

## Arek Industries Private Limited

December 01, 2022

### Ratings

Facilities / Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	7.50	<b>CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*)</b>	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B; Stable; (Single B; Outlook: Stable)
Short Term Bank Facilities	0.10	<b>CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)</b>	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Facilities</b>	<b>7.60 (Rs. Seven Crore and Sixty Lakhs Only)</b>		

*Details of facilities in Annexure-1*

*\*Issuer did not cooperate; Based on best available information*

### Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. had, vide its press release dated September 17, 2021, placed the rating(s) of Arek Industries Private Limited (AIPL) under the 'issuer non-cooperating' category as AIPL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. AIPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated August 03, 2022, August 13, 2022, August 23, 2022.

In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

The ratings have been revised on account of non-availability of requisite information. The revision further considers a decline in profitability as well as a highly leveraged capital structure on account of high overall debt vis-à-vis low networth based in FY22 over FY21.

### Detailed description of the key rating drivers

Please refer to PR dated [September 17, 2021](#)

**Analytical approach:** Standalone

### Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Criteria on assigning outlook and credit watch](#)

### About the Company

Arek Industries Private Limited (AIL) is a private limited company incorporated in January, 2016 and is currently being managed by Mr. Ashwani Kumar, Patanjali Gupta and Mr. Pranav Gupta as its directors. The company commenced operations in January, 2017. AIL is engaged in the manufacturing of textile products such as mink blankets at its manufacturing facility located at Panipat, Haryana.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and in other CARE Ratings Ltd.'s publications

Brief Financials (Rs. crore)	FY21(A)	FY22(A)	H1FY23(Prov.)
Total operating income	47.75	62.96	NA
PBILDT	3.12	4.33	NA
PAT	0.77	0.62	NA
Overall gearing (times)	5.66	6.77	NA
Interest coverage (times)	4.54	3.63	NA

A - Audited, Prov. Provisional, NA – Not Available

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Covenants of rated instrument/facility:** Annexure 3

**Complexity level of various instruments rated for this company:** Annexure 4

#### Annexure-1: Details of Instruments/ Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	2.50	CARE B-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	December 2022	5.00	CARE B-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	0.10	CARE A4; ISSUER NOT COOPERATING*

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

#### Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	5.00	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (17-Sep-21)	1)CARE B; Stable; ISSUER NOT COOPERATING* (26-Aug-20)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (24-Jun-19)
2	Fund-based - LT-Cash Credit	LT	2.50	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (17-Sep-21)	1)CARE B; Stable; ISSUER NOT COOPERATING* (26-Aug-20)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (24-Jun-19)
3	Non-fund-based - ST-Bank Guarantee	ST	0.10	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (17-Sep-21)	1)CARE A4; ISSUER NOT COOPERATING* (26-Aug-20)	1)CARE A4; ISSUER NOT COOPERATING* (24-Jun-19)

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

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities -** Not Applicable

#### Annexure 4: Complexity level of various instruments rated for this Company

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple

**Annexure 5: Bank Lender Details for this Company**

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of the rated instrument:** CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for any clarifications.

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**About CARE Ratings Limited:**

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With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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