



# JBF INDUSTRIES LTD

Q1/FY17 Earnings Presentation

<p><b>Overview</b></p>	<ul style="list-style-type: none"> <li>▪ JBF Industries is a global company engaged in the production of polyester value chain</li> <li>▪ Current polymerisation capacity of 1.43 MMT p.a. and downstream capacity of 544 KMT p.a.</li> <li>▪ Operates out of 3 domestic facilities, 1 in Gujarat and 2 in Silvassa, and 3 overseas facility in Ras Al-Khaimah, UAE, Belgium and Bahrain.</li> <li>▪ Promoted by Mr. Bhagirath C. Arya, a technocrat entrepreneur</li> <li>▪ Listed on the BSE and NSE with a market cap of INR 17,545 mn (as on June 30, 2016)</li> </ul>
<p><b>Products &amp; Business Mix</b></p>	<ul style="list-style-type: none"> <li>▪ Product Mix can be divided into three broad categories:-             <ol style="list-style-type: none"> <li>I. Polyethylene Terephthalate (PET) Chips: Textile Grade and Bottle Grade</li> <li>II. Polyester Yarn: Partially Oriented Yarn, Full Drawn Yarn etc.</li> <li>III. Biaxially-Oriented Polyethylene Terephthalate (BOPET) Films: Thin, Thick, Metallized</li> </ol> </li> <li>▪ FY 16 Sales Mix (By Value) :- Chips – 66%, Polyester Yarn – 19%, BOPET Films – 15%</li> </ul>
<p><b>Markets</b></p>	<ul style="list-style-type: none"> <li>▪ Indian facilities cater to the Indian and exports markets:             <ul style="list-style-type: none"> <li>➢ 2<sup>nd</sup> largest domestic supplier of textile grade chips with a capacity share of ~20%</li> <li>➢ 3<sup>rd</sup> largest domestic supplier of bottle grade chips with a capacity share of ~20%</li> <li>➢ 3<sup>rd</sup> largest domestic supplier of Polyester Yarn with a capacity share of ~15%</li> </ul> </li> <li>▪ RAK facility (Bottle grade chips and Films) caters to European, MEAF and North American markets             <ul style="list-style-type: none"> <li>➢ Market share of 70 % in the UAE and 45% in GCC region in the Bottle grade chips segment</li> </ul> </li> </ul>
<p><b>Financial Performance Highlights</b></p>	<ul style="list-style-type: none"> <li>▪ Income has grown from INR 64,836 mn in FY 11 to 88,965 mn in FY 16 – 5 year CAGR of 6.5%</li> <li>▪ FY 16 Performance: Income – INR 88,965 mn, EBITDA – INR 7,298 mn, Net Profit – INR (1,815) mn</li> <li>▪ JBF announced Dividend of INR 1/share in FY16</li> </ul>
<p><b>Integrated Polyester Player of Global scale</b></p>	<ul style="list-style-type: none"> <li>▪ JBF is amongst the Top 5 producers of PET chips and of BOPET Films globally</li> <li>▪ JBF is setting up a 1.25 MMT Purified Terephthalic Acid (PTA) plant at Mangalore SEZ thereby will become an integrated petrochemical company.</li> <li>▪ JBF has also set up a 390 KT p.a. PET plant in Belgium and a 90KT p.a. BoPET Film plant in Bahrain.</li> </ul>



# Company Background



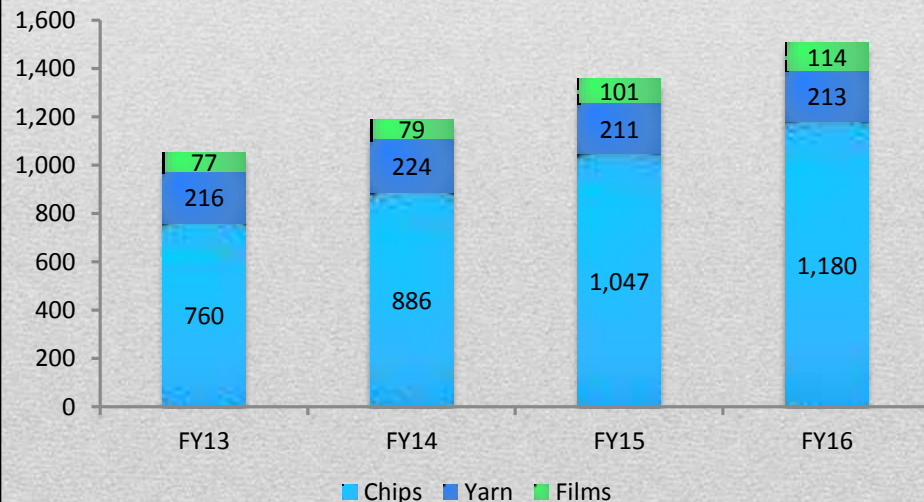
## Company Overview

- Established in **1982**, JBF Industries was founded by **Mr. Bhagirath Arya** as a Yarn Texturising company, the company has since backward integrated into the polyester value chain.
- Company is currently engaged in the production of products in the Polyester value chain such as: **Polyethylene Terephthalate (PET) chips** which are of Bottle grade, Textile grade and Film grade; **Polyester Yarn**, such as Partially Oriented Yarn (POY), Polyester Filament Yarn (PFY), Full Drawn Yarn (FDY) and Other Specialized Yarn; and **PET Films**, which are of Thin grade, Thick grade and Metallised grade.
- It commenced its international operations in 2006 by foraying into the PET chips and PET Film business by setting up plant at Ras-Al-Khaimah (RAK) UAE. Currently, JBF has 3 plants internationally in RAK, Bahrain and Belgium.
- JBF declared a **Dividend of INR 1/share** for FY16.

## Financial Highlights

INR Mn	FY13	FY14	FY15	FY16
Total Income	74,592	85,803	88,978	88,965
<b>EBIDTA</b>	6,903	7,245	9,408	7,298
<i>EBIDTA Margin</i>	9.30%	8.30%	10.60%	8.20%
<b>Net Profit</b>	1,135	57	311	(1,815)
<i>Net Profit Margin</i>	1.52%	0.07%	0.35%	NA
<i>Diluted EPS (INR)</i>	15.24	0.35	4.22	(26.52)

## Production Highlights ('000 tons)



# Key Financial Highlights



- |  |  |
|--|--|
| <p>❑ <b>Q1-FY17 (Standalone) performance:</b></p> <ul style="list-style-type: none"><li>• Total Income*: INR 9,505 mn</li><li>• EBITDA: INR 767 mn</li><li>• EBITDA Margin: 8.1 %</li><li>• PAT: INR 98 mn</li></ul> | <p>❑ <b>Q1-FY17 (Consolidated - Provisional) performance*:</b></p> <ul style="list-style-type: none"><li>• Net Sales: INR 23,110 mn</li><li>• EBITDA: INR 1,233 mn</li><li>• EBITDA Margin: 5.34 %</li><li>• PAT: INR (958) mn</li></ul> |
|--|--|

*\* Total Income includes other income component*

- The Company adopted the Indian Accounting Standard ("Ind AS") and accordingly these financial results have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 - "Interim Financial Reporting" prescribed under section 133 of the Companies Act, 2013. These financial results have been prepared in accordance with the Companies (Indian Accounting Standard) Rules 2015 (Ind AS) prescribed under section 133 of the Companies Act, 2013. The date of transition to Ind AS is 1st April, 2015. The Figures for the quarter ended 30th June 2015 are also Ind AS Compliant. They have not been subject to limited Review or audit. However, the management has exercised the necessary due diligence to ensure that the financial results provide a true and fair view of the Company's affairs. The Company will provide a reconciliation of its equity for the previous year ended 31st March, 2016 at the time of submitting the audited financial statements for the year ended 31<sup>st</sup> March, 2017. These results have been prepared in accordance with regulation 33 of the SEBI ( Listing Obligation and Disclosure Requirements) regulation, 2015 read with SEBI circular dated 5th July, 2016.
- The auditors' of the Company have carried out a Limited Review only for standalone results for Q1 FY 2016-17.
- The company has provided provisional consolidated data for the sake of the investors.

## **Projects:**

- Implementation of the 1.25 MTPA greenfield PTA project at Mangalore, being executed through step down subsidiary JBF Petrochemicals Ltd, is proceeding satisfactorily. The project is expected to be completed by the end of current financial year.



# Financial Highlights – Standalone



Income Statement	Q1-FY17 ("Ind AS")	Q1-FY16 ("Ind AS")	YoY %	Q4-FY16 (GAAP)
Income from operations	9,410	8,990	4.7%	9,927
Other Income	95	78	21.8%	77
<b>Total Income</b>	<b>9,505</b>	<b>9,068</b>	4.8%	<b>10,004</b>
Total Expenses	8,738	7,993	9.3%	9,081
<b>EBITDA</b>	<b>767</b>	<b>1,075</b>	(28.7)%	<b>923</b>
<b>EBITDA Margin (%)</b>	<b>8.07%</b>	<b>11.85%</b>	(378) bps	<b>9.23%</b>
Exchange Difference & Derivative (Gain)/ Loss	30	82	(63.4)%	(29)
Depreciation	246	251	(2.0)%	252
Interest	408	454	(10.1)%	341
<b>PBT</b>	<b>83</b>	<b>288</b>	(71.2)%	<b>359</b>
Tax	(15)	93	(116.1)%	133
<b>Profit After Tax</b>	<b>98</b>	<b>195</b>	(49.7)%	<b>226</b>
<b>PAT Margin (%)</b>	<b>1.03%</b>	<b>2.15%</b>	<b>(112) bps</b>	<b>2.26%</b>
Other Comprehensive Income	(3)	(2)	NA	
<b>Total Comprehensive Income (After Tax)</b>	<b>95</b>	<b>193</b>	(50.8)%	
Diluted EPS (Before Other Comprehensive Income)	1.20	2.98	(59.7)%	2.65

All numbers in INR Mn other than EPS

# Financial Highlights – Consolidated - Provisional



Income Statement	Q1-FY17 ("Ind AS")	Q1-FY16 ("Ind AS")	YoY %	Q4-FY16 (GAAP)
Net Sales (Net of Excise)	23,110	22,724	1.7%	24,694
EBITDA	1,233	2,400	(48.6)%	737
<b>EBITDA Margin (%)</b>	<b>5.34%</b>	<b>10.56%</b>	(522) bps	<b>2.98%</b>
Depreciation	926	872	6.2%	915
Other Income	21	18	16.7%	99
Forex Loss/(Gain)	4	(6)	NA	(57)
<b>PBIT</b>	<b>332</b>	<b>1,539</b>	<b>(78.4)%</b>	<b>(22)</b>
Interest	1,311	1,239	5.8%	1,546
<b>PBT</b>	<b>(979)</b>	<b>300</b>	<b>NA</b>	<b>(1,568)</b>
Provision for Tax	(21)	91	NA	321
<b>PAT</b>	<b>(958)</b>	<b>209</b>	<b>NA</b>	<b>(1,889)</b>
<b>PAT Margin (%)</b>	<b>NA</b>	<b>0.92%</b>	<b>NA</b>	<b>NA</b>

All numbers in INR Mn

# Standalone Income Statement



Income Statement (INR Mn)	FY12	FY13	FY14	FY15	FY16
<b>Income</b>	<b>43,833</b>	<b>45,041</b>	<b>47,847</b>	<b>41,269</b>	<b>36,206</b>
Other Income	833	223	316	276	295
<b>Total Income</b>	<b>44,666</b>	<b>45,264</b>	<b>48,163</b>	<b>41,545</b>	<b>36,501</b>
Total Expenses	39,817	40,940	44,187	36,995	32,530
<b>EBITDA</b>	<b>4,849</b>	<b>4,324</b>	<b>3,976</b>	<b>4,550</b>	<b>3,971</b>
<b>EBITDA Margin</b>	<b>10.86%</b>	<b>9.55%</b>	<b>8.26%</b>	<b>10.95%</b>	<b>10.88%</b>
Exchange Difference & Derivative Loss	2,951	1,386	1,185	126	216
Depreciation	839	1,007	1,122	967	1,005
Interest	776	1,060	1,376	1,452	1,730
<b>PBT</b>	<b>283</b>	<b>871</b>	<b>293</b>	<b>2,005</b>	<b>1,020</b>
Tax	-205	356	143	611	365
<b>Profit After Tax</b>	<b>488</b>	<b>515</b>	<b>150</b>	<b>1,394</b>	<b>655</b>
<b>PAT Margin</b>	<b>1.09%</b>	<b>1.14%</b>	<b>0.31%</b>	<b>3.36%</b>	<b>1.79%</b>
<b>EPS</b>	<b>6.61</b>	<b>6.72</b>	<b>1.70</b>	<b>20.78</b>	<b>8.90</b>

All numbers in INR Mn other than EPS

# Standalone Results – Balance Sheet



	Particulars	FY14	FY15	FY16
<b>A</b>	<b>EQUITIES &amp; LIABILITIES</b>			
<b>Part -1</b>	<b>Shareholder Funds</b>			
	(A) Share Capital	802	804	968
	(B) Reserves & Surplus	9,153	10,218	15,315
	<b>Total -Shareholder Funds</b>	<b>9,955</b>	<b>11,022</b>	<b>16,283</b>
<b>Part 2</b>	<b>Non Current Liabilities</b>			
	(A) Long Term Borrowings	6,696	8,250	5,940
	(B) Deferred Tax Liabilities (Net)	1,705	2,242	2,279
	(C) Long Term provisions	236	125	98
	<b>Total - Non – Current Liabilities</b>	<b>8,637</b>	<b>10,617</b>	<b>8,317</b>
<b>Part 3</b>	<b>Current Liabilities</b>			
	(A) Short term Borrowings	5,341	7,047	7,632
	(B) Trade Payables	6,149	3,088	4,801
	(C) Other Current Liabilities	3,226	3,033	3,940
	(D) Short-term provisions	511	609	391
	<b>Total – Current Liabilities</b>	<b>15,227</b>	<b>13,777</b>	<b>16,764</b>
<b>A</b>	<b>GRAND TOTAL - EQUITIES &amp; LIABILITIES</b>	<b>33,819</b>	<b>35,416</b>	<b>41,364</b>

	Particulars	FY14	FY15	FY16
<b>B</b>	<b>ASSETS</b>			
<b>Part -1</b>	<b>Non Current Assets</b>			
	(A) Fixed Assets	15,470	16,264	15,515
	(B) Non-Current Investments	4,238	4,235	3,983
	(C) Long Term Loans & Advances	1,046	1,132	1,062
	(D) Other Non - Current Assets	-	463	711
	<b>Total - Non – Current Assets</b>	<b>20,754</b>	<b>22,094</b>	<b>21,271</b>
<b>Part 2</b>	<b>Current Assets</b>			
	(A) Current Investments	7	2	2
	(B) Inventories	4,405	3,353	3,633
	(C) Trade Receivables	6,123	5,647	7,680
	(D) Cash and Bank Balances	425	2,147	3,270
	(E) Short-term loans and advances	1,591	2,061	5,389
	(F) Other current assets	514	112	119
	<b>Total – Current Assets</b>	<b>13,065</b>	<b>13,322</b>	<b>20,093</b>
<b>B</b>	<b>GRAND TOTAL – ASSETS</b>	<b>33,819</b>	<b>35,416</b>	<b>41,364</b>



# Consolidated Income Statement



Income Statement	FY12	FY13	FY14	FY15	FY16
<b>Income</b>	<b>71,793</b>	<b>74,558</b>	<b>85,677</b>	<b>88,795</b>	<b>88,816</b>
Other Income	824	34	126	183	149
<b>Total Income</b>	<b>72,617</b>	<b>74,592</b>	<b>85,803</b>	<b>88,978</b>	<b>88,965</b>
Total Expenses	64,666	67,656	78,558	79,570	81,667
<b>EBITDA</b>	<b>7,951</b>	<b>6,936</b>	<b>7,245</b>	<b>9,408</b>	<b>7,298</b>
<b>EBITDA Margin</b>	<b>10.95%</b>	<b>9.30%</b>	<b>8.44%</b>	<b>10.57%</b>	<b>8.20%</b>
Exchange Difference & Derivative Loss	2,939	1,329	1,254	1,209	110
Depreciation	1,525	2,002	2,450	3,068	3,572
Interest	1,462	2,100	3,162	4,237	5,253
Exceptional Item	-	-	367	-	-
<b>PBT</b>	<b>2,025</b>	<b>1,505</b>	<b>12</b>	<b>894</b>	<b>(1,637)</b>
Tax	-205	371	143	583	546
<b>Profit After Tax</b>	<b>2,230</b>	<b>1,134</b>	<b>-131</b>	<b>311</b>	<b>(2,183)</b>
Extraordinary Item	-	-	188	-	-
<b>Profit After Tax and Extraordinary Items</b>	<b>2,230</b>	<b>1,134</b>	<b>57</b>	<b>311</b>	<b>(2,183)</b>
Minority Interest	-	-	-	-	368
<b>Net Profit</b>	<b>2,230</b>	<b>1,134</b>	<b>57</b>	<b>311</b>	<b>(1,815)</b>
<b>PAT Margin</b>	<b>3.10%</b>	<b>1.52%</b>	<b>0.07%</b>	<b>0.35%</b>	<b>NA</b>
<b>Diluted EPS</b>	<b>30.7</b>	<b>15.24</b>	<b>0.35</b>	<b>4.22</b>	<b>(26.52)</b>

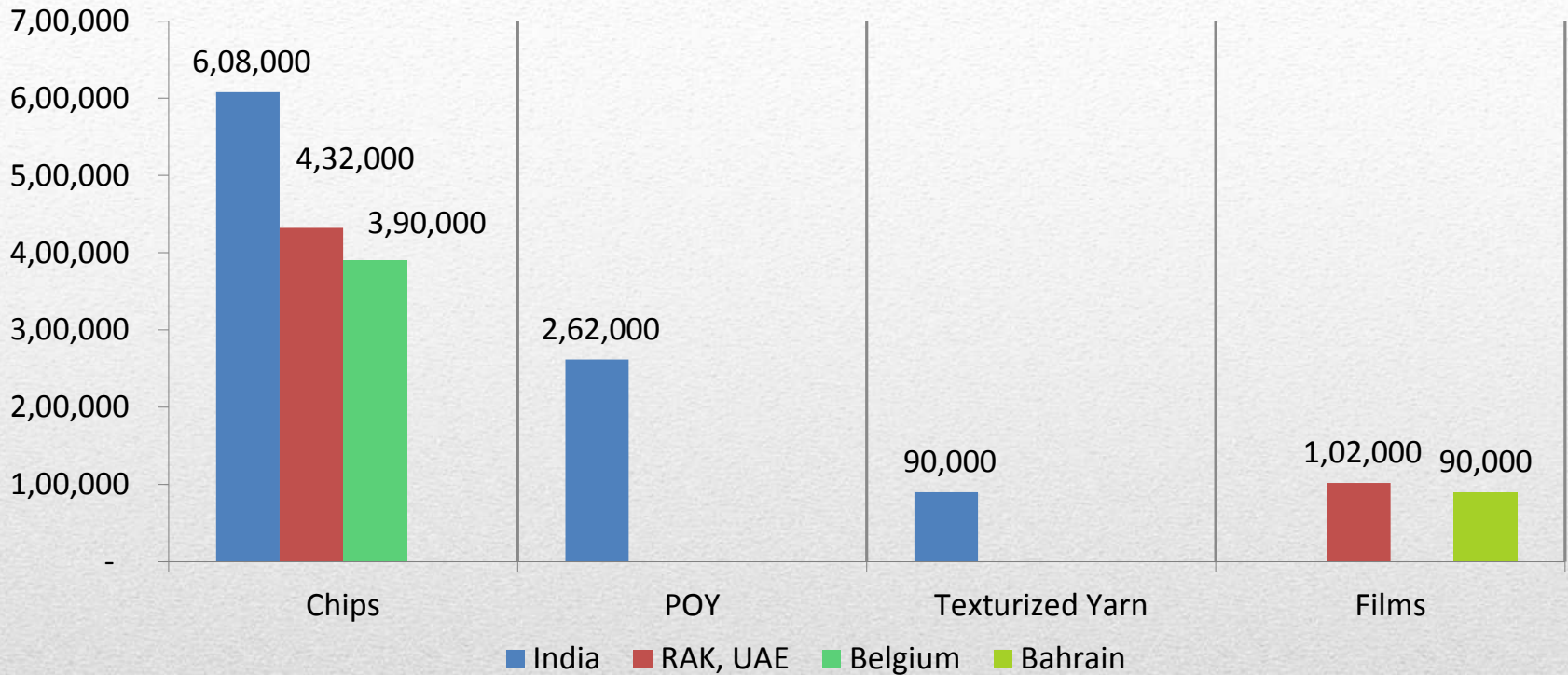
# Consolidated Results – Balance Sheet



	Particulars	FY14	FY 15	FY16
<b>A</b>	<b>EQUITIES &amp; LIABILITIES</b>			
<b>Part -1</b>	<b>Shareholder Funds</b>			
	(A) Share Capital	802	804	968
	(B) Reserves& Surplus	18,045	17,551	23,992
	<b>Total -Shareholder Funds</b>	<b>18,847</b>	<b>18,355</b>	<b>24,960</b>
	<b>Minority Interest</b>	-	-	<b>2,217</b>
<b>Part 2</b>	<b>Non Current Liabilities</b>			
	(A) Long Term Borrowings	45,587	61,672	71,844
	(B) Deferred Tax Liabilities (Net)	1,705	2,242	2,279
	(C) Other Long Term liabilities	352	255	252
	(D) Long Term provisions	403	342	385
	<b>Total - Non – Current Liabilities</b>	<b>48,047</b>	<b>64,511</b>	<b>74,760</b>
<b>Part 3</b>	<b>Current Liabilities</b>			
	(A) Short term Borrowings	13,923	20,645	29,560
	(B) Deferred Tax Liabilities	68	36	28
	(C) Trade Payables	11,841	18,233	17,672
	(D) Other Current Liabilities	8,372	8,643	11,718
	(E) Short-term provisions	727	997	991
	<b>Total – Current Liabilities</b>	<b>34,931</b>	<b>48,554</b>	<b>59,969</b>
<b>A</b>	<b>GRAND TOTAL - EQUITIES &amp; LIABILITIES</b>	<b>1,01,825</b>	<b>1,31,420</b>	<b>1,61,906</b>

	Particulars	FY14	FY15	FY16
<b>B</b>	<b>ASSETS</b>			
<b>Part -1</b>	<b>Non Current Assets</b>			
	(A) Fixed Assets	62,372	84,651	1,02,822
	(B) Goodwill on Consolidation	1,048	1,092	1,180
	(C) Non-Current Investments	26	24	21
	(D) Long Term Loans & Advances	6,624	2,236	1,191
	(E) Other Non-Current Assets	6	6	7
	<b>Total - Non – Current Assets</b>	<b>70,076</b>	<b>88,009</b>	<b>1,05,221</b>
<b>Part 2</b>	<b>Current Assets</b>			
	(A) Current Investments	7	2	2
	(B) Inventories	10,440	10,550	10,894
	(C) Trade Receivables	11,504	14,508	17,908
	(D) Cash and Bank Balances	4,870	4,735	12,212
	(E) Short-term loans and advances	4,768	13,503	15,548
	(F) Other current assets	160	113	119
	(G) Deferred Tax Assets	-	-	2
	<b>Total – Current Assets</b>	<b>31,749</b>	<b>43,411</b>	<b>56,685</b>
<b>B</b>	<b>GRAND TOTAL – ASSETS</b>	<b>1,01,825</b>	<b>1,31,420</b>	<b>1,61,906</b>

# Production Capacities



*Total polymerization capacity stands at 1,430,000 MT while downstream capacity stands at 544,000 MT*

*CHIPS – 1,430,000 MT*

*POY & Texturized yarn – 352,000 MT*

*Films – 192,000 MT*

*Capacity information is as on 31<sup>st</sup> March, 2016*



# Operating Performance



Indian Operation Sales (MT)	Q1-FY17	Q1-FY16	% Increase	FY16	FY15	% Increase
CHIPS (Textile + Bottle grade)	79,750	61,234	30.2%	2,91,059	2,55,631	13.9%
POY & Specialty Yarn	51,858	50,591	2.5%	2,12,487	2,07,835	2.2%
<b>Total</b>	<b>1,31,608</b>	<b>1,11,825</b>	<b>17.7%</b>	<b>5,03,546</b>	<b>4,63,466</b>	<b>8.6%</b>

Overseas Operation Sales (MT)	Q1-FY17	Q1-FY16	% Increase	FY16	FY15	% Increase
CHIPS (Bottle grade)	1,69,354	1,63,942	3.3%	6,62,043	5,24,339	26.3%
Films	37,951	30,300	25.3%	1,08,065	1,04,023	3.9%
<b>Total</b>	<b>2,07,305</b>	<b>1,94,242</b>	<b>6.7%</b>	<b>7,70,108</b>	<b>6,28,362</b>	<b>22.6%</b>

# Pricing Trends & Revenue Mix



Price Trends*						
Category	Q1-FY17	Q1-FY16	% Change	FY16	FY15	% Change
CHIPS – India (INR/Kg)	64	73	(12)%	66	78	(15)%
POY & Specialty Yarn-India (INR/Kg)	82	84	(2)%	79	90	(12)%
CHIPS - International (USD/MT)	963	1,088	(11)%	984	1,179	(17)%
FILMS - International (USD/MT)	1,858	1,981	(6)%	1,909	2,108	(9)%

\*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	Q1-FY17	Q1-FY16	% Change	FY16	FY15	% Change
CHIPS -India	20%	18%	200 bps	20%	22%	(200) Bps
POY & Specialty Yarn - India	17%	19%	(200) bps	19%	22%	(300) Bps
CHIPS – International*	44%	47%	(300) bps	46%	41%	500 bps
FILMS – International*	18%	16%	200 bps	15%	14%	100 bps

\* Calculated based on Average exchange rate USD/INR for the respective period



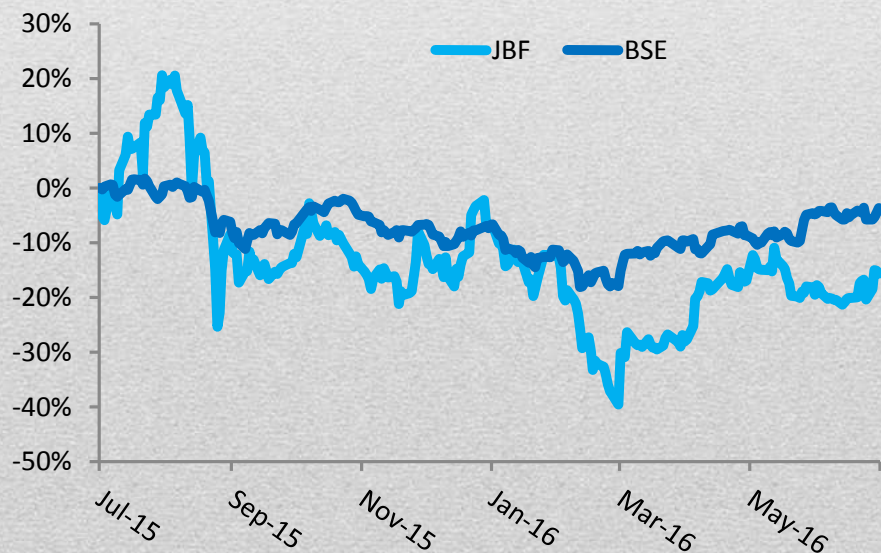
## Price Data (As on June 30<sup>th</sup>, 2016)

Face Value (INR)	10
Market Price (INR)	214.3
52 week H/L (INR)	318.4/150.1
Market Cap (INR Mn)	17,545.1
Equity Shares Outstanding (Mn)	81.8
Free Float (Mn)	9,975
1 Year Avg. Trading Volume ('000)	304.9

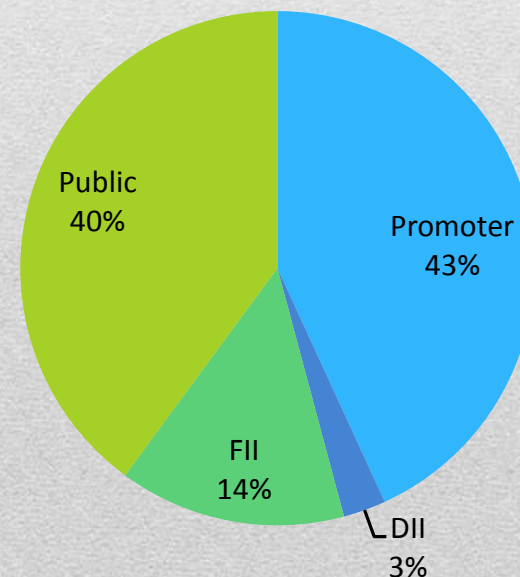
## Marquee Investors

Marquee Investors	% Holding
KKR	20.00%
Copthall Mauritius Investment Ltd	3.94%
Life Insurance Corporation of India	2.59%
Cresta Fund Ltd	2.07%
Eriska Investment Fund	1.55%
<b>TOTAL</b>	<b>30.15%</b>

## Share Price Performance



## Shareholding Pattern (As on June 30<sup>th</sup>, 2016)





***Statements in this Presentation describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes economic developments within India, UAE, Oman and the countries in which the Company conducts business and other incidental factors.***

***This overview has been prepared exclusively for the benefit and internal use of the recipient to evaluate various opportunities which could be of strategic interest to the recipient. This overview does not constitute or form any part of any offer or invitation to acquire, subscribe, underwrite any of the businesses of the company under analysis nor does it imply any current transaction thereof.***

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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.***

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