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 November, 2018

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

Sir/Madam,

Sub : Outcome of Board Meeting

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 September, 2018, approved by the Board of Directors of the Company in their meeting held on 14th November, 2018.

On the recommendation of of Nomination & Remuneration Committee the Board of Directors has given approval for the re-organisation of senior level managing as follows.

1. Mr. N K Shah, Director-Commercial will be promoted to hold the position of Vice-Chairman and Managing Director of the Company.
2. Mr. S N Shetty, will be appointed as Additional Executive Director- Legal & Admn.
3. Mr. Sanjay Thapliyal will be appointed as Additional Executive Director-Operations and as an Occupier.
4. On retirement of Mr. Rakesh Gothi, as CEO & Managing Director, Mr. Arun Shah, CFO, will take up the responsibility of CEO of the Company.
   However, Mr, Gothi will continue as advisor to the Board.

The Meeting of Board of Directors of the Company commenced at 14.30 hrs. and concluded at 18.30 hrs.

Kindly acknowledge the receipt of the same.

Thanking you,

Yours Faithfully,
For JBF INDUSTRIES LIMITED

MRS. UJJWALA APTE
COMPANY SECRETARY

Encls : As above

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 and half year ended 30th September, 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. 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.

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

(i) *As mentioned in the Note 5 to the statement, Company has provided interest @ 9% p.a. on borrowings aggregating to Rs. 2,33,684 lacs for the period from 1st April 2018 to 30th September, 2018 as against the documented rate resulting into lower provision of finance cost by Rs. 5,310 lacs, which is not in compliance of IND AS - 23 " Borrowings Costs" read with IND AS-109 on " Financial Instruments". Had the interest been provided at the documented rate, finance cost, net loss after tax, total comprehensive income and EPS for the quarter and half year ended 30th September, 2018 would have been Rs. 8,310 lacs & 17,898 lacs, Rs. (48,545) lacs & Rs. (53,502) lacs, Rs. (48,558) lacs & Rs. (53,527) lacs and Rs. (59.30) & Rs. (65.35) respectively as against the reported figure of Rs. 3,000 lacs & Rs. 12,588 lacs, Rs. (43,235) lacs & Rs, (48,192) lacs, Rs. (43,248) lacs & Rs. (48,217) lacs and Rs. (52.81) & Rs. (58.86) respectively in the above results. Further current*

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

financial liabilities-others and other equity as at 30th September, 2018 would have been Rs. 93,129 lacs and Rs. 83,179 lacs respectively as against reported figure of Rs 87,819 lacs and Rs. 88,489 lacs respectively.

(ii) *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. 1,48,275 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.*

5. 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 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 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 and one of the secured lenders have 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 it's obligations.

(iii) Note 9 to the statement, regarding managerial remuneration paid to its executive chairman in excess of the limits prescribed in the Act and non- approval of waiver of recovery of excess remuneration by the shareholder. Rs. 975 lacs is receivable from the chairman as at 30th September, 2018 on account of it.

Our conclusion is not modified in respect of these matters.

6. 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 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")

Continuation sheet...

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 November, 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 AND HALF YEAR ENDED 30TH SEPTEMBER, 2018

(Rs. In Lacs except per share data)

		Quarter ended (Unaudited)			Half year Ended (Unaudited)		Year Ended (Audited)
	Particulars	**30.09.18**	**30.06.18**	**30.9.17**	**30.09.18**	**30.9.2017**	**31.03.18**
1	**Income**						
	a) Revenue From Operations (Refer note no-2)	86,778	87,432	76,436	1,74,210	1,82,490	3,57,386
	b) Other Income (Refer note no-7)	(1,494)	4,292	3,218	2,798	6,363	12,580
	Total Income	**85,284**	**91,724**	**79,654**	**1,77,008**	**1,88,853**	**3,69,966**
2	**Expenses**						
	a) Cost of materials consumed	69,843	69,410	51,124	1,39,253	1,27,955	2,70,582
	b) Purchases of Stock- in- trade	-	33	31	33	507	590
	c) Changes in Inventories of Finished goods and work-in-progress	(1,095)	(27)	11,263	(1,122)	11,380	8,538
	d) Excies Duty Expenses	-	-	(2,014)	-	7,239	7,239
	e) Employee benefits expense	2,260	1,429	2,455	3,689	4,668	9,677
	f) Finance Costs (Refer note no-5)	3,000	9,588	7,280	12,588	13,188	30,620
	g) Depreciation and amortisation expense	2,850	2,352	2,370	5,202	4,754	9,485
	h) Other Expenses	10,115	10,392	9,263	20,507	21,567	49,446
	Total Expenses	**86,973**	**93,177**	**81,772**	**1,80,150**	**1,91,258**	**3,86,177**
3	**Loss before Exceptional Items and tax (1- 2)**	**(1,689)**	**(1,453)**	**(2,118)**	**(3,142)**	**(2,405)**	**(16,211)**
4	**Exceptional Items (Refer note no-3)**	**57,989**	**6,201**	**-**	**64,190**	**-**	**-**
5	**Loss before Tax (3-4)**	**(59,678)**	**(7,654)**	**(2,118)**	**(67,332)**	**(2,405)**	**(16,211)**
6	**Tax Expenses**						
	a) Current Tax	-	-	(12)	-	-	-
	b) Mat Credit Entitlement	-	-	12	-	-	-
	c) Deferred Tax	(16,443)	(2,697)	(642)	(19,140)	337	(3,933)
	Total Tax Expense	**(16,443)**	**(2,697)**	**(642)**	**(19,140)**	**337**	**(3,933)**
7	**Net Loss for the Period/Year (5 - 6)**	**(43,235)**	**(4,957)**	**(1,476)**	**(48,192)**	**(2,742)**	**(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	(20)	(19)	(34)	(39)	(68)	(78)
	b) Income tax effect on above	7	7	11	14	23	27
	ii) Items that will be reclassified to profit or loss	**-**	**-**	**-**	**-**	**-**	**-**
	Total Other Comprehensive Income	**(13)**	**(12)**	**(23)**	**(25)**	**(45)**	**(51)**
9	**Total Comprehensive Income for the Period / Year (7+8)**	**(43,248)**	**(4,969)**	**(1,499)**	**(48,217)**	**(2,787)**	**(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**	**8,187**	**8,187**
11	Other Equity excluding Revaluation Reserve	-	-	-	-	-	1,38,465
12	Earning per equity share: Basic & Diluted (Not Annualised)*	*(52.81)	*(6.05)	*(1.80)	*(58.86)	*(3.35)	(15.00)





Statement of Assets & Liabilities as at 30th September 2018 is as under :

(Rs in Lacs)

	Particulars	As at 30th September, 2018 (Unudited)	As at 31st March, 2018 (audited)
I.	**ASSETS**		
1	**Non-current assets:**		
	(a) Property, plant and equipment	1,38,631	1,43,074
	(b) Capital work-in-progress	3,065	3,644
	(c) Investment property	23	23
	(d) Other Intangible assets	75	100
	(e) Financial assets		
	(i) Investments	42,377	42,431
	(ii) Others	13,443	13,418
	(f) Other non-current assets	6,505	6,555
	Total Non-Current Assets	**2,04,119**	**2,09,245**
2	**Current assets**		
	(a) Inventories	35,663	32,648
	(b) Financial assets		
	(i) Trade receivables	44,480	85,246
	(ii) Cash and cash equivalents	881	1,851
	(iii) Bank balances other than (ii) above	115	469
	(iv) Loans	83,595	83,979
	(v) Others	12,544	32,785
	(c) Current Tax Assets (Net)	4,063	4,047
	(d) Other current assets	9,216	8,791
	Total Current Assets	**1,90,557**	**2,49,816**
	Total Assets	**3,94,676**	**4,59,061**
II.	**EQUITY AND LIABILITIES**		
	Equity		
	(a) Equity share capital	8,187	8,187
	(b) Other equity	88,489	1,38,465
	Total Equity	**96,676**	**1,46,652**
	Liabilities		
1	**Non-current liabilities**		
	(a) Financial liabilities		
	(i) Borrowings	-	40,620
	(ii) Other Financial Liabilities	8,464	7,798
	(b) Provisions	1,041	945
	(c) Deferred tax liabilities (net)	-	19,207
	Total Non-Current Liabilities	**9,505**	**68,570**
2	**Current liabilities**		
	(a) Financial liabilities		
	(i) Borrowings	1,68,724	1,58,611
	(ii) Trade Payables		
	Total outstanding dues of Micro & Small Enterprises	384	711
	Total outstanding dues of Creditors other than Micro & Small Enterprises	30,395	36,844
		30,779	37,555
	(iii) Other Financial Liabilities	87,819	45,973
	(b) Other Current liabilities	359	923
	(c) Provisions	814	777
	Total Current Liabilities	**2,88,495**	**2,43,839**
	Total Equity and Liabilities	**3,94,676**	**4,59,061**

Notes :

1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 14th November, 2018. The Statutory auditors of the Company have carried out a limited review of the above results.

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 Standard 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 statements of the Company.

3 Exceptional items amounting to Rs. 57,989 lacs for the quarter ended 30th September, 2018, Rs. 6,201 lacs for the quarter ended 30th June, 2018 and Rs. 64,190 lacs for the half year ended 30th September, 2018 represents provision for doubtful debts in respect of trade receivables, inter-corporate deposits and other receivables. The details of which are as under:

(I) An amount of Rs. 29,880 lacs for the quarter ended 30th September, 2018, Rs. 6,201 lacs for the quarter ended 30th June, 2018 and Rs. 36,081 lacs for the half year ended 30th September, 2018, 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.

(ii) Inter corporate deposit (ICD) of Rs. 5,500 lacs and interest accrued and due thereon of Rs. 3,475 lacs aggregating to Rs. 8,975 lacs for the quarter ended 30th September, 2018, Rs. nil for the quarter ended 30th June, 2018 and Rs. 8,975 lacs for the half year ended 30th September, 2018, 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).

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JBF INDUSTRIES LIMITED

(III) An amount of Rs.19,134 lacs for the quarter ended 30th September, 2018, Rs. nil for the quarter ended 30th June, 2018 and Rs. 19,134 lacs for the half year ended 30th September, 2018, due from suppliers in respect of claims & discounts receivables, which are overdue for the extended period of time. Efforts are being made to recover the above receivables.

Company has provided above amounts as a matter of prudence and to resolve the audit qualifications on the financial statements and results of earlier years/periods.

4 Current financial liabilities –others includes Rs. 35,779 lacs in respect of long term borrowings from banks and financial institutions. Agreements in respect of these long term borrowings contain certain restrictive covenants, including non-adherence of initial term loan repayment schedule and non-payment of interest thereon as stipulated. The Company has not complied with the terms of these covenants in the previous year and continued to classify the above borrowings as non-current as against current, which was qualified by the auditors in their previous year audit report. To resolve above audit qualifications and to comply, the requirements of IND AS -1"Presentation of Financial Statements", Company has now classified these borrowings as current financial liabilities in the statement of assets and liabilities as at 30th September,2018.

5 During the quarter, the Company has provided interest @ 9% p.a. on borrowings aggregating to Rs. 2,33,684 lacs for the period from 1st April 2018 to 30th September, 2018 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 and half year ended 30th September, 2018 is lower by Rs. 5,310 lacs and current financial liabilities as at 30th September, 2018 is lower by Rs. 5,310 lacs, which is not in compliance of IND AS -23 "Borrowing Costs" read with IND AS-109 on "Financial Instruments". The same has been qualified by the auditors in their review report.

6 The Company had issued a corporate guarantee of USD 463.96 Million (equivalent of Rs. 3,36,541 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. 1,82,792 lacs) as JPL has defaulted in servicing its borrowings towards principal and interest thereon. Subsequent to the quarter ended, 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. During the quarter, Company has also discontinued recognition of guarantee commission w.e.f. 1st April, 2018. The auditors have referred the same in their review report.

7 The Company as on 30th September, 2018 has an aggregate exposure of Rs.1,48,275 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.94,893 lacs and other receivables of Rs. 13,765 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 of JPL has made an application with National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code, 2016. No audited consolidated financial statements of subsidiary are available after March 2017. 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, which is pending for implementation.

In view of the above, 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 report and was also qualified by the auditors in their audit report for the financial year ended 31st March, 2018 and for the quarter ended 30th June, 2018.

During the quarter, Company has also 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 and half year ended 30th September, 2018 is lower by Rs. 4,607 lacs.

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. 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.

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, which is pending for implementation. 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 auditors have referred the same in their review report

9 During the financial years 2016-17 & 2017-18, Company has paid remuneration to its executive chairman in excess of remuneration as prescribed under section 197 read with Schedule V of the Companies Act 2013. The waiver of recovery of excess remuneration has not been approved by the Shareholders at their meeting held on 3rd August, 2018. Company has received a letter from the chairman requesting to once again put the resolution for the approval in respect of waiver of recovery of excess remuneration to the shareholders and in view thereof , Company continued to pay the remuneration to the chairman as per earlier periods resulting into aggregate excess remuneration amounting to Rs.975 lacs as at 30th September, 2018, which has been shown as receivable from him and included in other current financial assets in the statement of assets and liabilities as at 30th September,2018. The same has been referred by the auditors in their review report.

10 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.

11 As approved by the shareholders at its meeting held on 4th October, 2018 and as approved by the Board of directors at its meeting held on 12th October, 2018, Company has allotted 74,03,896 Compulsory Convertible Preference Shares of Rs. 10 each at the premium of Rs. 65 each on preferential basis to its promoters.

12 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 operation creditors. The scheme and transactions contained herein are subject to regulatory approvals.

13 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.

14 The figures for the corresponding previous period/year have been regrouped wherever necessary, to make them comparable.The figures shown in the column headed quarter ended "30.09.18" are the balancing figures between the figures shown in the column headed "Half year ended 30.09.18" and figures for the quarter ended "30.06.18"

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

JBF INDUSTRIES LIMITED

For & on Behalf of the Board of Directors

N.K SHAH
EXECUTIVE DIRECTOR
DIN-00232130

Place : Mumbai
Date : 14th November, 2018