

# Textile needs equity shot

**AGE CORRESPONDENT**

CHENNAI

**Aug. 17:** Though several measures have been taken to help the textile sector, which remained highly vulnerable to the global recession prospects of recovery seems to be very bleak.

A report that was released by Fitchrating said that the need of the industry at the moment is infusion of equi-

ty. "The textile sector requires an infusion of equity across the board — given the relatively high financial leverage with which the sector has been operating over the past few years." "Infusion of equity for all new capex would become critical for improving credit profiles," noted the report.

The report further said that high leverage will continue to plague the sector at least

in the medium term, given the long dated debt maturities of the TUFs (Technology Upgradation Fund Scheme) loans taken out for expanding production facilities. Recently, on August 6, 2009, the government has announced the release of Rs 2,550 crore subsidy for the sector under TUFs to clear the backlog of pending disbursements up to 30 June 2009.