

Press Release

Mask Polymers Private Limited (MPPL)

March 29, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs.8.48 Cr
Long Term Rating	SMERA BBB-/Stable (Assigned)
Short Term Rating	SMERA A3 (Assigned)

*Refer Annexure for details

Rating Rationale

SMERA has assigned long term rating of '**SMERA BBB-**' (read as SMERA triple B minus) and short term rating of **SMERA A3** (read as SMERA A three) on the Rs.8.48 crore bank facilities of Mask Polymers Private Limited (MPPL). Further SMERA has withdrawn the ratings of 'SMERA BBB- (read as SMERA triple B minus) and short term rating of SMERA A3 (read as SMERA A three) on the Rs. 5.00 crore bank facilities. 'The outlook is '**Stable**'.

MPPL, incorporated in 1999 by Mr. Rajesh R. Mhaske, Mr. Rajaram Mhaske and Mrs. Subhada Mhaske is engaged in the manufacturing of rubber moulded components and Teflon products used in automobile and industrial application. The manufacturing facility is located at Talegaon, Pune.

List of key rating drivers and their detailed description

Strengths

Established track record of operations and Experienced Management: The promoters, Mr. Rajesh R. Mhaske, Mr. Rajaram Mhaske and Mrs. Subhada Mhaske possess extensive experience in the industry.

Healthy financial risk profile with healthy coverage indicators: The financial risk profile improved and continued to remain healthy in FY2015-2016. In FY2016, the gearing levels (debt to equity) declined to 0.23 times as against 0.34 times in FY2015 due to repayment of debt. The ICR improved to 14.92 times in FY2016 times as against 9.63 times in FY2015. The NCA/TD stood healthy at 1.53 times for FY2016 as against 1.28 times for FY2015.

Improvement in margins: Due to fall in rubber prices and internal R&D initiatives to control raw material consumption cost, the raw material cost declined (as a % of total income) from 53.79 per cent in FY2015 to 50.85 percent in FY2016. This resulted in significant improvement in operating margin from 17.73 per cent in FY2015 to 18.89 percent in FY2016. MPPL's net profit margins also improved from 7.77 per cent in FY2015 to 8.86 per cent in FY2016 higher than SMERA's projection of 6.02 percent.

Weaknesses

Customer concentration risk leading to stagnancy in sales: The company is exposed to customer concentration risk since around 70 percent sales is made to Bajaj Auto Limited (BAL).

Susceptible to cyclicity: The Company is exposed to cyclicity in the auto industry. Sales of bike is muted which can put a stress on MPPL's revenues and margins.

Applicable Criteria

- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>

Outlook: Stable

SMERA believes that MPPL will maintain a stable outlook owing to its established market position and extensive experience of promoters. The outlook may be revised to 'Positive' in case of higher than expected revenues and improvement in profit margins. Conversely, the outlook may be revised to 'Negative', in case of decline in revenues and profitability margins.

About the Rated Entity

MPPL was incorporated in 1999, by Mr. Rajesh R. Mhaske, Mr. Rajaram Mhaske and Mrs. Subhada Mhaske. The company is engaged in the manufacturing of rubber moulded components and Teflon products used in automobiles and for industrial application. The manufacturing facility is located at Talegaon, Pune.

In FY2015-16, MPPL reported profit after tax (PAT) of Rs.4.34 cr on operating income of Rs.48.99 cr as against PAT of Rs.3.79 cr on operating income of Rs.48.81 cr in the previous year. The net worth stood at Rs.19.61 cr as on 31 March, 2016 against Rs.15.15 cr a year earlier.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	FY2017			FY2016				FY2015		FY2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term Loan	LT	2.5	SMERA BBB-/Stable (Assigned)	-	-	-	-	-	-	-	-
Proposed Fund based facility	LT	0.98	SMERA BBB-/Stable (Assigned)	-	-	-	-	-	-	-	-
Bill Discounting	ST	5.00	SMERA A3 (Assigned)	-	-	-	-	-	-	-	-
Term Loan	LT	3.48	-	4 Dec,2015	SMERA BBB-/Stable (Withdrawn)	23 Nov, 2015	SMERA BBB-/Stable (Upgraded)	11 Aug,2014	SMERA BB+/Stable (Reaffirmed)	13 May, 2013-	SMERA BB+/Stable (Assigned)
Cash Credit	LT	3.00	SMERA BBB-/Stable (Withdrawn)	4 Dec,2015	SMERA BBB-/Stable (Reaffirmed)	23 Nov, 2015	SMERA BBB-/Stable (Upgraded)	11 Aug,2014	SMERA BB+/Stable (Reaffirmed)	13 May, 2013	SMERA BB+/Stable (Assigned)
Letter of Credit	ST	1.50*	SMERAA3 (Withdrawn)	4 Dec,2015	SMERAA3 (Reaffirmed)	23 Nov, 2015	SMERA A3 (Upgraded)	11 Aug,2014	SMERA A4+ (Reaffirmed)	13 May, 2013	SMERA A4+ (Assigned)
Bank Guarantee	ST	0.50*	SMERAA3 (Withdrawn)	4 Dec,2015	SMERAA3 (Reaffirmed)	23 Nov, 2015	SMERAA3 (Upgraded)	11 Aug,2014	SMERA A4+ (Reaffirmed)	13 May, 2013	SMERA A4+ (Assigned)
One time Import LC (sub limit of term loan)	ST	(1.04)	-	-	-	-	-	-	-	13 May, 2013	SMERA A4+ (Assigned)

*Includes Import Letter of Credit as sublimit to the extent of Rs. 1.04 cr

Annexure – Details of instruments rated:

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/ Outlook
Term Loan	NA	NA	2023	2.50	SMERA BBB-/Stable (Assigned)
Proposed Fund based facility	NA	NA	NA	0.98	SMERA BBB-/Stable (Assigned)
Bill Discounting	NA	NA	NA	5.00	SMERA A3 (Assigned)

Note on complexity levels of the rated instrument: <https://www.smera.in/criteria-complexity-levels.htm>

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ABOUT SMERA

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