



Duroply Industries Limited

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Ref: 5404/24-25/0078

November 20, 2024

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 Unaudited Financial Results for the quarter and half year ended September 30, 2024

Dear Sir/Madam,

With reference to our letter no. 5404/24-25/0069 dated 6th November, 2024 regarding intimation of the Q2 FY25 Earnings Webinar, post declaration of the Unaudited Financial Results for the quarter and half year ended 30th September 2024, 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
Company Secretary

Encl: a/a

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TRANSCRIPT

Q2 FY25 Result Webinar

of



Duroply Industries Limited

on **Wednesday, November 13, 2024**

Mr. Akhilesh Chitlangia, MD & CEO

Mr. Pawan Kumar Verma, CFO



Navin B. Agrawal | Head, Institutional Equities

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– **Mr. Navin B. Agrawal :**

- Good morning, ladies and gentlemen. I am pleased to welcome you on behalf of Duroply Industries Limited and SKP Securities to the Duroply Industries Limited's Q2 FY25 Result Webinar. We have with us Mr. Akhilesh Chitlangia - MD and CEO, and Mr. Pawan Kumar Verma - CFO.
- This webinar is being recorded for compliance reasons. During the discussion, certain forward-looking statements must be viewed in conjunction with the risks that the company faces. We will have the opening remarks from Mr. Chitlangia followed by a Q&A session. Thank you and over to you Akhilesh.

– **Mr. Akhilesh Chitlangia :**

- Good morning, everyone. Thank you, Navin, and a warm welcome to everyone. And thank you for attending our webinar today for the 2nd Quarter and half year ended FY25. Founded in 1957, Duroply has over the years, 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 recently celebrated the start of its 68th year in operation, and we are proud to have played a small but meaningful part in India's growth story for over the last 6 decades.
- The company continues to be focused on expanding its reach, both in existing and new markets with vigour. In the 4th Quarter of FY24, the board of directors approved the infusion of Rs. 43.9 crores of equity by the way of preferential allotment of equity shares and warrants. Of this, Rs. 28.9 crores was received end of March against the preferential allotment of equity shares and 25% of the warrants issued. With this infusion, over the last 2 years, the company's balance sheet will be strengthened by over Rs. 72 crores of net worth infusion. This is allowing us to rapidly scale the business and looking forward to more improved margins.
- On the business front, during Q2 FY25, Duroply reported a revenue of Rs. 90.81 crores, an increase of 9% from the same period last year, up 7% from Q1 FY25. This also marks our all-time highest quarterly revenue. The business reported a profit before tax of Rs. 1.15 crores. On a year-on-year basis, for the quarter, our PBT increased by 16.3% from Rs. 99 lakhs in Q2 FY24. On a quarter-on-quarter basis, we saw a decline of our PBT by 9%, down from Rs. 1.26 crores at the end of Q1 FY25.
- For the quarter, revenue from in-house manufacturing in Rajkot stood at Rs. 56.29 crores, up by 14% year-on-year basis and a growth of 13.7% on a quarter-on-quarter basis. Revenue from outsourcing stood at Rs. 34.52 crores, a growth by 2% year-on-year and down 2% quarter-on-quarter. Our gross margin saw an improvement, ending at 35.6% as compared to 33.9% in the same quarter last year, and up from 34.1%, which is what we achieved in Q1 FY25. Our EBITDA margin in absolute terms stood at Rs. 4.11 crores for Q2 FY25, up by 8.8% on a year-on-year basis against the same period, and up 2.6% on a quarter-on-quarter basis. In terms of percentage of sales, EBITDA stood at 4.5% of sales, same as that for the same quarter last year, but marginally down from 4.7% from Q1 FY25.
- The employee expenses stood at 10.8% of sales for the quarter, marginally lower from 11.2% Quarter 1. We are looking to invest in expanding our team across India to better cater to demand. This investment will bear fruit in the coming years. It's one of our key initiatives, as we had mentioned in our last call as well, was to build on our existing sales team, quickly expand in the market. The team building activity is going on strongly and expected to give us dividends in coming quarters.
- Our marketing spend stood moderated at 3.9% of sales in Q2 FY25, up from 3.3% in Q1 FY25 and 3.5% for Q2 FY24. In terms of half-year, we saw our revenue stand at Rs. 175.6 crores, up by 10.4% and profit before tax stood at Rs. 2.4 crores for the period ended, down 12.2% on a year-on-year basis.

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- Again, revenue from in-house manufacturing saw a rapid growth of nearly 9.4% over last year's same period, and revenue from contract manufacturing for half-year stood at Rs. 69.8 crores, a growth of 11.8%.
 - Gross margins for the half-year ended stood at 34.9% as compared to 33.9% in H1 FY24, and EBITDA margins stood at Rs. 8.11 crores, virtually the same as the same period last year, but in terms of percentage of sales, it stood at 4.6%, down from 5.2% same period.
 - In terms of product mix, our premium segment brand Duro saw a growth of 11.2% on a year-on-year basis for the 2nd Quarter FY25 and an 8.3% growth on a quarter-on-quarter basis. However, our mid-segment offering Tower brand saw a slowdown with only a 1% quarterly growth on a year-on-year basis, and down by 1.2% on a quarter-on-quarter basis. This is something that we are working extensively on resolving and having it back in the strong growth direction.
 - Now, I would request Mr. Pawan Kumar Verma, our CFO, to take you through some of the other numbers.

– **Mr. Pawan Kumar Verma :**

- Thank you, sir, and good morning to everyone. Let me take you through some of the key financials for the last quarter. For the quarter, our gross margins stood at 35.6% as compared to 34.1% in the previous quarter. Same quarter last year, our gross margin stood at 33.9%. Employee cost for the quarter has been 10.8% of the sales as compared to 11.2% in Q1 FY25. The same figure for the last quarter Q2 FY24 was 10%. Marketing spend has been at 3.9% of sales as compared to 3.3% of sales in Q2 FY25 and 3.5% of sales in Q1 FY24.
- Interest cost as a percentage of sales stood at 2% of sales as compared to 2.3% of sales same quarter last year, and 2% of sales in Q1 FY25. Our debtor days stood at 42 days, up from the average of 39 days in the last year. Inventory days has also increased to 156 days of consumption as compared to 149 days of consumption, largely on account of build-up of finished goods inventory. Creditor days continue to see further decrease to 76 days as compared to 109 days of the consumption. As a result, the cash conversion cycle has been increased to 122 days in H1 FY25 from 79 days in FY24. Thank you.

– **Mr. Akhilesh Chitlangia :**

- Thank you, Pawan. So, Q2 FY25, for us, we saw a growth in our premium Duro segment, and also a rapid increase in our manufacturing base in Rajkot. This also reflected in a strong improvement in our gross margins. However, there was a slowdown in our mid-segment market, and we are also continuously investing in our team strength and infrastructure across the country, and therefore, our margins were slightly moderated.
- We continue to work closely with all our stakeholders, customers, influencers, channel partners and suppliers as we build a stronger Duroply. And with this intent I am sure the future of Duroply is bright.
- And that's all from our end, we would be happy to take any questions that you may have.

– **Mr. Navin B. Agrawal :**

- Friends, we now open the floor for the Q&A session. Anyone wishing to ask a question, I'd request you to raise your hand. Friends, anyone with a question, please raise your hand and we'll be happy to take it. Friends, anyone having a question, please raise your hand and we'll take your question.
- I guess, the opening remarks have been elaborated enough to cover most of the investor concerns. Since there are no more questions, I'd request Akhilesh for his closing remarks.

– **Mr. Akhilesh Chitlangia :**

– Sure, Navin. So thank you, panelists, ladies and gentlemen for joining us for the Q2 FY25 Earnings Call. We believe in India's story and that there will be significant demand for home interiors. The strength of our brand gives us confidence that we will grow and play a large part in this growth story. For us, as mentioned earlier, the journey has just started and there's a long way to go. Look forward to seeing all of you at the next earnings call. Thank you.

– **Mr. Navin B. Agrawal :**

– Thank you very much Akhilesh and Pawan. We look forward to hosting you again for the next quarterly webinar. Thank you and have a wonderful day. Bye bye.

– **Mr. Akhilesh Chitlangia :**

– Thank you, Navin.

– **Mr. Pawan Kumar Verma :**

– Thank you everyone.

End of Transcript