

# Rushil Decor Limited

(BSE: 533470, NSE: RUSHIL)

Q2 FY16-17 Investor Presentation



- This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Rushil Decor’s future business developments and economic performance.
- While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.
- These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.
- Rushil Decor Ltd. undertakes no obligation to publicly revise any forward looking statements to reflect future likely events or circumstances.

# Better Product Mix Driving Margin Expansion



Revenues	EBITDA	Profit Before Tax	Profit After Tax
Rs. 709 Million 3.6% ↓	Rs. 139 Million 44.4% ↑	Rs. 94 Million 92.1% ↑	Rs. 70 Million 240.1% ↑

## Mr. Krupesh Ghanshyambhai Thakkar - Managing Director on Performance

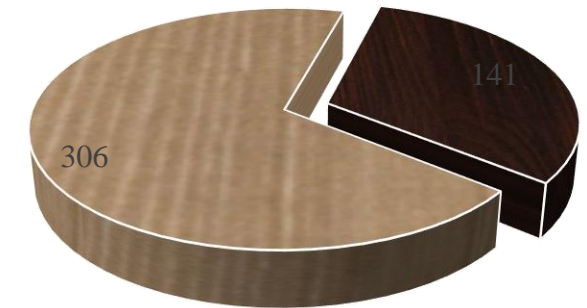
“We continued to expand our margins on better product mix with a revival in sales and profitability for laminates. Our revenue recorded marginal decline of 3.6% as compared to the prior year quarter. However, our profitability expanded substantially on improved product mix and declining financial leverage. Our laminates space benefited from improved infrastructure spending and retail consumption. On the other hand, medium density fibreboard or MDF grew on the profitability front due to better pricing and expanded offerings. The outlook for laminates and MDFs remain encouraging due to retail preferences, expanding overall economy and infrastructure spending. We expect improved profitability due to a strong focus on better product mix with top line expansion for both laminates and MDF space. Rushil Decor continues to innovate in terms of product offerings to take advantage of growth trends.”



# Diversified Revenues and Expanding Margins

<i>(Rs. Million)</i>	Q2		Y-o-Y Growth (%)
	FY16-17	FY15-16	
Net Sales (Includes other operating income)	730.5	754.6	(3.2)
EBITDA	138.7	96.0	44.4
<i>Margin (%)</i>	<i>19%</i>	<i>13%</i>	
PAT	70.1	20.6	240.1
<i>Margin (%)</i>	<i>10%</i>	<i>3%</i>	
Basic EPS (Rs.)	4.87	1.43	240.6

Domestic Sales (Rs. Million)



Exports (Rs. Million)

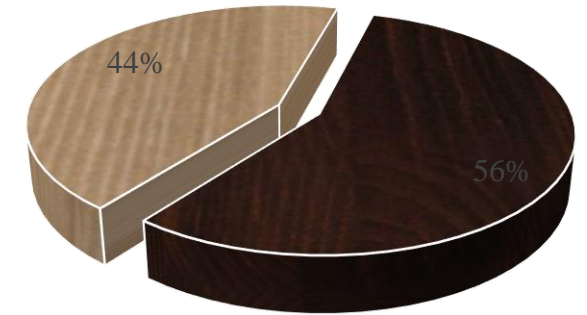


■ Laminates & Products    ■ Medium Density Fibreboard

# Laminates Demonstrating Strength Alongside MDFs

Segment Revenues (Net of Excise) (Rs. Million)	Q2		Y-o-Y Growth (%)
	FY16-17	FY15-16	
Laminates & Products	402.9	409.8	(1.7)
Medium Density Fibreboard	311.1	329.2	(5.5)
Less: Intersegment Revenues	4.6	2.7	70.3
<b>Revenue From Operations</b>	<b>709.5</b>	<b>736.3</b>	<b>(3.6)</b>

Segment Revenues Q2 FY16-17

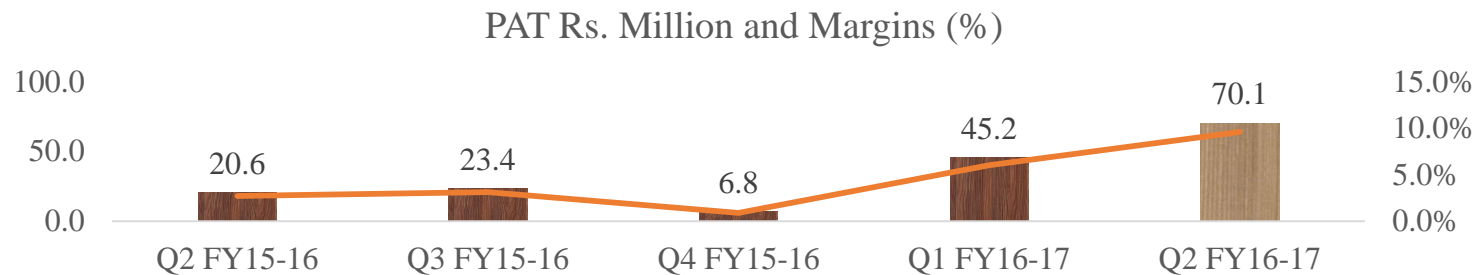
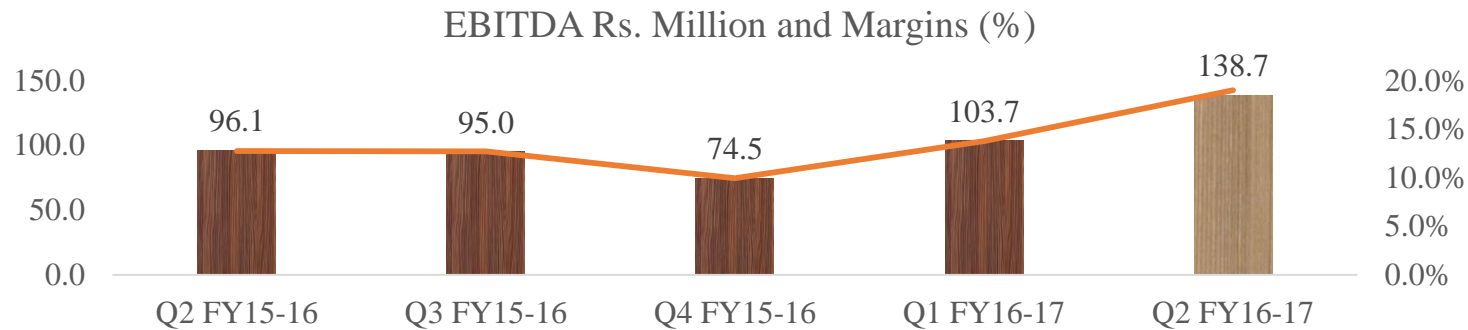
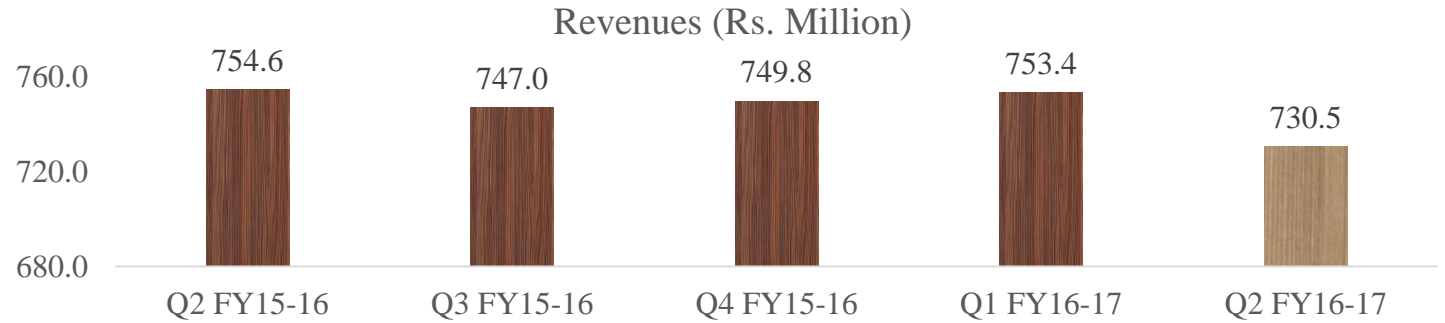


Segment Profits (Rs. Million)	Q2		Y-o-Y Growth (%)
	FY16-17	FY15-16	
Laminates & Products	61.4	38.6	59.1
Medium Density Fibreboard	67.4	45.8	47.1
<b>Revenue From Operations</b>	<b>128.8</b>	<b>84.8</b>	<b>52.6</b>

Segment Profits Q2 FY16-17



■ Laminates & Products ■ Medium Density Fibreboard



## Major Drivers

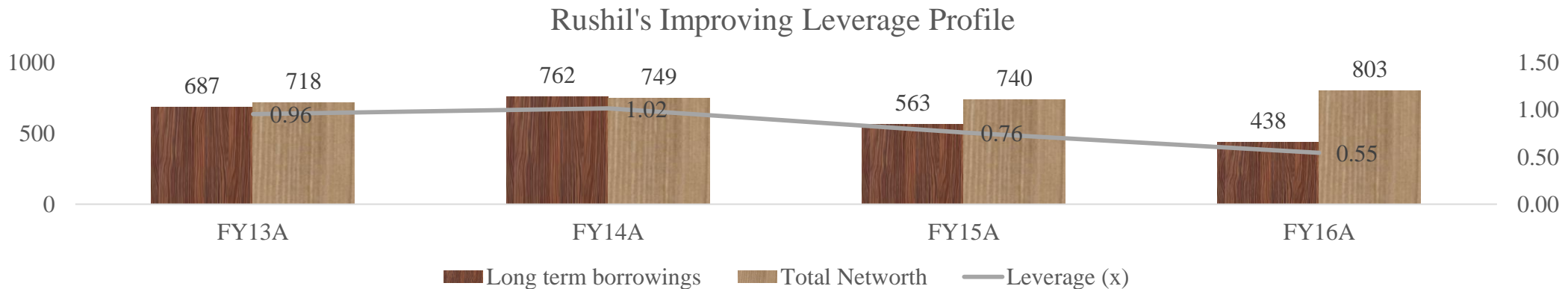
- Profitability improved drastically for both laminates and MDF space resulting from management's focus on better product mix.
- Laminates profitability improved 59% on a year over year basis on improved prices domestically as well as internationally
- MDF space saw its share of total sales decline on a Q-o-Q basis due to strength in laminates. However, its profitability expanded by 47% reflecting better pricing and product mix.
  - MDF accounted for 44% of the total turnover and 52% of the total profits
- Financial leverage has declined and is expected to go down further on the back of timely repayments and generation of strong cash flows.



(Rs. Million)	Q2 FY16-17	Q4 FY15-16
Short term borrowings	334	469
Long term borrowings	447	438
Current portion of long term borrowings	151	134
<b>Total Debt</b>	<b>932</b>	<b>1041</b>

## Strong Liquidity and Leverage Room for Future Capex

- Our company has continued to reduce leverage supported by strong cash flows and rising operating margins.
- The leverage of 0.5x is lower compared to the industry average. It provides enough space for inorganic or organic spending for future expansion.



## Rushil Décor

- Incorporated in 1993, Rushil Decor Limited is engaged in manufacturing of decorative laminate products and medium density fiber or MDF
- Offers engineered interior products, which include decorative laminate sheets, industrial laminate sheets and Rushil kitchen door under “Vir Laminate” or “Rushil” or “Signor” brand
- MDF products are sold under the brand name of “Vir MDF”
- Operates three laminate manufacturing units in Gujarat and one MDF manufacturing unit in Karnataka

## Quality

- ISO 9001:2000 certification for quality; ISO 18001:1999 certification for health and safety and ISO14001:2004 for environmental system for all the units

## Network and Capacity

- Has an operating capacity of approximately 48 lakh sheets per annum in the laminates segment, forming 3% of India’s total production capacity
- Markets its products across the globe with a major concentration in Asia and Middle East.

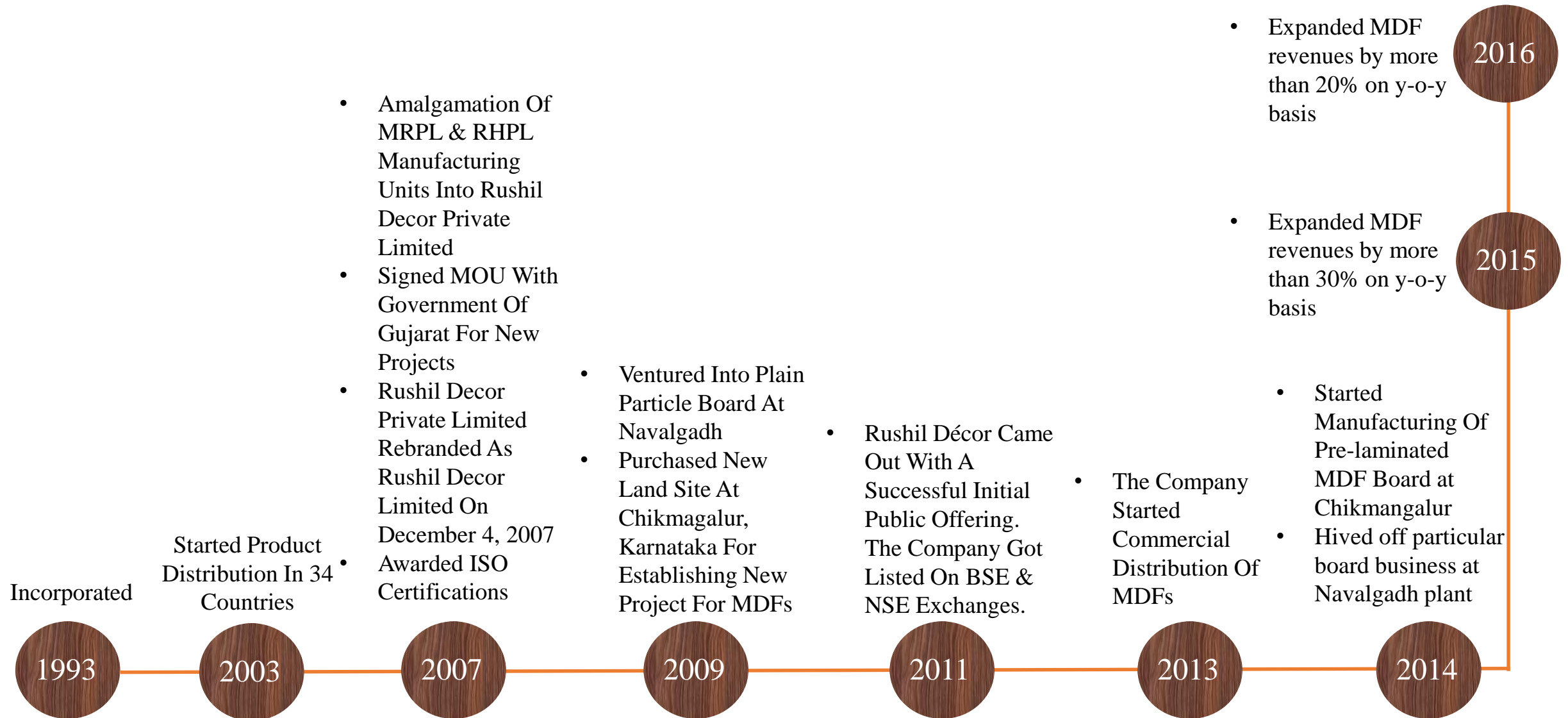




Our company is engaged in manufacturing of wide variety of laminates and MDFs with varied specifications. Some of its listings include:

- Medium Density Fibreboards
- Pre lam MDF boards
- Single Sided Or Decorative Laminate Sheet
- Double Sided Or Compact Laminate Sheets
- Post-Forming Laminates
- Metal Bond Laminates
- Digital Laminates
- Color Core Laminates
- Table Top Grade Laminate

# Timeline of Growth and Innovation





Directors	Position	Description	Beneficial Ownership/ (% O/S)
<b>Ghanshyambhai A. Thakkar</b>	Chairman, Promoter	Has an experience of more than four decades in the industry of laminated sheets, plywood, particle board, prelam board and allied items. He holds Bachelor of Science degree from Gujarat University and holds Diploma in Civil Engineering from Department of Technical Education from Gujarat State. As a Whole Time Director he is involved in day to day operations of Company. He is looking into the finance management, purchase of raw material etc.	1990900 13.8%
<b>Krupeshbhai G. Thakkar</b>	Managing Director, Promoter	Has an experience of more than 15 years in industry of laminated sheets and allied items. He has been conferred with several accolades which include the “Rajiv Gandhi Shiromani Award” and the “Indira Gandhi Sadbhavana Award” in 2007 for his achievement in his field of work and contribution to the nation.	1542484 10.7%
<b>Kaushikbhai J. Thakkar</b>	Director	Has wide experience of admin, business affairs of branches as well as business with consignment agents	-
<b>Jingle P. Thakkar</b>	Independent Director	Has significant experience in the field of finance and accounts	-
<b>Shankar Prasad Bhagat</b>	Independent Director	Has an experience of 25 years in the field of finance and accounts	-
<b>Rohitbhai B. Thakkar</b>	Independent Director	Has vast experience across various domains of the business	-



## Strong Organic Growth

## Positive Market Trends

## Growth Outlook, Estimates

- Targeting new offerings with better margins
- Significant improvement of operating and net margins
- Higher utilization rates
- Evaluating future expansion through organic and inorganic routes
- Passage of GST and push for affordable housing to boost demand
- Rebound in pricing for laminates
- Positively volatile global macro environment
- Continuation of favorable input prices
- Management revenue guidance for FY17 continues to be in the range of Rs.3,250 – Rs. 3,400 Million
- FY17 Net Profit guidance in the range of Rs.160 – Rs.180 Million

## Laminates

- Rushil Decor operates with capacity of 48 lakh sheets per annum, forming 3% of the country's total production.
- Total market size of more than Rs.5,000 crores, with unorganized market forming one-third
- Capacity additions by organized and unorganized players with production growth in high pressure laminates of 12% over the past few years
- Shift towards organized play, better growth opportunities for established players
- Industry wide capacity addition in low single digit over the next few years

## MDF

- MDF market estimated at Rs.1,500 crore, expanding at 15%-20% annually
- Rushil Decor commands 7% market share and has increased share over the past few quarters
- India imports more than a third of its MDF utilization. New capacity additions not sufficient to substitute the same till 2018
- Operating margins can be expanded on value added products
- Internationally, pricing remains subdued due to excess capacities, however, lesser impact domestically as demands picks up

# Statutory Financials



Description	Amount (Rs. million)					
	Quarter Ended			Half year ended		FY16
	Sep-16	Jun-16	Sep-15	Sep-16	Sep-15	
<b>Net Sales</b>	<b>730</b>	<b>753</b>	<b>755</b>	<b>1484</b>	<b>1471</b>	<b>2968</b>
Other Operating Revenues	21	19	18	40	37	91
Net sales or Revenue from Operations	709	734	736	1443	1434	2877
<b>Expenditure</b>	<b>-615</b>	<b>-669</b>	<b>-677</b>	<b>-1284</b>	<b>-1314</b>	<b>-2679</b>
Other Expenses	-171	-166	-167	-337	-325	-703
Depreciation and Amortisation expense	-17	-17	-16	-33	-32	-65
Cost of Materials Consumed	-414	-446	-418	-860	-815	-1681
Changes in inventories of finished goods, work-in-progress and stock-in-trade	33	12	-6	45	-21	6
Employee benefit expense	-46	-51	-46	-96	-86	-184
Purchases of stock-in-trade	-1	-1	-23	-2	-35	-52
Profit from Operations before Other Income, Interest and Exceptional Items	115	84	77	199	156	289
Other Income	7	3	2	9	4	8
<b>Profit before Interest and Exceptional Items</b>	<b>122</b>	<b>87</b>	<b>80</b>	<b>209</b>	<b>160</b>	<b>297</b>
Interest	-28	-26	-31	-54	-64	-116
<b>Profit after Interest but before Exceptional Items</b>	<b>94</b>	<b>61</b>	<b>49</b>	<b>155</b>	<b>96</b>	<b>181</b>
Exceptional Item	0	0	0	0	0	0
<b>Profit (+)/ Loss (-) from Ordinary Activities before Tax</b>	<b>94</b>	<b>61</b>	<b>49</b>	<b>155</b>	<b>96</b>	<b>181</b>
Current Tax	-20	-13	-10	-33	-20	-43
Deferred Tax	-4	-3	-18	-6	-35	-67
Extraordinary Items	0	0	0	0	0	0
<b>Net Profit (+)/ Loss (-) from Ordinary Activities after Tax</b>	<b>70</b>	<b>45</b>	<b>21</b>	<b>115</b>	<b>41</b>	<b>71</b>
Equity Capital	144	144	144	144	144	144
Face Value (in Rs)	10	10	10	10	10	10
Reserves	0	0	0	0	0	0
<b>EPS before Extraordinary items (in Rs)</b>	<b>4.87</b>	<b>3.14</b>	<b>1.43</b>	<b>8.01</b>	<b>2.87</b>	<b>4.96</b>
<b>EPS after Extraordinary items (in Rs)</b>	<b>4.87</b>	<b>3.14</b>	<b>1.43</b>	<b>8.01</b>	<b>2.87</b>	<b>4.96</b>



Description	Amount (Rs. million)					
	Quarter Ended			Half year ended		FY16
	Sep-16	Jun-16	Sep-15	Sep-16	Sep-15	
<b>1. Segment Revenue</b>						
Laminates & Allied Products	403	381	410	784	812	1617
Medium Density Fiber Board	311	357	329	668	629	1276
Particle Board	0	0	0	6	0	6
Total	714	738	740	1452	1442	2899
Less: Inter Segment Revenue	-5	-4	-3	-9	-8	-22
Net sales/income from Operations	709	734	736	1443	1434	2877
<b>2. Segment Result</b>						
Laminates & Allied Products	61	42	39	104	77	161
Medium Density Fiber Board	67	53	46	120	95	168
Particle Board	0	0	4	0	5	-7
Total	129	95	85	224	172	322
Interest	-28	-26	-31	-54	-64	-116
Other un-allocable expenditure net off un-allocable income	-7	-8	-5	-15	-12	-25
Total Profit Before Tax	94	61	49	155	96	181
<b>3. Capital Employed</b>						
Laminates & Allied Products	450	401	290	450	290	264
Medium Density Fiber Board	1180	1173	1184	1180	1184	1221
Particle Board	11	12	26	11	26	12
Unallocated	-20	-9	-9	-20	-9	-1
Total	1620	1577	1491	1620	1491	1496
Other Unallocable Items	-	0	0	-	0	0
Total	1620	1577	1491	1620	1491	1496

## **Rushil Decor Ltd.**

CIN – L25209GJ1993PLC019532

Registered Office:

S. No. 125, Near Kalyanpura Patia, Village Itla,  
Gandhinagar-Mansa Road, Ta. Kalol,  
Dist. Gandhinagar, Gujarat – 382845

Corporate Office: (For Communications)

1, Krinkal Apartment, Mahalaxmi Society,  
Opp Mahalaxmi temple, Paldi, Ahmedabad – 380 007 Gujarat, INDIA.

Hasmukh K. Modi [Rushil Décor]

[cs@virlaminate.com](mailto:cs@virlaminate.com), +917926651346

Ravi Kataria [Investment Imperative]

[ravi@investmentimperative.com](mailto:ravi@investmentimperative.com), +919726061617