

## Rating Rationale

1 July 2020

Arjun Chemicals Pvt Ltd

Brickwork Ratings revised the ratings for the Bank Loan Facilities of Rs. 51.42 Crores of Arjun Chemicals Pvt Ltd based on best available information, as the company did not cooperate.

### Particulars

Facility	Amount (Rs Crs)		Tenure	Rating <sup>1</sup>	
	Previous	Present		Previous** (03 May 2019)	Present
<b>Fund Based</b>					
Fund Based Working Capital	23.00	23.00	Long term	<b>BWR BB-/ Stable</b>	<b>BWR B+ Issuer Not Cooperating*/Stable Downgraded</b>
Standby Line of Credit	4.00	4.00			
Term Loan	8.42	8.42			
<b>Non Fund Based</b>					
Letter of Credit	15.00	15.00	Short term	<b>BWR A4</b>	<b>BWR A4 Issuer Not Cooperating* Reaffirmed</b>
Bank Guarantee	1.00	1.00			
<b>Total</b>	<b>51.42</b>	<b>51.42</b>	<b>Rupees Fifty One Crores and Forty Two Lakhs Only</b>		

<sup>1</sup>Please refer to BWR website [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the rating assigned

\*Issuer did not cooperate; Based on best available information; \*\*Ratings migrated to "Rating not reviewed" category in May 2020;

### Rating Action/Nature Of Non-cooperation

The rating was due for a review in May 2020. BWR took up with the company to provide required information for conducting a review of the rating through emails and telephone calls. Despite the best efforts of BWR to get at least the minimum required information for a review, the company has not provided the same. The rating was, therefore, migrated to the Rating not Reviewed category in May 2020. In the absence of adequate information from the company, Brickwork Ratings is unable to assess the company's financial performance and its ability to service its debt and maintain a valid rating. Hence, based on inadequate information and continued lack of management cooperation, Brickwork Ratings has revised and migrated the rating to the Issuer Not Cooperating\* category.

### Limitations of the Rating

Information availability risk is a key factor in the assessment of credit risk as generally non-cooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit rating should therefore take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholding of information required for a review of the rating.

### Analytical approach

For arriving at its ratings, Brickwork Ratings has applied its ratings methodology as detailed in the Rating Criteria below (hyperlinks provided at the end of this rationale).

### Company Profile

ACPL was incorporated in 1990 at Chennai. The company is engaged in the manufacture and sale of paper chemicals such as Alkyl Ketene Dimer, Cationic Rosin Emulsion and various types of chemicals which are used as sizing chemicals in the paper and pulp industry

### Financial Performance

The Company has not provided any financial information to BWR

**Status of non-cooperation with previous CRA - CRISIL**, vide its press release dated 26 Nov 2019, has migrated its ratings of the bank loan facilities of the Company to the Issuer Not Cooperating category

### Rating History For The Previous Three Years [including withdrawal and suspended]

Facilities	Current Rating (July 2020)			Rating History		
	Tenure	Amount (Rs Cr)	Rating	03 May 2019	2018	2017
<b>Fund Based</b>						
Fund Based Working Capital	Long Term	23.00	<b>BWR B+ Issuer Not Cooperating*/Stable</b>	BWR BB-/Stable	-	-
Standby Line of Credit		4.00				
Term Loan		8.42				
<b>Non Fund Based</b>						
Letter of Credit	Short Term	15.00	<b>BWR A4 Issuer Not Cooperating*</b>	<b>BWR A4</b>		
Bank Guarantee		1.00				
<b>Total</b>		<b>51.42</b>	<b>Rupees Fifty One Crores and Forty Two Lakhs Only</b>			

*Note: Initial rating of BWR BB-/Stable was assigned on 03 May 2019 for the bank loan facilities of Rs. 51.42 crs;*

### Complexity levels of the instruments

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Manufacturing Companies](#)
- [What Constitutes Non-cooperation](#)
- [Approach to Financial Ratios](#)

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**ANNEXURE I**

**Details of Bank Facilities rated by BWR**

Bank	Facility	Long Term [Rs Cr]	Short Term [Rs Cr]	Total [Rs Cr]
State Bank of India	FBWC	23.00	-	23.00
	Term loan	5.08	-	5.08
	SLC	4.00	-	4.00
	LC	-	15.00	15.00
	BG	-	1.00	1.00
Axis Bank Ltd	Term Loan	3.34	-	3.34
<b>Total</b>		<b>35.42</b>	<b>16.00</b>	<b>51.42</b>

*\* As per information provided during the last review (May 2019)*



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### **DISCLAIMER**

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