



March 8, 2010

ICRA assigns LBB+ (stable) and A4+ ratings to bank facilities of IDT Clothing Private Limited

ICRA has assigned LBB+ (pronounced as L double B plus) rating to the Rs. 15 million long term loans of IDT Clothing Private Limited (IDTCPL)[†]. ICRA has also assigned A4+ (pronounced as A four plus) rating to Rs. 135 million fund based and Rs. 7.5 million non-fund based limits of IDTCPL[†]. The outlook on the long term rating is stable.

The ratings take into account the company's small scale of operations with low proportion of own production and high dependence on job work leading to delays and increased costs. The rating is also constrained by vulnerability to demand fluctuations in its target export market of Europe, fragmented nature of the industry resulting in competitive pressures and increasing leverage and reduced profitability in FY09. However, the ratings derive comfort from the capital expenditure incurred to reduce the dependence on job work, diversified customer base of popular brands, and the improvement in margins in first half of FY10. The stable outlook on the long term rating factors in these developments.

Company Profile

IDTCPL started manufacturing readymade fashion garments in the year 1993-94 and was incorporated as a private limited company in September 2007. The company manufactures casual wear for men, women and children. Initially it started with fashion garments for men only. However, it has also diversified into women's wear and children's wear since the past 6-7 years. Its manufacturing facilities are located at Bhiwandi, Kalyan, and Lower Parel. It has a production capacity of about 30,000 pieces per month. Majority of raw material i.e. cotton fabric is purchased from South India. Other fabrics like linen, lycra, blends of polyesters and nylons are used. Some fabrics are imported from China. The company specializes in washed, dyed, printed and embroidered garments.

Recent Results

IDTCPL achieved an operating income and operating profit of Rs. 414.1 million and Rs. 35.8 million respectively in 2008-09.

For further details, please contact:

Analyst Contact:

Subrata Ray, (Tel. No. +91-22-30470027)

subrata@icraindia.com

Relationship Contact:

Mr. L. Shivakumar, (Tel. No. +91-22-30470000)

shivakumar@icraindia.com

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.

PRESS RELEASE

Disclaimer: ICRA Ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA Ratings are subject to a process of surveillance, which may lead to revision in ratings. Please visit our website (www.icra.in) or contact any ICRA office for the latest information on ICRA Ratings outstanding.