

Responsive Industries Limited

August 25, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 430.27 Crore	Regulator[^]
Long Term Rating	IVR A/Negative (Rating Reaffirmed and Outlook revised to “Negative” from “Stable”)	RBI
Short Term Rating	IVR A1 (Rating Reaffirmed)	RBI
[^] Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

Infomerics Ratings has reaffirmed its rating and revised the outlook for the bank facilities of Responsive Industries Limited (RIL) from Stable to Negative on account of decline in total operating revenue (TOI) and profitability in Q1FY2027 (FY refers to the period April 1 to March 31) due to volatility in raw material prices resulting in subdued demand. Though the TOI moderated in FY2026, the scale of operations remained healthy. The rating continues to factor in the diversified product portfolio and established market position, , comfortable leverage and debt coverage metrics and experience of the promoters. The rating strengths are also partially offset by elongated operating cycle and susceptibility to volatility foreign exchange rates.

Outlook: Negative

The Negative Outlook factors in the declining operating revenues and profitability due to increased raw material and freight costs, and the uncertainty around the pace of recovery in revenue and margins over FY2027.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Consolidated
Parent/ Group Support	Not Applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

Diversified product portfolio and established market position

The company has a diversified product portfolio comprising Vinyl Flooring, Synthetic Leather, and Luxury Vinyl Tiles (LVT) across more than 30 product categories, catering to over 25 end-user industries. Supported by a strong domestic and international distribution network spanning over 50 cities in India and more than 70 countries globally, the company benefits from wide market reach and scalability. The company enjoys an established market position as one of the leading Indian manufacturers of PVC flooring and synthetic leather. Further, its reputed B2B clientele across healthcare, hospitality, transportation, education, sports, infrastructure, and real estate, underpins healthy growth visibility.

Comfortable leverage and debt coverage metrics

The company's financial risk profile remains comfortable, supported by a healthy tangible net worth of Rs. 1558.93 crore as on March 31, 2026, an improvement over Rs. 1,345.39 crore as on March 31, 2025. Total debt decreased from Rs. 256.24 crore as on March 31, 2025, to Rs. 195.00 crore as on March 31, 2026, comprising term loans, lease liabilities, and working capital borrowings. The leverage indicators remained comfortable, with overall gearing stable at 0.19x as on March 31, 2025, and 0.13x as on March 31, 2026. Total indebtedness, as reflected by TOL/ATNW, improved from 0.29x as on March 31, 2025, to 0.19x as on March 31, 2026. Debt coverage metrics remained strong, with interest coverage at 12.31x in FY2025 and 9.40x in FY2026, and debt service coverage ratio at 8.77x in FY2025 and at 5.12x in FY2026. Further, total debt to EBITDA remained stable at 0.87x for FY2025 and 0.81x for FY2026.

Experienced promoters

RIL is promoted by Mr. Rishabh Agarwal, Chairman, with an extensive experience in the PVC (polyvinyl chloride) flooring products and shipping ropes industry. The promoters have around four decades of experience in the vitrified tiles and Indian flooring market. Long-standing industry presence and understanding of shifting market dynamics support RIL's positioning and product development initiatives.

Weaknesses

Moderation in scale of operations and profitability due to volatile raw material prices in Q1 FY2027

The company demonstrated healthy scale of operations, with TOI at Rs. 1394.12 crore in FY2026 and Rs. 1,417.91 crore in FY2025. Absolute EBITDA and PAT moderated to Rs. 241.77 crore and Rs. 148.43 crore respectively in FY2026 from Rs. 295.01 crore and Rs. 198.86 crore respectively

in FY2025. Accordingly, EBITDA and PAT margins moderated to 17.34% and 10.57% in FY2026 as against 20.81% and 13.94% in FY2025.

However, in Q1 FY27 (Unaudited), the company reported TOI of Rs. 192.87 crore as against TOI of Rs. 338.71 crore in Q1 FY2026 a significant decline of ~43%. Consequently, EBITDA and PAT margins also deteriorated to 12.09% and 1.42%, respectively for Q1 FY2027 from 21.43% and 14.72% respectively in Q1 FY2026. The decline is primarily attributable to the unprecedented increase in key raw material costs, particularly PVC resin and other crude oil-linked inputs, arising from geopolitical disruptions and volatility in global energy markets. Being a highly competitive industry, the company could not fully and immediately pass through these increased costs to customers due to existing contractual commitments, competitive pricing pressures, and a time lag in implementing selling price revisions. The company expects margins to improve as input costs stabilize, and revised selling prices take effect.

Elongated operating cycle

The company's operating cycle remained elongated at 157 days in FY2025 and 204 days in FY2026. The elongation is primarily driven by high receivable days, which stood at 147 days in FY2025 and 177 days in FY2026. Inventory holding stood at 51 days in FY2025 and 60 days in FY2026. Further improvement in receivable days remains a key rating monitorable.

Susceptibility to volatility in foreign exchange rates

The company is exposed to foreign exchange risk given its geographically diversified customer base. Movements in currency exchange rates may have a favourable or adverse impact on profitability.

Liquidity – Adequate

The company's liquidity position is adequate, supported by sufficient cushion in expected average cash accruals vis-à-vis debt repayment obligations during FY27–FY28. Working capital utilisation remained low at ~17%, indicating adequate liquidity headroom.

Rating Sensitivities

Upward Factors

- Significant increase in the company's scale of operations and/or profitability while maintaining comfortable leverage and strong debt coverage metrics on a sustained basis.
- Sustained improvement in the working capital cycle, supported by timely realization of receivables.

Downward Factors

- Any significant decline in scale of operations and/or profitability, leading to weakening of debt coverage metrics and cash accruals.
- Elongation of working capital cycle, resulting in pressure on liquidity and cash flow position.

About the Company

Responsive Industries Limited was incorporated on July 13, 1982. It is a Public Limited Company - listed on NSE & BSE and domiciled in Mumbai. RIL is a leading manufacturer of PVC products with three product verticals - Vinyl Flooring, Synthetic Leather & Luxury Vinyl Tile. The factory is located at Boisar in Palghar district in Thane and has 15 manufacturing lines.

About the Group

RIL has two wholly owned foreign subsidiaries - Responsive Industries Limited (Hong Kong), Responsive Industries Limited LLC USA and one foreign step-down subsidiary - 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.

Key Financial Indicators (Consolidated):

For the year ended/ As on*	31-03-2025	31-03-2026	Q1FY2027
	Audited	Audited	Unaudited
Total Operating Income	1417.91	1394.12	192.87
EBITDA	295.01	241.77	23.31
PAT	198.86	148.43	2.74
Total Debt	256.24	195.00	--
Tangible Net Worth (TNW)	1345.39	1558.93	--
EBITDA Margin (%)	20.81	17.34	12.09
PAT Margin (%)	13.94	10.57	1.42
Overall Gearing (times)	0.19	0.13	--
Interest Coverage (times)	12.31	9.40	--

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2025	31-03-2026	Q1FY2027
	Audited	Audited	Unaudited
Total Operating Income	555.74	541.15	148.28
EBITDA	108.74	92.12	19.03
PAT	31.72	14.08	2.54
Total Debt	251.44	192.34	--
Tangible Net Worth (TNW)	952.56	964.96	--
EBITDA Margin (%)	19.57	17.02	12.83
PAT Margin (%)	5.62	2.57	2.32
Overall Gearing (times)	0.26	0.20	--
Interest Coverage (times)	4.77	3.61	--

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

Applicable CriteriaRating Methodology for Manufacturing CompaniesFinancial Ratios & Interpretation (Non-Financial Sector)Criteria for assigning Rating outlookCriteria on Consolidation of CompaniesPolicy on Default RecognitionComplexity Level of Rated Instruments/Facilities**Status of non-cooperation with previous CRA: Nil****Any other information: Nil****Rating History for last three years**

Sr. No.	Instruments/Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
					Feb 05, 2026	Jan 29, 2025	Dec 04, 2023
1.	Fund based facilities	LT/ST	365.47	IVR A/ Negative/ IVR A1	IVR A/ Stable/ IVR A1	IVR A/ Stable/ IVR A1	IVR A-/ Stable/ IVR A2+
2.	Non-fund-based facilities	ST	64.80	IVR A1	IVR A1	IVR A1	IVR A2+

Annexure 1: Instrument/Facility Details

Name of Facility/Security	ISIN	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/Outlook	Listing Status	Regulator^	Complexity Indicator
Term Loan	--	--	--	Mar 2026	5.47	IVR A/ Negative	NA	RBI	Simple
Corporate Loan	--	--	--	Sept 2032	120.00	IVR A/ Negative	NA	RBI	Simple
Letter of Credit	--	--	--	--	60.00	IVR A1	NA	RBI	Simple
CEL	--	--	--	--	4.80	IVR A1	NA	RBI	Simple
Cash Credit / WCL	--	--	--	--	240.00	IVR A/ Negative/ IVR A1	NA	RBI	Simple

Annexure 2: Facility wise lender details:

<https://infomericstorage.blob.core.windows.net/uploads/Len Responsive Ind25 Aug26 be3648a22b.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Nil

Annexure 4: List of companies considered for Consolidated/Combined analysis:

Name of the entity	Extent of Consolidation	Rationale for consolidation
Responsive Industries Limited, Hong Kong	Full Consolidation	Subsidiary
Responsive Industries LLC, USA	Full Consolidation	Subsidiary
Axiom Cordages Limited, Hong Kong	Full Consolidation	Step-down Subsidiary

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* \$	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11a	Fixed Deposits raised by NBFCs, HFCs, FIs	RBI
11b	Fixed Deposits raised by Banks	+
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts \$	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	+
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side Regulator such as IRDAI, PFRDA @

Footnotes:

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Infomerics Valuation and Rating Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

\$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

+ To be finalized following a discussion with the regulatory authorities.

Note: For activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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