Rating Rationale

Brickwork Ratings assigns BWR B-/A4 with 'stable outlook' for the Bank Loan Facilities aggregating to ₹ 12.53 Cr of Arham Colloids.

Brickwork Ratings has assigned following **Rating**[1] for the Bank Loan Facilities of Arham Colloids (AC or the "**Firm**"):-

Facilitiy	Amount to be rated	Tenure	Ratings Assigned
Fund Based			
Cash Credit	9.50	Long term	BWR B- Pronounced BWR single B Minus (Outlook: Stable)
Term Loan	2.78		
EPC	(3.00)	Short Term	BWR A4 Pronounced BWR A Four
FBP Sub Limit of CC	(6.00)		
Non Fund Based			
Bank Guarantee	0.25		
Total	**12.53**	**INR Twelve Crores and Fifty Three Lakhs only**	

The firm has forward limit of Rs. 0.12 Crs.

BWR has essentially relied upon audited financial results of Arham Colloids upto FY15 and projected financials for FY16 and FY17, publicly available information and information provided by the management.

The rating has, inter alia, factored in the experienced management, diversified customer base and product's application in multiple industries making it less dependant on single industry. The rating is, however, constrained by declining sales, weak debt protection metrics and losses in FY15.

Background:

Arham Colloids (AC) is a partnership firm based in Hisar and is engaged in the manufacture of guar gum powder from guar splits. The firm got established in January 2012. Arham Colloids commenced commercial production of technical (industrial) grade guar gum powder in February 2013.

Financial Performance:

As per the audited financials for FY15, total operating income for the firm stood at Rs. 45.71 Crs. in FY15 against Rs. 82.31 Crs. in FY14. Loss for the year FY15 stood at Rs. 3.64 Crs. Tangible networth for the firm stood at Rs 4.29 Crores as on 31st March 2015 and TOL/TNW for the firm stood at 3.32 times. Current ratio for the firm was 0.93 times in FY15.

[1] ***Please refer to www.brickworkratings.com for definition of the Ratings***

Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward scaling up of business, meeting projections and ensure timely servicing of debt would be the key rating sensitivities.

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