JBF Industries Limited

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Ref No. : JBF/SECTL/SE/ 10th September, 2020

The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra [East]
Mumbai, Maharashtra 400 051

Sir/Madam,

Sub.: Disclosure regarding Impact of the Covid-19 pandemic on the Company's operations
Ref.: Regulation 30 of the SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. SEBI/HO/CFD/CMD1/ CIR/P/2020/84 dated May 20, 2020,

Sir/Madam,

Further to our disclosure dated 30th March, 2020 on the plant operations, an update relating to the impact of the Covid-19 pandemic and the resultant lockdown on the Company's operations is provided herewith.

1. Impact of the COVID-19 pandemic on the business:

Consequent to the declaration of outbreak of Corona virus disease (COVID-19), a global pandemic, Government of India had declared lockdown on 24th March, 2020 and the Company was forced to temporarily suspend all the operations at its plants located at Athola and Saily (Dadra & Nagar Haveli and Daman and Diu) & Sarigam (Gujarat) in compliance with the lockdown instructions issued by the Central and State Governments.

Subsequently, the lockdown impacted the normal business operations of the Company by way of interruption in production, supply chain, dispatches, non-availability of personnel etc. during the lockdown period which was extended by the local authorities.

2. Ability to maintain operations including the factories/units/office spaces functioning and closed down; Schedule, if any, for restarting the operations:

Production and supply started in a phased and gradual manner. The plant situated at Sarigam re-opened on 23.04.2020 vides an order issued by Collector office of Valsad dated 23.04.2020. Further, the plant situated at Athola and Saily re-opened on 27.04.2020 vide an order issued by Union Territory of Administration of Dadra & Nagar Haveli and Daman & Diu dated 22.04.2020 in a staggered manner.

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As per the prescribed guidelines from the Government of Maharashtra, our corporate office situated at Mumbai re-opened on 08.06.2020, by allowing minimum staff to work from office premises and rest were instructed to continue to work from home. Safety norms and precautions are strictly being followed at all locations, considering the risk of spread corona virus and also to keep it under control. Adequate data security measures and additional protocols have been introduced to ensure the safeguard of sensitive information of the Company and all its stakeholders.

3. Steps taken to ensure smooth functioning of operations:

In order to ensure smooth functioning of plant operations, the Company is strictly adhering to the guidelines and directions issued by State and Central Government including the local administrative authority for maintaining the health and safety norms across all its locations including maintaining social distancing, compulsory use of face mask and hand sanitization etc.

4. Estimation of the future impact of COVID-19 on its operations:

The situation is still evolving and fluid and as a result it is difficult to guess as to how this pandemic will have an impact on the future operations of the Company. The Company is closely monitoring the emerging situation arising out of COVID-19 and subsequent restrictions imposed by the regulatory authorities.

It is not possible neither to foresee the duration of this pandemic, nor predict its course. Nevertheless, the Company is making every effort to ensure that the after effects are dealt with in the best possible way given the limited resources available at their disposal. In view of the prevailing uncertainty, no precise estimation can be made about the overall impact of this pandemic on the Company as a whole.

5. Details of impact of COVID-19 on listed entity's:

a. Capital and financial resources: The Company's Capital and reserves will be impacted on account of the finance cost and depreciation charged to the Profit and Loss account for the year under consideration. The Company has not been able to service its debts for the last couple of years. The Company has been running its operations without any credit limits from any of its lenders which in turn has reduced the gross margins on all its products. 2019-20 has been a challenging year with weakening consumer sentiment given the macro-economic conditions and finally the Covid-19 outbreak and its terrible impact on lives and livelihood. The cashflow of the Company has also taken a hit due to the outbreak. The dynamics of this situation makes it difficult to fully assess the risk impact. However, the Company is doing all it can to mitigate the risk on capital erosion and its financial resources. The Company is working tirelessly to ensure business continuity and is closely

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monitoring the evolving situation to understand the potential impact on our business and our people.

b. Profitability: As expected the revenue and profitability for the financial year 2020-21 will be severely impacted due to the on-going lock down situation across India and the world. The Company has taken proactive and essential steps to reduce cash outflow on account of fixed overheads to the maximum extent possible.

c. Liquidity Position: Company has adequate resources to maintain its liquidity before Covid-19 periods, however during the lockdown, cash flows were disrupted due to lower collections and fixed expenses commitments.

d. Ability to service debt and other financing arrangements: The Company is a Non Performing Asset (NPA) and is currently not in a position to service its debts.

e. Assets: There has not been any material impact on Property, Plant & Equipment due to Covid-19. In light of the on-going circumstances, the Company has considered the possible effects that may result from Covid-19 on the carrying amounts of financial assets, inventory, trade receivables, advances, intangibles, etc. As well as liabilities accrued. Because of this pandemic and future uncertainties, the Company has used internal and external information such as current contract terms, financial strength of partners, investment profile, future volume estimates from the business, etc. Having reviewed the underlying data and based on current market estimates the Company expects the carrying amount of these assets will be recovered. The impact of Covid-19 on the Company's financial statements may differ from that estimated as at the date of approval of these results and the Company will closely monitor any material changes to future economic conditions.

f. Internal Financial Reporting and Control: Adequate steps are being been taken to ensure effective Internal Financial Controls and various austerity measures are taken.

g. Supply Chain: There was severe disruption on our supply chain during lockdown. The Company is actively working with its vendors and logistics provider for ensuring seamless supply of raw material and dispatches of finished goods to its customers post the easing of the lockdown measures.

h. Demand for its products/services: The Company expects that post lock down, demand will take off gradually during the coming months due to the revival and opening of the local retail markets as well as opening of business operations in neighbouring states and countries across the globe.

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6. Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business: There are no such existing contracts/agreements which lead to non-fulfilment of any material obligations of any party that shall have any significant impact on the Company except in case of one operational Creditor Sabic Asia Pacific Pte. Ltd with whom the Company has executed a settlement agreement. As per terms of the agreement the Company is required to pay monthly instalment of USD 440783 in 18 instalment up to 31st July 20 but the Company has so far manage to pay only 11 instalments.

7. Other relevant material updates about the listed entity's business: The Company shall keep its stakeholders well informed about any material developments that could have a significant impact in the future. As the current environment is very dynamic and resultant situation is evolving, the business operations are highly influenced by the decisions taken by the Government and Regulators, from time to time. The Company and its management is taking all precautions and safety measures to ensure that the physical and mental health of its employees are not compromised in any way. Further, all necessary safety protocols have been activated to ensure the smooth working of all the plants by the strictly following the safety guidelines as issued by the local authorities from time to time.

This is for your information and record.

Thanking you,

Yours Faithfully,
For JBF INDUSTRIES LIMITED

S N SHETTY
ADDITIONAL DIRECTOR