



March 3, 2010

ICRA assigns LBB+/Stable rating to the bank facilities of ABC Industries

ICRA has assigned "LBB+" (pronounced as L double B plus) rating to the Rs. 170.0 million Fund Based and Non Fund Based limits of ABC Industries[†]. ICRA has also assigned stable outlook to the ratings.

ICRA has taken a consolidated view of the group including ABC Industries and Devgiri Exports to analyse business and financial profile.

The ratings are constrained by low profitability, exposure to currency fluctuation risk, high working capital intensity, high competitive intensity in the segment given the commoditised nature of the business and inherent risks in a partnership structure. However the ratings draw comfort from the long experience and track record of the promoters, presence of group across the production value chain and favourable government policies allowing fiscal incentives to the firm.

Firm Profile:

The firm is engaged in manufacturing and marketing of carpets and woven durries. ABC Industries is part of ABC group of companies that is having its manufacturing setup in Panipat and Mirzapur. The firm operates its manufacturing facility at Mirzapur. The company caters to retailers like IKEA, LG Sourcing, Sonoma, Ashley Furniture in U.S and Europe.

Recent Results:

The company has achieved sales of Rs 428.2 million and Profit After Tax of Rs 25.0 million in the first six months of the current financial year 2009-10.

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.

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