

Rating Rationale

Brickwork Ratings Upgrades Ratings to ‘BWR BB’ for enhanced Long-Term Bank Loan Facilities aggregating ₹ 9.95 Cr of Archee Group Contracts Pvt. Ltd.

On a review, Brickwork Ratings (BWR) has *upgraded* the following **Rating¹** for Bank Loan Facilities sanctioned by *State Bank of India* for ₹ 9.95 Cr (enhancement from ₹ 6.45 Cr) to Archee Group Contracts Pvt Ltd (*the ‘Company’*).

Facility	Tenure	Rated Amount(₹Cr)	Amount Rated Previously(₹Cr)	Previous Ratings	Rating
Fund Based Cash Credit	Long Term	9.95	4.95	BWR BB- (BWR Double B Minus) Outlook Stable	BWR BB (Pronounced BWR Double B) Outlook-Stable
Non Fund Based BG	Short Term	--	1.50	BWR A4	
Total		9.95	INR Nine Crores & Ninety Five Lakhs only)		

BWR has principally relied upon the audited financial results from FY11 up to FY13 of *Archee Group Contracts Pvt. Ltd.*, estimated financials of FY14, publicly available information and information/clarification provided by the company management.

The rating on review continues to factor, inter alia, the promoter’s experience in interior designing turnkey projects, growth in revenue and healthy operating margins. The rating also factors substantial growth in revenues in FY13 by 58 % from Rs16.95 Cr in FY12 to Rs26.78 Cr in FY13. However the rating continues to be constrained by average financial profile marked by relatively low net worth, stretched working capital cycle and uncertainty in revenue streams due to contractual nature of business.

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

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 provides Turnkey Interior Designing solution for Corporate Interiors and Academic Institutions. The group is headed by professionally trained architects. The company also employs employees qualified consultants to cater to different needs of the client. The company has AC consultant, Structural consultant, Electrical consultant, Space management consultant, financial consultant and Associates.

Management Profile:

The key management of the company is Mrs. Monika Dhaka, Mr. Nitin Sahjwani & Mr. Abhishek Dhaka.

Mrs. Monika Dhaka, Managing Director, an architect from country's premier institute with a master's degree in real estate. She has experience of 10 years in same line of business.

Mr. Nitin Sahjwani, Director has an experience of 10 years in the various business line. He looks after the sales and marketing activities of the company.

Mr. Abhishek Dhaka, Director is an architect. He has an experience of 10 years in the same line of business.

Financial Performance

The company reported Operating Income of Rs26.78 Cr in FY13 against Rs16.95 Cr in FY12. The Tangible net worth of the company as on 31st March 2013 stood at ₹ 1.50 Cr. The company has moderate debt protection metrics with debt equity ratio of 2.40x in FY13 (includes unsecured borrowings from promoters & relatives).

Rating Outlook

The outlook of the company is expected to be stable for the current year. Going forward, ability of the company to meet projected revenue, working capital management and improve scale of operation will be the rating sensitivities.

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