

Retail Equity Research

Maral Overseas Ltd

Textiles

CMP Rs. 85.1
Rating: Overweight
NSE CODE: MARALOVER BSE CODE: 521018

Maral Overseas Ltd has exhibited mixed quarterly results, reflecting fluctuations in market dynamics. Sales grew 8% YoY in Sep-23 and Sep-24 but saw volatility during intermediate quarters, with a notable 14% spike in Mar-24. Operating profit demonstrated resilience in Sep-23 (+631%) and Sep-24 (+106%), driven by better cost management, despite a sharp decline in Jun-24 (-72%) due to higher expenses.

Net profit growth remained inconsistent. While Mar-24 showcased robust growth (+82%) on account of strong operational efficiency and higher other income, Jun-24 and Sep-24 recorded significant declines (-191% and -7%, respectively), attributed to subdued operating performance and elevated interest costs. Key challenges include persistent expense pressure and fluctuating other income, which impacted profitability.

Company Data

Market Cap (cr)	Rs.	362.84	
Enterprise Value (cr)	Rs.	731.27	
Outstanding Shares (cr)		4.15	
52 week high	Rs.	102.00	
52 week low	Rs.	61.00	
1m average volume (lacs)		1.00	
Face value	Rs.	10.00	
	FY22	FY23	FY24
Sales	1082.44	1025.85	960.06
Growth(%)	71%	-5%	-6%
EBITDA	139.63	34.71	59.75
EBITDA Margin(%)	12.9%	3.4%	6.2%
PAT	66.98	-15.93	-9.76
Growth(%)	435%	-124%	39%
EPS	16.1	-3.8	-2.4
P/E	5.1	-12.2	-26.7
P/B	2.1	1.4	2.0
EV/EBITDA	4.1	16.1	12.2
ROE(%)	40%	-11.3%	-7%
ROCE(%)	28%	0.9%	4.2%
ROIC(%)	20%	0.8%	4.8%
D/E	1.47	2.64	3.62

- Declining Sales and Margins:** Sales have consistently declined over FY22-FY24, with growth turning negative (-5% in FY23 and -6% in FY24). EBITDA margins also witnessed a sharp drop from 12.9% in FY22 to 6.2% in FY24, reflecting operational inefficiencies.
- Negative Profitability and Earnings:** The company reported significant losses in FY23 and FY24, with PAT at -₹15.93 crore and -₹9.76 crore, respectively. Earnings per share (EPS) turned negative, and return ratios (ROE, ROCE, ROIC) deteriorated substantially, indicating poor financial health.
- Worsening Leverage Metrics:** Debt-to-equity ratio increased significantly from 1.47 in FY22 to 3.62 in FY24, signaling heightened financial risk and reliance on debt amidst declining performance.

Key Highlights

1. Business Overview

Maral Overseas Ltd. (MOL), established in 1991, is part of the LNJ Bhilwara Group and operates as a vertically integrated textile company. The company manufactures cotton yarn, knitted fabrics, processed fabrics, and ready-made garments, positioning itself across the entire textile value chain. It is export-oriented, utilizing a significant portion of its in-house cotton yarn and fabrics for garment production.

2. Product Portfolio

MOL offers a wide range of products, including 100% cotton combed yarn in various counts, single jerseys, ribs, interlocks, piques, and seamless fabrics for activewear and underwear. Its garment portfolio comprises activewear, casual wear, and sleepwear for men and women, available in both conventional and organic varieties, catering to diverse consumer needs.

3. Production Capacity and Achievements

The company's manufacturing units in Noida and Khargone have impressive annual capacities: ~19,100 MTPA for grey yarn, ~4,000 MTPA for dyed yarn, ~6,500 MTPA for knitted fabrics, ~7,200 MTPA for processed fabrics, and ~72 lakh ready-made garments. In FY23, MOL achieved production levels of 13,281 MT of grey yarn, 2,542 MT of dyed yarn, 3,507 MT of knitted fabric, 4,756 MT of processed fabric, and 51.32 lakh garment pieces.

4. Expansion and Capex

MOL has expanded its garment manufacturing capacity by setting up a new unit in Noida, featuring 500 sewing machines and printing facilities, at a cost of ₹14.93 crore, with commercial production starting in FY23. Additionally, the company is modernizing its Sarovar unit and establishing a Melange fabric spinning unit with a total capex of ₹229 crore, funded through internal accruals and term loans, with production slated to begin in Q4 FY24.

5. International Presence and Tie-Ups

MOL has formed strategic alliances with prominent global brands such as Cecil, Schiesser, and Joy Sportwear (Germany), Blair (USA), RNA Resources (Dubai), Reitman (Canada), and Marubeni (Japan). Its export reach extends to markets in the Far East, Southeast Asia, Europe, North America, Gulf, Middle East, and Africa, showcasing its strong international presence.

6. Revenue Breakdown FY23

In FY23, MOL derived 97% of its revenue from manufactured goods, 1% from traded goods, and 2% from other operating income. Geographically, 42% of its revenue came from exports and 58% from domestic sales. Segment-wise, yarn contributed 50%, fabric 28%, and garments 22%, with key export markets being Far East & Southeast Asia (19%), North America (7%), and Europe (9%).

7. Strategic Outlook

MOL's focus on expanding its garment manufacturing capabilities, modernizing infrastructure, and fostering international partnerships is central to its growth strategy. The company's emphasis on innovation and sustained capex investments positions it for continued success in both domestic and global textile markets.

Quarterly Financial Consolidated

Profit and loss account

(Rs Cr)

	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Sales	245.00	227.63	259.77	250.92	271.04
Growth(%)	8%	-7%	14%	-3%	8%
Expenses	232.63	213.81	246.81	247.35	263.68
Operating Profit	12.37	13.82	12.96	3.57	7.36
Growth(%)	631%	12%	-6%	-72%	106%
Other Income	3.79	4.51	11.28	7.73	3.47
Depreciation	8.60	8.80	8.63	8.54	8.41
Interest	9.41	8.88	7.92	9.23	9.76
Profit before tax	-1.85	0.65	7.69	-6.47	-7.34
Tax	0.44	-0.41	1.81	-0.02	-0.38
Net profit	-2.29	1.06	5.88	-6.45	-6.96
Growth(%)	530%	316%	82%	-191%	-7%

Financial Consolidated

Profit & Loss

(Rs Cr)

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Sales	675.94	632.02	1,082.44	1,025.85	960.06
Growth(%)	-11%	-6%	71%	-5%	-6%
Expenses	668.29	578.30	965.09	1,006.17	922.82
Operating Profit	7.65	53.72	117.35	19.68	37.24
Growth(%)	-79%	602%	118%	-83%	89%
Other Income	17.18	7.69	22.28	15.03	22.51
Depreciation	24.41	23.99	26.13	29.96	34.26
Interest	15.70	16.55	21.03	23.10	33.95
Profit before tax	-15.28	20.87	92.47	-18.35	-8.46
Tax	-	8.34	25.49	-2.43	1.30
Net profit	-15.28	12.53	66.98	-15.93	-9.76
Growth(%)	-288%	182%	435%	-124%	39%

Balance Sheet

(Rs Cr)

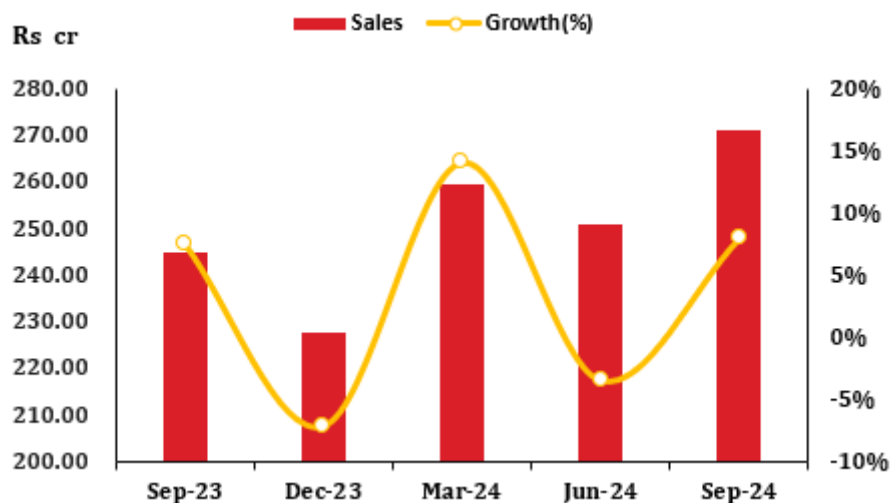
Report Date	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	41.51	41.51	41.51	41.51	41.51
Reserves	42.24	56.14	124.10	99.48	90.03
Borrowings	222.63	203.83	243.48	371.55	476.05
Other Liabilities	126.27	140.09	180.46	120.12	150.11
Total	432.65	441.57	589.55	632.66	757.70
Net Block	182.10	160.45	174.95	203.10	345.82
Capital Work in Progress	0.01	1.70	3.21	41.01	9.21
Investments	0.30	0.55	0.75	0.79	1.14
Other Assets	250.24	278.87	410.64	387.76	401.53
Total	432.65	441.57	589.55	632.66	757.70

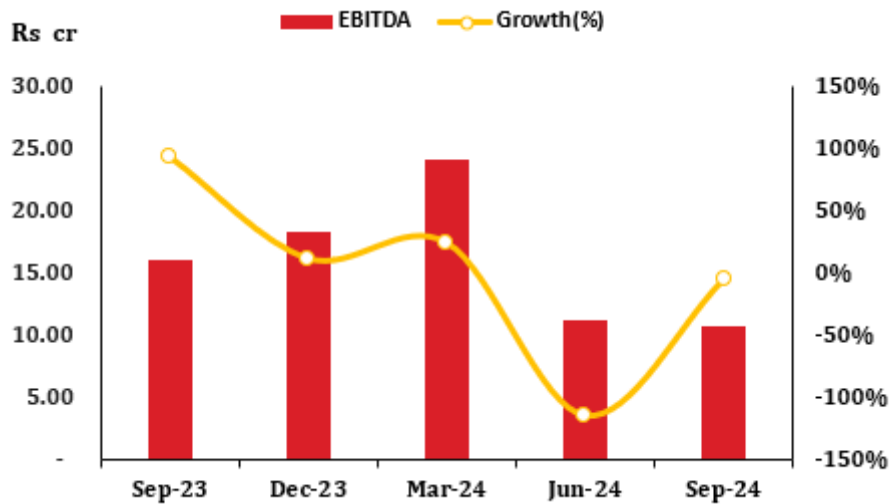
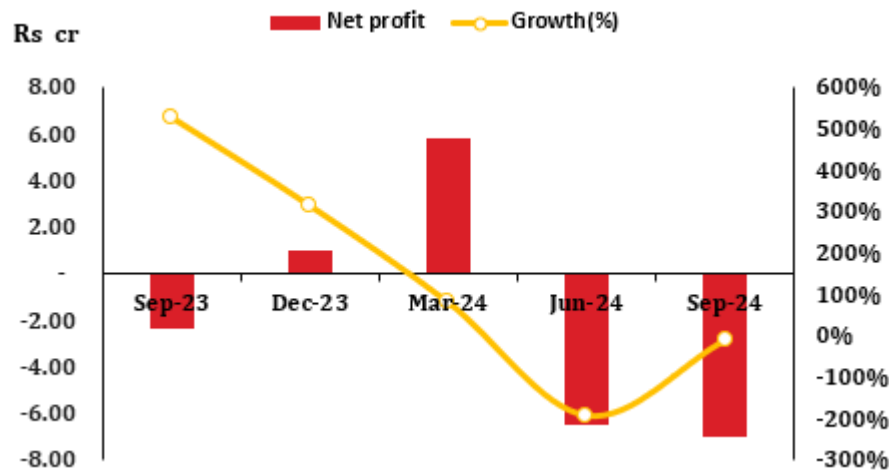
Cash Flow

(Rs Cr)

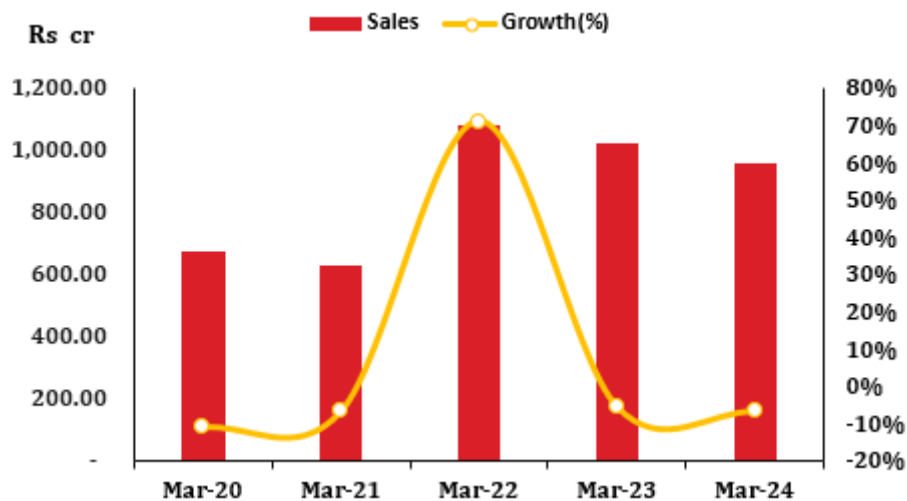
	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	56.47	38.1	34.05	15.61	61.15
Cash from Investing Activity	-10.83	-2.5	-31.03	-89.62	-121.96
Cash from Financing Activity	-41.7	-43.45	-2.33	75.87	58.51
Net Cash Flow	3.94	-7.86	0.69	1.85	-2.3

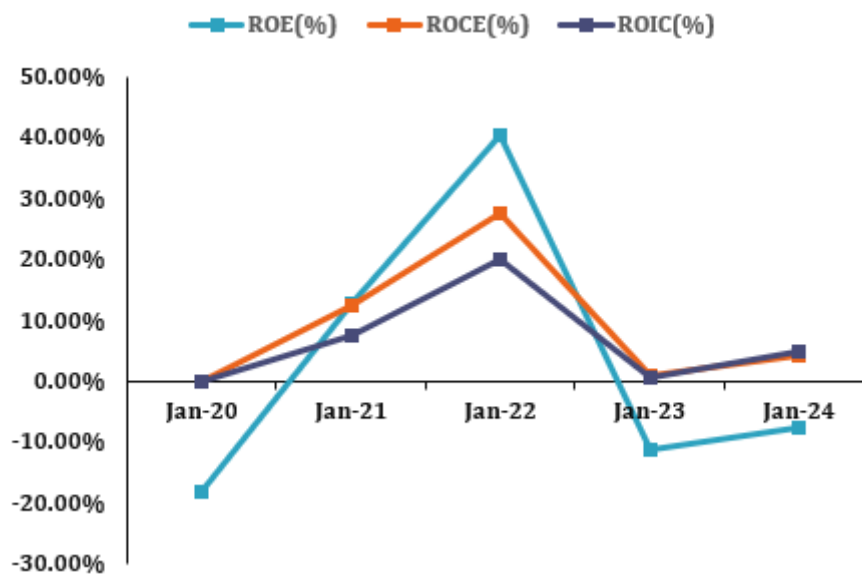
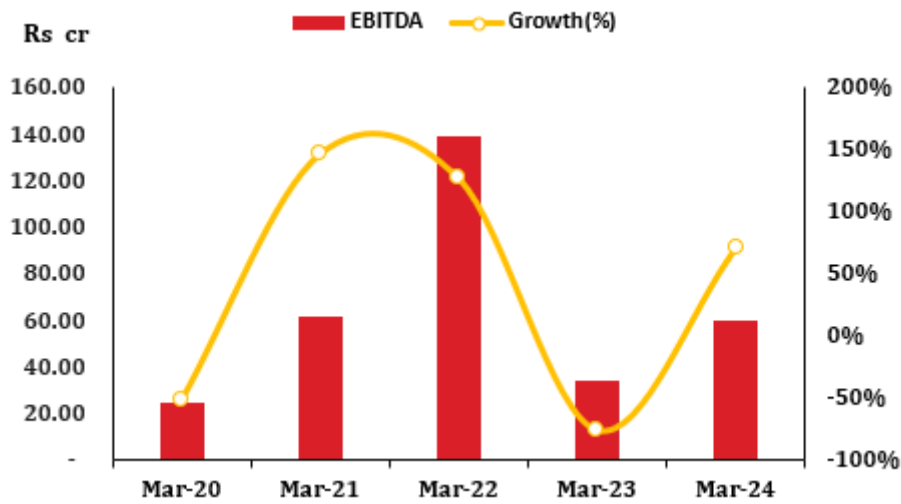
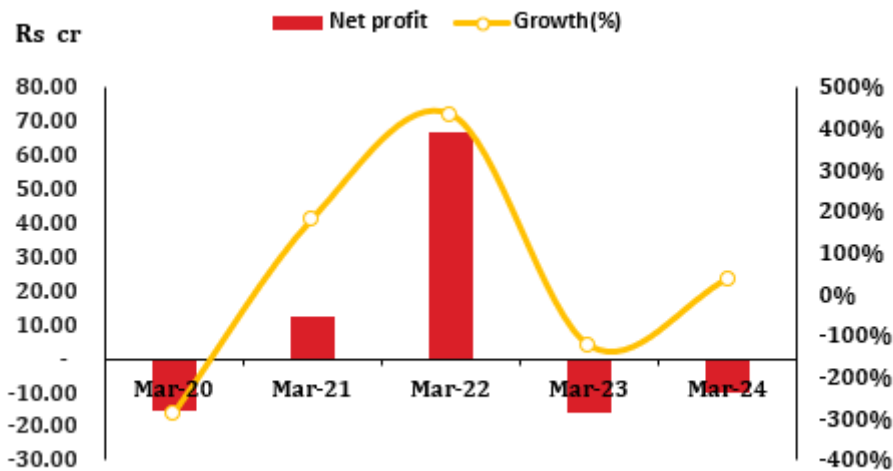
Key Metrics: Quarterly





Key Metrics: Yearly





Key Ratio:

Leverage Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
D/E	2.66	2.09	1.47	2.64	3.62
Debt/Assets	0.51	0.46	0.41	0.59	0.63
Debt/Ebitda	8.97	3.32	1.74	10.70	7.97
Debt/Capital Ratio	73%	68%	60%	72%	78%
Cash flow/Debt	0.25	0.19	0.14	0.04	0.13
Interest coverage ratio	0.03	2.26	5.40	0.21	0.75
Sales Change	-11%	-6%	71%	-5%	-6%
Ebit Change	-99%	8810%	203%	-96%	437%
Operating Leverage	7.35	-92.68	1.66	15.92	-13.91
Financial Leverage	5.17	4.52	3.56	4.49	5.76

Efficiency ratios					
Receivable days	41	56	37	35	46
Receivable turnover	8.98	6.47	9.90	10.35	7.94
Inventory days	0.00	0.00	0.00	0.00	0.00
Inventory turnover	7	6	5	6	6
Net Fixed assets turnover	3.71	3.94	6.19	5.05	2.78
Sales/capital employed	2.21	2.10	2.65	2.00	1.58
Total Asset Turnover	1.56	1.43	1.84	1.62	1.27

Profitability ratios					
Ebitda	24.83	61.41	139.63	34.71	59.75
Ebitda margin	4%	10%	13%	3%	6%
Gross Profit	144.93	176.04	314.2	226.3	240.72
Gross Profit Margin	21%	28%	29%	22%	25%
EBIT	0.42	37.42	113.5	4.75	25.49
EBIT Margin	0%	6%	10%	0%	3%
ROE	-18%	13%	40%	-11%	-7%
Net profit margin	-2%	2%	6%	-2%	-1%
EPS	-3.68	3.02	16.14	-3.84	-2.35
DU Pont ROE	-18%	13%	40%	-11%	-7%
Net Profit Margin	-2%	2%	6%	-2%	-1%
Sales/Total assets	1.56	1.43	1.84	1.62	1.27
Financial Leverage	5.17	4.52	3.56	4.49	5.76
DU PONT ROA	-4%	3%	11%	-3%	-1%
Net Profit Margin	-2%	2%	6%	-2%	-1%
Sales/Total assets	1.56	1.43	1.84	1.62	1.27

Capital Allocation Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
ROCE	-5%	7%	16%	-2%	0%
EBIT Margin	0%	6%	10%	0%	3%
Sales/cap employed	2.21	2.10	2.65	2.00	1.58
NOPAT	0.42	22.47	82.21	4.12	29.41
Capital employed	306.38	301.48	409.09	512.54	607.59
ROIC	0%	7%	20%	1%	5%

Valuation Ratios					
Price/Earnings	-2.44	10.71	5.09	-12.19	-26.66
Price/Book	0.45	1.37	2.06	1.38	1.98
Marketcap	37.35	134.25	340.72	194.22	260.21
Enterprise Value	250.29	334.74	579.03	558.63	731.27
EV/EBITDA	10.08	5.45	4.15	16.09	12.24

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