

Shiv Shakti Industries

Instrument	Amount	Rating Action
Cash Credit	Rs. 20.00 crore	[ICRA]B+; assigned
Term Loan	Rs. 3.75 crore	[ICRA]B+; assigned

ICRA has assigned a rating of [ICRA]B+ (pronounced ICRA B plus) to the Rs. 20.00 crore¹ cash credit and Rs. 3.75 crore term loan facility of Shiv Shakti Industries (SSI)².

However, the ratings are constrained by the company's susceptibility towards price fluctuation risk, witnessed in the recent past as cotton prices were highly volatile and SSI could not fully pass on the increased price burden to customers due to intense competition and fragmented nature of the industry. ICRA also notes the vulnerability of the company's growth towards cyclical nature prevailing in the textile industry, which is likely to lead to fluctuations in demand. Moreover, as the company derives a significant part of its revenue through exports; it is also vulnerable to foreign exchange fluctuation risks despite it mitigating the risk through partial hedging.

The ratings, however, favourably takes into account the location of the firm, giving it access to high quality raw cotton. The rating also considers the forward integration in crushing facilities providing diversification in terms of revenue.

Company Profile

Established in 2013, Shiv Shakti Industries has set up a cotton ginning and pressing facility at Kadi in Gujarat. The plant is equipped with 24 ginning machines and a pressing machine with the manufacturing capacity of 250 bales per day. The firm is also equipped with 10 expellers with the capacity to produce 10,500 kg of cottonseed oil per day.

Recent Results

For the year ended March 31, 2015, Shiv Shakti Industries reported an operating income of Rs 35.79 crore and profit after tax of Rs 0.04 crore.

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For further details, please contact:

Analyst Contacts:

Mr. Subrata Ray (Tel. No. +91 22 6114 3408)

subrata@icraindia.com

Satishkumar Santwani (Tel No. +91-79-40271559)

satish.santwani@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)

jayantac@icraindia.com

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500