



Press Release

Hindusthan Specialty Chemicals Limited

December 07, 2023

Ratings:

Facilities/ Instruments	Amount (Rs. crore)	Current Ratings*	Rating Action	Complexity Indicator
Long Term Bank Facilities- Term Loan	137.42	IVR B+/Negative; ISSUER NOT COOPERATING* [IVR Single B Plus with Negative Outlook; Issuer Not Cooperating*]	Revised and moved in Issuer not cooperating category	Simple
Long Term Fund Based Facilities	13.00	IVR B+/Negative; ISSUER NOT COOPERATING* [IVR Single B Plus with Negative Outlook; Issuer Not Cooperating*]	Revised and moved in Issuer not cooperating category	Simple
Short Term Non- Fund Based Facilities	109.00	IVR A4; ISSUER NOT COOPERATING* (IVR A Four; Issuer Not Cooperating*)	Revised and moved in Issuer not cooperating category	Simple
Total	259.42 (Rupees Two Hundred Fifty-Nine Crore & Forty – Two Lakhs Only)			

**Issuer not cooperating; Based on best available information*



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Details of Facilities are in Annexure 1

Detailed Rationale

The aforesaid rating revision to the bank facilities of Hindusthan Specialty Chemicals Limited reflects lack of adequate information available about the performance of the firm and the uncertainty around its credit risk. Infomerics assesses whether the information available about the company is commensurate with its rating and reviews the same as per its policy.

The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the firm, despite the downgrade.

Non-Cooperation by Issuer:

Infomerics has been regularly following up with the firm to provide the required data to monitor its assigned ratings to the bank facilities, vide mails communications dated October 30, November 10, November 28, December 04, 2023, and concurrently over several phone calls. However, despite repeated requests by Infomerics, the firm's management has not submitted all the essential details/information for surveillance exercise.

In the absence of the relevant information, in consonance with SEBI guidelines, Infomerics has moved the bank loan facilities of Hindusthan Specialty Chemicals Limited aggregating to Rs. 259.42 crore under the 'ISSUER NOT COOPERATING' category. The long-term rating is now denoted as IVR B+/Negative; ISSUER NOT COOPERATING*, and the short-term rating is now denoted as IVR A4; ISSUER NOT COOPERATING.

**Issuer Not Co-operating; based on best available information*

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

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

[Guidelines on what constitutes Non-Cooperation by clients](#)

[Criteria for assigning rating outlook](#)



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About the Company

Hindusthan Speciality Chemicals Limited (HSCL) is one of the leading producers of Epoxy Resins, Reactive Diluents, Curing agents and specialised Epoxy systems in India. HSCL has set up chemical project with state-of-the-art manufacturing facility for Epoxy Resins and allied products at Jhagadia Industrial Estate, Bharuch, Gujarat. The commercial production of the plant started from March 2019. The products of the company are widely used in civil construction, coatings, electrical, & electronics, composites, laminations, adhesives, tooling, and other niche end use segments. HSCL mainly deals into 2 types of product categories i.e., Industrial and Speciality products.

Financials (Standalone):

For the Year ended*/ As on	31-03-2020	31-03-2021	31-03-2023
	Audited	Audited	Audited
Total Operating Income	188.45	450.86	362.15
EBIDTA	27.89	48.22	-23.09
PAT	-5.87	8.87	-47.48
Total Debt	152.09	152.34	-
Tangible Net Worth	117.59	136.76	-
<u>Ratios</u>			
EBITDA Margin (%)	14.80	10.69	-6.37
PAT Margin (%)	-3.09	1.96	-13.11
Overall Gearing Ratio (x)	1.29	1.11	-



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Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable



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Rating History for last three years:

S r. No.	Name of Instru- ment/ Facilitie s	Current Ratings (Year 2023- 24)			Rating History for the past 3 years			
		Type	Amount outstand- ing (INR Crore)	Rating	Date(s) & Rating (s) assign- ed in 2022- 2023 (15 th Janua- ry ,2023)	Date(s) & Rating(s)) assigne- d in 2022- 2023 (Septem- ber 12 ,2022)	Date(s) & Rating(s) assigned in 2021- 2022 (July 29, 2021)	Date(s) & Rating (s) assign- ed in 2020- 2021
1.	Long Term Bank Facilitie s- Term Loan	Lon g Ter m	137.42	IVR B+/Negative ; ISSUER NOT COOPERAT ING*	IVR BB-/ Negati ve	IVR BBB-/ Stable	Supporte d: IVR BBB- (CE)/Stab le Outlook Unsuppor ted: IVR BB+/ Stable	-
2.	Long Term Bank Facilitie s- Cash Credit	Lon g Ter m	13.00	IVR B+/Negative ; ISSUER NOT COOPERAT ING*	IVR BB-/ Negati ve	IVR BBB-/ Stable	Supporte d: IVR BBB- (CE)/Stab le Outlook Unsuppor ted: IVR BB+/ Stable	-
3.	Short Term Bank Facilitie s	Sh ort Ter m	109.00	IVR A4; ISSUER NOT COOPERAT ING*	IVR A4	IVR A3	Supporte d: IVR A3 (CE) Unsuppor ted: IVR A4+	-

*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.

For more information 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.



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Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs Crore)	Rating Assigned/ Outlook
Long Term- Term Loan	-	-	-	137.42	IVR B+/ Negative; INC
Long Term- Cash Credit	-	-	-	13.00	IVR B+/ Negative; INC
Short Term- Letter of Credit	-	-	180 days	109.00	IVR A4; INC

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

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details: Not Available

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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.