



## Rating Rationale

Archee Group Contracts Pvt Ltd

14 Feb 2018

**Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 12.00 Crores of Archee Group Contracts Pvt Ltd**

### Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Mar, 2017)	Present
Fund based Cash Credit	12.00	12.00	Long Term	BWR BB+ (BWR Double B Plus) Outlook: Stable	BWR BB+ (BWR Double B Plus) Outlook: Stable <i>Reaffirmed</i>
<b>Total</b>	<b>12.00</b>	<b>12.00</b>	<b>INR Twelve Crores Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings  
Complete details of Bank facilities is provided in Annexure-I

### Ratings:Reaffirmed

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial statements up to FY17, and publicly available information and information/clarifications provided by the firm

The ratings reaffirmation, favourably factors in experience of promoters in the interior decoration business, established customer base, adequate debt coverage indicators, satisfactory capital structure, and near-term revenue visibility. However the ratings are, primarily constrained by declined scale of operations, elongated cash conversion cycle, competitive industry, working capital intensive nature of operations.

Going forward, the company's ability to increase the scale of operations and profitability, improve its capital structure and manage working capital efficiently will be the key rating sensitivities.



### **Description of Key Rating Drivers**

- **Credit Strengths:** Almost two-decade-long experience of the promoters in the interior work and designing business, gearing @1.30 times and ISCR @2.76 times in FY17
- **Credit Risks:** Revenue declined to Rs.47.64 Crs in FY17 from Rs.54.08 Crs in FY16 and Conversion Cycle is 119 days in FY17

### **Analytical Approach**

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

### **Rating Outlook: Stable**

BWR believes the **Archee Group Contracts Pvt Ltd** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### **About the Company**

Established as a Proprietorship firm in 1994 and later reconstituted as a private limited company in May 2011 and named as Archee Group Contracts Private Limited. The Company is an ISO 9001:2008 certified entity and is involved in the business of providing corporate interiors designing and execution services business majorly for commercial ventures. The company is promoted by Mrs. Monika Dhaka is a Managing Director and (who holds 63.75% shareholding), Mr. Nitin Sahjwani (who holds 32.50 % shareholding) and Mr. Abhishek Dhaka are the other Directors of the Company. Its customers include Tech Mahindra Ltd, Ernst & Young LLP, Nestle India Ltd, Johnson & Johnson Pvt Ltd, PWC, IBM India Pvt Ltd ...etc.

### **Company Financial Performance**

As per audited financial of FY17, the Company has reported EBITDA Rs.3.55 Crs and PAT Rs.1.15 Crs on total operating income of Rs.47.64 Crs as against EBITDA Rs.4.08 Crs and PAT Rs.1.45 Crs on total operating income of Rs.54.08 Crs in FY16. As on 31/03/2017 the Company's networth is Rs.7.79 Crs, gearing @1.30 times, Net Profit Margin, Operating Profit Margin, and Current Ratio have been recorded at 2.42 %, 7.45 %, 1.52 times respectively in FY17. Presently Company is having a ~Rs.27 Crs has to execute before March 2018



**Rating History for the last three years**

S.No	Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	10-3-2017	2016	15-12-2015
1	<b>Fund Based Cash Credit</b>	Long Term	12.00	BWR BB+ Outlook: Stable <i>Reaffirmed</i>	BWR BB+ Outlook: Stable	<b>Not Rated</b>	BWR BB+ Outlook: Stable
<b>Total</b>			<b>12.00</b>	<b>₹ Twelve Crores Only</b>			

**Status of non-cooperation with previous CRA (if applicable)-NA**

**Any other information: NA**

**Key Financial Indicators**

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	₹ Crs	47.64	54.08
EBITDA	₹ Crs	3.55	4.08
PAT	₹ Crs	1.15	1.45
Tangible Net worth	₹ Crs	7.79	7.00
Total Debt/Tangible Net worth	Times	1.30	1.61
Current Ratio	Times	1.52	1.53



**Annexure-I**  
**Details of Bank Facilities**

₹ Crores

Name of the Facility	Tenure	Previous Limits (Mar, 2017)	Present Limits
Cash Credit	Long Term	12.00	12.00
<b>Total</b>		<b>12.00</b>	<b>12.00</b>

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#) [Approach to Financial Ratios](#)
- [Infrastructure Sector](#) [Short Term Debt](#)

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**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans,



securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

#### **DISCLAIMER**

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