

APRIL 22, 2015

CARE ASSIGNS 'CARE BB+ (FD)' RATINGS TO THE FIXED DEPOSITS OF POLYSPIN EXPORTS LIMITED

Ratings

Facilities	Amount (Rs. Crore)	Ratings ¹	Remarks
Fixed Deposits	3.05	CARE BB+(FD) [Double B Plus (Fixed Deposit)]	Assigned
Total Facilities	3.05		

Rating Rationale

The ratings assigned to the fixed deposits of Polyspin Exports Limited (PEL) factors in the modest scale of operations of PEL, high gearing levels and moderate debt protection metrics, volatile raw material prices and intensely competitive packaging industry.

The ratings, however, derive strength from vast experience of the promoters and operational track record of PEL for more than two decades in the polypropylene segment, locational advantage of the units, diversified revenue generation and application of PEL's products in various industries.

Going forward, PEL's ability to continuously increase sales, improve profit margins, prudently manage its working capital requirements and improve its capital structure are the key sensitivity.

Background

PEL is a 100% export-oriented unit (EOU), promoted in 1985 by Mr A Rammohan Raja. PEL was initially into the manufacturing of PP & leno bags and started full-fledged production of Flexible Intermediate Bulk Container (FIBC) bags from 1996. Over the years, PEL has developed an integrated manufacturing facility for FIBC with periodical up-gradation and innovation and has a total capacity of 6,000 MT as on December 31, 2014. Along with the FIBC division, PEL also has capacity to produce 300 MT PP woven fabrics, 1,200 MT PP yarn and operates a textile unit with 1,312 rotors manufacturing cotton yarn as on December 31, 2014. PEL has a windmill with 250 KVA capacity for its captive consumption purposes. PEL's products are primarily used in fertilizer, building material, chemical and cement industry. The day-to-day management of the company is looked after by Mr R Ramji (MD) & Mr Ponram Barathy (ED) along with well-qualified professionals.

During FY14 (refers to the period April 1 to March 31), the company reported a net profit of Rs.3.15 crore on a total income of Rs.119.81 crore as against net profit of Rs.0.99 crore on total operating income of Rs.82.77 crore in FY13. For 9MFY15, PEL has achieved total income of Rs.111 crore and PAT of Rs.3 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

¹Complete definitions of the ratings assigned are available at www.careratings.com and other CARE publications

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