

January 29, 2014

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

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	285.80	CARE BBB- [Triple B (Minus)]	Reaffirmed
Short-term Bank Facilities	575.00	CARE A3 [A Three]	Reaffirmed
Total Facilities	860.08		

Rating Rationale

The ratings 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 margins.

The strengths are partially offset by the moderate financial risk profile, working capital intensive operations, foreign exchange fluctuation risk and increasing exposure to 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 net loss of Rs.50.79 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 cr, the PAT works out to Rs. 90.08 cr.

On a provisional basis, OCL reported a PAT of Rs.34.62 crore on a total income of Rs.693.07 crore in H1 FY14.

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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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