

OCTOBER 29, 2014

**CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF  
ORIENT CRAFT LIMITED**

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>2</sup>	Remarks
Long-term Bank Facilities	389.11 (enhanced from 285.80)	CARE BBB+ (Triple B Plus)	Revised from CARE BBB- (Triple B Minus)
Short-term Bank Facilities	600 (enhanced from 575)	CARE A3+ (A Three Plus)	Revised from CARE A3 (A Three)
<b>Total Facilities</b>	<b>989.11</b>		

**Rating Rationale**

The ratings revision takes into consideration improvement in the financial risk profile marked by improved operational efficiency of the company during FY14 (refers to the period April 1 to March 31). Furthermore, the ratings also derive strength from the established track record as a leading Indian ready-made garment manufacturer, experienced promoters, established relationship with reputed global clientele and its focus on price averse markets leading to stable operating margins.

The strengths are partially offset by working capital intensive operations, foreign exchange fluctuation risk and increasing exposure to the group companies.

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

**Background**

Orient Craft Limited (OCL), promoted by Mr Sudhir Dhingra and Mr. K.K. Kohli in 1978, is in the business of manufacturing woven and knitted garments and home furnishings. The company is one of the India's leading manufacturers of premium ready-to-wear garments. OCL is also recognized 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.

OCL reported a PAT of Rs.59.45 crore on the total operating income of Rs.1651.65 crore in FY14 as against a net loss of Rs.56.78 crore on the total operating income of Rs.1259.30 crore in FY13. Excluding the impact of one time derivative loss of Rs.140.87 crore, the PAT was Rs.84.09 crore during FY13.

On a provisional basis, OCL reported a PAT of Rs.10.63 crore (2.65% PAT margin) on a total income of Rs.400.85 crore in Q1-FY15.

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<sup>2</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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