

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 half year ended 30<sup>th</sup> September, 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 5<sup>th</sup> 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 5 to the statement, Company has provided interest @ 9% p.a. on borrowings aggregating to Rs. 2,33,684 lacs for the period from 1<sup>st</sup> April 2018 to 30<sup>th</sup> September, 2018 as against the documented rate resulting into lower provision of finance cost by Rs. 5,310 lacs, which is not in compliance of 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, total comprehensive income and EPS for the quarter and half year ended 30<sup>th</sup> September, 2018 would have been Rs. 8,310 lacs & 17,898 lacs, Rs. (48,545) lacs & Rs. (53,502) lacs, Rs. (48,558) lacs & Rs. ( 53,527) lacs and Rs. (59.30) & Rs. (65.35) respectively as against the reported figure of Rs. 3,000 lacs & Rs. 12,588 lacs, Rs. (43,235) lacs & Rs. (48,192) lacs, Rs. (43,248) lacs & Rs. (48,217) lacs and Rs. (52.81) & Rs. (58.86) respectively in the above results. Further current



*financial liabilities-others and other equity as at 30<sup>th</sup> September, 2018 would have been Rs. 93,129 lacs and Rs. 83,179 lacs respectively as against reported figure of Rs 87,819 lacs and Rs. 88,489 lacs respectively.*

- (ii) *As mentioned in the Note 7 to the statement, Company has exposure in subsidiaries by way of investments, loans and other receivables aggregating to Rs. 1,48,275 lacs (as at 31<sup>st</sup> 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. 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 your attention to the:-

- (i) Note 6 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 8 to the statement, regarding preparation of financial results 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 and one of the secured lenders have 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.
- (iii) Note 9 to the statement, regarding managerial remuneration paid to its executive chairman in excess of the limits prescribed in the Act and non- approval of waiver of recovery of excess remuneration by the shareholder. Rs. 975 lacs is receivable from the chairman as at 30<sup>th</sup> September, 2018 on account of it.

Our conclusion is not modified in respect of these matters.

6. Based on our review conducted as above, *except for the possible effects of the matter described in the paragraph 4 above "Basis for qualified conclusion"* and read with our comments in paragraph 5 above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the applicable Indian Accounting Standards ("Ind-AS")

