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/

11th February, 2019

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 31st December, 2018, approved by the Board of Directors of the Company in their meeting held on 11th February, 2019.

The Company is in process of comprehensive restructuring. The application under section 230 of the Companies Act 2013, which will include conversion of certain balances into equity, is still pending with NCLT. We also would like to state that the required Compliances were pending in connection with Compulsory Convertible Preference Shares (CCPS). Under these circumstances the issue of CCPS stands withdrawn.

The Meeting of Board of Directors of the Company commenced at 14.30 hrs. and concluded at 19.30 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

JBF INDUSTRIES LIMITED
Survey No. 273, Village: Athola, Silvassa, (D & NH)
CIN : L99999DN1982PLC000128
STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2018

(Rs. In Lacs except per share data)

		Quarter ended			Nine Months Ended		Year Ended
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Particulars	**31.12.18**	**30.09.18**	**31.12.17**	**31.12.18**	**31.12.2017**	**31.03.18**
1	**Income**						
	a) Revenue From Operations	57,365	86,778	81,747	2,31,575	2,64,237	3,57,386
	b) Other Income	(643)	(1,494)	3,229	2,155	9,592	12,580
	Total Income	**56,722**	**85,284**	**84,976**	**2,33,730**	**2,73,829**	**3,69,966**
2	**Expenses**						
	a) Cost of materials consumed	44,085	69,843	66,315	1,83,338	1,94,270	2,70,582
	b) Purchases of Stock- in- trade	9	-	80	42	587	590
	c) Changes in Inventories of Finished goods and work-in-progress	4,329	(1,095)	(2,267)	3,207	9,113	8,538
	d) Excies Duty Expenses	-	-	-	-	7,239	7,239
	e) Employee benefits expense	2,112	2,260	2,399	5,801	7,067	9,677
	f) Finance Costs	6,725	3,000	8,226	19,313	21,414	30,620
	g) Depreciation and amortisation expense	2,348	2,850	2,366	7,550	7,120	9,485
	h) Other Expenses	8,072	10,115	10,399	28,579	31,966	49,446
	Total Expenses	**67,680**	**86,973**	**87,518**	**2,47,830**	**2,78,776**	**3,86,177**
3	**Loss before Exceptional Items and tax (1- 2)**	**(10,958)**	**(1,689)**	**(2,542)**	**(14,100)**	**(4,947)**	**(16,211)**
4	**Exceptional Items**	**-**	**57,989**	**-**	**64,190**	**-**	**-**
5	**Loss before Tax (3-4)**	**(10,958)**	**(59,678)**	**(2,542)**	**(78,290)**	**(4,947)**	**(16,211)**
6	**Tax Expenses**						
	a) Current Tax	-	-	-	-	-	-
	b) Deferred Tax	(13)	(16,443)	(909)	(19,153)	(572)	(3,933)
	Total Tax Expense	**(13)**	**(16,443)**	**(909)**	**(19,153)**	**(572)**	**(3,933)**
7	**Net Loss for the Period/Year (5 - 6)**	**(10,945)**	**(43,235)**	**(1,633)**	**(59,137)**	**(4,375)**	**(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)	(20)	(33)	(59)	(101)	(78)
	b) Income tax effect on above	7	7	12	21	35	27
	ii) Items that will be reclassified to profit or loss	-	-	-	-	-	-
	Total Other Comprehensive Income	**(13)**	**(13)**	**(21)**	**(38)**	**(66)**	**(51)**
9	**Total Comprehensive Income for the Period / Year (7+8)**	**(10,958)**	**(43,248)**	**(1,654)**	**(59,175)**	**(4,441)**	**(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)*	*(13.37)	*(52.81)	*(1.99)	*(72.23)	*(5.34)	(15.00)

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

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 11th February, 2019. 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 on financial results of the Company.

3 Exceptional items for the quarter ended 30th September, 2018 and for the nine months ended 31st December, 2018 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. 19,313 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 31st December, 2018, for the quarter ended 30th September, 2018 and nine months ended 31st December 2018 is lower by Rs. 3,715 lacs, Rs. 5,310 lacs & Rs. 9,025 lacs respectively, which is not in compliance with 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 and was also qualified by the auditors in their review report for the quarter ended 30th September, 2018.

5 The Company had issued a corporate guarantee of USD 463.96 Million (equivalent of Rs. 3,22,939 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. 1,75,404 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 auditors have referred the same in their review report and was also referred by the auditors in their reports for the financial year ended 31st March, 2018 and for the quarter ended 30th June, 2018 & 30th September, 2018.

6 The Company as on 31st December, 2018 has an aggregate exposure of Rs.1,48,045 lacs (excluding corporate guarantee as mentioned in note no. 5 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. 94,663 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. 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 subsidiary are available after March 2017. Negotiation with the lenders of above subsidiaries to find an amicable solution is in process.

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 reports for the financial year ended 31st March, 2018 and for the quarter ended 30th June, 2018 & 30th September, 2018.

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 31st December, 2018, for the quarter ended 30th September, 2018 and nine months ended 31st December 2018 is lower by Rs. 2,434 lacs, Rs. 4,607 lacs & Rs. 7,041 lacs respectively.

7 The Company has made export of it's products against which it is eligible for import entitlements to be utilized by it against import of raw materials. As on 31st December, 2018 it has unutilized import entitlements for 63596 MT and 6945 MT of PTA & MEG respectively, which have been valued at Rs. 2,205 lacs based on the raw material price, exchange rates and custom duty rates as on the quarter ended and netted off with the cost of material consumed, since the management is of the view that such recognition of import entitlements will give a better understanding of the financial results of the Company, even though this is not in accordance with IND AS-2 "Inventories" and the opinions issued by the expert Advisory Committees of the Institute of Chartered Accountants of India. The same has been qualified by the auditors in their review report.

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. 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 and was also referred by the auditors in their reports for the financial year ended 31st March, 2018 and for the quarter ended 30th June, 2018 & 30th September, 2018.

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 wherever necessary, to make them comparable. The figures shown in the column headed quarter ended "31.12.2018" are the balancing figures between the figures shown in the column headed "Nine months ended 31.12.2018" and published figures for the "half year ended 30.09.2018".

For & on Behalf of the Board of Directors

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

JBF INDUSTRIES LIMITED

N.K SHAH
Vice Chairman & Managing Director
DIN-00232130

Place : Mumbai
Date : 11th February, 2019

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 nine months ended 31st December, 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 4 to the statement, Company has provided interest @ 9% p.a. on borrowings aggregating to Rs. 19,313 lacs for the period from 1st April 2018 to 31st December, 2018 as against the documented rate resulting into lower provision of finance cost for the quarter and nine months ended 31st December, 2018 by Rs. 3,715 lacs & Rs. 9,025 lacs respectively, which is not in compliance with IND AS -23 "Borrowings Costs" read with IND AS-109 on "Financial Instruments".

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URL: www.phd.ind.in

(ii) *As mentioned in Note 7 to the statement, the Company has recognized unutilized import entitlements as at 31st December, 2018 valued at Rs 2,205 lacs and netted off with the cost of materials consumed, which is not in accordance with Generally Accepted Accounting Principles and IND AS-2 "Inventories".*

(iii) *Had the interest been recognized, unutilized import entitlements not recognized and the expenses been correctly classified as mentioned in paragraph 4(i), (ii) and (iii) above, cost of materials consumed, finance cost, net loss for the period/year, total other comprehensive income and EPS for the quarter and nine months ended 31st December, 2018 would have been Rs. 46,290 lacs & Rs. 1,85,543 lacs, Rs. 10,440 lacs & Rs. 28,338 lacs, Rs. (16,865) lacs & Rs. (70,367) lacs, Rs. (16,878) lacs & Rs. (70,405) lacs and Rs. (20.60) and Rs. (85.95) respectively as against the reported figure of Rs. 44,085 lacs & Rs. 1,83,338 lacs, Rs. 6,725 lacs & Rs, 19,313 lacs, Rs. (10,945) lacs & Rs. (59,137) lacs, Rs. (10,958) lacs & Rs. (59,175) lacs and Rs. (13.37) and Rs. (72.23) respectively in the above results..*

(iv) *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. 1,48,045 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. 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.

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

Continuation sheet...

(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 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 it's obligations.

(iii) Managerial remuneration of Rs. 21 lacs paid to whole time directors is subject to approvals of shareholders.

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") 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

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

Mukesh Mehta
Partner
Membership No. 043495

Place: Mumbai
Date: 11.02.2019

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