OCTOBER 07, 2015

CARE ASSIGNS 'CARE BB+/CARE A4+' RATINGS TO THE BANK FACILITIES AND WITHDRAWS RATING ASSIGNED TO THE FIXED DEPOSIT PROGRAMME OF POLYSPIN EXPORTS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	18.45	CARE BB+ (Double B Plus)	Assigned
Short term Bank Facilities	19.00	CARE A4+ (A Four Plus)	Assigned
Fixed Deposits	-	-	Withdrawn
Total Facilities	**37.45 (Rupees Thirty Seven crore and Forty Five lakhs only)**		

Rating Rationale

The ratings assigned to the bank facilities of Polyspin Exports Limited (PEL) factors in the modest scale of operations of PEL, low profit margin, 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 timely completion of the expansion project, ability to increase sales, improve profit margins, prudently manage its working capital requirements and improve its capital structure are the key rating sensitivities.

The rating assigned to fixed deposit programme of the company has been withdrawn as the company has repaid all the outstanding fixed deposits and there are no deposits outstanding.

Background

Polyspin Exports Limited (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 6000 MT as on August 31, 2015. 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 August 31, 2015. 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 affairs of the company are managed by Mr R Ramji (MD) & Mr Ponram Barathy (ED) with support from professionals.

During FY15 (refers to the period April 1 to March 31), the company reported a net profit of Rs.3.29 crore on a total income of Rs.144.31 crore as against net profit of Rs.3.15 crore on total operating income of Rs.119.81 crore in FY14.

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

Analyst Contact
Name: Mr Harihara Subramanian C
Tel: 044-28490876
Cell: 9789998514
Email: harihara.subramanian@careratings.com

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

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

CONTACT

Head Office Mumbai

Ms. Meenal Sikchi
Vice President - Bank Loan & Instrument Rating
Mobile: +91-9819009839
E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva
Vice President - Bank Loan & Financial Services
Mobile: +91-9819698985
E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED
Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:
503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069
Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD
Mr. Mehul Pandya
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-98242 56265
Tel: +91-79-4026 5656
E-mail: mehul.pandya@careratings.com

BENGALURU
Mr. Dinesh Sharma
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91-99000 41975
Tel: +91-80-4115 0445, 4165 4529
E-mail: dinesh.sharma@careratings.com

CHANDIGARH
Mr. Sajan Goyal
2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.
Cell: +91 99888 05650
Tel: +91-172-5171 100 / 09
Email: sajan.goyal@careratings.com

CHENNAI
Mr. V Pradeep Kumar
Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Cell: +91 98407 54521
Tel: +91-44-2849 7812 / 0811
Email: pradeep.kumar@careratings.com

COIMBATORE
Mr. V Pradeep Kumar
T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.
Tel: +91-422-4332399 / 4502399
Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Saikat Roy
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Cell : + 91 9820998779
Tel: +91-40-4010 2030
E-mail: saikat.roy@careratings.com

JAIPUR
Mr. Rakesh Jayaraman
304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 76655 96136
Tel: +91-141-402 0213 / 14
E-mail: rakesh.jayaraman@careratings.com

KOLKATA
Ms. Priti Agarwal
3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.
Cell: +91-98319 67110
Tel: +91-33- 4018 1600
E-mail: priti.agarwal@careratings.com

NEW DELHI
Ms. Swati Agrawal
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.
Cell: +91-98117 45677
Tel: +91-11-4533 3200
E-mail: swati.agrawal@careratings.com

PUNE
Mr. Rahul Patni
9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.
Cell: +91-78754 33355
Tel: +91-20- 4000 9000
E-mail:rahul.patni@careratings.com

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