

Archidply Industries Limited

September 28, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 108.21 Crore (Reduced from Rs. 110.17 crore)	Regulator^
Long Term Rating	IVR BBB-/Stable (Rating Reaffirmed)	RBI
^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

Infomerics has reaffirmed the ratings assigned to the bank facilities of Archidply Industries Limited (AIL). The reaffirmation reflects the significant improvement in the Group's consolidated operating performance during FY26, supported by the ramp-up of the MDF/HDF manufacturing facility of Archidpanel Industries Private Limited (AIPL). Consolidated total operating income increased by about 21% to ~Rs. 671 crore in FY26 from ~Rs. 556 crore in FY25, while EBITDA improved to Rs. 42.60 crore from Rs. 22.03 crore, resulting in an expansion in EBITDA margin to 6.35% from 3.96%. The Group reported a consolidated PAT of Rs. 7.98 crore in FY26, compared to a net loss of Rs. 7.36 crore in FY25. The rating continues to derive strength from the promoters' experience and established track record in the wood-based panel industry, the proximity of manufacturing facilities to raw material sources, a diversified revenue profile across products and geographies, and improvement in leverage and debt protection indicators

The rating, however, remains constrained by the Group's moderate capital structure, working-capital-intensive operations, susceptibility to raw material price volatility and competitive pressures. Further, although AIPL remained EBITDA positive, it reported a loss at the PAT level in FY26. Going forward, AIPL's financial flexibility and debt-servicing ability will remain dependent on continued support from its parent, AIL, until the AIPL generates adequate internal cash accruals to meet its debt obligations independently.

Outlook: Stable

The Stable Outlook reflects Infomerics' expectation that the group will sustain consolidated EBITDA margins of 6.5%-7.0% and maintain interest coverage above 2.5x over FY27-FY28. The expected performance is supported by further operational stabilisation of the MDF/HDF facility and moderation in leverage through scheduled repayment of term debt.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Consolidation
Parent/ Group Support	Infomerics has considered the consolidated financials of Archidply Industries Limited (AIL) and its wholly owned subsidiary, Archidpanel Industries Private Limited (AIPL) on account of strong financial and operational linkages, selling products under a common brand and a common management team. Further, AIL has also extended corporate guarantees of Rs. 145.10 crore as on March 31, 2026, towards the bank facilities availed by AIPL.

Key Rating Drivers with Detailed Description

Strengths

- Healthy growth in scale of operations coupled with improvement in profitability**

The Group's consolidated scale of operations improved significantly in FY26, with TOI increasing by around 21% to Rs. 670.99 crore from Rs. 556.07 crore in FY25, supported by continued demand for plywood and allied products and the ramp-up of AIPL's MDF/HDF facility. AIL contributed Rs. 508.02 crore to TOI, up 9.38%, while AIPL contributed Rs. 170.68 crore, up 79.98%.

Consolidated EBITDA increased to Rs. 42.60 crore from Rs. 22.03 crore, with EBITDA margin improving to 6.35% from 3.96%. AIPL reported EBITDA of Rs. 14.15 crore, indicating operating-level stabilisation, although it continued to report a PAT loss of Rs. 2.77 crore. Consolidated PAT consequently improved to Rs. 7.98 crore from a loss of Rs. 7.36 crore in FY25. The improvement has continued in Q1FY27, with TOI increasing to Rs. 189.01 crore from Rs. 147.85 crore in Q1FY26 and EBITDA margin at 7.36%.

- Improvement in debt protection indicators**

The company's debt protection showed improvement in FY26, supported by higher operating profitability and cash accruals. Consolidated overall gearing moderated to 1.72x as on March 31, 2026, from 2.01x as on March 31, 2025, while interest coverage improved substantially to 2.41x from 1.24x during the same period. The adjusted overall gearing, including corporate guaranteed debt, also improved to 1.95x from 2.27x during the same period. Total Debt/EBITDA improved to 4.28x from 8.91x and TOL/adjusted TNW to 2.59x from 2.95x. Consolidated DSCR improved to 1.13x in FY26 from 0.89x in FY25. Coverage nonetheless remains moderate.

- **Proximity to raw material sources**

AIL's manufacturing facilities are strategically located in Uttarakhand, providing proximity to key raw material sources and supporting efficient procurement. The company has established relationships with local sawmills, reducing dependence on overseas suppliers and providing logistical advantages. This is reflected in its raw material cost profile, with timber cost per cbm declining by 9.5% in FY26, while core veneer and chemical costs remained broadly stable. Consequently, total raw material cost increased by 6.0% to Rs. 124.68 crore. Imports remain limited at around 5% of total input requirements.

- **Experienced promoters with established track record of operations**

AIL was incorporated in 1995 and is promoted by the Daga family, which has over four decades of experience in the plywood and allied products industry. The promoters have demonstrated extensive understanding of the industry and are actively involved in the overall management of the company. Execution capability is evidenced by the commissioning and ramp-up of the 75,000 MTPA MDF/HDF unit at Sitarganj, which reached 73.8% utilisation in its second year of operation, and by promoter equity infusion of Rs. 3.20 crore into AIPL during FY26. Promoter holding is 69.89%.

- **Diversified revenue base with low customer concentration**

The company's revenue is well distributed across products, customers and geographies. Plywood and allied products contributed 68.26% of standalone FY26 revenue, laminates 28.70% and MDF 3.01%. No single state accounted for more than 12.93% of sales and the top five states for 58.38%. The top five customers accounted for 9.10% of FY26 sales (FY25: 9.00%) and the top five suppliers for 23.06% of purchases. Receivables outstanding beyond 365 days reduced to 3.2% of standalone debtors in FY26 from 4.6% in FY25, with provision made. This diversification limits the earnings impact of the loss of any single counterparty or region.

Weaknesses

- **Subsidiary yet to be PAT positive and remains dependent on the parent for debt servicing**

AIPL, contributing 25% of consolidated TOI and 51% of consolidated debt, remained loss-making in FY26, reporting a net loss of Rs. 2.77 crore, ROCE of 3.33%, interest coverage of 1.59x and DSCR of 0.59x. It accounts for Rs. 16.17 crore, or 81%, of the consolidated scheduled debt repayments of Rs. 19.97 crore in FY27. Consequently, the projected consolidated DSCR of 1.35x is supported by AIL's standalone DSCR of 2.10x. AIPL is expected to achieve PAT breakeven in FY27, supported by improvement in EBITDA margin. Any shortfall in the projected ramp-up could increase the financial support required from AIL, which has guaranteed AIPL's debt facilities.

- **Working capital intensive nature of operations**

The company's operations remain working capital intensive, primarily due to the requirement to maintain adequate inventory across various product categories and the credit extended to customers in the highly competitive plywood and allied products industry. Net working capital increased to Rs. 150.08 crore as on March 31, 2026, from Rs. 146.81 crore as on March 31, 2025, representing 22.4% of TOI. The consolidated operating cycle elongated to 85 days in FY26 from 83 days in FY25, with the deterioration concentrated at AIPL (107 days from 76 days, on collection of 74 days and inventory of 70 days) and partly offset by AIL (77 days from 83 days).

- **Susceptibility of profitability to raw material price fluctuations and intense competition**

The company's profitability remains exposed to fluctuations in prices of key raw materials such as timber, paper and chemicals. Given the fragmented and competitive nature of the plywood, laminates and MDF industry, the company has limited pricing flexibility and may not always be able to fully pass on increases in input costs to customers. This could exert pressure on operating margins, particularly during periods of sharp increases in raw material prices. Further, the consolidated profitability remains dependent on the sustained ramp-up and efficient operations of the MDF/HDF facility, which is still relatively new and needs to achieve optimal utilisation levels.

- **High share of traded revenue constraining margins**

Traded goods accounted for Rs. 243.71 crore, or 47.98%, of standalone FY26 revenue. Traded revenue carries thinner margins and consumes working capital on both the inventory and receivable sides and reflects in moderate standalone EBITDA margin of 5.57% of AIL compared to the subsidiary's 8.29% driven by value addition by AIPL. Sustaining the consolidated margin of 6.35%, and improving it, therefore depends on the manufactured share continuing to rise, as noted in FY26 (52.02% from 47.58%).

Liquidity – Adequate

The liquidity profile is assessed as Adequate. Cash flow from operations improved significantly to Rs. 34.12 crore in FY26 from negative Rs. 23.36 crore in FY25. The average utilisation of consolidated fund-based working capital facilities remained moderate at about 66% during the 12 months ended May 2026, providing moderate liquidity cushion. The liquidity assessment is supported by projected improvement in cash generation and availability of working-capital lines. However, liquidity is moderated by low free cash and cash equivalents of Rs. 0.35 crore as on March 31, 2026, and scheduled debt repayments over the medium term. Comfort is also drawn from the presence of a DSRA at AIPL equivalent to one quarter of principal and interest obligations.

Rating Sensitivities

- **Upward Factors**
 - Consolidated debt service coverage sustained above 1.50x measured, with AIPL achieving standalone DSCR above 1.30x and sustained PAT breakeven. Consolidated interest coverage sustained above 3.25x.
 - Sustained improvement in profitability and debt protection, with overall gearing moderating below 1.4x, together with total debt/ETBIDA below 3.5x.
- **Downward Factors**
 - Deterioration in profitability resulting in ICR declining below 2.0x and/or overall gearing and total debt/ETBIDA increasing above 2.0x and 5.5x respectively on a sustained basis.
 - Elongation in operating cycle beyond 100 days, adversely impacting the liquidity position.

About the Company

Incorporated in 1995 as ATP Silvi Products Limited and later renamed as Archidply Industries Limited (AIL) in 2007, AIL is engaged in manufacturing and sales of wide range of plywood and laminates. The manufacturing unit of the company is located in Rudrapur, Uttarakhand with an

annual installed capacity of 48,00,000 sheets per annum for laminates and 68,50,000 cubic meters per year (CBM) for plywood. The company is listed on both Bombay Stock Exchange and the National Stock Exchange. AIL has set up a new manufacturing unit in Sitarganj, Uttarakhand for manufacturing of Medium and High Density Fibreboards under a Wholly Owned Subsidiary in the name of Archidpanel Industries Private Limited which was incorporated on February 12, 2022. The commercial operations of the new unit commenced from March 29, 2024.

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2025	31-03-2026
	Audited	Audited
Total Operating Income	556.07	670.99
EBITDA	22.03	42.60
PAT	-7.36	7.98
Total Debt	196.27	182.47
Adjusted Tangible Net Worth (ATNW)	97.63	106.35
EBITDA Margin (%)	3.96	6.35
PAT Margin (%)	-1.32	1.19
Adjusted Overall Gearing (times)	2.01	1.72
Interest Coverage (times)	1.24	2.41

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

Applicable Criteria

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for assigning Rating outlook](#)

[Policy on Default Recognition and Post Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Consolidation of Companies](#)

Status of non-cooperation with previous CRA: Nil.

Any other information: Nil

Rating History for last three years

Sr. No.	Instruments / Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
					September 29, 2025		
1.	Fund based facilities	LT	108.21	IVR BBB-/ Stable	IVR BBB-/ Stable	-	-

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISI N	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned / Outlook	Listing Status	Regulator^	<u>Complexity Indicator</u>
Cash Credit	-	-	-	-	40.50	IVR BBB-/Stable	Not Applicable	RBI	Simple
Term Loan	-	-	-	July 2032	12.59	IVR BBB-/Stable	Not Applicable	RBI	Simple
Cash Credit	-	-	-	-	10.00	IVR BBB-/Stable	Not Applicable	RBI	Simple
Dropline Overdraft	-	-	-	-	5.12	IVR BBB-/Stable	Not Applicable	RBI	Simple
Cash Credit	-	-	-	-	40.00	IVR BBB-/Stable	Not Applicable	RBI	Simple

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/len_archidply_sep26_c2c38d130b.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for Consolidated/Combined analysis:

Name of the entity	Extent of Consolidation	Rationale for consolidation
Archidply Industries Limited	Full Consolidation	

Archidpanel Industries Private Limited	Full Consolidation	Both the companies are engaged in the same line of business, with common promoters and has operational & financial linkages.
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Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instruments
1	Listed/Proposed to be listed bonds/debentures/preference share (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)* \$	RBI
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 and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11a	Fixed Deposits raised by NBFCs, HFCs, FIs	RBI
11b	Fixed Deposits raised by Banks	+
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts \$	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	+
22	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
23	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

Footnotes:

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

~ 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 may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Infomerics Valuation and Rating Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

\$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

+ To be finalized following a discussion with the regulatory authorities.

Note: *For activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.*

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