



Rating Rationale

Arun Spinning Mills Pvt Ltd

22 May 2018

Brickwork Ratings has reviewed the ratings for the Bank Loan Facilities of Rs. 21.08 Crs of Arun Spinning Mills Pvt Ltd based on best available information, as the issuer did not cooperate. Accordingly the ratings for the said facilities are revised to BWR C+/A4 ISSUER NOT COOPERATING*

Particulars

Facility#	Amount(Rs. Crs)		Tenure	Rating ¹	
	Previous	Present		Previous Feb 2017	Present
Fund Based					
Cash Credit	14.20	14.20	Long term	BWR B- (Pronounced as BWR Double B Minus) (Outlook: Stable)	BWR C+ (Pronounced BWR C Plus) ISSUER NOT COOPERATING* Downgraded
Term Loans	1.88	1.88			
Non Fund Based					
Letter of Credit	5.00	5.00	Short Term	BWR A4 (Pronounced BWR A Four)	BWR A4 (Pronounced BWR A Four) ISSUER NOT COOPERATING* Reaffirmed
Total	21.08	21.08 (Rupees Twenty One Crores Eight lakhs only)			

¹ Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

* Issuer did not cooperate; Based on best available information

Annexure 1 provides details of bank loan facilities

Long term rating downgraded, Short term rating reaffirmed and ratings migrated to Issuer Not Cooperating Category

Nature of Non-cooperation:

The ratings were due for a review in February 2018. BWR took up with the issuer to provide required information over emails and through telephonic communication. Despite the best efforts of BWR to get at least the minimum required information for a review, the Company has not provided the same. In the absence of adequate information from the issuer, BWR is unable to assess the issuer's financial performance and its ability to service its debt and maintain a valid rating. Hence, on account of inadequate information and lack of management cooperation, Brickwork Ratings has revised the ratings to BWR C+/A4 ISSUER NOT COOPERATING*

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 is also accompanied by financial stress. Users of the credit rating should therefore take into account the 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.

About the Company

Arun Spinning Mills P Ltd (ASMPL) was incorporated in 1997 at Rajapalayam, Tamilnadu to manufacture grey cotton yarn. It is promoted by Mr.P.Subbaraman.

Financial Performance

ASMPL reported net sales of Rs.66.99 Crs and net profit of Rs. 0.71 Crs in FY 16 as against net sales of Rs. 54.18 Crs and net loss of Rs. 0.27 Crs in FY15. Networth was Rs. 7.11 crs as on 31 March 2016.

Rating History for the last three years

Sl. No.	Facility	Current Rating (Year 2018)			Rating History		
		Type	Amount (Rs Crs)	Rating	21 Feb 2017#	19 Feb 2016^	2015
1)	Cash Credit	Long term	14.20	BWR C+ ISSUER NOT COOPERATING* (Downgraded)	BWR B- (Outlook: Stable) (Downgraded)	BWR B (Outlook: Stable) (Assigned)	-
2)	Term Loan		1.88				
3)	Letter of Credit	Short Term	5.00	BWR A4 ISSUER NOT COOPERATING* (Reaffirmed)	BWR A4 (Reaffirmed)	BWR A4 (Assigned)	-
	Total		21.08	(Rupees Twenty One Crores Eight lakhs only)			

*Issuer did not cooperate; based on best available information

^Rated amount was Rs. 23.52 Crs ; #Rated amount was Rs.21.08 Crs

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [What constitutes Non-cooperation](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

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Arun Spinning Mills Pvt Ltd
Annexure - Bank Facilities**

Name of the Bank	Facilities	Tenor	Amount (Rs. Cr.)
State Bank of India	Term Loan	Long Term	14.20
	Cash Credit		1.88
	Letter of Credit	Short Term	5.00
TOTAL			21.08

****As per information furnished to BWR in February 2017**

For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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