



SMERA RATINGS LIMITED

Shyam Plastic Industries (SPI)

*Rating
Rationale*

April 06, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	1.50	SMERA D (Reaffirmed)
Term Loan I	1.52	SMERA D (Reaffirmed)
Term Loan II	4.12	SMERA D (Reaffirmed)
Letter of Credit	1.00	SMERA D (Reaffirmed)

SMERA has reaffirmed the rating of '**SMERA D**' (read as **SMERA D**) on the abovementioned bank facilities of Shyam Plastic Industries (SPI). The reaffirmation reflects ongoing delays in servicing of debt availed by the firm.

The rating remains constrained by the firm's short operational track record, high gearing (debt-to-capital ratio) and working capital-intensive operations.

Update

SPI reported net loss of Rs.0.09 crore on revenue of Rs.10.54 crore in FY2013-14 (refers to financial year, April 01 to March 31), as compared with net loss of Rs.0.01 crore on revenue of Rs.2.94 crore in the previous year. The firm registered revenue of Rs.11.85 crore (provisional) during April 2014 to February 2015. SPI's gearing (debt-to-capital ratio) is high at 2.95 times as on March 31, 2014. The firm's total debt of Rs.8.03 crore (as on March 31, 2014) includes interest-bearing unsecured loans of Rs.1.61 crore from related parties. SPI's stretched liquidity position is reflected in frequent overdrawing and high average utilisation (~100 per cent) of cash credit limit during October 2014 to February 2015. The firm has not serviced its debt obligations on time during the past six months.

About the firm

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

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