Ferrata Capital Management LP

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# Bidders eye Malo brand

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Malo, the Italian luxury brand long known for its $600 cashmere sweaters, may soon be unloaded by its debt-ridden owner, sources told The Post.

Milan-based IT Holdings, which also owns the larger Gianfranco Ferre label, is quietly auctioning off Malo in an effort to pay off more than $400 million in debt, according to sources close to the situation. The company defaulted on obligations this spring.

The fashion house operates more than 30 stores worldwide, including a boutique on Madison Avenue, and made upwards of $75 million in revenue last year.

Malo initially attracted as many as a dozen potential bidders. But recent turmoil, including the exit of high-profile designer Alessandro Dell'Acqua in April, after less than a year on the job, has helped cut the list of suitors in half.

Malo, whose clothes are currently being designed by a team, doesn't need "a marquee name or a creative director" for its clothing line, Dell'Acqua told the press in April, noting that the label was being forced to shrink amid cost cutting and growing tension with suppliers.

On top of mounting losses, another potential obstacle for a deal has been a push by the Italian government to preserve jobs for local workers under a change of ownership.

A similar government position could interfere with the closing of a deal to save designer label Christian Lacroix, sources said. While an Arab sheik has offered to scoop Christian Lacroix out of bankruptcy, the offer must first pass muster with a French court. Two strategic bidders and four investment groups are said to be in the running for Malo. **One includes an Italian industrialist who is being advised by Frank DeRose, an investment banker affiliated with New York-based Ferrata Capital Management.**