

## Rating Rationale

### Brickwork Ratings assigns 'BWR BB-' and 'BWRA4' for the Bank Loan Facilities of ₹ 6.45 Cr of Archee Group Contracts Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings**<sup>1</sup> for the Bank Credit Facilities of ₹ 6.45 Cr of Archee Group Contracts Pvt. Ltd.

Facility	Tenure	Amount (₹ Cr)	Rating
OCC	Long Term	4.95	<b>BWR BB- (BWR Double B Minus)</b>  <b>(Outlook: Stable)</b>
BG	Short Term	1.50	<b>BWR A4 (BWR A Four)</b>
<b>Total</b>		<b>6.45 ( INR Six Crores Forty Five Lakhs only)</b>	

BWR has principally relied upon the audited financial results up to FY12 of Archee Group Contracts Pvt. Ltd, publicly available information and information/clarification provided by the Company Management.

The rating has factored, inter alia, the promoter's experience in interior designing business, growth in revenue and healthy operating margins. However the rating is constrained by stretched working capital cycle, moderately high leverage position of the Firm, small scale of operations and uncertainty in revenue streams due to contract nature of business.

### Background

Archee Group was established as a Proprietorship firm in 1997 and was converted into Archee Group Contracts Pvt Ltd Company in 2011. The Company is promoted by Mrs Monika Dhaka, Mr. Nitin Sahjwani and Mr. Abhishek Dhaka.

### Business Operations

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 qualified consultants to cater to different needs of the client.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

The company has AC consultant, Structural consultant, Electrical consultant, Space management consultant, financial consultant and Associates.

### Financial Performance

The revenue from operations shows an increasing trend from ₹ 6.27 Crores in FY9 to ₹ 16.95 Crores in FY12 and further to ₹ 26.36 Crores in FY13 as per the provisional financial provided by the company. The Operating margins in FY12 stood at 6.67% and the net profit margin stood at 3.79%. The Companies tangible net worth stood at ₹ 1.53 Crores as on 31<sup>st</sup> March'12. Also, the receivables are high because of which the Company has a stretched working capital cycle.

### Rating Outlook

The rating has factored, inter alia, the promoter's experience in interior designing business, growth in revenue and healthy operating margins. However the rating is constrained by stretched working capital cycle, moderately high leverage position of the Firm, small scale of operations and uncertainty in revenue streams due to contract nature of business.

The ability of the Company to increase and sustain its topline and profitability and efficiently manage its working capital requirement remains the key sensitivities.

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