



Press Release

Aegios Polyfilms Private Limited

August 30, 2023

Ratings

Instrument / Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	305.00	IVR AA- [CE]/ Stable (IVR Double A Minus [Credit Enhancement] with Stable Outlook)	Assigned	Complex
Short Term Bank Facilities	5.00	IVR A1+ [CE] (IVR A One Plus [Credit Enhancement])	Assigned	Complex
Total	310 (Rupees Three hundred and ten crore only)			

*CE Rating based on irrevocable and unconditional corporate guarantee provided by Jindal Worldwide Limited.

Unsupported Rating #	Long Term Bank Facilities	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)
	Short Term Bank Facilities	IVR A3 (IVR A Three)

Unsupported rating does not factor in the Corporate Guarantee from Jindal Worldwide Limited.

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Aegios Polyfilms Private Limited (APPL) are based on the unconditional and irrevocable corporate guarantee given by Jindal Worldwide Limited (JWL) (Group company: rated IVR AA-/Stable/ IVR A1+) which covers the entire rated amount. For assigning the ratings, Infomerics has assessed the attributes of the guarantee issued by JWL in favour of lenders who have extended the said facilities. The guarantee is legally enforceable, irrevocable, and unconditional and covers the entire amount and tenor of the rated facilities and has a structured payment mechanism defining invocation and payment timelines. The guarantor's capability to support the guaranteed amounts is found to in line with credit profile connoted by the credit ratings assigned.



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The corporate guarantee results in an enhancement in the rating of the said facilities to IVR AA- (CE)/ Stable / IVR A1+ (CE) against the unsupported rating of IVR BBB-/ Stable / IVR A3.

The ratings also derive strength from established track record of the promoters, satisfactory progress of the project and expectation of continued support from the Jindal group. The rating strengths are, however, constrained by intense competition and threat from biodegradable substitutes and susceptibility of profitability to volatility in prices of raw materials.

Key Rating Sensitivities:

Upward Factors

- Improvement in the credit profile of the corporate guarantor.
- Timely completion of the project and achievement of revenues and earnings as envisaged.

Downward Factors

- Deterioration in the credit profile of the corporate guarantor.
- Cost overrun or delay in completion of projects.

Adequacy of Credit Enhancement Structure:

For assigning the ratings, Infomerics has assessed the attributes of the corporate guarantee issued by Jindal Worldwide Limited in favour of lenders who have extended the said facilities. The guarantee is legally enforceable, irrevocable, and unconditional and covers the entire amount and tenor of the rated facilities and has a structured payment mechanism defining invocation and payment timelines. The corporate guarantee results in an enhancement in the rating of the said facilities to IVR AA- (CE)/ Stable / IVR A1+ (CE) against the unsupported rating of IVR BBB-/ Stable / IVR A3. The adequacy of credit enhancement has been tested after considering guaranteed debt by JWL and debt of JWL's subsidiaries. The adjusted capital structure and adjusted debt protection metrics of JWL remain adequate.

Transaction Structure

In event of payment default, the following structure will be applicable:

1. T being scheduled due date of payment
2. The Lender will invoke the corporate guarantee at T+2 days.
3. Payment by the guarantor will be made within (T+7) days.



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Infomerics will consider T+7 as its legal final maturity for the purpose of recognition of default.

List of Key Rating Drivers with Detailed Description

A. Key Rating Strengths

Corporate Guarantee from Jindal Worldwide Limited and expectation of continued support from the Jindal Group

JWL has extended an unconditional and irrevocable corporate guarantee for the rated bank facilities of Aegios Polyfilms Private Limited. The promoter group owns 100 per cent stake in APPL as on June 30, 2023. Further, the rating also factors in expectation of continuous support by the Jindal group for timely servicing of the debt obligations to the company. The operational cash flows of APPL are currently inadequate to service its debt obligation and continuous support from the promoters will be a key rating sensitivity factor. Infomerics believes that the promoter group will continue to support the debt servicing commitments of APPL, and any timely, need-based financial support will also be extended by the corporate guarantor, in case of any pressure on cash flows. The rating is sensitive to the credit risk profile of JWL. Any material increases in JWL's consolidated leverage levels will remain key monitorable.

Satisfactory credit profile of the Corporate Guarantor

The credit risk profile of JWL remained satisfactory, marked by its healthy net worth base and moderate capital structure with satisfactory debt protection metrics. The company has a net worth base of Rs. 644.90 crore as on March 31, 2023. The overall gearing ratio stood at 1.30x as on March 31, 2023. However, the company has also guaranteed debt of Rs. 327.70 crores of group companies, which further moderates the capital structure. Total indebtedness of the company marked by TOL/ATNW remained satisfactory at 1.59x as on March 31, 2023. The debt protection metrics remained comfortable with interest coverage ratio at 4.60x in FY23. Further, total debt to EBITDA at 3.51 times as on March 31, 2023, and total debt to GCA at 5.66 years as on March 31, 2023, was moderate.

Established track record of the promoters

APPL is a part of the Ahmedabad based Jindal group, promoted by Mr. Amit Agarwal and his family members. The promoters have extensive business experience in the textile industry.



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Satisfactory progress of project

APPL is setting up Biaxially-Oriented Polyethylene Terephthalate (BOPET) Film line at a total project cost of Rs. 615.44 crore. This is being funded through a mix of promoters' contribution of Rs. 148.74 crore and debt of Rs. 466.7 crore. The debt has already been sanctioned, reducing any exposure to funding risk. The company has incurred 75% of the total project cost, around Rs. 461.26 crore as on June 30, 2023. Total debt disbursed as on June 30, 2023, is Rs. 287.90 crore and promoter contribution in the form of equity and unsecured loan brought in is Rs.161.77 crore as on June 30, 2023.

The COD of the project as per PNB sanction letter is December 2023, however the company is expected to start commercial operations of BOPET plant by September 2023. The chips plant COD is expected by March 2024. Any time and cost overruns will be a key rating monitorable.

B. Key Rating Weaknesses

Intense competition and threat from biodegradable substitutes

The global BOPET market remains fragmented with the presence of several players at regional level. The leaders in manufacturing are expanding their production capacity to create a strong hold in the industry. The presence of several organized and unorganized players in the BOPET makes the market highly competitive. Several companies are launching biodegradable recyclable films for packing which is expected to hamper the growth of BOPET.

Susceptibility of profitability to volatility in prices of raw materials

BOPET is manufactured from PET Resin which is in turn manufactured from feedstock called polyethylene terephthalate in granulate form with added polymers (MEG) which contain special additives depending on the film type. The raw material prices vary with fluctuation in the crude oil prices.

Analytical Approach: Standalone and credit enhancement

Credit Enhancement is based on the unconditional and irrevocable corporate guarantee provided by Jindal Worldwide Limited (JWL, rated by Infomerics at IVR AA-/ Stable / IVR A1+) to the bank facilities of Aegios Polyfilms Pvt Ltd.



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Applicable Criteria:

[Criteria of assigning Rating Outlook](#)

[Rating Methodology for Manufacturing Entities](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria on Default Recognition](#)

[Rating Methodology for Structured Debt Transaction \(Non-Securitisation Transaction\)](#)

Liquidity: Adequate

The project is expected to commence its commercial operations from September 2023. The company's liquidity position is expected to remain adequate in the near-term backed by support from JWL and full tie up of project cost. To meet any cashflow mismatches during the project stabilisation phase, Infomerics expects JWL to provide need-based funding support to APPL.

About the company

Aegios Polyfilms Private Limited (APPL), incorporated on August 6, 2020, is a part of Ahmedabad based Jindal Group. APPL is setting up Biaxially-Oriented Polyethylene Terephthalate (BOPET) Film line unit at Kathua, Jammu & Kashmir with an installed capacity of ~139 TPD along with PET Chips plant having installed capacity of 300 TPD. The total cost of the project of Rs. 615.44 crore.

About the Corporate Guarantor

Founded in 1986 by Dr. Yamunadutt Agrawal, Jindal Worldwide Ltd (JWL) is a diversified and integrated textile fabrics and shirting manufacturer and one of the leading denim fabric manufacturers in India. JWL is the flagship company of Ahmedabad-based Jindal Group. It is a BSE and NSE listed company. JWL's product profile includes denim fabric, bottom weight fabrics, premium shirting, and export centric home textile products.



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Financials (Standalone):

	(Rs. crore)	
For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Provisional)
Total Operating Income	0.00	0.00
EBITDA	-0.15	-0.29
PAT	-0.08	0.06
Total Debt	209.92	418.91
Adjusted Tangible Net worth	42.74	68.83
Ratios		
EBITDA Margin (%)	-	-
PAT Margin (%)	-133.49	17.18
Adjusted Overall Gearing Ratio (x)	3.92	5.22

*Classification as per Infomerics' standards

Financials of the Corporate Guarantor Jindal Worldwide Limited (Consolidated):

	(Rs. crore)	
For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	2559.16	2070.01
EBITDA	216.31	238.30
PAT	109.74	115.71
Total Debt	598.60	837.38
Adjusted Tangible Net worth	516.56	625.43
Ratios		
EBITDA Margin (%)	8.45	11.51
PAT Margin (%)	4.28	5.59
Adjusted Overall Gearing Ratio (x)	1.16	1.34

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Nil



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Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Date(s) & Rating(s) assigned in 2023-24	Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating		Date(s) & Rating(s) assigned in 2022-23 (13/01/23)	Date(s) & Rating (s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loan	Long Term	255.00	IVR AA-[CE]/ Stable	(April 12, 2023) Withdrawn	Provisional IVR A (CE); Stable	-	-
2.	Cash Credit	Long Term	50.00	IVR AA-[CE]/ Stable		-	-	-
3.	Inland Letter of Guarantee	Short Term	5.00	IVR A1+ [CE]		-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.



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Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy, or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs 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/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Long term fund-based facility – Term Loan	-	-	February, 2033	105.00	IVR AA- [CE]/ Stable
Long term fund-based facility – Term Loan	-	-	December, 2032	150.00	IVR AA- [CE]/ Stable
Long term non-fund-based facility – Cash Credit	-	-	-	50.00	IVR AA- [CE]/ Stable
Short term non-fund-based facility – Inland Letter of Guarantee	-	-	-	5.00	IVR A1+ [CE]

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details: <https://www.infomerics.com/admin/prfiles/Len-Aegios-aug23.pdf>



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Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:

List of covenants:

- Rate of interest: One-year MCLR i.e., 8.10% p.a. + 0.50% which is 8.60% p.a. at present with monthly rest.
- Corporate Guarantee of Jindal Worldwide Ltd
- Personal Guarantee of Mr. Amit Yamunadutt Agarwal (Promoter Director)
- Collateral security: 15% of the loan amount by way of pledge of shares of Jindal Worldwide Limited held by Promoters and/or friends and relatives.
- DSRA equivalent to 3 months interest and instalment prior to start of repayment.
- Unsecured loans to be subordinated to term debt.

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.