

**Rating Rationale**

**Arasu Jewels**

23 May 2017

**Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs.7.00 Cr Arasu Jewels**

**Particulars**

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
<b>Fund Based Cash Credit</b>	<b>7.00</b>	<b>Long Term</b>	<b>BWR B Pronounced BWR B Outlook: Stable</b>
<b>Total</b>	<b>Rs. 7.00 Crores (Rupees Seven Crores Only)</b>		

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

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

BWR has essentially relied upon the audited financials results of the company up to FY16, projected financials, publicly available information and information/clarifications provided by the management.

The rating has factored, Partners experience in Jewellery trading business, Moderate Networth of the firm, Constitutional risk as a partnership firm, fluctuating revenue trend, working capital intensive nature of business and susceptibility of margin to fluctuations in gold price.

**Rating Outlook: Stable**

BWR believes the **Arasu Jewels’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**

Arasu Jewels is a partnership firm established in the year 1999, and engaged in retail Jewellery business in the city of Kumbakonam, Tamil Nadu. The partners are Mr. Thirunavukarasu, Mr. Senthil Kumar, Mrs. Dhanalakshmi T, and Mrs. Swarnalatha S. The Firm belongs to Arasu group.

### Company Financial Performance

Net Sales has decreased from ₹28.17Cr in FY15 to ₹24.86Cr in FY16. PAT of the firm increased from Rs. 0.13Cr in FY15 to Rs. 0.16Cr in FY16. Tangible Networth of the firm is Rs. 2.32Cr in FY16. Current ratio is at 0.97times in FY16.

### Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
1	Cash Credit	Long Term	7.00	BWR B	NA	NA	NA

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Trading sectors](#)
- [Short Term Debt](#)

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#### For print and digital media

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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**

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.