



March 3, 2010

ICRA assigns LBB+/Stable rating to the bank facilities of Devgiri Exports

ICRA has assigned "LBB+" (pronounced as L double B plus) rating to the Rs. 130.0 million Fund Based and Non Fund Based limits of Devgiri Exports. 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 bath rugs and woven *dhurries*. Devgiri Exports is part of ABC group of companies that is having its manufacturing setup in Panipat and Mirzapur. The firm operates its manufacturing facility at Panipat where it leverages support from other group entities that are engaged on job work basis to supply fabric and perform other related activities such as dyeing. The firm caters to retailers like Walmart, Target, COOP, IKEA and Carrefour in U.S and Europe.

Recent Results:

The firm has achieved sales of Rs 512.8 million and Profit After Tax of Rs 49.1 million in the first six months of the 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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