

January 22, 2026

## 3B Advanced Composites Private Limited: Ratings downgraded

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term fund based – Term loan	900.00	900.00	[ICRA]BBB+(CE) (Stable); rating downgraded from [ICRA]A-(CE) (Stable)
Long term– Fund based – Working capital facilities	156.00	156.00	[ICRA]BBB+(CE) (Stable); rating downgraded from [ICRA]A-(CE) (Stable)
<b>Total</b>	<b>1056.00</b>	<b>1056.00</b>	

Rating without explicit credit enhancement

[ICRA]BB

\*Instrument details are provided in Annexure I

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement

### Rationale

ICRA has downgraded rating assigned to the Rs. 1,056-crore bank facilities of 3B Advanced Composites Private Limited (3B ACPL) to [ICRA] BBB+ (CE) (Stable). The rating considers the corporate guarantee deed, with the key terms being in line with the terms indicated at the time of assigning the provisional rating.

#### For the [ICRA]BBB+(CE) (Stable) rating

The above rating is based on the strength of the corporate guarantee provided by 3B Luxembourg S.a.r.l [3B Lux; the ultimate parent of 3B Advanced Composites Private Limited (3B ACPL)], for the rated bank facilities. The Stable outlook on this rating reflects ICRA's outlook on the credit profile of the guarantor, 3B Lux.

The ratings downgrade reflects the weakening financial performance of 3B Luxembourg S.a.r.l [3B Lux, parent company of Goa Glass Fibre Limited (GGFL)] due to pressure in the global market due to excessive dumping from China, subdued realisations in the European market owing to a weak demand environment and the shutdown of the Norway plant for rebuild.. ICRA also takes note of the delay in the commissioning of the project of 3B Advanced Composites Private Limited (3B ACPL), which along with the rebuild of the Goa Glass furnace for nine months, is likely to create additional pressure on the financial performance in the current fiscal.

3B Lux's profitability remains under pressure with the OBITDA margin dropping to 8.6% in FY2025 from 21.8% in FY2023.

Further, the repayments of the term debt availed to fund the project have commenced from June 2025, as per schedule. However, because of the delay in the commencement of operations, the company needs to rely on promoter entities to service its debt obligations until the project starts generating positive cash flows.

While FY2023 was exceptional in terms of profitability, the latter moderated in FY2024 and FY2025 because of pressure on demand and realisations. ICRA notes that the company had undertaken a cold repair recently at the Norway facility, which resulted in some moderation in the profitability in FY2025 as well. ICRA also notes that a major proportion of debt on the books of 3B Lux is in the form of promoter companies' debt where the company has flexibility in the repayment terms for the principal and the interest in case of cash flow mismatches, which provides cash flow comfort. The external debt also remains relatively low.

The debt levels for 3B Lux consolidated (including Goa Glass and 3B ACPL) are expected to increase owing to the ongoing capex at 3B ACPL, resulting in a moderation of the credit metrics to some extent, although the debt metrics are expected to improve thereafter as the new facilities start generating cash flows. The rating also factors in the vulnerability of profitability to the adverse movement in raw material prices.

### Adequacy of credit enhancement

For assigning the rating, ICRA has assessed the attributes of the guarantee issued by 3B Lux in favour of the rated instruments of 3B ACPL. The guarantee is legally enforceable, irrevocable, unconditional, covers the entire amount and tenor of the rated instrument and has a well-defined payment and invocation mechanism, although the same is post default in nature. Given these attributes, the guarantee provided by 3B Lux is adequately strong to result in an enhancement in the rating of the said instrument to [ICRA]BBB+(CE) (Stable) against the rating of [ICRA]BB without explicit credit enhancement. In case the guarantor's credit profile or the unsupported rating of 3B ACPL undergoes a change in future, the same would reflect in the rating of the aforesaid instruments. The rating of these facilities may also undergo a change if, in ICRA's assessment, there is a change in the strength of the business links between the guarantor and the rated entity, or there is a change in the reputation sensitivity or a change in the strategic importance of the rated entity of the guarantor.

### For the [ICRA]BB (Stable) rating

3B ACPL is executing a Rs. 1,450-crore capex to set up a 120-KT glass fibre capacity in Goa. This project is being funded by a debt of Rs. 900 crore (of which ~Rs. 750 crore has been drawn down till date) and the balance by funds from promoter/promoter group. While a large part of the capex is in the form of precious metals which will be used to make the bushings, the project remains in the final stage of execution. ICRA noted that there was delay of 5 months in executing the project. However, one of the two furnaces has already commenced operations and the second furnace is expected to be commissioned by March 2026. Moreover, the capacity expansion is sizeable and 3B ACPL plans to replace a large part of the imported glass fibre products in India. Thus, the marketing risks also remain high and selling such huge quantities remains a monitorable.

The Group has a capacity of 200 KT as of now and this makes it a sizeable player in the market. The rating also factors in 3B ACPL's ultimate parentage of 3B Lux and the demonstrated business and financial support from the parent. ICRA also draws comfort from the fact that cash flow mismatches, if any, are likely to be funded by the promoter group. Also, the company is eligible to avail the benefit of the production-linked incentive (PLI) scheme for textiles. If it is able to meet the requisite criteria, it will support the cash flows.

### Salient covenants of the rated facility

DSCR  $\geq$  1.2x

Debt to EBITDA not above 3.5x in FY2027 and 3x FY2028 onwards

FACR  $\geq$  1.4x

TOL/TNW  $\leq$  4x in FY2026 and onwards

### Key rating drivers and their description

#### Credit strengths

#### Experienced management and long track record of operations; corporate guarantee extended for bank lines of 3B ACPL –

The ultimate holding company of 3B ACPL, 3B Lux, has been operating in the glass fibre business since 1966 and has a long track record of operations. GGFL, which is the holding company of 3B ACPL, has been in the business since 1996 which was initially started as a division of Binani Industries Limited (BIL). From 2012, it became a wholly-owned subsidiary of 3B Binani Fibre Glass with BIL being the ultimate holding company. Then, the ownership moved to Grasim Industries Limited. In 2021, the current promoter, Mr. Vishal Goenka, acquired this glass fibre business from Grasim and housed that under Quartz Fiber Private Limited.

In terms of market share, the 3B Group is the third-largest company in Europe and the second-largest in India, having a total capacity of 200 KT. The company reported a revenue of Rs. 1,833 crore in the previous fiscal with EBITDA of Rs. 158.4 crore. The revenue and profitability moderated due to dumping by China, which resulted in a dip in realisations, and shutdown of one of Europe's plant for rebuilt of furnace. 3B Lux SARL has also extended a corporate guarantee for 3B ACPL's bank lines, which translates into credit enhancement and reinforces the commitment of the former.

**New capex eligible for PLI benefits** – The new capex will be entitled to PLI benefits, though the company may not be able to avail the entire spectrum of benefits available under the scheme. However, even if some benefits are accrued, it would provide cash flow support to the consolidated financials.

### Credit challenges

**Exposure to foreign exchange risk and raw material price volatility** – The margins remain vulnerable to the volatility in raw material prices. It depends on imports for the procurement of some key raw materials, prices of which have been volatile over the last few quarters. The company is also exposed to the adverse movement in foreign currency rates.

**Large capital expenditure exposes company to project execution, funding and marketing risks** – GGFL is undertaking a large capital expenditure plan under its 100% subsidiary to expand its capacities. The new capex is likely to add around 120-KT capacity and is expected to entail a total outlay of around Rs. 1,450 crore. The capex is proposed to be funded by a debt of ~Rs. 900 crore and the rest by funding from promoter group entities. This capex will add sizeable capacities which will expose the company to marketing risks. However, comfort can be drawn from the long-standing presence of the Group in the market and its healthy relationships with the end customers. The company has commenced operation of one furnace having 60-KT capacity in January 2026 and the second furnace is expected to commence operations in March 2026.

**Moderation in financial metrics likely in the near term** – The ongoing capex will result in the addition of sizeable debt. The first year of operations of the new project has moved forward from FY2026 to FY2027. Thus, the debt metrics will moderate at a consolidated level but will improve steadily in the medium term.

### Liquidity position

#### For the [ICRA]BBB+(CE) (Stable) rating: Stretched

The company's liquidity position remains stretched due to delays in project commencement, which has postponed the operations. Meanwhile, repayment obligations have begun, and the company is reliant on support from promoter entities to meet these commitments. The liquidity is further constrained by the nine-month shutdown of the GGFL plant for rebuilding, which is expected to exert additional pressure on cash flows.

#### For the [ICRA]BB(Stable) rating: Stretched

3B ACPL's liquidity is stretched as the company is executing a large debt-funded capex.

### Rating sensitivities

**Positive factors** – The ratings could be upgraded post the successful commissioning and ramping up of the new capacities that would significantly increase the scale of operations and improve the profit generation on a consolidated basis.

**Negative factors** – The ratings could be revised downwards in case of material cost and time overruns in the project that would worsen the debt protection metrics and liquidity position. A deterioration in the credit profile of the 3B Group or any weakening of the linkage between GGFL and the 3B Group could also trigger a downgrade.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Guarantor/Ultimate parent Company: 3B Lux S.A.R.L. The assigned ratings are based on the unconditional, irrevocable corporate guarantees extended by 3B ACPL's ultimate parent company –3B Lux S.A.R.L
Consolidation/Standalone	Standalone

## About the company

3B Advanced Composites Pvt Ltd is a wholly-owned subsidiary of Goa Glass Fibre Limited (GGFL). The company was incorporated on July 11, 2022, in line with the guidelines prescribed by the Ministry of Textiles (MOT), Government of India, extending the productivity-linked incentive (PLI) scheme to the textile segment. The company has initiated a new project with a capacity of 120 KTPA through its wholly-owned subsidiary, 3B Advanced Composites Private Limited, with the objective of addressing the current market gap in the Indian fibre glass industry.

### Key financial indicators (audited)

3B Advanced Composites Private Limited	FY2024	FY2025
Operating income	0.4	2.6
PAT	-0.1	-2.8
OPBDIT/OI	-68.7%	-114.3%
PAT/OI	-20.0%	-103.9%
Total outside liabilities/Tangible net worth (times)	-3,083.8	-232.1
Total debt/OPBDIT (times)	-937.0	-205.9
Interest coverage (times)	-6.3	-

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

### Status of non-cooperation with previous CRA: Not applicable

### Any other information: None

## Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jan 22, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
<b>Fund based – Term loan</b>	Long term	900.00	[ICRA]BBB+ (CE) (Stable)	Apr 08, 2024	Provisional [ICRA]A-(CE) (Stable)	-	-	-	-
				Oct 22, 2024	[ICRA]A-(CE) (Stable)	-	-		
<b>Fund based – Working capital facilities</b>	Long term	156.00	[ICRA]BBB+ (CE) (Stable)	Apr 08, 2024	Provisional [ICRA]A-(CE) (Stable)	-	-	-	-
				Oct 22, 2024	[ICRA]A-(CE) (Stable)	-	-	-	-

## Complexity level of the rated instrument

Instrument	Complexity indicator
Long term fund based – Term loan	Simple
Long term– Fund based – Working capital facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term fund based – Term loan	FY2025	9.17%	FY2035	900.00	[ICRA]BBB+(CE) (Stable)
NA	Long term– Fund based – Working capital facilities	NA	NA	NA	156.00	[ICRA]BBB+(CE) (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis - Not applicable**

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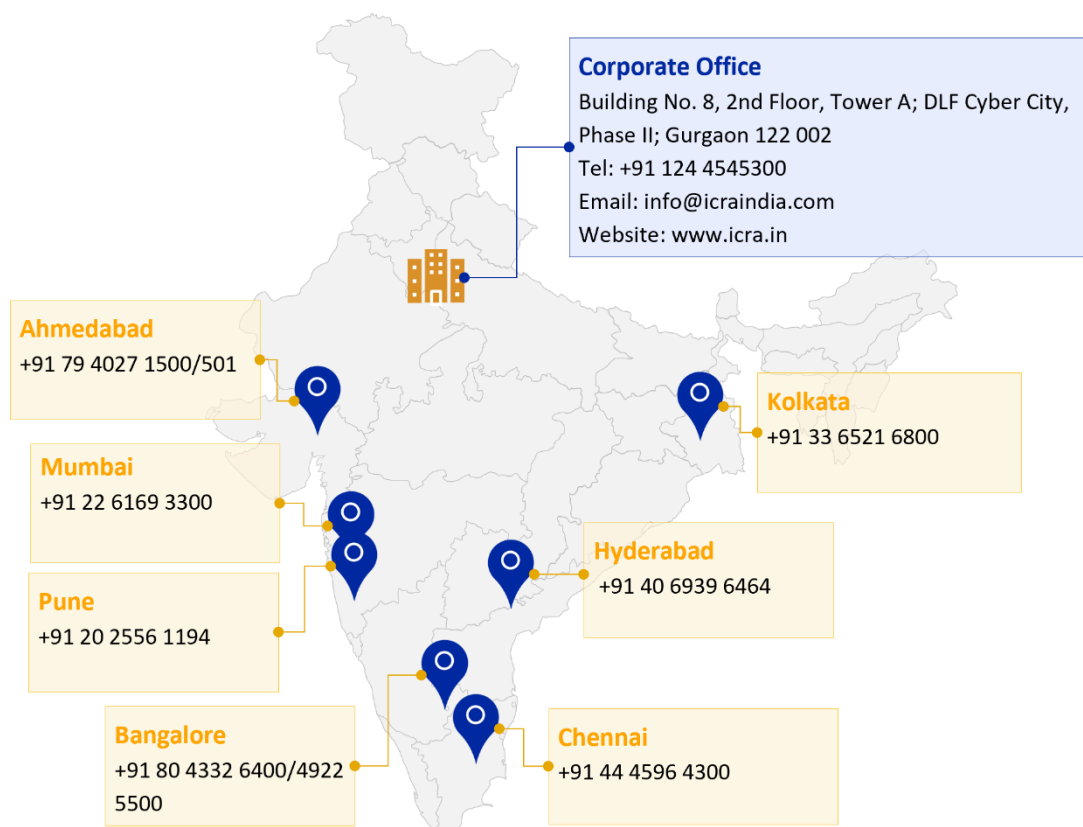
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