



Press Release

Duroply Industries Limited

March 18, 2024

Ratings

Facilities	Amount (Rs. crore)	Ratings	Rating Action	<u>Complexity Indicator</u>
Long term Bank Facilities	45.74	IVR D ISSUER NOT COOPERATING* (IVR D Issuer Not Cooperating)	Reaffirmed and continues to remain in the Issuer Not Cooperating category	Simple
Short term Bank Facilities	37.26	IVR D ISSUER NOT COOPERATING* (IVR D Issuer Not Cooperating)	Reaffirmed and continues to remain in the Issuer Not Cooperating category	Simple
Total	83.00 (Rs. Eighty-Three Crore Only)			

**Issuer did not cooperate based on best available information*

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings reaffirmation is because of lack of adequate information regarding Duroply Industries Limited (DIL) performance and hence the uncertainty around its credit risk. Infomerics assesses whether the information available about the company is commensurate with its rating and reviews the same as per its policy.

The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the company.

Non-cooperation by Issuer

Infomerics has been regularly following up with the company to provide the required data to monitor its assigned rating to the bank facilities, vide E-mail communications dated December 07, 2023, March 04, 2024, March 07, 2024, March 11, 2024, and concurrently over several phone calls. However, despite repeated requests by Infomerics, the company's management has not submitted surveillance fees and all the essential details required for detailed review of the assigned ratings.



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Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics has to assign the rating based on the best available information. Accordingly, the long-term rating for the bank loan aggregating to Rs. 45.74 crore shall remain in the 'ISSUER NOT COOPERATING' category by Infomerics and the rating be noted as IVR D ISSUER NOT COOPERATING; based on best available information (IVR D Issuer Not Cooperating; based on best available information) and short-term rating for the bank facilities aggregating to Rs.37.26 crore shall remain in the 'ISSUER NOT COOPERATING' category by Infomerics and the rating be noted as IVR D ISSUER NOT COOPERATING, based on best available information (IVR D Issuer Not Cooperating; based on best available information) of DIL. Accordingly, the lenders, investors and other users of this rating are requested to exercise adequate caution while using this rating as this rating may not adequately reflect the current credit risk profile of the company.

Analytical Approach & Applicable Criteria: Standalone

[Criteria on Default Recognition and Post-Default Curing Period](#)

[Rating Methodology for Manufacturing companies](#)

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

[Guidelines on what constitutes Non-Cooperation by clients](#)

[Criteria of assigning Rating Outlook](#)

About the company

Founded in 1957, by late Mr. P.D. Chitlangia, Duroply Industries Limited (DPIL) initiated its operation as Sarda Plywood Industries Ltd (name changed in December 2018). Initially started as a plywood manufacturer in Assam. Upto FY21, DPIL had two segments of operations, processing of tea and manufacturing of plywood. Tea processing facility was located at Jeypore, Assam and plywood manufacturing facility is located at Rajkot, Gujarat. However, during September 2020, DPIL sold out its tea processing unit on slump sale basis and currently solely focusing on Plywood business.

Earlier, the Rajkot facility was under the ownership of PS Plywood Products Pvt. Ltd. (PSPPL) [one of DPIL's associates] which was merged into DPIL in FY19 as per National Company



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Law Tribunal (NCLT) order dated, August 10, 2018 with effect from April 1, 2016. The company sales its plywood's, under the brand name of 'DURO'.

The day-to-day affairs of the company are looked after by Mr. Sudip Chitlangia, MD. He has around three decades of business experience in plywood and tea industry.

Financials (Standalone)

(Rs. Crore)

For the year ended* / As On	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	190.83	302.34
EBITDA	15.82	15.80
PAT	-6.31	5.23
Total Debt	53.15	46.42
Tangible Net worth	63.92	87.81
EBITDA Margin (%)	8.29	5.22
PAT Margin (%)	-3.31	1.72
Overall Gearing Ratio (x)	0.83	0.53

* As per Infomerics Standard

Status of non-cooperation with previous CRA: Nil

Any other information: Nil



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Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Cr)	Rating	Date(s) & Rating(s) assigned in 2022-23 (Feb 01, 2023)	Date(s) & Rating(s) assigned in 2021-22 (Nov 17, 2021)	Date(s) & Rating(s) assigned in 2020-21 (Aug 20, 2020)
1	Long Term Fund Based Limits	Long Term	45.74	IVR D ISSUER NOT COOPERATING*	IVR D ISSUER NOT COOPERATING*	IVR D ISSUER NOT COOPERATING*	IVR BB/ Negative
2	Short Term Non-Fund Based Limits	Short Term	37.26	IVR D ISSUER NOT COOPERATING*	IVR D ISSUER NOT COOPERATING*	IVR D ISSUER NOT COOPERATING*	IVR A4

* Issuer did not cooperate based on best available information

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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 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.



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For more information visit www.infomerics.com

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility	Rating Assigned/ Outlook
Cash Credit	-	-	-	35.06	IVR D ISSUER NOT COOPERATING*
Term Loan	-	-	September 2026	10.68	IVR D ISSUER NOT COOPERATING*
Letter of Credit	-	-	-	34.61	IVR D ISSUER NOT COOPERATING*
Bank Guarantee	-	-	-	2.00	IVR D ISSUER NOT COOPERATING*
Forward Contract	-	-	-	0.65	IVR D ISSUER NOT COOPERATING*

** Issuer did not cooperate; based on best available information*

Annexure 2: Facility wise lender details: Not Applicable

Annexure 3: List of companies considered for consolidated analysis: Not Applicable

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

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