

March 14, 2014

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	7.50	SMERA D (downgraded from SMERA B-/Stable)
Term Loan	1.00	SMERA D (downgraded from SMERA B-/Stable)
Letter of Credit	1.50	SMERA D (downgraded from SMERA A4)

SMERA has downgraded the rating on the abovementioned bank facilities of Shubham Starch Chem Private Limited (SSCPL) to '**SMERA D** (read as SMERA D)' from 'SMERA B-/Stable/SMERA A4'. The downgrade reflects SSCPL's ongoing delays in servicing debt obligations.

The rating continues to factor in the risks associated with routing of the company's major business transactions through group entities.

Update

SSCPL reported revenue of Rs.41.13 crore during FY2012-13 (refers to financial year, April 01 to March 31), as compared with revenue of Rs.25.32 crore in FY2011-12. However, the company's net profit margin remained low at 0.35 per cent in FY2012-13 as most of the business transactions were routed through group entities. SSCPL has a stretched liquidity position reflected in high average utilisation (~99 per cent during May 2013 to November 2013) of cash credit limit. The company is irregular in servicing its debt obligations.

SSCPL registered revenue of Rs.21.73 crore during April 2013 to September 2013.

About the company

SSCPL, established in 1995, is a New Delhi-based company promoted by Mr. Anand Aggarwal and Ms. Neeta Aggarwal. SSCPL is engaged in manufacturing of modified starches and chemicals. The company has a manufacturing facility in Faridabad, Haryana.

Contact List:

Media / Business Development	Analytical Contacts	Rating Desk
Virendra Goyal Vice President - SME Sales Tel : +91 22 6714 1177 Cell : +91 99300 74009 Email : virendra.goyal@smera.in Web: www.smera.in	Umesh Nihalani Head - Corporate Ratings, Tel: +91-22-6714 1106 Email: umesh.nihalani@smera.in	Tel: +91-22-6714 1170 Email: ratingdesk@smera.in

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