

January 21, 2010

CARE REAFFIRMS RATINGS ASSIGNED TO THE BANK FACILITIES OF SPECTRUM DYES & CHEMICALS PVT. LTD.

CARE retained the '**CARE BBB-**' (**Triple B Minus**) rating assigned to the long-term bank loans / facilities and '**PR 3**' (**PR Three**) rating assigned to the short-term bank loans/facilities of Spectrum Dyes & Chemicals Pvt. Ltd. (Spectrum) for an aggregate amount of Rs.87.12 crore.

Facilities with 'Triple B' rating are considered to offer moderate safety for timely servicing of debt obligations. Such facilities carry moderate credit risk. This rating is applicable for facilities having tenure of more than one year. Facilities with 'PR 3' rating would have moderate capacity for timely repayment of short term debt obligations at the time of rating and carry higher credit risk as compared to facilities rated higher. This rating is applicable for facilities having a tenure upto one year. *CARE assigns '+' or '-' signs to be shown after the assigned rating (wherever necessary) to indicate the relative position within the band covered by the rating symbol.*

Facility	Amount (Rs. crore)	Rating
Long-term Bank Facilities	36.12	'CARE BBB-'
Long-term/Short-term Bank Facilities	50.00	'CARE BBB-'/ 'PR 3'
Short-term Bank Facilities	1.00	'PR 3'
Total	87.12	

Rating Rationale

The ratings continue to take into account Spectrum's experienced management and established track record in the disperse dye industry, depth of product-line backed by strong agent/distribution network and long-standing clientele. The ratings continue to be constrained by its moderate financial profile as reflected by its low profit margins, moderate overall gearing and high working capital intensity. The ratings are also constrained by high level of competition and susceptibility of its margins to fluctuations in its raw material prices being closely linked to movements in crude oil prices and foreign exchange rates.

Company Profile

Spectrum, the flagship company of Surat-based Pratibha Group, was established in 1989 for manufacturing disperse dyes which are used in the dyeing and printing of polyester fibre. It is the second largest manufacturer of disperse dyes in India, currently manufacturing around 150 different shades of disperse dyes and some dye intermediates. Consequent to the capacity expansion undertaken in FY09, its installed capacity increased from 8,550 MTPA to 9,000 MTPA. Sales of Spectrum have been focused mainly on the domestic market with more than 70% of its turnover coming from the local Surat market.

Total income of Spectrum grew by 35.41% to Rs.140 crore in FY09 while PAT stood at Rs.2.24 crore. Overall gearing was 1.52 times as on March 31, 2009. As per the provisional results for H1FY10, Spectrum earned a PBT of Rs.2.81 crore on a total operating income of Rs.87 crore.

Analyst Contact

Name: Yogesh Shah
Tel: 079- 40265603
Mobile: +91-9428813912
Email: yogesh.shah@careratings.com

CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager No.G1, Canopy Royal Manor, Near Manipal Hospital, Rustombagh, Off Airport Road, Bangalore - 560 017. Tel – 080 2520 5575 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr.Ashwini Jani Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 2849 7812/2849 0811 Mobile – 91766 47599 E-mail : ashwini.jani@careratings.com</p>	<p>Mr. Rahul Patni Regional Manager 302, 'Priya Arcade' 8-3-826, Yellareddyguda, Srinagar Colony, Hyderabad - 500 073. Tel – 040 6675 8386 Mobile – 91600 04563 E-mail: rahul.patni@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>