



## RATING RATIONALE

20 December 2024

### Arul Financiers Pvt. Ltd.

**Brickwork Ratings downgrades the long-term ratings for the Bank Loan Facilities (proposed) of Rs. 10.00 Crs. of Arul Financiers Pvt. Ltd. based on best available information, as the issuer did not cooperate.**

#### Particulars:

Facilities**	Amount Rated (Rs. Crs.)		Tenure	Rating#	
	Previous Amt (in Rs. Crs.)	Present Amt (in Rs. Crs.)		Previous (21 Nov 2023)	Present
Fund Based Bank Loan (Proposed)	10.00	<b>10.00</b>	Long Term	BWR B/Stable; ISSUER NOT COOPERATING* category /Downgrade	<b>BWR B-/Stable; Continues to be in ISSUER NOT COOPERATING* category/Downgrade</b>
<b>Total</b>	10.00	<b>10.00</b>		<b>Rupees Ten Crores only</b>	
# Please refer to BWR website <a href="http://www.brickworkratings.com/">www.brickworkratings.com/</a> for definition of the ratings * Issuer did not cooperate; based on best available information ** Details of facilities provided in Annexures- I					

#### RATING ACTION / OUTLOOK / NATURE OF COOPERATION

Brickwork Ratings (BWR) has downgraded the ratings at BWR B-/Stable and continues to be in ISSUER NOT COOPERATING\* category for Arul Financiers Pvt. Ltd (“Arul Financiers” or “AFPL” or “the Company”). Brickwork Ratings (BWR) has consistently taken up with Arul Financiers through emails and mobile calls to provide the requisite information for the review of the ratings. Despite the best efforts of BWR to get at least the minimum required information for a review, the company continued to be non-cooperative. Further, the company has not been submitting the monthly ‘No Default Statement’ (NDS) in deviation from the extant guidelines. The company has not submitted NDS to BWR since November 2023. The company showed its interest to withdraw the rating with removal from the INC category. However, the receipt of documents as per BWR Withdrawal Policy is awaited. BWR is unable to assess the entity’s financial performance and its ability to service its debt and maintain a valid rating. Thereby on account of inadequate information and lack of management cooperation for the review of rating or for the withdrawal of rating. BWR has downgraded the long-term ratings to BWR B-/ Stable/ Continues to be in ISSUER NOT COOPERATING\* category.

The lenders/investors may note to exercise due caution while using the rating that mentions "Issuer Not Cooperating" since the rating lacks any projections or forward-looking component as it is arrived at based on the best available information without any management/banker interaction.



**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 the 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 withholding of information required for a review of the rating.

**KEY FINANCIAL INDICATORS (AS AVAILABLE WITH BWR)**

Please refer to the following link for the previous detailed active rationale that captures the Key Financials Indicators [View Previous Document](#)

**COMPANY’S PROFILE**

ARUL FINANCIERS PRIVATE LIMITED is a Private Limited Company, incorporated on 14 October 1991, under the Companies Act as a Company limited by Shares. It is classified as a non-government company and is registered at Registrar of Companies, Chennai.

After obtaining approval from the Reserve Bank of India, the company took over the operations of the existing Arul Financiers Pvt Ltd incorporated in 1991, in 2021. The promoters infused equity capital of Rs. 2 Crs., and the Asset Under Management (AUM), which was at Rs. 0.12 Crs for FY21, had increased to Rs. 1.27 Crs. for FY22 through disbursements made especially during January 2022 to Mar 2022. The same stood at Rs. 2.17 Crs. as of 30 June 2022. The loans given were mostly women-centric, for livelihood generation purposes, with an average ticket size of Rs.50,000, the tenor ranging between 18-24 months, and an average interest rate of 24% to 28%. The company is headed by CEO Pon Aananth and supported by R Mahendran. The founder and other team members have exclusive microfinance-focused experience of more than two decades.

**NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY:** No Non-Cooperation with other Credit rating agency

**Any Other Information:** None

**RATING HISTORY FOR THE PREVIOUS THREE YEARS (Including withdrawal and suspended)**

Sr. No	Facilities	Current Ratings (Year 2024)			Rating History for the past 3 years		
		Type	Amount O/s in (Rs. Crs.)	Rating	21 Nov 2023	20 Oct 2022	2021
1	Fund Based Term Loans (Proposed)	Long Term	10.00	BWR B-/Stable; ISSUER NOT COOPERATING* /Downgrade	BWR B / Stable ; ISSUER NOT COOPERATING* / Downgrade	BWR B+ /Stable (Assignment)	-
Total			10.00	Rupees Ten Crores only			

*\*Issuer did not cooperate; based on best available information.*

**Reference to Applicable Criteria:**

- **General Criteria**
- **Banks & Financial Institutions**
- **Approach to Financial Ratio**
- **Policy on Issuer Non-Cooperation**
- **Rating Withdrawal Policy**

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**Arul Financiers Pvt. Ltd.**

**ANNEXURE I**

**Details of Bank Facilities rated by BWR**

Name of Banker	Type of Facility	Long term (Rs Crs)	Short Term (Rs Crs)	Total (Rs Cr)	Complexity of the Instrument*
United Portion	<b>Fund Based Term Loan (Proposed)</b>	10.00	-	10.00	Simple
Total		10.00	-	10.00	

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

**ANNEXURE II**

**INSTRUMENT (NCD/Bonds/CP/FDs) DETAILS:**

Instrument	Issue Date	Amount raised (Rs Crs.)	Amount Outstanding (Rs Crs)	Coupon rate	Maturity Date	ISIN Particulars	Complexity of the instrument*
NA	NA	NA	NA	NA	NA	NA	NA

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



### ANNEXURE III

#### List of entities consolidated:

Name of Entity	% ownership	Extent of consolidation	Rationale for consolidation
NA	NA	NA	NA

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