

29.06.2020

Scrip code: 532626

BSE Limited

Corporate Relationship Department
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001

Dear Sir,

Sub: Disclosure of Material Impact of COVID 19 Pandemic

Pursuant to SEBI circular No. SEBI/HO/CFD/ CMD1/CIR/P/2020/84 dated 20th May, 2020 the following information is provided as below.

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

The COVID -19 pandemic has brought the country and economy to a stand-still. Even though the Company has committed orders from export customers which has to be fulfilled on monthly basis, due to lock down the Company has not been able to clear the import containers from Chennai Port in time resulting in the reduction in capacity utilisation during the first quarter of 2020-21.

Due to COVID 19 our orders from indigenous customers reduced for the first quarter and we expect the orders position to likely resume from the second quarter onwards. Though there has been a slight disruption in the manufacturing facilities during the initial period of lockdown, we expect the same to be normalized in the second quarter of 2020-21.

2. Ability to maintain operations including the factories/units/office spaces functioning and closed down:

In compliance with the directions issued by the Government of India, the company had stopped its operations at its manufacturing locations and at the registered office with effect from 24th March, 2020 to ensure the safety of our employees and their families and to contain the spread of Coronavirus (COVID -19). Subsequently the company was granted permission to partially run its plant located at Andhra Pradesh and resumed partial operations from 20th April, 2020. The company has also resumed its maintenance operations in its Tamil Nadu unit from 20th April 2020 and resumed the manufacturing operation from 06th May 2020 in accordance with the general permissions from concerned government authorities.



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The Company had also adopted the work from home policy during the initial lockdown period and on receipt of e-pass, resumed its operations partially in its registered office on 06th May 2020 and again discontinued its operations from 18th June 2020.

3. Schedule, if any, for restarting the operations:

Not applicable as the company has already started its operations.

4. Steps taken to ensure smooth functioning of operations:

The company has put in place requisite safety measure for its employees, workers etc. at all its plant locations in line with the directions of the Government and is strictly complying the guidelines to help fight the spread of Coronavirus (COVID -19).

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

The Company is fully prepared to cater to the needs of its customers and to manage its production in an effective manner. Even though the operations of the company are running smoothly, there is some impact on the company's performance in terms of volume due to the hindrance in the supply chain that has impacted the operations & execution of the business but it is very early to assess the future impact of COVID -19 with reasonable certainty. With the opening of domestic market, we expect business to improve gradually.

6. Details of impact of Covid-19 on company:

a) Capital and financial resources:

Considering the current business scenario the company has sufficient capital and financial resources so as to meet its business needs. Further the Company has also received assistance from Commercial Banks with additional finance of 10% of the Working capital limit at concessional interest rates which will help the company to reduce its overall finance cost along with better liquidity.

b) Profitability:

Even though there is demand for the Company's products from domestic and International markets due to logistic issues and lock down difficulty, the procurement and movement of raw materials from the port to the manufacturing facilities has affected the supply schedule and it is expected to impact the volume of the business and profitability slightly in the current financial year.



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c) Liquidity position:

The company has been receiving regular payments from both indigenous and export Customers. No major overdue exists in the receivables from any customers. This has resulted in a sound liquidity position for the Company.

d) Ability to service debt and other financing arrangements:

The company doesn't expect any issue in servicing the debt and other financing arrangement due to sufficient liquidity available and the Company has not opted for the postponement of long term EMI as permitted by the Reserve Bank of India and is continuously making payments to the Commercial Banks for the term loans availed from them.

e) Assets:

Various initiatives have been identified by the Company in improving the productivity, reduction of costs and efficient use of its assets. None of its assets have been impaired due to COVID -19.

f) Internal financial reporting and control:

There has been no impact of COVID -19 on the Internal financial reporting and control..

g) Supply chain:

The major part of raw material of the company is based on Import and due to lockdown imposed there has been disruption in supply chain due to logistic issues.

h) Demand for its products:

There is temporary reduction in the demand from indigenous customers for the 1st quarter of 2020-21 and we are not foreseeing any reduction in demand from overseas and indigenous customers in the rest of the period in the current financial year.

7) Existing contracts/agreements where non-fulfillment of the obligations by any party will have significant impact on the company's business:

The company is well positioned to fulfill its obligations and also does not foresee any significant impact on the business due to non-fulfillment of the obligations by any party.



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8) Other relevant material updates about the company's business:

The company has been regularly updating about all the material update about the company's business through various intimations and it will continue to do so.

Kindly take the above on record.

Thanking you
Yours faithfully

For **Pondy Oxides and Chemicals Limited**



K Kumaravel
GM Finance & Company Secretary

Date: 29-06-2020