

RATING RATIONALE

21 Nov 2023

Arul Financiers Pvt. Ltd.

Brickwork Ratings downgrades the rating and migrates the rating to the ‘Issuer Not Cooperating’ category to the Proposed Bank Loan Facilities of Rs. 10.00 Crores of ‘Arul Financiers Pvt. Ltd.’ based on best available information as the issuer did not cooperate.

Particulars

Facility	Amount (₹ Cr)		Tenure	Rating#	
	Previous	Present		Previous (20 Oct 2022)	Present
Fund Based : Term loans (Proposed)	10.00	10.00	Long Term	BWR B+ /Stable (Assignment)	BWR B / Stable ; ISSUER NOT COOPERATING* / Downgrade
Total	10.00	10.00	Rupees TenCrores Only		

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

* Issuer did not cooperate, based on the best available information.

**Details of bank facilities are provided in Annexure-I

RATING ACTION / OUTLOOK / NATURE OF NON-COOPERATION

Brickwork Ratings (BWR) downgraded the long term rating to “BWR B/Stable” and migrated the ratings to the ‘Issuer Not Cooperating’ category for the proposed Bank Loan facilities of ‘Arul Financiers Pvt. Ltd.’, based on the best available information as the issuer did not cooperate.

The ratings were due for review in October, 2023. BWR took up with the company to provide required information over emails. Despite the best efforts of BWR to get at least the minimum required information for a review, the entity has not provided the same, and since then, the rating has not been reviewed. In the absence of adequate information from the issuer/company/bank, BWR is unable to assess the issuer’s/company’s financial performance, status of the loans 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, non-cooperation by rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. The users of credit ratings should therefore, take into account the possible deterioration in the rated entity’s credit quality that arises from its non-transparency and withholding of information required for a review of the rating.

COMPANY PROFILE

Arul Financiers Private Limited was incorporated in 1991. The company is providing MSME loans. The loans given are mostly women-centric, for livelihood generation purposes, with an average ticket size of Rs.50,000, with the tenor ranging between 18-24 months, and an average interest rate of 24% to 28%. The company is headed by CEO Pon Ananth and supported by R Mahendran. The founder and other team members have exclusive microfinance-focused experience of more than two decades.

Note : As per information available in October 2022.

KEY FINANCIAL INDICATORS (Standalone) [AS AVAILABLE WITH BWR]

Key Parameters	Units	FY 2020-21	FY 2021-22	FY 2022-23
Result Type		Audited	Audited	Audited
Own Book	Rs. Crs	0.12	NA	NA
Total Portfolio	Rs. Crs	0.12	NA	NA
Tangible Net Worth (TNW)	Rs. Crs	0.76	NA	NA
Income	Rs. Crs	0.03	NA	NA
Profit After Tax (PAT)	Rs. Crs	0.02	NA	NA

NA - Not available

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY : Nil

RATING HISTORY FOR THE PREVIOUS THREE YEARS [INCLUDING WITHDRAWAL AND SUSPENDED]

Instrument / Facilities	Current Rating (2023)			Rating History		
	Tenure (Long Term/ Short Term)	Amount (₹ Cr)	Rating	20 Oct 2022	2021	2020
Fund Based: Term Loan (Proposed)	Long Term	10.00	BWR B / Stable ; ISSUER NOT COOPERATING* / Downgrade	BWR B+ /Stable (Assignment)	-	-
Total		10.00	Rupees Ten Crores Only			

* Issuer did not cooperate, based on the best available information.

COMPLEXITY LEVELS OF THE INSTRUMENTS/ FACILITIES : SIMPLE

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

Hyperlink/Reference to applicable Criteria

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

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ANNEXURE - I
Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (Rs in Crs)	Short Term (Rs in Crs)	Total (Rs in Crs)
1	Proposed Loan	Proposed Term Loan	10.00	-	10.00

Rupees Ten Crores Only



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