



October 4, 2010

ICRA assigns LBB- rating to bank facilities of M.N.Polytex Private Limited

ICRA has assigned LBB- (pronounced L double B minus) rating to the long term fund based facilities of Rs. 7.75 Crore¹ of M N Polytex Private Limited[†]. The outlook on the long term rating assigned is stable.

The assigned rating factors in the company's small size of operations and its high financial risk profile as reflected in its low profitability, weak coverage indicators and high leveraging levels. Further, the profitability margins remain exposed to adverse fluctuations in the yarn prices due to its commoditized nature, which along with the competitive pressures arising from the fragmented nature of weaving industry, results in weak operating and net margins. The rating, however, favorably factors in the promoters' long experience in the textile business, sustained growth in the revenue since inception & a moderately diversified clientele base.

About the Company:

M N Polytex Pvt. Ltd (MNPPL) was incorporated in 2004. The company is engaged in trading of yarn and manufacturing of fabrics on job work basis. The company has administration & registered office in Kalbadevi, Mumbai.

Recent Results:

MNPPL earned a net profit of Rs. 0.2 crore on an operating income of Rs.53.11crore for the year ending 31st March, 2010.

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

¹100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.

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