

January 17, 2014

Facilities	Amount (Rs. Crore)	Rating
Working Capital Demand Loans	365.00	SMERA D (downgraded from SMERA BB+/Positive)
Term Loans	380.22	SMERA D (downgraded from SMERA BB+/Positive)
Bank Guarantee*	1.20	SMERA D (downgraded from SMERA A4+)
Letter of Credit^	15.00	SMERA D (downgraded from SMERA A4+)
Proposed Working Capital Demand Loan	115.00	SMERA D (downgraded from SMERA BB+/Positive)

*Interchangeable with LC to the extent of Rs.1.00 crore

^ Interchangeable with Working Capital Demand Loan to the extent of Rs.7.50 crore

SMERA has downgraded the bank loan ratings of Shiva Texfabs Limited (STL) to 'SMERA D' from 'SMERA BB+/Positive/SMERA A4+'. The downgrade reflects the company's delays in servicing debt obligations on account of weak liquidity position. The rating factors in the company's experienced management, vertically-integrated operations, diversified product portfolio and established distribution network.

About the company

STL, incorporated in 1993, is the flagship company of the Shiva Group (operating since 1995). STL is engaged in manufacturing of polyester stable fibre (PSF) from post-consumer polyethylene terephthalate (p-cPET) bottles. The company has vertically-integrated operations to manufacture various types of yarns (polyester filament yarn, drawn texturised yarn, fancy yarn and dyed spun yarn) and non-woven fabrics. STL also has a dyeing facility to manufacture dope-dyed PSF and dyed yarn. The company has two manufacturing plants in Ludhiana, Punjab.

For FY2012–13, STL reported PAT of Rs.7.47 crore on net sales of Rs.1,435.27 crore, as compared with PAT of Rs.18.80 crore on net sales of Rs.1,026.08 crore for FY2011–12. STL's net worth stood at Rs.320.76 crore as on March 31, 2013, as compared with Rs.322.29 crore a year earlier.

Contact List:

Media/Business Development	Analytical Contacts	Rating Desk
Mr. Sanjay Kher Head - Sales - Corporate Ratings Tel : +91-22-67141193 Cell : +91-9819136541 Email : sanjay.kher@smera.in Web: www.smera.in	Mr. Umesh Nihalani Head - Corporate Ratings Tel: +91-22-67141106 Cell: +91-9833651336 Email: umesh.nihalani@smera.in	Tel: +91-22-67141170 Email: ratingdesk@smera.in

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