

Press Release

Sonalac Paints and Coatings Limited

December 24, 2019



Rating Update

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|-------------------------------------|--|
| Total Bank Facilities Rated* | Rs. 13.31 Cr. # |
| Long Term Rating | ACUITE BB Downgraded; Issuer not co-operating* |
| Short Term Rating | ACUITE A4+ Downgraded; Issuer not co-operating* |

Refer Annexure for details

* The issuer did not co-operate; based on best available information.

Acuité has reviewed the long term rating to **"ACUITE BB" (read as ACUITE double B)** from **"ACUITE BBB-" (read as ACUITE triple B minus)** and the short term rating to **"ACUITE A4+"(read as ACUITE A four plus)** from **"ACUITE A3"(read as ACUITE A three)** on the Rs.13.31 crore bank facilities of Sonalac Paints and Coatings Limited. This rating is now an indicative rating and is based on best available information.

Chandigarh based, Sonalac Paints & Coating Limited incorporated in the year 1988 as a public limited company managed by Mr. Radhey Shyam Garg, Mr. Bobby Garg, Ms Kiran Garg and Mr. Rupesh Garg. Company is engaged in manufacturing of various dry and liquid decorative paints like interior and exterior emulsions, plastic emulsions, cement paints, acrylic distemper, dry wall putty, cement primer etc. The manufacturing facility of SPCL is located in Jammu & Kashmir and Rajasthan with an installed capacity of 73500 tonnes of dry paint and 1050 tonnes of liquid paint per year; however actual production is 40% of the installed capacity.

Non-cooperation by the issuer/borrower:

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer / borrower failed to submit such information before due date.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Acuité believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>

Limitation regarding information availability

The rating is based on information available from sources other than the issuer / borrower (in the absence of information provided by the issuer / borrower). Acuité endeavored to gather information about the entity / industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity - Key Financials

The rated entity has not shared the latest financial statements despite repeated attempts.

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated

requests and follow-ups.

Rating History (Up to last three years)

| Date | Name of Instrument / Facilities | Term | Amount (Rs. Cr.) | Ratings/Outlook |
|-----------|---------------------------------|------------|------------------|---|
| 26-Jun-19 | Cash Credit | Long Term | 6.50 | ACUITE BBB- Issuer not co-operating* |
| | Secured Overdraft | Long Term | 2.69 | ACUITE BBB- Issuer not co-operating* |
| | Letter of Credit | Short Term | 0.12 | ACUITE A3 Issuer not co-operating* |
| | Proposed Bank Facility | Long Term | 4.00 | ACUITE BBB- Issuer not co-operating* |
| 16-Apr-18 | Cash Credit | Long Term | 6.50 | ACUITE BBB-/Stable (Reaffirmed) |
| | Secured Overdraft | Long Term | 2.69 | ACUITE BBB-/Stable (Reaffirmed) |
| | Letter of Credit | Short Term | 0.12 | ACUITE A3 (Assigned) |
| | Proposed Bank Facility | Long Term | 4.00 | ACUITE BBB-/Stable (Reaffirmed) |
| 28-Feb-18 | Cash Credit | Long Term | 6.50 | ACUITE BBB-/Stable (Assigned) |
| | Secured Overdraft | Long Term | 3.00 | ACUITE BBB-/Stable (Assigned) |

#Annexure – Details of instruments rated

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Cr.) | Ratings |
|------------------------|------------------|----------------|----------------|-----------------------------|---|
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 6.50 | ACUITE BB Downgraded; Issuer Not Cooperating* |
| Secured Overdraft | Not Applicable | Not Applicable | Not Applicable | 2.69 | ACUITE BB Downgraded; Issuer Not Cooperating* |
| Letter of Credit | Not Applicable | Not Applicable | Not Applicable | 0.12 | ACUITE A4+ Downgraded; Issuer Not Cooperating* |
| Proposed Bank Facility | Not Applicable | Not Applicable | Not Applicable | 4.00 | ACUITE BB Downgraded; Issuer Not Cooperating* |

*The issuer did not co-operate; based on best available information

Contacts

| Analytical | Rating Desk |
|--|---|
| Aditya Gupta Head- Corporate and Infrastructure Sector Ratings Tel: 022-49294041 aditya.gupta@acuite.in | Varsha Bist Manager - Rating Desk Tel: 022-49294011 rating.desk@acuite.in |
| Charu Mahajan Analyst - Rating Operations Tel: 011-49731313 charu.mahajan@acuite.in | |

About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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