

September 27, 2010

CARE ASSIGNS 'CARE BBB+ (SO)' AND 'PR2 (SO)' RATINGS TO BANK FACILITIES OF GENESIS LUXURY FASHION PVT LTD.***Ratings***

Facilities/Instruments	Amount (Rs. crore)	Ratings¹¹	Remarks
Long-term/Short-term Bank Facilities	17.00	'CARE BBB+ (SO) / PR2 (SO) [Triple B Plus (Structured Obligation)/ PR2 (Structured Obligation)]	Assigned
Total Facilities	17.00		

Rating Rationale

The ratings take into consideration the unconditional and irrevocable guarantee provided by Genesis Colors Private Limited (GCPL, rated CARE BBB+ and PR2) for the above-mentioned facilities.

GCPL's ratings take into account the company'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 Luxury Fashion Pvt. Ltd (GLF) was incorporated on September 20, 2007 to carry out marketing and distribution of world-renowned luxury brands of apparels and accessories in India. GLF is a subsidiary of GCPL, which had a 91.75% shareholding in the company as on March 31, 2010.

¹¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

About the Guarantor

Incorporated in 1998 by Mr. Sanjay Kapoor and Mr. Jyoti Mohan Narula, Genesis Colors Pvt. Ltd (GCPL) is in the business of manufacture, trade and retailing of high-end fashion apparels and accessories. It is presently one of the leading Indian fashion houses which 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, 'Samsaara'.

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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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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