

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.



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.

