Polyspin Exports Limited
July 27, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term bank facilities	RBI	23.53 (Reduced from 24.35)	CARE BB+; Stable	Reaffirmed
Short-term bank facilities	RBI	111.95 (Reduced from 112.22)	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers
Ratings assigned to bank facilities of Polyspin Exports Limited (PEL) continue to be constrained by moderate capital structure and debt protection metrics, geographically concentrated customer base, profits susceptible to volatile raw material prices, which are linked to crude oil prices and forex fluctuations, and its presence in intensely competitive and cyclicity nature of the packaging industry.

However, ratings derive strength from vast experience of its promoters, its operational track record of over three decades in the flexible intermediate bulk container (FIBC) segment, and diversified FIBC product portfolio.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors
- Ability to scale up the operations above ₹250 crore on a consistent basis with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 7%.
- Improvement in capital structure gearing levels below 1.50x on a sustained basis.
- Improvement in debt coverage metrics with total debt to gross cash accruals (TD/GCA) below 7x.

Negative factors
- Slowdown in export demand leading to drop in income below ₹150 crore on a sustained basis.
- Debt-funded capital expenditure deteriorates the capital structure leading to gearing levels above 2.50x.
- Stretch in operating cycle considering demand slowdown to above 150 days.

Analytical approach: Standalone

Outlook: Stable
The stable outlook reflects company is expected to sustain its operational performance in the medium term with established relationship with clientele and maintain its capital structure in the absence of large debt funded capex.

Detailed description of key rating drivers

Key weaknesses
Relatively moderate scale of operations
The scale of operations stood relatively moderate with total operating income at ₹229.63 crore in FY26 against ₹228.95 crore in FY25. However, operating profitability moderated in the year, with the PBILDT margin declining to 6.89% in FY26 from 8.03% in FY25, primarily due to increased raw material procurement costs amidst geopolitical disruptions in West Asia. The company was able to maintain its net profitability, with profit after taxation (PAT) margin remaining stable at 1.70% in FY26 compared to 1.69% in FY25, supported by lower finance costs resulting from reduced reliance on working capital borrowings.

Moderate capital structure and debt protection metrics despite improving in FY26
The company capital structure stood moderate with overall gearing at 1.19x as on March 31, 2026, despite decreasing from 1.57x as on March 31, 2025, due to reduced working capital utilisation. In H2FY26, the company availed a term loan of ₹16.0 crore, part of which was utilised for loom capacity addition. In the same period, the company also obtained an enhancement in working capital limits by ₹13.0 crore, primarily due to the increase in polypropylene (PP) granules inventory, the key raw material for PEL. Debt protection metrics also stood moderate with TD/GCA of 8.15x as on March 31, 2026 (PY: 9.29x).

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority
[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Geographically concentrated customer base
The company remains exposed to geographic concentration risk, with a significant dependence on the US and Italian markets. The US continued to be the largest market, accounting for ~71% of total income in FY26 (PY: 79%), followed by Italy, which contributed ~21% (PY: 16%). Top three customers accounting for ~60% of sales in FY26 (PY: 56%). PEL has longstanding relationship with its customers, which mitigates customer concentration risk to some extent.

Profitability susceptible to volatility in PP granule prices and foreign exchange movements
PEL's major raw material is the PP granule, which is derived from crude oil. Profitability of PEL is directly linked to price of PP granule which is volatile in nature since it depends on movement of crude oil prices. In FY26, geopolitical uncertainties and disruptions in global energy supply chains led to volatility in crude oil, impacting the demand and supply of PP granule. While industry players were able to pass on a substantial portion of increased raw material costs to customers, operating margins still remained exposed and partial absorption of cost increases.
PEL's profits are also exposed to foreign currency movements and cover ~70-80% of receivables through forward contract.

Highly competitive packaging industry
The packaging industry is highly fragmented and competitive with presence of large and small players, operating across 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 and market expertise and experience in terms of supplies to 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 profitability margins in the medium term.

Key strengths
Highly experienced promoters
PEL was established in 1972 by Rammohan Raja and is headquartered in Rajapalayam, Tamil Nadu. Following the demise of R Ramji, son of Rammohan Raja and former Managing Director of PEL, on May 02, 2026, the company has transitioned leadership responsibilities to Durga Ramji. Durga Ramji who was previously serving as a Non-Executive Director and has associated with the company for about two decades. She has over two decades of experience in the FIBC industry and currently leads the company's operations. She is supported by Swetha Ramji, Non-Executive Director of PEL and daughter of the late R Ramji. Swetha is an ACCA-qualified professional with prior experience. Given the largely decentralised nature of business operations and experienced management team, no material disruption in operations has been observed following the leadership transition.

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

Diversified FIBC product portfolio
The company produces different varieties of bags such as U Panel bags, circular big bags, Q bags, UN-certified bags, and food grade bags, among others. It is to be noted that the company discontinued textile spinning division since August 2023 due to losses incurred in the segment. PEL derived 96% (PY: 96%) of its income from the FIBC segment in FY26.

Liquidity: Stretched
The company's liquidity is stretched with tightly matched accruals against term debt obligation of ₹6.63 crore in FY27. In FY26, the company's operating cycle increased to 113 days (PY: 105 days) due to reduction in creditor days to 15 days (PY: 20 days). Collection period consistently increased over the years to 63 days in FY26 from 43 days in FY22. The company holds around two months of inventory to cater the order book position. PEL's current ratio improved to 1.40x as on March 31, 2026 (PY: 1.27x). Average utilisation of working capital limits stood comfortable at 70% for fund-based limits and 80% for non-fund-based limits, for 12 months ending June 2026.

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

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	228.57	229.63
PBILDT*	18.36	15.81
Profit after tax (PAT)	3.86	3.90
Overall gearing (x)	1.57	1.19
Interest coverage (x)	2.59	2.50

A: Audited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: CRISIL has continued the rating assigned to bank facilities of PEL into Issuer Not Cooperating category vide press release dated June 26, 2026, considering its inability to carry out a review in the absence of requisite information.

Any other information: Not applicable

Rating history for last three years: Annexure-2

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-		-	-	0.60	CARE BB+; Stable
Fund-based - LT-Term Loan	RBI	Simple	-		-	31-03-2030	22.93	CARE BB+; Stable
Fund-based - ST-EPC/PSC	RBI	Simple	-		-	-	39.70	CARE A4+
Fund-based - ST-Foreign Demand Bills Payable	RBI	Simple	-		-	-	41.00	CARE A4+
Non-fund-based - ST-BG/LC	RBI	Simple	-		-	-	31.25	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 2026-2027	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
1	Fund-based - LT-Term Loan	LT	22.93	CARE BB+; Stable	1)CARE BB+; Stable (06-Apr-26)	1)CARE BB+; Stable (24-Jul-25)	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)
2	Fund-based - ST-Foreign Demand Bills Payable	ST	41.00	CARE A4+	1)CARE A4+ (06-Apr-26)	1)CARE A4+ (24-Jul-25)	1)CARE A4+ (29-Aug-24) 2)CARE A4+ (12-Jul-24)	1)CARE A4+ (22-Feb-24) 2)CARE A3 (24-Aug-23)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	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
3	Fund-based - LT-Cash Credit	LT	0.60	CARE BB+; Stable	1)CARE BB+; Stable (06-Apr-26)	1)CARE BB+; Stable (24-Jul-25)	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)
4	Fund-based - ST-EPC/PSC	ST	39.70	CARE A4+	1)CARE A4+ (06-Apr-26)	1)CARE A4+ (24-Jul-25)	1)CARE A4+ (29-Aug-24) 2)CARE A4+ (12-Jul-24)	1)CARE A4+ (22-Feb-24) 2)CARE A3 (24-Aug-23)
5	Non-fund-based - ST-BG/LC	ST	31.25	CARE A4+	1)CARE A4+ (06-Apr-26)	1)CARE A4+ (24-Jul-25)	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: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge 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.

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