

ZODIAC

6th October, 2020

To,
National Stock Exchange of India Ltd.,
Exchange Plaza,
5th Floor, Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra East
Mumbai - 400051

BSE Limited,
Corporate Relationship Department,
First Floor, New Trading Ring,
Rotunda Building, P.J. Tower,
Dalal Street,
Mumbai – 400001

Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sirs,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that ICRA Limited (ICRA) has revised the short term rating for Rs. 65 Crore Line of Credit of the Company to ICRA A3+ (ICRA A Three plus) from ICRA A2 (ICRA A Two).

The reasons provided by ICRA for the revision in rating is reproduced below:

“The rating revision factors in the continued deterioration in business and financial risk profile of Zodiac Clothing Company Limited (ZCCL), as reflected by its continued decline in revenues and net loss during FY2020, further accentuated by the ongoing Covid-19 pandemic. The export business remained under pressure during FY2020 because of subdued consumer off-take in the key markets of the US, the UK and the Middle East, as well as competition from other low-cost markets, which was exacerbated after reduction in export incentives, post the introduction of the Goods and Services Tax (GST). The top line of the domestic business during FY2020 remained under pressure due to weak consumer sentiments and high competitive intensity. Further, with liquidity of multi-brand outlets across the country under duress, the sales to them witnessed YoY decline. The nationwide pandemic related lockdown imposed from March 2020 onwards adversely impacted the company’s domestic retail business during

ZODIAC CLOTHING COMPANY LTD.,

Nyloc House, 254, D-2, Dr. Annie Besant Road, Worli, Mumbai - 400 030. India.
Tel.: +91 22 6667 7000 Fax : +91 22 6667 7279 CIN: L17100MH1984PLC033143.

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Q1 FY2021. This was particularly severe across metros where the company has a large presence. While the exports business fared relatively well post opening of its manufacturing facilities in May 2020, high operating leverage of the company led to widening of the loss during the quarter.

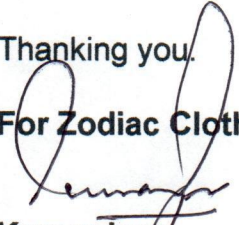
The rating, nevertheless, favourably factors in the extensive experience of the promoters of ZCCL in the readymade garments business, its professional management team, low gearing and track record of financial support from the promoters. ICRA continues to acknowledge the company's established brands in the premium men's wear category and their niche positioning in the branded garments industry. In the exports market, the business is supported by its in-house design capabilities and the long-term relationships that ZCCL enjoys with its customers. ICRA notes the company's strong focus on cost cutting since the beginning of Q1 FY2021 and conversion of fixed rental arrangements for most of its stores into revenue sharing ones which will help contain costs for balance of the year. Nevertheless, a palpable revival in revenues would remain crucial for turning around its profitability.

Going forward, ICRA would continue to monitor the company's quarterly performance. A lack of meaningful revival in the domestic and export businesses and an adverse liquidity position would be key rating triggers."

You are requested to kindly take the above information on record.

Thanking you.

For Zodiac Clothing Company Limited


Kumar Iyer
Company Secretary
Membership No.: A9600



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