

August 27, 2010

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF
JBF INDUSTRIES LTD.**

Ratings Assigned

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	373.00	'CARE A' (Single A)	Reaffirmed
Short-term Bank Facilities	550.00	'PR1+' (PR One Plus)	Reaffirmed
Total Facilities	923.00		
Non Convertible Debentures	50.00	'CARE A' (Single A)	Reaffirmed
Commercial Paper*	100.00 (enhanced from Rs.75.00 crore)	'PR1+' (PR One Plus)	Reaffirmed

* carved out of working capital limits

Rating Rationale

The ratings continue to derive strength from JBF's experienced management, well-established position in the polyester chips and partially-oriented yarn industry, locational advantage, healthy credit risk profile indicated by comfortable leverage, healthy profitability margins, liquidity and debt coverage indicators. The ratings further derive strength from JBF's growing focus on value-added yarn segment coupled with growth in operations.

The ratings are however constrained by volatility in raw material prices, forex movements imparting volatility to the profitability of the company, non-provision of mark-to-market losses on derivative contracts, project execution risk and skewed competition in the form of much larger and integrated player, Reliance Industries Ltd.

Ability of JBF to successfully manage foreign exchange risk and maintain healthy profitability margins in an environment characterized by high volatility in raw material prices remain key rating sensitivities.

Company Profile

JBF Industries Limited (JBF) was incorporated in 1982 and is engaged in manufacture of Polyester chips, Partially Oriented Yarn and Polyester Processed Yarn/Speciality Yarn at its plants at Silvasa in the Union Territory of Dadra and Nagar Haveli and at Valsad (Gujarat).

¹ "Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications"

On net sales of Rs.2,691 crore in FY10, the company reported PAT of Rs.129 crore. During Q1FY11, JBF reported PAT of Rs.31.64 crore on net sales of Rs.849.12 crore.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

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