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/5928

6th July, 2016

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 Consolidated Audited Financial Results along with Auditor's Report and Management Comments thereon for the quarter and year ended on 31st March, 2016, approved by the Board of Directors of the Company in their meeting held on 6th July, 2016.

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

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF JBF INDUSTRIES LIMITED

1. We have audited the accompanying Statement of Consolidated Financial Results of **JBF INDUSTRIES LIMITED** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), for the year ended 31st March 2016 ("the Statement"), being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement, which is the responsibility of the Holding Company's Management and approved by the Board of Directors, has been prepared on the basis of the related Consolidated Audited Financial Statements which are in accordance with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 as applicable and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement.

2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement. An audit includes examining, on a test basis, evidence supporting amounts disclosed in the Statement. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. *Basis for qualified opinion*

The auditors of the subsidiary Company in their report on the Consolidated Financial Statements of that subsidiary, have reported in their report in respect of its step down subsidiary, JBF RAK LLC (UAE), that:-

(i) Trade Receivables as at 31 March 2016 includes an amount of Rs. 85495 lacs (Previous Year Rs.81682 lacs) towards rebates receivable from suppliers. Management has accounted for these rebates receivable from suppliers based on management's best estimate of the rebates amount due. They were unable to ascertain the recoverability of these rebates receivable from suppliers. There were no practicable alternative procedures that they could have carried out to satisfy themselves with regard to the valuation of these rebates receivable from suppliers and, consequently, they were unable to determine whether any adjustments to these amounts are necessary.

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(ii) *Trade Receivables as at 31 March 2016 includes amounting to Rs. 5882 lacs and Short – Terms Loans & Advances as at 31st March 2016 includes amounting to Rs. 12573 lacs which are long overdue and outstanding for more than a year. Similarly, Short- Terms Loans & Advances includes amounts due from related parties as at 31 March 2016 amounting to Rs. 2419 lacs which were also long overdue and outstanding for more than three years. Although management believes that these amounts will be recovered in due course, in view of the age of these balances and the absence of subsequent settlement, auditors believe that a full provision should be made for these balances. Had a provision been made for these balances, there would have been, the net loss (After Tax & Minority) of Rs. 33758 lacs & Rs. 36000 lacs as against the reported net loss of Rs. 15911 lacs & Rs. 18153 lacs for the quarter and year ended 31 March 2016 respectively. Further Trade Receivables, Short- Term Loans & Advances, Reserve & Surplus and Minority Interest as at 31st March 2016 would have been Rs. 173195 lacs, Rs. 140492 lacs, Rs. 222070 lacs and Rs.19146 lacs respectively as against reported figures of Rs. 179077 lacs, Rs. 155484 lacs, Rs. 239917 lacs and Rs. 22173 lacs respectively.*

(iii) *Long Term Borrowings as at 31 March 2016 include an amount of Rs.352509 lacs due to certain banks. As per the loan arrangements with these banks, the subsidiary is required to comply with certain covenants and non-compliance with these covenants may give rights to the banks to demand repayment of the loans. As at 31 March 2016, the subsidiary has not complied with certain covenants and they have not been provided with any confirmation from the banks for extension of time to comply with these covenants. The subsidiary has not classified these liabilities as current liabilities as required by International Financial Reporting Standards*

4. We did not audit the financial statements of 8 Subsidiaries, whose consolidated financial statements reflect total assets of Rs. 1290907 lacs as at 31st March 2016 and total revenue of Rs. 547399 lacs for the year then ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion on the statement to the extent they have derived from such financial statements is based solely on the reports of such other auditors.

Our Opinion on the Statement is not modified in respect of matters with regard to our reliance on the reports of the other auditors

Continuation sheet...

5. **Emphasis of Matter**

(i) Trade receivables amounting to Rs. 5152 lacs due from parties in respect of which Company has initiated legal proceedings and a provision of Rs. 3125 lacs has been considered sufficient by the management.

(ii) Inter-Corporate Deposits and interest accrued and due thereon aggregating to Rs.9693 lacs due from certain parties in respect of which the Company initiated legal proceedings (including winding up petitions against few of them) have been considered good for recovery in view of securities wherever available, personal guarantee of promoters of borrowers Company etc and accordingly no provisions for doubtful debts has been considered necessary.

The matters described in paragraph 5 (i) & 5 (ii) above have uncertainties related to the outcome of the legal proceedings.

(iii) As reported in paragraph 3 (iii) above, one of the subsidiary Company, JBF RAK LLC, is not in compliance with certain financial covenants under its borrowings agreements. The ability of that subsidiary to continue as going concern is dependent upon the renewal of credit facilities and financial support by the banks. These conditions, along with the other matters reported *in the Basis for Qualified opinion paragraphs*, indicate the existence of material uncertainty that may cast significant doubt about that subsidiary's ability to continue as going concern.

Our Opinion on the Statement is not modified in respect of above matters.

6. In our opinion, *except for the effects of the matters described in paragraph 3 (ii) and (iii) and the possible effects of the matter described in paragraph 3 (i) in the Basis for Qualified opinion paragraphs on Consolidated Financial Results of the Group,* and to the best of our information and according to the explanations given to us, based on the consideration of the reports of the other auditors referred to in paragraph 4 above, the statement:

(i) Includes the result of entities as given below:

List of Subsidiaries:

JBF Global Pte. Ltd.
JBF RAK LLC.
JBF Petrochemicals Limited
JBF Bahrain SPC
JBF Global Europe BVBA
JBF Bio Glicols Industia Quimica Ltda
JBF Trade Invest PTE. LTD
JBF America INC

Continuation sheet...

(ii) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and

(iii) gives a true and fair view in conformity with the aforesaid Accounting Standards and other accounting principles generally accepted in India of the consolidated net loss and other financial information of the Group for the year ended 31st March 2016.

For Chaturvedi & Shah
Chartered Accountants
Firm Reg. No. 101720W



R. Koria
Partner
Membership No. : 035629

Place: Mumbai
Dated: 6th July 2016

Continuation sheet...

JBF INDUSTRIES LIMITED

Survey No. 273, Village: Athola, Silvassa, (D & NH)

CIN : L99999DN1982PLC000128

STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER / YEAR ENDED 31ST MARCH, 2016

Rs in Lacs except per share data

	Particulars	3 Months ended 31.03.16	Preceding 3 Months ended 31.12.15	Corresponding 3 Months ended 31.03.15	Accounting Year ended 31.03.16	Accounting Year ended 31.03.15
		Audited (Refer note no-13)	Unaudited	Audited (Refer note no-13)	Audited	Audited
	Gross Sales from operation	**255,369**	**208,056**	**223,034**	**919,286**	**928,659**
1	**Income from Operations**					
	a) Net Sales from operations (net of excise duty)	246,889	200,395	213,999	887,351	886,979
	b) Other Operating Income	52	180	170	812	968
	Total Income	**246,941**	**200,575**	**214,169**	**888,163**	**887,947**
2	Expenses					
	a) Cost of materials consumed	187,882	143,025	132,332	653,339	653,113
	b) Purchases of Stock- in- trade	2	-	-	40	167
	c) Changes in Inventories of Finished goods and Stock -in-process	5,953	1,575	23,122	(4,357)	(593)
	d) Employee benefits expense	6,763	7,038	7,081	27,666	23,532
	e) Depreciation and amortisation expense	9,149	9,039	7,962	35,717	30,678
	f) Other Expenses	38,972	31,884	28,592	139,980	119,489
	Total Expenditure	**248,721**	**192,561**	**199,089**	**852,385**	**826,376**
3	**Profit /(Loss) from Operations before Other Income, Finance cost, Exchange Difference & Exceptional Items (1-2)**	**(1,780)**	**8,014**	**15,080**	**35,778**	**61,571**
4	Other Income	994	196	276	1,488	1,826
5	**Profit/(Loss) from ordinary activities before finance cost, Exchange Difference & Exceptional Items (3+4)**	**(786)**	**8,210**	**15,356**	**37,266**	**63,397**
6	a) Finance Costs (Net) (Refer Note No 3)	15,457	12,976	12,606	52,525	42,367
	b) Exchange Difference & Derivative Loss (Net)	(565)	(466)	6,522	1,108	12,089
7	**Profit /(Loss) from ordinary activities after Finance costs & Exchange Difference but before Exceptional Items (5-6)**	**(15,678)**	**(4,300)**	**(3,772)**	**(16,367)**	**8,941**
8	Exceptional Items	-	-	-	-	-
9	**Profit /(Loss) from Ordinary Activities before Tax (7-8)**	**(15,678)**	**(4,300)**	**(3,772)**	**(16,367)**	**8,941**
10	Tax Expenses (including Deferred Tax)	3,214	891	1,634	5,468	5,832
11	**Net Profit /(Loss) from Ordinary Activities after Tax (9-10)**	**(18,892)**	**(5,191)**	**(5,406)**	**(21,835)**	**3,109**
12	Extraordinary Item (net of expense Rs. Nil)	-	-	-	-	-
13	**Net Profit /(Loss) for the period/year**	**(18,892)**	**(5,191)**	**(5,406)**	**(21,835)**	**3,109**
14	Minority Interest	2,981	880	-	3,682	-
15	**Net Profit/(Loss) after Tax and Minority Interest (13-14)**	**(15,911)**	**(4,311)**	**(5,406)**	**(18,153)**	**3,109**
16	Paid Up Equity Share Capital (Face Value of Share Rs. 10/- each)	8,187	8,187	6,550	8,187	6,550
17	Reserves Excluding Revaluation Reserve (As per Audited Balance Sheet of previous accounting year)	-	-	-	239,917	175,506
18	Earning Per Share					
	-Basic (Rs.) (*Not Annualised)	(19.54)*	(5.64)*	(8.39)*	(26.52)	4.23
	- Diluted (Rs.) - (*Not Annualised)	(19.54)*	(5.64)*	(8.39)*	(26.52)	4.22

MUMBAI

JBF Industries Ltd.

Statement of Consolidated Assets & Liabilities as at 31st March 2016 is as under :

(Rs. in lacs)

	Particulars	As at 31st March, 2016 (Audited)	As at 31st March, 2015 (Audited)
A.	EQUITY AND LIABILITIES		
1	Shareholders' Funds:		
	(a) Share Capital	9,678	8,041
	(b) Reserves and Surplus	239,917	175,506
	Sub-total - Shareholders' funds	249,595	183,547
2	MINORITY INTEREST	22,173	-
3	Non Current Liabilities :		
	(a) Long-term borrowings	718,439	616,717
	(b) Deferred tax liabilities (net)	22,787	22,420
	(c) Other Long Term Liabilities	2,524	2,551
	(d) Long-term provisions	3,848	3,417
	Sub-total - Non-current liabilities	747,598	645,105
4	Current liabilities		
	(a) Short-term borrowings	295,604	206,453
	(b) Deferred tax liabilities	281	360
	(c) Trade payables	176,716	182,329
	(d) Other current liabilities	117,184	86,436
	(e) Short-term provisions	9,908	9,965
	Sub-total - Current liabilities	599,693	485,543
	TOTAL - EQUITY AND LIABILITIES	1,619,059	1,314,195
B.	ASSETS		
1	Non-current assets		
	(a) Fixed assets	1,028,224	846,509
	(b) Goodwill on Consolidation	11,797	10,921
	(c) Non-current investments	214	236
	(d) Long-term loans and advances	11,910	22,355
	(e) Other non current assets	67	62
	Sub-total - Non-current assets	1,052,212	880,083
2	Current assets		
	(a) Current investments	17	23
	(b) Inventories	108,942	105,504
	(c) Trade receivables	179,077	145,079
	(d) Deffered tax Assets	20	-
	(e) Cash and Bank Balances	122,116	47,346
	(f) Short-term loans and advances	155,484	135,031
	(g) Other current assets	1,191	1,129
	Sub-total - Current assets	566,847	434,112
	TOTAL - ASSETS	1,619,059	1,314,195

Notes :

1 The Board of Directors approved the above mentioned financial results, duly reviewed by audit committee at its meeting held on 6th July,2016 and its release.

2 The consolidated accounts have been prepared as per Accounting Standard (AS) 21 on Consolidated Financial Statements as prescribed under section 133 of the Companies Act, 2013.The financial statements of subsidiaries have been prepared by following accounting principles prevailing in the respective country of their incorporation.

3 Finance Costs (Net) consist of the followings :

Rs. In Lacs

Particulars	3 Months ended 31.03.16	Preceding 3 Months ended 31.12.15	Corresponding 3 Months ended 31.03.15	Accounting Year ended 31.03.16	Accounting Year ended 31.03.15
A) Interest & Other Borrowing cost (Net)	16,200	12,803	13,113	52,331	43,485
B) Applicable Net loss on foreign currency transaction	195	411	158	2,207	1,597
Finance Cost (A+B)	16,395	13,214	13,271	54,538	45,082
Less : Interest Income	938	238	665	2,013	2,715
Finance Costs (Net)	**15,457**	**12,976**	**12,606**	**52,525**	**42,367**

4 The auditors of the Company have qualified their opinion on the Consolidated Financial Results based on the opinion of the auditors of subsidiary company JBF RAK LLC on the Consolidated Financial Statements of that subsidiary in respect of recoverability of certain Trade Receivables and Short- Term Loans & Advances and have also reported for the non-classification of Long Term Borrowings to current liability in view of non- compliance of certain covenants as stipulated by the subsidiary' s bankers.

The Management is of the view that all these amounts are recoverable and have been accounted for as per the consistent accounting practice & policy followed by that subsidiary. Delay in recovery of these amounts is due to tight liquidity prevailing in the International Petrochemicals Market.

In respect of classification of Long Term Borrowings into current liability due to non-compliance of certain covenants, the Management has already initiated steps to comply with these covenants and also to get the waiver from the lenders.

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5 During the year Company has incorporated new step down subsidiary namely "JBF AMERICA INC" through its step down subsidiary JBF RAK LLC.,UAE.

6 Implementation of the 1.25 Million Tonnes per annum green field PTA project at Mangalore, being executed through Step down subsidiary JBF Petrochemicals Ltd is proceeding satisfactorily.The project is now expected to be completed by the end of current financial year.

7 During the year, the KKR Jupiter Investors Pte Ltd (Investor) has invested USD 150 Million in the Group. Accordingly 16,374,370 Equity shares of Rs. 10/-each at a premium of Rs. 290/- per share on preferential basis aggregating to Rs 49123 lacs have been allotted by the Company and 12,210,527 Compulsory Convertible Preference Shares aggregating to Rs. 50065 lacs (Equivalent to USD 7,56,49,902) have been allotted by the JBF Global Pte. Ltd Singapore, a wholly owned subsidiary of the Company

8 The Board of Directors has approved the payment of dividend on 2.5% Redeemable Preference Shares @ 2.5 % per annum and on 20 % Redeemable Preference Shares @ 20 % per annum based on their agreed terms.

9 The Board of Directors has recommended dividend @ Rs 1/- Per share on Equity shares of Rs.10/- each for the financial year 2015-16. The payment is subject to the approval of the shareholders in its Annual General Meeting.

10 During the year, JBF Global Pte Ltd has in its Consolidated Financial Statements capitalized finance costs amounting to Rs.7870 lacs in respect of earlier years, which was earlier charged to Statement of Profit and loss . Accordingly the equivalent amount has been credited to the Reserve & Surplus.

11 The Company opted to publish Consolidated Financial results. The standalone financial results for the quarter and year ended 31st March, 2016 were published on 1st June,2016 in news paper. The standalone financial results of the Company are also available on Company's Website www.jbfindia.com. Additional information on standalone basis are as follows.

Rs. in Lacs

Particulars	3 Months ended 31.03.16	Preceding 3 Months ended 31.12.15	Corresponding 3 Months ended 31.03.15	Accounting Year ended 31.03.16	Accounting Year ended 31.03.15
	Audited	Unaudited	Audited	Audited	Audited
Net Sales from operations	99,178	89,639	81,092	361,676	412,280
Profit from Ordinary Activities before Tax	3,593	2,633	4,487	10,195	20,054
Net Profit for the Period/Year	2,258	1,734	2,826	6,549	13,944

12 Information about consolidated Primary (Geographical) Segments are as under

Rs. in Lacs

Particulars	3 Months ended 31.03.16	Preceding 3 Months ended 31.12.15	Corresponding 3 Months ended 31.03.15	Accounting Year ended 31.03.16	Accounting Year ended 31.03.15
	Audited	Unaudited	Audited	Audited	Audited
1. Segment Revenue					
(a) Domestic	99,357	89,750	81,327	362,195	412,859
(b) International	152,819	117,082	134,834	548,066	500,022
Total	**252,176**	**206,832**	**216,161**	**910,261**	**912,881**
Less: Inter Segment Revenue	4,241	6,061	1,716	20,610	23,108
Total Revenue	**247,935**	**200,771**	**214,445**	**889,651**	**889,773**
2. Segment Results					
(a) Domestic	9,015	6,546	7,366	26,823	33,230
(b) International	(6,801)	1,664	7,990	10,443	30,167
Total	**(786)**	**8,210**	**15,356**	**37,266**	**63,397**
Less (i) Finance Cost (net)	15,457	12,976	12,606	52,525	42,367
(ii) Exchange Difference & Derivative Loss (Net)	(565)	(466)	6,522	1,108	12,089
Total Profit /(Loss) Before Tax	**(15,678)**	**(4,300)**	**(3,772)**	**(16,367)**	**8,941**
3. Capital Employed					
(Segment assets – Segment Liabilities)					
(a) Domestic	225,147	219,058	144,997	225,147	144,997
(b) International	46,621	71,309	38,550	46,621	38,550
Total	**271,768**	**290,367**	**183,547**	**271,768**	**183,547**

i) As per Accounting Standard (AS) -17 on " Segment Reporting" the Company has identified and reported geographical as primary segment taking into account the differing risks and returns, the organization structure and the internal reporting system.

ii)These segment are organized into two main business segment based on geographic :I) Domestic : Operations within India II) International : Operations outside India.

13 The figures for the quarter ended 31st March, 2016 and 31st March, 2015 are the balancing figures between Audited figures in respect of the full financial year and the year to date figures up to the third quarter of the respective financial years.

14 Figures in respect of the previous period/Year have been regrouped or rearranged or reclassified wherever necessary to make them comparable.

For & on Behalf of the Board of Directors

BHAGIRATH C. ARYA

Place : Mumbai
Date : 6th July, 2016

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JBF Industries Ltd.

Statement on Impact of Audit Qualification

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2016 on Consolidated Financial Statements				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualification)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover/ Total Income	Rs.8916.66 Crore	Rs.8916.66 Crore
	2.	Total Expenditure	Rs. 9080.33 Crore	Rs. 9289.07 Crore
	3.	Net Profit/(Loss) [after taxes, minority interest	Rs. (181.53) Crore	Rs. (360.00) Crore
	4.	Earnings Per Share	Rs. (26.52)	Rs. (52.11)
	5.	Total Assets	Rs.16190.59 Crore	Rs. 15981.85 Crore
	6.	Total Liabilities including Minority	Rs.13694.64 Crore	Rs. 13664.37 Crore
	7.	Net Worth	Rs. 2495.95 Crore	Rs. 2317.48 Crore
	8.	Any other financial item(s)	Not Applicable	Not Applicable
II.	**Audit Qualifications**			

a. Details of Audit Qualification:

The auditors of the subsidiary Company in their report on the Consolidated Financial Statements of that subsidiary, have reported in their report in respect of its step down subsidiary, JBF RAK LLC (UAE), that:-

(i) Trade Receivables as at 31 March 2016 includes an amount of Rs. 854.95 Crore (Previous Year Rs. 816.82 Crore) towards rebates receivable from suppliers. Management has accounted for these rebates receivable from suppliers based on management's best estimate of the rebates amount due. They were unable to ascertain the recoverability of these rebates receivable from suppliers. There were no practicable alternative procedures that they could have carried out to satisfy themselves with regard to the valuation of these rebates receivable from suppliers and, consequently, they were unable to determine whether any adjustments to these amounts are necessary.

(ii) Trade Receivables as at 31 March 2016 includes amounting to Rs.58.82 Crore and Short – Terms Loans & Advances as at 31st March 2016 includes amounting to Rs.125.73 Crore which are long overdue and outstanding for more than a year. Similarly, Short- Terms Loans & Advances includes amounts due from related parties as at 31 March 2016 amounting to Rs.24.19 Crore which were also long overdue and outstanding for more than three years. Although management believes that these amounts will be recovered in due course, in view of the age of these balances and the absence of subsequent settlement, auditors believe that a full provision should be made for these balances. Had a provision been made for these balances, there would have been, the net loss (After Tax & Minority) of Rs. 360.00 Crore as against the reported net loss of Rs.181.53 Crore for the year ended 31 March 2016. Further Trade Receivables, Short- Term Loans & Advances, Reserve & Surplus and Minority Interest as at 31st March 2016 would have been Rs. 1731.95 Crore, Rs. 1404.92 Crore, Rs. 2220.70 Crore and Rs. 191.46 Crore respectively as against reported figures of Rs. 1790.77 Crore, Rs. 1554.84 Crore, Rs. 2399.17 Crore and Rs. 221.73 Crore respectively.

JBF Industries Ltd

(iii) Long Term Borrowings as at 31 March 2016 include an amount of Rs. 3525.09 Crore due to certain banks. As per the loan arrangements with these banks, the subsidiary is required to comply with certain covenants and non-compliance with these covenants may give rights to the banks to demand repayment of the loans. As at 31 March 2016, the subsidiary has not complied with certain covenants and they have not been provided with any confirmation from the banks for extension of time to comply with these covenants. The subsidiary has not classified these liabilities as current liabilities as required by International Financial Reporting Standards

b. **Type of Audit Qualification:** Qualified Opinion

c. **Frequency of Audit Qualification:** Appeared first time

d. **For Audit Qualification where the impact is quantified by the auditor, Management's Views:**

(i) In respect of Trade receivable of Rs. 58.82 Crore (as referred in II (a) (ii) above) - recovery has got slow down from the customer last year due to sudden business interruption because of differences on negotiated commercials terms. The Management is confident to recover the above outstanding amount.

(ii) In respect of Short – Terms Loans & Advance of Rs. 125.73 Crore (as referred in II (a) (ii) above) -the Subsidiary Company has made advance payment to the suppliers under the contractual obligations for long term supply of Material. Due to financial difficulties, the supplier could not arrange the material within the stipulated time. The Management is committed to recover the above amount after adjusting any pending dues.

(iii) In respect of Short – Terms Loans & Advance (due from related parties) of Rs. 24.19 Crore (as referred in II (a) (ii) above)-the amount was paid to related party to cover the start up expenses "Green Field Project" in Brazil. Subsequently project has been cancelled and the Management is in the process of disposal of properties at Brazil and is of the view that proceeds from above disposal will be sufficient to recover the above amount

e. **For Audit Qualification where the impact is not quantified by the auditor:**

(i) **Management's estimation on the impact of audit qualification:** Not Applicable

MUMBAI

TBF Industries Ltd

	(ii)	**If the Management is unable to estimate the impact, reasons for the same:** ✓ In respect of Audit Qualification as referred in (II) (a) (i) above – the above rebate receivables from suppliers have been accounted for as per the consistent policy followed by the Subsidiary Company. Due to substantial downward run in oil prices last year, liquidity crunch encountered by most of the suppliers, they were unable to settle the rebate timely in last year. However the Management is of the view that above amounts are recoverable ✓ In respect of Audit Qualification as referred in (II) (a) (iii) above-in respect of non-compliance of certain covenants, the Management has already initiated steps to comply these covenants and also to get the waiver from the lenders. Meantime, holding Company (JBF Global Pte Ltd) has already inducted equity advance of USD 25 Mn in the above subsidiary to avail pre- approved equity cure provided by the lender under loan arrangements. On considerations of equity cure provision under the loan agreements, there would not be any breach in the financial covenants.
	(iii)	**Auditors' Comments on (i) or (ii) above:** Refer " Basis for Qualified Opinion " in the Independent Audit Report on the Consolidated Financial Statements dated 6th July 2016
III.	**Signatories:**	

For JBF Industries Limited

JBF Industries Ltd.

Bhagirath C. Arya	**Ajay Agarwal**	**B R Gupta**
(Chairman)	(Chief Financial Officer)	(Audit Committee Chairman)

Refer our Independent Auditor's Report dated 6th July 2016 on the Consolidated Financial Statements of the Company.

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No – 101720 W

R. Koria
Partner
Membership No – 35629

MUMBAI

Place: Mumbai
Date: 6th July, 2016