

## JBF Industries Limited

April 07, 2018

### Ratings

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long-term Bank Facilities	426.83	CARE D (Single D)	Reaffirmed
Short-term Bank Facilities	1600.00	CARE D (Single D)	Reaffirmed
<b>Total Facilities</b>	<b>2026.83</b> <b>(Rs. Two thousand twenty six crore and eighty three lakh only)</b>		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

The reaffirmation of ratings assigned to the bank facilities of JBF Industries Limited (JBF) takes into account ongoing delays in servicing of debt obligation on account of weakened liquidity position.

JBF's ability to improve its cash flows and regularize its debt servicing are the key monitorable.

### Detailed description of the key rating drivers

#### Key Rating Weakness

*Delays in servicing of debt obligation by the company due to its weakened liquidity position*

**Analytical approach:** For arriving at the ratings, CARE has taken a consolidated view of JBF and its subsidiaries due to significant operational and financial linkages between them.

#### Applicable criteria

[Criteria on assigning Outlook to Credit Ratings](#)  
[CARE's Policy on Default Recognition](#)  
[Criteria for Short Term Instruments](#)  
[Rating Methodology: Factoring Linkages in Ratings](#)  
[Rating Methodology-Manufacturing Companies](#)  
[Financial ratios - Non-Financial Sector](#)

#### About the Company

Established in 1982, JBF Industries Limited (JBF) was founded by Mr. Bhagirath Arya (Chairman) as a Yarn Texturising company, since then it has backward integrated and expanded capacities in the polyester value chain. Over the years JBF has emerged as amongst top 10 producers of PET (Polyethylene Terephthalate) chips and BOPET (Biaxially-Oriented Polyethylene Terephthalate) films globally. JBF is engaged in manufacturing of Polyester Chips (textile grade, bottle grade and film grade), Partially Oriented Yarn (POY)/Polyester Texturised Yarn (PTY) and BOPET films. On a standalone basis, JBF is predominantly polyester chips player (textile grade & bottle grade) having capacity of 608 KT pa and Polyester Yarn capacity of 352 KT pa.

Having established itself in the domestic market, JBF ventured into overseas markets (i.e. JBF RAK LLC) in 2008 by setting up a PET chips (film grade, 432 KT pa) and BOPET films (102 KT pa) plant in Ras Al Khaimah, UAE. Subsequently in 2014 it commissioned a BOPET films plant with capacity of 90 KT pa plant at Bahrain and bottle grade PET chips plant with a capacity of 390 KT pa at Geel, Belgium. Furthermore, the company is incurring capex for setting up 1250 KT pa Purified Terephthalic Acid (PTA) plant in Mangalore. The manufacturing facilities of JBF are located in Silvassa, Vapi, UAE, Bahrain and Belgium. JBF became a public limited company in 1986 and is listed on NSE and BSE.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	9236	9390
PBILDT	740	533

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
PAT	-225	-390
Overall gearing (times)	3.89	4.57
Interest coverage (times)	1.33	0.95

**Status of non-cooperation with previous CRA:** NA

**Any other information:** NA

**Rating History for last three years:** Please refer Annexure-2

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	26.83	CARE D
Non-fund-based-Short Term	-	-	-	1600.00	CARE D
Fund-based-Long Term	-	-	-	400.00	CARE D

## Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	26.83	CARE D	-	1)CARE D (28-Jul-17) 2)CARE BB+; Negative (26-Jun-17)	1)CARE BBB+ (05-Oct-16)	1)CARE A- (17-Feb-16) 2)CARE A- (Under Credit Watch) (24-Sep-15)
2.	Non-fund-based-Short Term	ST	1600.00	CARE D	-	1)CARE D (28-Jul-17) 2)CARE A4 (26-Jun-17)	1)CARE A2+ (05-Oct-16)	1)CARE A1 (17-Feb-16) 2)CARE A1 (Under Credit Watch) (24-Sep-15)
3.	Fund-based-Long Term	LT	400.00	CARE D	-	1)CARE D (28-Jul-17) 2)CARE BB+; Negative (26-Jun-17)	1)CARE BBB+ (05-Oct-16)	1)CARE A- (17-Feb-16) 2)CARE A- (Under Credit Watch) (24-Sep-15)

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