

JCT Limited

January 05, 2023

Ratings

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	111.19 (Enhanced from 101.49)	CARE D (Single D)	Reaffirmed
Short Term Bank Facilities	74.58	CARE D (Single D)	Reaffirmed
Total Bank Facilities	185.77 (₹ One Hundred Eighty-Five Crore and Seventy-Seven Lakhs Only)		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

The reaffirmation in the ratings assigned to bank facilities of JCT Limited (JCT) factors subdued operational and financial performance during FY22 (refers to the period April 01 to March 31) and H1FY23 (refers to period April 01, 2022, to September 30, 2022) resulting in significantly lower cash accruals against the scheduled debt repayment obligations. Further owing to poor liquidity position of the company, there have been instances of delays in servicing of debt obligations and overutilization in working capital limits.

Rating sensitivities

Positive factors – Factors that could lead to positive rating action/upgrade:

- Track record of timely debt servicing by company for more than 3 months.
- Significant improvement in operational and financial performance of the company leading to sufficient cash accrual vs debt repayment obligations.
- Substantial and sustainable improvement in liquidity position of the company.

Detailed description of the key rating drivers

Key rating weaknesses

Subdued operational and financial performance during FY22 and H1FY23: The company has reported subdued operational and financial risk profile characterised by deterioration in PBILDT margins to ~4% in FY22 as against ~10% in FY21 and further deterioration to negative operating margins during H1FY23. Further the company has projected negative cash accruals as against high debt repayment obligation of ~Rs 40 crores for FY23. Moreover, the capital structure of the company is also weak marked by overall gearing of 3.16x as on March 31, 2022 and deterioration in coverage indicators.

Liquidity: Poor

The liquidity of the company is poor with high utilization of working capital limits with an average utilization of above 95% for trailing twelve months along with instances of overutilization. The cash accruals are expected to significantly lower as against high debt obligations during FY23. The cash and bank balance as on March 31, 2022, stood at Rs. 0.86 crore. As per the audit report of FY22 the company has defaulted on payments of interest servicing to Asset Reconstruction Company since June 2021.

Analytical approach: Standalone

Applicable criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Cotton Textile](#)

[Manufacturing Companies](#)

About the company

JCT Limited (JCT) was incorporated as Jagatjit Cotton Textile Mills Limited in October 1946 and subsequently renamed to JCT in 1989. JCT is the part of Punjab based Thapar group. JCT is engaged in manufacturing of cotton, synthetic & blended fabrics

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

and nylon filament yarn at its integrated textile facility in Phagwara (Punjab) and filament yarn facilities in Hoshiarpur (Punjab). JCT has installed capacity of 1,50,000 meters per day of cotton/blended fabrics and 50,000 meters per day of synthetic fabrics at its plant at Phagwara and 16000 Tonnes Per Annum (TPA) of nylon filament yarn at Hoshiarpur plant.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	H1FY23 (UA)
Total operating income	658.54	804.91	348.50
PBILDT	68.49	32.89	-1.10
PAT	14.70	9.62	-26.40
Overall gearing (times)	4.46	3.16	NA
Interest coverage (times)	1.49	0.64	NA

A: Audited, UA: Unaudited, NA: Not Available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	86.51	CARE D
Fund-based - LT-Term Loan		-	-	January 2028	24.68	CARE D
Fund-based - ST-Packing Credit in Foreign Currency		-	-	-	0.30	CARE D
Non-fund-based - ST-BG/LC		-	-	-	74.28	CARE D

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fixed Deposit	LT	-	-	-	-	-	1)Withdrawn (09-Mar-20)
2	Fund-based - LT-Cash Credit	LT	86.51	CARE D	-	1)CARE D (07-Jan-22)	1)CARE D (04-Feb-21)	1)CARE B; Stable (09-Mar-20)
3	Fund-based - ST-Packing Credit in Foreign Currency	ST	0.30	CARE D	-	1)CARE D (07-Jan-22)	1)CARE D (04-Feb-21)	1)CARE A4 (09-Mar-20)
4	Non-fund-based - ST-BG/LC	ST	74.28	CARE D	-	1)CARE D (07-Jan-22)	1)CARE D (04-Feb-21)	1)CARE A4 (09-Mar-20)
5	Fund-based - LT-Term Loan	LT	24.68	CARE D	-	1)CARE D (07-Jan-22)	-	-

*Long term/Short term.

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

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-Packing Credit in Foreign Currency	Simple
4	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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