JBF Industries Limited

**CORPORATE OFFICE :** 8th FLOOR, EXPRESS TOWERS, NARIMAN POINT, MUMBAI - 400 021. (INDIA)
**TEL.** : (91-22)22885959 **FAX :** (91-22) 22886393 **e-mail:**jbf@vsnl.com **Internet site :** http://www.jbfindia.com

Ref No. : JBF/SECTL/SE/

11th November, 2020

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

Sir/Madam,

**Sub : Financial Results**

In Compliance with Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Unaudited Financial Results for the quarter ended on 30th June, 2020, approved by the Board of Directors of the Company in their meeting held on 11th November, 2020.

The Meeting of Board of Directors of the Company commenced at 12.30 hrs. and concluded at 15.30 hrs.

Kindly acknowledge the receipt of the same.

Thanking you,

Yours Faithfully,
**For JBF INDUSTRIES LIMITED**

**S N Shetty**
**Additional Director**

**REGD. OFFICE** : SURVEY NO. 273, VILLAGE ATHOLA, SILVASSA-396 230. (INDIA)
**TEL. :** +91-0260-2642745/46, 2643861/62 • **FAX :** +91-0260-2642297 **E-mail :** admin@jbfmail.com
(ISO 9001, 14001, 18001 CERTIFIED) **CIN** : L99999DN1982PLC000128

JBF INDUSTRIES LIMITED
Survey No. 273, Village: Athola, Silvassa, (D & NH)
CIN : L99999DN1982PLC000128
STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2020

(Rs. In Lakh except per share data)

| Sr. No. | Particulars | Quarter Ended | | | Year Ended |
|---|---|---|---|---|---|
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| | | 30.06.2020 | 31.03.2020 | 30.06.2019 | 31.03.20 |
| 1 | **Income** | | | | |
| | a) Revenue From Operations | 23,595 | 66,941 | 71,751 | 281,290 |
| | b) Other Income (Refer note no-5) | 374 | 271 | 440 | 2,661 |
| | **Total Income** | **23,969** | **67,212** | **72,191** | **283,951** |
| 2 | **Expenses** | | | | |
| | a) Cost of materials consumed | 15,694 | 54,583 | 54,483 | 225,635 |
| | b) Purchases of Stock- in- trade | 8 | 313 | - | 313 |
| | c) Changes in Inventories of Finished goods and work-in-progress | 5,343 | (1,137) | 3,992 | 157 |
| | d) Employee benefits expense | 1,835 | 2,289 | 2,319 | 8,836 |
| | e) Finance Costs (Refer note no-3) | 6,028 | 6,456 | 5,457 | 24,851 |
| | f) Depreciation and amortisation expense | 2,200 | 2,258 | 2,400 | 9,448 |
| | g) Other Expenses | 4,507 | 10,463 | 9,557 | 41,336 |
| | **Total Expenses** | **35,615** | **75,225** | **78,208** | **310,576** |
| 3 | **Loss before Exceptional Items and tax (1- 2)** | **(11,646)** | **(8,013)** | **(6,017)** | **(26,625)** |
| 4 | **Exceptional Items (Refer note no-2)** | **-** | **6,741** | **-** | **6,741** |
| 5 | **Loss before Tax (3-4)** | **(11,646)** | **(14,754)** | **(6,017)** | **(33,366)** |
| 6 | **Tax Expenses** | | | | |
| | a) Current Tax | - | - | - | |
| | b) Deferred Tax | 16 | 37 | 2 | (16) |
| | **Total Tax Expense** | **16** | **37** | **2** | **(16)** |
| 7 | **Net Loss for the Period/Year (5 - 6)** | **(11,662)** | **(14,791)** | **(6,019)** | **(33,350)** |
| 8 | **Other Comprehensive Income (OCI)** | | | | |
| | **i) Items that will not be reclassified to profit or loss:** | | | | |
| | a) Re-measurement gains / (losses) on defined benefit plans | (45) | (163) | (6) | (181) |
| | b) Income tax effect on above | 16 | 57 | 2 | 63 |
| | **ii) Items that will be reclassified to profit or loss** | - | - | | |
| | **Total Other Comprehensive Income** | **(29)** | **(106)** | **(4)** | **(118)** |
| 9 | **Total Comprehensive Income for the Period / Year (7+8)** | **(11,691)** | **(14,897)** | **(6,023)** | **(33,468)** |
| 10 | Paid Up Equity Share Capital (Face Value of Rs.10/- each fully paid up) | **8,187** | **8,187** | **8,187** | **8,187** |
| 11 | Other Equity excluding Revaluation Reserve | - | - | - | 29,759 |
| 12 | Earning per equity share: Basic & Diluted (Not Annualised)* | (14.24)* | (18.07)* | (7.35)* | (40.73) |

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**Notes :**

1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 11th November, 2020.The Statutory Auditors of the Company have carried out a Limited Review of the above results.

2 Exceptional items for the quarter and year ended 31st March, 2020 represent provision for doubtful debts in respect of trade receivables and other receivables.

3 The Company has provided interest @ 9% p.a. on its borrowings aggregating to Rs. 2,63,078 lakh as against the documented rate since Company expects that ultimate interest liability will not be more than 9% p.a. Aggregate amount of interest not provided for as at 30th June, 2020 is Rs. 27,703 lakh. Accordingly, finance costs for the quarter ended 30th June, 2020, for the quarter ended 31st March, 2020, for the quarter ended 30th June, 2019 and for the year ended 31st March, 2020 is lower by Rs. 3,401 lakh, Rs. 3,623 lakh, Rs. 2,652 lakh and Rs. 13,986 lakh respectively, which is not in compliance with IND AS -23 "Borrowing Costs" read with IND AS-109 on "Financial Instruments". 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.

4 The Company had issued a corporate guarantee of USD 463.96 Million (equivalent of Rs. 3,50,407 lakh) to the lenders of JBF Petrochemicals limited ("JPL"), a step down subsidiary. One of the lenders of JPL vide it's letter dated 24th April, 2018 invoked corporate guarantee to the extent of USD 252.00 Million (equivalent of Rs.1,90,324 lakh) 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 obligation 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.

5 The Company as on 30th June, 2020 has an aggregate exposure of Rs. 1,51,616 lakh (excluding corporate guarantee as mentioned in note no. 4 above) in its subsidiaries namely JBF Global Pte ltd ("JGPL") and JBF Petrochemicals limited ("JPL") by way of investment in equity of Rs. 39,617 lakh, loans including interest of Rs. 95,484 lakh and other receivables of Rs. 16,515 lakh.

The operations of JBF RAK LLC's plant located at Ras al-Khaimah in U.A.E, a subsidiary of JGPL remained suspended since long due to its financial issues with its lenders etc. Uncertainty is also faced in respect of PTA project at Mangalore, being executed by JPL, due to non-commencement of operation as planned and default in servicing of its borrowings towards principle and interest. 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. 4 above. One of the lenders of JPL has made an application with National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code, 2016. No audited consolidated financial statements of JGPL are available from March 18.

Company has not carried out impairment testing in respect of the Company's exposures to its subsidiaries and hence no provision for impairment has been provided for. The same has been qualified by the auditors in their report on results and was also qualified by the auditors in their reports on the financial statements & results for the earlier years/ quarters.

Further, the Company has discontinued recognition of interest income on Inter- corporate deposits amounting to Rs. 77,230 lakh given by it to JPL w.e.f.1st April 2018 and accordingly interest income for the quarter ended 30th June, 2020, for the quarter ended 31st March, 2020, for the quarter ended 30th June, 2019 and for the year ended 31st March, 2020 is lower by Rs. 2,407 lakh, Rs. 2,400 lakh, Rs. 2,400 lakh, and Rs. 9,654 lakh respectively.

6 The Company underwent significant financial stress due to suspension of manufacturing operations at its subsidiary, delay in completion of PTA project at Mangalore and adverse market conditions. All these have resulted in financial constraint to the Company, losses in the operations, default in repayment of principle and interest to lenders, classification of Company's borrowings as Non- performing assets by its lenders, declaration of willful defaulter and calling back of loans by some of the lenders. Further one of the secured lenders of the Company have applied before NCLT under Insolvency and Bankruptcy Code, 2016, which has not been admitted so far.

All the plants of the Company are operational and the management is of the view that above circumstances will not affect the operations of the Company and hence continue to prepare its financial statement on going concern basis. 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.

7 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. 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.

8 Chief Executive Officer (CEO) of the Company had tendered his resignation from the post of CEO with effect from 1st May, 2019. The same has been referred by the auditors in their report on results and was also referred by the auditors in their report on financial statements for the year ended 31st March 2020 & results for the quarter ended 31st December, 2019 and for the quarter ended 30th September, 2019. Further Chief Financial Officer (CFO) of the Company has also tendered his resignation from the post of CFO with effect from 2nd March, 2020. Management of the Company is in look out for the suitable person to fill the above vacancy, for sometime but due to Covid situation it is further 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 for the year ended 31st March, 2020.

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 The outbreak of COVID-19 virus continues to spread across the globe including India and has caused significant disruption of businesses including our Company. Initially, the Company had to shut down its manufacturing facilities located at Silvassa (Athola & Saily) & Gujrat (Sarigam). The Corporate Office in Mumbai has also been shut down following nationwide lock down by the Government of India in the last week of March 2020, which has impacted financial results for the quarter ended 30th June 2020. Production and supply started in a phased and gradual manner during end of April 2020 to June, 2020 in a staggered manner after obtaining the necessary permissions from the appropriate government authorities. As per the prescribed guidelines of Government, our corporate office has also re-opened by allowing minimum staff to work from office premises and rests are still continuing to work from home. In assessing the recoverability of Company's assets such as Trade receivable and Inventories etc., the Company has considered internal and external information upto the date of approval of these financial results and expects to recover the carrying amount of the above. However, the management will continue to closely monitor the evolving situation and assess its impact on the operations of the Company. The actual effects of COVID-19 could be different from what is presently assessed and would be known only in due course of time. 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 for the year ended 31st March, 2020.

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JBF Industries Ltd.

11 Company had given advance of Rs. 690 lakh to one of the supplier against supply of goods in earlier years, which are unsettled for the extended period of time. Efforts are being made to settle the above advance and the Management believes that above advance either will be settled against supply of goods or amount will be refunded and hence no provision is required. The same has been qualified by the auditors in their report on the results and was also qualified by the auditors in their report on the financial statements for the year ended 31st March, 2020.

12 During the previous quarter, one of the operational creditors of JBF RAK LLC, situated at UAE (JBF RAK), a subsidiary of the Company, 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). 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 qualified by the auditors in their report on the results and was also qualified by the auditors in their report on the financial statements for the year ended 31st March, 2020.

13 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.

14 The figures for the corresponding previous period/year have been regrouped/re-arranged wherever necessary, to make them comparable. The figures for the quarter ended 31st March, 2020 are the balancing figures between the audited figures of the full financial year and the published year to date figures upto the third quarter of that financial year.

**By order of the Board of Directors**

**SEETHARAM N SHETTY**
**ADDITIONAL DIRECTOR**
**DIN-07962778**

**Place : Mumbai**
**Date : 11th November, 2020**

PATHAK H.D. & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

Pathak H.D. & Associates LLP
Chartered Accountants

**Independent Auditor's Review Report on Unaudited Financial Results of the Company Pursuant to the Regulations 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

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

1. We have reviewed the accompanying statement of Unaudited Standalone Financial Results of **JBF Industries Limited** ("the Company") for the quarter ended 30th June, 2020 ("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 ("the Regulation"), as amended.

2. This statement is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) 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 issue a report on the statement based on our review.

3. We conducted our review of the statement 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 financial statements are free of material misstatement. 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 3 to the statement, provision of interest @ 9% p.a. on its borrowings aggregating to Rs. 2,63,078 lakh for the quarter ended 30th June, 2020 as against the documented rate, resulting into lower provision of finance cost for the quarter ended 30th June, 2020 by Rs. 3,401 lakh, 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 30th June, 2020 is Rs. 27,703 lakh. 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 ended 30th June, 2020 would have been Rs. 9,429 lakh, Rs. (15,063) lakh, Rs. (15,092) lakh and Rs. (18.40) as against the reported figure of Rs. 6,028 lakh, Rs. (11,662) lakh, Rs. (11,691) lakh and Rs. (14.24) in the above results.*

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**Head Office:** 814-815, Tulsiani Chambers, 212, Nariman Point, Mumbai - 400 021, India. Tel.: + 91 22 3022 8508 Fax: + 91 22 3022 8509.
URL: www.phd.ind.in

(ii) *As mentioned in the Note 5 to the statement, Company has exposure in subsidiaries by way of investments, loans and other receivables aggregating to Rs. 1,51,616 lakh ( as at 31st March, 2020 Rs. 1,51,569 lakh ) ,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 quantify the provisions for impairments in respect of the above and its consequential impacts on the financial results of the Company.*

(iii) *As mentioned in Note 11 to the statement, advance of Rs. 690 lakh given to one of the suppliers of the Company against supply of goods, which are unsettled for the extended period of time, 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 and non-receipt of balance confirmations, we are unable to comment on the recoverability of the above advance and its consequential impacts on the financial results of the Company.*

(iv) *As mentioned in Note 12 to the statement, regarding the application filed with National Company Law Tribunal (NCLT), by the 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 lakh (US$ 19,899,091.53). 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.*

5. **Material Uncertainty Related to Going Concern**

Note 6 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, declared as wilful defaulter also, some of the lenders have even called back the loans and one of the secured lenders has 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. Our opinion is not modified in respect of this matter.

6. **Emphasis of Matters**

We draw your attention to:-

(i) Note 4 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 tenable for the reasons explained therein and hence no provision against the claims under the invoked corporate guarantee is considered necessary.

PATHAK H.D. & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

Continuation sheet...

(ii) Note 7 to the statement, regarding non- preparation of consolidated financial statements due to the reasons mentioned therein. The Company has six subsidiaries and is required to present consolidated financial results. However, 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.

(iii) Note 8 to the statement, regarding vacancy of the post of Chief Executive Officer and Chief Financial Officer since 1st May, 2019 and 2nd March, 2020 respectively due to the reason as mention therein.

(iv) Note 10 to the statement, as regards to the management evaluation of COVID -19 impact on the future performance of the Company. However, in future the impact may be different from those estimated as on the date of approval of these financial results.

(v) Managerial remuneration of Rs. 27 lakh paid to whole time directors is subject to approvals of shareholders.

Our opinion is not modified in respect of these matters.

7. 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 & 6 above, nothing has come to our attention that causes us to believe that the statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **Pathak H.D. & Associates LLP**
Chartered Accountants
Firm Reg. No. 107783 W/W100593

PATHAK H.D. & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

**Gopal Chaturvedi**
**Partner**
Membership No. 090903
UDIN No.- 20090903AAAAFE3216

**Place: Mumbai**
**Date: 11.11.2020**

Continuation sheet...