



Rating Rationale

Arise India Ltd

August 11, 2017

Brickwork Ratings revises the ratings for the Bank Loan Facilities amounting to Rs. 510 Crores of Arise India Ltd based on best available information, as the issuer did not cooperate.

Particulars:

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based	500.00	500.00	Long Term	BWR BBB (Pronounced BWR Triple B) Outlook: Negative	BWR D (Downgrade) Issuer not Cooperating*
Non-Fund Based	10.00	10.00	Short Term	BWR A3 (Pronounced BWR A Three)	
Total	510.00	510.00	INR 510.00 Crores (INR Five Hundred Ten Crores Only)		

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

***Issuer did not cooperate: based on best available information**

Rating Revision

Rationale/Rating Sensitivities:

BWR has principally relied upon the publicly available information as the issuer did not cooperate.

The rating revision is on account of delays in debt servicing due to weak liquidity position of the company. The company came into problems post demonetization. As majority of the company's sales come from tier 2 cities, rural and semi-urban areas vide its own distribution network, Arise was not able to realize the receivables outstanding with these distributors due to cash crunch in the country causing higher utilization of the working capital limits. However, even after six months since demonetization the company has not been able to come out of its problems.

Going forward the ability of the company to come out of its liquidity issues and ensure timely debt servicing shall remain key rating sensitivities.



Nature of Non-Cooperation:

BWR has been trying to get an update from the company on its current liquidity problems as well as FY17 financial performance, however, the company has not provided us any information. Based on the feedback from the company's lead bank, the rating has been revised

For further information on the company, a reference can be made to our rationales dated May 10, 2017 and January 6, 2017.

Rating History for the last three years:

Sl. No.	Facility	Current Rating (Aug 2017)			Rating History				
		Type	Amount (Rs Crs)	Rating	May 2017	Jan 2017	Nov 2015	March 2015	Sep 2013
Fund Based									
1.	Cash Credit	Long Term	500.00	BWR D	BWR BBB (Negative)	BWR A (Stable)	BWR A (Stable)	BWR A (Stable)	BWR A- (Stable)
Non-Fund Based									
1.	LC	Short Term	10.00	BWR D	BWR A3	BWR A1	BWR A1	BWR A1	BWR A2+

Hyperlink/Reference to applicable Criteria:

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Default Recognition & Default Curing Period](#)
- [Manufacturing Companies](#)
- [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 Investors queries can be sent to 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.