



Press Release

Aegios Polyfilms Private Limited

August 05, 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 A [Credit Enhancement] with StableOutlook)	IVR AA- [CE]/ Stable (IVR Double AMinus [Credit Enhancement] with StableOutlook)	Downgraded	Complex
Short Term Facilities	5.00	IVR A1 [CE] (IVR A One [Credit Enhancement])	IVR A1+ [CE] (IVR A One Plus [Credit Enhancement])	Downgraded	Complex
Total	310.00 (Rupees Three hundred and ten crore only)				

CE rating 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 downgraded its supported ratings assigned to the bank facilities of Aegios Polyfilms Private Limited (APPL) due to downward revision in credit ratings of Jindal Worldwide Limited (JWL: rated IVR A / Stable / IVR A1). The credit enhanced ratings assigned to bank facilities of APPL are based on the unconditional and irrevocable corporate guarantee given by Jindal Worldwide Limited. For assigning the ratings, Infomerics has assessed the attributes of the guarantee issued by JWL in favour of lenders who have extended the said



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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. The unsupported rating are IVR BBB-/ Stable / IVR A3.

The unsupported ratings factor in the established track record of the promoters, expectation of continued support from the Jindal group and commencement of commercial operations of the Biaxially-Oriented Polyethylene Terephthalate (BOPET) unit. The rating strengths are, however, tempered by residual implementation risks leading to any cost overruns, 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.
- 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 in completion of 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



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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

The transaction structure to ensure a 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.



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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.

Commercial operation of BOPET unit

APPL is setting up Biaxially-Oriented Polyethylene Terephthalate (BOPET) 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. Going forward, ability to scale up operations will be a key rating monitorable.

Key Rating Weaknesses

Moderation in credit profile of the Corporate Guarantor

There is a moderation in the credit risk profile of JWL in FY24. The company's total operating income (TOI) decreased by ~12% to Rs. 1814.09 crore in FY24 from Rs.20270 crore in FY23 due to recession prevailing in the USA and European Union leading to lower demand. Profitability was also impacted due to increase in logistics cost on account of ongoing war between Israel and Palestine. The company's total debt increased marginally to Rs. 883.08 crore as on March 31, 2024 (PY: Rs. 837.38 crore) and consists of term loans of Rs. 227.08 crore, working capital borrowings of Rs. 266.86 crore and bill discounting of Rs. 339.15 crore. Tangible net worth (TNW) stood at Rs. 704.94 crore as on March 31, 2024 (PY: Rs. 644.84 crore). The overall gearing ratio stood at 1.25x as on March 31, 2024, as against 1.30x times as on March 31, 2023. Total indebtedness of the company marked by TOL/TNW remained at 1.45x as on March 31, 2024, as against 1.59x times as on March 31, 2023. However, JWL has also guaranteed debt of Rs. 598.30 crore of group companies, which further moderates the capital structure to over 2 times. The corporate guarantees are around 84.87% of the TNW of JWL. The debt protection metrics like interest coverage moderated due to lower profitability in FY24 to 3.71x in FY24 (PY: 4.60x). However, total debt to EBITDA moderated to at 4.82 times as on March 31, 2024 (PY: 3.51x), and total debt to GCA moderated to 8.10x as on March 31, 2024 (PY: 5.66x).

Residual implementation risks

APPL still faces residual implementation risk. The company is setting up two units: one the



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BOPET unit and the second 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. BOPET unit has achieved commercial operations in December 2023, however, PET Chips plant which was expected to be completed by March 2024 is now expected to be completed by end of August 2024. Any cost overruns will be funded by the promoters. Any further delays and cost overruns will be a credit negative.

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:

Credit Enhancement (CE) rating: Credit Enhancement is based on the unconditional and irrevocable corporate guarantee 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 Structured Debt Transaction \(Non-Securitisation Transaction\)](#)



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Liquidity – Adequate

The BOPET unit has commenced its commercial operations from December 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 time and cost overruns in the project and 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, 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 cost of the project is 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.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	0.00	0.00
EBITDA	-0.15	-0.14
PAT	-0.08	0.25
Total Debt	209.92	432.09
Tangible Net Worth	0.17	9.51
EBITDA Margin (%)	NM	66.57
PAT Margin (%)	NM	57.63
Overall Gearing Ratio (x)	1209.89	45.44
Interest Coverage (x)	NM	NM

* Classification as per Infomerics' standards. NM: Not Meaningful



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

For the year ended/ As on*	(Rs. crore)	
	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

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					(August 30, 2023)	Date (Month XX, 20XX)	Date (Month XX, 20XX)
1.	Term Loans	Long Term	255.00	IVR A [CE] / Stable	IVR AA-[CE] / Stable	-	-
2.	Cash Credit	Long Term	50.00	IVR A [CE] / Stable	IVR AA-[CE] / Stable	-	-
3.	Inland Letter of Guarantee	Short Term	5.00	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.

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.

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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
Long term fund- based facility – Term Loan	-	-	-	February 2033	105.00	IVR A [CE] / Stable



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

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Aegios-aug24.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)
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