

Jindal SMI Coated Products Limited

October 15, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short-term bank facilities	100.00	CARE A- / CARE A2+ (RWN)	Downgraded from CARE A; Stable / CARE A1; Placed on Rating Watch with Negative Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has downgraded the rating assigned to bank facilities of Jindal SMI Coated Products Limited (JSCPL) from 'CARE A; Stable / CARE A1' to 'CARE A- / CARE A2+' and placed on the Rating Watch with Negative Implications (RWN). The rating action is considering moderation in the operational risk profile and financial flexibility of its parent entity, 'Jindal Poly films Limited (JPFL)', following the Enforcement Directorate (ED) conducted search operations towards suspected violations of FEMA 1999 on BC Jindal Group entities (including JPFL). The fire incident at Parent's Nashik plant earlier during the year, significantly reduces the capacities of BOPET and BOPP, and exposes JPFL (parent) towards operational risk, which could also severely impact its financial risk profile for FY26, as it was in Q1FY26 financials. Under these circumstances, CareEdge Ratings believes that the ED search operations may impact its debt funding plans, with limited financial flexibility, for restoration of damaged capacities and this may hamper JPFL's operations. However, CareEdge Ratings still takes the comfort on its available liquidity with close to ~₹4000 crore of cash and equivalents as on March 31, 2025.

Going forward, negative impact considering ED investigation, including potential financial or legal implication, which may impact JPFL's operational viability, or its financial flexibility will be a key rating monitorable. CareEdge Ratings will continue to monitor observations or findings resulting from the ED's investigation with JPFL's ability to timely restore its damaged capacities and will take a suitable rating action accordingly.

CareEdge Ratings also takes note of the recently announced demerger of its Global Non-Woven business, which contributed ~13% of revenue in FY25, into Global Nonwovens Limited (GNL, 100% subsidiary of JPFL). GNL will be subsequently de-merged from JPFL and will be listed into stock exchange with similar holding of parent, JPFL. The entire process is expected to be completed within the next 9-12 months. CareEdge Ratings expects the demerger is not expected to impact JPFL's financial risk profile as current liquidity of ~₹4,000 crore will continue in the remaining entity while consolidated debt is expected to decline post demerger.

The rating continues to derive strength from the parent, JPFL's, extensive experience in the flexible packaging industry and JSCPL's strategic importance as it marks JPFL's presence in labelling solutions. Films, being the major raw material for label stocks of JSCPL, is majorly sourced from the parent, which further enhances operational efficiencies between JPFL and JSCPL, thus indicating strong management, financial and operational linkages with the parent. The rating also continues to derive comfort from the company's geographically diversified customer base which benefits from widespread distribution network and clientele of the parent company.

CareEdge Ratings has also taken comfort from the parent company's strong liquidity and the management's stance to support need-based financials commitment, which may arise in the future. The rating further takes note of JSCPL's moderate financial risk profile characterised by improvement in income and profitability in FY25 (refers to April 01 till March 31) despite turbulent demand scenario in the industry. The parent's operational performance also improved in FY25; however, expected to deteriorate with fire incident in FY26, with visible impact in Q1FY26. JPFL's total operating income (TOI) grew by 38% year-on-year (y-o-y) in FY25 to reach ₹5347 crore as the industry partially revived in the last financial year with stabilisation of realisations. However, the TOI had shown degrowth of 12.2% y-o-y in Q1FY26. Profit before interest, lease rentals, depreciation and taxation (PBILDT) also reduced to ₹4 crore in Q1FY26 against ₹35 crore in Q1FY25. The parent's ability to timely revive its capacity without severely impacting capital structure would be the key rating monitorable.

However, rating strengths remain constrained by the working capital intensive operations, vulnerability of margins to raw material price fluctuations, currency fluctuation risk and limiting pricing flexibility. The rating also remains constrained by high fragmentation of the label industry resulting in intense competition from organised and unorganised players.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in TOI beyond ₹600 crore on a sustained basis with maintenance of PBILDT margins over 10%, meaningful contribution to the parent company's consolidated topline and profitability, while maintaining current capital structure.
- Improvement in the credit profile of the parent company, JPFL, with timely restoration of its operations at full capacities.

Negative factors

- Sustained decrease in its PBILDT margins below 8%.
- Further deterioration in credit profile of the parent company, JPFL.
- Change in stance of extending financial and operational support to JSCPL by the parent company or change in shareholding pattern, where the stake of JPFL reduces in JSCPL, impacting credit profile and support which has been factored in.

Analytical approach: Consolidated. CareEdge Ratings has taken a consolidated view of the company (JSCPL) and its subsidiary (SMI Coated Products Industry LLC) considering significant business, managerial and financial linkages between them. List of entities under consolidation are given in [Annexure-6](#).

The rating also factors strong operational, financial, and management linkages with the parent, JPFL.

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

Extensive experience of promoters in packaging and labelling solutions

JPFL is the flagship company of BC Jindal Group and has been in the business for over three decades. Its largest single-unit integrated biaxially oriented polypropylene films (BOPP) manufacturing facilities is at Nashik, with BOPET and BOPP installed capacities of 173,000 tonne per annum (TPA) and 294,000 TPA, respectively, through its subsidiary, JPFL Films Private Limited (JPFL Films). However, JPFL Films' operational capacities was reduced to 68,000 tonnes of BOPET and nil capacity of BOPP post the fire accident on May 21, 2025. JPFL has already infused funds in the form of unsecured loan of ₹500 crore into JPFL Films since the fire to meet its working capital and repayment obligations. It also has presence in metallised films and non-woven fabrics market (currently under demerger process). In FY23, the company forayed into downstream product segment including labels and related products through acquisition of SMI Coated Products Private Limited.

Strong parent linkages, though credit profile of parent is expected to weaken in FY26

JSCPL continues to derive significant strength from its parent, JPFL, given its strategic importance to the group. JSCPL contributed for 6% of the TOI and 14% to JPFL's overall PBILDT in FY25. There is implicit support from BC Jindal group through operational linkages, technical knowledge sharing, common marketing, treasury departments and common name sharing. The parent had also infused unsecured loans amounting to ~₹100 crore in JSCPL in FY23 for the acquisition, which the company has also started repaying though there is no fixed repayment schedule. CareEdge Ratings expects the parent will extend need-based financial support required in future. JSCPL will be sourcing its major raw material (films) from parent and also leverage the group's established and extensive distribution network and clientele for operational efficiencies and increase scale.

However, the parent's credit profile weakened recently, primarily due to the fire incident in FY26, which disrupted operations and adversely impacted profitability. JPFL's TOI grew 38% y-o-y in FY25 to ₹5,347 crore with industry recovery and stabilisation in realisations. However, it declined 12.2% y-o-y in Q1FY26, while PBILDT dropped sharply to ₹4 crore (Q1FY25: ₹35 crore). The company's overall gearing remains comfortable at 0.40x as on March 31, 2025. Going forward, the parent's ability to restore operations timely without exerting pressure on its capital structure remains a key monitorable.

The parent entity, JPFL, has maintained strong liquidity with cash and cash equivalents of ~₹4000 crore with over ₹2,800 crore in mutual funds and balance in other investments with total liquid investments of ₹3,955 crore, and free cash balance of ₹29 crore as on March 31, 2025.

Geographically diversified customer base

JSCPL's operations span across domestic and international markets as ~50-55% of revenues are contributed through exports to ~15-20 countries worldwide. Major export destinations include the UAE, Saudi Arabia, Kenya, Nigeria, and Uganda. The design

of label stock is customised to customer's requirements. It offers over 200 products with application across industries, including fast moving consumer goods (FMCG), pharmaceuticals, barcode, liquor, packaging and several other industries, enabling the company to mitigate demand-specific risk from a particular sector to a certain extent.

Moderation operations though improvement in FY25

JSCPL's TOI improved by 11.7% y-o-y to ₹340.63 crore in FY25, though remains moderate compared to ₹378.84 crore in FY23 owing to lower volumes. However, the demand scenario improved in the last financial year leading to increase in revenue. The PBILDT margin also improved by 11.76% in FY25 against 10.32% in FY24 considering better apportionment of high fixed costs. The company's profitability is expected to sustain in the near-to-medium term due to strategic changes made by the management to negotiate contracts with key stakeholders and PBILDT margin is expected to be in the range of 14-15% going forward.

Key weaknesses

Leveraged capital structure and moderate coverage indicators

Since the company has been recently acquired, JSCPL's net worth base is modest and stood at ₹53.82 crore as on March 31, 2025, against total debt of ₹155 crore which largely comprises unsecured loan from parent of ₹69.96 crore and working capital. Therefore, the company's capital structure is moderately leveraged marked by overall gearing of 2.88x as on March 31, 2025, though improved from 4.93x as on March 31, 2024. JSCPL has already started repaying unsecured loan to its parent and has repaid ~₹30 crore till Q1FY26. The company's debt coverage indicators also improved despite remaining modest. Total debt/PBILDT stood at 3.87x in FY25, improved from 5.43x in FY24 owing to better profitability and debt repayments. Going forward, there are low fixed long-term outside debt repayments which the company needs to make in the near-to-medium term. CareEdge Ratings observes, in the absence of major debt-funded capex in the medium term and improving operations, the capital structure is expected to improve going forward.

Working capital intensive operations

JSCPL's operations are working capital intensive marked by an operating cycle of 145 days in FY25, similar to FY24. Inventory holding days remain elongated at 117 days in FY25 against 123 days in FY24. Since 60-70% of raw material requirement is met through imports, the company's inventory holding will continue to be elongated. The company has amended its credit period to customers and domestic sales are majorly done on advance basis which reduced its collection period and also expected to improve further going forward from the current period of 65 days in FY24 (PY: 74 days). Against this, the company has a creditor period of 36 days in FY24. The company's high working capital requirements are largely met through bank limits. The company's average utilisation of working capital borrowings stood at ~77% for last 12 months ended October 2024. The company has sanctioned working capital limits of ₹180 crore, against which the utilisation stands at ₹84 crore as on June 30, 2025 (₹70 crore as on March 31, 2025), indicating sufficient liquidity availability.

Vulnerability of margins to raw material price fluctuations and foreign exchange risk

The key raw materials for manufacturing sticker labels are face paper, release paper, adhesives, and plastic films. Imports accounted for ~63-67% of total purchases on an average in last five years. Due to longer lead time in imports, raw material inventory was being maintained for about two to three months. Thus, the high inventory-holding period exposes JSCPL to raw material price fluctuations. JSCPL's business operations involve imports and exports resulting in sales realisation and cash outflow in foreign currency. Though being importer and exporter, the foreign currency risk is partially mitigated through a natural hedge. The company also has a hedging policy to hedge 50% of the company's net exposure through forward contracts. However, to the extent of unhedged exposure and time difference between receivables and payables, the company remains exposed to changes in foreign currency fluctuations.

Industry characterised by intense competition from organised and unorganised players

The company's operations are exposed to significant competition in the label manufacturing industry with several players in the organised and unorganised segments in domestic and international markets. This leads to extended credits to customers and limits margin flexibility.

Liquidity: Adequate

The adequate liquidity is characterised by moderate gross cash accruals (GCA) of ~₹23 crore in FY25. Comfort is drawn as majority debt funding is from parent entity, with outside term loan of ~₹13 crore as on June 30, 2025 (₹15 crore as on March 31, 2025), with balance scheduled repayments of ~₹3-4 crore till March 31, 2026. JSCPL's capex requirements are also moderate with no major debt-funded capex plan in the near-to-medium term. The company's operations are working capital intensive evident from an operating cycle of 145 days in FY25 largely driven by high inventory holding period. Since the company has to import its major requirement for raw material that is ~60-70% of purchases, JSCPL has to maintain an inventory of two to three months for smooth functioning of production process. The company's working capital requirements are largely met by bank borrowings. The company has modest free cash balance of ₹0.70 crore as on March 31, 2025. The liquidity also draws comfort from the parent company's strong credit profile and robust liquidity position with cash and liquid investments of ~₹4,000 crore

as on March 31, 2025, on a consolidated basis, lying largely in mutual funds. CareEdge Ratings has factored in liquidity support to flow from JPFL, as and when required, going forward.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Notching by Factoring Linkages in Ratings](#)

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

[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Financial Ratios – Nonfinancial Sector](#)

[Rating of Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer services	Other consumer services	Other consumer services

JSCPL is the wholly owned subsidiary of JPFL and is the resultant entity from the merger of Jindal Polypack Limited and SMI Coated Products Private Limited. SMI Coated Products Private Limited, established as proprietorship firm in 1994, was incorporated in 2003 as private limited company and acquired by JPFL in April 2022. JSCPL is engaged in manufacturing and marketing pressure sensitive labels, which are used in multiple industries with total installed capacity of 194 million square metres per annum. JSCPL also has a wholly owned subsidiary in Dubai, which caters to the UAE.

Brief Financials -JSCPL Consol (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	304.88	340.63
PBILDT	31.48	40.06
PAT	9.69	18.03
Overall gearing (times)	4.93	2.88
Interest coverage (times)	2.01	2.64

A: Audited UA: Unaudited; Note: these are latest available financial results

About the parent, JPFL

JPFL is a part of the BC Jindal group and is a leading Indian manufacturer of BOPP, BOPET, CPP, and other highly engineered films for different downstream applications and secondary processes. It has one of the largest single integrated facilities, with backward and forward integration into packaging films. It has total installed capacities of 173,000 TPA and 294,000 TPA for BOPET and BOPP, respectively, however operational capacities was reduced significantly post fire incident. In February 2014, it acquired 60.45% stake in GNL and increased the stake to 100% in FY17. GNL has a unit at Nashik with capacity of 60,000 TPA of nonwoven products for hygiene and medical applications and has a reputed customer base. Currently, JPFL is in process of demerging its GNL unit. In August 2022, the company demerged its packaging division to its subsidiary JPFL Films. This subsidiary is to be jointly held by JPFL and Brookfield SPV. It exports to over 80 countries through its strong network of agents and distributors.

Brief Financials -JPFL Consol (₹ crore)	March 31, 2024(A)	March 31, 2025 (A)	Q1 FY26(UA)
Total Operating Income	3,937	5,347	1,083
PBILDT	23	283	4
PAT	71	115	37
Overall Gearing Ratio (times)	0.46	0.40	NM
Interest Coverage (times)	0.13	0.78	NM

A: Audited UA: Unaudited; Note: these are latest available financial results, NM; Not meaningful

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

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 and Rating Outlook
Fund-based/non-fund-based-LT/ST		-	-	-	100.00	CARE A- / CARE A2+ (RWN)

Annexure-2: Rating history for 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 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based/non-fund-based-LT/ST	LT/ST	100.00	CARE A- / CARE A2+ (RWN)	-	1)CARE A; Stable / CARE A1 (10-Jan-25)	1)CARE A; Stable / CARE A1 (10-Jan-24)	-

LT: Long term; ST: Short term

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based/non-fund-based-LT/ST	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated:

Sr. No.	Name of the Entity	Extent of Consolidation	Rationale for Consolidation
1	SMI Coated Products Industry LLC	Full	Strong Operational and financial linkages

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

Contact us

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About us:

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