

July 8, 2010

**CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES AND NCD
ISSUE OF INDO COUNT INDUSTRIES LTD****Ratings**

Facilities	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	226.49	'CARE C' (Single C)	Revised from CARE D (Single D)
Short-term Bank Facilities	191.63	'PR 4' (PR Four)	Revised from PR 5 (PR Five)
Total Facilities	418.12		
Non Convertible Debenture	29.94	'CARE C' (Single C)	Revised from CARE D (Single D)

Rating Rationale

The rating revision takes into consideration the satisfactory repayment record of ICIL post implementation of the Corporate Debt Restructuring (CDR) package.

The ratings continue to be constrained by the ongoing cash losses resulting in unfavourable financial position characterized by high gearing, low interest coverage and low debt service coverage indicators. Further, non-provision for mark-to-market losses on outstanding derivative contracts also acts as a constraining factor.

The ratings have also considered the experience of the promoters in the industry and fully-integrated facilities from spinning to finished goods.

The ability of ICIL to improve its profitability margins in the scenario of volatile raw material prices, intense competition and volatile currency market are the key rating sensitivities.

Company Profile

Incorporated in November 1988, Indo Count Industries Ltd (ICIL) has three business divisions - spinning (cotton yarn), home textiles and electronic manufacturing services (EMS). Home textiles division is the prime revenue earner and contributed around 75% of its gross sales in FY09.

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



Press Release

During FY09, ICIL on total operating income of Rs.283.77 crore posted net loss of Rs.52.51 crore. In FY10, on net sales of Rs.386.52 crore, ICIL reported net loss of Rs.18.61 crore.

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CARE 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.

Disclaimer

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