

May 12, 2026

Kumar Arch Tech Limited: Ratings upgraded to [ICRA]BBB- (Stable)/[ICRA]A3; removed from Issuer Not Cooperating category

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Cash credit	50.00	50.00	[ICRA]BBB-(Stable); upgraded from [ICRA]BB+(Stable) and rating removed from Issuer Not Cooperating category
Short-term – Non-fund-based – Others	67.00	67.00	[ICRA]A3; upgraded from [ICRA]A4+ and rating removed from Issuer Not Cooperating category
Long-term/ Short-term – Unallocated limit	13.00	13.00	[ICRA]BBB-(Stable)/ [ICRA]A3; upgraded from [ICRA]BB+(Stable)/ [ICRA]A4+ and rating removed from Issuer Not Cooperating category
Total	130.00	130.00	

*Instrument details are provided in Annexure II

Rationale

The ratings for Kumar Arch Tech Limited¹ (KATL) have been upgraded and removed from Issuer Not Cooperating (INC) category, owing to the company's cooperation in concluding the rating exercise. The ratings factor in the expected improvement in KATL's financial performance in FY2027, supported by the easing of tariff pressures in the US market and the release of pent-up demand, following an estimated decline in revenues to around Rs. 350-360 crore in FY2026. This, along with sustained healthy operating margins and low leverage, is anticipated to support comfortable debt protection metrics over the medium term. Notwithstanding the likely increase in raw material prices in the near term due to the prevailing West Asia conflict, the operating margins are projected to remain stable at around 25% (PY estimate: 24%-26%), aided by better absorption of fixed costs, with expected growth in revenues and the reversal of tariff-related cost impact in the previous year. The ratings continue to favourably note the experienced promoters with an established track record in the PVC industry, the company's reputed client profile in key export markets, and diversified end-use applications of its products across multiple industries such as construction, signage, advertising, etc. KATL is scaling up its installed capacity by around 3.5-4.0 times over the next three years from its current capacity of 27,600 MTPA. It is incurring capital expenditure of around Rs. 100 crore in FY2027-2028, primarily financed through internal accruals and on-balance sheet liquidity with limited reliance (sanctioned limit of Rs. 60 crore) on external debt, resulting in low leverage levels and comfortable debt protection metrics.

The ratings are, however, constrained by the exposure of KATL's operating margins to volatility in raw material prices, including PVC resin, as well as its operations in a highly fragmented and competitive industry, which limits the pricing flexibility. However, the company is planning to pass on some increase in the input costs to customers. Further, KATL faces geographical concentration risk including change in any trade policies, with over 80% of revenues derived from the US market. Also, KATL's profitability is exposed to forex fluctuation risk in absence of a formal hedging policy. Nevertheless, the exposure is partially mitigated by the natural hedge as it imports around 70% of its raw material. The ratings are also constrained by the high working capital (WC) intensity, led by elongated inventory holdings, which are primarily funded through payables to suppliers,

¹ ICRA has considered the consolidated financials of Kumar Arch Tech Limited, Taylias Industry Private Limited, New Age Home Buildcon Private Limited and Asific Buildcon Inc., given the operational, financial and managerial linkages among the entities.

backed by letters of credit (LoC). However, KATL has adequate on-balance sheet liquidity and sanctioned fund-based limits, which is expected to support its liquidity position.

The Stable outlook on the long-term rating reflects ICRA's opinion that KATL will benefit from the reputed client profile and maintain healthy operating margins, with comfortable debt protection metrics.

Key rating drivers and their description

Credit strengths

Established track record of promoters and long-standing relationship with customers – KATL's promoters have over two decades of experience in the PVC-blend based product manufacturing with established market position serving customers in business-to-business (B2B) segment in both domestic and international markets. At present, KATL is scaling up its installed capacity by around 3.5-4.0 times over the next three years from 27,600 MTPA. This along with the long-standing presence in the industry and relationship with customers is expected to aid revenue growth in the medium term.

Diversified product portfolio and multiple end-user industry presence – KATL, operating under the brand ECHON, has diversified product portfolio comprising 900+ SKUs including boards, trims, mouldings, doors, wall panels, ceilings, and signage products with application across various industries like construction, signage, advertising, etc. The wide range of product applications results in low dependence on any single industry.

Comfortable debt protection metrics – With easing tariff pressure in the US market and the release of pent-up demand, the revenues in FY2027 are likely to increase (post the estimated decline in revenue in FY2026) to around Rs. 350-360 crore. Further, the operating margin is projected to remain stable at around 25% in FY2027, despite remaining vulnerable to rise in raw material prices emanating from West Asia conflict, supported by better fixed costs absorption with expected growth in revenues and the reversal of tariff-related cost impact in FY2026. The capacity expansion plans of around Rs. 100 crore in FY2027-2028 are largely funded through internal accruals and on-balance sheet liquidity, with limited reliance on external debt (sanctioned limit of Rs. 60 crore). This is anticipated to support comfortable debt protection metrics in the medium term.

Credit challenges

Exposure to raw material price fluctuations and intense competition in industry – KATL's operating margins remain susceptible to fluctuations in raw material prices, including PVC resin as raw material prices are likely to increase in the near term amid the prevailing West Asia conflict. Also, being a highly fragmented industry, it is characterised by intense competition from both organised and unorganised players, which constrains the pricing flexibility. However, the company is planning to pass on some increase in the input costs to customers. Further, the company remains exposed to the risk of product duplication from the unorganised domestic segment.

Geographical concentration and high working capital intensity – The company derives over 80% of its revenue from USA, exposing it to geographical concentration risk, including a change in any trade policies. Nonetheless, the long-standing relationship with customers provides comfort to an extent. KATL's operations are working capital-intensive by nature due to high inventory stock and receivables outstanding. As of March 2026, the inventory days are estimated to be 165-170 days (PY: 188 days), while debtor days stood at around 100 days. However, KATL has adequate on-balance sheet liquidity and sanctioned fund-based limits to support its liquidity position.

Profit margins are exposed to volatility in exchange rates – KATL's profit margins remain exposed to foreign exchange risk due to the absence of any hedging mechanism. However, it is a net exporter and export revenues provides a natural hedge against raw material import requirements.

Liquidity position: Adequate

KATL's liquidity position is adequate, with unencumbered cash and cash equivalents of around Rs. 100 crore as of March 2026. It has low scheduled debt repayment obligations of Rs. 3.5-4.0 crore in FY2027, which are expected to be met comfortably through cash flow from operations. Further, capital expenditure of around Rs.100 crore in FY2027-2028 will be met majorly through internal accruals and on-balance sheet liquidity, with limited reliance on external debt.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if KATL demonstrates significant and sustainable improvement in its scale of operation, while maintaining healthy operating profitability and comfortable debt protection metrics.

Negative factors – Negative pressure on the ratings could arise if KATL reports a significant decline in revenues or profitability, or if there is a weakening of the overall financial profile due to sizeable debt-funded capex. Deterioration in the liquidity profile, on a sustained basis, could also exert downward pressure on the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Kumar Arch Tech Limited, Taylias Industry Private Limited, New Age Home Buildcon Private Limited and Asific Buildcon Inc. given the operational, financial and managerial linkages among the entities. Link

About the company

Incorporated in 1998, Kumar Arch Tech Limited, formerly called Kumar Arch Tech Private Limited, is involved in PVC-blend based product manufacturing. It supplies premier quality PVC and WPC boards, along with other products in both domestic and export markets under the brand name ECHON. The company offers a wide range of products, which include building materials, doors and frames, PVC floorings, signage materials and PVC-based decorative articles. KATL has four operational units in Gudli Industrial Area, Udaipur, with an aggregate installed capacity of 27,600 MTPA.

Key financial indicators

Consolidated	FY2024	FY2025
Operating income	407.9	421.5
PAT	110.8	107.9
OPBDITA/OI	34.2%	33.0%
PAT/OI	27.2%	25.6%
Total outside liabilities/Tangible net worth (times)	0.3	0.2
Total debt/OPBDITA (times)	0.2	0.3
Interest coverage (times)	115.4	62.9

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: CARE, in its rationale on Kumar Arch Tech Private Limited, dated April 07, 2025, continued KATPL's ratings under ISSUER NOT COOPERATING category and reaffirmed the short-term rating and downgraded the long-term rating from CARE BB; Stable/ CARE A4 to 'CARE BB-; Stable/ CARE A4; ISSUER NOT COOPERATING'.

Any other information: None

Rating history for past three years

Current (FY2027)			Chronology of rating history for the past 3 years						
Instrument	Type	Amount rated (Rs. crore)	May 12, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash credit	Long Term	50.00	[ICRA]BBB- (Stable)	Sep 30, 2025	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING	May 03, 2024	[ICRA]BBB (Stable)	-	-
						Aug 13, 2024	[ICRA]BBB (Stable)	-	-
Fund-based – Term loan	Long Term	-	-	-	-	May 03, 2024	[ICRA]BBB (Stable)	-	-
							ISSUER NOT COOPERATING		
Non-fund based – Others	Short Term	67.00	[ICRA]A3	Sep 30, 2025	[ICRA]A4+; ISSUER NOT COOPERATING	May 03, 2024	[ICRA]A3+ ISSUER NOT COOPERATING	-	-
						Aug 13, 2024	[ICRA]A3+	-	-
Unallocated	Long Term/ Short Term	13.00	[ICRA]BBB- (Stable)/ [ICRA]A3	Sep 30, 2025	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING / [ICRA]A4+; ISSUER NOT COOPERATING	May 03, 2024	[ICRA]BBB (Stable) / [ICRA]A3+ ISSUER NOT COOPERATING	-	-
						Aug 13, 2024	[ICRA]BBB (Stable)/ [ICRA]A3+	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Cash credit	Simple
Short-term – Non-fund based – Others	Simple
Long-term/ Short-term – Unallocated limit	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund-based – Working capital limits	NA	NA	NA	50.00	[ICRA]BBB-(Stable)
NA	Non-fund based – Working capital limits	NA	NA	NA	67.00	[ICRA]A3
NA	Unallocated limits	NA	NA	NA	13.00	[ICRA]BBB-(Stable)/ [ICRA]A3

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure III: List of entities considered for consolidated analysis

Company Name	KATL Ownership	Consolidation Approach
Taylias Industry Private Limited	100.00%	Full Consolidation
New Age Home Buildcon Private Limited	60.00%	Full Consolidation
Asific Buildcon Inc.	100.00%	Full Consolidation

Source: Company

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