

ZODIAC

10th April, 2018

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. 80 Crore Line of Credit of the Company to ICRA A2+ (ICRA A Two plus) from ICRA A1 (ICRA A One) and on Company's request has withdrawn the rating for Rs. 20 Crore Commercial Paper of the Company as there are no debt obligations outstanding against the Company.

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

"The rating revision factors in the continued weak business and financial performance for the last couple of years, reflected in the YoY decline in revenues and operating losses during the period leading to the deterioration in debt protection metrics. The export business remained under pressure because of weak consumer off-take in the key markets of the US, the UK and the Middle East, though the UK business displayed some resilience. Additionally, the change in duty drawback rates, post introduction of the Goods and Services Tax (GST) has also impacted the competitiveness of the Indian readymade garment exporters. The top-line of the domestic business was impacted during 9M FY2018 by the closure of 20 non-performing stores during FY2017 and a further closure of three stores during 9M FY2018; additionally, consumer sentiments

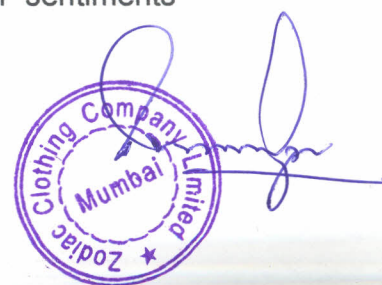
ZODIAC CLOTHING COMPANY LTD.,

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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were weak and competitive intensity remained high. The YoY decline in revenues resulted in under-absorption of fixed costs, and consequently in operating loss.

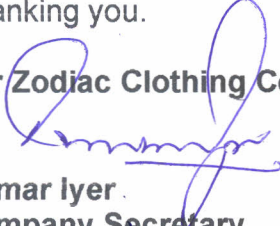
The rating, nevertheless continues to factor in the extensive experience of the promoters of ZCCL in the readymade garments business; its professional management team, low gearing and adequate market value of its strategic investments. The domestic business, which suffered a sharp slowdown due to demonetisation and GST implementation in the past, has reported some recovery in the last couple of quarters – the sustainability of the recovery, however, would be critical to achieve the scale benefits necessary in the business. ICRA continues to draw comfort from its holding of listed liquid investments, though the buffer has reduced as the company has liquidated part of this to fund its business. Further, collection of its Rs. 24.5 crore receivables from its sale of its second level subsidiary holding properties in the UK during FY2017 would help support the working capital position for its overseas business. 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.

Going forward, improvement in business prospects and consequently profitability and maintaining adequate liquidity through various measures will be crucial to support its credit profile.”

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

