

September 27, 2010

CARE ASSIGNS 'CARE BB' AND 'PR4' RATINGS TO THE BANK FACILITIES OF GINNI INTERNATIONAL LTD.**Ratings Assigned**

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹¹	Remarks
Long-term Bank Facilities	146.25	'CARE BB' (Double B)	Assigned
Short-term Bank Facilities	72.43	'PR4' (PR Four)	Assigned
Total Facilities	218.68		

Rating Rationale

The ratings are constrained by the weak financial profile of Ginni International Limited (GIL) characterized by high leverage, weak debt-coverage indicators, past losses, susceptibility of margins to fluctuations in raw material prices (mainly cotton) and the commoditised nature of products having lower margins. CARE also factors in GIL's past history of debt reschedulement and the highly fragmented nature of the industry. The ratings, however, also consider GIL's established track record of operations, experienced promoters and the company's increasing focus on the value-added & premium denim segment that has higher realisations and the relatively lesser competition.

Going forward, GIL's ability to improve profitability while withstanding competitive pressures and volatility in raw material prices as well as completion and stabilisation of the project under implementation, within envisaged timeframe, are the key rating sensitivities.

Company Profile

Ginni International Limited (GIL) was incorporated in 1984 but did not have any operations till 1996. The manufacturing unit was set up in 1996 for the spinning and weaving of cotton yarn, woven fabric and denim fabric. The company has manufacturing facilities at Neemrana, Rajasthan. The installed capacity was at 39,312 spindles as on March 31, 2010. GIL also had 114 looms as on March 31, 2010 to produce woven fabrics.

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



Press Release

During FY10, GIL earned Rs.266.30 crore of the total operating income, with a PAT of Rs.1.92 crore. As per results for Q1 FY11, GIL had earned a total income of Rs.73.38 crore, with a PAT of Rs.2.29 crore.

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