

JULY 12, 2016

## CARE ASSIGNS 'CARE BB-' RATING TO THE BANK FACILITIES OF SHIVRAM SYNTHETIC PRIVATE LIMITED

### Ratings

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Remarks
Long-term Bank Facilities	10	<b>CARE BB- (Double B Minus)</b>	Assigned
<b>Total Facilities</b>	<b>10</b> <b>(Rupees Ten crore only)</b>		

### Rating Rationale

The rating assigned to the bank facilities of Shivram Synthetics Private Limited (SSPL) is primarily constrained on account of its financial risk profile marked by moderate profitability, stressed liquidity position and leveraged capital structure. The rating is also constrained due to its presence in a highly competitive and fragmented textile industry and vulnerability of margins to fluctuation in the raw material prices.

The rating, however, derives strength from the experienced promoters with established track record of operations in the textile industry and continuously growing Total Operating Income in last three financial years ended FY15 (refers to the period April 1 to March 31). The rating, further, strengthens from location advantage by virtue of being situated in the textile cluster of Bhilwara.

The ability of the company to increase its scale of operations while maintaining of profitability margins and better management of working capital would be the key rating sensitivities.

### Background

Bhilwara-based (Rajasthan) SSPL was initially formed by Mr Manoj Kumar Chandak and Mr Navneet Mehta in 2008. Subsequently, there are changes in the promoters and in 2014, Mr Prashant Surolia and Mr Pradeep Surolia took over the company and assumed its current name. SSPL is engaged in the business of manufacturing of grey fabrics and trading of finished fabrics. The company outsources the processing work required for the manufacturing of finished fabrics. The weaving unit of SSPL is located at Bhilwara, Rajasthan and has 41 sulzer looms with total installed capacity of 43.93 Lakh Meters Per Annum (LMPA) as on March 31, 2016. Promoters of SSPL have also promoted M.D. Suitings Private Limited (MSPL, rated CARE BB-) which is engaged in a similar line of business.

During FY15, SSPL reported a Total Operating Income (TOI) of Rs.32.28 crore (FY14: Rs.28.81 crore) with a PAT of Rs.0.28 crore (FY14: Rs.0.14 crore). As per provisional result of FY16, TOI reported at Rs.39.94 crore and PAT at Rs.0.45 crore.

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<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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