

Press Release

Shalimar Paints Limited

July 13, 2022



Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	129.69	ACUITE BB+ Downgraded Issuer not co-operating*	-
Bank Loan Ratings	77.31	-	ACUITE A4+ Downgraded Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	207.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has downgraded the long-term rating to '**ACUITE BB+**' (read as **ACUITE Double B plus**) from '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and downgraded the short-term rating to '**ACUITE A4+**' (read as **ACUITE A four plus**) from '**ACUITE A3**' (read as **ACUITE A three**) on the Rs. 207 Cr bank facilities of Shalimar Paints Limited (SPL). This rating is now an indicative rating and is based on best available information. The rating has been downgraded on account of information risk.

About the Company

SPL was incorporated in the year 1902 and is the pioneer in the Indian Paints industry. The company is engaged in the manufacturing and marketing of decorative paints and industrial coatings and have four manufacturing plants located strategically at Howrah (Kolkata), Sikandrabad (Uttar Pradesh), Gummidipoondi (Tamil Nadu) and Nashik (Maharashtra).

In 1989, the company was acquired by O.P. Jindal Group and Hongkong based S. S. Jhunjhunwala group. Currently, SPL is a part of Ratan Jindal faction of O.P. Jindal group and S. S. Jhunjhunwala group, both the promoter groups together holding 39.92 per cent of the shares. Further Hella Infra Market Private Limited holds 24.89% shares. It is listed on National Stock Exchange as well as Bombay Stock Exchange since 1972.

Non-cooperation by the issuer/borrower

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

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). Acuite endeavoured 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.

Rating Sensitivities

No information provided by the issuer/available for Acuite to comment upon.

Material Covenants

None

Liquidity Position

No information provided by the issuer/available for Acuite to comment upon.

Outlook

Not Applicable

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	358.10	325.56
PAT	Rs. Cr.	(63.85)	(49.50)
PAT Margin	(%)	(17.83)	(15.20)
Total Debt/Tangible Net Worth	Times	0.41	0.64
PBDIT/Interest	Times	(0.79)	0.58

Key Financials:

The financial figures for FY22 was taken from the public domain. However the clarity on the financials and other business aspect was not provided by the issuer and hence nothing specific could be commented upon.

Status of non-cooperation with previous CRA

None

Any other information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Complexity Level Of Financial Instruments: <https://www.acuite.in/view-rating-criteria-55.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on Complexity Levels of the Rated Instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
	Proposed Bank Facility	Short Term	0.31	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	12.00	ACUITE BBB- Stable (Reaffirmed)
	Bank Guarantee	Short Term	0.75	ACUITE A3 (Reaffirmed)

12 Feb 2021	Working Capital Demand Loan	Long Term	6.00	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	60.00	ACUITE BBB- Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	4.51	ACUITE BBB- (Withdrawn)
	Term Loan	Long Term	4.88	ACUITE BBB- Stable (Reaffirmed)
	Bank Guarantee	Short Term	10.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	8.50	ACUITE BBB- Stable (Reaffirmed)
	Letter of Credit	Short Term	7.75	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	6.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short Term	3.00	ACUITE A3 (Withdrawn)
	Letter of Credit	Short Term	37.50	ACUITE A3 (Reaffirmed)
	Working Capital Demand Loan	Long Term	1.20	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	22.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	15.11	ACUITE BBB- Stable (Reaffirmed)
	Letter of Credit	Short Term	15.00	ACUITE A3 (Reaffirmed)
25 Jan 2021	Cash Credit	Long Term	22.00	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	12.00	ACUITE BBB- Stable (Assigned)
	Bank Guarantee	Short Term	3.00	ACUITE A3 (Assigned)
	Letter of Credit	Short Term	15.00	ACUITE A3 (Assigned)
	Letter of Credit	Short Term	7.75	ACUITE A3 (Assigned)
	Term Loan	Long Term	15.11	ACUITE BBB- Stable (Assigned)
	Bank Guarantee	Short Term	10.00	ACUITE A3 (Assigned)
	Cash Credit	Long Term	60.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	4.88	ACUITE BBB- Stable (Assigned)
	Proposed Bank Facility	Long Term		ACUITE BBB- Stable (Assigned)
	Proposed Bank Facility	Term	4.51	(Assigned)
	Bank Guarantee	Short Term	0.75	ACUITE A3 (Assigned)
	Letter of Credit	Short Term	6.00	ACUITE A3 (Assigned)
	Letter of Credit	Short Term	37.50	ACUITE A3 (Assigned)
	Cash Credit	Long Term	8.50	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Union Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	0.75	ACUITE A4+ Downgraded Issuer not co-operating* (from ACUITE A3)
State Bank of India	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A4+ Downgraded Issuer not co-operating* (from ACUITE A3)
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	22.00	ACUITE BB+ Downgraded Issuer not co-operating* (from ACUITE BBB-)
Punjab National Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	12.00	ACUITE BB+ Downgraded Issuer not co-operating* (from ACUITE BBB-)
Union Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	8.50	ACUITE BB+ Downgraded Issuer not co-operating* (from ACUITE BBB-)
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	60.00	ACUITE BB+ Downgraded Issuer not co-operating* (from ACUITE BBB-)
State Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	37.50	ACUITE A4+ Downgraded Issuer not co-

							operating* (from ACUITE A3)
HDFC Bank Ltd	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	6.00	ACUITE A4+ Downgraded Issuer not co-operating* (from ACUITE A3)
Punjab National Bank	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE A4+ Downgraded Issuer not co-operating* (from ACUITE A3)
Union Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	7.75	ACUITE A4+ Downgraded Issuer not co-operating* (from ACUITE A3)
Not Applicable	Not Applicable	Proposed Short Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.31	ACUITE A4+ Downgraded Issuer not co-operating* (from ACUITE A3)
Aditya Birla Finance Limited	Not Applicable	Term Loan	Not available	Not available	Not available	4.88	ACUITE BB+ Downgraded Issuer not co-operating* (from ACUITE BBB-)
Religare Finvest Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	15.11	ACUITE BB+ Downgraded Issuer not co-operating* (from ACUITE BBB-)
State Bank of India	Not Applicable	Working Capital Demand Loan (WC DL)	Not available	Not available	Not available	6.00	ACUITE BB+ Downgraded Issuer not co-operating* (

							from ACUITE
Punjab National Bank	Not Applicable	Working Capital Demand Loan (WC DL)	Not available	Not available	Not available	1.20	BBB- ACUITE BB+ Downgraded Issuer not co- operating* (from ACUITE BBB-)

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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