

Rating Rationale

Mysore Polymers & Rubber Products Limited

21st April 2017

Brickwork Ratings reaffirms BWR FBBB with Stable Outlook for the Fixed Deposits Issue of Rs 3.19 Crs of Mysore Polymers & Rubber Products Limited (“MYPOL” or “the Company”)

Particulars:

Instrument/ Issue Rated	Amount (Rs Crs)	Amount (Rs Crs)	Tenure	Ratings*	
	Previous	Present #		Previous	Present
Fixed Deposits Issue	3.2747	3.19	36 months	BWR FBBB (Outlook: Stable)	BWR FBBB (Outlook: Stable) [Reaffirmed]
Total	3.2747	3.19	INR Three Crores and Nineteen Lakhs Only		

* For definitions of the rating symbol please visit our website www.brickworkratings.com

Rating Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financials upto FY16, 9MFY17 unaudited financials, publicly available information and information / clarifications provided by the Company’s management.

The reaffirmation of rating continues to factor the Company’s long experience in rubber industry, its infrastructure facility, product mix, and introduction of new products consistently. The rating continues to derive comfort from its major sales to automobile industry and long term contract with its major customers. The rating also positively factors the average financial risk profile of the Company marked by comfortable gearing levels and debt protection metrics, adequate profitability and liquidity position. Also, the interest on Fixed Deposits deposited by the shareholders and Directors has been serviced on time as per the schedule.

Rating Outlook: Stable

BWR believes **Mysore Polymers & Rubber Products Limited’s** business risk profile will be maintained over the medium term. The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term.

About the Company

Mysore based MYPOL is a engaged in manufacturing of Butyl or Chlorobutyl inner tubes for all types of vehicles from two & three wheelers to passenger cars, light & heavy commercial vehicles, jeeps, tractors & farm equipment etc. The Company’s manufacturing plant and Corporate Office are in Mysore, Karnataka, spread over 6.97 Acres (28,265 Sq Mtrs). The Company also produces a range of specialized technical rubber products for both Indian & overseas markets and some products have found deployment

in Space Launch Vehicles which is major achievement. MYPOL is also associated with Defense Research and Development Laboratory, Vikram Sarabhai Space Centre and Nuclear Fuel Complex. MYPOL is accredited with National Award for Technology Innovation in Petrochemicals by Government of India, Ministry of Chemicals & Fertilizers. MYPOL has long term contracts for manufacturing tubes and rubber products with leading tyre manufacturers of the country.

The Company is headed by Mr Nagarajan C.D., who is the Chairman & Managing Director and is supported by Mr Vijay Kumar, Deputy Managing Director and Mr Srikantha V, Executive Director, all of whom are whole time Directors. The Company has eight Non-Executive Directors on its Board.

Fixed Deposits Issue Details

The Company had initially accepted the Fixed Deposits of Rs 3.2747 Crs from its Shareholders and Directors as per rules and regulation defined by Companies law and RBI. The outstanding Fixed Deposits of Rs 3.19 Crs with a tenure of 36 months are well within the prescribed limits. Till date, the interest has been paid on time as per the schedule to the shareholders and Directors. As on 26th Mar 2017, the total deposits from Directors and shareholders stood at Rs 3.19 Crs, while the total interest paid to the shareholders during 2016-17 stood at Rs 0.38 Crs.

Financial Performance

Total operating income was almost flat at Rs 103.50 Crs in FY16 when compared to Rs 103.11 Crs in FY15. PAT improved marginally to Rs 6.28 Crs in FY16 when compared to Rs 3.37 Crs in FY15 mainly due to lower taxes during the year. Tangible net worth stood at Rs 29.02 Crs as on March 31, 2016. The Company's financial risk profile is average as seen in adequate profitability and comfortable gearing levels and debt protection metrics. The ROCE and liquid ratios of the Company are also adequate. On a provisional basis, the Company has reported net revenues of ~ Rs 97 Crs for FY17.

Rating History for the last three years:

Sl. No.	Instrument/ Facility	Current Rating (2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	Date & Rating assigned in 2016	Date & Rating assigned in 2015*	Date & Rating assigned in 2014
1	Fixed Deposits Issue	36 months	3.19	BWR FBBB (Outlook: Stable) [Reaffirmed]	Not Rated	BWR FBBB (Outlook: Stable) [Assigned]	Not rated

* Amount rated: Rs 3.2747 Crs

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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