

A photograph of an industrial facility, likely a PTA plant, at night. The scene is illuminated by numerous bright lights, creating a warm, golden glow. On the left, a tall, cylindrical structure with a complex metal framework is prominent. In the center and right, there are several large, multi-story buildings with intricate piping and scaffolding. The sky is dark and overcast. The overall atmosphere is one of active industrial operations.

# **Investment Opportunity in a PTA Project - Mangalore SEZ**

**APRIL 2022 - INFORMATION TEASER**

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# JBF Petrochemicals Limited - PTA Project

## Brief Background

- Incorporated on September 18, 2008.
- This is a green field project for production of **1.25 MTPA of Purified Terephthalic Acid (PTA) at SEZ, Mangalore**, situated at Village Bajpe and Permude, Tehsil Suratkal, District Mangalore in Karnataka.
- Total Land Area : **115.30 Acres**.
- JBF Petrochemicals Ltd is **under process** of establishing a **PTA manufacturing facility at Mangalore SEZ**.
- PTA is main feedstock for other group companies - JBF Industries Limited (JBFIL) and JBF RAK LLC, thus the group has planned for **backward integration project**.
- With the Operationalization of this Plant, it will be one of **India's largest PTA manufacturer**.
- **First Non-Affiliate Third Party licensed by British Petroleum North America** for PTA manufacturing technology

## Key end OEMs

MSCI



## Structural Framework

Technology Supplier

BP Corporation,  
North America

Raw Material supply

ONGC Mangalore  
Petrochemicals Ltd  
for major supply of  
Paraxylene and rest from  
Middle East

Technical consultant

LIE - Mott McDonald;  
LIA - India, Insure Risk  
Management and  
Insurance

EPC Contractor

EPC Contract on LSTK  
basis - Technip

# Manufacturing Capabilities and Capacities



Overall plant view



Purified terephthalic acid (PTA) is a raw material used in making high-performance multi-purpose plastics such as polybutyl terephthalate(PBT), polyethylene terephthalate(PET), and the new bioplastic that has been garnering attention in recent years, polytrimethylene terephthalate(PTT). Purified terephthalic acid (PTA) is made by causing a reaction between the secondary petroleum product paraxylene (PX) and acetic acid.

Material consumption has been assumed as under:

Paraxylene 0.65 MT/ton of PTA

Acetic Acid 0.034 MT/ton of PTA



# Investment Rationale (1/2)

## 1 CRUCIAL RAW MATERIAL

High consumption of PTA in polyester component and unsaturated polyester resins is expected to propel market growth. Textiles are the largest market followed by bottling & packaging and furnishing. It is a crucial raw material used to make various products, including polyester staple fibre and spun yarn. Asia Pacific region remains the largest consumer of the polyester fiber and yarn. PTA is a raw material used in making high-performance multi-purpose plastics such as Polybutyl Terephthalate(PBT), Polyethylene Terephthalate(PET), and the new bioplastic that has been garnering attention in recent years, Polytrimethylene Terephthalate(PTT).

## 2 ACUTE SHORTAGE

The Indian and Global PTA market has been facing supply **shortages** since mid-September 2020

## 3 IMPORT SUBSTITUTION

Currently India is importing high levels of PTA required for producing various end products. India will see declining import dependency for PTA owing to the large plants start ups. With the operationalization of this Plant which is overall 99 % complete, it will be one of India's largest PTA manufacturer. It will be world's one of the largest single-stream PTA Plant of capacity 1.25 MMTPA. The declining value of the Indian Rupee against the US Dollar has led to an increase in the costs of feedstock procurement as well, which is the single largest cost of PTA production. Hence, domestic production will reduce the cost of imports.

## 4 GOVERNMENT POLICY, INFRASTRUCTURE, LICENSES AND AGREEMENTS

The plant is situated at the Mangalore SEZ which provides various government benefits and tax holidays. Various certificates, contracts, clearances and licenses are in place. It has already entered into a purchase agreement with OMPL for 60% of the Paraxylene, the major raw material requirement of the plant. Assured water supply from Mangalore SEZ already contracted for 10 MGD and Power of 50MVA. Majority of approvals have been received, details of which have been separately mentioned. Maritime Port with 15m draft & handling 40 MMTPA Vs 120 MMTPA capacity, for possible export of products and import of raw materials. International Airport within 5km & Port barely 10km from project site.

## 5 THE IBC ADVANTAGE

The acquisition of JBF Petrochemicals Limited under the resolution process contemplated under I&B Code to provide the investors much needed advantage as against commencement of a greenfield project and acquisition of the assets on a clean slate, for a fresh business start.

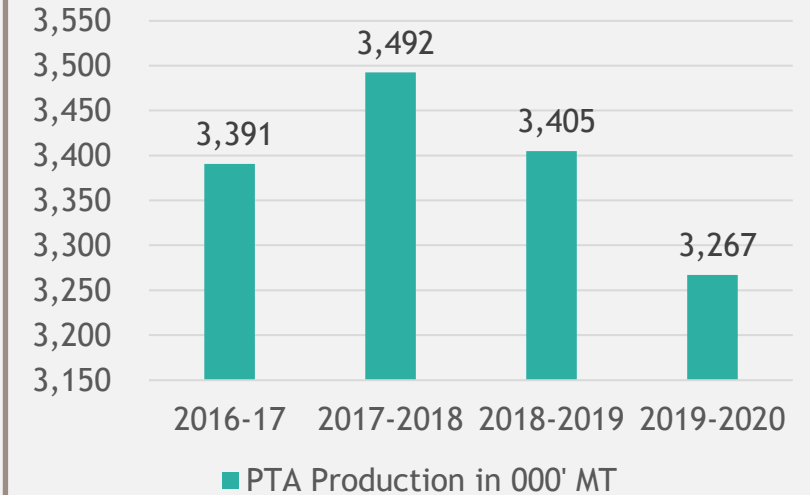
- Potential buyer will get a **CLEAN company** in hand irrespective of any old defaults and it can be run smoothly & effectively. The buyer need not worry about the defaults and any other non-compliances made by the company including Tax obligations if any.
- **Relaxation from reclassification** of existing promoter or promoter group.
- Scope of acquiring company at **competitive bidding**.
- Bidding in the process is allowed for the consortium of potential eligible buyers. Hence, more than one person / company can come together to participate in the Bidding process and take advantage of cost effective potentially good deals of buying a company under CIRP under IBC.

# Market Scenario

## Current Status

- The Global Purified Terephthalic Acid (PTA) market was valued at USD 43,620 in 2020 and will reach USD 51,780 million by the end of 2027, growing at a **CAGR of 2.9% during 2022-2027**.
- As per some estimates, from approximately 102 MTPA capacity available globally in 2020, the **capacities are expected to reach 141 MTPA by 2025, with 38% CAGR growth**. Asia is expected to lead the additions to the global PTA capacities
- Key Companies includes - **British Petroleum, Reliance Industries, Sinopec, Indorama Ventures Public Company, SABIC, Indian Oil.**
- **Capacity Utilization of PTA is above 80%** since last decade.
- The declining value of the Indian Rupee against the US Dollar has led to an **increase in the costs of feedstock procurement**, which is the single largest cost of PTA production. Domestic production will reduce the cost of imports.
- **The rise in consumption** of PET material bottles and the increase in demand for purified terephthalic acid from the packaging industry are key factors driving the growth of the Asia Pacific purified terephthalic acid market.

PTA Production in 000' MT



# Project Progress Status

Discipline	Overall %	WTG %	ISBL %	WTG %	OSBL %
Engineering	100	10.9	100.0	10.0	100.0
Procurement	99.9	59.1	100.0	60.0	99.8
Construction	98.6	30.0	99.9	30.0	96.3
<b>Overall</b>	<b>99.5</b>		<b>100.0</b>		<b>98.8</b>

Note: Progress status is as per lenders appointed engineer's report

UTILITY CONTRACT STATUS			
#	Utility	Supplier	Contract Status
1	Power	MESCOM	Already contracted - 50 MVA
2	Water	MSEZ	Already contracted - 10 MGD
3	Natural Gas	GAIL	MoA in place with GAIL
4	Nitrogen	INOX	As and when required
5	Hydrogen	MRPL	Already Contracted - 370 MTPA

- a) All Major Utility Systems required for start-up of PTA Unit Commissioned (Systems are run selectively for Preservation of Plant Equipment/ Pipelines)
- b) 220 KVA Switch Yard, DG Systems & Substations
- c) Central Control Room & allied systems fully commissioned.
- d) Instrumentation & Plant Air system
- e) Cooling Tower
- f) Demineralized Water Plant
- g) Liquid Nitrogen plant
- h) Boiler Package (1 no. Solid Fuel & 2 No. Oil & Gas Boilers) - some pending activities (BFW Pumps commissioning & Boiler Pop-up Test)
- i) Waste Water Treatment Plant on simulated Effluent- some pending activities. (Water recycling system to be commissioned)
- j) Cross country Pipelines connecting MRPL, OMPL & MSEZ for Hydrogen, Px & Treated waste Water disposal respectively.
- k) Waste Water Treatment Plant acclimatized on simulated Effluent - to procure 'bugs' as previous lots deteriorated
- l) All storage facilities with network viz. Filter Water & Terrestrial Treated Water storage, LSHS, Diesel, DM Water, Acetic Acid, Caustic & Sulphuric Acid, etc., SILOs, Bagging plant commissioned - Bagging stations to be fully commissioned.



# Licenses and advantages

- Maritime Port with 15m draft & handling 40 MMTPA Vs 120 MMTPA capacity, for possible export of products and import of raw materials.
- International Airport within 5km & Port barely 10km from project site.
- Tier - 2 city with 100% literacy providing abundant availability of manpower.
- Feedstock & fuel availability due to massive 15 MMTPA Refinery (ONGC) & Aromatic complex in the industrial township.
- 200 MW MRSS feeding 220 KV power from National Grid (high reliability) for Plant startup.
- Treated waste water (post recycling 70%) is disposed 1.2km into Sea by MSEZ treated Effluent disposal Pipeline.
- MSEZL has set aside land to develop residential colony for operating staff including 33% greenbelt developed by MSEZ.
- MSEZL also provides treated River water & Tertiary Treated city sewage water, enhancing water security.
- Due to extensive heat integration BP Plant (PAC compressor) produces more Electric power as compared to Competing technology.
- Water requirement lower at 4 MGD Vs. 6 MGD for competing technology.
- The Company has already entered into a purchase agreement with OMPL for 60% of Paraxylene (Px) - the major raw material requirement of the plant.

Authority	Status
Petroleum and Explosives Safety Organization (PESO) formerly Chief Controller of Explosives (CCOE)	Approval Received
Karnataka Industrial Areas Development Board (Building Approval)	Approval received
DGCA/AAI (Stack Height Clearance)	Approval received
SEIAA (Environmental Clearance)	Approval received
KSPCB (CFE)	Approval received
KSPCB (CFO)	Approval received
Indian Boiler Regulation (IBR)	Provisional Order for all the three Boilers received.
Fire Department	NOC received

Authority	Status
CEIG, Karnataka (Electrical Installations)	Approval received
AERB (Nucleonic Gauges)	Approval received
PWD - Metrology Department	Approval received for PX system
Directorate of Factories	Factory license received

Major instruments as suggested by BP Viz ICP-OES, ED-XRF, GC, CE, TOC/N, HPLC, Moisture analysers, Titrators, Micro/analytical/Top loading Balances, UV-Vis Spectrometers, Particle Size Analyser, Water parameter analysis instruments etc. received at site. Most of the instruments are installed and commissioned; ICP to be commissioned.

For further information in this regard, you may reach out to:

**Sundaresh Bhat**  
Resolution Professional  
+91 99209 77977 | IPJPL@bdo.in

**Saloni Kothari**  
Director | Business Restructuring  
+91 98200 55238

**Siddharth Mathur**  
Director | Business Restructuring  
+91 99700 13234

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