



Sudar Garments Limited

Rating History

Instrument	Amount	Amount Outstanding	Rating
	In Crore	In Crore	As on August, 2011
Long term fund-based facilities	25.0	N.A.	[ICRA]BBB-(stable)
Long-term loans	20.0	N.A.	[ICRA]BBB-(stable)

Source: ICRA

A rating of [ICRA]BBB- (pronounced ICRA triple B minus) has been assigned to Rs. 25.0 crore* long-term loans and Rs. 20.0 crore long-term fund-based facilities of Sudar Garments Limited (SGL)[†]. The outlook on the rating is stable. A rating of [ICRA]BBB- is also outstanding on the Rs. 18.0 crore long-term loans and Rs. 15.0 crore long-term fund based facilities.

The assigned rating by ICRA takes into account the long experience of promoter in the readymade garments business; established relations with its key customers and recent equity infusion through an IPO which has helped strengthen the balance sheet. The ratings are, however, constrained by negative operating cashflows on account of high working capital requirements of the business. Post the successful completion of IPO the company has deployed some of its surplus funds on ICDs, the recoverability of which remains uncertain. The company also plans to venture in the highly competitive retail business and success in the same remains to be seen. ICRA expects the debt metrics to remain moderate in view of the large expenditure plans by SGL, expansion of retail business and increasing borrowings to fund the working capital requirements. The rating continues to take into account SGL's modest scale of operations being a contract manufacturer for domestic retailers and exporters; ability to scale up and manage growth remains to be seen. SGL's business faces intense competition from other contract manufacturers/converters. ICRA also takes note of the high customer concentration which could result in revenue loss if there are customer exits in future. Also the margins remain vulnerable on account of the volatile raw material price trend.

Company Profile

Sudar Garments Ltd., a registered SSI unit, is a Thevar family concern promoted by Mr. Murugan Thevar and his wife Mrs. Valliammal M Thevar. In 1992, Mr. Murugan Thevar started Sudar Garments as a Proprietary concern engaged in job work for exporters. Sudar Garments Private Ltd. acquired M/s Sudar Garments (Proprietorship Concern) in 2002 and took over its entire business including all the assets and liabilities. In February 2010, the company was converted into a public limited company and its name was changed to Sudar Garments Limited (SGL). SGL is now involved in contract manufacturing of readymade garments for Menswear, womenswear and kidswear. The company came out with an IPO in March, 2011 raising Rs. 70 crore from it by issuing 9,088,000 fresh equity shares at a face value of Rs. 10 and a share premium of Rs. 67 per share.

* Rs. 100 lakh = Rs. 1 crore = Rs. 10 million

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



Recent results:

As per audited FY 2011 numbers, SGL reported a profit after tax (PAT) of Rs. 7.2 crore (over Rs.4.3 crore in FY 2010) over an operating income of Rs. 115.6 crore (over Rs. 52.8 crore in FY 2010).

August, 2011

For further details please contact:

Analyst Contacts:

Mr. Subrata Ray (Tel. No. +91 22 3047 0027)

subrata@icraindia.com

Relationship Contacts:

Mr. L. Shivakumar (Tel. No. +91 22 3047 0005)

shivakumar@icraindia.com

© Copyright, 2011, ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. The ICRA ratings are subject to a process of surveillance which may lead to a revision in ratings. Please visit our website (www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**Mobile: **9871221122**Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91-124-4545350

Mumbai**Mr. L. Shivakumar**Mobile: **91-22-30470005/9821086490**Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion, Appasaheb Marathe Marg,
Prabhadevi, Mumbai - 400 025
Ph : +91-22-2433 1046/ 1053/ 1062/ 1074/ 1086/ 1087
Fax : +91-22-2433 1390

Kolkata**Ms. Anuradha Ray**Mobile: **91-33-22813158/9831086462**Email: anuradha@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna, 234/ 3A, A.J.C. Bose
Road, Kolkata-700020.
Tel: +91-33-2287 6617/ 8839/ 2280 0008
Fax: +91-33-2287 0728

Chennai**Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre, 498 Anna Salai, Nandanam,
Chennai-600035.
Tel: +91-44-2433 3293/ 94, 2434 0043/ 9659/ 8080, 2433
0724, Fax:91-44-24343663

Bangalore**Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: jayantac@icraindia.com

2 nd Floor. ,Vayudhoot Chambers, Trinity Circle, 15-16
M.G.Road, Bangalore-560001.
Tel:91-80-25597401/ 4049 Fax:91-80-25594065

Ahmedabad**Mr. L. Shivakumar**Mobile: **9821086490**Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585494, 26582008,26585049, 26584924
TeleFax:+91-79- 2648 4924

Pune**Mr. L. Shivakumar**Mobile: **9821086490**Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range Hills
Road, Shivajinagar,Pune-411 020
Tel : (91 20) 2556 1194 -96; Fax : (91 20) 2556 1231

Hyderabad**Mr. M.S.K. Aditya**Mobile: **9963253777**Email: adityamsk@icraindia.com

301, CONCOURSE, 3rd Floor, No. 7-1-58, Ameerpet,
Hyderabad 500 016.
Tel: +91-40-2373 5061 /7251 Fax: +91-40- 2373 5152