

Rating Rationale

Brickwork Ratings upgrades the rating to ‘BWR A’ & ‘BWR A1’ for the Bank Loan Facilities of Arise India Ltd aggregating ₹ 325 Cr (enhanced from ₹ 260 Cr).

Brickwork Ratings has upgraded the **Ratings**¹ for the Bank Loan Facilities of Arise India Ltd (*Arise or “the Company”*) as follows:

Facility*	Previous Amount (₹ Cr)	Rating Amount (₹ Cr)	Tenure	Rating	Rating History
Fund Based: Cash Credit	250.00	315.00	Long Term	BWR A (Pronounced as BWR Single A) Outlook: Stable	BWR A- (Pronounced as BWR Single A Minus) Outlook: Stable (September 2013)
Non Fund Based: LC	10.00	10.00	Short Term	BWR A1 (Pronounced as BWR A One)	BWR A2+ (Pronounced as BWR A Two Plus) (September 2013)
Total	260.00	325.00	INR Three Hundred Twenty Five Crores Only		

BWR has principally relied upon the audited financial results up to FY14, projected financial results up to FY16 of the company, publicly available information and information/clarifications provided by the company

The rating continues to draw strength from the reputed and experienced management, established track record of the company and brand recall in North India, improved operational and financial performance, pan India presence with strong network of branches and dealers and above average financial risk profile. The rating, however, continues to remain constrained by the working capital intensive nature of operations and stiff competition in the various segments in which the company operates.

Background:

Arise India Limited (Arise) was originally incorporated on 24 Jul 1995, as “Starlite Co-Tex Limited”. In 1999, Starlite was acquired by Mr. Avinash Jain and the name was changed to Arise India Limited. Arise manufactures mono-block water pumps, submersible pumps and batteries. It also sells electric items such as water geysers, fans, inverters and water purifiers, under its brand ‘Arise’. The company has its manufacturing units in Sonapat (Haryana) and Kala Amb (Himachal Pradesh). The Company has been awarded ISO 9001- 2008 certification by BSI London (United Kingdom), wherein all the products of the Company are ISI Certified and have

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

received various awards and licenses as well. In a bid to deepen its presence, the company has undertaken a string of initiatives, including augmenting their water pumps capacity, launching sine wave home UPS solutions range, introducing ABS-body water heaters, foraying into solar inverters and offering Android experience in LED TV's.

The Company also trades in Solar Products, UPS, Inverters, Home Appliances, Kitchen Appliances, Mobile Devices, LED Lighting systems etc. Manufacturing activities contributed 63% to the total revenue in FY14 and the balance was contributed by trading activities.

Ownership & Management:

The current shareholding of the company is as follows: Mr. Avinash Jain – 47.26%, Mr. N. C. Jain – 26.34%, Mrs. Anju Jain – 20.60% and Family & Friends – 5.80%

Mr. Avinash Jain is the Managing Director of the company. Mrs. Anju Jain and Mr. N. C. Jain are other directors on the board. All the directors are well experienced and are also assisted by a team of qualified professionals.

Financial Performance:

Arise recorded Operating Income of Rs. 1259.53 Cr for FY14 as compared to Rs. 853.96 Cr for FY13. EBITDA Margin increased from 8.92% in FY13 to 9% in FY14 and PAT Margin increased from 3.93% in FY13 to 4.06% in FY14. Tangible Net Worth of the company stood at Rs. 228.66 Cr as on March 31, 2014 as compared to Rs. 152.62 Cr as on March 31, 2013.

On a provisional basis, the company reported an Operating Income of Rs. 1136.64 Cr for 9M FY15.

Rating Outlook:

The rating outlook is expected to be stable for the current year. Going forward, the ability to the Company to meet projected revenues from the existing as well as new products launched and effectively manage its working capital would be the key monitorables.

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