

Press Release

Sonalac Paints and Coatings Limited

December 24, 2019

Rating Update



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

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.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.