

Deekay Pine Board Private Limited

March 17, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	9.84	CARE BB-; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	22.95	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

Deekay Pine Board Private Limited (DPBPL) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on DPBPL's bank facilities will now be denoted as **CARE BB/CARE A4; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings take into account the small scale of operations and low profitability, leveraged capital structure with weak debt coverage indicators and stretched liquidity during FY24 (FY refers to the period April 01 to March 31), susceptibility of profit margins to volatility in prices of raw material prices and foreign exchange fluctuation risk along with presence in a highly competitive and fragmented nature of industry, experienced promoters and location advantage.

Detailed description of key rating drivers:

At the time of last rating on November 19, 2024, the following were the rating strengths and weaknesses (updated for the information provided from DPBL):

Key weaknesses:

Small Scale of operations and low profitability:

Scale of operations remained small marked by TOI declined by 19% during FY24 over FY23 and stood at Rs. 44.52 crore as against Rs. 54.71 crore during FY23 due to muted demand from market along with import limitations due to the Red Sea crisis. During FY24, majority of its products have been sold in domestic market while minimal exports to France and Qatar. During 9MFY25, the company has achieved TOI of Rs.36.06 crore.

Profit margins remained low and fluctuating in the past due to intense competition with other entities in Gandhidham leading to fluctuating margins due to lower bargaining power as well due to low value addition nature of business. The PBILDT margin improved to 6.20% during FY24 as against 4.26% during FY23 led by reduced cost of materials due to increase in the prices of plywood, block boards and flush doors. Consequently, PAT margin also improved to 1.36% during FY24 as against 0.75% during FY22. Further, during 9MFY25 PBILDT margin improved to 7.29%.

Leveraged capital structure coupled with weak debt coverage indicators:

Capital structure of DPBPL remained leveraged marked by overall gearing of 3.63x as on March 31, 2024, as against 4.36x as on March 31, 2023. However, the same has improved on account of reduction in o/s of LC backed creditors as on balance sheet date. Debt coverage indicators have continued to remain weak. Although, due to improvement in absolute gross cash accruals (GCA) along with marginal decrease in debt level led to total debt (TD)/GCA improved to 30.93 times in FY24 as against 65.70 times in FY23. Interest coverage ratio, however, has marginally declined due to increase in interest cost and remained at 1.20 times during FY24 as against 1.30 times during FY23. However, during 9MFY25 Interest coverage ratio improved to 1.85 times.

Susceptibility of profit margins to volatility in prices of raw material prices and foreign exchange fluctuation risk:

DPBPL largely imports its raw materials from various countries i.e. Germany, France, South Africa, Australia and New Zealand.; hence the company is exposed to foreign exchange fluctuation risks. Moreover, the company is exposed to fluctuations in prices of raw material, i.e. timber, owing to difference in the price fluctuation occurring between placing orders to suppliers on the basis of anticipated demand and the sawing of logs against customer specific orders.

Presence in a highly competitive and fragmented nature of industry:

DPBPL operates in a highly fragmented timber industry with low entry barriers which leads to presence of numerous players operating with small operations and proximity to the customers. The high level of competition and commoditized nature of timber industry restricts the pricing power of industry players which has a bearing on their profitability. However, the promoters

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

experience enables to command certain control over sales volume and prices on the back of its diversified and established customer base.

Key weaknesses

Experienced promoters:

DPBPL is incorporated by Mr. Ashwini Kedia, Mr. Dilip Kedia, Mr. Vijay Kedia and Ms. Manjulika Kedia. The promoters of the company have an experience of around three decades in the wood industry. DPBPL is a part of family owned 'Deekay Group' having experience of over 50 years in wood and wood processing business. The group companies include KG Retail Ventures Private Limited, Costa Sports Systems Private Limited, Warming Up Kids Pre School-Private Limited, SLK Progressive Veneer Private Limited and Deekay Impex. Deekay Impex is a proprietorship firm, engaged into manufacturing of sawn timber and trading of timber logs.

Location Advantage:

The manufacturing facility of DPBPL is located in Gandhidham-Gujarat which is situated in close proximity to Kandla port which has one of the largest stockyards of imported timber in Asia and hence has become a hub for timber and wood processing units. This results in benefits with regards to easy availability of raw material, lower logistics and labour costs.

Liquidity: Stretched

Liquidity position remained stretched during FY24 as marked by tightly matched accruals as against its repayment obligations, negative cash flow from operations, elongated operating cycle and high utilization of its working capital limit. GCA was modest at Rs. 0.68 crore during FY24 and expected to remain tightly matched as against its repayment obligation of Rs. 1.14 crore for FY25. Further, due to blockage of funds into receivables and inventories, net cash flow from operations turned negative at Rs.4.01 crore during FY24 as against negative of Rs. 2.44 crore during FY23. Average utilization of its working capital limit remained high at more than 90% for past 12 months ended September 2024. Cash and bank balance however has remained modest at Rs. 1.03 crore as on March 31, 2024, as against cash and bank balance of Rs. 2.58 crore as on March 31, 2023. Operating cycle remained further elongated at 185 days during FY24 as against 146 days during FY23 which was due to higher inventory holding period.

Analytical approach: Standalone

Outlook: Stable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Plywood Boards/ Laminates

DPBPL was incorporated in the year 2002 by Mr. Dilip Kedia and Mr. Ashwini Kedia. DPBPL is a part of "Deekay Group" having a business of more than five decades in wood business. DPBPL is primarily engaged in manufacturing of veneer, plywood, blackboard, sawn timbers and trading of timbers logs and mainly caters to furniture industry. The company imports timber logs/hardwoods from countries like Singapore Europe, South Africa, etc. and manufactures veneer, plywood, block board, Flush doors, etc. Manufacturing facility of DPBPL is located in Gandhidham in Kutch district of Gujarat with installed capacity of 1.5 lakh cubit ft. per month for saw mill and 1.25 lakh Square ft. per month for Plywood processing. DPBPL sells its wood products under the brand name of "Costaa Woods"

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25
Total operating income	54.71	44.52	36.06
PBILDT	2.33	2.76	2.63
PAT	0.41	0.61	NA
Overall gearing (times)	4.59	3.64	NA
Interest coverage (times)	1.30	1.20	1.85

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	9.00	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	31/3/2026	0.84	CARE BB-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Credit Exposure Limit		-	-	-	0.45	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit		-	-	-	22.50	CARE A4; ISSUER NOT COOPERATING*

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

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	0.84	CARE BB-; Stable; ISSUER NOT COOPERATING*	1)CARE BB-; Stable (19-Nov-24) 2)CARE BB-; Stable (04-Apr-24)	-	1)CARE BB-; Stable (22-Feb-23)	-
2	Fund-based - LT-Cash Credit	LT	9.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	1)CARE BB-; Stable (19-Nov-24) 2)CARE BB-; Stable (04-Apr-24)	-	1)CARE BB-; Stable (22-Feb-23)	-
3	Non-fund-based - ST-Letter of credit	ST	22.50	CARE A4; ISSUER NOT COOPERATING*	1)CARE A4 (19-Nov-24) 2)CARE A4 (04-Apr-24)	-	1)CARE A4 (22-Feb-23)	-
4	Non-fund-based - ST-Credit Exposure Limit	ST	0.45	CARE A4; ISSUER NOT COOPERATING*	1)CARE A4 (19-Nov-24) 2)CARE A4 (04-Apr-24)	-	1)CARE A4 (22-Feb-23)	-

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

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Credit Exposure Limit	Simple
4	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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