



Press Release

Aegios Polyfilms Private Limited

October 23, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	305.00	IVR A [CE]/ Stable (IVR Single A [Credit Enhancement] with Stable Outlook)	IVR A [CE]/ Stable (IVR Single A [Credit Enhancement] with Stable Outlook)	Reaffirmed	Complex
Short Term Facilities	5.00	IVR A1 [CE] (IVR A One [Credit Enhancement])	IVR A1 [CE] (IVR A One [Credit Enhancement])	Reaffirmed	Complex
Total	310.00 (Rupees Three hundred and ten crore only)				

CE ratings are based on corporate guarantee provided by Jindal Worldwide Limited.

	Ratings	Previous Ratings
Unsupported Rating*	IVR BBB-/Stable / IVR A3 (IVR Triple B Minus with Stable Outlook / IVR A Three)	IVR BBB-/Stable / IVR A3 (IVR Triple B Minus with Stable Outlook / IVR A Three)

**Unsupported rating does not factor in the explicit credit enhancement*

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed its rating assigned to the bank facilities of Aegios Polyfilms Private Limited (APPL). The credit enhanced ratings assigned to bank facilities of APPL are based on the unconditional and irrevocable corporate guarantee given by Jindal Worldwide Limited (JWL: rated IVR A/Stable / IVR A1). 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



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capability to support the guaranteed amounts is found to be in line with the credit profile connoted by the credit ratings assigned. The unsupported rating for APPL is IVR BBB-/ Stable / IVR A3.

The ratings factor in the established track record from promoters and expectation of continued support from the Jindal Group and commercial operation of Biaxially-Oriented Polyethylene Terephthalate (BOPET) unit. The rating strengths are, however, tempered by moderation in credit profile of the corporate guarantor, residual implementation risk and cost overrun in the project, intense competition and threat from biodegradable substitutes and susceptibility of profitability to volatility in prices of raw materials.

The Stable outlook reflects expected scaling up of operations in the medium term with BOPET unit commissioning operations along with continued support of promoters.

Key Rating Sensitivities:

Upward Factors

- Improvement in the credit profile of the corporate guarantor
- Completion of the project without any further delays and cost overruns along with scaling up of revenues and earnings as envisaged.

Downward Factors

- Deterioration in the credit profile of the corporate guarantor.
- Any further delays and cost overruns in the project.

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 A (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.



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Transaction Structure

The transaction structure to ensure timely payment under the credit enhancement is as follows:

1. T being scheduled due date of payment.
2. In case of non-payment by borrower by Tth day, the lender will invoke the corporate guarantee by T+2 days.
3. Payment by the guarantor will be made within (T+7) days.

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

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 March 31, 2024. 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.

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 experience in the textile industry.

Commercial operation of BOPET unit



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APPL is setting up Biaxially-Oriented Polyethylene Terephthalate film line unit with an installed capacity of ~139 TPD along with PET Chips plant having installed capacity of 300 TPD. The BOPET plant became operational on December 14, 2023. APPL has registered revenues of Rs.148 crore for H1FY25 (FY refers to the period April 1 to March 31). Going forward, ability to scale up operations will be a key rating monitorable.

Key Rating Weaknesses

Moderation in credit profile of the Corporate Guarantor

The credit rating of JWL has been revised to IVR A/Stable/IVR A1 vide press release dated August 5, 2024. This is on account of deterioration in its financial risk profile with decline in revenues and profitability in FY24. The rating of JWL is further constrained by working capital intensive nature of operations, susceptibility of profitability to raw material price volatility, cyclicity in denim industry and competitive textile industry and diversification of the group into new sectors. The company has guaranteed debt of group companies to the tune of Rs. 598.30 crore which is 84.87% of the company's net worth as on March 31, 2024. Further it has investments of Rs. 44.14 crore in the group companies. After loading the guaranteed debt and adjusting investments the adjusted capital structure deteriorates to over 2 times.

Residual implementation risk and cost overrun in the project

The company is setting up two units: the BOPET unit and the PET Chips unit 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. 466.70 crore. However, there has been cost overrun in the project due to changes in the technology being used for PET Chips plant. The total cost incurred till July 31, 2024, is Rs. 733.51 crore. The cost overrun has been funded by the promoters. BOPET unit has achieved commercial operations on December 14, 2023, however, PET Chips plant which was expected to be completed by March 2024 is now expected to start trial production by end of October 2024. The revised cost of the project is expected to be around Rs.745 crore with cost overrun being funded entirely by the promoters. The completion of the project within envisaged cost and time will be crucial.

Exposure of profitability to fluctuations in raw material prices and foreign exchange



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Due to the commoditized nature of the packaging business players have little scope for passing on increase in raw material costs (accounting for 70-80% of sales), making them highly susceptible to volatility in raw material prices. The raw material prices vary with fluctuation in the crude oil prices, therefore any adverse movement in prices will impact the profitability margins.

Further, adverse movements in forex rates can also negatively impact the company's profitability, given APPL's ECB loan for importing plant and machinery which is unhedged. The company has an ECB loan of Rs.191.85 crore as on March 31, 2024. Also, if the company plans to export its products, it will be subject to exchange rate fluctuation.

Intense competition and threat from biodegradable substitutes

The BOPET industry is cyclical, and product realizations have fluctuated in the past depending on the demand-supply gap. The industry tends to add large capacities when prices improve, resulting in overcapacity and, hence, pressure on realizations. APPL is likely to face intense competition from existing reputed international and domestic players, which limits its pricing flexibility and bargaining power with customers and suppliers. This leads to pressure on its revenues and margins. Further, several companies are launching biodegradable recyclable films for packing which is expected to further impact the industry.

Analytical Approach:

Credit Enhancement rating: Credit enhancement is based on the unconditional and irrevocable corporate guarantee deed provided by Jindal Worldwide Limited (rated by Infomerics at IVR A/Stable / IVR A1) to the bank facilities of Aegios Polyfilms Pvt Ltd.

Unsupported rating: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

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



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Liquidity – Adequate

The BOPET unit has commenced commercial operations from December 2023. The company's liquidity position is expected to remain adequate in the near-term backed by support from JWL. The cost overruns have been funded by the promoters by bringing in additional unsecured loans to the tune of Rs. 64.44 crore. Infomerics expects JWL to provide need-based funding support to APPL in case of any further time and cost overruns in the project and cashflow mismatches during the project stabilisation phase.

About the Company

Aegios Polyfilms Private Limited, incorporated on August 6, 2020, is a part of Ahmedabad based Jindal Group. APPL is setting up Biaxially-Oriented Polyethylene Terephthalate 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 estimated cost of the project increased to Rs. 745.00 crore from Rs. 615.44 crore.

About the Corporate Guarantor

Founded in 1986 by Dr. Yamunadutt Agrawal, Jindal Worldwide Ltd 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*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	0.00	3.07
EBITDA	-0.14	-0.74
PAT	0.25	-1.00
Total Debt	333.35	551.57
Tangible Net Worth	9.51	48.81
EBITDA Margin (%)	-	-24.11
PAT Margin (%)	57.63	-25.03
Overall Gearing Ratio (x)	45.44	13.22
Interest Coverage (x)	-36.61	-1.16

* Classification as per Infomerics' standards.

Financials of the Corporate Guarantor, Jindal Worldwide Limited: (Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	2070.01	1814.09
EBITDA	238.30	183.25
PAT	115.71	75.65
Total Debt	837.38	883.08
Tangible Net Worth	644.84	704.94
EBITDA Margin (%)	11.51	10.10
PAT Margin (%)	5.59	4.17
Overall Gearing Ratio (x)	1.30	1.25
Interest Coverage (x)	4.60	3.71

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: None

Any other information: Nil



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Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Date(s) & Rating(s) assigned in 2024-25 (August 05, 2024)	Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating		Date(s) & Rating(s) assigned in 2023-24 (August 30, 2023)	Date(s) & Rating(s) assigned in 2022-23 (January 13, 2023)	Date(s) & Rating(s) assigned in 2021-22 -
1.	Term Loans	Long Term	255.00	IVR A [CE] /Stable	IVR A [CE] /Stable	IVR AA-[CE] /Stable (April 12, 2023) Withdrawn	Provisional IVR A [CE] / Stable	-
2.	Cash Credit	Long Term	50.00	IVR A [CE] /Stable	IVR A [CE] /Stable	IVR AA-[CE] /Stable	-	-
3.	Inland Letter of Guarantee	Short Term	5.00	IVR A1 [CE]	IVR A1 [CE]	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.



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

For more information and definition of ratings please visit www.infomerics.com.

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: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	December 2032	150.00	IVR A [CE]/ Stable
Term Loan	-	-	-	February 2033	105.00	IVR A [CE]/ Stable
Cash Credit	-	-	-	-	50.00	IVR A [CE]/ Stable
Inland Letter of Guarantee	-	-	-	-	5.00	IVR A1 [CE]

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Aegios-oct24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities:

Name of the Security		Detailed Explanation
Financial Covenant		
i	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.
ii	DSRA	DSRA equivalent to 3 months interest and instalment prior to start of repayment.
Non-financial Covenant		
i	Guarantee	Corporate Guarantee of Jindal Worldwide Ltd Personal Guarantee of Mr. Amit Yamunadutt Agarwal (Promoter Director)



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ii	Security	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.
iii	Subordination	Unsecured loans to be subordinated to term debt.

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

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.

