

Rating Rationale

Southfields Paints Ltd

12th October 2017

Brickwork Ratings has reviewed the Rating for the bank loan facilities of Rs.18.36 Cr of Southfields Paints Ltd based on best available information, as the issuer did not cooperate. Accordingly the rating for the said instrument is downgraded to BWR B+ and reaffirmed to BWR A4.

Particulars

Facility Rated	Amount (₹ Cr)		Tenure	Rating [^]	
	Previous Limits	Present Limits		Previous May, 2014	Present
Fund Based	16.83	16.83	Long Term	BWR BB- (BWR Double B Minus) Outlook: Stable	Issuer did not Co-operate BWR B+ (BWR Single B Plus) Outlook: Stable Downgraded
Non-Fund Based	1.53	1.53	Short Term	BWR A4 (BWR A Four)	Issuer did not Co-operate; BWR A4 (BWR A Four) reaffirmed
Total	18.36	18.36	(INR Eighteen Crores and Thirty Six Lakhs Only)		

- Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Issuer did not co-operate ; Based on best available information

Ratings: Long Term rating Downgraded and Short Term rating reaffirmed.

Nature of Non-co-operation:

The rating was due for a review. BWR took up with the issuer to provide required information over emails and tele calls . Despite the best efforts of BWR to get at least the minimum required information for a review, the firm has not provided the same.

In the absence of adequate information from the firm, BWR is unable to assess the firm's financial performance and its ability to service its debt and maintain a valid rating.

Limitations of the rating:

Information availability risk is a key factor in the assessment of credit risk and noncooperation by the firm to provide required information for a review of the assigned rating may also be accompanied by financial stress.

About the Company(Information as available in May 2014)

Southfield Paints Limited was established in the year 1972. The unit is located in Bangalore. The company is into manufacturing of a wide range of industrial coatings. It moved from the retail market to the industrial and aerospace segment in 1997. Capacity expansion was done in 2010 and foraying into the auto refinish sector happened in 2010. It offers a comprehensive range of liquid industrial and auto refinish paints and powder coating products in different shades and finishes. It also offers coatings and allied products custom made to specific requirements. The products are sold under the brand names SPARENZA, SOUTHANE, SOUTHGAARD, SOUTHLAC, etc.

The key management personnel are the main shareholders of the Company viz. Mr. Shivarama Sheshappa Hegde, Ms. Jayanthi Shivram Hegde and Ms. Vidya H Rai.

The products manufactured are catered to the Aerospace industry, automotive refinish market, Architectural and Consumer goods industry. The factory unit under its owned premises has an installed capacity:- Powder coating manufacturing capability of over 2000 metric tonnes per annum; Industrial and Auto refinish coating manufacturing capability of over 660000 litres of Paints and ancillary products per annum.

Rating History for the last three years (including withdrawn/suspended ratings)

Instrument /Facility	Current Rating (Year 2017)			Rating History		
	Type (Long Term/ Short Term)	Amount (Rs Crs)	Rating#	4 th Jan 2017	2 nd May 2014	
Fund Based	Long Term	16.83	BWR B+ (Single B Plus) Outlook Stable Downgraded	Rating moved to Rating Not Reviewed Category	BWR BB- (Double B Minus)	NA
Non-Fund Based	Short Term	1.53	BWR A4 BWR A Four Reaffirmed		BWR A4	
Total		18.36	(INR Eighteen Crores and Thirty Six Lakhs Only)			

#Issuer did not Co-operate; Based on best available information

Hyperlink/Reference to applicable Criteria / Policies

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [What Constitutes Non-cooperation](#)

For any other criteria to be hyperlinks from website to be taken

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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

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.

Southfields Paints Ltd
Bank Facilities
Annexure I

<u>Facilities</u>	<u>Tenure</u>	<u>Facility Type</u>	<u>Amount Rated (Rs. Crs)^</u>
Cash Credit	Long Term	Fund Based	3.50
Term Loan	Long Term	Fund Based	13.33
Letter of Credit	Short Term	Non- Fund Based	1.50
Bank Guarantee	Short Term	Non- Fund Based	0.03
Total			18.36

^As per information available with BWR

Annexure II

(Rs. In Crores)

<u>Particulars</u>	<u>FY13\$</u>	<u>FY14\$</u>	<u>FY15\$</u>
Net Sales/Revenues	21.71	24.16	29.21
EBIDTA	2.84	5.46	8.06
PAT	1.27	0.81	2.86
Tangible Networth	12.94	13.74	16.60
Total Debt : TNW	1.28	1.52	1.03
Current Ratio	1.33	1.18	1.34

\$As per information available with BWR