

Polysol Industries

Instrument	Amount (in Rs. Crore)	Rating Action
Long term Fund Based Limits (CC)	2.00	[ICRA]B+ downgraded
Short Term Non Fund Based Limits (LC)	9.00	[ICRA]A4 reaffirmed
Short Term Non Fund Based Limits (Forward Contracts)	0.80	[ICRA]A4 reaffirmed

ICRA has revised the long term rating of [ICRA]BB- (pronounced as ICRA double B minus) to [ICRA]B+ (pronounced as ICRA B plus) to the Rs. 2.00 crore¹ long term fund based limits of Polysol Industries (PI or the firm)². The short term rating of [ICRA]A4 (pronounced as ICRA A four) has been reaffirmed to the Rs. 9.80 crore non fund based limits.

The ratings revision of Polysol Industries (PI) factor in its stretched liquidity on account of the increase in receivables, high dependence on working capital borrowings and creditors and a leveraged capital structure on account of an increase in external borrowings. The ratings also factor in the concentrated product profile, exposing it to demand fluctuations in the key user industries, the vulnerability of the margins to the fluctuations in the prices of raw materials and to the competitive pressure prevailing in the chemical industry. ICRA further takes note of the risk of capital withdrawals given its constitution as a partnership firm.

The assigned ratings, however, favourably factor in the significant experience of the partners in the business of manufacturing and trading of chemicals.

About the Firm

Polysol Industries was established on 1st April 1996 as a partnership firm. The firm is managed by Mr. Shailesh B. Desai, Mr. Umang S. Desai and Mrs. Nilima S. Desai. It is engaged in the manufacturing of Aluminium Sulphate and Poly Aluminum Chloride Solution. The firm also carries out trading activities. The firm is a part of the Polysol Group, consisting of three entities. The other two entities are Gujarat Polysol Chemicals Pvt. Ltd. and Urmi Polymer Industries. Both the entities are engaged in the business of chemicals.

The firm has its registered office at Vapi, Gujarat and its manufacturing unit is located in GIDC, in the district of Valsad, Gujarat.

Recent Results

In FY15, the company reported a profit before tax of Rs. 0.39 crore on an operating income of Rs. 49.98 crore. As per the 9M unaudited results of FY16, the company reported a profit before tax of Rs. 0.16 crore on an operating income of Rs. 22.31 crore.

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¹100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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