

November 05, 2012

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

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	201.80 (reduced from 217.18)	<b>CARE BB- (Double B Minus)</b>	Reaffirmed
Short-term Bank Facilities	125.81 (reduced from 145.70)	<b>CARE A4 (A Four)</b>	Reaffirmed
<b>Total Facilities</b>	<b>327.61</b>		

**Rating Rationale**

The ratings continue to take into account the weak financial risk profile of Maral Overseas Limited (MOL) as characterized by the adverse gearing and net loss during FY12 (refers to the period April 01 to March 31), the susceptibility of MOL's profitability margins to volatility in raw material (mainly cotton) and yarn prices and the risk related to the exports mainly due to the competition from China, Bangladesh and other cheap export destinations. The ratings further take into account the cyclical nature of the textile industry and implementation risk associated with the ongoing project. However, the ratings derive strength from experienced promoters, the established marketing tie-ups of MOL with some of the leading apparel brands and effective working capital management during FY12.

Going forward, MOL's ability to improve its overall financial performance while withstanding competitive pressures and volatility in raw material prices and complete the ongoing project within the envisaged time and cost 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 a 20,160 spindles cotton spinning plant for manufacturing of yarn which has increased over the years to 75,600 spindles (as on March 31, 2012). The company is also engaged in the manufacturing of knitted fabrics (5,400 MTs/Annum), processed fabrics (5229 MTs/Annum) and ready-made garments (48 lakh 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.

MOL registered a net loss of Rs.1.95 crore on net sales of Rs.539.20 crore during FY12. As per the provisional results of Q1FY13, MOL reported net sales of Rs.141.68 crore and PAT of Rs.4.41 crore.

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<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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