

PRIME

August 17, 2018

The Board of Directors
JBF Industries Limited
8th Floor, Express Towers
Nariman Point,
Mumbai 400 021

Dear Sir/Madam,

Reg: Fairness Opinion towards the calculation of pricing as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, for the proposed Scheme of Compromise or Arrangement under Section 230 To 232 of the Companies Act 2013 amongst JBF Industries Limited and its Respective Shareholders and Creditors

According to the SEBI Circulars dated March 10, 2017 and March 23, 2017, we have been requested to issue a fairness report towards the calculation of pricing as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, for the proposed Scheme of Compromise or Arrangement under Section 230 To 232 of the Companies Act 2013 amongst JBF Industries Limited and its Respective Shareholders and Creditors. We have perused the documents / information provided by you in respect of the said Scheme of Compromise or Arrangement and the Certificate as issued by R R KANODIA & Co, Chartered Accountants. (hereafter referred to as "RRK") dated 14th August, 2018 and state as follows:

Company Profile:

JBF Industries Limited ("JBF") (CIN: L99999DN1982PLC000128) is a Public Limited Company, incorporated on July 12, 1982 under the provisions of the Companies Act, 1956, having its registered office at Survey No. 273, Village Athola, Silvassa, Dadra Nagar Haveli – 396 230, India. The equity shares of JBF are listed on Bombay Stock Exchange Limited and National Stock Exchange of India. JBF is an industry leader in the Polyester Industry value chain in India. Established in 1982, JBF is engaged in the business of developing, manufacturing and supply of products in the polyester value chain which are of bottle grade, textile grade and film grade, thin grade, thick grade and metallised grade, including textile grade chips, bottle grade chips, partially oriented yarn, grade chips and polyester films.



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Transaction Background:

The business of the Company had an adverse impact and suffered operational losses and the Company has defaulted on its debt obligations to its Creditors. Therefore incumbent on the Company to find a way forward which includes a disinvestment and a restructuring of the debt in terms of timing of repayment. This Scheme envisages a total plan of resolution of all debt repayment by considering debts outstanding as on 31-07-2018.

The Scheme will be in the best interest of shareholders, creditors, employees and other stakeholders of the Company, JBF Petro and JBF Global, and has been filed pursuant to the authority granted by the Board of the Company *vide* its resolution dated August 14, 2018.

The salient features of the scheme are as follows:

1. Lenders to waive penal interest charged since April 2018;
2. The Petitioner Company proposes to repay part of the dues to its Financial Creditors with the aim to restructure its account in the books of its Financial Creditors;
3. Convert part of the total debt owed by the Petitioner Company into sustainable limits with proper repayment plan and repay the unsustainable portion in accordance with this Scheme;
4. Repay devolved Letters of Credit ("LCs") in tandem with release of non fund based facilities and repay all devolved LCs within a period as mutually agreed with the relevant creditors;
5. Revised repayment schedule and revise rates of interest on all borrowings at 9% p. a. till March 2022 and 11.33 % till the final repayment date;
6. Convert of the debt owed to the ICD Creditors and other Specified Creditors into equity in accordance with the Act, the regulations prescribed by SEBI and other applicable laws; and
7. Finalization of terms and schedule for repayment of all the Operational Creditors.

Rationale of the Report:

We have been informed that, pursuant to a Scheme of Compromise or Arrangement under sections 230 - 232 read with other relevant provisions of the Companies Act, 2013 (hereinafter referred to as "the Scheme") and subject to necessary approvals, the Company proposes conversion of the debt owed to the ICD Creditors (as defined in the Scheme) and other Specified Creditors (as defined in the Scheme) into equity.



According to the SEBI Circulars - Paragraph 8 of March 10, 2017 and paragraph 2 of March 23, 2017 SEBI Circulars, we have been requested to suggest Fairness on the SEBI Pricing Certificate for the issue of equity shares of JBF to the ICD Creditors and other Specified Creditors as specified in the Scheme.

Sources of Information:

For arriving at the fairness opinion set forth below, we have relied upon the following sources of information:

- a. Pricing Certificate by R R KANODIA & Co dated 14th August, 2018;
- b. Draft Scheme of Compromise or Arrangement;
- c. Other relevant information/documents regarding JBF including information available through public domain

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our Analysis.

Our Recommendation:

As stated in the SEBI Pricing certificate, R R KANODIA & Co, has recommended the following:

This is to certify that the average of the weekly high and low of the volume weighted average price of the equity shares of the **JBF Industries Ltd.** ("the Company") having its registered office at Survey No.273, Village-Athola, Silvassa-396230 (India), on the National Stock Exchange of India Limited (the stock exchange with highest volume of equity shares traded during the Applicable Period): -

- A. During 26 weeks preceding the 14th August, 2018, being Relevant Date was Rs. 87.90 (Rupees Eighty Seven and Ninety Paise only) per equity share of Rs.10 each, which has been computed as detailed in the **Annexure I.**
- B. During 2 weeks preceding the 14th August, 2018, being Relevant Date was Rs. 29.28 (Rupees Twenty Nine and Twenty Eight Paise only) per equity share of Rs. 10 each, which has been computed as detailed in the **Annexure II.**

We further certify that higher of the Para A & B above is Rs. 87.90 (Rupees Eighty Seven and Ninety Paise only) per equity share of Rs.10 each and The methodology for pricing calculation has been

