

Press Release

Surya Jyoti Polymer Private Limited

Sept 12, 2017



Rating Downgraded

Total Bank Facilities Rated*	Rs. 6.00 Cr.
Long Term Rating	SMERA D

* Refer Annexure for details

Rating Rationale

SMERA has downgraded long-term rating of '**SMERA D**' (read as **SMERA D**) on the Rs. 6.00 crore bank facilities of Surya Jyoti Polymer Private Limited.

Incorporated in 1992, Surya Jyoti Polymer Private Limited (SPPL) is a Hyderabad-based company promoted by Mr. Rajendra Choraria and family. The company was engaged in the manufacture of PET Preforms, caps, iron sheets and plastic granules. However, effective April 1, 2014, the company discontinued its manufacturing activity and decided to trade in the abovementioned products.

Key Rating Drivers

Strengths

- **Experienced management and long track record of operations**

SPPL was incorporated in 1992 and is led by Mr. Rajendra Choraria and family. The management has over two decades of experience in the said line of business.

Weaknesses

- **Small scale of operations**

The company has small scale of operations with operating income of Rs.31.21 crore in FY2017 (Provisional) as against Rs.27.31 crore in FY2016.

- **Continuous overdrawing in working capital limits**

There was continuous overdrawing in cash credit limit in the last three months due to stretched liquidity as a result of stretched receivables.

- **Average financial risk profile**

The average financial risk profile is marked by low net worth of Rs. 3.45 crore in FY2017 (Provisional) as against Rs.3.10 crore in FY2016. The tangible net worth includes unsecured loans from promoters of Rs. 0.75 crore treated as quasi equity. The gearing (debt to equity ratio) deteriorated in FY2017 to 2.00 times as against 1.87 times in FY2016 on account of loans worth Rs. 0.41 crore taken from other financial institutions. The interest coverage ratio (ICR) stood at 1.63 times in FY2017 as against 1.70 times in FY2016.

Analytical Approach

SMERA has considered the standalone financial and business risk profiles of the company to arrive at the rating.

Outlook:

About the Project

None

About the Group

None

About the Rated Entity - Key Financials

For FY2016, the company reported profit after tax (PAT) of Rs. 0.29 crore on operating income of Rs. 27.31 crore compared to PAT of Rs. 0.39 crore on operating income of Rs. 21.98 crore in the previous year. The net worth stood at Rs. 3.10 crore as on 31 March, 2016 compared to Rs. 2.45 crore in the previous year.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Trading Entities - <https://www.smerra.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smerra.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
28-Jun-2016	Cash Credit	Long Term	INR 6	SMERA B+ / Stable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.00	SMERA D (downgraded from SMERA B+/Stable)

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