

July 13, 2010

CARE REAFFIRMS RATINGS ASSIGNED TO THE BANK FACILITIES OF MAHARAJA SHREE UMAID MILLS LTD.**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	148.27	'CARE BBB-' [Triple B Minus]	Reaffirmed
Short-term Bank Facilities	5.47	'PR3' [PR Three]	Reaffirmed
Total Facilities	153.74		

Rating Rationale

The ratings continue to factor in MSUML's established track record of operations, wide experience of promoters in textile industry and moderate financial profile as indicated by moderate gearing levels and stable liquidity position.

The ratings also factor in MSUML's good growth in sales and improvement in profitability during FY09 despite weak scenario prevailing for the Indian textile sector during the period.

The ratings, however, continue to remain constrained due to weak (though improving) scenario for the textile industry, relatively small size of operations of the company and risk related to stabilization of operations of the ongoing expansion-cum-modernization project which is largely debt funded. Timely implementation of the project, higher than expected future capex, ability to increase its market share and improvement in the overall financial profile are the key rating sensitivities.

Company Profile

Incorporated in 1939, MSUML, a part of L. N. Bangur group, is mainly engaged in the manufacturing of cotton/synthetic yarn (80% of the total income in FY09) and fabrics (20%) at its manufacturing facility located in Pali, Rajasthan. MSUML manufactures spun yarn (combed and carded) mainly of medium to courser counts.

¹Complete definition of the ratings assigned are available at www.careratings.com and in other CARE publications



Press Release

During FY09, the company reported net sales of Rs.296.94 crore (FY08: Rs.255.90 crore) and a PAT of Rs.6.59 crore (FY08: Rs.0.39 crore). MSUML had an overall gearing of 1.16 times as at Mar.31, 2009. During half-year ended Sept.30, 2009 (H1FY10), MSUML reported net sales of Rs.149.66 crore and a PAT of Rs.3.09 crore.

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CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

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