



Rating Rationale

Arochem Industries Pvt. Ltd.

20 May 2020

Brickwork Ratings downgrades the rating of Rs. 27.08 Crores of Arochem Industries Pvt. Ltd. based on best available information, as the issuer did not cooperate. Accordingly the rating for the said instrument is as under

Particulars

Facility	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous** (Feb 2019)	Present
Fund based					
Term Loan (Existing)	2.08	2.08	Long Term	BWR BB+ Stable	BWR BB Stable [Downgraded] Issuer Not Cooperating*
Term Loan (Proposed)	3.00	3.00			
Line of Credit	11.50	11.50			
Line of Credit (Proposed)	10.50	10.50			
Total	27.08	27.08	INR Twenty Seven Crores and Eight Lakhs Only		

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

**The rating was migrated to rating not reviewed category in Feb 2020

Issuer did not cooperate; based on best available information

Details of Bank facilities provided in Annexure-I

RATING ACTION / OUTLOOK / NATURE OF NON-COOPERATION.

The rating of the Bank Loan Facilities of the company have been downgraded the long term rating to BWR BB/Stable under 'Issuer Not Cooperating' category from BWR BB+/Stable because the client has not submitted the information/papers required for the review of rating despite our regular follow up.

The entity being established with the objective of manufacturing of dye intermediates is expected to increase in India, thus the rating outlook has been reaffirmed as stable.

BWR had initially rated Bank Loan facilities amounting to Rs.15.85 Crs in Nov, 2017 assigning rating of BWR BB+/ Stable. Subsequently, the rating is reaffirmed, BWR BB+/Stable, Feb 2019 amounting Rs. 27.08 Crs. The rating was moved to RNR in Feb 2020. BWR took up with the issuer consistently to provide required information over emails and telephonically dated 12.03.2020, 23.04.2020, 30.04.2020 and 04.05.2020. Client has informed by mail dated 5.05.2020 that they do not require ratings. Further, BWR also took follow up with the banker for conduct of account over various emails dated 12.03.2020, 23.04.2020, 30.04.2020 and



04.05.2020 for the conduct of accounts . The banker has replied by mail dated 23.04.2020 that as per new guidelines the client does not require the rating. Despite the best efforts of BWR to get at least the minimum required information for a review, the entity has not provided the same. In the absence of adequate information from the firm, BWR is unable to assess the firm’s financial performance and its ability to service its debt and maintain a valid rating.

Limitations of the rating:

Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation 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 ratings 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.

KEY FINANCIAL INDICATORS (in ₹ Cr) [AS AVAILABLE WITH BWR]

Particulars	Units	2018	2017
Result Type		Audited	Audited
Net Sales/Revenues	₹ Cr	53.04	36.97
EBITDA	₹ Cr	2.96	2.13
PAT	₹ Cr	1.54	1.48
TNW	₹ Cr	16.37	14.84
Total Debt : TNW	Times	0.73	0.81
Current Ratio	Times	0.96	1.07

COMPANY PROFILE

M/S Arochem Industries Private Limited (AIPL) started in 1962 as a partnership firm, converted to private limited company in 2014, is engaged in manufacturing of dye intermediates (Resist Salt, Metanilic Acid, 3'3' Dinitro Dphenyl Sufone) used primary in textile industry and to some extent in the aerospace industry. The directors of the company are Nilesh Gandhi, Milan Thakkar, and Manish Gandhi. AIPL is recognised as 'One Star Export House' by the Indian Government – Ministry of Commerce & Industry. AIPL is a member of Vapi Green Enviro Ltd (VGEL). VGEL has installed common effluent treatment plants etc at AIPL's factory location.

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: Issuer Non Cooperation Crisil BB-/Stable, Crisil A4+ , March 2019.



RATING HISTORY FOR LAST 3 YEARS (INCLUDING WITHDRAWN/SUSPENDED)

Facilities	Current Rating 2020			Rating History						
	Current Rating			20 Feb 2019		2018	27 Nov 2017			
Bank Loan	FB	27.08	BWR BB Stable (Downgraded) Issuer Not Cooperating*	FB	27.08	BWR BB+ Stable (Reaffirmed)	Not Rated	FB	15.85	BWR BB+ Stable (Assigned)

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [What Constitutes Non-Cooperation](#)

Analytical Contacts	Investor and Media Relations
<p>Ushadevi V Dogra Rating Analyst +91 22 2831 1439 Ext: 650 ushadevi.d@brickworkratings.com</p> <p>Sushil Kumar Chitkara Associate Director - Ratings B :+91 22 28 31 1416, +91 22 2831 1439 sushilkumar.c@brickworkratings.com</p>	<p>Liena Thakur Assistant Vice President - Corporate Communications +91 84339 94686 liena.t@brickworkratings.com</p>

ANNEXURE I

**Arochem Industries Pvt. Ltd.
Details of Bank Facilities rated by BWR**

Sl.No.	Name of the Bank	Type of Facilities	Long Term [₹ Cr]	Short Term [₹ Cr]	Total [₹ Cr]
1.	Bank of Baroda	Fund based Term Loan (Existing) Term Loan (Proposed) Line of Credit Line of Credit (Proposed)	2.08 3.00 11.50 10.50	-	27.08
TOTAL					27.08

INR Twenty Seven Crores and Eight Lakhs Only

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