



SMERA RATINGS LIMITED

**Shiva Textfabs Limited (STL)****Rating  
Rationale****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 Textfabs 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.

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