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/ 20th June, 2018

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 Standalone Audited Financial Results for the quarter and year ended on 31st March, 2018, approved by the Board of Directors of the Company in their meeting held on 20th June, 2018.

The date of Annual General Meeting and Book Closure will be informed in due course of time

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

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 REPORT

To,
The Board of Directors,
JBF Industries Limited

1. We have audited the accompanying statement of standalone financial results of **JBF Industries Limited ("the Company")** for the quarter and year ended 31st March 2018 ("the statement"), attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No.CIR/CFD/FAC/62/2016 Dated July 5th 2016.

2. The statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared on the basis of the related standalone audited financial statements which has been prepared in accordance with the Indian Accounting Standards ("Ind 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 express an opinion on the statement based on our audit of such financial statements.

3. 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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment including the assessment of risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Company's preparation and fair presentation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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.



Head Office: 814-815, Tulsiani Chambers, 212, Nariman Point, Mumbai - 400 021, India. Tel.: + 91 22 3022 8508 Fax: + 91 22 3022 8509.
URL: www.phd.ind.in

4. ***Basis for qualified opinion***

(i) *As mentioned in Note No. 3(i) to the statement, Trade receivables as at 31st March, 2018 includes amounts due from certain parties aggregating to Rs. 6,200 lacs are overdue and classified as doubtful in the financial statements. Management believes that these amounts will be recovered in due course and no provisions for doubtful debts have been considered. In view of the age of these balances and the absence of subsequent settlements, we believe that a provision should have been made for these amounts. Had a provision been made for these balances, there would have been, net loss after tax of Rs.(11,936) lacs and Rs. (16,311) lacs as against the reported net loss after tax of Rs (7,903) lacs and Rs.(12,278) lacs for the quarter and year ended 31st March, 2018 respectively. Further trade receivables, other equity and deferred tax liabilities (net) as at 31st March, 2018 would have been Rs. 79,046 lacs, Rs 1,34,432 lacs and Rs. 17,040 lacs respectively as against reported figure of Rs 85,246 lacs, Rs 1,38,465 lacs and Rs. 19,207 lacs respectively.*

(ii) *As mentioned in Note No. 3(ii) to the statement, Trade Receivables as at 31st March, 2018 includes Rs.22,683 lacs 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, have been considered good for recovery by the management for the reasons stated therein. In view of the age of these balances, the absence of subsequent settlements, dishonor of bills and non-receipt of balance confirmations, we are unable to comment on the recoverability of these trade receivables and possible impacts on the financial results of the Company.*

(iii) *As mentioned in Note 4 to the statement, Inter-Corporate Deposits and interest accrued and due thereon aggregating to Rs.8975 lacs overdue for substantial period of time, in respect of which Company has initiated legal proceedings (including winding up petitions against few of them), have been considered good for recovery and no provisions for doubtful debts have been considered necessary, by the management, for the reasons stated therein. The matter described in above has uncertainties related to the outcome of the legal proceedings and therefore we are unable to express an opinion on the ability of the Company to recover the outstanding amount and possible impacts on the financial results of the Company.*

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

Continuation sheet...

(iv) *As mentioned in the Note 5 to the statement, Current financial asset –others as at 31st March 2018 includes an amount of Rs. 17875 lacs towards claims & discounts receivable from suppliers, which are outstanding for the extended period of time. Management has accounted for these claims & discounts receivable from suppliers based on management's best estimate and considered good for recovery. We are unable to ascertain the recoverability of these claims & discounts. Consequently, we are unable to determine whether any adjustments to these amounts are necessary and consequential impacts on the financial results of the Company.*

(v) *As mentioned in Note No. 6 to the statement, Non- Current Borrowings includes an amount of Rs. 40,795 lacs due to lenders. As per the arrangements with these lenders, the Company is required to comply with certain covenants and non-compliance with these covenants may give rights to the lenders to demand repayment of the loans. As at 31st March, 2018, the Company has not complied with certain covenants and we have not been provided with any confirmation from the lenders for extension of time to comply with these covenants. Pending confirmation from the lenders, above amounts have been continued to be classified as Non- Current Borrowings as against Current Liabilities as required by Ind AS, however it will have no impact on the statement of profit and loss of the Company.*

(vi) *As mentioned in the Note 9 to the statement, Company has exposure in subsidiaries by way of investments, loans and other receivables aggregating to 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 attention to the:-

(i) Note 7 to the statement, regarding invocation of corporate guarantee given by the Company to the lenders of JBF Petrochemical Limited ("JPL"). The Company carried out the fair valuation of the above guarantee through an independent Chartered Accountant firm and as per their report the value of securities in favor of lenders of JPL is higher than the total liabilities to them. Accordingly, no provision against the claims under the invoked corporate guarantee is considered necessary.

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

Continuation sheet...

(ii) Note 10 to the statement regarding preparation of financial statements 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 and some of the lenders have even called back the loans. 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 paid to the executive chairman which is in excess of the limits prescribed in the Act, is subject to the Central Government approval and remuneration paid to one of the whole time directors is subject to shareholder's approval.

Our opinion is not modified in respect of these matters.

6. Based on our audit conducted as above, in our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the paragraph 4 above " Basis for qualified opinion"* the statement

(i) is presented in accordance with the requirements of the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Circular No.CIR/CFD/FAC/62/2016 Dated July 5th 2016; and

(ii) gives a true and fair view in conformity with the aforesaid Ind AS and other accounting principles generally accepted in India of the net loss including total comprehensive income and other financial information of the Company for the quarter and year ended 31st March, 2018.

7. The comparative financial information of the Company for the quarter and year ended 31st March, 2017, included in these standalone financial results, have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated 30th May, 2017 expressed an unmodified opinion.

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

Continuation sheet...

Pathak H.D. & Associates
Chartered Accountants

8. The statement includes the results for the quarter ended 31st March, 2018 and 31st March, 2017 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the respective financial year which were subjected to limited review.

For **Pathak H.D. & Associates**
Chartered Accountants
Firm Reg. No. 107783 W

Gopal Chaturvedi
Partner
Membership No. 090903

Place: Mumbai
Date: 20th June, 2018

Continuation sheet...

JBF INDUSTRIES LIMITED
Survey No. 273, Village: Athola, Silvassa, (D & NH)
CIN : L99999DN1982PLC000128
STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER / YEAR ENDED 31ST MARCH, 2018

(Rs. In Lacs except per share data)

Sr.No	Particulars	Quarter ended			Year Ended	
		31.03.18	31.12.17	31.03.17	31.03.18	31.03.17
1	**Income**					
	a) Revenue From Operations	93,149	81,747	116,705	357,386	427,145
	b) Other Income	2,988	3,229	4,491	12,580	13,642
	Total Income	**96,137**	**84,976**	**121,196**	**369,966**	**440,787**
2	**Expenses**					
	a) Cost of materials consumed	76,312	66,315	86,803	270,582	318,948
	b) Purchases of Stock- in- trade	3	80	1,042	590	1,042
	c) Changes in Inventories of Finished goods and work-in-progress	(575)	(2,267)	(63)	8,538	(7,877)
	d) Excies Duty Expenses	-	-	9,713	7,239	35,813
	e) Employee benefits expense	2,610	2,399	2,237	9,677	8,640
	f) Finance Costs	9,206	8,226	6,312	30,620	23,744
	g) Depreciation and amortisation expense	2,365	2,366	2,392	9,485	9,710
	h) Other Expenses	17,480	10,399	10,998	49,446	45,254
	Total Expenses	**107,401**	**87,518**	**119,434**	**386,177**	**435,274**
3	**Profit / (Loss) before Exceptional Items and tax (1- 2)**	**(11,264)**	**(2,542)**	**1,762**	**(16,211)**	**5,513**
4	**Exceptional Items**	-	-	-	-	-
5	**Profit / (Loss) before Tax (3-4)**	**(11,264)**	**(2,542)**	**1,762**	**(16,211)**	**5,513**
6	**Tax Expenses**					
	a) Current Tax	-	-	137	-	1,265
	b) Mat Credit Entitlement	-	-	(63)	-	(63)
	c) Deferred Tax	(3,361)	(909)	574	(3,933)	748
	Total Tax Expense	**(3,361)**	**(909)**	**648**	**(3,933)**	**1,950**
7	**Net Profit / (Loss) for the Period/Year (5 - 6)**	**(7,903)**	**(1,633)**	**1,114**	**(12,278)**	**3,563**
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	**23**	**(33)**	4	**(78)**	**(134)**
	b) Income tax effect on above	**(8)**	12	(2)	**27**	**46**
	ii) Items that will be reclassified to profit or loss	-	-	-	-	-
	Total Other Comprehensive Income	**15**	**(21)**	**2**	**(51)**	**(88)**
9	**Total Comprehensive Income for the Period / Year (7+8)**	**(7,888)**	**(1,654)**	**1,116**	**(12,329)**	**3,475**
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**
11	Other Equity excluding Revaluation Reserve				138,465	150,986
12	Earning per equity share: Basic & Diluted (Not Annualised)*	*(9.65)	*(1.99)	*1.36	(15.00)	4.35

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

JBF INDUSTRIES LIMITED

Statement of Assets & Liabilities as at 31st March 2018 is as under :

Rs. In Lacs

	Particulars	As at 31st March, 2018 (audited)	As at 31st March, 2017 (audited)
I.	**ASSETS**		
1	**Non-current assets:**		
	(a) Property, plant and equipment	143,074	152,084
	(b) Capital work-in-progress	3,644	1,161
	(c) Investment property	23	23
	(d) Other Intangible assets	100	158
	(e) Financial assets		
	(i) Investments	42,431	40,912
	(ii) Others	13,418	10,213
	(f) Other non-current assets	6,555	7,976
		209,245	212,527
2	**Current assets**		
	(a) Inventories	32,648	44,966
	(b) Financial assets		
	(i) Investments	-	21
	(ii) Trade receivables	85,246	89,364
	(iii) Cash and cash equivalent	1,851	2,982
	(iv) Bank balances other than (iii) above	469	35,493
	(v) Loans	83,979	47,662
	(vi) Others	32,785	27,003
	(c) Current Tax Assets (Net)	4,047	3,875
	(d) Other current assets	8,791	7,576
		249,816	258,942
	TOTAL	459,061	471,469
II.	**EQUITY AND LIABILITIES**		
	Equity		
	(a) Equity share capital	8,187	8,187
	(b) Other equity	138,465	150,986
		146,652	159,173
	Liabilities		
1	**Non-current liabilities**		
	(a) Financial liabilities		
	(i) Borrowings	40,620	60,850
	(ii) Other Financial Liabilities	7,798	9,593
	(b) Provisions	945	794
	(c) Deferred tax liabilities (net)	19,207	23,090
		68,570	94,327
2	**Current liabilities**		
	(a) Financial liabilities		
	(i) Borrowings	158,611	80,908
	(ii) Trade Payables	37,555	105,637
	(ii) Other Financial Liabilities	45,973	27,716
	(b) Other Current liabilities	923	1,232
	(c) Provisions	777	2,476
		243,839	217,969
	TOTAL	459,061	471,469

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

JBF INDUSTRIES LIMITED

Notes :

1 The Board of Directors approved the above mentioned financial results, duly reviewed by audit committee at its meeting held on 20th June, 2018 and its release.

2 Revenue from operations for periods up to 30th June 2017 includes excise duty, which is discontinued w.e.f 1st July, 2017 upon implementation of Goods and Service Tax (GST). In accordance with 'Ind AS 18 – Revenue', GST is not included in Revenue from operations. In view of the aforesaid change in indirect taxes, Revenue from operations for the quarter and year ended on 31st March, 2018 is not comparable to the corresponding previous period/year.

3 i) Trade receivables as at 31st March, 2018 include amounts due from certain parties aggregating to Rs.6,200 lacs are overdue and considered doubtful, however Management is of the view that these amounts will be recovered in due course and no provisions have been considered necessary at this stage.The same has been qualified by the auditors in their report.

ii) Trade receivables as at 31st March, 2018 include Rs. 22,683 lacs {excluding amounts as referred in note no. 3(i)} 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, and management believes that these are good for recovery and no provision is required. The same has been qualified by the auditors in their report.

4 Current financial assets –loans & others include Inter corporate deposit (ICD) of Rs. 5,500 lacs and interest accrued and due thereon of Rs. 3,475 lacs aggregating to Rs. 8975 lacs, 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). Management of the Company is of the view that the above receivables are good for recovery in view of available securities, personal guarantee of promoters of borrower companies etc and hence no provision for doubtful is required against the above receivables . The Company continues its efforts to recover theses receivables. The same has been qualified by the auditors in their report.

5 Current financial assets -Others includes claims & discounts receivables of Rs. 17,875 lacs from suppliers, overdue for the extended period of time. Efforts are being made to recover the above receivables. Management is of the view that the same have been accounted based on the management's best estimate and are good for recovery. The same has been qualified by the auditors in their report.

6 The agreements in respect of non-current borrowings as at 31st March 2018 of Rs. 40,795 lacs contain certain restrictive covenants including non-adherence of initial Term Loan repayment schedule and non-payment of interest thereon as stipulated. In the current year, the Company has not complied with the terms of these covenants. The Company continued to classify these borrowings as non-current liabilities as against current liabilities which is not in line with the compliance of IND AS 1 "Presentation of Financial Statements". The Company has submitted a resolution plan to it's lenders which is under negotiation .The same has been qualified by the auditors in their report.

7 The Company had issued a corporate guarantee of USD 463.96 Million (equivalent of Rs. 3,02,208 lacs) to the lenders of JBF Petrochemicals limited ("JPL"), a step down subsidiary . Subsequent to the year end, one of the lenders of JPL vide it's letter dated 24th April, 2018 invoked corporate guarantee to the extant of USD 252.00 Million (equivalent of Rs. 1,64,144 lacs) as JPL has defaulted in servicing its borrowings towards principal and interest thereon. The Company carried out fair valuation of this corporate guarantee through an independent Chartered Accountant firm and as per their report the value of securities created in favor of lenders is higher than the total liability towards them. Accordingly, no provision is required towards the guarantee so invoked.The auditors have referred the same in their report.

8 IDBI Trusteeship Services Limited, the Security Trustee to, the lenders of JBF Petrochemicals Ltd. ("JPL"), a step down subsidiary, has exercised the rights of a 'Pledge' and invoked the pledge over the pledged 51% equity shares of JPL held by JBF Global Pte. Ltd. and transferred the same to IDBI Trusteeship Services Ltd. However lenders have not adjusted any amount against the JPL borrowings so far.

9 The Company as on 31st March, 2018 has an aggregate exposure of Rs. 1,43,054 lacs (excluding corporate guarantee as mentioned in note no. 7 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. 89,672 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 as mentioned in note no.8 above and corporate guarantee of the Company as mentioned in note no.7 above. Subsequent to the year end, one of the lenders has made an application with National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code, 2016. Latest audited consolidated financial statements of subsidiary are also not available. Negotiation with the lenders of above subsidiaries to find an amicable solution is in process and subsequent to the year end,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.

In view of the above, the 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.

10 During the year 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. Subsequent to the year end, one of the operating creditors has also made an application to NCLT under Insolvency and Bankruptcy Code, 2016 in respect of which the Company is in the process to settle the claim of that creditor.

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. 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 report.

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 and reclassified wherever necessary, to make them comparable. The figures for the quarter ended 31st March, 2018 and 31st March, 2017 are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the respective financial year.

PATHAK ... ASSOCIATES CHARTERED ACCOUNTANTS MUMBAI

JBF INDUSTRIES LIMITED

For & on Behalf of the Board of Directors

R. Gothi

RAKESH GOTHI
MANAGING DIRECTOR

Place : Mumbai
Date : 20th June, 2018

Statement on Impact of Audit Qualification

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018 on Standalone 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. 3699.66 Crore	Rs. 3699.66 Crore
	2.	Total Expenditure	Rs. 3861.77 Crore	Rs. 3923.77 Crore
	3.	Net (Loss) [after taxes, before OCI	Rs. (122.78) Crore	Rs. (163.11) Crore
	4.	Earnings Per Share	Rs. (15.00)	Rs. (19.92)
	5.	Total Assets	Rs.4590.61 Crore	Rs. 4528.61 Crore
	6.	Total Liabilities	Rs. 3124.09 Crore	Rs. 3102.42 Crore
	7.	Net Worth	Rs. 1466.52 Crore	Rs. 1426.19 Crore
	8.	Any other financial item(s)	Not Applicable	Not Applicable
II.	**Audit Qualifications**			

a. Details of Audit Qualification:

The auditors of the Company in their report on the Standalone Financial Statements, have reported in their report, that:-

(i) Trade receivables as at 31st March, 2018 includes amounts due from certain parties aggregating to Rs. 62.00 Crore are overdue & classified as doubtful in the financial statements. Although Management believes that these amounts will be recovered in due course and no provisions for doubtful debts have been considered. In view of the age of these balances and the absence of subsequent settlements, we believe that a provision should have been made for these amounts. Had a provision been made for these balances, there would have been, net loss after tax of Rs. (163.11) Crore as against the reported net loss after tax of Rs (122.78) Crore for the year ended 31st March, 2018. Further trade receivables, other equity and deferred tax liabilities (net) as at 31st March, 2018 would have been Rs. 790.46 Crore, Rs 1344.32 Crore and Rs. 170.40 Crore respectively as against reported figure of Rs .852.46 Crore, Rs 1384.65 Crore and Rs. 192.07 Crore respectively.

(ii) Trade Receivables as at 31st March, 2018 includes Rs.226.83 Crore 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, have been considered good for recovery by the management. In view of the age of these balances, the absence of subsequent settlements, dishonor of bills and non-receipt of balance confirmations, we are unable to comment on the recoverability of these trade receivables and possible impacts on the financial statement of the Company.

(iii) Inter-Corporate Deposits and interest accrued and due thereon aggregating to Rs.89.75 Crore overdue for substantial period of time, in respect of which Company has initiated legal proceedings (including winding up petitions against few of them), have been considered good for recovery and no provisions for doubtful debts have been considered necessary, by the management. The matter described in above has uncertainties related to the outcome of the legal proceedings and therefore we are unable to express an opinion on the ability of the Company to recover the outstanding amount and possible impacts on the financial statement of the Company.

PATHAK H.D. & ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

JBF INDUSTRIES LIMITED

(iv) Current financial asset –others as at 31st March 2018 includes an amount of Rs. 178.75 Crore towards claims & discounts receivable from suppliers, which are outstanding for the extended period of time. Management has accounted for these claims & discounts receivable from suppliers based on management's best estimate and considered good for recovery. We are unable to ascertain the recoverability of these claims & discounts. Consequently, we are unable to determine whether any adjustments to these amounts are necessary and consequential impacts on the financial statement of the Company.

(v) Non- Current Borrowings includes an amount of Rs. 407.95 Crore due to lenders. As per the arrangements with these lenders, the Company is required to comply with certain covenants and non-compliance with these covenants may give rights to the lenders to demand repayment of the loans. As at 31st March, 2018, the Company has not complied with certain covenants and we have not been provided with any confirmation from the lenders for extension of time to comply with these covenants. Pending confirmation from the lenders, above amounts have been continued to be classified as Non- Current Borrowings as against Current Liabilities as required by Ind AS, however it will have no impact on the statement of profit and loss of the Company.

(vi) Company has exposure in subsidiaries by way of investments, loans and other receivables aggregating to Rs. 1430.54 Crore, in respect of which the Company could not carry out impairment assessment. In the absence of impairment assessment by the Company, we are unable to determine whether any adjustments to these amounts are necessary and consequential impacts on the financial statement of the Company.

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. 62.00 Crore (as referred in II (a) (i) above) - recovery has got slow down due to the stress of textile industry, liquidity crunch, change in Government policies i.e. demonetization and GST and because of differences on negotiated commercials terms. The Management is confident to recover the above outstanding amount.

(ii) In respect of non-compliance of certain covenants (as referred in (II) (a) (v) above) - the Management has already submitted resolution plan to its lenders and which is under negotiation and hence continues to classify these borrowings as non-current.

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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

(ii) **If the Management is unable to estimate the impact, reasons for the same:**

- ✓ In respect of Audit Qualification as referred in (II) (a) (ii) above –in respect of trade receivables of Rs. 226.83 Crore, due for extended period of time -due to unorganized textile market, change in Government policies i.e. demonetization & GST and textile industry under stress, recovery is very slow, however, efforts are being made to recover the same and hence 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 inter corporate deposits exposure of Rs. 89.75 Crore -in view of available securities, personal guarantee of promoters of borrowers companies etc, Management is of the view that above amounts are recoverable

- ✓ In respect of Audit Qualification as referred in (II) (a) (iv) above –the claims & discounts receivables from suppliers have been accounted for as per the consistent policy followed by the Company. Due to substantial downward run in oil prices in earlier years, liquidity crunch encountered by the suppliers, they were unable to settle the claims & discounts timely. The Management is of the view that above amounts are recoverable

- ✓ In respect of Audit Qualification as referred in (II) (a) (vi) above –in respect of subsidiaries exposures of Rs. 1430.54 Crore- in view of the negotiation with the lenders of the respective subsidiaries and binding term sheet entered with existing investors, impairment assessments could not carried out and however Management is confident to recover above amounts.

JBF INDUSTRIES LIMITED

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

	(iii) **Auditors' Comments on (i) or (ii) above:** Refer " Basis for Qualified Opinion " in the Independent Audit Report on the Standalone Financial Statements dated 20th June, 2018
III.	**Signatories:**

For JBF Industries Limited

Rakesh Gothi
(CEO & Managing Director)

Arun Shah
(Chief Financial Officer)

Sharadchandra N Thakar
(Audit Committee Chairman)

Refer our Independent Auditor's Report dated 20th June, 2018 on the Standalone Financial Statements of the Company.

For Pathak H. D. & Associates
Chartered Accountants
Firm Registration No – 107783W

Gopal Chaturvedi
Partner
Membership No – 090903

Place: Mumbai
Date: 20th June, 2018