

February 28, 2012

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

**Ratings**

| <b>Facilities/Instruments</b> | <b>Amount<br/>(Rs. crore)</b> | <b>Ratings<sup>1</sup></b>     | <b>Remarks</b> |
|-------------------------------|-------------------------------|--------------------------------|----------------|
| Long-term Bank Facilities     | 370.81                        | <b>CARE BBB<br/>(Triple B)</b> | Reaffirmed     |
| Short-term Bank Facilities    | 475.00                        | <b>CARE A3<br/>(A Three)</b>   | Reaffirmed     |
| <b>Total Facilities</b>       | <b>845.81</b>                 |                                |                |

**Rating Rationale**

The ratings continue to derive strength from OCL's established track record as a leading Indian ready-made garment manufacturer, experienced promoters, established relationship with reputed global clientele and sustained margins. The ratings are, however, constrained by the highly leveraged capital structure, project risk, elongated operating cycle and exposure to foreign exchange fluctuation risk.

Going forward, the ability of the company to improve capital structure and sustain the profitability margins would be the key rating sensitivities.

**Background**

Orient Craft Limited (OCL), incorporated 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. The embroidery division of OCL is ISO 9001: 2000 certified. 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.7 crore on the total sales of Rs.1,030 crore in FY11 (refers to the period April 1 to March 31). On a provisional basis, OCL reported a PAT of Rs.6 crore on a total income of Rs.493 crore in H1FY12.

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<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

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