

July 13, 2010

CARE ASSIGNS A 'CARE BBB-' AND 'PR3' RATING TO BANK FACILITIES OF SHREE BHARKA SYNTHETICS LTD.**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	19.03	'CARE BBB-' (Triple B Minus)	Assigned
Short-term Bank Facilities	0.75	'PR3' (PR Three)	Assigned
Total Facilities	19.78		

Rating Rationale

The ratings draw strength from wide experience of promoters in the synthetic textile industry with established manufacturing operations, established marketing & distribution network and moderate financial position of the company as indicated by moderate solvency position and comfortable liquidity position. However, the ratings are constrained mainly due to small size of operations within the textile industry, loss-making spinning unit, fluctuating turnover and low profit margins.

Management's action pertaining to the loss-making spinning unit, increasing presence in the export markets and improvement in its overall financial profile are the key rating sensitivities.

Company Profile

Shri Bharka Synthetics Ltd. (SBSL), incorporated in 1992, is promoted by Mr. Ashok Kothari, Shri Narendra Kothari & Mrs. Lad Kanwar Kothari. The company started its operations in the city of Bhilwara in Rajasthan with installation of 32 looms for manufacturing of fabric which is largely manufactured from yarn of lower counts ranging from 18's to 40's which is commonly used in trousers targeting lower and middle class segment of the society. As on Mar.31, 2010, promoters & promoter group held 100% stake in the company. SBSL has an installed capacity of 78 lakh meters per annum of fabric manufacturing and 32 lakh kgs. per annum of yarn manufacturing.

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

As per provisional results for 2009-10, SBSL reported a profit after tax of Rs.0.89 crore over a total operating income of Rs.52.09 crore as against a PAT of Rs.0.20 crore on total income of Rs.55.97 crore. SBSL had an overall gearing of 1.11 times as on March 31, 2010.

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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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