

September 27, 2010

CARE ASSIGNS 'CARE BBB+' AND 'PR2' RATINGS TO THE BANK FACILITIES OF GENESIS COLORS PVT LTD.**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	3.75	'CARE BBB+' (Triple B Plus)	Assigned
Long-term/Short-term Bank Facilities	73.60	'PR2' (PR Two)	Assigned
Total Facilities	77.35		

Rating Rationale

The ratings take into account GCPL's long track record of operations and experienced promoters, its position as one of the leading players in the Indian fashion and designer-wear industry, low overall gearing and comfortable debt service indicators. However, the ratings are constrained by working capital intensive nature of business, elongated operating cycle and poor financial performance during FY10 including net loss incurred for the year.

Going forward, GCPL's ability to generate strong profitability in the light of increased competition, effectively manage working capital requirements and maintain comfortable leverage position would be the key rating sensitivities.

Company Profile

Genesis Colors Pvt. Ltd (GCPL) is in the business of manufacture, trade and retailing of high-end fashion apparels and accessories. It was incorporated on November 23, 1998 by Mr. Sanjay Kapoor and Mr. Jyoti Mohan Narula in the name of 'Genesis Retail Pvt. Ltd.', and the name was changed to the present one on September 14, 2001. The 'Satya Paul' ties brand was brought under GCPL in 2001 and subsequently in 2004 the entire 'Satya Paul' brand of garments was brought under GCPL.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

GCPL is presently one of the leading Indian fashion houses and owns/manages a range of premium Indian and international fashion labels. GCPL also undertakes retailing of various Indian fashion and luxury labels through its retail chain.

During FY10, GCPL incurred a net loss of Rs.0.42 crore on a total operating income of Rs.128.50 crore.

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