

Polyspin Exports Limited

July 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	13.50 (Reduced from 26.61)	CARE BB+; Stable	Reaffirmed; Outlook revised from Negative
Short Term Bank Facilities	99.00 (Enhanced from 94.00)	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Polyspin Exports Limited (PEL) continue to be constrained by moderate capital structure and debt protection metrics, susceptibility of profits to volatile raw material prices and forex fluctuations, and its presence in intensely competitive and cyclicity nature of the packaging industry.

The ratings, however, derive strength from vast experience of its promoters, its operational track record of more than three decades in the flexible intermediate bulk container (FIBC) segment, and reputed customer profile with presence across different geographies. The ratings also derive strength from improved profitability in FY25 (refers to the period April 1 to March 31), aided by the discontinuation of textile spinning business which incurred losses in the past, and due to recovery in demand in FIBC segment.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability to scale up the operations above Rs.250 crore on a consistent basis with PBILDT margin above 7%
- Improvement in capital structure gearing levels below 1.50x
- Improvement in debt coverage metrics with total debt/ GCA below 7x

Negative factors

- Slowdown in export demand due to unfavourable duty structure leading to drop in income below Rs.150 crore
- Any debt-funded capital expenditure deteriorates the capital structure leading to gearing levels above 2.50x
- Any stretch in operating cycle on account of demand slowdown to above 150 days

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects company's ability to sustain profitability in medium term with the stabilization of performance in FIBC segment, also aided by the established presence in multiple geographies.

Detailed description of key rating drivers:

Key weaknesses

Moderate scale of operations, however improved during FY25:

The total operating income stood moderate at 228.95 crore during FY25, however improved at a CAGR of 11.08% during FY25 due to increased demand in US and European markets. PBILDT margins also improved from 1.44% during FY24 to 7.44% during FY25 due to economies of scale and favourable market conditions. However the sustainability of income and profitability growth is still uncertain, particularly due to the unpredictability in export demand resulting from the newly proposed reciprocal duties imposed by the US on Indian products.

Moderate capital structure and debt protection metrics:

During FY25, the company had monetized the entire assets of spinning division which were earlier held for sale, and also prepaid Rs.1.3 crore of term loans with the sale proceeds. However, PEL's capital structure continued to remain leveraged. The overall gearing moderated from 1.45x as on March 31, 2024 to 1.57x as on March 31, 2025 due to increased working capital borrowings

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

as the operating cycle elongated during FY25. The debt protection metrics also stood moderate with Total debt/ GCA of 9.29x as on March 31, 2025.

Vulnerability of margins to volatility in raw material prices and forex fluctuations:

PEL's major raw material is the Polypropylene (PP) granule, which is derived from crude oil. The price of PP granule is volatile in nature since it is dependent on the movement of crude oil prices. The average purchase price of PP granules for PEL had been volatile in the range of Rs.85 per kg to Rs.112 per kg over the past three years ended FY25. The profits of PEL are also exposed to foreign currency movements and cover around 70-80% of the receivables through forward contract.

Highly competitive packaging industry:

The packaging industry is highly fragmented and competitive with the presence of large and small players who operate across the FIBC and other packaging segments. PEL faces competition from unorganised local players in terms of pricing and market share. However, the packaging industry requires highly skilled human capital along with market expertise and experience in terms of supplies to the reputed clientele in the US and Europe, which acts as a barrier for new players to sustain the business. PEL provides competitive prices to its customers to maintain market share and improve the economies of scale, which would constrain the profitability margins in the medium term.

Key strengths

Highly experienced promoters:

PEL was established in the year 1972 by Rammohan Raja, situated in Rajapalayam, Tamil Nadu, and is presently managed by his family members. R. Ramji, son of Rammohan Raja, is the Managing director of the company since April 2013. He has over three decades of experience in the woven sack industry and technical textile technology. The Board of the company is transparent, including four independent directors, two directors, one woman director and one managing director. All the key management personnel of PEL have defined roles and have rich experience of more than three decades in the related fields.

Long track record of operations in polypropylene product business:

PEL has been into the field of polypropylene (PP) product business since 1985. The promoters were initially into the manufacturing of high-density polyethylene (HDPE)/PP bags and thereafter started production of flexible intermediate bulk container (FIBC) bags. Due to its long operational track record of more than three decades in the packaging industry, the company has forged good relationships with its customers and suppliers. PEL majorly supplies its products to distributing and marketing agents situated in the overseas markets. PEL's products are primarily used in fertilizer, building material, chemical and cement industries.

Reputed customer base with presence across different geographies:

The company produces different varieties of bags such as U Panel bags, circular big bags, Q bags, UN certified bags, food grade bags, etc. It is to be noted that the company discontinued textile spinning division since August 2023 due to the losses incurred in the segment. PEL derived 96%% (PY: 94%) of its income from the FIBC segment in FY25. FIBC products are 100% exported to various countries, including the US, Italy, France, etc, of which US forms 78.52% (PY: 68.60%) of the sales in FY25. PEL also has a reputed customer base with long-standing relationship and top 10 customers forming 95.28% (PY: 90.24%) of the sales in FY25.

Liquidity: Stretched

The liquidity of the company is stretched with tightly matched accruals against term debt obligations. The operating cycle of the company increased to 103 days (PY: 96 days) due to reduction in creditor days to 20 days as on March 31, 2025 (PY: 33 days). The collection period has consistently increased over the years to 59 days in FY25 from 43 days in FY22. The company holds around two months of inventory to cater the order book position. Current ratio of PEL improved to 1.27x as on March 31, 2025 (PY: 1.16x). The average utilization of the working capital limits stood moderate at 81.07% for the past 12 months ending May 2025.

Assumptions/Covenants : Not applicable

Environment, social, and governance (ESG) risks : Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Products	Plastic Products - Industrial

PEL was established in the year 1972 by Rammohan Raja and is situated in Rajapalayam, Tamil Nadu. It commenced operations with manufacture of small PP bags and initiated export since 1985. PEL produces products such as FIBC bags, PP woven bags and exports to various geographies such as USA and Europe. PEL's products are primarily used in fertilizers, building materials, chemical and cement industries. The day-to-day operations of the company are managed by R Ramji, the Managing Director and son of Rammohan Raja.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	245.83	206.11	228.95
PBILDT	8.68	2.97	17.03
PAT	0.91	-3.31	2.67
Overall gearing (times)	1.31	1.45	1.57
Interest coverage (times)	2.62	0.76	3.14

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA:

CRISIL has conducted the review on the basis of best available information and has classified PEL as 'Not cooperating' vide its press release dated April 30, 2025. The reason provided by CRISIL is non-furnishing of information for monitoring of rating.

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	3.30	CARE BB+; Stable
Fund-based - LT-Term Loan		-	-	April 2030	10.20	CARE BB+; Stable
Fund-based - ST-EPC/PSC		-	-	-	37.00	CARE A4+
Fund-based - ST-Foreign Demand Bills Payable		-	-	-	36.00	CARE A4+
Non-fund-based - ST-BG/LC		-	-	-	26.00	CARE A4+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	10.20	CARE BB+; Stable	-	1)CARE BB+; Negative (29-Aug-24) 2)CARE BB+; Negative (12-Jul-24)	1)CARE BB+; Stable (22-Feb-24) 2)CARE BBB-; Negative (24-Aug-23)	1)CARE BBB-; Stable (17-Aug-22)
2	Fund-based - ST-Foreign Demand Bills Payable	ST	36.00	CARE A4+	-	1)CARE A4+ (29-Aug-24) 2)CARE A4+ (12-Jul-24)	1)CARE A4+ (22-Feb-24) 2)CARE A3 (24-Aug-23)	1)CARE A3 (17-Aug-22)
3	Fund-based - LT-Cash Credit	LT	3.30	CARE BB+; Stable	-	1)CARE BB+; Negative (29-Aug-24) 2)CARE BB+; Negative (12-Jul-24)	1)CARE BB+; Stable (22-Feb-24) 2)CARE BBB-; Negative (24-Aug-23)	1)CARE BBB-; Stable (17-Aug-22)
4	Fund-based - ST-EPC/PSC	ST	37.00	CARE A4+	-	1)CARE A4+ (29-Aug-24) 2)CARE A4+ (12-Jul-24)	1)CARE A4+ (22-Feb-24) 2)CARE A3 (24-Aug-23)	1)CARE A3 (17-Aug-22)
5	Non-fund-based - ST-BG/LC	ST	-	-	-	-	-	1)Withdrawn (17-Aug-22)
6	Non-fund-based - ST-BG/LC	ST	26.00	CARE A4+	-	1)CARE A4+ (29-Aug-24)	-	-

LT: Long term; ST: Short term;

Annexure-3: Detailed explanation of covenants of rated instruments/facilities : Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-EPC/PSC	Simple
4	Fund-based - ST-Foreign Demand Bills Payable	Simple
5	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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