



Press Release

Shubham Chemicals and Solvents Limited

July 22, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Instruments/Facilities	13.00	IVR BB/ Negative Outlook; ISSUER NOT COOPERATING [IVR Double B with Negative Outlook; Issuer Not Cooperating*]	IVR BBB-/ Negative Outlook; ISSUER NOT COOPERATING [IVR Triple B Minus with Negative Outlook; Issuer Not Cooperating*]	Downgraded and continued under Issuer Not Cooperating Category	Simple
Short Term Instruments/Facilities	167.50	IVR A4; ISSUER NOT COOPERATING [IVR A Four; Issuer Not Cooperating*]	IVR A3; ISSUER NOT COOPERATING [IVR A Three; Issuer Not Cooperating*]	Downgraded and continued under Issuer Not Cooperating Category	Simple
Total	180.50	(Rupees One hundred eighty crore and fifty lakh only)			

* Issuer did not cooperate; based on best available information

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has downgraded its long-term rating and short-term rating assigned to the bank facilities of Shubham Chemicals and Solvents Limited (SCSL) and continued the ratings under “ISSUER NOT COOPERATING” category due to non-submission of information and lack of management corporation.

The aforesaid ratings downgrade to the bank facilities of SCSL reflects lack of adequate information available about the performance of the company and the uncertainty around its credit risk. Infomerics Ratings assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy.



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Infomerics Ratings had rated the bank loan facilities of SCSL in February 2024. Despite close follow up through telephone calls and mails dated July 01, 2024, July 02, 2024, July 03, 2024, July 04, 2024, July 05, 2024, July 08, 2024, July 16, 2024, and concurrently over several phone calls for submission of required information for review and failure to submit minimum required information for a review is considered as an act of non-cooperation. In the absence of adequate information from the company, Infomerics Ratings is unable to assess the company's financial performance and its ability to service its debt and maintain a valid rating. Accordingly, the lenders, investors and other users of this rating are requested to exercise adequate caution while using this rating as this rating may not adequately reflect the current credit risk profile of the company. Based upon the same Infomerics Ratings has downgraded and continued the ratings to IVR BB/ Negative; ISSUER NOT COOPERATING for the long-term bank facilities and 'IVR A4; ISSUER NOT COOPERATING' for short term bank facilities of SCSL.

Non-Cooperation by Issuer:

Availability of information is very critical in rating exercise. In the absence of the relevant information, in consonance with SEBI guidelines, Infomerics Ratings has to assign the rating based on the best available information. Accordingly, the bank loan facilities of SCSL, aggregating to Rs 180.50 crore have been continued under the 'ISSUER NOT COOPERATING' category and the rating for long term be noted as 'IVR BB/Negative; ISSUER NOT COOPERATING' and rating for short-term be 'IVR A4; ISSUER NOT COOPERATING' by Infomerics Ratings based on best available information.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Trading Companies](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Policy on issuer not cooperating](#)

Liquidity – Unable to comment due to lack of adequate information



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About the Company

Shubham Chemicals and Solvents Limited (SCSL) was established in 1989 as a sole proprietorship firm and was converted into Public Limited company in 2001. SCSL is one of the leading industrial chemicals import and distribution company in India. SCSL operates pan India with its network across Gujarat, Maharashtra and Haryana. The company procures industrial chemicals from international and domestic markets and cater to industries including plywood and laminates, paints and coatings, rubber processing, plastics and packaging etc.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2022	31-03-2023**
	Audited	Audited
Total Operating Income	955.11	1137.60
EBITDA	21.01	7.48
PAT	11.32	4.20
Total Debt	145.33	24.03
Tangible Net Worth	42.23	46.40
EBITDA Margin (%)	2.20	0.66
PAT Margin (%)	1.18	0.37
Overall Gearing Ratio (x)	3.68	0.52
Interest Coverage (x)	8.70	1.51

* Classification as per Infomerics' standards.

**Data available via public sources

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-2022
					Date (February 27, 2024)	Date (January 11, 2023)	-
1.	Fund Based Bank Facilities	Long Term	13.00	IVR BB/ Negative Outlook;	IVR BBB-/Negative; ISSUER		--



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Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-2022
					Date (February 27, 2024)	Date (January 11, 2023)	-
				ISSUER NOT COOPERATING*	NOT COOPERATING*	IVR BBB/ Stable	
2.	Non-Fund Based Bank Facilities	Short Term	167.50	IVR A4; ISSUER NOT COOPERATING*	IVR A3; ISSUER NOT COOPERATING*	IVR A3+	--

**Issuer did not cooperate; based on best available information*

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.



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For more information and definition of ratings please visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are 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 us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs 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/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Cash Credit	-	-	-	-	13.00	IVR BB/ Negative Outlook; ISSUER NOT COOPERATING*
Short Term Bank Facilities – Letter of Credit	-	-	-	-	167.50	IVR A4; ISSUER NOT COOPERATING*

* Issuer did not cooperate; based on best available information

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-ShubhamChemicals-july24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.