

## Maharashtra Polybutenes Limited (MPL)

### Maharashtra Polybutenes Limited: Downgraded

Facilities	Amount (Rs. Crore)	Rating/Outlook
Cash Credit	12.00	SMERA D (Downgraded from SMERA B-/Stable)
Term Loan	4.50	SMERA D (Downgraded from SMERA B-/Stable)
ODBD	6.00	SMERA D (Downgraded from SMERA A4)
Letter of Credit	1.00	SMERA D (Downgraded from SMERA A4)
Bank Guarantee	6.50	SMERA D (Downgraded from SMERA A4)

SMERA has downgraded the ratings on the above mentioned bank facilities of Maharashtra Polybutenes Limited (MPL) to '**SMERA D**' (**read as SMERA D**) from '**SMERA B-**' (**read as SMERA B minus**) and '**SMERA A4**' (**read as SMERA A four**).

The rating downgrade is on account of the account being classified as a Non Performing Asset (NPA) as per the auditor's report for FY2015-16. The rating is also constrained by the declining revenues and net losses incurred by the company leading to deterioration in its financial risk profile.

### Update

MPL's operating profits have declined significantly in FY2016. The company registered net losses of Rs.31.32 crore in FY2016 as against Rs.0.42 crore of net profit in FY2015. Further, the company incurred cash loss of Rs.31.01 crore in FY2016. Further, the revenues declined significantly in FY2016 to Rs.6.91 crore from Rs.17.00 crore in FY2015. The company earned revenues of Rs.0.54 crore during April to June, 2016 (Q1 2016 - Rs.2.41 crore) and incurred net loss of Rs.2.04 crore during April to June, 2016 (Q1 2016 net loss of Rs.1.54 crores). Due to significant losses incurred by the company, the networth has been eroded and stands negative as on March 31, 2016 at Rs.4.76 crore.

### Rating Sensitivity Factors

- Curing of default
- Scaling up of operations along with improvement in margins
- Improvement in capital structure

### Criteria applied to arrive at the ratings:

- Manufacturing Entities
- Default Recognition

### About the Company

MPL, (formerly Herdillia Polymers Limited) is a non-government public company incorporated in September 1988. The company turned a sick unit in 2006, and was 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.

MPL manufactures and sells Polyisobutene (PIB), an industrial chemical used in the making of lubricant oil, jelly filled cables, impulsions, as well as in the 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 is Liquified Petroleum Gas (LPG) procured from Reliance Industries Limited.

For FY2015–16, MPL reported net losses of Rs.31.32 crore on operating income of Rs.6.91 crore, as compared with Profit after Tax (PAT) of Rs.0.42crore on operating income of Rs.17.00 crore in FY2014–15.

### Rating History

Date	Facilities	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
10 August, 2015	Cash Credit	12.00	SMERA B- (Assigned)	-	Stable
	Term Loan	4.50	SMERA B- (Assigned)	-	Stable
	ODBD	6.00	-	SMERA A4 (Assigned)	-
	Letter of Credit	0.50	-	SMERA A4 (Assigned)	-
	Bank Guarantee	6.50	-	SMERA A4 (Assigned)	-

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### **ABOUT SMERA**

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