

## Maral Overseas Limited

November 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	155.04 (Reduced from 198.32)	CARE BB+; Stable	Reaffirmed
Short Term Bank Facilities	217.53 (Reduced from 266.94)	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of ratings assigned to the bank facilities of Maral Overseas Limited (MOL) factors in continued weak operational performance over the last few fiscals, marked by a sequential decline in profitability, primarily due to consistent losses in the garment segment caused by a sluggish overseas market. Ratings remain constrained by moderate financial risk profile, characterised by high debt repayments and moderate debt coverage indicators, and susceptibility of profitability margins to geopolitical conditions, volatility in raw material prices, foreign exchange fluctuation risk and presence of the company in a highly competitive market. However, ratings continue to derive strength from MOL's strong parentage with demonstrated track record of financial support, experienced promoters and management team, diversified product profile and established marketing tie-ups with leading apparel brands.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Uptick in demand with improvement in total operating income (TOI) and profit before interest, lease rentals, depreciation and taxes (PBILDT) margin of 7% on a sustained basis.
- Improvement in capital structure marked by an overall gearing below 2.50x on a sustained basis.

#### Negative factors

- Significant decline in TOI with Return on Capital Employed (ROCE) below 5% on a sustained basis.
- Persistently high overall gearing and moderate debt coverage indicators, coupled with stretched liquidity resulting from lower profitability.
- Inability of the management to timely infuse funds to support the operations of the company resulting into stretched liquidity.

**Analytical approach:** Standalone while factoring in support from LNJ Bhilwara Group.

Ratings factor in the high likelihood of financial support from LNJ Bhilwara Group, given its reputational and strategic importance.

### Outlook: Stable

Stable outlook reflects CARE Ratings Limited (CareEdge Ratings)' expectation of continued financial support from its group entities and sustenance of scale of operation backed by experience of the management, and market position of the company.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Weak operational performance with sequential decline in profitability

The company's TOI has grown at a compound annual growth rate (CAGR) of 13.5% over the past five fiscal years and stood at ₹1,051.83 crore in FY25 (FY refers to April 01 to March 31), up from ₹964.81 crore in FY24. This growth was supported by a gradual recovery in demand in the year, which led to improved capacity utilisation across both the yarn and fabric segments. Despite the growth in TOI, the spinning division continued to experience margin pressure due to an oversupply situation in the

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

market. The impact was adverse in the basic grey yarn segment, where profitability was significantly impacted. Additionally, the softening of international cotton prices exerted further pressure on margins, particularly for basic yarns, leading to lower margin in FY25 as marked by PBILDT margin of 2.63% and net loss of ₹24.20 crore (PY: 4.35% and net loss of ₹9.76 crore, respectively). This has resulted in liquidity pressure considering high repayment obligations.

**Weak financial risk profile**

The capital structure of MOL remained leveraged with overall gearing of ~4.16x as on March 31, 2025, compared to 3.64x as on March 31, 2024, due to higher debt drawn and consistent reported net loss over last 3 fiscals leading to gradual erosion of tangible net worth. Interest coverage also weakened and stood at sub-unity level at 0.75x in FY25 compared to 1.24x in FY24. Promoters have infused ₹30 crore in the past three financial years to support operations and liquidity of the company.

**Susceptibility of profitability margins to volatility in raw material prices and geopolitical developments**

MOL remains exposed to volatility in cotton prices, its key raw material, which is influenced by factors such as government policies, monsoon patterns and global demand-supply dynamics. As yarn is a commoditised product, fluctuations in its prices directly impact profitability across the yarn, fabric and garment divisions. External headwinds such as geopolitical uncertainties, including unrest in Bangladesh (a key export destination), and imposition of higher tariffs in United States markets, further constrain the operating margin of MOL.

**Exposure to foreign currency fluctuation risk**

MOL is exposed to foreign currency fluctuation risk as it derives ~44% of its revenue from the export market. The major export destinations include Bangladesh, Vietnam, Germany, Kenya among others. Thus, profitability margins remain susceptible to any adverse movement in foreign currency. MOL also imports raw materials, which provides a natural hedge to some extent. Further, MOL hedges the balance forex risk through forward contracts, which mitigates the risk partially. In FY25, MOL reported gain on forex transactions of ₹4.79 crore (PY: gain of ₹4.75 crore).

**High competition in the garment segment from other export-based countries**

In the garment segment, MOL faces significant competition from China, Bangladesh and other low-cost export-based countries that offer garments at lower prices compared to India. Apart from this, domestic competition has been intensifying with the entry of international brands into India. Exporters affected by the slowdown in exports are redirecting their capacity to the domestic market, further increasing competition and impacting margins.

**Key strengths****Experienced promoters with qualified management team and strong parentage**

MOL is a part of LNJ Bhilwara Group, which was established in 1960 by LN Jhunjhunwala. The Group is a well-diversified conglomerate with interests in textiles, graphite electrodes, power generation and power engineering consultancy services and IT-enabled services. LNJ Bhilwara Group has its presence in the entire textile value chain from textile yarns to fabrics, knitwear and denims. MOL is currently headed by Shekhar Agarwal, Chairman and Managing Director, who did his B.Tech. (Mechanical Engineering) from IIT Kanpur in 1975 and Master of Science in Industrial and Systems Engineering in 1976 from Illinois Institute of Technology, Chicago, United States. He has over 40 years of experience in this line of business. He is well assisted by a qualified management team having functional experience in related areas.

**Diversified product profile and established marketing tie-ups with leading apparel brands**

MOL is engaged in the manufacturing of cotton yarn, knitted fabrics, processed fabrics and ready-made garments, with a presence throughout the textile value chain. MOL sells its products in both domestic and export markets. A significant portion of the cotton yarn and fabrics manufactured by the company is used in-house to produce fabric and garments, providing better control over the quality of the finished garments. MOL's customer base is diversified, primarily due to its varied product profile. Having been in operation for over 20 years, MOL has established tie-ups with various agents and strong apparel brands across its value chain.

**Geographically diversified operations and low customer concentration risk**

Being an export-oriented unit, the company derived ~44% of its revenue from the export markets in FY25. The company exports its products mainly to Far East and Southeast Asian countries, Europe, Gulf and Middle East, Africa among others. There is low customer concentration risk as the company caters to a large customer base present across the globe. Export sales stood at ₹464.35 crore (PY: ₹431.53 crore), equivalent to 44% of its total revenue in FY25.

### Modest working capital cycle

The working capital cycle of the company remains modest at 83 days (PY: 94 days), with a slight improvement due to better inventory days. The company's major raw material, cotton, is cyclical in nature, requiring it to maintain sufficient inventory levels throughout the year. The average inventory period for MOL has remained in the range of 60-70 days, as the company stores good quality cotton, which is typically available from October to April.

The collection period stood at 46 days, as the company allows a credit period of 30-45 days to its domestic customers. For export business, some payments are received in advance, while the balance amounts are received on a days-at-sight basis.

### Liquidity: Stretched

The liquidity profile of MOL remains stretched, marked by high average utilisation of fund-based limits at ~90% for the past 12 months ending August 2025. The current ratio stood below unity at 0.87x as on March 31, 2025. MOL had free cash and bank balance of ₹0.22 crore as on March 31, 2025. The company had net cash flow from operations (net CFO) of ~₹75 crore in FY25 supported by stretched creditor payments. Further, the net CFO remained stable in H1FY26 (H1 refers to April 01 to September 30) at ~₹56 crore stemming from faster realization and inventory liquidation. The company has no major debt-funded capital expenditure plans in the medium term. MOL remains dependent on group support to meet its high debt obligations of ~₹38 crore in FY26.

### Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Cotton Textile](#)

[Short Term Instruments](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Textiles	Textiles & Apparels	Other Textile Products

Incorporated in 1989, MOL is a part of LNJ Bhilwara group. The company commenced production in 1992, with setting up of a 20,160 spindles cotton spinning plant for manufacturing of yarn which has increased over the years to 79,056 spindles. The company is engaged in the manufacturing of grey yarn, dyed yarn, knitted fabrics, processed fabrics and ready-made garments with its manufacturing facilities located in Noida, Uttar Pradesh and Khargone, Madhya Pradesh. MOL had approached the CDR forum in July 2008 and the restructuring proposal / package was approved on March 26, 2009. Since then, MOL continues to service its debt as per the CDR terms.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	964.81	1,051.83	475.20
PBILDT	41.98	27.62	10.71
PAT	-9.76	-24.20	-15.35
Overall gearing (times)	3.64	4.16	NA
Interest coverage (times)	1.24	0.75	0.56

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	June 2033	155.04	CARE BB+; Stable
Fund-based-Short Term		-	-	-	195.00	CARE A4+
Non-fund-based - ST-BG/LC		-	-	-	22.53	CARE A4+

#### Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	155.04	CARE BB+; Stable	-	1)CARE BB+; Stable (13-Feb-25) 2)CARE BBB-; Negative (27-Aug-24)	1)CARE BBB-; Stable (14-Nov-23) 2)CARE BBB-; Stable (14-Aug-23) 3)CARE BBB; Negative (15-May-23)	1)CARE BBB+; Negative (15-Nov-22) 2)CARE BBB+; Stable (01-Aug-22)
2	Fund-based-Short Term	ST	195.00	CARE A4+	-	1)CARE A4+ (13-Feb-25)	1)CARE A3 (14-Nov-23)	1)CARE A3+ (15-Nov-22)

						2)CARE A3 (27-Aug-24)	2)CARE A3 (14-Aug-23)  3)CARE A3 (15-May-23)	2)CARE A3+ (01-Aug-22)
3	Non-fund-based - ST-BG/LC	ST	22.53	CARE A4+	-	1)CARE A4+ (13-Feb-25)  2)CARE A3 (27-Aug-24)	1)CARE A3 (14-Nov-23)  2)CARE A3 (14-Aug-23)  3)CARE A3 (15-May-23)	1)CARE A3+ (15-Nov-22)  2)CARE A3+ (01-Aug-22)

LT: Long term; ST: Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not Applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based-Short Term	Simple
3	Non-fund-based - ST-BG/LC	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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