

April 15, 2014

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	1.50	SMERA D (downgraded from SMERA B-/Stable)
Term Loan I	1.52	SMERA D (downgraded from SMERA B-/Stable)
Term Loan II	4.12	SMERA D (downgraded from SMERA B-/Stable)
Letter of Credit	1.00	SMERA D (downgraded from SMERA A4)

SMERA has downgraded the rating on the abovementioned bank facilities of Shyam Plastic Industries (SPI) to '**SMERA D**' (read as **SMERA D**) from 'SMERA B-/Stable/SMERA A4'. The downgrade reflects the firm's ongoing delays in servicing debt obligations.

The rating continues to factor in the firm's limited operational track record and high gearing (debt-to-capital ratio). The rating remains constrained by the firm's working capital-intensive operations in an intensely competitive footwear industry.

Update

SPI reported net loss of Rs.0.01 crore on revenue of Rs.2.94 crore during FY2012-13 (refers to financial year, April 01 to March 31). The firm's gearing (debt-to-capital ratio) is high at 4.57 times as on March 31, 2013. SPI's total debt of Rs.7.92 crore (as on March 31, 2013) includes interest-bearing unsecured loans of Rs.0.86 crore from related parties. SPI has a stretched liquidity position reflected in frequent overdrawn and high average utilisation (of ~110 per cent) of cash credit limit during August 2013 to February 2014. The firm is irregular in servicing its debt obligations.

SPI registered revenue of Rs.9.08 crore during April 2013 to February 2014.

About the firm

SPI is a New Delhi-based partnership firm promoted by Mrs. Jyoti Singhal. SPI was established in 2008 as a proprietorship firm and converted into a partnership firm in 2011. The firm commenced commercial operations in October 2011. SPI is engaged in manufacturing of footwear, which is sold under the brand names of 'Wisdom', 'Spykar', 'Spyke Lite' and 'PU Spyke'. The firm has a factory unit in Bahadurgarh (Haryana), with installed capacity of 22 lakh pairs per annum.

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SMERA RATINGS LIMITED

Shyam Plastic Industries (SPI)

*Rating
Rationale***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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