



June 19, 2020

BSE Limited  
Listing Department,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400 001

National Stock Exchange of India Limited  
Listing Department,  
Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C/1, G Block,  
Bandra Kurla Complex,  
Bandra (East) , Mumbai-400 051

**Scrip Code : 500150**

**Scrip code : FOSECOIND**

Dear Sirs,

**Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 – Disclosure relating to impact of COVID-19 pandemic on the Company**

In terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20<sup>th</sup> May 2020 and further to our earlier disclosure on the subject submitted on 25<sup>th</sup> March 2020, an update relating to the impact of the COVID-19 pandemic and the resultant closure of operations of the Company, we would like to submit an 'Update on the Operations of the Company' as follows:

**A. Impact of the COVID-19 pandemic on the business**

The lockdowns and restrictions imposed on various activities due to COVID-19 pandemic have posed challenges to the business of Foseco India Limited ("the Company"). The Company's operations were substantially hit from 23<sup>rd</sup> March 2020 till the 1<sup>st</sup> week of May 2020, when lockdown was partially eased. The Company's corporate office and manufacturing facilities were fully shut down during the period.

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

As stated earlier, the manufacturing units were shut down entirely during the lockdown phase. Corporate office was also shut but the Company adopted the 'Work From Home' policy during the entire duration of the lockdown. The operations at the plants have resumed partially. We are not facing any issues of migrant labourers as most of our labourers stay in the nearby areas.

**C. Schedule, if any, for restarting the operations**

We have already communicated to the Stock Exchanges vide our letter dated 5<sup>th</sup> May 2020, about resumption of partial operation at our manufacturing units located at Pune and Puducherry with limited number of staff / workers. It continues in the same way at present.

In the short term, it is expected that the manufacturing activity will be well below the normal level of production, due to lack of demand. Production ramp-up depends on current level of inventory and the Company's estimate of demand from Original Equipment Manufacturers (OEMs) and other customers, which is very low presently.

Foseco is a brand of the Vesuvius Group.

Foseco India Limited

Gat Nos. 922 & 923, Sanaswadi, Taluka Shirur, District Pune 412 208. India

Tel.: +91 (0)2137 668100 / Fax: +91 (0)2137 668160 / Web: www.vesuvius.com/www.fosecoindia.com, CIN : L24294PN1958PLC011052



#### **D. Steps taken to ensure smooth functioning of operations**

- a) Mandatory self-declaration of good health before joining work
- b) Employees have been advised to download and use Aarogya Setu App
- c) Mandatory wearing of face masks, hand gloves, body temperature scanning and frequent sanitization of work place and maintaining the prescribed physical distancing for employees as well as customers
- d) Complete sanitization of the vehicles used for transportation of employees
- e) Employees have been trained and instructed to observe safe practices

#### **E. Estimation of the future impact of COVID-19 on its operations**

It is very early to assess the future impact of COVID-19 with reasonable certainty. However, we are receiving orders from our customers and have started dispatches to domestic and overseas markets. As there was no production in the month of April, while less than normal sales in April and May, there will be adverse effect on revenue and profitability in the quarter ending June 2020. We expect business to improve steadily but slowly after the month of June, however, it is too early to assess the full impact of the COVID-19 pandemic on the business given the uncertainties associated with its nature and duration. The impact on our business, like other industrial units, would depend upon the state of the economy, specifically restoration of supply-chain demand from our customers and OEMs, which in turn depend on the consumer demand for their products. The Company is continuously monitoring the changes in the economic conditions and is constantly refining its strategic initiatives to cope with the situation.

#### **F. Impact of COVID-19 on capital and financial resources, profitability, liquidity position, ability to service debt and other financing arrangements, assets and internal financial reporting and control**

##### **- On Capital, Financial Resources and liquidity position:**

The strong balance sheet of the Company is a key differentiator. The Company had embarked upon initiatives to bring down costs, contain discretionary spends and conserve cash well before the lockdown. This programme is currently under way and expected to maintain the Company's strong financial position. However, there are delays in receivable-collections from some customers and all possible commercial and legal efforts are being made to secure the Company's dues at the earliest. Efficient cash management will remain an area of focus. Further, in order to conserve cash resources, the Company has withdrawn its earlier recommendation of payment of final dividend for the financial year ended 31<sup>st</sup> December 2019.

##### **- On Profitability:**

During the period of lockdown, the Company's operating cash flow was negative due to nil or negligible sales. The COVID-19 situation will adversely affect the profitability during the current financial year (January to December 2020). However, it is expected that, subject to Covid-19 situation in future and consequential economic activity, the business of the company may improve gradually in the coming period.



**- On ability to service debt and other financing arrangements:**

The Company has initiated several measures to control and rationalize capital investment, whilst protecting long-term strategic objectives and assets. The Company is not planning, in near future, to raise resources by way of capital or debt.

**- On Assets:**

The Company has made detailed assessment of its liquidity position and of the recoverability and carrying values of its assets comprising Property, Plant and Equipment, Intangible Assets, Trade Receivables and Inventory. It has taken into account all the possible impact of known events arising from COVID-19 pandemic and does not foresee any major issues in this aspect.

**- On internal financial reporting and control:**

There will be no major impact on internal financial reporting and controls due to the COVID-19 situation. The Company has robust SAP ERP System at all its locations which are well networked. During lockdown, the I T / reporting systems worked seamlessly without any disruption. It has made and will continue to make good use of the I T networking application with all its staff and workers.

**G. Impact of COVID-19 on supply chain and demand for products**

The Company experienced some disruption in the supply chain during the lockdown period. However, this has progressively improved and the Company is in a good position to service the demand of its customers. Supply chain including logistics is being closely monitored to ensure availability and dispatch of raw materials and components. All our manufacturing facilities are operational and fully equipped to service the market demand.

**H. Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business**

The Company is well positioned to fulfil its obligations and does not anticipate any incidence of non-fulfilment of the obligations by any party.

**I. Other relevant material updates about the listed entity's business**

The annual performance of the company will be impacted due to Covid-19 for the year ending on 31<sup>st</sup> December 2020.

You are requested to take the above submissions on record.

Thanking you,

**Yours faithfully,  
For FOSECO INDIA LIMITED**



**Mahendra Kumar Dutia  
Controller of Accounts and Company Secretary**

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