

September 02, 2011

**CARE REAFFIRMS THE RATINGS TO THE BANK FACILITIES OF
MARAL OVERSEAS LIMITED****Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	217.18 (reduced from 231.86)	'CARE BB-' (Double B Minus)	Reaffirmed
Short-term Bank Facilities	145.70	'CARE A4' (A Four)	Reaffirmed
Total Facilities	362.88		

Rating Rationale

The ratings continue to take into account the susceptibility of MOL's profitability margins to volatility in the raw material (mainly cotton) and yarn prices, risk related to the exports mainly due to competition from China, Bangladesh and other cheap exporters and elevated financial risk profile as characterized by high gearing and stressed liquidity position. However, the ratings derive strength from the experienced promoters and the established marketing tie-ups with some of the leading apparel brands.

Going forward, MOL's ability to improve its overall financial performance while withstanding the competitive pressures and volatility in the raw material prices, would remain the key rating consideration.

Background

Incorporated in 1989, MOL is a part of the LNJ Bhilwara Group. The Group has presence in diversified sectors including textile, power, electrodes and IT services with networth more than Rs.3,000 crore as on March 31, 2011.

The company is engaged in the manufacturing and sale of yarn, knitted fabrics, knitwears and ready-made garments. The company has manufacturing facilities at Noida (U.P), and Khargone (M.P.).

The debt of the company was restructured under the Corporate Debt Restructuring (CDR) package, which was approved as on March 26, 2009. MOL continues to service its debt as per the CDR package.

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



Press Release

MOL registered PAT of Rs.12.87 crore on net sales of Rs.509.11 crore in FY11. As per provisional results Q1FY12, MOL reported net sales of Rs.133.18 crore and net loss of Rs.0.94 crore.

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