



## Press Release

### Responsive Industries Limited (RIL)

January 29, 2025

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long term Bank facilities - Term Loans	130.57	IVR A/ Stable Outlook [IVR Single A with Stable Outlook]	IVR A-/ Stable Outlook [IVR Single A minus with Stable Outlook]	Rating Upgraded	Simple
Long-Term/Short-Term Fund based Working Capital Facility - CC/WCL (Sublimit - PCFC/EPC/FBD/EBR)	240.00	IVR A/ Stable Outlook [IVR Single A with Stable Outlook]/ IVR A1 [IVR A One]	IVR A-/ Stable Outlook [IVR Single A minus with Stable Outlook]/ IVR A2+ [IVR A Two Plus]	Rating Upgraded	Simple
Short-Term Non - Fund based - Letter of credit. (Sublimit - BG/SBLC)	60.00	IVR A1 [IVR A One]	IVR A2+ [IVR A Two Plus]	Rating Upgraded	Simple
Short-Term Non - Fund based - CEL	4.80	IVR A1 [IVR A One]	IVR A2+ [IVR A Two Plus]	Rating Upgraded	Simple
<b>Total</b>		<b>435.37</b> <b>(Rupees Four Hundred Thirty-Five Crore and Thirty-Seven Lakhs only)</b>			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

Infomerics Ratings has upgraded its rating assigned to the bank facilities of Responsive Industries Limited (RIL). The upgradation takes into account the improvement in revenue and margins in FY24 (FY refers to period from April 1 to March 31). The ratings continue to factor in the established track record of promoters and extensive experience of management team, comfortable financial risk profile, and established market position with well diversified product and client base along with strong marketing network. However, the rating strengths remain constrained by working capital intensive operations and exposure to volatility in forex rates and raw material prices.



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The stable outlook is assigned on back of extensive experience of the promoters and management team and sustained improvement in company's financial performance.

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Substantial improvement in the revenue and/or profitability while maintaining the debt protection parameters.
- Efficient working capital limit utilization leading to lower dependence on external debts

#### **Downward Factors**

- Any substantial decline in scale of operation and/or profitability leading to deterioration of debt protection metrics.
- substantial increase in its working capital requirements thus weakening liquidity & financial profile

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Experienced promoters**

RIL has been promoted by Mr. Rishabh Agarwal, the Chairman, having extensive experience in the PVC (Poly Vinyl Chloride) flooring products and shipping ropes industry. It has been almost four decades for the Company being in verified tiles and Indian flooring market, which was dominated by mosaic or conventional materials like carpets. Now they are in the period of evolution. Over the time, they have seen rapid pace of development in flooring industry and the preferences of flooring have migrated from hardwood to ceramic, then to laminate and now from laminate to resilient or vinyl flooring.

##### **Healthy scale of operations and improved profitability**

The group has been making continuous efforts to maintain a healthy scale of operations. In FY24, the total operating income of the company registered a y-o-y growth of ~11.64% to Rs. 1,086.97 crore from Rs. 973.66 crore in FY23 with local sales contributing Rs. 268.53 crore in FY24 versus Rs. 269.52 crore in FY23 and export sales contributing Rs. 818.44 crore in FY24



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versus Rs. 704.14 crore in FY23 which was supported by increase in sales in India & export markets. Further, the EBIDTA & PAT improved to Rs. 242.82 crore and Rs. 161.27 crore in FY24 vis-à-vis Rs. 109.99 crore and Rs. 24.39 crore in FY23. In terms of EBITDA margins, it has improved from 11.30% in FY23 to 22.34% in FY24 primarily on the back of substantial decrease in cost of raw materials. Further it has been projected that EBITDA margins will further improve going forward between FY25 to FY27 on the back of decrease in cost of raw materials, with EBITDA projected at 24.62% for FY25. In H1FY25, on a consolidated basis, EBITDA margins stood at 21.48% as compared to 20.63% in H1FY24. In terms of product segment, Vinyl flooring contributes 80.50% of revenue followed by Synthetic leather, which contributes around 18.87%, PVC intermediaries around 0.63% in FY24.

### **Well-diversified product portfolio & strong marketing network**

The Company's main products include Vinyl Flooring, Synthetic Leather, Luxury Vinyl Tile (LVT), having 30+ product categories within. The group has a wide distribution network and world-wide more than 70 countries. It caters to over 25 end user industries with 100+ distributors pan-India, 300+ international distributors, 50 cities pan-India, 70+ countries worldwide with 30+ product categories.

### **Reputed Clientele**

The Company is largely into B2B sales and has renowned clients for different application in different sectors such as healthcare, hospitality, transportation, IT and telecom, retail, education, sports, infrastructure and real estate. The Company's marquee client base includes leading players in Healthcare, Sports & Education, Transport, and Hospitality

### **Comfortable Gearing ratio and comfortable debt protection metrics**

The company largely stands long-term debt free. The Company in FY21 availed a Rupee Term Loan facility of Rs. 31 Crore Term Loan under Union Guaranteed Emergency Credit Line [due to Covid], for a period of 5 years, which continues to support its working capital requirement over the medium term. Despite that, the overall gearing ratio improved at Group level and stood comfortable at 0.18x as on March 31, 2024 as against 0.26x as on March 31, 2023. Further, the interest coverage ratio improved and stood comfortable at 10.60x in FY24 as against 3.86x in FY23. The DSCR stood at 8.20x in FY24 as against 4.18x in FY23.



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### **Established market position with tremendous growth potential**

Among the flooring products, Luxury Vinyl Tiles (LVT) is gaining prominence across the globe, due to its superior qualities. It is one of the largest Indian producers of PVC flooring and synthetic leather cloth and caters to healthcare, hospitality, transportation, retail, sports infrastructure and real estate. The Company is among the leading producers of vinyl flooring globally.

### **Key Rating Weaknesses**

#### **Stretched Operating cycle**

The average operating cycle stood stretched at 173 days as on March 31, 2024 due to higher collection period while inventory days witnessed moderation and stood at 74 days during the year as against 85 days as on March 31, 2023. Creditors period also witnessed marginal increase and stood at 51 days during the year, as against 40 days during corresponding period previous year. Going forward, improved collection cycle will be key monitorable.

#### **Susceptible to volatility in forex rates and raw material prices**

The cost of raw material used in manufacturing vinyl flooring components like limestone, glass fibre and vinyl have high elasticity in terms of demand and supply factors. Such factors if increased or decreased, may affect the profit margin of the Company. However, the Company establishes clear terms with suppliers regarding raw material prices, determines which commodities need a dedicated strategy and accordingly implement a risk mitigation plan. It also tracks price changes and maintains raw material savings targets related to market prices. The Company is exposed to currency risk as its clients are spread across all over the world, which might have favourable or adverse effect on the Company. The unhedged foreign currency exposure as at December 31, 2024 stands at Rs. 8.38 crore.

#### **Analytical Approach: Consolidated**

For arriving at the rating, Infomerics has taken consolidated approach for the purpose of analysing the business and financial performance of the company. It has combined the business and financial risk profiles of RIL and its wholly owned subsidiaries -



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Responsive Industries Limited (Hong Kong), Responsive Industries Limited LLC (USA) and Axiom Cordages Limited (Hong Kong), hereinafter referred to as the Responsive Group on account of common management, fungibility of cash flows between the entities and expected support in terms of promoter funding to operationalize the overseas units (into similar line of business).

### **Extent of Consolidation - Full**

#### **Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

[Rating Methodology for Consolidation of Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity - Adequate**

The Group has been earning a comfortable level of GCA for the last few years, despite registering a y-o-y decline during FY22 and FY23. However, the same has witnessed a notable increase and stands at Rs. 229.98 crore in FY24. The GCAs were and are sufficient to cover the loan repayments. The average utilization of CC limits remained moderate at 48% during the 12 months ended September 2024. The current & quick ratios have improved from 1.96x and 1.30x respectively as on March 31, 2023 to 1.96x and 1.62x respectively as on March 31, 2024. The Group has unencumbered cash and bank balance of Rs. 21.35 crore as on March 31, 2024. On an overall basis, the liquidity position is thus adequate.

### **About the Company**

Responsive Industries Limited (RIL) was incorporated on July 13, 1982. It is Public Limited Company - listed on NSE & BSE and domiciled in Mumbai. Responsive Industries Limited (RIL) is a leading manufacturer of PVC Products with three product verticals - Vinyl Flooring,



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Synthetic Leather & Luxury Vinyl Tile (LVT). It is the largest Indian producer of PVC flooring and synthetic leather cloth and caters to healthcare, hospitality, transportation, retail, sports, infrastructure and real estate sectors. It is amongst top 4 producers of vinyl flooring globally. It has a state-of-the-art factory and infrastructure set-up at Boisar in Palghar district in Thane, spread across 52-acre of land, having 15 manufacturing lines. The Company has 2 wholly owned foreign subsidiaries - Responsive Industries Limited (Hong Kong), Responsive Industries Limited LLC USA and 1 foreign step-down subsidiaries - Axiom Cordages Limited (Hong Kong). It has presence in shipping ropes business through its subsidiary Axiom Cordages Limited while the other overseas subsidiaries are in similar line of business as RIL.

### Financials (Consolidated):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	973.66	1086.97
EBITDA	109.99	242.82
PAT	24.39	161.27
Total Debt	257.13	205.53
Tangible Net Worth	972.34	1137.07
EBITDA Margin (%)	11.30	22.34
PAT Margin (%)	2.46	14.59
Overall Gearing Ratio (x)	0.26	0.18
Interest Coverage (x)	3.86	10.60

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:**



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Sr. No.	Name of Security/Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					Date (December 4, 2023)	Date (September 15, 2022)	Date (July 27, 2022)
1.	Long term Bank facilities - Term Loan	Long Term	130.57	IVR A/Stable Outlook	IVR A-/ Stable Outlook	-	-
2.	Long-Term/Short-Term Fund based Working Capital Facility - CC/WCL (Sublimit - PCFC/EPC/FBD/EBR)	Long Term	240.00	IVR A/Stable Outlook/IVR A1	IVR A-/ Stable Outlook/IVR A2+	IVR A-; Rating Watch with Negative Implications	IVR A-/ Stable Outlook
3.	Short-Term Non - Fund based - Letter of credit. (Sublimit - BG/SBLC)	Short Term	60.00	IVR A1	IVR A2+	IVR A2+	IVR A2+
4.	Short-Term Non - Fund based - CEL	Short Term	4.80	IVR A1	IVR A2+	-	

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt



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instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long term Bank facilities - Term Loan	-	-	Upto March 2026	10.57	IVR A/ Stable
Long term Bank facilities - Term Loan	-	-	Upto September 2032	120.00	IVR A/ Stable
Long-Term/Short-Term Fund based Working Capital Facility - CC/WCL (Sublimit - PCFC/EPC/FBD/EBR)	-	-	Revolving	240.00	IVR A/ Stable/IVR A1
Short-Term Non - Fund based - Letter of credit. (Sublimit - BG/SBLC)	-	-	-	60.00	IVR A1





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Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Short-Term Non - Fund based - CEL	-	-	-	4.80	IVR A1

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Responsive-Industries-29jan25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities:** Not Applicable

Name of the Security	Detailed Explanation
<b>Financial Covenant</b>	
i.	
ii.	
<b>Non-financial Covenant</b>	
i.	
ii.	

### Annexure 4: List of companies considered for consolidated/Combined analysis:

Particulars	Nature	Country of Incorporation	% of shares held as on 31.03.2024
<b>Direct Subsidiaries:</b>			
Responsive Industries Limited, Hong Kong	Subsidiary	Hong Kong	100.00%
Responsive Industries LLC, USA	Subsidiary	USA	100.00%
Axiom Cordages Limited, Hong Kong	Step-down Subsidiary	Hong Kong	100.00%
Axiom Cordages Limited, India*	Subsidiary	India	-
Responsive Industries Limited, Singapore**	Subsidiary	Singapore	-

\*Axiom Cordages Limited (Indian Subsidiary) has been amalgamated with the Company vide Hon'ble NCLT, Mumbai Bench order dated October 04, 2023. In view of the said order, Axiom Cordages Limited stands dissolved without being wound up.

\*\*Struck off on 10.10.2023

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com)