

JULY 27, 2015

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

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	101.73	CARE BBB (Triple B)	Revised from CARE BBB- (Triple B Minus)
Short -term Bank Facilities	33.00	CARE A3+ (A Three Plus)	Revised from CARE A3 (A Three)
Total Facilities	134.73		

Rating Rationale

The revision in ratings is on account of continuous growth in the scale of operations of Rushil Décor Limited (RDL) along with improvement in its leverage and debt coverage indicators as on March 31, 2015.

The ratings continue to derive strength from the vast experience of its promoters in the laminates and Medium Density Fibre (MDF) board segment, proximity of its manufacturing facilities to key raw material sources along with its geographically diversified revenue profile and established marketing network. The ratings also factor improvement in capacity utilization of its MDF and laminate manufacturing apart from realization of sale proceeds from the sale of its Particle Board (PB) division.

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 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, 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 (refers to the period April 1 to March 31), 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).

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

Analyst Contact

Name: Kalpesh Patel

Tel: 079-40265611

Email: kalpesh.patel@careratings.com

****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.

CONTACT**Head Office Mumbai****Mr. D.R. Dogra**

Managing Director

Mobile: +91-98204 16002

E-mail: dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Mobile: +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Ms. Meenal Sikchi

Vice President - Bank Loan & Instrument Rating

Mobile: +91-9819009839

E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva

Vice President - Bank Loan & Financial Services

Mobile: +91-9819698985

E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069

Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD**Mr. Mehul Pandya**

32, Titanium, Prahaladnagar Corporate Road,

Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

JAIPUR**Mr. Harsh Raj Sankhla**

304, Pashupati Akshat Heights, Plot No. D-91,

Madho Singh Road, Near Collectorate Circle,

Bani Park, Jaipur - 302 016.

Cell: +91 – 94139 69100

Tel: +91-141-402 0213 / 14

E-mail: harshraj.sankhla@careratings.com

BENGALURU**Mr. Dinesh Sharma**

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,

No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-99000 41975

Tel: +91-80-4115 0445, 4165 4529

E-mail: dinesh.sharma@careratings.com

KOLKATA**Ms. Priti Agarwal**

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)

10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

CHANDIGARH**Mr. Sajan Goyal**

2nd Floor, S.C.O. 196-197, Sector 34-A,

Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com

NEW DELHI**Ms. Swati Agrawal**

13th Floor, E-1 Block, Videocon Tower,

Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

CHENNAI**Mr. V Pradeep Kumar**

Unit No. O-509/C, Spencer Plaza, 5th Floor,

No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

PUNE**Mr. Rahul Patni**

9th Floor, Pride Kumar Senate,

Plot No. 970, Bhamburda, Senapati Bapat Road,

Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

HYDERABAD**Mr. Saikat Roy**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,

Hyderabad - 500 029.

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com

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