



FIRSTCALL
RESEARCH



KHANDWALA
SECURITIES LIMITED



RESPONSIVE

INITIATING COVERAGE

Responsive Industries Ltd.

(BOM: 505509 , NSE: RESPONIND)

*Leading Manufacturers of
Resilient Vinyl Flooring & Synthetic Leather*



OCT 26
2023

Responsive Industries Ltd

Becoming Number 1 Global Brand in Polymer Product

CMP
INR 297

Rating
Long

Target
INR 503

Upside ↑
69%

SYNOPSIS

- Responsive Industries Ltd (Responsive) is a leading India-based manufacturer of polyvinyl chloride (PVC)-based products. The company's main product verticals are Vinyl Flooring, Synthetic Leather, Luxury Vinyl Tile (LVT) and Shipping Ropes. It is among the top 4 producers of vinyl flooring globally and caters to the healthcare, hospitality, transportation, retail, sports infrastructure, and real estate sectors.
- Given the well-diversified product portfolio & strong marketing network, improving demand outlook, softening of commodity prices, and significant improvement in the EBITDA margins, Revenue and PAT of the company are expected to grow at a CAGR of 16% and 179% over FY24E to FY25E, respectively.
- With growing demand for polymer products in the domestic market as well as overseas markets for commercial and household applications, the company is well-positioned to capitalize on these opportunities for profitable growth.
- Well-Diversified Product Portfolio & Strong Marketing Network:** The Company has established itself as a leading player in India as well as in the world by completing more than 5,000 projects, exporting the products to over 65 countries across the globe, and having a wide network of over 300 active distributors spread across India. The company's products are marketed both in India and abroad. It caters to 24 end-user industries worldwide with 30+ product categories.
- Strong Brand Recognition:** Responsive is a well-established brand for many of the world's leading architects. Product brands like IMPACT, Garnet, Vega, and others are well known in the market.
- 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. Responsive is the largest Indian manufacturers of vinyl flooring with a >50% domestic market share in 2022.
- With the company's increased capacity utilization, strong product development, the recent merger of Axiom Cordages Ltd., and market efforts, we expect strong growth in revenue and EBITDA in the coming years. Hence, we initiate coverage with LONG rating and Mar'25 TP of **INR 503** set at 70x FY25E EPS.

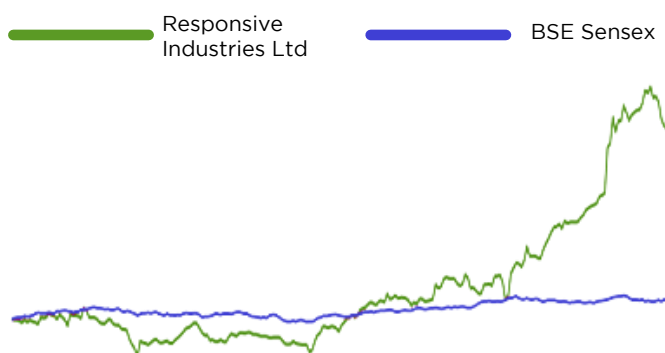
Index Details

Stock Data	
Sector	Furniture/PVC Products
BSE Code	505509
Face Value	1.00
52wk.High / Low (Rs.)	364.80 / 101.00
Volume (2WAv. Qty)	14,000
Market Cap (Rs. In Mn)	79,380

Annual Estimated Results (A* - Actual / E* - Estimated)			
(INR in Mn)	FY23A	FY24E	FY25E
Net Sales	9,736.58	10,710.24	13,066.49
EBITDA	1,260.31	2,566.07	3,339.09
Net Profit	240.40	1,240.77	1,886.97
EPS	0.93	4.59	7.19
P/E	347.31	64.70	41.30

Shareholding Pattern (%)	as of June, 2023	As of Sep, 2023
Promoter	58.94	58.94
FIIIs	35.67	35.45
DIIIs	3.56	3.56
Public	1.83	2.06

1 Year Comparative Graph



INVESTMENT RATIONALE

Merger of Axiom Cordages Ltd:

“Responsive” is expected to gain strategic advantages through its recent merger of Axiom Cordages Ltd. with the Company. Axiom Cordages is a leading manufacturer of ropes and advanced rope products with over 20 years of experience in global ship supply. This merger solidifies its position as a leader in the ship supply sector and enables them to offer a more extensive range of advanced rope solutions to its valued clients, serving nearly 140 ports worldwide. The merger is projected to have a positive impact on the Company’s financial performance, resulting in significant increases in both Revenue and EBITDA.

Leveraging Axiom Cordages expertise in nets, the Company is set to enter the aquaculture market, a high-potential sector that was previously untapped by the company. This strategic move aligns with its diversification strategy and positions them at the forefront of meeting market demands.

Experienced Promoters:

The promoters have 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 PVC flooring business and Indian flooring market, which was dominated by mosaic or conventional materials like carpets. Now they are in the period of evolution. Over time, the industry has 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. Luxury Vinyl Tile (LVT) has sparked the industry and is expected to be the next biggest evolution in flooring.

Strong Brand Recognition:

Responsive is a well-established brand for many of the world’s leading architects. Its vinyl flooring has been used in 5,000+ projects. Product brands like IMPACT, Garnet, Vega, Spica, Talitha, Canopus, Regor and others are well known in the market. The company caters to a wide array of clients in government, transportation, commercial and hospitals. It has reputed customer base like Indian Railways, Mercedes Benz, Tata Motors, Volvo, Seven Hills Hospital, Big Bazaar, Mannington, Roppe, Duchateau etc. Some of their key brand distributors are Elias Wilf Co., Herregan Distributors, All South Flooring etc.

Greater Manufacturing Efficiency and Scale Lead to Pricing Power:

The company faces very little competition from domestic players as most of them are unorganized and do not match with the quality and scale that Responsive can provide. Foreign competition is easily negotiated by the company as its efficiency in manufacturing lead to lower cost which it can pass on to the consumers.

Well-Diversified Product Portfolio & Strong Marketing Network:

The Company’s main product verticals are Vinyl Flooring, Synthetic Leather, Luxury Vinyl Tile (LVT) and Shipping Ropes. It has established itself as a leading player in India as well as in the world by completing more than 5,000 projects, exporting the products to over 65 countries across the globe, and having a wide network of over 300 active distributors spread across India. The company’s products are marketed both in India and abroad. It caters to 24 end-user industries worldwide with 30+ product categories.

Great Market Opportunity

Well Placed to Benefit from Investments of Indian Railways and Bus Body Manufacturers:

Indian Railways: Responsive is a leading supplier to Indian Railways more than 20 years including new innovations for Vande Bharat trains. It supplies PVC flooring and leather requirement of the Indian Railways. The Indian Railways plans to add a number of new routes and increase trains across existing routes to cater to the growth in passenger traffic, which would result in addition of coaches. The Union Budget for 2023-24 allocates an impressive INR 2.40 lakh Cr in capital expenditure for the Indian Railways, representing a substantial nine-fold increase from 2013-14, with a commitment to further



growth. The introduction of the Vande Bharat Express has revolutionized train travel, reducing journey times by 25–45%. Over the next three years, the ambitious plan is to construct and manufacture 400 new-generation Vande Bharat Express trains. Additional funds will be directed towards these modern trains and the sleeper-class Vande Bharat 2.0, with an average manufacturing cost of approximately INR 115 Cr for a 16-coach Vande Bharat train. On the back of this and refurbishment demand, we expect orders from the Indian Railways to remain robust in the medium term. The current order book of Indian Railways stood at INR 1,000 Mn.

Indian Buses: The Company supplies seat covering and upholstery requirement of the 30+ domestic bus body manufacturers. As of October, 2023, the Indian government's push for electric buses has resulted in a substantial order book exceeding INR 15,000 Cr, with over 9,000 buses on order. Notably, major players, including Tata Motors, Switch Mobility, VECV, and Olectra Greentech, have also received substantial orders for electric buses. This surge in demand for electric buses is poised to benefit Responsive Industries, a major synthetic leather supplier to the Indian bus market, as these electric buses utilize their products. Furthermore, government schemes like FAME II and PM e-bus Seva, along with Tata Motors' recent orders, highlight the growing momentum in India's electric bus industry, positioning Responsive Industries for potential growth in this emerging market. Driven by the government's thrust on improving public transport and demand from niche segments such as schools and corporate, Responsive will be a key beneficiary of growth in demand. The current order book of Indian buses stood at INR 600 Mn.

Reputed Clientele:

The Company 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 Narayana Health, Wockhardt Hospitals, Seven Hills Hospitals (Healthcare), American School of Bombay, Escola Nacional de Bombeiros (Sintra, Portugal), Qatar University (Sports & Education), Indian Railways, BEST, Volvo, Scania (Transport), Taj Mahal Hotels, JW Marriott, Westin Hotels & Resorts, Pan Pacific Singapore, Chhatrapati Shivaji International Airport etc. (Hospitality), J.P. Morgan, One Plus (Corporates), Mannington, Roppe, Duchateau to name a few.

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. The Company is among the top four producers of vinyl flooring globally. Responsive holds a dominant market position with a well-established presence both in India and globally. In India, they are recognized as the brand leader with their product "IMPACT" available throughout in all 29 states, and they are a primary supplier to various sectors, including healthcare facilities, Indian Railways, and more. Their influence extends to the United States, where they supply both private label and branded programs, making them a significant Indian supplier in the US distribution market. Furthermore, they are the sole Indian producer of healthcare sheet vinyl, maintaining established specifications in government and private medical institutions. Their global footprint is substantial, with exports reaching 65 countries across all four of their product verticals. This extensive reach and market leadership demonstrate Responsive's significant impact and influence in their industry.

Fastest Growing Flooring Segment:

Luxury Vinyl Plank (LVP) stands out as the fastest-growing segment in the flooring industry, and Responsive is positioned to capitalize on this burgeoning demand. As the sole Indian producer with substantial expertise and a large manufacturing base in LVP, Responsive is well-prepared to leverage the immense opportunities within this market. Projections for the global vinyl flooring industry indicate its rapid growth, with estimates reaching USD 42.6 Bn by 2027, including significant figures in the United States (USD 13.01 Bn) and the Asia Pacific (USD 14.40 Bn). Notably, LVP is expected to maintain a CAGR of 11% per annum, outperforming traditional options like ceramic tile. Responsive's extensive history in manufacturing high-quality flooring, coupled with their substantial production capacity in both India and China, positions them as a leading choice for large distributor orders. In the US, their distribution and service center in Simpsonville, SC, enables unmatched service to American customers, with next-day deliveries made possible by a substantial inventory position. Additionally, the residential sales segment is on a steady growth trajectory, with a focus on brand building and marketing initiatives to further enhance their presence.

Investment Brief:

With a zero-debt profile supported by a robust and confirmed order book, with Company’s future plans to expand its customer base, improved operating efficiencies achieved through ground-breaking technologies, creative systems, procedures and also with future expansion strategies, the Company’s revenues are expected to grow at a faster pace at a healthy growth rate over the medium term, the operating profits of the Company would certainly witness exponential growth rates in the coming periods.

Product Launches and aggressive sales strategy:

The company's sales strategy for Luxury Vinyl Planks (LVP) is focused on introducing new products. The company has successfully launched several luxury vinyl plank (LVP) products in the last 2 years, with specifications ranging from 4.5 mm to 6.5 mm, targeting various customer preferences. The main driver of growth in LVP market is the IMPACT brand, with new product launches including Coastal, Prestige, Allure, Elegance, Inspire, and Bellissimo.

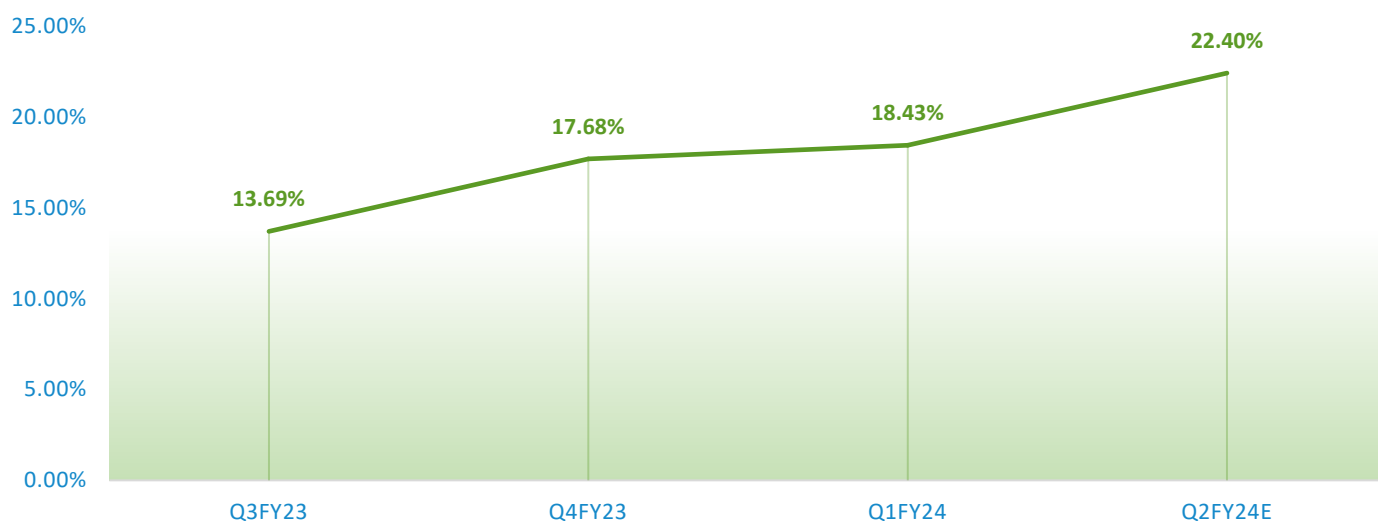
In the Retail segment, the company aims to cater to the less than 5000 sq. ft. flooring segment through store-front presence, and they have established partnerships with key retailers such as Arc One Décor, Marshal, and Veneer Spot. The company's ambitious goal is to place LVP in 2,500 store outlets within the next 3-5 years. In the institutional sector, the company is focused on selling LVP to hotel chains, builders, and organized retail projects. For larger commercial, government, and administrative projects exceeding 5,000 sq. ft., the company is actively developing specifications to meet the flooring needs. They are also continuously expanding their distribution network by collaborating with dealers in various other flooring segments, such as wooden, laminate, and carpet tiles. Notably, they've added 300 new dealers for their product Impact in the last 6 months.

On the international front, exports have gained momentum, and the company has established a branded presence in 20 states in the USA. They are also a preferred choice for contract manufacturing of luxury vinyl tile (LVT) and stone plastic composite (SPC) for global players. This comprehensive strategy underscores the company's commitment to both domestic and international growth in the luxury vinyl plank market.

Significant Improvement in EBITDA Margins:

The EBITDA margin for the Q1FY24 stood at 18.43%, compared to 7.84% in Q1FY23.

EBITDA Margin (%)





INDUSTRY OVERVIEW –PVC/POLYMER PRODUCTS

India is currently witnessing an unprecedented phase of urbanization, with a significant number of people moving from rural to urban areas. Furthermore, the rapid economic growth has resulted in a considerable rise in disposable income, particularly among the middle-class population, which led to an increased demand for improved living standards and housing facilities. Apart from this, the significant growth in the construction industry is resulting in a heightened demand for durable, stylish, and cost-effective flooring solutions, such as vinyl flooring. Moreover, the expanding commercial sector, which includes offices, retail spaces, and the hospitality industry, also fuels this demand as businesses seek to enhance the aesthetics and functionality of their spaces. Besides this, vinyl flooring provides the ability to mimic materials, such as wood and stone, which is further contributing to the market growth.

Global 'Vinyl' Flooring Industry:

Global Vinyl flooring market is worth USD 45.1 Bn in 2022 growing at a CAGR of 12%. It will reach USD 65.6 Bn by 2027. The Global vinyl flooring market is driven by factors such as growing consumer residential floorings and increasing purchasing power of consumers, technological advancement and nominal maintenance resulting in increased strength, longevity and cost effectiveness.

Indian Vinyl Flooring Industry:

Vinyl flooring market in India has reached value USD 1,190 Mn in FY22. The market is expected to grow at a CAGR of 10% p.a. to reach a value of USD 1,898 Mn by FY27. The rising development of modern housing facilities, along with the introduction of vinyl flooring with high aesthetic value and sharper textures, is currently driving the India vinyl flooring market. Increasing demand for vinyl flooring products is due to its longevity, ease of installation and maintenance of such products over traditional flooring materials, lower price points and provides overall comfort.

Opportunities:

The company is among the market leaders in Polymer products segment. The consumption of PVC products like PVC leather cloth is increased with reasonable percentage in both commercial and household purposes and for other PVC products like PVC sheeting, flooring the consumption in commercial purposes has been increased.

With this growing demand of Polymer products in the domestic market as well as the overseas markets for commercial and household application, the company is expecting several opportunities for profitable growth. The Company has all geared up to meet these challenges and continue to be among the leaders in this sector. Certain aspects may impede the market's growth. The primary parameter restricting the market's growth is the high installation cost.

Interlocking vinyl tiles or SPC is the fastest growing flooring segment globally and is estimated to grow the vinyl flooring category from USD 25 Bn in 2020 to USD 45 Bn by 2025. The reason for the tremendous growth is the fast replacement of carpet, laminated and engineered wood is due to ease of installation, ease of maintenance, higher durability and better aesthetics.

COMPANY PROFILE

Responsive is a well-established company with over 3 decades of experience in manufacturing, marketing, and distributing a wide range of products, including luxury vinyl planks, resilient vinyl sheet, synthetic leather, synthetic ropes, and waterproof membrane. They operate within five product verticals, each catering to different industries. Notably, their subsidiary, Axiom Cordages, handles synthetic ropes, and Responsive Industries boasts a significant presence in the vinyl flooring market, with a 10,000 metric tons per month operating capacity. They are the largest vinyl flooring player in India and have a US subsidiary for distribution and customer service.

The company's leadership is in the hands of a second-generation entrepreneur with 15 years of experience in the vinyl flooring business, holding a degree in Mechanical Engineering and Business Administration. Their products, such as Luxury Vinyl Plank and synthetic leather, find applications in various industries, including residential and commercial spaces, healthcare, transportation, and more. This diverse product portfolio and industry presence make Responsive Industries a significant player in its field, with a strong focus on quality and innovation.

Year	Key Milestones
1982	Incorporated as Sinhal Holding Ltd.
1996	Renamed as Responsive Polymers Ltd.
2000	Undertook international certifications and processes
2004	Undertook significant upgradation of machinery and production capabilities
2004	Investment in Axiom Cordages for capacity expansion and product innovation
2007	Name of the company changed to Responsive Industries Ltd.
2010	Completed capacity expansion in Axiom Cordages
2011	New capacity of PVC products was commissioned
2013	Listed on MCX Stock Exchange. Further expanded Axiom's capacity
2013	Added flex vinylplank and tile to portfolio
2017	Shifted focus to value-added innovations in flooring
2019	Launched 100% waterproof Luxury Vinyl Plank under the "IMPACT" brand
2020	Setup Distribution centre in Simpsonville, SC to service US Distribution
2022	Established manufacturing overseas for LVP to support expanding capacity need

Production Capability and Capacity:

Responsive's extensive Indian manufacturing facility, located in Boisar, Maharashtra, covers 62 acres and was independently valued at approximately USD 75 Mn in February 2022. It operates an extensive manufacturing facility with 15 integrated production lines. In their flooring division, they excel in a fully integrated process, covering extrusion, calendaring, lamination, foaming, printing, and finishing, with an impressive contract vinyl sheet capacity exceeding 25 Mn meters. Meanwhile, in the leather sector, they employ multifunctional lines for coating, calendaring, vacuum embossing, lamination, and foaming, achieving a remarkable leather cloth capacity of over 30 Mn meters. This state-of-the-art setup reflects their unwavering commitment to quality and efficiency across various product verticals. Responsive's consistent ability to meet such high production demands solidifies their position as a prominent industry leader. The company's team comprises of a dedicated workforce, including 3 key R&D officers, 5 senior QC officers, 20 mid-level managers with technical expertise, 100 skilled operators, and 500 workers, ensuring high-quality output and operational excellence.

Segment	Capacity in (MT/Month)
Flooring	6,000
Leather	2,000
Ropes	2,000

Note: The Company has an exclusive facility for Luxury Vinyl Planks overseas. The production capacity is 7.50 Mn SFT per month.

Product Verticals:

Responsive, backed by 30 years of leadership in this sector, is in a prime position to meet the unprecedented demand for global supply chains to source from India, all while benefiting from diversified product verticals such as synthetic leather, synthetic ropes, and printed sheet vinyl, which provide a stable foundation for further growth opportunities.

- Luxury Vinyl Plank:** Responsive offers Luxury Vinyl Plank (LVP), a 100% waterproof flooring solution that convincingly replicates the appearance of wood and tile. With its water resistance and versatile aesthetics, LVP is ideal for residential and commercial applications, including offices, retail spaces, and hospitality environments, making it a versatile choice for replacing laminate, hardwoods, engineered woods, carpet, and ceramic tiles.
- Resilient Sheet Vinyl:** As the sole Indian producer of commercial-grade sheet vinyl, Responsive specializes in various types, including homogeneous, safety, sports, conductive, and heterogeneous sheet vinyl. Their products are specified by architects for use in healthcare, transport, indoor sports, education, and hospitality interiors. They maintain distribution networks across India and export to 35 countries.
- Transport Flooring:** Responsive specializes in Synthetic Leather, a versatile and cost-effective material widely used in the transport and automotive industry for applications like automotive upholstery, interiors, and after-market products. In addition to Synthetic Leather, they have a strong presence in Transport Flooring, having been a leading supplier to Indian Railways for over two decades and providing innovations for trains like Vande Bharat. They also cater to the motor coach industry, serving institutional customers such as Tata, Eicher, JBM, Ashok Leyland, and Olectra.
- Synthetic Leather:** The company produces fire-resistant commercial-grade synthetic leather used in railways, buses, and the automotive sector in India. In addition, household and commodity-grade synthetic leather is distributed pan-India, and similar grades are exported to 20 countries.
- Synthetic Ropes:** Responsive, particularly through its subsidiary Axiom Cordages, specializes in Synthetic Ropes crucial for mooring and specialized applications. These ropes are known for their strength, flexibility, and durability, making them ideal for mooring ships and various specialty uses. Responsive Industries' expertise in offering a variety of rope types, including PP, PE, Nylon, and Polyester, in different strand constructions, is underscored by their global reach, with distribution in 35 countries and a specific emphasis on the USA market.
- Waterproof Membrane:** Responsive provides technical geo-synthetic membranes used in infrastructure tunnels, roofing systems, and construction applications. This product vertical serves critical roles in various construction and infrastructure projects.



Each of these product verticals showcases Responsive's diverse product mix and their commitment to delivering quality products across a wide range of industries, both in India and on the global stage.

Revolutionary Luxury Vinyl Flooring:

Responsive introduced its revolutionary Luxury Vinyl Plank (LVP) flooring line, known as IMPACT, in 2019. This product range includes Resonate, Allure, Prestige, Opulence, and Inspire, all of which were developed through the company's In-house research and development efforts. With a clear focus on the B2C segment, these offerings cater to the residential market, providing a desirable alternative to various flooring materials such as carpet tiles, wooden flooring, engineered wood, laminates, vitrified tiles, ceramic tiles, stone tiles, and natural marble. IMPACT's key features include an easy installation process, incorporating patented I4F and UNILIN technologies, making it a versatile substitute for a wide range of flooring options while offering waterproof properties. Furthermore, the product's durability, ease of maintenance, and ability to handle heavy foot traffic are noteworthy, making it a compelling choice for homeowners. With a competitive pricing range and an average lifespan of up to 25 years, IMPACT represents Responsive's commitment to innovation in the LVP flooring segment, offering an attractive and sustainable solution for residential spaces.



100%
WATERPROOF



LOOKS NATURAL
FEELS REAL



CLICK SYSTEM
INSTALLATION



LIFETIME RESIDENTIAL
WARRANTY



100% RECYCLABLE
LOW CARBON FOOTPRINT



MEDIUM TO HEAVY
FOOT TRAFFIC

Strong R&D:

Responsive demonstrates a strong commitment to research and development (R&D) with a well-defined design and development process. This process entails careful planning, input considerations, and output generation. It emphasizes verification and validation to ensure that designs meet the stated requirements and are suitable for their intended applications. The design review assesses appropriateness, adequacy, and effectiveness of the designs. Customer requirements, commercial viability checks, technical product studies, and prototypes play integral roles in this process. Approval by the customer and finalizing product costs are critical steps before moving into commercial production. The company employs various equipment, such as Two Roll Mills, Spectro Photometers, Gas Chromatographs, and Cone Calorimeters, to facilitate different aspects of design and development, ensuring that their products meet high standards and safety requirements. This robust R&D initiative reflects the company's dedication to delivering quality and innovation across its diverse product portfolio.

**Revenues by Geographical Markets:**

Revenue (INR in Mn)	Consolidated Figures				
	FY19	FY20	FY21	FY22	FY23
India	4395.65	2173.99	1744.3	7160.44	5766.37
Export	3354.73	3157.24	5812.83	3827.7	3956.76

Financial Summary:

Financial Summary (INR in Mn)	Consolidated Figures					
	FY19	FY20	FY21	FY22	FY23	Q1FY24
Total Revenue	7750.00	5330.00	7560.00	11034.21	9736.58	10710.24
EBITDA	920.00	700.00	1280.00	1097.54	1099.75	2399.09
EBITDA Margins	11.87%	13.13%	16.93%	9.95%	11.30%	22.40%
PAT	294.6	243.7	244.00	1.59	244.38	1223.37
PAT MARGINS	3.80%	4.57%	3.23%	0.01%	2.51%	11.42%
RoE	3.19%	2.58%	2.52%	0.02%	2.43%	10.88%
RoCE	5.00%	4.00%	6.00%	2.34%	4.51%	14.33%

Peer Group:

COMPANY NAME	CMP	MARKET CAP	EPS(TTM)	P/E(X)(TTM)	P/BV(X)
	(INR)	INR in Mn	(INR)	Ratio	Ratio
Responsive Industries Ltd	297.00	84787.50	2.33	127.46	7.76
Astral Ltd	1962.00	527030.00	17.00	110.00	19.43
HIL Ltd	2942.00	22180.00	90.51	42.30	1.78
Supreme Industries Ltd	4588.00	582800.00	68.26	67.20	13.22



QUARTERLY RESULTS HIGHLIGHTS (CONSOLIDATED BASIS)

Results updates Q1-FY24:

The revenue from operations grew by 15.70% during Q1-FY24 to INR 2631.69 Mn as compared to INR 2,274.60 Mn in the corresponding quarter of the previous year. Net Profit increased to INR 295.18 Mn as compared to Net Loss of INR 85.73 Mn in Q1-FY23. EBIDTA grew by 123.08% to Rs.509.82 Mn as compared to INR 228.54 Mn in Q1FY23. EPS increased to INR 1.14 as compared to negative EPS of INR 0.33 in Q1-FY23. The EBITDA margin for the quarter stood at 18.43%, compared to 7.84% in Q1-FY23.

(INR in Mn)	Q1-FY24	Q1-FY23	% Change
Revenue	2631.69	2274.60	15.70%
Net Profit	295.18	-85.73	-
EPS	1.14	-0.33	-
EBITDA	509.82	228.54	123.08%

Financial Projections: FY22-FY25E

Annual Profit & Loss Statement (Consolidated) for the period of 2022 to 2025E

(INR in Mn)	FY22A	FY23A	FY24E	FY25E
Description	12m	12m	12m	12m
Net Sales	11034.21	9736.58	10710.24	13066.49
Other Income	222.66	160.56	166.98	177.00
Total Income	11256.87	9897.14	10877.22	13243.49
Expenditure	-9936.67	-8636.83	-8311.14	-9904.40
Operating Profit	1320.20	1260.31	2566.07	3339.09
Interest	-164.55	-284.59	-221.70	-204.60
Gross profit	1155.65	975.72	2344.37	3134.49
Depreciation	-1052.67	-691.40	-596.70	-624.00
Exceptional Items	0.00	0.00	0.00	0.00
Profit Before Tax	102.97	284.32	1747.67	2510.49
Tax	-101.98	-39.94	-524.30	-602.52
Profit After Tax	1.00	244.38	1223.37	1907.97
Extraordinary Items	0.00	0.00	0.00	0.00
Minority Interest	-0.89	-3.97	-18.60	-21.00
Share of Profit & Loss of Asso	0.00	0.00	0.00	0.00
Net Profit	0.11	240.40	1204.77	1886.97
Equity capital	262.50	262.50	262.50	262.50
Reserves	9422.58	9774.07	10978.84	12865.81
Face value (INR)	1.00	1.00	1.00	1.00
EPS (INR)	0.004	0.93	4.59	7.19


Quarterly Profit & Loss Statement (Consolidated) for the period of 31st Dec 2022 to 30th Sep, 2023E

(INR in Mn)	Q3-FY23	Q4-FY23	Q1-FY24E	Q2-FY24E
Description	3m	3m	3m	3m
Net sales	2639.34	2371.55	2631.69	2658.00
Other income	33.03	25.34	24.81	32.00
Total Income	2672.37	2396.89	2656.50	2690.00
Expenditure	-2277.92	-1952.28	-2146.68	-2062.61
Operating profit	394.45	444.61	509.82	627.39
Interest	-68.05	-61.53	-45.94	-44.80
Gross profit	326.40	383.08	463.88	582.59
Depreciation	-146.40	-146.85	-144.24	-149.00
Exceptional Items	0.00	0.00	0.00	0.00
Profit Before Tax	180.00	236.23	319.64	433.59
Tax	-11.36	-8.87	-19.53	-91.05
Profit After Tax	168.64	227.37	300.10	342.54
Extraordinary Items	0.00	0.00	0.00	0.00
Minority Interest	-0.08	-12.44	-4.92	-4.20
Share of Profit & Loss of Ass.	0.00	0.00	0.00	0.00
Net Profit	168.56	214.92	295.18	338.34
Equity capital	262.50	262.50	262.50	262.50
Face value (INR)	1.00	1.00	1.00	1.00
EPS (INR)	0.64	0.87	1.14	1.29



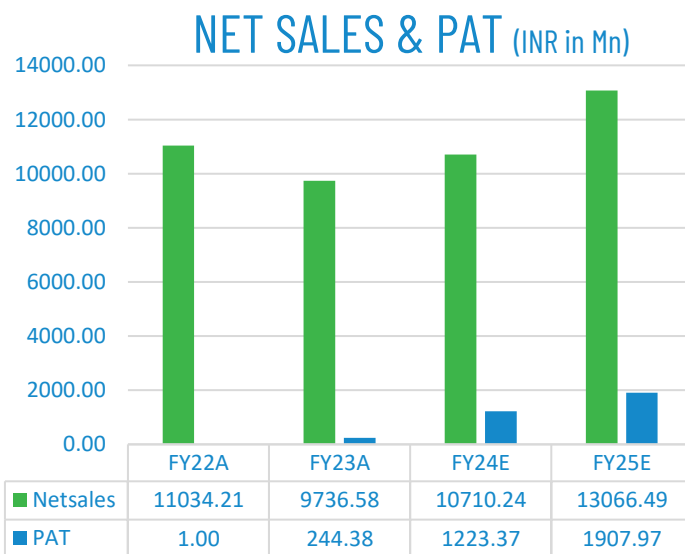
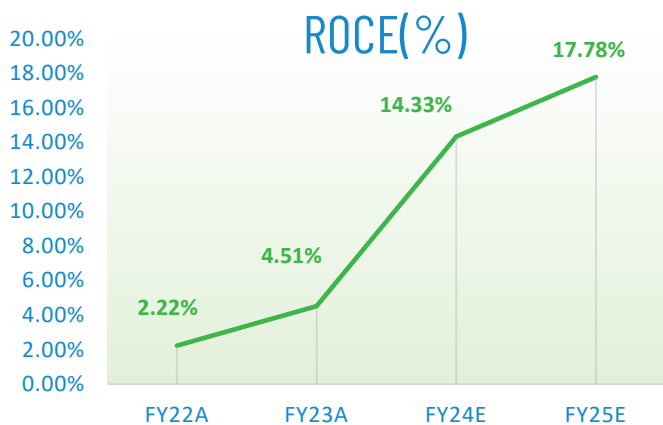
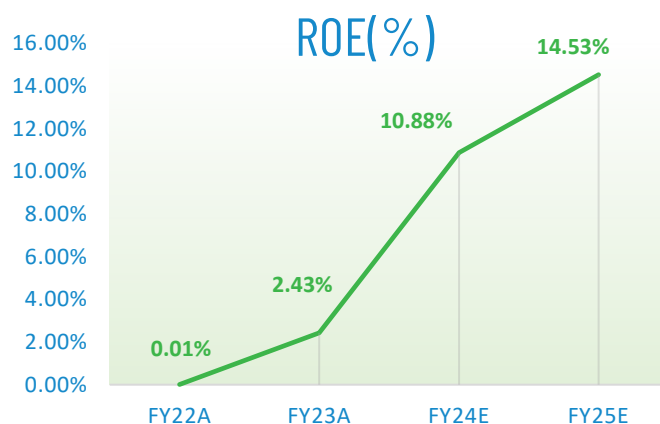
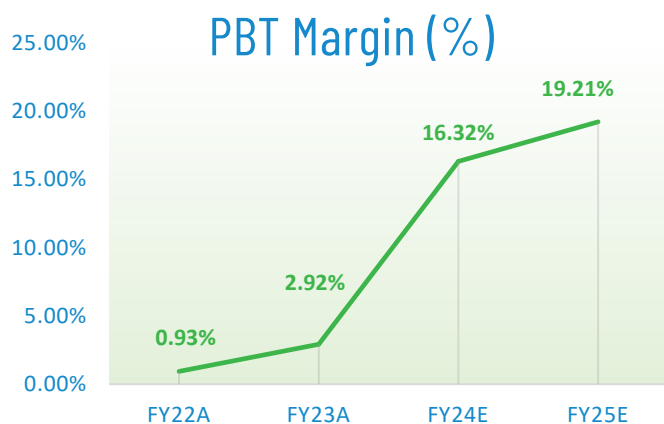
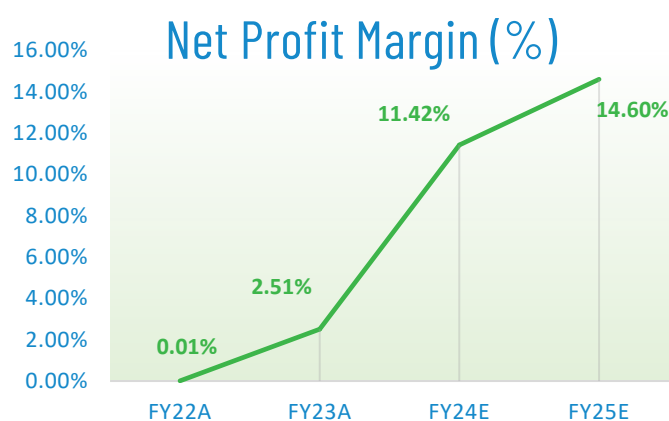
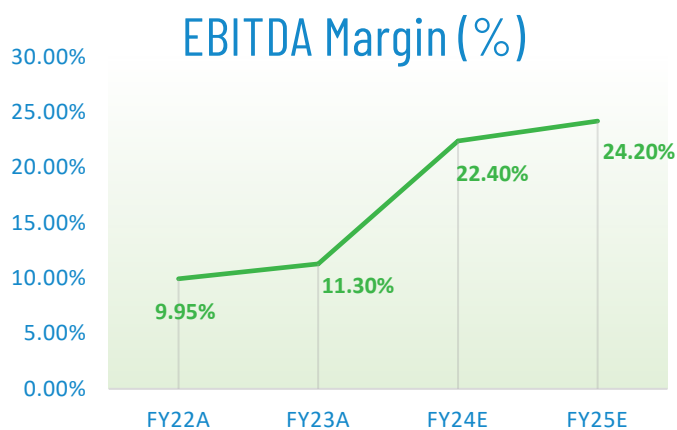
Annual Balance Sheet (Consolidated) for the period of 2022 to 2025E

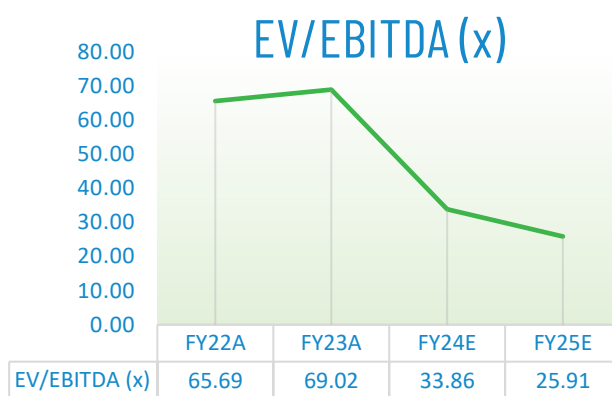
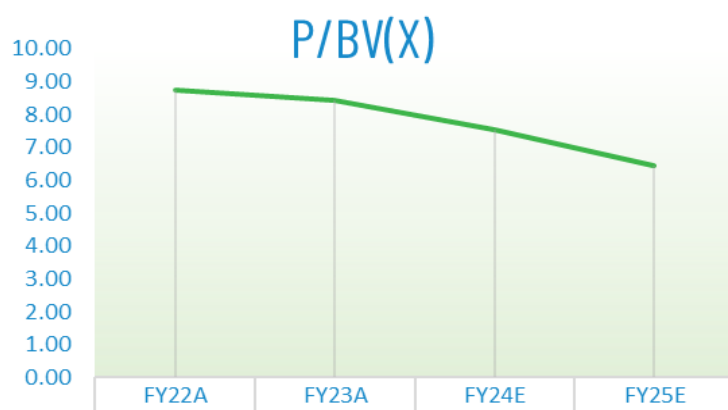
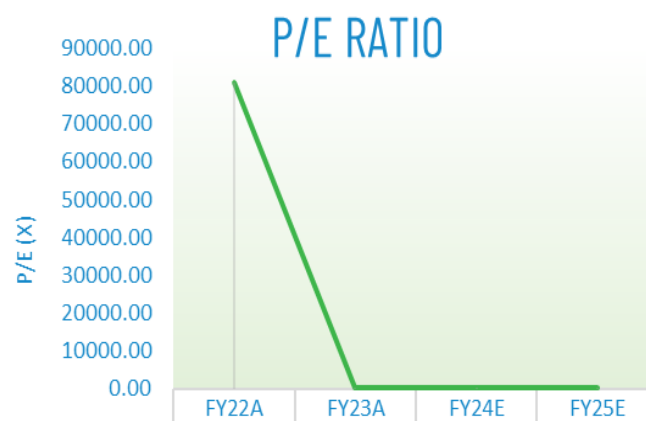
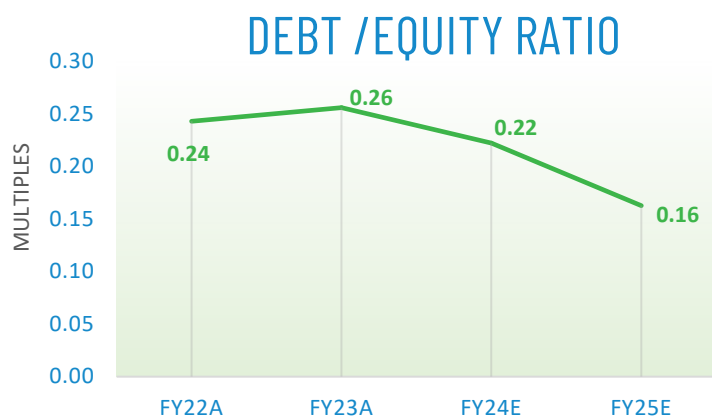
Balance Sheet as of March 31,2022-2025E (INR in Mn)	FY22A	FY23A	FY24E	FY25E
Non-Current Assets				
a) Property, Plant and Equipment	7536.72	6912.24	7050.48	7120.99
b) Capital Work in Progress	0.00	0.00	0.00	0.00
c) Right of use assets	0.00	0.00	0.00	0.00
d) Other Intangible Assets/Investments in Property	661.27	661.27	661.27	661.27
e) Financial Assets				
i) Investments	14.89	0.49	0.70	0.92
ii)Others Financial Assets	45.09	70.85	85.02	95.23
f) Other Non-Current Assets	2.65	8.77	10.96	12.61
1. Sub-Total Non-Current assets	8260.62	7653.62	7808.44	7891.01
Current Assets				
a) Inventories	1871.42	2144.08	2401.37	2897.61
b) Financial assets				
i) Investments	104.82	127.13	146.19	160.81
ii)Trade Receivables	2753.49	3383.29	3752.68	4525.90
iii)Cash and Cash Equivalents	316.04	242.98	245.41	250.31
iv)Bank balances other than cash	172.40	298.34	372.93	584.00
v)Loans	1.89	0.64	0.65	0.66
vi)Other Financial Assets	8.70	12.81	16.65	16.98
c)Current Tax Assets	0.00	0.00	0.00	0.00
d)Other Current Assets	291.49	143.56	144.99	146.44
2. Sub-Total Current Assets	5520.25	6352.81	7080.86	8582.72
Total Assets (1+2)	13780.86	14006.44	14889.30	16473.73
EQUITY AND LIABILITIES				
Equity				
a) Equity Share Capital	262.50	262.50	262.50	262.50
b) Other Equity	9767.51	10122.07	10978.84	12865.81
1. Total Equity	10030.00	10384.56	11241.33	13128.31
Non-Current Liabilities				
a) Financial liabilities				
i)Borrowings	299.28	185.49	152.30	124.00
ii)Lease liabilities	0.00	0.00	0.00	0.00
iii)Deferred Tax/Other Financial &noncurrent Liabilities	133.782	142.245	151.40	166.54
iv) Provisions	51.38	58.25	62.91	67.94
2. Sub Total-Non-Current Liabilities	484.44	385.98	366.61	358.48
Current Liabilities				
a) Financial liabilities				
i)Borrowings/Lease liabilities	2056.25	2385.81	2348.00	2014.00
ii)Trade payables	1118.66	767.06	839.40	872.98
iv)Other Financial Liabilities	10.95	8.90	12.01	14.41
b) Provisions	1.94	2.44	2.93	3.37
c)Other Current Liabilities	78.62	71.68	79.00	82.16
d)Income Tax Liabilities/&Assets-Held for sale	0.00	0.00	0.00	0.00
3.SubTotalcurrentliabilities	3266.41	3235.89	3281.35	2986.92
Total Equity and Liabilities (1+2+3)	13780.86	14006.44	14889.29	16473.71


Annual Cash Flow (Consolidated) for the period of 2022 to 2025E

Cash Flows as of March 31,2022-2025E (INR in Mn)	FY22A	FY23A	FY24E	FY25E
Cash Flow from Operating Activity				
a) Profit from operations	1270.00	1130.00	2094.00	2269.00
b) Receivables	-1090.00	-510.00	-990.00	-873.00
c) Inventory	-850.00	-270.00	-220.00	-294.00
d) Payables	660.00	-350.00	-631.00	-670.00
e) Loans Advances	0.00	0.00	0.00	0.00
f) Other WC items	-129.30	130.00	170.00	114.00
f) Direct taxes	-60.00	-60.00	-60.00	-60.00
Total Cash Flow from Operating Activity	-199.30	70.00	363.00	486.00
Cash Flow from Investing Activity				
a) Fixed assets purchased	-143.60	-78.40	-92.00	-171.00
b) Fixed assets sold	64.80	9.40	16.00	14.00
c) Investments purchased	-22.00	-7.90	-36.00	-43.00
d)Investments sold	7.30	4.10	8.00	6.00
e) Interest received	7.90	18.00	20.70	23.00
f) Dividends received	0.00	0.60	0.80	0.20
g) Other investing items	32.80	7.10	9.00	16.00
Total Cash Flow from Operating Activity	-52.80	-47.10	-73.50	-154.80
Cash Flow from Financing Activity				
a) Proceeds from borrowings	451.50	329.60	241.80	203.20
b) Repayment of borrowings	-67.20	-113.80	-189.60	-196.00
e) Investment subsidy	0.00	0.00	0.00	0.00
f) Interest paid fin	-178.60	-284.60	-221.70	-204.60
g) Dividends paid	-26.70	-26.70	-32.00	-32.00
h) Other financing items	0.00	0.00	0.00	0.00
Total Flow Cash from Financing Activity	179.00	-95.50	-201.50	-229.40
Net Cash Flow	-73.10	-72.60	88.00	101.80

Focus Charts:





Key Ratios:

Particulars	FY22A	FY23A	FY24E	FY25E
EPS (Rs.)	0.00	0.93	4.59	7.19
EBITDA Margin (%)	9.95%	11.30%	22.40%	24.20%
PBT Margin (%)	0.93%	2.92%	16.32%	19.21%
PAT Margin (%)	0.01%	2.51%	11.42%	14.60%
P/E Ratio(x)	80750.00	347.31	64.70	41.30
ROE (%)	0%	2%	11%	15%
ROCE (%)	2%	5%	14%	18%
Debt Equity Ratio	0.24	0.26	0.22	0.16
EV/EBITDA (x)	65.69	69.02	33.86	25.91
Book Value (Rs.)	36.90	38.24	42.82	50.01
P/BV	8.75	8.45	6.93	5.93

Valuation

- At the current market price of **INR 297.00**, the stock P/E ratio is at 64.70x FY24E and 41.30x FY25E respectively.
- Earnings per share (EPS) for FY24E and FY25E are expected at INR 4.59 and INR 7.19 respectively.
- Net sales and PAT of the company are expected to grow at a CAGR of 16% and 179% over FY24E to FY25E, respectively.
- On the basis of EV/EBITDA, the stock trades at 33.86x for FY24E and 25.91x for FY25E.
- Price to Book Value of the stock is expected to be at 6.93x and 5.93x for FY24E and FY25E respectively.

We are optimistic about the large potential of the Indian market with the huge private and public sector spend on critical infrastructure of healthcare, education, transport and sports. In addition, there are a vast number of hotels, retail, recreation, entertainment, and dining facilities being built across India. Combined with the growing need of buses, and the largest rail network in the world, the outlook on the Indian market remains very bullish.

With wide-scale adoption of vinyl flooring as the de-facto choice, we expect exponential growth in the coming years. Responsive is already a global player, with sales to 65 countries worldwide. With a renewed focus on the European and US markets, Responsive aims to grow its high-value business at an accelerated pace to get a big boost in revenue. “Responsive” is expected to gain strategic advantages through its recent merger of Axiom Cordages Ltd with the Company. Axiom Cordages is a leading manufacturer of ropes and advanced rope products with over 20 years of experience in global ship supply. This merger solidifies its position as a leader in the ship supply sector and enables them to offer a more extensive range of advanced rope solutions to its valued clients, serving nearly 140 ports worldwide. The merger is projected to have a positive impact on the Company’s financial performance, resulting in significant increases in both revenue and EBITDA. With the company’s increased capacity utilization, strong product development, the recent merger of Axiom Cordages Ltd., and market efforts, we expect strong growth in revenue and EBITDA in the coming years. Hence, we initiate coverage with **LONG** rating and Mar’25 TP of INR 503.00 set at 70x FY25E EPS.



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