

Maral Overseas Limited

September 10, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long-term bank facilities	RBI	164.56 (Enhanced from 155.04)	CARE BB+; Positive	Reaffirmed
Short-term bank facilities	RBI	217.53	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the ratings assigned to the bank facilities of Maral Overseas Limited (MOL) continues to be constrained by the company's moderate financial risk profile, characterised by sizeable debt repayment obligations and moderate debt coverage indicators. The ratings are further constrained by the company's weak profitability profile, although the same witnessed improvement during last nine month ending on June 30, 2026, supported by closure of loss-making units during the year and improved capacity utilisation at the continuing manufacturing unit. The ratings also factor in the company's exposure to geopolitical developments, volatility in raw material prices, foreign exchange fluctuations, and intense competition in the textile and apparel industry.

The ratings, however, derive strength from the operational turnaround witnessed during FY26 (FY refers to April 01 to March 31), supported by the various cost optimisation initiatives undertaken during the year. The ratings also continue to draw comfort from MOL's strong parentage with a demonstrated track record of financial support, experienced promoters and management team, diversified product portfolio, and established relationships with leading apparel brands. The company's ability to sustain the operational improvement through continued execution of cost rationalisation measures, including workforce optimisation, higher reliance on renewable energy sources, and consolidation of manufacturing operations to optimise fixed overheads, while strengthening its overall financial risk profile, remains a key rating monitorable.

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: Positive

The Positive outlook reflects CARE Ratings Limited's (CareEdge Ratings) expectation of a sustained improvement in company's operational performance, driven by the benefits accruing from the cost optimisation initiatives undertaken by the company and improved order flow from its key customers. The outlook may be revised to 'Stable' in case of lower than the envisaged improvement in its profitability and cash accruals or continued high gearing levels.

Detailed description of key rating drivers

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Key weaknesses

Leveraged capital structure with moderate debt coverage indicators

MOL's capital structure continues to remain leveraged, albeit with some improvement, as reflected by the overall gearing of 3.67x as on March 31, 2026, compared with 4.16x as on March 31, 2025. The capital structure remains constrained by the sizeable debt levels and erosion in the tangible net worth over the past few fiscals due to sustained losses. Further, the unsecured loans and non-redeemable preference share capital infused by the promoter/group over the last two years to support the company's operations and liquidity have also kept the overall debt levels elevated. Although the debt coverage indicators improved in FY26, they continue to remain moderate, with interest coverage improving to 1.51x in FY26 from 0.86x in FY25, while the total debt to gross cash accruals (TDGCA) ratio remained above 10x. The promoters have infused around ₹30 crore over the past three financial years to support the company's operations and liquidity.

Continued weak profitability albeit improvement witnessed during last nine months ended June 2026

The company's profitability profile continues to remain weak, primarily on account of sustained losses in its Garments segment despite the Yarn and Fabric segments remaining profitable. Weak demand in key export markets has adversely impacted the performance of the Garments segment, resulting in significant losses over the past three fiscals. Consequently, the company's overall profitability has remained subdued, exerting pressure on its debt coverage indicators and increasing its reliance on timely financial support from the group to meet its debt servicing obligations. However, the company witnessed a notable improvement in its earnings profile from October 2025 onwards, supported by various cost rationalization initiatives, including the consolidation of its garment manufacturing operations at Noida, which led to better absorption of fixed overheads. Accordingly, the company reported a marginal profit after tax (PAT) of ₹3.26 crore in FY26 as against net losses of ₹24.20 crore in FY25 and ₹9.76 crore in FY24. Nevertheless, the company's ability to sustain the improvement in its profitability while reducing its dependence on external financial support remains a key rating monitorable.

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. Given the commoditized nature of yarn, fluctuations in raw material and yarn prices directly impact profitability across the yarn, fabric, and garment divisions. Further, the company's profitability remains susceptible to geopolitical developments and global trade disruptions, considering its significant dependence on export markets (~48% of sales in FY26). During FY26, higher tariffs imposed by the US and geopolitical uncertainties in key export markets impacted demand, particularly during first half of the fiscal, although the situation improved in H2FY26 following easing of tariff rates and recovery in order flows. In addition, geopolitical tensions in the Middle East could result in elevated freight, fuel, and raw material costs, thereby exerting pressure on the company's margins. These risks are, however, partially mitigated by the company's ongoing efforts to diversify its export markets, including expansion into countries such as Vietnam, Turkey, and Korea, along with its limited direct exposure to regions affected by geopolitical conflicts. Further, the recent increase in statutory wage rates is expected to partly offset the savings from closure of loss-making units, with the overall impact on profitability remaining a key monitorable.

Exposure to foreign currency fluctuation risk

MOL is exposed to foreign currency fluctuation risk as it derives ~48% of its revenue from the export market. Thus, profitability margins remain susceptible to any adverse movement in foreign currency. MOL also imports raw materials, which provide a natural hedge to some extent. Further, MOL hedges the balance forex risk through forward contracts, which mitigates the risk partially. In FY26, MOL reported gain on forex transactions of ₹2.92 crore (PY: gain of ₹4.79 crore).

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

In the garment segment, MOL faces significant competition from Vietnam, 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

Improvement in operational performance supported by cost optimisation initiatives

MOL witnessed a turnaround in its operational performance during H2FY26, supported by various cost optimisation initiatives undertaken during the year. As part of its restructuring measures, the company shut down loss-making garment units and consolidated its garment manufacturing operations at the Noida facility, resulting in better absorption of fixed overheads and improved operating efficiencies. Consequently, the company's operating performance improved significantly during H2FY26, with

PBILDT increasing to ₹37.08 crore (PBILDT margin: 7.33%) on a total operating income (TOI) of ₹505.67 crore, compared with PBILDT of ₹10.72 crore (PBILDT margin: 2.26%) on a TOI of ₹475.20 crore during H1FY26.

On a full-year basis, the company reported a TOI of ₹988.51 crore in FY26 as against ₹1,055.85 crore in FY25. The moderation was primarily on account of lower yarn realisations following stabilisation in cotton prices and subdued domestic demand during H1FY26, as certain export-oriented customers reduced procurement amid uncertainty surrounding US tariff. Nevertheless, sales volumes improved during the year, and demand recovered in H2FY26 with improvement in order flows from key customers.

Q1FY27 (refers to April 01 to June 30): The company reported TOI of ₹268.95 crore in Q1FY27, registering a growth of 16.87% over ₹230.13 crore in Q1FY26, driven by improved sales in the yarn segment, supported by a shift in product mix towards dyed fabric, higher contribution from the mélange segment and addition of new customers. The company also witnessed an improvement in operating profitability, with PBILDT increasing to ₹22.45 crore (8.34%) in Q1FY27 from ₹6.27 crore (2.72%) in Q1FY26. Consequently, the company reported a PAT of ₹5.32 crore in Q1FY27, as against a net loss of ₹12.75 crore in Q1FY26.

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 ~48% of its revenue from the export markets in FY26 (PY: 44%). 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 ₹469.94 crore (PY: ₹464.35 crore).

Modest working capital cycle

The working capital cycle of the company remains modest at 77 days (PY: 83 days), with a slight improvement due to stretched creditors. 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 50-60 days, as the company stores good quality cotton, which is typically available from October to April.

The collection period stood at 50 days, as the company allows a credit period of ~1-2 months 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 its fund-based working capital limits at ~87% for the 12 months ended July 2026. The current ratio remained below unity at 0.89x as on March 31, 2026. The company had free cash and bank balance of ₹1.03 crore as on March 31, 2026, while it generated net cash flow from operations of around ₹80 crore in FY26, supported by faster receivables realisation and inventory liquidation. The company has no major debt-funded capital expenditure plans over the medium term. However, given the scheduled debt repayment obligations of ~₹40 crore in FY27, sustained improvement in profitability and cash accruals will remain crucial to support its debt servicing ability and liquidity profile. However, need-based financial support from the LNJ Bhilwara group might be provided to meet any exigencies.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

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 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. As of June 2026, the company has paid the recompense amount to its lenders and is awaiting formal exit from the CDR mechanism.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	1,055.85	988.51	268.95
PBILDT*	31.64	56.55	22.45
Profit after tax (PAT)	-24.20	3.26	5.98
Overall gearing (x)	4.16	3.67	NA
Interest coverage (x)	0.86	1.51	2.46

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

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Q1FY27: Refers to April 01 to June 30

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:

A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-		-	30-06-2033	164.56	CARE BB+; Positive
Fund-based-Short Term	RBI	Simple	-		-	-	195.00	CARE A4+
Non-fund-based - ST-BG/LC	RBI	Simple	-		-	-	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 2026-2027	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
1	Fund-based - LT-Term Loan	LT	164.56	CARE BB+; Positive	1)CARE BB+; Positive (09-Jul-26)	1)CARE BB+; Stable (25-Nov-25)	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)
2	Fund-based-Short Term	ST	195.00	CARE A4+	1)CARE A4+ (09-Jul-26)	1)CARE A4+ (25-Nov-25)	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

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	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
								(15-May-23)
3	Non-fund-based - ST-BG/LC	ST	22.53	CARE A4+	1)CARE A4+ (09-Jul-26)	1)CARE A4+ (25-Nov-25)	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)

LT: Long term; ST: Short term

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

Annexure-4: 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 for clarifications.

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