



Press Release

Duroply Industries Limited

November 17, 2021

Rating

Instrument / Facility	Amount (Rs. Crore)	Rating	Rating Action
Long term Bank Facilities	45.74	IVR D; ISSUER NOT COOPERATING* (IVR D; Issuer Not Cooperating)	Revised and Moved to ISSUER NOT COOPERATING category
Short term Bank Facilities	37.26	IVR D; ISSUER NOT COOPERATING* (IVR D; Issuer Not Cooperating)	Revised and Moved to ISSUER NOT COOPERATING category
Total	83.00 (Rs. Eighty Three Crore Only)		

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

Details of Facility are in Annexure 1

Detailed Rationale

Infomerics has revised and moved the ratings assigned for the bank facilities of Duroply Industries Limited (DPIL) to 'Issuer Not Cooperating' category because of non-receipt of annual fee for rating review from the company. Further, we have received feedback from the DPIL's lenders mentioning the delays in servicing of debt obligation by the company.

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 seeking information from Duroply Industries Limited (DPIL) to monitor the rating. However, despite requests by Infomerics, though the company has furnished major information for review, has not given required fees. In the absence of the requisite fees, in consonance with SEBI guidelines, Infomerics has to assign the rating based on the best available information. Accordingly, the ratings for the bank loan facilities of DPIL aggregating to Rs.83.00 crore shall be moved to the 'ISSUER NOT COOPERATING' category by Infomerics.



Press Release

Further, we have received feedback from the DIPL's lenders mentioning the ongoing delays in servicing of debt obligation by the company. Hence the rating be noted as "IVR D: Issuer Not Co-operating; Based on best available information".

Analytical Approach & Applicable Criteria

Standalone

Guidelines on what constitutes Non-Cooperation by clients

Financial Ratios & Interpretation (Non-Financial Sector)

Rating Methodology for Manufacturing Companies

Criteria on Default Recognition and Post-Default Curing Period

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, DIPL 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 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):

For the year ended* / As On	(Rs. crore)	
	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	209.05	181.32
EBITDA	8.27	-1.51
PAT	-4.07	-2.45
Total Debt	53.26	67.88



Press Release

For the year ended* / As On	31-03-2020	31-03-2021
Tangible Net worth	72.79	69.83
EBITDA Margin (%)	3.96	-0.83
PAT Margin (%)	-1.95	-1.34
Overall Gearing Ratio (x)	0.73	0.97

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: CRISIL ratings has maintained the rating at issuer not cooperating category due to continuous non-cooperation by the client vide its press release dated August 26, 2021.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1	Long Term Fund Based Limits	Long Term	45.74	IVR D; ISSUER NOT COOPERATING*	IVR BB/Negative (Aug 20, 2020)	IVR BB/Stable (Feb 03, 2020)	IVR BB-/Stable (November 20, 2018)
2	Short Term Non-Fund Based Limits	Short Term	37.26	IVR D; ISSUER NOT COOPERATING*	IVR A4 (Aug 20, 2020)	IVR A4 (Feb 03, 2020)	IVR A4 (November 20, 2018)

* Issuer did not cooperate; based on best available information

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually



Press Release

gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

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, suspend 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 Facility

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility	Rating Assigned/ Outlook
Long Term Fund Based Limits – Cash Credit	-	-	-	35.06	IVR D; ISSUER NOT COOPERATING*
Long Term Fund Based Limits – Term Loan	-	-	Sept. 2026	10.68	IVR D; ISSUER NOT COOPERATING*
Short Term Non-Fund Based Limits –Letter of Credit	-	-	-	34.61	IVR D; ISSUER NOT COOPERATING*
Short Term Non-Fund Based Limits- Bank Guarantee	-	-	-	2.00	IVR D; ISSUER NOT COOPERATING*
Short Term Non-Fund Based Limits- Forward Contract	-	-	-	0.65	IVR D; ISSUER NOT COOPERATING*

* Issuer did not cooperate; based on best available information

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Duroply-industries-lenders-nov21.pdf>



Press Release

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

Annexure 5: Complexity level of the rated Instruments/Facilities

Sr No.	Instrument	Complexity Indicator
1	Cash Credit	Simple
2	Term Loan	Simple
3	Letter of Credit	Simple
4	Bank Guarantee	Simple
5	Forward Contract	Simple

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.