



# JBF Industries Limited

Ref No : JBF/SECTL/BOD/

30<sup>th</sup> May, 2023

The Secretary Bombay Stock Exchange Limited Pheroz Jeejabhoy Towers, Dalal Street, Mumbai, Maharashtra 400 001.	The Secretary National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra East Mumbai, Maharashtra 400 051.
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## **Sub : Financial Results**

Sir/Madam,

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, 2023, approved by the Board of Directors of the Company in their meeting held on 30<sup>th</sup> May. 2023.

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 12.15 hrs. and concluded at 17.00 hrs

Thanking you,

Yours faithfully,

**For JBF INDUSTRIES LIMITED**

**MRS UJJWALA APTE  
COMPANY SECRETARY**

REGD OFFICE : SURVEY NO. 273, VILLAGE ATHOLA, DADRA NAGAR HAVELI, SILVASSA  
Tel : +91-0260-2642745/46, 2643861. Fax : +-0260-2642297 E-mail : [admin@jbfmail.com](mailto:admin@jbfmail.com)  
**(ISO 9001/14001 & 18001 CERTIFIED) CIN : L99999DN1982PLC000128**

JBF INDUSTRIES LIMITED  
Survey No. 273, Village: Athola, Silvassa,  
(Dadra and Nagar Haveli and Daman and Diu)  
CIN : L99999DN1982PLC000128

## STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER/YEAR ENDED 31ST MARCH, 2023

(Rs. In Lakh except per share data)

Sr. No.	Particulars	Quarter Ended			Year Ended	
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
		31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
1	<b>Income</b>					
	a) Revenue From Operations	139	4,247	74,572	1,09,717	3,27,223
	b) Other Income (Refer note no-6)	104	85	528	1,235	1,996
	<b>Total Income</b>	<b>243</b>	<b>4,332</b>	<b>75,100</b>	<b>1,10,952</b>	<b>3,29,219</b>
2	<b>Expenses</b>					
	a) Cost of materials consumed	(0)	1,698	43,659	60,398	2,40,832
	b) Purchases of Stock- in- trade	111	431	187	2,422	187
	c) Changes in Inventories of Finished goods and work-in-progress	-	-	9,077	19,653	6,883
	d) Employee benefits expense (Refer note no-12)	(95)	768	2,995	4,869	9,936
	e) Finance Costs (Refer note no-4)	5,736	5,864	5,948	23,518	24,917
	f) Depreciation and amortisation expense	0	19	2,061	1,420	8,710
	g) Other Expenses	5,195	1,017	13,237	26,977	46,366
	<b>Total Expenses</b>	<b>10,947</b>	<b>9,797</b>	<b>77,164</b>	<b>1,39,257</b>	<b>3,37,831</b>
3	<b>Profit/(Loss) before Exceptional Items and tax (1- 2)</b>	<b>(10,704)</b>	<b>(5,465)</b>	<b>(2,064)</b>	<b>(28,305)</b>	<b>(8,612)</b>
4	<b>Exceptional Items (Refer note no-3)</b>	<b>(123)</b>	<b>(1,796)</b>	<b>1,07,747</b>	<b>1,50,359</b>	<b>1,08,285</b>
5	<b>Profit/(Loss) before Tax (3-4)</b>	<b>(10,581)</b>	<b>(3,669)</b>	<b>(1,09,811)</b>	<b>(1,78,664)</b>	<b>(1,16,897)</b>
6	<b>Tax Expenses</b>					
	a) Current Tax	-	-	-	-	-
	b) Deferred Tax	273	-	16	273	21
	c) Short/(Excess) Provision of Tax of Earlier Years (Net) (Refer note no-2)	6,409	-	-	6,409	129
	<b>Total Tax Expense</b>	<b>6,682</b>	<b>-</b>	<b>16</b>	<b>6,682</b>	<b>150</b>
7	<b>Net Profit/(Loss) for the Period/Year (5 - 6)</b>	<b>(17,263)</b>	<b>(3,669)</b>	<b>(1,09,827)</b>	<b>(1,85,346)</b>	<b>(1,17,047)</b>
8	<b>Other Comprehensive Income (OCI)</b>					
	<b>i) Items that will not be reclassified to profit or loss:</b>					
	a) Re-measurement gains / (losses) on defined benefit plans	(781)	-	(47)	(781)	(60)
	b) Income tax effect on above	273	-	16	273	21
	<b>ii) Items that will be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Other Comprehensive Income</b>	<b>(508)</b>	<b>-</b>	<b>(31)</b>	<b>(508)</b>	<b>(39)</b>
9	<b>Total Comprehensive Income for the Period / Year (7+8)</b>	<b>(17,771)</b>	<b>(3,669)</b>	<b>(1,09,852)</b>	<b>(1,85,854)</b>	<b>(1,17,036)</b>
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	-	-	-	(2,91,873)	(1,06,018)
12	Earning per equity share: Basic & Diluted (Not Annualised)*	(21.09)*	(4.48)*	(134.15)*	(226.39)	(142.97)



Balance Sheet as at 31st March, 2023 is as under :

		(Rs in Lakh)	
Particulars		As at 31st March, 2023 (Audited)	As at 31st March, 2022 (Audited)
<b>I.</b>	<b>ASSETS</b>		
<b>1</b>	<b>Non-current assets:</b>		
	(a) Property, Plant and Equipment	-	1,11,777
	(b) Capital work-in-progress	-	2,715
	(c) Investment Property	-	23
	(d) Other Intangible assets	-	70
	(e) Financial Assets		
	(i) Investments	-	39,672
	(ii) Others	-	3,397
	(f) Other non-current assets	-	6,542
	<b>Total Non-Current Assets</b>	<b>-</b>	<b>1,64,196</b>
<b>2</b>	<b>Current assets</b>		
	(a) Inventories	-	26,425
	(b) Financial Assets		
	(i) Trade receivables	836	36,111
	(ii) Cash and cash equivalents	28	14,031
	(iii) Bank balances other than (ii) above	24	18
	(iv) Loans	-	6,660
	(v) Others	12	1,025
	(c) Current Tax Assets (Net)	339	-
	(d) Other current assets	4,941	10,441
	<b>Total Current Assets</b>	<b>6,180</b>	<b>94,711</b>
	<b>Total Assets</b>	<b>6,180</b>	<b>2,58,907</b>
<b>II.</b>	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	(a) Equity Share capital	8,187	8,187
	(b) Other Equity	(2,91,873)	(1,06,018)
	<b>Total Equity</b>	<b>(2,83,686)</b>	<b>(97,831)</b>
	<b>Liabilities</b>		
<b>1</b>	<b>Non-current liabilities</b>		
	(a) Financial Liabilities		
	(i) Borrowings	-	-
	(ii) Lease Liabilities	-	2,126
	(b) Provisions	-	1,262
	(c) Deferred tax liabilities (net)	-	-
	<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>3,388</b>
<b>2</b>	<b>Current liabilities</b>		
	(a) Financial Liabilities		
	(i) Borrowings	2,35,984	2,44,364
	(ii) Lease Liabilities	-	454
	(iii) Trade Payables:-		
	Total outstanding dues of Micro & Small Enterprises	160	1,501
	Total outstanding dues of Creditors other than Micro & Small Enterprises	3,074	8,499
		3,234	10,000
	(iv) Other financial liabilities	45,697	95,323
	(b) Other Current liabilities	4,895	1,395
	(c) Provisions	56	1,581
	(d) Current Tax Liabilities (Net)	-	233
	<b>Total Current Liabilities</b>	<b>2,89,866</b>	<b>3,53,350</b>
	<b>Total Equity and Liabilities</b>	<b>6,180</b>	<b>2,58,907</b>



## STATEMENT OF AUDITED CASH FLOWS FOR THE PERIOD ENDED 31ST MARCH,2023

(Rs in Lakh)

Particulars	For the year ended 31st March, 2023 (Audited)	For the year ended 31st March, 2022 (Audited)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss Before Tax as per Statement of Profit and Loss	(1,78,664)	(1,16,897)
<b>Adjusted for :</b>		
Depreciation, Amortisation and Impairment Expense	1,420	8,710
Unrealised (Gain)/Loss on Foreign Currency Transactions (Net)	559	(348)
Loss on Sale of Property, Plant and Equipment (Net)		29
(Gain)/Loss on Financial Instruments Measured at Fair Value Through Profit or Loss (Net)		(34)
Finance Costs	23,518	24,917
Gain on Lease Cancellation	(243)	
Recovery from Doubtful Debts		(62)
Interest Income	(63)	(152)
Sundry Balances Written Off / (Back) (Net)	35	268
	25,226	33,328
<b>Operating Profit Before Working Capital Changes</b>	<b>(1,53,438)</b>	<b>(83,569)</b>
<b>Adjusted for :</b>		
Trade & Other Receivables	(6,993)	(10,335)
Inventories	(398)	7,180
Trade and Other Payables	(3,242)	(2,709)
<b>Cash from/(used in) Operations</b>	<b>(1,64,071)</b>	<b>(89,433)</b>
Direct taxes Refund/(paid)	(572)	(235)
	<b>(1,64,643)</b>	<b>(89,668)</b>
Exceptional Items	1,50,359	1,08,285
<b>Net Cash from Operating Activities</b>	<b>(14,284)</b>	<b>18,617</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	(260)	(866)
Sale of Property, Plant and Equipment	-	10
Loan given to subsidiaries	-	(92)
Proceeds from Sale of Financial Assets	-	25
Interest on Investment / Loans	865	14
	605	(908)
<b>Net Cash used in Investing Activities</b>	<b>605</b>	<b>(908)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Movement in Long Term Borrowings (net)		(213)
Movement in Short Term Borrowings (net)	-	(488)
Margin Money (Net)	(16)	(161)
Payment of Lease Liabilities	(172)	(414)
Finance Costs Paid	(136)	(4,370)
	(324)	(5,646)
<b>Net Cash used in Financing Activities</b>	<b>(324)</b>	<b>(5,646)</b>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(14,003)</b>	<b>12,062</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>14,031</b>	<b>1,969</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>28</b>	<b>14,031</b>



## Notes :

1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 30th May, 2023.

2 The consortium of bankers led by Bank of Baroda had filed an application with the National Company Law Tribunal (NCLT), Ahmedabad for recovery of their dues in September 2018 under the Insolvency and Bankruptcy Code, 2016. The said application has been dismissed and disposed off by the Court in April 2021. Subsequently, the lenders had filed an appeal before the NCLAT in May 2021. The appeal before NCLAT was consequently withdrawn by Bank of Baroda in November 2021.

On 13th August, 2021, all the lenders (except Tamilnad Mercantile Bank Ltd) had assigned the debts along with all the rights and interests on the secured assets to CFM Asset Reconstruction Private Limited (CFM) under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) by executing two Assignment Agreements both dated 13th August, 2021. A total of 14 fourteen lenders aggregating approximately 99 % of the total debt of the Company had assigned their debt to an Asset Reconstruction Company called CFM as on 13th August, 2021. The Board of Directors' are no longer in the helm of affairs of the Company w.e.f - 13th August, 2021. CFM was closely monitoring and managing the day to day plant and corporate office operations through Deloitte Touche Tohmatsu India LLP, Mumbai who had been appointed as the nodal agency by CFM. Further, to the intimation of the said assignment, CFM had also issued a demand notice under Section 13(2) of the SARFAESI Act, 2002 and the rules framed there under to recover the entire dues including principal and interest. In response to the said notice, the Company had given an "In principle consent" to handover the secured assets which includes land, building, movable assets, inventory, sundry debtors, investments in subsidiaries & step-down subsidiary, intangible assets (including the SAP accounting software) and other current and non-current assets of the Company to CFM. On 11th November 2021, CFM took physical possession of the secured assets of JBF. Further the Company was in receipt of Intimation for sale of secured assets by way of private treaty under the SARFAESI Act, 2002 on 11th May, 2022 and thereafter, proceeded to sell the same by way of private treaty under the SARFAESI Act to Madelin Enterprises Private Limited (MEPL).

Further to the above mentioned points, we would like to bring to your kind attention that the part secured assets including land, building, sundry debtors, investments, cash and bank balances, deposits, intangible assets (including the SAP software) and other movable assets have been sold to the MEPL by CFM on 6th June 2022 and balance assets were sold by CFM to MEPL on 20th December, 2022. In addition, MEPL has also taken over the affairs and operations of all the three plants and the corporate office and the current Board of Directors have no control over the same. With effect from 1st December, 2022 manufacturing operations from all locations have been discontinued.

In addition, the Company has received demand notice from Tamilnad Mercantile Bank Ltd, (TMBL) under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act") and the Rules framed thereunder for recovery of their dues vide letter dated 23rd November, 2021. amounting to Rs. 32.94 Crores plus future interest as applicable thereon in terms of loan agreement. TMBL has denied to release the charge on assets of the company. However, the remaining 14 lenders have assigned their debts to Asset Reconstruction Company CFM on dated 13.08.2021 and on 11th November 2021, CFM took physical possession of the secured assets of JBF.

CFM has sent intimation for sale of all the secured assets of the company to Madelin Enterprises Private Limited (MEPL) for total consideration of Rs. 881 Crores on dated 11.05.2022.

However, TMBL has not agreed to the decision of remaining 14 lenders, therefore, it has in principal charge over the secured assets of the company on pro-rata basis, which have been subsequently transferred to CFM and finally to MEPL. Thereafter TMBL approached NCLT Ahmedabad for recovery of their dues from the Company and CFM. The matter is now pending before the NCLT Ahmedabad and it is subjudice.

In light of the above facts, it is evident that the Company's secured assets including the manufacturing plants situated in Sarigam, Athola and Saily are no longer in the possession of the Company. Further, the management is also of the view that under the above mentioned circumstances, the operations of the Company without the manufacturing plants will be severely affected. The Company's ability to sustain itself and generate revenues has been critically dented. Further, there could be a significant and material impact on the "going concern" status of the Company and its future operations. The company has also transferred MAT credit entitlement of Rs. 6,409 Lakhs to Statement of Audited Financial Results under the head Tax Expenses "Short/(Excess) Provision of Tax of Earlier Years (Net)". The Company will find it difficult to meet its financial commitments. The same has been referred by the auditors in their report on results and was also referred by the auditors in their reports on the financial statements & results for the earlier years/ quarters.

3 Exceptional items for the quarter ended 31st March 2023 and for year ended 31st March 2023 represents loss on account of repossession of secured assets by the Lender. And, exceptional items for the quarter and year ended 31st March, 2022 represents provision for doubtful debts in respect of trade receivables, unutilised coal cess credit written off, exposure in step-down subsidiary namely JBF Petrochemicals Limited ("JPL") by way to investment in deemed equity, loans including interest and Trade & other receivables (net).

4 The Company has provided interest @ 9% p.a. on monthly compounding basis on Term Loans and simple interest in Cash Credit Limits and Cumulative Redeemable Preference Shares (CRPS) on its borrowings aggregating to Rs. 2,47,379 lakh (Term Loan Rs. 64,121 lakhs and Cash Credit Rs. 1,71,862 lakhs and CRPS Rs. 11,396 lakh) as against the documented rate as required as per IND AS -23 "Borrowing Costs" read with IND AS-109 on "Financial Instruments" since Company expects that ultimate interest liability will not be more than 9% p.a. Aggregate amount of interest not provided for as at 31st March, 2023 is Rs.82,091 lakh. Accordingly, finance costs for the quarter ended 31st March, 2023, for the quarter ended 31st December, 2022, for the quarter ended 31st March, 2022, for the year ended 31st March, 2023 and 31st March 2022 is lower by Rs. 2,104 lakh, Rs. 1,915 lakh, Rs 7,468 lakh, and Rs. 11,668 lakh and Rs.28,320 lakh respectively. The same has been qualified by the auditors in their report on the results and was also qualified by the auditors in their reports on the financial statements & results for the earlier year/ quarters.

5 The Company had issued a corporate guarantee of USD 463.96 Million (equivalent of Rs. 3,77,587 lakhs) to the lenders of JBF Petrochemicals Limited ("JPL"), a step down subsidiary. However, following the sale of secured assets (including its investments in subsidiaries and step down subsidiary). One of the lenders of JPL vide its letter dated 24th April, 2018 invoked corporate guarantee to the extent of USD 252.00 Million (equivalent of Rs. 1,99,155 lakhs) 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 obligations 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 same has been referred by the Auditors in their report on the results and was also referred by the Auditors in their reports on the Financial Statements & results for the earlier years/ quarters.

6 The Company as on 6th June, 2022 has an aggregate exposure of Rs.47,125 lakhs (excluding corporate guarantee as mentioned in note no. 5 above) in its subsidiaries namely JBF Global Pte Ltd ("JGPL") by way of investment in equity of Rs.39,617 lakhs, loans including interest of Rs.6,828 lakhs and interest thereon of Rs.680 lakhs.

The Company's exposure in the step down subsidiary namely JBF Petrochemicals Limited (JPL) amounting to Rs.1,05,722 lakhs as on 31st March, 2022 has been fully impaired and provided for. This is in light of the fact that the application filed by one of the lenders of JPL before the National Company Law Tribunal (NCLT), Ahmedabad under Insolvency and Bankruptcy Code, 2016 has been admitted on 28th January, 2022. The Resolution Professional (RP) appointed by the Committee of Creditors (COC) has taken over the plant and the Board of Directors of JPL has been suspended on 28th January, 2022. The RP has taken over the day to day operations of JPL.



- 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.
- However, following the repossession of secured assets including all investments made by the Company in its subsidiaries and step-down subsidiary on 6th June, 2022, the above exposures has been reduced to NIL.
- Further, the Company had discontinued recognition of interest income on Inter- corporate deposits amounting to Rs.78,139 lakhs given by it to JPL w.e.f. 1st April 2018 and accordingly interest income for the quarter ended 31st March, 2022, for the year ended 31st March, 2023, for the year ended 31st March, 2022 is lower by Rs.2,408 lakhs, Rs.1,793 lakhs and Rs.9,548 lakhs respectively.
- 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.
- 7 The same has been referred by the auditors in their report on results and was also referred by the auditors in their report on the financial statements & results for the earlier years/ quarters. As on 31st March 2023, M/s. Madelin Enterprises Pvt.Ltd., has acquired the holding of our Company in the Subsidiary Company JBF Global Pte Limited situated at Singapore under the Sarfaesi Act.
- 8 Chief Executive Officer (CEO) of the Company had tendered his resignation from the post of CEO with effect from 1st May, 2019. Management of the Company is actively looking out for suitable candidates to fill in the above vacancies. However, the current corona virus is not helping matters and filling of these executive positions have been delayed. The same has been referred by the auditors in their report on results and was also referred by the auditors in their report on the financial statements & results for the earlier years/ quarters.
- 9 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.
- 10 One of the operational creditors of JBF RAK LLC, situated at UAE (JBF RAK), had made an application with National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code, 2016 against the Company, for supply of raw materials to JBF RAK and claimed for a debt of Rs. 12,848 lakh (US\$ 19,899,091.53) as per notice dated 17th February, 2020. Management is of the view that in view of negotiation with the above creditor by JBF RAK and based on past settlement by the Company with above creditors in respect of raw material purchased by the Company, there will be no liability on account of it to the Company and hence no provision is required towards above claim. The same has been referred by the auditors in their report on results and was also referred by the auditors in their report on the financial statements & results for the earlier years/ quarters.
- 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 Gratuity benefits are classified as Post-Retirement Benefits as per INDAS-19. During the year, the Employees of the company has paid gratuity amounting to Rs. 29.86 crores as against the outstanding actuarial liabilities of Rs. 20.85 Crores as appearing in the beginning of the year. Actuarial gains and losses arise due to difference in the actual experience and the assumed parameters and due to changes in the assumptions used for valuation. The Company recognizes these remeasurements of Rs. 7.81 crores on year end in the Other Comprehensive Income (OCI). Due to recognition of Actuarial gains and losses on year end, current quarter Employee benefits expense has been negative.
- 13 The figures for the corresponding previous period/year have been regrouped/re-arranged wherever necessary, to make them comparable.

By order of the Board of Directors



SEETHARAM N SHETTY  
DIRECTOR  
DIN-07962778

Place : Mumbai  
Date : 30th, May 2023

# S. C. AJMERA & CO.

## CHARTERED ACCOUNTANTS

### INDEPENDENT AUDITOR'S REPORT ON AUDIT OF THE STANDALONE FINANCIAL RESULTS

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

#### Qualified Opinion

We have audited the accompanying Statement of Standalone Financial Results of **JBF INDUSTRIES LIMITED** (the "Company") for the quarter and year ended March 31, 2023 (the "statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Regulation"), as amended.

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 matters described in the "Basis for Qualified Opinion" section of our report, the statement:

- a) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- b) gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standards ("Ind AS") and other accounting principles generally accepted in India for the net loss and other comprehensive income and other financial information of the Company for the quarter and year then ended March 31, 2023.

#### Basis for Qualified Opinion

- (i) As mentioned in Note 4 to the statement, provision of interest @ 9% p.a. on monthly compounding basis on Term Loan and simple interest in Cash Credit Limits and Cumulative Redeemable Preference Shares (CRPS) Rs.2,53,004 (Term Loan Rs. 64,121 lakhs and Cash Credit Rs. 1,71,862 lakhs and CRPS Rs. 11,396 lakhs) lakhs for the year ended from 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023 as against the documented rate, resulting into lower provision of finance cost for the quarter and year ended 31<sup>st</sup> March, 2023 by Rs. 2104 lakhs and Rs. 11668 lakhs respectively, which is not in compliance with Ind AS -23 "Borrowings Costs" read with Ind AS-109 on "Financial Instruments". Aggregate amount of Interest not provided for as at 31<sup>st</sup> March, 2023 is Rs. 82,091 lakhs. Had the interest been provided at the documented rate, finance cost, net loss after tax for the period/year, total comprehensive income and EPS for the quarter and year ended 31<sup>st</sup> March, 2023 would have been Rs. 7840 lakhs and Rs. 35,186 lakhs, Rs. (19,367) lakhs and Rs. (1,97,014) lakhs, Rs. (19,876) lakhs and Rs. (1,97,523) lakhs, and Rs. (24.277) and Rs. (241.263)



# S. C. AJMERA & CO.

## CHARTERED ACCOUNTANTS

respectively as against the reported figure of Rs. 5736 lakhs and Rs. 23,518 lakhs, Rs. (17,263) lakhs and Rs. (1,85,346) lakhs, Rs. (17,772) lakhs and Rs. (1,85,855) lakhs and Rs. (21.09) and Rs. (226.39) respectively in the above results. Further current financial liabilities-others and other equity as at 31<sup>st</sup> March, 2023 would have been Rs.1,27,788 lakhs and Rs. (3,73,964) lakhs respectively as against reported figure of Rs.45,697 lakhs and Rs.(2,91,873) lakhs respectively in the above results.

- (ii) As mentioned in Note 10 to the statement regarding the application filed with the National Company Law Tribunal (NCLT), by one of the operational creditors of JBF RAK LLC (JBF RAK), situated at UAE, a subsidiary of the company, against the Company, for supply of raw materials to JBF RAK and claim of Rs. 12,848 Lakhs (US\$ 19,899,091.53) as per notice dated 17<sup>th</sup> February, 2020. No provision has been considered for the above claim for the reasons stated therein. The matter described in above has uncertainties related to the outcome of the legal proceedings and hence we are unable to quantify the provisions for above claim at this stage, if any, and its consequential impacts on the financial results of the Company.

We concluded our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described In the Auditor's Responsibility for the Audit of the Standalone Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial results under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained are sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter**

We draw your attention to:-

- (i) Note 2 to the statement that Company's secured assets including the manufacturing plants situated in Sarigam, Athola and Saily are no longer in the possession of the Company. Further, the management is also of the view that the operations of the Company without the manufacturing plants will be severely affected. With effect from 1<sup>st</sup> December, 2022 manufacturing operations from all locations have been discontinued. The Company's ability to sustain itself and generate revenues has been critically dented. Further, there is a significant and material impact on the "going concern" status of the





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## CHARTERED ACCOUNTANTS

Company and its future operations. The company has also transferred MAT credit entitlement of Rs. 6,409 Lakhs to Statement of Audited Financial Results under the head Tax Expenses "Short/(Excess) Provision of Tax of Earlier Years (Net)" as there is no possibility of earning revenue in future. The Company will find it difficult to meet its financial commitments. Therefore, the company ceases to continue as a going concern.

- (ii) Note 2 & 3 to the statement, the part secured assets including land, building, sundry debtors, investments, cash and bank balances, deposits, intangible assets (including the SAP software) and other movable assets amounting to Rs. 2,39,664 Lakhs (Net of Provisions) have been sold to the MEPL by CFM on 6th June 2022 for Rs. 87,386 Lakhs and balance assets were sold to MEPL by CFM on 20<sup>th</sup> December 2022. The same has resulted into loss of Rs. 1,50,359 Lakhs on account of repossession of secured assets by the Lender, which has been shown as exceptional items in the financial results of the company.

Further, the Company has received demand notice from Tamilnad Mercantile Bank Ltd, (TMBL) under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("Sarfaesi Act") and the Rules framed thereunder for recovery of their dues vide letter dated 23<sup>rd</sup> November, 2021 amounting to Rs. 32.94 Crores plus future interest as applicable thereon in terms of loan agreement. TMBL has denied to release the charge on assets of the company. However, the remaining 14 lenders have assigned their debts to Asset Reconstruction Company CFM on dated 13.08.2021 and also transferred all the assets (fixed assets, investment and current assets) of the company to CFM on dated 11.11.2021. CFM has taken physical possession of all secured assets of JBF.

CFM has sent intimation for sale of all the secured assets of the company to Madelin Enterprises Private Limited (MEPL) for total consideration of Rs. 881 Crores on dated 11.05.2022.

However, TMBL has not agreed to the decision of remaining 14 lenders, therefore, it has in principal charge over the secured assets of the company on pro-rata basis, which have been subsequently transferred to CFM and finally to MEPL.

Thereafter, TMBL approached NCLT Ahmedabad for recovery of their dues from the Company and CFM. The matter is now pending before the NCLT Ahmedabad and it is subjudice.



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- (iii) Note 5 to the statement, regarding invocation of corporate guarantee given by the company to the lender of JBF Petro Chemicals Ltd. ("JPL"). The company has denied above invocation and is of the view that above invocation is not tenable for the reasons explained therein and hence no provision against the claims under the invoked corporate guarantee is considered necessary.
- (iv) Note 7 to the statement, regarding non-preparation of consolidated financial statement due to the reasons mentioned therein. The company has six subsidiaries and is required to present consolidated financial results. The Company has not prepared and presented the consolidated financial statements/results required by Companies Act, 2013 and IND AS 110 "Consolidated Financial Statements" and the Listing Regulation. However, as on 31st March 2023, M/s. Madelin Enterprises Pvt. Ltd., has acquired the holding of JBF Industries Ltd. in its Subsidiary Company JBF Global Pte Limited situated at Singapore under the Sarfaesi Act.
- (v) Note 8 to the statement, regarding the vacancy of the post of the Chief Executive Officer since 1<sup>st</sup> May, 2019 due to the reason as mention therein

Our opinion is not modified in respect of these matters.

### **Management's Responsibilities for the Standalone Financial Results**

This Statement, which includes the Standalone financial results is the responsibility of the Company's Board of Directors, and has been prepared on the basis of the standalone financial statements. The Company's Board of Directors are responsible for the presentation of these standalone financial statements that give a true and fair view of the net loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Ind AS, prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error.



# S. C. AJMERA & CO.

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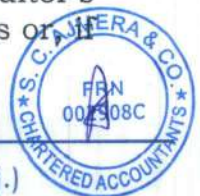
The Board of Directors is also responsible for overseeing the financial reporting process of the Company.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Results**

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial results or



**S. C. AJMERA & CO.**  
**CHARTERED ACCOUNTANTS**

PAN : AAQFS9420E

such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, these standalone financial results have been prepared on the basis that the company does not continue to be a going concern as stated in the emphasis of matter paragraph.

- Evaluate the overall presentation, structure and content of the Standalone Financial Results, including the disclosures, and whether the Standalone Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and where applicable, related safeguards.

**Other Matter**

We report that the figures for the quarter ended 31st March, 2023 represent derived figures between the audited figures in respect of the financial year ended 31st March, 2023 and the published unaudited year-to-date figures up to 31st December, 2022 being the date of the end of the third quarter of the current financial year, which were subjected to a limited review by us.

Place : Udaipur  
Date : 30.05.2023



For S.C. Ajmera & Co.  
Chartered Accountants  
FRN 002908C

*Arun*

(Arun Sarupria - Partner)  
M.No. 078398

UDIN: 23078398BGVRLQ7049

**Statement on Impact of Audit Qualification**

**Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023 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. 1,109.52 Crore	Rs. 1,109.52 Crore
	2.	Total Expenditure	Rs. 1,392.56 Crore	Rs.1,509.24 Crore
	3.	Net (Loss) [after taxes, before OCI]	Rs. (1,853.46) Crore	Rs. (1,970.14) Crore
	4.	Earnings Per Share	Rs. (226.39)	Rs. (240.64)
	5.	Total Assets	Rs. 61.80 Crore	Rs. 61.80 Crore
	6.	Total Liabilities	Rs. 2,898.66 Crore	Rs. 3,015.34Crore
	7.	Net Worth	Rs. (2,836.86) Crore	Rs. (2,953.54) 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:-

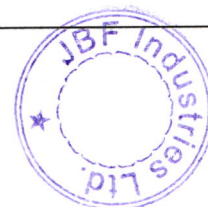
- (i) Provision of interest @ 9% p.a. on borrowings aggregating to Rs. 2,473.80 Crore for the year from 1<sup>st</sup> April 2022 to 31<sup>st</sup> March, 2023 as against the documented rate as required as per IND AS -23 "Borrowing Costs" read with IND AS-109 on "Financial Instruments" resulting into lower provision of finance cost for the year ended 31<sup>st</sup> March 2023 by Rs. 116.68 Crore.
- (ii) One of the operational creditors of JBF RAK LLC, situated at UAE (JBF RAK), a subsidiary of the Company, has made an application with National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code, 2016 against the Company, for supply of raw materials to JBF RAK and claimed for a debt of Rs. 128.48 Crore (US\$ 19,899,091.53) as per notice dated 17th February, 2020. No provision has been considered for the above claim for the reasons stated therein. The matter described in above has uncertainties related to the outcome of the legal proceedings and hence we are unable to quantify the provisions for above claim at this stage, if any, and its 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) – Since March 2019, in II (a) (ii) – Appeared since March 2020.

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

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



**(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 –application filed by one of the operational creditors of JBF RAK LLC, a subsidiary of the Company, against the Company - in view of the negotiation with the above creditors by the JBF RAK LLC and based on past settlement by the Company with above creditors in respect of raw material purchased by the Company, there will be no liability on account of it and hence, management of the Company does not expect any liability on account of above claim. The company has shown this amount as Contingent Liability.

**(iii) Auditors' Comments on (i) or (ii) above:-** Refer "Basis for Qualified Opinion" in the Independent Audit Report on the Standalone Financial Statements dated 30<sup>th</sup> May, 2023.

**III. Signatories:**

**For JBF Industries Limited**



**Seetharam N Shetty**  
(Director)



**Pravin Prajapati**  
(Chief Financial Officer)



**Ravi A Dalmia**  
(Audit Committee Chairman)



Place: Mumbai  
Date: 30.05.2023

**Refer our Independent Auditor's Report dated 30<sup>th</sup> May, 2023 on the Standalone Financial Statements of the Company.**

**For S.C. Ajmera & Co.**

Chartered Accountants  
Firm Registration No – 002908C



**Arun Sarupria**

Partner  
Membership No – 078398  
Place: Udaipur  
Date: 30.05.2023