

January 28, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF ORIENT CRAFT LIMITED

Ratings

| Facilities | Amount (Rs. crore) | Ratings ¹ | Remarks |
|----------------------------|---------------------------------------------------------------------------------------------|--------------------------------------|------------|
| Long-term Bank Facilities | 388.75 | CARE BBB+ (Triple B Plus) | Reaffirmed |
| Short-term Bank Facilities | 650.00 | CARE A3+ (A Three Plus) | Reaffirmed |
| Total | 1,038.75 (Rupees One Thousand Thirty Eight crore and Seventy Five lakh only) | | |

Rating Rationale

The ratings of the bank facilities of Orient Craft Ltd (OCL) derive strength from the established track record as a leading Indian ready-made garment manufacturer, experienced promoters and established relationship with reputed global clientele. The strengths are partially offset by moderate financial risk profile with working capital intensive operations, foreign exchange fluctuation risk and exposure to the group companies.

Going forward, the ability of the company to prudently manage foreign exchange fluctuations and improve its capital structure and profitability margins would remain the key rating sensitivities.

Background

OCL, promoted by Mr Sudhir Dhingra and Mr K.K. Kohli in February 1978, is in the business of manufacturing ready to wear garments and home furnishings. The company is one of India's leading manufacturers and exporters of premium ready-to-wear garments. The company exports its products to leading international fashion houses and retail chains, predominantly in the United States and Europe. OCL is also recognised by the Government as a four Star export house. OCL's value-added products cater to the middle and higher income segments of its markets, namely, USA and Europe.

In FY15 (refers to the period April 1 to March 31), the company reported a total operating income of Rs.1,705.73 crore and PAT of Rs.5.51 crore as against a total operating income of Rs.1,651.65 crore and PAT of Rs.59.45 crore in FY14. The company has achieved sales of Rs.708.34 crore in H1FY16.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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

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