# Deekay Impex

October 01, 2025

| Facilities/Instruments | Amount (₹ crore) | Rating[1] | Rating Action |
|---|---|---|---|
| Long Term Bank Facilities | 18.75 | CARE B+; Stable; ISSUER NOT COOPERATING* | Rating moved to ISSUER NOT COOPERATING category |
| Short Term Bank Facilities | 10.00 | 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

CARE Ratings Ltd. (CareEdge Ratings) has been seeking information from Deekay Impex (DKI) to monitor the rating(s) vide e-mail communications/letters dated August 20, 2025, September 03, 2025, and September 11, 2025, among others and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CareEdge Ratings has reviewed the rating on the basis of the best available information which however, in CareEdge Ratings opinion is not sufficient to arrive at a fair rating. The rating on DKI's bank facilities will now be denoted as **CARE B+; Stable/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 DKI's small scale of operations with moderate and fluctuating profitability margins, highly leverage capital structure coupled with weak debt coverage indicators, its presence in presence in a highly competitive and fragmented nature of industry. Further, the ratings also are also constrained on account of its susceptibility of profit margins to volatile raw material prices and proprietorship nature of constitution. The ratings further take into account the experienced proprietor with established track record of operations, established relationship with a diversified customer and supplier base and its location advantage.

**Analytical approach:** Standalone

**Outlook:** Stable

The "stable" outlook on the long-term ratings reflects CareEdge Ratings belief that entity will continue to benefit from its experienced promoters with established track record of operations in the industry and with established relationship with diversified customer and supplier base.

## Detailed description of key rating drivers:

At the time of last rating on October 07, 2024, the following were the rating strengths and weaknesses:

### Key weaknesses

**Small Scale of operations and low profitability margins**

DKI is engaged into activity of manufacturing of sawn timber as per the customer requirement from timber logs. The scale of operations of DKI remained small and fluctuating during past five years ended FY24. In FY24, DKI has reported a decline of 11.96% in its scale of operations as marked by marked by TOI Rs. 44.46 crore during FY24 as against Rs. 50.50 crore during FY23, due to muted demand from the domestic market. All the products are sold under the brand name of "Costaa woods". Further, for 5MFY24, DKI has achieved sales of Rs. 20.00 crore. The firm also has an unexecuted order book of about Rs. 15.00 crores, which is expected to be executed within the next 3 months, thereby providing short term revenue visibility. Profit margins remained low due to low value addition nature of business. During FY24, on the back of reduced cost of materials due to higher proportion of domestic purchases, PBILDT margin has improved but stood moderate at 8.09% during FY24 as against 4.91% during FY23. Consequently, PAT margin also improved and stood low at 1.57% during FY24 as against 1.05% during FY23.

**Leverage capital structure coupled with weak debt coverage indicators**

Capital structure of DKI stood highly leveraged marked by overall gearing of 6.37 times as on March 31, 2024, as against 6.97 times as on March 31, 2023, which was mainly on account higher reliance on external debt in the form of working capital limits and unsecured loans. Similarly, the debt coverage indicators also stood weak. Due to low GCA level, TDGCA remained weak at 38.10x in FY24 as against 46.14x in FY23. The interest coverage ratio, although improved marginally due to improved PBILDT in absolute terms, while the same stood weak at 1.28x in FY24 as against 1.04 times in FY23.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

### Highly working capital-intensive nature of operations

The operations of the entity remained highly working capital intensive marked by gross current asset days stood high at 321 days in FY24 (vis-à-vis 322 days in FY23) due to higher amount of funds blocked in inventory and debtors. The inventory holding period significantly increased to 224 days in FY24 (vis-à-vis 142 days in FY23) due to red sea crisis which resulted to keeping higher inventory levels through domestic procurement to mitigate the demand from its customers. The collection period remained elongated at 105 days in FY24 (vis-à-vis 95 days in FY23) due to higher credit period offered to its customers. Operating cycle deteriorated significantly and stood elongated at 190 days during FY24 as against 121 days during FY23.

### Presence in a highly competitive and fragmented nature of industry

DKI 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. Hence the profit margins of the firms like DKI remain under pressure. However, the promoters experience enables to command certain control over sales volume and prices on the back of its diversified and established customer base.

### Constitution as a proprietorship firm

DKI being a proprietorship firm is exposed to inherent risk of proprietor's capital being withdrawn at time of personal contingency and firm being dissolved upon the death/retirement/insolvency of proprietor. Moreover, proprietorship firms have restricted access to external borrowings as credit worthiness of promoter would be key factors affecting credit decision for lenders.

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

DKI largely imports its raw materials from various countries i.e. USA, South Africa, Australia and New Zealand.; hence the company is exposed to foreign exchange fluctuation risks. Furthermore, 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. Moreover, due to stiff competition in the market, the ability of DKI to pass on the increase in the price of raw material to the end-user would remain crucial. Also, in the absence of any active hedging policy or forward contract, the firm is exposed to foreign exchange fluctuation loss.

## Key strengths

### Experienced promoters with established track record of operations

DKI is promoted by Mr. Dilip Kedia, who has over three decades of experience in the wood industry. As part of the family-owned Deekay Group, which has over 50 years of expertise in wood and wood processing, DKI benefits from a rich legacy. Mr. Kedia also serves as a director in the group company Deekay Pine Board Private Limited, which has been in the wood and wood processing business for 50 years. The Deekay Group includes other companies such as KG Retail Ventures Private Limited, Costa Sports Systems Private Limited, Warming Up Kids Pre School Private Limited, and SLK Progressive Veneer Private Limited. All DKI products are marketed under the brand name "Costaa Woods."

### Established relationship with a diversified customer and supplier base

Due to long existence of the entity, DKI has established a strong relationship with a diverse customer base and supplier base. The customer profile stood diverse marked by top 5 customers contributed to 40.55% of the total sales in FY24 as against 22.02% of the total sales in FY23. Similarly, the top 5 customers contributed to 26.59% of the total purchases in FY24 as against 30.78% of the total purchases in FY23.

### Location Advantage

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

## **Liquidity**: Stretched

Liquidity position stood 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. The GCA stood low at Rs. 0.87 crore during FY24 and expected to remain tightly matched for FY25 as against its repayment obligation of Rs. 0.91 crore for FY25 and Rs. 0.84 crore in FY26. Further, due to blockage of funds in receivables and inventories coupled with decrease in creditors, net cash flow from operations turned negative at (-) Rs. 5.25 crore during FY24 as against negative cashflow of Rs. 0.60 crore during FY23. Average utilization of its working capital limit stood high at 75.08% for past 12 months ended July 2024. Cash and bank balance stood meagre at Rs. 0.06 crores as on March 31, 2024

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

## Applicable criteria

Definition of Default
Information Adequacy Risk and Issuer Non-Cooperation

Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Liquidity Analysis of Non-financial sector entities

**About the company and industry**

**Industry classification**

| Macroeconomic indicator | Sector | Industry | Basic industry |
|---|---|---|---|
| Commodities | Forest Materials | Paper, Forest & Jute Products | Forest Products |

Established in 1997, Deekay Impex (DKI) is a proprietorship firm based in Gandhidham-Kutch (Gujarat). It is part of the family-owned Deekay Group. DKI specializes in manufacturing sawn timber and trading timber logs. The firm imports round timber logs primarily from New Zealand, South Africa, and the USA. These logs are then sawn and sized at its sawmill to meet customer specifications. The firm operates from its manufacturing facilities located at Gandhidham-Kutch with total sawing capacity of 25000 Cubic Meters Per Annum (CMPA) as on March 31, 2024. The timber processed by DKI finds application in packaging of various products apart from use in infrastructure, building construction, interior designing, woodwork, transportation and furniture etc.

| Brief Financials (₹ crore) | March 31, 2023 (A) | March 31, 2024 (A) |
|---|---|---|
| Total operating income | 50.50 | 44.46 |
| PBILDT | 2.48 | 3.59 |
| PAT | 0.53 | 0.70 |
| Overall gearing (times) | 6.97 | 6.37 |
| Interest coverage (times) | 1.04 | 1.28 |

A: Audited; 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 | | - | - | - | 17.50 | CARE B+; Stable; ISSUER NOT COOPERATING* |
| Fund-based - LT-Working capital Term Loan | | - | - | Feb-2027 | 1.25 | CARE B+; Stable; ISSUER NOT COOPERATING* |
| Non-fund-based - ST-Letter of credit | | - | - | - | 10.00 | 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 2025-2026 | 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 |
| 1 | Fund-based - LT-Working capital Term Loan | LT | 1.25 | CARE B+; Stable; ISSUER NOT COOPERATING* | - | 1)CARE B+; Stable (07-Oct-24) | - | - |
| 2 | Non-fund-based - ST-Letter of credit | ST | 10.00 | CARE A4; ISSUER NOT COOPERATING* | - | 1)CARE A4 (07-Oct-24) | - | - |
| 3 | Fund-based - LT-Cash Credit | LT | 17.50 | CARE B+; Stable; ISSUER NOT COOPERATING* | - | 1)CARE B+; Stable (07-Oct-24) | - | - |

*Issuer did not cooperate; based on best available information.
LT: Long term; ST: 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-Working capital Term Loan | Simple |
| 3 | Non-fund-based - ST-Letter of credit | Simple |

## Annexure-5: Lender details

| |
|---|
| To view lender-wise details of bank facilities please click here |

**Note on complexity levels of rated instruments:** CareEdge 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.

## Contact us

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**About us:**
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com



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