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/ 31st July, 2019

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 the Unaudited Financial Results for the quarter ended on 30th June, 2019, approved by the Board of Directors of the Company in their meeting held on 31st July, 2019.

Mr. Sharadchandra Thakar, has resigned from the post of Independent Director of the Company and Mr. Suresh Choudhary, appointed as Additional Independent Director in his place to hold office till the forth coming Annual General Meeting.

The Meeting of Board of Directors of the Company commenced at 14.30 hrs. and concluded at 17.20 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 on Unaudited Financial Results of the Company Pursuant to the Regulations 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Board of Directors,
JBF Industries Limited

1. We have reviewed the accompanying statement of Unaudited Standalone Financial Results of **JBF Industries Limited** ("the Company") for the quarter ended 30th June, 2019, ("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 ("the Regulation"), as amended.

2. This statement is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) as prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the statement based on our review.

3. We conducted our review of the statement 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 financial statements are free of material misstatement. 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.

4. ***Basis for qualified conclusion***

(i) As mentioned in the Note 4 to the statement, Company has provided interest @ 9% p.a. on its borrowings as against the documented rate since 1st April, 2018, which has resulted short provision of interest of Rs. 12,968 lacs as on 30th June, 2019, which is not in compliance with IND AS -23 "Borrowings Costs" read with IND AS-109 on "Financial Instruments". Consequently, the interest for the period from 1st April, 2019 to 30th June, 2019 on its borrowings aggregating to Rs. 2,69, 679 lacs as on 30th June, 2019 is lower by Rs. 2,652 lacs. Had the interest been recognized @ its documented rate, finance cost, net loss after tax for the period, total comprehensive income and EPS for the quarter ended 30th June, 2019 would have been Rs. 8,109 lacs, Rs. (8,671) lacs, Rs. (8,675) lacs & Rs. (10.59) respectively as against the reported figure of Rs. 5,457 lacs, Rs. (6,019) lacs, Rs. (6,023) lacs & Rs. (7.35) respectively in the above results.



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(ii) *As mentioned in the Note 6 to the statement, Company has exposure in subsidiaries by way of investments, loans and other receivables aggregating to Rs. 1,50,841 lacs (as at 31st March, 2019 Rs. 1,50,824 lacs), in respect of which the Company could not carry out impairment assessments. We are unable to obtain sufficient appropriate audit evidence about the recoverable amount of the Company's exposure. Consequently we are unable to determine whether any adjustments to these amounts are necessary and consequential impacts on the financial results of the Company.*

5. **Emphasis of Matters**

We draw your attention to the:-

(i) Note 5 to the statement, regarding invocation of corporate guarantee given by the Company to the lenders of JBF Petrochemical Limited ("JPL"). The Company has denied above invocation and is of the view that above invocation is not legally tenable for the reasons explained therein and hence no provision against the claims under the invoked corporate guarantee is considered necessary.

(ii) Note 8 to the statement, regarding non- preparation of consolidated financial results due to the reasons mentioned therein.

(iii) Managerial remuneration of Rs. 39 lacs paid to whole time directors is subject to approvals of shareholders.

Our opinion is not modified in respect of these matters.

6. **Material Uncertainty Related to Going Concern**

Note 7 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, some of the lenders have even called back the loans, one of the secured lenders has applied before NCLT under Insolvency and Bankruptcy Code, 2016. 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 its obligations. Our opinion is not modified in respect of this matter.

PATHAK H.D. & ASSOCIATES * MUMBAI * CHARTERED ACCOUNTANTS

Continuation sheet...

7. Based on our review conducted as above, *except for the possible effects of the matter described in the paragraph 4 above " Basis for qualified conclusion"* and read with our comments in paragraph 5 & 6 above, nothing has come to our attention that causes us to believe that the statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting practices and policies 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, as amended, 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
UDIN No.-19090903AAAABU2892

Place: Mumbai
Date: 31.07.2019

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, 2019

(Rs. In Lacs except per share data)

		Quarter ended			Year Ended (Audited)
	Particulars	**30.06.19**	**31.03.19**	**30.6.2018**	**31.03.19**
1	**Income**				
	a) Revenue From Operations	71,751	64,252	87,694	295,827
	b) Other Income	440	(242)	4,030	1,913
	Total Income	**72,191**	**64,010**	**91,724**	**297,740**
2	**Expenses**				
	a) Cost of materials consumed	54,483	60,367	69,410	243,705
	b) Purchases of Stock- in- trade	-	-	33	42
	c) Changes in Inventories of Finished goods and work-in-progress	3,992	(5,167)	(27)	(1,960)
	d) Employee benefits expense	2,319	2,137	1,429	7,938
	e) Finance Costs	5,457	5,848	9,588	25,161
	f) Depreciation and amortisation expense	2,400	2,396	2,352	9,946
	g) Other Expenses	9,557	9,532	16,593	38,111
	Total Expenses	**78,208**	**75,113**	**99,378**	**322,943**
3	**Loss before Exceptional Items and tax (1- 2)**	**(6,017)**	**(11,103)**	**(7,654)**	**(25,203)**
4	**Exceptional Items**	**-**	**5,602**	**-**	**69,792**
5	**Loss before Tax (3-4)**	**(6,017)**	**(16,705)**	**(7,654)**	**(94,995)**
6	**Tax Expenses**				
	a) Current Tax	-	-	-	-
	b) Deferred Tax	2	(33)	(2,697)	(19,186)
	Total Tax Expense	**2**	**(33)**	**(2,697)**	**(19,186)**
7	**Loss for the Period/Year (5 - 6)**	**(6,019)**	**(16,672)**	**(4,957)**	**(75,809)**
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	(6)	36	(19)	(23)
	b) Income tax effect on above	2	(13)	7	8
	ii) Items that will be reclassified to profit or loss	**-**	**-**	**-**	**-**
	Total Other Comprehensive Income	**(4)**	**23**	**(12)**	**(15)**
9	**Total Comprehensive Income for the Period / Year (7+8)**	**(6,023)**	**(16,649)**	**(4,969)**	**(75,824)**
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	-	-	-	62,182
12	Earning per equity share: Basic & Diluted (Not Annualised)*	*(7.35)	*(20.36)	*(6.05)	(92.59)

PATHAK H.D. & ASSOCIATES * CHARTERED ACCOUNTANTS * MUMBAI

JBF INDUSTRIES LIMITED

Notes :

1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 31st July, 2019. The Statutory Auditors of the Company have carried out a Limited Review of the above results.

2 Effective 1st April, 2019, the Company has adopted Ind AS 116- "Leases" under the modified retrospective approach without adjustment of comparatives. This has resulted in recognizing a right to use asset and a corresponding lease liability of Rs. 1,176 lacs as at 1st April, 2019. Due to transition, the nature of expenses in respect of non- cancellable operating lease has changed from lease rent to depreciation and finance cost for the right to use assets and lease liability respectively. The application of the above standard did not have any material impact on financial results of the Company.

3 Exceptional items for the quarter and year ended 31st March, 2019 represents provision for doubtful debts in respect of trade receivables, inter-corporate deposits and other receivables.

4 The Company has provided interest @ 9% p.a. on borrowings aggregating to Rs.2,69,679 lacs as against the documented rate since Company expects that ultimate interest liability will not be more than 9% p.a. Accordingly, finance costs on borrowings for the quarter ended 30th June, 2019, for the quarter ended 31st March, 2019 and for the year ended 31st March, 2019 is lower by Rs. 2,652 lacs, Rs. 2,411 lacs & Rs. 10,316 lacs respectively, which is not in compliance with IND AS -23 "Borrowing Costs" read with IND AS-109 on "Financial Instruments". Aggregate amount of interest not provided for as at 30th June, 2019 is Rs.12,968 lacs. The same has been qualified by the auditors in their report on the results and was also qualified by the auditors in their reports on the financial statements & results for the earlier year/ quarters.

5 The Company had issued a corporate guarantee of USD 463.96 Million (equivalent of Rs. 3,19,898 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 extent of USD 252.00 Million (equivalent of Rs. 1,73,753 lacs) as JPL has defaulted in servicing its borrowings towards principal and interest thereon. Company has denied above invocation and is of the view that above corporate guarantee was valid only up to one year from the Commercial operation date i.e. 31st March, 2017 and all obligation of the Company towards above lenders stand rescinded, have fallen away and ceased to exist as on 1st April, 2018. In view of the above, invocation of corporate guarantee on 24th April, 2018 is not legally tenable and hence no provision is required towards the guarantee so invoked. Company has discontinued recognition of guarantee commission w.e.f. 1st April, 2018. The same has been referred by the auditors in their report on the results and was also referred by the auditors in their reports on the financial statements & results for the earlier years/ quarters.

6 The Company as on 30th June, 2019 has an aggregate exposure of Rs. 1,50,841 lacs (excluding corporate guarantee as mentioned in note no. 5 above) in its 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. 94,709 lacs and other receivables of Rs. 16,515 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 its financial issues with its 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. 5 above. One of the lenders of JPL has made an application with National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code, 2016. No audited consolidated financial statements of JGPL are available after March 2017.

Company has not carried out impairment testing in respect of the Company's exposures to its subsidiaries and hence no provision for impairment, if any, has been provided for. The same has been qualified by the auditors in their report on results and was also qualified by the auditors in their reports on the financial statements & results for the earlier years/ quarters.

Further, the Company has discontinued recognition of interest income on Inter- corporate deposits amounting to Rs. 77,230 lacs given by it to JPL w.e.f.1st April 2018 and accordingly interest income for the quarter ended 30th June, 2019, for the quarter ended 31st March, 2019 and for the year ended 31st March, 2019 is lower by Rs. 2,407 lacs, Rs. 2,380 lacs & Rs. 9,421 lacs respectively.

7 The Company underwent significant financial stress due to suspension of manufacturing operations at its subsidiary, 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. Further one of the operating creditors and one of the secured lenders of the Company have applied before NCLT under Insolvency and Bankruptcy Code, 2016, none of which has been admitted so far.

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. The same has been referred by the auditors in their report on results and was also referred by the auditors in their reports on the financial statements & results for the earlier years/ quarters.

8 Due to financial restructuring / negotiation with lenders and/or investors, Company did not receive the audited financial statements of its subsidiaries, hence the Company could not prepare the consolidated financial statements of the Company and accordingly no consolidated financial results have been published. The same has been referred by the auditors in their report on results and was also referred by the auditors in their report on financial statements for the financial year ended 31st March, 2019.

9 As approved by the shareholders at its meeting held on 4th October, 2018, the Company has reserved issuance of 40,00,000 equity shares of face value of Rs. 10 each and 24,00,000 equity shares of face value of Rs. 10 each under the Employees Stock Option Plan 2018 (ESOP) & Employees Stock Purchase Scheme 2018 (ESPS) respectively.

10 As approved by the Board of Directors at its meeting held on 14th August, 2018 and 4th September, 2018, Company has filed Scheme of Compromise and Arrangement amongst Company and its respective shareholder and creditors in respect of waiver of penal interest, restructuring with financial creditors, conversion of ICD creditors and specified creditors into equity and finalization of terms and schedule repayment of all operational creditors. The scheme and transactions contained herein are subject to regulatory approvals.

11 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.

12 The figures for the corresponding previous period/year have been regrouped/re-arranged wherever necessary, to make them comparable. The figures shown in the column headed quarter ended "31.03.2019" are the balancing figures between the figures shown in the column headed "Year ended 31.03.2019" and published figures for the nine months ended "31.12.2018"

For & on Behalf of the Board of Directors

UJJWALA APTE
DIRECTOR
DIN-00403378

PATHAK H.D. & ASSOCIATES ★ MUMBAI ★ CHARTERED ACCOUNTANTS

JBF INDUSTRIES LIMITED

Place : Mumbai
Date : 31st July, 2019