

APRIL 15, 2015

CARE REVISES/REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF MARAL OVERSEAS LIMITED

Rating

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	152.38 (enhanced from 147.12)	CARE BBB (Triple B)	Revised from CARE BBB- (Triple B Minus)
Short-term Bank Facilities	136.53 (enhanced from 131.16)	CARE A3 (A Three)	Reaffirmed
Total Bank Facilities	288.91		

Rating Rationale

The revision in the rating of Maral Overseas Limited (MOL) take into account the successful completion of expansion cum modernization projects of the company and the improved financial performance during FY14 (refers to the period April 01 to March 31).

The ratings, further, continue to derive strength from the experienced promoters of MOL, its diversified product profile and established marketing tie-ups with some of the leading apparel brands.

However, the ratings continue to be constrained by continuation of MOL under the ambit of Corporate Debt Restructuring (CDR) forum, susceptibility of MOL's profitability margins to volatility in the raw material (mainly cotton) and yarn prices and high repayments in the medium term on account of the ballooning repayments schedule. The ratings also factor in the competition from China, Bangladesh and other export destinations in the garment segment and the cyclical nature of the textile industry.

Going forward, MOL's ability to further improve its capital structure, maintain its profitability margins while withstanding competitive pressures and volatility in the raw material prices and derive the envisaged benefits from the completed modernization projects would remain the key rating sensitivities.

Background

Incorporated in 1989, MOL is a part of the LNJ Bhilwara group. MOL commenced production in 1992, with setting up of a 20,160 spindles cotton spinning plant for the manufacturing of yarn which has increased over the years to 75,600 spindles (as on March 31, 2014). The company is also engaged in the manufacturing of knitted fabrics (5,400 MTs/Annum), processed fabrics (5,229 MTs/Annum) and ready-made garments (48 lac pcs/Annum) with its manufacturing facilities situated at Noida (U.P), and Khargone (M.P.). 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. During FY14, MOL registered a net profit of Rs.29.47 crore on a total operational income of Rs.657.33 crore. Based on the provisional financials, the company has booked PAT of Rs.10.25 crore on total income of Rs.483.04 crore during 9MFY15.

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

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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