

APRIL 26, 2016

CARE ASSIGNS 'CARE BBB-' AND 'CARE A3' RATINGS PLACED ON CREDIT WATCH TO THE BANK FACILITIES OF INDIGO PAINTS PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term/Short Term Bank Facilities	5.00	CARE BBB- / CARE A3 [Triple B Minus] / [A Three] (Credit watch)	Placed on credit watch
Total Facilities	5.00 (Rupees Five Crore only)		

Rating Rationale

The ratings assigned to the bank facilities of Indigo Paints Private Limited (IPPL) is placed on credit watch in view of acquisition of Hi-build coating Private Limited and possible impact of the same on the credit risk profile of the company. CARE will continue to monitor the developments in this regard and will take a view on the ratings once the exact implications of the above on the credit risk profile of the company are clear.

Background

Indigo Paints Private Limited (IPPL) is a Pune based company incorporated in March 2000. The company is spearheaded by Mr Hemant Jalan in the strength of Managing Director (MD). IPPL is engaged in manufacturing and sales of 'water based' decorative paints including exterior emulsions, interior emulsions, acrylic laminate, metallic emulsion, tile coat, bright ceiling coat, roof coat emulsion, floor coat emulsion, polymer putty, primers (WT Cement Primer, Exterior wall primer, WB Wood Primer, WB Red oxide Metal Primer), cement paints and distemper (acrylic distemper). The company operates out of two of its manufacturing facilities located in Jodhpur, Rajasthan and Rehla in Jharkhand and has well diversified depots at 22 locations spread across India and sells various products under the brand name 'Indigo'. During FY15 the company reported a total operating income of Rs.90.24 crore and operating loss of Rs.6.15 crore and Net Loss of Rs. 6.95 crore as against a total operating income of Rs.77.38 crore and PBILDT of Rs.3.11 crore and PAT of Rs.0.36 crore in FY14.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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