

December 21, 2011

**CARE ASSIGNS 'CARE B+' RATINGS TO THE BANK FACILITIES OF
SHIVA SPECIALITY YARNS LTD**

Ratings

Facilities	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	80.02	CARE B+ (Single B Plus)	Assigned
Total Facilities	80.02		

Rating Rationale

The ratings are constrained by high operational risk associated with significant amount of trading operations with low profitability margins, significant inter-group transactions, high project implementation risk, weak financial risk profile and cyclical nature of the industry. However, the ratings derive strength from the experienced promoters and established customer relations. Going forward, SSYL's ability to implement the project within the estimated time and cost and improve its overall financial position would be the key ratings sensitivities.

Background

Incorporated in 2005, SSYL is engaged in the manufacturing of polyester yarn and trading of knitted fabric and readymade garments. SSYL is a part of the Shiva group and has its manufacturing unit in Barnala District, Punjab with an installed capacity of 17280 spindles and 336 rotors.

¹Complete definitions of the ratings assigned are available at www.careratings.com and other CARE publications

During FY11 (FY refers to period between April 1 and March 31), SSYL registered a total income of Rs.122.66 crore with a PAT of Rs. 3.81 crore.

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CARE has 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.

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Credit Analysis and Research Limited proposes, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its equity shares and has filed a draft red herring prospectus ("DRHP") with the Securities and Exchange Board of India (the "SEBI"). The DRHP is available on the website of SEBI at www.sebi.gov.in as well as on the websites of the Book Running Lead Managers at www.investmentbank.kotak.com, www.dspml.com, www.edelcap.com, www.icicisecurities.com, www.idbicapital.com, and www.sbicaps.com. Investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, see the section titled "Risk Factors" of the DRHP."

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