

DECEMBER 23, 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	87.43	CARE BBB+; Stable (Triple B Plus; Outlook: Stable)	Reaffirmed
Short-term Bank Facilities	33.00	CARE A3+; Stable (A Three Plus; Stable Outlook: Stable)	Reaffirmed
Total Facilities	120.43 (Rupees One Hundred Twenty crore and Forty Three lakh only)		

Rating Rationale

The ratings continue to derive strength from growing scale of operations and improvement in profitability margins and leverage as well as debt protection indicators during FY16 (refers to the period April 1 to March 31) and further during H1FY17 (refers to the period April 1 to September 30). The ratings further derive strength from vast experience of its promoters in the wood panel industry, 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 on account of its working-capital intensive operations and moderate exposure of its profitability to foreign exchange rate fluctuation. The ratings are further constrained by its presence in a highly fragmented, cyclical and competitive wood panel industry.

RDL's ability to further increase its scale of operations by improving its brand recall, further improvement in its profitability as well as leverage along with efficient management of its working capital requirement and foreign currency exposure 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 Medium Density Fibre (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 and MDF boards of different sizes. RDL sells its products under its own brand name 'VIR LAMINATES' and 'VIR BOARDS' in the domestic and export markets.

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 September 30, 2016 at its manufacturing facilities located in Gujarat (Gandhinagar) and Karnataka (Chikmagalur) respectively.

During FY16, RDL reported a total operating income (TOI) of Rs.297.57 crore with a PAT of Rs.7.15 crore as against a TOI of Rs.278.05 crore with a net loss of Rs.0.65 crore during FY15. Furthermore, as per the provisional results of H1FY17 (refers to the period April to September 30), RDL earned reported TOI of Rs.149.36 crore with PAT of Rs.11.54 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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