

Duroply Industries Limited

January 08, 2026

Facilities	Amount (₹ crore)	Ratings ¹	Rating Action
Long-term bank facilities	59.63 (Reduced from 60.99)	CARE BB+; Stable	Upgraded from CARE BB; Stable
Long-term / Short-term bank facilities	0.98	CARE BB+; Stable / CARE A4+	Upgraded from CARE BB; Stable / CARE A4
Short-term bank facilities	30.43	CARE A4+	Upgraded from CARE A4

Details of facilities in Annexure-1.

Rationale and key rating drivers

The revision in ratings assigned to the bank facilities of Duroply Industries Limited (DIL) considers the improvement in the financial performance of the company in FY25 (FY refers to April 01 to March 31) and H1FY26 driven by growth in scale of operations and profitability margin. The ratings also consider the improved liquidity supported by receipt of the balance warrant proceeds amounting to ₹15 crore in September 2025, which will be utilised towards working capital requirements, thereby reducing stress on its working capital limits.

The ratings continue to be constrained by working capital-intensive nature of operations, intense competitive nature of the industry, exposure to raw material price volatility and cyclical real estate industry.

The above constraints are partially offset by experienced promoters with long track record of operations, diversified geographical presence with established distribution network and satisfactory capital structure with improving, though moderate, debt coverage indicators.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations along with improvement in operating margin on a sustained basis.
- Improvement in working capital cycle with operating cycle below 60 days on a sustained basis.
- Improvement in debt coverage indicators with TD/PBILDT going below 4x on a sustained basis.

Negative factors

- Decline in the scale of operations below ₹325 crore with operating margin going below 5% on a sustained basis from FY26.
- Deterioration in debt coverage indicators marked by TD/PBILDT going above 6x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects that the entity is likely to sustain its improved financial performance.

Detailed description of key rating drivers:

Key weaknesses

Working capital intensive nature of operations

The company's operations remain working capital intensive, primarily due to maintaining large inventories in line with its growing scale of operations. Consequently, average inventory days remained elevated at 110 days in FY25 (compared to 102 days in FY24). Further, average collection days increased to 40 days in FY25 from 35 days in FY24. As a result, the operating cycle increased to 78 days in FY25 compared to 64 days in FY24.

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

Intense competitive nature of the industry

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. This affects the operating margin of established players such as DIL. Plywood demand and prices are also adversely affected by availability of cheap substitutes, such as particle and medium-density fibre boards.

Exposure to raw material price volatility and cyclical real estate industry

Prices of key raw materials required by the interior infrastructure industry are inherently volatile, making the sector's profitability margins susceptible to significant rise in cost of these inputs, especially in an inflationary economic scenario. This could limit the sector's ability to fully pass on cost increases through price hikes in end-products without having an adverse impact on demand. As the real estate sector is a key end-user, demand for products of the interior infrastructure sector is also susceptible to inherent cyclicity associated with the real estate sector.

Key strengths**Experienced promoters with long track record of operations**

DIL has been in the business for more than half a century under the current promoters, signifying its long and established track record. Currently, the day-to-day affairs of the company are managed by Sudeep Chitlangia, Executive Chairman, who has three decades of experience in the plywood industry, and Akhilesh Chitlangia, Managing Director and Chief Executive Officer. They are supported by other directors and a team of experienced professionals.

Diversified geographical presence having established distribution network

The company has diversified geographical presence, having warehouses in 13 cities with 70-80% revenue derived from the 'Duro' brand (premium plywood segment) and balance from the 'Tower' brand (affordable plywood segment). The company has appointed a wide network of dealers across various parts of the country who ultimately sell products to wholesalers/end-users.

Improving scale of operation and profitability margins in FY25 and H1FY26

The total operating income of the company grew by ~15% y-o-y in FY25 and stood at ₹372 crore compared to ₹323 crore in FY24. The increase is due to higher contract manufacturing sales and trading sales volume and increase in realisation in trading sales, whereas realisation in manufacturing sales remained stable. Accordingly, profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin improved and stood at 4.55% in FY25 compared to 3.47% in FY24. The PBILDT margin also improved due to reduction in discount provided by the company to its dealers on upfront payment. With improvement in PBILDT margin, profit after tax (PAT) margin also witnessed improvement from 0.31% in FY24 to 2.09% in FY25.

In H1FY26, total operating income witnessed y-o-y growth of ~13% to ₹198 crore from ₹176 crore in H1FY25. PBILDT margin improved and stood at 5.98% in H1FY26 compared to 4.33% in H1FY25. The improvement is due to increase in trading sales volume and realisation.

Satisfactory capital structure with improving, though moderate, debt coverage indicators

The capital structure of the company continues to remain stable with overall gearing ratio of 0.66x on March 31, 2025 compared to 0.59x on March 31, 2024. The net worth of the company improved from ₹126 crore on March 31, 2024 to ₹133 crore on March 31, 2025 and further to ₹146 crore on September 30, 2025, largely driven by accretion of profits and raising of balance funds against share warrants amounting to ₹15 crore.

Though the debt coverage indicators marked by total debt to gross cash accruals (TDGCA) improved significantly and stood at 7.65x on March 31, 2025 compared to 15.67x on March 31, 2024 backed by improvement in gross cash accruals (GCA), the same continues to remain moderate. PBILDT interest coverage also witnessed improvement from 1.38x in FY24 to 2.28x in FY25 and further to 2.59x in H1FY26 on account of improvement in PBILDT.

Liquidity: Adequate

Liquidity remains adequate with the company earning GCA of ₹11.53 crore compared to debt repayment obligations of ₹2.45 crore in FY25. In FY26, the company will have debt repayment obligation of ₹1.97 crore for which it is expected to generate sufficient cash accruals (already generated cash accruals of ₹7.28 crore in H1FY26). The fund-based working capital utilisation of the company stood at 86% in the last 12-month period ended September 2025. The company had a cash and bank balance of ₹15.71 crore on September 30, 2025, out of which ₹15 crore raised against issue of share warrants will be utilised towards working capital requirements.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

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

Incorporated in 1957 by P.D. Chitlangia, DIL started commercial operations as Sarda Plywood Industries Limited (name changed in December 2018). Initially, the promoters began business of tea chest manufacturing in Jeypore, Assam. Gradually, the company ventured into plywood business and started commercial production in 1964. In 1996, the company forayed into the veneer business and expanded its wings with a factory in Rajkot, Gujarat. Until 2021, DIL had two segments of operations, processing of tea and manufacturing of plywood, wherein it hived off its tea business through a slump sale to focus solely on its plywood business. The company sells its plywood under the brand name 'DURO'. Day-to-day affairs of the company are managed by Sudeep Chitlangia, Executive Chairman, who has three decades of experience in the plywood industry, and Akhilesh Chitlangia, Managing Director and Chief Executive Officer. They are supported by other directors and a team of experienced professionals.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26
Total operating income	322.67	371.68	198.03
PBILDT*	11.20	16.90	11.85
Profit after tax (PAT)	1.01	7.77	3.96
Overall gearing (x)	0.59	0.66	0.67
Interest coverage (x)	1.38	2.28	2.59

A: Audited; UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	47.00	CARE BB+; Stable
Fund-based - LT-Term Loan		-	-	January 2032	12.63	CARE BB+; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	0.98	CARE BB+; Stable / CARE A4+
Non-fund-based - ST-Forward Contract		-	-	-	0.74	CARE A4+
Non-fund-based - ST-Letter of credit		-	-	-	29.69	CARE A4+

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	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	0.98	CARE BB+; Stable / CARE A4+	-	1)CARE BB; Stable / CARE A4 (06-Jan-25)	1)CARE BB; Stable / CARE A4 (29-Mar-24) 2)CARE BB-; Stable / CARE A4 (21-Aug-23)	1)CARE B-; Stable / CARE A4 (07-Feb-23)
2	Fund-based - LT-Cash Credit	LT	47.00	CARE BB+; Stable	-	1)CARE BB; Stable (06-Jan-25)	1)CARE BB; Stable (29-Mar-24) 2)CARE BB-; Stable (21-Aug-23)	1)CARE B-; Stable (07-Feb-23)
3	Fund-based - LT-Term Loan	LT	12.63	CARE BB+; Stable	-	1)CARE BB; Stable (06-Jan-25)	1)CARE BB; Stable (29-Mar-24)	1)CARE B-; Stable (07-Feb-23)

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
							2)CARE BB-; Stable (21-Aug-23)	
4	Non-fund-based - ST-Letter of credit	ST	29.69	CARE A4+	-	1)CARE A4 (06-Jan-25)	1)CARE A4 (29-Mar-24) 2)CARE A4 (21-Aug-23)	1)CARE A4 (07-Feb-23)
5	Non-fund-based - ST-Forward Contract	ST	0.74	CARE A4+	-	1)CARE A4 (06-Jan-25)	1)CARE A4 (29-Mar-24) 2)CARE A4 (21-Aug-23)	1)CARE A4 (07-Feb-23)

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 - LT/ ST-Bank Guarantee	Simple
4	Non-fund-based - ST-Forward Contract	Simple
5	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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