

July 13, 2010

**CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF
PVR SPINNING & WEAVING LTD.****Ratings Assigned**

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	50.83 (enhanced from Rs.36.79 crore)	CARE BB (Double B)	Re-affirmed

Rating Rationale

The rating continues to be constrained by limited experience of the promoters in the textile industry, limited track record of the operations, losses incurred in FY09 and commodity nature of the product. The rating further takes into account the ongoing capacity expansion and project implementation risk there off. The rating continues to take into account the support received by PVRSWL from its parent group. The ability of the company to complete the expansion on time and grow market share with improvement in margins are the key rating sensitivities.

Company Profile

PVR Spinning & Weaving Ltd. (PVRSWL) is engaged in the manufacturing of cotton yarn and has set up its manufacturing unit at Tanuku, West Godavari District of Andhra Pradesh. The company has an installed capacity of 14,400 spindles as on March 31, 2010 (provisional) and is currently in the process of expanding its capacity by an additional 12,960 spindles. The new unit will be operational from November 2010.

During FY10 (provisional), PVRSWL achieved PAT of Rs.1.59 crore (net loss of Rs.1.76 crore during FY09) on a total income of Rs.28.44 crore (Rs.24.12 crore during FY09).

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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.

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

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