



Press Release

General Polyfilms Private Limited

Revised

May 20, 2022

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	315.00	IVR BBB- (CE*)/ Stable (IVR Triple B Minus, CE with Stable Outlook)	Assigned	Complex
Short Term Bank Facilities	10.00	IVR A3 (CE) (IVR A Three, CE*)	Assigned	Complex
Total	325.00	Rupees Three Hundred Twenty Five Crore Only		

Details of Facilities are in Annexure 1

*Credit Enhancement (CE) rating is based on irrevocable and enforceable corporate guarantee given by General Petrochemicals Private Limited (part of General Group) to the lenders of General Polyfilms Private Limited for the sum not exceeding Rs. 325.00 crore.

Detailed Rationale`

Infomerics Valuation and Rating Private Limited (IVR) has assigned long-term rating of IVR BBB- (CE) with a Stable outlook and short-term rating of IVR A3 (CE) for the bank loan facilities of General Polyfilms Private Limited (GPPL).

The rating of the above bank loan facilities of GPPL derives strength from the irrevocable and enforceable corporate guarantee given by General Petrochemicals Private Limited which covers entire rated amount. This support results in enhancement of rating of said facility to IVR BBB- (CE)/Stable (IVR Triple B, CE with Stable Outlook)/IVR A3 (CE) (IVR A Three, CE) against the unsupported rating of IVR BB-/Stable/A4 (IVR Double B Minus, with Stable Outlook/IVR A Four).

The rating draws comfort from the experienced promoters and management, modest projected scale of operations supported by LOIs and captive consumption, comfortable projected financial risk profile and comfort from corporate guarantee given by General Petrochemicals Private Limited.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes GPPL's business risk profile will be maintained over the medium term as it has signed LOI's with clientele which provides revenue visibility.



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Adequacy of credit enhancement structure

For assigning the ratings, IVR has assessed the attributes of the corporate guarantee issued by General Petrochemicals Private Limited in favour of lenders who have extended the said facilities. The corporate guarantee is legally enforceable and irrevocable and covers the entire amount and tenor of the rated facilities. The guarantor's capability to support the guaranteed amounts is found to in line with credit profile connoted by the credit ratings assigned.

Key Rating Sensitivities:

Upward Factors

- Significant and sustained improvement in the scale of operations leading to improvement in profitability margin.
- Significant and sustained improvement in liquidity along with timely implementation of project without any overruns

Downward Factors

- Delay in implementation of project from assignment of the rating,
- Lower than expected operating performance leading to a significant decline in margins

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters and management:**

GPPL is part of General Group, which managed by Mr. Mohammad Umar General and his three sons. The promoters of the company have more than three decades of experience in textile business. Mr. Mohammad Juned Umar General has been doing research activities in flexible packaging business for the past 2 years and have met with many players of the flexible packaging industry which has helped him to gain insights of the industry. The company has identified the key technical and managerial team of professionals to look after the project implementation and operations of the company.

- **Modest projected scale of operations supported by LOIs and captive consumption:**

The commercial operation date is estimated to be April 2024 and the company is projecting a revenue of Rs. 420.88 crore in FY2025 which is projected to grow by 17% and reach Rs. 493.70 crore by the end of FY2028. As per the TEV report, the company have received LOI from domestic and foreign consumers for both BOPET and Metallized films of 6,245 MT per month. The total installed capacity is 5850 MT per month for both BOPET and Metallized film. Currently the LOI is approximately 7% higher than the total installed capacity of the company, which gives a comfort towards achievability of



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projected revenue. Also, as discussed with management, approximately 40-45% of the total processed yarn will be used for captive consumption, which gives a support to the revenue generation ability of GPPL.

- **Comfort from corporate guarantee:**

General Petrochemical Private Limited, a part of General group, has provided an irrevocable and enforceable corporate guarantee to the lenders of General Polyfilms Private Limited for the sum not exceeding Rs. 325.00 crore. The total operating income of the guarantor stood at Rs. 36.82 crore along with the PAT of Rs. 1.97 crore in FY2021. The overall gearing ratio is comfortable at 1.17x in FY2021. The coverage ratios are satisfactory with an interest coverage ratio of 3.35x and debt service coverage ratio of 1.09x in FY2021.

- **Comfortable projected debt protection metrics and financial risk profile:**

Capital structure is projected to be moderate with a tangible net worth of Rs. 150 crore which is expected to increase to Rs. 216.10 by FY2028 on account of retention of profits. The debt protection metrics is projected to be comfortable with an overall gearing ratio of 2.47x, TOL/TNW of 2.38x, in FY2025. The total debt to GCA of 5.98 years is considered comfortable in comparison to the proposed tenure of term loan. The coverage metrics will also be comfortable with an interest coverage ratio of 2.55x and debt service coverage ratio of 1.90x in FY2025.

Key Rating Weaknesses

- **Project implementation risk:**

Currently the project is in nascent stage. The company has entered into lease agreement with existing owner i.e. Ms. Mumtazbanu Mohmed Umar General for proposed project. The company has identified the suppliers of the plant and machineries and received quotations from the suppliers and estimates for the civil construction works. However, the factory development work has started, and the company has incurred Rs. 54.74 crore on the same (Approximately 11.11% of the total project cost is incurred till 30th April 2022). The company has also appointed Tata Consulting Engineers Limited as a project consultant for smooth function of their project. Considering the pending activities, it is estimated that commercial production of the project would commence from April 2024. However, any delay in obtaining all necessary / statutory approvals, completion of civil works and procurement of all critical plant and machineries will lead to time and cost overrun and impact the implementation schedule.



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- **Exposure of profitability to fluctuation foreign exchange and raw material prices:**
The company will import major plant and machineries from Germany. Unfavourable fluctuation in exchange rate may affect the project Cost. Also, the Company plans to export its products, it will be subject to exchange rate fluctuation. The major raw material required are Polyethylene Terephthalate (PTA) Bright Chips. The price of raw materials is volatile in nature being petroleum products and therefore any adverse movement in prices will impact the profitability margins.
- **Intense competition:**
GPPL 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.

Analytical Approach: Consolidated Approach: For arriving at the ratings, IVR has used consolidated approach by consolidating the financials of General Petrochemical Private Limited, General Polytex Private Limited and General Polyfilms Private Limited collectively referred as General Group. The consolidation is in the view of similar line of business, common management and in between strong operational and financial linkages.

Unsupported rating: For arriving at the ratings, IVR has analysed GPPL's credit profile by considering the standalone financial statements of the company.

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

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

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

Liquidity – Adequate

The company is projected to achieve the commercial operations date (COD) by April 2024. After attaining the COD, the projected gross cash accruals of the company will be at Rs. 58.87 crore, Rs. 71.31 crore and Rs. 73.41 crore in FY2025, FY2026 and FY2027, respectively, as against the debt repayments obligations amounting to Rs. 13 crore, Rs. 32 crore and Rs. 39 crore for FY2025, FY2026 and FY2027, respectively. The projected interest coverage ratio (ISCR) will be at 2.55x for FY2025, which is further expected to improve to 3.44x by FY2027, the company's interest servicing capability is also considered comfortable. With the adequate expected cash accruals against repayments, the liquidity position will remain adequate.



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About the company

General Polyfilms Private Limited (GPPL) was incorporated in September 2020. It is a part of General Group. The company is currently managed by Mohamad Umar General, Director and his three sons namely Mohamad Amin Umar General, Mohamad Juned Umar General and Mohamad Zaid Umar General. The company currently setting up Biaxially Oriented Polyethylene Terephthalate (BOPET) film line with a production capacity of 54,000 metric tonne per annum (MTPA) and metalized film line with a production capacity of 16,200 MTPA in Tadkeshwar, District Surat, Gujarat. The commercial operation date of these production lines is April 2024.

The General group activities are currently managed in two companies i.e., General Polytex Private Limited and General Petrochemicals Private Limited. The group is engaged in offering a wide range of textured yarns of polyester filaments and Grey fabrics.

Financials (Standalone):

(Rs. crore)		
For the year ended as on	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	-	-
EBITDA	-	-
PAT	-	-
Total Debt	-	0.57
Tangible Networth	-	0.01
EBITDA Margin (%)	-	-
PAT Margin (%)	-	-
Overall Gearing Ratio (x)	-	57.00

Financials (Consolidated):

(Rs. crore)		
For the year ended as on	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	158.68	125.84
EBITDA	30.06	25.09
PAT	8.02	5.46
Total Debt	79.36	92.40
Tangible Networth	65.67	71.15
EBITDA Margin (%)	18.94	19.94
PAT Margin (%)	5.05	4.33
Overall Gearing Ratio (x)	1.21	1.30

Status of non-cooperation with previous CRA: Nil



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Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Type of Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Tenure	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Fund Based	Long Term	315.00	IVR BBB-/Stable (CE) [Assigned]	-	-	-
2.	Non-Fund Based	Short Term	10.00	IVR A3 (CE) [Assigned]	-	-	-

Name and Contact Details of the Rating Analyst:

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI). Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating. Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks. Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information 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, suspend 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



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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loans	-	-	March 2032	315.00	IVR BBB-/Stable (CE)
Bank Guarantee	-	-	-	10.00	IVR A3 (CE)

Annexure 2: List of companies considered for consolidated analysis:

S.No	Name of Company	Extent of Consolidation
1.	General Polyfilms Private Limited	100%
2.	General Petrochemicals Private Limited	100%
3.	General Polytex Private Limited	100%

Annexure 3: Facility wise lender details <https://www.infomerics.com/admin/prfiles/Len-GPPL-20May22.pdf>

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

Particulars	Details
Financial Covenants	Minimum Gross DSCR: 1.20x Minimum ISCR: 2.00x Debt to EBITDA: <=3.50x
Non-Financial Covenants	Primary Security: Hypothecation of entire Plant and Machinery of General Polyfilms Private Limited on paripassu basis. Collateral Security: Immovable properties (Residential and commercial) belonging to Mumtazbanu Mohmed Umar General Personal Guarantee: Mohmed Umar General, Mohmed Amin General, Mohmed Juned General, Mohmed Zaid General and Mumtazbanu Mohmed Umar General Corporate Guarantee: General Petrochemicals Private Limited Lead Bank: UBI with limits under consortium banking ROI and Margin: 1Y MCLR+1.80% and 25% margin for BG



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	COD: April 2024
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Link to previous press release:

<https://www.infomerics.com/admin/uploads/pr-General-Polyfilms-20may22.pdf>

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