

INDEPENDENT AUDITOR'S REVIEW REPORT

To,
**The Board of Directors,
JBF Industries Limited**

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **JBF Industries Limited ("the Company")** for the quarter and nine months ended 31st December, 2018 ("the statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016.
2. The preparation of the statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 and SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. **Basis for qualified conclusion**
 - (i) As mentioned in the Note 4 to the statement, Company has provided interest @ 9% p.a. on borrowings aggregating to Rs. 19,313 lacs for the period from 1st April 2018 to 31st December, 2018 as against the documented rate resulting into lower provision of finance cost for the quarter and nine months ended 31st December, 2018 by Rs. 3,715 lacs & Rs. 9,025 lacs respectively, which is not in compliance with IND AS -23 "Borrowings Costs" read with IND AS-109 on "Financial Instruments".



- (ii) As mentioned in Note 7 to the statement, the Company has recognized unutilized import entitlements as at 31st December, 2018 valued at Rs 2,205 lacs and netted off with the cost of materials consumed, which is not in accordance with Generally Accepted Accounting Principles and IND AS-2 "Inventories".
- (iii) Had the interest been recognized, unutilized import entitlements not recognized and the expenses been correctly classified as mentioned in paragraph 4(i), (ii) and (iii) above, cost of materials consumed, finance cost, net loss for the period/year, total other comprehensive income and EPS for the quarter and nine months ended 31st December, 2018 would have been Rs. 46,290 lacs & Rs. 1,85,543 lacs, Rs. 10,440 lacs & Rs. 28,338 lacs, Rs. (16,865) lacs & Rs. (70,367) lacs, Rs. (16,878) lacs & Rs. (70,405) lacs and Rs. (20.60) and Rs. (85.95) respectively as against the reported figure of Rs. 44,085 lacs & Rs. 1,83,338 lacs, Rs. 6,725 lacs & Rs. 19,313 lacs, Rs. (10,945) lacs & Rs. (59,137) lacs, Rs. (10,958) lacs & Rs. (59,175) lacs and Rs. (13.37) and Rs. (72.23) respectively in the above results..
- (iv) As mentioned in the Note 6 to the statement, Company has exposure in subsidiaries by way of investments, loans and other receivables aggregating to Rs. 1,48,045 lacs (as at 31st March, 2018 Rs. 1,43,054 lacs), in respect of which the Company could not carry out impairment assessments due to the reasons mentioned therein. We are unable to obtain sufficient appropriate audit evidence about the recoverable amount of the Company's exposure. Consequently we are unable to determine whether any adjustments to these amounts are necessary and consequential impacts on the financial results of the Company.

5. Emphasis of Matters

We draw your attention to the:-

- (i) Note 5 to the statement, regarding invocation of corporate guarantee given by the Company to the lenders of JBF Petrochemical Limited ("JPL"). The Company has denied above invocation and is of the view that above invocation is not legally tenable for the reasons explained therein and hence no provision against the claims under the invoked corporate guarantee is considered necessary.

