



Press Release

GLS Films Industries Private Limited

April 28, 2025

Ratings

| Instrument / Facility | Amount (Rs. crore) | Current Ratings | Previous Ratings | Rating Action | <u>Complexity Indicator</u> |
|------------------------------|---------------------------|---|-------------------------|----------------------|--|
| Long Term Bank Facilities | 121.66 | IVR BBB-/Stable [IVR Triple B Minus with Stable Outlook] | - | Rating Assigned | <u>Simple</u> |
| Short Term Bank Facilities | 69.75 | IVR A3 [IVR A Three] | - | Rating Assigned | <u>Simple</u> |
| Total | 191.41 | [Rupees One-Hundred ninety one crore and forty-one Lakhs only] | | | |

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 (IVR) has assigned the long-term rating of IVR BBB- with a stable outlook and short-term rating of IVR A3 for the bank loan facilities of GLS Films Industries Private Limited (GFIPL).

The assigned ratings draw comfort from experienced promoters with established track record of operations along with support from the GLS group. In addition to that, on combined basis the group has sizeable scale of operations, improved in 9MFY25 against 9MFY24. However, these rating strengths are partially offset by leveraged capital structure and weak debt protection metrics. The company is exposed to foreign exchange fluctuation risk & susceptibility of operating margins to any adverse movement in the raw materials, besides competition from peers.

The 'Stable' outlook reflects expected improvement in scale of operations and profitability. Infomerics believes the company will continue to benefit from its operational track record in the business resulting in increased scale of operations.

Infomerics Ratings has principally relied on the combined audited financial results of GLS Films Industries Private Limited, GLS Aluminium Industries Private Limited, GLS Polyfilms Private Limited and GLS Speciality Chemicals Private Limited up to 31 March 2024 (refers to period April 1st, 2023, to March 31st, 2024), 9 month key financial results (refers to period April 1st, 2024, to Dec 31st, 2024) and projected cashflow for FY2025 (refers to period April 1st, 2024, to March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027), and publicly available information/ clarifications provided by the company's management.



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Key Rating Sensitivities:

Upward Factors

- Sustained growth in the scale of operations and improving profitability.
- Improvement in capital structure and debt protection metrics.

Downward Factors

- Moderation in scale of operations and/or profitability impacting the debt protection metrics and non-achievability of projections by sizeable gap
- Moderation in capital structure with overall analyzed gearing remaining above 3.5x on sustained basis.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters with established track record of operations

GLS group is led by Mr. Sandeep Goyal, who has more than 2 decades of experience and Mr. Rajesh Goyal, who has more than 3 decades of experience in the packaging industry, assisted Mr. Arpit Goyal has more than 5 years of experience in the packaging industry. The company has experienced top management and are well assisted by a team of experienced management professionals.

Support from the GLS group

Requisite synergy within a GLS group is evident as the group companies are strategically aligned in the same industry sectors, including the manufacturing of flexible packaging, inks, adhesives, coatings, aluminium foils, and BOPET films. This alignment enhances operational efficiency but also fosters innovation, cost-effectiveness, and a deeper understanding of market needs. By leveraging shared resources, expertise, and technological advancements, the companies are creating more integrated solutions, streamline production processes, and strengthening their competitive advantage in the marketplace.

Moderate scale of operations

On a combined basis, the group has demonstrated growth in TOI over the past two fiscal years, achieving a CAGR of ~17.75% for the period FY22-FY24. TOI increased from Rs 914.03 crore in FY22 to Rs 1343.01 crore in FY23. However, TOI slightly declined to Rs 1267.30 crore in FY24 as the company shifted its focus towards selling to more organised customers. This strategic shift led to a reduction in the quantity sold but was accompanied by an improvement in profitability margins. The group registered improved revenue of ~Rs 1501 crore in 9MFY25. GFIPL on the standalone basis has reported TOI of Rs 738.83 crore in FY22, which increased to Rs 793.43 crore in FY23, however declined to Rs 613.61 crore in



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FY24 as the company shifted its focus towards selling to more organised customers. The company registered revenue of ~Rs 498.66 crore in 9MFY25.

Key Rating Weaknesses

Leveraged capital structure

The group has a high leveraged capital structure, however there is some improvement in the overall gearing in FY24 against FY23. On a combined basis, overall gearing (Adjusted Total debt/Adjusted Tangible Net worth) improved to 5.64x as of March 31, 2024, against 6.21x as of March 31, 2023. The ATOL/ATNW (Adjusted Total Outside Liability/Adjusted Tangible Net worth) of the company stood at 8.42x as of March 31, 2024, against 7.93x as of March 31, 2023. GLS group had unsecured loans (USL) from promoters of Rs 142.43 crore in FY 24. Further, the group converted Rs 27.76 crore of USL into equity in FY25.

On a standalone basis, GFIPL has overall gearing of 2.06x as of March 31, 2024 (2.10x as of March 31, 2023), however overall analysed gearing ratio (Adjusted total debt(including corporate guarantee)/Adjusted tangible net worth) is high at 6.41x as of March 31, 2024 (7.09x as of March 31, 2023) considering the significant exposure of GFIPL in the form of corporate guarantee towards group companies i.e. GLS Aluminium Industries Private Limited, GLS Polyfilms Private Limited and GLS Elopak Private Limited. The ATOL/ATNW of GFIPL stood at 3.39x as of March 31, 2024 (3.27x as of March 31, 2023).

Weak debt protection metrics

On a combined basis, the debt protection metrics remain weak marked by interest coverage ratio (ISCR) of 0.86x as of March 31, 2024, against 1.22x as of March 31, 2023, and debt service coverage ratio (DSCR) of 0.69x as of March 31, 2024, against 0.66x as of March 31, 2023. However, promoters of the group supported the company by way of infusion of unsecured loans to meet any financial obligations.

On a standalone basis debt protection metrics of GFIPL is moderate i.e. interest service coverage ratio is moderate at 1.10x in FY 24 against 2.13x in FY23. The debt service coverage ratio stood moderate at 1.23x in FY24 against 1.61x in FY23.

Exposure to foreign exchange fluctuation risk

The group imported ~41% of its raw material in FY24 compared to ~34% in FY23 and exported ~5% in FY24 and ~3% in FY23 which exposes the group to risk of foreign currency fluctuation and would impact the group's profitability due to vulnerable foreign currency exchange rate fluctuations, to the extent unhedged. On standalone basis, GFIPL has imported ~39.00% of raw material and exported ~5.00% in FY24 which exposes the company to risk of foreign currency fluctuation and would impact the company's profitability due to vulnerable foreign currency exchange rate fluctuations, to the extent unhedged.



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Susceptibility of operating margins to any adverse movement in the raw materials, besides competition from peers

The raw material like additives, BOPP resins, Aluminium foil, Aluminium Wire, Copper nugget etc are the major contributors of the overall raw material cost and have shown volatile price trends in the past. Since raw materials are the major contributor in the overall cost, any adverse change in the prices of raw materials can affect the operating margins of the company. Volatility in prices of raw materials and the company's ability to pass the same to the customers will remain the key monitorable. In addition to that, the industry is competitive in nature with direct competition from other players from various organised and unorganised players. Intense competition from peers could exert pressure on the pricing of the products which could affect the profit margins of the company

Analytical Approach: Combined/Consolidated Approach

For arriving at the ratings, Infomerics Valuation and Rating Limited analytical team has combined the financials of GLS Films Industries Private Limited, GLS Aluminium Industries Private Limited, GLS Polyfilms Private Limited and GLS Speciality Chemicals Private Limited (on combined basis 4 companies referred as GLS group or group) as these companies have a common management team and operational as well as financial linkages. Infomerics has analysed the combine financial statement to arrive at the ratings.

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Consolidation of Companies](#)

[Policy on Default Recognition](#)

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

Liquidity – Adequate

The company's liquidity remains adequate marked by 94.72% average utilisation of fund-based limits during the past 12 months ended February 2025. The company is expecting gross cash accruals (GCA) in the range of ~Rs. 22.74 crore to ~Rs 33.53 crore during FY25-27 against debt obligation in the range of ~Rs. 25.73 crore to ~Rs. 18.46 crore during FY25-27. The current ratio remains above unity at 1.13x as on March 31, 2024. The Working Capital Cycle of the company stood at 82 days in FY24 (58 days in FY23). The unencumbered cash and bank balance stood at Rs. 2.75 crore as on February 28, 2025.



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About the Company

GLS Films Industries Private Limited, was incorporated in 2003, having registered address at Laxmi Nagar, Delhi. GF IPL offers flexible packaging solutions such as printed film, printed pouch, printed laminated paper, VMCH (Vinyl Methyl Chloride) foil, printing cylinder etc and cater to a host of industry segments including food & beverage, FMCG (Fast-Moving Consumer Good), pharmaceutical, industrial and agro -based products. The company is having manufacturing plant at Gurugram, Haryana.

The company is part of GLS group, which is in manufacturing of flexible packaging solutions, aseptic packaging, polyester films, aluminium foil, and coated films, besides manufacture chemical (ink) and in services of real estate.

Group Company: GLS Aluminium Industries Private Limited

Incorporated in October 2019, GLS Aluminium Industries Private Limited (Erstwhile GLS Foils Product Private Limited) is a part of GLS Group and is engaged in manufacturing of aluminium foils.

Group Company: GLS Polyfilms Industries Private Limited

Incorporated in August 2020, GLS Polyfilms Private Limited, and is engaged in manufacturing of Biaxially Polyethylene Terephthalate (BOPET) films which are used in packaging material for various FMCG, Pharmaceutical and Food Products.

Group Company: GLS Speciality Chemicals Private Limited

The company manufactures all kinds of ink, printing ink, coating products and adhesives for packaging. Its manufacturing and R&D facility is located at Bawal, Distt. Rewari Haryana having installed capacity of 33600 MTPA.

Financials (Standalone):

(Rs. crore)

| For the year ended/ As on* | 31-03-2023 | 31-03-2024 |
|-----------------------------------|-------------------|-------------------|
| | Audited | Audited |
| Total Operating Income | 793.43 | 613.61 |
| EBITDA | 35.66 | 23.40 |
| PAT | 10.63 | 8.11 |
| Total Debt | 225.25 | 230.54 |
| Adj. Tangible Net Worth | 107.02 | 111.70 |
| EBITDA Margin (%) | 4.49 | 3.81 |
| PAT Margin (%) | 1.33 | 1.28 |
| Overall Gearing Ratio (x) | 2.10 | 2.06 |
| Interest Coverage (x) | 2.13 | 1.10 |

* Classification as per Infomerics' standards.



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Status of non-cooperation with previous CRA: Vide press release dated September 03, 2024 CARE Ratings Limited have kept the ratings under non-cooperation category on account of non-submission of relevant information

Any other information: Not applicable

Rating History for last three years:

| Sr. No. | Name of Security/Facilities | Current Ratings (Year 2025-2026) | | | Rating History for the past 3 years | | |
|---------|-----------------------------|----------------------------------|--------------------------------|-----------------|--|---|--|
| | | Type (Long Term/Short Term) | Amount outstanding (Rs. Crore) | Rating | Date(s) & Rating(s) downgraded in 2024-25 (September 20, 2024) | Date(s) & Rating(s) downgraded in 2023-24 (August 07, 2023) | Date(s) & Rating(s) downgraded in in 2022-23 (June 17, 2022) |
| 1. | Fund Based Limits | Long Term | 121.66 | IVR BBB-/Stable | - | - | - |
| 2. | Non-Fund Based Limits | Short Term | 69.75 | IVR A3 | - | - | - |

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] 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 Facility – Term Loan | - | - | - | Sep 2028 | 51.66 | IVR BBB-/Stable |
| Long Term Facility – Cash Credit | - | - | - | - | 70.00 | IVR BBB-/Stable |
| Short Term Facility – Bank Guarantee | - | - | - | - | 6.75 | IVR A3 |
| Short Term Facility – Letter of Credit/FLC SBLC | - | - | - | - | 63.00 | IVR A3 |

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-qlsfilms-apr25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis:

| Name of the company | Combined/Consolidated Approach |
|--|--------------------------------|
| GLS Films Industries Private Limited | Full consolidation (100%) |
| GLS Aluminium Industries Private Limited | Full consolidation (100%) |
| GLS Polyfilms Private Limited | Full consolidation (100%) |
| GLS Speciality Chemicals Private Limited | Full consolidation (100%) |

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.