# 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/ 30th May, 2019

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 Audited Financial Results for the quarter and year ended on 31st March, 2019, approved by the Board of Directors of the Company in their meeting held on 30th May, 2019.

Mr. N K Shah, is retiring from the post of Vice-Chairman & Managing Director of the Company w.e.f 1st June, 2019 and Mrs. Ujjwala Girish Apte, Company Secretary will be appointed as Additional Director to hold office till the forth coming Annual General Meeting.

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 17.20 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

JBF INDUSTRIES LIMITED
Survey No. 273, Village: Athola, Silvassa, ( D & NH)
CIN : L99999DN1982PLC000128
STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2019

(Rs. In Lacs except per share data)

| Sr.No | Particulars | Quarter ended | | | Year Ended | |
|---|---|---|---|---|---|---|
| | | 31.03.19 | 31.12.18 | 31.03.18 | 31.03.19 | 31.03.18 |
| 1 | **Income** | | | | | |
| | a) Revenue From Operations (Refer Note no 2) | 64,252 | 57,365 | 93,149 | 295,827 | 357,386 |
| | b) Other Income | (242) | (643) | 2,988 | 1,913 | 12,580 |
| | **Total Income** | **64,010** | **56,722** | **96,137** | **297,740** | **369,966** |
| 2 | **Expenses** | | | | | |
| | a) Cost of materials consumed | 60,367 | 44,085 | 76,312 | 243,705 | 270,582 |
| | b) Purchases of Stock- in- trade | - | 9 | 3 | 42 | 590 |
| | c) Changes in Inventories of Finished goods and work-in-progress | (5,167) | 4,329 | (575) | (1,960) | 8,538 |
| | d) Excies Duty Expenses | - | - | - | - | 7,239 |
| | e) Employee benefits expense | 2,137 | 2,112 | 2,610 | 7,938 | 9,677 |
| | f) Finance Costs | 5,848 | 6,725 | 9,206 | 25,161 | 30,620 |
| | g) Depreciation, amortisation and impairment expense | 2,396 | 2,348 | 2,365 | 9,946 | 9,485 |
| | h) Other Expenses | 9,532 | 8,072 | 17,480 | 38,111 | 49,446 |
| | **Total Expenses** | **75,113** | **67,680** | **107,401** | **322,943** | **386,177** |
| 3 | **Loss before Exceptional Items and tax (1- 2)** | **(11,103)** | **(10,958)** | **(11,264)** | **(25,203)** | **(16,211)** |
| 4 | **Exceptional Items (Refer Note no 3)** | **5,602** | **-** | **-** | **69,792** | **-** |
| 5 | **Loss before Tax (3-4)** | **(16,705)** | **(10,958)** | **(11,264)** | **(94,995)** | **(16,211)** |
| 6 | **Tax Expenses** | | | | | |
| | a) Current Tax | - | - | - | - | - |
| | b) Deferred Tax | (33) | (13) | (3,361) | (19,186) | (3,933) |
| | **Total Tax Expense** | **(33)** | **(13)** | **(3,361)** | **(19,186)** | **(3,933)** |
| 7 | **Net Loss for the Period/Year (5 - 6)** | **(16,672)** | **(10,945)** | **(7,903)** | **(75,809)** | **(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 | 36 | **(20)** | 23 | **(23)** | **(78)** |
| | b) Income tax effect on above | (13) | 7 | (8) | **8** | **27** |
| | **ii) Items that will be reclassified to profit or loss** | - | - | - | - | - |
| | **Total Other Comprehensive Income** | **23** | **(13)** | **15** | **(15)** | **(51)** |
| 9 | **Total Comprehensive Income for the Period / Year (7+8)** | **(16,649)** | **(10,958)** | **(7,888)** | **(75,824)** | **(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** |
| 11 | Other Equity excluding Revaluation Reserve | - | - | - | 62,182 | 138,465 |
| | Earning per equity share: Basic & Diluted (Not Annualised)* | *(20.36) | *(13.37) | *(9.65) | (92.59) | (15.00) |

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

JBF INDUSTRIES LIMITED

**Statement of Assets & Liabilities as at 31st March 2019 is as under :**

Rs. In Lacs

| | Particulars | As at 31st March, 2019 (audited) | As at 31st March, 2018 (audited) |
|---|---|---|---|
| I. | **ASSETS** | | |
| 1 | **Non-current assets:** | | |
| | (a) Property, plant and equipment | 134,041 | 143,074 |
| | (b) Capital work-in-progress | 2,560 | 3,644 |
| | (c) Investment property | 23 | 23 |
| | (d) Other Intangible assets | 611 | 100 |
| | (e) Financial assets | | |
| | (i) Investments | 42,374 | 42,431 |
| | (ii) Others | 13,172 | 13,418 |
| | (f) Other non-current assets | 6,517 | 6,555 |
| | | 199,298 | 209,245 |
| 2 | **Current assets** | | |
| | (a) Inventories | 30,516 | 32,648 |
| | (b) Financial assets | | |
| | (i) Trade receivables | 31,875 | 85,246 |
| | (ii) Cash and cash equivalent | 1,298 | 1,851 |
| | (iii) Bank balances other than (ii) above | 3,893 | 469 |
| | (iv) Loans | 83,309 | 83,979 |
| | (v) Others | 12,696 | 32,785 |
| | (c) Current Tax Assets (Net) | 4,069 | 4,047 |
| | (d) Other current assets | 8,961 | 8,791 |
| | | 176,617 | 249,816 |
| | TOTAL | **375,915** | **459,061** |
| II. | **EQUITY AND LIABILITIES** | | |
| | **Equity** | | |
| | (a) Equity share capital | 8,187 | 8,187 |
| | (b) Other equity | 62,182 | 138,465 |
| | | 70,369 | 146,652 |
| | **Liabilities** | | |
| 1 | **Non-current liabilities** | | |
| | (a) Financial liabilities | | |
| | (i) Borrowings | - | 40,620 |
| | (ii) Other Financial Liabilities | 2,255 | 7,798 |
| | (b) Provisions | 992 | 945 |
| | (c) Deferred tax liabilities (net) | - | 19,207 |
| | | 3,247 | 68,570 |
| 2 | **Current liabilities** | | |
| | (a) Financial liabilities | | |
| | (i) Borrowings | 162,303 | 158,611 |
| | (ii) Trade Payables | | |
| | Total outstanding dues of Micro and Small Enterprises | 1,325 | 711 |
| | Total outstanding dues of Creditors other than Micro and Small Enterprises | 38,969 | 36,844 |
| | (iii) Other Financial Liabilities | 98,493 | 45,973 |
| | (b) Other Current liabilities | 500 | 923 |
| | (c) Provisions | 709 | 777 |
| | | 302,299 | 243,839 |
| | TOTAL | **375,915** | **459,061** |

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 30th May, 2019.

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 and year ended 31st March, 2019 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.2,43,106 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 March, 2019, for the quarter ended 31st December, 2018 and for the year ended 31st March, 2019 is lower by Rs. 2,411 lacs, Rs. 2,419 lacs & Rs. 10,316 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 report and was also qualified by the auditors in their review report for the quarter ended 30th September, 2018 & 31st December, 2018.

5 The Company had issued a corporate guarantee of USD 463.96 Million (equivalent of Rs. 3,21,438 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. 1,74,589 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 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 and 31st December, 2018.

6 The Company as on 31st March, 2019 has an aggregate exposure of Rs. 1,50,824 lacs (excluding corporate guarantee as mentioned in note no. 5 above) in its 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. 94,692 lacs and other receivables of Rs. 16,515 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 its financial issues with its 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 JGPL 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 & 31st December, 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 March, 2019, for the quarter ended 31st December, 2018 and for the year ended 31st March, 2019 is lower by Rs. 2,380 lacs, Rs. 2,434 lacs & Rs. 9,421 lacs respectively.

7 The Company underwent significant financial stress due to suspension of manufacturing operations at its subsidiary, 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.
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 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 & 31st December, 2018.

8 As per practice, the Company called the balance confirmation from all the banks/financial institutions as at 31st March, 2019. One of the financial institutions did not respond and hence no confirmations are received for the borrowings aggregating to Rs. 5,068 lacs from that financial institution. The same has been referred by the auditors in their report.

9 Due to financial restructuring / negotiation with lenders and/or investors, Company did not receive the audited financial statements of its subsidiaries, hence the Company could not prepare the consolidated financial statements of the Company and accordingly no consolidated financial results have been published. The same has been referred by the auditors in their 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 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.

12 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.

13 The figures for the corresponding previous period/year have been regrouped/re-arranged wherever necessary, to make them comparable. The figures shown in the column headed quarter ended "31.03.2019" are the balancing figures between the figures shown in the column headed "Year ended 31.03.2019" and published figures for the nine months ended "31.12.2018".

**For & On Behalf of the Board of Directors**

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

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

JBF INDUSTRIES LIMITED

**Place : Mumbai**
**Date : 30th May,2019**

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 2019 ("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 (" the Regulation") read with Circular No. CIR/CFD/FAC/62/2016 Dated 5th July, 2016 ("the Circular").

2. The statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related audited standalone 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.

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

**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 the Note 4 to the statement, Company has provided interest @ 9% p.a. on borrowings aggregating to Rs. 2,43,106 lacs for the period from 1st April 2018 to 31st March, 2019 as against the documented rate resulting into lower provision of finance cost for the quarter and year ended 31st March 2019 by Rs. 2,411 lacs & Rs.10,316 lacs respectively, which is not in compliance with 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 for the period/year, total other comprehensive income and EPS for the quarter and year ended 31st March 2019 would have been Rs. 8,259 lacs & 35,477 lacs, Rs. (19,083) lacs & Rs. (86,125) lacs, Rs. (19,060) lacs & Rs. (86,140) lacs and Rs. (23.31) & Rs. (105.19) respectively as against the reported figure of Rs. 5,848 lacs & Rs. 25,161 lacs, Rs. (16,672) lacs & Rs, (75,809) lacs, Rs. (16,649) lacs & Rs. (75,824) lacs and Rs.(20.36) & Rs.(92.59) respectively in the above results. Further current financial liabilities-others and other equity as at 31st March 2019 would have been Rs. 108,809 lacs and Rs. 51,866 lacs respectively as against reported figure of Rs. 98,493 lacs and Rs. 62,182 lacs respectively in the above results.*

(ii) *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. 1,50,824 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 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.

(ii) Note 9 to the statement, regarding non- preparation of consolidated financial statements due to the reasons mentioned therein.

(iii) Note 8 to the statement, regarding non- receipt of balance confirmation as at 31st March 2019 from one of the financial institutions with respect to borrowings of Rs. 5068 lacs.

Continuation sheet...

(iv) Managerial remuneration of Rs. 60 lacs paid to whole time directors is subject to approvals of shareholders.

Our opinion is not modified in respect of these matters.

6. **Material Uncertainty Related to Going Concern**
Note 7 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, some of the lenders have even called back the loans, 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 its obligations. Our opinion is not modified in respect of this matter.

7. 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 5th July 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 other comprehensive income and other financial information of the Company for the quarter and year ended 31st March, 2019.

Continuation sheet..

Pathak H.D. & Associates
Chartered Accountants

8. We report that the figures for the quarter ended 31st March, 2019 represent the derived figures between the audited figures in respect of the financial year ended 31st March, 2019 and the published year-to-date figures up to 31st December, 2018 being the date of the end of the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Regulation and the Circular.

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

PATHAK H.D. ASSOCIATES * CHARTERED ACCOUNTANTS * MUMBAI

**Gopal Chaturvedi**
**Partner**
Membership No. 090903

**Place: Mumbai**
**Date: 30th May, 2019**

Continuation sheet..

## Statement on Impact of Audit Qualification

| Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019 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. 2,977.40 Crore | Rs. 2,977.40 Crore |
| | 2. | Total Expenditure | Rs. 3,229.43 Crore | Rs. 3,332.59 Crore |
| | 3. | Net (Loss) [after taxes, before OCI | Rs. (758.09) Crore | Rs. (861.25) Crore |
| | 4. | Earnings Per Share | Rs. (92.59) | Rs. (105.19) |
| | 5. | Total Assets | Rs. 3,759.15 Crore | Rs. 3,759.15 Crore |
| | 6. | Total Liabilities | Rs. 3055.46 Crore | Rs. 3,158.62 Crore |
| | 7. | Net Worth | Rs. 703.69 Crore | Rs. 600.53 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) Company has provided interest @ 9% p.a. on borrowings aggregating to Rs. 2,431.06 Crore for the period from 1st April 2018 to 31st March, 2019 as against the documented rate resulting into lower provision of finance cost for the year ended 31st March 2019 by Rs. 103.16 Crore, which is not in compliance with IND AS -23 "Borrowings Costs" read with IND AS-109 on "Financial Instruments".

(ii) Company has exposure in subsidiaries by way of investments, loans and other receivables aggregating to Rs. 1,508.24 Crore ( as at 31st March, 2018 Rs. 1,430.54 Crore) , in respect of which the Company could not carry out impairment assessments. 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 statements of the Company.

**(b) Type of Audit Qualification:** Qualified Opinion

**(c) Frequency of Audit Qualification:** Qualification Referred in II (a) (i) -Appeared first time and Qualification referred in II (a) (ii) – Since March 2018.

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

(i) In respect of interest recognition @ 9% (as referred in II (a) (i) above) – management is of the view that ultimate liability will not be more than 9% and continues to recognize the same on 9% only..

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

JBF INDUSTRIES LIMITED

| | |
|---|---|
| | (e) **For Audit Qualification where the impact is not quantified by the auditor:**<br><br>(i) **Management's estimation on the impact of audit qualification:** Not Applicable<br><br>(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 exposures in subsidiaries of Rs. 1508.24 Crore- in view of the negotiation with the lenders of the respective subsidiaries, impairment assessments could not carried out and however Management is confident to recover above amounts.<br><br>(iii) **Auditors' Comments on (i) or (ii) above:-** Refer " Basis for Qualified Opinion " in the Independent Audit Report on the Standalone Financial Statements dated 30th May, 2019 |
| III. | **Signatories:** |

**For JBF Industries Limited**

| | | |
|---|---|---|
| **N.K. Shah** | **Pravin Prajapati** | **Sharadchandra N Thakar** |
| (Vice Chairman & Managing Director) | (GM- Finance) * | (Audit Committee Chairman) |

* In the absence of CFO, Mr. Pravin Prajapati ( GM- Finance) officiating all the duties.

**Refer our Independent Auditor's Report dated 30th May, 2019 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

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

JBF INDUSTRIES LIMITED

Place: Mumbai
Date: 30th May, 2019