

**JBF INDUSTRIES LTD**  
Q3 - FY12 Results Presentation  
February 2012



# Disclaimer

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***The information in this overview reflects prevailing conditions and our views as of this date, all of which are accordingly subject to change.***

# Key Highlights



- ❑ Total Income (consolidated) for Q3-FY12 reported of INR 18,063 mn
- ❑ EBITDA (consolidated) for Q3-FY12 reported at INR 1,752 mn
  - EBITDA Margin (consolidated) for Q3-FY12 was at 9.7%
- ❑ Profit after tax (consolidated) for Q3-FY12 reported at INR 712 mn
  - PAT Margin (consolidated) for Q3-FY12 was at 3.9%
- ❑ EPS (consolidated) for Q3-FY12 reported of INR 9.80 per equity share
- ❑ 9M-FY12 Consolidated performance:
  - a. Income – INR 52,571 mn
  - b. EBITDA – INR 5,477 mn; EBITDA Margin – 10.4%
  - c. PAT – INR 1,994 mn; PAT Margin – 3.8%
  - d. EPS – INR 27.46 / share

# Financial Highlights - Consolidated



Income Statement Consolidated	Q3-FY 12	Q3-FY11
<b>Income</b>	<b>18,063</b>	<b>17,118</b>
Total Expenses	16,311	14,084
<b>EBITDA</b>	<b>1,752</b>	<b>3,033</b>
<i>EBITDA Margin</i>	9.7%	17.7%
<b>PBT</b>	<b>533</b>	<b>2,014</b>
Tax	(179)	158
<b>Profit After Tax</b>	<b>712</b>	<b>1,856</b>
<i>PAT Margin</i>	3.9%	10.8%
<b>EPS</b>	<b>9.80</b>	<b>25.62</b>

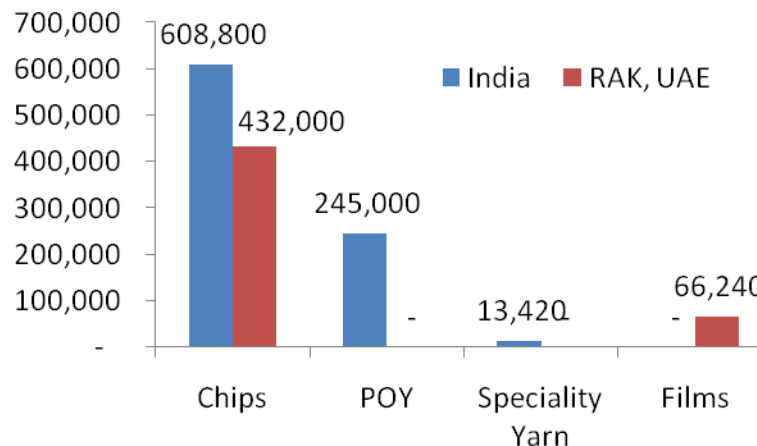
Q3-FY12 Profit impacted by Exchange difference and derivative losses of INR 1,126 mn

*JBF Industries Ltd now holds 100% stake in JBF RAK. Financial results are therefore, consolidated to the extent of 100%. All numbers in INR Mn other than EPS*

# Production Capacities



Capacities* (MT)	
<b>INDIA</b>	
CHIPS	608,800
POY & Specialty Yarn	258,420
<b>Total</b>	<b>867,220</b>
<b>RAK, UAE</b>	
CHIPS	432,000
FILMS	66,240
<b>Total</b>	<b>498,240</b>



Total polymerization capacity stands at 10,40,800 MT while downstream capacity stands at 324,660 MT

CHIPS – 10,40,800 MT    POY & Specialty yarn – 258,420 MT    Films – 66,240 MT

\* Capacity information is as on 31<sup>st</sup> December, 2011.

# Operating Performance



India Sales (MT)	Q3-FY12	Q3-FY11	% Increase	9M-FY12	9M-FY11	% Increase	FY11
CHIPS (Textile + Bottle grade)	69,711	56,264	23.9%	197,776	219,758	(10.0)%	2,76,376
POY & Specialty Yarn	57,316	57,046	0.5%	170,458	153,576	11.0%	2,07,069
<b>Total</b>	<b>127,027</b>	<b>113,310</b>	<b>12.1%</b>	<b>425,550</b>	<b>373,334</b>	<b>14.0%</b>	<b>4,83,445</b>

RAK, UAE Sales (MT)	Q3-FY12	Q3-FY11	% Increase	9M-FY12	9M-FY11	% Increase	FY11
CHIPS (Bottle grade)	63,355	88,232	(28.2)%	188,167	208,617	(9.8)%	2,78,356
Films	15,517	17,790	(12.8)%	47,568	55,567	(14.4)%	76,374
<b>Total</b>	<b>78,872</b>	<b>106,022</b>	<b>(25.6)%</b>	<b>235,735</b>	<b>264,184</b>	<b>(10.8)%</b>	<b>3,54,730</b>

# Pricing trends & Revenue Mix



## Price trends\*

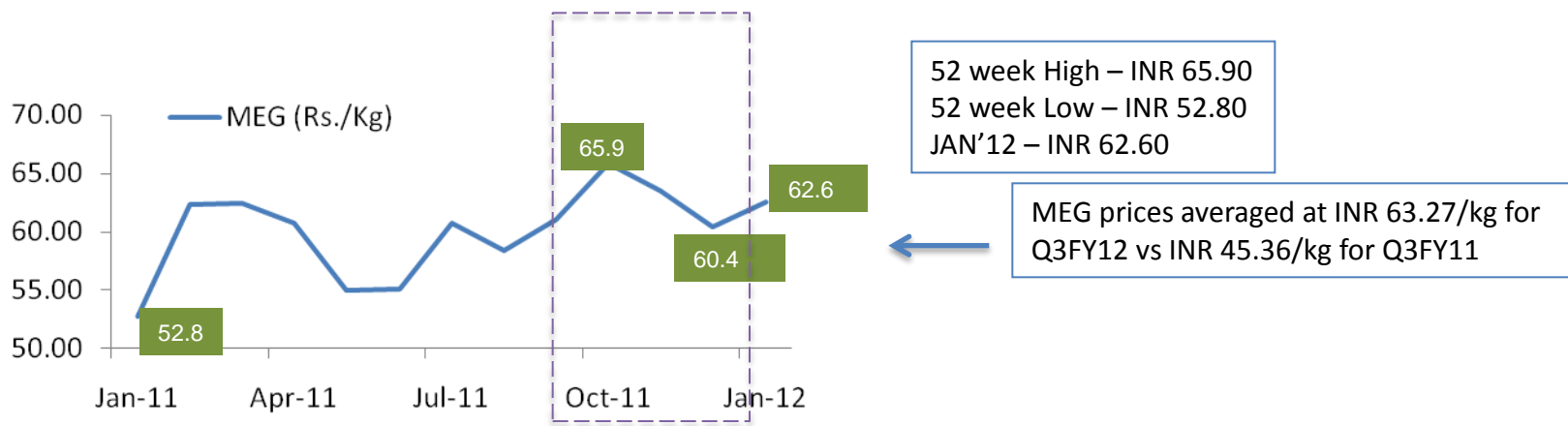
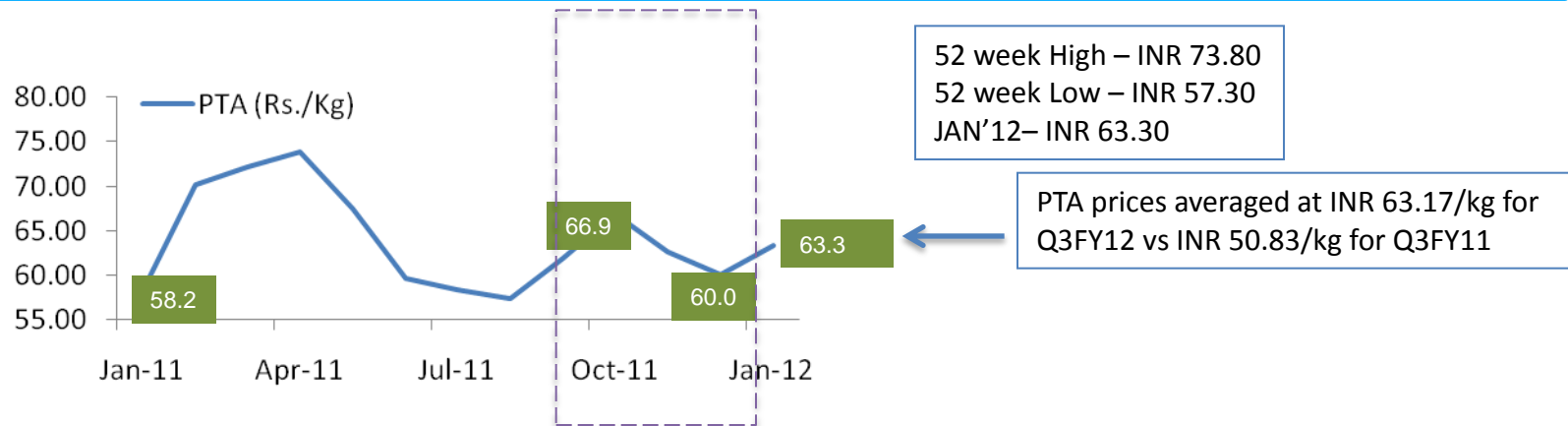
Category	Q3-FY12	Q3-FY11	% Increase	9M-FY12	9M-FY11	% Increase	FY11
CHIPS (INDIA)(INR/Kg)	83	69	20.3%	82	63	30.2%	67
POY & Specialty Yarn (INR/Kg)	90	79	13.9%	90	74	21.6%	80
CHIPS (RAK) (USD/MT)	1,584	1,392	13.8%	1,666	1,348	23.6%	1,465
FILMS (USD/MT)	2,435	4,047	(39.8)%	2,713	3,069	(11.6)%	3,333

\*Prices mentioned above are the average prices for standard products in the industry, It could differ from the sale price achieved by the company

## Revenue Mix

Category	Q3-FY12	Q3-FY11	% Increase	9M-FY12	9M-FY11	% Increase	FY11
CHIPS (INDIA)	31%	22%	900bps	30%	33%	(300)Bps	28%
POY & Specialty Yarn	30%	27%	300bps	31%	30%	(100)Bps	26%
CHIPS (RAK)	28%	32%	(400)Bps	28%	23%	500bps	28%
FILMS	11%	19%	(800)bps	11%	14%	(300)bps	18%

# Raw materials & Deltas



*Industry level Deltas for Q3-FY12 (Delta = Sale price – Raw Material cost)*

- a. Chips – INR 6.93/kg
- b. POY – INR 14.50/kg
- c. Films (blended of thick and thin films) – USD 1,057/Ton



# Discussion & Analysis



## Operations

- Total Income (Cons) increased by 6% to INR 18,063 mn in Q3FY12 from INR 17,118 mn in Q3FY11
- EBITDA (Cons) stood at INR 1,752 mn in Q3FY12 vs INR 3,033 mn in Q3FY11
- PAT (Cons) stood at INR 712 mn for Q3FY12 vs. INR 1,856 mn for Q3FY11
- EPS (Cons) stood at INR 9.80 per equity share for Q3FY12 vs. INR 27.46 per equity share for Q3FY11

## Expansion

- De-bottlenecking will enhance Chips capacity in India to 626,000MT p.a.
- Due to anticipated over-supply in Textile grade chips in domestic market and higher demand and profitability of Bottle grade chips, company has decided to shift sales mix more towards Bottle grade chips.
- Environmental clearances in final stages for setting up the Purified Terephthalic Acid (PTA) plant at Mangalore SEZ
- Environmental clearance activity is underway for the Polyethylene Terephthalate (PET) plant in Geel, Belgium
- MOU has been signed with Industry and Commerce Ministry of Bahrain to set up a Polyester Film plant

## Key notes

- Increase in other income in Q3-FY12 is primarily due to redemption/reduction of preference shares/ordinary shares held by the company in its subsidiary JBF Global Pte. Ltd., Singapore, resulting in gain of INR 703 mn. The redemption/reduction has happened at par/cost to the company and gain is mainly on account of exchange rate difference.
- Income Tax of INR (179) mn is on account of deferred tax credit due to higher exchange losses and higher depreciation as per Income Tax Act. During the year company may end up paying taxes under MAT (Section 115JB)
- Exchange losses of INR 1,126 mn include losses on account of Yen denominated derivative contract (INR 456 mn) and exchange losses (INR 670 mn )
- Low production of chips in RAK was due to temporary plant shut down owing to technical issues

## Business Outlook

- Over capacity in the industry inhibiting improvement in margins, current utilizations in industry is around 80%
- PTA procurement continues to remain a constraint for the industry
- Pricing pressure continues in the Films segment due to over capacity and price cuts

# Standalone Results – Profit and Loss A/c



Income Statement	Q3-FY12	Q3-FY11	9M-FY 12	9M-FY11	FY11
<b>Income</b>	<b>11,125</b>	<b>8,454</b>	<b>32,081</b>	<b>25,584</b>	<b>35,629</b>
Total Expenses	10,137	7,318	29,101	22,513	31,459
<b>EBITDA</b>	<b>988</b>	<b>1,135</b>	<b>2,980</b>	<b>3,071</b>	<b>4,170</b>
<i>EBITDA Margin</i>	<i>8.9%</i>	<i>13.4%</i>	<i>9.3%</i>	<i>12.0%</i>	<i>11.7%</i>
Exchange Difference & Derivative Loss	1,168	343	2,227	569	914
Depreciation	216	188	618	545	734
Interest	215	157	513	522	710
Other Income	714	8	746	89	103
<b>PBT</b>	<b>102</b>	<b>456</b>	<b>368</b>	<b>1,524</b>	<b>1,916</b>
Tax	(179)	158	(97)	488	602
<b>Profit After Tax</b>	<b>282</b>	<b>298</b>	<b>465</b>	<b>1,036</b>	<b>1,314</b>
<i>PAT Margin</i>	<i>2.5%</i>	<i>3.5%</i>	<i>1.5%</i>	<i>4.0%</i>	<i>3.7%</i>
<b>EPS</b>	<b>3.86</b>	<b>4.03</b>	<b>6.34</b>	<b>15.09</b>	<b>18.81</b>

All numbers in INR Mn other than EPS

# Consolidated Results – Profit and Loss A/c



Income Statement	Q3-FY12	Q3-FY11	9M-FY 12	9M-FY11	FY 11
<b>Income</b>	<b>18,063</b>	<b>17,118</b>	<b>52,571</b>	<b>45,379</b>	<b>64,711</b>
Total Expenses	16,311	14,084	47,094	38,534	55,127
<b>EBITDA</b>	<b>1,752</b>	<b>3,033</b>	<b>5,477</b>	<b>6,845</b>	<b>9,584</b>
<i>EBITDA Margin</i>	<i>9.7%</i>	<i>17.7%</i>	<i>10.4%</i>	<i>15.1%</i>	<i>14.8%</i>
Exchange Difference & Derivative Loss	1,126	346	2,210	597	945
Depreciation	400	337	1,113	978	1,314
Interest	407	353	1,001	1,045	1,387
Other Income	715	16	746	89	125
<b>PBT</b>	<b>533</b>	<b>2,014</b>	<b>1,899</b>	<b>4,313</b>	<b>6,063</b>
Tax	(179)	158	(97)	488	602
<b>Profit After Tax</b>	<b>712</b>	<b>1,856</b>	<b>1,994</b>	<b>3,825</b>	<b>5,461</b>
<i>PAT Margin</i>	<i>3.9%</i>	<i>10.8%</i>	<i>3.8%</i>	<i>8.4%</i>	<i>8.4%</i>
<b>EPS</b>	<b>9.80</b>	<b>25.62</b>	<b>27.46</b>	<b>55.59</b>	<b>78.22</b>

All numbers in INR Mn other than EPS

# Balance Sheet - Consolidated



Income Statement	FY 08	FY 09	FY 10	FY 11	H1-FY 12
Share Capital	622	622	622	717	717
Cumulative Redeemable Preference Shares (CRPS)	-	-	-	266	266
Reserves	5,211	6,709	8,117	13,555	15,579
<b>Net worth</b>	<b>5,933</b>	<b>7,331</b>	<b>8,740</b>	<b>14,538</b>	<b>16,562</b>
Minority Interest	3,161	3,997	3,633	-	-
Loan Funds	8,366	12,414	13,644	17,836	23,976
<b>TOTAL LIABILITES</b>	<b>17,459</b>	<b>23,743</b>	<b>26,016</b>	<b>32,374</b>	<b>40,538</b>
Net Fixed Assets (Incl Capital WIP)	13,361	20,837	21,165	24,705	28,097
Investments	594	361	1,310	1,280	981
Net Current Assets (Excluding Cash)	1,133	2,873	3,880	5,469	7,543
Cash & Bank	3,353	899	999	2,350	5,427
Deferred Tax Liability (Net)	-982	-1,226	-1,337	-1,430	-1,510
<b>TOTAL ASSETS</b>	<b>17,459</b>	<b>23,743</b>	<b>26,016</b>	<b>32,374</b>	<b>40,538</b>

All numbers in INR Mn other than EPS

# Historical Consolidated Results – Profit and Loss A/c



Income Statement	FY 08	FY 09	FY 10	FY 11
<b>Income *</b>	<b>28,948</b>	<b>43,537</b>	<b>49,689</b>	64,836
Total Expenses	26,122	38,882	44,740	55,127
<b>EBITDA</b>	<b>2,826</b>	<b>4,655</b>	<b>4,949</b>	<b>9,709</b>
<i>EBITDA Margin</i>	9.8%	10.7%	9.9%	15.0%
Exchange Difference & Derivative Loss	NA	NA	(149)	945
Depreciation	596	779	1,173	1,314
Interest ^	633	975	1,258	1,387
<b>PBT</b>	<b>1,597</b>	<b>2,901</b>	2,668	<b>6,063</b>
Tax	295	459	540	602
<b>Profit After Tax</b>	<b>1,302</b>	<b>2,442</b>	<b>2,128</b>	<b>5,461</b>
<i>PAT Margin</i>	4.50%	5.61%	4.3%	8.4%
Minority Interest	(35.3)	553	224	-
<b>Profit After Minority Interest</b>	<b>1,337</b>	<b>1,889</b>	<b>1,904</b>	<b>5,461</b>
<b>EPS</b>	<b>21.49</b>	<b>30.36</b>	<b>30.61</b>	<b>76.21</b>

\* - Income includes other income component.

^ - Interest amount for FY08 and FY09 includes amount by way of Forex (Gain)/Loss

All numbers in INR Mn other than EPS

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# Thank You

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