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF RUSHIL DECOR LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	95.50	CARE BBB (Triple B)	Reaffirmed
Short -term Bank Facilities	33.00	CARE A3+ (A Three Plus)	Reaffirmed
Total Facilities	128.50 (Rupees One Hundred Twenty Eight crore and Fifty lakh only)		

Rating Rationale

The ratings continue to take into account the growing scale of operations of Rushil Décor Limited (RDL) along with steady improvement in its leverage and debt coverage indicators. The ratings further derive strength from the vast experience of its promoters in the laminates and Medium Density Fibre (MDF) board segment, improving trend of capacity utilisation of its higher margin MDF segment, proximity of its manufacturing facilities to key raw material sources along with its geographically diversified revenue profile and established marketing network.

The ratings, however, continue to remain constrained by its presence in a highly fragmented, cyclical and competitive laminate industry. The ratings are further constrained on account of its working-capital intensive operations and vulnerability of its profitability to foreign exchange rate fluctuation.

RDL's ability to further increase its scale of operations, improve its profitability through optimum utilisation of its laminate and MDF board segment along with effective management of its working capital requirement and foreign exchange rate fluctuation and improvement in its capital structure are the key rating sensitivities.

Background

Incorporated in 1993 by Ahmedabad-based Thakkar family, RDL is a public limited listed company engaged in manufacturing Laminate sheets and MDF board. Its facility is equipped to manufacture decorative (single-sided) as well as industrial (double-sided) laminates with a wide range of design, colour and finish. RDL sells its products under its own brand name 'VIR LAMINATES' and 'VIR BOARDS' in the domestic and export markets. During FY15 (refers to the period April 1 to March 31), as already planned, RDL disposed off its Particle Board (PB) manufacturing unit.

RDL had an installed capacity of 30 lakh sheets per annum for laminates and 90,000 cubic metres (CBM) per annum for MDF board as on March 31, 2015 at its manufacturing facility located in Gujarat (Gandhinagar) and Karnataka (Chikmagalur) respectively.

During FY15, RDL earned Gross Cash Accruals (GCA) of Rs.15.62 crore (FY14: Rs.12.76 crore) and incurred a net loss of Rs.0.65 crore (FY14: PAT of Rs.3.02 crore) on a total operating income (TOI) of Rs.278.05 crore (FY14: Rs.257.30 crore).

Furthermore, as per unaudited results for H1FY16 (refers to the period April 1 to September 30), RDL earned PAT of Rs.4.13 crore on a TOI of Rs.147.44 crore.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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