

December 16, 2015

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF
SHREE HARI SPINTEX LIMITED**

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Long-term Bank Facilities	20.44 (reduced from 21.89)	CARE BB- (Double B Minus)	Reaffirmed
Short-term Bank Facilities	2	CARE A4 (A Four)	Reaffirmed
Total Facilities	22.44 (Rupees Twenty crore and Forty Four lakh only)		

Rating Rationale

The ratings assigned to the bank facilities of Shree Hari Spintex Limited (SHSL) continue to remain constrained by its weak financial risk profile marked by declining operating income & PAT margins and moderate (though improving) solvency position. The ratings are further constrained by the working capital-intensive nature of operations. The ratings, however, derive strength from the past experience of the promoters and moderate operating margins.

Going forward, the ability of the company to profitably scale up its operations with an improvement in overall solvency position and effective management of the working capital requirements shall remain the key rating sensitivities.

Background

Incorporated in 2007, SHSL is promoted by Mr Rakesh Kumar and is engaged in the production of cotton yarn at its manufacturing facility located at Maur Mandi, Distt. Bathinda, Punjab. The operations commenced in FY08 (refers to the period April 01 to March 31), with FY09 as the first full year of operations for the company. The products manufactured by the company find its application in manufacturing of knitted clothes. The company has an installed capacity of 3,240 MTPA, as on March 31, 2015, for the manufacturing of cotton yarn for counts ranging from 16s to 34s.

SHSL registered a total operating income of Rs. 68.23 crore during FY15 with a PAT of Rs.0.19 crore as against a total operating income of Rs.77.97 crore with a PAT of Rs.0.71 crore in FY14. In FY16 (Prov.), the company achieved total operating income of Rs.45 crore, till November 24, 2015.

Analyst Contact

Name: Mr Sajan Goyal

Tel: 0172-5171100

Cell: 998805650

Email: sajan.goyal@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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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.

CONTACT**Head Office Mumbai****Mr. Sanjay Kumar Agarwal**

Mobile: + 91 8108007676

E-mail: sanjay.agarwal@careratings.com

Mr. Amod Khanorkar

Mobile: + 91 9819084000

E-mail: amod.khanorkar@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD**Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

JAIPUR**Mr. Rakesh Jayaraman**304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 - 76655 96136

Tel: +91-141-402 0213 / 14

E-mail: rakesh.jayaraman@careratings.com

BENGALURU**Mr. Dinesh Sharma**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-99000 41975

Tel: +91-80-4115 0445, 4165 4529

E-mail: dinesh.sharma@careratings.com

KOLKATA**Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

CHANDIGARH**Mr. Sajan Goyal**2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com

NEW DELHI**Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

CHENNAI**Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

PUNE**Mr. Rahul Patni**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

COIMBATORE**Mr. V Pradeep Kumar**

T-3, 3rd Floor, Manchester Square

Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com

CIN - L67190MH1993PLC071691

HYDERABAD**Mr. Saikat Roy**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 9820998779

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com