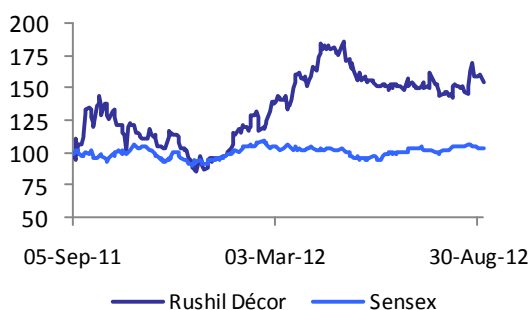


September 4, 2012

CMP **Rs. 210.3**

BSE Code	533470
BSE ID	RUSHIL
High/Low 1Y (Rs.)	252.5 / 115.9
Average Volume (3M)	88,071
Market Cap (Rs. Cr.)	302.9

Shareholding %	Jun-12	Mar-12
Promoters	55.55	55.55
DII [#]	0.03	0.07
FII [#]	7.53	7.04
Public & Others	36.89	37.34

Stock Chart (Relative to Sensex)


Stock Performance (%)	1M	6M	1Yr
Rushil Décor	7.8	10.5	55.8
Sensex	1.4	-1.1	4.4

Financials	FY10	FY11	FY12
Revenue	95.5	122.7	153.2
Y-o-Y	8.9%	28.5%	24.9%
EBITDA	7.0	14.2	17.4
Y-o-Y	153.0%	103.6%	22.5%
Net Profit	3.5	4.5	5.7
Y-o-Y	28.3%	27.2%	26.8%
EPS (Dil.)	4.0	5.1	4.4
EBITDA Margin	7.3%	11.6%	11.3%
Net Profit Margin	3.7%	3.6%	3.7%
P/E(x)	52.5x	41.2x	48.1x

Financial year ends at March 31 on consolidated basis.

All figures in Rs. crore except for per share data

[#] FIIs- Foreign Institutional Investors

[#] DIIs- Domestic Institutional Investors

Rushil Décor Ltd.

Company Overview

Rushil Décor Limited was incorporated in the year 1993 and is the flagship company of the Rushil Group. The group has evolved from a small laminate unit in Mansa, Gujarat to a modern, state-of-the-art manufacturer of particle board products and decorative laminate products. The company functions through an integrated multi-product facility strategically located in Gujarat. The promoters have been associated with manufacturing of laminate sheets and other allied items for more than 15 years. The company has an installed capacity, which enables it to produce 30 lakh sheets per annum.

Company Fundamentals

Strong brand presence

The Indian plywood and laminates industry is largely fragmented and unorganized. However, Rushil Décor is one of the largest sellers of Laminate sheets in the organized market, and has created the brands like "Vir Laminate" and "Signor".

Expansion underway

In order to capture greater market share, the company is diversifying and has initiated activities to establish Medium Density Fibre (MDF) Board Project in Karnataka. Globally, MDF has been accepted for a wide range of interior decoration as well as exterior applications, owing to the versatility of MDF.

Increase in domestic and export sale boosts topline

The turnover of Laminate segment rose from Rs 10.74 crore in FY11 to Rs 12.84 crore in FY12, showing growth of over 20%. The Particle Board segment witnessed a growth of 50% with turnover increasing from Rs 12.95 crore in FY11 to Rs 19.49 crore in FY12. The exports of the company rose from Rs 65.79 crore in FY11 to Rs 78.86 crore in FY12 showing a growth of over 19.7%.

Key Strengths

- High entry barrier due to Government regulations
- Strong sales and marketing network
- Proven and experienced management team
- Favorable demand outlook for engineered wood products

Company Business

Rushil Decor Ltd. is the flagship company of the Rushil Group. Rushil Decor Ltd. was incorporated on May 24, 1993 as a private limited company with the name, Rushil Decor Pvt Ltd. The company offers comprehensive engineered interior products, which include decorative laminate sheets, Industry laminate sheets, plain particle boards and Rushil kitchen doors. All the products are manufactured by the company in an integrated multi-product modern facility, strategically located in Gujarat. In December, 2007, the company was converted into a public limited company and the name was changed to Rushil Decor Ltd.

The company operates through two segments – the laminates & allied products and particle board. During FY12, the laminates and allied segment grew by 20% to Rs 128.45 crore.

Rushil Décor's Manufacturing Plants

Manufacturing Unit	Product	Installed Capacity	Major Brands
Kalol, Mansa, Gandhinagar, Gujarat	Decorative Laminate Sheet	4,80,000 Sheets	Vir Laminate
G.I.D.C. Mansa, Gandhinagar, Gujarat	Decorative Laminate Sheet	8,40,000 Sheets	Vir Laminate
Dholakuva Patia, Gandhinagar, Gujarat	Decorative Laminate Sheet	16,80,000 Sheets	Vir Laminate
Dhrangadhra, Surendranagar, Gujarat	Plain Board Particle (PB)	13,76,000 Sq metre	Vir Board
Chikmagalur, Karnataka	Medium Density Fibre Board	90,000 Cubic Meter	

Source: Company.

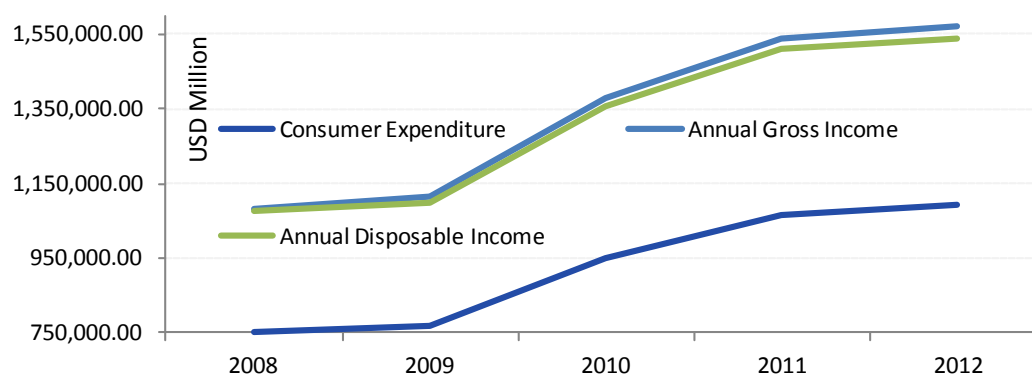
The company was listed on the BSE on July 7, 2011. The proceeds from the initial issue was primarily used in establishing the Medium Density Fibre (MDF) Board plant at Chikmagalur, Karnataka. The company has completed the establishment of its MDF plant with an installed capacity of 90,000 cubic meter per annum for manufacturing MDF at Chikmagalur, Karnataka. The full fledged commercial operation from the plant started on September 6, 2012. The principal usage of MDF/Particle board is in the construction of cupboards, shutters and wardrobes, shelves, table tops, cabinets, household and office furniture, computer furniture, panels in doors, beaded doors, partitions and floorings. These items also find application in carom board, photo frame, shoe hills, stationaries, display etc. MDF/Particle Boards are cheaper than Plywood due to lower cost of wood required and higher utilization of the raw material. MDF/Particle Boards utilize close to 90% of the tree compared to Plywood, which uses only the centre of high-quality logs, leading to about 60% utilization of the tree. The cost of wood used for Plywood is approximately nearly 2 times of cost for MDF/ Particle Board. MDF/Particle Boards are also quicker and more flexible to make furniture with machines compared to time required for Plywood. MDF boards and particle boards can be pre-laminated at factory, whereas Plywood requires lamination on site with the help of decorative laminates. As a result, the usage of MDF is increasing, and the company's investment will enable it to use the new opportunities.

The company has set up a large distribution network and operates through marketing offices, consignment agents and distributors. As on April 30, 2011, the company had a network of 2150 dealers, who in turn, supply to sub dealers/ retailers ensuring the availability of products off-the-shelf in different parts of India. Moreover, the company intends to target real estate developers and other large coprorate bodies in the construction business to further expand its business.

Industry Overview

Furniture made from Plywood accounts for about 95% of the industry sales with MDF and PB accounting for the rest. Plywood is primarily used by households but MDF and PB have gained popularity in the commercial sector. However, due to changing preferences, the MDF and PD segments are steadily increasing their market share. The outlook for the industry in India remains positive. With FDI in real estate and an increase in business opportunities in India, the real estate sector is on a growth path. New SEZs, large malls, residential complexes, hotels, hospitals, office complexes and other commercial complexes are all fuelling the growth of the real estate sector and in turn the wood and furniture industry. India's urban population is expected to rise from 28% to 40% of the total population by 2020, requiring substantial investment in the country's urban infrastructure. Future growth is likely to be concentrated in and around 60 to 70 large cities with a population of 1 million or more. This will generate demand for the housing sector and ancillary products, i.e. furniture. India's per capita income doubled in seven years and is expected to increase to \$2,000 by 2016-17 and \$4,000 by 2025. An improvement in the lifestyle of Indians and demand for lifestyle products like furniture will most likely increase. Traditionally, Indians have invested in real estate, which augurs well for companies in the interior infrastructure business. As a result of the growing housing and tourism sectors and rising per capita income, the furniture sector output is expected to grow 15% annually in the next five years.

Increasing Consumer Expenditure



Source: Euromonitor

In the last five years, between 2008 and 2012, Indian consumption expenditure has grown at a faster pace than the growth of disposable income. Also, over the past five years, the share of non-food items in the expenses has been growing at a fast pace. These trends are encouraging for consumer-driven industries as the low penetration level of goods such as furniture usage are likely to increase with the evolution in the consumer preferences of Indians.

Competitor Analysis

The comparison with competitors reveals that Rushil Décor has managed to achieve a high operating margin in its business.

Company	Year End	CMP	M Cap	Revenue	EBIT Margin	EPS	P/E
Rushil Décor	Mar-12	210	303	153	9.66%	4.4	47.7x
Greenply Inds	Mar-12	189	456	1644	7.52%	22.1	8.5x
Uniply Inds	Mar-12	8	12	121	6.99%	1.5	5.3x

Source: BSE, Market cap and Revenue in Rs. crore. CMP and M Cap as of 04Sep'12

Summary Financials

Particulars (Rs. Crore)	FY10	FY11	FY12
Net Sales	95.5	116.5	147.3
Other Op. Revenue	0.0	6.2	5.8
Total Income	95.5	122.7	153.2
<i>Growth (%)</i>	<i>8.9%</i>	<i>28.5%</i>	<i>0.2</i>
Cost of Goods Sold	-74.8	-89.7	-114.5
Gross Profit	20.7	33.0	38.7
Employee Cost	-2.9	-5.0	-6.0
Other Expenditure	-10.9	-13.8	-15.4
EBITDA	7.0	14.2	17.4
<i>Growth (%)</i>	<i>153.0%</i>	<i>103.6%</i>	<i>0.2</i>
Depreciation	-1.8	-2.4	-2.6
EBIT Profit	5.2	11.8	14.8
Finance Cost	-4.7	-6.2	-8.1
Other Income	6.2	1.1	1.2
Exceptional Items	0.0	0.0	0.0
PBT	6.7	6.6	7.9
Income Tax	-3.2	-2.2	-2.2
Profit after Tax	3.5	4.5	5.7
<i>Growth (%)</i>	<i>27.4%</i>	<i>27.2%</i>	<i>26.8%</i>
Extra Ordinary Items	0.0	0.0	0.0
Net Profit	3.5	4.5	5.7
<i>Growth (%)</i>	<i>28.3%</i>	<i>27.2%</i>	<i>26.8%</i>
Rep. Basic EPS	4.01	5.11	4.37
Rep. Diluted EPS	4.01	5.11	4.37
Equity Capital	8.8	8.8	14.4
Face value	10	10	10

Ratio Analysis	FY10	FY11	FY12
Margins			
EBITDA Margin (%)	7.3%	11.6%	11.3%
Net Profit Margin (%)	3.7%	3.6%	3.7%
Valuation			
P/E (x)	52.5	41.2	48.1
P/BV (x)	8.5	7.2	4.4
Profitability			
ROCE (%)	23.8%	17.7%	11.1%
ROE (%)	16.1%	17.5%	8.2%
Solvency Ratio			
Deb/ Equity Ratio (x)	2.68	2.96	1.53
Interest Cover (x)	1.1	1.9	1.8

Contact Details:

ICRA Online Limited
research@icraonline.com

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1st Floor, P J Towers, Dalal Street, Mumbai. Tel: 22721233/34 www.bseindia.com

