Rushil Decor Limited

(BSE: 533470, NSE: RUSHIL)

Q2 FY15-16 Earnings Presentation

November 2015

Important Notice

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.

Financial Highlights

Q2 FY15-16 vs. Q2 FY14-15

Net Sales	EBITDA	Profit Before Tax (PBT)	Profit After Tax (PAT)
Rs. 755 million	Rs. 94 million	Rs. 49 million	Rs. 21 million
+6%	+40%	+217%	+174%

Commenting on the results, **Mr. Krupesh Ghanshyambhai Thakkar, Managing Director** of **Rushil Decor** said:

"We continued to build on our strong growth momentum during the quarter. Our revenue recorded a modest growth of 6% compared to same period last year, but our profitability improved significantly. This robust increase in profitability was driven by better product mix coupled with ongoing cost control measures. Our MDF business segment continued to be the primary growth driver and accounted for 45% of total revenue and 54% of operating profits.

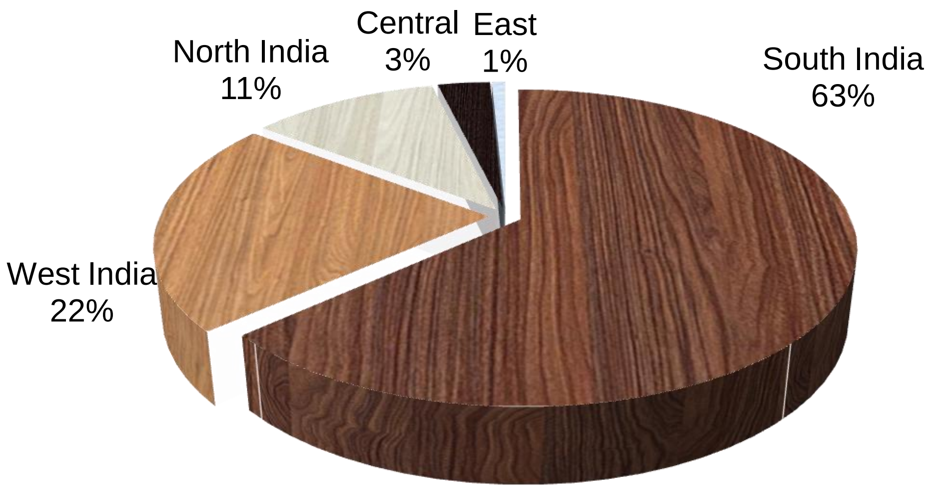
The medium to long-term outlook of both the businesses i.e. laminates and MDF is very encouraging due to increasing urbanization resulting in demand for ready-made furniture. Furthermore, over the past few years MDF and laminates industry have been growing at a CAGR 20% and 10%, respectively. We expect the trend to continue and benefit from it on the back of our quality products as well as diverse portfolio. Our longstanding customer relationship is also expected to enable us and capitalize on the opportunities going forward."

Financial Performance

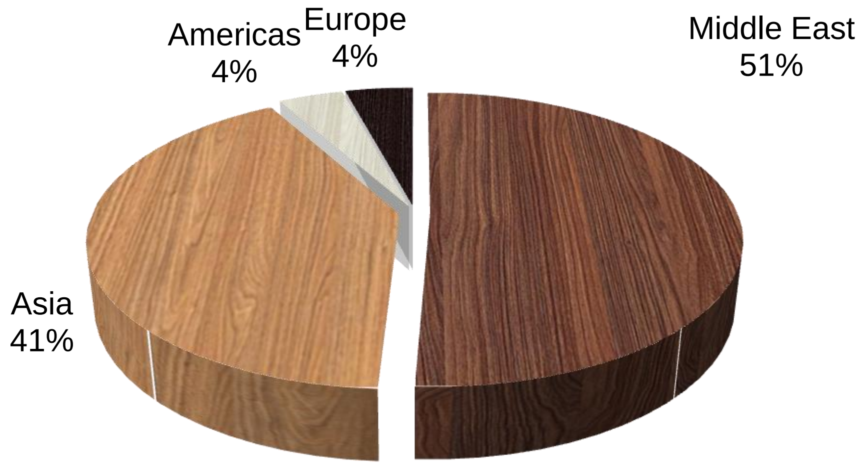
Key Financial Statistics

(Rs. Million)	Q2 FY15-16	Q2 FY14-15	Q2 FY13-14	*Y-o-Y Growth (%) Q2 FY15-16*	*Y-o-Y Growth (%) Q2 FY14-15*	Six Months Ended FY15-16	Six Months Ended FY14-15	*y-o-y Growth (%)*
Net Sales (Incl. Other Operating Income)	754.6	710.2	695.8	*6.2%*	*2.1%*	1,470.7	1,397.7	*5.2%*
EBITDA	93.7	66.9	83.3	*40.1%*	*(19.8)%*	188.8	129.5	*45.8%*
Margin (%)	*12.4%*	*9.4%*	*12.0%*			*12.8%*	*9.3%*	
PAT	20.6	7.5	12.8	*174.2%*	*(41.2)%*	41.3	14.9	*178.0%*
Margin (%)	*2.7%*	*1.1%*	*1.8%*			*2.8%*	*1.1%*	
Basic EPS (Rs.)	1.43	0.52	0.89	*175.0%*	*(41.6)%*	2.87	1.03	*178.4%*

Domestic Sales Breakup[1] (Rs. 474 mm)



Export Sales Breakup (Rs. 262 mm)



Note:
1. Includes trading sales

Financial Performance

Key Financial Statistics

Segment Revenue (Rs. Million)	Q2 FY15-16	Q2 FY14-15	*y-o-y Growth (%)*	Half Year FY15-16	Half Year FY14-15	*Y-o-Y Growth (%)*
Laminates & allied products	409.8	435.1	*(5.8)%*	812.4	836.1	*(2.8)%*
Particle Board	0.0	3.4	*nm*	0.0	30.6	*nm*
Medium Density Fiber Board	329.2	260.2	*26.5%*	629.3	510.3	*23.3%*
Less: Inter segment revenue	2.7	6.2	*(56.0)%*	8.1	9.7	*(16.2)%*
Revenue form Operations[1]	**736.3**	**692.6**	***6.3%***	**1433.6**	**1367.4**	***4.8%***

Segment Revenue – Q2 FY15-16[2]

Segment Profit (Rs. Million)	Q2 FY15-16	Q2 FY14-15	*y-o-y Growth (%)*	Half Year FY15-16	Half Year FY14-15	*Y-o-Y Growth (%)*
Laminates & allied products	38.6	36.8	*4.9%*	77.0	75.3	*2.3%*
Particle Board	0.4	(3.3)	*nm*	0.5	(12.4)	*nm*
Medium Density Fiber Board	45.8	21.5	*112.6%*	94.5	48.4	*95.3%*
Total Segment Profit	**84.8**	**55.0**	***54.2%***	**172.0**	**111.3**	***54.6%***

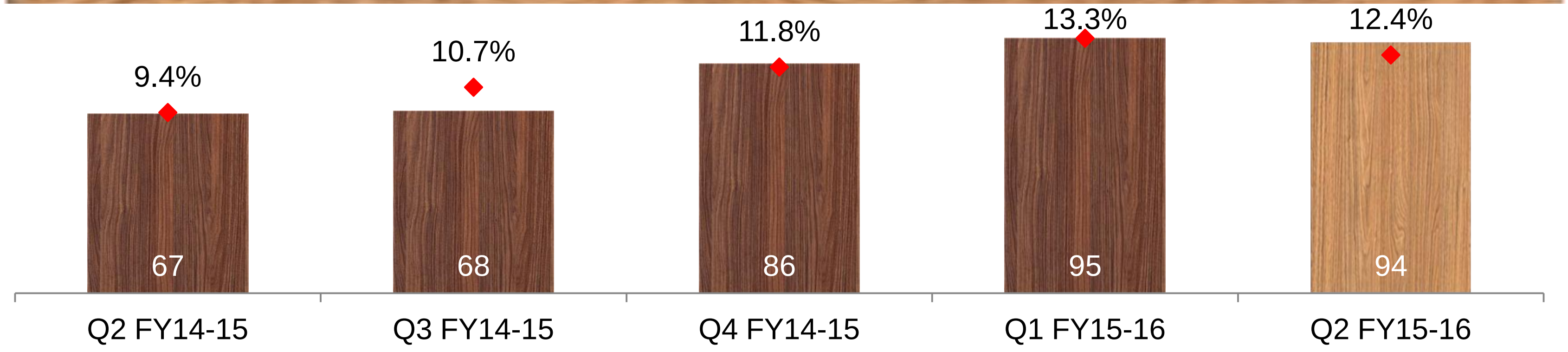
Segment Profit – Q2 FY15-16[2]

Note:
1. Excludes other operating income
2. Particle Board business has been discontinued

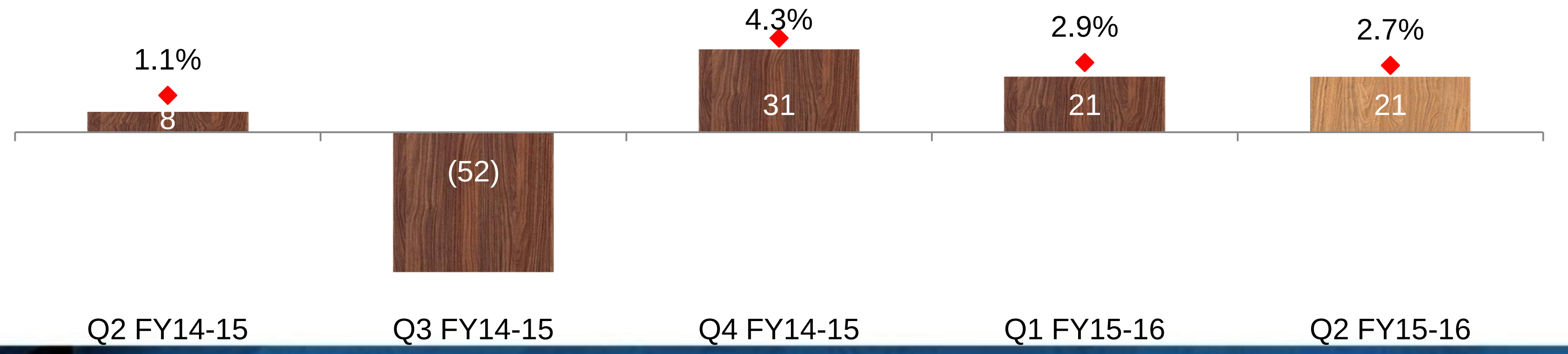
Financial Performance

Revenue (Rs. Million)

EBITDA (Rs. Million) and Margin (%)



PAT (Rs. Million)



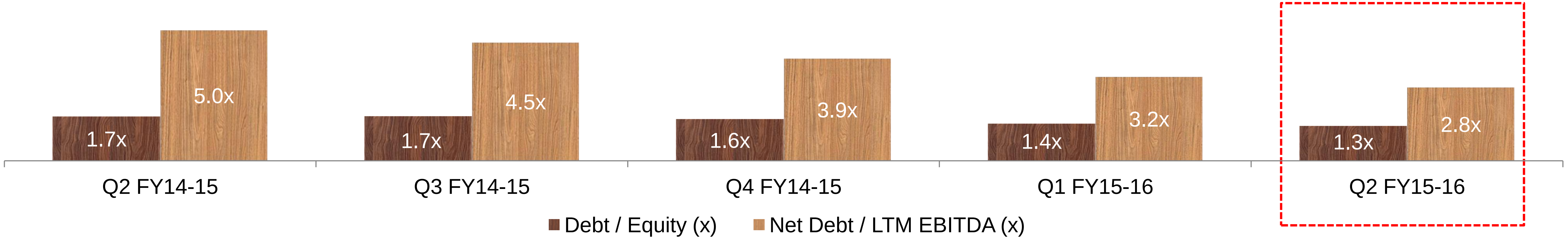
Key Highlights

- Our performance for the quarter improved due to better sales mix
  - MDF accounted for 45% of total revenue compared to 38% in Q2 FY14-15
- The increase in contribution of MDF in the operating profit supported the margin improvement compared to Q2 FY14-15
  - MDF accounted for 54% of EBIT compared to 39% in same quarter last year
- Ongoing cost control initiatives resulted in significant decline of raw material cost
- Scheduled repayment of term loans helped in reducing interest liability and improving profitability

Leverage Profile

Particulars (Rs. million)	30-Sep-15	30-Jun-15
Short Term Borrowings	422	394
Long Term Borrowings	483	521
Current Portion of Long-Term Borrowings	130	163
Debt	**1,035**	**1,078**
Less: Cash & Cash Equivalents	(74)	(64)
Net Debt / (Net Cash)	**961**	**1,014**
Equity	**782**	**761**

Gradually improving leverage profile



About Us

Rushil Décor

- Started operations in 1993, the Company is engaged in the manufacturing of decorative laminate products and medium density fibre board (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 "Vir MDF"
- Has three decorative laminate manufacturing units in Gujarat and one MDF manufacturing unit in Karnataka

Quality

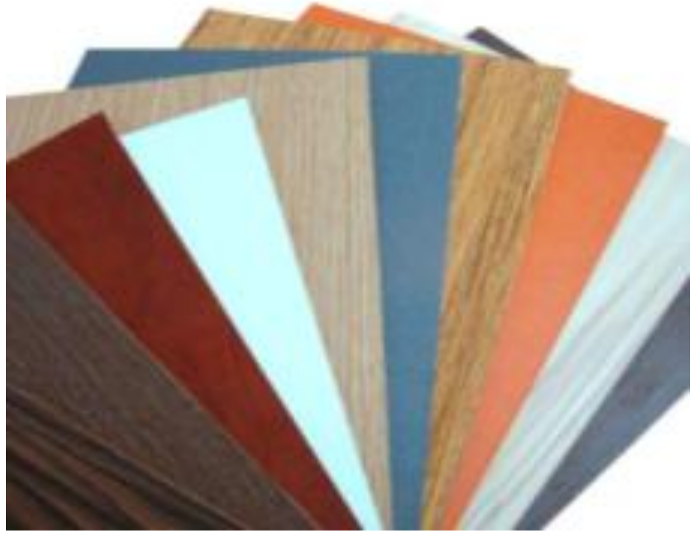
- ISO 9001:2000 certifications for quality; ISO 18001:1999 certification for health & safety and ISO14001: 2004 for environmental system for all the units

Network and Global Presence

- Strong and wide distribution network in domestic as well as international market
- The Company's product is exported to regions such as North America, South America, Europe, Middle East, China, South East Asia and Far East Asia

Product Portfolio

Presence across wide spectrum of products

Laminates	MDF	Prelam
		
Artificially created materials made from paper and resins	Medium Density Fibre board (MDF) is made from wood fibres	Boards with laminated surfaces

History

1993

Rushil Decor Private Limited was Incorporated

2003

Started distributing products to over 25 countries

2007

- Awarded the ISO 9001:2000 certifications for quality
- Awarded the ISO 18001:1999 certification for health and safety
- Awarded The ISO14001: 2004 for environmental system for all the units
- Amalgamation Of MRPL & RHPL manufacturing units into Rushil Decor Private Ltd.
- Signed MOU with government of Gujarat for new projects
- Land acquisition of Navalgadh plant, Dhrangadhra, Surendranagar, Gujarat
- Rushil Decor Private Limited rebranded as Rushil Decor Limited On December 4, 2007

2009

- Ventured into plain particle board at Navalgadh, Dhrangadhra, Surendranagar, Gujarat.
- Purchased new land site at Chikmagalur, Karnataka for establishing new project for manufacturing MDF boards

2011

Listed on BSE & NSE stock exchanges

2012

Started commercial production of MDF boards

2014

- Company started manufacturing of pre-laminated MDF board in 2014 at its existing plant location at Chikmagalur
- Discontinued particle board business at Navalgarh plant

Board of Directors

Ghanshyambhai A. Thakkar
Chairman, Promoter

Has an experience of more than 40 years in the industry of laminated sheets, plywood, particle board, prelam board and allied items

Jingle P. Thakkar
Independent Woman Director

Has significant experience in the field of finance and accounts

Krupeshbhai G. Thakkar
Managing Director, Promoter

Has an experience of more than 15 years in laminated industry and has been conferred with several accolades which include the “Rajiv Gandhi Shiromani Award” and the “Indira Gandhi Sadbhavana Award”

Shankar Prasad Bhagat
Independent Director

Has an experience of 25 years in the field of finance and accounts

Kaushikbhai J. Thakkar
Director

Has wide experience of admin, business affairs of branches as well as business with consignment agents

Rohitbhai B. Thakkar
Independent Director

Has vast experience across various domains of the business

Investment Rationale

Key Takeaways

Shareholder focused management team

- Robust organic growth
- Focused on improving shareholders return

Strong financial position

- Consistently increasing operating margins
- Healthy cash flow from operations

Diversifying customer base

- Strong and growing order book
- Increasing base of international and domestic customers

Significant growth opportunities

- Company to benefit with growth in long term housing and infrastructure
- Huge gap in demand supply of housing and other end markets

Statutory Financials

RUSHIL DECOR LIMITED

Second Quarter and Half Year Results for Financial Year 2015-16

(Rs. in lacs)

Sr No.	Particulars	Quarter Ended			Half Year ended		Year Ended
		30.09.2015	30.06.2015	30.09.2014	30.09.2015	30.09.2014	31.03.2015
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	PART-I Statement of Unaudited Financial Results for the Quarter and Half year ended 30th Sep 2015						
1	Income from operations						
	(a) Net sales / Income from operations (net of excise)	7,362.80	6,973.61	6,926.29	14,336.41	13,673.64	26,960.11
	(b) Other Operating income	183.37	187.64	176.13	371.01	303.25	605.48
	Total income from operation (a)+(b)	7,546.17	7,161.25	7,102.42	14,707.42	13,976.89	27,565.59
2	Expenses						
	a) Cost of materials consumed	4,184.08	3,963.89	4,457.97	8,147.97	8,521.85	16,597.74
	b) Purchase of stock- in- trade	234.39	118.16	87.26	352.55	352.29	709.36
	c) Changes in inventories of finished goods, work-in- progress and stock in trade	58.52	151.10	119.20	209.62	227.17	5.64
	d) Employees benefits expense	462.87	398.47	382.87	861.34	760.50	1,571.79
	e) Depreciation & amortisation expense	162.12	161.70	189.98	323.82	375.21	692.33
	f) Other expenses	1,669.79	1,578.45	1,386.55	3,248.24	2,823.02	5,854.33
	Total Expenses	6,771.77	6,371.77	6,623.83	13,143.54	13,060.04	25,431.19
3	Profit from operations before other income, finance cost and exceptional items (1-2)	774.40	789.48	478.59	1,563.88	916.85	2,134.40
4	Other income	23.98	12.94	30.73	36.92	106.95	242.71
5	Profit from ordinary activities before finance cost and exceptional items (3 + 4)	798.38	802.42	509.32	1,600.80	1,023.80	2,377.11
6	Finance cost	309.06	327.13	354.84	636.19	719.13	1,434.56
7	**Profit from ordinary activities after finance cost but before Exceptional items (5- 6)**	489.32	475.29	154.48	964.61	304.67	942.55
8	Exceptional items/ Prior period items	0.00	0.00	0.00	0.00	0.00	0.00
9	**Profit from Ordinary Activities before tax (7 - 8)**	489.32	475.29	154.48	964.61	304.67	942.55
10	Tax expense						
	Current Tax	100.21	96.91	30.91	197.12	60.96	71.75
	Deferred Tax	182.96	171.24	48.39	354.20	95.04	333.43
11	**Net Profit (+)/Loss (-) from Ordinary Activities after Tax (9 - 10)**	206.15	207.14	75.18	413.29	148.67	537.37
12	Extraordinary Items (Net of Tax expenses)	0.00	0.00	0.00	0.00	0.00	601.91
13	**Net Profit (+)/Loss (-) for the period (11-12)**	206.15	207.14	75.18	413.29	148.67	(64.54)
14	Paid up equity share capital (Face value of Rs. 10/- each)	1,440.00	1,440.00	1,440.00	1,440.00	1,440.00	1,440.00
15	Reserves excluding Revaluation Reserves as per balance sheet of the previous accounting year	0.00	0.00	0.00	0.00	0.00	5,962.60
16	Basic & Diluted EPS Before & After Extra Ordinary Items for the Period (Rs.) (Not Annualised)	1.43	1.44	0.52	2.87	1.03	(0.45)
	PART-II Information for the Quarter and Half year ended 30th September, 2015						
A	**PARTICULARS OF SHAREHOLDING**						
	1 Public shareholding						
	Numbers of shares	6,348,266	6,348,266	6,345,410	6,348,266	6,345,410	6,348,266
	Percentage of shareholding	44.09%	44.09%	44.07%	44.09%	44.07%	44.09%
	2 Promoters and Promoter Group Shareholding						
	a) Pledged / Encumbered						
	Number of shares	Nil	Nil	Nil	Nil	Nil	Nil
	b) Non -encumbered						
	Number of shares	8,051,734	8,051,734	8,054,590	8,051,734	8,054,590	8,051,734
	Percentage of shares (as a % of the total shareholding of the Promoter and Promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Percentage of shares (as a % of the total share capital of the company)	55.91%	55.91%	55.93%	55.91%	55.93%	55.91%
B	**INVESTOR COMPLAINTS**						
	Pending at the beginning of the quarter	0					
	Received during the quarter	0					
	Disposed during the quarter	0					
	Remaining unresolved at the end of the quarter	0					

(Rs. In Lacs)

Sr No	Particulars	Quarter Ended			Half Year ended		Year ended
		30.09.2015	30.06.2015	30.09.2014	30.09.2015	30.09.2014	31.03.2015
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Segment Revenue**						
a	Laminates & allied products	4,098.24	4,026.01	4,351.20	8,124.25	8,361.19	16,306.28
b	Particle Board	0.00	0.00	34.48	0.00	305.89	374.69
c	Medium Density Fiber Board	3,291.73	3,001.54	2,602.29	6,293.27	5,103.33	10,511.30
d	Unallocated	0.00	0.00	0.00	0.00	0.00	0.00
	Total	7,389.97	7,027.55	6,987.97	14,417.52	13,770.41	27,192.27
	Less: Inter segment revenue	27.17	53.94	61.68	81.11	96.77	232.16
	Net sales from Operations	7,362.80	6,973.61	6,926.29	14,336.41	13,673.64	26,960.11
2	**Segment Results**						
	Profit before Interest and Tax:						
a	Laminates & allied products	386.18	383.73	368.13	769.91	752.98	1,889.79
b	Particle Board	4.48	0.77	(33.25)	5.25	(123.69)	(175.50)
c	Medium Density Fiber Board	457.60	487.55	215.21	945.15	483.66	877.59
d	Unallocated	0.00	0.00	0.00	0.00	0.00	0.00
	Total	848.26	872.05	550.09	1,720.31	1,112.95	2,591.88
	Less:						
i	Interest	309.06	327.13	354.84	636.19	719.13	1,434.56
ii	Other Unallocable expenditure	49.88	69.63	40.77	119.51	89.15	214.77
	Add:						
i	Unallocable Income	0.00	0.00	0.00	0.00	0.00	0.00
	Total Profit Before Tax	489.32	475.29	154.48	964.61	304.67	942.55
3	**Capital employed**						
	(Segment assets-Segment Liabilities)						
a	Laminates & allied products	2,900.42	2,769.98	2,723.31	2,900.42	2,723.31	2,692.03
b	Particle Board	266.77	393.21	2,161.57	266.77	2,161.57	421.42
c	Medium Density Fiber Board	11,792.56	11,700.94	11,124.47	11,792.56	11,124.47	11,776.35
d	Unallocated	(85.49)	(26.16)	(8.82)	(85.49)	(8.82)	18.97
	Total	14,874.26	14,837.97	16,000.53	14,874.26	16,000.53	14,908.77

Second Quarter and Half Year Results for Financial Year 2015-16

(Rs. in lacs)

Particulars	30/09/2015 (Unaudited)	31/03/2015 (Audited)
I. Equity and Liabilities		
(1) Shareholder's Funds		
(a) Share Capital	1,440.00	1,440.00
(b) Reserves and Surplus	6,375.89	5,962.60
Sub-Total Shareholders fund	**7,815.89**	**7,402.60**
(2) Non-Current Liabilities		
(a) Long-term borrowings	4,825.37	5,629.65
(b) Deferred tax liabilities (Net)	1,758.57	1,404.37
(c) Other Long term liabilities	407.57	415.55
(d) Long term provisions	66.86	56.60
Sub-Total Non-Current Liabilities	**7,058.37**	**7,506.17**
(3) Current Liabilities		
(a) Short-term borrowings	4,216.57	4,324.95
(b) Trade payables	5,694.02	4,936.34
(c) Other current liabilities	1,954.94	1,955.89
(d) Short-term provisions	134.84	67.92
Sub-Total Current Liabilities	**12,000.37**	**11,285.10**
Total - Equity and Liabilities	26,874.63	26,193.87
II.Assets		
(1) Non-current assets		
(a) Fixed assets	13,724.51	13,673.68
(b) Non-current investments	1.17	0.67
(c) Long term loans and advances	507.67	432.93
(d) Other non-current assets	309.49	429.75
Sub-Total Non-current assets	**14,542.84**	**14,537.03**
(2) Current assets		
(a) Inventories	6,013.06	5,632.17
(b) Trade receivables	4,955.76	4,354.10
(c) Cash and cash equivalents	736.17	689.06
(d) Short-term loans and advances	626.80	981.51
Sub-Total Current assets	**12,331.79**	**11,656.84**
Total - Assets	**26,874.63**	**26,193.87**

Rushil Decor Limited
CIN - L25209GJ1993PLC019532

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