

## Archit Plywood Private Limited

|                                   | Amount Outstanding | Rating Action                |
|-----------------------------------|--------------------|------------------------------|
|                                   | Rs. Crore          | March 2016                   |
| Cash Credit Facilities (LT Scale) | 4.00               | [ICRA]B; reaffirmed          |
| Term Loan Facilities (LT Scale)   | 0.75               | [ICRA]B; reaffirmed          |
| Letter of Credit (ST Scale)       | 4.00               | [ICRA]A4; reaffirmed         |
| Unallocated (LT/ST Scale)         | 0.25               | [ICRA]B/[ICRA]A4; reaffirmed |

ICRA has reaffirmed its long term rating of [ICRA]B (pronounced ICRA B) on the Rs.4.00 crore cash credit facilities and Rs.0.75 crore term loan facility of Archit Plywood Private Limited (APPL) and the short-term rating of [ICRA]A4 (pronounced ICRA A four) to the Rs.4.25 crore non-fund based limits of APPL†.

ICRA's ratings continues to take into account the highly competitive and fragmented nature of the industry it operates in, with the presence of numerous players in both the organized and the unorganized sectors. The ratings also factor in the high inventory levels maintained for the primary raw material, timber, which is procured in bulk during the timber harvest season from different geographies along with the stretched receivables and payables levels during FY15. Further, the company is exposed to the risk of adverse foreign exchange movements due to the lack of a hedging mechanism.

However, the ratings derive comfort from the presence of the company's manufacturing facility in the wood and wood product manufacturing hub- Gandhidham, Gujarat, which results in benefits such as proximity to customers, access to raw materials etc and the strong growth in the top line during FY15 and the net profits recorded during the year after the series of losses in the past.

The ability of the company to further increase its scale of operations with improvement in profitability and better management of the working capital cycle will be the key rating sensitivities.

### Company Profile

APPL commenced operations from October 2011 and is engaged in the trading of timber and manufacturing of plywood, veneer, block board and flush doors. It sells the products under the registered brand name "Archit". The company's head office is located in New Delhi whereas the manufacturing facility is located in Gandhidham, Gujarat.

### Recent Results

In 2014-15, APPL reported an operating income of Rs.16.35 crore and a net profit of Rs.0.10 crore as against an operating income of Rs. 11.80 crore and a net loss of Rs. 0.35 crore in the previous year. APPL on provisional basis has booked revenue of Rs.15.00 crore during FY16 (11m) period.

**March 2016**

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†"For complete rating definitions, please refer to the ICRA website [www.icra.in](http://www.icra.in) or any of the ICRA Rating Publications"



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