

August 10,2015

Facilities	Amount(Rs. Crore)	Ratings
Cash Credit	12.00	SMERA B-/Stable(Assigned)
Term Loan	4.50	SMERA B-/Stable(Assigned)
ODBD	6.00	SMERA A4 (Assigned)
Letter of Credit	0.50	SMERA A4 (Assigned)
Bank Guarantee	6.50	SMERA A4 (Assigned)

SMERA has assigned long term ratings of '**SMERA B-**'(read as **SMERA B minus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) to the above mentioned bank facilities of Maharashtra Polybutenes Limited (MPL). The outlook is '**Stable**'.The rating is constrained by MPL's stressed liquidity position and declining revenue trend. The rating is also constrained by the company's weak financial risk profile and high dependence on the supplier. However, the rating derives comfort from the experienced management and the MOU with Indian Oil Corporation Limited.

Outlook: Stable

SMERA believes that MPL will continue to benefit from its experienced management and long track record of operations. The outlook may be revised to 'Positive' if the company scales up its operations along with improvement in profit margins. Conversely, the outlook may be revised to 'Negative' in case of further decline in the company's revenues or in case of sharp deterioration in the company's profit margins or liquidity position.

Rating Sensitivity Factors

- Scaling up of operations along with improvement in margins.
- Working capital management.

About the Company

MPL, (formerly Herdillia Polymers Limited) is a non-government public company incorporated in September 1988. Later in 2006, the company was a sick unit and taken over by Mr. Brijmohan Rathi, the Chairman and Managing Director. The company went through financial reconstruction (BIFR order) and the accumulated losses were wiped off.

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MPL manufactures and sells Polyisobutene(PIB), an industrial chemical used in the manufacture of lubricant oil, jelly filled cables, impulsions, as well as in formulation of engine oil for two stroke

engines. The company's Polyisobutene are marketed under the 'Hermavis' brand name. MPL caters to both the domestic and overseas markets.

The major raw material for the company is Liquefied Petroleum Gas (LPG) procured from Reliance Industries Limited.

For FY2014-15, MPL reported profit after tax (PAT) of Rs.0.42 crore on operating income of Rs.17 crore, as compared with PAT of Rs.0.08 crore on operating income of Rs.27.75 crore in FY2013-14. The company's net worth stood at Rs.28.55 crore as on March 31, 2015, as compared with Rs.28.14 crore a year earlier.

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