

AUGUST 12, 2016

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF
POLYSPIN EXPORTS LIMITED**

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	22.13 (enhanced from 17.87)	CARE BB+ (Double B Plus)	Reaffirmed
Short-term Bank Facilities	49 (enhanced from 19)	CARE A4+ (A Four Plus)	Reaffirmed
Total Facilities	71.13 (Rupees Seventy One Crore and Thirteen Lakh only)		

Rating Rationale

The ratings continue to be constrained by modest scale of operations of Polyspin Exports Limited (PEL), low profit margin, high gearing levels and moderate debt protection metrics, volatile raw material prices and the 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 unit, diversified revenue generation and application of PEL's products in various industries.

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

Background

PEL, a 100% EOU was promoted in 1985 by Mr R Ramji (MD). PEL was initially into manufacturing of HDPE/PP bags and started full-fledged production of Flexible intermediate bulk container (FIBC) bags from 1996. Over the years, PEL developed an integrated manufacturing facility for FIBC with periodical up-gradation and innovation and had a total capacity of 9000 MT as on March 31, 2016. Along with the FIBC division, PEL also has capacity to produce 300 MT PP woven fabric, 1200 PP yarn and textile division with 1312 rotors manufacturing cotton yarn as on March 31, 2016. 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 done by Mr R Ramji & Mr Ponram Barathy (Executive Director) along with well-qualified professionals.

During FY16 (refers to the period April 1 to March 31), the company reported a net profit of Rs.2.92 crore on a total income of Rs.136.45 crore as against net profit of Rs.3.29 crore on total operating income of Rs.144.31 crore in FY15.

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

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

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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