JBF Industries Limited

CORPORATE OFFICE : 8th FLOOR, EXPRESS TOWERS, NARIMAN POINT, MUMBAI - 400 021. (INDIA)
TEL. : (91-22)22885959 **FAX :** (91-22) 22886393 **e-mail:**jbf@vsnl.com **Internet site :** http://www.jbfindia.com

Ref No. : JBF/SECTL/SE/

14th August, 2018

The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra [East]
Mumbai, Maharashtra 400 051

Sir/Madam,

Sub : Financial Results

In Compliance with Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Unaudited Standalone Financial Results for the quarter ended on 30th June, 2018, approved by the Board of Directors of the Company in their meeting held on 14th August, 2018.

The Meeting of Board of Directors of the Company commenced at 14.30 hrs. and concluded at 17.00 hrs.

Kindly acknowledge the receipt of the same.

Thanking you,

Yours Faithfully,
For JBF INDUSTRIES LIMITED

MRS. UJJWALA APTE
COMPANY SECRETARY

REGD. OFFICE : SURVEY NO 273, VILLAGE ATHOLA, SILVASSA-396 230. (INDIA)
TEL. : +91-0260-2642745/46, 2643861/62 • **FAX :** +91-0260-2642297 **E-mail :** admin@jbfmail.com
(ISO 9001, 14001, 18001 CERTIFIED) **CIN** : L99999DN1982PLC000128

Pathak H.D. & Associates
Chartered Accountants

INDEPENDENT AUDITOR'S REVIEW REPORT

To,
The Board of Directors,
JBF Industries Limited

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **JBF Industries Limited ("the Company")** for the quarter ended 30th June 2018 ("the statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016.

2. The preparation of the statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 and SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the statement based on our review.

3. Our review has been restricted to the figures shown in the column headed "Quarter ended 30.06.2018", "Quarter ended 31.03.2018" and "Year ended 31.03.2018 (Audited)". We have traced the figures shown in the column headed "Quarter ended 30.06.2017" from the published review results of the Company.

4. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

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5. Basis for qualified conclusion

(i) *As mentioned in Note 3 to the statement, Trade Receivables as at 30th June, 2018 includes Rs. 22932 lacs (as at 31st March 2018 Rs.22683 lacs) due from certain parties, which are outstanding for the extended period of time and/or in respect of which the parties did not honour the bills, have been considered good for recovery by the management for the reasons stated therein. In view of the age of these balances, the absence of subsequent settlements, dishonor of bills and non-receipt of balance confirmations, we are unable to comment on the recoverability of these trade receivables and possible impacts on the financial results of the Company.*

(ii) *As mentioned in Note 4 to the statement, Inter-Corporate Deposits and interest accrued and due thereon aggregating to Rs.8975 lacs (as at 31st March 2018 Rs.8975 lacs) overdue for substantial period of time, in respect of which Company has initiated legal proceedings (including winding up petitions against few of them), have been considered good for recovery and no provisions for doubtful debts have been considered necessary, by the management, for the reasons stated therein. The matter described in above has uncertainties related to the outcome of the legal proceedings and therefore we are unable to comment on the ability of the Company to recover the outstanding amount and possible impacts on the financial results of the Company.*

(iii) *As mentioned in the Note 5 to the statement, Current financial asset –others as at 30th June 2018 includes an amount of Rs. 17875 lacs (as at 31st March 2018 Rs.17875 lacs) towards claims & discounts receivable from suppliers, which are outstanding for the extended period of time. Management has accounted for these claims & discounts receivable from suppliers based on management's best estimate and considered good for recovery. We are unable to ascertain the recoverability of these claims & discounts. Consequently, we are unable to determine whether any adjustments to these amounts are necessary and consequential impacts on the financial results of the Company.*

(iv) *As mentioned in the Note 7 to the statement, Company has exposure in subsidiaries by way of investments, loans and other receivables aggregating to Rs.1,46,132 lacs (as at 31st March, 2018 Rs. 1,43,054 lacs), in respect of which the Company could not carry out impairment assessments due to the reasons mentioned therein. In the absence of impairment assessments by the Company, we are unable to determine whether any adjustments to these amounts are necessary and consequential impacts on the financial results of the Company.*



Continuation sheet...

6. **Emphasis of Matters**

We draw your attention to the:-

(i) Note 6 to the statement, regarding invocation of corporate guarantee given by the Company to the lenders of JBF Petrochemical Limited ("JPL"). The Company carried out the fair valuation of the above guarantee through an independent Chartered Accountant firm and as per their report the value of securities in favor of lenders of JPL is higher than the total liabilities to them. Accordingly, no provision against the claims under the invoked corporate guarantee is considered necessary.

(ii) Note 8 to the statement regarding preparation of financial results on going concern basis, notwithstanding the fact that the Company has incurred the losses, defaulted in repayment of principle and interest to its lenders, lenders have classified the Company' s borrowings as NPA and some of the lenders have even called back the loans. These conditions, along with other matters as set forth in above note indicate the existence of material uncertainty that may cast significant doubt about Company's ability to continue as a going concern. The appropriateness of assumption of going concern is critically dependent upon the Company's ability to raise finance and generate cash flows in future to meet it's obligations.

Our conclusion is not modified in respect of these matters.

7. Based on our review conducted as above, *except for the possible effects of the matter described in the paragraph 5 above " Basis for qualified conclusion"* and read with our comments in paragraph 6 above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the applicable Indian Accounting Standards ("Ind-AS") specified under section 133 of the Companies Act, 2013, read with relevant rules issued there under and other recognized accounting practices and principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **Pathak H.D. & Associates**
Chartered Accountants
Firm Reg. No. 107783 W

Gopal Chaturvedi
Partner
Membership No. 090903

Place: Mumbai
Date: 14th August, 2018

Continuation sheet...

JBF INDUSTRIES LIMITED
Survey No. 273, Village: Athola, Silvassa, (D & NH)
CIN : L99999DN1982PLC000128
STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2018

(Rs. In Lacs except per share data)

		Quarter ended			Year Ended (Audited)
	Particulars	**30.06.18**	**31.03.18**	**30.6.2017**	**31.03.18**
1	**Income**				
	a) Revenue From Operations	87,694	93,149	106,054	357,386
	b) Other Income	4,030	2,988	3,145	12,580
	Total Income	**91,724**	**96,137**	**109,199**	**369,966**
2	**Expenses**				
	a) Cost of materials consumed	69,410	76,312	76,831	270,582
	b) Purchases of Stock- in- trade	33	3	476	590
	c) Changes in Inventories of Finished goods and work-in-progress	(27)	(575)	117	8,538
	d) Excies Duty Expenses	-	-	9,253	7,239
	e) Employee benefits expense	1,429	2,610	2,213	9,677
	f) Finance Costs	9,588	9,206	5,908	30,620
	g) Depreciation and amortisation expense	2,352	2,365	2,384	9,485
	h) Other Expenses	16,593	17,480	12,304	49,446
	Total Expenses	**99,378**	**107,401**	**109,486**	**386,177**
3	**Loss before Exceptional Items and tax (1- 2)**	**(7,654)**	**(11,264)**	**(287)**	**(16,211)**
4	**Exceptional Items**	-	-	-	-
5	**Loss before Tax (3-4)**	**(7,654)**	**(11,264)**	**(287)**	**(16,211)**
6	**Tax Expenses**				
	a) Current Tax	-	-	12	-
	b) Mat Credit Entitlement	-	-	(12)	-
	c) Deferred Tax	(2,697)	(3,361)	979	(3,933)
	Total Tax Expense	**(2,697)**	**(3,361)**	**979**	**(3,933)**
7	**Loss for the Period/Year (5 - 6)**	**(4,957)**	**(7,903)**	**(1,266)**	**(12,278)**
8	**Other Comprehensive Income (OCI)**				
	i) Items that will not be reclassified to profit or loss:				
	a) Re-measurement gains / (losses) on defined benefit plans	(19)	23	(34)	(78)
	b) Income tax effect on above	7	(8)	12	27
	ii) Items that will be reclassified to profit or loss	-	-	-	-
	Total Other Comprehensive Income	**(12)**	**15**	**(22)**	**(51)**
9	**Total Comprehensive Income for the Period / Year (7+8)**	**(4,969)**	**(7,888)**	**(1,288)**	**(12,329)**
10	Paid Up Equity Share Capital (Face Value of Rs.10/- each fully paid up)	**8,187**	**8,187**	**8,187**	**8,187**
11	Other Equity excluding Revaluation Reserve	-	-	-	138,465
12	Earning per equity share: Basic & Diluted (Not Annualised)*	*(6.05)	*(9.65)	*(1.55)	(15.00)

PATHAK H.D. & ASSOCIATES CHARTERED ACCOUNTANTS MUMBAI

JBF INDUSTRIES LIMITED

Notes :

1 The above result have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 14th August,2018.The Statutory auditors of the Company have carried out a limited review of the above results.The figures for the quarter ended 31st March,2018 are the balancing figures between the audited figures in respect of the full financial year and the year to date figures up to the third quarter of that financial year.

2 Effective 1st April,2018, the Company has adopted Ind AS 115- "Revenue from Contracts with customers" under the modified retrospective approach without adjustment of comparatives. The Standared is applied to contracts that remain in force as at 1st April,2018. The application of the standard did not have any significant impact on the retained earnings as at 1st April ,2018 and financial results for the current quarter.

3 Trade receivables as at 30th June, 2018 include Rs. 22,932 lacs due from certain parties, which are outstanding for the extended period of time and/or in respect of which the parties did not honour the bills. Efforts are being made to recover the above receivables, and management believes that these are good for recovery and no provision is required. The same has been qualified by the auditors in their review report. The auditors have also qualified their audit report on the same matter for the year ended 31st March 2018.

4 Current financial assets –loans & others include Inter corporate deposit (ICD) of Rs. 5,500 lacs and interest accrued and due thereon of Rs. 3,475 lacs aggregating to Rs. 8975 lacs, given to various parties in earlier years which are overdue for substantial period of time and in respect of which the Company has initiated legal proceedings (including winding up petitions against a few of them). Management of the Company is of the view that the above receivables are good for recovery in view of available securities, personal guarantee of promoters of borrower companies etc and hence no provision for doubtful is required against the above receivables . The Company continues its efforts to recover theses receivables. The same has been qualified by the auditors in their review report. The auditors have also qualified their audit report on the same matter for the year ended 31st March 2018.

5 Current financial assets -Others includes claims & discounts receivables of Rs. 17,875 lacs from suppliers, overdue for the extended period of time. Efforts are being made to recover the above receivables. Management is of the view that the same have been accounted based on the management's best estimate and are good for recovery.The same has been qualified by the auditors in their review report. The auditors have also qualified their audit report on the same matter for the year ended 31st March 2018.

6 The Company had issued a corporate guarantee of USD 463.96 Million (equivalent of Rs. 3,17,696 lacs) to the lenders of JBF Petrochemicals limited ("JPL"), a step down subsidiary . One of the lenders of JPL vide it's letter dated 24th April, 2018 invoked corporate guarantee to the extant of USD 252.00 Million (equivalent of Rs. 1,72,557 lacs) as JPL has defaulted in servicing its borrowings towards principal and interest thereon. The Company carried out fair valuation of this corporate guarantee through an independent Chartered Accountant firm and as per their report the value of securities created in favor of lenders is higher than the total liability towards them. Accordingly, no provision is required towards the guarantee so invoked.This matter has been continued to be referred by the auditors in their review report as "Emphasis of Matter".

7 The Company as on 30th June, 2018 has an aggregate exposure of Rs. 1,46,132 lacs (excluding corporate guarantee as mentioned in note no. 6 above) in it's subsidiaries namely JBF Global Pte ltd ("JGPL") and JBF Petrochemicals limited ("JPL") by way of investment in equity of Rs. 39,617 lacs, loans including interest of Rs. 92,281 lacs and other receivables of Rs. 14,234 lacs.

The operations of JBF RAK LLC's plant located at Ras al-Khaimah in U.A.E, a subsidiary of JGPL remained suspended since long due to it's financial issues with it's lenders etc. Uncertainty is also faced in respect of PTA project at Mangalore, being executed by JPL, due to non-commencement of operation as planned and default in servicing of its borrowings towards principle and interest. The lenders of JPL have also invoked the pledged equity shares of JPL held by JGPL and corporate guarantee of the Company as mentioned in note no.6 above. One of the lenders has made an application with National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code, 2016. Latest audited consolidated financial statements of subsidiary are also not available. Negotiation with the lenders of above subsidiaries to find an amicable solution is in process and,JBF group has entered into a binding term sheet with KKR, an existing financial investors to the Company and JGPL for infusion of funds and change in management control of JGPL.

In view of the above, the impairment testing in respect of the Company's exposures to its subsidiaries could not be carried out and hence no provision for impairment, if any, has been provided for. The same has been qualified by the auditors in their review report. The auditors have also qualified their audit report on the same matter for the year ended 31st March 2018.

8 The Company underwent significant financial stress due to suspension of manufacturing operations at its subsidiaries, delay in completion of PTA project at Mangalore and adverse market conditions. All these have resulted in financial constraint to the Company, losses in the operations, default in repayment of principle and interest to lenders, classification of Company's borrowings as Non- performing assets by its lenders and calling back of loans by some of the lenders. One of the operating creditors has also made an application to NCLT under Insolvency and Bankruptcy Code, 2016 in respect of which the Company is in the process to settle the claim of that creditor.

The Company has submitted a resolution plan to its lenders and has also entered into a binding term sheet with KKR an existing investor for infusion of funds in it's subsidiary and change in equity holding and management of JBF Global Pte Ltd. All the plants of the Company are operational and the management is of the view that above circumstances will not affect the operations of the Company and hence continue to prepare its financial statement on going concern basis. This matter has been continued to be referred by the auditors in their review report as "Emphasis of Matter".

9 In the opinion of the management, the company is engaged only in the business of producing polyester based products. As such, there are no separate reportable segments.

10 The figures for the corresponding previous period/year have been regrouped wherever necessary, to make them comparable.

For & on Behalf of the Board of Directors

RAKESH GOTHI
MANAGING DIRECTOR

Place : Mumbai
Date : 14th August, 2018

MUMBAI