Press Release

Duroply Industries Limited

July 7, 2025

Ratings

Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long-term Bank Facilities	45.74	IVR BB/ Stable (IVR Double B with Stable Outlook) withdrawn	IVR D ISSUER NOT COOPERATING* (IVR Single D Issuer Not Cooperating)	Rating upgraded; outlook assigned and removed from Issuer Not Cooperating category and withdrawn	Simple
Short-term Bank Facilities	37.26	IVR A4 (IVR A Four) withdrawn	IVR D ISSUER NOT COOPERATING* (IVR Single D Issuer Not Cooperating)	Rating upgraded and removed from Issuer Not Cooperating category and withdrawn	Simple
Total	**83.00 (Rs. Eighty three crore only)**				

**Issuer not cooperating; Based on best available information*

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

Earlier Infomerics had reaffirmed the ratings and continued to keep the ratings assigned to the bank facilities of Duroply Industries Limited (DIL) in the Issuer Not Cooperating category vide it press release dated April 17, 2025, due to non-submission of information required for detailed review of the company.

Infomerics has removed the long-term and short-term ratings from Issuer Not Cooperating category, upgraded the outstanding long-term and short-term ratings, assigned the long-term rating outlook and simultaneously withdrawn the long-term and short-term ratings of ‘IVR BB/ Stable/ IVR A4 (IVR Double B with Stable outlook and IVR A Four)’ with immediate effect.

Infomerics has upgraded the ratings assigned to the bank facilities of DIL on the back of regularisation of delays in servicing of bank facilities. The ratings also derive comfort from experienced promoters with long track record, strategic location of the plant and a satisfactory financial risk profile. These rating strengths are, however, constrained by dominance of unorganized sector players in domestic plywood sector leading to intense competition and working capital intensive nature of its operations.

The long-term rating outlook is assigned Stable on the back of satisfactory demand outlook of the industry coupled with increase in scale of operation and improvement in financial risk profile of the company.

The withdrawal has been taken at the request of Duroply Industries Limited, 'No Due Certificate' from Bandhan Bank, North Eastern Development Finance Corporation Limited, and 'No Objection Certificate' from Punjab National Bank and State Bank of India that have extended the facilities rated by Infomerics. The ratings are withdrawn in accordance with Infomerics' policy on withdrawal. Link to the withdrawal policy is provided below.

Key Rating Sensitivities:

Upward Factors

- Not applicable

Downward Factors

- Not applicable

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Regularisation of delays in servicing of bank facilities**

In the past there were instances of delay in servicing of bank facilities. However, the payments are regular, and the conduct of the account is satisfactory in past one year.

- **Long track record and experienced promoters**

DIL has been in the business for more than half a century with the current promoters, signifying its long & established track record. Currently, the day-to-day affairs of the company are being looked after by Whole Time Director, Mr Sudip Chitlangia having around three decades of experience in the plywood industry. He is well supported by the other directors.

- **Strategic location of the plant**

DIL's processing facility for tea division is located in Jeypore, Assam, which is in close proximity to various tea gardens. Further, these plants are well connected through road and rail transport which facilitates easy transportation of raw materials and finished goods. Proximity of the plant to source of raw-material and end market for its products results in containment of transportation. Infomerics expects that the profitability from the plywood sector will improve going forward driven by higher operation efficiency.

- **Increase in topline and profit**

TOI of the company has improved from FY24 to FY25 by ~15%. The revenue of the company improved to Rs. 371.79 crore as against Rs. 322.67, on the back of increase in quantity sold of plywood, coupled with higher realisation. Led by an increase in topline, EBITDA of the company improved to Rs. 16.95 crore in FY25 as against Rs. 11.20 crore in FY24. The EBITDA margin of the company also improved to 4.56% in FY25 compared with 3.47% in FY24.

- **Adequate capital structure and coverage indicators**

As of March 31, 2025, the capital structure of the company was adequate with total debt of Rs. crore compared with networth of Rs. 130.12 crore. As of March 31, 2025, total debt increased on a y-o-y basis, due to increase in working capital requirement of the company. The capital structure continues to remain comfortable, with adjusted overall gearing ratio of 0.42. times, adjusted TOL/TNW of 1.22. times as of March 31, 2025, compared with adjusted overall gearing ratio of 0.34 times, adjusted TOL/TNW of 1.06 times as of March 31, 2024. Further, coverage indicators were comfortable with interest coverage ratio of 2.29 times and debt service coverage of 1.54 times in FY25 (provisional), compared with interest coverage of 1.38 times and DSCR of 0.95 times in FY24.

Key Rating Weaknesses

- **Dominance of unorganized sector players in domestic plywood sector leading to intense competition**

The plywood industry has many unorganised players catering to regional demand to reduce high transportation costs, as price is the main differentiating factor in this segment. Plywood demand and prices are also adversely affected by availability of cheap substitutes such as medium-density fibre boards. Intense competition from big players like Century Ply, Greenply etc. may continue to restrict scalability and limit pricing power, thereby constraining profitability.

- **Working capital intensive nature of operations**

The operation of DPIL is highly working capital intensive due to its high inventory holding requirements. The working capital requirements of the company is largely funded by bank borrowings and elongated credit period availed.

Analytical Approach: Standalone

Applicable Criteria:

Policy on Withdrawal of ratings
Rating Methodology for Manufacturing 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 liquidity position of the company is expected to remain adequate in the near to medium term with sufficient accruals and to meet the term debt repayment in the period FY26-FY28. However, the average fund based utilisation for the past twelve months ended April 2025 was moderate at ~78% indicating. Absence of any debt funded capex provides further comfort to the liquidity position.

About the Company

Founded in 1957, by late Mr. P.D. Chitlangia, Duroply Industries Limited (DIL) initiated its operation as Sarda Plywood Industries Ltd (name changed in December 2018). Initially started as a plywood manufacturer in Assam, presently DIL has two segments of operations, processing of tea and manufacturing of plywood. Tea processing facility is located at Jeypore, Assam and plywood manufacturing facility is located at Rajkot, Gujarat. Earlier, the Rajkot facility was under the ownership of PS Plywood Products Private Limited (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 sells its plywood's, under the brand name of DURO ply and tea under the brand name of Sarda tea. The day-to-day affairs of the company are looked after by Mr. Sudip Chitlangia, Whole Time Director. He has around three decades of business experience in plywood and tea industry.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	322.67	371.79
EBITDA	11.20	16.95
PAT	1.01	7.77
Total Debt	42.80	54.72
Tangible Net Worth (adjusted)	125.89	130.12
EBITDA Margin (%)	3.47	4.56
PAT Margin (%)	0.31	2.08
Adjusted Overall Gearing Ratio (x)	0.34	0.42
Interest Coverage (x)	1.38	2.29

* *Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years: update as per the last PR

Sr. No.	Name of Security/ Facilities	Current Ratings (Year 2025-26)				Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating		Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24 (Mar 18, 2024)	Date(s) & Rating(s) assigned in 2022-23 (Feb 1, 2023)
					(Apr 17, 2025)			
1.	Long Term Fund Based Limits	Long Term	45.74	IVR BB/ Stable Withdrawn	IVR D ISSUER NOT COOPERATING*	-	IVR D ISSUER NOT COOPERATING*	IVR D ISSUER NOT COOPERATING*
2.	Short Term Non-Fund Based Limits	Short Term	37.26	IVR A4 Withdrawn	IVR D ISSUER NOT COOPERATING*	-	IVR D ISSUER NOT COOPERATING*	IVR D ISSUER NOT COOPERATING*

Issuer did not cooperate; based on best available information

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] 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.

For more information and definition of ratings please visit www.infomerics.com.

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
Cash Credit	-	-	-	-	35.06	IVR BB/ Stable withdrawn
Term Loan	-	-	-	September 2026	10.68	IVR BB/ Stable withdrawn
Letter of Credit	-	-	-	-	34.61	IVR A4 withdrawn
Bank Guarantee	-	-	-	-	2.00	IVR A4 withdrawn
Forward Contract	-	-	-	-	0.65	IVR A4 withdrawn

Annexure 2: Facility wise lender details: Not Applicable

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

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