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The Forest Friendly Company

Ref: 5404/25-26/0014 May 19, 2025

Department of Corporate Services
BSE Limited
25th Floor, P.J. Towers,
Dalal Street, Fort,
Mumbai - 400 001

Scrip Code: BSE: 516003

Sub: Transcript of the Earnings Webinar held with respect to the Audited Financial Results for the quarter and financial year ended March 31, 2025

Dear Sir/Madam,

With reference to our letter no. 5404/25-26/0004 dated 8th May, 2025 regarding intimation of the Q4 FY25 Earnings Webinar, post declaration of the Audited Financial Results for the quarter and financial year ended March 31, 2025, we are enclosing copy of transcript of the said webinar.

The transcript of the webinar is also available on Company's website at www.duroply.in.

This is for your information and record.

Thanking you,

Yours faithfully,

For DUROPLY INDUSTRIES LIMITED

Komal Dhruv Digitally signed by Komal Dhruv Date: 2025.05.19 14:51:46 +05'30'

KOMAL DHRUV
Company Secretary

Encl: a/a

The Forest Friendly Company

Duroply Industries Limited

Q4 FY25 EARNINGS WEBINAR

MR. AKHILESH CHITLANGIA, MD AND CEO

MR. VIJAY KUMAR YADAV, CFO

SKP SECURITIES LTD
creating prosperity

VAIBHAV PACHISIA – EQUITY RESEARCH ANALYST,

SKP SECURITIES LTD.

THURSDAY, MAY 15, 2025

- **Mr. Vaibhav Pachisia :**

- Good morning, ladies and gentlemen. On behalf of Duroply Industries Limited and SKP Securities, it is my pleasure to welcome you to the Duroply's Q4 FY25 and FY25 Result Webinar. We have with us Mr. Akhilesh Chitlangia - MD and CEO, and Mr. Vijay Kumar Yadav – GM (Accounts and Finance).

- This webinar is being recorded for compliance reasons. During the discussion, there may be certain forward-looking statements these must be taken in conjunction with the risks that the company faces.

- We will have the management opening remarks and the presentation followed by a Q&A session.

- Thank you and over to you, Mr. Chitlangia.

- **Mr. Akhilesh Chitlangia :**

- Thank you, Vaibhav. Good morning to everyone. And thank you for attending our earnings webinar for the 4th Quarter and year ended FY25.

- On this call I am joined by Mr. Vijay Kumar Yadav who has recently been promoted as the CFO of our company post the confirmation by the board of directors in our last meeting held on the 13th of May.

- Duroply was founded in 1957, and over the years has built a strong brand in the industry and is recognized across the country for its high standard of quality, which we have maintained over the years. Duroply this year celebrated 68th year in operation, and we are proud to have played a meaningful part in India's growth story for over the last 6 decades.

- On the business front we are pleased to inform that Duroply crossed the 100 crore quarterly benchmark for the first time closing the 4th quarter revenue at 106.35 crores. This marks a 25.9% growth for the company over the same period last year and a 18.4% growth on a Q-on-Q basis. The business overall reported a profit before tax of Rs. 3.25 crores for the quarter including a onetime exceptional income of 1.04 crores.

- For the quarter, revenue from in-house manufactured goods stood at Rs. 59.7 crores, which is a 19% growth on a year-on-year basis and a 10% growth on a quarter-on-quarter basis. Revenue from contract manufacturing stood at Rs. 46.6 crores, a 36% growth year-on-year basis and 32% growth on quarter-on-quarter basis. Our gross margins saw an improvement this quarter as well, it stood at 34.9% as compared to 33.1% for the same quarter last year, and 34.2% for the previous quarter. The improvement was on account of improvement in raw material costs as well as a more favorable product mix.

- Our EBITDA margins for the quarter stood at Rs. 5.42 crores a 275% increase from the same quarter last year and a 24% growth over Q3 this year. In margin terms, EBITDA margins stood at 5.4% of sales, as compared to 1.4% same quarter last year, and 4.9% in Q3 FY25.

- If we look at for the year FY25 revenue stood at 371.8 crores up by 15% on a year-on-year basis.

- Profit before tax adjusted for the exceptional onetime income, stood at 5.81 crores as compared to 1.01 crores in FY24.

- Revenue for inhouse manufactured goods stood at 220 crores an increase of 12.3% and revenue from contract manufacturing stood at 151 crores a growth of 19%.

- Our overall gross margins this year stood at 34.7% as compared to 33.7% last year, and EBITDA margins as a percentage of sales stood at Rs. 4.8% as compared to 4% last financial year.

- On the product mix, Duro segment which is our premium offering had a 12.7% growth rate on a year-on-year basis and a 17.6% growth on a quarter-on-quarter basis. Our mid-segment brand, Tower, also showcased robust growth with a 69% growth on a year-on-year basis, and a 21% growth on a quarter-on-quarter basis. For the year the Duro segment saw an overall growth of 10.5% and Tower had a growth rate of 34.4%.

- Overall, the last financial year has been quite a challenging one but we took some aggressive steps in increasing our team strength and investing in a large sales team across India. This initiative which began at the end of Q2 for us, results of those are now clearly visible with our performance in the last quarter.

- Our employee cost for the year stood at 10.6% of sales which is slightly higher that what it was last year. We have continued to maintain our investment to our branding and marketing activities with our marketing spend at 3.8% this year.

- I now request Vijay to take you through some of the other financial metrics.

- **Mr. Vijay Kumar Yadav :**

- Thank you, and good morning to everyone.

- Let me take you through some of the key financials for last year. For the financial year gross margins stood at 34.7% as compared to 33.7% in the last FY24. Employee cost stood at 10.4% of the sales in the previous year 25 as compared to 10% in FY24. Marketing spend stood 3.8% of sales as compared to 4.3% of sales in last FY24.

- We saw an improvement in our financials and interest stood 2% of sales in FY25 as compared to 2.5% of the same FY24. Our debtor days increased to 47 days as compared to 39 days in FY24. The company due to incoming BIS and QCO norms which had been enforced from March 25, company invested in FG inventory over the last few inventory over the last few months and therefore the days inventory stood 165 days of consumption as compared to 149 days of consumption in the previous year. We expect that will gradually reduce in coming quarter. Credit days stood 117 days of consumption as a result cash conversion cycle stood at 94 days for FY25.

- Thank you from my side. Mr. Akhilesh.

- **Mr. Akhilesh Chitlangia :**

- Thank you, Vijay.

- So, the past financial year we saw a lot of, you know, we had a significant infusion of equity. And earlier in the year we had given a guidance that we would have a mid to high teens growth rate. We are pleased to have closed this year with a 15% growth rate but FY25 overall posed significant challenges with demand being soft and also our industry saw raw material cost escalation especially during the middle part of the year. The aggressive growth step that we have taken this year has started bearing results for us which is clearly reflected in our 4th quarter top line growth and margin improvement. I think for the coming year we expect that our growth will be stronger and our margins will also further improve.

- With that Vaibhav, I think we should open the floor to questions please.

- **Mr. Vaibhav Pachisia :**

- Thank you.

- Ladies and gentlemen, we now open the floor for the Q&A session. Anyone wishing to ask a question, I'd request you to please raise your hand and we will take it up.

– We will take the first question from the line of Mahesh Attal.

– **Mr. Mahesh Attal :**

– Hi, am I audible?

– **Mr. Akhilesh Chitlangia :**

– Yes, Mr. Attal.

– **Mr. Mahesh Attal :**

– So, Akhilesh, just want your perspective on, see we have what's the percentage of our advertisement expense to the sales that we have done. So, my further question on that would be which are the states where our advertisement expenses is being done like you know very aggressively like I could see that in the southern parts of India we have being going very aggressive on advertisement. So, what is the management's perspective about that and when do you see the numbers coming up after this thing.

– **Mr. Akhilesh Chitlangia :**

– Sure, Mahesh, thank you for that question. Our ad spend for this year stood at 3.8% of sales, this includes brand promotion activities as well as spend on our influencer program.

– **Mr. Mahesh Attal :**

– Sorry to interrupt you, can you give me absolute number for that?

– **Mr. Akhilesh Chitlangia :**

– Sure, about 14 odd crores.

– **Mr. Mahesh Attal :**

– Alright, okay.

– **Mr. Akhilesh Chitlangia :**

– So, that's where we stood on marketing spend. Where we are spending money, Mahesh, over 60% of our revenue comes from North India so we continue to invest very aggressively in North India because this is our stronghold and we are considered one of the brand leaders in this part of the country. But beyond that I think South and West India - we have chosen pockets of South and West India which I would not like to disclose specifically which pockets but we have chosen certain pockets in South and West India where we are being very aggressive on our marketing spends as well as building up our sales force to serve our customers better. And I think we will be doing more of focused working in few markets, developing them, bringing them to a particular level and shifting our focus to another few markets.

– **Mr. Mahesh Attal :**

– Great, Akhilesh. Akhilesh, first thing… my follow up question would be more on certain markets being getting matured for us. Do you see certain markets like you said that you are entering into south and west. What timeline should we take for these markets to reach what you have shown in the north region or are you seeing maybe the green shoots coming up or after doing all the advertisement that you have done over the last year are you see something happening there. That is my first question. I would also like you to throw some light on the products profile from our inhouse manufacturing. Any new products that we have added because I could see that interior designing space is an always changing space. There are new products that are being taken by the designers like fluted panel is one thing, we have now ceiling fluted panels and all these things. So, what are we doing on that like you know any new product line that we have introduced that could be where you are seeing some great numbers coming, I mean you could see the visibility or green shoots happening.

- **Mr. Akhilesh Chitlangia :**
- Sure, I will take both the questions.
- The first part is when do we see if I heard you correct, it was when do we see the other parts of the country becoming as strong for us as it is in North India. See, North India we have been a brand leader for over 60 years, so there is an inherent brand equity that exists. We do have some equity in other parts of the country but that journey is not going to be completed over 1 or 2 or 3 quarters of brand investment. It is going to take a little longer than that. The core focus for us is on a channel and influencer network expansion. And we expect at least 2-3 years before we start becoming what we call a significant player in that zone. It takes a lot of time to build that scale and have the stickiness of the brand developed. But the offshoots are strong which is clearly reflected in our 4th quarter numbers, we started investing from Q2/Q3 upwards. And I think we have a strong acceptance of our product in the market. The dealers, the channels, the influencers trust the quality of the product that we give. With more and more touchpoints being added I think we will just go from strength to strength.
- Now regarding new product extension or introduction of new products, we did introduce 10 feet plywood 2 years ago and then fluted panel veneer sheets about a year ago. But beyond that we are not looking at any major product line expansion right now. Just basic innovation over the existing product lines. That is going to be our core focus. Our focus right now is on the existing product mix to significantly grow our revenue.
- **Mr. Mahesh Attal :**
- Great. Any guidance on the marketing strength for the next year?
- **Mr. Akhilesh Chitlangia :**
- It will still be in this range from 3.5 to 4%.
- **Mr. Mahesh Attal :**
- Alright, Akhilesh, all the best.
- **Mr. Akhilesh Chitlangia :**
- Thank you.
- **Mr. Vaibhav Pachisia :**
- Thank you, Mr. Attal. I take the next question from the line of Resha Mehta. Resha, please go ahead.
- **Ms. Resha Mehta :**
- Thank you. Akhilesh, I am very new to the company so probably my questions would be a little bit more basic. But one I wanted to understand that it has been a good growth that we have seen in the Q4. What has driven this growth, number one. And who typically are our customers? How much is B2B - I did see a couple of customers in your presentation, right, but how much is retail how much is B2B? What does that do to our margins, what are our margins in these both these segments. And how is the working capital different across both these customer segments? So that's my first question.

- **Mr. Akhilesh Chitlangia :**
- So, thank you for that, Resha. We received a fund infusion we raised equity in March 2024 right towards the end of year, following which we started investing in our infrastructure. We went ahead and improved our terms of payment with our suppliers and we started building our sales team from end of Q1 middle of Q2 onwards. The result of this topline growth in the 4th quarter is because of that investment that we started making from August/September onwards in our sales team infrastructure and supply chain. That's where this growth has largely come from and I think we expect this growth rate to continue in the coming quarters as well, maybe not as high as what we saw in the 4th quarter but slightly better than the 15% overall growth that we achieved this year.
- Sorry, could you repeat the second part of the question please.
- **Ms. Resha Mehta :**
- You know what, sir, the revenue mix across customers and B2B and the differences in margin and working capital.
- **Mr. Akhilesh Chitlangia :**
- 95% of our revenue comes from B2B. we have very few institutional customers. So, all our margins largely is on our B2B sales. We are focused on the home buyer retail segment. We work with channel partners who serve people who are building basically new homes and want plywood for their home interiors. And also working with furniture manufacturers, today that is the growing segment. But largely the margins are reasonably similar across both the categories and that's where our focus is. We work with influencers which are basically contractors and designers who specify and use our material and they help us generate the demand which then gets serviced through our channel partners.
- **Ms. Resha Mehta :**
- Sorry, just to reconfirm 95% revenue is from B2B?
- **Mr. Akhilesh Chitlangia :**
- B2B yes.
- **Ms. Resha Mehta :**
- Meaning, sorry, B2B meaning you know these hotels and…?
- **Mr. Akhilesh Chitlangia :**
- No, no, no.
- **Ms. Resha Mehta :**
- Dealer channel right?
- **Mr. Akhilesh Chitlangia :**
- Dealer channel, which then goes into the home buyer segment. So if someone's renovating their house or building a new home that is our core target audience.

– **Ms. Resha Mehta :**

– Okay, got it. So, B2B, okay, so basically the indirect one is very small, got it.

– **Mr. Akhilesh Chitlangia :**

– Yes.

– **Ms. Resha Mehta :**

– And working capital would be the debtor days in both these segments?

– **Mr. Akhilesh Chitlangia :**

– See, the direct to customers is negligible so that actually has no impact on days of debtors. Our day debtor this quarter actually because of the extraordinary growth in sales that we had over the last couple of months actually. Our debtor days typically hovers around the 40 to 42 days of debtors. This time it has gone above a little bit over that. And inventory days we have warehouses across the country and we try to hold inventory a little bit extra at our end because as we are expanding our channel partners we need to provide them with services within 24 to 48 hours delivery timelines to them. In addition, our industry has gone through the implementation of the BIS QCO norms and therefore we have had to - strategically we have decided to invest a little bit more on the finished goods inventory prior to the implementation of the QCO norms coming in. And we expect our days inventory now to come down over the next couple of quarters.

– **Ms. Resha Mehta :**

– Okay, so what would be a normalized range for inventory days, I think it has increased like you mentioned.

– **Mr. Akhilesh Chitlangia :**

– Right, typically 120 to 130 days that's where the industry in which typically hovers around.

– **Ms. Resha Mehta :**

– And debtor days you said 40 to 42 days is….

– **Mr. Akhilesh Chitlangia :**

– 42 to 45 is what our indication would be slightly on the elevated side right now but that will come under control very soon.

– **Ms. Resha Mehta :**

– Okay, and in terms of the raw material outlook, right, there's been pressure on the input side for quite some time in this segment. So, what are your thoughts on that and how do you see that shaping up over the next couple of months?

– **Mr. Akhilesh Chitlangia :**

– So, the raw material sadly we as an industry there was not a lot of focus that was there on sustainable plantations which would form a sustainable source of raw material for our industry and allied industries as well. But that focus came in after the Covid period ended. And the typical timber cycle is 4 to 6 years, so we expect a little softening on the raw material to come in towards the latter half of this year, that is our expectation. Typically, the monsoon season sees a little spike which then normalizes. But we are expecting that this year should be not as bad as what it was last year. We might actually see a little bit of the raw material cost softening towards the latter half of the year.

- **Ms. Resha Mehta :**
- You mean the calendar year or the financial year?
- **Mr. Akhilesh Chitlangia :**
- Financial year, sorry.
- **Ms. Resha Mehta :**
- Financial year, got it. You have seen some uptick in your gross margins, right, so there's been some improvement there. What is that attributed to, is that attributed to product mix or because you are saying that timber prices have not yet eased.
- **Mr. Akhilesh Chitlangia :**
- They have started easing. It hasn't been that significant but there has been a little easing that has come on the timber prices. Our product mix was also a little better and we found some efficiencies in our plant and in our procurement processes. So, it's a combination of all three that have allowed for the margins to be slightly better. So, it's a combination of all three.
- **Ms. Resha Mehta :**
- Okay. And the other thing, if you could just elaborate on your product mix, so how much of your revenues is from Ply and then I think you've also started with Veneer and to the previous participant you mentioned a few new product launches? And also within Ply how would you classify yourself into, let's say, economy mid or premium?
- **Mr. Akhilesh Chitlangia :**
- Sure. So, we have two range, which is the Duro range and the second is mid-segment offering which is a Tower range. Between the two brands, so Duro basically comprises of all the premium products which includes the veneers, doors and plywood. The Duro range typically accounts currently for 75% of our revenue. Our mid-segment range is about 25% of our revenue, though that is the fastest growing segment for the company. We started Tower as a brand only 3 years ago, aggressively coming into the market. In a very short span of time we've been able to carve out reasonably good revenue and this is where a large part of our growth is coming from.
- **Ms. Resha Mehta :**
- So, Tower brand is a mid-segment brand, right, in revenue?
- **Mr. Akhilesh Chitlangia :**
- Correct, yes. Yes, 25%.
- **Ms. Resha Mehta :**
- Okay. So, with that growing faster versus your Duro range what would that do to our margins?

– **Mr. Akhilesh Chitlangia :**

– The Tower range largely comes from contract manufacturers, we don't make that in-house. And so the margin on contract manufacturing today is typically about 22%-22.5% and I think that's reasonably okay for us and which is already been factored into our gross margin, which is currently at about 34.7%. We are finding more efficiencies in there and I think as the company grows, scale comes in and our financial position gets even further strengthened we will see a slight improvement in the Gross Profit margin on the trading side as well.

– **Ms. Resha Mehta :**

– Right. And what would be the gross margins in our own manufactured Duro range?

– **Mr. Akhilesh Chitlangia :**

– The Duro range in-house manufacturer is at about 44.5%.

– **Ms. Resha Mehta :**

– Okay.

– **Mr. Vaibhav Pachisia :**

– Resha, I'll request you to rejoin the queue as we have other participants as well.

– **Ms. Resha Mehta :**

– Sure, I'll come back. Thank you.

– **Mr. Akhilesh Chitlangia :**

– Thank you.

– **Mr. Vaibhav Pachisia :**

– We'll take the next question from the line of Sagnik Sarkar. Sagnik, please go ahead. Sagnik, you are not audible.

– **Mr. Sagnik Sarkar :**

– Hello? Hello? Am I audible?

– **Mr. Akhilesh Chitlangia :**

– Yes, Mr. Sarkar.

– **Mr. Sagnik Sarkar :**

– Yeah, thanks for the opportunity and congrats on the great set of numbers. So, I had just one question on the margins front. So, if you look at your margins it ranges EBITDA margin around 5%.

– **Mr. Akhilesh Chitlangia :**

– Right.

– **Mr. Sagnik Sarkar :**

– So, just wanted to check like some of your peers have an EBITDA margin range significantly higher, something around 9%-10%, so if you could just explain like why is there a difference and what are the drivers of this? Yeah, thanks.

– **Mr. Akhilesh Chitlangia :**

– Sure. Thank you, Mr. Sakar. So, there are a couple of things, we need to look a little bit into the history. Till a couple of years ago the company was very financially stressed and our topline had been stagnant and for about 7-8 years we had not grown. And, thereafter, we infused working capital by way of issuance of fresh equity and we've gone through multiple rounds of that. With that assumption, our working was to bolster the infrastructure of the organization, which basically means investments on repairs in the plant machinery as well as opening up new warehouses and investing in our employees and marketing spend because our investment in the brand over the years had been quite low. Therefore, if you see our employee cost as well as our marketing spend, both are slightly higher than the industry average. In addition as we're starting to grow now, we expect that there will be better, what do I say, with economies of scale we should also be able to bring in our cost of procurement slightly lower.

– This year we had a little crisis in the industry on the raw material side, as a result of which I think we were unable to meet our expectation of a slightly higher operating margin growth. But I think over the next 2 years as the company scales we look to grow in the high teens growth rate. We will see the expansion on the operating margin to come through but it's going to take a couple of years for that to happen. But for the coming year, we expect it to be better than what it was the previous year and every year we should see it improve.

– **Mr. Sagnik Sarkar :**

– Okay, thanks. So, if you could give a guidance regarding the margins maybe 2 years down the line?

– **Mr. Akhilesh Chitlangia :**

– I think 2 years down the line we should be in the high single digits. That would be something fair to aim for in the range of 8.5%-9.5% or 8%-9% would be what would be on a conservative basis what we should be looking at 2 years from now.

– **Mr. Sagnik Sarkar :**

– Okay, thanks. Thanks for answering, yeah.

– **Mr. Vaibhav Pachisia :**

– Thank you, Sagnik. We'll take the next question from the line of Kiran KR. Kiran, please go ahead.

– **Mr. Akhilesh Chitlangia :**

– Mr. Kiran, you're on mute. Request you to please unmute yourself.

– **Mr. Vaibhav Pachisia :**

– Since there is no response, I'll take the next question from the line of Moksh Ranka. Moksh, can you please go ahead?

- **Mr. Moksh Ranka :**
- What is the unorganized and organized market share? And you mentioned about the upcoming BIS and QC norms, so does it help the organized players?
- **Mr. Akhilesh Chitlangia :**
- Yeah, correct. Yes, Mr. Ranka, the unorganized sector is today at approximately 75% market share which used to be at 80% and as the affluence level in India and disposable income levels in India increasing we're finding that there is a slow but steady shift towards the organized sector. Does the QC or BIS norms help us? Yes, it will help us. A, the level of import of plywood coming from Southeast Asian countries have started significantly coming down. The traders have hoarded material well into the 3rd quarter and 4th quarter but I think they will eat through their inventory over the next couple of months. And I think the demand in the second half of the year for us those who manufacture largely in India, we will see that demand increasing further for us towards the second half of the year. That should have a positive impact for us.
- **Mr. Moksh Ranka :**
- Yeah, I also wanted to understand how does the change in product mix affect us? For example, there's a trend of value migration from plywood to MDF and other materials, so could you give some color on that?
- **Mr. Akhilesh Chitlangia :**
- Sure. So, see, I think the industry is maturing towards the usage of plywood over MDF. I think taste of interiors and especially the workmanship in interiors, if we speak to the carpenter contractors, they have found a place for using MDF and have found a place for using plywood. I don't think today MDF and plywood stand as direct substitute products. I think they're largely coming to an area where both are going to become complementary or are becoming complementary to each other.
- Where MDF and allied products have hurt the industry or the plywood industry is on the unorganized sector’s cheap material that used to come into the market which hasn't really impacted us that much and that's why we've been able to grow at 15% odd. The overall Plywood industry is expected to grow at about 7.5%-8% this year and that's only possible because there is a lot of demand in the market for good quality plywood.
- There was a fear that MDF would eat into plywood but I don't think that's happening and I'd spoken about this I think in one of my earlier calls as well. There is still a very strong demand for high quality interiors. In India, people when they build homes still are looking for a woodwork solutions that will last for many, many years and MDF and it's allied products like HDHMR, etc. are not giving that level of quality. Where MDF and HDHMR are largely being used is more on properties that are going for rental or the first time buyers where they don't have budget to spend on high quality furniture but there is a big growth opportunity for plywood that still exists in India.
- **Mr. Moksh Ranka :**
- Okay. Could you please help me understand the competitive intensity in our industry because recently there was one conglomerate who actually discontinued their plywood business and there was also one plywood company which went into MDF? So, I'm just trying to understand is our business very tough to crack for everybody?

- **Mr. Akhilesh Chitlangia :**
- Getting shelf space with the channel partners is the hard part. That's where the barrier to entry exists and that's why we have very few companies that have scaled beyond a particular size and that's also the reason why this industry has seen multiple large players try to enter and have not had a lot of success or have exited.
- Getting shelf space with good quality channel partners is very difficult. And, yeah, that's the barrier to entry.
- **Mr. Moksh Ranka :**
- Okay, I'll get back in the queue.
- **Mr. Akhilesh Chitlangia :**
- Thank you.
- **Mr. Vaibhav Pachisia :**
- Thank you, Moksh. We can take the next question from the line of Resha Mehta. Resha, do you have further questions?
- **Ms. Resha Mehta :**
- So, you did mention about some company history when it was undergoing some stress, so can you just elaborate what time period was this? What exactly happened that made us go into this financial stress? How exactly we came out of this? A little bit background.
- **Mr. Akhilesh Chitlangia :**
- Resha, I won't go too much into the history but COVID and just around COVID and even before that we had a little bit of stress. But post-COVID the stress levels had increased, especially after the second COVID. And, thereafter, the management decided to correct its balance sheet. We had our first round of fund infusion which happened in September'2022 when we infused ₹28 crores of equity into the company largely led by the promoter group investing more than ₹17 crore at that point of time along with some investors that came on board. And then we have infused a further ₹44.9 crores of equity which was announced in March'2024 of which there are some warrants which are pending for conversion which will happen in the due course in the next few months.
- So, therefore, from a health perspective and balance sheet perspective we are very strong and we're very confident of our future and growing rapidly in this business. It's a legacy company. We've been in the industry for 68 years. There have been some ups and downs and I think in the mid-2000, from '2015 to '2018-'19, we just went through a little rough phase but that's in the past and we're well beyond that now.
- **Ms. Resha Mehta :**
- Got it. And on the BIS part, right, so I think you were alluding to some imports from some Asian countries, so typically ply would be imported from which countries?
- **Mr. Akhilesh Chitlangia :**
- There was ply coming in from Indonesia, Vietnam and a bunch of other countries which is much cheaper than what was typically produced in India.

– **Ms. Resha Mehta :**

– What would be the differential in terms of landed cost?

– **Mr. Akhilesh Chitlangia :**

– That would be very difficult to ascertain because there are various qualities of ply that was being imported. So, again, across different categories at least you can imagine 8%-10% cheaper than what was available in India. And this was largely coming in through traders and the unorganized sector is very high in our industry, so with this I think the major change that's going to come is that with traders not having access to cheaper plywood materials as easily as what it used to be. Some of the shifts will come towards the branded and the organized sector.

– **Ms. Resha Mehta :**

– So, the BIS norms have kicked in from when and what is the impact on the imports since then? Have we seen the imports coming down or did they dump a lot before the norms kicked in and hence we're seeing some slowness?

– **Mr. Akhilesh Chitlangia :**

– There was a lot of dumping before the norms kicked in. The norms kicked in from 1st March, 2025 and we expect that the excess inventory that exists across the industry to normalize by September to October.

– **Ms. Resha Mehta :**

– Okay. And now at least the imports have subsided as we speak today?

– **Mr. Akhilesh Chitlangia :**

– Yeah, you can't import. The factory, the plant from where the material is being exported needs to be registered with the BIS. The BIS has been giving very few licenses. There are only a few plants that have been given the licenses to export to India as of now. So, yes, there's been a drastic reduction in the amount of material coming into India.

– **Ms. Resha Mehta :**

– And in which countries are these plants which have been given BIS certification?

– **Mr. Akhilesh Chitlangia :**

– I will not be able to give you that information right now. There are plants across and I think the BIS will have that data. I know a few but I will not be able to give you a complete picture. So, I don't think I'll be the right person to answer that.

– **Ms. Resha Mehta :**

– Sure. And in terms of from the promoter family who all are actively involved in the business and would you all have any other active business?

– **Mr. Akhilesh Chitlangia :**

– No, from the promoter side this is the only active business that we have.

- **Ms. Resha Mehta :**
- And who all are involved?
- **Mr. Akhilesh Chitlangia :**
- I'm the Managing Director, so I'm responsible for the entire operations of the business. And from the family, there's my uncle who's the Chairman and then my brother who looks after certain new initiatives.
- **Ms. Resha Mehta :**
- Got it. And any CapEx and debt guidance that you want to put a number to?
- **Mr. Akhilesh Chitlangia :**
- No, we are only doing CapEx to improve the efficiencies in our plant in Rajkot, which is largely maintenance and debottlenecking and improvement of efficiencies. So, those are largely what we're doing. So, there is no major CapEx plan as of now in the near horizon.
- **Ms. Resha Mehta :**
- And what would be our utilization levels in the plant?
- **Mr. Akhilesh Chitlangia :**
- Our utilization in the plant is hovering at about 72%-73% right now. So, there is a scope to increase the output from there.
- **Ms. Resha Mehta :**
- Right. And last two data questions from my side. What was the timber cost in rupee/kg or whatever metric you want to put it at for the full year and for Q4?
- **Mr. Akhilesh Chitlangia :**
- Resha, I would not be comfortable to answer that on a public platform. If you would like that level of detail, you could probably send us an email and then we can take it up there please.
- **Ms. Resha Mehta :**
- Sure, sure. And tax rates for next 2 years?
- **Mr. Akhilesh Chitlangia :**
- Vijay, do you want to take that question?
- **Mr. Vijay Kumar Yadav :**
- In terms of Income Tax Act we are following the new mechanism, hence it will be 25% and GST is 18% of the sales. Any other tax if you want to know, please let us know.
- **Ms. Resha Mehta :**
- I was more referring to the effective tax rate because if I see for the last two years your taxes have almost been nil because of probably the accumulated losses in the past. So, was just checking the effective tax rate.

- **Mr. Vijay Kumar Yadav :**
- Yeah. So, accumulated taxes are now nil because all the revenue/profit of the FY25 is being absorbed by the previous unabsorbed depreciation and we are following the new regime that is 25%.
- **Ms. Resha Mehta :**
- Okay, so the effective tax rate will also be 25% going ahead is what I can conclude.
- **Mr. Vijay Kumar Yadav :**
- Yes.
- **Mr. Akhilesh Chitlangia :**
- Yes.
- **Ms. Resha Mehta :**
- All right, yeah. Thank you so much and best wishes.
- **Mr. Akhilesh Chitlangia :**
- Thank you.
- **Mr. Vaibhav Pachisia :**
- Thank you, Resha. We'll take the next question from Moksh Ranka. Moksh, please go ahead.
- **Mr. Moksh Ranka :**
- Is it possible to name some few competitors who you respect a lot in the industry?
- **Mr. Akhilesh Chitlangia :**
- Moksh, I think everyone is respected and everyone's doing very well in this industry. I don't think I can name a few and then we leave out the rest. I think everyone in the industry is respected from our end.
- **Mr. Moksh Ranka :**
- No, let's say, if you personally wanted to invest in one company which is not yours which would be that?
- **Mr. Akhilesh Chitlangia :**
- Moksh, for us it's only Duroply. I mean really we have phenomenal relationships with everyone and I cannot answer that question. But, yeah, we have invested 100% of whatever we had to invest into Duroply and our investment would be with Duroply only.
- **Mr. Moksh Ranka :**
- Okay. And regarding our sales mix, we are 95% B2B.
- **Mr. Akhilesh Chitlangia :**
- Yeah.

- **Mr. Moksh Ranka :**
- And what is it at 5% retail? Like are we planning to increase our retail share because I think that would be…
- **Mr. Akhilesh Chitlangia :**
- No. So, we are very focused on the B2B2C segment, which is 95%, which is basically from the company to the dealers and then dealers to the home buyers or the contractors, etc. The remaining 5%-6% is basically we have some institutional customers with which we've had relationships over the 25-30 years and a couple of furniture manufacturers who we work with on large scale projects but that's about it. And that's not a segment that we expect to see a lot of growth from.
- **Mr. Moksh Ranka :**
- Okay. Okay, that's it from my side. Thank you for all the answers.
- **Mr. Akhilesh Chitlangia :**
- Thank you.
- **Mr. Vaibhav Pachisia :**
- Thank you. As there are no further questions, I'll now hand over the webinar to Mr. Chitlangia for his closing remarks.
- **Mr. Akhilesh Chitlangia :**
- Thank you, Vaibhav. And thank you, ladies and gentlemen, for joining us for the Q4 FY2025 Earnings Call. We strongly believe that we are on the right path and with many of our initiatives that we have taken last year starting to bear fruits and we expect our growth to continue into the coming year as well. And we look forward to hosting you at the next Earnings Call. Thank you.
- **Mr. Vaibhav Pachisia :**
- Thank you. On behalf of SKP Securities thank you very much, Mr. Chitlangia and Mr. Yadav, for taking the time out to interact with the investors. We look forward to hosting you again in the next quarterly webinar. Thank you, ladies and gentlemen, for joining us this morning.
- This now ends the Q4 FY25 and FY25 results webinar for Duroply. Thank you.
- **Mr. Akhilesh Chitlangia :**
- Thank you, Mr. Pachisia. Thank you, everyone.

END OF TRANSCRIPT