

Rating Rationale

Brickwork Ratings upgrades ratings of Archee Group Contracts Pvt. Ltd.'s to 'BWR BB+' from 'BWR BB' rating for the enhanced Bank Loan Facilities aggregating to ₹12 Cr.

On a review, Brickwork Ratings (BWR) has upgraded the following **Ratings**¹ for the enhanced Bank Loan Facilities ₹ 12.00 Cr of Archee Group Contracts Pvt Ltd (AGCPL or the Company)

Facility	Previous Limits (₹ Cr)	Present limits (₹ Cr)	Tenure	Previous Rating 22-July-2014	Present Rating
Cash Credit (Fund Based)	9.95	12.00	Long Term	BWR BB (Pronounced as BWR Double B) (Outlook: Stable)	BWR BB+ (Pronounced as BWR Double B plus) (Outlook: Stable) Up-gradation
Total	9.95	12.00	INR Twelve Crores only		

BWR has principally relied upon the audited financial statements up to FY15, and publicly available information and information /clarifications provided by the Company.

The rating takes into account AGCPL's experienced management, its long track record of operations in the art industry, stable relationship with reputed clientele, confirmed order book position, higher revenue growth. However the ratings are, constrained by moderate financial risk profile marked by low net worth, high gearing, and, elongated cash conversion cycle, intense competition in the industry, reduced profit margins and working capital-intensive nature of business.

Background:

Archee Group was established as a Proprietorship firm in 1997, which was converted into company in 2011 with name and style Archee Group Contracts Pvt. Ltd. The company is promoted by Mrs. Monika Dhaka, Mr. Nitin Sahjwani and Mr. Abhishek Dhaka. The Company is headed by professionally trained architects. Archee Group Contracts Pvt Ltd undertake job of Interior Designing, Execution Services and total turnkey solution projects. Company have wide range of in-house architects and interior designers with vast experience. Company Accredited with ISO 9001:2000 certified. The company also specializes in design all types of chairs, workstations and conference tables and the company has the reputed client base like Tech Mahindra Limited, Alstom Bharat Forge Limited, Samsung India Electronics Pvt Ltd, Coco-Cola India Private Limited, Larson & Tubro Limited, Computer Sciences India Pvt Ltd, and IBM India Pvt Ltd....etc.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Financial Performance:

As per the Audited financial of FY 15, Company has reported a total operating income of ₹51.77 crores, OPBDIT of ₹3.78 crore and a PAT of ₹1.38 crore as against a total operating income of ₹31.29 crore, OPBDIT of ₹2.73 crore and negative PAT of ₹1.25 crore in FY14. EBITDA and PAT margins recorded at 7.30 % and 2.66 % in FY15 as against 8.49% and 3.88% in FY14. Company's Tangible net worth stood at ₹5.55 Crores, coupled with a D/E ratio of 2.76 times and current ratio of 1.43 times for FY 15.

Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward company's ability to scale up its business and achieve higher revenue growth, to further improve its profitability, infusing further capital to reduce the debt /equity imbalance and improve working capital cycle would be the key rating sensitivities for the company.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.