

## Rating Rationale

### Archidply Industries Limited

16<sup>th</sup> June 2017

**Brickwork Ratings reaffirms BWR BBB/A3+ for the enhanced Bank Loan Facilities of Rs.100.33 Crs of Archidply Industries Limited**

#### Particulars

Facility Rated	Amount(Rs. Crs)		Tenure	Rating *	
	Previous	Present #		Previous	Present
Fund Based	56.78	61.33	Long Term	BWR BBB (Outlook: Stable)	BWR BBB (Outlook: Stable)  (Reaffirmed)
	-	2.00	Short Term		
Non Fund Based	35.00	37.00			BWR A3+
<b>Total</b>	<b>91.78</b>	<b>100.33</b>	<b>INR One Hundred Crores &amp; Thirty Three Lakhs only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

# Annexure I shows the bank wise facilities

#### Ratings Reaffirmed

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

BWR has essentially relied upon the audited financial results of the company upto FY17, publicly available information and information/clarifications provided by the management.

The ratings continue to draw strength from the extensive experience of the promoters and management team, long track record, well established brand, pan India presence with nationwide



dedicated channel partners, wide distribution network and consistent growth in turnover. The ratings continue to be constrained by average financial risk profile marked by high inventory, stretched working capital cycle and low profitability, volatility in raw material supplies, working capital intensive nature of operations and intense competition in this industry.

Going forward, the ability of the Company to improve the revenue and profitability, ensure optimum utilization of its installed capacities, reduce inventory levels, strengthen its overall credit profile and ensure efficient working capital utilization will be the key rating sensitivities.

### **Rating Outlook: Stable**

BWR believes **Archidply Industries Limited's** 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**

Archidply Industries Limited (AIL), Bangalore, established in 1995, is engaged in manufacture of wood panel products and decorative surfacing products. The manufacturing facilities are located in Chintamani, Karnataka and Rudrapur, Uttarakhand. AIL is listed on BSE and NSE. The product range includes various interior infrastructure products such as Plywoods, Block Boards, Flush Doors, Pre laminated particle boards, Decorative Laminates and Decorative Veneers sold under the brand names of Archid, Archid Gold and Archid Classic.

Mr. Deendayal Daga is the Chairman. Mr. Shyam Daga and Mr. Rajiv Daga, sons of Mr. Deendayal Daga, are the Executive Director and Managing Director respectively. Mr. Mohammed Shahid Aftab, Mr. Bharathkumar Rathi and Smt. Shanthi Mallar are the independent directors.

### **Financial Performance**

AIL reported Net Sales of Rs.271.17 Crs and PAT of Rs 6.69 Crs in FY 17 as against Net Sales of Rs.277.63 Crs and PAT of Rs.6.01 Crs in FY 16.

**Rating History for the last three years:**

Sl. No.	Instrument /Facility	Current Rating (May 2017)			Rating History		
		Type	Amount (Rs. Crs)	Rating	May 16 2016*	March 31 2015#	March 12 2014^
1	Fund Based	Long Term	61.33	BWR BBB (Outlook: Stable)	BWR BBB (Outlook: Stable)	BWR BBB (Outlook: Stable)	BWR BBB- (Outlook: Stable)
		Short Term	2.00	(Reaffirmed)	(Reaffirmed)	(Upgraded)	(Assigned)
2	Non Fund Based	Short Term	37.00	BWR A3+ (Reaffirmed)	BWR A3+ (Reaffirmed)	BWR A3+ (Upgraded)	BWR A3 (Assigned)

\* Rated Amount was Rs.91.78 Crs

# Rated Amount was Rs.96.26 Crs

^Rated Amount Was Rs. 93.73 Crs

**Status of non-cooperation with previous CRA: Not applicable**

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Short Term Debt](#)
- [Manufacturing Companies](#)
- [Approach to Financial Ratios](#)

**Annexure I**

**Details of the Rated Bank Loan Facilities**

<b>Facility</b>	<b>Previous Rated Amount (₹ Crores)</b>	<b>Amount Rated (₹ Crores)</b>
<b>Vijaya Bank</b>		
<b>Fund Based:</b>		
Cash Credit - Bengaluru	52.00	60.00*
Cash Credit -Rudrapur	-	(2.00)
Working Capital Demand Loan	(18.00)	(48.00)
LOC	(10.00)	(10.00)
Term Loan I	2.99	1.33
Term loan II	1.79	Closed
Bill Discounting	-	2.00
<b>Non Fund Based:</b>		
FLC	31.00	31.00*
BG	4.00	6.00
<b>Amount to be rated</b>	<b>91.78</b>	<b>100.33</b>

\*Two way interchangeability between CC limits and FLC limits to the extent of Rs.10.00 crores.

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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 ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

### **DISCLAIMER**

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