

April 20, 2011

**CARE REAFFIRMS RATINGS ASSIGNED TO
BANK FACILITIES OF MARAL OVERSEAS LTD.****Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings	Remarks
Long-term Bank Facilities	231.86	'CARE BB' (Double B Minus)	Reaffirmed
Short-term Bank Facilities	145.70	'PR4' (PR Four)	Reaffirmed
Total Facilities	377.56		

Rating Rationale

The ratings continue to take into account the high gearing ratio owing to accumulated losses incurred in the past, low debt-servicing coverage indicators, continued volatility in raw material prices, mainly cotton, and risk related to the competition from China, Bangladesh and other cheap importers. However the ratings are somewhat supported by continued group support, experienced promoters, improved profitability and interest-coverage indicators in FY10 and H1FY11 and the established marketing tie-ups with some of the leading apparel brands.

Going forward, MOL's ability to sustain profitability, while withstanding competitive pressures and volatility in raw material prices, would be the key rating considerations.

Company Profile

Incorporated in 1989, MOL is a part of the LNJ Bhilwara Group. The company is engaged in the manufacturing and sale of yarn, knitted fabrics, knitwears and ready-made garments. MOL has manufacturing facilities located at Noida (U.P), and Khargone (M.P.). The installed capacity as on March 31, 2010 stood at 75,600 spindles, 5000MT/annum capacity for knitted fabric and facilities for manufacturing 48 Lakh pieces/annum of readymade garments. MOL had approached the Corporate Debt Restructuring (CDR) forum in 2008 and continues to be in CDR.



Press Release

MOL booked net sales of Rs.199.7 crore during FY10 (six months) registering an annualized growth of 15.4% over FY09 and PAT of Rs.3.5 crore as compared to losses in FY09.

In H1 FY11, MOL registered PAT of Rs.7.5 crore on a total income of Rs 247 crore.

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CARE has 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.

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CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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