



Press Release
General Polytex Private Limited
July 05, 2024
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	62.50	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	205.10	ACUITE BBB- Stable Reaffirmed	-
Bank Loan Ratings	4.75	-	ACUITE A3 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	272.35	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and short-term rating to '**ACUITE A3**' (read as **ACUITE A three**) on the Rs.209.85 crore bank facilities of General Polytex Private Limited (GPPL). The outlook is '**Stable**'. Further, Acuite has assigned the long-term rating of '**ACUITE BBB-**' (read as **ACUITE Triple B minus**) on the Rs. 62.50 crore bank facilities of General Polytex Private Limited (GPPL). The outlook is '**Stable**'.

Rationale for the rating

The rating is reaffirmed based on the moderate improvement in the revenue albeit liquidity pressure and deterioration in the financial risk profile of the company. The group is currently operating Water Jet Looms and Air Jet Looms for manufacturing fabric and at present, the group has 664 Water Jet Looms with an average plant utilization of 85% over the last 5 Years. The group has set up a project adjacent to the existing plant for manufacturing of Fabric from 180 Water jet looms with an installed capacity of 194.40 lac meters / year and from 120 Air jet looms 140.40 lac meters/year. The new Water jet looms facility is operational from December, 2023 onwards and the Air jet looms are planned to be operationalised by end of June, 2024. Further, during the year FY2024, the group also completed its ongoing capex for setting up a 2.40MW solar power plant which was operational from August, 2023 onwards. While the benefits from these capex has started reaping during the year, the scaling up will largely come into effect from FY2025 onwards. Additionally, the group is setting up another 4.9 MW of Hybrid Power Plant. The total cost of project expected to be Rs. 70.35 crore and is expected to be funded through bank loans of Rs. 49.00 crore and balance from fresh infusion by promoters by way of unsecured loans and internal accruals. The above capex has been undertaken at General Polytex Private Limited. In General Petrochemicals Private Limited, in FY2024, 5 water jet looms were installed in the month of April 2023 for a cost of 80 lakhs and production had commenced from of May 2023.

The group's estimated revenue stood at Rs.199.53 crore for FY24E compared against Rs.195.25 crore in FY23, while the operating profit margin is estimated to range between 22-24 percent in FY2024 compared against 14.54 percent in FY23.

Going forward, the company's ability to scale up its operations while maintaining its profitability margins and capital structure will remain a key rating monitorable.

About the Company

General Polytex Private Limited (GPPL) established in 2004 is headquartered at Surat (Gujarat). The group is engaged in offering a wide range of textured yarns of polyester filaments and Grey fabrics. The manufacturing unit is located at Surat with an installed capacity of 300 looms and 68 twisting machines. The group has set up a windmill of 2.60 MW Located at Jamnagar, Gujarat have started operations in February 2020.

About the Group

General Group, since 1995, is engaged in the manufacturing of polyester grey (unprocessed) fabrics which find its use in the textile industry, post converting the same into finished fabrics. The manufacturing facilities are located at Surat (Gujarat). General Polytex Private Limited (GPPL) another company in the group is also based in Surat and established in 2004. The group is engaged in manufacturing polyester greige fabric. General Group has Pan India presence such as Maharashtra, Gujarat, Delhi and Bengaluru with longstanding relationships with customers and suppliers. General Group currently comprises of 664 High Speed Water Jet Looms including 10 Warping Machines and owns 150 Twisting Machines for High quality Twist Fabrics. The group owns windmill of 2.10 MW and 1.90 MW located at Rajkot and 2.60 MW Located at Jamnagar, Gujarat.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the operating and financial risk profile of General Petrochemicals Private Limited (GPL) and General Polytex Private Limited (GPPL) for arriving at the rating. General Polytex Private Limited (GPPL) and General Petrochemicals Private Limited are together referred to as 'General Group'. The consolidated approach is taken on the basis of common management, same product line of manufacturing, common sales & distribution network and other financial synergies.

Key Rating Drivers

Strengths

Experienced management and established presence in the industry

The group is promoted by Mr. Mohmed Umar General and his three sons, Mr. Mohmed Amin General, Mr. Mohmed Juned General and Mr. Mohmed Zaid General. The group has a presence since 1995 and has more than two decades of established track record in the textile industry. The group has longstanding relationships with its customers and suppliers for over two decades. The established track record of operations and experience of the management has helped the group to develop healthy relationships with its customers. The estimated revenue for FY2024E stood at Rs. 199.53 crore as against Rs. 195.73 crore in FY2023 as against Rs. 188.80 crore in FY2022. Also, the group has already achieved a turnover of Rs ~ 56.76 crore in Q1FY25 and is expected to achieve a turnover of Rs. ~80 crore in Q2FY25.

Acuité believes that the group will continue to benefit from its established presence in the industry over the medium term.

Diversified customer base, Proximity to raw material and geographically well

diversified

The general group caters to around 200 clients in domestic market with top ten customers contributing to less than ~50.00 percent of the total revenue for last three years ending 2022. This also mitigates customer concentration risk to a certain extent. The manufacturing facilities of General group are located at Surat, a textile hub of India which ensures regular supply of raw materials and easy reach to customers. General Group has PAN India presence and caters to major regions such as Maharashtra, Gujarat, Delhi and Bengaluru with longstanding relationships with customers and suppliers. The group enjoys easy connectivity to road & rail, leading to better lead -time and facilitates delivery of finished products in a timely manner. Presence in the textile manufacturing region results in benefits derived from easy availability of raw material at a better price, weaving of grey fabrics at cheaper cost and lower logistic expenditure.

Moderate financial risk profile

The group has a moderate financial risk profile with moderate net worth, gearing and comfortable debt protection metrics. The tangible networth of the company stood at Rs. 117.04 crore as on March 31, 2023 as against Rs. 87.54 crore in March 31, 2022. The improvement in the overall tangible networth is on account of accretion of profits into reserves and infusion of funds by the promoters/directors. The group currently follows a moderate leverage policy as the gearing of the group marginally declined and stood at 0.79 times as on March 31, 2023, as against to 0.83 times as on March 31, 2022. The TOL/TNW of the group stood at 0.97 times as of March 2023 as against 0.98 times as of March 2022. Also, the debt protection metrics of the company remained moderate with Debt Service Coverage ratio of the group improved and stood at 1.26 times in FY2023 as against 1.09 times in FY2022. Interest coverage ratio of the company stood at 4.54 times in FY2023 as against 4.66 times in FY2022.

Going ahead, Acuite expects deterioration in the financial risk profile of the group on account of the on-going debt funded capex. While a significant portion of capex is completed in FY2024, the new capex started in FY2024 is planned to be completed in FY2025. The group is. While a significant portion of capex is completed in FY2024, the new capex started in FY2024 is planned to be completed in FY2025. The group is setting up 4.9 MW of hybrid power plant which is expected to be operationalised by December 2024. The total cost of project is Rs. 70.35 Cr. which is funded through unsecured loans from promoters/directors of Rs.13.02 crore, bank loans of Rs. 49 crore, and internal accruals of Rs. 8.33 crore. The promoters have infused incremental Rs10.21 cr. in FY 2025 during April and May 2024 by way of interest free unsecured loans. However, the overall gearing of the company is estimated to be remain above unity over the near to medium term.

Weaknesses

Working capital intensive nature of operations

General Group has an intensive working capital cycle marked by GCA days of 178 days in FY2023 as against 155 days in FY2022. The improvement in GCA days is driven by the improvement in Inventory days to 72 days in FY2023 from 85 days in FY2022. The improvement in the inventory levels is on account of group's focus on made to order. The group's debtor collection period stood at 92 days in FY2023 from 69 days in FY2022. Creditor days of the group stood at 48 days in FY2023 as against 25 days in FY2022. The current ratio stood at 1.75 times as on March 31, 2023. Slight improvement in the working capital cycle is expected.

Acuite expects that with an increase in the company's capacity the working capital requirements are also expected to increase in the near to medium term.

Rating Sensitivities

- Timely completion of capex without time and cost overruns
- Elongation in working capital cycle

Liquidity Position

Adequate

The liquidity position continues to remain adequate marked by adequate net cash accruals to its maturing debt obligations. The group generated cash accruals of Rs.19.83 Cr. for FY2023 against the repayment obligations of Rs.14.37 crore. Going ahead, the net cash accruals are expected to increase in the range of Rs. 27 to 30 crore and the repayment obligations in the range of Rs. 13 to 15 crore in near to medium terms. The NCA/TD stood at 0.21 times as on March 31, 2023, as against 0.25 times as on March 31, 2022. Going forward, the company's ability to scale up its operations and maintaining its profitability margins to generate sufficient net cash accruals will be critical to maintain the adequacy of its liquidity position over the medium term.

Outlook: Stable

Acuité believes that General group will continue to maintain 'Stable' outlook over the medium term from its promoter's industry experience. The outlook may be revised to 'Positive' if the group reports increased operating revenues while sustaining its margins and cash accruals. Conversely, the outlook may be revised to 'Negative' if group generates lower-than anticipated cash accruals, most likely as a result of a sharp decline in operating margins, or further stretch in its working capital cycle, or larger than expected debt funded capex impacting its financial risk profile, particularly its liquidity.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	195.73	188.80
PAT	Rs. Cr.	11.26	6.93
PAT Margin	(%)	5.75	3.67
Total Debt/Tangible Net Worth	Times	0.79	0.83
PBDIT/Interest	Times	4.54	4.66

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 Apr 2023	Cash Credit	Long Term	5.00	ACUITE BBB- Stable (Downgraded from ACUITE BBB Stable)
	Cash Credit	Long Term	9.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	0.94	ACUITE BBB- Stable (Downgraded from ACUITE BBB Stable)
	Covid Emergency Line.	Long Term	2.50	ACUITE BBB- Stable (Assigned)
	Working Capital Term Loan	Long Term	1.78	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	23.95	ACUITE BBB- Stable (Downgraded from ACUITE BBB Stable)
	Term Loan	Long Term	5.00	ACUITE BBB- Stable (Assigned)
	Covid Emergency Line.	Long Term	1.21	ACUITE BBB- Stable (Assigned)
	Covid Emergency Line.	Long Term	0.83	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	7.72	ACUITE BBB- Stable (Downgraded from ACUITE BBB Stable)
	Cash Credit	Long Term	12.28	ACUITE BBB- Stable (Assigned)
	Covid Emergency Line.	Long Term	1.45	ACUITE BBB- Stable (Assigned)
	Covid Emergency Line.	Long Term	3.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	50.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	50.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	5.05	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	14.00	ACUITE BBB- Stable (Downgraded from ACUITE BBB Stable)
	Term Loan	Long Term	8.19	ACUITE BBB- Stable (Downgraded from ACUITE BBB Stable)
	Covid Emergency Line.	Long Term	3.08	ACUITE BBB- Stable (Downgraded from ACUITE BBB Stable)
	Proposed Long Term Bank Facility	Long Term	0.12	ACUITE BBB- Stable (Downgraded from ACUITE BBB Stable)
	Bank Guarantee (BLR)	Short Term	4.75	ACUITE A3 (Assigned)
04 Mar 2022	Bank Guarantee/Letter of Guarantee	Short Term	1.85	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	3.00	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	9.67	ACUITE BBB Stable (Reaffirmed)
		Long		

	Term Loan	Term	4.64	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	10.57	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	8.31	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	9.96	ACUITE BBB Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Central Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	4.75	ACUITE A3 Reaffirmed
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	14.00	ACUITE BBB- Stable Reaffirmed
UCO Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	14.00	ACUITE BBB- Stable Reaffirmed
Central Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	ACUITE BBB- Stable Reaffirmed
Central Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	7.00	ACUITE BBB- Stable Assigned
South Indian Bank	Not avl. / Not appl.	Covid Emergency Line.	16 Apr 2022	Not avl. / Not appl.	01 Mar 2027	Simple	3.08	ACUITE BBB- Stable Reaffirmed
UCO Bank	Not avl. / Not appl.	Covid Emergency Line.	28 Mar 2023	Not avl. / Not appl.	01 Jul 2025	Simple	0.74	ACUITE BBB- Stable Reaffirmed
UCO Bank	Not avl. / Not appl.	Covid Emergency Line.	28 Mar 2023	Not avl. / Not appl.	01 Jul 2025	Simple	0.78	ACUITE BBB- Stable Reaffirmed
Central Bank of India	Not avl. / Not appl.	Covid Emergency Line.	31 Mar 2021	Not avl. / Not appl.	01 Mar 2025	Simple	0.61	ACUITE BBB- Stable Reaffirmed
Central Bank of India	Not avl. / Not appl.	Covid Emergency Line.	16 Mar 2022	Not avl. / Not appl.	01 Apr 2027	Simple	2.98	ACUITE BBB- Stable Reaffirmed
UCO Bank	Not avl. / Not appl.	Covid Emergency Line.	28 Mar 2023	Not avl. / Not appl.	01 Jul 2025	Simple	1.54	ACUITE BBB- Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	11.00	ACUITE BBB- Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.14	ACUITE BBB- Stable Reaffirmed

Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	24.50	ACUITE BBB- Stable Assigned
South Indian Bank	Not avl. / Not appl.	Term Loan	22 Nov 2019	Not avl. / Not appl.	01 Dec 2029	Simple	6.90	ACUITE BBB- Stable Reaffirmed
UCO Bank	Not avl. / Not appl.	Term Loan	03 Aug 2023	Not avl. / Not appl.	01 Mar 2032	Simple	23.95	ACUITE BBB- Stable Reaffirmed
UCO Bank	Not avl. / Not appl.	Term Loan	28 Apr 2023	Not avl. / Not appl.	01 Apr 2031	Simple	4.83	ACUITE BBB- Stable Reaffirmed
Central Bank of India	Not avl. / Not appl.	Term Loan	06 May 2023	Not avl. / Not appl.	01 Mar 2032	Simple	50.00	ACUITE BBB- Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	03 Aug 2023	Not avl. / Not appl.	01 Mar 2032	Simple	50.00	ACUITE BBB- Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	24 Mar 2023	Not avl. / Not appl.	01 Apr 2031	Simple	4.88	ACUITE BBB- Stable Reaffirmed
Central Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Dec 2033	Simple	20.00	ACUITE BBB- Stable Assigned
UCO Bank	Not avl. / Not appl.	Working Capital Term Loan	22 Apr 2022	Not avl. / Not appl.	01 Jul 2025	Simple	1.67	ACUITE BBB- Stable Reaffirmed

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr.No	Company Name
1	General Polytex Private Limited
2	General Petrochemicals Private Limited (Erstwhile General Petrochemicals Limited)

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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